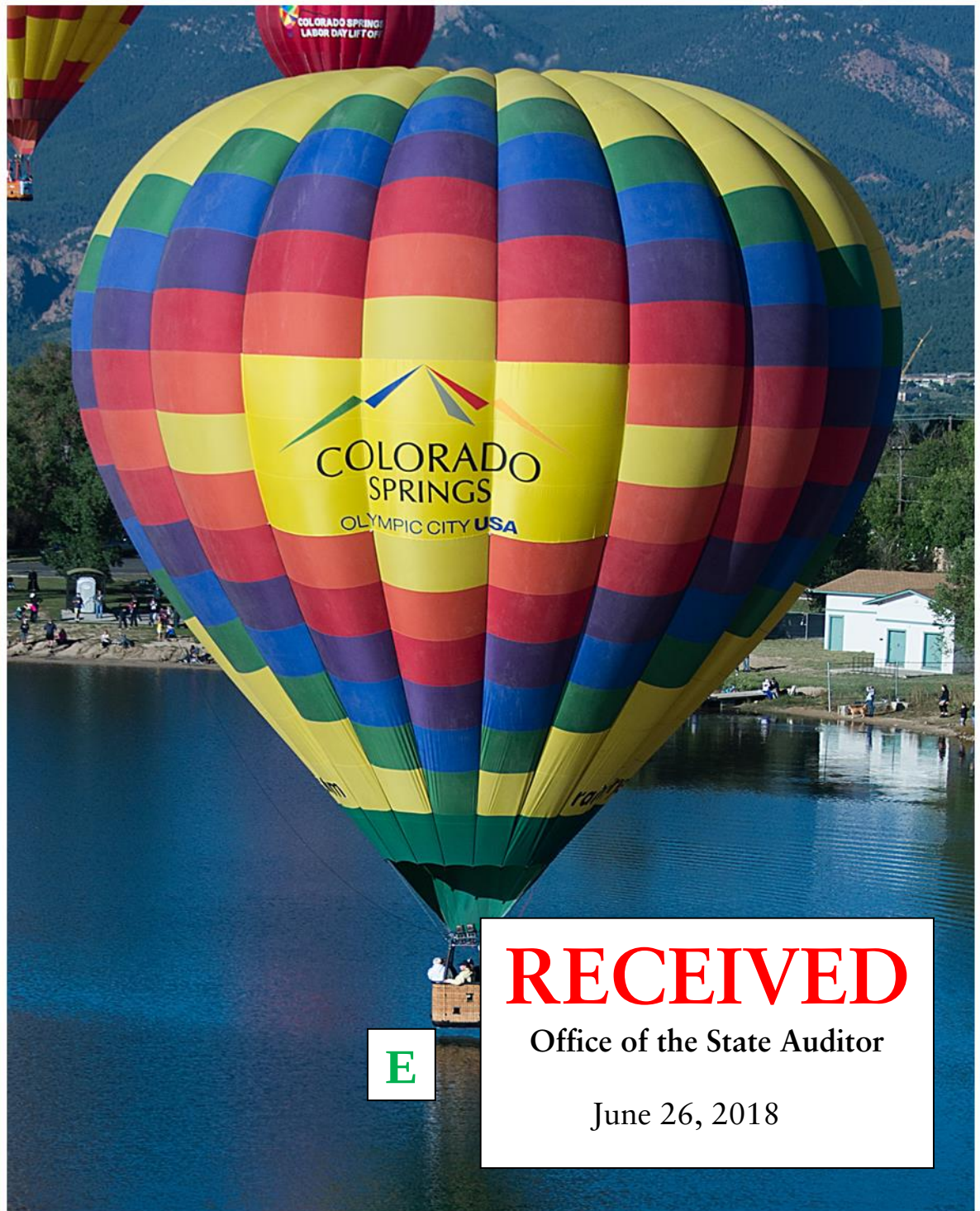


City of Colorado Springs
Comprehensive Annual Financial Report

2017

For the year ended December 31, 2017



E

RECEIVED

Office of the State Auditor

June 26, 2018

Comprehensive Annual Financial Report

City of Colorado Springs
Colorado

For the fiscal year ended
December 31, 2017

Finance Department

Charae McDaniel, Chief Financial Officer
Kerry George, Assistant Finance Director
Tracy Peters, Accounting Manager

Accounting Staff

Erin Garcia, Senior Accountant
Rochelle Kennedy, Senior Accountant
Mary Murray, Senior Accountant
Stacey Covington, Accountant
Giovanni Villarreal, Accountant

A special thanks to the Budget Division



TABLE OF CONTENTS

	Exhibit	Page
I. INTRODUCTORY SECTION		
Letter of Transmittal		i
GFOA Certificate of Achievement		v
Organization Chart		vi
City Leadership		vii
City Council		viii
II. FINANCIAL SECTION		
Independent Auditor's Report		1
A. Management's Discussion and Analysis (MD&A)		5
B. Basic Financial Statements		
Government-wide Financial Statements		
Statement of Net Position	1	27
Statement of Activities	2	29
Fund Financial Statements		
Governmental Fund Financial Statements		
Balance Sheet	3	30
Statement of Revenues, Expenditures and Changes in Fund Balances	4	31
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	32
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	6	33
Proprietary Fund Financial Statements		
Balance Sheet	7	37
Statement of Revenues, Expenses and Changes in Fund Net Position	8	39
Statement of Cash Flows	9	40
Fiduciary Fund Financial Statements		
Statement of Net Position	10	43
Component Unit Financial Statements		
Combining Statement of Net Position – Governmental Fund Component Units	11	44
Combining Statement of Activities – Governmental Fund Component Units	12	46
Combining Balance Sheet – Proprietary Fund Component Units	13	48
Combining Statement of Activities – Proprietary Fund Component Units	14	50

TABLE OF CONTENTS

	Exhibit	Page
Notes to Financial Statements		53
C. Required Supplementary Information Other than MD&A		
Schedule of the City's Proportionate Share of the Net Pension Liability and Contributions – Colorado PERA	15	158
Schedule of the Changes in the City's Net Pension Liability and Contributions – Old Hire Fire and Police Pension Plans	16	161
Schedule of the Changes in the City's Net Pension Liability and Contributions – New Hire Fire and Police Pension Plans	17	165
Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) and Contributions – Fire and Police Pension Plan – Statewide	18	169
Schedule of Funding Progress – Other Post-Employment Benefits (OPEB)	19	172
D. Combining and Individual Fund Statements and Schedules		
Major Proprietary Funds		
Schedule of Revenues and Expenses – Budget and Actual Comparison	A-1	174
Non-Major Governmental Funds		
Combining Balance Sheet	B-1	178
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	B-2	179
Special Revenue Funds		
Combining Balance Sheet – All Special Revenue Funds	C-1	184
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All Special Revenue Funds	C-2	186
Combining Balance Sheet – Intergovernmental Grant Special Revenue Funds	C-3	188
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Intergovernmental Grant Special Revenue Funds	C-4	189
Combining Balance Sheet – Capital, Operations and Maintenance Special Revenue Funds	C-5	190
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Capital, Operations and Maintenance Special Revenue Funds	C-6	192
Combining Balance Sheet – Improvement and Maintenance District Special Revenue Funds	C-7	194
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Improvement and Maintenance District Special Revenue Funds	C-8	196
Combining Balance Sheet – Public Improvements Special Revenue Funds	C-9	198
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Public Improvements Special Revenue Funds	C-10	199
Combining Balance Sheet – Other Public Improvements Special Revenue Funds	C-11	200
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Other Public Improvements Special Revenue Funds	C-12	201
Combining Balance Sheet – Other Special Revenue Funds	C-13	202

TABLE OF CONTENTS

	Exhibit	Page
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Other Special Revenue Funds	C-14	203
Schedule of Revenues and Expenditures – Budget and Actual – All Special Revenue Funds	C-15	204
Capital Projects Fund		
Balance Sheet	D-1	208
Statement of Revenues, Expenditures and Changes in Fund Balance	D-2	209
Annual Statement of Receipts and Expenditures for Roads, Bridges and Streets	D-3	210
Permanent Funds		
Combining Balance Sheet	E-1	214
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	E-2	215
Schedule of Revenues and Expenditures – Budget and Actual	E-3	216
Non-Major Proprietary Funds - Enterprise Funds		
Combining Balance Sheet	F-1	218
Combining Statement of Revenues, Expenses and Changes in Net Position	F-2	222
Combining Statement of Cash Flows	F-3	224
Schedule of Revenues and Expenses – Budget and Actual – Budget Basis	F-4	228
Non-Major Proprietary Funds - Internal Service Funds		
Combining Balance Sheet	G-1	230
Combining Statement of Revenues, Expenses and Changes in Net Position	G-2	232
Combining Statement of Cash Flows	G-3	234
Schedule of Revenues and Expenses – Budget and Actual – Budget Basis	G-4	238
Fiduciary Funds		
Balance Sheet – Agency Fund	H-1	240
Statement of Changes in Assets and Liabilities – Agency Fund	H-2	241
III. STATISTICAL SECTION		
Net Position by Component	Table 1	244
Changes in Net Position	Table 2	246
Fund Balances of Governmental Funds	Table 3	250
Changes in Fund Balances of Governmental Funds	Table 4	252
Sales and Use Tax Revenue	Table 5	254
Direct and Overlapping Sales and Use Tax Rates	Table 6	255
Principal Taxpayers	Table 7	256
Ratios of Outstanding Debt by Type	Table 8	257
Ratios of General Bonded Debt Outstanding	Table 9	258
Direct and Overlapping Governmental Activities Debt	Table 10	259
Legal Debt Margin Information	Table 11	260
Pledged Revenue Coverage	Table 12	261
Demographic and Economic Statistics	Table 13	262

TABLE OF CONTENTS

	Exhibit	Page
Principal Employers	Table 14	263
Full-time Equivalent City Government Employees by Function/Program	Table 15	264
Operating Indicators by Function/Program	Table 16	266
Capital Asset Statistics by Function/Program	Table 17	268
Sales and Use Tax Revenue Collection Costs and Required Refunds	Table 18	269
Assessed Valuations, Property Tax Levies and Collections	Table 19	270
Direct and Overlapping Mill Levy Rates – Within City Limits	Table 20	271
Municipal Solid Waste Landfill Closure and Postclosure Care Costs	Table 21	272

INTRODUCTORY SECTION





FINANCE OFFICE

June 15, 2018

The Honorable Mayor and Members of City Council
City of Colorado Springs
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, 2017, 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, 2017. 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.

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, stormwater management, 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 (Spring Creek, Briargate, Market Place at Austin Bluffs), Colorado Springs Health Foundation, Colorado Springs Urban Renewal Authority, Colorado Springs Downtown Development Authority, and Business Improvement Districts (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, Powers & Woodmen Commercial, and Creekwalk Marketplace). Public Authority for Colorado Energy (PACE), 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 eight years. This increase in funding, coupled with other expenditure reductions associated with debt retirement and contract savings, allowed the City to allocate resources toward the accomplishment of Strategic Plan goals. The 2017 budget included increases for the City's stormwater program, fire personnel to staff the newly built Fire Station #22, and increased transit service funding.

The 2C-Road Repair, Maintenance, and Improvement Fund, the citizen-approved temporary 0.62% sales tax, completed its second year of operation. The funding is used exclusively for road, sidewalk, curb and gutter improvements within the City of Colorado Springs.

In November 2017, the voters of Colorado Springs approved Issue 2A, which establishes and authorizes a stormwater fee. Beginning July 1, 2018, the stormwater fee will go into effect to fund critical stormwater infrastructure and maintenance operations for the city's stormwater system. The stormwater fee is expected to generate \$16-\$17 million in annual funding. The fee will sunset after 20 years on June 30, 2038.

The local economy showed continued signs of improvement: the local unemployment rate declined, and there was growth in the number of home sales, consumer confidence, and hotel occupancy. Providing a business friendly environment to encourage private sector job growth is one of the primary goals of the Executive Branch. For 2017, to reward and encourage business expansion and relocation, the City approved a 100% credit of Business Personal Property Tax due in 2018 – making the City’s business tax environment more competitive and equitable across industries.

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 2017 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.
- 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, 2016. This was the 27th 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,



Charae McDaniel, Chief Financial Officer



Kerry George, Assistant Finance Director



Tracy Peters, Accounting Manager



Government Finance Officers Association

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

Presented to

**City of Colorado Springs
Colorado**

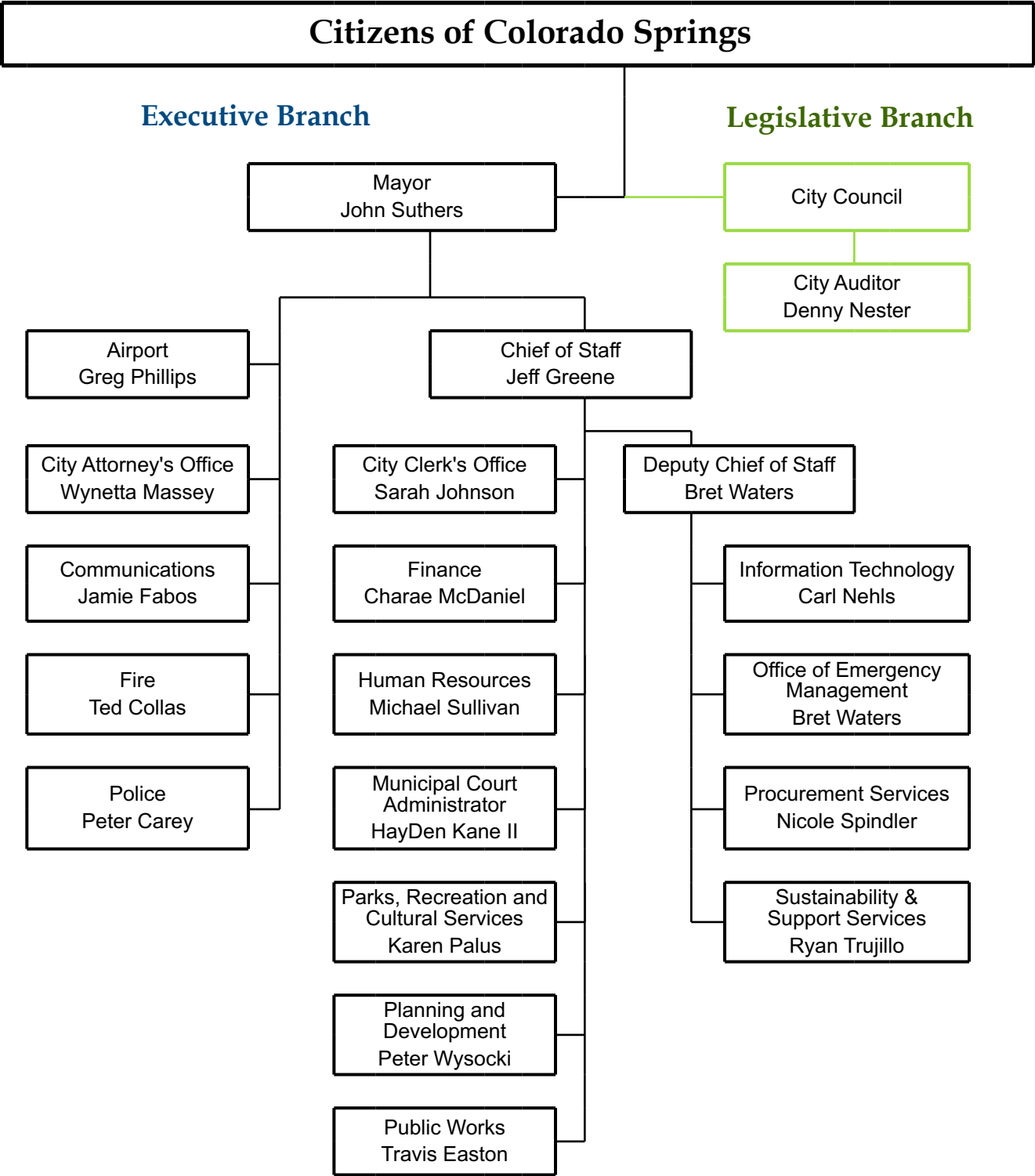
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morrell

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



John Suthers
Mayor

Department Heads

Aviation Director	Greg Phillips
Chief Communications Officer	Jamie Fabos
Chief Financial Officer	Charae McDaniel
Chief Human Resources Officer	Mike Sullivan
Chief Information Officer	Carl Nehls
City Attorney	Wynetta Massey
City Clerk	Sarah Johnson
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

City Council



Colorado Springs City Council

Front Row (from left to right):

Council Member Bill Murray, At-Large
Council President Pro-Tem Jill Gaebler, District 5
Council Member Yolanda Avila, District 4

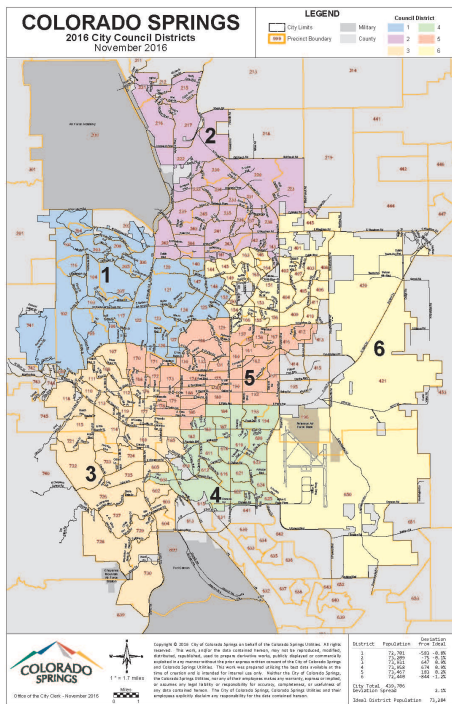
Back Row (from left to right):

Council Member Tom Strand, At-Large
Council Member David Geislinger, District 2
Council President Richard Skorman, District 3
Council Member Merv Bennett, At-Large
Council Member Don Knight, District 1
Council Member Andy Pico, District 6

City Council's Direct Report

City Auditor	Denny Nester
Utilities Chief Executive Officer	Jerry Forte
City Council Administrator	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, 2017 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 61.17 percent, 15.60 percent, and 64.80 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of and for the year ended December 31, 2017. 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 91.67 percent, 84.09 percent, and 96.11 percent, respectively, of the assets, net position, and revenues of the enterprise funds as of and for the year ended December 31, 2017. 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, 2017, 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 auditors, 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 6, 2018



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, 2017. 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, 2017, by \$3.2 billion (net position). The City's net position increased by \$120.6 million or 3.9% as a result of current year activity.
 - The governmental net position increased by \$55.5 million or 4.6%.
 - The business-type net position increased by \$65.1 million or 3.5%, significantly due to an increase in Utilities' net position of \$74.2 million.
- The City's governmental funds report combined ending fund balances of \$162.2 million. This was an increase of \$9.9 million, largely due to increased tax revenues.
- The General Fund, the City's primary operating fund presented on a current financial resources basis, ended 2017 with a fund balance of \$73.7 million or 24.1% of 2017 total General Fund expenditures and uses of other financing sources. Of this, \$50.6 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 the City has adopted a target range of 16.7% to 25% of expenditures. For 2017 the \$50.6 million in unrestricted fund balance represents 16.6% of 2017 total General Fund expenditures and uses of other financing sources. Unrestricted fund balance increased from 2016 by \$12.0 million. Restricted fund balance decreased by \$7.2 million primarily due to the refund to citizens and appropriation of voter approved retention of the 2016 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 \$2.9 billion. This is a \$91.3 million or 3.0% decrease from 2016. The City's business-type activity debt decreased by \$87.3 million largely due to Utilities decreases in notes and loans payable.

Remainder of page intentionally blank

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.

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, Powers & Woodmen Commercial, and Creekwalk Marketplace Business Improvement Districts.

Remainder of page intentionally blank

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.

Remainder of page intentionally blank

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 \$3.2 billion at the close of 2017 which is \$120.6 million more than at the close of 2016.

The following table reflects the condensed Statement of Net Position for 2017 with comparative information for 2016:

City of Colorado Springs Statement of Net Position (in 000's)						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 255,550	\$ 241,025	\$ 1,230,097	\$ 1,246,283	\$ 1,485,647	\$ 1,487,308
Capital assets	1,381,025	1,310,653	4,289,832	4,229,773	5,670,857	5,540,426
Total assets	1,636,575	1,551,678	5,519,929	5,476,055	7,156,504	7,027,734
Deferred outflows of resources	106,740	92,626	185,725	168,837	292,465	261,463
Total assets and deferred outflows of resources	1,743,315	1,644,305	5,705,654	5,644,892	7,448,969	7,289,197
Long-term liabilities	374,771	340,833	3,538,553	3,539,869	3,913,324	3,880,702
Other liabilities	75,482	69,883	224,379	220,859	299,861	290,742
Total liabilities	450,253	410,716	3,762,932	3,760,727	4,213,185	4,171,444
Deferred inflows of resources	34,945	30,962	3,540	10,056	38,485	41,018
Total liabilities and deferred inflows of resources	485,198	441,678	3,766,472	3,770,783	4,251,670	4,212,461
Net position						
Net investment in capital assets	1,320,601	1,248,001	1,962,445	1,872,057	3,283,046	3,120,058
Restricted	38,016	43,747	46,297	51,102	84,313	94,849
Unrestricted	(100,500)	(89,121)	(69,560)	(49,050)	(170,060)	(138,172)
Total net position	\$ 1,258,117	\$ 1,202,627	\$ 1,939,183	\$ 1,874,109	\$ 3,197,300	\$ 3,076,735

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 total net position, at \$3.3 billion. The City's unrestricted net position is a deficit due to the implementation of *GASB 68, Accounting and Financial Reporting for 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 \$10.5 million, primarily due to a refund of amounts restricted for prior year revenues in excess of the TABOR limits partially offset by a number of smaller increases in other restricted categories.

The unrestricted net position shows a deficit of \$170.1 million. While certain unrestricted funds are designated for specific, future purposes such as encumbrances and subsequent year expenses, significant net pension liabilities offset these amounts, resulting in negative unrestricted net position.

As noted, the City's combined net position is \$3.2 billion, an increase of \$120.6 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 2017 with comparative information for 2016. As noted earlier, the City's net position increased from 2016 to 2017 by \$120.6 million. Governmental activities increased the City's net position by \$55.5 million or 4.6%, which accounts for 46.0% of the City's overall change in net position. Business-type activities increased the City's net position by \$65.1 million or 3.5%, which accounts for 54.0% of the City's overall change in net position.

Remainder of page intentionally blank

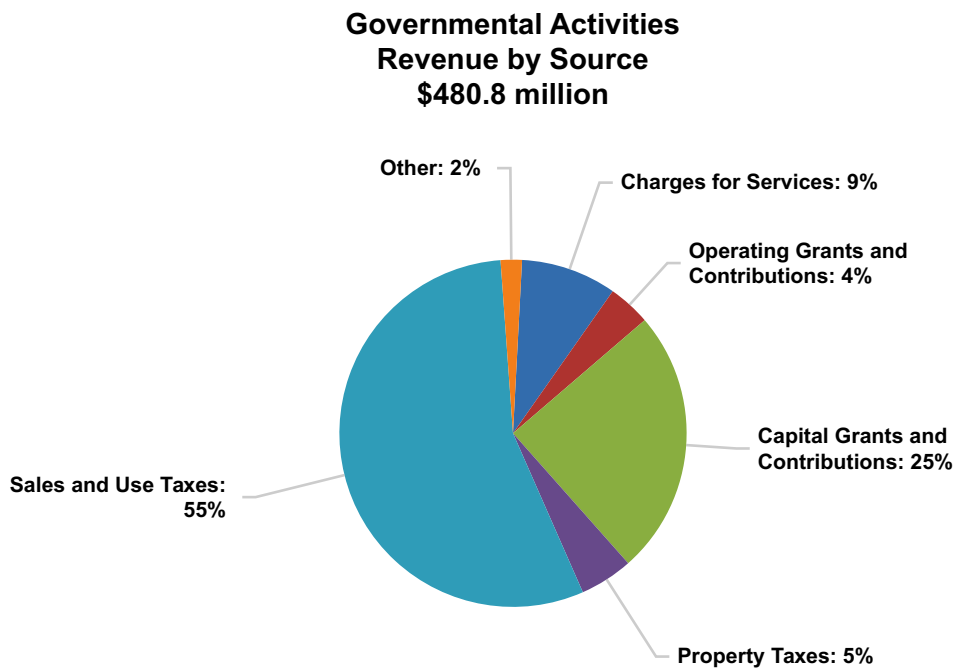
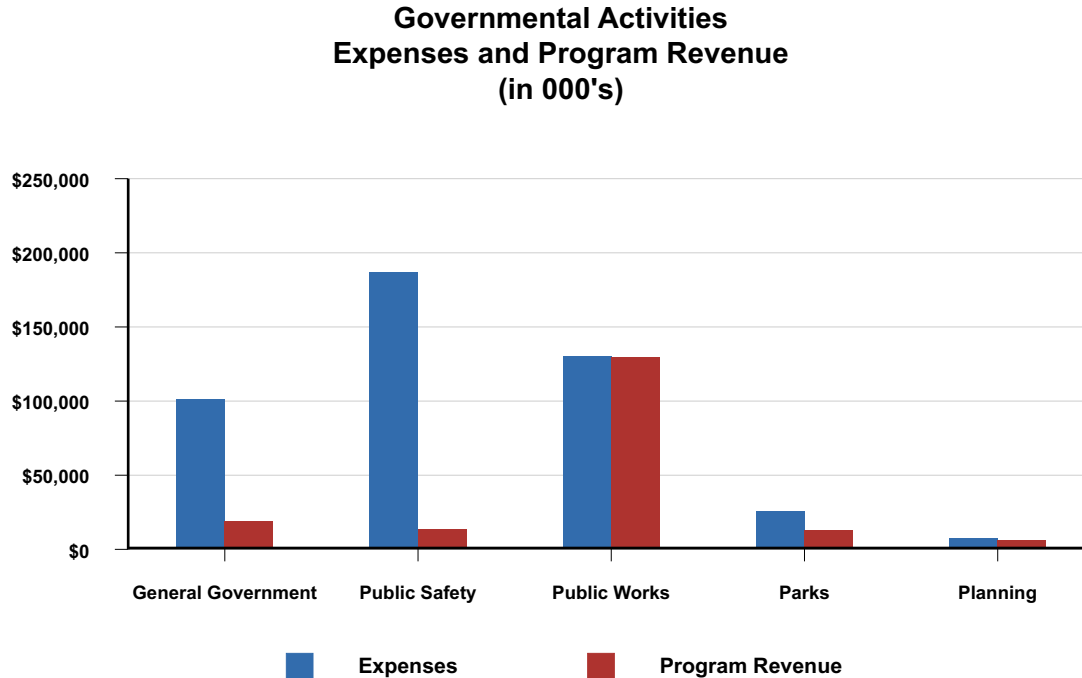
(unaudited)

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 41,697	\$ 43,517	\$ 924,984	\$ 874,777	\$ 966,681	\$ 918,294
Operating grants and contributions	18,572	20,758	—	—	18,572	20,758
Capital grants and contributions	121,234	59,514	61,097	76,082	182,331	135,596
General revenues:						
Property taxes	22,191	23,390	—	—	22,191	23,390
Sales and other taxes	272,816	256,261	—	—	272,816	256,261
Investment earnings	1,645	1,147	7,995	8,118	9,640	9,265
Gain on sale of capital assets	1,260	2,389	—	—	1,260	2,389
Extraordinary item	—	—	—	(9,811)	—	(9,811)
Contributions to endowments	1,339	171	—	—	1,339	171
Total revenues	480,753	407,148	994,075	949,166	1,474,828	1,356,314
Expenses:						
General government	101,607	65,305	—	—	101,607	65,305
Public safety	187,325	190,623	—	—	187,325	190,623
Public works	130,509	120,721	—	—	130,509	120,721
Parks	26,088	28,826	—	—	26,088	28,826
Planning	7,924	—	—	—	7,924	—
Planning/community development	—	22,969	—	—	—	22,969
Interest on long-term debt	2,290	2,415	—	—	2,290	2,415
Utilities	—	—	793,109	681,776	793,109	681,776
PACE	—	—	60,277	60,545	60,277	60,545
MHS	—	—	3,036	3,175	3,036	3,175
Non-major enterprises	—	—	42,098	36,515	42,098	36,515
Total expenses	455,744	430,860	898,521	782,012	1,354,264	1,212,872
Increase/(decrease) in net position before transfers	25,010	(23,712)	95,554	167,154	120,564	143,442
Transfers	30,481	31,027	(30,481)	(31,027)	—	—
Change in net position	55,490	7,315	65,074	136,127	120,564	143,442
Net position - beginning	1,202,627	1,195,311	1,874,109	1,737,982	3,076,735	2,933,293
Net position - ending	\$1,258,117	\$1,202,627	\$1,939,183	\$1,874,109	\$3,197,300	\$3,076,735

Note: Immaterial differences may occur due to rounding.

(unaudited)

Governmental activitiesNote: Exclusive of transfers.Note: Exclusive of transfers.

For 2017, governmental activities revenue and expenses increased, and the increase in revenue exceeded the increase in expenses, so there was an increase in net position based upon current year activity. Revenue was up from 2016 by \$73.6 million primarily a result of an increase in capital grants and contributions and an increase in sales tax revenue. Capital grants and contributions were up due to increases in donated capital assets. Sales tax revenue increased largely due to continued improving economic conditions and a high level of consumer confidence. Expenses increased \$24.9 million from 2016. The most significant expense changes were the following:

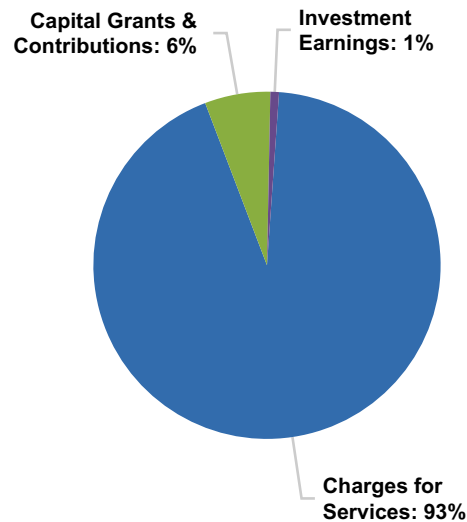
- General government expenses increased \$36.3 million primarily due to a reclassification of community development and economic development previously reflected with Planning. Additionally, the City consolidated governmental activity expenses related to utilities from individual departments into general government for tracking and control.
- Public works expenses increased \$9.8 million primarily due to spending of grant funds for transit and traffic engineering.
- Planning expenses decreased by \$15.0 million due to the reclassification of community development and economic development expenses moved to General government for 2017.
- Pension plan expenses impacted other categories as pension expense for the City's civilian pension plan, PERA, increased \$15.2 million.

Remainder of page intentionally blank

(unaudited)

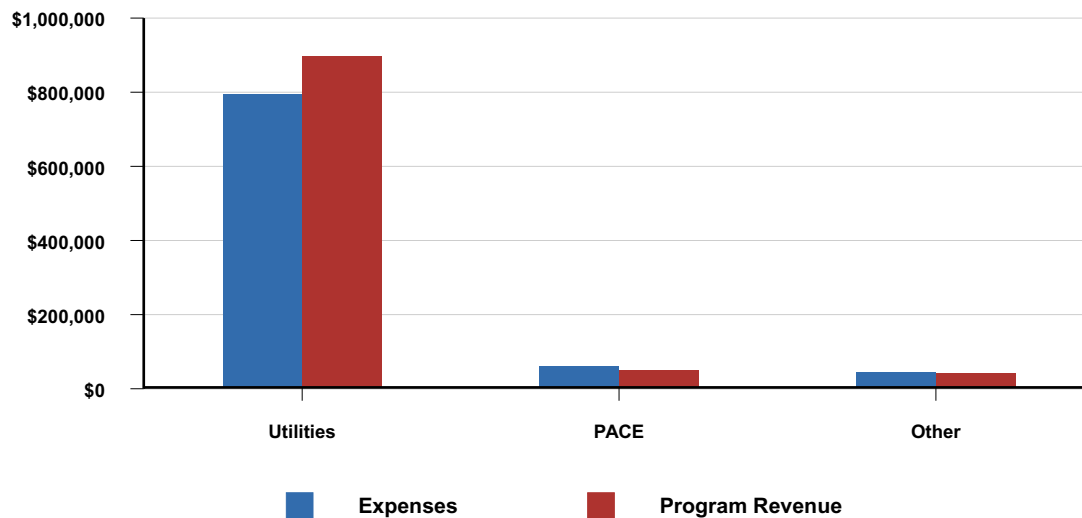
Business-type activities

**Business-type Activities
Revenue by Source
\$994.1 million**



Note: Exclusive of transfers.

**Business-type Activities
Expenses and Program Revenue
(in 000's)**



Note: Exclusive of transfers.

For 2017, business-type activities revenue increased \$44.9 million, while expenses increased \$116.5 million. In 2017, Utilities' revenues increased primarily due to increases in electric, natural gas, and water revenues of \$46.5 million offset by a decrease in other revenues of \$17.4 million, including change in value of derivative instruments. Meanwhile the Airport experienced a decrease in revenues due to a decrease in capital contributions of \$18.6 million. Each other non-major business-type activities experienced increases in charges for services due to increased economic activity. Business-type activities net expenses increased \$116.5 million. In 2017, Utilities' operating expenses increased \$91.1 million driven primarily by increases in other operating expenses of \$88.0 million and depreciation expense of \$22.3 million, partially offset by a decrease in salaries and benefits of \$19.3 million. Other business-type activities experienced slight expense increases due to increasing costs of goods, services, and depreciation.

Remainder of page intentionally blank

FINANCIAL ANALYSIS OF THE CITY'S FUNDS**Governmental funds**

As of the end of 2017, the City's governmental funds reported total combined fund balances of \$162.2 million of which \$32.3 million or approximately 19.9%, 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, \$12.6 million, is primarily comprised of endowments; and the *restricted* portion of fund balance, \$74.1 million, is primarily comprised of \$50.8 million in special revenue funds restricted balances, \$1.7 million for the TABOR refund/retention, and the \$8.2 million TABOR emergency reserve.

The General Fund is the principal operating fund of the City. At the end of 2017, the General Fund's total fund balance was \$73.7 million. The unrestricted fund balance of the General Fund was \$50.6 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 24.1% of 2017 total General Fund expenditures while unrestricted fund balance represents 16.6% of 2017 total General Fund expenditures.

Proprietary funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position as of December 31, 2017 and 2016 for the proprietary funds are as follows:

Unrestricted Net Position (in 000's)

	2017	2016	Variance
Utilities	\$ 35,046	\$ 55,902	\$ (20,856)
PACE	(138,165)	(127,862)	(10,303)
Non-major enterprise funds	44,947	35,179	9,768
Internal service funds	(24,078)	(23,724)	(354)

Note: Immaterial differences may occur due to rounding.

Non-major enterprise funds showed an increase in unrestricted net position, while Utilities, PACE, and the internal service funds experienced a decline in 2017. The increase for non-major enterprise funds was largely due to healthy operations as a result of record breaking tourism during the year. This increased tourism primarily impacted activity at Pikes Peak America's Mountain and the Airport. The decrease for Utilities was primarily due to increases in investment in capital assets and increased pension-related expenses. PACE was primarily due to significant interest expense while the internal service funds decrease related to increased claims liabilities.

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:

- \$2.5 million increase due to a supplemental appropriation for vehicle and facility repairs due to significant weather events in 2016 and 2017. The 2016 hail storm and 2017 wind storm repairs were funded by both insurance payments and unrestricted fund balance.
- Two supplemental appropriations related to the City's 2016 TABOR fiscal year spending calculation in excess of the allowed amount. Voters approved the City's retention of up to \$6.0 million to be spent on stormwater projects. The \$6.0 million increase for these projects was appropriated as well as the additional \$2.6 million refunded to citizens during 2017.
- \$31.9 million increase due to a supplemental appropriation for the issuance of refunding certificates of participation bonds (COPs) to advance refund and defease the outstanding COPs, Series 2009. This refunding allowed the City to take advantage of \$3.9 million in present value savings.

Also, per City Code, the City rolled over project budgets and encumbrances from the previous year totaling \$23.7 million.

Total revenues, excluding other financing sources, exceeded the final budget by 1.5% or \$3.6 million as a number of revenues exceeded budget and others fell short. Sales and use tax revenue (including penalty and interest) exceeded budget by \$3.9 million. 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. The City no longer reports the gross collections/payments; however, when this election was made the amounts were already included in the 2017 budgeted amounts. If the 2017 budget had been adjusted for this accounting change, the City would have shown sales and use revenues exceeding budget by approximately \$8.5 million. Utilities electric and gas surplus, under other financing sources, was less than anticipated in the budget by \$2.2 million due to mild weather conditions.

Total expenditures are \$33.2 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.

(unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION**Capital assets**

At the end of 2017, the City has \$5.7 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 \$130.7 million.

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 353,841	\$ 342,063	\$ 211,857	\$ 212,666	\$ 565,698	\$ 554,729
Buildings	105,985	105,449	45,503	44,500	151,488	149,948
Improvements other than buildings	54,367	37,918	162,687	168,428	217,054	206,347
Machinery and equipment	38,219	30,833	13,826	15,512	52,045	46,345
Infrastructure	807,667	753,816	34,963	36,590	842,630	790,406
Utilities plant	—	—	3,606,338	3,482,948	3,606,338	3,482,948
Construction in progress	8,588	26,785	150,445	209,560	159,032	236,345
Intangible capital assets	12,358	13,525	64,213	59,531	76,571	73,056
Total	\$ 1,381,025	\$ 1,310,389	\$ 4,289,832	\$ 4,229,735	\$ 5,670,857	\$ 5,540,124

Note: Immaterial differences may occur due to rounding.

The increase to capital assets for 2017 was due to both governmental and business-type activities. Specifically, in 2017, Utilities' capital assets increased \$66.6 million or 1.7%. The change 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 2017, Pikes Peak Rural Transportation Authority donated \$37.0 million of infrastructure and developers donated of \$35.7 million of infrastructure to governmental activities. These donated amounts are significantly higher than in prior years as a result of increased development.

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

(unaudited)

Long-term debt

The following schedule provides the debt outstanding at the end of 2017 and 2016. Total long-term debt outstanding at the end of 2017 is \$2.9 billion.

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 10,695	\$ 11,455	\$ —	\$ —	\$ 10,695	\$ 11,455
Certificates of participation	32,475	34,460	—	—	32,475	34,460
Revenue bonds	—	—	2,854,927	2,869,327	2,854,927	2,869,327
Lease/lease purchase	12,445	13,690	—	—	12,445	13,690
Notes payable	—	—	30,130	103,077	30,130	103,077
Total	\$ 55,615	\$ 59,605	\$ 2,885,057	\$ 2,972,404	\$ 2,940,672	\$ 3,032,009

Note: Immaterial differences may occur due to rounding.

