

FINANCE MEMORANDUM
#12-10

DATE: June 11, 2012

TO: Honorable Mayor Joyce Downing and City Council Members

FROM: Bill Simmons, City Manager *MAS*
Shawn Cordsen, Finance Director *SC*

SUBJECT: CR-66 - Acceptance of the 2011 audit of the Comprehensive Annual Financial Report & Response to Management Letter Comments

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. (d.b.a. Johnson and Associates), a licensed independent auditor, to evaluate and provide an opinion on the 2011 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 2011 Comprehensive Annual Financial Report, which has received a clean opinion from Johnson, 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 2011 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 2011 independent financial audit, Johnson, 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. Staff is delighted to report that at the time of the audit no issues (current or anticipated) were identified. Staff will continue to work in partnership with Johnson, Holscher & Company P.C. to address any items if, and when, they arise in a proactive manner.

STAFF REFERENCE:

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

April 22, 2012

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, 2011, and have issued our report thereon dated April 22, 2012. 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.

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 and Associates

Johnson and Associates

SPONSORED BY: MAYOR DOWNING

COUNCILMAN'S RESOLUTION

RESOLUTION NO.

No. CR-66
Series of 2012

Series of 2012

A RESOLUTION ACCEPTING THE AUDIT OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE CITY OF NORTHGLENN FOR THE YEAR ENDED DECEMBER 31, 2011

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, 2011 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 _____, 2012.

JOYCE DOWNING
Mayor

ATTEST:

JOHANNA SMALL, CMC
City Clerk

APPROVED AS TO FORM:

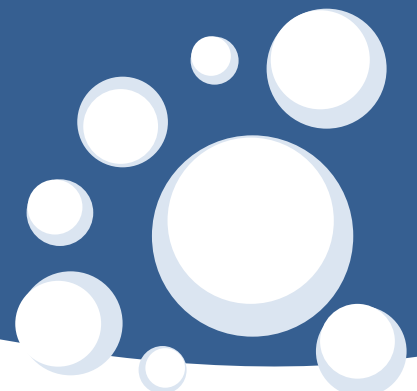
COREY Y. HOFFMANN
City Attorney



CITY OF NORTHGLENN, COLORADO

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED 2011





CITY OF NORTHGLENN, COLORADO

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended December 31, 2011

**Prepared by:
Finance Department**

CITY OF NORTHGLENN, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2011 TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| INTRODUCTORY SECTION | |
| Letter of Transmittal | 1 |
| GFOA Certificate of Achievement | 4 |
| City Organizational Structure | 5 |
| List of Elected and Appointed Officials | 6 |
| | |
| FINANCIAL SECTION | |
| Independent Auditors' Report | 7 |
| Management's Discussion and Analysis | 9 |
| | |
| BASIC FINANCIAL STATEMENTS | |
| | |
| Government-wide Financial Statements | |
| Statement of Net Assets | 17 |
| Statement of Activities | 18 |
| | |
| Fund Financial Statements | |
| | |
| Governmental Fund Financial Statements | |
| Balance Sheet – Governmental Funds | 20 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances | 21 |
| | |
| Proprietary Fund Financial Statements | |
| Statement of Net Assets | 22 |
| Statement of Revenues, Expenses, and Changes in Fund Net Assets | 23 |
| Statement of Cash Flows | 24 |
| | |
| Notes to the Financial Statements | 27 |
| | |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| | |
| Schedule of Funding Progress for the Retiree Health Program | 45 |
| Budgetary Comparison Schedule - General Fund | 46 |
| Notes to the Required Supplementary Information | 47 |
| | |
| CAPITAL PROJECTS FUND | |
| Budgetary Comparison Schedule - Capital Projects Fund | 49 |

CITY OF NORTHGLENN, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2011 TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES | |
| Nonmajor Governmental Funds | |
| Combining Balance Sheet | 51 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 52 |
| Special Revenue Fund - Conservation Trust Fund – Budgetary Comparison Schedule | 53 |
| Special Revenue Fund - Community Development Block Grant Fund - Budgetary Comparison Schedule | 54 |
| Enterprise Funds | |
| Water and Wastewater Fund – Budgetary Comparison Schedule | 55 |
| Stormwater Fund – Budgetary Comparison Schedule | 56 |
| Sanitation Fund – Budgetary Comparison Schedule | 57 |
| Component Units | |
| Northglenn Urban Renewal Authority - Balance Sheet | 59 |
| Northglenn Urban Renewal Authority – Budgetary Comparison Schedule | 60 |
| Church Ditch Water Authority – Budgetary Comparison Schedule | 61 |
| Church Ditch Water Authority - Statement of Cash Flows | 62 |
| STATISTICAL SECTION | 63 |
| Financial Trends Information | |
| Net assets by component | 1 64 |
| Changes in net assets | 2 66 |
| Fund Balances, governmental funds | 3 68 |
| Changes in funds balances, governmental funds | 4 70 |
| Changes in net assets, water and wastewater fund | 5 72 |
| Tax revenues by source, governmental funds | 6 74 |
| Revenue Capacity Information | |
| Assessed value and estimated actual value of taxable property | 7 76 |
| Direct and overlapping property tax rates | 8 78 |
| Principal property tax payers | 9 79 |
| Property tax levies and collections | 10 80 |
| Sales tax collections by category | 11 82 |
| Direct and overlapping sales tax rates | 12 84 |

CITY OF NORTHGLENN, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2011 TABLE OF CONTENTS

| | | <u>Page</u> |
|---|----|-------------|
| Debt Capacity Information | | |
| Ratios of outstanding debt by type | 13 | 86 |
| Ratios of general bonded debt outstanding and legal debt margin | 14 | 88 |
| Direct and overlapping governmental activities debt | 15 | 90 |
| Demographic and Economic Information | | |
| Demographic and economic statistics | 16 | 91 |
| Operating Information | | |
| Full-time employees by function/program | 17 | 93 |
| Operating indicators by function/program | 18 | 94 |
| Capital asset statistics by function/program | 19 | 96 |
| COMPLIANCE SECTION | | |
| 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 <i>Governmental Auditing Standards</i> | | 99 |
| 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 | | 100 |
| Schedule of Findings and Questioned Costs | | 102 |
| Schedule of Prior Year Findings | | 103 |
| Schedule of Expenditures of Federal Awards | | 104 |
| Independent Auditor's Report on the Local Highway Finance Report | | 105 |
| Local Highway Finance Report | | 106 |



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

April 27, 2012

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, 2011 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 principles (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, 2011 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, 2011 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 and distribution, wastewater collection and treatment, 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 35,789. 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 Consumer Price Index for the Denver metropolitan area increased 3.7% comparable with the increase in the national index of 3.2% for all urban consumers for the twelve months ending December 31, 2011. Adams County, Colorado reported an unemployment rate of 9.5% in December 2011 compared to an annual average of 10.2% reported in 2010. Local area unemployment is above that of the nation as a whole, which reported an average 2011 unemployment rate of 8.9%.

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, 2010, and again in 2011.

Debt Administration. As of December 31, 2011, 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 2011, the Northglenn Capital Leasing Corporation (NCLC), a blended component unit of the City, had Certificates of Participation (Certificates) outstanding in the amount of \$9,035,000. 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 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. As of December 2011, the outstanding lease obligation amounted to \$6,163,339. The required annual lease payments are approximately \$1,700,000 per year and are scheduled to continue through 2015 and are 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 unassigned fund balance within the General Fund must be at least 25% of the current year's General Fund expenditure appropriations. Additionally, an operating and maintenance reserve equal to at least 90 days of operations, as well as an additional \$2,000,000 capital reserve is included in the Water and Wastewater Fund. Accordingly, the City initiated significant cost cutting measures including the delay of capital purchases, right-sizing efforts, and the outsourcing of building, permitting, inspection, and other services during the recent economic downturn in order to maintain 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 in need of reconstruction and rehabilitation. 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 streets where the full structural integrity is impaired. The average annual revenue is projected at \$950,000.

West 112th Avenue Widening Project – In 2011 the City initiated a cooperative transportation infrastructure project with the City of Westminster to widen 112th Avenue. The roadway serves as an arterial through the center of the City. As of December 2011 the project had reached significant completion and is anticipated to wrap up in early 2012.

Skate Park Construction Project – In 2011, the City completed the construction of a skate park located within EB Rains Park significantly improving the recreational opportunities available to skating enthusiasts. The project was significantly complete as of December 31, 2011 at a cost of \$792,675.

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, 2010 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
Director of Finance

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, 2010

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.



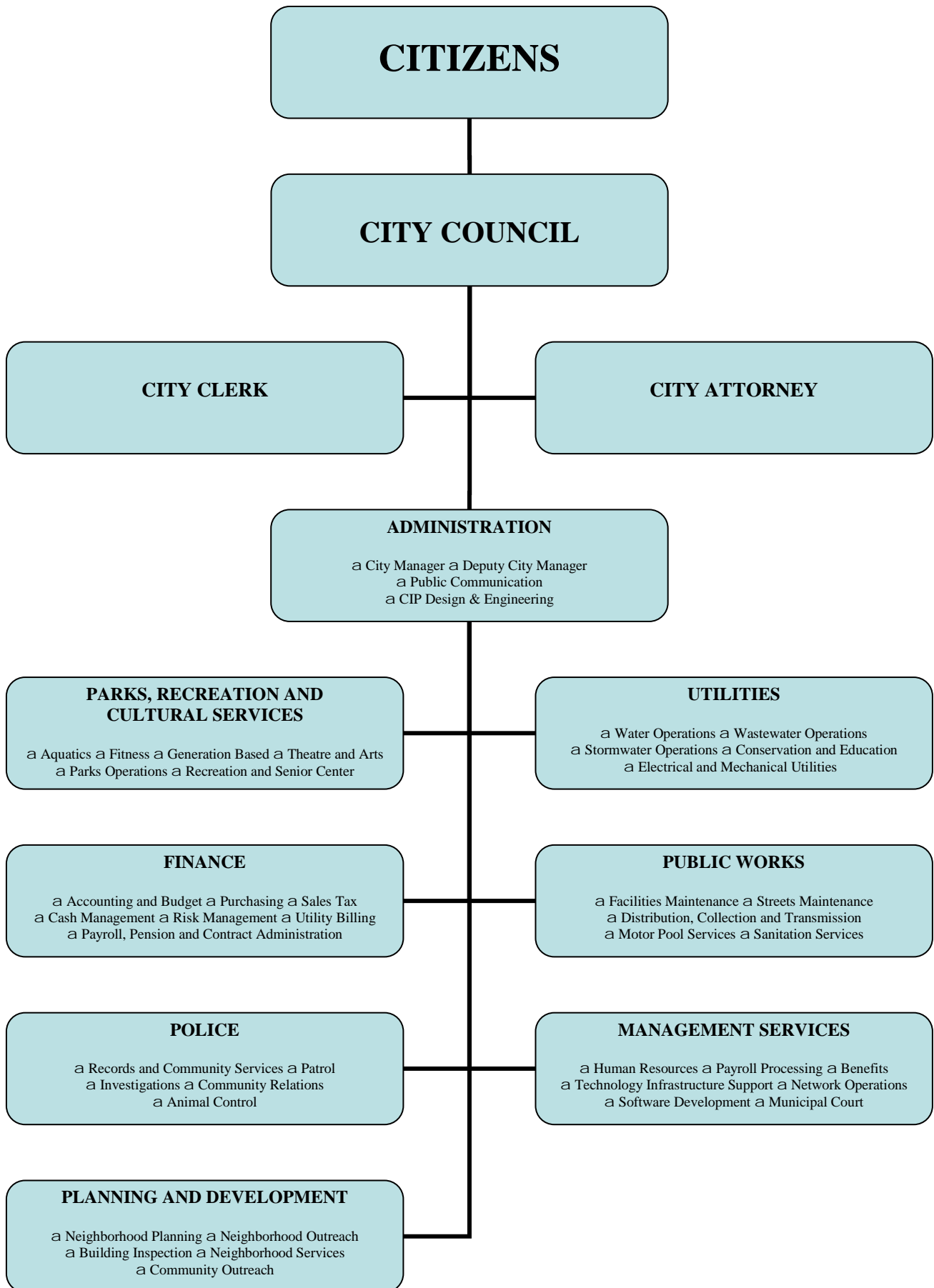
Linda C. Davison

President

Jeffrey R. Emer

Executive Director

CITY OF NORTHGLENN - ORGANIZATIONAL STRUCTURE





CITY OF NORTHGLENN, COLORADO

CITY COUNCIL

Joyce Downing, Mayor

Susan Clyne, Mayor Pro-Tem, Ward Three

Marci Whitman, Ward Three

Wayne Dodge, 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

Brook Svoboda, Planning and Development

James May, 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, 2011, 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, 2011, and the respective changes in financial position, and, where applicable, cash flows 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, 2012 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, comparative statements of revenue, expenditures, and changes in fund balances, and statistical section are presented for purposes of additional analysis and are not a required part of the 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*, is not a required part of the basic financial statements. The comparative statements of revenue, expenditures, and changes in fund balances, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Johnson and Associates

April 22, 2012
Centennial, CO

CITY OF NORTHGLENN, COLORADO

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

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, 2011. 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

- Ø The assets of the City of Northglenn exceeded its liabilities at the close of the most recent fiscal year by \$226,142,297 (net assets). Of this amount, \$24,872,118 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Ø The City's total net assets increased by \$5,663,416 over the prior year.
- Ø At the end of the current fiscal year, fund balance within the governmental funds was \$14,874,071, or 71% of total 2011 expenditures, which represents an increase of \$3,392,589 when compared to 2010. Approximately 65% of the fund balance, or \$9,704,463 is unrestricted.
- Ø The City retired the notes payable liability associated with the 2001 Land Purchase, reduced the principal amount of the 2002 Certificates of Participation in the amount of \$590,000 and reduced the liability of the 2010 Water Rights Lease by \$1,426,661.

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:

- Ø 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.
- Ø 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.
- Ø 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.
- Ø *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, 2011

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*.

- Ø Over time, increases or decreases in the City’s net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- Ø 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, 2011

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

- Ø *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.
- Ø *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.
- Ø *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.

- Ø Some funds are required by State law and bond covenants.
- Ø 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:

- Ø *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.
- Ø *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 \$226,142,297 at the close of the most recent fiscal year.

The largest portion of the City of Northglenn’s net assets (87%) 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, 2011

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

| | Governmental | | Business-type | | Total | |
|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 |
| Current and Other Assets | \$ 16,090 | \$ 18,576 | \$ 15,907 | \$ 17,552 | \$ 31,997 | \$ 36,128 |
| Capital Assets | 94,006 | 94,144 | 119,285 | 117,781 | 213,291 | 211,925 |
| Total Assets | <u>110,096</u> | <u>112,720</u> | <u>135,192</u> | <u>135,333</u> | <u>245,288</u> | <u>248,053</u> |
| Long-term Debt | 1,806 | 1,693 | 17,771 | 15,773 | 19,577 | 17,466 |
| Other Liabilities | 4,336 | 3,855 | 896 | 589 | 5,232 | 4,444 |
| Total Liabilities | <u>6,142</u> | <u>5,548</u> | <u>18,667</u> | <u>16,362</u> | <u>24,809</u> | <u>21,910</u> |
| Invested in Capital Assets | | | | | | |
| Net of Related Debt | 93,829 | 94,144 | 102,070 | 102,582 | 195,899 | 196,726 |
| Restricted | 1,891 | 1,721 | 3,240 | 2,823 | 5,131 | 4,544 |
| Unrestricted | 8,234 | 11,307 | 11,215 | 13,566 | 19,449 | 24,873 |
| Total Net Assets | <u>\$ 103,954</u> | <u>\$ 107,172</u> | <u>\$ 116,525</u> | <u>\$ 118,971</u> | <u>\$ 220,479</u> | <u>\$ 226,143</u> |

Changes in Net Assets

Governmental Activities. Governmental activities increased the City of Northglenn's net assets by \$3,217,616. Key elements of this increase are as follows:

- In 2011, the City experienced a 3% or \$836,862 decrease in revenue when compared to the prior year. The decrease is attributable to \$3,689,305 of reimbursement funding received via the American Recovery & Reinvestment Act (ARRA) for the purpose of reconstructing Huron Street in 2010. In contrast, 2011 capital improvement expenditures decreased a mere \$1,147,855 from the prior year. Thus, excluding the ARRA funding from the analysis results in a reported increase in revenue of \$2,852,443 as well as an increase in capital expenditures of \$2,541,450 over that of the prior year.
- Ongoing cost containment efforts resulted in the reduction of \$450,639 or 2% in non-capital expenditures.

Business-type Activities. Business-type activities increased the City's net assets by \$2,445,800. Key elements of this increase are as follows:

- In 2011, business-type revenues decreased by \$1,495,055 due to the voter approved transfer of a 0.50% sales and use tax to the capital projects fund. Revenues associated with charges for services increased \$589,173 or 6% as a result of ongoing increases in water and wastewater rates.
- In 2011, cost containment efforts resulted in a reduction in expenditures of \$614,811 when compared to the prior year. The Water & Wastewater Fund continue to accumulate funds for future planned infrastructure rehabilitation and improvements.

