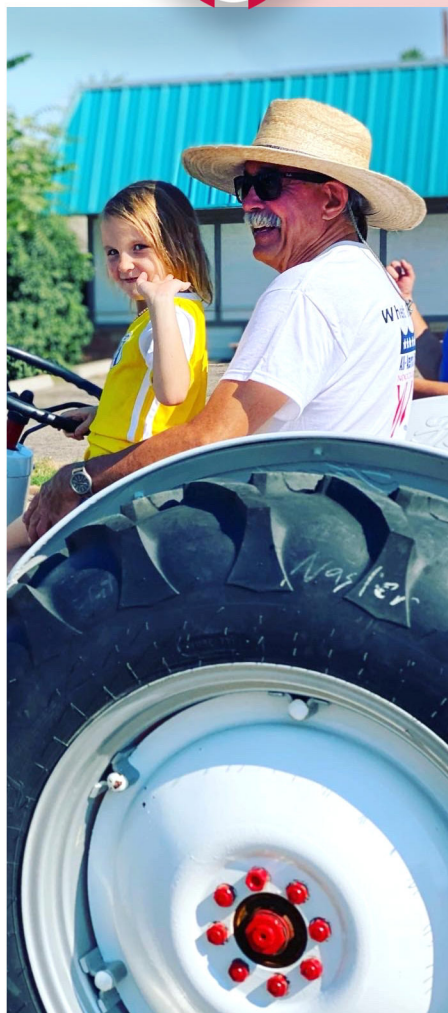




City of
Wheat Ridge

PROUD TO BE AN



2022 FINANCIAL STATEMENTS

CITY OF WHEAT RIDGE
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2022

**CITY OF WHEAT RIDGE
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YEAR ENDED DECEMBER 31, 2022**

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INTRODUCTORY SECTION

**CITY OF WHEAT RIDGE
CITY OFFICIALS
DECEMBER 31, 2022**

MAYOR

Bud Starker

CITY COUNCIL

District 1

Judy Hutchinson
Janeece Hoppe

District 2

Rachel Hultin
Scott Ohm

District 3

Korey Stites
Amanda Weaver

District 4

Leah Dozeman
Valerie Nosler Beck

CITY CLERK

Stephen Kirkpatrick

MUNICIPAL JUDGE

Christopher Randall

CITY TREASURER

Christopher Miller

CITY ATTORNEY

Gerald Dahl

CITY MANAGER

Patrick Goff

DEPUTY CITY MANAGER

Allison Scheck

DIRECTOR OF COMMUNITY DEVELOPMENT

Lauren Mikulak

DIRECTOR OF PARKS & RECREATION

Karen O'Donnell

DIRECTOR OF PUBLIC WORKS

Maria D'Andrea

CHIEF OF POLICE

Christopher Murtha

FINANCE MANAGER

Mark Colvin

HUMAN RESOURCES MANAGER

Michael Clasen

PROCUREMENT MANAGER

Whitney Mugford-Smith

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of City Council
City of Wheat Ridge, Colorado
Wheat Ridge, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wheat Ridge, Colorado (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule – General Fund, budgetary comparison schedule – Open Space Fund, and budgetary comparison schedule – Investing 4 the Future Fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedule – Police Investigation Fund, budgetary comparison schedule – Municipal Court Fund, budgetary comparison schedule – Conservation Trust Fund, budgetary comparison schedule – Crime Prevention Fund, budgetary comparison schedule – Public Art Fund, budgetary comparison schedule – Equipment Replacement Fund, budgetary comparison schedule – Capital Projects Fund, budgetary comparison schedule – URA Project Fund, balance sheet – Wheat Ridge Urban Renewal Authority, statement of revenues, expenditures, and changes in fund balance – Wheat Ridge Urban Renewal Authority, budgetary comparison schedule – Wheat Ridge Urban Renewal Authority, local highway finance report, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are 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 such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedule – Police Investigation Fund, budgetary comparison schedule – Municipal Court Fund, budgetary comparison schedule – Conservation Trust Fund, budgetary comparison schedule – Crime Prevention Fund, budgetary comparison schedule – Public Art Fund, budgetary comparison schedule – Equipment Replacement Fund, budgetary comparison schedule – Capital Projects Fund, budgetary comparison schedule – URA Project Fund, balance sheet – Wheat Ridge Urban Renewal Authority, statement of revenues, expenditures, and changes in fund balance – Wheat Ridge Urban Renewal Authority, budgetary comparison schedule – Wheat Ridge Urban Renewal Authority, local highway finance report, and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Mayor and Members of City Council
City of Wheat Ridge, Colorado


Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Broomfield, Colorado
August 30, 2023

**CITY OF WHEAT RIDGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

As management of the City of Wheat Ridge, we offer this narrative overview and analysis of the financial activities of the City of Wheat Ridge for the fiscal year ended December 31, 2022. Please read it in conjunction with the City's financial statements, which follow this section.

Financial Highlights

- The assets of the City of Wheat Ridge exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2022 by \$159.8 million (net position). Of this amount, \$38.9 million (unrestricted net position) may be used to meet the City's ongoing obligations to residents and creditors.
- At the close of fiscal year 2022, the City of Wheat Ridge's governmental funds reported combined ending fund balances of \$56.7 million, an increase of approximately \$12.5 million compared to the prior year. Approximately \$15.7 million (28%), is available for spending at the City's discretion (unassigned fund balance).
- At the end of the fiscal year 2022, unassigned fund balance for the General Fund was \$15.7 million, or 37% of total General Fund expenditures.
- General Fund actual revenues were \$6.1 million more than final budgeted revenue for the fiscal year 2022 and actual expenditures were \$5.4 million less than final budgeted expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Wheat Ridge's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements report information on all activities of the City and its component unit (Wheat Ridge Urban Renewal Authority).

The *statement of net position* presents information on all of the City of Wheat Ridge's assets, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Wheat Ridge is improving or deteriorating.

The *statement of activities* presents information showing how the City of Wheat Ridge's net position changed during fiscal year 2022. 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. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

**CITY OF WHEAT RIDGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

The government-wide financial statements include not only the City itself, but also the legally separate Wheat Ridge Urban Renewal Authority for which the City is financially accountable.

The governmental activities of the City include general government, economic development, community development, police, public works, and parks and recreation.

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

- Some funds are required by State law (like the Police Investigation Fund).
- The City Council establishes other funds to control and manage money for particular purposes (like the Public Art Fund) or to show that it is properly using certain taxes and grants (like the Conservation Trust Fund).

The City has one type of fund:

Governmental funds – All of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether or not there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information on the subsequent pages is provided to explain the relationship (or differences) between them.

Financial Analysis of the City as a Whole

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Wheat Ridge, assets exceeded liabilities and deferred inflows of resources by \$159.8 million at the close of the 2022 fiscal year.

The largest portion of the City of Wheat Ridge's net position (63%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment). The City of Wheat Ridge uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City of Wheat Ridge's net position (13%) represents resources that are subject to external restrictions on how they may be used (capital projects, open space and parks, police investigations, crime prevention activities, government access channel and emergency reserves). The remaining balance of unrestricted net position (\$38.9 million) may be used to meet the City's obligations to citizens and creditors.

At the end of the current fiscal year, the City of Wheat Ridge is able to report positive balances in net position for the City as a whole. The same situation held true for the prior fiscal year.

**CITY OF WHEAT RIDGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

City of Wheat Ridge Net Position

	Governmental Activities	
	2022	2021
Current and Other Assets	\$ 69,521,095	\$ 51,593,665
Capital Assets	120,583,437	103,192,343
Total Assets	190,104,532	154,786,008
Other Liabilities	11,523,759	5,425,156
Long-Term Liabilities	17,550,991	20,848,939
Total Liabilities	29,074,750	26,274,095
Deferred Inflows of Resources	1,272,796	1,279,384
Net Position		
Net Investment in Capital Assets	100,602,828	85,081,923
Restricted	20,289,156	10,088,419
Unrestricted	38,865,002	32,062,187
Total Net Position	<u>\$ 159,756,986</u>	<u>\$ 127,232,529</u>

Changes in Net Position

Governmental activities.

- Current and other assets increased 35% in 2022 primarily due to an increase in cash and investments relating primarily to taxes and fees relating to a private-sector property development, federal, state and local agency funding, and investment income.
- Capital assets increased by 17% due primarily to the Wadsworth Improvement Projects.
- Long-term liabilities decreased mostly due to payments of principal and interest on Sales and Use Tax Revenue Bonds Series 2017A and implementation of GASB 87 which resulted in the solar power purchase agreement not being presented as a long-term liability.
- Other Liabilities increased by 112% relating primarily to the City's year-end payroll and a use tax rebate.

**CITY OF WHEAT RIDGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

City of Wheat Ridge Changes in Net Position

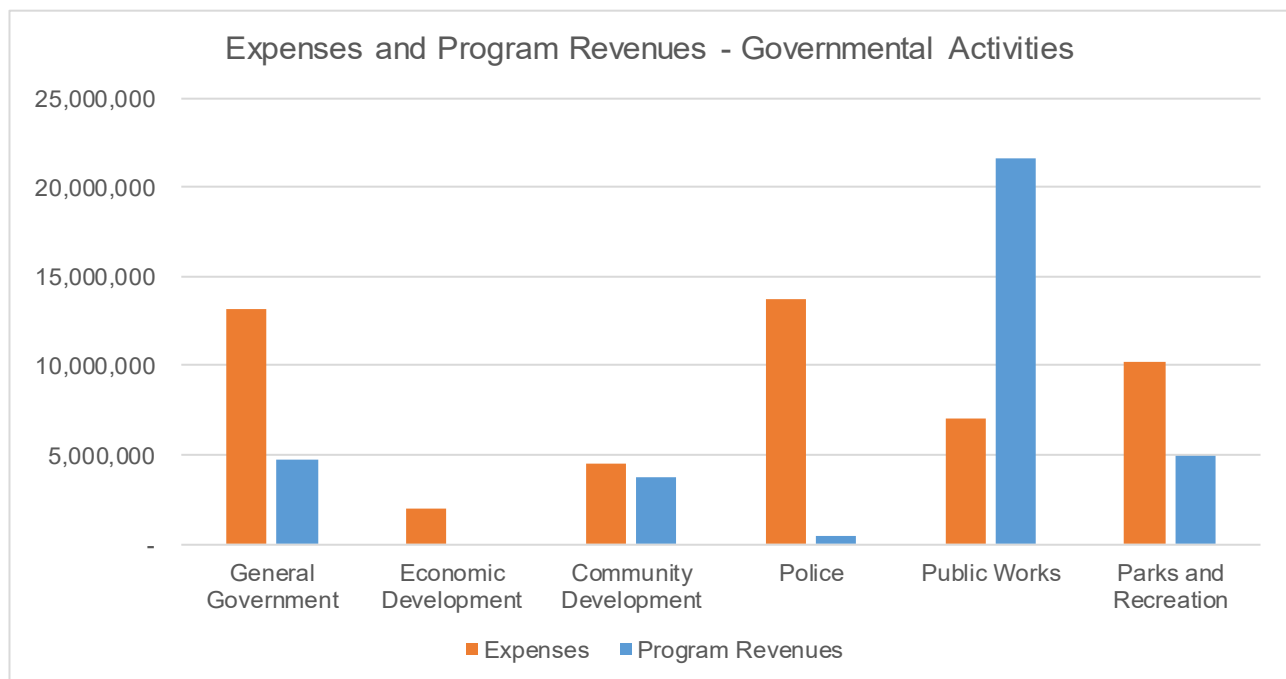
	<u>2022</u>	<u>2021</u>
REVENUES		
Program Revenues		
Charges for Services	\$ 7,990,599	\$ 7,193,155
Operating Grants and Contributions	6,070,245	5,917,179
Capital Grants and Contributions	21,505,232	19,128,650
General Revenues		
Property Taxes	1,271,928	1,142,639
Sales Taxes	29,627,365	28,116,231
Use Taxes	10,000,998	7,395,649
Franchise Taxes	2,008,428	1,760,554
Lodgers Taxes	2,094,008	1,420,330
Other Taxes	1,097,844	807,265
Investment Income	733,078	29,275
Miscellaneous	1,282,053	922,675
Total Revenues	<u>83,681,778</u>	<u>73,833,602</u>
EXPENSES		
General Government	13,219,233	12,108,719
Economic Development	2,036,773	1,615,013
Community Development	4,466,627	3,958,895
Police	13,682,469	12,541,836
Public Works	7,021,728	5,205,295
Parks and Recreation	10,251,082	8,306,779
Interest on Long-Term Debt	479,409	550,272
Total Expenses	<u>51,157,321</u>	<u>44,286,809</u>
CHANGE IN NET POSITION	32,524,457	29,546,793
Net Position - Beginning of Year	<u>127,232,529</u>	<u>97,685,736</u>
NET POSITION - END OF YEAR	<u><u>\$ 159,756,986</u></u>	<u><u>\$ 127,232,529</u></u>

General Government expenses include budgets for the City Treasurer, Legislative Services, Financial Services, City Manager, Economic Development, City Attorney, City Clerk's Office, Municipal Court, Administrative Services, Human Resources, Procurement, Information Technology and Central Charges.