During 2017, long-term debt for the governmental activities decreased \$4.0 million, primarily due to debt repayments. Business-type activities decreased \$87.3 million due to debt repayments exceeding 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	A3	A-	A

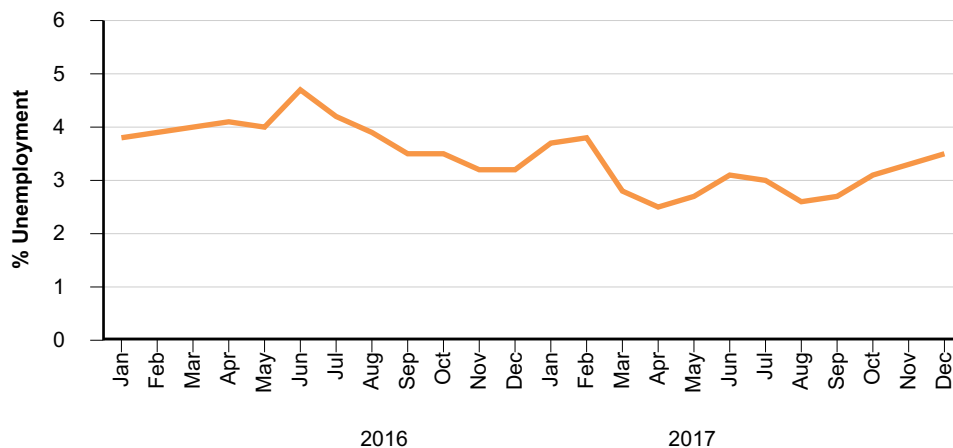
The current debt limitation for the City is \$504.8 million or 10% of the assessed property valuation. The City has no outstanding general obligation debt as it relates to this debt limit. The general obligation debt shown in the financial statements relate to the City's blended component units.

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

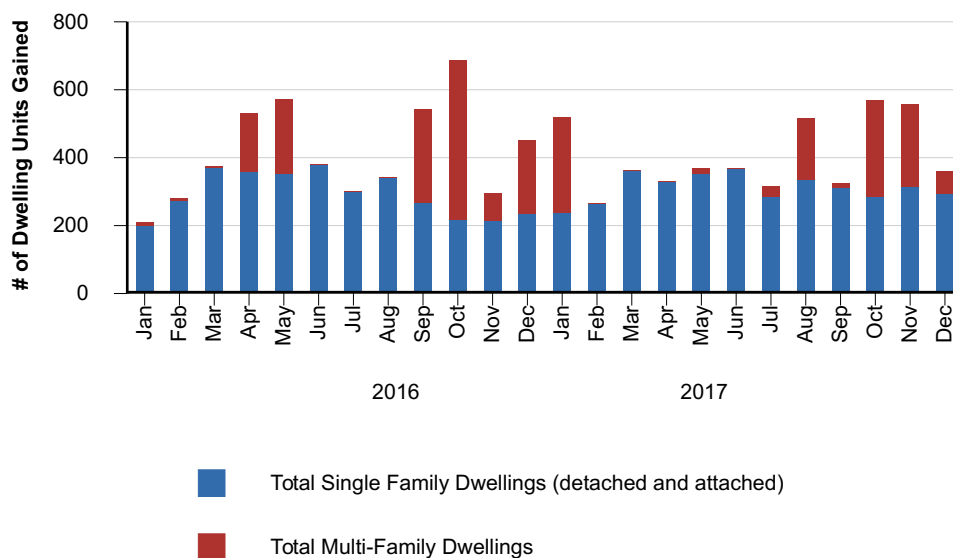
(unaudited)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**Local Economic Indicators**

During 2017, the local economy showed broad strength as indicated by: the local unemployment rate declined by 0.2% from 3.7% to 3.5%, the number of home sales grew by 6.7%, and hotel occupancy grew by 2.7%. Although residential building permits decreased 2.3%, the number of permits is still reflective of a strong housing demand.

El Paso County Unemployment Rate

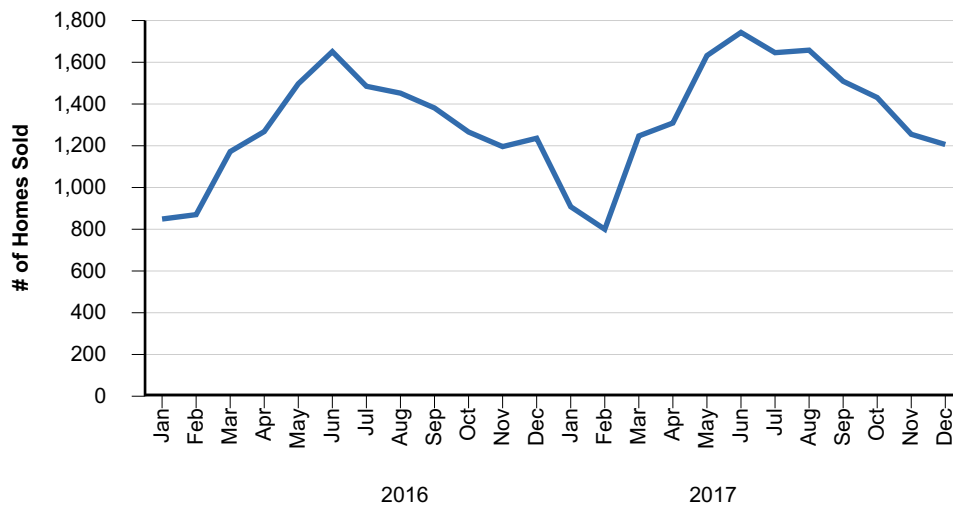
Source: US Bureau of Labor Statistics - Local Area Unemployment Statistics

**Pikes Peak Region
Residential Building Permits**

Source: Pikes Peak Regional Building Department

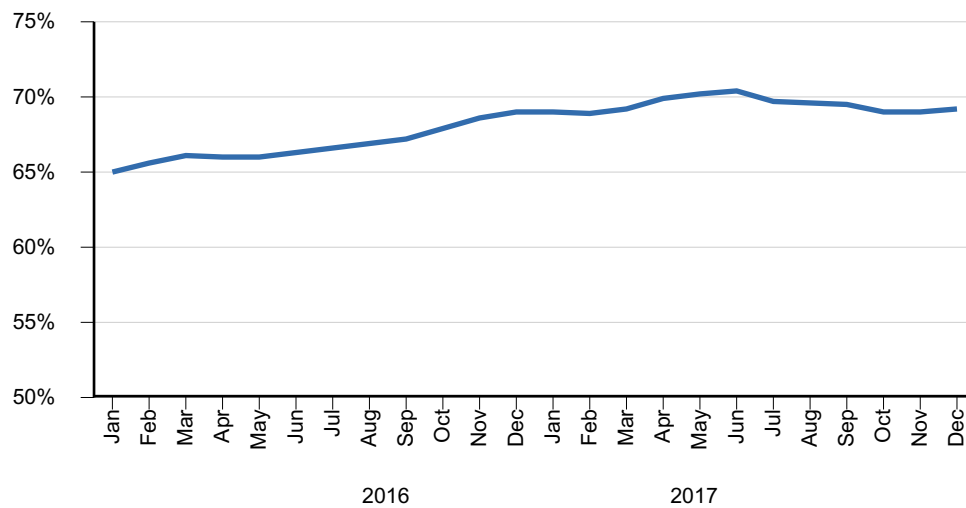
(unaudited)

**Pikes Peak Region
Home Sales**
(Single Family/Patio Homes)



Source: Pikes Peak Association of Realtors

Colorado Springs Hotel Occupancy Rate
(12 Month Moving Average)



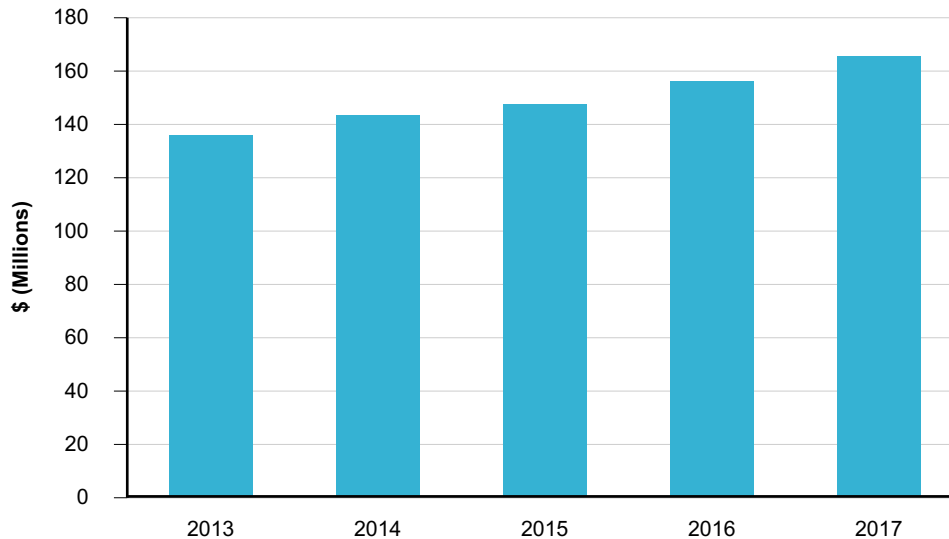
Source: University of Colorado Colorado Springs Economic Forum Dashboard

(unaudited)

Sales and use tax revenue

The City's General Fund sales and use tax revenue was up \$9.3 million or 5.9% from 2016 due to continued growth in all categories except Auto Dealer, Business Services, and Department/Discount. City sales and use tax collections are primarily dependent upon the level of local economic activity, consumer confidence, tourist activity, and inflationary growth.

**General Fund
Sales and Use Tax Revenue**

**2018 Budget**

The 2018 General Fund budget of approximately \$287 million is 5.2% higher than the 2017 original General Fund budget. At 60.3%, sales and use tax is the largest single source of General Fund revenue. 2018 sales and use tax is budgeted at \$174.5 million.

The 2018 budget addresses important strategic and operational goals which are reflected in the following important funding decisions:

- \$1.7 million increase to fund 20 new Police Officer positions and 10 new Fire positions
- \$900,000 in increased funding for park maintenance, recreational and cultural service needs
- \$1.4 million in increased funding for city facilities maintenance
- \$1.2 million in increased funding for city fleet replacement
- \$750,000 contribution to the I-25/Cimarron landscaping project
- \$480,000 increased funding to Mountain Metro Transit
- \$300,000 to improve the City's online services relating to permitting, land use and licensing
- \$5.5 million to address police and fire compensation issues and civilian compensation issues
- \$2.2 million planned contribution to the fund balance

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.

Remainder of page intentionally blank

BASIC FINANCIAL STATEMENTS



STATEMENT OF NET POSITION
December 31, 2017

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

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities
<u>ASSETS</u>					
Cash and investments	\$ 133,351,982	\$ 274,195,056	\$ 407,547,038	\$ 126,577,730	\$ 4,483,044
Receivables (net of allowance for uncollectibles)	95,756,187	111,734,535	207,490,722	17,686,033	843,695
Lease receivable	—	98,198,536	98,198,536	—	—
Due from other governments	—	—	—	—	5,312,736
Inventories	293,521	51,941,270	52,234,791	—	202,264
Prepays	—	450,163,000	450,163,000	248,881	5,623,326
Derivative instruments	—	—	—	1,686,805	—
Other	—	120,361,844	120,361,844	—	332,022
Restricted assets (temporarily):					
Cash and investments	26,148,391	122,315,010	148,463,401	58,366,881	2,361,627
Interest receivable	—	130,000	130,000	—	—
Investment in joint ventures	—	1,025,000	1,025,000	—	—
Capital assets nondepreciable:					
Land	353,841,096	211,857,210	565,698,306	—	65,147
Intangibles	—	31,383,000	31,383,000	—	—
Construction in progress	8,587,739	150,444,618	159,032,357	—	1,551,753
Capital assets (net of accumulated depreciation):					
Buildings	105,984,985	45,502,849	151,487,834	—	—
Improvements other than buildings	54,366,726	162,687,040	217,053,766	6,232,109	—
Machinery and equipment	38,219,200	13,825,924	52,045,124	21,025	—
Infrastructure	807,666,954	34,963,133	842,630,087	31,460,377	—
Utility plant	—	3,606,338,000	3,606,338,000	—	65,151,078
Intangibles	12,358,049	32,830,069	45,188,118	—	—
Unamortized bond insurance premium	—	32,933	32,933	—	—
Total assets	1,636,574,830	5,519,929,027	7,156,503,857	242,279,841	85,926,692

DEFERRED OUTFLOWS OF RESOURCES

Deferred cash flow hedges - unrealized					
loss on derivative instruments	—	52,472,000	52,472,000	237,270	—
Loss on debt refundings	1,474,776	35,320,810	36,795,586	5,605,981	129,802
Pension-related amounts	105,265,464	97,932,287	203,197,751	—	—
Total deferred outflows of resources	\$ 106,740,240	\$ 185,725,097	\$ 292,465,337	\$ 5,843,251	\$ 129,802

(continued)

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

STATEMENT OF NET POSITION
December 31, 2017

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

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities
<u>LIABILITIES</u>					
Accounts payable and other liabilities	\$ 58,484,716	\$ 86,598,905	\$ 145,083,621	\$ 6,454,075	\$ 4,039,190
Contingent liabilities and promise to CSHF	—	103,482,246	103,482,246	—	—
Deposits payable	2,384,571	—	2,384,571	—	—
Funds held for others	131,391	—	131,391	—	—
Accrued interest payable	158,003	16,146,667	16,304,670	821,516	100,989
Internal balances	(10,834,830)	10,834,830	—	—	—
Unearned revenue					
Grants	22,370,689	—	22,370,689	—	—
Other	2,787,897	7,316,119	10,104,016	150	5,352,751
Noncurrent liabilities:					
Due within one year	6,392,303	96,911,044	103,303,347	4,064,131	6,122,797
Due in more than one year	368,378,435	3,441,642,147	3,810,020,582	161,669,852	25,814,154
Total liabilities	450,253,175	3,762,931,958	4,213,185,133	173,009,724	41,429,881
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Gain on debt refundings	—	1,629,000	1,629,000	—	—
Interest rate swap	—	—	—	1,654,075	—
Property taxes	24,217,538	—	24,217,538	10,992,341	—
Pension-related amounts	10,727,320	1,910,662	12,637,982	—	—
Total deferred inflows of resources	34,944,858	3,539,662	38,484,520	12,646,416	—
<u>NET POSITION</u>					
Net investment in capital assets	1,320,601,473	1,962,444,943	3,283,046,416	(6,234,874)	36,076,171
Restricted for:					
Debt service	2,378,353	46,033,601	48,411,954	9,027,132	2,276,530
Endowments:					
Expendable	12,294,033	—	12,294,033	—	—
Nonexpendable	420,621	—	420,621	—	—
Emergency reserve (TABOR)	8,226,466	—	8,226,466	114,182	—
Capital improvement	12,976,608	—	12,976,608	44,640,752	—
Other	1,719,839	263,713	1,983,552	—	—
Unrestricted	(100,500,356)	(69,559,753)	(170,060,109)	14,919,760	6,273,912
Total net position	\$ 1,258,117,037	\$ 1,939,182,504	\$ 3,197,299,541	\$ 62,466,952	\$ 44,626,613

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

STATEMENT OF ACTIVITIES
For the year ended December 31, 2017

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	\$ 101,607,259	\$ 16,985,911	\$ 1,486,923	\$ 402,817	\$ (82,731,608)	\$ —	\$ (82,731,608)	\$ —	\$ —	
Public safety	187,325,052	7,355,565	6,037,204	—	(173,932,283)	—	(173,932,283)	—	—	
Public works	130,509,017	12,470,148	1,797,880	115,563,468	(677,521)	—	(677,521)	—	—	
Parks	26,088,482	2,866,225	4,855,167	5,267,700	(13,099,390)	—	(13,099,390)	—	—	
Planning	7,924,192	2,019,143	4,394,372	—	(1,510,677)	—	(1,510,677)	—	—	
Interest on long-term debt	2,289,562	—	—	—	(2,289,562)	—	(2,289,562)	—	—	
Total governmental activities	455,743,564	41,696,992	18,571,546	121,233,985	(274,241,041)	—	(274,241,041)	—	—	
Business-type activities										
Utilities	793,109,339	839,822,000	—	56,491,000	—	103,203,661	103,203,661	—	—	
PACE	60,277,000	49,148,000	—	—	—	(11,129,000)	(11,129,000)	—	—	
MHS	3,035,965	—	—	—	—	(3,035,965)	(3,035,965)	—	—	
Other	42,098,307	36,013,711	—	4,605,647	—	(1,478,949)	(1,478,949)	—	—	
Total business-type activities	898,520,611	924,983,711	—	61,096,647	—	87,559,747	87,559,747	—	—	
Total primary government	\$1,354,264,175	\$ 966,680,703	\$ 18,571,546	\$ 182,330,632	\$ (274,241,041)	\$ 87,559,747	\$ (186,681,294)	\$ —	\$ —	
Component units										
Governmental activities	\$ 34,249,177	\$ 299,375	\$ 16,824,596	\$ —	\$ —	\$ —	\$ —	\$ (17,125,206)	\$ —	
Business-type activities	10,505,246	20,493,670	—	—	—	—	—	—	9,988,424	
Total component units	\$ 44,754,423	\$ 20,793,045	\$ 16,824,596	\$ —	\$ —	\$ —	\$ —	\$ (17,125,206)	\$ 9,988,424	
General revenues										
Property taxes					\$ 22,190,678	\$ —	\$ 22,190,678	\$ 8,382,777	\$ —	
Sales taxes					268,547,457	—	268,547,457	—	—	
Specific ownership taxes					3,395,628	—	3,395,628	9,108,377	—	
Occupational liquor taxes					291,426	—	291,426	—	—	
Admissions tax					503,955	—	503,955	—	—	
Bicycle excise tax					77,140	—	77,140	—	—	
Miscellaneous					—	—	—	1,202,497	—	
Investment earnings					1,645,386	7,994,745	9,640,131	14,987,510	63,910	
Gain on sale of capital assets					1,260,228	—	1,260,228	—	—	
Contributions to endowments					1,338,973	—	1,338,973	—	—	
Transfers					30,480,589	(30,480,589)	—	—	—	
Total general revenues and transfers					329,731,460	(22,485,844)	307,245,616	33,681,161	63,910	
Change in net position					55,490,419	65,073,903	120,564,322	16,555,955	10,052,334	
Net position - January 1					1,202,626,618	1,874,108,601	3,076,735,219	45,910,997	34,574,279	
Net position - December 31					\$1,258,117,037	\$1,939,182,504	\$ 3,197,299,541	\$ 62,466,952	\$ 44,626,613	

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

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 50,271,717	\$ 79,936,610	\$ 130,208,327
Accounts receivable (net of allowance for uncollectibles)	3,327,242	32,302,037	35,629,279
Sales tax receivable	17,754,399	10,480,925	28,235,324
Loans receivable (net of allowance for uncollectibles)	236,668	5,862,480	6,099,148
Property taxes receivable			
Current	20,663,441	3,554,097	24,217,538
Delinquent	30,799	—	30,799
Inventories	260,631	—	260,631
Due from other funds	14,505,554	1,119,836	15,625,390
Restricted cash and investments	13,066,947	13,081,444	26,148,391
Total assets	120,117,398	146,337,429	266,454,827
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	7,647,711	10,142,809	17,790,520
Funds held for others	131,391	—	131,391
Accrued salaries and benefits	6,869,475	1,360,026	8,229,501
Due to other funds	1,531,336	12,218,183	13,749,519
Deposits payable	—	2,384,571	2,384,571
Escrow deposits	6,736,728	—	6,736,728
Unearned revenue			
Grants	—	22,370,689	22,370,689
Other	2,787,897	—	2,787,897
Total liabilities	25,704,538	48,476,278	74,180,816
Deferred inflows of resources			
Unavailable revenue - loans (net of allowance for uncollectibles)	—	5,862,480	5,862,480
Unavailable revenue - property taxes	20,663,441	3,554,097	24,217,538
Total deferred inflows of resources	20,663,441	9,416,577	30,080,018
Fund balances			
Nonspendable	291,430	12,294,033	12,585,463
Restricted	22,881,977	51,226,624	74,108,601
Committed	10,470,218	23,078,768	33,548,986
Assigned	7,783,758	1,845,149	9,628,907
Unassigned	32,322,036	—	32,322,036
Total fund balances	73,749,419	88,444,574	162,193,993
Total liabilities, deferred inflows of resources and fund balances	\$ 120,117,398	\$ 146,337,429	
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.			1,380,747,879
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.			5,862,480
Interest on investments that is not available to pay for current-period expenditures is not reported in the funds.			409,299
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.			(12,414,205)
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.			(278,682,409)
Net position of governmental activities			<u>\$ 1,258,117,037</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, 2017

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 4

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 188,679,802	\$ 106,326,482	\$ 295,006,284
Licenses, permits and fines	6,327,465	—	6,327,465
Intergovernmental	22,316,764	47,111,785	69,428,549
Charges for services	15,253,404	10,638,524	25,891,928
Endowments and donations	—	3,236,664	3,236,664
Interfund services provided	6,762,691	—	6,762,691
Investment earnings	578,569	992,937	1,571,506
Other revenue	2,551,552	925,192	3,476,744
Rental income	181,717	225,570	407,287
Total revenues	242,651,964	169,457,154	412,109,118
Expenditures			
Current			
General government	65,874,832	7,138,073	73,012,905
Public safety	137,496,036	40,227,428	177,723,464
Planning	3,341,572	4,517,161	7,858,733
Public works	25,846,275	34,477,844	60,324,119
Parks	12,166,132	11,419,835	23,585,967
Miscellaneous	—	18,417	18,417
Debt service			
Principal	2,955,566	2,188,036	5,143,602
Interest	1,861,705	581,498	2,443,203
Debt issuance expense	270,998	—	270,998
Capital outlay	16,008,659	71,065,899	87,074,558
Total expenditures	265,821,775	171,634,191	437,455,966
Excess (deficiency) of revenues over expenditures	(23,169,811)	(2,177,037)	(25,346,848)
Other financing sources (uses)			
Transfers - in	31,268,000	8,075,387	39,343,387
Transfers - out	(8,075,387)	(787,411)	(8,862,798)
Proceeds from issuance of debt	29,930,000	—	29,930,000
Debt refunding	(31,647,240)	—	(31,647,240)
Premium on refunding bonds issued	1,988,238	—	1,988,238
Capital lease financing	3,212,931	—	3,212,931
Sale of capital assets	1,260,228	—	1,260,228
Total other financing sources	27,936,770	7,287,976	35,224,746
Net change in fund balances	4,766,959	5,110,939	9,877,898
Fund balances - January 1	68,982,460	83,333,635	152,316,095
Fund balances - December 31	\$ 73,749,419	\$ 88,444,574	\$ 162,193,993

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, 2017**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 5**

Net change in fund balances - total governmental funds \$ 9,877,898

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 capital outlays exceeded depreciation in the current period. 1,664,285

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. 68,979,479

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. 1,701,966

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. (24,333,978)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (1,154,444)

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. (1,244,787)

Change in net position of governmental activities \$ 55,490,419

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, 2017

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

	Budgeted Amounts		2017	Variance With
	Original	Final	Actual	Final Budget
				Positive
				(Negative)
Revenues				
Taxes				
General property taxes				
Current	\$ 20,020,059	\$ 20,020,059	\$ 18,751,296	\$ (1,268,763)
Penalty and interest	—	—	24,558	24,558
	20,020,059	20,020,059	18,775,854	(1,244,205)
Sales and use taxes	157,635,618	157,635,618	165,352,031	7,716,413
URA TIF	4,649,750	4,649,750	—	(4,649,750)
Penalty and interest	—	—	829,818	829,818
Specific ownership taxes	2,354,000	2,354,000	2,926,718	572,718
Occupational liquor taxes	279,050	279,050	291,426	12,376
Admission taxes	564,000	564,000	503,955	(60,045)
Total taxes	185,502,477	185,502,477	188,679,802	3,177,325
Licenses, permits and fines				
Business licenses and permits	2,019,876	2,119,876	3,137,529	1,017,653
Fines	5,051,801	5,051,801	3,189,936	(1,861,865)
Total licenses, permits and fines	7,071,677	7,171,677	6,327,465	(844,212)
Intergovernmental				
Federal revenue				
Federal assistance	—	—	185,826	185,826
	—	—	185,826	185,826
State shared revenue				
Cigarette tax	960,000	960,000	957,736	(2,264)
Highway users tax-regular	18,508,272	18,508,272	18,616,426	108,154
Highway users tax-added fees	1,500,000	1,500,000	1,556,046	56,046
Severance tax	130,000	130,000	63,823	(66,177)
	21,098,272	21,098,272	21,194,031	95,759
Other governmental units				
El Paso County road and bridge	824,000	824,000	724,494	(99,506)
El Paso County shared fines	150,000	150,000	212,413	62,413
	974,000	974,000	936,907	(37,093)
Total intergovernmental	\$ 22,072,272	\$ 22,072,272	\$ 22,316,764	\$ 244,492

(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, 2017

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

	Budgeted Amounts		2017	Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Charges for services				
General government	\$ 2,250,873	\$ 2,250,873	\$ 2,049,832	\$ (201,041)
Public safety	6,483,141	6,483,141	6,966,003	482,862
Planning	618,593	618,593	1,320,680	702,087
Public Works	2,661,746	2,661,746	2,969,858	308,112
Parks	2,094,413	2,094,413	1,947,031	(147,382)
Total charges for services	14,108,766	14,108,766	15,253,404	1,144,638
Miscellaneous				
Interfund services provided	6,530,393	6,530,393	6,762,691	232,298
Investment earnings	554,000	554,000	578,569	24,569
Other revenue	1,881,359	2,934,659	2,551,552	(383,107)
Rental income	209,465	209,465	181,717	(27,748)
Total miscellaneous	9,175,217	10,228,517	10,074,529	(153,988)
Total revenues	\$ 237,930,409	\$ 239,083,709	\$ 242,651,964	\$ 3,568,255

(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, 2017

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

	Budgeted Amounts		2017	Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Expenditures				
General government				
City attorney	\$ 5,142,677	\$ 5,139,846	\$ 4,873,444	\$ 266,402
City auditor	1,482,990	1,482,990	1,499,261	(16,271)
City clerk	841,913	864,913	859,329	5,584
City council	994,098	994,098	905,176	88,922
Communications	385,461	385,461	380,754	4,707
Community development	460,313	460,313	404,467	55,846
Economic development	370,972	370,972	338,338	32,634
Finance	3,543,062	3,543,062	3,338,614	204,448
General costs	37,448,378	40,074,030	35,707,093	4,366,937
Human resources	1,402,381	1,402,381	1,338,575	63,806
Information technology	12,830,646	12,830,646	11,858,498	972,148
Mayor	881,009	916,009	830,503	85,506
Municipal court	3,697,098	3,697,098	3,540,780	156,318
Total general government	69,480,998	72,161,819	65,874,832	6,286,987
Public safety				
Fire/OEM	49,823,415	49,787,661	49,019,748	767,913
Police	90,962,155	90,634,155	88,476,288	2,157,867
Total public safety	140,785,570	140,421,816	137,496,036	2,925,780
Planning	3,499,472	3,499,472	3,341,572	157,900
Public works	26,815,260	26,815,260	25,846,275	968,985
Parks	\$ 12,361,752	\$ 12,433,652	\$ 12,166,132	\$ 267,520

(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, 2017

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

	Budgeted Amounts		2017	Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Debt service expenditures				
Principal payments	\$ 1,751,186	\$ 2,996,186	\$ 2,955,566	\$ 40,620
Interest payments	1,637,853	1,892,853	1,861,705	31,148
Debt issuance expense	—	270,999	270,998	1
Total debt service	3,389,039	5,160,038	5,088,269	71,769
Capital outlay	31,155,412	38,512,401	16,008,659	22,503,742
Total expenditures	287,487,503	299,004,458	265,821,775	33,182,683
Deficiency of revenues over expenditures	(49,557,094)	(59,920,749)	(23,169,811)	36,750,938
Other financing sources (uses)				
Transfers - in				
Utilities surplus	33,180,000	33,180,000	30,966,578	(2,213,422)
Other funds	—	—	301,422	301,422
Transfers - out				
City funded capital improvement projects	(7,993,087)	(8,075,387)	(8,075,387)	—
Proceeds from issuance of debt	—	29,930,000	29,930,000	—
Debt refunding	—	(31,647,240)	(31,647,240)	—
Premium on refunding bonds issued	—	1,988,239	1,988,238	(1)
Capital lease financing	—	—	3,212,931	3,212,931
Sale of capital assets	1,515,000	1,515,000	1,260,228	(254,772)
Total other financing sources (uses)	26,701,913	26,890,612	27,936,770	1,046,158
Net change in fund balance	(22,855,181)	(33,030,137)	4,766,959	37,797,096
Fund balance - January 1	68,982,460	68,982,460	68,982,460	—
Fund balance - December 31	\$ 46,127,279	\$ 35,952,323	\$ 73,749,419	\$ 37,797,096

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

PROPRIETARY FUNDS
BALANCE SHEET
December 31, 2017

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 7
(PAGE 1 OF 2)

	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	\$ 214,114,000	\$ 68,000	\$ 7,013,590	\$ 52,999,466	\$ 274,195,056	\$ 3,143,655
Cash and investments - restricted	35,758,000	—	—	6,595,607	42,353,607	—
Accounts receivable (net of allowance for uncollectibles)	95,062,235	7,097,000	—	6,836,520	108,995,755	1,134,800
Lease receivable	—	—	2,654,620	—	2,654,620	—
Interest receivable	472,000	—	—	—	472,000	—
Due from other funds	3,268,765	—	—	417,077	3,685,842	60,821
Inventories	51,520,000	—	—	421,270	51,941,270	32,890
Prepays	11,706,000	19,264,000	—	—	30,970,000	—
Other	—	—	83,844	—	83,844	—
Total current assets	411,901,000	26,429,000	9,752,054	67,269,940	515,351,994	4,372,166
Noncurrent assets						
Cash and investments - restricted	71,995,000	6,709,000	—	1,257,403	79,961,403	—
Interest receivable - restricted	130,000	—	—	—	130,000	—
Lease receivable - net	—	—	94,392,828	1,151,088	95,543,916	—
Note receivable	—	—	—	2,266,780	2,266,780	—
Due from other funds	—	—	—	1,438,958	1,438,958	—
Investment in joint ventures	1,025,000	—	—	—	1,025,000	—
Prepays	—	419,193,000	—	—	419,193,000	—
Other	120,278,000	—	—	—	120,278,000	—
Capital assets nondepreciable:						
Land	190,344,000	—	—	21,513,210	211,857,210	13,000
Intangibles	31,383,000	—	—	—	31,383,000	—
Construction in progress	146,598,000	—	—	3,846,618	150,444,618	—
Depreciable capital assets:						
Buildings	—	—	—	102,601,110	102,601,110	201,250
Improvements other than buildings	—	—	—	296,719,178	296,719,178	310,198
Machinery and equipment	—	—	—	36,041,929	36,041,929	475,194
Infrastructure	—	—	—	47,933,084	47,933,084	—
Utility plant	5,901,331,000	—	—	—	5,901,331,000	—
Intangibles	80,285,000	—	—	661,903	80,946,903	—
Less accumulated depreciation and amortization	(2,342,790,000)	—	—	(226,636,189)	(2,569,426,189)	(722,772)
Unamortized bond insurance premium	—	—	—	32,933	32,933	—
Total noncurrent assets	4,200,579,000	425,902,000	94,392,828	288,828,005	5,009,701,833	276,870
Deferred outflows of resources						
Deferred cash flow hedges - unrealized loss on derivatives	52,472,000	—	—	—	52,472,000	—
Loss on debt refundings	35,090,000	—	—	230,810	35,320,810	—
Pension-related amounts	93,183,000	—	—	4,749,287	97,932,287	—
Total deferred outflows of resources	180,745,000	—	—	4,980,097	185,725,097	—
Total assets and deferred outflows of resources	\$ 4,793,225,000	\$ 452,331,000	\$ 104,144,882	\$ 361,078,042	\$ 5,710,778,924	\$ 4,649,036

(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	\$ 62,513,448	\$ —	\$ 576,013	\$ 3,881,687	\$ 66,971,148	\$ 1,877,295
Accrued liabilities	3,670,000	—	86,623	—	3,756,623	—
Accrued salaries and benefits	11,569,000	—	—	458,134	12,027,134	89,753
Claims payable	—	—	—	—	—	14,816,500
Compensated absences	9,387,000	—	—	39,902	9,426,902	11,671
Due to other funds	4,428,552	—	—	143,680	4,572,232	2,499,179
Unearned revenue	—	—	—	4,215,549	4,215,549	—
Accrued interest payable	11,261,000	4,806,000	—	79,667	16,146,667	—
Matured bonds payable	71,849,000	10,580,000	—	1,810,000	84,239,000	—
Notes payable	2,465,000	—	—	538,461	3,003,461	—
Capital lease payable	—	—	—	241,681	241,681	—
Other	3,844,000	—	—	—	3,844,000	—
Total current liabilities	180,987,000	15,386,000	662,636	11,408,761	208,444,397	19,294,398
Noncurrent liabilities						
Claims payable	—	—	—	—	—	8,934,500
Contingent liabilities and promise to CSHF	—	—	103,482,246	—	103,482,246	—
Compensated absences	6,116,000	—	—	758,139	6,874,139	221,741
Customer deposits	2,684,000	—	—	—	2,684,000	—
Unearned revenue	—	—	—	3,100,570	3,100,570	—
Revenue bonds payable, net	2,298,599,000	573,207,000	—	13,709,010	2,885,515,010	—
Notes payable	22,845,000	—	—	4,281,165	27,126,165	—
Customer advances for construction	11,143,000	—	—	—	11,143,000	—
Capital lease payable	—	—	—	409,131	409,131	—
Municipal solid waste landfill closure and postclosure care	4,728,000	—	—	—	4,728,000	—
Derivative instruments	133,943,000	—	—	—	133,943,000	—
Pension and other postemployment benefits	348,141,000	—	—	16,633,702	364,774,702	—
Other long-term liabilities	4,445,000	—	—	—	4,445,000	—
Total noncurrent liabilities	2,832,644,000	573,207,000	103,482,246	38,891,717	3,548,224,963	9,156,241
Total liabilities	3,013,631,000	588,593,000	104,144,882	50,300,478	3,756,669,360	28,450,639
Deferred inflows of resources						
Gain on debt refundings	1,629,000	—	—	—	1,629,000	—
Pension-related amounts	1,444,000	—	—	466,662	1,910,662	—
Total deferred inflows of resources	3,073,000	—	—	466,662	3,539,662	—
Net position						
Net investment in capital assets	1,702,278,000	—	—	260,166,943	1,962,444,943	276,870
Restricted for passenger facility charges	—	—	—	263,713	263,713	—
Restricted for debt service	39,197,000	1,903,000	—	4,933,601	46,033,601	—
Unrestricted	35,046,000	(138,165,000)	—	44,946,645	(58,172,355)	(24,078,473)
Total net position	1,776,521,000	(136,262,000)	—	310,310,902	1,950,569,902	(23,801,603)
Total liabilities, deferred inflows of resources and net position	\$ 4,793,225,000	\$ 452,331,000	\$ 104,144,882	\$ 361,078,042		\$ 4,649,036

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. (11,387,398)

Net position of business-type activities \$ 1,939,182,504

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, 2017

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	\$ 839,822,000	\$ 49,148,000	\$ —	\$ 36,013,711	\$ 924,983,711	\$ 40,230,395
Total operating revenues	839,822,000	49,148,000	—	36,013,711	924,983,711	40,230,395
Operating expenses						
Salaries and benefits	188,237,931	—	—	13,106,464	201,344,395	2,810,627
Other operating expenses	376,291,069	19,160,000	—	15,272,361	410,723,430	37,785,654
Depreciation and amortization	151,983,000	—	—	18,212,363	170,195,363	21,288
Total operating expenses	716,512,000	19,160,000	—	46,591,188	782,263,188	40,617,569
Operating income (loss)	123,310,000	29,988,000	—	(10,577,477)	142,720,523	(387,174)
Nonoperating revenues (expenses)						
Derivative instruments	8,556,000	—	—	—	8,556,000	—
Investment earnings	3,212,000	966,000	(2,095)	780,780	4,956,685	24,474
Lease interest income	—	—	3,038,060	—	3,038,060	—
Interest expense	(94,244,000)	(40,296,730)	—	(682,015)	(135,222,745)	—
Passenger facility charges	—	—	—	3,448,341	3,448,341	—
Customer facility charges	—	—	—	823,358	823,358	—
Amortization expense	—	(820,270)	—	(18,078)	(838,348)	—
Loss on disposal of capital assets	—	—	—	(461,500)	(461,500)	—
Increase in contingent liabilities	—	—	(2,752,009)	—	(2,752,009)	—
Insurance settlements	—	—	—	892,507	892,507	—
Miscellaneous	8,123,000	—	(283,956)	575,842	8,414,886	—
Total nonoperating revenues (expenses)	(74,353,000)	(40,151,000)	—	5,359,235	(109,144,765)	24,474
Income (loss) before contributions and transfers	48,957,000	(10,163,000)	—	(5,218,242)	33,575,758	(362,700)
Capital contributions	56,491,000	—	—	4,605,647	61,096,647	—
Transfers - in	—	—	—	787,411	787,411	—
Transfers - out	(30,967,000)	—	—	—	(30,967,000)	—
Transfers - other	(301,000)	—	—	—	(301,000)	—
Change in net position	74,180,000	(10,163,000)	—	174,816	64,191,816	(362,700)
Total net position - January 1	1,702,341,000	(126,099,000)	—	310,136,086		(23,438,903)
Total net position - December 31	\$ 1,776,521,000	\$ (136,262,000)	\$ —	\$ 310,310,902		\$ (23,801,603)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					882,087	
Change in net position of business-type activities					<u>\$ 65,073,903</u>	

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, 2017

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 9
(PAGE 1 OF 3)

