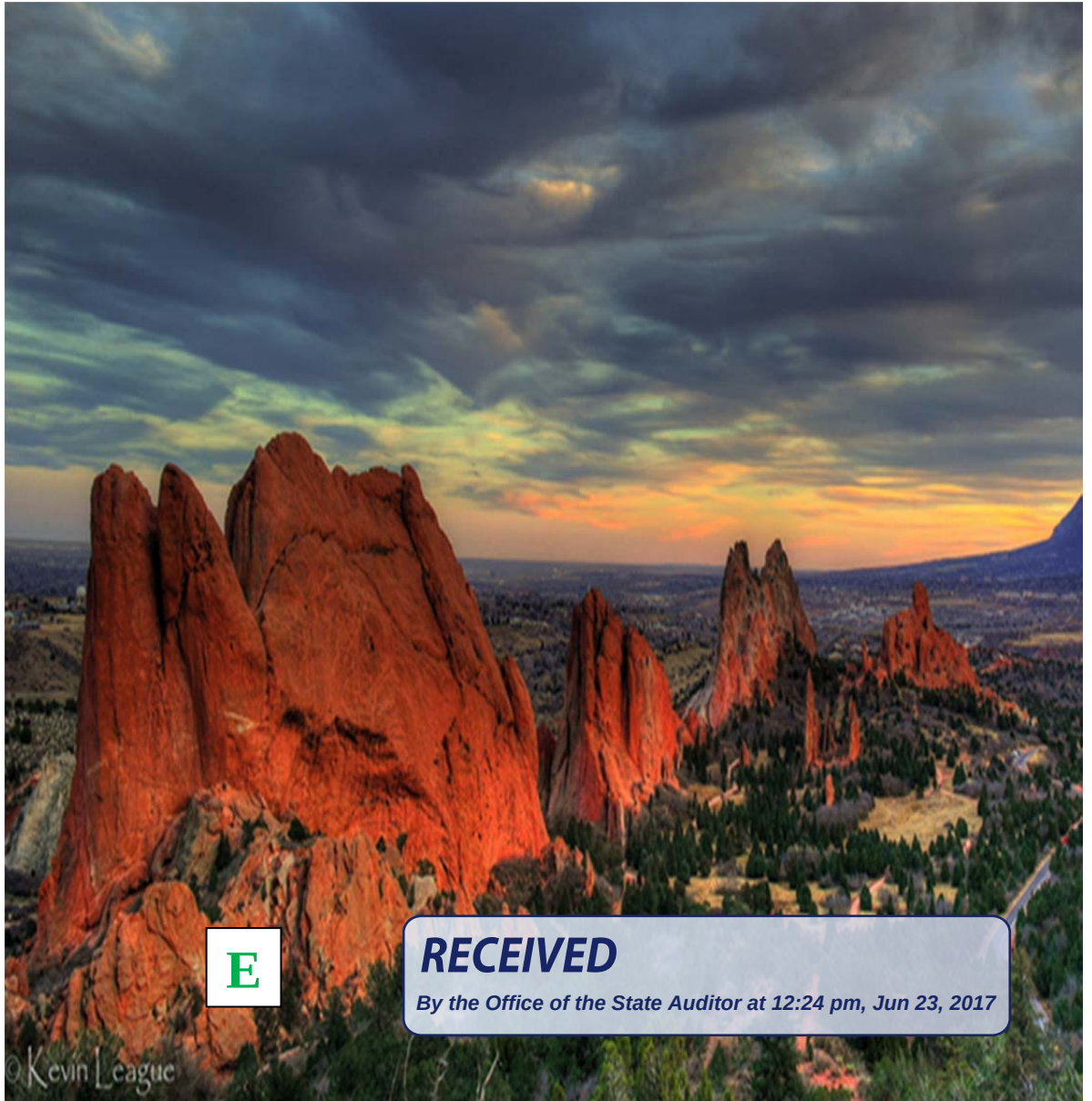


City of Colorado Springs
Comprehensive Annual Financial Report

2016

For the year ended December 31, 2016



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Comprehensive Annual Financial Report

City of Colorado Springs
Colorado

For the fiscal year ended
December 31, 2016

Finance Department

Kara Skinner, Chief Financial Officer

Tracy Peters, Accounting Manager

Accounting Staff

Erin Garcia, Senior Accountant

Rochelle Kennedy, Senior Accountant

Mary Murray, Senior Accountant

Margie Tantanella, Senior Accountant

Chris Wheeler, Senior Accountant

A special thanks to the Budget Division



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INTRODUCTORY SECTION





FINANCE OFFICE

June 12, 2017

The Honorable Mayor and Members of City Council
City of Colorado Springs, Colorado
107 North Nevada Avenue
Colorado Springs, Colorado 80903

Dear Honorable Mayor and Members of City Council:

The Comprehensive Annual Financial Report of the City of Colorado Springs for the fiscal year ended December 31, 2016, is hereby presented. State law requires that every general-purpose local government publish a complete set of audited financial statements within six months of the close of each fiscal year. This report fulfills this requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

BKD, LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Colorado Springs' financial statements for the year ended December 31, 2016. The independent auditor's report is located at the front of the financial section of this report.

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

PROFILE OF THE CITY OF COLORADO SPRINGS

Founded on July 31, 1871, the City of Colorado Springs (the City) became a home-rule city, organized under provisions of the Colorado Constitution on May 11, 1909. With a population of approximately 450,000, the City is the second most populated city in Colorado and covers approximately 195 square miles.

30 South Nevada Avenue, Suite 202 • TEL 719-385-5919 FAX 719-385-5280
Mailing Address: Post Office Box 1575, Mail Code 220 • Colorado Springs, Colorado 80901-1575

The City provides a full range of municipal government services. These services include, but are not limited to, police and fire protection, traffic and street construction and maintenance, parks, recreation, cultural services, courts, planning and zoning, building and code enforcement, mass transit, health and welfare, and economic development.

Additionally, the City owns and operates major enterprise activities that include electric generation and distribution, natural gas distribution, waterworks, sewerage collection and treatment, health system, municipal airport, parking facilities, golf courses, tourist highway, cemeteries, and a development review activity.

Pursuant to the City Charter, the Mayor of the City is the chief executive, exercising all administrative and executive powers granted to the City, except as otherwise delegated by the City Charter. Policy-making and legislative authority are vested in the governing council (Council) consisting of nine members, all elected on a non-partisan basis.

The Council also has significant control over several legally separate entities. These entities are component units of the City and, accordingly, their financial data have been included in this report. The entities included as Governmental-type component units are the General Improvement Districts (Cottonwood, Spring Creek, Briargate, Market Place at Austin Bluffs), Colorado Springs Health Foundation, Colorado Springs Urban Renewal Authority, Colorado Springs Downtown Development Authority and Greater Downtown Colorado Springs, Briargate Center, Barnes & Powers North, Barnes & Powers South, First & Main, First & Main North, First & Main No. 2, Interquest North, Interquest South, and Powers & Woodmen Commercial Business Improvement Districts. Public Authority for Colorado Energy, Fountain Valley Authority, Aurora-Colorado Springs Joint Water Authority and Twin Lakes, Lake Meredith, Colorado Canal and Lake Henry Reservoir companies, and the Pikes Peak Regional Communications Network are included as Business-type component units.

LOCAL ECONOMY

Major industries located within the government's boundaries or in close proximity include aerospace, defense, homeland security, cybersecurity, life sciences, sports and related organizations. The City also has a significant military presence with Peterson Air Force Base, the Air Force Academy, Fort Carson, and Schriever Air Force Base located within or in close proximity to the City.

The City relies most heavily on sales and use tax revenue which has increased steadily for the past seven years. This increase in funding coupled with other strategic measures to find efficiencies have allowed the City to enhance critical core services, particularly investing in the city's public infrastructure. January 1, 2016, the City began collecting a new 0.62% sales tax approved by the voters in November of 2015 dedicated to road maintenance and repair. The new sales tax generated nearly \$50 million. The 2016 budget also included increased funding for the City's stormwater program, bringing total funding to approximately \$16 million. In addition, the City invested in a police body worn camera program and increased bus service funding.

The local economy showed continued signs of improvement: unemployment continued to decline, average sales price of single family/patio homes grew, the median sales price of single family/patio homes grew, and hotel occupancy grew. Providing a business friendly environment to encourage private sector job growth is one of the primary goals of the Executive Branch. For 2016, to reward and encourage business expansion and relocation, the City approved the first phase of a two-year phase-in of a Business Personal Property Tax Credit program – making the City’s business tax environment more competitive and equitable across industries. With this tax policy change, the City is optimistic we will report several significant expansions in the next year or two.

LONG-TERM STRATEGIC AND FINANCIAL PLANNING

As stated in the City Charter, the Mayor maintains a Strategic Plan (Plan) that prioritizes goals for the City and establishes measurable outcomes. The 2016 Plan encompasses the years 2016 through 2020. The Plan details four platform goals, with objectives for each goal, and initiatives to achieve each objective. The Plan and initiatives incorporate the City’s fervent commitment to delivering “best in class” municipal government and offer game-changing new ideas with real, measurable outcomes.

Job Creation - Create an environment that promotes job creation and stimulates strong, diverse, and sustainable economic development and opportunity for all of our citizens.

Investing in Infrastructure- Maintain and preserve the City’s vital infrastructure and assets.

Excelling in City Services- Ensure a fiscally sustainable and resilient City that delivers consistent quality services and continuously seeks to improve service delivery.

Building Community & Collaborative Relationships- Celebrate and connect community through ongoing dialogue with our citizens and local, regional, and state leaders to reach mutual goals, and by encouraging private sector and non-profit initiatives that improve the well-being of everyone.

As a budgeting and financial planning best-practice, the City develops a five-year financial forecast and includes that as part of its annual budget document. The forecast is useful to understand what the future financial condition of the City could be based upon a set of reasonable assumptions. However, actual experience will differ from the assumptions - impacting financial results. The City will make strategic adjustments to changing conditions. For example, if revenue is trending under budget, the City will take actions to modify expenditures mid-year.

FINANCIAL POLICIES

The City has administratively approved financial policies that are included in the annual budget document. Included are policies concerning: budget, debt, cash management, investments, fund balance, capital improvement program, revenue, expenditures, and grants. The financial policies that had a significant impact to the City's financial statements this year include:

- The City has a General Fund unrestricted fund balance goal of 16.7% to 25% of the following year's expenditure budget. This goal was developed by the Government Finance Officers Association and is based upon an analysis of the City's specific risks.
- The City annually prepares a five-year capital improvement plan included in the annual budget document.
- Current operating expenditures will be funded with current operating revenues, approved grants, or the use of fund balance in accordance with fund balance policies.
- The City is limited by City Charter Amendment #3, "Taxpayers Bill of Rights" and similar statewide constitutional amendments. These provisions limit the growth of "fiscal year spending" as defined in the amendments. These amendments also require voter approval for the issuance of general fund debt.

AWARDS AND ACKNOWLEDGEMENTS

The Government Financial Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2015. This was the 26th consecutive year that the City has received this prestigious award. To receive this Certificate of Achievement award, the City must publish an easily readable and effectively organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report is due to the effective and dedicated efforts of the staff of the Accounting Office. Beyond these efforts, this report is representative of the excellence of the financial processes existing in Colorado Springs City government. Each department and agency of the City must be credited for the excellence of its individual systems of financial administration. For the efforts of all of these people, we wish to express our sincere gratitude.

Sincerely,



Kara Skinner, Chief Financial Officer



Tracy Peters, Accounting Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

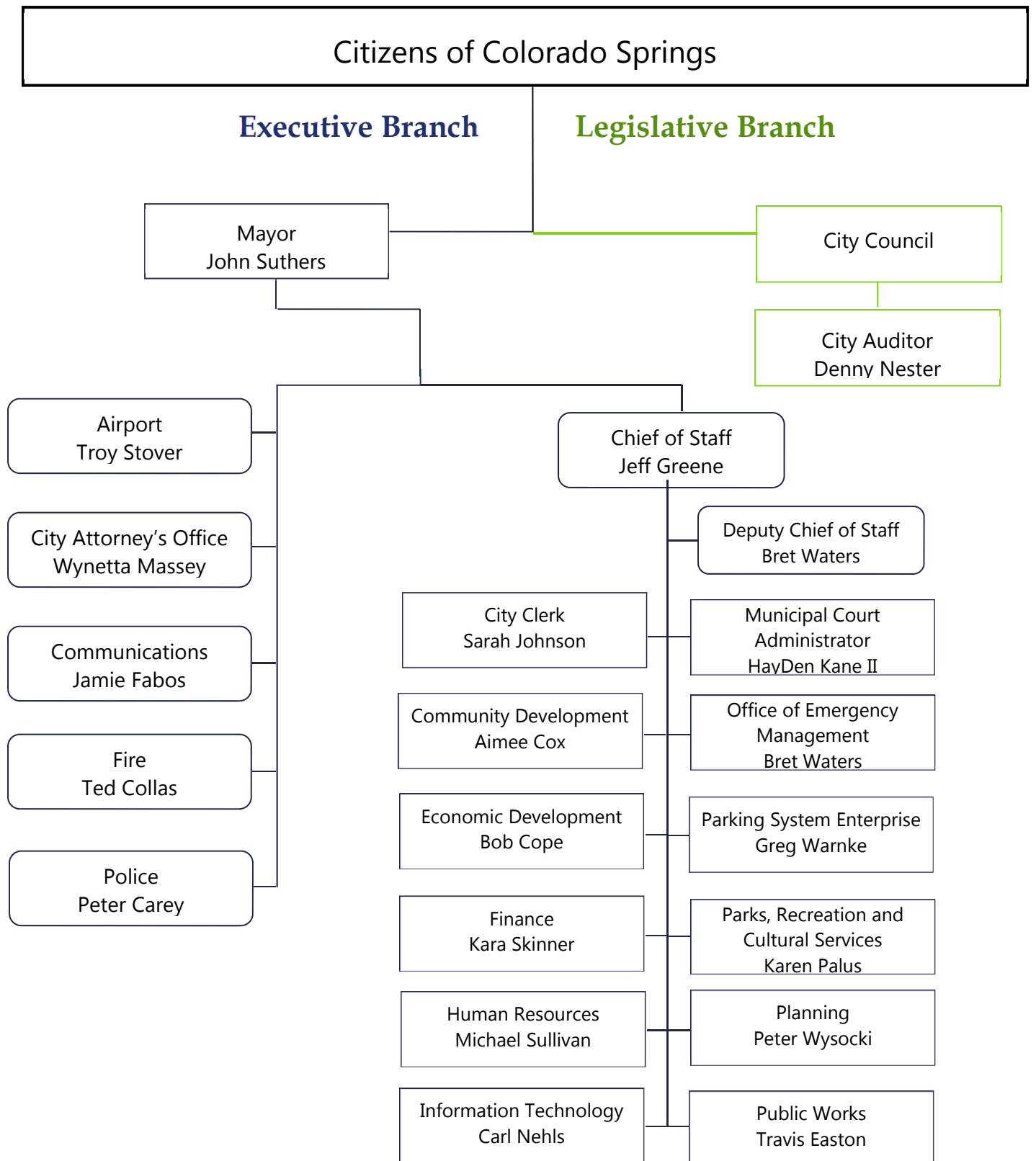
**City of Colorado Springs
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

City Organizational Chart



City Leadership

Mayor's Office

Mayor	John Suthers
Chief of Staff/Chief Administrative Officer	Jeff Greene
Deputy Chief of Staff	Bret Waters

Department Heads

Interim Aviation Director	Troy Stover
Chief Communications Officer	Jamie Fabos
Chief Financial Officer	Kara Skinner
Chief Information Officer	Carl Nehls
City Attorney	Wynetta Massey
City Clerk	Sarah Johnson
Human Resources Director	Mike Sullivan
Office of Emergency Management Director	Bret Waters
Parks, Recreation and Cultural Services Director	Karen Palus
Planning and Development Director	Peter Wysocki
Public Works Director	Travis Easton
Fire Chief	Ted Collas
Police Chief	Peter Carey
Presiding Municipal Court Judge/ Court Administrator	HayDen W. Kane II



John Suthers
Mayor

City Council



Colorado Springs City Council

Front Row (from left to right):

Council Member Bill Murray, At-Large
Council Member Helen Collins, District 4
Council Member Andy Pico, District 6
Council President Merv Bennett, At-Large

Back Row (from left to right):

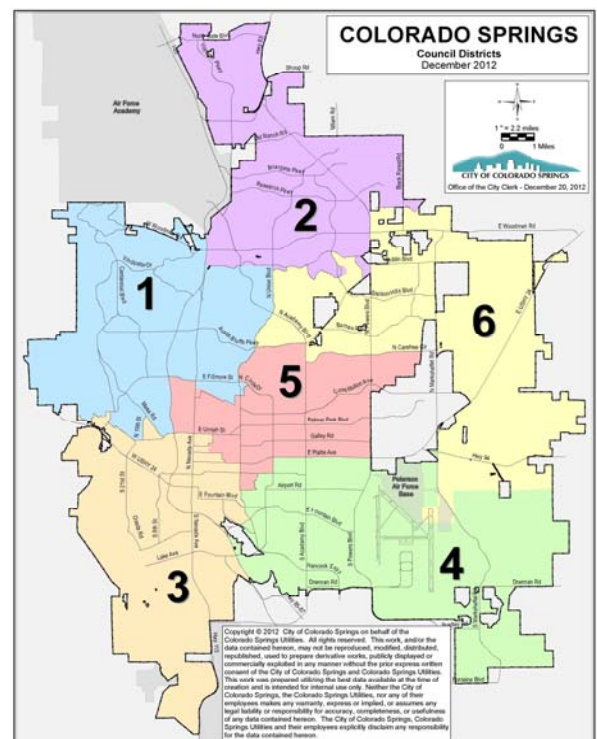
Council Member Larry Bagley, District 2
Council Member, Tom Strand At-Large
Council President Pro-Tem Jill Gaebler, District 5
Council Member Keith King, District 3
Council Member Don Knight, District 1

City Council's Direct Report

City Auditor
Utilities Chief Executive Officer
City Council Administrator

Denny Nester
Jerry Forte
Eileen Gonzalez

Council District Map



FINANCIAL SECTION



Independent Auditor's Report

Honorable Mayor and Members of City Council
and City Auditor
City of Colorado Springs
Colorado Springs, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Colorado Springs, Colorado (the City), as of and for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. With the exception of Colorado Springs Health Foundation and the Pikes Peak Regional Communications Network, we did not audit the financial statements of the discretely presented component units, which represent 59.48 percent of total assets and 63.44 percent of total revenues of the aggregate discretely presented component units as of and for the year ended December 31, 2016. Those financial statements were audited by other auditors, whose reports have been furnished to us and our opinion on the aggregate discretely presented component units, insofar as it relates to the amounts of the aggregate discretely presented component units, excluding the Colorado Springs Health Foundation and the Pikes Peak Regional Communications Network, is based solely on the reports of the other auditors. We did not audit the financial statements of Colorado Springs Utilities, included as an enterprise fund of the City, or Public Authority for Colorado Energy, included as a blended component unit (enterprise fund), which represent 91.57 percent of total assets and 96.25 percent of operating revenues of the enterprise funds as of and for the year ended December 31, 2016. Those financial statements were audited by other auditors, whose reports have been furnished to us and our opinion on the enterprise fund information, insofar as it relates to the amounts included for Colorado Springs Utilities and Public Authority for Colorado Energy, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Honorable Mayor and Members of City Council
and City Auditor
City of Colorado Springs

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment benefits information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we, and other auditor's, 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.

Honorable Mayor and Members of City Council
and City Auditor
City of Colorado Springs

Other 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 fund statements and schedules listed in the table of contents, and the Annual Statement of Receipts and Expenditures for Roads, Bridges, and Streets, are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling 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 auditing standards generally accepted in the United States of America. In our opinion, based on our audit report and the reports of the other auditors, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Colorado Springs, Colorado
June 12, 2017



The following discussion and analysis of the City of Colorado Springs' (City) financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2016. Please read the information presented here in conjunction with the transmittal letter, located at the front of this report, and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- On the government-wide financial statements, the City's assets and deferred outflow of resources exceed its liabilities and deferred inflow of resources at December 31, 2016, by \$3.1 billion (net position). The City's net position increased by \$143.4 million or 4.9% as a result of current year activity.
 - o The governmental net position increased by \$7.3 million or 0.6%.
 - o The business-type net position increased by \$136.1 million or 7.8%, significantly due to an increase in Utilities' net position of \$130.5 million.
- The City's governmental funds report combined ending fund balances of \$152.3 million. This was an increase of \$34.4 million, largely due to proceeds from a lease/lease-purchase and fund balance associated with a new voter-approved special revenue fund for road repair, maintenance, and improvements.
- The General Fund, the City's primary operating fund presented on a current financial resources basis, ended 2016 with a fund balance of \$69.0 million or 26.3% of 2016 total General Fund expenditures and uses of other financing sources. Of this, \$38.6 million is "unrestricted" which the Government Finance Officers Association (GFOA) defines as the sum of committed, assigned and unassigned fund balances. GFOA adopted a recommended best practice to maintain an unrestricted fund balance of at least 16.7% of expenditures and for the City recommends an unrestricted fund balance of 25% of expenditures. For 2016, the \$38.6 million in unrestricted fund balance represents 14.7% of 2016 total General Fund expenditures and uses of other financing sources. Unrestricted fund balance decreased from 2015 by \$3.9 million. Restricted fund balance increased by \$22.5 million primarily due to due to proceeds from a lease/lease-purchase for a replacement police substation (Sand Creek Substation) and an amount restricted for revenue in excess of the Taxpayer's Bill of Rights (TABOR) limits. See General Fund Budgetary Highlights for additional information.
- The City's total long-term debt is \$3.0 billion. This is a \$26.8 million or 0.9% decrease from 2015. The City's governmental activity debt increased by \$8.3 million largely due to the lease/lease-purchase for the police substation and business-type activity debt decreased \$35.1 million as Utilities issued no new debt in 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the financial statements

In addition to the basic financial statements, this report also contains certain other supplementary information.

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

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Major Features of the City's Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire, and parks	Activities the City operates similar to private businesses; the utilities system, airport, and parking system	Instances in which the City is the trustee or agent for someone else's resources
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of net position • Statement of revenues, expenses, and changes in net position • Statement of cash flows	• Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, using the accrual basis of accounting, the basis of accounting used by most private-sector businesses. These two reports include:

Statement of net position – This statement presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two 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 is improving or deteriorating.

Statement of activities – This statement presents information showing how the City's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods.

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

Governmental activities – Most of the City's basic services are included here, such as public safety, public works, parks, planning/housing, and general government. Taxes, intergovernmental revenues, and surplus revenue transfers finance most of these activities.

Business-type activities – Other services such as water, sewer, gas, and electricity system, health system, airport, parking facilities, golf courses, cemeteries, tourist highway, and development review program are intended to recover all or a significant portion of their costs through user fees and charges.

Component units – Component units are legally separate entities for which the City is financially accountable. The City reports the following as component units: Fountain Valley Authority, Aurora-Colorado Springs Joint Water Authority, and several canal and reservoir companies: Twin Lakes, Lake Meredith, Colorado Canal, and Lake Henry; the Pikes Peak Regional Communications Network, the Colorado Springs Health Foundation and several business improvement districts: Colorado Springs Urban Renewal Authority, Colorado Springs Downtown Development Authority, Greater Downtown Colorado Springs, Briargate Center, Barnes & Powers North, Barnes & Powers South, First & Main, First & Main North, First & Main No. 2, Interquest North, Interquest South, and Powers & Woodmen Commercial Business Improvement Districts.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

Governmental funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements,

governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its governmental funds and budgetary comparisons have been provided to demonstrate compliance with these budgets.

Proprietary funds – The City maintains two different types of proprietary funds: *Enterprise funds*, used to report the same functions presented as *business-type activities* in the government-wide financial statements, and *Internal Service funds*, used as an accounting device to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its printing, self-insurance and various other activities of the City. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. However, the change in net position for internal service funds has been allocated between governmental activities and business-type activities on the statement of activities.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, but with more detail. The proprietary fund financial statements provide separate information for Utilities, Public Authority for Colorado Energy (PACE), and Memorial Health System (MHS) which are considered to be major proprietary funds of the City. Both non-major

enterprise funds and internal service funds are combined into single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds and the internal service funds are provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its proprietary funds and budgetary comparisons have been provided to demonstrate compliance with these budgets.

Fiduciary fund – A fiduciary fund is used to account for resources held for the benefit of parties outside the government. The fiduciary fund is not reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for the fiduciary fund is much like that used for proprietary funds. The basic fiduciary fund financial statements are presented later in this report.

The City does not adopt an annual appropriated budget for its fiduciary fund.

Notes to the Financial Statements

The notes provide additional information essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the fund financial statements.

Other Information

Following the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) and combining, individual fund statements and schedules, and statistical tables.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3.1 billion at the close of 2016 which is \$143.4 million more than at the close of 2015.

The following table reflects the condensed Statement of Net Position for 2016 with comparative information for 2015:

City of Colorado Springs Net Position (in 000's)						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 241,025	\$ 208,318	\$ 1,246,283	\$ 1,266,901	\$ 1,487,308	\$ 1,475,219
Capital assets	1,310,653	1,298,719	4,229,773	4,114,438	5,540,426	5,413,157
Deferred outflows of resources	92,626	33,115	168,837	138,699	261,463	171,814
Total assets & deferred outflows of resources	1,644,305	1,540,152	5,644,892	5,520,039	7,289,197	7,060,191
Long-term liabilities	340,833	267,694	3,539,869	3,557,680	3,880,702	3,825,374
Other liabilities	69,883	49,400	220,859	221,761	290,742	271,162
Deferred inflows of resources	30,962	27,747	10,056	2,615	41,018	30,362
Total liabilities & deferred inflows of resources	441,678	344,841	3,770,783	3,782,057	4,212,461	4,126,897
Net position						
Net investment in capital assets	1,248,001	1,246,630	1,872,057	1,731,138	3,120,058	2,977,768
Restricted	43,747	28,406	51,102	69,883	94,849	98,289
Unrestricted	(89,121)	(79,725)	(49,050)	(63,039)	(138,172)	(142,764)
Total net position	\$ 1,202,627	\$ 1,195,311	\$ 1,874,109	\$ 1,737,982	\$ 3,076,735	\$ 2,933,293

Note: Immaterial differences may occur due to rounding.

The City's investment in capital assets, less any related debt used to acquire those assets that is still outstanding is actually greater than its net position, at \$3.1 billion, as the City's unrestricted net position is a deficit due to the implementation of *GASB 68, Accounting and Financial Reporting or Pensions – An Amendment of GASB Statement No. 27*. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to satisfy these liabilities.

Restricted net position decreased by \$3.4 million, the net decrease is due to a decrease in amounts restricted for debt service offset by a number of smaller increases in other restricted categories.

The unrestricted net position shows a deficit of \$138.2 million. While the unrestricted net position is negative due to net pension liabilities, certain unrestricted funds are

designated for specific, future purposes such as encumbrances and subsequent year expenses.

As noted, the City's combined net position is \$3.1 billion, an increase of \$143.4 million, as a result of current year activity.

The net position of the business-type activities is \$1.9 billion. However, this net position can only be used for the continuing operations of the utilities, airport, downtown parking facilities, golf courses, cemeteries, tourist highway and development review program. This amount cannot be used to make up for any decrease reported in governmental activities.

The following table shows revenues and expenses for both governmental and business-type activities for 2016 with comparative information for 2015. As noted earlier, the City's net position increased from 2015 to 2016 by \$143.4 million. Governmental activities increased the City's net position by \$7.3 million or 0.6%, which accounts for 5.1% of the City's overall increase in net position. Business-type activities increased the City's net position by \$136.1 million or 7.8%, which accounts for 94.9% of the City's overall increase in net position.

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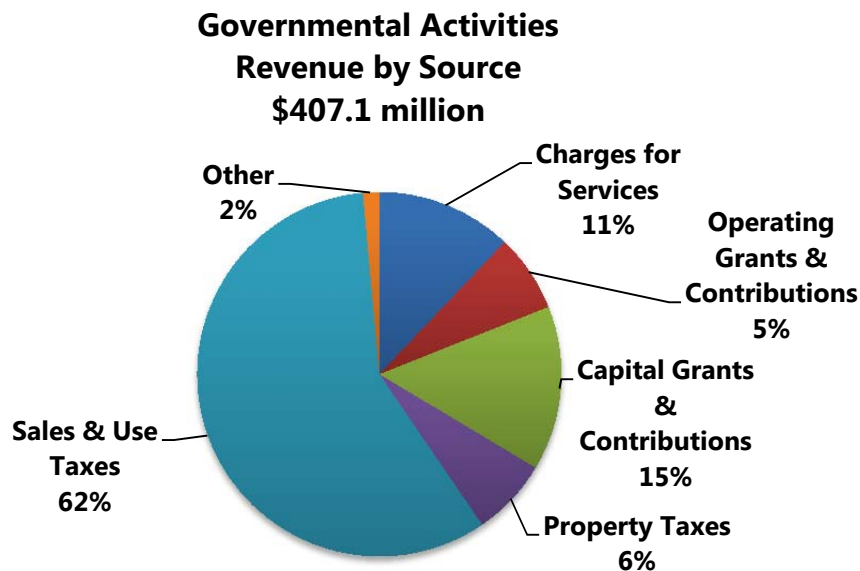
City of Colorado Springs
Changes in Net Position (in 000's)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 43,517	\$ 39,542	\$ 874,777	\$ 910,563	\$ 918,294	\$ 950,105
Operating grants and contributions	20,758	22,589	-	-	20,758	22,589
Capital grants and contributions	59,514	47,827	76,082	46,214	135,596	94,041
General revenues:						
Property taxes	23,390	22,540	-	-	23,390	22,540
Sales and other taxes	256,261	193,708	-	-	256,261	193,708
Investment earnings	1,147	1,082	8,118	7,111	9,265	8,193
Gain on sale of capital assets	2,389	135	-	-	2,389	135
Extraordinary item	-	-	(9,811)	-	(9,811)	-
Contributions to endowments	171	80	-	-	171	80
Total revenues	407,148	327,504	949,166	963,888	1,356,314	1,291,392
Expenses:						
General government	65,305	64,460	-	-	65,305	64,460
Public safety	190,623	168,629	-	-	190,623	168,629
Public works	120,721	83,609	-	-	120,721	83,609
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Parks	28,826	24,401	-	-	28,826	24,401
Urban redevelopment and housing	-	-	-	-	-	-
Planning/community development	22,969	12,523	-	-	22,969	12,523
Economic development	-	-	-	-	-	-
Interest on long-term debt	2,415	2,876	-	-	2,415	2,876
Utilities	-	-	681,776	672,816	681,776	672,816
PACE	-	-	60,545	60,810	60,545	60,810
Health System	-	-	3,175	3,286	3,175	3,286
Non-major Enterprises	-	-	36,515	39,348	36,515	39,348
Total expenses	430,860	356,496	782,012	776,260	1,212,872	1,132,756
Increase/(decrease) in net position before transfers	(23,712)	(28,992)	167,154	187,628	143,442	158,636
Transfers	31,027	30,725	(31,027)	(30,725)	-	-
Change in net position	7,315	1,733	136,127	156,903	143,442	158,636
Net position - beginning	1,195,311	1,343,254	1,737,982	1,784,453	2,933,293	3,127,707
Prior period adjustment	-	(149,675)	-	(203,374)	-	(353,049)
Net position - ending	\$ 1,202,627	\$ 1,195,311	\$ 1,874,109	\$ 1,737,982	\$ 3,076,735	\$ 2,933,293

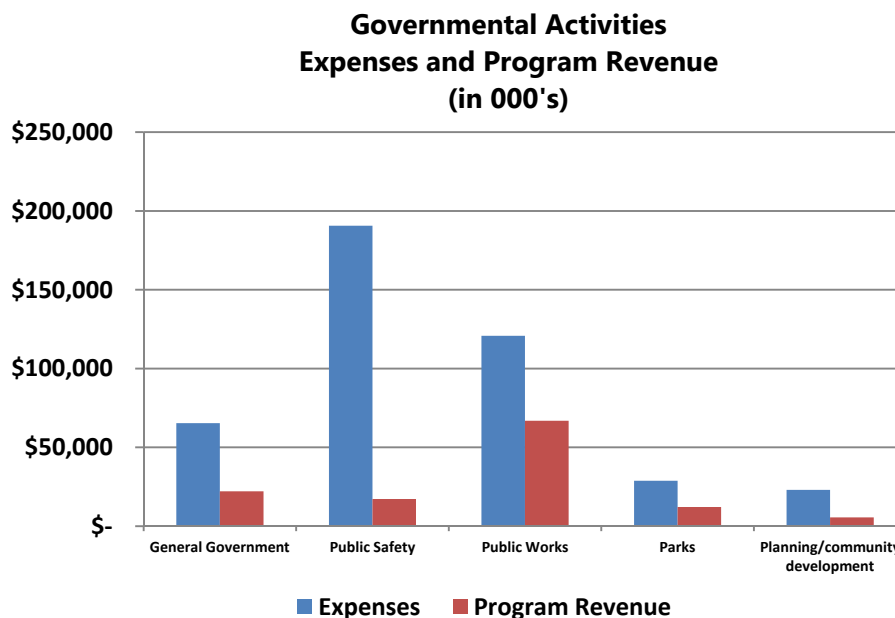
Note: Immaterial differences may occur due to rounding.

See Note IV.L. in the notes to the financial statements for information regarding the prior year restatements.

Governmental activities



Note: Exclusive of transfers.



Note: Exclusive of transfers.

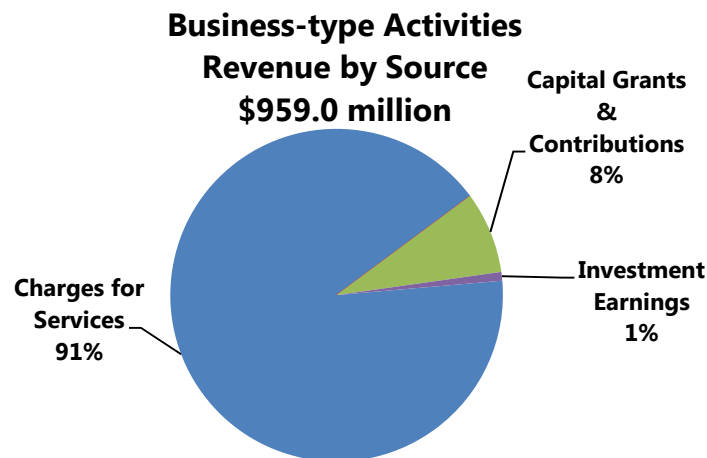
For 2016, governmental activities revenue and expenses increased, and the increase in revenue exceeded the increase in expenses, so there was a small increase in net position based upon current year activity. Revenue was up from 2015 by \$79.6 million primarily a result of an increase in sales tax revenue. Sales tax revenue increased largely due to an

increase of nearly \$50 million from a voter approved 0.62% sales tax effective January 1, 2016 dedicated for road repair, maintenance, and improvements. In addition, taxable retail sales were up due to improving economic conditions and an extraordinary weather event so revenue from existing sales taxes increased as well. Expenses increased \$74.4 million from 2015. The most significant expense changes were the following:

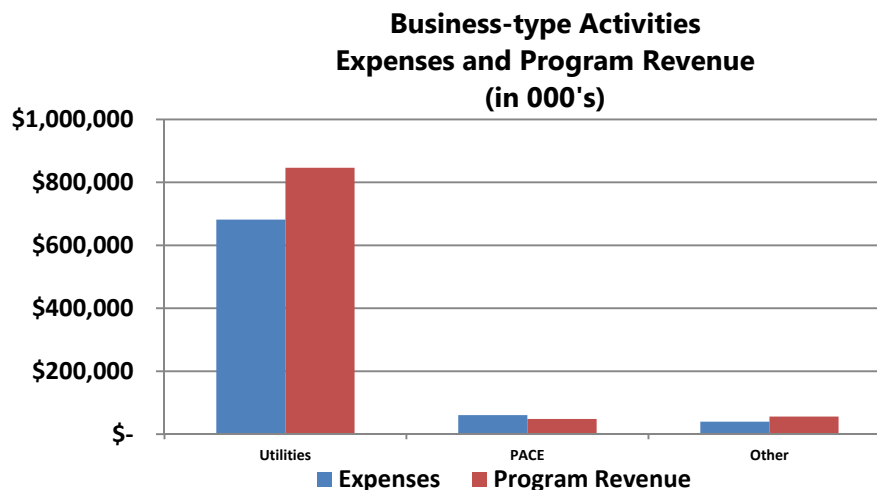
- Public works expenses increased \$37.1 million primarily due to spending on road repair, maintenance, and improvements funded by the new voter approved sales tax.
- Public safety expenses experienced an increase of \$22.0 million significantly due to increasing pension expenses based on the multiple pension plan performances.
- Pension plan expenses also impacted other categories as pension expense for the City's civilian pension plan, PERA, increased \$5.1 million.

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Business-type activities



Note: Exclusive of transfers.



Note: Exclusive of transfers.

For 2016, business-type activities revenue decreased \$4.9 million, while expenses increased \$5.8 million. Overall the net revenue decrease was not significant due to offsetting Utilities revenue decreases and Airport revenue increases. In 2016, Utilities' operating revenues decreased \$37.5 million driven primarily by decreases in electric and natural gas revenues of \$19.0 million and \$40.0 million, respectively; partially offset by an increase in water revenue of \$19.8 million. Meanwhile the Airport experienced an increase in revenues due to an increase in capital contributions of \$21.7 million. Similarly, business-type activities net expenses decrease was not significant due to offsetting Utilities expense increases and all other business-type activities' expense decreases. In 2016, Utilities' operating expenses increased \$11.7 million driven primarily

by increases in administration and general expenses of \$17.4 million and depreciation expense of \$9.6 million; partially offset by decreases in purchased gas expenses of \$19.0 million. All other business-type activities experienced slight expense decreases which offset the Utilities' increase collectively by \$3.2 million.

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FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental funds

As of the end of 2016, the City's governmental funds reported total combined fund balances of \$152.3 million of which \$29.3 million or approximately 19.2%, is unassigned. *Unassigned fund balance* serves as a useful measure of a government's net resources available for spending at the end of the fiscal year. The *nonspendable* portion of fund balance, \$11.5 million, is primarily comprised of endowments; and the *restricted* portion of fund balance, \$78.1 million, is primarily comprised of \$47.7 million in special revenue funds restricted balances, \$8.8 million for the TABOR refund/retention, and the \$7.8 million TABOR emergency reserve.

The General Fund is the principal operating fund of the City. At the end of 2016, the General Fund's total fund balance was \$69.0 million. The unrestricted fund balance of the General Fund was \$38.6 million. As a measure of the General Fund's liquidity, it is useful to compare both total fund balance and unrestricted fund balance to total fund expenditures including uses of other financing sources. Total fund balance represents 26.3% of 2016 total General Fund expenditures while unrestricted fund balance represents 14.7% of 2016 total General Fund expenditures.

Proprietary funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position as of December 31, 2016 and 2015 for the proprietary funds are as follows:

Unrestricted Net Position (in 000's)

	2016	2015	Variance
Utilities	\$ 55,902	\$ 29,779	\$ 26,123
PACE	(127,862)	(116,779)	(11,083)
Non-major enterprise funds	35,179	31,612	3,567
Internal service funds	(23,724)	(15,096)	(8,628)

Note: Immaterial differences may occur due to rounding.

Utilities and the non-major enterprise funds showed an increase in unrestricted net position, while PACE and the internal service funds experienced a decline in 2016. The increases for Utilities and non-major enterprise funds were largely due to healthy operations during the year. The decreases for PACE was primarily due to significant interest expense while the internal service funds decrease related to an accounting change recording case reserve allowances for workers' compensation and liability claims.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, City Council revised the City budget several times. These budget amendments can be briefly summarized as follows:

- \$1.1 million increase due to a supplemental appropriation for Public Works capital improvement projects. Additional funding was needed on a number of capital improvement projects/grant projects due to increased construction costs. This appropriation also allowed the completion of other high priority Public Works capital improvement projects.
- \$13.7 million increase due to a supplemental appropriation for issuance of the lease/lease purchase related to the construction and improvement of the Sand Creek police substation. This project will allow employees to adequately accommodate the operational needs of the community it serves.

Also, per City Code, the City rolls over project budgets and encumbrances from the previous year totaling \$10.6 million.

Total revenues, excluding other financing sources, exceeded the final budget by 0.3% or \$705,225 as a number of revenues exceeded budget and others fell short. Sales and use tax revenue (including penalty and interest) was very close to budget, short of budget by \$604,215. Beginning in 2016, the City changed the methodology by which it records funds collected on behalf of the Colorado Springs Urban Renewal Authority (CSURA). Previously, the City recorded these collections as sales and use tax revenue and reported the payment to the CSURA as an expenditure. Starting in 2016, the City no longer reports the gross collections/payments; however, the amounts were still included in the 2016 budgeted amounts. If the 2016 budget had been adjusted for this accounting change, the City would have shown sales and use revenues exceeding budget by approximately \$4.7 million. Intergovernmental revenue exceeded budget by \$1.3 million, driven by an increase in highway users' tax revenue received from the state.

Total expenditures are \$28.9 million less than the final budget as a number of budgeted projects take time to complete and there were vacancies across the organization which resulted in salary and benefit cost savings.

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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

At the end of 2016, the City has \$5.5 billion invested in a broad range of capital assets and infrastructure (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment and other vehicles, infrastructure (including streets, alleys, traffic signals and signs, bridges, and drainage systems), enterprise plants, construction in process and intangible capital assets. This amount represents a net increase (including additions and deletions) of \$127.0 million.

**City of Colorado Springs
Capital Assets (in 000's)
(net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 342,063	\$ 337,504	\$ 212,666	\$ 171,786	\$ 554,729	\$ 509,290
Buildings	105,449	107,437	44,500	47,592	149,949	155,029
Improvements other than buildings	37,918	36,839	168,428	155,640	206,346	192,479
Machinery and equipment	30,833	31,017	15,512	14,602	46,345	45,619
Infrastructure	753,816	750,638	36,590	38,217	790,406	788,855
Utilities plant	-	-	3,482,948	2,634,823	3,482,948	2,634,823
Construction in progress	26,785	20,357	209,560	1,019,181	236,345	1,039,538
Intangible capital assets	13,525	14,927	59,531	32,597	73,056	47,524
Total	\$ 1,310,389	\$ 1,298,719	\$ 4,229,735	\$ 4,114,438	\$ 5,540,124	\$ 5,413,157

Note: Immaterial differences may occur due to rounding.

The increase to capital assets for 2016 was primarily due to business-type activities. Specifically, in 2016, Utilities' capital assets, increased \$105.5 million or 2.8%. The increase is due largely to capital improvements that are required to maintain and rehabilitate aging infrastructure in order to provide safe and reliable services to customers, to prepare for future demand and to meet environmental and regulatory requirements.

In 2016, Pikes Peak Rural Transportation Authority donated \$19.6 million of infrastructure and developers donated of \$4.4 million of infrastructure to governmental activities. These donated amounts are significantly higher than in the prior year yet are closer to the amounts donated in 2014.

Additional information on the City's capital assets is presented in Note IV.G. in the notes to the financial statements.

Long-term debt

The following schedule provides the debt outstanding at the end of 2016 and 2015. Total long-term debt outstanding at the end of 2016 is \$3.0 billion.

City of Colorado Springs
Outstanding Debt (in 000's)

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 11,455	\$ 12,190	\$ -	\$ -	\$ 11,455	\$ 12,190
Sales tax revenue bonds	-	2,635	-	-	-	2,635
Certificates of participation	34,460	36,450	-	-	34,460	36,450
Revenue bonds	-	-	2,869,327	2,953,372	2,869,327	2,953,372
Lease/lease purchase	13,690	-	-	-	13,690	-
Notes payable	-	-	103,077	54,169	103,077	54,169
Total	<u>\$ 59,605</u>	<u>\$ 51,275</u>	<u>\$ 2,972,404</u>	<u>\$ 3,007,541</u>	<u>\$ 3,032,009</u>	<u>\$ 3,058,816</u>

Note: Immaterial differences may occur due to rounding.

During 2016, long-term debt for the governmental activities increased \$8.3 million, primarily due to the addition of the lease/lease purchase for the Sand Creek police substation replacement project. Business-type activities decreased \$35.1 million due to debt repayments and no new issuance.

The City's latest bond ratings are as follows:

Description	Moody's Rating	Standard & Poor's Rating	Fitch Rating
Certificates of Participation	Aa2	AA-	N/A
Parking Revenue Bonds	not rated	not rated	not rated
Airport Revenue Bonds	Baa1	BBB+	BBB+
Utilities Revenue Bonds	Aa2	AA	AA
PACE Revenue Bonds	Baa1	BBB+	A

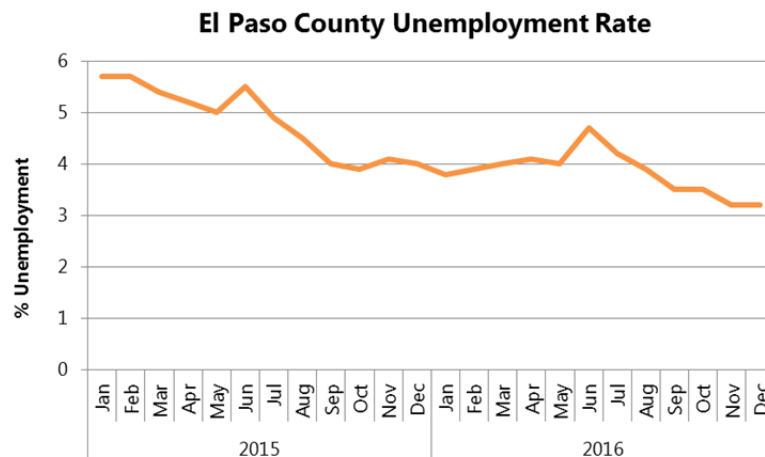
The current debt limitation for the City is \$498.6 million or 10% of the assessed property valuation. The City has no outstanding general obligation debt as it relates to this debt limit. The general obligation debt shown in the financial statements relate to the City's blended component units.

Additional information on the City's long-term debt is presented in Note IV.J. in the notes to the financial statements.

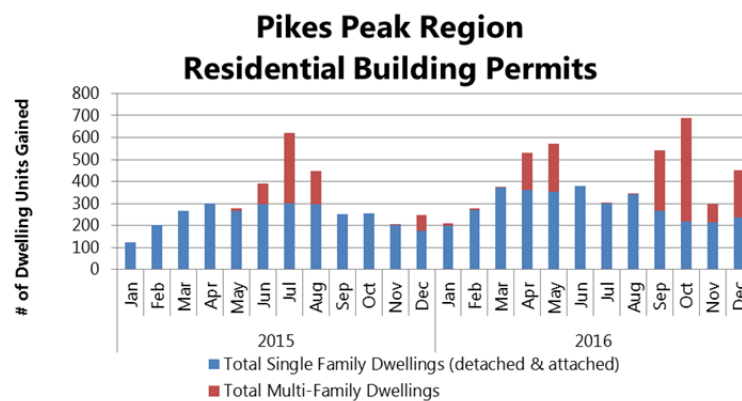
ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Local Economic Indicators

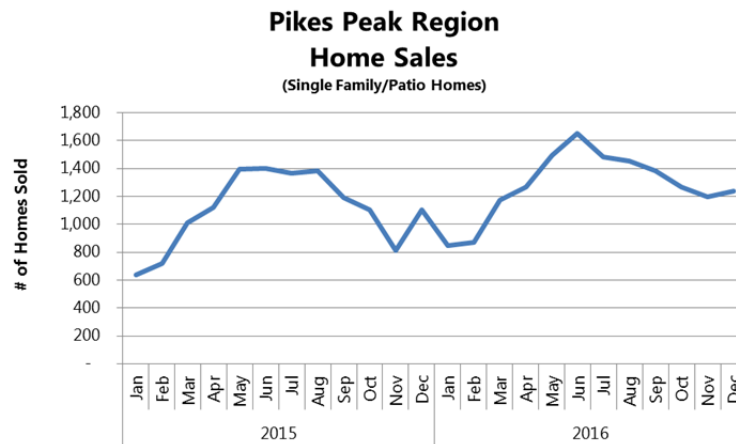
During 2016, the local economy showed broad strength as indicated by the following four indicators: the local unemployment rate declined by 0.8% from 4.0% to 3.2%, residential building permits increased 38.5%, the number of home sales grew by 15.6%, and hotel occupancy grew by 4.3%.



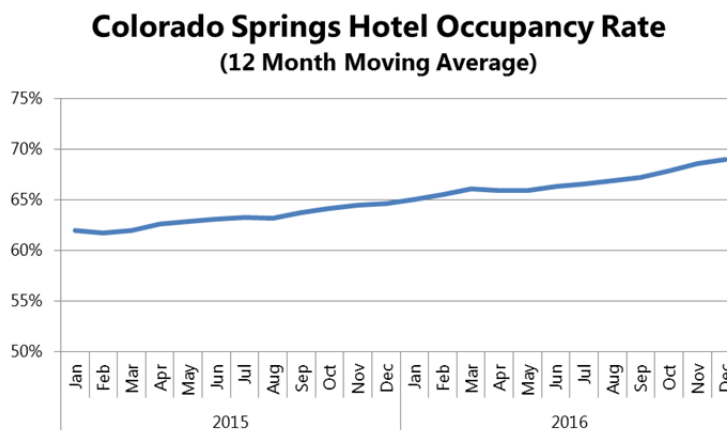
Source: US Bureau of Labor Statistics – Local Area Unemployment Statistics



Source: Pikes Peak Regional Building Department



Source: Pikes Peak Association of Realtors

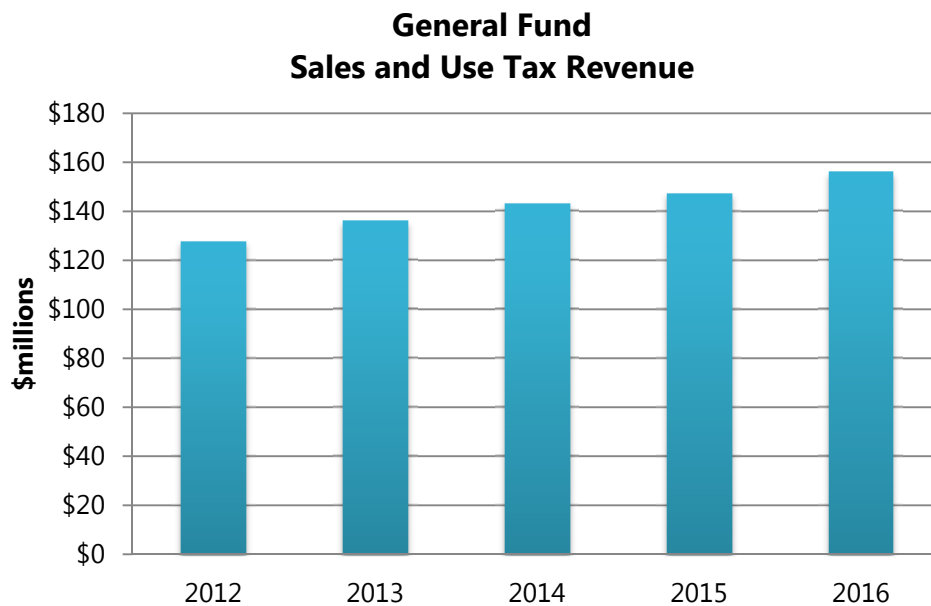


Source: Colorado Hotel and Lodging Association, Rocky Mountain Lodging Report

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Sales and use tax revenue

The City's General Fund sales and use tax revenue was up \$8.7 million or 5.8% from 2015 due to continued growth in all categories except Department/Discount and Utilities. City sales and use tax collections are primarily dependent upon the level of local economic activity, consumer confidence, tourist activity, and inflationary growth.



2017 Budget

The 2017 General Fund budget of nearly \$273 million is 2.2% higher than the 2016 original General Fund budget. At 59.5%, sales and use tax is the largest single source of General Fund revenue. 2017 sales and use tax is budgeted at \$162.3 million.

The 2017 budget addresses important strategic and operational goals which are reflected in the following important funding decisions:

- \$577,000 increased funding to Mountain Metro Transit.
- \$995,000 funding for 12.0 additional firefighting staff (plus operational dollars) to staff the City's newest fire station, Fire Station #22.
- \$1 million increased funding for the stormwater control program to meet our IGA commitment with Pueblo; with a plan to increase that funding further in subsequent years.
- \$3.2 million increased funding for employee pay increases: to address a number of pay band/zone/sworn rank adjustments based upon a market review, a 2%

- adjustment for other sworn ranks, and a 2% pay for performance pool for civilian employees.
- \$2.2 million increased funding for closed sworn police and fire pension plans to fund the annual required contribution as determined by actuarial reports.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department at City of Colorado Springs, 30 S. Nevada Avenue, Suite 202, Colorado Springs, Colorado, 80903, www.coloradosprings.gov, or 719-385-5224.

