



FINANCE MEMORANDUM

#11-12

DATE: June 9, 2011

TO: Honorable Mayor Joyce Downing and City Council Members

FROM: Bill Simmons, City Manager 
Shawn Cordsen, Finance Director 

SUBJECT: Acceptance of the 2010 audit of the Comprehensive Annual Financial Report & Response to Management Letter Comments CR-58

BACKGROUND:

An external audit is an essential element in the process of accountability and provides an important contribution to the stewardship of public resources. According to Section 8.4 of the City Charter, an independent audit shall be made of all City accounts at least annually. To that end, the City has obtained the services of Johnson, Holscher & Company P.C., a licensed independent auditor, to evaluate and provide an opinion on the 2010 Comprehensive Annual Financial Report.

As part of the audit, the City's independent auditors are required to communicate all reportable conditions of the organization to the governing body. This communication takes the form of an Independent Auditors' Report, which is included in the financial statements themselves, as well as a separate management letter. The management letter is normally restricted to items considered immaterial for inclusion in the more formal report.

UPDATE:

Staff is pleased to present the City's 2010 Comprehensive Annual Financial Report, which has received a clean opinion from Holscher & Company P.C. Such an opinion indicates that the City's financial statements fairly present, in all material aspects, the respective financial position of the organization.

Staff has provided copies of the 2010 Comprehensive Annual Financial Report (CAFR), Management Letter, and accepting resolution for Council's review and approval.

In accordance with professional standards, and as part of the 2010 independent financial audit, Holscher & Company P.C. has submitted the enclosed management letter. As part of an ongoing effort to consistently improve the financial reporting and internal controls of the organization, staff has reviewed the management letter in detail and offers the following responses:

- Under the sub-header "Other Matters" there were two issues addressed during the 2010 year-end process.
 - The first of which addressed Governmental Accounting Standards Board (GASB) Statement 51. The statement requires governments to report intangible assets of significant value. The City is currently following the required practice, however it has been suggested that the City consider the adoption of an accounting policy to formalize the treatment of such assets. In response, the Finance Committee will begin discussing the inclusion of such a policy in the Comprehensive Financial Policy document at its next regularly scheduled meeting with the intent of bringing forward recommended language to City Council in the near future.

- The second item discusses Governmental Accounting Standards Board (GASB) Statement 54. The statement establishes new reporting requirements and categorization of fund balance beginning in the December 31, 2011 year-end financial statements. In anticipation of the requirements, last fall staff implemented the new reporting and categorization of fund balance in the 2011 Adopted Budget with the intent of including those elements in the 2011 year-end financial statements as established.

STAFF REFERENCE:

If Councilmembers have any comments or questions, please contact Shawn Cordsen at scordsen@northglenn.org or at 303-450-8719.

April 22, 2011

Honorable Mayor and Members of the City Council
City of Northglenn
Northglenn, Colorado

We have audited the financial statements of the City of Northglenn (the City) for the year ended December 31, 2010, and have issued our report thereon dated April 22, 2011. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of the City. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in Note 1 to the basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no estimates affecting the financial statements.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the basic financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the City that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements.

We proposed no significant audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on the City's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the basic financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing our audit.

Other Matters

GASB 51 - Intangible Assets: Effective December 31, 2010 governments are required to report intangible assets of significant value in their financial statements. To implement this requirement adoption of an accounting policy on intangible assets should be considered. This policy could define intangible assets and establish cost basis for booking the previously undisclosed assets. This policy would then be approved by the Council.

GASB 54 - Fund Balance Categories: Financial statements at December 31, 2011 will be required to report new categories of fund balance on the governmental balance sheet. Entities should review the provisions and formalize certain policies before December 31, 2011 in order to be in compliance with this requirement. The intent is to help entities define how much fund balance is already set aside for specific purposes and thus is not available for future expenditure. Also, some special revenue funds may not qualify for separate reporting if they do not receive restricted revenue sources (including those which only record interfund transfers in) and may be required to be combined with your General Fund in future financial statements. We have provided a summary of the required categories to your organization and are available to assist you in meeting this requirement for next year.

We appreciate the time and effort made by Shawn Cordsen, Jason Loveland and the staff in completing the audit in a timely and efficient manner.

This information is intended solely for the information and use of the Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties.



Johnson, Holscher & Company, P.C.

SPONSORED BY: MAYOR DOWNING

COUNCILMAN'S RESOLUTION

RESOLUTION NO.

No. CR-58
Series of 2011

Series of 2011

A RESOLUTION ACCEPTING THE AUDIT OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE CITY OF NORTHGLENN FOR THE YEAR ENDED DECEMBER 31, 2010

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTHGLENN, COLORADO, THAT:

Section 1. The Comprehensive Annual Financial Report for the City of Northglenn for the year ended December 31, 2010 has been audited by the independent audit firm of Johnson, Holscher & Company P.C. and is hereby accepted by the City Council of the City of Northglenn, Colorado as presented and in accordance with Colorado State Statute.

DATED at Northglenn, Colorado, this ____ day of _____, 2011.

JOYCE DOWNING
Mayor

ATTEST:

JOHANNA SMALL, CMC
City Clerk

APPROVED AS TO FORM:

COREY Y. HOFFMANN
City Attorney

CITY OF NORTHGLENN, COLORADO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2010





CITY OF NORTHGLENN, COLORADO

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended December 31, 2010

**Prepared by:
Finance Department**

CITY OF NORTHGLENN, COLORADO

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CITY OF NORTHGLENN, COLORADO

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CITY OF NORTHGLENN, COLORADO

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11701 Community Center Drive
Northglenn, Colorado 80233-8061
Phone (303) 451-8326
Fax (303) 450-8708

April 27, 2011

To the Citizens, Mayor, Members of City Council
City of Northglenn, Colorado

We are pleased to submit this Comprehensive Annual Financial Report of the City of Northglenn, Colorado (the City) for the fiscal year ended December 31, 2010 as required by local ordinance, City Charter and state statutes. These ordinances and statutes require that the City issue an annual report on its financial position and activity, and that an independent firm of certified public accountants audit this report.

Responsibility for the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief this financial information is reported in a manner designed to present fairly the financial position and results of operations of the various funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principals (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The City's financial statements have been audited by Johnson, Holscher & Company PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2010 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2010 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.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City was incorporated in 1969 and became a home rule city in 1975 under the provisions of Article XX of the Constitution of the State of Colorado. Pursuant to charter, the City operates under the council-manager form of government with power vested in an elected, nine-member City Council. Policy-making and legislative authority remains the responsibility of the City Council. The Council adopts the budget, appoints the boards and commissions, and hires the City Manager, City Attorney, City Clerk, and Municipal Judge. The City Manager is responsible for carrying out the policies and ordinances approved by Council, for overseeing the day-to-day operations of the City, and for appointing the heads of various departments. Elected by ward on a non-partisan basis, Council Members serve four-year staggered terms. The Mayor is elected at-large every four years. The Council may take action through ordinances, resolutions, and motions.

The City provides a full range of services including police protection, municipal court services, street and road maintenance, parks and recreation, sanitation services, water treatment, sewer and stormwater services, as well as planning and general administration.

The City is a suburban community made up of two geographically separated areas. The major portion of the City contains 6.5 square miles and serves a population of approximately 33,563. In 1990, the City annexed approximately one additional square

mile of land, which is located 5.5 miles north of the former City border. The annexed land included the City's wastewater treatment facility and approximately one-half square mile of undeveloped land. The City is located approximately 9 miles north of Denver and bordered by the City of Thornton on the north, east, and south, and by the City of Westminster on the west. US Interstate 25 bisects the City in a North-South direction, and serves as the area's primary arterial along the foothills and Front Range cities.

The City has two discretely presented component units and one blended component unit included in its financial statements. The Northglenn Urban Renewal Authority, Church Ditch Water Authority, and Northglenn Capital Leasing Corporation are legally separate entities. These component units do not issue complete separate financial statements. Additional information on these three units is included in notes to financial statements and in miscellaneous schedules.

Local Economy

Approximately 930 businesses operate in the City offering a wide variety of goods and services. A 125-acre industrial park located on the east side of the City and comprised of over 100 businesses involved in manufacturing, transportation, warehousing, automotive, and other services provides many of the primary jobs within the community. The City is also home to a number of "big box" commercial retail establishments including Lowes, Best Buy, and Old Navy. The Northglenn Marketplace located at Interstate 25 and 104th Avenue is the primary retail center within the City and is made up of approximately 49 establishments and representing over 650,000 square feet of retail space.

As part of the Denver metropolitan area, the City's economy reflects and benefits from the general economy of the Denver area. Over the past decade, Colorado and the Denver Metropolitan Region grew at a greater rate than a majority of the country. Nearly at build out, the City is no longer participating in this trend. The City issued 2,060 building permits in 2010. Those permits included 2 new commercial establishments, while the remaining permits issued were requested for miscellaneous improvements or additions to previously existing structures, most of which were the direct result of a building material recall and replacement in a local neighborhood.

The Consumer Price Index for the Denver metropolitan area increased 1.9% comparable with the increase in the national index of 1.6% for all urban consumers for the twelve months ending December 31, 2010. During the recent economic downturn, Adams County, Colorado reported an average unemployment rate of 9.9% for 2010 compared to 9.0% reported in 2009. Local area unemployment is just slightly above that of the nation as a whole, which reported an average unemployment rate of 9.6%.

Long-Term Financial Planning

The City of Northglenn is a mature community, bordered on all sides by other municipalities with limited land available for new development. As such, redevelopment remains a primary focus of long-term financial planning. While limited, opportunities for infill development within the City do exist. Vacant land along 120th Avenue near Interstate 25 offers a desirable business location for a wide variety of commercial uses. In addition, two future mass-transit light rail stations are planned in or near Northglenn as part of the Regional Transportation District's (RTD) FasTrack program. The first station is planned to be built on vacant property between Irma and York Street on 112th Avenue, while the other is planned to go in just north of the city limits, at 124th Avenue and Claude Court.

Reinvestment in public infrastructure remains a crucial component of the City's long-range plans. Aging infrastructure, increased traffic from surrounding cities, and unfunded mandates drive many of the foreseeable future obligations. Therefore the City has taken steps to ensure identified funding of future capital and infrastructure needs. In 2008, voters approved the continuation of a one-half percent sales tax dedicated for the procurement of water rights until December 31, 2015. The following year, voters approved the 10-year extension of a 4.000 mill property tax for the exclusive purposes of reconstructing streets and roadways. And in 2010, voters approved the 15-year continuation of another one-half percent sales tax with a spending restriction for purposes of funding capital improvement projects. Also as part of the long-range planning, the City increased the water and wastewater user rates to support the ongoing operations and maintenance of the City's water and wastewater plants and infrastructure in 2009 and again in 2010.

Debt Administration. As of December 31, 2010, the City has no general obligation bonded debt outstanding. Under state statute, general obligation bonded debt issuances are subject to a legal limitation based on 3 percent of total assessed value of real and personal property.

At December of 2010, the Northglenn Capital Leasing Corporation (NCLC), a blended component unit of the City, had Certificates of Participation (Certificates) outstanding in the amount of \$9,625,000. Water and wastewater rates are set each year to cover the required lease payments and projected operating costs. The required annual lease payments are approximately \$1,140,000 per year and are scheduled to continue through 2022. Underlying this issue is an annually renewable capital lease agreement between the City and NCLC, which will be funded by water and wastewater fund revenues. The Certificates are the

long-term obligation of NCLC and do not constitute a general obligation or other indebtedness to the City. The certificates were used to fund construction costs related to the Standley Lake Dam Improvement Project.

In December of 2010, the City entered into a capital lease in the amount of \$7,590,000 for the purchase of water rights via the Church Ditch. The required annual lease payments are approximately \$1,700,000 per year and are scheduled to continue through 2015 supported by the one-half percent sales tax restricted for water rights purchases.

Relevant Financial Policies. It is the City of Northglenn's policy that unreserved fund balance within the General Fund must be at least 25% of the current year's General Fund operating expenditures. Accordingly, the City initiated significant cost cutting measures including the delay of capital purchases, reduction of staff, and the outsourcing of building, permitting, inspection, and other services during the recent economic downturn in order to maintain the 25% unreserved fund balance.

Major Initiatives

Activities undertaken by the City of Northglenn during the year further confirmed the ongoing commitment to improve infrastructure via the continuation and initiation of various capital projects. As a built out community, the aging infrastructure is showing signs of deterioration. The year's activities as highlighted below demonstrate the City's response to the assessment and management of the infrastructures demands.

Street Reconstruction – In November of 2009 voters approved the 10-year continuation of a 4.000 mill property tax for the exclusive purpose of rehabilitation and reconstruction of streets throughout the City. The program is expected to supplement the ongoing street maintenance program and improve the City's transportation network by targeting those roads where the full structural integrity is impaired. The average annual revenue is projected at \$900,000.

Huron Street Reconstruction – In 2009 the City was awarded \$4.1 million via the American Recovery and Reinvestment Act (ARRA) for the reconstruction of Huron Street, which serves as a regional arterial roadway providing access to the City's primary retail center. As of December 2010 the project had reached significant completion and is anticipated to wrap up in early 2011.

Clearwell Construction – In 2010, the City continued the process of constructing a new clearwell at the water treatment facility to meet various water treatment regulations and allow for operational redundancy allowing for more flexibility. The total estimated cost of the project is \$2.2 million.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended December 31, 2009 using Governmental Accounting Standards Board Statement 34 presentation of financial statements. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report 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 comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the comprehensive annual financial report was made possible by the dedicated services of the entire staff of the Finance Department. Each member of the Department has our sincere appreciation for the contributions made in the preparation of this report.

Sincerely,



William A. Simmons
City Manager



Shawn G. Cordsen
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Northglenn
Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

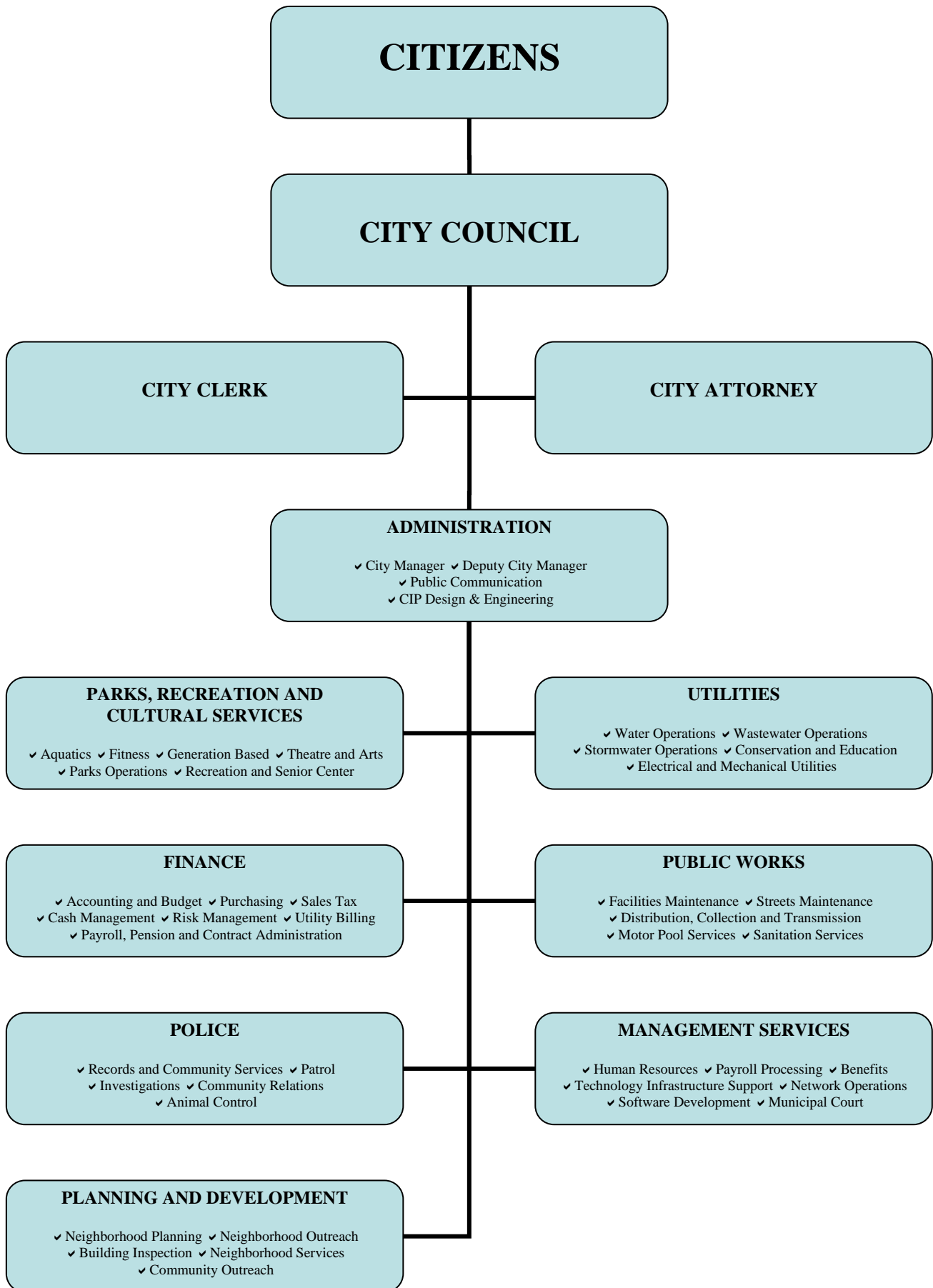
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

CITY OF NORTHGLENN - ORGANIZATIONAL STRUCTURE





CITY OF NORTHGLENN, COLORADO

CITY COUNCIL

Joyce Downing, Mayor

Susan Clyne, Mayor Pro-Tem, Ward Three

Ervin Baker, Ward Three

Sheri Paiz, Ward One

Carol Dodge, Ward One

Joe Brown, Ward Two

Leslie Carrico, Ward Two

Gene Wieneke, Ward Four

Kim Snetzinger, Ward Four

ADMINISTRATIVE OFFICIALS

William A. Simmons, City Manager

Shawn Cordsen, Finance

Paula Jensen, Management Services

Amanda Peterson, Parks & Recreation

James Hayes, Planning and Development

Russ VanHouten, Police

David Willett, Public Works and Utilities

Honorable Mayor and Members of the City Council
City of Northglenn, Colorado
Northglenn, Colorado

INDEPENDENT AUDITORS' REPORT

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 Northglenn, Colorado (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Northglenn, Colorado as of December 31, 2010 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2011 on our consideration of the City of Northglenn, Colorado's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, are not a required part of the basic financial statements. The combining and individual fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.



April 22, 2011
Centennial, CO



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CITY OF NORTHGLENN, COLORADO

MANAGEMENT DISCUSSION AND ANALYSIS DECEMBER 31, 2010

This section of the City of Northglenn's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on December 31, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

Financial Highlights

- The assets of the City of Northglenn exceeded its liabilities at the close of the most recent fiscal year by \$220,478,881 (net assets). Of this amount, \$19,449,540 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$6,929,883 over the prior year.
- At the end of the current fiscal year, fund balance within the governmental funds was \$11,481,482, or 50% of total 2010 expenditures, which represents an increase of \$2,284,563 when compared to 2009.
- In December 2010, the City's purchased water rights via a capital lease resulting in the creation of \$7,590,000 in additional debt.
- The City reduced the principal amount of the 2002 Certificates of Participation in the amount of \$560,000 and completed the pay off of several capital leases in the amount of \$433,561.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Northglenn's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report also contains other supplementary information which is intended to expand and enhance the reader's understanding of the financial condition of the City.

The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
- The *governmental funds* statements communicate how general governmental services like public safety were financed in the short term as well as what remains for future spending.
- *Proprietary fund* statements offer short and long term financial information about the activities the government operates like businesses, such as the water and wastewater system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds, which are added together and presented in a single column in the basic financial statements.

CITY OF NORTHGLENN, COLORADO

MANAGEMENT DISCUSSION AND ANALYSIS DECEMBER 31, 2010

Figure A-1 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-1
Major Features of the City of Northglenn's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds) and the City’s component units	The activities of the city that are not proprietary or fiduciary, such as police, parks and recreation	Activities the City operates similar to private businesses such as water and wastewater, stormwater, and the trash removal operation
Required financial statements	Statement of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and changes in Fund Balances	Statement of Net Assets Statement of Revenues, Expenses, and Changes in Net Assets, Statement of Cash Flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/ Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the City as a whole, using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are reported for in the Statement of Activities (regardless of when cash is received or paid).

The two government-wide statements report the City’s *net assets* and how they have changed. Net assets - the difference between the City’s assets and liabilities – is one way to measure the City’s financial health, or *position*.

- Over time, increases or decreases in the City’s net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, it’s necessary to consider additional non-financial factors (such as changes in the City’s retail sales tax base and the condition of the City’s roads).

CITY OF NORTHGLENN, COLORADO

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2010

The government-wide financial statements of the City are divided into three categories:

- *Governmental activities* – Most of the City’s basic services are included, such as the police, public works and utilities, and parks and recreation departments and general administration. Property and sales taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-type activities* – The City charges fees to customers to help cover the costs of certain services. The City’s water and wastewater system, stormwater system, and the trash collection service are included here.
- *Component units* – The City includes three other entities in its report: The Northglenn Urban Renewal Authority and the Church Ditch Water Authority, which are discretely presented component units, and the Northglenn Capital Leasing Corporation. Although legally separate, these “component units” are important because the City is financially accountable for them.