	Business-type Activities Enterprise Funds					Governmental Activities
	Utilities	Public Authority for Colorado Energy	MHS	Other Non-Major Enterprise Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 831,090,000	\$ 49,078,000	\$ —	\$ 35,254,498	\$ 915,422,498	\$ 7,046,621
Receipts from interfund services provided	14,333,000	—	—	359,971	14,692,971	32,341,336
Receipts from lease receivable	—	—	6,781,809	—	6,781,809	—
Payments to suppliers	(365,878,000)	(84,000)	(2,741,565)	(9,037,178)	(377,740,743)	(35,494,569)
Payments to employees	(194,043,000)	—	—	(11,485,693)	(205,528,693)	(2,324,486)
Payments for interfund services used	(13,783,000)	—	—	(3,611,820)	(17,394,820)	(3,425,494)
Other receipts	1,483,000	—	(1,733)	—	1,481,267	—
Net cash provided (used) by operating activities	273,202,000	48,994,000	4,038,511	11,479,778	337,714,289	(1,856,592)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Intergovernmental non-operating revenues provided	(31,077,000)	—	—	—	(31,077,000)	—
Transfers out to other funds	(2,696,000)	—	—	—	(2,696,000)	—
Repayment of advance from other funds	—	—	—	—	—	(274,159)
Advance from other funds	—	—	—	—	—	2,497,317
Repayment of long-term debt	—	(9,535,000)	—	—	(9,535,000)	—
Interest payments on long-term debt	—	(38,970,000)	—	—	(38,970,000)	—
Interest payments - other	—	(1,395,000)	—	—	(1,395,000)	—
Operating grant	528,000	—	—	381,416	909,416	—
Net cash provided (used) by noncapital financing activities	(33,245,000)	(49,900,000)	—	381,416	(82,763,584)	2,223,158
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital contributions and advances	36,308,000	—	—	—	36,308,000	—
Payments from accounts payable for capital asset additions	—	—	—	(687,669)	(687,669)	—
Transfers in from other funds	—	—	—	500,000	500,000	—
Bond issuance proceeds	240,180,000	—	—	—	240,180,000	—
Premium related to bond issuance	41,397,000	—	—	—	41,397,000	—
Bond issuance costs and other related costs	(10,801,000)	—	—	—	(10,801,000)	—
Repayment and refunding of revenue bonds	(243,294,000)	—	—	—	(243,294,000)	—
Purchases of capital assets	(139,747,000)	—	—	(11,158,787)	(150,905,787)	(12,990)
Repayment of capital lease obligations	—	—	—	(236,813)	(236,813)	—
Principal paid on capital debt	(100,000,000)	—	—	(2,275,327)	(102,275,327)	—
Interest paid on capital debt	(103,440,000)	—	—	(755,155)	(104,195,155)	—
Interest paid - other	(10,000)	—	—	(8,905)	(18,905)	—
Proceeds from issuance of commercial paper	30,000,000	—	—	—	30,000,000	—
Proceeds from the sale of capital assets	1,961,000	—	—	79,053	2,040,053	—
Capital grant	12,025,000	—	—	3,458,379	15,483,379	—
Passenger facility charges	—	—	—	3,284,482	3,284,482	—
Customer facility charges	—	—	—	833,021	833,021	—
Insurance settlement	—	—	—	4,515,569	4,515,569	—
Miscellaneous	—	—	—	10,937	10,937	—
Net cash used by capital and related financing activities	\$ (235,421,000)	\$ —	\$ —	(2,441,215)	\$ (237,862,215)	\$ (12,990)

(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, 2017

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 9
(PAGE 2 OF 3)

	Business-type Activities Enterprise Funds					Governmental Activities
	Utilities	Public Authority for Colorado Energy	MHS	Other Non-Major Enterprise Funds	Total	Internal Service Funds
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sales and maturities of investments	\$ 77,825,000	\$ —	\$ (1,212,413)	\$ 10,430,390	\$ 87,042,977	\$ 1,058,388
Purchases of investments	(133,485,000)	(72,000)	(2,808,095)	(23,138,224)	(159,503,319)	(1,494,103)
Interest and dividends received	3,757,000	965,000	(2,095)	711,826	5,431,731	35,293
Principal payment received on lease receivable	—	—	—	25,919	25,919	—
Interest received on lease receivable	—	—	—	241,681	241,681	—
Derivatives	(7,913,000)	—	—	—	(7,913,000)	—
Distributions from joint ventures	130,000	—	—	—	130,000	—
Principal received from interfund loan	—	—	—	71,119	71,119	—
Interest received from interfund loan	—	—	—	62,069	62,069	—
Net cash provided (used) by investing activities	(59,686,000)	893,000	(4,022,603)	(11,595,220)	(74,410,823)	(400,422)
Net change in cash and cash equivalents	(55,150,000)	(13,000)	15,908	(2,175,241)	(57,322,333)	(46,846)
Cash and cash equivalents - January 1	170,690,000	81,000	112,501	4,893,948	175,777,449	104,402
Cash and cash equivalents - December 31	115,540,000	68,000	128,409	2,718,707	118,455,116	57,556
Cash and cash equivalents	115,540,000	68,000	128,409	2,718,707	118,455,116	57,556
Investments	206,327,000	6,709,000	6,885,181	58,133,769	278,054,950	3,086,099
Total cash and investments	\$ 321,867,000	\$ 6,777,000	\$ 7,013,590	\$ 60,852,476	\$ 396,510,066	\$ 3,143,655
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ 123,310,000	\$ 29,988,000	\$ —	\$ (10,577,477)	\$ 142,720,523	\$ (387,174)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation and amortization expense	151,983,000	—	—	18,212,363	170,195,363	21,288
Deferred outflows of resources - pensions	(18,059,475)	—	—	(483,763)	(18,543,238)	—
Deferred inflows of resources - pensions	(5,967,799)	—	—	(370,471)	(6,338,270)	—
Net pension liabilities	66,757,788	—	—	2,389,329	69,147,117	—
Other expense	(51,933,514)	—	—	159,167	(51,774,347)	—
(Increase) decrease in accounts receivable	3,936,000	(70,000)	—	34,759	3,900,759	(771,558)
Decrease in lease receivable	—	—	6,781,809	—	6,781,809	—
Increase in due from other funds	—	—	—	(54,033)	(54,033)	(3,035)
(Increase) decrease in inventories	2,755,000	—	—	(206,449)	2,548,551	2,877
(Increase) decrease in prepaids	(29,000)	19,076,000	—	—	19,047,000	—
Increase in other assets	(6,816,000)	—	(1,733)	—	(6,817,733)	—
Increase (decrease) in accounts and other payables	2,683,000	—	(42,203)	766,472	3,407,269	(748,929)
Increase (decrease) in accrued expenses	938,000	—	19,206	(26,058)	931,148	30,176
Increase (decrease) in due to other funds	—	—	—	122,748	122,748	(237)
Decrease in contingent liability	—	—	(2,718,568)	—	(2,718,568)	—
Increase in other liabilities	3,645,000	—	—	1,513,191	5,158,191	—
Net cash provided (used) by operating activities	\$ 273,202,000	\$ 48,994,000	\$ 4,038,511	\$ 11,479,778	\$ 337,714,289	\$ (1,856,592)

(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
Noncash investing, capital and financing activities						
Amortization, charge-off of debt discount and expense	\$ 3,163,000	\$ 820,270	\$ —	\$ —	\$ 3,983,270	\$ —
Noncash acquisition of capital assets						
(incurrence of payable/capital lease obligation)	34,195,000	—	—	1,528,335	35,723,335	—
Noncash capital contributions	22,151,000	—	—	1,039,460	23,190,460	—
Increase in fair value of derivatives	16,469,000	—	—	—	16,469,000	—
Decrease in fair value of investments	—	—	(47,988)	(234,796)	(282,784)	(10,819)

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

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
December 31, 2017

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 10

	<u>Agency Fund</u>
<u>ASSETS</u>	
Cash and investments	\$ 5,443,638
Accounts receivable (net of allowances for uncollectibles)	<u>237,014</u>
Total assets	<u><u>5,680,652</u></u>
<u>LIABILITIES</u>	
Accounts payable	379,575
Due to component unit	<u>5,301,077</u>
Total liabilities	<u><u>\$ 5,680,652</u></u>

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

GOVERNMENTAL FUND COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
December 31, 2017

	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	\$ 122,051,625	\$ 492,167	\$ 2,773,042	\$ 368,080	\$ 418,600	\$ 61,369
Cash and investments - restricted	—	52,627,985	—	—	880,201	6,631
Accounts receivable (net of allowance for uncollectibles)	—	992,867	329,895	14,719	4,589	4,401
Note receivable	—	—	760,677	—	—	—
Assessments receivable	—	—	—	—	4,406,379	—
Property taxes receivable	—	5,861,973	1,188,291	508,738	473,006	338,829
Prepays	2,157	10,845	6,248	9,950	208,553	3,625
Interest rate cap	—	—	—	—	32,730	—
Interest rate swap	—	1,654,075	—	—	—	—
Capital assets (net of accumulated depreciation):						
Machinery and equipment	—	—	—	21,025	—	—
Improvements	—	—	—	—	71,835	1,163,335
Infrastructure	—	—	—	—	5,940,511	261,302
Total assets	122,053,782	61,639,912	5,058,153	922,512	12,436,404	1,839,492
DEFERRED OUTFLOWS OF RESOURCES						
Accum decr in fair value of hedging derivative	—	—	—	—	237,270	—
Loss on refunding	—	5,605,981	—	—	—	—
Total deferred outflows of resources	—	5,605,981	—	—	237,270	—
LIABILITIES						
Accounts payable	21,250	4,456,552	19,840	577	1,395	4,329
Escrows	—	38,278	10,807	—	—	—
Grants payable	—	—	1,812,414	—	—	—
Accrued interest payable	—	579,026	—	—	28,849	18,633
Unearned revenue	—	—	—	150	—	—
Noncurrent liabilities:						
Due within one year	—	3,140,000	—	—	411,500	95,000
Due in more than one year	—	100,871,405	—	—	7,353,000	3,571,657
Total liabilities	21,250	109,085,261	1,843,061	727	7,794,744	3,689,619
DEFERRED INFLOWS OF RESOURCES						
Property taxes	—	5,861,973	1,188,291	508,738	473,006	338,829
Interest rate swap	—	1,654,075	—	—	—	—
Total deferred inflows of resources	—	7,516,048	1,188,291	508,738	473,006	338,829
NET POSITION						
Net investment in capital assets	—	—	—	21,025	(634,656)	(501,514)
Restricted for:						
Debt service	—	631,641	—	—	4,618,786	—
Emergency reserve	—	—	80,155	16,237	5,270	2,100
Capital improvement	—	44,640,752	—	—	—	—
Unrestricted	122,032,532	(94,627,809)	1,946,646	375,785	416,524	(1,689,542)
Total net position	\$ 122,032,532	\$ (49,355,416)	\$ 2,026,801	\$ 413,047	\$ 4,405,924	\$ (2,188,956)

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

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	Creekwalk Marketplace Business Improvement District	Total
\$ —	\$ —	\$ 138,946	\$ 4,523	\$ 253,885	\$ 5,000	\$ 10,493	\$ —	126,577,730
98,046	92,845	885,742	3,271	1,688,691	1,530,531	541,105	11,833	58,366,881
969	1,730	66,220	1,689	99,494	6,815	2,801	447	1,526,636
—	—	—	—	—	—	—	—	760,677
—	—	—	—	—	—	—	—	4,406,379
92,134	170,269	578,423	202,715	1,139,247	103,818	311,496	23,402	10,992,341
—	—	2,067	1,812	1,812	—	1,812	—	248,881
—	—	—	—	—	—	—	—	32,730
—	—	—	—	—	—	—	—	1,654,075
—	—	—	—	—	—	—	—	21,025
—	—	4,231,810	765,129	—	—	—	—	6,232,109
81,185	1,140,450	10,232,349	532,103	8,738,787	2,030,210	2,503,480	—	31,460,377
272,334	1,405,294	16,135,557	1,511,242	11,921,916	3,676,374	3,371,187	35,682	242,279,841
—	—	—	—	—	—	—	—	237,270
—	—	—	—	—	—	—	—	5,605,981
—	—	—	—	—	—	—	—	5,843,251
969	1,730	7,742	5,396	3,318	61,996	2,771	4,711	4,592,576
—	—	—	—	—	—	—	—	49,085
—	—	—	—	—	—	—	—	1,812,414
2,871	10,235	47,091	47,756	68,516	6,497	12,042	—	821,516
—	—	—	—	—	—	—	—	150
45,000	25,000	145,000	52,631	120,000	—	30,000	—	4,064,131
485,000	1,426,738	24,529,935	1,849,703	13,575,079	4,174,079	3,774,217	59,039	161,669,852
533,840	1,463,703	24,729,768	1,955,486	13,766,913	4,242,572	3,819,030	63,750	173,009,724
92,134	170,269	578,423	202,715	1,139,247	103,818	311,496	23,402	10,992,341
—	—	—	—	—	—	—	—	1,654,075
92,134	170,269	578,423	202,715	1,139,247	103,818	311,496	23,402	12,646,416
(12,996)	(304,550)	(997,218)	(454,482)	(1,511,899)	(675,506)	(1,163,078)	—	(6,234,874)
95,175	82,610	894,284	—	1,711,366	446,814	527,563	18,893	9,027,132
—	—	3,300	800	4,100	620	1,500	100	114,182
—	—	—	—	—	—	—	—	44,640,752
(435,819)	(6,738)	(9,073,000)	(193,277)	(3,187,811)	(441,944)	(125,324)	(70,463)	14,919,760
\$ (353,640)	\$ (228,678)	\$ (9,172,634)	\$ (646,959)	\$ (2,984,244)	\$ (670,016)	\$ (759,339)	\$ (51,470)	62,466,952

GOVERNMENTAL FUND COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the year ended December 31, 2017

	Program Revenues			Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	COS Health Foundation	COS Urban Renewal Authority	COS Downtown Development Authority	Greater Downtown COS BID	Briargate Center BID
COS Health Foundation								
General government	\$ 3,567,925	\$ —	\$ 9,219,972	\$ 5,652,047				
Total	3,567,925	—	9,219,972	5,652,047				
COS Urban Renewal Authority								
General government	1,593,442	277,825	7,326,490		\$ 6,010,873			
Public works	14,125,956	—	—		(14,125,956)			
Interest on long-term debt	5,168,142	—	—		(5,168,142)			
Total	20,887,540	277,825	7,326,490		(13,283,225)			
COS Downtown Development Authority								
General government	2,679,933	—	—			\$ (2,679,933)		
Total	2,679,933	—	—			(2,679,933)		
Greater Downtown COS BID								
General government	533,218	21,550	—				\$ (511,668)	
Total	533,218	21,550	—				(511,668)	
Briargate Center BID								
General government	301,034	—	235,693					\$ (65,341)
Interest on long-term debt	365,311	—	—					(365,311)
Total	666,345	—	235,693					(430,652)
Barnes & Powers North BID								
General government	276,241	—	16,872					
Interest on long-term debt	233,779	—	—					
Total	510,020	—	16,872					
Barnes & Powers South BID								
General government	21,105	—	—					
Interest on long-term debt	38,453	—	—					
Total	59,558	—	—					
First & Main BID								
General government	79,740	—	—					
Interest on long-term debt	127,557	—	—					
Total	207,297	—	—					
First & Main BID No. 2								
General government	1,237,933	—	25,569					
Interest on long-term debt	1,283,150	—	—					
Total	2,521,083	—	25,569					
First & Main North BID								
General government	208,195	—	—					
Interest on long-term debt	100,821	—	—					
Total	309,016	—	—					
Interquest North BID								
General government	412,222	—	—					
Interest on long-term debt	904,153	—	—					
Total	1,316,375	—	—					
Interquest South BID								
General government	153,767	—	—					
Interest on long-term debt	344,660	—	—					
Total	498,427	—	—					
Powers & Woodmen Commercial BID								
General government	126,504	—	—					
Interest on long-term debt	292,250	—	—					
Total	418,754	—	—					
Creekwalk Marketplace BID								
General government	71,768	—	—					
Interest on long-term debt	1,918	—	—					
Total	73,686	—	—					
Total component units	\$ 34,249,177	\$ 299,375	\$ 16,824,596					
General revenues:								
Property taxes				—	3,964,415	1,072,602	472,399	437,323
Specific ownership taxes				—	8,545,911	105,058	67,509	59,344
Miscellaneous				—	—	17,501	—	—
Investment earnings				14,414,752	456,375	42,931	1,950	6,653
Total general revenues				14,414,752	12,966,701	1,238,092	541,858	503,320
Change in net position				20,066,799	(316,524)	(1,441,841)	30,190	72,668
Net position - January 1				101,965,733	(49,038,892)	3,468,642	382,857	4,333,256
Net position - December 31				\$ 122,032,532	\$ (49,355,416)	\$ 2,026,801	\$ 413,047	\$ 4,405,924

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

Changes in Net Position

Barnes & Powers North BID	Barnes & Powers South BID	First & Main BID	First & Main BID No 2	First & Main North BID	Interquest North BID	Interquest South BID	Powers & Woodmen Commercial BID	Creekwalk Marketplace BID	Total
									\$ 5,652,047
									6,010,873
									(14,125,956)
									(5,168,142)
									(2,679,933)
									(511,668)
									(65,341)
									(365,311)
\$ (259,369)									(259,369)
(233,779)									(233,779)
(493,148)									
	\$ (21,105)								(21,105)
	(38,453)								(38,453)
	(59,558)								
		\$ (79,740)							(79,740)
		(127,557)							(127,557)
		(207,297)							
			\$ (1,212,364)						(1,212,364)
			(1,283,150)						(1,283,150)
			(2,495,514)						
				\$ (208,195)					(208,195)
				(100,821)					(100,821)
				(309,016)					
					\$ (412,222)				(412,222)
					(904,153)				(904,153)
					(1,316,375)				
						\$ (153,767)			(153,767)
						(344,660)			(344,660)
						(498,427)			
							\$ (126,504)		(126,504)
							(292,250)		(292,250)
							(418,754)		
								\$ (71,768)	(71,768)
								(1,918)	(1,918)
								(73,686)	
									(17,125,206)
327,550	92,509	165,120	525,821	161,236	858,818	18,048	267,371	19,565	8,382,777
44,377	12,533	22,371	71,865	21,845	116,244	2,445	36,224	2,651	9,108,377
—	—	—	456,486	—	714,851	13,659	—	—	1,202,497
4,245	1,516	2,333	23,542	1,148	23,637	521	7,907	—	14,987,510
376,172	106,558	189,824	1,077,714	184,229	1,713,550	34,673	311,502	22,216	33,681,161
(116,976)	47,000	(17,473)	(1,417,800)	(124,787)	397,175	(463,754)	(107,252)	(51,470)	16,555,955
(2,071,980)	(400,640)	(211,205)	(7,754,834)	(522,172)	(3,381,419)	(206,262)	(652,087)	—	45,910,997
\$ (2,188,956)	\$ (353,640)	\$ (228,678)	\$ (9,172,634)	\$ (646,959)	\$ (2,984,244)	\$ (670,016)	\$ (759,339)	\$ (51,470)	\$ 62,466,952

PROPRIETARY FUND COMPONENT UNITS
 COMBINING BALANCE SHEET
 December 31, 2017

	Fountain Valley Authority	Aurora - Colorado Springs Joint Water Authority	The Twin Lakes Reservoir and Canal Authority	The Lake Meredith Reservoir Authority
ASSETS				
Current assets				
Cash and investments	\$ 1,236,380	\$ 87,258	\$ 2,080,198	\$ 546,728
Accounts receivable (net of allowance for uncollectibles)	743,034	—	18,728	—
Inventories	202,264	—	—	—
Due from other governments	—	—	—	—
Prepays	5,392,752	—	198,293	4,363
Total current assets	7,574,430	87,258	2,297,219	551,091
Noncurrent assets				
Restricted cash and cash equivalents	2,276,530	—	—	85,097
Other	—	—	274,279	—
Capital assets nondepreciable:				
Land	65,147	—	—	—
Construction in progress	1,528,157	—	—	—
Depreciable capital assets				
Utility plant	91,751,234	9,940,819	14,415,113	3,447,774
Less accumulated depreciation	(44,350,156)	(2,977,774)	(7,502,473)	(991,817)
Total noncurrent assets	51,270,912	6,963,045	7,186,919	2,541,054
Total assets	58,845,342	7,050,303	9,484,138	3,092,145
DEFERRED OUTFLOWS OF RESOURCES				
Loss on debt refunding	129,802	—	—	—
Total deferred outflows of resources	129,802	—	—	—
Total assets and deferred outflows of resources	58,975,144	7,050,303	9,484,138	3,092,145
LIABILITIES AND NET POSITION				
Current liabilities				
Accounts payable	359,055	2,570	29,939	2,359
Due to other governments	—	—	—	—
Unearned revenue	5,352,751	—	—	—
Accrued interest payable	76,786	—	—	20,246
Matured bonds payable	850,000	—	—	—
Notes payable	617,315	—	—	44,935
Capital lease payable	4,550,547	—	—	—
Total current liabilities	11,806,454	2,570	29,939	67,540
Noncurrent liabilities				
Revenue bonds, net of unamortized premiums	945,155	—	—	—
Notes payable	2,072,798	—	—	950,547
Capital lease payable	21,785,794	—	—	—
Total noncurrent liabilities	24,803,747	—	—	950,547
Total liabilities	36,610,201	2,570	29,939	1,018,087
Net position				
Net investment in capital assets	18,302,575	6,963,045	6,912,640	2,455,957
Restricted				
Debt service	2,276,530	—	—	—
Unrestricted	1,785,838	84,688	2,541,559	(381,899)
Total net position	22,364,943	7,047,733	9,454,199	2,074,058
Total liabilities and net position	\$ 58,975,144	\$ 7,050,303	\$ 9,484,138	\$ 3,092,145

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
\$ 339,757	\$ 192,723	\$ —	\$ 4,483,044
11,328	1,030	69,575	843,695
—	—	—	202,264
—	—	5,312,736	5,312,736
25,985	1,933	—	5,623,326
377,070	195,686	5,382,311	16,465,065
—	—	—	2,361,627
25,334	32,409	—	332,022
—	—	—	65,147
—	23,596	—	1,551,753
2,670,545	1,275,012	—	123,500,497
(1,994,852)	(532,347)	—	(58,349,419)
701,027	798,670	—	69,461,627
1,078,097	994,356	5,382,311	85,926,692
—	—	—	129,802
—	—	—	129,802
1,078,097	994,356	5,382,311	86,056,494
28,459	2,286	3,612,782	4,037,450
—	—	1,740	1,740
—	—	—	5,352,751
3,957	—	—	100,989
—	—	—	850,000
60,000	—	—	722,250
—	—	—	4,550,547
92,416	2,286	3,614,522	15,615,727
—	—	—	945,155
59,860	—	—	3,083,205
—	—	—	21,785,794
59,860	—	—	25,814,154
152,276	2,286	3,614,522	41,429,881
675,693	766,261	—	36,076,171
—	—	—	2,276,530
250,128	225,809	1,767,789	6,273,912
925,821	992,070	1,767,789	44,626,613
\$ 1,078,097	\$ 994,356	\$ 5,382,311	\$ 86,056,494

PROPRIETARY FUND COMPONENT UNITS
 COMBINING STATEMENT OF ACTIVITIES
 For the year ended December 31, 2017

	Program Revenues		Changes in Net Position		
	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	\$ 7,597,041	\$ 16,244,392	\$ 8,647,351		
Aurora-Colorado Springs Joint Water Authority					
General government	163,358	73,040		\$ (90,318)	
The Twin Lakes Reservoir and Canal Company					
General government	973,597	1,539,993			\$ 566,396
The Lake Meredith Reservoir Company					
General government	177,424	248,003			
The Colorado Canal Company					
General government	691,931	782,454			
The Lake Henry Reservoir Company					
General government	60,938	167,860			
Pikes Peak Regional Communications Network					
General government	840,957	1,437,928			
Total component units	<u>\$ 10,505,246</u>	<u>\$ 20,493,670</u>			
Investment earnings			14,775	99	309
Total general revenues			14,775	99	309
Change in net position			8,662,126	(90,219)	566,705
Net position - January 1			13,702,817	7,137,952	8,887,494
Net position - December 31			<u>\$ 22,364,943</u>	<u>\$ 7,047,733</u>	<u>\$ 9,454,199</u>

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

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 14

Changes in Net Position				
The Lake Meredith Reservoir Company	The Colorado Canal Company	The Lake Henry Reservoir Company	Pikes Peak Regional Communications Network	Total
				\$ 8,647,351
				(90,318)
				566,396
\$ 70,579				70,579
	\$ 90,523			90,523
		\$ 106,922		106,922
			\$ 596,971	596,971
				9,988,424
72	286	15	48,354	63,910
72	286	15	48,354	63,910
70,651	90,809	106,937	645,325	10,052,334
2,003,407	835,012	885,133	1,122,464	34,574,279
\$ 2,074,058	\$ 925,821	\$ 992,070	\$ 1,767,789	\$ 44,626,613



NOTES TO FINANCIAL STATEMENTS



TABLE OF CONTENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	57
A. Reporting Entity	57
1. Governmental Fund Type Component Units	57
2. Proprietary Fund Type Component Units	58
3. Joint Ventures	60
B. Government-wide and Fund Financial Statements	61
C. Basis of Accounting	62
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance	63
1. Deposits and Investments	63
2. Receivables and Payables	64
3. Inventories and Prepaid Items	64
4. Restricted Assets	64
5. Capital Assets	64
6. Deferred Outflows/Inflows of Resources	65
7. Compensated Absences	66
8. Long-term Obligations	66
9. Net Position/Fund Balance	67
10. Municipal Solid Waste Landfill Closure and Postclosure Care Costs	68
11. Derivative Instruments	68
II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS	69
A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position	69
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	70
III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY	73
A. Budgetary Information	73
B. Excess of Expenditures over Appropriations	73
C. Deficit Fund Equity	73
IV. DETAILED NOTES ON ALL FUNDS	75
A. Unrestricted and Restricted Cash and Investments	75
1. Deposits	76
2. Investments	76
3. Component Unit Deposits and Investments	79
4. Fair Value Measurements	80
B. Receivables	83
C. Interfund Receivables, Payables and Transfers	84
D. Transfer of Surplus	85
E. Unavailable/Unearned Revenue	85
F. Inventories	86
G. Changes in Capital Assets	86
H. Leases	91
1. Operating Leases	91
2. Operating Leases (Component Units)	91

3. Capital Leases	91
4. Capital Leases (Component Units)	93
5. Lease and Integration Agreements	93
I. Revolving Loan Agreement/Letter of Credit	96
J. Long-term Debt	97
1. Summary of Long-term Debt	99
2. Changes in Long-term Liabilities	101
3. Annual Debt Service Requirements of Long-term Debt	103
K. Industrial Development Revenue Bonds and Other Instruments Issued under the Colorado County and Municipal Development Revenue Bond Act	106
L. Fund Balance	107
M. Derivatives and Interest Rate Swaps	108
1. Utilities Derivative Instruments	108
2. Colorado Springs Urban Renewal Authority Derivative Instruments	113
N. Tax Abatements	115
V. OTHER INFORMATION	116
A. Risk Management	116
B. Donor-restricted Endowments	118
C. Postemployment Benefits Other than Pensions	118
D. Commitments and Contingent Liabilities	123
1. Construction and Purchase Commitments	123
2. Refunded Bonds	124
3. Charter Amendments	124
4. Litigation	124
5. Contingent Liabilities	125
6. Environmental Matters	125
E. Passenger Facility Charges	125
F. Customer Facility Charges	125
G. Joint Ventures - Utilities	125
H. Retirement Plans	127
1. Non-Uniformed Employees	127
2. Uniformed Employees	135
I. Accounting Changes	155
J. Subsequent Events	155

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 – 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.

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, and Creekwalk Marketplace. 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
Chief Financial Officer
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
Chief Financial Officer
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
Chief Financial Officer
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

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. 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.

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 2017 capitalized interest rate of 4.13% 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 uncollectibles)*, 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 their 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 nonspendable, 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 for 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, 2017, the Utilities fund recognized a liability of \$4,727,655 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 \$7,855,065. The average landfill capacity used to date is 66.3%. The estimated remaining landfill lives vary from 18 to 88 years. As of December 31, 2017, the governmental activities recognized a liability of \$279,967 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 six years to verify this cost. Based on the last independent assessment adjusted for inflation, the total closure and postclosure costs for governmental and business-type activities combined are \$8,135,032. 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.M. 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, 2017, 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.

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	\$ 2,204,864,795
Accumulated depreciation	<u>(824,116,916)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 1,380,747,879</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>\$ 5,862,480</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 5,862,480</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>\$ 409,299</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 409,299</u>

Another element of that reconciliation explains that any internal service fund 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	\$ (12,414,205)
Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (12,414,205)</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	\$ (43,852,588)
Accrued interest payable	(158,003)
Lease/lease purchase payable	(12,445,000)
Capital lease payable	(4,125,489)
Drainage fees payable	(3,428,804)
Compensated absences	(16,321,347)
Municipal solid waste landfill	(279,967)
Other post employment benefit obligation	(12,461,544)
Pension-related amounts	<u>(185,609,667)</u>
Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (278,682,409)</u>

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	\$ 53,687,029
Depreciation expense	<u>(52,022,744)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 1,664,285</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.	\$ (4,101,532)
--	----------------

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.	<u>73,081,011</u>
---	-------------------

Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 68,979,479</u>
---	----------------------

Another element of that reconciliation states that 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 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 refunding	\$ (29,930,000)
Bond premium on refunding	(1,988,238)
Capital lease financing	(3,212,931)

Principal repayments:

Refunding on certificates of participation	29,815,000
Plus loss on refunding	1,369,424
Bond premium	768,921
Bond insurance premiums	(263,811)
General obligation debt (includes payment to bond escrow agent)	760,000
Certificates of participation	2,100,000
Lease/lease purchase	1,245,000
Capital leases	<u>1,038,601</u>

Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 1,701,966</u>
---	---------------------

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	\$ 153,641
Drainage fees	168,254
Compensated absences	(849,862)
Landfill closing costs	(1,823)
Net other post employment benefit obligation	507,265
Net pension-related amounts	<u>(24,311,453)</u>

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

\$ (24,333,978)

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>\$ (1,154,444)</u>
---------------------	-----------------------

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

\$ (1,154,444)

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>\$ (1,244,787)</u>
----------------------------------	-----------------------

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

\$ (1,244,787)

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 2017, expenditures exceeded appropriations for the Employee Benefits Self-Insurance fund by \$1,004,485, 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 \$30,638. Current year revenues were higher than anticipated, and as a result, expenditures were greater. The Park Developer Easement fund, Banning Lewis Ranch fund and Senior Programs fund expenditures exceeded appropriations by \$121, \$2,160, and \$103,421, 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, 2017. The deficit in the Workers' Compensation Self-Insurance fund of \$16,291,098 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 \$2,613,502 and \$6,524,843, 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, 2017. The deficit of \$136,262,000 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 \$49,355,416, Barnes & Powers North BID \$2,188,956, Barnes & Powers South BID \$353,640, First & Main BID \$228,678, First & Main BID No. 2 \$9,172,634, First & Main North BID \$646,959, Interquest North BID \$2,984,244, Interquest South BID \$670,016, Powers & Woodmen Commercial BID \$759,339, and Creekwalk Marketplace BID \$51,470. 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.

Remainder of page intentionally blank

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, total \$561,454,000 and consist of the following on December 31, 2017 (in 000's):

	Unrestricted Assets	Restricted Assets
Demand accounts (incl petty cash of \$60)	\$ 48,904	\$ 66,426
Money market mutual funds	252	12,669
Colorado Liquid Asset Trust (COLOTRUST)	16,630	13,590
Bank note	499	—
Repurchase agreements	—	4,506
Commercial paper	2,496	—
US treasury securities	126,499	15,842
US instrumentality securities	148,199	27,436
Domestic corporate fixed-income securities	43,656	—
Municipal bonds	6,545	—
Certificates of deposit	11,313	—
Supra-national securities	7,404	—
Domestic equities	—	984
Guaranteed investment contract	—	6,709
Mortgages pooled	594	—
Domestic partnership	—	301
Total	<u>\$ 412,991</u>	<u>\$ 148,463</u>

Note: Immaterial differences may occur due to rounding.

Reconciliation of total deposits and investments to the financial statements at December 31, 2017 (in 000's):

	Governmental Activities	Business-type Activities	Fiduciary	Total
Unrestricted	\$ 133,352	\$ 274,195	\$ 5,444	\$ 412,991
Restricted	26,148	122,315	—	148,463
Total	<u>\$ 159,500</u>	<u>\$ 396,510</u>	<u>\$ 5,444</u>	<u>\$ 561,454</u>

Note: Immaterial differences may occur due to rounding.

1. Deposits

The carrying amount of the City's deposits at December 31, 2017, was \$115,270,000 and the bank balances were \$119,386,000. Of the bank balances, \$866,000 was covered by federal deposit insurance and \$118,520,000 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, 2017, were subject to concentration of credit risk.

Custodial credit risk: Custodial credit 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. City investments are placed in depository financial institutions by a designated investment adviser 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 counter party's trust department or agent but not held in the City's name. None of the City's investments owned at December 31, 2017, were subject to custodial credit risk.

As of December 31, 2017, Utilities invested \$4,506,000 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, 2017, the City had the following investment maturities and credit quality distribution:

Investment Type	Value (in 000's)	Weighted Average Maturity (Years)
Money market mutual funds	\$ 12,920	0.00
Colorado Liquid Asset Trust (COLOTRUST)	30,220	0.00
Repurchase agreements	4,506	0.00
Commercial paper	2,496	0.09
US treasury securities	142,342	1.39
US instrumentality securities	175,635	1.56
Bank note	499	1.93
Domestic corporate fixed-income securities	43,656	1.37
Municipal bond	6,545	1.68
Certificates of deposit	11,313	1.40
Supra-national securities	7,404	2.70
Domestic equities	984	0.00
Guaranteed investment contract	6,709	20.87
Pooled mortgages	594	1.23
Domestic partnership	301	0.00
Total	446,124	
Portfolio weighted average maturity		1.62
Reconciliation to total cash and investments		
Add:		
Cash on hand and in banks	115,330	
	<u>\$ 561,454</u>	

Note: Immaterial differences may occur due to rounding.

	Standard and Poor's (S&P)	% of Total
Money market mutual funds	AAA	0.51%
Money market mutual funds	unrated	2.39%
Local investment pools	AAA	6.77%
Repurchase agreement	unrated	1.01%
Commercial paper	A-1	0.56%
US treasury securities	AA+	31.91%
US instrumentality securities	AA+	39.37%
Bank note	AA	0.11%
Domestic corporate fixed-income securities	A+	1.11%
Domestic corporate fixed-income securities	AA	1.52%
Domestic corporate fixed-income securities	AA-	5.00%
Domestic corporate fixed-income securities	AA+	1.20%
Domestic corporate fixed-income securities	AAA	0.95%
Municipal bond	A+	0.31%
Municipal bond	AA	0.84%
Municipal bond	AAA	0.32%
Certificates of deposit	A+	0.98%
Certificates of deposit	A-1	0.32%
Certificates of deposit	A-1+	0.65%
Certificates of deposit	AA-	0.58%
Supra-national securities	AAA	1.66%
Domestic equities	unrated	0.22%
Guaranteed investment contract	A	0.76%
Guaranteed investment contract	AA-	0.75%
Pooled mortgages	AA+	0.13%
Domestic partnership	unrated	0.07%
		100.00%

As of December 31, 2017, the City has invested \$30,220,000 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.colotrust.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, 2017 (in 000's):

	Demand Accounts	Money Market Mutual Funds	COLOTRUST	Alternative Investments	Total
Governmental Activities:					
Colorado Springs Health Foundation	\$ 6,651	\$ 112,026	\$ —	\$ 3,375	\$ 122,052
Urban Renewal Authority	5,627	—	47,493	—	53,120
Downtown Development Authority	1,748	1,025	—	—	2,773
Greater Downtown Colorado Springs BID	81	287	—	—	368
Briargate Center BID	81	766	451	—	1,298
Barnes & Powers North BID	3	—	65	—	68
Barnes & Powers South BID	—	—	98	—	98
First & Main BID	—	—	93	—	93
First & Main BID No.2	115	—	910	—	1,025
First & Main North BID	1	—	7	—	8
Interquest North BID	3	—	1,939	—	1,942
Interquest South BID	4	—	1,532	—	1,536
Powers & Woodmen Commercial BID	—	—	551	—	551
Creekwalk Marketplace BID	12	—	—	—	12
Sub-total	14,326	114,104	53,139	3,375	184,944
Business-type Activities:					
Fountain Valley Authority	2,314	1,198	—	—	3,512
Aurora-Colorado Springs Joint Water Authority	87	—	—	—	87
Various canal & reservoir companies	3,246	—	—	—	3,246
Sub-total	5,647	1,198	—	—	6,845
Total	\$ 19,973	\$ 115,302	\$ 53,139	\$ 3,375	\$ 191,789

Note: Immaterial differences may occur due to rounding.

Reconciliation of total deposits and investments to the government-wide financial statements at December 31, 2017 (in 000's):

	Governmental Activities	Business-type Activities	Total
Unrestricted	\$ 126,578	\$ 4,483	\$ 131,061
Restricted	58,367	2,362	60,729
Total	\$ 184,945	\$ 6,845	\$ 191,790

Note: Immaterial differences may occur due to rounding.

The carrying amount of the deposits of the component units of the City at December 31, 2017, was \$19,973,000, and the bank balances were \$20,222,000. Of the bank balances, \$2,326,000 was covered by federal deposit insurance, and \$10,111,000 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, 2017, bank balances exceeded federally insured limits by approximately \$8,812,000.

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.

Remainder of page intentionally blank

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, 2017 (in 000's):

	Total	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Assets				
Investments				
Money market mutual funds	\$ 12,920	\$ 12,920	\$ —	\$ —
Colorado Liquid Asset Trust (COLOTRUST)	30,220	(A)	(A)	(A)
Repurchase agreements	4,506	4,506	—	—
Commercial paper	2,496	—	2,496	—
US treasury securities	142,342	—	142,342	—
US instrumentality securities	175,635	—	175,635	—
Bank note	499	—	499	—
Domestic corporate fixed-income securities	43,656	—	43,656	—
Municipal bond	6,545	—	6,545	—
Certificates of deposit	11,313	—	11,313	—
Supra-national securities	7,404	—	7,404	—
Domestic equities	984	984	—	—
Guaranteed investment contract	6,709	—	6,709	—
Pooled mortgages	594	—	594	—
Domestic partnership	301	—	—	301
Total investments	<u>\$ 446,124</u>	<u>\$ 18,410</u>	<u>\$ 397,193</u>	<u>\$ 301</u>
Liabilities				
Derivative instruments	\$ 133,943	\$ —	\$ 133,943	\$ —
Total derivative instruments	<u>\$ 133,943</u>	<u>\$ —</u>	<u>\$ 133,943</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.

Remainder of page intentionally blank

The following table reflects the fair value of the investments for component units of the City as of December 31, 2017 (in 000's):

		Fair Value Measurement Using			
		Total	Level 1	Level 2	Level 3
Governmental Activities Assets					
Investments					
Money market mutual funds	\$	114,104	\$ 114,104	\$ —	\$ —
Colorado Liquid Asset Trust (COLOTRUST)		53,139	(A)	(A)	(A)
Alternative investments		3,375	(B)	(B)	(B)
Sub-total		170,618	114,104	—	—
Business-type Activities Assets					
Investments					
Money market mutual funds		1,198	1,198	—	—
Sub-total		1,198	1,198	—	—
Total	\$	171,816	\$ 115,302	\$ —	\$ —

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.

Remainder of page intentionally blank

B. Receivables

Receivables for governmental funds, proprietary funds, fiduciary funds and component units at December 31, 2017, include the following (in 000's):

	General	Utilities	PACE	MHS	Non-Major & Other	Total
Interest	\$ —	\$ 472	\$ —	\$ —	\$ —	\$ 472
Taxes	38,449	—	—	—	25,027	63,476
Accounts	3,377	98,096	7,097	—	42,895	151,465
Lease	—	—	—	97,047	1,151	98,198
Assessments	—	—	—	—	4,406	4,406
Intergovernmental loans	—	—	—	—	19,918	19,918
Notes and loans	237	—	—	—	3,027	3,264
Gross receivables	42,063	98,568	7,097	97,047	96,424	341,199
Less: allowances for uncollectibles	(50)	(3,034)	—	—	(14,069)	(17,153)
Net receivables	\$ 42,013	\$ 95,534	\$ 7,097	\$ 97,047	\$ 82,355	\$ 324,046

Note: Immaterial differences may occur due to rounding.