- In continuation of the strong financial recovery from the COVID-19 pandemic, Sales Tax, Use Tax, Franchise Tax, Lodgers Tax, and Other Taxes increased by 13% compared to 2021. Use Tax also increased due to taxes and fees relating to a private-sector property development
- Charges for Services increased 11% compared to 2021 in part due to an increase in building permit and plan review fees relating to construction within the City's boundaries but also to improved attendance and participation in parks and recreation programs as the public recovered from the COVID-19 pandemic.

**CITY OF WHEAT RIDGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

- Operating Grants and Contributions increased 3% primarily as a result of parks and recreation applying for and receiving new state and local grant funding.
- Capital Grants and Contributions increased 12 % relating to the timing of receipts of grant revenue for the Wadsworth improvement project compared to 2021.
- Overall expenses increased 16% in 2022 compared to 2021, due mostly to over \$3 million in street and bridge maintenance which is \$2 million more than in 2021, city-wide personnel cost and benefit increases, facility maintenance projects and capital outlays not qualifying for capitalization.



Financial Analysis of the City's Funds

The focus of the City of Wheat Ridge's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Wheat Ridge's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2022, the City of Wheat Ridge's governmental funds reported combined ending fund balances of \$56.7 million, an increase of \$12.5 million in comparison with the prior year. Approximately 28% of this total amount (\$15.7 million) constitutes unassigned fund balance, which is available for spending at the City's discretion.

**CITY OF WHEAT RIDGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been restricted or shown as nonspendable for:

• Developer Loan Receivable	\$1,085,000
• Prepaid Items	\$71,335
• Capital Projects – Investing 4 the Future	\$7,419,214
• Open space and parks	\$4,802,829
• Police Investigations Fund	\$36,308
• Crime Prevention Activities Fund	\$538,718
• Government Access Channel	\$252,429
• TABOR-mandated emergency reserves	\$1,850,000

or committed to:

• Municipal Court Fund	\$88,425
• Public Art Fund	\$435,855

or assigned to:

• Subsequent Year's Budget	\$6,195,191
• Capital Projects Fund	\$18,076,114
• Capital Equipment Replacement Fund	\$244,296

The General Fund is the chief operating fund of the City of Wheat Ridge. At the end of fiscal year 2022, unassigned fund balance of the General Fund was \$15.7 million, while total General Fund balance increased to approximately \$25.1 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 37% of total General Fund expenditures, while total fund balance represents 59% of that same amount.

The Open Space Fund was created in 1972 for the purpose of acquiring, developing and maintaining open space and park properties within the City of Wheat Ridge. Major projects in 2022 include the near completion of Prospect Park Phase 2 and maintenance of the Clear Creek Trail system. At the end of 2022, the Open Space Fund balance was \$0.4 million lower than the prior year due to increased expenditures in 2022 compared to 2021.

The Capital Projects Fund uses assigned funds to upgrade, maintain and expand the City of Wheat Ridge facilities, buildings, grounds, streets, parks and roads. Compared to 2021, capital outlays were \$11 million higher in 2022 primarily due to on-going expenditures relating to the Wadsworth improvement project. Despite the increase in expenditures, fund balance of the Capital Projects Fund increased by \$0.6 million due to increased federal funding and transfers from the General Fund.

While the City continues to receive revenues from the ½ of 1% sales and use tax rate increase in 2017, expenditures in the Investing 4 the Future Fund have decreased significantly due to the completion of project spending.

The City of Wheat Ridge has seven non-major funds that are restricted for, committed to, and assigned to a variety of purposes. The combined fund balance is \$7.4 million, which increased by \$5.6 million compared to 2021. The increase was largely related to the creation of the URA Project Fund.

**CITY OF WHEAT RIDGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

General Fund Budgetary Highlights

The original budget was amended by City Council for a total of \$2,514,092 in supplemental budget appropriations throughout the 2022 fiscal year. These amendments can be briefly summarized as follows:

Supplemental Budget Appropriations: Organized from largest to smallest expenditure

- \$865,977 allocated for re-encumbrances
- \$500,000 allocated for housing navigation and case management services with Family Tree
- \$300,000 allocated to fund building division services and infrastructure projects
- \$150,000 allocated for affordable housing strategy and action plan
- \$100,000 allocated for the addition of two full-time employees and equipment for police tele-serve positions
- \$100,000 allocated for Jefferson Center's Community Prevention and Engagement Program
- \$98,535 allocated for consulting services related to the 10-year facilities master plan
- \$71,500 allocated for third-party homeless and housing services
- \$71,159 allocated for the addition of one full-time, time-limited employee for housing navigation services
- \$50,500 allocated for the addition of one full-time human resources business partner
- \$50,000 allocated for technology to support telework
- \$39,931 allocated for purchasing and installing three HVAC units at the Anderson Building
- \$34,058 allocated for History Colorado State Historical Fund grant spending
- \$31,273 allocated for Jefferson Center
- \$20,000 allocated for the Wheat Ridge Community Coalition for Education
- \$20,000 allocated for housing navigation program
- \$11,159 allocated for 2022-2023 Edward Byrne Justice Assistance Grant acceptance

Actual tax revenue in the General Fund exceeded the final budgeted tax revenue by \$1.8 million due primarily to use tax related to a private-sector property development but also to stronger than expected economic growth and recovery from the COVID-19 pandemic. Intergovernmental revenue exceeded budget by \$4.2 million due to \$3.9 million of Coronavirus State and Local Recovery Funds received during 2022 under the American Rescue Plan Act.

The 2022 General Fund budget was adopted using \$5,680,136 of the fund balance to balance the budget and \$6,995,445 of the fund balance was transferred to the Capital Improvement Program for capital projects.

Capital Asset and Debt Administration

Capital assets. The City of Wheat Ridge's investment in capital assets for its governmental activities as of December 31, 2022 amounts to \$100.6 million (net of accumulated depreciation). This investment in capital assets includes land, artwork, construction in progress, land improvements, buildings, vehicles, machinery and equipment, infrastructure, and software. Additional information on capital assets is provided in Note 4 of the financial statements.

Major capital asset additions during the 2022 fiscal year totaled \$21.5 million and included the following:

**CITY OF WHEAT RIDGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

- Construction in Progress in the amount of \$20.1 million
 - Wadsworth improvement project
 - Prospect Park Phase II
 - Smaller scale projects and vehicles in various stages of deployment
- Infrastructure in the amount of \$0.1 million
 - Marshall Street Improvements
 - Anderson Park food truck concrete pad and site work
- Vehicles in the amount of \$0.6 million
 - Five Police Patrol vehicles
 - One Single-axle Public Works dump truck
 - One Parks Maintenance pickup truck
- Machinery and Equipment in the amount of \$0.7 million
 - Two Speed-alert radar message signs
 - Server room equipment and other information technology
 - One Toro Groundskeeper and three Toro Z-Master Mowers
 - Various parks maintenance equipment
 - Recreation center exercise equipment
 - Recreation center pool heater and facility heater replacements
 - School playground equipment
 - Community Development field survey equipment

City of Wheat Ridge's Capital Assets
(Net of Depreciation and Amortization)

	2022	2021
Land	\$ 16,870,971	\$ 16,861,934
Artwork	196,795	196,795
Construction in Progress	64,702,901	44,690,800
Land Improvements	15,936,604	16,678,220
Buildings	8,988,783	9,577,337
Vehicles	2,968,250	2,784,553
Machinery and Equipment	2,116,100	1,923,828
Infrastructure	8,740,475	9,911,148
Software	10,722	35,477
Right to Use Equipment	51,836	108,476
Total Capital Assets	<u>\$ 120,583,437</u>	<u>\$ 102,768,568</u>

Long-term debt. At the end of the 2022 fiscal year, the City of Wheat Ridge had total long-term debt outstanding of \$17.6 million. Of this amount, \$3.6 million is due within one year. This total debt represents future bond principal payable from the Investing 4 the Future sales and use tax bond fund, future amortization of bond premium, compensated absences, claims payable, and lease liabilities which are expected to be liquidated primarily with revenues of the General Fund. Additional information for long-term debt is provided in Note 5 to the financial statements.

**CITY OF WHEAT RIDGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

Economic Factors and Next Year's Budgets and Rates

The City's sales and use tax rate until December 31, 2016 was 3%. The rate then temporary increased by .5% to 3.5% by authority of the November 2016 ballot measure. The mill levy was 1.830 mills. Both rates are among the lowest in the Denver metro area. Pursuant to the November 2016 ballot measure, the City issued \$30,595,000 in bonds on May 2, 2017. These funds are managed in restricted revenue Fund 31, Investing 4 the Future.

The impact of the COVID-19 global pandemic was not as severe on the City's revenues as originally predicted and revenues rebounded in 2022. All General Fund revenue categories performed better in 2022 over 2021 except for fines and forfeitures, which decreased 43% due to lower staffing and changes in legislation. Some revenue streams are changing due to economic factors and policy decisions. For example, lodgers' taxes, a funding source for the General, Crime Prevention, Capital Improvement Program and Wheat Ridge Housing funds, realized gains in 2022 due to the taxation of short-term rentals which began in August 2021. However, traditional hotel lodgers' tax remittance has decreased because of property closures and redevelopment. Recreation related charges rebounded in 2022 despite the lifeguard shortage which impacted pool hours. Interest income, improved 2404% over 2021, beating all estimates as the Federal Reserve rose rates to control inflation.

Economic development across the city continues to change and evolve. The vibrant Appleridge Shopping Center continues to attract new tenants and new construction now that the four retail tenants that backfilled the former Walmart space are fully operational. Applejack Wine and Spirits completed a renovation in 2022, yielding additional sales tax and a more aesthetically pleasing appearance. Chic-fil-A is under construction and due to open in late 2023 which will draw additional shoppers to the center. New businesses are opening elsewhere in the City including 38th Avenue where a number of businesses, including Mestizo Brew Cantina, GetRight's Bakery, Wolf + Wildflower, Rossi's Italian Eatery and Hendrix Salon, opened in 2023.

