

Pikes Peak Regional Building Department



Comprehensive Annual Financial Report
For the Year Ended December 31, 2017

2880 International Circle
Colorado Springs, Colorado 80910
www.pprbd.org



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Comprehensive Annual Financial Report
Pikes Regional Building Department
In El Paso County, Colorado
For the Year Ended December 31, 2017



Prepared by:

Ryan Johanson, CPA – Director of Finance

Hunter Renn - Accountant

Introductory Section



June 15, 2018

Attention:

Pikes Peak Regional Building Department Building Commission

Pikes Peak Regional Building Department Advisory Board

Colorado State law requires that each government entity publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards (GAAS), by a firm of licensed certified public accountants. In accordance with this requirement, Pikes Peak Regional Building Department (the Department) hereby issues the Comprehensive Annual Financial Report (CAFR) for the Pikes Peak Regional Building Department for the year ended December 31, 2017.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Because the cost of internal controls 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.

The Department's financial statements have been audited by Green & Associates LLC. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Department, for the year ended December 31, 2017, are free from material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluation of the overall financial statement presentation. The independent auditor has concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the Department's financial statements for the fiscal year ended December 31, 2017 are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

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



Pikes Peak Regional Building Department Profile

The Pikes Peak Regional Building Department is responsible for the plan review, permitting, and inspections of all building construction activity within the unincorporated areas of El Paso County, as well as the participating incorporated municipalities in the county. These currently include the cities of Colorado Springs, Fountain, Manitou Springs, Woodland Park, and towns of Green Mountain Falls and Palmer Lake.

The Pikes Peak Regional Building Department was created by an Inter-governmental agreement (IGA) between the El Paso County Board of County Commissioners and the City Council of Colorado Springs in 1966. The Cities of Fountain, Manitou Springs, Green Mountain Falls, Monument and Palmer Lake later became parties to the Agreement.

The Department is administered by the Regional Building Commission, a three member governing body consisting of an El Paso County Commissioner, a City of Colorado Springs Councilperson and a representative from one of the five suburban parties to the Agreement. This representative is nominated by the Councils / Boards and elected by the Mayors of those five entities. The Commission generally supervises departmental administration. The Commission is also responsible for budget oversight and approval of the Department budget. The IGA requires the annual budget to be approved by the City of Colorado Springs Council and the El Paso County Board of County Commissioners. The Building Commission meets on the fourth Wednesday of each month.

The Regional Building Advisory Board assists the Regional Building Commission in matters relating to departmental administration, finance and budget. The Advisory Board consists of the five member Board of Review to represent the City of Colorado Springs and El Paso County and one appointed representative from each of the suburban entities.

The Department is self-funded with the revenue generated from plan review, permits, and licensing fees. Fee adjustments are proposed when the Building Commission determines them to be necessary to maintain the Department's operation.

The Department performs comprehensive inspection of all new building construction including alterations and additions to all buildings to ascertain compliance with numerous codes through:

- Plan Review of new construction and components
- Construction Inspections
- Electrical Inspections
- Heating, Ventilating & Air Conditioning Inspections
- Plumbing Inspections



- Elevator Inspections
- Manufactured Home Inspections
- Enumeration (Addressing)
- Floodplain Management

Local Economy

El Paso County is located in the west-central part of Colorado. Colorado Springs is the most populous city in El Paso County, and is the second most populous city in the state, behind Denver. The main employment sectors in El Paso County are: Retail and wholesale trade, health and social services, and accommodation and food services. The military is also an important part of the community with four major bases in the Colorado Springs area.

The local economy shows signs of being strong. Building of new homes continues to increase. There has been a significant increase since 2010 in the number of single family building permits. Property valuations continue to increase within the county. Unemployment continues to stay low at 3.1% compared to the national average of 4.1%.

Long-term Financial Planning

In 2017, the Department sold two pieces of real estate. The proceeds from the sale will be used in the future for capital investments outside the normal course of business. The capital reserve fund has been fully funded to ensure that capital needs will be met looking into the future. There are no plans to incur any debt.

Acknowledgements

We would like to thank our independent auditor from Green & Associates for his professional approach in creating this Comprehensive Annual Financial Report. His assistance was invaluable in creating this report. Finally, we would like to thank the accounting and finance staff who play an integral role in the financial success of the Regional Building Department on a daily basis.

Respectfully Submitted,

Roger Lovell

Building Official

Ryan Johanson, CPA

Director of Finance

Pikes Peak Regional Building Department

Building Commission

Tyler Stevens

Mark Waller

Tom Strand

Green Mountain Falls Mayor Pro Tem

El Paso County Commissioner

Colorado Springs City Council

Advisory Board

Richard Applegate

Vince Colarelli

Tom McDonald

Dennis Murphy

Jim Nakai

Edward Pine

Chris Quinn

Darin Tiffany

Robert Todd

David Wilson

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Financial Section

Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Pikes Peak Regional Building Commission and Advisory Board Members
Pikes Peak Regional Building Department
Colorado Springs, Colorado

We have audited the accompanying financial statements of the business-type activities of Pikes Peak Regional Building Department as of and for the year ended December 31, 2017 and 2016, which collectively comprise the Department's basic financial statements as listed in the table of contents and the notes to the financial statements.

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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Pikes Peak Regional Building Department as of December 31, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pikes Peak Regional Building Department's basic financial statements as a whole. The introductory section, supplemental information, Schedule of Revenues, Expenditures and Changes in Net Position – Budget and Actual, and statistical section as listed in the table of content are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Revenues, Expenditures and Changes in Net Position – Budget and Actual as listed in the table of contents is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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



Brighton, Colorado
June 15, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

**PIKES PEAK REGIONAL BUILDING DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017**

The following discussion and analysis of the Pikes Peak Region Building Department (Department) financial performance provide an overview of the financial activities of the Department for the years ended December 31, 2017 and 2016. This information contained in this discussion should be considered in conjunction with the financial statements, notes and supplemental information to the Department's financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Department's basic financial statements. The Department's basic financial statements are comprised of: Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows, and Notes to the Financial Statements. This report also contains other supplemental information to the basic financial statements themselves.

The **Statement of Net Position** provides information about the Department's assets and liabilities with the difference being net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Department is improving or deteriorating.

The **Statement of Revenues, Expenses, and Changes in Net Position** provides information about Operating Revenue, Operating Expenses, Non-Operating Revenue and Expense of the Department with the change in Net Position.

The **Statement of Cash Flows** provides and analysis about the sources and uses of Department cash during the year.

The **Notes to the Financial Statements** provide additional, required disclosures about the Department, its accounting policies and practices, its financial position and operating activities and other required information. The information in these notes is essential to a full understanding of the other information contained in the financial statements.

The **Budgetary Comparison Schedule** provides information comparing the budget revenue and expenditure activities with the actual revenue and expenditure activities. When applicable, there will be a comparison of the originally approved budget with the final amended budget.

Financial Highlights

- Total Revenues decreased \$1,264,323 largely due to a decrease in building permits for reroofs. In 2016, there was an extensive hailstorm, damaging many structures in the area. This created an increase in roofing permits for 2016 and part of 2017.
- Total Expenditures increased 3,703,185 over the prior year largely due to a Net Pension Expense of 2,926,031.
- Net Position decreased \$109,512 to \$9,615,465 in 2017 due to the pension expense mentioned above.