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BASIC FINANCIAL STATEMENTS



STATEMENT OF NET POSITION
December 31, 2016

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities
<u>ASSETS</u>					
Cash and investments	\$ 133,042,272	\$ 239,924,840	\$ 372,967,112	\$ 81,282,771	\$ 3,278,747
Receivables (net of allowance for uncollectibles)	82,151,625	122,673,292	204,824,917	14,846,518	740,277
Lease receivable	-	100,798,508	100,798,508	-	-
Due from other governments	-	-	-	-	2,226,845
Inventories	349,565	54,489,821	54,839,386	-	160,903
Prepays	-	469,210,000	469,210,000	286,052	5,959,422
Derivative instruments	-	-	-	1,569,157	-
Other	-	115,539,110	115,539,110	-	332,022
Restricted assets (temporarily):					
Cash and investments	25,354,118	142,522,027	167,876,145	41,588,013	2,346,656
Interest receivable	-	62,000	62,000	-	-
Net pension asset	127,525	-	127,525	-	-
Investment in joint ventures	-	1,063,000	1,063,000	-	-
Capital assets nondepreciable:					
Land	342,062,687	212,666,210	554,728,897	-	65,147
Intangibles	-	27,843,000	27,843,000	-	-
Construction in progress	26,784,880	209,560,011	236,344,891	-	218,966
Capital assets (net of accumulated depreciation):					
Buildings	105,448,762	44,499,502	149,948,264	-	-
Improvements other than buildings	37,918,483	168,428,135	206,346,618	6,334,129	-
Machinery and equipment	30,833,137	15,511,823	46,344,960	14,747	-
Infrastructure	753,816,403	36,589,898	790,406,301	29,829,897	-
Utility plant	-	3,482,948,000	3,482,948,000	-	66,463,807
Intangibles	13,524,932	31,688,333	45,213,265	-	-
Unamortized bond insurance premium	263,811	37,969	301,780	-	-
Total assets	1,551,678,200	5,476,055,479	7,027,733,679	175,751,284	81,792,792
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred cash flow hedges - unrealized loss on derivative instruments	-	56,062,000	56,062,000	223,593	-
Loss on debt refundings	140,469	33,394,041	33,534,510	6,388,064	197,525
Pension-related amounts	92,485,912	79,380,569	171,866,481	-	-
Total deferred outflows of resources	92,626,381	168,836,610	261,462,991	6,611,657	197,525
<u>LIABILITIES</u>					
Accounts payable and other liabilities	57,558,446	83,641,038	141,199,484	380,432	1,024,178
Contingent liabilities and promise to CSHF	-	106,154,921	106,154,921	-	-
Deposits payable	2,249,614	-	2,249,614	-	-
Funds held for others	114,666	-	114,666	-	-
Accrued interest payable	311,644	14,196,194	14,507,838	397,104	116,152
Internal balances	(10,937,368)	10,937,368	-	-	-
Unearned revenue	-	-	-	-	-
Grants	18,183,300	-	18,183,300	-	-
Other	2,402,897	5,929,213	8,332,110	300	5,352,751
Noncurrent liabilities:					
Due within one year	5,429,486	93,192,385	98,621,871	3,840,238	6,414,810
Due in more than one year	335,403,637	3,446,676,191	3,782,079,828	121,877,085	34,508,147
Total liabilities	410,716,322	3,760,727,310	4,171,443,632	126,495,159	47,416,038
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Gain on debt refundings	-	1,816,000	1,816,000	-	-
Interest rate swap	-	-	-	1,522,750	-
Property taxes	22,829,889	-	22,829,889	8,434,035	-
Pension-related amounts	8,131,752	8,240,178	16,371,930	-	-
Total deferred inflows of resources	30,961,641	10,056,178	41,017,819	9,956,785	-
<u>NET POSITION</u>					
Net investment in capital assets	1,248,000,610	1,872,057,076	3,120,057,686	(4,714,447)	27,852,370
Restricted for:					
Debt service	1,795,668	49,913,114	51,708,782	9,579,354	2,252,756
Endowments:					
Expendable	413,918	-	413,918	-	-
Nonexpendable	11,162,249	-	11,162,249	-	-
Emergency reserve (TABOR)	7,808,691	-	7,808,691	159,645	-
Contingencies	-	-	-	25,000,000	-
Capital improvement	13,602,130	-	13,602,130	8,079,808	-
Pension-related	127,525	-	127,525	-	-
Other	8,836,922	1,188,887	10,025,809	-	-
Unrestricted	(89,121,095)	(49,050,476)	(138,171,571)	7,806,637	4,469,153
Total net position	\$ 1,202,626,618	\$ 1,874,108,601	\$ 3,076,735,219	\$ 45,910,997	\$ 34,574,279

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

STATEMENT OF ACTIVITIES
For the year ended December 31, 2016

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		
					Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	
Primary government										
Governmental activities										
General government	\$ 65,304,997	\$ 20,800,595	\$ 1,280,442	\$ -	\$ (43,223,960)	\$ -	\$ (43,223,960)	\$ -	\$ -	
Public safety	190,623,311	6,742,276	7,535,398	2,950,000	(173,395,637)	-	(173,395,637)	-	-	
Public works	120,721,459	12,632,805	3,107,913	51,104,475	(53,876,266)	-	(53,876,266)	-	-	
Parks	28,826,273	3,341,163	3,328,021	5,459,907	(16,697,182)	-	(16,697,182)	-	-	
Planning/community development	22,968,689	-	5,506,279	-	(17,462,410)	-	(17,462,410)	-	-	
Interest on long-term debt	2,415,117	-	-	-	(2,415,117)	-	(2,415,117)	-	-	
Total governmental activities	430,859,846	43,516,839	20,758,053	59,514,382	(307,070,572)	-	(307,070,572)	-	-	
Business-type activities										
Utilities	681,776,411	793,293,000	-	52,833,000	-	164,349,589	164,349,589	-	-	
PACE	60,545,000	48,654,000	-	-	-	(11,891,000)	(11,891,000)	-	-	
MHS	3,175,469	-	-	-	-	(3,175,469)	(3,175,469)	-	-	
Other	36,515,165	32,830,447	-	23,248,834	-	19,564,116	19,564,116	-	-	
Total business-type activities	782,012,045	874,777,447	-	76,081,834	-	168,847,236	168,847,236	-	-	
Total primary government	\$ 1,212,871,891	\$ 918,294,286	\$ 20,758,053	\$ 135,596,216	\$ (307,070,572)	\$ 168,847,236	\$ (138,223,336)	\$ -	\$ -	
Component units										
Governmental activities	\$ 26,236,942	\$ 529,044	\$ 14,107,852	\$ -	\$ -	\$ -	\$ -	\$ (11,600,046)	\$ -	
Business-type activities	9,554,849	16,089,044	-	-	-	-	-	-	6,534,195	
Total component units	\$ 35,791,791	\$ 16,618,088	\$ 14,107,852	\$ -	\$ -	\$ -	\$ -	\$ (11,600,046)	\$ 6,534,195	
General revenues										
Property taxes					\$ 23,390,221	\$ -	\$ 23,390,221	\$ 7,651,506	\$ -	
Sales taxes					252,544,859	-	252,544,859	-	-	
Specific ownership taxes					2,846,855	-	2,846,855	469,019	-	
Occupational liquor taxes					280,240	-	280,240	-	-	
Admissions tax					503,199	-	503,199	-	-	
Bicycle excise tax					85,746	-	85,746	-	-	
Miscellaneous					-	-	-	8,016,058	-	
Investment earnings					1,147,142	8,117,657	9,264,799	3,346,177	29,303	
Gain on sale of capital assets					2,389,154	-	2,389,154	-	-	
Special item - asset impairment					-	(9,811,000)	(9,811,000)	-	-	
Contributions to endowments					171,160	-	171,160	-	-	
Transfers					31,027,222	(31,027,222)	-	-	-	
Total general revenues and transfers					314,385,798	(32,720,565)	281,665,233	19,482,760	29,303	
Change in net position					7,315,226	136,126,671	143,441,897	7,882,714	6,563,498	
Net position - January 1, as previously stated					1,195,311,392	1,737,981,930	2,933,293,322	41,340,338	28,010,781	
Prior period adjustment					-	-	-	(3,312,055)	-	
Net position - January 1, restated					1,195,311,392	1,737,981,930	2,933,293,322	38,028,283	28,010,781	
Net position - December 31					\$ 1,202,626,618	\$ 1,874,108,601	\$ 3,076,735,219	\$ 45,910,997	\$ 34,574,279	

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

**GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2016**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 3**

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and investments	\$ 53,839,355	\$ 76,437,313	\$ 130,276,668
Accounts receivable (net of allowance for uncollectibles)	1,847,980	23,264,222	25,112,202
Sales tax receivable	16,299,076	9,782,392	26,081,468
Loans receivable (net of allowance for uncollectibles)	286,668	7,064,261	7,350,929
Assessments receivable	2,070	-	2,070
Property taxes receivable			
Current	19,368,851	3,461,037	22,829,888
Delinquent	51,934	-	51,934
Inventories	313,798	-	313,798
Due from other funds	5,831,523	47,721	5,879,244
Restricted cash and investments	13,691,869	11,662,249	25,354,118
Total assets	111,533,124	131,719,195	243,252,319
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	5,942,814	11,026,489	16,969,303
Funds held for others	114,666	-	114,666
Accrued salaries and benefits	6,504,962	1,211,444	7,716,406
Due to other funds	1,812,433	5,189,415	7,001,848
Deposits payable	-	2,249,614	2,249,614
Escrow deposits	6,401,970	-	6,401,970
Unearned revenue			
Grants	-	18,183,300	18,183,300
Other	2,402,897	-	2,402,897
Total liabilities	23,179,742	37,860,262	61,040,004
Deferred inflows of resources			
Unavailable revenue - loans (net of allowance for uncollectibles)	-	7,064,261	7,064,261
Unavailable revenue - property taxes	19,368,851	3,461,037	22,829,888
Unavailable revenue - assessments	2,071	-	2,071
Total deferred inflows of resources	19,370,922	10,525,298	29,896,220
Fund balances			
Nonspendable	365,732	11,162,249	11,527,981
Restricted	30,049,266	48,084,352	78,133,618
Committed	5,234,626	23,230,678	28,465,304
Assigned	4,042,429	856,356	4,898,785
Unassigned	29,290,407	-	29,290,407
Total fund balances	68,982,460	83,333,635	152,316,095
Total liabilities, deferred inflows of resources and fund balances	\$ 111,533,124	\$ 131,719,195	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,310,104,116
Loans and assessments - certain long-term receivables are not available to pay for current-period expenditures because they are not collected within the prescribed time period after year-end and, therefore, are unavailable in the funds.	7,066,331
Interest on investments that is not available to pay for current-period expenditures is not reported in the funds.	359,892
Internal service funds are used by management to charge the costs of support services and insurance to individual funds.	
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	(11,169,418)
Long-term liabilities, including bonds payable and net pension-related amounts, are not due and payable in the current period and, therefore, are not reported in the funds.	(256,050,398)
Net position of governmental activities	<u>\$ 1,202,626,618</u>

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

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2016

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 4

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 179,992,483	\$ 99,658,637	\$ 279,651,120
Licenses, permits and fines	6,571,781	-	6,571,781
Intergovernmental	21,482,818	37,815,518	59,298,336
Charges for services	14,698,384	11,337,684	26,036,068
Endowments and donations	-	2,037,905	2,037,905
Interfund services provided	7,022,399	-	7,022,399
Investment earnings	352,182	791,652	1,143,834
Other revenue	3,384,765	2,414,653	5,799,418
Rental income	188,217	231,528	419,745
Total revenues	233,693,029	154,287,577	387,980,606
Expenditures			
Current			
General government	52,876,390	20,537	52,896,927
Public safety	134,968,491	35,840,905	170,809,396
Planning/community development	4,682,602	11,058,397	15,740,999
Public works	22,536,369	28,632,322	51,168,691
Parks	16,020,363	9,649,917	25,670,280
Miscellaneous	-	22,597	22,597
Debt service			
Principal	3,925,851	2,141,478	6,067,329
Interest	1,755,181	658,827	2,414,008
Capital outlay	9,447,132	65,823,106	75,270,238
Total expenditures	246,212,379	153,848,086	400,060,465
Excess (deficiency) of revenues over expenditures	(12,519,350)	439,491	(12,079,859)
Other financing sources (uses)			
Transfers - in	31,545,706	15,969,729	47,515,435
Transfers - out	(16,224,924)	(574,501)	(16,799,425)
Proceeds from issuance of debt	13,690,000	-	13,690,000
Capital lease financing	1,844,224	-	1,844,224
Sale of capital assets	229,729	-	229,729
Total other financing sources	31,084,735	15,395,228	46,479,963
Net change in fund balances	18,565,385	15,834,719	34,400,104
Fund balances - January 1	50,417,075	67,498,916	117,915,991
Fund balances - December 31	\$ 68,982,460	\$ 83,333,635	\$ 152,316,095

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the year ended December 31, 2016**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 5**

Net change in fund balances - total governmental funds	\$ 34,400,104
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(3,716,429)
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	15,408,848
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The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(9,424,600)
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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.	(15,603,777)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(9,717,321)
--	-------------

Internal service funds are used by management to charge the costs of insurance and other services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	(4,031,599)
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Change in net position of governmental activities	<u>\$ 7,315,226</u>
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The notes to the financial statements are an integral part of this statement.

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended December 31, 2016**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 6
(PAGE 1 OF 4)**

	Budgeted Amounts		2016	Variance With
	Original	Final	Actual	Final Budget Positive (Negative)
Revenues				
Taxes				
General property taxes				
Current	\$ 19,894,550	\$ 19,894,550	\$ 20,014,822	\$ 120,272
Penalty and interest	-	-	23,709	23,709
	19,894,550	19,894,550	20,038,531	143,981
Sales and use taxes	152,014,940	152,014,940	156,072,014	4,057,074
URA TIF	5,305,000	5,305,000	-	(5,305,000)
Penalty and interest	-	-	643,711	643,711
Specific ownership taxes	2,223,432	2,223,432	2,454,788	231,356
Occupational liquor taxes	281,150	281,150	280,240	(910)
Admission taxes	495,000	495,000	503,199	8,199
Total taxes	180,214,072	180,214,072	179,992,483	(221,589)
Licenses, permits and fines				
Business licenses and permits	1,905,320	1,905,320	2,281,248	375,928
Fines	5,332,992	5,332,992	4,290,533	(1,042,459)
Total licenses, permits and fines	7,238,312	7,238,312	6,571,781	(666,531)
Intergovernmental				
State shared revenue				
Cigarette tax	1,010,000	1,010,000	1,028,116	18,116
Highway users tax-regular	16,785,602	16,785,602	17,849,046	1,063,444
Highway users tax-added fees	1,400,000	1,400,000	1,553,921	153,921
Severance tax	32,514	32,514	72,830	40,316
	19,228,116	19,228,116	20,503,913	1,275,797
Other governmental units				
El Paso County road and bridge	800,000	800,000	801,295	1,295
El Paso County shared fines	150,000	150,000	177,610	27,610
	950,000	950,000	978,905	28,905
Total intergovernmental	\$ 20,178,116	\$ 20,178,116	\$ 21,482,818	\$ 1,304,702

(continued)

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

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended December 31, 2016**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 6
(PAGE 2 OF 4)**

	Budgeted Amounts		2016	Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Charges for services				
General government				
Court costs and charges	\$ 856,604	\$ 856,604	\$ 663,331	\$ (193,273)
Other fees	1,391,374	1,391,374	1,442,854	51,480
	2,247,978	2,247,978	2,106,185	(141,793)
Public safety				
Fire services	2,010,503	2,010,503	2,000,004	(10,499)
Police services	4,365,519	4,365,519	4,572,857	207,338
	6,376,022	6,376,022	6,572,861	196,839
Planning/community development				
Planning fees	443,472	846,556	1,246,610	400,054
Public Works				
Highway and street permits and fees	1,805,684	1,402,600	1,475,784	73,184
Signal maintenance	787,447	787,447	898,469	111,022
	2,593,131	2,190,047	2,374,253	184,206
Parks				
Community centers	355,547	355,547	279,229	(76,318)
Ice center fees	823,537	823,537	661,348	(162,189)
Sports programs	1,125,143	1,125,143	820,372	(304,771)
Other fees	621,725	621,725	637,526	15,801
	2,925,952	2,925,952	2,398,475	(527,477)
Total charges for services	14,586,555	14,586,555	14,698,384	111,829
Miscellaneous				
Interfund services provided	8,263,789	8,263,789	7,022,399	(1,241,390)
Investment earnings	622,000	622,000	352,182	(269,818)
Other revenue	1,624,835	1,624,835	3,384,765	1,759,930
Rental income	260,125	260,125	188,217	(71,908)
Total miscellaneous	10,770,749	10,770,749	10,947,563	176,814
Total revenues	\$ 232,987,804	\$ 232,987,804	\$ 233,693,029	\$ 705,225

(continued)

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

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended December 31, 2016**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 6
(PAGE 3 OF 4)**

	Budgeted Amounts		2016	Variance With
	Original	Final	Actual	Final Budget Positive (Negative)
Expenditures				
General government				
City attorney	\$ 5,115,851	\$ 5,113,851	\$ 4,726,410	\$ 387,441
City auditor	1,417,032	1,417,032	1,346,962	70,070
City clerk	785,430	785,430	723,800	61,630
City council	928,623	928,623	837,880	90,743
Communications	381,921	381,921	369,675	12,246
Finance	3,381,712	3,381,712	3,208,194	173,518
General costs	30,871,074	30,983,444	25,958,133	5,025,311
Human resources	1,317,313	1,317,313	1,217,308	100,005
Information technology	11,903,788	11,903,788	10,313,558	1,590,230
Mayor	689,216	689,216	686,464	2,752
Municipal court	3,909,870	3,909,870	3,488,006	421,864
Total general government	60,701,830	60,812,200	52,876,390	7,935,810
Public safety				
Animal control	1,125,424	1,125,424	1,423,495	(298,071)
Fire/OEM	47,492,944	47,492,944	47,171,476	321,468
Police	88,560,108	88,410,103	86,373,520	2,036,583
Total public safety	137,178,476	137,028,471	134,968,491	2,059,980
Planning/community development				
Economic development	421,783	421,783	419,972	1,811
Community development	464,253	464,253	431,313	32,940
Planning	2,761,528	3,818,252	3,831,317	(13,065)
Total planning/community development	3,647,564	4,704,288	4,682,602	21,686
Public works	23,150,529	23,290,780	22,536,369	754,411
Parks	\$ 16,115,638	\$ 16,115,638	\$ 16,020,363	\$ 95,275

(continued)

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

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended December 31, 2016**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 6
(PAGE 4 OF 4)**

	Budgeted Amounts		2016	Variance With
	Original	Final	Actual	Final Budget Positive (Negative)
Debt service expenditures				
Principal payments	\$ 3,925,851	\$ 3,925,851	\$ 3,925,851	\$ -
Interest payments	1,761,539	1,761,539	1,755,181	6,358
Total debt service	5,687,390	5,687,390	5,681,032	6,358
Capital outlay	11,780,020	27,462,675	9,447,132	18,015,543
Total expenditures	258,261,447	275,101,442	246,212,379	28,889,063
Deficiency of revenues over expenditures	(25,273,643)	(42,113,638)	(12,519,350)	29,594,288
Other financing sources (uses)				
Transfers - in				
Utilities surplus	32,977,700	32,977,700	31,408,269	(1,569,431)
Other funds	-	-	137,437	137,437
Transfers - out				
City funded capital improvement projects	(18,024,169)	(15,969,729)	(15,969,729)	-
Other funds	(255,195)	(255,195)	(255,195)	-
Proceeds from issuance of debt	-	13,690,000	13,690,000	-
Capital lease financing	-	-	1,844,224	1,844,224
Sale of capital assets	795,000	795,000	229,729	(565,271)
Total other financing sources (uses)	15,493,336	31,237,776	31,084,735	(153,041)
Net change in fund balance	(9,780,307)	(10,875,862)	18,565,385	29,441,247
Fund balance - January 1	50,417,075	50,417,075	50,417,075	-
Fund balance - December 31	\$ 40,636,768	\$ 39,541,213	\$ 68,982,460	\$ 29,441,247

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

	Business-type Activities Enterprise Funds					Governmental Activities
	Utilities	Public Authority for Colorado Energy	MHS	Other Non-Major Enterprise Funds	Total	Internal Service Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Current assets						
Cash and investments - unrestricted	\$ 197,590,000	\$ 81,000	\$ 2,929,186	\$ 39,324,654	\$ 239,924,840	\$ 2,765,604
Cash and investments - restricted	31,822,000	-	-	9,970,356	41,792,356	-
Accounts receivable (net of allowance for uncollectibles)	98,631,832	7,027,000	-	10,332,025	115,990,857	363,242
Lease receivable	-	-	2,574,053	-	2,574,053	-
Interest receivable	300,000	-	-	-	300,000	-
Due from other funds	3,624,168	-	-	72,735	3,696,903	57,786
Inventories	54,275,000	-	-	214,821	54,489,821	35,767
Prepays	11,677,000	19,076,000	-	-	30,753,000	-
Other	-	-	82,111	-	82,111	-
Total current assets	397,920,000	26,184,000	5,585,350	59,914,591	489,603,941	3,222,399
Noncurrent assets						
Cash and investments - restricted	92,833,000	6,637,000	-	1,259,671	100,729,671	-
Interest receivable - restricted	62,000	-	-	-	62,000	-
Lease receivable - net	-	-	97,047,448	1,177,007	98,224,455	-
Note receivable	-	-	-	2,174,679	2,174,679	-
Receivable from insurance provider, net	-	-	4,207,756	-	4,207,756	-
Due from other funds	-	-	-	1,512,974	1,512,974	-
Investment in joint ventures	1,063,000	-	-	-	1,063,000	-
Prepays	-	438,457,000	-	-	438,457,000	-
Other	115,457,000	-	-	-	115,457,000	-
Capital assets nondepreciable:						
Land	191,153,000	-	-	21,513,210	212,666,210	13,000
Intangibles	27,843,000	-	-	-	27,843,000	-
Construction in progress	207,287,000	-	-	2,273,011	209,560,011	-
Depreciable capital assets:						
Buildings	-	-	-	99,732,704	99,732,704	201,250
Improvements other than buildings	-	-	-	292,518,458	292,518,458	310,198
Machinery and equipment	-	-	-	36,145,741	36,145,741	462,204
Infrastructure	-	-	-	47,933,084	47,933,084	-
Utility plant	5,670,863,000	-	-	-	5,670,863,000	-
Intangibles	48,751,000	-	-	661,903	49,412,903	-
Less accumulated depreciation and amortization	(2,205,395,000)	-	-	(211,545,200)	(2,416,940,200)	(701,484)
Unamortized bond insurance premium	-	-	-	37,969	37,969	-
Total noncurrent assets	4,149,917,000	445,094,000	101,255,204	295,395,211	4,991,661,415	285,168
Deferred outflows of resources						
Deferred cash flow hedges - unrealized loss on derivatives	56,062,000	-	-	-	56,062,000	-
Loss on debt refundings	33,126,000	-	-	268,041	33,394,041	-
Pension-related amounts	75,123,000	-	-	4,257,569	79,380,569	-
Total deferred outflows of resources	164,311,000	-	-	4,525,610	168,836,610	-
Total assets and deferred outflows of resources	\$ 4,712,148,000	\$ 471,278,000	\$ 106,840,554	\$ 359,835,412	\$ 5,650,101,966	\$ 3,507,567

(continued)

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

	Business-type Activities Enterprise Funds					Governmental Activities
	Utilities	Public Authority for Colorado Energy	MHS	Other Non-Major Enterprise Funds	Total	Internal Service Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION						
Current liabilities						
Accounts payable	\$ 61,609,172	\$ -	\$ 618,216	\$ 3,705,909	\$ 65,933,297	\$ 2,197,222
Accrued liabilities	2,074,000	-	67,417	-	2,141,417	-
Accrued salaries and benefits	10,756,000	-	-	417,324	11,173,324	84,586
Claims payable	-	-	-	-	-	15,136,500
Compensated absences	9,122,000	-	-	43,245	9,165,245	10,420
Due to other funds	3,856,828	-	-	20,932	3,877,760	276,258
Unearned revenue	-	-	-	2,697,483	2,697,483	-
Accrued interest payable	9,234,000	4,874,000	-	88,194	14,196,194	-
Matured bonds payable	69,589,000	9,535,000	-	1,750,000	80,874,000	-
Notes payable	2,391,000	-	-	525,327	2,916,327	-
Capital lease payable	-	-	-	236,813	236,813	-
Other	4,393,000	-	-	-	4,393,000	-
Total current liabilities	173,025,000	14,409,000	685,633	9,485,227	197,604,860	17,704,986
Noncurrent liabilities						
Claims payable	-	-	-	-	-	9,043,500
Contingent liabilities and promise to CSHF	-	-	106,154,921	-	106,154,921	-
Compensated absences	6,257,000	-	-	821,664	7,078,664	197,984
Customer deposits	3,073,000	-	-	-	3,073,000	-
Unearned revenue	-	-	-	3,231,730	3,231,730	-
Revenue bonds payable, net	2,273,535,000	582,968,000	-	15,616,716	2,872,119,716	-
Notes payable	95,341,000	-	-	4,819,626	100,160,626	-
Customer advances for construction	8,570,000	-	-	-	8,570,000	-
Capital lease payable	-	-	-	650,812	650,812	-
Municipal solid waste landfill closure and postclosure care	4,590,000	-	-	-	4,590,000	-
Derivative instruments	154,002,000	-	-	-	154,002,000	-
Pension and other postemployment benefits	281,090,000	-	-	14,244,373	295,334,373	-
Other long-term liabilities	1,097,000	-	-	-	1,097,000	-
Total noncurrent liabilities	2,827,555,000	582,968,000	106,154,921	39,384,921	3,556,062,842	9,241,484
Total liabilities	3,000,580,000	597,377,000	106,840,554	48,870,148	3,753,667,702	26,946,470
Deferred inflows of resources						
Gain on debt refundings	1,816,000	-	-	-	1,816,000	-
Pension-related amounts	7,411,000	-	-	829,178	8,240,178	-
Total deferred inflows of resources	9,227,000	-	-	829,178	10,056,178	-
Net position						
Net investment in capital assets	1,604,252,000	-	-	267,805,076	1,872,057,076	285,168
Restricted for passenger facility charges	-	-	-	1,188,887	1,188,887	-
Restricted for debt service	42,187,000	1,763,000	-	5,963,114	49,913,114	-
Unrestricted	55,902,000	(127,862,000)	-	35,179,009	(36,780,991)	(23,724,071)
Total net position	1,702,341,000	(126,099,000)	-	310,136,086	1,886,378,086	(23,438,903)
Total liabilities, deferred inflows of resources and net position	\$ 4,712,148,000	\$ 471,278,000	\$ 106,840,554	\$ 359,835,412		\$ 3,507,567

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. (12,269,485)

Net position of business-type activities \$ 1,874,108,601

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

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 8**

	Business-type Activities Enterprise Funds					Governmental Activities
	Utilities	Public Authority for Colorado Energy	MHS	Other Non- Major Enterprise Funds	Total	Internal Service Funds
Operating revenues						
Charges for services	\$ 793,293,000	\$ 48,654,000	\$ -	\$ 32,830,447	\$ 874,777,447	\$ 38,794,004
Total operating revenues	793,293,000	48,654,000	-	32,830,447	874,777,447	38,794,004
Operating expenses						
Salaries and benefits	207,499,730	-	-	11,314,389	218,814,119	2,176,237
Other operating expenses	288,249,270	18,961,000	-	12,674,549	319,884,819	45,564,381
Depreciation and amortization	129,694,000	-	-	17,187,100	146,881,100	22,434
Total operating expenses	625,443,000	18,961,000	-	41,176,038	685,580,038	47,763,052
Operating income (loss)	167,850,000	29,693,000	-	(8,345,591)	189,197,409	(8,969,048)
Nonoperating revenues (expenses)						
Derivative instruments	19,107,000	-	-	-	19,107,000	-
Investment earnings	3,126,000	934,000	59,288	882,188	5,001,476	7,340
Lease interest income	-	-	3,116,181	-	3,116,181	-
Interest expense	(86,168,000)	(40,764,000)	-	(1,156,270)	(128,088,270)	-
Passenger facility charges	-	-	-	2,215,716	2,215,716	-
Customer facility charges	-	-	-	732,749	732,749	-
Amortization expense	-	(820,000)	-	(18,078)	(838,078)	-
Loss on disposal of capital assets	-	-	-	(1,808,780)	(1,808,780)	-
Increase in contingent liabilities	-	-	(2,619,715)	-	(2,619,715)	-
Insurance settlements	-	-	-	4,623,062	4,623,062	-
Miscellaneous	15,051,000	-	(555,754)	367,960	14,863,206	-
Total nonoperating revenues (expenses)	(48,884,000)	(40,650,000)	-	5,838,547	(83,695,453)	7,340
Income (loss) before contributions, transfers and special item	118,966,000	(10,957,000)	-	(2,507,044)	105,501,956	(8,961,708)
Capital contributions	52,833,000	-	-	23,248,834	76,081,834	-
Transfers - in	-	-	-	530,561	530,561	311,212
Transfers - out	(31,408,000)	-	-	(21,783)	(31,429,783)	-
Transfers - other	(128,000)	-	-	-	(128,000)	-
Special item - asset impairment	(9,811,000)	-	-	-	(9,811,000)	-
Change in net position	130,452,000	(10,957,000)	-	21,250,568	140,745,568	(8,650,496)
Total net position - January 1	1,571,889,000	(115,142,000)	-	288,885,518		(14,788,407)
Total net position - December 31	\$ 1,702,341,000	\$ (126,099,000)	\$ -	\$ 310,136,086		\$ (23,438,903)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(4,618,897)	
Change in net position of business-type activities					\$ 136,126,671	

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

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the year ended December 31, 2016

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 9
(PAGE 1 OF 2)

	Business-type Activities					Governmental Activities
	Enterprise Funds				Internal Service Funds	
	Utilities	Public Authority for Colorado Energy	MHS	Other Non-Major Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 784,498,000	\$ 48,582,000	\$ -	\$ 33,791,019	\$ 866,871,019	\$ 7,428,024
Receipts from interfund services provided	14,459,000	-	-	417,482	14,876,482	31,555,288
Receipts from lease receivable	-	-	4,550,739	-	4,550,739	-
Payments to suppliers	(316,560,000)	(76,000)	(13,680,788)	(8,946,081)	(339,262,869)	(32,191,577)
Payments to employees	(189,978,000)	-	-	(10,998,436)	(200,976,436)	(2,177,995)
Payments for interfund services used	(11,381,000)	-	-	(3,652,585)	(15,033,585)	(2,517,043)
Other receipts	3,692,000	-	5,181,791	-	8,873,791	-
Net cash provided (used) by operating activities	284,730,000	48,506,000	(3,948,258)	10,611,399	339,899,141	2,096,697
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Intergovernmental non-operating revenues provided	(31,328,000)	-	-	-	(31,328,000)	-
Transfers out to other funds	(2,679,000)	-	-	-	(2,679,000)	-
Transfers in from other funds	-	-	-	280,561	280,561	-
Repayment of advance from other funds	-	-	-	-	-	(1,048,442)
Advance from other funds	-	-	-	-	-	274,159
Repayment of long-term debt	-	(8,535,000)	-	-	(8,535,000)	-
Interest payments on long-term debt	-	(39,461,000)	-	-	(39,461,000)	-
Interest payments - other	-	(1,364,000)	-	-	(1,364,000)	-
Operating grant	132,000	-	-	116,240	248,240	-
Net cash provided (used) by noncapital financing activities	(33,875,000)	(49,360,000)	-	396,801	(82,838,199)	(774,283)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital contributions and advances	35,838,000	-	-	-	35,838,000	-
Payments from accounts payable for capital asset additions	-	-	-	(31,682)	(31,682)	-
Transfers in from other funds	-	-	-	250,000	250,000	-
Bond issuance costs and other related costs	(52,000)	-	-	-	(52,000)	-
Loan proceeds	-	-	-	3,431,183	3,431,183	-
Purchases of capital assets	(188,713,000)	-	-	(26,120,811)	(214,833,811)	-
Repayment of capital lease obligations	-	-	-	(255,253)	(255,253)	-
Principal paid on capital debt	(66,234,000)	-	-	(11,397,686)	(77,631,686)	-
Interest paid on capital debt	(106,495,000)	-	-	(1,059,058)	(107,554,058)	-
Interest paid - other	(9,000)	-	-	(446)	(9,446)	-
Proceeds from issuance of commercial paper	50,000,000	-	-	-	50,000,000	-
Proceeds from the sale of capital assets	2,244,000	-	-	54,909	2,298,909	-
Capital grant	9,377,000	-	-	18,155,022	27,532,022	-
Passenger facility charges	-	-	-	2,038,025	2,038,025	-
Customer facility charges	-	-	-	714,806	714,806	-
Insurance settlement	-	-	-	1,000,000	1,000,000	-
Miscellaneous	-	-	-	8,800	8,800	-
Net cash used by capital and related financing activities	(264,044,000)	-	-	(13,212,191)	(277,256,191)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sales and maturities of investments	69,285,000	-	5,390,425	31,520,972	106,196,397	300,122
Purchases of investments	(65,401,000)	(65,000)	(1,702,634)	(29,408,469)	(96,577,103)	(1,607,557)
Interest and dividends received	2,649,000	934,000	59,288	1,044,921	4,687,209	23,741
Principal payment received on lease receivable	-	-	-	22,993	22,993	-
Interest received on lease receivable	-	-	-	54,173	54,173	-
Distributions from joint ventures	147,000	-	-	-	147,000	-
Principal received from interfund loan	-	-	-	68,335	68,335	-
Interest received from interfund loan	-	-	-	64,853	64,853	-
Net cash provided (used) by investing activities	6,680,000	869,000	3,747,079	3,367,778	14,663,857	(1,283,694)
Net change in cash and cash equivalents	(6,509,000)	15,000	(201,179)	1,163,787	(5,531,392)	38,720
Cash and cash equivalents - January 1	177,199,000	66,000	313,680	3,730,161	181,308,841	65,682
Cash and cash equivalents - December 31	170,690,000	81,000	112,501	4,893,948	175,777,449	104,402
Cash and cash equivalents	170,690,000	81,000	112,501	4,893,948	175,777,449	104,402
Investments	151,555,000	6,637,000	2,816,685	45,660,733	206,669,418	2,661,202
Total cash and investments	\$ 322,245,000	\$ 6,718,000	\$ 2,929,186	\$ 50,554,681	\$ 382,446,867	\$ 2,765,604

(continued)

(continued)

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

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the year ended December 31, 2016

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 9
(PAGE 2 OF 2)

	Business-type Activities					Governmental Activities
	Enterprise Funds				Internal Service Funds	
	Utilities	Public Authority for Colorado Energy	MHS	Other Non-Major Enterprise Funds		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ 167,850,000	\$ 29,693,000	\$ -	\$ (8,345,591)	\$ 189,197,409	\$ (8,969,048)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation and amortization expense	129,694,000	-	-	17,187,100	146,881,100	22,434
Pension-related items	(11,612,733)	-	-	157,401	(11,455,332)	-
Other expense	522,733	-	-	(20,728)	502,005	311,212
(Increase) decrease in accounts receivable	(4,889,000)	(72,000)	-	654,544	(4,306,456)	(121,630)
Decrease in lease receivable	-	-	4,550,739	-	4,550,739	-
(Increase) decrease in due from other funds	-	-	-	17,659	17,659	(274)
(Increase) decrease in inventories	(3,397,000)	-	-	6,036	(3,390,964)	15,277
(Increase) decrease in prepaids	(1,195,000)	18,885,000	-	26,420	17,716,420	-
(Increase) decrease in other assets	(5,350,000)	-	5,181,791	-	(168,209)	-
Increase (decrease) in accounts and other payables	9,209,000	-	(1,619,676)	297,883	7,887,207	10,840,300
Increase (decrease) in accrued expenses	2,994,000	-	(421,667)	24,101	2,596,434	(1,759)
Increase (decrease) in due to other funds	-	-	-	(99,277)	(99,277)	185
Decrease in contingent liability	-	-	(11,639,445)	-	(11,639,445)	-
Increase in other liabilities	904,000	-	-	705,851	1,609,851	-
Net cash provided (used) by operating activities	\$ 284,730,000	\$ 48,506,000	\$ (3,948,258)	\$ 10,611,399	\$ 339,899,141	\$ 2,096,697
Noncash investing, capital and financing activities						
Amortization, charge-off of debt discount and expense	\$ 2,918,000	\$ 820,000	\$ -	\$ -	\$ 3,738,000	\$ -
Noncash acquisition of capital assets						
(incurrence of payable/capital lease obligation)	28,764,000	-	-	3,561,996	32,325,996	-
Noncash capital contributions	17,368,000	-	-	-	17,368,000	-
Increase in fair value of derivatives	19,107,000	-	-	-	19,107,000	-
Increase (decrease) in fair value of investments	-	-	2,836	(227,586)	(224,750)	(16,401)

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

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
December 31, 2016

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 10

	Agency Fund
<u>ASSETS</u>	
Cash and investments	\$ 2,386,777
Accounts receivable (net of allowances for uncollectibles)	1,972
Total assets	2,388,749
<u>LIABILITIES</u>	
Accounts payable	172,882
Due to component unit	2,215,867
Total liabilities	\$ 2,388,749

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

**GOVERNMENTAL FUND COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
December 31, 2016**

	Colorado Springs Health Foundation	Colorado Springs Urban Renewal Authority	Colorado Springs Downtown Development Authority	Greater Downtown Colorado Springs Business Improvement District	Briargate Center Business Improvement District	Barnes & Powers North Business Improvement District
ASSETS						
Cash and investments - unrestricted	\$ 76,980,864	\$ 423,206	\$ 2,826,014	\$ 348,710	\$ 277,761	\$ 44,025
Cash and investments - restricted	25,000,000	12,076,757	-	-	802,273	100,868
Accounts receivable (net of allowance for uncollectibles)	-	712,649	72,660	6,120	4,764	3,303
Due from component units	-	-	-	-	-	1,891
Note receivable	-	-	760,677	-	-	-
Assessments receivable	-	-	-	-	4,742,848	-
Property taxes receivable	-	3,998,921	1,103,380	473,444	438,018	327,550
Prepays	2,096	7,420	7,916	26,525	229,409	3,625
Interest rate cap	-	-	-	-	46,407	-
Interest rate swap	-	1,522,750	-	-	-	-
Capital assets (net of accumulated depreciation):						
Machinery and equipment	-	-	-	14,747	-	-
Improvements	-	-	-	-	83,350	1,058,332
Infrastructure	-	-	-	-	6,164,682	274,708
Total assets	101,982,960	18,741,703	4,770,647	869,546	12,789,512	1,814,302
DEFERRED OUTFLOWS OF RESOURCES						
Accum decr in fair value of hedging derivative	-	-	-	-	223,593	-
Loss on refunding	-	6,388,064	-	-	-	-
Total deferred outflows of resources	-	6,388,064	-	-	223,593	-
LIABILITIES						
Accounts payable	17,227	61,996	39	12,945	1,280	9,611
Tax escrow	-	21,209	9,606	-	-	-
Due to component units	-	-	-	-	-	-
Grants payable	-	-	188,980	-	-	-
Accrued interest payable	-	155,200	-	-	30,551	19,121
Unearned revenue	-	-	-	300	-	-
Noncurrent liabilities:						
Due within one year	-	3,000,000	-	-	360,500	90,000
Due in more than one year	-	65,408,583	-	-	7,849,500	3,440,000
Total liabilities	17,227	68,646,988	198,625	13,245	8,241,831	3,558,732
DEFERRED INFLOWS OF RESOURCES						
Property taxes	-	3,998,921	1,103,380	473,444	438,018	327,550
Interest rate swap	-	1,522,750	-	-	-	-
Total deferred inflows of resources	-	5,521,671	1,103,380	473,444	438,018	327,550
NET POSITION						
Net investment in capital assets	-	-	-	14,747	(823,614)	(578,808)
Restricted for:						
Debt service	-	1,126,578	-	-	4,875,625	79,947
Emergency reserve	96,411	-	28,385	17,849	6,700	1,800
Contingencies	25,000,000	-	-	-	-	-
Capital improvement	-	8,079,808	-	-	-	-
Unrestricted	76,869,322	(58,245,278)	3,440,257	350,261	274,545	(1,574,919)
Total net position	\$ 101,965,733	\$ (49,038,892)	\$ 3,468,642	\$ 382,857	\$ 4,333,256	\$ (2,071,980)

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

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 11

Barnes & Powers South Business Improvement District	First & Main Business Improvement District	First & Main Business Improvement District No 2	First & Main North Business Improvement District	Interquest North Business Improvement District	Interquest South Business Improvement District	Powers & Woodmen Commercial Business Improvement District	Total
\$ 955	\$ 11,573	\$ 83,861	\$ 7,041	\$ 171,256	\$ 6,374	\$ 101,131	\$ 81,282,771
92,123	81,022	1,783,805	60,436	1,137,451	600	452,678	41,588,013
936	1,662	52,985	1,635	49,047	189	3,008	908,958
-	-	13,235	-	-	-	-	15,126
-	-	-	-	-	-	-	760,677
-	-	-	-	-	-	-	4,742,848
92,509	165,120	530,439	161,236	857,998	18,048	267,372	8,434,035
-	-	3,625	1,812	1,812	-	1,812	286,052
-	-	-	-	-	-	-	46,407
-	-	-	-	-	-	-	1,522,750
-	-	-	-	-	-	-	14,747
-	-	4,382,946	809,501	-	-	-	6,334,129
85,352	1,194,567	10,090,532	329,015	9,087,056	-	2,603,985	29,829,897
271,875	1,453,944	16,941,428	1,370,676	11,304,620	25,211	3,429,986	175,766,410
-	-	-	-	-	-	-	223,593
-	-	-	-	-	-	-	6,388,064
-	-	-	-	-	-	-	6,611,657
-	-	13,949	5,156	9,337	23,179	5,918	160,637
-	-	-	-	-	-	-	30,815
1,891	13,235	-	-	-	-	-	15,126
-	-	-	-	-	-	-	188,980
3,115	10,413	47,939	49,248	69,298	-	12,219	397,104
-	-	-	-	-	-	-	300
45,000	25,000	130,000	49,738	115,000	-	25,000	3,840,238
530,000	1,451,381	23,973,935	1,627,470	13,634,406	190,246	3,771,564	121,877,085
580,006	1,500,029	24,165,823	1,731,612	13,828,041	213,425	3,814,701	126,510,285
92,509	165,120	530,439	161,236	857,998	18,048	267,372	8,434,035
-	-	-	-	-	-	-	1,522,750
92,509	165,120	530,439	161,236	857,998	18,048	267,372	9,956,785
(16,826)	(275,433)	(1,047,624)	(503,066)	(1,159,274)	-	(324,549)	(4,714,447)
89,008	70,609	1,780,655	10,488	1,107,485	-	438,959	9,579,354
-	-	2,900	700	2,800	600	1,500	159,645
-	-	-	-	-	-	-	25,000,000
-	-	-	-	-	-	-	8,079,808
(472,822)	(6,381)	(8,490,765)	(30,294)	(3,332,430)	(206,862)	(767,997)	7,806,637
\$ (400,640)	\$ (211,205)	\$ (7,754,834)	\$ (522,172)	\$ (3,381,419)	\$ (206,262)	\$ (652,087)	\$ 45,910,997

GOVERNMENTAL FUND COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the year ended December 31, 2016

	Program Revenues			Colorado Springs Health Foundation	Colorado Springs Urban Renewal Authority	Colorado Springs Downtown Development Authority	Greater Downtown Colorado Springs Business Improvement District	Briargate Center Business Improvement District
	Expenses	Charges for Services	Operating Grants and Contributions					
Colorado Springs Health Foundation								
General government	\$ 2,998,856	\$ -	\$ 13,732,494	\$ 10,733,638				
Total	<u>2,998,856</u>	<u>-</u>	<u>13,732,494</u>	<u>10,733,638</u>				
Colorado Springs Urban Renewal Authority								
General government	1,767,558	529,044	87,104		\$ (1,151,410)			
Interest on long-term debt	2,977,178	-	-		(2,977,178)			
Total	<u>4,744,736</u>	<u>529,044</u>	<u>87,104</u>		<u>(4,128,588)</u>			
Colorado Springs Downtown Development Authority								
General government	946,168	-	-			\$ (946,168)		
Total	<u>946,168</u>	<u>-</u>	<u>-</u>			<u>(946,168)</u>		
Greater Downtown Colorado Springs Business Improvement District								
General government	602,816	-	-				\$ (602,816)	
Total	<u>602,816</u>	<u>-</u>	<u>-</u>				<u>(602,816)</u>	
Briargate Center Business Improvement District								
General government	295,991	-	251,257					\$ (44,734)
Interest on long-term debt	385,200	-	-					(385,200)
Total	<u>681,191</u>	<u>-</u>	<u>251,257</u>					<u>(429,934)</u>
Barnes & Powers North Business Improvement District								
General government	116,297	-	14,978					
Interest on long-term debt	239,375	-	-					
Total	<u>355,672</u>	<u>-</u>	<u>14,978</u>					
Barnes & Powers South Business Improvement District								
General government	19,414	-	-					
Interest on long-term debt	41,097	-	-					
Total	<u>60,511</u>	<u>-</u>	<u>-</u>					
First & Main Business Improvement District								
General government	76,546	-	-					
Interest on long-term debt	129,700	-	-					
Total	<u>206,246</u>	<u>-</u>	<u>-</u>					
First & Main Business Improvement District No. 2								
General government	598,028	-	22,019					
Public works	2,026,510	-	-					
Interest on long-term debt	7,204,789	-	-					
Total	<u>9,829,327</u>	<u>-</u>	<u>22,019</u>					
First & Main North Business Improvement District								
General government	87,100	-	-					
Interest on long-term debt	103,757	-	-					
Total	<u>190,857</u>	<u>-</u>	<u>-</u>					
Interquest North Business Improvement District								
General government	284,671	-	-					
Public works	1,545,262	-	-					
Interest on long-term debt	2,734,995	-	-					
Total	<u>4,564,928</u>	<u>-</u>	<u>-</u>					
Interquest South Business Improvement District								
General government	37,247	-	-					
Interest on long-term debt	9,488	-	-					
Total	<u>46,735</u>	<u>-</u>	<u>-</u>					
Powers & Woodmen Commercial Business Improvement District								
General government	88,260	-	-					
Public works	763,024	-	-					
Interest on long-term debt	157,615	-	-					
Total	<u>1,008,899</u>	<u>-</u>	<u>-</u>					
Total component units	<u>\$ 26,236,942</u>	<u>\$ 529,044</u>	<u>\$ 14,107,852</u>					
General revenues:								
Property taxes				-	3,352,096	1,140,575	484,539	471,674
Specific ownership taxes				-	-	90,929	59,020	54,857
Miscellaneous				-	7,258,759	10,570	20,346	-
Investment earnings				3,235,178	35,933	41,925	1,389	1,239
Total general revenues				<u>3,235,178</u>	<u>10,646,788</u>	<u>1,283,999</u>	<u>565,294</u>	<u>527,770</u>
Change in net position				<u>13,968,816</u>	<u>6,518,200</u>	<u>337,831</u>	<u>(37,522)</u>	<u>97,836</u>
Net position - January 1				<u>87,996,917</u>	<u>(52,245,037)</u>	<u>3,130,811</u>	<u>420,379</u>	<u>4,235,420</u>
Prior Period Adjustment				-	(3,312,055)	-	-	-
Net position - January 1 as restated				<u>87,996,917</u>	<u>(55,557,092)</u>	<u>3,130,811</u>	<u>420,379</u>	<u>4,235,420</u>
Net position - December 31	<u>\$ 101,965,733</u>	<u>\$ (49,038,892)</u>	<u>\$ 3,468,642</u>	<u>\$ 101,965,733</u>	<u>\$ (49,038,892)</u>	<u>\$ 3,468,642</u>	<u>\$ 382,857</u>	<u>\$ 4,333,256</u>

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

Changes in Net Position								
Barnes & Powers North Business Improvement District	Barnes & Powers South Business Improvement District	First & Main Business Improvement District	First & Main Business Improvement District No. 2	First & Main North Business Improvement District	Interquest North Business Improvement District	Interquest South Business Improvement District	Powers & Woodmen Commercial Business Improvement District	Total
								\$ 10,733,638
								(1,151,410) (2,977,178)
								(946,168)
								(602,816)
								(44,734) (385,200)
\$ (101,319) (239,375) (340,694)								(101,319) (239,375)
	\$ (19,414) (41,097) (60,511)							(19,414) (41,097)
		\$ (76,546) (129,700) (206,246)						(76,546) (129,700)
			\$ (576,009) (2,026,510) (7,204,789) (9,807,308)					(576,009) (2,026,510) (7,204,789)
				\$ (87,100) (103,757) (190,857)				(87,100) (103,757)
					\$ (284,671) (1,545,262) (2,734,995) (4,564,928)			(284,671) (1,545,262) (2,734,995)
						\$ (37,247) (9,488) (46,735)		(37,247) (9,488)
							\$ (88,260) (763,024) (157,615) (1,008,899)	(88,260) (763,024) (157,615)
								(11,600,046)
330,580	93,640	166,288	529,950	163,658	599,874	17,602	301,030	7,651,506
38,039	10,775	19,135	60,981	18,832	79,631	2,181	34,639	469,019
-	-	-	452,460	-	273,923	-	-	8,016,058
2,365	666	791	11,699	429	10,885	19	3,659	3,346,177
370,984	105,081	186,214	1,055,090	182,919	964,313	19,802	339,328	19,482,760
30,290	44,570	(20,032)	(8,752,218)	(7,938)	(3,600,615)	(26,933)	(669,571)	7,882,714
(2,102,270)	(445,210)	(191,173)	997,384	(514,234)	219,196	(179,329)	17,484	41,340,338
-	-	-	-	-	-	-	-	(3,312,055)
(2,102,270)	(445,210)	(191,173)	997,384	(514,234)	219,196	(179,329)	17,484	38,028,283
\$ (2,071,980)	\$ (400,640)	\$ (211,205)	\$ (7,754,834)	\$ (522,172)	\$ (3,381,419)	\$ (206,262)	\$ (652,087)	\$ 45,910,997

PROPRIETARY FUND COMPONENT UNITS
COMBINING BALANCE SHEET
December 31, 2016

	Fountain Valley Authority	Aurora - Colorado Springs Joint Water Authority	The Twin Lakes Reservoir and Canal Company	The Lake Meredith Reservoir Company
ASSETS				
Current assets				
Cash and investments	\$ 1,241,148	\$ 71,061	\$ 1,017,038	\$ 483,540
Accounts receivable (net of allowance for uncollectibles)	550,535	-	17,607	-
Inventories	160,903	-	-	-
Due from other governments	-	-	-	-
Prepays	5,406,219	-	520,922	4,363
Total current assets	7,358,805	71,061	1,555,567	487,903
Noncurrent assets				
Restricted cash and cash equivalents	2,252,756	-	-	85,097
Other	-	-	274,279	-
Capital assets nondepreciable:				
Land	65,147	-	-	-
Construction in progress	176,086	-	-	-
Depreciable capital assets				
Utility plant	91,551,861	9,940,819	14,397,867	3,447,774
Less accumulated depreciation	(43,152,607)	(2,872,507)	(7,309,613)	(948,477)
Total noncurrent assets	50,893,243	7,068,312	7,362,533	2,584,394
Total assets	58,252,048	7,139,373	8,918,100	3,072,297
DEFERRED OUTFLOWS OF RESOURCES				
Loss on debt refunding	197,525	-	-	-
Total deferred outflows of resources	197,525	-	-	-
Total assets and deferred outflows of resources	58,449,573	7,139,373	8,918,100	3,072,297
LIABILITIES AND NET POSITION				
Current liabilities				
Accounts payable	214,491	1,421	30,606	9,584
Unearned revenue	5,352,751	-	-	-
Accrued interest payable	86,439	-	-	21,117
Matured bonds payable	835,000	-	-	-
Notes payable	606,353	-	-	43,207
Capital lease payable	4,343,537	-	-	-
Total current liabilities	11,438,571	1,421	30,606	73,908
Noncurrent liabilities				
Revenue bonds, net of unamortized premiums	1,829,148	-	-	-
Notes payable	2,690,113	-	-	994,982
Capital lease payable	28,788,924	-	-	-
Total noncurrent liabilities	33,308,185	-	-	994,982
Total liabilities	44,746,756	1,421	30,606	1,068,890
Net position				
Net investment in capital assets	9,744,937	7,068,312	7,088,254	2,499,297
Restricted				
Debt service	2,252,756	-	-	-
Unrestricted	1,705,124	69,640	1,799,240	(495,890)
Total net position	13,702,817	7,137,952	8,887,494	2,003,407
Total liabilities and net position	\$ 58,449,573	\$ 7,139,373	\$ 8,918,100	\$ 3,072,297

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

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 13**

The Colorado Canal Company	The Lake Henry Reservoir Company	Pikes Peak Regional Communications Network	Total
\$ 311,316	\$ 154,644	\$ -	\$ 3,278,747
16,851	-	155,284	740,277
-	-	-	160,903
-	-	2,226,845	2,226,845
25,985	1,933	-	5,959,422
354,152	156,577	2,382,129	12,366,194
-	8,803	-	2,346,656
25,334	32,409	-	332,022
-	-	-	65,147
21,307	21,573	-	218,966
2,555,960	1,275,012	-	123,169,293
(1,906,274)	(516,008)	-	(56,705,486)
696,327	821,789	-	69,426,598
1,050,479	978,366	2,382,129	81,792,792
-	-	-	197,525
-	-	-	197,525
1,050,479	978,366	2,382,129	81,990,317
29,571	579	737,926	1,024,178
-	-	-	5,352,751
6,036	2,560	-	116,152
-	-	-	835,000
60,000	4,974	-	714,534
-	-	521,739	4,865,276
95,607	8,113	1,259,665	12,907,891
-	-	-	1,829,148
119,860	85,120	-	3,890,075
-	-	-	28,788,924
119,860	85,120	-	34,508,147
215,467	93,233	1,259,665	47,416,038
670,993	780,577	-	27,852,370
-	-	-	2,252,756
164,019	104,556	1,122,464	4,469,153
835,012	885,133	1,122,464	34,574,279
\$ 1,050,479	\$ 978,366	\$ 2,382,129	\$ 81,990,317

PROPRIETARY FUND COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the year ended December 31, 2016

	Program Revenues				
	Expenses	Charges for Services	Fountain Valley Authority	Aurora - Colorado Springs Joint Water Authority	The Twin Lakes Reservoir and Canal Company
Fountain Valley Authority					
General government	\$ 6,658,490	\$ 12,218,266	\$ 5,559,776		
Aurora-Colorado Springs Joint Water Authority					
General government	151,460	76,000		\$ (75,460)	
The Twin Lakes Reservoir and Canal Company					
General government	903,879	1,313,026			\$ 409,147
The Lake Meredith Reservoir Company					
General government	134,655	247,876			
The Colorado Canal Company					
General government	726,477	747,372			
The Lake Henry Reservoir Company					
General government	71,921	113,083			
Pikes Peak Regional Communications Network					
General government	907,967	1,373,421			
Total component units	\$ 9,554,849	\$ 16,089,044			
General revenues					
Investment earnings			3,658	66	570
Total general revenues			3,658	66	570
Change in net position			5,563,434	(75,394)	409,717
Net position - January 1			8,139,383	7,213,346	8,477,777
Net position - December 31			\$ 13,702,817	\$ 7,137,952	\$ 8,887,494

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

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 14

The Lake Meredith Reservoir Company	The Colorado Canal Company	The Lake Henry Reservoir Company	Pikes Peak Regional Communications Network	Total
				\$ 5,559,776
				(75,460)
				409,147
<u>\$ 113,221</u>				113,221
	<u>\$ 20,895</u>			20,895
		<u>\$ 41,162</u>		41,162
			<u>\$ 465,454</u>	465,454
				<u>6,534,195</u>
196	223	23	24,567	29,303
196	223	23	24,567	29,303
113,417	21,118	41,185	490,021	6,563,498
1,889,990	813,894	843,948	632,443	28,010,781
<u>\$ 2,003,407</u>	<u>\$ 835,012</u>	<u>\$ 885,133</u>	<u>\$ 1,122,464</u>	<u>\$ 34,574,279</u>



NOTES TO FINANCIAL STATEMENTS



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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Colorado Springs (City) is a home-rule city, organized under provisions of the Colorado Constitution. In 2011, the City transitioned to a "council-mayor" form of government as the result of the November 2, 2010, municipal election. Historically, the City had been managed by a "council-manager" form of government. The City provides services, as authorized by its Charter, to advance the welfare and safety of the City and its residents.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to units of local government and promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies.

A. Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the primary government and its component units, those entities for which the City is considered to be financially accountable. Blended component units are those entities, which while legally separate, are, in substance, part of the City's operation and the financial data for which are combined with that of the City and reported in both the government-wide and fund financial reporting level. Discretely presented component units are legally separate entities for which the financial data are presented separately from the financial data of the City. The City has blended the General Improvement Districts and Public Authority for Colorado Energy. All other component units are discretely presented.

1. Governmental Fund Type Component Units

General Improvement Districts – Cottonwood, Spring Creek, Briargate, and Market Place at Austin Bluffs. General Improvement Districts (GIDs) were created under provisions of Colorado state statutes. Each district has the power to acquire, construct or install public improvements within its own boundaries and to finance such improvements by levying a general property tax upon the benefiting property. The GIDs are legally separate entities from the City. Because City Council sits as the Board of Directors for each of the GIDs, and the City can impose its will over the GIDs, their financials are blended in the City financial statements. Services provided by the GIDs are entirely for the benefit of the citizens of each respective district. The fiscal year-end for each of these districts is December 31. On February 23, 2016, the Board of Directors of the Colorado Springs Cottonwood General Improvement District, which is comprised of members of the Colorado Springs City Council, passed Ordinance No. 16-20, dissolving the District. This followed a public hearing held on February 9, 2016.

Colorado Springs Health Foundation – Colorado Springs Health Foundation (CSHF) was established in 2012 under the provisions of City Council Resolution No. 121-12, resulting from the lease of Memorial Health System (MHS System) by University of Colorado Health

(UCH). CSHF is a 501(c)(3) nonprofit corporation which receives funds from the City originating from the lease which are not held for other purposes in accordance with the agreements (see Note IV.H.5). The CSHF will make distributions from those funds for the purpose of addressing health issues in the MHS System service area. CSHF is discretely presented in the City's financial statements. CSHF is a legally separate entity from the City. The City's board and CSHF's board are not substantively the same. The fiscal year-end for CSHF is December 31.

Colorado Springs Urban Renewal Authority– The Colorado Springs Urban Renewal Authority (CSURA) was formed under the provisions of Colorado state statutes. The CSURA has the power to issue tax increment financing in order to acquire property and fund improvements. CSURA is discretely presented in the City's financial statements. CSURA is a legally separate entity from the City. The City does, however, appoint a voting majority of CSURA's board and is able to impose its will on CSURA. The City's board and CSURA's board are not substantively the same. Services provided by CSURA are entirely for the benefit of the citizens. The fiscal year-end for CSURA is December 31.

Colorado Springs Downtown Development Authority– The Colorado Springs Downtown Development Authority (the Authority) was established in 2007 by the City of Colorado Springs City Council. The Authority was organized for the public health, safety, prosperity, security and welfare in order to halt or prevent deterioration of property values or structures within the central business district. Operations are financed primarily by tax revenues collected on real and personal property located within the central business district. The Authority is a separate legal entity and is discretely presented in the City's financial statements. An eleven-member board, as provided by the City of Colorado Springs, Colorado Ordinance 07-15, governs the Authority. The fiscal year-end for the Authority is December 31.

Business Improvement Districts– Greater Downtown Colorado Springs, Briargate Center, Barnes & Powers North, Barnes & Powers South, First & Main, First & Main No. 2, First & Main North, Interquest North, Interquest South, Powers & Woodmen Commercial. Business Improvement Districts (BIDs) were created under provisions of Colorado state statutes. The BIDs have the power to acquire, construct or install public improvements within their own boundaries and to finance such improvements by levying a general property tax upon the benefiting property. The BIDs are discretely presented in the City's financial statements. The BIDs are legally separate entities from the City. The City does, however, approve the budgets and is able to impose its will on the BIDs. The City's board and the BID boards are not substantively the same. Services provided by the BIDs are entirely for the benefit of the business communities in the Districts. The fiscal year-end for the BIDs is December 31.

The financial statements of each of these entities may be obtained at the following address:

City of Colorado Springs
Accounting Manager
30 South Nevada Avenue, Suite 202
Colorado Springs, CO 80903

2. Proprietary Fund Type Component Units

Public Authority for Colorado Energy (PACE) – In June 2008, the City contracted to purchase approximately 20.0% of Utilities' natural gas supply needs for 30 years through a natural gas prepayment transaction with Merrill Lynch Commodities, Inc., Bank of America Corporation and Royal Bank of Canada that is financed by PACE non-recourse revenue bonds. PACE is obligated to pay the principal and interest on the PACE Bonds. Utilities is obligated to purchase and pay for natural gas tendered for delivery by PACE at an index price minus a predetermined discount and is not obligated to make payments in respect to debt service on the PACE Bonds. PACE is a legally separate entity and provides services entirely to Colorado Springs Utilities (Utilities), an enterprise fund of the City. Because PACE provides services entirely to Utilities, PACE is considered a blended component unit.

The following Proprietary fund type component units are discretely presented, as they are legally separate from the City, the City Council and the Boards of Directors of the component units are not substantively the same, and the component units do not provide services exclusively to the City.

Fountain Valley Authority – The Fountain Valley Authority constructed a water treatment plant, approximately 17 miles south of the City, with 18,000,000 gallons per day capacity. Utilities acts as operator of the plant under contract with the Fountain Valley Authority. Utilities is entitled to receive approximately 71.4% of the water treated at the Fountain Valley Authority plant. The remaining water is available to the other Fountain Valley Authority participants, which include the City of Fountain, the Security Water District, the Stratmoor Hills Water District and the Widefield Water and Sanitation District, each of which owns and operates a water distribution system.

Under the applicable long-term contracts relating to the Fountain Valley Authority, Utilities is obligated to pay water treatment service charges to the Fountain Valley Authority and water conveyance service charges to the U.S. Bureau of Reclamation (Bureau) for conveyance of its water through the Bureau's Fountain Valley Conduit, which conveys raw water from the Pueblo Reservoir to the Fountain Valley Authority's treatment plant and treated water from the treatment plant to distribution reservoirs of the Fountain Valley Authority participants.

Aurora-Colorado Springs Joint Water Authority – The Aurora-Colorado Springs Joint Water Authority has constructed a 66-inch diameter pipeline from the Twin Lakes Dam, which is located approximately 12 miles south of Leadville, Colorado, to connect with the Otero Pumping Station intake pipeline located approximately 10 miles north of Buena Vista, Colorado. Utilities has a 66.7% participation share in the Aurora-Colorado Springs Joint Water Authority's project. This share was determined by the parties on the basis of their projected pumping demands, but no provision is made in the Aurora-Colorado Springs Joint Water Authority contracts for adjustments in participation shares if actual pumping demands differ from these projections. Therefore, it is possible that the transmission service charges to be paid by Utilities will be disproportionate to the water transmission service that Utilities is using during a particular time period.

Canal and Reservoir Companies – Utilities owns from 51.9% to 77.2% in four canal and reservoir companies which include The Twin Lakes Reservoir and Canal Company, The Lake Meredith Reservoir Company, The Colorado Canal Company and The Lake Henry Reservoir Company. This ownership interest represents proportionate ownership and control of the companies' facilities and water rights. The water rights add significant physical water to the water supply portfolio in addition to allowing for exchange, storage, staging, and delivery of Utilities' water supply.

Other auditors have examined the financial statements of each of these entities, and their complete individual financial statements may be obtained at the following address:

Colorado Springs Utilities
Chief Planning and Finance Officer
P.O. Box 1103, Mail Code 950
Colorado Springs, CO 80947-0950

The Pikes Peak Regional Communications Network (PPRCN) was established by an intergovernmental agreement between the City and El Paso County (the County) on December 1, 1999. PPRCN commenced operations during 2001 and is governed by a five-member Board of Directors of which two members are appointed by the City, one is appointed by Utilities, and two are appointed by the County. PPRCN was established to provide a modern, trunked radio system, available to the participating public safety and public service activities, throughout the City and the County.

The complete individual financial statements for the PPRCN may be obtained at the following address:

City of Colorado Springs
Accounting Manager
30 South Nevada Avenue, Suite 202
Colorado Springs, CO 80903

3. Joint Ventures

The City has joined with other governmental entities in a joint venture to provide building and construction code inspection and enforcement. The joint venture, Pikes Peak Regional Building Department (PPRBD), in which the City participates, is not considered a component unit and is, therefore, not included in the City's reporting entity. The PPRBD was formed in accordance with intergovernmental agreements among various affected local governments to administer and enforce building and construction codes on behalf of its member entities. Member entities are the City, the County and the cities of Manitou Springs, Green Mountain Falls, Fountain, and the towns of Monument and Palmer Lake. A three-member commission appointed by the City, the County and a member selected by the remaining municipalities, governs the PPRBD. The City has not invested money in the PPRBD and the commission is required to set its fees so as to fully recover operating expenses. Since the City has only a residual equity interest, the equity method is not considered appropriate for this joint venture.

The City has joined with the County and cities of Manitou Springs and Green Mountain Falls, and the town of Ramah, Colorado, in a joint venture to provide infrastructure improvements for their various municipalities. The joint venture, Pikes Peak Rural Transportation Authority (PPRTA), is not considered a component unit of the City and is, therefore, not included in the City's reporting entity. PPRTA is funded with a 1% sales and use tax approved by voters in November 2004. In 2012, voters extended the 1% tax for another ten years starting in 2015 and running through 2024. These funds are allocated to the various municipalities and are to be used for capital projects, maintenance programs, and transit services. PPRTA is governed by a nine-member board appointed by the member municipalities.

The City of Colorado Springs, along with 38 agencies within El Paso and Teller Counties, has entered into a joint venture to provide the technical infrastructure necessary to connect emergency 9-1-1 telephone callers with the proper communication center. The joint venture of the El Paso-Teller County Emergency Telephone Service Authority (E911 Authority), in which the City participates, is not considered a component unit and is, therefore, not included in the City's reporting entity. The E911 Authority was formed by an intergovernmental agreement in 1989 and is governed by a nine-member board appointed by the City (3 members), El Paso County (2 members), Teller County (1 member), and the Board itself (3 members) from a list of qualified nominees. The E911 Authority is funded entirely by a 70¢ per phone line tariff applied to every wire line and wireless telephone with a subscriber address within the two-county area. The funds are used to maintain the emergency telephone system infrastructure, call-answering and processing equipment, back-up power supplies, and furnishings at each of the communication centers in the two-county service area.

The City's Fire Department is a member of the Colorado Metropolitan Certification Board (CMCB), a joint venture along with the Denver Fire Department, Aurora Fire Department, the West Metro Fire Protection District, Poudre Fire Authority, and Littleton Fire Rescue, that provides certification of fire training to its member fire departments. The CMCB is accredited by the National Board on Fire Service Professional Qualifications for Fire Service Certification. The joint venture of the CMCB, in which the City participates, is not considered a component unit and is, therefore, not included in the City's reporting entity. The CMCB was formed in accordance with an intergovernmental agreement in 1996 and is governed by the current six voting members. In 2015, the Board determined that the governance model will not exceed seven members with the original four retaining the majority. The six-member board is comprised of Training Chiefs appointed by each Department's Fire Chief. It is intended that each of the CMCB member governments cover one-sixth of the operational expenses associated with the CMCB.

Utilities has an equity interest of 5.0% in Young Gas Storage Company Ltd. (Young). Young is a Colorado Limited Partnership organized on June 30, 1993, to develop and operate a natural gas storage system near Fort Morgan, Colorado.

The financial statements of the PPRBD, the PPRTA, the E-911 Authority and the CMCB may be obtained at the following address:

City of Colorado Springs
Accounting Manager
30 South Nevada Avenue, Suite 202
Colorado Springs, CO 80903

The financial statements of Young may be obtained at the following address:

Colorado Springs Utilities
Chief Planning and Financial Officer
P.O. Box 1103, Mail Code 950
Colorado Springs, CO 80947-0950

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B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Interfund activity has been eliminated in the process of consolidating the government-wide financial statements, except for the interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. General revenues include all taxes.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, with the exception of the agency fund, which has no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 30 days of the end of the current fiscal period for all sales tax transactions or within 60 days of the end of the current fiscal period for all other transactions. Expenditures

are recognized when the related liability is incurred, with the exception of debt service expenditures and expenditures related to compensated absences and claims and judgments which are recorded when due.

Licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

- Utilities fund provides water and wastewater collection, treatment, and distribution system; electric generation, transmission, distribution and street light system; and gas distribution system.
- PACE fund provides natural gas to Utilities.
- MHS fund carries out its rights and duties under the Lease Agreement as described in Note IV.H.5.

Additionally, the City reports the following fund types:

- Special revenue funds account for revenue derived from specific sources that are restricted legally or by regulation.
- Capital projects funds account for financial resources used for the acquisition or construction of major capital facilities and infrastructure.
- Permanent funds account for the activities of resources that are legally restricted to the extent that earnings, and not principal, may be used for purposes that support the City's programs.
- Internal service funds account for general liability insurance, workers' compensation insurance, health insurance, printing and mailing services, and radio services provided to other departments or agencies of the City on a cost-reimbursement basis.

- Fiduciary funds include the miscellaneous depository agency which accounts for the resources that are held by the City in a purely custodial capacity. The agency fund is made up of timing between when the resources are collected and when the resources are paid out to the various entities, such as payroll withholdings.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are surplus revenue and other charges between the General Fund and Utilities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. The principal operating revenues of the enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

As a general policy, when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. The policy differs for special revenue and permanent funds as discussed in Note D.9.

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D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance**1. Deposits and Investments**

In accordance with City Code and Colorado state statutes, the City maintains an Investment Policy approved by City Council. Per the Investment Policy, the City is authorized to invest in obligations of the United States, certain US instrumentalities; certain international agency securities; general obligation or revenue bonds of any state or local government of the U.S.; bankers acceptances of certain banks; certain commercial paper; local government investment pools; written repurchase agreements properly collateralized by certain authorized securities; certain money market funds; negotiable and time certificates of deposit; corporate bonds; and guaranteed investment contracts.

Also in accordance with City Code, the City maintains a separate Cemetery Endowment Fund (CEF) Investment Policy approved by City Council. Per the CEF Investment Policy, the City is authorized to invest in a more broad class of assets including fixed income instruments, domestic and global equities, special opportunities and commodities. The investment vehicles used to gain exposure to the asset classes may include mutual funds, commingle trust funds, separate accounts, limited partnerships, and offshore exempted companies.

For purposes of the statements of cash flows, cash and cash equivalents include amounts on hand and in demand deposits with original maturities of 90 days or less.

Investments are stated at fair value based on quoted market prices.

2. Receivables and Payables

Outstanding balances between funds at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Trade and property tax receivables shown on the financial statements are net of an estimated allowance for uncollectibles.

The County Assessor certifies property valuations to the City on November 25 of each year. By December 15th, the City sets and certifies its mill levy rate with the County, which then bills and collects the property taxes due. These property taxes attach as an enforceable lien on January 1 of the tax year. The taxes are payable in two installments on February 28 and June 15, or in one installment due April 30.

3. Inventories and 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. At the combining and individual fund reporting level, an equal amount of fund balance is considered non-spendable as the amount is not available for general appropriation.

Business-type activities show a significant prepaid item for PACE. PACE has prepaid for delivery of natural gas with the proceeds from bonds and entered into a Prepaid Gas Agreement (Agreement) effective June 11, 2008. PACE amortizes the historical cost of the prepaid gas supply pursuant to the Agreement on a net present value (NPV) basis based upon the change in the NPV of the Agreement over its remaining thirty-year contract life.

4. Restricted Assets

In accordance with applicable bond covenants, ordinances and conditions attached by donors, certain investments are displayed as restricted on the financial statements of certain funds. Restricted investments are carried at fair value.

5. Capital Assets

Capital outlays are recorded as expenditures of governmental funds in the fund financial statements and as assets in the government-wide financial statements to the extent the City's capitalization thresholds, \$5,000 for general assets and \$500,000 for infrastructure assets, are met. Depreciation is recorded on capital assets on a government-wide basis using the straight-line method. To the extent the City's capitalization thresholds are met, capital outlays of the proprietary funds are recorded as capital assets and depreciated over their useful lives using the straight-line method of depreciation on both the fund basis and the government-wide basis of accounting. The following are the estimated useful lives used for the straight-line method of depreciation:

Infrastructure	20 - 35 years
Buildings	10 - 40 years
Utility plant	25 - 100 years
Improvements other than buildings	15 - 25 years
Furniture and equipment	3 - 15 years
Intangibles	5 - infinite

Donated assets are valued at their estimated acquisition value on the date of receipt. The City does not capitalize historical treasure or works of art. It is the City's policy to capitalize interest costs that are incurred during construction of the assets of business-type activities.

Utilities plant is stated at cost. For constructed plant, cost includes contracted services, direct labor and materials, indirect charges for engineering, labor burden, supervision,

administrative and general costs, and capitalized interest. The 2016 capitalized interest rate of 4.17% is comprised of an interest rate on borrowed funds component and is applied to all major capital projects. Per Utilities' capitalization policy, the cost of additions to plant and replacement units of property in excess of \$5,000 is capitalized. Maintenance costs and replacement of minor items of property are charged to operating expense. Depreciation of utility plant for Utilities is provided by using the straight-line method based on the estimated service lives of the assets. Estimated service lives for major assets are as follows:

Electric boiler plant/station equipment	25 years
Electric underground conduit	28.5 years
Gas mains and services	80 years
Water source of supply	100 years
Water treatment plant	25 years
Water transmission & distribution mains	50 years
Sewer mains and laterals	100 years
Wastewater preliminary treatment facility	45 years
General structures and improvements	57 years

6. Deferred Outflows/Inflows of Resources

The statement of net position and balance sheet will report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City only has three items that qualify for reporting in this category. The first item is *deferred cash flow hedges – unrealized loss on derivative instruments* reported in the government-wide statement of net position and the proprietary funds balance sheet. This amount is recognized when the interest rate cap is exercised. The second item, *loss on debt refundings*, is reported in the government-wide statement of net position and the proprietary funds balance sheet. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The third item recorded as a deferred outflow of resources is for pension-related amounts as described below.

The statement of net position and balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has five types of items that qualify for reporting in this category. The first item, *unavailable revenue – property taxes*, is reported in the governmental funds balance sheets and government-wide statement of net position. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The statement of net position reports property tax revenues in the year in which the taxes are

levied as an enforceable lien on the property. The second item, *gain on debt refundings*, is reported in both the government-wide statement of net position and proprietary funds balance sheet. Gains on debt refunding are deferred and amortized over the shorter of the life of the refunded or refunding debt. The third item, *unavailable revenue – loans (net of allowance for uncollectables)*, is reported in the governmental funds balance sheet and special revenue funds balance sheet and are recognized as loans are repaid or written off. The fourth item, *interest rate swap*, is reported in both the government-wide statement of net position and the governmental fund component units combining statement of net position. This item represents the net change in fair value of the hedging derivative instrument (the interest rate swap) used in order to hedge and protect against rising interest rates.

The fifth item recorded as a deferred inflow of resources is for pension related amounts as described below.

Deferred inflows and outflows of resources *related to pensions* arise from differences between expected and actual experience with regard to economic and demographic factors, changes in assumptions or other inputs, projected and actual pension plan earnings, and changes in proportionate share (if a cost sharing plan). These deferrals are amortized over a closed period. The amounts not recognized as a pension expense in the current period are reported as deferred outflows or deferred inflows related to pensions. Contributions made to the pension plan subsequent to the pension plans fiduciary net position measurement date are recorded as a deferred outflow of resources related to pensions.

7. Compensated Absences

City employees earn sick leave and vacation leave in varying amounts depending upon years of service. The City accrues compensated absences in the government-wide and proprietary fund financial statements. A liability for the amount is reported in governmental funds only if they have matured, for example as a result of employee resignations and retirements.

8. Long-term Obligations

For long-term obligations, only the portion financed from expendable available financial resources, or the current portion, is reported on the governmental fund financial statements. The current and non-current portions are recorded in the government-wide and the proprietary fund financial statements. For certain debt issues, Utilities and CSURA enter into interest rate swap agreements to modify its interest rates on outstanding debt.

In the government-wide and proprietary fund financial statements, bond premiums and discounts, as well as prepaid insurance costs related to issuance, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are

reported net of the applicable bond premium or discount. Prepaid insurance costs related to bond issuance are amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as prepaid insurance costs related to bond issuance, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources. Prepaid insurance costs related to bond issuance, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Net Position/Fund Balance

Sometimes the City will fund outlays for a particular purpose from both restricted (restricted bonds or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption is made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

In the fund financial statements, fund balance of the City's governmental funds are classified as nonspendable, restricted, committed, assigned, or unassigned. A governmental fund other than the General Fund, may not necessarily have all five components of fund balance.

Nonspendable fund balances indicate amounts that cannot be spent either 1) due to form, for example, prepaid items and inventories, or 2) due to legal or contractual requirements to be maintained intact, for example, the principal of an endowment or the capital of a revolving loan fund. It also includes assets that will not convert to cash soon enough to affect the current period such as the long-term portion of loans and notes receivable as well as property held for resale.

Restricted fund balances indicate amounts subject to externally enforceable legal restrictions. Such restrictions are typically imposed by parties altogether outside the City such as creditors, grantors, contributors, or other governments.

Committed fund balances indicate amounts constrained by limitations that the City by resolution imposes on itself by City Council (highest decision making level). It requires the same level of resolution by the City Council to remove or change the constraints placed on the resources. The action that imposed the limitation would need to occur no later than the close of the reporting period.

Assigned fund balance is the portion of fund balance that reflects the City's intended use of resources but does not meet the criteria to be classified as committed. The City's Charter authorizes the Mayor or Mayor's designee to assign fund balance through the use

of encumbrances. City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments often exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Interest earned on fund balances is assigned to be used by that fund unless otherwise specified through City Council or voter documentation. Unassigned fund balances indicate amounts in the General Fund that are not classified as non-spendable, restricted, committed, or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Negative fund balances in other governmental funds are reported as unassigned once other purposes of that fund were reduced. Additionally, for the General Fund, any negative restricted, committed, or assigned fund balance would be eliminated by reducing unassigned fund balance first.

For the General Fund, in the event that an expenditure can be considered restricted or unrestricted (committed, assigned, or unassigned) and both have available amounts, the expenditure will be first applied against the most restrictive fund balance classification.

The order of use of funds for special revenue funds and other (permanent) funds, will be from the least constrained to most constrained (assigned, committed, restricted, and then non-spendable).

In the City's Financial Policies included in the annual budget document, the City's goal target range for the General Fund reserve – unrestricted fund balance is 16.67% to 25% of the following year's expenditure budget. The target for the unrestricted General Fund balance would exclude the TABOR emergency reserves but include other categories of fund balance that are committed, assigned or unassigned.

10. Municipal Solid Waste Landfill Closure and Postclosure Care Costs

The City is subject to the Colorado Department of Public Health and Environment regulations, which require the City to incur closure and postclosure care costs for landfills. As of December 31, 2016, the Utilities fund recognized a liability of \$4,590,280 for closure and postclosure care costs based upon landfill capacity used to date. The estimated total current cost of closure and postclosure care to be recognized for the Utilities fund landfills is \$7,777,292. The average landfill capacity used to date is 64.6%. The estimated remaining landfill lives vary from 18 to 88 years. As of December 31, 2016, the governmental activities recognized a liability of \$278,144 for closure and postclosure care costs in the government-wide financial statements. There are no financial assurance requirements or restricted assets for the payment of closure and postclosure care costs. Estimates are stated in current dollars and shall be adjusted annually for inflation and changes in laws and regulations. An independent assessment is done every five years to verify this cost. Based on the last five-year independent assessment adjusted for inflation, the total closure and postclosure costs for governmental and business-type activities combined are \$8,055,436. The last independent assessment was performed in 2012.

11. Derivative Instruments

Utilities uses financial derivative instruments to manage its exposure to fluctuating natural gas prices through the use of natural gas hedge contracts as well as its exposure to changing interest rates through the use of interest rate swaps. See Note IV.N. for further discussion related to derivatives and interest rate swaps.

All financial derivatives are stated on the balance sheet at fair value as of December 31, 2016, based on quoted market prices, current market conditions, or other estimates obtained from third-party broker dealers or valuation services.

Derivative instruments deemed effective by applying methods of evaluating effectiveness pursuant to GASB 53, Accounting and Financial Reporting for Derivative Instruments, are recognized as cash flow hedges. Changes in the fair value of cash flow hedge derivative instruments are reported as either a deferred cash flow hedge outflow or inflow on the Statements of Net Position.

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II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position.

One element of that reconciliation explains that as the governmental funds measurement focus is on current financial resources, capital assets used in the operations of a government are not included in governmental funds. Such assets must be included in the government-wide statements. The details of this difference are as follows:

Capital assets, at historical cost	\$ 2,092,841,313
Accumulated depreciation	<u>(782,737,197)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 1,310,104,116</u>

Another element of that reconciliation explains that certain revenues in the governmental funds are unavailable as they are not collected within the prescribed time period after year-end. Any receivable for earned but unavailable revenue must be eliminated for government-wide financial reporting. The details of this difference are as follows:

Unavailable revenue	<u>\$ 7,066,331</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 7,066,331</u>

Another element of that reconciliation states that governmental funds may not report revenues until they are *available* and an adjustment is made on the government-wide net position for revenue relating to the subsequent period.

Interest on investments	<u>\$ 359,892</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 359,892</u>

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2016**

Another element of that reconciliation explains that any internal service funds that primarily serve governmental funds are included as part of governmental activities for purposes of government-wide financial reporting. The details of this difference are as follows:

Internal service fund allocation	\$ (11,169,418)
Net adjustment to decrease <i>fund balance - total governmental funds to arrive at net position - governmental activities</i>	<u>\$ (11,169,418)</u>

Another element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in funds. The details of this difference are as follows:

Bonds payable	\$ (46,747,695)
Less: Unamortized bond insurance premium (to be amortized over life of debt)	263,811
Accrued interest payable	(311,644)
Lease/lease purchase payable	(13,690,000)
Capital lease payable	(1,951,159)
Drainage fees payable	(3,597,058)
Compensated absences	(15,471,486)
Municipal solid waste landfill	(278,144)
Other post employment benefit obligation	(12,968,809)
Pension related amounts	<u>(161,298,214)</u>
Net adjustment to decrease <i>fund balance - total governmental funds to arrive at net position - governmental activities</i>	<u>\$ (256,050,398)</u>

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B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this difference are as follows:

Capital outlay	\$ 50,479,097
Depreciation expense	<u>(54,195,526)</u>
Net adjustments to decrease <i>net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ (3,716,429)</u>

Another element of that reconciliation states that the net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net position. The details of this difference are as follows:

In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold. \$ (8,628,434)

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 24,037,282

Net adjustment to increase *net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities* \$ 15,408,848

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of bond insurance premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. The details of this difference are as follows:

Debt incurred:

Issuance of debt	\$ (13,690,000)
Capital lease financing	(1,844,224)

Principal repayments:

Bond premium	53,765
Bond insurance premiums	(11,470)
General obligation debt (includes payment to bond escrow agent)	735,000
Sales tax revenue bonds	2,635,000
Certificates of participation	1,990,000
Capital leases	<u>707,329</u>

Net adjustment to increase *net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities*

\$ (9,424,600)

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NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2016**

Another element of that reconciliation states that 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. The details of this difference are due to changes in the following:

Accrued interest	\$ (1,109)
Drainage fees	(711,249)
Compensated absences	620,332
Landfill closing costs	(4,506)
Net other post employment benefit obligation	380,152
Net pension related amounts	<u>(15,887,397)</u>

Net adjustment to increase *net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities*

\$ (15,603,777)

Another element of that reconciliation states that revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. The details of this difference are as follows:

Unavailable revenue	<u>\$ (9,717,321)</u>
---------------------	-----------------------

Net adjustment to decrease *net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities*

\$ (9,717,321)

Another element of that reconciliation states that internal service funds are used by management to charge the costs of fleet management, insurance, and other services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. The details of this difference are as follows:

Internal service fund activities	<u>\$ (4,031,599)</u>
----------------------------------	-----------------------

Net adjustment to decrease *net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities*

\$ (4,031,599)

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**A. Budgetary Information**

In accordance with City Charter, the Mayor is required to submit a balanced budget to City Council on or before the first Monday in October each year. The budget is reviewed and modified if supported by a majority of City Council and an appropriation ordinance prepared to adopt the budget. According to City Charter, the appropriation ordinance is to be adopted no later than December 31 each year. City budgeting and accounting systems provide for program planning of expenditures by function and activity within the funds. Amendments to the original budget were material in relation to the initial appropriation.

The City prepares annual budgets and maintains budgetary controls for all funds in order to ensure compliance with the annual appropriation ordinance as approved by City Council. The legal level of budgetary control for all funds, other than the General Fund, is at the fund level. For the General Fund, the legal level of budgetary control is appropriating departments determined during the annual budget process. Transfer of appropriation within the budget of an appropriating department may be authorized by approval of the affected General Fund department head. Transfer of appropriation within the budget of the other funds may be authorized by approval of the affected department head. Such transfers are filed with the Chief Financial Officer but require no City Council action. Any net increase of appropriation to a fund or transfer between General Fund appropriating departments requires City Council action. The budget is prepared in a manner consistent with the Colorado state statutes. However, unlike the financial basis of reporting, the City's budget is prepared completely on a modified accrual basis.

Appropriations for all funds that are not budgeted on a project-length basis lapse at year-end except for contractually encumbered and reserved appropriations. Project-length budgets are those where appropriations are initially made to individual projects and do not lapse until such time as the project is complete. Project-length budgets are adopted for all capital projects as well as for intergovernmental grants, capital improvements, special projects and special assessments. All budgets are prepared on the modified accrual basis and are reported as such.

B. Excess of Expenditures over Appropriations

During 2016, expenditures exceeded appropriations for the Claims Reserve Self-Insurance fund and the Workers' Compensation Self-Insurance fund by \$2,884,658 and \$6,183,688, respectively, as a result of increased incidences, severity of claims and incurred but not reported claims adjustments from the actuary. The Cable Franchise fund expenditures exceeded appropriations by \$53,486. Current year revenues were higher than anticipated, and as a result, expenditures were greater. The Park Developer Easement fund, Banning Lewis Ranch fund, Cottonwood GID, Spring Creek GID, Briargate GID, and MAB GID expenditures exceeded appropriations by \$137, \$2,335, \$14,111, \$3,905, \$4,453, and \$3,834, respectively, as a result of unanticipated allocated expenditures including bank, audit, and other fees.

C. Deficit Fund Equity

The Claims Reserve Self-Insurance fund, the Workers' Compensation Self-Insurance fund, and the Employee Benefits Self-Insurance fund all had deficit fund equity as of December 31, 2016. The deficit in the Workers' Compensation Self-Insurance fund of \$17,417,600 is entirely due to incurred but not reported claims. The deficits in the Claims Reserve Self-Insurance fund and the Employee Benefits Self-Insurance fund of \$3,595,506 and \$3,948,181, respectively, are in large part due to incurred but not reported claims. Public Authority for Colorado Energy, a proprietary fund, had deficit fund equity as of December 31, 2016. The deficit of \$126,099,000 relates to bonds issued for prepaid natural gas contracts and capital assets. The following governmental fund component units have deficit fund equity at year end: CSURA \$49,038,892, Barnes & Powers North BID \$2,071,980, Barnes & Powers South BID \$400,640, First & Main BID \$211,205, First & Main BID No. 2 \$7,754,834, First & Main North BID \$522,172, Interquest North BID \$3,381,419, Interquest South BID \$206,262, and Powers & Woodmen Commercial BID \$652,087. These deficits also relate to bonds that have been issued for capital assets. The deficits will decrease over time as the entities collect the dedicated general property taxes to make payments on the bonds. Additional information about the component units can be found in their respective financial statements.

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IV. DETAILED NOTES ON ALL FUNDS

A. Unrestricted and Restricted Cash and Investments

The City's restricted and unrestricted cash and investments, exclusive of component units, totaling \$543,230,034 and consisting of the following on December 31, 2016 (in 000's):

	Unrestricted Assets	Restricted Assets
Demand accounts (incl petty cash of \$53)	\$ 74,890	\$ 98,400
Money market mutual funds	34	13,047
Colorado Liquid Asset Trust (COLOTRUST)	12,256	14,208
Repurchase agreements	-	4,507
US treasury securities	131,291	12,440
US instrumentality securities	94,763	17,444
Domestic corporate fixed-income securities	39,975	-
Municipal bonds	6,568	-
Certificates of deposit	11,631	-
Supra-national securities	2,267	-
Domestic equities	-	913
Guaranteed investment contract	-	6,637
Domestic partnership	-	280
Mortgages pooled	1,679	-
Total	<u>\$ 375,354</u>	<u>\$ 167,876</u>

Reconciliation of total deposits and investments to the financial statements at December 31, 2016 (in 000's):

	Governmental Activities	Business-type Activities	Fiduciary	Total
Unrestricted	\$ 133,042	\$ 239,925	\$ 2,387	\$ 375,354
Restricted	<u>25,354</u>	<u>142,522</u>	<u>-</u>	<u>167,876</u>
Total	<u>\$ 158,396</u>	<u>\$ 382,447</u>	<u>\$ 2,387</u>	<u>\$ 543,230</u>

1. Deposits

The carrying amount of the City's deposits at December 31, 2016, was \$173,237,000 and the bank balances were \$182,991,000. Of the bank balances, \$893,000 was covered by federal deposit insurance and \$182,098,000 was uninsured but collateralized in accordance with provisions of the Colorado Public Deposit Protection Act (CPDPA). The collateral is pooled and held in trust for all uninsured deposits as a group. The Federal Deposit Insurance Corporation (FDIC) covers \$250,000 per depositor, per insured bank, for each account ownership category. Therefore, the City's deposits are not subject to custodial credit risk.

2. Investments

The City, a home-rule municipality operating under its City Charter, is allowed under Colorado state statutes to promulgate and implement local standards for cash and investment management operations. The adopted investment policy for the City authorizes all investments shall be made in accordance with applicable City policies, Colorado state statutes, and Federal regulations. The provisions of the City's Investment Policy apply to all investable funds of the City to include bond ordinance accounts and reserve accounts. Excluded from the City Investment Policy are Utilities funds, trust and endowment funds, and money held in bank checking accounts for operating purposes. Utilities has adopted individual investment policies to manage their investment portfolios. The investments of the City are reported in aggregate to include investments of money related to governmental and business-type activities, individual major funds and non-major funds. The City's investments are subject to interest rate risk, credit risk, concentration of credit risk, and custodial credit risk.

Interest rate risk: Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an instrument. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City Investment Policy limits investment maturities to less than five years. The Utilities investment policy further defines this requirement by limiting investments of their income fund to maturities of two years or less.

Credit risk: Credit risk is the risk of loss due to a debtor's non-payment of a loan or other line of credit (either principal, interest or both). The City Investment Policy authorizes the City to invest in obligations of the United States or agencies thereof, commercial paper, municipal bonds, corporate bonds, bankers acceptances, local government investment pools, specific money market mutual funds, time certificates of deposit, repurchase agreements, and obligations of the City of Colorado Springs. To mitigate credit risk, the City Investment Policy outlines credit rating benchmarks for these obligations.

Concentration of credit risk: Concentration of credit risk is the risk of loss attributable to the magnitude of the City's investments in a single issuer. Concentration risk is defined by

the GASB as positions of 5% or more in the securities of any one issuer. The City's pooled investments are in compliance with the City Investment Policy which limits investments with any single issuer other than the Federal Government to 5%. The securities of the Federal Government are defined as obligations of the United States Treasury and certain US instrumentalities, and are explicitly guaranteed by the United States Government. None of the City's pooled investments at December 31, 2016, were subject to concentration of credit risk.

Custodial credit risk: Custodial risk is the risk, that in the event of the failure of a depository financial institution, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. A designated portfolio manager places the City's investments during the fiscal year. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name and are held by either the counterparty to the investment purchase or held by the counterparty's trust department or agent but not held in the City's name. None of the City's investments owned at December 31, 2016, were subject to custodial credit risk.

As of December 31, 2016, Utilities invested \$4,507,000 in repurchase agreements. Underlying investments related to the repurchase agreements were in US Agency securities and other Government Sponsored Enterprises which carry an implied AAA credit rating.

As of December 31, 2016, the City had the following investment maturities and credit quality distribution:

<u>Investment Type</u>	<u>Value (in 000's)</u>	<u>Weighted Average Maturity (Years)</u>
Money market mutual funds	\$ 13,081	0.00
Colorado Liquid Asset Trust (COLOTRUST)	26,464	0.00
Repurchase agreements	4,507	0.00
US treasury securities	143,731	1.54
US instrumentality securities	112,207	1.82
Domestic corporate fixed-income securities	39,975	1.52
Municipal bonds	6,568	2.68
Certificates of deposit	11,631	1.19
Supra-national securities	2,267	2.53
Domestic equities	913	0.00
Guaranteed investment contract	6,637	21.87
Domestic partnership	280	0.00
Mortgages pooled	1,679	1.96
Total	369,940	
Portfolio weighted average maturity		1.82
Reconciliation to total cash and investments		
Add:		
Cash on hand and in banks	173,290	
	<u>\$ 543,230</u>	

	Standard and Poor's (S&P)	% of Total
Money market mutual funds	AAA	0.94%
Money market mutual funds	unrated	2.60%
Local investment pools	AAA	7.15%
Repurchase agreements	unrated	1.22%
US treasury securities	AA	38.85%
US instrumentality securities	AA	30.33%
Domestic corporate fixed-income securities	AAA	1.15%
Domestic corporate fixed-income securities	AA	9.66%
Municipal bonds	AAA	0.39%
Municipal bonds	AA	1.39%
Certificates of deposit	AA	1.57%
Certificates of deposit	A	1.57%
Supra-national securities	AAA	0.61%
Domestic equities	unrated	0.25%
Guaranteed investment contract	AA	0.89%
Guaranteed investment contract	A	0.90%
Domestic partnership	unrated	0.08%
Mortgages pooled	AA	0.45%
		<u>100.00%</u>

As of December 31, 2016, the City has invested \$26,464,000 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. The value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pool.

The City's investment in COLOTRUST is rated AAAM by S&P. COLOTRUST is routinely monitored by the Colorado Division of Securities with regard to operations and investments. Separately issued financial statements may be obtained at the following address:

COLOTRUST
717 17th Street, Suite 1850
Denver, CO 80202
www.colotruster.com

3. Component Unit Deposits and Investments

Cash and investments of the component units of the City are reported at fair value and consist of the following at December 31, 2016 (in 000's):

	Demand Accounts	Money Market Mutual Funds	COLOTRUST	Alternative Investments	US Treasury Securities	Total
Governmental Activities:						
Colorado Springs Health Foundation	\$ 9,865	\$ 65,472	\$ -	\$ 1,633	\$ 25,012	\$ 101,982
Urban Renewal Authority	6,911	-	5,589	-	-	12,500
Downtown Development Authority	2,826	-	-	-	-	2,826
Greater Downtown Colorado Springs BID	349	-	-	-	-	349
Briargate Center BID	1	793	286	-	-	1,080
Barnes & Powers North BID	3	-	142	-	-	145
Barnes & Powers South BID	-	-	93	-	-	93
First & Main BID	-	-	93	-	-	93
First & Main BID No. 2	140	-	1,727	-	-	1,867
First & Main North BID	14	-	53	-	-	67
Interquest North BID	3	-	1,306	-	-	1,309
Interquest South BID	7	-	-	-	-	7
Powers & Woodmen Commercial BID	14	-	539	-	-	553
Sub-total	20,133	66,265	9,828	1,633	25,012	122,871
Business-type Activities:						
Fountain Valley Authority	2,307	1,187	-	-	-	3,494
Aurora-Colorado Springs Joint Water Authority	71	-	-	-	-	71
Various canal & reservoir companies	2,060	-	-	-	-	2,060
Sub-total	4,438	1,187	-	-	-	5,625
Total	\$ 24,571	\$ 67,452	\$ 9,828	\$ 1,633	\$ 25,012	\$ 128,496

Note: Immaterial differences may occur due to rounding.

Reconciliation of total deposits and investments to the government-wide financial statements at December 31, 2016 (in 000's):

	Governmental Activities	Business-type Activities	Total
Unrestricted	\$ 81,283	\$ 3,279	\$ 84,562
Restricted	41,588	2,346	43,934
Total	\$ 122,871	\$ 5,625	\$ 128,496

The carrying amount of the deposits of the component units of the City at December 31, 2016, was \$24,571,000, and the bank balances were \$24,610,000. Of the bank balances, \$2,442,000 was covered by federal deposit insurance, and \$11,421,000 was collateralized in accordance with provisions of the CPDPA. The Colorado Springs Health Foundation and the various canal companies are not public entities. Their excess balances above federal deposit insurance are not covered by the CPDPA. The various canal companies are publicly

traded. At December 31, 2016, bank balances exceeded federally insured limits by approximately \$10,767,000.

4. Fair Value Measurement

Governmental Accounting Standards Board Statement No. 72 (GASB 72) *Fair Value Measurement and Application* establishes a hierarchy of inputs to valuation techniques used to measure fair value and requires disclosures to be made about investment fair value measurements, the level of fair value hierarchy, and valuation techniques. According to GASB 72, an investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash.

The City records assets and liabilities in accordance with GASB 72, which establishes general principles for measuring fair value, provides additional fair value application guidance and enhances disclosures about fair value measurements.

With the exception of COLOTRUST, which is discussed on the following page, the City's investments and derivative instruments are measured at fair value on a recurring basis. Fair value measurements are categorized based on the valuation inputs used to measure fair value of assets and liabilities as follows.

Level 1 – Quoted prices in active markets for identical securities.

Level 2 – Prices determined using other significant observable inputs. Observable inputs are inputs that reflect the assumptions market participants would use in pricing a security and are developed based on market data obtained from sources independent of the reporting entity. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, and others. Debt securities are valued in accordance with the evaluated bid price supplied by the pricing service and generally categorized as Level 2 in the hierarchy.

Level 3 – Prices determined using significant unobservable inputs. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the factors market participants would use in pricing the security and would be based on the best information available under the circumstances.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

The following table reflects the fair value of the City's investments and derivative instruments, exclusive of discretely presented component units, as of December 31, 2016 (in 000's):

		Fair Value Measurement Using		
	Total	Level 1	Level 2	Level 3
Assets				
Investments				
Money market mutual funds	\$ 13,081	\$ 13,081	\$ -	\$ -
Colorado Liquid Asset Trust (COLOTRUST)	26,464	(A)	(A)	(A)
Repurchase agreements	4,507	4,507	-	-
US treasury securities	143,731	-	143,731	-
US instrumentality securities	112,207	-	112,207	-
Domestic corporate fixed-income securities	39,975	-	39,975	-
Municipal bonds	6,568	-	6,568	-
Certificates of deposit	11,631	-	11,631	-
Supra-national securities	2,267	-	2,267	-
Domestic equities	913	913	-	-
Guaranteed investment contract	6,637	-	6,637	-
Domestic partnership	280	-	-	280
Mortgages pooled	1,679	-	1,679	-
Total investments	<u>\$ 369,940</u>	<u>\$ 18,501</u>	<u>\$ 324,695</u>	<u>\$ 280</u>
Liabilities				
Derivative instruments	\$ 154,002	\$ -	\$ 154,002	\$ -
Total derivative instruments	<u>\$ 154,002</u>	<u>\$ -</u>	<u>\$ 154,002</u>	<u>\$ -</u>

Note: Immaterial differences may occur due to rounding.

(A) During the year, the City invested in COLOTRUST, a local government investment pool. The valuation is measured at net asset value and is designed to approximate the share value. The pool's Board of Trustees, elected by the participants, is responsible for overseeing the management of COLOTRUST, including establishing operating standards and policies. COLOTRUST is designed to provide local governments with a convenient method for investing in short-term investments carefully chosen to provide maximum safety and liquidity, while still maximizing interest earnings.

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The following table reflects the fair value of the investments for component units of the City as of December 31, 2016 (in 000's):

		Fair Value Measurement Using		
	Total	Level 1	Level 2	Level 3
<u>Governmental Activities Assets</u>				
Investments				
Money market mutual funds	\$ 66,265	\$ 66,265	\$ -	\$ -
Colorado Liquid Asset Trust (COLOTRUST)	9,828	(A)	(A)	(A)
Alternative investments	1,633	(B)	(B)	(B)
US treasury securities	25,012	-	25,012	-
Sub-total	102,738	66,265	25,012	-
<u>Business-type Activities Assets</u>				
Investments				
Money market mutual funds	1,187	1,187	-	-
Sub-total	1,187	1,187	-	-
Total	\$ 103,925	\$ 67,452	\$ 25,012	\$ -

Note: Immaterial differences may occur due to rounding.

(A) During the year, the component units of the City invested in COLOTRUST, a local government investment pool. The valuation is measured at net asset value and is designed to approximate the share value. The pool's Board of Trustees, elected by the participants, is responsible for overseeing the management of COLOTRUST, including establishing operating standards and policies. COLOTRUST is designed to provide local governments with a convenient method for investing in short-term investments carefully chosen to provide maximum safety and liquidity, while still maximizing interest earnings.

(B) In accordance with GASB 72, component units of the City are not required to classify investments in certain entities that calculate net assets value per share (or its equivalent) in the fair value hierarchy above.

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B. Receivables

Receivables for governmental funds, proprietary funds, fiduciary funds and component units at December 31, 2016, include the following (in 000's):

	General	Utilities	PACE	MHS	Non-Major & Other	Total
Interest	\$ -	\$ 300	\$ -	\$ -	\$ -	\$ 300
Taxes	35,720	-	-	-	21,677	57,397
Accounts	1,898	101,321	7,027	4,208	35,624	150,078
Lease	-	-	-	99,621	1,177	100,798
Assessments	2	-	-	-	4,743	4,745
Intergovernmental loans	-	-	-	-	21,260	21,260
Notes and loans	287	-	-	-	2,935	3,222
Gross receivables	37,907	101,621	7,027	103,829	87,416	337,800
Less: allowances for uncollectibles	(50)	(2,689)	-	-	(14,209)	(16,948)
Net receivables	\$ 37,857	\$ 98,932	\$ 7,027	\$ 103,829	\$ 73,207	\$ 320,852

Note: Immaterial differences may occur due to rounding.

Loans receivable of \$7,064,261 are included in receivables - net of an allowance of \$14,195,235 in the statement of net position as of December 31, 2016, for Community Development Division (CDD). These loans were funded with HOME (Federal Home Investment Partnership Act), CDBG (Community Development Block Grant), CHFA (Colorado Housing Finance Authority), and HOPE III (Homeownership Opportunity Program) funds.

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C. Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances as of December 31, 2016, were:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Utilities	\$ 3,743,327
	Non-major Governmental Funds	1,814,037
	Internal Services Funds	274,159
	Sub-total	<u>5,831,523</u>
Utilities	General Fund	228,340
	Non-major Governmental Funds	3,370,778
	Non-major Business-type Funds	20,932
	Internal Services Funds	2,099
	Component Unit	2,019
	Sub-total	<u>3,624,168</u>
Non-major Governmental Funds	Utilities	43,121
	Sub-total	<u>43,121</u>
Non-major Business-type Funds	General Fund	1,584,093
	Utilities	1,616
	Sub-total	<u>1,585,709</u>
Internal Service Funds	Utilities	57,786
	Sub-total	<u>57,786</u>
Component Unit	Utilities	10,978
	Fiduciary	2,215,867
	Sub-total	<u>2,226,845</u>
Total		<u>\$ 13,369,152</u>

Note: Immaterial differences may occur due to rounding.

A major portion of the total due to Utilities from Non-major Governmental funds resulted from a 2002 sale of a gas operations building between the funds.

The majority of the balance of \$1,584,093 due to Non-major Business-type Funds from the General Fund resulted from construction of the parking facility for the General Fund's use; \$1,512,974 of the balance is due beyond one year.

All remaining balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

	Transfers In:				Total Transfers Out
	General Fund	Non-major Governmental Funds	Non-major Enterprise Funds	Internal Service Funds	
Transfers out:					
General fund	\$ -	\$ 15,969,729	\$ -	\$ 255,195	\$ 16,224,924
Non-major governmental funds	9,706	-	530,561	34,234	574,501
Utilities	31,536,000	-	-	-	31,536,000
Non-major enterprise fund	-	-	-	21,783	21,783
Total transfers in	\$ 31,545,706	\$ 15,969,729	\$ 530,561	\$ 311,212	\$ 48,357,208

Transfers were made in accordance with budgetary authorizations for the following purposes:

- 1) From all funds into the Internal Service Funds: to allocate the various funds' contributions to the claims reserve in the self-insurance fund;
- 2) From General Fund into Non-major Governmental Funds: to move unrestricted revenues collected in the General Fund to finance various capital projects;
- 3) From Non-major Governmental Funds to General Fund: to close out a completed General Improvement District fund into the General Fund;
- 4) From Non-major Government Funds to Non-major Enterprise Funds: to move LART contributions to a Pikes Peak America's Mountain project and to move the annual allocated earnings into the Cemetery Endowment fund;
- 5) From Utilities to General Fund: to transfer Utilities surplus detailed in note IV.D. below as well as some other minor cost sharing projects between the two funds.

D. Transfer of Surplus

As allowed by City Charter, section 6-40(b), Utilities provides transfers of surplus to the City. These amounts are based on actual sales inside the City, and rates are fixed per kilowatt hour of electricity and per thousand cubic feet of natural gas. The money is transferred every month from Utilities to the General Fund of the City as they become available. Payments are recorded as transfers on the statement of revenues. In 2016, the amount transferred was \$31.4 million.

E. Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period (deferred inflows of resources). Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned (unearned revenue). At the end of 2016, the various components of unavailable revenue and unearned revenue reported in the government funds were as follows:

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2016**

	<u>Unavailable</u>	<u>Unearned</u>
Loans	\$ 7,064,261	\$ -
Property taxes	22,829,888	-
Special assessment	2,071	-
Grant drawdowns prior to meeting all eligibility requirements	-	18,183,300
Other unearned revenue	<u>-</u>	<u>2,402,897</u>
Total unavailable/unearned revenue for governmental funds	<u>\$ 29,896,220</u>	<u>\$ 20,586,197</u>

F. Inventories

Inventories, exclusive of component units, are stated at average cost. Proprietary fund inventories, including internal service funds, consist of the following at December 31, 2016:

Materials and supplies	\$ 39,791,832
Fuel	<u>14,733,756</u>
Total	<u>\$ 54,525,588</u>

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G. Changes in Capital Assets

The following schedule reflects the changes in capital assets, exclusive of discretely presented component units, for governmental activities for the year ended December 31, 2016 (in 000's):

	Beginning Balance	Increases*	Decreases*	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated:				
Land	\$ 337,504	\$ 4,767	\$ (208)	\$ 342,063
Construction in progress	20,357	31,014	(24,586)	26,785
Total capital assets not being depreciated	357,861	35,781	(24,794)	368,848
Capital assets being depreciated:				
Buildings	181,679	2,711	-	184,390
Improvements other than buildings	63,216	3,624	(42)	66,798
Machinery and equipment	144,339	9,563	(2,732)	151,170
Intangibles	20,694	210	-	20,904
Infrastructure	1,267,226	44,869	(10,377)	1,301,718
Total capital assets being depreciated	1,677,154	60,977	(13,151)	1,724,980
Less accumulated depreciation for:				
Buildings	(74,242)	(4,699)	-	(78,941)
Improvements other than buildings	(26,377)	(2,545)	42	(28,880)
Machinery and equipment	(113,322)	(9,302)	2,287	(120,337)
Intangibles	(5,767)	(1,612)	-	(7,379)
Infrastructure	(516,588)	(36,060)	4,746	(547,902)
Total accumulated depreciation	(736,296)	(54,218)	7,075	(783,439)
Total capital assets being depreciated, net	940,858	6,759	(6,076)	941,541
Governmental activities capital assets, net	<u>\$ 1,298,719</u>	<u>\$ 42,540</u>	<u>\$ (30,870)</u>	<u>\$ 1,310,389</u>

* Includes transfers between categories.

Note: Immaterial differences may occur due to rounding.

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2016**

The following schedule reflects the changes in capital assets, exclusive of discretely presented component units, for business-type activities for the year ended December 31, 2016 (in 000's):

	Beginning Balance	Increases*	Decreases*	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated:				
Land	\$ 171,786	\$ 40,880	\$ -	\$ 212,666
Intangible	23,989	3,854	-	27,843
Construction in progress	1,019,181	250,701	(1,060,322)	209,560
Total capital assets not being depreciated	1,214,956	295,435	(1,060,322)	450,069
Capital assets being depreciated:				
Building	100,694	14	(975)	99,733
Improvements other than buildings	279,653	25,283	(12,417)	292,519
Machinery and equipment	34,047	3,197	(1,099)	36,145
Infrastructure	47,933	-	-	47,933
Utilities plant	4,691,856	982,371	(29,531)	5,644,696
Intangible	48,172	27,408	-	75,580
Total capital assets being depreciated	5,202,355	1,038,273	(44,022)	6,196,606
Less accumulated depreciation for:				
Building	(53,102)	(2,596)	465	(55,233)
Improvements other than buildings	(124,013)	(10,742)	10,664	(124,091)
Machinery and equipment	(19,445)	(2,147)	959	(20,633)
Infrastructure	(9,716)	(1,627)	-	(11,343)
Utilities plant	(2,057,033)	(123,449)	18,734	(2,161,748)
Intangible	(39,564)	(4,328)	-	(43,892)
Total accumulated depreciation	(2,302,873)	(144,889)	30,822	(2,416,940)
Total capital assets being depreciated, net	2,899,482	893,384	(13,200)	3,779,666
Business-type activities capital assets, net	<u>\$4,114,438</u>	<u>\$1,188,819</u>	<u>\$ (1,073,522)</u>	<u>\$4,229,735</u>

* Includes transfers between categories.