CITY OF NORTHGLENN, COLORADO

MANAGEMENT DISCUSSION AND ANALYSIS DECEMBER 31, 2011

Changes In Net Assets (In Thousands)

| | Governmental Activities | | Business-type Activities | | Total | |
|------------------------------------|-------------------------|------------------|--------------------------|------------------|------------------|------------------|
| | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 3,722 | \$ 3,052 | \$ 10,605 | \$ 11,194 | \$ 14,327 | \$ 14,246 |
| Operating Grants and Contributions | 461 | 814 | - | - | 461 | 814 |
| Capital Grants and Contributions | 6,177 | 3,272 | - | - | 6,177 | 3,272 |
| General Revenues: | | | | | | |
| Property Taxes | 2,952 | 2,973 | - | - | 2,952 | 2,973 |
| Other Taxes | 10,610 | 13,023 | 4,091 | 2,411 | 14,701 | 15,434 |
| Franchise Fees | 893 | 881 | - | - | 893 | 881 |
| Unrestricted to Specific Programs | 97 | 111 | - | - | 97 | 111 |
| Investment Earnings | 58 | 79 | 105 | 100 | 163 | 179 |
| Other | 202 | 122 | 149 | 136 | 351 | 258 |
| Gain(Loss) on Sale of Assets | 15 | 23 | 396 | 10 | 411 | 33 |
| Total Revenues | 25,187 | 24,350 | 15,346 | 13,851 | 40,533 | 38,201 |
| Expenses | | | | | | |
| General Government | 5,532 | 4,872 | - | - | 5,532 | 4,872 |
| Recreation and Culture | 3,437 | 3,670 | - | - | 3,437 | 3,670 |
| Public Safety | 7,072 | 7,077 | - | - | 7,072 | 7,077 |
| Public Works | 5,522 | 5,504 | 11,419 | 10,576 | 16,941 | 16,080 |
| Interest on Long-Term Debt | 20 | 9 | 601 | 829 | 621 | 838 |
| Total Expenses | 21,583 | 21,132 | 12,020 | 11,405 | 33,603 | 32,537 |
| Increase in Net Assets | | | | | | |
| Before Transfers | 3,604 | 3,218 | 3,326 | 2,446 | 6,930 | 5,664 |
| Transfers | - | - | - | - | - | - |
| Increase (Decrease) in Net Assets | 3,604 | 3,218 | 3,326 | 2,446 | 6,930 | 5,664 |
| Net Assets 12/31/10 | 100,350 | 103,954 | 113,199 | 116,525 | 213,549 | 220,479 |
| Net Assets 12/31/11 | <u>\$103,954</u> | <u>\$107,172</u> | <u>\$116,525</u> | <u>\$118,971</u> | <u>\$220,479</u> | <u>\$226,143</u> |

CITY OF NORTHGLENN, COLORADO

MANAGEMENT DISCUSSION AND ANALYSIS DECEMBER 31, 2011

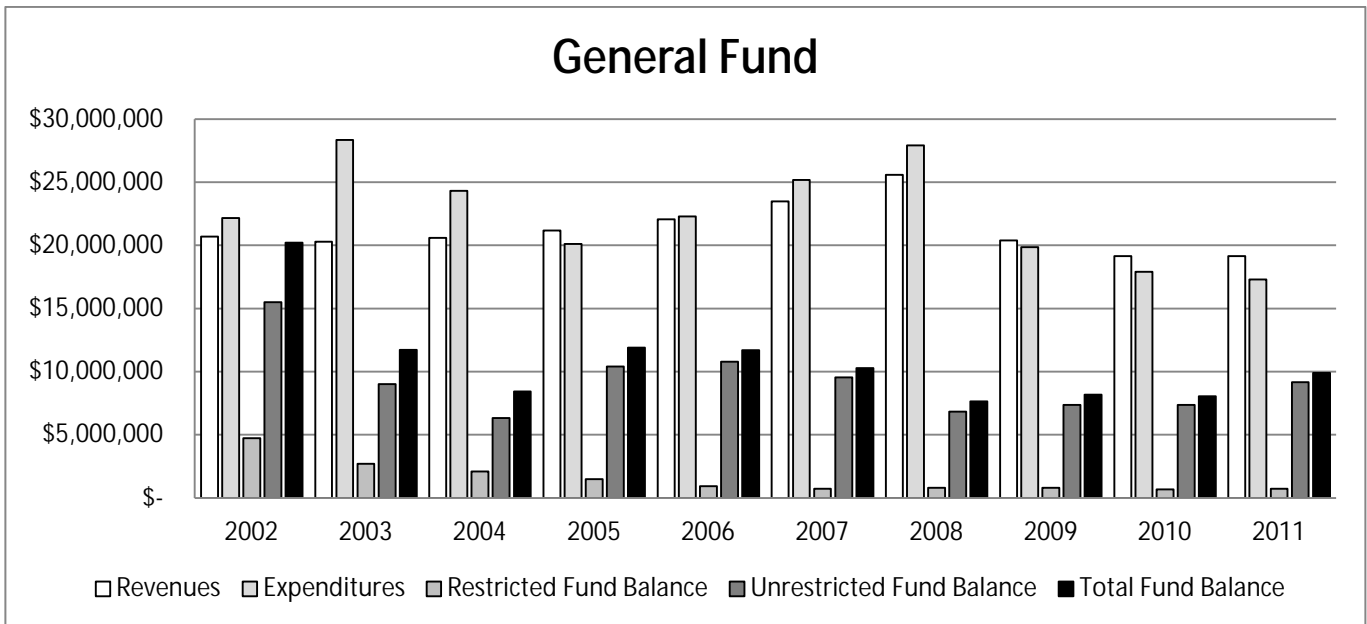
Financial Analysis of the City's Funds

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 \$14,874,071. Of that fund balance, \$9,704,463 constitutes unrestricted fund balance, which is available for spending at the government's discretion. Of the total fund balance, \$59,263 has been restricted for law enforcement use, \$1,150,014 has been restricted for parks and open space purposes, and an additional \$3,288,913 has been restricted 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 \$571,061 and 2) inventories and prepaid items in the amount of \$100,357.

The general fund is the chief operating fund of the City of Northglenn. At the end of the current fiscal year, unrestricted fund balance of the general fund was \$9,156,602 while total fund balance reached \$9,887,283. The fund balance represents an increase of 23% of \$1,842,040 when compared to the prior year. The increase in fund balance is attributable to expenditure savings due to budgetary slack and continued efforts in cost containment. As a measure of the general fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. Unrestricted fund balance represents 53% of total 2011 general fund expenditures, which includes capital outlay, while total fund balance represents 57% of that same amount.

The capital projects fund accounts for all governmental capital improvement projects of the City. As of 2011, total fund balance in the capital projects fund was \$3,836,774. Of the total fund balance \$3,288,913 is restricted for specific capital-related uses (e.g. streets, recreation, etc.) while \$547,861 remains unrestricted for general capital uses. The total fund balance represents an increase of 82% or \$1,726,121 when compared to the prior year. The increase in fund balance is attributable to a planned accumulation of capital-related funds for future projects as well as several recent voter-approved measures which have significantly increased the funds revenue collections.



CITY OF NORTHGLENN, COLORADO

MANAGEMENT DISCUSSION AND ANALYSIS DECEMBER 31, 2011

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 \$114,334,538, and \$1,966,924 respectively. Net assets for the sanitation fund amounted to \$2,669,228. Total change in net assets for all three funds was \$2,445,800. Other factors concerning the finances of these funds have already been addressed in the discussion of the City’s Business-type activities.

General Fund Budgetary Highlights

During the year, the changes to the 2011 original budget appropriation were in the form of transfers from the internal VALE grant program to the Police Department. 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 \$17,208,634 fell below budget appropriations by \$1,728,585 or 9%. 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:

- Ø In 2011, Recreation and Culture operations exceed expenditure appropriations by \$46,233 or 1.5%. The excess expenditures were the result of two stipends issued to employees originally allocated within the City Manager’s budget for control purposes.

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, 2011 amounted to \$211,924,631 (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 decrease in the City of Northglenn’s investment in capital assets for the current fiscal year was \$1,366,554.

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

- \$966,830 expended for the widening of 112th Avenue (Construction in Progress).
- Investment in a new Skate Park at EB Rains Park totaling \$792,675 (Construction in Progress).
- \$394,395 for fire code compliance improvements at the recreation center (Construction in Progress).

Capital Assets (In Thousands)

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------------|----------------------------|-------------------|-----------------------------|-------------------|-------------------|-------------------|
| | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 |
| Water Rights | \$ - | \$ - | \$ 57,454 | \$ 57,454 | \$ 57,454 | \$ 57,454 |
| Land and Improvements | 8,356 | 8,356 | 808 | 808 | 9,164 | 9,164 |
| Construction in Progress | 5,035 | 3,209 | 679 | 1,003 | 5,714 | 4,212 |
| Works of Art | - | 307 | - | - | - | 307 |
| Infrastructure and Improvements | 96,101 | 101,635 | 111,681 | 112,140 | 207,782 | 213,775 |
| Buildings and Improvements | 8,613 | 8,703 | 18,989 | 19,006 | 27,602 | 27,709 |
| Machinery and Equipment | 5,082 | 5,122 | 3,861 | 4,020 | 8,943 | 9,142 |
| Total Capital Assets | <u>\$ 123,187</u> | <u>\$ 127,332</u> | <u>\$ 193,472</u> | <u>\$ 194,431</u> | <u>\$ 316,659</u> | <u>\$ 321,763</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, 2011

Long-Term Debt. As of December 31, 2011, the City has no general obligation bonded debt outstanding.

The City of Northglenn's long-term obligations decreased by \$2,110,737. The reduction is the result of scheduled debt service payments in conjunction with the absence of any additional issuances of 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 2012 fiscal year.

- Ø The unemployment rate for Adams County as of December 31, 2011 was 9.5%. This compares to the State's 2011 average annual unemployment rate of 8.3% and the national rate of 8.9%.
- Ø In 2011, sales and use tax collections increased 4.9% when compared to the prior year.
- Ø In 2011, City Council formally adopted comprehensive financial policies which include a requirement that the City maintain a minimum unassigned fund balance of at least 25% of the current year's General Fund appropriations.
- Ø 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 2011.

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, 2011

| | Primary Government | | | Component Units | |
|--|----------------------------|-----------------------------|-----------------------|-------------------------------|------------------------------------|
| | Governmental Activities | Business-type Activities | Total | Urban Renewal Authority | Church Ditch Water Authority |
| ASSETS | | | | | |
| Cash & Investments | \$ 12,771,038 | \$ 13,040,162 | \$ 25,811,200 | \$ 6,912,120 | \$ 682,517 |
| Receivables, Net of Allowances | 5,704,289 | 1,530,748 | 7,235,037 | 1,286,304 | 19,412 |
| Inventories | 35,742 | 192,249 | 227,991 | - | - |
| Deposits and Prepaids | 64,615 | 59,121 | 123,736 | - | - |
| Bond Issuance Costs | - | 192,896 | 192,896 | - | - |
| Restricted assets: | | | | | |
| Cash & Investments | - | 2,537,346 | 2,537,346 | - | - |
| Capital Assets, Non Depreciable | 11,871,817 | 59,265,476 | 71,137,293 | 912,404 | 1,161,859 |
| Capital Assets, Net | 82,272,232 | 58,515,106 | 140,787,338 | 158,742 | 1,457,223 |
| Total Assets | <u>112,719,733</u> | <u>135,333,104</u> | <u>248,052,837</u> | <u>9,269,570</u> | <u>3,321,011</u> |
| LIABILITIES | | | | | |
| Accounts Payable | 418,657 | 353,254 | 771,911 | 28,095 | 41,594 |
| Retainages Payable | 98,626 | - | 98,626 | - | 28,411 |
| Accrued Liabilities | 365,655 | 172,408 | 538,063 | - | - |
| Unearned Revenue | 2,965,424 | - | 2,965,424 | 1,283,895 | 86,497 |
| Deposits Payable | 6,463 | 1,158 | 7,621 | - | 113,174 |
| Accrued Interest Payable | - | 62,649 | 62,649 | - | - |
| Noncurrent Liabilities: | | | | | |
| Due Within One Year | 1,000,000 | 2,527,189 | 3,527,189 | - | - |
| Due After One Year | 693,301 | 13,245,756 | 13,939,057 | - | - |
| Total Liabilities | <u>5,548,126</u> | <u>16,362,414</u> | <u>21,910,540</u> | <u>1,311,990</u> | <u>269,676</u> |
| NET ASSETS | | | | | |
| Invested In Capital Assets, Net Of Related Debt | 94,144,049 | 102,582,244 | 196,726,293 | 1,071,146 | 2,619,082 |
| Restricted for: | | | | | |
| Emergency-Tabor | 571,061 | 285,465 | 856,526 | - | - |
| Water Rights | - | 1,260,563 | 1,260,563 | - | - |
| Debt | - | 1,276,783 | 1,276,783 | - | - |
| Parks & Open Space | 1,150,014 | - | 1,150,014 | - | - |
| Minority Equity Interest | - | - | - | - | 432,253 |
| Unrestricted | 11,306,483 | 13,565,635 | 24,872,118 | 6,886,434 | - |
| Total Net Assets | <u>\$ 107,171,607</u> | <u>\$ 118,970,690</u> | <u>\$ 226,142,297</u> | <u>\$ 7,957,580</u> | <u>\$ 3,051,335</u> |

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, 2011

| Functions/Programs | Expenses | Program Revenues | | |
|---------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | |
| Governmental Activities: | | | | |
| General Government | \$ 4,872,394 | \$ 525,992 | \$ 315,598 | \$ 355,726 |
| Recreation and Culture | 3,669,958 | 941,371 | - | 1,223,866 |
| Public Safety | 7,076,547 | 1,584,137 | 388,288 | 13,854 |
| Public Works | 5,503,927 | - | 110,396 | 1,678,342 |
| Interest on Long-Term Debt | 9,313 | - | - | - |
| Total Governmental Activities: | <u>21,132,139</u> | <u>3,051,500</u> | <u>814,282</u> | <u>3,271,788</u> |
| Business-type Activities: | | | | |
| Water and Wastewater | 9,788,528 | 9,296,698 | - | - |
| Stormwater | 162,823 | 417,656 | - | - |
| Sanitation | 1,453,394 | 1,479,488 | - | - |
| Total Business-Type Activities: | <u>11,404,745</u> | <u>11,193,842</u> | <u>-</u> | <u>-</u> |
| Total Primary Government | <u>\$ 32,536,884</u> | <u>\$ 14,245,342</u> | <u>\$ 814,282</u> | <u>\$ 3,271,788</u> |
| Component Units: | | | | |
| Urban Renewal Authority | \$ 728,399 | \$ - | \$ - | \$ - |
| Church Ditch Water Authority | 347,375 | 490,425 | - | - |
| Total Component Units | <u>\$ 1,075,774</u> | <u>\$ 490,425</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 |
| Rental Income |
| 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 | | |
| \$ (3,675,078) | \$ - | \$ (3,675,078) | \$ - | \$ - |
| (1,504,721) | - | (1,504,721) | - | - |
| (5,090,268) | - | (5,090,268) | - | - |
| (3,715,189) | - | (3,715,189) | - | - |
| (9,313) | - | (9,313) | - | - |
| <u>(13,994,569)</u> | <u>-</u> | <u>(13,994,569)</u> | <u>-</u> | <u>-</u> |
| - | (491,830) | (491,830) | - | - |
| - | 254,833 | 254,833 | - | - |
| - | 26,094 | 26,094 | - | - |
| <u>-</u> | <u>(210,903)</u> | <u>(210,903)</u> | <u>-</u> | <u>-</u> |
| <u>\$ (13,994,569)</u> | <u>\$ (210,903)</u> | <u>\$ (14,205,472)</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ - | \$ - | \$ - | \$ (728,399) | \$ - |
| - | - | - | - | 143,050 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (728,399)</u> | <u>\$ 143,050</u> |
| 2,012,822 | - | 2,012,822 | 1,302,146 | - |
| 959,621 | - | 959,621 | - | - |
| 13,023,411 | - | 13,023,411 | - | - |
| - | 1,829,440 | 1,829,440 | - | - |
| - | 581,611 | 581,611 | - | - |
| 881,196 | - | 881,196 | - | - |
| 111,118 | - | 111,118 | - | - |
| - | - | - | 19,713 | - |
| 78,796 | 99,486 | 178,282 | 31,310 | 185 |
| 122,063 | 136,046 | 258,109 | 50 | - |
| 23,158 | 10,120 | 33,278 | - | - |
| <u>17,212,185</u> | <u>2,656,703</u> | <u>19,868,888</u> | <u>1,353,219</u> | <u>185</u> |
| 3,217,616 | 2,445,800 | 5,663,416 | 624,820 | 143,235 |
| 103,953,991 | 116,524,890 | 220,478,881 | 7,332,761 | 2,908,100 |
| <u>\$ 107,171,607</u> | <u>\$ 118,970,690</u> | <u>\$ 226,142,297</u> | <u>\$ 7,957,580</u> | <u>\$ 3,051,335</u> |