**PIKES PEAK REGIONAL BUILDING DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017**

Summary of Net Position

As shown in the chart below, assets exceed liabilities by \$9,615,465.

	2017	2016	Change
Cash and Cash Equivalents - Unrestricted	\$18,395,037	\$13,655,719	\$4,739,318
Other Current Assets		209,335	78,659
Restricted Assets	1,127,547	1,127,547	-
Other Assets	7,947	75,967	(68,020)
Capital Assets	2,594,571	4,394,190	(1,799,619)
Total Assets	22,415,096	19,462,758	2,952,388
Deferred Outflows of Resources	5,438,282	3,086,364	2,351,918
Current Liabilities	1,226,680	1,090,861	135,819
Long Term Liabilities	16,940,431	11,411,181	5,529,250
Total Liabilities	18,167,111	12,502,042	5,665,069
Deferred Inflows of Resources	70,802	322,103	(251,301)
Net Investment in Capital Assets	2,594,571	4,394,190	(1,799,619)
Restricted Net Position	1,127,547	1,127,547	-
Unrestricted Net Position	5,893,347	4,203,240	1,690,107
Total Net Position	\$9,615,465	\$9,724,977	(109,512)

Summary of Revenue and Expenses

For the year ended December 31, 2017, expenditures exceed revenue by \$109,512. Revenues decreased from the prior year by \$1,264,323. Expenditures increased over the prior year by \$3,703,185.

	2017	2016	Change
Revenues			
Program Revenues	\$14,965,309	\$17,417,403	(\$2452,094)
General Revenues	1,693,201	505,430	1,187,771
Total Revenues	16,658,510	17,922,833	(1,264,323)
Operating Expenses	16,768,022	13,064,837	3,703,185
Total Expenses	16,768,022	13,064,837	3,703,185
Change in Net Position	(109,512)	4,857,996	(4,967,508)
Net Position, Beginning of year	9,724,977	4,866,981	4,857,996
Net Position, End of year	\$9,615,465	\$9,724,977	(\$109,512)

Summary of Statement of Cash Flows

During the year cash increased \$4,739,318 largely due to a two hail storms that affected the area creating the need for repairs to roofs and other structures in 2016 and the sale of a building and vacant land.

	2017	2016	Change
Cash from (for) Operating Activities	\$1,965,451	\$5,849,077	(\$3,883,626)
Cash from (for) Non-Capital Financing Activities	325,516	431,846	(106,330)
Cash from (for) Capital and Related Financing Activities	2,364,814	(517,957)	2,882,771
Cash from (for) Investing Activities	83,537	155,986	(72,449)
Increase/(Decrease) in Cash and Equivalents	4,739,318	5,918,952	(1,179,634)
Cash and Equivalents – Beginning of Year	14,783,266	8,864,314	5,918,952
Cash and Equivalents – End of Year	\$19,522,584	\$14,783,266	\$4,739,318

**PIKES PEAK REGIONAL BUILDING DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017**

Budgetary Highlights

The Department's 2017 Amended Budget projected revenue to increase \$2,374,300 to \$15,881,429 from the original budget. The increase was projected in Building Permits and gain on the sale of capital assets. Actual revenue was \$16,670,886, \$727,631 higher from the amended budget, due to higher than projected building permits due to the 2016 hail storm and overall increase of activity in the construction industry. That increase also applied to intergovernmental income, miscellaneous income and code sales.

Expenditures were also budgeted to increase \$2,374,300 to \$15,881,429 due to increased permit activity. Actual expenditures were \$1,034,283 lower than the final budget due to the actual need to for addition staff was not realized. During the year various process improvements were made that decreased the need to staff. Office Expenses increased due to one item expenditures for increased staff. Overall expenditures for the final budget were increased to cover the additional revenue and were not needed for the year.

Capital Assets

The Department's investment in capital assets as of December 31, 2017 totaled \$2,594,571 (net of accumulated depreciation). This investment in capital assets includes furniture, equipment, and leasehold improvements.

Future Economic Conditions

The economy for the El Paso County region continues to look strong. Single and multi-family house continue to look strong throughout 2018. The Summit House on the top of Pike's Peak will likely be permitted as well as a couple of schools.

Requests for Information

The financial report is designed to provide a general overview of Pikes Peak Regional Building Department's finances for those interested. Requests for additional information or questions should be addressed to Regional Building Department, Finance Department, 2880 International Circle, Colorado Springs, CO 80910

BASIC FINANCIAL STATEMENTS

PIKES PEAK REGIONAL BUILDING DEPARTMENT
STATEMENTS OF NET POSITION
DECEMBER 31, 2017 AND 2016

ASSETS:	2017	2016
Current Assets:		
Cash and Cash Equivalents	\$ 18,395,037	\$ 13,655,719
Accounts Receivable, Net of Allowance:	46,827	43,951
Note Receivable - El Paso County (current portion)	126,162	67,994
Prepaid Expenses	87,803	76,485
Inventory - Books and Permit Stock	29,202	20,905
Total Current Assets	18,685,031	13,865,054
Restricted Assets:		
Cash for Insurance Reserve	243,566	243,566
Cash for Capital Reserve	743,981	743,981
Cash for Dangerous Building Fund	140,000	140,000
Total Restricted Assets	1,127,547	1,127,547
Noncurrent Assets		
Note Receivable - El Paso County	7,947	75,967
Non-Depreciable Capital Assets	-	450,375
Depreciable Capital Assets	6,125,916	9,397,885
Accumulated Depreciation	(3,531,345)	(5,454,070)
Capital Assets - Net	2,594,571	4,394,190
Total Noncurrent Assets	2,602,518	4,470,157
Total Assets	22,415,096	19,462,758
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Pensions	5,438,282	3,086,364
Total Deferred Outflows of Resources	5,438,282	3,086,364
Total Assets and Deferred Outflows of Resources	\$ 27,853,378	\$ 22,549,122
LIABILITIES:		
Current Liabilities:		
Accounts Payable - Trade	\$ 68,702	\$ 106,321
Use Tax Payable	134,126	89,190
Other Accrued Liabilities	478,590	426,030
Accrued Wages	210,925	174,453
Accrued Vacation and Sick Pay	334,337	294,867
Total Current Liabilities	1,226,680	1,090,861
Noncurrent Liabilities		
Net pension liability	16,940,431	11,411,181
Total Long Term Liabilities	16,940,431	11,411,181
Total Liabilities	18,167,111	12,502,042
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - Pensions	70,802	322,103
Total Deferred Inflows of Resources	70,802	322,103
NET POSITION:		
Net Investment in Capital Assets	2,594,571	4,394,190
Restricted		
Self-Insurance Reserve	243,566	243,566
Capital Reserve	743,981	743,981
Dangerous Building Fund	140,000	140,000
Unrestricted	5,893,347	4,203,240
Total Net Position	9,615,465	9,724,977
Total Liabilities, Net Position and Deferred Inflows of Resources	\$ 27,853,378	\$ 22,549,122

