

COMMERCE CITY, CO

POPULAR ANNUAL FINANCIAL REPORT

For the year ended
December 31, 2020

INTRODUCTION

Welcome to the City of Commerce City’s Popular Annual Financial Report (PAFR). The PAFR is a summary of financial highlights and activities for the fiscal year 2020 that are drawn from financial statements reported in the Comprehensive Annual Financial Report (CAFR). The CAFR is a more detailed and complete financial presentation prepared in accordance with Generally Accepted Accounting Principles (GAAP) and was audited by the city’s independent external auditors.

The PAFR is an unaudited document, and while the financial data in the CAFR conforms with GAAP, the PAFR does not include fund-level details and disclosures that are required by GAAP. This report presents the city’s financial information in a readily accessible and easy to understand manner, designed to provide a meaningful recap of the city’s 2020 year-end financial status.

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

If you have questions regarding this report, contact the Finance Department at finance@c3gov.com or 303-289-3627



Top Row: José Guardiola - At Large, Susan Noble - Ward IV, Mayor - Benjamin Huseman, Jennifer Allen-Thomas - Ward II, Meghan Grimes - At Large
Bottom Row: Oscar Madera - Ward I, Mayor Pro Tem Nicole Frank - Ward III, Craig Hurst - At Large, Robyn Smith - At Large

TABLE OF CONTENTS

Introduction2

Commerce City at a Glance
and Organizational Chart4

The City’s Net Position5

Internal Service Funds6

General Fund7

General Fund Expenses 8-9

City Debt and Assets10

Long-Term Debt11

As one of the state's fastest-growing communities, Commerce City is redefining itself for the next generation, building on historic values of community, industry and family. The city covers 36.13 square miles and is expected to grow to a 61-square-mile area during the next 20 years.

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

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



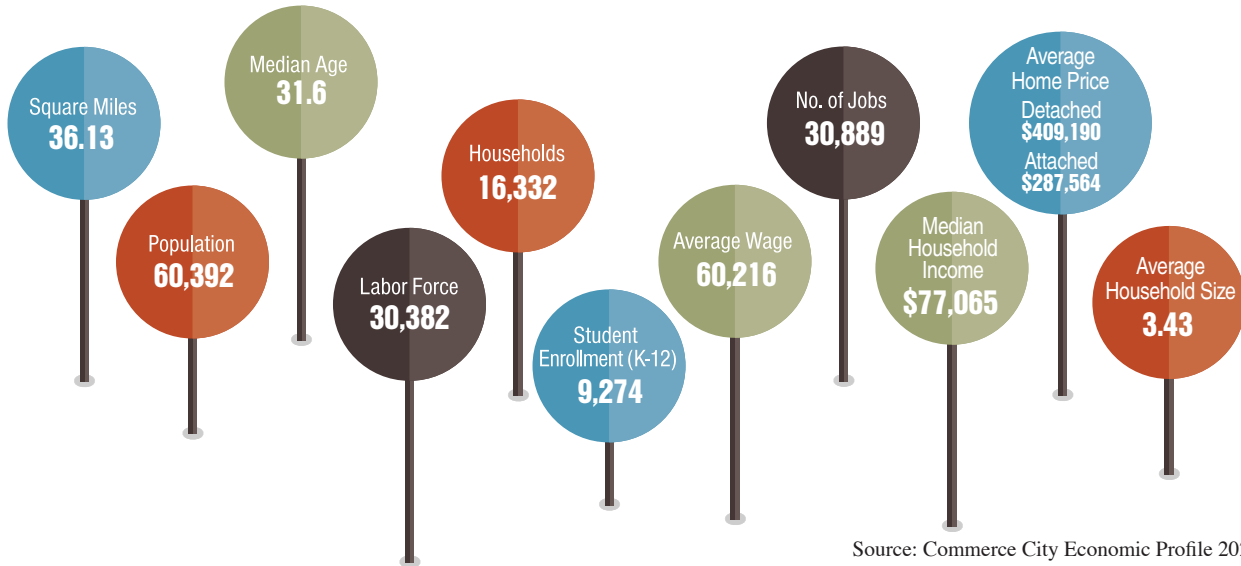
Rocky Mountain Arsenal National Wildlife Refuge