CITY OF NORTHGLENN, COLORADO

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2011

| | General | Capital Projects Fund | Other Governmental Funds | Total |
|--------------------------------------|----------------------|--------------------------|--------------------------------|----------------------|
| ASSETS | | | | |
| Cash & Investments | \$ 8,540,194 | \$ 3,077,387 | \$ 1,153,457 | \$ 12,771,038 |
| Receivables, Net of Allowances | 3,484,680 | 1,983,544 | 236,065 | 5,704,289 |
| Inventories | 35,742 | - | - | 35,742 |
| Deposits and Prepaids | 64,615 | - | - | 64,615 |
| Due From Other Funds | 232,743 | - | - | 232,743 |
| Total Assets | <u>\$ 12,357,974</u> | <u>\$ 5,060,931</u> | <u>\$ 1,389,522</u> | <u>\$ 18,808,427</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ 242,239 | \$ 169,653 | \$ 6,765 | \$ 418,657 |
| Retainages Payable | - | 98,626 | - | 98,626 |
| Accrued Liabilities | 365,655 | - | - | 365,655 |
| Deferred Revenue | 1,856,334 | 955,878 | - | 2,812,212 |
| Deposits Payable | 6,463 | - | - | 6,463 |
| Due To Other Funds | - | - | 232,743 | 232,743 |
| Total Liabilities | <u>2,470,691</u> | <u>1,224,157</u> | <u>239,508</u> | <u>3,934,356</u> |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Inventories | 35,742 | - | - | 35,742 |
| Deposits and Prepaids | 64,615 | - | - | 64,615 |
| Restricted: | | | | |
| Emergency | 571,061 | - | - | 571,061 |
| Forfeiture Funds | 59,263 | - | - | 59,263 |
| Capital Improvements | - | 3,288,913 | - | 3,288,913 |
| Parks & Recreation | - | - | 1,150,014 | 1,150,014 |
| Committed: | | | | |
| VALE Funds | 102,784 | - | - | 102,784 |
| Capital Improvements | - | 547,861 | - | 547,861 |
| Unassigned | 9,053,818 | - | - | 9,053,818 |
| Total Fund Balances | <u>9,887,283</u> | <u>3,836,774</u> | <u>1,150,014</u> | <u>14,874,071</u> |
| Total Liabilities and Fund Balances | <u>\$ 12,357,974</u> | <u>\$ 5,060,931</u> | <u>\$ 1,389,522</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. | 94,144,049 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | (153,212) |
| 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. | (1,693,301) |
| Net assets of governmental activities | <u>\$ 107,171,607</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, 2011

| | General | Capital Projects Fund | Other Governmental Funds | Total |
|--|---------------------|--------------------------|--------------------------------|----------------------|
| REVENUES | | | | |
| Taxes-Property, Sales, & Use | \$ 13,206,793 | \$ 2,789,061 | \$ - | \$ 15,995,854 |
| Occupational Tax | 881,196 | - | - | 881,196 |
| Intergovernmental | 1,812,962 | 1,899,542 | 558,666 | 4,271,170 |
| Licenses and Permits | 446,766 | - | - | 446,766 |
| Charges for Services | 1,320,072 | - | - | 1,320,072 |
| Fines and Forfeitures | 1,284,662 | - | - | 1,284,662 |
| Investment Earnings | 53,002 | 17,941 | 7,853 | 78,796 |
| Miscellaneous | 122,063 | - | - | 122,063 |
| Total Revenues | <u>19,127,516</u> | <u>4,706,544</u> | <u>566,519</u> | <u>24,400,579</u> |
| EXPENDITURES | | | | |
| General Government | 4,538,804 | - | 27,899 | 4,566,703 |
| Recreation and Culture | 3,109,907 | - | - | 3,109,907 |
| Public Safety | 6,947,691 | - | - | 6,947,691 |
| Public Works | 1,881,271 | - | - | 1,881,271 |
| Capital Outlay | 544,259 | 3,080,423 | 714,192 | 4,338,874 |
| Debt Service: | | | | |
| Principal Payments | 177,389 | - | - | 177,389 |
| Interest and Fiscal Charges | 9,313 | - | - | 9,313 |
| Total Expenditures | <u>17,208,634</u> | <u>3,080,423</u> | <u>742,091</u> | <u>21,031,148</u> |
| Excess(Deficiency) of Revenues Over Expenditures | <u>1,918,882</u> | <u>1,626,121</u> | <u>(175,572)</u> | <u>3,369,431</u> |
| OTHER FINANCING SOURCES(USES) | | | | |
| Transfers Out | (100,000) | - | - | (100,000) |
| Transfers In | - | 100,000 | - | 100,000 |
| Sales of Capital Assets | 23,158 | - | - | 23,158 |
| Total Other Financing Sources and (Uses) | <u>(76,842)</u> | <u>100,000</u> | <u>-</u> | <u>23,158</u> |
| Net Change in Fund Balance | 1,842,040 | 1,726,121 | (175,572) | 3,392,589 |
| Fund Balance-Beginning | 8,045,243 | 2,110,653 | 1,325,586 | 11,481,482 |
| Fund Balance-Ending | <u>\$ 9,887,283</u> | <u>\$ 3,836,774</u> | <u>\$ 1,150,014</u> | <u>\$ 14,874,071</u> |
| Reconciliation to statement of activities, change in net assets: | | | | |
| Net Change in Fund Balance | | | | 3,392,589 |
| 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. | | | | 137,877 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. | | | | (429,709) |
| 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. | | | | 181,269 |
| 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. | | | | (64,410) |
| Change in Net Assets of Governmental Activities | | | | <u>\$ 3,217,616</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, 2011

| | Business-Type Activities Enterprise Funds | | | |
|--|--|---------------------|---------------------|-----------------------|
| | Water and Wastewater | Stormwater | Sanitation | Total |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash & Investments | \$ 10,297,291 | \$ 902,214 | \$ 1,840,657 | \$ 13,040,162 |
| Receivables, Net of Allowances | 1,299,556 | 29,576 | 201,616 | 1,530,748 |
| Inventories | 166,896 | - | 25,353 | 192,249 |
| Deposits and Prepaids | 18,525 | 27,540 | 13,056 | 59,121 |
| Restricted assets: | | | | |
| Cash & Investments | 2,537,346 | - | - | 2,537,346 |
| Total Current Assets | <u>14,319,614</u> | <u>959,330</u> | <u>2,080,682</u> | <u>17,359,626</u> |
| Noncurrent Assets: | | | | |
| Bond Issuance Costs | 192,896 | - | - | 192,896 |
| Capital Assets: | | | | |
| Water Rights | 57,453,763 | - | - | 57,453,763 |
| Land and Improvements | 807,815 | - | - | 807,815 |
| Construction In Progress | 803,898 | 200,000 | - | 1,003,898 |
| Infrastructure and Improvements | 111,117,652 | 1,022,392 | - | 112,140,044 |
| Buildings and Improvements | 18,945,544 | 37,792 | 22,387 | 19,005,723 |
| Machinery and Equipment | 2,819,410 | - | 1,200,722 | 4,020,132 |
| Less Accumulated Depreciation | (75,953,658) | (239,587) | (457,548) | (76,650,793) |
| Total Noncurrent Assets | <u>116,187,320</u> | <u>1,020,597</u> | <u>765,561</u> | <u>117,973,478</u> |
| Total Assets | <u>130,506,934</u> | <u>1,979,927</u> | <u>2,846,243</u> | <u>135,333,104</u> |
| Current Liabilities: | | | | |
| Accounts Payable | 333,364 | 189 | 19,701 | 353,254 |
| Accrued Liabilities | 137,032 | 5,387 | 29,989 | 172,408 |
| Deposits Payable | 1,158 | - | - | 1,158 |
| Accrued Interest Payable | 62,649 | - | - | 62,649 |
| Bonds, Notes, Leases and Compensated Absences Payable | 2,442,689 | 4,500 | 80,000 | 2,527,189 |
| Total Current Liabilities | <u>2,976,892</u> | <u>10,076</u> | <u>129,690</u> | <u>3,116,658</u> |
| Noncurrent Liabilities: | | | | |
| Bonds, Notes, Leases and Compensated Absences Payable | 13,195,504 | 2,927 | 47,325 | 13,245,756 |
| Total Noncurrent Liabilities | <u>13,195,504</u> | <u>2,927</u> | <u>47,325</u> | <u>13,245,756</u> |
| Total Liabilities | <u>16,172,396</u> | <u>13,003</u> | <u>177,015</u> | <u>16,362,414</u> |
| NET ASSETS | | | | |
| Invested In Capital Assets, Net of Related Debt | 100,796,086 | 1,020,597 | 765,561 | 102,582,244 |
| Restricted for Emergency-Tabor | 285,465 | - | - | 285,465 |
| Restricted for Water Rights | 1,260,563 | - | - | 1,260,563 |
| Restricted for Debt | 1,276,783 | - | - | 1,276,783 |
| Unrestricted | 10,715,641 | 946,327 | 1,903,667 | 13,565,635 |
| Total Net Assets | <u>\$ 114,334,538</u> | <u>\$ 1,966,924</u> | <u>\$ 2,669,228</u> | <u>\$ 118,970,690</u> |

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, 2011

| | Business-type Activities | | | |
|---|--------------------------|---------------------|---------------------|-----------------------|
| | Enterprise Funds | | | |
| | Water and Wastewater | Stormwater | Sanitation | Total |
| Operating Revenues: | | | | |
| Charges for Services | \$ 9,296,698 | \$ 417,656 | \$ 1,479,488 | \$ 11,193,842 |
| Other Operating Revenue | 136,046 | - | - | 136,046 |
| Total Operating Revenues | 9,432,744 | 417,656 | 1,479,488 | 11,329,888 |
| Operating Expenses: | | | | |
| Administration | 1,231,506 | - | 35,199 | 1,266,705 |
| Facilities | 146,643 | - | - | 146,643 |
| Fleet | 61,338 | - | 114,803 | 176,141 |
| Streets | - | 24,764 | - | 24,764 |
| Engineering | 276,917 | - | - | 276,917 |
| Water Operations | 856,192 | - | - | 856,192 |
| Lab Operations | 384,274 | - | - | 384,274 |
| Electrical and Mechanical | 614,800 | - | - | 614,800 |
| Distribution and Collection | 744,843 | - | - | 744,843 |
| Water Resources Operations | 916,499 | - | - | 916,499 |
| Wastewater Operations | 1,233,791 | - | - | 1,233,791 |
| Industrial Pre-Treatment | 86,153 | - | - | 86,153 |
| Stormwater Operations | - | 77,614 | - | 77,614 |
| Sanitation Operations | - | - | 1,243,537 | 1,243,537 |
| Depreciation | 2,375,946 | 60,445 | 59,855 | 2,496,246 |
| Amortization of Bond Costs | 30,475 | - | - | 30,475 |
| Total Operating Expenses | 8,959,377 | 162,823 | 1,453,394 | 10,575,594 |
| Operating Income | 473,367 | 254,833 | 26,094 | 754,294 |
| Nonoperating Revenues(Expenses): | | | | |
| Investment Earnings | 82,761 | 5,135 | 11,590 | 99,486 |
| Taxes-Sales/Use | 2,411,051 | - | - | 2,411,051 |
| Gain on Sale of Capital Assets | - | - | 10,120 | 10,120 |
| Interest and Fiscal Charges | (829,151) | - | - | (829,151) |
| Total Nonoperating Revenues (Expenses) | 1,664,661 | 5,135 | 21,710 | 1,691,506 |
| Change In Net Assets | 2,138,028 | 259,968 | 47,804 | 2,445,800 |
| Total Net Assets-Beginning | 112,196,510 | 1,706,956 | 2,621,424 | 116,524,890 |
| Total Net Assets-Ending | <u>\$ 114,334,538</u> | <u>\$ 1,966,924</u> | <u>\$ 2,669,228</u> | <u>\$ 118,970,690</u> |

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, 2011

| | Business-type Activities | | | Total |
|---|--------------------------|-------------------|---------------------|----------------------|
| | Enterprise Funds | | | |
| | Water and Wastewater | Stormwater | Sanitation | |
| Cash Flows From Operating Activities | | | | |
| Cash Received From Customers | \$ 9,642,146 | \$ 422,010 | \$ 1,491,623 | \$ 11,555,779 |
| Cash Payments to Suppliers for Goods and Services | (3,420,088) | 48,704 | (636,598) | (4,007,982) |
| Cash Payments to Employees for Services | (3,351,596) | (266,584) | (721,579) | (4,339,759) |
| Net Cash Provided by Operating Activities | 2,870,462 | 204,130 | 133,446 | 3,208,038 |
| Cash Flows From Capital and Related Financing Activities | | | | |
| Tax Receipts | 2,411,051 | - | - | 2,411,051 |
| Acquisition and Construction of Capital Assets | (901,505) | (90,312) | - | (991,817) |
| Proceeds from Sales of Capital Assets | - | - | 10,120 | 10,120 |
| Principal Paid on Bond, Leases and Notes Payable Maturities | (2,016,661) | - | - | (2,016,661) |
| Interest Paid on Bonds, Leases and Notes Payable | (829,151) | - | - | (829,151) |
| Net Cash (Used) Provided In Capital and Related Financing Activities | (1,336,266) | (90,312) | 10,120 | (1,416,458) |
| Cash Flows From Investing Activities | | | | |
| Earnings on Investments | 82,761 | 5,135 | 11,590 | 99,486 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 1,616,957 | 118,953 | 155,156 | 1,891,066 |
| Cash and Cash Equivalents, Beginning of Year | 11,217,680 | 783,261 | 1,685,501 | 13,686,442 |
| Cash and Cash Equivalents, End of Year | \$ 12,834,637 | \$ 902,214 | \$ 1,840,657 | \$ 15,577,508 |

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, 2011

| | Business-type Activities | | | Total |
|---|--------------------------|-------------------|-------------------|---------------------|
| | Enterprise Funds | | | |
| | Water and Wastewater | Stormwater | Sanitation | |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | |
| Operating Income (Loss) | \$ 473,367 | \$ 254,833 | \$ 26,094 | \$ 754,294 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities: | | | | |
| Depreciation | 2,375,946 | 60,445 | 59,855 | 2,496,246 |
| Amortization | 30,475 | - | - | 30,475 |
| (Increase) Decrease in Accounts Receivable | 209,402 | 4,354 | 12,135 | 16,489 |
| (Increase) Decrease in Inventory | (16,632) | - | 17,279 | 17,279 |
| (Increase) Decrease in Prepaid Expense | 901 | (10,618) | (1,424) | (12,042) |
| Increase (Decrease) in Accounts Payable | (172,675) | (100,502) | 4,055 | (96,447) |
| Increase (Decrease) in Retainages Payable | (40,387) | - | - | (40,387) |
| Increase (Decrease) in Accrued Liabilities | 8,393 | (5,738) | 1,420 | (4,318) |
| Increase (Decrease) in Compensated Absences Payable | 3,514 | 1,356 | 14,032 | 15,388 |
| Increase(Decrease) in Deposits Payable | (1,842) | - | - | (1,842) |
| Total Adjustments | 2,397,095 | (50,703) | 107,352 | 2,453,744 |
| Net Cash Provided by Operating Activities | \$ 2,870,462 | \$ 204,130 | \$ 133,446 | \$ 3,208,038 |

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, 2011

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 \$432,253.

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, 2011

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, 2011

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, 2011

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.

Fund balance may be categorized into the following:

1. Nonspendable – items such as inventories, prepaid expenses, long-term loans and resources that must be maintained intact pursuant to legal or contractual requirements.
2. Restricted – amounts that can be spent only for the specific purposes stipulated by constitution, external resources or through a government's own constitution or charter.

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011

3. Committed – includes amounts that can only be used for the specific purposes determined by a formal action of the highest level of decision making authority, which is the City Council, and remain binding unless removed in the same manner.
4. Assigned – resources that reflect a government’s intended use of resources. It has to be established at either the highest level of decision making, or by a body or an official designated for that purpose.
5. Unassigned – any remaining fund balance in the general fund that does not fall into one of the other categories. The general fund should be the only fund that reports a positive unassigned fund balance.

The City applies expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year in that order.

City staff brings recommendations to Council for the use of fund balance, whereas Council approves the recommendations through an ordinance either in the official budget ordinance or supplemental ordinances throughout the year. Council makes approvals at the fund levels.

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.