The Clear Creek Crossing project entitlements and public finance agreement were approved in 2018 and infrastructure construction is complete. The first business on the new development, a Kum and Go gas station, opened in 2021 along with a multifamily housing development. Foothills Credit Union and Dutch Brothers opened in 2022. Life Time Fitness is under construction and is due to open in 2024 along with the second phase of the multi-family housing complex. A hotel is due to break ground by the end of 2023. The developer is finalizing the leasing plan for additional potential tenants to include retail, grocery, hospitality and entertainment. Intermountain Health broke ground in June 2021 on a multi-year construction project of a medical campus due to open in third quarter, 2024. As the timing of the retail portion of the development is uncertain, no new sales tax revenues have been budgeted in 2024. Once the project is fully built out, sales tax, lodging, admissions and use tax revenue is projected to total \$1.8 million annually.

**CITY OF WHEAT RIDGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

Renewal Wheat Ridge (RWR), the City's Urban Renewal Authority, issued tax-exempt bonds in November 2021 to fund various capital projects within the I-70/Kipling Corridors Urban Renewal Plan Area. The total bond issuance provided approximately \$36 million in project funds to be used by RWR and the City to construct public improvements in the Plan Area. Projects funded through this program target the Plan Area's transportation corridors and include the completion of the street, right-of-way, trail and pedestrian bridge infrastructure at the Wheat Ridge Ward commuter rail station; improvements to major intersections; development assistance for public improvements of commercial developments; and drainage improvements.

The redeveloped Gold's Marketplace site at 26th and Kipling has attracted several new businesses and is becoming a vibrant neighborhood shopping center. Esters Neighborhood Pub, Queen City Collective Coffee, XO Gift Co. and Em's Ice Cream all opened in 2022. Heidi's Brooklyn Deli, Illegal Petes, Rich Spirit Bagels and Live Slow Brewing Co are all scheduled to open in 2023. The improvements have allowed existing tenants such as Cosmo's Dog Bakery & Pet Supplies to expand operations.

The adopted 2023 fiscal year budget is \$92.45 million. It includes a \$47.3 million operating budget, a \$3.6 million Investing 4 the Future capital projects budget, a \$6.6 million Renewal Wheat Ridge Bond capital projects budget, a \$26.7 million CIP budget and \$8.3 million for special revenue budgets.

Requests for Information

This financial report is designed to provide a general overview of the City of Wheat Ridge's finances for those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Deputy City Manager
City of Wheat Ridge
7500 W. 29th Avenue
Wheat Ridge, Colorado 80033

BASIC FINANCIAL STATEMENTS

**CITY OF WHEAT RIDGE
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	Primary Government Governmental Activities	Component Unit Urban Renewal Authority
ASSETS		
Cash and Investments	\$ 44,881,121	\$ 40,475,617
Restricted Cash and Investments	6,871,845	5,346,467
Accounts Receivable	4,479,256	142,862
Property Taxes Receivable	1,272,796	3,284,489
Intergovernmental Receivables	4,959,742	-
Due From Component Unit	5,900,000	-
Loans Receivable	1,085,000	-
Prepaid Items	71,335	-
Property Held for Resale	-	330,299
Capital Assets, Not Being Depreciated	81,770,667	4,999,880
Capital Assets, Net of Depreciation	38,812,770	-
Total Assets	190,104,532	54,579,614
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
LIABILITIES		
Accounts Payable	4,331,657	1,118,088
Accrued Liabilities	6,108,657	-
Retainage Payable	653,179	-
Refundable Deposits	313,064	-
Due To Primary Government	-	5,900,000
Unearned Revenues	61,250	-
Accrued Interest Payable	55,952	151,104
Noncurrent Liabilities:		
Due Within One Year	3,589,090	2,142,452
Due in More than One Year	13,961,901	47,652,375
Total Liabilities	29,074,750	56,964,019
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	1,272,796	3,284,489
Total Deferred Inflows of Resources	1,272,796	3,284,489
NET POSITION		
Net Investment in Capital Assets	100,602,828	-
Restricted for:		
Capital Projects	12,808,872	-
Open Space and Parks	4,802,829	-
Police Investigations	36,308	-
Crime Prevention Activities	538,718	-
Government Access Channel	252,429	-
Emergencies	1,850,000	-
Unrestricted	38,865,002	(5,668,894)
Total Net Position	\$ 159,756,986	\$ (5,668,894)

See accompanying Notes to Financial Statements.

**CITY OF WHEAT RIDGE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

					Net (Expense) Revenue and Change in Net Position	
			Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit Urban Renewal Authority
Functions/Programs	Expenses	Charges for Services				
PRIMARY GOVERNMENT						
Governmental Activities:						
General Government	\$ 13,219,233	\$ 560,062	\$ 4,113,393	\$ 84,880	\$ (8,460,898)	\$ -
Economic Development	2,036,773	-	-	-	(2,036,773)	-
Community Development	4,466,627	3,733,809	-	-	(732,818)	-
Police	13,682,469	294,607	213,500	-	(13,174,362)	-
Public Works	7,021,728	326,151	1,624,556	19,613,636	14,542,615	-
Parks and Recreation	10,251,082	3,075,970	118,796	1,806,716	(5,249,600)	-
Interest on Long-Term Debt	479,409	-	-	-	(479,409)	-
Total Primary Government	\$ 51,157,321	\$ 7,990,599	\$ 6,070,245	\$ 21,505,232	(15,591,245)	-
COMPONENT UNIT						
Urban Renewal Authority	\$ 9,375,912	\$ -	\$ -	\$ -	-	(9,375,912)
GENERAL REVENUES						
Property Taxes					1,271,928	2,529,146
Sales Taxes					29,627,365	1,287,523
Use Taxes					10,000,998	-
Franchise Taxes					2,008,428	-
Lodgers Taxes					2,094,008	-
Other Taxes					1,097,844	-
Investment Income (Loss)					733,078	(511,816)
Proceeds from Sale of Property					-	351,999
Miscellaneous					1,282,053	-
Total General Revenues					48,115,702	3,656,852
CHANGE IN NET POSITION					32,524,457	(5,719,060)
Net Position - Beginning of Year					127,232,529	50,166
NET POSITION - END OF YEAR					\$ 159,756,986	\$ (5,668,894)

See accompanying Notes to Financial Statements.

**CITY OF WHEAT RIDGE
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General	Open Space	Capital Projects	Investing 4 the Future	Other Governmental Funds	Totals
ASSETS						
Cash and Investments	\$ 26,118,397	\$ 4,026,949	\$ 12,491,141	\$ -	\$ 2,244,634	\$ 44,881,121
Restricted Cash and Investments	-	-	-	6,871,845	-	6,871,845
Accounts Receivable	3,655,257	-	35,676	547,462	240,861	4,479,256
Property Taxes Receivable	1,272,796	-	-	-	-	1,272,796
Intergovernmental Receivables	437,063	332,706	4,189,973	-	-	4,959,742
Loans Receivable	1,085,000	-	-	-	-	1,085,000
Prepaid Items	71,335	-	-	-	-	71,335
Due from Other Funds	471,716	-	-	-	-	471,716
Due from Component Unit	-	-	-	-	5,900,000	5,900,000
Total Assets	<u>\$ 33,111,564</u>	<u>\$ 4,359,655</u>	<u>\$ 16,716,790</u>	<u>\$ 7,419,307</u>	<u>\$ 8,385,495</u>	<u>\$ 69,992,811</u>
LIABILITIES						
Accounts Payable	\$ 283,916	\$ 107,580	\$ 3,426,741	\$ 93	\$ 513,327	\$ 4,331,657
Accrued Liabilities	6,072,474	22,905	-	-	13,278	6,108,657
Retainage Payable	-	-	653,179	-	-	653,179
Refundable Deposits	313,064	-	-	-	-	313,064
Unearned Revenues	61,250	-	-	-	-	61,250
Due to Other Funds	-	-	-	-	471,716	471,716
Total Liabilities	<u>6,730,704</u>	<u>130,485</u>	<u>4,079,920</u>	<u>93</u>	<u>998,321</u>	<u>11,939,523</u>
DEFERRED INFLOWS OF RESOURCES						
Property Taxes	1,272,796	-	-	-	-	1,272,796
Grants	-	-	30,669	-	-	30,669
Total Deferred Inflows of Resources	<u>1,272,796</u>	<u>-</u>	<u>30,669</u>	<u>-</u>	<u>-</u>	<u>1,303,465</u>
FUND BALANCES						
Nonspendable:						
Loans Receivable	1,085,000	-	-	-	-	1,085,000
Prepaid Items	71,335	-	-	-	-	71,335
Restricted for:						
Capital Projects	-	-	-	7,419,214	-	7,419,214
Open Space and Parks	-	4,229,170	-	-	573,659	4,802,829
Police Investigations	-	-	-	-	36,308	36,308
Crime Prevention Activities	-	-	-	-	538,718	538,718
Government Access Channel	252,429	-	-	-	-	252,429
Emergencies	1,850,000	-	-	-	-	1,850,000
Committed to:						
Municipal Court	-	-	-	-	88,425	88,425
Public Art	-	-	-	-	435,855	435,855
Assigned to:						
Subsequent Year's Budget	6,195,191	-	-	-	-	6,195,191
Capital Projects	-	-	12,606,201	-	5,469,913	18,076,114
Equipment Replacement	-	-	-	-	244,296	244,296
Unassigned	15,654,109	-	-	-	-	15,654,109
Total Fund Balances	<u>25,108,064</u>	<u>4,229,170</u>	<u>12,606,201</u>	<u>7,419,214</u>	<u>7,387,174</u>	<u>56,749,823</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 33,111,564</u>	<u>\$ 4,359,655</u>	<u>\$ 16,716,790</u>	<u>\$ 7,419,307</u>	<u>\$ 8,385,495</u>	<u>\$ 69,992,811</u>

See accompanying Notes to Financial Statements.

**CITY OF WHEAT RIDGE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022**

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

Total Fund Balances of Governmental Funds	\$ 56,749,823
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Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in governmental funds.	120,583,437
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Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred inflows of resources in the governmental funds and thus are not included in fund balance.

Intergovernmental Revenues	30,669
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Long-term liabilities and related items are not due and payable in the current year, and therefore are not reported in governmental funds.