Note: Immaterial differences may occur due to rounding.

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2016**

Depreciation expense was charged to governmental activities and business-type activities as of December 31, 2016, as follows (in 000's):

Governmental Activities:

General government	\$ 4,920
Public safety	5,651
Public works	39,976
Parks	3,590
Planning/housing	59
Internal service funds	<u>22</u>
Total depreciation expense governmental activities	<u>\$ 54,218</u>

Business-type Activities:

Utilities	\$ 127,702
Non-major enterprise funds	<u>17,187</u>
Total depreciation expense business-type activities	<u>\$ 144,889</u>

During 2016, as approved by City Council (Resolution No. 55-16), the City entered into a land exchange with the Broadmoor. The City exchanged approximately 189.5 acres of property for approximately 371.2 acres of property. The fair value of the property surrendered by the City was \$2,161,000 as determined by an independent appraiser. This nonmonetary exchange transaction resulted in a gain of \$2,159,425 which is recorded in the government-wide financial statements in the statement of activities.

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NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2016**

The following schedule reflects the changes in discretely presented component unit capital assets for governmental activities for the year ended December 31, 2016 (in 000's):

	Beginning Balance	Increases*	Decreases*	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated:				
Infrastructure	\$ -	\$ 4,335	\$ (4,335)	\$ -
Capital assets being depreciated:				
Improvements	2,996	4,534	-	7,530
Machinery and equipment	105	-	-	105
Infrastructure	27,858	8,712	-	36,570
Total capital assets being depreciated	30,959	13,246	-	44,205
Less accumulated depreciation for:				
Improvements	(938)	(258)	-	(1,196)
Machinery and equipment	(82)	(8)	-	(90)
Infrastructure	(5,755)	(985)	-	(6,740)
Total accumulated depreciation	(6,775)	(1,251)	-	(8,026)
Total capital assets being depreciated, net	24,184	11,995	-	36,179
Governmental activities capital assets, net	\$ 24,184	\$ 16,330	\$ (4,335)	\$ 36,179

* Includes transfers between categories.

Note: Immaterial differences may occur due to rounding.

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NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2016**

The following schedule reflects the changes in discretely presented component unit capital assets for business-type activities for the year ended December 31, 2016 (in 000's):

	Beginning Balance	Increases*	Decreases*	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated:				
Land	\$ 65	\$ -	\$ -	\$ 65
Construction in progress	139	701	(621)	219
Total capital assets not being depreciated	204	701	(621)	284
Capital assets being depreciated:				
Utilities plant	122,391	778	-	123,169
Less accumulated depreciation for:				
Utilities plant	(55,085)	(1,620)	-	(56,705)
Total capital assets being depreciated, net	67,306	(842)	-	66,464
Business-type activities				
Discretely presented component unit capital assets, net	\$ 67,510	\$ (141)	\$ (621)	\$ 66,748

* Includes transfers between categories.

Note: Immaterial differences may occur due to rounding.

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H. Leases**1. Operating Leases**

Total rental expense on all operating leases, including month-to-month leases, for the year ended December 31, 2016, was \$1,067,714 for governmental activities and \$188,906 for business-type activities. The following schedule shows minimum rental payments for succeeding years for governmental activities. Business-type activities have no scheduled future minimum rental payments.

Year ending December 31:	Governmental Activities
2017	\$ 933,853
2018	919,082
2019	907,819
2020	710,892
2021	240,823
2022	240,823
Total	<u>\$ 3,953,292</u>

2. Operating Leases (Component Units)

The City's component units for governmental activities had no operating lease rental expense for 2016. The Pikes Peak Regional Communications Network (PPRCN) was the only City business-type activity that had operating lease rental expense for 2016, which was \$59,719. The following is a schedule of minimum rental payments for PPRCN for succeeding years:

Year ending December 31:	Business-type Activities
2017	\$ 73,421
2018	76,272
2019	79,254
2020	70,748
2021	25,829
2022	5,940
Total	<u>\$ 331,464</u>

3. Capital Leases

The City has entered into various capital lease commitments in order to acquire land, machinery and equipment. Land, machinery and equipment so acquired are capitalized in the government-wide financial statements and in the business-type activities/proprietary fund financial statements. All related lease payments are subject to annual appropriation and made from the acquiring fund. Should the City not appropriate monies for these payments, the land, machinery or equipment would revert to the lessor.

Future minimum lease obligations consist of governmental activities and business-type activities. The following schedule shows these obligations, and their net present value as of December 31, 2016, exclusive of component units, (in 000's):

Year	Governmental Activities	Business-type Activities
2017	\$ 577	\$ 256
2018	576	256
2019	413	256
2020	413	166
2021	33	-
2022	33	-
Future minimum lease payments	2,045	934
Amount representing interest	(94)	(46)
Present value of net minimum payments	<u>\$ 1,951</u>	<u>\$ 888</u>

Note: Immaterial differences may occur due to rounding.

These capital leases represent agreements for certain capital assets, which have been included as assets as follows (in 000's):

	Governmental Activities	Business-type Activities
Machinery and equipment	\$ 4,667	\$ 1,143
Accumulated depreciation	(2,436)	(171)
Net capitalized lease property	<u>\$ 2,231</u>	<u>\$ 972</u>

Note: Immaterial differences may occur due to rounding.

Amortization of the leased property is included in depreciation expense.

4. Capital Leases (Component Units)

Fountain Valley Authority leases various plant assets under a capital lease agreement expiring December 31, 2025. In 2014, PPRCN entered into a capital lease agreement as part of an upgrade to the network. This capital lease agreement will expire in 2017.

As of December 31, 2016, future minimum payments under these capital leases consisted of the following (in 000's):

Year	Business-type Activities
2017	\$ 5,891
2018	5,353
2019	5,353
2020	5,353
2021	5,352
2022-2024	10,521
Future minimum lease payments	37,823
Amount representing interest	(4,169)

Present value of net minimum payments \$ 33,654

Note: Immaterial differences may occur due to rounding.

For the PPRCN lease, the equipment was not capitalized. Per the intergovernmental agreement between the City and the County, capital assets used in providing radio services are owned by the City and the County and are recorded in their respective financial statements. Property recorded under the capital lease for Fountain Valley Authority is as follows (in 000's):

Assets:	Business-type Activities
Utilities plant	\$ 72,619
Accumulated depreciation	(27,428)
Net capitalized lease property	\$ 45,191

Note: Immaterial differences may occur due to rounding.

Amortization of the plant cost has been included in depreciation expense for 2016.

5. Lease and Integration Agreements

For many years, the City owned and operated Memorial Health System (MHS System), which consisted of hospitals and provided medical services, as an enterprise of the City (MHS). Effective October 1, 2012, the MHS System was leased to University of Colorado Health (UCH), under a Lease Agreement and related instruments approved by the electors of the City.

Under the Lease Agreement, the City leased the MHS System facilities and transferred its operations to the Lessee. The Lease Agreement and related instruments contained transition provisions regarding liabilities assumed by the Lessee and certain liabilities which were not assumed. The term of the Lease Agreement was initially 40 years, with the option in year nine upon mutual agreement of the parties to extend the term by additional one-year terms to be automatically added to the original term on each anniversary date of the effective date, commencing on the tenth anniversary of the effective date. The Lease Agreement is subject to certain early termination provisions.

In addition to a lump sum payment made at Lease inception, the Lease Agreement also provides for various payments to MHS over the term of the Lease Agreement, including fixed payments of \$467,676 per month for 30 years. MHS recorded the present value of the future lease payments as a lease receivable using an imputed discount interest rate of approximately 3%.

As of December 31, 2016, future minimum payments under the capital lease consisted of the following (in 000's):

Year	Amount
2017	\$ 5,612
2018	5,612
2019	5,612
2020	5,612
2021	5,612
2022-2026	28,061
2027-2031	28,061
2032-2036	28,061
2037-2041	28,061
2042	4,208
Future minimum lease payments	144,512
Amount representing discount interest	(44,890)
Present value of net minimum payments	<u>\$ 99,622</u>

Note: Immaterial differences may occur due to rounding.

The Lessee is also required to make Margin Sharing Payments to MHS throughout the 40-year term of the Lease Agreement equal to 5% of the excess in any fiscal year of Operating EBITDA, as defined, over a baseline annual margin of 8%. While no amounts have been recorded in the accompanying financial statements relating to future contingent Margin Sharing Payments, during 2015, MHS did receive and recognize a \$1.35 million Margin Sharing Payment based upon UCH's financial performance in its fiscal year 2014-2015. During 2016, MHS received an additional \$1.2 million Margin Sharing Payment based upon UCH's financial performance in its fiscal year 2015-2016. The Lessee is also obligated to spend an annual average of \$28 million for capital improvements during the term of the Lease Agreement and UCH is obligated under the Lease related instruments to provide \$3 million annually for 40 years to fund the development of a branch of the University of Colorado, School of Medicine in Colorado Springs.

Concurrent with the lease of facilities and transfer of operations under the Lease Agreement, MHS derecognized MHS System assets and the UCH assumed liabilities relating to the MHS System operations and all leased property and equipment. Certain assets and liabilities were specifically excluded from the Lease Agreement and remain as assets and liabilities of MHS.

UCH and certain related entities have agreed that they generally will not individually or collectively provide any service within the city limits of Colorado Springs that competes with the services or operations of the MHS System hospitals as they existed as of October 1, 2012, for a period of two years beyond the expiration of the term of the Lease Agreement. The City has agreed that it generally will not provide any service within the city limits of Colorado Springs that competes with the services or operations of the MHS System hospitals being operated by the Lessee throughout the term of the Lease Agreement.

The parties to the Lease Agreement may terminate the Lease Agreement at any time by mutual written agreement. The Lease Agreement may be terminated by either party in the event of certain default provisions, as defined. Upon the expiration or termination of the Lease Agreement, the Lessee must convey to the City the facilities and expansions to the facilities of the MHS System hospitals. The Lessee must also transfer all assets and assign all claims and liabilities relating to the MHS System hospitals' operations at the time of the expiration or termination. As a condition to the transfer of the assets and liabilities upon expiration or termination, the City must pay the Lessee an amount representing the fair market value of the MHS System hospitals' operating businesses as of such date, as is more thoroughly defined in the Lease Agreement.

Colorado Springs Health Foundation – In connection with the Lease Agreement and contemplated transaction, Colorado Springs Health Foundation (Foundation) was established in 2012 pursuant to the provisions of City Council Resolution No. 121-12. As further provided in that resolution, and subject to any obligation payable by the Foundation under a Guaranty and Indemnification Agreement (the "Guaranty") executed by

the Foundation, the Foundation receives distributions of funds related to the lease transaction for the purpose of addressing community health issues in the MHS System service area. In accordance with the Lease and the Guaranty, in order to fulfill certain indemnification against claims and other obligations that the City or MHS has to UCH, the Foundation held \$50 million in a "segregated account" through October 1, 2015. After that date, the Foundation is required to hold \$25 million in the "segregated account" through October 1, 2017. Such claims and obligations are subject to a dispute resolution process.

In November 2015, City Council approved Resolution No. 109-15, approving a Funds Management Agreement between the City and the Foundation. The Funds Management Agreement provides greater clarity with respect to how lease proceeds will be transferred to the Foundation and how the Foundation will invest funds.

Third Party Payer Settlements – Pursuant to the Lease Agreement, the recorded amounts of Medicare and Medicaid cost report liabilities, liabilities under the Medicare Recovery Audit Contractor Program and other accrued commercial payer liabilities were assumed by the Lessee.

However, the differences between the actual settlements under third-party payer agreements and the estimated settlements included in the working capital calculations discussed above will result in net payments to or from the Health System. Laws and regulations that govern these payer systems, including Medicare and Medicaid, are extremely complex. As a result, the actual settlements could be materially different from the estimated settlement amounts used in the working capital calculations. As of December 31, 2015, the Lessee identified approximately \$5.3 million due to the City as a result of third-party payer settlements to date, as well as other reconciliations. During 2016, City Council approved Ordinance 16-37, approving the transfer of these funds, less audit fees, to the Foundation.

Recording of Contingent Liabilities – The ultimate amounts owed by MHS relating to the above contingencies are not reasonably determinable. MHS has recorded a liability which encompasses all contingent liabilities and a promise to transfer to the Foundation all net proceeds, after expenses, of the lease transaction.

I. Revolving Loan Agreement/Letter of Credit

Utilities entered into a Revolving Loan Agreement (Credit Line) with U.S. Bank National Association dated as of September 8, 2016. As of December 31, 2016, Utilities may receive advances up to \$60.0 million under the Credit Line to fund Utilities' operating needs and normal expenditures including, without limitation, regularly scheduled capital expenses. Utilities' repayment obligations under the Credit Line is limited to the net pledged revenues on a subordinate basis to the parity bonds and certain related obligations. The 2016 Credit Line expires on September 9, 2019. Utilities has entered into

agreements similar to this Credit Line over the past several years and to date, Utilities has not drawn on any such agreement.

On November 24, 2015, City Council approved Ordinance 15-83 authorizing Utilities to issue up to \$150.0 million in commercial paper notes (Series A Notes and Series B Notes, collectively the Notes). The maximum principal amount of the Notes which may be outstanding at any time is limited to \$75.0 million for each series. As of December 31, 2016 Utilities had an outstanding principal balance of \$35,000,000 and \$50,000,000 for Series A Notes and Series B Notes, respectively.

The principal and interest on the Series A Notes is payable from draws made on an irrevocable transferable direct-pay letter of credit (Series A Letter of Credit) issued by Bank of America, N.A. (Bank). The principal and interest on the Series B Notes is payable from draws made on an irrevocable transferable direct-pay letter of credit (Series B Letter of Credit) issued by the Bank. The Series A Letter of Credit does not support the payment of the principal of and interest on the Series B Notes and the Series B Letter of Credit does not support the payment of the principal of and interest on the Series A Notes. Both Letters of Credit have stated expiration dates of December 7, 2018. The Notes are offered solely on the basis of the financial strength of the Bank.

Under Ordinance 15-83, net pledged revenues consist of gross pledged revenues of the Utility System remaining after the payment of the operation and maintenance expenses of the Utility System. The City is obligated to repay the Bank for all amounts arising under the Letter of Credit agreements, including all drawings and other obligations (collectively, the Commercial Paper Credit Agreement Obligations) under the Letter of Credit Agreements. The Commercial Paper Credit Agreement Obligations will be paid primarily from proceeds of the applicable series of Notes issued to refund, pay and discharge portions of outstanding Notes of such series and from net pledged revenues received from the City and deposited into a reimbursement account. The Commercial Paper Credit Agreement Obligations are secured by a pledge of and a lien on net pledged revenues on a subordinate basis to first lien bonds and certain other senior obligations.

Proceeds of the Notes may be used: (i) to finance the costs of constructing certain capital improvements to Utilities; (ii) to pay maturing Notes of the same series and to reimburse the Bank for amounts paid by the Bank pursuant to the applicable Letter of Credit Agreement; and (iii) to pay costs of issuing the applicable series of Notes.

J. Long-term Debt

During 2016, the City entered into a lease/lease purchase agreement in the amount of \$13,690,000 for the purpose of financing the construction and improvement of a police substation. The lease/lease purchase agreement matures on December 1, 2026, and bears an interest rate of 1.62% paid semiannually on June 1 and December 1. The proceeds are to be used to construct a new police substation and pay debt issuance costs. The proceeds are held

in escrow until construction commences. At the end of 2016, \$13,602,130 was held in escrow and reported as restricted cash on the financial statements. Construction will begin in 2017.

During 2016, Interquest North Business Improvement District (District) issued \$4,765,000 in Limited Tax General Obligation Bonds (Series 2016 GO Bonds). The Series 2016 GO Bonds mature on December 1, 2045, and bear an interest rate of 6.5% paid annually on December 1, with an optional call date on December 1, 2025. The proceeds from the Series 2016 GO Bonds were used to reimburse the developer for capital infrastructure costs and to pay bond issuance costs. The bonds are secured by and payable from pledged revenues.

On August 24, 2016, the Colorado Springs Urban Renewal Authority (CSURA) entered into the Senior Loan Agreement with U.S. Bank and issued the Subordinate Bonds in the amounts of \$56,000,000 and \$5,879,000, respectively. The proceeds from the Senior Loan and Subordinate Bonds were used to refund CSURA's outstanding Tax Increment Revenue Bonds, fund a debt service reserve fund, and pay the costs of issuance. The Senior Loan bears interest at a variable rate per annum equal to 70% of the One Month LIBOR Rate plus margin. Principal is due annually on December 1 beginning December 1, 2016, through the maturity date of August 24, 2026. The Subordinate Bonds were issued at the rate of 6.75% per annum and payable annually on December 15, beginning on December 15, 2016 and matures on December 15, 2030. CSURA advance refunded and defeased \$42,075,000 of Series 2008A Senior Special Revenue Bonds and \$7,435,000 of Series 2008B Subordinate Special Revenue Bonds. The CSURA advance refunded the 2008 Series Bonds to reduce its total debt service payments over the next 14.33 years by almost \$2,039,463 and to obtain an economic gain of \$5,896,567.

During 2007, the City approved a resolution authorizing the Colorado Springs Urban Renewal Authority to use 100% of the annual City General Fund sales tax increments generated within the North Nevada Avenue corridor Urban Renewal area. The dedication of these sales tax increments shall be for a period not to exceed 23 years and is estimated to total \$98,800,000. The increment will be utilized to support a bond issue that will fund needed infrastructure improvements and administrative expenses within the renewal area.

During 2012, the City approved a resolution authorizing the Colorado Springs Urban Renewal Authority to use 100% of the annual City General Fund sales tax increments generated within the Ivywild Urban Renewal area. The dedication of these sales tax increments shall be for a period from January 24, 2012 through June 28, 2036.

During 2013, the City approved a resolution authorizing the Colorado Springs Urban Renewal Authority to use 50% of the annual City General Fund sales tax increments generated within the Copper Ridge Metropolitan District area. The dedication of these sales tax increments shall be for a period not to exceed 25 years.

During 2015, the City approved a resolution authorizing the Colorado Springs Urban Renewal Authority to use 87.5% of the annual City General Fund sales tax increments generated within the Gold Hill Mesa Commercial Urban Renewal Plan area for the first 5 years and 75% for the

remaining 20 years. The dedication of these sales tax increments shall be for a period not to exceed 25 years.

During 2015, the City approved a resolution authorizing the Colorado Springs Urban Renewal Authority to use 87.5% of the annual City General Fund sales tax increments generated within the South Nevada Area Urban Renewal Project Urban Renewal Plan area for the first 5 years and 75% for the remaining 20 years. The dedication of these sales tax increments shall be for a period not to exceed 25 years.

The City has outstanding long-term debt in the form of several instruments. General Obligation bonds are direct obligations that pledge the full faith and credit of the City for the repayment of principal and interest. Sales tax revenue bonds, retired during 2016, were issued to finance the construction of various capital improvements. Sales tax revenues were used to repay principal and interest of the bonds. Certificates of participation and lease/lease purchase agreements are issued for particular projects and are repaid from lease payments made by the City for use of the acquired property. Special assessment bonds and notes are used to finance projects, which benefit particular properties and are repaid solely from charges levied upon the benefiting properties. While principal and interest payments are intended to be paid solely from revenues derived from assessments levied upon the benefiting property, the City may choose to commit resources should the need arise. Proprietary fund principal and interest payments on revenue bonds and notes payable are pledged solely from revenues of the proprietary fund operation.

There were no known violations of the terms or provisions of the various contracts and agreements relating to long-term debt during this reporting period.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

1. Summary of Long-term Debt

Debt Types	Original Issue Amount (in 000's)	Outstanding Principal Amount (in 000's)	Future Aggregate Interest Requirements (in 000's)	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
Governmental Activities¹					
General Obligation Bonds					
Spring Creek GID Series 2005	\$ 2,695	\$ 1,010	\$ 153	5.900%	2007 - 2020
Briargate GID Series 2014	8,960	8,090	1,967	2.960	2015 - 2030
Marketplace at Austin Bluffs GID Series 2008	2,790	2,355	1,606	6.500	2010 - 2033
Certificates of Participation					
United States Olympic Committee Series 2009	31,470	30,185	22,769	3.250 - 5.000	2010 - 2039
Refunding COP Series 2011	13,485	4,275	345	3.250 - 5.000	2011 - 2020
Lease/Lease Purchase					
Lease Purchase, Series 2016	13,690	13,690	1,282	1.620	2017 - 2026
Total Governmental Activities	\$ 73,090	\$ 59,605	\$ 28,122		
Business-type Activities²					
Revenue Bonds - Utilities					
Series 2000A	\$ 110,000	\$ 110,000	\$ 28,756	resets weekly	2029
Series 2000B	15,000	4,865	944	7.500%	2001 - 2020
Series 2002C	27,055	27,055	8,381	resets weekly	2027
Series 2004A	117,450	87,350	14,491	4.112	2010 - 2023
Series 2005A	100,000	85,995	46,048	4.710	2010 - 2035
Series 2006A	60,625	59,200	20,964	4.481	2015 - 2025
Series 2006B	75,000	67,425	33,698	4.119	2011 - 2036
Series 2007A	75,000	64,020	25,077	3.198	2008 - 2037
Series 2007B	87,275	87,275	38,483	5.295	2023 - 2026
Series 2007C	24,415	5,875	740	4.000 - 5.000	2008 - 2022
Series 2008A	50,000	42,415	23,901	4.269	2009 - 2038
Series 2008B	27,935	8,340	3,552	3.000 - 5.400	2009 - 2033
Series 2008C	41,975	4,620	4,811	4.500 - 5.500	2013 - 2048
Series 2008D	3,631	1,297	53	1.350	2008 - 2021
Series 2009A	60,750	21,685	8,934	2.250 - 5.000	2010 - 2033
Series 2009B	82,000	70,730	52,314	4.000 - 5.545	2010 - 2039
Series 2009C	66,455	61,960	36,584	5.475	2010 - 2028
Series 2009D	56,750	55,880	70,243	4.164 - 6.313	2016 - 2049
Series 2010A	139,835	112,430	46,291	0.600 - 5.467	2011 - 2040
Series 2010B	180,000	177,205	205,410	3.397 - 5.738	2016 - 2050
Series 2010C	50,000	44,135	24,482	3.881	2011 - 2040
Series 2010D	273,855	242,690	216,042	1.324 - 6.615	2011 - 2040
Series 2011A	167,490	104,655	41,131	2.000 - 5.000	2012 - 2033
Series 2012A	50,000	45,235	27,239	4.024	2012 - 2041
Series 2012B	108,015	100,365	49,849	3.000 - 5.000	2013 - 2043
Series 2012C	157,670	136,990	61,413	3.000 - 5.000	2013 - 2042
Series 2013A	97,580	95,885	60,896	1.500 - 5.000	2013 - 2045
Series 2013B-1	58,915	55,940	46,631	1.500 - 5.000	2014 - 2043
Series 2013B-2	68,645	65,420	55,135	2.000 - 5.000	2014 - 2043
Series 2014A-1	58,515	58,515	49,929	4.000 - 5.000	2019 - 2044
Series 2014A-2	53,995	53,995	45,991	4.000 - 5.000	2019 - 2044
Series 2015A	82,975	82,975	52,827	3.000 - 5.000	2018 - 2048
Revenue Bonds - Public Authority for Colorado Energy Series 2008	653,210	610,275	574,301	5.750 - 6.500	2009 - 2038 (continued)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

Debt Types	Original Issue Amount (in 000's)	Outstanding Principal Amount (in 000's)	Future Aggregate Interest Requirements (in 000's)	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
Business-type Activities²					
(continued)					
Revenue Bonds - Airport Series 2014	\$ 11,185	\$ 8,460	\$ 1,774	5.000%	2014 - 2023
Revenue Bonds - Parking System Series 2015	9,520	8,170	1,206	2.430	2015 - 2027
Notes Payable					
Airport, 2014	2,336	1,914	222	2.500	2015 - 2024
Airport, 2016	3,431	3,431	489	2.500	2017 - 2026
Commercial Paper Series A - Utilities ⁴	35,000	35,000	N/A	N/A	2017
Commercial Paper Series B - Utilities ⁵	50,000	50,000	N/A	N/A	2017
Wastewater Facility - Utilities, 1998B	22,204	6,279	442	3.700 - 5.500	1999 - 2019
Drinking Water - Utilities, 2009	8,600	6,453	1,234	2.500	2011 - 2030
Total Business-type Activities	\$ 3,424,292	\$ 2,972,404	\$ 1,980,908		
Component Units²					
Special Assessment Revenue Bonds					
Briargate Center BID - Series 2006	\$ 7,360	\$ 4,520	\$ 1,463	4.500 - 4.900%	2006 - 2027
Urban Renewal Authority - Series 2016B ³	5,879	5,879	-	6.750	N/A
Limited Tax General Obligation Bonds					
Barnes & Powers North BID - Series 2007	4,000	3,530	2,898	6.500	2009 - 2036
Barnes & Powers South BID - Series 2007	835	575	224	6.500	2009 - 2026
First & Main BID - Series 2009	1,650	1,470	1,829	8.500	2009 - 2038
First & Main North BID - Series 2005	1,927	1,641	1,139	6.000	2005 - 2035
First & Main No. 2 BID - Series 2009	2,400	2,230	2,770	8.500	2011 - 2038
First & Main No. 2 BID - Series 2015	1,750	1,710	2,141	6.750	2015 - 2044
Interquest North BID - Series 2010	6,500	6,170	8,225	8.500	2012 - 2040
Interquest North BID - Series 2016	4,765	4,725	7,186	6.500	2017 - 2045
Powers & Woodmen Commercial BID - Series 2010	1,850	1,725	2,256	8.500	2011 - 2039
Revenue Bonds					
First & Main No. 2 BID - Series 2011	2,000	1,810	1,896	8.500	2011 - 2035
First & Main No. 2 BID - Series 2015	1,725	1,725	1,723	6.750	2017 - 2039
Fountain Valley Authority - Series 2013	5,255	2,565	147	2.000 - 3.000	2013 - 2019
Notes Payable and Lines of Credit					
Briargate Center BID, 2012	4,335	3,690	366	3.890	2012 - 2019
Urban Renewal Authority, 2008 ³	3,420	3,395	-	5.450	N/A
Urban Renewal Authority, 2009 ³	158	158	-	5.000	N/A
Urban Renewal Authority, 2012 ³	778	778	-	7.000	2013 - 2028
Urban Renewal Authority, 2015 ³	2,500	2,500	-	6.500	N/A
Urban Renewal Authority, Series 2016A Senior Loan	56,000	53,340	12,564	variable	2017 - 2030
First & Main BID, 2012 ³	5	5	-	7.000	N/A
First & Main North BID, 2006 ³	28	21	-	7.000	N/A
First & Main No. 2 BID, 2016 ³	10,014	10,014	-	7.000	N/A
Interquest North BID, 2016 ³	867	867	-	7.000	N/A
Interquest South BID, 2006 ³	161	138	-	7.000	N/A
Powers & Woodmen Commercial BID ³	2,034	2,034	-	7.000	N/A
Fountain Valley Authority	10,830	3,297	534	3.030 - 4.400	2001 - 2024
The Colorado Canal Company, 2014	300	180	18	5.000	2015 - 2019
The Lake Henry Reservoir Company, 2003	148	90	31	4.250	2006 - 2030
The Lake Meredith Reservoir Company, 2003	1,472	1,047	424	4.000	2005 - 2034
Total Component Units	\$ 140,946	\$ 121,829	\$ 47,834		

¹Exclusive of capital leases, municipal solid waste landfill and compensated absences

²Exclusive of capital leases and other liabilities

³These items have no repayment schedule and therefore it is not possible to determine future aggregate interest requirements.

⁴Weighted average maturity date of the current issue is 41 days. Unable to calculate future aggregate interest requirements.

⁵Weighted average maturity date of the current issue is 4 days. Unable to calculate future aggregate interest requirements.

2. Changes in Long-term Liabilities

The City has issued and has long-term debt in various instruments. The following is a summary of transactions of the long-term liabilities, exclusive of discretely presented component units, for the year ended December 31, 2016 (in 000's):

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and notes payable:					
General obligation bonds	\$ 12,190	\$ -	\$ 735	\$ 11,455	\$ 760
Sales tax revenue bonds	2,635	-	2,635	-	-
Certificates of participation	36,450	-	1,990	34,460	2,100
Lease/lease purchase	-	13,690	-	13,690	1,245
Capital leases	814	1,844	707	1,951	540
	52,089	15,534	6,067	61,556	4,645
Add issuance premium	1,062	-	89	973	-
Total bonds and notes payable	53,151	15,534	6,156	62,529	4,645
Other liabilities:					
Municipal solid waste landfill	274	4	-	278	-
Compensated absences	16,316	15,813	16,449	15,680	784
Net pension liability	181,718	85,914	21,852	245,780	-
Net OPEB obligation	13,349	1,336	1,716	12,969	-
Developer reimbursements	2,886	861	150	3,597	-
Total other liabilities	214,543	103,928	40,167	278,304	784
Governmental activities long-term liabilities	<u>\$ 267,694</u>	<u>\$ 119,462</u>	<u>\$ 46,323</u>	<u>\$ 340,833</u>	<u>\$ 5,429</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and notes payable:					
Revenue bonds	\$ 2,953,372	\$ -	\$ 84,045	\$ 2,869,327	\$ 80,874
Notes payable	54,169	53,431	4,523	103,077	2,916
Capital leases	-	1,143	255	888	237
	3,007,541	54,574	88,823	2,973,292	84,027
Add issuance premiums/discounts	88,854	-	5,187	83,667	-
Total bonds and notes payable	3,096,395	54,574	94,010	3,056,959	84,027
Other liabilities:					
Municipal solid waste landfill	4,291	299	-	4,590	-
Compensated absences	15,661	19,384	18,801	16,244	9,165
Customer deposits	2,828	1,034	789	3,073	-
Customer advances for construction	7,057	2,102	589	8,570	-
Net pension liability	243,022	95,927	45,971	292,978	-
Net OPEB obligation	2,055	1,566	1,265	2,356	-
Derivative instruments	185,807	-	31,805	154,002	-
Other	564	539	6	1,097	-
Total other liabilities	461,285	120,851	99,226	482,910	9,165
Business-type activities long-term liabilities	<u>\$ 3,557,680</u>	<u>\$ 175,425</u>	<u>\$ 193,236</u>	<u>\$ 3,539,869</u>	<u>\$ 93,192</u>

Note: Immaterial differences may occur due to rounding.

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for those funds are included in the governmental activities totals. Also, municipal solid waste landfill, compensated absences, net pension liability, net OPEB obligation, and developer reimbursements for governmental activities are generally liquidated by the General Fund.

Component Units

The following is a summary of long-term debt transactions for component units of the City for the year ended December 31, 2016 (in 000's):

	Beginning Balance*	Additions	Reductions	Ending Balance	Amounts Due within One Year
GOVERNMENTAL ACTIVITIES					
Limited tax general obligation bonds	\$ 19,413	\$ 4,765	\$ 402	\$ 23,776	\$ 410
Special assessment revenue bonds	54,330	5,879	49,810	10,399	215
Revenue bonds	3,575	-	40	3,535	70
Notes payable	10,870	68,870	2,800	76,940	3,145
Other	2,100	9,063	96	11,067	-
Governmental activities long-term liabilities	<u>\$ 90,288</u>	<u>\$ 88,577</u>	<u>\$ 53,148</u>	<u>\$ 125,717</u>	<u>\$ 3,840</u>
BUSINESS-TYPE ACTIVITIES					
Revenue bonds	\$ 3,385	\$ -	\$ 820	\$ 2,565	\$ 835
Add issuance premiums	133	-	43	90	-
Notes payable	5,305	-	691	4,614	715
Capital leases	38,747	-	5,093	33,654	4,865
Business-type activities long-term liabilities	<u>\$ 47,570</u>	<u>\$ -</u>	<u>\$ 6,647</u>	<u>\$ 40,923</u>	<u>\$ 6,415</u>

* As restated

Note: Immaterial differences may occur due to rounding.

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3. Annual Debt Service Requirements of Long-term Debt

The following is a summary of general obligation bond scheduled maturities as of December 31, 2016 (in 000's):

Year	Governmental Activities		Governmental Activities	
	Component Units		Component Units	
	Principal	Interest	Principal	Interest
2017	\$ 760	\$ 452	\$ 410	\$ 1,773
2018	790	420	433	1,743
2019	820	386	476	1,711
2020	855	351	509	1,676
2021	605	315	548	1,639
2022-2026	3,455	1,230	3,408	7,524
2027-2031	3,745	530	4,413	6,113
2032-2036	425	42	6,194	4,180
2037-2041	-	-	4,600	1,853
2042-2045	-	-	2,785	456
Total	<u>\$ 11,455</u>	<u>\$ 3,726</u>	<u>\$ 23,776</u>	<u>\$ 28,668</u>

The following is a summary of revenue bond scheduled maturities as of December 31, 2016 (in 000's):

Year	Governmental Activities		Business-type Activities		Business-type Activities	
	Component Units		Component Units		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 70	\$ 270	\$ 80,874	\$ 142,345	\$ 835	\$ 69
2018	80	265	85,754	139,223	850	52
2019	90	259	92,325	136,512	880	26
2020	95	252	99,460	132,152	-	-
2021	105	244	108,009	127,688	-	-
2022-2026	630	1,091	619,410	552,732	-	-
2027-2031	925	802	718,170	388,929	-	-
2032-2036	1,145	382	552,080	234,969	-	-
2037-2041	395	54	355,500	89,718	-	-
2042-2046	-	-	111,055	27,997	-	-
2047-2050	-	-	46,690	6,256	-	-
Total	<u>\$ 3,535</u>	<u>\$ 3,619</u>	<u>\$2,869,327</u>	<u>\$1,978,521</u>	<u>\$ 2,565</u>	<u>\$ 147</u>

The following is a summary of certificates of participation scheduled maturities as of December 31, 2016 (in 000's):

<u>Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 2,100	\$ 1,641
2018	2,225	1,561
2019	1,020	1,456
2020	745	1,416
2021	615	1,382
2022-2026	4,270	6,397
2027-2031	6,665	5,252
2032-2036	9,710	3,287
2037-2039	<u>7,110</u>	<u>722</u>
Total	<u>\$ 34,460</u>	<u>\$ 23,114</u>

The following is a summary of lease/lease purchase scheduled maturities as of December 31, 2016 (in 000's):

<u>Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 1,245	\$ 252
2018	1,295	202
2019	1,315	181
2020	1,340	159
2021	1,360	138
2022-2026	<u>7,135</u>	<u>350</u>
Total	<u>\$ 13,690</u>	<u>\$ 1,282</u>

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NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2016**

The following is a summary of special assessment bond scheduled maturities as of December 31, 2016 (in 000's):

Year	Governmental Activities Component Units	
	Principal	Interest
2017	\$ 215	\$ 221
2018	345	211
2019	360	194
2020	380	176
2021	395	158
2022-2026	2,300	477
2027	525	26
Total	<u>\$ 4,520</u>	<u>\$ 1,463</u>

The Colorado Springs Urban Renewal Authority issued special assessment bonds in 2016. These bonds are to be repaid exclusively from specified revenues, and therefore have no predetermined payback period. As such, these bonds are not listed in the above schedule. As of December 31, 2016, the outstanding principal balance is \$5,879,000.

The following is a summary of notes payable scheduled maturities as of December 31, 2016 (in 000's):

Year	Governmental Activities Component Units		Business-type Activities Component Units		Business-type Activities Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 3,145	\$ 1,740	\$ 2,916	\$ 538	\$ 715	\$ 211
2018	3,292	1,645	3,004	422	727	189
2019	6,683	1,492	3,176	290	768	150
2020	3,440	1,313	986	222	748	99
2021	3,600	1,210	1,011	197	225	73
2022-2026	20,330	4,336	4,907	599	873	190
2027-2031	16,540	1,194	2,077	119	376	82
2032-2034	-	-	-	-	182	13
Total	<u>\$ 57,030</u>	<u>\$ 12,930</u>	<u>\$ 18,077</u>	<u>\$ 2,387</u>	<u>\$ 4,614</u>	<u>\$ 1,007</u>

The business-type activities have additional commercial paper notes in the amount of \$85,000,000 that are not listed in the above schedule. The governmental activities component units have additional combined notes payable and other long-term liabilities in

the amount of \$30,976,741. These amounts are to be repaid exclusively from specified revenues, and therefore have no predetermined payback period. As such, these amounts are not listed in the above schedule.

Over the years, the City has issued revenue bonds with pledged revenues as collateral. The revenue bonds have been issued as Utilities revenue bonds, Public Authority for Colorado Energy (PACE) revenue bonds, Airport revenue bonds, and Parking revenue bonds. These bonds were issued to finance various construction projects within each of the issuing funds, with the pledged revenue coming from the respective fund.

	Amount Pledged (in 000's)	Term of Commitment
Business-type Activities:		
Utilities revenue bonds	\$ 3,643,662	2001 - 2050
PACE revenue bonds	1,184,576	2009 - 2038
Airport revenue bonds	10,234	2007 - 2023
Parking revenue bonds	9,376	1999 - 2027

The total pledged revenue is not estimable in comparison to pledged debt in that revenues are uncertain as to future amounts. However, the debt coverage requirement for each issue must be met or the bonds will be in default. This provides sufficient coverage each year for the pledged debt. The debt service coverage, or comparison of pledged revenues net of specific operating expenses, for each pledged debt is provided in Table 12 of the Statistical Section.

K. Industrial Development Revenue Bonds and Other Instruments Issued under the Colorado County and Municipality Development Revenue Bond Act

The City has lent its name to various industrial development revenue bond issues over the years. Proceeds of these bond issues were used to finance various private activities relating to business expansion, construction and development. In addition, Private Activity Bonds (PAB) are a form of tax-exempt financing in which the City acts as the issuer under the County and Municipality Development Revenue Bond Act, section 29-3-101 CRS. PABs were authorized to allow counties and municipalities to promote industry and develop trade or other economic activity by inducing profit or nonprofit enterprises to locate, expand or remain in their communities. The advantage to nonprofit entities that borrow through the City is that they borrow funds at lower interest rates because the bonds are exempt from federal and state income tax.

The City is not liable for the repayment of principal or interest on these bonds and related financial activity is not shown in the financial statements. The original issue amount of these bonds, in the aggregate, was \$316 million. There were no PABs or industrial revenue bonds issued under the City's allocation during 2016, however, the City assigns any unused allocation

to El Paso County each year. It is possible that PABs, or industrial revenue bonds, were issued during 2016 using this allocation.

L. Restatement of Net Position

The December 31, 2015, net position has been restated for Colorado Springs Urban Renewal Authority, a governmental activities component unit, to record the principal and accrued interest amount on long-term obligations that were previously not recorded. As a result, the component unit's restated beginning net position balances are as follows:

	Component Units
	Governmental
	Activities
Beginning net position, as previously reported	\$ 41,340,338
Restatement to record additional long-term obligations	(3,312,055)
Beginning net position, as restated	<u>\$ 38,028,283</u>

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

M. Fund Balance

Fund balances of the governmental funds at December 31, 2016, include the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Fund Balances			
<u>Nonspendable:</u>			
Delinquent property taxes receivable	\$ 51,934	\$ -	\$ 51,934
Inventories	313,798	-	313,798
Endowment - CD Smith trust fund	-	912,880	912,880
Endowment - Cemetery endowment fund	-	9,643,567	9,643,567
Endowment - TOPS maintenance trust fund	-	605,802	605,802
Sub-total nonspendable	365,732	11,162,249	11,527,981
<u>Restricted:</u>			
Debt service	181	-	181
Emergency reserve - TABOR	7,808,691	-	7,808,691
TABOR refund/retention	8,638,264	198,658	8,836,922
Capital reserve - public safety	13,602,130	-	13,602,130
Bicycle Tax	-	96,322	96,322
Trails/Open Space	-	14,195,433	14,195,433
Conservation Trust	-	1,232,458	1,232,458
Cable Franchise	-	452,598	452,598
Public Safety Sales Tax	-	12,946,402	12,946,402
Road Repair, Maintenance, & Improvement Sales Tax	-	9,690,552	9,690,552
Special Improvement Maintenance Districts - ALL	-	716,479	716,479
Public Improvements - Banning Lewis Ranch	-	1,819,384	1,819,384
General Improvement Districts - ALL	-	1,795,487	1,795,487
Lodgers and Auto Rental Tax	-	1,337,859	1,337,859
Gift Trust - general government	-	72,300	72,300
Gift Trust - public safety	-	412,649	412,649
Gift Trust - public works	-	55,069	55,069
Gift Trust - culture and recreation	-	2,648,784	2,648,784
Endowment - CD Smith trust fund	-	159,504	159,504
Endowment - Cemetery endowment fund	-	13,393	13,393
Endowment - TOPS maintenance trust fund	-	241,021	241,021
Sub-total restricted	30,049,266	48,084,352	78,133,618
<u>Committed:</u>			
Public Improvements - Public Space and Development	-	1,896,636	1,896,636
Public Improvements - Subdivision Drainage	-	3,736,508	3,736,508
Public Improvements - Arterial Roadway	-	1,599,017	1,599,017
Public Improvements - Park Developer Easement	-	125,815	125,815
Ballfield Capital Improvements	-	33,839	33,839
Street Tree	-	92,968	92,968
Senior Programs	-	649,721	649,721
Therapeutic Recreation	-	4,536	4,536
Capital outlay - general government	83,550	15,091,638	15,175,188
Capital outlay - public safety	608,730	-	608,730
Capital outlay - public works	4,542,346	-	4,542,346
Sub-total committed	5,234,626	23,230,678	28,465,304
<u>Assigned:</u>			
Public Improvements - Park Developer Easement	-	48,812	48,812
Public Improvements - Banning Lewis Ranch	-	106,628	106,628
Encumbrances - general government	1,873,329	-	1,873,329
Encumbrances - public safety	640,814	-	640,814
Encumbrances - planning/community development	25,000	-	25,000
Encumbrances - public works	1,331,133	-	1,331,133
Encumbrances - parks	172,153	-	172,153
Encumbrances - capital projects	-	700,916	700,916
Sub-total assigned	4,042,429	856,356	4,898,785
<u>Unassigned:</u>			
Sub-total unassigned	29,290,407	-	29,290,407
Total Fund Balance	\$ 68,982,460	\$ 83,333,635	\$ 152,316,095

N. Derivatives and Interest Rate Swaps**1. Utilities Derivative Instruments**

Utilities' financial derivatives are acquired with the objective of effectively hedging expected cash flows. Interest rate hedges that are deemed effective by applying methods of evaluating effectiveness pursuant to GASB 53 are recognized as cash flow hedges. Financial derivatives that do not meet the effectiveness criteria are classified as investment derivatives. Changes in the fair value of cash flow hedge derivative instruments are reported as either Deferred Outflows or Inflows of Resources on the Statements of Net Position. Interest rate hedges that are deemed ineffective are recognized as standalone investment derivatives. The change in the fair value of investment derivatives is recognized as Nonoperating Revenues (Expenses) on the Statements of Revenues, Expenses and Changes in Net Position.

Utilities has interest rate hedges based on both the Securities Industry and Financial Markets Association (SIFMA) index and the London Interbank Offered Rate (LIBOR) index. Historically, Utilities' interest rate derivatives based on 68.0% of 1-month LIBOR were classified as cash flow hedges. As of December 31, 2013, these LIBOR-based derivatives are no longer effective pursuant to GASB 53 hedge effectiveness standards and are considered investment derivatives.

Utilities values interest rate derivatives based on valuations provided by George K. Baum and Company, a third party valuation service provider for 2016. The fair values of the interest rate derivatives are based on present value of their estimated future cash flows and beginning in 2016, account for the risk of nonperformance.

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Summary of Derivative Instruments

The fair value and notional amount of derivative instruments outstanding at December 31, 2016, classified by type and changes in fair value of such derivative instruments for the year then ended:

	2016 Changes in Fair Value		Fair Value at December 31, 2016		
	Classification	Amount	Classification	Amount	Notional
		(in thousands)			
<u>Cash Flow Hedges</u>					
Interest Rate Swaps	Deferred outflows	\$ 12,698	Derivative instruments	\$ (56,062)	\$ 215,685
Total Cash Flow Hedges		<u>\$ 12,698</u>		<u>\$ (56,062)</u>	
<u>Investment Derivative</u>					
Interest Rate Swaps	Derivative gain	\$ 19,107	Derivative instruments	\$ (97,940)	\$ 427,445
Total Investment Derivative		<u>\$ 19,107</u>		<u>\$ (97,940)</u>	

Note: Immaterial differences may occur due to rounding.

Utilities employs interest rate swap derivatives that are designed to synthetically fix the cash flows on Variable Rate Demand Obligation bonds (VRDO). The variable rate received on the interest rate swaps is intended to offset the variable rate being paid on the obligations so that the fixed rate of the swap is essentially the effective rate incurred by Utilities.

Summary of scheduled projected future cash flows for interest rate derivatives as of December 31, 2016:

December 31,	Projected Future Cash Flows In/(Out) for Hedging Derivatives (in thousands)
2017	\$ (24,260)
2018	(23,419)
2019	(22,539)
2020	(21,676)
2021	(21,006)
2022-2026	(80,509)
2027-2031	(36,858)
2032-2036	(15,557)
2037-2041	(2,538)
Total	\$ <u>(248,362)</u>

Note: Immaterial differences may occur due to rounding.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

Summary of Utilities' pay-fixed interest rate swap agreements outstanding as of December 31, 2016:

	Notional Amount (in thousands)	Effective Date	Maturity Date	Terms	Counterparty
<u>Cash Flow Hedges</u>					
2005 SIFMA Swap	\$ 64,389	09/15/05	11/01/35	Pay 4.7099%; receive SIFMA index	Bank of America, N.A
2005 SIFMA Swap	21,606	09/15/05	11/01/35	Pay 4.7099%; receive SIFMA index	J. Aron & Co.
2007 Refunding SIFMA Swap (2012 Novation)	87,275	10/01/07	11/01/26	Pay 5.295%; receive SIFMA index	The Bank of New York Mellon
2008 SIFMA Swap	42,415	09/12/08	11/01/38	Pay 4.2686%; receive SIFMA index	Bank of America, N.A
<u>Investment Derivative</u>					
2004 SIFMA Swap	87,350	08/18/04	11/01/23	Pay 4.1120%; receive SIFMA index	JP Morgan Chase Bank
2005 SIFMA Swap	430	09/15/05	11/01/35	Pay 4.7099%; receive SIFMA index	Bank of America, N.A
2006 Refunding LIBOR Swap	59,200	08/24/06	11/01/25	Pay 4.4810%; receive 68% of LIBOR	JP Morgan Chase Bank
2006 New Money LIBOR Swap	40,455	09/14/06	11/01/36	Pay 4.1185%; receive 68% of LIBOR	Morgan Stanley Capital Group Inc.
2006 New Money LIBOR Swap	26,970	09/14/06	11/01/36	Pay 4.1185%; receive 68% of LIBOR	JP Morgan Chase Bank
2007 New Money LIBOR Swap	38,412	09/13/07	11/01/37	Pay 3.198%; receive 68% of LIBOR	J. Aron & Co.
2007 New Money LIBOR Swap	25,608	09/13/07	11/01/37	Pay 3.198%; receive 68% of LIBOR	Morgan Stanley Capital Group Inc.
2009 LIBOR Swap (2012 Novation)	59,650	10/01/09	11/01/28	Pay 5.475%; receive 68% of LIBOR	Wells Fargo Bank, N.A.
2010 LIBOR Swap	44,135	10/26/10	11/01/40	Pay 3.8807%; receive 68% of LIBOR	Morgan Stanley Capital Group Inc.
2012 LIBOR Swap	45,235	03/15/12	11/01/41	Pay 4.0242%; receive 68% of LIBOR	Morgan Stanley Capital Group Inc.
Total Notional Amount for Interest Rate Swaps	<u>\$ 643,130</u>				

Note: Immaterial differences may occur due to rounding.

2004 SIFMA Swap - If SIFMA averages more than 7.0% for 180 consecutive calendar days during the term of the 2004 SIFMA Swap, the 2004 SIFMA Swap will terminate by its terms and no payments by either party will be due.

2005 SIFMA Swap - During the fourth quarter 2012, it was discovered that in 2008, Utilities redeemed a portion of its 2005A variable rate bond series through the issuance of the 2008D Clean Renewable Energy Bonds. This transaction created an immaterial difference between the notional size of the bond issuance and the interest rate swap hedge. The overhedged portion of the swap has therefore been declared an investment derivative.

Risk

Utilities routinely monitors and manages risks in the areas of credit risk, interest rate risk and associated basis risk, natural gas price risk, termination risk, rollover risk, market access risk and foreign currency risk. These risks are discussed in detail below.

Credit Risk – The exposure resulting when the counterparty is unable or unwilling to fulfill its present and future financial obligations. Each of Utilities’ interest rate cash flow and investment derivative instruments are held with various counterparties of high credit quality. Utilities views counterparty credit risks that may arise through interest rate derivative transactions as similar between cash flow hedges and investment derivatives.

Long-term counterparty credit ratings from Moody’s and S&P at December 31:

Counterparty	Credit Rating 2016
J. Aron & Co.	A3/BBB+
JP Morgan Chase Bank	Aa3/A+
Bank of America, N.A.	A1/A
Morgan Stanley Capital Group Inc.	A3/BBB+
Wells Fargo Bank, N.A.	Aa2/AA-
The Bank of New York Mellon	Aa2/AA-

The Energy Risk Management Policy requires that Utilities’ counterparties to commodity transactions be on an approved counterparty list. To be on this list, counterparties must have a minimum rating of “Baa2” issued by Moody’s, a minimum rating of “BBB” issued by S&P, a minimum rating of “BBB” issued by Fitch, or be specifically approved by Utilities’ Risk Management Committee. The Energy Risk Management Policy limits the amount of counterparty credit exposure according to the counterparty’s credit rating. To be on the interest rate counterparty transaction list, at the time of transaction execution, counterparties must have a minimum credit rating in the “A-” category by at least one of the major credit rating agencies previously listed or a counterparty shall provide a guarantee, swap surety, or other form of credit enhancement such that its creditworthiness is of an “A-” category equivalent. Each counterparty must also have a demonstrated record of successfully executing swap transactions and shall have a minimum capitalization of at least \$250.0 million.

It is Utilities' policy to require collateral posting provisions for all counterparties involved in its non-exchange-traded derivative instrument transactions. The collateral posted by counterparties is governed by ISDA agreements with collateral threshold limits as specified in each agreement. As the mark to market value of a fixed price financial derivative held by Utilities decreases relative to market, Utilities may be obligated to post collateral with the applicable counterparty. Conversely, as the mark to market value of a fixed price financial derivative agreement or call option increases, Utilities' counterparties may be required to post collateral.

At December 31, 2016, Utilities has posted approximately \$19.6 million in collateral with various counterparties to the swap agreements. Utilities' aggregate fair value of derivative instruments as of December 31, 2016, was approximately (\$154.0) million.

The combined fair value of all derivative instruments, net of collateral postings, as of December 31, 2016, was approximately (\$134.4) million.

Collateral postings represent the initial amount that Utilities would be required to pay in the event counterparties failed due to a credit default event. Collateral posted is presented as restricted cash and impacts Utilities' cash reserves and liquidity. In the event of a failure of all counterparties due to a credit default, Utilities anticipates the full value of the collateral posting would be liquidated on behalf of secured creditors, thereby reducing actual cash balances and liquidity by the value of the collateral posting. A credit default by all counterparties could lead to additional cash requirements called by secured creditors up to the net liability of the combined derivative positions.

The impact of a future credit default on Utilities is dependent on market conditions that exist at the time of the event. As a result, the impact on Utilities' cash and liquidity position could be negative or positive. In consideration of this uncertainty and to minimize the impact of such an event on liquidity, as of December 31, 2016, Utilities has total lines of credit available in the amount of \$60.0 million. Utilities also closely monitors the creditworthiness of all existing counterparties and awards future business based on creditworthiness and collateral positions existing at the time of the transaction.

Interest Rate Risk - The risk that changes in market interest rates will adversely affect Utilities' anticipated cash flows. Utilities is exposed to interest rate risk on its variable rate debt. Utilities utilizes fixed price swaps to offset cash flow exposures to variable rate debt. Utilities receives fixed rate swap payments against VRDOs based on SIFMA and LIBOR swap indices.

Basis Risk - The risk that arises when variable rates or prices of a derivative instrument and a hedged item are based on different reference rates. Utilities is exposed to basis risk on its pay-fixed interest rate swap hedging derivative instruments because the variable rate payments received by Utilities on these hedging derivative instruments are based on a rate or index other than interest rates. Utilities pays on its hedged variable rate debt, which is generally remarketed every 7 days. As of December 31, 2016, the weighted average interest rate on

Utilities' variable rate debt was 0.074%, the SIFMA swap index rate was 0.72%, while 68.0% of the LIBOR was 0.524%.

Termination Risk - The risk that a derivative instrument's unscheduled end will affect Utilities' asset and liability strategy or will present Utilities with potentially unscheduled termination payments to the counterparty. Utilities or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract or if both parties agree to exercise a termination option. If at the time of termination, a hedging derivative instrument is in a liability position, Utilities would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

Rollover Risk - The risk that a derivative instrument associated with a hedged item does not extend to the maturity of that hedged item. Utilities is exposed to rollover risk on hedging instruments of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, or if a counterparty exercises a termination option, Utilities will be re-exposed to the risks being hedged by the hedging derivative instrument. Utilities has no exposure to rollover risk with current interest rate derivative instruments.

