

City of Colorado Springs, Colorado
Comprehensive Annual Financial Report

2018

For the year ended December 31, 2018





Comprehensive Annual Financial Report

City of Colorado Springs
Colorado

For the fiscal year ended
December 31, 2018

Finance Department

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

Accounting Staff

Rochelle Kennedy, Accounting Supervisor
Erin Garcia, Senior Accountant
Jessica Hyman, Senior Accountant
Giovanni Villarreal, Accountant

A special thanks to the Budget Division



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INTRODUCTORY SECTION





FINANCE DEPARTMENT

June 14, 2019

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, 2018, 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 unmodified ("clean") opinions on the City of Colorado Springs' financial statements for the year ended December 31, 2018. 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 470,000, 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, municipal court, planning and zoning, building and code enforcement, mass transit, 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, stormwater operations, 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, Creekwalk Marketplace, Interquest Town Center, and USAFA Visitor's Center). 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.

During 2018, Colorado Springs has been rated by leading national news organizations that apply objective metrics to compare the most dynamic and economically prosperous cities in America. U.S. News and World Report rated Colorado Springs the second best place in America to live and the number one most desirable city in America. Colorado Springs rated the highest of any city in quality of life, but also ranked very high in affordability, job opportunities and other economic criteria. Our health care and educational institutions also rate high.

A key contributing factor in achieving our current national status is the manner in which we have confronted, in three short years, a very large public infrastructure deficit:

- In November of 2015, voters in Colorado Springs passed Issue 2C, agreeing to invest in our roads with \$250 million over 5 years - this funding is used exclusively for road, sidewalk, curb and gutter improvements within the City of Colorado Springs.
- In November of 2017, voters passed Issue 2A, agreeing to invest in our stormwater program, including reinstating a stormwater fee which will allow us, over the following 20 years, not only to meet our various legal obligations, but to create the best stormwater program in Colorado.

General Fund dollars freed up by the passage of the stormwater fee will allow us to hire 120 police officers and 32 firefighters by 2020. The additional sworn personnel are essential to reducing critical incident response times and making our public safety capabilities among the best in the country.

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 2018 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, 2017. This was the 28th 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**

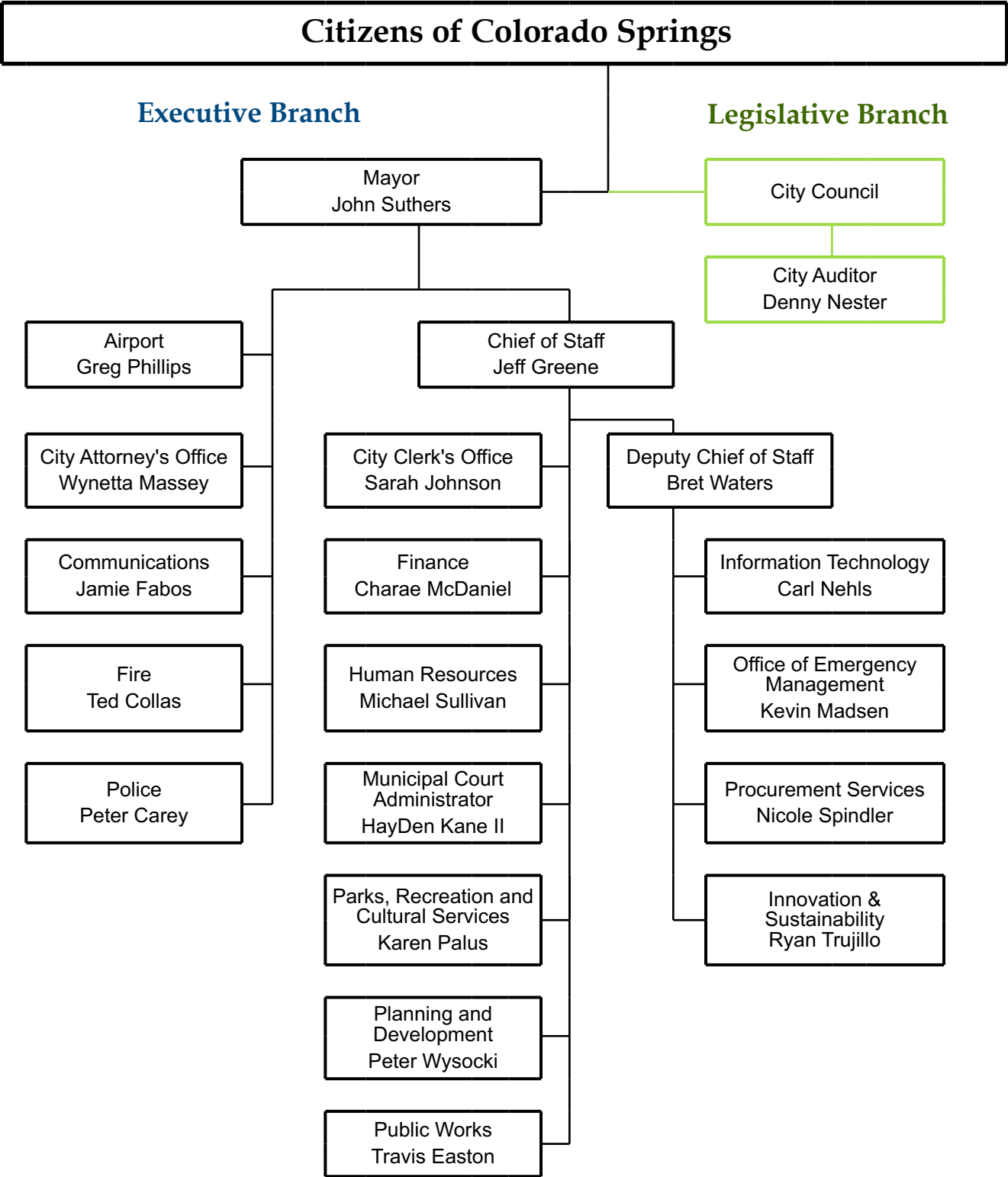
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO

City Organizational Chart



City Leadership

Mayor's Office

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

Department Heads

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 Deputy Director	Kevin Madsen
Parks, Recreation and Cultural Services Director	Karen Palus
Planning and Development Director	Peter Wysocki
Public Works Director	Travis Easton
Fire Chief	Ted Collas
Police Chief	Peter Carey
Presiding Municipal Court Judge/Court Administrator	HayDen W. Kane II



John Suthers
Mayor

City Council



Colorado Springs City Council

Front Row (from left to right):

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

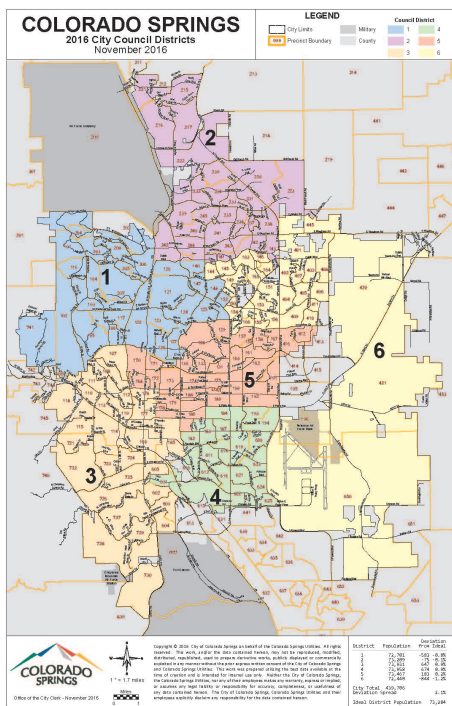
Back Row (from left to right):

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	Aram Benyamin
City Council Administrator	Emily Evans

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 aggregate 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, 2018 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 61.32 percent, 10.67 percent, and 92.35 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, 2018. 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 91.20 percent, 84.36 percent, and 95.15 percent, respectively, of the assets, net position, and revenues of the enterprise funds as of and for the year ended December 31, 2018. 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 City'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 City'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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2018, 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.

Emphasis of Matter

As discussed in Notes III. O. and IV. I., during the year ended December 31, 2018, the City adopted new accounting guidance, Statement No. 75 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Postretirement Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

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 as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We, and other auditors, 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, the Annual Statement of Receipts and Expenditures for Roads, Bridges, and Streets, and the introductory and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules and the Annual Statement of Receipts and Expenditures for Roads, Bridges, and Streets are the responsibility of management and were derived from and relate 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 by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, 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 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

BKD, LLP

Colorado Springs, Colorado
June 6, 2019



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, 2018. 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

- During 2018, the City adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). 2017 financial information has not been adjusted for the adoption of GASB 75. Additional information regarding the impact of this statement is available in the notes to the financial statements.
- 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, 2018, by \$3.3 billion (net position). The City's net position increased by \$177.5 million or 5.7% as a result of current year activity. The prior period adjustment related to the implementation of GASB 75 resulted in a decrease in net position of \$113.0 million.
 - The governmental net position increased by \$59.4 million or 4.8%, before the prior period adjustment. Including the prior period adjustment, the governmental net position increased by \$38.3 million.
 - The business-type net position increased by \$118.1 million or 6.2%, before the prior period adjustment, significantly due to an increase in Utilities' net position of \$109.3 million. Including the prior period adjustment, the business-type net position increased by \$74.7 million.
- The City's governmental funds report combined ending fund balances of \$170.7 million. This was an increase of \$8.5 million, largely due to increased tax revenues.
- The General Fund, the City's primary operating fund presented on a current financial resources basis, ended 2018 with a fund balance of \$73.5 million or 24.0% of 2018 total General Fund expenditures and uses of other financing sources. Of this, \$51.9 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 2018 the \$51.9 million in unrestricted fund balance represents 16.9% of 2018 total General Fund expenditures and uses of other financing sources. Unrestricted fund balance increased from 2017 by \$1.3 million. Restricted fund balance decreased by \$1.6 million primarily due to a decrease in funds restricted for capital projects, partially offset by 2018 revenue in excess of the Taxpayer's Bill of Rights (TABOR) limits. Additional information on TABOR is presented in Note IV.D.3 in the notes to the financial statements. See General Fund Budgetary Highlights for additional information on other General Fund changes.
- The City's total long-term debt is \$2.9 billion. This is a \$8.6 million or 0.3% decrease from 2017. The City's business-type activity debt decreased by \$4.2 million largely due to Utilities decreases in notes and loans payable.

(unaudited)

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, development review program, and stormwater 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, Creekwalk Marketplace, Southwest Downtown, Interquest Town Center, and USAFA Visitor's Center Business Improvement Districts.

Fund Financial Statements

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

Governmental funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

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

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, but with more detail. The proprietary fund financial statements provide separate information for Utilities, Public Authority for Colorado Energy (PACE), and Memorial Health System (MHS) which are considered to be major proprietary funds of the City. Both non-major enterprise funds and internal service funds are combined into single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds and the internal service funds are provided in the form of *combining statements* elsewhere in this report.

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

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

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

Notes to the Financial Statements

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

Other Information

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

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3.3 billion at the close of 2018 which is \$177.5 million more than at the close of 2017 (as restated).

The following table reflects the condensed Statement of Net Position for 2018 with comparative information for 2017:

City of Colorado Springs Statement of Net Position (in 000's)						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 280,423	\$ 255,550	\$ 1,297,866	\$ 1,230,097	\$ 1,578,289	\$ 1,485,647
Capital assets	1,435,616	1,381,025	4,364,366	4,289,832	5,799,983	5,670,857
Total assets	1,716,039	1,636,575	5,662,233	5,519,929	7,378,272	7,156,504
Deferred outflows of resources	58,937	106,740	120,418	185,725	179,355	292,465
Total assets and deferred outflows of resources	1,774,976	1,743,315	5,782,650	5,705,654	7,557,627	7,448,969
Long-term liabilities	326,933	374,771	3,485,835	3,538,553	3,812,768	3,913,324
Other liabilities	77,645	75,482	216,851	224,379	294,496	299,861
Total liabilities	404,578	450,253	3,702,687	3,762,932	4,107,264	4,213,185
Deferred inflows of resources	73,953	34,945	66,060	3,540	140,014	38,485
Total liabilities and deferred inflows of resources	478,531	485,198	3,768,747	3,766,472	4,247,278	4,251,670
Net position						
Net investment in capital assets	1,379,549	1,320,601	2,109,119	1,962,445	3,488,668	3,283,046
Restricted	47,079	38,016	41,771	46,297	88,850	84,313
Unrestricted	(130,183)	(100,500)	(136,987)	(69,560)	(267,170)	(170,060)
Total net position	\$ 1,296,445	\$ 1,258,117	\$ 2,013,903	\$ 1,939,183	\$ 3,310,348	\$ 3,197,300

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 \$3.5 billion. The City's unrestricted net position is a deficit due to the impact of *GASB 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* as well as the implementation of *GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The City uses 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.

(unaudited)

Restricted net position increased by \$4.5 million, primarily due to revenues received in 2018 in excess of the TABOR limits partially offset by a decrease in debt service restricted amounts. Additional information on TABOR is presented in Note IV.D.3 in the notes to the financial statements.

The unrestricted net position shows a deficit of \$267.2 million. While certain unrestricted funds are designated for specific, future purposes such as encumbrances and subsequent year expenses, significant net pension and OPEB liabilities offset these amounts, resulting in negative unrestricted net position.

As noted, the City's combined net position is \$3.3 billion, an increase of \$177.5 million, as a result of current year activity.

The net position of the business-type activities is \$2.0 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, development review program, and stormwater activities. 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 2018 with comparative information for 2017. As noted earlier, the City's net position increased from 2017 (as restated) to 2018 by \$177.5 million. Governmental activities increased the City's net position by \$59.4 million or 4.8%, which accounts for 33.5% of the City's overall change in net position. Business-type activities increased the City's net position by \$118.1 million or 6.2%, which accounts for 66.5% of the City's overall change in net position.

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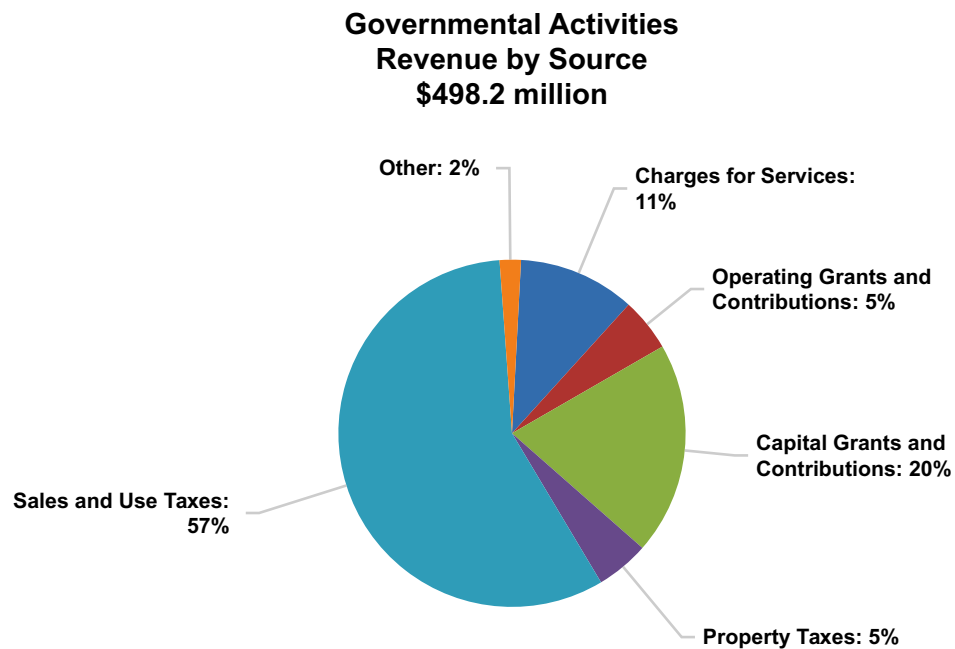
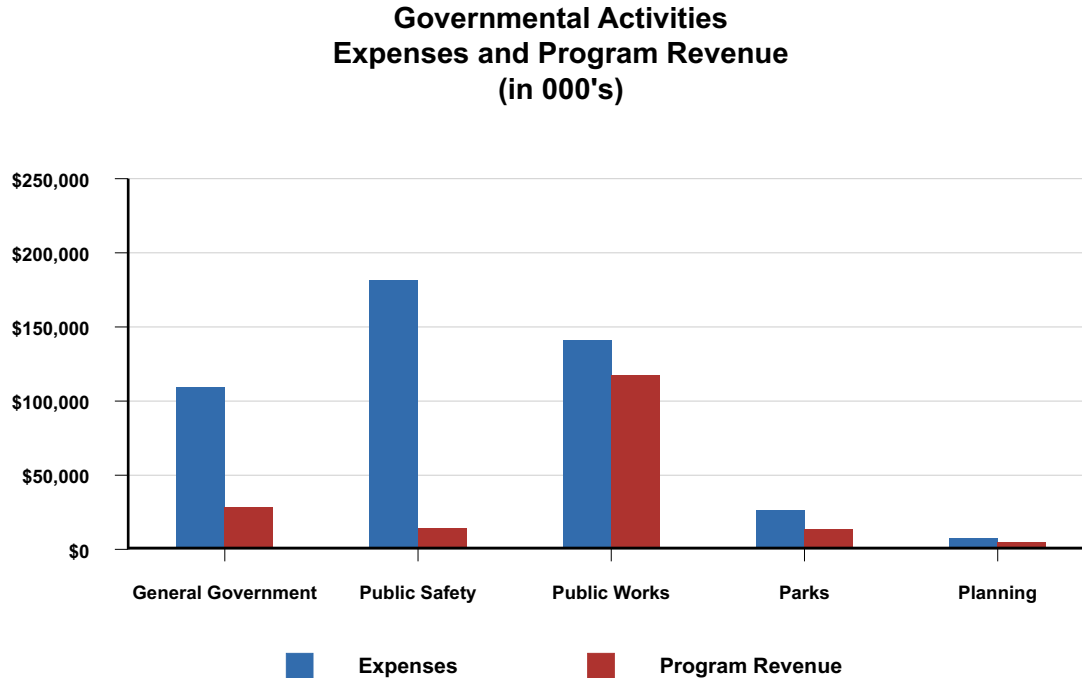
(unaudited)

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 54,378	\$ 41,697	\$ 987,998	\$ 924,984	\$ 1,042,376	\$ 966,681
Operating grants and contributions	24,964	18,572	—	—	24,964	18,572
Capital grants and contributions	100,367	121,234	70,294	61,097	170,661	182,331
General revenues:						
Property taxes	23,475	22,191	—	—	23,475	22,191
Sales and other taxes	291,281	272,816	—	—	291,281	272,816
Investment earnings	2,259	1,645	12,407	7,995	14,666	9,640
Gain on sale of capital assets	1,376	1,260	—	—	1,376	1,260
Contributions to endowments	71	1,339	—	—	71	1,339
Total revenues	498,171	480,753	1,070,699	994,075	1,568,870	1,474,828
Expenses:						
General government	109,660	101,607	—	—	109,660	101,607
Public safety	181,773	187,325	—	—	181,773	187,325
Public works	141,233	130,509	—	—	141,233	130,509
Parks	26,268	26,088	—	—	26,268	26,088
Planning	7,958	7,924	—	—	7,958	7,924
Interest on long-term debt	1,976	2,290	—	—	1,976	2,290
Utilities	—	—	818,766	793,109	818,766	793,109
PACE	—	—	59,945	60,277	59,945	60,277
MHS	—	—	3,052	3,036	3,052	3,036
Non-major enterprises	—	—	40,716	42,098	40,716	42,098
Total expenses	468,868	455,744	922,479	898,521	1,391,347	1,354,264
Change in net position before transfers	29,303	25,010	148,220	95,554	177,523	120,564
Transfers	30,142	30,481	(30,142)	(30,481)	—	—
Change in net position	59,445	55,490	118,078	65,074	177,523	120,564
Net position - beginning	1,258,117	1,202,627	1,939,183	1,874,109	3,197,300	3,076,735
Prior period adjustment	(21,117)	—	(43,358)	—	(64,475)	—
Net position - ending	\$1,296,445	\$1,258,117	\$2,013,903	\$1,939,183	\$3,310,348	\$3,197,300

Note: Immaterial differences may occur due to rounding.

(unaudited)

Governmental ActivitiesNote: Exclusive of transfers.Note: Exclusive of transfers.

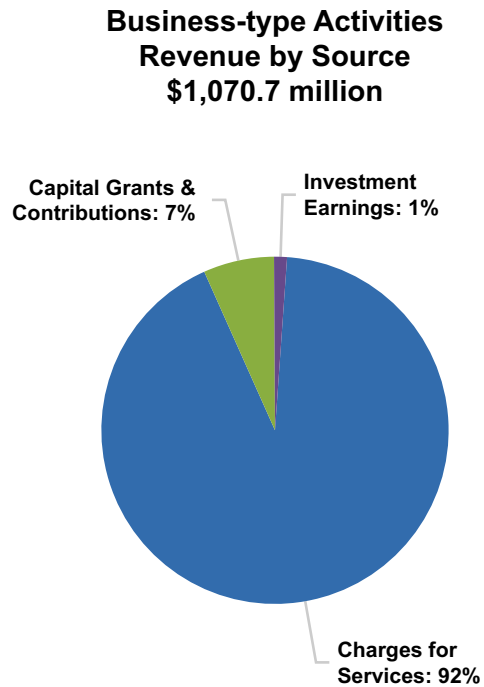
(unaudited)

For 2018, 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 2017 by \$17.4 million primarily as a result of an increase in sales tax revenue. Sales tax revenue increased largely due to continued strong economic conditions and a high level of consumer confidence. Expenses increased \$13.1 million from 2017. The most significant expense changes were the following:

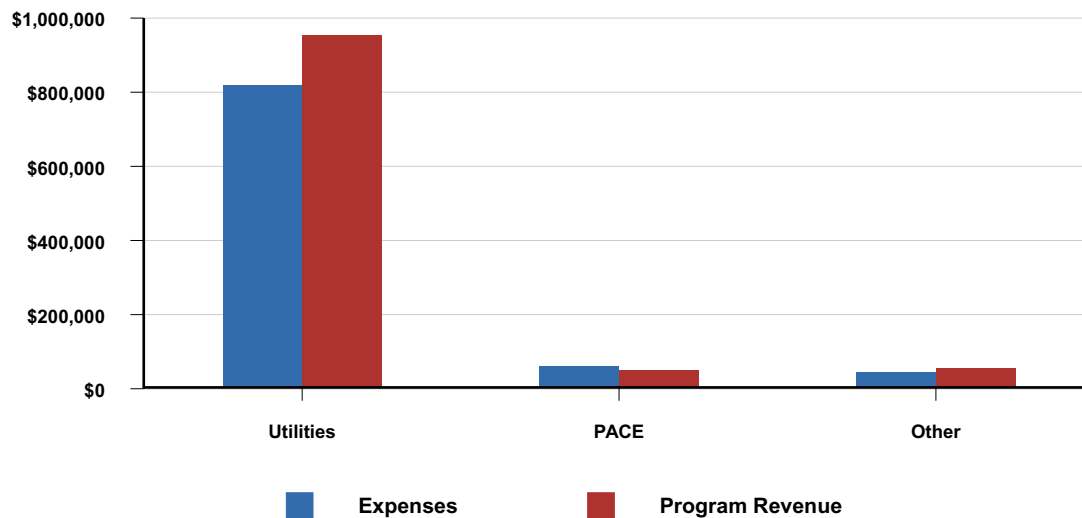
- General government expenses increased \$8.1 million primarily due to increased pension costs, depreciation expense, and staffing expenses.
- Public safety expenses decreased \$5.6 million primarily due to lower pension expenses offset with increased funding for operations.
- Public works expenses increased \$10.7 million primarily due to depreciation on capital assets.
- Pension plan expenses impacted other categories as pension expense for the City's civilian pension plan, PERA, increased \$1.5 million.

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(unaudited)

Business-type ActivitiesNote: Exclusive of transfers.

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

Note: Exclusive of transfers.

(unaudited)

For 2018, business-type activities revenue increased \$76.6 million, while expenses increased \$24.0 million. In 2018, Utilities' revenue experienced a net increase of \$49.9 million primarily due to increases in electric and water revenues, partially offset by decreases of natural gas revenues. Meanwhile the Airport experienced an increase in revenues due to an increase in capital contributions of \$3.0 million. A stormwater fee went into effect mid-year 2018 to fund critical stormwater infrastructure and maintenance operations. This new activity reported charges for services of \$7.7 million for the partial year. Business-type activities net expenses increased \$24.0 million. In 2018, Utilities' operating expenses increased \$26.4 million driven primarily by increases in other operating expenses of \$11.4 million and depreciation expense of \$6.3 million. Stormwater activities reported \$5.3 million in operating expenses for 2018.

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

As of the end of 2018, the City's governmental funds reported total combined fund balances of \$170.7 million of which \$31.9 million or approximately 18.7%, is unassigned. *Unassigned fund balance* serves as a useful measure of a government's net resources available for spending at the end of the fiscal year. The *nonspendable* portion of fund balance, \$11.7 million, is primarily comprised of endowments; and the *restricted* portion of fund balance, \$74.4 million, is primarily comprised of \$52.6 million in special revenue funds restricted balances, \$7.0 million for the TABOR refund/retention, and the \$9.0 million TABOR emergency reserve.

The General Fund is the principal operating fund of the City. At the end of 2018, the General Fund's total fund balance was \$73.5 million. The unrestricted fund balance of the General Fund was \$51.9 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 24.0% of 2018 total General Fund expenditures while unrestricted fund balance represents 16.9% of 2018 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, 2018 and 2017 for the proprietary funds are as follows:

Unrestricted Net Position (in 000's)

	2018	2017	Variance
Utilities	\$ (28,225)	\$ 35,046	\$ (63,271)
PACE	(147,593)	(138,165)	(9,428)
Non-major enterprise funds	50,227	44,947	5,280
Internal service funds	(25,937)	(24,078)	(1,859)

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 2018. The increase for non-major enterprise funds was largely due to healthy operations as a result of record breaking tourism during the year as well as the implementation of the stormwater fee. The increased tourism primarily impacted activity at Pikes Peak America's Mountain and the Airport. The decrease for Utilities was primarily due to the implementation of GASB 75. 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:

- \$5.7 million increase due to a supplemental appropriation to provide for the execution of a lease purchase for vehicles and equipment. The lease was funded by the proceeds from the leasing bank.
- \$4.4 million increase due to a supplemental appropriation to recognize revenue received from the State of Colorado as a result of SB 18-001 Fix Colorado Roads Act. This Act provided funding to the Highway Users Tax Fund (HUTF), which was then distributed to Colorado jurisdictions. The funding was appropriated for transportation infrastructure projects.
- \$1.1 million increase due to a supplemental appropriation for the purchase of Police department vehicles. This funding allowed the department to replace an additional 30 vehicles and associated special equipment.

Also, per City Code, the City rolled over project budgets and encumbrances from the previous year totaling \$32.2 million.

Total revenues, excluding other financing sources, exceeded the final budget by 2.3% or \$6.1 million as a number of revenues exceeded budget and others fell short. Sales and use tax revenue (including penalty and interest) exceeded budget by \$3.3 million. Public works charges for services exceeded budget by \$1.1 million due to strong development activity. Other revenue exceeded budget by \$1.1 million due to increased cable franchise fee collections as a result of a new cable franchise agreement.

Total expenditures are \$23.6 million less than the final budget as a number of budgeted projects take time to complete and there were vacancies across the organization which resulted in salary and benefit cost savings.

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(unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION**Capital assets**

At the end of 2018, the City has \$5.8 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 \$129.1 million.

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 364,631	\$ 353,841	\$ 220,699	\$ 211,857	\$ 585,331	\$ 565,698
Buildings	101,868	105,985	42,631	45,503	144,499	151,488
Improvements other than buildings	52,346	54,367	167,211	162,687	219,557	217,054
Machinery and equipment	44,417	38,219	16,066	13,826	60,483	52,045
Infrastructure	830,595	807,667	33,336	34,963	863,931	842,630
Utilities plant	—	—	3,651,439	3,606,338	3,651,439	3,606,338
Construction in progress	30,471	8,588	168,044	150,445	198,515	159,032
Intangible capital assets	11,287	12,358	64,940	64,213	76,227	76,571
Total	\$ 1,435,616	\$ 1,381,025	\$ 4,364,366	\$ 4,289,832	\$ 5,799,983	\$ 5,670,857

Note: Immaterial differences may occur due to rounding.

The increase to capital assets for 2018 was due to both governmental and business-type activities. Specifically, in 2018, Utilities' capital assets increased \$64.9 million or 1.6%. 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 2018, Pikes Peak Rural Transportation Authority donated \$28.9 million of infrastructure and developers donated of \$27.7 million of infrastructure to governmental activities. These donated amounts, while lower than in the prior year, remain stronger than in 2016 as a result of continued increased development.

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

(unaudited)

Long-term debt

The following schedule provides the debt outstanding at the end of 2018 and 2017. Total long-term debt outstanding at the end of 2018 is \$2.9 billion.

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 9,805	\$ 10,695	\$ —	\$ —	\$ 9,805	\$ 10,695
Certificates of participation	30,165	32,475	—	—	30,165	32,475
Revenue bonds	—	—	2,868,778	2,854,927	2,868,778	2,854,927
Lease/lease purchase	11,150	12,445	—	—	11,150	12,445
Notes payable	—	—	12,126	30,130	12,126	30,130
Total	\$ 51,120	\$ 55,615	\$ 2,880,904	\$ 2,885,057	\$ 2,932,024	\$ 2,940,672

Note: Immaterial differences may occur due to rounding.

During 2018, long-term debt for the governmental activities decreased \$4.5 million, primarily due to debt repayments. Business-type activities decreased \$4.2 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
Pikes Peak America's Mountain Revenue Bonds	N/A	A	N/A
Parking Revenue Bonds	N/A	N/A	N/A
Airport Revenue Bonds	Baa1	BBB+	BBB+
Utilities Revenue Bonds	Aa2	AA	AA
PACE Revenue Bonds	A3	A	A+

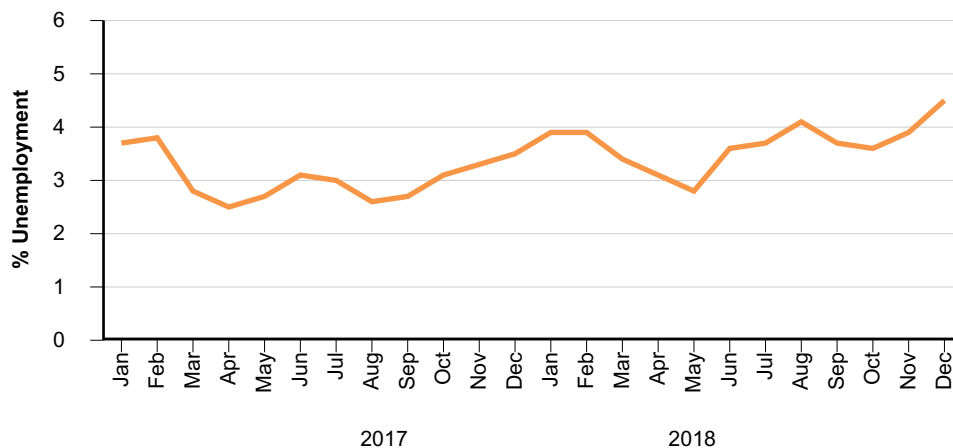
The current debt limitation for the City is \$541.5 million or 10% of the assessed property valuation. The City has no outstanding general obligation debt as it relates to this debt limit. The general obligation debt shown in the financial statements relate to the City's blended component units.

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

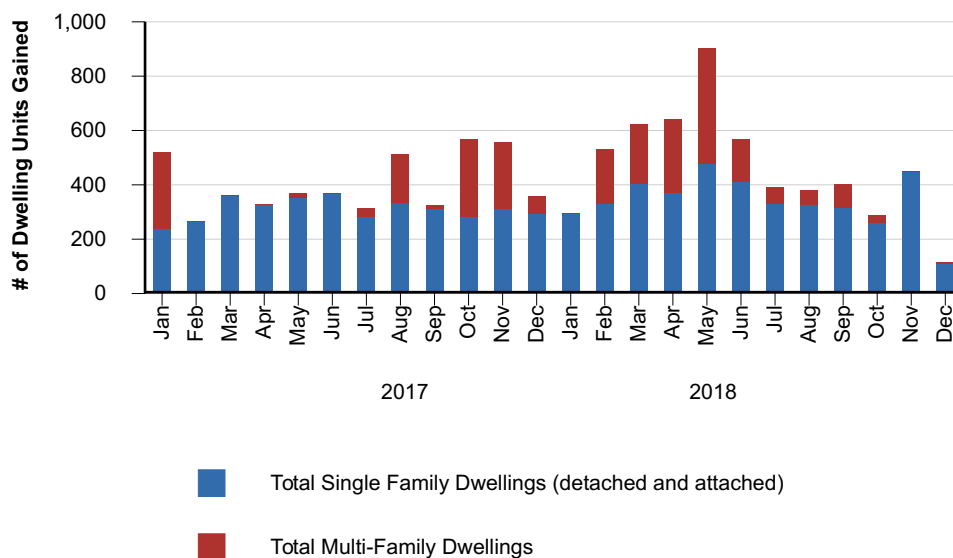
(unaudited)

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

During 2018, the local economy showed continued strength. While the local unemployment rate increased by 0.6% from 3.9% to 4.5% and the number of home sales declined by 4.7%, hotel occupancy grew by 0.8%, reflecting strong trends in the tourist industry. Residential building permits increased 15.1%, reflecting continued strength in housing demand.

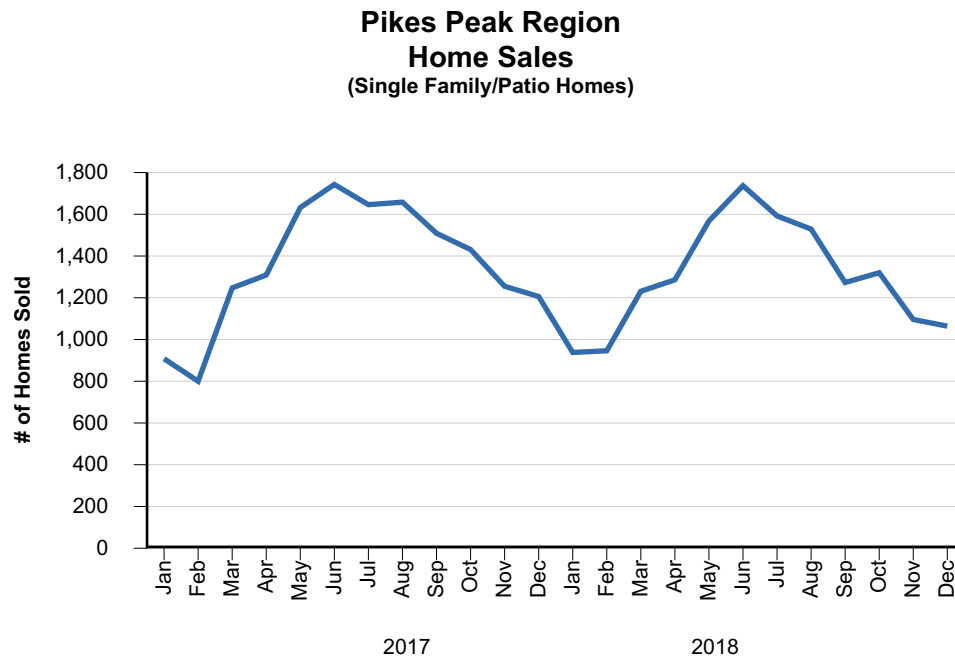
El Paso County Unemployment Rate

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

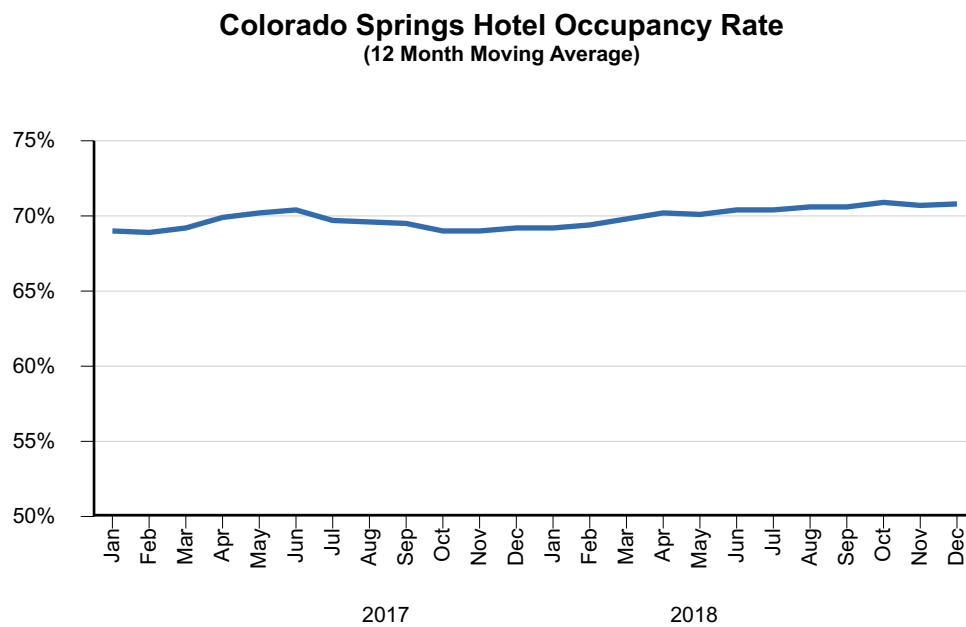
**Pikes Peak Region
Residential Building Permits**

Source: Pikes Peak Regional Building Department

(unaudited)



Source: Pikes Peak Association of Realtors

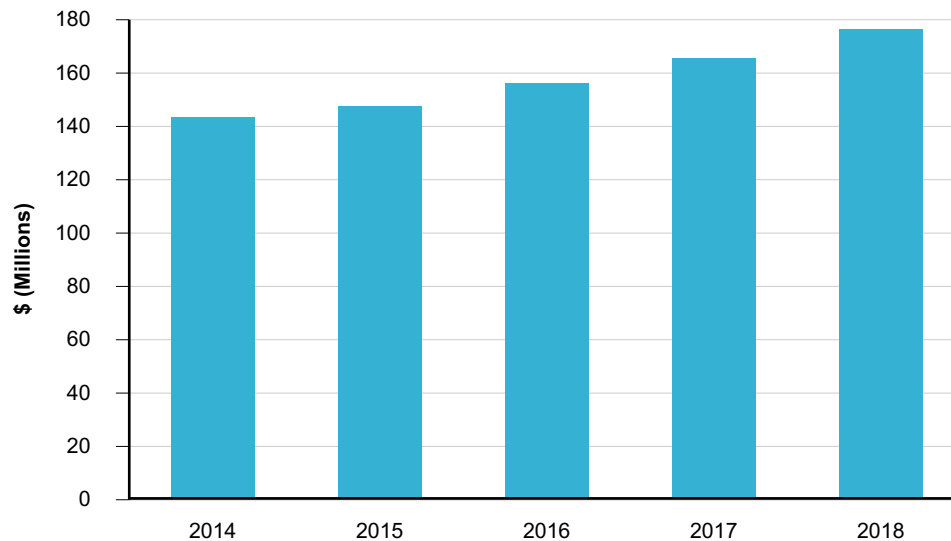


Source: University of Colorado Colorado Springs Economic Forum Dashboard

(unaudited)

Sales and use tax revenue

The City's General Fund sales and use tax revenue was up \$11.1 million or 6.7% from 2017 due to continued growth in all categories except Commercial Machines and Medical Marijuana. 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**

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2019 Budget

The 2019 General Fund budget of approximately \$308.1 million is 7.5% higher than the 2018 original General Fund budget. At 59.2%, sales and use tax is the largest single source of General Fund revenue. 2019 sales and use tax is budgeted at \$182.3 million.