Bonds Payable	(14,980,000)
Bond Premium	(685,192)
Lease Liabilities	(58,919)
Accrued Compensated Absences	(1,547,419)
Claims Payable	(279,461)
Accrued Interest Payable	(55,952)

Total Net Position of Governmental Activities	<u>\$ 159,756,986</u>
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CITY OF WHEAT RIDGE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General	Open Space	Capital Projects	Investing 4 the Future	Other Governmental Funds	Totals
REVENUES						
Taxes	\$ 39,335,267	\$ -	\$ 420,506	\$ 5,624,642	\$ 720,156	\$ 46,100,571
Licenses and Permits	3,255,682	-	-	-	-	3,255,682
Intergovernmental	6,070,245	1,806,716	14,007,436	-	6,313,866	28,198,263
Charges for Services	3,814,974	635,401	53,970	-	44,938	4,549,283
Fines and Forfeitures	165,762	-	-	-	19,872	185,634
Investment Income	621,050	1,670	797	83,449	26,112	733,078
Miscellaneous	899,645	47,801	-	120,386	187,346	1,255,178
Total Revenues	54,162,625	2,491,588	14,482,709	5,828,477	7,312,290	84,277,689
EXPENDITURES						
Current:						
General Government	12,844,740	-	-	6,776	9,439	12,860,955
Economic Development	2,033,412	-	-	-	-	2,033,412
Community Development	4,437,352	-	-	-	-	4,437,352
Police	12,983,788	-	-	-	354,164	13,337,952
Public Works	2,708,993	-	-	-	-	2,708,993
Parks and Recreation	6,109,759	2,723,058	13,600	-	74,000	8,920,417
Capital Outlay	1,225,910	218,511	20,834,263	-	1,720,517	23,999,201
Debt Service:						
Principal	56,805	-	-	2,720,000	-	2,776,805
Interest	2,506	-	-	778,800	-	781,306
Total Expenditures	42,403,265	2,941,569	20,847,863	3,505,576	2,158,120	71,856,393
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	11,759,360	(449,981)	(6,365,154)	2,322,901	5,154,170	12,421,296
OTHER FINANCING SOURCES (USES)						
Sales of Capital Assets	26,875	-	-	-	-	26,875
Insurance Recovery	84,880	-	-	-	-	84,880
Leases	7,248	-	-	-	-	7,248
Transfers In	-	-	6,995,445	-	500,000	7,495,445
Transfers Out	(7,495,445)	-	-	-	-	(7,495,445)
Total Financing Sources (Uses)	(7,376,442)	-	6,995,445	-	500,000	119,003
NET CHANGE IN FUND BALANCES	4,382,918	(449,981)	630,291	2,322,901	5,654,170	12,540,299
Fund Balances - Beginning of Year	20,725,146	4,679,151	11,975,910	5,096,313	1,733,004	44,209,524
FUND BALANCES - END OF YEAR	<u>\$ 25,108,064</u>	<u>\$ 4,229,170</u>	<u>\$ 12,606,201</u>	<u>\$ 7,419,214</u>	<u>\$ 7,387,174</u>	<u>\$ 56,749,823</u>

See accompanying Notes to Financial Statements.

CITY OF WHEAT RIDGE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Amounts reported for governmental activities in the statement of activities is different because:

Net Change in Fund Balances of Governmental Funds	\$ 12,540,299
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Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over the estimated useful lives as annual depreciation expense in the statement of activities.

Capital Outlays	21,399,384
Depreciation Expense	(3,564,596)
Contributed Assets	9,037
Net Book Value of Disposals	(28,956)

Some revenues reported in the statement of activities are not available as current financial resources and, therefore, are not reported as revenues in governmental funds. Negative amounts indicate a decrease in accruals between fiscal years. Examples are revenues from grant reimbursements.

Intergovernmental Revenue	(716,703)
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

Bond Payments	2,720,000
Lease Payments	56,805

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. Additionally, lease proceeds provide current financial resources for governmental funds, but issuing leases increases long-term liabilities in the statement of net position. This represents changes in the following.

Accrued Interest Payable	11,819
Amortization of Premium	290,078
Compensated Absences	(191,918)
Claims Payable	6,456
Lease Additions	(7,248)

Change in Net Position of Governmental Activities	\$ <u>32,524,457</u>
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**CITY OF WHEAT RIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Wheat Ridge, Colorado (the City) was incorporated in August 1969, and became a home rule city in 1976, as defined by State statutes. The City is governed by a Mayor and eight member Council elected by the residents.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The financial reporting entity consists of the City, organizations for which the City is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the City. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the City. 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 there is a potential for the organization to provide benefits to, or impose financial burdens on, the City. Based on the application of these criteria, the City includes the following organization in its reporting entity.

The Wheat Ridge Urban Renewal Authority (the Authority) was created to redevelop or rehabilitate certain blighted areas within the City. The Authority board members are appointed by the Mayor and City Council. Although the Authority is legally separate from the City, the Authority's primary revenue source, tax increment financing, can only be established by the City. The Authority is discretely presented in the financial statements and does not issue separate financial statements.

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 activities of the City and its component unit. 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 in a single column. The *primary government* is reported separately from the legally separate *component unit* for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of the 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 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.

**CITY OF WHEAT RIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

Taxes and other items not properly included among program revenues are reported instead as *general revenues*. Internally dedicated resources are reported as general revenues rather than as program revenues.

Separate financial statements are provided for the governmental funds. Major individual funds are reported as separate columns in the fund financial statements.

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*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are 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.

Taxes, intergovernmental revenues, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the City.

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.

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

The City reports the following major governmental funds:

The *General Fund* is the general operating fund of the City. It is used to account for all financial resources except those accounted for in another fund.

The *Open Space Fund* accounts for County shared revenues, grants, and development fees restricted for the acquisition, construction, and maintenance of open space and parks.

**CITY OF WHEAT RIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The *Capital Projects Fund* accounts for the accumulation of resources from a lodgers tax, intergovernmental revenues and General Fund transfers for the acquisition or construction of major capital assets.

The *Investing 4 the Future Fund* accounts for the collection of a 0.5% sales and use tax approved by election to finance a portion of certain improvement projects. The sales and use tax expires when revenues generated by the tax reach \$38.5 million or on December 31, 2028, whichever occurs first.

Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset.

The City adopted the requirements of the guidance effective January 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard resulted in the City reporting a right-to-use asset and lease liability disclosed in Note 4 and 5, respectively. The implementation of the standard also resulted in the solar power purchase agreement not meeting the definition of a lease or financed purchase, as disclosed in Note 9.

Assets, Liabilities, and Net Position/Fund Balances

Receivables – Receivables include sales, use and lodgers' taxes and a loan. Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than purchased.

Interfund Receivables and Payables – During the course of operations, certain transactions occur between individual funds. The resulting receivables and payables are classified on the balance sheet as *interfund receivables* and *interfund payables*. Any balances outstanding between the primary government and the discretely presented component unit are reported on the statement of activities as *due from* and *due to*.

Property Held for Resale – Property that is held with the intent to sell is reported at the lower of cost or fair value.

**CITY OF WHEAT RIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets – Capital assets, which include property, equipment, and infrastructure acquired or constructed since 1980, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more 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 the acquisition value on the date of donation. Intangible assets are reported at cost if they are identifiable.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Leases - The City is a lessee for a noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental activities in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses the incremental borrowing rate from the most recent bond issuance.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

**CITY OF WHEAT RIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Land Improvements	10 to 40 Years
Buildings	10 to 40 Years
Vehicles, Machinery, and Equipment	3 to 40 Years
Infrastructure	20 to 50 Years
Software	5 Years

Unearned Revenues – Unearned revenues include business license fees collected in advance.

Deferred Inflows of Resources – Deferred inflows of resources include property taxes earned but levied for a subsequent year. In addition, deferred inflows of resources are reported in governmental funds for unavailable revenue for grant revenues collected over 60 days after year-end. These amounts are recognized as an inflow of resources in the period the revenue becomes available.

Compensated Absences – Employees of the City are allowed to accumulate unused vacation and sick time up to a maximum based on years of service. Upon termination of employment from the City, an employee will be compensated for all accrued vacation time at their current pay rate. A long-term liability has been reported in the government-wide financial statements for compensated absences.

Long-Term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums and discounts are deferred and amortized over the life of the debt using the effective interest method. In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Governmental funds recognize long-term liabilities only when payment is due. Payments of long-term debt are reported as current expenditures. Debt issuance costs are reported as current expenses or expenditures.

Net Position/Fund Balances – In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. Governmental funds can report fund balance classifications of nonspendable, restricted, committed, assigned, and unassigned. The nonspendable classification is generally for inventories and prepaid expenses that are part of fund balance but not available for spending. Restricted amounts are not available for appropriation because they are legally restricted by an outside party for a specific purpose. Committed funds are reserved for a specific purpose by City Council and cannot be committed or uncommitted without formal action through resolution by City Council. In addition, by resolution the City Council has delegated to the City Manager or his designee the authority to assign fund balances for specific purposes.

**CITY OF WHEAT RIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Unassigned is a residual classification within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance.

As adopted by City Council policy, the City will maintain a minimum unrestricted fund balance of at least two months, or approximately 17%, of its General Fund operating expenditures.

When expenditures are incurred for a specific purpose for which both restricted and unrestricted fund balances are available, the City's policy is to use restricted amounts first, followed by committed, assigned and unassigned amounts.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and collected in the subsequent calendar year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the City on a monthly basis. Since property tax revenues are collected in arrears during the succeeding year, receivables and corresponding deferred inflows of resources are reported at year-end.

Contraband Forfeitures

The Colorado Contraband Forfeiture Act allows law enforcement agencies to retain proceeds from the seizure of contraband. These transactions are reported in the Police Investigation Special Revenue Fund.

NOTE 2 CASH AND INVESTMENTS

A summary of cash and investments at December 31, 2022, follows:

Petty Cash	\$ 4,150
Cash Deposits	9,363,812
Investments	88,207,088
Total	<u><u>\$ 97,575,050</u></u>

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

Cash and Investments - Primary Government	\$ 44,881,121
Restricted Cash and Investments - Primary Government	6,871,845
Cash and Investments - Component Unit	40,475,617
Restricted Cash and Investments - Component Unit	5,346,467
Total	<u><u>\$ 97,575,050</u></u>

**CITY OF WHEAT RIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Cash 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, 2022, the City and the Authority had bank deposits with a carrying amount of \$3,543,082 and \$5,820,812, respectively, collateralized with securities held by the financial institutions' agents but not in their name.

Investments

The City and the Authority are required to comply with State statutes, which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest. State statutes do not address custodial risk.

Through its investment policy, the City has further restricted allowable investments to the following.

- Obligations of the United States and U.S. Agency securities
- Corporate debt
- Commercial paper
- Bankers' acceptances
- Repurchase agreements collateralized by authorized securities
- General obligations of U.S. local government entities
- Guaranteed investment contracts
- Money market funds
- Local government investment pools

The City and the Authority had the following investments at December 31, 2022:

Investment	Fair Value	Maturity				Percentage of Investment
		Less Than 1 Year	1-5 Yrs	6-10 Yrs	More Than 10 Years	
U.S. Treasury Securities	\$ 26,665,585	\$ 4,519,788	\$ 22,145,797	\$ -	\$ -	30.23%
Corporate Bonds	1,000,625	-	1,000,625	-	-	1.13%
Local Government Investment Pools	53,305,594	53,305,594	-	-	-	60.44%
Money Market Funds	5,494,205	5,494,205	-	-	-	6.23%
Certificate of Deposits	1,741,079	1,741,079	-	-	-	1.97%
	<u>\$ 88,207,088</u>	<u>\$ 65,060,666</u>	<u>\$ 23,146,422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>100.00%</u>

**CITY OF WHEAT RIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Interest Rate Risk – State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk – State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

Investment	Credit Rating (S&P)					
	Fair Value	N/A	AAA	AA/AA-	A+/A/A-	BBB
U.S. Treasury Securities	\$ 26,665,585	\$ -	\$ -	\$ 26,665,585	\$ -	\$ -
Corporate Bonds	1,000,625	-	-	1,000,625	-	-
Certificate of Deposits	1,741,079	-	-	-	1,741,079	-
Total	<u>\$ 29,407,289</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,666,210</u>	<u>\$ 1,741,079</u>	<u>\$ -</u>

Concentration of Credit Risk – Except for corporate securities, State statutes do not limit the amount the City may invest in any single investment or issuer. There were no concentrations required to be disclosed.

