

# 2017



## COMMERCE CITY, CO

Comprehensive Annual Financial Report







## **Independent Auditor's Report**

To the Honorable Mayor, City Council, and City Manager  
City of Commerce City, Colorado

### **Report on the Financial Statements**

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Commerce City, Colorado, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 17, and the budgetary comparison information and schedule of funding progress on pages 71 through 74, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Commerce City's basic financial statements. The introductory section, supplemental information as identified in the table of contents, Local Highway Finance Report, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

### *Report on Summarized Comparative Information*

We have previously audited the City's 2016 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information in our report dated June 14, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018 on our consideration of the City of Commerce City, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide

an opinion on the effectiveness of the City of Commerce City, Colorado's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Commerce City, Colorado's internal control over financial reporting and compliance.

*Eide Sallee LLP*

Fort Collins, Colorado  
June 29, 2018

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the comprehensive annual financial report for the City of Commerce City, Colorado (the City), the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the calendar year ended December 31, 2017. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

### 2017 FINANCIAL HIGHLIGHTS

The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$295,320,683 (total net position) for the calendar year reported.

- Total net position are comprised of the following:
  - (1) Net investment in capital assets, of \$178,169,991 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  - (2) Net position of \$47,113,633 is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  - (3) Unrestricted net position of \$70,037,059 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported total ending fund balance of \$150,857,787 this year. This compares to the prior year ending fund balance, as of \$201,591,212 showing a decrease of \$50,733,425 during the current year.
- At the end of the current calendar year, the unassigned fund balance for the General Fund was \$37,048,554 or 58% of total General Fund expenditures.
- Overall, the City continues to maintain a strong financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements. Comparative data is presented to allow comparison to the prior calendar year.

The City's component units are presented either as "blended" or "discretely presented." If blended, it is reported as if it were a fund of the City throughout the year. It is included at both the government-wide and fund financial reporting levels. The City has the following blended component units:

- Commerce City Northern Infrastructure General Improvement District (NIGID)
- Commerce City E-470 Commercial Area General Improvement District (ECAGID)
- Commerce City E-470 Residential Area General Improvement District (ERAGID)
- Urban Renewal Authority (URA)
- Commerce City Finance Authority (Finance Authority)

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the City's total assets and deferred outflows and total liabilities and deferred inflows, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid.

An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City principally supported by taxes from business-type activities intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, community development, public safety, public works, parks and recreation. Business-type activities include the solid waste management and the Commerce City Finance Authority.

The government-wide financial statements are presented on pages 18 & 19 of this report.

## FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City has three kinds of funds:

*Governmental funds* are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 20 to 23 of this report.

Individual fund information for nonmajor governmental funds is found in combining statements in a later section of this report.

*Proprietary funds* are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City's proprietary funds are classified as enterprise funds and internal service funds. The enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. The internal service funds are reported as part of the governmental activities at the government-wide financial reporting level.

The basic proprietary fund financial statements are presented on pages 24 to 27 of this report.

The *fiduciary funds* include employee pension and retirement funds held in trust and an agency fund used to hold resources of school impact fees from developers that school districts will use. These statements are found on pages 28 & 29.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 32 of this report.

## REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget presentations. Budgetary comparison schedules are included as "required supplementary information" for the general fund and the major Urban Renewal Authority Fund. Budgetary comparison schedules for all other governmental funds can be found in the supplementary information section of this report. These schedules demonstrate compliance with the City's adopted and final revised budget. Finally, this section includes a schedule of funding progress for the retirement health savings plan. Required supplementary information can be found on pages 71 to 74 of this report.

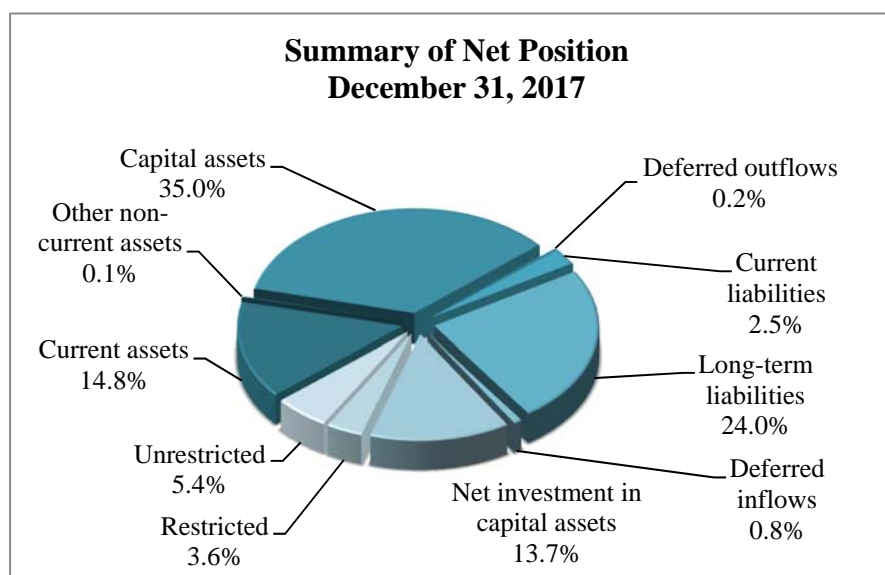
## SUPPLEMENTARY INFORMATION

As discussed, the City reports major funds in the basic financial statements. Comparative information for major funds and combining and individual statements and schedules for nonmajor funds are presented in a supplementary information section of this report beginning on page 75.

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City's net position at calendar year-end is \$295,320,683. The following table provides a summary of the City's net position:

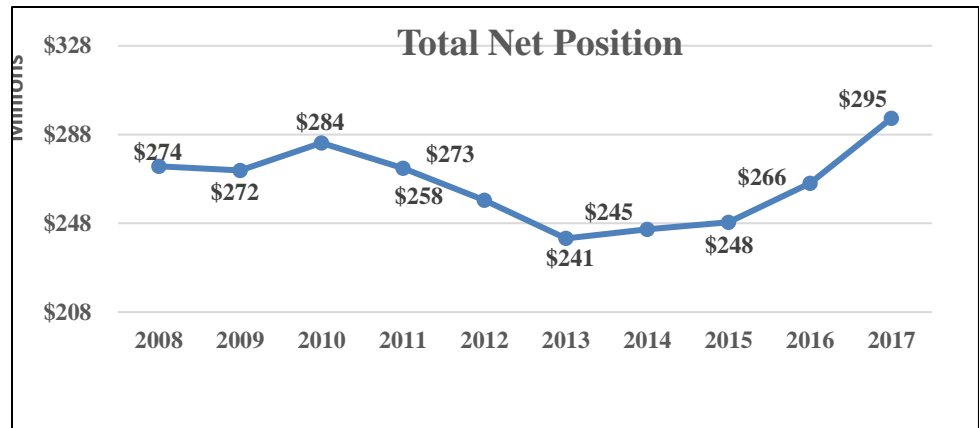
	Summary of Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Current assets	\$ 192,056,364	\$ 245,857,824	\$ 255,571	\$ 169,895	\$ 192,311,935	\$ 246,027,719
Other non-current assets	1,204,776	1,073,372	-	242,592	1,204,776	1,315,964
Capital assets	454,423,363	350,042,182	-	24,005,918	454,423,363	374,048,100
<b>Total assets</b>	<b>647,684,503</b>	<b>596,973,378</b>	<b>255,571</b>	<b>24,418,405</b>	<b>647,940,074</b>	<b>621,391,783</b>
Deferred Outflows of Resources	2,044,363	2,098,527	-	-	2,044,363	2,098,527
<b>Total Assets and Deferred Outflows</b>	<b>649,728,866</b>	<b>599,071,905</b>	<b>255,571</b>	<b>24,418,405</b>	<b>649,984,437</b>	<b>623,490,310</b>
<b>Liabilities</b>						
Current liabilities	32,653,201	35,917,053	-	692,414	32,653,201	36,609,467
Long-term liabilities	311,400,672	283,285,212	-	28,333,596	311,400,672	311,618,808
<b>Total Liabilities</b>	<b>344,053,873</b>	<b>319,202,265</b>	<b>-</b>	<b>29,026,010</b>	<b>344,053,873</b>	<b>348,228,275</b>
Deferred Inflows of Resources	10,609,880	8,826,330	-	-	10,609,880	8,826,330
<b>Total liabilities and Deferred Inflows</b>	<b>354,663,753</b>	<b>328,028,595</b>	<b>-</b>	<b>29,026,010</b>	<b>354,663,753</b>	<b>357,054,605</b>
<b>Net position:</b>						
Net investment in capital assets	178,124,097	169,907,974	-	(4,962,678)	178,124,097	164,945,296
Restricted	46,309,188	27,788,777	-	-	46,309,188	27,788,777
Unrestricted	70,631,827	72,925,851	255,571	355,074	70,887,398	73,280,925
<b>Total net position</b>	<b>\$ 295,065,112</b>	<b>\$ 270,622,602</b>	<b>\$ 255,571</b>	<b>\$ (4,607,604)</b>	<b>\$ 295,320,683</b>	<b>\$ 266,014,998</b>