Fund Financial Statements

The fund financial statements provide more detailed information about the City’s most significant funds (not the City as a whole). Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants (like the Capital Projects, Community Development Block Grant and Conservation Trust funds).

The City has two kinds of funds:

- *Governmental funds* – Most of the City’s basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether or not there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the City charges customers a fee are generally reported in proprietary funds. Financial statement for proprietary funds, like the government-wide statements provide both long and short-term financial information as well as additional information such as cash flows.

Financial Analysis of the City

Net Assets. As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the City of Northglenn, assets exceeded liabilities by \$220,478,881 at the close of the most recent fiscal year.

By far the largest portion of the City of Northglenn’s net assets (89%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt to acquire those assets that is still outstanding. The City of Northglenn uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Northglenn’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net assets are designed to reflect net assets that are subject to restriction beyond the City’s control. Unrestricted net assets may be used to meet the government’s ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City of Northglenn is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same held true for the prior fiscal year.

CITY OF NORTHGLENN, COLORADO

MANAGEMENT DISCUSSION AND ANALYSIS DECEMBER 31, 2010

The City's combined net assets (in thousands) were:

	Governmental		Business-type		Total	
	2009	2010	2009	2010	2009	2010
Current and Other Assets	\$ 13,415	\$ 16,090	\$ 16,602	\$ 15,907	\$ 30,017	\$ 31,997
Capital Assets	93,098	94,006	108,455	119,285	201,553	213,291
Total Assets	106,513	110,096	125,057	135,192	231,570	245,288
Long-term Debt	2,193	1,806	11,183	17,771	13,376	19,577
Other Liabilities	3,970	4,336	675	896	4,645	5,232
Total Liabilities	6,163	6,142	11,858	18,667	18,021	24,809
Invested in Capital Assets						
Net of Related Debt	92,633	93,829	97,836	102,070	190,469	195,899
Restricted	1,880	1,891	6,556	3,240	8,436	5,131
Unrestricted	5,837	8,234	8,807	11,215	14,644	19,449
Total Net Assets	\$ 100,350	\$ 103,954	\$ 113,199	\$ 116,525	\$ 213,549	\$ 220,479

Changes in Net Assets

Governmental Activities. Governmental activities increased the City of Northglenn's net assets by \$3,603,839. Key elements of this increase are as follows:

- In 2010 the City experienced a 21% increase in revenue when compared to the prior year. The increase was attributable to the stabilizing economy; however a significant portion of the increase was directly tied to \$3,689,305 of revenue received via the American Recovery & Reinvestment Act (ARRA) for the purpose of reconstructing Huron Street.
- Ongoing cost containment efforts resulted in the reduction of \$1,178,987 or 6% in non-capital expenditures, while reinvestment in capital increased \$4,061,479 or 285% primarily as a result of the fore mentioned reconstruction of Huron Street.

Business-type Activities. Business-type activities increased the City's net assets by \$3,326,044. Key elements of this increase are as follows:

- In 2009, the City paid off the bonded water and wastewater debt. The revenue originally restricted for payment of that debt transitioned for purposes of water rights in 2010.
- In 2010, the City purchased a large quantity of water rights, as well as completed several infrastructure improvement projects resulting in a net increase in capital assets of \$10,830,211.

CITY OF NORTHGLENN, COLORADO

MANAGEMENT DISCUSSION AND ANALYSIS DECEMBER 31, 2010

Changes In Net Assets (In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Revenues						
Program Revenues:						
Charges for Services	\$ 3,053	\$ 3,722	\$ 10,665	\$ 10,605	\$ 13,718	\$ 14,327
Operating Grants and Contributions	345	461	-	-	345	461
Capital Grants and Contributions	2,485	6,177	-	-	2,485	6,177
General Revenues:						
Property Taxes	3,084	2,952	-	-	3,084	2,952
Other Taxes	10,331	10,610	4,115	4,091	14,446	14,701
Franchise Fees	1,117	893	-	-	1,117	893
Unrestricted to Specific Programs	140	97	-	-	140	97
Investment Earnings	190	58	182	105	372	163
Other	297	202	271	149	568	351
Gain(Loss) on Sale of Assets	-	15	-	396	-	411
Total Revenues	21,042	25,187	15,233	15,346	36,275	40,533
Expenses						
General Government	6,383	5,532	-	-	6,383	5,532
Recreation and Culture	3,741	3,437	-	-	3,741	3,437
Public Safety	9,113	7,072	-	-	9,113	7,072
Public Works	3,819	5,522	11,014	11,419	14,833	16,941
Interest on Long-Term Debt	35	20	781	601	816	621
Total Expenses	23,091	21,583	11,795	12,020	34,886	33,603
Increase in Net Assets						
Before Transfers	(2,049)	3,604	3,438	3,326	1,389	6,930
Transfers	(260)	-	260	-	-	-
Increase (Decrease) in Net Assets	(2,309)	3,604	3,698	3,326	1,389	6,930
Net Assets 12/31/09	102,659	100,350	109,501	113,199	212,160	213,549
Net Assets 12/31/10	<u>\$100,350</u>	<u>\$103,954</u>	<u>\$113,199</u>	<u>\$116,525</u>	<u>\$213,549</u>	<u>\$220,479</u>

CITY OF NORTHGLENN, COLORADO

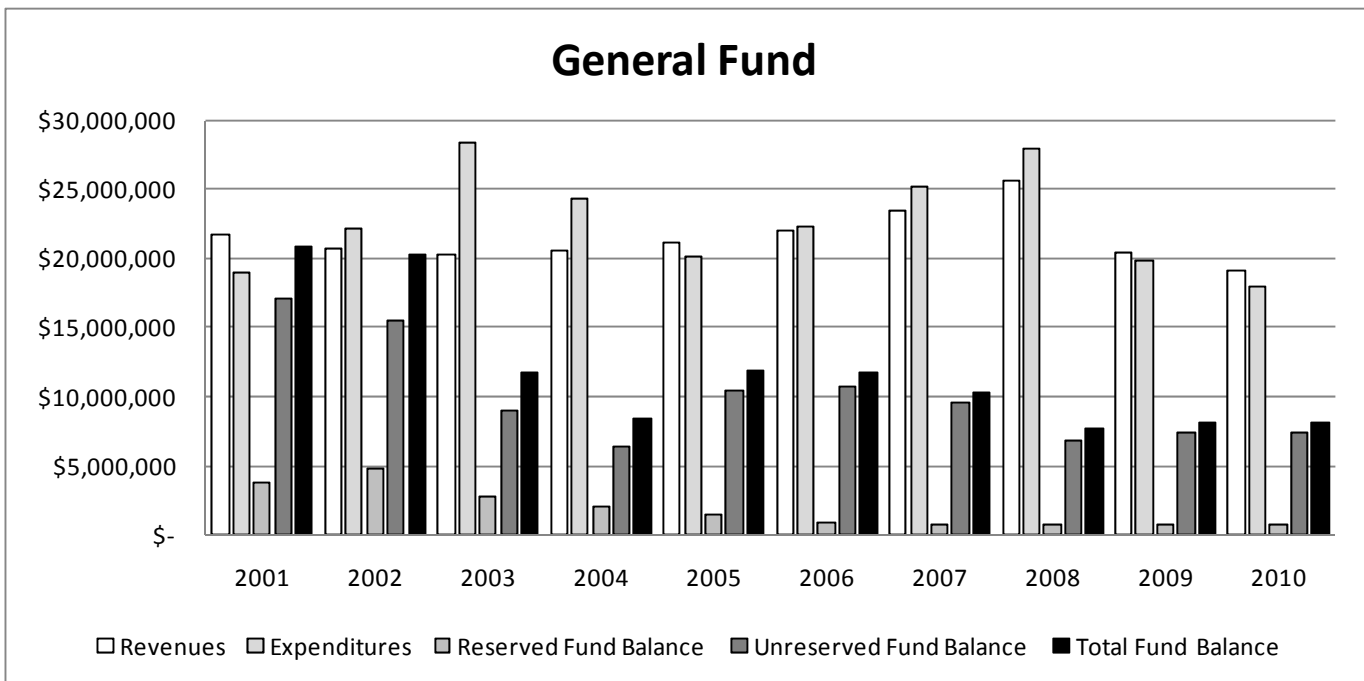
MANAGEMENT DISCUSSION AND ANALYSIS DECEMBER 31, 2010

Financial Analysis of the City's Funds

As noted earlier, the City of Northglenn uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Northglenn's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Northglenn's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the year, the City's governmental funds reported a combined fund balance of \$11,481,482. Of that fund balance, \$7,361,071 constitutes unreserved fund balance, which is available for spending at the government's discretion. Of the total fund balance, \$1,325,586 has been reserved for parks and open space purposes while an additional \$2,110,653 has been reserved for capital projects. The remainder of fund balance is not available for new spending because it has already been committed 1) for a state constitution mandated emergency reserve in the amount of \$565,381 and 2) inventories and prepaid items in the amount of \$118,791.

The general fund is the chief operating fund of the City of Northglenn. At the end of the current fiscal year, unreserved fund balance of the general fund was \$7,361,071 while total fund balance reached \$8,045,243. The fund balance represents an decrease of 2% of \$131,542 when compared to the prior year. The decrease in fund balance is attributable to the transfer of capital-restricted resources the newly created capital projects fund. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 42% of total 2010 general fund expenditures, which includes capital outlay, while total fund balance represents 46% of that same amount.



Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net assets of the water and wastewater fund and stormwater fund at the end of the year amounted to \$112,196,510, and \$1,706,956 respectively. Net assets for the sanitation fund amounted to \$2,621,424. Total change in net assets for all three funds was \$3,326,044. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's Business-type activities.

CITY OF NORTHGLENN, COLORADO

MANAGEMENT DISCUSSION AND ANALYSIS DECEMBER 31, 2010

General Fund Budgetary Highlights

During the year, the only changes to the 2010 original budget appropriation were in the form of transfers from the internal VALE grant program to the Police and/or Planning & Development Departments. The transfers did not impact the bottom-line expenditures of the original budget appropriation and are treated as budgetary transfers from one department to another.

Actual expenditures of \$17,603,101 fell below budget appropriations by \$1,144,815 or 6%. The variance is the direct result of ongoing cost containment efforts implemented during the recent economic recession. Operations which exceeded their associated budget appropriation include the following:

- In 2010, the City Clerk began operating as a passport processing site. In order to offer the service, additional equipment and supplies were needed. The revenues collected via the new service fully support the additional expenditures incurred.
- Expenditures exceeded budget appropriation in the Planning & Development function by \$21,284. The City utilizes a third-party to conduct building and electrical inspections. In 2010, the City experienced an unexpected increase in remodeling activity due to a recall of materials used in a local housing development. Correspondingly revenues associated with providing the service also exceeded anticipated collections.
- Non-Departmental expenditures exceeded budget appropriation by \$127,919. The result of which was a decision to utilize the savings from other functions to pay-off a series of capital leases earlier than originally scheduled.

Capital Asset and Debt Administration

Capital Assets. The City of Northglenn’s investment in capital assets for its governmental and business type activities as of December 31, 2010 amounts to \$213,291,185 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total net increase in the City of Northglenn’s investment in capital assets for the current fiscal year was \$11,738,180.

Major capital asset events during the current fiscal year included the following:

- Water Rights purchases in the amount of \$11,849,863.
- \$4,354,546 for the reconstruction of Huron Street (Construction in Progress).
- The replacement and purchase of three automated trash trucks for a total of \$580,446.

Capital Assets (In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Water Rights	\$ -	\$ -	\$ 45,604	\$ 57,454	\$ 45,604	\$ 57,454
Land and Improvements	8,356	8,356	808	808	9,164	9,164
Construction in Progress	343	5,035	1,605	679	1,948	5,714
Infrastructure and Improvements	95,614	96,101	109,065	111,681	204,679	207,782
Buildings and Improvements	8,498	8,613	18,968	18,989	27,466	27,602
Machinery and Equipment	5,060	5,082	3,752	3,861	8,812	8,943
Total Capital Assets	<u>\$ 117,871</u>	<u>\$ 123,187</u>	<u>\$ 179,802</u>	<u>\$ 193,472</u>	<u>\$ 297,673</u>	<u>\$ 316,659</u>

Additional information on the City of Northglenn’s capital assets can be found in Note 3.C. of this report.

CITY OF NORTHGLENN, COLORADO

MANAGEMENT DISCUSSION AND ANALYSIS DECEMBER 31, 2010

Long-Term Debt. As of December 31, 2010, the City has no general obligation bonded debt outstanding.

The City of Northglenn's long-term obligations increased by \$6,587,636. This increase was the result of the City's procurement of water rights via a capital lease in turn creating \$7,590,000 in additional debt.

Under State Statute, general obligation bonded debt issuances, excluding water related debt, are subject to a legal limitation based on three percent of total assessed value of real and personal property. The City is in compliance with this statute.

Additional information on the City of Northglenn's long-term debt can be found in Note 3.F. of this report.

Economic Factors and Next Year's Budgets and Rates

The factors below were considered in preparing the City of Northglenn's budget for the 2011 fiscal year.

- The unemployment rate for Adams County as of December 31, 2010 was 9.9%. This compares to the State's unemployment rate of 8.9% and the national rate of 9.6%.
- In 2010, sales and use tax collections increased 1.6% when compared to the prior year.
- In 2010, City Council formally adopted comprehensive financial policies which include a requirement that the City maintain a minimum unappropriated fund balance of at least 25% of the current year's General Fund operating appropriations.
- In November 2010, voters approved the extension of a one-half percent city sales tax, to be used for the exclusive purpose of funding capital improvement projects. The tax raised \$1.7 million in 2010.

Requests for Information

This financial report is designed to provide a general overview of the City of Northglenn's finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed to the City of Northglenn, Finance Department, 11701 Community Center Drive, Northglenn, Colorado 80233-8061.

CITY OF NORTHGLENN, COLORADO

STATEMENT OF NET ASSETS DECEMBER 31, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Urban Renewal Authority	Church Ditch Water Authority
ASSETS					
Cash & Investments	\$ 10,658,018	\$ 10,714,335	\$ 21,372,353	\$ 6,223,422	\$ 722,577
Receivables, Net of Allowances	5,313,363	1,756,639	7,070,002	1,303,007	8,675
Inventories	43,062	192,896	235,958	-	-
Deposits and Prepaids	75,729	47,980	123,709	-	-
Bond Issuance Costs	-	223,371	223,371	-	-
Restricted Cash & Investments	-	2,972,107	2,972,107	-	-
Capital Assets, Non Depreciable	13,390,708	58,941,238	72,331,946	912,404	665,000
Capital Assets, Net	80,615,464	60,343,775	140,959,239	213,711	1,628,664
Total Assets	110,096,344	135,192,341	245,288,685	8,652,544	3,024,916
LIABILITIES					
Accounts Payable	847,773	636,430	1,484,203	17,182	5,853
Retainages Payable	214,049	40,387	254,436	-	-
Accrued Liabilities	362,120	168,333	530,453	-	-
Unearned Revenue	2,901,815	-	2,901,815	1,302,601	67,978
Deposits Payable	6,436	3,000	9,436	-	42,985
Accrued Interest Payable	3,880	48,596	52,476	-	-
Noncurrent Liabilities:					
Due Within One Year	1,177,389	2,471,161	3,648,550	-	-
Due After One Year	628,891	15,299,544	15,928,435	-	-
Total Liabilities	6,142,353	18,667,451	24,809,804	1,319,783	116,816
NET ASSETS					
Invested In Capital Assets, Net Of Related Debt	93,828,783	102,070,013	195,898,796	1,126,115	2,293,664
Restricted for:					
Emergency-Tabor	565,381	267,471	832,852	-	-
Water Rights	-	1,133,954	1,133,954	-	-
Debt	-	1,838,153	1,838,153	-	-
Parks & Open Space	1,325,586	-	1,325,586	-	-
Minority Equity Interest	-	-	-	-	614,436
Unrestricted	8,234,241	11,215,299	19,449,540	6,206,646	-
Total Net Assets	\$ 103,953,991	\$ 116,524,890	\$ 220,478,881	\$ 7,332,761	\$ 2,908,100

The notes to the financial statements are an integral part of this statement

CITY OF NORTHGLENN, COLORADO

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Government	\$ 5,532,381	\$ 517,172	\$ 130,322	\$ -
Recreation and Culture	3,436,481	908,161	-	592,565
Public Safety	7,072,212	2,297,090	220,217	-
Public Works	5,521,558	-	110,571	5,584,885
Interest on Long-Term Debt	20,146	-	-	-
Total Governmental Activities:	<u>21,582,778</u>	<u>3,722,423</u>	<u>461,110</u>	<u>6,177,450</u>
Business-type Activities:				
Water and Wastewater	10,273,230	8,676,473	-	-
Stormwater	347,466	419,799	-	-
Sanitation	1,398,860	1,508,397	-	-
Total Business-Type Activities:	<u>12,019,556</u>	<u>10,604,669</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 33,602,334</u>	<u>\$ 14,327,092</u>	<u>\$ 461,110</u>	<u>\$ 6,177,450</u>
Component Units:				
Urban Renewal Authority	\$ 1,028,205	\$ -	\$ -	\$ -
Church Ditch Water Authority	298,488	403,129	-	-
Total Component Units	<u>\$ 1,326,693</u>	<u>\$ 403,129</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes:
Property Taxes for General Purposes
Property Taxes for Capital Improvements
Sales Taxes for General Purposes
Sales Taxes for Water Rights Purchase
Sales Taxes for Bond Retirement
Unrestricted Occupational Taxes
Grants and Contributions Not Restricted to Specific Programs
Investment Earnings
Miscellaneous
Gain/(Loss) On Sale of Assets
Total General Revenues and Transfers
Change in Net Assets
Net Assets-Beginning
Net Assets-Ending

The notes to the financial statements are an integral part of this statement

**Net (Expenses) Revenue and
Changes in Net Assets**

Primary Government			Urban Renewal Authority	Church Ditch Water Authority
Governmental Activities	Business-type Activities	Total		
\$ (4,884,887)	\$ -	\$ (4,884,887)	\$ -	\$ -
(1,935,755)	-	(1,935,755)	-	-
(4,554,905)	-	(4,554,905)	-	-
173,898	-	173,898	-	-
(20,146)	-	(20,146)	-	-
<u>(11,221,795)</u>	<u>-</u>	<u>(11,221,795)</u>	<u>-</u>	<u>-</u>
-	(1,596,757)	(1,596,757)	-	-
-	72,333	72,333	-	-
-	109,537	109,537	-	-
<u>-</u>	<u>(1,414,887)</u>	<u>(1,414,887)</u>	<u>-</u>	<u>-</u>
<u>\$ (11,221,795)</u>	<u>\$ (1,414,887)</u>	<u>\$ (12,636,682)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (1,028,205)	\$ -
-	-	-	-	104,641
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,028,205)</u>	<u>\$ 104,641</u>
2,000,100	-	2,000,100	1,438,062	-
951,190	-	951,190	-	-
10,610,255	-	10,610,255	-	-
-	3,482,553	3,482,553	-	-
-	608,284	608,284	-	-
893,087	-	893,087	-	-
96,538	-	96,538	-	-
57,354	105,322	162,676	44,212	367
201,996	149,029	351,025	7,752	82,717
15,114	395,743	410,857	-	-
<u>14,825,634</u>	<u>4,740,931</u>	<u>19,566,565</u>	<u>1,490,026</u>	<u>83,084</u>
<u>3,603,839</u>	<u>3,326,044</u>	<u>6,929,883</u>	<u>461,821</u>	<u>187,725</u>
<u>100,350,152</u>	<u>113,198,846</u>	<u>213,548,998</u>	<u>6,870,941</u>	<u>2,720,375</u>
<u>\$ 103,953,991</u>	<u>\$ 116,524,890</u>	<u>\$ 220,478,881</u>	<u>\$ 7,332,761</u>	<u>\$ 2,908,100</u>

CITY OF NORTHGLENN, COLORADO

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2010

	General	Capital Projects Fund	Other Governmental Funds	Total
ASSETS				
Cash & Investments	\$ 7,307,319	\$ 1,972,794	\$ 1,377,905	\$ 10,658,018
Receivables, Net of Allowances	3,437,057	1,862,134	14,172	5,313,363
Inventories	43,062	-	-	43,062
Deposits and Prepaids	75,729	-	-	75,729
Due From Other Funds	10,322	-	-	10,322
Total Assets	<u>\$ 10,873,489</u>	<u>\$ 3,834,928</u>	<u>\$ 1,392,077</u>	<u>\$ 16,100,494</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 519,913	\$ 274,540	\$ 53,320	\$ 847,773
Retainages Payable	-	211,200	2,849	214,049
Accrued Liabilities	362,120	-	-	362,120
Deferred Revenue	1,939,777	1,238,535	-	3,178,312
Deposits Payable	6,436	-	-	6,436
Due To Other Funds	-	-	10,322	10,322
Total Liabilities	<u>2,828,246</u>	<u>1,724,275</u>	<u>66,491</u>	<u>4,619,012</u>
FUND BALANCES				
Reserved for:				
Inventories	43,062	-	-	43,062
Deposits and Prepaids	75,729	-	-	75,729
Emergency	565,381	-	-	565,381
Unreserved, reported in:				
General Fund	7,361,071	-	-	7,361,071
Special Revenue Funds	-	-	1,325,586	1,325,586
Capital Project Funds	-	2,110,653	-	2,110,653
Total Fund Balances	<u>8,045,243</u>	<u>2,110,653</u>	<u>1,325,586</u>	<u>11,481,482</u>
Total Liabilities and Fund Balances	<u>\$ 10,873,489</u>	<u>\$ 3,834,928</u>	<u>\$ 1,392,077</u>	