Market Access Risk - The risk that Utilities will not be able to enter credit markets or that credit will become more costly. A strong credit rating tends to broaden an entity's credit market access and bondholder base while achieving lower cost funding. As of December 2016, Utilities' long-term credit rating is "Aa2/AA/AA" by Moody's, S&P and Fitch, respectively.

Foreign Currency Risk - The risk that changes in exchange rates will adversely affect the cash flows of a transaction. Utilities has no exposure to foreign currency risk.

2. Colorado Springs Urban Renewal Authority Derivative Instruments

Swap Agreement

On August 24, 2016 CSURA entered into an interest rate swap transaction (hedging derivative instrument) (Swap) with U.S. Bank National Association (Bank) in order to hedge interest rates and protect against rising interest rates. The Swap is associated with the Series 2016A Senior Loan, and used the debt service maturity schedule of the Series 2016A Senior Loan as the notional amount of the Swap. An International Swaps and Derivatives Association (ISDA) Master Agreement was used to develop the Swap which is set to terminate on December 1, 2030 (Terminate Date).

From the effective date of the agreement through Terminate Date, CSURA is the fixed rate payer under the Swap, paying a rate of 1.1045%, on the 1st day of each month, based on a 30/360 day count. The Bank is the floating rate payer, paying the current 70% of a 1-month LIBOR rate based on an actual/360 day count.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

The following is the projected payments based on the interest rate Swap transaction as of December 31, 2016:

December 31,	Swap Notional Amount	Net Interest Rate Swap Payments	Bank Interest Bank Interest Payments	Total
2017	\$ 3,000,000	\$ 323,966	\$ 1,270,518	\$ 4,594,484
2018	3,140,000	305,747	1,199,067	4,644,814
2019	3,290,000	286,678	1,124,281	4,700,959
2020	3,440,000	266,698	1,045,924	4,752,622
2021	3,600,000	245,806	963,993	4,809,799
2022	3,760,000	223,943	878,252	4,862,195
2023	3,925,000	201,109	788,700	4,914,809
2024	4,095,000	177,272	695,218	4,967,490
2025	4,275,000	152,403	597,688	5,025,091
2026	4,275,000	126,441	495,870	4,897,311
2027	4,105,000	100,478	394,052	4,599,530
2028	4,410,000	75,549	296,283	4,781,832
2029	5,095,000	48,767	191,251	5,335,018
2030	2,935,000	17,824	69,903	3,022,727
	<u>\$ 53,345,000</u>	<u>\$ 2,552,681</u>	<u>\$ 10,011,000</u>	<u>\$ 65,908,681</u>

Payments on the 2016 Senior Loan and the Swap are calculated using interest rates in effect on December 31, 2016.

The following is a summary of the effective interest rate calculation on CSURA's Swap Agreement for the year ended December 31, 2016:

	Counterparty Swap Payment			Interest	Total	Actual
	To	From	Net	Payments to Bank	Payments	Synthetic Rate
December 31, 2016	\$ 215,756	\$ 76,654	\$ 139,103	\$ 466,499	\$ 605,602	2.9947%

The following is a summary of CSURA's derivative for the year ended December 31, 2016:

		Net Change in Fair Value		Fair Value at December 31, 2016	
		Classification	Amount	Classification	Amount
Governmental					
Activities:	Deferred inflow		\$ 1,522,750	Asset	\$ 1,522,750

The basic terms and parties to the Swap are listed below:

Counterparty	Trade Date	Effective Date	Original Notional Amount	Termination Date	Optional Termination Date	Associated Debt Series	Payable Swap Rate	Variable Receivable Swap Rate	Fair Value at December 31, 2016
US Bank National Assoc.	8/24/2016	8/24/2016	\$ 56,000,000	12/1/2030	8/24/2026	2016 Senior Loan	1.1045%	70% 1-month LIBOR	\$ 1,522,750

The year-end fair values were calculated using the mid-market LIBOR valuations as of December 31, 2016. As of this date, the 70% of 1-month LIBOR Index rate was 0.43170%. Fair values represent the difference between the present value of the fixed payments and the present value of the floating payments, at forward floating rates as of December 31, 2016.

When the present value of payments to be made by CSURA exceeds the present value of payments to be received, the Swap has a negative value to CSURA. When the present value of payments to be received by CSURA exceeds that of payments to be made, the Swap has a positive value to CSURA.

The following risks are generally associated with the Swap:

Credit Risk - The Swap relies upon the performance of the Swap counterparty. CSURA is exposed to the risk of this counterparty being unable to fulfill its financial obligation to CSURA. CSURA measures the extent of this risk based upon the credit ratings of the counterparty and the fair value of the Swap. As of December 31, 2016, there was no risk of loss as the fair value of the Swap was positive. The Moody's rating of the counterparty as of December 31 is as follows:

Counterparty	Credit Rating 2016
US Bank National Association	Aa2

Termination Risk - Either party to the Swap may terminate the Swap if the other party fails to perform under the terms of the agreement. Further, certain credit or tax events can lead to a termination event under the Swap. If the Swap has a negative fair value at the time of the termination, CSURA could be liable to the counterparty for a payment equal to the Swap's fair value. If the Swap is terminated the associated variable rate loan would no longer be hedged with a synthetic fixed interest rate. CSURA is not aware of any existing event that would lead to a termination with respect to the Swap.

O. Tax Abatements

As a home rule city, the City Council has the authority to and has entered into Economic Development Agreements with local businesses which provide incentive payments based upon sales/use taxes and/or business personal property taxes paid by the businesses to the City. The taxes paid to the City are included in the revenue reported in these financial statements. The payments made to the businesses based upon the taxes paid are also included as expenditures in these financial statements. While the revenues and expenditures associated with these agreements are recognized by the City in accordance with City Code and included in these financial statements, per GASB 77, the substance of the agreements meet the definition of "tax abatements" as the revenues received were not available for general municipal services purposes, but rather used to effectively reduce the net tax liability of certain taxpayers per the conditions of an agreement.

The purpose of these agreements is to proactively enhance the local business climate by retaining existing businesses and jobs and to bring new companies and industries to the City. Specific agreements are formalized through various City Council Resolutions and generally require a certain level of capital expenditure and/or job creation. The agreements are not assignable and payments are subject to annual appropriation by City Council.

Companies party to an agreement must pay their respective sales/use tax or business personal property tax when due and submit documentation to the City to request the agreed-upon payment. The City reviews these submissions to verify compliance with the terms of each specific agreement and then issues the payment via check back to the company. The City reserves the right to recapture any payment paid in error and requires the company to return funds when either party becomes aware of an excess payment.

For the fiscal year ended December 31, 2016, under this program the City has "abatements" of sales/use taxes totaling \$510,158 and business personal property taxes totaling \$552,917 as follows:

Type of business	Number of Agreements	Sales/Use Tax "Abatements" (Payments based upon Sales/Use Taxes Paid)	Sales/Use Tax "Abatements" (Payments based upon Business Personal Property Taxes Paid)
Airplane/airline	1	\$ 12,578	\$ -
Hotel/Entertainment	1	87,605	-
Imaging Solutions	1	169,466	43,669
Insurance	1	91,246	1,158
Manufacturing	5	49,263	35,017
Retail sales	2	100,000	473,073
		<u>\$ 510,158</u>	<u>\$ 552,917</u>

V. OTHER INFORMATION**A. Risk Management**

The City's Risk Management division manages the insurance and self-insurance programs that have been established to respond to claims presented against City, Utilities and MHS. For workers' compensation coverage the City has purchased commercial insurance to cover losses in excess of \$750,000 per occurrence. The City pays losses less than this amount through the Workers' Compensation Self-Insurance fund and records a liability for unpaid workers' compensation claims and an estimate of claims incurred but not reported (IBNR). MHS is self-insured for workers' compensation claims up to \$750,000 per claim and maintains reinsurance covering claims in excess of \$750,000. A liability is recorded for unpaid workers' compensation claims. MHS exposure to workers' compensation claims is limited to operations prior to the lease of the system on October 1, 2012. Since October 1, 2012, MHS has had no employees.

MHS maintains malpractice insurance through a reciprocal risk retention group. The policy has a \$25,000 deductible per occurrence and provides coverage up to \$1.75 million per occurrence up to an aggregate of \$5.5 million for claims filed within the period of the policy term. MHS also has \$15 million of umbrella insurance coverage.

General liability coverage for the operations of Utilities is purchased from commercial carriers for losses in excess of \$1,000,000. General liability coverage for the Airport is purchased from commercial carriers with varying deductibles. The City and its enterprises are self-insured for general liability coverage. The Colorado Governmental Immunity Act generally provides that the maximum amount that may be recovered against entities such as the City is \$350,000 for any injury to one person in any single occurrence and \$990,000 for any injury to two or more persons in any single occurrence. A liability is recorded for claims for which City is legally obligated to pay.

The City maintains a self-insurance certificate from the State of Colorado for auto liability. The certificate renews every three years. For 2016, the City is reporting auto liability case reserves of \$64,000 and IBNR reserves of \$65,000 as reflected in the 2016 actuary report.

City has purchased property coverage to insure against loss to City property. Deductibles are paid by the General Fund or enterprise.

For medical claims coverage, the City has a reinsurance policy that provides coverage for claims in excess of \$500,000. The City pays claims less than \$500,000 through its Employee Benefits Self-Insurance fund. The City has recorded a liability for medical claims and an estimate of IBNR. Utilities is self-insured up to \$400,000 per individual for medical and self-insured for a limited dental benefit, and is fully insured for the vision plan. Utilities pays claims and associated plan expenses through its Employee Benefits Self-Insurance fund. Utilities maintains a reinsurance policy should a covered medical claim exceed \$400,000 and has a fully

funded reserve account for claims IBNR, Health Reimbursement Account (HRA) and catastrophic claims.

There were no significant reductions in insurance coverage in 2016 as compared to coverage in 2015. Additionally, there were no settlements in excess of insurance coverage in the past three fiscal years.

The following is a summary of changes in outstanding reserves for 2016. The City's liability is included in claims payable in the respective internal service funds.

	2016 <u>(in 000's)</u>	2015 <u>(in 000's)</u>
Claims liabilities, beginning of year	\$ 15,610	\$ 17,224
Increases	65,937	49,305
Decreases	<u>(52,782)</u>	<u>(50,919)</u>
Claims liabilities, end of year	<u>\$ 28,765</u>	<u>\$ 15,610</u>

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B. Donor-restricted Endowments

As of the end of 2016, the City maintained three donor-restricted endowment funds as follows:

	Fund Balance	Available for Spending
C.D. Smith Trust	\$ 1,072,384	\$ 159,504
Cemetery Endowment	9,656,960	13,393
TOPS Maintenance Trust	846,823	241,021

State law does not restrict the ability to spend net appreciation on these funds. Terms of the donation, however, restrict spending to investment earnings only. The policy for authorizing and spending investment income states that all investment earnings are available for expenditure. The amount available for spending is reported as expendable under net position restricted for endowments on the statement of net position and as restricted fund balance on the balance sheet.

C. Postemployment Benefits Other than Pensions

In accordance with City Code, the City provides retiree health care and life insurance benefits to current and future retirees of the City. Employees who terminate prior to retirement eligibility are not eligible to participate in the programs. The City provides both access to and/or subsidies for health care plans based upon the retiree's employee group, employment dates and retirement eligibility dates. Also, the level of retiree life insurance benefit coverage depends upon the retiree's final position within the City.

Retiree Health Care Benefits Program:

Access to Health Care Plans

Uniformed employees who retire from active service with the City and who begin receiving pension benefit payments are eligible to participate in the City's medical benefits plan as a retiree until the retiree reaches Medicare-eligible age, currently 65. Beginning January 1, 2011, retirees who reach age 65 and are Medicare-eligible are no longer eligible to participate in the City's medical benefit plans, but have access to the One Health (formerly Extend Health) private medical plan exchange. "Grandfathered" retirees who have reached age 65 and are not Medicare-eligible are allowed to stay on the City's medical plans.

Civilian employees who retire from active service with the City and who begin receiving pension benefit payments are not eligible to participate in the City's medical benefits plan as they have access to PERA Care. There remain a few civilian retirees who have reached the Medicare-eligible age that have access to One Health (formerly Extend Health) medical plans as they are not eligible to participate in the PERA Care plans. Both

uniformed and civilian retirees have access to the City's dental and vision benefits plans before and after they reach Medicare-eligible age.

City's Contribution to Retiree Health Care Premium Costs

Medical Plan - The City's contribution to a retiree's medical plan premium varies as follows:

Retirees that were:	City pays:
Eligible to retire prior to January 1, 1979	The retiree's medical plan premium in full.
Hired prior to August 1, 1988 and eligible to retire on or after January 1, 1979	\$91.40 per month toward the retiree medical plan premium costs, the retiree pays the balance of the premium costs.
Hired on or after August 1, 1988	Nothing toward the retiree's medical plan premium costs, retiree pays the full medical plan premium.

During 2016, these benefits were provided to 2,520 retired employees at a cost of \$2,968,201. During 2015, these benefits were provided to 2,455 retired employees at a cost of \$2,946,639. In 2014, these benefits were provided to 2,346 retired employees at a cost of \$2,956,719.

There is no direct cost to the City for those uniformed retirees that participate in the City's medical benefits plan as the retirees are responsible for their full medical plan premium cost.

Dental and Vision Plan - All retirees are required to pay the full dental and vision plan premiums should they choose to participate in the City's plans. In addition, the vision plan is not self-funded but rather fully insured.

Retiree Life Insurance Benefits Program – Upon retirement from employment with the City, the following life insurance benefits are available to the retiree:

- \$9,000 for Mayor and Mayoral Appointees
- \$6,000 for City Department Heads and other City Executives
- \$3,000 for all other City retirees

If the retirement is a disability retirement, the retiree applies for a waiver of premium through the City's carrier. If approved, the retiree receives a life insurance benefit in the amount of one and a half times his or her salary until the retiree attains the age of 65, at which point the life insurance is reduced to the amounts listed above. The City does not pay for the carrier approved waivers.

Retiree life insurance premiums were paid on behalf of 2,800 retirees for a total cost in 2016 of \$13,050. During 2015, 2,777 premiums were paid on behalf of retirees for a total cost of \$12,978. In 2014, 2,595 premiums were paid on behalf of retirees for a total cost of \$12,226. All amounts paid are equal to required contributions.

Post-retirement health and life insurance benefits are considered to be an unfunded plan since there are no dedicated assets and retiree benefits are paid annually in an amount equal to the benefits distributed or claimed in that year (pay-as-you-go basis).

Because the City's medical and dental plans are self-funded, the plan does not release a separate report. However, the benefits are accounted for under the Employee Benefits Self-Insurance Fund under the City's Internal Service Funds.

Indirect Subsidy to Retiree Health Care Costs

Per GASB 45, and as calculated by the City's biennial Other Post-Employment Benefit (OPEB) actuarial report, there is a liability to the City as the City and active members indirectly subsidize the eligible retirees' health care costs through the underwriting of the health care plans as a whole. The actuarially accrued liability related to this subsidy is estimated to be approximately \$3 million as of the January 1, 2015 report. This implicit subsidy valuation is a significant change from the previous valuation of approximately \$19 million as of the January 1, 2013 report. The difference in the actuarial valuation was primarily due to a decrease in the spread between expected retiree claims and retiree premiums.

Annual OPEB Cost and Net OPEB Obligation:

The City's and Utilities' annual OPEB cost (expense) is calculated based on the Annual Required Contribution to the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost for 2016, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 1,240,576
Interest on net OPEB obligation	600,703
Adjustment to annual required contribution	(504,852)
Annual OPEB cost (expense)	1,336,427
Contributions made	(1,716,579)
Decrease in net OPEB obligation	(380,152)
Net OPEB obligation - beginning of year	13,348,961
Net OPEB obligation - end of year	<u>\$ 12,968,809</u>

The following table shows the components of Utilities' annual OPEB cost for 2016, the amount actually contributed to the plan, and changes in Utilities' net OPEB obligation:

Annual required contribution	\$ 1,624,000
Interest on net OPEB obligation	93,000
Adjustment to annual required contribution	<u>(151,000)</u>
Annual OPEB cost (expense)	1,566,000
Contributions made	<u>(1,265,000)</u>
Increase in net OPEB obligation	301,000
Net OPEB obligation - beginning of the year	<u>2,055,000</u>
Net OPEB obligation - end of year	<u><u>\$ 2,356,000</u></u>

The City's and Utilities' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2016 and the two preceding years were as follows:

	Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
City	12/31/2014	\$ 2,541,346	65.9	\$ 13,692,338
	12/31/2015	1,338,893	125.6	13,348,961
	12/31/2016	1,336,427	128.4	12,968,809
Utilities	12/31/2014	\$ 1,501,000	86.3	\$ 1,764,000
	12/31/2015	1,568,000	81.5	2,055,000
	12/31/2016	1,566,000	80.8	2,356,000

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the City's post-retirement benefit plan as of January 1, 2015. The retiree benefits included in the actuarial valuation are the medical benefits offered to a closed group of retirees, medical benefits provided to the City's uniformed employees and the life insurance benefits offered to retirees and current active employees, the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the January 1, 2015, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% annual discount rate based on the expected rate of return for investments on employer assets, which generally consist of short-term liquid investments. The Unfunded Actuarial Accrued Liability is amortized over the maximum acceptable period of 30 years for the life benefit and average remaining lifetime of retirees for

the medical benefit on an open basis. The amortization is calculated assuming a level percentage of projected payrolls. The assumed salary growth rate used was 3.9%, with no assumed rate of inflation. The medical trend rate used beginning in 2015 was 7.0% per year, grading to 5.0% over eight years.

Utilities used a projected unit credit method. The assumptions included a 4.5% annual discount rate based on the expected rate of return for investments on employer assets, which generally consist of short-term liquid investments. The Unfunded Actuarial Accrued Liability is amortized 20 years, on a closed basis, assuming a level dollar payment. The cost trend rate applied was 7.0% graded down to ultimately 5% over eight years.

Funding Status and Funding Progress – The funded status of the plan as of January 1, 2015, the most recent actuarial valuation date was as follows:

	City OPEB Obligation	Utilities OPEB Obligation
Actuarial accrued liability (AAL)	\$ 26,737,606	\$ 20,726,000
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 26,737,606</u>	<u>\$ 20,726,000</u>
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll (active plan members)	\$ 80,339,581	\$ 8,563,000
UAAL as percentage of covered payroll	33.3%	242.0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the Notes to Financial Statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The schedule of funding progress as of January 1, 2015, the most recent actuarial valuation date was as follows:

City of Colorado Springs

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ([b-a]/c)
1/1/2011	\$ -	\$39,410,869	\$ 39,410,869	0.0	\$ 76,284,715	51.7
1/1/2013	-	40,554,203	40,554,203	0.0	72,814,000	55.7
1/1/2015	-	26,737,606	26,737,606	0.0	80,339,581	33.3

Colorado Springs Utilities

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ([b-a]/c)
1/1/2011	\$ -	\$18,602,000	\$ 18,602,000	0.0	\$15,448,000	120.4
1/1/2013	-	18,000,000	18,000,000	0.0	11,781,000	152.8
1/1/2015	-	20,726,000	20,726,000	0.0	8,563,000	242.0

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D. Commitments and Contingent Liabilities**1. Construction and Purchase Commitments**

Significant construction and purchase commitments of the City, as of December 31, 2016, are as follows (in millions):

General Fund	\$ 5.0
Non-major governmental funds	34.1
Utilities	74.6
Non-major enterprise funds	2.9

On April 27, 2016, the City entered into an Intergovernmental Agreement with Pueblo County (IGA), relating to the City's future operation of its stormwater program. The IGA included provisions requiring the City to make certain minimum expenditures for its stormwater program, including both operation and maintenance and capital improvements, a portion of which will be paid by Utilities. For calendar years 2016 through 2035, the City and Utilities agreed to expend a minimum of \$460 million, with a minimum total, annual averages, and annual minimum expenditures.

The IGA also included provisions that require a portion of these funds to be spent on capital improvement projects benefitting the City and Pueblo County.

Although the IGA does not contain express language stating that these City expenditures are subject to annual appropriation, future year City expenditures are nevertheless made subject to this appropriation limitation by Section IV (N) of the IGA. Moreover, the City is obligated under the federal Clean Water Act to operate its stormwater system in compliance with an MS4 Discharge Permit. A substantial portion of the expenditures required by the IGA will also serve to fulfill the City's obligations under the Discharge Permit and federal law.

2. Refunded Bonds

At various dates in prior years, Utilities has placed proceeds from refunding bond issues in irrevocable refunding escrow accounts. As of December 31, 2016, Utilities remains contingently liable for the outstanding principal balance of \$152,971,813 in refunded bonds.

During 2012, MHS placed available funds in irrevocable refunding escrow accounts. As of December 31, 2016, MHS remains contingently liable for the outstanding principal balance of \$77,095,000 in refunded bonds.

3. Charter Amendments

In April 1991, voters approved City Charter Amendment #3, entitled Taxpayers Bill of Rights (TABOR). In November 1992, voters adopted a similar statewide constitutional amendment. Both contain provisions which limit the amount of revenue the City may retain in any given year. TABOR permits a maximum annual percentage change in "fiscal year spending" (FYS) equivalent to the sum of inflation in the prior calendar year and annual local growth. Should actual FYS increase at a rate greater than that which the formula allows, the City must refund the "excess" in the ensuing year or seek voter approval to retain the "excess." TABOR also establishes a separate requirement for local governments that limits the increase in property tax revenue from year to year. Based upon the City's calculations, 2016 FYS exceeded the allowed amount by approximately \$8.8 million. This amount is included in the General Fund and LART fund restricted fund balance.

On November 2, 2010, the eligible electors of the City voted to amend the Charter to establish a "council-mayor" form of government having as its elective officers a Mayor and City Council. Pursuant to this form of government, the Mayor of the City is the chief executive, exercising all administrative and executive powers granted to the City, except as otherwise delegated by the City Charter. The Mayor is elected every four years and is limited to two consecutive terms. The Mayor is to be elected by a majority, and not a plurality, of votes cast for the office of Mayor according to a run-off election. John Suthers was elected as Colorado Springs' second strong Mayor in a run-off election on May 19, 2015. His term expires in 2019.

Policy-making and legislative authority are vested in the governing council (Council) consisting of nine members, all elected on a non-partisan basis. Council members serve four-year terms and are term limited to two terms. Three council members are elected at large; the remaining council members are elected from six equally-populated districts. Biennially, council members elect a President from among themselves to preside over the meetings and a President Pro Tempore to fill in when the President is absent.

4. Litigation

The City is involved as a defendant in various legal actions involving claims and litigation arising from contracts, personal injury, property damage, and other matters. It is the practice of the City to expense and record as a liability those claims where a liability has been incurred and the amount of ultimate settlement can be reasonably estimated. The City has provided for these estimated probable losses in the financial statements and, in the opinion of management, such claims and litigation will not have a material, adverse effect on the operations of the City.

5. Contingent Liabilities

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grant. Such audits could lead to reimbursements to the grantor agencies. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time. Management believes disallowances, if any, resulting from any such audits would be immaterial.

On November 9, 2016, the United States, on behalf of the Environmental Protection Agency, and the State of Colorado, on behalf of its Department of Public Health and Environment, filed a complaint against the City in the United States District Court for Colorado. The complaint seeks injunctive relief and civil penalties against the City arising from claims that the City has not complied with discharge permits for its municipal separate storm sewer system (MS4). The City has answered the complaint and intends to vigorously defend the action. Pueblo County and a conservancy district have intervened as additional plaintiffs. The City cannot at this time determine or characterize the likelihood of an unfavorable outcome or the range of any potential loss.

6. Environmental Matters

Numerous federal, state and local environmental laws and regulations affect Utilities' facilities and operations. Utilities monitors its compliance with environmental laws and regulations on an ongoing basis. Additional detailed information may be found in the separately issued Utilities financial statements.

E. Passenger Facility Charges

The Federal Aviation Administration (FAA) has approved previously filed applications of the Airport for the right to impose passenger facility charges (PFCs) on enplaned passengers at the Airport. PFC revenue is required to be used to fund FAA-approved capital projects eligible under federal legislation permitting the imposition of PFCs. The approved Airport projects include certain completed and ongoing projects such as runway and taxiway rehabilitations, security enhancements, roadway upgrades, and drainage improvements. GASB 34 requires PFCs be recognized when earned, not when received. Unspent PFC revenue is recorded in the financial statements as restricted cash and restricted net position.

F. Customer Facility Charges

The Airport has established a Rental Car Company Customer Facility Charge Policy, in accordance with the rental car concession agreements, that extends the collection of CFCs at the \$1.50 rate until December 31, 2024. Any increase in this rate will be based on the projected costs of anticipated capital projects outlined in the policy.

G. Joint Venture – Utilities

Utilities has equity interest in Young Gas Storage Company, Ltd. (Young) of 5%. Young is a Colorado limited partnership organized on June 30, 1993, to develop and operate a natural gas storage system near Fort Morgan, Colorado. Young’s natural gas storage system consists of 38 natural gas storage facility wells, a 6,000 horsepower compressor station, a natural gas processing plant, eleven miles of 20-inch transmission line and four miles of storage gathering line.

The net investment in the joint venture reported on the Statement of Net Position as of December 31, 2016 is (in 000’s):

<u>Entity</u>	<u>Amount Invested</u>	<u>Undistributed Net Earnings</u>	<u>Utilities Investment</u>
Young Gas Storage Company Ltd.	\$ 500	\$ 562	\$ 1,062

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H. Retirement Plans

The City's former or current non-uniformed and uniformed (firefighters and police officers) employees are eligible to participate in one of six defined benefit pension plans. Non-uniformed employees participate in the Public Employees' Retirement Association of Colorado (PERA) and uniformed employees participate in one of five plans administered by the Fire and Police Pension Association (FPPA). Below is a table that summarizes the net pension asset, net pension liabilities, deferred outflows and inflows, and pension expenses associated with each of the plans. More detailed notes regarding each plan follows.

	Net Pension Liability	Net Pension (Asset)	Deferred Outflows	Deferred Inflows	Pension Expense
GOVERNMENTAL ACTIVITIES					
Old Hire Fire	\$ 25,201,627	\$ -	\$ 5,264,565	\$ -	\$ 7,088,563
Old Hire Police	20,420,834	-	4,516,848	-	4,428,370
New Hire Fire	34,816,743	-	13,362,559	-	5,997,964
New Hire Police	53,979,277	-	26,208,180	4,533,948	10,972,152
PERA	111,361,418	-	30,297,220	2,722,426	10,533,766
FPPA Statewide	-	(127,525)	12,836,540	875,378	1,877,108
Total governmental activities	245,779,899	(127,525)	92,485,912	8,131,752	40,897,923
BUSINESS-TYPE ACTIVITIES					
Old Hire Fire	\$ -	\$ -	\$ -	\$ -	\$ -
Old Hire Police	-	-	-	-	-
New Hire Fire	-	-	-	-	-
New Hire Police	1,269,295	-	646,801	189,968	243,163
PERA	291,708,279	-	78,733,832	8,050,571	31,510,171
FPPA Statewide	-	-	-	-	-
Total business-type activities	292,977,574	-	79,380,633	8,240,539	31,753,334
TOTAL					
Old Hire Fire	\$ 25,201,627	\$ -	\$ 5,264,565	\$ -	\$ 7,088,563
Old Hire Police	20,420,834	-	4,516,848	-	4,428,370
New Hire Fire	34,816,743	-	13,362,559	-	5,997,964
New Hire Police	55,248,572	-	26,854,981	4,723,916	11,215,315
PERA	403,069,697	-	109,031,052	10,772,997	42,043,937
FPPA Statewide	-	(127,525)	12,836,540	875,378	1,877,108
Total	\$ 538,757,473	\$ (127,525)	\$ 171,866,545	\$ 16,372,291	\$ 72,651,257

Note: Immaterial differences may occur due to rounding

1. Non-Uniformed Employees**Defined Benefit Pension Plan**

Plan Description: The City participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by

PERA. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Title 24, Article 51, of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for LGDTF. That report may be obtained online at:

<https://www.copera.org/resources/forms-publications/2015-cafr-0>

or by writing to:

Colorado PERA
1301 Pennsylvania Street
Denver, Colorado 80203

or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

All City employees, except uniformed police and fire, are members of the LGDTF. However, the Mayor, direct reports of the Mayor, and elected officials of the City may elect to be exempt from membership in PERA. The LGDTF of PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- Value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases, the service retirement benefit is limited to 100% of highest average salary and also cannot exceed the maximum benefit allowed by Federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

On an annual basis, eligible benefit recipients receive post-retirement, cost-of-living adjustments called annual increases (AI). The AI payment month, eligibility and amounts are determined by the date the retiree or deceased member began membership in PERA. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2%, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve for the LGDTF. If PERA's overall funded status is at or above 103%, the AI cap of 2% will increase by .25% per year. If after PERA's overall funded status subsequently drops below 90%, the AI cap will decrease by .25% per year, but will never drop below 2%. The LGDTF of Colorado PERA is currently open to new entrants.

The City and its eligible employees are required to contribute to the LGDTF at a rate set by Colorado state statutes. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Eligible employees are required to contribute 8% of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	Rate (%)
Employer Contribution Rate ¹	10.00
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)
Amount Apportioned to the LGDTF ¹	8.98
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 1	2.20
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 1	1.50
Total Employer Contribution Rate to the LGDTF ¹	12.68

¹Rates are expressed as a % of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the City is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the City were \$27,723,419 for the year ended December 31, 2016.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of December 31, 2016, the City reported a liability of \$403,069,697 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 and rolled forward to December 31, 2015 using standard roll-forward techniques. The City's proportion of the net pension liability was based on the City's contributions to the LGDTF for the calendar year 2015 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2015, the City's proportion was 36.5901%, which was a decrease of .5448% from its proportion measured as of December 31, 2014.

The City and Utilities report contributions to the LGDTF independent of each other; therefore all pension related amounts, including net pension liability, deferred outflows, deferred inflows, and pension expense, are allocated from the LGDTF independently. The City allocates its portion of the LGDTF between governmental activities and business-type activities based on contributions. This allocation for the year-ended December 31, 2016 (a December 31, 2015 measurement date) was 89.5645% and 10.4355% between the governmental activities and business-type activities respectively. This allocation is an increase from the prior year in the governmental activities of .2623% and a corresponding decrease in the business-type activities. It is important to note, amounts presented in this disclosure footnote include both City and Utilities amounts combined.

For the year ended December 31, 2016 the City's pension expense related to the PERA LGDTF was \$42,043,937.

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for the PERA LGDTF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,024,173	\$ 13,904
Net difference between projected and actual earnings on pension plan investments	77,593,719	-
Changes of assumptions	-	7,382,786
Changes in proportion	689,741	3,376,307
Contributions subsequent to the measurement date	27,723,419	-
Total	<u>\$ 109,031,052</u>	<u>\$ 10,772,997</u>

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

The \$27,723,419 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Net Differences Between Expected and Actual Experience	Changes of Assumptions	Net Difference Between Projected and Actual Earnings on Investment	Net Changes in Proportion	Total Effect of Amortized Deferred Inflows/Outflows on Pension Expense
2017	\$ 2,424,828	\$ (5,953,943)	\$ 20,510,008	\$ (2,256,275)	\$ 14,724,618
2018	585,441	(1,428,843)	20,510,008	(430,291)	19,236,315
2019	-	-	20,510,008	-	20,510,008
2020	-	-	16,063,695	-	16,063,695
Total	\$ 3,010,269	\$ (7,382,786)	\$ 77,593,719	\$ (2,686,566)	\$ 70,534,636

The differences between expected and actual experience, changes of assumptions as well as the City's change in their proportion are amortized over a closed period equal to the average expected remaining service lives of active and inactive members in the plan. The LGDTF determined the average expected remaining service lives for active and inactive members at the beginning of the 2015 measurement period to be 2.24 years. The difference between expected and actual investment experience is amortized over a closed five-year period.

Actuarial assumptions: The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial cost valuation, actuarial assumptions and other inputs:

	Rate (%)
Price inflation	2.80
Real wage growth	1.10
Wage inflation	3.90
Salary increase, including wage inflation	3.9-10.85
Long-term investments rate of return, net of pension plan investment expenses, including price inflation	7.50
Future post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07	2.00
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

Changes in the assumptions or other inputs since the December 31, 2013 actuarial valuation include the following:

- Valuation of the full survivor benefit without any reduction for possible remarriage
- Reflection of the employer match on separation benefits for all eligible years
- Reflection of one year of service eligibility for survivor annuity benefit
- Refinement of the 18 month annual increase timing
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms
- Recognition of merit salary increase in the first projection year
- Elimination of the assumption that 35% of future disabled members elect to receive a refund
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year

Discount rate: The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate applied the actuarial method and assumptions shown above. In addition, the following methods and assumptions were used:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%
- Assumed that employee contributions will be made at the current contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated

amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits reserve, as appropriate. As the ad hoc post-retirement benefit increased financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e. the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e. the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on those assumptions, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

The LGDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	10 Year Expected Geometric Real Rate of Return (%)
US equity - large cap	26.76	5.00
US equity - small cap	4.40	5.19
Non US equity - developed	22.06	5.29
Non US equity - emerging	6.24	6.76
Core fixed income	24.05	0.98
High yield	1.53	2.64
Long duration gov't/credit	0.53	1.57
Emerging market bonds	0.43	3.04
Real estate	7.00	5.09
Private equity	7.00	7.15
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate:

Sensitivity of the NPL:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's proportionate share of net pension liability	\$ 617,946,947	\$ 403,069,697	\$ 224,850,250

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERA LGDTF financial reports found at

<https://www.copera.org/resources/forms-publications/2015-cafr-0>

Defined Contribution Plans

City employees, depending upon their position in the City as noted in the plan descriptions below, have access to up to three defined contribution plans: PERA 401(k), ICMA 457, ICMA 401(a).

PERA 401(k) Plan Description: The LGDTF members of the City may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Contributions are separate from others made to PERA. Title 24, Article 51, Part 14, of the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature.

PERA 401(k) Funding Policy: The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$18,000 annually for 2016 calendar year). There is a catch-up provision that allows participants 50 and older who are contributing the maximum to contribute an additional \$6,000 annually to their accounts. The City does not contribute into the PERA 401(k) plan.

ICMA 457 Plan Description: Per authority of a City Council Resolution, members of the City may also voluntarily contribute to an ICMA 457 Plan, an Internal Revenue Code of 1986 section 457. The plan is administered by ICMA Retirement Corporation and the Vantage Trust Company.

ICMA 457 Funding Policy: The ICMA 457 plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$18,000 annually for 2016 calendar year). In addition, employees are eligible to contribute an additional \$6,000 annually if they are age 50 or older. There is an additional "pre-retirement" catch-up provision that allows employees to double their 457 contributions by funding an additional \$18,000 if they are within three years of retirement. The City does not contribute into the ICMA 457 plan.

ICMA 401(a) Plan Description: Per Title 24, Article 51 of CRS, as amended, the City and Utilities provide, to certain employees the option to make a one-time irrevocable election to participate in an ICMA 401(a), a defined contribution plan, administered by ICMA Retirement Corporation, in lieu of participation in Colorado PERA.

ICMA 401(a) Funding Policy: The City contributes to the ICMA 401(a) at a rate of 10.0% of covered salary. The City's contributions to the ICMA 401(a) for the years ending December 31, 2016, 2015, and 2014 were \$74,158, \$95,188 and \$102,774 respectively.

2. Uniformed Employees**Defined Benefit Plans**

City firefighters and police officers participate in one of five different defined benefit pension plans. Membership in the various plans is dependent upon the classification of the employee (fire or police) and the start date of the employee. The five plans, administered by the Fire and Police Pension Association (FPPA), are the Old Hire Fire Pension Plan, Old Hire Police Pension Plan, New Hire Fire Pension Plan, New Hire Police Pension Plan and the Statewide Defined Benefit Plan. FPPA uses the accrual basis of accounting. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position were calculated using this basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. FPPA issues a publicly available financial report that includes financial statements and required supplementary information for FPPA. That report may be obtained online at:

<http://www.fppaco.org/PDF/annual-reports/15.annual.report.pdf>

or by writing to:

Fire and Police Pension Association of Colorado
5290 DTC Parkway, Suite 100
Greenwood Village, CO 80111-2721

or by calling FPPA at (303) 770-3772

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The following information regarding the discount rate applies to all five plans with the FPPA.

Discount Rate: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2015 are below:

Asset Class	Target Allocation (%)	10 Year Expected Geometric Real Rate of Return (%)
Global equity	37.00	6.50
Equity long/short	10.00	4.70
Illiquid alternatives	20.00	8.00
Fixed income	16.00	1.50
Absolute return	11.00	4.10
Managed futures	4.00	3.00
Cash	2.00	0.00*
Total	100.00%	

* While expected inflation exceeds the expected rate of return for cash, a 0.00% real rate of return is utilized

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from the City will be made based on actuarially determined rates based on the Board's funding policy. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all the projected future payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate determination does not use the Municipal Bond Index Rate.

Detailed information about the pension plan's fiduciary net position is available in the separately issued FPPA financial reports found at

<http://www.fppaco.org/annual-reports.html>

Old Hire Defined Benefit Pension Plans

Plan Description: The Old Hire Pension Plans, agent multiple-employer, defined benefit pension plans, are part of the Public Employee Retirement System administered by the Fire and Police Pension Association of Colorado (FPPA). There are 223 local plans associated with the FPPA Affiliated Local Plans. The Affiliated Local Plans at FPPA represent the assets of numerous separate plans that have elected to affiliate with FPPA for plan administration and investment only. Each plan has a separate plan document and actuarial valuation and is governed by its own local pension board which has the authority to amend the plan benefits, such as cost of living increases. Funding for the Old Hire Pension Plans is the sole obligation of the City.

The Old Hire Pension Plans are for sworn fire and police employees hired before April 8, 1978. These plans are closed to new employees. Any amendments to the benefit-related provisions of the Old Hire plans may be made by the Old Hire Pension Boards.

Members in the Old Hire Pension Plans may be eligible for a normal retirement pension once the employee has attained the age of 50 and has at least 25 years of service. A member eligible for a normal retirement may separate from service and be paid a monthly benefit equal to one half of the final monthly value of their eligible salary. Eligible salary includes base pay, pay based on length of service and pay for mandatory overtime and annual leave pay that is part of the member's fixed periodic compensation. Members who work beyond the normal retirement eligibility can elect one of two options:

1. Effective January 1, 1996, members may elect to have their pension contributions placed in a Separate Retirement Account (SRA) which, at their option, will be paid out at the time of retirement, together with any investment earnings or losses, provided they have worked a minimum of 24 months beyond normal retirement eligibility.
2. A member who retires on or after July 1, 1998 after serving at least one full year beyond normal retirement eligibility, shall be eligible to receive a Supplemental Retirement Pension (SRP) equal to 3% of the eligible salary based upon the rank the member occupied on the date of retirement for each full year of service beyond the normal retirement eligibility up to a maximum of six years or 18%. In order to receive the SRP, the member must formally waive and relinquish any right to any and all monies contained in his/her SRA.

Benefit increases are linked to pay increases for the active duty rank the member occupied on the date of retirement. The current Colorado law has limited the increase to 3% for benefits earned after January 1, 1980 (limited rank escalation).

Actuarial assumptions: The following actuarial assumptions apply to both of the Old Hire Pension Plans.

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	Rate (%)
Wage inflation	2.50
Salary increase, including wage inflation	4.00
Full rank escalation	3.50
Long-term investments rate of return, net of pension plan investment expenses, including price inflation	7.50

Mortality rates were based on the RP-2014 Combined Mortality Table with Blue Collar Adjustment, projected with Scale BB.

Following a regularly scheduled experience study in 2015, the Board adopted a new assumption set for first use on the December 31, 2015 valuations. The assumptions changes are incorporated into the total pension liability as of December 31, 2015.

The complete assumption set can be found in the actuarial valuation report as of December 31, 2015. The primary changes include the following:

- Price inflation changed from 3.00% to 2.50%
- Post-Retirement mortality rate was based on RP-2014 Mortality Tables for Blue Collar Employees with Scale BB.

The assumptions that are based upon the actuary's recommendations are internally consistent and reasonably based on the actual past experience of the plan.

Old Hire Fire Defined Benefit Pension Plan

The benefit recipients and members of the Old Hire Fire Pension Plan as of December 31, 2015 are as follows:

Retirees and beneficiaries	182
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There are no active or inactive, non-retired members in the plan.

Contributions to the plan are based on biennially completed actuarial valuations of the plan. The contributions for year ended December 31, 2016 were based on the actuarial valuation as of January 1, 2014. The annual required contribution is the sum of the normal

cost of the plan and the amortization of the unfunded actuarially determined liability. Employer contributions recognized by the Old Hire Fire Pension Plan from the City were \$1,639,319 for the year ended December 31, 2016.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of December 31, 2016, the City reported a liability of \$25,201,627 for the Old Hire Fire Pension Plan net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015.

For the year ended December 31, 2016, the City's pension expense related to the Old Hire Fire Pension Plan was \$7,088,563.

At December 31, 2016, the City reported deferred outflows of resources related to pensions for the Old Hire Fire Pension Plan from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 3,625,246
Contributions subsequent to the measurement date	1,639,319
Total	<u>\$ 5,264,565</u>

There were no deferred inflows of resources related to pensions recorded for the Old Hire Fire Pension Plan as of December 31, 2016.

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The \$1,639,319 reported as deferred outflows of resources related to pensions, resulting from contributions made subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Net Difference Between Projected and Actual Earnings on Investment	Total Effect of Amortized Deferred Inflows/Outflows on Pension Expense
2017	\$ 928,863	\$ 928,863
2018	928,863	928,863
2019	928,863	928,863
2020	838,657	838,657
Total	<u>\$ 3,625,246</u>	<u>\$ 3,625,246</u>

Per the GASB Statement No. 68, the difference between expected and actual investment experience is amortized over a closed five year period.

The following presents the City's net pension liability calculated using the discount rate of 7.50%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate:

Sensitivity of the NPL:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's net pension liability	\$ 34,473,966	\$ 25,201,627	\$ 17,241,511

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NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2016**

Below is a schedule of changes in the net pension liability for the Old Hire Fire Pension Plan for year ended December 31, 2016:

Total pension liability (TPL) - January 1, 2016	\$ 94,992,823
Service cost	-
Interest on the TPL	6,824,022
Benefit changes	-
Difference between expected and actual experience of the TPL	(1,442,156)
Changes in assumptions	6,312,216
Benefit payments, including refunds of employee contributions	(8,159,243)
Net change in TPL	<u>3,534,839</u>
Total pension liability - December 31, 2016	98,527,662
 Plan fiduciary net position (FNP) - January 1, 2016	 78,504,844
Employer contributions	1,639,319
Employee contributions	-
Net investment income	1,450,492
Benefit payments, including refunds of employee contributions	(8,159,243)
Pension plan administrative expense	(109,377)
Net change in FNP	<u>(5,178,809)</u>
Plan fiduciary net position - December 31, 2016	73,326,035
 Net pension liability	 <u>\$ 25,201,627</u>
 Plan fiduciary net position as a percentage of the total pension liability	 74.42%
 Covered-employee payroll	 -
 Net pension liability as a percentage of covered-employee payroll	 NA

Old Hire Police Defined Benefit Pension Plan

The benefit recipients and members of the Old Hire Police Pension Plan as of December 31, 2015 are as follows:

Retirees and beneficiaries	153
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There are no active or inactive, non-retired members in the plan.

Contributions to the plan are based on biennially completed actuarial valuations of the plan. The contributions for year ended December 31, 2016 were based on the actuarial valuation as of January 1, 2014. The annual required contribution is the sum of the normal cost of the plan and the amortization of the unfunded actuarially determined liability. Employer contributions recognized by the Old Hire Police Pension Plan from the City were \$1,466,935 for the year ended December 31, 2016.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of December 31, 2016, the City reported a liability of \$20,420,834 for the Old Hire Police Pension Plan net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015.

For the year ended December 31, 2016, the City's pension expense related to the Old Hire Police Pension Plan was \$4,428,370.

At December 31, 2016, the City reported deferred outflows of resources related to pensions for the Old Hire Police Pension Plan from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 3,049,913
Contributions subsequent to the measurement date	1,466,935
Total	<u>\$ 4,516,848</u>

There were no deferred inflows of resources related to pensions recorded for the Old Hire Police Pension Plan as of December 31, 2016.

The \$1,466,935 reported as deferred outflows of resources related to pensions, resulting from contributions made subsequent to the measurement date, will be recognized as a

reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Net Difference Between Projected and Actual Earnings on Investment	Total Effect of Amortized Deferred Inflows/Outflows on Pension Expense
2017	\$ 780,902	\$ 780,902
2018	780,902	780,902
2019	780,902	780,902
2020	707,207	707,207
Total	<u>\$ 3,049,913</u>	<u>\$ 3,049,913</u>

Per the GASB Statement No. 68 the difference between expected and actual investment experience is amortized over a closed five year period.

The following presents net pension liability calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate:

Sensitivity of the NPL:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's net pension liability	\$ 28,369,476	\$ 20,420,834	\$ 13,632,609

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NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2016**

Below is a schedule of changes in the net pension liability for the Old Hire Police Pension Plan for year ended December 31, 2016:

Total pension liability (TPL) - January 1, 2016	\$ 80,928,590
Service cost	-
Interest on the TPL	5,813,424
Benefit changes	-
Difference between expected and actual experience of the TPL	(2,591,637)
Changes in assumptions	5,094,537
Benefit payments, including refunds of employee contributions	(6,958,338)
Net change in TPL	<u>1,357,986</u>
Total pension liability - December 31, 2016	82,286,576
 Plan fiduciary net position (FNP) - January 1, 2016	 66,224,327
Employer contributions	1,466,935
Employee contributions	-
Net investment income	1,225,181
Benefit payments, including refunds of employee contributions	(6,958,338)
Pension plan administrative expense	(92,363)
Net change in FNP	<u>(4,358,585)</u>
Plan fiduciary net position - December 31, 2016	61,865,742
 Net pension liability	 <u><u>\$ 20,420,834</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	 75.18%
 Covered-employee payroll	 -
 Net pension liability as a percentage of covered-employee payroll	 NA

New Hire Defined Benefit Pension Plans

Plan Description: The New Hire Pension Plans are single-employer defined benefit plans administered by the Fire and Police Pension Association of Colorado (FPPA). Effective October 1, 2006, the New Hire Pension Plans were incorporated into the Defined Benefit System by the FPPA Board pursuant to provisions of CRS 31-31-706(2)(a). Assets of the New Hire Pension Plans are held in trust with the FPPA Board acting as trustee. As trustee, FPPA collects, invests, administers and disburses monies related to the Defined Benefit Pension Plan.

The New Hire Pension Plans are for sworn fire and police employees hired after April 8, 1978 but before October 1, 2006. These plans are closed to new employees. Any amendments to the benefit-related provisions of the New Hire Pension Plans may be made by the FPPA Board, with the consent of the City, only upon approval of at least 65% of the then active members in the plan. In 2007 and 2011, members in the New Hire Pension Plans were allowed to make a one-time irrevocable election to switch from the New Hire Pension Plans to the Statewide Defined Benefit Pension Plan effective January 1, 2012.

New Hire Pension Plan – Fire Component

Members in the New Hire Pension Plan – Fire Component (New Hire Fire Pension Plan) may be eligible for a normal retirement pension at any time after age 55, if the member has at least 25 years of service. Members who elect to retire on or after their normal retirement date shall be eligible for a monthly pension equal to 2% of final average salary (past 39 payroll periods) for each year of service for the first 10 years, plus 2.85% of the final average salary for each year of service in excess of 10 years. The maximum monthly pension is 77% and is earned upon completing 30 years of service. A member is eligible for an early retirement benefit after completion of 20 years of service and attainment of age 50. The early retirement benefit is reduced by 4.615% for each year that the member is less than age 55.

Cost-of-living adjustments begin on October 1 immediately before the retiree turns 65 or 10 years after benefits payment commence, whichever is earlier. The COLA increase reflects increases in the consumer price index but in no case can the increase be more than 3% for any one year.

Upon termination, a member may elect to have all contributions, along with 5% per annum, as interest, returned as a lump sum distribution. Alternatively, a member with at least 10 years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2% of the member's final average salary for each year of credited service for the first 10 years, plus 2.85% of final average salary for each year of credited service in excess of 10 years not to exceed 77%.

The benefit recipients and members of the New Hire Fire Pension Plan as of December 31, 2015 are as follows:

Retirees and beneficiaries	139
Inactive, non-retired members	11
Active members	130

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members within the plan as determined by the actuarial study. The City's contribution rate shall never drop below the employee rate as set by the Board of the Fire and Police Pension Association. Eligible employees are required to contribute 10% of their FPPA-includable salary. For 2016, the City's employer contribution rate was set at 17.72%. The City also contributed an additional amount into the plan of \$1,647,267. Employer contributions recognized by the New Hire Fire Pension Plan from the City were \$3,477,722 for the year ended December 31, 2016.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of December 31, 2016, the City reported a liability of \$34,816,743 for the New Hire Fire Pension Plan net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015.

For the year ended December 31, 2016, the City's pension expense related to the New Hire Fire Pension Plan was \$5,997,964.

At December 31, 2016 the City reported deferred outflows of resources and deferred inflows of resources related to pensions for the New Hire Fire Pension Plan from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 187,413
Change of assumptions	3,721,159
Net difference between projected and actual earnings on pension plan investments	5,976,265
Contributions subsequent to the measurement date	3,477,722
Total	<u>\$ 13,362,559</u>

The \$3,477,722 reported as deferred outflows of resources related to pensions, resulting from contributions made subsequent to the measurement date, will be recognized as a reduction to the net pension liability in the year ended December 31, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Differences Between Expected and Actual Experience	Changes of Assumptions	Net Difference Between Projected and Actual Earnings on Investment	Total Effect of Amortized Deferred Inflows/Outflows on Pension Expense
2017	\$ 59,838	\$ 1,043,979	\$ 1,530,011	\$ 2,633,828
2018	59,838	1,043,979	1,530,011	2,633,828
2019	59,838	1,043,979	1,530,011	2,633,828
2020	7,899	589,222	1,386,232	1,983,353
Total	<u>\$ 187,413</u>	<u>\$ 3,721,159</u>	<u>\$ 5,976,265</u>	<u>\$ 9,884,837</u>

The differences between expected and actual experience as well as changes of assumptions are amortized over a closed period equal to the average expected remaining service lives of active and inactive members in the plan. FPPA determined the average expected remaining service lives for active and inactive members at the beginning of the 2015 measurement period to be 4.5644 years. The difference between expected and actual investment experience is amortized over a closed five-year period.

Actuarial assumptions: The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	Rate (%)
Wage inflation	2.50
Salary increase, including wage inflation	4.00 - 14.00
Cost of living	2.40
Long-term investments rate of return, net of pension plan investment expenses, including price inflation	7.50

Mortality rates were based on the RP-2014 Combined Mortality Table with Blue Collar Adjustment, projected with Scale BB, 55% multiplier for off-duty mortality, increased by .00020 for on-duty related Fire and Police experience.

Following a regularly scheduled experience study in 2015, the Board adopted a new assumption set for first use on the December 31, 2015 valuations. The assumptions changes are incorporated into the total pension liability as of December 31, 2015.

The complete assumption set can be found in the actuarial valuation report as of December 31, 2015. The primary changes include the following:

- Price inflation changed from 3.00% to 2.50%
- Post-Retirement mortality rate was based on RP-2014 Mortality Tables for Blue Collar Employees with Scale BB.

The assumptions that are based upon the actuary's recommendations are internally consistent and reasonably based on the actual past experience of the plan.

The following presents the City's net pension liability calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate:

Sensitivity of the NPL:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's net pension liability	\$ 57,129,641	\$ 34,816,743	\$ 16,558,773

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NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2016**

Below is a schedule of changes in the net pension liability for the New Hire Fire Pension Plan for year ended December 31, 2016:

Total pension liability (TPL) - January 1, 2016	\$ 145,875,351
Service cost	2,350,743
Interest on the TPL	11,152,618
Benefit changes	-
Difference between expected and actual experience of the TPL	55,903
Changes in assumptions	4,765,138
Benefit payments, including refunds of employee contributions	(6,228,574)
Net change in TPL	12,095,828
Total pension liability - December 31, 2016	157,971,179
Plan fiduciary net position (FNP) - January 1, 2016	122,730,229
Employer contributions	3,437,596
Employee contributions	1,202,513
Net investment income	2,206,766
Benefit payments, including refunds of employee contributions	(6,228,574)
Pension plan administrative expense	(194,094)
Net change in FNP	424,207
Plan fiduciary net position - December 31, 2016	123,154,436
Net pension liability	<u>\$ 34,816,743</u>
Plan fiduciary net position as a percentage of the total pension liability	77.96%
Covered-employee payroll	\$ 11,910,879
Net pension liability as a percentage of covered-employee payroll	292.31%

New Hire Pension Plan – Police Component

Members in the New Hire Pension Plan – Police Component (New Hire Police Pension Plan) may be eligible for a normal retirement pension at any time after age 50, if the member has at least 25 years of service. The annual normal pension equals 2% of the member's final average salary (for the past 39 payroll periods) for each full year of credited service up to ten years plus 2.75% for each full year thereafter with a maximum benefit of 75%. A member is eligible for an early retirement benefit after completion of 20 years of service and attainment of age 45. The early retirement benefit is reduced by 7.5% for each year that the member is less than age 50.

Cost-of-living adjustments begin on October 1 immediately before the retiree turns 60 or 10 years after benefits payment commence, whichever is earlier. The COLA increase reflects increases in the consumer price index but in no case can the increase be more than 3% for any one year.

Upon termination, a member may elect to have all contributions, along with 5% per annum, as interest, returned as a lump sum distribution. Alternatively, a member with at least 10 years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 50 equal to 2% of the member's final average salary (for the past 39 payroll periods) for each full year of credited service up to ten years plus 2.75% for each full year thereafter with a maximum benefit of 75%.

The benefit recipients and members of the New Hire Police Pension Plan as of December 31, 2015 are as follows:

Retirees and beneficiaries	250
Inactive, non-retired members	21
Active members	350

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members within the plan as determined by the actuarial study. The City's contribution rate shall never drop below the employee rate as set by the Board of the Fire and Police Pension Association. Eligible employees are required to contribute 8% of their FPPA-includable salary. For 2016, the City's employer contribution rate was set at 20.00%. The City also contributed an additional amount into the plan of \$2,223,824. Employer contributions recognized by the New Hire Police Pension Plan from the City were \$7,527,908 for the year ended December 31, 2016.