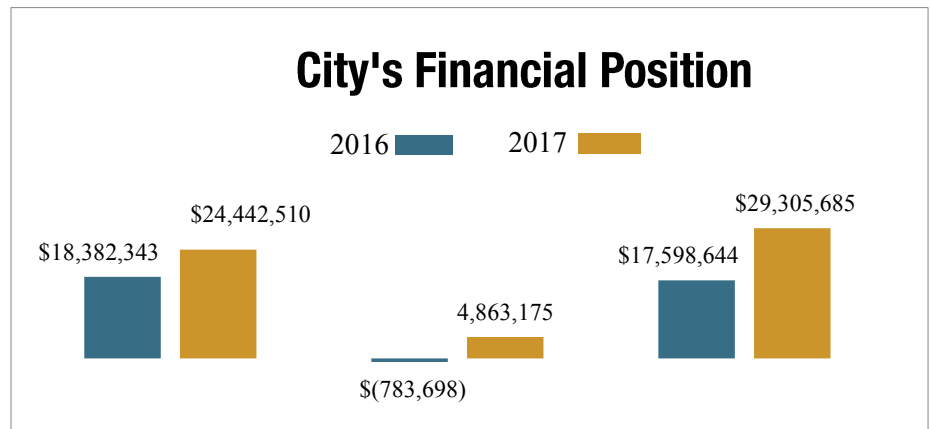
The following graph reports the total net position balances from fiscal year 2008 – 2017

The City continues to maintain a high current ratio, excluding the deferred inflows and outflows of resources. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 5.8 to 1 as compared to 6.8 to 1 at December 31, 2016. For business-type activities, the current liabilities and current assets have been transferred to government activities. The total current ratio was 0 to 1 as compared to 0.2 to 1 at December 31, 2016.

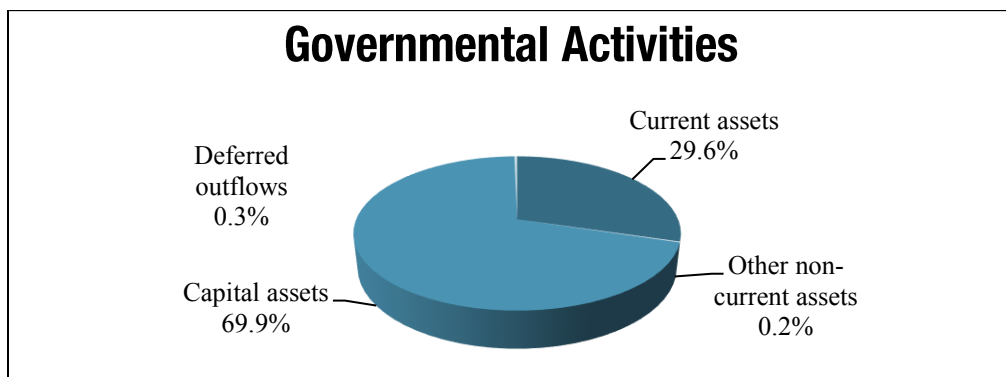


The City reported positive balances in net position for governmental activities and business-type activities. During fiscal year 2017, net position increased \$24,442,510 for governmental activities. For business-type activities, net position increased \$4,863,175. The City's overall financial position increased during calendar year 2017 by \$29,305,685.

Note that approximately 69.9% of the governmental activities' total assets are tied up in capital assets (with 52.0% of the capital asset cost being depreciable). The City uses these capital assets to provide services to its citizens. As of 2017, there were not balances within the Finance Authority as a refunding transaction occurred in which the City refunding the 2006 Certificates of Participation and acquired the related capital

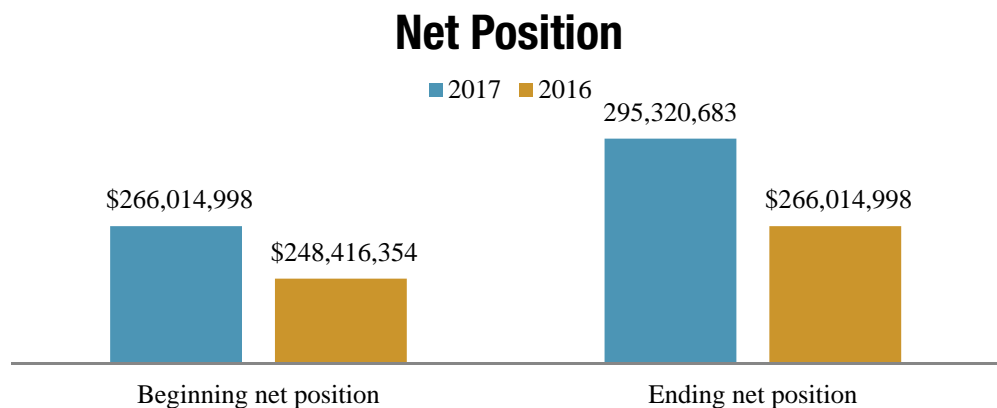


assets. Combining governmental activities with business type activities, the City has invested 69.9% of its total assets in capital assets, as presented in the Statement of Net Position.



The following table provides a summary of the City's changes in net position:

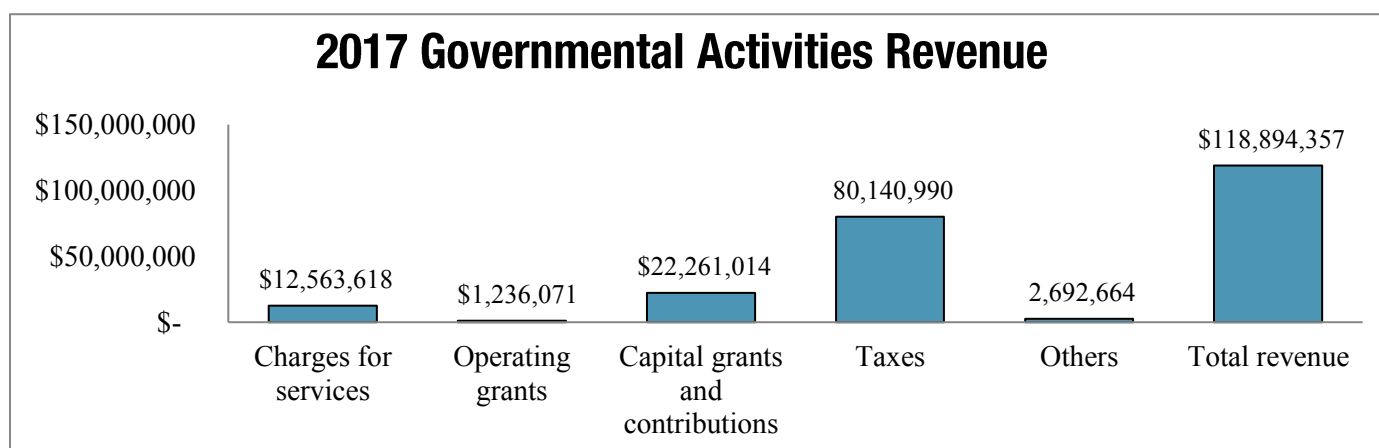
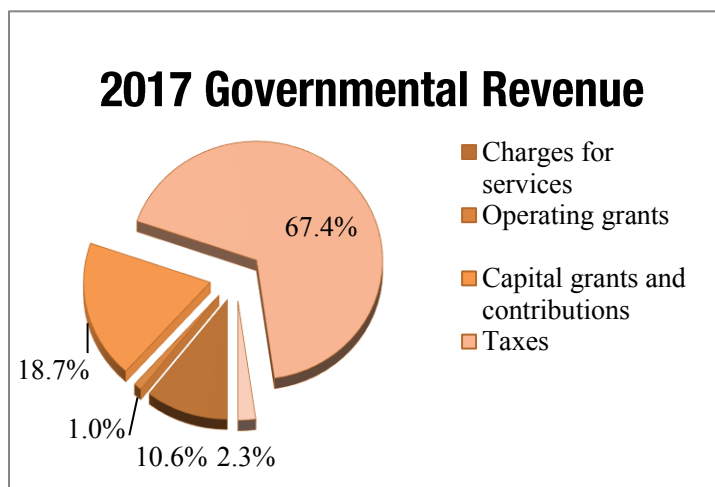
Summary of Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program:						
Charges for services	\$ 12,563,618	\$ 14,966,030	\$ 799,196	\$ 2,756,752	\$ 13,362,814	\$ 17,722,782
Operating grants	1,236,071	442,529	-	-	1,236,071	442,529
Capital grants and contributions	22,261,014	10,555,501	-	-	22,261,014	10,555,501
General:						
Taxes	80,140,990	70,711,660	-	-	80,140,990	70,711,660
Others	2,692,665	5,818,758	5,279,636	11,631	7,972,301	5,830,389
Total revenues	118,894,358	102,494,478	6,078,832	2,768,383	124,973,190	105,262,861
Program Expenses:						
General Government	20,101,431	17,228,391	-	-	20,101,431	17,228,391
Human resources	1,126,099	976,141	-	-	1,126,099	976,141
Community development	4,017,432	3,929,739	-	-	4,017,432	3,929,739
Public safety	16,766,559	16,059,811	-	-	16,766,559	16,059,811
Public works	27,207,824	24,687,608	-	-	27,207,824	24,687,608
Parks, recreation and golf	14,282,916	12,913,063	-	-	14,282,916	12,913,063
Interest	11,656,649	9,396,230	-	-	11,656,649	9,396,230
Finance authority	-	-	508,596	2,473,235	508,596	2,473,235
Total expenses	95,158,909	85,190,982	508,596	2,473,235	95,667,506	87,664,217
Revenues over (under) expenses	23,735,449	17,303,496	5,570,236	295,148	29,305,684	17,598,644
Transfers	707,061	1,078,846	(707,061)	(1,078,846)	-	-
Change in net position	24,442,510	18,382,342	4,863,175	(783,698)	29,305,685	17,598,644
Beginning net position	270,622,602	252,240,260	(4,607,604)	(3,823,906)	266,014,998	248,416,354
Ending net position	\$ 295,065,112	\$ 270,622,602	\$ 255,571	\$ (4,607,604)	\$ 295,320,683	\$ 266,014,998