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

PIKES PEAK REGIONAL BUILDING DEPARTMENT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES:		
Charges for Services:		
Permits	\$ 11,955,631	\$ 14,729,251
Fees	2,906,720	2,600,941
Code Sales	115,334	101,357
Refunds	(12,376)	(14,146)
Total Operating Revenues (Net)	<u>14,965,309</u>	<u>17,417,403</u>
OPERATING EXPENSES:		
Wages and Employee Benefits	13,012,421	9,108,478
Administrative Expenses	2,487,423	2,259,718
Operating Expenses	539,373	899,558
Depreciation	728,805	797,083
Total Operating Expenses	<u>16,768,022</u>	<u>13,064,837</u>
Operating Income	<u>(1,802,713)</u>	<u>4,352,566</u>
NON-OPERATING REVENUES (EXPENSES):		
Rental Income	9,875	121,605
Interest Income	73,685	27,139
Miscellaneous Income	181,322	165,165
Intergovernmental Revenue - Development Review	134,319	145,076
Gain (Loss) on Disposal of Assets	1,294,000	46,445
Total Non-Operating Revenues	<u>1,693,201</u>	<u>505,430</u>
Change in Net Position	(109,512)	4,857,996
Net Position, Beginning of Year	<u>9,724,977</u>	<u>4,866,981</u>
Net Position, End of Year	<u>\$ 9,615,465</u>	<u>\$ 9,724,977</u>

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

**PIKES PEAK REGIONAL BUILDING DEPARTMENT
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers and Users	\$ 14,962,433	\$ 17,433,298
Cash Paid to Suppliers	(5,453,671)	(4,879,601)
Cash Paid to Employees	(7,543,311)	(6,704,620)
Net Cash Provided by Operating Activities	<u>1,965,451</u>	<u>5,849,077</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Rental Income	9,875	121,605
Miscellaneous Income	181,322	165,165
Intergovernmental Revenue	134,319	145,076
Net Cash Provided by Non-Capital Financing Activities	<u>325,516</u>	<u>431,846</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital Outlay	(992,779)	(862,296)
Proceeds from Sale of Assets	3,357,593	344,339
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>2,364,814</u>	<u>(517,957)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash Received on Payment of Note Receivable	9,852	128,847
Interest Income	73,685	27,139
Net Cash Provided by Investing Activities	<u>83,537</u>	<u>155,986</u>
Net Increase in Cash and Cash Equivalents	4,739,318	5,918,952
CASH AND CASH EQUIVALENTS:		
Beginning of Year	<u>14,783,266</u>	<u>8,864,314</u>
End of Year	<u>\$ 19,522,584</u>	<u>\$ 14,783,266</u>
Unrestricted Cash	18,395,037	13,655,719
Restricted Cash	1,127,547	1,127,547
Total Cash and Cash Equivalents	<u>\$ 19,522,584</u>	<u>\$ 14,783,266</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ (1,802,713)	\$ 4,352,566
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	728,805	797,083
(Increase) Decrease in Accounts Receivable	(2,876)	15,895
(Increase) Decrease in Inventory	(8,297)	-
(Increase) Decrease in Prepaid Expenses	(11,318)	(76,485)
(Increase) Decrease in Deferred Outflows of Resources	(2,351,918)	(1,747,487)
Increase (Decrease) in Pension Liability	5,529,250	1,911,185
Increase (Decrease) in Deferred Inflows of Resources	(251,301)	320,195
Increase (Decrease) in Accounts Payable	(37,619)	10,895
Increase (Decrease) in Other Current Liabilities	173,438	265,230
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,965,451</u>	<u>\$ 5,849,077</u>

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

**PIKES PEAK REGIONAL BUILDING DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 and 2016**

Note 1 Summary of Significant Accounting Policies

History of the Department and Reporting Entity

On December 17, 1968, the Pikes Peak Regional Building Department (Regional or the Department) was established to perform inspections, issue licenses, review plans and to regulate the construction of buildings and other structures in the City of Colorado Springs, El Paso County and the surrounding areas. The uniformity in inspection and regulation of construction and maintenance of buildings and other structures was previously established jointly by the City of Colorado Springs and El Paso County and subsequently joined by the City of Fountain, the City of Manitou Springs, the Department of Green Mountain Falls, the Department of Monument, and the Department of Palmer Lake. The City administers the inspection and regulation of the building codes. Effective January 1, 1977, a separate entity was established as a joint City-County facility. One elective official from each City and the County composed a governing body known as the Regional Building Commission, which is responsible for the administration of the facility with the aid of an advisory board. This agreement remains in force on an annual basis unless intention to terminate is received from either party at least six months before the end of a calendar year.

Financial Reporting Entity

In accordance with governmental accounting standards, the Department has considered the possibility of inclusion of additional entities in its financial statements. The definition of the reporting entity is based primarily on financial accountability. The Department is not financially accountable for any other entity, nor is the Department a component unit of any other governmental entity; therefore, no other entities are included in the Department's financial statements.

Basis of Presentation and Accounting

Enterprise fund accounting is utilized by the Department in accordance with accounting principles generally accepted in the United States of America. Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded when incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital outlay are recognized as increases in capital assets.

The Department distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with the Department's principal ongoing operations. The principal operating revenues of the Department are charges to customers for permits and fees for inspections and other services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The Department follows all pronouncement issued by the Governmental Accounting Standards Board (GASB) which is the authoritative body.

The Department follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* as amended by Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* and Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. These statements establishes standards for external financial reporting for all state and local governmental entities which includes a management's discussion and analysis section; a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components: net investment in capital assets; restricted; and unrestricted.

**PIKES PEAK REGIONAL BUILDING DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 and 2016**

Note 1 Summary of Significant Accounting Policies (Continued)

Basis of Presentation and Accounting (Continued)

Regional uses fund accounting to report its financial position and results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Regional has only one fund, reported as a proprietary fund, which is used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided to outside parties (enterprise fund).

Deferred Outflows / Inflows of Resources

The Department implemented the provisions of GASB No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position (GASB 63) and the provisions of GASB No. 65 Items Previously Reported as Assets and Liabilities (GASB 65). As a result in addition to assets, liabilities and net position, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period (deferred outflow) or the acquisition of net position that applies to future periods (deferred inflows).

Budgetary Data

Regional is required by state statute to prepare a budget for its enterprise fund. Formal budgetary accounting is employed as a management control device for the fund. The Department adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Prior to October 15, the Department manager submits the proposed budget to the Advisory Board and then to the Building Commission.
- Prior to its adoption, the budget is open for inspection by the public.
- After public inspection and consideration of any objections filed, the Board reviews the proposed budget and formally adopts it.
- At the time of the adoption of the budget, the Board passes an appropriating ordinance giving the Department legal authority to spend.

Budgets are not prepared in accordance with accounting principles generally accepted in the United States of America because they include capital asset expenditures, but do not include depreciation, or accrued vacation and sick leave. Budgets may be amended during the year by approval of the Board of Directors. Any amendments to the budget are incorporated into the budget in these financial statements. Appropriations lapse at the end of the budget year. The budget was amended in 2017.

Assets and Liabilities

Investments – investments are recorded at fair value, which approximates cost.