The 2019 budget addresses important strategic and operational goals which are reflected in the following important funding decisions:

- \$4.5 million increased funding for 53 new Police Officer positions and 8 new sworn Fire positions
- \$950,000 increased funding for park maintenance, recreational and cultural service needs, including a new Forestry crew
- \$1.0 million increased funding for Parks water
- \$1.36 million increased funding for the City's Americans with Disabilities Act operating and capital programs
- \$2.7 million continued funding for city facilities maintenance
- \$1.1 million increased funding for city fleet replacement
- \$171,000 increased funding for an additional Quality of Life/Camp Cleanup crew
- \$209,000 increased funding to Mountain Metro Transit
- \$1.8 million increase to address Information Technology core infrastructure, applications, and cybersecurity improvements and sustainment
- \$9.9 million to bring police and fire sworn position compensation to the market average and implement year two of the civilian compensation strategy

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.

BASIC FINANCIAL STATEMENTS



STATEMENT OF NET POSITION
December 31, 2018

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	\$ 166,180,090	\$ 257,204,608	\$ 423,384,698	\$ 123,496,281	\$ 3,461,328
Receivables (net of allowance for uncollectibles)	85,560,731	130,096,414	215,657,145	19,234,206	1,693,523
Lease receivable	—	95,516,671	95,516,671	—	—
Due from other governments	—	—	—	—	7,337,221
Inventories	306,018	50,474,034	50,780,052	—	215,029
Prepays	—	430,641,000	430,641,000	233,422	6,687,611
Derivative instruments	—	—	—	2,003,958	—
Other	—	120,934,392	120,934,392	—	332,022
Restricted assets (temporarily):					
Cash and investments	17,548,297	211,912,088	229,460,385	61,091,872	2,602,355
Interest receivable	—	174,000	174,000	—	—
Net pension asset	10,827,989	—	10,827,989	—	—
Investment in joint ventures	—	913,000	913,000	—	—
Capital assets nondepreciable:					
Land	364,631,329	220,699,410	585,330,739	—	65,147
Intangibles	—	35,023,000	35,023,000	—	—
Construction in progress	30,470,913	168,043,934	198,514,847	—	1,449,479
Capital assets (net of accumulated depreciation):					
Buildings	101,868,242	42,631,036	144,499,278	—	—
Improvements other than buildings	52,346,255	167,210,901	219,557,156	5,968,153	—
Machinery and equipment	44,417,395	16,065,943	60,483,338	18,448	—
Infrastructure	830,594,630	33,336,367	863,930,997	30,291,044	—
Utility plant	—	3,651,439,000	3,651,439,000	—	65,794,966
Intangibles	11,287,343	29,916,805	41,204,148	—	—
Total assets	1,716,039,232	5,662,232,603	7,378,271,835	242,337,384	89,638,681
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred cash flow hedges - unrealized					
loss on derivative instruments	—	26,350,000	26,350,000	—	—
Grants	—	—	—	387,500	—
Loss on debt refundings	1,377,411	48,150,470	49,527,881	4,857,474	62,079
Pension-related amounts	52,284,419	42,658,788	94,943,207	—	—
OPEB-related amounts	5,275,079	3,258,533	8,533,612	—	—
Total deferred outflows of resources	\$ 58,936,909	\$ 120,417,791	\$ 179,354,700	\$ 5,244,974	\$ 62,079

(continued)

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

STATEMENT OF NET POSITION
December 31, 2018

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	\$ 68,441,718	\$ 86,851,872	\$ 155,293,590	\$ 7,505,603	\$ 5,549,517
Contingent liabilities and promise to CSHF	—	96,767,713	96,767,713	—	—
Deposits payable	424,039	—	424,039	—	—
Funds held for others	59,876	—	59,876	—	—
Accrued interest payable	143,604	15,731,574	15,875,178	900,214	74,112
Internal balances	(9,801,410)	9,801,410	—	—	—
Unearned revenue:					
Grants	14,957,042	—	14,957,042	—	—
Other	3,420,275	7,698,614	11,118,889	46	5,352,751
Noncurrent liabilities:					
Due within one year	6,181,514	105,458,045	111,639,559	4,710,789	6,351,313
Due in more than one year	320,751,161	3,380,377,446	3,701,128,607	165,216,562	18,780,691
Total liabilities	404,577,819	3,702,686,674	4,107,264,493	178,333,214	36,108,384
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Gain on debt refundings	—	1,443,000	1,443,000	—	—
Interest rate swap	—	—	—	2,003,958	—
Property taxes	24,560,410	—	24,560,410	12,082,727	—
Pension-related amounts	49,212,203	63,259,168	112,471,371	—	—
OPEB-related amounts	180,574	1,358,278	1,538,852	—	—
Total deferred inflows of resources	73,953,187	66,060,446	140,013,633	14,086,685	—
<u>NET POSITION</u>					
Net investment in capital assets	1,379,549,497	2,109,118,989	3,488,668,486	(6,822,124)	43,250,574
Restricted for:					
Debt service	2,898,285	41,061,687	43,959,972	16,163,035	2,517,258
Endowments:					
Expendable	460,701	—	460,701	—	—
Nonexpendable	11,410,452	—	11,410,452	—	—
Emergency reserve (TABOR)	8,950,120	—	8,950,120	88,430	—
Capital improvement	5,546,123	50,986	5,597,109	14,095,067	—
Pension-related	10,827,989	—	10,827,989	—	—
Other	6,984,843	658,563	7,643,406	—	—
Unrestricted	(130,182,875)	(136,986,951)	(267,169,826)	31,638,051	7,824,544
Total net position	\$ 1,296,445,135	\$ 2,013,903,274	\$ 3,310,348,409	\$ 55,162,459	\$ 53,592,376

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

STATEMENT OF ACTIVITIES
For the year ended December 31, 2018

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	\$ 109,660,430	\$ 27,461,626	\$ 1,284,757	\$ 121,500	\$ (80,792,547)	\$ —	\$ (80,792,547)	\$ —	\$ —	
Public safety	181,773,131	6,951,073	7,048,084	83,833	(167,690,141)	—	(167,690,141)	—	—	
Public works	141,233,041	14,883,995	11,855,986	90,877,899	(23,615,161)	—	(23,615,161)	—	—	
Parks	26,268,032	3,018,873	1,550,299	9,283,673	(12,415,187)	—	(12,415,187)	—	—	
Planning	7,957,832	2,061,979	3,224,829	—	(2,671,024)	—	(2,671,024)	—	—	
Interest on long-term debt	1,975,934	—	—	—	(1,975,934)	—	(1,975,934)	—	—	
Total governmental activities	468,868,400	54,377,546	24,963,955	100,366,905	(289,159,994)	—	(289,159,994)	—	—	
Business-type activities										
Utilities	818,765,578	890,477,000	—	62,733,000	—	134,444,422	134,444,422	—	—	
PACE	59,945,000	49,628,000	—	—	—	(10,317,000)	(10,317,000)	—	—	
MHS	3,052,496	—	—	—	—	(3,052,496)	(3,052,496)	—	—	
Other non-major enterprises	40,715,626	47,893,293	—	7,560,975	—	14,738,642	14,738,642	—	—	
Total business-type activities	922,478,700	987,998,293	—	70,293,975	—	135,813,568	135,813,568	—	—	
Total primary government	\$1,391,347,100	\$1,042,375,839	\$ 24,963,955	\$ 170,660,880	\$ (289,159,994)	\$ 135,813,568	\$ (153,346,426)	\$ —	\$ —	
Component units										
Governmental activities	\$ 51,936,264	\$ 355,479	\$ 25,934,646	\$ —	\$ —	\$ —	\$ —	\$ (25,646,139)	\$ —	
Business-type activities	9,666,594	18,984,026	—	—	—	—	—	—	9,317,432	
Total component units	\$ 61,602,858	\$ 19,339,505	\$ 25,934,646	\$ —	\$ —	\$ —	\$ —	\$ (25,646,139)	\$ 9,317,432	
General revenues										
Property taxes					\$ 23,475,282	\$ —	\$ 23,475,282	\$ 10,446,989	\$ —	
Sales taxes					286,918,740	—	286,918,740	—	—	
Specific ownership taxes					3,374,149	—	3,374,149	606,809	—	
Occupational liquor taxes					304,686	—	304,686	—	—	
Admissions tax					605,403	—	605,403	—	—	
Bicycle excise tax					78,284	—	78,284	—	—	
Miscellaneous					—	—	—	11,773,591	—	
Investment earnings					2,259,245	12,406,763	14,666,008	(5,816,993)	147,773	
Gain on sale of capital assets					1,376,263	—	1,376,263	—	—	
Contributions to endowments					70,976	—	70,976	—	—	
Transfers					30,141,965	(30,141,965)	—	—	—	
Total general revenues and transfers					348,604,993	(17,735,202)	330,869,791	17,010,396	147,773	
Change in net position					59,444,999	118,078,366	177,523,365	(8,635,743)	9,465,205	
Net position - January 1, as previously stated					1,258,117,037	1,939,182,504	3,197,299,541	62,466,952	44,626,613	
Prior period adjustment					(21,116,901)	(43,357,596)	(64,474,497)	1,331,250	(499,442)	
Net position - January 1, as restated					1,237,000,136	1,895,824,908	3,132,825,044	63,798,202	44,127,171	
Net position - December 31					\$1,296,445,135	\$2,013,903,274	\$ 3,310,348,409	\$ 55,162,459	\$ 53,592,376	

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

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and investments	\$ 71,577,338	\$ 90,710,190	\$ 162,287,528
Accounts receivable (net of allowance for uncollectibles)	4,015,009	16,565,669	20,580,678
Sales tax receivable	17,992,639	10,572,801	28,565,440
Loans receivable (net of allowance for uncollectibles)	236,668	10,496,393	10,733,061
Property taxes receivable			
Current	21,019,928	3,540,482	24,560,410
Delinquent	24,685	—	24,685
Inventories	274,568	—	274,568
Due from other funds	7,293,749	—	7,293,749
Restricted cash and investments	5,637,845	11,910,452	17,548,297
Total assets	\$ 128,072,429	\$ 143,795,987	\$ 271,868,416
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	\$ 12,170,699	\$ 12,234,412	\$ 24,405,111
Funds held for others	59,876	—	59,876
Accrued salaries and benefits	8,317,811	1,566,925	9,884,736
Due to other funds	1,700,089	3,423,932	5,124,021
Deposits payable	—	424,039	424,039
Escrow deposits	7,846,529	—	7,846,529
Unearned revenue			
Grants	—	14,957,042	14,957,042
Other	3,420,275	—	3,420,275
Total liabilities	33,515,279	32,606,350	66,121,629
Deferred inflows of resources			
Unavailable revenue - loans (net of allowance for uncollectibles)	—	10,496,393	10,496,393
Unavailable revenue - property taxes	21,019,928	3,540,482	24,560,410
Total deferred inflows of resources	21,019,928	14,036,875	35,056,803
Fund balances			
Nonspendable	299,253	11,410,452	11,709,705
Restricted	21,315,406	53,061,975	74,377,381
Committed	14,812,118	29,880,201	44,692,319
Assigned	5,218,259	2,800,134	8,018,393
Unassigned	31,892,186	—	31,892,186
Total fund balances	73,537,222	97,152,762	170,689,984
Total liabilities, deferred inflows of resources and fund balances	\$ 128,072,429	\$ 143,795,987	\$ 271,868,416

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

GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2018

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

Total fund balances - governmental funds		\$ 170,689,984
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.		
Capital assets, at historical cost	\$ 2,299,698,000	
Less: Accumulated depreciation	(864,081,893)	
Less: Internal service fund net capital assets included above	(286,942)	
		1,435,329,165
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.		
		10,496,393
Interest on investments that is not available to pay for current-period expenditures is not reported in the funds.		
		629,581
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.		
		(14,254,152)
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.		
Bonds payable	(40,603,202)	
Accrued interest payable	(143,604)	
Lease/lease purchase payable	(11,150,000)	
Capital lease payable	(7,468,716)	
Drainage fees payable	(3,278,804)	
Compensated absences	(17,901,021)	
Municipal solid waste landfill	(333,632)	
Pension-related amounts	(191,307,870)	
OPEB-related amounts	(34,258,987)	
		(306,445,836)
Net position of governmental activities		\$ 1,296,445,135

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, 2018

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 4

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 201,541,878	\$ 113,214,666	\$ 314,756,544
Licenses, permits and fines	7,873,189	—	7,873,189
Intergovernmental	26,611,583	42,385,165	68,996,748
Charges for services	16,504,428	10,330,394	26,834,822
Endowments and donations	—	1,845,510	1,845,510
Interfund services provided	6,917,339	—	6,917,339
Investment earnings	1,258,022	728,431	1,986,453
Other revenue	6,337,112	1,267,171	7,604,283
Rental income	215,351	263,499	478,850
Total revenues	267,258,902	170,034,836	437,293,738
Expenditures			
Current			
General government	69,617,370	6,409,892	76,027,262
Public safety	146,320,840	40,983,482	187,304,322
Planning	3,731,418	4,048,900	7,780,318
Public works	24,752,095	34,165,792	58,917,887
Parks	13,267,323	10,096,899	23,364,222
Miscellaneous	—	18,199	18,199
Debt service			
Principal	4,488,732	2,375,833	6,864,565
Interest	1,492,909	497,424	1,990,333
Capital outlay	31,292,220	74,002,342	105,294,562
Total expenditures	294,962,907	172,598,763	467,561,670
Deficiency of revenues over expenditures	(27,704,005)	(2,563,927)	(30,267,932)
Other financing sources (uses)			
Transfers - in	31,972,000	11,799,245	43,771,245
Transfers - out	(11,569,245)	(527,130)	(12,096,375)
Capital lease financing	5,712,792	—	5,712,792
Sale of capital assets	1,376,261	—	1,376,261
Total other financing sources	27,491,808	11,272,115	38,763,923
Net change in fund balances	(212,197)	8,708,188	8,495,991
Fund balances - January 1	73,749,419	88,444,574	162,193,993
Fund balances - December 31	\$ 73,537,222	\$ 97,152,762	\$ 170,689,984

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, 2018**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 5**

Net change in fund balances - total governmental funds	\$	8,495,991	
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.			
Capital outlay	\$	61,039,083	
Depreciation expense		(56,127,311)	
			4,911,772
The net effect of various miscellaneous transactions involving capital assets. (i.e., sales, trade-ins, donations, and transfers)			
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.		(5,532,410)	
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.		56,734,829	
Capital assets transferred to enterprise funds		(1,532,905)	
			49,669,514
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.			
Debt incurred:			
Capital lease financing		(5,712,792)	
Principal repayments:			
Bond premium		49,386	
General obligation debt		890,000	
Certificates of participation		2,310,000	
Lease/lease purchase		1,295,000	
Capital leases		2,369,565	
			1,201,159
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.			
Accrued interest		14,399	
Drainage fees		150,000	
Compensated absences		(1,579,674)	
Landfill closing costs		(53,665)	
Net pension-related amounts		(5,698,203)	
Net OPEB-related amounts		(680,542)	
			(7,847,685)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
			4,854,195
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.			
			(1,839,947)
Change in net position of governmental activities	\$		<u><u>59,444,999</u></u>

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, 2018

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

	Budgeted Amounts		2018	Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes				
General property taxes				
Current	\$ 20,475,000	\$ 20,475,000	\$ 19,939,068	\$ (535,932)
Penalty and interest	—	—	26,212	26,212
	20,475,000	20,475,000	19,965,280	(509,720)
Sales and use taxes	174,480,000	174,480,000	176,447,244	1,967,244
Penalty and interest	—	—	1,291,680	1,291,680
Specific ownership taxes	2,554,000	2,554,000	2,927,585	373,585
Occupational liquor taxes	288,700	288,700	304,686	15,986
Admission taxes	567,000	567,000	605,403	38,403
Total taxes	198,364,700	198,364,700	201,541,878	3,177,178
Licenses, permits and fines				
Business licenses and permits	2,881,605	2,881,605	3,265,779	384,174
Fines	5,249,505	5,249,505	4,607,410	(642,095)
Total licenses, permits and fines	8,131,110	8,131,110	7,873,189	(257,921)
Intergovernmental				
State shared revenue				
Cigarette tax	851,223	851,223	960,409	109,186
Highway users tax-regular	18,924,205	23,347,619	23,025,024	(322,595)
Highway users tax-added fees	1,550,000	1,550,000	1,570,598	20,598
Severance tax	130,000	130,000	71,796	(58,204)
	21,455,428	25,878,842	25,627,827	(251,015)
Other governmental units				
El Paso County road and bridge	775,000	775,000	769,961	(5,039)
El Paso County shared fines	175,000	175,000	213,795	38,795
	950,000	950,000	983,756	33,756
Total intergovernmental	\$ 22,405,428	\$ 26,828,842	\$ 26,611,583	\$ (217,259)

(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, 2018

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

	Budgeted Amounts		2018	Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Charges for services				
General government	\$ 2,440,974	\$ 2,440,974	\$ 2,673,786	\$ 232,812
Public safety	6,685,121	6,685,121	6,550,163	(134,958)
Planning	874,075	874,075	1,118,768	244,693
Public Works	3,127,696	3,127,696	4,184,532	1,056,836
Parks	2,141,198	2,141,198	1,977,179	(164,019)
Total charges for services	15,269,064	15,269,064	16,504,428	1,235,364
Miscellaneous				
Interfund services provided	6,456,959	6,456,959	6,917,339	460,380
Investment earnings	682,000	682,000	1,258,022	576,022
Other revenue	4,848,269	5,194,775	6,337,112	1,142,337
Rental income	209,465	209,465	215,351	5,886
Total miscellaneous	12,196,693	12,543,199	14,727,824	2,184,625
Total revenues	\$ 256,366,995	\$ 261,136,915	\$ 267,258,902	\$ 6,121,987

(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, 2018

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

	Budgeted Amounts		2018	Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Expenditures				
General government				
City attorney	\$ 5,550,259	\$ 5,550,259	\$ 5,176,827	\$ 373,432
City auditor	1,617,257	1,617,257	1,448,076	169,181
City clerk	957,863	957,863	940,656	17,207
City council	719,108	719,108	605,892	113,216
Communications	1,134,195	1,134,195	1,068,885	65,310
Community development	356,811	856,811	313,702	543,109
Economic development	392,687	392,687	395,354	(2,667)
Finance	3,798,997	3,798,997	3,650,428	148,569
General costs	34,421,123	34,343,798	33,454,020	889,778
Human resources	1,705,534	1,907,859	1,854,790	53,069
Information technology	14,159,329	14,159,329	13,670,194	489,135
Innovation, fleet and facilities	2,328,432	2,328,432	2,389,760	(61,328)
Mayor	949,388	949,388	949,143	245
Municipal court	3,756,769	3,756,769	3,699,643	57,126
Total general government	71,847,752	72,472,752	69,617,370	2,855,382
Public safety				
Fire/OEM	51,965,021	51,938,021	51,676,537	261,484
Police	97,515,496	97,515,496	94,644,303	2,871,193
Total public safety	149,480,517	149,453,517	146,320,840	3,132,677
Planning	3,754,603	3,754,603	3,731,418	23,185
Public works	24,715,012	24,705,012	24,752,095	(47,083)
Parks	\$ 13,661,415	\$ 13,546,483	\$ 13,267,323	\$ 279,160

(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, 2018

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

	Budgeted Amounts		2018	Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Debt service expenditures				
Principal payments	\$ 4,429,352	\$ 4,429,352	\$ 4,488,732	\$ (59,380)
Interest payments	1,870,552	1,870,552	1,492,909	377,643
Total debt service	6,299,904	6,299,904	5,981,641	318,263
Capital outlay	40,874,301	48,360,739	31,292,220	17,068,519
Total expenditures	310,633,504	318,593,010	294,962,907	23,630,103
Deficiency of revenues over expenditures	(54,266,509)	(57,456,095)	(27,704,005)	29,752,090
Other financing sources (uses)				
Transfers - in				
Utilities surplus	31,500,000	31,500,000	31,690,861	190,861
Other funds	260,079	260,079	281,139	21,060
Transfers - out				
City funded capital improvement projects	(7,145,831)	(11,569,245)	(11,569,245)	—
Capital lease financing	—	5,713,000	5,712,792	(208)
Sale of capital assets	815,000	815,000	1,376,261	561,261
Total other financing sources (uses)	25,429,248	26,718,834	27,491,808	772,974
Net change in fund balance	(28,837,261)	(30,737,261)	(212,197)	30,525,064
Fund balance - January 1	73,749,419	73,749,419	73,749,419	—
Fund balance - December 31	\$ 44,912,158	\$ 43,012,158	\$ 73,537,222	\$ 30,525,064

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

	Business-type Activities Enterprise Funds					Governmental Activities
	Utilities	Public Authority for Colorado Energy	MHS	Other Non-Major Enterprise Funds	Total	Internal Service Funds
ASSETS AND DEFERRED						
OUTFLOWS OF RESOURCES						
Current assets						
Cash and investments - unrestricted	\$ 196,776,000	\$ 81,000	\$ 3,604,204	\$ 56,743,404	\$ 257,204,608	\$ 3,892,562
Cash and investments - restricted	41,752,000	—	—	31,911,401	73,663,401	—
Accounts receivable (net of allowance for uncollectibles)	108,489,071	7,161,000	—	10,996,256	126,646,327	466,876
Lease receivable	—	—	2,737,708	—	2,737,708	—
Interest receivable	795,000	—	—	—	795,000	—
Due from other funds	3,623,929	—	—	1,125,328	4,749,257	25,644
Inventories	49,956,000	—	—	518,034	50,474,034	31,450
Prepays	11,448,000	19,447,000	—	—	30,895,000	—
Other	—	—	79,392	—	79,392	—
Total current assets	412,840,000	26,689,000	6,421,304	101,294,423	547,244,727	4,416,532
Noncurrent assets						
Cash and investments - restricted	129,558,000	6,738,000	—	1,952,687	138,248,687	—
Interest receivable - restricted	174,000	—	—	—	174,000	—
Lease receivable - net	—	—	91,655,121	1,123,842	92,778,963	—
Note receivable	—	—	—	2,655,087	2,655,087	—
Due from other funds	—	—	—	1,361,927	1,361,927	—
Investment in joint ventures	913,000	—	—	—	913,000	—
Prepays	—	399,746,000	—	—	399,746,000	—
Other	120,855,000	—	—	—	120,855,000	—
Capital assets nondepreciable:						
Land	199,905,000	—	—	20,794,410	220,699,410	13,000
Intangibles	35,023,000	—	—	—	35,023,000	—
Construction in progress	155,993,000	—	—	12,050,934	168,043,934	—
Depreciable capital assets:						
Buildings	—	—	—	98,830,555	98,830,555	201,250
Improvements other than buildings	—	—	—	309,792,408	309,792,408	310,198
Machinery and equipment	—	—	—	42,578,323	42,578,323	489,597
Infrastructure	—	—	—	47,933,084	47,933,084	—
Utility plant	6,085,249,000	—	—	—	6,085,249,000	—
Intangibles	80,359,000	—	—	661,903	81,020,903	—
Less accumulated depreciation and amortization	(2,484,519,000)	—	—	(240,285,221)	(2,724,804,221)	(727,103)
Total noncurrent assets	4,323,510,000	406,484,000	91,655,121	299,449,939	5,121,099,060	286,942
Deferred outflows of resources						
Deferred cash flow hedges - unrealized loss on derivatives	26,350,000	—	—	—	26,350,000	—
Loss on debt refundings	48,063,000	—	—	87,470	48,150,470	—
Pension-related amounts	40,265,000	—	—	2,393,788	42,658,788	—
OPEB-related amounts	2,979,000	—	—	279,533	3,258,533	—
Total deferred outflows of resources	117,657,000	—	—	2,760,791	120,417,791	—
Total assets and deferred outflows of resources	\$ 4,854,007,000	\$ 433,173,000	\$ 98,076,425	\$ 403,505,153	\$ 5,788,761,578	\$ 4,703,474

(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	\$ 63,643,663	\$ —	\$ 1,255,795	\$ 5,108,236	\$ 70,007,694	\$ 2,072,975
Accrued liabilities	1,637,000	—	52,917	—	1,689,917	—
Accrued salaries and benefits	12,653,000	—	—	771,261	13,424,261	104,848
Claims payable	—	—	—	—	—	14,928,000
Compensated absences	9,705,000	—	—	62,457	9,767,457	12,917
Due to other funds	4,346,337	—	—	170,039	4,516,376	3,798,699
Unearned revenue	—	—	—	4,428,024	4,428,024	—
Accrued interest payable	10,750,000	4,730,000	—	251,574	15,731,574	—
Matured bonds payable	79,519,000	11,680,000	—	1,100,000	92,299,000	—
Notes payable	2,593,000	—	—	551,922	3,144,922	—
Capital lease payable	—	—	—	246,666	246,666	—
Other	1,730,000	—	—	—	1,730,000	—
Total current liabilities	186,577,000	16,410,000	1,308,712	12,690,179	216,985,891	20,917,439
Noncurrent liabilities						
Claims payable	—	—	—	—	—	9,191,000
Contingent liabilities and promise to CSHF	—	—	96,767,713	—	96,767,713	—
Compensated absences	5,879,000	—	—	1,186,682	7,065,682	245,405
Customer deposits	3,466,000	—	—	—	3,466,000	—
Unearned revenue	—	—	—	3,270,590	3,270,590	—
Revenue bonds payable, net	2,319,307,000	562,348,000	—	37,859,829	2,919,514,829	—
Notes payable	5,252,000	—	—	3,729,243	8,981,243	—
Customer advances for construction	14,933,000	—	—	—	14,933,000	—
Capital lease payable	—	—	—	162,465	162,465	—
Municipal solid waste landfill closure and postclosure care	4,649,000	—	—	—	4,649,000	—
Derivative instruments	84,755,000	—	—	—	84,755,000	—
Net pension liability	269,286,000	—	—	13,009,319	282,295,319	—
Net OPEB liability	46,047,000	—	—	2,234,908	48,281,908	—
Other long-term liabilities	6,273,000	—	—	—	6,273,000	—
Total noncurrent liabilities	2,759,847,000	562,348,000	96,767,713	61,453,036	3,480,415,749	9,436,405
Total liabilities	2,946,424,000	578,758,000	98,076,425	74,143,215	3,697,401,640	30,353,844
Deferred inflows of resources						
Gain on debt refundings	1,443,000	—	—	—	1,443,000	—
Pension-related amounts	60,341,000	—	—	2,918,168	63,259,168	—
OPEB-related amounts	1,331,000	—	—	27,278	1,358,278	—
Total deferred inflows of resources	\$ 63,115,000	\$ —	\$ —	\$ 2,945,446	\$ 66,060,446	\$ —

(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
Net position						
Net investment in capital assets	\$ 1,835,592,000	\$ —	\$ —	\$ 273,526,989	\$ 2,109,118,989	\$ 286,942
Restricted for passenger facility charges	—	—	—	658,563	658,563	—
Restricted for debt service	37,101,000	2,008,000	—	1,952,687	41,061,687	—
Restricted for capital improvement	—	—	—	50,986	50,986	—
Unrestricted	(28,225,000)	(147,593,000)	—	50,227,267	(125,590,733)	(25,937,312)
Total net position	1,844,468,000	(145,585,000)	—	326,416,492	2,025,299,492	(25,650,370)
Total liabilities, deferred inflows						
of resources and net position	\$ 4,854,007,000	\$ 433,173,000	\$ 98,076,425	\$ 403,505,153		\$ 4,703,474
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(11,396,218)	
Net position of business-type activities					<u>\$ 2,013,903,274</u>	

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, 2018

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	\$ 890,477,000	\$ 49,628,000	\$ —	\$ 47,893,293	\$ 987,998,293	\$ 42,198,001
Total operating revenues	890,477,000	49,628,000	—	47,893,293	987,998,293	42,198,001
Operating expenses						
Salaries and benefits	196,964,565	—	—	16,924,195	213,888,760	2,911,778
Other operating expenses	387,689,435	19,331,000	—	17,568,878	424,589,313	41,160,990
Depreciation and amortization	158,246,000	—	—	18,651,015	176,897,015	26,510
Total operating expenses	742,900,000	19,331,000	—	53,144,088	815,375,088	44,099,278
Operating income (loss)	147,577,000	30,297,000	—	(5,250,795)	172,623,205	(1,901,277)
Nonoperating revenues (expenses)						
Derivative instruments	14,005,000	—	—	—	14,005,000	—
Investment earnings	7,035,000	994,000	95,004	1,325,267	9,449,271	52,510
Lease interest income	—	—	2,957,492	—	2,957,492	—
Interest expense	(95,835,000)	(39,794,000)	—	(587,942)	(136,216,942)	—
Passenger facility charges	—	—	—	3,522,190	3,522,190	—
Customer facility charges	—	—	—	1,249,182	1,249,182	—
Amortization expense	—	(820,000)	—	—	(820,000)	—
Loss on disposal of capital assets	—	—	—	(568,211)	(568,211)	—
Change in contingent liabilities	—	—	(3,730,849)	—	(3,730,849)	—
Insurance settlements	—	—	—	8,833,407	8,833,407	—
Debt issuance costs	—	—	—	(277,966)	(277,966)	—
Gain on bond defeasance	—	—	—	3,299	3,299	—
Miscellaneous	5,789,000	—	678,353	438,745	6,906,098	—
Total nonoperating revenues (expenses)	(69,006,000)	(39,620,000)	—	13,937,971	(94,688,029)	52,510
Income (loss) before contributions and transfers	78,571,000	(9,323,000)	—	8,687,176	77,935,176	(1,848,767)
Capital contributions	62,733,000	—	—	9,093,880	71,826,880	—
Transfers - in	—	—	—	297,130	297,130	—
Transfers - out	(31,690,000)	—	—	—	(31,690,000)	—
Transfers - other	(282,000)	—	—	—	(282,000)	—
Change in net position	109,332,000	(9,323,000)	—	18,078,186	118,087,186	(1,848,767)
Total net position - January 1, as previously stated	1,776,521,000	(136,262,000)	—	310,310,902		(23,801,603)
Prior period adjustment	(41,385,000)	—	—	(1,972,596)		—
Total net position - January 1, as restated	1,735,136,000	(136,262,000)	—	308,338,306		(23,801,603)
Total net position - December 31	<u>\$ 1,844,468,000</u>	<u>\$ (145,585,000)</u>	<u>\$ —</u>	<u>\$ 326,416,492</u>		<u>\$ (25,650,370)</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. (8,820)

Change in net position of business-type activities \$ 118,078,366

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, 2018

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	\$ 867,362,000	\$ 49,564,000	\$ —	\$ 43,619,397	\$ 960,545,397	\$ 8,479,992
Receipts from interfund services provided	15,083,000	—	—	632,467	15,715,467	34,421,110
Receipts from lease receivable	—	—	2,654,619	—	2,654,619	—
Payments to suppliers	(374,573,000)	(67,000)	(6,120,967)	(12,043,436)	(392,804,403)	(36,398,581)
Payments to employees	(203,885,000)	—	—	(15,771,181)	(219,656,181)	(2,374,818)
Payments for interfund services used	(15,946,000)	—	—	(6,247,346)	(22,193,346)	(4,693,936)
Other receipts	3,275,000	—	4,452	—	3,279,452	—
Net cash provided (used) by operating activities	291,316,000	49,497,000	(3,461,896)	10,189,901	347,541,005	(566,233)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Intergovernmental non-operating revenues provided	(31,796,000)	—	—	—	(31,796,000)	—
Transfers - out	(2,836,000)	—	—	—	(2,836,000)	—
Transfers - in	—	—	—	584,541	584,541	—
Repayment of advance from other funds	—	—	—	—	—	(2,497,317)
Advance from other funds	—	—	—	—	—	3,796,530
Repayment of long-term debt	—	(10,580,000)	—	—	(10,580,000)	—
Interest payments on long-term debt	—	(38,422,000)	—	—	(38,422,000)	—
Interest payments - other	—	(1,448,000)	—	—	(1,448,000)	—
Operating grants	48,000	—	—	237,513	285,513	—
Net cash provided (used) by noncapital financing activities	(34,584,000)	(50,450,000)	—	822,054	(84,211,946)	1,299,213
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital contributions and advances	40,005,000	—	—	—	40,005,000	—
Payments from accounts payable for capital asset additions	—	—	—	(96,976)	(96,976)	—
Bond issuance proceeds	226,815,000	—	—	—	226,815,000	—
Premium related to bond issuance	35,665,000	—	—	—	35,665,000	—
Bond issuance costs and other related costs	(1,309,000)	—	—	—	(1,309,000)	—
Repayment and refunding of revenue bonds	(224,294,000)	—	—	—	(224,294,000)	—
Purchases of capital assets	(154,901,000)	—	—	(24,696,270)	(179,597,270)	(36,582)
Repayment of capital lease obligations	—	—	—	(241,681)	(241,681)	—
Principal paid on capital debt	(45,000,000)	—	—	(8,678,461)	(53,678,461)	—
Interest paid on capital debt	(106,924,000)	—	—	(672,769)	(107,596,769)	—
Interest paid - other	(9,000)	—	—	(6,412)	(15,412)	—
Proceeds from issuance of commercial paper	30,000,000	—	—	—	30,000,000	—
Proceeds from the sale of capital assets	1,404,000	—	—	1,931,801	3,335,801	—
Capital grant	7,993,000	—	—	8,312,790	16,305,790	—
Passenger facility charges	—	—	—	3,336,728	3,336,728	—
Customer facility charges	—	—	—	1,249,182	1,249,182	—
Insurance settlement	—	—	—	6,535,300	6,535,300	—
Net cash used by capital and related financing activities	\$ (190,555,000)	\$ —	\$ —	(13,026,768)	\$ (203,581,768)	\$ (36,582)

(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, 2018

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	\$ 110,995,000	\$ —	\$ 4,779,086	\$ 23,412,767	\$ 139,186,853	\$ 772,247
Purchases of investments	(130,749,000)	(28,000)	(1,322,677)	(21,464,793)	(153,564,470)	(1,439,405)
Interest and dividends received	5,639,000	994,000	10,015	644,784	7,287,799	56,778
Principal payment received on lease receivable	—	—	—	27,245	27,245	—
Interest received on lease receivable	—	—	—	236,353	236,353	—
Derivatives	(26,730,000)	—	—	—	(26,730,000)	—
Distributions from joint ventures	179,000	—	—	—	179,000	—
Principal received from interfund loan	—	—	—	74,016	74,016	—
Interest received from interfund loan	—	—	—	59,172	59,172	—
Net cash provided (used) by investing activities	(40,666,000)	966,000	3,466,424	2,989,544	(33,244,032)	(610,380)
Net change in cash and cash equivalents	25,511,000	13,000	4,528	974,731	26,503,259	86,018
Cash and cash equivalents - January 1	115,540,000	68,000	128,409	2,718,707	118,455,116	57,556
Cash and cash equivalents - December 31	\$ 141,051,000	\$ 81,000	\$ 132,937	\$ 3,693,438	\$ 144,958,375	\$ 143,574
Cash and cash equivalents	\$ 141,051,000	\$ 81,000	\$ 132,937	\$ 3,693,438	\$ 144,958,375	\$ 143,574
Investments	227,035,000	6,738,000	3,471,267	86,914,054	324,158,321	3,748,988
Total cash and investments	\$ 368,086,000	\$ 6,819,000	\$ 3,604,204	\$ 90,607,492	\$ 469,116,696	\$ 3,892,562
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ 147,577,000	\$ 30,297,000	\$ —	\$ (5,250,795)	\$ 172,623,205	\$ (1,901,277)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation and amortization expense	158,246,000	—	—	18,651,015	176,897,015	26,510
Other expense	(36,917,000)	—	—	(208,361)	(37,125,361)	—
Decrease (increase) in assets and outflows of resources						
Accounts receivable	(13,786,000)	(64,000)	—	(1,807,156)	(15,657,156)	667,924
Lease receivable	—	—	2,654,619	—	2,654,619	—
Due from other funds	—	—	—	(992,646)	(992,646)	35,178
Inventories	1,564,000	—	—	(96,764)	1,467,236	1,440
Prepays	259,000	19,264,000	—	—	19,523,000	—
Other assets	(2,571,000)	—	4,452	—	(2,566,548)	—
Deferred outflows of resources - pensions	52,918,000	—	—	2,355,499	55,273,499	—
Deferred outflows of resources - OPEB	(159,000)	—	—	(273,054)	(432,054)	—
Increase (decrease) in liabilities and inflows of resources						
Accounts and other payables	(202,000)	—	679,782	(425,716)	52,066	563,681
Accrued expenses	1,164,000	—	(33,706)	533,597	1,663,891	40,004
Due to other funds	—	—	—	139,396	139,396	307
Contingent liability	—	—	(6,767,043)	—	(6,767,043)	—
Other liabilities	9,000	—	—	248,280	257,280	—
Deferred inflows of resources - pensions	58,896,000	—	—	(327,552)	58,568,448	—
Deferred inflows of resources - OPEB	1,331,000	—	—	8,720	1,339,720	—
Net pension liabilities	(76,206,000)	—	—	(3,624,383)	(79,830,383)	—
Net OPEB liabilities	(807,000)	—	—	1,259,821	452,821	—
Net cash provided (used) by operating activities	\$ 291,316,000	\$ 49,497,000	\$ (3,461,896)	\$ 10,189,901	\$ 347,541,005	\$ (566,233)

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

(continued)

	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	\$ 4,780,000	\$ 820,000	\$ —	\$ —	\$ 5,600,000	\$ —
Noncash acquisition of capital assets						
(incurrence of payable/capital lease obligation)	27,030,000	—	—	1,749,243	28,779,243	—
Noncash capital contributions	24,400,000	—	—	—	24,400,000	—
Change in fair value of derivatives	23,066,000	—	—	—	23,066,000	—
Change in fair value of investments	—	—	42,495	4,913	47,408	(1,974)

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

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
December 31, 2018

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 10

	<u>Agency Fund</u>
<u>ASSETS</u>	
Cash and investments	\$ 7,327,715
Due from component unit	<u>478</u>
Total assets	<u><u>\$ 7,328,193</u></u>
<u>LIABILITIES</u>	
Accounts payable	\$ 2,460
Due to component unit	<u>7,325,733</u>
Total liabilities	<u><u>\$ 7,328,193</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, 2018

	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	Barnes & Powers South Business Improvement District
ASSETS							
Cash and investments - unrestricted	\$ 120,361,321	\$ 462,973	\$ 1,072,872	\$ 411,720	\$ 497,322	\$ 77,006	\$ —
Cash and investments - restricted	—	52,370,737	1,631,374	—	912,573	15,225	108,002
Accounts receivable (net of allowance for uncollectibles)	675,475	788,907	104,756	14,520	5,246	4,780	1,022
Note receivable	—	—	1,260,677	—	—	—	—
Assessments receivable	—	—	—	—	4,053,592	—	—
Property taxes receivable	—	6,420,001	1,437,260	504,997	476,102	340,425	93,129
Prepays	2,128	10,839	6,701	9,873	187,698	3,665	—
Interest rate swap	—	2,003,958	—	—	—	—	—
Capital assets (net of accumulated depreciation):							
Machinery and equipment	—	—	—	18,448	—	—	—
Improvements	—	—	—	—	60,320	1,106,402	—
Infrastructure	—	—	—	—	5,716,340	247,892	77,018
Total assets	121,038,924	62,057,415	5,513,640	959,558	11,909,193	1,795,395	279,171
DEFERRED OUTFLOWS OF RESOURCES							
Grants	—	—	387,500	—	—	—	—
Loss on refunding	—	4,857,474	—	—	—	—	—
Total deferred outflows of resources	—	4,857,474	387,500	—	—	—	—
LIABILITIES							
Accounts payable	21,699	3,813,384	33,464	4,873	27,127	7,035	1,022
Escrows	—	7,730	10,228	—	—	—	—
Grants payable	3,085,624	—	387,500	—	—	—	—
Accrued interest payable	—	651,805	—	—	29,406	18,119	2,627
Unearned revenue	—	—	—	46	—	—	—
Noncurrent liabilities:							
Due within one year	—	3,590,000	—	—	530,000	105,000	50,000
Due in more than one year	—	104,572,821	—	—	6,724,500	3,477,378	435,000
Total liabilities	3,107,323	112,635,740	431,192	4,919	7,311,033	3,607,532	488,649
DEFERRED INFLOWS OF RESOURCES							
Property taxes	—	6,420,001	1,437,260	504,997	476,102	340,425	93,129
Interest rate swap	—	2,003,958	—	—	—	—	—
Total deferred inflows of resources	—	8,423,959	1,437,260	504,997	476,102	340,425	93,129
NET POSITION							
Net investment in capital assets	—	—	—	18,448	(651,197)	(515,405)	(9,167)
Restricted for:							
Debt service	—	5,493,420	1,195,174	—	4,296,739	—	105,375
Emergency reserve	—	—	48,700	18,000	5,830	2,100	—
Capital improvement	—	14,095,067	—	—	—	—	—
Unrestricted	117,931,601	(73,733,297)	2,788,814	413,194	470,686	(1,639,257)	(398,815)
Total net position	\$ 117,931,601	\$ (54,144,810)	\$ 4,032,688	\$ 449,642	\$ 4,122,058	\$ (2,152,562)	\$ (302,607)