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

City Council's Goals

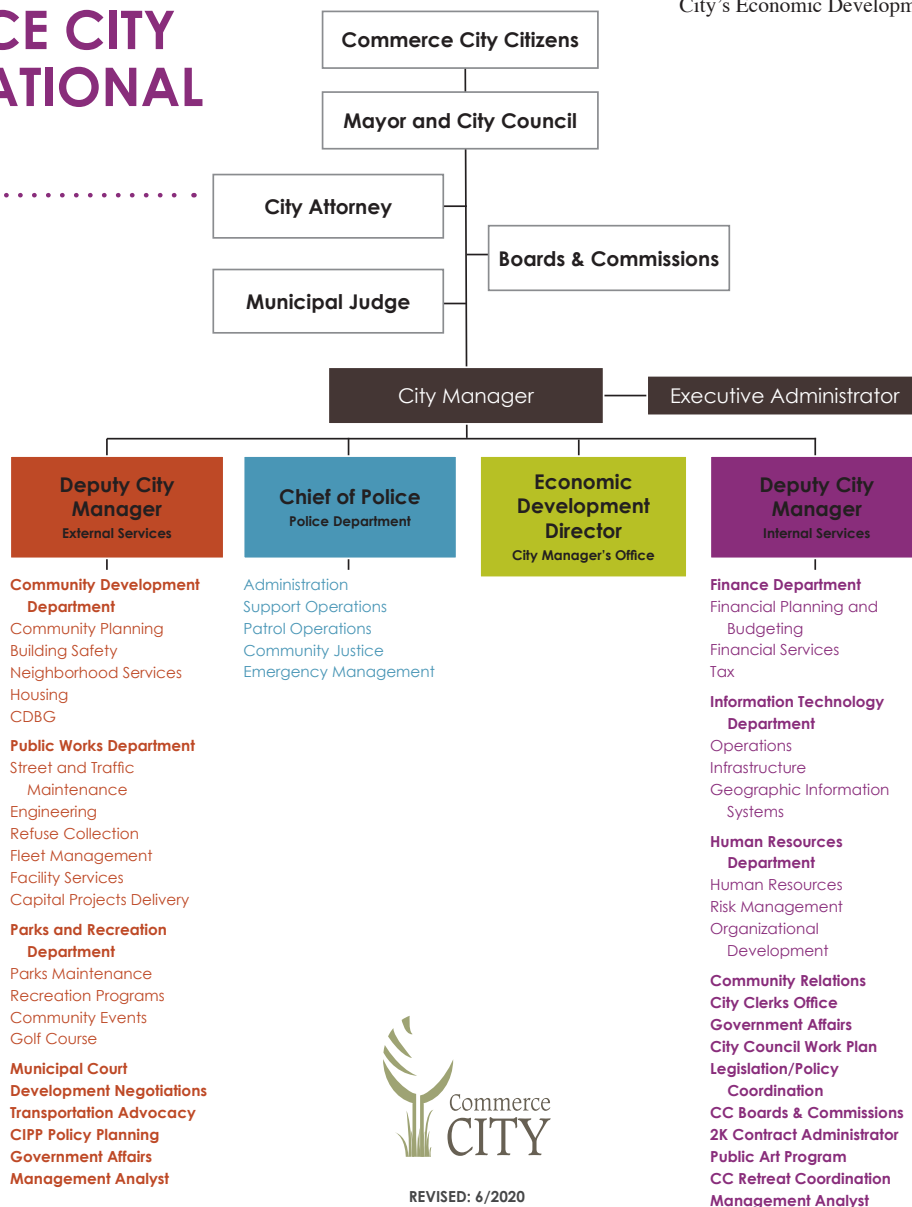
- Promote a balanced and thriving city economy
- Promote efficient and effective city government to improve levels of service
- Develop and maintain the public infrastructure to improve community appearance and encourage continued development
- Promote resident health, safety and education
- Improve community involvement and trust

COMMERCE CITY AT A GLANCE



Source: Commerce City Economic Profile 2021 and City's Economic Development Department.