## GOVERNMENTAL ACTIVITY REVENUES

The City is heavily reliant on sales and use taxes to support governmental operations. City taxes provide 67.4% of total revenue, with sales and use taxes providing 54.0% of the City's total taxes revenues as compared 54.0% in calendar year 2016. Note that program revenues covered 37.8% of governmental operating expenses as compared to 25.3% in calendar year 2016.

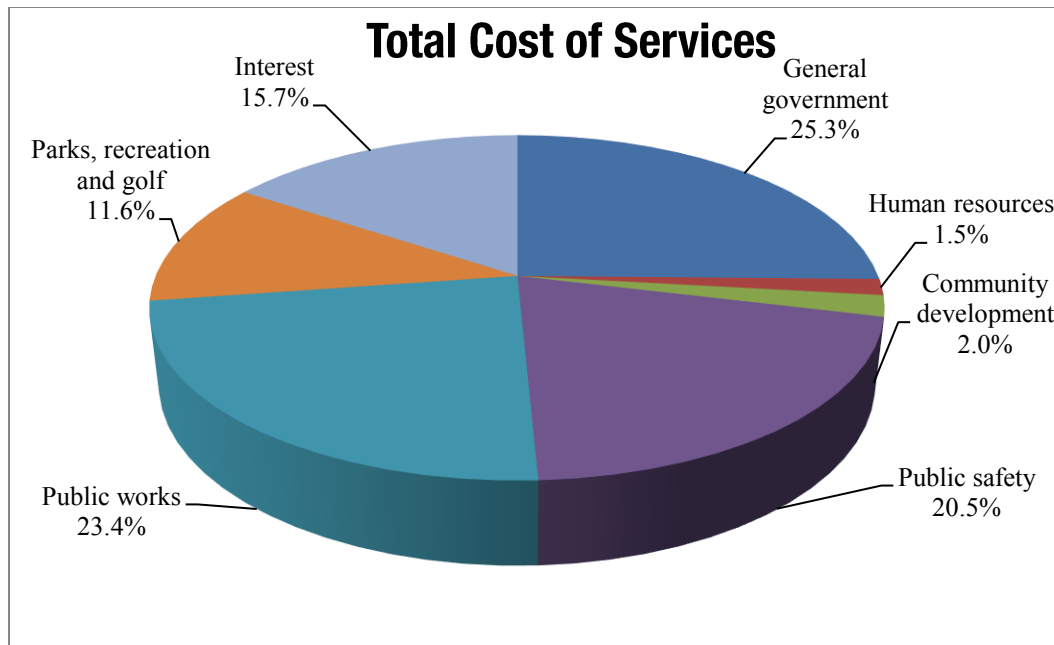
This means that the government's taxpayers and the City's other general revenues normally fund 80.0% of the governmental activities, primarily from sales and use taxes. As a result, the general economy and the success of local businesses have a major impact on the City's revenue streams.



## GOVERNMENTAL ACTIVITY EXPENSES

The following table presents the cost of each of the City's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the City's taxpayers by each of these functions

Governmental Activities				
	Total Cost of Services	Percentage of Total	Net Cost of Services	Percentage of Total
General government	\$ 20,101,431	21.1%	\$ (18,807,121)	25.3%
Human resources	1,126,099	1.2%	(1,126,099)	1.5%
Community development	4,017,432	4.2%	(1,465,602)	2.0%
Public safety	16,766,559	17.6%	(15,233,377)	20.5%
Public works	27,207,824	28.6%	(17,435,899)	23.4%
Parks, recreation and golf	14,282,916	15.0%	(8,654,027)	11.6%
Interest	11,656,649	12.2%	(11,656,649)	15.7%
	<u>\$ 95,158,910</u>	<u>100.0%</u>	<u>\$ (74,378,773)</u>	<u>100.0%</u>



The public works function is the highest cost function, primarily because of the City’s growth in its infrastructure (e.g., roads and storm sewers), resulting in approximately \$27.2 million of expenses including annual depreciation expense. The City spent approximately \$16.7 million on public safety and \$20.1 million on general government services.

## BUSINESS-TYPE ACTIVITIES

**Finance Authority Fund** – In 2006, this fund issued \$30,900,000 in certificates of participation, which were used to fund the construction of an administration building, which is leased to the City, beginning in 2007. In 2017, the City issued 2017A refunding Certificates of Participation as part of a transaction where proceeds were placed in escrow to pay off the Finance Authority's 2006 Certificate of Participation and acquire the Finance Authority's capital assets. As of December 31, 2017 there were no balances within the Finance Authority.

**Solid Waste Management Fund** - The other business-type activity is the solid waste management fund. Tipping fees charged at the BFI landfill operation provide the revenues for this fund. The City receives 5% of the total amount of fees collected or assessed and has no “out-of-pocket” costs. These revenues are to be used only for transportation improvements and maintenance on streets and bridges in the area of the landfill. The 2017 fee revenues of \$799,196 increased from the 2016 revenues.



## FUND ANALYSIS

### Governmental Funds

Governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$150,857,787 compared to the \$201,591,212 at December 31, 2016.

Of this year-end total, \$36,995,420 is unassigned indicating the availability for continuing City service delivery requirements.

Legally restricted fund balances are \$81,119,171. Included in this amount are \$58,265,545 million for capital construction and outlay, and the money set aside to meet the TABOR emergency reserve requirements, or \$3.3 million.

Committed fund balance totals \$13,331,493. Included in this amount is \$12.5 million for capital construction, \$800,000 for water rights.

The total ending fund balances of governmental funds show a decrease of \$50,733,425 or 25.2% from the prior year, due to spending for capital construction projects.

### Major Governmental Funds

**General Fund** - The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$14,888,158 or 30.4% as compared to a 23.6% increase in calendar year 2016. The ending unassigned fund balance is considered adequate, representing the equivalent of 58.5 % of annual expenditures compared to 19.1% at December 31, 2016. The City has updated its unassigned fund balance to include: Operating reserves of \$6,233,955 and Safeguards of \$11,743,937.

Total tax revenues are above those of 2016 by \$9,404,367.

Plan check fees increased \$32,847 or 6.5%. Building permits were up \$355,083 or 24.4% due to economic growth. Court and docket fees are lower than the 2016 amount by \$110,861 or 32.9%. Fines and forfeitures through the municipal court were lower than the 2016 amount by \$202,968 or 28.5%. Revenues from photo red light enforcement were \$78,429 or 13.7% above the 2016 amount.

