



# Comprehensive Annual Financial Report



# 2016





# Comprehensive Annual Financial Report

Year Ended December 31, 2016

City and County of Denver, Colorado



prepared by

## Department of Finance

Controller's Office - Accounting and Financial Reporting Division

Brendan Hanlon, Chief Financial Officer

Beth Machann, CGFM, Controller

Available online at [www.denvergov.org/finance](http://www.denvergov.org/finance)

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# Contents

## Introduction

- 1 Letter of Transmittal
  - 8 Mayor
  - 9 Auditor, District Attorney, and Clerk and Recorder
  - 10 City Council Members
  - 11 City Organization Chart
  - 12 Government Finance Officers Association Awards
- 
- 13 Independent Auditor's Report
  - 17 Management's Discussion and Analysis (Unaudited)

## Basic Financial Statements

### Government-Wide Financial Statements

- 27 Statement of Net Position
- 28 Statement of Activities

### Fund Financial Statements

- 30 Balance Sheet – Governmental Funds
- 31 Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position
- 32 Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
- 33 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities
- 34 Statement of Net Position – Proprietary Funds
- 38 Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
- 40 Statement of Cash Flows – Proprietary Funds
- 44 Statement of Fiduciary Net Position – Fiduciary Funds
- 45 Statement of Changes in Fiduciary Net Position – Fiduciary Funds
- 46 Statement of Net Position – Component Units
- 47 Statement of Activities – Component Units

### Notes to Basic Financial Statements

- 49 Contents
- 50 I. Summary of Significant Accounting Policies
- 60 II. Stewardship, Compliance, and Accountability
- 61 III. Detailed Notes for All Funds
- 91 IV. Other Note Disclosures

## Required Supplementary Information

- 116 Required Supplementary Information Budgetary Comparison Schedule – General Fund and Human Services Special Revenue Fund
- 118 Notes to Required Supplementary Information Budgetary Comparison Schedule
- 119 Required Supplementary Information Other Postemployment Benefits - Implicit Rate Study
- 119 Required Supplementary Information Schedule of City’s Proportionate Share of the Net Pension Liability - DERP
- 120 Required Supplementary Information Schedule of City Contributions - DERP
- 120 Required Supplementary Information Schedule of City’s Proportionate Share of the Net Pension Liability FPPA SWDB
- 120 Required Supplementary Information Schedule of City Contributions - FPPA SWDB
- 121 Required Supplementary Information Schedule of City Contributions - FPPA Old Hire Fire and Police
- 122 Required Supplementary Information Schedule of City’s Proportionate Share of the Net Pension Liability - PERA
- 122 Required Supplementary Information Schedule of City Contributions - PERA
- 123 Required Supplementary Information Schedule of Changes in the City’s Net Pension Liability and Related Ratios - FPPA Old Hire Fire
- 124 Required Supplementary Information Schedule of Changes in the City’s Net Pension Liability and Related Ratios - FPPA Old Hire Police

## Combining and Individual Fund Financial Statements and Schedules

### Governmental Funds

- 126 Combining Balance Sheet – Nonmajor Governmental Funds
- 127 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds
- 128 Combining Balance Sheet – Nonmajor Special Revenue Funds
- 130 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds
- 132 Combining Balance Sheet – Nonmajor Debt Service Funds
- 133 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds
- 134 Combining Balance Sheet – Nonmajor Capital Projects Funds
- 136 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds
- 138 Schedule of Expenditures Compared with Authorizations – General Fund
- 140 Schedule of Expenditures Compared with Authorizations – Human Services Special Revenue Fund
- 141 Comparative Balance Sheets – General Fund
- 142 Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance – General Fund

## Proprietary Funds

- 143 Combining Statement of Net Position – Nonmajor Enterprise Funds
- 144 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Enterprise Funds
- 145 Combining Statement of Cash Flows – Nonmajor Enterprise Funds
- 146 Combining Statement of Net Position – Internal Service Funds
- 147 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds
- 148 Combining Statement of Cash Flows – Internal Service Funds

## Fiduciary Funds

- 149 Combining Statement of Fiduciary Net Position – Pension, Health, and Other Employee Benefit Trust Funds
- 150 Combining Statement of Changes in Fiduciary Net Position – Pension, Health, and Other Employee Benefit Trust Funds
- 151 Combining Statement of Changes in Assets and Liabilities – Agency Funds

## Component Units

- 154 Combining Statement of Net Position – Nonmajor Component Units
- 156 Combining Statement of Activities – Nonmajor Component Units

## Other Supplementary Schedules

- 160 Combined Schedule of Bonds Payable and Escrows
- 162 Local Highway Finance Report

## Statistical (Unaudited)

- 165 Contents

## Financial Trends

- 167 Net Position by Component
- 168 Changes in Net Position
- 171 Fund Balances of Governmental Funds
- 172 Changes in Fund Balances of Governmental Funds
- 174 Governmental Activities Tax Revenues by Source

## Revenue Capacity

- 175 Sales Tax by Category
- 176 Assessed Value and Estimated Actual Value of Taxable Property
- 177 Direct and Overlapping Property Tax Rates
- 178 Principal Property Taxpayers
- 180 Property Tax Levies and Collections

## Debt Capacity

- 182 Ratios of Outstanding Debt by Type
- 183 Ratios of General Bonded Debt Outstanding
- 184 Direct and Overlapping Governmental Activities Debt
- 185 Legal Debt Margin Information
- 186 National Western Center and Convention Center Excise Pledged-Revenue Coverage
- 187 Wastewater Management Fund Pledged-Revenue Coverage
- 187 Golf Fund Pledged-Revenue Coverage
- 188 Denver International Airport Fund Pledged-Revenue Coverage

## Demographic and Economic Information

- 189 Demographic and Economic Statistics
- 190 Principal Employers
- 191 Full-Time Equivalent City Government Employees by Function

## Operating Information

- 192 Operating Indicators by Function
- 193 Capital Asset Statistics



# Introduction





May 26, 2017

Citizens of the City and County of Denver,  
Honorable Mayor,  
Honorable Auditor,  
Honorable Clerk and Recorder,  
Honorable Members of City Council, and  
Audit Committee



Brendan Hanlon  
Chief Financial Officer

State law requires the City and County of Denver (City) to publish within seven months of the close of the fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is prepared by the Controller's Office under the Department of Finance according to Article 2, Part 5 of the City's Charter. Pursuant to the requirements, I hereby issue the Comprehensive Annual Financial Report (CAFR) of the City for the fiscal year ended December 31, 2016.

