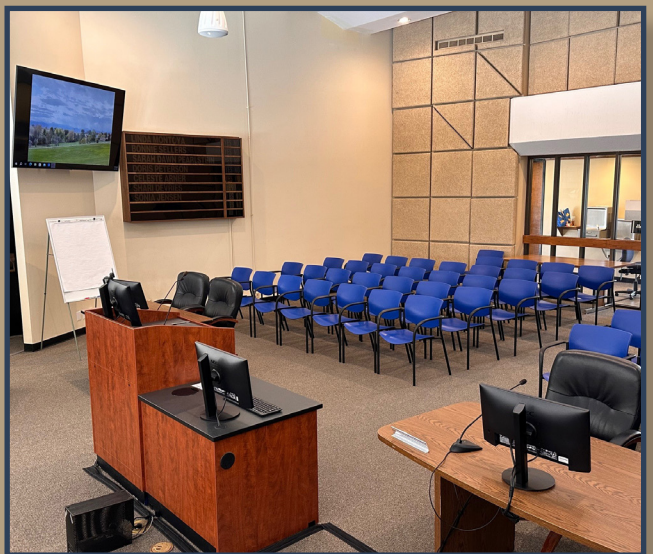


# 2024 ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024



2024 COUNCIL CHAMBERS TECHNOLOGY UPGRADE PROJECT.

**CITY OF FEDERAL HEIGHTS, COLORADO**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**For the Fiscal Year Ended December 31, 2024**

Prepared by the Finance Department

## TABLE OF CONTENTS

	<u>PAGE</u>
<b>INTRODUCTORY SECTION</b>	
Title Page	
Table of Contents	
Directory of City Officials	i
City Council	ii
Organizational Chart	iii
GFOA Certificate of Achievement	iv
Mission Statement	v
Transmittal Letter	vi - xii
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	a - b
Management's Discussion and Analysis	c - o
<b>Basic Financial Statements</b>	
Government - Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet - Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Statement of Net Position - Proprietary Fund Type	6
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund Type	7
Statement of Cash Flows - Proprietary Fund Type	8
Notes to Financial Statements	9 - 44

**TABLE OF CONTENTS**  
(Continued)

	<b><u>PAGE</u></b>
<b>FINANCIAL SECTION</b> (Continued)	
<b>Required Supplementary Information</b>	
General Fund - Budgetary Comparison Schedule	45
Redevelopment Agency Fund - Budgetary Comparison Schedule	46
Schedule of Contributions	47
Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios	48
Schedule of the City's Proportionate Share	49
Schedule of the City's Contributions	50
Schedules of Changes in OPEB Liability/(Asset) and Related Ratios	51
<b>Combining and Individual Fund Schedules</b>	
Road Improvement Fund – Budgetary Comparison Schedule	52
Capital Improvement Fund – Budgetary Comparison Schedule	53
Combining Balance Sheet – Nonmajor Governmental Funds	54
Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds	55
E911 Fund – Budgetary Comparison Schedule	56
Open Space Fund – Budgetary Comparison Schedule	57
Utility Fund - Budgetary Comparison Schedule	58
Drainage Utility Fund - Budgetary Comparison Schedule	57
<b>STATISTICAL SECTION</b>	
Net Position by Component	60
Changes in Net Position	61
Fund Balances, Governmental Funds	62
Changes in Fund Balance – Governmental Funds	63
Assessed Value and Actual Value of Taxable Property	64

## TABLE OF CONTENTS

(Continued)

### STATISTICAL SECTION (Continued)

	<b><u>PAGE</u></b>
Direct and Overlapping Property Tax Rates	65
Principal Property Tax Payers	66
Taxable Sales & Admissions and Sales & Admissions Taxes	
Collections by Category	67
Direct and Overlapping Sales Tax Rates	68
Property Tax Levies and Collections	69
Ratios of Outstanding Debt by Type	70
Ratios of General Obligation Outstanding Debt	71
Direct and Overlapping Governmental Activities Debt	72
Legal Debt Margin Information	73
Pledged Revenue Coverage	74
Demographic and Economic Statistics	75
Principal Employers	76
Full-time Equivalent City Government Employees by Function/Program	77
Operating Indicators by Function/Program	78
Capital Asset Indicators by Function/Program	79
 <b>STATE COMPLIANCE</b>	
Local Highway Finance Report	80 - 81

## **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
Shari DeVries	Council Member	Ward III

## MANAGEMENT AND APPOINTED OFFICIALS

Jacqueline Halburnt	City Manager
Bill Hayashi	City Attorney
Patti Lowell	City Clerk/Director of Admin Services
Ausmus Law Firm PC	City Prosecutor
Amanda Bailhache	Judge
Robert Grado	Chief of Police
Marc Mahoney	Fire Chief
Don Stahurski	Public Works Director
Tim Williams	Community Services Director
Tim Weitzman	Finance Director

# FEDERAL HEIGHTS 2024 CITY COUNCIL MEMBERS



**Linda S. Montoya**  
Mayor  
lsmontoya@fedheights.org



**Celeste Arner**  
Ward I  
carner@fedheights.org



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



**Shari DeVries**  
Ward III  
sdevries@fedheights.org



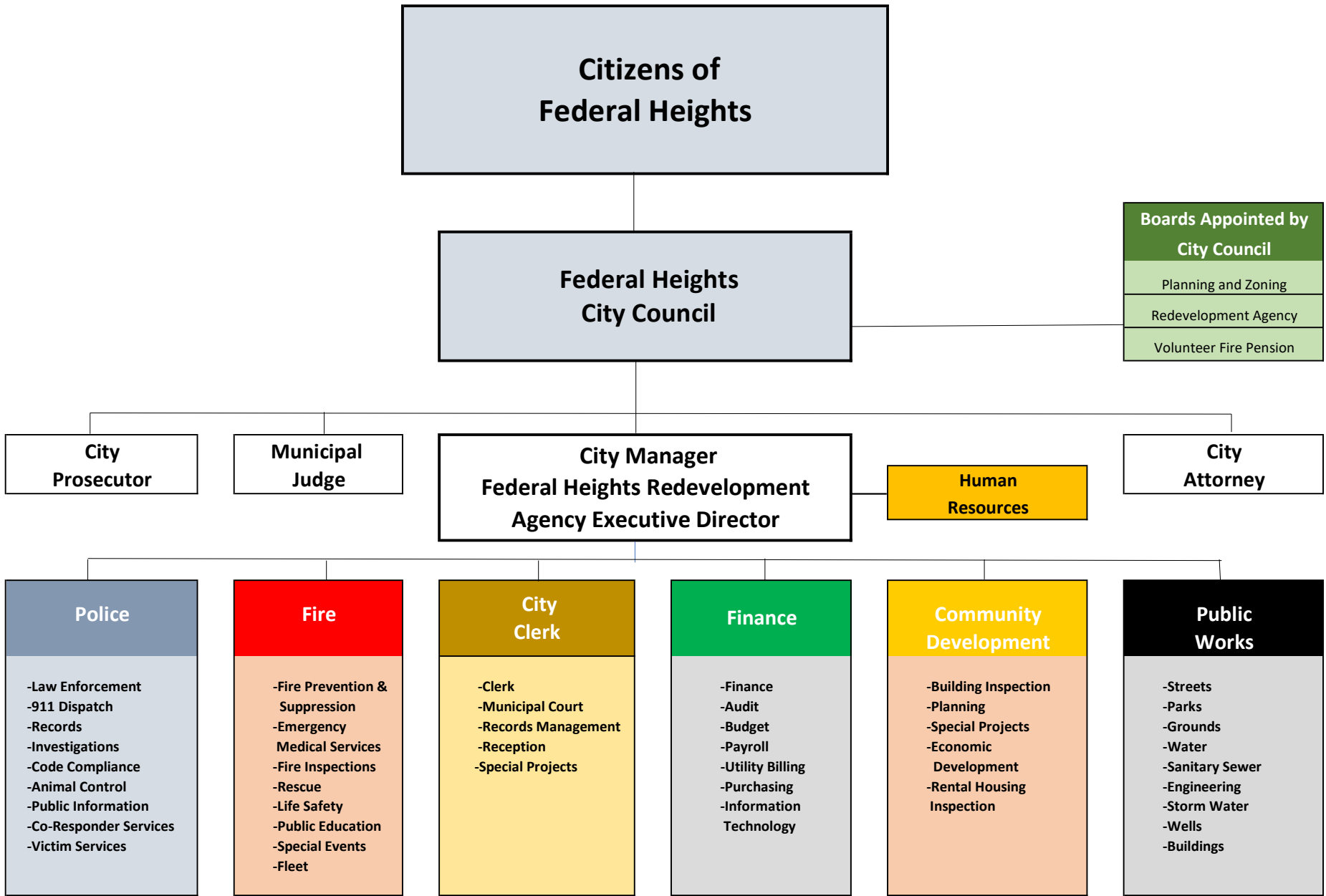
**Sarah Dawn Pearlstein**  
Ward I  
spearlstein@fedheights.org



**Bonnie Sellers**  
Ward II  
bsellers@fedheights.org



**Sonia Jensen**  
Ward III  
sjensen@fedheights.org





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Federal Heights  
Colorado**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2023

*Christopher P. Morill*

Executive Director/CEO



## **The City of Federal Heights MISSION STATEMENT**

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

## **VISION STATEMENT**

**The City of Federal Heights:**

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



# Federal Heights

June 3, 2025

City Hall  
2380 W. 90<sup>th</sup> 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 independently certified public accountants. This report fulfills that requirement for the City of Federal Heights for the fiscal year ending December 31, 2024.

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 provides 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 2024 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, 2024, are fairly presented in conformity with GAAP. The independent auditor’s 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 home rule 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 2024.

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 92<sup>nd</sup> Avenue. Total undeveloped and unplanned areas are less than 75 acres.

The city is a full-service City providing police, fire and emergency medical services, a court system, public works, (parks, streets, drainage, 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 Metro Water Recovery through 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 with 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. The 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 is located at 84<sup>th</sup> and Pecos, 104<sup>th</sup> 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.

The overall economic environment appears to have been generally stable during 2024 as inflation moderated and unemployment remained generally low.

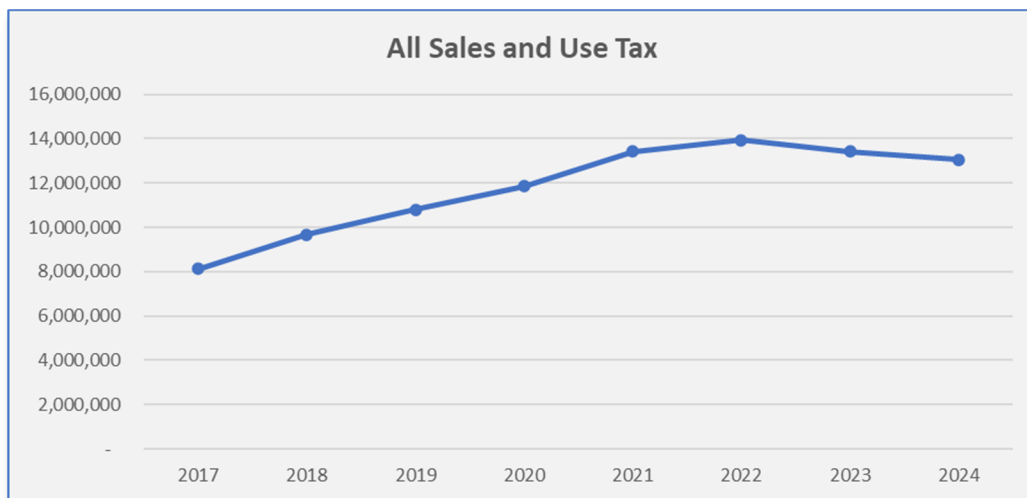
The Denver-Aurora-Lakewood Consumer Price Index grew by approximately 2.27 percent for 2024 following a 5.215 percent increase in 2023 and an 8.011 percent increase in 2022.

Adams County Colorado had an unemployment rate of 4.8% in December 2024 compared to 3.6% at the end of 2023. Local area unemployment at the end of 2024 was slightly above the state as whole, which was approximately 4.1% at that time.

Similar to 2023, the City’s overall local economy appeared steady in 2024 with sales tax receipts excluding marijuana showing a slight increase. However, overall sales and use tax including Marijuana experienced a modest decrease of 2.8% in 2024 as compared to a decrease of 3.6% in 2023 that followed a 3.7% increase in 2022. Marijuana tax revenues continue in a downward trend that began in 2022. This recent decrease is consistent with the overall change of the Marijuana industry on a statewide basis, however the City is experiencing a greater scale of decrease. According to the March 2025 Economic and Revenue Outlook from the Governor’s Office of State Planning and Budgeting, on an overall statewide basis, Marijuana sales tax revenues are expected to decline approximately 4.0% in FY 2024 to 2025, then an additional 1.5 percent in FY 2025-26, before growing 3.5 percent in FY 2026-27. At this time, it is uncertain how future trends will impact City revenues.

Since the introduction of recreational marijuana in 2017 the corresponding sales tax has become a significant component of overall city revenues and any changes to the market conditions for that industry likewise impacts those revenues for the City.

Sizable and consistent increases in marijuana sales tax revenues helped to propel the overall growth of the City’s Sale and Use tax from 2017 to 2022. The recent reduction in those revenues has likewise contributed to a moderation in the overall level of the City’s Sales and Use tax revenue.



## Looking Back

The city undertook several projects in 2024 with the purpose of improving public services and safety as well as facility upgrades:

- The undergrounding of overhead utility lines along W. 92<sup>nd</sup> Avenue from Federal Boulevard to Pecos Street continued with the project completion expected in the spring of 2025. A continuation of this project along Pecos Street from W. 84<sup>th</sup> Avenue to W. 85<sup>th</sup> Avenue is expected to commence in late 2025 or early 2026.
- Water Main Replacement projects for 2024 consisted of replacement of the water mains in the Old Town area on Elm Court from 90<sup>th</sup> Place to 91<sup>st</sup> Avenue, Clay Street from 90<sup>th</sup> Avenue to 91<sup>st</sup> Avenue and 90<sup>th</sup> Place from Federal Blvd. to Elm Court and Clay Street to Camenisch Way. A 500-foot section of 12” water main was also replaced along Federal Blvd., north of 92<sup>nd</sup> Avenue.
- Street paving projects completed in 2024 consisted of the repaving of the west side of Pecos Street from 92<sup>nd</sup> Avenue to 85<sup>th</sup> Avenue, Orleans, Rampart, Mandel, and Royal Streets and W. 91<sup>st</sup> Place in the Monticello neighborhood and Camenisch Way from 90<sup>th</sup> Avenue to 92<sup>nd</sup> Avenue. Striping changes in the area of W. 96<sup>th</sup> Avenue & Elm Court were completed to facilitate the installation of a crosswalk (at the westerly Elm Court alignment) along with pedestrian activated flashing warning beacons (RFB’s)
- 20 sewer manholes were lined in 2024 and to date 173 of the City’s 451 manholes have been lined. Lining helps prevent decay and corrosion of the concrete manholes
- Achieved final completion of the police department reconfiguration providing better space utilization and operational efficiencies.
- Completed reconfiguration of the Fire Department lobby to provide an increased level of safety and security for public interactions.
- Completed upgrade to the chambers used for City Council meetings as well as Court hearings and procedures.

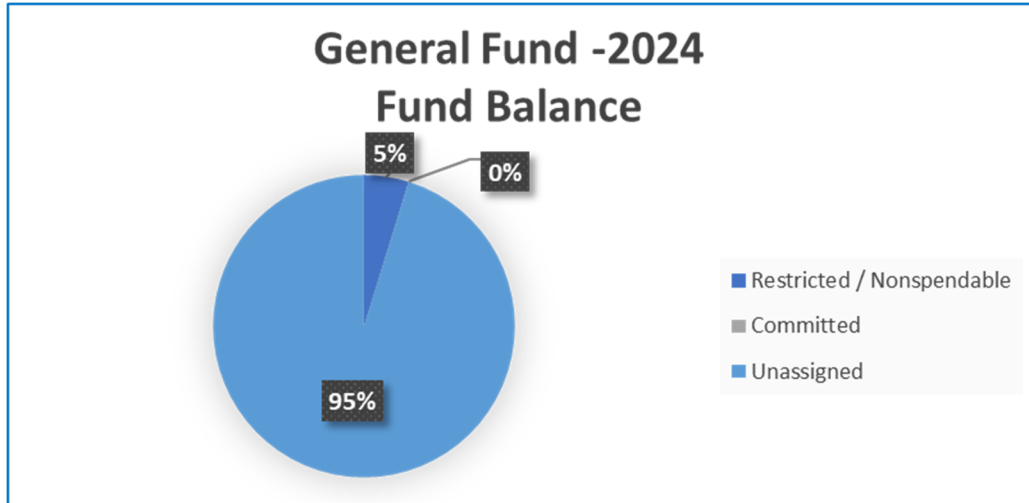
## Looking Forward

**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 \$20 million. This represents approximately 96 percent of the overall General Fund balance and approximately 109 percent of the budgeted expenditures for the General Fund in 2024. This unassigned fund balance is available to the 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 2025, the city has appropriated approximately \$5.2 million for Water, Sewer and Drainage capital improvements including the continuation of water main replacements and the city-wide sewer manhole lining project. The Water Main Replacement project that began for Old Town in 2023 will continue with the 2025 phases including 91<sup>st</sup> Avenue and 91<sup>st</sup> Place from Federal Boulevard to Camenisch Way, Elm Court from 91<sup>st</sup> Avenue to 92nd Avenue, and Federal Blvd. from 90<sup>th</sup> Avenue to 91<sup>st</sup> Place. Manhole lining of approximately ten to fifteen sewer manholes is also expected to be completed as part of the ongoing city-wide sewer manhole lining project.

A Denver Region Council of Governments (DRCOG) grant was approved in 2024 and is currently underway for a study along the 92<sup>nd</sup> Avenue Corridor, from Federal Blvd. to Pecos Street, in order to assess the current traffic volume as well as opportunities to improve overall roadway and pedestrian safety along with traffic efficiency through consideration of methods to reduce speeds to the allowable speed limits; general disability and pedestrian safety improvements; consideration of additional right turn lanes; and an evaluation and comparison of additional traffic signal installations versus other pedestrian crossing alternatives.