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

Capital assets used in governmental activities are not financial resources therefore are not reported in the funds.	94,006,172
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	276,497
Long-term liabilities, including pension benefits, accrued leave, accrued interest payable, and notes are not due and payable in the current period and therefore are not reported in governmental funds.	(1,810,160)
Net assets of governmental activities	<u>\$ 103,953,991</u>

The notes to the financial statements are an integral part of this statement

CITY OF NORTHGLENN, COLORADO

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED DECEMBER 31, 2010

	General	Capital Projects Fund	Other Governmental Funds	Total
REVENUES				
Taxes-Property, Sales, & Use	\$ 12,610,355	\$ 951,190	\$ -	\$ 13,561,545
Occupational Tax	893,087	-	-	893,087
Intergovernmental	1,661,520	4,469,867	582,408	6,713,795
Licenses and Permits	475,652	-	-	475,652
Charges for Services	1,281,364	-	-	1,281,364
Fines and Forfeitures	1,965,407	-	-	1,965,407
Investment Earnings	45,233	4,710	7,411	57,354
Miscellaneous	201,996	-	-	201,996
Total Revenues	<u>19,134,614</u>	<u>5,425,767</u>	<u>589,819</u>	<u>25,150,200</u>
EXPENDITURES				
General Government	5,278,077	-	10,322	5,288,399
Recreation and Culture	2,889,045	-	-	2,889,045
Public Safety	7,007,715	-	-	7,007,715
Public Works	1,900,952	-	-	1,900,952
Capital Outlay	219,402	4,993,282	274,045	5,486,729
Debt Service:				
Principal Payments	287,765	-	-	287,765
Interest and Fiscal Charges	20,146	-	-	20,146
Total Expenditures	<u>17,603,102</u>	<u>4,993,282</u>	<u>284,367</u>	<u>22,880,751</u>
Excess(Deficiency) of Revenues Over Expenditures	<u>1,531,512</u>	<u>432,485</u>	<u>305,452</u>	<u>2,269,449</u>
OTHER FINANCING SOURCES(USES)				
Transfers Out	(296,000)	-	-	(296,000)
Transfers In	-	296,000	-	296,000
Sales of Capital Assets	15,114	-	-	15,114
Total Other Financing Sources and (Uses)	<u>(280,886)</u>	<u>296,000</u>	<u>-</u>	<u>15,114</u>
Net Change in Fund Balance	1,250,626	728,485	305,452	2,284,563
Fund Balance-Beginning	6,794,617	1,382,168	1,020,134	9,196,919
Fund Balance-Ending	<u>\$ 8,045,243</u>	<u>\$ 2,110,653</u>	<u>\$ 1,325,586</u>	<u>\$ 11,481,482</u>
Reconciliation to statement of activities, change in net assets:				
Net Change in Fund Balance				2,284,563
Governmental funds report capital outlays as expenditures, while in the statement of activities, the cost of assets is allocated over time as depreciation expense. This is the amount by which depreciation exceeded capital outlays.				907,968
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.				21,304
The issuance of long-term debt, including capital leases, provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.				291,452
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.				98,552
Loss on disposal of capital assets which are not recorded in the governmental funds since they do not use current assets.				
Change in Net Assets of Governmental Activities				<u>\$ 3,603,839</u>

The notes to the financial statements are an integral part of this statement

CITY OF NORTHGLENN, COLORADO

PROPRIETARY FUNDS STATEMENT OF NET ASSETS DECEMBER 31, 2010

	Business-Type Activities Enterprise Funds			
	Water and Wastewater	Stormwater	Sanitation	Total
ASSETS				
Current assets:				
Cash & Investments	\$ 8,245,573	\$ 783,261	\$ 1,685,501	\$ 10,714,335
Receivables, Net of Allowances	1,508,958	33,930	213,751	1,756,639
Inventories	150,264		42,632	192,896
Deposits and Prepaids	19,426	16,922	11,632	47,980
Restricted Cash & Investments	2,972,107	-	-	2,972,107
Total Current Assets	12,896,328	834,113	1,953,516	15,683,957
Noncurrent Assets:				
Bond Issuance Costs	223,371	-	-	223,371
Capital Assets:				
Water Rights	57,453,763	-	-	57,453,763
Land and Improvements	807,815	-	-	807,815
Construction In Progress	479,660	200,000	-	679,660
Infrastructure and Improvements	110,749,164	932,080		111,681,244
Buildings and Improvements	18,928,819	37,792	22,387	18,988,998
Machinery and Equipment	2,638,543	-	1,222,203	3,860,746
Less Accumulated Depreciation	(73,588,898)	(179,141)	(419,174)	(74,187,213)
Total Noncurrent Assets	117,692,237	990,731	825,416	119,508,384
Total Assets	130,588,565	1,824,844	2,778,932	135,192,341
Current Liabilities:				
Accounts Payable	520,092	100,691	15,647	636,430
Retainages Payable	40,387	-	-	40,387
Accrued Liabilities	128,639	11,126	28,568	168,333
Deposits Payable	3,000	-	-	3,000
Accrued Interest Payable	48,596	-	-	48,596
Bonds, Notes, Leases and Compensated Absences Payable	2,386,661	4,500	80,000	2,471,161
Total Current Liabilities	3,127,375	116,317	124,215	3,367,907
Noncurrent Liabilities:				
Bonds, Notes, Leases and Compensated Absences Payable	15,264,680	1,571	33,293	15,299,544
Total Noncurrent Liabilities	15,264,680	1,571	33,293	15,299,544
Total Liabilities	18,392,055	117,888	157,508	18,667,451
NET ASSETS				
Invested In Capital Assets, Net of Related Debt	100,253,866	990,731	825,416	102,070,013
Restricted for Emergency-Tabor	267,471	-	-	267,471
Restricted for Water Rights	1,133,954	-	-	1,133,954
Restricted for Debt	1,838,153	-	-	1,838,153
Unrestricted	8,703,066	716,225	1,796,008	11,215,299
Total Net Assets	\$ 112,196,510	\$ 1,706,956	\$ 2,621,424	\$ 116,524,890

The notes to the financial statements are an integral part of this statement

CITY OF NORTHGLENN, COLORADO

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2010

	Business-type Activities			
	Enterprise Funds			
	Water and Wastewater	Stormwater	Sanitation	Total
Operating Revenues:				
Charges for Services	\$ 8,676,473	\$ 419,799	\$ 1,508,397	\$ 10,604,669
Other Operating Revenue	149,029	-	-	149,029
Total Operating Revenues	8,825,502	419,799	1,508,397	10,753,698
Operating Expenses:				
Administration	1,284,971	-	47,705	1,332,676
Facilities	187,669	-	-	187,669
Fleet	111,462	8,178	132,023	251,663
Streets	-	206,647	-	206,647
Engineering	305,069	-	-	305,069
Water Operations	779,948	-	-	779,948
Lab Operations	352,727	-	-	352,727
Electrical and Mechanical	591,433	-	-	591,433
Distribution and Collection	658,778	-	-	658,778
Water Resources Operations	757,877	-	-	757,877
Wastewater Operations	1,433,687	-	-	1,433,687
Industrial Pre-Treatment	63,519	-	-	63,519
Stormwater Operations	-	72,196	-	72,196
Sanitation Operations	-	-	1,011,093	1,011,093
Depreciation	3,125,059	60,445	196,111	3,381,615
Amortization of Bond Costs	31,993	-	-	31,993
Total Operating Expenses	9,684,192	347,466	1,386,932	11,418,590
Operating Income	(858,690)	72,333	121,465	(664,892)
Nonoperating Revenues(Expenses):				
Investment Earnings	90,210	3,833	11,279	105,322
Taxes-Sales/Use	4,090,837	-	-	4,090,837
Gain on Sale of Capital Assets	4,324	-	391,419	395,743
Interest and Fiscal Charges	(589,038)	-	(11,928)	(600,966)
Total Nonoperating Revenues (Expenses)	3,596,333	3,833	390,770	3,990,936
Income Before Contributions and Transfers	2,737,643	76,166	512,235	3,326,044
Change In Net Assets	2,737,643	76,166	512,235	3,326,044
Total Net Assets-Beginning	109,458,867	1,630,790	2,109,189	113,198,846
Total Net Assets-Ending	\$ 112,196,510	\$ 1,706,956	\$ 2,621,424	\$ 116,524,890

The notes to the financial statements are an integral part of this statement

CITY OF NORTHGLENN, COLORADO

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2010

	Business-type Activities			
	Enterprise Funds			
	Water and Wastewater	Stormwater	Sanitation	Total
Cash Flows From Operating Activities				
Cash Received From Customers	\$ 8,676,785	\$ 420,119	\$ 1,511,830	\$ 10,608,734
Cash Payments to Suppliers for Goods and Services	(3,070,071)	58,897	(493,066)	(3,504,240)
Cash Payments to Employees for Services	(3,368,343)	(263,546)	(738,320)	(4,370,209)
Net Cash Provided by Operating Activities	<u>2,238,371</u>	<u>215,470</u>	<u>280,444</u>	<u>2,734,285</u>
Cash Flows From Capital and Related Financing Activities				
Tax Receipts	4,090,837	-	-	4,090,837
Acquisition of Water Rights	(11,849,863)	-	-	(11,849,863)
Acquisition and Construction of Capital Assets	(1,786,147)	(100,000)	(580,446)	(2,466,593)
Proceeds from Capital Lease	7,590,000	-	-	7,590,000
Proceeds from Sales of Capital Assets	4,324	-	496,050	500,374
Principal Paid on Bond, Leases and Notes Payable Maturities	(729,976)	-	(263,584)	(993,560)
Interest Paid on Bonds, Leases and Notes Payable	(589,038)	-	(11,928)	(600,966)
Net Cash (Used) Provided In Capital and Related Financing Activities	<u>(3,269,863)</u>	<u>(100,000)</u>	<u>(359,908)</u>	<u>(3,729,771)</u>
Cash Flows From Investing Activities				
Earnings on Investments	90,210	3,833	11,279	105,322
Net Cash Provided (Used) by Investing Activities	<u>90,210</u>	<u>3,833</u>	<u>11,279</u>	<u>105,322</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(941,282)	119,303	(68,185)	(890,164)
Cash and Cash Equivalents, Beginning of Year	<u>12,158,962</u>	<u>663,958</u>	<u>1,753,686</u>	<u>14,576,606</u>
Cash and Cash Equivalents, End of Year	<u>\$ 11,217,680</u>	<u>\$ 783,261</u>	<u>\$ 1,685,501</u>	<u>\$ 13,686,442</u>

The notes to the financial statements are an integral part of this statement

CITY OF NORTHGLENN, COLORADO

STATEMENT OF CASH FLOWS (Continued) PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2010

	Business-type Activities			
	Enterprise Funds			
	Water and Wastewater	Stormwater	Sanitation	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (858,690)	\$ 72,333	\$ 121,465	\$ (664,892)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	3,125,059	60,445	196,111	3,381,615
Amortization	31,993	-	-	31,993
(Increase) Decrease in Accounts Receivable	(148,717)	320	3,433	(144,964)
(Increase) Decrease in Inventory	(5,167)	-	(28,872)	(34,039)
(Increase) Decrease in Prepaid Expense	(19,426)	(16,922)	(11,632)	(47,980)
Increase (Decrease) in Accounts Payable	74,048	100,638	1,228	175,914
Increase (Decrease) in Retainages Payable	23,576	-	-	23,576
Increase (Decrease) in Accrued Liabilities	15,729	2,724	4,532	22,985
Increase (Decrease) in Compensated Absences Payable	1,085	(4,068)	(5,821)	(8,804)
Increase(Decrease) in Deposits Payable	(1,119)	-	-	(1,119)
Total Adjustments	3,097,061	143,137	158,979	3,399,177
Net Cash Provided by Operating Activities	\$ 2,238,371	\$ 215,470	\$ 280,444	\$ 2,734,285

The notes to the financial statements are an integral part of this statement



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CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2010

The financial statements of the City of Northglenn have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the City's Comprehensive Annual Financial Report.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of Northglenn, Colorado (City) was incorporated April 19, 1969, and became a home rule city in 1975 under the provisions of Article XX of the Constitution of the State of Colorado. The City operates under a Council-Manager form of government and provides various municipal services. As required by generally accepted accounting principles, these financial statements present the City of Northglenn (the primary government) and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations, and accordingly, data from these units are combined with data of the City. Each discretely presented component unit is reported in a separate column in the financial statements to emphasize that it is legally separate from the City. All blended and discretely presented component units have a December 31 year-end.

Individual Component Unit Disclosures:

Blended Component Unit. This component unit does not issue complete separate financial statements.

Northglenn Capital Leasing Corporation. The Northglenn Capital Leasing Corporation (NCLC) was incorporated on July 26, 2002 for the purpose of issuing the 2002 Certificates of Participation. The corporation subsequently entered into a capital lease agreement with the City for the construction of Standley Lake Dam improvements. Because the board of directors, which consists of City officials and employees, is selected by City Council, and because NCLC provides services exclusively to the City, the City is financially accountable and integrated with NCLC. The debt is reported as a liability by the City, therefore NCLC has no activity.

Discretely Presented Component Units. The component units are reported in separate columns to emphasize that they are legally separate from the City. These component units do not issue complete separate financial statements.

Northglenn Urban Renewal Authority. The Northglenn Urban Renewal Authority (NURA) was organized under the Colorado Urban Renewal Law in March 1990. The commissioners of the Authority are appointed by the mayor and are subject to approval by the City Council. The Authority is charged by the City Council with the preparation, administration and implementation of the Northglenn Urban Renewal Plan pursuant to the Urban Renewal Law. The Authority is dependent upon the approval of an urban renewal project by the City. The Authority has one governmental fund type.

Church Ditch Water Authority. In 2004, the cities of Northglenn and Westminster created the Church Ditch Water Authority, formerly known as the Church Ditch Company. The authority was created under C.R.S § 29-1-204.2 and was established in order to effect the development of water resources, systems and facilities associated with the Church Ditch, located in Jefferson County, Colorado, for the benefit of the Cities and the contractual users. The authority shall be governed by a Board of Directors consisting of two Directors appointed by the City Manager of the City of Northglenn and one Director appointed by the City Manager of the City of Westminster. Because of its controlling interest and financial integration in the authority the City is financially accountable and presents the authority discretely. The Church Ditch Water Authority is presented as a proprietary fund. The City of Westminster is reporting the authority as a component unit of another government with joint venture characteristics, with an equity interest of \$614,436.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the primary government and its component units. 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 reasonably equivalent 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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. 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. Accordingly, all of the City's assets and liabilities, including capital assets and long-term liabilities are included in the accompanying statement of net assets. The statement of net activities presents changes in net assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a 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 collectible 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, except for sales tax collected and held by vendors at year-end on behalf of the City is recognized as revenue if collected within 30 days after year-end. 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 and claims and judgments, are recorded only when payment is due. Property taxes, sales taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The *capital projects fund* accounts for the activities associated with the procurement, construction and rehabilitation of non-enterprise infrastructure and facilities.

The City reports the following major proprietary funds:

The *water and wastewater fund* accounts for the activities of related accounts to the provision of water and wastewater services to Northglenn business, residents, schools, and churches. It operates the water treatment and wastewater treatment plants, water distribution systems, wastewater collection systems, and pump stations.

Management has designated the *sanitation fund* as a major fund due to its relevance to the community. The fund is responsible for the trash and recycling services provided through the City.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

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. The principal operating revenues of the Water and Wastewater Fund, Stormwater Fund and the Sanitation Fund are charges to customers for sales and services. 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 policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. Cash and Investments

The City pools cash resources of its various funds in order to facilitate the management of cash. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the City's investments.

Investments are stated at fair value. Earnings on investments are recognized when earned and include realized and unrealized gains on investments. Investment earnings are allocated to the various funds based on their pooled and cash and investment balances.

2. Receivables and Payables

Due to and Due from Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Advances to Other Funds

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

Property Taxes Receivable

Property taxes attach as an enforceable lien on property on January 1. Property taxes for the City are certified to Adams and Weld Counties for collection by December 15 of each year. Property taxes become due on January 1 of the succeeding year and are payable in full by April 30 or in two installments by February 28 and June 15.

3. Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Restricted Assets

Certain proceeds from enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants. The revenue bond current debt service account is used to segregate resources accumulated for the next semi-annual debt service payment.

In 1989 and again in 1994, 1999 and 2004, the citizens of Northglenn approved an incremental levy of one-half percent (1/2%) general sales tax to be used for water acquisition. These amounts are classified as restricted assets on the statement of net assets of the water and wastewater fund because their use is restricted by election.

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary funds in the fund financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 (not rounded) and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed capital assets are recorded at their estimated fair value on the date received.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation of capital assets, including those acquired by the City's proprietary funds, is computed using the straight-line method over the following estimated useful lives:

Infrastructure and Improvements	10-50 years
Buildings and Improvements	40-50 years
Machinery and Equipment	3-25 years

6. Compensated Absences

General leave for the City includes both vacation and sick pay. General leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon termination, employees are paid full value for any accrued general leave earned not to exceed the two-year entitlement as set forth by personnel policy, except in such cases where the employee was restricted in the use of general leave by departmental operating requirements. Vested or accumulated general leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. This liability is reported only if it has matured, for example, as a result of employee resignations and retirements. Amounts of vested or accumulated general leave that are not expected to be liquidated with expendable available financial resources are maintained separately and represents a reconciling item between the fund and government-wide presentations. Vested or accumulated general leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

7. Long-term Obligations

In the government-wide financial statements, and proprietary fund types 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

8. Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. As required by the State Constitution amendment addressed in Note 4. H., the City is required to provide for Emergency Reserves.

9. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use or through external restriction imposed by creditors, grantors, laws or regulations of other governments.

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

A portion of the net assets in the Water and Wastewater Fund are restricted for water rights acquired with a half percent sales tax designated by the voters only for the purchase of water rights.

10. Statements of Cash Flows

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash and cash equivalents. Pooled cash and investments are considered as cash equivalents within the cash flow statements.

11. Contraband Forfeitures

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

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. The principal element of that difference is the capital assets of \$123,186,482, less depreciation of \$29,180,310 for net adjustment of \$94,006,172, which are not reported in the funds. The funds also do not recognize a grant deferred revenue of \$276,497. The last element explains that long-term liabilities are not due and payable in current period and therefore are not reported in funds.

The details of this \$1,810,160 difference are as follows:

Compensated Absences (excludes amounts reported in the General Fund)	\$ 1,191,681
Other Post-Employment Benefits	389,610
Pension Benefits	47,600
Note Payable-Land Purchase	177,389
Accrued Interest on Note	3,880
Net Adjustment to Fund Balance	<u>\$ 1,810,160</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “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.” The details of this \$907,968 difference are as follows:

Capitalized Asset Expenditures	\$ 5,486,728
Depreciation Expense	<u>(4,578,760)</u>
Net adjustment to increase <i>net changes in fund balances - Total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 907,968</u>

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

Another element of that reconciliation states, "Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds." Therefore, the \$21,304 change in grant deferred revenue appears as a reconciliation item.

Another element of that reconciliation states "The issuance of long-term debt, including capital leases, provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets."

The details of this \$291,452 difference are as follows:

Principal Repayment on Long-term Debt	\$ 287,765
Reduction in Interest Payable on Long-term Debt	<u>3,687</u>
Net adjustment to increase <i>net changes in fund balances - Total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 291,452</u>

Another element of that reconciliation states, "Repayments of long-term obligations are reported as expenditures in the governmental funds, but they reduce long-term liabilities in the statement of net assets and do not affect the statement of activities."

The details of this \$98,552 difference are as follows:

Reduction in Pension Benefits Payable	\$ 1,168
Decrease in Compensated Absences	<u>97,384</u>
Net adjustment to decrease <i>net changes in fund balances - Total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 98,552</u>

Note 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

A reconciliation of deposits and investments to the financial statements by caption is as follows:

	<u>Primary Government</u>	<u>Component Units</u>
Cash on Hand	\$ 3,285	\$ -
Cash Deposits	3,221,329	971,881
Investments	21,119,846	5,974,118
Total	<u>\$ 24,344,460</u>	<u>\$ 6,945,999</u>
Cash and Investments	\$ 21,372,353	\$ 6,945,999
Restricted Cash and Investments	2,972,107	-
Total	<u>\$ 24,344,460</u>	<u>\$ 6,945,999</u>

The primary government cash equivalents and investments were restricted for the following purposes:

	<u>Cash and Investments</u>
Water Rights Acquisition	\$ 1,133,954
Debt Service	<u>1,838,153</u>
Total	<u>\$ 2,972,107</u>

CITY OF NORTHGLENN, COLORADO

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Deposits. At year-end, the carrying amount of the City and component units reporting entities deposits were \$3,470,644.