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 \$127,331,741, less depreciation of \$33,187,692 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 \$153,212. 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 \$1,693,301 difference are as follows:

| | |
|--|---------------------|
| Compensated Absences (excludes amounts reported in the General Fund) | \$ 1,226,887 |
| Other Post-Employment Benefits | 420,087 |
| Pension Benefits | 46,327 |
| Net Adjustment to Fund Balance | <u>\$ 1,693,301</u> |

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011

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 \$137,877 difference are as follows:

| | |
|--|--------------------|
| Capitalized Asset Expenditures | |
| Depreciation Expense | \$ 4,694,602 |
| 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>(4,556,725)</u> |
| | <u>\$ 137,877</u> |

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 (\$429,709) 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 \$181,269 difference are as follows:

| | |
|--|-------------------|
| Principal Repayment on Long-term Debt | \$ 177,389 |
| Reduction in Interest Payable on Long-term Debt | <u>3,880</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>\$ 181,269</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 (\$64,410) difference are as follows:

| | |
|--|--------------------|
| Change in Other Post-Employment Benefits Liability | \$ (30,477) |
| Reduction in Pension Benefits Payable | 1,273 |
| Decrease in Compensated Absences | <u>(35,206)</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>\$ (64,410)</u> |

Note 3. DETAILED NOTES ON ALL FUNDS

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011

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 | \$ 3,505 | \$ - |
| Cash Deposits | 4,410,840 | 6,525,375 |
| Investments | 23,934,201 | 1,069,262 |
| Total | <u>\$ 28,348,546</u> | <u>\$ 7,594,637</u> |
| | | |
| Cash and Investments | \$ 25,811,200 | \$ 7,594,637 |
| Restricted Cash and Investments | 2,537,346 | - |
| Total | <u>\$ 28,348,546</u> | <u>\$ 7,594,637</u> |

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

| | <u>Cash and Investments</u> |
|--------------------------|-----------------------------|
| Water Rights Acquisition | \$ 1,260,563 |
| Debt Service | 1,276,783 |
| Total | <u>\$ 2,537,346</u> |

Deposits. At year-end, the carrying amount of the City and component units reporting entities deposits were \$4,410,838.

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, \$4,410,838 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.

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011

| 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 \$73,809 and \$51,933 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.

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, 2011.

| | Fair Value | Minimum Rating Required | Standard & Poor's Rating | Moody's Rating | Total Investment Portfolio Percentage | Weighted Average Maturity |
|--|----------------------|-------------------------|--------------------------|----------------|---------------------------------------|---------------------------|
| Federal Farm Credit Banks (FFCB) | \$ 2,003,613 | AAA | AA+ | Aaa | 8% | 0.32 |
| Federal Home Loan Banks (FHLB) | 2,013,864 | AAA | AA+ | Aaa | 9% | 0.84 |
| Federal Home Loan Mortgage Corporation (FHLMC) | 3,528,082 | AAA | AA+ | Aaa | 15% | 0.41 |
| Federal National Mortgage Association (FNMA) | 4,007,578 | AAA | AA+ | Aaa | 17% | 0.20 |
| COLOTRUST | 39,724 | N/A | AAA | Aaa | 0% | - |
| CSAFE | 24,389 | N/A | AAA | Aaa | 0% | - |
| Wells Fargo Advantage Govt. Money Market | 12,316,951 | AAAM | AAA | Aaa | 51% | - |
| | <u>\$ 23,934,201</u> | | | | <u>100%</u> | <u>0.19</u> |

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011

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, 2011.

| Investment Type | Fair Value | Minimum Rating Required | Standard & Poor's Rating | Moody's Rating | Total Investment Portfolio Percentage | Weighted Average Maturity |
|--|---------------------|-------------------------|--------------------------|----------------|---------------------------------------|---------------------------|
| COLOTRUST | \$ 34,085 | N/A | AAAm | Aaa | 3% | - |
| CSAFE | 27,544 | N/A | AAAm | N/A | 1% | - |
| Wells Fargo Advantage Govt. Money Market | 1,007,633 | AAA | AAAm | N/A | 94% | - |
| | <u>\$ 1,069,262</u> | | | | <u>98%</u> | <u>-</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.

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 Governmental | Water & Wastewater | Stormwater | Sanitation | Urban Renewal Authority | Church Ditch Water Authority | Total |
|---------------------------------|---------------------|---------------------|--------------------|---------------------|------------------|-------------------|-------------------------|------------------------------|---------------------|
| Receivables, net of allowances: | | | | | | | | | |
| Taxes | \$ 3,278,821 | \$ 1,163,398 | \$ - | \$ 260,008 | \$ - | \$ - | \$ 1,286,304 | \$ - | \$ 5,988,531 |
| Accounts | 23,913 | - | - | 1,013,394 | 28,413 | 197,523 | - | 19,412 | 1,282,655 |
| Interest and Other | 181,946 | 820,146 | 3,322 | 26,154 | 1,163 | 4,093 | - | - | 1,036,824 |
| Total | <u>\$ 3,484,680</u> | <u>\$ 1,983,544</u> | <u>\$ 3,322</u> | <u>\$ 1,299,556</u> | <u>\$ 29,576</u> | <u>\$ 201,616</u> | <u>\$ 1,286,304</u> | <u>\$ 19,412</u> | <u>\$ 8,308,010</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 | <u>\$ 2,812,212</u> |
| Total deferred revenue for governmental funds | <u>\$ 2,812,212</u> |

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011

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, 2011 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 | 5,035,131 | 3,794,617 | 5,620,949 | 3,208,799 |
| Works of Art | - | 307,440 | | 307,440 |
| Total Capital Assets Not Being Depreciated | 13,390,709 | 4,102,057 | 5,620,949 | 11,871,817 |
| Other Capital Assets: | | | | |
| Infrastructure and Improvements | 96,100,796 | 5,533,703 | - | 101,634,499 |
| Buildings and Improvements | 8,613,279 | 89,776 | - | 8,703,055 |
| Machinery and Equipment | 5,081,699 | 590,015 | 549,343 | 5,122,371 |
| Total Other Capital Assets at Historical Cost | 109,795,774 | 6,213,494 | 549,343 | 115,459,925 |
| Less Accumulated Depreciation for: | | | | |
| Infrastructure and Improvements | (20,625,740) | (4,219,163) | - | (24,844,903) |
| Buildings and Improvements | (4,002,161) | (189,642) | - | (4,191,803) |
| Machinery and Equipment | (4,552,409) | (147,921) | 549,343 | (4,150,987) |
| Total Accumulated Depreciation | (29,180,310) | (4,556,726) | 549,343 | (33,187,693) |
| Other Capital Assets, Net | 80,615,464 | 1,656,768 | - | 82,272,232 |
| Governmental Activities Capital Assets, Net | \$ 94,006,173 | \$ 5,758,825 | \$ (5,620,949) | \$ 94,144,049 |
| Business-type Activities: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Water Rights | \$ 57,453,763 | \$ - | \$ - | \$ 57,453,763 |
| Land and Improvements | 807,815 | - | - | 807,815 |
| Construction in Progress | 679,660 | 785,228 | 460,990 | 1,003,898 |
| Total Capital Assets Not Being Depreciated | 58,941,238 | 785,228 | 460,990 | 59,265,476 |
| Other Capital Assets: | | | | |
| Infrastructure and Improvements | 111,681,245 | 458,800 | - | 112,140,045 |
| Buildings and Improvements | 18,988,997 | 16,725 | - | 19,005,722 |
| Machinery and Equipment | 3,860,747 | 192,054 | 32,669 | 4,020,132 |
| Total Other Capital Assets at Historical Cost | 134,530,989 | 667,579 | 32,669 | 135,165,899 |
| Less Accumulated Depreciation for: | | | | |
| Infrastructure and Improvements | (65,602,960) | (1,894,194) | - | (67,497,154) |
| Buildings and Improvements | (6,158,960) | (387,369) | - | (6,546,329) |
| Machinery and Equipment | (2,425,296) | (214,683) | 32,669 | (2,607,310) |
| Total Accumulated Depreciation | (74,187,216) | (2,496,246) | 32,669 | (76,650,793) |
| Other Capital Assets, Net | 60,343,773 | (1,828,667) | - | 58,515,106 |
| Business Activities Capital Assets, Net | \$ 119,285,011 | \$ (1,043,439) | \$ (460,990) | \$ 117,780,582 |

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011

| | Discretely Presented Component Units | | | |
|---|--------------------------------------|-------------------|--------------------|---------------------|
| | Beginning Balance | Increases | Decreases | Ending Balance |
| Discretely Presented Component Units: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Water Rights | \$ 500,000 | \$ - | \$ - | \$ 500,000 |
| Land and Improvements | 1,077,404 | - | - | 1,077,404 |
| Construction in Progress | 85,497 | 411,362 | - | 496,859 |
| Total Capital Assets Not Being Depreciated | <u>1,662,901</u> | <u>411,362</u> | <u>-</u> | <u>2,074,263</u> |
| Other Capital Assets: | | | | |
| Infrastructure and Improvements | 1,792,287 | - | 61,083 | 1,731,204 |
| Buildings and Improvements | 200,547 | - | - | 200,547 |
| Machinery and Equipment | 194,778 | - | - | 194,778 |
| Total Other Capital Assets at Historical Cost | <u>2,187,612</u> | <u>-</u> | <u>61,083</u> | <u>2,126,529</u> |
| Less Accumulated Depreciation for: | | | | |
| Infrastructure and Improvements | (287,255) | (56,743) | 12,798 | (331,200) |
| Buildings and Improvements | (35,120) | (6,685) | - | (41,805) |
| Machinery and Equipment | (108,359) | (29,201) | - | (137,560) |
| Total Accumulated Depreciation | <u>(430,734)</u> | <u>(92,629)</u> | <u>12,798</u> | <u>(510,565)</u> |
| Other Capital Assets, Net | <u>1,756,878</u> | <u>(92,629)</u> | <u>(48,285)</u> | <u>1,615,964</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 3,419,779</u> | <u>\$ 318,733</u> | <u>\$ (48,285)</u> | <u>\$ 3,690,227</u> |

Depreciation expense was charged to functions as follows:

| | |
|---|---------------------|
| Governmental Activities: | |
| General Government | \$ 272,130 |
| Public Safety | 109,951 |
| Public Works | 3,620,262 |
| Recreation & Culture | 554,383 |
| Total Governmental Activities Depreciation Expense | <u>\$ 4,556,726</u> |
| Business-type Activities: | |
| Water & Wastewater | \$ 2,375,946 |
| Stormwater | 60,445 |
| Sanitation | 59,855 |
| Total Business-type Activities Depreciation Expense | <u>\$ 2,496,246</u> |
| Component Units: | |
| Urban Renewal Authority | \$ 6,685 |
| Church Ditch Water Authority | 85,944 |
| Total Component Units Depreciation Expense | <u>\$ 92,629</u> |

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011

D. Interfund Transactions

Due From/To Other funds consist of the following at December 31, 2011:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|--|---------------|
| General Fund | Community Development Block Grant Fund | \$232,743 |

The City operates under a pooled cash and investment environment. At December 31, 2011, 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) | \$ (100,000) | \$ 100,000 | \$ - |
| Total | <u>\$ (100,000)</u> | <u>\$ 100,000</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

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, 2011 are as follows:

| <u>Year Ending</u> 31-Dec | <u>Business-type Funds</u> | |
|------------------------------|----------------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 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>\$ 6,163,339</u> | <u>\$ 582,058</u> |

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011

F. Long-term Debt

Primary Government

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, 2011 are as follows:

| Year Ending 31-Dec | Business-type Funds | |
|-----------------------|---------------------|---------------------|
| | Principal | Interest |
| 2012 | 615,000 | 526,264 |
| 2013 | 645,000 | 495,576 |
| 2014 | 680,000 | 463,390 |
| 2015 | 720,000 | 422,862 |
| 2016 | 760,000 | 569,925 |
| 2017-2021 | 4,540,000 | 1,163,392 |
| 2022 | 1,075,000 | 64,070 |
| Total | <u>\$ 9,035,000</u> | <u>\$ 3,705,479</u> |

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|-------------------------------------|----------------------|---------------------|-----------------------|----------------------|------------------------|
| Notes Payable | \$ 177,389 | \$ - | \$ (177,389) | \$ - | \$ - |
| Pension Benefits Payable | 47,600 | - | (1,272) | 46,328 | - |
| Other Post Employment Benefits | 389,610 | 30,477 | - | 420,087 | - |
| Compensated Absences | 1,191,681 | 1,139,589 | (1,104,383) | 1,226,887 | 1,000,000 |
| Total Governmental Activities | <u>1,806,280</u> | <u>1,170,066</u> | <u>(1,283,044)</u> | <u>1,693,302</u> | <u>1,000,000</u> |
| 2002A Certificates of Participation | 9,625,000 | - | (590,000) | 9,035,000 | 615,000 |
| Capital Lease Payable | 7,590,000 | - | (1,426,661) | 6,163,339 | 1,457,689 |
| Other Post Employment Benefits | 57,704 | - | - | 57,704 | - |
| Compensated Absences | 498,001 | 488,395 | (469,493) | 516,903 | 454,500 |
| Total Business-Type Activities | <u>17,770,705</u> | <u>488,395</u> | <u>(2,486,154)</u> | <u>15,772,946</u> | <u>2,527,189</u> |
| Total Long-term Liabilities | <u>\$ 19,576,985</u> | <u>\$ 1,658,461</u> | <u>\$ (3,769,198)</u> | <u>\$ 17,466,248</u> | <u>\$ 3,527,189</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

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011

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.

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, 2011 was \$25,020. Contributions are an expense of the Water and Wastewater Enterprise Fund.

D. Enhanced Sales Tax Incentive Program Agreement

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 2011, the redeveloper received \$35,631 and has received a total of \$48,075 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.

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011

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. 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 \$47,680 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 \$35,523.

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 | \$ 63,000 |
| Interest on Net OPEB Obligation | 20,000 |
| Adjustment to ARC | <u>(17,000)</u> |
| Annual OPEB Cost | 66,000 |
| Contributions made | <u>(35,523)</u> |
| | |
| Increase in net OPEB obligation | 30,477 |
| Net OPEB obligation – beginning of year | <u>447,791</u> |
| Net OPEB obligation – end of year | <u>\$477,791</u> |

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Program, and the net OPEB obligation for 2011 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 |
| 12/31/2011 | 66,000 | 40.8% | 477,791 |

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011

Funding Status and Funding Progress. As of January 1, 2011, the most recent actuarial valuation date, the Program was not funded. The unfunded actuarial accrued liability (UAAL) was \$896,000. The covered payroll (annual payroll of active employees covered by the Program) was \$12,142,439. The ratio of the UAAL to covered payroll was 7.4 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.

In the January 1, 2011 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 10% and 5%, respectively. Select trends are reduced 0.5% each year until reaching the ultimate trend.

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 \$730,364. The employees' contribution to the Plan was \$954,932.

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 2011, 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

CITY OF NORTHGLENN, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011

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 \$359,331. The covered employees made a contribution of \$465,905.

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 2011 the city's contribution level was 8%, then upon the completion 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, 2011, the emergency reserve of \$856,526 was reported as a reservation of fund balance of \$571,061 in the General Fund, and as restricted net assets of \$285,465 in the Water and Wastewater Fund.



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CITY OF NORTHGLENN, COLORADO

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PROGRAM DECEMBER 31, 2011

(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% |
| 1/1/2012 | -0- | \$ 896,000 | \$ 896,000 | 0.0% | \$12,142,439 | 7.3% |

(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, 2011

| | Budgeted Amounts | | Actual | Variance with |
|--|---------------------|---------------------|----------------------------|--|
| | Original | Final | Amounts Budget Basis | Final Budget Positive (Negative) |
| REVENUES | | | | |
| Taxes-Property | \$ 2,021,463 | \$ 2,021,463 | \$ 2,012,822 | \$ (8,641) |
| Taxes-Sales/Use | 10,693,297 | 10,693,297 | 11,193,971 | 500,674 |
| Occupational Tax | 820,879 | 820,879 | 881,196 | 60,317 |
| Intergovernmental | 1,858,408 | 1,858,408 | 1,812,962 | (45,446) |
| Licenses and Permits | 426,884 | 426,884 | 446,766 | 19,882 |
| Charges for Services | 1,313,974 | 1,313,974 | 1,320,072 | 6,098 |
| Fines and Forfeitures | 1,808,438 | 1,808,438 | 1,284,662 | (523,776) |
| Investment Earnings | 161,073 | 161,073 | 53,002 | (108,071) |
| Miscellaneous | 22,000 | 22,000 | 122,063 | 100,063 |
| Total Revenues | 19,126,416 | 19,126,416 | 19,127,516 | 1,100 |
| EXPENDITURES | | | | |
| General Government: | | | | |
| Legislative | 506,203 | 506,203 | 383,620 | 122,583 |
| City Manager | 597,349 | 597,349 | 529,721 | 67,628 |
| City Clerk | 291,609 | 291,609 | 233,443 | 58,166 |
| Management Services | 1,261,698 | 1,242,901 | 1,143,536 | 99,365 |
| Technology | 769,193 | 769,193 | 746,335 | 22,858 |
| Finance | 613,025 | 613,025 | 548,297 | 64,728 |
| Planning & Development | 1,023,592 | 1,023,592 | 865,518 | 158,074 |
| Non-Departmental | 112,875 | 112,875 | 88,334 | 24,541 |
| Recreation and Culture | 3,063,674 | 3,063,674 | 3,109,907 | (46,233) |
| Public Safety | 7,539,123 | 7,557,920 | 6,947,691 | 610,229 |
| Public Works | 2,100,746 | 2,100,746 | 1,881,271 | 219,475 |
| Capital Outlay | 568,300 | 568,300 | 544,259 | 24,041 |
| Debt Service: | | | | |
| Principal Payments | 177,389 | 177,389 | 177,389 | - |
| Interest and Fiscal Charges | 9,313 | 9,313 | 9,313 | - |
| Contingency | 303,130 | 303,130 | - | 303,130 |
| Total Expenditures | 18,937,219 | 18,937,219 | 17,208,634 | 1,728,585 |
| Excess (Deficiency) of Revenues Over Expenditures | 189,197 | 189,197 | 1,918,882 | 1,729,685 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (100,000) | (100,000) | (100,000) | - |
| Sales of Capital Assets | - | - | 23,158 | 23,158 |
| Total Other Financing Sources and (Uses) | (100,000) | (100,000) | (76,842) | 23,158 |
| Net Change In Fund Balance | 89,197 | 89,197 | 1,842,040 | 1,752,843 |
| Fund Balance-Beginning | 7,054,552 | 7,054,552 | 8,045,243 | 990,691 |
| Fund Balance-Ending | \$ 7,143,749 | \$ 7,143,749 | \$ 9,887,283 | \$ 2,743,534 |

See the accompanying Independent Auditors' Report

CITY OF NORTHGLENN, COLORADO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2011

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.