COMMERCE CITY ORGANIZATIONAL CHART



REVISED: 6/2020

THE CITY'S NET POSITION

Below is an overview of the city's net position. This number represents the financial well-being of the city as a whole. Over time these numbers can be used as a measure of the city's overall financial well-being based on increases or decreases. In 2020, the city's net position increased overall by \$18.0 million since 2019. The totals below include both governmental and business-type activities. For more details, please refer to the government-wide statement of net position in the city's 2020 published CAFR, located at c3gov.com/financialreports.

The city's total net position at the end of 2020 was \$370,010,324 and is comprised of the following:



Net investment in capital assets

\$183,637,864

Represents the city's net investment in capital assets



Restricted

\$50,710,012

Portion that is restricted for existing resources



Unrestricted (obligations)

\$135,662,449

Portion that is not yet classified

GOVERNMENTAL ACTIVITIES SUMMARY

3-Year Trend Data

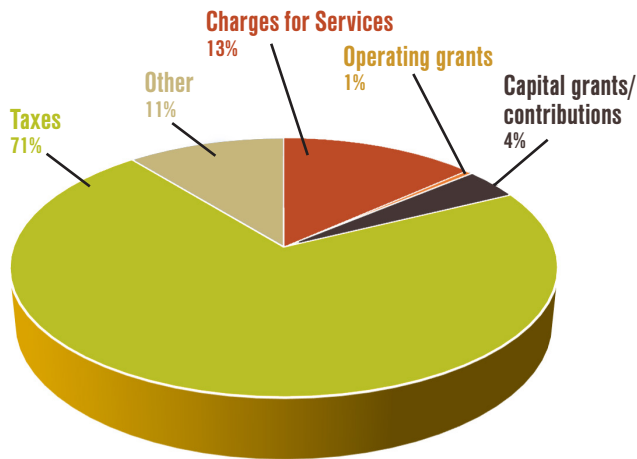
Governmental Activity Revenue

	2018	2019	2020
Charges for services	19,510,388	17,759,001	17,236,702
Operating grants	1,887,559	1,418,912	682,769
Capital grants/contributions	8,366,529	3,019,880	4,909,342
Taxes	86,856,919	91,061,645	91,989,040
Other	12,102,348	10,764,565	13,978,419
Total	\$128,723,743	\$124,024,003	\$128,796,272

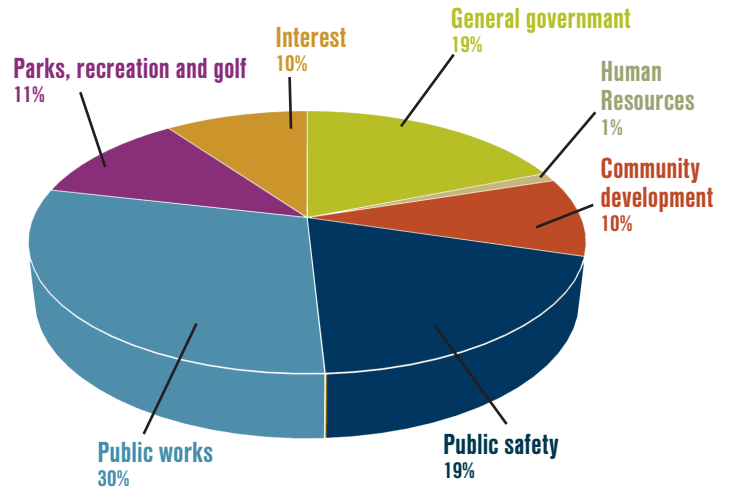
Governmental Activity Expenses

	2018	2019	2020
General government	18,368,792	18,903,561	21,183,351
Human resources	1,208,526	1,138,344	1,220,749
Community development	4,619,630	5,000,163	10,873,056
Public safety	18,458,719	19,648,844	21,790,833
Public works	35,905,823	27,469,869	33,034,515
Parks, recreation and golf	16,858,897	18,794,815	12,850,757
Interest	11,604,574	11,009,314	11,083,648
Total	\$107,024,960	\$101,964,910	\$112,036,909