Custodial credit risk. In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. Of the bank balance, \$3,470,644 was covered by federal depository insurance and the Dodd-Frank Wall Street Reform and Consumer Protection Act. On November 9, 2010, the FDIC issued a Final Rule implementing section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides for unlimited insurance coverage of noninterest-bearing transaction accounts. Beginning December 31, 2010, through December 31, 2012, all noninterest-bearing transaction accounts are fully insured, regardless of the balance of the account, at all FDIC-insured institutions. The unlimited insurance coverage is available to all depositors, including consumers, businesses, and government entities. This unlimited insurance coverage is separate from, and in addition to, the insurance coverage provided to a depositor’s other deposit accounts held at an FDIC-insured institution.

A noninterest-bearing transaction account is a deposit account where interest is neither accrued nor paid; depositors are permitted to make an unlimited number of transfers and withdrawals; and the bank does **not** reserve the right to require advance notice of an intended withdrawal.

Please note that Money Market Deposit Accounts (MMDAs) and Negotiable Order of Withdrawal (NOW) accounts are **not** eligible for this unlimited insurance coverage, regardless of the interest rate, even if no interest is paid on the account.

Investments. The City is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest. The table below identifies the investment types that are authorized along with the related interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Securities	5 years	None	None
U.S. Agency Securities	5 years	None	None
Municipal Bonds	3 years	None	None
Local Government Investment Pools	N/A	None	None
Municipal COP or Leases	N/A	None	None
2a7 Money Market Funds	N/A	None	None
Commercial Paper	5 years	50%	5%
Variable Rate Securities	1 year	None	None
Repurchase Agreements	5 years	None	None
Bankers Acceptances	3 years	50%	5%
Corporate Bonds	3 years	50%	5%
Guaranteed Investment Contracts	3 years	None	None

Local Government Investment Pool. The City and component units invested \$9,527,051 and \$51,880 in the Colorado Local Government Liquid Asset Trust (COLOTRUST) and Colorado Surplus Asset Fund Trust (CSAFE), respectively. These are investment vehicles established by local government entities in Colorado to Pool surplus funds for investment purposes by state statute. They are overseen by the state Securities Commissioner. COLOTRUST and CSAFE operate similarly to money market funds and each share is equal in value to \$1.00. COLOTRUST and CSAFE are rated AAAM by Standard and Poor’s. The designated custodial bank provides safekeeping and depository services to COLOTRUST and CSAFE in connection with the direct investment and withdrawal functions of COLOTRUST and CSAFE. All securities owned by government pools are 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 consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes. COLOTRUST also invests in high-grade commercial paper in addition to the previously mentioned government instruments.

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

Credit Risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State statutes limit U.S. Agency securities to the highest rating issued by two or more nationally recognized statistical rating organizations (NRSRO's). Debt securities of the U.S. government and obligations of U.S. government agencies that are explicitly guaranteed by the U.S. government are not considered to have credit risk.

Presented below are the minimum rating, actual rating, investment portfolio percentage and weighted average maturity for each investment type as required by the City's investment policy as of December 31, 2010.

	Fair Value	Minimum Rating Required	Standard & Poor's Rating	Moody's Rating	Total Investment Portfolio Percentage	Weighted Average Maturity
Federal Farm Credit Banks (FFCB)	\$ 2,558,673	AAA	AAA	Aaa	12%	0.56
Federal Home Loan Banks (FHLB)	5,277,288	AAA	AAA	Aaa	25%	1.60
Federal Home Loan Mortgage Corporation (FHLMC)	4,049,826	AAA	AAA	Aaa	19%	2.87
Federal National Mortgage Association (FNMA)	2,994,187	AAA	AAA	Aaa	14%	2.43
COLOTRUST	6,119,614	N/A	AAAm	Aaa	29%	-
CSAFE	24,364	N/A	AAAm	N/A	0%	-
Wells Fargo Advantage Govt. Money Market	95,894	AAAm	AAAm	N/A	1%	-
	<u>\$ 21,119,846</u>				<u>100%</u>	<u>1.36</u>

Presented below are the minimum rating, actual rating, investment portfolio percentage and weighted average maturity for each investment type held by the City's component unit, Northglenn Urban Renewal Authority, as of December 31, 2010.

Investment Type	Fair Value	Minimum Rating Required	Standard & Poor's Rating	Moody's Rating	Total Investment Portfolio Percentage	Weighted Average Maturity
Federal Farm Credit Banks (FFCB)	\$ 1,014,648	AAA	AAA	Aaa	17%	0.51
Federal Home Loan Banks (FHLB)	516,274	AAA	AAA	Aaa	9%	0.35
Federal National Mortgage Association (FNMA)	503,663	AAA	AAA	Aaa	8%	0.70
U.S. Treasury Notes	502,519	N/A	N/A	N/A	8%	0.66
COLOTRUST	3,407,437	N/A	AAAm	Aaa	57%	-
CSAFE	27,516	N/A	AAAm	N/A	1%	-
Wells Fargo Advantage Govt. Money Market	2,061	AAAm	AAAm	N/A	0%	-
	<u>\$ 5,974,118</u>				<u>100%</u>	<u>0.23</u>

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market rates. As a means of limiting its exposure to interest rate risk, it is the City's policy to invest in a manner that securities can normally be held to maturity, or close to maturity, and to limit the types and maturities of permitted securities.

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

Concentration of Credit Risk. State statutes do not limit the amount the City may invest in one issuer except for corporate and bank securities.

Custodial Credit Risk. For an investment, this is the risk that, in the event of the failure of the counterpart, 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. State statute does not address custodial credit risk.

B. Receivables

Receivables as of year-end for the City’s individual major funds and nonmajor funds in the aggregate including the applicable allowances for uncollectible accounts are as follows:

	General	Capital Projects	Other Govern- mental	Water & Wastewater	Stormwater	Sanitation	Urban Renewal Authority	Church Ditch Water Authority	Total
Receivables, net of allowances:									
Taxes	\$ 3,248,850	\$ 962,139	\$ -	\$ 448,659	\$ -	\$ -	\$ 1,303,007	\$ -	\$ 5,962,655
Accounts	67,689	-	-	1,024,996	32,151	208,337	-	8,675	1,341,848
Interest and Other	120,518	899,995	14,172	35,303	1,779	5,414	-	-	1,077,181
Total	<u>\$ 3,437,057</u>	<u>\$ 1,862,134</u>	<u>\$ 14,172</u>	<u>\$ 1,508,958</u>	<u>\$ 33,930</u>	<u>\$ 213,751</u>	<u>\$ 1,303,007</u>	<u>\$ 8,675</u>	<u>\$ 8,381,684</u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

Property Taxes	\$ 2,903,501
Other Operating Revenue	<u>(1,686)</u>
Total deferred revenue for governmental funds	<u>\$ 2,901,815</u>

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

C. Capital Assets

Certain beginning balances have been reclassified to conform to the current year presentation. Capital asset activity for the year ended December 31, 2010 was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 8,355,578	\$ -	\$ -	\$ 8,355,578
Construction in Progress	342,743	5,267,326	574,939	5,035,130
Total Capital Assets Not Being Depreciated	<u>8,698,321</u>	<u>5,267,326</u>	<u>574,939</u>	<u>13,390,708</u>
Other Capital Assets:				
Infrastructure and Improvements	95,614,107	486,689	-	96,100,796
Buildings and Improvements	8,498,454	114,825	-	8,613,279
Machinery and Equipment	5,060,412	192,827	171,540	5,081,699
Total Other Capital Assets at Historical Cost	<u>109,172,973</u>	<u>794,341</u>	<u>171,540</u>	<u>109,795,774</u>
Less Accumulated Depreciation for:				
Infrastructure and Improvements	(16,426,310)	(4,199,430)	-	(20,625,740)
Buildings and Improvements	(3,815,030)	(187,131)	-	(4,002,161)
Machinery and Equipment	(4,531,750)	(192,199)	171,540	(4,552,409)
Total Accumulated Depreciation	<u>(24,773,090)</u>	<u>(4,578,760)</u>	<u>171,540</u>	<u>(29,180,310)</u>
Other Capital Assets, Net	<u>84,399,883</u>	<u>(3,784,419)</u>	<u>-</u>	<u>80,615,464</u>
Governmental Activities Capital Assets, Net	<u>\$ 93,098,204</u>	<u>\$ 1,482,907</u>	<u>\$ (574,939)</u>	<u>\$ 94,006,172</u>
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Water Rights	\$ 45,603,900	\$ 11,849,863	\$ -	\$ 57,453,763
Land and Improvements	807,815	-	-	807,815
Construction in Progress	1,604,910	1,592,893	2,518,143	679,660
Total Capital Assets Not Being Depreciated	<u>48,016,625</u>	<u>13,442,756</u>	<u>2,518,143</u>	<u>58,941,238</u>
Other Capital Assets:				
Infrastructure and Improvements	109,064,973	2,616,272	-	111,681,245
Buildings and Improvements	18,968,208	20,789	-	18,988,997
Machinery and Equipment	3,751,822	754,783	645,858	3,860,747
Total Other Capital Assets at Historical Cost	<u>131,785,003</u>	<u>3,391,844</u>	<u>645,858</u>	<u>134,530,989</u>
Less Accumulated Depreciation for:				
Infrastructure and Improvements	(62,964,711)	(2,638,248)	-	(65,602,959)
Buildings and Improvements	(5,772,006)	(386,953)	-	(6,158,959)
Machinery and Equipment	(2,610,109)	(356,415)	541,228	(2,425,296)
Total Accumulated Depreciation	<u>(71,346,826)</u>	<u>(3,381,616)</u>	<u>541,228</u>	<u>(74,187,214)</u>
Other Capital Assets, Net	<u>60,438,177</u>	<u>10,228</u>	<u>(104,630)</u>	<u>60,343,775</u>
Business Activities Capital Assets, Net	<u>\$ 108,454,802</u>	<u>\$ 13,452,984</u>	<u>\$ (2,622,773)</u>	<u>\$ 119,285,013</u>

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

	Discretely Presented Component Units			Ending Balance
	Beginning Balance	Increases	Decreases	
Discretely Presented Component Units:				
Capital Assets Not Being Depreciated:				
Water Rights	\$ 500,000	\$ -	\$ -	\$ 500,000
Land and Improvements	912,404	165,000	-	1,077,404
Construction in Progress	54,315	31,182	-	85,497
Total Capital Assets Not Being Depreciated	<u>1,466,719</u>	<u>196,182</u>	<u>-</u>	<u>1,662,901</u>
Other Capital Assets:				
Infrastructure and Improvements	1,749,608	42,679	-	1,792,287
Buildings and Improvements	200,547	-	-	200,547
Machinery and Equipment	183,344	11,434	-	194,778
Total Other Capital Assets at Historical Cost	<u>2,133,499</u>	<u>54,113</u>	<u>-</u>	<u>2,187,612</u>
Less Accumulated Depreciation for:				
Infrastructure and Improvements	(230,603)	(56,652)	-	(287,255)
Buildings and Improvements	(28,435)	(6,685)	-	(35,120)
Machinery and Equipment	(78,265)	(30,094)	-	(108,359)
Total Accumulated Depreciation	<u>(337,303)</u>	<u>(93,431)</u>	<u>-</u>	<u>(430,734)</u>
Other Capital Assets, Net	<u>1,796,196</u>	<u>(39,318)</u>	<u>-</u>	<u>1,756,878</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,262,915</u>	<u>\$ 156,864</u>	<u>\$ -</u>	<u>\$ 3,419,779</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 271,624
Public Safety	116,793
Public Works	3,627,228
Recreation & Culture	563,115
Total Governmental Activities Depreciation Expense	<u>\$ 4,578,760</u>
Business-type Activities:	
Water & Wastewater	\$ 3,125,061
Stormwater	60,445
Sanitation	196,111
Total Business-type Activities Depreciation Expense	<u>\$ 3,381,617</u>
Component Units:	
Urban Renewal Authority	\$ 8,721
Church Ditch Water Authority	84,711
Total Component Units Depreciation Expense	<u>\$ 93,432</u>

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

D. Interfund Transactions

Due From/To Other funds consist of the following at December 31, 2010:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Community Development Block Grant Fund	\$10,322

The City operates under a pooled cash and investment environment. At December 31, 2010, the negative cash balance of \$10,322 in the Community Development Block Grant Fund was re-classified to a Due To the General Fund.

Transfers In/Out to Other Funds consists of the following:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Transfers In (Out)	\$ (296,000)	\$ 296,000	\$ -
Total	<u>\$ (296,000)</u>	<u>\$ 296,000</u>	<u>\$ -</u>

The transfer of \$296,000 from the General Fund to the Capital Projects Fund was established to fund capital projects.

E. Leases

Capital Leases

The City has entered into a lease agreement as lessee for financing the acquisition of vehicles. This agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payment as of the inception date.

The assets acquired through the capital lease are as follows:

Asset:	<u>Governmental Funds</u>	<u>Business-Type Funds</u>
Machinery and Equipment	\$ 2,647,052	\$ 2,160,011
Less: Accumulated Depreciation	<u>(2,540,062)</u>	<u>(1,664,932)</u>
Total	<u>\$ 106,990</u>	<u>\$ 495,079</u>

The future minimum lease obligations and the net present value of these minimum lease payments were paid off by the City as of December 31, 2010.

On December 29, 2010 the City entered into a lease agreement as the lessee for financing the acquisition of water rights. The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2010 are as follows:

<u>Year Ending 31-Dec</u>	<u>Business-type Funds</u>	
	<u>Principal</u>	<u>Interest</u>
2011	1,426,661	259,688
2012	1,457,689	228,660
2013	1,511,770	174,580
2014	1,567,856	118,493
2015	1,626,024	60,325
Total	<u>\$ 7,590,000</u>	<u>\$ 841,745</u>

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

F. Long-term Debt

Primary Government

Notes Payable. In 2001 the City entered into an installment land contract for the acquisition of land to be paid from the General Fund. Note payable outstanding at December 31, 2010 is as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
2001 Land Purchase	5.25%	\$ 177,389

Note payable debt service requirements to maturity at December 31, 2010 are as follows:

<u>Year Ending</u> <u>31-Dec</u>	<u>Governmental Funds</u>	
	<u>Principal</u>	<u>Interest</u>
2011	177,389	9,313
Total	<u>\$ 177,389</u>	<u>\$ 9,313</u>

Certificates of Participation. In 2002, the Northglenn Community Leasing Corporation issued Series 2002A Certificates of Participation (Certificates) in the amount of \$13,515,000 to be retired over a 20-year period at an average interest rate of 3.89%. Underlying the Certificates is an annually renewable lease subject to annual appropriation between the City and NCLC. As such, the Certificates have been reported in the financial statements as a capital lease of the City. A Debt Service Reserve Surety Bond in the amount of \$1,145,410 has been established to meet the reserve requirement of the Certificates. Principal payments are due annually and interest payments are due semiannually through December 1, 2022. These payments are payable from the Water and Wastewater Fund. Annual debt service requirements to maturity for certificates outstanding at December 31, 2010 are as follows:

<u>Year Ending</u> <u>31-Dec</u>	<u>Business-type Funds</u>	
	<u>Principal</u>	<u>Interest</u>
2011	590,000	555,410
2012	615,000	526,264
2013	645,000	495,576
2014	680,000	463,390
2015	720,000	422,862
2016-2020	4,285,000	1,418,778
2021-2022	2,090,000	188,634
Total	<u>\$ 9,625,000</u>	<u>\$ 4,070,914</u>

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes Payable	\$ 345,927	\$ -	\$ (168,538)	\$ 177,389	\$ 177,389
Capital Lease Payable	119,227	-	(119,227)	-	-
Pension Benefits Payable	48,768	-	(1,168)	47,600	-
Other Post Employment Benefits	389,610	-	-	389,610	-
Compensated Absences	1,289,065	1,007,654	(1,105,038)	1,191,681	1,000,000
Total Governmental Activities	<u>2,192,597</u>	<u>1,007,654</u>	<u>(1,393,971)</u>	<u>1,806,280</u>	<u>1,177,389</u>
Business-Type activities:					
2002A Certificates of Participation	10,185,000	-	(560,000)	9,625,000	590,000
Capital Lease Payable	433,561	7,590,000	(433,561)	7,590,000	1,426,661
Other Post Employment Benefits	57,704	-	-	57,704	-
Compensated Absences	506,804	584,555	(593,358)	498,001	454,500
Total Business-Type Activities	<u>11,183,069</u>	<u>8,174,555</u>	<u>(1,586,919)</u>	<u>17,770,705</u>	<u>2,471,161</u>
Total Long-term Liabilities	<u>\$ 13,375,666</u>	<u>\$ 9,182,209</u>	<u>\$ (2,980,890)</u>	<u>\$ 19,576,985</u>	<u>\$ 3,648,550</u>
Component Unit:					
Capital Lease Payable	<u>\$ 58,604</u>	<u>\$ -</u>	<u>\$ (58,604)</u>	<u>\$ -</u>	<u>\$ -</u>

For the governmental activities, compensated absences and pension benefits payable are liquidated by the General Fund.

Note 4. OTHER INFORMATION

A. Risk Management

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. In 1982, the City joined the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a public entity risk pool formed in 1982 to provide property and liability and workers' compensation coverage and related services for its member municipalities. The City pays an annual premium to CIRSA for the property and liability insurance coverage and risk management services. All Colorado municipalities, which are members of the Colorado Municipal League, are eligible to participate in CIRSA. CIRSA's general objectives are to provide member municipalities and special districts defined property and liability and workers' compensation coverage through joint self-insurance and excess insurance.

The City continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health insurance. Workers' Compensation insurance is purchased from Pinnacol Assurance. The workers' compensation premium is calculated on a retrospective rate. The City continued to qualify for the cost containment certificate from the State of Colorado, which reduces the City's workers' compensation premiums by 5% annually.

Death and disability insurance for police officers hired prior to January 1997 is provided by the Fire and Police Pension Association (FPPA) on behalf of the City of Northglenn. The state made one payment to the FPPA in 1997 to fully fund this insurance for officers hired before 1997. Death and disability insurance for police officers hired after December 1996 is purchased from the FPPA. In 1996 the Colorado state legislature elected to cease providing state funding for disability insurance for police officers beginning with officers hired after December 31, 1996.

Health insurance is purchased from an alliance, which provides a limited choice of health maintenance organizations for employees. The City and employees each contribute to premium costs. The City has no uninsured risk for employee health care. The amount of settlements did not exceed insurance coverage during the past three fiscal years.

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

B. Joint Venture

Woman Creek Reservoir Authority. The City participates as an equal partner with the Cities of Thornton and Westminster in the operation of the Woman Creek Reservoir Authority. It has no financial interest in the Authority. The Authority began operation in 1996 with funding from a grant by the federal government's Environmental Protection Agency. The grant's purpose was to supply sufficient funds to mitigate and/or clean up any hazardous effects to the water supply of the three cities from the previous production of nuclear weapons at the Rocky Flats facility located near the Woman Creek Reservoir. The initial grant of approximately \$8,000,000 has been invested, and the interest earned has been more than sufficient to cover the Authority's operating expenses. The Authority contracted with the Church Ditch Water Authority to supply maintenance and monitoring services for the reservoir. Copies of the Woman Creek Reservoir Authority's financial statements may be obtained from the City of Westminster, Finance Department, 4800 West 92nd Avenue, Westminster, Colorado 80031.

C. Cost Sharing Agreement

The City entered into a cost sharing agreement with the City of Thornton in 1994 for the joint construction of a pipeline to convey water from Standley Lake to the respective cities. Each entity remits sufficient funds to cover costs each year to an escrow account. Major construction was completed in 2000. Each City contributes an equal share of the costs except Thornton is responsible for funding the additional cost of the larger pipe they require. Both cities must approve any expenditure from the escrow account and each is entitled to the return of their unspent contributions at the end of the project. The City's share of the escrow balance at December 31, 2010 was \$29,433. Contributions are an expense of the Water and Wastewater Enterprise Fund.

D. Enhanced Sales Tax Incentive Program Agreement

In October 2006, an enhanced sales tax incentive program (ESTIP) agreement was made with Best Buy Stores, L.P. in which the redeveloper receives seventy-five percent of the general sales tax (excluding the one-half percent sales tax devoted to water acquisition) generated by the new retail space to be located at 110 West 104th Avenue. The reimbursement commenced in November 2007 when the retail space opened for business. The reimbursement was not to exceed \$1,750,000 nor extend beyond December 31, 2016. This maximum was reached in 2010, and a final reimbursement was paid on February 15, 2011.

In October 2006, an agreement was made with the redeveloper of the former Mervyn's building in the Northglenn Marketplace in which the redeveloper receives fifty percent of the general sales tax (excluding the one-half percent sales tax devoted to water acquisition) generated by the new retail space. The reimbursement is scheduled to commence with sales tax generated on or after January 1, 2010. The reimbursement will not exceed \$2,905,098 nor extend beyond December 31, 2019. In 2010, the redeveloper received \$12,444 and has received a total of \$12,444 since the agreement began in 2010.

E. Contingent Liabilities

The City receives revenues from various federal and state grant programs, which are subject to audit and adjustment by the respective grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is aware of numerous threats of litigation which may result in lawsuits. Although the outcome of these claims is not presently determinable, in the opinion of the City's attorney the resolution of these matters will not have a material adverse effect on the financial condition of the City.