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CITY OF NORTHGLENN, COLORADO

CAPITAL PROJECTS FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED DECEMBER 31, 2011

| | Budgeted Amounts | | Actual Amounts Budget Basis | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|--------------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes-Property | \$ 961,847 | \$ 961,847 | \$ 959,621 | \$ (2,226) |
| Taxes-Sales/Use | 1,753,197 | 1,753,197 | 1,829,440 | 76,243 |
| Intergovernmental | 1,439,747 | 1,939,747 | 1,899,542 | (40,205) |
| Investment Earnings | 24,500 | 24,500 | 17,941 | (6,559) |
| Total Revenues | 4,179,291 | 4,679,291 | 4,706,544 | 27,253 |
| EXPENDITURES | | | | |
| General Government: | | | | |
| Capital Outlay | 3,377,919 | 4,386,871 | 3,080,423 | 1,306,448 |
| Total Expenditures | 3,377,919 | 4,386,871 | 3,080,423 | 1,306,448 |
| Excess (Deficiency) of Revenues Over Expenditures | 801,372 | 292,420 | 1,626,121 | 1,333,701 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 100,000 | 100,000 | 100,000 | - |
| Total Other Financing Sources and (Uses) | 100,000 | 100,000 | 100,000 | - |
| Net Change In Fund Balance | 901,372 | 392,420 | 1,726,121 | 1,333,701 |
| Fund Balance-Beginning | 2,086,832 | 2,086,832 | 2,110,653 | 23,821 |
| Fund Balance-Ending | \$ 2,988,204 | \$ 2,479,252 | \$ 3,836,774 | \$ 1,357,522 |

See the accompanying Independent Auditors' Report



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CITY OF NORTHGLENN, COLORADO

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET DECEMBER 31, 2011

| | Special Revenue Funds | | |
|--------------------------------------|-----------------------|-------------------|---------------------|
| | Conservation | | |
| | Trust Fund | CDBG Fund | Total |
| ASSETS | | | |
| Cash & Investments | \$ 1,153,457 | \$ - | \$ 1,153,457 |
| Receivables, Net of Allowances | 3,322 | 232,743 | 236,065 |
| Total Assets | <u>\$ 1,156,779</u> | <u>\$ 232,743</u> | <u>\$ 1,389,522</u> |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable | \$ 6,765 | \$ - | \$ 6,765 |
| Due To Other Funds | - | 232,743 | 232,743 |
| Total Liabilities | <u>6,765</u> | <u>232,743</u> | <u>239,508</u> |
| FUND BALANCES | | | |
| Unreserved, reported in: | | | |
| Special Revenue Funds | 1,150,014 | - | 1,150,014 |
| Total Fund Balances | <u>1,150,014</u> | <u>-</u> | <u>1,150,014</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,156,779</u> | <u>\$ 232,743</u> | <u>\$ 1,389,522</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, 2011

| | Special Revenue Funds | | |
|--|-----------------------|----------------|---------------------|
| | Conservation | | Total |
| | Trust Fund | CDBG Fund | |
| REVENUES | | | |
| Intergovernmental | \$ 325,923 | \$ 232,743 | \$ 558,666 |
| Investment Earnings | 7,853 | - | 7,853 |
| Total Revenues | <u>333,776</u> | <u>232,743</u> | <u>566,519</u> |
| EXPENDITURES | | | |
| General Government: | | | |
| Planning & Development | - | 27,899 | 27,899 |
| Capital Outlay | 509,348 | 204,844 | 714,192 |
| Total Expenditures | <u>509,348</u> | <u>232,743</u> | <u>742,091</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(175,572)</u> | <u>-</u> | <u>1,308,610</u> |
| Net Change In Fund Balance | (175,572) | - | (175,572) |
| Fund Balance-Beginning | 1,325,586 | - | 1,325,586 |
| Fund Balance-Ending | <u>\$ 1,150,014</u> | <u>\$ -</u> | <u>\$ 1,150,014</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, 2011

| | Budgeted Amounts | | Actual Amounts Budget Basis | Variance with Final Budget Positive (Negative) |
|--|------------------|--------------------|--------------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 303,787 | \$ 303,787 | \$ 325,923 | \$ 22,136 |
| Investment Earnings | 5,336 | 5,336 | 7,853 | 2,517 |
| Total Revenues | 309,123 | 309,123 | 333,776 | 24,653 |
| EXPENDITURES | | | | |
| General Government: | | | | |
| Capital Outlay | 838,000 | 1,504,310 | 509,348 | 994,962 |
| Total Expenditures | 838,000 | 1,504,310 | 509,348 | 994,962 |
| Excess (Deficiency) of Revenues Over Expenditures | (528,877) | (1,195,187) | (175,572) | 1,019,615 |
| Net Change In Fund Balance | (528,877) | (1,195,187) | (175,572) | 1,019,615 |
| Fund Balance-Beginning | 857,332 | 857,332 | 1,325,586 | 468,254 |
| Fund Balance-Ending | \$ 328,455 | \$ (337,855) | \$ 1,150,014 | \$ 1,487,869 |

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, 2011

| | Budgeted Amounts | | Actual Amounts Budget Basis | Variance with Final Budget Positive (Negative) |
|--|------------------|----------------|--------------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 398,296 | \$ 398,296 | \$ 232,743 | \$ (165,553) |
| Total Revenues | <u>398,296</u> | <u>398,296</u> | <u>232,743</u> | <u>(165,553)</u> |
| EXPENDITURES | | | | |
| General Government: | | | | |
| Planning & Development | 148,296 | 148,296 | 27,899 | 120,397 |
| Capital Outlay | 250,000 | 250,000 | 204,844 | 45,156 |
| Total Expenditures | <u>398,296</u> | <u>398,296</u> | <u>232,743</u> | <u>165,553</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change In Fund Balance | - | - | - | - |
| Fund Balance-Beginning | - | - | - | - |
| Fund Balance-Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See the accompanying Independent Auditors' Report

CITY OF NORTHGLENN, COLORADO

WATER AND WASTEWATER FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED DECEMBER 31, 2011

| | Budgeted Amounts | | Actual Amounts Budget Basis | Variance with Final Budget Positive (Negative) |
|-----------------------------|-------------------|-------------------|--------------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes-Sales/Use | \$ 2,319,438 | \$ 2,319,438 | \$ 2,411,051 | \$ 91,613 |
| Intergovernmental | 122,500 | 122,500 | 121,600 | (900) |
| Charges for Services | 8,254,792 | 8,254,792 | 9,296,698 | 1,041,906 |
| Investment Earnings | 127,484 | 127,484 | 82,761 | (44,723) |
| Miscellaneous | - | - | 14,446 | 14,446 |
| Total Revenues | 10,824,214 | 10,824,214 | 11,926,556 | 1,102,342 |
| EXPENDITURES | | | | |
| Administration | 1,365,621 | 1,365,621 | 1,231,506 | 134,115 |
| Facilities | 190,241 | 190,241 | 146,643 | 43,598 |
| Fleet | 83,950 | 83,950 | 61,338 | 22,612 |
| Engineering | 336,058 | 336,058 | 276,917 | 59,141 |
| Water Operations | 943,802 | 943,802 | 856,192 | 87,610 |
| Lab Operations | 407,870 | 407,870 | 384,274 | 23,596 |
| Electrical and Mechanical | 627,480 | 627,480 | 614,800 | 12,680 |
| Distribution and Collection | 818,350 | 818,350 | 744,843 | 73,507 |
| Water Resources Operations | 1,020,467 | 1,020,467 | 916,499 | 103,968 |
| Wastewater Operations | 1,431,925 | 1,431,925 | 1,233,791 | 198,134 |
| Industrial Pre-Treatment | 77,061 | 77,061 | 86,153 | (9,092) |
| Capital Outlay | 3,406,000 | 3,884,192 | 901,505 | 2,982,687 |
| Acquisition of Water Rights | 5,605,185 | 5,605,185 | - | 5,605,185 |
| Debt Service: | | | | |
| Principal Payments | 590,000 | 590,000 | 2,016,661 | (1,426,661) |
| Interest and Fiscal Charges | 555,410 | 555,410 | 829,151 | (273,741) |
| Total Expenditures | 17,459,420 | 17,937,612 | 10,300,273 | 7,637,339 |
| Net Change | \$ (6,635,206) | \$ (7,113,398) | 1,626,283 | \$ 8,739,681 |

Adjustments to reconcile budgetary

basis to GAAP basis Adjustment for

| | |
|---|----------------|
| Net Book Value of Assets Retired | |
| Principal Paid on Bonds and Notes Payable | 2,016,661 |
| Capitalization of Capital Assets | 901,505 |
| Amortization | (30,475) |
| Depreciation | (2,375,946) |
| Total Adjustments to Basis | 511,745 |
| Change in Net Assets | 2,138,028 |
| Total Net Assets-Beginning | 112,196,510 |
| Total Net Assets-Ending | \$ 114,334,538 |

See the accompanying Independent Auditors' Report

CITY OF NORTHGLENN, COLORADO

STORMWATER FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED DECEMBER 31, 2011

| | Budgeted Amounts | | Actual Amounts Budget Basis | Variance with Final Budget Positive (Negative) |
|--|------------------|----------------|--------------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for Services | \$ 419,850 | \$ 419,850 | \$ 417,656 | \$ (2,194) |
| Investment Earnings | 17,839 | 17,839 | 5,135 | (12,704) |
| Total Revenues | 437,689 | 437,689 | 422,791 | (14,898) |
| EXPENDITURES | | | | |
| Administration | 1,224 | 1,224 | - | 1,224 |
| Fleet | 1,825 | 1,825 | - | 1,825 |
| Streets | 16,306 | 16,306 | 24,764 | (8,458) |
| Stormwater Operations | 84,575 | 84,575 | 77,614 | 6,961 |
| Capital Outlay | - | 500,000 | 90,312 | 409,688 |
| Total Expenditures | 103,930 | 603,930 | 192,690 | 411,240 |
| Net Change | \$ 333,759 | \$ (166,241) | 230,101 | \$ 396,342 |
| 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 | | | 90,312 | |
| Capital Contributions-Capital Assets | | | | |
| Amortization | | | | |
| Depreciation | | | (60,445) | |
| Total Adjustments to Basis | | | 29,867 | |
| Change in Net Assets | | | 259,968 | |
| Total Net Assets-Beginning | | | 1,706,956 | |
| Total Net Assets-Ending | | | \$ 1,966,924 | |

See the accompanying Independent Auditors' Report

CITY OF NORTHGLENN, COLORADO

SANITATION FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED DECEMBER 31, 2011

| | Budgeted Amounts | | Actual Amounts Budget Basis | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|--------------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for Services | \$ 1,414,611 | \$ 1,414,611 | \$ 1,479,488 | \$ 64,877 |
| Investment Earnings | 29,827 | 29,827 | 11,590 | (18,237) |
| Total Revenues | 1,444,438 | 1,444,438 | 1,491,078 | 46,640 |
| EXPENDITURES | | | | |
| Administration | 90,919 | 90,919 | 35,199 | 55,720 |
| Fleet | 96,725 | 96,725 | 114,803 | (18,078) |
| Sanitation Operations | 1,064,312 | 1,246,362 | 1,243,537 | 2,825 |
| Total Expenditures | 1,251,956 | 1,434,006 | 1,393,539 | 40,467 |
| Net Change | \$ 192,482 | \$ 10,432 | 97,539 | \$ 87,107 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sales of Capital Assets | - | - | 10,120 | 10,120 |
| Total Other Financing Sources (Uses) | - | - | 10,120 | 10,120 |
| Net Change | \$ 192,482 | \$ 10,432 | 107,659 | \$ 97,227 |
| Adjustments to reconcile budgetary basis to GAAP basis Adjustment for | | | | |
| Depreciation | | | (59,855) | |
| Total Adjustments to Basis | | | (59,855) | |
| Change in Net Assets | | | 47,804 | |
| Total Net Assets-Beginning | | | 2,621,424 | |
| Total Net Assets-Ending | | | \$ 2,669,228 | |

See the accompanying Independent Auditors' Report



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CITY OF NORTHGLENN, COLORADO

NORTHGLENN URBAN RENEWAL AUTHORITY BALANCE SHEET DECEMBER 31, 2011

ASSETS

| | | |
|--------------------------------|----|-------------------------|
| Cash & Investments | \$ | 6,912,120 |
| Receivables, Net of Allowances | | <u>1,286,304</u> |
| Total Assets | \$ | <u><u>8,198,424</u></u> |

LIABILITIES AND FUND BALANCES

LIABILITIES

| | | |
|--------------------------|----|-------------------------|
| Accounts Payable | \$ | 28,095 |
| Deferred Revenue | | <u>1,283,895</u> |
| Total Liabilities | | <u><u>1,311,990</u></u> |

FUND BALANCES

| | | |
|---------------------------|--|-------------------------|
| Fund Balance-Unreserved | | <u>6,886,434</u> |
| Total Fund Balance | | <u><u>6,886,434</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. 1,071,146

Net Assets of Governmental Activities \$ 7,957,580

See the accompanying Independent Auditors' Report

CITY OF NORTHGLENN, COLORADO

NORTHGLENN URBAN RENEWAL AUTHORITY BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED DECEMBER 31, 2011

| | Budgeted Amounts | | Actual Amounts Budget Basis | Variance with Final Budget Positive (Negative) |
|--------------------------------|---------------------|---------------------|--------------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes-Property | \$ 1,308,275 | \$ 1,308,275 | \$ 1,302,146 | \$ (6,129) |
| Rental Income | 9,500 | 9,500 | 19,713 | 10,213 |
| Investment Earnings | 76,800 | 76,800 | 31,310 | (45,490) |
| Miscellaneous | - | - | 50 | 50 |
| Total Revenues | <u>1,394,575</u> | <u>1,394,575</u> | <u>1,353,219</u> | <u>(41,356)</u> |
| EXPENDITURES | | | | |
| General Government | 777,549 | 777,549 | 673,431 | 104,118 |
| Capital Outlay | 500,000 | 500,000 | - | 500,000 |
| Total Expenditures | <u>1,277,549</u> | <u>1,277,549</u> | <u>673,431</u> | <u>604,118</u> |
| Net Change in Fund Balance | 117,026 | 117,026 | 679,788 | 562,762 |
| Fund Balance-Beginning of Year | 6,287,436 | 6,287,436 | 6,206,646 | (80,790) |
| Fund Balance-End of Year | <u>\$ 6,404,462</u> | <u>\$ 6,404,462</u> | <u>\$ 6,886,434</u> | <u>\$ 481,972</u> |

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

| | |
|---|-------------------|
| Net change in fund balance | 679,788 |
| 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. | <u>(54,968)</u> |
| Change in Net Assets | <u>\$ 624,820</u> |

See the accompanying Independent Auditors' Report

CITY OF NORTHGLENN, COLORADO

CHURCH DITCH WATER AUTHORITY BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED DECEMBER 31, 2011

| | Budgeted Amounts | | Actual Amounts Budget Basis | Variance with Final Budget Positive (Negative) |
|---------------------------|---------------------|---------------------|--------------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for Services | \$ 562,390 | \$ 562,390 | \$ 490,425 | \$ (71,965) |
| Investment Earnings | 250 | 250 | 185 | (65) |
| Total Revenues | 562,640 | 562,640 | 490,610 | (72,030) |
| EXPENDITURES | | | | |
| General Operations | 244,600 | 244,600 | 261,431 | (16,831) |
| Capital Outlay | 690,583 | 690,583 | 411,362 | 279,221 |
| Contingency | 161,150 | 161,150 | - | 161,150 |
| Total Expenditures | 1,096,333 | 1,096,333 | 672,793 | 423,540 |
| Net Change | <u>\$ (533,693)</u> | <u>\$ (533,693)</u> | (182,183) | <u>\$ 351,510</u> |

