

2015

For the year ended December 31, 2015



Commerce City

Popular Annual Financial Report

TABLE OF CONTENTS

Commerce City at-a-glance.....	3
City wide organizational chart.....	3
The city's net position.....	4
Internal service funds.....	5
General fund.....	6
General fund expenses.....	7-8
What the city owns and owes.....	9
Long-term debt.....	10

INTRODUCTION

Welcome to the City of Commerce City's Popular Annual Financial Report (PAFR). The PAFR is a summary of financial highlights and activities for the fiscal year 2015 that are drawn from financial statements reported in the Comprehensive Annual Financial Report (CAFR). The CAFR is a more detailed and complete financial presentation prepared in accordance with Generally Accepted Accounting Principles (GAAP) and was audited by the city's independent external auditors.

The PAFR is an unaudited document, and while the financial data in the CAFR conforms with GAAP, the PAFR does not include fund-level details and disclosures that are required by GAAP. This report is an opportunity to present the financial activity of Commerce City in an open and transparent manner, and was designed to provide a recap of the city government's finances.

Additional financial information can be found in the CAFR, available at city clerk's office and online at C3gov.com/financialreports.

If you have any questions regarding this report, please contact the City Controller Armando Guardiola at 303-289-3602, or email aguardiola@c3gov.com.



*Top Row: Rick Teter - Ward II, Jason McEldowney - At-Large, Sean Ford - Mayor, René Bullock - Mayor Pro Tem
Bottom Row: Jadie Carson - Ward III, Andrew Amador - Ward I, Paolo Diaz - Ward IV, Crystal Elliott - At-Large, Steve Douglas - At-Large*

As the state's third-fastest growing city, Commerce City is redefining itself for the next generation, building on historic values of community, industry, agriculture, and family. The city covers 35 square miles and is expected to grow to a 61-square-mile area during the next 20 years.

Commerce City is a home-rule municipality and operates under a council-manager form of government in which the city council sets the city vision and approves the budget, while the city manager serves as the chief executive officer for the organization.

City Council adopts the budget annually in November. The city's fiscal year follows the established calendar (January - December).

