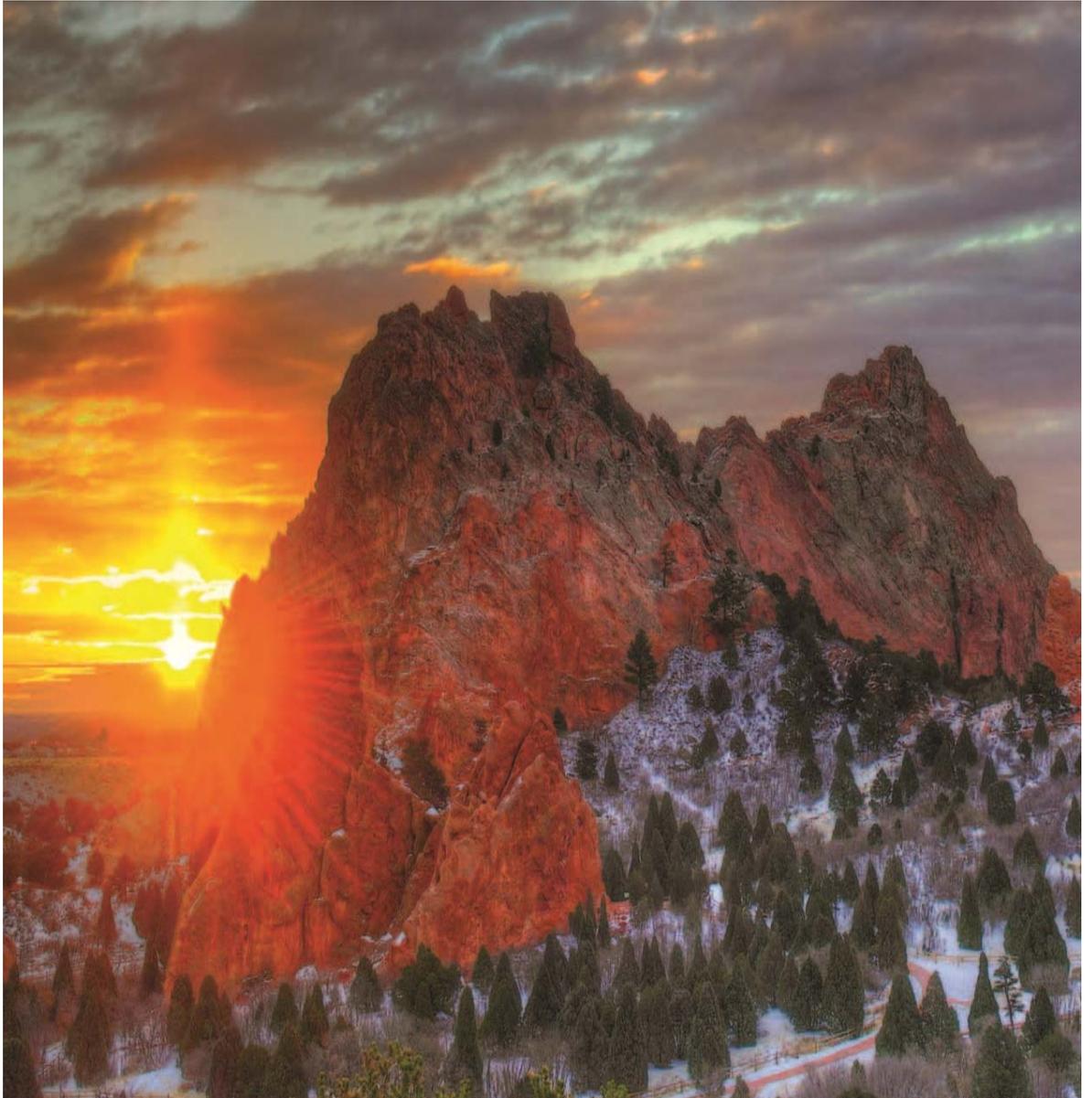


City of Colorado Springs  
Comprehensive Annual Financial Report

# 2015

For the year ended December 31, 2015



# Comprehensive Annual Financial Report

City of Colorado Springs  
Colorado

For the fiscal year ended  
December 31, 2015

## Finance Department

Kara Skinner, Chief Financial Officer  
Tracy Peters, Accounting Manager

## Accounting Staff

Erin Garcia, Accountant II  
Rochelle Kennedy, Senior Accountant  
Mary Murray, Senior Accountant  
Margie Tantanella, Senior Accountant  
Chris Wheeler, Senior Accountant

A special thanks to the Budget Division



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# INTRODUCTORY SECTION

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**COLORADO  
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June 9, 2016

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

Dear Honorable Mayor and Members of City Council:

The Comprehensive Annual Financial Report of the City of Colorado Springs for the fiscal year ended December 31, 2015, is hereby presented. State law requires that every general-purpose local government publish a complete set of audited financial statements within six months of the close of each fiscal year. This report fulfills this requirement.

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

BKD, LLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City of Colorado Springs’ financial statements for the year ended December 31, 2015. The independent auditor’s report is located at the front of the financial section of this report.

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

### **PROFILE OF THE CITY OF COLORADO SPRINGS**

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

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

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

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

Effective October 1, 2012, the Memorial Health System (Health System) leased its facilities and transferred its operations to Poudre Valley Health Care, Inc., an affiliate of University of Colorado Health. Subsequent to September 30, 2012, the Health System continued to exist as an enterprise fund of the City for the purposes of carrying out its rights and duties under the Lease Agreement, including without limitation collecting lease payments, satisfying ongoing obligations and remitting funds to the Colorado Springs Health Foundation to be used for the purpose of addressing health issues in the City and Health System service area, and reviewing the Lessee's performance of its obligations under the Lease Agreement.

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

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. In April 2015, following the April municipal election and the swearing in of newly elected Council members, Council elected Merv Bennett to serve as Council President and Jill Gaebler to serve as President Pro Tempore.

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 Colorado Springs Urban Renewal Authority, Colorado Springs Downtown Development Authority and Greater Downtown Colorado Springs, Briargate Center, Barnes & Powers North, Barnes & Powers South, First & Main, First & Main North, First & Main No. 2, Interquest North, Interquest South, and Powers & Woodmen Commercial Business Improvement Districts. Public Authority for Colorado Energy, Fountain Valley Authority, Aurora-Colorado Springs Joint Water Authority and Twin Lakes, Lake Meredith, Colorado Canal and Lake Henry Reservoir companies, and the Pikes Peak Regional Communications Network are included as Business-type component units.

## **LOCAL ECONOMY**

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

The City relies most heavily on sales and use tax revenue which has increased steadily for the past six years. This increase in funding coupled with other strategic measures to find efficiencies have allowed the City to enhance critical core services, particularly public safety services. During 2015, the City strategically increased public safety staffing, increased funding for improvements to the City's information technology network and data center, and funding to increase frequency of bus service.

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

## **LONG-TERM STRATEGIC AND FINANCIAL PLANNING**

As stated in the City Charter, the Mayor maintains a Strategic Plan (the Plan) that prioritizes goals for the City and establishes measurable outcomes. The 2015 Plan encompasses the years 2015 through 2019. The Plan details three primary goals, five objectives for each goal, and five key strategies to achieve each objective. The Strategic Plan and departmental breakthrough strategies incorporate the City's fervent commitment to delivering "best in class" municipal government and offer game-changing new ideas with real, measurable outcomes.

**Jobs** - Support an increase in private sector civilians employed by an average of 6,000 per year by being the most business and citizen friendly city of our size in the United States of America.

**Transforming City Government** - Transform City Government to be fiscally sustainable within limited resources while delivering consistent quality core services.

**Building Community** - Build community through on-going dialog with our citizens and local, regional and state leaders; and by encouraging private sector and non-profit initiatives to improve the well-being of everyone.

The 2015 Plan was developed under the City's previous Mayor and was used in the development of the 2015 Budget and as a guide for operations and projects during 2015. As noted earlier, a new Mayor was elected in May 2015 and quickly began a reassessment/redevelopment of the Strategic Plan to align with his priorities. That 2016 Plan was adopted during 2015 and was used in the development of the 2016 Budget and as a guide for operations and projects during 2016 through 2020.

In addition, the City uses a multi-year financial forecast model to have a longer term focus on financial issues and better plan for the future. The forecast is incorporated in the annual budget process and the budget document. All funds, including governmental funds, are annually appropriated and part of this annual budget process.

### **FINANCIAL POLICIES**

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

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

### **AWARDS AND ACKNOWLEDGEMENTS**

The Government Financial Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2014. This was the 25th consecutive year that the City has received this prestigious award. To receive this Certificate of Achievement award, the City must publish an easily readable and effectively organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Sincerely,



Kara Skinner, Chief Financial Officer



Tracy Peters, Accounting Manager



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

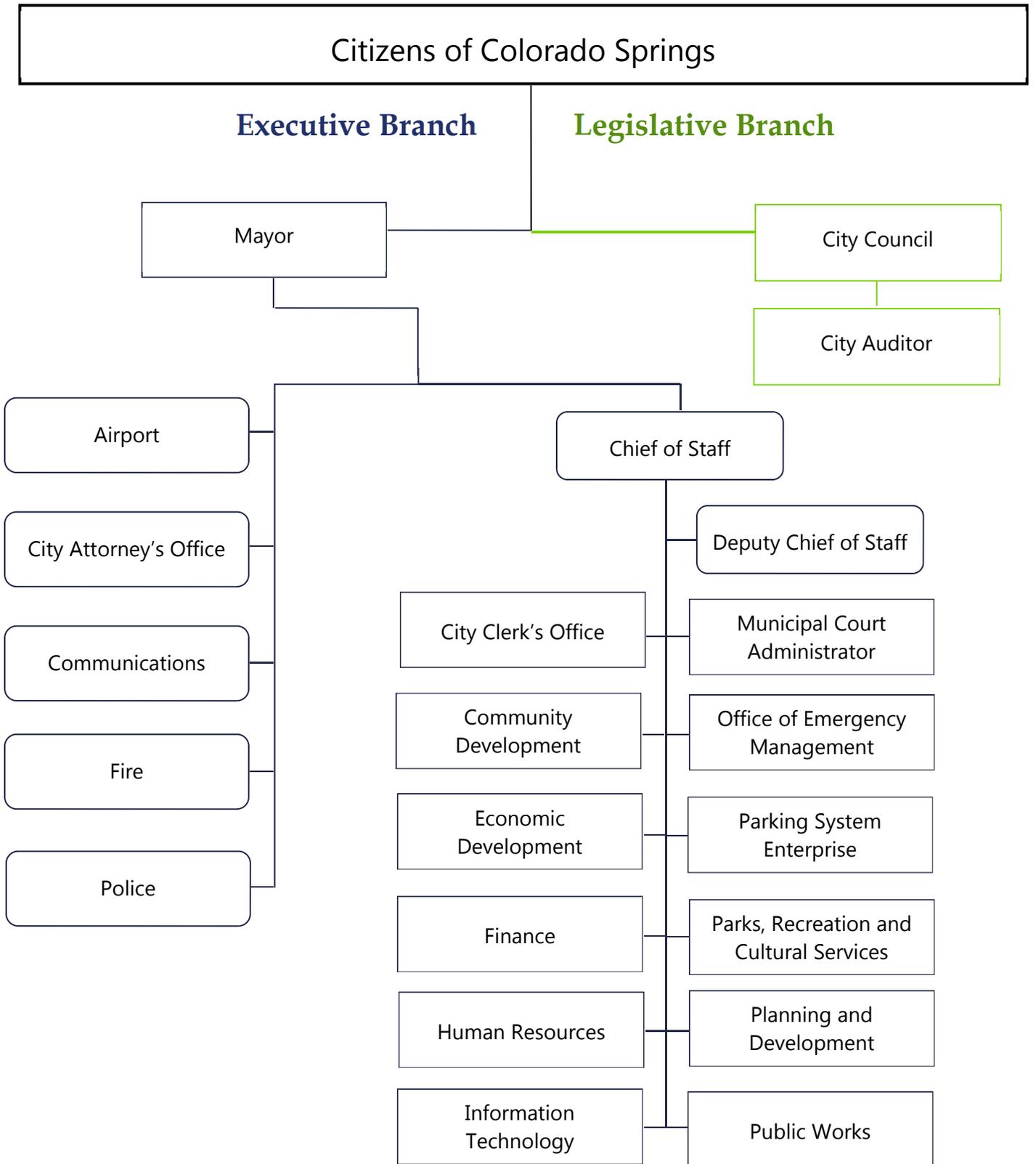
**City of Colorado Springs  
Colorado**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

Executive Director/CEO

# City Organizational Chart



# City Leadership

## Mayor's Office

---

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



John Suthers  
Mayor

## Department Heads

---

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

# City Council



## Colorado Springs City Council

*Front Row (from left to right):*

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

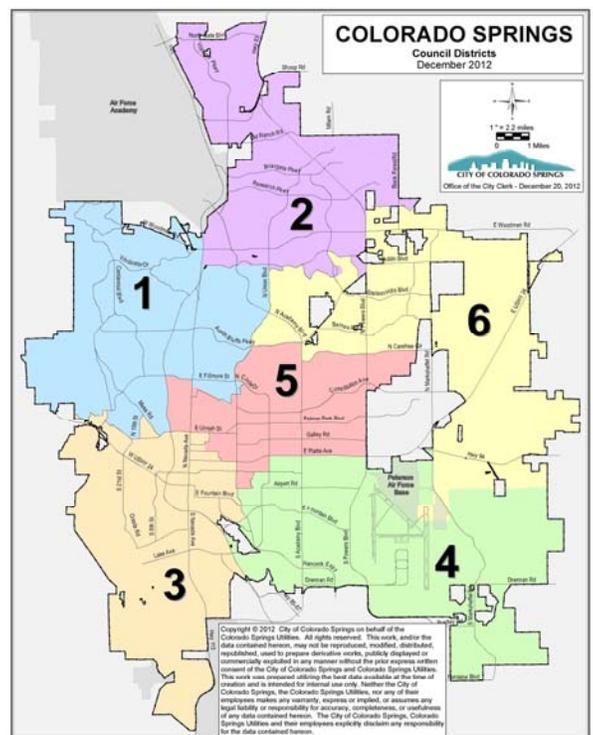
*Back Row (from left to right):*

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

## City Council's Direct Reports

- |                                   |                 |
|-----------------------------------|-----------------|
| City Auditor                      | Denny Nester    |
| Utilities Chief Executive Officer | Jerry Forte     |
| City Council Administrator        | Eileen Gonzalez |

## Council District Map



# FINANCIAL SECTION

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**COLORADO  
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## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Colorado Springs, Colorado (the City), as of and for the year ended December 31, 2015 and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. With the exception of Colorado Springs Health Foundation and the Pikes Peak Regional Communications Network, we did not audit the financial statements of the discretely presented component units, which represent 59.36 percent of total assets and 75.95 percent of total revenues of the aggregate discretely presented component units as of and for the year ended December 31, 2015, respectively. 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, or Public Authority for Colorado Energy, included as a blended component unit (enterprise fund), which represent 91.68 percent of total assets and 95.48 percent of total revenues of the enterprise funds as of and for the year ended December 31, 2015, respectively. Those financial statements were audited by other auditors, whose reports have been furnished to us and our opinion on the enterprise fund information, insofar as it relates to the amounts included for Colorado Springs Utilities and Public Authority for Colorado Energy, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

### ***Opinions***

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2015, 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 Note IV L to the financial statements, in fiscal year 2015 the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. 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 listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we, and other auditor's, obtained during our

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

audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

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

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

*BKD, LLP*

Colorado Springs, Colorado  
June 8, 2016



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, 2015. 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 2015, the City adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (GASB 68). 2014 financial information has not been adjusted for the adoption of GASB 68.
- 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, 2015, by \$2.9 billion (net position). The City's net position decreased by \$194.4 million or 6.2% as a result of current year activity and a restatement of beginning net position required as a result of the implementation of GASB 68.
- For 2015, with the implementation of GASB 68, unrestricted net position decreased by \$371.3 million resulting in a negative unrestricted net position of \$142.8 million.
- The governmental net position decreased by \$147.9 million or 11.0%, and the business-type net position decreased by \$46.5 million or 2.6%, significantly due to the implementation of GASB 68.
- The City's governmental funds report combined ending fund balances of \$117.9 million. This was a small increase of \$1.6 million, largely due to an increase in the Public Safety Sales Tax Fund of \$3.4 million. This increase was due to increased revenues and expenditure savings.
- The General Fund, the City's primary operating fund presented on a current financial resources basis, ended 2015 with a fund balance of \$50.4 million or 19.3% of 2015 total General Fund expenditures and uses of other financing sources. Of this, \$42.5 million is "unrestricted" which the Government Finance Officers Association (GFOA) defines as the sum of committed, assigned and unassigned fund balances. GFOA maintains a recommended best practice to maintain an unrestricted fund balance of at least 16.7% of expenditures and for the City recommends an unrestricted fund balance of 25% of expenditures. For 2015, the \$42.5 million in unrestricted fund balance represents 16.3% of 2015 total General Fund expenditures and uses of other financing sources. Unrestricted fund balance decreased only slightly from 2014 despite significant supplemental appropriations from fund balance to address emergency needs. Restricted fund balance decreased by \$2.5 million primarily due to a voter

approved retention of excess fiscal year spending. See General Fund Budgetary Highlights for additional information.

- The City's total long-term debt is \$3.1 billion. This is a \$48.0 million or 1.5% decrease from 2014. The City's governmental activity debt decreased by \$10.6 million and business-type activity debt decreased \$37.4 million. Colorado Springs Utilities (Utilities) issued a total of \$83.0 million of Utilities System Refunding Revenue Bonds, Series 2015A and Series 2015A-2 to advance refund portions of outstanding bonds.
- As noted in the bullets above, the implementation of GASB 68 had a significant impact to the 2015 financial statements. Absent the impact of GASB 68, both the governmental activities and business-type activities unrestricted net position balances would have continued to be positive. Additional information regarding this impact is available in the notes to the financial statements.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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<b>Major Features of the City's Government-wide and Fund Financial Statements</b>				
	<b>Government-wide Statements</b>	<b>Fund Statements</b>		
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary of 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, such as the Old Hire pension plans
<b>Required financial statements</b>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
<b>Accounting basis and measurement focus</b>	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
<b>Type of asset/liability information</b>	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 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
<b>Type of inflow/outflow information</b>	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

(unaudited)

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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 2015. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods.

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

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

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

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

### Fund Financial Statements

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

**Governmental funds** – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows*

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

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

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

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

***Proprietary funds*** – The City maintains two different types of proprietary funds: *Enterprise funds*, used to report the same functions presented as *business-type activities* in the government-wide financial statements, and *Internal Service funds*, used as an accounting device to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet<sup>1</sup>, 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

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<sup>1</sup> Beginning in 2014, the majority of fleet functions were transitioned to the General Fund with the outsourcing of fleet services; however, the internal service fund remained open to account for transition costs. The fund was closed at the end of 2015.

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 funds*** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are 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 fiduciary funds 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 funds.

### **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 \$2.9 billion at the close of 2015 which is \$194.4 million less than at the close of 2014.

The following table reflects the condensed Statement of Net Position for 2015 with comparative information for 2014:

<b>City of Colorado Springs</b>						
<b>Net Position (in 000's)</b>						
	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Current and other assets	\$ 208,318	\$ 197,241	\$ 1,266,901	\$ 1,343,941	\$ 1,475,219	\$ 1,541,182
Capital assets	1,298,719	1,310,768	4,114,438	3,936,893	5,413,157	5,247,661
Deferred outflows of resources	33,115	479	138,699	96,752	171,814	97,231
<b>Total assets &amp; deferred outflows of resources</b>	<b>1,540,152</b>	<b>1,508,489</b>	<b>5,520,039</b>	<b>5,377,586</b>	<b>7,060,191</b>	<b>6,886,075</b>
Long-term liabilities	267,694	98,566	3,557,680	3,347,828	3,825,374	3,446,394
Other liabilities	49,400	44,020	221,761	243,116	271,162	287,136
Deferred inflows of resources	27,747	22,650	2,615	2,189	30,362	24,839
<b>Total liabilities &amp; deferred inflows of resources</b>	<b>344,841</b>	<b>165,235</b>	<b>3,782,057</b>	<b>3,593,133</b>	<b>4,126,897</b>	<b>3,758,368</b>
Net position						
Net investment in capital assets	1,246,630	1,247,391	1,731,138	1,566,907	2,977,768	2,814,298
Restricted	28,406	23,557	69,883	61,331	98,289	84,888
Unrestricted	(79,725)	72,305	(63,039)	156,215	(142,764)	228,521
<b>Total net position</b>	<b>\$ 1,195,311</b>	<b>\$ 1,343,254</b>	<b>\$ 1,737,982</b>	<b>\$ 1,784,453</b>	<b>\$ 2,933,293</b>	<b>\$ 3,127,707</b>

Note: Immaterial differences may occur due to rounding.

The City's investment in capital assets, less any related debt used to acquire those assets that is still outstanding is actually greater than its net position, at \$3.0 billion, as the City's unrestricted net position is a deficit due to the implementation of GASB 68. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to satisfy these liabilities.

Restricted net position increased by \$13.4 million, the largest single increase is due to a net pension asset related to one of the City's uniformed pension plans that has total plan assets that exceed its total plan liabilities.

The unrestricted net position shows a deficit of \$142.8 million. While the unrestricted net position is negative due to net pension liabilities, certain unrestricted funds are

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

The City's combined net position is \$2.9 billion a decrease of \$194.4 million, again primarily due to a restatement of beginning net position required with the implementation of GASB 68.

The net position of the business-type activities is \$1.7 billion. However, this net position can only be used for the continuing operations of the utilities, airport, downtown parking facilities, golf courses, cemeteries, tourist highway and development review program. This amount cannot be used to make up for any decrease reported in governmental activities.

The following table shows revenues and expenses for both governmental and business-type activities for 2015 with comparative information for 2014. As noted earlier, the City's net position decreased from 2014 to 2015 by \$194.4 million. The decrease is due to the impact of the restatement of beginning net position required with the implementation of GASB 68 on both the governmental activities and the business-type activities. Absent this restatement, total net position increased by \$158.6 million due to current year activity. Governmental activities decreased the City's net position by \$147.9 million or 11.0%, which accounts for 76.1% of the City's overall decrease in net position. Business-type activities decreased the City's net position by \$46.5 million or 2.6%, which accounts for 23.9% of the City's overall decrease in net position. Again, the decreases are due to the restatement of beginning net position related to the implementation of GASB 68.

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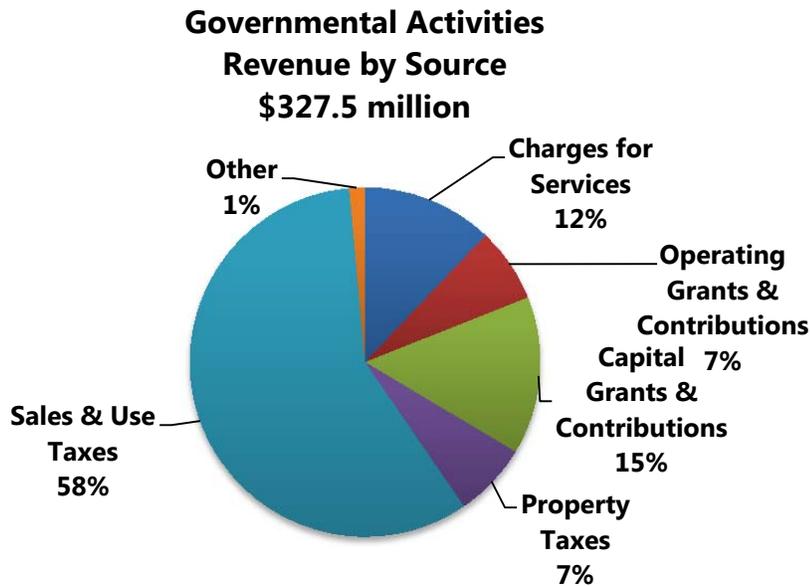
**City of Colorado Springs**  
**Changes in Net Position (in 000's)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 39,542	\$ 37,578	\$ 910,563	\$ 947,516	\$ 950,105	\$ 985,095
Operating grants and contributions	22,589	15,400	-	-	22,589	15,400
Capital grants and contributions	47,827	80,882	46,214	60,238	94,041	141,120
General revenues:						
Property taxes	22,540	22,863	-	-	22,540	22,863
Other taxes	193,708	188,951	-	-	193,708	188,951
Investment earnings	1,082	1,379	7,111	4,535	8,193	5,914
Gain on sale of capital assets	135	327	-	-	135	327
Contributions to endowments	80	83	-	-	80	83
<b>Total revenues</b>	<b>327,504</b>	<b>347,463</b>	<b>963,888</b>	<b>1,012,290</b>	<b>1,291,392</b>	<b>1,359,753</b>
<b>Expenses:</b>						
General government	64,460	66,869	-	-	64,460	66,869
Public safety	168,629	168,665	-	-	168,629	168,665
Public works	83,609	78,015	-	-	83,609	78,015
Health and welfare	-	1,083	-	-	-	1,083
Culture and recreation	-	27,009	-	-	-	27,009
Parks	24,401	-	-	-	24,401	-
Urban redevelopment and housing	-	5,721	-	-	-	5,721
Planning/housing	12,523	-	-	-	12,523	-
Economic development	-	3,811	-	-	-	3,811
Interest on long-term debt	2,876	3,398	-	-	2,876	3,398
Utilities	-	-	672,816	783,595	672,816	783,595
PACE	-	-	60,810	60,995	60,810	60,995
Health System	-	-	3,286	621	3,286	621
Non-major Enterprises	-	-	39,348	37,811	39,348	37,811
<b>Total expenses</b>	<b>356,496</b>	<b>354,572</b>	<b>776,260</b>	<b>883,021</b>	<b>1,132,756</b>	<b>1,237,593</b>
Increase/(decrease) in net position						
before transfers	(28,992)	(7,109)	187,628	129,269	158,636	122,160
Transfers	30,725	32,055	(30,725)	(32,055)	-	-
<b>Change in net position</b>	<b>1,733</b>	<b>24,946</b>	<b>156,903</b>	<b>97,214</b>	<b>158,636</b>	<b>122,160</b>
<b>Net position - beginning</b>	<b>1,343,254</b>	<b>1,318,274</b>	<b>1,784,453</b>	<b>1,689,878</b>	<b>3,127,707</b>	<b>3,008,152</b>
<b>Prior period adjustment</b>	<b>(149,675)</b>	<b>34</b>	<b>(203,374)</b>	<b>(2,639)</b>	<b>(353,049)</b>	<b>(2,605)</b>
<b>Net position - ending</b>	<b>\$ 1,195,311</b>	<b>\$ 1,343,254</b>	<b>\$ 1,737,982</b>	<b>\$ 1,784,453</b>	<b>\$ 2,933,293</b>	<b>\$ 3,127,707</b>

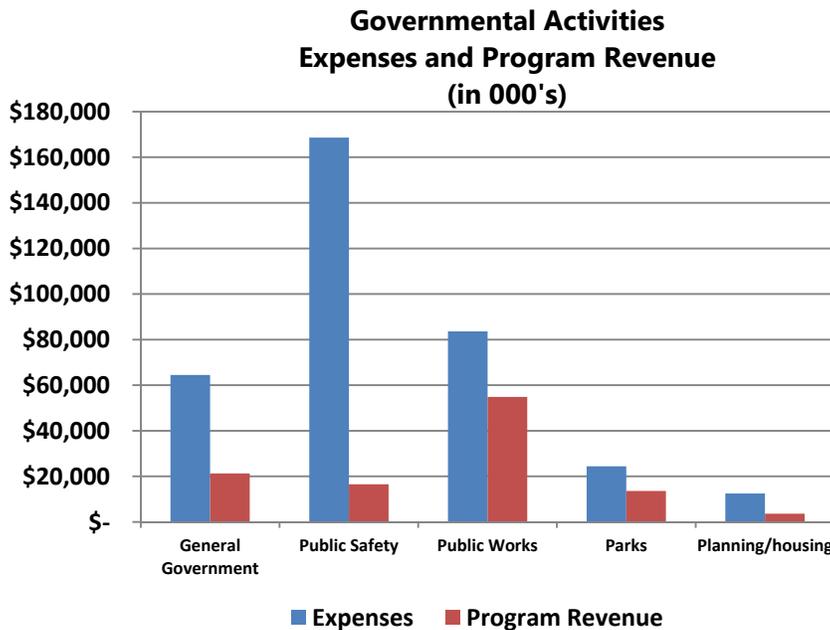
Note: Immaterial differences may occur due to rounding.

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

Governmental activities



Note: Exclusive of transfers.



Note: Exclusive of transfers.

For 2015, governmental activities revenue decreased, while expenditures increased, revenue including transfers still exceeded expenses, so there was a small increase in net position based upon current year activity. Revenue was down from 2014 by \$20.0 million primarily due to a decrease in capital grants and contributions (which fluctuate greatly

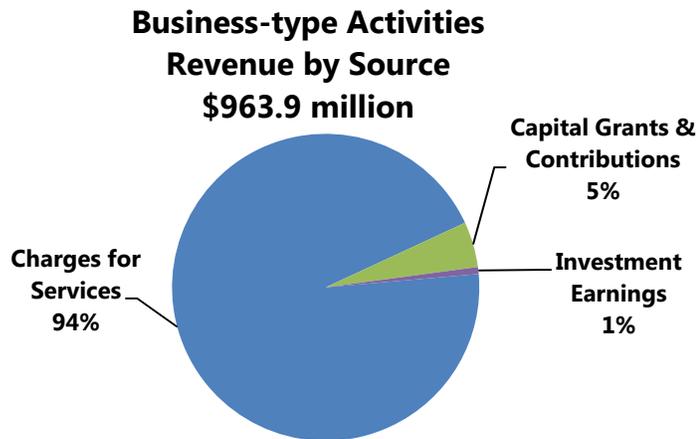
from year to year). Expenses increased \$1.9 million from 2014. The most significant expense changes were the following:

- Public works expenses increased \$5.6 million due to spending on projects funded by supplemental appropriations to address infrastructure damage due to significant rains and flooding.
- Planning/housing (reported in 2014 as urban redevelopment and housing and economic development) expenses increased \$3.0 million due to an increase in a reserve for potentially uncollectable housing loan receivables.
- Parks (reported in 2014 as culture and recreation) expenses decreased \$2.6 million primarily due to a decrease in grant funding as well as the use of funds to purchase open space, capitalized rather than reflected as an expense in 2015.

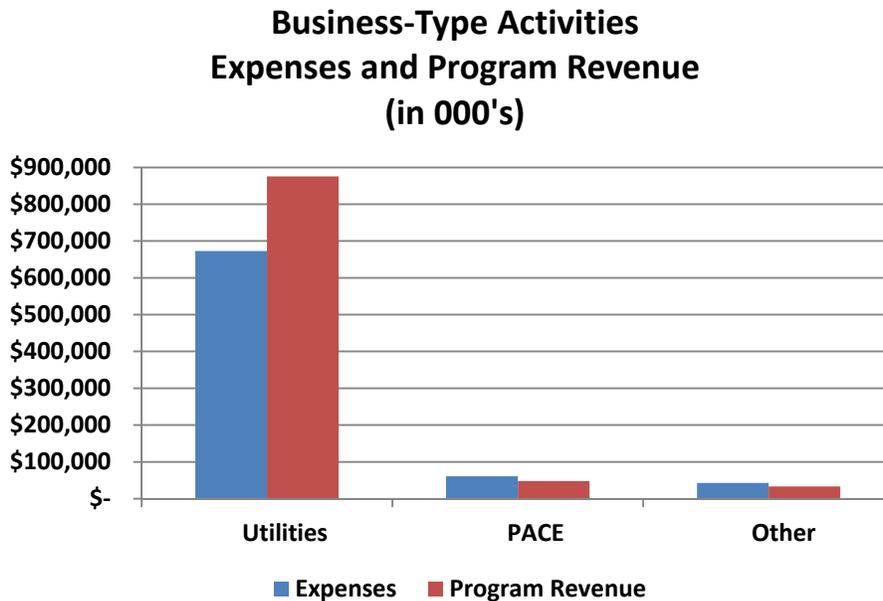
Public works program expenses exceeded program revenue which includes capital grants and contributions, during 2015 due to the timing of expenses and the receipt of grant funds, as most grants are reimbursements which can take some time to process. There was not significant variation in the relationship between expenses and program revenues for the other governmental activities by program.

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**Business-type activities**



Note: Exclusive of transfers.



Note: Exclusive of transfers.

For 2015, business-type activities revenue decreased \$48.4 million, while expenses decreased \$106.8 million. The changes were largely due to Utilities' performance. In 2015, Utilities' operating revenues decreased \$38.0 million driven primarily by decreases in natural gas and water revenues of \$35.5 million and \$9.3 million, respectively, partially offset by an increase in electric revenue of \$7.8 million. Utilities' operating expenses decreased \$73.0 million primarily due to decreased commodity prices on fuels purchased for the gas service and electric generation.

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

**Governmental funds**

As of the end of 2015, the City's governmental funds reported total combined fund balances of \$117.9 million of which \$32.7 million or approximately 27.7%, 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, \$11.6 million, is primarily comprised of endowments; and the *restricted* portion of fund balance, \$42.2 million, is primarily comprised of \$34.2 million in special revenue funds restricted balances and the \$7.5 million TABOR emergency reserve.

The General Fund is the principal operating fund of the City. At the end of 2015, the General Fund's total fund balance was \$50.4 million. The unrestricted fund balance of the General Fund was \$42.5 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 19.3% of 2015 total General Fund expenditures while unrestricted fund balance represents 16.3% of 2015 total General Fund expenditures.

**Proprietary funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position as of December 31, 2015 and 2014 for the proprietary funds are as follows:

**Unrestricted Net Position (in 000's)**

	<u>2015</u>	<u>2014</u>	<u>Variance</u>
Utilities	\$ 29,779	\$ 230,463	\$ (200,684)
PACE	(116,779)	(104,924)	(11,855)
Non-major enterprise funds	31,612	38,035	(6,423)
Internal service funds	(15,096)	(13,816)	(1,280)

Note: Immaterial differences may occur due to rounding.

Utilities, PACE, the Non-major enterprise funds, and the Internal Service funds experienced a decline in unrestricted net position in 2015. The declines for Utilities and Non-major enterprise funds were largely due to the implementation of GASB 68.

**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:

- \$5.0 million increase due to a supplemental appropriation for emergency response and repairs needed as a result of heavy rains and flooding during May and June.
- \$2.1 million increase due to a supplemental appropriation from restricted fund balance – for Park trail improvements. On November 3, 2015, voters approved Ballot Issue 2D—the City's request to retain and spend up to \$2.1 million in estimated 2014 fiscal year revenues of the City that exceed the 2014 fiscal year spending limitation. The ballot specified that, if approved, the revenue would be used to renovate and improve existing segments of priority multi-use trails.
- Approximately \$1.5 million increase due to a number of smaller supplemental appropriations for a variety of budget needs (some of which had offsetting revenue from insurance reimbursements) including funding for a Fire department ladder truck to replace one damaged in a traffic incident, funding to repair damages to facilities and equipment due to hail, funding for increased insurance premiums, funding for mandated municipal court appointed attorney costs, and demolition of a dangerous building.

Also, per City Code, the City rolls over project budgets and encumbrances from the previous year totaling \$7.0 million.

Total revenues, excluding other financing sources, were very close to the final budget, exceeding budget by less than 0.1% or \$191,760 as a number of revenues exceeded budget and others fell short. Sales and use tax revenue (including penalty and interest) was very close to budget, exceeding budget by only \$201,105. 2015 sales and use tax audit revenue was significantly less than in 2014, had audit revenue not declined so, sales and use tax revenue would have significantly exceeded budget. Intergovernmental revenue exceeded budget by \$453,265 and charges for services exceeded budget by \$1.3 million; however, miscellaneous revenue fell short of budget by \$1.8 million.

Total expenditures are \$14.0 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.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets**

At the end of 2015, the City has \$5.4 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 \$165.5 million.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Land	\$ 337,504	\$ 330,658	\$ 171,786	\$ 171,835	\$ 509,290	\$ 502,493
Buildings	107,437	109,169	47,592	50,115	155,029	159,284
Improvements other than buildings	36,839	38,358	155,640	165,396	192,479	203,754
Machinery and equipment	31,017	32,257	14,602	15,459	45,619	47,716
Infrastructure	750,638	766,509	38,217	40,154	788,855	806,663
Utilities plant	-	-	2,634,823	2,640,598	2,634,823	2,640,598
Construction in progress	20,357	18,462	1,019,181	823,988	1,039,538	842,450
Intangible capital assets	14,927	15,355	32,597	29,348	47,524	44,703
<b>Total</b>	<b>\$ 1,298,719</b>	<b>\$ 1,310,768</b>	<b>\$ 4,114,438</b>	<b>\$ 3,936,893</b>	<b>\$ 5,413,157</b>	<b>\$ 5,247,661</b>

Note: Immaterial differences may occur due to rounding.

The increase to capital assets for 2015 was due to business-type activities. Specifically, in 2015, Utilities' capital assets, increased \$191.4 million or 5.3%. The increase is due primarily 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 2015, Pikes Peak Rural Transportation Authority donated \$7.1 million of infrastructure and developers donated of \$1.7 million of infrastructure to governmental activities. These donated amounts are significantly less than in prior years as for 2015, the City implemented a policy change regarding donated infrastructure and is no longer

receiving and booking the asset until the warranty period expires and the City becomes liable for maintaining the asset.

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

**Long-term debt**

The following schedule provides the debt outstanding at the end of 2015 and 2014. Total long-term debt outstanding at the end of 2015 is \$3.1 billion.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
General obligation bonds	\$ 12,190	\$ 13,590	\$ -	\$ -	\$ 12,190	\$ 13,590
Sales tax revenue bonds	2,635	9,975	-	-	2,635	9,975
Certificates of participation	36,450	38,325	-	-	36,450	38,325
Revenue bonds	-	-	2,953,372	3,023,451	2,953,372	3,023,451
Notes payable	-	-	54,169	21,467	54,169	21,467
<b>Total</b>	<b>\$ 51,275</b>	<b>\$ 61,890</b>	<b>\$ 3,007,541</b>	<b>\$ 3,044,918</b>	<b>\$ 3,058,816</b>	<b>\$ 3,106,808</b>

Note: Immaterial differences may occur due to rounding.

During 2015, long-term debt for the governmental activities decreased \$10.6 million and for business-type activities decreased \$37.4 million. In 2015 Utilities did not issue any new revenue bonds, however, did issue a fixed rate, 30-year, \$83.0 million bond to advance refund portions of outstanding Utilities System Refunding Revenue Bonds resulting in \$5.7 million in present value savings.

The City's latest bond ratings are as follows:

Description	Moody's Rating	Standard & Poor's Rating	Fitch Rating
Sales & Use Tax Revenue Bonds	Aa2	AA+	N/A
Certificates of Participation	Aa2	AA-	N/A
Parking Revenue Bonds	not rated	not rated	not rated
Airport Revenue Bonds	Baa1	BBB+	BBB+
Utilities Revenue Bonds	Aa2	AA	AA
PACE Revenue Bonds	Baa2	A-	A

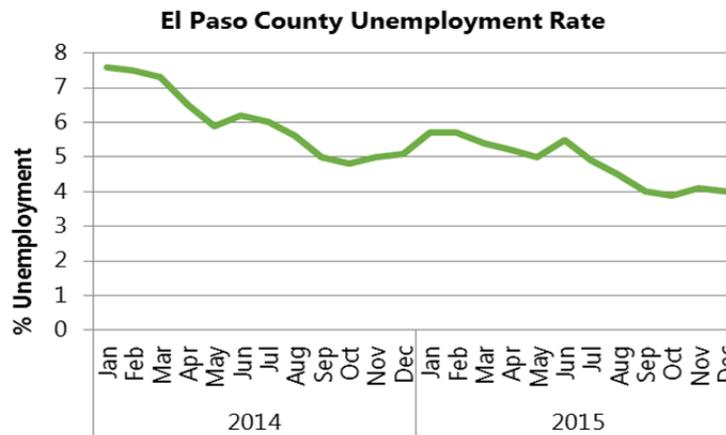
The current debt limitation for the City is \$467.9 million or 10% of the assessed property valuation. The City has no outstanding general obligation debt as it relates to this debt limit. The general obligation debt shown in the financial statements relate to the City's blended component units.

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

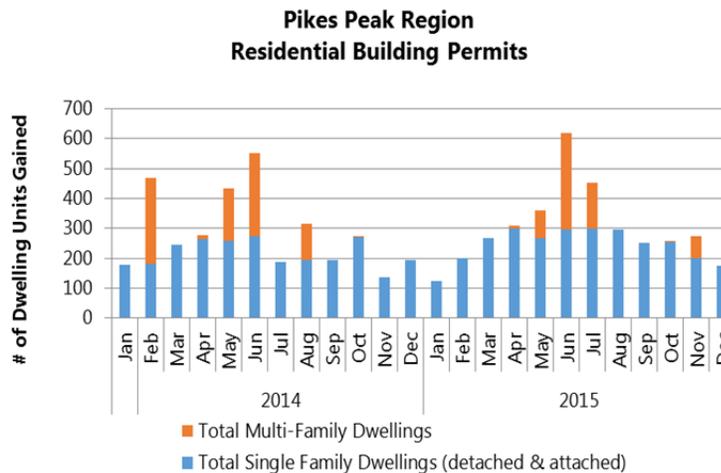
**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

**Local Economic Indicators**

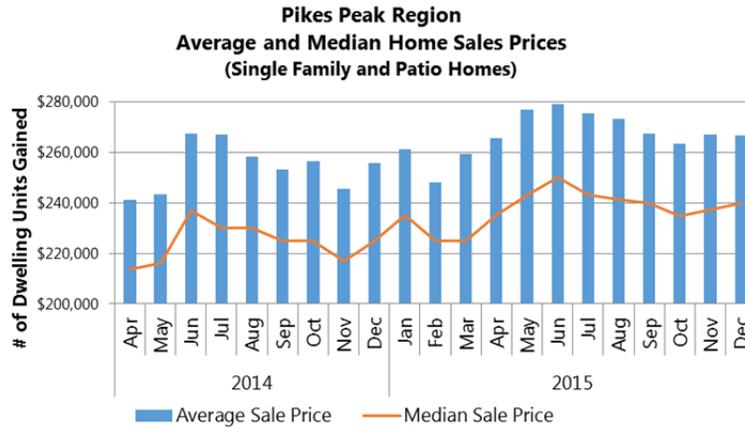
During 2015, the local economy showed broad strength as indicated by the following five indicators: the local unemployment rate declined by 1.2% from 5.1% to 3.9%, residential building permits increased 3.7%, the average sales price of single family/patio homes grew by 4.3%, the median sales price of single family/patio homes grew by 6.6%, and hotel occupancy grew by 2.8%.



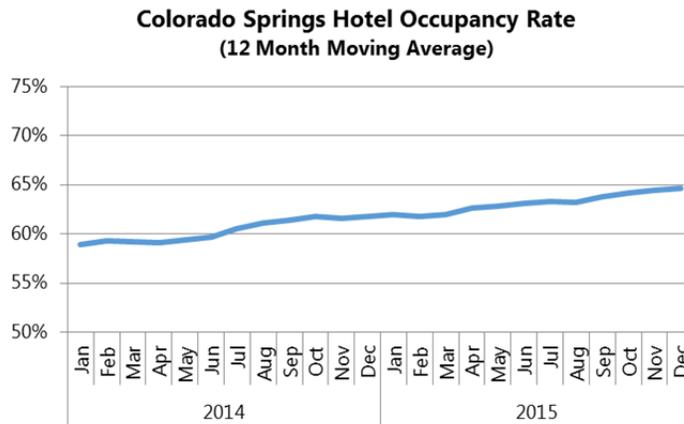
Source: US Bureau of Labor Statistics – Local Area Unemployment Statistics



Source: Pikes Peak Regional Building Department



Source: Pikes Peak Association of Realtors



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

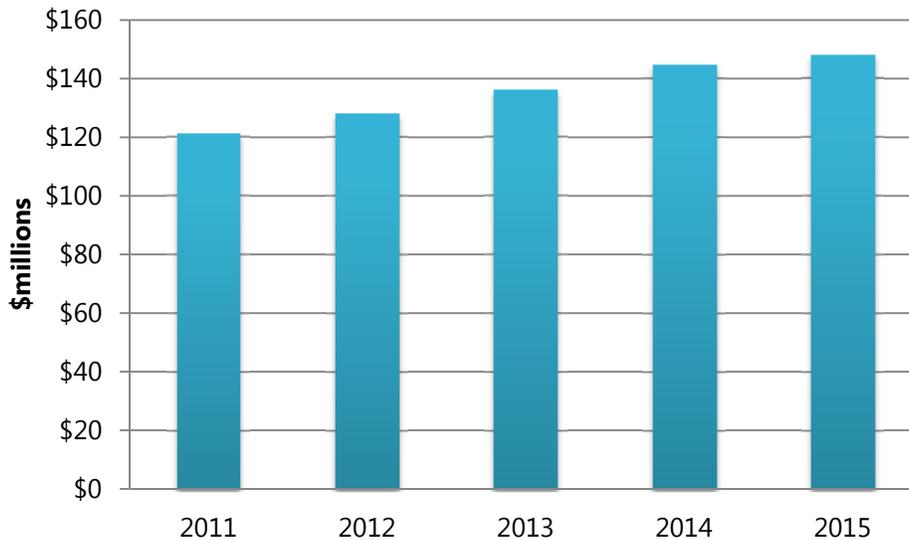
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**Sales and use tax revenue**

The City's General Fund sales and use tax revenue was up \$4.2 million or 2.9% from 2014 due to continued growth in all categories except Commercial Machines, Miscellaneous Retail, and Utilities. As noted earlier, 2015 sales and use tax audit revenue was down significantly from 2014, excluding audit revenue in both periods, sales and use tax revenue was up 4.6% over 2014.