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

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	Southwest Downtown Business Improvement District	Total
\$ 6,037	\$ 173,241	\$ 1,930	\$ 372,448	\$ 19,801	\$ 36,241	\$ 1,102	\$ 2,267	123,496,281
114,064	1,186,245	7,969	2,637,975	1,417,110	677,662	12,836	100	61,091,872
1,888	95,952	2,248	118,490	19,628	3,455	843	—	1,837,210
—	—	—	—	—	—	—	—	1,260,677
—	—	—	—	—	—	—	—	4,053,592
172,470	614,742	201,627	1,304,077	107,471	324,363	49,855	36,208	12,082,727
—	3,664	1,832	1,832	1,337	2,182	1,471	200	233,422
—	—	—	—	—	—	—	—	2,003,958
—	—	—	—	—	—	—	—	18,448
—	4,080,674	720,757	—	—	—	—	—	5,968,153
1,086,333	9,833,185	506,573	8,390,518	2,030,210	2,402,975	—	—	30,291,044
1,380,792	15,987,703	1,442,936	12,825,340	3,595,557	3,446,878	66,107	38,775	242,337,384
—	—	—	—	—	—	—	—	387,500
—	—	—	—	—	—	—	—	4,857,474
—	—	—	—	—	—	—	—	5,244,974
7,925	18,516	7,398	5,272	21,338	4,892	16,448	24,128	4,014,521
—	—	—	—	—	—	—	—	17,958
—	—	—	—	—	—	—	—	3,473,124
10,058	46,151	46,177	67,700	16,342	11,829	—	—	900,214
—	—	—	—	—	—	—	—	46
30,000	160,000	55,789	135,000	25,000	30,000	—	—	4,710,789
1,397,095	25,070,935	1,769,144	13,500,752	4,182,261	3,881,876	180,267	24,533	165,216,562
1,445,078	25,295,602	1,878,508	13,708,724	4,244,941	3,928,597	196,715	48,661	178,333,214
172,470	614,742	201,627	1,304,077	107,471	324,363	49,855	36,208	12,082,727
—	—	—	—	—	—	—	—	2,003,958
172,470	614,742	201,627	1,304,077	107,471	324,363	49,855	36,208	14,086,685
(333,667)	(1,363,191)	(426,753)	(1,651,090)	(656,519)	(1,233,583)	—	—	(6,822,124)
104,006	1,218,245	—	2,670,929	402,278	664,233	12,636	—	16,163,035
—	3,400	900	5,200	2,400	1,600	200	100	88,430
—	—	—	—	—	—	—	—	14,095,067
(7,095)	(9,781,095)	(211,346)	(3,212,500)	(505,014)	(238,332)	(193,299)	(46,194)	31,638,051
\$ (236,756)	\$ (9,922,641)	\$ (637,199)	\$ (2,187,461)	\$ (756,855)	\$ (806,082)	\$ (180,463)	\$ (46,094)	55,162,459

GOVERNMENTAL FUND COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the year ended December 31, 2018

	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	Barnes & Powers North BID
COS Health Foundation									
General government	\$ 7,331,665	\$ —	\$ 10,331,116	\$ 2,999,451					
Total	7,331,665	—	10,331,116	2,999,451					
COS Urban Renewal Authority									
General government	2,083,993	304,493	14,735,588		\$ 12,956,088				
Public works	29,397,682	—	—		(29,397,682)				
Interest on long-term debt	5,519,928	—	—		(5,519,928)				
Total	37,001,603	304,493	14,735,588		(21,961,522)				
COS Downtown Development Authority									
General government	961,883	—	607,778			\$ (354,105)			
Total	961,883	—	607,778			(354,105)			
Greater Downtown COS BID									
General government	581,896	50,342	—				\$ (531,554)		
Total	581,896	50,342	—				(531,554)		
Briargate Center BID									
General government	380,691	—	219,374					\$ (161,317)	
Interest on long-term debt	677,336	—	—					(677,336)	
Total	1,058,027	—	219,374					(838,653)	
Barnes & Powers North BID									
General government	124,136	—	15,972						\$ (108,164)
Interest on long-term debt	243,788	—	—						(243,788)
Total	367,924	—	15,972						(351,952)
Barnes & Powers South BID									
General government	20,205	—	—						
Interest on long-term debt	35,522	—	—						
Total	55,727	—	—						
First & Main BID									
General government	78,985	—	—						
Interest on long-term debt	125,507	—	—						
Total	204,492	—	—						
First & Main BID No. 2									
General government	630,394	—	24,818						
Interest on long-term debt	1,273,672	—	—						
Total	1,904,066	—	24,818						
First & Main North BID									
General government	103,430	—	—						
Interest on long-term debt	117,143	—	—						
Total	220,573	—	—						
Interquest North BID									
General government	399,673	—	—						
Interest on long-term debt	898,811	—	—						
Total	1,298,484	—	—						
Interquest South BID									
General government	129,240	—	—						
Interest on long-term debt	204,322	—	—						
Total	333,562	—	—						
Powers & Woodmen Commercial BID									
General government	127,497	—	—						
Interest on long-term debt	286,446	—	—						
Total	413,943	—	—						
Creekwalk Marketplace BID									
General government	149,154	644	—						
Interest on long-term debt	7,169	—	—						
Total	156,323	644	—						
Southwest Downtown BID									
General government	45,690	—	—						
Interest on long-term debt	406	—	—						
Total	46,096	—	—						
Total component units	\$ 51,936,264	\$ 355,479	\$ 25,934,646						
General revenues:									
Property taxes				—	5,778,193	751,898	498,318	469,397	338,843
Specific ownership taxes				—	—	105,056	67,937	59,766	42,812
Miscellaneous				—	10,338,524	130,380	893	—	—
Investment earnings				(7,100,382)	1,055,411	41,408	1,001	25,624	6,691
Total general revenues				(7,100,382)	17,172,128	1,028,742	568,149	554,787	388,346
Change in net position				(4,100,931)	(4,789,394)	674,637	36,595	(283,866)	36,394
Net position - January 1				122,032,532	(49,355,416)	2,026,801	413,047	4,405,924	(2,188,956)
Prior Period Adjustment				—	—	1,331,250	—	—	—
Net position - January 1 as restated				122,032,532	(49,355,416)	3,358,051	413,047	4,405,924	(2,188,956)
Net position - December 31	\$ 117,931,601	\$ (54,144,810)	\$ 4,032,688	\$ 449,642	\$ 4,122,058	\$ (2,152,562)			

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

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	Southwest Downtown BID	Total
									\$ 2,999,451
									12,956,088
									(29,397,682)
									(5,519,928)
									(354,105)
									(531,554)
									(161,317)
									(677,336)
									(108,164)
									(243,788)
\$ (20,205)									(20,205)
<u>(35,522)</u>									(35,522)
<u>(55,727)</u>									
	\$ (78,985)								(78,985)
	<u>(125,507)</u>								(125,507)
	<u>(204,492)</u>								
		\$ (605,576)							(605,576)
		<u>(1,273,672)</u>							(1,273,672)
		<u>(1,879,248)</u>							
			\$ (103,430)						(103,430)
			<u>(117,143)</u>						(117,143)
			<u>(220,573)</u>						
				\$ (399,673)					(399,673)
				<u>(898,811)</u>					(898,811)
				<u>(1,298,484)</u>					
					\$ (129,240)				(129,240)
					<u>(204,322)</u>				(204,322)
					<u>(333,562)</u>				
						\$ (127,497)			(127,497)
						<u>(286,446)</u>			(286,446)
						<u>(413,943)</u>			
							\$ (148,510)		(148,510)
							<u>(7,169)</u>		(7,169)
							<u>(155,679)</u>		
								\$ (45,690)	(45,690)
								<u>(406)</u>	(406)
								<u>(46,096)</u>	
									(25,646,139)
92,135	170,139	579,147	202,715	1,134,824	96,484	311,494	23,402	—	10,446,989
11,642	21,514	73,086	25,614	143,948	13,118	39,359	2,957	—	606,809
—	—	442,565	—	751,922	108,980	—	327	—	11,773,591
2,983	4,761	34,443	2,004	64,573	28,141	16,347	—	2	(5,816,993)
106,760	196,414	1,129,241	230,333	2,095,267	246,723	367,200	26,686	2	17,010,396
51,033	(8,078)	(750,007)	9,760	796,783	(86,839)	(46,743)	(128,993)	(46,094)	(8,635,743)
(353,640)	(228,678)	(9,172,634)	(646,959)	(2,984,244)	(670,016)	(759,339)	(51,470)	—	62,466,952
—	—	—	—	—	—	—	—	—	1,331,250
(353,640)	(228,678)	(9,172,634)	(646,959)	(2,984,244)	(670,016)	(759,339)	(51,470)	—	63,798,202
\$ (302,607)	\$ (236,756)	\$ (9,922,641)	\$ (637,199)	\$ (2,187,461)	\$ (756,855)	\$ (806,082)	\$ (180,463)	\$ (46,094)	\$ 55,162,459

PROPRIETARY FUND COMPONENT UNITS
COMBINING BALANCE SHEET
December 31, 2018

	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	\$ 406,033	\$ 81,838	\$ 1,740,720	\$ 591,572
Accounts receivable (net of allowance for uncollectibles)	1,614,573	—	16,728	—
Inventories	215,029	—	—	—
Due from other governments	—	—	—	—
Prepays	5,389,222	—	1,264,518	4,005
Total current assets	7,624,857	81,838	3,021,966	595,577
Noncurrent assets				
Restricted cash and cash equivalents	2,517,258	—	—	85,097
Other	—	—	274,279	—
Capital assets nondepreciable:				
Land	65,147	—	—	—
Construction in progress	1,349,012	—	—	—
Depreciable capital assets				
Utility plant	92,769,187	9,940,819	14,474,921	3,447,774
Less accumulated depreciation	(44,458,843)	(3,083,040)	(7,613,876)	(1,035,008)
Total noncurrent assets	52,241,761	6,857,779	7,135,324	2,497,863
Total assets	59,866,618	6,939,617	10,157,290	3,093,440
DEFERRED OUTFLOWS OF RESOURCES				
Loss on debt refunding	62,079	—	—	—
Total deferred outflows of resources	62,079	—	—	—
Total assets and deferred outflows of resources	\$ 59,928,697	\$ 6,939,617	\$ 10,157,290	\$ 3,093,440
LIABILITIES AND NET POSITION				
Current liabilities				
Accounts payable	\$ 501,492	\$ —	\$ 50,254	\$ 15,902
Due to other governments	—	—	—	—
Unearned revenue	5,352,751	—	—	—
Accrued interest payable	52,723	—	—	19,340
Matured bonds payable	880,000	—	—	—
Notes payable	655,806	—	—	46,732
Capital lease payable	4,708,915	—	—	—
Total current liabilities	12,151,687	—	50,254	81,974
Noncurrent liabilities				
Revenue bonds, net of unamortized premiums	31,161	—	—	—
Notes payable	1,416,992	—	—	904,315
Capital lease payable	16,428,223	—	—	—
Total noncurrent liabilities	17,876,376	—	—	904,315
Total liabilities	30,028,063	—	50,254	986,289
Net position				
Net investment in capital assets	25,665,485	6,857,779	6,861,045	2,412,766
Restricted				
Debt service	2,517,258	—	—	—
Unrestricted	1,717,891	81,838	3,245,991	(305,615)
Total net position	29,900,634	6,939,617	10,107,036	2,107,151
Total liabilities and net position	\$ 59,928,697	\$ 6,939,617	\$ 10,157,290	\$ 3,093,440

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
\$ 402,713	\$ 238,452	\$ —	\$ 3,461,328
26,965	957	34,300	1,693,523
—	—	—	215,029
—	—	7,337,221	7,337,221
27,933	1,933	—	6,687,611
457,611	241,342	7,371,521	19,394,712
—	—	—	2,602,355
25,334	32,409	—	332,022
—	—	—	65,147
—	100,467	—	1,449,479
2,655,628	1,275,012	—	124,563,341
(2,028,921)	(548,687)	—	(58,768,375)
652,041	859,201	—	70,243,969
1,109,652	1,100,543	7,371,521	89,638,681
—	—	—	62,079
—	—	—	62,079
\$ 1,109,652	\$ 1,100,543	\$ 7,371,521	\$ 89,700,760
\$ 31,939	\$ 11,108	\$ 4,935,375	\$ 5,546,070
—	—	3,447	3,447
—	—	—	5,352,751
2,049	—	—	74,112
—	—	—	880,000
59,860	—	—	762,398
—	—	—	4,708,915
93,848	11,108	4,938,822	17,327,693
—	—	—	31,161
—	—	—	2,321,307
—	—	—	16,428,223
—	—	—	18,780,691
93,848	11,108	4,938,822	36,108,384
626,707	826,792	—	43,250,574
—	—	—	2,517,258
389,097	262,643	2,432,699	7,824,544
1,015,804	1,089,435	2,432,699	53,592,376
\$ 1,109,652	\$ 1,100,543	\$ 7,371,521	\$ 89,700,760

PROPRIETARY FUND COMPONENT UNITS
 COMBINING STATEMENT OF ACTIVITIES
 For the year ended December 31, 2018

	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	\$ 6,777,264	\$ 14,780,631	\$ 8,003,367		
Aurora-Colorado Springs Joint Water Authority					
General government	158,218	50,000		\$ (108,218)	
The Twin Lakes Reservoir and Canal Company					
General government	862,744	1,495,142			\$ 632,398
The Lake Meredith Reservoir Company					
General government	215,184	248,056			
The Colorado Canal Company					
General government	705,429	783,007			
The Lake Henry Reservoir Company					
General government	69,603	166,889			
Pikes Peak Regional Communications Network					
General government	878,152	1,460,301			
Total component units	<u>\$ 9,666,594</u>	<u>\$ 18,984,026</u>			
Investment earnings			31,766	102	20,439
Total general revenues			31,766	102	20,439
Change in net position			8,035,133	(108,116)	652,837
Total net position - January 1, as previously stated			22,364,943	7,047,733	9,454,199
Prior Period Adjustment			(499,442)	—	—
Total net position - January 1, as restated			21,865,501	7,047,733	9,454,199
Total net position - December 31			<u>\$ 29,900,634</u>	<u>\$ 6,939,617</u>	<u>\$ 10,107,036</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
				\$ 8,003,367
				(108,218)
				632,398
\$ 32,872				32,872
	\$ 77,578			77,578
		\$ 97,286		97,286
			\$ 582,149	582,149
				9,317,432
221	12,405	79	82,761	147,773
221	12,405	79	82,761	147,773
33,093	89,983	97,365	664,910	9,465,205
2,074,058	925,821	992,070	1,767,789	44,626,613
—	—	—	—	(499,442)
2,074,058	925,821	992,070	1,767,789	44,127,171
\$ 2,107,151	\$ 1,015,804	\$ 1,089,435	\$ 2,432,699	\$ 53,592,376



NOTES TO FINANCIAL STATEMENTS



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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

1. Governmental Fund Type Component Units

General Improvement Districts – 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 III.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, Creekwalk Marketplace, Southwest Downtown, Interquest Town Center, and USAFA Visitor's Center. 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. Interquest Town Center and USAFA Visitor's Center BIDs have not yet commenced activity and therefore are not displayed in the City's financial statements.

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 (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 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 III.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 fund 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

Inventories are valued at lower of cost or market value. The costs of inventories are recorded as expenditures when consumed rather than when purchased. 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 2018 capitalized interest rate of 4.56% 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 and distribution mains	50 years
Sewer mains and laterals	100 years
Wastewater preliminary treatment facility	45 years
General structures and improvements	57 years
Intangibles	50 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 five 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, *grants*, is reported in the government-wide statement of net position and the governmental fund component units combining statement of

net position. This amount is deferred and recognized as an outflow of resources in the period that the amount is incurred. The third, *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 fourth and fifth items recorded as a deferred outflow of resources are for pension-related amounts and other postemployment benefit 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 six 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 initially deferred on the statement of net position and subsequently recognized on the statement of activities as an inflow of resources in the following fiscal year, when the amounts become available for spending. 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 is 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 is 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 and sixth items recorded as a deferred inflow of resources are for pension-related amounts and other postemployment benefit related amounts as described below.

Deferred inflows and outflows of resources *related to pensions* as well as *related to OPEB (other postemployment benefits)* arise from differences between expected and actual experience with regard to economic and demographic factors, changes in assumptions or other inputs, projected and actual 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 and OPEB expense in the current period are reported as deferred outflows or deferred inflows related to pensions and deferred outflows or deferred inflows related to OPEB, respectively. Contributions made to the plans subsequent to the plans fiduciary net position measurement date are recorded as a deferred outflows of resources related to pensions and deferred outflows of resources related to OPEB.

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 current portion, or the portion financed from expendable available financial resources, 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 and other costs related to bond issuance, during the period in which they occur. The face amount of debt issued is reported as other financing sources. Premiums and discounts received on debt issuance are reported as other financing sources or uses. Prepaid insurance costs and other costs related to bond issuance, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Net Position/Fund Balance

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

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

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

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

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

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

authorizes the Mayor or Mayor's designee to assign fund balance through the use of encumbrances. City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments often exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Interest earned on fund balances is assigned to be used by that fund unless otherwise specified through City Council or voter documentation.

Unassigned fund balances indicate amounts in the General Fund that are not classified as non-spendable, restricted, committed, or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Negative fund balances in other governmental funds are reported as unassigned once other purposes 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, 2018, the Utilities fund recognized a liability of \$4,649,000 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 \$7,811,335. The average landfill capacity used to date is 66.6%. As of December 31, 2018, the governmental activities recognized a liability of \$333,632 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 \$8,144,967. The last independent assessment was completed in 2018.

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 III.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, 2018, 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. 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 2018, expenditures exceeded appropriations for the Employee Benefits Self-Insurance fund by \$1,630,958, as a result of increased incidences, severity of claims and incurred but not reported claims adjustments from the actuary. The Park Developer Easement fund, Banning Lewis Ranch fund and Briargate General Improvement District expenditures exceeded appropriations by \$117, \$729, and \$183, 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, 2018. The deficit in the Workers' Compensation Self-Insurance fund of \$17,001,082 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 \$1,643,582 and \$8,832,264, 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, 2018. The deficit of \$145,585,000 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 \$54,144,810, Barnes & Powers North BID \$2,152,562, Barnes & Powers South BID \$302,607, First & Main BID \$236,756, First & Main BID No. 2 \$9,922,641, First & Main North BID \$637,199, Interquest North BID \$2,187,461, Interquest South BID \$756,855, Powers & Woodmen Commercial BID \$806,082, Creekwalk Marketplace BID \$180,463 and Southwest Downtown BID \$46,094. These deficits also relate to bonds and other noncurrent liabilities that have been issued for capital assets. The deficits will decrease over time as the entities collect the dedicated general property taxes to make payments on the bonds. Additional information about the component units can be found in their respective financial statements.

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III. 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 \$660,173,000 and consist of the following on December 31, 2018 (in 000's):

	Unrestricted Assets	Restricted Assets
Demand accounts (incl petty cash of \$54)	\$ 21,426	\$ 58,671
Money market mutual funds	813	3,652
Colorado Liquid Asset Trust (COLOTRUST)	23,244	6,173
Colorado Surplus Asset Trust Fund (CSAFE)	—	95,783
Bank note	495	—
Repurchase agreements	—	4,507
Commercial paper	4,474	—
US treasury securities	150,681	12,444
US instrumentality securities	162,917	30,723
Domestic corporate fixed-income securities	42,877	—
Mutual funds	—	9,659
Municipal bonds	5,858	—
Certificates of deposit	6,682	—
Supra-national securities	10,008	—
Domestic equities	—	782
Guaranteed investment contract	—	6,738
Mortgages pooled	1,238	—
Domestic partnership	—	328
Total	<u>\$ 430,713</u>	<u>\$ 229,460</u>

Note: Immaterial differences may occur due to rounding.

Reconciliation of total deposits and investments to the financial statements at December 31, 2018 (in 000's):

	Governmental Activities	Business-type Activities	Fiduciary	Total
Unrestricted	\$ 166,180	\$ 257,205	\$ 7,328	\$ 430,713
Restricted	17,548	211,912	—	229,460
Total	<u>\$ 183,728</u>	<u>\$ 469,117</u>	<u>\$ 7,328</u>	<u>\$ 660,173</u>

Note: Immaterial differences may occur due to rounding.

1. Deposits

The carrying amount of the City's deposits at December 31, 2018, was \$80,043,000 and the bank balances were \$94,188,000. Of the bank balances, \$906,000 was covered by federal deposit insurance and \$93,282,000 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, 2018, 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 counterparty's trust department or agent but not held in the City's name. None of the City's investments owned at December 31, 2018, were subject to custodial credit risk.

As of December 31, 2018, Utilities invested \$4,507,000 in repurchase agreements. Underlying investments related to the repurchase agreements were in US Agency securities and other Government Sponsored Enterprises which carry an implied AAA credit rating.

As of December 31, 2018, the City had the following investment maturities and credit quality distribution:

Investment Type	Value (in 000's)	Weighted Average Maturity (Years)
Money market and mutual funds	\$ 14,124	0.00
Colorado Liquid Asset Trust (COLOTRUST)	29,417	0.00
Colorado Surplus Asset Trust (CSAFE)	95,783	0.00
Repurchase agreements	4,507	0.00
Commercial paper	4,474	0.20
US treasury securities	163,125	1.47
US instrumentality securities	193,640	1.21
Bank note	495	.93
Domestic corporate fixed-income securities	42,877	1.16
Municipal bond	5,858	1.43
Certificates of deposit	6,682	1.34
Supra-national securities	10,008	2.50
Domestic equities	782	0.00
Guaranteed investment contract	6,738	19.87
Mortgages pooled	1,238	3.48
Domestic partnership	328	0.00
Total	580,076	

Portfolio weighted average maturity	2.43

Reconciliation to total cash and investments

Add:

Cash on hand and in banks	80,097

\$ 660,173

Note: Immaterial differences may occur due to rounding.

	Standard and Poor's (S&P)	% of Total
Money market mutual funds	AAA	0.43%
Money market mutual funds	unrated	2.01%
Local investment pools	AAAm	21.58%
Repurchase agreement	unrated	0.78%
Commercial paper	A-1	0.77%
US treasury securities	AA+	28.12%
US instrumentality securities	AA+	33.38%
Bank note	A+	0.09%
Domestic corporate fixed-income securities	A+	1.29%
Domestic corporate fixed-income securities	AA	1.44%
Domestic corporate fixed-income securities	AA-	3.75%
Domestic corporate fixed-income securities	AA+	0.67%
Domestic corporate fixed-income securities	AAA	0.23%
Municipal bond	A+	0.14%
Municipal bond	AA	0.35%
Municipal bond	AA-	0.16%
Municipal bond	AA+	0.12%
Municipal bond	AAA	0.25%
Certificates of deposit	A+	0.46%
Certificates of deposit	AA-	0.69%
Supra-national securities	AAA	1.73%
Domestic equities	unrated	0.13%
Guaranteed investment contract	A+	0.58%
Guaranteed investment contract	AA-	0.58%
Pooled mortgages	AA+	0.21%
Domestic partnership	unrated	0.06%
		100.00%

As of December 31, 2018, the City has invested \$29,417,000 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

As of December 31, 2018, the City has invested \$95,783,000 in the Colorado Surplus Asset Trust Fund (CSAFE), 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. CSAFE 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 CSAFE is rated AAAm by S&P. CSAFE 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:

CSAFE
1675 Broadway, Ste 500
Denver, CO 80202
www.csafe.org

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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, 2018 (in 000's):

	Demand Accounts	Money Market Mutual Funds	COLOTRUST	Alternative Investments	Total
Governmental Activities:					
Colorado Springs Health Foundation	\$ 1,884	\$ 112,414	\$ —	\$ 6,062	\$ 120,360
Urban Renewal Authority	2,415	—	50,418	—	52,833
Downtown Development Authority	2,704	—	—	—	2,704
Greater Downtown Colorado Springs BID	412	—	—	—	412
Briargate Center BID	30	728	652	—	1,410
Barnes & Powers North BID	17	—	75	—	92
Barnes & Powers South BID	—	—	108	—	108
First & Main BID	—	—	120	—	120
First & Main BID No.2	13	—	1,347	—	1,360
First & Main North BID	3	—	7	—	10
Interquest North BID	8	—	3,003	—	3,011
Interquest South BID	26	—	1,411	—	1,437
Powers & Woodmen Commercial BID	24	—	690	—	714
Creekwalk Marketplace BID	14	—	—	—	14
Southwest Downtown BID	3	—	—	—	3
	<u>7,553</u>	<u>113,142</u>	<u>57,831</u>	<u>6,062</u>	<u>184,588</u>
Business-type Activities:					
Fountain Valley Authority	1,325	1,598	—	—	2,923
Aurora-Colorado Springs Joint Water Authority	82	—	—	—	82
Various canal & reservoir companies	3,058	—	—	—	3,058
	<u>4,465</u>	<u>1,598</u>	<u>—</u>	<u>—</u>	<u>6,063</u>
Total	<u>\$ 12,018</u>	<u>\$ 114,740</u>	<u>\$ 57,831</u>	<u>\$ 6,062</u>	<u>\$ 190,651</u>

Note: Immaterial differences may occur due to rounding.

Reconciliation of total deposits and investments to the government-wide financial statements at December 31, 2018 (in 000's):

	Governmental Activities	Business-type Activities	Total
Unrestricted	\$ 123,496	\$ 3,461	\$ 126,957
Restricted	<u>61,092</u>	<u>2,602</u>	<u>63,694</u>
Total	<u>\$ 184,588</u>	<u>\$ 6,063</u>	<u>\$ 190,651</u>

Note: Immaterial differences may occur due to rounding.

The carrying amount of the deposits of the component units of the City at December 31, 2018, was \$12,018,000, and the bank balances were \$12,039,000. Of the bank balances, \$2,485,000 was covered by federal deposit insurance, and \$5,715,000 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, 2018, bank balances exceeded federally insured limits by approximately \$3,552,000.

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

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

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

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

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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, 2018 (in 000's):

	Total	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Assets				
Investments				
Money market mutual funds	\$ 14,124	\$ 14,124	\$ —	\$ —
Colorado Liquid Asset Trust (COLOTRUST)	29,417	(A)	(A)	(A)
Colorado Surplus Asset Trust Fund (CSAFE)	95,783	(A)	(A)	(A)
Bank note	495	—	495	—
Repurchase agreements	4,507	4,507	—	—
Commercial paper	4,474	—	4,474	—
US treasury securities	163,125	—	163,125	—
US instrumentality securities	193,640	—	193,640	—
Domestic corporate fixed-income securities	42,877	—	42,877	—
Municipal bond	5,858	—	5,858	—
Certificates of deposit	6,682	—	6,682	—
Supra-national securities	10,008	—	10,008	—
Domestic equities	782	782	—	—
Guaranteed investment contract	6,738	—	6,738	—
Mortgages pooled	1,238	—	1,238	—
Domestic partnership	328	—	—	328
Total investments	<u>\$ 580,076</u>	<u>\$ 19,413</u>	<u>\$ 435,135</u>	<u>\$ 328</u>
Liabilities				
Derivative instruments	\$ 84,755	\$ —	\$ 84,755	\$ —
Total derivative instruments	<u>\$ 84,755</u>	<u>\$ —</u>	<u>\$ 84,755</u>	<u>\$ —</u>

Note: Immaterial differences may occur due to rounding.

(A) During the year, the City invested in COLOTRUST and CSAFE, local government investment pools. The valuation is measured at net asset value and is designed to approximate the share value. The pools' Board of Trustees, elected by the participants, is responsible for overseeing the management of the investment pools, including establishing operating standards and policies. COLOTRUST and CSAFE are 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.

The following table reflects the fair value of the investments for component units of the City as of December 31, 2018 (in 000's):

	Total	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Governmental Activities Assets				
Investments				
Money market mutual funds	\$ 113,142	\$ 113,142	\$ —	\$ —
Colorado Liquid Asset Trust (COLOTRUST)	57,831	(A)	(A)	(A)
Alternative investments	6,062	(B)	(B)	(B)
Derivative instruments	2,004	—	2,004	—
	179,039	113,142	2,004	—
Business-type Activities Assets				
Investments				
Money market mutual funds	1,598	1,598	—	—
	1,598	1,598	—	—
Total	\$ 180,637	\$ 114,740	\$ 2,004	\$ —

Note: Immaterial differences may occur due to rounding.

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

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

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B. Receivables

Receivables for governmental funds, proprietary funds, fiduciary funds and component units at December 31, 2018, include the following (in 000's):

	General	Utilities	PACE	MHS	Non-Major & Other	Total
Interest	\$ —	\$ 795	\$ —	\$ —	\$ —	\$ 795
Taxes	39,037	—	—	—	26,196	65,233
Accounts	4,065	111,853	7,161	—	31,576	154,655
Lease	—	—	—	94,393	1,124	95,517
Assessments	—	—	—	—	4,053	4,053
Intergovernmental loans	—	—	—	—	26,208	26,208
Notes and loans	237	—	—	—	3,916	4,153
Gross receivables	43,339	112,648	7,161	94,393	93,073	350,614
Less: allowances for uncollectibles	(50)	(3,364)	—	—	(15,728)	(19,142)
Net receivables	\$ 43,289	\$ 109,284	\$ 7,161	\$ 94,393	\$ 77,345	\$ 331,472

Note: Immaterial differences may occur due to rounding.

Loans receivable of \$10,496,393 are included in receivables - net of an allowance of \$15,711,857 in the statement of net position/balance sheet as of December 31, 2018, for Community Development Division (CDD). These loans were funded with HOME (Federal Home Investment Partnership Act), CDBG (Community Development Block Grant), CHFA (Colorado Housing Finance Authority), and HOPE III (Homeownership Opportunity Program) funds.

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C. Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances as of December 31, 2018, were:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Utilities	\$ 3,260,430
	Non-major Governmental Funds	236,789
	Internal Service Funds	3,796,530
		<u>7,293,749</u>
Utilities	General Fund	261,131
	Non-major Governmental Funds	3,187,143
	Non-major Business-type Funds	170,039
	Internal Service Funds	2,169
	Component Unit	3,447
		<u>3,623,929</u>
Non-major Business-type Funds	General Fund	1,438,958
	Utilities	1,048,297
		<u>2,487,255</u>
Internal Service Funds	Utilities	25,644
		<u>25,644</u>
Fiduciary Fund	Utilities	478
		<u>478</u>
Component Unit	Utilities	11,488
	Fiduciary Fund	7,325,733
		<u>7,337,221</u>
Total		<u>\$ 20,768,276</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 \$1,438,959 due to Non-major Business-type Funds from the General Fund resulted from construction of the parking facility for the General Fund's use; \$1,361,927 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	\$ —	\$ 11,569,245	\$ —	\$ 11,569,245
Non-major governmental funds	—	230,000	297,130	527,130
Utilities	31,972,000	—	—	31,972,000
Total Transfers in	<u>\$ 31,972,000</u>	<u>\$ 11,799,245</u>	<u>\$ 297,130</u>	<u>\$ 44,068,375</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 finance various capital projects and to move the annual allocated earnings into the Cemetery Enterprise Fund;
- 3) From Utilities to General Fund: to transfer Utilities surplus detailed in Note III.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 2018, the amount transferred was \$31.7 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 2018, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Loans	\$ 10,496,393	\$ —
Property taxes	24,560,410	—
Grant drawdowns prior to meeting all eligibility requirements	—	14,957,042
Other unearned revenue	—	3,420,275
Total unavailable/unearned revenue for governmental funds	<u>\$ 35,056,803</u>	<u>\$ 18,377,317</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, 2018:

Materials and supplies	\$ 41,644,504
Fuel	<u>8,860,980</u>
Total	<u>\$ 50,505,484</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, 2018 (in 000's):

	Beginning Balance	Increases*	Decreases*	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated:				
Land	\$ 353,841	\$ 10,790	\$ —	\$ 364,631
Construction in progress	<u>8,588</u>	<u>22,257</u>	<u>(374)</u>	<u>30,471</u>
Total capital assets not being depreciated	<u>362,429</u>	<u>33,047</u>	<u>(374)</u>	<u>395,102</u>
Capital assets being depreciated:				
Buildings	189,270	814	(1,273)	188,811
Improvements other than buildings	85,853	1,478	(176)	87,155
Machinery and equipment	160,148	17,168	(8,363)	168,953
Intangibles	20,939	—	(179)	20,760
Infrastructure	<u>1,387,228</u>	<u>65,445</u>	<u>(13,753)</u>	<u>1,438,920</u>
Total capital assets being depreciated	<u>1,843,438</u>	<u>84,905</u>	<u>(23,744)</u>	<u>1,904,599</u>
Less accumulated depreciation for:				
Buildings	(83,285)	(4,505)	847	(86,943)
Improvements other than buildings	(31,486)	(3,434)	111	(34,809)
Machinery and equipment	(121,929)	(9,264)	6,657	(124,536)
Intangibles	(8,581)	(1,016)	124	(9,473)
Infrastructure	<u>(579,561)</u>	<u>(37,935)</u>	<u>9,172</u>	<u>(608,324)</u>
Total accumulated depreciation	<u>(824,842)</u>	<u>(56,154)</u>	<u>16,911</u>	<u>(864,085)</u>
Total capital assets being depreciated, net	<u>1,018,596</u>	<u>28,751</u>	<u>(6,833)</u>	<u>1,040,514</u>
Governmental activities capital assets, net	<u>\$ 1,381,025</u>	<u>\$ 61,798</u>	<u>\$ (7,207)</u>	<u>\$ 1,435,616</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, 2018 (in 000's):

	Beginning Balance	Increases*	Decreases*	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated:				
Land	\$ 211,857	\$ 9,566	\$ (724)	\$ 220,699
Intangible	31,383	3,640	—	35,023
Construction in progress	150,445	210,559	(192,960)	168,044
Total capital assets not being depreciated	393,685	223,765	(193,684)	423,766
Capital assets being depreciated:				
Buildings	102,602	1,312	(5,083)	98,831
Improvements other than buildings	296,720	16,859	(3,786)	309,793
Machinery and equipment	36,041	6,839	(302)	42,578
Infrastructure	47,933	—	—	47,933
Utilities plant	5,901,331	336,318	(152,400)	6,085,249
Intangible	80,947	206	(132)	81,021
Total capital assets being depreciated	6,465,574	361,534	(161,703)	6,665,405
Less accumulated depreciation for:				
Buildings	(57,098)	(2,490)	3,388	(56,200)
Improvements other than buildings	(134,033)	(12,079)	3,530	(142,582)
Machinery and equipment	(22,215)	(4,591)	294	(26,512)
Infrastructure	(12,970)	(1,627)	—	(14,597)
Utilities plant	(2,293,454)	(156,726)	16,370	(2,433,810)
Intangible	(49,657)	(1,508)	61	(51,104)
Total accumulated depreciation	(2,569,427)	(179,021)	23,643	(2,724,805)
Total capital assets being depreciated, net	3,896,147	182,513	(138,060)	3,940,600
Business-type activities capital assets, net	<u>\$ 4,289,832</u>	<u>\$ 406,278</u>	<u>\$ (331,744)</u>	<u>\$ 4,364,366</u>

* 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, 2018, as follows (in 000's):

Governmental Activities:

General government	\$ 2,518
Public safety	5,108
Public works	43,534
Parks	4,855
Planning	112
Internal service funds	27
Total depreciation expense governmental activities	<u>\$ 56,154</u>

Business-type Activities:

Utilities	\$ 158,159
Non-major enterprise funds	18,651
Accumulated depreciation recorded through asset transfers from governmental-type activities	<u>2,211</u>
Total depreciation expense business-type activities	<u>\$ 179,021</u>

Note: Immaterial differences may occur due to rounding.

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The following schedule reflects the changes in discretely presented component unit capital assets for governmental activities for the year ended December 31, 2018 (in 000's):

	Beginning Balance	Increases*	Decreases*	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated:				
Construction in progress	\$ —	\$ 29,398	\$ (29,398)	\$ —
Capital assets being depreciated:				
Improvements	7,688	—	—	7,688
Machinery and equipment	113	9	—	122
Infrastructure	39,353	—	—	39,353
Total capital assets being depreciated	47,154	9	—	47,163
Less accumulated depreciation for:				
Improvements	(1,456)	(264)	—	(1,720)
Machinery and equipment	(92)	(11)	—	(103)
Infrastructure	(7,892)	(1,170)	—	(9,062)
Total accumulated depreciation	(9,440)	(1,445)	—	(10,885)
Total capital assets being depreciated, net	37,714	(1,436)	—	36,278
Governmental activities capital assets, net	<u>\$ 37,714</u>	<u>\$ 27,962</u>	<u>\$ (29,398)</u>	<u>\$ 36,278</u>

* Includes transfers between categories.

Note: Immaterial differences may occur due to rounding.

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The following schedule reflects the changes in discretely presented component unit capital assets for business-type activities for the year ended December 31, 2018 (in 000's):

	Beginning Balance*	Increases**	Decreases**	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated:				
Land	\$ 65	\$ —	\$ —	\$ 65
Construction in progress	1,552	2,329	(2,431)	1,450
Total capital assets not being depreciated	1,617	2,329	(2,431)	1,515
Capital assets being depreciated:				
Utilities plant	122,057	2,708	(202)	124,563
Less accumulated depreciation for:				
Utilities plant	(57,407)	(1,520)	159	(58,768)
Total capital assets being depreciated, net	64,650	1,188	(43)	65,795
Business-type activities capital assets, net	<u>\$ 66,267</u>	<u>\$ 3,517</u>	<u>\$ (2,474)</u>	<u>\$ 67,310</u>

* Restated

** Includes transfers between categories.

Note: Immaterial differences may occur due to rounding.

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H. Leases**1. Operating Leases**

Total rental expense on all operating leases, including month-to-month leases, for the year ended December 31, 2018, was \$1,221,444 for governmental activities and \$179,691 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
2019	\$ 1,070,138
2020	875,671
2021	415,439
2022	377,318
Total	<u>\$ 2,738,566</u>

2. Operating Leases (Component Units)

The City's component units for governmental activities had no operating lease rental expense for 2018. The Pikes Peak Regional Communications Network (PPRCN) was the only City business-type activity that had operating lease rental expense for 2018, which was \$66,119. The following is a schedule of minimum rental payments for PPRCN for succeeding years:

Year ending December 31:	Business-type Activities
2019	\$ 79,765
2020	71,258
2021	25,938
2022	5,940
Total	<u>\$ 182,901</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, 2018, exclusive of component units, (in 000's):

Year	Governmental Activities	Business-type Activities
2019	\$ 2,282	\$ 256
2020	2,283	166
2021	1,902	—
2022	1,404	—
Future minimum lease payments	7,871	422
Amount representing interest	(402)	(13)
Present value of net minimum payments	<u>\$ 7,469</u>	<u>\$ 409</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	\$ 12,947	\$ 1,143
Accumulated depreciation	(5,858)	(762)
Net capitalized lease property	<u>\$ 7,089</u>	<u>\$ 381</u>

Note: Immaterial differences may occur due to rounding.