2020 Governmental Revenues



2020 Total cost of services



PROPRIETARY FUNDS

Proprietary funds include the city's one Enterprise Fund (Solid Waste Management) and three Internal Service Funds (Fleet Management, Information Technology, and Facility Services). All four of these proprietary funds report services for which the city charges customers a fee. The Enterprise Fund is reported as Business-type activities, while the three Internal Service Funds are reported as Governmental Activities.

- The Solid Waste Management Fund collects 5% of fees earned by the Republic Services landfill operation. The revenues are used for solid waste management projects and services within the city. In 2020 the city collected \$1,145,910 in fees.

INTERNAL SERVICE FUNDS

The city has three funds that support all city departments in their operations and administration of activities. They provide the funding necessary to run the city's internal operations. These internal service funds include fleet management, information technology, and facility services. Below are the operating expenses for each fund in 2020.



Fleet – \$4,065,766



IT – \$3,710,947



Facility – \$2,894,277

Fund balance at end of 2020

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

Balance
\$15,265,411

GENERAL FUND

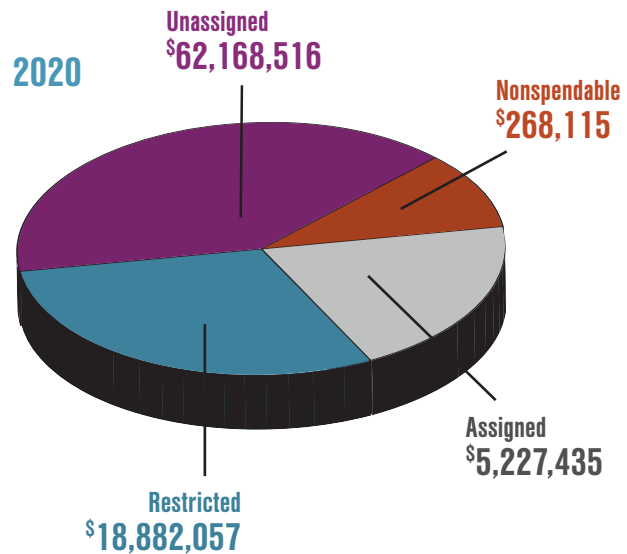
Fund balance at the end of 2020

Balance
\$86,546,123

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

General Fund Balances

	2019	2020
Nonspendable	\$298,847	\$268,115
Restricted	\$23,470,947	\$18,882,057
Assigned	\$4,578,098	\$5,227,435
Unassigned	\$55,099,042	\$62,168,516
Total	\$83,446,934	\$86,546,123



General Fund Revenues

Where the money comes from:

In 2020, this fund reported \$102,076,924 in revenues and increased by 2.9% since 2019. A majority of the General Fund revenue comes from the collection of sales and use taxes.

General Fund revenue increase highlights:

2K sales and use tax increased by
1.7%

Sales and Use Tax increased by
1.5%

Photo red light enforcement decreased by
7.3%

Building Permits increased by
25.0%

Franchise fees decreased by
0.5%

Recreation/golf fees decreased by
44.3%

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

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

GENERAL FUND EXPENSES

What it takes to run the city

The city's total cost of services to run day-to-day operations is \$72,459,775. This amount increased \$4.1 million over 2019. In addition, approximately \$27.4 million was transferred from the General Fund to support other funds. Included in this amount were transfers of \$16.3 million to the Capital Expenditures Fund and \$10.4 million to the Debt Service Fund. General Fund expenses help to improve and maintain continuing operations throughout the city. The following totals include operating costs and personnel for the following functions of government:



General Government
\$7,309,553



Human Resources
\$1,220,749



Finance
\$10,341,324



Community Development
\$4,233,406



Public Safety
\$22,170,861



Public Works
\$14,417,237



Parks, Recreation and Golf
\$10,156,607



Debt Service
\$2,610,038

The expenditures highlighted in the General Fund include internal service fund allocations. For more information please refer to the city's 2020 published CAFR at c3gov.com/financialreports.