F. Other Post Employment Benefits

Retiree Health Program

Program Description. The Retiree Health Program (Program) is a single-employer defined benefit healthcare plan administered by the City of Northglenn. The Program provides medical insurance, including prescription drugs benefits to eligible retirees and their eligible dependents, until age 65 or upon becoming Medicare eligible. Benefits are provided for active employees and retirees under the same health care plans. The City pays 50% of the cost of the premium for single coverage on behalf of the retiree. The retiree is responsible for paying the remainder of the single premium, as well as 100% of the cost of continuing coverage for a spouse or family member.

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

The Program offers fully-insured medical plans, including prescription drugs, offered through Kaiser.

As of August 1, 2009, the Retiree Health Program changed; participants in the current plan will be grandfathered. New participants as of August 1, 2009 and thereafter, with at least 20 years of service (full-time employment), at least 55 years old, and no longer employed with the City of Northglenn will be provided a monthly stipend based on years of service, until they are eligible for Medicare benefits. The stipend amount will be \$200 for full-time employees with 20 years of service and will be increased by \$20 for each additional year to a maximum of \$400 for employees with 30 or more years of service.

Funding Policy. The Program provisions and requirements are established and may be amended by Council policy. The City funds OPEB expense on a pay-as-you-go-basis. Program members receiving benefits contributed \$61,307 in actual premiums equal to 50% of the equivalent single premium recognized for active employees, plus 100% of the premium for spouse or family member coverage. The City’s pay-as-you-go program funding totaled \$42,686.

Annual OPEB Cost and Net OPEB Obligation. The City’s annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions (GASB 45).

The ARC (Annual Required Contribution) represents a level of funding that, if paid on an ongoing basis, is projected to cover current year costs plus amortization for a portion of the unfunded accrued actuarial liability for Program benefits. The City implemented GASB 45 prospectively on January 1, 2008, and reports the net OPEB obligation at transition as zero in accordance with the provisions of the statement. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the program, and changes in the City’s net OPEB obligation:

Annual Required Contribution	\$ 84,000
Interest on Net OPEB Obligation	18,000
Adjustment to ARC	<u>(15,000)</u>
Annual OPEB Cost	87,000
Contributions made	<u>(42,686)</u>
Increase in net OPEB obligation	44,314
Net OPEB obligation – beginning of year	<u>403,000</u>
Net OPEB obligation – end of year	<u>\$447,314</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Program, and the net OPEB obligation for 2009 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2008	\$ 459,000	12.2%	\$403,000
12/31/2009	87,000	49.1%	447,314

Funding Status and Funding Progress. As of January 1, 2009, the most recent actuarial valuation date, the Program was not funded. The unfunded actuarial accrued liability (UAAL) was \$1,374,000. The covered payroll (annual payroll of active employees covered by the Program) was \$12,187,442. The ratio of the UAAL to covered payroll was 11.3 percent.

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Program and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on substantive program (the program as understood by the City and the Program members) to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long term perspective of the calculations.

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

In the January 1, 2009 valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.5 percent discount rate to calculate the ARC on a pay-as-you-go basis, which is the rate expected on short-term liquid investments. The unfunded actuarial accrued liability is amortized over the maximum acceptable period of 30 years on an open basis. It is calculated assuming a level percentage of projected payroll. Payroll is assumed to increase at 3.5 percent per year. The annual trend rate for health care costs applied on a select and ultimate basis are 11% and 5%, respectively. Select trends are reduced 0.5% each year until reaching the ultimate trend.

The plan change from the January 1, 2008 valuation to the current plan resulted in a decrease in the accrued liability from \$3.5 million to \$1.4 million.

A separate financial report is not issued for the Retiree Medical Program.

G. Employee Retirement Plans

The City maintains two single-employer, defined contribution pension plans; (1) The Police Money Purchase Pension Plan, that covers all commissioned police employees, and (2) The General Employees' Pension Plan, that covers all full-time employees other than police. The City has authorized the Pension Boards to establish and amend all plan provisions, unless such a change would have a material impact on the plan. Material amendments to a plan are required to go through City Council for ordinance approval. Under the Police Money Purchase Pension Plan, the amendment must also pass by 65% of total votes cast by the membership before it can go to Council for ordinance approval.

A defined contribution pension plan has terms that specify how contributions to an individual's account are to be determined rather than the amount of pension benefits the individual is to receive. In a defined contribution plan, the pension benefits a participant will receive depend only on the amount contributed to the participant's account and earnings or losses on investments of those contributions.

Investments are self-directed by employees. Charles Schwab Retirement Plan Services is the trustee of both of the pension funds. The trustee's address is 4150 Kinross Lakes Parkway, PO Box 5050 Richfield, OH 44286-5050. Strategic Capital Advisers Inc., a registered investment advisor, whose address is 600 Grant Street, Suite 850, Denver, Co. 80203, provides investment-consulting services to the Retirement Boards for both pension plans.

General Employees' Pension Plan (GEPP)

The City made the required contribution of \$727,778. The employees' contribution to the Plan was \$968,490.

The City provides pension benefits for all of its full-time employees, excluding police officers that are covered by the City's Police Money Purchase Pension Plan, through the General Employees' Pension Plan. Eligible employees must participate from the date of full-time employment. Each participant is required to make a mandatory contribution of 12% of compensation. During 2010, the City's contribution level was 8%, then upon the completion of five years of eligible service 9%, and 10% upon the completion of ten years of eligible service.

A participant's interest in the contributions made by the City, and the related investment earnings, become vested to the extent of percentages based on number of years of service as set forth in the GEPP. Participants are fully vested after six years of continuous service. In addition, if an employee reaches normal retirement age, dies or becomes totally and permanently disabled, his account becomes fully vested regardless of length of service. If an employee leaves covered employment before becoming fully vested, accumulated employee contributions, related investment earnings, and any vested City contributions and related investment earnings are refunded to the employee. Forfeitures by employees who leave employment before six years of service are used to pay Plan administrative expenses and may be used at the Board's discretion to reduce City contributions.

Police Money Purchase Pension Plan (PMPPP)

The City made the required contribution of \$364,925. The covered employees made a contribution of \$474,957.

The City provides pension benefits for its commissioned police officers through the City's Police Money Purchase Pension Plan. Eligible employees must participate from the date of full-time employment. Each participant is required to make a mandatory contribution of 12% of compensation. During 2010 the city's contribution level was 8%, then upon the completion

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

of five years of eligible service 9%, and was 10% upon completion of ten years of eligible service.

A participant's interest in the contributions made by the city, and related investment earnings, become vested to the extent of percentages based on number of years of service as set forth in the PMPPP. Participants are fully vested after seven years of continuous service. In addition, if an employee reaches normal retirement age, dies or becomes totally and permanently disabled his account becomes fully vested regardless of length of service. If an employee leaves covered employment before becoming fully vested, accumulated employee contributions, related investment earnings, and any vested City contributions and related investment earnings are refunded to the employee. Forfeitures by employees who leave before seven years of service will be used to pay the Plan's administrative expenses and may be used at the Board's discretion to reduce City contributions.

H. Tax, Spending, and Debt Limitations

On November 3, 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, commonly known as the Taxpayers Bill of Rights or TABOR. TABOR contains several limitations, including revenue rising, spending abilities, and other specific requirements of state and local governments. On November 8, 1994, Northglenn voters chose to waive the revenue limitations imposed by TABOR. The City believes it is in compliance with the other requirements of the Amendment. However, the City has made certain interpretations of the Amendment's language in order to determine its compliance. The Amendment is complex and subject to judicial interpretation.

The City has established an emergency reserve representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2010, the emergency reserve of \$832,852 was reported as a reservation of fund balance of \$565,381 in the General Fund, and as restricted net assets of \$267,471 in the Water and Wastewater Fund.

CITY OF NORTHGLENN, COLORADO

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PROGRAM DECEMBER 31, 2010

(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability AAL Method	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2008 (a)	-0-	\$3,041,000	\$3,041,000	0.0%	\$15,557,187	19.5%
1/1/2009	-0-	\$1,374,000	\$1,374,000	0.0%	\$12,187,442	11.3%

(a) GASB 45 was implemented as of January 1, 2008; therefore, actuarial information on the Retiree Health Program is not available prior to that date.

CITY OF NORTHGLENN, COLORADO

GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budget Basis	Final Budget Positive (Negative)
REVENUES				
Taxes-Property	\$ 1,909,038	\$ 1,909,038	\$ 2,000,100	\$ 91,062
Taxes-Sales/Use	10,080,664	10,080,664	10,610,255	529,591
Occupational Tax	790,105	790,105	893,087	102,982
Intergovernmental	1,587,753	1,587,753	1,661,520	73,767
Licenses and Permits	272,908	272,908	475,652	202,744
Charges for Services	1,365,617	1,365,617	1,281,364	(84,253)
Fines and Forfeitures	1,819,848	1,819,848	1,965,407	145,559
Investment Earnings	131,039	131,039	45,233	(85,806)
Miscellaneous	58,875	58,875	201,996	143,121
Total Revenues	18,015,847	18,015,847	19,134,614	1,118,767
EXPENDITURES				
General Government:				
Legislative	497,051	497,051	367,877	129,174
City Manager	474,932	474,932	453,122	21,810
City Clerk	279,251	279,251	289,032	(9,781)
Management Services	1,249,916	1,223,611	1,191,860	31,751
Technology	774,566	774,566	719,497	55,069
Finance	647,771	647,771	573,432	74,339
Planning & Development	1,010,641	1,014,141	1,035,425	(21,284)
Non-Departmental	519,913	519,913	647,832	(127,919)
Recreation and Culture	3,098,414	3,098,414	2,889,045	209,369
Public Safety	7,324,085	7,346,890	7,007,715	339,175
Public Works	2,105,375	2,105,375	1,900,952	204,423
Capital Outlay	258,100	258,100	219,402	38,698
Debt Service:				
Principal Payments	287,769	287,769	287,765	4
Interest and Fiscal Charges	20,147	20,147	20,146	1
Contingency	199,985	199,985	-	199,985
Total Expenditures	18,747,916	18,747,916	17,603,102	1,144,814
Excess (Deficiency) of Revenues				
Over Expenditures	(732,069)	(732,069)	1,531,512	2,263,581
OTHER FINANCING SOURCES (USES)				
Transfers Out	(296,000)	(296,000)	(296,000)	-
Sales of Capital Assets	-	-	15,114	15,114
Total Other Financing Sources and (Uses)	(296,000)	(296,000)	(280,886)	15,114
Net Change In Fund Balance	(1,028,069)	(1,028,069)	1,250,626	2,278,695
Fund Balance-Beginning	6,403,597	6,403,597	6,794,617	391,020
Fund Balance-Ending	\$ 5,375,528	\$ 5,375,528	\$ 8,045,243	\$ 2,669,715

See the accompanying Independent Auditors' Report

CITY OF NORTHGLENN, COLORADO

SPECIAL REVENUE FUND-CAPITAL PROJECTS FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes-Property	\$ 939,616	\$ 939,616	\$ 951,190	\$ 11,574
Intergovernmental	1,370,828	6,744,096	4,469,867	(2,274,229)
Investment Earnings	-	-	4,710	4,710
Total Revenues	<u>2,310,444</u>	<u>7,683,712</u>	<u>5,425,767</u>	<u>(2,257,945)</u>
EXPENDITURES				
General Government:				
Capital Outlay	2,876,955	8,414,929	4,993,282	3,421,647
Total Expenditures	<u>2,876,955</u>	<u>8,414,929</u>	<u>4,993,282</u>	<u>3,421,647</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(566,511)</u>	<u>(731,217)</u>	<u>432,485</u>	<u>1,163,702</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	296,000	296,000	296,000	-
Total Other Financing Sources and (Uses)	<u>296,000</u>	<u>296,000</u>	<u>296,000</u>	<u>-</u>
Net Change In Fund Balance	(270,511)	(435,217)	728,485	1,163,702
Fund Balance-Beginning	974,443	974,443	1,382,168	407,725
Fund Balance-Ending	<u>\$ 703,932</u>	<u>\$ 539,226</u>	<u>\$ 2,110,653</u>	<u>\$ 1,571,427</u>

See the accompanying Independent Auditors' Report

CITY OF NORTHGLENN, COLORADO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2010

NOTE 1. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The City Council annually adopts the Budget Resolution for all operating funds of the City. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all funds, with the exception of the enterprise funds, which are budgeted on a non-GAAP basis of accounting. All annual appropriations lapse at fiscal year-end.

No later than September 20, the City Manager submits to the Mayor and City Council a proposed budget for the calendar year commencing the following January 1. The budget is prepared by fund, department, program, and activity, and includes information on the past year, current year estimates and requested appropriations and estimated revenues for the next calendar year. The City Council holds public hearings and may add to, subtract from or change appropriations except for expenditures required by law, debt service expenditures or for estimated cash deficits. No change to the budget shall increase the authorized expenditures to any amount greater than the total amount of available funds, which includes unreserved fund balance.

The City Council shall adopt the budget by resolution pursuant to law. If it fails to adopt the budget by year-end, the amounts appropriated for current operations for the current calendar year shall be deemed adopted for the ensuing calendar year on a month-to-month basis, with all items prorated accordingly until such time as the City Council adopts the budget for the ensuing fiscal year. Once adopted, the City Council may at any time, by ordinance, amend the budget. The individual boards of the City's component units approve their respective annual budgets.

Expenditures may not legally exceed budgeted appropriations at the fund level. Funds are defined as the major operating units of the City. Those funds are the General Fund, Water and Wastewater Fund, Stormwater Fund, Sanitation Fund, Conservation Trust Fund, and the Community Development Block Grant Fund.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in all funds. Outstanding encumbrances at year-end will lapse. They do not constitute expenditures or liabilities because the commitments will be re-appropriated during the subsequent year.

CITY OF NORTHGLENN, COLORADO

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET DECEMBER 31, 2010

	Special Revenue Funds		
	Conservation		Total
	Trust Fund	CDBG Fund	
ASSETS			
Cash & Investments	\$ 1,377,905	\$ -	\$ 1,377,905
Receivables, Net of Allowances	3,850	10,322	14,172
Total Assets	<u>\$ 1,381,755</u>	<u>\$ 10,322</u>	<u>\$ 1,392,077</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 53,320	\$ -	\$ 53,320
Retainages Payable	2,849	-	2,849
Due To Other Funds	-	10,322	10,322
Total Liabilities	<u>56,169</u>	<u>10,322</u>	<u>66,491</u>
FUND BALANCES			
Unreserved, reported in:			
Special Revenue Funds	1,325,586	-	1,325,586
Total Fund Balances	<u>1,325,586</u>	<u>-</u>	<u>1,325,586</u>
Total Liabilities and Fund Balances	<u>\$ 1,381,755</u>	<u>\$ 10,322</u>	<u>\$ 1,392,077</u>

The notes to the financial statements are an integral part of this statement

CITY OF NORTHGLENN, COLORADO

NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED DECEMBER 31, 2010

	Special Revenue Funds		
	Conservation		Total
	Trust Fund	CDBG Fund	
REVENUES			
Intergovernmental	\$ 316,892	\$ 265,516	\$ 582,408
Investment Earnings	7,411	-	7,411
Total Revenues	<u>324,303</u>	<u>265,516</u>	<u>589,819</u>
EXPENDITURES			
General Government:			
Planning & Development	-	10,322	10,322
Capital Outlay	274,045	-	274,045
Total Expenditures	<u>274,045</u>	<u>10,322</u>	<u>284,367</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>50,258</u>	<u>255,194</u>	<u>305,452</u>
Net Change In Fund Balance	50,258	255,194	305,452
Fund Balance-Beginning	1,275,328	(255,194)	1,020,134
Fund Balance-Ending	<u>\$ 1,325,586</u>	<u>\$ -</u>	<u>\$ 1,325,586</u>

See the accompanying Independent Auditors' Report

CITY OF NORTHGLENN, COLORADO

SPECIAL REVENUE FUND-CONSERVATION TRUST FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 326,569	\$ 326,569	\$ 316,892	\$ (9,677)
Investment Earnings	21,602	21,602	7,411	(14,191)
Total Revenues	348,171	348,171	324,303	(23,868)
EXPENDITURES				
General Government:				
Capital Outlay	200,000	1,275,744	274,045	1,001,699
Total Expenditures	200,000	1,275,744	274,045	1,001,699
Excess (Deficiency) of Revenues Over Expenditures	148,171	(927,573)	50,258	977,831
Net Change In Fund Balance	148,171	(927,573)	50,258	977,831
Fund Balance-Beginning	1,162,820	1,162,820	1,275,328	112,508
Fund Balance-Ending	\$ 1,310,991	\$ 235,247	\$ 1,325,586	\$ 1,090,339

See the accompanying Independent Auditors' Report

CITY OF NORTHGLENN, COLORADO

SPECIAL REVENUE FUND-COMMUNITY DEVELOPMENT BLOCK GRANT FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 265,516	\$ 265,516
Total Revenues	-	-	265,516	265,516
EXPENDITURES				
General Government:				
Planning & Development	-	30,000	10,322	19,678
Capital Outlay	-	120,000	-	120,000
Total Expenditures	-	150,000	10,322	139,678
Excess (Deficiency) of Revenues Over Expenditures	-	(150,000)	255,194	405,194
Net Change In Fund Balance	-	(150,000)	255,194	405,194
Fund Balance-Beginning	-	-	(255,194)	(255,194)
Fund Balance-Ending	\$ -	\$ (150,000)	\$ -	\$ 150,000

See the accompanying Independent Auditors' Report

CITY OF NORTHGLENN, COLORADO

WATER AND WASTEWATER FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes-Sales/Use	\$ 4,057,247	\$ 4,057,247	\$ 4,090,837	\$ 33,590
Intergovernmental	121,400	121,400	133,722	12,322
Charges for Services	8,754,061	8,754,061	8,676,473	(77,588)
Investment Earnings	361,564	361,564	90,210	(271,354)
Miscellaneous	26,250	26,250	15,307	(10,943)
Total Revenues	13,320,522	13,320,522	13,006,549	(313,973)
EXPENDITURES				
Administration	1,353,674	1,353,674	1,284,971	68,703
Facilities	171,834	171,834	187,669	(15,835)
Fleet	167,900	167,900	111,462	56,438
Engineering	310,642	310,642	305,069	5,573
Water Operations	1,074,990	1,074,990	779,948	295,042
Lab Operations	426,343	426,343	352,727	73,616
Electrical and Mechanical	575,700	575,700	591,433	(15,733)
Distribution and Collection	772,108	772,108	658,778	113,330
Water Resources Operations	1,042,328	1,042,328	757,877	284,451
Wastewater Operations	1,429,913	1,429,913	1,433,687	(3,774)
Industrial Pre-Treatment	74,044	74,044	63,519	10,525
Capital Outlay	2,946,282	2,622,172	1,786,147	836,025
Acquisition of Water Rights	3,316,769	10,906,769	11,849,863	(943,094)
Debt Service:				
Principal Payments	696,432	696,432	729,976	(33,544)
Interest and Fiscal Charges	587,809	587,809	589,038	(1,229)
Total Expenditures	14,946,768	22,212,658	21,482,164	730,494
Net Change	\$ (1,626,246)	\$ (8,892,136)	(8,475,615)	\$ 416,521
OTHER FINANCING SOURCES (USES)				
Capital Lease	-	7,590,000	7,590,000	-
Sales of Capital Assets	-	-	4,324	4,324
Total Other Financing Sources (Uses)	-	7,590,000	7,594,324	4,324
Net Change	\$ (1,626,246)	\$ (1,302,136)	(881,291)	\$ 420,845
Adjustments to reconcile budgetary basis to GAAP basis Adjustment for				
Net Book Value of Assets Retired				
Principal Paid on Bonds and Notes Payable			729,976	
Issuance of Capital Lease			(7,590,000)	
Capitalization of Capital Assets			13,636,010	
Amortization			(31,993)	
Depreciation			(3,125,059)	
Total Adjustments to Basis			<u>3,618,934</u>	
Change in Net Assets			<u>2,737,643</u>	
Total Net Assets-Beginning			109,458,867	
Total Net Assets-Ending			<u>\$ 112,196,510</u>	

See the accompanying Independent Auditors' Report

CITY OF NORTHGLENN, COLORADO

STORMWATER FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 404,264	\$ 404,264	\$ 419,799	\$ 15,535
Investment Earnings	11,485	11,485	3,833	(7,652)
Total Revenues	415,749	415,749	423,632	7,883
EXPENDITURES				
Administration	2,192	2,192	-	2,192
Fleet	3,650	3,650	8,178	(4,528)
Streets	231,019	231,019	206,647	24,372
Stormwater Operations	111,910	111,910	72,196	39,714
Capital Outlay	600,000	600,000	100,000	500,000
Total Expenditures	948,771	948,771	387,021	561,750
Net Change	\$ (533,022)	\$ (533,022)	36,611	\$ 569,633

Adjustments to reconcile budgetary

basis to GAAP basis Adjustment for

Net Book Value of Assets Retired

Principal Paid on Bonds and Notes Payable

Capitalization of Capital Assets

Depreciation

Total Adjustments to Basis

Change in Net Assets

Total Net Assets-Beginning

Total Net Assets-Ending

100,000

(60,445)