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**



**2016 Budget**

The 2016 General Fund budget of nearly \$267 million is 3.1% higher than the 2015 Original General Fund budget. At 59.0%, sales and use tax is the largest single source of General Fund revenue. 2016 sales and use tax is budgeted at \$157.3 million.

The 2016 Budget addresses important strategic and operational goals which are reflected in the following important funding decisions:

- \$12.8 million from the General fund (well over \$16.0 million when grant funds are included) for the City's stormwater control program including capital improvement projects.
- \$814,000 increased funding from the City's General Fund to Mountain Metro Transit – increasing funding from \$4.3 million to \$5.1 million, to bring the City

**(unaudited)**

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closer to the \$5.7 million maintenance of effort commitment made in 2004 when the PPRTA was created.

- \$400,000 from the General Fund for architectural and engineering plans for a new Sand Creek Police Substation to replace the current station, which will allow the Colorado Springs Police Department (CSPD) to more effectively provide essential public safety services to the southeast part of the City.
- \$840,000 in funding through General Fund and grant funds to implement a Body Worn Camera Program at the CSPD, which will improve transparency and accountability in contacts between CSPD and the public.
- \$250,000 from the General Fund, each year for two years, to fund the first Comprehensive Plan for the City in 15 years – a plan that will be relevant to today's economic markets, and land use planning principles, which will reflect the City's vision to become a more progressive, mixed-use, revitalized, and multi-modal community.

The 2016 Budget also includes funding for unavoidable increases for healthcare costs, workers' compensation costs, and contract costs.

In addition, the Mayor recommended and the City Council agreed to refer an issue to the November 3<sup>rd</sup> ballot asking Colorado Springs voters to approve a temporary 0.62% sales tax increase for five years. The citizens overwhelmingly approved Issue 2C. The tax increase is expected to raise approximately \$50 million per year or \$250 million over five years and will be used only for road maintenance and repair. Once approved by voters, City Council approved a \$50 million supplemental appropriation and ordinances creating new sections of City Code related to the new special revenue fund – 2C Road Tax Fund.

### **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](http://www.coloradosprings.gov), or 719-385-5224.

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# BASIC FINANCIAL STATEMENTS

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**STATEMENT OF NET POSITION**  
December 31, 2015

**CITY OF COLORADO SPRINGS**  
**COLORADO**  
**Exhibit 1**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities
<b>ASSETS</b>					
Cash and investments	\$ 107,224,374	\$ 232,470,957	\$ 339,695,331	\$ 39,827,794	\$ 2,667,479
Receivables (net of allowance for uncollectibles)	80,723,143	110,565,094	191,288,237	16,049,920	887,601
Lease receivable	-	102,117,432	102,117,432	-	-
Due from other governments	-	-	-	-	1,611,217
Inventories	391,354	51,098,857	51,490,211	-	149,700
Prepays	-	486,927,420	486,927,420	304,493	5,777,781
Derivative instruments	-	-	-	50,927	-
Other	-	117,363,902	117,363,902	-	341,592
Restricted assets (temporarily):					
Cash and investments	11,784,921	165,128,346	176,913,267	58,519,866	2,324,064
Interest receivable	-	47,000	47,000	-	-
Net pension asset	7,918,956	-	7,918,956	-	-
Investment in joint ventures	-	1,108,000	1,108,000	-	-
Capital assets nondepreciable:					
Land	337,503,792	171,786,210	509,290,002	-	65,147
Intangibles	-	23,989,000	23,989,000	-	-
Construction in progress	20,357,083	1,019,180,865	1,039,537,948	-	138,843
Capital assets (net of accumulated depreciation):					
Buildings	107,438,480	47,591,696	155,030,176	-	-
Improvements other than buildings	36,838,714	155,639,987	192,478,701	2,058,735	-
Machinery and equipment	31,015,669	14,602,777	45,618,446	22,594	-
Infrastructure	750,638,606	38,216,663	788,855,269	22,102,223	-
Utility plant	-	2,634,823,000	2,634,823,000	-	67,305,907
Intangibles	14,926,954	8,607,597	23,534,551	-	-
Unamortized bond insurance premium	275,281	74,422	349,703	-	-
<b>Total assets</b>	<b>1,507,037,327</b>	<b>5,381,339,225</b>	<b>6,888,376,552</b>	<b>138,936,552</b>	<b>81,269,331</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred cash flow hedges - unrealized					
loss on derivative instruments	-	68,760,000	68,760,000	219,073	-
Loss on debt refundings	175,586	36,373,137	36,548,723	-	265,248
Pension related amounts	32,939,322	33,566,156	66,505,478	-	-
<b>Total deferred outflows of resources</b>	<b>33,114,908</b>	<b>138,699,293</b>	<b>171,814,201</b>	<b>219,073</b>	<b>265,248</b>
<b>LIABILITIES</b>					
Accounts payable and other liabilities	39,434,908	79,060,945	118,495,853	359,042	476,504
Contingent liabilities and promise to CSHF	-	117,732,242	117,732,242	-	-
Deposits payable	2,162,034	-	2,162,034	-	-
Funds held for others	406,033	-	406,033	-	-
Accrued interest payable	310,535	14,533,320	14,843,855	2,721,219	124,802
Internal balances	(5,892,205)	5,892,205	-	-	-
Unearned revenue					
Grants	11,215,106	-	11,215,106	-	-
Other	1,763,739	4,542,771	6,306,510	-	5,352,751
Noncurrent liabilities:					
Due within one year	6,502,592	88,523,463	95,026,055	2,986,923	6,220,847
Due in more than one year	261,191,155	3,469,156,704	3,730,347,859	83,989,479	41,348,894
<b>Total liabilities</b>	<b>317,093,897</b>	<b>3,779,441,650</b>	<b>4,096,535,547</b>	<b>90,056,663</b>	<b>53,523,798</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Gain on debt refundings	-	2,002,000	2,002,000	-	-
Property taxes	23,195,750	-	23,195,750	7,758,624	-
Pension related amounts	4,551,196	612,938	5,164,134	-	-
<b>Total deferred inflows of resources</b>	<b>27,746,946</b>	<b>2,614,938</b>	<b>30,361,884</b>	<b>7,758,624</b>	<b>-</b>
<b>NET POSITION</b>					
Net investment in capital assets	1,246,630,036	1,731,137,866	2,977,767,902	(5,041,859)	22,657,207
Restricted for:					
Debt service	1,334,717	68,271,267	69,605,984	10,089,430	2,230,164
Endowments:					
Expendable	412,351	-	412,351	-	-
Nonexpendable	11,195,086	-	11,195,086	-	-
Emergency reserve (TABOR)	7,545,241	-	7,545,241	62,347	-
Community health	-	-	-	49,835,042	-
Capital improvement	-	-	-	4,240,006	-
Pension-related	7,918,956	-	7,918,956	-	-
Other	-	1,611,407	1,611,407	-	-
Unrestricted	(79,724,995)	(63,038,610)	(142,763,605)	(17,844,628)	3,123,410
<b>Total net position</b>	<b>\$ 1,195,311,392</b>	<b>\$ 1,737,981,930</b>	<b>\$ 2,933,293,322</b>	<b>\$ 41,340,338</b>	<b>\$ 28,010,781</b>

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

STATEMENT OF ACTIVITIES  
For the year ended December 31, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Governmental Activities	Business-type Activities
					Governmental Activities	Business-type Activities	Total		
<b>Primary government</b>									
Governmental activities									
General government	\$ 64,459,559	\$ 19,975,243	\$ 1,334,024	\$ -	\$ (43,150,292)	\$ -	\$ (43,150,292)	\$ -	\$ -
Public safety	168,628,903	6,930,898	9,554,461	73,703	(152,069,841)	-	(152,069,841)	-	-
Public works	83,608,555	9,695,070	5,138,794	40,045,177	(28,729,514)	-	(28,729,514)	-	-
Parks	24,400,726	2,940,722	2,941,976	7,708,569	(10,809,459)	-	(10,809,459)	-	-
Planning/housing	12,523,168	-	3,619,696	-	(8,903,472)	-	(8,903,472)	-	-
Interest on long-term debt	2,875,505	-	-	-	(2,875,505)	-	(2,875,505)	-	-
<b>Total governmental activities</b>	<b>356,496,416</b>	<b>39,541,933</b>	<b>22,588,951</b>	<b>47,827,449</b>	<b>(246,538,083)</b>	<b>-</b>	<b>(246,538,083)</b>	<b>-</b>	<b>-</b>
Business-type activities									
Utilities	672,816,293	830,821,000	-	44,682,000	-	202,686,707	202,686,707	-	-
PACE	60,810,000	48,150,000	-	-	-	(12,660,000)	(12,660,000)	-	-
MHS	3,285,813	-	-	-	-	(3,285,813)	(3,285,813)	-	-
Other	39,347,633	31,592,365	-	1,531,579	-	(6,223,689)	(6,223,689)	-	-
<b>Total business-type activities</b>	<b>776,259,739</b>	<b>910,563,365</b>	<b>-</b>	<b>46,213,579</b>	<b>-</b>	<b>180,517,205</b>	<b>180,517,205</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 1,132,756,155</b>	<b>\$ 950,105,298</b>	<b>\$ 22,588,951</b>	<b>\$ 94,041,028</b>	<b>\$ (246,538,083)</b>	<b>\$ 180,517,205</b>	<b>\$ (66,020,878)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Component units</b>									
Improvement districts/health foundation	\$ 11,033,509	\$ 255,344	\$ 10,196,487	\$ -	\$ -	\$ -	\$ -	\$ (581,678)	\$ -
Utilities	9,374,424	15,451,095	-	-	-	-	-	-	6,076,671
<b>Total component units</b>	<b>\$ 20,407,933</b>	<b>\$ 15,706,439</b>	<b>\$ 10,196,487</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (581,678)</b>	<b>\$ 6,076,671</b>
General revenues									
Property taxes					\$ 22,540,418	\$ -	\$ 22,540,418	\$ 6,683,424	\$ -
Sales taxes					190,269,766	-	190,269,766	-	-
Specific ownership taxes					2,611,736	-	2,611,736	433,521	-
Occupational liquor taxes					273,125	-	273,125	-	-
Admissions tax					469,933	-	469,933	-	-
Bicycle excise tax					83,080	-	83,080	-	-
Miscellaneous					-	-	-	7,740,848	-
Investment earnings					1,082,201	7,111,047	8,193,248	(1,653,738)	15,681
Gain on sale of capital assets					135,015	-	135,015	-	-
Contributions to endowments					80,485	-	80,485	-	-
Transfers					30,725,000	(30,725,000)	-	-	-
Total general revenues and transfers					248,270,759	(23,613,953)	224,656,806	13,204,055	15,681
Change in net position					1,732,676	156,903,252	158,635,928	12,622,377	6,092,352
<b>Net position - January 1, as previously stated</b>					1,343,253,808	1,784,452,697	3,127,706,505	28,717,961	21,731,292
Prior period adjustment					(149,675,092)	(203,374,019)	(353,049,111)	-	187,137
<b>Net position - January 1, restated</b>					1,193,578,716	1,581,078,678	2,774,657,394	28,717,961	21,918,429
<b>Net position - December 31</b>					<b>\$ 1,195,311,392</b>	<b>\$ 1,737,981,930</b>	<b>\$ 2,933,293,322</b>	<b>\$ 41,340,338</b>	<b>\$ 28,010,781</b>

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

GOVERNMENTAL FUNDS  
BALANCE SHEET  
December 31, 2015

CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 3

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 46,625,233	\$ 59,163,291	\$ 105,788,524
Accounts receivable (net of allowance for uncollectibles)	2,649,122	17,957,838	20,606,960
Sales tax receivable	15,147,625	4,043,487	19,191,112
Loans receivable (net of allowance for uncollectibles)	300,000	16,775,162	17,075,162
Assessments receivable	4,459	-	4,459
Property taxes receivable			
Current	19,856,640	3,339,110	23,195,750
Delinquent	44,165	-	44,165
Inventories	340,310	-	340,310
Due from other funds	9,201,849	2,101,825	11,303,674
Restricted cash and investments	89,835	11,695,086	11,784,921
<b>Total assets</b>	<b>94,259,238</b>	<b>115,075,799</b>	<b>209,335,037</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	5,923,215	5,508,476	11,431,691
Funds held for others	406,033	-	406,033
Accrued salaries and benefits	5,700,802	1,071,460	6,772,262
Due to other funds	4,562,596	7,505,535	12,068,131
Deposits payable	-	2,162,034	2,162,034
Escrow deposits	5,624,679	-	5,624,679
Unearned revenue			
Grants	-	11,215,106	11,215,106
Other	1,763,739	-	1,763,739
<b>Total liabilities</b>	<b>23,981,064</b>	<b>27,462,611</b>	<b>51,443,675</b>
<b>Deferred inflows of resources</b>			
Unavailable revenue - loans (net of allowance for uncollectibles)	-	16,775,162	16,775,162
Unavailable revenue - property taxes	19,856,640	3,339,110	23,195,750
Unavailable revenue - assessments	4,459	-	4,459
<b>Total deferred inflows of resources</b>	<b>19,861,099</b>	<b>20,114,272</b>	<b>39,975,371</b>
<b>Fund balances</b>			
Nonspendable	384,475	11,195,086	11,579,561
Restricted	7,545,287	34,619,120	42,164,407
Committed	6,150,522	21,439,222	27,589,744
Assigned	3,629,733	245,488	3,875,221
Unassigned	32,707,058	-	32,707,058
<b>Total fund balances</b>	<b>50,417,075</b>	<b>67,498,916</b>	<b>117,915,991</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 94,259,238</b>	<b>\$ 115,075,799</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,298,411,696
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.	16,779,621
Interest on investments that is not available to pay for current-period expenditures is not reported in the funds.	363,923
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.	(7,137,819)
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.	(231,022,020)
Net position of governmental activities	<u>\$ 1,195,311,392</u>

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

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
For the year ended December 31, 2015**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 4**

	<b>General Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Taxes	\$ 170,553,048	\$ 45,695,010	\$ 216,248,058
Licenses, permits and fines	7,216,901	-	7,216,901
Intergovernmental	21,341,195	35,706,088	57,047,283
Charges for services	15,096,512	7,157,729	22,254,241
Endowments and donations	-	2,154,590	2,154,590
Interfund services provided	7,613,978	-	7,613,978
Investment earnings	416,345	205,167	621,512
Other revenue	2,684,842	719,179	3,404,021
Rental income	168,132	81,614	249,746
<b>Total revenues</b>	<b>225,090,953</b>	<b>91,719,377</b>	<b>316,810,330</b>
<b>Expenditures</b>			
Current			
General government	55,761,821	10,979	55,772,800
Public safety	134,991,848	33,758,935	168,750,783
Planning/housing	2,161,605	8,117,708	10,279,313
Public works	21,556,587	25,131,930	46,688,517
Parks	14,600,031	7,101,637	21,701,668
Miscellaneous	-	24,352	24,352
Debt service			
Principal	8,179,958	2,753,051	10,933,009
Interest	2,153,258	763,626	2,916,884
Capital outlay	8,590,143	21,621,542	30,211,685
<b>Total expenditures</b>	<b>247,995,251</b>	<b>99,283,760</b>	<b>347,279,011</b>
<b>Deficiency of revenues over expenditures</b>	<b>(22,904,298)</b>	<b>(7,564,383)</b>	<b>(30,468,681)</b>
<b>Other financing sources (uses)</b>			
Transfers - in	32,573,997	13,092,565	45,666,562
Transfers - out	(13,092,565)	(675,715)	(13,768,280)
Sale of capital assets	135,021	-	135,021
<b>Total other financing sources</b>	<b>19,616,453</b>	<b>12,416,850</b>	<b>32,033,303</b>
<b>Net change in fund balances</b>	<b>(3,287,845)</b>	<b>4,852,467</b>	<b>1,564,622</b>
<b>Fund balances - January 1</b>	<b>53,704,920</b>	<b>62,646,449</b>	<b>116,351,369</b>
<b>Fund balances - December 31</b>	<b>\$ 50,417,075</b>	<b>\$ 67,498,916</b>	<b>\$ 117,915,991</b>

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, 2015**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 5**

Net change in fund balances - total governmental funds	\$ 1,564,622
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(22,211,607)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	10,209,903
The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	10,842,988
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.	5,734,594
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(3,372,059)
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.	(1,035,765)
Change in net position of governmental activities	<u>\$ 1,732,676</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, 2015**

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

	<b>Budgeted Amounts</b>		<b>2015 Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
<b>Taxes</b>				
General property taxes				
Current	\$ 19,811,225	\$ 19,811,225	\$ 19,469,574	\$ (341,651)
Penalty and interest	-	-	21,984	21,984
	19,811,225	19,811,225	19,491,558	(319,667)
Sales and use taxes	147,855,000	147,855,000	147,504,374	(350,626)
Penalty and interest	-	-	551,731	551,731
Specific ownership taxes	2,145,256	2,145,256	2,262,327	117,071
Occupational liquor taxes	290,150	290,150	273,125	(17,025)
Admission taxes	612,000	612,000	469,933	(142,067)
<b>Total taxes</b>	<b>170,713,631</b>	<b>170,713,631</b>	<b>170,553,048</b>	<b>(160,583)</b>
<b>Licenses, permits and fines</b>				
Business licenses and permits	1,842,389	1,842,389	2,112,769	270,380
Fines	4,956,073	4,956,073	5,104,132	148,059
<b>Total licenses, permits and fines</b>	<b>6,798,462</b>	<b>6,798,462</b>	<b>7,216,901</b>	<b>418,439</b>
<b>Intergovernmental</b>				
State shared revenue				
Cigarette tax	998,000	998,000	993,343	(4,657)
Highway users tax-regular	17,550,000	17,550,000	17,791,537	241,537
Highway users tax-added fees	1,447,000	1,447,000	1,496,108	49,108
Severance tax	32,575	32,575	133,725	101,150
	20,027,575	20,027,575	20,414,713	387,138
Other governmental units				
El Paso County road and bridge	760,355	760,355	747,006	(13,349)
El Paso County shared fines	100,000	100,000	179,476	79,476
	860,355	860,355	926,482	66,127
<b>Total intergovernmental</b>	<b>\$ 20,887,930</b>	<b>\$ 20,887,930</b>	<b>\$ 21,341,195</b>	<b>\$ 453,265</b>

(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, 2015**

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

	Budgeted Amounts		2015 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Charges for services</b>				
General government				
Court costs and charges	\$ 550,766	\$ 550,766	\$ 658,729	\$ 107,963
Other fees	1,292,105	1,292,105	1,587,992	295,887
	<u>1,842,871</u>	<u>1,842,871</u>	<u>2,246,721</u>	<u>403,850</u>
Public safety				
Fire services	2,092,630	2,092,630	2,108,541	15,911
Police services	4,230,502	4,230,502	4,467,193	236,691
	<u>6,323,132</u>	<u>6,323,132</u>	<u>6,575,734</u>	<u>252,602</u>
Planning/Housing				
Planning fees	383,337	383,337	396,311	12,974
Public Works				
Highway and street permits and fees	1,998,405	1,998,405	2,709,701	711,296
Signal maintenance	759,033	759,033	815,590	56,557
	<u>2,757,438</u>	<u>2,757,438</u>	<u>3,525,291</u>	<u>767,853</u>
Parks				
Community centers	355,547	355,547	307,452	(48,095)
Ice center fees	818,425	842,425	708,905	(133,520)
Sports programs	1,125,143	1,125,143	903,808	(221,335)
Other fees	201,725	201,725	432,290	230,565
	<u>2,500,840</u>	<u>2,524,840</u>	<u>2,352,455</u>	<u>(172,385)</u>
<b>Total charges for services</b>	<u>13,807,618</u>	<u>13,831,618</u>	<u>15,096,512</u>	<u>1,264,894</u>
<b>Miscellaneous</b>				
Interfund services provided	9,518,899	9,518,899	7,613,978	(1,904,921)
Investment earnings	441,000	441,000	416,345	(24,655)
Other revenue	1,646,313	2,447,528	2,684,842	237,314
Rental income	260,125	260,125	168,132	(91,993)
	<u>11,866,337</u>	<u>12,667,552</u>	<u>10,883,297</u>	<u>(1,784,255)</u>
<b>Total revenues</b>	<u>\$ 224,073,978</u>	<u>\$ 224,899,193</u>	<u>\$ 225,090,953</u>	<u>\$ 191,760</u>

(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, 2015**

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

	<b>Budgeted Amounts</b>		<b>2015 Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Expenditures</b>				
<b>General government</b>				
City attorney	\$ 4,829,549	\$ 4,827,739	\$ 4,400,722	\$ 427,017
City auditor	1,372,807	1,372,807	1,328,808	43,999
City clerk	713,372	713,372	713,372	-
City council	968,081	967,871	858,411	109,460
Communications	387,488	387,488	297,262	90,226
Finance	3,336,656	3,336,656	3,018,829	317,827
General costs	29,796,803	30,255,188	29,592,469	662,719
Human resources	1,303,594	1,303,594	1,206,351	97,243
Information technology	10,913,497	10,913,497	10,181,575	731,922
Mayor	645,975	645,975	568,955	77,020
Municipal court	3,471,931	3,641,931	3,595,067	46,864
<b>Total general government</b>	<b>57,739,753</b>	<b>58,366,118</b>	<b>55,761,821</b>	<b>2,604,297</b>
<b>Public safety</b>				
Animal control	1,125,424	1,125,424	1,125,424	-
Fire/OEM	46,786,982	46,786,982	45,780,637	1,006,345
Police	88,584,245	88,360,245	88,085,787	274,458
<b>Total public safety</b>	<b>136,496,651</b>	<b>136,272,651</b>	<b>134,991,848</b>	<b>1,280,803</b>
<b>Planning/housing</b>				
Economic development	354,227	354,227	263,991	90,236
Housing	473,074	473,074	436,882	36,192
Planning	1,671,598	1,671,598	1,460,732	210,866
<b>Total planning/housing</b>	<b>2,498,899</b>	<b>2,498,899</b>	<b>2,161,605</b>	<b>337,294</b>
<b>Public works</b>	<b>23,222,880</b>	<b>23,202,880</b>	<b>21,556,587</b>	<b>1,646,293</b>
<b>Parks</b>	<b>\$ 14,908,494</b>	<b>\$ 14,832,494</b>	<b>\$ 14,600,031</b>	<b>\$ 232,463</b>

(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, 2015**

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

	<b>Budgeted Amounts</b>		<b>2015 Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Debt service expenditures</b>				
Principal payments	\$ 8,179,958	\$ 8,179,958	\$ 8,179,958	\$ -
Interest payments	2,158,314	2,158,314	2,153,258	5,056
<b>Total debt service</b>	<b>10,338,272</b>	<b>10,338,272</b>	<b>10,333,216</b>	<b>5,056</b>
<b>Capital outlay</b>	<b>10,264,685</b>	<b>16,512,612</b>	<b>8,590,143</b>	<b>7,922,469</b>
<b>Total expenditures</b>	<b>255,469,634</b>	<b>262,023,926</b>	<b>247,995,251</b>	<b>14,028,675</b>
<b>Deficiency of revenues over expenditures</b>	<b>(31,395,656)</b>	<b>(37,124,733)</b>	<b>(22,904,298)</b>	<b>14,220,435</b>
<b>Other financing sources (uses)</b>				
Transfers - in				
Utilities surplus	32,479,000	32,479,000	31,251,420	(1,227,580)
Other	426,815	426,815	1,322,577	895,762
Transfers - out				
City funded capital improvement projects	(11,033,257)	(13,092,565)	(13,092,565)	-
Sale of capital assets	216,049	216,049	135,021	(81,028)
<b>Total other financing sources (uses)</b>	<b>22,088,607</b>	<b>20,029,299</b>	<b>19,616,453</b>	<b>(412,846)</b>
<b>Net change in fund balance</b>	<b>(9,307,049)</b>	<b>(17,095,434)</b>	<b>(3,287,845)</b>	<b>13,807,589</b>
<b>Fund balance - January 1</b>	<b>53,704,920</b>	<b>53,704,920</b>	<b>53,704,920</b>	<b>-</b>
<b>Fund balance - December 31</b>	<b>\$ 44,397,871</b>	<b>\$ 36,609,486</b>	<b>\$ 50,417,075</b>	<b>\$ 13,807,589</b>

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

	Business-type Activities Enterprise Funds					Governmental Activities
	Public Authority		MHS	Other Non-Major Enterprise Funds	Total	Internal Service Funds
	Utilities	for Colorado Energy				
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
<b>Current assets</b>						
Cash and investments - unrestricted	\$ 184,372,000	\$ 66,000	\$ 6,815,320	\$ 41,217,637	\$ 232,470,957	\$ 1,435,850
Cash and investments - restricted	41,354,000	-	-	8,063,604	49,417,604	-
Accounts receivable (net of allowance for uncollectibles)	93,082,573	6,954,000	-	2,183,993	102,220,566	241,612
Lease receivable	-	-	2,495,931	-	2,495,931	-
Interest receivable	173,000	-	-	-	173,000	-
Due from other funds	4,296,427	-	-	87,610	4,384,037	57,511
Inventories	50,878,000	-	-	220,857	51,098,857	51,044
Prepays	10,483,000	18,885,000	-	26,420	29,394,420	-
Other	-	-	5,263,902	-	5,263,902	-
<b>Total current assets</b>	<b>384,639,000</b>	<b>25,905,000</b>	<b>14,575,153</b>	<b>51,800,121</b>	<b>476,919,274</b>	<b>1,786,017</b>
<b>Noncurrent assets</b>						
Cash and investments - restricted	106,688,000	6,573,000	-	2,449,742	115,710,742	-
Interest receivable - restricted	47,000	-	-	-	47,000	-
Lease receivable - net	-	-	99,621,501	-	99,621,501	-
Note receivable	-	-	-	1,908,964	1,908,964	-
Receivable from insurance provider, net	-	-	6,262,564	-	6,262,564	-
Due from other funds	-	-	-	1,584,093	1,584,093	-
Investment in joint ventures	1,108,000	-	-	-	1,108,000	-
Prepays	-	457,533,000	-	-	457,533,000	-
Other	112,100,000	-	-	-	112,100,000	-
Capital assets nondepreciable:						
Land	150,273,000	-	-	21,513,210	171,786,210	13,000
Intangibles	23,989,000	-	-	-	23,989,000	-
Construction in progress	1,017,808,000	-	-	1,372,865	1,019,180,865	-
Depreciable capital assets:						
Buildings	-	-	-	100,693,552	100,693,552	201,250
Improvements other than buildings	-	-	-	279,652,798	279,652,798	310,198
Machinery and equipment	-	-	-	34,047,584	34,047,584	462,204
Infrastructure	-	-	-	47,933,084	47,933,084	-
Utility plant	4,691,856,000	-	-	-	4,691,856,000	-
Intangibles	47,510,000	-	-	661,903	48,171,903	-
Less accumulated depreciation and amortization	(2,096,428,000)	-	-	(206,445,201)	(2,302,873,201)	(679,050)
Unamortized bond insurance premium	-	-	-	74,422	74,422	-
<b>Total noncurrent assets</b>	<b>4,054,951,000</b>	<b>464,106,000</b>	<b>105,884,065</b>	<b>285,447,016</b>	<b>4,910,388,081</b>	<b>307,602</b>
<b>Deferred outflows of resources</b>						
Deferred cash flow hedges - unrealized loss on derivatives	68,760,000	-	-	-	68,760,000	-
Loss on debt refundings	36,006,000	-	-	367,137	36,373,137	-
Pension related amounts	31,816,000	-	-	1,750,156	33,566,156	-
<b>Total deferred outflows of resources</b>	<b>136,582,000</b>	<b>-</b>	<b>-</b>	<b>2,117,293</b>	<b>138,699,293</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 4,576,172,000</b>	<b>\$ 490,011,000</b>	<b>\$ 120,459,218</b>	<b>\$ 339,364,430</b>	<b>\$ 5,526,006,648</b>	<b>\$ 2,093,619</b>

(continued)

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

	Business-type Activities Enterprise Funds					Governmental Activities
	Public Authority		MHS	Other Non-Major Enterprise Funds	Total	Internal Service Funds
	Utilities	for Colorado Energy				
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>						
<b>Current liabilities</b>						
Accounts payable	\$ 60,383,461	\$ -	\$ 2,237,892	\$ 1,361,993	\$ 63,983,346	\$ 1,895,922
Accrued liabilities	118,000	-	489,084	-	607,084	-
Accrued salaries and benefits	8,368,000	-	-	369,515	8,737,515	70,435
Claims payable	-	-	-	-	-	8,433,000
Compensated absences	8,583,000	-	-	44,431	8,627,431	11,216
Due to other funds	4,089,539	-	-	120,208	4,209,747	1,050,356
Unearned revenue	-	-	-	2,010,600	2,010,600	-
Accrued interest payable	9,542,000	4,936,000	-	55,320	14,533,320	-
Matured bonds payable	66,234,000	8,535,000	-	2,445,000	77,214,000	-
Notes payable	2,402,000	-	-	280,032	2,682,032	-
Other	5,733,000	-	-	-	5,733,000	-
<b>Total current liabilities</b>	<b>165,453,000</b>	<b>13,471,000</b>	<b>2,726,976</b>	<b>6,687,099</b>	<b>188,338,075</b>	<b>11,460,929</b>
<b>Noncurrent liabilities</b>						
Claims payable	-	-	-	-	-	5,208,000
Contingent liabilities and promise to CSHF	-	-	117,732,242	-	117,732,242	-
Compensated absences	6,189,000	-	-	844,185	7,033,185	213,097
Customer deposits	2,828,000	-	-	-	2,828,000	-
Unearned revenue	-	-	-	2,532,171	2,532,171	-
Revenue bonds payable, net	2,349,080,000	591,682,000	-	24,250,296	2,965,012,296	-
Notes payable	47,731,000	-	-	3,756,424	51,487,424	-
Customer advances for construction	7,057,000	-	-	-	7,057,000	-
Municipal solid waste landfill closure and postclosure care	4,291,000	-	-	-	4,291,000	-
Derivative instruments	185,807,000	-	-	-	185,807,000	-
Pension and other postemployment benefits	233,234,000	-	-	11,842,799	245,076,799	-
Other long term liabilities	564,000	-	-	-	564,000	-
<b>Total noncurrent liabilities</b>	<b>2,836,781,000</b>	<b>591,682,000</b>	<b>117,732,242</b>	<b>43,225,875</b>	<b>3,589,421,117</b>	<b>5,421,097</b>
<b>Total liabilities</b>	<b>3,002,234,000</b>	<b>605,153,000</b>	<b>120,459,218</b>	<b>49,912,974</b>	<b>3,777,759,192</b>	<b>16,882,026</b>
<b>Deferred inflows of resources</b>						
Gain on debt refundings	2,002,000	-	-	-	2,002,000	-
Pension related amounts	47,000	-	-	565,938	612,938	-
<b>Total deferred inflows of resources</b>	<b>2,049,000</b>	<b>-</b>	<b>-</b>	<b>565,938</b>	<b>2,614,938</b>	<b>-</b>
<b>Net position</b>						
Net investment in capital assets	1,480,598,000	-	-	250,539,866	1,731,137,866	307,602
Restricted for passenger facility charges	-	-	-	1,611,407	1,611,407	-
Restricted for debt service	61,512,000	1,637,000	-	5,122,267	68,271,267	-
Unrestricted	29,779,000	(116,779,000)	-	31,611,978	(55,388,022)	(15,096,009)
<b>Total net position</b>	<b>1,571,889,000</b>	<b>(115,142,000)</b>	<b>-</b>	<b>288,885,518</b>	<b>1,745,632,518</b>	<b>(14,788,407)</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 4,576,172,000</b>	<b>\$ 490,011,000</b>	<b>\$ 120,459,218</b>	<b>\$ 339,364,430</b>		<b>\$ 2,093,619</b>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. (7,650,588)

Net position of business-type activities \$ 1,737,981,930

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, 2015

CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 8

	Business-type Activities Enterprise Funds				Total	Governmental Activities
	Utilities	Public Authority for Colorado Energy	MHS	Other Non- Major Enterprise Funds		Internal Service Funds
<b>Operating revenues</b>						
Charges for services	\$ 830,821,000	\$ 48,150,000	\$ -	\$ 31,592,365	\$ 910,563,365	\$ 37,696,676
<b>Total operating revenues</b>	<u>830,821,000</u>	<u>48,150,000</u>	<u>-</u>	<u>31,592,365</u>	<u>910,563,365</u>	<u>37,696,676</u>
<b>Operating expenses</b>						
Salaries and benefits	170,522,426	-	-	11,159,630	181,682,056	2,110,282
Other operating expenses	323,094,574	18,762,000	-	12,127,188	353,983,762	35,397,501
Depreciation and amortization	120,100,000	-	-	17,052,083	137,152,083	23,053
<b>Total operating expenses</b>	<u>613,717,000</u>	<u>18,762,000</u>	<u>-</u>	<u>40,338,901</u>	<u>672,817,901</u>	<u>37,530,836</u>
<b>Operating income (loss)</b>	<u>217,104,000</u>	<u>29,388,000</u>	<u>-</u>	<u>(8,746,536)</u>	<u>237,745,464</u>	<u>165,840</u>
<b>Nonoperating revenues (expenses)</b>						
Derivative instruments	3,463,000	-	-	-	3,463,000	-
Investment earnings	2,207,000	925,000	93,881	693,234	3,919,115	14,119
Lease interest income	-	-	3,191,932	-	3,191,932	-
Interest expense	(73,593,000)	(41,228,000)	-	(1,356,376)	(116,177,376)	-
Passenger facility charges	-	-	-	1,560,062	1,560,062	-
Customer facility charges	-	-	-	666,462	666,462	-
Amortization expense	-	(820,000)	-	(18,078)	(838,078)	-
Loss on disposal of capital assets	-	-	-	(313,902)	(313,902)	(334,628)
Increase in contingent liabilities	-	-	(8,142,863)	-	(8,142,863)	-
Miscellaneous	11,355,000	-	4,857,050	420,993	16,633,043	-
<b>Total nonoperating revenues (expenses)</b>	<u>(56,568,000)</u>	<u>(41,123,000)</u>	<u>-</u>	<u>1,652,395</u>	<u>(96,038,605)</u>	<u>(320,509)</u>
Income (loss) before contributions and transfers	160,536,000	(11,735,000)	-	(7,094,141)	141,706,859	(154,669)
Capital contributions	44,682,000	-	-	1,531,579	46,213,579	-
Transfers - in	-	-	-	250,000	250,000	-
Transfers - out	(31,252,000)	-	-	-	(31,252,000)	(1,173,282)
Transfers - other	277,000	-	-	-	277,000	-
<b>Change in net position</b>	<u>174,243,000</u>	<u>(11,735,000)</u>	<u>-</u>	<u>(5,312,562)</u>	<u>157,195,438</u>	<u>(1,327,951)</u>
<b>Total net position - January 1, as previously stated</b>	<u>1,590,281,000</u>	<u>(103,407,000)</u>	<u>-</u>	<u>304,937,099</u>		<u>(13,460,456)</u>
Prior period adjustment	(192,635,000)	-	-	(10,739,019)		-
<b>Net position - January 1 as restated</b>	<u>1,397,646,000</u>	<u>(103,407,000)</u>	<u>-</u>	<u>294,198,080</u>		<u>(13,460,456)</u>
<b>Total net position - December 31</b>	<u>\$ 1,571,889,000</u>	<u>\$ (115,142,000)</u>	<u>\$ -</u>	<u>\$ 288,885,518</u>		<u>\$ (14,788,407)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(292,186)	
Change in net position of business-type activities					\$ 156,903,252	

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, 2015

	Business-type Activities Enterprise Funds					Governmental Activities
	Public Authority for Colorado Energy		MHS	Other Non-Major Enterprise Funds	Total	Internal Service Funds
	Utilities					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ 827,218,000	\$ 48,077,000	\$ -	\$ 31,492,301	\$ 906,787,301	\$ 8,545,147
Receipts from interfund services provided	12,326,000	-	-	461,959	12,787,959	30,905,497
Receipts from lease receivable	-	-	3,427,620	-	3,427,620	-
Payments to suppliers	(329,800,000)	(75,000)	(38,640)	(10,059,898)	(339,973,538)	(32,314,485)
Payments to employees	(181,407,000)	-	-	(11,246,104)	(192,653,104)	(2,102,155)
Payments for interfund services used	(10,835,000)	-	-	(3,926,230)	(14,761,230)	(2,758,549)
Other receipts	1,643,000	-	(5,253,435)	-	(3,610,435)	-
<b>Net cash provided (used) by operating activities</b>	<b>319,145,000</b>	<b>48,002,000</b>	<b>(1,864,455)</b>	<b>6,722,028</b>	<b>372,004,573</b>	<b>2,275,455</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Intergovernmental non-operating revenues provided	(31,230,000)	-	-	-	(31,230,000)	-
Transfers out to other funds	(1,688,000)	-	-	-	(1,688,000)	(1,173,282)
Repayment of advance from other funds	-	-	-	-	-	(2,540,510)
Advance from other funds	-	-	-	-	-	1,048,442
Repayment of long-term debt	-	(7,600,000)	-	-	(7,600,000)	-
Interest payments on long-term debt	-	(39,898,000)	-	-	(39,898,000)	-
Interest payments - other	-	(1,385,000)	-	-	(1,385,000)	-
Operating grant	423,000	-	-	226,585	649,585	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(32,495,000)</b>	<b>(48,883,000)</b>	<b>-</b>	<b>226,585</b>	<b>(81,151,415)</b>	<b>(2,665,350)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Proceeds from capital debt	82,975,000	-	-	-	82,975,000	-
Capital contributions and advances	29,538,000	-	-	-	29,538,000	-
Transfers in from other funds	-	-	-	250,000	250,000	-
Bond issuance proceeds	-	-	-	9,520,000	9,520,000	-
Bond issuance costs and other related costs	1,052,000	-	-	-	1,052,000	-
Purchases of capital assets	(248,974,000)	-	-	(5,105,411)	(254,079,411)	(310,198)
Repayment of capital lease obligations	-	-	-	(272,100)	(272,100)	-
Principal paid on capital debt	(142,704,000)	-	-	(13,064,981)	(155,768,981)	-
Interest paid on capital debt	(108,384,000)	-	-	(1,531,765)	(109,915,765)	-
Interest paid - other	(9,000)	-	-	(7,280)	(16,280)	-
Proceeds from issuance of commercial paper	35,000,000	-	-	-	35,000,000	-
Proceeds from the sale of capital assets	2,419,000	-	-	124,410	2,543,410	-
Capital grant	9,106,000	-	-	3,221,161	12,327,161	-
Passenger facility charges	-	-	-	1,504,366	1,504,366	-
Customer facility charges	-	-	-	648,932	648,932	-
Other nonoperating revenue	-	-	-	374,104	374,104	-
<b>Net cash used by capital and related financing activities</b>	<b>(339,981,000)</b>	<b>-</b>	<b>-</b>	<b>(4,338,564)</b>	<b>(344,319,564)</b>	<b>(310,198)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from sales and maturities of investments	67,550,000	-	5,307,539	24,091,548	96,949,087	1,549,449
Purchases of investments	(79,883,000)	(66,000)	(3,942,546)	(29,918,085)	(113,809,631)	(973,537)
Interest and dividends received	2,381,000	925,000	93,881	718,642	4,118,523	16,823
Distributions from joint ventures	131,000	-	-	-	131,000	-
Principal received from interfund loan	-	-	-	65,660	65,660	-
Interest received from interfund loan	-	-	-	67,528	67,528	-
<b>Net cash provided (used) by investing activities</b>	<b>(9,821,000)</b>	<b>859,000</b>	<b>1,458,874</b>	<b>(4,974,707)</b>	<b>(12,477,833)</b>	<b>592,735</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(63,152,000)</b>	<b>(22,000)</b>	<b>(405,581)</b>	<b>(2,364,658)</b>	<b>(65,944,239)</b>	<b>(107,358)</b>
<b>Cash and cash equivalents - January 1</b>	<b>240,351,000</b>	<b>88,000</b>	<b>719,261</b>	<b>6,094,819</b>	<b>247,253,080</b>	<b>173,040</b>
<b>Cash and cash equivalents - December 31</b>	<b>177,199,000</b>	<b>66,000</b>	<b>313,680</b>	<b>3,730,161</b>	<b>181,308,841</b>	<b>65,682</b>
Cash and cash equivalents	177,199,000	66,000	313,680	3,730,161	181,308,841	65,682
Investments	155,215,000	6,573,000	6,501,640	48,000,822	216,290,462	1,370,168
<b>Total cash and investments</b>	<b>\$ 332,414,000</b>	<b>\$ 6,639,000</b>	<b>\$ 6,815,320</b>	<b>\$ 51,730,983</b>	<b>\$ 397,599,303</b>	<b>\$ 1,435,850</b>

(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, 2015

	Business-type Activities					Governmental Activities Internal Service Funds
	Enterprise Funds					
	Utilities	Public Authority for Colorado Energy	MHS	Other Non-Major Enterprise Funds	Total	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>						
Operating income (loss)	\$ 217,104,000	\$ 29,388,000	\$ -	\$ (8,746,536)	\$ 237,745,464	\$ 165,840
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation and amortization expense	120,100,000	-	-	17,052,083	137,152,083	23,053
Pension expense	6,773,286	-	-	(80,438)	6,692,848	-
Other expense	(15,031,286)	-	-	1,953	(15,029,333)	-
(Increase) decrease in accounts receivable	6,894,000	(73,000)	-	(471,123)	6,349,877	1,255,642
Decrease in lease receivable	-	-	3,427,620	-	3,427,620	-
Decrease in due from other funds	-	-	-	3,866	3,866	498,326
(Increase) decrease in inventories	4,692,000	-	-	(39,546)	4,652,454	72,467
(Increase) decrease in prepaids	(1,320,000)	18,687,000	-	31,406	17,398,406	-
Decrease in other assets	(3,058,000)	-	(5,253,435)	-	(8,311,435)	-
Increase (decrease) in accounts and other payable	(16,590,000)	-	1,647,019	(1,558,632)	(16,501,613)	554,591
Increase (decrease) in accrued expenses	103,000	-	(406,750)	(6,036)	(309,786)	8,127
Decrease in due to other funds	-	-	-	(294,124)	(294,124)	(302,591)
Decrease in contingent liability	-	-	(1,278,909)	-	(1,278,909)	-
Increase (decrease) in other liabilities	(522,000)	-	-	829,155	307,155	-
<b>Net cash provided (used) by operating activities</b>	<b>\$ 319,145,000</b>	<b>\$ 48,002,000</b>	<b>\$ (1,864,455)</b>	<b>\$ 6,722,028</b>	<b>\$ 372,004,573</b>	<b>\$ 2,275,455</b>
<b>Noncash investing, capital and financing activities</b>						
Amortization, charge-off of debt discount and expense	\$ 1,905,000	\$ 820,000	\$ -	\$ -	\$ 2,725,000	\$ -
Noncash acquisition of capital assets						
(incurrence of payable/capital lease obligation)	28,575,000	-	-	757,696	29,332,696	-
Noncash contributions in aid of construction	16,027,000	-	-	-	16,027,000	-
Increase (decrease) in fair value of investments	3,463,000	-	(10,706)	(97,715)	3,354,579	(2,704)

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

**FIDUCIARY FUNDS  
STATEMENT OF NET POSITION  
December 31, 2015**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 10**