Amortization of the leased property is included in depreciation expense.

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4. Capital Leases (Component Units)

Fountain Valley Authority leases various plant assets under a capital lease agreement expiring December 31, 2025. As of December 31, 2018, future minimum payments under the Fountain Valley Authority capital lease consisted of the following (in 000's):

Year	Business-type Activities
2019	\$ 5,353
2020	5,353
2021	5,353
2022	5,125
2023	1,701
Future minimum lease payments	22,885
Amount representing interest	(1,748)
Present value of net minimum payments	<u>\$ 21,137</u>

Note: Immaterial differences may occur due to rounding.

Property recorded under the capital lease for Fountain Valley Authority is as follows (in 000's):

	Business-type Activities
Assets:	
Utilities plant	\$ 73,582
Accumulated depreciation	(28,762)
Net capitalized lease property	<u>\$ 44,820</u>

Note: Immaterial differences may occur due to rounding.

Amortization of the plant cost has been included in depreciation expense for 2018.

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, 2018, future minimum payments under the capital lease consisted of the following (in 000's):

Year	Amount
2019	\$ 5,612
2020	5,612
2021	5,612
2022	5,612
2023	5,612
2024-2028	28,061
2029-2033	28,061
2034-2038	28,061
2039-2042	21,045
Future minimum lease payments	133,288
Amount representing discount interest	(38,895)
Present value of net minimum payments	<u>\$ 94,393</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, since 2015, MHS has received and recognized \$4.5 million. 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. No transfers were made to the Foundation for third-party payer settlements in 2018.

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, 2018, 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. There was no outstanding principal balance as of December 31, 2018.

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

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.

During 2018, the City issued \$30,050,000 of Pikes Peak America's Mountain Enterprise Revenue Bonds, Series 2018 to construct a new visitor center at the top of Pikes Peak, pay costs of issuance, and fund a reserve account. The bonds bear an interest rate ranging from 3.75% to 5.25%. The bonds mature on December 1, 2048 and are secured by and payable solely from pledged revenues of the Pikes Peak enterprise.

During 2018, the City defeased in-substance the outstanding Airport System Revenue Refunding Bonds, Series 2014, using only existing resources. The reason for the defeasance was to reduce future annual debt service payments in order to lower airline rates and charges to make the Airport more competitive. The Airport placed \$6,732,098 in an irrevocable escrow account invested in U.S. Treasury obligations that, together with interest earned thereon, will provide amounts sufficient for payment of all principal and interest on each remaining payment date. As of December 31, 2018, the Airport remains contingently liable for the outstanding principal balance of \$6,330,000 for the Series 2014 Bonds.

During 2018, Utilities issued \$169,955,000 of Refunding Revenue Bonds, Series 2018A-1, 2018A-2 and 2018A-3. The Series 2018A-1 bonds were used to current refund the Utilities' outstanding Variable Rate Demand Utilities System Subordinate Lien Improvement and Refunding Revenue Bonds, Series 2006A and Variable Rate Demand Utilities System Improvement and Refunding Revenue Bonds, Series 2007B. The Series 2018A-2 bonds were issued to refund all of the outstanding Commercial Paper Notes, Series A and B. The Series 2018A-3 Refunding Revenue Bonds were issued to current refund the Utilities' outstanding Utilities System Refunding Revenue Bonds, Series 2008B. The reacquisition price of the refunded bonds exceeded the net carrying amount of the old debt by \$3,477,070 and \$1,209,694 for the Series 2018A-1 and 2018A-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 \$30,197,975 and \$3,532,517 and resulted in a net present value savings of \$88,097 and \$1,058,938 for the Series 2018A-1 and 2018A-3 bonds, respectively.

During 2018, Utilities issued \$56,860,000 of Improvement Revenue bonds, Series 2018A-4. The Series 2018A-4 bonds were issued as new money bonds to finance a portion of the costs of a number of general capital improvements to the utility system.

During 2018, the Colorado Springs Urban Renewal Authority (CSURA) issued 2018A Senior Special Revenue Bonds and 2018B Subordinate Special Revenue Bonds in the amount of \$7,325,000 and \$1,156,000, respectively. The 2018A and 2018B bonds were issued at an interest

rate of 5.75% and 8.125%, respectively. The bonds were issued to finance a portion of the costs of various downtown projects, to fund capitalized interest for the 2018A bonds, 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 special, limited revenue obligations of CSURA, payable solely from pledged revenues.

During 2018, the Briargate Center Business Improvement District entered into a \$3,379,500 loan agreement with U.S. Bank N.A. The proceeds were used to refund the remaining amount due on the 2012 loan, to fund a debt service reserve fund and for payment of issuance costs. The loan matures on December 1, 2028 and bears an interest rate of 4.77%. The district refunded the note to reduce its total debt service payments over the next nineteen years by \$2,592,746 and obtain an economic gain of \$1,111,936.

Sales Tax Increment Financings - During 2018, 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 Museum and Park Urban Renewal Project Plan area. The dedication of these sales tax increments shall be for a period not to exceed 25 years.

During 2018, 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 Tejon and Costilla Urban Renewal Project Plan 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.

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 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 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.

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	\$ 535	\$ 48	5.900%	2007-2020
Briargate GID Series 2014	8,960	7,180	1,502	2.960	2015-2030
Marketplace at Austin Bluffs GID Series 2008	2,790	2,090	1,207	6.500	2010-2033
Certificates of Participation					
Refunding COP Series 2011	13,485	745	37	3.250 - 5.000	2011-2020
Refunding COP Series 2017	29,930	29,420	14,814	3.000 - 5.250	2018-2039
Lease/Lease Purchase					
Lease Purchase Series 2016	13,690	11,150	828	1.620	2017-2026
Total Governmental Activities	\$ 71,550	\$ 51,120	\$ 18,436		
Business-type Activities²					
Utilities Revenue Bonds					
Series 2000A	\$ 110,000	\$ 110,000	\$ 36,734	resets weekly	2029
Series 2000B	15,000	2,605	297	7.500%	2001 - 2020
Series 2002C	27,055	27,055	7,906	resets weekly	2027
Series 2005A	100,000	80,295	38,304	4.710	2010 - 2035
Series 2006B	75,000	63,475	28,362	4.119	2011 - 2036
Series 2007A	75,000	60,025	21,133	3.198	2008 - 2037
Series 2008A	50,000	40,055	20,425	4.269	2009 - 2038
Series 2008D	3,631	778	21	1.350	2008 - 2021
Series 2009A	60,750	8,135	2,396	2.250 - 5.000	2010 - 2033
Series 2009B	82,000	66,640	44,833	4.000 - 5.545	2010 - 2039
Series 2009C	66,455	60,275	30,045	5.475	2010 - 2028
Series 2009D-2	56,750	54,065	63,568	4.164 - 6.313	2016 - 2049
Series 2010A	139,835	92,655	33,486	0.600 - 5.467	2011 - 2040
Series 2010B-2	174,295	171,240	186,535	3.397 - 5.738	2016 - 2050
Series 2010C	50,000	41,850	21,186	3.881	2011 - 2040
Series 2010D	224,520	182,010	156,021	1.324 - 5.158	2011 - 2040
Series 2011A	167,490	85,115	25,457	2.000 - 5.000	2012 - 2033
Series 2012A	50,000	43,040	23,735	4.024	2012 - 2041
Series 2012B	108,015	92,550	41,097	3.000 - 5.000	2013 - 2043
Series 2012C	157,670	102,895	46,667	3.000 - 5.000	2013 - 2042
Series 2013A	97,580	93,310	52,627	1.500 - 5.000	2014 - 2045
Series 2013B-1	58,915	53,590	41,237	1.500 - 5.000	2014 - 2043
Series 2013B-2	68,645	62,785	48,670	2.000 - 5.000	2014 - 2043
Series 2014A-1	58,515	58,515	44,286	4.000 - 5.000	2019 - 2044
Series 2014A-2	53,995	53,995	40,783	4.000 - 5.000	2019 - 2044
Series 2015A	82,975	81,955	44,933	3.000 - 5.000	2018 - 2048
Series 2017A1	89,750	89,045	42,677	3.000 - 5.000	2018 - 2042
Series 2017A2	84,340	83,470	76,394	2.500 - 5.000	2018 - 2047
Series 2017A3	66,090	54,890	8,798	5.000	2018 - 2023
Series 2018A1	125,645	124,345	39,853	3.000 - 5.000	2018 - 2026
Series 2018A2	39,500	39,500	36,452	3.000 - 5.000	2019 - 2048
Series 2018A3	4,810	4,810	1,906	5.000	2019 - 2033
Series 2018A4	56,860	56,860	52,818	4.000 - 5.000	2019 - 2048
PACE Revenue Bonds Series 2008	653,210	590,160	496,910	5.750 - 6.500	2009 - 2038
Parking System Revenue Bonds Series 2015	9,520	6,740	826	2.430	2015 - 2027

(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)					
Pikes Peak America's Mountain Revenue Bonds Series 2018	\$ 30,050	\$ 30,050	\$ 28,385	3.750 - 5.250%	2019 - 2048
Notes Payable					
Airport, 2014	2,336	1,470	131	2.500	2015 - 2024
Airport, 2016	3,431	2,811	326	2.500	2017 - 2026
Wastewater Facility - Utilities, 1998B	22,173	2,183	44	3.700 - 5.500	1999 - 2019
Drinking Water - Utilities, 2009	8,600	5,662	927	2.500	2011 - 2030
Total Business-type Activities	\$ 3,410,406	\$ 2,880,904	\$ 1,887,191		
Component Units²					
Special Assessment Revenue Bonds					
Briargate Center BID Series 2006	\$ 7,360	\$ 3,875	\$ 1,026	4.500 - 4.900%	2006 - 2007
Urban Renewal Authority Series 2016B ³	5,879	3,543	—	6.750	N/A
Urban Renewal Authority Series 2018A	7,325	7,325	7,548	5.750	2021 - 2047
Urban Renewal Authority Series 2018B ³	1,156	1,156	—	8.125	N/A
Limited Tax General Obligation Bonds					
Barnes & Powers North BID Series 2007	4,000	3,345	2,427	6.500	2009 - 2036
Barnes & Powers South BID Series 2007	835	485	152	6.500	2009 - 2026
First & Main BID Series 2009	1,650	1,420	1,582	8.500	2009 - 2038
First & Main North BID Series 2005	1,927	1,539	945	6.000	2005 - 2035
First & Main No. 2 BID Series 2009	2,400	2,150	2,394	8.500	2011 - 2038
First & Main No. 2 BID Series 2015	1,750	1,665	1,911	6.750	2015 - 2044
Interquest North BID Series 2010	6,500	5,975	7,184	8.500	2012 - 2040
Interquest North BID Series 2016	4,765	4,685	6,573	8.500	2017 - 2045
Powers & Woodman Commercial BID Series 2010	1,850	1,670	1,965	8.500	2011 - 2039
Revenue Bonds					
First & Main No. 2 BID Series 2011	2,000	1,725	1,592	8.500	2011 - 2035
First & Main No. 2 BID Series 2015	1,725	1,660	1,492	6.750	2017 - 2039
Interquest South BID Series 2017	4,000	4,000	3,894	4.500 - 5.000	2018 - 2047
Urban Renewal Authority Series 2017	39,000	39,000	10,619	3.330	2018 - 2027
Fountain Valley Authority Series 2013	5,255	880	26	2.000 - 3.000	2013 - 2019
Notes Payable and Lines of Credit					
Barnes & Powers North BID ³	322	222	—	7.000	N/A
Briargate Center BID 2018	3,380	3,380	978	4.770	2019 - 2028
Creekwalk Marketplace ³	201	172	—	7.000	N/A
First & Main BID ³	5	5	—	7.000	N/A
First & Main North BID ³	366	249	—	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	2,405	140	—	7.000	N/A
Powers & Woodmen Commercial BID ³	2,034	1,967	—	7.000	N/A
SW Downtown BID ³	24	24	—	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	672	—	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	47,316	9,464	variable	2017 - 2030
Fountain Valley Authority	10,830	2,073	239	3.030 - 4.400	2001 - 2024
The Colorado Canal Company, 2003	300	60	3	5.000	2015 - 2019
The Lake Meredith Reservoir Company, 2003	1,472	959	342	4.000	2005 - 2034
Total Component Units	\$ 195,643	\$ 160,271	\$ 62,356		

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

²Exclusive of capital leases and other liabilities

³These items have no repayment schedule

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, 2018 (in 000's):

	Beginning Balance*	Additions	Reductions	Ending Balance	Amounts Due within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and notes payable:					
General obligation bonds	\$ 10,695	\$ —	\$ 890	\$ 9,805	\$ 820
Certificates of participation	32,475	—	2,310	30,165	1,025
Lease/lease purchase	12,445	—	1,295	11,150	1,315
Capital leases	4,125	5,713	2,369	7,469	2,114
	59,740	5,713	6,864	58,589	5,274
Add issuance premium	2,157	—	146	2,011	—
Total bonds and notes payable	61,897	5,713	7,010	60,600	5,274
Other liabilities:					
Municipal solid waste landfill	280	54	—	334	—
Compensated absences	16,555	19,994	18,390	18,159	908
Net pension liability	280,148	—	74,940	205,208	—
Net OPEB liability	35,758	5,831	2,236	39,353	—
Developer reimbursements	3,429	—	150	3,279	—
Total other liabilities	336,170	25,879	95,716	266,333	908
Governmental activities long-term liabilities	<u>\$ 398,067</u>	<u>\$ 31,592</u>	<u>\$ 102,726</u>	<u>\$ 326,933</u>	<u>\$ 6,182</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and notes payable:					
Revenue bonds	\$ 2,854,927	\$ 256,865	\$ 243,014	\$ 2,868,778	\$ 92,299
Notes payable	30,130	30,000	48,004	12,126	3,145
Capital leases	651	—	242	409	247
	2,885,708	286,865	291,260	2,881,313	95,691
Add issuance premiums/discounts	114,826	37,844	9,634	143,036	—
Total bonds and notes payable	3,000,534	324,709	300,894	3,024,349	95,691
Other liabilities:					
Municipal solid waste landfill	4,728	—	79	4,649	—
Compensated absences	16,301	20,770	20,238	16,833	9,767
Customer deposits	2,684	1,775	993	3,466	—
Customer advances for construction	11,143	6,427	2,637	14,933	—
Net pension liability	362,124	—	79,829	282,295	—
Net OPEB liability	48,958	4,997	5,673	48,282	—
Derivative instruments	133,943	—	49,188	84,755	—
Other	4,445	2,362	534	6,273	—
Total other liabilities	584,326	36,331	159,171	461,486	9,767
Business-type activities long-term liabilities	<u>\$ 3,584,860</u>	<u>\$ 361,040</u>	<u>\$ 460,065</u>	<u>\$ 3,485,835</u>	<u>\$ 105,458</u>

* As restated

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 liability, 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, 2018 (in 000's):

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
GOVERNMENTAL ACTIVITIES					
Limited tax general obligation bonds	\$ 23,367	\$ —	\$ 433	\$ 22,934	\$ 476
Special assessment revenue bonds	9,383	8,481	1,965	15,899	275
Revenue bonds	46,465	—	80	46,385	415
Notes payable	74,256	3,573	6,748	71,081	3,545
Other	12,263	1,424	59	13,628	—
Governmental activities long-term liabilities	<u>\$ 165,734</u>	<u>\$ 13,478</u>	<u>\$ 9,285</u>	<u>\$ 169,927</u>	<u>\$ 4,711</u>
BUSINESS-TYPE ACTIVITIES					
Revenue bonds	\$ 1,730	\$ —	\$ 850	\$ 880	\$ 880
Add issuance premiums	57	—	34	23	—
Note payable	3,814	—	722	3,092	762
Capital leases	26,336	—	5,199	21,137	4,709
Business-type activities long-term liabilities	<u>\$ 31,937</u>	<u>\$ —</u>	<u>\$ 6,805</u>	<u>\$ 25,132</u>	<u>\$ 6,351</u>

Note: Immaterial differences may occur due to rounding.

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3. Annual Debt Service Requirements of Long-term Debt

The following is a summary of general obligation bond scheduled maturities as of December 31, 2018 (in 000's):

Year	Governmental Activities		Governmental Activities Component Units	
	Principal	Interest	Principal	Interest
2019	\$ 820	\$ 380	\$ 476	\$ 1,711
2020	855	345	509	1,676
2021	605	308	548	1,639
2022	625	286	591	1,598
2023	645	264	630	1,555
2024-2028	3,885	942	3,759	7,005
2029-2033	2,370	232	5,119	5,419
2034-2038	—	—	6,192	3,211
2039-2043	—	—	3,695	1,183
2044-2045	—	—	1,415	136
Total	<u>\$ 9,805</u>	<u>\$ 2,757</u>	<u>\$ 22,934</u>	<u>\$ 25,133</u>

Note: Immaterial differences may occur due to rounding.

The following is a summary of revenue bond scheduled maturities as of December 31, 2018 (in 000's):

Year	Governmental Activities Component Units		Business-type Activities		Business-type Activities Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 415	\$ 1,753	\$ 92,299	\$ 145,169	\$ 880	\$ 26
2020	625	1,735	99,519	141,177	—	—
2021	955	1,710	107,839	136,663	—	—
2022	1,160	1,673	113,475	131,787	—	—
2023	1,575	1,629	117,445	126,108	—	—
2024-2028	36,110	6,191	683,995	536,017	—	—
2029-2033	1,600	1,455	673,905	361,933	—	—
2034-2038	1,675	865	582,265	204,712	—	—
2039-2043	1,175	445	247,480	75,061	—	—
2044-2048	1,095	141	130,295	25,452	—	—
2049-2050	—	—	20,261	1,684	—	—
Total	<u>\$ 46,385</u>	<u>\$ 17,597</u>	<u>\$ 2,868,778</u>	<u>\$ 1,885,763</u>	<u>\$ 880</u>	<u>\$ 26</u>

Note: Immaterial differences may occur due to rounding.

The following is a summary of certificates of participation scheduled maturities as of December 31, 2018 (in 000's):

Year	Governmental Activities	
	Principal	Interest
2019	\$ 1,025	\$ 1,213
2020	755	1,166
2021	625	1,131
2022	700	1,100
2023	780	1,065
2024-2028	5,305	4,649
2029-2033	8,225	3,048
2034-2038	10,460	1,405
2039	2,290	74
Total	<u>\$ 30,165</u>	<u>\$ 14,851</u>

Note: Immaterial differences may occur due to rounding.

The following is a summary of lease/lease purchase scheduled maturities as of December 31, 2018 (in 000's):

Year	Governmental Activities	
	Principal	Interest
2019	\$ 1,315	\$ 181
2020	1,340	159
2021	1,360	138
2022	1,380	116
2023	1,405	93
2024-2026	4,350	141
Total	<u>\$ 11,150</u>	<u>\$ 828</u>

Note: Immaterial differences may occur due to rounding.

The following is a summary of special assessment bond scheduled maturities as of December 31, 2018 (in 000's):

Year	Governmental Activities Component Units	
	Principal	Interest
2019	\$ 275	\$ 611
2020	380	598
2021	505	579
2022	545	553
2023	575	526
2024-2028	2,870	2,150
2029-2033	1,345	1,597
2034-2038	1,960	1,143
2039-2043	1,410	567
2044-2047	1,335	250
Total	<u>\$ 11,200</u>	<u>\$ 8,574</u>

Note: Immaterial differences may occur due to rounding.

The Colorado Springs Urban Renewal Authority issued special assessment bonds in 2016 and 2018. 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, 2018, the outstanding principal balance is \$4,699,000.

The following is a summary of notes payable scheduled maturities as of December 31, 2018 (in 000's):

Year	Governmental Activities Component Units		Business-type Activities		Business-type Activities Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 3,545	\$ 1,573	\$ 3,145	\$ 290	\$ 762	\$ 147
2020	3,713	1,462	986	222	743	96
2021	3,886	1,346	1,011	197	219	71
2022	4,060	1,225	1,036	172	226	58
2023	4,240	1,098	1,062	146	240	43
2024-2028	23,111	3,411	3,821	367	504	118
2029-2033	8,141	327	1,065	34	375	50
2034	—	—	—	—	23	1
Total	<u>\$ 50,696</u>	<u>\$ 10,442</u>	<u>\$ 12,126</u>	<u>\$ 1,428</u>	<u>\$ 3,092</u>	<u>\$ 584</u>

Note: Immaterial differences may occur due to rounding.

The governmental activities component units have additional combined notes payable and other long-term liabilities in the amount of \$20,384,868. 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, Parking revenue bonds, and Pikes Peak 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	\$ 3,601,470	2001 - 2050
PACE revenue bonds	1,087,070	2009 - 2038
Parking revenue bonds	7,566	1999 - 2027
Pikes Peak revenue bonds	58,435	2019 - 2048

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. Prior to 2018, the City assigned its annual allocation to El Paso County. It is possible that PABs, or industrial revenue bonds, were issued during 2018 using this allocation. During 2018, the City retained its PAB allocation in the amount of \$24,200,033. There were no PABs or industrial revenue bonds issued under the City's allocation during 2018.

L. Fund Balance

Fund balances of the governmental funds at December 31, 2018, include the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>Nonspendable:</u>			
Delinquent property taxes receivable	\$ 24,685	\$ —	\$ 24,685
Inventories	274,568	—	274,568
Endowments - CD Smith trust fund	—	782,348	782,348
Endowment - Cemetery endowment fund	—	10,002,622	10,002,622
Endowment - TOPS maintenance trust fund	—	625,482	625,482
Total nonspendable	299,253	11,410,452	11,709,705
<u>Restricted:</u>			
Debt service	1,714	—	1,714
Emergency reserve - TABOR	8,950,120	—	8,950,120
TABOR refund/retention	6,817,449	167,394	6,984,843
Capital reserve - public safety	5,546,123	—	5,546,123
Bicycle Tax	—	159,857	159,857
Trails/Open Space	—	16,792,803	16,792,803
Conservation Trust	—	977,114	977,114
Cable Franchise	—	467,976	467,976
Public Safety Sales Tax	—	11,397,155	11,397,155
Road Repair, Maintenance, & Improvement Sales Tax	—	11,478,209	11,478,209
Special Improvement Maintenance Districts - ALL	—	1,244,110	1,244,110
Public improvements - Banning Lewis Ranch	—	2,707,075	2,707,075
General Improvement Districts - ALL	—	2,896,571	2,896,571
Lodgers and Auto Rental Tax	—	959,686	959,686
Gift Trust - general government	—	113,517	113,517
Gift Trust - public safety	—	445,954	445,954
Gift Trust - public works	—	42,704	42,704
Gift Trust - parks	—	2,751,149	2,751,149
Endowment - CD Smith trust fund	—	213,936	213,936
Endowment - Cemetery endowment fund	—	20,071	20,071
Endowment - TOPS maintenance trust fund	—	226,694	226,694
Total restricted	21,315,406	53,061,975	74,377,381
<u>Committed:</u>			
Public improvements - Public Space and Development	—	3,507,935	3,507,935
Public improvements - Subdivision Drainage	—	5,272,959	5,272,959
Public improvements - Arterial Roadway	—	1,792,453	1,792,453
Public improvements - Park Developer Easement	—	125,815	125,815
Ballfield Capital Improvements	—	18,684	18,684
Street Tree	—	90,017	90,017
Senior Programs	—	540,389	540,389
Therapeutic Recreation	—	4,647	4,647
Capital outlay - general government	1,536,719	18,527,302	20,064,021
Capital outlay - public safety	1,831,897	—	1,831,897
Capital outlay - planning	26,918	—	26,918
Capital outlay - public works	11,216,584	—	11,216,584
Capital outlay - parks	200,000	—	200,000
Total committed	14,812,118	29,880,201	44,692,319
<u>Assigned:</u>			
Public improvements - Park Developer Easement	—	53,092	53,092
Public improvements - Banning Lewis Ranch	—	193,232	193,232
Encumbrances - general government	1,529,324	—	1,529,324
Encumbrances - public safety	573,921	—	573,921
Encumbrances - planning	564,618	—	564,618
Encumbrances - public works	1,466,795	—	1,466,795
Encumbrances - parks	325,788	—	325,788
Encumbrances - innovation, fleet and facilities	757,813	—	757,813
Encumbrances - capital projects	—	2,553,810	2,553,810
Total assigned	5,218,259	2,800,134	8,018,393
<u>Unassigned:</u>	31,892,186	—	31,892,186
Total unassigned	31,892,186	—	31,892,186
Total Fund Balance	\$ 73,537,222	\$ 97,152,762	\$ 170,689,984

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 2018. 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.

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Summary of Derivative Instruments

The fair value and notional amount of derivative instruments outstanding at December 31, 2018, classified by type and changes in fair value of such derivative instruments for the year then ended (in 000's):

	2018 Changes in Fair Value		Fair Value at December 31, 2018		
	Classification	Amount	Classification	Amount	Notional
<u>Cash Flow Hedges</u>					
Interest Rate Swaps	Deferred outflows	\$ 26,122	Derivative instruments	\$ (26,350)	\$ 120,350
Total Cash Flow Hedges		<u>\$ 26,122</u>		<u>\$ (26,350)</u>	
<u>Investment Derivative</u>					
Interest Rate Swaps	Derivative gain	\$ 23,066	Derivative instruments	\$ (58,405)	\$ 267,095
Total Investment Derivative		<u>\$ 23,066</u>		<u>\$ (58,405)</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, 2018 (in 000's):

December 31,	Projected Future Cash Flows In/(Out) for Hedging Derivatives
2019	\$ (11,634)
2020	(11,290)
2021	(10,929)
2022	(10,551)
2023	(10,155)
2024-2028	(43,594)
2029-2033	(20,969)
2034-2038	(7,187)
2039-2041	(653)
Total	<u>\$ (126,962)</u>

Note: Immaterial differences may occur due to rounding.

Summary of Utilities' pay-fixed interest rate swap agreements outstanding as of December 31, 2018:

	Notional Amount (in 000's)	Effective Date	Maturity Date	Terms	Counterparty
<u>Cash Flow Hedges</u>					
2005A SIFMA Swap	\$ 60,114	09/15/05	11/01/35	Pay 4.7099%; receive SIFMA index	Bank of America, N.A.
2005A SIFMA Swap	20,181	09/15/05	11/01/35	Pay 4.7099%; receive SIFMA index	J. Aron & Company
2008A SIFMA Swap	40,055	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.
2006B New Money LIBOR Swap	25,390	09/14/06	11/01/36	Pay 4.1185%; receive 68% of LIBOR	JPMorgan Chase Bank, N.A.
2006B New Money LIBOR Swap	38,085	09/14/06	11/01/36	Pay 4.1185%; receive 68% of LIBOR	Morgan Stanley Capital Services, Inc.
2007A New Money LIBOR Swap	36,015	09/13/07	11/01/37	Pay 3.1980%; receive 68% of LIBOR	J. Aron & Company
2007A New Money LIBOR Swap	24,010	09/13/07	11/01/37	Pay 3.1980%; receive 68% of LIBOR	Morgan Stanley Capital Services, Inc.
2009C LIBOR Swap (2012 Novation)	58,275	10/01/09	11/01/28	Pay 5.4750%; receive 68% of LIBOR	Wells Fargo Bank, N.A.
2010A LIBOR Swap	41,850	10/26/10	11/01/40	Pay 3.8807%; receive 68% of LIBOR	Morgan Stanley Capital Services, Inc.
2011A LIBOR Swap	43,040	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>\$ 387,445</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.

2006A 68% of 1 Month Libor Swap - During the second quarter 2018, Utilities terminated the 2006A Swap with JPMorgan Chase Bank, N.A. and refunded the associated VRDO bond. This termination and refunding was performed using Utilities' Series 2018 A-1 debt issuance, which was approved by the Utilities' Finance Committee and Utilities Board.

2007B SIFMA Swap - During the second quarter 2018, Utilities terminated the 2007B Swap with The Bank of New York Mellon and refunded the associated VRDO bond. This termination and refunding was performed using Utilities' Series 2018 A-1 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 2018
J. Aron & Co.	A3/BBB+
JP Morgan Chase Bank, N.A.	Aa2/A+
Bank of America, N.A.	Aa3/A+
Morgan Stanley Capital Services, Inc.	A3/BBB+
Wells Fargo Bank, N.A.	Aa2/A+
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, 2018, 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, 2018, Utilities has posted approximately \$6.1 million in collateral with various counterparties to the swap agreements. Utilities' aggregate fair value of derivative instruments as of December 31, 2018 was approximately (\$84.8) million.

The combined fair value of all derivative instruments, net of collateral postings, as of December 31, 2018 was approximately (\$78.7) 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, 2018, 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, 2018, the weighted average interest rate on Utilities' variable rate debt was 1.77%, the SIFMA swap index rate was 1.71%, while 68.0% of the LIBOR was 1.70%.

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 2018, 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.

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The following is the projected payments based on the interest rate Swap transaction as of December 31, 2018:

December 31,	Swap Notional Amount	Net Interest Rate Swap Payments	Bank Interest Payments	Total
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>\$ 47,205,000</u>	<u>\$ 1,922,968</u>	<u>\$ 7,541,415</u>	<u>\$ 56,669,383</u>

Payments on the 2016 Senior Loan and the Swap are calculated using interest rates in effect on December 31, 2018.

The following is a summary of the effective interest rate calculation on CSURA's Swap Agreement for the year ended December 31, 2018:

	Counterparty Swap Payment			Interest	Total	Actual
	To	From	Net	Payments to Bank	Payments	Synthetic Rate
December 31, 2018	\$ 553,170	\$ 703,913	\$(150,743)	\$ 1,694,611	\$ 1,543,868	3.2706%

The following is a summary of CSURA's derivative for the year ended December 31, 2018:

	Net Change in Fair Value		Fair Value at December 31, 2018	
	Classification	Amount	Classification	Amount
Governmental Activities:	Deferred inflow	\$ 2,003,958	Asset	\$ 2,003,958

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, 2018
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	\$ 2,003,958

The year-end fair values were calculated using the mid-market LIBOR valuations as of December 31, 2018. As of this date, the 70% of 1-month LIBOR Index rate was 1.644475%. 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, 2018.

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, 2018, 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, 2018 is as follows:

Counterparty

Credit Rating 2018

US Bank National Association

Aa3

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, 2018, under this program the City has "abatements" of sales/use taxes totaling \$826,323 as follows:

Type of business	Number of Agreements	Sales/Use Tax "Abatements" (Payments based upon Sales/Use Taxes Paid)
Hotel/entertainment	1	\$ 91,074
Imaging solutions	1	182,870
Insurance	1	104,662
Retail sales	1	447,717
		<u>\$ 826,323</u>

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O. Restatement of Net Position*Adoption of New Accounting Standard*

Effective January 1, 2018, the City adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75)*. The impact of adoption of GASB 75 is shown as a cumulative effect adjustment to beginning net position in fiscal year 2018. The implementation of GASB 75 requires the City to record a total/net other postemployment benefit (OPEB) liability and related deferred inflows and outflows of resources related to OPEB.

As a result, the City's restatement of beginning net position balances is as follows (in 000's):

	Primary Government	
	Governmental Activities	Business-type Activities
Implementation of GASB 75:		
Total/net OPEB obligation at January 1, 2018, under GASB 45	\$ 12,462	\$ 2,650
Total/net OPEB liability at January 1, 2018, under GASB 75	(35,758)	(48,958)
Deferred outflows of resources at January 1, 2018, under GASB 75	2,179	2,951
	(33,579)	(46,007)
Cumulative effect of implementation of GASB 75	(21,117)	(43,357)
Beginning net position, as previously reported	1,258,117	1,939,183
Beginning net position, as restated	<u>\$ 1,237,000</u>	<u>\$ 1,895,826</u>

Note: Immaterial differences may occur due to rounding.

Restatement of Net Position for Component Units

The January 1, 2018 net positions for Colorado Springs Downtown Development Authority, a governmental activity component unit, and Fountain Valley Authority, a business-type activity component unit, have been restated. The Colorado Springs Downtown Development Authority statement of net position was restated for the removal of a grant payable and grant expense as the eligibility requirements were not yet met. Additionally, a grant expense was adjusted to a deferred outflow of resources, as the time requirements of the grant had not yet been met. The Fountain Valley Authority net position was restated due to certain capital assets and related depreciation expense that were not previously recorded.

As a result, the restatement of beginning net position balances for these component units are as follows (in 000's):

	Component Units	
	Governmental Activities	Business-type Activities
Beginning net position, as previously reported	\$ 62,467	\$ 44,627
Restatement for grant transactions	1,331	
Restatement for asset transactions		(499)
Beginning net position, as restated	<u>\$ 63,798</u>	<u>\$ 44,128</u>

Note: Immaterial differences may occur due to rounding.

IV. 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 2018, the City is reporting auto liability case reserves of \$630,000 and IBNR reserves of \$173,000 as reflected in the 2018 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 2018 as compared to coverage in 2017. 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 2018. The City's liability is included in claims payable in the respective internal service funds. The liabilities for Utilities and MHS are included in accrued liabilities and other long-term liabilities.

	2018 (in 000's)	2017 (in 000's)
Claims liabilities, beginning of the year	\$ 29,654	\$ 28,765
Increases	63,494	56,731
Decreases	(65,075)	(55,842)
Claims liabilities, end of year	<u>\$ 28,073</u>	<u>\$ 29,654</u>

B. Donor-restricted Endowments

As of the end of 2018, the City maintained three donor-restricted endowment funds as follows:

	Fund Balance	Available for Spending
C.D. Smith Trust	\$ 996,284	\$ 213,936
Cemetery Endowment	10,022,693	20,071
TOPS Maintenance Trust	852,176	226,694

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.

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C. Postemployment Benefits Other than Pensions

The City's former or current non-uniformed and uniformed (firefighters and police officers) employees are eligible to participate in various defined benefit postemployment benefit other than pension (OPEB) plans. More detailed notes regarding each plan follows. Below is a table that summarizes the net OPEB liabilities, deferred outflows and inflows of resources, and OPEB expenses associated with each of the plans (in 000's).

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
GOVERNMENTAL ACTIVITIES				
PERA Health Care Trust Fund	\$ 10,366	\$ 897	\$ 174	\$ 842
City OPEB Plan	28,987	4,378	7	2,075
Utilities OPEB Plan	—	—	—	—
Total governmental activities	39,353	5,275	181	2,917
BUSINESS-TYPE ACTIVITIES				
PERA Health Care Trust Fund	25,538	1,848	1,365	1,817
City OPEB Plan	1,120	169	(7)	82
Utilities OPEB Plan	21,624	1,242	—	1,498
Total business-type activities	48,282	3,259	1,358	3,397
TOTAL				
PERA Health Care Trust Fund	35,904	2,745	1,539	2,659
City OPEB Plan	30,107	4,547	—	2,157
Utilities OPEB Plan	21,624	1,242	—	1,498
Total	<u>\$ 87,635</u>	<u>\$ 8,534</u>	<u>\$ 1,539</u>	<u>\$ 6,314</u>

Note: Immaterial differences may occur due to rounding.

1. Colorado PERA Health Care Trust Fund

The City participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined on the same basis as they are reported by HCTF using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Plan description: Eligible employees of the City are provided with OPEB through the HCTF a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is

established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the CRS, as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at:

www.copera.org/investments/pera-financial-reports

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 civilian employees are members of the HCTF. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

CRS § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll in the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, CRS § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit

recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

Contributions: Pursuant to Title 24, Article 51, Section 208(1)(f) of the CRS, as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the City is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the City were \$2,447,276 for the year ended 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: As of December 31, 2018 the City reported a liability of \$35,904,195 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The City's proportion of the net OPEB liability was based on their contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the City's proportion was 2.7627%, which was a decrease of 0.0763% from its proportion measured as of December 31, 2016.

The City and Utilities report contributions to the HCTF independent of each other; therefore all OPEB related amounts, including net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense, are allocated from the HCTF independently. The City allocates its portion of the HCTF between governmental activities and business-type activities, except Utilities, based on contributions. This allocation for the year-ended December 31, 2018 (a December 31, 2017 measurement date) was 90.2925% and 9.7075% between the governmental activities and business-type activities, respectively, excluding Utilities. This allocation is an increase from the prior year in the governmental activities of .0095% 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, 2018 the City recognized OPEB expense of \$2,658,990.

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 169,796	\$ —
Net difference between projected and actual earnings on OPEB plan investments	—	600,669
Changes in proportion	107,060	938,147
Contributions subsequent to the measurement date	2,468,067	N/A
Total	<u>\$ 2,744,923</u>	<u>\$ 1,538,816</u>

The \$2,468,067 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Investments	Net Changes in Proportion	Total Effect of Amortized Deferred Inflows/Outflows on OPEB Expense
2019	\$ 33,374	\$ (150,181)	\$ (163,278)	\$ (280,085)
2020	33,374	(150,181)	(163,278)	(280,085)
2021	33,374	(150,181)	(163,278)	(280,085)
2022	33,374	(150,126)	(163,278)	(280,030)
2023	33,374	—	(163,278)	(129,904)
Thereafter	2,926	—	(14,697)	(11,771)
	<u>\$ 169,796</u>	<u>\$ (600,669)</u>	<u>\$ (831,087)</u>	<u>\$ (1,261,960)</u>

The differences between expected and actual experience, and the City's change in proportion in the plan are amortized over a closed period equal to the average expected remaining service lives of active and inactive members in the plan. The HCTF determined the average expected remaining service lives for active and inactive members at the beginning of the 2017 measurement period to be 6.09 years. The difference between expected and actual investment experience is amortized over a closed five year period.

Actuarial assumptions: The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	Rate %
Actuarial cost method	Entry Age
Price inflation	2.40
Real wage growth	1.10
Wage inflation	3.50
Salary increases, including wage inflation	3.50
Long-term investment rate of return, net of OPEB	
plan investment expenses, including price inflation	7.25
Discount rate	7.25
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00
PERACare Medicare plans	5.00
Medicare Part A premiums	3.00
* 3.00% for 2017, gradually rising to 4.25% in 2023	

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00	3.25
2019	5.00	3.50
2020	5.00	3.75
2021	5.00	4.00
2022	5.00	4.00
2023	5.00	4.25
Thereafter	5.00	4.25

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

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

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.

- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as needed.

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.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset 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 debt	0.46	3.90
Core real estate	8.50	4.90
Opportunity fund	6.00	3.80
Private equity	8.50	6.60
Cash	1.00	0.20
Total	100%	

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%.

Sensitivity of the City's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates: The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percent lower or one percent higher than the current rates:

Sensitivity of the NOL:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00	3.00	4.00
Ultimate Medicare Part A trend rate	3.25	4.25	5.25
Proportionate share of the net OPEB liability	\$ 34,916,333	\$ 35,904,195	\$ 37,094,012

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.

- 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%.
- 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. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- 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.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%.

Sensitivity of the City's proportionate share of the net OPEB liability to changes in the discount rate:

The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percent lower (6.25%) or one percent higher (8.25%) than the current rate:

Sensitivity of the NOL:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Proportionate share of the net OPEB liability	\$ 40,367,604	\$ 35,904,195	\$ 32,094,555

OPEB plan fiduciary net position: Detailed information about the HCTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at:

<https://www.copera.org/resources/forms-publications/2017-cafr>

2. The City of Colorado Springs OPEB Plan

The City's postemployment benefits other than pension plan, is a single-employer defined benefit OPEB plan administered by the City of Colorado Springs. The total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense of the plan have been determined on the same basis as they are reported by the plan using the economic

resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 as the plan is pay-as-you-go.