The Plan is allocated between the governmental activities and the business-type activities (the Airport) based on contributions. The allocation for the year ended December 31, 2016 (a December 31, 2015 measurement date) was 97.7026% and 2.2974% between the governmental activities and the business-type activities respectively. This is an increase

from the prior year in the governmental activities of .2771% and a corresponding decrease in the business-type activities.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of December 31, 2016, the City reported a liability of \$55,248,572 for the New Hire Police Pension Plan net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015.

For the year ended December 31, 2016, the City's pension expense related to the New Hire Police Pension Plan was \$11,215,315.

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for the New Hire Police Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,620,088
Changes of assumptions	6,422,745	-
Net difference between projected and actual earnings on pension plan investments	12,800,501	-
Change in proportion	103,828	103,828
Contributions subsequent to the measurement date	7,527,907	N/A
Total	<u>\$ 26,854,981</u>	<u>4,723,916</u>

The \$7,527,907 reported as deferred outflows of resources related to pensions, resulting from contributions made subsequent to the measurement date, will be recognized as a reduction to the net pension liability in the year ended December 31, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Differences Between Expected and Actual Experience	Changes of Assumptions	Net Difference Between Projected and Actual Earnings on Investment	Total Effect of Amortized Deferred Inflows/Outflows on Pension Expense
2017	\$ (1,115,249)	\$ 1,516,730	\$ 3,277,060	\$ 3,678,541
2018	(1,115,249)	1,516,730	3,277,060	3,678,541
2019	(1,115,249)	1,516,730	3,277,058	3,678,539
2020	(1,065,324)	1,516,730	2,969,323	3,420,729
2021	(209,017)	355,825	-	146,808
Total	<u>\$ (4,620,088)</u>	<u>\$ 6,422,745</u>	<u>\$ 12,800,501</u>	<u>\$ 14,603,158</u>

The differences between expected and actual experience as well as changes of assumptions are amortized over a closed period equal to the average expected remaining service lives of active and inactive members in the plan. FPPA determined the average expected remaining service lives for active and inactive members at the beginning of the 2015 measurement period to be 5.2346 years. The difference between expected and actual investment experience is amortized over a closed five-year period.

Actuarial assumptions: The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	Rate (%)
Wage inflation	2.50
Salary increase, including wage inflation	4.00 - 14.00
Long-term investments rate of return, net of pension plan investment expenses, including price inflation	7.50
Cost of living	2.60

Mortality rates were based on the RP-2014 Combined Mortality Table with Blue Collar Adjustment, projected with Scale BB, 55% multiplier for off-duty mortality, increased by .00020 for on-duty related Fire and Police experience.

Following a regularly scheduled experience study in 2015, the Board adopted a new assumption set for first use on the December 31, 2015 valuations. The assumptions changes are incorporated into the total pension liability as of December 31, 2015.

The complete assumption set can be found in the actuarial valuation report as of December 31, 2015. The primary changes include the following:

- Price inflation changed from 3.00% to 2.50%

- Post-Retirement mortality rate was based on RP-2014 Mortality Tables for Blue Collar Employees with Scale BB.

The assumptions that are based upon the actuary's recommendations are internally consistent and reasonably based on the actual past experience of the plan.

The following presents net pension liability calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate:

Sensitivity of the NPL:

	1% Decrease	Current	1% Increase
	6.50%	Discount Rate 7.50%	8.50%
City's net pension liability	\$ 103,822,724	\$ 55,248,572	\$ 15,924,166

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NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2016**

Below is a schedule of changes in the net pension liability for the New Hire Police Pension Plan for year ended December 31, 2016:

Total pension liability (TPL) - January 1, 2016	\$ 297,810,707
Service cost	6,291,613
Interest on the TPL	22,785,151
Benefit changes	-
Difference between expected and actual experience of the TPL	(4,663,822)
Changes in assumptions	7,939,475
Benefit payments, including refunds of employee contributions	(10,187,956)
Net change in TPL	22,164,461
Total pension liability - December 31, 2016	319,975,168
Plan fiduciary net position (FNP) - January 1, 2016	260,252,124
Employer contributions	7,916,242
Employee contributions	2,493,427
Net investment income	4,665,140
Benefit payments, including refunds of employee contributions	(10,187,956)
Pension plan administrative expense	(412,381)
Net change in FNP	4,474,472
Plan fiduciary net position - December 31, 2016	264,726,596
Net pension liability	<u>\$ 55,248,572</u>
Plan fiduciary net position as a percentage of the total pension liability	82.73%
Covered-employee payroll	\$ 28,615,723
Net pension liability as a percentage of covered-employee payroll	193.07%

Statewide Defined Benefit Pension Plan

Plan Description: The Statewide Defined Benefit Plan is cost-sharing multiple-employer defined benefit plan covering a substantial number of full-time employees of participating fire or police departments in the State of Colorado hired after April 8, 1978, provided that they are not already covered by a statutorily exempt plan. As of August 1, 2013, the Statewide Pension Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Statewide Pension Plan became effective January 1, 1980 and currently has 212 participating employer fire and police departments. Effective January 1, 1988, employers cannot withdraw from the plan per Colorado state statutes.

The Statewide Pension Plan is for City sworn fire and police employees hired after October 1, 2006. This plan is open to new employees. Any amendments to the benefit-related provisions of the Statewide Pension Plan may be made by the FPPA Board, only upon approval of at least 65% of the then active members in the plan with the exception of retirement age. Colorado state statutes were amended to allow the FPPA Board to change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The amended statutes state that retirement age should be no less than age 55 and no greater than age 60.

Members in the Statewide Pension Plan may be eligible for a normal retirement pension at any time after age 55, if the member has at least 25 years of service. The annual normal pension equals 2% of the member's highest three years' base salary year of credited service up to ten years, plus 2.5% for each year of service thereafter. A member is eligible for an early retirement benefit after completion of 30 years of service and attainment of age 50. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis.

Cost-of-living adjustments begin in October annually. The COLA increase reflects increases in the consumer price index but in no case can the increase be more than 3% for any one year.

Upon termination, a member may elect to have all contributions, along with 5% per annum, as interest, returned as a lump sum distribution. Alternatively, a member with at least 5 years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2% of the member's highest three years' base salary for each full year of credited service up to ten years plus 2.5% for each full year thereafter.

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members within the plan as determined by the actuarial study. The contribution rates for this plan are set by state statute. Employer contribution rates can only be changed by amending state statute. Member contribution rates can be amended by state statute or by election of the membership. In 2014, the members elected to increase the member contribution rate to the plan beginning in 2015. Member contribution rates will increase by .5% annually through 2022 to a total of 12% of base salary. Employer contributions will remain at 8%. Eligible employees contributed 9.0% of their FPPA-includable salary with the employer contribution rate at 8%. Employer contributions recognized by the Statewide Pension Plan from the City were \$3,158,425 for the year ended December 31, 2016.

Net Pension Asset, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of December 31, 2016, the City reported an asset of \$127,525 as its proportionate share of the Statewide Pension Plan net pension asset. The net pension asset was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The City's proportion of the net pension liability was based on the City's contributions in relation to all participating employers in the plan.

At December 31, 2015, the City's proportion was 7.2340%, which was an increase of .2172% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the City's pension expense related to the Statewide Pension Plan was \$1,877,108.

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for the Statewide Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,031,381	\$ 150,561
Changes of assumptions	2,003,058	-
Net difference between projected and actual earnings on pension plan investments	6,490,420	
Changes in proportion	153,256	724,817
Contributions subsequent to the measurement date	3,158,425	N/A
Total	<u>\$ 12,836,540</u>	<u>\$ 875,378</u>

The \$3,158,425 reported as deferred outflows of resources related to pensions, resulting from contributions made subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Net Differences Between Expected and Actual Experience	Changes of Assumptions	Net Difference Between Projected and Actual Earnings on Investment	Net Changes in Proportion	Total Effect of Amortized Deferred Inflows/Outflows on Pension Expense
2017	\$ 94,387	\$ 217,527	\$ 1,662,836	\$ (66,204)	\$ 1,908,546
2018	94,387	217,527	1,662,835	(66,204)	1,908,545
2019	94,387	217,527	1,662,835	(66,204)	1,908,545
2020	94,387	217,527	1,501,914	(66,204)	1,747,624
2021	94,387	217,527	-	(66,204)	245,710
Thereafter	408,885	915,423	-	(240,541)	1,083,767
Total	<u>\$ 880,820</u>	<u>\$ 2,003,058</u>	<u>\$ 6,490,420</u>	<u>\$ (571,561)</u>	<u>\$ 8,802,737</u>

The differences between expected and actual experience, changes of assumptions as well as the City's change in their proportion are amortized over a closed period equal to the average expected remaining service lives of active and inactive members in the plan. FPPA determined the average expected remaining service lives for active and inactive members at the beginning of the 2015 measurement period to be 10.2083 years. The difference between expected and actual investment experience is amortized over a closed five-year period.

Actuarial assumptions: The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	Rate (%)
Wage inflation	2.50
Salary increase, including wage inflation	4.00 - 14.00
Cost of living	0.00
Long-term investments rate of return, net of pension plan investment expenses, including price inflation	7.50

Mortality rates were based on the RP-2014 Combined Mortality Table with Blue Collar Adjustment, projected with Scale BB, 55% multiplier for off-duty mortality, increased by .00020 for on-duty related Fire and Police experience.

Following a regularly scheduled experience study in 2015, the Board adopted a new assumption set for first use on the December 31, 2015 valuations. The assumptions changes are incorporated into the total pension liability as of December 31, 2015.

The complete assumption set can be found in the actuarial valuation report as of December 31, 2015. The primary changes include the following:

- Price inflation changed from 3.00% to 2.50%
- Post-Retirement mortality rate was based on RP-2014 Mortality Tables for Blue Collar Employees with Scale BB.

The assumptions that are based upon the actuary's recommendations are internally consistent and reasonably based on the actual past experience of the plan.

The following presents the City's proportionate share net pension liability (asset) calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate:

Sensitivity of the NPL or (NPA):

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's proportionate share of net pension liability (asset)	\$ 17,864,383	\$ (127,525)	\$ (15,051,194)

Defined Contribution Plan

Statewide Money Purchase Plan Description: Per Senate Bill 15-028, Fire and Police Chiefs are allowed to opt out of participation in the defined benefit plans into an alternative pension plan. The alternative pension plan must be the FPPA Statewide Hybrid Plan, the Statewide Money Purchase Plan or a locally administered money purchase plan. The Statewide Money Purchase Plan is a qualified defined contribution plan under section 401(a) of the IRS code of 1986.

Statewide Money Purchase Plan Funding Policy: The minimum combined employer and employee contribution rate is 16% of covered salary. The City has chosen to split that rate evenly between the City and employee, each contributing 8%. The City contributions to the FPPA Statewide Money Purchase Plan for the year ending December 31, 2016 were \$13,447. There were no contributions to the plan in 2014 or 2015.

457 Plan Description: Per authority of a City Council Resolution, uniformed members of the City may also voluntarily contribute to an ICMA or a FPPA 457 Plan, an Internal Revenue Code of 1986 section 457. The ICMA plan is administered by ICMA Retirement Corporation and the Vantage Trust Company and the FPPA plan is administered by Fire and Police Pension Association.

457 Funding Policy: The ICMA and FPPA 457 plans are funded by voluntary member contributions of up to a maximum limit set by the IRS (\$18,000 annually for 2016 calendar year). In addition, employees are eligible to contribute an additional \$6,000 annually if they are age 50 or older. There is an additional "pre-retirement" catch-up provision that allows employees to double their 457 contributions by funding an additional \$18,000 if they are within three years of retirement. The City does not contribute into the ICMA or FPPA 457 plans.

I. Accounting Changes

The City adopted GASB Statement No. 72, *A Fair Value Measurement and Application*. The objective of GASB Statement No. 72 was to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance and enhancing disclosures about fair value measurements. Disclosures related to the implementation of GASB Statement No. 72 can be found in Note IV.A.

The City adopted GASB Statement No. 77, *Tax Abatement Disclosures*. The objective of GASB Statement No. 77 was to provide financial statement users with information about the reduction in tax revenues as a result of tax abatement programs. The statement defines a tax abatement as a reduction in revenue resulting from an agreement between the government and an individual/entity in which the government agrees to forgo tax revenues to which they are entitled and the individual/entity promises to take specific action which contributes to economic development or other benefits to the government or its citizens. Disclosures related to the implementation of GASB Statement No. 77 can be found in Note IV.O.

J. Subsequent Events

On November 8, 2016, Council approved changes to the electric, water and wastewater rate schedules effective January 1, 2017. On January 24, 2017, Council approved changes to the gas cost adjustment rate effective February 1, 2017. On February 28, 2017, Council approved changes to the electric cost adjustment rate effective March 1, 2017.

In April 2017, voters approved a ballot issue authorizing the City to retain and spend up to \$6 million of revenues which exceed amounts otherwise authorized for retention in 2016 and 2017 under the City's Taxpayer's Bill of Rights requirements. These funds may only be used for specific stormwater projects located within the City limits. Any additional excess will be refunded to taxpayers.

In April 2017, the CSURA issued \$39 million in Colorado Springs Urban Renewal Authority Tax Increment Revenue Bonds, Series 2017. These bonds were issued to finance the United States Olympic Museum and Hall of Fame project and certain related infrastructure.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
Period ending December 31,

CITY OF COLORADO SPRINGS
COLORADO
EXHIBIT 15
(PAGE 1 OF 2)

Colorado PERA Local Government Division Trust Fund

	<u>2016</u>	<u>2015</u>
Proportionate share of total pension liability	\$ 1,742,453,960	\$ 1,725,945,784
Proportionate share of fiduciary net position	(1,339,384,263)	(1,393,102,634)
Proportionate share of net pension liability	\$ 403,069,697	\$ 332,843,150
 Fiduciary net position as a percentage of total pension liability	 76.87%	 80.72%
 Covered employee payroll	 \$ 208,704,241	 \$ 204,135,871
 Net pension liability as a percentage of covered employee payroll	 193.13%	 163.05%
 Proportion of net pension liability	 36.5901%	 37.1349%

Notes to the Required Supplementary Information

There were no significant changes to benefit assumptions and/or actuarial methods for the year ended December 31, 2015, the plan measurement date.

* Information determined under the provisions of GASB 68 is not available for years prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the City's most recent fiscal year-end (December 31) in accordance with GASB Statement No. 68.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S CONTRIBUTIONS
Last fiscal year ending December 31,

CITY OF COLORADO SPRINGS
COLORADO
EXHIBIT 15
(PAGE 2 OF 2)

Colorado PERA Local Government Division Trust Fund

	Statutorily Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contributions as a % of Covered Payroll
2016	\$ 27,723,419	\$ 27,723,419	\$ -	\$ 216,649,184	12.80
2015	26,548,367	26,548,367	-	208,704,241	12.72

Notes to the Required Supplementary Information

There were no significant changes to benefit assumptions and/or actuarial methods for the year ended December 31, 2015, the plan measurement date.

* Information determined under the provisions of GASB 68 is not available for years prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the City's most recent fiscal year-end (December 31) in accordance with GASB Statement No. 68.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CHANGES IN THE
CITY'S NET PENSION LIABILITY
Last measurement period ending December 31,

CITY OF COLORADO SPRINGS
COLORADO
EXHIBIT 16
(PAGE 1 OF 4)

Old Hire Fire Defined Benefit Pension Plan

	2016	2015
Total Pension Liability (TPL) - January 1	\$ 94,992,823	\$ 96,220,416
Service cost	-	-
Interest on the TPL	6,824,022	6,916,644
Benefit changes	-	-
Difference between expected and actual experience of the TPL	(1,442,156)	-
Changes in assumptions	6,312,216	-
Benefit payments, including refunds of employee contributions	(8,159,243)	(8,144,237)
Net change in TPL	3,534,839	(1,227,593)
Total Pension Liability - December 31	98,527,662	94,992,823
Plan Fiduciary Net Position (FNP) - January 1	78,504,844	80,007,825
Employer contributions	1,639,319	1,467,740
Employee contributions	-	-
Net investment income	1,450,492	5,299,069
Benefit payments, including refunds of employee contributions	(8,159,243)	(8,144,237)
Pension plan administrative expense	(109,377)	(125,553)
Net change in FNP	(5,178,809)	(1,502,981)
Plan Fiduciary Net Position - December 31	73,326,035	78,504,844
Net pension liability	<u>\$ 25,201,627</u>	<u>\$ 16,487,979</u>
Fiduciary net position as a percentage of total pension liability	74.42%	82.64%
Covered employee payroll	\$ -	\$ -
Net pension liability as a percentage of covered employee payroll	N/A	N/A

Notes to the Required Supplementary Information

The primary changes in assumptions for 2016 include

* Price inflation changed from 3.00% to 2.50%

* Post-retirement mortality rate was based on RP-2014 mortality tables for blue collar employees with scale BB.

* Information determined under the provisions of GASB 68 is not available for years prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the City's measurement date (December 31 of year prior to the most recent fiscal year-end) of the net pension liability in accordance with GASB Statement No. 68.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S CONTRIBUTIONS
Last fiscal year ending December 31,

CITY OF COLORADO SPRINGS
COLORADO
EXHIBIT 16
(PAGE 2 OF 4)

Old Hire Fire Defined Benefit Pension Plan

	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contributions as a % of Covered Payroll
2016	\$ 1,639,319	\$ 1,639,319	\$ -	\$ -	NA
2015	1,639,319	1,639,319	-	-	NA

Notes to the Required Supplementary Information

Valuation date: January 1, 2014

Methods and assumptions used to determine contributions

Actuarial cost method	Entry age
Amortization method	Level dollar, open
Remaining amortization period	19 years
Inflation	3.00%
Salary increase	4.00%
Discount rate	7.50%
Cost of living adjust/Full rank escalation	3.50%
Asset valuation method	5-year smoothed fair value
Retirement age	50 years of age
Mortality	Rates were based on RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected Scale AA
Benefit changes	none

There are no significant changes to benefit assumptions and/or actuarial methods

* Information determined under the provisions of GASB 68 is not available for years prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the City's measurement date (December 31 of year prior to the most recent fiscal year-end) of the net pension liability in accordance with GASB Statement No. 68.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CHANGES IN THE
CITY'S NET PENSION LIABILITY
Last measurement period ending December 31,

CITY OF COLORADO SPRINGS
COLORADO
EXHIBIT 16
(PAGE 3 OF 4)

Old Hire Police Defined Benefit Pension Plan

	2016	2015
Total Pension Liability (TPL) - January 1	\$ 80,928,590	\$ 81,933,276
Service cost	-	-
Interest on the TPL	5,813,424	5,891,079
Benefit changes	-	-
Difference between expected and actual experience of the TPL	(2,591,637)	-
Changes in assumptions	5,094,537	-
Benefit payments, including refunds of employee contributions	(6,958,338)	(6,895,765)
Net change in TPL	1,357,986	(1,004,686)
Total Pension Liability - December 31	82,286,576	80,928,590
Plan Fiduciary Net Position (FNP) - January 1	66,224,327	67,207,764
Employer contributions	1,466,935	1,541,080
Employee contributions	-	6,534
Net investment income	1,225,181	4,471,258
Benefit payments, including refunds of employee contributions	(6,958,338)	(6,895,765)
Pension plan administrative expense	(92,363)	(106,544)
Net change in FNP	(4,358,585)	(983,437)
Plan Fiduciary Net Position - December 31	61,865,742	66,224,327
Net pension liability	\$ 20,420,834	\$ 14,704,263
Fiduciary net position as a percentage of total pension liability	75.18%	81.83%
Covered employee payroll	\$ -	\$ 61,878
Net pension liability as a percentage of covered employee payroll	NA	23763.31%

Notes to the Required Supplementary Information

The primary changes in assumptions for 2016 include

* Price inflation changed from 3.00% to 2.50%

* Post-retirement mortality rate was based on RP-2014 mortality tables for blue collar employees with scale BB.

* Information determined under the provisions of GASB 68 is not available for years prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the City's measurement date (December 31 of year prior to the most recent fiscal year-end) of the net pension liability in accordance with GASB Statement No. 68.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S CONTRIBUTIONS
Last fiscal year ending December 31,

CITY OF COLORADO SPRINGS
COLORADO
EXHIBIT 16
(PAGE 4 OF 4)

Old Hire Police Defined Benefit Pension Plan

	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contributions as a % of Covered Payroll
2016	\$ 1,466,935	\$ 1,466,935	\$ -	\$ -	NA
2015	1,466,935	1,466,935	-	-	NA

Notes to the Required Supplementary Information

Valuation date: January 1, 2014

Methods and assumptions used to determine contributions

Actuarial cost method	Entry age
Amortization method	Level dollar, open
Remaining amortization period	19 years
Inflation	3.00%
Salary increase	4.00%
Discount rate	7.50%
Cost of living adjust/Full rank escalation	3.50%
Asset valuation method	5-year smoothed fair value
Retirement age	50 years of age
Mortality	Rates were based on RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected Scale AA
Benefit changes	none

There are no significant changes to benefit assumptions and/or actuarial methods

* Information determined under the provisions of GASB 68 is not available for years prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the City's most recent fiscal year-end (December 31) in accordance with GASB Statement No. 68.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CHANGES IN THE
CITY'S NET PENSION LIABILITY
Last measurement period ending December 31,

CITY OF COLORADO SPRINGS
COLORADO
EXHIBIT 17
(PAGE 1 OF 4)

New Hire Pension Plan - Fire Component

	2016	2015
Total Pension Liability (TPL) - January 1	\$ 145,875,351	\$ 138,255,953
Service cost	2,350,743	2,436,526
Interest on the TPL	11,152,618	10,261,170
Benefit changes	-	-
Difference between expected and actual experience of the TPL	55,903	238,938
Changes in assumptions	4,765,138	-
Benefit payments, including refunds of employee contributions	(6,228,574)	(5,317,236)
Net change in TPL	12,095,828	7,619,398
Total Pension Liability - December 31	157,971,179	145,875,351
Plan Fiduciary Net Position (FNP) - January 1	122,730,229	115,691,126
Employer contributions	3,437,596	3,341,129
Employee contributions	1,202,513	1,278,915
Net investment income	2,206,766	7,924,723
Benefit payments, including refunds of employee contributions	(6,228,574)	(5,317,236)
Pension plan administrative expense	(194,094)	(195,429)
Other	-	7,001
Net change in FNP	424,207	7,039,103
Plan Fiduciary Net Position - December 31	123,154,436	122,730,229
Net pension liability	\$ 34,816,743	\$ 23,145,122
Fiduciary net position as a percentage of total pension liability	77.96%	84.13%
Covered employee payroll	\$ 11,910,879	\$ 12,789,129
Net pension liability as a percentage of covered employee payroll	292.31%	180.97%

Notes to the Required Supplementary Information

The primary changes in assumptions for 2016 include

- * Price inflation changed from 3.00% to 2.50%
- * Post-retirement mortality rate was based on RP-2014 mortality tables for blue collar employees with scale BB.

* Information determined under the provisions of GASB 68 is not available for years prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the City's measurement date (December 31 of year prior to the most recent fiscal year-end) of the net pension liability in accordance with GASB Statement No. 68.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S CONTRIBUTIONS
Last fiscal year ending December 31,

New Hire Pension Plan - Fire Component

	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contributions as a % of Covered Payroll
2016	\$ 3,477,722	\$ 3,477,722	\$ -	\$ 10,367,032	33.55%
2015	3,444,712	3,444,712	-	11,910,879	28.92

Notes to the Required Supplementary Information

Valuation date: January 1, 2014

Methods and assumptions used to determine contributions

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	24 years
Inflation	3.00%
Salary increase	4.00 - 14.00% including inflation
Discount rate	7.50%
Asset valuation	5 year smoothed fair value
Retirement age	Age based rates for members with more than 25 years combined service & age starting at age 50 with 100% at age 60 years
Mortality	Rates were based on RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected Scale AA 40% multiplier for off-duty mortality increased by .00020 for on-duty Fire and Police experience
Benefit changes	None

There are no significant changes to benefit assumptions and/or actuarial methods

* Information determined under the provisions of GASB 68 is not available for years prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the City's measurement date (December 31 of year prior to the most recent fiscal year-end) of the net pension liability in accordance with GASB Statement No. 68.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CHANGES IN THE
CITY'S NET PENSION LIABILITY
Last measurement period ending December 31,

CITY OF COLORADO SPRINGS
COLORADO
EXHIBIT 17
(PAGE 3 OF 4)

New Hire Pension Plan - Police Component

	2016	2015
Total Pension Liability (TPL) - January 1	\$ 297,810,707	\$ 281,166,840
Service cost	6,291,613	6,226,828
Interest on the TPL	22,785,151	20,973,736
Benefit changes	-	-
Difference between expected and actual experience of the TPL	(4,663,822)	(1,295,803)
Changes in assumptions	7,939,475	-
Benefit payments, including refunds of employee contributions	(10,187,956)	(9,260,894)
Net change in TPL	22,164,461	16,643,867
Total Pension Liability - December 31	319,975,168	297,810,707
Plan Fiduciary Net Position (FNP) - January 1	260,252,125	242,667,157
Employer contributions	7,916,242	7,728,841
Employee contributions	2,493,427	2,830,620
Net investment income	4,665,140	16,694,742
Benefit payments, including refunds of employee contributions	(10,187,956)	(9,260,894)
Pension plan administrative expense	(412,382)	(408,341)
Net change in FNP	4,474,471	17,584,968
Plan Fiduciary Net Position - December 31	264,726,596	260,252,125
Net pension liability	\$ 55,248,572	\$ 37,558,582
Fiduciary net position as a percentage of total pension liability	82.73%	87.39%
Covered employee payroll	\$ 28,615,723	\$ 30,066,196
Net pension liability as a percentage of covered employee payroll	193.07%	124.92%

Notes to the Required Supplementary Information

The primary changes in assumptions for 2016 include

* Price inflation changed from 3.00% to 2.50%

* Post-retirement mortality rate was based on RP-2014 mortality tables for blue collar employees with scale BB.

* Information determined under the provisions of GASB 68 is not available for years prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the City's measurement date (December 31 of year prior to the most recent fiscal year-end) of the net pension liability in accordance with GASB Statement No. 68.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S CONTRIBUTIONS
Last fiscal year ending December 31,

New Hire Pension Plan - Police Component

	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contributions as a % of Covered Payroll
2016	\$ 7,527,907	\$ 7,527,907	\$ -	\$ 26,439,948	28.47%
2015	7,969,055	7,969,055	-	28,615,723	27.85

Notes to the Required Supplementary Information

Valuation date: January 1, 2014

Methods and assumptions used to determine contributions

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	24 years
Inflation	3.00%
Salary increase	4.00 - 14.00% including inflation
Discount rate	7.50%
Asset valuation	5 year smoothed fair value
Retirement age	Age based rates for members with more than 25 years combined service & age starting at age 50 with 100% at age 55 years
Mortality	Rates were based on RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected Scale AA 40% multiplier for off-duty mortality increased by .00020 for on-duty Fire and Police experience
Benefit changes	None

There are no significant changes to benefit assumptions and/or actuarial methods

* Information determined under the provisions of GASB 68 is not available for years prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the City's measurement date (December 31 of year prior to the most recent fiscal year-end) of the net pension liability in accordance with GASB Statement No. 68.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (ASSET)
Period ending December 31,

CITY OF COLORADO SPRINGS
COLORADO
EXHIBIT 18
(PAGE 1 OF 2)

Fire & Police Pension Association Statewide Defined Benefit Pension Plan

	<u>2016</u>	<u>2015</u>
Proportionate share of total pension liability	\$ 133,609,555	\$ 115,980,297
Proportionate share of fiduciary net position	(133,737,080)	(123,899,253)
Proportionate share of net pension asset	\$ (127,525)	\$ (7,918,956)
 Fiduciary net position as a percentage of total pension liability	 100.10%	 106.83%
 Covered employee payroll	 \$ 35,068,719	 \$ 31,535,933
 Net pension asset as a percentage of covered employee payroll	 0.36%	 25.11%
 Proportion of net pension asset	 7.2340%	 7.0168%

Notes to the Required Supplementary Information

The primary changes in assumptions for 2016 include

- * Price inflation changed from 3.00% to 2.50%
- * Post-retirement mortality rate was based on RP-2014 mortality tables for blue collar employees with scale BB.

* Information determined under the provisions of GASB 68 is not available for years prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the City's measurement date (December 31 of year prior to the most recent fiscal year-end) of the net pension liability in accordance with GASB Statement No. 68.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S CONTRIBUTIONS
Last fiscal year ending December 31,

Fire & Police Pension Association Statewide Defined Benefit Pension Plan

	Statutorily Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contributions as a % of Covered Payroll
2016	\$ 3,158,425	\$ 3,158,425	\$ -	\$ 38,790,638	8.14%
2015	2,976,381	2,976,381	-	35,068,719	8.49

Notes to the Required Supplementary Information

Beginning in 2015, members elected to increase member contribution rates by 0.50% annually through 2022 when the contribution rate will reach 12.00%. Employer contribution rates will remain at 8.00%. There are no significant changes to benefit assumptions and/or actuarial methods

* Information determined under the provisions of GASB 68 is not available for years prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the City's measurement date (December 31 of year prior to the most recent fiscal year-end) of the net pension liability in accordance with GASB Statement No. 68.

SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
December 31, 2016

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 19

City of Colorado Springs

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
1/1/2011	\$ -	\$ 39,410,869	\$ 39,410,869	0.0	\$ 76,284,715	51.7
1/1/2013	-	40,554,203	40,554,203	0.0	72,814,000	55.7
1/1/2015	-	26,737,606	26,737,606	0.0	80,339,581	33.3

Colorado Springs Utilities

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
1/1/2011	\$ -	\$ 18,602,000	\$ 18,602,000	0.0	\$ 15,448,000	120.4
1/1/2013	-	18,000,000	18,000,000	0.0	11,781,000	152.8
1/1/2015	-	20,726,000	20,726,000	0.0	8,563,000	242.0

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

PROPRIETARY FUNDS
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL COMPARISON
For the year ended December 31, 2016

	Colorado Springs Utilities		
	Final Budget	Actual	Variance
Operating revenues	\$ 904,876,000	\$ 793,293,000	\$ (111,583,000)
Operating expenses			
Salaries and benefits	203,575,000	207,499,730	(3,924,730)
Other operating expenses	342,865,000	288,249,270	54,615,730
Depreciation and amortization	156,548,000	129,694,000	26,854,000
Total operating expenses	702,988,000	625,443,000	77,545,000
Operating income	201,888,000	167,850,000	(34,038,000)
Nonoperating revenues (expenses)			
Derivative instruments	-	19,107,000	19,107,000
Investment earnings	605,000	3,126,000	2,521,000
Lease interest income	-	-	-
Interest expense	(74,909,000)	(86,168,000)	(11,259,000)
Amortization expense	-	-	-
Increase in contingent liabilities	-	-	-
Miscellaneous	8,544,000	15,051,000	6,507,000
Total nonoperating revenues (expenses)	(65,760,000)	(48,884,000)	16,876,000
Income (loss) before contributions, transfers, and special item	136,128,000	118,966,000	(17,162,000)
Capital contributions	34,208,000	52,833,000	18,625,000
Transfers - out	(33,978,000)	(31,536,000)	2,442,000
Special item - asset impairment	-	(9,811,000)	(9,811,000)
Increase (decrease) in net position	\$ 136,358,000	\$ 130,452,000	\$ (5,906,000)

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit A-1**

Public Authority for Colorado Energy			Memorial Hospital		
Budget	Actual	Variance	Budget	Actual	Variance
\$ 48,654,159	\$ 48,654,000	\$ (159)	\$ -	\$ -	\$ -
-	-	-	-	-	-
18,972,863	18,961,000	11,863	-	-	-
-	-	-	-	-	-
18,972,863	18,961,000	11,863	-	-	-
29,681,296	29,693,000	11,704	-	-	-
-	-	-	-	-	-
933,445	934,000	555	100,000	59,288	(40,712)
-	-	-	5,612,112	3,116,181	(2,495,931)
(40,762,405)	(40,764,000)	(1,595)	-	-	-
(820,270)	(820,000)	270	-	-	-
-	-	-	-	(2,619,715)	(2,619,715)
-	-	-	(5,712,112)	(555,754)	5,156,358
(40,649,230)	(40,650,000)	(770)	-	-	-
(10,967,934)	(10,957,000)	10,934	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ (10,967,934)	\$ (10,957,000)	\$ 10,934	\$ -	\$ -	\$ -



NON-MAJOR GOVERNMENTAL FUNDS

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2016**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit B-1**

	Special Revenue Funds	Capital Projects Fund	Permanent Funds	Total
<u>ASSETS</u>				
Cash and investments	\$ 55,168,462	\$ 20,854,933	\$ 413,918	\$ 76,437,313
Accounts receivable (net of allowance for uncollectibles)	23,264,222	-	-	23,264,222
Sales tax receivable	9,782,392	-	-	9,782,392
Loans receivable (net of allowance for uncollectibles)	7,064,261	-	-	7,064,261
Property taxes receivable	3,461,037	-	-	3,461,037
Due from other funds	4,600	43,121	-	47,721
Restricted investments	500,000	-	11,162,249	11,662,249
Total assets	99,244,974	20,898,054	11,576,167	131,719,195
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	9,268,710	1,757,779	-	11,026,489
Accrued salaries and benefits	1,211,444	-	-	1,211,444
Deposits payable	2,249,614	-	-	2,249,614
Due to other funds	1,841,694	3,347,721	-	5,189,415
Unearned revenue				
Grants	18,183,300	-	-	18,183,300
Total liabilities	32,754,762	5,105,500	-	37,860,262
Deferred inflows of resources				
Unavailable revenue - property taxes	3,461,037	-	-	3,461,037
Unavailable revenue - loans (net of allowance for uncollectibles)	7,064,261	-	-	7,064,261
Total deferred inflows of resources	10,525,298	-	-	10,525,298
Fund balances				
Nonspendable	-	-	11,162,249	11,162,249
Restricted	47,670,434	-	413,918	48,084,352
Committed	8,139,040	15,091,638	-	23,230,678
Assigned	155,440	700,916	-	856,356
Total fund balances	55,964,914	15,792,554	11,576,167	83,333,635
Total liabilities, deferred inflows of resources and fund balances	\$ 99,244,974	\$ 20,898,054	\$ 11,576,167	\$ 131,719,195

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2016**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit B-2**

	Special Revenue Funds	Capital Projects Fund	Permanent Funds	Total
Revenues				
Taxes	\$ 99,658,637	\$ -	\$ -	\$ 99,658,637
Intergovernmental	37,815,518	-	-	37,815,518
Charges for services	11,337,684	-	-	11,337,684
Endowments and donations	1,866,745	-	171,160	2,037,905
Other revenue	1,007,620	1,407,033	-	2,414,653
Investment earnings	490,791	198,389	102,472	791,652
Rental income	231,528	-	-	231,528
Total revenues	152,408,523	1,605,422	273,632	154,287,577
Expenditures				
Current				
General government	20,537	-	-	20,537
Public safety	35,840,905	-	-	35,840,905
Public works	28,632,322	-	-	28,632,322
Culture and recreation	9,639,065	-	10,852	9,649,917
Community development	6,667,384	-	-	6,667,384
Economic development	4,391,013	-	-	4,391,013
Miscellaneous	22,597	-	-	22,597
Debt service				
Principal	1,986,191	155,287	-	2,141,478
Interest	650,434	8,393	-	658,827
Capital outlay	52,759,026	13,050,591	13,489	65,823,106
Total expenditures	140,609,474	13,214,271	24,341	153,848,086
Excess (deficiency) of revenues over expenditures	11,799,049	(11,608,849)	249,291	439,491
Other financing sources (uses)				
Transfers - in	-	15,969,729	-	15,969,729
Transfers - out	(293,940)	-	(280,561)	(574,501)
Total other financing sources (uses)	(293,940)	15,969,729	(280,561)	15,395,228
Net change in fund balances	11,505,109	4,360,880	(31,270)	15,834,719
Fund balances - January 1	44,459,805	11,431,674	11,607,437	67,498,916
Fund balances - December 31	\$ 55,964,914	\$ 15,792,554	\$ 11,576,167	\$ 83,333,635



SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Intergovernmental Grant Funds:

**Community Development Block Grant Fund
Home Investment Partnership Fund
Grants Fund**

These Intergovernmental Grant Funds are used to account for the activities of the programs where the major source of funding is federal grants.

Capital, Operations and Maintenance Funds:

**Ballfield Capital Improvements Fund
Bicycle Tax Fund
Trails/Open Space Fund
Conservation Trust Fund
Cable Franchise Fund
Public Safety Sales Tax Fund
Road Repair, Maintenance, and Improvement Sales Tax Fund**

These funds are used to account for the activities of the fund where particular, ear-marked, on-going revenue sources are designated for various capital, operations and maintenance activities.

Improvement and Maintenance District Funds:

**Old Colorado City Maintenance and Security District Fund
Norwood Special Improvement Maintenance District Fund
Briargate Special Improvement Maintenance District Fund
Stetson Hills Improvement Maintenance District Fund
Woodstone Improvement Maintenance District Fund
Gateway Improvement Maintenance District Fund
Platte Avenue Improvement Maintenance District Fund**

These Improvement and Maintenance District Funds are used to account for the activities of the neighborhood district where revenues are derived from neighborhood taxes and/or assessments and used for specific neighborhood improvements or maintenance purposes.

SPECIAL REVENUE FUNDS CONT'D.

Public Improvements Funds:

Public Space and Development Fund (aka PLDO¹)
Subdivision Drainage Fund
Arterial Roadway Fund
Park Developer Easement Fund
Banning Lewis Ranch Fund

These Public Improvements Funds are used to account for the activities of the fund established to finance public infrastructure costs in accordance with City subdivision ordinances.

Other Public Improvements Funds:

Cottonwood General Improvement District
Spring Creek General Improvement District
Briargate General Improvement District
Market Place at Austin Bluffs (MAB) General Improvement District

These Other Public Improvements Funds are used to account for the activities of the funds established to finance improvement district infrastructure costs.

Other Special Revenue Funds:

Lodgers and Auto Rental Tax Fund
Street Tree Fund
Gift Trust Fund
Senior Programs Fund
Therapeutic Recreation Fund

These Other Special Revenue Funds are used to account for the activities of the fund where ear-marked revenue is used for certain designated purposes.

¹ Public Land Dedication Ordinance



**ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2016**

	Inter- governmental Grant Funds	Capital Operations and Maintenance Funds
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ASSETS

Cash and investments	\$ 5,188	\$ 36,334,321
Accounts receivable (net of allowance for uncollectibles)	22,941,518	286,558
Sales tax receivable	-	9,474,534
Loans receivable (net of allowance for uncollectibles)	7,064,261	-
Property taxes receivable	-	-
Due from other funds	4,000	600
Restricted investments	-	-
Total assets	30,014,967	46,096,013

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

Liabilities

Accounts payable	2,802,529	6,389,868
Accrued salaries and benefits	150,241	1,031,921
Deposits payable	-	-
Due to other funds	1,814,636	26,620
Unearned revenue		
Grants	18,183,300	-
Total liabilities	22,950,706	7,448,409

Deferred inflows of resources

Unavailable revenue - property taxes	-	-
Unavailable revenue - loans (net of allowance for uncollectibles)	7,064,261	-
Total deferred inflows of resources	7,064,261	-

Fund balances

Restricted	-	38,613,765
Committed	-	33,839
Assigned	-	-
Total fund balances	-	38,647,604

**Total liabilities, deferred inflows of
resources and fund balances**

\$ 30,014,967	\$ 46,096,013
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**CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-1**

Improvement and Maintenance District Funds	Public Improvements Funds	Other Public Improvements Funds	Other Special Revenue Funds	Total
\$ 750,044	\$ 11,602,805	\$ 1,280,462	\$ 5,195,642	\$ 55,168,462
18,729	-	15,425	1,992	23,264,222
-	-	-	307,858	9,782,392
-	-	-	-	7,064,261
1,864,818	-	1,596,219	-	3,461,037
-	-	-	-	4,600
-	-	500,000	-	500,000
2,633,591	11,602,805	3,392,106	5,505,492	99,244,974
23,012	20,391	400	32,510	9,268,710
29,282	-	-	-	1,211,444
-	2,249,614	-	-	2,249,614
-	-	-	438	1,841,694
-	-	-	-	18,183,300
52,294	2,270,005	400	32,948	32,754,762
1,864,818	-	1,596,219	-	3,461,037
-	-	-	-	7,064,261
1,864,818	-	1,596,219	-	10,525,298
716,479	1,819,384	1,795,487	4,725,319	47,670,434
-	7,357,976	-	747,225	8,139,040
-	155,440	-	-	155,440
716,479	9,332,800	1,795,487	5,472,544	55,964,914
\$ 2,633,591	\$ 11,602,805	\$ 3,392,106	\$ 5,505,492	\$ 99,244,974

ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2016

	Inter- governmental Grant Funds	Capital Operations and Maintenance Funds	Improvement and Maintenance District Funds
Revenues			
Taxes	\$ -	\$ 90,069,155	\$ 2,052,783
Intergovernmental	32,874,729	4,940,789	-
Charges for services	-	1,124,095	-
Donations	-	-	-
Other revenue	1,007,620	-	-
Investment earnings	12,651	299,207	11,991
Rental income	-	-	-
Total revenues	33,895,000	96,433,246	2,064,774
Expenditures			
Current			
General government	-	-	-
Public safety	5,655,952	30,008,754	-
Public works	18,891,733	-	2,191,302
Culture and recreation	1,948,484	6,021,641	-
Community development	6,667,384	-	-
Economic development	-	-	-
Miscellaneous	-	-	-
Debt service			
Principal	-	1,251,191	-
Interest	-	167,426	-
Capital outlay	731,447	46,833,170	29,241
Total expenditures	33,895,000	84,282,182	2,220,543
Excess (deficiency) of revenues over expenditures	-	12,151,064	(155,769)
Other financing uses			
Transfers - out	-	(34,234)	-
Total other financing uses	-	(34,234)	-
Net change in fund balances	-	12,116,830	(155,769)
Fund balances - January 1	-	26,530,774	872,248
Fund balances - December 31	\$ -	\$ 38,647,604	\$ 716,479

CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-2

Public Improvements Funds	Other Public Improvements Funds	Other Special Revenue Funds	Total
\$ -	\$ 1,690,974	\$ 5,845,725	\$ 99,658,637
-	-	-	37,815,518
10,213,589	-	-	11,337,684
-	-	1,866,745	1,866,745
-	-	-	1,007,620
114,328	20,153	32,461	490,791
-	-	231,528	231,528
10,327,917	1,711,127	7,976,459	152,408,523
-	-	20,537	20,537
-	-	176,199	35,840,905
6,733,501	-	815,786	28,632,322
-	-	1,668,940	9,639,065
-	-	-	6,667,384
-	-	4,391,013	4,391,013
-	22,597	-	22,597
-	735,000	-	1,986,191
-	483,008	-	650,434
5,165,168	-	-	52,759,026
11,898,669	1,240,605	7,072,475	140,609,474
(1,570,752)	470,522	903,984	11,799,049
-	(9,706)	(250,000)	(293,940)
-	(9,706)	(250,000)	(293,940)
(1,570,752)	460,816	653,984	11,505,109
10,903,552	1,334,671	4,818,560	44,459,805
\$ 9,332,800	\$ 1,795,487	\$ 5,472,544	\$ 55,964,914

INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2016

CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-3

	Community Development Block Grant Fund	Home Investment Partnership Fund	Grants Fund	Total
<u>ASSETS</u>				
Cash and investments	\$ -	\$ 5,188	\$ -	\$ 5,188
Accounts receivable (net of allowance for uncollectibles)	3,831,451	1,792,138	17,317,929	22,941,518
Loans receivable (net of allowance for uncollectibles)	1,463,080	5,515,395	85,786	7,064,261
Due from other funds	-	-	4,000	4,000
Total assets	5,294,531	7,312,721	17,407,715	30,014,967
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>				
Liabilities				
Accounts payable	273,807	23,646	2,505,076	2,802,529
Accrued salaries and benefits	22,155	-	128,086	150,241
Due to other funds	187,253	-	1,627,383	1,814,636
Unearned revenue				
Grants	3,348,236	1,773,680	13,061,384	18,183,300
Total liabilities	3,831,451	1,797,326	17,321,929	22,950,706
Deferred inflows of resources				
Unavailable revenue - loans (net of allowance for uncollectibles)	1,463,080	5,515,395	85,786	7,064,261
Total deferred inflows of resources	1,463,080	5,515,395	85,786	7,064,261
Total liabilities and deferred inflows of resources	\$ 5,294,531	\$ 7,312,721	\$ 17,407,715	\$ 30,014,967

INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2016

CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-4

	Community Development Block Grant Fund	Home Investment Partnership Fund	Grants Fund	Total
Revenues				
Intergovernmental	\$ 4,634,916	\$ 441,402	\$ 27,798,411	\$ 32,874,729
Other revenue	305,756	276,363	425,501	1,007,620
Investment earnings	78	949	11,624	12,651
Total revenues	4,940,750	718,714	28,235,536	33,895,000
Expenditures				
Current				
Public safety	-	-	5,655,952	5,655,952
Public works	-	-	18,891,733	18,891,733
Culture and recreation	-	-	1,948,484	1,948,484
Community development	4,937,828	716,139	1,013,417	6,667,384
Capital outlay	2,922	2,575	725,950	731,447
Total expenditures	4,940,750	718,714	28,235,536	33,895,000
Net change in fund balances	-	-	-	-
Fund balances - January 1	-	-	-	-
Fund balances - December 31	\$ -	\$ -	\$ -	\$ -

CAPITAL, OPERATIONS AND MAINTENANCE SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2016

	Ballfield Capital Improvements Fund	Bicycle Tax Fund	Trails/Open Space Fund	Conservation Trust Fund
<u>ASSETS</u>				
Cash and investments	\$ 33,839	\$ 96,454	\$ 14,536,176	\$ 1,358,998
Accounts receivable (net of allowance for uncollectibles)	-	-	-	50
Sales tax receivable	-	-	867,589	-
Due from other funds	-	-	-	-
Total assets	33,839	96,454	15,403,765	1,359,048
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	-	132	1,177,604	5,547
Accrued salaries and benefits	-	-	30,728	121,043
Due to other funds	-	-	-	-
Total liabilities	-	132	1,208,332	126,590
Fund balances				
Restricted	-	96,322	14,195,433	1,232,458
Committed	33,839	-	-	-
Total fund balances	33,839	96,322	14,195,433	1,232,458
Total liabilities and fund balances	\$ 33,839	\$ 96,454	\$ 15,403,765	\$ 1,359,048

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-5**

Cable Franchise Fund	Public Safety Sales Tax Fund	Road Repair, Maintenance, & Improvement Sales Tax Fund	Total
\$ 341,664	\$ 11,103,929	\$ 8,863,261	\$ 36,334,321
274,834	11,674	-	286,558
-	3,469,024	5,137,921	9,474,534
-	600	-	600
616,498	14,585,227	14,001,182	46,096,013
148,973	746,982	4,310,630	6,389,868
14,927	865,223	-	1,031,921
-	26,620	-	26,620
163,900	1,638,825	4,310,630	7,448,409
452,598	12,946,402	9,690,552	38,613,765
-	-	-	33,839
452,598	12,946,402	9,690,552	38,647,604
\$ 616,498	\$ 14,585,227	\$ 14,001,182	\$ 46,096,013

CAPITAL, OPERATIONS AND MAINTENANCE SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2016

	Ballfield Capital Improvements Fund	Bicycle Tax Fund	Trails/Open Space Fund	Conservation Trust Fund
Revenues				
Taxes	\$ -	\$ 85,746	\$ 8,089,292	\$ -
Intergovernmental	-	-	-	4,940,789
Charges for services	41,974	-	-	-
Investment earnings	1,116	347	98,720	15,851
Total revenues	43,090	86,093	8,188,012	4,956,640
Expenditures				
Current				
Public safety	-	-	-	-
Culture and recreation	37	-	1,834,831	4,186,773
Debt service				
Principal	13,500	-	941,600	274,900
Interest	39,300	-	68,537	58,838
Capital outlay	-	41,109	4,543,689	146,219
Total expenditures	52,837	41,109	7,388,657	4,666,730
Excess (deficiency) of revenues over expenditures	(9,747)	44,984	799,355	289,910
Other financing (uses)				
Transfers - out	-	-	-	-
Net change in fund balances	(9,747)	44,984	799,355	289,910
Fund balances - January 1	43,586	51,338	13,396,078	942,548
Fund balances - December 31	\$ 33,839	\$ 96,322	\$ 14,195,433	\$ 1,232,458

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-6**

Cable Franchise Fund	Public Safety Sales Tax Fund	Road Repair, Maintenance, & Improvement Sales Tax Fund	Total
\$ -	\$ 32,355,469	\$ 49,538,648	\$ 90,069,155
-	-	-	4,940,789
1,082,121	-	-	1,124,095
1,378	109,132	72,663	299,207
1,083,499	32,464,601	49,611,311	96,433,246
-	30,008,754	-	30,008,754
-	-	-	6,021,641
-	21,191	-	1,251,191
-	751	-	167,426
1,094,654	1,086,740	39,920,759	46,833,170
1,094,654	31,117,436	39,920,759	84,282,182
(11,155)	1,347,165	9,690,552	12,151,064
-	(34,234)	-	(34,234)
(11,155)	1,312,931	9,690,552	12,116,830
463,753	11,633,471	-	26,530,774
\$ 452,598	\$ 12,946,402	\$ 9,690,552	\$ 38,647,604

IMPROVEMENT AND MAINTENANCE DISTRICT
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2016

	Old Colorado City Maintenance and Security District Fund	Norwood Special Improvement Maintenance District Fund	Briargate Special Improvement Maintenance District Fund	Stetson Hills Improvement Maintenance District Fund
<u>ASSETS</u>				
Cash and investments	\$ 76,783	\$ 174,315	\$ 105,008	\$ 313,602
Accounts receivable (net of allowance for uncollectibles)	881	6,610	8,195	2,752
Property taxes receivable	88,631	662,039	818,424	275,416
Total assets	166,295	842,964	931,627	591,770
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	1,680	8,999	12,157	95
Accrued salaries and benefits	2,417	12,364	11,953	2,548
Total liabilities	4,097	21,363	24,110	2,643
Deferred inflows of resources				
Unavailable revenue - property taxes	88,631	662,039	818,424	275,416
Total deferred inflows of resources	88,631	662,039	818,424	275,416
Fund balances				
Restricted	73,567	159,562	89,093	313,711
Total fund balances	73,567	159,562	89,093	313,711
Total liabilities, deferred inflows of resources and fund balances	\$ 166,295	\$ 842,964	\$ 931,627	\$ 591,770

CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-7

Woodstone Improvement Maintenance District Fund	Gateway Improvement Maintenance District Fund	Platte Avenue Improvement Maintenance District Fund	Total
\$ 42,275	\$ 10,082	\$ 27,979	\$ 750,044
173	30	88	18,729
17,400	2,908	-	1,864,818
59,848	13,020	28,067	2,633,591
30	51	-	23,012
-	-	-	29,282
30	51	-	52,294
17,400	2,908	-	1,864,818
17,400	2,908	-	1,864,818
42,418	10,061	28,067	716,479
42,418	10,061	28,067	716,479
\$ 59,848	\$ 13,020	\$ 28,067	\$ 2,633,591

**IMPROVEMENT AND MAINTENANCE DISTRICT
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For year ended December 31, 2016**

	Old Colorado City Maintenance and Security District Fund	Norwood Special Improvement Maintenance District Fund	Briargate Special Improvement Maintenance District Fund	Stetson Hills Improvement Maintenance District Fund
Revenues				
Taxes	\$ 97,287	\$ 723,696	\$ 897,316	\$ 303,098
Investment earnings	1,012	3,294	2,310	4,036
Total revenues	98,299	726,990	899,626	307,134
Expenditures				
Current				
Public works	90,257	921,458	847,734	232,526
Capital outlay	3,205	11,627	-	14,409
Total expenditures	93,462	933,085	847,734	246,935
Excess (deficiency) of revenues over expenditures	4,837	(206,095)	51,892	60,199
Net change in fund balances	4,837	(206,095)	51,892	60,199
Fund balances - January 1	68,730	365,657	37,201	253,512
Fund balances - December 31	\$ 73,567	\$ 159,562	\$ 89,093	\$ 313,711

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-8**

Woodstone Improvement Maintenance District Fund	Gateway Improvement Maintenance District Fund	Platte Avenue Improvement Maintenance District Fund	Total
\$ 19,068 607	\$ 3,315 109	\$ 9,003 623	\$ 2,052,783 11,991
19,675	3,424	9,626	2,064,774
31,482 -	950 -	66,895 -	2,191,302 29,241
31,482	950	66,895	2,220,543
(11,807)	2,474	(57,269)	(155,769)
(11,807)	2,474	(57,269)	(155,769)
54,225	7,587	85,336	872,248
\$ 42,418	\$ 10,061	\$ 28,067	\$ 716,479

**PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2016**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-9**

	Public Space and Development Fund	Subdivision Drainage Fund	Arterial Roadway Fund	Park Developer Easement Fund	Banning Lewis Ranch Fund	Total
<u>ASSETS</u>						
Cash and investments	\$ 1,917,027	\$ 3,736,508	\$ 1,599,017	\$ 174,627	\$ 4,175,626	\$ 11,602,805
Total assets	<u>1,917,027</u>	<u>3,736,508</u>	<u>1,599,017</u>	<u>174,627</u>	<u>4,175,626</u>	<u>11,602,805</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	20,391	-	-	-	-	20,391
Deposits payable	-	-	-	-	2,249,614	2,249,614
Total liabilities	<u>20,391</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,249,614</u>	<u>2,270,005</u>
Fund balances						
Restricted	-	-	-	-	1,819,384	1,819,384
Committed	1,896,636	3,736,508	1,599,017	125,815	-	7,357,976
Assigned	-	-	-	48,812	106,628	155,440
Total fund balance	<u>1,896,636</u>	<u>3,736,508</u>	<u>1,599,017</u>	<u>174,627</u>	<u>1,926,012</u>	<u>9,332,800</u>
Total liabilities and fund balances	<u>\$ 1,917,027</u>	<u>\$ 3,736,508</u>	<u>\$ 1,599,017</u>	<u>\$ 174,627</u>	<u>\$ 4,175,626</u>	<u>\$ 11,602,805</u>

PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2016

CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-10

	Public Space and Development Fund	Subdivision Drainage Fund	Arterial Roadway Fund	Park Developer Easement Fund	Banning Lewis Ranch Fund	Total
Revenues						
Charges for services	\$ 2,119,299	\$ 7,375,641	\$ 339,292	\$ -	\$ 379,357	\$ 10,213,589
Investment earnings	42,489	13,700	9,650	2,045	46,444	114,328
Total revenues	2,161,788	7,389,341	348,942	2,045	425,801	10,327,917
Expenditures						
Current						
Public works	-	6,534,899	187,292	137	11,173	6,733,501
Capital outlay	5,165,168	-	-	-	-	5,165,168
Total expenditures	5,165,168	6,534,899	187,292	137	11,173	11,898,669
Excess (deficiency) of revenues over expenditures	(3,003,380)	854,442	161,650	1,908	414,628	(1,570,752)
Net change in fund balances	(3,003,380)	854,442	161,650	1,908	414,628	(1,570,752)
Fund balances - January 1	4,900,016	2,882,066	1,437,367	172,719	1,511,384	10,903,552
Fund balances - December 31	\$ 1,896,636	\$ 3,736,508	\$ 1,599,017	\$ 174,627	\$ 1,926,012	\$ 9,332,800

OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2016

CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-11

	Cottonwood General Improvement District	Spring Creek General Improvement District	Briargate General Improvement District	MAB General Improvement District	Total
<u>ASSETS</u>					
Cash and investments	\$ -	\$ 348,224	\$ 766,087	\$ 166,151	\$ 1,280,462
Accounts receivable (net of allowance for uncollectibles)	-	3,062	10,012	2,351	15,425
Property taxes receivable	-	327,115	1,037,786	231,318	1,596,219
Restricted investments	-	-	500,000	-	500,000
Total assets	-	678,401	2,313,885	399,820	3,392,106
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	-	150	-	250	400
Total liabilities	-	150	-	250	400
Deferred inflows of resources					
Unavailable revenue - property taxes	-	327,115	1,037,786	231,318	1,596,219
Total deferred inflows of resources	-	327,115	1,037,786	231,318	1,596,219
Fund balances					
Restricted	-	351,136	1,276,099	168,252	1,795,487
Total fund balances	-	351,136	1,276,099	168,252	1,795,487
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ 678,401	\$ 2,313,885	\$ 399,820	\$ 3,392,106

OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2016

CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-12

	Cottonwood General Improvement District	Spring Creek General Improvement District	Briargate General Improvement District	MAB General Improvement District	Total
Revenues					
Taxes	\$ -	\$ 336,804	\$ 1,097,305	\$ 256,865	\$ 1,690,974
Investment earnings	76	5,556	11,637	2,884	20,153
Total revenues	76	342,360	1,108,942	259,749	1,711,127
Expenditures					
Current					
Miscellaneous	4,405	5,905	6,453	5,834	22,597
Debt service					
Principal	-	220,000	440,000	75,000	735,000
Interest	-	72,570	252,488	157,950	483,008
Total expenditures	4,405	298,475	698,941	238,784	1,240,605
Excess (deficiency) of revenues over expenditures	(4,329)	43,885	410,001	20,965	470,522
Other financing uses					
Transfers - out	(9,706)	-	-	-	(9,706)
Total financing uses	(9,706)	-	-	-	(9,706)
Net change in fund balances	(14,035)	43,885	410,001	20,965	460,816
Fund balances - January 1	14,035	307,251	866,098	147,287	1,334,671
Fund balances - December 31	\$ -	\$ 351,136	\$ 1,276,099	\$ 168,252	\$ 1,795,487

OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2016

CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-13

	Lodgers and Auto Rental Tax Fund	Street Tree Fund	Gift Trust Fund	Senior Programs Fund	Therapeutic Recreation Fund	Total
<u>ASSETS</u>						
Cash and investments	\$ 1,234,779	\$ 92,968	\$ 3,212,777	\$ 650,582	\$ 4,536	\$ 5,195,642
Accounts receivable (net of allowances for uncollectibles)	-	-	1,250	742	-	1,992
Sales tax receivable	307,858	-	-	-	-	307,858
Total assets	1,542,637	92,968	3,214,027	651,324	4,536	5,505,492
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	6,120	-	25,225	1,165	-	32,510
Due to other funds	-	-	-	438	-	438
Total liabilities	6,120	-	25,225	1,603	-	32,948
Fund balances						
Restricted	1,536,517	-	3,188,802	-	-	4,725,319
Committed	-	92,968	-	649,721	4,536	747,225
Total fund balances	1,536,517	92,968	3,188,802	649,721	4,536	5,472,544
Total liabilities and fund balances	\$ 1,542,637	\$ 92,968	\$ 3,214,027	\$ 651,324	\$ 4,536	\$ 5,505,492

**OTHER SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
December 31, 2016**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-14**

	Lodgers and Auto Rental Tax Fund	Street Tree Fund	Gift Trust Fund	Senior Programs Fund	Therapeutic Recreation Fund	Total
Revenues						
Taxes	\$ 5,845,725	\$ -	\$ -	\$ -	\$ -	\$ 5,845,725
Donations	-	-	1,858,539	8,206	-	1,866,745
Investment earnings	5,702	824	19,861	6,021	53	32,461
Rental income	-	-	-	231,528	-	231,528
Total revenues	5,851,427	824	1,878,400	245,755	53	7,976,459
Expenditures						
Current						
General government	-	-	20,537	-	-	20,537
Public safety	-	-	176,199	-	-	176,199
Public works	-	-	815,786	-	-	815,786
Culture and recreation	-	16,906	1,423,609	228,422	3	1,668,940
Economic development	4,391,013	-	-	-	-	4,391,013
Total expenditures	4,391,013	16,906	2,436,131	228,422	3	7,072,475
Excess (deficiency) of revenues over expenditures	1,460,414	(16,082)	(557,731)	17,333	50	903,984
Other financing uses						
Transfers - out	(250,000)	-	-	-	-	(250,000)
Net change in fund balances	1,210,414	(16,082)	(557,731)	17,333	50	653,984
Fund balances - January 1	326,103	109,050	3,746,533	632,388	4,486	4,818,560
Fund balances - December 31	\$ 1,536,517	\$ 92,968	\$ 3,188,802	\$ 649,721	\$ 4,536	\$ 5,472,544

SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES-BUDGET AND ACTUAL
For the year ended December 31, 2016

CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-15
(PAGE 1 OF 2)

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Community Development Block Grant	\$ 4,940,750	\$ 4,940,750	\$ -
Home Investment Partnership Fund	718,714	718,714	-
Grants Fund	28,235,536	28,235,536	-
Ballfield Capital Improvements Fund	53,000	43,090	(9,910)
Bicycle Tax Fund	85,000	86,093	1,093
Trails/Open Space Fund	8,008,000	8,188,012	180,012
Conservation Trust Fund	4,170,800	4,956,640	785,840
Cable Franchise Fund	1,030,000	1,083,499	53,499
Public Safety Sales Tax Fund	31,577,184	32,464,601	887,417
Road Repair, Maintenance & Improvement Sales Tax Fund	50,000,000	49,611,311	(388,689)
Old Colorado City Maintenance and Security District Fund	98,662	98,299	(363)
Norwood Special Improvement Maintenance District Fund	781,485	726,990	(54,495)
Briargate Special Improvement Maintenance District Fund	896,724	899,626	2,902
Stetson Hills Improvement Maintenance District Fund	307,829	307,134	(695)
Woodstone Improvement Maintenance District Fund	20,208	19,675	(533)
Gateway Improvement Maintenance District Fund	3,415	3,424	9
Platte Avenue Improvement Maintenance District Fund	9,572	9,626	54
Public Space and Development Fund	1,210,000	2,161,788	951,788
Subdivision Drainage Fund	8,000,000	7,389,341	(610,659)
Arterial Roadway Fund	250,000	348,942	98,942
Park Developer Easement Fund	-	2,045	2,045
Banning Lewis Ranch Fund	271,500	425,801	154,301
Cottonwood General Improvement District	-	76	76
Spring Creek General Improvement District	331,129	342,360	11,231
Briargate General Improvement District	1,078,542	1,108,942	30,400
MAB General Improvement District	257,583	259,749	2,166
Lodgers and Auto Rental Tax Fund	4,875,600	5,851,427	975,827
Street Tree Fund	2,000	824	(1,176)
Gift Trust Fund	1,900,000	1,878,400	(21,600)
Senior Programs Fund	290,000	245,755	(44,245)
Therapeutic Recreation Fund	300	53	(247)
Total revenues	\$ 149,403,533	\$ 152,408,523	\$ 3,004,990

(continued)

SPECIAL REVENUE FUNDS
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL
For the year ended December 31, 2016

CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-15
(PAGE 2 OF 2)

	Final Budget	Actual	Variance Positive (Negative)
Expenditures			
Community Development Block Grant	\$ 4,940,750	\$ 4,940,750	\$ -
Home Investment Partnership Fund	718,714	718,714	-
Grants Fund	28,235,536	28,235,536	-
Ballfield Capital Improvements Fund	53,000	52,837	163
Bicycle Tax Fund	114,170	41,109	73,061
Trails/Open Space Fund	15,467,220	7,388,657	8,078,563
Conservation Trust Fund	4,747,835	4,666,730	81,105
Cable Franchise Fund	1,041,168	1,094,654	(53,486)
Public Safety Sales Tax Fund	37,760,169	31,151,670	6,608,499
Road Repair, Maintenance & Improvement Sales Tax Fund	50,000,000	39,920,759	10,079,241
Old Colorado City Maintenance and Security District Fund	118,662	93,462	25,200
Norwood Special Improvement Maintenance District Fund	988,372	933,085	55,287
Briargate Special Improvement Maintenance District Fund	907,556	847,734	59,822
Stetson Hills Improvement Maintenance District Fund	384,431	246,935	137,496
Woodstone Improvement Maintenance District Fund	40,800	31,482	9,318
Gateway Improvement Maintenance District Fund	4,080	950	3,130
Platte Avenue Improvement Maintenance District Fund	67,220	66,895	325
Public Space and Development Fund	6,057,842	5,165,168	892,674
Subdivision Drainage Fund	8,000,000	6,534,899	1,465,101
Arterial Roadway Fund	250,000	187,292	62,708
Park Developer Easement Fund	-	137	(137)
Banning Lewis Ranch Fund	8,838	11,173	(2,335)
Cottonwood General Improvement District	-	14,111	(14,111)
Spring Creek General Improvement District	294,570	298,475	(3,905)
Briargate General Improvement District	694,488	698,941	(4,453)
MAB General Improvement District	234,950	238,784	(3,834)
Lodgers and Auto Rental Tax Fund	4,768,402	4,641,013	127,389
Street Tree Fund	35,526	16,906	18,620
Gift Trust Fund	2,944,362	2,436,131	508,231
Senior Programs Fund	348,000	228,422	119,578
Therapeutic Recreation Fund	100	3	97
Total expenditures	\$ 169,226,761	\$ 140,903,414	\$ 28,323,347

Note: Includes transfers.



CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

City Funded CIP Construction Fund

**CAPITAL PROJECTS FUND
BALANCE SHEET
December 31, 2016**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit D-1**

	City Funded CIP Construction Fund
<u>ASSETS</u>	
Cash and investments	\$ 20,854,933
Due from other funds	<u>43,121</u>
Total assets	<u>20,898,054</u>
<u>LIABILITIES AND FUND BALANCES</u>	
Liabilities	
Accounts payable	1,757,779
Due to other funds	<u>3,347,721</u>
Total liabilities	<u>5,105,500</u>
Fund balances	
Committed	15,091,638
Assigned	<u>700,916</u>
Total fund balances	<u>15,792,554</u>
Total liabilities and fund balances	<u>\$ 20,898,054</u>

CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For year ended December 31, 2016

CITY OF COLORADO SPRINGS
COLORADO
Exhibit D-2

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Other revenue	\$ 884,782	\$ 1,407,033	\$ 522,251
Investment earnings	107,000	198,389	91,389
Total revenues	991,782	1,605,422	613,640
Expenditures			
Debt service			
Principal	155,287	155,287	-
Interest	8,393	8,393	-
Capital outlay	28,106,267	13,050,591	15,055,676
Total expenditures	28,269,947	13,214,271	15,055,676
Deficiency of revenues over expenditures	(27,278,165)	(11,608,849)	15,669,316
Other financing sources			
Transfers - in	19,119,729	15,969,729	(3,150,000)
Total other financing sources	19,119,729	15,969,729	(3,150,000)
Net change in fund balance	(8,158,436)	4,360,880	12,519,316
Fund balance - January 1	11,431,674	11,431,674	-
Fund balance - December 31	\$ 3,273,238	\$ 15,792,554	\$ 12,519,316

**ANNUAL STATEMENT OF RECEIPTS
AND EXPENDITURES FOR
ROADS, BRIDGES AND STREETS
2016**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit D-3
(PAGE 1 OF 2)**

LOCAL HIGHWAY FINANCE REPORT		City or County: City of Colorado Springs		
		YEAR ENDING : December 2016		
This Information From The Records Of: City of Colorado Springs		Prepared By: City of Colorado Springs Finance Office Phone: (719) 385-5224		
I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE				
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				
II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES		
ITEM	AMOUNT	ITEM	AMOUNT	
A. Receipts from local sources:		A. Local highway disbursements:		
1. Local highway-user taxes		1. Capital outlay (from page 2)	63,982,835	
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	11,264,807	
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:		
c. Total (a.+b.)		a. Traffic control operations	490,892	
2. General fund appropriations	2,544,077	b. Snow and ice removal	1,780,100	
3. Other local imposts (from page 2)	74,465,398	c. Other		
4. Miscellaneous local receipts (from page 2)	3,436,362	d. Total (a. through c.)	2,270,992	
5. Transfers from toll facilities		4. General administration & miscellaneous	3,664,498	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	18,178,579	
a. Bonds - Original Issues		6. Total (1 through 5)	99,361,711	
b. Bonds - Refunding Issues		B. Debt service on local obligations:		
c. Notes		1. Bonds:		
d. Total (a. + b. + c.)	-	a. Interest	-	
7. Total (1 through 6)	80,445,837	b. Redemption	1,192,302	
B. Private Contributions	-	c. Total (a. + b.)	1,192,302	
C. Receipts from State government (from page 2)	19,402,967	2. Notes:		
D. Receipts from Federal Government (from page 2)	706,315	a. Interest		
E. Total receipts (A.7 + B + C + D)	100,555,119	b. Redemption		
		c. Total (a. + b.)	-	
		3. Total (1.c + 2.c)	1,192,302	
		C. Payments to State for highways	1,106	
		D. Payments to toll facilities	-	
		E. Total disbursements (A.6 + B.3 + C + D)	100,555,119	
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)				
	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	1,192,302		1,192,302	-
1. Bonds (Refunding Portion)				
B. Notes (Total)				-
V. LOCAL ROAD AND STREET FUND BALANCE				
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance
		100,555,119	100,555,119	
E. Reconciliation				
-				
Notes and Comments:				

FORM FHWA-536 (Rev. 1-05)

PREVIOUS EDITIONS OBSOLETE

(Next Page)

**ANNUAL STATEMENT OF RECEIPTS
AND EXPENDITURES FOR
ROADS, BRIDGES AND STREETS
2016**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit D-3
(PAGE 2 OF 2)**

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado YEAR ENDING (mm/yy): December 2016	
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		a. Interest on investments	142,988
b. Other local imposts:		b. Traffic Fines & Penalties	3,293,374
1. Sales Taxes	71,209,315	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	801,295	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	2,454,788	g. Other Misc. Receipts	
6. Total (1. through 5.)	74,465,398	h. Other	
c. Total (a. + b.)	74,465,398	i. Total (a. through h.)	3,436,362
	(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	17,849,046	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	706,315
c. Motor Vehicle Registrations	1,553,921	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	1,553,921	g. Total (a. through f.)	706,315
4. Total (1. + 2. + 3.f)	19,402,967	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		5,570	5,570
b. Engineering Costs		3,063,681	3,063,681
c. Construction:			
(1). New Facilities			-
(2). Capacity Improvements		7,870,963	7,870,963
(3). System Preservation	1,594,269	47,949,818	49,544,087
(4). System Enhancement & Operation		3,498,534	3,498,534
(5). Total Construction (1) + (2) + (3) + (4)	1,594,269	59,319,315	60,913,584
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	1,594,269	62,388,566	63,982,835
			(Carry forward to page 1)
Notes and Comments:			

FORM FHWA-536 (Rev.1-05)

PREVIOUS EDITIONS OBSOLETE



PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs for the benefit of the City or its citizenry.

Cemetery Endowment Fund

Used to account for the investment activities of the Cemetery Endowment corpus with investment earnings used to finance cemetery operations.

C.D. Smith and TOPS Maintenance Trust Funds

Used to account for the investment activities of each funds' corpus with investment earnings used in accordance with trust provisions.

	C.D. Smith Trust Fund	Cemetery Endowment Fund	TOPS Maintenance Trust Fund	Total
<u>ASSETS</u>				
Cash and investments	\$ 159,504	\$ 13,393	\$ 241,021	\$ 413,918
Restricted investments	912,880	9,643,567	605,802	11,162,249
Total assets	1,072,384	9,656,960	846,823	11,576,167
<u>FUND BALANCES</u>				
Fund balances				
Nonspendable	912,880	9,643,567	605,802	11,162,249
Restricted	159,504	13,393	241,021	413,918
Total fund balances	1,072,384	9,656,960	846,823	11,576,167
Total liabilities and fund balances	\$ 1,072,384	\$ 9,656,960	\$ 846,823	\$ 11,576,167

PERMANENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For year ended December 31, 2016

CITY OF COLORADO SPRINGS
COLORADO
Exhibit E-2

	C.D. Smith Trust Fund	Cemetery Endowment Fund	TOPS Maintenance Trust Fund	Total
Revenues				
Endowments	\$ -	\$ 171,160	\$ -	\$ 171,160
Investment earnings	95,738	-	6,734	102,472
Total revenues	95,738	171,160	6,734	273,632
Expenditures				
Current				
Culture and recreation	10,663	-	189	10,852
Capital outlay	13,489	-	-	13,489
Total expenditures	24,152	-	189	24,341
Excess of revenues over expenditures	71,586	171,160	6,545	249,291
Other financing uses				
Transfers - out	-	(280,561)	-	(280,561)
Total other financing uses	-	(280,561)	-	(280,561)
Net change in fund balance	71,586	(109,401)	6,545	(31,270)
Fund balances - January 1	1,000,798	9,766,361	840,278	11,607,437
Fund balances - December 31	\$ 1,072,384	\$ 9,656,960	\$ 846,823	\$ 11,576,167

PERMANENT FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL
For the year ended December 31, 2016

CITY OF COLORADO SPRINGS
COLORADO
Exhibit E-3

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
C.D. Smith Trust Fund	\$ 75,000	\$ 95,738	\$ 20,738
Cemetery Endowment Fund	283,500	171,160	(112,340)
TOPS Maintenance Trust Fund	1,150	6,734	5,584
Total revenues	\$ 359,650	\$ 273,632	\$ (86,018)
Expenditures			
C.D. Smith Trust Fund	\$ 75,000	\$ 24,152	\$ 50,848
Cemetery Endowment Fund	283,500	280,561	2,939
TOPS Maintenance Trust Fund	1,150	189	961
Total expenditures	\$ 359,650	\$ 304,902	\$ 54,748

Note: Includes transfers.

NON-MAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

Enterprise Funds account for the acquisition, operations and maintenance of the City's facilities and services supported by user charges or those for which the City has decided that periodic determination of the revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Airport Fund

Used to account for the activities of the City owned municipal airport.

Patty Jewett Golf Fund

Used to account for the activities of the City owned golf course.

Valley Hi Golf Fund

Used to account for the activities of the City owned golf course.

Pikes Peak America's Mountain Fund

Used to account for the activities of Pikes Peak America's Mountain.

Parking Fund

Used to account for the activities of the City owned parking system.

Cemetery Fund

Used to account for the activities of the two City owned cemeteries.

Development Review Fund

Used to account for the final implementation of City land use regulations and fire codes.

NON-MAJOR ENTERPRISE FUNDS
COMBINING BALANCE SHEET
December 31, 2016

	Airport Fund	Patty Jewett Golf Fund	Valley Hi Golf Fund
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>			
Current assets			
Cash and investments - unrestricted	\$ 10,512,537	\$ 1,075,691	\$ 364,974
Cash and investments - restricted	9,970,356	-	-
Accounts receivable (net of allowance for uncollectibles)	10,231,615	23,071	6,089
Due from other funds	-	-	-
Inventories	180,480	-	-
Total current assets	30,894,988	1,098,762	371,063
Noncurrent assets			
Cash and investments - restricted	1,259,671	-	-
Lease receivable	1,177,007	-	-
Note receivable	2,174,679	-	-
Due from other funds	-	-	-
Capital assets:			
Land	18,367,718	60,000	931,200
Buildings	67,295,733	1,983,326	282,508
Construction in progress	832,357	-	-
Improvements other than buildings	262,590,949	2,025,918	1,510,289
Machinery and equipment	28,539,993	2,689,200	1,131,458
Infrastructure	47,933,084	-	-
Intangibles	661,903	-	-
Less accumulated depreciation	(175,439,499)	(5,212,670)	(2,353,851)
Unamortized bond insurance premium	37,969	-	-
Total noncurrent assets	255,431,564	1,545,774	1,501,604
Deferred outflows of resources			
Loss on debt refunding	144,415	-	-
Pension-related amounts	2,604,151	246,194	103,366
Total deferred outflows of resources	2,748,566	246,194	103,366
Total assets and deferred outflows of resources	\$ 289,075,118	\$ 2,890,730	\$ 1,976,033

CITY OF COLORADO SPRINGS
COLORADO
Exhibit F-1
(PAGE 1 OF 2)

Pikes Peak America's Mountain Fund	Parking Fund	Cemetery Fund	Development Review Fund	Total
\$ 15,303,425	\$ 7,262,619	\$ 854,670	\$ 3,950,738	\$ 39,324,654
-	-	-	-	9,970,356
45,337	2,175	23,738	-	10,332,025
-	72,735	-	-	72,735
34,341	-	-	-	214,821
15,383,103	7,337,529	878,408	3,950,738	59,914,591
-	-	-	-	1,259,671
-	-	-	-	1,177,007
-	-	-	-	2,174,679
-	1,512,974	-	-	1,512,974
667	2,072,246	81,379	-	21,513,210
4,494,002	25,082,242	514,720	80,173	99,732,704
1,440,654	-	-	-	2,273,011
11,634,428	12,987,450	1,689,135	80,289	292,518,458
2,788,090	367,334	435,213	194,453	36,145,741
-	-	-	-	47,933,084
-	-	-	-	661,903
(9,615,993)	(16,815,139)	(1,893,332)	(214,716)	(211,545,200)
-	-	-	-	37,969
10,741,848	25,207,107	827,115	140,199	295,395,211
-	123,626	-	-	268,041
441,538	202,248	157,618	502,454	4,257,569
441,538	325,874	157,618	502,454	4,525,610
\$ 26,566,489	\$ 32,870,510	\$ 1,863,141	\$ 4,593,391	\$ 359,835,412

(continued)

**NON-MAJOR ENTERPRISE FUNDS
COMBINING BALANCE SHEET
December 31, 2016**

	Airport Fund	Patty Jewett Golf Fund	Valley Hi Golf Fund
<u>LIABILITIES AND NET POSITION</u>			
Current liabilities			
Accounts payable	\$ 2,638,353	\$ 22,291	\$ 11,115
Accrued salaries and benefits	265,164	21,562	8,478
Compensated absences	26,692	3,247	1,023
Due to other funds	85	-	5,752
Unearned revenue	938,885	15,000	7,010
Accrued interest payable	71,650	-	-
Matured bonds payable	1,040,000	-	-
Notes payable	525,327	-	-
Capital lease payable	72,013	85,526	79,274
Total current liabilities	5,578,169	147,626	112,652
Noncurrent liabilities			
Compensated absences	507,156	61,688	19,437
Unearned revenue	2,387,540	-	-
Revenue bonds payable, net	8,156,716	-	-
Notes payable	4,819,626	-	-
Net pension liability	8,587,304	916,808	387,088
Capital lease payable	230,608	174,796	245,408
Total noncurrent liabilities	24,688,950	1,153,292	651,933
Total liabilities	30,267,119	1,300,918	764,585
Deferred inflows of resources			
Pension-related amounts	592,297	40,033	24,242
Total deferred inflows of resources	592,297	40,033	24,242
Net position			
Net investment in capital assets	238,109,407	1,285,452	1,176,922
Restricted for passenger facility charges	1,188,887	-	-
Restricted for debt service	5,963,114	-	-
Unrestricted	12,954,294	264,327	10,284
Total net position	258,215,702	1,549,779	1,187,206
Total liabilities, deferred inflows and net position	\$ 289,075,118	\$ 2,890,730	\$ 1,976,033

CITY OF COLORADO SPRINGS
COLORADO
Exhibit F-1
(PAGE 2 OF 2)

Pikes Peak America's Mountain Fund	Parking Fund	Cemetery Fund	Development Review Fund	Total
\$ 747,436	\$ 192,269	\$ 20,504	\$ 73,941	\$ 3,705,909
48,847	19,873	14,942	38,458	417,324
3,615	3,932	2,573	2,163	43,245
2,470	10,269	2,356	-	20,932
-	-	-	1,736,588	2,697,483
-	16,544	-	-	88,194
-	710,000	-	-	1,750,000
-	-	-	-	525,327
-	-	-	-	236,813
802,368	952,887	40,375	1,851,150	9,485,227
68,693	74,699	48,890	41,101	821,664
-	-	844,190	-	3,231,730
-	7,460,000	-	-	15,616,716
-	-	-	-	4,819,626
1,627,865	725,183	590,106	1,410,019	14,244,373
-	-	-	-	650,812
1,696,558	8,259,882	1,483,186	1,451,120	39,384,921
2,498,926	9,212,769	1,523,561	3,302,270	48,870,148
63,630	41,681	41,421	25,874	829,178
63,630	41,681	41,421	25,874	829,178
10,741,848	15,524,133	827,115	140,199	267,805,076
-	-	-	-	1,188,887
-	-	-	-	5,963,114
13,262,085	8,091,927	(528,956)	1,125,048	35,179,009
24,003,933	23,616,060	298,159	1,265,247	310,136,086
\$ 26,566,489	\$ 32,870,510	\$ 1,863,141	\$ 4,593,391	\$ 359,835,412

NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the year ended December 31, 2016

	Airport Fund	Patty Jewett Golf Fund	Valley Hi Golf Fund
Operating revenues			
Charges for services	\$ 15,364,017	\$ 2,111,727	\$ 995,056
Operating expenses			
Salaries and benefits	6,675,491	702,910	279,840
Other operating expenses	6,960,649	1,190,926	602,963
Depreciation	14,868,061	325,135	104,210
Total operating expenses	28,504,201	2,218,971	987,013
Operating income (loss)	(13,140,184)	(107,244)	8,043
Nonoperating revenues (expenses)			
Investment earnings	650,215	6,021	2,192
Interest expense	(941,812)	(197)	(249)
Passenger facility charges	2,215,716	-	-
Customer facility charges	732,749	-	-
Insurance settlement	4,623,062	-	-
Amortization expense	-	-	-
Gain/(Loss) on disposal of capital assets	(1,827,874)	-	(2,450)
Miscellaneous	359,160	1,657	634
Total nonoperating revenues (expenses)	5,811,216	7,481	127
Income (loss) before contributions and transfers	(7,328,968)	(99,763)	8,170
Capital contributions	23,248,834	-	-
Transfers - in	-	-	-
Transfers - out	(13,216)	(1,089)	(508)
Change in net position	15,906,650	(100,852)	7,662
Total net position - January 1	242,309,052	1,650,631	1,179,544
Total net position - December 31	\$ 258,215,702	\$ 1,549,779	\$ 1,187,206

CITY OF COLORADO SPRINGS
COLORADO
Exhibit F-2

Pikes Peak America's Mountain Fund	Parking Fund	Cemetery Fund	Development Review Fund	Total
\$ 6,461,742	\$ 4,592,930	\$ 1,164,606	\$ 2,140,369	\$ 32,830,447
1,253,711	551,455	439,656	1,411,326	11,314,389
1,318,907	1,312,931	909,877	378,296	12,674,549
727,973	1,065,854	81,345	14,522	17,187,100
3,300,591	2,930,240	1,430,878	1,804,144	41,176,038
3,161,151	1,662,690	(266,272)	336,225	(8,345,591)
83,601	117,637	2,604	19,918	882,188
-	(214,012)	-	-	(1,156,270)
-	-	-	-	2,215,716
-	-	-	-	732,749
-	-	-	-	4,623,062
-	(18,078)	-	-	(18,078)
21,544	-	-	-	(1,808,780)
-	6,509	-	-	367,960
105,145	(107,944)	2,604	19,918	5,838,547
3,266,296	1,554,746	(263,668)	356,143	(2,507,044)
-	-	-	-	23,248,834
250,000	-	280,561	-	530,561
(2,759)	(1,234)	(871)	(2,106)	(21,783)
3,513,537	1,553,512	16,022	354,037	21,250,568
20,490,396	22,062,548	282,137	911,210	288,885,518
\$ 24,003,933	\$ 23,616,060	\$ 298,159	\$ 1,265,247	\$ 310,136,086

NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2016

	Airport Fund	Patty Jewett Golf Fund	Valley Hi Golf Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 15,633,385	\$ 2,101,301	\$ 994,118
Receipts from interfund services provided	33,328	-	-
Payments to suppliers	(5,219,352)	(689,305)	(327,700)
Payments to employees	(6,792,749)	(674,351)	(274,681)
Payments for interfund services used	(1,662,369)	(504,403)	(271,225)
Net cash provided by operating activities	1,992,243	233,242	120,512
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grant	116,240	-	-
Transfers - in	-	-	-
Net cash provided by noncapital financing activities	116,240	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(24,703,860)	(13,675)	-
Transfers in from other funds	-	-	-
Payments from accounts payable incurred for capital asset additions	-	-	-
Repayment of capital lease obligations	(81,995)	(89,109)	(84,149)
Loan proceeds	3,431,183	-	-
Principal paid on capital debt	(10,702,686)	-	-
Interest paid on capital debt	(843,638)	-	-
Interest paid - other	-	(197)	(249)
Proceeds from sale of capital assets	33,080	-	-
Capital grant	18,155,022	-	-
Passenger facility charges	2,038,025	-	-
Customer facility charges	714,806	-	-
Insurance settlement	1,000,000	-	-
Miscellaneous	-	1,657	634
Net cash used by capital and related financing activities	(10,960,063)	(101,324)	(83,764)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	21,754,087	479,696	170,281
Purchases of investments	(12,629,503)	(625,265)	(212,148)
Interest and dividends received	725,880	11,360	3,982
Principal payment received on lease receivable	22,993	-	-
Interest received on lease receivable	54,173	-	-
Principal received from interfund loan	-	-	-
Interest received from interfund loan	-	-	-
Net cash provided (used) by investing activities	9,927,630	(134,209)	(37,885)
Net increase (decrease) in cash and cash equivalents	1,076,050	(2,291)	(1,137)
Cash and cash equivalents - January 1	2,729,967	42,898	14,915
Cash and cash equivalents - December 31	3,806,017	40,607	13,778
Cash and cash equivalents	3,806,017	40,607	13,778
Investments	17,936,547	1,035,084	351,196
Total cash and investments	\$ 21,742,564	\$ 1,075,691	\$ 364,974

CITY OF COLORADO SPRINGS
COLORADO
Exhibit F-3
(PAGE 1 OF 2)

Pikes Peak		Development			
America's Mountain Fund	Parking Fund	Cemetery Fund	Review Fund	Total	
\$ 6,467,398	\$ 4,252,959	\$ 1,675,496	\$ 2,666,362	\$ 33,791,019	
-	360,306	-	23,848	417,482	
(997,746)	(1,059,880)	(486,797)	(165,301)	(8,946,081)	
(1,208,992)	(506,494)	(441,046)	(1,100,123)	(10,998,436)	
(295,272)	(198,589)	(413,636)	(307,091)	(3,652,585)	
3,965,388	2,848,302	334,017	1,117,695	10,611,399	
-	-	-	-	116,240	
-	-	280,561	-	280,561	
-	-	280,561	-	396,801	
(598,871)	(781,135)	-	(23,270)	(26,120,811)	
250,000	-	-	-	250,000	
(31,682)	-	-	-	(31,682)	
-	-	-	-	(255,253)	
-	-	-	-	3,431,183	
-	(695,000)	-	-	(11,397,686)	
-	(215,420)	-	-	(1,059,058)	
-	-	-	-	(446)	
21,829	-	-	-	54,909	
-	-	-	-	18,155,022	
-	-	-	-	2,038,025	
-	-	-	-	714,806	
-	-	-	-	1,000,000	
-	6,509	-	-	8,800	
(358,724)	(1,685,046)	-	(23,270)	(13,212,191)	
5,170,890	2,870,434	(104,624)	1,180,208	31,520,972	
(8,895,395)	(4,252,926)	(496,793)	(2,296,439)	(29,408,469)	
164,293	89,974	8,239	41,193	1,044,921	
-	-	-	-	22,993	
-	-	-	-	54,173	
-	68,335	-	-	68,335	
-	64,853	-	-	64,853	
(3,560,212)	(1,159,330)	(593,178)	(1,075,038)	3,367,778	
46,452	3,926	21,400	19,387	1,163,787	
531,252	270,512	10,864	129,753	3,730,161	
577,704	274,438	32,264	149,140	4,893,948	
577,704	274,438	32,264	149,140	4,893,948	
14,725,721	6,988,181	822,406	3,801,598	45,660,733	
\$ 15,303,425	\$ 7,262,619	\$ 854,670	\$ 3,950,738	\$ 50,554,681	

(continued)

NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2016

	Airport Fund	Patty Jewett Golf Fund	Valley Hi Golf Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (13,140,184)	\$ (107,244)	\$ 8,043
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation expense	14,868,061	325,135	104,210
Pension-related items	(139,812)	27,221	7,364
Other expense	(12,161)	(1,089)	(508)
Change in assets and liabilities			
(Increase) decrease in accounts receivable	187,396	(10,901)	(3,768)
Decrease in due from other funds	-	-	-
(Increase) decrease in inventories	(6,916)	-	-
Decrease in prepaids	26,420	-	-
Increase in accounts and other payables	168,151	6,663	3,995
Increase (decrease) in accrued expenses	22,554	1,338	(2,206)
Increase (decrease) in due to other funds	(96,566)	(8,356)	552
Increase in other liabilities	115,300	475	2,830
Net cash provided by operating activities	\$ 1,992,243	\$ 233,242	\$ 120,512
Noncash investing, capital and financing activities			
Noncash acquisition of capital assets			
(incurrence of payable/capital lease obligation)	2,116,064	349,432	408,831
Decrease in fair value of investments	(75,665)	(5,339)	(1,790)

CITY OF COLORADO SPRINGS
COLORADO
Exhibit F-3
(PAGE 2 OF 2)

Pikes Peak			Development		
America's Mountain	Parking	Cemetery	Review		
Fund	Fund	Fund	Fund	Total	
\$ 3,161,151	\$ 1,662,690	\$ (266,272)	\$ 336,225	\$ (8,345,591)	
727,973	1,065,854	81,345	14,522	17,187,100	
43,317	37,403	(6,098)	188,006	157,401	
(2,759)	(1,234)	(871)	(2,106)	(20,728)	
3,485	4,846	473,486	-	654,544	
2,170	15,489	-	-	17,659	
12,952	-	-	-	6,036	
-	-	-	-	26,420	
15,908	53,725	10,424	39,017	297,883	
1,402	4,116	4,707	(7,810)	24,101	
(211)	5,413	(109)	-	(99,277)	
-	-	37,405	549,841	705,851	
\$ 3,965,388	\$ 2,848,302	\$ 334,017	\$ 1,117,695	\$ 10,611,399	
687,669	-	-	-	3,561,996	
(80,692)	(37,191)	(5,634)	(21,275)	(227,586)	

NON-MAJOR ENTERPRISE FUNDS

CITY OF COLORADO SPRINGS

SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL-BUDGET BASIS

COLORADO

For the year ended December 31, 2016

Exhibit F-4

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Airport Fund	\$ 65,576,134	\$ 47,269,419	\$ (18,306,715)
Patty Jewett Golf Fund	2,148,529	2,124,744	(23,785)
Valley Hi Golf Fund	1,135,911	999,673	(136,238)
Pikes Peak America's Mountain Fund	4,103,066	6,876,035	2,772,969
Parking Fund	4,410,516	4,754,267	343,751
Cemetery Fund	1,424,292	1,453,405	29,113
Development Review Fund	2,309,295	2,181,563	(127,732)
Total revenues	<u>\$ 81,107,743</u>	<u>65,659,106</u>	<u>\$ (15,448,637)</u>

Reconciliation to GAAP:

Add: Gain/(loss) on disposal of assets	(1,808,780)
Less: Decrease in fair value of investments	(227,587)
Revenues (US GAAP basis)	<u>\$ 63,622,739</u>

	Final Budget	Actual	Variance Positive (Negative)
Expenses			
Airport Fund	\$ 82,115,187	\$ 50,223,907	\$ 31,891,280
Patty Jewett Golf Fund	2,180,467	1,972,306	208,161
Valley Hi Golf Fund	1,114,764	963,549	151,215
Pikes Peak America's Mountain Fund	6,586,866	3,815,672	2,771,194
Parking Fund	5,235,146	3,516,402	1,718,744
Cemetery Fund	1,472,690	1,353,260	119,430
Development Review Fund	1,925,871	1,636,667	289,204
Total expenses	<u>\$ 100,630,991</u>	<u>63,481,763</u>	<u>\$ 37,149,228</u>

Reconciliation to GAAP:

Add: Depreciation expense	17,187,100
Add: Amortization expense	18,078
Add: Other year-end accrual entries	146,649
Less: Capital expenditures	(26,808,480)
Less: Capital lease principal payments	(255,253)
Less: Capital debt principal payments	(11,397,686)
Expenses (US GAAP basis)	<u>\$ 42,372,171</u>

Note: Includes transfers

NON-MAJOR PROPRIETARY FUNDS

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis.

Claims Reserve Self-Insurance Fund

Used to account for self-insurance activities of the City (except Utilities) in the area of general liability.

Workers' Compensation Self-Insurance Fund

Used to account for the self-insurance activities related to employee workers' compensation.

Employee Benefits Self-Insurance Fund

Used to account for self-insurance activities of the City employee benefit program (except Utilities).

Office Services Fund

Used to account for printing and mailing services.

Radio Communications Fund

Used to account for radio services.

INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
December 31, 2016

	Claims Reserve Self-Insurance Fund	Workers' Compensation Self-Insurance Fund
<u>ASSETS</u>		
Current assets		
Cash and investments	\$ -	\$ 768,493
Accounts receivable (net of allowance for uncollectibles)	-	23
Inventories	-	-
Due from other funds	-	6,197
Total current assets	-	774,713
Noncurrent assets		
Capital assets:		
Land	-	-
Buildings	-	-
Improvements other than buildings	-	-
Machinery and equipment	-	41,433
Less accumulated depreciation	-	(41,433)
Total noncurrent assets	-	-
Total assets	-	774,713
<u>LIABILITIES AND NET POSITION</u>		
Current liabilities		
Accounts payable	209,195	35,127
Claims payable	3,097,000	9,043,500
Accrued salaries and benefits	4,789	26,946
Compensated absences	518	2,162
Due to other funds	274,159	-
Total current liabilities	3,585,661	9,107,735
Noncurrent liabilities		
Claims payable	-	9,043,500
Compensated absences	9,845	41,078
Total noncurrent liabilities	9,845	9,084,578
Total liabilities	3,595,506	18,192,313
Net position		
Net investment in capital assets	-	-
Unrestricted	(3,595,506)	(17,417,600)
Total net position	(3,595,506)	(17,417,600)
Total liabilities and net position	\$ -	\$ 774,713

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit G-1**

Employee Benefits Self-Insurance Fund	Office Services Fund	Radio Communications Fund	Total
\$ 642,757	\$ 535,924	\$ 818,430	\$ 2,765,604
302,986	58,818	1,415	363,242
-	30,896	4,871	35,767
51,589	-	-	57,786
997,332	625,638	824,716	3,222,399
-	-	13,000	13,000
-	-	201,250	201,250
-	-	310,198	310,198
-	225,791	194,980	462,204
-	(225,791)	(434,260)	(701,484)
-	-	285,168	285,168
997,332	625,638	1,109,884	3,507,567
1,917,008	9,598	26,294	2,197,222
2,996,000	-	-	15,136,500
12,869	20,491	19,491	84,586
982	4,938	1,820	10,420
-	-	2,099	276,258
4,926,859	35,027	49,704	17,704,986
-	-	-	9,043,500
18,654	93,820	34,587	197,984
18,654	93,820	34,587	9,241,484
4,945,513	128,847	84,291	26,946,470
-	-	285,168	285,168
(3,948,181)	496,791	740,425	(23,724,071)
(3,948,181)	496,791	1,025,593	(23,438,903)
\$ 997,332	\$ 625,638	\$ 1,109,884	\$ 3,507,567

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the year ended December 31, 2016

	Claims Reserve Self-Insurance Fund	Workers' Compensation Self-Insurance Fund
Operating revenues		
Charges for services	\$ 1,185,014	\$ 6,947,903
Operating expenses		
Salaries and benefits	172,160	702,863
Other operating expenses	3,723,998	13,480,826
Depreciation	-	3,354
Total operating expenses	3,896,158	14,187,043
Operating income (loss)	(2,711,144)	(7,239,140)
Nonoperating revenues (expenses)		
Investment earnings (loss)	-	(491)
Income (loss) before transfers	(2,711,144)	(7,239,631)
Transfers - in	-	-
Change in net position	(2,711,144)	(7,239,631)
Total net position - January 1	(884,362)	(10,177,969)
Total net position - December 31	\$ (3,595,506)	\$ (17,417,600)

CITY OF COLORADO SPRINGS
COLORADO
Exhibit G-2

Employee Benefits Self-Insurance Fund	Office Services Fund	Radio Communications Fund	Total
\$ 27,399,997	\$ 1,772,291	\$ 1,488,799	\$ 38,794,004
308,819	558,321	434,074	2,176,237
26,336,216	1,042,460	980,881	45,564,381
-	-	19,080	22,434
26,645,035	1,600,781	1,434,035	47,763,052
754,962	171,510	54,764	(8,969,048)
(86)	2,398	5,519	7,340
754,876	173,908	60,283	(8,961,708)
311,212	-	-	311,212
1,066,088	173,908	60,283	(8,650,496)
(5,014,269)	322,883	965,310	(14,788,407)
\$ (3,948,181)	\$ 496,791	\$ 1,025,593	\$ (23,438,903)

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2016

	Claims Reserve Self-Insurance Fund	Workers' Compensation Self-Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 173,514	\$ 178,185
Receipts from interfund services provided	1,018,855	6,767,626
Payments to suppliers	(1,072,400)	(5,282,206)
Payments to employees	(171,729)	(695,101)
Payments for interfund services used	(700)	(545,112)
Net cash provided (used) by operating activities	(52,460)	423,392
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayment of advance from other funds	(221,699)	-
Advance from other funds	274,159	-
Net cash provided (used) by noncapital financing activities	52,460	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	-	32,298
Purchases of investments	-	(446,701)
Interest and dividends received	-	4,213
Net cash used by investing activities	-	(410,190)
Net increase (decrease) in cash and cash equivalents	-	13,202
Cash and cash equivalents - January 1	-	15,809
Cash and cash equivalents - December 31	-	29,011
Cash and cash equivalents	-	29,011
Investments	-	739,482
Total cash and investments	\$ -	\$ 768,493

CITY OF COLORADO SPRINGS
COLORADO
Exhibit G-3
(PAGE 1 OF 2)

Employee Benefits Self-Insurance Fund	Office Services Fund	Radio Communications Fund	Total
\$ 6,293,241	\$ 392,751	\$ 390,333	\$ 7,428,024
21,278,801	1,385,183	1,104,823	31,555,288
(24,599,498)	(664,944)	(572,529)	(32,191,577)
(308,958)	(574,278)	(427,929)	(2,177,995)
(1,194,000)	(370,188)	(407,043)	(2,517,043)
1,469,586	168,524	87,655	2,096,697
(826,743)	-	-	(1,048,442)
-	-	-	274,159
(826,743)	-	-	(774,283)
(249,606)	141,188	376,242	300,122
(373,614)	(311,515)	(475,727)	(1,607,557)
4,641	5,338	9,549	23,741
(618,579)	(164,989)	(89,936)	(1,283,694)
24,264	3,535	(2,281)	38,720
-	16,696	33,177	65,682
24,264	20,231	30,896	104,402
24,264	20,231	30,896	104,402
618,493	515,693	787,534	2,661,202
\$ 642,757	\$ 535,924	\$ 818,430	\$ 2,765,604

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2015

	Claims Reserve Self-Insurance Fund	Workers' Compensation Self-Insurance Fund
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income (loss)	\$ (2,711,144)	\$ (7,239,140)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation expense	-	3,354
Other expense	-	-
Change in assets and liabilities		
(Increase) decrease in accounts receivable	-	(23)
(Increase) decrease in due from other funds	7,355	(2,069)
Decrease in inventories	-	-
Increase (decrease) in accounts and other payables	2,650,898	7,653,508
Increase (decrease) in accrued expenses	431	7,762
Increase in due to other funds	-	-
Net cash provided (used) by operating activities	\$ (52,460)	\$ 423,392
Noncash investing, capital and financing activities		
Decrease in fair value of investments	\$ -	\$ (4,704)

CITY OF COLORADO SPRINGS
COLORADO
Exhibit G-3
(PAGE 2 OF 2)

Employee Benefits Self-Insurance Fund	Office Services Fund	Radio Communications Fund	Total
\$ 754,962	\$ 171,510	\$ 54,764	\$ (8,969,048)
-	-	19,080	22,434
311,212	-	-	311,212
(96,883)	(29,737)	5,013	(121,630)
(42,284)	35,380	1,344	(274)
-	14,835	442	15,277
542,718	(7,507)	683	10,840,300
(139)	(15,957)	6,144	(1,759)
-	-	185	185
\$ 1,469,586	\$ 168,524	\$ 87,655	\$ 2,096,697
\$ (4,727)	\$ (2,940)	\$ (4,030)	\$ (16,401)

INTERNAL SERVICES FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL-BUDGET BASIS
For the year ended December 31, 2016

CITY OF COLORADO SPRINGS
COLORADO
Exhibit G-4

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Claims Reserve Self-Insurance Fund	\$ 1,011,500	\$ 1,185,014	\$ 173,514
Workers' Compensation Self Insurance Fund	6,735,446	6,952,116	216,670
Employee Benefits Self-Insurance Fund	26,733,568	27,715,850	982,282
Office Services Fund	1,736,442	1,777,629	41,187
Radio Communications Fund	1,364,750	1,498,347	133,597
Total revenues	<u>\$ 37,581,706</u>	<u>39,128,956</u>	<u>\$ 1,547,250</u>

Reconciliation to GAAP:

Less: Decrease in fair value of investments	(16,401)
Revenues (US GAAP basis)	<u>\$ 39,112,555</u>

	Final Budget	Actual	Variance Positive (Negative)
Expenses			
Claims Reserve Self-Insurance Fund	\$ 1,011,500	\$ 3,895,676	\$ (2,884,176)
Workers' Compensation Self Insurance Fund	8,000,000	14,179,004	(6,179,004)
Employee Benefits Self-Insurance Fund	28,424,343	26,650,896	1,773,447
Office Services Fund	1,741,990	1,602,434	139,556
Radio Communications Fund	1,645,380	1,413,240	232,140
Total expenses	<u>\$ 40,823,213</u>	<u>47,741,250</u>	<u>\$ (6,918,037)</u>

Reconciliation to GAAP:

Add: Depreciation expense	22,434
Less: Other year-end accrual entries	(633)
Expenditures (US GAAP basis)	<u>\$ 47,763,051</u>

Note: Includes transfers

FIDUCIARY FUNDS

Fiduciary funds are used to account for the assets held by the City in a trustee capacity or as an agent for other agencies, individuals, private organizations or governmental units and cannot be used to support City programs.

Miscellaneous Depository Agency Fund

Used to account for assets that the City holds on behalf of others as their agent.

**AGENCY FUND
BALANCE SHEET
December 31, 2016**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit H-1**

	<u>Miscellaneous Depository Fund</u>
<u>ASSETS</u>	
Cash and investments	\$ 2,386,777
Accounts receivable (net of allowance for uncollectibles)	<u>1,972</u>
Total assets	<u><u>2,388,749</u></u>
<u>LIABILITIES</u>	
Accounts payable	172,882
Due to component unit	<u>2,215,867</u>
Total liabilities	<u><u>\$ 2,388,749</u></u>

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES
For the year ended December 31, 2016

CITY OF COLORADO SPRINGS
COLORADO
Exhibit H-2

	Beginning balance	Debits	Credits	Ending balance
<u>ASSETS</u>				
Miscellaneous depository fund				
Cash and investments	\$ 1,699,902	\$ 199,515,877	\$ 198,829,002	\$ 2,386,777
Accounts receivable (net of allowance for uncollectibles)	-	2,131	159	1,972
Due from component unit	403	-	403	-
Total assets	1,700,305	199,518,008	198,829,564	2,388,749

<u>LIABILITIES</u>				
Miscellaneous depository fund				
Accounts payable	89,088	194,407,312	194,491,106	172,882
Due to component unit	1,611,217	-	604,650	2,215,867
Total liabilities	\$ 1,700,305	\$ 194,407,312	\$ 195,095,756	\$ 2,388,749



STATISTICAL SECTION

The statistical section includes six categories of information:

Financial Trend Analysis:

This section is intended to assist in understanding and assessing how the City's financial position has changed over time. Tables 1 through 4 include current and prior years information on net position and fund balances.

Revenue Capacity Analysis:

This section is intended to assist in understanding and assessing factors affecting the City's ability to generate its own source revenues. The City's largest own source revenue is the City's sales tax. Tables 5 through 7 provide data related to the City's sales tax collected, direct and overlapping sales and use tax rates and the City's taxpayers by industry.

Debt Capacity Analysis:

This section is intended to assist in understanding and assessing the City's tax burden and its ability to issue additional debt. Tables 8 through 12 outline various debt analysis including direct and overlapping debt, legal debt margin and pledged revenue coverage.

Demographic and Economic Analysis:

This section is intended to assist in (1) understanding the socioeconomic environment within which the City operates and (2) providing information to facilitate comparisons of financial statement information over time and among governments. Tables 13 through 15 provide information on various demographic and economic statistics, principal employers, and full time equivalent City government employees.

STATISTICAL SECTION CONT'D.

Operating Analysis:

This section is intended to provide contextual information about the City's operations and resources to assist in using the financial statement information in understanding the City's economic condition. Tables 16 and 17 provide statistical information on operating indicators and capital assets.

Other Information:

Other tables required for disclosure are also included in this section. Tables 18 through 21 provide sales and use tax revenue collection costs and required refunds, assessed valuations, property tax levies and collections, direct and overlapping mill levy rates, landfill closure and postclosure costs.