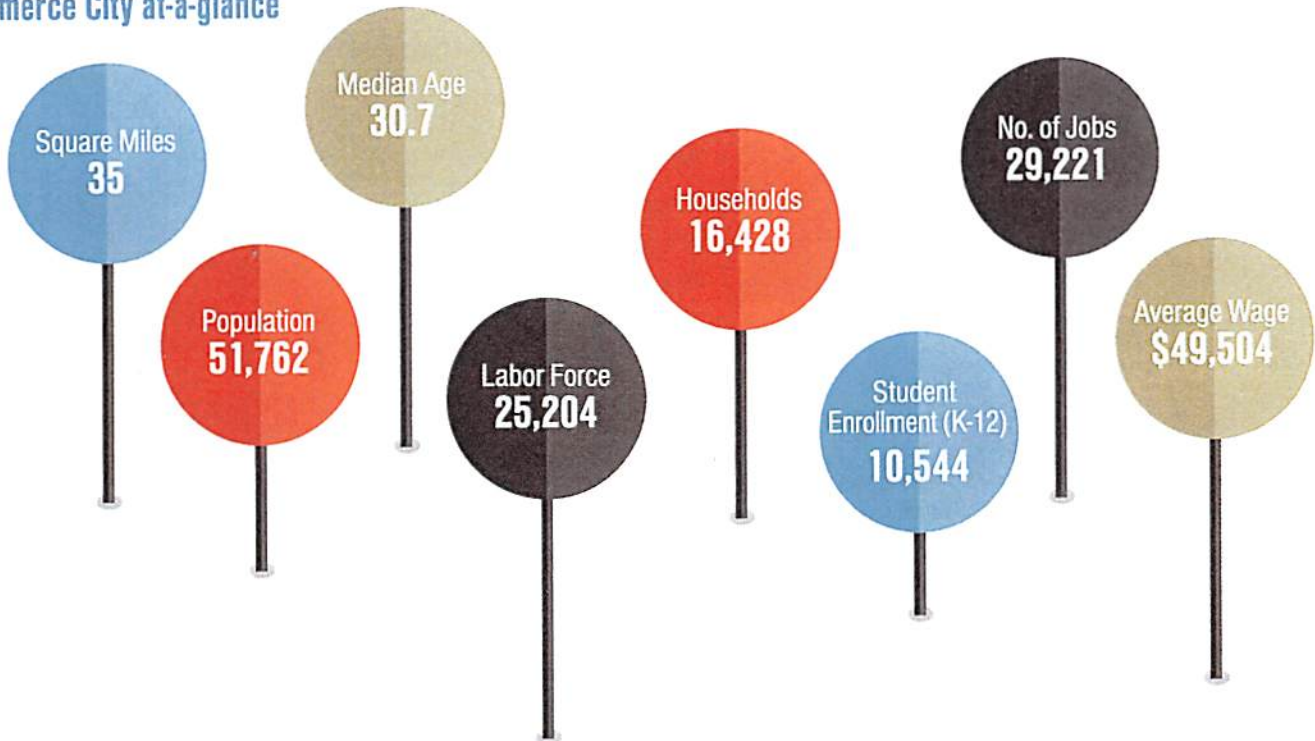


The Rocky Mountain Arsenal National Wildlife Refuge is the largest land-based, urban wildlife refuge in the United States. Outdoor enthusiasts can take advantage of trails, open space and a state-of-the art visitor center located within 27 square miles of open lakes, wetlands, and grasslands.