A separate study that commenced in 2023 and remains underway in conjunction with surrounding communities is a study of Federal Boulevard to assess the status of public transportation along the corridor in order to develop recommendations for adding Bus Rapid Transit (BRT) to improve the effectiveness and efficiency in delivering public transportation services. The study is expected to be completed in 2025.

Grant funding was approved in late 2024 to partially cover the cost for two Electric Vehicle charging stations at City Hall with installation expected to take place late in 2025.

Finally, the City is in the final stages of an update to its Comprehensive Plan which is intended to guide strategic planning and provide a vision for the City's future development. This is expected to be completed in 2025.

**Notable Revenue Sources:** In November 2016, voters approved the sale of retail marijuana in the city. The 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 pension plans sponsored by the Fire and Police Pension Association (FPPA). The Fire and Police Pension Association Statewide Retirement Plan is a cost-sharing multiple employer defined benefit pension plan.

The City's general non-sworn employees have money purchase defined contribution plans and participate in social security. For 2024, the city contributed at least 5.0 percent and up to 7.0 percent if the additional two percent was matched by the employee.

The City's post-retirement health insurance benefit is available to all full-time employees who have completed 10 years of continuous service and have reached 60 years of age for an amount not to exceed \$400 per month. This liability is included in 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 Annual Comprehensive Financial Report for the fiscal year ended December 31, 2023. 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 generally accepted accounting principles and applicable legal requirements.

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

Oversight for the presentation of the 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 the 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

## INDEPENDENT AUDITOR'S REPORT

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

### 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, 2024, 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, 2024, 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-0; the budgetary comparison schedules and pension information on pages 43-49, 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*

May 29, 2025

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, 2024. 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 \$95.0 million at the end of 2024 on the Government – Wide Financial Statements. Of this amount, \$29.2 million or 33% is unrestricted and may be used to meet the City’s ongoing obligations.
- The fund balance for General Fund increased by \$1.1 million and totaled \$21.5 million. Unassigned fund balance was \$20.5 million or 124% 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 decreased 2.7% to \$13.6 million. Overall, Sales and Use tax and admissions tax revenues decreased by \$.4 million to \$13.0 million. Decreases were primarily due to a reduction in sales tax revenues related to marijuana sales. These decreases, along with a \$.2 million decrease in Investment Income and a \$.5 million decrease in fund transfers resulted in an overall revenue decrease in the General Fund of approximately \$1.1 million.
- The Redevelopment Agency Fund’s total fund balance totaled \$.6 million at the end of 2024. Property and sales tax increment receipts received are being used to pay for projects in the redevelopment areas.
- The Road Improvement Fund restricted fund balance for street improvements increased approximately \$.5 million and totaled approximately \$6.6 million. Capital outlay of approximately \$1.0 million was spent during the year for infrastructure improvements and repairs.
- The Capital Improvement Fund’s total fund balance totaled \$12.9 million at the end of 2024, an increase of approximately \$.9 million as compared with the prior year.
- Other Governmental Funds reported combined restricted fund balance of \$2.5 million, an increase of \$.3 million in comparison with the prior year.
- The Utility Fund and Drainage Fund (proprietary/business type funds) net positions increased \$.3 million to \$21.6 million. However, on a budgetary basis including the cost of capital acquisitions, the Utility Fund spend was approximately \$.3 million less than current revenues, while the Drainage Fund spend was approximately \$.1 million less than current revenues.
- Utility Fund capital system investment totaled \$.7 million and the Drainage Fund capital system improvement totaled approximately \$.02 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 2024, total net position was \$95.0 million. The largest portion of the net position was the investment in capital assets (net of related debt) of \$36.1 million (38%). 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 \$29.7 million (31%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$29.2 million (31%) 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 2024 and 2023.

### **Statement of Net Position (In Thousands)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Current and Other Assets	\$ 53,330.0	\$ 50,130.5	\$ 7,905.9	\$ 7,583.1	\$ 61,236.0	\$ 57,713.6
Capital Assets	25,317.8	23,836.3	14,551.2	14,583.5	39,869.0	38,419.8
<b>Total Assets</b>	<b>78,647.8</b>	<b>73,966.8</b>	<b>22,457.1</b>	<b>22,166.6</b>	<b>101,105.0</b>	<b>96,133.4</b>
<b>Deferred Outflow of Resources</b>	<b>2,256.9</b>	<b>2,171.2</b>	<b>-</b>	<b>-</b>	<b>2,256.9</b>	<b>2,171.2</b>
<b>Total Assets &amp; Deferred Outflows</b>	<b>80,904.7</b>	<b>76,138.0</b>	<b>22,457.1</b>	<b>22,166.6</b>	<b>103,361.9</b>	<b>98,304.6</b>
Current and Other Liabilities	4,883.1	4,308.9	751.0	840.1	5,634.1	5,148.9
Long-term Liabilities	1,609.2	1,362.0	149.0	75.7	1,758.2	1,437.7
<b>Total Liabilities</b>	<b>6,492.3</b>	<b>5,670.8</b>	<b>900.1</b>	<b>915.8</b>	<b>7,392.4</b>	<b>6,586.6</b>
<b>Deferred Inflow of Resources</b>	<b>965.9</b>	<b>655.4</b>	<b>-</b>	<b>-</b>	<b>965.9</b>	<b>655.4</b>
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>7,458.2</b>	<b>6,326.2</b>	<b>900.1</b>	<b>915.8</b>	<b>8,358.3</b>	<b>7,242.0</b>
<b>Net Position</b>						
Net Investment in Capital Assets	21,627.2	20,889.4	14,427.0	14,069.3	36,054.2	34,958.7
Restricted	29,727.8	28,216.0	0.0	-	29,727.8	28,216.0
Unrestricted	22,091.5	20,706.4	7,130.1	7,181.5	29,221.6	27,887.9
<b>Total Net Position</b>	<b>73,446.5</b>	<b>69,811.8</b>	<b>21,557.1</b>	<b>21,250.8</b>	<b>95,003.6</b>	<b>91,062.6</b>

The changes in net position from 2023 to 2024 are primarily due to lower than expected costs for ongoing operational activities 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 2024 total revenues of \$25.5 million exceeded program expenses of \$21.6 million. The 2024 increase in net position after special items and transfers was \$3.9 million compared to the \$5.9 million during 2023.

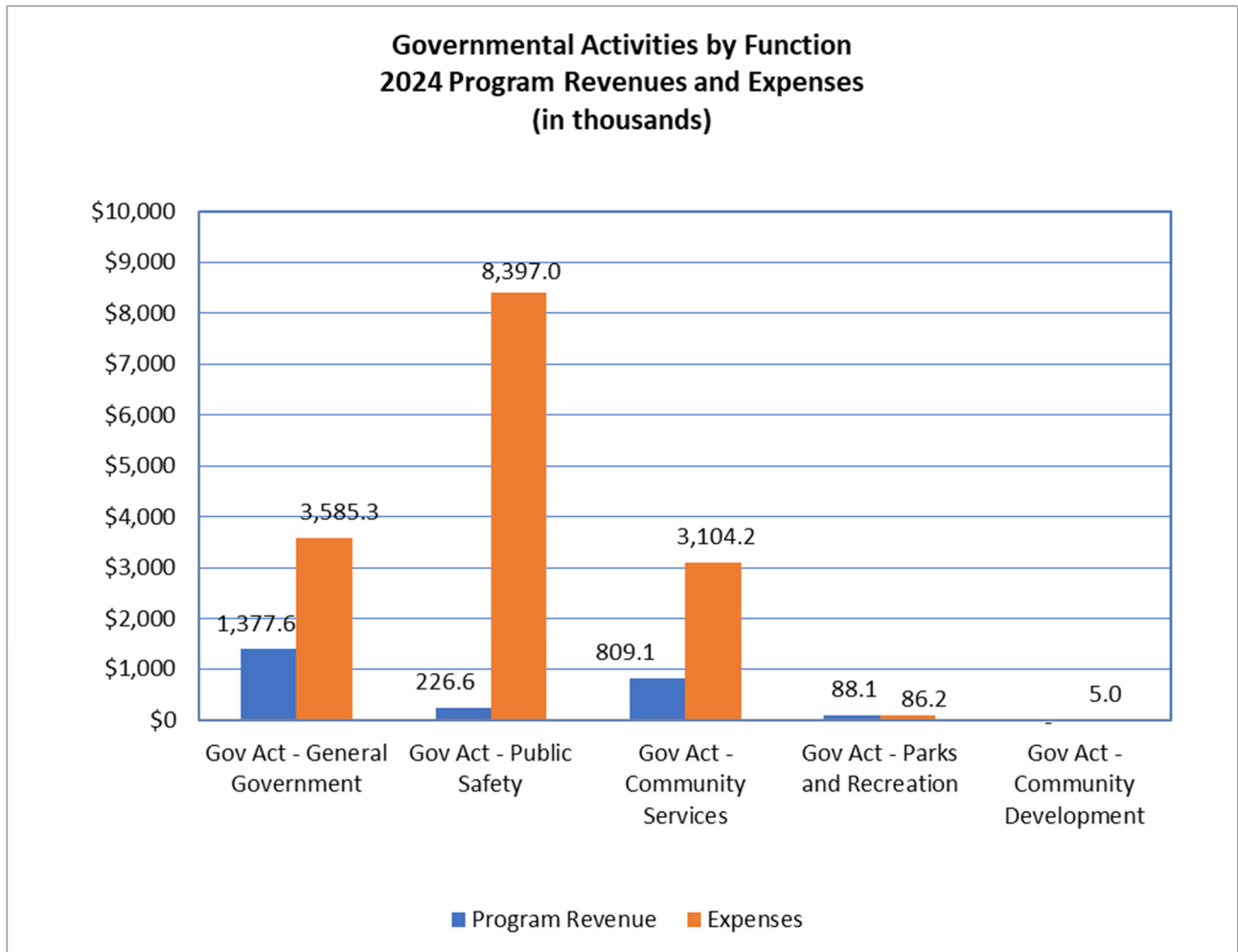
**Changes in Net Position**

(in Thousands)

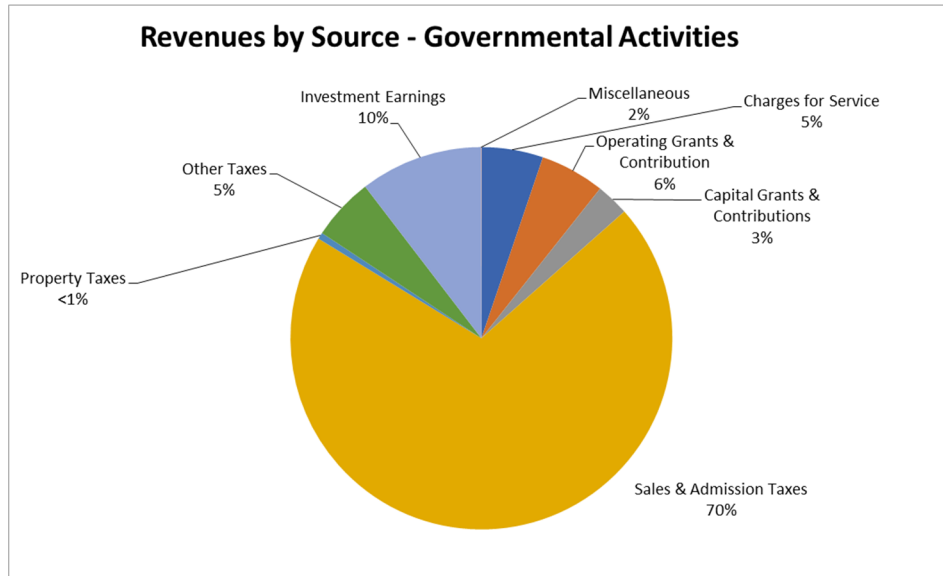
	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
<b>Program Revenues</b>						
Charges for Service	\$ 970.3	\$ 1,016.6	\$ 6,670.8	\$ 5,995.5	\$ 7,641.0	\$ 7,012.2
Operating Grants & Contribution	1,014.5	955.4	-	-	1,014.5	955.4
Capital Grants & Contributions	516.7	573.3	-	-	516.7	573.3
					-	-
<b>General Revenues</b>						
Sales & Admission Taxes	13,054.0	13,426.6	-	-	13,054.0	13,426.6
Property Taxes	102.5	82.7	-	-	102.5	82.7
Tax Increment Financing	-	-	-	-	-	-
Other Taxes	985.4	1,002.4	-	-	985.4	1,002.4
Investment Earnings	1,928.9	2,072.0	250.0	295.7	2,178.9	2,367.7
Miscellaneous	6.3	146.9	7.9	13.3	14.2	160.2
<b>Total Revenues</b>	<b>18,578.7</b>	<b>19,275.9</b>	<b>6,928.7</b>	<b>6,304.5</b>	<b>25,507.4</b>	<b>25,580.5</b>
<b>Program Expenses</b>						
General Government	3,585.3	3,537.4	-	-	3,585.3	3,537.4
Public Safety	8,268.3	7,840.7	-	-	8,268.3	7,840.7
Community Services	3,104.2	2,999.8	-	-	3,104.2	2,999.8
Parks and Recreation	86.2	80.0	-	-	86.2	80.0
Community Development	5.0	5.1	-	-	5.0	5.1
Interest on Long-Term Debt	-	-	-	-	-	-
Utility	-	-	6,055.8	4,946.2	6,055.8	4,946.2
Drainage	-	-	461.6	307.0	461.6	307.0
<b>Total Expenses</b>	<b>15,048.9</b>	<b>14,462.9</b>	<b>6,517.5</b>	<b>5,253.1</b>	<b>21,566.4</b>	<b>19,716.1</b>
<b>Excess before Special Items &amp; Transfers</b>	<b>3,529.8</b>	<b>4,813.0</b>	<b>411.2</b>	<b>1,051.4</b>	<b>\$ 3,941.0</b>	<b>\$ 5,864.4</b>
Capital Contribution	-	-	-	-	-	-
Loss on Disposal of Assets	-	-	-	-	-	-
Change in Value of Asset	-	-	-	-	-	-
Transfers	105.0	510.0	(105.0)	(510.0)	-	-
<b>Increase (decrease) in Net Position</b>	<b>3,634.8</b>	<b>5,323.0</b>	<b>306.2</b>	<b>541.4</b>	<b>3,941.0</b>	<b>5,864.4</b>
Net Position, Beginning	69,811.8	64,488.8	21,250.8	20,709.4	91,062.6	85,198.2
<b>Net Position, Ending</b>	<b>\$ 73,446.5</b>	<b>\$ 69,811.8</b>	<b>\$ 21,557.1</b>	<b>\$ 21,250.8</b>	<b>\$ 95,003.6</b>	<b>\$ 91,062.6</b>

**Governmental Activities**

Total program expenses of \$15.0 million exceeded program revenue of \$2.5 million by \$12.5 million for 2024 compared to \$11.9 million during 2023. This year-over-year net expenditure increase of approximately \$.6 million was primarily driven by increased public safety personnel costs resulting from annual wage increases and employee turnover. The 2024 increase in net position was \$3.6 million compared to a \$5.3 million increase in 2023. The following illustrates the governmental activities program revenues and expenses by function:

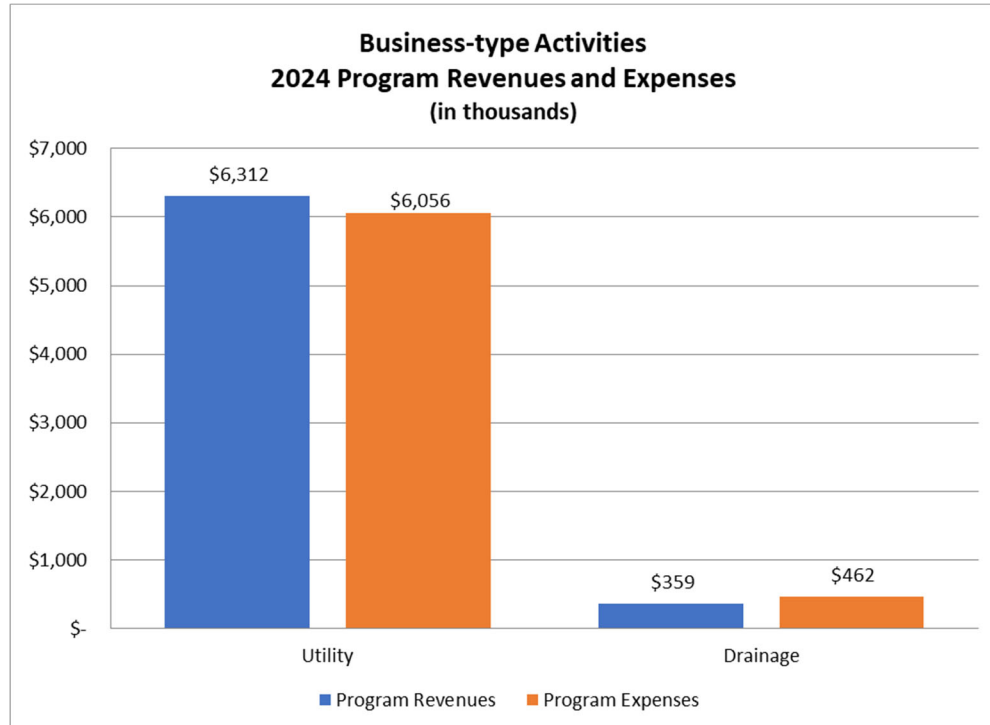


Sales and admission taxes decreased 2.8% in 2024, from \$13.4 million to \$13.1 million driven in part by decreases in Marijuana sales tax revenues as the industry has matured. Additional decreases in investment earnings, miscellaneous income and other tax revenues resulted in an overall decrease of approximately \$.7 million for all Sources of Governmental activities in total or approximately 3.6% in 2024 compared to a decrease of approximately 4.5% in 2023.