Receivables – all receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Inventory - Inventory is valued at cost (first in, first out method) and consists of code books and permits.

Capital assets - Property and equipment which includes land, building, leasehold improvements and furniture, fixtures and other equipment are capitalized at actual costs. The property and equipment capitalization threshold for furniture, fixtures and equipment was established to maintain a balance between accountability of the assets and managing the cost of recording and tracking the assets, the capitalization threshold for furniture, fixtures and equipment is \$5,000.

**PIKES PEAK REGIONAL BUILDING DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 and 2016**

Note 1 Summary of Significant Accounting Policies (Continued)

Maintenance, repair and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. Buildings, leasehold improvement and furniture fixtures and equipment are depreciated on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Building	40
Leasehold improvements	15-20
Equipment – Vehicles	5
Equipment – Office	5-10
Equipment – Technology	3

Compensated Absences

The Department’s policy allows employees to accumulate unused sick leave up to 1,056 hours and vacation leave up to the employees’ entitlement plus 40 hours. Annually, on November 30, sick leave hours accumulated in excess of 480 hours may be converted to vacation or pay on a two-for-one basis.

Net Position

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Department utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.
- c. Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.” These net position are available for future operations or distributions.

Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as investments (including restricted assets) with maturity of three months or less at date of acquisition. The Department considers certificates of deposit with maturities of more than three months at date of purchase as investments.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 Cash and Investments

Cash Deposits

As of December 31, 2017 and 2016 the Department’s cash deposits had a carrying balance of \$13,235,736 and \$9,486,764 and a corresponding bank balance of \$13,306,591 and \$9,486,416, of which \$250,000 and \$250,000 was insured by the Federal Deposit Insurance Corporation and \$13,056,591 and \$9,236,416 was collateralized under PDPA, respectively. Restricted cash represents funds to be used for future capital asset additions and a reserve for self-insurance.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the

**PIKES PEAK REGIONAL BUILDING DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 and 2016**

Note 2 Cash and Investments (Continued)

PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Department's deposits may not be returned to it. The Department does not have a deposit policy for custodial credit risk. As of December 31, 2017, none of the Department's bank deposits were exposed to custodial credit risk.

Investments

Colorado statutes specify in which investment instruments the units of local government may invest:

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

The Department does not have a formal investment policy.

At December 31, 2017 and 2016 Department had \$6,284,698 and \$5,294,352, respectively, invested in COLOTRUST, which are investment vehicles established for government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's and is measured at net asset value (NAV). There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

PIKES PEAK REGIONAL BUILDING DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 and 2016

Note 2 Cash and Investments (Continued)

A summary of cash and investments at December 31, 2017, is as follows:

	<u>2017</u>	<u>2016</u>
Cash on hand	\$ 2,150	\$ 2,150
Cash deposits	13,235,736	9,486,764
COLOTRUST	6,284,698	5,294,352
Total cash and cash equivalents	<u>\$ 19,522,584</u>	<u>\$ 14,783,266</u>
Cash and cash equivalents - unrestricted	\$ 18,395,037	\$ 13,655,719
Cash and cash equivalents - unrestricted	1,127,547	1,127,547
Total cash and cash equivalents	<u>\$ 19,522,584</u>	<u>\$ 14,783,266</u>

Note 3 Accounts Receivable

Accounts receivable balance at December 31, 2017 and 2016, was comprised of the following:

	<u>2017</u>	<u>2016</u>
Fees for services	\$ 46,827	\$ 43,951
Less allowance for doubtful accounts	-	-
Net receivables	<u>\$ 46,827</u>	<u>\$ 43,951</u>

Note 4 Capital Assets

A summary of changes to capital assets for 2017 and 2016 is as follows:

	<u>Balance</u> <u>12/31/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2017</u>
Non-Depreciable				
Land	\$ 450,375	\$ -	\$ (450,375)	\$ -
Total Non-Depreciable	<u>450,375</u>	<u>-</u>	<u>(450,375)</u>	<u>-</u>
Depreciable				
Building	1,364,037	-	(1,364,037)	-
Improvements	3,979,204	133,346	(1,214,553)	2,897,997
Vehicles	1,895,586	821,817	(571,776)	2,145,627
Furniture, Fixtures and Equipment	2,159,058	37,616	(1,114,382)	1,082,292
Total Depreciable	<u>9,397,885</u>	<u>992,779</u>	<u>(4,264,748)</u>	<u>6,125,916</u>
Total Capital Assets	9,848,260	992,779	(4,715,123)	6,125,916
Accumulated Depreciation	(5,454,070)	(728,805)	2,651,530	(3,531,345)
Net Capital Assets	<u>\$ 4,394,190</u>	<u>\$ 263,974</u>	<u>\$ (2,063,593)</u>	<u>\$ 2,594,571</u>

**PIKES PEAK REGIONAL BUILDING DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 and 2016**

Note 4 Capital Assets (Continued)

	Balance 12/31/2015	Additions	Deletions	Balance 12/31/2016
Non-Depreciable				
Land	\$ 450,375	\$ -	\$ -	\$ 450,375
Total Non-Depreciable	450,375	-	-	450,375
Depreciable				
Building	1,364,037	-	-	1,364,037
Improvements	3,947,332	31,872	-	3,979,204
Vehicles	1,705,116	784,528	(594,058)	1,895,586
Furniture, Fixtures and Equipment	2,113,162	45,896	-	2,159,058
Total Depreciable	9,129,647	862,296	(594,058)	9,397,885
Total Capital Assets	9,580,022	862,296	(594,058)	9,848,260
Accumulated Depreciation	(4,953,151)	(797,083)	296,164	(5,454,070)
Net Capital Assets	\$ 4,626,871	\$ 65,213	\$ (297,894)	\$ 4,394,190

Note 5 Defined Benefit Pension Plan

Public Employees Retirement Association of Colorado

Summary of Significant Accounting Policies

Pensions. The Department participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("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.

General Information about the Pension Plan

Plan description. Eligible employees of the Department are provided with pensions through the Local Government Division Trust Fund (LGDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. 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.

**PIKES PEAK REGIONAL BUILDING DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 and 2016**

Note 5 Defined Benefit Pension Plan (Continued)

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 percent and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent 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 percent or 100 percent 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.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA

has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent 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 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the LGDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions. Eligible employees and the Department are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

**PIKES PEAK REGIONAL BUILDING DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 and 2016**

Note 5 Defined Benefit Pension Plan (Continued)

	For the Year Ended December 31, 2016	For the Year Ended December 31, 2017
Employer Contribution Rate ¹	10.00 %	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)%	(1.02)%
Amount Apportioned to the LGDTF ¹	8.98 %	8.98 %
Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411 ¹	2.20 %	2.20 %
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. § 24-51-411 ¹	1.50 %	1.50 %
Total Employer Contribution Rate to the LGDTF ¹	12.68 %	12.68 %

¹Rates are expressed as a percentage 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 Department is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Department were \$850,784 for the year ended December 31, 2017.