Recreation and golf fees increased \$561,901 or 14.4% above the 2016 amount.

Most other revenue streams were consistent with the prior years' revenues.

Total General Fund expenditures increased approximately \$8.7 million or 15.9% over the 2016 amount.

Total general government expenditures were \$369,037 or 8.0% below the 2016 amount. Within the general government function, legal fees increased \$115,837 or 18.4%. In 2017, the City requested the assistance of outside legal counsel and handled additional items through in-house counsel. The city manager expenditures decreased \$576,996 or 34.1% from the 2016. Community Development expenditures were \$231,961, or 7.2% increase from prior year 2016, this increase was due to the rapid growth of the city.

In total, public safety costs were \$1,064,122 or 6.8% above the 2016 amount. This was caused by an increase in salary costs to sustain the level of service.

In the public works function, expenditures increased by \$190,286 or 2.5% from 2016.

Within the parks, recreation and golf function, expenditures increased by \$466,435 or 4.3% from 2016, due to additional expense in parks maintenance with the 2K parks and the outdoor leisure pool.

A brief discussion of the other major governmental funds follows:

**Capital Expenditures Fund** – This fund is used to fund major City capital projects. The county open space tax and the county transportation tax, plus intergovernmental revenue provided the majority of this fund’s revenue. The fund also recognized \$4,156,765 of transfers from other funds, including \$2,693,524 from the General Fund, \$252,000 from the Conservation Trust Fund, and \$700,000 from the Solid Waste Management Fund.

During the year, this fund incurred \$94.0 million in capital costs that included the following major projects:

- Road Project (2) – \$41,909,962
- New Recreation Center Building (1) – \$30,006,159
- New Recreation Center Infrastructure - \$ 13,289,159
- Existing Recreation Center Expansion - \$956,088
- Pavement Management - \$1,687,768

This fund reports an ending fund balance of \$57,694,770 at December 31, 2017.

**Northern Infrastructure GID Fund** - This fund is used to account for the construction of infrastructure improvements within the district, including debt service on these improvements. This fund recognized over \$6.3 million in property and specific ownership taxes.

This fund also incurred interest and principal costs on debt of approximately \$5.2 million. At December 31, 2017, the fund reports fund balance of \$3.1 million, an increase from \$1.8 million at December 31, 2016.

**Urban Renewal Agency Fund** – The URA’s significant asset is the property held for resale, with plans to sale the property held for resale with a cost of \$4.6 million. This fund recognized \$300,741 in property taxes as compared to \$524,701 in 2016. This fund expended \$555,942 and reports a fund balance of \$6,623,808 at December 31, 2017.

## Proprietary Funds

Proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The business-type activities analysis above discusses the City’s enterprise funds.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Revenue from sales and use taxes were \$11,273,425 over budget. Building permits revenue exceeded the budget by \$764,926, due to the rapid growth in the City and because of conservative budgeting.

Property taxes exceeded budget by \$68,122.

Investment earnings were reported negative by \$168,609, Generally accepted accounting principles require us to report our securities at the market rate even though they are purchased at or close to par. The City does not sell the securities they hold.

In total, the City recognized 117% of the final revenue budget. This includes the issuance of the 2017A certificate of participation for \$6,500,000.

In 2017, the City refunded the 2006 Certificates of participation, held initially by the Finance Authority to reduce the total debt service payment over the 20 years by \$8,632,349 and to obtain an economic gain. The net proceeds of \$28,335,000 were used to purchase U.S. government securities which were then used to refund the 2006 Certificates of Participation.

In total, the City over spent final expenditure budget for the general fund by \$34,665,200. This overage includes the financing of water for \$6,500,000 and approximately \$29,000,000 that was funding through the issuance of the 2017A Certificates of Participation.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The City's capital assets, net of accumulated depreciation, for governmental and business-type activities as of December 31, 2017, were \$454,423,363. The change in this net investment was an approximate 29.8% increase for governmental activities (including the internal service funds) and a 100% decrease for business-type activities. See Note 3-C for additional information about changes in capital assets during the calendar year and outstanding at the end of the year.

The following table provides a summary of capital asset activity:

	Governmental Activities*		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Non-depreciable assets:						
Land	\$ 47,811,039	\$ 47,429,384	\$ -	\$ -	\$ 47,811,039	\$ 47,429,384
Golf course	4,224,818	4,224,818	-	-	4,224,818	4,224,818
Water rights	15,667,803	9,167,803	-	-	15,667,803	9,167,803
Construction in progress	98,974,173	30,180,190	-	-	98,974,173	30,180,190
Total non-depreciable assets	166,677,833	91,002,195	-	-	166,677,833	91,002,195
Depreciable assets:						
Buildings	56,690,500	22,957,771	-	33,732,729	56,690,500	56,690,500
Machinery, equipment, furniture and intangibles	17,800,083	18,610,641	-	-	17,800,083	18,610,641
Infrastructure	519,446,519	495,860,702	-	-	519,446,519	495,860,702
Total depreciable assets	593,937,102	537,429,114	-	33,732,729	593,937,102	571,161,843
Less accumulated depreciation	306,191,572	278,092,601	-	9,726,811	306,191,572	287,819,412
Book value - depreciable assets	287,745,530	259,336,513	-	24,005,918	287,745,530	283,342,431
Percentage depreciated	52%	52%	0%	29%	52%	50%
Total book value	\$ 454,423,363	\$ 350,338,708	\$ -	\$ 24,005,918	\$ 454,423,363	\$ 374,344,626

\* The governmental activities amounts include the City's three internal service funds.

The total capital outlay of \$94 million includes various capitalized additions to governmental activities infrastructure capital assets of which \$25.2 million include:

- Roads, pavement management and rehabilitation \$16,842,215
- Parks \$925,340
- Storm sewers \$1,711,934
- Machinery and equipment \$1,604,807
- Signage \$244,336
- Traffic signals \$828,580
- Bridges \$2,105,384
- Intangible \$53,440

The December 31, 2017 balances in governmental activities construction in progress relates to various road and facilities projects.

## LONG-TERM DEBT

The City established the City of Commerce City Northern Infrastructure General Improvement District (GID) as a legally separate entity. Since the City Council serves as the Board of Directors for the GID, it is reported as a blended component unit. Therefore, the \$78,965,000 of general obligation debt of the GID is reported here as if it is the City's debt. In reality, the GID debt is not an obligation of the City and no City funds are used to retire the debt. The GID has its own property tax levy to generate the revenue necessary to retire its debt.

In October of 2017, the City issued \$6,500,000 as certificates of participation to finance the purchase of City water. The water is for city use and will be used to sustain the growth of the City.

In February of 2017, the City issued certificates of participation in the amount of \$28,335,000 to refund the 2006 Certificates of Participation that funded the civic center and related facilities. The City refunded the 2006 Certificates of participation to reduce the total debt service payment over the 20 years by \$8,632,349 and to obtain an economic gain.

The following table reports debt balances at December 31, 2017 and 2016, exclusive of deferred debt related items.

	<b>Governmental Activities*</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
GID general obligation bond	\$ 78,965,000	\$ 80,655,000	\$ -	\$ -	\$ 78,965,000	\$ 80,655,000
Sales tax revenue bonds	170,950,000	174,115,000	-	-	170,950,000	174,115,000
Lease purchase agreement	1,236,266	1,419,627	-	-	1,236,266	1,419,627
Certificates of participation	33,875,000	-	-	28,785,000	33,875,000	28,785,000
Compensated absences	144,405	180,789	-	-	144,405	180,789
Total	<u>\$ 285,170,671</u>	<u>\$ 256,370,416</u>	<u>\$ -</u>	<u>\$ 28,785,000</u>	<u>\$ 285,170,671</u>	<u>\$ 285,155,416</u>

See Note 3-G for additional information about the City's long-term debt.



## ECONOMIC CONDITIONS AFFECTING THE CITY

The Commerce City economy activity Report recorded mixed trends across many indicators through 2017. The employment situation improved, with overall employment rising .05 percent between the second quarters of 2017 and 2016, representing the addition of 157 new jobs. The unemployment rate in the third quarter of 2017 decreased to 2.5 percent, 0.9 percentage point lower than a year ago. The unemployment rate in the third quarter of 2017 was 0.9 percentage points below both the prior year and prior quarter rates.

The Consumer Confidence Index for the U.S. increased to 125.6 in the fourth quarter of 2017, a 4.4 percent increase over-the-quarter. This was the highest quarterly level recorded since the fourth quarter of 2000. The U.S. Index also recorded a 16.5 percent increase over-the-year. Colorado is included in the Mountain Region Index and the area reported a 10.2 percent increase over-the-quarter to 136.3. The Mountain Index recorded a 21.1 percent increase over-the-year.