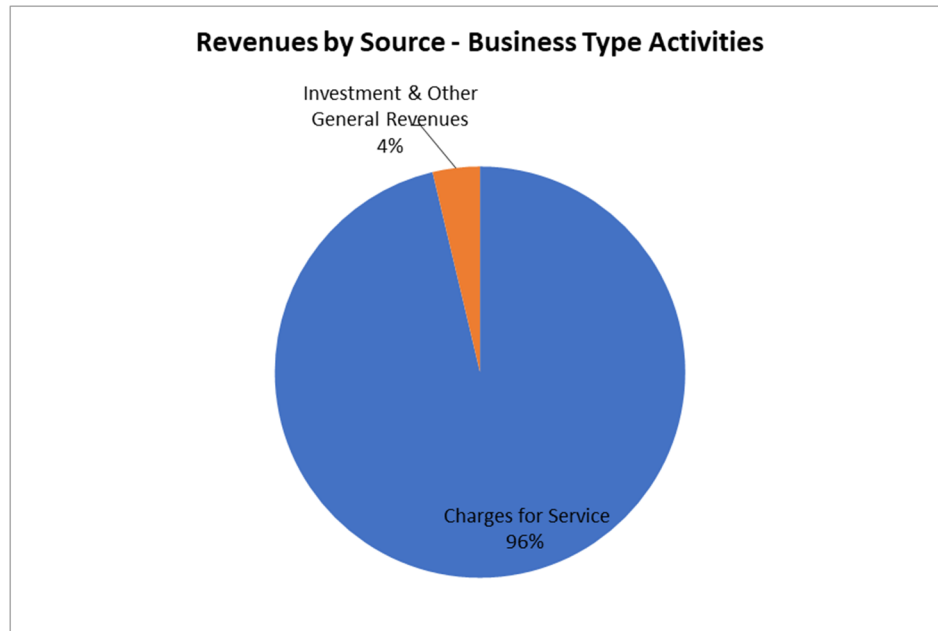


### Business-type Activities

Business-type activities including Utilities (water and sewer) and Drainage, for the year resulted in an increase of approximately \$.3 million in net position. Charges for services in 2024 totaled \$6.7 million for an approximate \$.7 million increase compared with 2023. The following chart illustrates the business-type activities program revenues and expenses:



The 2024 water and sewer customer rates increased 4.5% and 3.8% respectively from 2023. Total 2024 business type revenues totaling \$6.9 million increased approximately \$.6 million when compared to 2023.



**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 2024, the City’s governmental funds reported combined ending fund balances of \$44.2 million, an increase of \$2.0 million. The fluctuations in fund balances primarily consisted of a Capital Improvement fund increase of \$.9 million due to transfers from the General Fund as well investment income on the fund balance, a Road Fund increase of \$.5 million also due to transfers from the General Fund as well as receipt of road taxes and investment earnings in excess of fund expenditures, an Open Space fund increase of \$.3 million, and an increase in the General Fund of \$1.1 million due to generally lower than anticipated expenditures. These increases were partially offset by a decrease of (\$.8) in the Redevelopment Agency Fund as that fund balance continues to be expended on qualifying activities which consists primarily of a city undergrounding project and the fund no longer receives property tax increment revenues as the allowable time frame for that revenue source expired in 2018. The Redevelopment Agency is a component unit that is blended into the City’s financial statements. Committed, restricted, and non-spendable fund balances in all governmental funds amounted to \$23.7 million. The General Fund’s unassigned fund balance that is available for subsequent years’ spending totaled \$20.5 million.

Balance Sheet - Governmental Funds	
General Fund:	
Unassigned	20,481,124
Committed	2,376
Restricted	1,012,462
NonSpendable	17,542
	<hr/>
	21,513,504
Redevelopment Agency Fund:	
Restricted	632,187
Road Improvement Fund:	
Restricted	6,558,485
Capiital Improvement Fund:	
Restricted	12,946,412
Other Government Funds:	
NonSpendable	-
Restricted	2,507,904
	<hr/>
	2,507,904
	<hr/>
	44,158,492
Committed, restricted, nonspendable	23,677,368
Unassigned	20,481,124
	<hr/>
	44,158,492

Proprietary funds – The focus of proprietary funds is economic resources (net position) and economic gain or loss (change in net position). These funds report on the accrual basis of accounting like the government-wide business-type activities only in more detail. The unrestricted portions of net position are resources that are available at the end of the year. The Utility Fund (water and wastewater) and the Drainage Fund (storm water) are the City’s two major proprietary funds. The unrestricted net positions of the Utility Fund and Drainage Fund decreased by approximately .7% from \$7.2 million at the end of 2023 to approximately \$7.1 million as of the end of 2024. 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 \$.3 million compared to 2023 to \$21.6 million as of the end of 2024.

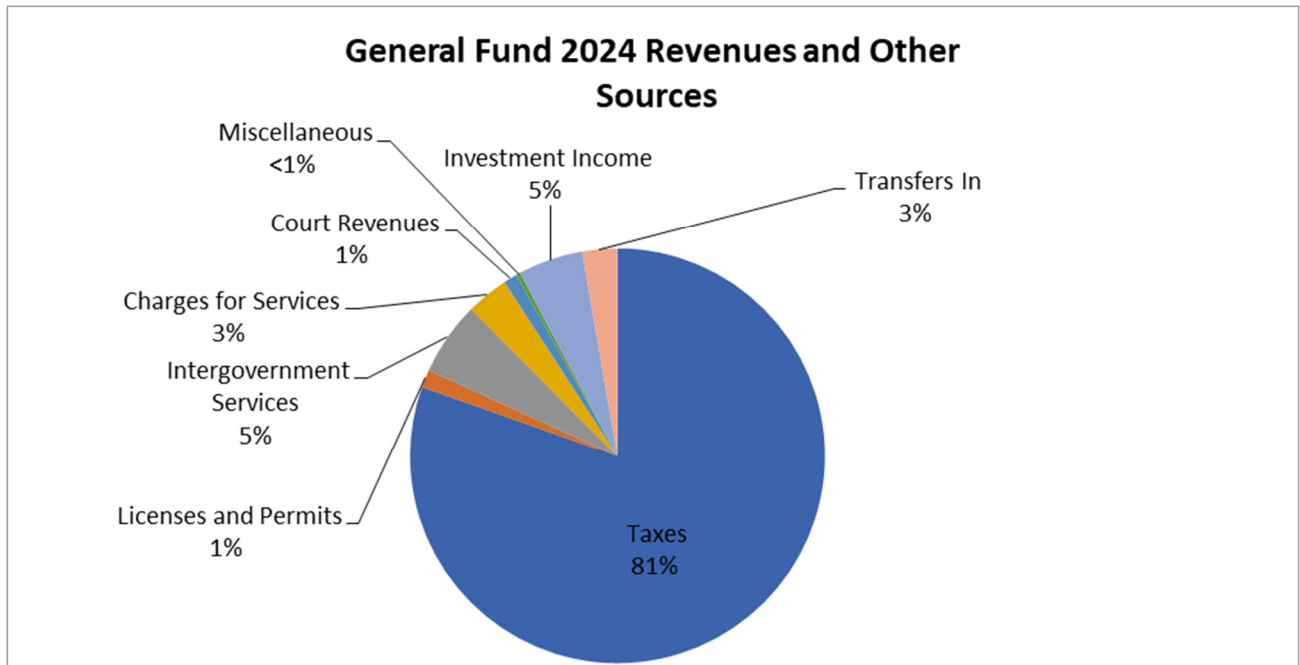
**General Fund Budgetary Highlights**

The General Fund accounts for all of the general services provided by the City. The General Fund 2024 Amended Final Budget included \$17.6 million of revenues/inflows, and \$18.5 million of expenditures/outflows. Fund balance was anticipated to be \$19.5 million at the end of 2024 compared to the \$21.5 million actual ending balance.

Revenues and transfers into the General Fund were \$.7 million unfavorable compared to the \$17.6 million anticipated in the final budget. This unfavorability was primarily due to lower than anticipated sales tax revenues.

**General Fund Revenues and Other Sources  
Compared to 2024 Adopted Budget  
(In Thousands)**

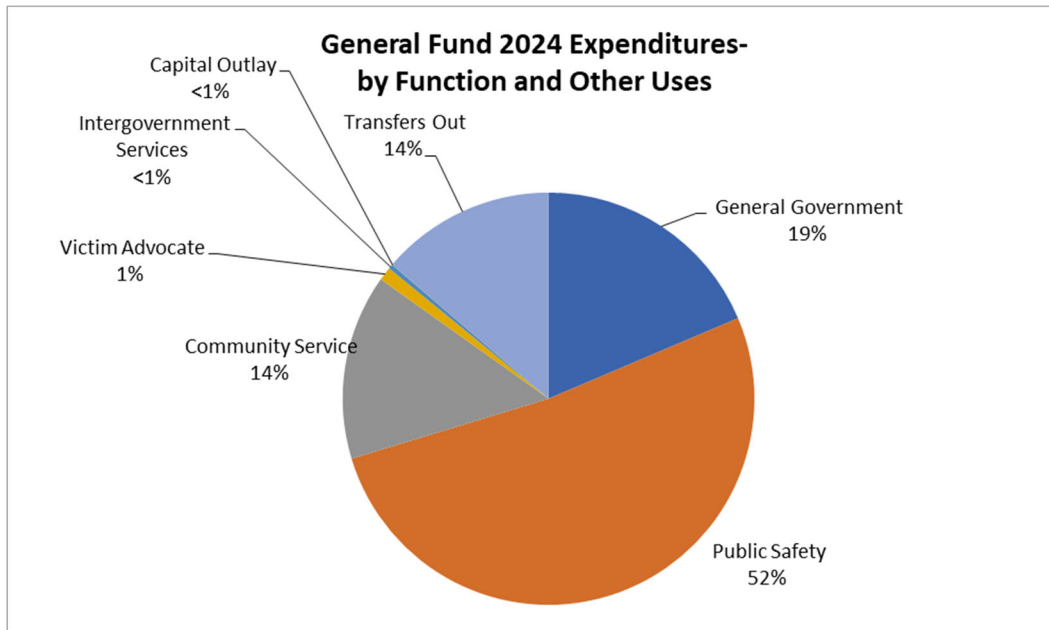
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Taxes	\$ 14,182	\$ 13,608	\$ (574)
Licenses and Permits	226	234	8
Intergovernmental Services	985	967	(18)
Charges for Services	511	558	47
Court Revenues	203	179	(24)
Miscellaneous	52	56	4
Investment Income	900	855	(45)
Transfers In	555	463	(92)
<b>Total</b>	<b><u>\$ 17,614</u></b>	<b><u>\$ 16,920</u></b>	<b><u>\$ (694)</u></b>



General Fund expenditures and transfers out totaling \$15.8 million were \$2.7 million favorable to the \$18.4 million appropriation. This favorability is generally due to lower than anticipated operating costs.

**General Fund Expenditures by Function  
and Other Uses (In Thousands)  
Compared to 2024 Adopted Budget**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government	\$ 3,597	\$ 2,946	\$ 651
Public Safety	9,909	8,180	1,729
Community Service	2,432	2,300	132
Victim Advocate	283	169	114
Intergovernmental Services	83	57	26
Capital Outlay	6	3	3
Transfers Out	<u>2,170</u>	<u>2,171</u>	<u>(1)</u>
<b>Total</b>	<b><u>\$ 18,480</u></b>	<b><u>\$ 15,826</u></b>	<b><u>\$ 2,654</u></b>



**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, 2024, amounts to \$39.9 compared to \$38.4 million at the end of 2023. 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 as of December 31, 2024 and 2023:

### Capital Assets (Net of Depreciation, In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	Primary Government	
	2024	2023	2024	2023	2024	2023
Land	\$ 429.5	\$ 429.5	\$ 60.1	\$ 60.1	\$ 489.6	\$ 489.6
Construction in Progress	3,690.6	2,876.2	4.9	-	3,695.5	2,876.2
Buildings	632.1	690.4	30.0	35.7	662.1	726.1
Improvements	18,374.3	17,566.0			18,374.3	17,566.0
Machinery, Equipment, and Furniture	2,191.3	2,274.2	211.3	270.0	2,402.6	2,544.2
Sewer Lines	-	-	2,867.8	2,925.4	2,867.8	2,925.4
Water Plant, Tanks, and Wells	-	-	8,266.2	8,029.0	8,266.2	8,029.0
Drainage System	-	-	3,110.9	3,263.3	3,110.9	3,263.3
<b>Total Net Capital Assets</b>	<b>\$ 25,317.8</b>	<b>\$ 23,836.3</b>	<b>\$14,551.2</b>	<b>\$ 14,583.5</b>	<b>\$ 39,869.0</b>	<b>\$ 38,419.8</b>

Major expenditures added to capital assets during 2024 included:

Road Improvements	1,011,465
Water and Sewer System Improvements	739,421
Drainage Improvements	15,301
Communications, Fire, Police, Other City Equipment and Vehicles	577,459

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.

Additional information on the City of Federal Height's capital assets and be found in Note 5 of this report.

Long Term Debt - At the end of 2024, the City did not have any bonded debt or certificate of participations outstanding.

#### **F. FACTORS EFFECTING THE FUTURE OF THE CITY**

At the start of 2025 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 2025 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 by delaying discretionary purchases as necessary and monitoring revenues to continually assess the City's financial position. The 2025 budget reflects the City's continued commitment to capital replacement with maintenance of City infrastructure as a top priority.

Sales tax revenues decreased modestly in 2024 due in part to a reduction in sales tax revenues derived from marijuana sales. The 2025 budget anticipates combined sales and admissions tax revenues to remain consistent with the 2024 budget. However, through March 2025, receipts for total sales and admissions revenue are down approximately 7.5% when compared to the same time period in 2024.

The Utility Fund water and wastewater rates have been historically increased to adjust for supplier cost increases. For 2025, water rates have increased 4.0% and wastewater rates have increased 3.4%. Our supplier of water resources has enough water rights to continue to serve our citizens and customers into the foreseeable future. Any future rate increases for water and wastewater as required to offset operating costs and capital needs will be reviewed in detail and approved by council. Water and sewer tap fees are adjusted for the change in consumer price index each year. Drainage Fund stormwater rates have remained constant for many years and no increase is anticipated or needed at this time.

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

#### **G. REQUEST FOR INFORMATION**

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

City of Federal Heights  
2380 W. 90th Ave.  
Federal Heights, CO 80260

## **BASIC FINANCIAL STATEMENTS**

CITY OF FEDERAL HEIGHTS, COLORADO

STATEMENT OF NET POSITION

As of December 31, 2024

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and Investments	\$ 46,807,539	\$ 7,364,736	\$ 54,172,275
Receivables			
Property Taxes	93,287	-	93,287
Accounts	1,776,498	541,213	2,317,711
Accrued Interest Receivable	308,594	-	308,594
Prepaid Items	17,542	-	17,542
Net Pension Asset - Volunteer Pension	4,326,557	-	4,326,557
Capital Assets, Not Depreciated	4,120,037	65,013	4,185,050
Capital Assets, Depreciated			
Net of Accumulated Depreciation	21,197,774	14,486,187	35,683,961
<b>TOTAL ASSETS</b>	<u>78,647,828</u>	<u>22,457,149</u>	<u>101,104,977</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to Volunteer Pension	431,384	-	431,384
Related to SRP Pension	1,781,224	-	1,781,224
Related to OPEB	44,269	-	44,269
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>2,256,877</u>	<u>-</u>	<u>2,256,877</u>
<b>LIABILITIES</b>			
Accounts Payable	3,976,713	621,620	4,598,333
Accrued Expenses	747,758	62,456	810,214
Deposits	27,210	50,000	77,210
Net Pension Liability - SRP Pension	-	-	-
Compensated Absences - Due within One Year	131,411	16,973	148,383
Non -Current Liabilities Due in More Than One Year			
Compensated Absences	1,182,697	149,043	1,331,741
Net OPEB Liability	426,492	-	426,492
<b>TOTAL LIABILITIES</b>	<u>6,492,281</u>	<u>900,092</u>	<u>7,392,373</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Property Tax Revenue	93,287	-	93,287
Related to Volunteer Pension Plan	282,386	-	282,386
Related to SRP Pension Plan	260,288	-	260,288
Related to OPEB Plan	329,922	-	329,922
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>965,883</u>	<u>-</u>	<u>965,883</u>
<b>NET POSITION</b>			
Investment in Capital Assets	21,627,220	14,427,002	36,054,222
Restricted for Emergencies	535,000	-	535,000
Restricted for Capital Expenditures	14,098,750	-	14,098,750
Restricted for Highways and Streets	6,558,485	-	6,558,485
Restricted for Parks and Recreation	687,516	-	687,516
Restricted for Youth Activity Programs	33,881	-	33,881
Restricted for Open Space	3,487,636	-	3,487,636
Restricted for Pension	4,326,557	-	4,326,557
Unrestricted	22,091,496	7,130,055	29,221,551
<b>TOTAL NET POSITION</b>	<u>\$ 73,446,541</u>	<u>\$ 21,557,057</u>	<u>\$ 95,003,598</u>

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

CITY OF FEDERAL HEIGHTS, COLORADO

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2024

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities</b>				
General Government	\$ 3,585,286	\$ 557,636	\$ 803,001	\$ 16,971
Public Safety	8,268,260	178,861	47,759	-
Community Services	3,104,214	233,753	97,604	477,693
Parks and Recreation	86,170		66,105	22,035
Community Development	4,979			
Total Governmental Activities	15,048,909	970,250	1,014,469	516,699
<b>Business-Type Activities</b>				
Utility	6,055,849	6,312,163	-	-
Drainage	461,621	358,636	-	-
Total Business-Type Activities	6,517,470	6,670,799	-	-
Total Primary Government	\$ 21,566,379	\$ 7,641,049	\$ 1,014,469	\$ 516,699

GENERAL REVENUES

- Property Taxes
- Sales and Admission Taxes
- Other Taxes
- Investment Income
- 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
\$ (2,207,678)	\$ -	\$ (2,207,678)
(8,041,640)	-	(8,041,640)
(2,295,164)	-	(2,295,164)
1,970	-	1,970
(4,979)	-	(4,979)
<u>(12,547,491)</u>	<u>-</u>	<u>(12,547,491)</u>
-	256,314	256,314
<u>-</u>	<u>(102,985)</u>	<u>(102,985)</u>
<u>-</u>	<u>153,329</u>	<u>153,329</u>
(12,547,491)	153,329	(12,394,162)
102,538		102,538
13,053,989		13,053,989
985,448		985,448
1,928,932	250,001	2,178,933
6,346	7,899	14,245
105,000	(105,000)	-
<u>16,182,253</u>	<u>152,900</u>	<u>16,335,153</u>
3,634,762	306,229	3,940,991
<u>69,811,779</u>	<u>21,250,828</u>	<u>91,062,607</u>
<u>\$ 73,446,541</u>	<u>\$ 21,557,057</u>	<u>\$ 95,003,598</u>

CITY OF FEDERAL HEIGHTS, COLORADO

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2024

	SPECIAL REVENUE		CAP. PROJECT	
	GENERAL	REDEVELOPMENT	ROAD	CAPITAL
	FUND	AGENCY	IMPROVEMENT	IMPROVEMENT
	FUND	FUND	FUND	FUND
<b>ASSETS</b>				
Cash and Investments	\$ 20,632,024	\$ 4,322,840	\$ 6,489,168	\$ 12,946,412
Property Taxes Receivable	93,287	-	-	-
Accounts Receivable	1,578,870	-	75,346	-
Accrued Interest Receivable	308,594	-	-	-
Prepaid Items	17,542	-	-	-
Due From Other Funds	31,473	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 22,661,790</b>	<b>\$ 4,322,840</b>	<b>\$ 6,564,514</b>	<b>\$ 12,946,412</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 280,031	\$ 3,690,653	\$ 6,029	\$ -
Accrued Liabilities	747,758	-	-	-
Due To Other Funds	-	-	-	-
Deposits	27,210	-	-	-
<b>TOTAL LIABILITIES</b>	<b>1,054,999</b>	<b>3,690,653</b>	<b>6,029</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax Revenue	93,287	-	-	-
	93,287	-	-	-
<b>FUND EQUITY</b>				
Nonspendable	17,542	-	-	-
Restricted for Emergencies	535,000	-	-	-
Restricted for Capital Expenditures	443,581	632,187	-	12,946,412
Restricted for Highways and Streets	-	-	6,558,485	-
Restricted for Parks and Recreation	-	-	-	-
Restricted for Open Space	-	-	-	-
Restricted for Youth Activity Programs	33,881	-	-	-
Committed for Graffiti	2,376	-	-	-
Unassigned	20,481,124	-	-	-
<b>TOTAL FUND EQUITY</b>	<b>21,513,504</b>	<b>632,187</b>	<b>6,558,485</b>	<b>12,946,412</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS INFLOWS, AND FUND EQUITY</b>	<b>\$ 22,661,790</b>	<b>\$ 4,322,840</b>	<b>\$ 6,564,514</b>	<b>\$ 12,946,412</b>

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

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

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

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

These include OPEB liability (\$426,492), deferred outflow related to OPEB plan \$44,269, deferred inflows related to OPEB Plan (\$329,922), accrued compensated absences (1,314,108), net pension assets of \$4,326,557, deferred outflows related to pensions of \$2,212,608, and deferred inflows related to pensions of (\$542,674).