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

At December 31, 2017, the Department reported a liability of \$16,940,431 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The Department proportion of the net pension liability was based on the Department's contributions to the LGDTF for the calendar year 2016 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2016, the Department's proportion was 1.2545298280 percent, which was an increase of .2187016496 percent from its proportion as measured at December 31, 2015. For the year ended December 31, 2017, the Department recognized pension expense of \$2,926,031. At December 31, 2017, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**PIKES PEAK REGIONAL BUILDING DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 and 2016**

Note 5 Defined Benefit Pension Plan (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 301,464	\$ 0
Changes of assumptions or other inputs	\$ 1,201,614	\$ 48,989
Net difference between projected and actual earnings on pension plan investments	\$ 2,034,470	\$ 0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$ 1,049,950	\$ 21,813
Contributions subsequent to the measurement date	\$ 850,784	N/A
Total	\$ 5,438,282	\$70,802

The Department reported \$850,784 as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability for the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows.

<u>Year Ended</u>	<u>Pension Expense</u>
2018	\$ 3,744,483
2019	1,033,583
2020	570,071
2021	19,343
2022	-
Thereafter	-
Total	<u>\$ 5,367,480</u>

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 10.45 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

PIKES PEAK REGIONAL BUILDING DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 and 2016

Note 5 Defined Benefit Pension Plan (Continued)

Mortality rates used in the December, 31, 2015 valuation 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. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 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.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates. Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table. The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

**PIKES PEAK REGIONAL BUILDING DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 and 2016**

Note 5 Defined Benefit Pension Plan (Continued)

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and 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 by the investment consultant 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.

As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, 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	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	.20%
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 7.25%.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA’s Board on November 18, 2016.
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 3.50%.

**PIKES PEAK REGIONAL BUILDING DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 and 2016**

Note 5 Defined Benefit Pension Plan (Continued)

- Employee contributions were assumed to be made at the current member 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 and effective as of the measurement date, including current and estimated 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 until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases 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 the above assumptions and methods, 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 of 7.25 percent 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, and therefore, the discount rate is 7.25 percent.

Sensitivity of the Department's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.25%) or one percentage-point higher (8.25%) than the current rate:

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

Discount Rate:	6.25%	7.25%	8.25%
Proportionate share of the net pension liability	\$24,977,890	\$16,940,431	\$10,284,535

Pension plan fiduciary net position. Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

**PIKES PEAK REGIONAL BUILDING DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 and 2016**

Note 5 Defined Benefit Pension Plan (Continued)

Defined Contribution Pension Plans

Voluntary Investment Program

Plan Description - Employees of the Department that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2016 program members contributed \$0 and the Department recognized pension expense and a liability of \$0 and \$0 respectively, for the Voluntary Investment Program.

Other Post-Employment Benefits

Health Care Trust Fund

Plan Description - The Department contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants Department to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Department is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2017, 2016 and 2015, contributions to the HCTF were \$68,277, \$63,391 and \$60,007, respectively, equal to their required contributions for the year ended.

Note 6 Risk Management and Self Insurance

Regional has established a professional liability risk retention Self-Insurance Fund. The purpose of this fund is to pay for errors and omissions on the part of employees, officers and directors. An amount of \$243,566 has been set-aside for this purpose in a separate account and is reported as a restricted asset on the statement of net position. Regional is exposed to other various risk of loss related to torts, theft of, damage to and destruction; injuries to employees; and natural disasters. The Department has purchased commercial insurance for all these other risks. Settled claims have not exceeded the self-insurance or commercial coverage in any of the past three years.

**PIKES PEAK REGIONAL BUILDING DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 and 2016**

Note 7 Leased Office Space

In 2004, Regional occupied new office space under the terms of a sublease agreement between El Paso County, Colorado as lessor and Regional as lessee. Base rentals under the agreement are \$935,583 and \$939,387 as of 2017 and 2016, respectively. Regional has in turn leased a portion of the space under the terms of a sub-sub lease to El Paso County and the City of Colorado Springs, Colorado. Rental payments for each year under the agreement are \$428,395 from El Paso County, \$289,756 from the City of Colorado Springs and \$10,344 from Senator Udall for the year ended 2017 and 2016. Regional records the net amount of the payments as rental expense in financial statements.

In 2004, Regional leased an office building it owns to the El Paso County's Sheriff's Department. The original lease expired on August 31, 2011 and is currently being treated as a month to month lease. Annual rentals are \$122,225.

Note 8 Tax, Spending and Debt Limitation

In November 1992, the voters of Colorado approved Amendment I, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments. Regional meets the definition of an enterprise fund type and, therefore, is exempt from the requirements of the TABOR Amendment.

Note 9 Reclassifications

Certain items have been reclassified from the prior year to conform to the presentation of the current year's financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

**Pikes Peak Regional Building Department
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability - PERA
Last 10 Fiscal Years ***

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Department's proportion of the net pension liability	1.2545298280%	1.0358912032%	1.0599018748%	1.0430212650%
Department's proportional share of the net pension	\$ 16,940,431	\$ 11,411,181	\$ 9,499,996	\$ 8,699,911
Department's covered payroll	6,215,530	5,762,778	5,728,896	5,479,964
Total pension liability	5,123,847,000	4,762,090,000	4,647,777,000	4,517,239,000
Plan fiduciary net position	3,773,506,000	3,660,509,000	3,751,468,000	3,508,312,000
Net pension liability	<u>\$ 1,350,341,000</u>	<u>\$ 1,101,581,000</u>	<u>\$ 896,309,000</u>	<u>\$ 1,008,927,000</u>
Plan fiduciary net position as a percentage of the total pension liability	74%	77%	81%	78%
Net pension liability as a percentage of covered payroll	273%	198%	166%	159%

* This schedule is designed to show 10 years comparison. Information for the prior years was not available to report and will be shown when it is available.

**Pikes Peak Regional Building Department
Required Supplementary Information
Schedule of Pension Contributions - PERA
Last 10 Fiscal Years**

	2017	2016	2015	2014	2013	2012
Statutorily Required Contribution	850,784	787,494	745,972	736,428	706,915	626,845
Contributions in Relation to the Statutorily Required Contribution	850,784	787,494	745,972	736,428	706,915	626,845
Contribution Deficiency (Excess)	-	-	-	-	-	-
Covered Payroll	7,619,253	6,215,530	5,762,778	5,728,896	5,479,964	4,863,034
Contributions as a % of Covered Payroll	11.17%	12.67%	12.94%	12.85%	12.90%	12.89%

* This schedule is designed to show 10 years comparison. Information for the prior years was not available to report and will be shown when it is available.