Fair Value of Investments – The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

	Valuation			
	Fair Value Measurements Using			
	June 30, 2022	Level 1	Level 2	Level 3
Investments:				
U.S. Treasury Securities	\$ 26,665,585	\$ 26,665,585	\$ -	\$ -
Corporate Bonds	1,000,625	-	1,000,625	-
Total Investments by Fair Value Level	<u>\$ 27,666,210</u>	<u>\$ 26,665,585</u>	<u>\$ 1,000,625</u>	<u>\$ -</u>
Local Government Investment Pools	\$ 53,305,594			
Money Market Funds	5,494,205			
Certificate of Deposits	<u>1,741,079</u>			
Total Investments	<u>\$ 88,207,088</u>			

**CITY OF WHEAT RIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Local Government Investment Pools – At December 31, 2022, the City had \$6,944,908 invested in the Colorado Surplus Asset Fund Trust (CSAFE) Core Fund, an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating CSAFE. The external investment pool is measured at net asset value (NAV) with each share valued at \$2.00. CSAFE Core is rated AAAf by Fitch. Investments of CSAFE Core are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by participating governments. There are no unfunded commitments, the redemption frequency is daily with a 24-hour notification period, and a limit of three redemptions per month.

At December 31, 2022, the City had \$12 invested in the Colorado Surplus Asset Fund Trust (CSAFE) Cash Fund, an investment vehicle established for local government entities in Colorado to pool surplus funds. The external investment pool is measured at NAV with each share valued at \$1.00. Investments in the external investment pool are shown at amortized cost for financial reporting purposes. CSAFE Cash is rated AAAmf by Fitch. Investments of CSAFE Cash are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions.

The custodian's internal records identify the investments owned by participating governments. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

At December 31, 2022, the City and the Authority had \$33,260,948 and \$4,099,726, respectively, invested in the Colorado Statewide Investment Pool (CSIP) Liquid Portfolio, an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating CSIP. The external investment pool is measured at net asset value (NAV) per share with each share valued at \$1.00. Investments in the external investment pool are shown at amortized cost for financial reporting purposes. CSIP Liquid is rated AAAM by Standard and Poor's. Investments of CSIP Liquid are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by participating governments. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**CITY OF WHEAT RIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

At December 31, 2022, the City and the Authority had \$8,000,000 and \$1,000,000, respectively, invested in the Colorado Statewide Investment Pool (CSIP) Term Portfolio, an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating CSIP. The external investment pool is measured at net asset value (NAV) per share with each share valued at \$1.00. CSIP Term is rated AA+ by Fitch. Investments of CSIP Term are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by participating governments. There are no unfunded commitments, there is a seven-day notification period with potential early redemption penalties for withdrawal prior to maturity.

The Authority has \$5,494,205 in money market accounts at a financial institution which is valued at amortized cost.

NOTE 3 LOANS RECEIVABLE

The City entered into two loan agreements with the developer of the Fruitdale Lofts project. Under the agreements, the City committed to loan the developer \$470,000 and \$2,115,000. The first loan is due 35 years following substantial completion of the project, with interest accruing at 5% per annum beginning 20 years after substantial completion of the project.

Repayment terms for the second loan are dependent upon certain financing and equity contributions of the developer. The loan is due in 20 years, with interest accruing at 5% per annum commencing after completion of the project. During 2017, the project was under construction and the City had advanced the full amount of \$2,585,000 under these agreements. At December 31, 2022, the outstanding balance on the loans was \$1,085,000. The City did not receive principal or interest payments under either loan agreement during 2022.

CITY OF WHEAT RIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022, is summarized below.

	Balance 12/31/2021*	Additions	Deletions	Balance 12/31/2022
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 16,861,934	\$ 9,037	\$ -	\$ 16,870,971
Artwork	196,795	-	-	196,795
Construction in Progress	44,690,800	20,055,514	(43,413)	64,702,901
Total Capital Assets Not Being Depreciated	61,749,529	20,064,551	(43,413)	81,770,667
Capital Assets, Being Depreciated:				
Land Improvements	26,023,049	-	-	26,023,049
Buildings	24,240,210	35,886	-	24,276,096
Vehicles	6,491,489	560,632	(96,247)	6,955,874
Machinery and Equipment	8,803,844	722,696	(107,499)	9,419,041
Infrastructure	71,400,815	60,821	-	71,461,636
Software	394,497	-	-	394,497
Right to Use Equipment	108,476	7,248	-	115,724
Total Capital Assets, Being Depreciated	137,462,380	1,387,283	(203,746)	138,645,917
Less Accumulated Depreciation:				
Land Improvements	(9,344,829)	(741,616)	-	(10,086,445)
Buildings	(14,662,873)	(624,440)	-	(15,287,313)
Vehicles	(3,706,936)	(455,478)	174,790	(3,987,624)
Machinery and Equipment	(6,880,016)	(422,925)	-	(7,302,941)
Infrastructure	(61,489,667)	(1,231,494)	-	(62,721,161)
Software	(359,020)	(24,755)	-	(383,775)
Right to Use Equipment	-	(63,888)	-	(63,888)
Total Accumulated Depreciation	(96,443,341)	(3,564,596)	174,790	(99,833,147)
Total Capital Assets, Being Depreciated, Net	41,019,039	(2,177,313)	(28,956)	38,812,770
Governmental Activities Capital Assets, Net	<u>\$ 102,768,568</u>	<u>\$ 17,887,238</u>	<u>\$ (72,369)</u>	<u>\$ 120,583,437</u>

**CITY OF WHEAT RIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to programs of the City as follows:

General Government	\$ 305,615
Community Development	12,157
Police	256,027
Public Works	1,687,527
Parks and Recreation	1,303,270
Total	<u>\$ 3,564,596</u>

*As a result of implementation of GASB Statement No. 87 (GASB 87), *Leases*, as of January 1, 2022, \$108,476 was added to the beginning balance presented for right-to-use assets. The previously reported solar power capacity asset and related accumulated depreciation does not meet the definition of a lease per GASB 87. Both the asset and related liability were updated and these was no impact to net position.

Capital asset activity for the Urban Renewal Authority for the year ended December 31, 2022, is summarized below.

	Balance 12/31/2021	Additions	Deletions	Balance 12/31/2022
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 4,999,880	\$ -	\$ -	\$ 4,999,880
Total Capital Assets	<u>\$ 4,999,880</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,999,880</u>

**CITY OF WHEAT RIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM DEBT

Following is a summary of long-term debt transactions for the year ended December 31, 2022.

	Balance 12/31/2021*	Additions	Reductions	Balance 12/31/22	Due Within One Year
Governmental Activities					
2017 Revenue Bonds	\$ 17,700,000	\$ -	\$ 2,720,000	\$ 14,980,000	\$ 2,860,000
2017 Bond Premium	975,270	-	290,078	685,192	239,422
Compensated Absences	1,355,501	2,081,289	1,889,371	1,547,419	151,288
Claims Payable	285,917	149,209	155,665	279,461	279,461
Lease Liabilities	108,476	7,248	56,805	58,919	58,919
Total	<u>\$ 20,425,164</u>	<u>\$ 2,237,746</u>	<u>\$ 5,111,919</u>	<u>\$ 17,550,991</u>	<u>\$ 3,589,090</u>
Urban Renewal Authority					
Private Placement:					
2014 Loans Payable	\$ 640,000	\$ -	\$ 315,000	\$ 325,000	\$ 325,000
Series 2021 Bonds	42,105,000	-	160,000	41,945,000	1,185,000
2021 Bond Premium	8,112,524	-	587,697	7,524,827	632,452
Total	<u>\$ 50,857,524</u>	<u>\$ -</u>	<u>\$ 1,062,697</u>	<u>\$ 49,794,827</u>	<u>\$ 2,142,452</u>

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

*As a result of implementation of GASB Statement No. 87 (GASB 87), *Leases*, as of January 1, 2022, \$108,476 was added to the beginning balance presented above for lease liabilities. The previously reported solar power capacity lease does not meet the definition of a lease per GASB 87, and was removed from the summary above. Both the liability and related asset were updated and these was no impact to net position.

Revenue Bonds

On May 2, 2017, the City issued \$30,595,000 Sales and Use Tax Revenue Bonds, Series 2017A. Bond proceeds will be used to finance certain improvement projects. Interest accrues on the bonds at rates ranging from 3% to 5% per annum and is payable semi-annually on June 1 and December 1, beginning on December 1, 2017. Annual principal payments are due on December 1, from 2017 through 2027. After issuance of the bonds, the City has \$2,405,000 of debt authorization remaining from the related election.

The bonds are payable solely from revenues generated by the 0.5% sales and use tax reported in the Investing 4 the Future Fund. During the year ended December 31, 2022, revenues of \$5,624,642 were available to pay annual debt service of \$3,498,800.

**CITY OF WHEAT RIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

Remaining debt service at December 31, 2022, was as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,860,000	\$ 642,800	\$ 3,502,800
2024	3,000,000	499,800	3,499,800
2025	3,150,000	349,800	3,499,800
2026	3,260,000	238,800	3,498,800
2027	2,710,000	108,400	2,818,400
Total	<u>\$ 14,980,000</u>	<u>\$ 1,839,600</u>	<u>\$ 16,819,600</u>

Lease Liabilities

The City leases equipment under noncancellable agreements that expire in 2023. The total future minimum lease payments for these leases are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 58,919	\$ 1,458	\$ 60,377
Total	<u>\$ 58,919</u>	<u>\$ 1,458</u>	<u>\$ 60,377</u>

Urban Renewal Authority Loans

On May 14, 2014, the Authority approved a loan agreement with Colorado State Bank and Trust for \$2,455,000 to finance infrastructure improvements associated with redevelopment property. The loan accrues interest at 3.16% per annum. Interest payments are due semi-annually beginning December 1, 2014. Principal payments are due annually beginning December 1, 2015, through 2023. During the year ended December 31, 2022, revenues of \$3,816,669 were available to pay annual debt service of \$315,000 in principal and \$19,420 in interest.

Future debt service on the 2014 loan agreement is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 325,000	\$ 10,270	\$ 335,270
Total	<u>\$ 325,000</u>	<u>\$ 10,270</u>	<u>\$ 335,270</u>

**CITY OF WHEAT RIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM DEBT (CONTINUED)

Urban Renewal Authority Series 2021 Bonds

On November 9, 2021, the Authority issued the Series 2021 Tax Increment Revenue Refunding and Improvement Bonds for \$42,105,000 along with a premium of \$8,198,367, to refund the 2018 loan agreement and to finance various street improvements. Interest of 4.00% is due on June 1 and December 1 of each year, commencing on June 1, 2022. Principal payments are due annually beginning December 1, 2022, through 2040. During the year ended December 31, 2022, revenues of \$2,529,146 were available to pay annual debt service of \$160,000 in principal and \$1,875,514 in interest, however the debt service was paid with existing capitalized interest.

Future debt service on the Series 2021 bonds is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,185,000	\$ 1,761,100	\$ 2,946,100
2024	-	1,713,700	1,713,700
2025	740,000	1,713,700	2,453,700
2026	865,000	1,684,100	2,549,100
2027	975,000	1,649,500	2,624,500
2028 - 2032	10,785,000	7,043,250	17,828,250
2033 - 2037	15,105,000	4,348,000	19,453,000
2038 - 2040	12,290,000	1,040,000	13,330,000
Total	<u>\$ 41,945,000</u>	<u>\$ 20,953,350</u>	<u>\$ 62,898,350</u>

NOTE 6 INTERFUND ACTIVITY

During the year ended December 31, 2022, the General Fund transferred \$6,995,445 to the Capital Projects Fund to finance capital projects and \$500,000 to the Equipment Replacement Fund to finance equipment replacements. \$5,900,000 was transferred from the Urban Renewal Authority to the URA Project Fund to fund capital improvement projects.