Net position of governmental activities

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

OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
	2024	2023
\$ 2,417,095	\$ 46,807,539	\$ 43,990,821
-	93,287	93,146
122,282	1,776,498	1,873,296
-	308,594	232,753
-	17,542	-
-	31,473	43,637
<u>\$ 2,539,377</u>	<u>\$ 49,034,933</u>	<u>\$ 46,233,653</u>

\$ -	\$ 3,976,713	\$ 3,178,689
-	747,758	718,360
31,473	31,473	43,637
-	27,210	26,943
<u>31,473</u>	<u>4,783,154</u>	<u>3,967,629</u>

-	93,287	93,146
<u>-</u>	<u>93,287</u>	<u>93,146</u>

-	17,542	-
-	535,000	560,000
76,570	14,098,750	13,811,826
-	6,558,485	6,076,050
687,516	687,516	687,516
1,743,818	1,743,818	1,460,506
-	33,881	73,814
-	2,376	2,754
-	20,481,124	19,500,411
<u>2,507,904</u>	<u>44,158,492</u>	<u>42,172,878</u>

\$ 2,539,377

25,317,811      23,836,304

<u>3,970,238</u>	<u>3,802,599</u>
<u>\$ 73,446,541</u>	<u>\$ 69,811,781</u>

CITY OF FEDERAL HEIGHTS, COLORADO

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

As of December 31, 2024

	GENERAL FUND	SPECIAL REVENUE	CAP. PROJECT	
		REDEVELOPMENT AGENCY FUND	ROAD IMPROVEMENT FUND	CAPITAL IMPROVEMENT FUND
<b>REVENUES</b>				
Taxes	\$ 13,608,266	\$ -		
Licenses and Permits	233,753			
Intergovernmental	966,710		477,693	16,971
Charges for Services	557,636			
Court Revenues	178,861			
Miscellaneous	55,596	-	-	43
Investment Income	855,766	181,225	275,767	521,356
<b>TOTAL REVENUES</b>	<b>16,456,588</b>	<b>181,225</b>	<b>753,460</b>	<b>538,370</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	2,946,007	-	-	
Public Safety	8,179,998	-	-	
Community Services	2,300,116	-	203,410	
Victim Advocate	169,234	-	-	
Parks and Recreation		-	-	
Community Development		813	-	
Intergovernmental Services	57,162	-	-	
Capital Outlay	2,670	971,208	967,615	940,047
<b>TOTAL EXPENDITURES</b>	<b>13,655,187</b>	<b>972,021</b>	<b>1,171,025</b>	<b>940,047</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,801,401</b>	<b>(790,796)</b>	<b>(417,565)</b>	<b>(401,677)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	463,157	-	900,000	1,270,572
Transfers Out	(2,170,572)	-	-	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,707,415)</b>	<b>-</b>	<b>900,000</b>	<b>1,270,572</b>
<b>NET CHANGE IN FUND BALANCES.</b>	<b>1,093,986</b>	<b>(790,796)</b>	<b>482,435</b>	<b>868,895</b>
FUND BALANCES, Beginning	20,419,518	1,422,983	6,076,050	12,077,517
FUND BALANCES, Ending	\$ 21,513,504	\$ 632,187	\$ 6,558,485	\$ 12,946,412

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

OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
	2024	2023
\$ 533,709	\$ 14,141,975	\$ 14,511,719
	233,753	209,414
69,795	1,531,169	1,528,739
	557,636	630,911
	178,861	176,323
-	55,639	148,485
94,817	1,928,931	2,071,966
<u>698,321</u>	<u>18,627,964</u>	<u>19,277,557</u>
-	2,946,007	2,950,821
-	8,179,998	7,426,218
-	2,503,526	2,423,112
-	169,234	255,952
9,070	9,070	7,500
-	813	902
-	57,162	59,939
-	2,881,540	2,898,673
<u>9,070</u>	<u>16,747,350</u>	<u>16,023,117</u>
<u>689,251</u>	<u>1,880,614</u>	<u>3,254,440</u>
-	2,633,729	6,483,668
<u>(358,157)</u>	<u>(2,528,729)</u>	<u>(5,973,668)</u>
<u>(358,157)</u>	<u>105,000</u>	<u>510,000</u>
331,094	1,985,614	3,764,440
<u>2,176,810</u>	<u>42,172,878</u>	<u>38,408,438</u>
<u>\$ 2,507,904</u>	<u>\$ 44,158,492</u>	<u>\$ 42,172,878</u>

CITY OF FEDERAL HEIGHTS, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2024

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 1,985,614
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay \$2,861,846 exceeded depreciation expense (\$1,331,044) in the current period and loss of assets (\$49,293) in the current period.	1,481,509
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 a change in OPEB liability \$38,873 and a change in accrued compensated absences of \$243,696	(282,569)
Deferred Charges related to pension are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized.	<u>450,208</u>
Change in Net Position of Governmental Activities	<u>\$ 3,634,762</u>

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

## CITY OF FEDERAL HEIGHTS, COLORADO

STATEMENT OF NET POSITION  
PROPRIETARY FUND TYPE  
As of December 31, 2024

	UTILITY	DRAINAGE	TOTALS	
	FUND	FUND	2024	2023
<b>ASSETS</b>				
Current Assets				
Cash and Investments	\$ 6,701,200	\$ 663,536	\$ 7,364,736	\$ 7,070,013
Accounts Receivable	513,470	27,743	541,213	513,063
Total Current Assets	7,214,670	691,279	7,905,949	7,583,076
Noncurrent Assets				
Capital Assets, Not Depreciated	65,013		65,013	60,073
Capital Assets, Net of Accumulated Depreciation	11,375,308	3,110,879	14,486,187	14,523,468
Total Noncurrent Assets	11,440,321	3,110,879	14,551,200	14,583,541
TOTAL ASSETS	18,654,991	3,802,158	22,457,149	22,166,617
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	620,627	993	621,620	767,400
Accrued Liabilities	51,192	11,264	62,456	14,252
Due To Other Funds		-	-	-
Current Portion - Compensated Absence	13,609	3,363	16,973	8,414
Total Current Liabilities	685,428	15,621	701,049	790,066
Noncurrent Liabilities				
Escrow Deposits	50,000		50,000	50,000
Compensated Absences	95,645	53,398	149,043	75,723
Total Noncurrent Liabilities	145,645	53,398	199,043	125,723
TOTAL LIABILITIES	831,073	69,019	900,092	915,789
<b>NET POSITION</b>				
Investment in Capital Assets Unrestricted	11,316,123	3,110,879	14,427,002	14,069,330
	6,507,795	622,260	7,130,055	7,181,498
TOTAL NET POSITION	\$ 17,823,918	\$ 3,733,139	\$ 21,557,057	\$ 21,250,828

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, 2024

	UTILITY FUND	DRAINAGE FUND	TOTALS	
			2024	2023
OPERATING REVENUES				
Water Sales	\$ 4,310,801		\$ 4,310,801	\$ 3,795,504
Sewer Fees	2,001,362		2,001,362	1,841,292
Drainage Fees		358,636	358,636	358,725
Other Income	6,384	1,515	7,899	13,306
TOTAL OPERATING REVENUES	<u>6,318,547</u>	<u>360,151</u>	<u>6,678,698</u>	<u>6,008,827</u>
OPERATING EXPENSES				
Water Supply	3,361,816		3,361,816	2,862,527
Water Distribution	843,180		843,180	333,226
Sewer Collection and Treatment	1,116,312		1,116,312	1,098,634
General and Administrative	110,331	293,829	404,160	202,506
Depreciation	624,210	167,792	792,002	756,218
TOTAL OPERATING EXPENSES	<u>6,055,849</u>	<u>461,621</u>	<u>6,517,470</u>	<u>5,253,111</u>
OPERATING INCOME	<u>262,698</u>	<u>(101,470)</u>	<u>161,228</u>	<u>755,716</u>
NON-OPERATING REVENUES				
Investment Income	224,303	25,698	250,001	295,712
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>487,001</u>	<u>(75,772)</u>	<u>411,229</u>	<u>1,051,428</u>
TRANSFERS AND CAPITAL CONTRIBUTIONS				
Transfers Out	<u>(105,000)</u>	<u>-</u>	<u>(105,000)</u>	<u>(510,000)</u>
TOTAL TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>(105,000)</u>	<u>-</u>	<u>(105,000)</u>	<u>(510,000)</u>
CHANGE IN NET POSITION	382,001	(75,772)	306,229	541,428
NET POSITION Beginning	<u>17,441,917</u>	<u>3,808,911</u>	<u>21,250,828</u>	<u>20,709,400</u>
NET POSITION, Ending	<u>\$ 17,823,918</u>	<u>\$ 3,733,139</u>	<u>\$ 21,557,057</u>	<u>\$ 21,250,828</u>

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, 2024

Increase (Decrease) in Cash and Cash Equivalents

	UTILITY FUND	DRAINAGE FUND	TOTALS	
			2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 6,292,169	\$ 358,379	\$ 6,650,548	\$ 5,988,475
Cash Paid to Suppliers	(5,469,508)	(271,657)	(5,741,165)	(4,692,733)
Net Cash Provided by Operating Activities	<u>822,661</u>	<u>86,722</u>	<u>909,383</u>	<u>1,295,742</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Payments (To) From Other Funds	(105,000)	-	(105,000)	(510,000)
Net Cash Used by NonCapital and Related Financing Activities	<u>(105,000)</u>	<u>-</u>	<u>(105,000)</u>	<u>(510,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of Property and Equipment	(744,361)	(15,300)	(759,661)	(1,457,754)
Net Cash Used by Capital and Related Financing Activities	<u>(744,361)</u>	<u>(15,300)</u>	<u>(759,661)</u>	<u>(1,457,754)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment Income	224,303	25,698	250,001	295,712
Net Increase in Cash and Cash Equivalents	197,603	97,120	294,723	(376,300)
CASH AND CASH EQUIVALENTS, Beginning	6,503,597	\$ 566,416	7,070,013	7,446,313
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 6,701,200</u>	<u>\$ 663,536</u>	<u>7,364,736</u>	<u>\$ 7,070,013</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating Income	\$ 262,698	\$ (101,470)	161,228	\$ 755,716
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	624,210	167,792	792,002	756,218
Changes in Assets and Liabilities				
Accounts Receivable	(26,378)	(1,772)	(28,150)	(20,352)
Accounts Payable	(120,151)	(25,629)	(145,780)	(175,881)
Accrued Expenses	41,120	7,084	48,204	(11,971)
Accrued Compensated Absences	41,162	40,717	81,879	(7,988)
Total Adjustments	<u>559,963</u>	<u>188,192</u>	<u>748,155</u>	<u>540,026</u>
Net Cash Provided by Operating Activities	<u>\$ 822,661</u>	<u>\$ 86,722</u>	<u>\$ 909,383</u>	<u>\$ 1,295,742</u>

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

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**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.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

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

**Government-Wide and Fund Financial Statements** (Continued)

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

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

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

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

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**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.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**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

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**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.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**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.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**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, 2024, the City classifies prepaid expenses as nonspendable fund balance.

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, 2024, the City has classified the following amounts as restricted:

General Fund – Emergency Reserves (TABOR)	\$ 535,000
General Fund – Other Capital Expenses 1% Sales Tax	443,582
General Fund – Youth Activity Programs	33,881
Redevelopment Agency Fund – Capital Projects	632,187
Road Improvement Fund – Highways and Streets	6,558,485
Capital Improvement Fund – Capital Projects	12,946,412
Open Space Fund – Parks and Recreation	2,431,334
Special Investigations Fund	<u>76,570</u>
Total	<b><u>\$ 23,657,450</u></b>

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, 2024, the City has classified the following amounts as committed:

General Fund - Graffiti	<b><u><u>\$ 2,376</u></u></b>
-------------------------	-------------------------------

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**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, 2024, 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.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**NOTE 3: DEPOSITS AND INVESTMENTS**

A summary of deposits and investments as of December 31, 2024 follows:

Petty Cash	\$ 2,862
Cash Deposits	1,604,452
Investments	<u>52,564,961</u>
Total	<b><u>\$ 54,172,275</u></b>

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

Governmental Activities	\$ 46,807,539
Business-type Activities	<u>7,364,736</u>
Total	<b><u>\$ 54,172,275</u></b>

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, 2024, 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, 2024, the City had deposits with financial institutions with a carrying amount of \$1,604,452. The bank balances with the financial institutions were \$1,419,769. Of these balances, \$250,000 was covered by federal depository insurance and \$1,169,769 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

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

**Investments**

At December 31, 2024 the City had the following investments:

<u>Investment Type</u>	<u>Investment Maturity (Years)</u>		
	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>One to Five Years</u>
Money Market Funds	\$ 178,901	\$ 178,901	\$ -
Local Government Pools	15,924,518	15,924,518	-
U.S. Agency Securities	<u>36,461,542</u>	<u>11,132,665</u>	<u>25,328,877</u>
Total	<u>\$ 52,564,961</u>	<u>\$ 27,236,084</u>	<u>\$ 25,328,877</u>

Interest Rate Risk

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

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

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**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, 2024, 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 \$15,401,378 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 Statutes, 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 AA Af/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 \$523,140 in the Colorado Surplus Asset Fund Trust (CSAFE) an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. CSAFE is considered a qualifying external investment pool under GASB Statement 79. CSAFE operates similar to money market funds where each share is equal in value to \$1.00. The fair value of the position in the pools is the same as the value of the pooled shares.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

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

**Investments** (Continued)

Local Government Investment Pool (Continued)

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

Fair Value

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

At December 31, 2024, the City held investments in U.S. Agency Securities in the amount of \$35,461,542 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 \$178,901 in a Money Market Mutual Fund. Portfolio investments are assigned a level based upon the observability of the inputs which are significant to the overall valuation. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The fair value of investments in money market funds is based on the published net asset values per share of those funds. Money market securities are valued using amortized cost, in accordance with Rule 2a-7 under the 1940 Act. Generally, amortized cost approximates the current fair value of a security, but since the value is not obtained from a quoted price in an active market, such securities held by Prime Series and Government Series are categorized as Level 2.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**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	52.45%
Federal Home Loan Bank	6.94%
Federal National Mortgage Association	0.46%
Federal Farm Credit Bank	0.58%
Money Market Funds	0.34%
Local Government Pools	30.12%

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, 2024, 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, 2024.