This report consists of management's representations concerning the finances of the City. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To provide a reasonable basis for making those representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with U.S. GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

BKD, LLP, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2016, are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's basic financial statements as of and for the year ended December 31, 2016. The independent auditors' report is presented as the first component of the financial section of this report.

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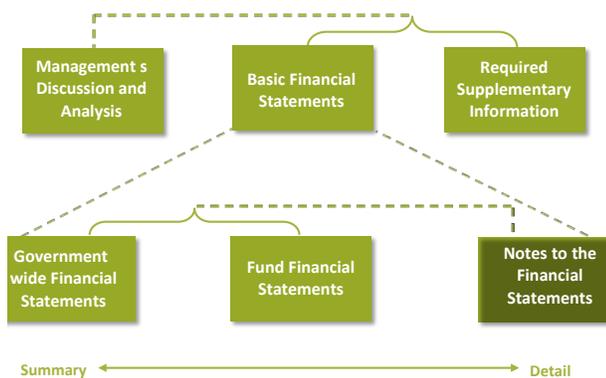
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## The Report

The CAFR is presented in three sections:

- The **Introduction** section includes this letter of transmittal, Mayor, Auditor, District Attorney, Clerk and Recorder, and City Council introductions, the City’s organization chart, and certificates of achievement.
- The **Financial** section includes the report of the independent auditors, Management’s Discussion and Analysis (MD&A), the basic financial statements, including the government-wide financial statements comprised of the Statement of Net Position and the Statement of Activities and the accompanying notes to the financial statements. The Financial Section also includes the fund financial statements including the governmental funds financial statements, the proprietary funds financial statements, the fiduciary funds financial statements, the component units financial statements, and the combining individual funds financial statements for the nonmajor governmental funds and the internal service funds. Required supplementary information other than the MD&A is also included in the financial section.



- The **Statistical** section includes selected financial and demographic information, on a multi-year basis.

This transmittal letter is designed to complement the MD&A and should be read in conjunction with the MD&A.

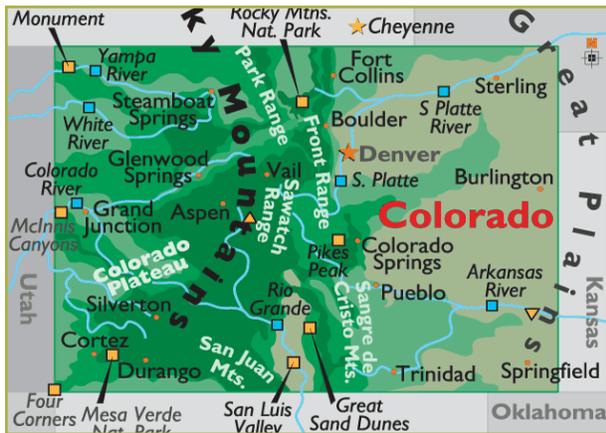
This CAFR includes all funds of the City. The City provides a full range of services including: police and fire protection; the construction and maintenance of highways, streets and other infrastructure; and recreational activities and cultural events. The CAFR also includes the City’s component units, which are legally separate organizations and for which the City is financially accountable or whose relationship with the City is of a nature and significance that would cause the City’s financial statements to be incomplete were they not included.

The City maintains budgetary controls that have the objective of ensuring compliance with legal provisions embodied in the annual appropriated budget submitted by the Mayor and adopted by the City Council. All activities of the General Fund and Human Services special revenue fund are included in the annual appropriated budget except for capital outlay. Project-length budgets are adopted for the remaining special revenue funds and capital project funds. Budgetary control (the level at which expenditures and encumbrances cannot legally exceed the appropriated amount) is established at the department level within individual funds, except for special revenue and capital project funds, which are at the funded project level. Disbursements that would result in an overrun of funded project balances (budgets) are not released until additional appropriations are made available. At year-end, if additional monies have not been appropriated where needed, expenditures are properly reflected in the current period causing an over budget condition to exist.

In addition to the financial audit, the City undertakes a single audit in conformance with the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits. The results of

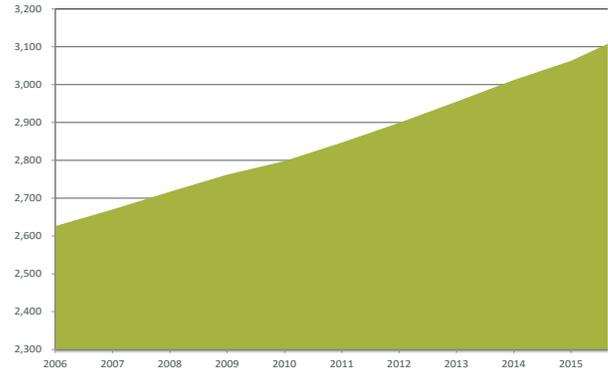
this single audit, including a schedule of expenditures of federal awards, and the independent auditor’s reports on the City’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards, are available in the City’s separately issued single audit report.

### City Profile



The City is located at the eastern base of the Rocky Mountains in the north-central part of Colorado, encompassing 154.63 square miles. The City is the capital of the state, and it is also the cultural, distribution, entertainment, financial, service and transportation hub of the Rocky Mountain region. With an elevation of 5,280 feet the “Mile High City” has a cool, dry, sunny climate that makes it a magnet for health seekers and those enjoying outdoor recreation all year round. The Colorado State Demographer’s Office projects a population of 697,363 for Denver County for 2016. This is an estimated growth of over 14,000 new residents to the County over the previous year. It is estimated that over 3 million people reside in the Denver metro area, which includes the suburban counties of Adams, Arapahoe, Boulder, Broomfield, Douglas and Jefferson. Denver was founded November 22, 1858, after a gold discovery at the confluence of Cherry Creek and the South Platte River. Town founder William H. Larimer, Jr. named the city for James W. Denver, Governor of Kansas Territory, of which east central Colorado was then a part.