NOTE 7 DUE TO/FROM PRIMARY GOVERNMENT AND COMPONENT UNIT

During the year ended December 31, 2022, \$5,900,000 was due from the Urban Renewal Authority to the URA Project Fund, to fund future capital improvement projects.

**CITY OF WHEAT RIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 8 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has agreed to self-insure for general liability claims to a maximum of \$150,000 and automobile, property and physical damage claims to a maximum of \$10,000. The City accounts for its risk management activities in the General Fund.

Claims liabilities, including estimated incurred but not reported claims (IBNR), are reported in the government-wide financial statements if information available prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in claims payable for the years ended December 31, 2022 and 2021, were as follows:

	2022	2021
Claims Payable - January 1	\$ 285,917	\$ 143,425
Incurred Claims and Changes in Estimated Claims	149,209	228,919
Claims Paid	(155,665)	(86,427)
Claims Payable - December 31	<u>\$ 279,461</u>	<u>\$ 285,917</u>

For excess liability and property claims the City participates in the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provisions of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and the Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability, property, and workers compensation coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.

For workers' compensation claims, the City is insured by Pinnacol Assurance.

**CITY OF WHEAT RIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 9 RETIREMENT COMMITMENTS

Police Defined Contribution Pension Plan

The City contributes to a single-employer defined contribution money purchase pension plan on behalf of sworn police officers. The Plan is administered by the International City/County Management Association (ICMA). During 2022, employees contributed 10% of their compensation to the Plan and the City contributed 11%. Employees become vested in City contributions to the Plan at 20% annually, beginning in the third year of employment. The contribution requirements of Plan members and the City are established and may be amended by the City Council. During the year ended December 31, 2022, the City's pension expense was \$862,083 and employee contributions to the Plan were \$750,011, equal to the required contributions.

Department Head Defined Contribution Pension Plan

City department heads participate in a multiple-employer defined contribution pension plan upon employment with the City. The Plan is administered by ICMA. During 2022 department heads contributed 4% of their compensation to the Plan and the City contributed 7%, except for the City Manager for which the City contributed 10%. Employees become vested in all contributions to the Plan immediately. The contribution requirements of Plan members and the City are established and may be amended by the City Council. During the year ended December 31, 2022, the City's pension expense was \$75,686 and employee contributions to the Plan were \$39,372, equal to the required contributions.

Employee Defined Contribution Pension Plan

The City contributes to a multiple-employer defined contribution pension plan on behalf of all employees, except sworn police officers and department heads. The Plan is administered by ICMA. During 2022 employees contributed 4% of their compensation to the Plan, and the City contributed 6%. Employees become vested in City contributions to the Plan at 20% annually after one year of employment. The contribution requirements of Plan members and the City are established and may be amended by the City Council. During the year ended December 31, 2022, the City's pension expense was \$608,554 and employee contributions to the Plan were \$405,057, equal to the required contributions.

**CITY OF WHEAT RIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 10 COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to the City. Revenue in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

The City's management believes it is in compliance with the provisions of the Amendment. However, the Amendment is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

In November, 2006, voters agreed to allow the City to spend all revenues generated during 2006 and each subsequent year for police protection, street construction – repair and maintenance, parks and recreation – trails and open space, capital projects, and other basic municipal services, without limitation. The Authority is not subject to the Tabor Amendment. See: *Marian L. Olson v. City of Golden, et. al.*, 53 P.3d 747 (Co. App.), certiorari denied.

The City has established an emergency reserve, representing 3% of qualifying revenues, as required by the Amendment. At December 31, 2022, the emergency reserve of \$1,850,000 was reported as restricted fund balance in the General Fund.

Grant Programs

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. At December 31, 2022, significant amounts of grant expenses have not been audited but management believes that subsequent audits will not have a material effect on the overall financial position of the City.

Solar Power Purchase Agreement

On March 23, 2015, the City entered into an agreement to purchase solar power capacity in a community solar garden. The purchase was executed in April 2015, with an agreement in the amount of \$800,000. Monthly payments of \$6,681 are due under the agreement, beginning June 1, 2015, through May 1, 2030. This agreement does not meet the definition of lease per GASB 87, as it is considered to be a power purchase agreement. Ownership of the solar generating assets does not transfer to the City at the end of the agreement. Accordingly, the City does not present a capital asset or liability related to this agreement.

Litigation

The City is involved in various threatened and pending litigation. The outcome of this litigation cannot be determined at this time.

**CITY OF WHEAT RIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 11 TAX ABATEMENTS

The City of Wheat Ridge has a Business Development Zone Program, as enacted by the City Code Chapter 22, Article I, Division 5, which provides a share-back of Use-Tax generated by developments that meet the criteria established as public or public related improvements. The Program was created as a joint benefit to the public at large and to private owners for the purposes of reducing blight in business districts and providing the city with increased sales and use tax revenues generated upon and by properties improved as a result of this program.

For the fiscal year ended December 31, 2022, the City abated 3% of applicable use taxes totaling \$809,796. The rebates were primarily for a manufacturing company that is expanding operations that is expected to produce incremental future use tax revenue generated by the project as well as both the short-term and long-term expected employment opportunities within the City and for a property developer constructing certain public improvements. The maximum rebate allowed over the course of these projects is \$14,980,617.

The Wheat Ridge Urban Renewal Authority has various Redevelopment Plans, approved by city council, which serve to further the mission of the Authority and establish future tax generating facilities by offsetting redevelopment costs through rebated property tax increment revenues and sales tax increment revenues offered to developers.

For the fiscal year ended December 31, 2022, the Authority rebated property tax increment revenues and sales tax increment revenues for a total of \$1,494,477. These rebates were for three development companies, which have renovated various locations within the boundaries of a defined economic urban renewal area. The redeveloped locations are expected to produce future incremental property and sales tax revenues for the City. The maximum rebate allowed over the course of this project is \$18,073,521.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WHEAT RIDGE
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 37,553,042	\$ 37,553,042	\$ 39,335,267	\$ 1,782,225
Licenses and Permits	3,040,560	3,040,560	3,255,682	215,122
Intergovernmental	1,818,016	1,843,556	6,070,245	4,226,689
Charges for Services	4,462,245	4,462,245	3,814,974	(647,271)
Fines and Forfeitures	325,000	325,000	165,762	(159,238)
Investment Income	21,849	21,849	621,050	599,201
Miscellaneous	848,396	848,396	899,645	51,249
Total Revenues	48,069,108	48,094,648	54,162,625	6,067,977
EXPENDITURES				
Current:				
General Government	13,242,916	15,152,950	12,844,740	2,308,210
Economic Development	2,084,018	2,084,018	2,033,412	50,606
Community Development	4,080,397	4,530,397	4,437,352	93,045
Police	13,138,640	13,258,640	12,983,788	274,852
Public Works	3,944,911	3,944,911	2,708,993	1,235,918
Parks and Recreation	7,678,899	7,712,957	6,109,759	1,603,198
Capital Outlay	-	-	1,225,910	(1,225,910)
Debt Service:				
Principal	-	-	56,805	(56,805)
Interest	-	-	2,506	(2,506)
Total Expenditures	44,169,781	46,683,873	42,403,265	4,280,608
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,899,327	1,410,775	11,759,360	10,348,585
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	-	-	26,875	26,875
Insurance Recovery	-	-	84,880	84,880
Leases	-	-	7,248	7,248
Transfers Out	(7,495,445)	(7,495,445)	(7,495,445)	-
Total Other Financing Sources (Uses)	(7,495,445)	(7,495,445)	(7,376,442)	119,003
NET CHANGE IN FUND BALANCE	(3,596,118)	(6,084,670)	4,382,918	10,467,588
Fund Balance - Beginning of Year	17,271,544	20,725,146	20,725,146	-
FUND BALANCE - END OF YEAR	\$ 13,675,426	\$ 14,640,476	\$ 25,108,064	\$ 10,467,588

**CITY OF WHEAT RIDGE
BUDGETARY COMPARISON SCHEDULE – OPEN SPACE FUND
YEAR ENDED DECEMBER 31, 2022**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 1,550,000	\$ 1,550,000	\$ 1,806,716	\$ 256,716
Charges for Services	298,856	298,856	635,401	336,545
Grants	1,062,900	1,062,900	-	(1,062,900)
Investment Income	250	250	1,670	1,420
Miscellaneous	900,000	900,000	47,801	(852,199)
Total Revenues	<u>3,812,006</u>	<u>3,812,006</u>	<u>2,491,588</u>	<u>(1,320,418)</u>
EXPENDITURES				
Current:				
Parks and Recreation	5,375,079	7,098,073	2,723,058	4,375,015
Capital Outlay	-	556,275	218,511	337,764
Total Expenditures	<u>5,375,079</u>	<u>7,654,348</u>	<u>2,941,569</u>	<u>4,712,779</u>
NET CHANGE IN FUND BALANCE	(1,563,073)	(3,842,342)	(449,981)	3,392,361
Fund Balance - Beginning of Year	<u>2,914,579</u>	<u>4,679,151</u>	<u>4,679,151</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,351,506</u>	<u>\$ 836,809</u>	<u>\$ 4,229,170</u>	<u>\$ 3,392,361</u>

CITY OF WHEAT RIDGE
BUDGETARY COMPARISON SCHEDULE – INVESTING 4 THE FUTURE FUND
YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 5,666,306	\$ 5,666,306	\$ 5,624,642	\$ (41,664)
Investment Income	6,060	6,060	83,449	77,389
Miscellaneous	-	-	120,386	120,386
Total Revenues	<u>5,672,366</u>	<u>5,672,366</u>	<u>5,828,477</u>	<u>156,111</u>
EXPENDITURES				
Current:				
General Government	384,783	478,159	6,776	471,383
Capital Outlay	-	-	-	-
Debt Service:				
Principal	2,720,000	2,720,000	2,720,000	-
Interest	778,800	778,800	778,800	-
Debt Issuance Costs	500	500	-	500
Total Expenditures	<u>3,884,083</u>	<u>3,977,459</u>	<u>3,505,576</u>	<u>471,883</u>
NET CHANGE IN FUND BALANCE	1,788,283	1,694,907	2,322,901	627,994
Fund Balance - Beginning of Year	<u>5,455,875</u>	<u>5,096,313</u>	<u>5,096,313</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 7,244,158</u>	<u>\$ 6,791,220</u>	<u>\$ 7,419,214</u>	<u>\$ 627,994</u>

**CITY OF WHEAT RIDGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022**

NOTE 1 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

State statutes require that all funds have legally adopted budgets and appropriations. Total expenditures may not exceed the amount appropriated at the fund level. Budgets are adopted for all funds of the City on a basis consistent with accounting principles generally accepted in the United States of America.

The City follows these procedures to establish the budgetary information reflected in the financial statements:

- Management submits to the 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.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally adopted through passage of a resolution.
- Revisions that alter the total expenditures of any fund must be approved by the City Council.
- All appropriations lapse at year-end.

Budgetary information presented in the financial statements for the Wheat Ridge Urban Renewal Authority was approved by the governing board of the Wheat Ridge Urban Renewal Authority.