Plan description: 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 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 PERACare. 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 PERACare 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.

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

The benefit recipients and members of the City' OPEB plan as of December 31, 2017 are as follows:

Number of retirees receiving benefits	1,620
Number of beneficiaries receiving benefits	167
Number of active employees	2,347

There are no inactive employees eligible for benefits.

Benefit payments: Medical Plan - City benefit payments for a retiree's medical plan premium vary as follows:

Retirees that were:	City pays:
Eligible to retire prior to January 1, 1979	The retiree's medical plan premium paid 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

There is no direct cost to the City for those uniformed retirees that participate in the 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 the City's plans. In addition, the vision plan is not self-funded, but rather fully insured.

Retiree Life Plan - The City pays the following annually for retiree life insurance premiums:

- \$13.56 for Mayor and Mayoral Appointees
- \$9.00 for City Department Heads and other City Executives
- \$4.56 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.

Employer benefit payments recognized from the City were \$1,548,249 for the year ended December 31, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: As of December 31, 2018, the City reported a liability of \$30,107,637 for total OPEB liability. The total OPEB liability was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

The City allocates its OPEB plan between governmental activities and business-type activities, except Utilities, based on benefit payments. This allocation for the year-ended December 31, 2018, (a December 31, 2017 measurement date) was 96.2787% and 3.7213% between governmental activities and business-type activities, respectively. This allocation is a decrease from the prior year in the governmental activities of .0346% and a corresponding increase in the business-type activities.

For the year ended December 31, 2018 the City recognized OPEB expense of \$2,157,064.

At December 31, 2018, the City reported deferred outflows of resources of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 1,311,407
Change in assumptions	1,687,169
Benefit payments subsequent to the measurement date	1,548,249
Total	<u>\$ 4,546,825</u>

The \$1,548,249 reported as deferred outflows of resources related to OPEB, resulting from benefit payments subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Differences Between Expected and Actual Experience	Change in Assumptions	Total Effect of Amortized Deferred Outflows on OPEB expense
2019	\$ 369,411	\$ 475,259	\$ 844,670
2020	369,411	475,259	844,670
2021	369,411	475,259	844,670
2022	203,174	261,392	464,566
	<u>\$ 1,311,407</u>	<u>\$ 1,687,169</u>	<u>\$ 2,998,576</u>

The differences between expected and actual experience and 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. The average expected remaining service lives for active and inactive members at the beginning of the 2017 measurement period to be 4.55 years.

Actuarial assumptions. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	Rate %
Actuarial cost method	Entry age
Wage inflation	3.50
Salary increases, including wage inflation	3.50-11.25
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	0.00
Discount rate	3.44

The medical and drug health care cost trend rate that were used to measure the total OPEB liability are summarized in the table below:

Year	Medical/Drug Cost Trend (%)
2018	7.00
2019	6.75
2020	6.50
2021	6.25
2022	6.00
2023	5.75
2024	5.50
2025	5.25
2026	5.00
2027	4.75
Thereafter	4.50

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation. Health care trend rates assumptions were developed by Segal Consulting's internal guidelines, which are established each year using data sources such as the 2019 Segal Health Trend Survey, internal client results, trends from other published surveys prepared by the S&P Dow Jones Indices, consulting firms and brokers, and CPI statistics published by the Bureau of Labor and Statistics.

Mortality, turnover, disability, retirement and salary scale assumptions are based on the Local Government Division rates in the PERA pension valuation as of December 31, 2017 for civilian members as well as the Fire and Police Pension Association (FPPA) 2018 Actuarial Experience Study for the period ending December 31, 2017 for sworn members.

Civilian Mortality Assumptions: Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

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

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

Sworn Mortality Assumptions: Pre-retirement mortality rate was based on RP-2014 Mortality Tables for males and females projected to 2018 using the MP-2017 projected scales times 50% and increased by 0.00015, and then projected generationally using scale MP-2017. Post-retirement mortality rate was based on RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then generationally projected using scale MP-2017. Disabled mortality rates were based on RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales with a minimum probability of 3% for males and 2% for females, and then generationally projected using scale MP-2017.

All current retired participants are assumed to continue retiree medical coverage. Forty percent of future eligible retired participants are assumed to elect retiree medical coverage. All participants eligible for the \$91.40 are assumed to participate in the program.

Primary changes in assumptions since the previous measurement date of December 31, 2016 include:

- The discount rate decreased from 3.78% to 3.44% based on changes in the 20-year municipal bond rate
- Updated mortality, disability, turnover, retirement and salary scale assumptions were updated to reflect those from the FPPA 2018 Actuarial Experience study and the December 31, 2017 Colorado PERA pension valuation

The following presents the total OPEB liability using the current health care cost trend rates applicable to the benefit structure, as well as if it were calculated using health care cost trend rates that are one percent lower or one percent higher than the current rates:

Sensitivity of the TOL:

	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
Health care cost trend rates	6.00 - 3.50%	7.00 - 4.50%	8.00 - 5.50%
Total OPEB liability	\$ 28,921,502	\$ 30,107,637	\$ 31,672,515

Discount Rate: The plan is pay-as-you-go. Since there are no dedicated assets and retiree benefits are paid annually in an amount equal to the benefits distributed, the discount rate used was 3.44% based on a yield or index rate for 20-year, tax-exempt general obligation municipal bond rate with an average rating of AA/Aa or higher.

The following presents the total OPEB liability calculated using the discount rate of 3.44%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percent lower (2.44%) or one percent higher (4.44%) than the current rate:

Sensitivity of the TOL:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
	2.44%	3.44%	4.44%
Total OPEB liability	\$ 33,857,405	\$ 30,107,637	\$ 26,980,580

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.

Changes in the Total OPEB Liability: Below is a schedule of changes in the total OPEB liability for the City's OPEB plan for year ended December 31, 2018.

Total OPEB liability (TOL) - January 1, 2018	\$ 26,516,371
Service cost	434,507
Interest	987,112
Changes in benefit terms	—
Differences between expected and actual experience	1,680,818
Changes of assumptions or other inputs	2,162,428
Benefit payments	(1,673,599)
Net changes to TOL	3,591,266
Total OPEB liability (TOL) - December 31, 2018	<u>\$ 30,107,637</u>
Plan fiduciary net position as a percentage of total OPEB liability	—%
Covered employee payroll	\$ 128,564,519
Total OPEB liability as a percentage of covered employee payroll	23.42%

3. Colorado Springs Utilities OPEB Plan

In accordance with City Code, Utilities offers a single-employer defined benefit health care OPEB plan to retirees with Utilities' benefit payments determined by City Council. Employees eligible to retire prior to January 1, 1979, receive this health care plan without cost to the employee. Those eligible to retire after January 1, 1979 and hired prior to August 1, 1988 receive a limited Utilities' contribution not to exceed \$91.40 per month. The monthly subsidy for these members is determined as the difference between the full PERA premium and the PERA service subsidy. All employees hired after August 1, 1988, receive no contribution from Utilities for this health care plan. In addition to regular medical insurance subsidies, Utilities also funds a Medicare supplement for eligible retirees. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB 75.

Utilities' OPEB plan also provides a subsidy of life insurance premiums of \$.13/\$1000 for life insurance amounts up to \$9,000/year per member, depending on employee type. to those who have retired prior to January 1, 2013. Employees retiring after January 1, 2013 are no longer eligible to receive the life insurance benefits.

As of the most recent actuarial valuation of the plan, 1,296 retired members or beneficiaries and 51 active employees were covered by the benefit terms.

Utilities total OPEB liability as of December 31, 2018 of \$21,623,991 was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurements, unless otherwise specified:

	December 31, 2018
Measurement date	December 31, 2017
Actuarial cost method	Entry age
Inflation	3.50%
Salary increases	3.50 - 10.45%
Discount rate	3.44%
Health care cost trend rates	
PERA Premiums	6.50% graded to 4.50% over 8 years
Medicare Part B	5.00%

Mortality rates were based on the RP-2017 Healthy Annuitant Mortality Table, projected 6 years using the two-dimensional MP-2016 scale.

The non-health related demographic actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study performed by Colorado PERA for period December 31, 2011 to December 31, 2015.

Changes in the Total OPEB Liability

Total OPEB liability (TOL) - January 1, 2018	\$	21,390,000
Service cost		20,000
Interest		786,000
Changes in benefit terms		—
Differences between expected and actual experience		(93,000)
Changes of assumptions or other inputs		785,000
Benefit payments		(1,264,000)
Net changes to TOL		<u>234,000</u>
Total OPEB liability (TOL) - December 31, 2018	\$	<u>21,624,000</u>
Fiduciary net position as a percentage of total OPEB liability		—%
Covered employee payroll	\$	5,683,000
Total OPEB liability as a percentage of covered employee payroll		380.50%

Changes of assumptions or other inputs reflect a change in the discount rate from 3.78% to 3.44%, based on changes in the 20-year municipal bond rate from December 31, 2016 to December 31, 2017. Updated mortality, disability, turnover, retirement and salary scale assumptions were updated to reflect those from the FPPA 2018 Actuarial Experience study and the December 31, 2017 Colorado PERA pension valuation

Sensitivity of the Total OPEB liability to Changes in the Health Care Cost Trend Rates: The following presents the total OPEB liability of Utilities, as well as what the OPEB liability would be if it were calculated using health care cost trend rates that are one percent lower or one percent higher than the current health care cost trend rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERA Premiums trend rate	5.50%	6.50%	7.50%
Ultimate PERA Premiums trend rate	3.50	4.50	5.50
Medicare Part B	4.00	5.00	6.00
Total OPEB liability	\$ 21,565,000	\$ 21,624,000	\$ 21,691,000

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended December 31, 2018, Utilities recognized OPEB expense of \$1,497,686. At December 31, 2018, Utilities reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Benefit payments subsequent to the measurement date	\$ 1,242,000
Total	<u>\$ 1,242,000</u>

The \$1,242,000 reported as deferred outflows of resources related to OPEB, resulting from benefit payments subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2019.

D. Commitments and Contingent Liabilities

1. Construction and Purchase Commitments

Significant construction and purchase commitments of the City, as of December 31, 2018, are as follows (in millions):

General Fund	\$ 8.1
Non-major governmental funds	22.3
Utilities	60.8
Non-major enterprise funds	19.0

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

The City placed proceeds from advance refunding bond issues and in-substance defeasances in irrevocable refunding escrow accounts. As of December 31, 2018, the City remains contingently liable for the outstanding principal balance of \$35,720,000 in refunded bonds and debt defeased in-substance.

Utilities has placed proceeds from advance refunding bond issues in irrevocable refunding escrow accounts throughout various years. As of December 31, 2018, Utilities remains contingently liable for the outstanding principal balance of \$119,280,000 in refunded bonds.

During 2012, MHS placed available funds in irrevocable refunding escrow accounts. As of December 31, 2018, MHS is no longer contingently liable for the outstanding principal balance 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, 2018 FYS exceeded the allowed amount by approximately \$7.0 million. This amount is included in the General Fund and LART fund restricted fund balance.

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. Except as stated below, 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.

The Clean Water Act Litigation - 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 answered the complaint and has been defending the action. Pueblo County and a conservancy district had intervened as additional plaintiffs.

In September, 2018, the Court conducted a trial limited in scope to declaratory judgment claims with respect to three (3) "exemplar" sites that the Court determined were representative of a number of the factual bases for the Plaintiffs' claims. Following that trial, on November 9, 2018, the Court entered "Findings, Conclusions, and Order for Judgment" (the "Order") finding that the City had violated its MS4 permit with respect to its actions involving the three exemplar sites. The Order is not a final appealable judgment at this time. Thereafter, the parties have sought and obtained mutually-agreed stays of the litigation while they attempt to negotiate a potential settlement of the claims.

Though progress has been made in the settlement discussions, the City cannot at this time determine or characterize the likelihood of settlement, nor determine or characterize the likelihood of an unfavorable outcome (beyond the November 9, 2018 Order) or the range of any potential loss. In any event, the City anticipates that funds derived from the Stormwater User Service Fees collected by the City's Stormwater Enterprise may be available to offset, at least in part, the cost of any obligations or amount of any monetary judgment which may arise from a settlement or a final judgment which is adverse to the City.

The Curb Ramps Litigation - On March 20, 2019, Sharon King and Paul Spotts filed a class action lawsuit in the United States District Court for Colorado alleging that the City had failed to provide access to its public sidewalks for individuals with mobility disabilities, contrary to federal laws, and particularly the Americans with Disabilities Act. The plaintiffs and City have entered into a class action settlement agreement, which if approved by the Court, will require the City to install or retrofit 15,400 curb ramps over a period of 14 years, at the rate of at least 1,100 curb ramps per year at an aggregate cost to the City estimated to be \$61,600,000 (2018 dollars) and attorneys' fees. If the settlement is approved by the Court, the City intends to fulfill the obligation over the stated period from its general fund and other available revenues.

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.

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. In 2018, the Airport entered into a new agreement that extends the collection of customer facility charges (CFCs) at the \$2.50 rate until December 31, 2028. 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, 2018 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	\$ 413	\$ 913

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). More detailed notes regarding each plan follows. Below is a table that summarizes the net pension liabilities, deferred outflows and inflows of resources, and pension expenses associated with each of the plans (in 000's).

	Net Pension Liability	Net Pension Asset	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
GOVERNMENTAL ACTIVITIES					
Old Hire Fire	\$ 20,731	—	\$ 2,287	\$ 1,327	\$ 1,225
Old Hire Police	16,950	—	1,836	1,128	1,389
New Hire Fire	26,457	—	5,772	3,676	4,433
New Hire Police	26,518	—	10,769	16,142	4,683
PERA	114,552	—	17,877	22,267	27,223
FPPA Statewide	—	(10,828)	13,743	4,672	(4,275)
Total governmental activities	205,208	(10,828)	52,284	49,212	34,678
BUSINESS-TYPE ACTIVITIES					
Old Hire Fire	—	—	—	—	—
Old Hire Police	—	—	—	—	—
New Hire Fire	—	—	—	—	—
New Hire Police	693	—	228	346	134
PERA	281,601	—	42,431	62,913	58,261
FPPA Statewide	—	—	—	—	—
Total business-type activities	282,294	—	42,659	63,259	58,395
TOTAL					
Old Hire Fire	20,731	—	2,287	1,327	1,225
Old Hire Police	16,950	—	1,836	1,128	1,389
New Hire Fire	26,457	—	5,772	3,676	4,433
New Hire Police	27,211	—	10,997	16,488	4,817
PERA	396,153	—	60,308	85,180	85,484
FPPA Statewide	—	(10,828)	13,743	4,672	(4,275)
Total	\$ 487,502	\$ (10,828)	\$ 94,943	\$ 112,471	\$ 93,073

Note: Immaterial differences may occur due to rounding.

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

Plan Description: The City participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by PERA. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/ deductions from the fiduciary net position of the LGDTF have been determined using the

economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Title 24, Article 51, of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for LGDTF. That report may be obtained online at:

<https://www.copera.org/resources/forms-publications/2017-cafr>

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 CRS § 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 CRS § 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 CRS § 24-51-208(1)(f) ¹	(1.02)
Amount Apportioned to the LGDTF ¹	8.98
Amortization Equalization Disbursement (AED) as specified in CRS § 24-51-411 1	2.20
Supplemental Amortization Equalization Disbursement (SAED) as specified in CRS § 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 CRS § 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 \$30,705,118 for the year ended December 31, 2018.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of December 31, 2018, the City reported a liability of \$396,153,661 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016 and rolled forward to December 31, 2017 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, 2017, the City's proportion was 35.5796%, which was a decrease of 1.4316% from its proportion measured as of December 31, 2016.

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, 2018 (a December 31, 2017 measurement date) was 90.2923% and 9.7077% between the governmental activities and business-type activities respectively. This allocation is an increase from the prior year in the governmental activities of .2142% 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, 2018 the City's pension expense related to the PERA LGDTF was \$85,484,287.

At December 31, 2018, 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	\$ 24,782,953	\$ —
Net difference between projected and actual earnings on pension plan investments	—	77,002,739
Changes of assumptions	4,184,870	—
Changes in proportion	634,438	8,176,204
Contributions subsequent to the measurement date	30,705,118	—
Total	<u>\$ 60,307,379</u>	<u>\$ 85,178,943</u>

The \$30,705,118 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, 2019.

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	Net Changes in Proportion	Total Effect of Amortized Deferred Inflows/Outflows on Pension Expense
2019	\$ 21,860,091	\$ 4,184,870	\$ (8,061,264)	\$ (6,581,409)	\$ 11,402,288
2020	2,922,862	—	(12,384,895)	(960,358)	(10,422,391)
2021	—	—	(28,003,972)	—	(28,003,972)
2022	—	—	(28,552,608)	—	(28,552,608)
Total	<u>\$ 24,782,953</u>	<u>\$ 4,184,870</u>	<u>\$ (77,002,739)</u>	<u>\$ (7,541,767)</u>	<u>\$ (55,576,683)</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 2017 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, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	Rate (%)
Price inflation	2.40
Real wage growth	1.10
Wage inflation	3.50
Salary increase, including wage inflation	3.50 - 10.45
Long-term investments rate of return, net of pension plan investment expenses, including price inflation	7.25
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)

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% 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 based on 90% of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as the October 28, 2016 actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016 Board meeting.

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.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset 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 one percent lower (6.25%) or one percent 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	\$ 630,944,344	\$ 396,153,661	\$ 200,421,880

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

<https://www.copera.org/resources/forms-publications/2017-cafr>

Subsequent Events: During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.
- Expands eligibility to participate in the PERA DC Plan to new members hired on or after January 1, 2019 in the Local Government Division. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the LGDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

At December 31, 2018, the City reported a liability of \$396,153,661 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 7.25%. For comparative purposes, the following schedule presents an estimate of what the City's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the LGDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the LGDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

		Estimated Discount	Estimated Share
		Rate Calculated	of Net Pension
Current	Proportionate Share	Using Plan Provisions	Liability Calculated
Discount	of Net Pension Liability	Required by SB 18-200	Using Plan Provisions
Rate			Required by SB 18-200
7.25%	\$ 396,153,661	7.25%	\$ 280,206,231

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 (\$18,500 annually for 2018 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 (\$18,500 annually for 2018 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 \$18,500 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 year ending December 31, 2018 was \$66,393.

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 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/17.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, 2017 are below:

Asset Class	Target Allocation (%)	30 Year Expected Geometric Real Rate of Return
Global equity	37.00	8.33
Equity long/short	9.00	7.15
Illiquid alternatives	24.00	9.70
Fixed income	15.00	3.00
Absolute return	9.00	6.46
Managed futures	4.00	6.85
Cash	2.00	2.26
Total	100.00%	

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/17.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.

The City has elected to opt-out of the current Colorado law limiting annual benefit increases to 3% for benefits earned after January 1, 1980 known as the limited rank escalation. Instead, benefit increases are linked to pay increases for the active duty rank the member occupied on the date of retirement.

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

The total pension liability in the December 31, 2017 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, 2017.

The complete assumption set can be found in the actuarial valuation report as of December 31, 2017. 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, 2017 are as follows:

Retirees and beneficiaries	178

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, 2018 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, 2018.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of December 31, 2018, the City reported a liability of \$20,731,089 for the Old Hire Fire Pension Plan net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017.

For the year ended December 31, 2018, the City's pension expense related to the Old Hire Fire Pension Plan was \$1,224,796.

At December 31, 2018, the City reported deferred outflows and deferred inflows of resources related to pensions for the Old Hire Fire Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ —	\$ 1,327,427
Contributions subsequent to the measurement date	2,286,697	N/A
Total	<u>\$ 2,286,697</u>	<u>\$ 1,327,427</u>

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, 2019. 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 Difference Between Projected and Actual Earnings on Investment	Total Effect of Amortized Deferred Inflows/Outflows on Pension Expense
2019	\$ 231,109	\$ 231,109
2020	140,899	140,899
2021	(697,757)	(697,757)
2022	(1,001,678)	(1,001,678)
Total	<u>\$ (1,327,427)</u>	<u>\$ (1,327,427)</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 net pension liability would be if it were calculated using a discount rate that is one percent lower (6.50%) or one percent 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	\$ 29,270,025	\$ 20,731,089	\$ 13,357,602

Below is a schedule of changes in the net pension liability for the Old Hire Fire Pension Plan for year ended December 31, 2018:

Total pension liability (TPL) - January 1, 2018	\$	97,526,320
Service cost		—
Interest on the TPL		7,014,133
Benefit changes		—
Differences between expected and actual experience of the TPL		(985,133)
Changes in assumptions		—
Benefit payments, including refunds of employee contributions		(8,156,537)
Net change in TPL		(2,127,537)
Total pension liability - December 31, 2018		95,398,783
Plan fiduciary net position (FNP) - January 1, 2018		70,493,833
Employer contributions		2,286,697
Employee contributions		—
Net investment income		10,078,024
Benefit payments, including refunds of employee contributions		(8,156,537)
Pension plan administrative expense		(34,323)
Net change in FNP		4,173,861
Plan fiduciary net position - December 31, 2018		74,667,694
Net pension liability	\$	20,731,089
Plan fiduciary net position as a percentage of the total pension liability		78.27%
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, 2017 are as follows:

Retirees and beneficiaries 148

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, 2018 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 \$1,836,343 for the year ended December 31, 2018.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of December 31, 2018, the City reported a liability of \$16,949,900 for the Old Hire Police Pension Plan net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017.

For the year ended December 31, 2018, the City's pension expense related to the Old Hire Police Pension Plan was \$1,388,682.

At December 31, 2018, the City reported deferred outflows and deferred inflows of resources related to pensions for the Old Hire Police Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ —	\$ 1,128,488
Contributions subsequent to the measurement date	1,836,343	N/A
Total	<u>\$ 1,836,343</u>	<u>1,128,488</u>

The \$1,836,343 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, 2019. Other amounts reported as deferred outflows and deferred inflows 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
2019	\$ 190,741	\$ 190,741
2020	117,044	117,044
2021	(590,164)	(590,164)
2022	(846,109)	(846,109)
Total	<u>\$ (1,128,488)</u>	<u>\$ (1,128,488)</u>

Per GASB Statement No. 68 the difference between projected 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 one percent lower (6.50%) or one percent 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	\$ 24,301,306	\$ 16,949,900	\$ 10,628,951

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Below is a schedule of changes in the net pension liability for the Old Hire Police Pension Plan for year ended December 31, 2018:

Total pension liability (TPL) - January 1, 2018	\$	81,444,517
Service cost		—
Interest on the TPL		5,859,424
Benefit changes		—
Differences between expected and actual experience of the TPL		(397,839)
Changes in assumptions		—
Benefit payments, including refunds of employee contributions		(6,759,934)
Net change in TPL		(1,298,349)
Total pension liability - December 31, 2018		80,146,168
Plan fiduciary net position (FNP) - January 1, 2018		59,630,971
Employer contributions		1,833,691
Employee contributions		—
Net investment income		8,520,414
Benefit payments, including refunds of employee contributions		(6,759,934)
Pension plan administrative expense		(28,874)
Net change in FNP		3,565,297
Plan fiduciary net position - December 31, 2018		63,196,268
Net pension liability	\$	16,949,900
Plan fiduciary net position as a percentage of the total pension liability		78.85%
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, 2017 are as follows:

Retirees and beneficiaries	167
Inactive, non-retired members	9
Active members	103

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 2018, the City's employer contribution rate was set at 25.30%. The City also contributed an additional amount into the plan of \$1,649,254. Employer contributions recognized by the New Hire Fire Pension Plan from the City were \$4,071,111 for the year ended December 31, 2018.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of December 31, 2018, the City reported a liability of \$26,456,923 for the New Hire Fire Pension Plan net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017.

For the year ended December 31, 2018, the City's pension expense related to the New Hire Fire Pension Plan was \$4,432,857.

At December 31, 2018 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	\$ 67,737	\$ 867,816
Change of assumptions	1,633,201	—
Net difference between projected and actual earnings on pension plan investments	—	2,808,227
Contributions subsequent to the measurement date	4,071,111	NA
Total	<u>\$ 5,772,049</u>	<u>\$ 3,676,043</u>

The \$4,071,111 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, 2019.

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
2019	\$ (371,880)	\$ 1,043,979	\$ 226,234	\$ 898,333
2020	(371,880)	589,222	46,635	263,977
2021	(56,319)	—	(1,267,956)	(1,324,275)
2022	—	—	(1,813,140)	(1,813,140)
Total	<u>\$ (800,079)</u>	<u>\$ 1,633,201</u>	<u>\$ (2,808,227)</u>	<u>\$ (1,975,105)</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 2017 measurement period to be 3.0770 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 one percent lower (6.50%) or one percent 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	\$ 49,205,689	\$ 26,456,923	\$ 7,776,858

Below is a schedule of changes in the net pension liability for the New Hire Fire Pension Plan for year ended December 31, 2018:

Total pension liability (TPL) - January 1, 2018	\$ 163,542,442
Service cost	1,872,966
Interest on the TPL	12,030,879
Benefit changes	—
Differences between expected and actual experience of the TPL	(819,178)
Changes in assumptions	—
Benefit payments, including refunds of employee contributions	(8,134,407)
Net change in TPL	4,950,260
Total pension liability - December 31, 2018	168,492,702
Plan fiduciary net position (FNP) - January 1, 2018	126,527,898
Employer contributions	4,181,089
Employee contributions	1,083,453
Net investment income	18,445,141
Benefit payments, including refunds of employee contributions	(8,134,407)
Pension plan administrative expense	(67,395)
Net change in FNP	15,507,881
Plan fiduciary net position - December 31, 2018	142,035,779
Net pension liability	\$ 26,456,923
Plan fiduciary net position as a percentage of the total pension liability	84.30%
Covered payroll	\$ 9,517,994
Net pension liability as a percentage of covered payroll	277.97%

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, 2017 are as follows:

Retirees and beneficiaries	306
Inactive, non-retired members	24
Active members	283

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 \$1,539,404. Employer contributions recognized by the New Hire Police Pension Plan from the City were \$7,607,860 for the year ended December 31, 2018.

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, 2018 (a December 31, 2017 measurement date) was 97.4517% and 2.5483% between the governmental activities and the business-type activities respectively. This is an increase from the prior year in the business-type activities of .0887% 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, 2018, the City reported a liability of \$27,211,405 for the New Hire Police Pension Plan net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017.

For the year ended December 31, 2018, the City's pension expense related to the New Hire Police Pension Plan was \$4,816,190.

At December 31, 2018, 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	\$ —	\$ 9,956,032
Change of assumptions	3,389,285	—
Net difference between projected and actual earnings on pension plan investments	—	6,531,869
Contributions subsequent to the measurement date	7,607,860	N/A
Total	<u>\$ 10,997,145</u>	<u>\$ 16,487,901</u>

The \$7,607,860 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, 2019.

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
2019	\$ (4,068,693)	\$ 1,516,730	\$ 353,800	\$ (2,198,163)
2020	(4,068,693)	1,516,730	95,986	(2,455,977)
2021	(1,818,646)	355,825	(2,973,187)	(4,436,008)
2022	—	—	(4,008,468)	(4,008,468)
Total	<u>\$ (9,956,032)</u>	<u>\$ 3,389,285</u>	<u>\$ (6,531,869)</u>	<u>\$ (13,098,616)</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 2017 measurement period to be 3.7670 years. The difference between projected and actual investment experience is amortized over a closed five-year period.

Actuarial assumptions: The total pension liability in the December 31, 2017 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 one percent lower (6.50%) or one percent 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 (asset)	\$ 77,267,310	\$ 27,211,405	\$ (13,458,940)

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Below is a schedule of changes in the net pension liability for the New Hire Police Pension Plan for year ended December 31, 2018:

Total pension liability (TPL) - January 1, 2018	\$	331,007,540
Service cost		5,320,575
Interest on the TPL		24,542,529
Benefit changes		—
Differences between expected and actual experience of the TPL		(5,184,926)
Changes in assumptions		—
Benefit payments, including refunds of employee contributions		(12,868,215)
Net change in TPL		11,809,963
Total pension liability - December 31, 2018		342,817,503
Plan fiduciary net position (FNP) - January 1, 2018		277,111,969
Employer contributions		8,433,311
Employee contributions		2,319,332
Net investment income		40,741,455
Benefit payments, including refunds of employee contributions		(12,868,215)
Pension plan administrative expense		(131,754)
Net change in FNP		38,494,129
Plan fiduciary net position - December 31, 2018		315,606,098
Net pension liability	\$	27,211,405
Plan fiduciary net position as a percentage of the total pension liability		92.06%
Covered payroll	\$	24,114,374
Net pension liability as a percentage of covered payroll		112.84%

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 10.00% of their FPPA-includable salary with the employer contribution rate at 8%. Employer contributions recognized by the Statewide Pension Plan from the City were \$4,076,278 for the year ended December 31, 2018.

Net Pension Asset, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of December 31, 2018, the City reported an asset of \$10,827,989 as its proportionate share of the Statewide Pension Plan net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The City's proportion of the net pension asset was based on the City's contributions in relation to all participating employers in the plan.

At December 31, 2017, the City's proportion was 7.5264%, which was an decrease of .0530% from its proportion measured as of December 31, 2016.

Due to the large adjustment in the Statewide Pension Plan going from a net pension liability to a net pension asset, for the year ended December 31, 2018, the City's pension expense related to the Statewide Pension Plan was (\$4,275,291).

At December 31, 2018, 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	\$ 7,808,531	\$ 119,984
Change of assumptions	1,631,389	—
Net difference between projected and actual earnings on pension plan investments	—	3,676,473
Change in proportion	226,887	875,965
Contributions subsequent to the measurement date	4,076,278	N/A
Total	<u>\$ 13,743,085</u>	<u>\$ 4,672,422</u>

The \$4,076,278 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, 2019. 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	Net Changes in Proportion	Total Effect of Amortized Deferred Inflows/Outflows on Pension Expense
2019	\$ 924,115	\$ 226,321	\$ (919,119)	\$ (94,646)	\$ 136,671
2020	924,115	226,321	(919,118)	(94,646)	136,672
2021	924,115	226,321	(919,118)	(94,646)	136,672
2022	924,115	226,321	(919,118)	(94,646)	136,672
2023	924,115	226,321	—	(94,646)	1,055,790
Thereafter	3,067,972	499,784	—	(175,848)	3,391,908
Total	<u>\$ 7,688,547</u>	<u>\$ 1,631,389</u>	<u>\$ (3,676,473)</u>	<u>\$ (649,078)</u>	<u>\$ 4,994,385</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 2017 measurement period to be 9.6118 years. The difference between projected 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 one percent lower (6.50%) or one percent 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)	\$ 11,788,455	\$ (10,827,989)	\$ (29,608,044)

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, 2018 was \$19,051.

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 (\$18,500 annually for 2018 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 \$18,500 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in 2018. The objective of GASB Statement No. 75 was to address accounting and financial reporting for other postemployment benefits (OPEB) provided to state and local government employees. Specifically, this statement establishes standards for recognizing and measuring OPEB related assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. The prior year impact to the City's financial statements is discussed in Note III.O, and current year impacts are reflected in Note IV.C as well as required supplementary information in Exhibits 19, 20, and 21.

During 2018, the City also adopted GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The objective of GASB Statement No. 86 was to improve consistency in accounting and financial reporting by providing guidance for in-substance defeasance of debt transactions using only existing resources. The statement also provides guidance on prepaid insurance related to extinguished debt and additional disclosures for all in-substance defeasance transactions. During 2018, the City defeased in-substance the outstanding Airport System Revenue Refunding Bonds, Series 2014, using only existing resources. This transaction was recorded using GASB 86 guidance. Additional information can be found in Note III.J.

J. Subsequent Events

The City's Mayor is elected every four years by a majority, not a plurality, of votes cast. John Suthers was elected to a first term in 2015 during a run-off election. In April 2019, Mayor Suthers was re-elected by a majority of votes cast to a second term which expires in 2023.

On November 13, 2018, Council approved changes to the water and wastewater rate schedules effective January 1, 2019. On January 22, 2019, Council approved changes to the electric cost adjustment rate effective February 1, 2019.

Airport entered into a sales agreement for approximately 18.7 acres of land at a price of \$2.2 million. This transaction is expected to close in April 2019. The purchaser will use the property for a distribution center that has no access to the airfield.

REQUIRED SUPPLEMENTARY INFORMATION

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

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Colorado PERA Local Government Division Trust Fund

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportionate share of total pension liability	\$ 1,920,057,454	\$ 1,896,397,997	\$ 1,742,453,960	\$ 1,725,945,784
Proportionate share of fiduciary net position	<u>(1,523,903,793)</u>	<u>(1,396,620,395)</u>	<u>(1,339,384,263)</u>	<u>(1,393,102,634)</u>
Proportionate share of net pension liability	<u>\$ 396,153,661</u>	<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	79.37%	73.65%	76.87%	80.72%
Covered payroll	\$ 225,147,540	\$ 216,649,184	\$ 208,704,241	\$ 204,135,871
Net pension liability as a percentage of covered payroll	175.95%	230.69%	193.13%	163.05%
Proportion of net pension liability	35.5796%	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 measurement date in accordance with GASB Statement No. 68.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S CONTRIBUTIONS
Years ended December 31,

CITY OF COLORADO SPRINGS
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EXHIBIT 15
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Colorado PERA Local Government Division Trust Fund

	Statutorily Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a % of Covered Payroll
2018	\$ 30,705,118	\$ 30,705,118	\$ —	\$ 236,427,277	12.99
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.

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Colorado PERA Local Government Division Trust Fund

Changes of assumptions - There are no changes to assumptions for year ended December 31, 2017, the plan measurement date.

Changes in benefits - There are no changes to benefits.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CHANGES IN THE
CITY'S NET PENSION LIABILITY
Years ended December 31,

CITY OF COLORADO SPRINGS
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EXHIBIT 16
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Old Hire Fire Defined Benefit Pension Plan

	2018	2017	2016	2015
Total Pension Liability (TPL) - January 1	\$ 97,526,320	\$ 98,527,662	\$ 94,992,823	\$ 96,220,416
Service cost	—	—	—	—
Interest on the TPL	7,014,133	7,091,577	6,824,022	6,916,644
Benefit changes	—	—	—	—
Difference between expected and actual experience of the TPL	(985,133)	—	(1,442,156)	—
Changes in assumptions	—	—	6,312,216	—
Benefit payments, including refunds of employee contributions	(8,156,537)	(8,092,919)	(8,159,243)	(8,144,237)
Net change in TPL	(2,127,537)	(1,001,342)	3,534,839	(1,227,593)
Total Pension Liability - December 31	95,398,783	97,526,320	98,527,662	94,992,823
Plan Fiduciary Net Position (FNP) - January 1	70,493,833	73,326,035	78,504,844	80,007,825
Employer contributions	2,286,697	1,639,319	1,639,319	1,467,740
Employee contributions	—	—	—	—
Net investment income	10,078,024	3,737,918	1,450,492	5,299,069
Benefit payments, including refunds of employee contributions	(8,156,537)	(8,092,919)	(8,159,243)	(8,144,237)
Pension plan administrative expense	(34,323)	(116,520)	(109,377)	(125,553)
Net change in FNP	4,173,861	(2,832,202)	(5,178,809)	(1,502,981)
Plan Fiduciary Net Position - December 31	74,667,694	70,493,833	73,326,035	78,504,844
Net pension liability	\$ 20,731,089	\$ 27,032,487	\$ 25,201,627	\$ 16,487,979
Fiduciary net position as a percentage of total pension liability	78.27%	72.28%	74.42%	82.64%
Covered payroll	\$ —	\$ —	\$ —	\$ —
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

Notes to the Required Supplementary Information

Benefit changes	None
Actuarial assumption changes	None

* 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 measurement date in accordance with GASB Statement No. 68.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S CONTRIBUTIONS
Years ended December 31,

CITY OF COLORADO SPRINGS
COLORADO
EXHIBIT 16
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Old Hire Fire Defined Benefit Pension Plan

	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a % of Covered Payroll
2018	\$ 2,286,697	\$ 2,286,697	\$ —	\$ —	N/A
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, 2018

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	N/A
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

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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CHANGES IN THE
CITY'S NET PENSION LIABILITY
Years ended December 31,

CITY OF COLORADO SPRINGS
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Old Hire Police Defined Benefit Pension Plan

	2018	2017	2016	2015
Total Pension Liability (TPL) - January 1	\$ 81,444,517	\$ 82,286,576	\$ 80,928,590	\$ 81,933,276
Service cost	—	—	—	—
Interest on the TPL	5,859,424	5,922,411	5,813,424	5,891,079
Benefit changes	—	—	—	—
Difference between expected and actual experience of the TPL	(397,839)	—	(2,591,637)	—
Changes in assumptions	—	—	5,094,537	—
Benefit payments, including refunds of employee contributions	(6,759,934)	(6,764,470)	(6,958,338)	(6,895,765)
Net change in TPL	(1,298,349)	(842,059)	1,357,986	(1,004,686)
Total Pension Liability - December 31	80,146,168	81,444,517	82,286,576	80,928,590
Plan Fiduciary Net Position (FNP) - January 1	59,630,971	61,865,742	66,224,327	67,207,764
Employer contributions	1,833,691	1,466,935	1,466,935	1,541,080
Employee contributions	—	—	—	6,534
Net investment income	8,520,414	3,161,491	1,225,181	4,471,258
Benefit payments, including refunds of employee contributions	(6,759,934)	(6,764,470)	(6,958,338)	(6,895,765)
Pension plan administrative expense	(28,874)	(98,727)	(92,363)	(106,544)
Net change in FNP	3,565,297	(2,234,771)	(4,358,585)	(983,437)
Plan Fiduciary Net Position - December 31	63,196,268	59,630,971	61,865,742	66,224,327
Net pension liability	\$ 16,949,900	\$ 21,813,546	\$ 20,420,834	\$ 14,704,263
Fiduciary net position as a percentage of total pension liability	78.85%	73.22%	75.18%	81.83%
Covered payroll	\$ —	\$ —	\$ —	\$ 61,878
Net pension liability as a percentage of covered payroll	N/A	NA	NA	23763.31%

Notes to the Required Supplementary Information

Benefit changes	None
Actuarial assumption changes	None

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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S CONTRIBUTIONS
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CITY OF COLORADO SPRINGS
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Old Hire Police Defined Benefit Pension Plan

	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a % of Covered Payroll
2018	\$ 1,836,343	\$ 1,836,343	\$ —	\$ —	N/A
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, 2018

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	N/A
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 fiscal year end December 31 in accordance with GASB Statement No. 68.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CHANGES IN THE
CITY'S NET PENSION LIABILITY
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CITY OF COLORADO SPRINGS
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New Hire Pension Plan - Fire Component

	2018	2017	2016	2015
Total Pension Liability (TPL) - January 1	\$ 163,542,442	\$ 157,971,179	\$ 145,875,351	\$ 138,255,953
Service cost	1,872,966	2,129,584	2,350,743	2,436,526
Interest on the TPL	12,030,879	11,644,318	11,152,618	10,261,170
Benefit changes	—	—	—	—
Difference between expected and actual experience of the TPL	(819,178)	(645,848)	55,903	238,938
Changes in assumptions	—	—	4,765,138	—
Benefit payments, including refunds of employee contributions	(8,134,407)	(7,556,791)	(6,228,574)	(5,317,236)
Net change in TPL	4,950,260	5,571,263	12,095,828	7,619,398
Total Pension Liability - December 31	168,492,702	163,542,442	157,971,179	145,875,351
Plan Fiduciary Net Position (FNP) - January 1	126,527,898	123,154,436	122,730,229	115,691,126
Employer contributions	4,181,089	3,485,586	3,437,596	3,341,129
Employee contributions	1,083,453	1,045,342	1,202,513	1,278,915
Net investment income	18,445,141	6,569,905	2,206,766	7,924,723
Benefit payments, including refunds of employee contributions	(8,134,407)	(7,556,791)	(6,228,574)	(5,317,236)
Pension plan administrative expense	(67,395)	(209,340)	(194,094)	(195,429)
Other	—	38,760	—	7,001
Net change in FNP	15,507,881	3,373,462	424,207	7,039,103
Plan Fiduciary Net Position - December 31	142,035,779	126,527,898	123,154,436	122,730,229
Net pension liability	<u>\$ 26,456,923</u>	<u>\$ 37,014,544</u>	<u>\$ 34,816,743</u>	<u>\$ 23,145,122</u>
Fiduciary net position as a percentage of total pension liability	84.30%	77.37%	77.96%	84.13%
Covered payroll	\$ 9,517,994	\$ 10,367,032	\$ 11,910,879	\$ 12,789,129
Net pension liability as a percentage of covered payroll	277.97%	357.04%	292.31%	180.97%

Notes to the Required Supplementary Information

Benefit changes	None
Actuarial assumption changes	None

* 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 measurement date in accordance with GASB Statement No. 68.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S CONTRIBUTIONS
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CITY OF COLORADO SPRINGS
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(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
2018	\$ 4,071,111	\$ 4,071,111	\$ —	\$ 9,234,540	44.09
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, 2018

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 fiscal year end December 31 in accordance with GASB Statement No. 68.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CHANGES IN THE
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New Hire Pension Plan - Police Component

	2018	2017	2016	2015
Total Pension Liability (TPL) - January 1	\$ 331,007,540	\$ 319,975,168	\$ 297,810,707	\$ 281,166,840
Service cost	5,320,575	5,823,050	6,291,613	6,226,828
Interest on the TPL	24,542,529	23,779,327	22,785,151	20,973,736
Benefit changes	—	—	—	—
Difference between expected and actual experience of the TPL	(5,184,926)	(6,911,997)	(4,663,822)	(1,295,803)
Changes in assumptions	—	—	7,939,475	—
Benefit payments, including refunds of employee contributions	(12,868,215)	(11,658,008)	(10,187,956)	(9,260,894)
Net change in TPL	11,809,963	11,032,372	22,164,461	16,643,867
Total Pension Liability - December 31	342,817,503	331,007,540	319,975,168	297,810,707
Plan Fiduciary Net Position (FNP) - January 1	277,111,969	264,726,596	260,252,125	242,667,157
Employer contributions	8,433,311	7,512,099	7,916,242	7,728,841
Employee contributions	2,319,332	2,628,533	2,493,427	2,830,620
Net investment income	40,741,455	14,354,620	4,665,140	16,694,742
Benefit payments, including refunds of employee contributions	(12,868,215)	(11,658,008)	(10,187,956)	(9,260,894)
Pension plan administrative expense	(131,754)	(451,871)	(412,382)	(408,341)
Net change in FNP	38,494,129	12,385,373	4,474,471	17,584,968
Plan Fiduciary Net Position - December 31	315,606,098	277,111,969	264,726,596	260,252,125
Net pension liability	\$ 27,211,405	\$ 53,895,571	\$ 55,248,572	\$ 37,558,582
Fiduciary net position as a percentage of total pension liability	92.06%	83.72%	82.73%	87.39%
Covered payroll	\$ 24,114,374	\$ 26,439,948	\$ 28,615,723	\$ 30,066,196
Net pension liability as a percentage of covered payroll	112.84%	203.84%	193.07%	124.92%

Notes to the Required Supplementary Information

Benefit changes	None
Actuarial assumption changes	None

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REQUIRED SUPPLEMENTARY INFORMATION
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(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
2018	\$ 7,607,860	\$ 7,607,860	\$ —	\$ 23,500,297	32.37
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, 2018

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 fiscal year end December 31 in accordance with GASB Statement No. 68.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (ASSET)
Years ended December 31,

CITY OF COLORADO SPRINGS
COLORADO
EXHIBIT 18
(PAGE 1 OF 3)

Fire & Police Pension Association Statewide Defined Benefit Pension Plan

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportionate share				
of total pension liability	\$ 170,806,127	\$ 153,221,012	\$ 133,609,555	\$ 115,980,297
Proportionate share				
of fiduciary net position	<u>(181,634,116)</u>	<u>(150,482,259)</u>	<u>(133,737,080)</u>	<u>(123,899,253)</u>
Proportionate share				
of net pension liability (asset)	<u>\$ (10,827,989)</u>	<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)	106.34%	98.21%	100.10%	106.83%
Covered payroll	\$ 43,974,999	\$ 38,790,638	\$ 35,068,719	\$ 31,535,933
Net pension liability (asset) as a				
percentage of covered payroll	24.62%	7.06%	0.36%	25.11%
Proportion of net pension liability (asset)	7.5265%	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 measurement date in accordance with GASB Statement No. 68.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S CONTRIBUTIONS
Years ended 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
2018	\$ 4,076,278	\$ 4,076,278	\$ —	\$ 49,702,739	8.20
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 fiscal year end December 31 in accordance with GASB Statement No. 68.