Commerce City existing home sales increased in the single-family attached market at a rate of 8.9 percent, representing the sale of 4 more homes over-the-year. Adams County (-7.7 percent) and Metro Denver (-6.9 percent) both reported decreases in single-family attached home sales between the third quarter of 2016 and the third quarter of 2017. Indeed, all seven counties in the Metro Denver area recorded decreases in attached home sales over-the-year.

Single-family attached prices increased in Commerce City and throughout most of the Metro Denver area. Commerce City reported an increase of 13.4 percent over-the-year, with the average price rising by \$30,325 to \$256,396.

The single-family detached market in Commerce City tightened as demand outpaced supply for homes in the area. Home sales decreased over-the-year, falling 9.3 percent, or 29 less homes sold. Adams County also recorded a decrease in the number of homes sold over-the-year, falling 7.8 percent

## COMMERCE CITY ECONOMIC HEADLINES

- Commerce City leaders approved a business incentive package for Arrivo, a Los Angeles-based high-speed transit startup that plans to open a research and development center in the city. The company plans to invest \$10 million on a half-mile track along with equipment, testing rigs, and system vehicles. The operation is expected to generate 75 high-paying jobs with an annual wage of \$100,000.
- The Colorado Department of Transportation has required the Central 70 highway project to hire 20 percent of highway construction workers from the local community. Including Commerce City, the \$1.2 billion highway project is looking to hire roughly 350 workers from low-income areas near the Interstate 70 project.
- The North Range Crossings housing development is now under construction, bringing 216 affordable housing units to the market. City Council approved incentives in the form of waived fees and tax breaks and Commerce City Housing Authority provided the project with certain tax exemptions. The property will feature 1-, 2-, and 3-bedroom units, a clubhouse, fitness center, yoga area, community commercial kitchen, and business center.
- The Tower Road widening project is complete, and opened the road to four lanes between E. 80th and E. 103rd Avenues. The project has added an extra travel lane in each direction, which greatly improves traffic flow and safety of the roadway. The total project budget was \$51.1 million and the project was completed on time and within budget.

- Forbes' list of the “Best States for Business” was recently published, ranking Colorado No. 8. For the annual ranking, Forbes analyzed states across six categories: business costs, labor supply, regulatory environment, economic climate, growth prospects, and quality of life. Colorado was credited as having a young, educated labor supply and a migrating population that is attracted to its robust economy and outdoor recreational opportunities.

- Colorado ranked eighth among the 50 states for population added from 2016 to 2017. With a growth rate of 1.4 percent, Colorado grew twice as fast as the national average, with the state adding more than 77,000 residents this past year, bringing its total population to just over 5.6 million. Regionally, the nation’s West and South are growing much faster (1 percent each from last year) than the Northeast (0.2 percent) and Midwest (0.3 percent). Nearly 47,000 of the increase in state residents was due to net migration, or those moving into the state less those moving out.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City’s finances, comply with finance-related laws and regulations, 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 Manager’s Office or the City’s Finance Department.

*City of Commerce City, Colorado*  
*Statement of Net Position*  
*December 31, 2017*

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Units
<b>Assets</b>				
<b>Current Assets:</b>				
Equity in pooled cash and investments (Note 3-A)	\$ 147,081,838	\$ 57,428	\$ 147,139,266	\$ 1,367,663
Receivables				
Accounts	4,468,286	198,143	4,666,429	65,652
Property taxes (Note 3-B)	10,610,461	-	10,610,461	-
Sales and use taxes	6,220,587	-	6,220,587	-
Special assessments	27,289	-	27,289	-
Notes	10,391,726	-	10,391,726	-
Loans	-	-	-	24,865
Interest	-	-	-	20,829
Inventory (Note 1-E-4)	448,028	-	448,028	-
Prepaid items (Note 1-E-5)	525,277	-	525,277	-
Assets held for resale	12,282,872	-	12,282,872	-
Restricted assets	-	-	-	1,343,581
<b>Total Current Assets</b>	<b>192,056,365</b>	<b>255,571</b>	<b>192,311,936</b>	<b>2,822,590</b>
<b>Non-Current Assets:</b>				
Notes receivables	-	-	-	2,332,858
Interest receivable	-	-	-	872,111
Prepaid items (Note 1-E-5)	1,204,776	-	1,204,776	-
Capital assets (Note 3-C)				
Nondepreciable	166,704,833	-	166,704,833	345,949
Depreciable, net	287,718,530	-	287,718,530	354,265
Investments in housing units	-	-	-	4,883
<b>Total Non-Current Assets</b>	<b>455,628,139</b>	<b>-</b>	<b>455,628,139</b>	<b>3,910,066</b>
<b>Deferred Outflows of Resources (Note 3-D)</b>	<b>2,044,363</b>	<b>-</b>	<b>2,044,363</b>	<b>-</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>649,728,867</b>	<b>255,571</b>	<b>649,984,438</b>	<b>6,732,656</b>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Vouchers and contracts payable	14,538,076	-	14,538,076	5,898
Accrued expenses payable	70,684	-	70,684	-
Deposits payable	3,638,990	-	3,638,990	4,200
Accrued interest payable	3,613,128	-	3,613,128	-
Unearned revenue	4,247,755	-	4,247,755	-
Compensated absences payable (Note 3-G)	118,223	-	118,223	-
Certificates of participation payable (Note 3-G)	1,081,828	-	1,081,828	-
Lease purchase agreement payable (Note 3-G)	204,518	-	204,518	-
General obligation bonds payable (Note 3-G)	1,890,000	-	1,890,000	-
Sales and use tax revenue bonds payable (Note 3-G)	3,250,000	-	3,250,000	-
<b>Total Current Liabilities</b>	<b>32,653,201</b>	<b>-</b>	<b>32,653,201</b>	<b>10,098</b>
<b>Long-Term Liabilities: (net of current portion)</b>				
Compensated absences payable (Note 3-G)	26,182	-	26,182	-
Other postemployment benefits payable (Note 3-J)	5,413,450	-	5,413,450	-
Certificates of participation payable (Note 3-G)	34,062,928	-	34,062,928	-
Lease purchase agreement payable (Note 3-G)	1,031,748	-	1,031,748	-
General obligation bonds payable (Note 3-G)	82,411,069	-	82,411,069	-
Sales and use tax revenue bonds payable (Note 3-G)	188,455,295	-	188,455,295	-
<b>Total Long-Term Liabilities</b>	<b>311,400,672</b>	<b>-</b>	<b>311,400,672</b>	<b>-</b>
<b>Deferred Inflows of Resources (Note 3-D)</b>	<b>10,609,880</b>	<b>-</b>	<b>10,609,880</b>	<b>-</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>354,663,753</b>	<b>-</b>	<b>354,663,753</b>	<b>10,098</b>
<b>Net Position</b>				
Net investment in capital assets (Note 3-K)	178,169,991	-	178,169,991	700,214
Restricted for:				
Capital projects	6,275,397	-	6,275,397	-
Housing purposes	-	-	-	1,343,581
Capital outlay and operations	30,002,058	-	30,002,058	54,017
Urban renewal	6,598,050	-	6,623,808	-
Emergencies (Note 2-D)	3,394,498	-	3,368,740	-
Public safety	70,372	-	70,372	-
Public works	310,142	-	310,142	-
Parks and recreation	463,117	-	463,117	-
Unrestricted	69,781,488	255,571	70,037,059	4,624,746
<b>Total Net Position</b>	<b>\$ 295,065,112</b>	<b>\$ 255,571</b>	<b>\$ 295,320,683</b>	<b>\$ 6,722,558</b>

See accompanying notes to the basic financial statements

*City of Commerce City, Colorado*  
*Statement of Activities*  
*For the Year Ended December 31, 2017*