	<u>Agency Fund</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 1,699,902
Due from component unit	<u>403</u>
Total assets	<u><u>1,700,305</u></u>
<b><u>LIABILITIES</u></b>	
Payables	89,088
Due to component unit	<u>1,611,217</u>
Total liabilities	<u><u>\$ 1,700,305</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, 2015**

	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
<b>ASSETS</b>						
Cash and investments - unrestricted	\$ 36,367,179	\$ 163,190	\$ 2,494,315	\$ 375,584	\$ 85,273	\$ 36,475
Cash and investments - restricted	49,835,042	4,711,529	-	-	761,855	99,490
Accounts receivable (net of allowance for uncollectibles)	1,809,542	493,849	49,556	6,351	3,536	3,013
Due from component units	-	-	-	-	-	3,404
Note receivable	-	-	760,677	-	-	-
Assessments receivable	-	-	-	-	5,063,753	-
Property taxes receivable	-	3,354,771	1,144,509	486,474	476,730	330,582
Prepays	2,096	500	31,420	20,213	250,264	-
Interest rate cap	-	-	-	-	50,927	-
Capital assets (net of accumulated depreciation):						
Machinery and equipment	-	-	-	22,594	-	-
Improvements	-	-	-	-	94,865	1,109,997
Infrastructure	-	-	-	-	6,388,853	288,119
<b>Total assets</b>	<b>88,013,859</b>	<b>8,723,839</b>	<b>4,480,477</b>	<b>911,216</b>	<b>13,176,056</b>	<b>1,871,080</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Accum dechr in fair value of hedging derivative	-	-	-	-	219,073	-
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>219,073</b>	<b>-</b>
<b>LIABILITIES</b>						
Accounts payable	16,942	69,609	2,752	4,363	738	8,187
Tax escrow	-	5,481	9,870	-	-	-
Due to component units	-	-	-	-	-	-
Grants payable	-	-	192,535	-	-	-
Accrued interest payable	-	2,499,537	-	-	32,241	19,581
Noncurrent liabilities:						
Due within one year	-	2,255,000	-	-	330,000	85,000
Due in more than one year	-	52,784,478	-	-	8,320,000	3,530,000
<b>Total liabilities</b>	<b>16,942</b>	<b>57,614,105</b>	<b>205,157</b>	<b>4,363</b>	<b>8,682,979</b>	<b>3,642,768</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property taxes	-	3,354,771	1,144,509	486,474	476,730	330,582
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>3,354,771</b>	<b>1,144,509</b>	<b>486,474</b>	<b>476,730</b>	<b>330,582</b>
<b>NET POSITION</b>						
Net investment in capital assets	-	-	-	22,594	(1,916,018)	(559,768)
Restricted for:						
Debt service	-	930,886	-	-	6,063,367	78,209
Emergency reserve	-	-	31,443	18,104	3,100	1,700
Community health	49,835,042	-	-	-	-	-
Capital improvement	-	4,240,006	-	-	-	-
Unrestricted	38,161,875	(57,415,929)	3,099,368	379,681	84,971	(1,622,411)
<b>Total net position</b>	<b>\$ 87,996,917</b>	<b>\$ (52,245,037)</b>	<b>\$ 3,130,811</b>	<b>\$ 420,379</b>	<b>\$ 4,235,420</b>	<b>\$ (2,102,270)</b>

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

**CITY OF COLORADO SPRINGS**  
**COLORADO**  
**Exhibit 11**

<b>Barnes &amp; Powers South Business Improvement District</b>	<b>First &amp; Main Business Improvement District</b>	<b>First &amp; Main Business Improvement District No 2</b>	<b>First &amp; Main North Business Improvement District</b>	<b>Interquest North Business Improvement District</b>	<b>Interquest South Business Improvement District</b>	<b>Powers &amp; Woodmen Commercial Business Improvement District</b>	<b>Total</b>
\$ 2,486	\$ 3,113	\$ 65,635	\$ 9,747	\$ 145,477	\$ 366	\$ 78,954	\$ 39,827,794
83,602	71,757	1,478,464	51,096	1,088,586	500	337,945	58,519,866
918	1,638	59,500	1,644	34,445	155	2,719	2,466,866
-	-	4,751	-	-	-	-	8,155
-	-	-	-	-	-	-	760,677
-	-	-	-	-	-	-	5,063,753
93,640	166,289	529,957	163,658	692,033	18,951	301,030	7,758,624
-	-	-	-	-	-	-	304,493
-	-	-	-	-	-	-	50,927
-	-	-	-	-	-	-	22,594
-	-	-	853,873	-	-	-	2,058,735
89,519	1,248,684	7,018,404	347,049	5,257,414	-	1,464,181	22,102,223
270,165	1,491,481	9,156,711	1,427,067	7,217,955	19,972	2,184,829	138,944,707
-	-	-	-	-	-	-	219,073
-	-	-	-	-	-	-	219,073
-	-	10,788	4,317	7,420	22,427	3,613	151,156
-	-	-	-	-	-	-	15,351
3,404	4,751	-	-	-	-	-	8,155
-	-	-	-	-	-	-	192,535
3,331	10,590	48,582	50,655	44,306	-	12,396	2,721,219
40,000	25,000	95,000	46,923	85,000	-	25,000	2,986,923
575,000	1,476,024	7,475,000	1,675,748	6,170,000	157,923	1,825,306	83,989,479
621,735	1,516,365	7,629,370	1,777,643	6,306,726	180,350	1,866,315	90,064,818
93,640	166,289	529,957	163,658	692,033	18,951	301,030	7,758,624
93,640	166,289	529,957	163,658	692,033	18,951	301,030	7,758,624
(19,767)	(246,316)	(551,596)	(487,583)	(997,586)	-	(285,819)	(5,041,859)
80,271	61,167	1,482,329	-	1,068,952	-	324,249	10,089,430
-	-	2,500	700	3,000	500	1,300	62,347
-	-	-	-	-	-	-	49,835,042
-	-	-	-	-	-	-	4,240,006
(505,714)	(6,024)	64,151	(27,351)	144,830	(179,829)	(22,246)	(17,844,628)
\$ (445,210)	\$ (191,173)	\$ 997,384	\$ (514,234)	\$ 219,196	\$ (179,329)	\$ 17,484	\$ 41,340,338

GOVERNMENTAL FUND COMPONENT UNITS  
 COMBINING STATEMENT OF ACTIVITIES  
 For the year ended December 31, 2015

	Program Revenues			Colorado Springs Health Foundation	Colorado Springs Urban Renewal Authority	Colorado Springs Downtown Development Authority	Greater Downtown Colorado Springs Business Improvement District	Briargate Center Business Improvement District
	Expenses	Charges for Services	Operating Grants and Contributions					
<b>Colorado Springs Health Foundation</b>								
General government	\$ 281,469	\$ -	\$ 9,803,139	\$ 9,521,670				
<b>Total</b>	<u>281,469</u>	<u>-</u>	<u>9,803,139</u>	<u>9,521,670</u>				
<b>Colorado Springs Urban Renewal Authority</b>								
General government	1,738,949	255,344	91,423		\$ (1,392,182)			
Interest on long-term debt	3,883,175	-	-		(3,883,175)			
<b>Total</b>	<u>5,622,124</u>	<u>255,344</u>	<u>91,423</u>		<u>(5,275,357)</u>			
<b>Colorado Springs Downtown Development Authority</b>								
General government	1,048,112	-	-			\$ (1,048,112)		
<b>Greater Downtown Colorado Springs Business Improvement District</b>								
General government	605,353	-	-			\$ (605,353)		
Public works	7,871	-	-			(7,871)		
<b>Total</b>	<u>613,224</u>	<u>-</u>	<u>-</u>			<u>(613,224)</u>		
<b>Briargate Center Business Improvement District</b>								
General government	300,234	-	266,101				\$ (34,133)	
Interest on long-term debt	403,803	-	-				(403,803)	
<b>Total</b>	<u>704,037</u>	<u>-</u>	<u>266,101</u>				<u>(437,936)</u>	
<b>Barnes &amp; Powers North Business Improvement District</b>								
General government	109,390	-	14,407					
Interest on long-term debt	243,895	-	-					
<b>Total</b>	<u>353,285</u>	<u>-</u>	<u>14,407</u>					
<b>Barnes &amp; Powers South Business Improvement District</b>								
General government	19,030	-	-					
Interest on long-term debt	43,678	-	-					
<b>Total</b>	<u>62,708</u>	<u>-</u>	<u>-</u>					
<b>First &amp; Main Business Improvement District</b>								
General government	76,074	-	-					
Interest on long-term debt	131,416	-	-					
<b>Total</b>	<u>207,490</u>	<u>-</u>	<u>-</u>					
<b>First &amp; Main Business Improvement District No. 2</b>								
General government	289,824	-	21,417					
Interest on long-term debt	580,737	-	-					
<b>Total</b>	<u>870,561</u>	<u>-</u>	<u>21,417</u>					
<b>First &amp; Main North Business Improvement District</b>								
General government	82,779	-	-					
Interest on long-term debt	106,519	-	-					
<b>Total</b>	<u>189,298</u>	<u>-</u>	<u>-</u>					
<b>Interquest North Business Improvement District</b>								
General government	246,321	-	-					
Interest on long-term debt	547,934	-	-					
<b>Total</b>	<u>794,255</u>	<u>-</u>	<u>-</u>					
<b>Interquest South Business Improvement District</b>								
General government	38,137	-	-					
Interest on long-term debt	7,915	-	-					
<b>Total</b>	<u>46,052</u>	<u>-</u>	<u>-</u>					
<b>Powers &amp; Woodmen Commercial Business Improvement District</b>								
General government	78,742	-	-					
Interest on long-term debt	162,152	-	-					
<b>Total</b>	<u>240,894</u>	<u>-</u>	<u>-</u>					
<b>Total component units</b>	<u>\$ 11,033,509</u>	<u>\$ 255,344</u>	<u>\$ 10,196,487</u>					
General revenues:								
Property taxes				-	2,519,495	1,193,819	507,960	355,953
Specific ownership taxes				-	-	90,355	61,034	40,223
Miscellaneous				-	7,124,811	10,154	15,415	-
Investment earnings				(1,722,966)	3,983	57,728	365	175
<b>Total general revenues</b>				<u>(1,722,966)</u>	<u>9,648,289</u>	<u>1,352,056</u>	<u>584,774</u>	<u>396,351</u>
<b>Change in net position</b>				<u>7,798,704</u>	<u>4,372,932</u>	<u>303,944</u>	<u>(28,450)</u>	<u>(41,585)</u>
<b>Net position - January 1</b>				<u>80,198,213</u>	<u>(56,617,969)</u>	<u>2,826,867</u>	<u>448,829</u>	<u>4,277,005</u>
<b>Net position - December 31</b>	<u>\$ 87,996,917</u>	<u>\$ (52,245,037)</u>	<u>\$ 3,130,811</u>	<u>\$ 87,996,917</u>	<u>\$ (52,245,037)</u>	<u>\$ 3,130,811</u>	<u>\$ 420,379</u>	<u>\$ 4,235,420</u>

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

Changes in Net Position

Barnes & Powers North Business Improvement District	Barnes & Powers South Business Improvement District	First & Main Business Improvement District	First & Main Business Improvement District No. 2	First & Main North Business Improvement District	Interquest North Business Improvement District	Interquest South Business Improvement District	Powers & Woodmen Commercial Business Improvement District	Total
								\$ 9,521,670
								(1,392,182)
								(3,883,175)
								(1,048,112)
								(605,353)
								(7,871)
								(34,133)
								(403,803)
\$ (94,983)								(94,983)
(243,895)								(243,895)
<u>(338,878)</u>								
	\$ (19,030)							(19,030)
	(43,678)							(43,678)
	<u>(62,708)</u>							
		\$ (76,074)						(76,074)
		(131,416)						(131,416)
		<u>(207,490)</u>						
			\$ (268,407)					(268,407)
			(580,737)					(580,737)
			<u>(849,144)</u>					
				\$ (82,779)				(82,779)
				(106,519)				(106,519)
				<u>(189,298)</u>				
					\$ (246,321)			(246,321)
					(547,934)			(547,934)
					<u>(794,255)</u>			
						\$ (38,137)		(38,137)
						(7,915)		(7,915)
						<u>(46,052)</u>		
							\$ (78,742)	(78,742)
							(162,152)	(162,152)
							<u>(240,894)</u>	
								(581,678)
303,224	92,379	164,887	443,755	165,496	681,713	14,615	240,128	6,683,424
34,266	10,439	18,633	50,146	18,702	77,037	1,759	30,927	433,521
-	-	-	425,926	-	164,542	-	-	7,740,848
522	174	255	2,783	152	3,086	5	-	(1,653,738)
<u>338,012</u>	<u>102,992</u>	<u>183,775</u>	<u>922,610</u>	<u>184,350</u>	<u>926,378</u>	<u>16,379</u>	<u>271,055</u>	<u>13,204,055</u>
(866)	40,284	(23,715)	73,466	(4,948)	132,123	(29,673)	30,161	12,622,377
<u>(2,101,404)</u>	<u>(485,494)</u>	<u>(167,458)</u>	<u>923,918</u>	<u>(509,286)</u>	<u>87,073</u>	<u>(149,656)</u>	<u>(12,677)</u>	<u>28,717,961</u>
\$ (2,102,270)	\$ (445,210)	\$ (191,173)	\$ 997,384	\$ (514,234)	\$ 219,196	\$ (179,329)	\$ 17,484	\$ 41,340,338

PROPRIETARY FUND COMPONENT UNITS  
 COMBINING BALANCE SHEET  
 December 31, 2015

	Fountain Valley Authority	Aurora - Colorado Springs Joint Water Authority	The Twin Lakes Reservoir and Canal Company	The Lake Meredith Reservoir Company
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and investments	\$ 1,129,131	\$ 54,872	\$ 601,664	\$ 362,318
Accounts receivable (net of allowance for uncollectibles)	597,277	189,882	16,972	2,008
Inventories	149,700	-	-	-
Due from other governments	-	-	-	-
Prepays	5,415,183	-	322,423	4,356
<b>Total current assets</b>	<b>7,291,291</b>	<b>244,754</b>	<b>941,059</b>	<b>368,682</b>
<b>Noncurrent assets</b>				
Restricted cash and cash equivalents	2,230,164	-	-	85,097
Other	-	-	274,279	9,570
Capital assets nondepreciable:				
Land	65,147	-	-	-
Construction in progress	132,188	-	-	-
Depreciable capital assets				
Utility plant	90,903,712	9,940,819	14,388,870	3,447,774
Less accumulated depreciation	(41,985,472)	(2,767,241)	(7,109,111)	(905,137)
<b>Total noncurrent assets</b>	<b>51,345,739</b>	<b>7,173,578</b>	<b>7,554,038</b>	<b>2,637,304</b>
<b>Total assets</b>	<b>58,637,030</b>	<b>7,418,332</b>	<b>8,495,097</b>	<b>3,005,986</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Loss on debt refunding	265,248	-	-	-
<b>Total deferred outflows of resources</b>	<b>265,248</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>58,902,278</b>	<b>7,418,332</b>	<b>8,495,097</b>	<b>3,005,986</b>
<b>LIABILITIES AND NET POSITION</b>				
<b>Current liabilities</b>				
Accounts payable	200,109	204,986	17,320	5,237
Unearned revenue	5,352,751	-	-	-
Accrued interest payable	92,097	-	-	21,955
Matured bonds payable	820,000	-	-	-
Notes payable	584,306	-	-	41,545
Capital lease payable	4,203,830	-	-	-
<b>Total current liabilities</b>	<b>11,253,093</b>	<b>204,986</b>	<b>17,320</b>	<b>68,737</b>
<b>Noncurrent liabilities</b>				
Revenue bonds, net of unamortized premiums	2,698,142	-	-	-
Notes payable	3,296,466	-	-	1,047,259
Capital lease payable	33,515,194	-	-	-
<b>Total noncurrent liabilities</b>	<b>39,509,802</b>	<b>-</b>	<b>-</b>	<b>1,047,259</b>
<b>Total liabilities</b>	<b>50,762,895</b>	<b>204,986</b>	<b>17,320</b>	<b>1,115,996</b>
<b>Net position</b>				
Net investment in capital assets	4,262,885	7,173,578	7,279,759	2,542,637
Restricted				
Debt service	2,230,164	-	-	-
Unrestricted	1,646,334	39,768	1,198,018	(652,647)
<b>Total net position</b>	<b>8,139,383</b>	<b>7,213,346</b>	<b>8,477,777</b>	<b>1,889,990</b>
<b>Total liabilities and net position</b>	<b>\$ 58,902,278</b>	<b>\$ 7,418,332</b>	<b>\$ 8,495,097</b>	<b>\$ 3,005,986</b>

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

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 13**

<b>The Colorado Canal Company</b>	<b>The Lake Henry Reservoir Company</b>	<b>Pikes Peak Regional Communications Network</b>	<b>Total</b>
\$ 404,039	\$ 115,455	\$ -	\$ 2,667,479
13,112	2,007	66,343	887,601
-	-	-	149,700
-	-	1,611,217	1,611,217
33,886	1,933	-	5,777,781
<hr/> 451,037	<hr/> 119,395	<hr/> 1,677,560	<hr/> 11,093,778
-	8,803	-	2,324,064
25,334	32,409	-	341,592
-	-	-	65,147
-	6,655	-	138,843
2,435,095	1,275,012	-	122,391,282
(1,818,746)	(499,668)	-	(55,085,375)
<hr/> 641,683	<hr/> 823,211	<hr/> -	<hr/> 70,175,553
<hr/> 1,092,720	<hr/> 942,606	<hr/> 1,677,560	<hr/> 81,269,331
-	-	-	265,248
-	-	-	265,248
<hr/> 1,092,720	<hr/> 942,606	<hr/> 1,677,560	<hr/> 81,534,579
30,771	1,098	16,983	476,504
-	-	-	5,352,751
8,055	2,695	-	124,802
-	-	-	820,000
60,000	4,771	-	690,622
-	-	506,395	4,710,225
<hr/> 98,826	<hr/> 8,564	<hr/> 523,378	<hr/> 12,174,904
-	-	-	2,698,142
180,000	90,094	-	4,613,819
-	-	521,739	34,036,933
<hr/> 180,000	<hr/> 90,094	<hr/> 521,739	<hr/> 41,348,894
<hr/> 278,826	<hr/> 98,658	<hr/> 1,045,117	<hr/> 53,523,798
616,349	781,999	-	22,657,207
-	-	-	2,230,164
197,545	61,949	632,443	3,123,410
<hr/> 813,894	<hr/> 843,948	<hr/> 632,443	<hr/> 28,010,781
<hr/> \$ 1,092,720	<hr/> \$ 942,606	<hr/> \$ 1,677,560	<hr/> \$ 81,534,579

PROPRIETARY FUND COMPONENT UNITS  
 COMBINING STATEMENT OF ACTIVITIES  
 For the year ended December 31, 2015

	Program Revenues					
	Expenses	Charges for Services	Fountain Valley Authority	Aurora - Colorado Springs Joint Water Authority	The Twin Lakes Reservoir and Canal Company	The Lake Meredith Reservoir Company
<b>Fountain Valley Authority</b>						
General government	\$ 6,616,265	\$ 11,962,468	\$ 5,346,203			
<b>Aurora-Colorado Springs Joint Water Authority</b>						
General government	170,200	81,954		\$ (88,246)		
<b>The Twin Lakes Reservoir and Canal Company</b>						
General government	848,854	1,047,410			\$ 198,556	
<b>The Lake Meredith Reservoir Company</b>						
General government	124,674	246,811				\$ 122,137
<b>The Colorado Canal Company</b>						
General government	681,318	711,536				
<b>The Lake Henry Reservoir Company</b>						
General government	63,543	87,212				
<b>Pikes Peak Regional Communications Network</b>						
General government	869,570	1,313,704				
<b>Total component units</b>	<b>\$ 9,374,424</b>	<b>\$ 15,451,095</b>				
General revenues						
Investment earnings			1,005	56	426	168
<b>Total general revenues</b>			1,005	56	426	168
<b>Change in net position</b>			5,347,208	(88,190)	198,982	122,305
<b>Net position - January 1</b>			2,792,175	7,114,399	8,278,795	1,767,685
Prior period adjustment			-	187,137	-	-
<b>Net position - January 1 restated</b>			2,792,175	7,301,536	8,278,795	1,767,685
<b>Net position - December 31</b>			\$ 8,139,383	\$ 7,213,346	\$ 8,477,777	\$ 1,889,990

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

**CITY OF COLORADO SPRINGS**  
**COLORADO**  
**Exhibit 14**

<b>The Colorado Canal Company</b>	<b>The Lake Henry Reservoir Company</b>	<b>Pikes Peak Regional Communications Network</b>	<b>Total</b>
			\$ 5,346,203
			(88,246)
			198,556
			122,137
\$ 30,218			30,218
	\$ 23,669		23,669
		\$ 444,134	444,134
			6,076,671
515	51	13,460	15,681
515	51	13,460	15,681
30,733	23,720	457,594	6,092,352
783,161	820,228	174,849	21,731,292
-	-	-	187,137
783,161	820,228	174,849	21,918,429
\$ 813,894	\$ 843,948	\$ 632,443	\$ 28,010,781



# NOTES TO FINANCIAL STATEMENTS

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

**1. Governmental Fund Type Component Units**

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

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

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

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

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

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

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

City of Colorado Springs  
Chief Financial Officer  
30 South Nevada Avenue, Suite 202  
Colorado Springs, CO 80903

## **2. Proprietary Fund Type Component Units**

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

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

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

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

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

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

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

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

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

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

City of Colorado Springs  
Chief Financial Officer  
30 South Nevada Avenue, Suite 202  
Colorado Springs, CO 80903

**3. Joint Ventures**

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

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

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

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

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

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

City of Colorado Springs  
Chief Financial Officer  
30 South Nevada Avenue, Suite 202  
Colorado Springs, CO 80903

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

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

**B. Government-wide and Fund Financial Statements**

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

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

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

**C. Basis of Accounting**

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

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

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

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

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

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

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

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

**2. Receivables and Payables**

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

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

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

**3. Inventories and Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. At the combining and individual fund reporting level, an equal amount of fund balance is considered non-spendable as the amount is not available for general appropriation.

**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 fair 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 2015 capitalized interest rate of 4.23% is comprised of an interest rate on borrowed funds component and is applied to all major capital projects. Per Utilities' capitalization policy, the cost of additions to plant and replacement units of property in excess of \$5,000 is capitalized. Maintenance costs and replacement of minor items of property are charged to operating expense.

Depreciation of utility plant for Utilities is provided by using the straight-line method based

on the estimated service lives of the assets. Estimated service lives for major assets are as follows:

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

**6. Deferred Outflows/Inflows of Resources**

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

The statement of net position and balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has four types of items that qualify for reporting in this category. The first item, *unavailable revenue – property taxes*, is reported in the governmental funds balance sheets and government-wide statement of net position. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The statement of net position reports property tax revenues in the year in which the taxes are levied as an enforceable lien on the property. The second item, *gain on debt refundings*, is reported in both the government-wide statement of net position and proprietary funds balance sheet. Gains on debt refunding are deferred and amortized over the shorter of the life of the refunded or refunding debt. The third item, *unavailable revenue – loans (net of allowance for uncollectables)*, is reported in the governmental funds balance sheet and special revenue funds balance sheet and are recognized as loans are repaid or written off.

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

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

### **7. Compensated Absences**

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

### **8. Long-term Obligations**

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

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

**9. Net Position/Fund Balance**

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

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

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

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

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

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

Unassigned fund balances indicate amounts in the General Fund that are not classified as non-spendable, restricted, committed, or assigned. The General Fund is the only fund that

would report a positive amount in unassigned fund balance. Negative fund balances in other governmental funds are reported as unassigned once other purposes of that fund were reduced. For the General Fund, a negative 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, 2015, the Utilities fund recognized a liability of \$4,290,908 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 \$7,700,290. The average landfill capacity used to date is 64.1%. The estimated remaining landfill lives vary from 18 to 88 years. As of December 31, 2015, the governmental activities recognized a liability of \$273,638 for closure and postclosure care costs in the government-wide financial statements. There are no financial assurance requirements or restricted assets for the payment of closure and postclosure care costs. Estimates are stated in current dollars and shall be adjusted annually for inflation and changes in laws and regulations. An independent assessment is done every five years to verify this cost. Based on the last five-year independent assessment adjusted for inflation, the total closure and postclosure costs are \$7,973,928. The last independent assessment was performed in 2012.

#### **11. Derivative Instruments**

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

All financial derivatives are stated on the balance sheet at fair value as of December 31, 2015, based on quoted market prices, current market conditions, or other estimates obtained from third-party broker dealers or valuation services.

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

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**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

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

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

Capital assets, at historical cost	\$ 2,034,027,967
Accumulated depreciation	<u>(735,616,271)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 1,298,411,696</u>

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

Unavailable revenue	<u>\$ 16,779,621</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 16,779,621</u>

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

Interest on investments	<u>\$ 363,923</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 363,923</u>

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

Internal service fund allocation	<u>\$ (7,137,819)</u>
Net adjustment to decrease <i>fund balance - total governmental funds to arrive at net position - governmental activities</i>	<u>\$ (7,137,819)</u>

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

Bonds payable	\$ (52,161,460)
Less: Unamortized bond insurance premium (to be amortized over life of debt)	275,281
Accrued interest payable	(310,535)
Capital lease payable	(814,264)
Drainage fees payable	(2,885,809)
Compensated absences	(16,091,817)
Municipal solid waste landfill	(273,638)
Other post employment benefit obligation	(13,348,961)
Pension-related amounts	<u>(145,410,817)</u>
Net adjustment to decrease <i>fund balance - total governmental funds to arrive at net position - governmental activities</i>	<u>\$ (231,022,020)</u>

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

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

Capital outlay	\$ 30,534,734
Depreciation expense	<u>(52,746,341)</u>
 Net adjustments to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	 <u>\$ (22,211,607)</u>

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

In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.	\$ (1,892,953)
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Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>12,102,856</u>
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Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 10,209,903</u>
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Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of bond insurance premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. The details of this difference are as follows:

Principal repayments:

Bond premium	\$ (75,329)
Bond insurance premiums	(14,692)
General obligation debt (includes payment to bond escrow agent)	1,400,000
Sales tax revenue bonds	7,340,000
Certificates of participation	1,875,000
Capital leases	<u>318,009</u>

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

\$ 10,842,988

Another element of that reconciliation states that some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this difference are due to changes in the following:

Accrued interest	\$ 41,379
Drainage fees	150,000
Compensated absences	(599,824)
Landfill closing costs	(3,778)
Net pension obligation (pre-GASB 68)	1,539,165
Net other post employment benefit obligation	343,377
Net pension-related amounts	<u>4,264,275</u>

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

\$ 5,734,594

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

Unavailable revenue \$ (3,372,059)

Net adjustment to decrease *net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities* \$ (3,372,059)

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

Internal service fund activities \$ (1,035,765)

Net adjustment to decrease *net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities* \$ (1,035,765)

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

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

The City prepares annual budgets and maintains budgetary controls for all funds in order to ensure compliance with the annual appropriation ordinance as approved by City Council. The legal level of budgetary control for all funds is at the fund level. Transfer of appropriation within the budget of a department 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 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 2015, expenditures exceeded appropriations for the Workers' Compensation Self-Insurance fund by \$913,136 as a result of increased incidences, severity of claims and incurred but not reported claims adjustments. The Cable Franchise fund expenditures exceeded appropriations by \$11,101. Current year revenues were higher than anticipated, and as a result, expenditures were greater. The Park Developer Easement fund expenditures exceeded appropriations by \$172, as a result of unbudgeted bank fees. The Cemetery Endowment Fund expenditures exceeded appropriation by \$188,002 due to a loss in the market value of investments.

**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, 2015. The deficit in the Workers' Compensation Self-Insurance fund of \$10,177,969 is entirely due to incurred but not reported claims. The deficits in the Claims Reserve Self-Insurance fund and the Employee Benefits Self-Insurance of \$884,362 and \$5,014,269, respectively, are in large part due to incurred but not reported claims. The deficits in these three internal service funds decreased from the prior year. Public Authority for Colorado Energy, a proprietary fund, had deficit fund equity as of December 31, 2015. The deficit of \$115,142,000 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 \$52,245,037, Barnes & Powers North BID \$2,102,270, Barnes & Powers South BID \$445,210, First & Main BID \$191,173, First & Main North BID \$514,234, and Interquest South BID \$179,329. These deficits also relate to bonds that have been issued for capital assets. The deficits will decrease over time as the entities collect the dedicated general property taxes to make payments on the bonds. Additional information about the component units can be found in their respective financial statements.

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**IV. DETAILED NOTES ON ALL FUNDS**

**A. Unrestricted and Restricted Cash and Investments**

The City's restricted and unrestricted cash and investments, exclusive of component units, totaling \$518,309,000 and consisting of the following on December 31, 2015 (in 000's):

	Unrestricted Assets	Restricted Assets
Demand accounts (incl petty cash of \$32,000)	\$ 62,349	\$ 118,451
Money market mutual funds	29	11,305
Colorado Statewide Investment Program (CSIP)	5,086	-
Colorado Liquid Asset Trust (COLOTRUST)	-	602
Repurchase agreements	-	4,507
US treasury securities	156,926	11,915
US instrumentality securities	64,093	22,571
Domestic corporate fixed-income securities	29,728	-
International securities - US dollars	6,039	-
Municipal bonds	3,834	125
Certificates of deposit	11,595	-
Domestic equities	-	864
Guaranteed investment contract	-	6,573
Mortgages pooled	1,717	-
<b>Total</b>	<b>\$ 341,396</b>	<b>\$ 176,913</b>

Reconciliation of total deposits and investments to the financial statements at December 31, 2015 (in 000's):

	Governmental Activities	Business-type Activities	Fiduciary	Total
Unrestricted	\$ 107,225	\$ 232,471	\$ 1,700	\$ 341,396
Restricted	11,785	165,128	-	176,913
<b>Total</b>	<b>\$ 119,010</b>	<b>\$ 397,599</b>	<b>\$ 1,700</b>	<b>\$ 518,309</b>

**1. Deposits**

The carrying amount of the City's deposits at December 31, 2015, was \$180,767,000 and the bank balances were \$201,789,000. Of the bank balances, \$969,000 was covered by federal deposit insurance and \$200,820,000 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.

**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.

**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 and certain of its instrumentalities and are explicitly guaranteed by the United States Government. None of the City’s pooled investments at December 31, 2015, were subject to concentration of credit risk.

**Custodial credit risk:** Custodial risk is the risk, that in the event of the failure of a depository financial institution, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. A designated portfolio manager places the City’s investments during the fiscal year. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City’s name and are held by either the counterparty to the investment purchase or held by the counter party’s trust department or agent but not held in the City’s name. None of the City’s investments owned at December 31, 2015, were subject to custodial credit risk.

As of December 31, 2015, 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, 2015, the City had the following investment maturities and credit quality distribution:

<u>Investment Type</u>	<u>Fair Value (in 000's)</u>	<u>Weighted Average Maturity (Years)</u>
Money market mutual funds	\$ 11,334	0.00
Colorado Statewide Investment Program (CSIP)	5,086	0.00
Colorado Liquid Asset Trust (COLOTRUST)	602	0.00
Repurchase agreements	4,507	0.00
US treasury securities	168,841	1.60
US instrumentality securities	86,664	1.81
Domestic corporate fixed-income securities	29,728	1.86
International securities - US dollars	6,039	1.20
Municipal bonds	3,959	3.19
Certificates of deposit	11,595	1.50
Domestic equities	864	0.00
Guaranteed investment contract	6,573	22.88
Mortgages pooled	1,717	2.95
Total	337,509	
Portfolio weighted average maturity		2.00
Reconciliation to total cash and investments Add:		
Cash on hand and in banks	180,800	
	\$ 518,309	

Credit Quality Distribution for Securities as a Percentage of Total Investments:

	Standard and Poor's (S&P)	% of Total
Money market mutual funds	AAA	1.99%
Money market mutual funds	unrated	2.88%
Local investment pools	AAA	0.18%
Repurchase agreements	unrated	1.33%
US treasury securities	AA	50.03%
US instrumentality securities	AA	25.68%
Domestic corporate fixed-income securities	AAA	1.82%
Domestic corporate fixed-income securities	AA	6.99%
International securities - US dollars	AA	1.79%
Municipal bonds	AAA	0.28%
Municipal bonds	AA	0.89%
Certificates of deposit	AA	0.86%
Certificates of deposit	A	2.57%
Domestic equities	unrated	0.26%
Guaranteed investment contract	AA	0.97%
Guaranteed investment contract	A	0.97%
Mortgages pooled	AA	0.51%
		100.00%

As of December 31, 2015, the City has invested \$602,000 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 fair 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 17<sup>th</sup> Street, Suite 1850  
Denver, CO 80202  
[www.colotruster.com](http://www.colotruster.com)

During 2015, the City invested in the PFM Funds Prime Series, Colorado Investors Class, a money market mutual fund (marketed as the Colorado Statewide Investment Program or CSIP). The Prime Series is a separate investment portfolio of PFM Funds (the Trust). The Trust is an open-end, diversified, management investment company registered under the Investment Company Act of 1940. The PFM Funds Prime Series invests in obligations of the United States Government and its agencies, high quality debt obligations of U.S. companies and obligations of financial institutions and is rated AAAM by S&P. PFM Asset Management, LLC serves as the investment advisor, administrator and transfer agent. Shares of the fund are distributed by PFM Fund Distributors, Inc., member Financial Industry Regulatory Authority (FINRA). U.S. Bank N.A. serves as the custodian and acts as safekeeping agent. As of December 31, 2015, the City had \$5,086,000 invested in the PFM Funds Prime Series. To obtain financial statements for PFM Funds Prime Series, Colorado Investors Class, you may contact them at:

PFM  
633 17<sup>th</sup> Street, Suite 2250  
Denver, CO 80202  
[www.csipinvest.com](http://www.csipinvest.com)

**3. Component Unit Deposits and Investments**

Cash and investments of the component units of the City are reported at fair value and consist of the following at December 31, 2015 (in 000's):

	Demand accounts	Money market mutual funds	COLOTRUST	US Treasury securities	Total
Governmental Activities:					
Colorado Springs Health Foundation	\$ 3,832	\$ 32,535	\$ -	\$ 49,835	\$ 86,202
Urban Renewal Authority	3,534	-	1,341	-	4,875
Downtown Development Authority	2,494	-	-	-	2,494
Greater Downtown Colorado Springs BID	376	-	-	-	376
Briargate Center BID	-	754	93	-	847
Barnes & Powers North BID	35	-	101	-	136
Barnes & Powers South BID	2	-	84	-	86
First & Main BID	27	-	48	-	75
First & Main BID No. 2	400	-	1,144	-	1,544
First & Main North BID	11	-	50	-	61
Interquest North BID	145	-	1,089	-	1,234
Interquest South BID	1	-	-	-	1
Powers & Woodmen Commercial BID	42	-	375	-	417
Sub-total	<u>10,899</u>	<u>33,289</u>	<u>4,325</u>	<u>49,835</u>	<u>98,348</u>
Business-type Activities:					
Fountain Valley Authority	2,174	1,185	-	-	3,359
Aurora-Colorado Springs Joint Water Authority	55	-	-	-	55
Various Canal & Reservoir Companies	1,578	-	-	-	1,578
Sub-total	<u>3,807</u>	<u>1,185</u>	<u>-</u>	<u>-</u>	<u>4,992</u>
Total	<u>\$ 14,706</u>	<u>\$ 34,474</u>	<u>\$ 4,325</u>	<u>\$ 49,835</u>	<u>\$ 103,340</u>

Note: Immaterial differences may occur due to rounding.

Reconciliation of total deposits and investments to the government-wide financial statements at December 31, 2015 (in 000's):

	Governmental Activities	Business-type Activities	Total
Unrestricted	\$ 39,828	\$ 2,668	\$ 42,496
Restricted	<u>58,520</u>	<u>2,324</u>	<u>60,844</u>
Total	<u>\$ 98,348</u>	<u>\$ 4,992</u>	<u>\$ 103,340</u>

The carrying amount of the deposits of the component units of the City at December 31, 2015, was \$14,706,000, and the bank balances were \$14,730,000. Of the bank balances, \$2,694,000 was covered by federal deposit insurance, and \$7,749,000 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, 2015, bank balances exceeded federally insured limits by approximately \$4,287,000.

**B. Receivables**

Receivables for governmental funds, proprietary funds, fiduciary funds and component units at December 31, 2015, include the following (in 000's):

	General	Utilities	PACE	MHS	Non-Major & Other	Total
Interest	\$ -	\$ 173	\$ -	\$ -	\$ -	\$ 173
Taxes	35,049	-	-	-	15,141	50,190
Accounts	2,699	96,279	6,954	6,263	23,695	135,890
Lease	-	-	-	102,117	-	102,117
Assessments	4	-	-	-	5,064	5,068
Intergovernmental loans	-	-	-	-	19,975	19,975
Notes and loans	300	-	-	-	2,669	2,969
Gross receivables	38,052	96,452	6,954	108,380	66,544	316,382
Less: allowances for uncollectibles	(50)	(3,197)	-	-	(3,213)	(6,460)
Net receivables	\$ 38,002	\$ 93,255	\$ 6,954	\$ 108,380	\$ 63,331	\$ 309,922

Note: Immaterial differences may occur due to rounding.

Loans receivable of \$19,974,736 are included in receivables - net of an allowance of \$3,199,574 in the statement of net position as of December 31, 2015, 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.

**C. Interfund Receivables, Payables and Transfers**

Individual fund interfund receivable and payable balances as of December 31, 2015, were:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Utilities	\$ 4,010,525
	Non-major Governmental Funds	4,142,698
	Internal Services	1,048,442
	Component Unit	184
	Sub-Total	<u>9,201,849</u>
Utilities	General Fund	810,168
	Non-major Governmental Funds	3,362,837
	Non-major Business-type Funds	120,208
	Internal Services	1,914
	Component Unit	1,300
Sub-Total	<u>4,296,427</u>	
Non-major Governmental Funds	General Fund	2,100,000
	Utilities	1,825
Sub-Total	<u>2,101,825</u>	
Non-major Business-type Funds	General Fund	1,652,428
	Utilities	19,275
Sub-Total	<u>1,671,703</u>	
Internal Service Funds	Utilities	57,511
	Sub-Total	<u>57,511</u>
Fiduciary Fund	Utilities	403
	Sub-Total	<u>403</u>
Component Unit	Fiduciary	1,611,217
	Sub-Total	<u>1,611,217</u>
Total		<u>\$ 18,940,935</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 \$1,652,428 due to Non-major Business-type Funds from the General Fund resulted from construction of the parking facility for the General Fund’s use; \$1,584,093 of the balance is due beyond one year.

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

	Transfers In:			Total
	General Fund	Non-major Governmental Funds	Non-major Enterprise Funds	
Transfers Out:				
General fund	\$ -	\$ 13,092,565	\$ -	\$ 13,092,565
Non-major governmental funds	425,715	-	250,000	675,715
Utilities	30,975,000	-	-	30,975,000
Internal Service funds	1,173,282	-	-	1,173,282
	<u>\$ 32,573,997</u>	<u>\$ 13,092,565</u>	<u>\$ 250,000</u>	<u>45,916,562</u>
Total transfers in				<u>\$ 45,916,562</u>

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 3) to move capital assets from one fund to another fund when the fund using the capital asset changes.

**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 2015, the amount transferred was \$31.3 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 2015, the various components of unavailable revenue and unearned revenue reported in the government funds were as follows:

**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2015**

	<u>Unavailable</u>	<u>Unearned</u>
Loans	\$ 16,775,162	\$ -
Property taxes	23,195,750	-
Special assessment	4,459	-
Grant drawdowns prior to meeting all eligibility requirements	-	11,215,106
Other unearned revenue	-	<u>1,763,739</u>
Total unavailable/unearned revenue for governmental funds	<u>\$ 39,975,371</u>	<u>\$ 12,978,845</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, 2015:

Materials and supplies	\$ 36,566,149
Fuel	<u>14,583,752</u>
Total	<u>\$ 51,149,901</u>

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**G. Changes in Capital Assets**

The following schedule reflects the changes in capital assets, exclusive of discretely presented component units, for the year ended December 31, 2015 (in 000's):

	Beginning Balance	Increases*	Decreases*	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated:				
Land	\$ 330,658	\$ 6,846	\$ -	\$ 337,504
Construction in progress	18,462	22,489	(20,594)	20,357
Total capital assets not being depreciated	<u>349,120</u>	<u>29,335</u>	<u>(20,594)</u>	<u>357,861</u>
Capital assets being depreciated:				
Buildings	178,789	2,890	-	181,679
Improvements other than buildings	62,417	799	-	63,216
Machinery and equipment	138,187	7,824	(1,672)	144,339
Intangibles	19,679	1,015	-	20,694
Infrastructure	<u>1,247,674</u>	<u>20,794</u>	<u>(1,242)</u>	<u>1,267,226</u>
Total capital assets being depreciated	<u>1,646,746</u>	<u>33,322</u>	<u>(2,914)</u>	<u>1,677,154</u>
Less accumulated depreciation for:				
Buildings	(69,620)	(4,622)	-	(74,242)
Improvements other than buildings	(24,059)	(2,318)	-	(26,377)
Machinery and equipment	(105,930)	(8,963)	1,571	(113,322)
Intangibles	(4,324)	(1,443)	-	(5,767)
Infrastructure	<u>(481,165)</u>	<u>(35,423)</u>	<u>-</u>	<u>(516,588)</u>
Total accumulated depreciation	<u>(685,098)</u>	<u>(52,769)</u>	<u>1,571</u>	<u>(736,296)</u>
Total capital assets being depreciated, net	<u>961,648</u>	<u>(19,447)</u>	<u>(1,343)</u>	<u>940,858</u>
Governmental activities capital assets, net	<u>\$ 1,310,768</u>	<u>\$ 9,888</u>	<u>\$ (21,937)</u>	<u>\$ 1,298,719</u>

\* Includes transfers between categories.

Note: Immaterial differences may occur due to rounding.

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

	Beginning Balance	Increases*	Decreases*	Ending Balance
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated:				
Land	\$ 171,835	\$ -	\$ (49)	\$ 171,786
Intangible	18,293	5,696	-	23,989
Construction in progress	823,988	295,339	(100,146)	1,019,181
Total capital assets not being depreciated	<u>1,014,116</u>	<u>301,035</u>	<u>(100,195)</u>	<u>1,214,956</u>
Capital assets being depreciated:				
Building	100,561	133	-	100,694
Improvements other than buildings	279,247	1,312	(906)	279,653
Machinery and equipment	32,985	1,158	(96)	34,047
Infrastructure	48,243	214	(524)	47,933
Utilities plant	4,596,734	106,756	(11,634)	4,691,856
Intangible	44,413	3,759	-	48,172
Total capital assets being depreciated	<u>5,102,183</u>	<u>113,332</u>	<u>(13,160)</u>	<u>5,202,355</u>
Less accumulated depreciation for:				
Building	(50,446)	(2,656)	-	(53,102)
Improvements other than buildings	(113,851)	(10,687)	525	(124,013)
Machinery and equipment	(17,526)	(2,007)	88	(19,445)
Infrastructure	(8,089)	(1,627)	-	(9,716)
Utilities plant	(1,956,136)	(111,977)	11,080	(2,057,033)
Intangible	(33,358)	(6,206)	-	(39,564)
Total accumulated depreciation	<u>(2,179,406)</u>	<u>(135,160)</u>	<u>11,693</u>	<u>(2,302,873)</u>
Total capital assets being depreciated, net	<u>2,922,777</u>	<u>(21,828)</u>	<u>(1,467)</u>	<u>2,899,482</u>
Business-type activities capital assets, net	<u>\$3,936,893</u>	<u>\$ 279,207</u>	<u>\$ (101,662)</u>	<u>\$4,114,438</u>

\* Includes transfers between categories.

Note: Immaterial differences may occur due to rounding.