Loans receivable of \$5,862,480 are included in receivables - net of an allowance of \$14,055,148 in the statement of net position as of December 31, 2017, 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.

Remainder of page intentionally blank

C. Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances as of December 31, 2017, were:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Utilities	\$ 3,188,402
	Non-major Governmental Funds	8,819,835
	Internal Services Funds	2,497,317
	Sub-total	<u>14,505,554</u>
Utilities	General Fund	10,546
	Non-major Governmental Funds	3,110,937
	Non-major Business-type Funds	143,680
	Internal Services Funds	1,862
	Component Unit	1,740
	Sub-total	<u>3,268,765</u>
Non-major Governmental Funds	General Fund	1,972
	Utilities	1,117,864
	Sub-total	<u>1,119,836</u>
Non-major Business-type Funds	General Fund	1,518,818
	Non-major Governmental Funds	287,411
	Utilities	49,806
	Sub-total	<u>1,856,035</u>
Internal Service Funds	Utilities	60,821
	Sub-total	<u>60,821</u>
Component Unit	Utilities	11,659
	Fiduciary	5,301,077
	Sub-total	<u>5,312,736</u>
Total		<u><u>\$ 26,123,747</u></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 \$1,518,818 due to Non-major Business-type Funds from the General Fund resulted from construction of the parking facility for the General Fund's use; \$1,438,958 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 out:	Transfers In:			Total Transfers Out
	General Fund	Non-major Governmental Funds	Non-major Enterprise Funds	
General Fund	\$ —	\$ 8,075,387	\$ —	\$ 8,075,387
Non-major governmental funds	—	—	787,411	787,411
Utilities	31,268,000	—	—	31,268,000
Total Transfers in	<u>\$ 31,268,000</u>	<u>\$ 8,075,387</u>	<u>\$ 787,411</u>	<u>\$ 40,130,798</u>

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

- 1) From General Fund into Non-major Governmental Funds: to move unrestricted revenues collected in the General Fund to finance various capital projects;
- 2) 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;
- 3) 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 2017, the amount transferred was \$31.0 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 2017, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Loans	\$ 5,862,480	\$ —
Property taxes	24,217,538	—
Grant drawdowns prior to meeting all eligibility requirements	—	22,370,689
Other unearned revenue	—	2,787,897
Total unavailable/unearned revenue for governmental funds	<u>\$ 30,080,018</u>	<u>\$ 25,158,586</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, 2017:

Materials and supplies	\$ 38,200,963
Fuel	<u>13,773,197</u>
Total	<u>\$ 51,974,160</u>

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, 2017 (in 000's):

	Beginning Balance	Increases*	Decreases*	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated:				
Land	\$ 342,063	\$ 11,778	\$ —	\$ 353,841
Construction in progress	26,785	27,157	(45,354)	8,588
Total capital assets not being depreciated	<u>368,848</u>	<u>38,935</u>	<u>(45,354)</u>	<u>362,429</u>
Capital assets being depreciated:				
Buildings	184,390	5,613	(733)	189,270
Improvements other than buildings	66,798	19,342	(287)	85,853
Machinery and equipment	151,170	14,770	(5,792)	160,148
Intangibles	20,904	35	—	20,939
Infrastructure	1,301,718	93,443	(7,933)	1,387,228
Total capital assets being depreciated	<u>1,724,980</u>	<u>133,203</u>	<u>(14,745)</u>	<u>1,843,438</u>
Less accumulated depreciation for:				
Buildings	(78,941)	(4,662)	318	(83,285)
Improvements other than buildings	(28,880)	(2,893)	287	(31,486)
Machinery and equipment	(120,337)	(7,187)	5,595	(121,929)
Intangibles	(7,379)	(1,202)	—	(8,581)
Infrastructure	(547,902)	(36,101)	4,442	(579,561)
Total accumulated depreciation	<u>(783,439)</u>	<u>(52,045)</u>	<u>10,642</u>	<u>(824,842)</u>
Total capital assets being depreciated, net	<u>941,541</u>	<u>81,158</u>	<u>(4,103)</u>	<u>1,018,596</u>
Governmental activities capital assets, net	<u>\$ 1,310,389</u>	<u>\$ 120,093</u>	<u>\$ (49,457)</u>	<u>\$ 1,381,025</u>

* Includes transfers between categories.

Note: Immaterial differences may occur due to rounding.

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, 2017 (in 000's):

	Beginning Balance	Increases*	Decreases*	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated:				
Land	\$ 212,666	\$ —	\$ (809)	\$ 211,857
Intangible	27,843	3,540	—	31,383
Construction in progress	209,560	205,061	(264,176)	150,445
Total capital assets not being depreciated	450,069	208,601	(264,985)	393,685
Capital assets being depreciated:				
Buildings	99,733	4,102	(1,233)	102,602
Improvements other than buildings	292,519	5,997	(1,796)	296,720
Machinery and equipment	36,145	537	(641)	36,041
Infrastructure	47,933	—	—	47,933
Utilities plant	5,644,696	320,917	(64,282)	5,901,331
Intangible	75,580	5,367	—	80,947
Total capital assets being depreciated	6,196,606	336,920	(67,952)	6,465,574
Less accumulated depreciation for:				
Buildings	(55,233)	(2,550)	685	(57,098)
Improvements other than buildings	(124,091)	(11,744)	1,802	(134,033)
Machinery and equipment	(20,633)	(2,216)	634	(22,215)
Infrastructure	(11,343)	(1,627)	—	(12,970)
Utilities plant	(2,161,748)	(144,387)	12,681	(2,293,454)
Intangible	(43,892)	(5,765)	—	(49,657)
Total accumulated depreciation	(2,416,940)	(168,289)	15,802	(2,569,427)
Total capital assets being depreciated, net	3,779,666	168,631	(52,150)	3,896,147
Business-type activities capital assets, net	\$ 4,229,735	\$ 377,232	\$ (317,135)	\$ 4,289,832

* Includes transfers between categories.

Note: Immaterial differences may occur due to rounding.

Depreciation expense was charged to governmental activities and business-type activities as of December 31, 2017, as follows (in 000's):

Governmental Activities:

General government	\$ 2,340
Public safety	5,229
Public works	40,441
Parks	3,930
Planning	84
Internal service funds	<u>21</u>

Total depreciation expense
governmental activities \$ 52,045

Business-type Activities:

Utilities	\$ 150,077
Non-major enterprise funds	<u>18,212</u>
Total depreciation expense business-type activities	<u>\$ 168,289</u>

Note: Immaterial differences may occur due to rounding.

Remainder of page intentionally blank

The following schedule reflects the changes in discretely presented component unit capital assets for governmental activities for the year ended December 31, 2017 (in 000's):

	Beginning Balance	Increases*	Decreases*	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated:				
Construction in progress	\$ —	\$ 14,126	\$ (14,126)	\$ —
Capital assets being depreciated:				
Improvements	7,530	158	—	7,688
Machinery and equipment	105	13	(5)	113
Infrastructure	36,570	2,783	—	39,353
Total capital assets being depreciated	44,205	2,954	(5)	47,154
Less accumulated depreciation for:				
Improvements	(1,196)	(260)	—	(1,456)
Machinery and equipment	(90)	(7)	5	(92)
Infrastructure	(6,740)	(1,152)	—	(7,892)
Total accumulated depreciation	(8,026)	(1,419)	5	(9,440)
Total capital assets being depreciated, net	36,179	1,535	—	37,714
Governmental activities capital assets, net	<u>\$ 36,179</u>	<u>\$ 15,661</u>	<u>\$ (14,126)</u>	<u>\$ 37,714</u>

* Includes transfers between categories.

Note: Immaterial differences may occur due to rounding.

Remainder of page intentionally blank

The following schedule reflects the changes in discretely presented component unit capital assets for business-type activities for the year ended December 31, 2017 (in 000's):

	Beginning Balance	Increases*	Decreases*	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated:				
Land	\$ 65	\$ —	\$ —	\$ 65
Construction in progress	219	1,583	(250)	1,552
Total capital assets not being depreciated	284	1,583	(250)	1,617
Capital assets being depreciated:				
Utilities plant	123,169	331	—	123,500
Less accumulated depreciation for:				
Utilities plant	(56,705)	(1,644)	—	(58,349)
Total capital assets being depreciated, net	66,464	(1,313)	—	65,151
Business-type activities capital assets, net	<u>\$ 66,748</u>	<u>\$ 270</u>	<u>\$ (250)</u>	<u>\$ 66,768</u>

* Includes transfers between categories.

Note: Immaterial differences may occur due to rounding.

Remainder of page intentionally blank

H. Leases**1. Operating Leases**

Total rental expense on all operating leases, including month-to-month leases, for the year ended December 31, 2017, was \$1,116,212 for governmental activities and \$180,516 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
2018	\$ 1,088,441
2019	1,070,138
2020	875,671
2021	415,439
2022	377,318
Total	<u>\$ 3,827,007</u>

2. Operating Leases (Component Units)

The City's component units for governmental activities had no operating lease rental expense for 2017. The Pikes Peak Regional Communications Network (PPRCN) was the only City business-type activity that had operating lease rental expense for 2017, which was \$62,444. The following is a schedule of minimum rental payments for PPRCN for succeeding years:

Year ending December 31:	Governmental Activities
2018	\$ 76,458
2019	79,441
2020	70,934
2021	25,869
2022	5,940
Total	<u>\$ 258,642</u>

3. Capital Leases

The City has entered into various capital lease commitments in order to acquire machinery and equipment. 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 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, 2017, exclusive of component units, (in 000's):

Year	Governmental Activities	Business-type Activities
2018	\$ 1,246	\$ 256
2019	1,082	256
2020	1,083	166
2021	702	—
2022	204	—
Future minimum lease payments	4,317	678
Amount representing interest	(192)	(27)
Present value of net minimum payments	<u>\$ 4,125</u>	<u>\$ 651</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	\$ 7,234	\$ 1,143
Accumulated depreciation	(3,010)	(467)
Net capitalized lease property	<u>\$ 4,224</u>	<u>\$ 676</u>

Note: Immaterial differences may occur due to rounding.

Amortization of the leased property is included in depreciation expense.

Remainder of page intentionally blank

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 expired in 2017.

As of December 31, 2017, future minimum payments under the Fountain Valley Authority capital lease consisted of the following (in 000's):

Year	Business-type Activities
2018	\$ 5,353
2019	5,353
2020	5,353
2021	5,352
2022	5,198
2023-2024	2,380
Future minimum leaser payments	28,989
Amount representing interest	(2,653)
Present value of net minimum payments	<u>\$ 26,336</u>

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):

	Business-type Activities
Assets:	
Utilities plant	\$ 72,618
Accumulated depreciation	(28,370)
Net capitalized lease property	<u>\$ 44,248</u>

Note: Immaterial differences may occur due to rounding.

Amortization of the plant cost has been included in depreciation expense for 2017.

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, 2017, future minimum payments under the capital lease consisted of the following (in 000's):

Year	Amount
2018	\$ 5,612
2019	5,612
2020	5,612
2021	5,612
2022	5,612
2023-2027	28,061
2028-2032	28,061
2033-2037	28,061
2038-2042	26,657
Future minimum leaser payments	138,900
Amount representing discount interest	(41,852)
Present value of net minimum payments	<u>\$ 97,048</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 in the lease) 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. In 2017, MHS received a \$1.2 million Margin Sharing Payment based upon UCH's financial performance in its fiscal year 2016-2017. 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. To the best of the City's knowledge, the Lessee has been in compliance with these capital investment requirements.

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 was required to hold \$25 million in the "segregated account" through October 1, 2017. Such claims and obligations are subject to a dispute resolution process. As of December 31, 2017, funds are no longer required to be segregated and no material claims or obligations exist.

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 the manner in which 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. During 2017, the Lessee transferred \$2.6 million to the City. City Council approved Ordinance 17-43, 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, 2017, 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, 2017 Utilities had an outstanding principal balance of \$5,000,000 and \$10,000,000 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 Utilities remaining after the payment of the operation and maintenance expenses. Utilities 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 2017, the City issued \$29,930,000 of Refunding Certificates of Participation, Series 2017 to advance refund and defease outstanding City Public Facilities Authority Certificates of Participation, Series 2009 and to pay costs of issuance. The reacquisition price of the refunded bonds exceeded the net carrying amount of the old debt by \$1,369,424. This amount is deferred and amortized over the remaining life of the old debt or the life of the new debt, as they are the same. As a result, the debt service payments were reduced by \$5,269,785, resulting in a net present value savings of \$3,896,978.

During 2017, Utilities issued \$240,180,000 of Refunding Revenue Bonds, Series 2017A. The Series 2017A-1 bonds were used to advance and current refund portions of the Utilities' outstanding Refunding Revenue Bonds Series 2007C, Improvement Bonds Series 2008C, Refunding Revenue Bonds Series 2009A, Revenue Bonds Series 2010A-1, Revenue Bonds Series 2010D-1, Refunding Revenue Bonds Series 2011A and Revenue Bonds Series 2012C-2. The Series 2017A-2 bonds were used to refund all of the outstanding Commercial Paper Notes, Series A and B. The Series 2017A-3 bonds were used to current refund the outstanding Variable Rate Demand Subordinate Lien Refunding Revenue Bonds, Series 2004A. The reacquisition price of the refunded bonds exceeded the net carrying amount of the old debt by \$2,980,322 and \$13,135,713 for Series 2017A-1 and 2017A-3, respectively. This amount is deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. As a result, the debt service payments were reduced by a total of \$22,833,302 and \$21,687,363 and resulted in a net present value savings of \$12,721,553 and \$968,462 for the Series 2017A-1 and 2017A-3 bonds, respectively.

During 2017, Interquest South Business Improvement District issued \$4,000,000 in Series 2017 Limited Property Tax and Public Improvement Fee Revenue Bonds to fund public improvements within the district, pay bond issue costs, fund an initial deposit to the surplus fund, and fund capitalized interest. The bonds bear interest ranging from 4.5% to 5.0%. The bonds mature on December 1, 2047 and are secured by and payable solely from pledged revenues, after specified reductions.

During 2017, the Colorado Springs Urban Renewal Authority (CSURA) issued Tax Increment Revenue Bonds in the total amount of \$39,000,000, consisting of \$15,000,000 Series 2017A, \$14,000,000 Series 2017B, and \$10,000,000 Series 2017C. The bonds were issued at an interest rate of 3.33%. Installments of principal of the bonds are redeemable at the option of CSURA on any date at a redemption price equal to 100% of the installments of the principal amount of the bonds redeemed plus accrued interest. The bonds were issued to finance a portion of the costs of various downtown projects, to fund a portion of a reserve fund for the bonds, and to pay the expenses incurred in connection with the issuance of the bonds. The bonds are secured by dedicated CSURA revenues. If any principal or interest is not paid when due, interest on the unpaid

amount shall be accrued and be payable on the unpaid amount at the interest rate borne by the bonds plus a premium as determined by the bonds.

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. 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.

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	\$ 780	\$ 94	5.900%	2007-2020
Briargate GID Series 2014	8,960	7,640	1,728	2.960	2015-2030
Marketplace at Austin Bluffs GID Series 2008	2,790	2,275	1,452	6.500	2010-2033
Certificates of Participation					
Refunding COP Series 2011	13,485	2,545	157	3.250 - 5.000	2011-2020
Refunding COP Series 2017	29,930	29,930	15,932	3.000 - 5.250	2018-2039
Lease/Lease Purchase					
Lease Purchase Series 2016	13,690	12,445	1,030	1.620	2017-2026
Total Governmental Activities	\$ 71,550	\$ 55,615	\$ 20,393		
Business-type Activities²					
Utilities Revenue Bonds					
Series 2000A	\$ 110,000	\$ 110,000	\$ 40,265	resets weekly	2029
Series 2000B	15,000	3,775	580	7.500%	2001 - 2020
Series 2002C	27,055	27,055	8,917	resets weekly	2027
Series 2005A	100,000	83,220	42,009	4.710	2010 - 2035
Series 2006A	60,625	58,375	18,314	4.481	2015 - 2025
Series 2006B	75,000	65,550	30,927	4.119	2011 - 2036
Series 2007A	75,000	62,105	23,035	3.198	2008 - 2037
Series 2007B	87,275	87,275	33,862	5.295	2023 - 2026
Series 2008A	50,000	41,260	22,094	4.269	2009 - 2038
Series 2008B	27,935	7,365	3,129	3.000 - 5.400	2009 - 2033
Series 2008D	3,631	1,037	35	1.350	2008 - 2021
Series 2009A	60,750	9,350	2,843	2.250 - 5.000	2010 - 2033
Series 2009B	17,550	68,725	48,533	4.000 - 5.545	2010 - 2039
Series 2009C	66,455	61,135	33,195	5.475	2010 - 2028
Series 2009D-2	56,750	54,985	66,886	4.164 - 6.313	2016 - 2049
Series 2010A	117,925	97,625	37,894	0.600 - 5.467	2011 - 2040
Series 2010B-2	174,295	174,295	195,900	3.397 - 5.738	2016 - 2050
Series 2010C	50,000	43,015	22,773	3.881	2011 - 2040
Series 2010D	68,500	187,805	167,138	1.324 - 5.158	2011 - 2040
Series 2011A	167,490	89,040	29,831	2.000 - 5.000	2012 - 2033
Series 2012A	50,000	44,160	25,422	4.024	2012 - 2041
Series 2012B	108,015	96,550	45,377	3.000 - 5.000	2013 - 2043
Series 2012C	113,565	116,275	51,812	3.000 - 5.000	2013 - 2042
Series 2013A	97,580	94,760	56,733	1.500 - 5.000	2014 - 2045
Series 2013B-1	58,915	54,775	43,925	1.500 - 5.000	2014 - 2043
Series 2013B-2	68,645	64,130	51,877	2.000 - 5.000	2014 - 2043
Series 2014A-1	58,515	58,515	47,108	4.000 - 5.000	2019 - 2044
Series 2014A-2	53,995	53,995	43,387	4.000 - 5.000	2019 - 2044
Series 2015A	82,975	82,975	48,880	3.000 - 5.000	2018 - 2048
Series 2017A-1	89,750	89,750	47,315	3.000 - 5.000	2018 - 2042
Series 2017A-2	84,340	84,340	81,115	2.500 - 5.000	2018 - 2047
Series 2017A-3	66,090	66,090	12,543	5.000	2018 - 2023
PACE Revenue Bonds Series 2008	653,210	600,740	535,331	5.750 - 6.500	2009 - 2038
Airport Revenue Bonds Series 2014	11,185	7,420	1,351	5.000	2014 - 2023

(continued)

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)					
Parking System Revenue Bonds Series 2015	\$ 9,520	\$ 7,460	\$ 1,007	2.430%	2015 - 2027
Notes Payable					
Airport, 2014	2,336	1,695	174	2.500	2015 - 2024
Airport, 2016	3,431	3,125	403	2.500	2017 - 2026
Commercial Paper Series A - Utilities ⁴	5,000	5,000	—	N/A	2018
Commercial Paper Series B - Utilities ⁵	10,000	10,000	—	N/A	2018
Wastewater Facility - Utilities, 1998B	22,204	4,248	196	3.700 - 5.500	1999 - 2019
Drinking Water - Utilities, 2009	8,600	6,062	1,076	2.500	2011 - 2030
Total Business-type Activities	\$ 3,069,107	\$ 2,885,057	\$ 1,923,192		
Component Units²					
Special Assessment Revenue Bonds					
Briargate Center BID Series 2006	\$ 7,360	\$ 4,220	\$ 1,237	4.500 - 4.900%	2006 - 2007
Urban Renewal Authority Series 2016B ³	5,879	5,163	—	6.750	N/A
Limited Tax General Obligation Bonds					
Barnes & Powers North BID Series 2007	4,000	3,440	2,650	6.500	2009 - 2036
Barnes & Powers South BID Series 2007	835	530	186	6.500	2009 - 2026
First & Main BID Series 2009	1,650	1,445	1,705	8.500	2009 - 2038
First & Main North BID Series 2005	1,927	1,592	1,040	6.000	2005 - 2035
First & Main No. 2 BID Series 2009	2,400	2,190	2,581	8.500	2011 - 2038
First & Main No. 2 BID Series 2015	1,750	1,690	2,026	6.750	2015 - 2044
Interquest North BID Series 2010	6,500	6,075	7,700	8.500	2012 - 2040
Interquest North BID Series 2016	4,765	4,705	6,879	8.500	2017 - 2045
Powers & Woodman Commercial BID Series 2010	1,850	1,700	2,109	8.500	2011 - 2039
Revenue Bonds					
First & Main No. 2 BID Series 2011	2,000	1,770	1,742	8.500	2011 - 2035
First & Main No. 2 BID Series 2015	1,725	1,695	1,607	6.750	2017 - 2039
Interquest South BID Series 2017	4,000	4,000	4,080	4.500 - 5.000	2018 - 2047
Urban Renewal Authority Series 2017	39,000	39,000	11,918	3.330	2018 - 2027
Fountain Valley Authority Series 2013	5,255	1,730	78	2.000 - 3.000	2013 - 2019
Notes Payable and Lines of Credit					
Barnes & Powers North BID ³	322	227	—	7.000	N/A
Briargate Center BID 2012	4,335	3,545	221	3.890	2012 - 2019
Creekwalk Marketplace ³	57	57	—	7.000	N/A
First & Main BID ³	5	5	—	7.000	N/A
First & Main North BID ³	366	295	—	7.000	N/A
First & Main No. 2 BID ³	11,183	10,014	—	7.000	N/A
Interquest North BID ³	888	867	—	7.000	N/A
Interquest South BID ³	2,380	115	—	7.000	N/A
Powers & Woodmen Commercial BID ³	2,034	1,967	—	7.000	N/A
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	50,334	10,969	variable	2017 - 2030
Fountain Valley Authority	10,830	2,690	378	3.030 - 4.400	2001 - 2024
The Colorado Canal Company, 2003	300	120	9	5.000	2015 - 2019
The Lake Meredith Reservoir Company, 2003	1,472	1,004	382	4.000	2005 - 2034
Total Component Units	\$ 187,924	\$ 159,016	\$ 59,497		

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

²Exclusive of capital leases and other liabilities

³These items have no repayment schedule

⁴Weighted average maturity date of the current issue is 11 days. Unable to calculate future aggregate interest requirements.

⁵Weighted average maturity date of the current issue is 36 days. Unable to calculate future aggregate interest requirements.

Note: Immaterial differences may occur due to rounding.

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, 2017 (in 000's):

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and notes payable:					
General obligation bonds	\$ 11,455	\$ —	\$ 760	\$ 10,695	\$ 790
Certificates of participation	34,460	29,930	31,915	32,475	2,310
Lease/lease purchase	13,690	—	1,245	12,445	1,295
Capital leases	1,951	3,213	1,039	4,125	1,169
	61,556	33,143	34,959	59,740	5,564
Add issuance premium	973	1,988	804	2,157	—
Total bonds and notes payable	62,529	35,131	35,763	61,897	5,564
Other liabilities:					
Municipal solid waste landfill	278	2	—	280	—
Compensated absences	15,680	17,958	17,083	16,555	828
Net pension liability	245,780	62,995	28,627	280,148	—
Net OPEB obligation	12,969	1,166	1,673	12,462	—
Developer reimbursements	3,597	—	168	3,429	—
Total other liabilities	278,304	82,121	47,551	312,874	828
Governmental activities long-term liabilities	<u>\$ 340,833</u>	<u>\$ 117,252</u>	<u>\$ 83,314</u>	<u>\$ 374,771</u>	<u>\$ 6,392</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and notes payable:					
Revenue bonds	\$ 2,869,327	\$ 240,180	\$ 254,580	\$ 2,854,927	\$ 84,239
Notes payable	103,077	30,074	103,021	30,130	3,003
Capital leases	888	—	237	651	242
	2,973,292	270,254	357,838	2,885,708	87,484
Add issuance premiums/discounts	83,667	\$ 41,397	10,238	114,826	—
Total bonds and notes payable	3,056,959	311,651	368,076	3,000,534	87,484
Other liabilities:					
Municipal solid waste landfill	4,590	138	—	4,728	—
Compensated absences	16,244	19,030	18,973	16,301	9,427
Customer deposits	3,073	1,237	1,626	2,684	—
Customer advances for construction	8,570	4,806	2,233	11,143	—
Net pension liability	292,978	89,673	20,527	362,124	—
Net OPEB obligation	2,356	1,558	1,264	2,650	—
Derivative instruments	154,002	—	20,059	133,943	—
Other	1,097	3,382	34	4,445	—
Total other liabilities	482,910	119,824	64,716	538,018	9,427
Business-type activities long-term liabilities	<u>\$ 3,539,869</u>	<u>\$ 431,475</u>	<u>\$ 432,792</u>	<u>\$ 3,538,552</u>	<u>\$ 96,911</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, 2017 (in 000's):

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
GOVERNMENTAL ACTIVITIES					
Limited tax general obligation bonds	\$ 23,776	\$ —	\$ 409	\$ 23,367	\$ 433
Special assessment revenue bonds	10,399	—	1,016	9,383	260
Revenue bonds	3,535	43,000	70	46,465	80
Notes payable	76,940	4,125	6,809	74,256	3,291
Other	11,067	1,390	194	12,263	—
Governmental activities long-term liabilities	<u>\$ 125,717</u>	<u>\$ 48,515</u>	<u>\$ 8,498</u>	<u>\$ 165,734</u>	<u>\$ 4,064</u>
BUSINESS-TYPE ACTIVITIES					
Revenue bonds	\$ 2,565	\$ —	\$ 835	\$ 1,730	\$ 850
Add issuance premiums	90	—	33	57	—
Note payable	4,614	—	800	3,814	722
Capital leases	33,654	—	7,318	26,336	4,551
Business-type activities long-term liabilities	<u>\$ 40,923</u>	<u>\$ —</u>	<u>\$ 8,986</u>	<u>\$ 31,937</u>	<u>\$ 6,123</u>

Note: Immaterial differences may occur due to rounding.

Remainder of page intentionally blank

3. Annual Debt Service Requirements of Long-term Debt

The following is a summary of general obligation bond scheduled maturities as of December 31, 2017 (in 000's):

Year	Governmental Activities		Governmental Activities Component Units	
	Principal	Interest	Principal	Interest
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	625	293	591	1,598
2023-2027	3,655	1,106	3,575	7,271
2028-2032	3,125	389	4,747	5,779
2033-2037	220	14	6,198	3,689
2038-2042	—	—	4,170	1,496
2043-2045	—	—	2,120	274
Total	<u>\$ 10,695</u>	<u>\$ 3,274</u>	<u>\$ 23,367</u>	<u>\$ 26,876</u>

Note: Immaterial differences may occur due to rounding.

The following is a summary of revenue bond scheduled maturities as of December 31, 2017 (in 000's):

Year	Governmental Activities Component Units		Business-type Activities		Business-type Activities Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 80	\$ 1,750	\$ 84,239	\$ 145,506	\$ 850	\$ 52
2019	415	1,753	92,379	141,000	880	26
2020	625	1,735	99,559	136,763	—	—
2021	955	1,710	107,854	132,299	—	—
2022	1,160	1,673	113,490	126,946	—	—
2023-2027	37,430	7,472	651,810	542,714	—	—
2028-2032	1,490	1,556	690,090	371,313	—	—
2033-2037	1,740	978	567,685	217,138	—	—
2038-2042	1,240	512	298,680	78,103	—	—
2043-2047	1,330	208	115,415	25,949	—	—
2048-2050	—	—	33,726	3,612	—	—
Total	<u>\$ 46,465</u>	<u>\$ 19,347</u>	<u>\$ 2,854,927</u>	<u>\$ 1,921,343</u>	<u>\$ 1,730</u>	<u>\$ 78</u>

Note: Immaterial differences may occur due to rounding.

The following is a summary of certificates of participation scheduled maturities as of December 31, 2017 (in 000's):

Year	Governmental Activities	
	Principal	Interest
2018	\$ 2,310	\$ 1,238
2019	1,025	1,213
2020	755	1,166
2021	625	1,131
2022	700	1,100
2023-2027	4,820	4,890
2028-2032	7,590	3,403
2033-2037	10,135	1,727
2038-2039	4,515	221
Total	<u>\$ 32,475</u>	<u>\$ 16,089</u>

Note: Immaterial differences may occur due to rounding.

The following is a summary of lease/lease purchase scheduled maturities as of December 31, 2017 (in 000's):

Year	Governmental Activities	
	Principal	Interest
2018	\$ 1,295	\$ 202
2019	1,315	181
2020	1,340	159
2021	1,360	138
2022	1,380	116
2023-2026	5,755	234
Total	<u>\$ 12,445</u>	<u>\$ 1,030</u>

Note: Immaterial differences may occur due to rounding.

The following is a summary of special assessment bond scheduled maturities as of December 31, 2017 (in 000's):

Year	Governmental Activities Component Units	
	Principal	Interest
2018	\$ 260	\$ 207
2019	360	194
2020	380	176
2021	395	158
2022	420	138
2023-2027	2,405	364
Total	<u>\$ 4,220</u>	<u>\$ 1,237</u>

Note: Immaterial differences may occur due to rounding.

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, 2017, the outstanding principal balance is \$5,163,000.

The following is a summary of notes payable scheduled maturities as of December 31, 2017 (in 000's):

Year	Governmental Activities Component Units		Business-type Activities		Business-type Activities Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 3,291	\$ 1,645	\$ 3,003	\$ 422	\$ 722	\$ 186
2019	6,683	1,492	3,145	290	762	147
2020	3,440	1,313	986	222	743	96
2021	3,600	1,210	1,011	197	219	71
2022	3,760	1,102	1,036	172	53	33
2023-2027	20,675	3,729	4,371	476	851	167
2028-2032	12,430	699	1,578	70	360	64
2033-2034	—	—	—	—	104	5
Total	<u>\$ 53,879</u>	<u>\$ 11,190</u>	<u>\$ 15,130</u>	<u>\$ 1,849</u>	<u>\$ 3,814</u>	<u>\$ 769</u>

Note: Immaterial differences may occur due to rounding.

The business-type activities have additional commercial paper notes in the amount of \$15,000,000 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 \$20,377,407. 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	\$ 3,622,961	2001 - 2050
PACE revenue bonds	1,136,071	2009 - 2038
Airport revenue bonds	8,771	2007 - 2023
Parking revenue bonds	8,467	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 2017, 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 2017 using this allocation.

L. Fund Balance

Fund balances of the governmental funds at December 31, 2017, include the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>Nonspendable:</u>			
Delinquent property taxes receivable	\$ 30,799	\$ —	\$ 30,799
Inventories	260,631	—	260,631
Endowments - CD Smith trust fund	—	984,271	984,271
Endowment - Cemetery endowment fund	—	10,697,147	10,697,147
Endowment - TOPS maintenance trust fund	—	612,615	612,615
Sub-total nonspendable	291,430	12,294,033	12,585,463
<u>Restricted:</u>			
Debt service	798	—	798
Emergency reserve - TABOR	8,226,466	—	8,226,466
TABOR refund/retention	1,678,105	41,734	1,719,839
Capital reserve - public safety	12,976,608	—	12,976,608
Bicycle Tax	—	151,926	151,926
Trails/Open Space	—	14,976,777	14,976,777
Conservation Trust	—	828,845	828,845
Cable Franchise	—	461,072	461,072
Public Safety Sales Tax	—	11,210,281	11,210,281
Road Repair, Maintenance, & Improvement Sales Tax	—	13,713,614	13,713,614
Special Improvement Maintenance Districts - ALL	—	948,895	948,895
Public Improvements - Banning Lewis Ranch	—	2,202,026	2,202,026
General Improvement Districts - ALL	—	2,377,555	2,377,555
Lodgers and Auto Rental Tax	—	534,092	534,092
Gift Trust - general government	—	116,151	116,151
Gift Trust - public safety	—	461,095	461,095
Gift Trust - public works	—	97,758	97,758
Gift Trust - parks	—	2,684,182	2,684,182
Endowment - CD Smith trust fund	—	165,497	165,497
Endowment - Cemetery endowment fund	—	11,375	11,375
Endowment - TOPS maintenance trust fund	—	243,749	243,749
Sub-total restricted	22,881,977	51,226,624	74,108,601
<u>Committed:</u>			
Public Improvements - Public Space and Development	—	1,813,773	1,813,773
Public Improvements - Subdivision Drainage	—	4,455,399	4,455,399
Public Improvements - Arterial Roadway	—	1,796,852	1,796,852
Public Improvements - Park Developer Easement	—	125,815	125,815
Ballfield Capital Improvements	—	20,620	20,620
Street Tree	—	88,646	88,646
Senior Programs	—	499,202	499,202
Therapeutic Recreation	—	4,587	4,587
Capital outlay - general government	163,832	14,273,874	14,437,706
Capital outlay - public safety	1,234,288	—	1,234,288
Capital outlay - public works	8,872,098	—	8,872,098
Capital outlay - parks	200,000	—	200,000
Sub-total committed	10,470,218	23,078,768	33,548,986
<u>Assigned:</u>			
Public Improvements - Park Developer Easement	—	50,788	50,788
Public Improvements - Banning Lewis Ranch	—	149,503	149,503
Encumbrances - general government	2,492,140	—	2,492,140
Encumbrances - public safety	1,928,439	—	1,928,439
Encumbrances - planning	59,553	—	59,553
Encumbrances - public works	3,181,466	—	3,181,466
Encumbrances - parks	122,160	—	122,160
Encumbrances - capital projects	—	1,644,858	1,644,858
Sub-total assigned	7,783,758	1,845,149	9,628,907
<u>Unassigned:</u>			
Sub-total unassigned	32,322,036	—	32,322,036
Total Fund Balance	\$ 73,749,419	\$ 88,444,574	\$ 162,193,993

M. 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, a third-party valuation service provider for 2017. The fair values of the interest rate derivatives are based on present value of their estimated future cash flows and account for the risk of nonperformance.

Remainder of page intentionally blank

Summary of Derivative Instruments

The fair value and notional amount of derivative instruments outstanding at December 31, 2017, classified by type and changes in fair value of such derivative instruments for the year then ended (in 000's):

	2017 Changes in Fair Value		Fair Value at December 31, 2017		
	Classification	Amount	Classification	Amount	Notional
<u>Cash Flow Hedges</u>					
Interest Rate Swaps	Deferred outflows	\$ 3,590	Derivative instruments	\$ (52,472)	\$ 211,755
Total Cash Flow Hedges		<u>\$ 3,590</u>		<u>\$ (52,472)</u>	
<u>Investment Derivative</u>					
Interest Rate Swaps	Derivative gain	\$ 16,469	Derivative instruments	\$ (81,471)	\$ 332,610
Total Investment Derivative		<u>\$ 16,469</u>		<u>\$ (81,471)</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, 2017 (in 000's):

December 31,	Projected Future Cash Flows In/(Out) for Hedging Derivatives
2018	\$ (17,070)
2019	(16,715)
2020	(16,338)
2021	(15,947)
2022	(15,535)
2023-2027	(57,556)
2028-2032	(25,207)
2033-2037	(9,725)
2038-2041	(1,232)
Total	<u>\$ (175,325)</u>

Note: Immaterial differences may occur due to rounding.

Summary of Utilities' pay-fixed interest rate swap agreements outstanding as of December 31, 2017:

	Notional Amount (in 000's)	Effective Date	Maturity Date	Terms	Counterparty
<u>Cash Flow Hedges</u>					
2005A SIFMA Swap	\$ 62,307	09/15/05	11/01/35	Pay 4.7099%; receive SIFMA index	Bank of America, N.A.
2005A SIFMA Swap	20,913	09/15/05	11/01/35	Pay 4.7099%; receive SIFMA index	J. Aron & Company
2007B SIFMA Swap	87,275	10/01/07	11/01/26	Pay 5.2950%; receive SIFMA index	The Bank of New York Mellon
2008A SIFMA Swap	41,260	09/12/08	11/01/38	Pay 4.2686%; receive SIFMA index	Bank of America, N.A.
<u>Investment Derivatives</u>					
2005A SIFMA Swap	430	09/15/05	11/01/35	Pay 4.7099%; receive SIFMA index	Bank of America, N.A.
2006A Refunding LIBOR Swap	58,375	08/24/06	11/01/25	Pay 4.4810%; receive 68% of LIBOR	JP Morgan Chase Bank, N.A.
2006B New Money LIBOR Swap	26,220	09/14/06	11/01/36	Pay 4.1185%; receive 68% of LIBOR	JP Morgan Chase Bank, N.A.
2006B New Money LIBOR Swap	39,330	09/14/06	11/01/36	Pay 4.1185%; receive 68% of LIBOR	Morgan Stanley Capital Services, Inc.
2007A New Money LIBOR Swap	37,263	09/13/07	11/01/37	Pay 3.1980%; receive 68% of LIBOR	J. Aron & Company
2007A New Money LIBOR Swap	24,842	09/13/07	11/01/37	Pay 3.1980%; receive 68% of LIBOR	Morgan Stanley Capital Services, Inc.
2009C LIBOR Swap (2012 Novation)	58,975	10/01/09	11/01/28	Pay 5.4750%; receive 68% of LIBOR	Wells Fargo Bank, N.A.
2010A LIBOR Swap	43,015	10/26/10	11/01/40	Pay 3.8807%; receive 68% of LIBOR	Morgan Stanley Capital Services, Inc.
2011A LIBOR Swap	44,160	03/15/12	11/01/41	Pay 4.0242%; receive 68% of LIBOR	Morgan Stanley Capital Services, Inc.
Total Notional Amount for Interest Rate Swaps	<u>\$ 544,365</u>				

Note: Immaterial differences may occur due to rounding.

2005A 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.

2004A SIFMA Swap - During the third quarter 2017, Utilities terminated the 2004A Swap with JP Morgan Chase Bank and refunded the associated VRDO bond. This termination and refunding was performed using Utilities' Series 2017A-3 debt issuance, which was approved by the Utilities' Finance Committee and Utilities Board.

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 2017
J. Aron & Co.	A3/BBB+
JP Morgan Chase Bank, N.A.	Aa3/A+
Bank of America, N.A.	Aa3/A+
Morgan Stanley Capital Services, Inc.	A3/BBB+
Wells Fargo Bank, N.A.	Aa2/AA-
The Bank of New York Mellon	Aa2/AA-

The Financial Risk Management Plan requires that Utilities' counterparties to financial instruments be on an approved counterparty list. 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.

The Energy Risk Management Plan requires that Utilities' counterparties to commodity transactions be on an approved counterparty list. To be on this list, counterparties must have the necessary contracts in place for the commodity being transacted and have adequate credit or credit facilities in place to cover assumed transactions. The Energy Risk Management Plan limits the amount of counterparty credit exposure according to the counterparty's credit rating. At December 31, 2017, Utilities has no forward exposure to energy financial commodity transactions.

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, 2017, Utilities has posted approximately \$14.7 million in collateral with various counterparties to the swap agreements. Utilities' aggregate fair value of derivative instruments as of December 31, 2017 was approximately (\$133.9) million.