<u>Transfers To Other Funds</u>	<u>Transfers From Other Funds</u>	<u>Amount</u>
General Fund	Road Improvement	900,000
General Fund	Capital Improvement	1,270,572
E911 Fund	General Fund	358,157
Utility Fund	General Fund	<u>105,000</u>
<b>Total</b>		<b><u>\$ 2,633,729</u></b>

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.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**NOTE 5: CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2024 is summarized below:

	Balances <u>12/31/2023</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/2024</u>
<b>Governmental Activities</b>				
Capital Assets, not depreciated				
Land	\$ 429,446	\$ -	\$ -	\$ 429,446
Construction in Progress	<u>2,876,239</u>	<u>971,208</u>	<u>156,856</u>	<u>3,690,591</u>
Total Capital Assets, not depreciated	<u>3,305,685</u>	<u>971,208</u>	<u>156,856</u>	<u>4,120,037</u>
Capital Assets, depreciated				
Buildings	2,932,462	-	-	2,932,462
Improvements	28,363,633	1,470,034	-	29,833,667
Machinery and Equipment	<u>7,376,053</u>	<u>577,460</u>	<u>138,547</u>	<u>7,814,966</u>
Total Capital Assets, depreciated	<u>38,672,148</u>	<u>2,047,494</u>	<u>138,547</u>	<u>40,581,095</u>
Less Accumulated Depreciation				
Buildings	2,242,038	58,336	-	2,300,374
Improvements	10,797,672	661,676	-	11,459,348
Machinery and Equipment	<u>5,101,819</u>	<u>611,030</u>	<u>89,250</u>	<u>5,623,599</u>
Total Accumulated Depreciation	<u>18,141,529</u>	<u>1,331,042</u>	<u>89,250</u>	<u>19,383,321</u>
Total Capital Assets, depreciated, Net	<u>20,530,619</u>	<u>716,452</u>	<u>49,297</u>	<u>21,197,774</u>
Governmental Activities, Capital Assets, Net	<u>\$ 23,836,304</u>	<u>\$ 1,687,660</u>	<u>\$ 206,153</u>	<u>\$ 25,317,811</u>
<b>Business-Type Activities</b>				
Capital Assets, not depreciated				
Land	\$ 60,073	\$ -	\$ -	\$ 60,073
Construction in Progress	<u>-</u>	<u>4,940</u>	<u>-</u>	<u>4,940</u>
Total Capital Assets, not depreciated	<u>60,073</u>	<u>4,940</u>	<u>-</u>	<u>65,013</u>
Capital Assets, depreciated				
Sewer Lines	\$ 5,758,803	\$ 110,334	\$ -	\$ 5,869,137
Water Plant, Tanks, and Wells	13,392,158	629,086	-	14,021,244
Drainage System	4,919,331	15,301	-	4,934,632
Buildings	254,310	-	-	254,310
Furniture and Equipment	<u>939,147</u>	<u>-</u>	<u>-</u>	<u>939,147</u>
Total Capital Assets, depreciated	<u>23,825,426</u>	<u>754,721</u>	<u>-</u>	<u>26,018,470</u>
Less: Accumulated Depreciation				
Sewer Lines	2,833,336	168,002	-	3,001,338
Water Plant, Tanks, and Wells	5,363,151	391,848	-	5,754,999
Drainage System	1,655,957	167,791	-	1,823,748
Buildings	218,587	5,733	-	224,320
Furniture and Equipment	<u>669,250</u>	<u>58,628</u>	<u>-</u>	<u>727,878</u>
Total Accumulated Depreciation	<u>10,740,281</u>	<u>792,002</u>	<u>-</u>	<u>11,532,283</u>
Total Capital Assets, depreciated, Net	<u>14,523,468</u>	<u>(37,281)</u>	<u>-</u>	<u>14,486,187</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 14,583,541</u>	<u>\$ (37,281)</u>	<u>\$ -</u>	<u>\$ 14,551,200</u>

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

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

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

**Governmental Activities**

General Government	\$ 110,620
Public Safety	538,470
Community Services	600,686
Parks and Recreation	77,100
Community Development	<u>4,166</u>
 Total	 <b><u>\$ 1,331,042</u></b>

**Business-Type Activities**

Water and Sewer Utility	\$ 624,210
Drainage Utility	<u>167,792</u>
 Total	 <b><u>\$ 792,002</u></b>

**NOTE 6: LONG-TERM DEBT**

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2024.

	Balance <u>12/31/2023</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/2024</u>	Due In <u>One Year</u>
<b>Governmental Activities</b>					
Compensated Absences	<u>\$ 1,070,412</u>	<u>\$ 747,140</u>	<u>\$ 503,444</u>	<u>\$ 1,314,108</u>	<u>\$ 131,411</u>
<b>Business-Type Activities</b>					
Compensated Absences	<u>\$ 84,137</u>	<u>\$ 166,277</u>	<u>\$ 84,398</u>	<u>\$ 166,016</u>	<u>\$ 16,973</u>

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

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**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, 2023, 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 2024.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**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	<u>2</u>
Total	<u><u>12</u></u>

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

At December 31, 2024, the City reported asset of \$4,326,557. The net pension asset was measured as of December 31, 2023 and was determined by an actuarial valuation as of January 1, 2023. Standard update procedures were used to roll forward the total pension liability to December 31, 2024.

For the year ended December 31, 2024 the City recognized pension income of \$321,432. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	N/A	\$11,791
Net difference between projected and actual earnings on pension plan investments	\$431,381	\$270,595
Change in assumptions and other inputs	N/A	N/A
Total	\$431,384	\$282,386

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**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,	
2023	\$208
2024	\$51,417
2025	\$120,583
2026	(\$23,210)
2027	-

*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.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**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, 2023 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Nominal Rate of Return</b>
Cash	1.00%	4.32%
Fixed Income - Rates	10.00%	5.35%
Fixed Income - Credit	5.00%	5.89%
Absolute Return	9.00%	6.39%
Long Short	6.00%	7.27%
Global Equity	35.00%	8.33%
Private Markets	34.00%	10.31%
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.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**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*

	<b>Increase/(Decrease)</b>		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
	(a)	(b)	(a) – (b)
Balances at 1/1/2024	\$ 435,185	\$ 4,375,667	(\$ 3,940,482)
Changes for the year:			
Service Cost	1,675	-	1,675
Interest on the total pension liability	29,890	-	29,890
Benefit Changes	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Net investment income	-	421,584	(421,584)
Benefit Payments	(18,330)	(18,330)	-
Pension plan administrative expense	-	(3,944)	3,944
Net Changes	13,235	399,310	(386,075)
<b>Balances at 12/31/2024</b>	<b>\$ 448,420</b>	<b>\$ 4,774,977</b>	<b>(\$ 4,326,557)</b>

*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	(\$4,262,523)	(\$4,326,557)	(\$4,378,555)

*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.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**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 Retirement Plan**

**Plan Description**

The Statewide Retirement Plan (SRP) is a cost-sharing multiple-employer defined benefit pension plan. The Plan consists of four components: Defined Benefit Component, Hybrid Defined Benefit Component, Social Security Component and Money Purchase Component. The Plan currently has 230 participating employer fire and police departments.

The Defined Benefit Component and Social Security Component cover substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978, provided that they are not already covered by a statutorily exempt plan. Employers once had the option to withdraw from the Plan, but a change in state statutes eliminated this option effective January 1, 1988, unless the employer elects and is determined to be eligible to participate in the Statewide Money Purchase Plan.

In 2003, legislation was enacted that allows departments who cover their firefighters and police officers in money purchase plans to elect coverage under the Plan. As of August 5, 2003, clerical and other personnel from fire Districts whose services are auxiliary to fire protection may also participate in the Plan. As of January 1, 2020, Colorado police and sheriff departments who participate in Social Security have the option of affiliating for coverage under the Plan.

The Plan assets are in the Fire & Police Members' Benefit Investment Fund Long-Term Pool and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Money Purchase Component assets). The Long-Term Pool is designed primarily for open plans with a longer time horizon, appropriate risk tolerance, and lower liquidity needs. The investment return assumption is 7.00 percent.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**NOTE 7: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Retirement Plan** (Continued)

**Plan Description** (Continued)

Members participating in DROP or in the Money Purchase Component choose among various investment options offered by an outside investment manager

**Description of Benefits**

The FPPA Board of Directors may change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The Normal Retirement Age should not be less than age 55 or more than age 60. Any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension. Members with combined age and years of service totaling 80 or more, with a minimum age of 50 also qualify for a normal retirement pension.

A member is eligible for retirement after attainment of age 55 with at least five years of credited service.

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.

The annual retirement benefit for the Defined Benefit Component is 2.0 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent of the average of the member's highest three years' base salary for each year of service thereafter.

Beginning January 1, 2007, the annual normal retirement benefit for the Social Security Component is 1.0 percent of the average of the member's highest three years base salary for each year of credited service up to ten years plus 1.25 percent of the average of the member's highest three years' base salary for each year thereafter. Prior to 2007, the benefit for members of the Social Security Component will be reduced by the amount of social security income the member receives annually, calculated as if the social security benefit started as of age 62. The annual retirement benefit of the Hybrid Defined Benefit Component is 1.9 percent of the average of the member's highest three years' base salary for each year of credited service through December 31, 2022 and 1.5 percent of the average of the member's highest three years' base salary for each year of credited service after January 1, 2023.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**NOTE 7: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Retirement Plan** (Continued)

**Description of Benefits** (Continued)

Benefits paid to retired members and beneficiaries may be increased annually on October 1 via cost of living adjustment (COLA). COLAs may be compounding or non-compounding. The increase in benefits, if any, is based on the FPPA Board of Director's discretion. Compounding COLAs can range from 0 percent to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers. Non-compounding COLAs take into consideration the investment returns, compounding COLAs and other economic factors. COLAs may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

Upon termination, the vested account balance within the Money Purchase Component becomes available to the member.

Upon termination, a member may elect to have their member contributions, along with 5.0 percent as interest, returned as a lump sum distribution in lieu of a retirement benefit.

**Contributions**

Contribution rates for the Plan are set by state statute. The FPPA Board of Directors may further increase the required contributions, equally between employer and member, upon approval through an election of both employers and members.

Members of the Defined Benefit Component contribute 12.0 percent of base salary. In 2020, legislation was enacted to increase the employer contributions rate to the Plan beginning in 2021. Employer contribution rates will increase 0.5 percent annually through 2030 to a total of 13.0 percent of base salary. These increases result in a combined contribution rate of 25.0 percent of base salary in 2030. In 2024, the total combined member and employer contribution rate was 22.0 percent.

Contributions from Defined Benefit Component members and employers of plans reentering the Defined Benefit Component are established by resolution and approved by the FPPA Board of Directors. The continuing rate of contribution for reentry groups is determined for each reentry group. The additional contribution amount is determined locally and may be paid by the member, the employer or split 50/50. Per the 2020 legislation, the required employer contribution rate for reentry departments also increases 0.5 percent annually. These increases result in a minimum combined contribution rate of 25.2 percent in 2030. In 2023, the total minimum required member and employer contribution rate was 21.7 percent.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**NOTE 7: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Retirement Plan** (Continued)

**Contributions** (Continued)

Members of the Social Security Component contribute 6.0 percent of base salary. Per the 2020 legislation, employer contribution rates will increase 0.25 percent annually through 2030 to a total of 6.5 percent of base salary. These increases result in a combined contribution rate of 12.5 percent of base salary in 2030. In 2023, the total combined member and employer contribution rate was 10.75 percent.

The Hybrid Defined Benefit Component and Money Purchase Component members and their employers are currently each contributing at the rate determined by the individual employer. Effective January 1, 2023, the employer and member minimum contribution rates will increase by 0.125 percent annually until they reach a minimum rate of 9 percent each and at least a combined rate of 18 percent in 2030. In 2023, the total minimum combined member and employer contribution rate was 16.25 percent.

The Hybrid Defined Benefit Component sets contribution rates at a level that enables the defined benefits to be fully funded at the member's retirement date. The amount allocated to the Hybrid Defined Benefit Component is set annually by the FPPA Board of Directors. The Hybrid Defined Benefit Component contribution rate from July 1, 2023 through June 30, 2024 is 14.24 percent. The Hybrid Defined Benefit Component contribution rate from January 1, 2023 through June 30, 2023 was 13.90 percent. Contributions in excess of those necessary to fund the defined benefit are allocated to the member's self-directed account in the Money Purchase Component.

A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan. Additional voluntary contributions from the employer are made on a pre-tax basis.

Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20 percent per year after the first year of service and to be 100 percent vested after five years of service or the attainment of age 55. Employer and member contributions are invested in funds at the discretion of members.

A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan. Additional voluntary contributions from the employer are made on a pre-tax basis.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**NOTE 7: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Retirement Plan** (Continued)

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

At December 31, 2024 the City reported a net pension asset in the amount of \$0 for its proportionate share of the SRP Plan net pension asset. The SRP Plan net pension asset was measured as of January 1, 2024, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2024. Standard update procedures were used to roll forward the total pension liability to December 31, 2024. The City's proportion of the SRP Plan net pension asset was based on the City's contributions to the SRP Plan for the calendar year 2023 relative to the total contributions of participating employers to the SRP Plan.

At December 31, 2024, the City's proportion was 0.3277%, which was an increase of 0.01469% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2024 the City recognized SRP pension expense of \$177,071. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to SRP pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$624,082	\$29,985
Net difference between projected and actual earnings on pension plan investments	\$448,034	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$41,269	\$230,303
Change in assumptions and other inputs	\$361,992	N/A
Contributions subsequent to the measurement date	\$305,847	N/A
Total	\$1,781,224	\$260,288

\$305,847 reported as deferred outflows of resources related to SRP 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, 2025. Contributions subsequent to the measurement date will be recognized as a reduction (income) of the net position liability (asset) in the subsequent year.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**NOTE 7: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Retirement Plan** (Continued)

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

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

<b>Year ended December 31</b>	
2025	\$218,851
2026	\$332,187
2027	\$485,254
2028	\$46,860
2029	\$66,597
Thereafter	\$65,340

*Actuarial assumptions.* The actuarial valuations for the SWBP Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2023. The valuations used the following actuarial assumptions and other inputs:

Total Pension Liability:

Actuarial Valuation Date	January 1, 2024
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, 2023
Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
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%	

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**NOTE 7: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Retirement Plan** (Continued)

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

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

At least every five years the FPPA’s Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2022 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, 2023. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on SRP 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 SRP Plan’s target asset allocation as of December 31, 2023 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity	35.00%	8.33%
Equity Long/Short	6.00%	7.27%
Private Markets	34.00%	10.31%
Fixed Income – Rates	10.00%	5.35%
Fixed Income – Credit	5.00%	5.89%
Absolute Return	9.00%	6.39%
Cash	1.00%	4.32%
Total	100.00%	

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**NOTE 7: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Retirement Plan** (Continued)

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

The discount rate used to measure the total SRP 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 FPPA Board of Director's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SRP Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment) to determine the total pension liability.

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

For the purpose of this valuation, the expected rate of return on SRP pension plan investments is 7.00%; the municipal bond rate is 3.77% (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%.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability (asset)	\$1,837,530	-	-

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

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**NOTE 7: DEFINED BENEFIT PENSION PLANS** (Continued)

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

	<u>Net Pension Asset (Liability)</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense (Income)</u>
Volunteer Firefighter	\$ 4,326,557	\$ 431,384	\$ 282,386	\$ (321,432)
FPPA - SRP	<u>-</u>	<u>1,781,224</u>	<u>269,288</u>	<u>177,071</u>
Total	<u>\$ 4,326,557</u>	<u>\$ 2,212,608</u>	<u>\$ 542,674</u>	<u>\$ (144,361)</u>

**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 2024, both the City and the employee contribute 5.0% 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 7.0% 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, 2024, 2023, and 2022, the City made contributions of \$249,575, \$206,740, and \$177,692, and the employees made contributions of \$238,934, \$197,015, and \$169,749 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 2024, both the City and the employee contribute 99.0% 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, 2024, 2023, and 2022, the City and employee each made contributions of \$16,980, \$15,271, and \$13,444 to the Plan, respectively. The Plan investments are managed by Mission Square.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**NOTE 8: DEFINED CONTRIBUTION PENSION PLANS** (Continued)

**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 2024, the members are required to contribute 12.0% of their base salary. The City matches this contribution at a maximum of 12.0%. The employee is fully vested in all contributions immediately. During the years ended December 31, 2024, 2023, and 2022, the City and plan members each made contributions of \$11,107, \$10,137, and \$9,131 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, 2022, 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.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

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

**Employees Covered by Benefit Terms**

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

Not Fully Eligible Active Employees	87
Retirees currently receiving benefits	0
Eligible Active Employees	<u>6</u>
Total	<u><u>93</u></u>

**Total OPEB Liability**

The Net OPEB liability measured by an actuarial valuation dated December 31, 2023.

**Actuarial Methods and Assumptions**

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2024 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, 2024
Discount Rate	4.08% per annum
Salary Increase Rate	3.50% per annum
Census Data	The census was provided by the City as of December 15, 2023.
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	Where the information is missing, male spouses are assumed to be three years older than female spouses.
Medicare Eligibility	All current and future retirees are assumed to be eligible for Medicare at age 65.
Actuarial Cost Method	Entry Age Normal based on level percentage of projected salary
Amortization Method	<i>Experience/ Assumptions:</i> gains and losses are amortized over a closed period of 21.9 years starting the current fiscal year, equal to the average remaining service of active and inactive plan members (who have no future service).

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

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

**Actuarial Methods and Assumptions** (Continued)

**Changes in Actuarial Assumptions**

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 headcount weighted base mortality table, projected generationally using Scale MP-2021, applied on a gender-specific and job class basis (teacher, safety, or general, as applicable).

**Changes in the Total OPEB Liability**

Changes in the total OPEB liability were as follows:

Balance at January 1, 2024	\$ 398,591
Service Cost	48,138
Interest Cost	14,491
Difference between expected and actual experience	-
Changes in Assumptions or Other Inputs	(30,306)
Benefit Payments	<u>(4,422)</u>
Balance at December 31, 2024	<b><u>\$ 426,492</u></b>

*Assumption Changes:* Changes of assumptions and other inputs, which will be observed in the January 1, 2023 actuarial valuations, are as follows:

Discount Rate	Updated from 3.26% to 4.08%
---------------	-----------------------------

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

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

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.06%) or 1-percentage-point higher (3.06%) than the current discount rate:

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
Proportionate share of the net pension liability (asset)	\$464,000	\$426,492	\$391,000

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.00% decreasing to 3.00%) or 1-percentage-point higher (8.00% decreasing to 5.00%) than the current healthcare cost trend rates:

	1% Decrease	Current Health Care Cost Trend	1% Increase
Proportionate share of the net pension liability (asset)	\$384,000	\$426,492	\$475,000

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

For the year ended December 31, 2024, the City recognized OPEB expense of \$43,295, which includes the City's current year contribution expense of \$0.

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	N/A	\$246,649
Change in assumptions and other inputs	\$44,269	\$83,273
Total	\$44,269	\$329,922

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

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

**Changes in the Total OPEB Liability** (Continued)

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

<b>Year ended December 31</b>	
2025	(\$ 18,492)
2026	(\$ 11,278)
2027	(\$ 14,581)
2028	(\$ 14,581)
2029	(\$ 14,582)
Thereafter	(\$ 212,139)

**NOTE 10: RISK RELATED ACTIVITIES**

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

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

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

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

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

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**NOTE 10: RISK RELATED ACTIVITIES** (Continued)

The City self-insures for an employee short-term disability plan. Claims paid during the years ended December 31, 2024, 2023, and 2022 were \$14,403, \$5,777, and \$3,642, respectively. All transactions of the Plan are recorded in the General Fund.

**NOTE 11: COMMITMENTS AND CONTINGENCIES**

**Litigation**

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

**Grants**

Grants from governmental entities are governed by various rules and regulations of the grantor agencies. Under the term of the grants, costs charged to the grant programs are subject to audit and adjustment by the grantor agency.

Such audit could lead to reimbursement to the grantor agency. Management believes there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grants the City has received. Therefore, no provision has been recorded in the accompanying financing statements for such contingencies.