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

Depreciation expense was charged to governmental activities and business-type activities as of December 31, 2015, as follows (in 000's):

Governmental Activities:		Business-type Activities:	
General government	\$ 4,509	Utilities	\$ 118,108
Public safety	5,791	Non-major enterprise funds	<u>17,052</u>
Public works	38,881		
Parks	3,503		
Planning/housing	62	Total depreciation expense	
Internal service funds	<u>23</u>	business-type activities	<u>\$ 135,160</u>
Total depreciation expense governmental activities	<u>\$ 52,769</u>		

The following schedules reflect the changes in discretely presented component unit capital assets for the year ended December 31, 2015 (in 000's):

	Beginning Balance	Increases*	Decreases*	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets being depreciated:				
Improvements	\$ 2,996	\$ -	\$ -	\$ 2,996
Machinery and equipment	161	-	(56)	105
Infrastructure	<u>24,448</u>	<u>3,410</u>	<u>-</u>	<u>27,858</u>
Total capital assets being depreciated	<u>27,605</u>	<u>3,410</u>	<u>(56)</u>	<u>30,959</u>
Less accumulated depreciation for:				
Improvements	(830)	(108)	-	(938)
Machinery and equipment	(128)	(10)	56	(82)
Infrastructure	<u>(4,940)</u>	<u>(815)</u>	<u>-</u>	<u>(5,755)</u>
Total accumulated depreciation	<u>(5,898)</u>	<u>(933)</u>	<u>56</u>	<u>(6,775)</u>
Total capital assets being depreciated, net	<u>21,707</u>	<u>2,477</u>	<u>-</u>	<u>24,184</u>
Governmental activities capital assets, net	<u>\$ 21,707</u>	<u>\$ 2,477</u>	<u>\$ -</u>	<u>\$ 24,184</u>

\* Includes transfers between categories.

Note: Immaterial differences may occur due to rounding.

**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2015**

	<u>Beginning Balance*</u>	<u>Increases**</u>	<u>Decreases**</u>	<u>Ending Balance</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated:				
Land	\$ 65	\$ -	\$ -	\$ 65
Construction in progress	1,622	24	(1,507)	139
Total capital assets not being depreciated	<u>1,687</u>	<u>24</u>	<u>(1,507)</u>	<u>204</u>
Capital assets being depreciated:				
Utilities plant	120,219	2,213	(41)	122,391
Less accumulated depreciation for:				
Utilities plant	<u>(53,504)</u>	<u>(1,622)</u>	<u>41</u>	<u>(55,085)</u>
Total capital assets being depreciated, net	<u>66,715</u>	<u>591</u>	<u>-</u>	<u>67,306</u>
Business-type activities				
Discretely presented component unit capital assets, net	<u>\$ 68,402</u>	<u>\$ 615</u>	<u>\$ (1,507)</u>	<u>\$ 67,510</u>

\* As 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, 2015, was \$1,068,499 for governmental activities and \$181,626 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
2016	\$ 929,149
2017	913,322
2018	914,695
2019	907,819
2020	710,892
2021-2022	481,646
<b>Total</b>	<b>\$ 4,857,523</b>

**2. Operating Leases (Component Units)**

The City's component units for governmental activities had no operating lease rental expense for 2015. The Pikes Peak Regional Communications Network (PPRCN) was the only City business-type activity that had operating lease rental expense for 2015, which was \$57,114. The following is a schedule of minimum rental payments for PPRCN for succeeding years:

Year ending December 31:	Business-type Activities
2016	\$ 46,913
2017	10,890
2018	10,890
2019	10,890
2020	10,890
2021	2,334
<b>Total</b>	<b>\$ 92,807</b>

**3. Capital Leases**

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

Future minimum lease obligations consist of only governmental activities and no business-type activities. The following schedule shows these obligations, and their net present value as of December 31, 2015, exclusive of component units, (in 000's):

Year	Governmental Activities
2016	\$ 349
2017	196
2018	196
2019	33
2020	33
2021-2022	<u>65</u>
Future minimum lease payments	872
Amount representing interest	<u>(58)</u>
Present value of net minimum payments	<u><u>\$ 814</u></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
Machinery and equipment	\$ 2,747
Accumulated depreciation	<u>(1,548)</u>
Net capitalized lease property	<u><u>\$ 1,199</u></u>

Note: Immaterial differences may occur due to rounding.

Amortization of the leased property is included in depreciation expense.

**4. Capital Leases (Component Units)**

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

As of December 31, 2015, future minimum payments under these capital leases consisted of the following (in 000's):

<u>Year</u>	<u>Business-type Activities</u>
2016	\$ 5,891
2017	5,890
2018	5,353
2019	5,353
2020	5,353
2021-2024	<u>16,348</u>
Future minimum lease payments	44,188
Amount representing interest	<u>(5,441)</u>
Present value of net minimum payments	<u>\$ 38,747</u>

Note: Immaterial differences may occur due to rounding.

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

	<u>Business-type Activities</u>
Assets:	
Utilities plant	\$ 72,619
Accumulated depreciation	<u>(26,486)</u>
Net capitalized lease property	<u>\$ 46,133</u>

Note: Immaterial differences may occur due to rounding.

Amortization of the plant cost has been included in depreciation expense for 2015.

**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, 2015, future minimum payments under the capital lease consisted of the following (in 000's):

<u>Year</u>	<u>Amount</u>
2016	\$ 5,612
2017	5,612
2018	5,612
2019	5,612
2020	5,612
2021-2025	28,061
2026-2030	28,061
2031-2035	28,061
2036-2040	28,061
2041-2042	<u>9,820</u>
Future minimum lease payments	150,124
Amount representing discount interest	<u>(48,007)</u>
Present value of net minimum payments	<u>\$ 102,117</u>

Note: Immaterial differences may occur due to rounding.

The Lessee is also required to make Margin Sharing Payments to MHS throughout the 40-year term of the Lease Agreement equal to 5% of the excess in any fiscal year of Operating

EBITDA, as defined, over a baseline annual margin of 8%. While no amounts have been recorded in the accompanying financial statements relating to future contingent Margin Sharing Payments, during 2015, MHS did receive and recognize a \$1.35 million Margin Sharing Payment based upon UCH's financial performance in its fiscal year 2014-2015. The Lessee is also obligated to spend an annual average of \$28,000,000 for capital improvements during the term of the Lease Agreement and UCH is obligated under the Lease related instruments to provide \$3 million annually for 40 years to fund the development of a branch of the University of Colorado, School of Medicine in Colorado Springs.

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

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

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

**Colorado Springs Health Foundation** – In connection with the Lease Agreement and contemplated transaction, Colorado Springs Health Foundation (Foundation) was established in 2012 pursuant to the provisions of City Council Resolution No. 121-12. As further provided in that resolution, and subject to any obligation payable by the Foundation under a Guaranty and Indemnification Agreement (the "Guaranty") executed by the Foundation, the Foundation receives distributions of funds related to the lease transaction for the purpose of addressing community health issues in the MHS System service area. In accordance with the Lease and the Guaranty, in order to fulfill certain

indemnification against claims and other obligations that the City or MHS has to UCH, the Foundation held \$50 million in a "segregated account" through October 1, 2015. After that date, the Foundation is required to hold \$25 million in the "segregated account" through October 1, 2017. Such claims and obligations are subject to a dispute resolution process.

In late 2014, two former Health System employees commenced a lawsuit in state court asserting claims based upon the discontinuance of PERA participation after the effective date of the Lease, and seeking class action status for all former MHS System employees. The City removed the case to federal district court and filed a motion to dismiss the action, which has been granted. The plaintiffs subsequently appealed that decision to the U.S. Court of Appeals for the 10<sup>th</sup> Circuit, the matter has been briefed, and oral argument is set for May 4, 2016. Though liability has been denied, should the federal district court decision be reversed, any adverse judgment would constitute the kind of obligation for which the segregated funds held by the Foundation and other funds of the Foundation would be available for its satisfaction. The amount of any liability in the event of an adverse judgment cannot be reasonably estimated.

In November 2015, City Council approved Resolution No. 109-15, approving a Funds Management Agreement between the City and the Foundation. The Funds Management Agreement provides greater clarity with respect to how lease proceeds will be transferred to the Foundation and how the Foundation will invest funds. The agreement also specifies that until the lawsuit described above reaches final disposition, the Foundation will invest the \$25 million released from the segregated account on October 1, 2015, in accordance with the City's Investment Policy.

**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. This amount was recognized as a receivable to the MHS and a payable to the Foundation.

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

**I. Revolving Loan Agreement/Line of Credit**

Utilities entered into a Revolving Loan Agreement with U.S. Bank National Association ("U.S. Bank") dated as of September 4, 2013 (the "2013 U.S. Bank Line of Credit"), and a Revolving Loan Agreement with KeyBank National Association ("KeyBank") dated as of September 4, 2013 (the "2013 KeyBank Line of Credit") together referred to as the "Credit Lines." As of December 31, 2013, Utilities may receive advances up to \$25.0 million under the 2013 U.S. Bank Line of Credit, and \$50.0 million under the 2013 KeyBank Line of Credit, for a total of \$75.0 million to fund Utilities' operating needs and normal expenditures including, without limitation, regularly scheduled capital expenses. Utilities' repayment obligations under the Credit Lines are limited to the net pledged revenues on a subordinate basis to the parity bonds and certain related obligations. The 2013 Credit Lines expire on September 4, 2016. Utilities has entered into several agreements similar to the Credit Lines over the past several years, and to date, Utilities has not drawn on any such agreement.

**J. Long-term Debt**

During 2015, Utilities issued \$82,975,000 of Utilities System Refunding Revenue Bonds, Series 2015A to advance refund portions of the City's outstanding Utilities System Refunding Revenue Bonds, Series 2007C, Utilities System Refunding Revenue Bonds, Series 2008B, Utilities System Improvement Revenue Bonds, Series 2008C and Utilities System Refunding Revenue Bonds, Series 2009A. These series and any subsequently issued and outstanding revenue bonds are equitably and ratably secured by a lien on net pledged revenues. The reacquisition price of the refunded bonds exceeded the net carrying amount of the old debt by \$2,089,411. 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 2015 debt service payments were reduced by a total of \$7,838,300. The refunding transaction resulted in a net present value savings of \$5,728,928.

During 2015, the City issued \$9,520,000 Parking System Revenue Refunding Bonds, Series 2015 to current refund and defease outstanding Parking System Revenue Refunding Bonds, Series 1999 and Series 2006 and to pay certain costs of issuance. The reacquisition price for the Series 1999 and Series 2006 Bonds exceeded the net carrying amount of the old debt by \$33,437 and \$126,345, respectfully. These amounts are recognized as a deferred loss on refunding in the deferred outflows of resources on the Statement of Net Position. The loss is amortized over the old debt's life, which is 4 years for the Series 1999 Bonds and 13 years for the Series 2006 Bonds. The current refunding reduced debt service payments by \$1,176,190 and resulted in a net present value savings of \$908,320.

During 2015, First & Main Business Improvement District No. 2 (District), a governmental fund type component unit of the City, issued \$1,750,000 in Limited Tax General Obligation Bonds (Series 2015 GO Bonds). The Series 2015 GO Bonds are due December 1, 2044, and bear an interest rate of 6.75% paid annually on December 1, in addition to mandatory sinking fund

redemptions. The Series 2015 GO Bonds are subject to redemption prior to maturity on or after December 1, 2024. The proceeds from the Series 2015 GO Bonds were used to reimburse the developer for capital infrastructure costs and to pay bond issuance costs. The bonds are secured by and payable from pledged revenues. In addition, the District issued \$1,725,000 in Public Improvement Fee Revenue Bonds (Series 2015 PIF Bonds) during 2015. The Series 2015 PIF Bonds are due December 1, 2039, and bear an interest rate of 6.75% paid annually on December 1. The Series 2015 PIF Bonds are subject to redemption prior to maturity on or after December 1, 2024. The Series 2015 PIF Bonds will be repaid by pledged revenues. The proceeds from the Series 2015 PIF Bonds were used to reimburse the developer for capital infrastructure costs and to pay bond issuance costs.

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

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

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

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

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

**1. Summary of Long-term Debt**

The following table summarizes significant facts about the long-term debt outstanding at December 31, 2015:

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
<b>Governmental Activities<sup>1</sup></b>					
General Obligation Bonds					
Spring Creek GID Series 2005	\$ 2,695	\$ 1,230	\$ 226	5.900%	2007 - 2020
Briargate GID Series 2014	8,960	8,530	2,219	2.960	2015 - 2030
Marketplace at Austin Bluffs GID Series 2008	2,790	2,430	1,764	6.500	2010 - 2033
Sales Tax Revenue Bonds					
Series 2007	10,405	2,635	132	4.000 - 5.000	2009 - 2016
Certificates of Participation					
United States Olympic Committee Series 2009	31,470	30,505	24,231	2.000 - 5.000	2010 - 2039
Refunding COP Series 2011	13,485	5,945	594	1.000 - 5.000	2011 - 2020
<b>Total Governmental Activities</b>	<b>\$ 69,805</b>	<b>\$ 51,275</b>	<b>\$ 29,166</b>		
<b>Business-type Activities<sup>2</sup></b>					
Revenue Bonds - Utilities					
Series 2000A	\$ 110,000	\$ 110,000	\$ 45,870	0.030%	2029
Series 2000B	15,000	5,875	1,385	7.500	2001 - 2020
Series 2002C	27,055	27,055	10,942	0.320	2027
Series 2004A	117,450	99,275	18,533	4.112	2010 - 2023
Series 2005A	100,000	88,545	50,209	4.710	2010 - 2035
Series 2006A	60,625	59,975	23,649	4.481	2015 - 2025
Series 2006B	75,000	69,100	36,538	4.119	2011 - 2036
Series 2007A	75,000	65,770	27,176	3.198	2008 - 2037
Series 2007B	87,275	87,275	43,104	5.295	2023 - 2026
Series 2007C	24,415	7,560	1,060	4.000 - 5.000	2008 - 2022
Series 2008A	50,000	43,520	25,755	4.269	2009 - 2038
Series 2008B	27,935	9,275	4,017	3.000 - 5.400	2009 - 2033
Series 2008C	41,975	5,125	5,076	4.500 - 5.500	2013 - 2048
Series 2008D	3,631	1,557	74	1.350	2008 - 2021
Series 2009A	60,750	22,710	9,955	2.250 - 5.000	2010 - 2033
Series 2009B	82,000	72,640	56,189	4.000 - 5.545	2010 - 2039
Series 2009C	66,455	62,755	40,016	5.475	2010 - 2028
Series 2009D	56,750	56,750	73,637	4.164 - 6.313	2016 - 2049
Series 2010A	139,835	116,740	51,497	0.600 - 5.467	2011 - 2040
Series 2010B	180,000	180,000	215,032	3.397 - 5.738	2016 - 2050
Series 2010C	50,000	45,210	26,233	3.881	2011 - 2040
Series 2010D	273,855	248,020	230,165	1.324 - 6.615	2011 - 2040
Series 2011A	167,490	108,030	46,421	2.000 - 5.000	2012 - 2033
Series 2012A	50,000	46,265	29,097	4.024	2012 - 2041
Series 2012B	108,015	104,185	54,511	3.000 - 5.000	2013 - 2043
Series 2012C	157,670	149,255	68,055	3.000 - 5.000	2013 - 2042
Series 2013A	97,580	96,975	65,113	1.500 - 5.000	2013 - 2045
Series 2013B-1	58,915	57,070	49,371	1.500 - 5.000	2014 - 2043
Series 2013B-2	68,645	66,660	58,442	2.000 - 5.000	2014 - 2043
Series 2014A-1	58,515	58,515	52,751	4.000 - 5.000	2019 - 2044
Series 2014A-2	53,995	53,995	48,595	4.000 - 5.000	2019 - 2044
Series 2015A	82,975	82,975	57,104	3.000 - 5.000	2018 - 2048
Revenue Bonds - Public Authority for Colorado Energy					
Series 2008	653,210	618,810	613,762	5.750 - 6.500	2009 - 2038

(continued)

# NOTES TO FINANCIAL STATEMENTS

# DECEMBER 31, 2015

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
<b>Business-type Activities<sup>2</sup></b>					
(continued)					
Revenue Bonds - Airport					
Series 2007A	\$ 3,725	\$ 1,680	\$ 227	4.000 - 4.500%	2007 - 2021
Series 2007B	8,500	5,910	1,292	4.000 - 5.000	2007 - 2023
Series 2014	11,185	9,450	2,247	5.000	2014 - 2023
Revenue Bonds - Parking System					
Series 2015	9,520	8,865	1,421	2.43	2015 -2027
Notes Payable					
Airport, 2006	3,048	1,909	1,478	8.500	2006 - 2030
Airport, 2014	2,336	2,127	275	2.500	2015 - 2024
Commercial Paper Series A - Utilities <sup>4</sup>	17,500	17,500	N/A	N/A	N/A
Commercial Paper Series B - Utilities <sup>5</sup>	17,500	17,500	N/A	N/A	N/A
Wastewater Facility - Utilities, 1998B	22,204	8,300	750	3.700 - 5.500	1999 - 2019
Drinking Water - Utilities, 2009	8,600	6,833	1,403	2.5	2011 - 2030
<b>Total Business-type Activities</b>	<b>\$ 3,386,134</b>	<b>\$ 3,007,541</b>	<b>\$ 2,148,427</b>		
<b>Component Units<sup>2</sup></b>					
Special Assessment Revenue Bonds					
Briargate Center BID - Series 2006	\$ 7,360	\$ 4,820	\$ 1,704	4.500 - 4.900%	2006 - 2027
Urban Renewal Authority - Series 2008A	47,125	42,075	25,686	7.000	2011 - 2029
Urban Renewal Authority - Series 2008B <sup>3</sup>	7,505	7,435	-	7.500	N/A
Limited Tax General Obligation Bonds					
Barnes & Powers North BID - Series 2007	4,000	3,615	3,133	6.500	2009 - 2036
Barnes & Powers South BID - Series 2007	835	615	264	6.500	2009 - 2026
First & Main BID - Series 2009	1,650	1,495	1,957	8.500	2009 - 2038
First & Main North BID - Series 2005	1,927	1,688	1,240	6.000	2005 - 2035
First & Main No. 2 BID - Series 2009	2,400	2,265	2,963	8.500	2011 - 2038
First & Main No. 2 BID - Series 2015	1,750	1,730	2,258	6.750	2015-2044
Interquest North BID - Series 2010	6,500	6,255	8,756	8.500	2012 - 2040
Powers & Woodmen Commercial BID - Series 2010	1,850	1,750	2,405	8.500	2011 - 2039
Revenue Bonds					
First & Main No. 2 BID - Series 2011	2,000	1,850	2,053	8.500	2011 - 2035
First & Main No. 2 BID - Series 2015	1,725	1,725	1,839	6.750	2017-2039
Fountain Valley Authority - Series 2013	5,255	3,385	232	2.000 - 3.000	2013 - 2019
Notes Payable and Lines of Credit					
Briargate Center BID, 2012	4,335	3,830	517	3.890	2012 - 2019
Urban Renewal Authority, 2008 <sup>3</sup>	3,420	3,395	-	4.500	N/A
Urban Renewal Authority, 2009 <sup>3</sup>	158	159	-	5.000	N/A
Urban Renewal Authority, 2012 <sup>3</sup>	778	778	-	7.000	2013 - 2028
First & Main BID, 2012 <sup>3</sup>	5	5	-	7.000	N/A
First & Main North BID, 2006 <sup>3</sup>	28	21	-	7.000	N/A
Interquest South BID, 2006 <sup>3</sup>	115	115	-	7.000	N/A
Powers & Woodmen Commercial BID, 2006 <sup>3</sup>	67	67	-	7.000	N/A
Fountain Valley Authority	10,830	3,881	704	3.030 - 4.400	2001 - 2024
The Colorado Canal Company, 2014	300	240	30	5.000	2015 - 2019
The Lake Henry Reservoir Company, 2003	148	95	35	4.250	2006 - 2030
The Lake Meredith Reservoir Company, 2003	1,472	1,089	467	4.000	2005 - 2034
<b>Total Component Units</b>	<b>\$ 113,538</b>	<b>\$ 94,378</b>	<b>\$ 56,243</b>		

<sup>1</sup>Exclusive of capital leases, municipal solid waste landfill and compensated absences

<sup>2</sup>Exclusive of capital leases and other liabilities

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

<sup>4</sup>Weighted average maturity date of the current issue is 85 days. Unable to calculate future aggregate interest requirements.

<sup>5</sup>Weighted average maturity date of the current issue is 28 days. Unable to calculate future aggregate interest requirements.

**2. Changes in Long-term Liabilities**

The City has issued and has long-term debt in various instruments. The following is a summary of transactions of the long-term liabilities, exclusive of discretely presented component units, for the year ended December 31, 2015 (in 000's):

	Beginning Balance*	Additions	Reductions	Ending Balance	Amounts Due within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and notes payable:					
General obligation bonds	\$ 13,590	\$ -	\$ 1,400	\$ 12,190	\$ 735
Sales tax revenue bonds	9,975	-	7,340	2,635	2,635
Certificates of participation	38,325	-	1,875	36,450	1,990
Capital leases	1,133	-	319	814	327
	63,023	-	10,934	52,089	5,687
Add issuance premium	1,291	-	229	1,062	-
Total bonds and notes payable	64,314	-	11,163	53,151	5,687
Other liabilities:					
Municipal solid waste landfill	270	4	-	274	-
Compensated absences	15,715	16,706	16,105	16,316	816
Net pension obligation	1,539	-	1,539	-	-
Net pension liability	179,317	24,197	21,796	181,718	-
Net OPEB obligation	13,692	1,339	1,682	13,349	-
Developer reimbursements	3,036	-	150	2,886	-
Total other liabilities	213,569	42,246	41,272	214,543	816
Governmental activities long-term liabilities	<u>\$ 277,883</u>	<u>\$ 42,246</u>	<u>\$ 52,435</u>	<u>\$ 267,694</u>	<u>\$ 6,503</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and notes payable:					
Revenue bonds	\$ 3,023,451	\$ 92,495	\$ 162,574	\$ 2,953,372	\$ 77,214
Notes payable	21,467	35,000	2,298	54,169	2,682
Capital leases	272	-	272	-	-
	3,045,190	127,495	165,144	3,007,541	79,896
Add issuance premiums/discounts	82,843	11,944	5,933	88,854	-
Total bonds and notes payable	3,128,033	139,439	171,077	3,096,395	79,896
Other liabilities:					
Municipal solid waste landfill	4,211	80	-	4,291	-
Compensated absences	14,844	19,028	18,211	15,661	8,627
Customer deposits	2,734	813	719	2,828	-
Customer advances for construction	7,268	1,088	1,299	7,057	-
Net pension liability	222,369	39,925	19,272	243,022	-
Net OPEB obligation	1,764	1,568	1,277	2,055	-
Derivative instruments	187,853	-	2,046	185,807	-
Other	1,121	-	557	564	-
Total other liabilities	442,164	62,502	43,381	461,285	8,627
Business-type activities long-term liabilities	<u>\$ 3,570,197</u>	<u>\$ 201,941</u>	<u>\$ 214,458</u>	<u>\$ 3,557,680</u>	<u>\$ 88,523</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 obligation, and developer reimbursements for governmental activities are generally liquidated by the General Fund.

**Component Units**

The following is a summary of long-term debt transactions for component units of the City for the year ended December 31, 2015 (in 000's):

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Limited tax general obligation bonds	\$ 17,998	\$ 1,750	\$ 335	\$ 19,413	\$ 362
Special assessment revenue bonds	56,045	-	1,715	54,330	2,445
Revenue bonds	1,885	1,725	35	3,575	40
Notes payable	8,499	6	135	8,370	140
Other	1,066	278	56	1,288	-
Governmental activities long-term liabilities	<u>\$ 85,493</u>	<u>\$ 3,759</u>	<u>\$ 2,276</u>	<u>\$ 86,976</u>	<u>\$ 2,987</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Revenue bonds	\$ 4,190	\$ -	\$ 805	\$ 3,385	\$ 820
Add issuance premiums	167	-	34	133	-
Notes payable	5,982	-	677	5,305	691
Capital leases	43,623	-	4,876	38,747	4,710
Business-type activities long-term liabilities	<u>\$ 53,962</u>	<u>\$ -</u>	<u>\$ 6,392</u>	<u>\$ 47,570</u>	<u>\$ 6,221</u>

Note: Immaterial differences may occur due to rounding.

**3. Annual Debt Service Requirements of Long-term Debt**

The following is a summary of general obligation bond scheduled maturities as of December 31, 2015 (in 000's):

Year	Governmental Activities		Governmental Activities	
	Component Units		Component Units	
	Principal	Interest	Principal	Interest
2016	\$ 735	\$ 483	\$ 362	\$ 1,493
2017	760	452	390	1,466
2018	790	420	413	1,437
2019	820	386	451	1,407
2020	855	351	479	1,374
2021-2025	3,290	1,348	2,992	6,275
2026-2030	4,320	686	3,929	5,011
2031-2035	620	83	5,567	3,285
2036-2040	-	-	4,360	1,145
2041-2044	-	-	470	83
<b>Total</b>	<b>\$ 12,190</b>	<b>\$ 4,209</b>	<b>\$ 19,413</b>	<b>\$ 22,976</b>

The following is a summary of revenue bond scheduled maturities as of December 31, 2015 (in 000's):

Year	Governmental Activities		Governmental Activities		Business-type Activities		Business-type Activities	
	Component Units		Component Units		Component Units		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 2,635	\$ 132	\$ 40	\$ 274	\$ 77,214	\$ 145,335	\$ 820	\$ 85
2017	-	-	70	270	81,754	141,980	835	69
2018	-	-	80	265	86,670	138,934	850	52
2019	-	-	90	259	93,274	136,325	880	26
2020	-	-	95	252	100,449	133,295	-	-
2021-2025	-	-	590	1,136	600,880	594,403	-	-
2026-2030	-	-	855	869	747,260	431,207	-	-
2031-2035	-	-	1,245	479	545,255	264,316	-	-
2036-2040	-	-	510	88	430,280	114,395	-	-
2041-2045	-	-	-	-	131,165	34,738	-	-
2046-2050	-	-	-	-	59,171	9,593	-	-
<b>Total</b>	<b>\$ 2,635</b>	<b>\$ 132</b>	<b>\$ 3,575</b>	<b>\$ 3,892</b>	<b>\$2,953,372</b>	<b>\$2,144,521</b>	<b>\$ 3,385</b>	<b>\$ 232</b>

The following is a summary of certificates of participation scheduled maturities as of December 31, 2015 (in 000's):

<u>Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,990	\$ 1,711
2017	2,100	1,641
2018	2,225	1,561
2019	1,020	1,456
2020	745	1,416
2021-2025	3,860	6,572
2026-2030	6,120	5,539
2031-2035	9,130	3,744
2036-2039	<u>9,260</u>	<u>1,185</u>
Total	<u>\$ 36,450</u>	<u>\$ 24,825</u>

The following is a summary of special assessment bond scheduled maturities as of December 31, 2015 (in 000's):

<u>Year</u>	<u>Governmental Activities</u>	
	<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 2,445	\$ 3,181
2017	2,045	3,014
2018	2,240	2,878
2019	2,430	2,728
2020	2,650	2,566
2021-2025	16,985	9,840
2026-2029	<u>18,100</u>	<u>3,183</u>
Total	<u>\$ 46,895</u>	<u>\$ 27,390</u>

Urban Renewal Authority, a governmental component unit, issued special assessment bonds in 2008. 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, 2015, the outstanding principal balance is \$7,435,000.

The following is a summary of notes payable scheduled maturities as of December 31, 2015 (in 000's):

Year	Governmental Activities		Business-type Activities		Business-type Activities	
	Component Units		Component Units		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 140	\$ 151	\$ 2,682	\$ 692	\$ 691	\$ 229
2017	145	146	2,683	609	715	211
2018	152	140	2,769	493	727	189
2019	3,393	80	2,941	362	768	150
2020	-	-	750	295	748	99
2021-2025	-	-	3,882	1,073	1,028	238
2026-2030	-	-	3,462	382	370	97
2031-2034	-	-	-	-	258	23
<b>Total</b>	<b>\$ 3,830</b>	<b>\$ 517</b>	<b>\$ 19,169</b>	<b>\$ 3,906</b>	<b>\$ 5,305</b>	<b>\$ 1,236</b>

The business-type activities have additional commercial paper notes in the amount of \$35,000,000 that are not listed in the above schedule. The governmental activities component units have additional combined notes payable and other long-term liabilities in the amount of \$5,827,897. 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 sales tax revenue bonds, Utilities revenue bonds, Public Authority for Colorado Energy (PACE) revenue bonds, Airport revenue bonds, and Parking revenue bonds. These bonds were issued to finance various construction projects within each of the issuing funds, with the pledged revenue coming from the respective fund.

	Amount Pledged (in 000's)	Term of Commitment
Governmental Activities:		
Sales tax revenue bonds	\$ 2,767	2009 - 2016
Business-type Activities:		
Utilities revenue bonds	3,834,229	2001 - 2050
PACE revenue bonds	1,232,572	2009 - 2038
Airport revenue bonds	20,806	2007 - 2023
Parking revenue bonds	10,286	1999 - 2027

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

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

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

The City is not liable for the repayment of principal or interest on these bonds and related financial activity is not shown in the financial statements. The original issue amount of these bonds, in the aggregate, was \$316 million. There were no PABs or industrial revenue bonds issued under the City's allocation during 2015, however, the City assigns any unused allocation to El Paso County each year. It is possible that PABs, or industrial revenue bonds, were issued during 2015 using this allocation.

**L. Restatement of Net Position**

The December 31, 2014, net position has been restated for Aurora-Colorado Springs Joint Water Authority, a business-type activity component unit, due to certain capital assets and related depreciation expense that were not recorded.

Beginning net position as previously reported	\$ 7,114,399
Restatement for asset transactions	<u>187,137</u>
Beginning net position, as restated	<u><u>\$ 7,301,536</u></u>

*Adoption of New Accounting Standard*

Effective January 1, 2015, the City adopted the provisions of GASB Statements No. 68 and 71, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*, respectively. The impact of the adoption of GASB 68 is shown as a cumulative effect adjustment to beginning net position in fiscal year 2015. The implementation of these statements require the City to record a net pension liability (asset) and related deferred inflows and outflows of resources related to pensions.

As a result, the City’s restated beginning net position balances are as follows:

	Primary Government	
	Governmental Activities	Business-type Activities
Beginning net position, as previously reported	\$ 1,343,253,808	\$ 1,784,452,697
Implementation of GASB 68		
Net pension asset at January 1, 2015	5,668,667	-
Net pension liability at January 1, 2015	(179,316,961)	(222,368,500)
Deferred outflow of resources related to contributions made after December 31, 2013 measurement date	<u>23,973,202</u>	<u>18,994,481</u>
Beginning net position, as restated	<u><u>\$ 1,193,578,716</u></u>	<u><u>\$ 1,581,078,678</u></u>

**M. Fund Balance**

Fund balances of the governmental funds at December 31, 2015, include the following:

Fund Balances	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>Nonspendable:</u>			
Delinquent property taxes receivable	\$ 44,165	\$ -	\$ 44,165
Inventories	340,310	-	340,310
Endowment - CD Smith trust fund	-	863,955	863,955
Endowment - Cemetery endowment fund	-	9,729,241	9,729,241
Endowment - TOPS maintenance trust fund	-	601,890	601,890
Subtotal nonspendable	<u>384,475</u>	<u>11,195,086</u>	<u>11,579,561</u>
<u>Restricted:</u>			
Debt service	46	-	46
Emergency reserve - TABOR	7,545,241	-	7,545,241
Bicycle Tax	-	51,338	51,338
Trails/Open Space	-	13,396,078	13,396,078
Conservation Trust	-	942,548	942,548
Cable Franchise	-	463,753	463,753
Public Safety Sales Tax	-	11,633,471	11,633,471
Special Improvement Maintenance Districts - ALL	-	872,248	872,248
Public Improvements - Banning Lewis Ranch	-	1,440,026	1,440,026
General Improvement Districts - ALL	-	1,334,671	1,334,671
Lodgers and Auto Rental Tax	-	326,103	326,103
Gift Trust - General government	-	78,524	78,524
Gift Trust - public safety	-	415,831	415,831
Gift Trust - public works	-	905,760	905,760
Gift Trust - culture and recreation	-	2,346,418	2,346,418
Endowment - CD Smith trust fund	-	136,843	136,843
Endowment - Cemetery endowment fund	-	37,120	37,120
Endowment - TOPS maintenance trust fund	-	238,388	238,388
Subtotal restricted	<u>7,545,287</u>	<u>34,619,120</u>	<u>42,164,407</u>
<u>Committed:</u>			
Public Improvements - Public Space and Development	-	4,900,016	4,900,016
Public Improvements - Subdivision Drainage	-	2,882,066	2,882,066
Public Improvements - Arterial Roadway	-	1,437,367	1,437,367
Public Improvements - Park Developer Easement	-	125,815	125,815
Ballfield Capital Improvements	-	43,586	43,586
Street Tree	-	105,074	105,074
Senior Programs	-	632,388	632,388
Therapeutic Recreation	-	4,486	4,486
Capital outlay - general government	107,613	11,308,424	11,416,037
Capital outlay - public works	5,942,909	-	5,942,909
Capital outlay - parks	100,000	-	100,000
Subtotal committed	<u>6,150,522</u>	<u>21,439,222</u>	<u>27,589,744</u>
<u>Assigned:</u>			
Public Improvements - Park Developer Easement	-	46,904	46,904
Public Improvements - Banning Lewis Ranch	-	71,358	71,358
Street Tree	-	3,976	3,976
Encumbrances - general government	921,798	-	921,798
Encumbrances - public safety	1,894,852	-	1,894,852
Encumbrances - public works	548,852	-	548,852
Encumbrances - planning/housing	31,355	-	31,355
Encumbrances - parks	232,876	-	232,876
Encumbrances - capital projects	-	123,250	123,250
Subtotal assigned	<u>3,629,733</u>	<u>245,488</u>	<u>3,875,221</u>
<u>Unassigned:</u>			
	<u>32,707,058</u>	<u>-</u>	<u>32,707,058</u>
Subtotal unassigned	<u>32,707,058</u>	<u>-</u>	<u>32,707,058</u>
Total Fund Balance	<u>\$ 50,417,075</u>	<u>\$ 67,498,916</u>	<u>\$ 117,915,991</u>

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

Utilities' financial derivatives are acquired with the objective of effectively hedging expected cash flows. Interest rate and natural gas 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 and natural gas hedges that are deemed ineffective are recognized as standalone investment derivatives. The change in the fair value of investment derivatives is recognized as Nonoperating Revenues (Expenses) on the Statements of Revenues, Expenses and Changes in Net Position.

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

Utilities values interest rate derivatives based on valuations provided by George K. Baum and Company, a third-party valuation service provider for 2015. The fair values of the interest rate and natural gas derivatives are based on present value of their estimated future cash flows.

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**Summary of Derivative Instruments**

The fair value and notional amount of derivative instruments outstanding at December 31, 2015, classified by type and changes in fair value of such derivative instruments for the year then ended:

		2015 Changes in Fair Value		Fair Value at December 31, 2015		Notional
	Classification	Amount	Classification	Amount		
(in thousands)						
<u>Cash flow hedges</u>						
Interest Rate Swaps	Deferred outflows	\$ (1,417)	Derivative instruments	\$ (68,760)	\$	219,340
Hedges		<u>\$ (1,417)</u>		<u>\$ (68,760)</u>		
<u>Investment derivative</u>						
Interest Rate Swaps	Derivative gain	\$ 3,463	Derivative instruments	\$ (117,047)	\$	446,325
Total Investment Derivative		<u>\$ 3,463</u>		<u>\$ (117,047)</u>		

Note: Immaterial differences may occur due to rounding.

Utilities employ 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.

Two primary types of commodity derivative instruments are utilized in Utilities' natural gas hedging program: fixed price forward swaps and option structures. These derivative agreements are designed to stabilize cash flow due to market price fluctuations related to expected purchases of natural gas. Utilities entered into option structures to manage natural gas price exposure above or below a designated strike price. For the year 2015, Utilities did not have any natural gas derivatives in place to hedge any current or future natural gas exposure. Natural gas hedging activities for 2016 and beyond have been suspended pending results of an ongoing program evaluation.

Summary of scheduled projected future cash flows for interest rate derivatives as of December 31, 2015:

<u>Year ending December 31,</u>	<u>Projected Future Cash Flows In/(Out) for Hedging Derivatives</u>
	(thousands of dollars)
2016	\$ (28,107)
2017	(27,184)
2018	(26,209)
2019	(25,188)
2020	(24,191)
2021-2025	(99,611)
2026-2030	(47,932)
2031-2035	(21,340)
2036-2040	(4,403)
2041	(87)
	<u>\$ (304,252)</u>

Note: Immaterial differences may occur due to rounding.

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## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

Summary of Utilities' pay-fixed interest rate swap agreements outstanding as of December 31, 2015:

	Notional Amount (in thousands)	Effective Date	Maturity Date	Terms	Counterparty
<u>Cash flow hedges</u>					
2005 SIFMA Swap	\$ 66,301	09/15/05	11/01/35	Pay 4.7099%; receive SIFMA index	Bank of America, N.A.
2005 SIFMA Swap	22,244	09/15/05	11/01/35	Pay 4.7099%; receive SIFMA index	J. Aron & Co.
2007 Refunding SIFMA Swap (2012 Novation)	87,275	10/01/07	11/01/26	Pay 5.295%; receive SIFMA index	The Bank of New York Mellon
2008 SIFMA Swap	43,520	09/12/08	11/01/38	Pay 4.2686%; receive SIFMA index	Bank of America, N.A.
<u>Investment derivative</u>					
2004 SIFMA Swap	99,275	08/18/04	11/01/23	Pay 4.1120%; receive SIFMA index	JP Morgan Chase Bank
2005 SIFMA Swap	430	09/15/05	11/01/35	Pay 4.7099%; receive SIFMA index	Bank of America, N.A.
2006 Refunding LIBOR Swap	59,975	08/24/06	11/01/25	Pay 4.4810%; receive 68% of LIBOR	JP Morgan Chase Bank
2006 New Money LIBOR Swap	41,460	09/14/06	11/01/36	Pay 4.1185%; receive 68% of LIBOR	Morgan Stanley Capital Group Inc.
2006 New Money LIBOR Swap	27,640	09/14/06	11/01/36	Pay 4.1185%; receive 68% of LIBOR	JP Morgan Chase Bank
2007 New Money LIBOR Swap	39,462	09/13/07	11/01/37	Pay 3.198%; receive 68% of LIBOR	J. Aron & Co.
2007 New Money LIBOR Swap	26,308	09/13/07	11/01/37	Pay 3.198%; receive 68% of LIBOR	Morgan Stanley Capital Group Inc.
2009 LIBOR Swap (2012 Novation)	60,300	10/01/09	11/01/28	Pay 5.475%; receive 68% of LIBOR	Wells Fargo Bank, N.A.
2010 LIBOR Swap	45,210	10/26/10	11/01/40	Pay 3.8807%; receive 68% of LIBOR	Morgan Stanley Capital Group Inc.
2012 LIBOR Swap	46,265	03/15/12	11/01/41	Pay 4.0242%; receive 68% of LIBOR	Morgan Stanley Capital Group Inc.
Total Notional Amount for Interest Rate Swaps	<u>\$ 665,665</u>				

Note: Immaterial differences may occur due to rounding.

2004 SIFMA Swap - If SIFMA averages more than 7% for 180 consecutive calendar days during the term of the 2004 SIFMA Swap, the 2004 SIFMA Swap will terminate by its terms and no payments by either party will be due.

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

Utilities had no fixed price natural gas swap agreements or option structures outstanding as of December 31, 2015.

**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 or natural gas 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 and natural gas derivative transactions as similar between cash flow hedges and investment derivatives.

Counterparty credit rating at December 31:

Counterparty	Credit Rating 2015
J. Aron & Co.	A3/BBB+
JP Morgan Chase Bank	Aa3/A+
Bank of America, N.A.	A1/A
Morgan Stanley Capital Group Inc.	A3/BBB+
Wells Fargo Bank, N.A.	Aa2/AA-
The Bank of New York Mellon	Aa2/AA-

The Energy Risk Management Policy requires that Utilities’ counterparties to commodity transactions be on an approved counterparty list. To be on this list, counterparties must have a minimum rating of “Baa2” issued by Moody’s, a minimum rating of “BBB” issued by S&P, a minimum rating of “BBB” issued by Fitch, or be specifically approved by Utilities’ Risk Management Committee. The Energy Risk Management Policy limits the amount of counterparty credit exposure according to the counterparty’s credit rating. To be on the interest rate counterparty transaction list, at the time of transaction execution, counterparties must have a minimum credit rating in the “A-” category by at least one of the major credit

rating agencies previously listed or a counterparty shall provide a guarantee, swap surety, or other form of credit enhancement such that its creditworthiness is of an "A-" category equivalent. Each counterparty must also have a demonstrated record of successfully executing swap transactions and shall have a minimum capitalization of at least \$250.0 million.

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

At December 31, 2015, Utilities has posted approximately \$29.7 million in collateral with various counterparties to the swap agreements. Utilities' aggregate fair value of derivative instruments as of December 31, 2015, was approximately (\$185.8) million.

The combined fair value of all derivative instruments, net of collateral postings, as of December 31, 2015, was approximately (\$156.1) 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, 2015, Utilities has total lines of credit available in the amount of \$75.0 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, 2015, the weighted average interest rate on Utilities' variable rate debt was 0.033%, the SIFMA swap index rate was 0.01%, while 68.0% of the LIBOR was 0.292%.

**Natural Gas Price Risk** - The risk that changes in natural gas market prices for physical delivery will adversely impact Utilities' anticipated cash flows. Utilities may enter into fixed price swaps and options to offset anticipated natural gas price risks.

**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 2015, 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.

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

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

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

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

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 claims incurred but not reported. 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 incurred but not recorded, Health Reimbursement Account (HRA) and catastrophic claims.

There were no significant reductions in insurance coverage in 2015 as compared to coverage in 2014. 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 2015. The City's liability is included in claims payable in the respective internal service funds.

	2015 <u>(in 000's)</u>	2014 <u>(in 000's)</u>
Claims liabilities, beginning of year	\$ 17,224	\$ 17,531
Increases	49,305	49,951
Decreases	<u>(50,919)</u>	<u>(50,258)</u>
Claims liabilities, end of year	<u>\$ 15,610</u>	<u>\$ 17,224</u>

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**B. Donor-restricted Endowments**

As of the end of 2015, the City maintained three donor-restricted endowment funds as follows:

	<u>Fund Balance</u>	<u>Available for Spending</u>
C.D. Smith Trust	\$ 1,000,798	\$ 136,843
Cemetery Endowment	9,766,361	37,120
TOPS Maintenance Trust	840,278	238,388

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

**C. Postemployment Benefits Other than Pensions**

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

**Retiree Health Care Benefits Program:**

*Access to Health Care Plans*

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

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

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

*City’s Contribution to Retiree Health Care Premium Costs*

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

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

During 2015, these benefits were provided to 2,455 retired employees at a cost of \$2,946,639. During 2014, these benefits were provided to 2,346 retired employees at a cost of \$2,956,719. In 2013, these benefits were provided to 2,335 retired employees at a cost of \$2,967,771.

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

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

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

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

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

Retiree life insurance premiums were paid on behalf of 2,777 retirees for a total cost in 2015 of \$12,978. During 2014, 2,595 premiums were paid on behalf of retirees for a total cost of \$12,226. In 2013, 2,565 premiums were paid on behalf of retirees for a total cost of \$12,108. All amounts paid are equal to required contributions.

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

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

*Indirect Subsidy to Retiree Health Care Costs*

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

**Annual OPEB Cost and Net OPEB Obligation:**

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

The following table shows the components of the City’s annual OPEB cost for 2015, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation:

Annual required contribution	\$ 1,240,576
Interest on net OPEB obligation	616,155
Adjustment to annual required contribution	<u>(517,838)</u>
Annual OPEB cost (expense)	1,338,893
Contributions made	<u>(1,682,270)</u>
Decrease in net OPEB obligation	(343,377)
Net OPEB obligation - beginning of year	<u>13,692,338</u>
Net OPEB obligation - end of year	<u><u>\$ 13,348,961</u></u>

The following table shows the components of Utilities’ annual OPEB cost for 2015, the amount actually contributed to the plan, and changes in Utilities’ net OPEB obligation:

Annual required contribution	\$ 1,624,000
Interest on net OPEB obligation	79,000
Adjustment to annual required contribution	<u>(135,000)</u>
Annual OPEB cost (expense)	1,568,000
Contributions made	<u>(1,277,000)</u>
Increase in net OPEB obligation	291,000
Net OPEB obligation - beginning of the year	<u>1,764,000</u>
Net OPEB obligation - end of year	<u><u>\$ 2,055,000</u></u>

The City’s and Utilities’ annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2015 and the two preceding years were as follows:

	<u>Fiscal Year</u> <u>Ended</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>% of Annual</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
City	12/31/2013	\$ 2,534,120	65.7	\$ 12,825,258
	12/31/2014	2,541,346	65.9	13,692,338
	12/31/2015	1,338,893	125.6	13,348,961
Utilities	12/31/2013	1,536,000	85.6	1,558,000
	12/31/2014	1,501,000	86.3	1,764,000
	12/31/2015	1,568,000	81.5	2,055,000

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

For the January 1, 2015, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% annual discount rate based on the expected rate of return for investments on employer assets, which generally consist of short-term liquid

investments. The Unfunded Actuarial Accrued Liability is amortized over the maximum acceptable period of 30 years for the life benefit and average remaining lifetime of retirees for the medical benefit on an open basis. The amortization is calculated assuming a level percentage of projected payrolls. The assumed salary growth rate used was 3.9%, with no assumed rate of inflation. The medical trend rate used beginning in 2015 was 7.0% per year, grading to 5.0% over eight years.