39,555

76,166

1,630,790

\$ 1,706,956

See the accompanying Independent Auditors' Report

CITY OF NORTHGLENN, COLORADO

SANITATION FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 1,510,689	\$ 1,510,689	\$ 1,508,397	\$ (2,292)
Investment Earnings	36,787	36,787	11,279	(25,508)
Total Revenues	<u>1,547,476</u>	<u>1,547,476</u>	<u>1,519,676</u>	<u>(27,800)</u>
EXPENDITURES				
Administration	155,320	155,320	47,705	107,615
Fleet	193,450	193,450	132,023	61,427
Sanitation Operations	1,095,563	1,095,563	1,011,093	84,470
Capital Outlay	610,000	610,000	580,446	29,554
Debt Service:				
Principal Payments	168,920	168,920	263,584	(94,664)
Interest and Fiscal Charges	9,493	9,493	11,928	(2,435)
Total Expenditures	<u>2,232,746</u>	<u>2,232,746</u>	<u>2,046,779</u>	<u>185,967</u>
Net Change	<u>\$ (685,270)</u>	<u>\$ (685,270)</u>	(527,103)	<u>\$ 158,167</u>
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	150,000	150,000	496,050	346,050
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>150,000</u>	<u>496,050</u>	<u>346,050</u>
Net Change	<u>\$ (535,270)</u>	<u>\$ (535,270)</u>	(31,053)	<u>\$ 504,217</u>
Adjustments to reconcile budgetary basis to GAAP basis Adjustment for				
Net Book Value of Assets Retired			(104,631)	
Principal Paid on Bonds and Notes Payable			263,584	
Capitalization of Capital Assets			580,446	
Depreciation			(196,111)	
Total Adjustments to Basis			<u>543,288</u>	
Change in Net Assets			512,235	
Total Net Assets-Beginning			2,109,189	
Total Net Assets-Ending			<u>\$ 2,621,424</u>	

See the accompanying Independent Auditors' Report



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CITY OF NORTHGLENN, COLORADO

NORTHGLENN URBAN RENEWAL AUTHORITY BALANCE SHEET DECEMBER 31, 2010

ASSETS

Cash & Investments	\$	6,223,422
Receivables, Net of Allowances		<u>1,303,007</u>
Total Assets	\$	<u><u>7,526,429</u></u>

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts Payable	\$	17,182
Deferred Revenue		<u>1,302,601</u>
Total Liabilities		<u><u>1,319,783</u></u>

FUND BALANCES

Fund Balance-Unreserved		<u>6,206,646</u>
Total Fund Balance		<u><u>6,206,646</u></u>

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

Capital assets used in governmental activities are not financial resources
therefore are not reported in the funds. 1,126,115

Net Assets of Governmental Activities	\$	<u><u>7,332,761</u></u>
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See the accompanying Independent Auditors' Report

CITY OF NORTHGLENN, COLORADO

NORTHGLENN URBAN RENEWAL AUTHORITY BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes-Property	\$ 1,925,000	\$ 1,925,000	\$ 1,438,062	\$ (486,938)
Investment Earnings	65,000	65,000	44,212	(20,788)
Miscellaneous	-	-	7,752	7,752
Total Revenues	<u>1,990,000</u>	<u>1,990,000</u>	<u>1,490,026</u>	<u>(499,974)</u>
EXPENDITURES				
General Government	1,040,000	1,040,000	1,019,484	20,516
Capital Outlay	1,350,000	1,350,000	-	1,350,000
Total Expenditures	<u>2,390,000</u>	<u>2,390,000</u>	<u>1,019,484</u>	<u>1,370,516</u>
Net Change in Fund Balance	(400,000)	(400,000)	470,542	870,542
Fund Balance-Beginning of Year	3,877,197	3,877,197	5,736,104	1,858,907
Fund Balance-End of Year	<u>\$ 3,477,197</u>	<u>\$ 3,477,197</u>	<u>\$ 6,206,646</u>	<u>\$ 2,729,449</u>

Amount reported for the urban renewal authority in the statement of activities is different because:

Net change in fund balance

470,542

Governmental funds report capital outlays as expenditures, while in the statement of activities, the cost of those assets is allocated over estimated useful lives as depreciation expense. This is the amount of depreciation expense.

(8,721)

Change in Net Assets

\$ 461,821

See the accompanying Independent Auditors' Report

CITY OF NORTHGLENN, COLORADO

CHURCH DITCH WATER AUTHORITY BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 497,858	\$ 497,858	\$ 403,129	\$ (94,729)
Investment Earnings	200	200	367	167
Miscellaneous	84,067	84,067	82,717	(1,350)
Total Revenues	<u>582,125</u>	<u>582,125</u>	<u>486,213</u>	<u>(95,912)</u>
EXPENDITURES				
General Operations	263,600	263,600	213,508	50,092
Capital Outlay	593,067	593,067	250,295	342,772
Debt Service:				
Principal Payments	58,604	58,604	58,604	-
Interest and Fiscal Charges	269	269	269	-
Contingency	183,510	183,510	-	183,510
Total Expenditures	<u>1,099,050</u>	<u>1,099,050</u>	<u>522,676</u>	<u>576,374</u>
Net Change	<u>\$ (516,925)</u>	<u>\$ (516,925)</u>	(36,463)	<u>\$ 480,462</u>
Adjustments to reconcile budgetary basis to GAAP basis Adjustment for				
Principal Paid on Bonds and Notes Payable			58,604	
Capitalization of Capital Assets			250,295	
Depreciation			(84,711)	
Total Adjustments to Basis			<u>224,188</u>	
Change in Net Assets			187,725	
Total Net Assets-Beginning			2,720,375	
Total Net Assets-Ending			<u>\$ 2,908,100</u>	

See the accompanying Independent Auditors' Report

CITY OF NORTHGLENN, COLORADO

CHURCH DITCH WATER AUTHORITY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2010

Cash Flows From Operating Activities	
Cash Received From Customers, including cash deposits	\$ 418,798
Cash Payments to Suppliers for Goods and Services	<u>(232,936)</u>
Net Cash Provided (Used) by Operating Activities	<u>185,862</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition of Capital Assets	(250,295)
Principal Paid on Bond, Leases and Notes Payable Maturities	(58,604)
Interest Paid on Bonds, Leases and Notes Payable	<u>(269)</u>
Net Cash (Used) in Capital Financing Activities	<u>(309,168)</u>
Cash Flows From Investing Activities	
Earnings on Investments	<u>367</u>
Net Cash Provided by Investing Activities	<u>367</u>
Net Increase in Cash and Cash Equivalents	(122,939)
Cash and Cash Equivalents, Beginning of Year	<u>845,516</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 722,577</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	<u>\$ 187,627</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	84,711
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(8,675)
Increase (Decrease) in Accounts Payable	(19,427)
Increase (Decrease) in Deferred Revenue	(15,587)
Increase (Decrease) in Customer Deposits Payable	<u>(42,786)</u>
Total Adjustments	<u>(1,764)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 185,862</u></u>

See the accompanying Independent Auditors' Report

CITY OF NORTHGLENN, COLORADO

STATISTICAL SECTION FOR THE YEAR ENDED DECEMBER 31, 2010

This section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information. This section includes data for the City (i.e. the primary government) only and does not include the City's discretely presented component units. This information has not been audited by the independent auditor.

<u>Schedule Number</u>		<u>Page Number</u>
	Financial Trends Information - These schedules contain trend information that may assist the reader in assessing the City's current financial performance by placing it in historical perspective.	
1	Net assets by component	62
2	Changes in net assets	64
3	Fund Balances, governmental funds	66
4	Changes in funds balances, governmental funds	68
5	Changes in net assets, water and wastewater fund	70
6	Tax revenues by source, governmental funds	72
	Revenue Capacity Information - These schedules contain information that may assist the reader in assessing the City's two most significant local revenue sources, property tax and sales tax.	
7	Assessed value and estimated actual value of taxable property	74
8	Direct and overlapping property tax rates	76
9	Principal property tax payers	77
10	Property tax levies and collections	78
11	Sales tax collections by category	80
12	Direct and overlapping sales tax rates	82
	Debt Capacity Information - These schedules contain information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
13	Ratios of outstanding debt by type	84
14	Ratios of general bonded debt outstanding and legal debt margin	86
15	Direct and overlapping governmental activities debt	88
	Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
16	Demographic and economic statistics	89
	Note for Schedule of Principal Employers: The City of Northglenn does not rely on one or a few employers for revenue and does not track this information.	
	Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and activities it performs.	
17	Full-time employees by function/program	91
18	Operating indicators by function/program	92
19	Capital asset statistics by function/program	94

CITY OF NORTHGLENN, COLORADO

NET ASSETS BY COMPONENT LAST TEN YEARS (Accrual basis of accounting)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 79,053,838	\$ 81,780,452	\$ 90,294,725	\$ 94,510,194
Restricted	3,732,467	1,674,371	600,544	616,440
Unrestricted	18,935,460	17,786,743	10,245,430	7,125,828
Total governmental activities net assets	<u>\$ 101,721,765</u>	<u>\$ 101,241,566</u>	<u>\$ 101,140,699</u>	<u>\$ 102,252,462</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 37,277,149	\$ 40,775,167	\$ 45,160,266	\$ 52,000,619
Restricted	31,781,654	29,984,055	16,759,979	17,967,625
Unrestricted	1,405,449	7,206,879	21,939,434	18,600,428
Total business-type activities net assets	<u>\$ 70,464,252</u>	<u>\$ 77,966,101</u>	<u>\$ 83,859,679</u>	<u>\$ 88,568,672</u>
Primary government				
Invested in capital assets, net of related debt	\$ 116,330,987	\$ 122,555,619	\$ 135,454,991	\$ 146,510,813
Restricted	35,514,121	31,658,426	17,360,523	18,584,065
Unrestricted	20,340,909	24,993,622	32,184,864	25,726,256
Total primary government net assets	<u>\$ 172,186,017</u>	<u>\$ 179,207,667</u>	<u>\$ 185,000,378</u>	<u>\$ 190,821,134</u>

2005	2006	2007	2008	2009	2010
\$ 94,888,925	\$ 96,808,664	\$ 95,962,175	\$ 95,546,950	\$ 92,633,050	\$ 93,828,783
604,711	638,129	644,411	744,414	1,879,854	1,890,967
10,799,566	10,720,619	9,284,600	6,367,514	5,837,248	8,234,241
<u>\$ 106,293,202</u>	<u>\$ 108,167,412</u>	<u>\$ 105,891,186</u>	<u>\$ 102,658,878</u>	<u>\$ 100,350,152</u>	<u>\$ 103,953,991</u>
\$ 70,224,641	\$ 76,061,058	\$ 83,476,547	\$ 89,703,824	\$ 97,836,240	\$ 102,070,013
12,197,256	14,953,367	12,929,847	11,397,939	6,555,525	3,239,578
11,243,207	9,624,028	8,461,079	8,398,067	8,807,081	11,215,299
<u>\$ 93,665,104</u>	<u>\$ 100,638,453</u>	<u>\$ 104,867,473</u>	<u>\$ 109,499,830</u>	<u>\$ 113,198,846</u>	<u>\$ 116,524,890</u>
\$ 165,113,566	\$ 172,869,722	\$ 179,438,722	\$ 185,250,774	\$ 190,469,289	\$ 195,898,796
12,801,967	15,591,496	13,574,258	12,142,353	8,435,379	5,130,545
22,042,773	20,344,647	17,745,679	14,765,581	14,644,330	19,449,540
<u>\$ 199,958,306</u>	<u>\$ 208,805,865</u>	<u>\$ 210,758,659</u>	<u>\$ 212,158,708</u>	<u>\$ 213,548,998</u>	<u>\$ 220,478,881</u>

CITY OF NORTHGLENN, COLORADO

CHANGES IN NET ASSETS LAST TEN YEARS (Accrual basis of accounting)

	2001	2002	2003	2004
Expenses				
Governmental activities:				
General government	\$ 3,397,439	\$ 4,797,620	\$ 5,521,240	\$ 5,419,842
Public safety	5,635,884	6,620,822	7,242,650	7,182,380
Public Works	2,946,066	2,920,510	2,721,746	2,611,358
Recreation and Culture	4,239,894	3,869,196	4,103,759	4,069,185
Interest on Long-Term Debt	34,250	95,813	102,061	85,998
Total governmental activities expenses	16,253,533	18,303,961	19,691,456	19,368,763
Business-type activities:				
Water and Wastewater	9,388,084	9,681,457	10,292,730	11,055,378
Stormwater (1)	-	-	-	-
Sanitation	1,246,119	1,331,025	1,345,186	1,288,095
Total business-type activities expenses	10,634,203	11,012,482	11,637,916	12,343,473
Total primary government expenses	\$ 26,887,736	\$ 29,316,443	\$ 31,329,372	\$ 31,712,236
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 48,766	\$ 318,267	\$ 41,964	\$ 96,529
Public safety	601,445	651,312	743,714	1,071,363
Recreation and Culture	1,452,337	661,564	875,568	898,641
Operating grants and contributions	1,735,921	215,174	164,519	244,922
Capital grants and contributions	806,068	3,571,863	3,974,951	3,523,908
Total governmental activities program revenues	4,644,537	5,418,180	5,800,716	5,835,363
Business-type activities:				
Charges for services:				
Water and Wastewater	9,962,433	9,139,238	9,283,037	8,970,075
Stormwater (1)	-	-	-	-
Sanitation	1,127,466	1,173,189	1,339,371	1,449,269
Capital grants and contributions	5,154,398	1,024,850	381,615	249,780
Total business-type activities program revenues	16,244,297	11,337,277	11,004,023	10,669,124
Total primary government program revenues	\$ 20,888,834	\$ 16,755,457	\$ 16,804,739	\$ 16,504,487
Net (Expense) Revenue				
Governmental activities	\$ (11,608,996)	\$ (12,885,781)	\$ (13,890,740)	\$ (13,533,400)
Business-type activities	5,610,094	324,795	(633,893)	(1,674,349)
Total primary government net expense	\$ (5,998,902)	\$ (12,560,986)	\$ (14,524,633)	\$ (15,207,749)
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 2,789,302	\$ 2,818,962	\$ 2,877,055	\$ 3,097,285
Sales Taxes	12,568,087	10,757,205	10,103,884	9,921,438
Franchise Fees	869,883	861,764	957,828	978,972
Unrestricted grants and contributions	99,864	54,300	101,684	118,182
Investment earnings	1,114,673	617,731	286,936	222,363
Miscellaneous	126,786	77,090	153,553	429,150
Gain (loss) on sale of assets	261,138	(6,899)	4,537	137,773
Special Item - Forgiveness of Advance	-	-	(437,078)	-
Transfers	(260,000)	(260,000)	(258,526)	(260,000)
Total governmental activities	17,569,733	14,920,153	13,789,873	14,645,163
Business-type activities:				
Sales Taxes	3,284,365	5,570,533	5,479,787	5,389,083
Investment earnings	2,185,498	1,187,964	657,759	587,568
Miscellaneous	151,227	114,328	113,003	135,023
Gain (loss) on sale of assets	2,162	44,229	18,396	11,668
Transfers	260,000	260,000	258,526	260,000
Total business-type activities	5,883,252	7,177,054	6,527,471	6,383,342
Total primary government	\$ 23,452,985	\$ 22,097,207	\$ 20,317,344	\$ 21,028,505
Change in Net Assets				
Governmental activities	\$ 5,960,737	\$ 2,034,372	\$ (100,867)	\$ 1,111,763
Business-type activities	11,493,346	7,501,849	5,893,578	4,708,993
Total primary government net expense	\$ 17,454,083	\$ 9,536,221	\$ 5,792,711	\$ 5,820,756

NOTE: (1) Stormwater segregated from Water and Wastewater Fund activity

Schedule Z

2005	2006	2007	2008	2009	2010
\$ 5,744,206	\$ 6,797,290	\$ 8,484,782	\$ 9,519,448	\$ 6,381,839	\$ 5,532,381
6,881,768	7,484,713	9,885,311	9,924,420	9,112,846	7,072,212
2,336,420	2,033,028	1,566,489	1,577,983	3,819,443	5,521,558
6,248,169	4,234,278	5,559,531	5,511,520	3,740,748	3,436,481
90,385	81,385	78,258	61,012	35,455	20,146
<u>21,300,948</u>	<u>20,630,694</u>	<u>25,574,371</u>	<u>26,594,383</u>	<u>23,090,331</u>	<u>21,582,778</u>
10,143,023	10,056,903	11,407,951	11,318,303	9,951,649	10,273,230
-	-	-	274,753	294,563	347,466
1,174,431	1,276,903	1,385,656	1,394,633	1,548,225	1,398,860
<u>11,317,454</u>	<u>11,333,806</u>	<u>12,793,607</u>	<u>12,987,689</u>	<u>11,794,437</u>	<u>12,019,556</u>
<u>\$ 32,618,402</u>	<u>\$ 31,964,500</u>	<u>\$ 38,367,978</u>	<u>\$ 39,582,072</u>	<u>\$ 34,884,768</u>	<u>\$ 33,602,334</u>
\$ 152,427	\$ 110,676	\$ 72,712	\$ 69,427	\$ 69,913	\$ 517,172
1,038,294	1,904,840	1,950,385	2,017,337	2,044,943	2,297,090
987,856	1,128,563	1,175,180	1,329,069	937,978	908,161
3,089,589	929,773	382,268	237,848	344,618	461,110
3,822,988	3,306,819	3,368,952	5,103,022	2,485,444	6,177,450
<u>9,091,154</u>	<u>7,380,671</u>	<u>6,949,497</u>	<u>8,756,703</u>	<u>5,882,896</u>	<u>10,360,983</u>
9,731,245	10,235,479	9,218,274	9,737,184	8,814,128	8,676,473
-	-	-	442,150	425,725	419,799
1,442,526	1,453,213	1,256,360	1,481,979	1,424,697	1,508,397
301,074	558,350	193,496	255,503	-	-
<u>11,474,845</u>	<u>12,247,042</u>	<u>10,668,130</u>	<u>11,916,816</u>	<u>10,664,550</u>	<u>10,604,669</u>
<u>\$ 20,565,999</u>	<u>\$ 19,627,713</u>	<u>\$ 17,617,627</u>	<u>\$ 20,673,519</u>	<u>\$ 16,547,446</u>	<u>\$ 20,965,652</u>
\$ (12,209,794)	\$ (13,250,023)	\$ (18,624,874)	\$ (17,837,680)	\$ (17,207,435)	\$ (11,221,795)
157,391	913,236	(2,125,477)	(1,070,873)	(1,129,887)	(1,414,887)
<u>\$ (12,052,403)</u>	<u>\$ (12,336,787)</u>	<u>\$ (20,750,351)</u>	<u>\$ (18,908,553)</u>	<u>\$ (18,337,322)</u>	<u>\$ (12,636,682)</u>
\$ 3,079,794	\$ 3,187,855	\$ 3,134,763	\$ 3,173,653	\$ 3,083,895	\$ 2,951,290
10,301,196	10,024,167	11,363,745	11,575,412	10,330,693	10,610,255
1,075,047	1,152,465	1,110,479	1,216,392	1,117,418	893,087
91,789	101,316	89,916	108,292	139,838	96,538
205,438	657,590	766,187	405,355	189,939	57,354
176,751	260,840	142,925	348,606	296,926	201,996
(51,002)	-	6,756	-	-	15,114
-	-	-	-	-	-
(260,000)	(260,000)	(260,000)	(260,000)	(260,000)	-
<u>14,619,013</u>	<u>15,124,233</u>	<u>16,354,771</u>	<u>16,567,710</u>	<u>14,898,709</u>	<u>14,825,634</u>
4,615,349	4,429,152	4,487,829	4,445,068	4,115,330	4,090,837
943,187	1,107,058	1,360,501	994,051	182,373	105,322
221,621	213,243	142,255	181,496	271,200	149,029
21,391	50,660	103,912	4,529	-	395,743
260,000	260,000	260,000	260,000	260,000	-
<u>6,061,548</u>	<u>6,060,113</u>	<u>6,354,497</u>	<u>5,885,144</u>	<u>4,828,903</u>	<u>4,740,931</u>
<u>\$ 20,680,561</u>	<u>\$ 21,184,346</u>	<u>\$ 22,709,268</u>	<u>\$ 22,452,854</u>	<u>\$ 19,727,612</u>	<u>\$ 19,566,565</u>
\$ 2,409,219	\$ 1,874,210	\$ (2,270,103)	\$ (1,269,970)	\$ (2,308,726)	\$ 3,603,839
6,218,939	6,973,349	4,229,020	4,814,271	3,699,016	3,326,044
<u>\$ 8,628,158</u>	<u>\$ 8,847,559</u>	<u>\$ 1,958,917</u>	<u>\$ 3,544,301</u>	<u>\$ 1,390,290</u>	<u>\$ 6,929,883</u>

CITY OF NORTHGLENN, COLORADO

FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN YEARS (Modified accrual basis of accounting)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Fund				
Reserved	\$ 3,732,467	\$ 4,718,637	\$ 2,694,576	\$ 2,106,330
Unreserved	17,102,797	15,503,468	9,025,132	6,315,506
Total general fund	<u>\$ 20,835,264</u>	<u>\$ 20,222,105</u>	<u>\$ 11,719,708</u>	<u>\$ 8,421,836</u>
All Other Governmental Funds				
Unreserved, reported in:				
Special revenue funds	51,073	189,280	223,165	514,730
Total all other governmental funds	<u>\$ 51,073</u>	<u>\$ 189,280</u>	<u>\$ 223,165</u>	<u>\$ 514,730</u>