Denver Metro Area's Suburban Population (numbers in thousands)



Numerous gold discoveries sparked a mass migration of some 100,000 in 1859-1861, leading the federal government to establish Colorado Territory in 1861. The City was incorporated on November 7, 1861 by a special act of the first session of the Legislative Assembly of Colorado Territory. In 1867 the City became the Capital of Colorado Territory and remained the capital after Colorado became a state on August 1, 1876. Denver became a City and County with home rule when Article XX was added to the Colorado Constitution in 1902. The City’s charter was enacted on March 29, 1904 establishing a strong mayor/city council form of government and an independent, elected city auditor.

The mayor and thirteen-member council, elected in non-partisan elections govern the City. The Mayor is the chief executive, exercising all administrative and executive powers granted to the City, except as otherwise delegated by the City Charter. The legislative powers of the City are vested in the City Council. The City has an elected Auditor and an elected Clerk and Recorder. All elected officials’ terms are concurrent and last four years and each position is subject to term limits of twelve years.

The Charter establishes an audit committee consisting of seven members; two members appointed by the Mayor, two members appointed by the City Council and two members appointed by the Auditor, with the Auditor as the Chair. The audit committee, among other things, is responsible for the selection and management of the external auditor. During the course

of the annual city-wide audit the audit committee monitors the progress of the audit and discusses with the external auditor any matters related to the audit. The audit committee also accepts the results of the audit.

## Regional Economic Conditions

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

The City is the center of economic activity of the region, serving as a business, recreational, higher educational and cultural hub. Major features of the economy include the central business district, state capitol building, Denver International Airport, extensive library facilities, several professional sports teams, institutions of higher learning, and numerous museums and other cultural facilities. US News and World Report named Denver as second on its 2017 Best Places to Live and Forbes has cited Denver on the list of top 25 fastest growing cities in the US for 2017.

Colorado's statewide unemployment rate continued to drop, registering 2.9% in February 2017. This is flat with the previous month and a decrease from 3.3% the previous year. This was considerably lower than the national average of 4.7% for the same time period. The Denver Metro area makes up almost half of the employment in the state and totaled 3.1% (not seasonally adjusted) in January 2017.

## Construction

The March 2017 OSPB Colorado Economic Perspective report states that nonresidential construction values increased by 16.3% in 2016. This was the third consecutive year of double-digit growth in nonresidential construction values. In 2017 and 2018, the OSPB does not anticipate this momentum to continue, showing a 6.2% decrease in 2017 and a 2.8% decrease in 2018.

In the OSPB's March 2017 report, Colorado's housing permits are shown to have increased by 20.5% in 2016. Growth is anticipated to continue in 2017 but at a more moderate pace. The OSPB anticipates housing permits will increase by 7.6% in 2017 and by 0.5% in 2018.

## Personal Income and Wages

The March 2017 OSPB Colorado Economic Perspective report shows that Colorado personal income grew by 4.1% in 2016. This compares to 4.2% growth in 2015. The OSPB is projecting that personal incomes will be even stronger in 2017, growing by 5.6%. Continued recovery in the state's energy sector underlies this more robust growth rate.

## Consumer Spending

Overall, consumer spending continues to increase according to the OSPB. Colorado retail trade sales grew by 4.3% in 2016 and are expected to increase by 5.2% in 2017. Sales and use tax revenue, which makes up half of the City's General Fund revenue stream, increased by 4.6% in 2016. The City anticipates that core sales and use tax revenue will grow approximately 4.3% in 2017.

## City Financial Policies and Planning

Formal financial policies, as well as operating practices, enable the City to provide core services to citizens and employees. Formal policies exist in areas such as balanced budgets, revenue diversification and use of one-time and unpredictable revenues, operating expenditures, reserves, investments, and debt.

## Revenue Administration

The City's main source of revenue for operating expenditures is sales and use tax, which makes up 50.0% of total General Fund revenues. This is less than the 70.0% average for most local governments in the region. Most of the City's revenue is not restricted to assure responsiveness to expenditure needs. One-time and unpredictable revenues are spent on

one-time costs, such as equipment replacement, or transferred to capital improvement funds for repair and rehabilitation projects.

### Expenditure Administration

Expenditure budgets are carefully reviewed by both the implementing department's and the Budget and Management Office. Careful attention is paid to monitor department's ability to meet projected vacancy savings. Any unspent personnel appropriation must be approved by the Budget and Management Office in order to be transferred to non-personnel line items. General Fund budget actual expenditures were approximately \$31,500,000 less than the revised 2016 budget. This is a result of achieving unspent appropriations, due in large part to compensation savings and not fully expending contingency funds reserves.

The City has multiple reserves in its General Fund to address budgetary shortfalls. A Contingency Reserve of no less than 2.0% of total estimated expenditures, an Emergency Reserve mandated by the State Constitution equal to 3% of covered funds, and a Reserve Budget Fund Balance target of 15.0% of total budgeted expenditures. The City's budget policy concerning the use of reserves varies depending on the reserve type but generally limits the use of reserves to respond to revenue shortfalls, unanticipated expenditures, or severe economic downturn. The policy further states that use of reserves should be combined with structural changes to bring the budget back into balance. The Undesignated Fund Balance at the end of 2016 was projected to be 25.7% of expenditures.

### Debt Administration

The City's debt policy establishes guidelines and parameters for the issuance and management of debt. The primary objectives of the policy are to ensure that debt is issued prudently and affordable. The Taxpayer's Bill of Rights (TABOR) under the State Constitution requires the City to obtain voter approval prior to issuing any multi-year fiscal debt or obligations. Certain exceptions apply for refunding of outstanding bonds and debt issued by enterprises of the City.

The City's Charter further restricts general obligation bonded debt to 3.0% of the actual value of the taxable property within the City. General obligation water bonds issued by Denver Water are excluded from this limitation. At December 31, 2016 the City's general obligation bonded debt of \$761,406,000 subject to this restriction, was 24% of the \$3,173,188,000 three-percent limitation amount, not including compound interest of the general obligation mini-bonds.