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

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

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

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

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

**City of Colorado Springs**

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

**Colorado Springs Utilities**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ([b-a]/c)
1/1/2011	\$ -	\$18,602,000	\$ 18,602,000	0.0	\$15,448,000	120.4
1/1/2013	-	18,000,000	18,000,000	0.0	11,781,000	152.8
1/1/2015	-	20,726,000	20,726,000	0.0	8,563,000	242.1

*Remainder of page intentionally blank*

**D. Commitments and Contingent Liabilities**

**1. Construction and Purchase Commitments**

Significant construction and purchase commitments of the City, as of December 31, 2015, are as follows (in millions):

General Fund	\$ 4.5
Non-major governmental funds	22.5
Utilities	110.5
Non-major enterprise funds	15.1

**2. Refunded Bonds**

At various dates in prior years, Utilities has placed proceeds from refunding bond issues in irrevocable refunding escrow accounts. As of December 31, 2015, Utilities remains contingently liable for the outstanding principal balance of \$159,375,000 in refunded bonds.

During 2012, MHS placed available funds in irrevocable refunding escrow accounts. As of December 31, 2015, MHS remains contingently liable for the outstanding principal balance of \$80,490,000 in refunded bonds.

**3. Charter Amendments**

In April 1991, voters approved City Charter Amendment #3, entitled Taxpayers Bill of Rights (TABOR). In November 1992, voters adopted a similar statewide constitutional amendment. Both contain provisions which limit the amount of revenue the City may retain in any given year. TABOR permits a maximum annual percentage change in "fiscal year spending" (FYS) equivalent to the sum of inflation in the prior calendar year and annual local growth. Should 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. In November 2015, voters approved Ballot Question 2D, for the City to retain \$2.1 million in excess 2014 FYS to repair portions of existing City trails.

On November 2, 2010, the eligible electors of the City voted to amend the Charter to establish a "council-mayor" form of government having as its elective officers a Mayor and City Council. Pursuant to this form of government, the Mayor of the City is the chief executive, exercising all administrative and executive powers granted to the City, except as otherwise delegated by the City Charter. The Mayor is elected every four years and is limited to two consecutive terms. The Mayor is to be elected by a majority, and not a

plurality, of votes cast for the office of Mayor according to a run-off election. John Suthers was elected as Colorado Springs' second strong Mayor in a run-off election on May 19, 2015. His term expires in 2019.

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

#### **4. Litigation**

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

#### **5. Contingent Liabilities**

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

On November 5, 2015, the US Department of Justice (DOJ) notified the City that the US Environment Protection Agency (EPA), in cooperation with the Colorado Department of Public Health and Environment (CDPHE), had requested enforcement action against the City for alleged violations of the clean water act arising from the City's Municipal Separate Stormwater System (MS4) permit. The City and the EPA have entered into a Tolling Agreement to allow the parties an opportunity to discuss possible resolution of the issues. Discussions with the EPA remain preliminary, but the City has unilaterally made improvements to its Stormwater system and program operations covered by the MS4 permit. It is not clear at this time when such enforcement action may be commenced or what impact, if any, it will have on the City.

**6. Environmental Matters**

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

**E. Passenger Facility Charges**

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

**F. Customer Facility Charges**

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

**G. Joint Venture – Utilities**

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

The net investment in the joint venture reported on the Statement of Net Position as of December 31, 2015 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	\$ 608	\$ 1,108

**H. Retirement Plans**

The City's former or current non-uniformed and uniformed (firefighters and police officers) employees are eligible to participate in one of six defined benefit pension plans. Non-uniformed employees participate in the Public Employees' Retirement Association of Colorado (PERA) and uniformed employees participate in one of five plans administered by the Fire and Police Pension Association (FPPA). Below is a table that summarizes the net pension asset, net pension liabilities, deferred outflows and inflows, and pension expenses associated with each of the plans as a result of the implementation of GASB 68. More detailed notes regarding each plan follows.

	Net Pension Liability	Net Pension (Asset)	Deferred Outflows	Deferred Inflows	Pension Expense
<b>GOVERNMENTAL ACTIVITIES</b>					
Old Hire Fire	\$ 16,487,979	\$ -	\$ 2,000,161	\$ -	\$ 1,382,286
Old Hire Police	14,704,263	-	1,761,712	-	1,225,054
New Hire Fire	23,145,122	-	4,211,181	-	3,157,667
New Hire Police	36,591,640	-	8,985,224	1,069,227	6,793,892
PERA	90,788,895	-	12,381,295	2,770,634	7,585,898
Statewide	-	(7,918,956)	3,599,749	711,335	362,045
<b>Total governmental activities</b>	<b>181,717,899</b>	<b>(7,918,956)</b>	<b>32,939,322</b>	<b>4,551,196</b>	<b>20,506,842</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Old Hire Fire	\$ -	\$ -	\$ -	\$ -	\$ -
Old Hire Police	-	-	-	-	-
New Hire Fire	-	-	-	-	-
New Hire Police	966,943	-	214,774	2,288	184,964
PERA	242,054,255	-	33,351,435	610,076	25,781,537
Statewide	-	-	-	-	-
<b>Total business-type activities</b>	<b>243,021,198</b>	<b>-</b>	<b>33,566,209</b>	<b>612,364</b>	<b>25,966,501</b>
<b>TOTAL</b>					
Old Hire Fire	\$ 16,487,979	\$ -	\$ 2,000,161	\$ -	\$ 1,382,286
Old Hire Police	14,704,263	-	1,761,712	-	1,225,054
New Hire Fire	23,145,122	-	4,211,181	-	3,157,667
New Hire Police	37,558,583	-	9,199,998	1,071,515	6,978,856
PERA	332,843,150	-	45,732,730	3,380,710	33,367,435
Statewide	-	(7,918,956)	3,599,749	711,335	362,045
<b>Total</b>	<b>\$ 424,739,097</b>	<b>\$ (7,918,956)</b>	<b>\$ 66,505,531</b>	<b>\$ 5,163,560</b>	<b>\$ 46,473,343</b>

*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 fund 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:

[www.copera.org/investments/pera-financial-reports](http://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 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 exempt from membership. The LGDTF of PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

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

The LGDTF of Colorado PERA is currently open to new entrants.

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

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

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the City is statutorily committed to

pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the City were \$26,548,367 for the year ended December 31, 2015.

*Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* As of December 31, 2015, the City reported a liability of \$332,843,150 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2014. The City’s proportion of the net pension liability was based on the City’s contributions to the LGDTF for the calendar year 2014 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2014, the City’s proportion was 37.1349%, which was a decrease of .00497% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015 the City’s pension expense related to the PERA LGDTF was \$33,367,435.

At December 31, 2015, 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
Difference between expected and actual experience	\$ -	\$ 66,843
Net difference between projected and actual earnings on pension plan investments	18,050,143	-
Changes in proportionate share from 2013 to 2014	1,134,220	3,313,867
Contributions subsequent to the measurement date	26,548,367	N/A
Total	<u>\$ 45,732,730</u>	<u>\$ 3,380,710</u>

The \$26,548,367 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, 2016.

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,	Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Investment	Net Changes in Proportionate Share	Total Effect of Amortized Deferred Inflows/Outflows on Pension Expense
2016	\$ (52,715)	\$ 4,512,600	\$ (1,716,258)	\$ 2,743,627
2017	(14,128)	4,512,600	(463,389)	4,035,083
2018	-	4,512,600	-	4,512,600
2019	-	4,512,343	-	4,512,343
	<u>\$ (66,843)</u>	<u>\$ 18,050,143</u>	<u>\$ (2,179,647)</u>	<u>\$ 15,803,653</u>

The difference between expected and actual experience as well as the City’s change in their proportionate share 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 LGDTF determined the average expected remaining service lives for active and inactive members at the beginning of the 2014 measurement period to be 2.27 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, 2013 actuarial valuation was determined using the following actuarial assumptions and other inputs:

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

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December

31, 2011, adopted by PERA’s Board on November 13, 2012, and an economic assumption study, adopted by PERA’s Board on November 15, 2013 and January 17, 2014.

*Discount rate:* The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Based on those assumptions, the LGDTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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

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

The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

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

Sensitivity of the NPL:

	1 % Decrease 6.50%	Current Discount Rate 7.50%	1 % Increase 8.50%
City's proportionate share of net pension liability	\$ 543,569,407	\$ 332,843,150	\$ 157,159,211

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/2014-cafr>

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**Defined Contribution Plans**

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

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

**PERA 401(k) Funding Policy:** The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$18,000 annually for 2015 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.

**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 and FPPA 457 plans are funded by voluntary member contributions of up to a maximum limit set by the IRS (\$18,000 annually for 2015 calendar year). In addition, employees are eligible to contribute an additional \$6,000 annually if they are age 50 or older. There is an additional "pre-retirement" catch-up provision that allows employees to double their 457 contributions by funding an additional \$18,000 if they are within three years of retirement.

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

**ICMA 401(a) Funding Policy:** The City contributes to the ICMA 401(a) at a rate of 10.0% of covered salary. The City's contributions to the ICMA 401(a) for the years ending December 31, 2015, 2014, and 2013 were \$95,188, \$102,774 and \$126,206 respectively.

**2. Uniformed Employees****Defined Benefit Plans**

City firefighters and police officers participate in one of five different defined benefit pension plans. Membership in the various plans is dependent upon the classification of the employee (fire or police) and the start date of the employee. The five plans 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. The Fire and Police Pension Association (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/toc\\_frames.html](http://www.fppaco.org/toc_frames.html)

or by writing to:

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

or by calling FPPA at (303) 770-3772

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, 2014 are below:

Asset Class	Target Allocation (%)	10 Year Expected Geometric Real Rate of Return (%)
Global equity	40.00	8.90
Equity long/short	10.00	7.50
Illiquid alternatives	18.00	10.50
Fixed income	15.00	4.60
Absolute return	12.00	6.50
Managed futures	4.00	5.50
Cash	1.00	2.50
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://fppaco.org/toc\\_frames.html](http://fppaco.org/toc_frames.html)

**Old Hire Defined Benefit Pension Plans**

*Plan Description:* The Old Hire Pension Plans are part of an agent multiple-employer Public Employee Retirement System administered by the Fire and Police Pension Association of Colorado (FPPA). There are 224 local plans associated with the FPPA Affiliated Local Plans. The Affiliated Local Plans at FPPA represent the assets of numerous separate plans that have elected to affiliate with FPPA for plan administration and investment only. Each plan has a separate plan document and actuarial valuation and is governed by its own local pension board which has the authority to amend the plan benefits, such as cost of living increases. Funding for the Old Hire Pension Plans is the sole obligation of the City.

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

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

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

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

*Actuarial assumptions:* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	<u>Rate (%)</u>
Wage inflation	3.00
Salary increase, including wage inflation	4.00
Full rank escalation	3.50
Long-term investments rate of return, net of pension plan investment expenses, including price inflation	7.50

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period ending December 31, 2011.

#### Old Hire Fire Defined Benefit Pension Plan

The benefit recipients and members of the Old Hire Fire Pension Plan as of December 31, 2014 are as follows:

Retirees and beneficiaries	186
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There are no active or inactive, non-retired members in the plan.

Contributions to the plan are based on biennially completed actuarially valuations of the plan. The last valuation for the Old Hire Fire Pension Plan was completed as of January 1, 2014. The annual required contribution is the sum of the normal cost of the plan and the amortization of the unfunded actuarially determined liability. Employer contributions recognized by the Old Hire Fire Pension Plan from the City were \$1,639,319 for the year ended December 31, 2015.

*Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* As of December 31, 2015, the City reported a liability of \$16,487,979 for the Old Hire Fire Pension Plan net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2014.

For the year ended December 31, 2015, the City's pension expense related to the Old Hire Fire Pension Plan was \$1,382,286.

At December 31, 2015, the City reported deferred outflows of resources related to pensions for the Old Hire Fire Pension Plan from the following sources:

	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 360,842
Contributions subsequent to the measurement date	<u>1,639,319</u>
Total	<u><u>\$ 2,000,161</u></u>

There were no deferred inflows of resources related to pensions recorded for the Old Hire Fire Pension Plan as of December 31, 2015.

The \$1,639,319 reported as deferred outflows of resources related to pensions, resulting from contributions made subsequent to the measurement date, will be recognized as a reduction the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of 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
2016	\$ 90,211	\$ 90,211
2017	90,211	90,211
2018	90,211	90,211
2019	90,209	90,209
	<u>\$ 360,842</u>	<u>\$ 360,842</u>

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

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

Sensitivity of the NPL:

	1% Decrease	Current	1% Increase
	6.50%	Discount Rate 7.50%	8.50%
City's net pension liability	<u>\$ 24,979,301</u>	<u>\$ 16,487,979</u>	<u>\$ 9,155,179</u>

**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2015**

Below is a schedule of changes in the net pension liability for the Old Hire Fire Pension Plan for year ended December 31, 2015:

Total pension liability (TPL) - January 1, 2015	\$ 96,220,416
Service cost	-
Interest on the TPL	6,916,644
Benefit changes	-
Difference between expected and actual experience of the TPL	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(8,144,237)
Net change in TPL	(1,227,593)
Total pension liability - December 31, 2015	\$ 94,992,823
Plan fiduciary net position (FNP) - January 1, 2015	\$ 80,007,825
Employer contributions	1,467,740
Employee contributions	-
Net investment income	5,299,069
Benefit payments, including refunds of employee contributions	(8,144,237)
Pension plan administrative expense	(125,553)
Net change in FNP	(1,502,981)
Plan fiduciary net position - December 31, 2015	\$ 78,504,844
Net pension liability	<u>\$ 16,487,979</u>
Plan fiduciary net position as a percentage of the total pension liability	82.64%
Covered-employee payroll	N/A
Net pension liability as a percentage of covered-employee 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, 2014 are as follows:

Retirees and beneficiaries	158
Active members	1

There are no inactive, non-retired members in the plan.

Contributions to the plan are based on biennially completed actuarially valuations of the plan. The last valuation for the Old Hire Police Pension Plan was completed as of January 1, 2014. The annual required contribution is the sum of the normal cost of the plan and the amortization of the unfunded actuarially determined liability. Employer contributions recognized by the Old Hire Police Pension Plan from the City were \$1,466,935 for the year ended December 31, 2015.

*Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* As of December 31, 2015, the City reported a liability of \$14,704,263 for the Old Hire Police Pension Plan net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2014.

For the year ended December 31, 2015, the City's pension expense related to the Old Hire Police Pension Plan was \$1,225,054.

At December 31, 2015, the City reported deferred outflows of resources related to pensions for the Old Hire Police Pension Plan from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 294,777
Contributions subsequent to the measurement date	1,466,935
Total	<u>\$ 1,761,712</u>

There were no deferred inflows of resources related to pensions recorded for the Old Hire Police Pension Plan as of December 31, 2015.

The \$1,466,935 reported as deferred outflows of resources related to pensions, resulting from contributions made subsequent to the measurement date, will be recognized as a reduction the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of 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
2016	\$ 73,695	\$ 73,695
2017	73,694	73,694
2018	73,694	73,694
2019	73,694	73,694
	\$ 294,777	\$ 294,777

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

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

Sensitivity of the NPL:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's net pension liability	\$ 22,159,023	\$ 14,704,263	\$ 8,298,279

**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2015**

Below is a schedule of changes in the net pension liability for the Old Hire Police Pension Plan for year ended December 31, 2015:

Total pension liability (TPL) - January 1, 2015	\$ 81,933,276
Service cost	-
Interest on the TPL	5,891,079
Benefit changes	-
Difference between expected and actual experience of the TPL	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(6,895,765)
Net change in TPL	(1,004,686)
Total pension liability - December 31, 2015	\$ 80,928,590
Plan fiduciary net position (FNP) - January 1, 2015	\$ 67,207,764
Employer contributions	1,541,080
Employee contributions	6,534
Net investment income	4,471,258
Benefit payments, including refunds of employee contributions	(6,895,765)
Pension plan administrative expense	(106,544)
Net change in FNP	(983,437)
Plan fiduciary net position - December 31, 2015	\$ 66,224,327
Net pension liability	\$ 14,704,263
Plan fiduciary net position as a percentage of the total pension liability	81.83%
Covered-employee payroll	\$ 61,878
Net pension liability as a percentage of covered-employee payroll	23763.31%

**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 credits 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, 2014 are as follows:

Retirees and beneficiaries	121
Inactive, non-retired members	10
Active members	149

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 2015, the City's employer contribution rate was set at 18.45%. The City also contributed an additional amount into the plan of \$1,240,366. Employer contributions recognized by the New Hire Fire Pension Plan from the City were \$3,444,712 for the year ended December 31, 2015.

*Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* As of December 31, 2015, the City reported a liability of \$23,145,122 for the New Hire Fire Pension Plan net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014.

For the year ended December 31, 2015, the City's pension expense related to the New Hire Fire Pension Plan was \$3,157,667.

At December 31, 2015 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
Difference between expected and actual experience	\$ 191,348
Net difference between projected and actual earnings on pension plan investments	575,121
Contributions subsequent to the measurement date	3,444,712
Total	<u>\$ 4,211,181</u>

The \$3,444,712 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, 2016.

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,	Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Investment	Total Effect of Amortized Deferred Inflows/Outflows on Pension Expense
2016	\$ 47,590	\$ 143,781	\$ 191,371
2017	47,590	143,780	191,370
2018	47,590	143,780	191,370
2019	47,590	143,780	191,370
2020	988	-	988
	<u>\$ 191,348</u>	<u>\$ 575,121</u>	<u>\$ 766,469</u>

The difference between expected and actual experience is 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 2014 measurement period to be 5.02 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, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	<u>Rate (%)</u>
Wage inflation	3.00
Salary increase, including wage inflation	4.00 - 14.00
Cost of living	2.40
Long-term investments rate of return, net of pension plan investment expenses, including price inflation	7.50

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, 40% multiplier for off-duty mortality, increased by .00020 for on-duty related Fire and Police experience.

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

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

Sensitivity of the NPL:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's net pension liability	\$ 43,249,582	\$ 23,145,122	\$ 6,556,297

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**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2015**

Below is a schedule of changes in the net pension liability for the New Hire Fire Pension Plan for year ended December 31, 2015:

Total pension liability (TPL) - January 1, 2015	\$ 138,255,953
Service cost	2,436,526
Interest on the TPL	10,261,170
Benefit changes	-
Difference between expected and actual experience of the TPL	238,938
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(5,317,236)
Net change in TPL	<u>7,619,398</u>
Total pension liability - December 31, 2015	\$ 145,875,351
Plan fiduciary net position (FNP) - January 1, 2015	\$ 115,691,126
Employer contributions	3,341,129
Employee contributions	1,278,915
Net investment income	7,924,723
Benefit payments, including refunds of employee contributions	(5,317,236)
Pension plan administrative expense	(195,429)
Other	7,001
Net change in FNP	<u>7,039,103</u>
Plan fiduciary net position - December 31, 2015	\$ 122,730,229
Net pension liability	<u>\$ 23,145,122</u>
Plan fiduciary net position as a percentage of the total pension liability	84.13%
Covered-employee payroll	\$ 12,789,126
Net pension liability as a percentage of covered-employee payroll	180.98%

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, 2014 are as follows:

Retirees and beneficiaries	225
Inactive, non-retired members	18
Active members	384

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 2015, the City's employer contribution rate was set at 20.81%. The City also contributed an additional amount into the plan of \$1,966,046. Employer contributions recognized by the New Hire Police Pension Plan from the City were \$7,969,055 for the year ended December 31, 2015.

*Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* As of December 31, 2015, the City reported a liability of \$37,558,583 for the New Hire Police Pension Plan net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014.

For the year ended December 31, 2015, the City’s pension expense related to the New Hire Police Pension Plan was \$6,978,856.

At December 31, 2015, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 1,071,515
Net difference between projected and actual earnings on pension plan investments	1,230,942	-
Contributions subsequent to the measurement date	<u>7,969,055</u>	N/A
Total	<u>\$ 9,199,997</u>	<u>\$ 1,071,515</u>

The \$7,969,055 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, 2016.

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,	Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Investment	Total Effect of Amortized Deferred Inflows/Outflows on Pension Expense
2016	\$ (224,288)	\$ 307,736	\$ 83,448
2017	(224,288)	307,736	83,448
2018	(224,288)	307,736	83,448
2019	(224,288)	307,734	83,446
2020	(174,363)	-	(174,363)
	<u>\$ (1,071,515)</u>	<u>\$ 1,230,942</u>	<u>\$ 159,427</u>

The difference between expected and actual experience is 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 2014 measurement period to be 5.78 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, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	<u>Rate (%)</u>
Wage inflation	3.00
Salary increase, including wage inflation	4.00 - 14.00
Long-term investments rate of return, net of pension plan investment expenses, including price inflation	7.50
Cost of living	2.60

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, 40% multiplier for off-duty mortality, increased by .00020 for on-duty related Fire and Police experience.

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

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

Sensitivity of the NPL:

	1% Decrease	Current	1% Increase
	6.50%	Discount Rate 7.50%	8.50%
City's net pension liability	\$ 82,353,842	\$ 37,558,582	\$ 1,054,471

**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2015**

Below is a schedule of changes in the net pension liability for the New Hire Police Pension Plan for year ended December 31, 2015:

Total pension liability (TPL) - January 1, 2015	\$ 281,166,840
Service cost	6,226,828
Interest on the TPL	20,973,736
Benefit changes	-
Difference between expected and actual experience of the TPL	(1,295,803)
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(9,260,894)
Net change in TPL	16,643,867
Total pension liability - December 31, 2015	\$ 297,810,707
Plan fiduciary net position (FNP) - January 1, 2015	\$ 242,667,157
Employer contributions	7,728,841
Employee contributions	2,830,620
Net investment income	16,694,742
Benefit payments, including refunds of employee contributions	(9,260,894)
Pension plan administrative expense	(408,342)
Net change in FNP	17,584,967
Plan fiduciary net position - December 31, 2015	\$ 260,252,124
Net pension liability	<u>\$ 37,558,583</u>
Plan fiduciary net position as a percentage of the total pension liability	87.39%
Covered-employee payroll	\$ 30,066,196
Net pension liability as a percentage of covered-employee payroll	124.92%

**Statewide Defined Benefit Pension Plan**

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

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

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

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

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

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members within the plan as determined by the actuarial study. The contribution rates for this plan are set by state statute. Employer contribution rates can only be changed by amending state statute. Member contribution rates can be amended by state statute or by election of the membership. In 2014, the members elected to increase the member contribution rate to the plan beginning in 2015. Member contribution rates will increase by .5% annually through 2022 to a total of 12% of base salary. Employer contributions will remain at 8%. Eligible employees contributed 8.5% of their FPPA-includable salary with the employer contribution rate at 8%. Employer contributions recognized by the Statewide Pension Plan from the City were \$2,976,381 for the year ended December 31, 2015.

*Net Pension Asset, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* As of December 31, 2015, the City reported an asset of \$7,918,956 as its proportionate share of the Statewide Pension Plan net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014.

At December 31, 2014, the City's proportion was 7.0168%, which was an increase of .6773% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the City's pension expense related to the Statewide Pension Plan was \$362,045.

At December 31, 2015, 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
Difference between expected and actual experience	\$ -	\$ 163,129
Net difference between projected and actual earnings on pension plan investments	624,368	-
Changes in proportionate share from 2013 to 2014	-	548,206
Contributions subsequent to the measurement date	2,975,381	N/A
<b>Total</b>	<b>\$ 3,599,749</b>	<b>\$ 711,335</b>

The \$2,975,381 reported as deferred outflows of resources related to pensions, resulting from contributions made subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended December 31, 2016. 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,	Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Investment	Changes in Proportionate Share	Total Effect of Amortized Deferred Inflows/Outflows on Pension Expense
2016	\$ (17,090)	\$ 156,092	\$ (57,431)	\$ 81,571
2017	(17,090)	156,092	(57,431)	81,571
2018	(17,090)	156,092	(57,431)	81,571
2019	(17,090)	156,092	(57,431)	81,571
2020	(17,090)	-	(57,431)	(74,521)
Thereafter	(77,679)	-	(261,051)	(338,730)
	<u>\$ (163,129)</u>	<u>\$ 624,368</u>	<u>\$ (548,206)</u>	<u>\$ (86,967)</u>

The difference between expected and actual experience as well as the City’s change in their proportionate share 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. FPPA determined the average expected remaining service lives for active and inactive members at the beginning of the 2014 measurement period to be 10.5454 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, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	<u>Rate (%)</u>
Wage inflation	3.00
Salary increase, including wage inflation	4.00 - 14.00
Cost of living	0.00
Long-term investments rate of return, net of pension plan investment expenses, including price inflation	7.50

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, 40% multiplier for off-duty mortality, increased by .00020 for on-duty related Fire and Police experience.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study done every five years in accordance with best practices for actuarial assumptions. This study was reviewed and approved in July of 2011. These changes were effective for the valuation beginning January 1, 2012.

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

Sensitivity of the NPL:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's proportionate share of net pension liability (asset)	\$ 7,466,076	\$ (7,918,956)	\$ (20,752,088)

**Defined Contribution Plan**

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

457 Funding Policy: The ICMA and FPPA 457 plans are funded by voluntary member contributions of up to a maximum limit set by the IRS (\$18,000 annually for 2015 calendar year). In addition, employees are eligible to contribute an additional \$6,000 annually if they are age 50 or older. There is an additional “pre-retirement” catch-up provision that allows employees to double their 457 contributions by funding an additional \$18,000 if they are within three years of retirement.

**I. Accounting Changes**

The City adopted GASB Statements No. 68 and 71, *Accounting and Financial Reporting for Pensions and Pension Transition for Contributions Made Subsequent to the Measurement Date*, respectively. The objective of GASB Statement No. 68 was to amend the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the GASB Statement No. 50, *Pension Disclosures*. The implementation of these statements requires the City to record a net pension liability (asset), related deferred inflows and outflows of resources related to pensions and pension expense. Previously, a liability was recognized only to the extent that contributions made to the plans were exceeded by the actuarially calculated Annual Required Contributions (ARC). Additional information related to the financial impact of the implementation of GASB Statement No. 68 can be found in Note IV.L.

As a result of the GASB Statement No. 68 implementation analysis, the City determined that the Old Hire Fire and Police Pension Plans did not qualify as fiduciary funds and are no longer presented as such.

**J. Subsequent Events**

In November 2015, City voters approved Ballot Question 2C, authorizing the City to temporarily increase its sales and use tax by 0.62% for 5 years to fund only road repairs and improvements. The City will be permitted to retain all such revenues generated and to expend the same strictly for road repairs and improvements. These funds are exempt from spending and revenue limitations. As approved, the existing sales and use tax rate of 2.5% established by the City Code is increased by 0.62% to make the effective City tax rate 3.12% as of January 1, 2016. This tax will sunset (expire) exactly 5 years from the date of its implementation and will not affect or apply to purchases of food for domestic home consumption, prescriptions, residential utility bills or other items exempt from City sales and use tax under the City Code. This temporary increase in sales and use tax revenue will be placed in a dedicated fund to be used exclusively for funding the cost to repair roads and streets throughout all areas of the City, including cost of road reconstruction where severe deterioration does not allow repair. None of the additional sales and use tax revenue will be used to hire additional City employees or purchase additional equipment for City road projects. The repair work will be contracted out to the private sector.

On December 8, 2015, Council, approved increases to the electric non-fuel and water rates and decreases to electric and gas cost adjustment rates. The effective date for the approved changes was January 1, 2016, with the exception of the approved change to the electric kilowatt rate option, which had an effective date of April 1, 2016. On January 26, 2016, Council approved a decrease to the electric cost adjustment and the gas cost adjustment that took effect February 1, 2016.

On January 12, 2016, Frontier Airlines announced it would be returning to the Airport with daily non-stop service to Las Vegas beginning April 14, 2016. Additionally, on February 23, 2016, Frontier Airlines announced the addition of daily non-stop service to Phoenix beginning June 28, 2016. These announcements will add an additional 67,200 seats to the market.

On January 20, 2016, Council, acting as the Utilities Board, voted to approve the Electric Integrated Resource Plan. A component of the approved plan calls for the decommissioning of Drake Unit 5 by December 31, 2017. At this time, the financial implications of decommissioning this unit have not been fully evaluated. The costs and potential impairments and retirement of plant assets will be analyzed in 2016.

During February 2016, the Civil Rights Education and Enforcement Center (CREEC), an advocacy group for persons with mobility disabilities, asserted that the City has not complied with alleged obligations under federal law due to noncompliant curb ramps. With that assertion, CREEC has requested that the City enter into negotiations toward improving pedestrian rights of way/sidewalk access for persons with disabilities. The City has been evaluating the matter and has indicated it will enter into discussions with CREEC. At this point, the City is unable to opine on the likelihood of loss or the amount or range of loss, if any.

As a result of fluctuations in the SIFMA rate, LIBOR rate and other market rates since December 31, 2015, there may be a significant impact on Utilities' SWAP valuation and investment valuation subsequent to the date of this report. The amount of these impacts is not known.

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# REQUIRED SUPPLEMENTARY INFORMATION

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

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

**Colorado PERA Local Government Division Trust Fund**

	<u>2015</u>
Proportionate share of total pension liability	\$ 1,725,945,784
Proportionate share of fiduciary net position	<u>(1,393,102,634)</u>
Proportionate share of net pension liability	\$ 332,843,150
Fiduciary net position as a percentage of total pension liability	80.72%
Covered employee payroll	\$ 204,135,871
Net pension liability as a percentage of covered employee payroll	163.05%
Proportion of net pension liability	37.13%

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

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

**Colorado PERA Local Government Division Trust Fund**

	<b>Statutorily Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Actual Contributions as a % of Covered Payroll</b>
2015	\$ 26,548,367	\$ 26,548,367	\$ -	\$ 208,704,241	12.72

**Notes to the Required Supplementary Information**

There were no changes to benefit assumptions for the year ended December 31, 2014, the plan measurement date.

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

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

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

**Old Hire Fire Defined Benefit Pension Plan**

	<b>2015</b>
<b>Total Pension Liability (TPL) - January 1, 2015</b>	\$ 96,220,416
Service cost	-
Interest on the TPL	6,916,644
Benefit changes	-
Difference between expected and actual experience of the TPL	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(8,144,237)
Net change in TPL	(1,227,593)
<b>Total Pension Liability - December 31, 2015</b>	<b>\$ 94,992,823</b>
<b>Plan Fiduciary Net Position (FNP) - January 1, 2015</b>	<b>\$ 80,007,825</b>
Employer contributions	1,467,740
Employee contributions	-
Net investment income	5,299,069
Benefit payments, including refunds of employee contributions	(8,144,237)
Pension plan administrative expense	(125,553)
Net change in FNP	(1,502,981)
<b>Plan Fiduciary Net Position - December 31, 2015</b>	<b>\$ 78,504,844</b>
<b>Net pension liability</b>	<b>\$ 16,487,979</b>
Fiduciary net position as a percentage of total pension liability	82.64%
Covered employee payroll	\$ -
Net pension liability as a percentage of covered employee payroll	N/A

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

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

**Old Hire Fire Defined Benefit Pension Plan**

	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Actual Contributions as a % of Covered Payroll</b>
2015	\$ 1,639,319	\$ 1,639,319	\$ -	\$ -	NA

**Notes to the Required Supplementary Information**

Valuation date: January 1, 2014

**Methods and assumptions used to determine contributions**

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	19 years
Inflation	3.00%
Salary increase	4.00%
Discount rate	7.50%
Retirement age	50 years of age
Mortality	Rates were based on RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected Scale AA

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

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

**CITY OF COLORADO SPRINGS**  
**COLORADO**  
**EXHIBIT 16**  
**(PAGE 3 OF 4)**

**Old Hire Police Defined Benefit Pension Plan**

	<b>2015</b>
<b>Total Pension Liability (TPL) - January 1, 2015</b>	\$ 81,933,276
Service cost	-
Interest on the TPL	5,891,079
Benefit changes	-
Difference between expected and actual experience of the TPL	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(6,895,765)
Net change in TPL	(1,004,686)
<b>Total Pension Liability - December 31, 2015</b>	<b>\$ 80,928,590</b>
<b>Plan Fiduciary Net Position (FNP) - January 1, 2015</b>	\$ 67,207,764
Employer contributions	1,541,080
Employee contributions	6,534
Net investment income	4,471,258
Benefit payments, including refunds of employee contributions	(6,895,765)
Pension plan administrative expense	(106,544)
Net change in FNP	(983,437)
<b>Plan Fiduciary Net Position - December 31, 2015</b>	<b>\$ 66,224,327</b>
<b>Net pension liability</b>	<b>\$ 14,704,263</b>
Fiduciary net position as a percentage of total pension liability	81.83%
Covered employee payroll	\$ 61,878
Net pension liability as a percentage of covered employee payroll	23763.31%

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

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

**Old Hire Police Defined Benefit Pension Plan**

	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Actual Contributions as a % of Covered Payroll</b>
2015	\$ 1,466,935	\$ 1,466,935	\$ -	\$ -	NA

**Notes to the Required Supplementary Information**

Valuation date: January 1, 2014

Methods and assumptions used to determine contributions

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	19 years
Inflation	3.00%
Salary increase	4.00%
Discount rate	7.50%
Retirement age	50 years of age
Mortality	Rates were based on RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected Scale AA

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

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

**CITY OF COLORADO SPRINGS**  
**COLORADO**  
**EXHIBIT 17**  
**(PAGE 1 OF 4)**

**New Hire Pension Plan - Fire Component**

	<b>2015</b>
<b>Total Pension Liability (TPL) - January 1, 2015</b>	\$ 138,255,953
Service cost	2,436,526
Interest on the TPL	10,261,170
Benefit changes	-
Difference between expected and actual experience of the TPL	238,938
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(5,317,236)
Net change in TPL	7,619,398
<b>Total Pension Liability - December 31, 2015</b>	<b>\$ 145,875,351</b>
<b>Plan Fiduciary Net Position (FNP) - January 1, 2015</b>	<b>\$ 115,691,126</b>
Employer contributions	3,341,129
Employee contributions	1,278,915
Net investment income	7,924,723
Benefit payments, including refunds of employee contributions	(5,317,236)
Pension plan administrative expense	(195,429)
Other	7,001
Net change in FNP	7,039,103
<b>Plan Fiduciary Net Position - December 31, 2015</b>	<b>\$ 122,730,229</b>
<b>Net pension liability</b>	<b>\$ 23,145,122</b>
Fiduciary net position as a percentage of total pension liability	84.13%
Covered employee payroll	\$ 12,789,129
Net pension liability as a percentage of covered employee payroll	180.97%

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

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

**New Hire Pension Plan - Fire Component**

	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Actual Contributions as a % of Covered Payroll</b>
2015	\$ 3,444,712	\$ 3,444,712	\$ -	\$ 11,910,879	28.92

**Notes to the Required Supplementary Information**

Valuation date: January 1, 2015

Methods and assumptions used to determine contributions

Actuarial cost method	Entry age
Amortization method	Level percentage of pay, closed
Remaining amortization period	23 years
Inflation	3.00%
Salary increase	4.00 - 14.00%
Discount rate	7.50%
Retirement age	55 years of age
Mortality	Rates were based on RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected Scale AA 40% multiplier for off-duty mortality increased by .00020 for on-duty Fire and Police experience

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

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

**CITY OF COLORADO SPRINGS**  
**COLORADO**  
**EXHIBIT 17**  
**(PAGE 3 OF 4)**

**New Hire Pension Plan - Police Component**

	<b>2015</b>
<b>Total Pension Liability (TPL) - January 1, 2015</b>	\$ 281,166,840
Service cost	6,226,828
Interest on the TPL	20,973,736
Benefit changes	-
Difference between expected and actual experience of the TPL	(1,295,803)
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(9,260,894)
Net change in TPL	16,643,867
<b>Total Pension Liability - December 31, 2015</b>	<b>\$ 297,810,707</b>
<b>Plan Fiduciary Net Position (FNP) - January 1, 2015</b>	\$ 242,667,157
Employer contributions	7,728,841
Employee contributions	2,830,620
Net investment income	16,694,742
Benefit payments, including refunds of employee contributions	(9,260,894)
Pension plan administrative expense	(408,341)
Other	-
Net change in FNP	17,584,968
<b>Plan Fiduciary Net Position - December 31, 2015</b>	<b>\$ 260,252,125</b>
<b>Net pension liability</b>	<b>\$ 37,558,582</b>
Fiduciary net position as a percentage of total pension liability	87.39%
Covered employee payroll	\$ 30,066,196
Net pension liability as a percentage of covered employee payroll	124.92%

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

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

**New Hire Pension Plan - Police Component**

	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Actual Contributions as a % of Covered Payroll</b>
2015	\$ 7,969,055	\$ 7,969,055	\$ -	\$ 28,615,723	27.85

**Notes to the Required Supplementary Information**

Valuation date: January 1, 2015

Methods and assumptions used to determine contributions

Actuarial cost method	Entry age
Amortization method	Level percentage of pay, closed
Remaining amortization period	23 years
Inflation	3.00%
Salary increase	4.00 - 14.00%
Discount rate	7.50%
Retirement age	50 years of age
Mortality	Rates were based on RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected Scale AA 40% multiplier for off-duty mortality increased by .00020 for on-duty Fire and Police experience

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

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

**CITY OF COLORADO SPRINGS**  
**COLORADO**  
**EXHIBIT 18**  
**(PAGE 1 OF 2)**

**Fire & Police Pension Association Statewide Defined Benefit Pension Plan**

	<u>2015</u>
Proportionate share of total pension liability	\$ 115,980,297
Proportionate share of fiduciary net position	<u>(123,899,253)</u>
Proportionate share of net pension asset	\$ (7,918,956)
Fiduciary net position as a percentage of total pension liability	106.83%
Covered employee payroll	\$ 31,535,933
Net pension liability as a percentage of covered employee payroll	25.11%
Proportion of net pension asset	7.02%

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

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

**Fire & Police Pension Association Statewide Defined Benefit Pension Plan**

	<b>Statutorily Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Actual Contributions as a % of Covered Payroll</b>
2015	\$ 2,976,381	\$ 2,976,381	\$ -	\$ 35,068,719	8.49

**Notes to the Required Supplementary Information**

There were no changes to benefit assumptions for the year ended December 31, 2014, the plan measurement date.

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

**SCHEDULE OF FUNDING PROGRESS  
OTHER POST-EMPLOYMENT BENEFITS (OPEB)  
December 31, 2015**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 19**

**City of Colorado Springs**

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

**Colorado Springs Utilities**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
1/1/2011	\$ -	\$ 18,602,000	\$ 18,602,000	0.0	\$ 15,448,000	120.4
1/1/2013	-	18,000,000	18,000,000	0.0	11,781,000	152.8
1/1/2015	-	20,726,000	20,726,000	0.0	8,563,000	242.1

# COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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**PROPRIETARY FUNDS**  
**SCHEDULE OF REVENUES AND EXPENSES**  
**BUDGET AND ACTUAL COMPARISON**  
**For the year ended December 31, 2015**

	<b>Colorado Springs Utilities</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Operating revenues</b>	\$ 928,027,000	\$ 830,821,000	\$ (97,206,000)
<b>Operating expenses</b>			
Salaries and benefits	164,900,052	170,522,426	(5,622,374)
Other operating expenses	406,234,948	323,094,574	83,140,374
Depreciation and amortization	148,511,000	120,100,000	28,411,000
<b>Total operating expenses</b>	719,646,000	613,717,000	105,929,000
<b>Operating income</b>	208,381,000	217,104,000	8,723,000
<b>Nonoperating revenues (expenses)</b>			
Derivative instruments	-	3,463,000	3,463,000
Investment earnings	692,000	2,207,000	1,515,000
Lease interest income	-	-	-
Interest expense	(79,043,000)	(73,593,000)	5,450,000
Amortization expense	-	-	-
Increase in contingent liabilities	-	-	-
Miscellaneous	8,246,000	11,355,000	3,109,000
<b>Total nonoperating revenues (expenses)</b>	(70,105,000)	(56,568,000)	13,537,000
<b>Income (loss) before contributions, transfers, and extraordinary item</b>	138,276,000	160,536,000	22,260,000
Capital contributions	35,881,000	44,682,000	8,801,000
Transfers - out	(32,479,000)	(30,975,000)	1,504,000
Extraordinary item - prior period GASB 68 restatement	-	(192,635,000)	(192,635,000)
<b>Increase (decrease) in net position</b>	\$ 141,678,000	\$ (18,392,000)	\$ (160,070,000)

<b>Public Authority for Colorado Energy</b>			<b>Memorial Hospital</b>		
<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
\$ 48,150,167	\$ 48,150,000	\$ (167)	\$ -	\$ -	\$ -
-	-	-	-	-	-
18,789,542	18,762,000	27,542	-	-	-
-	-	-	-	-	-
18,789,542	18,762,000	27,542	-	-	-
29,360,625	29,388,000	27,375	-	-	-
-	-	-	-	-	-
925,813	925,000	(813)	100,000	93,881	(6,119)
-	-	-	5,612,112	3,191,932	(2,420,180)
(41,228,125)	(41,228,000)	125	-	-	-
(820,270)	(820,000)	270	-	-	-
-	-	-	-	(8,142,863)	(8,142,863)
-	-	-	(5,712,112)	4,857,050	10,569,162
(41,122,582)	(41,123,000)	(418)	-	-	-
(11,761,957)	(11,735,000)	26,957	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ (11,761,957)	\$ (11,735,000)	\$ 26,957	\$ -	\$ -	\$ -



# NON-MAJOR GOVERNMENTAL FUNDS

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
December 31, 2015**

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

	<b>Special Revenue Funds</b>	<b>Capital Projects Fund</b>	<b>Permanent Funds</b>	<b>Total</b>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 45,714,302	\$ 13,036,638	\$ 412,351	\$ 59,163,291
Accounts receivable (net of allowance for uncollectibles)	17,944,920	12,918	-	17,957,838
Sales tax receivable	4,043,487	-	-	4,043,487
Loans receivable (net of allowance for uncollectibles)	16,775,162	-	-	16,775,162
Property taxes receivable	3,339,110	-	-	3,339,110
Due from other funds	1,825	2,100,000	-	2,101,825
Restricted investments	500,000	-	11,195,086	11,695,086
<b>Total assets</b>	<b>88,318,806</b>	<b>15,149,556</b>	<b>11,607,437</b>	<b>115,075,799</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>				
<b>Liabilities</b>				
Accounts payable	5,128,930	379,546	-	5,508,476
Accrued salaries and benefits	1,071,460	-	-	1,071,460
Deposits payable	2,162,034	-	-	2,162,034
Due to other funds	4,167,199	3,338,336	-	7,505,535
Unearned revenue				
Grants	11,215,106	-	-	11,215,106
<b>Total liabilities</b>	<b>23,744,729</b>	<b>3,717,882</b>	<b>-</b>	<b>27,462,611</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	3,339,110	-	-	3,339,110
Unavailable revenue - loans (net of allowance for uncollectibles)	16,775,162	-	-	16,775,162
<b>Total deferred inflows of resources</b>	<b>20,114,272</b>	<b>-</b>	<b>-</b>	<b>20,114,272</b>
<b>Fund balances</b>				
Nonspendable	-	-	11,195,086	11,195,086
Restricted	34,206,769	-	412,351	34,619,120
Committed	10,130,798	11,308,424	-	21,439,222
Assigned	122,238	123,250	-	245,488
<b>Total fund balances</b>	<b>44,459,805</b>	<b>11,431,674</b>	<b>11,607,437</b>	<b>67,498,916</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 88,318,806</b>	<b>\$ 15,149,556</b>	<b>\$ 11,607,437</b>	<b>\$ 115,075,799</b>

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
For the year ended December 31, 2015**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit B-2**

	Special Revenue Funds	Capital Projects Fund	Permanent Funds	Total
<b>Revenues</b>				
Taxes	\$ 45,695,010	\$ -	\$ -	\$ 45,695,010
Intergovernmental	35,706,088	-	-	35,706,088
Charges for services	7,157,729	-	-	7,157,729
Endowments and donations	2,074,105	-	80,485	2,154,590
Other revenue	438,903	280,276	-	719,179
Investment earnings	337,428	147,408	158,333	643,169
Rental income	81,614	-	-	81,614
<b>Total revenues</b>	<b>91,490,877</b>	<b>427,684</b>	<b>238,818</b>	<b>92,157,379</b>
<b>Expenditures</b>				
Current				
General government	10,979	-	-	10,979
Public safety	33,758,935	-	-	33,758,935
Public works	25,131,930	-	-	25,131,930
Culture and recreation	7,081,714	-	19,923	7,101,637
Urban development and housing	3,817,323	-	-	3,817,323
Tourism/economic development	4,300,385	-	-	4,300,385
Miscellaneous	24,352	-	-	24,352
Debt service				
Principal	2,600,465	152,586	-	2,753,051
Interest	752,533	11,093	-	763,626
Capital outlay	11,934,509	9,687,033	-	21,621,542
<b>Total expenditures</b>	<b>89,413,125</b>	<b>9,850,712</b>	<b>19,923</b>	<b>99,283,760</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>2,077,752</b>	<b>(9,423,028)</b>	<b>218,895</b>	<b>(7,126,381)</b>
<b>Other financing sources (uses)</b>				
Transfers - in	-	13,092,565	-	13,092,565
Transfers - out	(675,715)	-	-	(675,715)
Loss on investments	-	-	(438,002)	(438,002)
<b>Total other financing sources (uses)</b>	<b>(675,715)</b>	<b>13,092,565</b>	<b>(438,002)</b>	<b>11,978,848</b>
<b>Net change in fund balances</b>	<b>1,402,037</b>	<b>3,669,537</b>	<b>(219,107)</b>	<b>4,852,467</b>
<b>Fund balances - January 1</b>	<b>43,057,768</b>	<b>7,762,137</b>	<b>11,826,544</b>	<b>62,646,449</b>
<b>Fund balances - December 31</b>	<b>\$ 44,459,805</b>	<b>\$ 11,431,674</b>	<b>\$ 11,607,437</b>	<b>\$ 67,498,916</b>



# SPECIAL REVENUE FUNDS

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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**

These funds are used to account for the activities of the fund where particular, ear-marked, on-going revenue sources are designated for various capital, operations and maintenance activities.