Function/Program	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services and Sales and Fines	Operating Grants and Contributions	Primary Government		
				Capital Grants and Contributions	Governmental Activities	Business-Type Activities
<b>Primary Government</b>						
General government	\$ 20,101,431	\$ 1,192,090	\$ 102,220	\$ -	\$ (18,807,121)	\$ -
Human resources	1,126,099	-	-	-	(1,126,099)	-
Community development	4,017,432	2,551,830	-	-	(1,465,602)	-
Public safety	16,766,559	1,416,649	116,534	-	(15,233,377)	-
Parks and recreation	27,207,824	2,936,533	349,341	21,766,619	(2,155,330)	-
Interest	14,282,916	4,466,516	667,977	494,394	(8,654,027)	-
	11,656,649	-	-	-	(11,656,649)	-
<b>Total Governmental Activities</b>	<b>95,158,909</b>	<b>12,563,618</b>	<b>1,236,071</b>	<b>22,261,014</b>	<b>(59,098,205)</b>	<b>-</b>
<b>Business-Type Activities</b>						
Finance Authority	508,596	-	-	-	(508,596)	-
Solid Waste Management	-	799,196	-	-	799,196	-
<b>Total Business-Type Activities</b>	<b>508,596</b>	<b>799,196</b>	<b>-</b>	<b>-</b>	<b>290,600</b>	<b>-</b>
<b>Total - Primary Government</b>	<b>\$ 95,667,505</b>	<b>\$ 13,362,814</b>	<b>\$ 1,236,071</b>	<b>\$ 22,261,014</b>	<b>(59,098,205)</b>	<b>-</b>
<b>Component Units</b>						
Housing Authority	\$ 165,798	\$ 92,055	\$ 108,427	\$ -	-	34,684
Quality Community Foundation	153,983	-	-	-	-	(153,983)
<b>Total - Component Units</b>	<b>\$ 319,781</b>	<b>\$ 92,055</b>	<b>\$ 108,427</b>	<b>\$ -</b>	<b>-</b>	<b>(119,299)</b>
<b>General Revenues</b>						
Property taxes levied for general purposes					8,601,372	-
Sales and use taxes					64,317,067	-
Specific ownership taxes					800,410	-
Street and bridge taxes					513,191	-
Franchise taxes					3,044,320	-
Highway user taxes					1,757,867	-
Other taxes					1,106,763	-
Investment earnings					5,577	36,030
Miscellaneous					631,181	416,964
Gain on disposition of capital assets					5,274,059	-
<b>Transfers</b>					(707,061)	-
<b>Total General Revenues and Transfers</b>					<b>88,113,290</b>	<b>452,994</b>
<b>Change in Net Position</b>					<b>29,305,685</b>	<b>333,695</b>
<b>Net Position Beginning of Year</b>					<b>266,014,998</b>	<b>6,388,863</b>
<b>Net Position End of Year</b>					<b>\$ 295,065,112</b>	<b>\$ 6,722,558</b>

See accompanying notes to the basic financial statements



*City of Commerce City, Colorado  
Balance Sheet  
Governmental Funds  
December 31, 2017*

	General	Capital Expenditures	Northern Infrastructure GID	Urban Renewal Authority	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in pooled cash and investments	\$ 64,434,797	\$ 60,661,886	\$ 752,369	\$ 2,143,585	\$ 11,270,924	\$ 139,268,560
Receivables:						
Accounts	1,972,311	2,389,865	55,425	-	35,487	4,453,088
Property taxes	2,886,016	-	7,297,024	420,969	6,452	10,610,461
Sales and use taxes	6,220,587	-	-	-	-	6,220,587
Special assessments	-	-	-	-	27,289	27,289
Notes	56,952	7,264,542	-	-	3,070,232	10,391,726
Interfund	53,133	-	-	-	-	53,133
Inventory	45,777	-	-	-	-	45,777
Prepaid items	245,601	171,642	-	-	-	417,243
Assets held for resale	-	-	2,318,230	4,640,400	5,324,242	12,282,872
<b>Total Assets</b>	<b>\$ 75,915,174</b>	<b>\$ 70,487,936</b>	<b>\$ 10,423,048</b>	<b>\$ 7,209,954</b>	<b>\$ 19,734,626</b>	<b>\$ 183,770,737</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities</b>						
Vouchers and contracts payable	\$ 3,036,228	\$ 10,991,458	\$ 950	\$ 165,177	\$ 79,175	\$ 14,272,989
Accrued expenditures	70,684	-	-	-	-	70,684
Deposits payable	3,625,305	13,685	-	-	-	3,638,990
Interfund payable	-	-	-	-	53,133	53,133
Unearned revenue	2,459,732	1,788,022	-	-	-	4,247,755
<b>Total Liabilities</b>	<b>9,191,949</b>	<b>12,793,166</b>	<b>950</b>	<b>165,177</b>	<b>132,309</b>	<b>22,283,551</b>
<b>Deferred Inflows of Resources</b>	<b>2,886,016</b>	<b>-</b>	<b>7,297,024</b>	<b>420,969</b>	<b>25,389</b>	<b>10,629,398</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>12,077,965</b>	<b>12,793,166</b>	<b>7,297,974</b>	<b>586,146</b>	<b>157,697</b>	<b>32,912,949</b>
<b>Fund Balances</b>						
Nonspendable	348,330	-	-	-	-	348,330
Restricted	26,440,325	34,564,523	3,125,074	6,622,808	10,365,442	81,119,171
Committed	-	7,436,184	-	-	5,895,309	13,331,493
Assigned	-	15,694,063	-	-	3,369,310	19,063,373
Unassigned	37,048,554	-	-	-	(53,133)	36,995,420
<b>Total Fund Balances</b>	<b>63,837,209</b>	<b>57,694,770</b>	<b>3,125,074</b>	<b>6,622,808</b>	<b>19,576,928</b>	<b>150,857,787</b>
<b>Total Liabilities, Deferred Inflow of Resources and Fund Balances</b>	<b>\$ 75,915,174</b>	<b>\$ 70,487,936</b>	<b>\$ 10,423,048</b>	<b>\$ 7,209,954</b>	<b>\$ 19,734,626</b>	<b>\$ 183,770,736</b>

See accompanying notes to the basic financial statements

*City of Commerce City, Colorado*  
*Reconciliation of the Governmental Funds Balance Sheet to*  
*The Government-wide Statement of Net Position*  
*December 31, 2017*

<b>Total Governmental Fund Balances</b>			<b>\$ 150,857,787</b>
<b>Amounts reported for governmental activities in the government-wide statement of net position are different because:</b>			
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds (exclusive of internal service funds capital assets).			
	Cost	\$ 746,313,000	
	Less accumulated depreciation	<u>(296,649,971)</u>	<b>449,663,029</b>
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds - special assessments.			<b>19,518</b>
The internal service funds are used by management to charge the costs of the operation and maintenance of the vehicle fleet, facilities and information technology equipment to individual funds. The assets and liabilities of the internal service funds are included in governmental activities column on the government-wide statement of net position.			<b>12,778,397</b>
Interfund receivables and payables between governmental funds are reported on the governmental fund's balance sheet but eliminated on the government-wide statement of net position.			
	Interfund receivables	\$ (53,133)	
	Interfund payables	<u>53,133</u>	<b>-</b>
Liabilities not due and payable in the current period and therefore are not reported in the governmental fund balance sheets but are reported on the government-wide statement of net position (exclusive of internal service funds compensated absences).			
	Bonds payable and bond premiums	\$ (311,151,120)	
	Lease purchase agreement payable	(1,236,266)	
	Compensated absences payable	(138,814)	
	Accrued interest payable	(3,613,128)	
	Other postemployment benefits payable	<u>(5,413,450)</u>	<b>(321,552,778)</b>
Bond insurance is reported as bond issuance costs at the fund level but capitalized on the government wide statement of net position.			<b>1,254,795</b>
Bond refundings are reported as other financing sources and uses in the governmental fund financial statements but refunding amounts are reported as deferred outflows of resources on the government-wide statement of net position.			<b>2,044,363</b>
<b>Net Position of Governmental Activities</b>			<b>\$ 295,065,112</b>
See accompanying notes to the basic financial statements			

*City of Commerce City, Colorado*  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2017*