Fire & Police Pension Association Statewide Defined Benefit Pension Plan

Changes of assumptions - There are no changes to assumptions for year ended December 31, 2017, the plan measurement date.

Changes in benefits - There are no changes to benefits.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
Year ended December 31,

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 19
(PAGE 1 OF 3)

Colorado PERA Health Care Trust Fund

	<u>2018</u>
Proportionate share of total OPEB liability	\$ 43,535,412
Proportionate share of fiduciary net position	<u>(7,631,217)</u>
Proportionate share of net OPEB liability	<u><u>\$ 35,904,195</u></u>
Plan fiduciary net position as a percentage of total OPEB liability	17.53%
Covered employee payroll	\$ 225,147,540
Proportionate share of the net OPEB liability as a percentage of covered employee payroll	15.95%
Proportion of net OPEB liability	2.7627%

* 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 75 is not available for years prior to 2018. 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 measurement date in accordance with GASB Statement No. 75.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S CONTRIBUTIONS
Year ended December 31,

CITY OF COLORADO SPRINGS
COLORADO
EXHIBIT 19
(PAGE 2 OF 3)

Colorado PERA Health Care Trust Fund

	Statutorily Determined Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contributions as a % of Covered Employee Payroll
2018	\$ 2,447,276	\$ 2,447,276	\$ —	236,427,277	1.04%

* 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 75 is not available for years prior to 2018. 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 fiscal year end December 31 in accordance with GASB Statement No. 75.

Colorado PERA Health Care Trust Fund

Changes of assumptions - There are no changes to assumptions for year ended December 31, 2017, the plan measurement date.

Changes in benefits - There are no changes to benefits.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CHANGES IN THE
CITY'S TOTAL OPEB LIABILITY
Year ended December 31,

CITY OF COLORADO SPRINGS
COLORADO
EXHIBIT 20

The City of Colorado Springs OPEB Plan

	2018
Total OPEB Liability (TOL) - January 1	\$ 26,516,371
Service cost	434,507
Interest on the TOL	987,112
Benefit changes	—
Difference between expected and actual experience of the TOL	1,680,818
Changes in assumptions	2,162,428
Benefit payments, including refunds of employee contributions	(1,673,599)
Net change in TOL	3,591,266
Total OPEB Liability - December 31	\$ 30,107,637
Covered employee payroll	\$ 128,564,519
Total OPEB liability as a percentage of covered employee payroll	23.42%

Notes to the Required Supplementary Information

Benefit changes	None
Actuarial assumption changes	The discount rate decreased from 3.78% to 3.44% based on changes in the 20-year municipal bond rate. Updated mortality, disability, turnover, retirement and salary scale assumptions were updated to reflect those from the FPPA 2018 Actuarial Experience study and the December 31, 2017 Colorado PERA pension valuation.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75

* Information determined under the provisions of GASB 75 is not available for years prior to 2018. 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 measurement date in accordance with GASB Statement No. 75.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CHANGES IN THE
CSU'S TOTAL OPEB LIABILITY
Year ended December 31,

CITY OF COLORADO SPRINGS
COLORADO
EXHIBIT 21

Colorado Springs Utilities OPEB Plan

	2018
Total OPEB Liability (TOL) - January 1	\$ 21,390,000
Service cost	20,000
Interest on the TOL	786,000
Benefit changes	—
Difference between expected and actual experience of the TOL	(93,000)
Changes in assumptions	785,000
Benefit payments, including refunds of employee contributions	(1,264,000)
Net change in TOL	234,000
Total OPEB Liability - December 31	\$ 21,624,000
Covered employee payroll	5,683,000
Total OPEB liability as a percentage of covered employee payroll	380.50%

Notes to the Required Supplementary Information

Benefit changes	None
Actuarial assumption changes	The discount rate decreased from 3.78% to 3.44% based on changes in the 20-year municipal bond rate. Updated mortality, disability, turnover, retirement and salary scale assumptions were updated to reflect those from the FPPA 2018 Actuarial Experience study and the December 31, 2017 Colorado PERA pension valuation.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75

* Information determined under the provisions of GASB 75 is not available for years prior to 2018. 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 measurement date in accordance with GASB Statement No. 75.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

PROPRIETARY FUNDS
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL COMPARISON
For the year ended December 31, 2018

	Colorado Springs Utilities		
	Final Budget	Actual	Variance
Operating revenues	\$ 908,497,000	\$ 890,477,000	\$ (18,020,000)
Operating expenses			
Salaries and benefits	191,657,000	196,964,565	(5,307,565)
Other operating expenses	375,350,000	387,689,435	(12,339,435)
Depreciation and amortization	161,395,000	158,246,000	3,149,000
Total operating expenses	728,402,000	742,900,000	(14,498,000)
Operating income	180,095,000	147,577,000	(32,518,000)
Nonoperating revenues (expenses)			
Derivative instruments	—	14,005,000	14,005,000
Investment earnings	650,000	7,035,000	6,385,000
Lease interest income	—	—	—
Interest expense	(100,822,000)	(95,835,000)	4,987,000
Amortization expense	—	—	—
Increase in contingent liabilities	—	—	—
Miscellaneous	8,264,000	5,789,000	(2,475,000)
Total nonoperating revenues (expenses)	(91,908,000)	(69,006,000)	22,902,000
Income (loss) before contributions and transfers	88,187,000	78,571,000	(9,616,000)
Capital contributions	37,708,000	62,733,000	25,025,000
Transfers - out	(33,380,000)	(31,972,000)	1,408,000
Increase (decrease) in net position	\$ 92,515,000	\$ 109,332,000	\$ 16,817,000

CITY OF COLORADO SPRINGS
COLORADO
Exhibit A-1

Public Authority for Colorado Energy			Memorial Hospital		
Budget	Actual	Variance	Budget	Actual	Variance
\$ 49,632,705	\$ 49,628,000	\$ (4,705)	\$ —	\$ —	\$ —
—	—	—	—	—	—
19,360,349	19,331,000	29,349	—	—	—
—	—	—	—	—	—
19,360,349	19,331,000	29,349	—	—	—
30,272,356	30,297,000	24,644	—	—	—
—	—	—	—	—	—
988,430	994,000	5,570	65,200	95,004	29,804
—	—	—	5,612,112	2,957,492	(2,654,620)
(39,714,681)	(39,794,000)	(79,319)	—	—	—
(820,270)	(820,000)	270	—	—	—
—	—	—	—	(3,730,849)	(3,730,849)
—	—	—	(9,885,068)	678,353	10,563,421
(39,546,521)	(39,620,000)	(73,479)	(4,207,756)	—	4,207,756
(9,274,165)	(9,323,000)	(48,835)	(4,207,756)	—	4,207,756
—	—	—	—	—	—
—	—	—	—	—	—
\$ (9,274,165)	\$ (9,323,000)	\$ (48,835)	\$ (4,207,756)	\$ —	\$ 4,207,756



NON-MAJOR GOVERNMENTAL FUNDS

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2018**

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

	Special Revenue Funds	Capital Projects Fund	Permanent Funds	Total
<u>ASSETS</u>				
Cash and investments	\$ 64,843,746	\$ 25,405,743	\$ 460,701	\$ 90,710,190
Accounts receivable (net of allowance for uncollectibles)	16,565,669	—	—	16,565,669
Sales tax receivable	10,572,801	—	—	10,572,801
Loans receivable (net of allowance for uncollectibles)	10,496,393	—	—	10,496,393
Property taxes receivable	3,540,482	—	—	3,540,482
Restricted investments	500,000	—	11,410,452	11,910,452
Total assets	\$ 106,519,091	\$ 25,405,743	\$ 11,871,153	\$ 143,795,987
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$ 11,072,815	\$ 1,161,597	\$ —	\$ 12,234,412
Accrued salaries and benefits	1,566,925	—	—	1,566,925
Deposits payable	424,039	—	—	424,039
Due to other funds	260,898	3,163,034	—	3,423,932
Unearned revenue				
Grants	14,957,042	—	—	14,957,042
Total liabilities	28,281,719	4,324,631	—	32,606,350
Deferred inflows of resources				
Unavailable revenue - property taxes	3,540,482	—	—	3,540,482
Unavailable revenue - loans (net of allowance for uncollectibles)	10,496,393	—	—	10,496,393
Total deferred inflows of resources	14,036,875	—	—	14,036,875
Fund balances				
Nonspendable	—	—	11,410,452	11,410,452
Restricted	52,601,274	—	460,701	53,061,975
Committed	11,352,899	18,527,302	—	29,880,201
Assigned	246,324	2,553,810	—	2,800,134
Total fund balances	64,200,497	21,081,112	11,871,153	97,152,762
Total liabilities, deferred inflows of resources and fund balances	\$ 106,519,091	\$ 25,405,743	\$ 11,871,153	\$ 143,795,987

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2018

CITY OF COLORADO SPRINGS
COLORADO
Exhibit B-2

	Special Revenue Funds	Capital Projects Fund	Permanent Funds	Total
Revenues				
Taxes	\$ 113,214,666	\$ —	\$ —	\$ 113,214,666
Intergovernmental	42,385,165	—	—	42,385,165
Charges for services	10,330,394	—	—	10,330,394
Endowments and donations	1,774,534	—	70,976	1,845,510
Other revenue	828,067	439,104	—	1,267,171
Investment earnings (loss)	981,937	336,798	(590,304)	728,431
Rental income	263,499	—	—	263,499
Total revenues	\$ 169,778,262	\$ 775,902	\$ (519,328)	\$ 170,034,836
Expenditures				
Current				
General government	\$ 41,391	\$ —	\$ —	\$ 41,391
Public safety	40,983,482	—	—	40,983,482
Public works	34,165,792	—	—	34,165,792
Culture and recreation	10,069,856	—	27,043	10,096,899
Community development	4,048,900	—	—	4,048,900
Economic development	6,368,501	—	—	6,368,501
Miscellaneous	18,199	—	—	18,199
Debt service				
Principal	2,215,000	160,833	—	2,375,833
Interest	494,577	2,847	—	497,424
Capital outlay	66,753,255	7,249,087	—	74,002,342
Total expenditures	165,158,953	7,412,767	27,043	172,598,763
Excess (deficiency) of revenues over expenditures	4,619,309	(6,636,865)	(546,371)	(2,563,927)
Other financing sources (uses)				
Transfers - in	—	11,799,245	—	11,799,245
Transfers - out	(230,000)	—	(297,130)	(527,130)
Total other financing sources (uses)	(230,000)	11,799,245	(297,130)	11,272,115
Net change in fund balances	4,389,309	5,162,380	(843,501)	8,708,188
Fund balances - January 1	59,811,188	15,918,732	12,714,654	88,444,574
Fund balances - December 31	\$ 64,200,497	\$ 21,081,112	\$ 11,871,153	\$ 97,152,762



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, 2018

	Intergovernmental Grant Funds	Capital Operations and Maintenance Funds
<u>ASSETS</u>		
Cash and investments	\$ 2,230,309	\$ 39,814,247
Accounts receivable (net of allowance for uncollectibles)	16,195,692	8,117
Sales tax receivable	—	10,152,288
Loans receivable (net of allowance for uncollectibles)	10,496,393	—
Property taxes receivable	—	—
Restricted investments	—	—
Total assets	\$ 28,922,394	\$ 49,974,652
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>		
Liabilities		
Accounts payable	\$ 3,007,661	\$ 7,350,789
Accrued salaries and benefits	224,509	1,309,570
Deposits payable	—	—
Due to other funds	236,789	22,495
Unearned revenue		
Grants	14,957,042	—
Total liabilities	18,426,001	8,682,854
Deferred inflows of resources		
Unavailable revenue - property taxes	—	—
Unavailable revenue - loans (net of allowance for uncollectibles)	10,496,393	—
Total deferred inflows of resources	10,496,393	—
Fund balances		
Restricted	—	41,273,114
Committed	—	18,684
Assigned	—	—
Total fund balances	—	41,291,798
Total liabilities, deferred inflows of resources and fund balances	\$ 28,922,394	\$ 49,974,652

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
\$ 1,265,754	\$ 14,373,211	\$ 2,378,487	\$ 4,781,738	\$ 64,843,746
21,360	9,883	18,084	312,533	16,565,669
—	—	—	420,513	10,572,801
—	—	—	—	10,496,393
1,935,737	—	1,604,745	—	3,540,482
—	—	500,000	—	500,000
\$ 3,222,851	\$ 14,383,094	\$ 4,501,316	\$ 5,514,784	\$ 106,519,091
\$ 8,544	\$ 306,494	\$ —	\$ 399,327	\$ 11,072,815
32,846	—	—	—	1,566,925
—	424,039	—	—	424,039
1,614	—	—	—	260,898
—	—	—	—	14,957,042
43,004	730,533	—	399,327	28,281,719
1,935,737	—	1,604,745	—	3,540,482
—	—	—	—	10,496,393
1,935,737	—	1,604,745	—	14,036,875
1,244,110	2,707,075	2,896,571	4,480,404	52,601,274
—	10,699,162	—	635,053	11,352,899
—	246,324	—	—	246,324
1,244,110	13,652,561	2,896,571	5,115,457	64,200,497
\$ 3,222,851	\$ 14,383,094	\$ 4,501,316	\$ 5,514,784	\$ 106,519,091

ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2018

	Inter-governmental Grant Funds	Capital Operations and Maintenance Funds	Improvement and Maintenance District Funds
Revenues			
Taxes	\$ —	\$ 102,115,177	\$ 2,147,299
Intergovernmental	37,727,422	4,657,743	—
Charges for services	—	125,531	—
Donations	—	—	—
Other revenue	828,067	—	—
Investment earnings	57,041	663,177	20,226
Rental income	—	—	—
Total revenues	38,612,530	107,561,628	2,167,525
Expenditures			
Current			
General government	—	—	—
Public safety	6,094,042	34,621,674	—
Public works	25,420,305	—	1,842,476
Culture and recreation	2,187,586	6,283,764	—
Community development	4,048,900	—	—
Economic development	—	—	—
Miscellaneous	—	—	—
Debt service			
Principal	—	1,325,000	—
Interest	—	74,050	—
Capital outlay	861,697	65,328,477	29,834
Total expenditures	38,612,530	107,632,965	1,872,310
Excess (deficiency) of revenues over expenditures	—	(71,337)	295,215
Other financing uses			
Transfers - out	—	—	—
Total other financing uses	—	—	—
Net change in fund balances	—	(71,337)	295,215
Fund balances - January 1	—	41,363,135	948,895
Fund balances - December 31	\$ —	\$ 41,291,798	\$ 1,244,110

CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-2

Public Improvements Funds	Other Public Improvements Funds	Other Special Revenue Funds	Total
\$ —	\$ 1,809,267	\$ 7,142,923	\$ 113,214,666
—	—	—	42,385,165
10,204,863	—	—	10,330,394
—	—	1,774,534	1,774,534
—	—	—	828,067
185,328	38,475	17,690	981,937
—	—	263,499	263,499
10,390,191	1,847,742	9,198,646	169,778,262
—	—	41,391	41,391
—	—	267,766	40,983,482
6,798,539	—	104,472	34,165,792
—	—	1,598,506	10,069,856
—	—	—	4,048,900
—	—	6,368,501	6,368,501
—	18,199	—	18,199
—	890,000	—	2,215,000
—	420,527	—	494,577
533,247	—	—	66,753,255
7,331,786	1,328,726	8,380,636	165,158,953
3,058,405	519,016	818,010	4,619,309
—	—	(230,000)	(230,000)
—	—	(230,000)	(230,000)
3,058,405	519,016	588,010	4,389,309
10,594,156	2,377,555	4,527,447	59,811,188
\$ 13,652,561	\$ 2,896,571	\$ 5,115,457	\$ 64,200,497

INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 December 31, 2018

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	\$ —	\$ 1,801,783	\$ 428,526	\$ 2,230,309
Accounts receivable (net of allowance for uncollectibles)	4,215,642	1,650,426	10,329,624	16,195,692
Loans receivable (net of allowance for uncollectibles)	3,976,857	6,433,750	85,786	10,496,393
Total assets	\$ 8,192,499	\$ 9,885,959	\$ 10,843,936	\$ 28,922,394
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>				
Liabilities				
Accounts payable	\$ 661,890	\$ 117,502	\$ 2,228,269	\$ 3,007,661
Accrued salaries and benefits	28,225	—	196,284	224,509
Due to other funds	236,789	—	—	236,789
Unearned revenue				
Grants	3,288,738	3,334,707	8,333,597	14,957,042
Total liabilities	4,215,642	3,452,209	10,758,150	18,426,001
Deferred inflows of resources				
Unavailable revenue - loans (net of allowance for uncollectibles)	3,976,857	6,433,750	85,786	10,496,393
Total deferred inflows of resources	3,976,857	6,433,750	85,786	10,496,393
Total liabilities and deferred inflows of resources	\$ 8,192,499	\$ 9,885,959	\$ 10,843,936	\$ 28,922,394

INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2018

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit C-4

	Community Development Block Grant Fund	Home Investment Partnership Fund	Grants Fund	Total
Revenues				
Intergovernmental	\$ 2,200,833	\$ 662,112	\$ 34,864,477	\$ 37,727,422
Other revenue	169,306	284,689	374,072	828,067
Investment earnings	103	22,316	34,622	57,041
Total revenues	2,370,242	969,117	35,273,171	38,612,530
Expenditures				
Current				
Public safety	—	—	6,094,042	6,094,042
Public works	—	—	25,420,305	25,420,305
Culture and recreation	—	—	2,187,586	2,187,586
Community development	2,370,242	969,117	709,541	4,048,900
Capital outlay	—	—	861,697	861,697
Total expenditures	2,370,242	969,117	35,273,171	38,612,530
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, 2018

	Ballfield Capital Improvements Fund	Bicycle Tax Fund	Trails/Open Space Fund	Conservation Trust Fund
<u>ASSETS</u>				
Cash and investments	\$ 18,684	\$ 164,786	\$ 16,446,851	\$ 1,130,803
Accounts receivable (net of allowance for uncollectibles)	—	—	—	—
Sales tax receivable	—	—	923,747	—
Total assets	\$ 18,684	\$ 164,786	\$ 17,370,598	\$ 1,130,803
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$ —	\$ 4,929	\$ 536,883	\$ 13,913
Accrued salaries and benefits	—	—	40,912	139,776
Due to other funds	—	—	—	—
Total liabilities	—	4,929	577,795	153,689
Fund balances				
Restricted	—	159,857	16,792,803	977,114
Committed	18,684	—	—	—
Total fund balances	18,684	159,857	16,792,803	977,114
Total liabilities and fund balances	\$ 18,684	\$ 164,786	\$ 17,370,598	\$ 1,130,803

CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-5

Cable Franchise Fund	Public Safety Sales Tax Fund	Road Repair, Maintenance, & Improvement Sales Tax Fund	Total
\$ 483,945	\$ 9,169,268	\$ 12,399,910	\$ 39,814,247
—	8,117	—	8,117
—	3,694,809	5,533,732	10,152,288
<u>\$ 483,945</u>	<u>\$ 12,872,194</u>	<u>\$ 17,933,642</u>	<u>\$ 49,974,652</u>
\$ —	\$ 339,631	\$ 6,455,433	\$ 7,350,789
15,969	1,112,913	—	1,309,570
—	22,495	—	22,495
<u>15,969</u>	<u>1,475,039</u>	<u>6,455,433</u>	<u>8,682,854</u>
467,976	11,397,155	11,478,209	41,273,114
—	—	—	18,684
<u>467,976</u>	<u>11,397,155</u>	<u>11,478,209</u>	<u>41,291,798</u>
<u>\$ 483,945</u>	<u>\$ 12,872,194</u>	<u>\$ 17,933,642</u>	<u>\$ 49,974,652</u>

CAPITAL, OPERATIONS AND MAINTENANCE SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2018

	Ballfield Capital Improvements Fund	Bicycle Tax Fund	Trails/Open Space Fund	Conservation Trust Fund
Revenues				
Taxes	\$ —	\$ 78,284	\$ 9,146,450	\$ —
Intergovernmental	—	—	—	4,657,743
Charges for services	83,256	—	—	—
Investment earnings	777	2,744	253,450	6,897
Total revenues	84,033	81,028	9,399,900	4,664,640
Expenditures				
Current				
Public safety	—	—	—	—
Culture and recreation	—	—	2,209,099	4,074,665
Debt service				
Principal	65,634	—	987,780	271,586
Interest	20,300	—	28,095	25,655
Capital outlay	35	73,097	4,358,900	144,465
Total expenditures	85,969	73,097	7,583,874	4,516,371
Excess (deficiency) of revenues over expenditures	(1,936)	7,931	1,816,026	148,269
Net change in fund balances	(1,936)	7,931	1,816,026	148,269
Fund balances - January 1	20,620	151,926	14,976,777	828,845
Fund balances - December 31	\$ 18,684	\$ 159,857	\$ 16,792,803	\$ 977,114

CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-6

Cable Franchise Fund	Public Safety Sales Tax Fund	Road Repair, Maintenance, & Improvement Sales Tax Fund	Total
\$ —	\$ 36,583,868	\$ 56,306,575	\$ 102,115,177
—	—	—	4,657,743
—	42,275	—	125,531
7,292	155,234	236,783	663,177
7,292	36,781,377	56,543,358	107,561,628
—	34,621,674	—	34,621,674
—	—	—	6,283,764
—	—	—	1,325,000
—	—	—	74,050
388	1,972,829	58,778,763	65,328,477
388	36,594,503	58,778,763	107,632,965
6,904	186,874	(2,235,405)	(71,337)
6,904	186,874	(2,235,405)	(71,337)
461,072	11,210,281	13,713,614	41,363,135
\$ 467,976	\$ 11,397,155	\$ 11,478,209	\$ 41,291,798

IMPROVEMENT AND MAINTENANCE DISTRICT
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2018

	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
ASSETS				
Cash and investments	\$ 70,434	\$ 281,787	\$ 454,887	\$ 363,574
Accounts receivable (net of allowance for uncollectibles)	1,130	7,615	9,208	3,146
Property taxes receivable	103,084	690,035	834,312	286,707
Total assets	\$ 174,648	\$ 979,437	\$ 1,298,407	\$ 653,427
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 969	\$ 3,191	\$ 4,021	\$ 294
Accrued salaries and benefits	3,084	11,166	13,771	4,825
Due to other funds	—	—	1,614	—
Total liabilities	4,053	14,357	19,406	5,119
Deferred inflows of resources				
Unavailable revenue - property taxes	103,084	690,035	834,312	286,707
Total deferred inflows of resources	103,084	690,035	834,312	286,707
Fund balances				
Restricted	67,511	275,045	444,689	361,601
Total fund balances	67,511	275,045	444,689	361,601
Total liabilities, deferred inflows of resources and fund balances	\$ 174,648	\$ 979,437	\$ 1,298,407	\$ 653,427

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
\$ 53,380	\$ 11,476	\$ 30,216	\$ 1,265,754
202	37	22	21,360
18,275	3,324	—	1,935,737
\$ 71,857	\$ 14,837	\$ 30,238	\$ 3,222,851
\$ 18	\$ 51	\$ —	\$ 8,544
—	—	—	32,846
—	—	—	1,614
18	51	—	43,004
18,275	3,324	—	1,935,737
18,275	3,324	—	1,935,737
53,564	11,462	30,238	1,244,110
53,564	11,462	30,238	1,244,110
\$ 71,857	\$ 14,837	\$ 30,238	\$ 3,222,851

IMPROVEMENT AND MAINTENANCE DISTRICT
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2018

	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	\$ 113,350	\$ 761,215	\$ 921,878	\$ 316,198
Investment earnings	1,178	4,444	7,461	5,849
Total revenues	114,528	765,659	929,339	322,047
Expenditures				
Current				
Public works	110,481	647,175	783,042	281,081
Capital outlay	12,500	4,375	—	12,959
Total expenditures	122,981	651,550	783,042	294,040
Excess (deficiency) of revenues over expenditures	(8,453)	114,109	146,297	28,007
Net change in fund balances	(8,453)	114,109	146,297	28,007
Fund balances - January 1	75,964	160,936	298,392	333,594
Fund balances - December 31	\$ 67,511	\$ 275,045	\$ 444,689	\$ 361,601

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
\$	20,283	\$ 3,741	\$ 10,634	\$ 2,147,299
	700	152	442	20,226
	20,983	3,893	11,076	2,167,525
	6,138	1,944	12,615	1,842,476
	—	—	—	29,834
	6,138	1,944	12,615	1,872,310
	14,845	1,949	(1,539)	295,215
	14,845	1,949	(1,539)	295,215
	38,719	9,513	31,777	948,895
\$	53,564	\$ 11,462	\$ 30,238	\$ 1,244,110

PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 December 31, 2018

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
ASSETS						
Cash and investments	\$ 3,814,429	\$ 5,272,959	\$ 1,792,453	\$ 178,907	\$ 3,314,463	\$ 14,373,211
Accounts receivable (net of allowance for uncollectibles)	—	—	—	—	9,883	9,883
Total assets	\$ 3,814,429	\$ 5,272,959	\$ 1,792,453	\$ 178,907	\$ 3,324,346	\$ 14,383,094
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 306,494	\$ —	\$ —	\$ —	\$ —	\$ 306,494
Deposits payable	—	—	—	—	424,039	424,039
Total liabilities	306,494	—	—	—	424,039	730,533
Fund balances						
Restricted	—	—	—	—	2,707,075	2,707,075
Committed	3,507,935	5,272,959	1,792,453	125,815	—	10,699,162
Assigned	—	—	—	53,092	193,232	246,324
Total fund balance	3,507,935	5,272,959	1,792,453	178,907	2,900,307	13,652,561
Total liabilities and fund balances	\$ 3,814,429	\$ 5,272,959	\$ 1,792,453	\$ 178,907	\$ 3,324,346	\$ 14,383,094

PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2018

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	\$ 2,192,593	\$ 7,108,878	\$ 398,343	\$ —	\$ 505,049	\$ 10,204,863
Investment earnings	34,816	64,022	27,289	2,421	56,780	185,328
Total revenues	2,227,409	7,172,900	425,632	2,421	561,829	10,390,191
Expenditures						
Current						
Public works	—	6,355,340	430,031	117	13,051	6,798,539
Capital outlay	533,247	—	—	—	—	533,247
Total expenditures	533,247	6,355,340	430,031	117	13,051	7,331,786
Excess (deficiency) of revenues over expenditures	1,694,162	817,560	(4,399)	2,304	548,778	3,058,405
Net change in fund balances	1,694,162	817,560	(4,399)	2,304	548,778	3,058,405
Fund balances - January 1	1,813,773	4,455,399	1,796,852	176,603	2,351,529	10,594,156
Fund balances - December 31	\$ 3,507,935	\$ 5,272,959	\$ 1,792,453	\$ 178,907	\$ 2,900,307	\$ 13,652,561

OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 December 31, 2018

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit C-11

	Spring Creek General Improvement District	Briargate General Improvement District	MAB General Improvement District	Total
ASSETS				
Cash and investments	\$ 375,322	\$ 1,871,759	\$ 131,406	\$ 2,378,487
Accounts receivable (net of allowance for uncollectibles)	2,390	12,922	2,772	18,084
Property taxes receivable	114,677	1,237,477	252,591	1,604,745
Restricted investments	—	500,000	—	500,000
Total assets	\$ 492,389	\$ 3,622,158	\$ 386,769	\$ 4,501,316
DEFERRED INFLOWS				
OF RESOURCES AND FUND BALANCES				
Deferred inflows of resources				
Unavailable revenue - property taxes	\$ 114,677	\$ 1,237,477	\$ 252,591	\$ 1,604,745
Total deferred inflows of resources	114,677	1,237,477	252,591	1,604,745
Fund balances				
Restricted	377,712	2,384,681	134,178	2,896,571
Total fund balances	377,712	2,384,681	134,178	2,896,571
Total deferred inflows of resources and fund balances	\$ 492,389	\$ 3,622,158	\$ 386,769	\$ 4,501,316

OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2018

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit C-12

	Spring Creek General Improvement District	Briargate General Improvement District	MAB General Improvement District	Total
Revenues				
Taxes	\$ 239,309	\$ 1,291,949	\$ 278,009	\$ 1,809,267
Investment earnings	7,076	27,580	3,819	38,475
Total revenues	246,385	1,319,529	281,828	1,847,742
Expenditures				
Current				
Miscellaneous	5,788	6,783	5,628	18,199
Debt service				
Principal	245,000	460,000	185,000	890,000
Interest	46,020	226,144	148,363	420,527
Total expenditures	296,808	692,927	338,991	1,328,726
Excess (deficiency) of revenues over expenditures	(50,423)	626,602	(57,163)	519,016
Net change in fund balances	(50,423)	626,602	(57,163)	519,016
Fund balances - January 1	428,135	1,758,079	191,341	2,377,555
Fund balances - December 31	\$ 377,712	\$ 2,384,681	\$ 134,178	\$ 2,896,571

OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2018

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	\$ 924,389	\$ 90,017	\$ 3,186,585	\$ 576,100	\$ 4,647	\$ 4,781,738
Accounts receivable (net of allowances for uncollectibles)	—	—	297,604	14,929	—	312,533
Sales tax receivable	420,513	—	—	—	—	420,513
Total assets	\$ 1,344,902	\$ 90,017	\$ 3,484,189	\$ 591,029	\$ 4,647	\$ 5,514,784
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	\$ 217,822	\$ —	\$ 130,865	\$ 50,640	\$ —	\$ 399,327
Total liabilities	217,822	—	130,865	50,640	—	399,327
Fund balances						
Restricted	1,127,080	—	3,353,324	—	—	4,480,404
Committed	—	90,017	—	540,389	4,647	635,053
Total fund balances	1,127,080	90,017	3,353,324	540,389	4,647	5,115,457
Total liabilities and fund balances	\$ 1,344,902	\$ 90,017	\$ 3,484,189	\$ 591,029	\$ 4,647	\$ 5,514,784

OTHER SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 December 31, 2018

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	\$ 7,142,923	\$ —	\$ —	\$ —	\$ —	\$ 7,142,923
Donations	—	—	1,755,725	18,809	—	1,774,534
Investment earnings	6,832	1,431	121	9,243	63	17,690
Rental income	—	—	—	263,499	—	263,499
Total revenues	7,149,755	1,431	1,755,846	291,551	63	9,198,646
Expenditures						
Current						
General government	—	—	41,391	—	—	41,391
Public safety	—	—	267,766	—	—	267,766
Public works	—	—	104,472	—	—	104,472
Culture and recreation	—	60	1,348,079	250,364	3	1,598,506
Economic development	6,368,501	—	—	—	—	6,368,501
Total expenditures	6,368,501	60	1,761,708	250,364	3	8,380,636
Excess (deficiency) of revenues over expenditures	781,254	1,371	(5,862)	41,187	60	818,010
Other financing uses						
Transfers - out	(230,000)	—	—	—	—	(230,000)
Net change in fund balances	551,254	1,371	(5,862)	41,187	60	588,010
Fund balances - January 1	575,826	88,646	3,359,186	499,202	4,587	4,527,447
Fund balances - December 31	\$ 1,127,080	\$ 90,017	\$ 3,353,324	\$ 540,389	\$ 4,647	\$ 5,115,457

SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES-BUDGET AND ACTUAL
For the year ended December 31, 2018

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

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Community Development Block Grant	\$ 2,370,242	\$ 2,370,242	\$ —
Home Investment Partnership Fund	969,117	969,117	—
Grants Fund	35,273,171	35,273,171	—
Ballfield Capital Improvements Fund	70,000	84,033	14,033
Bicycle Tax Fund	86,500	81,028	(5,472)
Trails/Open Space Fund	9,168,000	9,399,900	231,900
Conservation Trust Fund	4,440,000	4,664,640	224,640
Cable Franchise Fund	—	7,292	7,292
Public Safety Sales Tax Fund	35,543,515	36,781,377	1,237,862
Road Repair, Maintenance & Improvement Sales Tax Fund	50,000,000	56,543,358	6,543,358
Old Colorado City Maintenance and Security District Fund	114,898	114,528	(370)
Norwood Special Improvement Maintenance District Fund	771,562	765,659	(5,903)
Briargate Special Improvement Maintenance District Fund	930,264	929,339	(925)
Stetson Hills Improvement Maintenance District Fund	321,823	322,047	224
Woodstone Improvement Maintenance District Fund	20,979	20,983	4
Gateway Improvement Maintenance District Fund	3,807	3,893	86
Platte Avenue Improvement Maintenance District Fund	9,272	11,076	1,804
Public Space and Development Fund	1,185,000	2,227,409	1,042,409
Subdivision Drainage Fund	8,000,000	7,172,900	(827,100)
Arterial Roadway Fund	800,000	425,632	(374,368)
Park Developer Easement Fund	—	2,421	2,421
Banning Lewis Ranch Fund	307,900	561,829	253,929
Spring Creek General Improvement District	241,348	246,385	5,037
Briargate General Improvement District	1,317,433	1,319,529	2,096
MAB General Improvement District	276,915	281,828	4,913
Lodgers and Auto Rental Tax Fund	6,649,458	7,149,755	500,297
Street Tree Fund	1,300	1,431	131
Gift Trust Fund	1,900,000	1,755,846	(144,154)
Senior Programs Fund	241,000	291,551	50,551
Therapeutic Recreation Fund	200	63	(137)
Total revenues	\$ 161,013,704	\$ 169,778,262	\$ 8,764,558

(continued)

SPECIAL REVENUE FUNDS
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL
For the year ended December 31, 2018

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

	Final Budget	Actual	Variance Positive (Negative)
Expenditures			
Community Development Block Grant	\$ 2,370,242	\$ 2,370,242	\$ —
Home Investment Partnership Fund	969,117	969,117	—
Grants Fund	35,273,171	35,273,171	—
Ballfield Capital Improvements Fund	86,000	85,969	31
Bicycle Tax Fund	220,311	73,097	147,214
Trails/Open Space Fund	16,163,880	7,583,874	8,580,006
Conservation Trust Fund	4,898,734	4,516,371	382,363
Cable Franchise Fund	11,180	388	10,792
Public Safety Sales Tax Fund	41,699,536	36,594,503	5,105,033
Road Repair, Maintenance & Improvement Sales Tax Fund	60,417,817	58,778,763	1,639,054
Old Colorado City Maintenance and Security District Fund	134,775	122,981	11,794
Norwood Special Improvement Maintenance District Fund	793,048	651,550	141,498
Briargate Special Improvement Maintenance District Fund	930,264	783,042	147,222
Stetson Hills Improvement Maintenance District Fund	374,399	294,040	80,359
Woodstone Improvement Maintenance District Fund	25,330	6,138	19,192
Gateway Improvement Maintenance District Fund	4,113	1,944	2,169
Platte Avenue Improvement Maintenance District Fund	19,831	12,615	7,216
Public Space and Development Fund	2,256,249	533,247	1,723,002
Subdivision Drainage Fund	8,000,000	6,355,340	1,644,660
Arterial Roadway Fund	800,000	430,031	369,969
Park Developer Easement Fund	—	117	(117)
Banning Lewis Ranch Fund	12,322	13,051	(729)
Spring Creek General Improvement District	297,420	296,808	612
Briargate General Improvement District	692,744	692,927	(183)
MAB General Improvement District	339,275	338,991	284
Lodgers and Auto Rental Tax Fund	6,701,760	6,598,501	103,259
Street Tree Fund	35,403	60	35,343
Gift Trust Fund	2,109,112	1,761,708	347,404
Senior Programs Fund	299,645	250,364	49,281
Therapeutic Recreation Fund	100	3	97
Total expenditures	\$ 185,935,778	\$ 165,388,953	\$ 20,546,825