OTHER SUPPLEMENTAL INFORMATION

PIKES PEAK REGIONAL BUILDING DEPARTMENT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (NON GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Permits	\$ 10,252,000	\$ 11,228,000	\$ 11,955,631	\$ 727,631
Fees, licenses and inspections	2,865,500	2,933,000	2,906,720	(26,280)
Rental Income	49,837	49,837	9,875	(39,962)
Intergovernmental Income	39,592	39,592	134,319	94,727
Interest Income	19,200	30,000	73,685	43,685
Miscellaneous Income	56,000	56,000	181,322	125,322
Code sales	75,000	85,000	115,334	30,334
Gain / (Loss) on Disposal of Assets	150,000	1,460,000	1,294,000	(166,000)
Total Revenue	<u>13,507,129</u>	<u>15,881,429</u>	<u>16,670,886</u>	<u>789,457</u>
EXPENDITURES				
Employee Wages and Benefits	9,566,117	10,458,003	10,086,390	371,613
Resale Items - Code Books and Permits	71,300	102,000	94,787	7,213
General operating expenses	349,229	602,907	229,606	373,301
Bank and Merchant Fees	12,500	12,500	121,510	(109,010)
Refunds	123,000	112,500	12,376	100,124
Occupancy Expenses	936,401	936,401	936,391	10
Supplies	108,966	82,050	56,330	25,720
Office Expenses	198,102	214,420	742,856	(528,436)
Services	431,095	334,842	48,650	286,192
Educational programs	38,000	122,000	34,716	87,284
Repairs, Maintenance and Small Equipment	601,686	652,806	472,882	179,924
Economic Vitality	345,000	330,000	110,000	220,000
Insurance	200,000	200,000	179,068	20,932
Depreciation	-	800,000	728,805	71,195
Capital Outlay	525,733	921,000	992,779	(71,779)
Total Expenditures	<u>13,507,129</u>	<u>15,881,429</u>	<u>14,847,146</u>	<u>1,034,283</u>
Revenue Over / (Under) Expenditures	<u>\$0</u>	<u>\$0</u>	<u>1,823,740</u>	<u>\$1,823,740</u>

Reconciliation of Budgetary Net Income to GAAP Basis Net Income

Capital Outlay	992,779
Pension related non cash changes	(2,926,031)
Net Income (GAAP Basis)	<u>\$ (109,512)</u>

See the accompanying independent auditors' report.

Statistical Section

Financial Trends - The schedules on pages 26-32 contain financial trend information to help the reader understand how the Building Department's financial condition has changed over time

Revenue Capacity - Pages 33-34 contain information to help the reader assess the Building Department's most significant revenue source.

Debt Capacity - Present information to help the reader assess the affordability of the Building Department's current levels of outstanding debt and the Building Department's ability to issue additional debt in the future. The Department does not currently have any debt and does not have any limitations on its ability to incur debt.

Demographic and Economic Information - Pages 35-37 offer demographic and economic indicators to help the reader understand the environment within which the Building Department's financial activities take place.

Operating Information - Pages 38-49 contain service data to help the reader understand how the information in the Building Department's financial report relates to the services the Building Department provides and the activities it performs.

Pikes Peak Regional Building Department
Net Position By Component
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Business-Type Activities				
Net Investment in Capital Assets	\$ 2,594,571	\$ 4,394,190	\$ 4,626,871	\$ 4,726,672
Restricted	1,127,547	1,127,547	1,127,547	1,127,547
Unrestricted	<u>5,893,347</u>	<u>4,203,240</u>	<u>(887,437)</u>	<u>(1,203,882)</u>
Total	<u>\$ 9,615,465</u>	<u>\$ 9,724,977</u>	<u>\$ 4,866,981</u>	<u>\$ 4,650,337</u>

Source: Pikes Peak Regional Building Department Financial Records

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 4,590,505	\$ 307,747	\$ 3,788,908	\$ 3,866,982	\$ 3,575,773	\$ 4,013,361
1,127,547	1,127,547	827,864	484,710	363,639	616,829
<u>7,032,884</u>	<u>6,790,216</u>	<u>5,193,790</u>	<u>5,451,485</u>	<u>5,225,847</u>	<u>5,005,612</u>
<u>\$ 12,750,936</u>	<u>\$ 8,225,510</u>	<u>\$ 9,810,562</u>	<u>\$ 9,803,177</u>	<u>\$ 9,165,259</u>	<u>\$ 9,635,802</u>

Pikes Peak Regional Building Department

Changes In Net Position

Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Business Type Activities:			
Operating Expenses:			
Wages and Employee Benefits	\$ 13,012,421	\$ 9,108,478	\$ 8,956,756
Administrative Expenses	2,487,423	2,259,718	2,127,844
Operating Expenses	539,373	899,558	644,052
Depreciation	728,805	797,083	786,086
Total Operating Expenses	16,768,022	13,064,837	12,514,738
Operating Revenues:			
Charges for Services:			
Permits	11,955,631	14,729,251	10,062,663
Fees	2,906,720	2,600,941	2,127,495
Code Sales	115,334	101,357	75,122
Refunds	-12,376	(14,146)	(3,700)
Total Operating Revenues (Net)	14,965,309	17,417,403	12,261,580
Net (expense)/Revenue	<u>(1,802,713)</u>	<u>4,352,566</u>	<u>(253,158)</u>
Non-Operating Revenues (Expenses):			
Rental Income	9,875	121,605	141,976
Interest Income	73,685	27,139	4,955
Miscellaneous Income	181,322	165,165	112,694
Intergovernmental Revenue - Development Review	134,319	145,076	122,664
Gain (Loss) on Disposal of Assets	1,294,000	46,445	87,513
Total Non-Operating Revenues	1,693,201	505,430	469,802
Change in Net Position	<u>\$ (109,512)</u>	<u>\$ 4,857,996</u>	<u>\$ 216,644</u>

Source: Pikes Peak Regional Building Department Financial Records

* Code Sales were recorded in previous years but not split out

** City of Colorado Springs previously had run payroll for RBD

2014	2013	2012	2011	2010	2009	2008
\$ 8,379,987	\$ 7,967,689	\$ 6,947,834	**	**	**	**
2,295,139	2,308,772	2,009,180				
697,694	684,760	731,990	9,140,853	8,393,125	8,156,211	9,784,033
803,357	696,699	657,369	693,686	710,413	569,793	530,748
12,176,177	11,657,920	10,346,373	9,834,539	9,103,538	8,726,004	10,314,781
9,595,120	9,784,398	9,536,024	7,377,646	7,473,329	5,883,618	7,780,189
1,987,056	2,607,403	2,339,168	2,002,411	1,804,080	1,838,000	1,992,323
*	*	*	*	*	*	*
(1,757)	(8,706)	(16,685)	-	-	-	-
11,580,419	12,383,095	11,858,507	9,380,057	9,277,409	7,721,618	9,772,512
(595,758)	725,175	1,512,134	239,204	173,871	(1,004,386)	(542,269)
152,321	144,092	132,571	132,571	132,571	127,398	122,225
2,738	4,731	1,313	55,563	109,927	156,219	204,176
19,334	34,753	47,033	28,873	99,220	149,253	71,780
114,492	116,503	96,349	87,915	103,747	58,400	50,572
53,087	172	125,548	156,945	18,582	42,573	(99,032)
341,972	300,251	402,814	461,867	464,047	533,843	349,721
\$ (253,786)	\$ 1,025,426	\$ 1,914,948	\$ 701,071	\$ 637,918	\$ (470,543)	\$ (192,548)