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 1,495,297	\$ 923,423	\$ 716,559	\$ 805,983	\$ 805,168	\$ 684,172
10,408,445	10,773,490	9,555,776	6,836,548	7,371,617	7,361,071
<u>\$ 11,903,742</u>	<u>\$ 11,696,913</u>	<u>\$ 10,272,335</u>	<u>\$ 7,642,531</u>	<u>\$ 8,176,785</u>	<u>\$ 8,045,243</u>
694,514	966,022	951,488	1,026,235	1,020,134	3,436,239
<u>\$ 694,514</u>	<u>\$ 966,022</u>	<u>\$ 951,488</u>	<u>\$ 1,026,235</u>	<u>\$ 1,020,134</u>	<u>\$ 3,436,239</u>

CITY OF NORTHGLENN, COLORADO

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN YEARS (Modified accrual basis of accounting)

	2001	2002	2003	2004
Revenues				
Taxes	\$ 15,750,026	\$ 14,437,931	\$ 13,938,767	\$ 14,054,695
Licenses and permits	892,301	315,651	236,156	231,430
Intergovernmental	2,235,635	3,925,890	4,241,155	3,887,012
Charges for services	733,113	838,466	841,094	884,547
Fines and forfeitures	466,408	484,491	583,995	893,556
Investment earnings	1,114,673	617,731	286,936	222,363
Miscellaneous	502,989	77,090	151,459	429,150
Total revenues	<u>21,695,145</u>	<u>20,697,250</u>	<u>20,279,562</u>	<u>20,602,753</u>
Expenditures				
Current:				
General government	\$ 3,276,146	\$ 4,271,723	\$ 5,151,097	\$ 5,550,450
Public Safety	5,786,595	6,501,296	6,750,451	6,643,311
Public Works	1,938,105	2,587,416	2,432,764	2,361,217
Recreation and Culture	4,077,156	3,572,729	3,900,708	3,898,606
Capital outlay	3,866,176	4,897,722	9,645,556	5,197,415
Debt service				
Principal	-	235,041	353,985	560,424
Interest and fiscal charges	3,093	95,813	102,061	93,733
Total expenditures	<u>18,947,271</u>	<u>22,161,740</u>	<u>28,336,622</u>	<u>24,305,156</u>
Excess of revenues over (under) expenditures	2,747,874	(1,464,490)	(8,057,060)	(3,702,403)
Other Finances Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	(260,000)	(260,000)	(310,000)	(260,000)
Proceeds from land contract	-	-	-	-
Retirement of capital lease	-	-	(1,016,581)	-
Capital Lease	-	1,224,594	1,306,479	755,135
Proceeds from sale of asset	288,388	24,944	45,728	200,961
Total other financing sources (uses)	<u>28,388</u>	<u>989,538</u>	<u>25,626</u>	<u>696,096</u>
Forgiveness of NURA Advance	-	-	(437,078)	-
Net change in fund balances	<u>\$ 2,776,262</u>	<u>\$ (474,952)</u>	<u>\$ (8,468,512)</u>	<u>\$ (3,006,307)</u>
Debt service as a percentage of noncapital expenditures	0.0%	1.9%	2.4%	3.4%

	2005	2006	2007	2008	2009	2010
\$	14,513,037	\$ 14,364,487	\$ 15,608,987	\$ 15,965,457	\$ 14,532,006	\$ 14,454,632
	297,046	320,673	254,446	325,921	250,074	475,652
	4,169,093	3,624,208	3,750,934	5,449,162	2,714,706	6,713,795
	960,215	1,092,287	1,191,608	1,303,732	995,364	1,281,364
	864,317	1,731,119	1,752,222	1,786,180	1,807,396	1,965,407
	205,438	657,590	766,187	405,355	189,939	57,354
	176,751	260,841	142,924	348,606	296,926	201,996
	<u>21,185,897</u>	<u>22,051,205</u>	<u>23,467,308</u>	<u>25,584,413</u>	<u>20,786,411</u>	<u>25,150,200</u>
\$	5,356,593	\$ 5,482,481	\$ 6,936,518	\$ 7,653,688	\$ 4,670,444	\$ 5,288,399
	6,539,630	7,317,781	8,036,625	7,894,939	8,942,516	7,007,714
	2,011,172	2,066,972	1,235,912	1,159,977	1,325,612	1,900,952
	3,284,923	3,324,044	4,432,778	4,311,732	3,106,896	2,889,045
	2,062,577	3,310,082	3,865,989	6,230,246	1,425,250	5,486,729
	760,770	706,344	593,949	592,031	488,582	287,765
	93,240	84,389	81,425	64,340	38,958	20,146
	<u>20,108,905</u>	<u>22,292,093</u>	<u>25,183,196</u>	<u>27,906,953</u>	<u>19,998,258</u>	<u>22,880,750</u>
	1,076,992	(240,888)	(1,715,888)	(2,322,540)	788,153	2,269,450
	-	-	-	-	-	296,000
	(260,000)	(260,000)	(260,000)	(260,000)	(260,000)	(296,000)
	769,566	-	-	-	-	-
	-	-	-	-	-	-
	123,950	523,922	449,410	-	-	-
	319,661	41,645	93,489	27,483	-	15,114
	<u>953,177</u>	<u>305,567</u>	<u>282,899</u>	<u>(232,517)</u>	<u>(260,000)</u>	<u>15,114</u>
	-	-	-	-	-	-
\$	<u>2,030,169</u>	<u>\$ 64,679</u>	<u>\$ (1,432,989)</u>	<u>\$ (2,555,057)</u>	<u>\$ 528,153</u>	<u>\$ 2,284,564</u>
	4.7%	4.2%	3.2%	3.0%	2.8%	1.8%

CITY OF NORTHGLENN, COLORADO

CHANGES IN NET ASSETS, WATER AND WASTEWATER FUND LAST TEN YEARS (Accrual basis of accounting)

	2001	2002	2003	2004
Operating Revenues				
Charges for services	\$ 9,962,433	\$ 9,139,238	\$ 9,283,037	\$ 8,970,075
Other Operating Revenues	130,155	93,801	84,519	41,032
Total Operating Revenues	<u>10,092,588</u>	<u>9,233,039</u>	<u>9,367,556</u>	<u>9,011,107</u>
Operating Expenses				
Administration	828,478	939,157	948,980	1,050,530
Facilities	120,999	137,163	138,598	153,429
Fleet	71,865	81,465	82,317	91,126
Engineering	196,692	222,968	225,300	249,410
Water Operations	502,867	570,046	576,009	637,648
Lab Operations	227,419	257,800	260,497	288,373
Electrical and Mechanical	381,323	432,265	436,787	483,527
Distribution and Collection	424,744	481,486	486,523	538,585
Water Resources Operations	488,637	553,915	559,709	619,604
Wastewater Operations	924,362	1,047,850	1,058,810	1,172,113
Industrial Pre-Treatment	40,954	46,425	46,910	51,930
Depreciation	2,571,391	2,553,613	2,656,401	2,822,933
Amortization of Bond Costs	-	-	-	-
Total Operating Expenses	<u>6,779,731</u>	<u>7,324,153</u>	<u>7,476,841</u>	<u>8,159,208</u>
Net Operating Income	<u>3,312,857</u>	<u>1,908,886</u>	<u>1,890,714</u>	<u>851,899</u>
Nonoperating Revenues (Expenses)	<u>2,846,917</u>	<u>4,397,112</u>	<u>3,336,741</u>	<u>3,585,680</u>
Income Before Contributions and Transfers	<u>6,159,774</u>	<u>6,305,998</u>	<u>5,227,455</u>	<u>4,437,579</u>
Capital Contributions/Transfers	<u>5,414,398</u>	<u>1,284,850</u>	<u>664,622</u>	<u>9,780</u>
Change in Net Assets	<u>11,574,172</u>	<u>7,599,657</u>	<u>5,892,077</u>	<u>4,447,359</u>
Total Net Assets-Beginning	58,274,942	69,849,114	77,448,771	83,340,848
Prior Period Adjustment	-	-	-	-
Change in Accounting Principal	-	-	-	-
Total Net Assets-Ending	<u>\$ 69,849,114</u>	<u>\$ 77,448,771</u>	<u>\$ 83,340,848</u>	<u>\$ 87,788,207</u>

Note: This statement is provided pursuant to the continuing Debt Disclosure Undertaking requirements

Schedule 5

2005	2006	2007	2008	2009	2010
\$ 9,731,245	\$ 10,235,479	\$ 9,218,274	\$ 9,737,184	\$ 8,814,128	\$ 8,676,473
144,400	123,466	53,311	119,953	62,692	149,029
<u>9,875,645</u>	<u>10,358,945</u>	<u>9,271,585</u>	<u>9,857,137</u>	<u>8,876,820</u>	<u>8,825,502</u>
1,076,686	1,147,446	1,352,590	1,284,173	1,160,701	1,284,971
157,249	167,584	197,545	187,552	169,519	187,669
93,395	99,533	117,327	111,393	100,682	111,462
255,619	272,419	321,123	304,880	275,565	305,069
653,523	696,473	820,991	779,464	704,518	779,948
295,552	314,976	371,289	352,508	318,614	352,727
495,566	528,134	622,556	591,066	534,235	591,433
551,994	588,272	693,445	658,369	595,067	658,778
635,030	676,765	797,759	757,406	684,582	757,877
1,201,296	1,280,245	1,509,132	1,432,797	1,295,033	1,433,687
53,223	56,721	66,862	63,480	57,376	63,519
2,843,607	2,852,455	3,342,629	3,763,046	3,197,291	3,125,059
-	97,360	75,974	63,674	50,264	31,993
<u>8,312,740</u>	<u>8,778,383</u>	<u>10,289,222</u>	<u>10,349,808</u>	<u>9,143,447</u>	<u>9,684,192</u>
1,562,905	1,580,562	(1,017,637)	(492,671)	(266,627)	(858,690)
<u>3,728,502</u>	<u>4,204,853</u>	<u>4,638,918</u>	<u>4,367,484</u>	<u>3,439,869</u>	<u>3,596,333</u>
5,291,407	5,785,415	3,621,281	3,874,813	3,173,242	2,737,643
561,074	818,350	453,496	515,503	260,000	-
5,852,481	6,603,765	4,074,777	4,390,316	3,433,242	2,737,643
87,788,207	92,431,524	99,035,290	103,110,067	106,165,826	109,458,867
(1,631,521)	-	-	(1,334,559)	(140,201)	-
422,357	-	-	-	-	-
<u>\$ 92,431,524</u>	<u>\$ 99,035,289</u>	<u>\$ 103,110,067</u>	<u>\$ 106,165,824</u>	<u>\$ 109,458,867</u>	<u>\$ 112,196,510</u>

CITY OF NORTHGLENN, COLORADO

Schedule 6

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS (1) LAST TEN YEARS

Year	Property Tax		Sales and Use Taxes (2)	Occupational Tax	Total
	General	Specific Ownership			
2001	\$ 3,216,941	\$ 299,879	\$ 12,568,087	\$ 869,883	\$ 16,954,790
2002	3,807,235	326,269	11,262,673 (3)	861,764	16,257,941 (3)
2003	4,194,918	318,926	10,683,857 (3)	957,828	16,155,529 (3)
2004	4,467,760	319,885	10,467,519 (3)	1,035,972	16,291,136 (3)
2005	4,548,945	301,550	10,301,196	1,132,047	16,283,738
2006	4,644,945	305,195	10,024,167	1,152,465	16,126,772
2007	4,615,634	282,463	10,193,891	1,110,479	16,202,467
2008	4,714,461	261,658	11,575,412 (4)	1,216,392	17,767,923 (4)
2009	4,857,245	225,088	10,330,693	1,117,418	16,530,444
2010	4,197,591	191,761	10,610,255	893,087	15,892,694

Source: City of Northglenn Finance Department

- (1) Includes general funds and Northglenn Urban Renewal Authority, a discretely presented component unit.
- (2) Sales taxes on food and a 1/2% sales tax for purchases of water rights are recorded directly in the Water and Waste Water Enterprise Fund.
- (3) Reflects prior period adjustment for 2002-2004 sales tax reallocation distribution.
- (4) Beginning in 2008, economic development incentive payments are recorded as expenses and are no longer recorded as contra revenues.



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CITY OF NORTHGLENN, COLORADO

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN YEARS

Year	Commercial	Residential	Vacant Land	Industrial	Agriculture	Other Natural Resources	Oil & Gas
2001	36,297,310	112,850,350	4,120,680	2,781,340	61,110	150	102,380
2002	45,217,250	141,804,970	6,027,360	2,608,500	59,140	150	276,450
2003	45,306,840	151,195,300	3,476,430	3,614,790	42,330	150	264,190
2004	50,347,710	164,709,130	2,300,370	3,803,630	64,020	150	141,440
2005	49,811,680	165,299,690	2,276,650	3,803,630	64,020	150	248,950
2006	52,794,320	170,838,150	2,265,270	3,877,680	57,850	150	631,630
2007	52,996,120	169,907,940	2,184,380	3,877,650	57,850	150	624,830
2008	56,838,320	171,308,830	2,181,270	3,975,130	22,500	150	467,230
2009	56,836,630	170,640,120	2,138,700	3,975,130	61,870	150	356,890
2010	61,125,780	156,921,400	1,721,670	4,036,580	23,090	150	-

Source: Adams and Weld County Assessors

Note: Property in Colorado is reassessed every two years. Tax rates are per \$1,000 of assessed value. The assessed value of taxable property is determined by multiplying the "actual" value times an assessment ratio. The assessment ratio for residential property changes every two years based on a constitutionally mandated requirement to keep the ratio of assessed value of commercial property to residential property at the same level as it was in the property tax year commencing January 1, 1985 (the "Gallagher Amendment"). The Gallagher Amendment requires that statewide residential assessed values must be approximately 45% of the total assessed value in the State with commercial and other assessed values making up the other 55% of the assessed values in the State. In order to maintain this 45% / 55% ratio, the commercial assessment rate is established at 29% of the actual value of commercial property and the residential assessment rate fluctuates. The assessment rate of residential property by collection year was:

Year	Residential Rate
2000	9.74%
2001	9.15%
2002	9.15%
2003	7.96%
2004	7.96%
2005	7.96%
2006	7.96%
2007	7.96%
2008	7.96%
2009	7.96%
2010	7.96%

State Assessed	Personal Property	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a % of Estimated Actual Value
403,470	19,060,150	175,676,940	11.597	1,375,035,208	12.78%
405,730	20,429,930	216,829,480	11.597	1,807,848,967	11.99%
414,500	20,310,300	224,624,830	11.597	1,905,003,858	11.79%
427,430	20,697,720	242,491,600	11.597	2,337,099,511	10.38%
370,000	19,047,150	240,921,920	11.597	2,336,821,648	10.31%
369,540	20,174,610	251,009,200	11.597	2,421,203,639	10.37%
374,280	18,789,720	248,812,920	11.597	2,405,167,502	10.34%
292,010	18,211,590	253,297,030	11.597	2,434,177,198	10.41%
416,940	16,313,690	250,740,120	11.597	2,419,107,645	10.36%
133,350	15,867,890	239,829,910	11.597	2,299,232,194	10.43%

CITY OF NORTHGLENN, COLORADO

Schedule 8

DIRECT AND OVERLAPPING PROPERTY TAX RATES LAST TEN YEARS

Year	City of Northglenn			Overlapping Rates (1)						
	Operating Millage	Road Reconstruction Millage	Total City Millage	Adams County School District	Adams County	Rangeview Library District	North Metro Fire District	Urban Drainage Flood Control District	Total Overlapping Rates	Total Direct & Overlapping Rates
2001	11.597	-	11.597	64.429	23.541	1.388	8.227	0.590	98.175	109.772
2002	11.597	-	11.597	63.786	26.370	1.391	8.409	0.531	100.487	112.084
2003	11.597	-	11.597	62.040	26.779	1.387	8.455	0.533	99.194	110.791
2004	11.597	-	11.597	68.763	26.903	1.394	8.430	0.538	106.028	117.625
2005	11.597	-	11.597	67.060	26.804	1.388	8.635	0.532	104.419	116.016
2006	11.597	-	11.597	67.044	26.974	3.659	11.679	0.542	109.898	121.495
2007	11.597	-	11.597	64.595	26.899	3.504	11.801	0.507	107.306	118.903
2008	11.597	-	11.597	69.671	26.809	3.659	13.168	0.528	113.835	125.432
2009	11.597	-	11.597	70.179	26.824	3.659	13.207	0.508	114.377	125.974
2010	7.597	4.000	11.597	70.179	26.824	3.659	13.207	0.508	114.377	125.974

Source: Adams County abstract of assessments and tax levies

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

Overlapping rates are those of local and county governments that apply to property owners with the City of Northglenn. All overlapping rates apply to all Northglenn property owners.

CITY OF NORTHGLENN, COLORADO

Schedule 9

PRINCIPAL PROPERTY TAX PAYERS CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
ELPF Northglenn LLC	\$ 10,120,060	1	4.22%	\$ -	-	0.00%
Public Service Company	5,262,790	2	2.19%	4,175,780	2	2.38%
North Claude Apartments LLC	4,573,820	3	1.91%	-	-	0.00%
Capri W Stone Mountain LLC	2,565,860	4	1.07%	-	-	0.00%
Rosemont APTS LLC	2,460,070	5	1.03%	1,938,550	6	1.10%
Eagle Hardware & Garden Inc	2,237,700	6	0.93%	1,930,260	7	1.10%
Shamrock Properties LLC	1,957,690	7	0.82%	-	-	0.00%
Northglenn Business Park LLC	1,905,620	8	0.79%	1,755,070	8	1.00%
Washington Point Lennane 04 LLC	1,886,450	9	0.79%	-	-	0.00%
North Express LLC	1,798,000	10	0.75%	-	-	0.00%
JP Northglenn LLC	-	-	-	7,833,000	1	4.46%
John Q. Hammons	-	-	-	2,690,330	3	1.53%
American Precision Plastics	-	-	-	2,232,080	4	1.27%
Metal Packaging International	-	-	-	1,978,430	5	1.13%
Metro North Ltd	-	-	-	1,656,480	9	0.94%
Glen Arms Apartments Ltd	-	-	-	1,605,930	10	0.91%
Total	<u>\$ 34,768,060</u>		<u>14.50%</u>	<u>\$ 27,795,910</u>		<u>15.82%</u>

Source: Adams and Weld County Assessors

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN YEARS

<u>Collection Year</u>	<u>Taxes Levied for the Year (1)</u>	<u>Collections (2)</u>	<u>Percentage of Levy (3)</u>
2001	\$ 2,037,325	\$ 2,012,177	98.77%
2002	2,514,571	2,492,693	99.13%
2003	2,604,974	2,558,129	98.20%
2004	2,812,175	2,777,401	98.76%
2005	2,793,971	2,778,244	99.44%
2006	2,910,954	2,882,659	99.03%
2007	2,885,484	2,852,300	98.85%
2008	2,938,883	2,911,999	99.09%
2009	2,908,957	2,858,807	98.28%
2010	2,781,307	2,759,529	99.22%

Source: Adams and Weld County Assessors

- (1) Taxes are levied on November 1 of the prior year based on the prior year's assessed valuation at January 1.
- (2) Includes general funds.
- (3) Information on outstanding delinquent taxes is not readily available.



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CITY OF NORTHGLENN, COLORADO

SALES TAX COLLECTIONS BY CATEGORY (1) LAST TEN YEARS

Category	2001	2002	2003	2004
Automotive Sales/Supplies/Rentals	\$ 1,122,617	\$ 1,285,843	\$ 1,315,052	\$ 1,198,040
Finance/Insurance/Real Estate/Rental/Leasing	246,793	262,061	220,851	215,370
Food and Beverage Stores (2)	1,583,164	1,467,711	1,440,060	1,377,293
Retail Stores	4,981,569	6,207,622	6,029,490	6,285,304
Arts, Entertainment, and Recreation	171,911	197,230	183,283	127,206
Eating and Drinking Establishments	1,851,613	2,168,986	2,152,902	2,201,787
Lodging (3)	277,345	239,084	191,776	155,633
Manufacturing	149,812	121,512	97,055	99,665
Service Providers and Transportation	1,198,198	1,367,292	1,379,194	1,388,825
Construction and Contractors	185,114	168,002	146,163	85,785
Utilities	770,687	783,519	893,200	970,066
Wholesale	125,184	188,353	137,555	156,863
Total	\$ 12,664,007	\$ 14,457,216	\$ 14,186,582	\$ 14,261,837
City Direct Sales Tax Rate	3.50%	3.50%	4.00%	4.00%

Source: City of Northglenn Finance Department

(1) Excludes use tax, penalties & interest, and audit recoveries.

(2) Food for home consumption is taxed at 3.5%.

(3) Lodging is taxed at 5.0%.