**Tabor Amendment**

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

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2024, the emergency reserve of \$535,000 was recorded in the General Fund.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

**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 Conservation Trust activity for the year ended December 31, 2024:

	<u>General Fund</u>	<u>Open Space</u>	<u>Total</u>
Balance 12/31/2023	\$ (11,388)	\$ 685,576	\$ 674,188
Receipts	66,105	22,035	88,140
Interest Earned	-	30,118	30,118
Unrealized gain/(loss)	-	442	442
Expenditures	<u>(88,825)</u>	<u>-</u>	<u>(88,825)</u>
Balance 12/31/2024	<b><u>\$ (34,108)</u></b>	<b><u>\$ 738,171</u></b>	<b><u>\$ 704,063</u></b>
Less: Unrealized gain/(loss)	<u>-</u>	<u>1,498</u>	<u>1,498</u>
Balance per CTF Report 12/31/2024	<b><u>\$ (34,108)</u></b>	<b><u>\$ 739,669</u></b>	<b><u>\$ 705,561</u></b>

**NOTE 13: SUBSEQUENT EVENTS**

Potential subsequent events were considered through May 29, 2025. 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, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2023 ACTUAL
REVENUES					
Taxes	\$ 14,512,611	\$ 14,181,801	\$ 13,608,266	\$ (573,535)	\$ 13,979,872
Licenses and Permits	175,700	225,700	233,753	8,053	209,414
Intergovernmental	1,145,888	984,971	966,710	(18,261)	948,844
Charges for Services	511,000	511,000	557,636	46,636	630,911
Court Revenues	203,150	203,150	178,861	(24,289)	176,323
Miscellaneous	52,000	52,000	55,596	3,596	127,701
Investment Income	700,000	900,000	855,766	(44,234)	1,039,753
TOTAL REVENUES	<u>17,300,349</u>	<u>17,058,622</u>	<u>16,456,588</u>	<u>(602,034)</u>	<u>17,112,818</u>
EXPENDITURES					
Current					
General Government	3,596,853	3,596,853	2,946,007	650,846	2,948,511
Public Safety	9,908,840	9,908,840	8,179,998	1,728,842	7,426,218
Community Services	2,431,759	2,431,759	2,300,116	131,643	2,308,593
Victim Advocate	283,214	283,214	169,234	113,980	255,952
Intergovernmental Services	83,060	83,060	57,162	25,898	59,939
Capital Outlay	6,000	6,000	2,670	3,330	642
TOTAL EXPENDITURES	<u>16,309,726</u>	<u>16,309,726</u>	<u>13,655,187</u>	<u>2,654,539</u>	<u>12,999,855</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>990,623</u>	<u>748,896</u>	<u>2,801,401</u>	<u>2,052,505</u>	<u>4,112,963</u>
OTHER FINANCING SOURCES(USES)					
Transfers In	583,852	555,000	463,157	(91,843)	983,668
Transfers Out	(1,570,000)	(2,170,572)	(2,170,572)	-	(5,500,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(986,148)</u>	<u>(1,615,572)</u>	<u>(1,707,415)</u>	<u>(91,843)</u>	<u>(4,516,332)</u>
NET CHANGE IN FUND BALANCE	4,475	(866,676)	1,093,986	1,960,662	(403,369)
FUND BALANCE, Beginning	<u>20,419,518</u>	<u>20,419,518</u>	<u>20,419,518</u>	<u>-</u>	<u>20,822,887</u>
FUND BALANCE, Ending	<u>\$ 20,423,993</u>	<u>\$ 19,552,842</u>	<u>\$ 21,513,504</u>	<u>\$ 1,960,662</u>	<u>\$ 20,419,518</u>

Note: Budgets for the Governmental Funds are adopted on a basis consistent with generally accepted accounting principals (GAAP)

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

REDEVELOPMENT AGENCY FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2024

	2024			VARIANCE Positive (Negative)	2023 ACTUAL
	ORIGINAL	FINAL BUDGET	ACTUAL		
REVENUES					
Investment Income	\$ -	\$ 225,000	\$ 181,225	\$ (43,775)	\$ 212,472
TOTAL REVENUES	-	225,000	181,225	(43,775)	212,472
EXPENDITURES					
Community Development		-	813	(813)	902
Capital Outlay	1,000,000	1,647,983	971,208	676,775	1,554,933
TOTAL EXPENDITURES	1,000,000	1,647,983	972,021	675,962	1,555,835
NET CHANGE IN FUND BALANCE	(1,000,000)	(1,422,983)	(790,796)	632,187	(1,343,363)
FUND BALANCE (DEFICIT), Beginning	1,422,983	1,422,983	1,422,983	-	2,766,346
FUND BALANCE (DEFICIT), Ending	\$ 422,983	\$ -	\$ 632,187	\$ 632,187	\$ 1,422,983

Note: Budgets for the Governmental Funds are adopted on a basis consistent with generally accepted accounting principals (GAAP)

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

SCHEDULE OF CONTRIBUTIONS

December 31, 2024

<u>FY Ending December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution*</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
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
2022	-	-	-	N/A	N/A
2023	-	-	-	N/A	N/A
2024	-	-	-	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	2021	2022	2023
<b>Total Pension Liability</b>										
Service Cost	\$ 8,261	\$ 9,684	\$ 9,684	\$ 4,459	\$ 4,459	\$ 11,453	\$ 11,453	\$ 552	\$ 552	\$ 1,675
Interest on the Total Pension Liability	18,016	19,258	20,578	18,754	19,351	30,134	31,625	29,710	30,472	29,890
Benefit Changes	-	-	-	-	112,551	-	-	-	-	-
Difference Between Expected and and Actual Experience	930	-	(42,807)	-	27,056	-	(44,807)	-	(32,460)	-
Assumption Changes	-	-	2,120	-	25,411	-	-	-	10,949	-
Benefit Payments	(11,340)	(11,340)	(11,340)	(11,340)	(19,305)	(20,280)	(20,280)	(20,280)	(18,430)	(18,330)
Net Change in Total Pension Liability	15,867	17,602	(21,765)	11,873	169,523	21,307	(22,009)	9,982	(8,917)	13,235
Total Pension Liability - Beginning	241,722	257,589	275,191	253,426	265,299	434,822	456,129	434,120	444,102	435,185
Total Pension Liability - Ending	<u>\$ 257,589</u>	<u>\$ 275,191</u>	<u>\$ 253,426</u>	<u>\$ 265,299</u>	<u>\$ 434,822</u>	<u>\$ 456,129</u>	<u>\$ 434,120</u>	<u>\$ 444,102</u>	<u>\$ 435,185</u>	<u>\$ 448,420</u>
<b>Plan Fiduciary Net Position</b>										
Employer Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pension Plan Net Investment Income	175,814	48,972	149,764	425,111	(63)	469,836	491,893	620,361	(384,948)	421,584
Benefit Payments	(11,340)	(11,340)	(11,340)	(11,340)	(19,305)	(20,280)	(20,280)	(20,230)	(18,430)	(18,330)
Pension Plan Administrative Expenses	(4,992)	(5,673)	(5,274)	(5,907)	(5,104)	(6,143)	(2,856)	(3,845)	(3,554)	(3,944)
Net Change in Plan Fiduciary Net Position	159,482	31,959	133,150	407,864	(24,472)	443,413	468,757	596,286	(406,932)	399,310
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	4,186,363	4,782,599	4,375,667
Plan Fiduciary Net Position - Ending	<u>2,725,692</u>	<u>2,757,651</u>	<u>2,890,801</u>	<u>3,298,665</u>	<u>3,274,193</u>	<u>3,717,606</u>	<u>4,186,363</u>	<u>4,782,649</u>	<u>4,375,667</u>	<u>4,774,977</u>
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)	\$ (4,338,547)	\$ (3,940,482)	\$ (4,326,557)
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%	1076.93%	1005.47%	1064.84%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE  
STATEWIDE RETIREMENT PLAN

Years Ended December 31,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City's proportionate share of the Net Pension Liability (Asset)	0.502%	0.525%	0.498%	0.411%	0.408%	0.376%	0.321%	0.370%	0.313%	0.328%
City's proportionate share of the Net Pension Liability (Asset)	\$ (566,954)	\$ (9,256)	\$ 179,887	\$ (591,851)	\$ 515,431	\$ (212,415)	\$ (696,608)	\$ (1,826,581)	\$ 277,830	\$ -
City's covered payroll	\$ 2,080,599	\$ 2,345,907	\$ 2,328,554	\$ 2,303,527	\$ 2,556,939	\$ 2,666,409	\$ 2,464,281	\$ 2,711,988	\$ 2,267,440	\$ 2,843,571
City's proportionate share of the Net Pension Liability (Asset) as a percentage of its covered payroll	-27.2%	-0.4%	7.7%	-25.7%	20.2%	-8.0%	-28.3%	-67.4%	12.3%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	105.8%	100.1%	98.2%	106.3%	95.2%	101.9%	106.7%	116.2%	97.6%	100.0%

Notes:

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

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO  
 SCHEDULE OF THE CITY'S CONTRIBUTIONS  
 STATEWIDE RETIREMENT PLAN

Years Ended December 31,

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Statutorily required contributions	\$ 203,697	\$ 203,826	\$ 192,308	\$ 218,475	\$ 221,454	\$ 206,180	\$ 227,807	\$ 190,465	\$ 238,860	\$ 305,847
Contributions in relation to the statutorily required contributions	<u>203,697</u>	<u>203,826</u>	<u>192,308</u>	<u>218,475</u>	<u>221,454</u>	<u>206,180</u>	<u>227,807</u>	<u>190,465</u>	<u>238,860</u>	<u>305,847</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,345,907	\$ 2,328,554	\$ 2,303,527	\$ 2,556,939	\$ 2,666,409	\$ 2,464,281	\$ 2,711,988	\$ 2,267,440	\$ 2,843,571	\$ 3,058,470
Contributions as a percentage of covered payroll	8.68%	8.75%	8.35%	8.54%	8.31%	8.37%	8.40%	8.40%	8.40%	10.00%

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	2022	2023	2024
<b>Total OPEB Liability</b>								
Service Cost	\$ 16,613	\$ 16,613	\$ 16,334	\$ 11,543	\$ 13,438	\$ 39,506	\$ 40,149	\$ 48,138
Interest	20,238	24,942	23,385	14,086	11,612	10,513	18,451	14,491
Benefit Changes	-	-	-	-	30,952	-	(135,086)	(4,422)
Difference Between Expected and Actual Experience	-	-	(116,192)	-	-	-	-	-
Assumption Changes	18,468	15,185	58,074	25,322	(131,980)	(62,625)	19,227	(30,306)
Benefit Payments	(34,141)	(34,141)	(30,625)	(38,378)	14,867	(4,724)	-	-
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)	(17,330)	(57,259)	27,901
Total OPEB Liability - Beginning	588,651	609,829	619,528	521,718	534,291	473,180	455,850	398,591
Total OPEB Liability - Ending	\$ 609,829	\$ 619,528	\$ 521,718	\$ 534,291	\$ 473,180	\$ 455,850	\$ 398,591	\$ 426,492
Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	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 3.26% as of December 31, 2023.
- No assets accumulate in a trust that meets the criteria of GASB codification to pay.

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, 2024

	2024		VARIANCE Positive (Negative)	2023 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Licenses and Permits	\$ 1,000	\$ -	\$ (1,000)	\$ -
Intergovernmental	350,000	477,693	127,693	489,037
Investment Income	185,000	275,767	90,767	288,256
Other	-	-	-	-
TOTAL REVENUES	<u>536,000</u>	<u>753,460</u>	<u>217,460</u>	<u>777,293</u>
EXPENDITURES				
Community Services	588,921	203,410	385,511	114,519
Capital Outlay	<u>2,929,250</u>	<u>967,615</u>	<u>1,961,635</u>	<u>510,494</u>
TOTAL EXPENDITURES	<u>3,518,171</u>	<u>1,171,025</u>	<u>2,347,146</u>	<u>625,013</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,982,171)</u>	<u>(417,565)</u>	<u>2,564,606</u>	<u>152,280</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	900,000	900,000	-	1,000,000
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(95,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>900,000</u>	<u>900,000</u>	<u>-</u>	<u>905,000</u>
NET CHANGE IN FUND BALANCE	(2,082,171)	482,435	2,564,606	1,057,280
FUND BALANCE, Beginning	<u>6,076,050</u>	<u>6,076,050</u>	<u>-</u>	<u>5,018,770</u>
FUND BALANCE, Ending	<u>\$ 3,993,879</u>	<u>\$ 6,558,485</u>	<u>\$ 2,564,606</u>	<u>\$ 6,076,050</u>

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

CAPITAL IMPROVEMENT FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2024

	2024		VARIANCE Positive (Negative)	2023 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Intergovernmental	\$ 117,000	\$ 16,971	\$ (100,029)	\$ -
Miscellaneous	305,000	43	(304,957)	17,100
Investment Income	300,000	521,356	221,356	433,274
TOTAL REVENUES	<u>722,000</u>	<u>538,370</u>	<u>(183,630)</u>	<u>450,374</u>
EXPENDITURES				
Capital Outlay	<u>4,622,781</u>	<u>940,047</u>	<u>3,682,734</u>	<u>747,683</u>
TOTAL EXPENDITURES	<u>4,622,781</u>	<u>940,047</u>	<u>3,682,734</u>	<u>747,683</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,900,781)</u>	<u>(401,677)</u>	<u>3,499,104</u>	<u>(297,309)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>670,000</u>	<u>1,270,572</u>	<u>600,572</u>	<u>4,500,000</u>
NET CHANGE IN FUND BALANCE	<u>(3,230,781)</u>	<u>868,895</u>	<u>4,099,676</u>	<u>4,202,691</u>
FUND BALANCE, Beginning	<u>12,077,517</u>	<u>12,077,517</u>	<u>-</u>	<u>7,874,826</u>
FUND BALANCE, Ending	<u>\$ 8,846,736</u>	<u>\$ 12,946,412</u>	<u>\$ 4,099,676</u>	<u>\$ 12,077,517</u>

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET

As of December 31, 2024

	SPECIAL REVENUE			TOTALS	
	SPECIAL INVESTIGATIONS FUND	E911 FUND	OPEN SPACE FUND	2024	2023
<b>ASSETS</b>					
Cash and Investments	\$ 76,570	\$ -	\$ 2,340,525	\$ 2,417,095	\$ 2,085,702
Accounts Receivable	-	31,473	90,809	122,282	134,745
<b>TOTAL ASSETS</b>	<b>\$ 76,570</b>	<b>\$ 31,473</b>	<b>\$ 2,431,334</b>	<b>\$ 2,539,377</b>	<b>\$ 2,220,447</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Due to Other Funds	\$ -	\$ 31,473	\$ -	\$ 31,473	\$ 43,637
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>31,473</b>	<b>-</b>	<b>31,473</b>	<b>43,637</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	76,570	-	2,431,334	2,507,904	2,176,810
<b>TOTAL FUND BALANCES</b>	<b>76,570</b>	<b>-</b>	<b>2,431,334</b>	<b>2,507,904</b>	<b>2,176,810</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 76,570</b>	<b>\$ 31,473</b>	<b>\$ 2,431,334</b>	<b>\$ 2,539,377</b>	<b>\$ 2,220,447</b>

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, 2024

	SPECIAL REVENUE				
	SPECIAL			TOTALS	
	INVESTIGATIONS	E911	OPEN SPACE	2024	2023
	FUND	FUND	FUND		
REVENUES					
Taxes	\$ -	\$ 358,157	\$ 175,552	\$ 533,709	\$ 531,847
Intergovernmental	47,759	-	22,035	69,795	90,858
Miscellaneous	-	-	-	-	3,684
Investment Income	22	-	94,795	94,817	98,211
TOTAL REVENUES	47,781	358,157	292,382	698,321	724,600
EXPENDITURES					
General Government	-	-	-	-	2,310
Parks and Recreation	-	-	9,070	9,070	7,500
Capital Outlay	-	-	-	-	84,921
TOTAL EXPENDITURES	-	-	9,070	9,070	94,731
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	47,781	358,157	283,312	689,251	629,869
OTHER FINANCING SOURCES					
Transfers Out	-	(358,157)	-	(358,157)	(378,668)
CHANGE IN FUND BALANCES	47,781	-	283,312	331,094	251,201
FUND BALANCES, Beginning	28,789	-	2,148,022	2,176,810	1,925,609
FUND BALANCES, Ending	\$ 76,570	\$ -	\$ 2,431,334	\$ 2,507,904	\$ 2,176,810

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

E911 FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2024

	2024		VARIANCE Positive (Negative)	2023 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Surcharges	\$ 450,000	\$ 358,157	\$ (91,843)	\$ 352,126
TOTAL REVENUES	450,000	358,157	(91,843)	352,126
EXPENDITURES				
General and Administrative	-	-	-	2,310
TOTAL EXPENDITURES	-	-	-	2,310
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	450,000	358,157	(91,843)	349,816
OTHER FINANCING SOURCES (USES)				
Transfers Out	(478,852)	(358,157)	120,695	(378,668)
NET CHANGE IN FUND BALANCE	(28,852)	-	28,852	(28,852)
FUND BALANCE, Beginning	-	-	-	28,852
FUND BALANCE, Ending	\$ (28,852)	\$ -	\$ 28,852	\$ -

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

OPEN SPACE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2024

	2024		VARIANCE Positive (Negative)	2023 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Taxes	\$ 180,000	\$ 175,552	\$ (4,448)	\$ 179,721
Intergovernmental	23,000	22,035	(965)	84,269
Other Income		-		3,684
Investment Income	60,000	94,795	34,795	98,203
TOTAL REVENUES	<u>263,000</u>	<u>292,382</u>	<u>29,382</u>	<u>365,877</u>
EXPENDITURES				
Parks and Recreation	65,000	9,070	55,930	7,500
Capital Outlay	155,000	-	155,000	84,921
TOTAL EXPENDITURES	<u>220,000</u>	<u>9,070</u>	<u>210,930</u>	<u>92,421</u>
NET CHANGE IN FUND BALANCE	<u>43,000</u>	<u>283,312</u>	<u>240,312</u>	<u>273,456</u>
FUND BALANCE, Beginning	<u>2,148,022</u>	<u>2,148,022</u>	<u>-</u>	<u>1,874,566</u>
FUND BALANCE, Ending	<u>\$ 2,191,022</u>	<u>\$ 2,431,334</u>	<u>\$ 240,312</u>	<u>\$ 2,148,022</u>