Pikes Peak Regional Building Department

Fund Balance
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund				
Net Investment in Capital Assets	\$ 2,594,571	\$ 4,394,190	\$ 4,626,871	\$ 4,726,672
Restricted:				
Self-Insurance Reserve	243,566	243,566	243,566	243,566
Capital Reserve	743,981	743,981	743,981	743,981
Dangerous Building Fund	140,000	140,000	140,000	140,000
Unrestricted	5,893,347	4,203,240	(887,437)	(1,203,882)
	<u>\$ 9,615,465</u>	<u>\$ 9,724,977</u>	<u>\$ 4,866,981</u>	<u>\$ 4,650,337</u>

Source: Pikes Peak Regional Building Department Financial Records

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 4,590,505	\$ 3,807,747	\$ 3,788,908	\$ 3,866,982	\$ 3,575,773	\$ 4,013,361
243,566	243,566	243,883	243,883	240,124	230,966
743,981	743,981	443,981	240,827	123,515	385,863
140,000	140,000	140,000	-	-	-
7,032,884	6,790,216	5,193,790	5,451,485	5,225,847	5,005,612
<u><u>\$ 12,750,936</u></u>	<u><u>\$ 11,725,510</u></u>	<u><u>\$ 9,810,562</u></u>	<u><u>\$ 9,803,177</u></u>	<u><u>\$ 9,165,259</u></u>	<u><u>\$ 9,635,802</u></u>

Pikes Peak Regional Building Department

Revenue by Category

Last Ten Fiscal Years

	2017		2016		2015		2014		2013	
Building Permits	\$ 10,034,959	60.24%	\$ 11,468,640	63.99%	\$ 7,040,311	55.30%	\$ 6,722,252	56.38%	\$ 7,086,179	
Mechanical & Plumbing Permits	1,833,331	11.01%	1,704,304	9.51%	1,622,857	12.75%	1,526,700	12.81%	1,534,405	
Plan Check Fees	1,894,306	11.37%	1,604,309	8.95%	1,226,880	9.64%	1,076,262	9.03%	1,306,793	
Electrical Permits	1,235,881	7.42%	1,149,982	6.42%	1,007,883	7.92%	942,372	7.90%	990,281	
Contractor Fees	511,057	3.07%	483,988	2.70%	497,929	3.91%	458,766	3.85%	474,917	
Elevator Inspections	304,365	1.83%	304,424	1.70%	292,478	2.30%	294,828	2.47%	288,180	
Other	844,611	5.07%	1,207,187	6.81%	1,043,045	8.22%	901,210	7.57%	1,002,592	
Total	<u>16,658,510</u>		<u>17,922,833</u>		<u>12,731,382</u>		<u>11,922,391</u>		<u>12,683,346</u>	

Source: Pikes Peak Regional Building Department Financial Records

	2012		2011		2010		2009		2008	
55.87%	\$ 7,124,307	58.10%	\$ 5,275,934	53.61%	\$ 5,360,726	55.03%	\$ 3,958,470	47.95%	\$ 5,067,558	50.06%
12.10%	1,445,476	11.79%	1,280,164	13.01%	1,310,746	13.46%	1,203,886	14.58%	1,445,218	14.28%
10.30%	1,007,438	8.22%	897,661	9.12%	685,284	7.03%	775,323	9.39%	1,125,121	11.12%
7.81%	892,372	7.28%	794,145	8.07%	700,441	7.19%	697,487	8.45%	848,977	8.39%
3.74%	517,303	4.22%	414,146	4.21%	452,224	4.64%	430,144	5.21%	419,972	4.15%
2.27%	286,090	2.33%	291,294	2.96%	313,695	3.22%	285,993	3.46%	236,471	2.34%
7.90%	988,334	8.06%	888,580	9.03%	918,341	9.43%	904,160	10.95%	978,915	9.67%
	<u>12,261,321</u>		<u>9,841,924</u>		<u>9,741,456</u>		<u>8,255,461</u>		<u>10,122,233</u>	

Pikes Peak Regional Building Department

El Paso County Top Employers
Current Year & Nine Years Ago

<u>Employer</u>	<u>2017</u>			<u>2008</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total El Paso County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total El Paso County Employment</u>
Fort Carson	30,300	1	11.18%	23,000	1	9.39%
Peterson Air Force Base	9,929	2	3.66%	10,740	2	4.39%
United States Air Force Academy	8,824	3	3.26%	9,917	3	4.05%
Schriever Air Force Base	6,876	4	2.54%	7,526	4	3.07%
UHealth Memorial Health System	6,200	5	2.29%	4,700	5	1.92%
School District #11 - Colorado Spgs	3,937	6	1.45%	3,900	6	1.59%
School District #20 - Air Academy	3,373	7	1.24%	2,636	8	1.08%
Penrose-St. Francis Health Services	2,320	8	0.86%	2,856	7	1.17%
El Paso County*	2,281	9	0.84%	2,230	10	0.91%
City of Colorado Springs*	2,209	10	0.81%	2,231	9	0.91%
	<u>76,249</u>		<u>28%</u>	<u>69,736</u>		<u>28%</u>
El Paso County Total Employment**	271,085			244,907		

**State of Colorado, LMI Gateway, 2nd Qtr 2017

Data Source: various, including Colorado Springs Business Journal, journals, annual reports, company web sites and CDLE Labor Market Information

Pikes Peak Regional Building Department
Demographic Indicators
Last Ten Fiscal Years

	2017	2016	2015	2014
Population ¹	699,232	688,227	674,630	662,874
Housing Units ²	*	265,480	261,745	256,865
Avg. Household Income ³	*	\$ 78,509	\$ 76,967	\$ 76,178
Unemployment Rate ¹	3.10%	3.20%	4.60%	5.10%
Vacancy Rate ⁴	*	2.23	3.15	3.66
Vacant Houses ⁴	*	5,973	8,334	9,573
Release of Deed ⁵	39,107	39,478	36,441	27,786
Foreclosure ⁵	1,002	1,287	1,470	1,825

* Not yet available

Sources:

1 El Paso County Comprehensive Annual Financial Report

2 ACS Demographic & Housing Estimates on Factfinder.Census.Gov

3 Selected Economic Characteristics on Factfinder.Census.Gov

4 County Data Lookup from <https://demography.dola.colorado.gov/population/data/profile-county/>

5 El Paso County Public Trustee <https://elpasopublictrustee.com/GTSSearch/Reports/>

2013	2012	2011	2010	2009	2008
655,150	645,678	637,302	622,263	608,518	599,060
254,669	253,014	251,285	248,842	*	*
\$ 74,750	\$ 74,380	\$ 73,850	\$ 71,915	*	*
8.00%	8.70%	9.20%	9.80%	8.80%	5.60%
3.83	4.19	4.72	5.94	8.16	9.27
9,922	10,725	11,981	15,031	20,562	23,210
44,038	41,099	32,040	34,301	39,076	34,941
1,861	3,364	3,461	4,657	5,288	4,470

Pikes Peak Regional Building Department
 Full-Time Equivalent Employees by Functional Program
 Last Ten Fiscal Years

Department	2017	2016	2015	2014	2013	2012
Administration	5.5	4	3	4	5	4
Accounting	4	5	4	5	5	4
Front Counter	9	8	8	9	9	10
Plan Review	11	10	10	10	9	9
Floodplain	3	3	4	4	5	4
Licensing	2	2	2	2	3	2
IT	5	4	5	4	4	5
HR	1	1	1	2		
Inspectors:						
Building	23	21	16	14	16	17
Electrical	13	12	11	11	11	9
Mechanical	24	19	18	16	15	14
Elevator	3	3	3	3	3	2
Total	103.5	92	85	84	85	80