The combined fair value of all derivative instruments, net of collateral postings, as of December 31, 2017 was approximately (\$119.2) 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, 2017, 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, 2017, the weighted average interest rate on Utilities' variable rate debt was 1.72%, the SIFMA swap index rate was 1.71%, while 68.0% of the LIBOR was 1.06%.

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 2017, 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.

Remainder of page intentionally blank

The following is the projected payments based on the interest rate Swap transaction as of December 31, 2017:

December 31,	Swap Notional Amount	Net Interest Rate Swap Payments	Bank Interest Payments	Total
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>\$ 50,345,000</u>	<u>\$ 2,228,715</u>	<u>\$ 8,740,482</u>	<u>\$ 61,314,197</u>

Payments on the 2016 Senior Loan and the Swap are calculated using interest rates in effect on December 31, 2017.

The following is a summary of the effective interest rate calculation on CSURA's Swap Agreement for the year ended December 31, 2017:

	Counterparty Swap Payment			Interest	Total	Actual
	To	From	Net	Payments to Bank	Payments	Synthetic Rate
December 31, 2017	\$ 586,434	\$ 405,162	\$ 181,272	\$ 1,454,647	\$ 1,635,919	3.2494%

The following is a summary of CSURA's derivative for the year ended December 31, 2017:

	Net Change in Fair Value		Fair Value at December 31, 2017	
	Classification	Amount	Classification	Amount
Governmental Activities:	Deferred inflow	\$ 1,654,075	Asset	\$ 1,654,075

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

Counterparty	Trade/ 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, 2017
US Bank National Assoc.	8/24/2016	\$ 56,000,000	12/1/2030	8/24/2026	2016 Senior Loan	1.1045%	70% 1-month LIBOR	\$ 1,654,075

The year-end fair values were calculated using the mid-market LIBOR valuations as of December 31, 2017. As of this date, the 70% of 1-month LIBOR Index rate was 0.95248%. 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, 2017.

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, 2017, 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, 2017 is as follows:

Counterparty

Credit Rating 2017

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.

N. 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 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 sales/use 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, 2017, under this program the City has "abatements" of sales/use taxes totaling \$790,349 as follows:

Type of business	Number of Agreements	Sales/Use Tax "Abatements" (Payments based upon Sales/Use Taxes Paid)
Airplane/airline	2	\$ 24,142
Hotel/entertainment	1	88,085
Imaging solutions	1	184,331
Insurance	1	111,376
Manufacturing	4	67,098
Retail sales	2	315,317
		<u>\$ 790,349</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 up to \$1,000,000. The Colorado Governmental Immunity Act currently provides that the maximum amount that may be recovered against entities such as the City is \$387,000 for any injury to one person in any single occurrence and \$1,093,000 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 2017, the City is reporting auto liability case reserves of \$189,000 and IBNR reserves of \$78,000 as reflected in the 2017 actuary report.

The 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 2017 as compared to coverage in 2016. 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 2017. The City's liability is included in claims payable in the respective internal service funds.

	2017 (in 000's)	2016 (in 000's)
Claims liabilities, beginning of the year	\$ 28,765	\$ 15,610
Increases	56,731	65,937
Decreases	(55,842)	(52,782)
Claims liabilities, end of year	<u>\$ 29,654</u>	<u>\$ 28,765</u>

B. Donor-restricted Endowments

As of the end of 2017, the City maintained three donor-restricted endowment funds as follows:

	Fund Balance	Available for Spending
C.D. Smith Trust	\$ 1,149,768	\$ 165,497
Cemetery Endowment	10,708,522	11,375
TOPS Maintenance Trust	856,364	243,749

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 2017, these benefits were provided to 2,516 retired employees at a cost of \$2,924,991. During 2016, these benefits were provided to 2,520 retired employees at a cost of \$2,968,201. In 2015, these benefits were provided to 2,455 retired employees at a cost of \$2,946,639.

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 2,820 retirees for a total cost in 2017 of \$12,978. During 2016, 2,800 premiums were paid on behalf of retirees for a total cost of \$13,050. In 2015, 2,777 premiums were paid on behalf of retirees for a total cost of \$12,978. 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, 2017 report. This implicit subsidy valuation is unchanged from the prior valuation of January 1, 2015.

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 2017, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 1,073,213
Interest on net OPEB obligation	583,596
Adjustment to annual required contribution	(490,475)
Annual OPEB cost (expense)	1,166,334
Contributions made	(1,673,599)
Decrease in net OPEB obligation	(507,265)
Net OPEB obligation - beginning of year	12,968,809
Net OPEB obligation - end of year	\$ 12,461,544

The following table shows the components of Utilities' annual OPEB cost for 2017, the amount actually contributed to the plan, and changes in Utilities' net OPEB obligation:

Annual required contribution	\$ 1,646,000
Interest on net OPEB obligation	106,000
Adjustment to annual required contribution	(194,000)
Annual OPEB cost (expense)	1,558,000
Contributions made	(1,264,000)
Decrease in net OPEB obligation	294,000
Net OPEB obligation - beginning of year	2,356,000
Net OPEB obligation - end of year	\$ 2,650,000

The City's and Utilities' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2017 and the two preceding years were as follows:

	Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
City	12/31/2015	\$ 1,338,893	125.6	\$ 13,348,961
	12/31/2016	1,336,427	128.4	12,968,809
	12/31/2017	1,166,334	143.5	12,461,544
Utilities	12/31/2015	\$ 1,568,000	81.5	\$ 2,055,000
	12/31/2016	1,566,000	80.8	2,356,000
	12/31/2017	1,558,000	81.1	2,650,000

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, 2017. 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, 2017, 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 2017 was 7.0% per year, grading to 4.50% over ten 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 6.75% graded down to ultimately 4.50% over nine years.

Funding Status and Funding Progress - The funded status of the plan as of January 1, 2017, the most recent actuarial valuation date was as follows:

	City OPEB Obligation	Utilities OPEB Obligation
Actuarial accrued liability (AAL)	\$ 23,239,226	\$ 19,800,000
Actuarial value of plan assets	—	—
Unfunded actuarial accrued liability (UAAL)	<u>\$ 23,239,226</u>	<u>\$ 19,800,000</u>
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll (active members)	\$ 83,448,464	\$ 5,683,000
UAAL as percentage of covered payroll	27.85%	348.5%

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, 2017, 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)
1/1/2013	\$ —	\$40,554,203	\$40,554,203	—	\$72,814,000	55.7
1/1/2015	—	26,737,606	26,737,606	—	80,339,581	33.3
1/1/2017	—	23,239,226	23,239,226	—	83,448,464	27.8

City of 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]
1/1/2013	\$ —	\$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
1/1/2017	—	19,800,000	19,800,000	0.0	5,683,000	348.5

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

Significant construction and purchase commitments of the City, as of December 31, 2017, are as follows (in millions):

General Fund	\$ 10.5
Non-major governmental funds	33.3
Utilities	54.5
Non-major enterprise funds	8.3

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 a municipal separate storm sewer system (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.

In November 2017, City voters approved reestablishment of Stormwater User Service Fees to be imposed upon all developed or improved property within the City. This approval directs that the revenues derived therefrom will be collected by an enterprise fund and used only for the stormwater system capital and operating expenses, performance of MS4 Discharge Permit obligations, and meeting the obligations arising under intergovernmental agreements entered into prior to June 1, 2016, which includes the IGA. The voter authorization also allows the fees to be increased by City Council if necessary to comply with federal law, a court order, or to meet

IGA obligations. After imposition of the fees beginning July 1, 2018, it is anticipated that this revenue stream will be sufficient to fund the IGA financial commitments.

2. Refunded Bonds

During 2017, the City placed proceeds from advance refunding bond issues in an irrevocable refunding escrow account. As of December 31, 2017, the City remains contingently liable for the outstanding principal balance of \$29,815,000 in refunded bonds.

Utilities has placed proceeds from advance refunding bond issues in irrevocable refunding escrow accounts throughout various years. As of December 31, 2017, Utilities remains contingently liable for the outstanding principal balance of \$397,685,000 in refunded bonds.

During 2012, MHS placed available funds in irrevocable refunding escrow accounts. As of December 31, 2017, MHS remains contingently liable for the outstanding principal balance of \$73,565,000 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, 2017 FYS exceeded the allowed amount by approximately \$1.7 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 claiming that the City has not complied with discharge permits for its MS4. The City has answered the complaint and has been defending 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 customer facility charges (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, 2017 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	\$ 525	\$ 1,025

Remainder of page intentionally blank

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 liabilities, deferred outflows and inflows, and pension expenses associated with each of the plans. More detailed notes regarding each plan follows.

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
GOVERNMENTAL ACTIVITIES				
Old Hire Fire	\$ 27,032,487	\$ 6,198,767	\$ —	\$ 3,183,355
Old Hire Police	21,813,546	5,126,492	—	2,616,759
New Hire Fire	37,014,544	13,495,729	480,356	6,752,258
New Hire Police	52,569,943	26,628,016	8,687,965	10,580,235
PERA	138,978,538	38,391,665	420,040	25,684,720
FPPA Statewide	2,738,753	15,424,794	1,138,959	4,121,124
Total governmental activities	280,147,811	105,265,463	10,727,320	52,938,451
BUSINESS-TYPE ACTIVITIES				
Old Hire Fire	\$ —	\$ —	\$ —	\$ —
Old Hire Police	—	—	—	—
New Hire Fire	—	—	—	—
New Hire Police	1,325,628	613,523	151,834	267,351
PERA	360,799,064	97,318,304	1,758,391	45,124,172
FPPA Statewide	—	—	—	—
Total business-type activities	362,124,692	97,931,827	1,910,225	45,391,523
TOTAL				
Old Hire Fire	\$ 27,032,487	\$ 6,198,767	\$ —	\$ 3,183,355
Old Hire Police	21,813,546	5,126,492	—	2,616,759
New Hire Fire	37,014,544	13,495,729	480,356	6,752,258
New Hire Police	53,895,571	27,241,539	8,839,799	10,847,586
PERA	499,777,602	135,709,969	2,178,431	70,808,892
FPPA Statewide	2,738,753	15,424,794	1,138,959	4,121,124
Total	\$ 642,272,503	\$ 203,197,290	\$ 12,637,545	\$ 98,329,974

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/sites/default/files/documents/5-20-16.pdf>

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 % 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 \$28,775,859 for the year ended December 31, 2017.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of December 31, 2017, the City reported a liability of \$499,777,602 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 and rolled forward to December 31, 2016 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 2016 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2016, the City's proportion was 37.0112%, which was an increase of .4211% from its proportion measured as of December 31, 2015.

The City and Utilities report contributions to the LGDTF independent of each other; therefore all pension related amounts, including net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, are allocated from the LGDTF independently. The City allocates its portion of the LGDTF between governmental activities and business-type activities, except Utilities, based on contributions. This allocation for the year-ended December 31, 2017 (a December 31, 2016 measurement date) was 90.0782% and 9.9218% between the governmental activities and business-type activities respectively. This allocation is an increase from the prior year in the governmental activities of .5136% 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, 2017 the City's pension expense related to the PERA LGDTF was \$70,808,892.

At December 31, 2017, 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	\$ 8,893,795	\$ —
Net difference between projected and actual earnings on pension plan investments	60,021,086	—
Changes of assumptions	35,450,081	1,445,288
Changes in proportion	2,569,148	733,143
Contributions subsequent to the measurement date	28,775,859	—
Total	<u>\$ 135,709,969</u>	<u>\$ 2,178,431</u>

The \$28,775,859 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, 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:

Year Ended December 31,	Net Differences Between Expected and Actual Experience	Changes of Assumptions	Net Difference Between Projected and Actual Earnings on Investments	Net Changes in Proportion	Total Effect of Amortized Deferred Inflows/Outflows on Pension Expense
2018	\$ 7,874,136	\$ 29,651,534	\$ 21,316,239	\$ 1,557,687	\$ 60,399,596
2019	1,019,659	4,353,259	21,315,868	278,318	26,967,104
2020	—	—	16,818,266	—	16,818,266
2021	—	—	570,713	—	570,713
Total	<u>\$ 8,893,795</u>	<u>\$ 34,004,793</u>	<u>\$ 60,021,086</u>	<u>\$ 1,836,005</u>	<u>\$ 104,755,679</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. The LGDTF determined the average expected remaining service lives for active and inactive members at the beginning of the 2016 measurement period to be 2.14 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 (%)
Price inflation	2.80
Real wage growth	1.10
Wage inflation	3.90
Salary increase, including wage inflation	3.90 - 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 hire 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 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% of the base rate for males and 40% of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for both males and 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 a 2016 experience analysis and an 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 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 incorporated a 70% factor applied to male rates and a 55% 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% factor applied to rates for ages less than 80, a 108% 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% factor applied to rates for ages less than 80, a 109% 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% 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 assumptions decreased from 7.50% per year, compounded annually, net of investment expenses to 7.25% per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80% per year to 2.40% per year.
- Real rate of investment return assumption increased from 4.70% per year, net of investment expenses, to 4.85% per year, net of investment expenses.
- Wage inflation assumptions decreased from 3.90% per year to 3.50% per year.

Several factors were considered in evaluating the long-term rate of return assumptions 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 investment (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 weighing 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 (%)
US Equity - Large Cap	21.20	4.30
US Equity - Small Cap	7.42	4.80
Non US Equity - Developed	18.55	5.20
Non US Equity - Emerging	5.83	5.40
Core Fixed Income	19.32	1.20
High Yield	1.38	4.30
Non US Fixed Income - Developed	1.84	0.60
Emerging Market Bonds	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	0.20
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%. 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:

- 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%.
- 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 reached 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 established 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 of 7.25 % 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.

As of the prior measurement date, the long-term expected rate of return of 7.50% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use the municipal bond index, and therefore, the discount rate was 7.50%.

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 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

Sensitivity of the NPL:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
City's proportionate share of net pension liability	\$ 736,899,200	\$ 499,777,602	\$ 303,414,975

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/sites/default/files/documents/5-20-16.pdf>

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 2017 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 2017 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, 2017, 2016, and 2015 were \$75,073, \$74,158 and \$95,188 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/16.annual.report.pdf>

or by calling FPPA at (303) 770-3772 or by writing to:

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

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, 2016 are below:

Asset Class	Target Allocation (%)	30 Year Expected Geometric Real Rate of Return
Global equity	36.00	6.75
Equity long/short	10.00	4.85
Illiquid alternatives	23.00	8.25
Fixed income	15.00	0.50
Absolute return	10.00	4.05
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/PDF/annual-reports/16.annual.report.pdf>

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, 2016 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 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, 2016 valuations. The assumptions changes are incorporated into the total pension liability as of December 31, 2016.

The complete assumption set can be found in the actuarial valuation report as of December 31, 2016. 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, 2016 are as follows:

Retirees and beneficiaries	182
----------------------------	-----

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, 2017 were based on the actuarial valuation as of January 1, 2016. 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 \$2,286,697 for the year ended December 31, 2017.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of December 31, 2017, the City reported a liability of \$27,032,487 for the Old Hire Fire Pension Plan 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, 2016.

For the year ended December 31, 2017, the City's pension expense related to the Old Hire Fire Pension Plan was \$3,183,355.

At December 31, 2017, 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	\$ 3,912,070
Contributions subsequent to the measurement date	2,286,697
Total	<u>\$ 6,198,767</u>

There were no deferred inflows of resources related to pensions recorded for the Old Hire Fire Pension Plan as of December 31, 2017.

The \$2,286,697 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, 2018. 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
2018	\$ 1,232,785	\$ 1,232,785
2019	1,232,787	1,232,787
2020	1,142,577	1,142,577
2021	303,921	303,921
Total	<u>\$ 3,912,070</u>	<u>\$ 3,912,070</u>

Per 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	\$ 35,961,370	\$ 27,032,487	\$ 19,342,100

Remainder of page intentionally blank

Below is a schedule of changes in the net pension liability for the Old Hire Fire Pension Plan for year ended December 31, 2017:

Total pension liability (TPL) - January 1, 2017	\$	98,527,662
Service cost		—
Interest on the TPL		7,091,577
Benefit changes		—
Differences between expected and actual experience of the TPL		—
Changes in assumptions		—
Benefit payments, including refunds of employee contributions		(8,092,919)
Net change in TPL		(1,001,342)
Total pension liability - December 31, 2017		97,526,320
Plan fiduciary net position (FNP) - January 1, 2017		73,326,035
Employer contributions		1,639,319
Employee contributions		—
Net investment income		3,737,918
Benefit payments, including refunds of employee contributions		(8,092,919)
Pension plan administrative expense		(116,520)
Net change in FNP		(2,832,202)
Plan fiduciary net position - December 31, 2017		70,493,833
Net pension liability	\$	27,032,487
Plan fiduciary net position as a percentage of the total pension liability		72.28%
Covered payroll	\$	—
Net pension liability as a percentage of covered payroll		N/A

Old Hire Police Defined Benefit Pension Plan

The benefit recipients and members of the Old Hire Police Pension Plan as of December 31, 2016 are as follows:

Retirees and beneficiaries 153

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, 2017 were based on the actuarial valuation as of January 1, 2016. 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 \$1,833,691 for the year ended December 31, 2017.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of December 31, 2017, the City reported a liability of \$21,813,546 for the Old Hire Police Pension Plan 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, 2016.

For the year ended December 31, 2017, the City's pension expense related to the Old Hire Police Pension Plan was \$2,616,759.

At December 31, 2017, 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	\$ 3,292,801
Contributions subsequent to the measurement date	1,833,691
Total	<u>\$ 5,126,492</u>

There were no deferred inflows of resources related to pensions recorded for the Old Hire Police Pension Plan as of December 31, 2017.

The \$1,833,691 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, 2018. 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
2018	\$ 1,036,850	\$ 1,036,850
2019	1,036,851	1,036,851
2020	963,154	963,154
2021	255,946	255,946
Total	<u>\$ 3,292,801</u>	<u>\$ 3,292,801</u>

Per 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	\$ 29,488,682	\$ 21,813,546	\$ 15,238,642

Remainder of page intentionally blank

Below is a schedule of changes in the net pension liability for the Old Hire Police Pension Plan for year ended December 31, 2017:

Total pension liability (TPL) - January 1, 2017	\$	82,286,576
Service cost		—
Interest on the TPL		5,922,411
Benefit changes		—
Differences between expected and actual experience of the TPL		—
Changes in assumptions		—
Benefit payments, including refunds of employee contributions		(6,764,470)
Net change in TPL		(842,059)
Total pension liability - December 31, 2017		81,444,517
Plan fiduciary net position (FNP) - January 1, 2017		61,865,742
Employer contributions		1,466,935
Employee contributions		—
Net investment income		3,161,491
Benefit payments, including refunds of employee contributions		(6,764,470)
Pension plan administrative expense		(98,727)
Net change in FNP		(2,234,771)
Plan fiduciary net position - December 31, 2017		59,630,971
Net pension liability	\$	21,813,546
Plan fiduciary net position as a percentage of the total pension liability		73.22%
Covered payroll	\$	—
Net pension liability as a percentage of covered payroll		N/A

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, 2016 are as follows:

Retirees and beneficiaries	161
Inactive, non-retired members	10
Active members	110

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 2017, the City's employer contribution rate was set at 25.30%. The City also contributed an additional amount into the plan of \$1,802,260. Employer contributions recognized by the New Hire Fire Pension Plan from the City were \$4,207,271 for the year ended December 31, 2017.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of December 31, 2017, the City reported a liability of \$37,014,544 for the New Hire Fire Pension Plan 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, 2016.

For the year ended December 31, 2017, the City's pension expense related to the New Hire Fire Pension Plan was \$6,752,258.

At December 31, 2017 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	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 127,575	\$ 480,356
Change of assumptions	2,677,180	—
Net difference between projected and actual earnings on pension plan investments	6,483,703	—
Contributions subsequent to the measurement date	4,207,271	NA
Total	<u>\$ 13,495,729</u>	<u>\$ 480,356</u>

The \$4,207,271 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, 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:

Year Ended December 31,	Differences Between Expected and Actual Experience	Changes of Assumptions	Net Difference Between Projected and Actual Earnings on Investments	Total Effect of Amortized Deferred Inflows/Outflows on Pension Expense
2018	\$ (105,654)	\$ 1,043,979	\$ 2,039,373	\$ 2,977,698
2019	(105,653)	1,043,979	2,039,373	2,977,699
2020	(141,474)	589,222	1,895,594	2,343,342
2021	—	—	509,363	509,363
Total	<u>\$ (352,781)</u>	<u>\$ 2,677,180</u>	<u>\$ 6,483,703</u>	<u>\$ 8,808,102</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 2016 measurement period to be 3.9026 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, 2016 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
Full rank escalation	2.40
Long-term investments rate of return, net 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.

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	\$ 59,462,068	\$ 37,014,544	\$ 18,619,946

Below is a schedule of changes in the net pension liability for the New Hire Fire Pension Plan for year ended December 31, 2017:

Total pension liability (TPL) - January 1, 2017	\$	157,971,179
Service cost		2,129,584
Interest on the TPL		11,644,318
Benefit changes		—
Differences between expected and actual experience of the TPL		(645,848)
Changes in assumptions		—
Benefit payments, including refunds of employee contributions		(7,556,791)
Net change in TPL		5,571,263
Total pension liability - December 31, 2017		163,542,442
Plan fiduciary net position (FNP) - January 1, 2017		123,154,436
Employer contributions		3,485,586
Employee contributions		1,045,342
Net investment income		6,569,905
Benefit payments, including refunds of employee contributions		(7,556,791)
Pension plan administrative expense		(209,340)
Other		38,760
Net change in FNP		3,373,462
Plan fiduciary net position - December 31, 2017		126,527,898
Net pension liability	\$	37,014,544
Plan fiduciary net position as a percentage of the total pension liability		77.37%
Covered payroll	\$	10,367,032
Net pension liability as a percentage of covered payroll		357.04%

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, 2016 are as follows:

Retirees and beneficiaries	274
Inactive, non-retired members	27
Active members	318

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 2017, the City's employer contribution rate was set at 26.50%. The City also contributed an additional amount into the plan of \$2,109,732. Employer contributions recognized by the New Hire Police Pension Plan from the City were \$8,471,261 for the year ended December 31, 2017.

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, 2017 (a December 31, 2016 measurement date) was 97.5404% and 2.4596% between the governmental activities and the business-type activities respectively. This is an increase from the prior year in the business-type activities of .1622% and a corresponding decrease in the governmental activities.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of December 31, 2017, the City reported a liability of \$53,895,571 for the New Hire Police Pension Plan 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, 2016.

For the year ended December 31, 2017, the City's pension expense related to the New Hire Police Pension Plan was \$10,847,586.

At December 31, 2017, 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	\$ —	\$ 8,839,799
Change of assumptions	4,906,015	—
Net difference between projected and actual earnings on pension plan investments	13,864,263	—
Contributions subsequent to the measurement date	8,471,261	N/A
Total	<u>\$ 27,241,539</u>	<u>\$ 8,839,799</u>

The \$8,471,261 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, 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:

Year Ended December 31,	Differences Between Expected and Actual Experience	Changes of Assumptions	Net Difference Between Projected and Actual Earnings on Investments	Total Effect of Amortized Deferred Inflows/Outflows on Pension Expense
2018	\$ (2,692,286)	\$ 1,516,730	\$ 4,362,266	\$ 3,186,710
2019	(2,692,286)	1,516,730	4,362,266	3,186,710
2020	(2,642,361)	1,516,730	4,054,529	2,928,898
2021	(812,866)	355,825	1,085,202	628,161
Total	<u>\$ (8,839,799)</u>	<u>\$ 4,906,015</u>	<u>\$ 13,864,263</u>	<u>\$ 9,930,479</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 2016 measurement period to be 4.3829 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, 2016 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 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.

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 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's net pension liability	\$ 103,125,943	\$ 53,895,571	\$ 13,970,360

Remainder of page intentionally blank

Below is a schedule of changes in the net pension liability for the New Hire Police Pension Plan for year ended December 31, 2017:

Total pension liability (TPL) - January 1, 2017	\$	319,975,168
Service cost		5,823,050
Interest on the TPL		23,779,327
Benefit changes		—
Differences between expected and actual experience of the TPL		(6,911,997)
Changes in assumptions		—
Benefit payments, including refunds of employee contributions		(11,658,008)
Net change in TPL		11,032,372
Total pension liability - December 31, 2017		331,007,540
Plan fiduciary net position (FNP) - January 1, 2017		264,726,596
Employer contributions		7,512,099
Employee contributions		2,628,533
Net investment income		14,354,620
Benefit payments, including refunds of employee contributions		(11,658,008)
Pension plan administrative expense		(451,871)
Net change in FNP		12,385,373
Plan fiduciary net position - December 31, 2017		277,111,969
Net pension liability	\$	53,895,571
Plan fiduciary net position as a percentage of the total pension liability		83.72%
Covered payroll	\$	26,439,948
Net pension liability as a percentage of covered payroll		203.84%

Statewide Defined Benefit Pension Plan

Plan Description: The Statewide Defined Benefit Plan is a 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 9.50% of their FPPA-includable salary with the employer contribution rate at 8%. Employer contributions recognized by the Statewide Pension Plan from the City were \$3,579,520 for the year ended December 31, 2017.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of December 31, 2017, the City reported a liability of \$2,738,753 as its proportionate share of the Statewide Pension Plan 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, 2016. 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, 2016, the City's proportion was 7.5795%, which was an increase of .3454% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the City's pension expense related to the Statewide Pension Plan was \$4,121,124.

At December 31, 2017, 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	\$ 2,445,383	\$ 139,290
Change of assumptions	1,870,796	—
Net difference between projected and actual earnings on pension plan investments	7,392,482	
Change in proportion	136,613	999,669
Contributions subsequent to the measurement date	3,579,520	N/A
Total	<u>\$ 15,424,794</u>	<u>\$ 1,138,959</u>

The \$3,579,520 reported as deferred outflows of resources related to pensions, resulting from contributions made subsequent to the measurement date, will be recognized as a reduction in net pension liability in 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:

Year Ended December 31,	Net Differences Between Expected and Actual Experience	Changes of Assumptions	Net Difference Between Projected and Actual Earnings on Investments	Net Changes in Proportion	Total Effect of Amortized Deferred Inflows/Outflows on Pension Expense
2018	\$ 236,406	\$ 191,782	\$ 2,269,630	\$ (107,061)	\$ 2,590,757
2019	236,406	191,782	2,269,630	(107,061)	2,590,757
2020	236,406	191,782	2,269,630	(107,061)	2,590,757
2021	236,406	191,782	583,592	(107,061)	904,719
2022	236,406	191,782	—	(107,061)	321,127
Thereafter	1,124,063	911,886	—	(327,751)	1,708,198
Total	<u>\$ 2,306,093</u>	<u>\$ 1,870,796</u>	<u>\$ 7,392,482</u>	<u>\$ (863,056)</u>	<u>\$ 10,706,315</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 2016 measurement period to be 9.7548 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, 2016 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 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.

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:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's proportionate share of net pension liability (asset)	\$ 23,302,396	\$ 2,738,753	\$ (14,340,364)

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 employee and employer contributions rates are set at a minimum of 8%, or such higher rate as approved locally. The City chose to set the rates, at plan inception, for both employee and employer. Each contribute at a rate of 10% each. The City contributions to the FPPA Statewide Money Purchase Plan for the year ending December 31, 2017 and December 31, 2016 were \$18,664 and \$13,447, respectively. There were no contributions to the plan in 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 the 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 2017 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. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of GASB Statement No. 82 was to address certain issues that have been raised with respect to GASB Statement No. 67, *Financial Reporting for Pension Plans*, GASB Statement 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an actuarial standard of practice for financial reporting purposes and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. There was no impact to the City's financial statements or required supplementary information as a result of this adoption.

J. Subsequent Events

On November 28, 2017, Council approved changes to the electric and water rate schedules effective January 1, 2018. On January 23, 2018, Council approved changes to the gas cost adjustment rate effective February 1, 2018.

On January 18, 2018, the Airport completed a \$2.3 million land transaction with Federal Express. As the purchaser, Federal Express will use the 27.31 acres for a distribution center that has no access to the airfield.

Remainder of page intentionally blank



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 3)

Colorado PERA Local Government Division Trust Fund

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportionate share of total pension liability	\$ 1,896,397,997	\$ 1,742,453,960	\$ 1,725,945,784
Proportionate share of fiduciary net position	(1,396,620,395)	(1,339,384,263)	(1,393,102,634)
Proportionate share of net pension liability	<u>\$ 499,777,602</u>	<u>\$ 403,069,697</u>	<u>\$ 332,843,150</u>
Fiduciary net position as a percentage of total pension liability	73.65%	76.87%	80.72%
Covered payroll	\$ 216,649,184	\$ 208,704,241	\$ 204,135,871
Net pension liability as a percentage of covered payroll	230.69%	193.13%	163.05%
Proportion of net pension liability	37.0112%	36.5901%	37.1349%

* Notes to the Required Supplementary Information regarding changes in assumptions and benefits can be found on page three of this exhibit.

* 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 the year prior to the most recent fiscal year) 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 3)

Colorado PERA Local Government Division Trust Fund

	Statutorily Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a % of Covered Payroll
2017	\$ 28,775,859	\$ 28,775,859	\$ —	\$ 225,147,540	12.78
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 regarding changes in assumptions and benefits can be found on page three of this exhibit.

* 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 the year prior to the most recent fiscal year) in accordance with GASB Statement No. 68.

Colorado PERA Local Government Division Trust Fund

Changes of assumptions - Changes to assumptions or other inputs utilized in the December 31, 2015 actuarial valuation from the December 31, 2014 actuarial valuation are as follows:

- The Investment return assumption was lowered from 7.50% to 7.25%.
- The price inflation assumption was lowered from 2.80% to 2.40%.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The post-retirement mortality assumption for healthy lives was changed to the RP-2014 Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of 73.0% factor applied to ages below 80 and a 108.0% factor applied to age 80 and above, projected to 2018, for males and a 78.0% factor applied to ages below 80 and a 109.0% factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90.0% of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriated margin of improved mortality prospectively, the mortality rates incorporate a 70.0% factor applied to male rates and 55.0% factor applied to female rates.
- The rates of retirement, withdrawal and disability were revised to reflect more closely actual experience.

Changes in benefits - There are no changes to benefits.

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

	2017	2016	2015
Total Pension Liability (TPL) - January 1	\$ 98,527,662	\$ 94,992,823	\$ 96,220,416
Service cost	—	—	—
Interest on the TPL	7,091,577	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	(8,092,919)	(8,159,243)	(8,144,237)
Net change in TPL	(1,001,342)	3,534,839	(1,227,593)
Total Pension Liability - December 31	97,526,320	98,527,662	94,992,823
Plan Fiduciary Net Position (FNP) - January 1	73,326,035	78,504,844	80,007,825
Employer contributions	1,639,319	1,639,319	1,467,740
Employee contributions	—	—	—
Net investment income	3,737,918	1,450,492	5,299,069
Benefit payments, including refunds of employee contributions	(8,092,919)	(8,159,243)	(8,144,237)
Pension plan administrative expense	(116,520)	(109,377)	(125,553)
Net change in FNP	(2,832,202)	(5,178,809)	(1,502,981)
Plan Fiduciary Net Position - December 31	70,493,833	73,326,035	78,504,844
Net pension liability	\$ 27,032,487	\$ 25,201,627	\$ 16,487,979
Fiduciary net position as a percentage of total pension liability	72.28%	74.42%	82.64%
Covered payroll	\$ —	\$ —	\$ —
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A

Notes to the Required Supplementary Information

Benefit changes	None
Actuarial assumption changes	Inflation reduced to 2.50% from 3.00%. Real return increased from 4.50% to 5.00%. Post-retirement mortality table updated to RP-2014 from RP-2000. Administrative expenses paid in the prior two fiscal years are included in the calculated annual contribution.

* 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 the year prior to the most recent fiscal year) 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 Payroll	Actual Contributions as a % of Covered Payroll
2017	\$ 2,286,697	\$ 2,286,697	\$ —	\$ —	NA
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, 2016

Methods and assumptions used to determine contributions

Actuarial cost method	Entry age
Amortization method	Level dollar, open
Remaining amortization period	19 years
Inflation	2.50%
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-2014 Combined Mortality Table with Blue Collar Adjustment, projected 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 the year prior to the most recent fiscal year) 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

	2017	2016	2015
Total Pension Liability (TPL) - January 1	\$ 82,286,576	\$ 80,928,590	\$ 81,933,276
Service cost	—	—	—
Interest on the TPL	5,922,411	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	(6,764,470)	(6,958,338)	(6,895,765)
Net change in TPL	(842,059)	1,357,986	(1,004,686)
Total Pension Liability - December 31	81,444,517	82,286,576	80,928,590
Plan Fiduciary Net Position (FNP) - January 1	61,865,742	66,224,327	67,207,764
Employer contributions	1,466,935	1,466,935	1,541,080
Employee contributions	—	—	6,534
Net investment income	3,161,491	1,225,181	4,471,258
Benefit payments, including refunds of employee contributions	(6,764,470)	(6,958,338)	(6,895,765)
Pension plan administrative expense	(98,727)	(92,363)	(106,544)
Net change in FNP	(2,234,771)	(4,358,585)	(983,437)
Plan Fiduciary Net Position - December 31	59,630,971	61,865,742	66,224,327
Net pension liability	\$ 21,813,546	\$ 20,420,834	\$ 14,704,263
Fiduciary net position as a percentage of total pension liability	73.22%	75.18%	81.83%
Covered payroll	\$ —	\$ —	\$ 61,878
Net pension liability as a percentage of covered payroll	NA	NA	23763.31%

Notes to the Required Supplementary Information

Benefit changes	None
Actuarial assumption changes	Inflation reduced to 2.50% from 3.00%. Real return increased from 4.50% to 5.00%. Post-retirement mortality table updated to RP-2014 from RP-2000. Administrative expenses paid in the prior two fiscal years are included in the calculated annual contribution.

* 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 the year prior to the most recent fiscal year) 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 Payroll	Actual Contributions as a % of Covered Payroll
2017	\$ 1,833,691	\$ 1,833,691	\$ —	\$ —	NA
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, 2016

Methods and assumptions used to determine contributions

Actuarial cost method	Entry age
Amortization method	Level dollar, open
Remaining amortization period	19 years
Inflation	2.50%
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-2014 Combined Mortality Table with Blue Collar Adjustment, projected 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 the year prior to the most recent fiscal year) 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

	2017	2016	2015
Total Pension Liability (TPL) - January 1	\$ 157,971,179	\$ 145,875,351	\$ 138,255,953
Service cost	2,129,584	2,350,743	2,436,526
Interest on the TPL	11,644,318	11,152,618	10,261,170
Benefit changes	—	—	—
Difference between expected and actual experience of the TPL	(645,848)	55,903	238,938
Changes in assumptions	—	4,765,138	—
Benefit payments, including refunds of employee contributions	(7,556,791)	(6,228,574)	(5,317,236)
Net change in TPL	5,571,263	12,095,828	7,619,398
Total Pension Liability - December 31	163,542,442	157,971,179	145,875,351
Plan Fiduciary Net Position (FNP) - January 1	123,154,436	122,730,229	115,691,126
Employer contributions	3,485,586	3,437,596	3,341,129
Employee contributions	1,045,342	1,202,513	1,278,915
Net investment income	6,569,905	2,206,766	7,924,723
Benefit payments, including refunds of employee contributions	(7,556,791)	(6,228,574)	(5,317,236)
Pension plan administrative expense	(209,340)	(194,094)	(195,429)
Other	38,760	—	7,001
Net change in FNP	3,373,462	424,207	7,039,103
Plan Fiduciary Net Position - December 31	126,527,898	123,154,436	122,730,229
Net pension liability	\$ 37,014,544	\$ 34,816,743	\$ 23,145,122
Fiduciary net position as a percentage of total pension liability	77.37%	77.96%	84.13%
Covered payroll	\$ 10,367,032	\$ 11,910,879	\$ 12,789,129
Net pension liability as a percentage of covered payroll	357.04%	292.31%	180.97%

Notes to the Required Supplementary Information

Benefit changes	None
Actuarial assumption changes	Inflation reduced to 2.50% from 3.00%. Real return increased from 4.50% to 5.00%. Post-retirement mortality table updated to RP-2014 from RP-2000. Administrative expenses paid in the prior two fiscal years are included in the calculated annual contribution.

* 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 the year prior to the most recent fiscal year) 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 17
(PAGE 2 OF 4)

New Hire Pension Plan - Fire Component

	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a % of Covered Payroll
2017	\$ 4,207,271	\$ 4,207,271	\$ —	\$ 9,517,994	44.20
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, 2016

Methods and assumptions used to determine contributions

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	22 years
Inflation	2.50%
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-2014 Combined Mortality Table with Blue Collar Adjustment, projected Scale BB 55% multiplier for off-duty mortality increased by .00020 for on-duty Fire and Police experience

* 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 the year prior to the most recent fiscal year) 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

	2017	2016	2015
Total Pension Liability (TPL) - January 1	\$ 319,975,168	\$ 297,810,707	\$ 281,166,840
Service cost	5,823,050	6,291,613	6,226,828
Interest on the TPL	23,779,327	22,785,151	20,973,736
Benefit changes	—	—	—
Difference between expected and actual experience of the TPL	(6,911,997)	(4,663,822)	(1,295,803)
Changes in assumptions	—	7,939,475	—
Benefit payments, including refunds of employee contributions	(11,658,008)	(10,187,956)	(9,260,894)
Net change in TPL	11,032,372	22,164,461	16,643,867
Total Pension Liability - December 31	331,007,540	319,975,168	297,810,707
Plan Fiduciary Net Position (FNP) - January 1	264,726,596	260,252,125	242,667,157
Employer contributions	7,512,099	7,916,242	7,728,841
Employee contributions	2,628,533	2,493,427	2,830,620
Net investment income	14,354,620	4,665,140	16,694,742
Benefit payments, including refunds of employee contributions	(11,658,008)	(10,187,956)	(9,260,894)
Pension plan administrative expense	(451,871)	(412,382)	(408,341)
Net change in FNP	12,385,373	4,474,471	17,584,968
Plan Fiduciary Net Position - December 31	277,111,969	264,726,596	260,252,125
Net pension liability	\$ 53,895,571	\$ 55,248,572	\$ 37,558,582
Fiduciary net position as a percentage of total pension liability	83.72%	82.73%	87.39%
Covered payroll	\$ 26,439,948	\$ 28,615,723	\$ 30,066,196
Net pension liability as a percentage of covered payroll	203.84%	193.07%	124.92%

Notes to the Required Supplementary Information

Benefit changes	None
Actuarial assumption changes	Inflation reduced to 2.50% from 3.00%. Real return increased from 4.50% to 5.00%. Post-retirement mortality table updated to RP-2014 from RP-2000. Administrative expenses paid in the prior two fiscal years are included in the calculated annual contribution.