	General	Capital Expenditures	Northern Infrastructure GID	Urban Renewal Authority	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property taxes	\$ 2,479,952	\$ -	\$ 5,802,649	\$ 300,741	\$ 18,030	\$ 8,601,372
Sales and use taxes	64,317,067	-	-	-	-	64,317,067
Specific ownership taxes	241,491	-	558,919	-	-	800,410
Other taxes	5,954,183	467,958	-	-	-	6,422,141
Licenses and permits	2,634,905	-	-	-	-	2,634,905
Intergovernmental	102,220	18,754,079	-	-	1,252,256	20,108,555
Charges for services	5,801,164	37,020	-	-	2,672,592	8,510,776
Sale of water rights	-	-	76,922	-	150,000	226,922
Fines and forfeitures	1,191,015	-	-	-	-	1,191,015
Contributions	-	-	-	-	26,649	26,649
Investment earnings	674,506	727,429	17,224	27,785	203,136	1,650,079
Interest and penalties	-	-	-	-	4,991	4,991
Miscellaneous	512,880	-	113,132	530,075	431,481	1,587,567
<b>Total Revenues</b>	<b>83,909,383</b>	<b>19,986,486</b>	<b>6,568,846</b>	<b>858,600</b>	<b>4,759,135</b>	<b>116,082,451</b>
<b>Expenditures</b>						
<b>Current:</b>						
General government	14,026,241	-	92,213	-	262,532	14,380,986
Human resources	1,120,327	-	-	-	-	1,120,327
Community development	3,459,351	-	-	555,942	-	4,015,293
Public safety	16,638,253	-	-	-	96,877	16,735,130
Public works	7,819,031	-	-	-	21,897	7,840,928
Parks, Recreation and Golf	11,267,190	-	-	-	667,977	11,935,167
<b>Capital Outlay</b>	<b>-</b>	<b>94,034,306</b>	<b>4,247</b>	<b>-</b>	<b>-</b>	<b>94,038,553</b>
Water Rights	6,500,000	-	-	-	-	6,500,000
<b>Debt Service:</b>						
Principal retirement	1,143,361	-	1,690,000	-	3,165,000	5,998,361
Interest and fiscal charges	875,352	-	3,504,198	-	7,483,811	11,863,360
COP's issuance cost	516,952	-	-	-	-	516,952
<b>Total Expenditures</b>	<b>63,366,056</b>	<b>94,034,306</b>	<b>5,290,658</b>	<b>555,942</b>	<b>11,698,094</b>	<b>174,945,057</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>20,543,327</b>	<b>(74,047,820)</b>	<b>1,278,189</b>	<b>302,658</b>	<b>(6,938,960)</b>	<b>(58,862,606)</b>
<b>Other Financing Sources (Uses)</b>						
COP's Refunding Issuance	28,335,000	-	-	-	-	28,335,000
Premium	1,269,756	-	-	-	-	1,269,756
Payment to Escrow	(29,129,479)	-	-	-	-	(29,129,479)
COP's Issuance	6,500,000	-	-	-	-	6,500,000
Transfers in	7,061	4,156,765	-	83,000	10,321,587	14,568,413
Transfers out	(12,637,507)	-	-	(525,000)	(252,000)	(13,414,507)
<b>Total Other Financing Sources (Uses)</b>	<b>(5,655,169)</b>	<b>4,156,765</b>	<b>-</b>	<b>(442,000)</b>	<b>10,069,587</b>	<b>8,129,182</b>
<b>Net Change in Fund Balances</b>	<b>14,888,158</b>	<b>(69,891,055)</b>	<b>1,278,189</b>	<b>(139,342)</b>	<b>3,130,628</b>	<b>(50,733,425)</b>
<b>Fund Balances Beginning of Year</b>	<b>48,949,051</b>	<b>127,585,824</b>	<b>1,846,885</b>	<b>6,763,150</b>	<b>16,446,301</b>	<b>201,591,212</b>
<b>Fund Balances End of Year</b>	<b>\$ 63,837,209</b>	<b>\$ 57,694,770</b>	<b>\$ 3,125,074</b>	<b>\$ 6,623,808</b>	<b>\$ 19,576,929</b>	<b>\$ 150,857,787</b>

*City of Commerce City, Colorado*  
*Reconciliation of the Governmental Funds Statement of Revenues,*  
*Expenditures and Changes in Fund Balances to the Government-wide Statement of Activities*  
*For the Year Ended December 31, 2017*

**Net Changes In Fund Balances - Total Governmental Funds**

**Amounts reported for governmental activities in the government-wide statement of activities are different because:** **\$ (50,733,425)**

Governmental funds report capital outlays as expenditures on the governmental fund type operating statement. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capitalized capital outlay in the current period (exclusive of internal service funds depreciation).

Depreciation expense	\$	(18,907,087)	
Capital outlay		97,796,889	78,889,802

loss on transaction with Finance Authority (5,626,873)

Developer contributed infrastructure and other contributions are reported as revenue on the government-wide statement of activities but not reported in the governmental funds. 1,937,853

Special assessment revenues in the government-wide statement of activities do not provide current financial resources are not reported as revenues in the governmental fund operating statement.

Balance @ 12/31/16	\$	(22,918)	
Balance @ 12/31/17		19,518	(3,400)

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. 5,998,361

The internal service funds used by management to charge the costs of the operation and maintenance of the vehicle fleet, the buildings and the computer equipment to individual funds are not reported in the government-wide statement of activities on the government-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. 786,747

Other postemployment expenses are reported in the government-wide statement of activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (481,001)

Accrued interest is reported in the government-wide statement of activities, but does not require the use of financial resources and therefore are not reported as reported as expenditures in governmental funds.

Balance @ 12/31/16	\$	3,168,626	
Balance @ 12/31/17		(3,613,128)	(444,502)

Compensated absences are reported in the government-wide statement of activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Balance @ 12/31/16	\$	175,936	
Balance @ 12/31/17		(188,622)	(12,686)

Amortization of bond premium and refunding loss are reported in the governmental fund's operating statement because these transactions require the use of current financial resources but are reported on the government-wide statement of net position. 968,531

The premium on the issuance of long-term debt is reported as an other financing sources at the fund financial reporting level but reclassified as a liability at the government-wide financial reporting level. (1,269,756)

The issuance of long-term debt is reported as an other financing source at the fund financial reporting level but reclassified as a liability at the government-wide financial reporting level. (28,335,000)

The payment to the bond refunding escrow agent is reported as an other financing use but reclassified on the government-wide financial reporting level. 29,129,479

The issuance of long-term debt is reported as an other financing source at the fund financial reporting level but reclassified as a liability at the government-wide financial reporting level. (6,500,000)

Amortizations of bond insurance premium costs are reported in the governmental fund's operating statement because these transactions require the use of current financial resources but are reported on the government-wide statement of net position.

Balance @ 12/31/16	\$	1,116,415	
Balance @ 12/31/17		1,254,795	138,380

Elimination of transfers between governmental funds.

Transfers in	\$	(13,350,111)	
Transfers out		13,350,111	-

Transfers between governmental funds to fiduciary funds are classified as expenditures.

Expenditures	\$	44,440	
Transfers out		(44,440)	-

**Change In Net Position of Governmental Activities** **\$ 24,442,510**

See accompanying notes to the basic financial statements



*City of Commerce City, Colorado*  
*Statement of Net Position*  
*Proprietary Funds*  
*December 31, 2017*

	Business-type Activities Enterprise Funds			Governmental Activities
	Finance Authority	Nonmajor Solid Waste Management	Total	Internal Service Funds
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and cash equivalents (Note 3-A)	\$ -	\$ 57,428	\$ 57,428	\$ 7,813,277
Accounts receivable	-	198,143	198,143	15,198
Inventory (Note 1-E-4)	-	-	-	402,251
Prepaid items (Note 1-E-5)	-	-	-	58,016
<b>Total Current Assets</b>	-	255,571	255,571	8,288,742
<b>Noncurrent Assets:</b>				
Capital assets: (Note 3-C)				
Depreciable capital assets, net	-	-	-	4,760,334
<b>Total Noncurrent Assets</b>	-	-	-	4,760,334
<b>Total Assets</b>	-	255,571	255,571	13,049,075
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Vouchers and contracts payable	-	-	-	265,087
Compensated absences payable	-	-	-	5,592
<b>Total Liabilities</b>	-	-	-	270,679
<b>Net Position</b>				
Net investment in capital assets (Note 3-J)	-	-	-	4,760,334
Restricted for emergencies	-	-	-	15,300
Unrestricted	-	255,571	255,571	8,002,763
<b>Total Net Position</b>	\$ -	\$ 255,571	\$ 255,571	\$ 12,778,397

See accompanying notes to the basic financial statements

*City of Commerce City, Colorado*  
*Statement of Revenues,*  
*Expenses and Changes in Fund Net Position*  
*Proprietary Funds*  
*For the Year Ended December 31, 2017*