SUPPLEMENTARY INFORMATION

**CITY OF WHEAT RIDGE
COMBINING BALANCE SHEET
NONMAJOR FUNDS
DECEMBER 31, 2022**

	Police Investigation	Municipal Court	Conservation Trust	Crime Prevention	Public Art	Equipment Replacement	URA Project	Totals
ASSETS								
Cash and Investments	\$ 36,308	\$ 88,930	\$ 939,752	\$ 499,493	\$ 435,855	\$ 244,296	\$ -	\$ 2,244,634
Accounts Receivable	-	-	-	53,515	-	-	187,346	240,861
Due From Component Unit	-	-	-	-	-	-	5,900,000	5,900,000
Total Assets	<u>\$ 36,308</u>	<u>\$ 88,930</u>	<u>\$ 939,752</u>	<u>\$ 553,008</u>	<u>\$ 435,855</u>	<u>\$ 244,296</u>	<u>\$ 6,087,346</u>	<u>\$ 8,385,495</u>
LIABILITIES								
Accounts Payable	\$ -	\$ 505	\$ 366,093	\$ 1,012	\$ -	\$ -	\$ 145,717	\$ 513,327
Accrued Liabilities	-	-	-	13,278	-	-	-	13,278
Due to Other Funds	-	-	-	-	-	-	471,716	471,716
Total Liabilities	-	505	366,093	14,290	-	-	617,433	998,321
FUND BALANCES								
Restricted for:								
Open Space and Parks	-	-	573,659	-	-	-	-	573,659
Police Investigations	36,308	-	-	-	-	-	-	36,308
Crime Prevention Activities	-	-	-	538,718	-	-	-	538,718
Committed to:								
Municipal Court	-	88,425	-	-	-	-	-	88,425
Public Art	-	-	-	-	435,855	-	-	435,855
Assigned to:								
Capital Projects	-	-	-	-	-	-	5,469,913	5,469,913
Equipment Replacement	-	-	-	-	-	244,296	-	244,296
Total Fund Balances	<u>36,308</u>	<u>88,425</u>	<u>573,659</u>	<u>538,718</u>	<u>435,855</u>	<u>244,296</u>	<u>5,469,913</u>	<u>7,387,174</u>
Total Liabilities and Fund Balances	<u>\$ 36,308</u>	<u>\$ 88,930</u>	<u>\$ 939,752</u>	<u>\$ 553,008</u>	<u>\$ 435,855</u>	<u>\$ 244,296</u>	<u>\$ 6,087,346</u>	<u>\$ 8,385,495</u>

CITY OF WHEAT RIDGE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
NONMAJOR FUNDS
YEAR ENDED DECEMBER 31, 2022

	Police Investigation	Municipal Court	Conservation Trust	Crime Prevention	Public Art	Equipment Replacement	URA Project	Totals
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ 626,548	\$ 93,608	\$ -	\$ -	\$ 720,156
Intergovernmental	-	-	413,866	-	-	-	5,900,000	6,313,866
Charges for Services	-	-	-	-	44,938	-	-	44,938
Fines and Forfeitures	-	3,815	-	16,057	-	-	-	19,872
Investment Income	25	245	23,777	385	996	684	-	26,112
Miscellaneous	-	-	-	-	-	-	187,346	187,346
Total Revenues	<u>25</u>	<u>4,060</u>	<u>437,643</u>	<u>642,990</u>	<u>139,542</u>	<u>684</u>	<u>6,087,346</u>	<u>7,312,290</u>
EXPENDITURES								
Current:								
General Government	-	9,439	-	-	-	-	-	9,439
Police	199	-	-	353,965	-	-	-	354,164
Parks and Recreation	-	-	-	-	74,000	-	-	74,000
Capital Outlay	-	-	762,836	-	-	340,248	617,433	1,720,517
Total Expenditures	<u>199</u>	<u>9,439</u>	<u>762,836</u>	<u>353,965</u>	<u>74,000</u>	<u>340,248</u>	<u>617,433</u>	<u>2,158,120</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(174)	(5,379)	(325,193)	289,025	65,542	(339,564)	5,469,913	5,154,170
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	-	500,000	-	500,000
NET CHANGE IN FUND BALANCES	(174)	(5,379)	(325,193)	289,025	65,542	160,436	5,469,913	5,654,170
Fund Balances - Beginning of Year	<u>36,482</u>	<u>93,804</u>	<u>898,852</u>	<u>249,693</u>	<u>370,313</u>	<u>83,860</u>	<u>-</u>	<u>1,733,004</u>
FUND BALANCES - END OF YEAR	<u>\$ 36,308</u>	<u>\$ 88,425</u>	<u>\$ 573,659</u>	<u>\$ 538,718</u>	<u>\$ 435,855</u>	<u>\$ 244,296</u>	<u>\$ 5,469,913</u>	<u>\$ 7,387,174</u>

**CITY OF WHEAT RIDGE
BUDGETARY COMPARISON SCHEDULE
POLICE INVESTIGATION FUND
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment Income	\$ 10	\$ 25	\$ 15
EXPENDITURES			
Current:			
Police	9,000	199	8,801
Total Expenditures	9,000	199	8,801
NET CHANGE IN FUND BALANCE	(8,990)	(174)	8,816
Fund Balance - Beginning of Year	37,020	36,482	(538)
FUND BALANCE - END OF YEAR	\$ 28,030	\$ 36,308	\$ 8,278

**CITY OF WHEAT RIDGE
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL COURT FUND
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fines and Forfeitures	\$ 10,250	\$ 3,815	\$ (6,435)
Investment Income	50	245	195
Total Revenues	<u>10,300</u>	<u>4,060</u>	<u>(6,240)</u>
EXPENDITURES			
Current:			
General Government	<u>32,250</u>	<u>9,439</u>	<u>22,811</u>
Total Expenditures	<u>32,250</u>	<u>9,439</u>	<u>22,811</u>
NET CHANGE IN FUND BALANCE	(21,950)	(5,379)	16,571
Fund Balance - Beginning of Year	<u>83,116</u>	<u>93,804</u>	<u>10,688</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 61,166</u></u>	<u><u>\$ 88,425</u></u>	<u><u>\$ 27,259</u></u>

**CITY OF WHEAT RIDGE
BUDGETARY COMPARISON SCHEDULE
CONSERVATION TRUST FUND
YEAR ENDED DECEMBER 31, 2022**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 350,000	\$ 350,000	\$ 413,866	\$ 63,866
Investment Income	1,111	1,111	23,777	22,666
Total Revenues	351,111	351,111	437,643	86,532
EXPENDITURES				
Current:				
Capital Outlay	367,500	902,383	762,836	139,547
Total Expenditures	367,500	902,383	762,836	139,547
NET CHANGE IN FUND BALANCE	(16,389)	(551,272)	(325,193)	226,079
Fund Balance - Beginning of Year	380,771	898,852	898,852	-
FUND BALANCE - END OF YEAR	<u>\$ 364,382</u>	<u>\$ 347,580</u>	<u>\$ 573,659</u>	<u>\$ 226,079</u>

**CITY OF WHEAT RIDGE
BUDGETARY COMPARISON SCHEDULE
CRIME PREVENTION FUND
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Lodgers Taxes	\$ 450,000	\$ 626,548	\$ 176,548
Fines and Forfeitures	20,000	16,057	(3,943)
Investment Income	100	385	285
Total Revenues	<u>470,100</u>	<u>642,990</u>	<u>172,890</u>
EXPENDITURES			
Current:			
Police	<u>621,305</u>	<u>353,965</u>	<u>267,340</u>
Total Expenditures	<u>621,305</u>	<u>353,965</u>	<u>267,340</u>
NET CHANGE IN FUND BALANCE	(151,205)	289,025	440,230
Fund Balance - Beginning of Year	<u>157,827</u>	<u>249,693</u>	<u>91,866</u>
FUND BALANCE - END OF YEAR	<u>\$ 6,622</u>	<u>\$ 538,718</u>	<u>\$ 532,096</u>

**CITY OF WHEAT RIDGE
BUDGETARY COMPARISON SCHEDULE
PUBLIC ART FUND
YEAR ENDED DECEMBER 31, 2022**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Use Taxes	\$ 50,000	\$ 50,000	\$ 93,608	\$ 43,608
Intergovernmental	427,283	427,283	-	(427,283)
Charges for Services	21,150	21,150	44,938	23,788
Investment Income	100	100	996	896
Total Revenues	498,533	498,533	139,542	(358,991)
EXPENDITURES				
Current:				
Parks and Recreation	-	185,000	74,000	111,000
Total Expenditures	-	185,000	74,000	111,000
NET CHANGE IN FUND BALANCE	498,533	313,533	65,542	(247,991)
Fund Balance - Beginning of Year	360,386	370,313	370,313	-
FUND BALANCE - END OF YEAR	<u>\$ 858,919</u>	<u>\$ 683,846</u>	<u>\$ 435,855</u>	<u>\$ (247,991)</u>

**CITY OF WHEAT RIDGE
BUDGETARY COMPARISON SCHEDULE
EQUIPMENT REPLACEMENT FUND
YEAR ENDED DECEMBER 31, 2022**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Investment Income	\$ 100	\$ 100	\$ 684	\$ 584
Total Revenues	100	100	684	584
EXPENDITURES				
Capital Outlay	-	344,448	340,248	4,200
Total Expenditures	-	344,448	340,248	4,200
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	100	(344,348)	(339,564)	4,784
OTHER FINANCIAL SOURCES				
Transfers In	500,000	500,000	500,000	-
NET CHANGE IN FUND BALANCE	500,100	155,652	160,436	4,784
Fund Balance - Beginning of Year	77,396	83,860	83,860	-
FUND BALANCE - END OF YEAR	<u>\$ 577,496</u>	<u>\$ 239,512</u>	<u>\$ 244,296</u>	<u>\$ 4,784</u>

**CITY OF WHEAT RIDGE
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2022**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Lodgers Taxes	\$ 300,000	\$ 300,000	\$ 420,506	\$ 120,506
Intergovernmental	13,575,773	13,575,773	14,007,436	431,663
Charges for Services	-	-	53,970	53,970
Investment Income	125	125	797	672
Total Revenues	13,875,898	13,875,898	14,482,709	606,811
EXPENDITURES				
Public Works	-	-	13,600	(13,600)
Capital Outlay	21,763,305	29,724,828	20,834,263	8,890,565
Total Expenditures	21,763,305	29,724,828	20,847,863	8,876,965
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,887,407)	(15,848,930)	(6,365,154)	9,483,776
OTHER FINANCIAL SOURCES				
Transfers In	6,995,445	6,995,445	6,995,445	-
NET CHANGE IN FUND BALANCE	(891,962)	(8,853,485)	630,291	9,483,776
Fund Balance - Beginning of Year	3,314,369	11,975,910	11,975,910	-
FUND BALANCE - END OF YEAR	\$ 2,422,407	\$ 3,122,425	\$ 12,606,201	\$ 9,483,776

**CITY OF WHEAT RIDGE
BUDGETARY COMPARISON SCHEDULE
URA PROJECT FUND
YEAR ENDED DECEMBER 31, 2022**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 5,900,000	\$ 5,900,000
Miscellaneous	-	-	187,346	187,346
Total Revenues	-	-	6,087,346	6,087,346
EXPENDITURES				
Capital Outlay	5,900,000	10,510,210	617,433	9,892,777
Total Expenditures	5,900,000	10,510,210	617,433	9,892,777
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,900,000)	(10,510,210)	5,469,913	15,980,123
OTHER FINANCIAL SOURCES				
Transfers In	5,900,000	10,510,210	-	(10,510,210)
NET CHANGE IN FUND BALANCE	-	-	5,469,913	5,469,913
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 5,469,913	\$ 5,469,913

**CITY OF WHEAT RIDGE
BALANCE SHEET
COMPONENT UNIT – URBAN RENEWAL AUTHORITY
DECEMBER 31, 2022**

ASSETS

Cash and Investments	\$ 40,475,617
Restricted Cash and Investments	5,346,467
Accounts Receivable	142,862
Property Taxes Receivable	3,284,489
Property Held for Resale	<u>330,299</u>
Total Assets	<u><u>\$ 49,579,734</u></u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES,
AND FUND BALANCE**

LIABILITIES

Accounts Payable	\$ 1,118,088
Due to Primary Government	<u>5,900,000</u>
Total Liabilities	7,018,088

DEFERRED INFLOWS OF RESOURCES

Property Taxes	3,284,489
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FUND BALANCE

Nonspendable Property Held for Resale	330,299
Restricted for Capital Projects	-
Unrestricted, Unassigned	<u>33,600,391</u>
Total Fund Balance	<u>39,277,157</u>

Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u><u>\$ 49,579,734</u></u>
--	-----------------------------

Amounts reported for the component unit in the statement of net position are different because:

Total Fund Balance of Component Unit	\$ 39,277,157
--------------------------------------	---------------

Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in governmental funds.	4,999,880
--	-----------

Long-term liabilities are not due and payable in the current year, and therefore, are not reported in governmental funds.