Adjustments to reconcile budgetary

basis to GAAP basis Adjustment for

| | |
|----------------------------------|----------------------------|
| Capitalization of Capital Assets | 411,362 |
| Depreciation | (85,944) |
| Total Adjustments to Basis | <u>325,418</u> |
| Change in Net Assets | 143,235 |
| Total Net Assets-Beginning | <u>2,908,100</u> |
| Total Net Assets-Ending | <u><u>\$ 3,051,335</u></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, 2011

| | |
|--|-------------------|
| Cash Flows From Operating Activities | |
| Cash Received From Customers, including cash deposits | \$ 568,396 |
| Cash Payments to Suppliers for Goods and Services | <u>(197,279)</u> |
| Net Cash Provided (Used) by Operating Activities | <u>371,117</u> |
| Cash Flows From Capital and Related Financing Activities | |
| Acquisition of Capital Assets | <u>(411,362)</u> |
| Net Cash (Used) in Capital Financing Activities | <u>(411,362)</u> |
| Cash Flows From Investing Activities | |
| Earnings on Investments | <u>185</u> |
| Net Cash Provided by Investing Activities | <u>185</u> |
| Net Increase in Cash and Cash Equivalents | (40,060) |
| Cash and Cash Equivalents, Beginning of Year | <u>722,577</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 682,517</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | |
| Operating Income | <u>\$ 143,050</u> |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | |
| Depreciation | 85,944 |
| Change in Assets and Liabilities: | |
| (Increase) Decrease in Accounts Receivable | (10,737) |
| Increase (Decrease) in Accounts Payable | 64,152 |
| Increase (Decrease) in Deferred Revenue | 70,189 |
| Increase (Decrease) in Customer Deposits Payable | <u>18,519</u> |
| Total Adjustments | <u>228,068</u> |
| Net Cash Provided by Operating Activities | <u>\$ 371,117</u> |

See the accompanying Independent Auditors' Report

CITY OF NORTHGLENN, COLORADO

STATISTICAL SECTION FOR THE YEAR ENDED DECEMBER 31, 2011

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 | 64 |
| 2 | Changes in net assets | 66 |
| 3 | Fund Balances, governmental funds | 68 |
| 4 | Changes in funds balances, governmental funds | 70 |
| 5 | Changes in net assets, water and wastewater fund | 72 |
| 6 | Tax revenues by source, governmental funds | 74 |
| | 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 | 76 |
| 8 | Direct and overlapping property tax rates | 78 |
| 9 | Principal property tax payers | 79 |
| 10 | Property tax levies and collections | 80 |
| 11 | Sales tax collections by category | 82 |
| 12 | Direct and overlapping sales tax rates | 84 |
| | 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 | 86 |
| 14 | Ratios of general bonded debt outstanding and legal debt margin | 88 |
| 15 | Direct and overlapping governmental activities debt | 90 |
| | 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 | 91 |
| | 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 | 93 |
| 18 | Operating indicators by function/program | 94 |
| 19 | Capital asset statistics by function/program | 96 |

CITY OF NORTHGLENN, COLORADO

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

| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities | | | | |
| Invested in capital assets, net of related debt | \$ 81,780,452 | \$ 90,294,725 | \$ 94,510,194 | \$ 94,888,925 |
| Restricted | 1,674,371 | 600,544 | 616,440 | 604,711 |
| Unrestricted | 17,786,743 | 10,245,430 | 7,125,828 | 10,799,566 |
| Total governmental activities net assets | <u>\$ 101,241,566</u> | <u>\$ 101,140,699</u> | <u>\$ 102,252,462</u> | <u>\$ 106,293,202</u> |
| Business-type activities | | | | |
| Invested in capital assets, net of related debt | \$ 40,775,167 | \$ 45,160,266 | \$ 52,000,619 | \$ 70,224,641 |
| Restricted | 29,984,055 | 16,759,979 | 17,967,625 | 12,197,256 |
| Unrestricted | 7,206,879 | 21,939,434 | 18,600,428 | 11,243,207 |
| Total business-type activities net assets | <u>\$ 77,966,101</u> | <u>\$ 83,859,679</u> | <u>\$ 88,568,672</u> | <u>\$ 93,665,104</u> |
| Primary government | | | | |
| Invested in capital assets, net of related debt | \$ 122,555,619 | \$ 135,454,991 | \$ 146,510,813 | \$ 165,113,566 |
| Restricted | 31,658,426 | 17,360,523 | 18,584,065 | 12,801,967 |
| Unrestricted | 24,993,622 | 32,184,864 | 25,726,256 | 22,042,773 |
| Total primary government net assets | <u>\$ 179,207,667</u> | <u>\$ 185,000,378</u> | <u>\$ 190,821,134</u> | <u>\$ 199,958,306</u> |

Schedule 1

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 96,808,664 | \$ 95,962,175 | \$ 95,546,950 | \$ 92,633,050 | \$ 93,828,783 | \$ 94,144,049 |
| 638,129 | 644,411 | 744,414 | 1,879,854 | 1,890,967 | 1,721,075 |
| 10,720,619 | 9,284,600 | 6,367,514 | 5,837,248 | 8,234,241 | 11,306,483 |
| <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> | <u>\$ 107,171,607</u> |
| \$ 76,061,058 | \$ 83,476,547 | \$ 89,703,824 | \$ 97,836,240 | \$ 102,070,013 | 102,582,246 |
| 14,953,367 | 12,929,847 | 11,397,939 | 6,555,525 | 3,239,578 | 2,822,811 |
| 9,624,028 | 8,461,079 | 8,398,067 | 8,807,081 | 11,215,299 | 13,565,635 |
| <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> | <u>\$ 118,970,692</u> |
| \$ 172,869,722 | \$ 179,438,722 | \$ 185,250,774 | \$ 190,469,289 | \$ 195,898,796 | \$ 196,726,295 |
| 15,591,496 | 13,574,258 | 12,142,353 | 8,435,379 | 5,130,545 | 4,543,886 |
| 20,344,647 | 17,745,679 | 14,765,581 | 14,644,330 | 19,449,540 | 24,872,118 |
| <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> | <u>\$ 226,142,299</u> |

CITY OF NORTHGLENN, COLORADO

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

| | 2002 | 2003 | 2004 | 2005 |
|---|-----------------|-----------------|-----------------|-----------------|
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$ 4,797,620 | \$ 5,521,240 | \$ 5,419,842 | \$ 5,744,206 |
| Public safety | 6,620,822 | 7,242,650 | 7,182,380 | 6,881,768 |
| Public Works | 2,920,510 | 2,721,746 | 2,611,358 | 2,336,420 |
| Recreation and Culture | 3,869,196 | 4,103,759 | 4,069,185 | 6,248,169 |
| Interest on Long-Term Debt | 95,813 | 102,061 | 85,998 | 90,385 |
| Total governmental activities expenses | 18,303,961 | 19,691,456 | 19,368,763 | 21,300,948 |
| Business-type activities: | | | | |
| Water and Wastewater | 9,681,457 | 10,292,730 | 11,055,378 | 10,143,023 |
| Stormwater (1) | - | - | - | - |
| Sanitation | 1,331,025 | 1,345,186 | 1,288,095 | 1,174,431 |
| Total business-type activities expenses | 11,012,482 | 11,637,916 | 12,343,473 | 11,317,454 |
| Total primary government expenses | \$ 29,316,443 | \$ 31,329,372 | \$ 31,712,236 | \$ 32,618,402 |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | \$ 318,267 | \$ 41,964 | \$ 96,529 | \$ 152,427 |
| Public safety | 651,312 | 743,714 | 1,071,363 | 1,038,294 |
| Recreation and Culture | 661,564 | 875,568 | 898,641 | 987,856 |
| Operating grants and contributions | 215,174 | 164,519 | 244,922 | 3,089,589 |
| Capital grants and contributions | 3,571,863 | 3,974,951 | 3,523,908 | 3,822,988 |
| Total governmental activities program revenues | 5,418,180 | 5,800,716 | 5,835,363 | 9,091,154 |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water and Wastewater | 9,139,238 | 9,283,037 | 8,970,075 | 9,731,245 |
| Stormwater (1) | - | - | - | - |
| Sanitation | 1,173,189 | 1,339,371 | 1,449,269 | 1,442,526 |
| Capital grants and contributions | 1,024,850 | 381,615 | 249,780 | 301,074 |
| Total business-type activities program revenues | 11,337,277 | 11,004,023 | 10,669,124 | 11,474,845 |
| Total primary government program revenues | \$ 16,755,457 | \$ 16,804,739 | \$ 16,504,487 | \$ 20,565,999 |
| Net (Expense) Revenue | | | | |
| Governmental activities | \$ (12,885,781) | \$ (13,890,740) | \$ (13,533,400) | \$ (12,209,794) |
| Business-type activities | 324,795 | (633,893) | (1,674,349) | 157,391 |
| Total primary government net expense | \$ (12,560,986) | \$ (14,524,633) | \$ (15,207,749) | \$ (12,052,403) |
| General Revenues and Other Changes in Net Assets | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property taxes | \$ 2,818,962 | \$ 2,877,055 | \$ 3,097,285 | \$ 3,079,794 |
| Sales Taxes | 10,757,205 | 10,103,884 | 9,921,438 | 10,301,196 |
| Franchise Fees | 861,764 | 957,828 | 978,972 | 1,075,047 |
| Unrestricted grants and contributions | 54,300 | 101,684 | 118,182 | 91,789 |
| Investment earnings | 617,731 | 286,936 | 222,363 | 205,438 |
| Miscellaneous | 77,090 | 153,553 | 429,150 | 176,751 |
| Gain (loss) on sale of assets | (6,899) | 4,537 | 137,773 | (51,002) |
| Special Item - Forgiveness of Advance | - | (437,078) | - | - |
| Transfers | (260,000) | (258,526) | (260,000) | (260,000) |
| Total governmental activities | 14,920,153 | 13,789,873 | 14,645,163 | 14,619,013 |
| Business-type activities: | | | | |
| Sales Taxes | 5,570,533 | 5,479,787 | 5,389,083 | 4,615,349 |
| Investment earnings | 1,187,964 | 657,759 | 587,568 | 943,187 |
| Miscellaneous | 114,328 | 113,003 | 135,023 | 221,621 |
| Gain (loss) on sale of assets | 44,229 | 18,396 | 11,668 | 21,391 |
| Transfers | 260,000 | 258,526 | 260,000 | 260,000 |
| Total business-type activities | 7,177,054 | 6,527,471 | 6,383,342 | 6,061,548 |
| Total primary government | \$ 22,097,207 | \$ 20,317,344 | \$ 21,028,505 | \$ 20,680,561 |
| Change in Net Assets | | | | |
| Governmental activities | \$ 2,034,372 | \$ (100,867) | \$ 1,111,763 | \$ 2,409,219 |
| Business-type activities | 7,501,849 | 5,893,578 | 4,708,993 | 6,218,939 |
| Total primary government net expense | \$ 9,536,221 | \$ 5,792,711 | \$ 5,820,756 | \$ 8,628,158 |

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

Schedule Z

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| \$ 6,797,290 | \$ 8,484,782 | \$ 9,519,448 | \$ 6,381,839 | \$ 5,532,381 | \$ 4,872,394 |
| 7,484,713 | 9,885,311 | 9,924,420 | 9,112,846 | 7,072,212 | 7,076,547 |
| 2,033,028 | 1,566,489 | 1,577,983 | 3,819,443 | 5,521,558 | 5,503,927 |
| 4,234,278 | 5,559,531 | 5,511,520 | 3,740,748 | 3,436,481 | 3,669,958 |
| 81,385 | 78,258 | 61,012 | 35,455 | 20,146 | 9,313 |
| <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> | <u>21,132,139</u> |
| 10,056,903 | 11,407,951 | 11,318,303 | 9,951,649 | 10,273,230 | 9,788,526 |
| - | - | 274,753 | 294,563 | 347,466 | 162,823 |
| 1,276,903 | 1,385,656 | 1,394,633 | 1,548,225 | 1,398,860 | 1,453,394 |
| <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>11,404,743</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> | <u>\$ 32,536,882</u> |
| \$ 110,676 | \$ 72,712 | \$ 69,427 | \$ 69,913 | \$ 517,172 | \$ 525,992 |
| 1,904,840 | 1,950,385 | 2,017,337 | 2,044,943 | 2,297,090 | 1,584,137 |
| 1,128,563 | 1,175,180 | 1,329,069 | 937,978 | 908,161 | 941,371 |
| 929,773 | 382,268 | 237,848 | 344,618 | 461,110 | 814,282 |
| 3,306,819 | 3,368,952 | 5,103,022 | 2,485,444 | 6,177,450 | 3,271,786 |
| <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> | <u>7,137,568</u> |
| 10,235,479 | 9,218,274 | 9,737,184 | 8,814,128 | 8,676,473 | 9,296,698 |
| - | - | 442,150 | 425,725 | 419,799 | 417,656 |
| 1,453,213 | 1,256,360 | 1,481,979 | 1,424,697 | 1,508,397 | 1,479,488 |
| 558,350 | 193,496 | 255,503 | - | - | - |
| <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>11,193,842</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> | <u>\$ 18,331,410</u> |
| \$ (13,250,023) | \$ (18,624,874) | \$ (17,837,680) | \$ (17,207,435) | \$ (11,221,795) | \$ (13,994,571) |
| 913,236 | (2,125,477) | (1,070,873) | (1,129,887) | (1,414,887) | (210,901) |
| <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> | <u>\$ (14,205,472)</u> |
| \$ 3,187,855 | \$ 3,134,763 | \$ 3,173,653 | \$ 3,083,895 | \$ 2,951,290 | \$ 2,972,443 |
| 10,024,167 | 11,363,745 | 11,575,412 | 10,330,693 | 10,610,255 | 13,023,411 |
| 1,152,465 | 1,110,479 | 1,216,392 | 1,117,418 | 893,087 | 881,196 |
| 101,316 | 89,916 | 108,292 | 139,838 | 96,538 | 111,118 |
| 657,590 | 766,187 | 405,355 | 189,939 | 57,354 | 78,796 |
| 260,840 | 142,925 | 348,606 | 296,926 | 201,996 | 122,063 |
| - | 6,756 | - | - | 15,114 | 23,158 |
| - | - | - | - | - | - |
| <u>(260,000)</u> | <u>(260,000)</u> | <u>(260,000)</u> | <u>(260,000)</u> | <u>-</u> | <u>-</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> | <u>17,212,185</u> |
| 4,429,152 | 4,487,829 | 4,445,068 | 4,115,330 | 4,090,837 | 2,411,051 |
| 1,107,058 | 1,360,501 | 994,051 | 182,373 | 105,322 | 99,486 |
| 213,243 | 142,255 | 181,496 | 271,200 | 149,029 | 136,046 |
| 50,660 | 103,912 | 4,529 | - | 395,743 | 10,120 |
| 260,000 | 260,000 | 260,000 | 260,000 | - | - |
| <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>2,656,703</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> | <u>\$ 19,868,888</u> |
| \$ 1,874,210 | \$ (2,270,103) | \$ (1,269,970) | \$ (2,308,726) | \$ 3,603,839 | \$ 3,217,614 |
| 6,973,349 | 4,229,020 | 4,814,271 | 3,699,016 | 3,326,044 | 2,445,802 |
| <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> | <u>\$ 5,663,416</u> |

CITY OF NORTHGLENN, COLORADO

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

| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> |
|---|----------------------|----------------------|---------------------|----------------------|
| General Fund | | | | |
| Reserved | \$ 4,718,637 | \$ 2,694,576 | \$ 2,106,330 | \$ 1,495,297 |
| Unreserved | 15,503,468 | 9,025,132 | 6,315,506 | 10,408,445 |
| Nonspendable | N/A | N/A | N/A | N/A |
| Restricted | N/A | N/A | N/A | N/A |
| Committed | N/A | N/A | N/A | N/A |
| Unassigned | N/A | N/A | N/A | N/A |
| Total general fund | <u>\$ 20,222,105</u> | <u>\$ 11,719,708</u> | <u>\$ 8,421,836</u> | <u>\$ 11,903,742</u> |
| All Other Governmental Funds | | | | |
| Unreserved, reported in: | | | | |
| Special revenue funds | 189,280 | 223,165 | 514,730 | 694,514 |
| Restricted: | | | | |
| Capital Improvements | N/A | N/A | N/A | N/A |
| Parks & Recreation | N/A | N/A | N/A | N/A |
| Committed: | | | | |
| Capital Improvements | N/A | N/A | N/A | N/A |
| Total all other governmental funds | <u>\$ 189,280</u> | <u>\$ 223,165</u> | <u>\$ 514,730</u> | <u>\$ 694,514</u> |

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 923,423 | \$ 716,559 | \$ 805,983 | \$ 805,168 | \$ 684,172 | N/A |
| 10,773,490 | 9,555,776 | 6,836,548 | 7,371,617 | 7,361,071 | N/A |
| N/A | N/A | N/A | N/A | N/A | \$ 100,357 |
| N/A | N/A | N/A | N/A | N/A | 630,324 |
| N/A | N/A | N/A | N/A | N/A | 102,784 |
| N/A | N/A | N/A | N/A | N/A | 9,053,818 |
| <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> | <u>\$ 9,887,283</u> |
| 966,022 | 951,488 | 1,026,235 | 1,020,134 | 1,325,586 | N/A |
| N/A | N/A | N/A | N/A | N/A | \$ 3,288,913 |
| N/A | N/A | N/A | N/A | N/A | 1,150,014 |
| N/A | N/A | N/A | N/A | N/A | 547,861 |
| <u>\$ 966,022</u> | <u>\$ 951,488</u> | <u>\$ 1,026,235</u> | <u>\$ 1,020,134</u> | <u>\$ 1,325,586</u> | <u>\$ 4,986,788</u> |