	Business-type Activities Enterprise Funds			Governmental Activities
	Finance Authority	Nonmajor Solid Waste Management	Total	Internal Service Funds
<b>Operating Revenues</b>				
Charges for services	\$ -	\$ 799,196	\$ 799,196	\$ 7,976,797
Miscellaneous	-	-	-	118,301
<b>Total Operating Revenues</b>	-	799,196	799,196	8,095,098
<b>Operating Expenses</b>				
Salaries	-	-	-	1,995,153
Purchased services and charges	-	-	-	3,302,614
Materials and supplies	-	-	-	695,009
Depreciation	221,530	-	221,530	1,583,725
<b>Total Operating Expenses</b>	221,530	-	221,530	7,576,501
<b>Operating Income (Loss)</b>	(221,530)	799,196	577,666	518,597
<b>Non-Operating Revenues (Expenses)</b>				
Interest expense	(287,066)	-	(287,066)	-
Bond Issues Cost	-	-	-	-
Investment earnings	-	5,577	5,577	79,239
Gain on the disposition of capital assets	-	-	-	327,175
<b>Total Non-Operating Revenues (Expenses)</b>	(287,066)	5,577	(281,489)	406,414
<b>Income (Loss) Before Contributions and Transfers</b>	(508,596)	804,773	296,177	925,011
Gain on the disposition of capital assets	5,345,094	-	5,345,094	-
Dissolution of Capital assets and Long-Term Debt	(71,035)	-	(71,035)	-
Contributions	-	-	-	352,741
Transfers in	-	-	-	20,236
Transfers out	(7,061)	(700,000)	(707,061)	(511,241)
<b>Change in Net Position</b>	4,758,402	104,773	4,863,175	786,747
<b>Net Position Beginning of Year</b>	(4,758,402)	150,798	(4,607,604)	11,991,651
<b>Net Position End of Year</b>	\$ -	\$ 255,571	\$ 255,571	\$ 12,778,398

See accompanying notes to the basic financial statements

*City of Commerce City, Colorado*  
*Statement of Cash Flows*  
*Proprietary Funds*  
*For the Year Ended December 31, 2017*

				Governmental Activities
	Finance Authority	Nonmajor Solid Waste Management	Total	Internal Service Funds
<b>Increase (Decrease) in Cash and Cash Equivalents</b>				
<b>Cash Flows from Operating Activities</b>				
Cash received from customers	\$ -	\$ 774,727	\$ 774,727	\$ -
Cash received from interfund services provided	-	-	-	8,104,236
Cash payments to employees for services	-	-	-	(1,995,153)
Cash payments for goods and services	-	-	-	(4,404,093)
<b>Net Cash Provided by (Used In) Operating Activities</b>	<b>-</b>	<b>774,727</b>	<b>774,727</b>	<b>1,704,990</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Contributions	-	-	-	
Interfund loan	-	(22,876)	(22,876)	352,741
Transfers in	-	-	-	20,236
Transfers out	(7,061)	(700,000)	(707,061)	(511,241)
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<b>(7,061)</b>	<b>(722,876)</b>	<b>(729,937)</b>	<b>(138,264)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Payments for capital acquisitions	93	-	93	(1,485,693)
<b>Net Cash (Used in) Capital and Related Financing Activities</b>	<b>93</b>	<b>-</b>	<b>93</b>	<b>(1,485,693)</b>
<b>Cash Flows from Investing Activities</b>				
Gain/Loss on the sale of capital assets	-	-	-	358,462
Investment earnings	-	5,577	5,577	79,215
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(6,968)</b>	<b>57,428</b>	<b>50,460</b>	<b>518,710</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>6,968</b>	<b>-</b>	<b>6,968</b>	<b>7,294,567</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ -</b>	<b>\$ 57,428</b>	<b>\$ 57,428</b>	<b>\$ 7,813,277</b>

(continued)

*City of Commerce City, Colorado*  
*Statement of Cash Flows*  
*Proprietary Funds*  
*For the Year Ended December 31, 2017*

(continued)

				Governmental Activities
	Finance Authority	Nonmajor Solid Waste Management	Total	Internal Service Funds
<b>Reconciliation of Operating Income to Net Cash Provided by (Used In) Operating Activities</b>				
<b>Operating Income</b>	\$ (221,530)	\$ 799,196	\$ 577,666	\$ 518,597
<b>Adjustments:</b>				
Depreciation	221,530	-	221,530	1,583,725
<b>(Increase) Decrease in Assets:</b>				
Accounts receivable	-	(24,469)	(24,469)	9,138
Inventory	-	-	-	(247,227)
Prepaid items	-	-	-	7,427
<b>Increase (Decrease) in Liabilities:</b>				
Vouchers and contracts payable	-	-	-	(168,480)
Accrued expenses	-	-	-	-
Compensated absences	-	-	-	1,810
<b>Net Cash Provided by (Used In) Operating Activities</b>	-	774,727	774,727	1,704,990
<b>Noncash Capital Activities:</b>				
Contributions of capital assets	\$ -	\$ -	\$ -	\$ -

The Finance Authority's debt was paid off as a result of the City's issuance of refunding COPs and capital assets were acquired by the City see Notes 3-C and 3-G for further information.

See accompanying notes to the basic financial statements

*City of Commerce City, Colorado*  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*December 31, 2017*

	<u>Pension Trust</u>	<u>Agency</u>
<b>Assets</b>		
Equity in pooled cash and investments	\$ 633,728	\$ 2,429,934
Loans receivable	243,254	-
Mutual money market funds, at fair value	<u>24,648,310</u>	<u>-</u>
<b>Total Assets</b>	<u>25,525,291</u>	<u>2,429,934</u>
<b>Liabilities</b>		
Accounts payable	<u>-</u>	<u>\$ 2,429,934</u>
<b>Net Position</b>		
Held in trust for pension benefits	<u>\$ 25,525,291</u>	

See accompanying notes to the basic financial statements

*City of Commerce City, Colorado*  
*Statement of Changes in Fiduciary Net Position*  
*Pension Trust Funds*  
*For the Year Ended December 31, 2017*

<b>Additions</b>	
Contributions:	
City	\$ 705,984
Employee	705,985
Investment earnings	5,290,619
Transfers in	44,160
<b>Total Additions</b>	<b>6,746,748</b>
<b>Deductions</b>	
Administration	-
Benefits	44,440
Withdrawals	2,403,234
<b>Total Deductions</b>	<b>2,447,674</b>
<b>Change in Net Position</b>	<b>4,299,074</b>
<b>Net Position Beginning of Year</b>	<b>21,226,217</b>
<b>Net Position End of Year</b>	<b>\$ 25,525,291</b>

See accompanying notes to the basic financial statements



*City of Commerce City, Colorado*  
*Combining Statement of Net Position*  
*Component Units*  
*December 31, 2017*

	Housing Authority	Quality Community Foundation	Total
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 1,313,646	\$ 54,017	\$ 1,367,663
Receivables:			
Accounts	65,652	-	65,652
Loans	24,865	-	24,865
Interest	20,829	-	20,829
Restricted cash	1,343,581	-	1,343,581
<b>Total Current Assets</b>	<b>2,768,573</b>	<b>54,017</b>	<b>2,822,590</b>
<b>Noncurrent Assets:</b>			
Investments in housing units	4,883	-	4,883
Receivables:			
Notes	2,332,858	-	2,332,858
Interest	872,111	-	872,111
Capital assets:			
Land	345,949	-	345,949
Depreciable, net	354,265	-	354,265
<b>Total Noncurrent Assets</b>	<b>3,910,066</b>	<b>-</b>	<b>3,910,066</b>
<b>Total Assets</b>	<b>6,678,639</b>	<b>54,017</b>	<b>6,732,656</b>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Vouchers and contracts payable	5,898	-	5,898
Security deposits payable	4,200	-	4,200
<b>Total Current Liabilities</b>	<b>10,098</b>	<b>-</b>	<b>10,098</b>
<b>Net Position</b>			
Net investment in capital assets	700,214	-	700,214
Restricted for housing purposes	1,343,581	-	1,343,581
Restricted for community charitable purposes	-	54,017	54,017
Unrestricted	4,624,746	-	4,624,746
<b>Total Net Position</b>	<b>\$ 6,668,541</b>	<b>\$ 54,017</b>	<b>\$ 6,722,558</b>

See accompanying notes to the basic financial statements

*City of Commerce City, Colorado*  
*Combining Statement of Activities*  
*Component Units*  
*For the Year Ended December 31, 2017*

	Housing Authority	Quality Community Foundation	Total
<b>Expenses</b>			
General government	\$ 165,798	\$ 153,983	\$ 319,781
<b>Revenues</b>			
Program:			
Charges for services	92,055	-	92,055
Operating grants and contributions	108,427	-	108,427
<b>Total Program Revenues</b>	200,482	-	200,482
<b>Net Program (Expense)</b>	34,684	(153,983)	(119,299)
<b>General Revenues</b>			
Miscellaneous	242,749	174,215	416,964
Investment earnings	36,022	8	36,030
<b>Total General Revenues</b>	278,771	174,223	452,994
<b>Change in Net Position</b>	313,455	20,240	333,695
<b>Net Position Beginning of Year</b>	6,355,086	33,777	6,388,863
<b>Net Position End of Year</b>	\$ 6,668,541	\$ 54,017	\$ 6,722,558

See accompanying notes to the basic financial statements