## ***Improvement and Maintenance District Funds:***

**Old Colorado City Maintenance and Security District Fund**  
**Norwood Special Improvement Maintenance District Fund**  
**Briargate Special Improvement Maintenance District Fund**  
**Stetson Hills Improvement Maintenance District Fund**  
**Woodstone Improvement Maintenance District Fund**  
**Gateway Improvement Maintenance District Fund**  
**Platte Avenue Improvement Maintenance District Fund**

These Improvement and Maintenance District Funds are used to account for the activities of the neighborhood district where revenues are derived from neighborhood taxes and/or assessments and used for specific neighborhood improvements or maintenance purposes.

# SPECIAL REVENUE FUNDS CONT'D.

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## ***Public Improvements Funds:***

**Public Space and Development Fund (aka PLDO<sup>1</sup>)**  
**Subdivision Drainage Fund**  
**Arterial Roadway Fund**  
**Park Developer Easement Fund**  
**Banning Lewis Ranch Fund**

These Public Improvements Funds are used to account for the activities of the fund established to finance public infrastructure costs in accordance with City subdivision ordinances.

## ***Other Public Improvements Funds:***

**Cottonwood General Improvement District**  
**Spring Creek General Improvement District**  
**Briargate General Improvement District**  
**Market Place at Austin Bluffs (MAB) General Improvement District**

These Other Public Improvements Funds are used to account for the activities of the funds established to finance improvement district infrastructure costs.

## ***Other Special Revenue Funds:***

**Lodgers and Auto Rental Tax Fund**  
**Street Tree Fund**  
**Gift Trust Fund**  
**Senior Programs Fund**  
**Therapeutic Recreation Fund**

These Other Special Revenue Funds are used to account for the activities of the fund where ear-marked revenue is used for certain designated purposes.

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<sup>1</sup> Public Land Dedication Ordinance



**ALL SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2015**

<b>Inter- governmental Grant Funds</b>	<b>Capital Operations and Maintenance Funds</b>
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**ASSETS**

Cash and investments	\$	-	\$	24,707,247
Accounts receivable (net of allowance for uncollectibles)		17,511,280		266,517
Sales tax receivable		-		3,810,198
Loans receivable (net of allowance for uncollectibles)		16,775,162		-
Property taxes receivable		-		-
Due from other funds		-		-
Restricted investments		-		-
<b>Total assets</b>		<b>34,286,442</b>		<b>28,783,962</b>

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

**Liabilities**

Accounts payable		2,086,737		1,250,206
Accrued salaries and benefits		122,739		923,042
Deposits payable		-		-
Due to other funds		4,086,698		79,940
Unearned revenue				
Grants		11,215,106		-
<b>Total liabilities</b>		<b>17,511,280</b>		<b>2,253,188</b>

**Deferred inflows of resources**

Unavailable revenue - property taxes		-		-
Unavailable revenue - loans (net of allowance for uncollectibles)		16,775,162		-
<b>Total deferred inflows of resources</b>		<b>16,775,162</b>		<b>-</b>

**Fund balances**

Restricted		-		26,487,188
Committed		-		43,586
Assigned		-		-
<b>Total fund balances</b>		<b>-</b>		<b>26,530,774</b>

**Total liabilities, deferred inflows of  
resources and fund balances**

\$	34,286,442	\$	28,783,962
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**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit C-1**

<b>Improvement and Maintenance District Funds</b>	<b>Public Improvements Funds</b>	<b>Other Public Improvements Funds</b>	<b>Other Special Revenue Funds</b>	<b>Total</b>
\$ 888,146	\$ 13,773,187	\$ 819,958	\$ 5,525,764	\$ 45,714,302
17,098	-	15,113	134,912	17,944,920
-	-	-	233,289	4,043,487
-	-	-	-	16,775,162
1,827,657	-	1,511,453	-	3,339,110
-	-	-	1,825	1,825
-	-	500,000	-	500,000
<b>2,732,901</b>	<b>13,773,187</b>	<b>2,846,524</b>	<b>5,895,790</b>	<b>88,318,806</b>
7,317	707,601	400	1,076,669	5,128,930
25,679	-	-	-	1,071,460
-	2,162,034	-	-	2,162,034
-	-	-	561	4,167,199
-	-	-	-	11,215,106
<b>32,996</b>	<b>2,869,635</b>	<b>400</b>	<b>1,077,230</b>	<b>23,744,729</b>
1,827,657	-	1,511,453	-	3,339,110
-	-	-	-	16,775,162
<b>1,827,657</b>	<b>-</b>	<b>1,511,453</b>	<b>-</b>	<b>20,114,272</b>
872,248	1,440,026	1,334,671	4,072,636	34,206,769
-	9,345,264	-	741,948	10,130,798
-	118,262	-	3,976	122,238
<b>872,248</b>	<b>10,903,552</b>	<b>1,334,671</b>	<b>4,818,560</b>	<b>44,459,805</b>
\$ 2,732,901	\$ 13,773,187	\$ 2,846,524	\$ 5,895,790	\$ 88,318,806

**ALL SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
For the year ended December 31, 2015**

	<b>Inter- governmental Grant Funds</b>	<b>Capital Operations and Maintenance Funds</b>	<b>Improvement and Maintenance District Funds</b>
<b>Revenues</b>			
Taxes	\$ -	\$ 37,239,849	\$ 1,890,138
Intergovernmental	31,500,759	4,205,329	-
Charges for services	-	1,096,499	-
Donations	-	-	-
Other revenue	438,903	-	-
Investment earnings	7,080	177,895	11,256
Rental income	-	-	-
<b>Total revenues</b>	<b>31,946,742</b>	<b>42,719,572</b>	<b>1,901,394</b>
<b>Expenditures</b>			
Current			
General government	-	-	-
Public safety	7,828,947	25,536,673	-
Public works	19,197,189	-	1,944,888
Culture and recreation	880,486	5,305,282	-
Urban redevelopment and housing	3,817,323	-	-
Tourism/economic development	-	-	-
Miscellaneous	-	-	-
Debt service			
Principal	-	1,200,465	-
Interest	-	212,352	-
Capital outlay	222,797	9,296,884	25,201
<b>Total expenditures</b>	<b>31,946,742</b>	<b>41,551,656</b>	<b>1,970,089</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>1,167,916</b>	<b>(68,695)</b>
<b>Other financing uses</b>			
Transfers - out	-	-	-
<b>Total other financing uses</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>1,167,916</b>	<b>(68,695)</b>
<b>Fund balances - January 1</b>	<b>-</b>	<b>25,362,858</b>	<b>940,943</b>
<b>Fund balances - December 31</b>	<b>\$ -</b>	<b>\$ 26,530,774</b>	<b>\$ 872,248</b>

**CITY OF COLORADO SPRINGS**  
**COLORADO**  
**Exhibit C-2**

Public Improvements Funds	Other Public Improvements Funds	Other Special Revenue Funds	Total
\$ -	\$ 1,508,131	\$ 5,056,892	\$ 45,695,010
-	-	-	35,706,088
6,061,230	-	-	7,157,729
-	-	2,074,105	2,074,105
-	-	-	438,903
110,112	17,205	13,880	337,428
-	-	81,614	81,614
6,171,342	1,525,336	7,226,491	91,490,877
-	-	10,979	10,979
-	-	393,315	33,758,935
3,780,024	-	209,829	25,131,930
-	-	895,946	7,081,714
-	-	-	3,817,323
-	-	4,300,385	4,300,385
-	24,352	-	24,352
-	1,400,000	-	2,600,465
-	540,181	-	752,533
2,389,627	-	-	11,934,509
6,169,651	1,964,533	5,810,454	89,413,125
1,691	(439,197)	1,416,037	2,077,752
-	-	(675,715)	(675,715)
-	-	(675,715)	(675,715)
1,691	(439,197)	740,322	1,402,037
10,901,861	1,773,868	4,078,238	43,057,768
\$ 10,903,552	\$ 1,334,671	\$ 4,818,560	\$ 44,459,805

**INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2015**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit C-3**

	<b>Community Development Block Grant Fund</b>	<b>Home Investment Partnership Fund</b>	<b>Grants Fund</b>	<b>Total</b>
<b><u>ASSETS</u></b>				
Accounts receivable (net of allowance for uncollectibles)	\$ 1,129,130	\$ 1,148,855	\$ 15,233,295	\$ 17,511,280
Loans receivable (net of allowance for uncollectibles)	5,190,233	11,499,143	85,786	16,775,162
<b>Total assets</b>	<b>6,319,363</b>	<b>12,647,998</b>	<b>15,319,081</b>	<b>34,286,442</b>
<b><u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u></b>				
<b>Liabilities</b>				
Accounts payable	87,378	39,060	1,960,299	2,086,737
Accrued salaries and benefits	18,863	-	103,876	122,739
Due to other funds	259,891	148,854	3,677,953	4,086,698
Unearned revenue Grants	762,998	960,941	9,491,167	11,215,106
<b>Total liabilities</b>	<b>1,129,130</b>	<b>1,148,855</b>	<b>15,233,295</b>	<b>17,511,280</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - loans (net of allowance for uncollectibles)	5,190,233	11,499,143	85,786	16,775,162
<b>Total deferred inflows of resources</b>	<b>5,190,233</b>	<b>11,499,143</b>	<b>85,786</b>	<b>16,775,162</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>\$ 6,319,363</b>	<b>\$ 12,647,998</b>	<b>\$ 15,319,081</b>	<b>\$ 34,286,442</b>

**INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 For the year ended December 31, 2015**

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

	<b>Community Development Block Grant Fund</b>	<b>Home Investment Partnership Fund</b>	<b>Grants Fund</b>	<b>Total</b>
<b>Revenues</b>				
Intergovernmental	\$ 1,764,937	\$ 1,294,163	\$ 28,441,659	\$ 31,500,759
Other revenue	246,523	188,700	3,680	438,903
Investment earnings	130	7	6,943	7,080
<b>Total revenues</b>	<b>2,011,590</b>	<b>1,482,870</b>	<b>28,452,282</b>	<b>31,946,742</b>
<b>Expenditures</b>				
Current				
Public safety	-	-	7,828,947	7,828,947
Public works	-	-	19,197,189	19,197,189
Culture and recreation	-	-	880,486	880,486
Urban redevelopment and housing	2,011,590	1,482,870	322,863	3,817,323
Capital outlay	-	-	222,797	222,797
<b>Total expenditures</b>	<b>2,011,590</b>	<b>1,482,870</b>	<b>28,452,282</b>	<b>31,946,742</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances - January 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances - December 31</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CAPITAL, OPERATIONS AND MAINTENANCE SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 December 31, 2015**

	<b>Ballfield Capital Improvements Fund</b>	<b>Bicycle Tax Fund</b>	<b>Trails/Open Space Fund</b>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 43,586	\$ 66,909	\$ 13,258,817
Accounts receivable (net of allowance for uncollectibles)	-	-	-
Sales tax receivable	-	-	762,033
<b>Total assets</b>	<b>43,586</b>	<b>66,909</b>	<b>14,020,850</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>Liabilities</b>			
Accounts payable	-	15,571	601,805
Accrued salaries and benefits	-	-	21,979
Due to other funds	-	-	988
<b>Total liabilities</b>	<b>-</b>	<b>15,571</b>	<b>624,772</b>
<b>Fund balances</b>			
Restricted	-	51,338	13,396,078
Committed	43,586	-	-
<b>Total fund balances</b>	<b>43,586</b>	<b>51,338</b>	<b>13,396,078</b>
<b>Total liabilities and fund balances</b>	<b>\$ 43,586</b>	<b>\$ 66,909</b>	<b>\$ 14,020,850</b>

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit C-5**

<b>Conservation Trust Fund</b>	<b>Cable Franchise Fund</b>	<b>Public Safety Sales Tax Fund</b>	<b>Total</b>
\$ 1,307,464	\$ 355,103	\$ 9,675,368	\$ 24,707,247
-	265,010	1,507	266,517
-	-	3,048,165	3,810,198
<u>1,307,464</u>	<u>620,113</u>	<u>12,725,040</u>	<u>28,783,962</u>
212,939	143,414	276,477	1,250,206
95,977	12,946	792,140	923,042
56,000	-	22,952	79,940
<u>364,916</u>	<u>156,360</u>	<u>1,091,569</u>	<u>2,253,188</u>
942,548	463,753	11,633,471	26,487,188
-	-	-	43,586
<u>942,548</u>	<u>463,753</u>	<u>11,633,471</u>	<u>26,530,774</u>
<u>\$ 1,307,464</u>	<u>\$ 620,113</u>	<u>\$ 12,725,040</u>	<u>\$ 28,783,962</u>

**CAPITAL, OPERATIONS AND MAINTENANCE SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the year ended December 31, 2015**

	<b>Ballfield Capital Improvements Fund</b>	<b>Bicycle Tax Fund</b>	<b>Trails/Open Space Fund</b>
<b>Revenues</b>			
Taxes	\$ -	\$ 83,080	\$ 7,426,281
Intergovernmental	-	-	-
Charges for services	53,694	-	-
Investment earnings	777	2,460	102,783
<b>Total revenues</b>	<b>54,471</b>	<b>85,540</b>	<b>7,529,064</b>
<b>Expenditures</b>			
Current			
Public safety	-	-	-
Culture and recreation	89	-	1,203,695
Debt service			
Principal	51,500	-	853,600
Interest	48,300	-	152,217
Capital outlay	-	362,339	6,776,586
<b>Total expenditures</b>	<b>99,889</b>	<b>362,339</b>	<b>8,986,098</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(45,418)</b>	<b>(276,799)</b>	<b>(1,457,034)</b>
<b>Net change in fund balances</b>	<b>(45,418)</b>	<b>(276,799)</b>	<b>(1,457,034)</b>
<b>Fund balances - January 1</b>	<b>89,004</b>	<b>328,137</b>	<b>14,853,112</b>
<b>Fund balances - December 31</b>	<b>\$ 43,586</b>	<b>\$ 51,338</b>	<b>\$ 13,396,078</b>

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit C-6**

<b>Conservation Trust Fund</b>	<b>Cable Franchise Fund</b>	<b>Public Safety Sales Tax Fund</b>	<b>Total</b>
\$ -	\$ -	\$ 29,730,488	\$ 37,239,849
4,205,329	-	-	4,205,329
-	1,042,805	-	1,096,499
12,340	2,204	57,331	177,895
4,217,669	1,045,009	29,787,819	42,719,572
-	-	25,536,673	25,536,673
4,101,498	-	-	5,305,282
274,900	-	20,465	1,200,465
10,358	-	1,477	212,352
417,054	956,060	784,845	9,296,884
4,803,810	956,060	26,343,460	41,551,656
(586,141)	88,949	3,444,359	1,167,916
(586,141)	88,949	3,444,359	1,167,916
1,528,689	374,804	8,189,112	25,362,858
\$ 942,548	\$ 463,753	\$ 11,633,471	\$ 26,530,774

**IMPROVEMENT AND MAINTENANCE DISTRICT  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2015**

	<b>Old Colorado City Maintenance and Security District Fund</b>	<b>Norwood Special Improvement Maintenance District Fund</b>	<b>Briargate Special Improvement Maintenance District Fund</b>	<b>Stetson Hills Improvement Maintenance District Fund</b>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 71,426	\$ 371,339	\$ 44,023	\$ 254,326
Accounts receivable (net of allowance for uncollectibles)	889	6,012	7,456	2,553
Property taxes receivable	86,432	647,635	803,772	269,915
<b>Total assets</b>	<b>158,747</b>	<b>1,024,986</b>	<b>855,251</b>	<b>526,794</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>				
<b>Liabilities</b>				
Accounts payable	1,501	1,792	2,810	1,142
Accrued salaries and benefits	2,084	9,902	11,468	2,225
<b>Total liabilities</b>	<b>3,585</b>	<b>11,694</b>	<b>14,278</b>	<b>3,367</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	86,432	647,635	803,772	269,915
<b>Total deferred inflows of resources</b>	<b>86,432</b>	<b>647,635</b>	<b>803,772</b>	<b>269,915</b>
<b>Fund balances</b>				
Restricted	68,730	365,657	37,201	253,512
<b>Total fund balances</b>	<b>68,730</b>	<b>365,657</b>	<b>37,201</b>	<b>253,512</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 158,747</b>	<b>\$ 1,024,986</b>	<b>\$ 855,251</b>	<b>\$ 526,794</b>

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit C-7**

<b>Woodstone Improvement Maintenance District Fund</b>	<b>Gateway Improvement Maintenance District Fund</b>	<b>Platte Avenue Improvement Maintenance District Fund</b>	<b>Total</b>
\$ 54,090	\$ 7,607	\$ 85,335	\$ 888,146
160	27	1	17,098
16,979	2,924	-	1,827,657
71,229	10,558	85,336	2,732,901
25	47	-	7,317
-	-	-	25,679
25	47	-	32,996
16,979	2,924	-	1,827,657
16,979	2,924	-	1,827,657
54,225	7,587	85,336	872,248
54,225	7,587	85,336	872,248
\$ 71,229	\$ 10,558	\$ 85,336	\$ 2,732,901

**IMPROVEMENT AND MAINTENANCE DISTRICT  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
For year ended December 31, 2015**

	<b>Old Colorado City Maintenance and Security District Fund</b>	<b>Norwood Special Improvement Maintenance District Fund</b>	<b>Briargate Special Improvement Maintenance District Fund</b>	<b>Stetson Hills Improvement Maintenance District Fund</b>
<b>Revenues</b>				
Taxes	\$ 98,568	\$ 658,915	\$ 824,093	\$ 279,599
Investment earnings	727	3,952	2,075	2,931
<b>Total revenues</b>	<b>99,295</b>	<b>662,867</b>	<b>826,168</b>	<b>282,530</b>
<b>Expenditures</b>				
Current				
Public works	90,572	667,199	890,528	243,087
Capital outlay	686	5,645	14,160	4,710
<b>Total expenditures</b>	<b>91,258</b>	<b>672,844</b>	<b>904,688</b>	<b>247,797</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>8,037</b>	<b>(9,977)</b>	<b>(78,520)</b>	<b>34,733</b>
<b>Net change in fund balances</b>	<b>8,037</b>	<b>(9,977)</b>	<b>(78,520)</b>	<b>34,733</b>
<b>Fund balances - January 1</b>	<b>60,693</b>	<b>375,634</b>	<b>115,721</b>	<b>218,779</b>
<b>Fund balances - December 31</b>	<b>\$ 68,730</b>	<b>\$ 365,657</b>	<b>\$ 37,201</b>	<b>\$ 253,512</b>

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit C-8**

<b>Woodstone Improvement Maintenance District Fund</b>	<b>Gateway Improvement Maintenance District Fund</b>	<b>Platte Avenue Improvement Maintenance District Fund</b>	<b>Total</b>
\$ 17,742	\$ 2,971	\$ 8,250	\$ 1,890,138
698	64	809	11,256
18,440	3,035	9,059	1,901,394
44,573	1,224	7,705	1,944,888
-	-	-	25,201
44,573	1,224	7,705	1,970,089
(26,133)	1,811	1,354	(68,695)
(26,133)	1,811	1,354	(68,695)
80,358	5,776	83,982	940,943
\$ 54,225	\$ 7,587	\$ 85,336	\$ 872,248

**PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2015**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit C-9**

	<b>Public Space and Development Fund</b>	<b>Subdivision Drainage Fund</b>	<b>Arterial Roadway Fund</b>	<b>Park Developer Easement Fund</b>	<b>Banning Lewis Ranch Fund</b>	<b>Total</b>
<b><u>ASSETS</u></b>						
Cash and investments	\$ 5,607,617	\$ 2,882,066	\$ 1,437,367	\$ 172,719	\$ 3,673,418	\$ 13,773,187
<b>Total assets</b>	<b>5,607,617</b>	<b>2,882,066</b>	<b>1,437,367</b>	<b>172,719</b>	<b>3,673,418</b>	<b>13,773,187</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
<b>Liabilities</b>						
Accounts payable	707,601	-	-	-	-	707,601
Deposits payable	-	-	-	-	2,162,034	2,162,034
<b>Total liabilities</b>	<b>707,601</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,162,034</b>	<b>2,869,635</b>
<b>Fund balances</b>						
Restricted	-	-	-	-	1,440,026	1,440,026
Committed	4,900,016	2,882,066	1,437,367	125,815	-	9,345,264
Assigned	-	-	-	46,904	71,358	118,262
<b>Total fund balance</b>	<b>4,900,016</b>	<b>2,882,066</b>	<b>1,437,367</b>	<b>172,719</b>	<b>1,511,384</b>	<b>10,903,552</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,607,617</b>	<b>\$ 2,882,066</b>	<b>\$ 1,437,367</b>	<b>\$ 172,719</b>	<b>\$ 3,673,418</b>	<b>\$ 13,773,187</b>

**PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 For the year ended December 31, 2015**

**CITY OF COLORADO SPRINGS  
 COLORADO  
 Exhibit C-10**

	<b>Public Space and Development Fund</b>	<b>Subdivision Drainage Fund</b>	<b>Arterial Roadway Fund</b>	<b>Park Developer Easement Fund</b>	<b>Banning Lewis Ranch Fund</b>	<b>Total</b>
<b>Revenues</b>						
Charges for services	\$ 1,177,849	\$ 4,432,251	\$ 204,290	\$ -	\$ 246,840	\$ 6,061,230
Investment earnings	49,328	16,330	10,463	1,644	32,347	110,112
<b>Total revenues</b>	<b>1,227,177</b>	<b>4,448,581</b>	<b>214,753</b>	<b>1,644</b>	<b>279,187</b>	<b>6,171,342</b>
<b>Expenditures</b>						
Current						
Public works	-	3,646,504	123,950	172	9,398	3,780,024
Capital Outlay	2,389,627	-	-	-	-	2,389,627
<b>Total expenditures</b>	<b>2,389,627</b>	<b>3,646,504</b>	<b>123,950</b>	<b>172</b>	<b>9,398</b>	<b>6,169,651</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,162,450)</b>	<b>802,077</b>	<b>90,803</b>	<b>1,472</b>	<b>269,789</b>	<b>1,691</b>
<b>Net change in fund balances</b>	<b>(1,162,450)</b>	<b>802,077</b>	<b>90,803</b>	<b>1,472</b>	<b>269,789</b>	<b>1,691</b>
<b>Fund balances - January 1</b>	<b>6,062,466</b>	<b>2,079,989</b>	<b>1,346,564</b>	<b>171,247</b>	<b>1,241,595</b>	<b>10,901,861</b>
<b>Fund balances - December 31</b>	<b>\$ 4,900,016</b>	<b>\$ 2,882,066</b>	<b>\$ 1,437,367</b>	<b>\$ 172,719</b>	<b>\$ 1,511,384</b>	<b>\$ 10,903,552</b>

**OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2015**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit C-11**

	<b>Cottonwood General Improvement District</b>	<b>Spring Creek General Improvement District</b>	<b>Briargate General Improvement District</b>	<b>MAB General Improvement District</b>	<b>Total</b>
<b><u>ASSETS</u></b>					
Cash and investments	\$ 14,035	\$ 304,591	\$ 356,021	\$ 145,311	\$ 819,958
Accounts receivable (net of allowance for uncollectibles)	-	2,810	10,077	2,226	15,113
Property taxes receivable	-	300,280	980,574	230,599	1,511,453
Restricted investments	-	-	500,000	-	500,000
<b>Total assets</b>	<b>14,035</b>	<b>607,681</b>	<b>1,846,672</b>	<b>378,136</b>	<b>2,846,524</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>					
<b>Liabilities</b>					
Accounts payable	-	150	-	250	400
<b>Total liabilities</b>	<b>-</b>	<b>150</b>	<b>-</b>	<b>250</b>	<b>400</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue - property taxes	-	300,280	980,574	230,599	1,511,453
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>300,280</b>	<b>980,574</b>	<b>230,599</b>	<b>1,511,453</b>
<b>Fund balances</b>					
Restricted	14,035	307,251	866,098	147,287	1,334,671
<b>Total fund balances</b>	<b>14,035</b>	<b>307,251</b>	<b>866,098</b>	<b>147,287</b>	<b>1,334,671</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 14,035</b>	<b>\$ 607,681</b>	<b>\$ 1,846,672</b>	<b>\$ 378,136</b>	<b>\$ 2,846,524</b>

**OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 For the year ended December 31, 2015**

**CITY OF COLORADO SPRINGS  
 COLORADO  
 Exhibit C-12**

	<b>Cottonwood General Improvement District</b>	<b>Spring Creek General Improvement District</b>	<b>Briargate General Improvement District</b>	<b>MAB General Improvement District</b>	<b>Total</b>
<b>Revenues</b>					
Taxes	\$ -	\$ 311,117	\$ 951,813	\$ 245,201	\$ 1,508,131
Investment earnings	5,311	3,820	6,124	1,950	17,205
<b>Total revenues</b>	<b>5,311</b>	<b>314,937</b>	<b>957,937</b>	<b>247,151</b>	<b>1,525,336</b>
<b>Expenditures</b>					
Current					
Miscellaneous	6,166	5,964	6,359	5,863	24,352
Debt service					
Principal	695,000	205,000	430,000	70,000	1,400,000
Interest	27,800	84,665	265,216	162,500	540,181
<b>Total expenditures</b>	<b>728,966</b>	<b>295,629</b>	<b>701,575</b>	<b>238,363</b>	<b>1,964,533</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(723,655)</b>	<b>19,308</b>	<b>256,362</b>	<b>8,788</b>	<b>(439,197)</b>
<b>Net change in fund balances</b>	<b>(723,655)</b>	<b>19,308</b>	<b>256,362</b>	<b>8,788</b>	<b>(439,197)</b>
<b>Fund balances - January 1</b>	<b>737,690</b>	<b>287,943</b>	<b>609,736</b>	<b>138,499</b>	<b>1,773,868</b>
<b>Fund balances - December 31</b>	<b>\$ 14,035</b>	<b>\$ 307,251</b>	<b>\$ 866,098</b>	<b>\$ 147,287</b>	<b>\$ 1,334,671</b>

**OTHER SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2015**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit C-13**

	<b>Lodgers and Auto Rental Tax Fund</b>	<b>Street Tree Fund</b>	<b>Gift Trust Fund</b>	<b>Senior Programs Fund</b>	<b>Therapeutic Recreation Fund</b>	<b>Total</b>
<b><u>ASSETS</u></b>						
Cash and investments	\$ 732,440	\$ 109,050	\$ 3,944,856	\$ 734,932	\$ 4,486	\$ 5,525,764
Accounts receivable (net of allowances for uncollectibles)	-	-	134,561	351	-	134,912
Sales tax receivable	233,289	-	-	-	-	233,289
Due from other funds	-	-	1,825	-	-	1,825
<b>Total assets</b>	<b>965,729</b>	<b>109,050</b>	<b>4,081,242</b>	<b>735,283</b>	<b>4,486</b>	<b>5,895,790</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
<b>Liabilities</b>						
Accounts payable	639,626	-	334,709	102,334	-	1,076,669
Due to other funds	-	-	-	561	-	561
<b>Total liabilities</b>	<b>639,626</b>	<b>-</b>	<b>334,709</b>	<b>102,895</b>	<b>-</b>	<b>1,077,230</b>
<b>Fund balances</b>						
Restricted	326,103	-	3,746,533	-	-	4,072,636
Committed	-	105,074	-	632,388	4,486	741,948
Assigned	-	3,976	-	-	-	3,976
<b>Total fund balances</b>	<b>326,103</b>	<b>109,050</b>	<b>3,746,533</b>	<b>632,388</b>	<b>4,486</b>	<b>4,818,560</b>
<b>Total liabilities and fund balances</b>	<b>\$ 965,729</b>	<b>\$ 109,050</b>	<b>\$ 4,081,242</b>	<b>\$ 735,283</b>	<b>\$ 4,486</b>	<b>\$ 5,895,790</b>

**OTHER SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
December 31, 2015**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit C-14**

	<b>Lodgers and Auto Rental Tax Fund</b>	<b>Street Tree Fund</b>	<b>Gift Trust Fund</b>	<b>Senior Programs Fund</b>	<b>Therapeutic Recreation Fund</b>	<b>Total</b>
<b>Revenues</b>						
Taxes	\$ 5,056,892	\$ -	\$ -	\$ -	\$ -	\$ 5,056,892
Donations	-	-	1,412,462	661,643	-	2,074,105
Investment earnings	3,843	844	4,298	4,601	294	13,880
Rental income	-	-	-	81,614	-	81,614
<b>Total revenues</b>	<b>5,060,735</b>	<b>844</b>	<b>1,416,760</b>	<b>747,858</b>	<b>294</b>	<b>7,226,491</b>
<b>Expenditures</b>						
Current						
General government	-	-	10,979	-	-	10,979
Public safety	-	-	393,315	-	-	393,315
Public works	-	-	209,829	-	-	209,829
Culture and recreation	-	351	780,095	115,470	30	895,946
Tourism/economic development	4,300,385	-	-	-	-	4,300,385
<b>Total expenditures</b>	<b>4,300,385</b>	<b>351</b>	<b>1,394,218</b>	<b>115,470</b>	<b>30</b>	<b>5,810,454</b>
<b>Excess of revenues over expenditures</b>	<b>760,350</b>	<b>493</b>	<b>22,542</b>	<b>632,388</b>	<b>264</b>	<b>1,416,037</b>
<b>Other financing uses</b>						
Transfers - out	(675,715)	-	-	-	-	(675,715)
<b>Net change in fund balances</b>	<b>84,635</b>	<b>493</b>	<b>22,542</b>	<b>632,388</b>	<b>264</b>	<b>740,322</b>
<b>Fund balances - January 1</b>	<b>241,468</b>	<b>108,557</b>	<b>3,723,991</b>	<b>-</b>	<b>4,222</b>	<b>4,078,238</b>
<b>Fund balances - December 31</b>	<b>\$ 326,103</b>	<b>\$ 109,050</b>	<b>\$ 3,746,533</b>	<b>\$ 632,388</b>	<b>\$ 4,486</b>	<b>\$ 4,818,560</b>

**SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES-BUDGET AND ACTUAL  
For the year ended December 31, 2015**

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

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Community Development Block Grant	\$ 2,011,590	\$ 2,011,590	\$ -
Home Investment Partnership Fund	1,482,870	1,482,870	-
Grants Fund	28,452,282	28,452,282	-
Ballfield Capital Improvements Fund	100,000	54,470	(45,530)
Bicycle Tax Fund	95,000	85,540	(9,460)
Trails/Open Space Fund	7,335,000	7,529,065	194,065
Conservation Trust Fund	4,420,000	4,217,669	(202,331)
Cable Franchise Fund	941,000	1,045,009	104,009
Public Safety Sales Tax Fund	29,652,000	29,787,819	135,819
Old Colorado City Maintenance and Security District Fund	100,588	99,296	(1,292)
Norwood Special Improvement Maintenance District Fund	679,775	662,866	(16,909)
Briargate Special Improvement Maintenance District Fund	840,592	826,167	(14,425)
Stetson Hills Improvement Maintenance District Fund	285,364	282,529	(2,835)
Woodstone Improvement Maintenance District Fund	18,834	18,440	(394)
Gateway Improvement Maintenance District Fund	3,064	3,035	(29)
Platte Avenue Improvement Maintenance District Fund	9,172	9,059	(113)
Public Space and Development Fund	1,200,000	1,227,177	27,177
Subdivision Drainage Fund	4,000,000	4,448,581	448,581
Arterial Roadway Fund	250,000	214,754	(35,246)
Park Developer Easement Fund	-	1,644	1,644
Banning Lewis Ranch Fund	343,000	279,186	(63,814)
Cottonwood General Improvement District	8,000	5,311	(2,689)
Spring Creek General Improvement District	305,862	314,937	9,075
Briargate General Improvement District	915,371	957,937	42,566
MAB General Improvement District	240,854	247,152	6,298
Lodgers and Auto Rental Tax Fund	4,161,000	5,060,736	899,736
Street Tree Fund	2,000	845	(1,155)
Gift Trust Fund	1,900,000	1,416,760	(483,240)
Senior Programs Fund	116,086	747,858	631,772
Therapeutic Recreation Fund	300	294	(6)
<b>Total revenues</b>	<b>\$ 89,869,604</b>	<b>\$ 91,490,878</b>	<b>\$ 1,621,274</b>

(continued)

Note: Includes transfers.

**SPECIAL REVENUE FUNDS  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
For the year ended December 31, 2015**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Expenditures</b>			
Community Development Block Grant	\$ 2,011,590	\$ 2,011,590	\$ -
Home Investment Partnership Fund	1,482,870	1,482,870	-
Grants Fund	28,452,282	28,452,282	-
Ballfield Capital Improvements Fund	100,000	99,889	111
Bicycle Tax Fund	391,552	362,339	29,213
Trails/Open Space Fund	16,301,412	8,986,098	7,315,314
Conservation Trust Fund	5,267,807	4,803,810	463,997
Cable Franchise Fund	944,959	956,060	(11,101)
Public Safety Sales Tax Fund	32,204,299	26,343,460	5,860,839
Old Colorado City Maintenance and Security District Fund	135,431	91,258	44,173
Norwood Special Improvement Maintenance District Fund	870,975	672,844	198,131
Briargate Special Improvement Maintenance District Fund	937,695	904,688	33,007
Stetson Hills Improvement Maintenance District Fund	327,805	247,797	80,008
Woodstone Improvement Maintenance District Fund	51,400	44,573	6,827
Gateway Improvement Maintenance District Fund	8,130	1,224	6,906
Platte Avenue Improvement Maintenance District Fund	45,100	7,705	37,395
Public Space and Development Fund	7,645,757	2,389,627	5,256,130
Subdivision Drainage Fund	4,000,000	3,646,504	353,496
Arterial Roadway Fund	250,000	123,950	126,050
Park Developer Easement Fund	-	172	(172)
Banning Lewis Ranch Fund	10,625	9,398	1,227
Cottonwood General Improvement District	729,800	728,966	834
Spring Creek General Improvement District	296,665	295,629	1,036
Briargate General Improvement District	702,216	701,575	641
MAB General Improvement District	239,500	238,363	1,137
Lodgers and Auto Rental Tax Fund	5,004,932	4,976,100	28,832
Street Tree Fund	23,877	351	23,526
Gift Trust Fund	2,011,857	1,394,218	617,639
Senior Programs Fund	115,667	115,470	197
Therapeutic Recreation Fund	100	30	70
<b>Total expenditures</b>	<b>\$ 110,564,303</b>	<b>\$ 90,088,840</b>	<b>\$ 20,475,463</b>

Note: Includes transfers.



# CAPITAL PROJECTS FUND

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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  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
For year ended December 31, 2015**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit D-2**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>			
Other revenue	\$ 80,000	\$ 280,276	\$ 200,276
Investment earnings	76,000	147,408	71,408
<b>Total revenues</b>	<b>156,000</b>	<b>427,684</b>	<b>271,684</b>
<b>Expenditures</b>			
Debt service			
Principal	152,586	152,586	-
Interest	11,093	11,093	-
Capital outlay	21,156,160	9,687,033	11,469,127
<b>Total expenditures</b>	<b>21,319,839</b>	<b>9,850,712</b>	<b>11,469,127</b>
<b>Deficiency of revenues over expenditures</b>	<b>(21,163,839)</b>	<b>(9,423,028)</b>	<b>11,740,811</b>
<b>Other financing sources</b>			
Transfers - in	13,133,257	13,092,565	(40,692)
<b>Total other financing sources</b>	<b>13,133,257</b>	<b>13,092,565</b>	<b>(40,692)</b>
<b>Net change in fund balance</b>	<b>(8,030,582)</b>	<b>3,669,537</b>	<b>11,700,119</b>
<b>Fund balance - January 1</b>	<b>7,762,137</b>	<b>7,762,137</b>	<b>-</b>
<b>Fund balance - December 31</b>	<b>\$ (268,445)</b>	<b>\$ 11,431,674</b>	<b>\$ 11,700,119</b>

**ANNUAL STATEMENT OF RECEIPTS  
AND EXPENDITURES FOR  
ROADS, BRIDGES AND STREETS  
2015**

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: City of Colorado Springs		
		YEAR ENDING : December 2015		
This Information From The Records Of: City of Colorado Springs		Prepared By: City of Colorado Springs Finance Office Phone: (719) 385-5919		
<b>I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE</b>				
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				
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES</b>		<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES</b>		
ITEM	AMOUNT	ITEM	AMOUNT	
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>		
1. Local highway-user taxes		1. Capital outlay (from page 2)		25,881,770
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:		9,347,281
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:		
c. Total (a.+b.)		a. Traffic control operations		689,909
2. General fund appropriations	14,789,317	b. Snow and ice removal		3,020,553
3. Other local imposts (from page 2)	24,589,579	c. Other		-
4. Miscellaneous local receipts (from page 2)	4,099,342	d. Total (a. through c.)		3,710,462
5. Transfers from toll facilities	-	4. General administration & miscellaneous		2,046,135
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety		18,886,591
a. Bonds - Original Issues	-	6. Total (1 through 5)		59,872,239
b. Bonds - Refunding Issues	-	<b>B. Debt service on local obligations:</b>		
c. Notes	-	1. Bonds:		
d. Total (a. + b. + c.)	-	a. Interest		225,677
7. Total (1 through 6)	43,478,238	b. Redemption		3,321,247
<b>B. Private Contributions</b>	-	c. Total (a. + b.)		3,546,924
<b>C. Receipts from State government</b> (from page 2)	19,287,645	2. Notes:		
<b>D. Receipts from Federal Government</b> (from page 2)	653,280	a. Interest		-
<b>E. Total receipts (A.7 + B + C + D)</b>	63,419,163	b. Redemption		-
		c. Total (a. + b.)		-
		3. Total (1.c + 2.c)		3,546,924
		<b>C. Payments to State for highways</b>		-
		<b>D. Payments to toll facilities</b>		-
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>		63,419,163
<b>IV. LOCAL HIGHWAY DEBT STATUS</b> (Show all entries at par)				
	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	4,513,549	-	3,321,247	1,192,302
1. Bonds (Refunding Portion)	-	-	-	-
<b>B. Notes (Total)</b>	-	-	-	-
<b>V. LOCAL ROAD AND STREET FUND BALANCE</b>				
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance
	-	63,419,163	63,419,163	-
<b>Notes and Comments:</b>				

**ANNUAL STATEMENT OF RECEIPTS  
AND EXPENDITURES FOR  
ROADS, BRIDGES AND STREETS  
2015**

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: Colorado	
		YEAR ENDING: December 2015	
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	-	a. Interest on investments	78,156
b. Other local imposts:		b. Traffic Fines & Penalties	4,021,186
1. Sales Taxes	21,580,246	c. Parking Garage Fees	-
2. Infrastructure & Impact Fees	747,006	d. Parking Meter Fees	-
3. Liens	-	e. Sale of Surplus Property	-
4. Licenses	-	f. Charges for Services	-
5. Specific Ownership &/or Other	2,262,327	g. Other Misc. Receipts	-
6. Total (1. through 5.)	24,589,579	h. Other	-
c. Total (a. + b.)	24,589,579	i. Total (a. through h.)	4,099,342
	(Carry forward to page 1)		(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	17,791,537	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	653,280
c. Motor Vehicle Registrations	1,496,108	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.)	1,496,108	g. Total (a. through f.)	653,280
4. Total (1. + 2. + 3.f)	19,287,645	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
			TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs		-	538,239
b. Engineering Costs		-	2,743,968
c. Construction:			
(1). New Facilities		-	-
(2). Capacity Improvements		-	2,476,621
(3). System Preservation	1,798,430	15,581,798	17,380,228
(4). System Enhancement & Operation	-	2,742,714	2,742,714
(5). Total Construction (1) + (2) + (3) + (4)	1,798,430	20,801,133	22,599,563
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	1,798,430	24,083,340	25,881,770
			(Carry forward to page 1)
<b>Notes and Comments:</b>			



## PERMANENT FUNDS

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Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs for the benefit of the City or its citizenry.

### ***Cemetery Endowment Fund***

Used to account for the investment activities of the Cemetery Endowment corpus with investment earnings used to finance cemetery operations.

### ***C.D. Smith and TOPS Maintenance Trust Funds***

Used to account for the investment activities of each funds' corpus with investment earnings used in accordance with trust provisions.

	C.D. Smith Trust Fund	Cemetery Endowment Fund	TOPS Maintenance Trust Fund	Total
<b><u>ASSETS</u></b>				
Cash and investments	\$ 136,843	\$ 37,120	\$ 238,388	\$ 412,351
Restricted investments	863,955	9,729,241	601,890	11,195,086
<b>Total assets</b>	<b>1,000,798</b>	<b>9,766,361</b>	<b>840,278</b>	<b>11,607,437</b>
<b><u>FUND BALANCES</u></b>				
<b>Fund balances</b>				
Nonspendable	863,955	9,729,241	601,890	11,195,086
Restricted	136,843	37,120	238,388	412,351
<b>Total fund balances</b>	<b>1,000,798</b>	<b>9,766,361</b>	<b>840,278</b>	<b>11,607,437</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,000,798</b>	<b>\$ 9,766,361</b>	<b>\$ 840,278</b>	<b>\$ 11,607,437</b>

**PERMANENT FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 For year ended December 31, 2015**

**CITY OF COLORADO SPRINGS  
 COLORADO  
 Exhibit E-2**

	<b>C.D. Smith Trust Fund</b>	<b>Cemetery Endowment Fund</b>	<b>TOPS Maintenance Trust Fund</b>	<b>Total</b>
<b>Revenues</b>				
Endowments	\$ -	\$ 80,485	\$ -	\$ 80,485
Investment earnings	155,008	-	3,325	158,333
<b>Total revenues</b>	<b>155,008</b>	<b>80,485</b>	<b>3,325</b>	<b>238,818</b>
<b>Expenditures</b>				
Current				
Culture and recreation	8,560	-	11,363	19,923
<b>Total expenditures</b>	<b>8,560</b>	<b>-</b>	<b>11,363</b>	<b>19,923</b>
<b>Excess of revenues over expenditures</b>	<b>146,448</b>	<b>80,485</b>	<b>(8,038)</b>	<b>218,895</b>
<b>Other financing sources (uses)</b>				
Loss on investments	-	(438,002)	-	(438,002)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(438,002)</b>	<b>-</b>	<b>(438,002)</b>
<b>Net change in fund balance</b>	<b>146,448</b>	<b>(357,517)</b>	<b>(8,038)</b>	<b>(219,107)</b>
<b>Fund balances - January 1</b>	<b>854,350</b>	<b>10,123,878</b>	<b>848,316</b>	<b>11,826,544</b>
<b>Fund balances - December 31</b>	<b>\$ 1,000,798</b>	<b>\$ 9,766,361</b>	<b>\$ 840,278</b>	<b>\$ 11,607,437</b>

**PERMANENT FUNDS**  
**SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL**  
**For the year ended December 31, 2015**

**CITY OF COLORADO SPRINGS**  
**COLORADO**  
**Exhibit E-3**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
C.D. Smith Trust Fund	\$ 75,000	\$ 155,008	\$ 80,008
Cemetery Endowment Fund	250,000	80,485	(169,515)
TOPS Maintenance Trust Fund	11,500	3,325	(8,175)
<b>Total revenues</b>	<b>\$ 336,500</b>	<b>\$ 238,818</b>	<b>\$ (97,682)</b>
<b>Expenditures</b>			
C.D. Smith Trust Fund	\$ 75,000	\$ 8,560	\$ 66,440
Cemetery Endowment Fund	250,000	438,002	(188,002)
TOPS Maintenance Trust Fund	11,500	11,363	137
<b>Total expenditures</b>	<b>\$ 336,500</b>	<b>\$ 457,925</b>	<b>\$ (121,425)</b>

# NON-MAJOR PROPRIETARY FUNDS

## ENTERPRISE FUNDS

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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 Highway Fund***

Used to account for the activities of the Pikes Peak Highway.