According to standard measures used by the primary credit rating agencies to assess debt (e.g. fund balance as a percent of operating expenses, debt-to-assessed ratios, debt per capital, etc.), the City's level of direct debt obligations are considered moderate but manageable in comparison with similarly sized cities. Rating agencies cite the City's strong financial management and prudent fiscal policies as credit strengths. As of December 31, 2016, the City is rated triple-A (AAA) by all three of the major rating agencies: Standard & Poor's, Fitch, and Moody's Investors Service.

### Cash Management

The City's Charter regulates the securities in which the City may invest its funds. Permissible investments under the Charter are obligations of the United States Government, its agencies, and sponsored corporations, prime bankers' acceptances, prime commercial paper, certificates of deposit issued by banks and savings and loan institutions, repurchase agreements, security lending agreements, highly rated municipal securities, money market funds that purchased only the types of securities specified herein, and any investment type in which the Colorado State Treasurer is allowed to invest state monies in if otherwise compliant with the department's investment policy. The City Council has adopted an ordinance authorizing the investment of City moneys in Resolution Funding Corporation (REFCORP) Securities, Forward Purchase Agreements, and Debt Service Reserve Fund Put Agreements, all of which are either issued by a U.S. Government Corporation or are collateralized by surety types already authorized by the Charter. The City is not permitted to leverage its investment portfolio.

The objectives of the City's investment policy, in order of priority are to maintain principal, to ensure the availability of funds to meet obligations promptly, and to maximize yield on the investment portfolio. Bank deposits are either insured by federal deposit insurance or collateralized according to state law. Investments are held at a third-party bank in a safekeeping account in the City's name.

### Long-Term Financial Planning

The City has a six-year long-range capital planning process and document that is updated each year and helps drive annual capital funding decisions as well as periodic general obligation bond issues for larger investments. For operations, revenues are forecasted out for twenty years to account for planned changes to existing revenues, such as sunseting revenues, and to project any future deficits between revenues and expenditures.

### Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the year ended December 31, 2015. The Certificate of Achievement is a national award recognizing conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. This report must satisfy both U.S. GAAP and applicable legal requirements. This was the thirty-sixth consecutive year that the City has received this award. A Certificate of Achievement is valid for one year only. We believe this 2016 CAFR continues to conform to the Certificate of Achievement program requirements and will submit it to the GFOA to determine its eligibility for another certificate.

Furthermore, the GFOA has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to City for its Popular Annual Financial Report (PAFR) for the fiscal year ending on December 31, 2015. The Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) is a prestigious national award recognizing conformance with the highest

standards for preparation of state and local government popular reports. In order to receive this award a government unit must publish a PAFR whose contents conform to program standards of creativity, presentation, understandability and reader appeal. This is the fourth year that the City has received this award. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

Additionally, GFOA presented a Distinguished Budget Presentation Award to the City for its annual budget for the fiscal year beginning January 1, 2016. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another year.

The preparation of this CAFR could not have been accomplished without the efficient and dedicated service of a highly qualified staff in the Controller's Office. The Cash, Risk, and Capital Funding Division and the Budget and Management Office were also instrumental in the CAFR's completion. Their cooperation and continued assistance is necessary and appreciated. I would like to thank all personnel who helped and contributed to the preparation of this report. I also want to acknowledge the thorough and professional manner in which our independent auditors, BKD, LLP, conducted their audit.

Respectfully submitted,

Brendan Hanlon



Chief Financial Officer

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Honorable Michael B. Hancock  
Mayor

**Dear Denver residents:**

This is a time of significant and historic success for Denver. Over the past five years, we have helped our economy create nearly 75,000 jobs and lower the unemployment rate to 2.9 percent. We have restored the fiscal health of city government, replenished our financial reserves and strengthened our bond ratings. With these accomplishments in mind as well as an eye on sustaining this success, the City of Denver has redoubled its efforts to meet my key priorities.

Our Police, Fire and Sheriff’s Departments serve and protect every neighborhood and ensure that Denver remains a safe place. Investments were made in staffing, technology, training, equipment and facilities. By hiring more officers and boosting neighborhood patrols, we are fostering stronger relationships between officers and the communities they serve. We have also implemented several key innovations in criminal justice, making the department a model for reform across the nation. The past year has seen the Denver

Police Department amplify efforts to positively engage youth and improve the department’s relationships with the community.

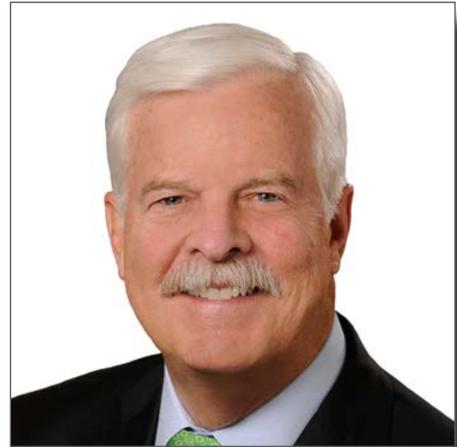
Homeownership gives families a foundation to build equity and wealth. In fall 2016, Denver City Council approved a dedicated fund for affordable housing, the first of its kind for the city. The fund will provide an estimated \$150 million over the next decade to create or retain 6,000 affordable housing units for low- to middle-income families.

This past year, the city launched Denveright, a multi-agency planning initiative that will plot the course of the Mile High City for the next two decades. Denver residents have also had an opportunity to provide direct input on projects to be included in the 2017 General Obligation Bond. As Denver’s needs expand and change, these bonds will help us to restore, replace, and expand infrastructure and capital assets across the city.

These efforts and other city initiatives provide the framework by which Denver will continue to be one of the nation’s most desirable places to live, do business, and raise a family. Together, we can work to drive improvements that will keep us uniquely Denver – active and vibrant – for generations to come.

| Mayor’s Cabinet and Chief of Staff  |   |
|---|---|
| Happy Haynes<br>Deputy Mayor and Executive Director of Parks and Recreation | Brendan Hanlon<br>Chief Financial Officer                                 |
| Alan Salazar<br>Chief of Staff  | Penny May<br>Executive Director of General Services, interim              |
| Kristin Bronson<br>City Attorney  | George Delaney<br>Executive Director of Public Works, interim             |
| Kim Day<br>Executive Director of Aviation                                   | Stephanie O’Malley<br>Executive Director of Safety                        |
| Bob McDonald<br>Executive Director of Environmental Health                  | Brad Buchanan<br>Executive Director of Community Planning and Development |
| Ashley Kilroy<br>Executive Director of Excise and Licenses                  | Don Mares<br>Executive Director of Human Services                         |

Timothy M. O'Brien is the Auditor for the City and County of Denver. Mr. O'Brien was elected Auditor in May 2015. Mr. O'Brien's term will expire on the third Monday in July 2019.