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

UTILITY FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION -  
 BUDGET TO ACTUAL  
 Year Ended December 31, 2024

	2024		VARIANCE Positive (Negative)	2023 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Water Sales	\$ 4,164,079	\$ 4,310,801	\$ 146,722	\$ 3,795,504
Sewer Fees	2,184,885	2,001,362	(183,523)	1,841,292
Other Income		6,384	6,384	12,135
Tap Fees and Other Contributions		-	-	-
Investment Income	170,000	224,303	54,303	271,022
Transfer In		-	-	-
<b>TOTAL REVENUES</b>	<b>6,518,964</b>	<b>6,542,850</b>	<b>23,886</b>	<b>5,919,953</b>
EXPENDITURES				
Water Supply	3,459,854	3,361,816	98,038	2,862,527
Water Distribution	1,006,553	843,180	163,373	333,226
Sewer Collection and Treatment	1,724,647	1,116,312	608,335	1,098,634
General and Administrative	129,489	110,331	19,158	62,650
Capital Outlay	2,248,600	739,421	1,509,179	1,431,446
Transfer Out	105,000	105,000	-	420,000
<b>TOTAL EXPENDITURES</b>	<b>8,674,143</b>	<b>6,276,060</b>	<b>2,398,083</b>	<b>6,208,483</b>
<b>NET INCOME, Budget Basis</b>	<b>\$ (2,155,179)</b>	<b>266,790</b>	<b>\$ 2,421,969</b>	<b>(288,530)</b>
GAAP BASIS ADJUSTMENTS				
Capital Outlay		739,421		1,431,446
Depreciation Expense		(624,210)		(589,119)
<b>NET INCOME, GAAP Basis</b>		<b>382,001</b>		<b>553,797</b>
NET POSITION, Beginning		17,441,917		16,888,120
NET POSITION, Ending		<b>\$ 17,823,918</b>		<b>\$ 17,441,917</b>

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, 2024

	2024		VARIANCE Positive (Negative)	2023 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Drainage Fees	\$ 357,000	\$ 358,636	\$ 1,636	\$ 358,725
Other Income	1,200	1,515	315	1,171
Grant Income	1,870,000			
Investment Income	15,000	25,698	10,698	24,690
TOTAL REVENUES	2,243,200	385,849	12,649	384,586
EXPENDITURES				
General and Administrative	312,084	293,829	18,255	139,856
Capital Outlay	2,201,250	20,241	2,181,009	26,308
Transfers Out	-	-	-	90,000
TOTAL EXPENDITURES	2,513,334	314,070	2,199,264	256,164
NET INCOME, Budget Basis	\$ (270,134)	71,779	\$ 341,913	128,422
GAAP BASIS ADJUSTMENTS				
Capital Outlay		20,241		26,308
Depreciation Expense		(167,792)		(167,099)
NET INCOME, GAAP Basis		(75,772)		(12,369)
NET POSITION, Beginning		3,808,911		3,821,280
NET POSITION, Ending		\$ 3,733,139		\$ 3,808,911

See the accompanying independent auditors' report.

**STATISTICAL SECTION**

## STATISTICAL SECTION

This part of the City of Federal Heights' annual comprehensive 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.

<b>Contents</b>	<b>Page</b>
-----------------	-------------

Financial Trends	60
------------------	----

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	64
------------------	----

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

Debt Capacity	70
---------------	----

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	75
--------------------------------------	----

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	78
-----------------------	----

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 2015 - 2024  
*(accrual basis of accounting)*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Governmental activities</b>										
Net investment in capital assets	\$ 12,018,995	\$ 12,963,928	\$ 14,082,864	\$ 15,544,134	\$ 17,704,072	\$ 21,366,876	\$ 21,797,837	\$ 21,027,071	\$ 20,889,406	\$ 21,627,220
Restricted	5,015,859	6,103,682	9,726,902	10,545,466	12,887,540	11,326,461	13,583,198	18,286,339	28,215,995	29,727,825
Unrestricted	10,392,172	11,711,916	10,791,780	12,888,748	14,904,157	17,917,667	21,365,433	25,175,381	20,706,380	22,091,496
Total governmental activities net position	27,427,026	30,779,526	34,601,546	38,978,348	45,495,769	50,611,004	56,746,468	64,488,791	69,811,781	73,446,541
<b>Business Type Activities</b>										
Net investment in capital assets	10,274,485	11,002,153	12,036,135	12,848,139	13,313,649	13,564,931	13,661,823	13,212,044	14,069,330	14,427,002
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	7,836,777	7,719,835	7,359,734	7,033,520	7,079,761	6,821,826	7,318,699	7,497,356	7,181,498	7,130,055
Total business-type activities net position	18,111,262	18,721,988	19,395,869	19,881,659	20,393,410	20,386,757	20,980,522	20,709,400	21,250,828	21,557,057
<b>Primary government</b>										
Net investment in capital assets	22,293,480	23,966,081	26,118,999	28,392,273	31,017,721	34,931,807	35,459,660	34,239,115	34,958,736	36,054,222
Restricted	5,015,859	6,103,682	9,726,902	10,545,466	12,887,540	11,326,461	13,583,198	18,286,339	28,215,995	29,727,825
Unrestricted	18,228,949	19,431,751	18,151,514	19,922,268	21,983,918	24,739,493	28,684,132	32,672,737	27,887,878	29,221,551
Total primary government net position	\$ 45,538,288	\$ 49,501,514	\$ 53,997,415	\$ 58,860,007	\$ 65,889,179	\$ 70,997,761	\$ 77,726,990	\$ 85,198,191	\$ 91,062,609	\$ 95,003,598

Source: City of Federal Heights Financial Statements.

**City of Federal Heights  
Changes in Net Position  
Fiscal Years 2015-2024  
(accrual basis of accounting)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Expenses</b>										
Governmental activities:										
General government	\$ 2,690,058	\$ 2,760,615	\$ 2,958,274	\$ 5,862,730	\$887,296	\$2,947,900	\$2,981,622	\$3,365,245	\$3,537,430	\$3,585,286
Public Safety	4,419,375	4,862,109	5,236,063	5,388,329	6,043,652	6,582,022	6,633,150	6,829,344	7,840,733	8,268,260
Community Services	1,820,951	1,870,024	1,864,885	2,103,951	2,361,761	2,319,298	2,634,495	2,657,165	2,999,754	3,104,214
Parks and Recreation	44,243	30,147	29,733	32,751	479,914	22,872	17,279	47,100	79,956	86,170
Community Development	132,285	151,832	154,598	158,807	1,385,318	174,295	15,907	5,591	5,068	4,979
Interest on Long-Term Debt	75,482	74,956	63,999	38,463	-	-	-	-	-	-
Total governmental activities expenses	9,182,394	9,749,683	10,307,552	13,585,031	11,157,941	12,046,387	12,282,453	12,904,445	14,462,941	15,048,909
Business-type activities:										
Utility	3,585,736	3,803,002	4,064,922	4,296,976	4,537,850	4,715,391	4,622,497	5,341,564	4,946,156	6,055,849
Drainage	157,072	180,448	195,581	203,923	239,047	266,624	290,513	312,235	306,955	461,621
Fire Academy	-	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	3,742,808	3,983,450	4,260,503	4,500,899	4,776,897	4,982,015	4,913,010	5,653,799	5,253,111	6,517,470
Total primary government expenses	12,925,202	13,733,133	14,568,055	18,085,930	15,934,838	17,028,402	17,195,463	18,558,244	19,716,052	21,566,379
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General Government	511,420	550,302	496,656	541,927	597,843	439,260	515,711	566,168	630,911	557,636
Public Safety	479,961	406,745	399,701	559,711	727,256	285,320	296,432	199,951	176,323	178,861
Community Services	206,367	200,161	204,649	249,089	247,627	206,062	177,057	148,559	209,414	233,753
Parks and Recreation	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	680,833	688,239	585,028	654,344	725,645	1,772,222	646,201	3,876,917	955,434	1,014,469
Capital grants	385,488	973,385	1,196,142	3,604,030	509,624	636,530	1,952,078	541,477	573,306	516,699
Total governmental activities program revenues	2,264,069	2,818,832	2,882,176	5,609,101	2,807,995	3,339,394	3,587,479	5,333,072	2,545,388	2,501,418
Business-type activities:										
Charges for services:										
Utility	3,803,009	4,369,993	4,345,729	4,810,892	5,069,104	4,936,981	5,553,956	5,518,718	5,636,796	6,312,163
Drainage	378,926	379,773	397,591	378,465	357,162	358,233	360,133	359,971	358,725	358,636
Capital grants and contributions	-	-	380,199	-	59,461	29,671	-	-	-	-
Total business-type activities program revenues	4,181,935	4,749,766	5,123,519	5,189,357	5,485,727	5,324,885	5,914,089	5,878,689	5,995,521	6,670,799
Total primary government program revenues	6,446,004	7,568,598	8,005,695	10,798,458	8,293,722	8,664,279	9,501,568	11,211,761	8,540,909	9,172,217
<b>Net (Expense)/Revenue</b>										
Governmental activities	(6,918,325)	(6,930,851)	(7,425,376)	(7,975,930)	(8,349,946)	(8,706,993)	(8,694,974)	(7,571,373)	(11,917,553)	(12,547,491)
Business-type activities	439,127	766,316	863,016	688,458	708,830	342,870	1,001,079	224,890	742,410	153,329
Total primary government net expense	(6,479,198)	(6,164,535)	(6,562,360)	(7,287,472)	(7,641,116)	(8,364,123)	(7,693,895)	(7,346,483)	(11,175,143)	(12,394,162)
<b>General Revenues</b>										
Governmental activities:										
Taxes										
Property Taxes	31,596	39,128	39,489	45,666	45,636	76,137	75,706	84,117	82,698	102,538
Sales & Admissions Taxes	7,110,293	7,547,332	8,159,783	9,633,214	10,811,303	11,862,384	13,433,003	13,929,390	13,426,623	13,053,989
Property Tax Increment Financing	1,779,492	1,882,640	1,846,624	2,146,533	2,492,626	3,829	1,333	-	-	-
Other Taxes	739,941	465,724	507,374	504,883	513,920	693,802	811,020	944,738	1,002,397	985,448
Investment Income	120,863	184,833	188,896	386,094	632,481	403,316	(42,789)	(172,895)	2,071,966	1,928,932
Miscellaneous	50,930	170,127	117,035	53,142	16,401	343,760	94,165	65,346	146,859	6,346
Transfers	255,000	255,000	280,000	340,000	355,000	439,000	458,000	463,000	510,000	105,000
Loss On Disposal of Assets -Special Item	(11,983)	-	(7,792)	-	-	-	-	-	-	-
Capital Contributions - Special Item	-	-	-	-	-	-	-	-	-	-
Special Item - Change in Value of Asset	-	(261,433)	-	(756,800)	-	-	-	-	-	-
Total governmental activities	10,076,132	10,283,351	11,131,409	12,352,732	14,867,367	13,822,228	14,830,438	15,313,696	17,240,543	16,182,253
Business-type activities:										
Investment Income	69,502	87,988	80,409	117,237	138,659	81,189	(12,469)	(36,650)	295,712	250,001
Miscellaneous	8,330	11,422	10,456	20,095	19,262	8,288	63,155	3,638	13,306	7,899
Transfers	(255,000)	(255,000)	(280,000)	(340,000)	(355,000)	(439,000)	(458,000)	(463,000)	(510,000)	(105,000)
Capital Contributions - Special Item	-	-	-	-	-	-	-	-	-	-
Total business-type activities	(177,168)	(155,590)	(189,135)	(202,668)	(197,079)	(349,523)	(407,314)	(496,012)	(200,982)	152,900
Total primary government	9,898,964	10,127,761	10,942,274	12,150,064	14,670,288	13,472,705	14,423,124	14,817,684	17,039,561	16,335,153
<b>Change in Net Position</b>										
Governmental activities	3,157,807	3,352,500	3,706,033	4,376,802	6,517,421	5,115,235	6,135,464	7,742,323	5,322,990	3,634,762
Business-type activities	261,959	610,726	673,881	485,790	511,751	(6,653)	593,765	(271,122)	541,428	306,229
Total Change in Net Position	\$ 3,419,766	\$ 3,963,226	\$ 4,379,914	\$ 4,862,592	\$ 7,029,172	\$ 5,108,582	\$ 6,729,229	\$ 7,471,201	\$ 5,864,418	\$ 3,940,991

Source: City of Federal Heights Financial Statements.

**City of Federal Heights**  
**Fund Balance, Governmental Funds**  
**Fiscal Years 2015 - 2024**  
*(modified accrual basis of accounting)*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>General Fund</b>										
Nonspendable	\$ 866,309	\$ 912,356	\$ 962,268	\$ 695,730	\$ 117,049	\$ -	\$ 18,123	\$ 2,435	\$ -	\$ 17,542
Restricted	524,463	700,575	755,723	571,771	556,586	547,250	718,581	700,788	916,353	1,012,462
Committed	316,542	295,290	282,703	258,798	228,092	169,111	98,411	90,688	2,754	2,376
Unassigned	5,681,649	5,937,499	7,246,375	9,090,395	11,787,664	14,825,959	18,052,008	20,028,976	19,500,411	20,481,124
<b>Total General Fund</b>	<b>7,388,963</b>	<b>7,845,720</b>	<b>9,247,069</b>	<b>10,616,694</b>	<b>12,689,391</b>	<b>15,542,320</b>	<b>18,887,123</b>	<b>20,822,887</b>	<b>20,419,518</b>	<b>21,513,504</b>
<b>All Other Governmental Funds</b>										
Nonspendable	1,568,233	1,306,800	-	113,784	-	-	-	-	-	-
Restricted	4,567,589	5,403,107	8,971,179	9,973,695	12,330,954	10,779,211	12,864,617	17,585,551	21,753,360	22,644,988
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(154,567)	1,032,011	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>5,981,255</b>	<b>7,741,918</b>	<b>8,971,179</b>	<b>10,087,479</b>	<b>12,330,954</b>	<b>10,779,211</b>	<b>12,864,617</b>	<b>17,585,551</b>	<b>21,753,360</b>	<b>22,644,988</b>
<b>Total Fund Equity</b>	<b>\$ 13,370,218</b>	<b>\$ 15,587,638</b>	<b>\$ 18,218,248</b>	<b>\$ 20,704,173</b>	<b>\$ 25,020,345</b>	<b>\$ 26,321,531</b>	<b>\$ 31,751,740</b>	<b>\$ 38,408,438</b>	<b>\$ 42,172,878</b>	<b>\$ 44,158,492</b>

Source: City of Federal Heights Financial Statements

**City of Federal Heights**  
**Changes in Fund Balances, Governmental Funds**  
**Fiscal Years 2015 - 2024**  
*(modified accrual basis of accounting)*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenues</b>										
Taxes	\$ 9,661,322	\$ 9,934,824	\$ 10,511,067	\$ 12,372,499	\$ 13,863,485	\$ 12,636,152	\$ 14,321,062	\$ 14,958,244	\$ 14,511,719	\$ 14,141,975
Licenses and Permits	206,367	200,161	204,649	249,089	247,627	206,062	177,057	148,559	209,414	233,753
Intergovernmental	1,066,321	1,661,624	1,781,170	4,258,374	1,235,269	2,408,752	2,598,279	4,418,395	1,528,739	1,531,169
Charges for Services	511,420	550,302	496,656	541,927	597,843	439,260	515,711	566,168	630,911	557,636
Court revenues	479,961	406,745	399,701	559,711	727,256	285,320	296,432	199,951	176,323	178,861
Investment Income	120,863	184,833	188,896	386,094	632,481	403,316	(42,789)	(172,895)	2,071,966	1,928,931
Miscellaneous	50,930	170,127	117,035	(703,658)	27,357	344,816	128,225	75,392	148,485	55,639
Change in Value of Asset	-	(261,433)	-	-	-	-	-	-	-	-
Total revenues	12,097,184	12,847,183	13,699,174	17,664,036	17,331,318	16,723,678	17,993,977	20,193,814	19,277,557	18,627,964
<b>Expenditures</b>										
General Government	2,096,601	2,086,425	1,993,027	2,131,264	2,229,560	2,660,797	2,467,229	2,743,767	2,950,821	2,946,007
Public Safety	4,541,834	4,835,191	4,944,336	5,527,909	5,758,072	6,152,348	6,298,216	6,876,236	7,426,218	8,179,998
Community Services	1,441,761	1,462,362	1,453,998	1,675,826	1,895,945	1,806,708	2,082,357	2,095,165	2,423,112	2,503,526
Victim Advocate	95,214	110,063	76,905	124,255	142,409	146,579	158,048	260,741	255,952	169,234
Parks and Recreation	6,304	7,101	7,006	10,024	457,187	6,797	7,168	7,500	7,500	9,070
Community Development	121,030	141,576	143,964	147,436	1,374,318	166,712	11,742	1,425	902	813
Intergovernmental Services	49,244	72,713	70,910	58,354	44,968	36,970	63,511	51,770	59,939	57,162
Capital outlay	1,333,459	2,094,376	2,594,419	5,804,580	1,467,687	4,894,581	1,933,497	1,963,512	2,898,673	2,881,540
Debt service	-	-	-	-	-	-	-	-	-	-
Interest	75,482	74,956	63,999	38,463	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-
Total expenditures	9,760,929	10,884,763	11,348,564	15,518,111	13,370,146	15,861,492	13,021,768	14,000,116	16,023,117	16,747,350
Excess of revenues over (under) expenditures	2,336,255	1,962,420	2,350,610	2,145,925	3,961,172	862,186	4,972,209	6,193,698	3,254,440	1,880,614
<b>Other Financing Sources (Uses)</b>										
Transfers in	1,138,000	2,232,829	1,491,917	3,165,642	2,855,000	3,660,277	3,069,800	7,189,535	6,483,668	2,633,729
Transfers out	(883,000)	(1,977,829)	(1,211,917)	(2,825,642)	(2,500,000)	(3,221,277)	(2,611,800)	(6,726,535)	(5,973,668)	(2,528,729)
Total other financing sources (uses)	255,000	255,000	280,000	340,000	355,000	439,000	458,000	463,000	510,000	105,000
Net changes in fund balances	2,591,255	2,217,420	2,630,610	2,485,925	4,316,172	1,301,186	5,430,209	6,656,698	3,764,440	1,985,614
Debt services as a percentage of noncapital expenditures (a)	0.9%	0.8%	0.7%	0.3%	0.0%	0.0%	0.0%	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 2013 - 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	Assessed Value as a Percentage of Actual Value
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%
2022	63,210,210	49,659,400	1,410,330	7,486,640	-	121,766,580	0.68	1,111,417,942	11%
2023	66,688,110	59,980,070	1,466,800	8,845,330	-	136,980,310	0.68	1,247,288,295	11%
2024	66,766,750	59,511,150	1,466,800	9,442,410	-	137,187,110	0.68	1,248,921,678	11%

Redevelopment Agency Fiscal Year Ended December 31	Residential Property	Commercial & Industrial Property	Vacant & Agricultural Property	State Assessed	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
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
2022	-	-	-	-	-	-	na	-	na
2023	-	-	-	-	-	-	na	-	na
2024	-	-	-	-	-	-	na	-	na

Source: Adams County Assessors Office.