***Parking Fund***

Used to account for the activities of the City owned parking system.

***Cemetery Fund***

Used to account for the activities of the two City owned cemeteries.

***Development Review Fund***

Used to account for the final implementation of City land use regulations and fire codes.

**NON-MAJOR ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2015**

	<b>Airport Fund</b>	<b>Patty Jewett Golf Fund</b>	<b>Valley Hi Golf Fund</b>
<b><u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u></b>			
<b>Current assets</b>			
Cash and investments - unrestricted	\$ 19,353,417	\$ 937,752	\$ 326,033
Cash and investments - restricted	8,063,604	-	-
Accounts receivable (net of allowance for uncollectibles)	1,616,434	12,171	2,321
Prepays	26,420	-	-
Due from other funds	-	-	-
Inventories	173,564	-	-
<b>Total current assets</b>	<b>29,233,439</b>	<b>949,923</b>	<b>328,354</b>
<b>Noncurrent assets</b>			
Cash and investments - restricted	2,449,742	-	-
Note receivable	1,908,964	-	-
Due from other funds	-	-	-
Capital assets:			
Land	18,367,718	60,000	931,200
Buildings	68,270,256	1,969,651	282,508
Construction in progress	797,455	-	-
Improvements other than buildings	250,506,424	2,025,918	1,510,289
Machinery and equipment	26,736,986	2,592,955	1,041,286
Infrastructure	47,933,084	-	-
Intangibles	661,903	-	-
Less accumulated depreciation	(171,753,597)	(5,140,722)	(2,565,850)
Unamortized bond insurance premium	74,422	-	-
<b>Total noncurrent assets</b>	<b>245,953,357</b>	<b>1,507,802</b>	<b>1,199,433</b>
<b>Deferred outflows of resources</b>			
Loss on debt refunding	225,433	-	-
Pension-related amounts	1,043,579	107,018	47,154
<b>Total deferred outflows of resources</b>	<b>1,269,012</b>	<b>107,018</b>	<b>47,154</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 276,455,808</b>	<b>\$ 2,564,743</b>	<b>\$ 1,574,941</b>

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

<b>Pikes Peak Highway Fund</b>	<b>Parking Fund</b>	<b>Cemetery Fund</b>	<b>Development Review Fund</b>	<b>Total</b>
\$ 11,613,160	\$ 5,913,392	\$ 237,488	\$ 2,836,395	\$ 41,217,637
-	-	-	-	8,063,604
48,822	7,021	497,224	-	2,183,993
-	-	-	-	26,420
2,170	85,440	-	-	87,610
47,293	-	-	-	220,857
<b>11,711,445</b>	<b>6,005,853</b>	<b>734,712</b>	<b>2,836,395</b>	<b>51,800,121</b>
-	-	-	-	2,449,742
-	-	-	-	1,908,964
-	1,584,093	-	-	1,584,093
667	2,072,246	81,379	-	21,513,210
4,494,002	25,082,242	514,720	80,173	100,693,552
575,410	-	-	-	1,372,865
11,634,428	12,206,315	1,689,135	80,289	279,652,798
2,782,626	367,334	355,213	171,184	34,047,584
-	-	-	-	47,933,084
-	-	-	-	661,903
(9,303,566)	(15,749,285)	(1,731,987)	(200,194)	(206,445,201)
-	-	-	-	74,422
<b>10,183,567</b>	<b>25,562,945</b>	<b>908,460</b>	<b>131,452</b>	<b>285,447,016</b>
-	141,704	-	-	367,137
184,280	117,147	68,365	182,613	1,750,156
<b>184,280</b>	<b>258,851</b>	<b>68,365</b>	<b>182,613</b>	<b>2,117,293</b>
\$ 22,079,292	\$ 31,827,649	\$ 1,711,537	\$ 3,150,460	\$ 339,364,430

(continued)

**NON-MAJOR ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2015**

	<b>Airport Fund</b>	<b>Patty Jewett Golf Fund</b>	<b>Valley Hi Golf Fund</b>
<b><u>LIABILITIES AND NET POSITION</u></b>			
<b>Current liabilities</b>			
Accounts payable	\$ 1,080,152	\$ 15,628	\$ 7,120
Accrued salaries and benefits	238,224	18,603	7,480
Compensated absences	26,912	3,328	1,183
Due to other funds	96,651	8,356	5,200
Unearned revenue	805,148	14,525	4,180
Accrued interest payable	37,368	-	-
Matured bonds payable	1,750,000	-	-
Notes payable	280,032	-	-
<b>Total current liabilities</b>	<b>4,314,487</b>	<b>60,440</b>	<b>25,163</b>
<b>Noncurrent liabilities</b>			
Compensated absences	511,322	63,228	22,480
Unearned revenue	1,725,386	-	-
Revenue bonds payable, net	16,080,296	-	-
Notes payable	3,756,424	-	-
Net pension liability	7,212,963	790,285	347,684
<b>Total noncurrent liabilities</b>	<b>29,286,391</b>	<b>853,513</b>	<b>370,164</b>
<b>Total liabilities</b>	<b>33,600,878</b>	<b>913,953</b>	<b>395,327</b>
<b>Deferred inflows of resources</b>			
Pension-related amounts	545,878	159	70
<b>Total deferred inflows of resources</b>	<b>545,878</b>	<b>159</b>	<b>70</b>
<b>Net position</b>			
Net investment in capital assets	221,495,301	1,507,802	1,199,433
Restricted for passenger facility charges	1,611,407	-	-
Restricted for debt service	5,122,267	-	-
Unrestricted	14,080,077	142,829	(19,889)
<b>Total net position</b>	<b>242,309,052</b>	<b>1,650,631</b>	<b>1,179,544</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 276,455,808</b>	<b>\$ 2,564,743</b>	<b>\$ 1,574,941</b>

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

Pikes Peak Highway Fund	Parking Fund	Cemetery Fund	Development Review Fund	Total
\$ 75,542	\$ 138,546	\$ 10,081	\$ 34,924	\$ 1,361,993
37,421	17,718	13,476	36,593	369,515
4,117	3,833	2,411	2,647	44,431
2,681	4,856	2,464	-	120,208
-	-	-	1,186,747	2,010,600
-	17,952	-	-	55,320
-	695,000	-	-	2,445,000
-	-	-	-	280,032
<b>119,761</b>	<b>877,905</b>	<b>28,432</b>	<b>1,260,911</b>	<b>6,687,099</b>
78,215	72,836	45,811	50,293	844,185
-	-	806,785	-	2,532,171
-	8,170,000	-	-	24,250,296
1,387,852	644,231	531,924	927,860	3,756,424
<b>1,466,067</b>	<b>8,887,067</b>	<b>1,384,520</b>	<b>978,153</b>	<b>43,225,875</b>
1,585,828	9,764,972	1,412,952	2,239,064	49,912,974
3,068	129	16,448	186	565,938
<b>3,068</b>	<b>129</b>	<b>16,448</b>	<b>186</b>	<b>565,938</b>
10,183,567	15,113,851	908,460	131,452	250,539,866
-	-	-	-	1,611,407
-	-	-	-	5,122,267
10,306,829	6,948,697	(626,323)	779,758	31,611,978
<b>20,490,396</b>	<b>22,062,548</b>	<b>282,137</b>	<b>911,210</b>	<b>288,885,518</b>
<b>\$ 22,079,292</b>	<b>\$ 31,827,649</b>	<b>\$ 1,711,537</b>	<b>\$ 3,150,460</b>	<b>\$ 339,364,430</b>

**NON-MAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**For the year ended December 31, 2015**

	<b>Airport Fund</b>	<b>Patty Jewett Golf Fund</b>	<b>Valley Hi Golf Fund</b>
<b>Operating revenues</b>			
Charges for services	\$ 16,514,817	\$ 1,987,841	\$ 918,628
<b>Operating expenses</b>			
Salaries and benefits	6,527,096	708,313	301,810
Other operating expenses	6,255,356	1,046,038	579,715
Depreciation	14,821,482	248,984	125,412
<b>Total operating expenses</b>	<b>27,603,934</b>	<b>2,003,335</b>	<b>1,006,937</b>
<b>Operating income (loss)</b>	<b>(11,089,117)</b>	<b>(15,494)</b>	<b>(88,309)</b>
<b>Nonoperating revenues (expenses)</b>			
Investment earnings	217,144	6,141	2,449
Interest expense	(925,897)	(1,535)	(2,683)
Passenger facility charges	1,560,062	-	-
Customer facility charges	666,462	-	-
Amortization expense	-	-	-
Loss on disposal of capital assets	(312,550)	-	(600)
Miscellaneous	420,993	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>1,626,214</b>	<b>4,606</b>	<b>(834)</b>
Income (loss) before contributions and transfers	(9,462,903)	(10,888)	(89,143)
Capital contributions	1,523,379	-	-
Transfers - in	-	-	-
<b>Change in net position</b>	<b>(7,939,524)</b>	<b>(10,888)</b>	<b>(89,143)</b>
<b>Total net position - January 1, as previously stated</b>	<b>257,208,087</b>	<b>2,319,269</b>	<b>1,555,989</b>
Prior period adjustment	(6,959,511)	(657,750)	(287,302)
<b>Total net position - January 1, restated</b>	<b>250,248,576</b>	<b>1,661,519</b>	<b>1,268,687</b>
<b>Total net position - December 31</b>	<b>\$ 242,309,052</b>	<b>\$ 1,650,631</b>	<b>\$ 1,179,544</b>

**CITY OF COLORADO SPRINGS**  
**COLORADO**  
**Exhibit F-2**

<b>Pikes Peak Highway Fund</b>	<b>Parking Fund</b>	<b>Cemetery Fund</b>	<b>Development Review Fund</b>	<b>Total</b>
\$ 5,463,110	\$ 4,440,084	\$ 470,638	\$ 1,797,247	\$ 31,592,365
1,209,913	565,145	439,278	1,408,075	11,159,630
1,127,574	2,018,261	749,976	350,268	12,127,188
709,216	1,051,209	81,345	14,435	17,052,083
3,046,703	3,634,615	1,270,599	1,772,778	40,338,901
2,416,407	805,469	(799,961)	24,469	(8,746,536)
80,092	113,571	253,002	20,835	693,234
(11,696)	(414,565)	-	-	(1,356,376)
-	-	-	-	1,560,062
-	-	-	-	666,462
-	(18,078)	-	-	(18,078)
(752)	-	-	-	(313,902)
-	-	-	-	420,993
67,644	(319,072)	253,002	20,835	1,652,395
2,484,051	486,397	(546,959)	45,304	(7,094,141)
8,200	-	-	-	1,531,579
250,000	-	-	-	250,000
2,742,251	486,397	(546,959)	45,304	(5,312,562)
18,916,906	22,056,229	1,304,346	1,576,273	304,937,099
(1,168,761)	(480,078)	(475,250)	(710,367)	(10,739,019)
17,748,145	21,576,151	829,096	865,906	294,198,080
\$ 20,490,396	\$ 22,062,548	\$ 282,137	\$ 911,210	\$ 288,885,518

**NON-MAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**For the year ended December 31, 2015**

	<b>Airport Fund</b>	<b>Patty Jewett Golf Fund</b>	<b>Valley Hi Golf Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 15,979,777	\$ 1,989,493	\$ 920,545
Receipts from interfund services provided	66,899	-	-
Payments to suppliers	(5,856,662)	(658,856)	(312,596)
Payments to employees	(6,782,379)	(694,911)	(284,084)
Payments for interfund services used	(1,955,527)	(386,132)	(264,175)
<b>Net cash provided (used) by operating activities</b>	<b>1,452,108</b>	<b>249,594</b>	<b>59,690</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating grant	226,585	-	-
<b>Net cash provided by noncapital financing activities</b>	<b>226,585</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	(3,740,777)	(15,051)	-
Transfers in from other funds	-	-	-
Repayment of capital lease obligations	-	(88,480)	(86,403)
Principal paid on capital debt	(1,928,309)	-	-
Interest paid on capital debt	(1,090,158)	-	-
Interest paid - other	-	(1,535)	(2,683)
Proceeds from sale of capital assets	118,625	-	-
Capital grant	3,212,961	-	-
Bond issuance proceeds	-	-	-
Passenger facility charges	1,504,366	-	-
Customer facility charges	648,932	-	-
Other nonoperating revenue	374,104	-	-
<b>Net cash used by capital and related financing activities</b>	<b>(900,256)</b>	<b>(105,066)</b>	<b>(89,086)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sales and maturities of investments	15,238,601	368,674	201,115
Purchases of investments	(17,269,997)	(542,474)	(188,605)
Interest and dividends received	267,442	7,981	3,015
Principal received from interfund loan	-	-	-
Interest received from interfund loan	-	-	-
<b>Net cash provided (used) by investing activities</b>	<b>(1,763,954)</b>	<b>(165,819)</b>	<b>15,525</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(985,517)</b>	<b>(21,291)</b>	<b>(13,871)</b>
<b>Cash and cash equivalents - January 1</b>	<b>3,715,484</b>	<b>64,189</b>	<b>28,786</b>
<b>Cash and cash equivalents - December 31</b>	<b>2,729,967</b>	<b>42,898</b>	<b>14,915</b>
Cash and cash equivalents	2,729,967	42,898	14,915
Investments	27,136,796	894,854	311,118
<b>Total cash and investments</b>	<b>\$ 29,866,763</b>	<b>\$ 937,752</b>	<b>\$ 326,033</b>

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

Pikes Peak		Development			Total
Highway Fund	Parking Fund	Cemetery Fund	Review Fund		
\$ 5,437,929	\$ 4,103,588	\$ 1,078,540	\$ 1,982,429	\$ 31,492,301	
-	351,202	-	43,858	461,959	
(858,646)	(1,757,614)	(432,377)	(183,147)	(10,059,898)	
(1,173,874)	(507,578)	(445,480)	(1,357,798)	(11,246,104)	
(270,227)	(285,316)	(322,675)	(442,178)	(3,926,230)	
3,135,182	1,904,282	(121,992)	43,164	6,722,028	
-	-	-	-	226,585	
-	-	-	-	226,585	
(804,688)	(544,895)	-	-	(5,105,411)	
250,000	-	-	-	250,000	
(97,217)	-	-	-	(272,100)	
(431,672)	(10,705,000)	-	-	(13,064,981)	
(8,633)	(432,974)	-	-	(1,531,765)	
(3,062)	-	-	-	(7,280)	
5,785	-	-	-	124,410	
8,200	-	-	-	3,221,161	
-	9,520,000	-	-	9,520,000	
-	-	-	-	1,504,366	
-	-	-	-	648,932	
-	-	-	-	374,104	
(1,081,287)	(2,162,869)	-	-	(4,338,564)	
4,319,201	2,480,692	8,000	1,475,265	24,091,548	
(6,718,020)	(3,420,799)	(137,383)	(1,640,807)	(29,918,085)	
103,127	57,487	253,555	26,035	718,642	
-	65,660	-	-	65,660	
-	67,528	-	-	67,528	
(2,295,692)	(749,432)	124,172	(139,507)	(4,974,707)	
(241,797)	(1,008,019)	2,180	(96,343)	(2,364,658)	
773,049	1,278,531	8,684	226,096	6,094,819	
531,252	270,512	10,864	129,753	3,730,161	
531,252	270,512	10,864	129,753	3,730,161	
11,081,908	5,642,880	226,624	2,706,642	48,000,822	
\$ 11,613,160	\$ 5,913,392	\$ 237,488	\$ 2,836,395	\$ 51,730,983	

(continued)

**NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the year ended December 31, 2015**

	<b>Airport Fund</b>	<b>Patty Jewett Golf Fund</b>	<b>Valley Hi Golf Fund</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ (11,089,117)	\$ (15,494)	\$ (88,309)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation expense	14,821,482	248,984	125,412
Pension expense	(244,249)	25,676	13,298
Other expense	1,953	-	-
Change in assets and liabilities			
(Increase) decrease in accounts receivable	(262,579)	4,902	(223)
Decrease in due from other funds	-	-	-
(Increase) decrease in inventories	(46,939)	-	-
Decrease in prepaids	31,406	-	-
Increase (decrease) in accounts and other payables	(1,562,882)	2,714	3,805
Increase (decrease) in accrued expenses	(11,034)	(12,274)	4,429
Increase (decrease) in due to other funds	19,627	(1,664)	(862)
Increase (decrease) in other liabilities	(205,560)	(3,250)	2,140
<b>Net cash provided (used) by operating activities</b>	<b>\$ 1,452,108</b>	<b>\$ 249,594</b>	<b>\$ 59,690</b>
<b>Noncash investing, capital and financing activities</b>			
Noncash acquisition of capital assets			
(incurrence of payable/capital lease obligation)	726,014	-	-
Decrease in fair value of investments	(50,298)	(1,840)	(566)

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

<b>Pikes Peak Highway Fund</b>	<b>Parking Fund</b>	<b>Cemetery Fund</b>	<b>Development Review Fund</b>	<b>Total</b>
\$ 2,416,407	\$ 805,469	\$ (799,961)	\$ 24,469	\$ (8,746,536)
709,216	1,051,209	81,345	14,435	17,052,083
37,879	47,135	4,757	35,066	(80,438)
-	-	-	-	1,953
(28,477)	14,136	(198,882)	-	(471,123)
3,296	570	-	-	3,866
7,393	-	-	-	(39,546)
-	-	-	-	31,406
(8,913)	(16,254)	(4,051)	26,949	(1,558,632)
(1,840)	10,432	(10,959)	15,210	(6,036)
221	(8,415)	(1,026)	(302,005)	(294,124)
-	-	806,785	229,040	829,155
<b>\$ 3,135,182</b>	<b>\$ 1,904,282</b>	<b>\$ (121,992)</b>	<b>\$ 43,164</b>	<b>\$ 6,722,028</b>

31,682	-	-	-	757,696
(23,035)	(16,224)	(552)	(5,200)	(97,715)

**NON-MAJOR ENTERPRISE FUNDS**  
**SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL-BUDGET BASIS**  
**For the year ended December 31, 2015**

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

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Airport Fund	\$ 37,477,798	\$ 20,953,155	\$ (16,524,643)
Patty Jewett Golf Fund	2,181,665	1,995,822	(185,843)
Valley Hi Golf Fund	1,150,842	921,643	(229,199)
Pikes Peak Highway Fund	5,010,616	5,824,437	813,821
Parking Fund	4,699,849	4,569,879	(129,970)
Cemetery Fund	1,390,792	724,192	(666,600)
Development Review Fund	1,759,438	1,823,282	63,844
<b>Total revenues</b>	<b>\$ 53,671,000</b>	<b>36,812,410</b>	<b>\$ (16,858,590)</b>

Reconciliation to GAAP:

Add: Gain/(loss) on disposal of assets	(313,902)
Less: Decrease in fair value of investments	(97,715)
Revenues (US GAAP basis)	<u>\$ 36,400,793</u>

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Expenses</b>			
Airport Fund	\$ 31,519,287	\$ 17,338,451	\$ 14,180,836
Patty Jewett Golf Fund	2,235,795	1,845,748	390,047
Valley Hi Golf Fund	1,153,231	952,576	200,655
Pikes Peak Highway Fund	6,955,398	3,673,785	3,281,613
Parking Fund	5,754,811	4,159,555	1,595,256
Cemetery Fund	1,382,142	1,195,805	186,337
Development Review Fund	1,939,371	1,718,765	220,606
<b>Total expenses</b>	<b>\$ 50,940,035</b>	<b>30,884,685</b>	<b>\$ 20,055,350</b>

Reconciliation to GAAP:

Add: Depreciation expense	17,052,083
Add: Amortization expense	18,078
Add: Other year-end accrual entries	143,698
Less: Capital expenditures	(3,461,418)
Less: Capital lease principal payments	(272,100)
Less: Capital debt principal payments	(2,651,671)
Expenses (US GAAP basis)	<u>\$ 41,713,355</u>

Note: Includes transfers

# NON-MAJOR PROPRIETARY FUNDS

## INTERNAL SERVICE FUNDS

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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.

***Fleet Management Fund***

Used to account for centralized fleet management. The Fleet Management Fund was closed to the General Fund during 2015.

***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, 2015**

	<b>Fleet Management Fund</b>	<b>Claims Reserve Self-Insurance Fund</b>	<b>Workers' Compensation Self-Insurance Fund</b>
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Cash and investments	\$ -	\$ -	\$ 345,592
Accounts receivable (net of allowance for uncollectibles)	-	-	-
Inventories	-	-	-
Due from other funds	-	7,355	4,127
<b>Total current assets</b>	<b>-</b>	<b>7,355</b>	<b>349,719</b>
<b>Noncurrent assets</b>			
Capital assets:			
Land	-	-	-
Buildings	-	-	-
Improvements other than buildings	-	-	-
Machinery and equipment	-	-	41,433
Less accumulated depreciation	-	-	(38,079)
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>3,354</b>
<b>Total assets</b>	<b>-</b>	<b>7,355</b>	<b>353,073</b>
<b><u>LIABILITIES AND NET POSITION</u></b>			
<b>Current liabilities</b>			
Accounts payable	-	99,297	52,619
Claims payable	-	556,000	5,208,000
Accrued salaries and benefits	-	4,840	23,869
Compensated absences	-	494	1,928
Due to other funds	-	221,699	-
<b>Total current liabilities</b>	<b>-</b>	<b>882,330</b>	<b>5,286,416</b>
<b>Noncurrent liabilities</b>			
Claims payable	-	-	5,208,000
Compensated absences	-	9,387	36,626
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>9,387</b>	<b>5,244,626</b>
<b>Total liabilities</b>	<b>-</b>	<b>891,717</b>	<b>10,531,042</b>
<b>Net position</b>			
Net investment in capital assets	-	-	3,354
Unrestricted	-	(884,362)	(10,181,323)
<b>Total net position</b>	<b>-</b>	<b>(884,362)</b>	<b>(10,177,969)</b>
<b>Total liabilities and net position</b>	<b>\$ -</b>	<b>\$ 7,355</b>	<b>\$ 353,073</b>

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

<b>Employee Benefits Self-Insurance Fund</b>	<b>Office Services Fund</b>	<b>Radio Communications Fund</b>	<b>Total</b>
\$ -	\$ 365,002	\$ 725,256	\$ 1,435,850
206,103	29,081	6,428	241,612
-	45,731	5,313	51,044
9,305	35,380	1,344	57,511
215,408	475,194	738,341	1,786,017
-	-	13,000	13,000
-	-	201,250	201,250
-	-	310,198	310,198
-	225,791	194,980	462,204
-	(225,791)	(415,180)	(679,050)
-	-	304,248	307,602
215,408	475,194	1,042,589	2,093,619
1,701,290	17,105	25,611	1,895,922
2,669,000	-	-	8,433,000
7,147	19,961	14,618	70,435
1,275	5,762	1,757	11,216
826,743	-	1,914	1,050,356
5,205,455	42,828	43,900	11,460,929
-	-	-	5,208,000
24,222	109,483	33,379	213,097
24,222	109,483	33,379	5,421,097
5,229,677	152,311	77,279	16,882,026
-	-	304,248	307,602
(5,014,269)	322,883	661,062	(15,096,009)
(5,014,269)	322,883	965,310	(14,788,407)
\$ 215,408	\$ 475,194	\$ 1,042,589	\$ 2,093,619

**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**For the year ended December 31, 2015**

	<b>Fleet Management Fund</b>	<b>Claims Reserve Self-Insurance Fund</b>	<b>Workers' Compensation Self-Insurance Fund</b>
<b>Operating revenues</b>			
Charges for services	\$ 54,819	\$ 900,226	\$ 7,922,771
<b>Operating expenses</b>			
Salaries and benefits	1,350	213,378	645,278
Other operating expenses	78,248	744,581	8,261,845
Depreciation	-	-	3,500
<b>Total operating expenses</b>	<b>79,598</b>	<b>957,959</b>	<b>8,910,623</b>
<b>Operating income (loss)</b>	<b>(24,779)</b>	<b>(57,733)</b>	<b>(987,852)</b>
<b>Nonoperating revenues</b>			
Investment earnings	4,518	212	(42)
Loss on disposal of capital assets	(334,628)	-	-
<b>Total nonoperating revenues</b>	<b>(330,110)</b>	<b>212</b>	<b>(42)</b>
Income (loss) before transfers	(354,889)	(57,521)	(987,894)
Transfers - out	(1,173,282)	-	-
<b>Change in net position</b>	<b>(1,528,171)</b>	<b>(57,521)</b>	<b>(987,894)</b>
<b>Total net position - January 1</b>	<b>1,528,171</b>	<b>(826,841)</b>	<b>(9,190,075)</b>
<b>Total net position - December 31</b>	<b>\$ -</b>	<b>\$ (884,362)</b>	<b>\$ (10,177,969)</b>

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit G-2**

<b>Employee Benefits Self-Insurance Fund</b>	<b>Office Services Fund</b>	<b>Radio Communications Fund</b>	<b>Total</b>
\$ 25,862,151	\$ 1,847,591	\$ 1,109,118	\$ 37,696,676
275,016	602,509	372,751	2,110,282
24,708,839	1,052,630	551,358	35,397,501
-	17	19,536	23,053
24,983,855	1,655,156	943,645	37,530,836
878,296	192,435	165,473	165,840
-	1,378	8,053	14,119
-	-	-	(334,628)
-	1,378	8,053	(320,509)
878,296	193,813	173,526	(154,669)
-	-	-	(1,173,282)
878,296	193,813	173,526	(1,327,951)
(5,892,565)	129,070	791,784	(13,460,456)
\$ (5,014,269)	\$ 322,883	\$ 965,310	\$ (14,788,407)

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the year ended December 31, 2015**

	<b>Fleet Management Fund</b>	<b>Claims Reserve Self-Insurance Fund</b>	<b>Workers' Compensation Self-Insurance Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 1,092	\$ 88,722	\$ 1,045,017
Receipts from interfund services provided	436,145	804,149	7,748,076
Payments to suppliers	(56,576)	(738,513)	(7,019,895)
Payments to employees	(4,567)	(228,574)	(644,718)
Payments for interfund services used	(2,739)	(1,914)	(775,311)
<b>Net cash provided (used) by operating activities</b>	<b>373,355</b>	<b>(76,130)</b>	<b>353,169</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers out to other funds	(1,173,282)	-	-
Repayment of advance from other funds	-	(145,781)	(7,535)
Advance from other funds	-	221,699	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(1,173,282)</b>	<b>75,918</b>	<b>(7,535)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	-	-	-
<b>Net cash used by capital and related financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sales and maturities of investments	730,543	-	-
Purchases of investments	-	-	(330,731)
Interest and dividends received	4,518	212	906
<b>Net cash provided (used) by investing activities</b>	<b>735,061</b>	<b>212</b>	<b>(329,825)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(64,866)</b>	<b>-</b>	<b>15,809</b>
<b>Cash and cash equivalents - January 1</b>	<b>64,866</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents - December 31</b>	<b>-</b>	<b>-</b>	<b>15,809</b>
Cash and cash equivalents	-	-	15,809
Investments	-	-	329,783
<b>Total cash and investments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 345,592</b>

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

<b>Employee Benefits Self-Insurance Fund</b>	<b>Office Services Fund</b>	<b>Radio Communications Fund</b>	<b>Total</b>
\$ 6,420,479	\$ 459,622	\$ 530,215	\$ 8,545,147
19,898,645	1,403,387	615,095	30,905,497
(23,273,429)	(726,730)	(499,342)	(32,314,485)
(272,776)	(587,993)	(363,527)	(2,102,155)
(1,212,468)	(321,765)	(444,352)	(2,758,549)
1,560,451	226,521	(161,911)	2,275,455
-	-	-	(1,173,282)
(2,387,194)	-	-	(2,540,510)
826,743	-	-	1,048,442
(1,560,451)	-	-	(2,665,350)
-	-	(310,198)	(310,198)
-	-	(310,198)	(310,198)
-	-	818,906	1,549,449
-	(223,258)	(419,548)	(973,537)
-	2,252	8,935	16,823
-	(221,006)	408,293	592,735
-	5,515	(63,816)	(107,358)
-	11,181	96,993	173,040
-	16,696	33,177	65,682
-	16,696	33,177	65,682
-	348,306	692,079	1,370,168
\$ -	\$ 365,002	\$ 725,256	\$ 1,435,850

**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**For the year ended December 31, 2015**

	<b>Fleet Management Fund</b>	<b>Claims Reserve Self-Insurance Fund</b>	<b>Workers' Compensation Self-Insurance Fund</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ (24,779)	\$ (57,733)	\$ (987,852)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation expense	-	-	3,500
Change in assets and liabilities			
(Increase) decrease in accounts receivable	1,092	-	836,266
(Increase) decrease in due from other funds	381,326	(7,355)	34,056
(Increase) decrease in inventories	77,695	-	-
Increase (decrease) in accounts and other payables	(56,274)	4,154	466,639
Increase (decrease) in accrued expenses	(3,217)	(15,196)	560
Decrease in due to other funds	(2,488)	-	-
<b>Net cash provided (used) by operating activities</b>	<b>\$ 373,355</b>	<b>\$ (76,130)</b>	<b>\$ 353,169</b>
<b>Noncash investing, capital and financing activities</b>			
Decrease in fair value of investments	\$ -	\$ -	\$ (948)

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

Employee Benefits Self-Insurance Fund	Office Services Fund	Radio Communications Fund	Total
\$ 878,296	\$ 192,435	\$ 165,473	\$ 165,840
-	17	19,536	23,053
384,692	(3,944)	37,536	1,255,642
72,281	19,362	(1,344)	498,326
-	(2,975)	(2,253)	72,467
222,942	7,110	(89,980)	554,591
2,240	14,516	9,224	8,127
-	-	(300,103)	(302,591)
\$ 1,560,451	\$ 226,521	\$ (161,911)	\$ 2,275,455
\$ -	\$ (874)	\$ (882)	\$ (2,704)

**INTERNAL SERVICES FUND**  
**SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL-BUDGET BASIS**  
**For the year ended December 31, 2015**

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

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Fleet Management Fund	\$ -	\$ 59,338	\$ 59,338
Claims Reserve Self-Insurance Fund	811,500	900,437	88,937
Workers' Compensation Self Insurance Fund	5,058,851	7,923,677	2,864,826
Employee Benefits Self-Insurance Fund	33,980,995	25,862,151	(8,118,844)
Office Services Fund	1,758,358	1,849,843	91,485
Radio Communications Fund	1,058,726	1,118,053	59,327
<b>Total revenues</b>	<b>\$ 42,668,430</b>	<b>37,713,499</b>	<b>\$ (4,954,931)</b>

Reconciliation to GAAP:

Less: Decrease in fair value of investments	(2,704)
Revenues (US GAAP basis)	<u>\$ 37,710,795</u>

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Expenses</b>			
Fleet Management Fund	\$ 1,391,413	\$ 1,252,880	\$ 138,533
Claims Reserve Self-Insurance Fund	1,000,000	971,760	28,240
Workers' Compensation Self Insurance Fund	8,000,000	8,913,136	(913,136)
Employee Benefits Self-Insurance Fund	34,071,705	24,981,204	9,090,501
Office Services Fund	1,760,025	1,645,939	114,086
Radio Communications Fund	1,526,213	1,230,980	295,233
<b>Total expenses</b>	<b>\$ 47,749,356</b>	<b>38,995,899</b>	<b>\$ 8,753,457</b>

Reconciliation to GAAP:

Add: Depreciation expense	23,053
Add: Transfer of capital assets	24,430
Less: Other year-end accrual entries	(4,636)
Expenditures (US GAAP basis)	<u>\$ 39,038,746</u>

Note: Includes transfers

# FIDUCIARY FUNDS

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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, 2015**

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

	<u>Miscellaneous Depository Fund</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 1,699,902
Due from component unit	<u>403</u>
<b>Total assets</b>	<b><u>1,700,305</u></b>
<b><u>LIABILITIES</u></b>	
Accounts payable	89,088
Due to component unit	<u>1,611,217</u>
<b>Total liabilities</b>	<b><u>\$ 1,700,305</u></b>

**AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS  
AND LIABILITIES  
For the year ended December 31, 2015**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit H-2**

	<b>Beginning balance</b>	<b>Debits</b>	<b>Credits</b>	<b>Ending balance</b>
<b><u>ASSETS</u></b>				
Miscellaneous depository fund				
Cash and investments	\$ 1,947,877	\$ 192,933,621	\$ 193,181,596	\$ 1,699,902
Accounts receivable (net of allowance for uncollectibles)	4,433	159	4,592	-
Due from component unit	2,787	-	2,384	403
<b>Total assets</b>	<b>1,955,097</b>	<b>192,933,780</b>	<b>193,188,572</b>	<b>1,700,305</b>

<b><u>LIABILITIES</u></b>				
Miscellaneous depository fund				
Accounts payable	275,889	185,997,474	185,810,673	89,088
Due to component unit	1,679,208	67,991	-	1,611,217
<b>Total liabilities</b>	<b>\$ 1,955,097</b>	<b>\$ 186,065,465</b>	<b>\$ 185,810,673</b>	<b>\$ 1,700,305</b>



# STATISTICAL SECTION

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The statistical section includes six categories of information:

## **Financial Trend Analysis:**

This section is intended to assist in understanding and assessing how the City's financial position has changed over time. Tables 1 through 4 include current and prior years information on net position and fund balances.

## **Revenue Capacity Analysis:**

This section is intended to assist in understanding and assessing factors affecting the City's ability to generate its own source revenues. The City's largest own source revenue is the City's sales tax. Tables 5 through 7 provide data related to the City's sales tax collected, direct and overlapping sales and use tax rates and the City's taxpayers by industry.

## **Debt Capacity Analysis:**

This section is intended to assist in understanding and assessing the City's tax burden and its ability to issue additional debt. Tables 8 through 12 outline various debt analysis including direct and overlapping debt, legal debt margin and pledged revenue coverage.

## **Demographic and Economic Analysis:**

This section is intended to assist in (1) understanding the socioeconomic environment within which the City operates and (2) providing information to facilitate comparisons of financial statement information over time and among governments. Tables 13 through 15 provide information on various demographic and economic statistics, principal employers, and full time equivalent City government employees.

# STATISTICAL SECTION CONT'D.

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## **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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Governmental activities</b>										
Net investment in capital assets	\$ 1,246,630,036	\$ 1,247,391,126	\$ 1,222,445,299	\$ 1,204,660,019	\$ 1,189,009,759	\$ 1,036,479,446	\$ 977,962,432	\$ 987,792,618	\$ 943,951,873	\$ 792,111,419
Restricted	28,406,351	23,557,193	20,966,471	19,196,709	18,374,171	22,531,964	22,552,285	18,016,585	19,959,764	19,626,343
Unrestricted	(79,724,995)	72,305,489	74,861,853	85,263,142	71,001,838	58,151,603	41,262,028	48,519,165	73,002,127	69,855,088
<b>Total governmental activities net position</b>	\$ 1,195,311,392	\$ 1,343,253,808	\$ 1,318,273,623	\$ 1,309,119,870	\$ 1,278,385,768	\$ 1,117,163,013	\$ 1,041,776,745	\$ 1,054,328,368	\$ 1,036,913,764	\$ 881,592,850
<b>Business-type activities</b>										
Net investment in capital assets	\$ 1,731,137,866	\$ 1,566,906,671	\$ 1,423,336,171	\$ 1,313,687,876	\$ 1,302,975,565	\$ 1,302,421,603	\$ 1,331,520,235	\$ 1,299,158,955	\$ 1,327,314,557	\$ 1,282,203,625
Restricted	69,882,674	61,330,543	42,190,406	81,754,874	127,607,494	89,960,386	47,970,871	46,335,511	66,201,848	57,715,492
Unrestricted	(63,038,610)	156,215,483	224,351,377	351,354,252	607,184,465	628,422,810	583,939,576	310,245,990	491,602,189	464,250,952
<b>Total business-type activities net position</b>	\$ 1,737,981,930	\$ 1,784,452,697	\$ 1,689,877,954	\$ 1,746,797,002	\$ 2,037,767,524	\$ 2,020,804,799	\$ 1,963,430,682	\$ 1,655,740,456	\$ 1,885,118,594	\$ 1,804,170,069
<b>Primary government</b>										
Net investment in capital assets	\$ 2,977,767,902	\$ 2,814,297,797	\$ 2,645,781,895	\$ 2,518,347,895	\$ 2,491,985,324	\$ 2,338,901,049	\$ 2,309,482,667	\$ 2,286,951,573	\$ 2,271,266,430	\$ 2,074,315,044
Restricted	98,289,025	84,887,736	63,156,877	100,951,583	145,981,665	112,492,350	70,523,156	64,352,096	86,161,612	77,341,835
Unrestricted	(42,763,605)	228,520,972	299,213,230	436,617,394	678,186,303	686,574,413	625,201,604	358,765,155	564,604,316	534,106,040
<b>Total primary government net position</b>	\$ 2,933,293,322	\$ 3,127,706,505	\$ 3,008,151,577	\$ 3,055,916,872	\$ 3,316,153,292	\$ 3,137,967,812	\$ 3,005,207,427	\$ 2,710,068,824	\$ 2,922,032,358	\$ 2,685,762,919

CHANGES IN NET POSITION  
Last ten fiscal years

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Expenses</b>										
Governmental activities:										
General government	\$ 64,459,559	\$ 66,869,211	\$ 57,776,797	\$ 58,618,337	\$ 48,067,151	\$ 46,363,125	\$ 56,677,795	\$ 92,816,914	\$ 79,497,564	\$ 72,426,781
Public safety	168,628,903	168,664,690	158,517,649	149,168,556	149,930,831	150,429,316	145,663,748	123,712,015	126,767,912	127,123,546
Planning/housing	12,523,168	-	-	-	-	-	-	-	-	-
Public works	83,608,555	78,015,459	80,476,208	74,045,666	67,067,654	61,479,834	83,647,759	69,909,340	79,445,004	70,720,058
Parks	24,400,726	-	-	-	-	-	-	-	-	-
Health and welfare	-	1,083,268	1,057,832	1,274,298	1,214,081	1,205,744	1,230,831	1,181,013	1,146,634	1,061,100
Culture and recreation	-	27,008,991	22,344,456	22,238,048	21,789,448	21,616,273	25,192,163	22,674,396	25,899,084	23,336,913
Urban redevelopment and housing	-	5,721,466	4,775,034	6,803,814	5,032,806	6,160,987	4,966,112	6,034,237	4,917,290	6,505,047
Economic development	-	3,811,264	3,292,753	2,711,136	2,619,256	2,042,321	3,170,529	2,814,646	2,894,876	2,862,511
Economic opportunities	-	-	-	-	-	-	-	3,242	73,758	24,045
Interest on long-term debt	2,875,505	3,397,967	4,683,225	4,867,183	5,020,740	5,630,651	5,391,628	5,058,419	4,758,426	6,064,813
Miscellaneous	-	-	-	-	-	-	-	-	-	480,442
Total governmental activities expenses	356,496,416	354,572,316	332,923,954	319,727,038	300,741,967	294,928,251	325,940,565	324,204,222	325,400,548	310,605,256
Business-type activities:										
Utilities	672,816,293	783,594,844	805,232,795	749,375,429	818,668,053	796,131,627	725,181,046	999,877,783	737,871,365	794,957,734
PACE	60,810,000	60,995,000	61,041,000	-	-	-	-	-	-	-
MHS	3,285,813	620,537	431,000	431,645,000	560,894,000	540,440,000	555,196,000	556,297,000	500,198,000	412,148,000
Airport	-	-	-	-	24,874,856	25,341,755	25,469,043	26,371,427	26,044,121	45,455,853
Parking	-	-	-	-	3,843,908	3,089,064	4,014,468	3,938,954	3,064,208	2,517,840
Other	39,347,633	37,810,511	47,044,893	43,356,373	12,391,209	16,213,845	23,269,243	17,131,141	14,015,113	10,457,158
Total business-type activities expenses	776,259,739	883,020,892	913,749,688	1,224,376,802	1,420,672,026	1,381,216,291	1,333,128,800	1,603,616,305	1,281,192,807	1,265,536,585
Total primary government expenses	\$ 1,132,756,155	\$ 1,237,593,208	\$ 1,246,673,642	\$ 1,544,103,840	\$ 1,721,413,993	\$ 1,676,144,542	\$ 1,659,070,365	\$ 1,927,820,527	\$ 1,606,593,355	\$ 1,576,141,841
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 19,975,243	\$ 20,374,166	\$ 11,468,448	\$ 14,284,808	\$ 16,781,325	\$ 16,515,016	\$ 15,631,509	\$ 20,985,541	\$ 20,396,377	\$ 20,650,157
Public safety	6,930,898	6,413,558	4,796,826	5,032,930	4,585,702	4,909,599	4,299,642	3,760,245	3,753,389	4,639,941
Planning/housing	-	-	-	-	-	-	-	-	-	-
Public works	9,695,070	7,897,929	7,647,033	5,189,248	4,681,309	6,357,708	6,812,214	8,598,594	7,876,596	10,389,741
Parks	2,940,722	-	-	-	-	-	-	-	-	-
Culture and recreation	-	2,655,107	2,394,630	2,343,078	2,901,620	3,124,277	3,315,582	3,460,517	3,298,029	3,287,652
Urban redevelopment and housing	-	236,679	550,014	2,126,074	297,530	98,933	859,437	2,071,374	1,121,879	2,800,362
Economic development	-	1,000	-	-	-	-	36,996	6,841	27,748	120,061
Operating grants and contributions	22,588,951	15,399,529	21,514,697	20,121,901	25,377,676	24,110,968	19,289,013	15,004,443	22,917,770	13,806,989
Capital grants and contributions	47,827,449	80,881,804	60,360,011	77,975,257	176,593,370	105,822,052	58,880,735	78,130,974	198,295,183	93,664,188
Total governmental activities program revenues	\$ 109,958,333	\$ 133,859,772	\$ 108,731,659	\$ 127,073,296	\$ 231,218,532	\$ 160,938,553	\$ 109,125,128	\$ 132,018,529	\$ 257,666,971	\$ 149,359,091

Note: The city adopted GASB Statement No. 61 in 2013, which requires PACE to be presented as a blended component unit. In 2012, Airport and Parking were moved from major funds to non-major funds and are presented as Other.

<sup>1</sup> Newly named category for 2015. Due to an allowance adjustment, no net charges for services in 2015.