* 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 the year prior to the most recent fiscal year) 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 17
(PAGE 4 OF 4)

New Hire Pension Plan - Police Component

	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a % of Covered Payroll
2017	\$ 8,471,261	\$ 8,471,261	\$ —	\$ 24,114,374	35.13
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, 2016

Methods and assumptions used to determine contributions

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	22 years
Inflation	2.50%
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-2014 Combined Mortality Table with Blue Collar Adjustment, projected Scale BB 55% multiplier for off-duty mortality increased by .00020 for on-duty Fire and Police experience

* 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 the year prior to the most recent fiscal year) 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 3)

Fire & Police Pension Association Statewide Defined Benefit Pension Plan

	2017	2016	2015
Proportionate share of total pension liability	\$ 153,221,012	\$ 133,609,555	\$ 115,980,297
Proportionate share of fiduciary net position	(150,482,259)	(133,737,080)	(123,899,253)
Proportionate share of net pension liability (asset)	<u>\$ 2,738,753</u>	<u>\$ (127,525)</u>	<u>\$ (7,918,956)</u>
Fiduciary net position as a percentage of total pension liability (asset)	98.21%	100.10%	106.83%
Covered payroll	\$ 38,790,638	\$ 35,068,719	\$ 31,535,933
Net pension liability (asset) as a percentage of covered payroll	7.06%	0.36%	25.11%
Proportion of net pension liability (asset)	7.5795%	7.2340%	7.0168%

* Notes to the Required Supplementary Information regarding changes in assumptions and benefits be found on page three of this exhibit.

* 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 the year prior to the most recent fiscal year) 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 18
(PAGE 2 OF 3)

Fire & Police Pension Association Statewide Defined Benefit Pension Plan

	Statutorily Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a % of Covered Payroll
2017	\$ 3,579,520	\$ 3,579,520	\$ —	\$ 43,974,999	8.14
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 regarding changes in assumptions and benefits be found on page three of this exhibit.

* 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 the year prior to the most recent fiscal year) in accordance with GASB Statement No. 68.

Fire & Police Pension Association Statewide Defined Benefit Pension Plan

Changes of assumptions

- The price inflation assumption was lowered to 2.50% from 3.00%.
- Effective January 1, 2016, the post-retirement mortality assumption for healthy lives was changed to the RP-2014 Healthy Annuitant Mortality Table with adjustments for blue collar employees with scale BB.
- Beginning in 2015, members elected to increase member contribution rated 0.50% annually through 2022 when the contribution rate will reach 12.00%.
- Employer contribution rates will remain at 8.00%.

Changes in benefits - There are no changes to benefits.

SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
December 31, 2017

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]
1/1/2013	\$ —	\$ 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
1/1/2017	—	23,239,226	23,239,226	0.0	83,448,464	27.8

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]
1/1/2013	\$ —	\$ 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
1/1/2017	—	19,800,000	19,800,000	0.0	5,683,000	348.4

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

PROPRIETARY FUNDS
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL COMPARISON
For the year ended December 31, 2017

	Colorado Springs Utilities		
	Final Budget	Actual	Variance
Operating revenues	\$ 905,019,000	\$ 839,822,000	\$ (65,197,000)
Operating expenses			
Salaries and benefits	185,957,000	188,237,931	(2,280,931)
Other operating expenses	379,956,000	376,291,069	3,664,931
Depreciation and amortization	151,822,000	151,983,000	(161,000)
Total operating expenses	717,735,000	716,512,000	1,223,000
Operating income	187,284,000	123,310,000	(63,974,000)
Nonoperating revenues (expenses)			
Derivative instruments	—	8,556,000	8,556,000
Investment earnings	634,000	3,212,000	2,578,000
Lease interest income	—	—	—
Interest expense	(91,753,000)	(94,244,000)	(2,491,000)
Amortization expense	—	—	—
Increase in contingent liabilities	—	—	—
Miscellaneous	8,567,000	8,123,000	(444,000)
Total nonoperating revenues (expenses)	(82,552,000)	(74,353,000)	8,199,000
Income (loss) before contributions and transfers	104,732,000	48,957,000	(55,775,000)
Capital contributions	39,155,000	56,491,000	17,336,000
Transfers - out	(33,180,000)	(31,268,000)	1,912,000
Increase (decrease) in net position	\$ 110,707,000	\$ 74,180,000	\$ (36,527,000)

CITY OF COLORADO SPRINGS
COLORADO
Exhibit A-1

Public Authority for Colorado Energy			Memorial Hospital		
Budget	Actual	Variance	Budget	Actual	Variance
\$ 49,147,863	\$ 49,148,000	\$ 137	\$ —	\$ —	\$ —
—	—	—	—	—	—
19,170,120	19,160,000	10,120	—	—	—
—	—	—	—	—	—
19,170,120	19,160,000	10,120	—	—	—
29,977,743	29,988,000	10,257	—	—	—
—	—	—	—	—	—
963,892	966,000	2,108	52,000	(2,095)	(54,095)
—	—	—	5,612,112	3,038,060	(2,574,052)
(40,267,455)	(40,296,730)	(29,275)	—	—	—
(820,270)	(820,270)	—	—	—	—
—	—	—	—	(2,752,009)	(2,752,009)
—	—	—	(5,664,112)	(283,956)	5,380,156
(40,123,833)	(40,151,000)	(27,167)	—	—	—
(10,146,090)	(10,163,000)	(16,910)	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
\$ (10,146,090)	\$ (10,163,000)	\$ (16,910)	\$ —	\$ —	\$ —



NON-MAJOR GOVERNMENTAL FUNDS

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2017**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit B-1**

	Special Revenue Funds	Capital Projects Fund	Permanent Funds	Total
<u>ASSETS</u>				
Cash and investments	\$ 59,156,333	\$ 20,361,141	\$ 419,136	\$ 79,936,610
Accounts receivable (net of allowance for uncollectibles)	32,300,552	—	1,485	32,302,037
Sales tax receivable	10,480,925	—	—	10,480,925
Loans receivable (net of allowance for uncollectibles)	5,862,480	—	—	5,862,480
Property taxes receivable	3,554,097	—	—	3,554,097
Due from other funds	1,972	1,117,864	—	1,119,836
Restricted investments	500,000	—	12,581,444	13,081,444
Total assets	111,856,359	21,479,005	13,002,065	146,337,429
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	7,671,005	2,471,804	—	10,142,809
Accrued salaries and benefits	1,360,026	—	—	1,360,026
Deposits payable	2,384,571	—	—	2,384,571
Due to other funds	8,842,303	3,088,469	287,411	12,218,183
Unearned revenue				
Grants	22,370,689	—	—	22,370,689
Total liabilities	42,628,594	5,560,273	287,411	48,476,278
Deferred inflows of resources				
Unavailable revenue - property taxes	3,554,097	—	—	3,554,097
Unavailable revenue - loans (net of allowance for uncollectibles)	5,862,480	—	—	5,862,480
Total deferred inflows of resources	9,416,577	—	—	9,416,577
Fund balances				
Nonspendable	—	—	12,294,033	12,294,033
Restricted	50,806,003	—	420,621	51,226,624
Committed	8,804,894	14,273,874	—	23,078,768
Assigned	200,291	1,644,858	—	1,845,149
Total fund balances	59,811,188	15,918,732	12,714,654	88,444,574
Total liabilities, deferred inflows of resources and fund balances	\$ 111,856,359	\$ 21,479,005	\$ 13,002,065	\$ 146,337,429

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2017

CITY OF COLORADO SPRINGS
COLORADO
Exhibit B-2

	Special Revenue Funds	Capital Projects Fund	Permanent Funds	Total
Revenues				
Taxes	\$ 106,326,482	\$ —	\$ —	\$ 106,326,482
Intergovernmental	47,111,785	—	—	47,111,785
Charges for services	10,638,524	—	—	10,638,524
Endowments and donations	1,897,691	—	1,338,973	3,236,664
Other revenue	438,275	486,917	—	925,192
Investment earnings	631,754	250,679	110,504	992,937
Rental income	225,570	—	—	225,570
Total revenues	167,270,081	737,596	1,449,477	169,457,154
Expenditures				
Current				
General government	23,276	—	—	23,276
Public safety	40,227,428	—	—	40,227,428
Public works	34,477,844	—	—	34,477,844
Culture and recreation	11,396,256	—	23,579	11,419,835
Community development	4,517,161	—	—	4,517,161
Economic development	7,114,797	—	—	7,114,797
Miscellaneous	18,417	—	—	18,417
Debt service				
Principal	2,030,000	158,036	—	2,188,036
Interest	575,854	5,644	—	581,498
Capital outlay	62,542,774	8,523,125	—	71,065,899
Total expenditures	162,923,807	8,686,805	23,579	171,634,191
Excess (deficiency) of revenues over expenditures	4,346,274	(7,949,209)	1,425,898	(2,177,037)
Other financing sources (uses)				
Transfers - in	—	8,075,387	—	8,075,387
Transfers - out	(500,000)	—	(287,411)	(787,411)
Total other financing sources (uses)	(500,000)	8,075,387	(287,411)	7,287,976
Net change in fund balances	3,846,274	126,178	1,138,487	5,110,939
Fund balances - January 1	55,964,914	15,792,554	11,576,167	83,333,635
Fund balances - December 31	\$ 59,811,188	\$ 15,918,732	\$ 12,714,654	\$ 88,444,574



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, earmarked, ongoing 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:

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.

¹Public Land Dedication Ordinance



ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2017

	Intergovernmental Grant Funds	Capital Operations and Maintenance Funds
<u>ASSETS</u>		
Cash and investments	\$ 1,037,536	\$ 36,598,617
Accounts receivable (net of allowance for uncollectibles)	31,725,290	289,669
Sales tax receivable	—	10,143,089
Loans receivable (net of allowance for uncollectibles)	5,862,480	—
Property taxes receivable	—	—
Due from other funds	—	—
Restricted investments	—	—
Total assets	38,625,306	47,031,375
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>		
Liabilities		
Accounts payable	1,387,957	4,494,287
Accrued salaries and benefits	184,345	1,152,305
Deposits payable	—	—
Due to other funds	8,819,835	21,648
Unearned revenue		
Grants	22,370,689	—
Total liabilities	32,762,826	5,668,240
Deferred inflows of resources		
Unavailable revenue - property taxes	—	—
Unavailable revenue - loans (net of allowance for uncollectibles)	5,862,480	—
Total deferred inflows of resources	5,862,480	—
Fund balances		
Restricted	—	41,342,515
Committed	—	20,620
Assigned	—	—
Total fund balances	—	41,363,135
Total liabilities, deferred inflows of resources and fund balances	\$ 38,625,306	\$ 47,031,375

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
\$ 966,794	\$ 13,474,817	\$ 1,861,232	\$ 5,217,337	\$ 59,156,333
19,536	—	16,723	249,334	32,300,552
—	—	—	337,836	10,480,925
—	—	—	—	5,862,480
1,923,709	—	1,630,388	—	3,554,097
—	—	—	1,972	1,972
—	—	500,000	—	500,000
2,910,039	13,474,817	4,008,343	5,806,479	111,856,359
14,059	496,090	400	1,278,212	7,671,005
23,376	—	—	—	1,360,026
—	2,384,571	—	—	2,384,571
—	—	—	820	8,842,303
—	—	—	—	22,370,689
37,435	2,880,661	400	1,279,032	42,628,594
1,923,709	—	1,630,388	—	3,554,097
—	—	—	—	5,862,480
1,923,709	—	1,630,388	—	9,416,577
948,895	2,202,026	2,377,555	3,935,012	50,806,003
—	8,191,839	—	592,435	8,804,894
—	200,291	—	—	200,291
948,895	10,594,156	2,377,555	4,527,447	59,811,188
\$ 2,910,039	\$ 13,474,817	\$ 4,008,343	\$ 5,806,479	\$ 111,856,359

ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2017

	Inter-governmental Grant Funds	Capital Operations and Maintenance Funds	Improvement and Maintenance District Funds
Revenues			
Taxes	\$ —	\$ 95,799,049	\$ 2,097,401
Intergovernmental	42,645,754	4,466,031	—
Charges for services	—	1,243,050	—
Donations	—	—	—
Other revenue	438,275	—	—
Investment earnings	34,408	425,511	11,209
Rental income	—	—	—
Total revenues	43,118,437	101,933,641	2,108,610
Expenditures			
Current			
General government	—	—	—
Public safety	8,260,542	31,761,317	—
Public works	26,573,273	—	1,850,422
Culture and recreation	3,539,560	5,995,408	—
Community development	4,517,161	—	—
Economic development	—	—	—
Miscellaneous	—	—	—
Debt service			
Principal	—	1,270,000	—
Interest	—	123,725	—
Capital outlay	227,901	60,067,660	25,772
Total expenditures	43,118,437	99,218,110	1,876,194
Excess (deficiency) of revenues over expenditures	—	2,715,531	232,416
Other financing uses			
Transfers - out	—	—	—
Total other financing uses	—	—	—
Net change in fund balances	—	2,715,531	232,416
Fund balances - January 1	—	38,647,604	716,479
Fund balances - December 31	\$ —	\$ 41,363,135	\$ 948,895

CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-2

Public Improvements Funds	Other Public Improvements Funds	Other Special Revenue Funds	Total
\$ —	\$ 1,786,333	\$ 6,643,699	\$ 106,326,482
—	—	—	47,111,785
9,395,474	—	—	10,638,524
—	—	1,897,691	1,897,691
—	—	—	438,275
115,513	26,281	18,832	631,754
—	—	225,570	225,570
9,510,987	1,812,614	8,785,792	167,270,081
—	—	23,276	23,276
—	—	205,569	40,227,428
6,028,190	—	25,959	34,477,844
—	—	1,861,288	11,396,256
—	—	—	4,517,161
—	—	7,114,797	7,114,797
—	18,417	—	18,417
—	760,000	—	2,030,000
—	452,129	—	575,854
2,221,441	—	—	62,542,774
8,249,631	1,230,546	9,230,889	162,923,807
1,261,356	582,068	(445,097)	4,346,274
—	—	(500,000)	(500,000)
—	—	(500,000)	(500,000)
1,261,356	582,068	(945,097)	3,846,274
9,332,800	1,795,487	5,472,544	55,964,914
\$ 10,594,156	\$ 2,377,555	\$ 4,527,447	\$ 59,811,188

INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 December 31, 2017

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	\$ —	\$ 1,037,536	\$ —	\$ 1,037,536
Accounts receivable (net of allowance for uncollectibles)	3,752,836	2,209,514	25,762,940	31,725,290
Loans receivable (net of allowance for uncollectibles)	1,095,416	4,681,278	85,786	5,862,480
Total assets	4,848,252	7,928,328	25,848,726	38,625,306
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>				
Liabilities				
Accounts payable	270,806	127,006	990,145	1,387,957
Accrued salaries and benefits	21,956	—	162,389	184,345
Due to other funds	297,572	—	8,522,263	8,819,835
Unearned revenue				
Grants	3,162,502	3,120,044	16,088,143	22,370,689
Total liabilities	3,752,836	3,247,050	25,762,940	32,762,826
Deferred inflows of resources				
Unavailable revenue - loans (net of allowance for uncollectibles)	1,095,416	4,681,278	85,786	5,862,480
Total deferred inflows of resources	1,095,416	4,681,278	85,786	5,862,480
Total liabilities and deferred inflows of resources	\$ 4,848,252	\$ 7,928,328	\$ 25,848,726	\$ 38,625,306

INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2017

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit C-4

	Community Development Block Grant Fund	Home Investment Partnership Fund	Grants Fund	Total
Revenues				
Intergovernmental	\$ 2,646,403	\$ 1,357,789	\$ 38,641,562	\$ 42,645,754
Other revenue	116,174	12,590	309,511	438,275
Investment earnings	80	5,867	28,461	34,408
Total revenues	2,762,657	1,376,246	38,979,534	43,118,437
Expenditures				
Current				
Public safety	—	—	8,260,542	8,260,542
Public works	—	—	26,573,273	26,573,273
Culture and recreation	—	—	3,539,560	3,539,560
Community development	2,762,657	1,376,246	378,258	4,517,161
Capital outlay	—	—	227,901	227,901
Total expenditures	2,762,657	1,376,246	38,979,534	43,118,437
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, 2017

	Ballfield Capital Improvements Fund	Bicycle Tax Fund	Trails/Open Space Fund	Conservation Trust Fund
<u>ASSETS</u>				
Cash and investments	\$ 19,551	\$ 158,454	\$ 14,757,661	\$ 1,016,617
Accounts receivable (net of allowance for uncollectibles)	1,069	—	—	—
Sales tax receivable	—	—	924,415	—
Total assets	20,620	158,454	15,682,076	1,016,617
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	—	6,528	669,396	72,858
Accrued salaries and benefits	—	—	35,903	114,914
Due to other funds	—	—	—	—
Total liabilities	—	6,528	705,299	187,772
Fund balances				
Restricted	—	151,926	14,976,777	828,845
Committed	20,620	—	—	—
Total fund balances	20,620	151,926	14,976,777	828,845
Total liabilities and fund balances	\$ 20,620	\$ 158,454	\$ 15,682,076	\$ 1,016,617

CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-5

Cable Franchise Fund	Public Safety Sales Tax Fund	Road Repair, Maintenance, & Improvement Sales Tax Fund	Total
\$ 308,343	\$ 8,965,235	\$ 11,372,756	\$ 36,598,617
279,020	9,580	—	289,669
—	3,696,330	5,522,344	10,143,089
587,363	12,671,145	16,895,100	47,031,375
110,322	453,697	3,181,486	4,494,287
15,969	985,519	—	1,152,305
—	21,648	—	21,648
126,291	1,460,864	3,181,486	5,668,240
461,072	11,210,281	13,713,614	41,342,515
—	—	—	20,620
461,072	11,210,281	13,713,614	41,363,135
\$ 587,363	\$ 12,671,145	\$ 16,895,100	\$ 47,031,375

CAPITAL, OPERATIONS AND MAINTENANCE SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2017

	Ballfield Capital Improvements Fund	Bicycle Tax Fund	Trails/Open Space Fund	Conservation Trust Fund
Revenues				
Taxes	\$ —	\$ 77,140	\$ 8,570,019	\$ —
Intergovernmental	—	—	—	4,466,031
Charges for services	86,086	—	2,489	—
Investment earnings	674	768	139,783	12,095
Total revenues	86,760	77,908	8,712,291	4,478,126
Expenditures				
Current				
Public safety	—	—	—	—
Culture and recreation	—	—	2,062,871	3,932,537
Debt service				
Principal	70,043	—	945,837	254,120
Interest	29,900	—	65,605	28,220
Capital outlay	36	22,304	4,856,634	666,862
Total expenditures	99,979	22,304	7,930,947	4,881,739
Excess (deficiency) of revenues over expenditures	(13,219)	55,604	781,344	(403,613)
Net change in fund balances	(13,219)	55,604	781,344	(403,613)
Fund balances - January 1	33,839	96,322	14,195,433	1,232,458
Fund balances - December 31	\$ 20,620	\$ 151,926	\$ 14,976,777	\$ 828,845

CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-6

Cable Franchise Fund	Public Safety Sales Tax Fund	Road Repair, Maintenance, & Improvement Sales Tax Fund	Total
\$ —	\$ 34,282,101	\$ 52,869,789	\$ 95,799,049
—	—	—	4,466,031
1,103,914	50,561	—	1,243,050
3,531	128,936	139,724	425,511
1,107,445	34,461,598	53,009,513	101,933,641
—	31,761,317	—	31,761,317
—	—	—	5,995,408
—	—	—	1,270,000
—	—	—	123,725
1,098,971	4,436,402	48,986,451	60,067,660
1,098,971	36,197,719	48,986,451	99,218,110
8,474	(1,736,121)	4,023,062	2,715,531
8,474	(1,736,121)	4,023,062	2,715,531
452,598	12,946,402	9,690,552	38,647,604
\$ 461,072	\$ 11,210,281	\$ 13,713,614	\$ 41,363,135

IMPROVEMENT AND MAINTENANCE DISTRICT
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2017

	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	\$ 78,900	\$ 166,998	\$ 307,956	\$ 333,055
Accounts receivable (net of allowance for uncollectibles)	929	6,936	8,574	2,885
Property taxes receivable	101,878	686,501	830,143	283,596
Total assets	181,707	860,435	1,146,673	619,536
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	1,454	4,693	7,537	287
Accrued salaries and benefits	2,411	8,305	10,601	2,059
Total liabilities	3,865	12,998	18,138	2,346
Deferred inflows of resources				
Unavailable revenue - property taxes	101,878	686,501	830,143	283,596
Total deferred inflows of resources	101,878	686,501	830,143	283,596
Fund balances				
Restricted	75,964	160,936	298,392	333,594
Total fund balances	75,964	160,936	298,392	333,594
Total liabilities, deferred inflows of resources and fund balances	\$ 181,707	\$ 860,435	\$ 1,146,673	\$ 619,536

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
\$ 38,567	\$ 9,541	\$ 31,777	\$ 966,794
182	30	—	19,536
18,245	3,346	—	1,923,709
56,994	12,917	31,777	2,910,039
30	58	—	14,059
—	—	—	23,376
30	58	—	37,435
18,245	3,346	—	1,923,709
18,245	3,346	—	1,923,709
38,719	9,513	31,777	948,895
38,719	9,513	31,777	948,895
\$ 56,994	\$ 12,917	\$ 31,777	\$ 2,910,039

IMPROVEMENT AND MAINTENANCE DISTRICT
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2017

	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	\$ 99,746	\$ 741,930	\$ 915,622	\$ 308,840
Investment earnings	1,038	2,812	2,067	4,199
Total revenues	100,784	744,742	917,689	313,039
Expenditures				
Current				
Public works	98,387	725,236	708,251	285,655
Capital outlay	—	18,132	139	7,501
Total expenditures	98,387	743,368	708,390	293,156
Excess (deficiency) of revenues over expenditures	2,397	1,374	209,299	19,883
Net change in fund balances	2,397	1,374	209,299	19,883
Fund balances - January 1	73,567	159,562	89,093	313,711
Fund balances - December 31	\$ 75,964	\$ 160,936	\$ 298,392	\$ 333,594

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
\$	19,506	\$ 3,287	\$ 8,470	\$ 2,097,401
	606	112	375	11,209
	20,112	3,399	8,845	2,108,610
	23,811	3,947	5,135	1,850,422
	—	—	—	25,772
	23,811	3,947	5,135	1,876,194
	(3,699)	(548)	3,710	232,416
	(3,699)	(548)	3,710	232,416
	42,418	10,061	28,067	716,479
\$	38,719	\$ 9,513	\$ 31,777	\$ 948,895

PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2017

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	\$ 2,309,863	\$ 4,455,399	\$ 1,796,852	\$ 176,603	\$ 4,736,100	\$ 13,474,817
Total assets	<u>2,309,863</u>	<u>4,455,399</u>	<u>1,796,852</u>	<u>176,603</u>	<u>4,736,100</u>	<u>13,474,817</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	496,090	—	—	—	—	496,090
Deposits payable	—	—	—	—	2,384,571	2,384,571
Total liabilities	<u>496,090</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,384,571</u>	<u>2,880,661</u>
Fund balances						
Restricted	—	—	—	—	2,202,026	2,202,026
Committed	1,813,773	4,455,399	1,796,852	125,815	—	8,191,839
Assigned	—	—	—	50,788	149,503	200,291
Total fund balance	<u>1,813,773</u>	<u>4,455,399</u>	<u>1,796,852</u>	<u>176,603</u>	<u>2,351,529</u>	<u>10,594,156</u>
Total liabilities and fund balances	<u>\$ 2,309,863</u>	<u>\$ 4,455,399</u>	<u>\$ 1,796,852</u>	<u>\$ 176,603</u>	<u>\$ 4,736,100</u>	<u>\$ 13,474,817</u>

PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2017

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	\$ 2,125,422	\$ 6,546,005	\$ 341,404	\$ —	\$ 382,643	\$ 9,395,474
Investment earnings	13,156	31,918	14,470	2,097	53,872	115,513
Total revenues	2,138,578	6,577,923	355,874	2,097	436,515	9,510,987
Expenditures						
Current						
Public works	—	5,859,032	158,039	121	10,998	6,028,190
Capital outlay	2,221,441	—	—	—	—	2,221,441
Total expenditures	2,221,441	5,859,032	158,039	121	10,998	8,249,631
Excess (deficiency) of revenues over expenditures	(82,863)	718,891	197,835	1,976	425,517	1,261,356
Net change in fund balances	(82,863)	718,891	197,835	1,976	425,517	1,261,356
Fund balances - January 1	1,896,636	3,736,508	1,599,017	174,627	1,926,012	9,332,800
Fund balances - December 31	\$ 1,813,773	\$ 4,455,399	\$ 1,796,852	\$ 176,603	\$ 2,351,529	\$ 10,594,156

OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 December 31, 2017

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit C-11

	Spring Creek General Improvement District	Briargate General Improvement District	MAB General Improvement District	Total
<u>ASSETS</u>				
Cash and investments	\$ 424,858	\$ 1,247,206	\$ 189,168	\$ 1,861,232
Accounts receivable (net of allowance for uncollectibles)	3,427	10,873	2,423	16,723
Property taxes receivable	215,432	1,165,003	249,953	1,630,388
Restricted investments	—	500,000	—	500,000
Total assets	643,717	2,923,082	441,544	4,008,343
<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	215,432	1,165,003	249,953	1,630,388
Total deferred inflows of resources	215,432	1,165,003	249,953	1,630,388
Fund balances				
Restricted	428,135	1,758,079	191,341	2,377,555
Total fund balances	428,135	1,758,079	191,341	2,377,555
Total liabilities, deferred inflows of resources and fund balances	\$ 643,717	\$ 2,923,082	\$ 441,544	\$ 4,008,343

OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2017

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit C-12

	Spring Creek General Improvement District	Briargate General Improvement District	MAB General Improvement District	Total
Revenues				
Taxes	\$ 366,183	\$ 1,161,211	\$ 258,939	\$ 1,786,333
Investment earnings	6,320	16,910	3,051	26,281
Total revenues	<u>372,503</u>	<u>1,178,121</u>	<u>261,990</u>	<u>1,812,614</u>
Expenditures				
Current				
Miscellaneous	5,914	6,677	5,826	18,417
Debt service				
Principal	230,000	450,000	80,000	760,000
Interest	59,590	239,464	153,075	452,129
Total expenditures	<u>295,504</u>	<u>696,141</u>	<u>238,901</u>	<u>1,230,546</u>
Excess of revenues over expenditures	<u>76,999</u>	<u>481,980</u>	<u>23,089</u>	<u>582,068</u>
Net change in fund balances	76,999	481,980	23,089	582,068
Fund balances - January 1	<u>351,136</u>	<u>1,276,099</u>	<u>168,252</u>	<u>1,795,487</u>
Fund balances - December 31	<u>\$ 428,135</u>	<u>\$ 1,758,079</u>	<u>\$ 191,341</u>	<u>\$ 2,377,555</u>

OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2017

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	\$ 1,366,627	\$ 88,646	\$ 3,144,760	\$ 612,717	\$ 4,587	\$ 5,217,337
Accounts receivable (net of allowances for uncollectibles)	—	—	229,961	19,373	—	249,334
Sales tax receivable	337,836	—	—	—	—	337,836
Due from other funds	—	—	1,972	—	—	1,972
Total assets	1,704,463	88,646	3,376,693	632,090	4,587	5,806,479
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	1,128,637	—	17,507	132,068	—	1,278,212
Due to other funds	—	—	—	820	—	820
Total liabilities	1,128,637	—	17,507	132,888	—	1,279,032
Fund balances						
Restricted	575,826	—	3,359,186	—	—	3,935,012
Committed	—	88,646	—	499,202	4,587	592,435
Total fund balances	575,826	88,646	3,359,186	499,202	4,587	4,527,447
Total liabilities and fund balances	\$ 1,704,463	\$ 88,646	\$ 3,376,693	\$ 632,090	\$ 4,587	\$ 5,806,479

OTHER SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
December 31, 2017

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	\$ 6,643,699	\$ —	\$ —	\$ —	\$ —	\$ 6,643,699
Donations	—	—	1,892,158	5,533	—	1,897,691
Investment earnings	10,407	896	626	6,849	54	18,832
Rental income	—	—	—	225,570	—	225,570
Total revenues	6,654,106	896	1,892,784	237,952	54	8,785,792
Expenditures						
Current						
General government	—	—	23,276	—	—	23,276
Public safety	—	—	205,569	—	—	205,569
Public works	—	—	25,959	—	—	25,959
Culture and recreation	—	5,218	1,467,596	388,471	3	1,861,288
Economic development	7,114,797	—	—	—	—	7,114,797
Total expenditures	7,114,797	5,218	1,722,400	388,471	3	9,230,889
Excess (deficiency) of revenues over expenditures	(460,691)	(4,322)	170,384	(150,519)	51	(445,097)
Other financing uses						
Transfers - out	(500,000)	—	—	—	—	(500,000)
Net change in fund balances	(960,691)	(4,322)	170,384	(150,519)	51	(945,097)
Fund balances - January 1	1,536,517	92,968	3,188,802	649,721	4,536	5,472,544
Fund balances - December 31	\$ 575,826	\$ 88,646	\$ 3,359,186	\$ 499,202	\$ 4,587	\$ 4,527,447

SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES-BUDGET AND ACTUAL
For the year ended December 31, 2017

CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-15
(PAGE 1 OF 2)

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Community Development Block Grant	\$ 2,762,657	\$ 2,762,657	\$ —
Home Investment Partnership Fund	1,376,246	1,376,246	—
Grants Fund	38,979,534	38,979,534	—
Ballfield Capital Improvements Fund	60,800	86,760	25,960
Bicycle Tax Fund	86,500	77,908	(8,592)
Trails/Open Space Fund	8,245,312	8,712,291	466,979
Conservation Trust Fund	4,368,910	4,478,126	109,216
Cable Franchise Fund	1,068,000	1,107,445	39,445
Public Safety Sales Tax Fund	32,517,169	34,461,598	1,944,429
Road Repair, Maintenance & Improvement Sales Tax Fund	50,000,000	53,009,513	3,009,513
Old Colorado City Maintenance and Security District Fund	99,421	100,784	1,363
Norwood Special Improvement Maintenance District Fund	742,885	744,742	1,857
Briargate Special Improvement Maintenance District Fund	914,412	917,689	3,277
Stetson Hills Improvement Maintenance District Fund	310,032	313,039	3,007
Woodstone Improvement Maintenance District Fund	20,101	20,112	11
Gateway Improvement Maintenance District Fund	3,307	3,399	92
Platte Avenue Improvement Maintenance District Fund	9,472	8,845	(627)
Public Space and Development Fund	1,185,000	2,138,578	953,578
Subdivision Drainage Fund	8,000,000	6,577,923	(1,422,077)
Arterial Roadway Fund	250,000	355,874	105,874
Park Developer Easement Fund	—	2,097	2,097
Banning Lewis Ranch Fund	271,500	436,515	165,015
Spring Creek General Improvement District	362,039	372,503	10,464
Briargate General Improvement District	1,163,921	1,178,121	14,200
MAB General Improvement District	253,458	261,990	8,532
Lodgers and Auto Rental Tax Fund	5,518,000	6,654,106	1,136,106
Street Tree Fund	1,100	896	(204)
Gift Trust Fund	1,900,000	1,892,784	(7,216)
Senior Programs Fund	282,000	237,952	(44,048)
Therapeutic Recreation Fund	200	54	(146)
Total revenues	\$ 160,751,976	\$ 167,270,081	\$ 6,518,105

(continued)

SPECIAL REVENUE FUNDS
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL
For the year ended December 31, 2017

CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-15
(PAGE 2 OF 2)

	Final Budget	Actual	Variance Positive (Negative)
Expenditures			
Community Development Block Grant	\$ 2,762,657	\$ 2,762,657	\$ —
Home Investment Partnership Fund	1,376,246	1,376,246	—
Grants Fund	38,979,534	38,979,534	—
Ballfield Capital Improvements Fund	100,031	99,979	52
Bicycle Tax Fund	158,633	22,304	136,329
Trails/Open Space Fund	14,598,955	7,930,947	6,668,008
Conservation Trust Fund	5,358,241	4,881,739	476,502
Cable Franchise Fund	1,068,333	1,098,971	(30,638)
Public Safety Sales Tax Fund	39,049,928	36,197,719	2,852,209
Road Repair, Maintenance & Improvement Sales Tax Fund	60,079,250	48,986,451	11,092,799
Old Colorado City Maintenance and Security District Fund	120,032	98,387	21,645
Norwood Special Improvement Maintenance District Fund	823,494	743,368	80,126
Briargate Special Improvement Maintenance District Fund	914,412	708,390	206,022
Stetson Hills Improvement Maintenance District Fund	415,583	293,156	122,427
Woodstone Improvement Maintenance District Fund	33,971	23,811	10,160
Gateway Improvement Maintenance District Fund	7,170	3,947	3,223
Platte Avenue Improvement Maintenance District Fund	19,365	5,135	14,230
Public Space and Development Fund	3,027,401	2,221,441	805,960
Subdivision Drainage Fund	8,000,000	5,859,032	2,140,968
Arterial Roadway Fund	250,000	158,039	91,961
Park Developer Easement Fund	—	121	(121)
Banning Lewis Ranch Fund	8,838	10,998	(2,160)
Spring Creek General Improvement District	295,590	295,504	86
Briargate General Improvement District	696,464	696,141	323
MAB General Improvement District	239,075	238,901	174
Lodgers and Auto Rental Tax Fund	7,650,559	7,614,797	35,762
Street Tree Fund	30,620	5,218	25,402
Gift Trust Fund	2,016,227	1,722,400	293,827
Senior Programs Fund	285,050	388,471	(103,421)
Therapeutic Recreation Fund	100	3	97
Total expenditures	\$ 188,365,759	\$ 163,423,807	\$ 24,941,952

Note: Includes transfers



CAPITAL PROJECTS FUNDS

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, 2017**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit D-1**

	<u>City Funded CIP Construction Fund</u>
<u>ASSETS</u>	
Cash and investments	\$ 20,361,141
Due from other funds	<u>1,117,864</u>
Total assets	<u>21,479,005</u>
 <u>LIABILITIES AND FUND BALANCES</u>	
Liabilities	
Accounts payable	2,471,804
Due to other funds	<u>3,088,469</u>
Total liabilities	<u>5,560,273</u>
 Fund balances	
Committed	14,273,874
Assigned	<u>1,644,858</u>
Total fund balances	<u>15,918,732</u>
Total liabilities and fund balances	<u>\$ 21,479,005</u>

CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the year ended December 31, 2017

CITY OF COLORADO SPRINGS
COLORADO
Exhibit D-2

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Other revenue	\$ —	\$ 486,917	\$ 486,917
Investment earnings	222,000	250,679	28,679
Total revenues	222,000	737,596	515,596
Expenditures			
Debt service			
Principal	158,036	158,036	—
Interest	5,644	5,644	—
Capital outlay	24,796,468	8,523,125	16,273,343
Total expenditures	24,960,148	8,686,805	16,273,343
Deficiency of revenues over expenditures	(24,738,148)	(7,949,209)	16,788,939
Other financing sources			
Transfers - in	9,575,387	8,075,387	(1,500,000)
Total other financing sources	9,575,387	8,075,387	(1,500,000)
Net change in fund balance	(15,162,761)	126,178	15,288,939
Fund balance - January 1	15,792,554	15,792,554	—
Fund balance - December 31	\$ 629,793	\$ 15,918,732	\$ 15,288,939

**ANNUAL STATEMENT OF RECEIPTS
AND EXPENDITURES FOR
ROADS, BRIDGES AND STREETS
2017**

**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 2017	
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)	94,525,267
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	12,803,793
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	559,567
2. General fund appropriations	10,488,979	b. Snow and ice removal	720,847
3. Other local imposts (from page 2)	111,086,896	c. Other	
4. Miscellaneous local receipts (from page 2)	2,436,978	d. Total (a. through c.)	1,280,414
5. Transfers from toll facilities		4. General administration & miscellaneous	4,443,188
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	19,080,703
a. Bonds - Original Issues		6. Total (1 through 5)	132,133,365
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)	124,012,853	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	—
C. Receipts from State government (from page 2)	20,172,472	2. Notes:	
D. Receipts from Federal Government (from page 2)	288,261	a. Interest	
E. Total receipts (A.7 + B + C + D)	144,473,586	b. Redemption	
		c. Total (a. + b.)	—
		3. Total (1.c + 2.c)	—
		C. Payments to State for highways	12,340,221
		D. Payments to toll facilities	—
		E. Total disbursements (A.6 + B.3 + C + D)	144,473,586

IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)				
	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	—			—
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
		144,473,586	144,473,586	
				—
E. Reconciliation				

Notes and Comments:				
----------------------------	--	--	--	--

**ANNUAL STATEMENT OF RECEIPTS
AND EXPENDITURES FOR
ROADS, BRIDGES AND STREETS
2017**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit D-3
(PAGE 2 OF 2)**

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2017	

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	135,343
b. Other local imposts:		b. Traffic Fines & Penalties	2,301,635
1. Sales Taxes	107,435,684	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	724,494	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	2,926,718	g. Other Misc. Receipts	
6. Total (1. through 5.)	111,086,896	h. Other	
c. Total (a. + b.)	111,086,896	i. Total (a. through h.)	2,436,978
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	18,616,426	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	288,261
c. Motor Vehicle Registrations	1,556,046	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.)	1,556,046	g. Total (a. through f.)	288,261
4. Total (1. + 2. + 3.f)	20,172,472	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	118,770	239,131	357,901
b. Engineering Costs	1,362,620	2,873,527	4,236,147
c. Construction:			
(1). New Facilities			—
(2). Capacity Improvements	10,857,521	8,836,194	19,693,715
(3). System Preservation	19,760,592	45,530,496	65,291,088
(4). System Enhancement & Operation	—	4,946,416	4,946,416
(5). Total Construction (1) + (2) + (3) + (4)	30,618,113	59,313,106	89,931,219
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	32,099,503	62,425,764	94,525,267
			(Carry forward to page 1)

Notes and Comments:



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 fund's corpus with investment earnings used in accordance with trust provisions.