Honorable Timothy M. O'Brien, CPA  
Auditor



Honorable Beth McCann  
District Attorney

Beth McCann is the District Attorney for the Second Judicial District. The District Attorney is a state official. She is the chief law enforcement officer in the district and is responsible for prosecuting all felonies, misdemeanors, and serious traffic offenses arising in the district. Ms. McCann became District Attorney in January 2017; her current term will end January 8, 2021.

Debra Johnson was elected Clerk and Recorder in July 2011. Ms. Johnson also serves as Public Trustee, City Clerk, and Ex-Officio Clerk of the City and County of Denver. Ms. Johnson's term will expire on the third Monday in July 2019.



Honorable Debra Johnson  
Clerk and Recorder

There are 13 city council members - 11 from equally populated districts and two elected at-large. Council members, who must be 25 years of age, US citizens and two-year Denver residents, are all elected at the same time every four years. All terms expire on the third Monday in July 2019.



Honorable Albus Brooks  
President  
Council District 9



Honorable Robin Kniech  
Council At-Large



Honorable Deborah Ortega  
Council At-Large



Honorable Rafael Espinoza  
Council District 1



Honorable Kevin Flynn  
Council District 2



Honorable Paul D. López  
Council District 3



Honorable Kendra Black  
Council District 4



Honorable Mary Beth Susman  
Council District 5



Honorable Paul Kashmann  
Council District 6



Honorable Jolon Clark  
Council District 7



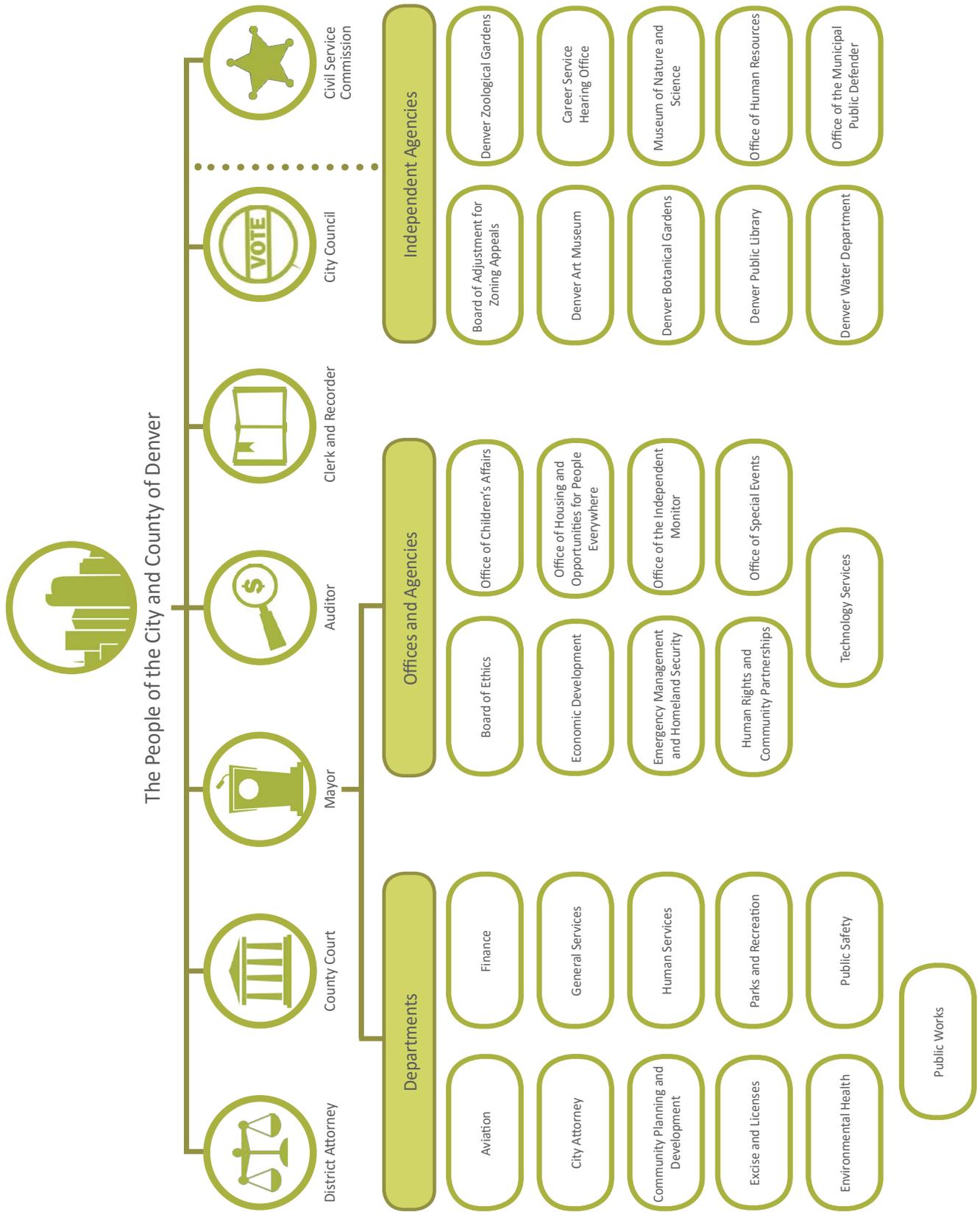
Honorable Christopher Herndon  
Council District 8



Honorable Wayne New  
Council District 10

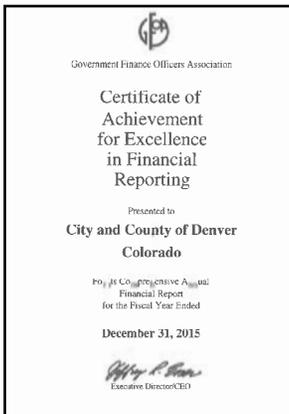


Honorable Stacie Gilmore  
Council District 11



The City and County of Denver is proud to have been recognized with an award for Outstanding Achievement for Excellence in Financial Reporting, Outstanding Achievement in Popular Annual Financial Reporting and the Distinguished Budget Presentation Award offered by the Government Finance Officers Association of the United States and Canada (GFOA)

### Outstanding Achievement for Excellence in Financial Reporting



The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City and County of Denver for its Annual Report for the fiscal year ended December 31, 2015.