(continued)

CHANGES IN NET POSITION  
Last ten fiscal years

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Business-type activities:</b>										
Charges for services:										
Utilities	\$ 830,821,000	\$ 868,846,000	\$ 823,760,000	\$ 849,746,000	\$ 830,522,000	\$ 797,546,000	\$ 743,780,000	\$ 756,774,000	\$ 721,355,652	\$ 678,530,612
PACE	48,150,000	47,641,000	47,085,000	415,872,000	551,709,000	550,074,000	543,987,000	533,072,000	507,694,000	425,091,000
MHS	-	-	-	-	-	19,209,227	21,302,693	25,607,276	25,532,810	25,411,477
Airport	-	-	-	-	3,831,263	3,715,448	3,631,086	3,733,694	3,504,273	3,200,612
Parking	31,592,365	31,029,462	35,699,603	33,843,316	9,612,131	9,826,784	24,489,550	25,138,274	24,683,395	8,732,533
Other	46,213,579	60,238,372	57,956,449	68,939,203	46,543,219	50,430,938	42,733,907	44,401,587	64,979,269	91,230,189
Capital grants and contributions										
Total business-type activities program revenues	\$ 956,776,944	\$ 1,007,754,834	\$ 964,501,052	\$ 1,368,400,519	\$ 1,462,577,768	\$ 1,430,802,397	\$ 1,379,924,236	\$ 1,408,726,831	\$ 1,347,749,399	\$ 1,232,196,423
Total primary government program revenues	\$ 1,066,735,277	\$ 1,141,614,606	\$ 1,073,232,711	\$ 1,495,473,815	\$ 1,693,796,300	\$ 1,591,740,950	\$ 1,489,049,364	\$ 1,540,745,360	\$ 1,605,416,370	\$ 1,381,555,514
<b>Net (expense)/revenue</b>	\$ (246,538,083)	\$ (220,712,544)	\$ (224,192,295)	\$ (192,653,742)	\$ (69,523,435)	\$ (133,989,698)	\$ (216,815,437)	\$ (192,185,693)	\$ (67,733,577)	\$ (161,246,165)
Governmental activities	180,517,205	124,733,942	50,751,364	144,023,717	41,905,742	49,586,106	46,794,436	(194,889,474)	66,556,592	(33,340,162)
Business-type activities	(66,020,878)	(95,978,602)	(173,440,931)	(48,630,025)	(27,617,693)	(84,403,592)	(170,021,001)	(387,075,167)	(1,176,985)	(194,586,327)
Total primary government net (expense) revenue	\$ 214,496,327	\$ 28,755,340	\$ (122,689,567)	\$ 95,393,692	\$ 14,288,049	\$ (34,817,486)	\$ (123,226,565)	\$ (281,960,641)	\$ (1,110,429)	\$ (327,926,489)
<b>General revenues and other changes in net position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 22,540,418	\$ 22,862,535	\$ 24,283,843	\$ 22,897,112	\$ 24,473,652	\$ 24,326,164	\$ 26,275,090	\$ 25,741,077	\$ 22,696,117	\$ 21,906,181
Sales taxes	190,269,766	185,615,186	172,706,230	163,975,846	155,546,936	148,782,961	143,214,662	150,111,070	163,816,420	158,461,159
Specific ownership taxes	2,611,736	2,478,710	2,343,653	2,222,285	2,190,174	2,311,600	2,761,330	3,024,451	3,179,212	3,094,339
Occupational liquor taxes	273,125	266,803	264,539	259,820	256,153	256,153	253,747	254,711	259,320	256,852
Admissions tax	469,933	509,696	432,317	476,030	449,533	490,236	447,568	398,694	313,008	440,766
Bicycle excise tax	83,080	81,032	78,760	90,536	86,091	95,579	89,579	91,074	109,226	111,463
Investment earnings	1,082,201	1,379,491	1,102,409	1,783,647	1,291,703	1,734,681	2,676,486	3,809,609	7,515,253	6,637,647
Gain on sale of capital assets	135,015	326,919	995,844	748,077	572,920	572,920	1,516,412	275,399	87,244	51,479
Contributions to endowments	80,485	83,086	70,965	78,943	73,080	78,543	84,680	94,795	99,192	90,505
Transfers	30,725,000	32,055,000	32,116,530	33,145,262	30,235,004	30,727,161	26,109,574	25,799,417	24,979,499	24,538,860
Total governmental activities	\$ 248,270,759	\$ 245,658,458	\$ 234,395,090	\$ 224,929,481	\$ 215,351,811	\$ 208,375,966	\$ 203,429,128	\$ 209,600,297	\$ 223,054,491	\$ 215,609,251
Business-type activities:										
Investment earnings	7,111,047	4,534,754	4,070,731	18,412,607	3,492,224	30,445,172	44,279,364	(8,689,259)	39,371,432	35,910,334
Loss on defeasance and repayment of long term debt	-	-	-	(47,903,000)	-	-	-	-	-	-
Extraordinary item	-	-	(507,000)	(372,358,584)	(1,015,237)	-	-	-	-	-
Special item - conveyance of assets	-	-	-	(33,145,262)	(30,235,004)	(30,727,161)	(26,109,574)	(25,799,417)	(24,979,499)	(24,538,860)
Transfers	(30,725,000)	(32,055,000)	(32,116,530)	(33,145,262)	(30,235,004)	(30,727,161)	(26,109,574)	(25,799,417)	(24,979,499)	(24,538,860)
Total business-type activities	\$ (23,613,953)	\$ (27,520,246)	\$ (28,552,799)	\$ (434,994,239)	\$ (27,758,017)	\$ (281,989)	\$ 18,169,790	\$ (34,488,676)	\$ 14,391,933	\$ 11,351,474
Total primary government	\$ 224,656,806	\$ 218,138,212	\$ 205,842,291	\$ (210,064,758)	\$ 187,593,794	\$ 209,093,977	\$ 221,598,918	\$ 175,111,621	\$ 237,446,424	\$ 226,960,725
<b>Change in net position</b>	\$ 1,732,676	\$ 24,945,914	\$ 10,202,795	\$ 32,275,739	\$ 145,828,376	\$ 75,386,268	\$ (13,386,309)	\$ 17,414,604	\$ 155,320,914	\$ 54,363,086
Governmental activities	156,903,252	97,213,696	22,198,565	(290,970,522)	14,147,725	49,304,117	64,964,226	(229,378,150)	80,948,525	(21,988,688)
Business-type activities	158,635,928	122,159,610	32,401,360	(258,694,783)	159,976,101	124,690,385	(51,577,917)	(211,963,546)	236,269,439	32,374,398

Note: The City adopted GASB Statement No. 61 in 2013, which requires PACE to be presented as a blended component unit. In 2012, Airport and Parking were moved from major funds to non-major funds and are presented as Other.

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>General fund</b>										
Nonspendable	\$ 384,475	\$ 450,771	\$ 133,289	\$ 132,999	\$ 609,243	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	7,545,287	9,996,781	8,182,418	7,547,036	7,547,034	-	-	-	-	-
Committed	6,150,522	6,369,071	5,565,912	3,857,623	1,231,321	-	-	-	-	-
Assigned	3,629,733	2,937,924	8,070,526	3,212,142	3,415,078	-	-	-	-	-
Unassigned	32,707,058	33,850,373	35,115,277	47,194,174	37,994,759	-	-	-	-	-
Reserved	-	-	-	-	-	9,908,610	10,491,562	9,152,823	8,711,416	8,706,621
Unreserved	-	-	-	-	-	34,078,702	15,926,061	22,864,229	31,775,420	24,119,856
<b>Total general fund</b>	\$ 50,417,075	\$ 53,704,920	\$ 57,067,422	\$ 61,943,974	\$ 50,797,435	\$ 43,987,312	\$ 26,417,623	\$ 32,017,052	\$ 40,486,836	\$ 32,826,477
<b>All other governmental funds</b>										
Nonspendable	\$ 11,195,086	\$ 11,540,728	\$ 11,049,247	\$ 10,440,549	\$ 9,721,218	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	34,619,120	33,433,127	30,599,345	32,237,097	26,971,406	-	-	-	-	-
Committed	21,439,222	16,622,140	14,015,208	11,107,290	10,824,498	-	-	-	-	-
Assigned	245,488	1,050,454	847,687	32,259	120,349	-	-	-	-	-
Reserved	-	-	-	-	-	10,873,354	10,310,723	8,863,762	11,248,348	10,919,723
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	28,817,032	29,662,100	30,108,294	34,247,414	36,559,557
Capital projects funds	-	-	-	-	-	6,539,942	5,113,092	9,040,858	12,450,314	11,328,784
<b>Total all other governmental funds</b>	\$ 67,498,916	\$ 62,646,449	\$ 56,511,487	\$ 53,817,195	\$ 47,637,471	\$ 46,230,328	\$ 45,085,915	\$ 48,012,914	\$ 57,946,076	\$ 58,808,064

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

**CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS  
Last ten fiscal years**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 4**

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues</b>										
Taxes	\$ 216,248,058	\$ 211,813,962	\$ 200,109,342	\$ 189,921,630	\$ 183,003,947	\$ 176,388,909	\$ 173,181,802	\$ 179,790,693	\$ 190,409,468	\$ 184,419,011
Licenses and permits	-	1,860,374	1,940,283	1,761,529	870,688	798,583	557,894	650,977	701,441	980,916
Licenses, permits and fines	7,216,901	-	-	-	-	-	-	-	-	-
Intergovernmental	57,047,283	51,801,244	49,448,348	51,689,187	62,487,615	85,204,897	57,833,164	53,351,302	60,601,329	54,367,954
Charges for services	22,254,241	24,395,457	22,180,061	20,532,487	21,739,662	24,779,523	25,266,767	29,323,793	29,058,970	33,375,567
Endowments and donations	2,154,590	1,498,184	1,282,267	1,584,805	1,315,079	1,680,204	1,614,763	1,699,147	1,326,375	2,636,147
Other revenue	3,404,021	3,242,165	2,410,136	4,742,492	4,468,747	2,989,985	2,311,184	4,415,975	3,601,664	2,321,482
Interfund services provided	7,613,978	7,997,266	-	-	-	-	-	-	-	-
Investment earnings	1,059,514	1,388,369	1,115,418	1,752,286	1,327,990	1,822,435	2,902,795	3,331,460	6,960,170	5,572,923
Rental income	249,746	588,703	589,610	570,703	605,115	723,937	773,764	767,989	697,917	746,082
<b>Total revenues</b>	317,248,332	304,585,724	279,075,465	272,555,119	275,818,843	294,388,473	264,442,133	273,331,336	293,357,334	284,420,082
<b>Expenditures</b>										
General government	55,772,800	56,713,784	56,098,731	48,772,398	47,390,554	43,203,955	50,559,017	82,353,801	72,231,643	66,991,217
Public safety	168,750,783	159,829,593	149,890,554	145,044,874	141,877,121	141,338,332	135,143,416	113,724,157	116,345,694	119,126,698
Planning/housing	10,279,313	-	-	-	-	-	-	-	-	-
Public works	46,688,517	38,414,786	38,659,424	32,353,857	31,816,336	33,423,255	50,726,314	37,188,794	41,998,578	40,554,899
Parks	21,701,668	-	-	-	-	-	-	-	-	-
Health and welfare	-	1,080,000	1,040,000	1,270,179	1,209,861	1,214,390	1,227,493	1,173,833	1,134,100	1,061,100
Culture and recreation	-	22,720,707	18,044,391	18,718,313	18,216,191	21,079,762	22,621,993	21,611,217	22,303,042	20,390,415
Urban redevelopment and housing	-	4,952,651	4,402,839	6,531,559	4,877,732	6,082,959	4,922,150	5,957,329	5,670,270	6,840,243
Economic development	-	3,799,765	3,237,248	2,702,372	2,610,152	2,056,965	3,161,932	2,797,534	2,863,231	2,830,396
Economic opportunities	-	-	-	-	-	-	-	3,222	72,952	23,775
Miscellaneous	24,352	14,708	670,525	1,160,787	3,374,694	1,077,315	581,673	815,688	602,980	514,049
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	10,933,009	13,334,381	14,397,183	13,352,897	12,225,107	12,435,183	9,894,252	10,051,894	8,772,742	10,904,822
Interest	2,916,884	3,437,765	4,803,195	5,079,904	5,258,816	5,811,077	4,782,855	4,909,523	5,080,129	6,127,357
Insurance expense	-	-	-	-	188,001	77,358	1,028,220	-	-	-
Capital outlay	30,211,685	29,987,604	24,582,564	16,958,479	29,006,978	41,390,901	56,397,757	46,673,145	41,240,465	33,440,043
<b>Total expenditures</b>	347,279,011	334,285,744	315,826,654	291,945,619	298,051,543	308,191,452	341,047,072	327,260,137	318,315,826	308,805,014
Deficiency of revenues under expenditures	(30,030,679)	(29,700,020)	(36,751,189)	(19,390,500)	(22,232,700)	(13,802,979)	(76,604,939)	(53,928,801)	(24,958,492)	(24,384,932)
<b>Other financing sources (uses)</b>										
Transfers - in	45,666,562	42,711,618	42,406,999	40,886,014	39,793,341	46,854,998	34,325,645	39,019,942	39,631,621	42,599,569
Transfers - out	(13,768,280)	(10,656,618)	(10,622,278)	(6,740,752)	(7,877,337)	(16,127,837)	(9,666,071)	(11,720,525)	(16,897,772)	(18,040,709)
Issuance of debt	-	8,960,000	-	-	13,485,000	3,900,000	65,930,000	2,790,000	10,476,900	-
Payment on refunding bonds	-	(8,856,720)	-	-	(16,262,864)	(4,221,551)	(38,707,635)	-	(11,161,225)	-
Premium on bonds issued	-	-	-	-	563,751	201,552	2,370,180	-	953,410	-
Debt issuance cost	-	-	-	-	-	-	(752,657)	-	(256,106)	-
Capital lease financing	(438,002)	-	1,776,674	2,402,394	-	1,337,000	5,158,766	-	8,540,289	-
Loss on investments	135,021	314,200	1,007,534	169,107	748,075	572,919	1,519,819	277,672	213,641	369,085
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	31,595,301	32,472,480	34,568,929	36,716,763	30,449,966	32,517,081	68,078,511	35,525,855	31,500,758	24,927,945
<b>Net change in fund balances</b>	\$ 1,564,622	\$ 2,772,460	\$ (2,182,260)	\$ 17,326,263	\$ 8,217,266	\$ 18,714,102	\$ (8,526,428)	\$ (18,402,946)	\$ 6,542,266	\$ 543,013
Debt service as a percentage of noncapital expenditures	4.4%	5.4%	6.5%	7.4%	6.9%	6.7%	4.7%	5.0%	4.8%	6.1%

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

## SALES AND USE TAX REVENUE

Last ten fiscal years

Fiscal Year	City Sales and Use Tax	Public Safety Sales and Use Tax	Trails, Open Space and Parks Sales and Use Tax	Total Direct Tax Rate
2006	\$ 122,626,114	\$ 24,478,592	\$ 6,131,306	2.50%
2007	125,661,571	25,131,496	6,283,079	2.50%
2008	115,961,702	23,190,497	5,798,084	2.50%
2009	111,023,593	22,195,799	5,551,180	2.50%
2010	117,428,817	23,485,755	5,871,441	2.50%
2011	118,569,370	23,713,874	5,928,467	2.50%
2012	126,925,671	25,385,133	6,346,282	2.50%
2013	134,068,394	26,813,678	6,703,421	2.50%
2014	142,102,152	28,420,430	7,105,106	2.50%
2015	148,658,292	29,731,659	7,432,914	2.50%

Source: City Sales Tax Division Reports.

Note: Prior to 2011, revenues presented include audit revenues.

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 (%)	Total Direct (%)	El Paso County Sales Tax (%)	Pikes Peak Rural Transportation Authority Tax (%)	
2006	2.00	0.40	0.10	2.50	1.00	1.00	4.50
2007	2.00	0.40	0.10	2.50	1.00	1.00	4.50
2008	2.00	0.40	0.10	2.50	1.00	1.00	4.50
2009	2.00	0.40	0.10	2.50	1.00	1.00	4.50
2010	2.00	0.40	0.10	2.50	1.00	1.00	4.50
2011	2.00	0.40	0.10	2.50	1.00	1.00	4.50
2012	2.00	0.40	0.10	2.50	1.00	1.00 <sup>1</sup>	4.50
2013	2.00	0.40	0.10	2.50	1.23 <sup>2</sup>	1.00	4.73
2014	2.00	0.40	0.10	2.50	1.23	1.00	4.73
2015	2.00	0.40	0.10	2.50	1.23	1.00	4.73

**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.

<sup>1</sup>In 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.

<sup>2</sup>In 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.

**PRINCIPAL TAXPAYERS**

**SALES AND USE TAXPAYERS BY INDUSTRY**  
 Current year and nine years ago

Industry	Fiscal Year 2015			Fiscal Year 2006		
	Sales and Use Tax Amount	Rank	Percentage of Total City Sales and Use Tax	Sales and Use Tax Amount	Rank	Percentage of Total City Sales and Use Tax
Restaurants	\$ 24,094,752	1	12.98%	\$ 16,369,943	5	11.16%
Miscellaneous non-retail	23,764,095	2	12.80%	17,471,619	3	11.91%
Auto dealers	23,101,951	3	12.45%	-	N/A	0.00%
Miscellaneous retail	22,700,461	4	12.23%	18,011,858	2	12.28%
Department and discount stores	19,440,069	5	10.48%	19,756,087	1	13.47%
Building materials	-	N/A	0.00%	17,361,094	4	11.84%
	<u>\$ 113,101,328</u>		<u>60.94%</u>	<u>\$ 88,970,601</u>		<u>60.66%</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 2015	
		Assessed Valuation	Percentage of Total City Assessed Value
Cellco Partnership (f/k/a Verizon Wireless)	Utility	\$ 75,996,170	1.52%
CenturyLink	Utility	51,635,200	1.04%
Wal-Mart Real Estate	Discount retail	46,003,680	0.92%
Broadmoor Hotel Inc.	Resort hotel	36,970,100	0.74%
CV Patriot Springs	Real estate company	30,012,030	0.60%
DPIX	Imaging solutions manufacturer	25,544,860	0.51%
Palmer Center Ltd.	Real estate company	13,688,640	0.27%
Atmel Corp	Semiconductor manufacturer	13,029,010	0.26%
Keysight Technologies	Electronic measurement company	12,985,740	0.26%
Citadel Drive Holdings LLC	Retail	12,525,940	0.25%
		<u>\$ 318,391,370</u>	<u>6.37%</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

Fiscal Year	Governmental Activities (in 000's)					Business-Type Activities (in 000's)					Total Primary Government (in 000's)	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Sales Tax Revenue	Certificates of Participation	Special Assessment Bonds & Notes	Capital Leases	Revenue Bonds	Notes Payable	Capital Leases	Revenue Bonds	Notes Payable			
2006	\$ 25,935	\$ 54,645	\$ 22,475	\$ 405	\$ 2,656	\$ 1,833,365	\$ 19,651	\$ 637	\$ 1,833,365	\$ 19,651	\$ 1,959,769	9.12%	\$ 5,001
2007	22,490	50,830	20,995	364	9,928	1,881,485	23,277	463	1,881,485	23,277	2,009,832	8.81%	5,090
2008	21,725	47,370	19,450	222	13,633	1,960,981	22,687	2,380	1,960,981	22,687	2,088,448	8.76%	5,206
2009	18,050	43,615	49,135	111	23,590	2,044,188	98,022	2,683	2,044,188	98,022	2,279,394	9.71%	5,590
2010	16,980	37,280	47,575	-	21,316	2,550,918	100,979	2,360	2,550,918	100,979	2,777,408	11.23%	6,602
2011	16,145	30,750	43,440	-	17,913	2,501,884	94,979	1,391	2,501,884	94,979	2,706,502	10.25%	6,330
2012	15,270	24,030	41,805	-	16,190	2,285,310	30,558	1,208	2,285,310	30,558	2,414,371	8.88%	5,573
2013	14,272	17,544	41,345	-	4,622	3,061,246	21,417	649	3,061,246	21,417	3,161,095	11.48%	7,202
2014	13,624	10,081	39,476	-	1,133	3,106,294	21,467	272	3,106,294	21,467	3,192,347	11.07%	7,191
2015	12,190	2,635	37,512	-	814	3,042,226	54,169	-	3,042,226	54,169	3,149,546	10.43%	6,994

**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.

<sup>1</sup>Personal 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

<b>Fiscal Year</b>	<b>General Obligation Bonds (in 000's)</b>	<b>Less: Non-City Obligations (in 000's) <sup>2</sup></b>	<b>City General Obligation Bonds (in 000's)</b>	<b>Assessed Value of Property (in 000's)</b>	<b>Percentage of Assessed Value of Property</b>	<b>Per Capita <sup>1</sup></b>
2006	\$ 25,935	\$ 17,360	\$ 8,575	\$ 4,103,863	0.21%	\$ 21.88
2007	22,490	16,705	5,785	4,215,419	0.14%	14.65
2008	21,725	18,790	2,935	4,738,226	0.06%	7.32
2009	18,050	18,050	-	4,773,750	-	-
2010	16,980	16,980	-	4,948,368	-	-
2011	16,145	16,145	-	4,938,341	-	-
2012	15,270	15,270	-	4,601,619	-	-
2013	14,272	14,272	-	4,600,222	-	-
2014	13,624	13,624	-	4,608,210	-	-
2015	12,190	12,190	-	4,678,625	-	-

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.

<sup>1</sup>Population data can be found on Table 13.

<sup>2</sup>Non-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.

<b>Governmental Unit</b>	<b>Estimated Percentage Applicable</b>	<b>Debt Outstanding</b>	<b>Estimated Share of Overlapping Debt</b>	<b>Debt Outstanding (Excluding COPs)</b>	<b>Estimated Share of Overlapping Debt (Excluding COPs)</b>
El Paso County	72.65%	\$ 153,904,963	\$ 111,811,367	\$ 3,444,963	\$ 2,502,752
Harrison School District #2	92.86%	45,059,012	41,840,249	45,059,012	41,840,249
Widefield School District #3	3.78%	14,933,733	564,726	10,263,733	388,128
Fountain/Fort Carson School District #8	0.03%	6,418,383	2,144	2,383,383	796
Colorado Springs School District #11	90.97%	181,526,680	165,126,083	164,546,680	149,680,195
Cheyenne Mountain School District #12	97.28%	67,626,698	65,787,979	67,626,698	65,787,979
Manitou School District #14	9.82%	4,711,494	462,439	4,711,494	462,439
Academy School District #20	84.09%	134,922,056	113,455,569	133,657,056	112,391,834
Ellicott School District #22	0.31%	2,125,982	6,596	2,125,982	6,596
Falcon School District #49	49.05%	108,058,745	52,999,685	31,213,780	15,309,455
Barnes & Powers North BID	100.00%	3,615,000	3,615,000	3,615,000	3,615,000
Barnes & Powers South BID	100.00%	615,000	615,000	615,000	615,000
Briargate Center BID	100.00%	8,650,000	8,650,000	8,650,000	8,650,000
First & Main BID	100.00%	1,501,024	1,501,024	1,501,024	1,501,024
First & Main #2 BID	100.00%	7,570,000	7,570,000	7,570,000	7,570,000
First & Main North BID	100.00%	1,722,671	1,722,671	1,722,671	1,722,671
Interquest North BID	100.00%	6,255,000	6,255,000	6,255,000	6,255,000
Interquest South BID	100.00%	157,923	157,923	157,923	157,923
Powers & Woodmen BID	100.00%	1,850,306	1,850,306	1,850,306	1,850,306
Colorado Springs Urban Renewal Authority	100.00%	55,039,478	55,039,478	55,039,478	55,039,478
Subtotal, overlapping debt			639,033,239		475,346,825
City direct debt			53,151,000		15,639,000
Total direct and overlapping debt			\$ 692,184,239		\$ 490,985,825

Sources: Assessed value data used to estimate applicable percentages is provided by the El Paso County Assessor's office final certification letter dated November 28, 2014. Debt outstanding data provided by each governmental unit.

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government. Debt Outstanding values include General Obligation bonds, Certificates of Participation (COP), Capital Leases, and other types of debt, net of related premiums, discounts, and adjustments.

LEGAL DEBT MARGIN INFORMATION  
 Last ten fiscal years

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value - 2014 for 2015 taxes	\$ 4,678,624,800
Debt limit (10% of assessed value) <sup>1</sup>	467,862,480
Debt applicable to limit: General obligation bonds	-
Total net debt applicable to limit	-
Legal debt margin	\$ 467,862,480

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt limit	\$ 467,862,480	\$ 460,821,039	\$ 460,022,289	\$ 460,161,902	\$ 493,834,140	\$ 494,836,820	\$ 477,374,953	\$ 473,822,587	\$ 421,541,959	\$ 410,386,307
Total net debt applicable to limit	-	-	-	-	-	-	-	2,935,000	5,785,000	8,575,000
Legal debt margin	\$ 467,862,480	\$ 460,821,039	\$ 460,022,289	\$ 460,161,902	\$ 493,834,140	\$ 494,836,820	\$ 477,374,953	\$ 470,887,587	\$ 415,756,959	\$ 401,811,307
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.62%	1.37%	2.09%

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

Fiscal Year	Utilities Revenue Bonds						MHS Revenue Bonds					
	Applicable Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Applicable Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2006	\$ 718,507,863	\$ 531,512,370	\$ 186,995,493	\$ 18,298,215	\$ 687,566,629	2.15	\$ 479,344,468	\$ 417,945,851	\$ 61,398,617	\$ 20,840,000	\$ 1,921,706	2.70
2007	763,754,405	565,046,685	198,707,720	17,905,225	73,260,972	2.18	575,864,553	514,228,163	61,636,390	20,840,000	1,921,706	2.71
2008	788,601,365	627,795,505	160,805,860	7,551,592	71,836,148	2.03	594,401,435	551,705,616	42,695,819	20,840,000	3,355,759	1.76
2009	769,135,361	593,636,333	175,499,028	9,681,357	71,763,387	2.15	589,191,456	527,057,252	62,134,204	7,652,250	17,429,644	2.48
2010	832,076,083	626,317,175	205,758,908	16,111,357	75,711,638	2.24	589,273,174	552,291,480	74,981,694	7,652,250	17,429,644	2.99
2011	871,787,767	602,713,246	269,074,521	27,597,493	101,451,007	2.09	616,377,763	566,986,955	49,390,808	8,152,250	16,983,655	1.96
2012	896,096,459	558,294,875	337,801,584	47,440,949	103,701,547	2.23	-	-	-	-	-	-
2013	862,957,849	548,838,587	314,119,262	52,285,313	101,907,597	2.04	-	-	-	-	-	-
2014	906,465,751	566,920,626	339,545,125	57,294,870	105,303,452	2.09	-	-	-	-	-	-
2015	868,079,628	493,616,238	374,463,390	61,456,635	105,828,177	2.24	-	-	-	-	-	-

Fiscal Year	Airport Revenue Bonds						Parking Revenue Bonds					
	Applicable Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Applicable Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2006	\$ 23,602,795	\$ 13,804,532	\$ 9,798,263	\$ 2,175,370	\$ 3,659,313	1.68	\$ 3,445,591	\$ 1,224,171	\$ 2,221,420	\$ 400,000	\$ 549,684	2.34
2007	23,855,188	14,722,292	9,132,896	2,101,895	3,546,516	1.62	3,833,722	1,476,778	2,356,944	420,000	607,173	2.29
2008	24,147,143	14,537,476	9,609,667	3,525,250	2,100,363	1.71	4,020,690	1,388,731	2,631,959	435,000	590,373	2.57
2009	24,444,173	14,914,375	8,529,798	1,729,912	3,790,011	1.63	3,790,011	1,443,133	2,346,878	480,000	572,973	2.23
2010	21,065,961	15,380,368	5,685,593	1,295,000	2,272,688	1.59	3,780,270	1,719,442	2,060,828	505,000	553,929	1.95
2011	21,995,280	14,399,903	7,595,377	3,020,000	2,217,513	1.45	3,897,747	1,540,444	2,357,303	525,000	533,119	2.23
2012	21,305,660	14,342,230	6,963,430	3,180,000	2,056,363	1.33	3,868,184	1,518,912	2,349,272	545,000	510,979	2.22
2013	20,439,990	13,313,623	7,126,367	3,350,000	1,886,638	1.36	3,964,899	1,783,408	2,181,491	570,000	487,746	2.06
2014	16,081,262	12,712,066	3,369,196	1,395,000	1,171,863	1.31	4,382,324	1,803,631	2,578,693	595,000	462,876	2.44
2015	17,269,646	12,818,103	4,451,543	1,565,000	862,450	1.83	4,497,570	2,103,547	2,394,023	655,000	432,974	2.20

Fiscal Year	Public Authority for Colorado Energy Revenue Bonds						Sales and Use Tax Revenue Bonds					
	Applicable Revenues	Debt Service	Interest	Coverage	Use Tax Collections	Debt Service	Interest	Coverage	Special Assessment Collections	Debt Service	Interest	Coverage
2006	N/A	N/A	N/A	N/A	\$ 123,813,924	\$ 5,025,000	\$ 2,822,921	15.78	\$ 192,999	\$ 143,432	\$ 43,155	1.03
2007	N/A	N/A	N/A	N/A	127,794,303	3,465,000	2,354,133	21.96	147,986	125,895	32,566	0.93
2008	N/A	N/A	N/A	N/A	116,933,775	3,460,000	2,501,993	19.61	186,850	154,600	27,704	1.02
2009	N/A	N/A	N/A	N/A	111,942,192	1,250,000	1,047,208	48.73	134,318	122,912	17,296	0.96
2010	N/A	N/A	N/A	N/A	115,684,401	6,335,000	1,511,650	14.74	112,351	120,833	8,302	0.87
2011	N/A	N/A	N/A	N/A	121,249,546	6,530,000	1,321,000	15.44	-	-	-	-
2012	N/A	N/A	N/A	N/A	128,018,959	6,720,000	1,124,350	16.32	-	-	-	-
2013	\$ 29,604,567	\$ 5,795,000	\$ 40,615,637	0.64	134,751,082	6,925,000	922,000	17.17	-	-	-	-
2014	29,984,493	6,690,000	40,282,425	0.64	144,886,506	7,130,000	713,450	18.47	-	-	-	-
2015	30,313,321	7,600,000	39,897,750	0.64	148,056,105	7,340,000	498,750	18.89	-	-	-	-

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

<sup>1</sup>In 2009, the City refunded the remaining 1999 Sales and Use Tax Revenue Bonds. The refunding resulted in a one-time decrease in current year debt service and increase in the coverage rate.

<sup>2</sup>Restated

<sup>3</sup>MHS revenue bonds defeased in 2012.

<sup>4</sup>The City adopted GASB Statement No. 61 in 2013, which requires PACE to be presented as a blended component unit.

<b>Fiscal Year</b>	<b>Population<sup>1</sup></b>	<b>Personal Income (in 000's)<sup>2</sup></b>	<b>Per Capita Personal Income<sup>2</sup></b>	<b>Unemployment Rate<sup>3</sup></b>
2006	391,846	\$ 21,479,738	\$ 35,649	4.5%
2007	394,858	22,803,097	37,413	4.2%
2008	401,186	23,827,202	38,391	5.5%
2009	407,733	23,486,546	37,221	8.5%
2010	420,716 **	24,722,493	37,999	9.6%
2011	427,582 *	26,408,772	39,994	9.4%
2012	433,245 *	27,180,204	40,622	9.2%
2013	438,948 *	27,529,966	40,562	8.0%
2014	443,965 *	28,830,216	41,971	5.1% *
2015	450,347 *	30,191,877 *	43,429 *	4.0% *

Sources:

<sup>1</sup>Colorado Department of Local Affairs, Demography section.

<sup>2</sup>U.S. Department of Commerce, Bureau of Economic Analysis for Colorado Springs, CO Metropolitan Statistical Area (MSA).

<sup>3</sup>U.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**

Employer	2015		2006	
	Rank	Percentage of Total County Employment	Rank	Percentage of Total County Employment
Fort Carson Army Post	1	10.22%	1	8.70%
Peterson Air Force Base	2	4.17%	2	6.10%
United States Air Force Academy	3	3.13%	3	2.83%
Colorado Springs School District #11	4	2.21%	5	1.54%
Academy School District #20	5	1.25%	9	1.04%
Memorial Hospital-UCHealth	6	1.22%	6	1.46%
Penrose St. Francis Health Services	7	1.09%	8	1.20%
Schriever Air Force Base <sup>2</sup>	8	1.08%	4	1.95%
City of Colorado Springs <sup>1</sup>	9	0.89%	7	1.22%
El Paso County	10	0.81%	-	0.82%
Lockheed Martin	-	0.52%	10	0.85%
		<u>26.59%</u>		<u>27.71%</u>

Source: The Colorado Springs Regional Business Alliance.

<sup>1</sup>City 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.

<sup>2</sup>Schriever Air Force Base previously known as Falcon Air Force Base.

Function/Program	Fiscal year ended December 31									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General government	256.25	256.25	253.15	285.08	239.80	263.80	263.30	314.55	278.25	270.50
Public safety	1,470.50	1,407.75	1,382.75	1,366.75	1,421.75	1,392.75	1,450.25	1,484.00	1,479.75	1,479.75
Public works	208.00	207.50	274.00	281.00	267.00	281.00	309.50	309.75	299.75	304.75
Culture and recreation	132.75	114.25	112.75	111.50	119.25	102.50	190.00	204.35	196.75	191.50
Urban redevelopment and housing	33.00	32.00	31.00	34.00	41.00	34.00	46.00	54.00	54.00	54.00
Utilities	1,824.00	1,874.00	1,859.00	1,859.00	1,856.00	1,856.00	1,911.00	1,848.00	1,929.75	1,956.75
MHS <sup>1</sup>	-	-	-	-	3,555.00	3,487.50	3,812.00	4,075.40	4,075.00	3,333.00
Airport	93.00	96.00	121.00	122.00	121.00	121.00	121.00	121.00	118.00	118.00
Parking	8.50	8.50	7.50	7.50	7.50	7.50	8.00	8.00	8.00	8.00
Other non-major enterprise funds	49.50	47.00	47.00	49.00	68.50	99.50	102.50	113.50	108.00	70.50
<b>Total</b>	<b>4,075.50</b>	<b>4,043.25</b>	<b>4,088.15</b>	<b>4,115.83</b>	<b>7,696.80</b>	<b>7,645.55</b>	<b>8,213.55</b>	<b>8,532.55</b>	<b>8,547.25</b>	<b>7,786.75</b>

**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.

<sup>1</sup> Beginning in 2012, as a result of the MHS lease, MHS figures are no longer included.

**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**Last ten fiscal years**

Function/Program	2015	2014	2013
<b>General government</b>			
Internal audits completed	39	33	26
Summons filed	36,676	37,928	29,066
Contractual transactions	3,533	2,255	2,726
Workers compensation claims	353	426	451
<b>Public safety</b>			
Emergency response time - Police	12.7	12.9	13.3
Percent of emergency incident arrival within 8 minutes - Fire	88.2	88.5	89.5
Violent and property crime rates (per 1,000 population) <sup>3</sup>	40.2	40.4	46.1
Emergency incidents (per 10,000 population)	1,417	1,340	1,284
<b>Public works <sup>1</sup></b>			
Miles resurfaced	187	115	109
Fixed route transit revenue hours of service	130,653	120,031	108,441
Painted lane miles	801	1,465	1,355
<b>Culture and recreation</b>			
Cultural Services attendance	343,124	324,337	256,389
Street and park trees	213,207	213,874	214,670
Acres of parks maintained	15,063	14,527	16,277
Recreation Service program participants	664,283	646,744	602,271
<b>Urban redevelopment and housing</b>			
Projects managed	6	6	12
Affordable housing developed and rehabilitated <sup>2</sup>	69	156	122
Clients assisted <sup>2</sup>	69	156	122
<b>Utilities</b>			
Total metered customers <sup>3</sup>	547,764	540,990	537,096
Annual natural gas moved through pipes (thousands of mcf)	23,816	20,602	23,376
Electric use (thousands of MWh)	4,800	4,600	4,600
Water use (millions of gallons)	21,600	28,700	27,800
Wastewater treatment (millions of gallons)	13,870	15,586	15,586
<b>MHS <sup>4</sup></b>			
Admissions	-	-	-
Outpatient visits	-	-	-
Emergency visits	-	-	-
Births	-	-	-
<b>Airport</b>			
Passenger boardings (in thousands)	598	623	650
Airline revenue per enplaned passengers	\$ 9.39	\$ 8.80	\$ 13.86
<b>Parking</b>			
Revenues collected per space - on-street	\$ 853	\$ 967	\$ 737
Revenues collected per space - off-street	\$ 838	\$ 855	\$ 862
<b>Other</b>			
Cemetery - burial services	587	600	603
Development Review - plans reviewed <sup>5</sup>	5,257	4,961	5,555
Golf courses - rounds played	147,877	164,299	161,015
Pikes Peak Highway - number of visitors	415,092	345,701	284,879

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

<sup>1</sup> Maintenance programs may be funded by City and other entity sources.

<sup>2</sup> 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.

<sup>3</sup> Some customers have multiple services and may be counted more than once.

<sup>4</sup> Beginning in 2012, as a result of the MHS lease, MHS figures are no longer included.

<sup>5</sup> Beginning in 2013, the Development Review Enterprise no longer reviews commercial plans.

**CITY OF COLORADO SPRINGS**  
**COLORADO**  
**Table 16**

Fiscal Year						
2012	2011	2010	2009	2008	2007	2006
26	26	23	22	24	25	14
34,499	36,678	42,761	41,900	51,745	56,840	63,636
2,897	2,636	3,350	4,900	4,900	4,208	3,727
386	418	417	480	493	530	539
11.6	11.4	10.6	10.3	9.9	11.6	11.2
90	89.4	89.5	89.8	90.6	89.9	90.0
40.0	42.0	40.7	45.0	44.3	46.5	51.9
1,272	1,266	1,179	1,120	1,129	1,133	1,155
178	148	50	37	55	112	144
112,877	124,011	121,700	176,354	216,732	214,145	211,166
1,398	1,449	1,288	1,659	1,822	2,153	1,350
192,280	256,547	176,883	182,500	191,400	124,911	138,646
218,000	126,602	127,000	123,600	123,600	123,600	122,514
16,184	16,143	15,428	13,804	13,539	12,895	12,884
691,105	691,786	971,711	973,147	1,111,000	1,106,296	1,012,360
17	2	4	8	7	9	9
135	188	334	305	152	230	332
288	188	334	91	401	180	192
537,096	530,208	530,208	521,878	526,421	524,000	517,884
23,376	24,020	24,026	29,200	24,301	24,895	22,755
4,600	4,630	4,630	4,400	5,213	4,827	4,548
27,800	23,700	23,700	24,100	28,002	25,680	26,410
15,586	15,586	15,586	12,800	13,550	12,902	12,810
17,420	25,633	27,980	29,713	30,357	30,096	27,805
280,982	384,655	385,500	398,426	393,251	360,528	322,983
101,550	135,517	132,175	130,513	126,224	113,492	101,797
3,286	4,604	4,802	5,000	4,876	4,884	4,546
822	814	869	892	998	1,034	1,017
\$ 8.46	\$ 9.77	\$ 8.59	\$ 7.98	\$ 7.48	\$ 6.71	\$ 6.51
\$ 729	\$ 791	\$ 776	\$ 779	\$ 873	\$ 879	\$ 816
\$ 767	\$ 793	\$ 727	\$ 722	\$ 779	\$ 893	\$ 879
601	698	615	624	664	661	674
10,535	9,645	8,802	8,957	11,594	14,451	13,625
188,546	173,011	203,025	203,820	202,305	201,070	203,530
265,332	265,124	255,000	267,500	254,419	270,528	256,560

Function/Program	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Public safety										
Police										
Area commands (stations)	4	4	4	4	4	4	4	4	4	4
Patrol units	171	171	181	185	205	228	200	241	294	285
Fire										
Stations	21	21	21	20	20	20	20	20	20	20
Emergency units	84	84	77	75	73	74	75	69	90	73
Public works										
Streets (centerline miles)	NA	NA	NA	NA	NA	NA	NA	1,576	1,576	1,542
Streets (lane miles) <sup>1</sup>	5,688	5,636	5,620	5,609	5,609	5,609	7,431	NA	NA	NA
Major bridges	223	223	215	215	212	206	209	205	170	83
Signalized intersections	584	574	569	565	563	564	565	564	545	515
Transit buses	45	43	43	43	57	57	58	94	128	102
Culture and recreation										
Parks and open space locations	205	204	201	201	200	199	199	198	198	184
Sports complexes	4	4	5	5	5	5	5	7	7	6
Community centers	5	4	4	4	4	6	8	7	7	7
Utilities										
Electric distribution lines (miles)	3,316	3,316	3,316	3,316	3,451	3,451	3,451	3,451	3,432	3,319
Natural gas pipe (miles)	2,432	2,408	2,408	2,408	2,400	2,400	2,320	2,320	2,278	2,160
Water distribution lines (miles)	2,300	2,040	2,015	2,015	2,010	2,010	1,892	1,892	1,780	1,738
MHS <sup>2</sup>										
Number of hospital beds	-	-	-	-	671	671	671	717	717	477
Health care facilities	-	-	-	-	16	17	16	15	15	15
Airport										
Number of runways	3	3	3	3	3	3	3	3	3	3
Parking										
Number of parking spaces - on-street	2,416	2,417	2,400	2,400	2,389	2,360	2,360	2,389	2,404	2,360
Number of parking spaces - off-street	2,703	2,703	2,703	2,703	2,703	2,703	2,703	2,703	2,136	2,136

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

<sup>1</sup> Streets Division began recording street miles as lane miles rather than centerline miles in 2008/2009. In 2014, 2009-2013 updated to reflect only City lane miles.

<sup>2</sup> 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**

<b>Fiscal Year</b>	<b>Collection Cost</b>	<b>Required Refunds</b>
2006	\$ 2,138,951	\$ 797,409
2007	2,382,311	297,007
2008	2,266,785	1,359,304
2009	1,317,980	633,732
2010	197,192 <sup>1</sup>	1,866,153
2011	-	518,744
2012	-	564,879
2013	-	534,003
2014	-	1,173,501
2015	-	916,479

Note: This table reflects values for the General Fund only.

<sup>1</sup>Retailer fee was eliminated in 2010.

**ASSESSED VALUATIONS, PROPERTY TAX  
LEVIES AND COLLECTIONS**  
Last ten fiscal years

**CITY OF COLORADO SPRINGS  
COLORADO**  
Table 19

<b>Fiscal Year</b>	<b>Assessed Valuation (in 000's)</b>	<b>Total Tax Levy</b>	<b>Total Current Collections</b>	<b>Collections as a Percent of Levy</b>	<b>Current Year Outstanding Delinquent Taxes</b>	<b>All Years Outstanding Delinquent Taxes</b>	<b>All Years Delinquent Taxes as a Percent of Levy</b>
2006	\$ 4,103,863	\$ 20,289,499	\$ 19,543,229	96.3%	\$ 64,551	\$ 214,833	1.1%
2007	4,215,420	20,841,035	20,022,230	96.1%	30,970	175,434	0.8%
2008	4,738,226	23,425,810	22,750,839	97.1%	56,121	138,455	0.6%
2009	4,773,750	23,601,422	23,007,963	97.5%	77,498	146,802	0.6%
2010	4,948,368	21,174,070	20,666,136	97.6%	49,593	97,882	0.5%
2011	4,938,341	21,131,161	20,617,424	97.6%	50,327	105,906	0.5%
2012	4,601,619	19,690,330	19,208,455	97.6%	52,186	132,999	0.7%
2013	4,600,223	19,684,353	19,226,023	97.7%	50,149	133,289	0.7%
2014	4,608,210	19,718,537	19,164,390	97.2%	21,534	45,424	0.2%
2015	4,678,625	20,019,838	19,491,558	97.4%	25,572	44,165	0.2%

**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.

**DIRECT AND OVERLAPPING MILL LEVY  
RATES - WITHIN CITY LIMITS  
Last ten fiscal years**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 20**

<b>Fiscal Year</b>	<b>City</b>	<b>County Government</b>	<b>School District No 11</b>	<b>Library District</b>	<b>Water Conservancy District</b>	<b>Total</b>
2006	4.944	7.673	43.813	3.296	0.943	60.669
2007	4.944	7.710	44.045	3.515	0.941	61.155
2008	4.944	7.514	44.045	3.325	0.915	60.743
2009	4.944	7.748	44.054	3.540	0.943	61.229
2010	4.279	7.531	42.183	3.468	0.940	58.401
2011	4.279	7.717	42.493	3.556	0.947	58.992
2012	4.279	7.597	44.004	3.999	0.947	60.826
2013	4.279	7.663	43.445	4.000	0.944	60.331
2014	4.279	7.714	44.264	4.000	0.940	61.197
2015	4.279	7.791	43.165	4.000	0.940	60.175

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.

<b>Facility</b>	<b>Closure Costs</b>	<b>Postclosure Costs</b>	<b>Total Cost</b>	<b>Percentage of Capacity Used</b>
Hancock	\$ 269,860	\$ 3,778	\$ 273,638	n/a
Clear Spring Gravel Pit 1	77,696	880,066	957,762	70.71-100.00%
Clear Spring Gravel Pit 2 C&D solids	138,001	35,318	173,319	57.97%
Clear Spring - Ash disposal	1,764,238	1,059,123	2,823,361	68.25%
Clear Spring - Biosolids	2,672,541	1,073,307	3,745,848	42.15%
Total cost	<u>\$ 4,922,336</u>	<u>\$ 3,051,592</u>	<u>\$ 7,973,928</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 \$7,700,290. The total costs from the above table are based on the last 5 year independent assessment adjusted by inflation.