PERMANENT FUNDS
COMBINING BALANCE SHEET
December 31, 2017

CITY OF COLORADO SPRINGS
COLORADO
Exhibit E-1

	C.D. Smith Trust Fund	Cemetery Endowment Fund	TOPS Maintenance Trust Fund	Total
<u>ASSETS</u>				
Cash and investments	\$ 165,497	\$ 9,890	\$ 243,749	\$ 419,136
Accounts receivable	—	1,485	—	1,485
Restricted investments	984,271	10,984,558	612,615	12,581,444
Total assets	1,149,768	10,995,933	856,364	13,002,065
<u>FUND BALANCES</u>				
Liabilities				
Due to other funds	—	287,411	—	287,411
Total liabilities	—	287,411	—	287,411
Fund balances				
Nonspendable	984,271	10,697,147	612,615	12,294,033
Restricted	165,497	11,375	243,749	420,621
Total fund balances	1,149,768	10,708,522	856,364	12,714,654
Total liabilities and fund balances	\$ 1,149,768	\$ 10,995,933	\$ 856,364	\$ 13,002,065

PERMANENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2017

CITY OF COLORADO SPRINGS
COLORADO
Exhibit E-2

	C.D. Smith Trust Fund	Cemetery Endowment Fund	TOPS Maintenance Trust Fund	Total
Revenues				
Endowments	\$ —	\$ 1,338,973	\$ —	\$ 1,338,973
Investment earnings	100,796	—	9,708	110,504
Total revenues	100,796	1,338,973	9,708	1,449,477
Expenditures				
Current				
Culture and recreation	23,412	—	167	23,579
Total expenditures	23,412	—	167	23,579
Excess of revenues over expenditures	77,384	1,338,973	9,541	1,425,898
Other financing uses				
Transfers - out	—	(287,411)	—	(287,411)
Total other financing uses	—	(287,411)	—	(287,411)
Net change in fund balance	77,384	1,051,562	9,541	1,138,487
Fund balances - January 1	1,072,384	9,656,960	846,823	11,576,167
Fund balances - December 31	\$ 1,149,768	\$ 10,708,522	\$ 856,364	\$ 12,714,654

PERMANENT FUNDS

CITY OF COLORADO SPRINGS

SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL

COLORADO

For the year ended December 31, 2017

Exhibit E-3

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
C.D. Smith Trust Fund	\$ 75,000	\$ 100,796	\$ 25,796
Cemetery Endowment Fund	250,000	1,338,973	1,088,973
TOPS Maintenance Trust Fund	2,400	9,708	7,308
Total revenues	<u>\$ 327,400</u>	<u>\$ 1,449,477</u>	<u>\$ 1,122,077</u>
Expenditures			
C.D. Smith Trust Fund	\$ 80,766	\$ 23,412	\$ 57,354
Cemetery Endowment Fund	250,000	287,411	(37,411)
TOPS Maintenance Trust Fund	20,264	167	20,097
Total expenditures	<u>\$ 351,030</u>	<u>\$ 310,990</u>	<u>\$ 40,040</u>

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, 2017

	Airport Fund	Patty Jewett Golf Fund	Valley Hi Golf Fund
<u>ASSETS AND DEFERRED</u>			
<u>OUTFLOWS OF RESOURCES</u>			
Current assets			
Cash and investments - unrestricted	\$ 17,539,578	\$ 1,482,226	\$ 418,104
Cash and investments - restricted	6,595,607	—	—
Accounts receivable (net of allowance for uncollectibles)	6,624,935	26,019	6,811
Due from other funds	—	—	—
Inventories	387,856	—	—
Total current assets	31,147,976	1,508,245	424,915
Noncurrent assets			
Cash and investments - restricted	1,257,403	—	—
Lease receivable	1,151,088	—	—
Note receivable	2,266,780	—	—
Due from other funds	—	—	—
Capital assets:			
Land	18,367,718	60,000	931,200
Buildings	70,164,139	1,983,326	282,508
Construction in progress	1,512,216	—	—
Improvements other than buildings	265,407,450	2,025,918	1,510,289
Machinery and equipment	28,580,039	2,496,411	1,131,458
Infrastructure	47,933,084	—	—
Intangibles	661,903	—	—
Less accumulated depreciation	(188,512,768)	(5,266,610)	(2,486,101)
Unamortized bond insurance premium	32,933	—	—
Total noncurrent assets	248,821,985	1,299,045	1,369,354
Deferred outflows of resources			
Loss on debt refunding	125,262	—	—
Pension-related amounts	2,914,665	286,753	117,990
Total deferred outflows of resources	3,039,927	286,753	117,990
Total assets and deferred outflows of resources	\$ 283,009,888	\$ 3,094,043	\$ 1,912,259

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
\$ 19,980,173	\$ 7,524,816	\$ 730,613	\$ 5,323,956	\$ 52,999,466
—	—	—	—	6,595,607
67,284	36,059	63,445	11,967	6,836,520
1,733	122,090	287,411	5,843	417,077
33,414	—	—	—	421,270
20,082,604	7,682,965	1,081,469	5,341,766	67,269,940
—	—	—	—	1,257,403
—	—	—	—	1,151,088
—	—	—	—	2,266,780
—	1,438,958	—	—	1,438,958
667	2,072,246	81,379	—	21,513,210
4,494,002	25,082,242	514,720	80,173	102,601,110
2,134,402	200,000	—	—	3,846,618
11,634,428	14,315,438	1,745,366	80,289	296,719,178
2,824,281	367,334	423,602	218,804	36,041,929
—	—	—	—	47,933,084
—	—	—	—	661,903
(10,292,847)	(17,908,426)	(1,964,044)	(205,393)	(226,636,189)
—	—	—	—	32,933
10,794,933	25,567,792	801,023	173,873	288,828,005
—	105,548	—	—	230,810
537,321	234,840	180,283	477,435	4,749,287
537,321	340,388	180,283	477,435	4,980,097
\$ 31,414,858	\$ 33,591,145	\$ 2,062,775	\$ 5,993,074	\$ 361,078,042

(continued)

NON-MAJOR ENTERPRISE FUNDS
COMBINING BALANCE SHEET
December 31, 2017

	Airport Fund	Patty Jewett Golf Fund	Valley Hi Golf Fund
<u>LIABILITIES AND NET POSITION</u>			
Current liabilities			
Accounts payable	\$ 2,620,422	\$ 23,996	\$ 12,246
Accrued salaries and benefits	284,663	21,980	8,651
Compensated absences	24,329	3,240	1,201
Due to other funds	113,037	9,161	5,875
Unearned revenue	2,217,204	16,150	3,425
Accrued interest payable	64,560	—	—
Matured bonds payable	1,090,000	—	—
Notes payable	538,461	—	—
Capital lease payable	74,388	86,768	80,525
Total current liabilities	7,027,064	161,295	111,923
Noncurrent liabilities			
Compensated absences	462,246	61,567	22,813
Unearned revenue	2,209,905	—	—
Revenue bonds payable, net	6,969,010	—	—
Notes payable	4,281,165	—	—
Net pension liability	9,869,195	1,077,158	440,090
Capital lease payable	156,220	88,028	164,883
Total noncurrent liabilities	23,947,741	1,226,753	627,786
Total liabilities	30,974,805	1,388,048	739,709
Deferred inflows of resources			
Pension-related amounts	357,459	24,147	16,804
Total deferred inflows of resources	357,459	24,147	16,804
Net position			
Net investment in capital assets	229,480,085	1,124,249	1,123,946
Restricted for passenger facility charges	263,713	—	—
Restricted for debt service	4,933,601	—	—
Unrestricted	17,000,225	557,599	31,800
Total net position	251,677,624	1,681,848	1,155,746
Total liabilities, deferred inflows and net position	\$ 283,009,888	\$ 3,094,043	\$ 1,912,259

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
\$ 377,462	\$ 456,818	\$ 9,925	\$ 380,818	\$ 3,881,687
43,530	41,900	15,545	41,865	458,134
3,302	3,312	2,808	1,710	39,902
3,757	9,803	2,047	—	143,680
—	—	—	1,978,770	4,215,549
—	15,107	—	—	79,667
—	720,000	—	—	1,810,000
—	—	—	—	538,461
—	—	—	—	241,681
428,051	1,246,940	30,325	2,403,163	11,408,761
62,737	62,935	53,353	32,488	758,139
—	—	890,665	—	3,100,570
—	6,740,000	—	—	13,709,010
—	—	—	—	4,281,165
2,008,039	866,437	685,118	1,687,665	16,633,702
—	—	—	—	409,131
2,070,776	7,669,372	1,629,136	1,720,153	38,891,717
2,498,827	8,916,312	1,659,461	4,123,316	50,300,478
12,227	15,952	20,795	19,278	466,662
12,227	15,952	20,795	19,278	466,662
10,794,933	16,668,834	801,023	173,873	260,166,943
—	—	—	—	263,713
—	—	—	—	4,933,601
18,108,871	7,990,047	(418,504)	1,676,607	44,946,645
28,903,804	24,658,881	382,519	1,850,480	310,310,902
\$ 31,414,858	\$ 33,591,145	\$ 2,062,775	\$ 5,993,074	\$ 361,078,042

NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the year ended December 31, 2017

	Airport Fund	Patty Jewett Golf Fund	Valley Hi Golf Fund
Operating revenues			
Charges for services	\$ 16,322,499	\$ 2,308,029	\$ 1,043,007
Operating expenses			
Salaries and benefits	7,883,098	783,962	319,253
Other operating expenses	8,948,675	1,131,182	620,786
Depreciation	15,891,455	265,740	132,250
Total operating expenses	32,723,228	2,180,884	1,072,289
Operating income (loss)	(16,400,729)	127,145	(29,282)
Nonoperating revenues (expenses)			
Investment earnings	467,605	8,218	2,946
Interest expense	(476,017)	(3,781)	(5,124)
Passenger facility charges	3,448,341	—	—
Customer facility charges	823,358	—	—
Insurance settlement	892,507	—	—
Amortization expense	—	—	—
Gain/(Loss) on disposal of capital assets	(463,695)	487	—
Miscellaneous	564,905	—	—
Total nonoperating revenues (expenses)	5,257,004	4,924	(2,178)
Income (loss) before contributions and transfers	(11,143,725)	132,069	(31,460)
Capital contributions	4,605,647	—	—
Transfers - in	—	—	—
Change in net position	(6,538,078)	132,069	(31,460)
Total net position - January 1	258,215,702	1,549,779	1,187,206
Total net position - December 31	\$ 251,677,624	\$ 1,681,848	\$ 1,155,746

CITY OF COLORADO SPRINGS
COLORADO
Exhibit F-2

Pikes Peak America's Mountain Fund	Parking Fund	Cemetery Fund	Development Review Fund	Total
\$ 7,967,134	\$ 4,670,777	\$ 1,168,602	\$ 2,533,663	\$ 36,013,711
1,435,510	621,503	485,969	1,577,169	13,106,464
1,529,098	1,842,387	813,770	386,463	15,272,361
729,756	1,093,287	82,323	17,552	18,212,363
3,694,364	3,557,177	1,382,062	1,981,184	46,591,188
4,272,770	1,113,600	(213,460)	552,479	(10,577,477)
126,693	133,455	9,109	32,754	780,780
—	(197,093)	—	—	(682,015)
—	—	—	—	3,448,341
—	—	—	—	823,358
—	—	—	—	892,507
—	(18,078)	—	—	(18,078)
408	—	1,300	—	(461,500)
—	10,937	—	—	575,842
127,101	(70,779)	10,409	32,754	5,359,235
4,399,871	1,042,821	(203,051)	585,233	(5,218,242)
—	—	—	—	4,605,647
500,000	—	287,411	—	787,411
4,899,871	1,042,821	84,360	585,233	174,816
24,003,933	23,616,060	298,159	1,265,247	310,136,086
\$ 28,903,804	\$ 24,658,881	\$ 382,519	\$ 1,850,480	\$ 310,310,902

NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2017

	Airport Fund	Patty Jewett Golf Fund	Valley Hi Golf Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 15,391,296	\$ 2,306,232	\$ 1,038,701
Receipts from interfund services provided	33,328	—	—
Payments to suppliers	(5,030,874)	(657,258)	(351,750)
Payments to employees	(7,174,333)	(679,767)	(284,587)
Payments for interfund services used	(1,600,211)	(463,059)	(267,782)
Net cash provided (used) by operating activities	1,619,206	506,148	134,582
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grant	381,416	—	—
Net cash provided by noncapital financing activities	381,416	—	—
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(8,818,074)	(19,404)	—
Transfers in from other funds	—	—	—
Payments from accounts payable incurred for capital asset additions	—	—	—
Repayment of capital lease obligations	(72,013)	(85,526)	(79,274)
Principal paid on capital debt	(1,565,327)	—	—
Interest paid on capital debt	(556,624)	—	—
Interest paid - other	—	(3,781)	(5,124)
Proceeds from sale of capital assets	76,465	880	—
Capital grant	3,458,379	—	—
Passenger facility charges	3,284,482	—	—
Customer facility charges	833,021	—	—
Insurance settlement	4,515,569	—	—
Miscellaneous	—	—	—
Net cash provided (used) by capital and related financing activities	1,155,878	(107,831)	(84,398)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	3,427,396	166,667	106,687
Purchases of investments	(8,909,261)	(593,452)	(167,400)
Interest and dividends received	321,158	14,998	4,406
Principal payment received on lease receivable	25,919	—	—
Interest received on lease receivable	241,681	—	—
Principal received from interfund loan	—	—	—
Interest received from interfund loan	—	—	—
Net cash provided (used) by investing activities	(4,893,107)	(411,787)	(56,307)
Net decrease in cash and cash equivalents	(1,736,607)	(13,470)	(6,123)
Cash and cash equivalents - January 1	3,806,017	40,607	13,778
Cash and cash equivalents - December 31	2,069,410	27,137	7,655
Cash and cash equivalents	2,069,410	27,137	7,655
Investments	23,323,178	1,455,089	410,449
Total cash and investments	\$ 25,392,588	\$ 1,482,226	\$ 418,104

CITY OF COLORADO SPRINGS

COLORADO

Exhibit F-3

(PAGE 1 OF 2)

Pikes Peak America's Mountain Fund	Parking Fund	Cemetery Fund	Development Review Fund	Total
\$ 7,945,187	\$ 4,281,506	\$ 1,175,370	\$ 3,116,206	\$ 35,254,498
—	308,930	—	17,713	359,971
(1,028,850)	(1,097,076)	(490,448)	(380,922)	(9,037,178)
(1,214,107)	(528,927)	(428,948)	(1,175,024)	(11,485,693)
(279,047)	(481,229)	(334,209)	(186,283)	(3,611,820)
5,423,183	2,483,204	(78,235)	1,391,690	11,479,778
—	—	—	—	381,416
—	—	—	—	381,416
(685,866)	(1,527,987)	(56,231)	(51,225)	(11,158,787)
500,000	—	—	—	500,000
(687,669)	—	—	—	(687,669)
—	—	—	—	(236,813)
—	(710,000)	—	—	(2,275,327)
—	(198,531)	—	—	(755,155)
—	—	—	—	(8,905)
408	—	1,300	—	79,053
—	—	—	—	3,458,379
—	—	—	—	3,284,482
—	—	—	—	833,021
—	—	—	—	4,515,569
—	10,937	—	—	10,937
(873,127)	(2,425,581)	(54,931)	(51,225)	(2,441,215)
3,025,517	2,624,385	396,735	683,003	10,430,390
(7,999,645)	(3,044,343)	(292,522)	(2,131,601)	(23,138,224)
212,177	92,555	10,065	56,467	711,826
—	—	—	—	25,919
—	—	—	—	241,681
—	71,119	—	—	71,119
—	62,069	—	—	62,069
(4,761,951)	(194,215)	114,278	(1,392,131)	(11,595,220)
(211,895)	(136,592)	(18,888)	(51,666)	(2,175,241)
577,704	274,438	32,264	149,140	4,893,948
365,809	137,846	13,376	97,474	2,718,707
365,809	137,846	13,376	97,474	2,718,707
19,614,364	7,386,970	717,237	5,226,482	58,133,769
\$ 19,980,173	\$ 7,524,816	\$ 730,613	\$ 5,323,956	\$ 60,852,476

(continued)

NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2017

	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)	\$(16,400,729)	\$ 127,145	\$ (29,282)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation expense	15,891,455	265,740	132,250
Deferred outflows of resources - pensions	(310,514)	(40,560)	(14,622)
Deferred inflows of resources - pensions	(234,838)	(15,885)	(7,440)
Net pension liabilities	1,281,891	160,350	53,002
Other expense	159,167	—	—
Change in assets and liabilities			
(Increase) decrease in accounts receivable	145,934	(2,948)	(722)
Decrease in due from other funds	—	—	—
(Increase) decrease in inventories	(207,376)	—	—
Increase (decrease) in accounts and other payables	(17,931)	1,705	1,131
Increase (decrease) in accrued expenses	(27,774)	290	3,727
Increase (decrease) in due to other funds	112,952	9,161	123
Increase (decrease) in other liabilities	1,226,969	1,150	(3,585)
Net cash provided (used) by operating activities	\$ 1,619,206	\$ 506,148	\$ 134,582
Noncash investing, capital and financing activities			
Noncash acquisition of capital assets (incurrence of payable)	\$ 1,431,359	\$ —	\$ —
Noncash capital contributions	1,039,460	—	—
Decrease in fair value of investments	(95,234)	(6,780)	(1,460)

CITY OF COLORADO SPRINGS
COLORADO
Exhibit F-3
(PAGE 2 OF 2)

Pikes Peak America's Mountain Fund	Parking Fund	Cemetery Fund	Development Review Fund	Total
\$ 4,272,770	\$ 1,113,600	\$ (213,460)	\$ 552,479	\$ (10,577,477)
729,756	1,093,287	82,323	17,552	18,212,363
(95,783)	(24,638)	(22,665)	25,019	(483,763)
(51,403)	(33,683)	(20,626)	(6,596)	(370,471)
380,174	141,254	95,012	277,646	2,389,329
—	—	—	—	159,167
(21,947)	(33,884)	(39,707)	(11,967)	34,759
(1,733)	(46,457)	—	(5,843)	(54,033)
927	—	—	—	(206,449)
220,721	264,548	(10,579)	306,877	766,472
(11,586)	9,643	5,301	(5,659)	(26,058)
1,287	(466)	(309)	—	122,748
—	—	46,475	242,182	1,513,191
\$ 5,423,183	\$ 2,483,204	\$ (78,235)	\$ 1,391,690	\$ 11,479,778
\$ 96,976	\$ —	\$ —	\$ —	1,528,335
—	—	—	—	1,039,460
(85,484)	(21,169)	(956)	(23,713)	(234,796)

**NON-MAJOR ENTERPRISE FUNDS
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL-BUDGET BASIS
For the year ended December 31, 2017**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit F-4**

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Airport Fund	\$ 47,849,502	\$ 27,220,096	\$ (20,629,406)
Patty Jewett Golf Fund	2,132,401	2,323,027	190,626
Valley Hi Golf Fund	1,059,692	1,047,413	(12,279)
Pikes Peak America's Mountain Fund	5,526,366	8,679,311	3,152,945
Parking Fund	4,644,269	4,836,338	192,069
Cemetery Fund	1,392,392	1,466,078	73,686
Development Review Fund	2,125,217	2,590,130	464,913
Total revenues	\$ 64,729,839	48,162,393	\$ (16,567,446)

Reconciliation to GAAP:

Add: Gain/(loss) on disposal of assets	(461,500)
Less: Decrease in fair value of investments	(234,796)
Revenues (US GAAP basis)	<u>\$ 47,466,097</u>

	Final Budget	Actual	Variance Positive (Negative)
Expenses			
Airport Fund	\$ 58,665,748	\$ 26,462,427	\$ 32,203,321
Patty Jewett Golf Fund	2,108,544	1,920,077	188,467
Valley Hi Golf Fund	1,034,426	989,943	44,483
Pikes Peak America's Mountain Fund	8,037,701	3,519,804	4,517,897
Parking Fund	6,812,697	4,828,420	1,984,277
Cemetery Fund	1,493,264	1,299,551	193,713
Development Review Fund	1,763,624	1,727,855	35,769
Total expenses	\$ 79,916,004	40,748,077	\$ 39,167,927

Reconciliation to GAAP:

Add: Depreciation expense	18,212,363
Add: Amortization expense	18,078
Add: Other year-end accrual entries	1,469,155
Less: Capital expenditures	(11,169,579)
Less: Capital lease principal payments	(236,813)
Less: Capital debt principal payments	(1,750,000)
Expenses (US GAAP basis)	<u>\$ 47,291,281</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, 2017

	Claims Reserve Self-Insurance Fund	Workers' Compensation Self- Insurance Fund
<u>ASSETS</u>		
Current assets		
Cash and investments	\$ —	\$ 1,647,953
Accounts receivable (net of allowance for uncollectibles)	—	39,238
Inventories	—	—
Due from other funds	—	6,753
Total current assets	—	1,693,944
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	—	1,693,944
<u>LIABILITIES AND NET POSITION</u>		
Current liabilities		
Accounts payable	10,923	44,500
Claims payable	2,385,000	8,934,500
Accrued salaries and benefits	7,261	28,131
Compensated absences	628	2,171
Due to other funds	197,758	—
Total current liabilities	2,601,570	9,009,302
Noncurrent liabilities		
Claims payable	—	8,934,500
Compensated absences	11,932	41,240
Total noncurrent liabilities	11,932	8,975,740
Total liabilities	2,613,502	17,985,042
Net position		
Net investment in capital assets	—	—
Unrestricted	(2,613,502)	(16,291,098)
Total net position	(2,613,502)	(16,291,098)
Total liabilities and net position	\$ —	\$ 1,693,944

CITY OF COLORADO SPRINGS
COLORADO
Exhibit G-1

Employee Benefits Self-Insurance Fund	Office Services Fund	Radio Communications Fund	Total
\$ —	\$ 649,313	\$ 846,389	\$ 3,143,655
1,042,771	31,529	21,262	1,134,800
—	26,447	6,443	32,890
17,707	36,361	—	60,821
1,060,478	743,650	874,094	4,372,166
—	—	13,000	13,000
—	—	201,250	201,250
—	—	310,198	310,198
—	238,781	194,980	475,194
—	(228,064)	(453,275)	(722,772)
—	10,717	266,153	276,870
1,060,478	754,367	1,140,247	4,649,036
1,738,437	4,426	79,009	1,877,295
3,497,000	—	—	14,816,500
13,640	20,544	20,177	89,753
1,834	5,096	1,942	11,671
2,299,559	—	1,862	2,499,179
7,550,470	30,066	102,990	19,294,398
—	—	—	8,934,500
34,851	96,816	36,902	221,741
34,851	96,816	36,902	9,156,241
7,585,321	126,882	139,892	28,450,639
—	10,717	266,153	276,870
(6,524,843)	616,768	734,202	(24,078,473)
(6,524,843)	627,485	1,000,355	(23,801,603)
\$ 1,060,478	\$ 754,367	\$ 1,140,247	\$ 4,649,036

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the year ended December 31, 2017

	Claims Reserve Self-Insurance Fund	Workers' Compensation Self- Insurance Fund
Operating revenues		
Charges for services	\$ 1,166,055	\$ 7,681,464
Operating expenses		
Salaries and benefits	184,051	726,791
Other operating expenses	—	5,829,610
Depreciation	—	—
Total operating expenses	184,051	6,556,401
Operating income (loss)	982,004	1,125,063
Nonoperating revenues (expenses)		
Investment earnings	—	1,439
Change in net position	982,004	1,126,502
Total net position - January 1	(3,595,506)	(17,417,600)
Total net position - December 31	\$ (2,613,502)	\$ (16,291,098)

CITY OF COLORADO SPRINGS
COLORADO
Exhibit G-2

Employee Benefits Self-Insurance Fund	Office Services Fund	Radio Communications Fund	Total
\$ 28,143,907	\$ 1,740,683	\$ 1,498,286	\$ 40,230,395
835,469	542,850	521,466	2,810,627
29,895,370	1,069,430	991,244	37,785,654
—	2,273	19,015	21,288
30,730,839	1,614,553	1,531,725	40,617,569
(2,586,932)	126,130	(33,439)	(387,174)
10,270	4,564	8,201	24,474
(2,576,662)	130,694	(25,238)	(362,700)
(3,948,181)	496,791	1,025,593	(23,438,903)
\$ (6,524,843)	\$ 627,485	\$ 1,000,355	\$ (23,801,603)

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2017

	Claims Reserve Self-Insurance Fund	Workers' Compensation Self- Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 85,444	\$ 355,178
Receipts from interfund services provided	1,012,766	7,286,515
Payments to suppliers	(841,023)	(5,004,011)
Payments to employees	(179,382)	(725,435)
Payments for interfund services used	(1,404)	(1,034,227)
Net cash provided (used) by operating activities	76,401	878,020
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayment of advance from other funds	(274,159)	—
Advance from other funds	197,758	—
Net cash provided (used) by noncapital financing activities	(76,401)	—
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	—	—
Net cash used by capital and related financing activities	—	—
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	—	—
Purchases of investments	—	(888,980)
Interest and dividends received	—	12,121
Net cash provided (used) by investing activities	—	(876,859)
Net increase (decrease) in cash and cash equivalents	—	1,161
Cash and cash equivalents - January 1	—	29,011
Cash and cash equivalents - December 31	—	30,172
Cash and cash equivalents	—	30,172
Investments	—	1,617,781
Total cash and investments	\$ —	\$ 1,647,953

CITY OF COLORADO SPRINGS
COLORADO
Exhibit G-3
(PAGE 1 OF 2)

Employee Benefits Self-Insurance Fund	Office Services Fund	Radio Communications Fund	Total
\$ 5,780,101	\$ 435,769	\$ 390,129	\$ 7,046,621
21,657,903	1,295,842	1,088,310	32,341,336
(28,576,234)	(711,490)	(361,811)	(35,494,569)
(361,684)	(539,643)	(518,342)	(2,324,486)
(1,452,673)	(358,663)	(578,527)	(3,425,494)
(2,952,587)	121,815	19,759	(1,856,592)
—	—	—	(274,159)
2,299,559	—	—	2,497,317
2,299,559	—	—	2,223,158
—	(12,990)	—	(12,990)
—	(12,990)	—	(12,990)
623,221	138,469	296,698	1,058,388
—	(262,695)	(342,428)	(1,494,103)
5,543	7,058	10,571	35,293
628,764	(117,168)	(35,159)	(400,422)
(24,264)	(8,343)	(15,400)	(46,846)
24,264	20,231	30,896	104,402
—	11,888	15,496	57,556
—	11,888	15,496	57,556
—	637,425	830,893	3,086,099
\$ —	\$ 649,313	\$ 846,389	\$ 3,143,655

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2017

	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)	\$ 982,004	\$ 1,125,063
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation expense	—	—
Change in assets and liabilities		
(Increase) decrease in accounts receivable	—	(39,215)
(Increase) decrease in due from other funds	—	(556)
(Increase) decrease in inventories	—	—
Increase (decrease) in accounts and other payables	(910,272)	(208,628)
Increase in accrued expenses	4,669	1,356
Decrease in due to other funds	—	—
Net cash provided (used) by operating activities	\$ 76,401	\$ 878,020
Noncash investing, capital and financing activities		
Increase (decrease) in fair value of investments	\$ —	\$ (10,682)

CITY OF COLORADO SPRINGS
COLORADO
Exhibit G-3
(PAGE 2 OF 2)

Employee Benefits Self-Insurance Fund	Office Services Fund	Radio Communications Fund	Total
\$ (2,586,932)	\$ 126,130	\$ (33,439)	\$ (387,174)
—	2,273	19,015	21,288
(739,785)	27,289	(19,847)	(771,558)
33,882	(36,361)	—	(3,035)
—	4,449	(1,572)	2,877
322,428	(5,172)	52,715	(748,929)
17,820	3,207	3,124	30,176
—	—	(237)	(237)
<u>\$ (2,952,587)</u>	<u>\$ 121,815</u>	<u>\$ 19,759</u>	<u>\$ (1,856,592)</u>
\$ 4,727	\$ (2,494)	\$ (2,370)	\$ (10,819)

INTERNAL SERVICES FUND
SCHEDULE OF REVENUES AND
EXPENSES-BUDGET AND ACTUAL-BUDGET BASIS
For the year ended December 31, 2017

CITY OF COLORADO SPRINGS
COLORADO
Exhibit G-4

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Claims Reserve Self-Insurance Fund	\$ 1,011,500	\$ 1,166,055	\$ 154,555
Workers' Compensation Self-Insurance Fund	6,732,646	7,693,585	960,939
Employee Benefits Self-Insurance Fund	27,914,272	28,149,450	235,178
Office Services Fund	1,639,861	1,747,741	107,880
Radio Communications Fund	1,362,457	1,508,857	146,400
Total revenues	<u>\$ 38,660,736</u>	40,265,688	<u>\$ 1,604,952</u>

Reconciliation to GAAP:

Less: Decrease in fair value of investments	(10,819)
Revenues (US GAAP basis)	<u>\$ 40,254,869</u>

	Final Budget	Actual	Variance Positive (Negative)
Expenses			
Claims Reserve Self-Insurance Fund	\$ 1,011,500	\$ 181,855	\$ 829,645
Workers' Compensation Self-Insurance Fund	8,014,655	6,556,230	1,458,425
Employee Benefits Self-Insurance Fund	29,709,304	30,713,789	(1,004,485)
Office Services Fund	1,629,307	1,604,679	24,628
Radio Communications Fund	1,673,046	1,508,700	164,346
Total expenses	<u>\$ 42,037,812</u>	40,565,253	<u>\$ 1,472,559</u>

Reconciliation to GAAP:

Add: Depreciation expense	21,288
Less: Other year-end accrual entries	31,028
Expenditures (US GAAP basis)	<u>\$ 40,617,569</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, 2017

CITY OF COLORADO SPRINGS
COLORADO
Exhibit H-1

	<u>Miscellaneous Depository Fund</u>
<u>ASSETS</u>	
Cash and investments	\$ 5,443,638
Accounts receivable (net of allowance for uncollectibles)	<u>237,014</u>
Total assets	<u>5,680,652</u>
<u>LIABILITIES</u>	
Accounts payable	379,575
Due to component unit	<u>5,301,077</u>
Total liabilities	<u>\$ 5,680,652</u>

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES
For the year ended December 31, 2017

CITY OF COLORADO SPRINGS
COLORADO
Exhibit H-2

	Beginning balance	Debits	Credits	Ending balance
<u>ASSETS</u>				
Miscellaneous depository fund				
Cash and investments	\$ 2,386,777	\$ 215,994,563	\$ 212,937,702	\$ 5,443,638
Accounts receivable (net of allowance for uncollectibles)	1,972	302,116	67,074	237,014
Total assets	2,388,749	216,296,679	213,004,776	5,680,652
<u>LIABILITIES</u>				
Miscellaneous depository fund				
Accounts payable	172,882	3,525,210	3,731,903	379,575
Due to component unit	2,215,867	2,458,882	5,544,092	5,301,077
Total liabilities	\$ 2,388,749	\$ 5,984,092	\$ 9,275,995	\$ 5,680,652



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.

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

	Fiscal Year			
	2017	2016	2015	2014
Governmental activities				
Net investment in capital assets	\$ 1,320,601,473	\$ 1,248,000,610	\$ 1,246,630,036	\$ 1,247,391,126
Restricted	38,015,920	43,747,103	28,406,351	23,557,193
Unrestricted	(100,500,356)	(89,121,095)	(79,724,995)	72,305,489
Total governmental activities net position	\$ 1,258,117,037	\$ 1,202,626,618	\$ 1,195,311,392	\$ 1,343,253,808
Business-type activities				
Net investment in capital assets	\$ 1,962,444,943	\$ 1,872,057,076	\$ 1,731,137,866	\$ 1,566,906,671
Restricted	46,297,314	51,102,001	69,882,674	61,330,543
Unrestricted	(69,559,753)	(49,050,476)	(63,038,610)	156,215,483
Total business-type activities net position	\$ 1,939,182,504	\$ 1,874,108,601	\$ 1,737,981,930	\$ 1,784,452,697
Primary government				
Net investment in capital assets	\$ 3,283,046,416	\$ 3,120,057,686	\$ 2,977,767,902	\$ 2,814,297,797
Restricted	84,313,234	94,849,104	98,289,025	84,887,736
Unrestricted	(170,060,109)	(138,171,571)	(142,763,605)	228,520,972
Total primary government net position	\$ 3,197,299,541	\$ 3,076,735,219	\$ 2,933,293,322	\$ 3,127,706,505

**CITY OF COLORADO SPRINGS
COLORADO
Table 1**

Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ 1,222,445,299	\$ 1,204,660,019	\$ 1,189,009,759	\$ 1,036,479,446	\$ 977,962,432	\$ 987,792,618
20,966,471	19,196,709	18,374,171	22,531,964	22,552,285	18,016,585
74,861,853	85,263,142	71,001,838	58,151,603	41,262,028	48,519,165
<u>\$ 1,318,273,623</u>	<u>\$ 1,309,119,870</u>	<u>\$ 1,278,385,768</u>	<u>\$ 1,117,163,013</u>	<u>\$ 1,041,776,745</u>	<u>\$ 1,054,328,368</u>
\$ 1,423,336,171	\$ 1,313,687,876	\$ 1,302,975,565	\$ 1,302,421,603	\$ 1,331,520,235	\$ 1,299,158,955
42,190,406	81,754,874	127,607,494	89,960,386	47,970,871	46,335,511
224,351,377	351,354,252	607,184,465	628,422,810	583,939,576	310,245,990
<u>\$ 1,689,877,954</u>	<u>\$ 1,746,797,002</u>	<u>\$ 2,037,767,524</u>	<u>\$ 2,020,804,799</u>	<u>\$ 1,963,430,682</u>	<u>\$ 1,655,740,456</u>
\$ 2,645,781,470	\$ 2,518,347,895	\$ 2,491,985,324	\$ 2,338,901,049	\$ 2,309,482,667	\$ 2,286,951,573
63,156,877	100,951,583	145,981,665	112,492,350	70,523,156	64,352,096
299,213,230	436,617,394	678,186,303	686,574,413	625,201,604	358,765,155
<u>\$ 3,008,151,577</u>	<u>\$ 3,055,916,872</u>	<u>\$ 3,316,153,292</u>	<u>\$ 3,137,967,812</u>	<u>\$ 3,005,207,427</u>	<u>\$ 2,710,068,824</u>

CHANGES IN NET POSITION
Last ten fiscal years

	Fiscal Year			
	2017	2016	2015	2014
Expenses				
Governmental activities:				
General government	\$ 101,607,259	\$ 65,304,997	\$ 64,459,559	\$ 66,869,211
Public safety	187,325,052	190,623,311	168,628,903	168,664,690
Planning	7,924,192	—	—	—
Planning/community development	—	22,968,689	12,523,168	—
Public works	130,509,017	120,721,459	83,608,555	78,015,459
Parks	26,088,482	28,826,273	24,400,726	—
Health and welfare	—	—	—	1,083,268
Culture and recreation	—	—	—	27,008,991
Urban redevelopment and housing	—	—	—	5,721,466
Economic development	—	—	—	3,811,264
Economic opportunities	—	—	—	—
Interest on long-term debt	2,289,562	2,415,117	2,875,505	3,397,967
Miscellaneous	—	—	—	—
Total governmental activities expenses	455,743,564	430,859,846	356,496,416	354,572,316
Business-type activities:				
Utilities	793,109,339	681,776,411	672,816,293	783,594,844
PACE	60,277,000	60,545,000	60,810,000	60,995,000
MHS	3,035,965	3,175,469	3,285,813	620,537
Airport	—	—	—	—
Parking	—	—	—	—
Other	42,098,307	36,515,165	39,347,633	37,810,511
Total business-type activities expenses	898,520,611	782,012,045	776,259,739	883,020,892
Total primary government expenses	\$ 1,354,264,175	\$ 1,212,871,891	\$ 1,132,756,155	\$ 1,237,593,208
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 16,985,911	\$ 20,800,595	\$ 19,975,243	\$ 20,374,166
Public safety	7,355,565	6,742,276	6,930,898	6,413,558
Planning	2,019,143	—	—	—
Public works	12,470,148	12,632,805	9,695,070	7,897,929
Parks	2,866,225	3,341,163	2,940,722	—
Culture and recreation	—	—	—	2,655,107
Urban redevelopment and housing	—	—	—	236,679
Economic development	—	—	—	1,000
Operating grants and contributions	18,571,546	20,758,053	22,588,951	15,399,529
Capital grants and contributions	121,233,985	59,514,382	47,827,449	80,881,804
Total governmental activities program revenues	\$ 181,502,523	\$ 123,789,274	\$ 109,958,333	\$ 133,859,772

Notes: 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.

Fiscal Year						
2013	2012	2011	2010	2009	2008	
\$ 57,776,797	\$ 58,618,337	\$ 48,067,151	\$ 46,363,125	\$ 56,677,795	\$ 92,816,914	
158,517,649	149,168,556	149,930,831	150,429,316	145,663,748	123,712,015	
—	—	—	—	—	—	
—	—	—	—	—	—	
80,476,208	74,045,666	67,067,654	61,479,834	83,647,759	69,909,340	
—	—	—	—	—	—	
1,057,832	1,274,298	1,214,081	1,205,744	1,230,831	1,181,013	
22,344,456	22,238,048	21,789,448	21,616,273	25,192,163	22,674,396	
4,775,034	6,803,814	5,032,806	6,160,987	4,966,112	6,034,237	
3,292,753	2,711,136	2,619,256	2,042,321	3,170,529	2,814,646	
—	—	—	—	—	3,242	
4,683,225	4,867,183	5,020,740	5,630,651	5,391,628	5,058,419	
—	—	—	—	—	—	
332,923,954	319,727,038	300,741,967	294,928,251	325,940,565	324,204,222	
805,232,795	749,375,429	818,668,053	796,131,627	725,181,046	999,877,783	
61,041,000	—	—	—	—	—	
431,000	431,645,000	560,894,000	540,440,000	555,196,000	556,297,000	
—	—	24,874,856	25,341,755	25,469,043	26,371,427	
—	—	3,843,908	3,089,064	4,014,468	3,938,954	
47,044,893	43,356,373	12,391,209	16,213,845	23,269,243	17,131,141	
913,749,688	1,224,376,802	1,420,672,026	1,381,216,291	1,333,129,800	1,603,616,305	
\$ 1,246,673,642	\$ 1,544,103,840	\$ 1,721,413,993	\$ 1,676,144,542	\$ 1,659,070,365	\$ 1,927,820,527	
\$ 11,468,448	\$ 14,284,808	\$ 16,781,325	\$ 16,515,016	\$ 15,631,509	\$ 20,985,541	
4,796,826	5,032,930	4,585,702	4,909,599	4,299,642	3,760,245	
—	—	—	—	—	—	
7,647,033	5,189,248	4,681,309	6,357,708	6,812,214	8,598,594	
—	—	—	—	—	—	
2,394,630	2,343,078	2,901,620	3,124,277	3,315,582	3,460,517	
550,014	2,126,074	297,530	98,933	859,437	2,071,374	
—	—	—	—	36,996	6,841	
21,514,697	20,121,901	25,377,676	24,110,968	19,289,013	15,004,443	
60,360,011	77,975,257	176,593,370	105,822,052	58,880,735	78,130,974	
\$ 108,731,659	\$ 127,073,296	\$ 231,218,532	\$ 160,938,553	\$ 109,125,128	\$ 132,018,529	

(continued)

CHANGES IN NET POSITION
Last ten fiscal years

	Fiscal Year			
	2017	2016	2015	2014
Business-type activities:				
Charges for services:				
Utilities	\$ 839,822,000	\$ 793,293,000	\$ 830,821,000	\$ 868,846,000
PACE	49,148,000	48,654,000	48,150,000	47,641,000
MHS	—	—	—	—
Airport	—	—	—	—
Parking	—	—	—	—
Other	36,013,711	32,830,447	31,592,365	31,029,462
Capital grants and contributions	61,096,647	76,081,834	46,213,579	60,238,372
Total business-type activities program revenues	986,080,358	950,859,281	956,776,944	1,007,754,834
Total primary government program revenues	\$ 1,167,582,881	\$ 1,074,648,555	\$ 1,066,735,277	\$ 1,141,614,606
Net (expense) revenue				
Governmental activities	\$ (274,241,041)	\$ (307,070,572)	\$ (246,538,083)	\$ (220,712,544)
Business-type activities	87,559,747	168,847,236	180,517,205	124,733,942
Total primary government net (expense) revenue	\$ (186,681,294)	\$ (138,223,336)	\$ (66,020,878)	\$ (95,978,602)
General revenues and other changes in net position				
Governmental activities:				
Taxes:				
Property taxes	\$ 22,190,678	\$ 23,390,221	\$ 22,540,418	\$ 22,862,535
Sales taxes	268,547,457	252,544,859	190,269,766	185,615,186
Specific ownership taxes	3,395,628	2,846,855	2,611,736	2,478,710
Occupational liquor taxes	291,426	280,240	273,125	266,803
Admissions tax	503,955	503,199	469,933	509,696
Bicycle excise tax	77,140	85,746	83,080	81,032
Investment earnings	1,645,386	1,147,142	1,082,201	1,379,491
Gain on sale of capital assets	1,260,228	2,389,154	135,015	326,919
Contributions to endowments	1,338,973	171,160	80,485	83,086
Transfers	30,480,589	31,027,222	30,725,000	32,055,000
Total governmental activities	329,731,460	314,385,798	248,270,759	245,658,458
Business-type activities:				
Investment earnings	7,994,745	8,117,657	7,111,047	4,534,754
Loss on defeasance and repayment of long term debt	—	—	—	—
Extraordinary item	—	—	—	—
Special item	—	(9,811,000)	—	—
Transfers	(30,480,589)	(31,027,222)	(30,725,000)	(32,055,000)
Total business-type activities	(22,485,844)	(32,720,565)	(23,613,953)	(27,520,246)
Total primary government	\$ 307,245,616	\$ 281,665,233	\$ 224,656,806	\$ 218,138,212
Change in net position				
Governmental activities	\$ 55,490,419	\$ 7,315,226	\$ 1,732,676	\$ 24,945,914
Business-type activities	65,073,903	136,126,671	156,903,252	97,213,696
Total primary government	\$ 120,564,322	\$ 143,441,897	\$ 158,635,928	\$ 122,159,610

Notes: 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.