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, 2018**

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

	City Funded CIP Construction Fund
<u>ASSETS</u>	
Cash and investments	<u>\$ 25,405,743</u>
Total assets	<u><u>\$ 25,405,743</u></u>
<u>LIABILITIES AND FUND BALANCES</u>	
Liabilities	
Accounts payable	\$ 1,161,597
Due to other funds	<u>3,163,034</u>
Total liabilities	<u>4,324,631</u>
Fund balances	
Committed	18,527,302
Assigned	<u>2,553,810</u>
Total fund balances	<u>21,081,112</u>
Total liabilities and fund balances	<u><u>\$ 25,405,743</u></u>

CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended December 31, 2018

CITY OF COLORADO SPRINGS
COLORADO
Exhibit D-2

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Other revenue	\$ —	\$ 439,104	\$ 439,104
Investment earnings	367,000	336,798	(30,202)
Total revenues	367,000	775,902	408,902
Expenditures			
Debt service			
Principal	160,833	160,833	—
Interest	2,847	2,847	—
Capital outlay	26,310,558	7,249,087	19,061,471
Total expenditures	26,474,238	7,412,767	19,061,471
Deficiency of revenues over expenditures	(26,107,238)	(6,636,865)	19,470,373
Other financing sources			
Transfers - in	11,799,245	11,799,245	—
Total other financing sources	11,799,245	11,799,245	—
Net change in fund balance	(14,307,993)	5,162,380	19,470,373
Fund balance - January 1	15,918,732	15,918,732	—
Fund balance - December 31	\$ 1,610,739	\$ 21,081,112	\$ 19,470,373

**ANNUAL STATEMENT OF RECEIPTS
AND EXPENDITURES FOR
ROADS, BRIDGES AND STREETS
2018**

**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 2018	
This Information From The Records Of: City of Colorado Springs		Prepared By: City of Colorado Springs Finance Office Phone: (719) 385-5221	

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)	105,656,028
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	12,974,948
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	709,953
2. General fund appropriations	12,109,593	b. Snow and ice removal	1,915,476
3. Other local imposts (from page 2)	109,562,720	c. Other	
4. Miscellaneous local receipts (from page 2)	3,719,297	d. Total (a. through c.)	2,625,429
5. Transfers from toll facilities		4. General administration & miscellaneous	4,767,641
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	20,538,735
a. Bonds - Original Issues		6. Total (1 through 5)	146,562,781
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)	125,391,610	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	—
C. Receipts from State government (from page 2)	24,595,622	2. Notes:	
D. Receipts from Federal Government (from page 2)	311,850	a. Interest	
E. Total receipts (A.7 + B + C + D)	150,299,082	b. Redemption	
		c. Total (a. + b.)	—
		3. Total (1.c + 2.c)	—
		C. Payments to State for highways	3,736,301
		D. Payments to toll facilities	—
		E. Total disbursements (A.6 + B.3 + C + D)	150,299,082

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	E. Reconciliation
		150,299,082	150,299,082		—

Notes and Comments:					

**ANNUAL STATEMENT OF RECEIPTS
AND EXPENDITURES FOR
ROADS, BRIDGES AND STREETS
2018**

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

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2018	

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	147,266
b. Other local imposts:		b. Traffic Fines & Penalties	3,572,031
1. Sales Taxes	105,865,174	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	769,961	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	2,927,585	g. Other Misc. Receipts	
6. Total (1. through 5.)	109,562,720	h. Other	
c. Total (a. + b.)	109,562,720	i. Total (a. through h.)	3,719,297
	(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	23,025,024	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	311,850
c. Motor Vehicle Registrations	1,570,598	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.)	1,570,598	g. Total (a. through f.)	311,850
4. Total (1. + 2. + 3.f)	24,595,622	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	52,645	228,046	280,691
b. Engineering Costs	1,649,216	3,883,688	5,532,904
c. Construction:			
(1). New Facilities			—
(2). Capacity Improvements	7,298,065	9,297,618	16,595,683
(3). System Preservation	4,873,305	72,193,399	77,066,704
(4). System Enhancement & Operation	—	6,180,046	6,180,046
(5). Total Construction (1) + (2) + (3) + (4)	12,171,370	87,671,063	99,842,433
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	13,873,231	91,782,797	105,656,028
			(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, 2018

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	\$ 213,936	\$ 20,071	\$ 226,694	\$ 460,701
Restricted investments	782,348	10,002,622	625,482	11,410,452
Total assets	\$ 996,284	\$ 10,022,693	\$ 852,176	\$ 11,871,153
<u>FUND BALANCES</u>				
Fund balances				
Nonspendable	\$ 782,348	\$ 10,002,622	\$ 625,482	\$ 11,410,452
Restricted	213,936	20,071	226,694	460,701
Total fund balances	996,284	10,022,693	852,176	11,871,153
Total fund balances	\$ 996,284	\$ 10,022,693	\$ 852,176	\$ 11,871,153

PERMANENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2018

CITY OF COLORADO SPRINGS
COLORADO
Exhibit E-2

	C.D. Smith Trust Fund	Cemetery Endowment Fund	TOPS Maintenance Trust Fund	Total
Revenues				
Endowments	\$ —	\$ 70,976	\$ —	\$ 70,976
Investment earnings (loss)	(146,748)	(459,675)	16,119	(590,304)
Total revenues	(146,748)	(388,699)	16,119	(519,328)
Expenditures				
Current				
Culture and recreation	6,736	—	20,307	27,043
Total expenditures	6,736	—	20,307	27,043
Deficiency of revenues over expenditures	(153,484)	(388,699)	(4,188)	(546,371)
Other financing uses				
Transfers - out	—	(297,130)	—	(297,130)
Total other financing uses	—	(297,130)	—	(297,130)
Net change in fund balance	(153,484)	(685,829)	(4,188)	(843,501)
Fund balances - January 1	1,149,768	10,708,522	856,364	12,714,654
Fund balances - December 31	\$ 996,284	\$ 10,022,693	\$ 852,176	\$ 11,871,153

PERMANENT FUNDS

CITY OF COLORADO SPRINGS

SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL

COLORADO

For the year ended December 31, 2018

Exhibit E-3

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
C.D. Smith Trust Fund	\$ 75,000	\$ (146,748)	\$ (221,748)
Cemetery Endowment Fund	250,000	(388,699)	(638,699)
TOPS Maintenance Trust Fund	3,200	16,119	12,919
Total revenues	<u>\$ 328,200</u>	<u>\$ (519,328)</u>	<u>\$ (847,528)</u>
Expenditures			
C.D. Smith Trust Fund	\$ 75,000	\$ 6,736	\$ 68,264
Cemetery Endowment Fund	250,000	297,130	(47,130)
TOPS Maintenance Trust Fund	20,264	20,307	(43)
Total expenditures	<u>\$ 345,264</u>	<u>\$ 324,173</u>	<u>\$ 21,091</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.

Stormwater Fund

Used to account for activities related to stormwater capital improvements and maintenance.

NON-MAJOR ENTERPRISE FUNDS
COMBINING BALANCE SHEET
December 31, 2018

	Airport Fund	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak America's Mountain Fund
<u>ASSETS AND DEFERRED</u>				
<u>OUTFLOWS OF RESOURCES</u>				
Current assets				
Cash and investments - unrestricted	\$ 19,862,299	\$ 1,651,762	\$ 456,796	\$ 17,885,352
Cash and investments - restricted	1,810,415	—	—	30,100,986
Accounts receivable (net of allowance for uncollectibles)	8,606,755	19,519	3,844	1,300,297
Due from other funds	—	—	—	1,839
Inventories	465,580	—	—	52,454
Total current assets	30,745,049	1,671,281	460,640	49,340,928
Noncurrent assets				
Cash and investments - restricted	—	—	—	1,952,687
Lease receivable	1,123,842	—	—	—
Note receivable	2,655,087	—	—	—
Due from other funds	—	—	—	—
Capital assets:				
Land	17,648,918	60,000	931,200	667
Buildings	67,444,900	1,958,326	282,508	3,467,686
Construction in progress	2,132,609	—	—	9,718,325
Improvements other than buildings	277,882,355	2,053,141	1,510,289	11,634,428
Machinery and equipment	29,891,826	2,662,761	1,131,458	3,872,745
Infrastructure	47,933,084	—	—	—
Intangibles	661,903	—	—	—
Less accumulated depreciation	(198,611,931)	(5,505,929)	(2,615,262)	(9,971,057)
Total noncurrent assets	248,762,593	1,228,299	1,240,193	20,675,481
Deferred outflows of resources				
Loss on debt refunding	—	—	—	—
Pension-related amounts	1,319,830	127,448	53,800	233,032
OPEB-related amounts	127,076	18,551	5,614	42,549
Total deferred outflows of resources	1,446,906	145,999	59,414	275,581
Total assets and deferred outflows of resources	\$ 280,954,548	\$ 3,045,579	\$ 1,760,247	\$ 70,291,990

CITY OF COLORADO SPRINGS
COLORADO
Exhibit F-1
(PAGE 1 OF 2)

Parking Fund	Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$ 8,479,590	\$ 1,090,685	\$ 6,414,051	\$ 902,869	\$ 56,743,404
—	—	—	—	31,911,401
40,484	39,708	73,692	911,957	10,996,256
77,032	—	—	1,046,457	1,125,328
—	—	—	—	518,034
8,597,106	1,130,393	6,487,743	2,861,283	101,294,423
—	—	—	—	1,952,687
—	—	—	—	1,123,842
—	—	—	—	2,655,087
1,361,927	—	—	—	1,361,927
2,072,246	81,379	—	—	20,794,410
25,082,242	514,720	80,173	—	98,830,555
200,000	—	—	—	12,050,934
14,886,540	1,745,366	80,289	—	309,792,408
342,734	445,180	215,058	4,016,561	42,578,323
—	—	—	—	47,933,084
—	—	—	—	661,903
(19,024,029)	(2,066,264)	(195,027)	(2,295,722)	(240,285,221)
24,921,660	720,381	180,493	1,720,839	299,449,939
87,470	—	—	—	87,470
111,636	77,522	211,478	259,042	2,393,788
12,490	32,371	20,091	20,791	279,533
211,596	109,893	231,569	279,833	2,760,791
\$ 33,730,362	\$ 1,960,667	\$ 6,899,805	\$ 4,861,955	\$ 403,505,153

(continued)

NON-MAJOR ENTERPRISE FUNDS
COMBINING BALANCE SHEET
December 31, 2018

	Airport Fund	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak America's Mountain Fund
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>				
Current liabilities				
Accounts payable	\$ 2,713,328	\$ 26,303	\$ 8,664	\$ 1,765,862
Accrued salaries and benefits	363,108	26,338	10,254	51,470
Compensated absences	28,016	3,604	1,371	4,164
Due to other funds	123,026	17,209	5,840	8,773
Unearned revenue	2,087,074	11,600	2,825	—
Accrued interest payable	44,057	—	—	193,868
Matured bonds payable	—	—	—	400,000
Notes payable	551,922	—	—	—
Capital lease payable	76,842	88,028	81,796	—
Total current liabilities	5,987,373	173,082	110,750	2,424,137
Noncurrent liabilities				
Compensated absences	532,297	68,483	26,044	79,116
Unearned revenue	2,344,120	—	—	—
Revenue bonds payable, net	—	—	—	31,819,829
Notes payable	3,729,243	—	—	—
Net pension liability	7,673,900	834,494	352,152	1,531,070
Net OPEB liability	1,136,605	160,388	53,063	351,127
Capital lease payable	79,378	—	83,087	—
Total noncurrent liabilities	15,495,543	1,063,365	514,346	33,781,142
Total liabilities	21,482,916	1,236,447	625,096	36,205,279
Deferred inflows of resources				
Pension-related amounts	1,746,988	190,866	75,069	359,889
OPEB-related amounts	9,279	3,686	805	8,109
Total deferred inflows of resources	1,756,267	194,552	75,874	367,998
Net position				
Net investment in capital assets	237,037,714	1,140,271	1,075,310	14,832,248
Restricted for passenger facility charges	658,563	—	—	—
Restricted for debt service	—	—	—	1,952,687
Restricted for capital improvement	—	—	—	50,986
Unrestricted	20,019,088	474,309	(16,033)	16,882,792
Total net position	257,715,365	1,614,580	1,059,277	33,718,713
Total liabilities, deferred inflows of resources and net position	\$ 280,954,548	\$ 3,045,579	\$ 1,760,247	\$ 70,291,990

CITY OF COLORADO SPRINGS
COLORADO
Exhibit F-1
(PAGE 2 OF 2)

Parking Fund	Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$ 185,738	\$ 13,900	\$ 31,577	\$ 362,864	\$ 5,108,236
24,623	21,253	50,604	223,611	771,261
1,474	3,330	1,979	18,519	62,457
9,884	2,018	—	3,289	170,039
—	—	2,326,525	—	4,428,024
13,649	—	—	—	251,574
700,000	—	—	—	1,100,000
—	—	—	—	551,922
—	—	—	—	246,666
935,368	40,501	2,410,685	608,283	12,690,179
28,015	63,275	37,592	351,860	1,186,682
—	926,470	—	—	3,270,590
6,040,000	—	—	—	37,859,829
—	—	—	—	3,729,243
727,851	502,277	1,387,575	—	13,009,319
108,251	236,051	189,423	—	2,234,908
—	—	—	—	162,465
6,904,117	1,728,073	1,614,590	351,860	61,453,036
7,839,485	1,768,574	4,025,275	960,143	74,143,215
142,454	130,888	272,014	—	2,918,168
698	3,208	1,493	—	27,278
143,152	134,096	273,507	—	2,945,446
16,819,733	720,381	180,493	1,720,839	273,526,989
—	—	—	—	658,563
—	—	—	—	1,952,687
—	—	—	—	50,986
8,927,992	(662,384)	2,420,530	2,180,973	50,227,267
25,747,725	57,997	2,601,023	3,901,812	326,416,492
\$ 33,730,362	\$ 1,960,667	\$ 6,899,805	\$ 4,861,955	\$ 403,505,153

NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the year ended December 31, 2018

	Airport Fund	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak America's Mountain Fund
Operating revenues				
Charges for services	\$ 17,626,339	\$ 2,368,193	\$ 1,115,669	\$ 10,314,681
Operating expenses				
Salaries and benefits	8,779,864	823,740	344,631	1,492,270
Other operating expenses	6,917,043	1,260,197	693,750	3,039,404
Depreciation	16,173,249	264,319	129,161	735,673
Total operating expenses	31,870,156	2,348,256	1,167,542	5,267,347
Operating income (loss)	(14,243,817)	19,937	(51,873)	5,047,334
Nonoperating revenues (expenses)				
Investment earnings (loss)	673,825	23,638	6,874	346,640
Interest expense	(383,632)	(2,539)	(3,873)	—
Passenger facility charges	3,522,190	—	—	—
Customer facility charges	1,249,182	—	—	—
Insurance settlements	8,798,107	35,300	—	—
Gain/(Loss) on disposal of capital assets	(577,147)	—	—	11,055
Debt issuance costs	—	—	—	(277,966)
Gain on bond defeasance	3,299	—	—	—
Miscellaneous	438,745	—	—	—
Total nonoperating revenues (expenses)	13,724,569	56,399	3,001	79,729
Income (Loss) before contributions and transfers	(519,248)	76,336	(48,872)	5,127,063
Capital contributions	7,560,975	—	—	—
Transfers - in	—	—	—	—
Change in net position	7,041,727	76,336	(48,872)	5,127,063
Total net position - January 1, as previously stated	251,677,624	1,681,848	1,155,746	28,903,804
Prior period adjustment	(1,003,986)	(143,604)	(47,597)	(312,154)
Total net position - January 1, restated	250,673,638	1,538,244	1,108,149	28,591,650
Total net position - December 31	\$257,715,365	\$ 1,614,580	\$ 1,059,277	\$ 33,718,713

CITY OF COLORADO SPRINGS
COLORADO
Exhibit F-2

Parking Fund	Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$ 4,742,520	\$ 1,107,270	\$ 2,911,260	\$ 7,707,361	\$ 47,893,293
637,328	524,415	1,465,910	2,856,037	16,924,195
1,767,174	934,366	587,240	2,369,704	17,568,878
1,140,202	80,642	20,936	106,833	18,651,015
3,544,704	1,539,423	2,074,086	5,332,574	53,144,088
1,197,816	(432,153)	837,174	2,374,787	(5,250,795)
182,972	13,585	83,613	(5,880)	1,325,267
(197,898)	—	—	—	(587,942)
—	—	—	—	3,522,190
—	—	—	—	1,249,182
—	—	—	—	8,833,407
—	50	(2,169)	—	(568,211)
—	—	—	—	(277,966)
—	—	—	—	3,299
—	—	—	—	438,745
(14,926)	13,635	81,444	(5,880)	13,937,971
1,182,890	(418,518)	918,618	2,368,907	8,687,176
—	—	—	1,532,905	9,093,880
—	297,130	—	—	297,130
1,182,890	(121,388)	918,618	3,901,812	18,078,186
24,658,881	382,519	1,850,480	—	310,310,902
(94,046)	(203,134)	(168,075)	—	(1,972,596)
24,564,835	179,385	1,682,405	—	308,338,306
\$ 25,747,725	\$ 57,997	\$ 2,601,023	\$ 3,901,812	\$ 326,416,492

NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2018

	Airport Fund	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak America's Mountain Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 17,121,350	\$ 2,370,143	\$ 1,118,036	\$ 9,079,830
Receipts from interfund services provided	33,328	—	—	—
Payments to suppliers	(5,420,656)	(682,227)	(385,039)	(2,911,097)
Payments to employees	(8,627,681)	(726,823)	(304,453)	(1,287,575)
Payments for interfund services used	(2,074,616)	(567,614)	(312,327)	(375,939)
Net cash provided (used) by operating activities	1,031,725	393,479	116,217	4,505,219
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating grant	237,513	—	—	—
Transfers - in	—	—	—	—
Net cash provided by noncapital financing activities	237,513	—	—	—
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(16,776,285)	(193,574)	—	(6,859,342)
Payments from accounts payable incurred for capital asset additions	—	—	—	(96,976)
Repayment of capital lease obligations	(74,388)	(86,768)	(80,525)	—
Principal paid on capital debt	(7,958,461)	—	—	—
Interest paid on capital debt	(491,491)	—	—	—
Interest paid - other	—	(2,539)	(3,873)	—
Proceeds from sale of capital assets	1,920,368	—	—	11,383
Capital grant	8,312,790	—	—	—
Passenger facility charges	3,336,728	—	—	—
Customer facility charges	1,249,182	—	—	—
Insurance settlement	6,500,000	35,300	—	—
Net cash provided (used) by capital and related financing activities	(3,981,557)	(247,581)	(84,398)	(6,944,935)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	9,944,557	472,724	138,855	9,016,238
Purchases of investments	(7,361,335)	(606,167)	(167,636)	(6,563,602)
Interest and dividends received	129,214	21,331	6,155	280,951
Principal payment received on lease receivable	27,245	—	—	—
Interest received on lease receivable	236,353	—	—	—
Principal received from interfund loan	—	—	—	—
Interest received from interfund loan	—	—	—	—
Net cash provided (used) by investing activities	2,976,034	(112,112)	(22,626)	2,733,587
Net increase in cash and cash equivalents	263,715	33,786	9,193	293,871
Cash and cash equivalents - January 1	2,069,410	27,137	7,655	365,809
Cash and cash equivalents - December 31	\$ 2,333,125	\$ 60,923	\$ 16,848	\$ 659,680
Cash and cash equivalents	\$ 2,333,125	\$ 60,923	\$ 16,848	\$ 659,680
Investments	19,339,589	1,590,839	439,948	49,279,345
Total cash and investments	\$ 21,672,714	\$ 1,651,762	\$ 456,796	\$ 49,939,025

Parking Fund	Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$ 4,431,914	\$ 1,166,812	\$ 2,801,498	\$ 5,529,814	\$ 43,619,397
354,254	—	25,752	219,133	632,467
(1,812,457)	(451,658)	(261,704)	(118,598)	(12,043,436)
(577,828)	(474,496)	(1,230,445)	(2,541,880)	(15,771,181)
(225,716)	(478,762)	(327,420)	(1,884,952)	(6,247,346)
2,170,167	(238,104)	1,007,681	1,203,517	10,189,901
—	—	—	—	237,513
—	584,541	—	—	584,541
—	584,541	—	—	822,054
(571,102)	—	(1,200)	(294,767)	(24,696,270)
—	—	—	—	(96,976)
—	—	—	—	(241,681)
(720,000)	—	—	—	(8,678,461)
(181,278)	—	—	—	(672,769)
—	—	—	—	(6,412)
—	50	—	—	1,931,801
—	—	—	—	8,312,790
—	—	—	—	3,336,728
—	—	—	—	1,249,182
—	—	—	—	6,535,300
(1,472,380)	50	(1,200)	(294,767)	(13,026,768)
2,366,759	66,106	1,407,528	—	23,412,767
(3,135,612)	(400,262)	(2,353,841)	(876,338)	(21,464,793)
112,791	14,521	78,932	889	644,784
—	—	—	—	27,245
—	—	—	—	236,353
74,016	—	—	—	74,016
59,172	—	—	—	59,172
(522,874)	(319,635)	(867,381)	(875,449)	2,989,544
174,913	26,852	139,100	33,301	974,731
137,846	13,376	97,474	—	2,718,707
\$ 312,759	\$ 40,228	\$ 236,574	\$ 33,301	\$ 3,693,438
\$ 312,759	\$ 40,228	\$ 236,574	\$ 33,301	\$ 3,693,438
8,166,831	1,050,457	6,177,477	869,568	86,914,054
\$ 8,479,590	\$ 1,090,685	\$ 6,414,051	\$ 902,869	\$ 90,607,492

(continued)

NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2018

	Airport Fund	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak America's Mountain Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (14,243,817)	\$ 19,937	\$ (51,873)	\$ 5,047,334
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	16,173,249	264,319	129,161	735,673
Other expense	(208,361)	—	—	—
Decrease (increase) in assets and outflows of resources				
Accounts receivable	370,760	6,500	2,967	(1,233,013)
Due from other funds	—	—	—	(106)
Inventories	(77,724)	—	—	(19,040)
Deferred outflows of resources - pensions	1,594,835	159,305	64,190	304,289
Deferred outflows of resources - OPEB	(127,076)	(18,551)	(5,614)	(42,549)
Increase (decrease) in liabilities and inflows of resources				
Accounts and other payables	92,906	2,308	(3,581)	(235,341)
Accrued expenses	(78,445)	11,638	5,004	25,181
Due to other funds	123,026	8,048	(35)	5,016
Other liabilities	(130,130)	(4,550)	(600)	—
Deferred inflows of resources - pensions	(1,389,529)	166,719	58,265	347,662
Deferred inflows of resources - OPEB	(9,279)	3,686	805	8,109
Net pension liabilities	(2,195,295)	(242,664)	(87,938)	(476,969)
Net OPEB liabilities	1,136,605	16,784	5,466	38,973
Net cash provided (used) by operating activities	\$ 1,031,725	\$ 393,479	\$ 116,217	\$ 4,505,219
Noncash investing, capital and financing activities				
Noncash acquisition of capital assets (incurrence of payable)	\$ —	\$ —	\$ —	\$ 1,720,717
Change in fair value of investments	(70,042)	2,307	719	63,944

CITY OF COLORADO SPRINGS

COLORADO

Exhibit F-3

(PAGE 2 OF 2)

Parking Fund	Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$ 1,197,816	\$ (432,153)	\$ 837,174	\$ 2,374,787	\$ (5,250,795)
1,140,202	80,642	20,936	106,833	18,651,015
—	—	—	—	(208,361)
(4,425)	23,737	(61,725)	(911,957)	(1,807,156)
48,074	—	5,843	(1,046,457)	(992,646)
—	—	—	—	(96,764)
123,204	102,761	265,957	(259,042)	2,355,499
(6,011)	(32,371)	(20,091)	(20,791)	(273,054)
(271,081)	3,975	(377,767)	362,865	(425,716)
(54,035)	16,152	14,112	593,990	533,597
81	(29)	—	3,289	139,396
—	35,805	347,755	—	248,280
126,502	110,093	252,736	—	(327,552)
698	3,208	1,493	—	8,720
(138,586)	(182,841)	(300,090)	—	(3,624,383)
7,728	32,917	21,348	—	1,259,821
\$ 2,170,167	\$ (238,104)	\$ 1,007,681	\$ 1,203,517	\$ 10,189,901

\$ —	\$ —	\$ 28,526	\$ —	\$ 1,749,243
11,009	(936)	4,681	(6,769)	4,913

**NON-MAJOR ENTERPRISE FUNDS
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL-BUDGET BASIS
For the year ended December 31, 2018**

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

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Airport Fund	\$ 75,150,472	\$ 39,942,704	\$ (35,207,768)
Patty Jewett Golf Fund	2,301,764	2,424,824	123,060
Valley Hi Golf Fund	1,206,868	1,121,824	(85,044)
Pikes Peak America's Mountain Fund	36,634,833	10,597,377	(26,037,456)
Parking Fund	4,776,545	4,914,483	137,938
Cemetery Fund	1,556,670	1,418,921	(137,749)
Development Review Fund	2,429,050	2,990,192	561,142
Stormwater Fund	9,000,000	7,708,250	(1,291,750)
Total revenues	\$ 133,056,202	71,118,575	\$ (61,937,627)

Reconciliation to GAAP:

Add: Gain/(loss) on disposal of assets	(568,211)
Add: Transfer of capital assets	1,532,905
Less: Decrease in fair value of investments	4,913
Revenues (US GAAP basis)	<u>\$ 72,088,182</u>

	Final Budget	Actual	Variance Positive (Negative)
Expenses			
Airport Fund	\$ 83,271,387	\$ 40,012,043	\$ 43,259,344
Patty Jewett Golf Fund	2,436,115	2,274,259	161,856
Valley Hi Golf Fund	1,183,201	1,084,204	98,997
Pikes Peak America's Mountain Fund	54,270,775	13,304,866	40,965,909
Parking Fund	5,948,241	3,798,647	2,149,594
Cemetery Fund	1,573,159	1,414,570	158,589
Development Review Fund	1,954,415	1,856,150	98,265
Stormwater Fund	9,000,000	5,150,129	3,849,871
Total expenses	\$ 159,637,293	68,894,868	\$ 90,742,425

Reconciliation to GAAP:

Add: Depreciation expense	18,651,015
Add: Other year-end accrual entries	1,829,769
Less: Capital expenditures	(26,445,514)
Less: Capital lease principal payments	(241,681)
Less: Capital debt principal payments	(8,678,461)
Expenses (US GAAP basis)	<u>\$ 54,009,996</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, 2018

	Claims Reserve Self-Insurance Fund	Workers' Compensation Self- Insurance Fund
<u>ASSETS</u>		
Current assets		
Cash and investments	\$ 734,856	\$ 1,496,154
Accounts receivable (net of allowance for uncollectibles)	—	11,135
Inventories	—	—
Due from other funds	—	8,143
Total current assets	734,856	1,515,432
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	\$ 734,856	\$ 1,515,432
<u>LIABILITIES AND NET POSITION</u>		
Current liabilities		
Accounts payable	\$ 859	\$ 44,139
Claims payable	2,356,000	9,191,000
Accrued salaries and benefits	8,186	36,103
Compensated absences	670	2,714
Due to other funds	—	—
Total current liabilities	2,365,715	9,273,956
Noncurrent liabilities		
Claims payable	—	9,191,000
Compensated absences	12,723	51,558
Total noncurrent liabilities	12,723	9,242,558
Total liabilities	2,378,438	18,516,514
Net position		
Net investment in capital assets	—	—
Unrestricted	(1,643,582)	(17,001,082)
Total net position	(1,643,582)	(17,001,082)
Total liabilities and net position	\$ 734,856	\$ 1,515,432

CITY OF COLORADO SPRINGS
COLORADO
Exhibit G-1

Employee Benefits Self-Insurance Fund	Office Services Fund	Radio Communications Fund	Total
\$ —	\$ 876,770	\$ 784,782	\$ 3,892,562
391,029	33,049	31,663	466,876
—	23,730	7,720	31,450
16,994	507	—	25,644
408,023	934,056	824,165	4,416,532
—	—	13,000	13,000
—	—	201,250	201,250
—	—	310,198	310,198
—	253,184	194,980	489,597
—	(213,380)	(472,290)	(727,103)
—	39,804	247,138	286,942
\$ 408,023	\$ 973,860	\$ 1,071,303	\$ 4,703,474
\$ 2,017,630	\$ 5,803	\$ 4,544	\$ 2,072,975
3,381,000	—	—	14,928,000
15,148	23,854	21,557	104,848
1,499	5,739	2,295	12,917
3,796,530	—	2,169	3,798,699
9,211,807	35,396	30,565	20,917,439
—	—	—	9,191,000
28,480	109,049	43,595	245,405
28,480	109,049	43,595	9,436,405
9,240,287	144,445	74,160	30,353,844
—	39,804	247,138	286,942
(8,832,264)	789,611	750,005	(25,937,312)
(8,832,264)	829,415	997,143	(25,650,370)
\$ 408,023	\$ 973,860	\$ 1,071,303	\$ 4,703,474

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the year ended December 31, 2018

	Claims Reserve Self-Insurance Fund	Workers' Compensation Self- Insurance Fund
Operating revenues		
Charges for services	\$ 1,633,952	\$ 7,761,494
Operating expenses		
Salaries and benefits	183,715	795,216
Other operating expenses	478,798	7,706,023
Depreciation	—	—
Total operating expenses	662,513	8,501,239
Operating income (loss)	971,439	(739,745)
Nonoperating revenues (expenses)		
Investment earnings (loss)	(1,518)	29,761
Change in net position	969,921	(709,984)
Total net position - January 1	(2,613,503)	(16,291,098)
Total net position - December 31	\$ (1,643,582)	\$ (17,001,082)

CITY OF COLORADO SPRINGS
COLORADO
Exhibit G-2

Employee Benefits Self-Insurance Fund	Office Services Fund	Radio Communications Fund	Total
\$ 29,464,205	\$ 1,819,499	\$ 1,518,851	\$ 42,198,001
816,396	572,912	543,539	2,911,778
30,955,230	1,047,253	973,686	41,160,990
—	7,495	19,015	26,510
31,771,626	1,627,660	1,536,240	44,099,278
(2,307,421)	191,839	(17,389)	(1,901,277)
—	10,091	14,176	52,510
(2,307,421)	201,930	(3,213)	(1,848,767)
(6,524,843)	627,485	1,000,356	(23,801,603)
\$ (8,832,264)	\$ 829,415	\$ 997,143	\$ (25,650,370)

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2018

	Claims Reserve Self-Insurance Fund	Workers' Compensation Self- Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 71,186	\$ 148,352
Receipts from interfund services provided	1,562,766	7,639,855
Payments to suppliers	(516,248)	(6,160,304)
Payments to employees	(181,957)	(776,383)
Payments for interfund services used	(1,614)	(1,033,079)
Net cash provided (used) by operating activities	934,133	(181,559)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayment of advance from other funds	(197,758)	—
Advance from other funds	—	—
Net cash provided (used) by noncapital financing activities	(197,758)	—
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	(437,533)	724,946
Purchases of investments	(271,737)	(553,253)
Interest and dividends received	—	34,878
Net cash provided (used) by investing activities	(709,270)	206,571
Net increase in cash and cash equivalents	27,105	25,012
Cash and cash equivalents - January 1	—	30,172
Cash and cash equivalents - December 31	\$ 27,105	\$ 55,184
Cash and cash equivalents	\$ 27,105	\$ 55,184
Investments	707,751	1,440,970
Total cash and investments	\$ 734,856	\$ 1,496,154

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

Employee Benefits Self-Insurance Fund	Office Services Fund	Radio Communications Fund	Total
\$ 7,499,393	\$ 452,377	\$ 308,684	\$ 8,479,992
22,617,267	1,401,456	1,199,766	34,421,110
(28,386,493)	(681,442)	(654,094)	(36,398,581)
(324,638)	(556,726)	(535,114)	(2,374,818)
(2,902,500)	(361,716)	(395,027)	(4,693,936)
(1,496,971)	253,949	(75,785)	(566,233)
(2,299,559)	—	—	(2,497,317)
3,796,530	—	—	3,796,530
1,496,971	—	—	1,299,213
—	(36,582)	—	(36,582)
—	(36,582)	—	(36,582)
—	117,071	367,763	772,247
—	(324,216)	(290,199)	(1,439,405)
—	10,229	11,671	56,778
—	(196,916)	89,235	(610,380)
—	20,451	13,450	86,018
—	11,888	15,496	57,556
\$ —	\$ 32,339	\$ 28,946	\$ 143,574
\$ —	\$ 32,339	\$ 28,946	\$ 143,574
—	844,431	755,836	3,748,988
\$ —	\$ 876,770	\$ 784,782	\$ 3,892,562

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2018

	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)	\$ 971,439	\$ (739,745)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation expense	—	—
Decrease (increase) in assets		
Accounts receivable	—	28,103
Due from other funds	—	(1,390)
Inventories	—	—
Increase (decrease) in liabilities		
Accounts and other payables	(39,064)	512,640
Accrued expenses	1,758	18,833
Due to other funds	—	—
Net cash provided (used) by operating activities	\$ 934,133	\$ (181,559)
Noncash investing, capital and financing activities		
Increase (decrease) in fair value of investments	\$ 5,510	\$ (5,117)

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

Employee Benefits Self-Insurance Fund	Office Services Fund	Radio Communications Fund	Total
\$ (2,307,421) \$	191,839 \$	(17,389) \$	(1,901,277)
—	7,495	19,015	26,510
651,742	(1,520)	(10,401)	667,924
713	35,855	—	35,178
—	2,717	(1,277)	1,440
163,193	1,377	(74,465)	563,681
(5,198)	16,186	8,425	40,004
—	—	307	307
\$ (1,496,971) \$	253,949 \$	(75,785) \$	(566,233)
\$ — \$	138 \$	(2,505) \$	(1,974)

INTERNAL SERVICES FUND
SCHEDULE OF REVENUES AND
EXPENSES-BUDGET AND ACTUAL-BUDGET BASIS
For the year ended December 31, 2018

CITY OF COLORADO SPRINGS
COLORADO
Exhibit G-4

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Claims Reserve Self-Insurance Fund	\$ 1,561,500	\$ 1,637,944	\$ 76,444
Workers' Compensation Self-Insurance Fund	7,656,757	7,786,138	129,381
Employee Benefits Self-Insurance Fund	28,225,912	29,464,205	1,238,293
Office Services Fund	1,690,725	1,829,728	139,003
Radio Communications Fund	1,639,583	1,530,522	(109,061)
Total revenues	<u>\$ 40,774,477</u>	42,248,537	<u>\$ 1,474,060</u>

Reconciliation to GAAP:

Less: Decrease in fair value of investments	1,974
Revenues (US GAAP basis)	<u>\$ 42,250,511</u>

	Final Budget	Actual	Variance Positive (Negative)
Expenses			
Claims Reserve Self-Insurance Fund	\$ 1,561,500	\$ 660,317	\$ 901,183
Workers' Compensation Self-Insurance Fund	8,994,165	8,501,068	493,097
Employee Benefits Self-Insurance Fund	30,123,618	31,754,576	(1,630,958)
Office Services Fund	1,656,423	1,612,563	43,860
Radio Communications Fund	1,778,719	1,513,216	265,503
Total expenses	<u>\$ 44,114,425</u>	44,041,740	<u>\$ 72,685</u>

Reconciliation to GAAP:

Add: Depreciation expense	26,510
Less: Other year-end accrual entries	31,028
Expenditures (US GAAP basis)	<u>\$ 44,099,278</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, 2018

CITY OF COLORADO SPRINGS
COLORADO
Exhibit H-1

	<u>Miscellaneous Depository Fund</u>
<u>ASSETS</u>	
Cash and investments	\$ 7,327,715
Due from component unit	<u>478</u>
Total assets	<u>\$ 7,328,193</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 2,460
Due to component unit	<u>7,325,733</u>
Total liabilities	<u>\$ 7,328,193</u>

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES
For the year ended December 31, 2018

CITY OF COLORADO SPRINGS
COLORADO
Exhibit H-2

	Beginning balance	Debits	Credits	Ending balance
<u>ASSETS</u>				
Miscellaneous depository fund				
Cash and investments	\$ 5,443,638	\$ 253,460,244	\$ 251,576,167	\$ 7,327,715
Accounts receivable (net of allowance for uncollectibles)	237,014	69,525	306,539	—
Due from component unit	—	478	—	478
Total assets	\$ 5,680,652	\$ 253,530,247	\$ 251,882,706	\$ 7,328,193
<u>LIABILITIES</u>				
Miscellaneous depository fund				
Accounts payable	\$ 379,575	\$ 4,472,473	\$ 4,095,358	\$ 2,460
Due to component unit	5,301,077	5,873,158	7,897,814	7,325,733
Total liabilities	\$ 5,680,652	\$ 10,345,631	\$ 11,993,172	\$ 7,328,193



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			
	2018	2017	2016	2015
Governmental activities				
Net investment in capital assets	\$ 1,379,549,497	\$ 1,320,601,473	\$ 1,248,000,610	\$ 1,246,630,036
Restricted	47,078,513	38,015,920	43,747,103	28,406,351
Unrestricted	(130,182,875)	(100,500,356)	(89,121,095)	(79,724,995)
Total governmental activities net position	\$ 1,296,445,135	\$ 1,258,117,037	\$ 1,202,626,618	\$ 1,195,311,392
Business-type activities				
Net investment in capital assets	\$ 2,109,118,989	\$ 1,962,444,943	\$ 1,872,057,076	\$ 1,731,137,866
Restricted	41,771,236	46,297,314	51,102,001	69,882,674
Unrestricted	(136,986,951)	(69,559,753)	(49,050,476)	(63,038,610)
Total business-type activities net position	\$ 2,013,903,274	\$ 1,939,182,504	\$ 1,874,108,601	\$ 1,737,981,930
Primary government				
Net investment in capital assets	\$ 3,488,668,486	\$ 3,283,046,416	\$ 3,120,057,686	\$ 2,977,767,902
Restricted	88,849,749	84,313,234	94,849,104	98,289,025
Unrestricted	(267,169,826)	(170,060,109)	(138,171,571)	(142,763,605)
Total primary government net position	\$ 3,310,348,409	\$ 3,197,299,541	\$ 3,076,735,219	\$ 2,933,293,322

**CITY OF COLORADO SPRINGS
COLORADO
Table 1**

Fiscal Year						
2014	2013	2012	2011	2010	2009	
\$ 1,247,391,126	\$ 1,222,445,299	\$ 1,204,660,019	\$ 1,189,009,759	\$ 1,036,479,446	\$ 977,962,432	
23,557,193	20,966,471	19,196,709	18,374,171	22,531,964	22,552,285	
72,305,489	74,861,853	85,263,142	71,001,838	58,151,603	41,262,028	
\$ 1,343,253,808	\$ 1,318,273,623	\$ 1,309,119,870	\$ 1,278,385,768	\$ 1,117,163,013	\$ 1,041,776,745	
\$ 1,566,906,671	\$ 1,423,336,171	\$ 1,313,687,876	\$ 1,302,975,565	\$ 1,302,421,603	\$ 1,331,520,235	
61,330,543	42,190,406	81,754,874	127,607,494	89,960,386	47,970,871	
156,215,483	224,351,377	351,354,252	607,184,465	628,422,810	583,939,576	
\$ 1,784,452,697	\$ 1,689,877,954	\$ 1,746,797,002	\$ 2,037,767,524	\$ 2,020,804,799	\$ 1,963,430,682	
\$ 2,814,297,797	\$ 2,645,781,470	\$ 2,518,347,895	\$ 2,491,985,324	\$ 2,338,901,049	\$ 2,309,482,667	
84,887,736	63,156,877	100,951,583	145,981,665	112,492,350	70,523,156	
228,520,972	299,213,230	436,617,394	678,186,303	686,574,413	625,201,604	
\$ 3,127,706,505	\$ 3,008,151,577	\$ 3,055,916,872	\$ 3,316,153,292	\$ 3,137,967,812	\$ 3,005,207,427	