CITY OF NORTHGLENN, COLORADO

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

| | 2002 | 2003 | 2004 | 2005 |
|---|---------------------|-----------------------|-----------------------|---------------------|
| Revenues | | | | |
| Taxes | \$ 14,437,931 | \$ 13,938,767 | \$ 14,054,695 | \$ 14,513,037 |
| Licenses and permits | 315,651 | 236,156 | 231,430 | 297,046 |
| Intergovernmental | 3,925,890 | 4,241,155 | 3,887,012 | 4,169,093 |
| Charges for services | 838,466 | 841,094 | 884,547 | 960,215 |
| Fines and forfeitures | 484,491 | 583,995 | 893,556 | 864,317 |
| Investment earnings | 617,731 | 286,936 | 222,363 | 205,438 |
| Miscellaneous | 77,090 | 151,459 | 429,150 | 176,751 |
| Total revenues | <u>20,697,250</u> | <u>20,279,562</u> | <u>20,602,753</u> | <u>21,185,897</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | \$ 4,271,723 | \$ 5,151,097 | \$ 5,550,450 | \$ 5,356,593 |
| Public Safety | 6,501,296 | 6,750,451 | 6,643,311 | 6,539,630 |
| Public Works | 2,587,416 | 2,432,764 | 2,361,217 | 2,011,172 |
| Recreation and Culture | 3,572,729 | 3,900,708 | 3,898,606 | 3,284,923 |
| Capital outlay | 4,897,722 | 9,645,556 | 5,197,415 | 2,062,577 |
| Debt service | | | | |
| Principal | 235,041 | 353,985 | 560,424 | 760,770 |
| Interest and fiscal charges | 95,813 | 102,061 | 93,733 | 93,240 |
| Total expenditures | <u>22,161,740</u> | <u>28,336,622</u> | <u>24,305,156</u> | <u>20,108,905</u> |
| Excess of revenues over (under) expenditures | (1,464,490) | (8,057,060) | (3,702,403) | 1,076,992 |
| Other Finances Sources (Uses) | | | | |
| Transfers In | - | - | - | - |
| Transfers Out | (260,000) | (310,000) | (260,000) | (260,000) |
| Proceeds from land contract | - | - | - | 769,566 |
| Retirement of capital lease | - | (1,016,581) | - | - |
| Capital Lease | 1,224,594 | 1,306,479 | 755,135 | 123,950 |
| Proceeds from sale of asset | 24,944 | 45,728 | 200,961 | 319,661 |
| Total other financing sources (uses) | <u>989,538</u> | <u>25,626</u> | <u>696,096</u> | <u>953,177</u> |
| Forgiveness of NURA Advance | - | (437,078) | - | - |
| Net change in fund balances | <u>\$ (474,952)</u> | <u>\$ (8,468,512)</u> | <u>\$ (3,006,307)</u> | <u>\$ 2,030,169</u> |
| Debt service as a percentage of noncapital expenditures | 1.9% | 2.4% | 3.4% | 4.7% |

Schedule 4

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|------|-------------------|--------------------|--------------------|-------------------|-------------------|-------------------|
| \$ | 14,364,487 | \$ 15,608,987 | \$ 15,965,457 | \$ 14,532,006 | \$ 14,454,632 | \$ 16,877,050 |
| | 320,673 | 254,446 | 325,921 | 250,074 | 475,652 | 446,766 |
| | 3,624,208 | 3,750,934 | 5,449,162 | 2,714,706 | 6,713,795 | 4,271,170 |
| | 1,092,287 | 1,191,608 | 1,303,732 | 995,364 | 1,281,364 | 1,320,072 |
| | 1,731,119 | 1,752,222 | 1,786,180 | 1,807,396 | 1,965,407 | 1,284,662 |
| | 657,590 | 766,187 | 405,355 | 189,939 | 57,354 | 78,796 |
| | 260,841 | 142,924 | 348,606 | 296,926 | 201,996 | 122,063 |
| | <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> | <u>24,400,579</u> |
| | | | | | | |
| \$ | 5,482,481 | \$ 6,936,518 | \$ 7,653,688 | \$ 4,670,444 | \$ 5,288,399 | 4,566,704 |
| | 7,317,781 | 8,036,625 | 7,894,939 | 8,942,516 | 7,007,715 | 6,947,691 |
| | 2,066,972 | 1,235,912 | 1,159,977 | 1,325,612 | 1,900,952 | 1,881,271 |
| | 3,324,044 | 4,432,778 | 4,311,732 | 3,106,896 | 2,889,045 | 3,109,907 |
| | 3,310,082 | 3,865,989 | 6,230,246 | 1,425,250 | 5,486,729 | 4,338,874 |
| | 706,344 | 593,949 | 592,031 | 488,582 | 287,765 | 177,389 |
| | 84,389 | 81,425 | 64,340 | 38,958 | 20,146 | 9,313 |
| | <u>22,292,093</u> | <u>25,183,196</u> | <u>27,906,953</u> | <u>19,998,258</u> | <u>22,880,751</u> | <u>21,031,149</u> |
| | | | | | | |
| | (240,888) | (1,715,888) | (2,322,540) | 788,153 | 2,269,449 | 3,369,430 |
| | - | - | - | - | 296,000 | 100,000 |
| | (260,000) | (260,000) | (260,000) | (260,000) | (296,000) | (100,000) |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | 523,922 | 449,410 | - | - | - | - |
| | 41,645 | 93,489 | 27,483 | - | 15,114 | 23,158 |
| | <u>305,567</u> | <u>282,899</u> | <u>(232,517)</u> | <u>(260,000)</u> | <u>15,114</u> | <u>23,158</u> |
| | | | | | | |
| | - | - | - | - | - | - |
| \$ | <u>64,679</u> | <u>(1,432,989)</u> | <u>(2,555,057)</u> | <u>528,153</u> | <u>2,284,563</u> | <u>3,392,588</u> |
| | | | | | | |
| | 4.2% | 3.2% | 3.0% | 2.8% | 1.8% | 1.1% |

CITY OF NORTHGLENN, COLORADO

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

| | 2002 | 2003 | 2004 | 2005 |
|--|----------------------|----------------------|----------------------|----------------------|
| Operating Revenues | | | | |
| Charges for services | \$ 9,139,238 | \$ 9,283,037 | \$ 8,970,075 | \$ 9,731,245 |
| Other Operating Revenues | 93,801 | 84,519 | 41,032 | 144,400 |
| Total Operating Revenues | <u>9,233,039</u> | <u>9,367,556</u> | <u>9,011,107</u> | <u>9,875,645</u> |
| Operating Expenses | | | | |
| Administration | 939,157 | 948,980 | 1,050,530 | 1,076,686 |
| Facilities | 137,163 | 138,598 | 153,429 | 157,249 |
| Fleet | 81,465 | 82,317 | 91,126 | 93,395 |
| Engineering | 222,968 | 225,300 | 249,410 | 255,619 |
| Water Operations | 570,046 | 576,009 | 637,648 | 653,523 |
| Lab Operations | 257,800 | 260,497 | 288,373 | 295,552 |
| Electrical and Mechanical | 432,265 | 436,787 | 483,527 | 495,566 |
| Distribution and Collection | 481,486 | 486,523 | 538,585 | 551,994 |
| Water Resources Operations | 553,915 | 559,709 | 619,604 | 635,030 |
| Wastewater Operations | 1,047,850 | 1,058,810 | 1,172,113 | 1,201,296 |
| Industrial Pre-Treatment | 46,425 | 46,910 | 51,930 | 53,223 |
| Depreciation | 2,553,613 | 2,656,401 | 2,822,933 | 2,843,607 |
| Amortization of Bond Costs | - | - | - | - |
| Total Operating Expenses | <u>7,324,153</u> | <u>7,476,841</u> | <u>8,159,208</u> | <u>8,312,740</u> |
| Net Operating Income | <u>1,908,886</u> | <u>1,890,714</u> | <u>851,899</u> | <u>1,562,905</u> |
| Nonoperating Revenues (Expenses) | <u>4,397,112</u> | <u>3,336,741</u> | <u>3,585,680</u> | <u>3,728,502</u> |
| Income Before Contributions and Transfers | 6,305,998 | 5,227,455 | 4,437,579 | 5,291,407 |
| Capital Contributions/Transfers | <u>1,284,850</u> | <u>664,622</u> | <u>9,780</u> | <u>561,074</u> |
| Change in Net Assets | 7,599,657 | 5,892,077 | 4,447,359 | 5,852,481 |
| Total Net Assets-Beginning | 69,849,114 | 77,448,771 | 83,340,848 | 87,788,207 |
| Prior Period Adjustment | - | - | - | (1,631,521) |
| Change in Accounting Principal | - | - | - | 422,357 |
| Total Net Assets-Ending | <u>\$ 77,448,771</u> | <u>\$ 83,340,848</u> | <u>\$ 87,788,207</u> | <u>\$ 92,431,524</u> |

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

Schedule 5

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 10,235,479 | \$ 9,218,274 | \$ 9,737,184 | \$ 8,814,128 | \$ 8,676,473 | \$ 9,296,698 |
| 123,466 | 53,311 | 119,953 | 62,692 | 149,029 | 136,046 |
| <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> | <u>9,432,744</u> |
| 1,147,446 | 1,352,590 | 1,284,173 | 1,160,701 | 1,284,971 | 1,231,504 |
| 167,584 | 197,545 | 187,552 | 169,519 | 187,669 | 146,643 |
| 99,533 | 117,327 | 111,393 | 100,682 | 111,462 | 61,338 |
| 272,419 | 321,123 | 304,880 | 275,565 | 305,069 | 276,917 |
| 696,473 | 820,991 | 779,464 | 704,518 | 779,948 | 856,192 |
| 314,976 | 371,289 | 352,508 | 318,614 | 352,727 | 384,274 |
| 528,134 | 622,556 | 591,066 | 534,235 | 591,433 | 614,800 |
| 588,272 | 693,445 | 658,369 | 595,067 | 658,778 | 744,843 |
| 676,765 | 797,759 | 757,406 | 684,582 | 757,877 | 916,499 |
| 1,280,245 | 1,509,132 | 1,432,797 | 1,295,033 | 1,433,687 | 1,233,791 |
| 56,721 | 66,862 | 63,480 | 57,376 | 63,519 | 86,153 |
| 2,852,455 | 3,342,629 | 3,763,046 | 3,197,291 | 3,125,059 | 2,375,946 |
| 97,360 | 75,974 | 63,674 | 50,264 | 31,993 | 30,475 |
| <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> | <u>8,959,375</u> |
| 1,580,562 | (1,017,637) | (492,671) | (266,627) | (858,690) | 473,369 |
| <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> | <u>1,664,661</u> |
| 5,785,415 | 3,621,281 | 3,874,813 | 3,173,242 | 2,737,643 | 2,138,030 |
| 818,350 | 453,496 | 515,503 | 260,000 | - | - |
| 6,603,765 | 4,074,777 | 4,390,316 | 3,433,242 | 2,737,643 | 2,138,030 |
| 92,431,524 | 99,035,290 | 103,110,067 | 106,165,826 | 109,458,867 | 112,196,510 |
| - | - | (1,334,559) | (140,201) | - | - |
| - | - | - | - | - | - |
| <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> | <u>\$ 114,334,540</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 | | | |
| 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 |
| 2011 | 4,088,194 | 186,395 | 13,023,411 | 881,196 | 18,179,196 |

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 |
|------|------------|-------------|-------------|------------|-------------|-------------------------------|-----------|
| 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 | - |
| 2011 | 59,002,460 | 155,323,970 | 1,660,070 | 3,943,050 | 25,280 | 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 |
|------|---------------------|
| 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% |
| 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 |
|-----------------------|--------------------------|-----------------------------|------------------------------|-------------------------------|--|
| 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% |
| 288,910 | 15,451,950 | 235,695,840 | 11.597 | 2,591,781,486 | 9.09% |

CITY OF NORTHGLENN, COLORADO

DIRECT AND OVERLAPPING PROPERTY TAX RATES LAST TEN YEARS

| Year | City of Northglenn | | | Overlapping Rates (1) | | | | | | Total Direct & Overlapping Rates |
|------|--------------------|-----------------------------|--------------------|------------------------------|--------------|----------------------------|---------------------------|---------------------------------------|-------------------------|----------------------------------|
| | 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 | |
| 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 |
| 2011 | 7.597 | 4.000 | 11.597 | 70.276 | 26.806 | 3.659 | 11.176 | 0.566 | 112.483 | 124.080 |

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 | 2011 | | | 2002 | | |
|-----------------------------------|------------------------|------|------------------------------------|------------------------|------|------------------------------------|
| | Taxable Assessed Value | Rank | Percentage of Total Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Assessed Value |
| ELPF Northglenn LLC | \$ 10,190,060 | 1 | 4.25% | - | - | - |
| Public Service Company | 5,715,250 | 2 | 2.38% | 4,086,710 | 2 | 1.88% |
| North Claude Apartments LLC | 4,573,820 | 3 | 1.91% | - | - | - |
| Capri W Stone Mountain LLC | 2,565,860 | 4 | 1.07% | - | - | - |
| Rosemont APTS LLC | 2,460,070 | 5 | 1.03% | 2,276,000 | 5 | 1.05% |
| Eagle Hardware & Garden Inc | 2,237,700 | 6 | 0.93% | 1,930,260 | 7 | 0.89% |
| Shamrock Properties LLC | 1,957,690 | 7 | 0.82% | - | - | - |
| Northglenn Business Park LLC | 1,905,450 | 8 | 0.79% | 1,755,070 | 8 | 0.81% |
| Washington Point Lennane 04 LLC | 1,886,450 | 9 | 0.79% | - | - | - |
| North Express LLC | 1,557,470 | 10 | 0.65% | - | - | - |
| MS Northglenn Limited Partnership | - | - | - | 1,978,520 | 6 | 0.91% |
| PR III LLC | - | - | - | 2,376,880 | 4 | 1.10% |
| JP Northglenn LLC | - | - | - | 9,895,350 | 1 | 4.56% |
| John Q. Hammons | - | - | - | 2,690,330 | 3 | 1.24% |
| Metal Packaging International | - | - | - | 1,740,680 | 9 | 0.80% |
| Metro North Ltd | - | - | - | 1,656,480 | 10 | 0.76% |
| Total | <u>\$ 35,049,820</u> | | <u>14.61%</u> | <u>\$ 30,386,280</u> | | <u>14.01%</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> |
|----------------------------|--|------------------------|-----------------------------------|
| 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% |
| 2011 | 2,789,189 | 2,972,443 | 106.57% |

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 | 2002 | 2003 | 2004 | 2005 |
|--|----------------------|----------------------|----------------------|----------------------|
| Automotive Sales/Supplies/Rentals | \$ 1,285,843 | \$ 1,315,052 | \$ 1,198,040 | \$ 1,182,257 |
| Finance/Insurance/Real Estate/Rental/Leasing | 262,061 | 220,851 | 215,370 | 169,350 |
| Food and Beverage Stores (2) | 1,467,711 | 1,440,060 | 1,377,293 | 1,219,492 |
| Retail Stores | 6,207,622 | 6,029,490 | 6,285,304 | 6,151,296 |
| Arts, Entertainment, and Recreation | 197,230 | 183,283 | 127,206 | 183,945 |
| Eating and Drinking Establishments | 2,168,986 | 2,152,902 | 2,201,787 | 2,166,596 |
| Lodging (3) | 239,084 | 191,776 | 155,633 | 130,601 |
| Manufacturing | 121,512 | 97,055 | 99,665 | 114,445 |
| Service Providers and Transportation | 1,367,292 | 1,379,194 | 1,388,825 | 1,409,302 |
| Construction and Contractors | 168,002 | 146,163 | 85,785 | 112,221 |
| Utilities | 783,519 | 893,200 | 970,066 | 1,090,895 |
| Wholesale | 188,353 | 137,555 | 156,863 | 163,701 |
| Total | \$ 14,457,216 | \$ 14,186,582 | \$ 14,261,837 | \$ 14,094,102 |
| City Direct Sales Tax Rate | 3.50% | 4.00% | 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%.