CITY OF COLORADO SPRINGS
COLORADO
Table 2
(PAGE 2 OF 2)

Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ 823,760,000	\$ 849,746,000	\$ 830,522,000	\$ 797,546,000	\$ 743,780,000	\$ 756,774,000
47,085,000	—	—	—	—	—
—	415,872,000	551,709,000	550,074,000	543,987,000	553,072,000
—	—	20,360,155	19,209,227	21,302,693	25,607,276
—	—	3,831,263	3,715,448	3,631,086	3,733,694
35,699,603	33,843,316	9,612,131	9,826,784	24,489,550	25,138,274
57,956,449	68,939,203	46,543,219	50,430,938	42,733,907	44,401,587
964,501,052	1,368,400,519	1,462,577,768	1,430,802,397	1,379,924,236	1,408,726,831
\$ 1,073,232,711	\$ 1,495,473,815	\$ 1,693,796,300	\$ 1,591,740,950	\$ 1,489,049,364	\$ 1,540,745,360
\$ (224,192,295)	\$ (192,653,742)	\$ (69,523,435)	\$ (133,989,698)	\$ (216,815,437)	\$ (192,185,693)
50,751,364	144,023,717	41,905,742	49,586,106	46,794,436	(194,889,474)
\$ (173,440,931)	\$ (48,630,025)	\$ (27,617,693)	\$ (84,403,592)	\$ (170,021,001)	\$ (387,075,167)
\$ 24,283,843	\$ 22,897,112	\$ 24,473,652	\$ 24,326,164	\$ 26,275,090	\$ 25,741,077
172,706,230	163,975,846	155,546,936	148,782,961	143,214,662	150,111,070
2,343,653	2,222,285	2,190,174	2,311,600	2,761,330	3,024,451
264,539	259,820	257,561	256,153	253,747	254,711
432,317	476,030	449,533	490,236	447,568	398,694
78,760	90,536	86,091	95,547	89,579	91,074
1,102,409	1,783,647	1,291,703	1,734,681	2,676,486	3,809,609
995,844	—	748,077	572,920	1,516,412	275,399
70,965	78,943	73,080	78,543	84,680	94,795
32,116,530	33,145,262	30,235,004	30,727,161	26,109,574	25,799,417
234,395,090	224,929,481	215,351,811	209,375,966	203,429,128	209,600,297
4,070,731	18,412,607	3,492,224	30,445,172	44,279,364	(8,689,259)
—	(47,903,000)	—	—	—	—
(507,000)	—	—	—	—	—
—	(372,358,584)	(1,015,237)	—	—	—
(32,116,530)	(33,145,262)	(30,235,004)	(30,727,161)	(26,109,574)	(25,799,417)
(28,552,799)	(434,994,239)	(27,758,017)	(281,989)	18,169,790	(34,488,676)
\$ 205,842,291	\$ (210,064,758)	\$ 187,593,794	\$ 209,093,977	\$ 221,598,918	\$ 175,111,621
\$ 10,202,795	\$ 32,275,739	\$ 145,828,376	\$ 75,386,268	\$ (13,386,309)	\$ 17,414,604
22,198,565	(290,970,522)	14,147,725	49,304,117	64,964,226	(229,378,150)
\$ 32,401,360	\$ (258,694,783)	\$ 159,976,101	\$ 124,690,385	\$ 51,577,917	\$ (211,963,546)

FUND BALANCES OF GOVERNMENTAL FUNDS
Last ten fiscal years

	Fiscal Year			
	2017	2016	2015	2014
General fund				
Nonspendable	\$ 291,430	\$ 365,732	\$ 384,475	\$ 450,771
Restricted	22,881,977	30,049,266	7,545,287	9,996,781
Committed	10,470,218	5,234,626	6,150,522	6,369,071
Assigned	7,783,758	4,042,429	3,629,733	2,937,924
Unassigned	32,322,036	29,290,407	32,707,058	33,950,373
Reserved	—	—	—	—
Unreserved	—	—	—	—
Total general fund	\$ 73,749,419	\$ 68,982,460	\$ 50,417,075	\$ 53,704,920
All other governmental funds				
Nonspendable	\$ 12,294,033	\$ 11,162,249	\$ 11,195,086	\$ 11,540,728
Restricted	51,226,624	48,084,352	34,619,120	33,433,127
Committed	23,078,768	23,230,678	21,439,222	16,622,140
Assigned	1,845,149	856,356	245,488	1,050,454
Reserved	—	—	—	—
Unreserved, reported in:				
Special revenue funds	—	—	—	—
Capital projects funds	—	—	—	—
Total all other governmental funds	\$ 88,444,574	\$ 83,333,635	\$ 67,498,916	\$ 62,646,449

Note: The City adopted GASB Statement 54 in 2011 which requires new fund balance classifications for governmental funds.

CITY OF COLORADO SPRINGS
COLORADO
Table 3

Fiscal Year						
2013	2012	2011	2010	2009	2008	
\$ 133,289	\$ 132,999	\$ 609,243	\$ —	\$ —	\$ —	
8,182,418	7,547,036	7,547,034	—	—	—	
5,565,912	3,857,623	1,231,321	—	—	—	
8,070,526	3,212,142	3,415,078	—	—	—	
35,115,277	47,194,174	37,994,759	—	—	—	
—	—	—	9,908,610	10,491,562	9,152,823	
—	—	—	34,078,702	15,926,061	22,864,229	
\$ 57,067,422	\$ 61,943,974	\$ 50,797,435	\$ 43,987,312	\$ 26,417,623	\$ 32,017,052	
\$ 11,049,247	\$ 10,440,549	\$ 9,721,218	\$ —	\$ —	\$ —	
30,599,345	32,237,097	26,971,406	—	—	—	
14,015,208	11,107,290	10,824,498	—	—	—	
847,687	32,259	120,349	—	—	—	
—	—	—	10,873,354	10,310,723	8,863,762	
—	—	—	28,817,032	29,662,100	30,108,294	
—	—	—	6,539,942	5,113,092	9,040,858	
\$ 56,511,487	\$ 53,817,195	\$ 47,637,471	\$ 46,230,328	\$ 45,085,915	\$ 48,012,914	

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last ten fiscal years

	Fiscal Year			
	2017	2016	2015	2014
Revenues				
Taxes	\$ 295,006,284	\$ 279,651,120	\$ 216,248,058	\$ 211,813,962
Licenses and permits	—	—	—	1,860,374
Licenses, permits and fines	6,327,465	6,571,781	7,216,901	—
Intergovernmental	69,428,549	59,298,336	57,047,283	51,801,244
Charges for services	25,891,928	26,036,068	22,254,241	24,395,457
Endowments and donations	3,236,664	2,037,905	2,154,590	1,498,184
Other revenue	3,476,744	5,799,418	3,404,021	3,242,165
Interfund services provided	6,762,691	7,022,399	7,613,978	7,997,266
Investment earnings	1,571,506	1,143,834	1,059,514	1,388,369
Rental income	407,287	419,745	249,746	588,703
Total revenues	412,109,118	387,980,606	317,248,332	304,585,724
Expenditures				
General government	73,012,905	52,896,927	55,772,800	56,713,784
Public safety	177,723,464	170,809,396	168,750,783	159,829,593
Planning	7,858,733	15,740,999	—	—
Planning/housing	—	—	10,279,313	—
Public works	60,324,119	51,168,691	46,688,517	38,414,786
Parks	23,585,967	25,670,280	21,701,668	—
Health and welfare	—	—	—	1,080,000
Culture and recreation	—	—	—	22,720,707
Urban redevelopment and housing	—	—	—	4,952,651
Economic development	—	—	—	3,799,765
Economic opportunities	—	—	—	—
Miscellaneous	18,417	22,597	24,352	14,708
Debt service				
Principal	5,143,602	6,067,329	10,933,009	13,334,381
Interest	2,443,203	2,414,008	2,916,884	3,437,765
Issuance expense	270,998	—	—	—
Capital outlay	87,074,558	75,270,238	30,211,685	29,987,604
Total expenditures	437,455,966	400,060,465	347,279,011	334,285,744
Deficiency of revenues under expenditures	(25,346,848)	(12,079,859)	(30,030,679)	(29,700,020)
Other financing sources (uses)				
Transfers - in	39,343,387	47,515,435	45,666,562	42,711,618
Transfers - out	(8,862,798)	(16,799,425)	(13,768,280)	(10,656,618)
Issuance of debt	29,930,000	13,690,000	—	8,960,000
Payment on refunding bonds	(31,647,240)	—	—	(8,856,720)
Premium on bonds issued	1,988,238	—	—	—
Debt issuance cost	—	—	—	—
Capital lease financing	3,212,931	1,844,224	—	—
Loss on investments	—	—	(438,002)	—
Sale of capital assets	1,260,228	229,729	135,021	314,200
Total other financing sources (uses)	35,224,746	46,479,963	31,595,301	32,472,480
Net change in fund balances	\$ 9,877,898	\$ 34,400,104	\$ 1,564,622	\$ 2,772,460
Debt service as a percentage of noncapital expenditures	2.0%	2.4%	4.4%	5.4%

Note: Prior to 2014, reimbursements from other funds were offset against its corresponding expense. This change was implemented to provide better comparisons to budget.

CITY OF COLORADO SPRINGS
COLORADO
Table 4

Fiscal Year						
2013	2012	2011	2010	2009	2008	
\$ 200,109,342	\$ 189,921,630	\$ 183,003,947	\$ 176,388,909	\$ 173,181,802	\$ 179,790,693	
1,940,283	1,761,529	870,688	798,583	557,894	650,977	
—	—	—	—	—	—	
49,448,348	51,689,187	62,487,615	85,204,897	57,833,164	53,351,302	
22,180,061	20,532,487	21,739,662	24,779,523	25,266,767	29,323,793	
1,282,267	1,584,805	1,315,079	1,680,204	1,614,763	1,699,147	
2,410,136	4,742,492	4,468,747	2,989,985	2,311,184	4,415,975	
—	—	—	—	—	—	
1,115,418	1,752,286	1,327,990	1,822,435	2,902,795	3,331,460	
589,610	570,703	605,115	723,937	773,764	767,989	
279,075,465	272,555,119	275,818,843	294,388,473	264,442,133	273,331,336	
56,098,731	48,772,398	47,390,554	42,203,955	50,559,017	82,353,801	
149,890,554	145,044,874	141,877,121	141,338,332	135,143,416	113,724,157	
—	—	—	—	—	—	
—	—	—	—	—	—	
38,659,424	32,353,857	31,816,336	33,423,255	50,726,314	37,188,794	
—	—	—	—	—	—	
1,040,000	1,270,179	1,209,861	1,214,390	1,227,493	1,173,833	
18,044,391	18,718,313	18,216,191	21,079,762	22,621,993	21,611,217	
4,402,839	6,531,559	4,877,732	6,082,959	4,922,150	5,957,329	
3,237,248	2,702,372	2,610,152	2,056,965	3,161,932	2,797,534	
—	—	—	—	—	3,222	
670,525	1,160,787	3,374,694	1,077,315	581,673	815,688	
14,397,183	13,352,897	12,225,107	12,435,183	9,894,252	10,051,894	
4,803,195	5,079,904	5,258,816	5,811,077	4,782,855	4,909,523	
—	—	188,001	77,358	1,028,220	—	
24,582,564	16,958,479	29,006,978	41,390,901	56,397,757	46,673,145	
315,826,654	291,945,619	298,051,543	308,191,452	341,047,072	327,260,137	
(36,751,189)	(19,390,500)	(22,232,700)	(13,802,979)	(76,604,939)	(53,928,801)	
42,406,999	40,886,014	39,793,341	46,854,998	34,325,645	39,019,942	
(10,622,278)	(6,740,752)	(7,877,337)	(16,127,837)	(9,666,071)	(11,720,525)	
—	—	13,485,000	3,900,000	65,930,000	2,790,000	
—	—	(16,262,864)	(4,221,551)	(38,707,635)	—	
—	—	563,751	201,552	2,370,180	—	
—	—	—	—	(752,657)	—	
1,776,674	2,402,394	—	1,337,000	13,059,230	5,158,766	
—	—	—	—	—	—	
1,007,534	169,107	748,075	572,919	1,519,819	277,672	
34,568,929	36,716,763	30,449,966	32,517,081	68,078,511	35,525,855	
\$ (2,182,260)	\$ 17,326,263	\$ 8,217,266	\$ 18,714,102	\$ (8,526,428)	\$ (18,402,946)	
6.5%	7.4%	6.9%	6.7%	4.7%	5.0%	

SALES AND USE TAX REVENUE
Last ten fiscal years

CITY OF COLORADO SPRINGS
COLORADO
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
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%
2017	170,186,924	34,037,386	52,744,961	8,509,345	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 (%)	
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
2017	2.00	0.40	0.10	0.62	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

CITY OF COLORADO SPRINGS COLORADO Table 7

SALES AND USE TAXPAYERS BY INDUSTRY

Current year and nine years ago

Industry	Fiscal Year 2017			Fiscal Year 2008		
	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
Miscellaneous non-retail	\$ 37,050,422	1	13.90%	\$ 19,773,597	2	13.09%
Restaurants	33,317,070	2	12.50%	18,237,086	4	12.08%
Auto dealers	31,313,363	3	11.75%	15,409,638	5	10.20%
Miscellaneous retail	30,870,775	4	11.58%	19,958,854	1	13.22%
Building material	29,700,573	5	11.14%	13,204,878	—	8.74%
Departments and discount stores	—	—	—	18,814,404	3	12.46%
	<u>\$ 162,252,203</u>		<u>60.87%</u>	<u>\$ 105,398,457</u>		<u>69.79%</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.

PROPERTY TAXPAYERS Current year

Taxpayer	Type of Business	Fiscal Year 2017	
		Assessed Valuation	Percentage of Total City Assessed Value
Cellco Partnership (f/k/a Verizon Wireless)	Utility	\$ 94,390,140	1.87%
CenturyLink	Utility	69,410,900	1.37%
Wal-Mart Real Estate	Discount retail	52,197,790	1.03%
Broadmoor Hotel Inc.	Resort hotel	36,252,370	0.72%
CV Patriot Springs	Real estate company	31,639,320	0.63%
DPiX	Imaging solutions manufacturer	25,695,810	0.51%
Palmer Center Ltd.	Real estate company	15,621,370	0.31%
Progressive Insurance Corp.	Insurance corporation	12,820,450	0.25%
Great Wolf Lodge	Resort hotel	12,112,330	0.24%
SCMC LLC	Real estate company	11,528,730	0.23%
		<u>\$ 361,669,210</u>	<u>7.16%</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			
	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	Primary Government (in 000's)	Percentage of Personal Income ¹	Per Capita ¹
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	6,327	
2012	15,270	24,030	41,805	—	—	—	16,190	2,285,310	30,558	1,208	2,414,371	8.88	5,567	
2013	14,272	17,544	41,345	—	—	—	4,622	3,061,246	21,417	649	3,161,095	11.45	7,204	
2014	13,624	10,081	39,476	—	—	—	1,133	3,106,294	21,467	272	3,192,347	10.98	7,182	
2015	12,190	2,635	37,512	—	—	—	814	3,042,226	54,169	—	3,149,546	10.39	6,972	
2016	11,455	—	35,433	13,690	—	—	1,951	2,952,994	103,077	888	3,119,488	9.85	6,767	
2017	10,695	—	34,632	12,445	—	—	4,125	2,969,753	30,130	651	3,062,431	9.26	6,538	

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 ² (in 000's)	City General Obligation Bonds (in 000's)	Assessed Value of Property (in 000's)	Percentage of Assessed Value of Property	Per Capita ¹
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	—	—
2017	10,695	10,695	—	5,048,413	—	—

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.

**DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2017**

**CITY OF COLORADO SPRINGS
COLORADO
Table 10**

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	73.67%	\$ 149,218,059	\$ 109,931,745	\$ 2,285,462	\$ 1,683,743
Harrison School District #2	90.64%	36,152,351	32,766,993	36,152,351	32,766,993
Widefield School District #3	3.5%	11,970,773	418,707	8,250,773	288,591
Fountain/Fort Carson School District #8	0.03%	806,384	250	806,384	250
Colorado Springs School District #11	90.51%	155,381,593	140,629,898	138,896,593	125,709,960
Cheyenne Mountain School District #12	97.39%	63,330,992	61,680,155	63,330,992	61,680,155
Manitou School District #14	10.19%	3,375,811	344,016	3,375,811	344,016
Academy School District #20	84.57%	287,812,320	243,391,996	287,812,320	243,391,996
Ellicott School District #22	0.18%	1,944,717	3,472	1,944,717	3,472
Falcon School District #49	50.81%	155,041,291	78,782,517	8,786,291	4,464,657
Barnes & Powers North BID	100.00%	3,666,657	3,666,657	3,666,657	3,666,657
Barnes & Powers South BID	100.00%	530,000	530,000	530,000	530,000
Briargate Center BID	100.00%	7,764,500	7,764,500	7,764,500	7,764,500
First & Main BID	100.00%	1,451,738	1,451,738	1,451,738	1,451,738
First & Main #2 BID	100.00%	24,674,935	24,674,935	24,674,935	24,674,935
First & Main North BID	100.00%	1,902,334	1,902,334	1,902,334	1,902,334
Interquest North BID	100.00%	13,695,079	13,695,079	13,695,079	13,695,079
Interquest South BID	100.00%	4,174,079	4,174,079	4,174,079	4,174,079
Powers & Woodmen BID	100.00%	3,804,217	3,804,217	3,804,217	3,804,217
Colorado Springs Urban Renewal Authority	100.00%	104,011,405	104,011,405	104,011,405	104,011,405
Subtotal, overlapping debt			833,624,693		636,008,777
City direct debt			61,897,000		27,265,000
Total direct and overlapping debt			<u>\$ 895,521,693</u>		<u>\$ 663,273,777</u>

Sources: Assessed value data used to estimate applicable percentages is provided by the El Paso County Assessor's office final certification letter dated November 23, 2016. 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

CITY OF COLORADO SPRINGS
COLORADO
Table 11

Legal Debt Margin Calculation for Fiscal Year 2017

		Fiscal Year									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Assessed value - 2016 for 2017 taxes	\$5,048,412,800										
Debt limit (10% of assessed value) ¹	504,841,280										
Debt applicable to limit:											
General obligation bonds	—										
Total net debt applicable to limit	—										
Legal debt margin	\$ 504,841,280										
Debt limit	\$ 504,841,280	\$ 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	
Total net debt applicable to limit	—	—	—	—	—	—	—	—	—	—	2,935,000
Legal debt limit	\$ 504,841,280	\$ 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	
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%	0.00%	0.00%	0.62%

¹Based upon the last preceding assessment per City Charter § 7-80(b).

PLEDGED REVENUE COVERAGE
Last ten fiscal years

CITY OF COLORADO SPRINGS
COLORADO
Table 12

Fiscal Year	Utilities Revenue Bonds										MHS Revenue Bonds									
	Less:					Net					Less:					Net				
	Applicable Revenues	Operating Expenses	Debt Service Principal	Debt Service Interest	Coverage	Applicable Revenues	Operating Expenses	Debt Service Principal	Debt Service Interest	Coverage	Applicable Revenues	Operating Expenses	Debt Service Principal	Debt Service Interest	Coverage	Applicable Revenues	Operating Expenses	Debt Service Principal	Debt Service Interest	Coverage
2008	\$ 788,601,365	\$ 627,795,505	\$ 160,805,860	\$ 7,551,592	2.03	\$ 160,805,860	\$ 7,551,592	\$ 71,836,148	\$ 71,836,148	2.03	\$ 594,401,435	\$ 551,705,616	\$ 20,840,000	\$ 3,355,759	1.76	\$ 594,401,435	\$ 551,705,616	\$ 20,840,000	\$ 3,355,759	1.76
2009	769,135,361	593,636,333	175,499,028	9,681,357	2.15	175,499,028	9,681,357	16,111,357	71,763,387	2.15	589,191,456	527,057,252	7,652,250	17,429,644	2.48	589,191,456	527,057,252	7,652,250	17,429,644	2.48
2010	832,076,083	626,317,175	205,758,908	16,111,357	2.24	205,758,908	16,111,357	27,597,493	75,711,638	2.24	627,273,174	552,291,480	74,981,694	17,429,644	2.99	627,273,174	552,291,480	74,981,694	17,429,644	2.99
2011	871,787,767	602,713,246	269,074,521	101,451,007	2.09	269,074,521	101,451,007	47,440,949	103,701,547	2.09	616,377,763	566,986,955	49,390,808	16,983,655	1.96	616,377,763	566,986,955	49,390,808	16,983,655	1.96
2012	896,096,459	558,294,875	337,801,584	101,907,597	2.23	337,801,584	101,907,597	52,285,313	101,907,597	2.23	—	—	—	—	—	—	—	—	—	—
2013	862,957,849	548,838,587	314,119,262	105,303,452	2.04	314,119,262	105,303,452	57,294,870	105,303,452	2.04	—	—	—	—	—	—	—	—	—	—
2014	906,465,751	586,920,626	339,545,125	105,828,177	2.09	339,545,125	105,828,177	61,456,635	105,828,177	2.09	—	—	—	—	—	—	—	—	—	—
2015	868,079,628	493,616,238	374,463,390	106,472,137	2.24	374,463,390	106,472,137	68,636,919	106,472,137	2.24	—	—	—	—	—	—	—	—	—	—
2016	837,826,880	495,749,062	342,077,818	103,440,141	1.95	342,077,818	103,440,141	71,980,154	103,440,141	1.95	—	—	—	—	—	—	—	—	—	—
2017	883,993,504	521,799,138	362,194,366	—	2.06	362,194,366	—	—	—	2.06	—	—	—	—	—	—	—	—	—	—

Fiscal Year	Airport Revenue Bonds										Parking Revenue Bonds									
	Less:					Net					Less:					Net				
	Applicable Revenues	Operating Expenses	Debt Service Principal	Debt Service Interest	Coverage	Applicable Revenues	Operating Expenses	Debt Service Principal	Debt Service Interest	Coverage	Applicable Revenues	Operating Expenses	Debt Service Principal	Debt Service Interest	Coverage	Applicable Revenues	Operating Expenses	Debt Service Principal	Debt Service Interest	Coverage
2008	\$ 24,147,143	\$ 14,537,476	\$ 9,609,667	\$ 3,525,250	1.71	\$ 9,609,667	\$ 3,525,250	\$ 2,100,363	\$ 2,100,363	1.71	\$ 4,020,690	\$ 1,388,731	\$ 435,000	\$ 590,373	2.57	\$ 4,020,690	\$ 1,388,731	\$ 435,000	\$ 590,373	2.57
2009	23,444,173	14,914,375	8,529,798	1,729,912	1.63	8,529,798	1,729,912	3,503,526	3,503,526	1.63	3,790,011	1,443,133	2,346,878	572,973	2.23	3,790,011	1,443,133	2,346,878	572,973	2.23
2010	21,065,961	15,380,368	5,685,593	1,295,000	1.59	5,685,593	1,295,000	2,272,688	2,272,688	1.59	3,780,270	1,719,442	2,060,828	505,000	1.95	3,780,270	1,719,442	2,060,828	505,000	1.95
2011	21,995,280	14,399,903	7,595,377	3,020,000	1.45	7,595,377	3,020,000	2,217,513	2,217,513	1.45	3,897,747	1,540,444	2,357,303	533,119	2.23	3,897,747	1,540,444	2,357,303	533,119	2.23
2012	21,305,660	14,342,230	6,963,430	3,180,000	1.33	6,963,430	3,180,000	2,056,362	2,056,362	1.33	3,868,184	1,518,912	2,349,272	545,000	2.22	3,868,184	1,518,912	2,349,272	545,000	2.22
2013	20,439,990	13,313,623	7,126,367	3,350,000	1.36	7,126,367	3,350,000	1,886,638	1,886,638	1.36	3,964,899	1,783,408	2,181,491	570,000	2.06	3,964,899	1,783,408	2,181,491	570,000	2.06
2014	16,081,262	12,712,066	3,369,196	1,395,000	1.31	3,369,196	1,395,000	1,171,863	1,171,863	1.31	4,382,324	1,803,631	2,578,693	462,876	2.44	4,382,324	1,803,631	2,578,693	462,876	2.44
2015	17,269,646	12,782,452	4,487,194	1,565,000	1.85	4,487,194	1,565,000	862,450	862,450	1.85	4,497,570	2,103,547	2,934,023	432,974	2.20	4,497,570	2,103,547	2,934,023	432,974	2.20
2016	15,822,413	11,821,825	4,000,588	990,000	2.74	4,000,588	990,000	472,500	472,500	2.74	4,682,904	1,750,728	695,000	215,420	3.22	4,682,904	1,750,728	695,000	215,420	3.22
2017	13,900,142	14,372,607	(472,465)	1,040,000	(0.32)	(472,465)	1,040,000	423,000	423,000	(0.32)	4,768,007	1,902,283	2,865,724	198,531	3.15	4,768,007	1,902,283	2,865,724	198,531	3.15

Fiscal Year	Public Authority for Colorado Energy Revenue Bonds										Sales and Use Tax Revenue Bonds									
	Less:					Net					Less:					Net				
	Applicable Revenues	Debt Service Principal	Debt Service Interest	Coverage	Applicable Revenues	Debt Service Principal	Debt Service Interest	Coverage	Applicable Revenues	Debt Service Principal	Debt Service Interest	Coverage	Applicable Revenues	Debt Service Principal	Debt Service Interest	Coverage	Applicable Revenues	Debt Service Principal	Debt Service Interest	Coverage
2008	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2013	\$ 29,604,567	\$ 5,795,000	\$ 40,615,637	0.64	\$ 29,604,567	\$ 5,795,000	\$ 40,615,637	0.64	\$ 29,604,567	\$ 5,795,000	\$ 40,615,637	0.64	\$ 29,604,567	\$ 5,795,000	\$ 40,615,637	0.64	\$ 29,604,567	\$ 5,795,000	\$ 40,615,637	0.64
2014	29,984,493	6,690,000	40,282,425	0.64	29,984,493	6,690,000	40,282,425	0.64	29,984,493	6,690,000	40,282,425	0.64	29,984,493	6,690,000	40,282,425	0.64	29,984,493	6,690,000	40,282,425	0.64
2015	30,313,321	7,600,000	39,897,750	0.64	30,313,321	7,600,000	39,897,750	0.64	30,313,321	7,600,000	39,897,750	0.64	30,313,321	7,600,000	39,897,750	0.64	30,313,321	7,600,000	39,897,750	0.64
2016	30,626,969	8,535,000	39,460,750	0.64	30,626,969	8,535,000	39,460,750	0.64	30,626,969	8,535,000	39,460,750	0.64	30,626,969	8,535,000	39,460,750	0.64	30,626,969	8,535,000	39,460,750	0.64
2017	30,953,034	9,535,000	38,969,988	0.64	30,953,034	9,535,000	38,969,988	0.64	30,953,034	9,535,000	38,969,988	0.64	30,953,034	9,535,000	38,969,988	0.64	30,953,034	9,535,000	38,969,988	0.64

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.

²The City adopted GASB Statement No. 61 in 2013, which requires PACE to be presented as a blended component unit.

³The Airport believes that it is in compliance with the bond covenants based on the second criteria stated in the bond documents. Under the second criteria, the calculated debt service coverage is 4.81. For more information, see the Airport's separately issued financial statements.

**DEMOGRAPHIC AND
ECONOMIC STATISTICS**
Last ten fiscal years

**CITY OF COLORADO SPRINGS
COLORADO**
Table 13

Fiscal Year	Population ¹	Personal Income (in 000's) ²	Per Capital Personal Income ²	Unemployment Rate ³
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	427,799 *	26,408,772	39,994	9.4%
2012	433,723 *	27,180,204	40,622	9.2%
2013	438,795 *	27,596,635	40,680	8.0%
2014	444,465 *	29,082,644	42,379	5.1%
2015	451,718 *	30,319,650	43,447	4.0%
2016	460,953 *	31,668,303	44,458	3.2%
2017	468,431 *	33,076,946 *	45,493 *	3.5% *

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	2017		2008	
	Rank	Percentage of Total County Employment	Rank	Percentage of Total County Employment
Fort Carson Army Post	1	11.1%	1	9.4%
Peterson Air Force Base	2	3.6%	4	2.2%
United States Air Force Academy	3	3.2%	2	2.6%
Schriever Air Force Base ²	4	2.5%	3	2.4%
UCHealth Memorial Health System	5	2.3%	5	1.9%
School District # 11 - Colorado Springs	6	1.4%	6	1.5%
School District # 20 - Air Academy	7	1.2%	8	1.1%
El Paso County	8	0.9%	10	0.9%
Penrose-St. Francis Health Services	9	0.8%	7	1.2%
City of Colorado Springs ¹	10	0.8%	9	1.0%
		<u>27.8%</u>		<u>24.2%</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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government	308.25	257.25	256.25	256.25	253.15	285.08	239.80	263.80	263.30	314.55
Public safety	1,478.00	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
Public works	245.00	212.00	208.00	207.50	274.00	281.00	267.00	281.00	309.50	309.75
Culture and recreation	—	—	—	114.25	112.75	111.50	119.25	102.50	190.00	204.35
Parks	139.75	138.75	132.75	—	—	—	—	—	—	—
Planning	40.00	—	—	—	—	—	—	—	—	—
Planning/community development	—	63.00	33.00	—	—	—	—	—	—	—
Urban redevelopment and housing	—	—	—	32.00	31.00	34.00	41.00	34.00	46.00	54.00
Utilities	1,824.00	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
MHS ¹	—	—	—	—	—	—	3,555.00	3,487.50	3,812.00	4,075.40
Airport	98.00	95.00	93.00	96.00	121.00	122.00	121.00	121.00	121.00	121.00
Parking	8.50	8.50	8.50	8.50	7.50	7.50	7.50	7.50	8.00	8.00
Other non-major enterprise funds	50.00	51.00	49.50	47.00	47.00	49.00	68.50	99.50	102.50	113.50
Total	4,191.50	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

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	Fiscal Year		
	2017	2016	2015
General government			
Internal audits completed	33	26	39
Summons filed	22,000	29,731	36,676
Contractual transactions	3,434	3,350	3,533
Workers compensation claims	346	405	353
Public safety			
Emergency response time - Police	12	14	13
Percent of emergency incident arrival within 8 minutes - Fire	88	89	88
Violent and property crime rates (per 1,000 population) ³	38	40	40
Emergency incidents (per 10,000 population)	1,472	1,471	1,417
Public works ¹			
Miles resurfaced	1,432	1,133	187
Fixed route transit revenue hours of service	163,025	150,399	130,653
Painted lane miles	1,414	830	801
Culture and recreation			
Cultural services attendance	451,689	379,938	343,124
Street and park trees	284,600	284,800	213,207
Acres of parks maintained	14,479	14,807	15,063
Recreation service program participants	791,234	765,539	664,283
Urban redevelopment and housing			
Projects managed	9	6	6
Affordable housing developed and rehabilitated ²	295	108	69
Clients assisted ²	295	108	69
Utilities			
Total metered customers ³	558,570	558,570	547,764
Annual natural gas moved through pipes (thousands of mcf)	22,354	22,603	23,816
Electric use (thousands of MWh)	4,580	4,700	4,800
Water use (millions of gallons)	23,700	21,900	21,600
Wastewater treatment (millions of gallons)	13,717	14,699	13,870
MHS ⁴			
Admissions	—	—	—
Outpatient visits	—	—	—
Emergency visits	—	—	—
Births	—	—	—
Airport			
Passenger boardings (in thousands)	850	656	598
Airline revenue per enplaned passengers	\$ 4.71	\$ 6.06	\$ 9.39
Parking			
Revenues collected per space - on-street	\$ 916	\$ 895	\$ 853
Revenues collected per space - off-street	\$ 995	\$ 983	\$ 838
Other			
Cemetery - burial services	621	630	587
Golf courses - rounds played	170,008	156,734	147,877
Pikes Peak America's Mountain - number of visitors	498,722	482,963	415,092

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.

Fiscal Year						
2014	2013	2012	2011	2010	2009	2008
33	26	26	26	23	22	24
37,928	29,066	34,499	36,678	42,761	41,900	51,745
2,255	2,726	2,897	2,636	3,350	4,900	4,900
426	451	386	418	417	480	493
13	13	12	11	11	10	10
89	90	90	89	90	90	91
40	46.1	40.0	42	40.7	45	44
1,340	1,284	1,272	1,266	1,179	1,120	1,129
115	109	178	148	50	37	55
120,031	108,441	112,877	124,011	121,700	176,354	216,732
1,465	1,355	1,398	1,449	1,288	1,659	1,822
324,337	256,389	192,280	256,547	176,883	182,500	191,400
213,874	214,670	218,000	126,602	127,000	123,600	123,600
14,527	16,277	16,184	16,143	15,428	13,804	13,539
646,744	602,271	691,105	691,786	971,711	973,147	1,111,000
6	12	17	2	4	8	7
156	122	135	188	334	305	152
156	122	288	188	334	91	401
540,990	537,096	537,096	530,208	530,208	521,878	526,421
20,602	23,376	23,376	24,020	24,026	29,200	24,301
4,600	4,600	4,600	4,630	4,630	4,400	5,213
28,700	27,800	27,800	23,700	23,700	24,100	28,002
15,586	15,586	15,586	15,586	15,586	12,800	13,550
—	—	17,420	25,633	27,980	29,713	30,357
—	—	280,982	384,655	385,500	398,426	393,251
—	—	101,550	135,517	132,175	130,513	126,224
—	—	3,286	4,604	4,802	5,000	4,876
623	650	822	814	869	892	998
\$ 8.80	\$ 13.86	\$ 8.46	\$ 9.77	\$ 8.59	\$ 7.98	\$ 7.48
\$ 967	\$ 737	\$ 729	\$ 791	\$ 776	\$ 779	\$ 873
\$ 855	\$ 862	\$ 767	\$ 793	\$ 727	\$ 722	\$ 779
600	603	601	698	615	624	664
164,299	161,015	188,546	173,011	203,025	203,820	202,305
345,701	284,879	265,332	265,124	255,000	267,500	254,419

**CAPITAL ASSET STATISTICS
BY FUNCTION/PROGRAM
Last ten fiscal years**

**CITY OF COLORADO SPRINGS
COLORADO
Table 17**

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Public safety										
Police										
Area commands (stations)	4	4	4	4	4	4	4	4	4	4
Patrol units	211	197	171	171	181	185	205	228	200	241
Fire										
Stations	22	22	21	21	21	20	20	20	20	20
Emergency units	84	84	84	84	77	75	73	74	75	69
Public works										
Streets (centerline miles)	NA	NA	NA	NA	NA	NA	NA	NA	NA	1,576
Streets (lane miles) ¹	5,849	5,688	5,688	5,636	5,620	5,609	5,609	5,609	7,431	NA
Major bridges	223	224	223	223	215	215	212	206	209	205
Signalized intersections	591	585	584	574	569	565	563	564	565	564
Transit buses	56	49	45	43	43	43	57	57	58	94
Culture and recreation										
Parks and open space locations	205	205	205	204	201	201	200	199	199	198
Sports complexes	4	4	4	4	5	5	5	5	5	7
Community centers	4	5	5	4	4	4	4	6	8	7
Utilities										
Electric distribution lines (miles)	3,808	3,316	3,316	3,316	3,316	3,316	3,451	3,451	3,451	3,451
Natural gas pipe (miles)	2,539	2,488	2,432	2,408	2,408	2,408	2,400	2,400	2,320	2,320
Water distribution lines (miles)	2,117	2,068	2,300	2,040	2,015	2,015	2,010	2,010	1,892	1,892
MHS ²										
Number of hospital beds	—	—	—	—	—	—	671	671	671	717
Health care facilities	—	—	—	—	—	—	16	17	16	15
Airport										
Number of runways	3	3	3	3	3	3	3	3	3	3
Parking										
Number of parking spaces - on-street	2,415	2,415	2,416	2,417	2,400	2,400	2,389	2,360	2,360	2,389
Number of parking spaces - off-street	2,706	2,706	2,703	2,703	2,703	2,703	2,703	2,703	2,703	2,703

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
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
2017	—	514,490

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
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	19,469,574	97.3%	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%
2017	5,048,413	19,368,851	18,751,296	96.8%	7,002	30,799	0.1%

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 was correctly 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
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
2017	4.279	7.919	40.878	3.957	0.940	57.973

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.

**MUNICIPAL SOLID WASTE LANDFILL
CLOSURE AND POSTCLOSURE CARE COSTS
December 31, 2017**

**CITY OF COLORADO SPRINGS
COLORADO
Table 21**

Facility	Closure Costs	Postclosure Costs	Total Cost	Percentage of Capacity Used
Hancock	\$ 278,144	\$ 1,823	\$ 279,967	n/a
Clear Spring Gravel Pit 1	79,257	897,756	977,013	92.08-100.00%
Clear Spring Gravel Pit 2 C&D solids	140,775	36,027	176,802	61.94%
Clear Spring - Ash disposal	1,799,699	1,080,411	2,880,110	70.48%
Clear Spring - Biosolids	2,726,259	1,094,881	3,821,140	44.14%
Total cost	<u>\$ 5,024,134</u>	<u>\$ 3,110,898</u>	<u>\$ 8,135,032</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 \$7,855,065. The total costs from the above table are based on the last 5 year independent assessment adjusted by inflation.