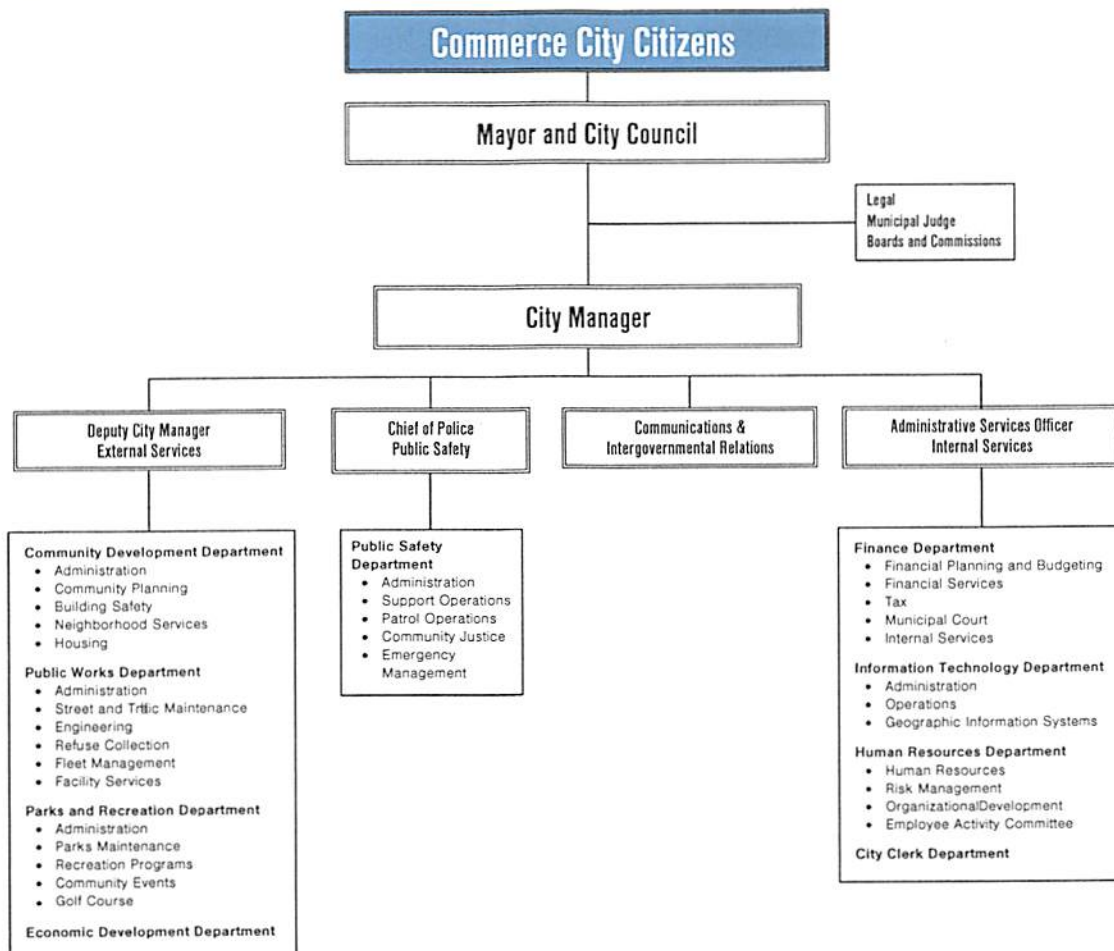
City Council's Goals

- Develop a balanced and vibrant economy to improve socioeconomic status
- Ensure a financially-sound city government to maintain or improve levels of service
- Develop and maintain public infrastructure to improve community appearance and encourage private investment
- Preserve and nurture a quality community to improve resident health and safety
- Engage the public to encourage community involvement, communication and to build trust

Commerce City at-a-glance



Commerce City city wide organizational chart



THE CITY'S NET POSITION

Below is an overview of the city's entire net position. This number represents the financial wellbeing of the city as a whole. Over time these numbers can be used as a measure of the city's overall financial well-being based on increases or decreases. In 2015, the net position of the city increased overall by \$7.5 million since 2014. The totals below include both governmental and business-type activities. For more details, please refer to the government wide statement of net position in the city's 2015 published CAFR, located at c3gov.com/financialreports.

Total net position of city's assets and liabilities



Five Projects. Five Years. One Penny.

In 2013, Commerce City's voters approved a 1% sales and use tax increase for new parks, recreation and road projects. The ballot measure was a result of a two-year, community-driven process to identify how to implement programs and services that address growing population needs, achieve vision and build a better Commerce City.

The five projects to be complete by 2019 are:

- New Outdoor Pool at Pioneer Park
- Three New Neighborhood Parks
- Widening of Tower Road
- New Recreation Center
- New Additions to Existing Recreation Center



BUSINESS-TYPE ACTIVITIES

Business-type Activities include the city's two proprietary funds. These funds report services for which the city charges customers a fee.

- In 2007, the Finance Authority Fund issued almost \$31 million to build the city's current civic center. There is about \$4.3 million still owed on the civic center and it is expected to be paid off in year 2037.
- The Solid Waste Management Fund collects 5% of fees earned by the BFI landfill operation. The revenues are used for transportation improvements maintenance on streets and bridges in the area of the landfill. In 2015 the city collected \$632,972 in fees.

INTERNAL SERVICE FUNDS

The city has three funds that support all city departments in their operations and administration of activities. They provide the funding necessary to run the city's internal operations. These internal service funds include fleet management, information technology, and facility services. Below are the operating expenses for each fund in 2015.



Fleet – \$2,630,762



IT – \$2,065,508



Facility – \$1,469,967

Fund balance at end of 2015

These remaining funds can be rolled over to the next year.