(a) Property in Federal Heights is reassessed every two years by Adams County. For 2024, the county assessed property at approximately 6.7% of actual for residential properties, at 26.4% for agricultural, renewable energy including personal property for renewable energy, agricultural businesses at 29%, and at 27.9% for all others. Estimated actual value is calculated by dividing assessed value by those percentages.

(b) For years ending 2021 and after, 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	Overlapping Rates					Westminster Public Schools FKA #50	Hyland Hills Recreation District	Rangeview Library District
			Adams County	Urban Drainage District	School District 12	School District 50	Public Schools FKA #50			
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	
2022	0.680	0.680	26.967	1.000	68.366	na	64.777	5.124	3.615	
2023	0.680	0.680	26.835	1.000	61.760	na	59.445	5.099	3.653	
2024	0.680	0.680	26.944	1.000	62.705	na	60.118	5.111	3.667	

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 12/31/24 there are no direct debt service mills.

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

	2024			2015		
	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	\$ 7,090,990.00	1	5%	\$ 3,480,230	3	4%
CR Tuscan Heights Communities LLC	\$ 6,754,550.00	2	5%	\$ -		
Public Service Co of Colorado (Xcel)	\$ 5,259,190.00	3	4%	\$ 3,894,900	1	5%
Lodge 84 LLC	\$ 4,741,910.00	4	3%	\$ -		
Dean Ventures LLC	\$ 4,016,660.00	5	3%	\$ -		
MHC Holiday Hills Village LLC	\$ 3,723,580.00	6	3%	\$ 3,712,040	2	5%
GKT Market Square LLC	\$ 3,465,180.00	7	3%	\$ -		
AT&T Mobility	\$ 3,450,770.00	8	3%	\$ -		
WH-Denver LLC	\$ 3,312,750.00	9	2%	\$ -		
Kimberly Hills	\$ 2,537,120.00	10	2%	\$ 2,315,810	6	3%
West 85th Ave Apartments	-	-	-	\$ 3,361,710	4	4%
Miller International	-	-	-	\$ 2,400,600	5	3%
ROC II CO Lodge on 84th LLC	-	-	-	\$ 1,819,900	7	2%
AMC Countryside Village	-	-	-	\$ 1,790,560	8	2%
Buckingham West - Federal Plaza LLC	-	-	-	\$ 1,542,790	9	2%
Carmax Auto Superstores West Coast Inc	-	-	-	\$ 1,493,330	10	2%
	-	-	-	\$ -		
<b>Total</b>	<b>\$ 44,352,700</b>		<b>32%</b>	<b>\$ 25,811,870</b>		<b>33%</b>

Source: Adams County Assessor's Office.

**City of Federal Heights  
Taxable Sales & Admissions and Sales & Admissions Taxes Collections By Category  
Fiscal Years 2015 - 2024**

Taxable Sales	2015		2016		2017		2018		2019		2020		2021		2022		2023		2024	
	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total
Utility	\$ 14,045,325	8%	\$ 14,794,200	8%	\$ 15,281,309	8%	\$ 14,336,892	8%	\$ 13,684,484	8%	\$ 14,761,067	8%	\$ 17,358,333	8%	\$ 17,635,876	8%	\$ 18,091,169	8%	\$ 16,848,497	8%
Grocery	40,305,125	24%	41,706,475	22%	42,557,544	22%	42,656,593	22%	43,456,359	22%	49,053,716	22%	46,451,807	22%	51,243,593	22%	52,334,884	22%	52,144,323	22%
Retail	24,985,860	13%	26,103,850	14%	34,190,351	14%	47,281,593	14%	58,108,271	14%	71,386,531	14%	84,921,080	14%	85,200,566	14%	83,107,708	14%	79,190,676	14%
Entertainment	15,483,425	9%	15,215,375	8%	14,459,641	8%	14,034,132	8%	14,439,832	8%	938,437	8%	18,758,859	8%	17,370,252	8%	17,370,252	8%	20,940,667	8%
Eating and drinking establishments	25,228,725	14%	26,029,900	14%	28,086,243	14%	30,373,766	14%	32,977,560	14%	32,938,589	14%	36,941,560	14%	35,918,697	14%	38,530,735	14%	40,599,455	14%
Auto sales, dealers and auto supplies (a)	46,844,500	26%	41,254,075	22%	42,730,211	22%	44,116,647	22%	45,270,752	22%	43,477,405	22%	55,990,385	22%	52,381,957	22%	52,381,957	22%	52,080,885	22%
Liquor stores	8,313,550	5%	8,689,150	5%	9,388,293	5%	9,887,106	5%	9,382,538	5%	10,020,039	5%	11,655,787	5%	11,044,379	5%	11,452,595	5%	10,420,748	5%
Building materials (b)	453,825	0%	6,384,700	3%	7,193,462	3%	4,077,075	3%	8,500,459	3%	3,399,208	3%	3,782,260	3%	3,518,976	3%	3,917,120	3%	7,527,683	3%
All other outlets	6,789,825	4%	8,304,975	4%	9,192,834	4%	16,610,325	4%	12,250,100	4%	16,464,473	4%	12,229,648	4%	6,917,108	4%	10,708,270	4%	7,973,683	4%
Total	\$ 182,430,150	100%	\$ 188,683,300	100%	\$ 203,059,888	100%	\$ 223,374,437	100%	\$ 237,670,375	100%	\$ 242,438,465	100%	\$ 293,438,534	100%	\$ 277,258,318	100%	\$ 287,894,689	100%	\$ 287,736,616	100%

Sales and Admission Tax Collected	2015		2016		2017		2018		2019		2020		2021		2022		2023		2024	
	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total
Utility	\$ 561,813	8%	\$ 591,768	8%	\$ 611,252	7%	\$ 573,476	6%	\$ 547,379	5%	\$ 590,443	5%	\$ 694,333	5%	\$ 705,435	5%	\$ 723,647	5%	\$ 673,940	5%
Grocery	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%	2,049,744	15%	2,093,395	16%	2,085,773	16%
Retail	998,634	14%	1,044,154	14%	1,405,002	17%	2,589,500	27%	3,628,819	34%	5,020,266	42%	5,799,514	43%	5,599,871	40%	5,235,144	38%	4,712,551	36%
Entertainment	619,337	8%	608,615	8%	578,386	7%	581,365	6%	577,593	5%	37,537	0%	725,583	5%	750,354	5%	694,810	5%	837,627	6%
Eating and drinking establishments	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%	1,477,662	11%	1,541,279	11%	1,623,978	12%
Auto sales, dealers and auto supplies (a)	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%	2,239,615	16%	2,095,278	16%	2,083,235	16%
Liquor stores	332,542	5%	355,590	5%	374,732	5%	395,484	4%	359,302	3%	400,802	3%	441,775	3%	466,231	3%	458,104	3%	416,830	3%
Building materials (b)	18,153	0%	255,388	3%	287,738	4%	163,083	2%	340,018	3%	135,968	1%	140,759	1%	151,290	1%	156,685	1%	301,107	2%
All other outlets	271,593	4%	332,199	4%	367,713	5%	664,413	7%	490,006	5%	658,579	6%	276,684	2%	489,187	4%	428,331	3%	318,948	2%
Total	\$ 7,297,206	100%	\$ 7,547,332	100%	\$ 8,159,783	100%	\$ 9,633,214	100%	\$ 10,811,303	100%	\$ 11,862,384	100%	\$ 13,426,623	100%	\$ 13,929,390	100%	\$ 13,426,623	100%	\$ 13,053,989	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 Activities in 2015.

( c ) 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.

( 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**

<b>Fiscal Year</b>	<b>City Direct Rate</b>	<b>Adams County</b>	<b>State of Colorado</b>	<b>Regional Transportation District</b>	<b>Scientific Cultural Facilities District</b>	<b>Stadium District</b>	<b>Total</b>
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%
2022	4.00%	0.75%	2.90%	1.00%	0.10%	-	8.75%
2023	4.00%	0.75%	2.90%	1.00%	0.10%	-	8.75%
2024	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 2015 - 2024**

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)
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	-	-	84,117	84,117	100.1%
2022	82,801	-	-	82,698	82,698	99.9%
2023	93,146	-	-	102,538	102,538	110%
2024	93,287	-	-			-

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 2015 - 2024**

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			
2015	-	-	-	-	na	na
2016	-	-	-	-	na	na
2017	-	-	-	-	na	na
2018	-	-	-	-	na	na
2019	-	-	-	-	na	na
2020	-	-	-	-	na	na
2021	-	-	-	-	na	na
2022	-	-	-	-	na	na
2023	-	-	-	-	na	na
2024	-	-	-	-	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
2015	(1)
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	

(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, 2024**

<u>Governmental Unit</u>	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Adams County School District 12	\$ 340,449,023	3%	\$ 10,213,471
Westminster Public School District 50	\$ 122,523,433	3%	\$ 3,675,703
Adams County	\$ 127,235,577	1%	\$ 1,272,356
Rangeview Library District	\$ 59,539,980	1%	\$ 595,400
Hyland Hills Recreation District	\$ 16,759,346	8%	\$ 1,340,748
Urban Drainage	\$ -	na	\$ -
Subtotal Overlapping Debt	<u>\$ 666,507,359</u>		<u>\$ 17,097,677</u>
City Direct Debt	\$ -	-	\$ -
Total Direct and Overlapping Debt	<u><u>\$ 666,507,359</u></u>		<u><u>\$ 17,097,677</u></u>

Sources:

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

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

**Legal Debt Margin Information  
Fiscal Years 2015- 2024**

Legal Debt Margin Computation for Fiscal Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Maximum Debt Allowed:										
Actual value	619,989,085	626,199,024	795,464,791	806,744,660	1,012,065,235	994,743,625	1,122,794,255	1,111,417,942	1,247,288,295	1,248,921,678
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	\$ 18,599,673	\$ 18,785,971	\$ 23,863,944	\$ 24,202,340	\$ 30,361,957	\$ 29,842,309	\$ 33,683,828	\$ 33,342,538	\$ 37,418,649	\$ 37,467,650
Debt Applicable to Limit:										
Total bonds outstanding	-	-	-	-	-	-	-	-	-	-
Less: Sales and Use Tax Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Debt subject to limitation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt limit	\$ 18,599,673	\$ 18,785,971	\$ 23,863,944	\$ 24,202,340	\$ 30,361,957	\$ 29,842,309	\$ 33,683,828	\$ 33,342,538	\$ 37,418,649	\$ 37,467,650
Total net debt applicable to limit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal debt margin	\$ 18,599,673	\$ 18,785,971	\$ 23,863,944	\$ 24,202,340	\$ 30,361,957	\$ 29,842,309	\$ 33,683,828	\$ 33,342,538	\$ 37,418,649	\$ 37,467,650
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: 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 2015 - 2024**

Sales and Use Tax

Fiscal Year	Sales and Use Tax Revenue (1)	Debt Service		Coverage
		Principal	Interest	
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
2022	\$ 13,929,390	\$ -	\$ -	na
2023	\$ 13,426,623	\$ -	\$ -	na
2024	\$ 13,053,989	\$ -	\$ -	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)
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%
2022	14,382	326,514,546	22,703	29.6	2,539	3%
2023	14,382	326,514,546	22,703	29.6	2,354	4%
2024	14,382	326,514,546	22,703	29.6	2,334	5%

Source:

(a) Table Data based on US Census 2010 and 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	2024			2015		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Waterworld (seasonal employer)	1,095	1	<i>Note 1</i>	944	1	<i>Note 1</i>
Pinnacle Learning Center	180	2		131	3	
Comcast	165	3		165	2	
Miller International	102	9		121	4	
King Soopers	100	4		100	5	
City of Federal Heights	96	5		86	6	
McDonalds	90	6		75	7	
Federal Heights Elementary	74	7		70	8	
Alpine Nissan	73	8		-	-	
Safeway	60	10		60	9	
Walgreens	-	-		44	10	
<b>Total</b>	<b>2,035</b>			<b>1,796</b>		

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, 2024 is 288,104. Adams County employment as of December 31, 2015 was 244,283.

**City of Federal Heights**  
**Full-time Equivalent City Government Employees by Function/Program**  
**Fiscal Years 2015 - 2024**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government	13	18	18	17	18	18	18	18	18	18
Public Safety										
Police	37	38	38	39	42	41	41	41	41	43
Fire /Ambulance	18	18	18	18	18	18	18	18	18	18
Public Works/Parks	12	8	9	9	9	10	10	10	10	10
Utility - Water/Sewer/Drainage	6	6	5	5	5	5	7	7	7	7
<b>Total</b>	<b>86</b>	<b>87</b>	<b>88</b>	<b>88</b>	<b>92</b>	<b>92</b>	<b>94</b>	<b>94</b>	<b>94</b>	<b>96</b>

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 2015 - 2024**

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Police</b>										
Physical arrests	1,303	1,260	1,111	1,146	913	434	526	493	543	632
Traffic violations	2,924	2,385	3,181	5,312	5,035	1,393	1,655	1,424	1,075	1,414
<b>Fire/Ambulance</b>										
Ambulance responses	1,383	1,497	2,065	1,886	1,965	1,854	2,088	2,473	2,173	1,899
Fire responses	416	449	439	478	643	629	558	602	441	538
Ambulance transports	974	1,162	1,370	1,327	1,342	1,474	1,616	1,840	1,571	1,265
Fire inspections	637	522	520	781	505	355	452	593	707	706
<b>Water</b>										
Water gallons billed to customers	433,308,000	451,173,000	445,638,000	473,808,000	466,203,000	436,373,000	428,405,000	449,207,000	403,877,000	462,017,000
Average daily consumption in gallons per person per day	104	108	106	113	111	83	82	86	77	88
<b>Public Works</b>										
Street resurfacing (miles)	1.20	4.25	0.39	2.6	1.47	4.12	1.00	0.99	0.61	1.8
Resurfacing as a percentage of total street miles	7%	24%	2%	14%	8%	23%	6%	6%	3%	10%
<b>Administration</b>										
Business licenses	219	219	213	222	223	224	222	222	215	211

Source: Various City of Federal Heights Departments.

**City of Federal Heights  
Capital Asset Indicators by Function/Program  
Fiscal Years 2015 - 2024**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b><u>Function/Program</u></b>										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	8	8	8	8	8	8	8	8	7	10
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**

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE: <b>COLORADO</b>
	YEAR ENDING (mm/yy): <b>12/2024</b>

This Information From The Records Of: <b>City of Federal Heights</b>	Prepared By: <b>Tim Weitzman, tweitzman@fedheights.org</b>
---	---

**I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE**

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. EXPENDITURES FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway expenditures:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ 895,145.00
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 49,800.00
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	\$ 8,031.04
2. General fund appropriations	\$ 1,179,503.99	b. Snow and ice removal	\$ 133,215.21
3. Other local imposts (from page 2)	\$ 1,484,856.00	c. Other	\$ 76,947.00
4. Miscellaneous local receipts (from page 2)	\$ 392,755.78	d. Total (a. through c.)	\$ 218,193.25
5. Transfers from toll facilities		4. General administration & miscellaneous	\$ 100,530.42
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	\$ 1,666,976.10
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 2,930,644.77
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	\$ -	a. Interest	
7. Total (1 through 6)	\$ 3,057,115.77	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	\$ -
<b>C. Receipts from State government</b>		2. Notes:	
(from page 2)	\$ 355,966.00	a. Interest	
<b>D. Receipts from Federal Government</b>		b. Redemption	
(from page 2)	\$ -	c. Total (a. + b.)	\$ -
<b>E. Total receipts (A.7 + B + C + D)</b>	\$ 3,413,081.77	3. Total (1.c + 2.c)	\$ -
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total expenditures (A.6 + B.3 + C + D)</b>	\$ 2,930,644.77

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>				\$ -
1. Bonds (Refunding Portion)				\$ -
<b>B. Notes (Total)</b>				\$ -

**V. LOCAL ROAD AND STREET FUND BALANCE (RECEIPTS AND DISBURSEMENTS ONLY)**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	\$ 6,076,050.00	\$ 3,413,081.77	\$ 2,930,644.77	\$ 6,558,487.00	\$ 0.00

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
**COLORADO**  
 YEAR ENDING (mm/yy):  
**12/2024**

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	\$ 102,538.00	a. Interest on investments	271,694.78
b. Other local imposts:		b. Traffic Fines & Penalties	\$ 121,061.00
1. Sales Taxes	\$ 900,000.00	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	\$ 482,318.00	g. Other Misc. Receipts	
6. Total (1. through 5.)	\$ 1,382,318.00	h. Other	
c. Total (a. + b.)	\$ 1,484,856.00	i. Total (a. through h.)	\$ 392,755.78
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes (from Item I.C.5.)	\$ 316,739.00	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	\$ 39,227.00	d. Federal Transit Administration	
d. DOLA Grant		e. U.S. Corps of Engineers	
e. Other		f. Other Federal ARPA	
f. Total (a. through e.)	\$ 39,227.00	g. Total (a. through f.)	\$ -
4. Total (1. + 2. + 3.f)	\$ 355,966.00	3. Total (1. + 2.g)	\$ -
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

**III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL**

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			\$ -
b. Engineering Costs		\$ 27,600.00	\$ 27,600.00
c. Construction:			
(1). New Facilities			\$ -
(2). Capacity Improvements			\$ -
(3). System Preservation		\$ 867,545.00	\$ 867,545.00
(4). System Enhancement And Operation			\$ -
(5). Total Construction (1)+(2)+(3)+(4)	\$ -	\$ 867,545.00	\$ 867,545.00
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ -	\$ 895,145.00	\$ 895,145.00
<i>(Carry forward to page 1)</i>			

Notes and Comments: