



**Lakewood**  
Full of Possibilities



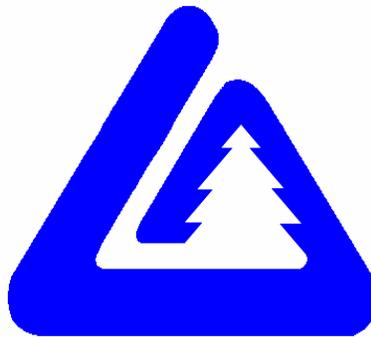
# Comprehensive Annual Financial Report

2015  
Comprehensive  
Annual Financial Report  
City of Lakewood, Colorado  
For year ended December 31, 2015

# 2015



**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
OF  
THE CITY OF LAKEWOOD  
COLORADO**

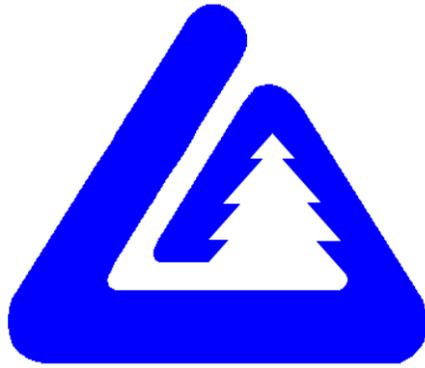


**For The Year Ended  
December 31, 2015**

**Prepared by:  
Department of Finance**



# **INTRODUCTORY SECTION**



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**CITY OF LAKEWOOD, COLORADO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Year Ended December 31, 2015**

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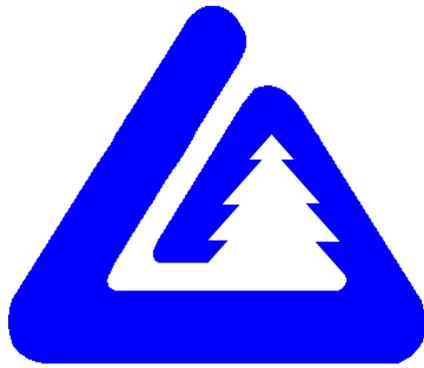
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# City of Lakewood

## City Manager's Office

480 South Allison Parkway  
Lakewood, Colorado 80226-3127  
303-987-7050 Voice  
303-987-7063 FAX

June 29, 2016

Honorable Mayor Adam Paul,  
Members of the City Council, and  
Citizens of Lakewood, Colorado

### TRANSMITTAL LETTER

#### Formal Transmittal

The Comprehensive Annual Financial Report (“CAFR”) of the City of Lakewood, Colorado for the fiscal year ended December 31, 2015 is hereby formally transmitted. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, resides with the City. We believe that the data, as presented, is accurate in all material respects, that it is reported in a manner designed to present fairly the financial position and the results of operations of the City and that all disclosures necessary to enable the reader to gain an understanding of the City’s financial position have been included.

#### City Profile

The City of Lakewood, Colorado was incorporated on June 24, 1969 and its present Home Rule Charter was adopted in November 1, 1983. The City functions under a Council-Manager form of government. The City Council is composed of eleven officials, including a mayor elected at large and ten council members elected two each from five wards. The City provides a full range of services including police, water, sewer and storm water utility services, construction and maintenance of highways, streets and infrastructure, recreational activities, cultural events and family programs.

#### The City's Financial Condition

The CAFR includes all financial activities for which the City Council is accountable to the citizens of the City, either by Charter or Statute. All applicable funds, departments and offices are included in these financial statements as part of the Primary Government of the City. In addition, the Lakewood Reinvestment Authority and the Lakewood Public Building Authority, while legally separate entities, have significant financial and operational relationships with the City and are thus included in the CAFR. The City receives some of its funding from the Federal Government and hereby provides a schedule of financial assistance and other reports in the Single Audit section of the CAFR, as required by the United States Office of Management and Budget Uniform Grant Guidance.

Colorado statutes and the Lakewood City Charter require an annual financial statement audit of the City's accounts and financial records by an independent certified public accountant ("CPA"), as selected by the City Council. The CPA firm of Swanhorst & Company LLC, conducted the audit of the City's financial statements for the year ended 2015. Their Independent Auditors' Report is presented in the front of the Financial Section of this report.

Governmental Accounting Standards Board's Statement Number 34 ("GASB 34") requires that management provide a narrative introduction, general 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 the MD&A and should be read in conjunction with it. The MD&A can be found immediately behind the independent auditor's report.

As mentioned above, the CAFR includes Management's Discussion and Analysis, which includes a general overview, and analysis of the City's financial condition. In addition to the MD&A the City recognizes several opportunities that will have an impact on the future economic prospects of the City. As such, the City Council's annual Planning Session includes a long-term financial planning process that evaluates and organizes the strategic needs of the community and the related financial impacts and opportunities. The City's Long-Term Strategic Financial Plan is published in the annual budget, which forecasts 5 future years of financial activity.

The City's management is responsible for maintaining and assessing effective internal control over financial reporting. The City's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. As with any system of internal controls, the City's control over financial reporting is inherently limited.

The economy across the State of Colorado, and in Lakewood, is very strong. Lakewood's primary source of income, sales and use tax, increased 5.3% during 2015 for the second consecutive year. In addition, tax receipts from motor vehicle sales were at a record high for the third consecutive year, during 2015. While the City is experiencing strong core revenues, some other General Fund revenues have not yet recovered to the levels prior to the recession. Real property is assessed every other year, in odd years, and collected in arrears. As such, 2015 receipts for 2014 property values do not yet reflect increasing property values. Property tax receipts in 2015 were less than 2008, but the 2015 reassessment is now significantly higher and will be reflected in 2016 revenues. Fortunately the City continues to enjoy robust economic development. Prior to 2015, the City experienced signature economic development projects that were visible across the region. During 2015, economic development was just as active, yet the size and scale of projects were more diverse, and greater in number. The City has built reserves in years past that will enable consistent and predictable municipal services for the foreseeable future. Economic development activity will continue to impact the City's long-term financial planning activities.

The City annually prepares an operating budget of revenues and expenditures for the following year in accordance with the City Charter and the City Council's budget policies. The City's budget process includes the guidelines of the National Council on Governmental Accounting and the Government Finance Officers Association of the U.S. and Canada. Included as a part of the City's budget process, the City prepares a 5-year long-term financial plan. The plan encompasses both operating and capital revenues and spending. The long-term financial plan is

used for current and future service and infrastructure decision making.

During 2015, the City implemented a change in business strategy that significantly impacted these financial statements. The City has implemented a change from fully insured to self-insured for the provision of employees' medical insurance, for the primary medical plan. The City decided to self-insure for employees who select the primary health plan, beginning in the second quarter of 2015.

### *Awards and Acknowledgements*

This report has been prepared following the guidelines recommended by the Government Finance Officers Association of the United States and Canada ("GFOA"). The GFOA has awarded its Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2014. This is the twenty sixth year that the City has been awarded this Certificate of Achievement. The Certificate of Achievement is valid for only one year. We believe that our current CAFR will meet the GFOA's Certificate of Achievement requirements and we are submitting it to the GFOA to determine its eligibility. The GFOA has also awarded the City its Distinguished Budget Presentation Award for fiscal years 2001 through 2016.

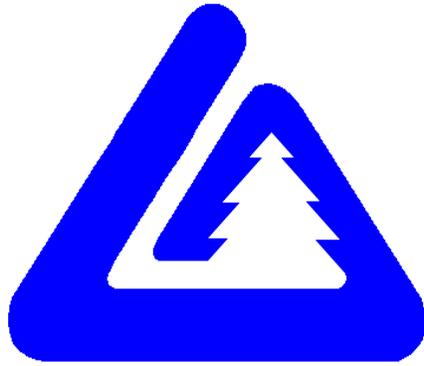
We sincerely appreciate the assistance of the entire Finance Department both for their efforts throughout the year and especially for their help in preparing this report. Specifically we would like to acknowledge Richianne Sullivan, Peggy Starr, and the entire Accounting Division, and Camille DeBell for their direct contributions in preparing this report and facilitating the audit. Additionally we thank Swanhorst & Company for their assistance and for the professional manner in which they conducted the audit. We also acknowledge the cooperation of each of the City's departments as we work together to conduct the City's financial operations.

We would finally like to recognize the Mayor and City Council as a whole, and in particular, the members of City Council's Budget and Audit Committee, for their support and continued desire to ensure the highest standards of professionalism in the management of the City's financial affairs.

Respectfully submitted,

  
Kathleen E. Hodgson  
City Manager

  
Larry Dorr, CPA  
Finance Director



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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

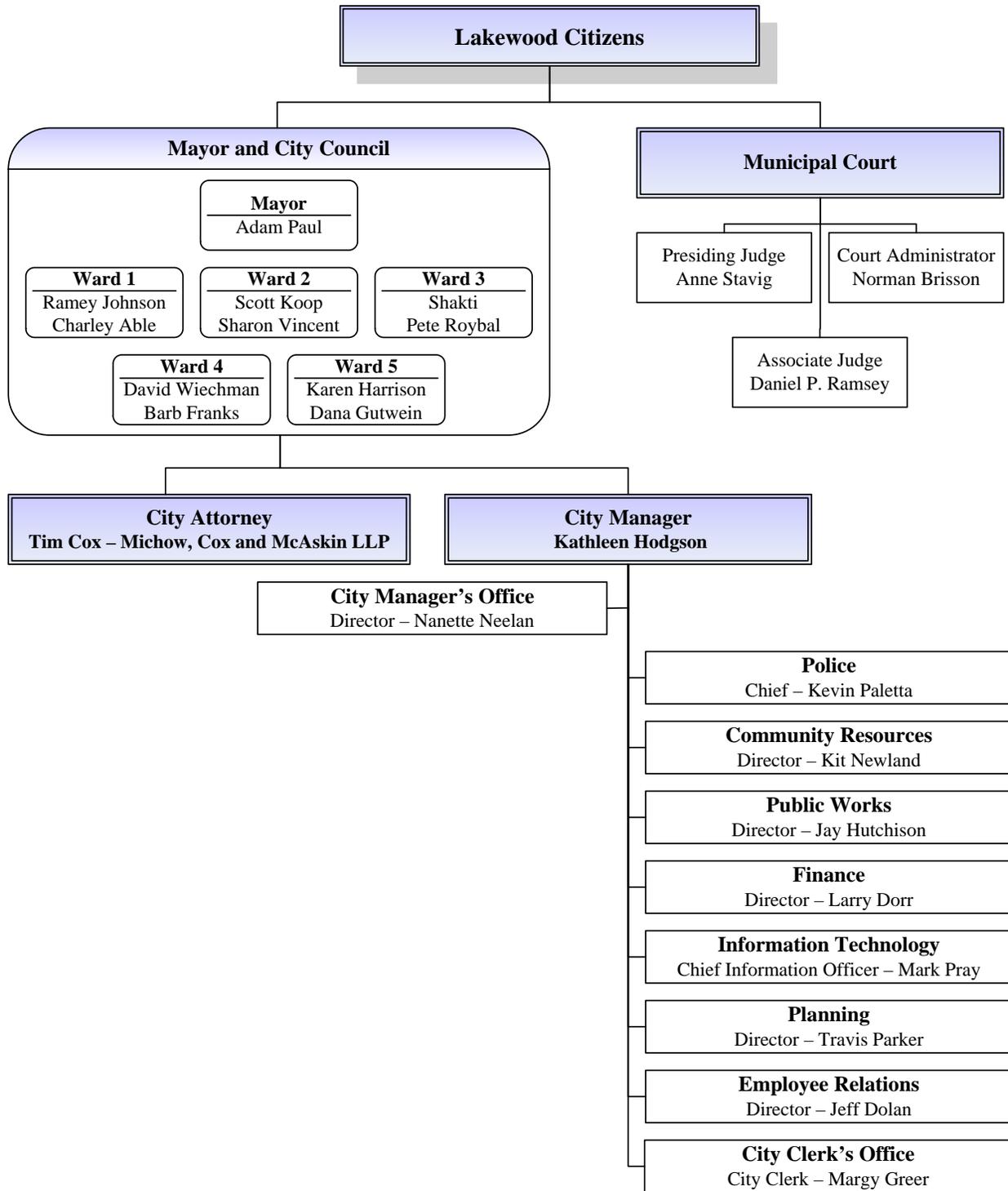
**City of Lakewood  
Colorado**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

Executive Director/CEO

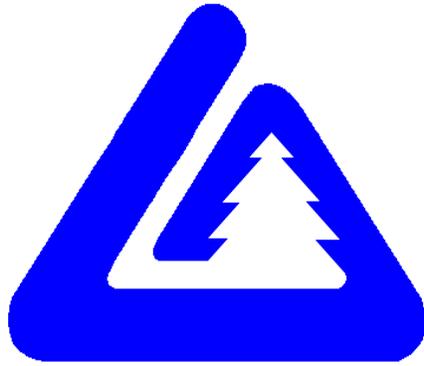
**CITY OF LAKEWOOD, COLORADO  
ORGANIZATION CHART  
Year Ended December 31, 2015**



**CITY OF LAKEWOOD, COLORADO**  
**CITY OFFICIALS AND ADMINISTRATION**  
**Year Ended December 31, 2015**

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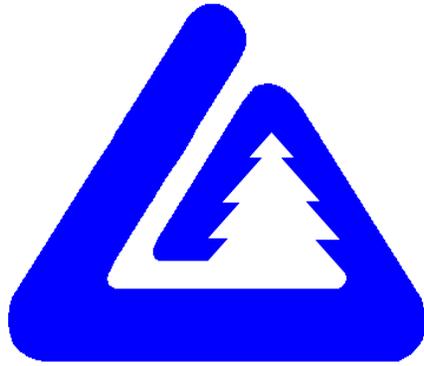
<b>Mayor:</b>	At-Large	Adam Paul
<b>Members of Council:</b>	Ward I	Ramey Johnson Charley Able
	Ward II	Scott Koop Sharon Vincent
	Ward III	Shakti Pete Roybal
	Ward IV	David Wiechman Barb Franks
	Ward V	Karen Harrison Dana Gutwein
<b>City Officials:</b>		
City Manager		Kathleen Hodgson
City Attorney		Tim Cox – Michow, Cox & McAskin, LLP
City Clerk		Margy Greer
Department of Mayor and City Manager’s Office		Nanette Neelan, Director
Department of Community Resources		Kit Newland, Director
Department of Employee Relations		Jeff Dolan, Director
Department of Finance		Larry Dorr, Director
Department of Information Technology		Mark Pray, Chief Information Officer
Municipal Court		Anne Stavig, Presiding Judge Norman Brisson, Court Administrator
Department of Planning		Travis Parker, Director
Police Department		Kevin Paletta, Police Chief
Department of Public Works		Jay Hutchison, Director



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# **FINANCIAL SECTION**

The Financial Section constitutes the formal portion of the report. The Independent Auditor's Report relates only to the combined and individual fund statements within this section.



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

## INDEPENDENT AUDITORS' REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lakewood as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Lakewood, as listed in the table of contents.

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

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

### *Auditors' Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lakewood as of December 31, 2015, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters (Required Supplementary Information)***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the 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 an appropriate operational, economic, or historical context. We have applied certain limited procedures to the information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Matters (Other Information)***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lakewood's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, statistical section, and local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the local highway finance report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2016, on our consideration of the City of Lakewood's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lakewood's internal control over financial reporting and compliance.



June 27, 2016



This section of the City of Lakewood's Comprehensive Annual Financial Report ("CAFR") offers readers a narrative overview and analysis of the financial activities of the City for the year ended December 31, 2015. Readers are encouraged to consider the information presented here, in conjunction with the letter of transmittal, the basic financial statements and the notes to the financial statements, contained in this report.

## **I. Financial Highlights**

Taken as a whole, the City's strong and diverse core revenues and increased operating reserves illustrate the stable financial condition of the City. The City's increase in net position and continued investments in infrastructure demonstrate our continued positive overall financial health. While the City is not immune to a volatile economic environment, conservative planning and robust economic development have enabled the City to maintain a strong financial position and a stable level of services to the community.

Total governmental fund revenues increased \$2.34 million or 1.6% in 2015. General Fund revenues increased \$2.72 million or 2.6% in 2015. Capital Improvement Fund revenues increased \$0.91 million or 5.8% in 2015.

Because some revenues increased in 2015, the City was able to increase its reserves. For 2015, General Fund surplus was \$2,019,433 or 1.9% as a percent of expenditures and transfers out. As a result, the fund balance of the General Fund has increased from \$39,953,323 to \$41,972,756 an increase of 5.1%. The fund balance of the General Fund taken as a percent of 2015 expenditures and transfers out was 39.4% as of December 31, 2015.

General Fund sales and use taxes, which comprised 64.7% of General Fund revenues, excluding TABOR Revenue Refund, increased \$3,335,145 or 4.8%. Sales and use tax revenues collected by the Capital Improvement Fund increased \$704,888 or 5.3%. The Capital Improvement Fund receives one sixth of the City's 3.0% sales and use tax revenues, to be used for capital improvements. During 2015, General Fund property taxes increased by \$21,735 or 0.3%.

Total governmental fund expenditures decreased \$0.51 million or 0.4% in 2015. Total General Fund expenditures and transfers out increased \$4.32 million or 4.2%.

Lakewood has built its highest level of operating reserves in its history. This has enabled the City to avoid changes to levels of service to the community during economic downturns. The City has utilized some of its 2015 operating surplus to invest in infrastructure projects for the community. City Management, City Council and its Budget & Audit Committee are continuing to monitor revenues and expenditures each quarter. In spite of uncertain economic circumstances, the City has been able to maintain a competitive, well trained and sufficiently equipped workforce for the effective delivery of community services.



## II. Overview of the Financial Statements

Management's Discussion and Analysis is intended to provide an introduction to the City's basic financial statements. The City's basic financial statements contain three components: government-wide financial statements, fund financial statements, and notes to the financial statements. Following these statements, in this report, the City provides additional other supplementary information. The basic financial statements include two types of statements that present unique views of the City's financial position.

### 1. Government-wide Financial Statements

The government-wide financial statements are intended to provide readers with a broad overview of the City's financial condition. They are presented using accounting methods very similar to a privately owned business, or the economic resources measurement focus, and full accrual accounting.

- *The Statement of Net Position* presents information on all of the City's assets and liabilities, with the balance between the two reported as *Net Position*. Over time, increases or decreases in net position can serve as an indicator of the City's financial condition.
- *The Statement of Activities* presents information showing how the City's net position changed during the given fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Capital expenditures are not included in this statement; however capital grant revenues are reported.

### 2. Fund Financial Statements

The fund financial statements focus on specific elements of the City's finances and report on fund-specific operations in more detail than the government-wide financial statements. A fund is a grouping of resources that are segregated for the purpose of carrying on a specific activity or attaining certain objectives in accordance with given regulations, restrictions or limitations. Section 12.6 of the Lakewood City Charter governs the creation and the purpose of certain funds.

#### Governmental Funds

The governmental funds presentation is different from the governmental activities section of the government-wide financial statements even though these two statements account for essentially the same activities. Governmental funds presented have a budgetary or *current financial resources* measurement focus and use the modified accrual basis of accounting. That is, the governmental funds presentation focuses on the City's near-term financial position and changes thereto.



Proprietary Funds

Proprietary funds are unlike governmental funds in that they report the business-type activities of the City.

- *Enterprise funds* account for the operation of governmental programs that are intended to be supported primarily by user fees. These funds are presented as business-type activities on the government-wide financial statements but are presented in greater detail in the fund financial statements. In both cases, enterprise funds are presented using the *economic resources* measurement focus and full accrual accounting.
- *Internal service funds* account for goods and services provided by specific programs on a fee basis to the City’s other departments and programs.

Fiduciary Funds

Fiduciary funds account for activities where the City acts in the capacity of a trustee, or fiduciary of another party’s assets. The City is responsible for ensuring that the assets reported in this fund are used for their intended purpose. The City’s fiduciary activities of the Retired City Manager’s Pension Trust are reported in a separate statement of fiduciary net position.

3. Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a thorough understanding of the data provided in the government-wide and the fund financial statements.

**III. Government-wide Financial Statement Analysis**

Statement of Net Position

As noted earlier, the Statement of Net Position can serve as an indicator of the overall financial condition of the City. As of December 31, 2015, the City had total assets of \$596,686,661. As of December 31, 2015, the City’s net position was \$507,828,483.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
<b>Assets</b>						
Current and Other Assets	\$141,107,446	\$131,298,418	\$ 10,995,145	\$ 10,766,634	\$152,102,591	\$142,065,052
Capital Assets	422,802,261	422,575,399	21,781,809	22,356,764	444,584,070	444,932,163
Total Assets	563,909,707	553,873,817	32,776,954	33,123,398	596,686,661	586,997,215
Total Deferred Outflows of Resources	865,025	1,038,029	-	-	865,025	1,038,029
<b>Liabilities</b>						
Long-term Liabilities	44,930,308	49,409,320	-	-	44,930,308	49,409,320
Other Liabilities	32,477,364	25,392,538	1,026,096	2,056,040	33,503,460	27,448,578
Total Liabilities	77,407,672	74,801,858	1,026,096	2,056,040	78,433,768	76,857,898
Total Deferred Inflows of Resources	11,289,435	14,687,272	-	-	11,289,435	14,687,272
<b>Net Position</b>						
Net Investment in Capital Assets	389,207,761	384,728,358	21,781,809	22,356,764	410,989,570	407,085,122
Restricted	49,133,274	41,479,996	-	-	49,133,274	41,479,996
Unrestricted	37,736,590	39,214,362	9,969,049	8,710,594	47,705,639	47,924,956
Total Net Position	\$476,077,625	\$465,422,716	\$ 31,750,858	\$ 31,067,358	\$507,828,483	\$496,490,074



Capital Assets make up the largest portion of the City's Net Position. Capital assets include items such as infrastructure, buildings, equipment, machinery, land and other tangible items. Infrastructure includes streets, traffic signals, buildings and sidewalks. The City uses capital assets to provide services to the community and thus they are not available for immediate spending. During 2015, the City added to its capital assets.

- The largest portion of the City's assets is Capital Assets that represent \$444,584,070 or 74.5% of Total Assets. Governmental capital assets added in 2015 included various park, street and technology improvements. Most notably during 2015, the City completed and opened its \$1.1 million construction of a traffic roundabout at 14<sup>th</sup> Avenue and Lamar Street. Additionally, the City has completed the final phase of the Civic Center reconstruction which included fortifying the vehicle access bridge and installation of a thermal snowmelt system at a cost of \$762,000 for 2015.
- The City has continued to invest in its fleet of vehicles during 2015 replacing various heavy duty trucks, mowers and other light duty trucks and automobiles.
- In addition, it should be noted that the City retired long-term debt and accomplished increases in reserves. The long-term debt of the City, as detailed in the Notes to the Financial Statements was reduced during 2015. In 2015, the City's overall long-term debt decreased by \$4,479,012 or 9.1%. The City has appropriated funds in its 2016 budget to retire an additional \$4.49 million in long-term debt. This retirement of debt contributes to the City's positive overall financial health.
- Of the City's \$507,828,483 in net position, \$49,133,274 or 9.7% was restricted for various purposes, including emergencies, parks and open space, economic development, debt service, capital improvements and urban renewal. Additional information on net position restrictions may be found below under Governmental Fund Balances.



Statement of Activities

This statement presents information showing how the City’s net position changed during the given fiscal year. The following reflects the City’s change in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues-						
Charges for Services	\$ 22,144,279	\$ 22,881,468	\$ 12,464,663	\$ 11,986,859	\$ 34,608,942	\$ 34,868,327
Operating Grants and Contributions	12,599,430	12,285,903	-	-	12,599,430	12,285,903
Capital Grants and Contributions	6,442,225	7,205,953	89,300	1,157,091	6,531,525	8,363,044
General Revenues-						
Property & Specific Ownership Tax	15,413,513	15,715,606	-	-	15,413,513	15,715,606
Sales and Use Taxes	87,251,437	83,208,721	-	-	87,251,437	83,208,721
Franchise & Other Taxes	10,228,753	10,749,372	-	-	10,228,753	10,749,372
Intergovernmental Revenue	343,229	349,592	-	-	343,229	349,592
Investment Income	1,007,841	1,114,230	98,058	81,317	1,105,899	1,195,547
Miscellaneous	148,591	260,786	7,483	19,460	156,074	280,246
TABOR Revenue Refund	(4,535,650)	(5,200,119)	-	-	(4,535,650)	(5,200,119)
Total Revenues	<u>151,043,648</u>	<u>148,571,512</u>	<u>12,659,504</u>	<u>13,244,727</u>	<u>163,703,152</u>	<u>161,816,239</u>
Expenses						
General Government	38,309,285	40,054,077	-	-	38,309,285	40,054,077
Public Safety	53,441,033	52,596,221	-	-	53,441,033	52,596,221
Public Works	13,573,693	12,744,230	-	-	13,573,693	12,744,230
Culture and Recreation	21,017,674	18,829,506	-	-	21,017,674	18,829,506
Urban Development and Housing	10,616,107	11,923,053	-	-	10,616,107	11,923,053
Economic Opportunity	2,228,416	2,066,087	-	-	2,228,416	2,066,087
Interest on Long-term Debt	1,879,178	2,005,119	-	-	1,879,178	2,005,119
Golf Course	-	-	4,099,274	4,036,918	4,099,274	4,036,918
Sewer	-	-	3,972,398	3,622,591	3,972,398	3,622,591
Stormwater	-	-	2,219,674	2,274,398	2,219,674	2,274,398
Water	-	-	1,008,011	963,402	1,008,011	963,402
Total Expenses	<u>141,065,386</u>	<u>140,218,293</u>	<u>11,299,357</u>	<u>10,897,309</u>	<u>152,364,743</u>	<u>151,115,602</u>
Increase (Decrease) Before Transfers	9,978,262	8,353,219	1,360,147	2,347,418	11,338,409	10,700,637
Transfers	676,647	676,928	(676,647)	(676,928)	-	-
Increase (Decrease) in Net Position	10,654,909	9,030,147	683,500	1,670,490	11,338,409	10,700,637
Net Position, Beginning of Year	465,422,716	456,392,569	31,067,358	29,396,868	496,490,074	485,789,437
Net Position, End of Year	<u>\$476,077,625</u>	<u>\$465,422,716</u>	<u>\$ 31,750,858</u>	<u>\$ 31,067,358</u>	<u>\$507,828,483</u>	<u>\$496,490,074</u>

**IV. Fund Financial Statement Analysis**

As noted earlier, the City uses fund accounting so as to segregate resources for the purpose of carrying on a specific activity or attaining certain objectives in accordance with regulations, restrictions or other limitations on the use of the funds.



Governmental Fund Balances

As mentioned in the Financial Highlights, General Fund surplus was \$2,019,433 or 1.9% of expenditures and transfers out in 2015. As such the General Fund's fund balance increased from \$39,953,323 to \$41,972,756 an increase of 5.1%. As of December 31, 2015, the Fund Balance of the General Fund taken as a percent of 2015 expenditures and transfers out was 39.4%. Revenues have been budgeted conservatively, and actual revenue results have been more favorable than planned. In addition, management continues to control expenditures and partner with the private sector and other governments in order to be as efficient as possible. The City Council has set forth a strategic target for General Fund balance to be 10.0% of expenditures plus transfers out, or greater. Additionally, City Council has adopted a General Fund budget policy that requires revenues to exceed expenditures excluding the use of fund balance. Should special circumstances necessitate the use of General Fund balance, the City Manager is required by policy to present an alternative to using fund balance by way of reduced expenditures.

During strong economic times the City has the opportunity to increase fund balances, which provides financial flexibility during economic downturns. Until 2003, the City had not had a year when it had reduced its General Fund balance since 1996. However, in the last four decades, during each decade, the City has experienced at least two years with a decrease in its General Fund balance. The City's 5-year Strategic Financial Plan currently anticipates a decreasing fund balance during the forecasted years. During unfavorable economic cycles, the City has made conservatively low estimates of future revenues and conservatively high estimates of future expenditures. The current fund balance level will give the City resources to weather economic challenges, and make pay-as-you-go investments in capital infrastructure. Presently, the City's General Fund balance is the highest in history.

The City's strong fund balance has provided for transfers out that have funded significant capital projects. Recognizing a phased, pay-as-you-go approach, in 2015 City Council authorized a \$4,720,000 transfer of General Fund Balance to other funds, for capital projects. This transfer is funding infrastructure improvements including playground replacements, sidewalk construction and street median renovations.

The Capital Improvement Fund had an increase in fund balance of \$2.96 million or 15.1% during 2015. This is due to one-time transfers from the General Fund of \$3,720,000 for projects that are not yet complete.

The Lakewood Reinvestment Authority had an increase in fund balance of \$1,393,420 or 44.1% during 2015. This is a result of one project area achieving financial milestones and the restructuring of certain liabilities.



At December 31, 2015, the City's Grants Fund and Property Casualty Fund had negative fund balances. The City's Grants Fund continues to experience the effects of delayed receipts for grant activities as many grantors are slow to process requests for reimbursement, causing the negative fund balance. The City expects to receive planned revenue from grantors for appropriate activities.

During 2016, the City agreed to settle unprecedented litigation in the amount of \$3,500,000 that caused the Property Casualty Fund to report a negative fund balance at December 31, 2015. A General Fund expenditure has been appropriated and completed during 2016 to replenish the Property Casualty Fund for this event.

Beginning in the 2010 Comprehensive Annual Financial Report, the City reported fund balance classifications as required by Governmental Accounting Standards Board Statement No. 54 ("GASB 54"). The objective of GASB 54 reporting is to enhance the usefulness of fund balance information by providing fund balance classifications that can be applied more consistently across governments. The classifications are based on the relative strength of the constraints that control how specific amounts can be spent, or in the case of inventories, the inability to be spent. This reporting does not present any changes in the strategic initiatives of the City, and enhances public disclosure of the City's financial condition.

- *Nonspendable* - generally for inventories and prepaid expenses that are a part of fund balance but are not available for spending.
- *Restricted* - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Under the Colorado Constitution, the City has restricted fund balance for emergencies and other fund balances for which the funds may only be used for a specific purpose.
- *Assigned* - is for those funds for which the City intends to spend on specific purposes, while maintaining the flexibility to change these intentions without the elements present in the *restricted* classification. The City has made a commitment via its budgetary process to fund the replacement of equipment and cultural programming under these auspices.
- *Unassigned* - is the residual classification for the City's General Fund only and includes all spendable amounts not contained in other classifications.

City of Lakewood, Colorado

Management's Discussion and Analysis  
for the Year Ended December 31, 2015



	General Fund	Grants Fund	Capital Improvements Fund	Lakewood Reinvestment Authority Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Inventories	\$ 133,375	\$ -	\$ -	\$ -	\$ 26,640	\$ 160,015
Prepays	63,129	-	-	-	3,000	66,129
Total Nonspendable	196,504	-	-	-	29,640	226,144
Restricted for:						
Emergencies	3,977,366	-	-	-	-	3,977,366
Parks and Open Space	-	-	-	-	8,724,286	8,724,286
Economic Development	-	-	-	-	6,300,147	6,300,147
Debt Service	375,849	-	-	213,000	2,669,125	3,257,974
Capital Improvements	-	-	22,531,123	-	-	22,531,123
Urban Renewal	-	-	-	4,342,378	-	4,342,378
Total Restricted	4,353,215	-	22,531,123	4,555,378	17,693,558	49,133,274
Assigned to:						
Cultural Activities	-	-	-	-	503,763	503,763
Capital Improvements	-	-	-	-	4,471,574	4,471,574
Total Assigned	-	-	-	-	4,975,337	4,975,337
Unassigned	37,423,037	(605,812)	-	-	-	36,817,225
Total Fund Balances	\$ 41,972,756	\$ (605,812)	\$ 22,531,123	\$ 4,555,378	\$ 22,698,535	\$ 91,151,980

Revenues

As discussed in the financial highlights, General Fund revenues had an overall increase in 2015 compared to 2014.

- General Fund sales and use tax revenues increased \$3.3 million or 4.8% in 2015. In addition to strong growth in the Lakewood economy, the City experienced meaningful economic development. The City has welcomed a new Sprouts Farmer's Market and additional small format retail to the community. Construction activity has contributed significantly to the City's collection of Construction Use Taxes. In addition to several new apartment complexes constructed or under construction, the City welcomed the Hyatt at Belmar, the first new hotel in the community in more than a decade. Lastly, one of the City's largest employers, FirstBank, has made continued progress on a \$40 million expansion of its corporate headquarters, in Lakewood. Each of these construction projects has contributed significant one-time tax collections.
- As an additional sign of an improving economy, the City experienced a 15.2% increase in General Fund motor vehicle use tax receipts. Nationally, businesses and households are continuing to replace vehicle stocks, and similar vehicle purchases are happening in Lakewood. Similarly, the market economy surrounding pre-owned vehicles is strong. Revenues from motor vehicle use tax have increased significantly along with the growth in the national automobile business. During 2015, Lakewood experienced record revenues in this category.



- During 2015, General Fund property tax receipts increased \$21,735 or 0.3%. General Fund property tax receipts were less than collected in 2008, prior to the recession. Property taxes are assessed and collected in arrears. As such, the 2015 receipts reflect the 2014 property assessment values. The decrease in assessed valuations and receipts is consistent with the decline in commercial and residential property values both in Lakewood and across the country. Property tax revenues are expected to increase during 2016 as the county assessor has completed the biennial reassessment. The City is also experiencing growth in the current market for residential properties.
- The Lakewood Reinvestment Authority had a decrease in 2015 revenue in the amount of \$841,656 or 9.5%. This is reflective of weaker property tax values and assessments. In addition, the Lakewood Reinvestment Authority had one-time revenues received in 2014.

### Expenditures

The City experienced economic growth during 2015, yet revenues are perceived to be relatively volatile and uncertain. The City is substantially reliant on sales tax revenues driven by consumer purchases which are unpredictable. In addition, the City has collected meaningful one time revenues from building construction. Because of this, it's prudent for the City to pursue operational efficiencies and plan new initiatives cautiously. In the face of this, the City has made thoughtful decisions regarding its spending.

- The City continued a strategic hiring process whereby departments sought alternatives to filling vacant positions and was only filling positions upon an evaluation and approval by the City Manager. The City has also implemented a strategic business decision to become self-insured for medical insurance for employees. The City's primary medical insurance option for workers is now self-insured by the City and resulted in a first-year savings. Due to this change, and other favorable spending conditions, the General Fund experienced a modest increase in operational spending, and was under budget in expenditures.
- General Fund expenditures and transfers out increased \$4.32 million or 4.2% over 2014. This was largely due to \$4.7M in transfers out for capital spending.

### General Fund Budgetary Highlights

Over the course of the year the City Council revised the City's budget. These revisions were made for the following reasons:

- Capital improvement projects, which were not completed due to construction delays and had remaining expenditures, were re-appropriated.
- Funds were transferred for capital infrastructure projects.



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*Economic Factors and Next Year's Budget*

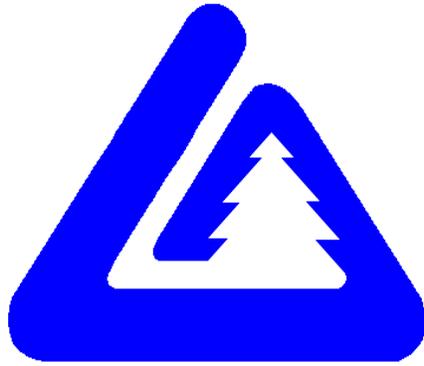
In preparing both the 2016 revised budget as well as the 2017 budget, the City seeks guidance from many sources for an overall economic outlook. Those sources include the State Governor's Office of Planning & Budgeting and the State Legislative Council's economics staff.

As mentioned above, the country and the world are experiencing an overall economy that is improved. In addition, the City has recently begun collecting taxes from the Amazon Corporation and its subsidiaries, which will be reflected in the 2016 revised budget. At the same time, there is still strong evidence and sentiment that activity is volatile and uncertain.

**IV. Requests for Information**

This financial report is designed to provide a general overview of the City's finances. Questions concerning the information provided in this report or other financial information should be addressed to the Finance Director's Office, City of Lakewood, 480 South Allison Parkway, Lakewood, Colorado 80226, or via telephone at (303) 987-7600 or via e-mail at [finance@lakewood.org](mailto:finance@lakewood.org).

# **BASIC FINANCIAL STATEMENTS**



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**CITY OF LAKEWOOD, COLORADO**  
**STATEMENT OF NET POSITION**  
**December 31, 2015**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets</b>			
Cash and Investments	\$ 110,795,864	\$ 9,807,058	\$ 120,602,922
Restricted Cash and Investments	3,325,896	-	3,325,896
Receivables			
Accounts	6,579,646	1,074,409	7,654,055
Taxes	20,165,037	-	20,165,037
Loan	14,859	-	14,859
Inventories	160,015	113,678	273,693
Prepays	66,129	-	66,129
Capital Assets, Not Being Depreciated	126,204,394	9,536,727	135,741,121
Capital Assets, Net of Accumulated Depreciation	296,597,867	12,245,082	308,842,949
Total Assets	563,909,707	32,776,954	596,686,661
<b>Deferred Outflows of Resources</b>			
Loss on Debt Refunding, Net of Accumulated Amortization	865,025	-	865,025
Total Assets and Deferred Outflows of Resources	\$ 564,774,732	\$ 32,776,954	\$ 597,551,686
<b>Liabilities</b>			
Accounts Payable	\$ 6,710,050	\$ 821,083	\$ 7,531,133
Accrued Liabilities	4,868,859	92,795	4,961,654
Accrued Interest Payable	221,333	-	221,333
Refundable Deposits	3,251,185	11,250	3,262,435
Retainage Payable	285,189	-	285,189
Unearned Revenues	968,648	100,968	1,069,616
Claims Payable	6,436,331	-	6,436,331
TABOR Revenue Refund Payable	9,735,769	-	9,735,769
Noncurrent Liabilities			
Due Within One Year	5,113,928	-	5,113,928
Due In More Than One Year	39,816,380	-	39,816,380
Total Liabilities	77,407,672	1,026,096	78,433,768
<b>Deferred Inflows of Resources</b>			
Property Taxes	11,289,435	-	11,289,435
<b>Net Position</b>			
Net Investment in Capital Assets	389,207,761	21,781,809	410,989,570
Restricted for			
Emergencies	3,977,366	-	3,977,366
Parks and Open Space	8,724,286	-	8,724,286
Economic Development	6,300,147	-	6,300,147
Debt Service	3,257,974	-	3,257,974
Capital Improvements	22,531,123	-	22,531,123
Urban Renewal	4,342,378	-	4,342,378
Unrestricted	37,736,590	9,969,049	47,705,639
Total Net Position	476,077,625	31,750,858	507,828,483
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 564,774,732	\$ 32,776,954	\$ 597,551,686

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

**CITY OF LAKEWOOD, COLORADO**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities</b>				
General Government	\$ 38,309,285	\$ 7,414,938	\$ 14,835	\$ -
Public Safety	53,441,033	6,113,323	2,345,846	567,389
Public Works	13,573,693	536,287	1,151,074	4,956,644
Culture and Recreation	21,017,674	5,984,015	7,614,230	-
Urban Development and Housing	10,616,107	984,407	167,585	918,192
Economic Opportunity	2,228,416	1,111,309	1,305,860	-
Interest on Long-Term Debt	1,879,178	-	-	-
Total Governmental Activities	141,065,386	22,144,279	12,599,430	6,442,225
<b>Business-Type Activities</b>				
Golf Course	4,099,274	4,728,997	-	-
Sewer	3,972,398	4,046,357	-	48,600
Stormwater	2,219,674	2,553,599	-	-
Water	1,008,011	1,135,710	-	40,700
Total Business-Type Activities	11,299,357	12,464,663	-	89,300
Total Primary Government	\$ 152,364,743	\$ 34,608,942	\$ 12,599,430	\$ 6,531,525

**General Revenues**

Taxes

Property and Specific Ownership

General Sales and Use

Building Materials and Motor Vehicle Use

Franchise

Other

Intergovernmental Revenues not Restricted to Specific Programs

Investment Income

Gain on Sale of Capital Assets

Miscellaneous

TABOR Revenue Refund

**Transfers**

Total General Revenues and Transfers

Change in Net Position

**NET POSITION, Beginning of Year**

**NET POSITION, End of Year**

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

**Net (Expense) Revenue and Change in Net Position**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (30,879,512)	\$ -	\$ (30,879,512)
(44,414,475)	-	(44,414,475)
(6,929,688)	-	(6,929,688)
(7,419,429)	-	(7,419,429)
(8,545,923)	-	(8,545,923)
188,753	-	188,753
(1,879,178)	-	(1,879,178)
<u>(99,879,452)</u>	<u>-</u>	<u>(99,879,452)</u>
-	629,723	629,723
-	122,559	122,559
-	333,925	333,925
-	168,399	168,399
<u>-</u>	<u>1,254,606</u>	<u>1,254,606</u>
<u>(99,879,452)</u>	<u>1,254,606</u>	<u>(98,624,846)</u>
15,413,513	-	15,413,513
76,756,733	-	76,756,733
10,494,704	-	10,494,704
6,331,754	-	6,331,754
3,896,999	-	3,896,999
343,229	-	343,229
1,007,841	98,058	1,105,899
148,591	-	148,591
-	7,483	7,483
(4,535,650)	-	(4,535,650)
676,647	(676,647)	-
<u>110,534,361</u>	<u>(571,106)</u>	<u>109,963,255</u>
10,654,909	683,500	11,338,409
<u>465,422,716</u>	<u>31,067,358</u>	<u>496,490,074</u>
<u>\$ 476,077,625</u>	<u>\$ 31,750,858</u>	<u>\$ 507,828,483</u>

**CITY OF LAKEWOOD, COLORADO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2015**

	General Fund	Grants Fund	Capital Improvements Fund	Lakewood Reinvestment Authority Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Investments	\$ 47,732,635	\$ -	\$ 26,859,340	\$ 4,753,132	\$ 19,456,626	\$ 98,801,733
Restricted Cash and Investments	375,849	-	-	213,900	2,736,147	3,325,896
Accounts Receivable	2,454,691	1,557,769	1,393,712	97,842	1,066,851	6,570,865
Property Taxes Receivable	3,962,503	-	-	7,426,360	-	11,388,863
Sales Taxes Receivable	7,220,431	-	1,502,616	53,127	-	8,776,174
Interfund Receivable	735,983	-	-	-	-	735,983
Loan Receivable	-	-	-	-	14,859	14,859
Inventories	133,375	-	-	-	26,640	160,015
Prepays	63,129	-	-	-	3,000	66,129
Total Assets	<u>\$ 62,678,596</u>	<u>\$ 1,557,769</u>	<u>\$ 29,755,668</u>	<u>\$ 12,544,361</u>	<u>\$ 23,304,123</u>	<u>\$ 129,840,517</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ 2,052,991	\$ 433,603	\$ 3,365,953	\$ 562,180	\$ 279,685	\$ 6,694,412
Interfund Payable	-	735,983	-	-	-	735,983
Accrued Liabilities	4,668,225	51,026	29,563	443	105,121	4,854,378
Refundable Deposits	119,497	-	3,131,688	-	-	3,251,185
Retainage Payable	-	7,290	272,438	-	5,461	285,189
Unearned Revenues	266,283	72,002	424,903	-	205,460	968,648
TABOR Revenue Refund Payable	9,735,769	-	-	-	-	9,735,769
Total Liabilities	<u>16,842,765</u>	<u>1,299,904</u>	<u>7,224,545</u>	<u>562,623</u>	<u>595,727</u>	<u>26,525,564</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Grants	-	863,677	-	-	9,861	873,538
Property Taxes	3,863,075	-	-	7,426,360	-	11,289,435
Total Deferred Inflows of Resources	<u>3,863,075</u>	<u>863,677</u>	<u>-</u>	<u>7,426,360</u>	<u>9,861</u>	<u>12,162,973</u>
<b>FUND BALANCES</b>						
Nonspendable:						
Inventories	133,375	-	-	-	26,640	160,015
Prepays	63,129	-	-	-	3,000	66,129
Restricted for:						
Emergencies	3,977,366	-	-	-	-	3,977,366
Parks and Open Space	-	-	-	-	8,724,286	8,724,286
Economic Development	-	-	-	-	6,300,147	6,300,147
Debt Service	375,849	-	-	213,000	2,669,125	3,257,974
Capital Improvements	-	-	22,531,123	-	-	22,531,123
Urban Renewal	-	-	-	4,342,378	-	4,342,378
Assigned to:						
Cultural Activities	-	-	-	-	503,763	503,763
Capital Improvements	-	-	-	-	4,471,574	4,471,574
Unassigned	37,423,037	(605,812)	-	-	-	36,817,225
Total Fund Balances	<u>41,972,756</u>	<u>(605,812)</u>	<u>22,531,123</u>	<u>4,555,378</u>	<u>22,698,535</u>	<u>91,151,980</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 62,678,596</u>	<u>\$ 1,557,769</u>	<u>\$ 29,755,668</u>	<u>\$ 12,544,361</u>	<u>\$ 23,304,123</u>	<u>\$ 129,840,517</u>

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

**CITY OF LAKEWOOD, COLORADO**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**December 31, 2015**

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

Fund Balances - Governmental Funds	\$ 91,151,980
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	422,802,261
Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in governmental funds.	873,538
Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	5,536,462
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds. These include long-term debt (\$44,930,308), accrued interest payable (\$221,333) and loss on debt refunding \$865,025.	(44,286,616)
Total Net Position of Governmental Activities	<u>\$ 476,077,625</u>

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

**CITY OF LAKEWOOD, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2015**

	General Fund	Grants Fund	Capital Improvements Fund	Lakewood Reinvestment Authority Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 90,145,739	\$ -	\$ 13,996,567	\$ 7,132,605	\$ 1,614,899	\$ 112,889,810
Licenses and Permits	3,770,885	-	-	-	-	3,770,885
Charges for Services	11,175,206	-	-	-	3,156,575	14,331,781
Fines and Forfeitures	1,599,055	-	-	-	-	1,599,055
Intergovernmental	5,154,648	4,923,007	2,153,717	-	7,571,692	19,803,064
Miscellaneous						
Investment Income	367,987	737	239,007	9,538	267,926	885,195
Sale of Assets	-	-	-	-	148,591	148,591
Other	740,218	20,000	-	891,079	116,238	1,767,535
TABOR Revenue Refund	(4,535,650)	-	-	-	-	(4,535,650)
Total Revenues	<u>108,418,088</u>	<u>4,943,744</u>	<u>16,389,291</u>	<u>8,033,222</u>	<u>12,875,921</u>	<u>150,660,266</u>
<b>EXPENDITURES</b>						
Current						
General Government	27,460,094	38,360	1,695,227	-	343,129	29,536,810
Public Safety	48,750,199	2,422,936	448,876	-	-	51,622,011
Public Works	7,107,188	-	1,564,967	-	-	8,672,155
Culture and Recreation	11,944,352	47,762	9,032	-	5,982,666	17,983,812
Urban Development and Housing	526,779	361,087	8,171	221,317	940,121	2,057,475
Economic Opportunity	1,013,136	1,176,604	-	-	-	2,189,740
Capital Outlay						
General Government	82,865	24,425	1,845,786	-	1,429,429	3,382,505
Public Safety	232,200	632,875	423,381	-	-	1,288,456
Public Works	5,908	229,680	8,204,230	-	-	8,439,818
Culture and Recreation	189,703	125,808	1,831	-	1,346,892	1,664,234
Urban Development and Housing	-	30,000	2,292,362	6,155,637	-	8,477,999
Debt Service						
Principal	171,468	269,000	78,762	151,141	3,775,674	4,446,045
Interest and Fiscal Charges	131,762	101,216	23,238	111,707	1,512,958	1,880,881
Total Expenditures	<u>97,615,654</u>	<u>5,459,753</u>	<u>16,595,863</u>	<u>6,639,802</u>	<u>15,330,869</u>	<u>141,641,941</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>10,802,434</u>	<u>(516,009)</u>	<u>(206,572)</u>	<u>1,393,420</u>	<u>(2,454,948)</u>	<u>9,018,325</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	-	226,930	3,720,000	-	7,128,507	11,075,437
Transfers Out	(8,783,001)	-	(557,362)	-	(1,058,427)	(10,398,790)
Total Other Financing Sources (Uses)	<u>(8,783,001)</u>	<u>226,930</u>	<u>3,162,638</u>	<u>-</u>	<u>6,070,080</u>	<u>676,647</u>
Net Change in Fund Balances	2,019,433	(289,079)	2,956,066	1,393,420	3,615,132	9,694,972
<b>FUND BALANCES, Beginning of Year</b>	<u>39,953,323</u>	<u>(316,733)</u>	<u>19,575,057</u>	<u>3,161,958</u>	<u>19,083,403</u>	<u>81,457,008</u>
<b>FUND BALANCES, End of Year</b>	<u>\$ 41,972,756</u>	<u>\$ (605,812)</u>	<u>\$ 22,531,123</u>	<u>\$ 4,555,378</u>	<u>\$ 22,698,535</u>	<u>\$ 91,151,980</u>

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

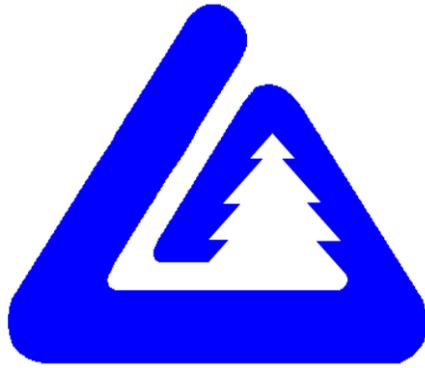
**CITY OF LAKEWOOD, COLORADO**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2015**

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Amounts reported for governmental activities in the statement of activities are difference because:

Net Change in Fund Balances - Governmental Funds	\$ 9,694,972
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay \$10,820,843 exceeded depreciation expense (\$10,591,817) and disposals (\$2,164) in the current year.	226,862
The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. Repayment of long-term principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items: COP and loan principal payments \$4,120,141, principal payments on capital leases \$325,904, amortization of premium \$130,641, and amortization of loss on refunding (\$173,004).	4,403,682
Revenues in the statement of activities that do not provide current financial resources are deferred in governmental funds.	260,736
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. This includes the change in accrued interest payable \$44,066, compensated absences (\$191,680), postemployment benefits (\$77,328) and the net pension liability \$171,334.	(53,608)
Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The activities of the internal service funds are reported with governmental activities in the statement of activities.	<u>(3,877,735)</u>
Change in Net Position of Governmental Activities	<u>\$ 10,654,909</u>

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



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**CITY OF LAKEWOOD, COLORADO**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2015**

	Business-Type Activities - Enterprise Funds					Governmental
						Activities
	Golf Course Fund	Sewer Fund	Stormwater Fund	Nonmajor Water Fund	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and Investments	\$ 220,202	\$ 5,474,713	\$ 2,353,382	\$ 1,758,761	\$ 9,807,058	\$ 11,994,131
Accounts Receivable	5,621	728,887	170,464	169,437	1,074,409	8,781
Inventories	113,678	-	-	-	113,678	-
Total Current Assets	<u>339,501</u>	<u>6,203,600</u>	<u>2,523,846</u>	<u>1,928,198</u>	<u>10,995,145</u>	<u>12,002,912</u>
<b>Noncurrent Assets</b>						
Land	6,921,465	108,312	303,738	75,459	7,408,974	-
Construction in Progress	-	-	2,127,753	-	2,127,753	-
Infrastructure	-	11,671,193	10,426,444	1,459,129	23,556,766	-
Buildings	4,732,305	-	-	-	4,732,305	-
Improvements	3,217,062	419,766	-	20,600	3,657,428	-
Machinery, Furniture and Equipment	2,235,266	451,571	54,775	362	2,741,974	-
Less Accumulated Depreciation	<u>(7,734,132)</u>	<u>(9,121,608)</u>	<u>(4,270,907)</u>	<u>(1,316,744)</u>	<u>(22,443,391)</u>	<u>-</u>
Total Noncurrent Assets	<u>9,371,966</u>	<u>3,529,234</u>	<u>8,641,803</u>	<u>238,806</u>	<u>21,781,809</u>	<u>-</u>
Total Assets	<u>\$ 9,711,467</u>	<u>\$ 9,732,834</u>	<u>\$ 11,165,649</u>	<u>\$ 2,167,004</u>	<u>\$ 32,776,954</u>	<u>\$ 12,002,912</u>
<b>LIABILITIES AND NET POSITION</b>						
<b>Current Liabilities</b>						
Accounts Payable	\$ 23,967	\$ 664,172	\$ 26,882	\$ 106,062	\$ 821,083	\$ 15,638
Accrued Liabilities	44,222	15,370	30,860	2,343	92,795	14,481
Deposits	11,250	-	-	-	11,250	-
Unearned Revenues	100,968	-	-	-	100,968	-
Claims Payable	-	-	-	-	-	6,436,331
Total Current Liabilities	<u>180,407</u>	<u>679,542</u>	<u>57,742</u>	<u>108,405</u>	<u>1,026,096</u>	<u>6,466,450</u>
<b>NET POSITION</b>						
Net Investment in Capital Assets	9,371,966	3,529,234	8,641,803	238,806	21,781,809	-
Unrestricted	<u>159,094</u>	<u>5,524,058</u>	<u>2,466,104</u>	<u>1,819,793</u>	<u>9,969,049</u>	<u>5,536,462</u>
Total Net Position	<u>9,531,060</u>	<u>9,053,292</u>	<u>11,107,907</u>	<u>2,058,599</u>	<u>31,750,858</u>	<u>5,536,462</u>
Total Liabilities and Net Position	<u>\$ 9,711,467</u>	<u>\$ 9,732,834</u>	<u>\$ 11,165,649</u>	<u>\$ 2,167,004</u>	<u>\$ 32,776,954</u>	<u>\$ 12,002,912</u>

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

**CITY OF LAKEWOOD, COLORADO**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2015**

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Golf Course Fund	Sewer Fund	Stormwater Fund	Nonmajor Water Fund	Total	Internal Service Funds
<b>OPERATING REVENUES</b>						
Charges for Services	\$ 4,728,997	\$ 4,046,357	\$ 2,553,599	\$ 1,135,710	\$ 12,464,663	\$ 9,494,670
Miscellaneous	-	-	7,483	-	7,483	-
Total Operating Revenues	<u>4,728,997</u>	<u>4,046,357</u>	<u>2,561,082</u>	<u>1,135,710</u>	<u>12,472,146</u>	<u>9,494,670</u>
<b>OPERATING EXPENSES</b>						
Cost of Goods Sold	343,430	-	-	-	343,430	-
Personnel Services	2,381,319	577,729	1,137,014	90,350	4,186,412	383,373
Services and Supplies	1,083,449	375,468	583,103	62,466	2,104,486	359,921
Sanitation Treatment	-	2,608,646	-	-	2,608,646	-
Water Purchased	-	-	-	788,826	788,826	-
Claims	-	-	-	-	-	11,237,131
Premiums	-	-	-	-	-	1,514,626
Capital Maintenance	76,584	21,479	43,540	19,680	161,283	-
Depreciation	214,492	389,076	456,017	46,689	1,106,274	-
Total Operating Expenses	<u>4,099,274</u>	<u>3,972,398</u>	<u>2,219,674</u>	<u>1,008,011</u>	<u>11,299,357</u>	<u>13,495,051</u>
Operating Income (Loss)	629,723	73,959	341,408	127,699	1,172,789	(4,000,381)
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment Income	2,164	51,236	27,934	16,724	98,058	122,646
Income (Loss) Before Transfers	631,887	125,195	369,342	144,423	1,270,847	(3,877,735)
System Investment Fees	-	48,600	-	40,700	89,300	-
Transfers Out	(676,647)	-	-	-	(676,647)	-
Change in Net Position	(44,760)	173,795	369,342	185,123	683,500	(3,877,735)
<b>NET POSITION, Beginning of Year</b>	<u>9,575,820</u>	<u>8,879,497</u>	<u>10,738,565</u>	<u>1,873,476</u>	<u>31,067,358</u>	<u>9,414,197</u>
<b>NET POSITION, End of Year</b>	<u>\$ 9,531,060</u>	<u>\$ 9,053,292</u>	<u>\$ 11,107,907</u>	<u>\$ 2,058,599</u>	<u>\$ 31,750,858</u>	<u>\$ 5,536,462</u>

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

**CITY OF LAKEWOOD, COLORADO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2015**

	Business-Type Activities - Enterprise Funds				Total	Governmental Activities
	Golf Course Fund	Sewer Fund	Stormwater Fund	Nonmajor Water Fund		Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash Received from Customers	\$ 4,745,257	\$ 4,142,575	\$ 2,647,232	\$ 1,129,127	\$ 12,664,191	\$ 9,485,889
Cash Paid to Suppliers	(1,892,340)	(2,955,446)	(868,472)	(849,797)	(6,566,055)	(9,350,614)
Cash Paid to Employees	(1,993,745)	(440,573)	(872,841)	(68,884)	(3,376,043)	(287,600)
Net Cash Provided (Used) by Operating Activities	859,172	746,556	905,919	210,446	2,722,093	(152,325)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
TABOR Revenue Refund	-	-	(1,277,365)	-	(1,277,365)	-
Payments to Other Funds	(676,647)	-	-	-	(676,647)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(676,647)	-	(1,277,365)	-	(1,954,012)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Purchases of Capital Assets	(81,319)	-	(450,000)	-	(531,319)	-
System Investment Fees Received	-	48,600	-	40,700	89,300	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(81,319)	48,600	(450,000)	40,700	(442,019)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment Income	2,164	51,236	27,934	16,724	98,058	122,646
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	103,370	846,392	(793,512)	267,870	424,120	(29,679)
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	116,832	4,628,321	3,146,894	1,490,891	9,382,938	12,023,810
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	\$ 220,202	\$ 5,474,713	\$ 2,353,382	\$ 1,758,761	\$ 9,807,058	\$ 11,994,131
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating Income (Loss)	\$ 629,723	\$ 73,959	\$ 341,408	\$ 127,699	\$ 1,172,789	\$ (4,000,381)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Depreciation	214,492	389,076	456,017	46,689	1,106,274	-
Changes in Assets and Liabilities						
Accounts Receivable	9,678	96,218	86,150	(6,583)	185,463	(8,781)
Inventories	10,146	-	-	-	10,146	-
Accounts Payable	(13,024)	188,640	23,102	42,918	241,636	6,185
Accrued Liabilities	1,575	(1,337)	(758)	(277)	(797)	14,481
Unearned Revenues	6,582	-	-	-	6,582	-
Claims Payable	-	-	-	-	-	3,836,171
Net Cash Provided (Used) By Operating Activities	\$ 859,172	\$ 746,556	\$ 905,919	\$ 210,446	\$ 2,722,093	\$ (152,325)

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

**CITY OF LAKEWOOD, COLORADO**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUND**  
**December 31, 2015**

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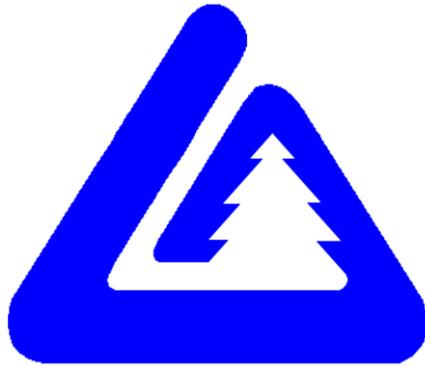
	<u>Pension Trust Fund</u>
<b>ASSETS</b>	
Pooled Cash	\$ 4,927
Mutual Funds	<u>1,946,396</u>
Total Assets	<u>\$ 1,951,323</u>
<b>NET POSITION</b>	
Held in Trust for Retired City Manager Benefits	<u>\$ 1,951,323</u>
Total Net Position	<u>\$ 1,951,323</u>

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

**CITY OF LAKEWOOD, COLORADO**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUND**  
**Year Ended December 31, 2015**

	<b>Pension Trust Fund</b>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 203,000
Miscellaneous	
Investment Income	110,212
Total Additions	313,212
<b>DEDUCTIONS</b>	
Benefit Payments	206,170
Administrative Expenses	1,919
Total Deductions	208,089
Change in Net Position	105,123
<b>NET POSITION, Beginning of Year</b>	1,846,200
<b>NET POSITION, End of Year</b>	\$ 1,951,323

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



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**NOTES TO  
FINANCIAL STATEMENTS**



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**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Lakewood (the “City”) is part of the Denver Metropolitan area and was incorporated on June 24, 1969. On November 1, 1983, the citizens voted to become a Home Rule City, as authorized by Article 20 of the Colorado State Constitution. The City operates under a Council/Manager form of government with the City Council consisting of ten members, elected two from each of five wards, and a mayor elected at large.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

**Reporting Entity**

The financial reporting entity consists of the City and organizations for which the City is financially accountable. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the City. In addition, any legally separate organizations for which the City is financially accountable are considered part of the reporting entity. Financial accountability exists if the City appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the City.

Based on the application of these criteria, the following component units are included in the City’s reporting entity because of the significance of their operational or financial relationship with the City.

*The Lakewood Public Building Authority (LPBA)* is an entity that is legally separate from the City. For financial reporting purposes, the LPBA consists of a single fund and is blended into the City’s financial statements because it was formed to construct, finance and lease municipal and recreation facilities exclusively to the City. Separate financial statements for the LPBA are not prepared.

*The Lakewood Reinvestment Authority (LRA)*, a legally separate entity, was established to undertake urban renewal plans, projects, programs, works, or activities with the City. All members of the LRA’s governing body are City Council members and management of the City has operational responsibility for the LRA. Thus, for financial reporting purposes, the LRA is blended into the City’s financial statements and is reported in a single fund. Separate financial statements for the LRA are not prepared.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably 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.

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 funds, proprietary funds, and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Major funds are those funds whose activities are considered significant to the City based on economic or other factors.

**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 and trust fund financial statements. Accordingly, all of the City's assets and liabilities, including capital assets and long-term liabilities are included in the statement of net position. The statement of activities presents changes in net position. 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.

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

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

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 City's enterprise funds and internal service funds are charges to customers or other funds for sales and services. Operating expenses 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.

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (Continued)

When both restricted and unrestricted resources are available for a specific use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the City reports the following major governmental funds:

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

The *Grants Fund* was established to maintain a separate accounting for federal, state, and other restricted grants.

The *Capital Improvements Fund* was established pursuant to an election to finance the acquisition, construction, improvement, and maintenance of capital assets. The primary revenue source is 17 percent of the City's sales and use tax.

The *Lakewood Reinvestment Authority Fund* accounts for the activities of the City's urban renewal areas, which include West Colfax and Wadsworth, Alameda Corridor, and West Colfax Avenue Corridor. These activities are financed primarily with property and sales tax increments.

The City reports the following major proprietary funds:

The *Golf Course Fund* accounts for all activities related to the City golf courses.

The *Sewer Fund* accounts for all activities necessary for providing sewer services to certain areas within the City.

The *Stormwater Fund* accounts for user fees collected from property owners to maintain existing storm water facilities, meet federal requirements for storm water quality, and to build new drainage facilities.

Additionally, the City reports the following fund types:

The *Internal Service Funds* are used to account for financing of the City's insurance needs.

*Trust Funds* are used to account for assets held by the City in a trustee capacity. The City reports the Retired City Manager Pension Fund as a trust fund.

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

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

**Assets, Liabilities and Net Position/Fund Balances**

*Cash and Investments* - Cash equivalents include investments with original maturities of three months or less. Investments are reported at fair value.

*Receivables* - Receivables are reported net of an allowance for uncollectible accounts, where applicable.

*Property Taxes Receivable* - Property taxes earned but collected in the subsequent year are recorded as receivables and deferred inflows of resources at year end. Taxes are due in the subsequent year on April 30, or in two installments on February 28 and June 15. Taxes are collected by the County Treasurer and remitted to the City on a monthly basis.

*Inventories* - Inventories in the General Fund consist of expendable supplies held for consumption and are valued at average cost. Inventory in the Golf Course and Heritage, Culture, and Arts Funds consist of goods held for resale and is priced at the lower of cost or market, using the first-in, first-out method. The cost is recorded as an asset at the time individual inventory items are purchased, and as an expenditure or expense when consumed or sold.

*Prepays* - Certain payments to vendors reflect costs applicable to future years and are reported as prepaids, thus utilizing the consumption method.

*Capital Assets* - Capital assets, which include property, equipment, and infrastructure constructed or acquired since 1980, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary funds in the fund financial statements. Purchases or construction of capital assets are recorded as expenditures in the governmental funds.

Capital assets are defined by the City as machinery and equipment with an individual cost of \$5,000 or greater, land, easements and buildings of \$50,000, and infrastructure of \$100,000, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Interest accrued during construction is not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. In the proprietary funds, these costs are reported as capital maintenance expenses.

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	20 - 50 years
Machinery and Equipment	2 - 15 years
Infrastructure	20 - 75 years
Solar Power Capacity	20 years

*Unearned Revenues* - Unearned revenues include grants that have been collected but the corresponding expenditures have not been incurred, and fees received in advance.

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

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

**Assets, Liabilities and Net Position/Fund Balances** (Continued)

*Deferred Outflows/Inflows of Resources* - Deferred outflows of resources include losses on debt refundings resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred inflows of resources include property taxes earned but levied for a subsequent year. In addition, revenues not available as current financial resources are deferred inflows in the governmental fund financial statements.

*Compensated Absences* - Accumulated unpaid vacation and sick pay is recorded when earned in the government-wide financial statements and when due in the governmental fund financial statements.

It is the City's policy to allow the accumulation of sick and vacation leave to a maximum, depending on the employee class and hire date. Accrued vacation is paid to employees upon termination of employment. Payment for unused sick leave ranges from 0 percent to 100 percent depending on the employee class, hire date, and reason for termination.

*Long-Term Debt* - In the government-wide financial statements and the proprietary funds in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method.

In the fund financial statements, governmental funds recognize the face amount of the debt issued as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources or uses.

Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

*Net Position/Fund Balances* – In the government-wide financial statements and the proprietary funds in the fund financial statements, net position is restricted when constraints placed on the use of resources is externally imposed. In the fund financial statements, governmental funds report fund balances based on financial reporting standards that establish criteria for classifying fund balances into specifically defined classifications to make the nature and extent of constraints more useful and understandable. The classifications comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances may be classified as nonspendable, restricted, committed, assigned, or unassigned.

- Nonspendable Fund Balance – amounts that cannot be spent because they are either not in spendable form, or legally or contractually required to be maintained intact. Examples are items that are not expected to be converted to cash including inventories and prepaids.
- Restricted Fund Balance – amounts that are restricted to specific purposes. The spending constraints placed on the use of fund balance amounts are externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation that are legally enforceable.

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

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

**Assets, Liabilities and Net Position/Fund Balances** (Continued)

- Committed Fund Balance - amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the City Council. The committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to previously commit those amounts. This classification also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- Assigned Fund Balance - amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. City Council, as the governing board, is authorized to informally assign amounts to a specific purpose and has assigned certain amounts through various policies.
- Unassigned Fund Balance - the remaining General Fund fund balance after amounts are set aside for other classifications. Other funds may report negative balances in this category.

The City of Lakewood has not established a formal policy for its use of restricted and unrestricted (committed, assigned, unassigned) fund balance. However, if expenditures are incurred for a specific purpose, the City uses restricted fund balance first if the expenditure meets the restricted purpose, followed by committed amounts, assigned amounts, and finally, by unassigned amounts.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

At December 31, 2015, the Property and Casualty Internal Service Fund had a negative net position of \$2,440,054, resulting from a large settlement that occurred subsequent to year-end. Management expects the negative balance to be eliminated through transfers from the General Fund. In addition, the Grants Fund had a negative fund balance of \$605,812, which will be eliminated once grant receivables are collected.

**NOTE 3 – CASH AND INVESTMENTS**

The City, through its Charter and Investment Policy, maintains a cash and investment pool that is available for use by City administered funds. In addition, deposits and investments are separately held by several of the City's funds.

Cash deposits and investments, except for proceeds of bond issues accounted for in the appropriate funds, are pooled throughout the year into the General Fund for cash management purposes. Investment income is allocated to the individual funds quarterly, based on monthly balances and each month's weighted average yield. For financial statement purposes, all cash is recorded as "cash and investments" of the respective individual funds.

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

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**NOTE 3 – CASH AND INVESTMENTS** (Continued)

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

Primary Government Cash and Investments	\$ 120,602,922
Primary Government Restricted Cash and Investments	3,325,896
Fiduciary Fund Cash and Investments	<u>1,951,323</u>
<b>Total</b>	<b><u><u>\$ 125,880,141</u></u></b>

At December 31, 2015, cash and investments consisted of the following:

Cash on Hand	\$ 38,265
Deposits	62,762,130
Investments	<u>63,079,746</u>
<b>Total</b>	<b><u><u>\$ 125,880,141</u></u></b>

**Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2015, the City had bank deposits of \$61,007,591 collateralized with securities held by the financial institutions' agents but not in the City's name.

**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, which include the following. State statutes do not address custodial risk.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**NOTE 3 – CASH AND INVESTMENTS** (Continued)

**Investments** (Continued)

The City Treasurer is authorized to invest funds of the City as allowed by State statutes. State statutes do not apply to public funds held or invested as part of any pension plan, full or supplemental retirement plan, or deferred compensation plan. The City's policy does not govern the investments of the pension trust fund or the investments of the Lakewood Public Building Authority.

At December 31, 2015, the City's investment balances were as follows:

Investment Type	S & P Rating	Investment Maturities (In Years)			All Other Funds	Fair Value
		Less than 1	1 - 5	Pension Trust		
U.S. Treasury Securities	N/A	\$ 416,008	\$ 2,184,647	\$ -	\$ 2,600,655	\$ 2,600,655
U.S. Agency Securities	AA+	2,855,437	44,817,016	-	47,672,453	47,672,453
U.S. Agency Securities	N/A	-	6,939,680	-	6,939,680	6,939,680
Corporate Bonds	AAA	120,736	349,517	-	470,253	470,253
Corporate Bonds	AA+	-	128,944	-	128,944	128,944
Corporate Bonds	AA	125,031	150,244	-	275,275	275,275
Commercial Paper	A-1+	2,756,700	-	-	2,756,700	2,756,700
Money Market Funds	AAA <sub>m</sub>	289,390	-	-	289,390	289,390
Mutual Funds	N/A	1,946,396	-	1,946,396	-	1,946,396
<b>Total</b>		<b>\$ 8,509,698</b>	<b>\$ 54,570,048</b>	<b>\$ 1,946,396</b>	<b>\$ 61,133,350</b>	<b>\$ 63,079,746</b>

*Interest Rate Risk* - The City's investment policy limits the maturity of investment instruments or fixed-income securities to a maximum of five years and corporate bonds to a maximum of three years, except for investments matched to a specific cash flow.

*Credit Risk* - State statutes limit investments in commercial paper to a rating category of A1, P1, F1 or their equivalents, by at least two nationally recognized statistical rating organizations (NRSROs). State statutes limit investments in corporate bonds to a minimum rating category of AA- or Aa3 or their equivalents by at least two NRSROs. State statutes also limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more NRSROs.

*Concentration of Credit Risk* - The City's investment policy requires that investments in any U.S. dollar denominated corporate or bank debt may comprise up to 30% of the book value of the City's total investments at the time of purchase with no more than 5% concentrated in any single obligor. Any investment in commercial paper may not exceed 50% of the total par value of the City's portfolio with no greater than 7.5% exposure to any single issuer. Furthermore, general obligation and revenue bonds of U.S. local government entities shall not exceed 50% of the total par value of the City's portfolio. At December 31, 2015, the City's investment in the Federal Home Loan Bank, Federal Agricultural Mortgage Corporation, Federal Farm Credit Bank, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation represented 18%, 11%, 32%, 18%, and 8%, respectively, of total investments.

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**NOTE 3 – CASH AND INVESTMENTS** (Continued)

**Restricted Cash and Investments**

The General Fund has restricted cash and investments of \$375,849 representing the required HUD Section 108 deposit reserve account (See Note 5). The Lakewood Reinvestment Authority has restricted cash and investments of \$213,900, which represents \$213,000 for the required loan reserve and \$900 in related interest earnings. The Lakewood Public Building Authority has cash and investments of \$2,736,147 restricted for debt service.

**NOTE 4 - CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended December 31, 2015.

	<b>Balance 12/31/14</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/15</b>
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 119,457,753	\$ 937,953	\$ -	\$ 120,395,706
Construction in Progress	4,249,298	2,891,462	1,554,922	5,585,838
Works of Art/Historical Treasures	89,400	133,450	-	222,850
<b>Total Capital Assets, Not Being Depreciated</b>	<b>123,796,451</b>	<b>3,962,865</b>	<b>1,554,922</b>	<b>126,204,394</b>
Capital Assets, Being Depreciated				
Infrastructure	207,930,755	4,626,326	-	212,557,081
Park Buildings, Facilities & Improvements	103,627,947	1,076,010	-	104,703,957
Buildings	68,944,834	463,357	-	69,408,191
Machinery and Equipment	41,194,350	2,247,207	897,411	42,544,146
Solar Power Capacity	933,232	-	-	933,232
<b>Total Capital Assets, Being Depreciated</b>	<b>422,631,118</b>	<b>8,412,900</b>	<b>897,411</b>	<b>430,146,607</b>
Less Accumulated Depreciation for				
Infrastructure	(35,232,587)	(2,935,162)	-	(38,167,749)
Park Buildings, Facilities & Improvements	(33,153,651)	(2,118,540)	-	(35,272,191)
Buildings	(25,629,937)	(1,755,497)	-	(27,385,434)
Machinery and Equipment	(29,812,613)	(3,735,982)	(895,247)	(32,653,348)
Solar Power Capacity	(23,382)	(46,636)	-	(70,018)
<b>Total Accumulated Depreciation</b>	<b>(123,852,170)</b>	<b>(10,591,817)</b>	<b>(895,247)</b>	<b>(133,548,740)</b>
<b>Capital Assets, Being Depreciated, Net</b>	<b>298,778,948</b>	<b>(2,178,917)</b>	<b>2,164</b>	<b>296,597,867</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 422,575,399</b>	<b>\$ 1,783,948</b>	<b>\$ 1,557,086</b>	<b>\$ 422,802,261</b>

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**NOTE 4 - CAPITAL ASSETS** (Continued)

	<b>Balance 12/31/14</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/15</b>
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 7,408,974	\$ -	\$ -	\$ 7,408,974
Construction in Progress	1,677,753	450,000	-	2,127,753
Total Capital Assets, Not Being Depreciated	9,086,727	450,000	-	9,536,727
Capital Assets, Being Depreciated				
Infrastructure	23,556,766	-	-	23,556,766
Buildings	4,732,305	-	-	4,732,305
Improvements	3,657,428	-	-	3,657,428
Machinery and Equipment	2,719,050	81,319	58,395	2,741,974
Total Capital Assets, Being Depreciated	34,665,549	81,319	58,395	34,688,473
Less Accumulated Depreciation for				
Infrastructure	(12,870,403)	(891,783)	-	(13,762,186)
Buildings	(2,445,940)	(160,624)	-	(2,606,564)
Improvements	(3,615,144)	(7,848)	-	(3,622,992)
Machinery and Equipment	(2,464,025)	(46,019)	(58,395)	(2,451,649)
Total Accumulated Depreciation	(21,395,512)	(1,106,274)	(58,395)	(22,443,391)
Capital Assets, Being Depreciated, Net	13,270,037	(1,024,955)	-	12,245,082
Business-Type Activities Capital Assets, Net	\$ 22,356,764	\$ (574,955)	\$ -	\$ 21,781,809

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

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**NOTE 4 - CAPITAL ASSETS** (Continued)

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

**Governmental Activities**

General Government	\$ 3,072,275
Public Safety	1,839,909
Public Works	3,305,270
Culture and Recreation	2,255,054
Urban Development and Housing	80,633
Economic Opportunity	<u>38,676</u>

Total Governmental Activities	<u>\$ 10,591,817</u>
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**Business-Type Activities**

Golf Course	\$ 214,492
Sewer	389,076
Stormwater	456,017
Water	<u>46,689</u>

Total Business-Type Activities	<u>\$ 1,106,274</u>
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**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**NOTE 5 - LONG-TERM DEBT**

**Governmental Activities**

Following is a summary of long-term debt transactions for the year ended December 31, 2015:

	<b>Balance</b>			<b>Balance</b>	<b>Due within</b>
	<b>12/31/14</b>	<b>Additions</b>	<b>Deletions</b>	<b>12/31/15</b>	<b>one year</b>
<b>Governmental Activities</b>					
<b>Certificates of Participation</b>					
Certificates of Participation, 2006A	\$ 19,825,000	\$ -	\$ 1,780,000	\$ 18,045,000	\$ 1,860,000
2006A COPs Premium	783,846	-	130,641	653,205	-
Certificates of Participation, 2006B	12,715,000	-	1,920,000	10,795,000	1,995,000
<b>Capital Leases Payable</b>					
Police Facility Building	1,951,966	-	93,986	1,857,980	98,207
William Frederick Hayden Park Land	506,258	-	154,436	351,822	168,336
Solar Power Capacity Lease	957,000	-	77,482	879,518	81,054
<b>Notes Payable</b>					
HUD Section 108 Notes Payable	2,146,000	-	269,000	1,877,000	279,000
LRA Station Betterments Loan	2,253,373	-	151,141	2,102,232	107,331
<b>Compensated Absences</b>					
Sick Leave	2,522,291	1,877,286	1,833,179	2,566,398	250,000
Vacation	3,496,310	3,385,172	3,237,599	3,643,883	275,000
<b>Postemployment Benefits</b>					
Postemployment Benefits	817,592	77,328	-	894,920	-
<b>Net Pension Liability</b>					
Net Pension Liability	1,434,684	-	171,334	1,263,350	-
<b>Total</b>	<b>\$ 49,409,320</b>	<b>\$ 5,339,786</b>	<b>\$ 9,818,798</b>	<b>\$ 44,930,308</b>	<b>\$ 5,113,928</b>

**2006A Certificates of Participation**

On March 15, 2006, the LPBA issued certificates of participation in the amount of \$26,180,000 to advance refund a portion of the LPBA's outstanding Series 2000 certificates of participation. The Series 2006A certificates of participation bear interest at rates of 3.50% through 5.00%, payable semi-annually, and mature serially through May, 2022. The certificates of participation are not redeemable prior to maturity.

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**NOTE 5 - LONG-TERM DEBT** (Continued)

**2006A Certificates of Participation** (Continued)

Payment of principal and interest is secured by various pledged properties and is also guaranteed under a financial guaranty insurance policy, issued concurrently with the certificates of participation.

Following are the future principal and interest requirements:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,860,000	\$ 855,750	\$ 2,715,750
2017	1,955,000	760,375	2,715,375
2018	2,060,000	660,000	2,720,000
2019	2,165,000	554,375	2,719,375
2020	2,275,000	443,375	2,718,375
2021 - 2022	7,730,000	460,250	8,190,250
<b>Total</b>	<b>\$ 18,045,000</b>	<b>\$ 3,734,125</b>	<b>\$ 21,779,125</b>

**2006B Certificates of Participation**

On March 15, 2006, the LPBA issued certificates of participation in the amount of \$26,510,000 to advance refund a portion of the LPBA's outstanding Series 1998 certificates of participation. The Series 2006B certificates of participation bear interest at 3.925%, payable semi-annually, and mature serially through December, 2020. The 2006B certificates of participation are not redeemable prior to maturity.

Payment of principal and interest is secured by the Lakewood Civic Center property and is also guaranteed under a financial guaranty insurance policy, issued concurrently with the certificates of participation.

Following are the future principal and interest requirements:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,995,000	\$ 404,275	\$ 2,399,275
2017	2,070,000	325,284	2,395,284
2018	2,160,000	243,154	2,403,154
2019	2,240,000	157,589	2,397,589
2020	2,330,000	68,786	2,398,786
<b>Total</b>	<b>\$ 10,795,000</b>	<b>\$ 1,199,088</b>	<b>\$ 11,994,088</b>

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**NOTE 5 - LONG-TERM DEBT** (Continued)

**Capital Leases**

*Police Facility Building Lease* - On September 30, 2009, the City entered into a lease purchase agreement for \$2,330,000 to purchase property for public safety use. Land, buildings and equipment recorded in the City's capital assets are \$381,775, \$1,957,650 and \$13,703, respectively, which includes interest income on the lease proceeds. Annual payments of \$181,630, including principal and interest accruing at 4.49%, are due on December 31, through 2029.

Following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at December 31, 2015:

2016	\$ 181,630
2017	181,630
2018	181,630
2019	181,630
2020	181,630
2021 - 2025	908,150
2026 - 2029	<u>726,520</u>
Total Minimum Lease Payments	2,542,820
Less: Amount Representing Interest	<u>(684,840)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,857,980</u>

*William Frederick Hayden Park Land Lease* - On September 8, 1988, the City entered into a lease agreement with an option to purchase land. The land is recorded in the City's capital assets at \$2,239,657, the present value of minimum lease payments on the date of inception of the lease. Annual payments of \$200,000, including principal and interest accruing at 9%, are due on September 8, through 2017.

Following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at December 31, 2015:

2016	\$ 200,000
2017	<u>200,000</u>
Total Minimum Lease Payments	400,000
Less: Amount Representing Interest	<u>(48,178)</u>
Present Value of Minimum Lease Payments	<u>\$ 351,822</u>

*Solar Power Capacity Lease* - On March 20, 2014, the City entered into an agreement to purchase electric generating capacity in a solar garden. The purchase agreement was funded on August 1, 2014, with a lease agreement for \$957,000. The solar power capacity is recorded as capital assets in the amount of \$933,232. A portion of the loan proceeds was used to pay issuance costs of \$23,768. Annual payments of \$121,600, including principal and interest accruing at 4.61%, are due on August 1, 2015 to 2024.

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**NOTE 5 - LONG-TERM DEBT** (Continued)

**Capital Leases** (Continued)

Following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at December 31, 2015:

2016	\$	121,600
2017		121,600
2018		121,600
2019		121,600
2020		121,600
2021 - 2024		<u>486,400</u>
Total Minimum Lease Payments		1,094,400
Less: Amount Representing Interest		<u>(214,882)</u>
Present Value of Minimum Lease Payments	\$	<u>879,518</u>

**HUD Section 108 Notes Payable**

In December, 2007, the City entered into a variable/fixed rate note agreement in the amount of \$3,742,000 with a bank to finance the Ray Ross Park redevelopment project and a new Head Start building. On June 12, 2008, the City converted the loan to a fixed rate obligation. The interest rate on the loan ranges from 2.62% to 5.42%. The loan matures on August 1, 2021.

The loan is collateralized by future City grant allocations, program income derived from the original loan proceeds, and all funds or investments in the accounts established for the proceeds. The City is also required to establish and maintain a deposit reserve account in the amount equal to the greatest amount of principal and interest projected to be due on the loan during any year as calculated as of the date of the note. The required deposit reserve account balance at December 31, 2015, was \$375,849 (See Note 3). The note is guaranteed by the U. S. Department of Housing and Urban Development under Section 108 of the Housing and Community Development Act of 1974.

Future debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 279,000	\$ 89,569	\$ 368,569
2017	294,000	77,069	371,069
2018	305,000	63,663	368,663
2019	320,000	49,572	369,572
2020	335,000	33,988	368,988
2021	<u>344,000</u>	<u>17,372</u>	<u>361,372</u>
<b>Total</b>	<u>\$ 1,877,000</u>	<u>\$ 331,233</u>	<u>\$ 2,208,233</u>

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**NOTE 5 - LONG-TERM DEBT** (Continued)

**Lakewood Reinvestment Authority Station Betterments Loan**

In September, 2008, the Lakewood Reinvestment Authority entered into a fixed rate loan agreement in the amount of \$2,975,000 with a bank to finance betterments to the Regional Transportation District's Light Rail Stations at Oak Street and at Wadsworth Boulevard located in the Colfax Avenue Corridor urban renewal area. Under the terms of the agreement, principal and interest at a fixed rate of 5% is payable semi-annually on the first day of each June and December through December 1, 2030.

The loan is collateralized by a Loan Reserve Account funded with \$213,000 of the loan proceeds (See Note 3). For the year ended December 31, 2015, incremental property tax revenues of \$240,726 were available to pay annual debt service of \$212,848.

Remaining debt service at December 31, 2015, was as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 107,331	\$ 105,517	\$ 212,848
2017	113,141	99,707	212,848
2018	118,949	93,899	212,848
2019	125,056	87,792	212,848
2020	131,242	81,606	212,848
2021 - 2025	765,598	298,643	1,064,241
2026 - 2029	740,915	84,807	825,722
<b>Total</b>	<b>\$ 2,102,232</b>	<b>\$ 851,971</b>	<b>\$ 2,954,203</b>

**Compensated Absences and Postemployment Benefits**

Compensated absences and postemployment benefits are expected to be liquidated primarily with revenues of the General Fund.

**NOTE 6 - FUND BALANCE**

The TABOR Amendment (See Note 11) requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3 percent or more of fiscal year spending (as defined by TABOR). The amount required to be reserved at December 31, 2015, totaled \$3,977,366 and is reported as restricted fund balance in the General Fund.

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**NOTE 7 – INTERFUND BALANCES AND TRANSFERS**

At December 31, 2015, the General Fund had temporarily subsidized the negative cash balance of the Grants Fund in the amount of \$735,983. The negative balance will be paid once grant receivables are collected.

Transfers between funds during the year ended December 31, 2015, were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Capital Improvements	General Fund	\$ 3,720,000
Grants Fund	General Fund	84,732
Lakewood Public Building Authority	General Fund	2,858,469
Nonmajor Funds	General Fund	2,119,800
		<u>8,783,001</u>
Grants Fund	Capital Improvements Fund	142,198
Lakewood Public Building Authority	Capital Improvements Fund	386,000
Nonmajor Funds	Capital Improvements Fund	29,164
		<u>557,362</u>
Lakewood Public Building Authority	Golf Course Enterprise Fund	676,647
Lakewood Public Building Authority	Nonmajor Funds	1,058,427
		<u>1,735,074</u>
<b>Total</b>		<u>\$ 11,075,437</u>

The General Fund annually provides funding for capital projects to the Capital Improvements Fund. The General, Capital Improvements, Conservation Trust, Equipment Replacement, Open Space and Golf Course Funds annually transfer the required lease payments to the Lakewood Public Building Authority.

The General and Capital Improvements Funds transferred grant matching funds to the Grants Fund.

The General Fund transferred \$1,000,000 to the Open Space Fund for various playground improvements.

The General Fund subsidized the operations of the Heritage, Culture and Arts Fund in the amount of \$1,119,800 for the year ended December 31, 2015. In addition, the Capital Improvements Fund provided \$29,164 for public works of art.

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

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**NOTE 8 – EMPLOYEE RETIREMENT PLANS**

The City’s employees are covered under three separate retirement plans and two retiree benefit plans.

**Lakewood Employees Pension Plan**

The City offers its full-time employees and key management officials, except sworn police officers, a retirement plan created in accordance with Internal Revenue Code (IRC) Section 401(a). Employees are required to participate in the Lakewood Employees Pension Plan on the first day of employment as a full-time or regular part-time employee.

This plan is a defined contribution plan administered by a third party trustee, Great West Life Assurance Company.

Under the terms of this plan, the City is the only non-employee contributor and contributes 10% of the employee’s base salary, and the employee is required to contribute 8% of base salary. In 2015, the City contributed 18% of the City Manager’s salary, which includes the employer and employee portion. Employee voluntary after-tax contributions to the plan are allowed to the extent allowed by law. Contribution requirements of the City and the participants are established and may be amended by the City Council. During the year ended December 31, 2015, the City and employees made all required contributions to the plan, of \$3,727,424 and \$2,982,061 (including voluntary contributions of \$30,514), respectively.

An employee shall have immediate vesting in their contributions and non-forfeitable interest in the percentage of the employer contribution account determined pursuant to the following vesting schedule.

<b><u>Years of Continuous Service</u></b>	<b><u>Percentage Vested</u></b>
Less than 3	0%
3 - 3.99	60%
4 - 4.99	80%
5 or more	100%

The City has a forfeiture account that is funded by the forfeiture of City contributions made on behalf of an employee who terminates employment before becoming fully vested. During 2015, \$57,484 was used from this account to fund a portion of the City’s contribution, and \$88,273 was available to fund future City contributions.

Since a third party trustee holds the plan assets in trust, the plan is not reflected in the City’s financial statements.

**Police Pension Plan**

The City offers its sworn police officers a retirement plan created in accordance with IRC Section 401(a). Employees are eligible to participate in the Police Pension Plan on the first day of employment as a full-time or regular part-time police officer. This plan is a defined contribution plan administered by the International City/County Management Association – Retirement Corporation (ICMA-RC).

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**NOTE 8 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Police Pension Plan** (Continued)

The City is the only non-employee contributor and contributes 10% of the participants’ base salary, and the participant is required to contribute 8% of base salary. Employee voluntary after-tax contributions to the plan are allowed to the extent allowed by law. Contribution requirements of the City and the participants are established and may be amended by the City Council. During the year ended December 31, 2015, the City and employees made all required contributions to the plan, of \$2,144,166 and \$1,739,615 (including voluntary contributions of \$24,267), respectively.

An employee shall have immediate vesting in their contributions and non-forfeitable interest in the percentage of the employer contribution account determined pursuant to the following vesting schedule.

<u>Years of Continuous Service</u>	<u>Percentage Vested</u>
Less than 1	0%
1 - 1.99	20%
2 - 2.99	40%
3 - 3.99	60%
4 - 4.99	80%
5 or more	100%

The City has a forfeiture account that is funded by the forfeiture of City contributions made on behalf of an employee who terminates employment before becoming fully vested. During 2015, there were no forfeitures used to fund contributions. Forfeitures of \$14,234 are available for future contributions.

Since a third party trustee holds the plan assets in trust, the plan is not reflected in the City’s financial statements.

**City Manager Pension Plan**

In the City Manager Employment Agreement (the “Agreement”), dated December 8, 2014, the City is required to contribute to an I.R.C. Section 412(e)(3) tax-qualified retirement plan on behalf of the City Manager. The plan is funded by fixed interest annuity contracts. The City is required to make contributions equivalent to five years total compensation as estimated for the 8<sup>th</sup> year of the Agreement, equally divided into 8 annual contributions. The City Manager is not required to make contributions. During the year ended December 31, 2015, the City made required annual contributions to the plan for 2014 and 2015 in the amount of \$477,554 (\$238,377 each). The City Manager only becomes vested in the pension plan after the 8<sup>th</sup> anniversary of the agreement when she formally retires. Should the City Manager be terminated with or without cause, this plan is terminated. The pension plan is administered by the City, and the fixed interest annuity contracts are provided by Mutual of Omaha Life Insurance Company and Massachusetts Mutual Life Insurance Company. Since a third party trustee holds the plan assets, the plan is not reflected in the City’s financial statements.

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

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**NOTE 8 – EMPLOYEE RETIREMENT PLANS** (Continued)

**City Manager Severance Plan**

On December 8, 2014, the City entered into an employment agreement with the City Manager. Under the agreement, the City will provide a severance payment to the City Manager if employment is terminated without cause, or due to a permanent disability. The severance payment is an amount equivalent to two years of total compensation and increases by one-half year of total compensation each anniversary of the agreement up to a maximum of five years total compensation. This severance plan will be funded through the termination of the City Manager Pension Plan since vesting will not have occurred.

**Retired City Manager Pension Plan**

Summary of Significant Accounting Policies

*Pensions* – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan and additions to, and deductions from, fiduciary net position have been determined on the same basis as reporting by the plan. As such, benefit payments are recognized when due and payable in accordance with the benefit terms.

*Investments* – Investments are reported at fair value.

Plan Information

*Plan Description* - In August, 2000, the City Council approved and established a pension plan for the now retired City Manager, known as the Retired City Manager Defined Benefit Pension Plan, qualified under the Internal Revenue Code of 1986, as amended, Section 401(a). The plan is a single-employer defined benefit pension plan. The plan does not issue a separate stand-alone report, and is included in these financial statements as a Pension Trust Fund.

Administration of the plan is vested with a Board of Trustees consisting of the City’s Director of Employee Relations, Director of Finance, and City Clerk. The authority to establish and amend contributions rests with the City Council. Benefits shall not be amended pursuant to the City Manager’s employment contract.

*Plan Membership* – Plan membership consists solely of the retired City Manager currently receiving benefits. The plan is closed to new entrants.

*Benefits Provided* - The retired City Manager began receiving a bi-weekly benefit of 60% of his salary upon his retirement at the age of 61. The retired City Manager’s surviving spouse is eligible to receive a survivor benefit of two-thirds of the bi-weekly benefit paid to the retired City Manager. The City Manager retired in September 2009 with bi-weekly benefit payments of \$6,444 beginning in October 2009. The benefit payments increase by 3% cost of living adjustment each year.

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

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**NOTE 8 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Retired City Manager Pension Plan** (Continued)

*Contributions* - The plan was initially funded through a \$767,000 contribution from the City of Lakewood and a \$300,000 contribution from the City Manager. As established by City Council, the City will make all future contributions to the plan. The contributions are based on an actuarially determined amount recommended by an independent actuary. The actuarially determined amount is the estimated amount necessary to finance the costs of benefits earned during the year, with an additional amount to finance any unfunded accrued liability. Contributions were determined as part of the December 31, 2015 actuarial valuation, with additional contributions in excess of the actuarially determined amount approved by the City Council. Total contributions for the year ended December 31, 2015, were \$203,000.

**Investments**

AXA Equitable invests the plan's assets with the approval of the Board of Trustees ("trustee"), who have the authority to invest all plan assets in accordance with the established rules and regulations, as follows:

Real property and all interests therein, in bonds, notes, debentures, mortgages, commercial paper, preferred stocks, common stocks, or other securities, rights, obligations or property, real or personal, including shares or certificates of participation issued by regulated investment companies or regulated investment trusts and shares or units of participation in qualified common trust funds or qualified pooled funds. In making investments or reinvestments, the trustee shall not be limited by the proportion which the investments to be made, either alone or with any property of the same or similar character then held or acquired, may bear on the entire amount of the trust fund, and the trustee shall not be bound as to the character of any investment provided by any constitutional provisions, statute, rule of court, or custom governing the investment of trust funds, providing only that the trustee shall exercise the judgment and care, under the circumstances then prevailing, that men of prudence, discretion and intelligence exercise in the management of their own affairs.

*Rate of Return* – During the year ended December 31, 2015, plan investments consisted solely of mutual funds. The annual money-weighted rate of return on plan investments, net of pension plan investment expense, was 5.69%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Liability**

The net pension liability was measured at December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at that date.

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**NOTE 8 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Retired City Manager Pension Plan** (Continued)

*Actuarial Assumptions* – The total pension liability in the actuarial valuation as of December 31, 2015, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate - 6.75%

Inflation - N/A

Benefits Expected Fixed COLA Increases - 3% Per Annum Compounded Annually

Investment Rate of Return - 6.75% Per Annum Compounded Annually, Net of Expenses

Mortality Rates - Modified 1994 Group Annuity Mortality Table Uni-Sex Rates

*Discount Rate* - The discount rate of 6.75% used to measure the total pension liability was determined by recent investment return experience. The projection of cash flows used to determine the discount rate assumes that contributions will be made at the current contribution level. The plan's net position is projected to be available to make all projected future benefit payments. Therefore, the long-term expected rate of return on plan investments of 6.75% was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balances at December 31, 2014</b>	\$ 3,280,884	\$ 1,846,200	\$ 1,434,684
Changes for the year:			
Interest	222,339	-	222,339
Differences between Expected and Actual Experience	(82,380)	-	(82,380)
Contributions - Employer	-	203,000	(203,000)
Contributions - Member	-	-	-
Net Investment Income	-	110,212	(110,212)
Benefit Payments	(206,170)	(206,170)	-
Administrative Expense	-	(1,919)	1,919
Net Changes	(66,211)	105,123	(171,334)
<b>Balances at December 31, 2015</b>	<b>\$ 3,214,673</b>	<b>\$ 1,951,323</b>	<b>\$ 1,263,350</b>

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**NOTE 8 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Retired City Manager Pension Plan** (Continued)

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* - The following table presents the net pension liability of the City at December 31, 2015, calculated using the discount rate of 6.75%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate, as follows:

	<b>1% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
Net Pension Liability	\$ 1,622,504	\$ 1,263,350	\$ 959,738

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

For the year ended December 31, 2015, the City recognized pension expense of \$171,334. The net difference between projected and actual earnings on plan investments was recorded in pension expense. Because the difference was not significant, it will not be recognized as pension expense over multiple fiscal years. The difference between expected and actual experience was recorded in pension expense in the current year because no service life remains.

**Duty Death and Disability Plan**

The City has established the Police Duty Death and Disability Plan under the provisions of a trust agreement to provide benefits to officers or their surviving spouses and children if an officer is disabled or killed in the line of duty. The plan was initially established through a contribution from the State of Colorado, and may be, but is not required to be, supplemented by contributions from the City. All officers employed by the City will make an equal contribution to the Trust; the current contribution is \$10 per pay period.

The plan assets are held in trust by Charles Schwab Institutional. The Duty Death and Disability Board exercises discretionary authority and control over management of the trust and, along with a registered investment advisor, renders investment advice with respect to the assets of the trust.

Disabled officers receive 100% of their salary for the first 90 days of the disability, 60% for the 10-year period following. Benefits to disabled officers cease once they return to employment, recover from the disability or upon death. If an officer is killed in the line of duty, their surviving spouse shall receive 50% of the officer’s salary. The surviving spouse shall receive this benefit for 96 months, or until remarriage, whichever occurs first. If there is no surviving spouse or if the surviving spouse should die or remarry, any surviving children of the officer shall receive an equal proportionate share of the benefits. When the surviving child of an officer reaches the age of 18, or 96 months of benefits are paid, whichever occurs first, benefits shall cease.

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

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**NOTE 8 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Duty Death and Disability Plan** (Continued)

At December 31, 2015, an actuarial valuation was performed to determine projected benefits estimated to be payable in the future as a result of employee service to date. The valuation was intended to help users assess, on a going-concern basis, the funding status of the plan and assess progress made in accumulating sufficient assets to pay benefits when due. Significant actuarial assumptions used in the valuation included (a) a rate of return on the investment of present and future assets of 6%, (b) projected annual salary increases of 4.75%, (c) a mortality rate in accordance with the group annuity tables of 1994, (d) expected inflation of 3.25%, and (e) Duty Death and Disability rates based on experience of similar organizations with similar circumstances. To further test the Plan's funded status, Best-Estimate, Optimistic and Pessimistic scenarios were developed for duty-related deaths and disabilities.

Based on this valuation, the Best-Estimate Entry-Age Actuarial Liability totaled \$2,260,158. During the year ended December 31, 2015, benefit payments totaling \$73,271 were paid. At December 31, 2015, assets totaling \$3,097,466 were available for benefits. Under the plan document, there is no provision for benefits to be paid if sufficient assets are not available.

During 2015, the City and employees contributed \$133,191 and \$70,550, respectively, to the Police Duty Death and Disability Plan. Since a third party trustee holds the assets in trust, the plan is not reflected in the City's financial statements.

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

*Plan Description* - The City provides retirees continuing access to group medical, dental, and vision coverage while retired until eligible for Medicare or any other group plan. Retirees must meet the following eligibility requirements effective January 1, 2010: 1) are at least age 55, and have a combination of age and years of service that equals at least 75, or 2) qualify for a disability benefit through the City's long term disability program, provided they have completed five full consecutive years of service, and 3) are a member of one of the City's medical insurance plans immediately prior to retirement. Benefits cease upon becoming eligible for other medical benefits.

Additionally, the City provides a lump sum payment to certain employees. There are 55 employees that are eligible for this payment. The one-time payment is based on years of service and is calculated at a rate of \$50 (\$25 for part-time employees) per year of service to a maximum benefit of \$1,000 (\$500 part-time). The benefit is indexed to the City's average monthly investment earnings rates.

The authority to establish and amend benefit provisions rests with the City Council. The City does not issue a stand-alone financial report for the plan. The City has reported transactions related to these postemployment benefits in the Retirees' Health Internal Service Fund since no assets are held in a qualified trust.

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

***NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS*** (Continued)

*Funding Policy* - The City subsidizes retirees who were full time active employees at a monthly rate of \$10 per year of active service to a maximum of \$200 per month (part-time employees receive one half of the full time subsidy). Retirees are responsible for the difference between the active employee premium and the City contribution. The contribution requirements of plan members and the City are established and may be amended by the City Council. The City is currently funding the plan on a pay-as-you-go basis.

*Annual OPEB and Net OPEB Obligation* - The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years. The following table shows the City's annual OPEB cost for the year ended December 31, 2015, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan.

Annual required contribution	\$	418,325
Interest on net OPEB obligation		36,792
Adjustment to annual required contributions		<u>(57,789)</u>
Annual OPEB Cost		397,328
Contributions made		<u>(320,000)</u>
Increase in net OPEB obligation		77,328
Net OPEB Obligation, Beginning		<u>817,592</u>
Net OPEB Obligation, Ending	\$	<u><u>894,920</u></u>

*Trend Information of the Plan Follows:*

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/11	\$ 379,194	42.5%	\$ 663,724
12/31/12	\$ 369,095	86.7%	\$ 712,819
12/31/13	\$ 367,304	87.1%	\$ 760,123
12/31/14	\$ 377,469	84.8%	\$ 817,592
12/31/15	\$ 397,328	80.5%	\$ 894,920

*Funded Status and Funding Progress* - At December 31, 2015, the most recent actuarial valuation date, the actuarial accrued liability (AAL) was \$4,352,749, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$60,114,584, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 7.2%.

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

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**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS** (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. These assumptions include among others, annual rates of payroll increases, healthcare cost trends, and mortality rates. Amounts determined regarding the funded status of the plan 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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions* - Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the City and plan members, and are based on the types of benefits provided at the time of each valuation and the historical pattern of sharing of the benefit costs between the City and plan 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 and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions included the following:

Actuarial Valuation Date – December 31, 2015  
Actuarial Cost Method – Unit Credit Cost Method  
Amortization Method – Level Dollar, including both principal and interest  
Remaining Amortization Period – 30 years from valuation date, Open  
Asset Valuation Method – Fair Value  
Actuarial Valuation Discount Rate – 4.5%  
Inflation Rate – 3.5%  
Healthcare Cost Trend Factors – Not Applicable for Unit Credit Cost Method  
Turnover Rates – Uni-Sex Graduated Rates by Attained Age  
Retirement Rates – Uni-Sex Graduated Rates Based on Plan Experience

**NOTE 10 – RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; health costs of employees; or natural disasters. For these risks of loss, the City has established self-insurance programs for property and casualty, worker's compensation, medical, and dental claims. The City accounts for these risk management activities in three internal service funds.

Premiums for the property and casualty and worker's compensation programs are paid by the General Fund. Excess coverage insurance policies cover individual workers' compensation claims in excess of \$750,000 for sworn employees and \$500,000 for all other employees. Travelers Insurance Company provides excess coverage for individual property claims in excess of \$50,000 and One Beacon Insurance Group provides excess coverage for casualty claims in excess of \$350,000. There has been no reduction in insurance coverage from the prior year.

In 2015, the City established a self-insurance program for employee medical benefits. Excess coverage insurance policies cover individual claims in excess of \$50,000, and aggregate annual claims per person in excess of \$100,000 for the year ended December 31, 2015.

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**NOTE 10 – RISK MANAGEMENT** (Continued)

The dental program is a fully self-insured program that requires the City to reimburse Delta Dental Plan of Colorado for the total claims paid by them for dental services provided to eligible employees. The plan follows the employee benefit plan fiscal year of April 1<sup>st</sup> through March 31<sup>st</sup>.

Transactions of the medical and dental benefits self-insurance program are reported in the Medical and Dental Internal Service Fund. Premiums for the medical and dental programs are paid by employee payroll deductions and City contributions.

The City has established a reserve for incurred but not reported (IBNR) claims based on claims experience and actuarial estimates. The IBNR reserves are included in claims payable, and include a provision for incremental claim adjustment expenses as well as estimated recoveries, if applicable. Other than current amounts, the City does not believe that IBNR can be reasonably estimated. Therefore, no long-term liability is reported in the financial statements.

The following represents the changes in claims payable from January 1, 2014 to December 31, 2015:

	<b><u>Property and Casualty</u></b>	<b><u>Workers' Compensation</u></b>	<b><u>Medical and Dental</u></b>
Claims Payable December 31, 2013	\$ 820,486	\$ 1,188,615	\$ 15,810
Claims and Changes in Provisions	661,765	1,270,053	788,394
Claims Payments	<u>(509,132)</u>	<u>(852,680)</u>	<u>(783,151)</u>
Claims Payable December 31, 2014	973,119	1,605,988	21,053
Claims and Changes in Provisions	4,516,647	1,403,368	5,317,116
Claims Payments	<u>(1,159,301)</u>	<u>(1,348,484)</u>	<u>(4,893,175)</u>
Claims Payable December 31, 2015	<u>\$ 4,330,465</u>	<u>\$ 1,660,872</u>	<u>\$ 444,994</u>

**NOTE 11 - CONTINGENCIES**

**TABOR Amendment**

The City is required to comply with a 1992 amendment to the State Constitution, Article X, Section 20 (TABOR), which has several limitations, including revenue raising, spending limits, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The City believes it is in compliance with the requirements of the amendment. However, the City has made certain interpretations of the amendment's language in order to determine its compliance.

On November 1, 2005, the City submitted a ballot issue to a vote of the registered electors for a one percent increase to the City's sales and use tax rate beginning January 1, 2006, which would also be exempt from the revenue limitations of the amendment. The ballot issue was passed.

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

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**NOTE 11 - CONTINGENCIES** (Continued)

**TABOR Amendment** (Continued)

On November 7, 2006, the City submitted a ballot issue to a vote of the registered electors for exemption from the revenue limitations of the amendment. The ballot issue was passed and permitted the City to collect, retain, and spend Open Space revenues and grants for streets, public safety, parks, recreation and cultural opportunities received by the City during 2007 and all subsequent years thereafter, notwithstanding any revenue or expenditure limitations including those contained in Article X, Section 20 of the Colorado Constitution.

For the year ended December 31, 2015, the City collected revenues in excess of the TABOR limitations of \$4,535,650. This excess amount and the excess of \$5,200,119 from the year ended December 31, 2014, are reported as a liability in the General Fund at December 31, 2015, totaling \$9,735,769. These excess amounts will be refunded through a temporary property tax mill levy rate reduction during the subsequent fiscal years.

**Grants**

The City receives revenue from various federal and state grant programs, which are subject to final review and approval as to the allowability of expenditures by the respective grantor agencies.

**Litigation**

The City is named in numerous lawsuits. In the opinion of the City Attorney, none of these lawsuits are expected to result in a material liability which would not be covered by the excess insurance coverage available in the self-insurance programs (see Note 10), or have a material effect on the City's financial statements.

**Operating Leases**

*Golf Equipment Leases* - On January 18, 2013, October 28, 2013 and May 19, 2014, the City entered into operating leases with PNC Equipment Finance, LLC, for the rental of golf carts and other equipment at Homestead Golf Course and Fox Hollow Golf Course. The lease agreements require 48 monthly payments of \$4,829, beginning April 2013 through March 2017, \$7,723, beginning January 2014 through December 2017, and \$736, beginning August 2014 through July 2018, respectively. For all leases, the City may, at its option, purchase the equipment at the end of the term of the lease at a price equal to fair market value. The lease agreements require the City to return the equipment at the end of the lease term if the City does not exercise the purchase option.

Remaining payments required by the leases are as follows:

2016	\$ 159,467
2017	116,002
2018	<u>5,892</u>
<b>Total</b>	<u><u>\$ 281,361</u></u>

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**NOTE 11 - CONTINGENCIES** (Continued)

**Economic Development Agreements**

The City has entered into certain agreements in an effort to promote economic development and re-development within the City. While the parties to the agreements and the various components therein are different, there are certain fundamentals that are consistent within each of the agreements.

1. Within each project, the City has agreed to either forego a portion of its sales tax, or pay a portion of its sales tax, in order to reimburse the property owners for construction and maintenance of public improvements.
2. In an effort to promote immediate economic development, the property owners have paid for and installed the improvements in advance.
3. Within each project agreement, the City has only committed to foregoing or reimbursing sales and use taxes generated within the given project area. The City has not committed to foregoing or reimbursing property developers from revenues not directly generated within the given project area.
4. In each project area, the revenues to the City were either zero or declining. As such, the City was in a position to both enhance its economic base and improve overall economic vitality in areas surrounding the specific projects.
5. Each financial agreement is set to terminate at either a date certain, or when a given amount of funds has been paid to reimburse the project developers, whichever occurs first.
6. In no instance has the City incurred or credit enhanced any debts or entered into any lease/purchase arrangements related to these agreements and project areas.
7. Since the reimbursements are payable solely from the sales tax revenue increments generated by each project area, long-term debt is not required to be reported on the City's financial statements.

The transactions related to the following agreements are reported in the Capital Improvements Fund:

Project Name	Maximum Amount Committed To Be Reimbursed Or Waived <sup>(1)</sup>	Termination Of Reimbursement Obligation <sup>(2)</sup>	Description Of Sharing Arrangement	2015 Amount Of Tax Shared With Developer	Future Contingent Payments Required By Agreement
Stevinson I <sup>(3)</sup> Annexation	Not Limited	9/26/2029	1/4 <sup>th</sup> of 2% Sales Tax	\$2,116,184	N/A
Stevinson II <sup>(3)</sup> Annexation	Not Limited	10/09/2026	1/4 <sup>th</sup> of 2% Sales Tax	\$176,178	N/A

<sup>(1)</sup> Does not include interest and ancillary hard and soft costs.

<sup>(2)</sup> The reimbursement will be terminated on the termination date, or whenever the reimbursement obligation has been satisfied, whichever occurs first.

<sup>(3)</sup> The revenue reimbursements were approved by the voters.

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**NOTE 11 – CONTINGENCIES** (Continued)

**Economic Development Agreements** (Continued)

Lakewood Reinvestment Authority and Economic Development Agreements

In 1997, Lakewood voters approved the formation of the Lakewood Reinvestment Authority. As required by Colorado statutes, the Lakewood Reinvestment Authority receives revenue from incremental sales and property taxes that are collected from a designated geographical area as defined in an urban renewal plan approved by the City. Incremental sales taxes represent the increase in municipal sales taxes collected within the same area for each twelve-month period beginning on the date the urban renewal plan is approved. Incremental sales taxes are collected by the City and remitted to the Lakewood Reinvestment Authority. Property tax revenue is earned from the same geographical area based upon the increase in assessed valuation of taxable property, attributable to redevelopment, within the area. Incremental property taxes are collected by Jefferson County and remitted to the Authority.

The Lakewood Reinvestment Authority has agreed to reimburse certain developers for costs incurred in the redevelopment of retail projects within certain urban renewal areas. These reimbursements are payable solely from the property and sales tax increment revenues generated by each project, and are not reported as liabilities in the financial statements. Certain fundamentals that are consistent within each of the agreements are noted above under “Economic Development Agreements.”

The sales and use tax revenue and expenditure transactions related to the following agreements are reported in the Lakewood Reinvestment Authority Capital Projects Fund:

<b>Project Name</b>	<b>Maximum Amount Committed To Be Reimbursed Or Waived <sup>(1)</sup></b>	<b>Termination Of Reimbursement Obligation <sup>(2)</sup></b>	<b>Description Of Sharing Arrangement</b>	<b>2015 Amount Of Tax Shared With Developer</b>	<b>Future Contingent Payments Required By Agreement</b>
Belmar	\$120,000,000	9/10/2025	2/3 <sup>rds</sup> of 3% Sales Tax Rate Waived	N/A	N/A
Creekside Shopping Center (Wal-Mart)	\$24,320,435 <sup>(3)</sup>	8/09/2024	100% of Sales Tax increment in excess of \$1,000,000	\$1,450,506	\$12,606,653

<sup>(1)</sup> In addition to the sales tax reimbursement or waiver for these projects, a public improvement fee (instituted privately by the developer) contributes to the overall reimbursement amount.

<sup>(2)</sup> The reimbursement will be terminated on the termination date, or whenever the reimbursement

<sup>(3)</sup> Does not include interest and ancillary hard and soft costs.

# **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF LAKEWOOD, COLORADO**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**RETIRED CITY MANAGER PENSION PLAN**  
**Year Ended December 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>		
Interest	\$ 222,339	\$ 208,501
Differences between Expected and Actual Experience	(82,380)	79,825
Benefits and Expenses Paid	(206,170)	(192,694)
Net Change in Pension Liability	<u>(66,211)</u>	<u>95,632</u>
Total Pension Liability - Beginning	<u>3,280,884</u>	<u>3,185,252</u>
Total Pension Liability - Ending	<u>3,214,673</u>	<u>3,280,884</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	203,000	193,000
Contributions - Member	-	-
Net Investment Income	110,212	103,985
Benefit Payments	(206,170)	(192,694)
Administrative Expenses	(1,919)	(1,903)
Net Change in Plan Fiduciary Net Position	<u>105,123</u>	<u>102,388</u>
Plan Fiduciary Net Position - Beginning	<u>1,846,200</u>	<u>1,743,812</u>
Plan Fiduciary Net Position - Ending	<u>1,951,323</u>	<u>1,846,200</u>
<b>Net Pension Liability - Ending</b>	<u>\$ 1,263,350</u>	<u>\$ 1,434,684</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	60.70%	56.27%
Covered-Employee Payroll	No Active Employees	
City's Net Pension Liability as a Percentage of Covered-Employee Payroll	NA	NA

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

See the accompanying Independent Auditors' Report.

**CITY OF LAKEWOOD, COLORADO**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CITY CONTRIBUTIONS AND INVESTMENT RETURNS**  
**RETIRED CITY MANAGER PENSION PLAN**  
**Year Ended December 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>City Contributions</b>		
Actuarially Determined Contribution	\$ 108,948	\$ 113,257
Contribution in Relation to the Actuarially Determined Contribution	<u>203,000</u>	<u>193,000</u>
Contribution Deficiency (Excess)	<u>\$ (94,052)</u>	<u>\$ (79,743)</u>
Covered-Employee Payroll	No Active Employees	
Contributions as a Percentage of Covered-Employee Payroll	NA	NA
<b>Investment Returns</b>		
Annual Money-Weighted Rate of Return, Net of Investment Expense	5.69%	5.87%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

See the accompanying Independent Auditors' Report.

**CITY OF LAKEWOOD, COLORADO**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**  
**POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**  
**Year Ended December 31, 2015**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/12	\$0	\$4,004,736	\$4,004,736	0.0%	\$54,563,474	7.3%
12/31/13	\$0	\$3,807,932	\$3,807,932	0.0%	\$55,741,700	6.8%
12/31/14	\$0	\$4,279,938	\$4,279,938	0.0%	\$57,677,144	7.4%
12/31/15	\$0	\$4,352,749	\$4,352,749	0.0%	\$60,114,584	7.2%

See the accompanying Independent Auditors' Report.

**CITY OF LAKEWOOD, COLORADO**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
<b>Taxes</b>				
Property Tax	\$ 7,656,589	\$ 7,656,589	\$ 7,737,330	\$ 80,741
Sales Tax	57,668,441	59,998,136	61,284,762	1,286,626
General Use Tax	2,895,994	3,165,019	3,083,538	(81,481)
Building Material Use Tax	2,285,366	3,007,281	3,303,625	296,344
Business and Occupational Tax	2,744,612	2,739,713	2,278,208	(461,505)
Specific Ownership Tax	613,949	699,998	681,173	(18,825)
Motor Vehicle Use Tax	4,547,069	5,199,964	5,445,350	245,386
Franchise Tax	6,040,655	6,663,267	6,331,753	(331,514)
Total Taxes	<u>84,452,675</u>	<u>89,129,967</u>	<u>90,145,739</u>	<u>1,015,772</u>
<b>Licenses and Permits</b>				
Business Licenses and Permits	544,739	552,423	543,615	(8,808)
Nonbusiness Licenses and Permits	2,559,395	3,194,140	3,227,270	33,130
Total Licenses and Permits	<u>3,104,134</u>	<u>3,746,563</u>	<u>3,770,885</u>	<u>24,322</u>
<b>Charges for Services</b>				
General Government	956,146	894,771	1,082,468	187,697
Public Safety	878,200	814,740	832,919	18,179
Culture and Recreation	3,836,625	3,895,975	4,572,200	676,225
Other Sales and Services	5,601,895	5,482,482	4,687,619	(794,863)
Total Charges for Services	<u>11,272,866</u>	<u>11,087,968</u>	<u>11,175,206</u>	<u>87,238</u>
<b>Fines and Forfeitures</b>				
	<u>1,280,015</u>	<u>1,453,999</u>	<u>1,599,055</u>	<u>145,056</u>
<b>Intergovernmental Revenue</b>				
State Government Shared Revenue	3,849,558	3,948,440	3,943,543	(4,897)
Local Government Grants	45,000	55,000	67,306	12,306
Local Government Shared Revenue	1,119,800	1,119,800	1,143,799	23,999
Total Intergovernmental Revenue	<u>5,014,358</u>	<u>5,123,240</u>	<u>5,154,648</u>	<u>31,408</u>
<b>Miscellaneous</b>				
Investment Income	431,363	517,457	367,987	(149,470)
Other	2,018,667	580,058	740,218	160,160
Total Miscellaneous	<u>2,450,030</u>	<u>1,097,515</u>	<u>1,108,205</u>	<u>10,690</u>
<b>TABOR Revenue Refund</b>				
	<u>-</u>	<u>(2,680,872)</u>	<u>(4,535,650)</u>	<u>(1,854,778)</u>
Total Revenues	<u>107,574,078</u>	<u>108,958,380</u>	<u>108,418,088</u>	<u>(540,292)</u>

(Continued)

See the accompanying Independent Auditors' Report.

**CITY OF LAKEWOOD, COLORADO**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES</b>				
<b>General Government</b>				
Legislative				
Personnel Services	281,956	281,380	284,886	(3,506)
Services and Supplies	238,426	238,426	204,656	33,770
Total Legislative	<u>520,382</u>	<u>519,806</u>	<u>489,542</u>	<u>30,264</u>
Judicial				
Personnel Services	2,201,784	2,200,380	2,204,985	(4,605)
Services and Supplies	273,574	264,719	128,595	136,124
Total Judicial	<u>2,475,358</u>	<u>2,465,099</u>	<u>2,333,580</u>	<u>131,519</u>
Executive				
Personnel Services	1,792,781	1,853,373	1,617,078	236,295
Services and Supplies	400,803	414,508	317,769	96,739
Capital Outlay	3,500	3,500	-	3,500
Total Executive	<u>2,197,084</u>	<u>2,271,381</u>	<u>1,934,847</u>	<u>336,534</u>
Administrative				
Personnel Services	7,919,167	8,217,100	6,971,616	1,245,484
Services and Supplies	2,786,504	3,186,895	2,832,862	354,033
Capital Outlay	20,800	20,800	22,445	(1,645)
Total Administrative	<u>10,726,471</u>	<u>11,424,795</u>	<u>9,826,923</u>	<u>1,597,872</u>
Other				
Personnel Services	6,951,399	7,085,775	6,485,312	600,463
Services and Supplies	7,857,893	8,426,980	6,412,335	2,014,645
Debt Service	303,230	303,230	303,230	-
Capital Outlay	51,461	41,461	60,420	(18,959)
Total Other	<u>15,163,983</u>	<u>15,857,446</u>	<u>13,261,297</u>	<u>2,596,149</u>
Total General Government	<u>31,083,278</u>	<u>32,538,527</u>	<u>27,846,189</u>	<u>4,692,338</u>

(Continued)

See the accompanying Independent Auditors' Report.

**CITY OF LAKEWOOD, COLORADO**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
<b>Public Safety</b>				
Law Enforcement				
Personnel Services	41,850,907	41,193,209	40,470,482	722,727
Services and Supplies	3,286,838	3,126,305	2,840,372	285,933
Capital Outlay	113,500	251,970	207,370	44,600
Total Law Enforcement	<u>45,251,245</u>	<u>44,571,484</u>	<u>43,518,224</u>	<u>1,053,260</u>
Correction				
Personnel Services	679,978	684,188	647,987	36,201
Services and Supplies	29,153	28,770	11,058	17,712
Total Correction	<u>709,131</u>	<u>712,958</u>	<u>659,045</u>	<u>53,913</u>
Protective Inspection				
Personnel Services	2,247,298	2,274,670	2,263,834	10,836
Services and Supplies	116,832	208,821	89,489	119,332
Total Protective Inspection	<u>2,364,130</u>	<u>2,483,491</u>	<u>2,353,323</u>	<u>130,168</u>
Other Protection				
Personnel Services	1,854,874	1,783,724	1,786,312	(2,588)
Services and Supplies	560,547	544,832	640,665	(95,833)
Capital Outlay	50,362	50,362	24,830	25,532
Total Other Protection	<u>2,465,783</u>	<u>2,378,918</u>	<u>2,451,807</u>	<u>(72,889)</u>
Total Public Safety	<u>50,790,289</u>	<u>50,146,851</u>	<u>48,982,399</u>	<u>1,164,452</u>
<b>Public Works</b>				
Highways and Streets				
Personnel Services	3,584,140	3,656,849	3,204,874	451,975
Services and Supplies	4,298,513	4,475,086	3,902,314	572,772
Capital Outlay	11,500	11,500	5,908	5,592
Total Highways and Streets	<u>7,894,153</u>	<u>8,143,435</u>	<u>7,113,096</u>	<u>1,030,339</u>
Total Public Works	<u>7,894,153</u>	<u>8,143,435</u>	<u>7,113,096</u>	<u>1,030,339</u>

(Continued)

See the accompanying Independent Auditors' Report.

**CITY OF LAKEWOOD, COLORADO**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended December 31, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>EXPENDITURES (Continued)</b>				
<b>Culture and Recreation</b>				
Recreation				
Personnel Services	6,630,634	6,725,223	6,339,684	385,539
Services and Supplies	1,576,346	1,562,762	1,622,012	(59,250)
Capital Outlay	20,713	67,513	153,419	(85,906)
Total Recreation	<u>8,227,693</u>	<u>8,355,498</u>	<u>8,115,115</u>	<u>240,383</u>
Parks				
Personnel Services	2,180,943	2,187,900	2,054,233	133,667
Services and Supplies	1,912,636	1,894,889	1,928,423	(33,534)
Capital Outlay	33,000	21,500	36,284	(14,784)
Total Parks	<u>4,126,579</u>	<u>4,104,289</u>	<u>4,018,940</u>	<u>85,349</u>
Total Culture and Recreation	<u>12,354,272</u>	<u>12,459,787</u>	<u>12,134,055</u>	<u>325,732</u>
<b>Urban Development and Housing</b>				
Personnel Services	558,304	561,228	504,852	56,376
Services and Supplies	345,150	334,400	21,927	312,473
Total Urban Development and Housing	<u>903,454</u>	<u>895,628</u>	<u>526,779</u>	<u>368,849</u>
<b>Economic Opportunity</b>				
Personnel Services	853,399	813,891	814,354	(463)
Services and Supplies	176,889	172,291	173,272	(981)
Capital Outlay	11,000	21,656	25,510	(3,854)
Total Economic Opportunity	<u>1,041,288</u>	<u>1,007,838</u>	<u>1,013,136</u>	<u>(5,298)</u>
Total Expenditures	<u>104,066,734</u>	<u>105,192,066</u>	<u>97,615,654</u>	<u>7,576,412</u>
Excess (Deficiency) of Revenues				
Over Expenditures	3,507,344	3,766,314	10,802,434	7,036,120
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(6,067,189)	(8,877,289)	(8,783,001)	94,288
Net Change in Fund Balance	(2,559,845)	(5,110,975)	2,019,433	7,130,408
<b>FUND BALANCE, Beginning of Year</b>	<u>34,333,139</u>	<u>39,953,323</u>	<u>39,953,323</u>	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<u>\$ 31,773,294</u>	<u>\$ 34,842,348</u>	<u>\$ 41,972,756</u>	<u>\$ 7,130,408</u>

See the accompanying Independent Auditors' Report.

**CITY OF LAKEWOOD, COLORADO**  
**GRANTS FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended December 31, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Intergovernmental				
Federal Government Grants	\$ 4,119,330	\$ 9,522,724	\$ 3,297,910	\$ (6,224,814)
State Government Grants	1,279,000	2,014,483	1,037,983	(976,500)
Local Government Grants	616,800	516,787	587,114	70,327
Total Intergovernmental	6,015,130	12,053,994	4,923,007	(7,130,987)
Investment Income	-	270	737	467
Miscellaneous	-	20,000	20,000	-
Total Revenues	6,015,130	12,074,264	4,943,744	(7,130,520)
<b>EXPENDITURES</b>				
General Government				
Personnel Services	39,958	44,867	38,360	6,507
Capital Outlay	72,000	112,000	24,425	87,575
Total General Government	111,958	156,867	62,785	94,082
Public Safety				
Personnel Services	903,945	670,865	742,993	(72,128)
Services and Supplies	1,678,994	3,654,466	1,679,943	1,974,523
Capital Outlay	1,393,000	3,822,581	632,875	3,189,706
Total Public Safety	3,975,939	8,147,912	3,055,811	5,092,101
Public Works				
Capital Outlay	-	2,290,000	229,680	2,060,320
Total Public Works	-	2,290,000	229,680	2,060,320

(Continued)

See the accompanying Independent Auditors' Report.

**CITY OF LAKEWOOD, COLORADO**  
**GRANTS FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended December 31, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>EXPENDITURES (Continued)</b>				
Culture and Recreation				
Personnel Services	44,000	38,449	47,762	(9,313)
Capital Outlay	-	126,348	125,808	540
Total Culture and Recreation	44,000	164,797	173,570	(8,773)
Urban Development and Housing				
Personnel Services	180,315	143,217	139,080	4,137
Services and Supplies	192,686	669,572	222,007	447,565
Capital Outlay	75,000	100,000	30,000	70,000
Total Urban Development and Housing	448,001	912,789	391,087	521,702
Economic Opportunity				
Personnel Services	967,905	1,101,942	981,876	120,066
Services and Supplies	204,979	208,000	194,728	13,272
Total Economic Opportunity	1,172,884	1,309,942	1,176,604	133,338
Debt Service				
Principal	269,000	269,000	269,000	-
Interest	101,216	101,216	101,216	-
Total Debt Service	370,216	370,216	370,216	-
Total Expenditures	6,122,998	13,352,523	5,459,753	7,892,770
Excess (Deficiency) of Revenues Over Expenditures	(107,868)	(1,278,259)	(516,009)	762,250
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	104,000	1,364,712	226,930	(1,137,782)
Net Change in Fund Balance	(3,868)	86,453	(289,079)	(375,532)
<b>FUND BALANCE, Beginning of Year</b>	31,136	(316,733)	(316,733)	-
<b>FUND BALANCE, End of Year</b>	\$ 27,268	\$ (230,280)	\$ (605,812)	\$ (375,532)

See the accompanying Independent Auditors' Report.

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**Year Ended December 31, 2015**

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**NOTE 1 – SCHEDULE OF CITY CONTRIBUTIONS**

**Actuarial Assumptions**

Significant actuarial methods and assumptions used to determine the contribution rates for the Retired City Manager Pension Plan are as follows:

Valuation Date	Actuarially determined contribution rates are calculated as of December 31, 2014, one year prior to the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar Method over Fixed Period of Years
Remaining Amortization Period	30 Years, Open
Asset Valuation Method	Fair Value
Inflation	N/A
Benefits Expected Fixed	
COLA Increases	3% Per Annum Compounded Annually
Investment Rate of Return	6.75% Per Annum Compounded Annually, Net of Expenses
Number of Participants Employed	0
Number of Participants Retired	1
Retirement Date	September 19, 2009
Mortality Rates	Modified 1994 Group Annuity Mortality Table Uni-Sex Rates

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. As required by City Charter, by September 15, the City Manager shall submit to the Mayor and City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. Budgets for the Lakewood Public Building Authority and the Lakewood Reinvestment Authority are adopted by their governing boards.
2. Two public hearings are conducted at regular City Council meetings to obtain public comment.
3. Prior to November 1, the budget is legally enacted through passage of an ordinance.
4. Expenditures may not legally exceed budgeted appropriations at the fund level, and all annual appropriations lapse at year-end, except for those of the Capital Improvements Fund and certain projects of the Special Revenue Funds, which may be carried over. The City Manager is authorized to transfer budgeted amounts between departments within any fund and to expend amounts within the approved appropriations and the City Code. However, any revisions that alter the total budgeted expenditures of any fund must be approved by City Council.

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**Year Ended December 31, 2015**

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**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY** (Continued)

**Budgetary Information** (Continued)

5. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Capital Projects, Internal Service, and Enterprise Funds.
6. Budgets for the General, Special Revenue, Capital Projects, and Internal Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The budgets for the Enterprise Funds are adopted on a basis consistent with GAAP except that debt proceeds are treated as revenues, capital outlay and debt service principal are treated as expenditures, and capital contributions are not budgeted.

**Legal Compliance**

For the year ended December 31, 2015, the Lakewood Public Building Authority Fund, Property and Casualty Self-Insurance Fund, and Workers' Compensation Self-Insurance Fund expenditures exceeded the amounts budgeted by \$63,237, \$3,809,928, and \$224,302, respectively. These may be violations of State statutes.

**SUPPLEMENTARY INFORMATION –  
COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND  
SCHEDULES**



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# **GOVERNMENTAL FUNDS**

## **GENERAL FUND**

The General Fund accounts for all transactions of the City of Lakewood not accounted for in other funds. It is the City's primary operating fund. This fund represents an accounting for the City's ordinary operations financed from taxes and other general revenues and is the City's most significant fund in relation to overall expenditures.

## **CAPITAL PROJECTS FUNDS**

Capital Projects Funds are created to account for resources used for the acquisition and construction of major capital facilities and other capital assets other than those financed by proprietary funds and trust funds. These funds are established to maintain a separate accounting of specific capital projects as directed by City Council.

### **MAJOR FUNDS**

#### **CAPITAL IMPROVEMENT FUND**

The purpose of the Capital Improvement Fund is to account for expenditures for the acquisition, construction, and improvements of capital assets. Revenue for this fund is primarily derived from one sixth of the City's sales and use taxes approved by voters and other intergovernmental revenues restricted for these purposes.

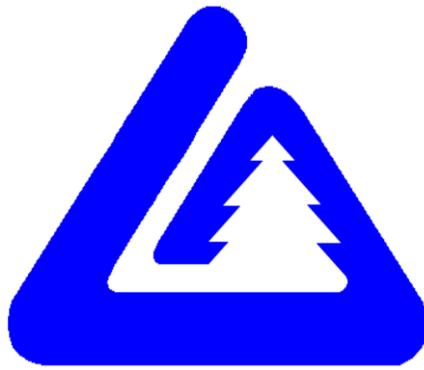
#### **LAKESWOOD REINVESTMENT AUTHORITY CAPITAL PROJECT FUND**

On November 4, 1997 registered electors approved the creation of an Urban Renewal Authority. Pursuant to the Urban Renewal Law, Colorado Revised Statutes 31-25-101, Et. Seq., and the Lakewood Charter. The City subsequently created an Urban Renewal Authority known as the Lakewood Reinvestment Authority to exercise the powers provided under Colorado's urban renewal law.

### **NON-MAJOR FUNDS**

#### **EQUIPMENT REPLACEMENT FUND**

The Equipment Replacement Fund is established to accumulate resources to finance the acquisition, construction and improvements of vehicles, technology and public, education, and government access equipment.



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# **SPECIAL REVENUE FUNDS**

Special Revenue Funds are established for the purpose of accounting for monies received by the City from specific revenue sources that are restricted or committed to expenditures for specified purposes.

## **MAJOR FUNDS**

### **GRANTS FUND**

The Grants Fund is established to maintain a separate accounting for Federal, State, and other qualified grants.

## **NON-MAJOR FUNDS**

### **CONSERVATION TRUST FUND**

This fund is established as required by Section 31-25-220, Colorado Revised Statutes, 1973 to account for monies received from the State of Colorado for Conservation Trust Fund (lottery) and restricted for the purposes of planning, acquisition, development and maintenance of new conservation sites or for capital improvements or maintenance for recreational purposes on public sites.

### **ECONOMIC DEVELOPMENT FUND**

The Economic Development Fund is established by Ordinance 85-54 to account for the City's hotel accommodation taxes which were approved by the voters in 1987 and restricted for the purpose of promoting economic development within the City.

### **HERITAGE, CULTURE & ARTS FUND**

This fund is established to provide a full complement of heritage, cultural, and art activities to the general public on a continuing basis financed primarily through user charges, intergovernmental revenues restricted to these activities, and other financial resources assigned specifically for these purposes.

### **OPEN SPACE FUND**

This fund was established in 1987 to account for intergovernmental funds received from Jefferson County related to its Open Space Sales Tax Resolution approved by voters in 1980 and which restricts the use to open space purposes. Open space purposes include planning, development, construction, acquisition and maintenance of park and recreation capital improvements.

# **DEBT SERVICE FUNDS**

Debt Service Funds are used to account for the accumulation of resources for payment of bond principal and interest from government resources. Financing is provided by ad valorem property taxes, and operating transfers from various funds.

## **NON-MAJOR FUNDS**

### **LAKWOOD PUBLIC BUILDING AUTHORITY DEBT SERVICE FUND**

The Authority was incorporated as a nonprofit corporation on May 8, 1979 for the purpose of construction of municipal facilities for use by the City of Lakewood. This fund was established to facilitate the various issuances of Certificates of Participation financing the acquisition, construction, and equipping of various City facilities and certain offsite infrastructure improvements; the acquisition, construction, and equipping of a public library to be subleased to and operated by the Board of Trustees of the Jefferson County Library; capitalized interest; and paying issuance costs of the certificates.

**CITY OF LAKEWOOD, COLORADO**  
**CAPITAL IMPROVEMENTS FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended December 31, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Taxes				
Sales Tax	\$ 11,072,346	\$ 11,156,617	\$ 11,636,166	\$ 479,549
General Use Tax	579,199	633,004	614,672	(18,332)
Building Material Use Tax	457,073	601,456	656,659	55,203
Motor Vehicle Use Tax	909,414	1,039,993	1,089,070	49,077
Total Taxes	<u>13,018,032</u>	<u>13,431,070</u>	<u>13,996,567</u>	<u>565,497</u>
Intergovernmental				
State Government Shared Revenue	1,931,984	1,958,944	2,153,717	194,773
Miscellaneous				
Investment Income	225,846	217,489	239,007	21,518
Total Revenues	<u>15,175,862</u>	<u>15,607,503</u>	<u>16,389,291</u>	<u>781,788</u>
<b>EXPENDITURES</b>				
General Government				
Personnel Services	228,752	110,892	148,296	(37,404)
Services and Supplies	1,490,000	2,151,000	1,546,931	604,069
Capital Outlay	2,617,879	4,765,476	1,845,786	2,919,690
Total General Government	<u>4,336,631</u>	<u>7,027,368</u>	<u>3,541,013</u>	<u>3,486,355</u>
Public Safety				
Personnel Services	138,346	135,076	145,133	(10,057)
Services and Supplies	376,165	316,165	303,743	12,422
Capital Outlay	305,000	1,442,727	423,381	1,019,346
Total Public Safety	<u>819,511</u>	<u>1,893,968</u>	<u>872,257</u>	<u>1,021,711</u>
Public Works				
Personnel Services	667,237	650,817	521,655	129,162
Services and Supplies	3,463,300	6,345,300	1,043,312	5,301,988
Capital Outlay	10,404,862	12,554,879	8,204,230	4,350,649
Total Public Works	<u>14,535,399</u>	<u>19,550,996</u>	<u>9,769,197</u>	<u>9,781,799</u>

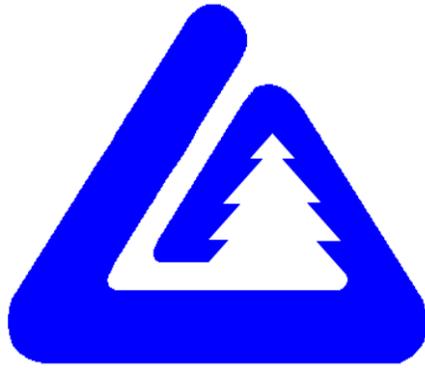
(Continued)

See the accompanying Independent Auditors' Report.

**CITY OF LAKEWOOD, COLORADO**  
**CAPITAL IMPROVEMENTS FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended December 31, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>EXPENDITURES (Continued)</b>				
Culture and Recreation				
Services and Supplies	9,300	9,350	9,032	318
Capital Outlay	10,700	1,455,650	1,831	1,453,819
Debt Service	102,000	102,000	102,000	-
Total Culture and Recreation	<u>122,000</u>	<u>1,567,000</u>	<u>112,863</u>	<u>1,454,137</u>
Urban Development and Housing				
Services and Supplies	10,000	10,000	8,171	1,829
Capital Outlay	1,946,992	2,024,872	2,292,362	(267,490)
Total Urban Development and Housing	<u>1,956,992</u>	<u>2,034,872</u>	<u>2,300,533</u>	<u>(265,661)</u>
Total Expenditures	<u>21,770,533</u>	<u>32,074,204</u>	<u>16,595,863</u>	<u>15,478,341</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,594,671)</u>	<u>(16,466,701)</u>	<u>(206,572)</u>	<u>16,260,129</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	2,120,000	3,720,000	3,720,000	-
Transfers Out	(456,000)	(1,650,101)	(557,362)	1,092,739
Total Other Financing Sources (Uses)	<u>1,664,000</u>	<u>2,069,899</u>	<u>3,162,638</u>	<u>1,092,739</u>
Net Change in Fund Balance	(4,930,671)	(14,396,802)	2,956,066	17,352,868
<b>FUND BALANCE, Beginning of Year</b>	<u>8,856,214</u>	<u>19,575,057</u>	<u>19,575,057</u>	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<u>\$ 3,925,543</u>	<u>\$ 5,178,255</u>	<u>\$ 22,531,123</u>	<u>\$ 17,352,868</u>

See the accompanying Independent Auditors' Report.



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**CITY OF LAKEWOOD, COLORADO**  
**LAKEWOOD REINVESTMENT AUTHORITY FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Taxes				
Property Taxes Increment	\$ 7,327,230	\$ 7,510,922	\$ 6,995,010	\$ (515,912)
General Sales Taxes Increment	211,094	157,611	137,595	(20,016)
Investment Income	5,815	7,705	9,538	1,833
Miscellaneous	953,528	904,853	891,079	(13,774)
 Total Revenues	 <u>8,497,667</u>	 <u>8,581,091</u>	 <u>8,033,222</u>	 <u>(547,869)</u>
<b>EXPENDITURES</b>				
Urban Development and Housing				
Personnel Services	128,892	129,332	48,148	81,184
Services and Supplies	203,606	203,606	173,169	30,437
Capital Outlay	8,328,642	7,600,529	6,155,637	1,444,892
Debt Service	262,848	262,848	262,848	-
 Total Expenditures	 <u>8,923,988</u>	 <u>8,196,315</u>	 <u>6,639,802</u>	 <u>1,556,513</u>
 Excess (Deficiency) of Revenues Over Expenditures	 (426,321)	 384,776	 1,393,420	 1,008,644
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(20,665)	(20,665)	-	20,665
 Net Change in Fund Balance	 (446,986)	 364,111	 1,393,420	 1,029,309
<b>FUND BALANCE, Beginning of Year</b>	<u>1,631,423</u>	<u>3,161,958</u>	<u>3,161,958</u>	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<u>\$ 1,184,437</u>	<u>\$ 3,526,069</u>	<u>\$ 4,555,378</u>	<u>\$ 1,029,309</u>

See the accompanying Independent Auditors' Report.

**CITY OF LAKEWOOD, COLORADO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**December 31, 2015**

	Special Revenue			
	Conservation Trust Fund	Economic Development Fund	Heritage, Culture and Arts Fund	Open Space Fund
<b>ASSETS</b>				
Cash and Investments	\$ 1,336,197	\$ 6,310,604	\$ 759,380	\$ 6,563,531
Restricted Cash and Investments	-	-	-	-
Accounts Receivable	-	86,525	18,836	916,550
Loan Receivable	-	14,859	-	-
Inventories	-	-	26,640	-
Prepays	-	-	3,000	-
Total Assets	<u>\$ 1,336,197</u>	<u>\$ 6,411,988</u>	<u>\$ 807,856</u>	<u>\$ 7,480,081</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 106,125	\$ 14,538	\$ 31,720
Accrued Liabilities	-	5,716	44,594	54,811
Retainage Payable	-	-	-	5,461
Unearned Revenues	-	-	205,460	-
Total Liabilities	<u>-</u>	<u>111,841</u>	<u>264,592</u>	<u>91,992</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Grants	-	-	9,861	-
<b>FUND BALANCES</b>				
Nonspendable:				
Inventories	-	-	26,640	-
Prepays	-	-	3,000	-
Restricted for:				
Parks and Open Space	1,336,197	-	-	7,388,089
Economic Development	-	6,300,147	-	-
Debt Service	-	-	-	-
Assigned to:				
Cultural Activities	-	-	503,763	-
Capital Improvements	-	-	-	-
Total Fund Balances	<u>1,336,197</u>	<u>6,300,147</u>	<u>533,403</u>	<u>7,388,089</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,336,197</u>	<u>\$ 6,411,988</u>	<u>\$ 807,856</u>	<u>\$ 7,480,081</u>

See the accompanying Independent Auditors' Report.

<u>Debt Service</u>	<u>Capital Projects</u>	
<u>Lakewood</u>	<u>Equipment</u>	<u>Total Nonmajor</u>
<u>Public Building</u>	<u>Replacement</u>	<u>Governmental</u>
<u>Authority</u>	<u>Fund</u>	<u>Funds</u>
\$ -	\$ 4,486,914	\$ 19,456,626
2,736,147	-	2,736,147
-	44,940	1,066,851
-	-	14,859
-	-	26,640
-	-	3,000
<u>\$ 2,736,147</u>	<u>\$ 4,531,854</u>	<u>\$ 23,304,123</u>
\$ 67,022	\$ 60,280	\$ 279,685
-	-	105,121
-	-	5,461
-	-	205,460
<u>67,022</u>	<u>60,280</u>	<u>595,727</u>
-	-	9,861
-	-	26,640
-	-	3,000
-	-	8,724,286
-	-	6,300,147
2,669,125	-	2,669,125
-	-	503,763
-	4,471,574	4,471,574
<u>2,669,125</u>	<u>4,471,574</u>	<u>22,698,535</u>
<u>\$ 2,736,147</u>	<u>\$ 4,531,854</u>	<u>\$ 23,304,123</u>

**CITY OF LAKEWOOD, COLORADO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2015**

	Special Revenue			
	Conservation Trust Fund	Economic Development Fund	Heritage, Culture and Arts Fund	Open Space Fund
<b>REVENUES</b>				
Taxes	\$ -	\$ 1,614,899	\$ -	\$ -
Charges for Services	-	77,136	996,590	9,978
Intergovernmental	1,402,628	-	286,870	5,882,194
Investment Income	16,523	61,940	-	50,330
Sale of Assets	-	-	-	-
Miscellaneous	-	-	115,554	684
Total Revenues	<u>1,419,151</u>	<u>1,753,975</u>	<u>1,399,014</u>	<u>5,943,186</u>
<b>EXPENDITURES</b>				
Current				
General Government	-	-	-	-
Culture and Recreation	-	-	2,362,583	3,620,083
Urban Development and Housing	-	940,121	-	-
Capital Outlay				
General Government	-	-	-	-
Culture and Recreation	735,766	-	114,150	496,976
Debt Service				
Principal	75,674	-	-	-
Interest and Fiscal Charges	22,326	-	-	-
Total Expenditures	<u>833,766</u>	<u>940,121</u>	<u>2,476,733</u>	<u>4,117,059</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>585,385</u>	<u>813,854</u>	<u>(1,077,719)</u>	<u>1,826,127</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	1,148,964	1,000,000
Transfers Out	(625,106)	-	-	(353,321)
Total Other Financing Sources (Uses)	<u>(625,106)</u>	<u>-</u>	<u>1,148,964</u>	<u>646,679</u>
Net Change in Fund Balances	(39,721)	813,854	71,245	2,472,806
<b>FUND BALANCES, Beginning of Year</b>	<u>1,375,918</u>	<u>5,486,293</u>	<u>462,158</u>	<u>4,915,283</u>
<b>FUND BALANCES, End of Year</b>	<u>\$ 1,336,197</u>	<u>\$ 6,300,147</u>	<u>\$ 533,403</u>	<u>\$ 7,388,089</u>

See the accompanying Independent Auditors' Report.

<u>Debt Service</u> <u>Lakewood</u> <u>Public Building</u> <u>Authority</u>	<u>Capital Projects</u> <u>Equipment</u> <u>Replacement</u> <u>Fund</u>	<u>Total Nonmajor</u> <u>Governmental</u> <u>Funds</u>
\$ -	\$ -	\$ 1,614,899
-	2,072,871	3,156,575
-	-	7,571,692
139,133	-	267,926
-	148,591	148,591
-	-	116,238
<u>139,133</u>	<u>2,221,462</u>	<u>12,875,921</u>
2,200	340,929	343,129
-	-	5,982,666
-	-	940,121
-	1,429,429	1,429,429
-	-	1,346,892
3,700,000	-	3,775,674
<u>1,490,632</u>	<u>-</u>	<u>1,512,958</u>
<u>5,192,832</u>	<u>1,770,358</u>	<u>15,330,869</u>
<u>(5,053,699)</u>	<u>451,104</u>	<u>(2,454,948)</u>
4,979,543	-	7,128,507
<u>-</u>	<u>(80,000)</u>	<u>(1,058,427)</u>
<u>4,979,543</u>	<u>(80,000)</u>	<u>6,070,080</u>
(74,156)	371,104	3,615,132
<u>2,743,281</u>	<u>4,100,470</u>	<u>19,083,403</u>
<u>\$ 2,669,125</u>	<u>\$ 4,471,574</u>	<u>\$ 22,698,535</u>

**CITY OF LAKEWOOD, COLORADO**  
**CONSERVATION TRUST FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Intergovernmental				
State Government Shared Revenue	\$ 1,300,000	\$ 1,300,000	\$ 1,402,628	\$ 102,628
Investment Income	15,112	21,686	16,523	(5,163)
Total Revenues	<u>1,315,112</u>	<u>1,321,686</u>	<u>1,419,151</u>	<u>97,465</u>
<b>EXPENDITURES</b>				
Culture and Recreation				
Capital Outlay	1,310,000	1,331,500	735,766	595,734
Debt Service	98,000	98,000	98,000	-
Total Expenditures	<u>1,408,000</u>	<u>1,429,500</u>	<u>833,766</u>	<u>595,734</u>
Excess (Deficiency) of Revenues Over Expenditures	(92,888)	(107,814)	585,385	693,199
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(625,106)	(625,106)	(625,106)	-
Net Change in Fund Balance	(717,994)	(732,920)	(39,721)	693,199
<b>FUND BALANCE, Beginning of Year</b>	<u>1,006,449</u>	<u>1,375,918</u>	<u>1,375,918</u>	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<u><u>\$ 288,455</u></u>	<u><u>\$ 642,998</u></u>	<u><u>\$ 1,336,197</u></u>	<u><u>\$ 693,199</u></u>

See the accompanying Independent Auditors' Report.

**CITY OF LAKEWOOD, COLORADO**  
**ECONOMIC DEVELOPMENT FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended December 31, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Hotel Accommodation Taxes	\$ 1,000,000	\$ 1,400,000	\$ 1,614,899	\$ 214,899
Charges for Services	65,000	90,000	77,136	(12,864)
Investment Income	43,000	56,000	61,940	5,940
Total Revenues	<u>1,108,000</u>	<u>1,546,000</u>	<u>1,753,975</u>	<u>207,975</u>
<b>EXPENDITURES</b>				
Urban Development and Housing				
Personnel Services	387,687	350,347	166,954	183,393
Services and Supplies	1,858,400	2,135,400	773,167	1,362,233
Capital Outlay	3,000	3,000	-	3,000
Total Expenditures	<u>2,249,087</u>	<u>2,488,747</u>	<u>940,121</u>	<u>1,548,626</u>
Net Change in Fund Balance	(1,141,087)	(942,747)	813,854	1,756,601
<b>FUND BALANCE, Beginning of Year</b>	<u>4,124,649</u>	<u>5,486,293</u>	<u>5,486,293</u>	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<u>\$ 2,983,562</u>	<u>\$ 4,543,546</u>	<u>\$ 6,300,147</u>	<u>\$ 1,756,601</u>

See the accompanying Independent Auditors' Report.

**CITY OF LAKEWOOD, COLORADO**  
**HERITAGE, CULTURE AND ARTS FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended December 31, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Charges for Services	\$ 985,181	\$ 1,046,359	\$ 996,590	\$ (49,769)
Intergovernmental				
State Government Grants	440,000	240,000	286,870	46,870
Miscellaneous	206,910	208,700	115,554	(93,146)
<b>Total Revenues</b>	<b>1,632,091</b>	<b>1,495,059</b>	<b>1,399,014</b>	<b>(96,045)</b>
<b>EXPENDITURES</b>				
Culture and Recreation				
Personnel Services	1,674,483	1,710,587	1,710,830	(243)
Services and Supplies	1,111,160	904,692	651,753	252,939
Capital Outlay	150,000	207,800	114,150	93,650
<b>Total Expenditures</b>	<b>2,935,643</b>	<b>2,823,079</b>	<b>2,476,733</b>	<b>346,346</b>
Excess (Deficiency) of Revenues Over Expenditures	(1,303,552)	(1,328,020)	(1,077,719)	250,301
<b>OTHER FINANCING SOURCES</b>				
Transfers In	1,104,700	1,148,964	1,148,964	-
<b>Net Change in Fund Balance</b>	<b>(198,852)</b>	<b>(179,056)</b>	<b>71,245</b>	<b>250,301</b>
<b>FUND BALANCE, Beginning of Year</b>	<b>357,596</b>	<b>462,158</b>	<b>462,158</b>	<b>-</b>
<b>FUND BALANCE, End of Year</b>	<b>\$ 158,744</b>	<b>\$ 283,102</b>	<b>\$ 533,403</b>	<b>\$ 250,301</b>

See the accompanying Independent Auditors' Report.

**CITY OF LAKEWOOD, COLORADO**  
**OPEN SPACE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended December 31, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Charges for Services	\$ -	\$ -	\$ 9,978	\$ 9,978
County Open Space Shared Revenues	4,668,220	4,608,220	5,354,297	746,077
Intergovernmental	372,313	460,353	527,897	67,544
Investment Income	45,000	49,278	50,330	1,052
Contributions and Donations	10,822	10,822	684	(10,138)
<b>Total Revenues</b>	<b>5,096,355</b>	<b>5,128,673</b>	<b>5,943,186</b>	<b>814,513</b>
<b>EXPENDITURES</b>				
Culture and Recreation				
Parks and Open Space				
Personnel Services	2,702,377	2,671,144	2,296,630	374,514
Services and Supplies	1,425,890	1,647,951	1,323,453	324,498
Capital Outlay	1,385,000	2,493,600	496,976	1,996,624
<b>Total Expenditures</b>	<b>5,513,267</b>	<b>6,812,695</b>	<b>4,117,059</b>	<b>2,695,636</b>
Excess (Deficiency) of Revenues Over Expenditures	(416,912)	(1,684,022)	1,826,127	3,510,149
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	1,000,000	1,000,000	-
Transfers Out	(353,321)	(353,321)	(353,321)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(353,321)</b>	<b>646,679</b>	<b>646,679</b>	<b>-</b>
Net Change in Fund Balance	(770,233)	(1,037,343)	2,472,806	3,510,149
<b>FUND BALANCE, Beginning of Year</b>	<b>3,922,603</b>	<b>4,915,283</b>	<b>4,915,283</b>	<b>-</b>
<b>FUND BALANCE, End of Year</b>	<b>\$ 3,152,370</b>	<b>\$ 3,877,940</b>	<b>\$ 7,388,089</b>	<b>\$ 3,510,149</b>

See the accompanying Independent Auditors' Report.

**CITY OF LAKEWOOD, COLORADO**  
**LAKEWOOD PUBLIC BUILDING AUTHORITY**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Investment Income	\$ 135,824	\$ 135,824	\$ 139,133	\$ 3,309
Total Revenues	<u>135,824</u>	<u>135,824</u>	<u>139,133</u>	<u>3,309</u>
<b>EXPENDITURES</b>				
General Government				
Services and Supplies	<u>5,000</u>	<u>5,000</u>	<u>2,200</u>	<u>2,800</u>
Total General Government	<u>5,000</u>	<u>5,000</u>	<u>2,200</u>	<u>2,800</u>
Debt Service				
Principal	<u>3,700,000</u>	<u>3,700,000</u>	<u>3,700,000</u>	<u>-</u>
Interest and Fiscal Charges	<u>1,424,595</u>	<u>1,424,595</u>	<u>1,490,632</u>	<u>(66,037)</u>
Total Debt Service	<u>5,124,595</u>	<u>5,124,595</u>	<u>5,190,632</u>	<u>(66,037)</u>
Total Expenditures	<u>5,129,595</u>	<u>5,129,595</u>	<u>5,192,832</u>	<u>(63,237)</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,993,771)	(4,993,771)	(5,053,699)	(59,928)
<b>OTHER FINANCING SOURCES</b>				
Transfers In	<u>5,018,270</u>	<u>5,168,270</u>	<u>4,979,543</u>	<u>(188,727)</u>
Net Change in Fund Balance	24,499	174,499	(74,156)	(248,655)
<b>FUND BALANCE, Beginning of Year</b>	<u>2,748,592</u>	<u>2,743,281</u>	<u>2,743,281</u>	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<u>\$ 2,773,091</u>	<u>\$ 2,917,780</u>	<u>\$ 2,669,125</u>	<u>\$ (248,655)</u>

See the accompanying Independent Auditors' Report.

**CITY OF LAKEWOOD, COLORADO**  
**EQUIPMENT REPLACEMENT FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended December 31, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Charges for Services	\$ 1,913,603	\$ 1,910,603	\$ 2,072,871	\$ 162,268
Sale of Assets	150,000	150,000	148,591	(1,409)
Total Revenues	<u>2,063,603</u>	<u>2,060,603</u>	<u>2,221,462</u>	<u>160,859</u>
<b>EXPENDITURES</b>				
General Government				
Services and Supplies	268,000	300,000	340,929	(40,929)
Capital Outlay	2,110,000	2,165,000	1,429,429	735,571
Total Expenditures	<u>2,378,000</u>	<u>2,465,000</u>	<u>1,770,358</u>	<u>694,642</u>
Excess (Deficiency) of Revenues Over Expenditures	(314,397)	(404,397)	451,104	855,501
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(80,000)	(80,000)	(80,000)	-
Net Change in Fund Balance	(394,397)	(484,397)	371,104	855,501
<b>FUND BALANCE, Beginning of Year</b>	<u>3,274,743</u>	<u>4,100,470</u>	<u>4,100,470</u>	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<u><u>\$ 2,880,346</u></u>	<u><u>\$ 3,616,073</u></u>	<u><u>\$ 4,471,574</u></u>	<u><u>\$ 855,501</u></u>

See the accompanying Independent Auditors' Report.



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# **ENTERPRISE FUNDS**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City Council has decided that periodic determination of net income is appropriate for accountability purposes.

## **MAJOR FUNDS**

### **GOLF COURSE ENTERPRISE FUND**

The Golf Course Fund was established in 1990 to develop Fox Hollow at Lakewood Golf Course, which opened in August 1993. An additional golf course, Homestead Golf Course, was completed in summer 2002.

### **SEWER ENTERPRISE FUND**

The Lakewood Board of Water and Sewer Enterprise Fund was established as required by Chapter 13.04, Section 080 of the City of Lakewood Municipal Code, 1974 supplement, to account for sewer services provided to Lakewood residents on a user charge basis.

### **STORMWATER ENTERPRISE FUND**

The Stormwater Enterprise Fund was created by City Council adopting Ordinance O-98-28 to account for user fees collected from property owners to maintain existing storm water facilities, meet federal requirements for storm water quality, and to build new drainage facilities. All activities necessary to provide such services are accounted for in this fund.

## **NON-MAJOR FUNDS**

### **WATER ENTERPRISE FUND**

The Lakewood Board of Water and Sewer Enterprise Fund was established as required by Chapter 13.04, Section 080 of the City of Lakewood Municipal Code, 1974 supplement, to account for water services provided to Lakewood residents on a user charge basis.

**CITY OF LAKEWOOD, COLORADO**  
**GOLF COURSE ENTERPRISE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Charges for Services	\$ 4,969,366	\$ 4,901,563	\$ 4,728,997	\$ (172,566)
Investment Income	-	-	2,164	2,164
Total Revenues	<u>4,969,366</u>	<u>4,901,563</u>	<u>4,731,161</u>	<u>(170,402)</u>
<b>EXPENDITURES</b>				
Cost of Goods Sold	286,151	286,151	343,430	(57,279)
Personnel Services	2,530,509	2,498,069	2,381,319	116,750
Services and Supplies	922,014	961,014	1,083,449	(122,435)
Capital Outlay	125,000	125,000	157,903	(32,903)
Depreciation	342,632	342,632	214,492	128,140
Transfers Out	865,354	865,354	676,647	188,707
Total Expenditures	<u>5,071,660</u>	<u>5,078,220</u>	<u>4,857,240</u>	<u>220,980</u>
Change in Net Position, Budgetary Basis	<u>\$ (102,294)</u>	<u>\$ (176,657)</u>	(126,079)	<u>\$ 50,578</u>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Capital Outlay			<u>81,319</u>	
<b>CHANGE IN NET POSITION, GAAP BASIS</b>			<u>\$ (44,760)</u>	

See the accompanying Independent Auditors' Report.

**CITY OF LAKEWOOD, COLORADO**  
**SEWER ENTERPRISE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended December 31, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Charges for Services	\$ 3,628,000	\$ 3,932,035	\$ 4,046,357	\$ 114,322
Investment Income	41,462	41,700	51,236	9,536
System Investment Fees	50,000	50,000	48,600	(1,400)
Total Revenues	<u>3,719,462</u>	<u>4,023,735</u>	<u>4,146,193</u>	<u>122,458</u>
<b>EXPENDITURES</b>				
Personnel Services	655,625	651,338	577,729	73,609
Services and Supplies	447,094	464,649	375,468	89,181
Sanitation Treatment	2,610,577	2,610,577	2,608,646	1,931
Capital Outlay	150,000	420,000	21,479	398,521
Depreciation	408,896	408,896	389,076	19,820
Total Expenditures	<u>4,272,192</u>	<u>4,555,460</u>	<u>3,972,398</u>	<u>583,062</u>
<b>CHANGE IN NET POSITION, GAAP BASIS</b>	<u>\$ (552,730)</u>	<u>\$ (531,725)</u>	<u>\$ 173,795</u>	<u>\$ 705,520</u>

See the accompanying Independent Auditors' Report.

**CITY OF LAKEWOOD, COLORADO**  
**STORMWATER ENTERPRISE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended December 31, 2015**

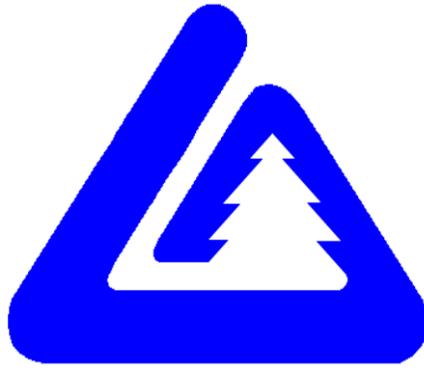
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Charges for Services	\$ 1,182,635	\$ 2,466,000	\$ 2,553,599	\$ 87,599
Investment Income	29,480	24,500	27,934	3,434
Miscellaneous	20,000	20,000	7,483	(12,517)
Total Revenues	<u>1,232,115</u>	<u>2,510,500</u>	<u>2,589,016</u>	<u>78,516</u>
<b>EXPENDITURES</b>				
Personnel Services	1,123,617	1,160,189	1,137,014	23,175
Services and Supplies	839,847	877,191	583,103	294,088
Capital Outlay	900,000	1,025,000	493,540	531,460
Depreciation	379,562	379,562	456,017	(76,455)
Total Expenditures	<u>3,243,026</u>	<u>3,441,942</u>	<u>2,669,674</u>	<u>772,268</u>
Change in Net Position, Budgetary Basis	<u>\$ (2,010,911)</u>	<u>\$ (931,442)</u>	(80,658)	<u>\$ 850,784</u>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Capital Outlay			<u>450,000</u>	
<b>CHANGE IN NET POSITION, GAAP BASIS</b>			<u>\$ 369,342</u>	

See the accompanying Independent Auditors' Report.

**CITY OF LAKEWOOD, COLORADO**  
**WATER ENTERPRISE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended December 31, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Charges for Services	\$ 1,125,200	\$ 1,146,570	\$ 1,135,710	\$ (10,860)
Investment Income	16,536	14,000	16,724	2,724
System Investment Fees	20,000	20,000	40,700	20,700
<b>Total Revenues</b>	<b>1,161,736</b>	<b>1,180,570</b>	<b>1,193,134</b>	<b>12,564</b>
<b>EXPENDITURES</b>				
Personnel Services	107,046	105,884	90,350	15,534
Services and Supplies	62,775	79,330	62,466	16,864
Water Purchased	835,000	795,095	788,826	6,269
Capital Outlay	78,800	453,800	19,680	434,120
Depreciation	48,732	48,732	46,689	2,043
<b>Total Expenditures</b>	<b>1,132,353</b>	<b>1,482,841</b>	<b>1,008,011</b>	<b>474,830</b>
<b>CHANGE IN NET POSITION, GAAP BASIS</b>	<b>\$ 29,383</b>	<b>\$ (302,271)</b>	<b>\$ 185,123</b>	<b>\$ 487,394</b>

See the accompanying Independent Auditors' Report.



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# **INTERNAL SERVICE FUNDS**

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

## **PROPERTY AND CASUALTY SELF-INSURANCE FUND**

This fund was established by Ordinance for the purpose of paying premiums, claims, judgments, settlements, legal fees, and any other self-insurance related program expenses. The City has chosen to use large self-insured retentions/deductibles for its property and casualty insurance program through the municipal insurance pool.

## **WORKERS' COMPENSATION SELF-INSURANCE FUND**

This fund was established by Ordinance for worker's compensation self-insurance purposes which include the payment of claims, administrative expenses, employee compensation, and funding a loss control program.

## **MEDICAL AND DENTAL SELF-INSURANCE FUND**

This fund was established by Ordinance for employee medical and/or dental self-insurance purposes which include the payment of claims, administrative expenses, legal expenses and payment for prevention efforts. On April 1, 2010, the self-insurance program for medical claims was discontinued.

## **RETIREES' HEALTH PROGRAM FUND**

The Retirees' Health Program Fund was established to account for all of the necessary activities of two benefit plans--the Benefit Trust Plan, a defined contribution retirement plan that distributes a lump sum amount to eligible employees upon retirement, and the Pre-Funded Health Care Plan which distributes a monthly payment to eligible employees upon retirement to supplement insurance premiums.

**CITY OF LAKEWOOD, COLORADO**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**December 31, 2015**

	<b>Property and Casualty</b>	<b>Workers' Compensation</b>	<b>Medical and Dental</b>	<b>Retirees' Health</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and Investments	\$ 1,900,017	\$ 3,035,193	\$ 4,002,238	\$ 3,056,683	\$ 11,994,131
Accounts Receivable	-	8,781	-	-	8,781
Total Assets	<u>\$ 1,900,017</u>	<u>\$ 3,043,974</u>	<u>\$ 4,002,238</u>	<u>\$ 3,056,683</u>	<u>\$ 12,002,912</u>
<b>LIABILITIES AND NET POSITION</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 4,075	\$ 7,247	\$ 4,316	\$ -	\$ 15,638
Accrued Liabilities	5,531	4,534	4,416	-	14,481
Claims Payable	4,330,465	1,660,872	444,994	-	6,436,331
Total Liabilities	<u>4,340,071</u>	<u>1,672,653</u>	<u>453,726</u>	<u>-</u>	<u>6,466,450</u>
<b>NET POSITION</b>					
Unrestricted	<u>(2,440,054)</u>	<u>1,371,321</u>	<u>3,548,512</u>	<u>3,056,683</u>	<u>5,536,462</u>
Total Liabilities and Net Position	<u>\$ 1,900,017</u>	<u>\$ 3,043,974</u>	<u>\$ 4,002,238</u>	<u>\$ 3,056,683</u>	<u>\$ 12,002,912</u>

See the accompanying Independent Auditors' Report.

**CITY OF LAKEWOOD, COLORADO**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**Year Ended December 31, 2015**

	<b>Property and Casualty</b>	<b>Workers' Compensation</b>	<b>Medical and Dental</b>	<b>Retirees' Health</b>	<b>Total</b>
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 500,000	\$ 500,000	\$ 8,174,670	\$ 320,000	\$ 9,494,670
Total Revenues	500,000	500,000	8,174,670	320,000	9,494,670
<b>OPERATING EXPENSES</b>					
Personnel Services	155,523	117,390	110,460	-	383,373
Other Expenses	38,989	59,458	261,474	-	359,921
Claims	4,516,647	1,403,368	5,317,116	-	11,237,131
Premiums	431,750	103,015	914,846	65,015	1,514,626
Total Expenses	5,142,909	1,683,231	6,603,896	65,015	13,495,051
Operating Income (Loss)	(4,642,909)	(1,183,231)	1,570,774	254,985	(4,000,381)
<b>NONOPERATING REVENUES</b>					
Investment Income	24,187	33,330	35,693	29,436	122,646
Total Nonoperating Revenues	24,187	33,330	35,693	29,436	122,646
Change in Net Position	(4,618,722)	(1,149,901)	1,606,467	284,421	(3,877,735)
<b>NET POSITION, Beginning of Year</b>	2,178,668	2,521,222	1,942,045	2,772,262	9,414,197
<b>NET POSITION, End of Year</b>	<u>\$ (2,440,054)</u>	<u>\$ 1,371,321</u>	<u>\$ 3,548,512</u>	<u>\$ 3,056,683</u>	<u>\$ 5,536,462</u>

See the accompanying Independent Auditors' Report.

**CITY OF LAKEWOOD, COLORADO**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**Year Ended December 31, 2015**

	<b>Property and Casualty</b>	<b>Workers' Compensation</b>	<b>Medical and Dental</b>	<b>Retirees' Health</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash Received from Customers	\$ 500,000	\$ 491,219	\$ 8,174,670	\$ 320,000	\$ 9,485,889
Cash Paid to Suppliers	(1,664,405)	(1,538,454)	(6,082,740)	(65,015)	(9,350,614)
Cash Paid to Employees	(112,673)	(86,444)	(88,483)	-	(287,600)
Net Cash Provided (Used) by Operating Activities	(1,277,078)	(1,133,679)	2,003,447	254,985	(152,325)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment Income	24,187	33,330	35,693	29,436	122,646
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,252,891)	(1,100,349)	2,039,140	284,421	(29,679)
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<u>3,152,908</u>	<u>4,135,542</u>	<u>1,963,098</u>	<u>2,772,262</u>	<u>12,023,810</u>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<u>\$ 1,900,017</u>	<u>\$ 3,035,193</u>	<u>\$ 4,002,238</u>	<u>\$ 3,056,683</u>	<u>\$ 11,994,131</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$(4,642,909)	\$(1,183,231)	\$ 1,570,774	\$ 254,985	\$ (4,000,381)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Accounts Receivable	-	(8,781)	-	-	(8,781)
Accounts Payable	2,954	(1,085)	4,316	-	6,185
Accrued Liabilities	5,531	4,534	4,416	-	14,481
Claims Payable	3,357,346	54,884	423,941	-	3,836,171
Net Cash Provided (Used) by Operating Activities	<u>\$(1,277,078)</u>	<u>\$(1,133,679)</u>	<u>\$ 2,003,447</u>	<u>\$ 254,985</u>	<u>\$ (152,325)</u>

See the accompanying Independent Auditors' Report.

**CITY OF LAKEWOOD, COLORADO**  
**PROPERTY AND CASUALTY SELF-INSURANCE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Charges for Services	\$ 335,000	\$ 500,000	\$ 500,000	\$ -
Investment Income	42,700	50,000	24,187	(25,813)
Total Revenues	<u>377,700</u>	<u>550,000</u>	<u>524,187</u>	<u>(25,813)</u>
<b>EXPENDITURES</b>				
Personnel Services	-	164,408	155,523	8,885
Other Expenses	97,500	107,500	38,989	68,511
Claims	800,000	556,009	4,516,647	(3,960,638)
Premiums	600,000	505,064	431,750	73,314
Total Expenditures	<u>1,497,500</u>	<u>1,332,981</u>	<u>5,142,909</u>	<u>(3,809,928)</u>
Change in Net Position	(1,119,800)	(782,981)	(4,618,722)	(3,835,741)
<b>NET POSITION, Beginning of Year</b>	<u>1,818,853</u>	<u>2,178,668</u>	<u>2,178,668</u>	<u>-</u>
<b>NET POSITION, End of Year</b>	<u>\$ 699,053</u>	<u>\$ 1,395,687</u>	<u>\$ (2,440,054)</u>	<u>\$ (3,835,741)</u>

See the accompanying Independent Auditors' Report.

**CITY OF LAKEWOOD, COLORADO**  
**WORKERS' COMPENSATION SELF-INSURANCE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended December 31, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Charges for Services	\$ 165,000	\$ 500,000	\$ 500,000	\$ -
Investment Income	65,000	74,000	33,330	(40,670)
Total Revenues	<u>230,000</u>	<u>574,000</u>	<u>533,330</u>	<u>(40,670)</u>
<b>EXPENDITURES</b>				
Personnel Services	-	126,822	117,390	9,432
Other Expenses	94,500	94,500	59,458	35,042
Claims	1,100,000	1,033,500	1,403,368	(369,868)
Premiums	200,000	199,107	103,015	96,092
Capital Outlay	5,000	5,000	-	5,000
Total Expenditures	<u>1,399,500</u>	<u>1,458,929</u>	<u>1,683,231</u>	<u>(224,302)</u>
Change in Net Position	(1,169,500)	(884,929)	(1,149,901)	(264,972)
<b>NET POSITION, Beginning of Year</b>	<u>2,555,380</u>	<u>2,521,222</u>	<u>2,521,222</u>	<u>-</u>
<b>NET POSITION, End of Year</b>	<u>\$ 1,385,880</u>	<u>\$ 1,636,293</u>	<u>\$ 1,371,321</u>	<u>\$ (264,972)</u>

See the accompanying Independent Auditors' Report.

**CITY OF LAKEWOOD, COLORADO**  
**MEDICAL AND DENTAL SELF-INSURANCE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Charges for Services	\$ 11,355,000	\$ 7,970,733	\$ 8,174,670	\$ 203,937
Investment Income	20,000	20,000	35,693	15,693
 Total Revenues	 <u>11,375,000</u>	 <u>7,990,733</u>	 <u>8,210,363</u>	 <u>219,630</u>
<b>EXPENDITURES</b>				
Personnel Services	-	106,475	110,460	(3,985)
Other Expenses	-	596,030	261,474	334,556
Claims	10,358,000	6,957,326	5,317,116	1,640,210
Premiums	-	1,100,000	914,846	185,154
 Total Expenditures	 <u>10,358,000</u>	 <u>8,759,831</u>	 <u>6,603,896</u>	 <u>2,155,935</u>
 Change in Net Position	 1,017,000	 (769,098)	 1,606,467	 2,375,565
 <b>NET POSITION, Beginning of Year</b>	 <u>1,923,698</u>	 <u>1,942,045</u>	 <u>1,942,045</u>	 <u>-</u>
 <b>NET POSITION, End of Year</b>	 <u>\$ 2,940,698</u>	 <u>\$ 1,172,947</u>	 <u>\$ 3,548,512</u>	 <u>\$ 2,375,565</u>

See the accompanying Independent Auditors' Report.

**CITY OF LAKEWOOD, COLORADO  
RETIREES' HEALTH PROGRAM FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Charges for Services	\$ 320,000	\$ 320,000	\$ 320,000	\$ -
Investment Income	25,000	25,000	29,436	4,436
Total Revenues	<u>345,000</u>	<u>345,000</u>	<u>349,436</u>	<u>4,436</u>
<b>EXPENDITURES</b>				
Premiums	<u>175,000</u>	<u>210,000</u>	<u>65,015</u>	<u>144,985</u>
Total Expenditures	<u>175,000</u>	<u>210,000</u>	<u>65,015</u>	<u>144,985</u>
Change in Net Position	170,000	135,000	284,421	149,421
<b>NET POSITION, Beginning of Year</b>	<u>2,692,008</u>	<u>2,772,262</u>	<u>2,772,262</u>	<u>-</u>
<b>NET POSITION, End of Year</b>	<u>\$ 2,862,008</u>	<u>\$ 2,907,262</u>	<u>\$ 3,056,683</u>	<u>\$ 149,421</u>

See the accompanying Independent Auditors' Report.

# STATISTICAL SECTION

Statistical tables are used to provide a historical financial review. The various tables provide information, which is useful in analyzing the existing financial position of the City and identifying potential trends.

## **FINANCIAL TRENDS**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

## **REVENUE CAPACITY**

These schedules contain information to help the reader assess the City's significant local revenue sources which are sales and use tax and property tax.

## **DEBT CAPACITY**

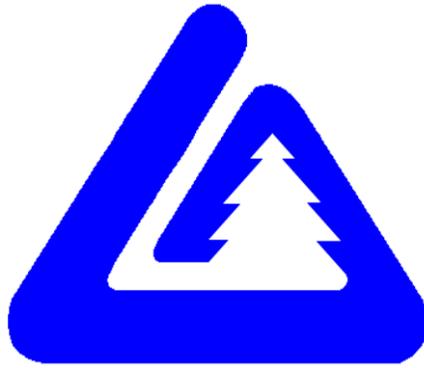
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

## **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.

## **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 the activities it performs.



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**CITY OF LAKEWOOD, COLORADO**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS<sup>(1)</sup>**  
*(Accrual basis of accounting)*

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities</b>										
Net investment in capital assets	\$ 167,689,001	\$ 325,726,727	\$ 335,683,929	\$ 343,557,286	\$ 355,370,344	\$ 374,822,394	\$ 377,969,428	\$ 381,609,040	\$ 384,728,358	\$ 389,207,761
Restricted	8,316,040	11,020,727	7,485,564	7,360,195	27,618,110	27,439,596	31,757,394	37,533,053	41,479,996	49,133,274
Unrestricted	28,477,880	38,581,052	47,539,872	50,470,895	34,969,687	37,949,511	38,708,259	39,259,813	39,214,362	37,736,590
Total governmental activities net position	\$ 204,482,921	\$ 375,328,506	\$ 390,709,365	\$ 401,388,376	\$ 417,958,141	\$ 440,211,501	\$ 448,435,081	\$ 458,401,906	\$ 465,422,716	\$ 476,077,625
<b>Business-type activities</b>										
Net investment in capital assets	\$ 22,989,467	\$ 21,945,137	\$ 22,923,935	\$ 22,289,522	\$ 22,207,556	\$ 21,604,850	\$ 21,221,070	\$ 21,462,965	\$ 22,356,764	\$ 21,781,809
Unrestricted	7,659,477	8,933,362	7,941,025	7,260,304	7,138,873	7,478,723	7,890,750	7,933,903	8,710,594	9,969,049
Total business-type activities net position	\$ 30,648,944	\$ 30,878,499	\$ 30,864,960	\$ 29,549,826	\$ 29,346,429	\$ 29,083,573	\$ 29,111,820	\$ 29,396,868	\$ 31,067,358	\$ 31,750,858
<b>Primary government</b>										
Net investment in capital assets	\$ 190,678,468	\$ 347,671,864	\$ 358,607,864	\$ 365,846,808	\$ 377,577,900	\$ 396,427,244	\$ 399,190,498	\$ 403,072,005	\$ 407,085,122	\$ 410,989,570
Restricted	8,316,040	11,020,727	7,485,564	7,360,195	27,618,110	27,439,596	31,757,394	37,533,053	41,479,996	49,133,274
Unrestricted	36,137,357	47,514,414	55,480,897	57,731,199	42,108,560	45,428,234	46,599,009	47,193,716	47,924,956	47,705,639
Total primary government net position	\$ 235,131,865	\$ 406,207,005	\$ 421,574,325	\$ 430,938,202	\$ 447,304,570	\$ 469,295,074	\$ 477,546,901	\$ 487,798,774	\$ 496,490,074	\$ 507,828,483

<sup>(1)</sup> Years prior to 2007 have not been restated to reflect adoption of Governmental Accounting Standards Statement 34 infrastructure.

<sup>(2)</sup> 2014 Government activities net position reflects a prior period adjustment of \$2,009,337 for the implementation of GASB 68 Accounting and Financial Reporting for Pensions

**CITY OF LAKEWOOD, COLORADO**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
*(Accrual basis of accounting)*

<b>Expenses</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Governmental activities:</b>				
General government	\$ 23,318,455	\$ 30,586,932	\$ 33,219,490	\$ 26,271,208
Public safety	39,260,678	44,782,919	43,292,095	47,399,393
Public works	15,763,085	13,974,839	12,564,574	16,469,884
Culture and recreation	14,972,489	17,147,447	17,075,010	18,568,035
Urban development and housing	2,718,091	9,373,994	14,062,779	12,222,887
Economic opportunity	1,952,093	1,974,192	1,788,320	2,030,004
Miscellaneous	--	--	--	--
Interest on long-term debt	2,753,239	3,186,882	3,263,809	3,148,917
<b>Total governmental activities expenses</b>	<b>100,738,130</b>	<b>121,027,205</b>	<b>125,266,077</b>	<b>126,110,328</b>
<b>Business-type activities:</b>				
Golf course	4,138,661	3,783,458	3,949,318	3,876,949
Sewer	2,980,535	2,981,580	3,184,497	3,484,607
Stormwater	1,762,925	1,776,798	1,865,588	1,934,566
Water	776,053	774,530	822,456	802,559
<b>Total business-type activities</b>	<b>9,658,174</b>	<b>9,316,366</b>	<b>9,821,859</b>	<b>10,098,681</b>
<b>Total primary government expenses</b>	<b>\$ 110,396,304</b>	<b>\$ 130,343,571</b>	<b>\$ 135,087,936</b>	<b>\$ 136,209,009</b>
<b>Program Revenues</b>				
<b>Governmental activities:</b>				
Charges for services:				
General government	\$ 5,962,221	\$ 7,402,054	\$ 9,829,152	\$ 8,421,072
Public safety	4,255,872	3,965,180	4,266,880	3,950,696
Public works	532,783	540,101	1,482,726	526,284
Culture and recreation	4,268,856	4,548,295	4,445,338	4,504,693
Urban development and housing	--	--	--	--
Economic opportunity	700,412	2,154,543	2,590,270	1,910,102
Operating grants and contributions	10,603,690	12,976,886	9,841,298	12,764,092
Capital grants and contributions	6,335,711	6,934,522	7,361,818	8,848,584
<b>Total governmental activities program revenues</b>	<b>32,659,545</b>	<b>38,521,581</b>	<b>39,817,482</b>	<b>40,925,523</b>
<b>Business-type activities:</b>				
Charges for services:				
Golf course	4,551,743	4,580,751	4,726,715	4,245,555
Sewer	2,281,430	2,243,071	2,261,692	2,193,322
Stormwater	2,493,070	2,349,510	2,487,637	2,284,152
Water	731,165	780,218	853,999	850,730
Operating grants and contributions	--	--	--	--
Capital grants and contributions	--	--	--	--
<b>Total business-type activities program revenues</b>	<b>10,057,408</b>	<b>9,953,550</b>	<b>10,330,043</b>	<b>9,573,759</b>
<b>Total primary government program revenues</b>	<b>\$ 42,716,953</b>	<b>\$ 48,475,131</b>	<b>\$ 50,147,525</b>	<b>\$ 50,499,282</b>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (68,078,585)	\$ (82,505,624)	\$ (85,448,595)	\$ (85,184,805)
Business-type activities	399,234	637,184	508,184	(524,922)
<b>Total primary government net expense</b>	<b>\$ (67,679,351)</b>	<b>\$ (81,868,440)</b>	<b>\$ (84,940,411)</b>	<b>\$ (85,709,727)</b>
<b>General Revenues and Other Changes in Net Position</b>				
<b>Governmental activities:</b>				
Taxes:				
Property	\$ 8,513,624	\$ 13,889,739	\$ 15,246,760	\$ 16,126,726
Sales and use	63,851,451	68,066,620	70,814,487	65,994,458
Franchise & other	8,890,830	9,106,031	9,741,759	9,217,521
Grants and contributions not restricted to specific program:	--	--	--	--
Investment earnings	1,607,617	2,608,891	2,993,259	1,801,742
Miscellaneous	1,169,982	1,129,371	103,468	1,645,640
Transfers	9,224	799,353	894,157	1,077,729
TABOR Refund	--	--	--	--
<b>Total governmental activities</b>	<b>84,042,728</b>	<b>95,600,005</b>	<b>99,793,890</b>	<b>95,863,816</b>
<b>Business-type activities:</b>				
Investment earnings	273,282	370,521	366,394	278,307
Miscellaneous	40,625	21,203	6,040	9,210
Transfers	(9,224)	(799,353)	(894,157)	(1,077,729)
<b>Total business-type activities</b>	<b>304,683</b>	<b>(407,629)</b>	<b>(521,723)</b>	<b>(790,212)</b>
<b>Total primary government</b>	<b>\$ 84,347,411</b>	<b>\$ 95,192,376</b>	<b>\$ 99,272,167</b>	<b>\$ 95,073,604</b>
<b>Change in Net Position</b>				
Governmental activities	\$ 15,964,143	\$ 13,094,381	\$ 14,345,295	\$ 10,679,011
Business-type activities	703,917	229,555	(13,539)	(1,315,134)
<b>Total primary government</b>	<b>\$ 16,668,060</b>	<b>\$ 13,323,936</b>	<b>\$ 14,331,756</b>	<b>\$ 9,363,877</b>

		Fiscal Year					
		2010	2011	2012	2013	2014	2015
\$	27,521,624	\$ 28,984,951	\$ 33,613,178	\$ 30,085,415	\$ 40,054,077	\$ 38,309,285	
	48,255,341	49,551,448	49,079,213	50,635,595	52,596,221	53,441,033	
	17,757,345	17,576,101	14,035,937	18,528,117	12,744,230	13,573,693	
	18,956,880	18,470,341	18,124,914	18,724,863	18,829,506	21,017,674	
	12,132,169	13,439,978	12,714,594	12,811,514	11,923,053	10,616,107	
	1,618,911	2,000,883	1,893,704	1,886,174	2,066,087	2,228,416	
	--	--	--	--	--	--	
	3,293,702	2,653,845	2,440,277	2,194,969	2,005,119	1,879,178	
	<u>129,535,972</u>	<u>132,677,547</u>	<u>131,901,817</u>	<u>134,866,647</u>	<u>140,218,293</u>	<u>141,065,386</u>	
	3,767,166	3,698,979	3,743,788	3,747,277	4,036,918	4,099,274	
	3,586,602	3,644,660	3,534,954	3,854,381	3,622,591	3,972,398	
	1,996,190	1,980,805	2,445,596	2,075,559	2,274,398	2,219,674	
	858,582	936,057	959,538	951,787	963,402	1,008,011	
	<u>10,208,540</u>	<u>10,260,501</u>	<u>10,683,876</u>	<u>10,629,004</u>	<u>10,897,309</u>	<u>11,299,357</u>	
\$	<u>139,744,512</u>	<u>142,938,048</u>	<u>142,585,693</u>	<u>145,495,651</u>	<u>151,115,602</u>	<u>152,364,743</u>	
\$	8,511,221	\$ 8,899,658	\$ 8,486,130	\$ 8,406,938	\$ 8,189,453	\$ 7,414,938	
	4,341,434	4,059,494	4,453,197	4,867,400	6,150,066	6,113,323	
	516,036	519,188	522,223	523,838	527,951	536,287	
	4,641,418	4,871,635	5,078,856	5,342,330	5,529,773	5,984,015	
	1,043,989	1,012,283	1,019,828	1,458,204	1,502,026	984,407	
	1,003,175	880,778	829,573	856,895	982,199	1,111,309	
	13,590,239	12,563,105	13,124,320	11,210,485	12,285,903	12,693,115	
	16,801,801	24,134,258	7,710,450	8,404,044	7,205,953	6,348,540	
	<u>50,449,313</u>	<u>56,940,399</u>	<u>41,224,577</u>	<u>41,070,134</u>	<u>42,373,324</u>	<u>41,185,934</u>	
	4,247,555	4,112,309	4,450,040	4,339,298	4,648,585	4,728,997	
	2,452,125	2,772,278	3,078,441	3,566,999	3,750,838	4,046,357	
	2,464,436	2,411,079	2,448,746	2,481,899	2,456,281	2,553,599	
	971,854	1,027,047	1,100,546	1,102,484	1,131,155	1,135,710	
	660,205	112,321	--	--	--	--	
	--	--	--	--	1,157,091	89,300	
	<u>10,796,175</u>	<u>10,435,034</u>	<u>11,077,773</u>	<u>11,490,680</u>	<u>13,143,950</u>	<u>12,553,963</u>	
\$	<u>61,245,488</u>	<u>67,375,433</u>	<u>52,302,350</u>	<u>52,560,814</u>	<u>55,517,274</u>	<u>53,739,897</u>	
\$	(79,086,659)	\$ (75,737,148)	\$ (90,677,240)	\$ (93,796,513)	\$ (97,844,969)	\$ (99,879,452)	
	587,635	174,533	393,897	861,676	2,246,641	1,254,606	
\$	<u>(78,499,024)</u>	<u>(75,562,615)</u>	<u>(90,283,343)</u>	<u>(92,934,837)</u>	<u>(95,598,328)</u>	<u>(98,624,846)</u>	
\$	16,254,126	\$ 15,767,447	\$ 14,825,086	\$ 15,516,166	\$ 15,715,606	\$ 15,413,513	
	66,963,692	69,498,098	72,476,177	77,387,186	83,208,721	87,251,437	
	9,498,254	10,131,203	9,644,791	10,293,898	10,749,372	10,228,753	
	373,052	552,273	364,123	357,990	349,592	343,229	
	1,321,255	1,233,115	819,405	456,169	1,114,230	1,007,841	
	179,566	199,804	94,693	274,809	260,786	148,591	
	1,066,479	608,568	676,545	754,485	676,928	676,647	
	--	--	--	(1,277,365)	(5,200,119)	(4,535,650)	
	<u>95,656,424</u>	<u>97,990,508</u>	<u>98,900,820</u>	<u>103,763,338</u>	<u>106,875,116</u>	<u>110,534,361</u>	
	214,837	136,869	99,831	84,841	81,317	98,058	
	60,610	34,310	211,064	93,016	19,460	7,483	
	(1,066,479)	(608,568)	(676,545)	(754,485)	(676,928)	(676,647)	
	<u>(791,032)</u>	<u>(437,389)</u>	<u>(365,650)</u>	<u>(576,628)</u>	<u>(576,151)</u>	<u>(571,106)</u>	
\$	<u>94,865,392</u>	<u>97,553,119</u>	<u>98,535,170</u>	<u>103,186,710</u>	<u>106,298,965</u>	<u>109,963,255</u>	
\$	16,569,765	\$ 22,253,360	\$ 8,223,580	\$ 9,966,825	\$ 9,030,147	\$ 10,654,909	
	(203,397)	(262,856)	28,247	285,048	1,670,490	683,500	
\$	<u>16,366,368</u>	<u>21,990,504</u>	<u>8,251,827</u>	<u>10,251,873</u>	<u>10,700,637</u>	<u>11,338,409</u>	

**CITY OF LAKEWOOD, COLORADO**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(Modified accrual basis of accounting)*

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Fund</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 130,771	\$ 131,934	\$ 132,870	\$ 128,247	\$ 132,354	\$ 196,504
Restricted <sup>(1)</sup>	2,548,668	2,500,552	2,613,670	2,438,682	2,909,251	2,947,096	2,758,085	2,858,903	4,222,206	4,353,215
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned <sup>(2)</sup>	15,819,913	19,084,119	21,685,744	22,258,568	25,708,340	28,457,402	30,569,397	32,363,563	35,598,763	37,423,037
<b>Total General Fund</b>	<b>18,368,581</b>	<b>21,584,671</b>	<b>24,299,414</b>	<b>24,697,250</b>	<b>28,748,362</b>	<b>31,536,432</b>	<b>33,460,352</b>	<b>35,350,713</b>	<b>39,953,323</b>	<b>41,972,756</b>
<b>All Other Governmental Funds</b>										
Nonspendable	-	-	-	-	37,930	43,167	92,926	40,865	34,536	29,640
Restricted <sup>(1)</sup>	5,925,465	8,683,517	5,061,448	5,100,815	24,708,859	24,492,500	28,999,309	34,674,150	37,257,790	44,780,059
Assigned	-	-	-	-	5,421,171	4,990,085	4,098,451	4,233,647	4,528,092	4,975,337
Unassigned <sup>(2)</sup>	12,036,364	17,423,836	21,208,235	24,455,813	(1,222,802)	(97,252)	--	(647,381)	(316,733)	(605,812)
<b>Total all other governmental funds</b>	<b>17,961,829</b>	<b>26,107,353</b>	<b>26,269,683</b>	<b>29,556,628</b>	<b>28,945,158</b>	<b>29,428,500</b>	<b>33,190,686</b>	<b>38,301,281</b>	<b>41,503,685</b>	<b>49,179,224</b>
<b>Total all governmental funds</b>	<b>\$ 36,330,410</b>	<b>\$ 47,692,024</b>	<b>\$ 50,569,097</b>	<b>\$ 54,253,878</b>	<b>\$ 57,693,520</b>	<b>\$ 60,964,932</b>	<b>\$ 66,651,038</b>	<b>\$ 73,651,994</b>	<b>\$ 81,457,008</b>	<b>\$ 91,151,980</b>

<sup>(1)</sup> For years prior to the implementation of Governmental Accounting Board Statement No. 54 in 2010, this portion of Fund Balance was classified as "Reserved"

<sup>(2)</sup> For years prior to the implementation of Governmental Accounting Board Statement No. 54 in 2010, this portion of Fund Balance was classified as "Unreserved"

**CITY OF LAKEWOOD, COLORADO**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

*(Modified accrual basis of accounting)*

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 81,255,905	\$ 91,062,390	\$ 95,803,007	\$ 91,338,705	\$ 92,716,072	\$ 95,396,748	\$ 96,946,054	\$ 102,303,258	\$ 109,666,669	\$ 112,889,810
Licenses and permits	2,220,599	1,997,828	2,254,964	3,520,572	2,928,913	2,739,114	2,730,120	2,983,251	3,963,589	3,770,885
Intergovernmental	17,227,647	19,708,679	18,874,989	19,822,060	24,440,825	24,253,693	21,581,104	18,394,300	20,421,087	19,803,064
Charges for services	10,991,242	12,393,014	14,151,198	12,101,845	13,291,495	13,790,489	13,931,232	14,545,071	14,679,323	14,331,781
Fines and forfeitures	1,443,905	1,469,790	1,491,636	1,483,425	1,434,598	1,520,956	1,421,983	1,279,097	1,451,120	1,599,055
Investment income	1,443,422	2,302,875	2,601,205	1,392,534	980,571	1,183,228	643,893	313,481	990,636	885,195
Other revenues	1,548,434	3,180,057	3,153,015	3,406,978	1,749,388	1,687,758	1,732,361	3,197,967	2,352,414	1,916,126
TABOR Refund	--	--	--	--	--	--	--	(1,277,365)	(5,200,119)	(4,535,650)
<b>Total revenues</b>	<b>116,131,154</b>	<b>132,114,633</b>	<b>138,330,014</b>	<b>133,066,119</b>	<b>137,541,862</b>	<b>140,571,986</b>	<b>138,986,747</b>	<b>141,739,060</b>	<b>148,324,719</b>	<b>150,660,266</b>
<b>Expenditures</b>										
General government	23,883,865	28,336,296	27,910,751	25,987,154	25,979,970	27,260,239	26,344,967	27,214,581	28,585,442	29,536,810
Public safety	38,529,408	40,582,675	42,858,952	44,754,419	46,265,464	46,813,867	46,978,050	48,328,891	50,594,496	51,622,011
Public works	15,409,340	11,694,463	7,049,390	7,827,009	8,432,446	8,429,542	7,734,198	7,939,452	8,495,828	8,672,155
Culture and recreation	16,265,033	16,426,816	15,257,748	16,169,447	16,193,360	16,001,967	16,611,826	16,360,324	17,188,004	17,983,812
Urban development and housing	1,501,979	9,808,700	2,644,392	2,504,282	1,807,275	1,693,439	2,231,645	2,336,376	2,265,819	2,057,475
Economic opportunity	1,952,093	1,974,192	1,788,320	2,030,664	1,940,597	1,954,508	1,845,956	1,841,430	2,021,343	2,189,740
Miscellaneous	--	--	--	--	--	--	--	--	--	--
Capital outlay	434,743	9,315,956	33,982,648	25,443,092	26,170,866	27,421,343	24,047,903	24,609,459	26,906,966	23,253,012
Debt service:										
Principal	4,800,346	4,010,753	4,658,032	4,968,944	5,460,559	5,700,059	5,753,704	4,685,816	4,142,565	4,446,045
Interest and fiscal charges	3,454,631	3,144,521	3,171,865	3,134,056	2,918,162	2,634,178	2,428,937	2,176,260	1,953,170	1,880,881
<b>Total expenditures</b>	<b>106,231,438</b>	<b>125,294,372</b>	<b>139,322,098</b>	<b>132,819,067</b>	<b>135,168,699</b>	<b>137,909,142</b>	<b>133,977,186</b>	<b>135,492,589</b>	<b>142,153,633</b>	<b>141,641,941</b>
Excess of revenues over (under) expenditures	9,899,716	6,820,261	(992,084)	247,052	2,373,163	2,662,844	5,009,561	6,246,471	6,171,086	9,018,325
<b>Other Financing Sources (Uses)</b>										
Proceeds from borrowing	--	3,742,000	2,975,000	6,130,000	--	--	--	--	--	--
Proceeds from refunding	54,649,623	--	--	--	--	--	--	--	--	--
Proceeds from capital lease	--	--	--	--	--	--	--	--	957,000	--
Payments to escrow agent	(53,880,056)	--	--	(3,770,000)	--	--	--	--	--	--
Operating transfers in	15,458,636	15,742,284	14,469,326	10,928,554	8,472,578	8,574,090	10,781,107	13,326,455	10,267,501	11,075,437
Operating transfers out	(15,949,412)	(14,942,931)	(13,575,169)	(9,850,825)	(7,406,099)	(7,965,522)	(10,104,562)	(12,571,970)	(9,590,573)	(10,398,790)
<b>Total other financing sources (uses)</b>	<b>278,791</b>	<b>4,541,353</b>	<b>3,869,157</b>	<b>3,437,729</b>	<b>1,066,479</b>	<b>608,568</b>	<b>676,545</b>	<b>754,485</b>	<b>1,633,928</b>	<b>676,647</b>
<b>Net change in fund balances</b>	<b>\$ 10,178,507</b>	<b>\$ 11,361,614</b>	<b>\$ 2,877,073</b>	<b>\$ 3,684,781</b>	<b>\$ 3,439,642</b>	<b>\$ 3,271,412</b>	<b>\$ 5,686,106</b>	<b>\$ 7,000,956</b>	<b>\$ 7,805,014</b>	<b>\$ 9,694,972</b>
Debt service as a percentage of noncapital expenditures	8.1%	6.1%	6.4%	6.6%	6.7%	6.5%	6.4%	5.4%	4.6%	4.8%

**CITY OF LAKEWOOD, COLORADO  
TAXABLE SALES BY CATEGORY  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Accommodation & Food Services	\$ 316,208,421	\$ 343,056,204	\$ 345,100,265	\$ 320,289,448	\$ 323,762,289	\$ 340,463,306	\$ 364,439,074	\$ 381,037,346	\$ 408,245,016	\$ 449,554,901
Ag. Forestry, Fishing, Hunting	43,527	43,555	23,839	117,048	62,337	74,539	46,562	93,382	366,409	451,474
Art, Entertainment, Recreation	25,830,808	24,461,703	26,979,696	26,708,686	25,395,341	25,246,985	25,898,217	27,101,908	24,825,731	32,528,279
Construction	6,132,539	7,698,792	8,287,469	9,541,011	10,296,417	9,073,635	9,314,144	11,315,064	16,011,073	17,482,459
Educational Services	1,549,550	1,613,269	1,815,890	1,547,490	1,387,456	1,296,435	1,181,081	985,425	1,011,783	1,129,499
Finance and Insurance	3,484,009	4,016,957	3,244,055	3,009,452	2,486,313	2,423,563	4,035,689	7,014,801	8,493,511	10,039,666
Health Care, Social Assistance	3,041,328	2,002,124	2,979,213	2,599,499	3,035,827	3,665,007	4,081,882	3,123,409	4,950,405	5,288,410
Information	139,327,593	151,806,729	156,344,604	162,143,261	165,939,044	163,375,015	173,416,615	180,179,637	191,725,253	163,724,094
Manufacturing	24,759,990	22,798,003	22,806,330	21,350,766	24,391,638	24,118,142	25,453,139	27,018,793	33,858,565	32,904,890
Mgmt of Companies, Enterprises	587,272	660,767	2,070	22,001	38,922	122,769	1,970	585	550,531	1,295
Mining	248,613	314,864	510,219	316,181	383,415	320,482	258,177	205,050	236,226	166,562
Miscellaneous/Random Filers	2,429,417	2,090,361	2,242,544	2,834,053	1,424,547	3,697,594	1,845,694	1,156,862	16,765	--
Other Services	37,476,920	39,942,343	38,656,964	40,476,981	44,779,044	46,330,263	53,935,536	62,713,986	79,363,921	56,544,781
Prof, Scientific, Tech Svcs	8,604,767	10,525,117	7,850,444	7,655,528	8,488,654	8,835,276	10,586,606	11,243,515	17,033,686	15,051,591
Public Administration	158,118	146,049	155,475	153,217	161,980	185,719	148,100	112,297	101,359	260,699
Real Estate, Rental, Leasing	50,628,421	49,328,321	49,161,961	43,606,095	39,521,475	39,724,566	38,661,926	41,004,757	39,806,823	50,043,806
Retail Trade	1,360,804,001	1,432,258,374	1,371,500,627	1,075,287,861	1,104,655,929	1,165,383,682	1,221,944,170	1,286,882,574	1,339,502,528	1,470,089,651
Transportation & Warehousing	673,859	753,317	700,737	589,948	533,707	520,013	543,240	1,116,069	5,542,408	2,149,265
Utilities	134,013,746	132,876,970	155,090,726	134,905,580	148,519,760	148,584,305	140,996,599	152,930,446	154,914,127	147,677,320
Waste Mgmt & Remediation Svcs	8,634,578	9,374,884	9,280,213	8,489,981	8,042,171	9,344,269	7,918,685	8,269,879	9,186,620	11,316,000
Wholesale Trade	32,092,010	32,419,176	34,007,632	37,721,541	35,642,067	36,703,429	45,747,674	51,071,736	65,041,856	70,061,942
<b>Total all categories</b>	<b>\$ 2,156,729,487</b>	<b>\$ 2,268,187,879</b>	<b>\$ 2,236,740,973</b>	<b>\$ 1,899,365,628</b>	<b>\$ 1,948,948,333</b>	<b>\$ 2,029,488,994</b>	<b>\$ 2,130,454,780</b>	<b>\$ 2,254,577,521</b>	<b>\$ 2,400,784,596</b>	<b>\$ 2,536,466,584</b>
City direct sales tax rate <sup>(1)</sup>	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

<sup>(1)</sup> The City's sales tax rate may be increased only by a majority vote of the City's residents. Effective January 1, 2006, the sales tax rate was increased from 2% to 3% direct rate for specific areas within the City. Currently excludes the Belmar area (1%).

Source: City of Lakewood's Revenue System

**CITY OF LAKEWOOD, COLORADO**  
**DIRECT AND OVERLAPPING GENERAL SALES AND USE TAX RATES**  
**LAST TEN FISCAL YEARS**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
City direct rate <sup>(1)</sup>	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Overlapping rates:										
State of Colorado	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%
Jefferson County	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
SE Jefferson County Road Improvement District <sup>(2)</sup>	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
Football Stadium District	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.00%	0.00%	0.00%	0.00%
Scientific & Cultural Facilities District	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Regional Transportation District	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

<sup>(1)</sup> Effective September 1, 2003, one-half of the City's then 2% sales tax was waived in the Belmar area. The City's sales tax rate may be increased only by a majority vote. Effective January 1, 2006, the sales tax rate was increased from 2% to 3% direct rate for specific areas within the City. From 2006 to present, excludes the Belmar area (1%). From 2006 through 2008, excluded areas of Colorado Mills (2%) and Creekside (2%). Effective January 1, 2009, Colorado Mills and Creekside were changed to 3%.

<sup>(2)</sup> This tax is applicable only to businesses located in the Marston Park and Belleview Shores shopping centers in southern Lakewood.

**CITY OF LAKEWOOD, COLORADO**  
**PRINCIPAL SALES/USE TAXPAYERS, BY CATEGORY**  
**CURRENT YEAR AND NINE YEARS AGO**

Category of Taxpayer <sup>(1)</sup>	2015			2006		
	Sales/Use Taxes Remitted	Rank	Percentage of Total City Sales/Use Tax Revenues	Sales/Use Taxes Remitted	Rank	Percentage of Total City Sales/Use Tax Revenues
Utility	\$ 4,454,175	1	5.80%	\$ 4,051,514	1	6.04%
Clothing, gifts, jewelry	2,791,070	2	3.64%	2,389,836	2	3.57%
Building materials	2,104,124	3	2.74%	939,996	5	1.40%
Computers and software	1,918,955	4	2.50%	939,606	6	1.40%
Utility	1,743,691	5	2.27%	1,004,601	4	1.50%
Clothing, gifts, jewelry	1,618,871	6	2.11%	1,207,829	3	1.80%
Grocery store	1,332,603	7	1.74%			
Building materials	1,264,601	8	1.65%	931,313	7	1.39%
Cellular/wireless	790,066	9	1.03%			
Clothing, gifts, jewelry	685,385	10	0.89%			
Utility				883,008	8	1.32%
Computers and software				755,564	9	1.13%
Grocery store				681,562	10	1.02%

<sup>(1)</sup> The City is legally prohibited from disclosing sales and use tax information for individual taxpayers. Therefore, the principal sales/use taxpayers have been identified by category to assist users in understanding the degree to which the City's primary source of revenue is concentrated.

Source: City of Lakewood's Revenue System

**CITY OF LAKEWOOD, COLORADO**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
*(In thousands of dollars)*

Fiscal Year	Taxable Real and Personal Property <sup>(1) (2)</sup>					Vacant Land	Other Property <sup>(3)</sup>	Total Taxable Assessed Value	Total Direct Tax Rate	Assessment Rates		Estimated Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Industrial Property	Residential Property	Other Property					Residential	Other <sup>(4)</sup>		
2006	\$ 899,439,850	\$ 663,343,010	\$ 35,483,170	\$ 32,953,220	\$ 65,276,370	7.96%	29.00%	\$ 1,696,495,620	4.711	7.96%	29.00%	\$ 14,047,963,775	12.08%
2007	905,503,120	663,132,320	34,845,570	29,988,190	61,220,620	7.96%	29.00%	1,694,689,820	4.711	7.96%	29.00%	14,097,000,785	12.02%
2008	949,882,820	708,202,110	42,549,260	41,385,890	66,486,370	7.96%	29.00%	1,808,506,450	4.711	7.96%	29.00%	14,893,972,394	12.14%
2009	959,317,300	709,262,060	41,669,900	42,478,050	66,981,210	7.96%	29.00%	1,819,708,520	4.711	7.96%	29.00%	15,018,591,150	12.12%
2010	942,716,810	736,784,840	41,720,120	36,304,950	65,356,390	7.96%	29.00%	1,822,883,110	4.711	7.96%	29.00%	14,878,232,212	12.25%
2011	943,892,270	706,260,650	42,205,720	35,813,160	63,982,280	7.96%	29.00%	1,792,154,080	4.711	7.96%	29.00%	14,782,983,815	12.12%
2012	900,361,551	662,238,324	40,399,818	34,173,828	67,396,234	7.96%	29.00%	1,701,819,508	4.711	7.96%	29.00%	14,084,206,499	12.08%
2013	924,221,737	668,484,522	38,940,473	34,295,409	64,481,737	7.96%	29.00%	1,730,423,878	4.711	7.96%	29.00%	14,390,833,224	12.02%
2014	932,635,730	665,338,880	54,799,706	26,784,847	65,785,239	7.96%	29.00%	1,745,344,402	4.711	7.96%	29.00%	14,518,972,968	12.02%
2015	1,161,769,824	700,450,293	41,677,085	37,091,662	66,145,873	7.96%	29.00%	2,007,134,737	2.031	7.96%	29.00%	17,510,149,716	11.46%

(1) Property in Jefferson County is reassessed every two years (odd numbered year) and is based on the market value calculated as of January 1 of the preceding year.

(2) Jefferson County combines real and personal property values and does not provide information regarding tax exempt property by category.

(3) "Other Property" includes natural resources, agricultural and state-assessed properties.

(4) All property except residential is assessed at 29% of the estimated actual value. The residential assessment rate is established by the State Legislature every two years in order to maintain the tax burden balance between residential property and all other property, in accordance with the State Constitution, and its Gallagher Amendment.

Source: Jefferson County Assessor's Office

**CITY OF LAKEWOOD, COLORADO**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**  
*(Rate per \$1,000 of Assessed Value)*

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>CITY DIRECT RATE:</b>										
Property Tax Operating Mill Levy	4.711	4.711	4.711	4.711	4.711	4.711	4.711	4.711	4.711	2.031
<b>OVERLAPPING RATES:<sup>(1)</sup></b>										
Jefferson County	24.346	24.346	24.346	24.346	24.346	24.346	24.346	25.846	25.846	24.212
School District R-1	49.053	49.028	48.118	48.284	48.145	48.210	50.616	50.369	50.165	47.487
Alameda Corridor Business Improvement Dist.	5.720	5.720	5.720	5.720	5.720	5.720	5.720	5.720	5.720	5.720
Alameda Water & Sanitation District	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000
Bancroft-Clover Water & Sanitation District	1.662	1.746	1.746	1.746	1.746	1.746	1.746	1.746	1.746	1.628
Bear Creek Water & Sanitation District	4.542	4.600	4.509	4.471	4.535	4.416	4.425	4.420	4.425	3.820
Bennett Bear Creek Farms Water & San. Dist.	2.647	2.647	2.504	2.504	2.468	2.468	2.468	2.468	2.468	1.884
Bonvue Water & Sanitation District	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Bowles Metro District	40.000	40.000	40.000	40.000	40.000	40.000	42.000	42.000	42.000	42.000
Daniels Sanitation District	0.542	0.531	0.495	0.495	0.468	0.465	0.465	0.462	0.390	0.390
Denver West Metro District	35.000	35.000	35.000	35.000	36.000	35.000	35.000	35.000	35.000	35.000
Denver West Metro District Ex. 04	13.922	13.094	13.233	12.844	13.129	9.512	20.142	23.945	26.395	25.056
Denver West Metro District Ex. 98	13.922	13.094	13.233	12.844	13.129	9.512	7.562	12.091	14.620	13.866
East Jefferson County Sanitation District	1.223	1.223	1.167	1.167	1.167	1.141	1.141	1.115	1.115	0.914
East Lakewood Sanitation District	4.450	4.570	4.840	4.833	4.813	4.840	4.840	4.840	4.840	4.101
Foothills Rec & Park Sub A	7.912	7.878	7.650	7.636	7.579	7.464	7.527	7.559	7.551	7.237
Fossil Ridge Metro District No. 1	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Fossil Ridge Metro District No. 2	0.000	0.000	30.000	30.000	30.000	30.000	30.000	30.000	38.500	40.000
Fossil Ridge Metro District No. 3	0.000	0.000	30.000	30.000	30.000	30.000	30.000	30.000	40.000	40.000
Grant Water & Sanitation District	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Green Mountain Water & Sanitation District	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
High View Water District	0.227	0.213	0.210	0.210	0.198	0.189	0.189	0.183	0.183	0.158
Indiana Valley Metro District	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Lakehurst Water & Sanitation District	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Lena Gulch Metro District	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Littleton Fire District	7.678	7.678	7.678	7.678	7.678	7.678	7.678	7.678	7.678	7.678
Lochmoor Water & Sanitation District	13.193	13.193	13.193	13.193	13.193	13.193	13.193	13.193	13.193	11.475
Mt. Carbon Metro District	37.000	37.000	37.000	37.000	37.000	37.000	37.000	37.000	37.000	37.000
Mt. Carbon Metro District Ex. 07	0.000	0.000	20.000	20.000	20.000	20.000	20.000	20.000	20.000	20.000
Mt. Carbon Metro District Ex. 08	0.000	0.000	0.000	20.000	20.000	20.000	20.000	20.000	20.000	20.000
Northwest Lakewood Sanitation District	7.696	7.696	7.738	7.802	7.525	7.747	7.571	7.285	7.703	6.878
Plaza Metro District No. 1	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Plaza Metro District No. 2	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000
Plaza Metro District No. 3	20.000	20.000	20.000	20.000	20.000	20.000	20.000	20.000	22.990	22.990
Pleasant View Metro District	4.516	4.984	4.984	7.000	7.000	7.000	7.000	7.000	7.000	7.000
Pleasant View Water & Sanitation District	0.552	0.552	0.552	0.552	0.552	0.552	0.552	0.552	0.552	0.552
Prospect Recreation & Park District	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	4.000
Regional Transportation District	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Section 14 Metro District	26.720	26.720	23.717	23.476	21.043	21.460	23.290	23.356	23.422	23.290
Section 14 Metro District Ex. 04	11.232	10.246	9.709	9.684	17.564	17.666	16.798	18.961	19.088	18.180
South Sheridan W & S	7.896	7.896	7.896	7.896	7.896	7.896	7.896	7.896	7.896	7.896
SW Sub Denver W & S	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Urban Drainage & Flood	0.597	0.542	0.507	0.528	0.508	0.523	0.599	0.608	0.632	0.553
Urban Drainage & Flood Control South Platte	0.065	0.066	0.061	0.063	0.061	0.053	0.058	0.064	0.068	0.058
Vance Street Metro District 1	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Vance Street Metro District 2	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
West Metro Fire Protection District	11.458	13.588	13.702	13.737	13.662	13.784	13.739	13.632	13.595	13.550
Wheat Ridge Fire District	4.400	4.400	4.400	4.400	4.257	7.500	7.500	7.500	12.586	12.527
Wheat Ridge Sanitation District	0.583	0.583	0.560	0.550	0.546	0.546	0.546	0.537	0.537	0.468

**Note:** The City's property tax rate may be increased only by a majority vote of the City's residents. The rate applies to the following year's payments. For example, the 2015 rate above applies to the property taxes levied in 2015 but paid in 2016. For 2015, the City has temporarily reduced its mill levy in order to refund revenues that are limited by the State Constitution.

<sup>(1)</sup> Overlapping rates are those of local and county governments that apply to property owners within the City of Lakewood. Not all overlapping rates apply to all Lakewood property owners; for example, although the county property tax rates apply to all Lakewood property owners, the Alameda Water and Sanitation District rates apply only to those Lakewood property owners whose property is located within that district's geographic boundaries.

**CITY OF LAKEWOOD, COLORADO  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2015			2006		
	Taxable Assessed	Rank	Percentage of Total City Assessed	Taxable Assessed	Rank	Percentage of Total City Assessed
	Value		Value	Value		Value
Public Service Co of Colorado	\$ 32,044,230	1	1.84%	\$ 24,885,530	2	1.47%
Colorado Mills Mall Limited Partnership	31,320,000	2	1.79%	45,675,600	1	2.69%
Belmar Commercial Owner LP <sup>(1)</sup>	29,048,931	3	1.66%	18,319,270	4	1.08%
Qwest Corp.	24,514,800	4	1.40%	21,119,300	3	1.24%
Terumo BCT Inc <sup>(2)</sup>	15,621,459	5	0.90%	11,460,360	8	0.68%
Lakewood City Commons LP	11,738,910	6	0.67%	12,305,290	7	0.73%
Denver West Village LP <sup>(3)</sup>	10,246,396	7	0.59%	12,587,340	6	0.74%
The Section 14 Development Company	10,163,369	8	0.58%	10,858,380	9	0.64%
Lakewood MOB LLC	9,077,870	9	0.52%			
USGP II Lakewood DOT LP	8,049,240	10	0.46%			
KN Interstate Gas Transmission Co.				14,809,800	5	0.87%
Belmar I, LLC <sup>(1)</sup>				9,338,140	10	0.55%

<sup>(1)</sup> Belmar Commercial Owner LP formerly Belmar Mainstreet Holdings I LLC, formerly Belmar I, LLC

<sup>(2)</sup> Terumo BCT Inc formerly Gambro Inc

<sup>(3)</sup> Denver West Village LP formerly Denver West Mills LP formerly DW Village, LLC

Source: Jefferson County Assessor's Office

**CITY OF LAKEWOOD, COLORADO  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Levy Year	Year Collected	Taxes Levied for Collection (from abstract)	Amount Collected by the City	Percentage of Levy
2005	2006	\$ 7,801,346	\$ 7,635,192	97.87%
2006	2007	7,752,755	7,631,817	98.44%
2007	2008	8,240,546	8,104,568	98.35%
2008	2009	8,248,260	8,017,422	97.20%
2009	2010	8,260,372	8,039,443	97.33%
2010	2011	8,128,249	7,986,944	98.26%
2011	2012	7,739,528	7,573,830	97.86%
2012	2013	7,713,072	7,601,278	98.55%
2013	2014	7,852,912	7,715,595	98.25%
2014	2015	7,933,999	7,737,330	97.52%

**Note:** Includes City of Lakewood property taxes only. Jefferson County is the collection agent for the City of Lakewood and does not provide data indicating to which levy year delinquent tax collections relate. Since the tax collection data isn't provided and is not under the control of the City, statistical information can not be provided regarding collections in subsequent years and total collections to date. Typically less than 3% of the total taxes levied each year are delinquent and delinquent taxes collected each year are less than 1/2%.

**CITY OF LAKEWOOD, COLORADO**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
*(In thousands of dollars)*

Fiscal Year	Governmental Activities					Business Activities		Total Primary Government Debt	Debt as a Percentage of Personal Income <sup>(1)</sup>	Debt Per Capita <sup>(1)</sup>
	Sales and Use Tax Revenue Bonds	Certificates of Participation	Capital Leases	Grant/Program Revenue Notes	Governmental Activities Debt	Capital Leases				
2006	\$ 7,055,000	\$ 62,278,981	\$ 2,196,029	\$ -	\$ 71,530,010	\$ -	\$ -	\$ 71,530,010	1.91%	\$ 506
2007	6,005,000	59,583,339	1,800,276	3,742,000	71,130,615	-	-	71,130,615	1.82%	501
2008	4,910,000	56,332,697	1,555,244	6,519,000	69,316,941	-	-	69,316,941	1.71%	485
2009	3,800,000	52,822,055	3,678,543	6,276,757	66,577,355	213,271	-	66,790,626	1.70%	463
2010	2,565,000	49,166,413	3,418,711	5,836,030	60,986,154	167,744	-	61,153,898	1.51%	427
2011	1,300,000	45,275,771	3,107,563	5,472,119	55,155,453	119,191	-	55,274,644	1.32%	383
2012	-	41,220,129	2,905,926	5,145,052	49,271,107	67,413	-	49,338,520	1.17%	339
2013	-	36,999,487	2,689,857	4,765,305	44,454,649	-	-	44,454,649	0.98%	302
2014	-	33,323,846	3,415,224	4,399,373	41,138,443	-	-	41,138,443	0.86%	275
2015	-	29,493,205	3,089,320	3,979,232	36,561,757	-	-	36,561,757	0.74%	241

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

<sup>(1)</sup> See Schedule 16 for personal income and population data.

**CITY OF LAKEWOOD, COLORADO**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT MARGIN**  
**LAST TEN FISCAL YEARS**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General bonded debt outstanding:										
General obligation bonds <sup>(1)</sup>	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Percentage of estimated actual property value <sup>(2)</sup>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Per capita <sup>(3)</sup>	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Legal debt limit <sup>(4)</sup>	\$ 421,438,913	\$ 422,910,024	\$ 446,819,172	\$ 450,557,735	\$ 446,346,966	\$ 443,489,514	\$ 422,526,195	\$ 431,724,997	\$ 435,569,189	\$ 525,304,491
Legal debt margin <sup>(5)</sup>	\$ 421,438,913	\$ 422,910,024	\$ 446,819,172	\$ 450,557,735	\$ 446,346,966	\$ 443,489,514	\$ 422,526,195	\$ 431,724,997	\$ 435,569,189	\$ 525,304,491
Legal debt margin as a percentage of the debt limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

<sup>(1)</sup> No amounts have been restricted to the repayment of the principal of these general obligation bonds.

<sup>(2)</sup> Property value data can be found in Schedule 8, Assessed Value and Actual Value of Taxable Property.

<sup>(3)</sup> Population data can be found in Schedule 16, Economic and Demographic Indicators.

<sup>(4)</sup> State statutes limit the City's outstanding general debt to no more than 3% of the estimated actual property value.

<sup>(5)</sup> The legal debt margin is the City's available borrowing authority under state statutes and is calculated by subtracting the net debt applicable to the legal debt limit (general obligation debt) from the legal debt limit.

**CITY OF LAKEWOOD, COLORADO**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF DECEMBER 31, 2015**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Debt repaid with property taxes:</b>			
Bowles Metropolitan District	\$ 21,595,000	42.26%	\$ 9,126,047
Denver West Metropolitan District	51,274,692	83.58%	42,855,388
Denver West Metropolitan District EX 14	460,487	100.00%	460,487
Denver West Metropolitan District EX 98	663,958	0.01%	66
Denver West Promenade Metro	3,620,000	100.00%	3,620,000
Foothills Recreation & Park District	9,260,400	1.61%	149,092
Fossil Ridge Metropolitan Districts 1	8,290,000	100.00%	8,290,000
Fossil Ridge Metropolitan Districts 3	8,715,000	100.00%	8,715,000
Jefferson County R-1 School District	417,340,000	24.54%	102,415,236
Mount Carbon Metropolitan District	16,000,000	100.00%	16,000,000
Section 14 Metropolitan District	3,655,000	32.02%	1,170,331
West Colfax Avenue Corridor Reinvestment Authority (LRA)	2,102,232	100.00%	2,102,232
West Metro Fire Protection District	30,805,000	62.89%	19,373,265
<b>Other debt:</b>			
Denver West Metropolitan District EX 04	1,145,863	87.31%	1,000,453
Foothills Recreation & Park District Sub A	20,857,911	1.61%	335,812
Fossil Ridge Metropolitan Districts 1	55,125,434	100.00%	55,125,434
Indiana Valley Metro Dist	42,100,000	100.00%	42,100,000
Jefferson County	148,459,118	24.54%	36,431,868
Jefferson County School District R-1	28,100,000	24.54%	6,895,740
Lakewood West Colfax Business Improvement District	12,000	100.00%	12,000
Plaza Metropolitan Districts 1, 2, and 3	87,321,278	100.00%	87,321,278
Pleasant View Metropolitan District	134,988	59.85%	80,790
Pleasant View Water & Sanitation District	940,000	56.25%	528,750
South Sheridan Water, Sanitary Sewer and Storm Drainage District	3,742,194	99.55%	3,725,354
Wheat Ridge Fire Protection District	1,613,088	7.45%	120,175
Subtotal, overlapping debt	963,333,643		447,954,798
City direct debt	36,561,757	100.00%	36,561,757
<b>Total direct and overlapping debt</b>	<b>\$ 999,895,400</b>		<b>\$ 484,516,555</b>

**Note:** Overlapping governments are those that impose property taxes that coincide, at least in part, with geographic boundaries of the City of Lakewood (the City). This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City. The estimated percentage applicable is calculated using an estimated assessed value located within the City divided by the total Assessed Valuation of each area as provided by Jefferson County. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account.

Sources: Outstanding debt provided by each governmental unit.

**CITY OF LAKEWOOD, COLORADO  
 PLEDGED-REVENUE COVERAGE  
 LAST TEN FISCAL YEARS**

Lakewood Reinvestment Authority (LRA)					
LRA Station Betterments Loan					
Fiscal Year	LRA Property Tax		Debt Service		Coverage
	Revenues	Principal <sup>(1)</sup>	Interest		
2010	\$ 408,069	\$ 72,729	\$ 177,805		1.63
2011	298,136	85,911	164,050		1.19
2012	296,813	70,510	169,661		1.24
2013	396,576	88,079	124,769		1.86
2014	398,791	95,390	117,458		1.87
2015	240,726	101,141	111,707		1.13

<sup>(1)</sup> The principal payments above are the required payments per year. However, the City chose to make additional payments as outlined below:

2010	\$ 150,000
2011	50,000
2012	18,557
2013	43,668
2014	12,542
2015	50,000

**CITY OF LAKEWOOD, COLORADO**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Population <sup>(1)</sup>	Personal Income <sup>(2)</sup>	Per Capita Personal Income <sup>(2)</sup>	Median Age <sup>(3)</sup>	Education Level in Years of Schooling <sup>(4)</sup>	K-12 School Enrollment <sup>(5)</sup>	Unemployment Rate (%) <sup>(6)</sup>
2006	141,378	\$ 3,737,610,186	\$ 26,437	38	13.8	20,558	4.5
2007	141,919	3,901,495,229	27,491	40	13.6	20,759	4.0
2008	143,055	4,045,881,510	28,282	39	13.8	20,406	5.2
2009	144,116	3,927,161,000	27,250	40	14.0	21,229	7.6
2010	143,193	4,039,617,723	28,211	40	13.8	21,191	8.4
2011	144,269	4,192,168,602	29,058	39	13.9	21,170	8.7
2012	145,551	4,226,073,285	29,035	39	14.0	20,812	7.9
2013	147,029	4,516,730,880	30,720	39	14.0	21,266	6.7
2014	149,666	4,806,972,588	32,118	39	14.0	21,083	5.1
2015	151,428	4,958,661,288	32,746	38	14.0	20,944	3.9

<sup>(1)</sup> Source: Colorado Department of Local Government, State Demography Office - latest fiscal year is always an estimate

<sup>(2)</sup> Source: Lakewood Finance Department estimate using data from the U.S. Census Bureau and Bureau of Economic Analysis

<sup>(3)</sup> Source: U.S. Census Bureau, American Fact Finder, American Community Survey 2010-2014

<sup>(4)</sup> Source: Lakewood Finance Department estimate using data from the U.S. Census Bureau, American Community Survey 2010-2014

<sup>(5)</sup> Source: Colorado Department of Education

<sup>(6)</sup> Source: U.S. Department of Labor, Bureau of Labor Statistics

**CITY OF LAKEWOOD, COLORADO  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Denver Federal Center	8,000	1	9.83%	6,200	2	8.73%
Jefferson County R-1 School District	3,340	2	4.10%	11,000	1	15.48%
St. Anthony Medical Campus	2,800	3	3.44%			
Terumo BCT (formerly Gambro)	2,301	4	2.83%	1,500	3	2.11%
First Bank	1,074	5	1.32%	642	6	0.90%
Home Advisor	1,000	6	1.23%			
State of Colorado (various departments)	915	7	1.12%			
City of Lakewood	899	8	1.10%	880	4	1.24%
The Integer Group	510	9	0.63%	500	8	0.70%
Developmentally Disabled Resource Center	500	10	0.61%			
Colorado Christian University				750	5	1.06%
Qwest				500	7	0.70%
AON Innovative Solutions				450	9	0.63%
Veteran's Affairs				400	10	0.56%

Source: City of Lakewood Economic Development Division

**CITY OF LAKEWOOD, COLORADO  
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY DEPARTMENT  
LAST TEN FISCAL YEARS**

Department	December 31, 2006	December 31, 2007	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015
Mayor and City Council	--	0.05	1.00	1.00	0.54	--	--	--	--	--
City Manager's Office <sup>(1)</sup>	14.63	18.07	17.80	16.64	15.85	16.37	15.65	19.12	18.46	17.68
City Attorney's Office	11.48	11.18	10.87	10.80	10.56	10.70	10.75	10.80	10.07	10.68
City Clerk's Office	6.58	7.56	7.73	7.74	7.68	8.73	7.78	8.91	8.99	8.11
Lakewood Reinvestment Authority	0.99	0.77	1.25	1.28	0.94	1.07	1.13	1.13	1.13	0.43
Community Resources <sup>(1)</sup>	164.00	175.68	179.06	180.58	175.36	174.48	170.99	167.44	192.58	191.87
Employee Relations	11.95	12.59	12.76	13.74	13.49	13.67	13.71	13.29	14.36	13.29
Finance	29.03	30.53	32.74	34.00	32.73	29.57	27.87	28.74	32.09	32.75
Information Technology	18.29	19.14	25.82	27.04	27.17	26.60	26.09	25.52	26.25	27.37
Municipal Court	27.48	28.49	27.56	27.91	26.98	26.38	29.81	30.00	30.27	30.57
Planning	14.79	16.20	13.00	13.00	12.67	14.15	14.79	15.44	15.91	16.99
Police <sup>(1)</sup>	379.70	402.88	428.45	420.25	412.59	411.11	390.93	403.87	409.38	406.10
Public Works	115.03	115.87	117.33	115.12	112.34	112.24	113.87	110.96	113.40	113.23
<b>Total</b>	<b>793.95</b>	<b>839.01</b>	<b>875.37</b>	<b>869.10</b>	<b>848.90</b>	<b>845.07</b>	<b>823.37</b>	<b>835.22</b>	<b>872.89</b>	<b>869.07</b>

<sup>(1)</sup> Numbers have been restated due to reorganization completed in 2009.

**CITY OF LAKEWOOD, COLORADO**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	December 31, 2006	December 31, 2007	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015
Building Department										
Permits <sup>(1)</sup> issued:										
Building	1,360	1,253	1,178	1,155	1,447	1,434	1,610	1,915	2,175	2,322
Other (electrical, plumbing, (mechanical, sign, miscellaneous)	6,669	6,032	5,907	17,270	10,687	10,914	7,943	7,141	9,131	9,621
Municipal Court										
Cases received	19,910	20,554	20,902	19,159	19,336	20,780	17,849	18,228	19,519	19,811
Public Safety										
Physical arrests	6,798	7,092	6,782	5,979	5,738	5,557	5,129	5,262	5,625	5,560
Parking violations	2,817	3,033	2,077	2,295	2,297	1,952	1,916	2,260	2,093	2,942
Traffic violations	21,068	22,364	23,301	19,163	18,288	19,797	15,805	16,446	14,382	12,882
Public Works										
Highways and Streets										
Street resurfacing (miles)	68.75	27.82	24.43	30.70	43.00	47.00	46.00	54.60	55.04	62.30
Potholes repaired	1,200-1,500	1,000-1,200	1,000-1,200	1,000-1,200	800-1,000	800-1,000	800-1,000	800-1,000	900-1,000	1,800-2,000
Water										
New connections	8	3	0	0	0	1	0	8	0	25
Average daily consumption (gallons)	683,419	664,030	635,474	578,203	610,989	585,800	586,795	547,351	540,556	534,833
Sewer										
New connections	13	9	2	2	6	4	5	12	13	10
Average daily treatment (gallons)	2,898,082	3,410,904	3,097,479	3,466,110	3,188,329	2,827,589	2,496,685	2,536,493	2,691,397	3,094,274
Culture and Recreation										
Rounds of golf (two courses)	110,369	107,654	104,256	96,971	96,533	93,157	102,126	98,205	102,553	103,979
Cultural admissions (paid and unpaid)	110,805	129,551	124,860	124,752	127,888	138,587	130,716	139,655	171,093	176,793

**Note:** Indicators are not available for the general government function except as indicated above for the Building Department and Municipal Court.

<sup>(1)</sup> The increase in permits for 2009 through 2011 was due to a large number of re-roofing and re-siding permits after major hailstorms in 2009 and 2010.

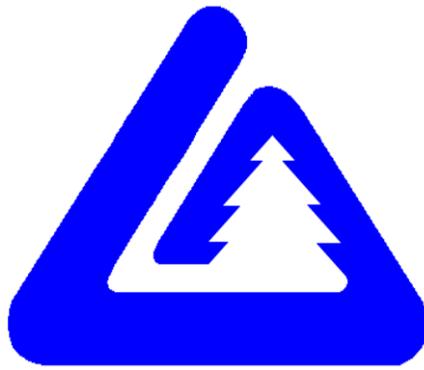
Source: City of Lakewood Public Works Department, Municipal Court, Police Department, and Community Resources Department

**CITY OF LAKEWOOD, COLORADO  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program	December 31, 2006	December 31, 2007	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015
General Government										
Area (square miles)	44.933	44.022	44.022	44.022	44.022	44.022	44.022	44.210	44.210	44.210
Public Safety										
Number of police stations	2	2	2	2	2	2	2	2	2	2
Public Works										
Highways and Streets										
Streets (miles)	533	546	546	547	547	540	542	543	543	543
Streetlights	7,861	7,859	7,865	7,901	7,899	7,869	7,827	7,823	7,812	7,868
Traffic signals	193	193	195	196	199	199	200	200	201	201
Water										
Number of taps	725	728	728	730	730	731	731	739	739	764
Water mains (miles)	14	14	14	14	14	14	14	14	14	23
Sewer										
Number of taps	6,702	6,711	6,713	6,850	6,864	6,868	6,873	6,870	6,890	6,900
Sewer mains (miles)	106	106	106	106	106	106	106	106	106	133
Stormwater										
Stormwater mains (miles)	226	227	228	228	228	228	228	228	228	325
Culture and Recreation										
Number of parks	99	98	99	99	99	98	99	99	99	99
Park acreage	7,136	7,127	7,146	7,146	7,162	7,152	7,163	7,163	7,163	7,163
Playgrounds	46	46	46	46	53	53	57	58	58	58
Athletic fields <sup>(1)</sup>	56	56	56	57	57	57	57	56	56	56
Tennis courts	39	39	39	39	37	36	36	34	34	34
Basketball courts (outdoor)	17	17	17	18	17	21	21	21	22	22
Recreation centers	4	4	4	4	4	4	4	4	4	4
Outdoor swimming pools	4	3	3	3	3	3	3	3	3	3
Cultural centers	3	3	3	3	3	3	3	3	3	3
Golf courses	2	2	2	2	2	2	2	2	2	2

<sup>(1)</sup> Athletic fields include baseball/softball diamonds and football/soccer fields. Some of the fields are multi-use depending on the season.

Source: City of Lakewood Property Management Division, Public Works Department, and Community Resources Department



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# COMPLIANCE SECTION

## **SINGLE AUDIT**

Schedule of Expenditures of Federal Awards, which is required for all state and local governments with more than \$500,000 of federal expenditures.

## **OTHER REPORTS**

Local Highway Finance Report, which is an annual statement of receipts and expenditures required to be submitted annually to the Colorado Department of Transportation as part of the mileage certification process.



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

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lakewood as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Lakewood, and have issued our report thereon dated June 27, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Lakewood's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Lakewood's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Lakewood's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Lakewood's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the City of Lakewood's internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Lakewood's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Lakewood's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lakewood's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



June 27, 2016



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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM, INTERNAL CONTROL OVER COMPLIANCE,  
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

**Report on Compliance for Each Major Federal Program**

We have audited the City of Lakewood's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City of Lakewood's major federal programs for the year ended December 31, 2015. The City of Lakewood's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Lakewood's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Lakewood'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Lakewood's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City of Lakewood complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

### **Report on Internal Control Over Compliance**

Management of the City of Lakewood is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Lakewood's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Lakewood's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the City of Lakewood's internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lakewood as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Lakewood. We issued our report thereon dated June 27, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lakewood's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Ernst & Young LLP*

June 27, 2016

**CITY OF LAKEWOOD, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2015**

**Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ yes      x   no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes      x   no

*Federal Awards*

Internal control over major federal programs:

- Material weaknesses identified? \_\_\_\_\_ yes      x   no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Type of auditors' report issued on compliance for major federal programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of OMB's Uniform Guidance?

\_\_\_\_\_ yes      x   no

Identification of major federal programs:

- 20.205 Highway Planning and Construction
- 95.001 High Intensity Drug Trafficking Areas Program (HIDTA)

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?                      x   yes    \_\_\_\_\_ no

**Financial Statement Findings**

The audit of the financial statements did not disclose significant deficiencies in internal control that would be considered material weaknesses, and did not disclose fraud, noncompliance, or abuse that were material to those financial statements.

**Federal Awards Findings and Questioned Costs**

The audit of federal awards did not disclose significant deficiencies in internal control that would be considered material weaknesses, and did not disclose instances of noncompliance or abuse that were material to those federal awards.

**CITY OF LAKEWOOD, COLORADO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended December 31, 2015**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Housing and Urban Development</b>		
Community Development Block Grant	14.218	\$ 936,195
Home Investment Partnerships Program	14.239	54,633
Total U.S. Department of Housing and Urban Development		<u>990,828</u>
<b>U.S. Department of Justice</b>		
Edward Byrne Memorial Justice Assistance Grant	16.738	72,226
Passed through City and County of Denver		
Project Safe Neighborhoods	16.609	2,374
Total U.S. Department of Justice		<u>74,600</u>
<b>U.S. Department of Health and Human Services</b>		
Head Start	93.600	<u>1,064,613</u>
<b>U.S. Department of Agriculture</b>		
Passed through Colorado Department of Public Health and Environment		
Child and Adult Care Food Program	10.558	<u>84,661</u>
<b>U.S. Department of Transportation</b>		
Passed through Colorado Department of Transportation		
Highway Planning and Construction	20.205	516,786
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	133,967
State and Community Highway Safety	20.600	18,642
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	54,811
Total U.S. Department of Transportation		<u>724,206</u>
<b>U.S. Department of Homeland Security</b>		
Passed through Colorado Department of Local Affairs		
Emergency Management Performance Grants	97.042	37,023
Passed through Colorado Department of Public Safety		
Disaster Grants - Public Assistance	97.036	21,315
Total U.S. Department of Homeland Security		<u>58,338</u>
<b>U.S. Environmental Protection Agency</b>		
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	<u>10,550</u>
<b>Executive Office of the President</b>		
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001	<u>236,900</u>
<b>Total Expenditures of Federal Awards</b>		<u>\$ 3,244,696</u>

See the accompanying Independent Auditors' Report.

**CITY OF LAKEWOOD, COLORADO**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended December 31, 2015**

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, using the accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: <b>CITY OF LAKEWOOD, COLORADO</b>
		YEAR ENDING : December 31, 2015
This Information From The Records Of (example - City of _ or County of _)	Prepared By: Peggy Starr	Phone: 303-987-7664

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

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

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

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	8,403,697
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,714,910
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	2,450,758
2. General fund appropriations	1,274,656	b. Snow and ice removal	1,181,019
3. Other local imposts (from page 2)	13,913,864	c. Other	2,844,340
4. Miscellaneous local receipts (from page 2)	1,554,841	d. Total (a. through c.)	6,476,117
5. Transfers from toll facilities		4. General administration & miscellaneous	550,890
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	6,223,898
a. Bonds - Original Issues		6. Total (1 through 5)	23,369,512
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	16,743,361	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	5,852,817	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	773,334	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	23,369,512	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	23,369,512

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

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

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		23,369,512	23,369,512		0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
CITY OF LAKEWOOD, COLORADO  
YEAR ENDING (mm/yy):  
December 31, 2015

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

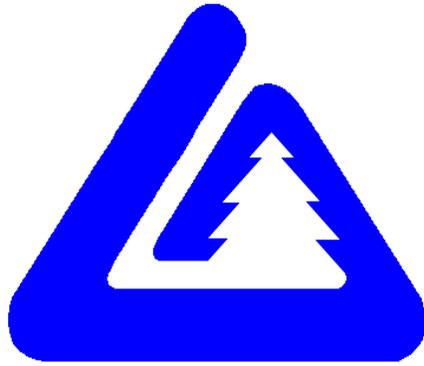
ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	239,007
b. Other local imposts:		b. Traffic Fines & Penalties	1,217,201
1. Sales Taxes	11,704,206	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	595
3. Liens		e. Sale of Surplus Property	
4. Licenses	384,686	f. Charges for Services	
5. Specific Ownership &/or Other	1,824,972	g. Other Misc. Receipts	98,038
6. Total (1. through 5.)	13,913,864	h. Other	
c. Total (a. + b.)	13,913,864	i. Total (a. through h.)	1,554,841
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	3,737,236	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	526,307	d. Federal Transit Admin	
d. Other (Specify) - Grants	98,786	e. U.S. Corps of Engineers	
e. Other (Specify) - FASTER/Signal Main	1,490,488	f. Other Federal	773,334
f. Total (a. through e.)	2,115,581	g. Total (a. through f.)	773,334
4. Total (1. + 2. + 3.f)	5,852,817	3. Total (1. + 2.g)	
			(Carry forward to page 1)

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

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs		152,408	152,408
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		179,047	179,047
(3). System Preservation		6,900,064	6,900,064
(4). System Enhancement & Operation		1,172,178	1,172,178
(5). Total Construction (1) + (2) + (3) + (4)	0	8,251,289	8,251,289
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	8,403,697	8,403,697
			(Carry forward to page 1)

Notes and Comments:



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