Balance

\$14,516,976



GENERAL FUND

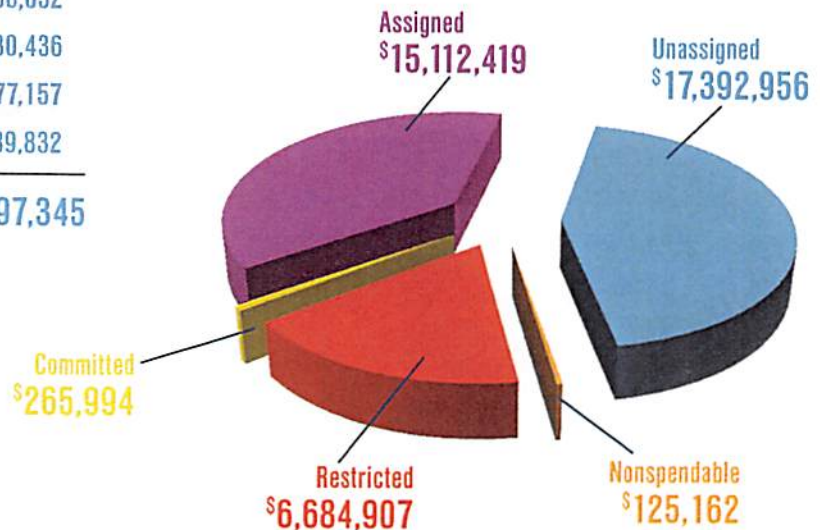
Fund balance at the end of 2015

Balance
\$39,581,438

The general fund is the city's primary operating fund and the largest source of day-to-day service delivery. For this reason, the main focus of this report will revolve around the general fund. This fund is used to account for all financial resources traditionally associated with government, except those required to be accounted for in another fund.

General Fund Balances

	2015	2014
Nonspendable	\$ 125,162	\$ 163,868
Restricted	6,684,907	10,436,052
Committed	265,994	330,436
Assigned	15,112,419	14,877,157
Unassigned	17,392,956	5,689,832
Total	\$39,581,438	\$31,497,345



General Fund Revenues

Where the money comes from:

In 2015, this fund reported \$67,914,245 in revenues and increased by 2.4% since 2014. A majority of general fund revenue comes from the collection of sales and use taxes.

General Fund revenue increase highlights:

Building permits increased
14.5%

Municipal court fees increased
24.3%

Photo red light enforcement increased
5.1%

Recreation and golf fees increased
10.8%

A 1% sales and use tax increase took effect in 2014 and contributes to continued increases in the General Fund.

This tax is dedicated toward the building and maintenance of new parks, recreation and road projects. The ballot measure was a result of a two-year, community-driven process to identify how to implement programs and services that address growing population needs, achieve vision and build a better Commerce City.

GENERAL FUND EXPENSES

What it takes to run the city

The city's total cost of services to run day-to-day operations is \$52,374,432. This amount increased \$2.1 million since 2014. In addition, around \$7.5 million was transferred from the general fund to support other funds. General fund expenses help to improve and maintain continuing operations throughout the city. The following totals include operating costs and personnel for the following functions of government:



Administration
\$4,127,802



Public safety
\$15,134,571



Human resources
\$943,726



Public works
\$7,378,984



Finance
\$11,911,533



Parks, recreation and golf
\$9,749,131



Community development
\$2,946,312



Debt Service
\$182,375

The expenditures highlighted in the general fund include internal service fund allocations, they do not, however, include the operational and capital costs of the city's three internal service funds. For more information please refer to the city's 2015 published CAFR at c3gov.com/financialreports.

The city's expenses continue to grow to support the city's growing population.

Capital Expenditure Fund

Balance

\$74,898,300

The Capital Expenditure Fund funds major capital projects such as building roads and parks. During 2015, this fund incurred \$18.2 million in capital costs including a Boys & Girls Club for \$250,000 that the city pledged annual operating support (\$80,000), committing to set aside three years of operating expenses beginning in 2012 to serve as a matching funds (not to exceed \$250,000) for a community capital campaign; public works projects for \$3,164,987, and parks and recreation projects for \$5,766,174.



The new outdoor pool, Paradise Island, opened in July 2015 and was the first of the five projects completed in the voter-approved capital improvement program.

Left: Suncor Boys and Girls Club opened in 2015, doubling the number of youth it serves in the community.