Source: Pikes Peak Regional Building Department Financial Records

*Before 2012 payroll done by City of Colorado Springs

** 2017 includes a part-time employee

2011 2010 2009 2008

73 72 87 99

Pikes Peak Regional Building Department
 Number of Permits Issued by Type
 Last Ten Fiscal Years

	2017	2016	2015	2014	2013
Single Family	3,737	3,519	2,939	2,590	2,859
Residential Alt.	59,707	73,156	46,167	47,107	45,832
New Commercial	1,406	1,703	1,328	1,311	1,155
Multi Family	307	274	134	241	128
Commercial Alt.	9,105	8,605	8,400	8,006	7,744
All Other	1,704	1,349	1,372	1,185	1,594
Total	75,966	88,606	60,340	60,440	59,312

Source: <https://www.pprbd.org/Information/Charts>

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
2,390	1,563	1,629	1,315	1,547
53,022	43,116	50,004	32,835	35,200
1,137	666	722	1,047	1,998
207	74	5	20	65
6,881	6,457	5,983	5,409	6,427
1,554	1,061	1,076	1,324	1,398
<u>65,191</u>	<u>52,937</u>	<u>59,419</u>	<u>41,950</u>	<u>46,635</u>

Pikes Peak Regional Building Department

Permit Valuation
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Single Family	\$ 1,476,920,388	\$ 1,427,777,348	\$ 1,175,864,666	\$ 1,065,779,083
Residential Alt.	278,291,624	387,035,101	204,045,844	247,142,926
New Commercial	668,030,766	423,529,016	282,846,953	204,982,014
Multi Family	177,249,514	255,868,018	96,865,593	131,529,702
Commercial Alt.	481,102,285	340,948,605	308,693,396	265,148,680
All Other	18,237,721	64,625,745	156,485,074	13,057,830
<u>Total</u>	<u>\$ 3,099,832,298</u>	<u>\$ 2,899,783,833</u>	<u>\$ 2,224,801,526</u>	<u>\$ 1,927,640,235</u>

Source: Pikes Peak Regional Building Department Financial Records

2013	2012	2011	2010	2009	2008
\$ 1,120,706,379	\$ 837,125,548	\$ 528,358,849	\$ 506,425,791	\$ 416,491,672	\$ 301,121,873
194,232,997	241,067,785	177,993,192	220,371,207	127,689,169	136,650,498
506,122,686	304,898,346	278,887,168	84,489,456	406,007,782	502,311,199
83,404,345	82,659,329	77,601,283	6,874,063	676,700	54,368,809
304,337,510	270,077,248	193,388,599	162,786,384	101,073,918	174,912,350
13,244,372	12,290,961	3,907,085	7,556,267	8,054,228	22,148,951
\$ 2,222,048,289	\$ 1,748,119,217	\$ 1,260,136,176	\$ 988,503,168	\$ 1,059,993,469	\$ 1,191,513,680

Pikes Peak Regional Building Department

Plans Reviewed
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Single Family	3,771	3,497	2,999	2,528	2,938	2,481	1,651
Residential Alt.	2,082	1,634	1,521	1,432	1,254	417	473
New Commercial	329	324	259	208	223	217	146
Multi Family	27	31	12	11	15	6	11
Commercial Alt.	1,488	1,449	1,376	1,391	1,338	1,229	1,148
All Other	930	792	774	748	273	178	92
Total	8,627	7,727	6,941	6,318	6,041	4,528	3,521

Source: Pikes Peak Regional Building Department Financial Records

<u>2010</u>	<u>2009</u>	<u>2008</u>
1,646	1,301	1,483
479	460	493
181	238	374
8	4	4
1,037	905	958
<u>132</u>	<u>129</u>	<u>162</u>
3,483	3,037	3,474

Pikes Peak Regional Building Department

Inspections Performed

Last Ten Fiscal Years

	2017	2016	2015	2014
Single Family	127,822	109,930	86,301	78,123
Residential Alterations	157,402	108,482	95,804	91,429
New Commercial	12,037	10,453	9,548	9,659
Multi Family	6,722	3,612	2,558	2,207
Commercial Alterations	26,973	25,039	23,376	23,758
All Other	8,071	8,081	7,275	7,127
Total Inspections	339,027	265,597	224,862	212,303

	2017	2016	2015	2014
Total Inspections	339,027	265,597	224,862	212,303
Inspections Per Day	1,356	1,062	899	849
Inspections P/Insp P/Day	21.53	19.32	18.74	19.30

Source: Pikes Peak Regional Building Department Financial Records

* 2011-2008 the # of inspectors was not known as payroll was done by City of Colorado Springs

2013	2012	2011	2010	2009	2008
82,922	61,584	42,530	45,425	35,874	51,956
91,193	93,352	86,773	87,113	67,781	80,256
9,301	7,248	4,925	6,202	10,931	16,237
1,630	1,496	427	7	649	793
21,802	19,143	19,189	16,261	15,977	18,011
8,153	7,573	5,622	6,067	5,784	5,972
215,001	190,396	159,466	161,075	136,996	173,225

2013	2012	2011	2010	2009	2008
215,001	190,396	159,466	161,075	136,996	173,225
860	762	638	644	548	693
19.11	18.13	*	*	*	*

Pikes Peak Regional Building Department

Fixed Assets

Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Land	\$ -	\$ 450,375	\$ 450,375	\$ 450,375
Construction in Progress				47,603
Building	-	1,364,037	1,364,037	1,364,037
Improvements	2,897,997	3,979,204	3,947,332	3,854,689
Vehicles	2,145,627	1,895,586	1,705,116	1,592,865
Furniture, Fixtures, & Equipment	1,082,292	2,159,058	2,113,162	1,888,320
Total	6,125,916	9,848,260	9,580,022	9,197,889
Accumulated Depreciation		(5,454,070)	(4,953,151)	(4,471,217)
Net Capital Assets	<u>6,125,916</u>	<u>4,394,190</u>	<u>4,626,871</u>	<u>4,726,672</u>

Source: Pikes Peak Regional Building Department Financial Records

* 2010-2008 Vehicles were included in Furniture, Fixtures & Equipment

2013	2012	2011	2010	2009	2008
\$ 450,375	\$ 450,375	\$ 450,375	\$ 450,375	\$ 150,000	\$ 150,000
772,491					
1,364,037	1,364,037	1,364,037	1,364,037	1,364,037	1,364,037
2,668,635	2,487,025	2,438,519	2,432,515	2,406,231	2,361,783
1,729,719	1,519,370	1,315,968	*	*	*
1,605,608	1,501,348	1,379,558	2,489,205	2,173,103	2,085,346
8,590,865	7,322,155	6,948,457	6,736,132	6,093,371	5,961,166
(4,000,360)	(3,514,408)	(3,159,549)	(2,869,150)	(2,517,598)	(1,947,805)
4,590,505	3,807,747	3,788,908	3,866,982	3,575,773	4,013,361