Loans Payable	(325,000)
Bonds Payable	(41,945,000)
Bond Premium	(7,524,827)
Accrued Interest	<u>(151,104)</u>

Total Net Position of Component Unit	<u><u>\$ (5,668,894)</u></u>
--------------------------------------	------------------------------

CITY OF WHEAT RIDGE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPONENT UNIT – URBAN RENEWAL AUTHORITY
YEAR ENDED DECEMBER 31, 2022

REVENUES

Property Tax Increment	\$ 2,529,146
Sales Tax Increment	1,287,523
Investment Income	423,713
Unrealized Investment Gain (Loss)	<u>(935,529)</u>
Total Revenues	<u>3,304,853</u>

EXPENDITURES

Current:	
Community Development	66,788
Public Works	5,900,000
Capital Outlay	2,184,408
Debt Service:	
Principal	497,421
Interest	1,875,514
Debt Issuance Costs	5,045
Total Expenditures	<u>10,529,176</u>

EXCESS OF REVENUES OVER (UNDER) EXPENDITURES (7,224,323)

OTHER FINANCING SOURCES

Proceeds from Sale of Property	<u>351,999</u>
Total Other Financing Sources	<u>351,999</u>

NET CHANGE IN FUND BALANCE (6,872,324)

Fund Balance - Beginning of Year 46,149,481

FUND BALANCE - END OF YEAR \$ 39,277,157

Amounts reported for the component unit in the statement of activities are different because:

Net Change in Fund Balance of Component Unit \$ (6,872,324)

Repayments of long-term debt are expenditures 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 represents loan payments in the current year.

 Payment of Loan Principal 475,000

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 amount represents changes in accrued interest payable, amortization of bond premium, and changes in the pollution remediation liability.

678,264

Change in Net Position of Component Unit \$ (5,719,060)

**CITY OF WHEAT RIDGE
BUDGETARY COMPARISON SCHEDULE
WHEAT RIDGE URBAN RENEWAL AUTHORITY
YEAR ENDED DECEMBER 31, 2022**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Tax Increment	\$ 2,164,000	\$ 2,529,146	\$ 2,529,146	\$ -
Sales Tax Increment	1,017,400	844,662	1,287,523	442,861
Intergovernmental	300,000	300,000	-	(300,000)
Investment Income	4,000	1,432	423,713	422,281
Unrealized Investment Gain (Loss)	-	-	(935,529)	(935,529)
Miscellaneous	353,720	351,999	351,999	-
Total Revenues	3,839,120	4,027,239	3,656,852	(370,387)
EXPENDITURES				
Current:				
Community Development	70,000	66,789	66,788	1
Public Works	-	-	5,900,000	(5,900,000)
Capital Outlay	1,753,500	2,502,800	2,184,408	318,392
Debt Service:				
Principal	497,421	497,421	497,421	-
Interest	1,256,079	2,234,648	1,875,514	359,134
Debt Issuance Costs	-	-	5,045	(5,045)
Total Expenditures	3,577,000	5,301,658	10,529,176	(5,227,518)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	262,120	(1,274,419)	(6,872,324)	(5,597,905)
OTHER FINANCIAL SOURCES (USES)				
Transfer to Primary Government	(5,900,000)	(10,510,210)	-	10,510,210
Debt Proceeds	-	35,730,000	-	(35,730,000)
Debt Proceeds - Refunding	-	6,375,000	-	(6,375,000)
Total Other Financing Sources (Uses)	(5,900,000)	39,793,157	-	(39,793,157)
NET CHANGE IN FUND BALANCE	(5,637,880)	38,518,738	(6,872,324)	(45,391,062)
Fund Balance - Beginning of Year	39,719,676	44,365,624	46,149,481	1,783,857
FUND BALANCE - END OF YEAR	<u>\$ 34,081,796</u>	<u>\$ 82,884,362</u>	<u>\$ 39,277,157</u>	<u>\$ (43,607,205)</u>

STATE COMPLIANCE

**CITY OF WHEAT RIDGE
LOCAL HIGHWAY FINANCE REPORT
YEAR ENDED DECEMBER 31, 2022**

Financial Planning 02/01
Form # 350-050-36

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

LOCAL HIGHWAY FINANCE REPORT		City or County:
		WHEAT RIDGE
		YEAR ENDING : December 2022
This Information From The Records Of The City of Wheat Ridge:	Prepared By:	Mark Colvin, Finance Manager
	Phone:	303-235-2817

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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	10,398,946
4. Miscellaneous local receipts (from page 2)	2,150,550
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	
7. Total (1 through 6)	12,549,496
B. Private Contributions	
C. Receipts from State government (from page 2)	1,011,888
D. Receipts from Federal Government (from page 2)	12,160,807
E. Total receipts (A.7 + B + C + D)	25,722,191

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	17,259,031
2. Maintenance:	4,718,727
3. Road and street services:	
a. Traffic control operations	19,810
b. Snow and ice removal	68,864
c. Other	
d. Total (a. through c.)	88,674
4. General administration & miscellaneous	642,057
5. Highway law enforcement and safety	3,013,701
6. Total (1 through 5)	25,722,190
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	25,722,190

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		25,722,191	25,722,190		0

Notes and Comments:

**CITY OF WHEAT RIDGE
LOCAL HIGHWAY FINANCE REPORT
YEAR ENDED DECEMBER 31, 2022**

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING : December 2022	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	1,259,220	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	91,575
1. Sales Taxes	9,139,726	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	235,777
5. Specific Ownership &/or Other		g. Other Misc. Receipts	9,230
6. Total (1. through 5.)	9,139,726	h. Other - Jeffco, Arvada, WR Water and WR Sani	1,813,969
c. Total (a. + b.)	10,398,946	i. Total (a. through h.)	2,150,550
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	1,011,888	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		d. Federal Transit Admin	12,160,807
d. Other - Local Government		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	0	g. Total (a. through f.)	12,160,807
4. Total (1. + 2. + 3.f)	1,011,888	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)
A.1. Capital outlay:			
a. Right-Of-Way Costs	892,858		892,858
b. Engineering Costs	183,714		183,714
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation	16,182,459		16,182,459
(5). Total Construction (1) + (2) + (3) + (4)	16,182,459	0	16,182,459
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	17,259,031	0	17,259,031
			(Carry forward to page 1)
Notes and Comments:			

FEDERAL COMPLIANCE – SINGLE AUDIT



**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**

Honorable Mayor and Members of City Council
City of Wheat Ridge, Colorado
Wheat Ridge, Colorado

We have audited, in accordance with the 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wheat Ridge, Colorado (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 30, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters


As part of obtaining reasonable assurance about whether the City'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 financial statements. 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*.

The City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Broomfield, Colorado
August 30, 2023



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

Honorable Mayor and Members of City Council
City of Wheat Ridge, Colorado
Wheat Ridge, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Wheat Ridge, Colorado's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 a 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 internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



CliftonLarsonAllen LLP

Broomfield, Colorado
August 30, 2023

**CITY OF WHEAT RIDGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
Executive Office of the President - Direct Program			
High Intensity Drug Trafficking Areas Program	95.001	N/A	\$ 31,838
Total from Executive Office of the President			<u>31,838</u>
U.S. Department of Justice			
<u>Passed Through the Colorado Division of Criminal Justice</u>			
JAG - Byrne - Bullet Proof Vest	16.607	2020BUBX20023463	7,869
Total from U.S. Department of Justice			<u>7,869</u>
U.S. Department of Transportation			
<u>Passed Through the Colorado Department of Transportation</u>			
Traffic Safety Campaign	20.600	411031625	11,094
Total from U.S. Department of Transportation			<u>11,094</u>
U.S. Department of Treasury			
<u>Passed Through Colorado Department of Local Affairs</u>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	3,936,640
Total from U.S. Department of Treasury			<u>3,936,640</u>
U.S. Department of Transportation			
<u>Passed Through the Colorado Department of Transportation</u>			
Highway Planning and Construction	20.205	16-HA1-ZH-00035	11,444,108
Total from U.S. Department of Transportation			<u>11,444,108</u>
Total Expenditures of Federal Awards			<u>\$ 15,431,549</u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards .

CITY OF WHEAT RIDGE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022

NOTE 1 BASIS OF ACCOUNTING

The schedule of expenditures of federal awards is prepared on the modified accrual basis of accounting. Expenditures are recognized when they become a demand on current available financial resources. Encumbrances are used during the year for budgetary control purposes and lapse at fiscal year-end. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE 2 INDIRECT COST RATE

The City has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 SUBRECIPIENTS

The City did not have subrecipients of federal awards for the year ended December 31, 2022.

**CITY OF WHEAT RIDGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? yes x none reported
3. Noncompliance material to financial statements noted? yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes x no
 - Significant deficiency(ies) identified? yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes x no

Identification of Major Federal Programs

Assistance Listing Number(s)

21.027

Name of Federal Program or Cluster

COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee? x yes no

**CITY OF WHEAT RIDGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022**

Section II – Financial Statement Findings

2022 – 001 Investment Fair Value Measurement

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: During our review of investments, it was noted that a managed account was established with investments in U.S. Treasury Securities and Corporate Bonds that were recorded at cost, rather than at fair value.

Criteria or specific requirement: Financial records are to be kept in accordance with generally accepted principles of governmental accounting [CRS § 22-45-102 and § 29-1-605].

Effect: An audit adjustment was required to decrease investments and increase unrealized investment losses of \$935,529

Cause: The City did not have a policy or process to adjust the investments to fair value as they were new investments to the City in 2022.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend the City establish a policy and procedure to properly and routinely adjust the applicable investments to fair value, in accordance with GASB 72.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**CITY OF WHEAT RIDGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2022**

The City of Wheat Ridge respectfully submits the following summary schedule of prior audit findings for the year ended December 31, 2022.

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

There were no federal award program audit findings in the prior year.

**CITY OF WHEAT RIDGE
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2022**

The City of Wheat Ridge respectfully submits the following corrective action plan for the year ended December 31, 2022.

The finding from the schedule of findings and questioned costs are discussed below. The finding is numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2022-001 Investment Fair Value Measurement

Recommendation: We recommend the City establish a policy and procedure to properly and routinely adjust the applicable to investments to fair value, in accordance with GASB 72

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The City will establish a policy and procedure to properly and routinely adjust the applicable investments to fair value, in accordance with GASB 72.

Name(s) of the contact person(s) responsible for corrective action: Mark Colvin, Finance Manager

Planned completion date for corrective action plan: August 31, 2023