Schedule 11

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-----------|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ | 1,166,339 | \$ 1,271,694 | \$ 1,144,405 | \$ 1,013,025 | \$ 996,803 | \$ 873,739.12 |
| | 184,441 | 189,424 | 183,938 | 156,376 | 152,608 | 157,223.64 |
| | 1,095,338 | 1,001,823 | 804,098 | 862,856 | 806,014 | 781,939.40 |
| | 5,389,375 | 5,750,435 | 6,080,268 | 5,680,284 | 5,777,124 | 6,233,695.92 |
| | 191,102 | 192,531 | 202,214 | 190,660 | 190,798 | 198,675.69 |
| | 2,114,772 | 2,139,937 | 2,024,062 | 1,854,541 | 1,838,558 | 1,959,684.94 |
| | 132,538 | 134,271 | 155,556 | 114,075 | 135,757 | 152,429.94 |
| | 114,802 | 87,589 | 98,198 | 86,685 | 94,997 | 75,930.68 |
| | 1,500,428 | 1,600,967 | 1,628,714 | 1,548,096 | 1,603,336 | 1,565,424.95 |
| | 95,924 | 83,465 | 95,693 | 62,032 | 66,064 | 67,200.14 |
| | 1,085,118 | 1,033,420 | 1,148,720 | 997,972 | 1,093,927 | 1,090,807.80 |
| | 150,169 | 129,909 | 121,798 | 143,727 | 112,913 | 144,705.66 |
| \$ | 13,220,347 | \$ 13,615,465 | \$ 13,687,663 | \$ 12,710,330 | \$ 12,868,899 | 13,301,457.88 |
| | 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 |
|------|----------------------|-------------------|--------------|-------------------|----------------------|
| 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% |
| 2011 | 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 | |
| 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 |
| 2011 | - | - | - | 9,035,000 | 6,163,339 | 15,198,339 |

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

Schedule 13

| Percentage Of Personal Income | Population | Debt Per Capita |
|--|-------------------|------------------------|
| 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 |
| 1.714% | 35,827 | 554 |
| 1.321% | 35,238 | 433 |
| 0.991% | 35,238 | 315 |
| 1.633% | 33,563 | 518 |
| 1.348% | 33,563 | 453 |

CITY OF NORTHGLENN, COLORADO

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

| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| Debt Applicable to Limitation: | | | | |
| General Obligation Bonds | \$ 28,520,000 | \$ 24,170,000 | \$ 19,630,000 | \$ 14,670,000 |
| Less: Debt payable from Enterprise Fund revenues | | | | |
| 2004 Utility Refunding | - | - | (14,830,000) | (13,660,000) |
| 1996 Utility Refunding | (11,710,000) | (8,315,000) | (4,800,000) | (1,010,000) |
| 1994 Utility Refunding | (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>54,235,469</u> | <u>57,150,116</u> | <u>70,112,985</u> | <u>70,104,649</u> |
| Legal debt margin | <u>\$ 54,235,469</u> | <u>\$ 57,150,116</u> | <u>\$ 70,112,985</u> | <u>\$ 70,104,649</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

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 9,820,000 | \$ 6,105,000 | \$ 2,785,000 | \$ - | \$ - | \$ - |
| (9,820,000) | (6,105,000) | (2,785,000) | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 72,636,109 | 72,155,025 | 73,025,316 | 72,573,229 | 68,976,966 | 77,753,445 |
| <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>\$ 77,753,445</u> |
| 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

CITY OF NORTHGLENN, COLORADO

Schedule 15

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT DECEMBER 31, 2011

| 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 | 326,924,373 | 0.70% | 2,290,988 |
| North Metro Fire Rescue Authority | 23,400,000 | 22.00% | <u>5,147,836</u> |
| | <u>\$ 350,324,373</u> | | <u>\$ 7,438,825</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

CITY OF NORTHGLENN, COLORADO

Schedule 16

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 |
|------|-------------------|-----------------|---|---|---|-----------------------------|--|
| 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 | 1,157,247,927 | 32,301 | 32.1 | 75,780 | 3.8% | 202.0 |
| 2008 | 35,238 | 1,154,749,260 | 32,770 | 32.1 | 79,253 | 5.4% | 209.9 |
| 2009 | 35,238 | 1,117,996,026 | 31,727 | 32.1 | 81,645 | 9.0% | 208.6 |
| 2010 | 33,563 | 1,064,853,301 | 31,727 | 32.0 | 82,252 | 8.1% | 212.4 |
| 2011 | 35,528 | 1,127,196,856 | 31,727 | 32.3 | 85,951 | 10.0% | 220.3 |

Sources:

- (1) US Census Bureau
- (2) Adams County Economic Development
- (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 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Government | | | | | | | | |
| City Manager | 10.00 | 9.00 | 3.00 | 3.00 | 4.00 | 4.00 | 4.00 | 5.00 |
| City Clerk | 2.00 | 2.00 | 3.00 | 3.00 | 2.00 | 3.00 | 3.50 | 3.50 |
| Management Services | 11.00 | 10.00 | 14.00 | 14.00 | 12.00 | 11.00 | 13.75 | 13.65 |
| Information Technology | 5.00 | 7.00 | 7.00 | 7.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| Finance | 17.00 | 14.00 | 14.00 | 14.00 | 14.00 | 13.00 | 13.60 | 13.60 |
| Planning & Development | 7.00 | 6.00 | 6.00 | 6.00 | 20.00 | 11.00 | 11.01 | 10.01 |
| Parks, Recreation & Culture | 26.00 | 22.00 | 26.00 | 26.00 | 25.00 | 23.00 | 44.65 | 45.72 |
| Public Safety | 80.00 | 83.00 | 87.00 | 87.00 | 74.00 | 77.00 | 79.00 | 82.00 |
| Public Works | 12.00 | 12.00 | 14.00 | 14.00 | 13.00 | 13.00 | 12.50 | 15.00 |
| Water and Environmental Services | | | | | | | | |
| Water/Wastewater | 38.00 | 39.00 | 45.00 | 45.00 | 41.00 | 41.00 | 41.70 | 43.80 |
| Storm Water | 4.00 | 5.00 | 6.00 | 6.00 | 5.00 | 5.00 | 5.00 | 1.00 |
| Sanitation | 11.00 | 11.00 | 13.00 | 13.00 | 12.00 | 12.00 | 12.20 | 8.00 |
| Total | <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> | <u>247.28</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

| | 2002 | 2003 | 2004 | 2005 |
|---|------------|------------|-----------|-----------|
| Police | | | | |
| Physical Arrests | 2,122 | 2,356 | 2,643 | 3,384 |
| Traffic Violations | 5,353 | 5,361 | 5,944 | 4,370 |
| Parking Violations | 1,251 | 1,192 | 846 | 618 |
| Fire (1) | | | | |
| Number of Fire Personnel & Officers | 108 | 108 | 108 | 108 |
| Building Division | | | | |
| Building Permits Value | 18,021,473 | 10,257,251 | 9,795,726 | 9,458,689 |
| Building Permits Issued | 1,966 | 1,716 | 1,579 | 1,368 |
| Refuse Collection | | | | |
| Refuse collected (average tons) | 22,769 | 23,216 | 21,792 | 24,193 |
| Recyclables collected (average tons) | | | | |
| Commingled | 101 | 100 | 103 | 104 |
| Newspaper | 539 | 420 | 399 | 375 |
| Steel | 209 | 191 | 114 | 120 |
| Other Public Works | | | | |
| Minor Street Repair Materials (tons) | 762 | 1,590 | 637 | 343 |
| Street Sweeping (Miles) | 1,731 | 1,831 | 1,237 | 1,346 |
| Parks and Recreation | | | | |
| Athletic Field Rentals | n/a | n/a | n/a | 104 |
| Recreation Center Memberships | n/a | n/a | n/a | 1,656 |
| Theatre Admissions | n/a | n/a | n/a | 7,416 |
| Park Shelter Rentals | n/a | n/a | n/a | 512 |
| Water | | | | |
| Number of Service Connections | 10,448 | 10,448 | 10,203 | 10,220 |
| Water main breaks | 13 | 7 | 2 | 8 |
| Average daily consumption (millions of gallons) | 5.350 | 4.633 | 4.335 | 4.988 |
| Peak daily consumption (millions of gallons) | 11.500 | 11.070 | 10.580 | 12.280 |
| Wastewater | | | | |
| Average daily treatment (millions of gallons) | 3.787 | 3.753 | 3.604 | 3.809 |

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

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 3,601 | 3,380 | 3,323 | 2,830 | 1,752 | 1,494 |
| 11,019 | 10,140 | 10,654 | 10,695 | 12,929 | 7,226 |
| 768 | 1,022 | 801 | 933 | 1,159 | 555 |
| 108 | 108 | 108 | 108 | 108 | 108 |
| 7,966,318 | 8,518,629 | 8,975,113 | 6,657,248 | 11,681,311 | 10,740,103 |
| 459 | 479 | 453 | 247 | 2,016 | 1,657 |
| 15,773 | 15,978 | 15,807 | 15,336 | 15,250 | 15,011 |
| 104 | 108 | 147 | 168 | 149 | 295 |
| 353 | 273 | 294 | 236 | 273 | 541 |
| 113 | 87 | 58 | 39 | 22 | 27 |
| 485 | 583 | 916 | 1,319 | 974 | 1,144 |
| 1,456 | 2,022 | 2,513 | 3,199 | 3,700 | 2,354 |
| 160 | 132 | 103 | 105 | 43 | 38 |
| 2,345 | 2,738 | 3,635 | 4,417 | 4,016 | 4,026 |
| 6,879 | 6,957 | 4,960 | 6,314 | 6,150 | 6,463 |
| 498 | 538 | 506 | 512 | 450 | 461 |
| 10,226 | 10,321 | 10,328 | 10,331 | 10,331 | 10,331 |
| 10 | 26 | 10 | 6 | 6 | 2 |
| 5.262 | 4.630 | 4.601 | 4.074 | 4.386 | 4.341 |
| 11.340 | 11.030 | 10.958 | 9.432 | 9.027 | 9.178 |
| 3.548 | 3.810 | 3.810 | 3.834 | 3.910 | 3.700 |

CITY OF NORTHGLENN, COLORADO

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM LAST TEN YEARS

| | 2002 | 2003 | 2004 | 2005 |
|--|-----------|-----------|-----------|-----------|
| Police | | | | |
| Stations | 1 | 1 | 1 | 1 |
| Patrol Units | 26 | 25 | 23 | 24 |
| Fire Stations (1) | 2 | 2 | 2 | 2 |
| Refuse Collection | | | | |
| Collection Trucks (Trash & Roll Off) | 8 | 7 | 8 | 8 |
| Recycling Collection Stations | 2 | 2 | 2 | 2 |
| Other Public Works | | | | |
| Streets (miles) (2) | 105.07 | 105.71 | 105.71 | 105.71 |
| Street Lights | 1,917 | 2,004 | 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 | 312 |
| Swimming Pools | 2 | 2 | 2 | 2 |
| Tennis Courts | 11 | 11 | 9 | 5 |
| Water | | | | |
| Water Mains (miles) | 120.00 | 120.00 | 120.43 | 120.43 |
| Fire Hydrants | 955 | 965 | 973 | 973 |
| Storage Capacity (millions of gallons) | 4,750,000 | 7,750,000 | 7,750,000 | 7,750,000 |
| Daily Plant Capacity (millions of gallons) | 16.00 | 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 | 12.35 | 12.48 | 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

Schedule 19

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 1 | 1 | 1 | 1 | 1 | 1 |
| 28 | 22 | 22 | 23 | 25 | 25 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 11 | 8 | 8 | 9 | 7 | 7 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 105.71 | 104.92 | 104.92 | 104.92 | 104.92 | 104.92 |
| 2,004 | 2,004 | 2,011 | 2,012 | 2,012 | 2,012 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 25 | 25 | 25 | 25 | 25 | 25 |
| 182 | 182 | 182 | 182 | 182 | 183 |
| 312 | 312 | 312 | 312 | 312 | 311 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 5 | 5 | 5 | 5 | 5 | 5 |
| 120.43 | 120.43 | 120.43 | 120.43 | 182.00 | 182.00 |
| 973 | 973 | 1,000 | 1,000 | 999 | 999 |
| 7,750,000 | 7,750,000 | 7,750,000 | 7,750,000 | 7,725,000 | 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 | 23.00 | 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, 2011, and have issued our report thereon dated April 22, 2012. 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.

Johnson and Associates

April 22, 2012
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, 2011. 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, 2011. 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 and Associates

April 22, 2012
Centennial, CO

**CITY OF NORTHGLENN, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2011**

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 |

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, 2011**

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, 2011

| Federal Grantor/Pass-Through Grantor Program Title | Federal CFDA Number | Grant Period | Program/ Award Amount | Accrued/ (Deferred) Revenue 01/01/11 | Receipts | Disbursements/ Expenditures | Accrued/ (Deferred) Revenue 12/31/11 |
|--|---------------------------|-----------------|-----------------------------|---|------------|--------------------------------|---|
| U.S. Department of Housing and Urban Development | | | | | | | |
| Passed-through Adams County: | | | | | | | |
| Community Development Block Grant | 14.218 | 2009 | 208,695 | \$ - | \$ 161,910 | \$ 161,910 | \$ - |
| Community Development Block Grant | 14.218 | 2010 | 211,910 | - | 70,833 | 70,833 | - |
| Total Department of Housing and Urban Development | | | | - | 232,743 | 232,743 | - |
| U.S. Department of Justice | | | | | | | |
| Bulletproof Vest Partnership Program | 16.607 | 1999 | 34,815 | - | 2,260 | 2,260 | - |
| Edward Byrne Memorial Justice Assistance Grant | 16.738 | 2010 | 16,035 | - | 13,854 | 13,854 | - |
| Public Safety Partnership and Community Policing Grant | 16.710 | 2010 | 726,558 | - | 139,087 | 145,301 | 6,214 |
| Total Department of Justice | | | | - | 155,201 | 161,415 | 6,214 |
| U.S. Department of Transportation | | | | | | | |
| Passed-through State of Colorado Department of Transportation: | | | | | | | |
| Highway Planning and Construction (ARRA) | 20.205 | 2010 | 4,110,208 | 207,654 | 420,903 | 213,249 | - |
| Total Department of Transportation | | | | 207,654 | 420,903 | 213,249 | - |
| Total Federal Assistance | | | | \$ 207,654 | \$ 808,847 | \$ 607,407 | \$ 6,214 |

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, 2011, and have issued our report thereon dated April 22, 2012. 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 and Associates

April 22, 2012
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 Northglenn |
| | | YEAR ENDING : December 2011 |
| 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

| 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) | 2,092,303 |
| a. Motor Fuel (from Item I.A.5.) | | 2. Maintenance: | 980,757 |
| b. Motor Vehicle (from Item I.B.5.) | | 3. Road and street services: | |
| c. Total (a.+b.) | | a. Traffic control operations | 24,519 |
| 2. General fund appropriations | 1,531,230 | b. Snow and ice removal | 100,665 |
| 3. Other local imposts (from page 2) | 1,633,095 | c. Other | |
| 4. Miscellaneous local receipts (from page 2) | 928,706 | d. Total (a. through c.) | 125,184 |
| 5. Transfers from toll facilities | | 4. General administration & miscellaneous | 249,894 |
| 6. Proceeds of sale of bonds and notes: | | 5. Highway law enforcement and safety | 2,131,036 |
| a. Bonds - Original Issues | | 6. Total (1 through 5) | 5,579,174 |
| 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) | 4,093,031 | b. Redemption | |
| B. Private Contributions | | c. Total (a. + b.) | 0 |
| C. Receipts from State government (from page 2) | 1,065,240 | 2. Notes: | |
| D. Receipts from Federal Government (from page 2) | 420,903 | a. Interest | |
| E. Total receipts (A.7 + B + C + D) | 5,579,174 | 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) | 5,579,174 |

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 |
|--|----------------------|-------------------|------------------------|-------------------|-------------------|
| | | 5,579,174 | 5,579,174 | | 0 |

Notes and Comments:

| | | | |
|---|---------------------------|--|--|
| LOCAL HIGHWAY FINANCE REPORT | | STATE: Colorado | |
| | | YEAR ENDING (mm/yy): December 2011 | |
| 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 | 959,562 | a. Interest on investments | |
| b. Other local imposts: | | b. Traffic Fines & Penalties | 914,281 |
| 1. Sales Taxes | 519,849 | 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 | 14,425 |
| 5. Specific Ownership &/or Other | 153,684 | g. Other Misc. Receipts | |
| 6. Total (1. through 5.) | 673,533 | h. Other | |
| c. Total (a. + b.) | 1,633,095 | i. Total (a. through h.) | 928,706 |
| | (Carry forward to page 1) | | (Carry forward to page 1) |
| III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL | | | |
| ITEM | AMOUNT | ITEM | AMOUNT |
| C. Receipts from State Government | | D. Receipts from Federal Government | |
| 1. Highway-user taxes | 957,090 | 1. FHWA (from Item I.D.5.) | 420,903 |
| 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 | 108,150 | d. Federal Transit Admin | |
| d. Other (Specify) | | e. U.S. Corps of Engineers | |
| e. Other (Specify) | | f. Other Federal | |
| f. Total (a. through e.) | 108,150 | g. Total (a. through f.) | 0 |
| 4. Total (1. + 2. + 3.f) | 1,065,240 | 3. Total (1. + 2.g) | 420,903 |
| | | | (Carry forward to page 1) |
| | | 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 | | 312,946 | 312,946 |
| c. Construction: | | | |
| (1). New Facilities | | | 0 |
| (2). Capacity Improvements | | | 0 |
| (3). System Preservation | | 340,691 | 340,691 |
| (4). System Enhancement & Operation | | 1,438,666 | 1,438,666 |
| (5). Total Construction (1) + (2) + (3) + (4) | 0 | 1,779,357 | 1,779,357 |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5) | 0 | 2,092,303 | 2,092,303 |
| | | | (Carry forward to page 1) |
| Notes and Comments: | | | |