NET POSITION BY COMPONENT

Last ten fiscal years

Table 1

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities										
Net investment in capital assets	\$ 1,248,000,610	\$ 1,246,030,036	\$ 1,247,391,126	\$ 1,222,445,299	\$ 1,204,660,019	\$ 1,189,009,759	\$ 1,036,479,446	\$ 977,962,432	\$ 987,792,618	\$ 943,951,873
Restricted	43,747,103	28,406,351	23,557,193	20,966,471	19,196,709	18,374,171	22,531,964	22,552,285	18,016,585	19,959,764
Unrestricted	(89,121,095)	(79,724,995)	72,305,489	74,861,853	85,263,142	71,001,838	58,151,603	41,262,028	48,519,165	73,002,127
Total governmental activities net position	\$ 1,202,626,618	\$ 1,195,311,392	\$ 1,343,253,808	\$ 1,318,273,623	\$ 1,309,119,870	\$ 1,278,385,768	\$ 1,117,163,013	\$ 1,041,776,745	\$ 1,054,328,368	\$ 1,036,913,764
Business-type activities										
Net investment in capital assets	\$ 1,872,057,076	\$ 1,731,137,866	\$ 1,566,906,671	\$ 1,423,336,171	\$ 1,313,687,876	\$ 1,302,975,565	\$ 1,302,421,603	\$ 1,331,520,235	\$ 1,299,158,955	\$ 1,327,314,557
Restricted	51,102,001	69,882,674	61,330,543	42,190,406	81,754,874	127,607,494	89,960,386	47,970,871	46,335,511	66,201,848
Unrestricted	(49,050,476)	(63,038,610)	156,215,483	224,351,377	351,354,252	607,184,465	628,422,810	583,939,576	310,245,990	491,602,189
Total business-type activities net position	\$ 1,874,108,601	\$ 1,737,981,930	\$ 1,784,452,697	\$ 1,689,877,954	\$ 1,746,797,002	\$ 2,037,767,524	\$ 2,020,804,799	\$ 1,963,430,682	\$ 1,655,740,456	\$ 1,885,118,594
Primary government										
Net investment in capital assets	\$ 3,120,057,686	\$ 2,977,767,902	\$ 2,814,297,797	\$ 2,645,781,470	\$ 2,518,347,895	\$ 2,491,985,324	\$ 2,338,901,049	\$ 2,309,482,667	\$ 2,286,951,573	\$ 2,271,266,430
Restricted	94,849,104	98,289,025	84,887,736	63,156,877	100,951,583	145,981,665	112,492,350	70,523,156	64,352,096	86,161,612
Unrestricted	(138,171,571)	(142,763,605)	228,520,972	299,213,230	436,617,394	678,186,303	686,574,413	625,201,604	358,765,155	564,604,316
Total primary government net position	\$ 3,076,735,219	\$ 2,933,293,322	\$ 3,127,706,505	\$ 3,008,151,577	\$ 3,055,916,872	\$ 3,316,153,292	\$ 3,137,967,812	\$ 3,005,207,427	\$ 2,710,068,824	\$ 2,922,032,358

CHANGES IN NET POSITION
Last ten fiscal years

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental activities:										
General government	\$ 65,304,997	\$ 64,459,559	\$ 66,869,211	\$ 57,776,797	\$ 58,618,337	\$ 48,067,151	\$ 46,363,125	\$ 56,677,795	\$ 92,816,914	\$ 79,497,564
Public safety	190,623,311	168,628,903	168,664,690	158,517,649	149,168,556	149,930,831	150,429,316	145,663,748	123,712,015	126,767,912
Planning/community development ¹	22,968,689	12,523,168	-	-	-	-	-	-	-	-
Public works	120,721,459	83,608,555	78,015,459	80,476,208	74,045,666	67,067,654	61,479,834	83,647,759	69,909,340	79,445,004
Parks	28,826,273	24,400,726	-	-	-	-	-	-	-	-
Health and welfare	-	-	1,083,268	1,057,832	1,274,298	1,214,081	1,205,744	1,230,831	1,181,013	1,146,634
Culture and recreation	-	-	27,008,991	22,344,456	22,238,048	21,789,448	21,616,273	25,192,163	22,674,396	25,899,084
Urban redevelopment and housing	-	-	5,721,466	4,775,034	6,803,814	5,032,806	6,160,987	4,966,112	6,034,237	4,917,290
Economic development	-	-	3,811,264	3,292,753	2,711,136	2,619,256	2,042,321	3,170,529	2,814,646	2,894,876
Economic opportunities	-	-	-	-	-	-	-	-	3,242	73,758
Interest on long-term debt	2,415,117	2,875,505	3,397,967	4,683,225	4,867,183	5,020,740	5,630,651	5,391,628	5,058,419	4,758,426
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	430,859,846	356,496,416	354,572,316	332,923,954	319,727,038	300,741,967	294,928,251	325,940,565	324,204,222	325,400,548
Business-type activities:										
Utilities	681,776,411	672,816,293	783,594,844	805,232,795	749,375,429	818,668,053	796,131,627	725,181,046	999,877,783	737,871,365
PACE	60,545,000	60,810,000	60,995,000	61,041,000	-	-	-	-	-	-
MHS	3,175,469	3,285,813	620,537	431,000	431,645,000	560,894,000	540,440,000	555,196,000	556,297,000	500,198,000
Airport	-	-	-	-	-	24,874,856	25,341,755	25,469,043	26,371,427	26,044,121
Parking	-	-	-	-	-	3,843,908	3,089,064	4,014,468	3,998,954	3,064,208
Other	36,515,165	39,347,633	37,810,511	47,044,893	43,356,373	12,391,209	16,213,845	23,269,243	17,131,141	14,015,113
Total business-type activities expenses	782,012,045	776,259,739	883,020,892	913,749,688	1,224,376,802	1,420,672,026	1,381,216,391	1,333,129,800	1,603,616,305	1,281,192,807
Total primary government expenses	\$ 1,212,871,891	\$ 1,132,756,155	\$ 1,237,593,208	\$ 1,246,673,642	\$ 1,544,103,840	\$ 1,721,413,993	\$ 1,676,144,542	\$ 1,659,070,365	\$ 1,927,820,527	\$ 1,606,593,355
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 20,800,595	\$ 19,975,243	\$ 20,374,166	\$ 11,468,448	\$ 14,284,808	\$ 16,781,325	\$ 16,515,016	\$ 15,631,509	\$ 20,985,541	\$ 20,396,377
Public safety	6,742,276	6,930,898	6,413,558	4,796,826	5,032,930	4,585,702	4,909,599	4,299,642	3,760,245	3,733,389
Planning/community development ¹	-	-	-	-	-	-	-	-	-	-
Public works	12,632,805	9,695,070	7,897,929	7,647,033	5,189,248	4,681,309	6,357,708	6,812,214	8,598,594	7,876,596
Parks	3,341,163	2,940,722	-	-	-	-	-	-	-	-
Culture and recreation	-	-	2,655,107	2,394,630	2,343,078	2,901,620	3,124,277	3,315,582	3,460,517	3,298,029
Urban redevelopment and housing	-	-	236,679	550,014	2,126,074	297,530	98,933	859,437	2,071,374	1,121,879
Economic development	-	-	1,000	-	-	-	-	36,996	6,841	27,748
Operating grants and contributions	20,758,053	22,588,951	15,399,529	21,514,697	20,121,901	25,377,676	24,110,968	19,289,013	15,004,443	22,917,770
Capital grants and contributions	59,514,382	47,827,749	80,881,804	60,360,011	77,975,257	176,593,370	105,822,052	58,880,735	78,130,974	198,295,183
Total governmental activities program revenues	\$ 123,789,274	\$ 109,958,333	\$ 133,859,772	\$ 108,731,659	\$ 127,073,296	\$ 231,218,532	\$ 160,938,553	\$ 109,125,128	\$ 132,018,529	\$ 257,666,971

Note: The city adopted GASB Statement No. 61 in 2013, which requires PACE to be presented as a blended component unit. In 2012, Airport and Parking were moved from major funds to non-major funds and are presented as Other.

¹ Newly named category for 2015. Due to an allowance adjustment, no net charges for services in 2015 and 2016.

(continued)

CHANGES IN NET POSITION
Last ten fiscal years

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Business-type activities:										
Charges for services:										
Utilities	\$ 793,293,000	\$ 830,821,000	\$ 868,846,000	\$ 823,760,000	\$ 849,746,000	\$ 830,522,000	\$ 797,546,000	\$ 743,780,000	\$ 756,774,000	\$ 721,355,652
PACE	48,654,000	48,150,000	47,641,000	47,085,000	-	-	-	-	-	-
MHS	-	-	-	-	415,872,000	551,709,000	550,074,000	543,987,000	553,072,000	507,694,000
Airport	-	-	-	-	-	20,360,155	19,209,227	21,302,693	25,607,276	25,532,810
Parking	-	-	-	-	-	3,831,263	3,715,448	3,631,086	3,733,694	3,504,273
Other	32,830,447	31,592,365	31,029,462	35,699,603	33,843,316	9,612,131	9,826,784	24,489,550	25,138,274	24,683,395
Capital grants and contributions	76,081,834	46,213,579	60,238,372	57,956,449	68,939,203	46,543,219	50,430,938	42,733,907	44,401,587	64,979,269
Total business-type activities program revenues	950,859,281	956,776,944	1,007,754,834	964,501,052	1,368,400,519	1,462,577,768	1,430,802,397	1,379,924,236	1,408,726,831	1,347,749,399
Total primary government program revenues	\$ 1,074,648,555	\$ 1,066,735,277	\$ 1,141,614,606	\$ 1,073,232,711	\$ 1,495,473,815	\$ 1,693,796,300	\$ 1,591,740,950	\$ 1,489,049,364	\$ 1,540,745,360	\$ 1,605,416,370
Net (expense)/revenue										
Governmental activities	\$ (307,070,572)	\$ (246,538,083)	\$ (220,712,544)	\$ (224,192,295)	\$ (192,653,742)	\$ (69,523,435)	\$ (133,989,698)	\$ (216,815,437)	\$ (192,185,693)	\$ (67,733,577)
Business-type activities	168,847,236	180,517,205	124,733,942	50,751,364	144,023,717	41,905,742	49,586,106	46,794,436	(194,889,474)	66,556,592
Total primary government net (expense) revenue	\$ (138,223,336)	\$ (66,020,878)	\$ (95,978,602)	\$ (173,440,931)	\$ (48,630,025)	\$ (27,617,693)	\$ (84,403,592)	\$ (170,021,001)	\$ (387,075,167)	\$ (1,176,985)
General revenues and other changes in net position										
Governmental activities:										
Taxes:										
Property taxes	\$ 23,390,221	\$ 22,540,418	\$ 22,862,535	\$ 24,283,843	\$ 22,897,112	\$ 24,473,652	\$ 24,326,164	\$ 26,275,090	\$ 25,741,077	\$ 22,696,117
Sales taxes	252,544,859	190,269,766	185,615,186	172,706,230	163,975,846	155,546,936	148,782,961	143,214,662	150,111,070	163,816,420
Specific ownership taxes	2,846,855	2,611,736	2,478,710	2,343,653	2,222,285	2,190,174	2,311,600	2,761,330	3,024,451	3,179,212
Occupational liquor taxes	280,240	273,125	266,803	264,539	259,820	257,561	256,153	253,747	254,711	259,320
Admissions tax	503,199	469,933	509,696	432,317	476,030	449,533	490,236	447,568	398,694	313,008
Bicycle excise tax	85,746	83,080	81,032	78,760	90,536	86,091	95,547	89,579	91,074	109,226
Investment earnings	1,147,142	1,379,491	1,102,201	1,102,409	1,783,647	1,291,703	1,734,681	2,676,486	3,809,609	7,515,253
Gain on sale of capital assets	2,389,154	135,015	326,919	995,844	-	748,077	572,920	1,516,412	275,399	87,244
Contributions to endowments	171,160	80,485	83,086	70,965	78,943	73,080	78,543	84,680	94,795	99,192
Transfers	31,027,222	30,725,000	32,055,000	32,116,530	33,145,262	30,235,004	30,727,161	26,109,574	25,799,417	24,979,499
Total governmental activities	314,385,798	248,270,759	245,658,458	234,395,090	224,929,481	215,351,811	209,375,966	203,429,128	209,600,297	223,054,491
Business-type activities:										
Investment earnings	8,117,657	7,111,047	4,534,754	4,070,731	18,412,607	3,492,224	30,445,172	44,279,364	(8,689,259)	39,371,432
Loss on defeasance and repayment of long term debt	-	-	-	-	(47,903,000)	-	-	-	-	-
Extraordinary item	(9,811,000)	-	-	(507,000)	-	(1,015,237)	-	-	-	-
Special item	(31,027,222)	(30,725,000)	(32,055,000)	(32,116,530)	(33,145,262)	(30,235,004)	(30,727,161)	(26,109,574)	(25,799,417)	(24,979,499)
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	(32,720,565)	(23,613,953)	(27,520,246)	(28,552,799)	(434,994,239)	(27,758,017)	(281,989)	18,169,790	(34,488,676)	14,391,933
Total primary government	\$ 281,665,233	\$ 224,656,806	\$ 218,138,212	\$ 205,842,291	\$ (210,064,758)	\$ 187,593,794	\$ 209,093,977	\$ 221,598,918	\$ 175,111,621	\$ 237,446,424
Change in net position										
Governmental activities	\$ 7,315,226	\$ 1,732,676	\$ 24,945,914	\$ 10,202,795	\$ 33,275,739	\$ 145,828,376	\$ 75,386,268	\$ (13,386,309)	\$ 17,414,604	\$ 155,320,914
Business-type activities	136,126,671	156,903,252	97,213,696	22,198,565	(290,970,522)	14,147,725	49,304,117	64,964,226	(229,378,150)	80,948,525
Total primary government	\$ 143,441,897	\$ 158,635,928	\$ 122,159,610	\$ 32,401,360	\$ (258,694,783)	\$ 159,976,101	\$ 124,690,385	\$ 51,577,917	\$ (211,963,546)	\$ 236,269,439

Note: The City adopted GASB Statement No. 61 in 2013, which requires PACE to be presented as a blended component unit. In 2012, Airport and Parking were moved from major funds to non-major funds and are presented as Other.

FUND BALANCES OF GOVERNMENTAL FUNDS
Last ten fiscal years

	Fiscal Year										
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	
General fund											
Nonspendable	\$ 365,732	\$ 384,475	\$ 450,771	\$ 133,289	\$ 132,999	\$ 609,243	\$ -	\$ -	\$ -	\$ -	
Restricted	30,049,266	7,545,287	9,996,781	8,182,418	7,547,036	7,547,034	-	-	-	-	
Committed	5,234,626	6,150,522	6,369,071	5,565,912	3,857,623	1,231,321	-	-	-	-	
Assigned	4,042,429	3,629,733	2,937,924	8,070,526	3,212,142	3,415,078	-	-	-	-	
Unassigned	29,290,407	32,707,058	33,950,373	35,115,277	47,194,174	37,994,759	-	-	-	-	
Reserved	-	-	-	-	-	-	9,908,610	10,491,562	9,152,823	8,711,416	
Unreserved	-	-	-	-	-	-	34,078,702	15,926,061	22,864,229	31,775,420	
Total general fund	\$ 68,982,460	\$ 50,417,075	\$ 53,704,920	\$ 57,067,422	\$ 61,943,974	\$ 50,797,435	\$ 43,987,312	\$ 26,417,623	\$ 32,017,052	\$ 40,486,836	
All other governmental funds											
Nonspendable	\$ 11,162,249	\$ 11,195,086	\$ 11,540,728	\$ 11,049,247	\$ 10,440,549	\$ 9,721,218	\$ -	\$ -	\$ -	\$ -	
Restricted	48,084,352	34,619,120	33,433,127	30,599,345	32,237,097	26,971,406	-	-	-	-	
Committed	23,230,678	21,439,222	16,622,140	14,015,208	11,107,290	10,824,498	-	-	-	-	
Assigned	856,356	245,488	1,050,454	847,687	32,259	120,349	-	-	-	-	
Reserved	-	-	-	-	-	-	10,873,354	10,310,723	8,863,762	11,248,348	
Unreserved, reported in:											
Special revenue funds	-	-	-	-	-	-	28,817,032	29,662,100	30,108,294	34,247,414	
Capital projects funds	-	-	-	-	-	-	6,539,942	5,113,092	9,040,858	12,450,314	
Total all other governmental funds	\$ 83,333,635	\$ 67,498,916	\$ 62,646,449	\$ 56,511,487	\$ 53,817,195	\$ 47,637,471	\$ 46,230,328	\$ 45,085,915	\$ 48,012,914	\$ 57,946,076	

Note: The City adopted GASB Statement 54 in 2011 which requires new fund balance classifications for governmental funds.

**CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS
Last ten fiscal years**

**CITY OF COLORADO SPRINGS
COLORADO
Table 4**

	Fiscal Year										
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	
Revenues											
Taxes	\$ 279,651,120	\$ 216,248,058	\$ 211,813,962	\$ 200,109,342	\$ 189,921,630	\$ 183,003,947	\$ 173,181,802	\$ 179,790,693	\$ 179,790,693	\$ 190,409,468	
Licenses and permits	-	-	1,860,374	1,940,283	1,761,529	870,688	557,894	650,977	701,441	701,441	
Licenses, permits and fines	6,571,781	7,216,901	-	-	-	-	-	-	-	-	
Intergovernmental	59,298,336	57,047,283	51,801,244	49,448,348	51,689,187	62,487,615	85,204,897	57,833,164	53,351,302	60,601,329	
Charges for services	26,036,068	22,254,241	24,395,457	22,180,061	20,532,487	21,739,662	24,779,523	25,266,767	29,323,793	29,058,970	
Endowments and donations	2,037,905	2,154,590	1,498,184	1,282,267	1,584,805	1,315,079	1,680,204	1,614,763	1,699,147	1,326,375	
Other revenue	5,799,418	3,404,021	3,242,165	2,410,136	4,742,492	4,468,747	2,989,985	2,311,184	4,415,975	3,601,664	
Interfund services provided	7,022,399	7,613,978	7,997,266	-	-	-	-	-	-	-	
Investment earnings	1,143,834	1,059,514	1,388,369	1,115,418	1,752,286	1,327,990	1,822,435	2,902,795	3,331,460	6,960,170	
Rental income	419,745	249,746	588,703	589,610	570,703	605,115	723,937	773,764	767,989	697,917	
Total revenues	387,980,606	317,248,332	304,585,724	279,075,465	272,555,119	275,818,843	294,388,473	264,442,133	273,331,336	293,357,334	
Expenditures											
General government	52,896,927	55,772,800	56,713,784	56,098,731	48,772,398	47,390,554	42,203,955	50,559,017	82,353,801	72,231,643	
Public safety	170,809,396	168,750,783	159,829,593	149,890,554	145,044,874	141,877,321	141,338,332	135,143,416	113,724,157	116,345,694	
Planning/community development	15,740,999	-	-	-	-	-	-	-	-	-	
Planning/housing	-	10,279,313	-	-	-	-	-	-	-	-	
Public works	51,168,691	46,688,517	38,414,786	38,659,424	32,353,857	31,816,336	33,423,255	50,726,314	37,188,794	41,998,578	
Parks	25,670,280	21,701,668	-	-	-	-	-	-	-	-	
Health and welfare	-	-	1,080,000	1,040,000	1,270,179	1,209,861	1,214,390	1,227,493	1,173,833	1,134,100	
Culture and recreation	-	-	22,720,707	18,044,391	18,718,313	18,216,191	21,079,762	22,621,993	21,611,217	22,303,042	
Urban redevelopment and housing	-	-	4,952,651	4,402,839	6,531,559	4,877,732	6,082,959	4,922,150	5,957,329	5,670,270	
Economic development	-	-	3,799,765	3,237,248	2,702,372	2,610,152	2,056,965	3,161,932	2,797,534	2,863,231	
Economic opportunities	-	-	-	-	-	-	-	-	3,222	72,952	
Miscellaneous	22,597	24,352	14,708	670,525	1,160,787	3,374,694	1,077,315	581,673	815,688	602,980	
Debt service	-	-	-	-	-	-	-	-	-	-	
Principal	6,067,329	10,933,009	13,334,381	14,397,183	13,352,897	12,225,107	12,435,183	9,894,252	10,051,894	8,772,742	
Interest	2,414,008	2,916,884	3,437,765	4,803,195	5,079,904	5,258,816	5,811,077	4,782,855	4,909,523	5,080,129	
Insurance expense	-	-	-	-	-	188,001	77,358	1,028,220	-	-	
Capital outlay	75,270,238	30,211,685	29,987,604	24,582,564	16,938,479	29,006,978	41,390,901	56,397,757	46,673,145	41,240,465	
Total expenditures	400,060,465	347,279,011	334,285,744	315,826,654	291,945,619	298,051,543	308,191,452	341,047,072	327,260,137	318,315,826	
Deficiency of revenues under expenditures	(12,079,859)	(30,030,679)	(29,700,020)	(36,751,189)	(19,390,500)	(22,232,700)	(13,802,979)	(76,604,939)	(53,928,801)	(24,958,492)	
Other financing sources (uses)											
Transfers - in	47,515,435	45,666,562	42,711,618	42,406,999	40,886,014	39,793,341	46,854,998	34,325,645	39,019,942	39,631,621	
Transfers - out	(16,799,425)	(13,768,280)	(10,656,618)	(10,622,278)	(6,740,752)	(7,877,337)	(16,127,837)	(9,666,071)	(11,720,525)	(16,897,772)	
Insurance of debt	13,690,000	-	8,960,000	-	-	13,485,000	3,900,000	65,930,000	2,790,000	10,476,900	
Payment on refunding bonds	-	-	(8,856,720)	-	-	(16,262,864)	(4,221,551)	(38,707,635)	-	(11,161,225)	
Premium on bonds issued	-	-	-	-	-	563,751	201,552	2,370,180	-	953,410	
Debt issuance cost	-	-	-	-	-	-	(752,657)	-	-	(256,106)	
Capital lease financing	1,844,224	-	-	1,776,674	2,402,394	-	1,337,000	13,059,230	5,158,766	8,540,289	
Loss on investments	-	(438,002)	-	-	-	-	-	-	-	-	
Sale of capital assets	229,729	135,021	314,200	1,007,534	169,107	748,075	572,919	151,919	277,672	213,641	
Total other financing sources (uses)	46,479,963	31,595,301	32,472,480	34,568,929	36,716,763	30,449,966	32,517,081	68,078,511	35,525,855	31,500,758	
Net change in fund balances	\$ 34,400,104	\$ 1,564,622	\$ 2,772,460	\$ (2,182,260)	\$ 17,326,263	\$ 8,217,266	\$ 18,714,102	\$ (8,526,428)	\$ (18,402,946)	\$ 6,542,266	
Debt service as a percentage of noncapital expenditures	2.6%	4.4%	5.4%	6.5%	7.4%	6.9%	6.7%	4.7%	5.0%	4.8%	

Note: Prior to 2014 reimbursements from other funds were offset against its corresponding expense. This change was implemented to provide better comparisons to budget.

SALES AND USE TAX REVENUE

Last ten fiscal years

Table 5

Fiscal Year	City Sales and Use Tax	Public Safety Sales and Use Tax	Road Repair Maintenance and Improvement Tax	Trails, Open Space and Parks Sales and Use Tax	Total Direct Tax Rate
2007	\$ 125,661,571	\$ 25,131,496	\$ -	\$ 6,283,079	2.50%
2008	115,961,702	23,190,497	-	5,798,084	2.50%
2009	111,023,593	22,195,799	-	5,551,180	2.50%
2010	117,428,817	23,485,755	-	5,871,441	2.50%
2011	118,569,370	23,713,874	-	5,928,467	2.50%
2012	126,925,671	25,385,133	-	6,346,282	2.50%
2013	134,068,394	26,813,678	-	6,703,421	2.50%
2014	142,102,152	28,420,430	-	7,105,106	2.50%
2015	148,658,292	29,731,659	-	7,432,914	2.50%
2016	162,067,524	32,413,507	49,743,080	8,103,376	3.12%

Source: City Sales Tax Division Reports.

Note: Prior to 2011, revenues presented include audit revenues.

**DIRECT AND OVERLAPPING
SALES AND USE TAX RATES**
Last ten fiscal years

**CITY OF COLORADO SPRINGS
COLORADO**
Table 6

Fiscal Year	City Direct Rates					Overlapping Rates		Total Direct and Overlapping Rates (%)
	City Sales and Use Tax (%)	Public Safety Sales and Use Tax (%)	Trails, Open Space and Parks Sales and Use Tax (%)	2C Road Repair & Maintenance Tax (%)	Total Direct (%)	El Paso County Sales Tax (%)	Pikes Peak Rural Transportation Authority Tax (%)	
2007	2.00	0.40	0.10	0.00	2.50	1.00	1.00	4.50
2008	2.00	0.40	0.10	0.00	2.50	1.00	1.00	4.50
2009	2.00	0.40	0.10	0.00	2.50	1.00	1.00	4.50
2010	2.00	0.40	0.10	0.00	2.50	1.00	1.00	4.50
2011	2.00	0.40	0.10	0.00	2.50	1.00	1.00	4.50
2012	2.00	0.40	0.10	0.00	2.50	1.00	1.00 ¹	4.50
2013	2.00	0.40	0.10	0.00	2.50	1.23 ²	1.00	4.73
2014	2.00	0.40	0.10	0.00	2.50	1.23	1.00	4.73
2015	2.00	0.40	0.10	0.00	2.50	1.23	1.00	4.73
2016	2.00	0.40	0.10	0.62 ³	3.12	1.23	1.00	5.35

Note: In April 1991, voters approved City Charter Amendment #3, entitled the "Taxpayers Bill of Rights." A similar statewide constitutional amendment was passed in November 1992. One of the provisions of this amendment is that advance voter approval is necessary for any new tax or tax increase.

¹In November 2012, voters in EPC, Colorado Springs, Manitou Springs, Green Mountain Falls, and Ramah approved an extension of the capital portion of PPRTA, which is 55% of the 1-cent sales and use tax. This extends the PPRTA tax through 2024.

²In November 2012, voters in EPC approved an increase to the EPC sales tax rate by .23 of 1-cent. The increased tax rate was effective as of January 1, 2013. The sales tax increase has a sunset date of January 1, 2021. The .23% is to be used for public safety critical needs as explained in EPC Resolution No. 12-309.

³In November 2015, voters in Colorado Springs approved a Sales and Use Tax of .62 of 1-cent. The increased tax rate was effective as of January 1, 2016. The sales tax increase has a sunset date of January 1, 2021. The .62% is to be used for road repair and maintenance in Colorado Springs.

PRINCIPAL TAXPAYERS

SALES AND USE TAXPAYERS BY INDUSTRY
Current year and nine years ago

Industry	Fiscal Year 2016			Fiscal Year 2007		
	Sales and Use Tax Amount	Rank	Percentage of Total City Sales and Use Tax	Sales and Use Tax Amount	Rank	Percentage of Total City Sales and Use Tax
Restaurants	\$ 33,448,321	1	13.01%	\$ 17,897,348	4	11.18%
Miscellaneous non-retail	32,353,745	2	12.58%	22,775,459	1	14.23%
Auto dealers	32,330,134	3	12.57%	17,723,328	5	11.07%
Miscellaneous retail	30,410,061	4	11.82%	19,603,990	3	12.25%
Department and discount stores	27,423,932	5	10.66%	19,669,041	2	12.29%
Building materials				16,385,578		10.24%
	<u>\$ 155,966,194</u>		<u>60.65%</u>	<u>\$ 114,054,744</u>		<u>71.26%</u>

Source: Sales Tax Division.

Note: Due to requirements under the City Charter, the names of the ten largest revenue payers are confidential. The industry categories listed provide alternative information regarding the sources of the City's revenue.

** As of January 1, 2016 the sales/use tax rate increased to 3.12%

PROPERTY TAXPAYERS

Current year

Taxpayer	Type of Business	Fiscal Year 2016	
		Assessed Valuation	Percentage of Total City Assessed Value
Cellco Partnership (f/k/a Verizon Wireless)	Utility	\$ 86,027,640	1.73%
CenturyLink	Utility	53,801,000	1.08%
Wal-Mart Real Estate	Discount retail	47,100,260	0.94%
Broadmoor Hotel Inc.	Resort hotel	32,831,770	0.66%
CV Patriot Springs	Real estate company	24,657,630	0.49%
DPIX	Imaging solutions manufacturer	26,194,110	0.53%
Palmer Center Ltd.	Real estate company	13,688,640	0.27%
Atmel Corp	Semiconductor manufacturer	13,677,120	0.27%
Keysight Technologies	Electronic measurement company	12,938,440	0.26%
Citadel Drive Holdings LLC	Retail	12,434,150	0.25%
		<u>\$ 323,350,760</u>	<u>6.49%</u>

Source: El Paso County Treasurer's office.

Note: See Table 19 for the City's assessed value information.

Property taxpayer information is included for continuing disclosure requirements on bonds. As such, only current year data is presented.

**RATIOS OF OUTSTANDING
DEBT BY TYPE**
Last ten fiscal years

**CITY OF COLORADO SPRINGS
COLORADO**
Table 8

Fiscal Year	Governmental Activities (in 000's)					Business-Type Activities (in 000's)					Total Primary Government (in 000's)	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Sales Tax Revenue Bonds	Certificates of Participation	Lease/Lease Purchase	Special Assessment Bonds & Notes	Capital Leases	Revenue Bonds	Notes Payable	Capital Leases				
2007	\$ 22,490	\$ 50,830	\$ 20,995	\$ -	\$ 364	\$ 9,928	\$ 1,881,485	\$ 23,277	\$ 463	\$	2,009,832	8.81%	\$ 5,090
2008	21,725	47,370	19,450	-	222	13,633	1,960,981	22,687	2,380		2,088,448	8.76%	5,206
2009	18,050	43,615	49,135	-	111	23,590	2,044,188	98,022	2,683		2,279,394	9.71%	5,590
2010	16,980	37,280	47,575	-	-	21,316	2,550,918	100,979	2,360		2,777,408	11.23%	6,602
2011	16,145	30,750	43,440	-	-	17,913	2,501,884	94,979	1,391		2,706,502	10.25%	6,322
2012	15,270	24,030	41,805	-	-	16,190	2,285,310	30,558	1,208		2,414,371	8.88%	5,566
2013	14,272	17,544	41,345	-	-	4,622	3,061,246	21,417	649		3,161,095	11.45%	7,195
2014	13,624	10,081	39,476	-	-	1,133	3,106,294	21,467	272		3,192,347	10.98%	7,179
2015	12,190	2,635	37,512	-	-	814	3,042,226	54,169	-		3,149,546	10.39%	6,974
2016	11,455	-	35,433	13,690	-	1,951	2,952,994	103,077	888		3,119,488	9.87%	6,832

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Beginning with 2013, debt amounts are net of related premiums, discounts, and adjustments.

¹Personal income and population data was updated for prior years and can be found on Table 13.

**RATIOS OF GENERAL BONDED
DEBT OUTSTANDING**
Last ten fiscal years

**CITY OF COLORADO SPRINGS
COLORADO**
Table 9

Fiscal Year	General Obligation Bonds (in 000's)	Less: Non-City Obligations (in 000's) ²	City General Obligation Bonds (in 000's)	Assessed Value of Property (in 000's)	Percentage of Assessed Value of Property	Per Capita ¹
2007	\$ 22,490	\$ 16,705	\$ 5,785	\$ 4,215,419	0.14%	\$ 14.65
2008	21,725	18,790	2,935	4,738,226	0.06%	7.32
2009	18,050	18,050	-	4,773,750	-	-
2010	16,980	16,980	-	4,948,368	-	-
2011	16,145	16,145	-	4,938,341	-	-
2012	15,270	15,270	-	4,601,619	-	-
2013	14,272	14,272	-	4,600,222	-	-
2014	13,624	13,624	-	4,608,210	-	-
2015	12,190	12,190	-	4,678,625	-	-
2016	11,455	11,455	-	4,985,582	-	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Beginning with 2013, debt amounts are net of related premiums, discounts, and adjustments.

¹Population data can be found on Table 13.

²Non-City Obligations represent general obligation bonds of the City's blended component units. These bonds are to be repaid solely by funds provided by the property owners within the geographical boundaries of the component units.

Governmental Unit	Estimated Percentage Applicable	Debt Outstanding	Estimated Share of Overlapping Debt	Debt Outstanding (Excluding COPs)	Estimated Share of Overlapping Debt (Excluding COPs)
El Paso County	72.75%	\$ 153,904,963	\$ 111,973,523	\$ 3,444,963	\$ 2,506,382
Harrison School District #2	92.47%	38,986,318	36,049,553	38,986,318	36,049,553
Widefield School District #3	3.63%	12,937,253	469,239	8,737,253	316,903
Fountain/Fort Carson School District #8	0.03%	3,640,786	1,146	1,578,958	497
Colorado Springs School District #11	90.93%	171,235,118	155,702,558	151,820,118	138,048,673
Cheyenne Mountain School District #12	97.69%	65,508,563	63,995,854	65,508,563	63,995,854
Manitou School District #14	10.22%	3,907,059	399,436	3,907,059	399,436
Academy School District #20	84.53%	119,090,354	100,664,692	119,090,354	100,664,692
Ellicott School District #22	0.18%	2,037,178	3,749	2,037,178	3,749
Falcon School District #49	50.35%	84,699,924	42,646,877	16,354,924	8,234,794
Barnes & Powers North BID	100.00%	3,530,000	3,530,000	3,530,000	3,530,000
Barnes & Powers South BID	100.00%	575,000	575,000	575,000	575,000
Briargate Center BID	100.00%	8,210,000	8,210,000	8,210,000	8,210,000
First & Main BID	100.00%	1,476,381	1,476,381	1,476,381	1,476,381
First & Main #2 BID	100.00%	24,103,935	24,103,935	24,103,935	24,103,935
First & Main North BID	100.00%	1,677,208	1,677,208	1,677,208	1,677,208
Interquest North BID	100.00%	13,749,406	13,749,406	13,749,406	13,749,406
Interquest South BID	100.00%	190,246	190,246	190,246	190,246
Powers & Woodmen BID	100.00%	3,796,564	3,796,564	3,796,564	3,796,564
Colorado Springs Urban Renewal Authority	100.00%	68,408,583	68,408,583	68,408,583	68,408,583
Subtotal, overlapping debt			637,623,950		475,937,856
City direct debt			62,529,000		27,096,000
Total direct and overlapping debt			\$ 700,152,950		\$ 503,033,856

Sources: Assessed value data used to estimate applicable percentages is provided by the El Paso County Assessor's office final certification letter dated November 27, 2015. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

Debt Outstanding values include General Obligation bonds, Certificates of Participation (COP), Capital Leases, and other types of debt, net of related premiums, discounts, and adjustments.

LEGAL DEBT MARGIN INFORMATION
Last ten fiscal years

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value - 2015 for 2016 taxes	\$ 4,985,581,710
Debt limit (10% of assessed value) ¹	498,558,171
Debt applicable to limit: General obligation bonds	-
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 498,558,171</u>

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt limit	\$ 498,558,171	\$ 467,862,480	\$ 460,821,039	\$ 460,022,289	\$ 460,161,902	\$ 493,834,140	\$ 494,836,820	\$ 477,374,953	\$ 473,822,587	\$ 421,541,959
Total net debt applicable to limit	-	-	-	-	-	-	-	-	2,935,000	5,785,000
Legal debt margin	\$ 498,558,171	\$ 467,862,480	\$ 460,821,039	\$ 460,022,289	\$ 460,161,902	\$ 493,834,140	\$ 494,836,820	\$ 477,374,953	\$ 470,887,587	\$ 415,756,959
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.62%	1.37%

¹ Based upon the last preceding assessment per City Charter § 7-80(b).

Fiscal Year	Utilities Revenue Bonds						MHS Revenue Bonds					
	Applicable Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Applicable Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2007	\$ 763,754,405	\$ 565,046,685	\$ 198,707,720	\$ 17,903,225	\$ 73,260,972	2.18	\$ 575,864,553	\$ 514,228,163	\$ 61,636,390	\$ 20,840,000	\$ 1,921,706	2.71
2008	788,601,365	627,795,505	160,805,860	7,551,592	71,836,148	2.03	594,401,435	551,705,616	42,695,819	20,840,000	3,355,759	1.76
2009	769,135,361	593,636,333	175,499,028	9,681,357	71,763,387	2.15	589,191,456	527,057,252	62,134,204	7,652,250	17,429,644	2.48
2010	832,076,083	626,317,175	205,758,908	16,111,357	75,711,638	2.24	627,273,174	552,291,480	74,981,694	7,652,250	17,429,644	2.99
2011	871,787,767	602,713,246	269,074,521	27,597,493	101,451,007	2.09	616,377,763	566,986,955	49,390,808	8,152,250	16,983,655	1.96
2012	896,096,459	558,294,875	337,801,584	47,440,949	103,701,547	2.23	-	-	-	-	-	-
2013	862,957,849	548,838,587	314,119,262	52,285,313	101,907,597	2.04	-	-	-	-	-	-
2014	906,465,751	566,920,626	339,545,125	57,294,870	105,303,452	2.09	-	-	-	-	-	-
2015	868,079,628	493,616,238	374,463,390	61,456,635	105,828,177	2.24	-	-	-	-	-	-
2016	837,826,880	495,749,062	342,077,818	68,636,919	106,472,137	1.95	-	-	-	-	-	-
Airport Revenue Bonds												
Fiscal Year	Applicable Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Applicable Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2007	\$ 23,855,188	\$ 14,722,292	\$ 9,132,896	\$ 2,101,895	\$ 3,546,516	1.62	\$ 3,833,722	\$ 1,476,778	\$ 2,356,944	\$ 420,000	\$ 607,173	2.29
2008	24,147,143	14,537,476	9,609,667	3,525,250	2,100,363	1.71	4,020,690	1,388,731	2,631,959	435,000	590,373	2.57
2009	23,444,173	14,914,375	8,529,798	1,729,912	3,503,526	1.63	3,790,011	1,443,133	2,346,878	480,000	572,973	2.23
2010	21,065,961	15,380,368	5,685,593	1,295,000	2,272,688	1.59	3,780,270	1,719,442	2,060,828	505,000	553,929	1.95
2011	21,995,280	14,399,903	7,595,377	3,020,000	2,217,513	1.45	3,897,747	1,540,444	2,357,303	525,000	533,119	2.23
2012	21,305,660	14,342,230	6,963,430	3,180,000	2,056,363	1.33	3,868,184	1,518,912	2,349,272	545,000	510,979	2.22
2013	20,439,990	13,313,623	7,126,367	3,350,000	1,886,638	1.36	3,964,899	1,783,408	2,181,491	570,000	487,746	2.06
2014	16,081,262	12,712,066	3,369,196	1,395,000	1,171,863	1.31	4,382,324	1,803,631	2,578,693	595,000	462,876	2.44
2015	17,269,646	12,782,452	4,487,194	1,565,000	862,450	1.85	4,497,570	2,103,547	2,394,023	655,000	432,974	2.20
2016	15,822,413	11,821,825	4,000,588	990,000	472,500	2.74	4,682,904	1,750,728	2,932,176	695,000	215,420	3.22
Sales and Use Tax Revenue Bonds												
Fiscal Year	Applicable Revenues	Debt Service	Coverage	Special Assessment		Coverage	Applicable Revenues	Debt Service	Coverage	Special Assessment		Coverage
				Principal	Interest					Principal	Interest	
2007	N/A	N/A	N/A	\$ 127,794,303	\$ 3,465,000	2.16	\$ 2,354,133	21.96	\$ 147,986	\$ 125,895	\$ 32,566	0.93
2008	N/A	N/A	N/A	116,933,775	3,460,000	19.61	2,501,993	19.61	186,850	154,600	27,704	1.02
2009	N/A	N/A	N/A	111,942,192	1,250,000	48.73	1,047,208	48.73	134,318	122,912	17,296	0.96
2010	N/A	N/A	N/A	115,684,401	6,335,000	14.74	1,511,650	14.74	112,351	120,833	8,302	0.87
2011	N/A	N/A	N/A	121,249,546	6,530,000	15.44	1,321,000	15.44	-	-	-	-
2012	N/A	N/A	N/A	128,018,959	6,720,000	16.32	1,124,350	16.32	-	-	-	-
2013	\$ 29,604,567	\$ 5,795,000	0.64	134,751,082	6,925,000	17.17	922,000	17.17	-	-	-	-
2014	29,984,493	6,690,000	0.64	144,886,506	7,130,000	18.47	713,450	18.47	-	-	-	-
2015	30,313,321	7,600,000	0.64	148,056,105	7,340,000	18.89	498,750	18.89	-	-	-	-
2016	30,626,969	8,535,000	0.64	156,715,725	2,635,000	56.64	131,750	56.64	-	-	-	-

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

¹In 2009, the City refunded the remaining 1999 Sales and Use Tax Revenue Bonds. The refunding resulted in a one-time decrease in current year debt service and increase in the coverage rate.

²Restated

³MHS revenue bonds defeased in 2012.

⁴The City adopted GASB Statement No. 61 in 2013, which requires PACE to be presented as a blended component unit.

Fiscal Year	Population¹		Personal Income (in 000's)²		Per Capita Personal Income²	Unemployment Rate³
2007	394,858	\$	22,803,097	\$	37,413	4.2%
2008	401,186		23,827,202		38,391	5.5%
2009	407,733		23,486,546		37,221	8.5%
2010	420,716	**	24,722,493		37,999	9.6%
2011	428,112	*	26,408,772		39,994	9.4%
2012	433,748	*	27,180,204		40,622	9.2%
2013	439,340	*	27,596,635		40,680	8.0%
2014	444,708	*	29,082,644		42,379	5.1%
2015	451,585	*	30,319,650		43,447	4.0% *
2016	456,626	*	31,609,271	*	44,542	3.2% *

Sources:

¹Colorado Department of Local Affairs, Demography section.

²U.S. Department of Commerce, Bureau of Economic Analysis for Colorado Springs, CO
Metropolitan Statistical Area (MSA).

³U.S. Department of Labor, Bureau of Labor Statistics for City of Colorado Springs, CO MSA.

* Estimate

** Census

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

CITY OF COLORADO SPRINGS
COLORADO
Table 14

Employer	2016		2007	
	Rank	Percentage of Total County Employment	Rank	Percentage of Total County Employment
Fort Carson Army Post	1	11.60%	1	8.70%
Peterson Air Force Base	2	4.50%	2	6.10%
Schriever Air Force Base ²	3	2.70%	4	2.40%
Memorial Hospital-UCHealth	4	2.40%	5	1.90%
United States Air Force Academy	5	2.20%	3	2.60%
Northrop Grumman Corporation	6	2.00%	24	0.30%
Colorado Springs School District #11	7	1.50%	6	1.50%
Academy School District #20	8	1.30%	7	1.20%
Penrose St. Francis Health Services	9	1.10%	8	1.20%
El Paso County	10	1.10%	10	0.90%
City of Colorado Springs ¹	-	0.90%	9	1.20%
		<u>31.30%</u>		<u>28.00%</u>

Source: The Colorado Springs Chamber & Economic Development Corporation

¹City of Colorado Springs includes the total of all full-time equivalent employees (FTE's) in all funds and enterprises except Colorado Springs Utilities and Memorial Health System.

²Schriever Air Force Base previously known as Falcon Air Force Base.

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM**
Last ten fiscal years

**CITY OF COLORADO SPRINGS
COLORADO**
Table 15

Function/Program	Fiscal year ended December 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General government	257.25	256.25	256.25	253.15	285.08	239.80	263.80	263.30	314.55	278.25
Public safety	1,471.00	1,470.50	1,407.75	1,382.75	1,366.75	1,421.75	1,392.75	1,450.25	1,484.00	1,479.75
Public works	212.00	208.00	207.50	274.00	281.00	267.00	281.00	309.50	309.75	299.75
Culture and recreation	138.75	132.75	114.25	112.75	111.50	119.25	102.50	190.00	204.35	196.75
Urban redevelopment and housing	63.00	33.00	32.00	31.00	34.00	41.00	34.00	46.00	54.00	54.00
Utilities	1,824.00	1,824.00	1,874.00	1,859.00	1,859.00	1,856.00	1,856.00	1,911.00	1,848.00	1,929.75
MHS ¹	-	-	-	-	-	3,555.00	3,487.50	3,812.00	4,075.40	4,075.00
Airport	95.00	93.00	96.00	121.00	122.00	121.00	121.00	121.00	121.00	118.00
Parking	8.50	8.50	8.50	7.50	7.50	7.50	7.50	8.00	8.00	8.00
Other non-major enterprise funds	51.00	49.50	47.00	47.00	49.00	68.50	99.50	102.50	113.50	108.00
Total	4,120.50	4,075.50	4,043.25	4,088.15	4,115.83	7,696.80	7,645.55	8,213.55	8,532.55	8,547.25

Notes: Function/Program FTE count previously included all other non-Enterprise and non-General Fund positions in General Government. Historical full-time equivalent (FTE) count has been updated to reflect the department in which staff resides.

¹ Beginning in 2012, as a result of the MHS lease, MHS figures are no longer included.

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last ten fiscal years

Function/Program	2016	2015	2014
General government			
Internal audits completed	26	39	33
Summons filed	29,731	36,676	37,928
Contractual transactions	3,350	3,533	2,255
Workers compensation claims	405	353	426
Public safety			
Emergency response time - Police	14	12.7	12.9
Percent of emergency incident arrival within 8 minutes - Fire	89	88.2	88.5
Violent and property crime rates (per 1,000 population) ³	40	40.2	40.4
Emergency incidents (per 10,000 population)	1,471	1,417	1,340
Public works ¹			
Miles resurfaced	1,133	187	115
Fixed route transit revenue hours of service	150,399	130,653	120,031
Painted lane miles	830	801	1,465
Culture and recreation			
Cultural Services attendance	479,938	343,124	324,337
Street and park trees	284,800	213,207	213,874
Acres of parks maintained	14,807	15,063	14,527
Recreation Service program participants	765,539	664,283	646,744
Urban redevelopment and housing			
Projects managed	6	6	6
Affordable housing developed and rehabilitated ²	108	69	156
Clients assisted ²	108	69	156
Utilities			
Total metered customers ³	558,570	547,764	540,990
Annual natural gas moved through pipes (thousands of mcf)	22,603	23,816	20,602
Electric use (thousands of MWh)	4,700	4,800	4,600
Water use (millions of gallons)	21,900	21,600	28,700
Wastewater treatment (millions of gallons)	14,699	13,870	15,586
MHS ⁴			
Admissions	-	-	-
Outpatient visits	-	-	-
Emergency visits	-	-	-
Births	-	-	-
Airport			
Passenger boardings (in thousands)	656	598	623
Airline revenue per enplaned passengers	\$ 6.06	\$ 9.39	\$ 8.80
Parking			
Revenues collected per space - on-street	\$ 895	\$ 853	\$ 967
Revenues collected per space - off-street	\$ 983	\$ 838	\$ 855
Other			
Cemetery - burial services	630	587	600
Golf courses - rounds played	156,734	147,877	164,299
Pikes Peak Highway - number of visitors	482,963	415,092	345,701

Sources: City, MHS and Utilities staff reports and websites.

¹ Maintenance programs may be funded by City and other entity sources.

² The number of units rehabbed in 2015 is significantly lower than 2014 due to a 7-month suspension of emergency repair assistance while a new vendor was procured to administer the program.

³ Some customers have multiple services and may be counted more than once.

⁴ Beginning in 2012, as a result of the MHS lease, MHS figures are no longer included.

**CITY OF COLORADO SPRINGS
COLORADO
Table 16**

Fiscal Year						
2013	2012	2011	2010	2009	2008	2007
26	26	26	23	22	24	25
29,066	34,499	36,678	42,761	41,900	51,745	56,840
2,726	2,897	2,636	3,350	4,900	4,900	4,208
451	386	418	417	480	493	530
13.3	11.6	11.4	10.6	10.3	9.9	11.6
89.5	90	89.4	89.5	89.8	90.6	89.9
46.1	40.0	42.0	40.7	45.0	44.3	46.5
1,284	1,272	1,266	1,179	1,120	1,129	1,133
109	178	148	50	37	55	112
108,441	112,877	124,011	121,700	176,354	216,732	214,145
1,355	1,398	1,449	1,288	1,659	1,822	2,153
256,389	192,280	256,547	176,883	182,500	191,400	124,911
214,670	218,000	126,602	127,000	123,600	123,600	123,600
16,277	16,184	16,143	15,428	13,804	13,539	12,895
602,271	691,105	691,786	971,711	973,147	1,111,000	1,106,296
12	17	2	4	8	7	9
122	135	188	334	305	152	230
122	288	188	334	91	401	180
537,096	537,096	530,208	530,208	521,878	526,421	524,000
23,376	23,376	24,020	24,026	29,200	24,301	24,895
4,600	4,600	4,630	4,630	4,400	5,213	4,827
27,800	27,800	23,700	23,700	24,100	28,002	25,680
15,586	15,586	15,586	15,586	12,800	13,550	12,902
-	17,420	25,633	27,980	29,713	30,357	30,096
-	280,982	384,655	385,500	398,426	393,251	360,528
-	101,550	135,517	132,175	130,513	126,224	113,492
-	3,286	4,604	4,802	5,000	4,876	4,884
650	822	814	869	892	998	1,034
\$ 13.86	\$ 8.46	\$ 9.77	\$ 8.59	\$ 7.98	\$ 7.48	\$ 6.71
\$ 737	\$ 729	\$ 791	\$ 776	\$ 779	\$ 873	\$ 879
\$ 862	\$ 767	\$ 793	\$ 727	\$ 722	\$ 779	\$ 893
603	601	698	615	624	664	661
161,015	188,546	173,011	203,025	203,820	202,305	201,070
284,879	265,332	265,124	255,000	267,500	254,419	270,528

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Public safety										
Police										
Area commands (stations)	4	4	4	4	4	4	4	4	4	4
Patrol units	197	171	171	181	185	205	228	200	241	294
Fire										
Stations	22	21	21	21	20	20	20	20	20	20
Emergency units	84	84	84	77	75	73	74	75	69	90
Public works										
Streets (centerline miles)	NA	NA	NA	NA	NA	NA	NA	NA	1,576	1,576
Streets (lane miles) ¹	5,688	5,688	5,636	5,620	5,609	5,609	5,609	7,431	NA	NA
Major bridges	224	223	223	215	215	212	206	209	205	170
Signalized intersections	585	584	574	569	565	563	564	565	564	545
Transit buses	49	45	43	43	43	57	57	58	94	128
Culture and recreation										
Parks and open space locations	205	205	204	201	201	200	199	199	198	198
Sports complexes	4	4	4	5	5	5	5	5	7	7
Community centers	5	5	4	4	4	4	6	8	7	7
Utilities										
Electric distribution lines (miles)	3,316	3,316	3,316	3,316	3,316	3,451	3,451	3,451	3,451	3,432
Natural gas pipe (miles)	2,488	2,432	2,408	2,408	2,408	2,400	2,400	2,320	2,320	2,278
Water distribution lines (miles)	2,068	2,300	2,040	2,015	2,015	2,010	2,010	1,892	1,892	1,780
MHS ²										
Number of hospital beds	-	-	-	-	-	671	671	671	717	717
Health care facilities	-	-	-	-	-	16	17	16	15	15
Airport										
Number of runways	3	3	3	3	3	3	3	3	3	3
Parking										
Number of parking spaces - on-street	2,415	2,416	2,417	2,400	2,400	2,389	2,360	2,360	2,389	2,404
Number of parking spaces - off-street	2,706	2,703	2,703	2,703	2,703	2,703	2,703	2,703	2,703	2,136

Sources: City, MHS and Utilities staff reports and websites.

¹ Streets Division began recording street miles as lane miles rather than centerline miles in 2008/2009. In 2014, 2009-2013 updated to reflect only City lane miles.

² Beginning in 2012, as a result of the MHS lease, MHS figures are no longer included.

SALES AND USE TAX REVENUE
COLLECTION COSTS AND REQUIRED REFUNDS
Last ten fiscal years

CITY OF COLORADO SPRINGS
COLORADO
Table 18

Fiscal Year	Collection Cost	Required Refunds
2007	\$ 2,382,311	\$ 297,007
2008	2,266,785	1,359,304
2009	1,317,980	633,732
2010	197,192 ¹	1,866,153
2011	-	518,744
2012	-	564,879
2013	-	534,003
2014	-	1,173,501
2015	-	916,479
2016	-	1,496,130

Note: This table reflects values for the General Fund only.

¹Retailer fee was eliminated in 2010.

**ASSESSED VALUATIONS, PROPERTY TAX
LEVIES AND COLLECTIONS**
Last ten fiscal years

**CITY OF COLORADO SPRINGS
COLORADO**
Table 19

Fiscal Year	Assessed Valuation (in 000's)	Total Tax Levy	Total Current Collections	Collections as a Percent of Levy	Current Year Outstanding Delinquent Taxes	All Years Outstanding Delinquent Taxes	All Years Delinquent Taxes as a Percent of Levy
2007	\$ 4,215,420	\$ 20,841,035	\$ 20,022,230	96.1%	\$ 30,970	\$ 175,434	0.8%
2008	4,738,226	23,425,810	22,750,839	97.1%	56,121	138,455	0.6%
2009	4,773,750	23,601,422	23,007,963	97.5%	77,498	146,802	0.6%
2010	4,948,368	21,174,070	20,666,136	97.6%	49,593	97,882	0.5%
2011	4,938,341	21,131,161	20,617,424	97.6%	50,327	105,906	0.5%
2012	4,601,619	19,690,330	19,208,455	97.6%	52,186	132,999	0.7%
2013	4,600,223	19,684,353	19,226,023	97.7%	50,149	133,289	0.7%
2014	4,608,210	19,718,537	19,164,390	97.2%	21,534	45,424	0.2%
2015	4,678,625	20,019,838	19,491,558	97.4%	25,572	44,165	0.2%
2016	4,985,582	21,333,306	20,014,822	93.8% ¹	31,404	51,934	0.2%

Notes: Collections are net of positive and negative abatements.
Fiscal year is the year of collection.
Certification of assessed valuation and mill levies is done in the year prior to
the year of collection.

¹ During 2015, in the ordinance certifying the tax levy for 2015 taxes payable in 2016, City Council approved a temporary property tax credit on all taxable business personal property equal to one-half (1/2) of the gross mill levy (tax credit equal to 2.139 mills). El Paso County (EPC) was unable to reflect the temporary tax credit on the assessment rolls and property tax statements due to the timing of the request by the City. As a result, the full mill levy was assessed and the City processed refunds to effect the temporary BPPT credit. The artificially high mill levy assessment negatively impacted the collections percentage calculation for 2016. For 2017, the temporary BPPT credit will correctly be reflected as a lower tax levy by EPC.

**DIRECT AND OVERLAPPING MILL LEVY
RATES - WITHIN CITY LIMITS
Last ten fiscal years**

**CITY OF COLORADO SPRINGS
COLORADO
Table 20**

Fiscal Year	City	County Government	School District No 11	Library District	Water Conservancy District	Total
2007	4.944	7.710	44.045	3.515	0.941	61.155
2008	4.944	7.514	44.045	3.325	0.915	60.743
2009	4.944	7.748	44.054	3.540	0.943	61.229
2010	4.279	7.531	42.183	3.468	0.940	58.401
2011	4.279	7.717	42.493	3.556	0.947	58.992
2012	4.279	7.597	44.004	3.999	0.947	60.826
2013	4.279	7.663	43.445	4.000	0.944	60.331
2014	4.279	7.714	44.264	4.000	0.940	61.197
2015	4.279	7.791	43.165	4.000	0.940	60.175
2016	4.279	7.869	40.803	3.857	0.941	57.749

Notes: Fiscal year is the year of collection.
Certification of assessed valuation and mill levies is done in the year prior to the year of collection.
Rates include levies for operations and debt service.
Representative sample of overlapping districts, other overlapping district mill levies vary.

Facility	Closure Costs	Postclosure Costs	Total Cost	Percentage of Capacity Used
Hancock	\$ 273,638	\$ 4,506	\$ 278,144	n/a
Clear Spring Gravel Pit 1	78,472	888,867	967,339	92.08-100.00%
Clear Spring Gravel Pit 2 C&D solids	139,381	35,671	175,052	59.72%
Clear Spring - Ash disposal	1,781,880	1,069,714	2,851,594	68.55%
Clear Spring - Biosolids	2,699,267	1,084,040	3,783,307	43.30%
Total cost	<u>\$ 4,972,638</u>	<u>\$ 3,082,798</u>	<u>\$ 8,055,436</u>	

Notes: Percentage of capacity used does not apply to the Hancock facility. The entire liability for this facility is recognized on the Government-wide Statement of Net Position.

Liabilities for the Clear Spring (formerly Hanna Ranch) facilities are recognized on a capacity used basis in the Utilities fund; total costs for the Clear Spring facilities based on capacity used are estimated at \$7,777,292. The total costs from the above table are based on the last 5 year independent assessment adjusted by inflation.