Capital Expenditure Fund

The Capital Expenditure Fund pays for major capital projects such as building roads and parks. During 2020 this fund incurred \$21.7 million in capital costs.

Balance

\$45,463,601

The major projects include:

112th Avenue Widening (Chambers to Parkside) - **\$5,489,304**

IT Projects - **\$150,340**

104th Avenue Traffic Signals - **\$1,816,519**

Birghton Road - **\$2,420,781**

RTD Station - **\$1,885,144**

Veterans Park Renovation - **\$2,915,453**

Other Parks Projects - **\$896,067**



Veteran's Memorial Park built in 2020.

Northern Infrastructure GID Fund

Balance

\$17,557,260

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

Urban Renewal Authority Fund

Balance

\$7,456,391

The Commerce City Urban Renewal Authority (URA) Fund is used to account for the expenditures related to acquisition, clearance, rehabilitation, conservation, development and redevelopment in the interest of public health, safety, and welfare for residents of the city.

Major URA successes in the last 10 years include Victory Crossing (where the civic center is located) and the Mile High Greyhound Park (MHGP). MHGP was purchased by the URA in 2011 for mixed-use redevelopment. The site is envisioned to become a vibrant, mixed-use area in the coming years, combining residential, retail, office, civic and educational spaces to help revitalize this historic part of Commerce City. Current plans are to resell the property held for resale with a cost of \$4.6 million.

This fund expended \$6,756,775

CITY DEBT AND ASSETS

Assets

The city's total governmental activity assets for 2020 were reported as \$682,987,353, with a 1.9% increase from 2019.

Non-depreciable assets

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

\$78,688,769

Depreciable assets, net of depreciation

\$389,248,241



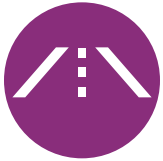
Buildings - \$64,970,721

- Decreased by 3%



Machinery, equipment, furniture and intangibles - \$5,727,031

- Increased by 9%



Infrastructure - \$318,550,489

- Decreased by 1%



The city's housing authority, a component unit, reported total capital assets, net of depreciation as \$1,217,578 in 2020. The services provided by the authority exclusively benefit the city's citizens. For more information, and to view the housing authority's annual financial reports, please contact the city's finance department.



The city invested approximately \$21.7 million in capital assets for fiscal year 2020. These funds were dedicated to road/pavement management, parks, street lights, buildings, land, equipment and construction in progress.

LONG-TERM DEBT

The city's total long-term debt outstanding is \$288,272,157 million. More than half of that debt is due to sales tax revenue bonds which support the city's capital improvement and preservation plan.

General Improvement District General Obligation Bond

\$72,660,000

Sales Tax Revenue Bonds

\$160,710,000

Lease Purchase Agreement

\$562,786

Certificates of Participation

\$30,459,574

Net Deferred Premiums

\$23,879,797

For more detailed information about the city's long-term debt, please refer to the 2020 CAFR, which can be found at www.c3gov.com/financialreports.



RTD Station Project

Rail service from the RTD North Metro Rail Line, or N Line, opened in September 2020. The first 13 miles of the proposed 18.5-mile commuter rail line will provide service from Union Station through Denver, Commerce City, Thornton, Northglenn, and eventually to north Adams County.

The city improved area streets using grant money obtained from the Denver Regional Council of Governments (DRCOG) to accommodate more vehicle traffic and improve pedestrian access around the Commerce City station. Improvements include repaving Colorado Boulevard between E. 70th and E. 72nd avenues and adding new sidewalks and curbs. An extension of E. 72nd Avenue will be built west of Colorado Boulevard to access the new station.

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



CONTACT THE CITY'S FINANCE DEPARTMENT

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