	2005	2006	2007	2008	2009	2010
\$	1,182,257	\$ 1,166,339	\$ 1,271,694	\$ 1,144,405	\$ 1,013,025	\$ 996,803
	169,350	184,441	189,424	183,938	156,376	152,608
	1,219,492	1,095,338	1,001,823	804,098	862,856	806,014
	6,151,296	5,389,375	5,750,435	6,080,268	5,680,284	5,777,124
	183,945	191,102	192,531	202,214	190,660	190,798
	2,166,596	2,114,772	2,139,937	2,024,062	1,854,541	1,838,558
	130,601	132,538	134,271	155,556	114,075	135,757
	114,445	114,802	87,589	98,198	86,685	94,997
	1,409,302	1,500,428	1,600,967	1,628,714	1,548,096	1,603,336
	112,221	95,924	83,465	95,693	62,032	66,064
	1,090,895	1,085,118	1,033,420	1,148,720	997,972	1,093,927
	163,701	150,169	129,909	121,798	143,727	112,913
\$	14,094,102	\$ 13,220,347	\$ 13,615,465	\$ 13,687,663	\$ 12,710,330	\$ 12,868,899
	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

DIRECT AND OVERLAPPING SALES TAX RATES LAST TEN YEARS

Year	City Direct Rate (1)	State of Colorado	Adams County	RTD/ SCFD/ FD (2)	Total Sales Tax Rate
2001	3.50%	2.90%	0.70%	0.80%	7.90%
2002	4.00%	2.90%	0.70%	0.80%	8.40%
2003	4.00%	2.90%	0.70%	0.80%	8.40%
2004	4.00%	2.90%	0.70%	0.80%	8.40%
2005	4.00%	2.90%	0.70%	1.20%	8.80%
2006	4.00%	2.90%	0.70%	1.20%	8.80%
2007	4.00%	2.90%	0.75%	1.20%	8.85%
2008	4.00%	2.90%	0.75%	1.20%	8.85%
2009	4.00%	2.90%	0.75%	1.20%	8.85%
2010	4.00%	2.90%	0.75%	1.20%	8.85%

Source: City of Northglenn Finance Department

(1) Sales tax rates for years 2002 and beyond reflect rate of sales tax on everything except food for home consumption. Food for home consumption is taxed at a rate of 3.50% by the City and is not taxed by any other overlapping jurisdiction.

(2) Includes special districts Regional Transportation District (RTD), Science/Cultural Facility District (SCFD), and Football District (FD).



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CITY OF NORTHGLENN, COLORADO

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN YEARS

Year	Governmental Activities		Business-Type Activities			Total Primary Government
	Notes Payable	Capital Lease	General Obligation Bonds	Certificates Of Participation	Capital Lease	
2001	1,424,320	-	32,670,000	-	-	34,094,320
2002	1,312,395	1,101,478	28,520,000	13,515,000	162,959	44,611,832
2003	1,194,594	1,155,194	24,170,000	13,095,000	425,564	40,040,352
2004	1,070,608	1,473,891	19,630,000	12,645,000	812,767	35,632,266
2005	1,709,678	967,567	14,670,000	12,185,000	612,387	30,144,632
2006	802,763	922,495	9,820,000	11,715,000	1,297,182	24,557,440
2007	658,206	922,513	6,105,000	11,225,000	922,384	19,833,103
2008	506,061	482,628	2,785,000	10,715,000	766,718	15,255,407
2009	345,927	119,227	-	10,185,000	433,561	11,083,715
2010	177,389	-	-	9,625,000	7,590,000	17,392,389

Note: Details of the City's outstanding debt can be found in the notes to the financial statements.

Schedule 13

<u>Percentage Of Personal Income</u>	<u>Population</u>	<u>Debt Per Capita</u>
3.360%	35,357	964
4.138%	37,040	1,204
3.668%	37,527	1,067
3.233%	37,176	958
2.699%	36,854	818
2.135%	36,889	666
1.725%	35,827	554
1.328%	35,238	433
0.965%	35,238	315
1.590%	33,563	518

CITY OF NORTHGLENN, COLORADO

RATIOS OF GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT MARGIN LAST TEN YEARS

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Debt Applicable to Limitation:				
General Obligation Bonds	\$ 32,670,000	\$ 28,520,000	\$ 24,170,000	\$ 19,630,000
Less: Debt payable from Enterprise Fund revenues				
2004 Utility Refunding	-	-	-	(14,830,000)
1996 Utility Refunding	(15,745,000)	(11,710,000)	(8,315,000)	(4,800,000)
1994 Utility Refunding	(16,925,000)	(16,810,000)	(15,855,000)	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Percentage to estimated actual property value (1)	0.00%	0.00%	0.00%	0.00%
Per capita (2)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net debt applicable to limit	-	-	-	-
Legal debt limit (3)	<u>41,251,056</u>	<u>54,235,469</u>	<u>57,150,116</u>	<u>70,112,985</u>
Legal debt margin	<u>\$ 41,251,056</u>	<u>\$ 54,235,469</u>	<u>\$ 57,150,116</u>	<u>\$ 70,112,985</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements

(1) Property value data can be found in Schedule 7: Taxable assessed value and estimated actual value of taxable property

(2) Population data can be found in Schedule 16

(3) Colorado Revised Statutes 31-15-302 (II) - 3% of Actual Value

Schedule 14

2005	2006	2007	2008	2009	2010
\$ 14,670,000	\$ 9,820,000	\$ 6,105,000	\$ 2,785,000	\$ -	\$ -
(13,660,000)	(9,820,000)	(6,105,000)	(2,785,000)	-	-
(1,010,000)	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>70,104,649</u>	<u>72,636,109</u>	<u>72,155,025</u>	<u>73,025,316</u>	<u>72,573,229</u>	<u>68,976,966</u>
<u><u>\$ 70,104,649</u></u>	<u><u>\$ 72,636,109</u></u>	<u><u>\$ 72,155,025</u></u>	<u><u>\$ 73,025,316</u></u>	<u><u>\$ 72,573,229</u></u>	<u><u>\$ 68,976,966</u></u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2010**

Name of Governmental Entity	Debt Outstanding (1)	Estimated Percentage Applicable	Estimated Share of Overlapping Debt (2)
Direct:			
City of Northglenn	\$ -	100%	\$ -
Overlapping:			
Adams County School District No. 12	369,524,844	0.94%	3,483,003
North Metro Fire Rescue Authority	24,500,000	22.84%	<u>5,594,587</u>
	<u>\$ 394,024,844</u>		<u>\$ 9,077,589</u>

Sources: North Metro Fire Rescue Authority, Adams County School District #12

- (1) Excluding self-supporting general obligation bonds reported in the Enterprise Funds.
- (2) Determined by ratio of assessed valuation of taxable property within the City to assessed valuation of the overlapping unit.
- (3) Although the City has attempted to obtain accurate information as to the outstanding debt of such governmental entities, it does not represent its completeness or accuracy as there is no central reporting entity which has this information available and the statistics are based on information supplied by others. This table, however, should provide a reasonable representation of the overlapping debt which affects the City

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN YEARS

Year	(1) Population	Personal Income	(2) Adams County Per Capita Income	(1) Adams County Median Age	(3) Adams County School Enrollment	(4) Unemployment Rate	(4) Denver Boulder Consumer Price Index
2001	35,357	1,014,816,614	28,702	31.4	63,340	4.0%	181.3
2002	37,040	1,078,123,280	29,107	32.0	65,990	5.7%	184.8
2003	37,527	1,091,472,795	29,085	33.2	67,903	6.1%	186.8
2004	37,176	1,102,045,344	29,644	33.2	70,694	5.6%	187.0
2005	36,854	1,116,823,616	30,304	32.5	73,348	5.2%	190.9
2006	36,889	1,150,457,243	31,187	32.7	74,157	4.3%	197.7
2007	35,827	1,149,795,911	32,093	32.1	75,780	3.8%	202.0
2008	35,238	1,148,335,944	32,588	32.1	79,253	5.4%	209.9
2009	35,238	1,148,335,944	32,588	32.1	81,645	9.0%	208.6
2010	33,563	1,093,751,044	32,588	32.0	82,252	8.1%	212.4

Sources:

(1) US Census Bureau

(2) Bureau of Economic Analysis - Current figures for 2010 were unavailable at the time of this report.

(3) Colorado Department of Education

(4) Bureau of Labor Statistics, Adams County

Note: The City of Northglenn does not rely on one or a few employers for revenue and does not track principal employer information.



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CITY OF NORTHGLENN, COLORADO

Schedule 17

FULL-TIME EQUIVALENCY BY FUNCTION/PROGRAM LAST EIGHT YEARS

Function / Program	2003	2004	2005	2006	2007	2008	2009	2010
General Government								
City Manager	7.00	10.00	9.00	3.00	3.00	4.00	4.00	4.00
City Clerk	3.00	2.00	2.00	3.00	3.00	2.00	3.00	3.50
Management Services	8.00	11.00	10.00	14.00	14.00	12.00	11.00	13.75
Information Technology	9.00	5.00	7.00	7.00	7.00	6.00	6.00	6.00
Finance	20.00	17.00	14.00	14.00	14.00	14.00	13.00	13.60
Planning & Development	10.00	7.00	6.00	6.00	6.00	20.00	11.00	11.01
Parks, Recreation & Culture	33.00	26.00	22.00	26.00	26.00	25.00	23.00	44.65
Public Safety	84.00	80.00	83.00	87.00	87.00	74.00	77.00	79.00
Public Works	15.00	12.00	12.00	14.00	14.00	13.00	13.00	12.50
Water and Environmental Services								
Water/Wastewater	49.00	38.00	39.00	45.00	45.00	41.00	41.00	41.70
Storm Water	6.00	4.00	5.00	6.00	6.00	5.00	5.00	5.00
Sanitation	14.00	11.00	11.00	13.00	13.00	12.00	12.00	12.20
Total	<u>258.00</u>	<u>223.00</u>	<u>220.00</u>	<u>238.00</u>	<u>238.00</u>	<u>228.00</u>	<u>219.00</u>	<u>246.91</u>

Source: City of Northglenn Human Resources Department

Notes:

Includes regular full-time employees as of December 31st.

Information by department not maintained prior to 2003.

A full-time employee is scheduled to work 260 days per year (52 weeks x 5 days per week). At eight hours per day, 2,080 hours are scheduled per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

Prior to 2010 only full time employees were recorded.

CITY OF NORTHGLENN, COLORADO

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN YEARS

	2001	2002	2003	2004
Police				
Physical Arrests	2,513	2,122	2,356	2,643
Traffic Violations	6,125	5,353	5,361	5,944
Parking Violations	1,403	1,251	1,192	846
Fire (1)				
Number of Fire Personnel & Officers	23	23	24	24
Building Division				
Building Permits Value	62,186,056	18,021,473	10,257,251	9,795,726
Building Permits Issued	2,623	1,966	1,716	1,579
Refuse Collection				
Refuse collected (average tons)	21,371	22,769	23,216	21,792
Recyclables collected (average tons)				
Commingled	111	101	100	103
Newspaper	542	539	420	399
Steel	207	209	191	114
Other Public Works				
Minor Street Repair Materials (tons)	n/a	762	1,590	637
Street Sweeping (Miles)	n/a	1,731	1,831	1,237
Parks and Recreation				
Athletic Field Rentals	n/a	n/a	n/a	n/a
Recreation Center Memberships	n/a	n/a	n/a	n/a
Theatre Admissions	n/a	n/a	n/a	n/a
Park Shelter Rentals	n/a	n/a	n/a	n/a
Water				
Number of Service Connections	10,413	10,448	10,448	10,203
Water main breaks	10	13	7	2
Average daily consumption (millions of gallons)	5.080	5.350	4.633	4.335
Peak daily consumption (millions of gallons)	12.120	11.500	11.070	10.580
Wastewater				
Average daily treatment (millions of gallons)	4.010	3.787	3.753	3.604

Sources: Various city departments, unless otherwise noted

(1) North Metro Fire Rescue Authority

Notes: Indicators are not available for the general government function.

n/a : Data unavailable

Schedule 18

2005	2006	2007	2008	2009	2010
3,384	3,601	3,380	3,323	2,830	1,752
4,370	11,019	10,140	10,654	10,695	12,929
618	768	1,022	801	933	1,159
24	24	24	24	24	26
9,458,689	7,966,318	8,518,629	8,975,113	6,657,248	11,681,311
1,368	459	479	453	247	2,016
24,193	15,773	15,978	15,807	15,336	15,250
104	104	108	147	168	149
375	353	273	294	236	273
120	113	87	58	39	22
343	485	583	916	1,319	974
1,346	1,456	2,022	2,513	3,199	3,700
104	160	132	103	105	43
1,656	2,345	2,738	3,635	4,417	4,016
7,416	6,879	6,957	4,960	6,314	6,150
512	498	538	506	512	450
10,220	10,226	10,321	10,328	10,331	10,331
8	10	26	10	6	6
4.988	5.262	4.630	4.601	4.074	4.386
12.280	11.340	11.030	10.958	9.432	9.027
3.809	3.548	3.810	3.810	3.834	3.910

CITY OF NORTHGLENN, COLORADO

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM LAST TEN YEARS

	2001	2002	2003	2004
Police				
Stations	1	1	1	1
Patrol Units	24	26	25	23
Fire Stations (1)	2	2	2	2
Refuse Collection				
Collection Trucks (Trash & Roll Off)	10	8	7	8
Recycling Collection Stations	2	2	2	2
Other Public Works				
Streets (miles) (2)	105.07	105.07	105.71	105.71
Street Lights	1,879	1,917	2,004	2,004
Parks and Recreation				
Community Centers	1	1	1	1
Parks	25	25	25	25
Developed Acreage	182	182	182	182
Undeveloped Acreage	308	308	308	308
Swimming Pools	2	2	2	2
Tennis Courts	11	11	11	9
Water				
Water Mains (miles)	120.40	120.00	120.00	120.43
Fire Hydrants	955	955	965	973
Storage Capacity (millions of gallons)	4,750,000	4,750,000	7,750,000	7,750,000
Daily Plant Capacity (millions of gallons)	14.00	16.00	16.00	16.00
Wastewater				
Treatment Plants	1	1	1	1
Sanitary Sewer (miles)	138.20	138.20	138.20	138.20
Storm Sewer (miles)	12.20	12.20	12.35	12.48
Treatment Capacity (millions of gallons)	6.50	6.50	6.50	6.50

Sources: Various city departments, unless otherwise noted

(1) North Metro Fire Rescue Authority

(2) CDOT Annual Certification Report

Notes: No capital asset indicators are available for the general government function.

n/a - data unavailable

*The City has not added new storm pipe, however, a more accurate mapping and reporting method are being used.
Thus the change in number of miles

2005	2006	2007	2008	2009	2010
1	1	1	1	1	1
24	28	22	22	23	25
2	2	2	2	2	2
8	11	8	8	9	7
2	2	2	2	2	2
105.71	105.71	104.92	104.92	104.92	104.92
2,004	2,004	2,004	2,011	2,012	2,012
1	1	1	1	1	1
25	25	25	25	25	25
182	182	182	182	182	182
312	312	312	312	312	312
2	2	2	2	2	2
5	5	5	5	5	5
120.43	120.43	120.43	120.43	120.43	182.00
973	973	973	1,000	1,000	999
7,750,000	7,750,000	7,750,000	7,750,000	7,750,000	7,725,000
16.00	16.00	16.00	16.00	16.00	16.00
1	1	1	1	1	1
138.20	138.20	138.20	138.20	138.20	138.20
12.48	12.48	12.48	23.00	23.00	23.00
6.50	6.50	6.50	6.50	6.50	6.50



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**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Governmental Auditing Standards***

Honorable Mayor and Members of the City Council
City of Northglenn, Colorado
Northglenn, Colorado

We have audited the financial statements of the City of Northglenn, Colorado as of and for the year ended December 31, 2010, and have issued our report thereon dated April 22, 2011. We conducted our audit in accordance with standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Northglenn, Colorado's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Northglenn, Colorado's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of law, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Honorable Mayor and Members of the City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



April 22, 2011
Centennial, CO

**Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control Over
Compliance in Accordance with OMB Circular A-133**

Honorable Mayor and Members of the City Council
City of Northglenn, Colorado
Northglenn, Colorado

Compliance

We have audited the compliance of the City of Northglenn, Colorado with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2010. The City of Northglenn, Colorado's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Northglenn, Colorado's management. Our responsibility is to express an opinion on the City of Northglenn, Colorado's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Northglenn, Colorado's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Northglenn, Colorado's compliance with those requirements.

In our opinion, the City of Northglenn, Colorado complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010. However, the results of our auditing procedures disclosed no instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

The management of the City of Northglenn, Colorado is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Northglenn, Colorado's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Honorable Mayor and Members of the City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Johnson, Holchen & Company, P.C.

April 22, 2011
Centennial, CO

**CITY OF NORTHGLENN, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2010**

Part I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:	<u>YES</u>	<u>NO</u>
<ul style="list-style-type: none"> • Material weakness (es) identified? • Reportable condition (s) identified that are not Considered to be material weaknesses? 		<p>X</p> <p>X – none reported</p>
Noncompliance material to financial Statements noted?		X

Federal Awards

Internal control over major programs:		
<ul style="list-style-type: none"> • Material weakness(es) identified? • Reportable condition(s) identified that are not Considered to be material weakness(es)? 		<p>X</p> <p>X</p>

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in Accordance with Section 510(a) of Circular A-133?	X
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Identification of major program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction (ARRA)

Dollar threshold used to distinguish
Between type A and type B programs: \$300,000

Auditee qualified as low-risk **X**

**CITY OF NORTHGLENN, COLORADO
SCHEDULE OF PRIOR YEAR FINDINGS
Year ended December 31, 2010**

Part II – Findings Related to Financial Statements

There were no findings required to be reported under *Government Auditing Standards*.

Part III – Findings Related to Federal Awards

There were no findings required to be reported under *Government Auditing Standards*.

Part IV – Clearance of Prior Findings Related to Federal Awards

There were no prior uncleared findings.

CITY OF NORTHGLENN, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS DECEMBER 31, 2010

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Period	Program/ Award Amount	Accrued/ (Deferred) Revenue 01/01/10	Receipts	Disbursements/ Expenditures	Accrued/ (Deferred) Revenue 12/31/10
U.S. Department of Housing and Urban Development							
Passed-through Adams County:							
Community Development Block Grant	14.218	2007	191,000	\$ 111,194	\$ 121,516	\$ 10,322	\$ -
Community Development Block Grant	14.218	2008	208,695	94,000	94,000	-	-
Community Development Block Grant	14.218	2009	211,910	50,000	50,000	-	-
Total Department of Housing and Urban Development				255,194	265,516	10,322	-
U.S. Department of Justice							
Bulletproof Vest Partnership Program	16.607	1999	34,815	-	2,301	2,301	-
Total Department of Justice				-	2,301	2,301	-
U.S. Department of Transportation							
Passed-through State of Colorado Department of Transportation:							
Highway Planning and Construction (ARRA)	20.205	2010	4,110,208	-	3,689,305	3,896,959	207,654
Total Department of Transportation				-	3,689,305	3,896,959	207,654
Total Federal Assistance				\$ 255,194	\$ 3,957,122	\$ 3,909,582	\$ 207,654

Honorable Mayor and Members of the City Council
City of Northglenn
Northglenn, Colorado

**INDEPENDENT AUDITORS' REPORT ON THE
LOCAL HIGHWAY FINANCE REPORT**

We have audited the basic financial statements of the City of Northglenn, Colorado (the City), as of and for the year ended December 31, 2010, and have issued our report thereon dated April 22, 2011. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the City of Northglenn, Colorado, taken as a whole. The accompanying local highway finance report is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that report has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Johnson, Holscher & Company, P.C.

April 22, 2011
Centennial, CO

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

LOCAL HIGHWAY FINANCE REPORT		City or County: CITY OF NORTHLENN
		YEAR ENDING : December 2010
This Information From The Records Of (example - City of _ or County of) CITY OF NORTHGLENN	Prepared By: Phone:	Jason Loveland 303.450.8817

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. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	4,970,468
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	648,779
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	16,219
2. General fund appropriations	47,715	b. Snow and ice removal	64,676
3. Other local imposts (from page 2)	1,679,848	c. Other	
4. Miscellaneous local receipts (from page 2)	1,518,902	d. Total (a. through c.)	80,895
5. Transfers from toll facilities		4. General administration & miscellaneous	266,855
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	2,036,366
a. Bonds - Original Issues		6. Total (1 through 5)	8,003,363
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	3,246,465	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	1,067,593	2. Notes:	
D. Receipts from Federal Government (from page 2)	3,689,305	a. Interest	
E. Total receipts (A.7 + B + C + D)	8,003,363	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	8,003,363

IV. LOCAL HIGHWAY DEBT STATUS
(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		8,003,363	8,003,363		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2010	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	951,190	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	1,505,011
1. Sales Taxes	573,732	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	13,891
5. Specific Ownership &/or Other	154,926	g. Other Misc. Receipts	0
6. Total (1. through 5.)	728,658	h. Other	
c. Total (a. + b.)	1,679,848	i. Total (a. through h.)	1,518,902
	(Carry forward to page 1)		(Carry forward to page 1)
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	959,268	1. FHWA (from Item I.D.5.)	3,689,305
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	108,325	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	108,325	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	1,067,593	3. Total (1. + 2.g)	3,689,305
			(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		341,857	341,857
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		235,996	235,996
(4). System Enhancement & Operation		4,392,615	4,392,615
(5). Total Construction (1) + (2) + (3) + (4)	0	4,628,611	4,628,611
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	4,970,468	4,970,468
			(Carry forward to page 1)
Notes and Comments:			