The major projects include:

Neighborhood parks (3)

\$8,372,360

Road project (1)

\$48,833,294

Outdoor pool (1)

\$9,372,080

New recreation center (1)

\$3,379,635

New recreation center infrastructure

\$3,251,787

Existing recreation center expansion

\$272,244

MSC renovations

\$323,000

Program contingency

\$4,518,100

Northern Infrastructure GID Fund

Balance

\$2,304,828

The Northern Infrastructure General Improvement District Fund was established in 2008 to support the city's growth and expansion in the north. Most of the projects included infrastructure work completed along E. 104th Avenue.

Urban Renewal Authority Fund

Balance

\$6,313,642

The Commerce City Urban Renewal Authority (URA) identifies and establishes slum and blighted areas for redevelopment. The URA is a public-private partnership, where the public investment is supported by tax increment financing while the majority of the project is funded by the private sector.

Major URA successes in the last 10 years include Victory Crossing (where the civic center is located) and the Mile High Greyhound Park (MHGP). MHGP was purchased by the URA in 2011 for mixed-use redevelopment. The site is envisioned to become a vibrant, mixed-use area in the coming years, combining residential, retail, office, civic and educational spaces to help revitalize this historic part of Commerce City. Current plans are to resell the property held for resale with a cost of \$4.7 million.

This fund expended \$490,846.

WHAT THE CITY OWNS AND OWES

Assets

The city's total governmental activity assets for 2015 were reported as \$516,607,788, with 63% being capital assets.

Non-depreciable assets

(Including land, golf course, water rights, and construction in progress)

\$72,743,470

- Decreased by 4.5% from the sale of Water Rights

Depreciable assets, net of depreciation

\$252,346,709



Buildings - \$9,095,262

- Decreased by 5.4%



Machinery, equipment, furniture and intangibles - \$4,963,932

- Increased by 4.7%



Infrastructure - \$238,265,308

- Increased by 7.3%



The city's housing authority, a component unit, reported total capital assets, net of depreciation as \$721,559 in 2015. The services provided by the authority exclusively benefit the city's citizens. For more information, and to view the housing authority's annual financial reports, please contact the city's finance department.



The city's finance authority reported total capital assets, (the civic center), net of depreciation as \$25,069,262 in 2015.



The city invested around \$59.1 million in capital assets for fiscal year 2015. These funds were dedicated to road/pavement management, parks, street lights, buildings, land, equipment and construction in progress.

LONG-TERM DEBT

The city's total long-term debt is about \$206 million. More than half of that debt is due to sales tax revenue bonds which support the city's capital improvement and preservation plan.

A 1% sales and use tax increase took effect in 2014 and contributes to continued increases in the general fund. This tax is dedicated toward the building and maintenance of new parks, recreation and road projects. The ballot measure was a result of a two-year, community-driven process to identify how to implement programs and services that address growing population needs, achieve vision and build a better Commerce City.

General Improvement District general obligation bond

\$82,170,000

Sales tax revenue bonds

\$122,735,000

Lease purchase agreement

\$1,583,263

Compensated absences

\$137,560

For more detailed information about the city's long-term debt, please refer to the 2015 CAFR, which can be found at www.c3gov.com/financialreports.



The new recreation center is to be constructed in 2017-2018. It is a 106,000-square-foot facility with an indoor pool, fitness areas, sports facilities, multi-generational lounge and a 300-person community room.



Northern Infrastructure General Improvement District is a separate legal entity and is not the city's obligation, but is reported here as such to reflect the overall debt. The NIGID has its own property tax levy to generate the revenue necessary to retire its debt.

The finance authority's long-term debt consists of certificates of participation that were issued in 2006 to finance the new civic center and related facilities. The current principal balance is \$29,385,000.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The PAFR is designed to provide a general overview of the city's finances and demonstrate the city's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City Controller, Armando Guardiola at 303-289-3602, or email aguardiola@c3gov.com. Also, visit our website at www.c3gov.com/financialreports for additional information, and to view our published financial reports.



c3gov.com