CHANGES IN NET POSITION
Last ten fiscal years

	Fiscal Year			
	2018	2017	2016	2015
Expenses				
Governmental activities:				
General government	\$ 109,660,430	\$ 101,607,259	\$ 65,304,997	\$ 64,459,559
Public safety	181,773,131	187,325,052	190,623,311	168,628,903
Planning	7,957,832	7,924,192	—	—
Planning/community development	—	—	22,968,689	12,523,168
Public works	141,233,041	130,509,017	120,721,459	83,608,555
Parks	26,268,032	26,088,482	28,826,273	24,400,726
Health and welfare	—	—	—	—
Culture and recreation	—	—	—	—
Urban redevelopment and housing	—	—	—	—
Economic development	—	—	—	—
Interest on long-term debt	1,975,934	2,289,562	2,415,117	2,875,505
Total governmental activities	468,868,400	455,743,564	430,859,846	356,496,416
Business-type activities:				
Utilities	818,765,578	793,109,339	681,776,411	672,816,293
PACE	59,945,000	60,277,000	60,545,000	60,810,000
MHS	3,052,496	3,035,965	3,175,469	3,285,813
Airport	—	—	—	—
Parking	—	—	—	—
Other non-major enterprises	40,715,626	42,098,307	36,515,165	39,347,633
Total business-type activities	922,478,700	898,520,611	782,012,045	776,259,739
Total primary government expenses	\$ 1,391,347,100	\$ 1,354,264,175	\$ 1,212,871,891	\$ 1,132,756,155
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 27,461,626	\$ 16,985,911	\$ 20,800,595	\$ 19,975,243
Public safety	6,951,073	7,355,565	6,742,276	6,930,898
Planning	2,061,979	2,019,143	—	—
Public works	14,883,995	12,470,148	12,632,805	9,695,070
Parks	3,018,873	2,866,225	3,341,163	2,940,722
Culture and recreation	—	—	—	—
Urban redevelopment and housing	—	—	—	—
Economic development	—	—	—	—
Operating grants and contributions	24,963,955	18,571,546	20,758,053	22,588,951
Capital grants and contributions	100,366,905	121,233,985	59,514,382	47,827,449
Total governmental activities	\$ 179,708,406	\$ 181,502,523	\$ 123,789,274	\$ 109,958,333

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					
2014	2013	2012	2011	2010	2009
\$ 66,869,211	\$ 57,776,797	\$ 58,618,337	\$ 48,067,151	\$ 46,363,125	\$ 56,677,795
168,664,690	158,517,649	149,168,556	149,930,831	150,429,316	145,663,748
—	—	—	—	—	—
—	—	—	—	—	—
78,015,459	80,476,208	74,045,666	67,067,654	61,479,834	83,647,759
—	—	—	—	—	—
1,083,268	1,057,832	1,274,298	1,214,081	1,205,744	1,230,831
27,008,991	22,344,456	22,238,048	21,789,448	21,616,273	25,192,163
5,721,466	4,775,034	6,803,814	5,032,806	6,160,987	4,966,112
3,811,264	3,292,753	2,711,136	2,619,256	2,042,321	3,170,529
3,397,967	4,683,225	4,867,183	5,020,740	5,630,651	5,391,628
354,572,316	332,923,954	319,727,038	300,741,967	294,928,251	325,940,565
783,594,844	805,232,795	749,375,429	818,668,053	796,131,627	725,181,046
60,995,000	61,041,000	—	—	—	—
620,537	431,000	431,645,000	560,894,000	540,440,000	555,196,000
—	—	—	24,874,856	25,341,755	25,469,043
—	—	—	3,843,908	3,089,064	4,014,468
37,810,511	47,044,893	43,356,373	12,391,209	16,213,845	23,269,243
883,020,892	913,749,688	1,224,376,802	1,420,672,026	1,381,216,291	1,333,129,800
\$ 1,237,593,208	\$ 1,246,673,642	\$ 1,544,103,840	\$ 1,721,413,993	\$ 1,676,144,542	\$ 1,659,070,365

\$ 20,374,166	\$ 11,468,448	\$ 14,284,808	\$ 16,781,325	\$ 16,515,016	\$ 15,631,509
6,413,558	4,796,826	5,032,930	4,585,702	4,909,599	4,299,642
—	—	—	—	—	—
7,897,929	7,647,033	5,189,248	4,681,309	6,357,708	6,812,214
—	—	—	—	—	—
2,655,107	2,394,630	2,343,078	2,901,620	3,124,277	3,315,582
236,679	550,014	2,126,074	297,530	98,933	859,437
1,000	—	—	—	—	36,996
15,399,529	21,514,697	20,121,901	25,377,676	24,110,968	19,289,013
80,881,804	60,360,011	77,975,257	176,593,370	105,822,052	58,880,735
\$ 133,859,772	\$ 108,731,659	\$ 127,073,296	\$ 231,218,532	\$ 160,938,553	\$ 109,125,128

(continued)

CHANGES IN NET POSITION
Last ten fiscal years

	Fiscal Year			
	2018	2017	2016	2015
Business-type activities:				
Charges for services:				
Utilities	\$ 890,477,000	\$ 839,822,000	\$ 793,293,000	\$ 830,821,000
PACE	49,628,000	49,148,000	48,654,000	48,150,000
MHS	—	—	—	—
Airport	—	—	—	—
Parking	—	—	—	—
Other non-major enterprises	47,893,293	36,013,711	32,830,447	31,592,365
Capital grants and contributions	70,293,975	61,096,647	76,081,834	46,213,579
Total business-type activities	1,058,292,268	986,080,358	950,859,281	956,776,944
Total primary government program revenues	\$ 1,238,000,674	\$ 1,167,582,881	\$ 1,074,648,555	\$ 1,066,735,277
Net revenue (expense)				
Governmental activities	\$ (289,159,994)	\$ (274,241,041)	\$ (307,070,572)	\$ (246,538,083)
Business-type activities	135,813,568	87,559,747	168,847,236	180,517,205
Total primary government net revenue (expense)	\$ (153,346,426)	\$ (186,681,294)	\$ (138,223,336)	\$ (66,020,878)
General revenues and other changes in net position				
Governmental activities:				
Taxes:				
Property taxes	\$ 23,475,282	\$ 22,190,678	\$ 23,390,221	\$ 22,540,418
Sales taxes	286,918,740	268,547,457	252,544,859	190,269,766
Specific ownership taxes	3,374,149	3,395,628	2,846,855	2,611,736
Occupational liquor taxes	304,686	291,426	280,240	273,125
Admissions tax	605,403	503,955	503,199	469,933
Bicycle excise tax	78,284	77,140	85,746	83,080
Investment earnings	2,259,245	1,645,386	1,147,142	1,082,201
Gain on sale of capital assets	1,376,263	1,260,228	2,389,154	135,015
Contributions to endowments	70,976	1,338,973	171,160	80,485
Transfers	30,141,965	30,480,589	31,027,222	30,725,000
Total governmental activities	348,604,993	329,731,460	314,385,798	248,270,759
Business-type activities:				
Investment earnings	12,406,763	7,994,745	8,117,657	7,111,047
Loss on defeasance and repayment of long-term debt	—	—	—	—
Extraordinary item	—	—	—	—
Special item	—	—	(9,811,000)	—
Transfers	(30,141,965)	(30,480,589)	(31,027,222)	(30,725,000)
Total business-type activities	(17,735,202)	(22,485,844)	(32,720,565)	(23,613,953)
Total primary government general revenues and other changes	\$ 330,869,791	\$ 307,245,616	\$ 281,665,233	\$ 224,656,806
Change in net position				
Governmental activities	\$ 59,444,999	\$ 55,490,419	\$ 7,315,226	\$ 1,732,676
Business-type activities	118,078,366	65,073,903	136,126,671	156,903,252
Total primary government change in net position	\$ 177,523,365	\$ 120,564,322	\$ 143,441,897	\$ 158,635,928

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					
2014	2013	2012	2011	2010	2009
\$ 868,846,000	\$ 823,760,000	\$ 849,746,000	\$ 830,522,000	\$ 797,546,000	\$ 743,780,000
47,641,000	47,085,000	—	—	—	—
—	—	415,872,000	551,709,000	550,074,000	543,987,000
—	—	—	20,360,155	19,209,227	21,302,693
—	—	—	3,831,263	3,715,448	3,631,086
31,029,462	35,699,603	33,843,316	9,612,131	9,826,784	24,489,550
60,238,372	57,956,449	68,939,203	46,543,219	50,430,938	42,733,907
1,007,754,834	964,501,052	1,368,400,519	1,462,577,768	1,430,802,397	1,379,924,236
\$ 1,141,614,606	\$ 1,073,232,711	\$ 1,495,473,815	\$ 1,693,796,300	\$ 1,591,740,950	\$ 1,489,049,364
\$ (220,712,544)	\$ (224,192,295)	\$ (192,653,742)	\$ (69,523,435)	\$ (133,989,698)	\$ (216,815,437)
124,733,942	50,751,364	144,023,717	41,905,742	49,586,106	46,794,436
\$ (95,978,602)	\$ (173,440,931)	\$ (48,630,025)	\$ (27,617,693)	\$ (84,403,592)	\$ (170,021,001)
\$ 22,862,535	\$ 24,283,843	\$ 22,897,112	\$ 24,473,652	\$ 24,326,164	\$ 26,275,090
185,615,186	172,706,230	163,975,846	155,546,936	148,782,961	143,214,662
2,478,710	2,343,653	2,222,285	2,190,174	2,311,600	2,761,330
266,803	264,539	259,820	257,561	256,153	253,747
509,696	432,317	476,030	449,533	490,236	447,568
81,032	78,760	90,536	86,091	95,547	89,579
1,379,491	1,102,409	1,783,647	1,291,703	1,734,681	2,676,486
326,919	995,844	—	748,077	572,920	1,516,412
83,086	70,965	78,943	73,080	78,543	84,680
32,055,000	32,116,530	33,145,262	30,235,004	30,727,161	26,109,574
245,658,458	234,395,090	224,929,481	215,351,811	209,375,966	203,429,128
4,534,754	4,070,731	18,412,607	3,492,224	30,445,172	44,279,364
—	—	(47,903,000)	—	—	—
—	(507,000)	—	—	—	—
—	—	(372,358,584)	(1,015,237)	—	—
(32,055,000)	(32,116,530)	(33,145,262)	(30,235,004)	(30,727,161)	(26,109,574)
(27,520,246)	(28,552,799)	(434,994,239)	(27,758,017)	(281,989)	18,169,790
\$ 218,138,212	\$ 205,842,291	\$ (210,064,758)	\$ 187,593,794	\$ 209,093,977	\$ 221,598,918
\$ 24,945,914	\$ 10,202,795	\$ 32,275,739	\$ 145,828,376	\$ 75,386,268	\$ (13,386,309)
97,213,696	22,198,565	(290,970,522)	14,147,725	49,304,117	64,964,226
\$ 122,159,610	\$ 32,401,360	\$ (258,694,783)	\$ 159,976,101	\$ 124,690,385	\$ 51,577,917

FUND BALANCES OF GOVERNMENTAL FUNDS
Last ten fiscal years

	Fiscal Year			
	2018	2017	2016	2015
General fund				
Nonspendable	\$ 299,253	\$ 291,430	\$ 365,732	\$ 384,475
Restricted	21,315,406	22,881,977	30,049,266	7,545,287
Committed	14,812,118	10,470,218	5,234,626	6,150,522
Assigned	5,218,259	7,783,758	4,042,429	3,629,733
Unassigned	31,892,186	32,322,036	29,290,407	32,707,058
Reserved	—	—	—	—
Unreserved	—	—	—	—
Total general fund	\$ 73,537,222	\$ 73,749,419	\$ 68,982,460	\$ 50,417,075
All other governmental funds				
Nonspendable	\$ 11,410,452	\$ 12,294,033	\$ 11,162,249	\$ 11,195,086
Restricted	53,061,975	51,226,624	48,084,352	34,619,120
Committed	29,880,201	23,078,768	23,230,678	21,439,222
Assigned	2,800,134	1,845,149	856,356	245,488
Reserved	—	—	—	—
Unreserved, reported in:				
Special revenue funds	—	—	—	—
Capital projects funds	—	—	—	—
Total all other governmental funds	\$ 97,152,762	\$ 88,444,574	\$ 83,333,635	\$ 67,498,916

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					
2014	2013	2012	2011	2010	2009
\$ 450,771	\$ 133,289	\$ 132,999	\$ 609,243	\$ —	\$ —
9,996,781	8,182,418	7,547,036	7,547,034	—	—
6,369,071	5,565,912	3,857,623	1,231,321	—	—
2,937,924	8,070,526	3,212,142	3,415,078	—	—
33,950,373	35,115,277	47,194,174	37,994,759	—	—
—	—	—	—	9,908,610	10,491,562
—	—	—	—	34,078,702	15,926,061
<u>\$ 53,704,920</u>	<u>\$ 57,067,422</u>	<u>\$ 61,943,974</u>	<u>\$ 50,797,435</u>	<u>\$ 43,987,312</u>	<u>\$ 26,417,623</u>
\$ 11,540,728	\$ 11,049,247	\$ 10,440,549	\$ 9,721,218	\$ —	\$ —
33,433,127	30,599,345	32,237,097	26,971,406	—	—
16,622,140	14,015,208	11,107,290	10,824,498	—	—
1,050,454	847,687	32,259	120,349	—	—
—	—	—	—	10,873,354	10,310,723
—	—	—	—	28,817,032	29,662,100
—	—	—	—	6,539,942	5,113,092
<u>\$ 62,646,449</u>	<u>\$ 56,511,487</u>	<u>\$ 53,817,195</u>	<u>\$ 47,637,471</u>	<u>\$ 46,230,328</u>	<u>\$ 45,085,915</u>

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last ten fiscal years

	Fiscal Year			
	2018	2017	2016	2015
Revenues				
Taxes	\$ 314,756,544	\$ 295,006,284	\$ 279,651,120	\$ 216,248,058
Licenses and permits	—	—	—	—
Licenses, permits and fines	7,873,189	6,327,465	6,571,781	7,216,901
Intergovernmental	68,996,748	69,428,549	59,298,336	57,047,283
Charges for services	26,834,822	25,891,928	26,036,068	22,254,241
Endowments and donations	1,845,510	3,236,664	2,037,905	2,154,590
Other revenue	7,604,283	3,476,744	5,799,418	3,404,021
Interfund services provided	6,917,339	6,762,691	7,022,399	7,613,978
Investment earnings	1,986,453	1,571,506	1,143,834	1,059,514
Rental income	478,850	407,287	419,745	249,746
Total revenues	437,293,738	412,109,118	387,980,606	317,248,332
Expenditures				
General government	76,027,262	73,012,905	52,896,927	55,772,800
Public safety	187,304,322	177,723,464	170,809,396	168,750,783
Planning	7,780,318	7,858,733	15,740,999	—
Planning/housing	—	—	—	10,279,313
Public works	58,917,887	60,324,119	51,168,691	46,688,517
Parks	23,364,222	23,585,967	25,670,280	21,701,668
Health and welfare	—	—	—	—
Culture and recreation	—	—	—	—
Urban redevelopment and housing	—	—	—	—
Economic development	—	—	—	—
Economic opportunities	—	—	—	—
Miscellaneous	18,199	18,417	22,597	24,352
Debt service				
Principal	6,864,565	5,143,602	6,067,329	10,933,009
Interest	1,990,333	2,443,203	2,414,008	2,916,884
Issuance expense	—	270,998	—	—
Capital outlay	105,294,562	87,074,558	75,270,238	30,211,685
Total expenditures	467,561,670	437,455,966	400,060,465	347,279,011
Deficiency of revenues under expenditures	(30,267,932)	(25,346,848)	(12,079,859)	(30,030,679)
Other financing sources (uses)				
Transfers - in	43,771,245	39,343,387	47,515,435	45,666,562
Transfers - out	(12,096,375)	(8,862,798)	(16,799,425)	(13,768,280)
Issuance of debt	—	29,930,000	13,690,000	—
Payment on refunding bonds	—	(31,647,240)	—	—
Premium on bonds issued	—	1,988,238	—	—
Debt issuance cost	—	—	—	—
Capital lease financing	5,712,792	3,212,931	1,844,224	—
Loss on investments	—	—	—	(438,002)
Sale of capital assets	1,376,261	1,260,228	229,729	135,021
Total other financing sources (uses)	38,763,923	35,224,746	46,479,963	31,595,301
Net change in fund balances	\$ 8,495,991	\$ 9,877,898	\$ 34,400,104	\$ 1,564,622
Debt service as a percentage of noncapital expenditures	2.2%	2.0%	2.4%	4.4%

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						
2014	2013	2012	2011	2010	2009	
\$ 211,813,962	\$ 200,109,342	\$ 189,921,630	\$ 183,003,947	\$ 176,388,909	\$ 173,181,802	
1,860,374	1,940,283	1,761,529	870,688	798,583	557,894	
—	—	—	—	—	—	
51,801,244	49,448,348	51,689,187	62,487,615	85,204,897	57,833,164	
24,395,457	22,180,061	20,532,487	21,739,662	24,779,523	25,266,767	
1,498,184	1,282,267	1,584,805	1,315,079	1,680,204	1,614,763	
3,242,165	2,410,136	4,742,492	4,468,747	2,989,985	2,311,184	
7,997,266	—	—	—	—	—	
1,388,369	1,115,418	1,752,286	1,327,990	1,822,435	2,902,795	
588,703	589,610	570,703	605,115	723,937	773,764	
304,585,724	279,075,465	272,555,119	275,818,843	294,388,473	264,442,133	
56,713,784	56,098,731	48,772,398	47,390,554	42,203,955	50,559,017	
159,829,593	149,890,554	145,044,874	141,877,121	141,338,332	135,143,416	
—	—	—	—	—	—	
—	—	—	—	—	—	
38,414,786	38,659,424	32,353,857	31,816,336	33,423,255	50,726,314	
—	—	—	—	—	—	
1,080,000	1,040,000	1,270,179	1,209,861	1,214,390	1,227,493	
22,720,707	18,044,391	18,718,313	18,216,191	21,079,762	22,621,993	
4,952,651	4,402,839	6,531,559	4,877,732	6,082,959	4,922,150	
3,799,765	3,237,248	2,702,372	2,610,152	2,056,965	3,161,932	
—	—	—	—	—	—	
14,708	670,525	1,160,787	3,374,694	1,077,315	581,673	
13,334,381	14,397,183	13,352,897	12,225,107	12,435,183	9,894,252	
3,437,765	4,803,195	5,079,904	5,258,816	5,811,077	4,782,855	
—	—	—	188,001	77,358	1,028,220	
29,987,604	24,582,564	16,958,479	29,006,978	41,390,901	56,397,757	
334,285,744	315,826,654	291,945,619	298,051,543	308,191,452	341,047,072	
(29,700,020)	(36,751,189)	(19,390,500)	(22,232,700)	(13,802,979)	(76,604,939)	
42,711,618	42,406,999	40,886,014	39,793,341	46,854,998	34,325,645	
(10,656,618)	(10,622,278)	(6,740,752)	(7,877,337)	(16,127,837)	(9,666,071)	
8,960,000	—	—	13,485,000	3,900,000	65,930,000	
(8,856,720)	—	—	(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	
—	—	—	—	—	—	
314,200	1,007,534	169,107	748,075	572,919	1,519,819	
32,472,480	34,568,929	36,716,763	30,449,966	32,517,081	68,078,511	
\$ 2,772,460	\$ (2,182,260)	\$ 17,326,263	\$ 8,217,266	\$ 18,714,102	\$ (8,526,428)	
5.4%	6.5%	7.4%	6.9%	6.7%	4.7%	

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
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%
2018	181,242,818	36,248,564	56,176,843	9,062,141	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 (%)	
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
2018	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 2018			Fiscal Year 2009		
	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	\$ 41,975,853	1	14.61%	\$ 16,598,665	4	11.90%
Restaurants	35,580,369	2	12.38%	18,033,660	3	12.93%
Auto dealers	34,193,044	3	11.90%	15,248,433	5	10.93%
Building material	32,284,470	4	11.24%	11,184,290	—	8.02%
Miscellaneous retail	31,919,531	5	11.11%	18,352,867	2	13.15%
Departments and discount stores	—	—	—	18,579,167	1	13.32%
	<u>\$ 175,953,267</u>		<u>61.24%</u>	<u>\$ 97,997,082</u>		<u>70.25%</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 2018	
		Assessed Valuation	Percentage of Total City Assessed Value
Cellco Partnership (f/k/a Verizon Wireless)	Utility	\$ 102,939,570	1.90%
Qwest	Utility	66,697,000	1.23%
Wal-Mart Real Estate	Discount retail	54,146,600	1.00%
Microchip Technology	Chip manufacturer	47,053,680	0.87%
Broadmoor Hotel Inc	Resort hotel	29,738,790	0.55%
DPiX	Imaging solutions manufacturer	23,018,270	0.43%
Federal Express Corp	Data center	21,520,000	0.40%
Great Wolf Lodge	Resort hotel	14,735,500	0.27%
Palmer Center Ltd	Real estate company	14,220,480	0.26%
Progressive Insurance Corp	Insurance corporation	12,820,450	0.24%
		<u>\$ 386,890,340</u>	<u>7.15%</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	Certificates of		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	
			Participation											
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	6,326	
2012	15,270	24,030	41,805	—	—	—	16,190	2,285,310	30,558	1,208	2,414,371	8.88	5,568	
2013	14,272	17,544	41,345	—	—	—	4,622	3,061,246	21,417	649	3,161,095	11.45	7,209	
2014	13,624	10,081	39,476	—	—	—	1,133	3,106,294	21,467	272	3,192,347	10.98	7,207	
2015	12,190	2,635	37,512	—	—	—	814	3,042,226	54,169	—	3,149,546	10.39	6,990	
2016	11,455	—	35,433	13,690	—	—	1,951	2,952,994	103,077	888	3,119,488	9.85	6,781	
2017	10,695	—	34,632	12,445	—	—	4,125	2,969,753	30,130	651	3,062,431	9.09	6,556	
2018	9,805	—	32,176	11,150	—	—	7,469	3,011,814	12,126	409	3,084,949	8.61	6,498	

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 Obligations² (in 000's)	City General Obligation Bonds (in 000's)	Assessed Value of Property (in 000's)	Percentage of Assessed Value of Property	Per Capita¹
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	—	—
2018	9,805	9,805	—	5,414,794	—	—

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, 2018**

**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	72.72%	\$ 125,926,362	\$ 91,578,391	\$ 1,896,362	\$ 1,379,106
Harrison School District #2	91.58%	35,135,289	32,177,484	35,135,289	32,177,484
Widefield School District #3	3.47%	63,293,750	2,198,292	63,293,750	2,198,292
Fountain/Fort Carson School District #8	0.04%	13,110,000	4,938	—	—
Colorado Springs School District #11	91.10%	138,559,624	126,223,206	125,082,877	113,946,338
Cheyenne Mountain School District #12	97.35%	61,668,515	60,033,111	61,668,515	60,033,111
Manitou School District #14	10.02%	2,496,303	250,164	2,496,303	250,164
Academy School District #20	84.96%	280,230,047	238,093,188	280,230,047	238,093,188
Ellicott School District #22	0.18%	1,859,866	3,303	1,859,866	3,303
Falcon School District #49	50.94%	150,226,235	76,524,503	5,711,235	2,909,275
Barnes & Powers North BID	100.00%	3,582,378	3,582,378	3,582,378	3,582,378
Barnes & Powers South BID	100.00%	485,000	485,000	485,000	485,000
Briargate Center BID	100.00%	7,254,500	7,254,500	7,254,500	7,254,500
First & Main BID	100.00%	1,427,095	1,427,095	1,427,095	1,427,095
First & Main #2 BID	100.00%	25,230,935	25,230,935	25,230,935	25,230,935
First & Main North BID	100.00%	1,824,933	1,824,933	1,824,933	1,824,933
Interquest North BID	100.00%	13,635,752	13,635,752	13,635,752	13,635,752
Interquest South BID	100.00%	4,207,261	4,207,261	4,207,261	4,207,261
Powers & Woodmen BID	100.00%	3,911,876	3,911,876	3,911,876	3,911,876
Colorado Springs Urban Renewal Authority	100.00%	108,162,821	108,162,821	108,162,821	108,162,821
Total overlapping debt			796,809,131		620,712,812
City direct debt			60,600,000		28,424,000
Total direct and overlapping debt			<u>\$ 857,409,131</u>		<u>\$ 649,136,812</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 22, 2017. 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.

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

PLEDGED REVENUE COVERAGE
Last ten fiscal years
(in 000's)

CITY OF COLORADO SPRINGS
COLORADO
Table 12

Utilities Revenue Bonds							Parking Revenue Bonds						
Fiscal Year	Applicable Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	Applicable Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	
2009	\$ 769,135	\$ 593,636	\$ 175,499	\$ 9,681	\$ 71,763	2.15	\$ 3,790	\$ 1,443	\$ 2,347	\$ 480	\$ 573	2.23	
2010	832,076	626,317	205,759	16,111	75,712	2.24	3,780	1,719	2,061	505	554	1.95	
2011	871,788	602,713	269,075	27,597	101,451	2.09	3,898	1,540	2,358	525	533	2.23	
2012	896,096	558,295	337,801	47,441	103,702	2.23	3,868	1,519	2,349	545	511	2.22	
2013	862,958	548,839	314,119	52,285	101,908	2.04	3,965	1,783	2,182	570	488	2.06	
2014	906,466	566,921	339,545	57,295	105,303	2.09	4,382	1,804	2,578	595	463	2.44	
2015	868,080	493,616	374,464	61,457	105,828	2.24	4,498	2,104	2,394	655	433	2.20	
2016	837,827	495,749	342,078	68,637	106,472	1.95	4,683	1,751	2,932	695	215	3.22	
2017	883,994	521,799	362,195	71,980	103,440	2.06	4,768	1,902	2,866	710	199	3.15	
2018	940,065	548,679	391,386	75,614	106,924	2.14	4,855	2,114	2,741	720	181	3.04	
Public Authority for Colorado Energy Revenue Bonds							Pikes Peak America's Mountain Revenue Bonds						
Fiscal Year			Net Applicable Revenues	Debt Service Principal	Debt Service Interest	Coverage	Applicable Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	
2009			N/A	N/A	N/A	N/A	—	—	—	—	—	—	
2010			N/A	N/A	N/A	N/A	—	—	—	—	—	—	
2011			N/A	N/A	N/A	N/A	—	—	—	—	—	—	
2012			N/A	N/A	N/A	N/A	—	—	—	—	—	—	
2013			\$ 29,605	\$ 5,795	\$ 40,616	0.64 ¹	—	—	—	—	—	—	
2014			29,984	6,690	40,282	0.64	—	—	—	—	—	—	
2015			30,313	7,600	39,898	0.64	—	—	—	—	—	—	
2016			30,627	8,535	39,461	0.64	—	—	—	—	—	—	
2017			30,953	9,535	38,970	0.64	—	—	—	—	—	—	
2018			31,291	10,580	38,422	0.64	\$ 10,672	\$ 4,532	\$ 6,140	—	—	N/A	
MHS Revenue Bonds							Sales and Use Tax Revenue Bonds						
Fiscal Year	Applicable Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	Sales and Use Tax Collections		Debt Service Principal	Debt Service Interest	Coverage		
2009	\$ 589,191	\$ 527,057	\$ 62,134	\$ 7,652	\$ 17,430	2.48	\$ 111,942		\$ 1,250	\$ 1,047	48.73		
2010	627,273	552,291	74,982	7,652	17,430	2.99	115,684		6,335	1,512	14.74		
2011	616,378	566,987	49,391	8,152	16,984	1.96	121,250		6,530	1,321	15.44		
2012	—	—	—	—	—	—	128,019		6,720	1,124	16.32		
2013	—	—	—	—	—	—	134,751		6,925	922	17.17		
2014	—	—	—	—	—	—	144,887		7,130	713	18.47		
2015	—	—	—	—	—	—	148,056		7,340	499	18.89		
2016	—	—	—	—	—	—	156,716		2,635	132	56.64		
2017	—	—	—	—	—	—	—		—	—	—		
2018	—	—	—	—	—	—	—		—	—	—		
Airport Revenue Bonds							Special Assessment Bonds						
Fiscal Year	Applicable Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	Special Assessment Collections		Debt Service Principal	Debt Service Interest	Coverage		
2009	\$ 23,444	\$ 14,914	\$ 8,530	\$ 1,730	\$ 3,504	1.63	\$ 134		\$ 123	\$ 17	0.96		
2010	21,066	15,380	5,686	1,295	2,273	1.59	112		121	8	0.87		
2011	21,995	14,400	7,595	3,020	2,218	1.45	—		—	—	—		
2012	21,306	14,342	6,964	3,180	2,056	1.33	—		—	—	—		
2013	20,440	13,314	7,126	3,350	1,887	1.36	—		—	—	—		
2014	16,081	12,712	3,369	1,395	1,172	1.31	—		—	—	—		
2015	17,270	12,782	4,488	1,565	862	1.85	—		—	—	—		
2016	15,822	11,822	4,000	990	473	2.74	—		—	—	—		
2017	13,900	14,373	(473)	1,040	423	(0.32) ²	—		—	—	—		
2018	N/A	N/A	N/A	N/A	N/A	N/A	—		—	—	—		

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹The City adopted GASB Statement No. 61 in 2013, which requires PACE to be presented as a blended component unit.

²The 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. These bonds were defeased in 2018. 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
2009	407,733	\$ 23,486,546	\$ 37,221	8.5%
2010	420,716 **	24,722,493	37,999	9.6%
2011	427,863 *	26,408,772	39,994	9.4%
2012	433,580 *	27,180,204	40,622	9.2%
2013	438,468 *	27,596,635	40,680	8.0%
2014	442,940 *	29,082,644	42,379	5.1%
2015	450,587 *	30,319,650	43,447	4.0%
2016	460,018 *	31,668,303	44,458	3.2%
2017	467,108 *	33,681,400	46,529	3.4%
2018	474,722 *	35,822,466 *	48,696 *	4.5% *

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	2018		2009	
	Rank	Percentage of Total County Employment	Rank	Percentage of Total County Employment
Fort Carson	1	11.0%	1	9.8%
United States Air Force Academy	2	3.1%	3	2.7%
Schriever Air Force Base ²	3	2.5%	4	2.6%
UCHealth Memorial Health System	4	2.5%	5	2.0%
Peterson Air Force Base	5	2.0%	2	3.5%
School District # 11 - Colorado Springs	6	1.4%	6	1.7%
El Paso County	7	1.2%	10	0.9%
School District # 20 - Air Academy	8	1.2%	8	1.1%
Penrose-St. Francis Health Services	9	1.1%	7	1.3%
City of Colorado Springs ¹	10	0.9%	9	1.0%
		<u>26.9%</u>		<u>26.6%</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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government	326.75	308.25	257.25	256.25	256.25	253.15	285.08	239.80	263.80	263.30
Public safety	1,516.00	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
Public works	187.00	245.00	212.00	208.00	207.50	274.00	281.00	267.00	281.00	309.50
Culture and recreation	—	—	—	—	114.25	112.75	111.50	119.25	102.50	190.00
Parks	147.75	139.75	138.75	132.75	—	—	—	—	—	—
Planning	44.00	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
Utilities	1,824.00	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
MHS ¹	—	—	—	—	—	—	—	3,555.00	3,487.50	3,812.00
Airport	100.00	98.00	95.00	93.00	96.00	121.00	122.00	121.00	121.00	121.00
Parking	9.50	8.50	8.50	8.50	8.50	7.50	7.50	7.50	7.50	8.00
Stormwater ²	67.00	—	—	—	—	—	—	17.00	38.00	19.00
Other non-major enterprise funds	50.00	50.00	51.00	49.50	47.00	47.00	49.00	51.50	61.50	83.50
Total	4,272.00	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

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.

² In November 2017, the voters of Colorado Springs approved Issue 2A, which establishes and authorizes a stormwater fee. The fee was effective as of July 1, 2018, at which time 67 FTEs from general government were transferred into the enterprise.



OPERATING INDICATORS BY FUNCTION/PROGRAM
Last ten fiscal years

Function/Program	Fiscal Year		
	2018	2017	2016
General government			
Internal audits completed	35	33	26
Summons filed	29,625	22,000	29,731
Contractual transactions	3,431	3,434	3,350
Workers compensation claims	380	346	405
Public safety			
Emergency response time - Police	12	12	14
Percent of emergency incident arrival within 8 minutes - Fire	87	88	89
Violent and property crime rates (per 1,000 population) ³	43	38	40
Emergency incidents (per 10,000 population)	1,450	1,472	1,471
Public works ¹			
Miles resurfaced	995	1,432	1,133
Fixed route transit revenue hours of service	179,546	163,025	150,399
Painted lane miles	1,147	1,414	830
Culture and recreation			
Cultural services attendance	484,281	451,689	379,938
Street and park trees	284,094	284,600	284,800
Acres of parks maintained	14,831	14,479	14,807
Recreation service program participants	763,555	791,234	765,539
Urban redevelopment and housing			
Projects managed	8	9	6
Affordable housing developed and rehabilitated ²	48	295	108
Clients assisted ²	83	295	108
Utilities			
Total metered customers ³	579,315	558,570	558,570
Annual natural gas moved through pipes (thousands of mcf)	21,891	22,354	22,603
Electric use (thousands of MWh)	4,750	4,580	4,700
Water use (millions of gallons)	23,600	23,700	21,900
Wastewater treatment (millions of gallons)	13,717	13,717	14,699
MHS ⁴			
Admissions	—	—	—
Outpatient visits	—	—	—
Emergency visits	—	—	—
Births	—	—	—
Airport			
Passenger boardings (in thousands)	866	850	656
Airline revenue per enplaned passengers	\$ 4.68	\$ 4.71	\$ 6.06
Parking			
Revenues collected per space - on-street	\$ 947	\$ 916	\$ 895
Revenues collected per space - off-street	\$ 858	\$ 995	\$ 983
Other			
Cemetery - burial services	621	621	630
Golf courses - rounds played	156,930	170,008	156,734
Pikes Peak America's Mountain - number of visitors	597,233	498,722	482,963

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						
2015	2014	2013	2012	2011	2010	2009
39	33	26	26	26	23	22
36,676	37,928	29,066	34,499	36,678	42,761	41,900
3,533	2,255	2,726	2,897	2,636	3,350	4,900
353	426	451	386	418	417	480
13	13	13	12	11	11	10
88	89	90	90	89	90	90
40	40	46	40	42	41	45
1,417	1,340	1,284	1,272	1,266	1,179	1,120
187	115	109	178	148	50	37
130,653	120,031	108,441	112,877	124,011	121,700	176,354
801	1,465	1,355	1,398	1,449	1,288	1,659
343,124	324,337	256,389	192,280	256,547	176,883	182,500
213,207	213,874	214,670	218,000	126,602	127,000	123,600
15,063	14,527	16,277	16,184	16,143	15,428	13,804
664,283	646,744	602,271	691,105	691,786	971,711	973,147
6	6	12	17	2	4	8
69	156	122	135	188	334	305
69	156	122	288	188	334	91
547,764	540,990	537,096	537,096	530,208	530,208	521,878
23,816	20,602	23,376	23,376	24,020	24,026	29,200
4,800	4,600	4,600	4,600	4,630	4,630	4,400
21,600	28,700	27,800	27,800	23,700	23,700	24,100
13,870	15,586	15,586	15,586	15,586	15,586	12,800
—	—	—	17,420	25,633	27,980	29,713
—	—	—	280,982	384,655	385,500	398,426
—	—	—	101,550	135,517	132,175	130,513
—	—	—	3,286	4,604	4,802	5,000
598	623	650	822	814	869	892
\$ 9.39	\$ 8.80	\$ 13.86	\$ 8.46	\$ 9.77	\$ 8.59	\$ 7.98
\$ 853	\$ 967	\$ 737	\$ 729	\$ 791	\$ 776	\$ 779
\$ 838	\$ 855	\$ 862	\$ 767	\$ 793	\$ 727	\$ 722
587	600	603	601	698	615	624
147,877	164,299	161,015	188,546	173,011	203,025	203,820
415,092	345,701	284,879	265,332	265,124	255,000	267,500

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 17**

Function/Program	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public safety										
Police										
Area commands (stations)	4	4	4	4	4	4	4	4	4	4
Patrol units	237	211	197	171	171	181	185	205	228	200
Fire										
Stations	22	22	22	21	21	21	20	20	20	20
Emergency units	84	84	84	84	84	77	75	73	74	75
Public works										
Streets (lane miles)	5,973	5,849	5,688	5,688	5,636	5,620	5,609	5,609	5,609	7,431
Major bridges	223	223	224	223	223	215	215	212	206	209
Signalized intersections	606	591	585	584	574	569	565	563	564	565
Transit buses	60	56	49	45	43	43	43	57	57	58
Culture and recreation										
Parks and open space locations	205	205	205	205	204	201	201	200	199	199
Sports complexes	4	4	4	4	4	5	5	5	5	5
Community centers	4	4	5	5	4	4	4	4	6	8
Utilities										
Electric distribution lines (miles)	3,831	3,808	3,316	3,316	3,316	3,316	3,316	3,451	3,451	3,451
Natural gas pipe (miles)	2,576	2,539	2,488	2,432	2,408	2,408	2,408	2,400	2,400	2,320
Water distribution lines (miles)	2,139	2,117	2,068	2,300	2,040	2,015	2,015	2,010	2,010	1,892
MHS ¹										
Number of hospital beds	—	—	—	—	—	—	—	671	671	671
Health care facilities	—	—	—	—	—	—	—	16	17	16
Airport										
Number of runways	3	3	3	3	3	3	3	3	3	3
Parking										
Number of parking spaces - on-street	2,453	2,415	2,415	2,416	2,417	2,400	2,400	2,389	2,360	2,360
Number of parking spaces - off-street	2,681	2,706	2,706	2,703	2,703	2,703	2,703	2,703	2,703	2,703

Sources: City, MHS and Utilities staff reports and websites.

¹ 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
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
2018	—	621,042

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
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	0.2%
2018	5,414,794	20,663,441	19,939,068	96.5%	7,494	24,685	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
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
2018	4.279	7.965	52.499	3.812	0.939	69.494

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, 2018**

**CITY OF COLORADO SPRINGS
COLORADO
Table 21**

Facility	Closure Costs	Postclosure Costs	Total Cost	Percentage of Capacity Used
Hancock	\$ 329,506	\$ 4,126	\$ 333,632	n/a
Clear Spring Gravel Pit 1	90,225	685,940	776,165	88.87-100.00%
Clear Spring Gravel Pit 2 C&D solids	147,765	64,719	212,484	63.61%
Clear Spring - Ash disposal	1,960,976	954,191	2,915,167	70.69%
Clear Spring - Biosolids	2,735,320	1,172,199	3,907,519	45.04%
Total cost	<u>\$ 5,263,792</u>	<u>\$ 2,881,175</u>	<u>\$ 8,144,967</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 \$7,811,335. The total costs from the above table are based on the independent assessment completed in 2018.