The Certificate of Achievement is the highest form of recognition for excellence in state or local government financial reporting. The Certification of Achievement Program was established to encourage municipal governments to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Certification of Achievement, a government unit must publish an easily-readable and efficiently-organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments and address user needs. A Certificate of Achievement is valid for a period of one year only.

### Outstanding Achievement in Popular Annual Financial Reporting

The GFOA has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City and County of Denver for its Popular Annual Financial Report for the fiscal year ended December 31, 2015. The Award for Outstanding Achievement in popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

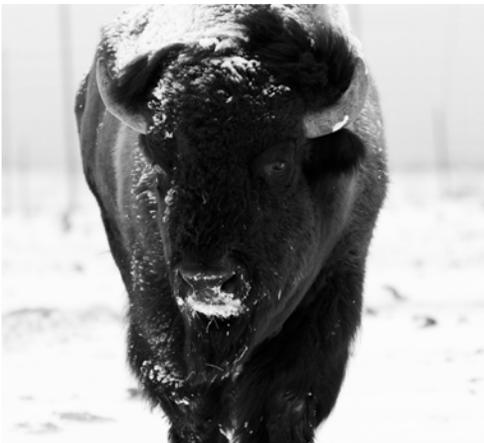
In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award for Outstanding in Popular Annual Financial Reporting is valid for a period of one year only.

### Distinguished Budget Presentation Award

The GFOA presented a Distinguished Budget Presentation Award to the City and County of Denver for its annual budget for the fiscal year beginning January 1, 2016. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as policy document, as an operations guide, as a financial plan, and as a communications device. This award is valid for a period of one year only.

The Distinguished Budget Presentation Awards Program is specifically designed to encourage state and local governments to prepare and issue budget documents of the highest quality. Top-quality documents are essential if citizens and others with an interest in a government's finances are to be fully informed participants in the budget process. Better budget documents contribute to better decision making and enhanced accountability.

The Distinguished Budget Presentation Awards Program allows the public finance profession a welcome opportunity to recognize those governments that have, in fact, succeeded in preparing a high quality budget document.



# Financial





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## Independent Auditor's Report

Audit Committee  
City and County of Denver  
Denver, Colorado

### Report on the Financial Statements

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

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

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Denver Convention Center Hotel Authority, Cherry Creek North Business Improvement District No. 1, Downtown Denver Business Improvement District, Denver Union Station Project Authority, and Denver Preschool Program, Inc., all of which are included as discretely presented component units, which represent 66.78 percent of total assets and 58.41 percent of total revenues of the aggregate discretely presented component units as of and for the year ended December 31, 2016, respectively. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion on the aggregate discretely presented component units and, insofar as it relates to the amounts included for the Denver Convention Center Hotel Authority, Cherry Creek North Business Improvement District No. 1, Downtown Denver Business Improvement District, Denver Union Station Project Authority, and Denver Preschool Program, Inc., is based solely on the report of the other auditors. Additionally, we did not audit the financial statements of the Gateway Village General Improvement District, which is included as a blended component unit, and the Denver Employee Retirement Plan, a fiduciary component unit and the Deferred Compensation Plan, a fiduciary fund of the City, which represent 57.25 percent of total assets and 36.08 percent of total revenues of the aggregate



Audit Committee  
City and County of Denver

remaining fund information as of and for the year ended December 31, 2016. Those financial statements were audited by other auditors, whose reports have been furnished to us and our opinion on the aggregate remaining fund information, insofar as it relates to the amounts included for the Gateway Village General Improvement District, the Denver Employee Retirement Plan, and the Deferred Compensation Plan, is based solely on the reports of the other auditors. We also did not audit the financial statements of the Wastewater Management Enterprise Fund, an enterprise fund of the City, and which is included in the business-type activities and as a major enterprise fund. The Wastewater Management Fund represents 14.09 percent of total assets and 12.20 percent of total revenues of the business-type activities as of and for the year ended December 31, 2016. Those financial statements were audited by another auditor, whose report has been furnished to us, and our opinion on the business-type activities, insofar as it relates to the amounts included for the Wastewater Management Enterprise Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Cherry Creek North Business Improvement District No. 1, Downtown Denver Business Improvement District, and Denver Preschool Program, Inc., component units included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*. Additionally, the financial statements of the Gateway Village General Improvement District, which is included as a blended component unit, was not audited in accordance with *Government Auditing Standards*.

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

Audit Committee  
City and County of Denver

**Other Matters**

*Required Supplementary Information*

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

*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 accompanying combining and individual fund financial statements and schedules listed in the table of contents, is presented for purposes of additional analysis and are 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, the 2016 information is fairly stated in all material respects in relation to the basic financial statements as of and for the year ended December 31, 2016, as a whole. We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City's basic financial statements as of and for the year ended December 31, 2015, which are not presented with the accompanying financial statements. In our report dated May 27, 2016, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. In our opinion, the general fund balance sheet as of December 31, 2015 and related statement of revenues, expenditures, and changes in fund balance for the year then ended shown as supplementary information are fairly stated in all material respects in relation to the basic financial statements as of and for the year ended December 31, 2015, taken as a whole.

The introduction section and statistical section 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.

Audit Committee  
City and County of Denver

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2017, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

**BKD, LLP**

Denver, Colorado  
May 26, 2017



# Management's Discussion and Analysis



Management of the City and County of Denver (City) offers readers of the basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2016. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal. The focus of the information herein is on the primary government.

## Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,236,857,000 (net position). Of this amount, \$52,817,000 represents a deficit of unrestricted net position.
- The City's total net position increased by \$235,502,000, or 7.8%, over the prior year.
- As of close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,265,415,000, an increase of \$302,996,000 from the prior year. Approximately 21.4% or \$271,130,000 of the fund balance (unassigned fund balance) is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance of the General Fund was \$271,130,000 which represents 21.9% of total General Fund expenditures, including transfers out.
- The City's total bonded debt increased by \$39,340,000 during the year. General obligation bonds decreased by \$54,270,000 and revenue bonds increased by \$93,610,000.
- During 2016, the City adopted Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, Governmental Accounting Standards Board Statement No. 77, *Tax Abatement Disclosures*, and Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*. There was no impact to net position as a result of implementing these principles.

## Overview of the Financial Statements

This discussion and analysis is intended as an introduction to the City's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition to the basic financial statements, also provided are required and other supplementary information.

### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities reports how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

The governmental activities reflect the City's basic services, including police, fire, public works, sanitation, economic development, culture, and recreation. Sales and property taxes finance the majority of these services.

The business-type activities reflect private sector-type operations, such as Wastewater Management; the Denver Airport System, including Denver International Airport (DIA); and Golf Courses, where fees for services typically cover all or most of the cost of operations, including depreciation.

The government-wide financial statements include not only the City itself (referred to as the primary government), but also other legally separate entities for which the City is financially accountable. Financial information for most of these component units is reported separately from the financial information presented for the primary government itself. A few component units, although legally separate, function essentially as an agency of the City and, therefore, are included as an integral part of the City.

### 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 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** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on the balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided that reconciles the governmental fund financial statements to the government-wide statements explaining the relationship (or differences) between them.

The City maintains 22 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and Human Services special revenue fund, each of which is considered to be a major fund. Data from the other 20 governmental funds are combined into a single aggregated presentation. Individual fund data for these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for the General Fund and Human Services special revenue fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets for the General Fund and Human Services fund in accordance with U.S. GAAP.

The City maintains two different types of **proprietary funds**: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Wastewater Management, Denver Airport System, Environmental Services, and Golf Course funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for workers' compensation self-insurance and asphalt plant operations. The internal service funds provide services which predominantly benefit governmental rather than business-type functions. They have been included within governmental activities with an adjustment to reflect the consolidation for internal service fund activities related to the enterprise funds in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Wastewater Management and the Denver Airport System, both of which are considered to be major funds of the City. Data for the other two enterprise funds and all of the internal service funds are combined into their respective single aggregated presentations. Individual fund data for the nonmajor enterprise funds and all of the internal service funds is provided in the form of combining statements elsewhere in this report.

The City uses **fiduciary funds** to account for assets held on behalf of outside parties, including other governments. When these assets are held under the terms of a formal trust agreement, a private-purpose trust fund is used.

Agency funds generally are used to account for assets that the City holds on behalf of others as their agent. Pension trust funds account for the assets of the City's employee retirement plans.

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 **notes to basic financial statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information** in addition to the basic financial statements and accompanying notes is presented in the form of certain required supplementary information concerning the City's budgetary comparison schedules and the implicit rate subsidy on other postemployment benefits.

The combining statements supplementary information referred to earlier in connection with nonmajor funds, internal service funds, and nonmajor component units are presented immediately following the budgetary comparison required supplementary information.

### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$3,236,857,000 at the close of the most recent fiscal year. Net position of \$1,748,389,000 (54.0%) reflects investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. 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 its 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 used to liquidate these liabilities.

Net positions of the City also include \$1,541,285,000 (47.6%) of restricted net position. These are resources subject to external restrictions as to how they may be used by the City.

**Table 1** reflects the City's net position (dollars in thousands) as of December 31, 2016 and 2015:

Table 1

|                                  | Governmental<br>Activities |                     | Business-type<br>Activities |                     | Total<br>Primary Government |                     |
|----------------------------------|----------------------------|---------------------|-----------------------------|---------------------|-----------------------------|---------------------|
|                                  | 2016                       | 2015                | 2016                        | 2015                | 2016                        | 2015                |
| Current and other assets         | \$ 1,904,051               | \$ 1,609,825        | \$ 1,953,795                | \$ 1,976,667        | \$ 3,857,846                | \$ 3,586,492        |
| Capital assets                   | 2,892,680                  | 2,865,329           | 4,163,611                   | 4,079,540           | 7,056,291                   | 6,944,869           |
| <b>Total assets</b>              | <b>4,796,731</b>           | <b>4,475,154</b>    | <b>6,117,406</b>            | <b>6,056,207</b>    | <b>10,914,137</b>           | <b>10,531,361</b>   |
| <b>Deferred outflows</b>         | 433,322                    | 190,041             | 211,439                     | 214,661             | 644,761                     | 404,702             |
| Noncurrent liabilities           | 2,775,460                  | 2,323,362           | 4,266,391                   | 4,293,240           | 7,041,851                   | 6,616,602           |
| Other liabilities                | 313,439                    | 287,290             | 554,333                     | 627,746             | 867,772                     | 915,036             |
| <b>Total liabilities</b>         | <b>3,088,899</b>           | <b>2,610,652</b>    | <b>4,820,724</b>            | <b>4,920,986</b>    | <b>7,909,623</b>            | <b>7,531,638</b>    |
| <b>Deferred inflows</b>          | 409,889                    | 399,896             | 2,529                       | 3,174               | 412,418                     | 403,070             |
| <b>Net position</b>              |                            |                     |                             |                     |                             |                     |
| Net investment in capital assets | 1,572,753                  | 1,509,354           | 175,636                     | (81,930)            | 1,748,389                   | 1,427,424           |
| Restricted                       | 918,405                    | 649,483             | 622,880                     | 675,863             | 1,541,285                   | 1,325,346           |
| Unrestricted                     | (759,893)                  | (504,190)           | 707,076                     | 752,775             | (52,817)                    | 248,585             |
| <b>Total net position</b>        | <b>\$ 1,731,265</b>        | <b>\$ 1,654,647</b> | <b>\$ 1,505,592</b>         | <b>\$ 1,346,708</b> | <b>\$ 3,236,857</b>         | <b>\$ 3,001,355</b> |

**Table 2** reflects the City's changes in net position (dollars in thousands) for the years ended December 31, 2016 and 2015:

Table 2

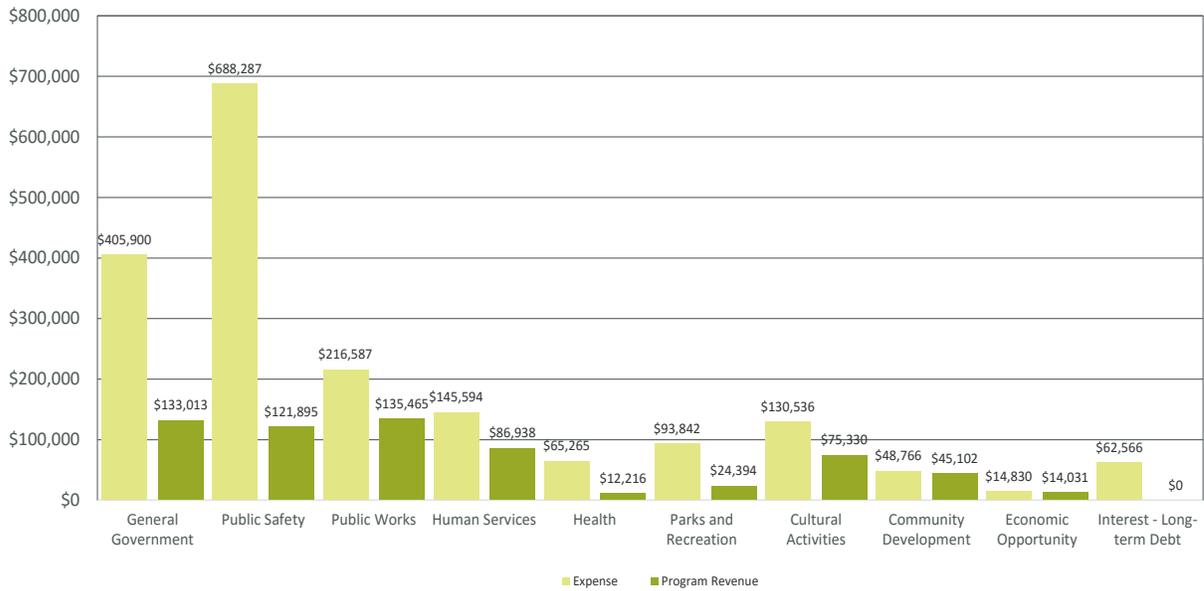
|   | Governmental<br>Activities |                     | Business-type<br>Activities |                     | Total<br>Primary Government |                     |
|---|----------------------------|---------------------|-----------------------------|---------------------|-----------------------------|---------------------|
|   | 2016                       | 2015                | 2016                        | 2015                | 2016                        | 2015                |
| <b>Revenues</b>                         |                            |                     |                             |                     |                             |                     |
| Program revenues:                       |                            |                     |                             |                     |                             |                     |
| Charges for services                    | \$ 400,525                 | \$ 402,760          | \$ 1,032,149                | \$ 946,142          | \$ 1,432,674                | \$ 1,348,902        |
| Operating grants and contributions      | 179,641                    | 180,537             | 686                         | 19,220              | 180,327                     | 199,757             |
| Capital grants and contributions        | 68,218                     | 38,298              | 28,975                      | 30,047              | 97,193                      | 68,345              |
| General revenues:                       |                            |                     |                             |                     |                             |                     |
| Facilities development admissions tax   | 12,401                     | 12,569              | -                           | -                   | 12,401                      | 12,569              |
| Lodgers tax                             | 88,872                     | 82,376              | -                           | -                   | 88,872                      | 82,376              |
| Motor vehicle ownership fee             | 26,787                     | 26,647              | -                           | -                   | 26,787                      | 26,647              |
| Occupational privilege tax              | 49,864                     | 48,293              | -                           | -                   | 49,864                      | 48,293              |
| Property tax                            | 399,859                    | 349,176             | -                           | -                   | 399,859                     | 349,176             |
| Sales and use tax                       | 674,398                    | 638,276             | -                           | -                   | 674,398                     | 638,276             |
| Specific ownership tax                  | 57                         | 232                 | -                           | -                   | 57                          | 232                 |
| Telephone tax                           | 9,446                      | 10,628              | -                           | -                   | 9,446                       | 10,628              |
| Investment income                       | 19,151                     | 15,503              | 40,414                      | 41,593              | 59,565                      | 57,096              |
| Other revenues                          | 24,128                     | 48,550              | 921                         | 13,666              | 25,049                      | 62,216              |
| <b>Total revenues</b>                   | <b>1,953,347</b>           | <b>1,853,845</b>    | <b>1,103,145</b>            | <b>1,050,668</b>    | <b>3,056,492</b>            | <b>2,904,513</b>    |
| <b>Expenses</b>                         |                            |                     |                             |                     |                             |                     |
| General government                      | 405,900                    | 340,401             | -                           | -                   | 405,900                     | 340,401             |
| Public safety                           | 688,287                    | 588,597             | -                           | -                   | 688,287                     | 588,597             |
| Public works                            | 216,587                    | 190,577             | -                           | -                   | 216,587                     | 190,577             |
| Human services                          | 145,594                    | 125,195             | -                           | -                   | 145,594                     | 125,195             |
| Health                                  | 65,265                     | 64,687              | -                           | -                   | 65,265                      | 64,687              |
| Parks and recreation                    | 93,842                     | 68,650              | -                           | -                   | 93,842                      | 68,650              |
| Cultural activities                     | 130,536                    | 131,835             | -                           | -                   | 130,536                     | 131,835             |
| Community development                   | 48,766                     | 45,355              | -                           | -                   | 48,766                      | 45,355              |
| Economic opportunity                    | 14,830                     | 20,027              | -                           | -                   | 14,830                      | 20,027              |
| Interest on long-term debt              | 62,566                     | 63,267              | -                           | -                   | 62,566                      | 63,267              |
| Wastewater management                   | -                          | -                   | 114,740                     | 111,941             | 114,740                     | 111,941             |
| Denver airport system                   | -                          | -                   | 811,094                     | 769,896             | 811,094                     | 769,896             |
| Other enterprise funds                  | -                          | -                   | 22,983                      | 20,733              | 22,983                      | 20,733              |
| <b>Total expenses</b>                   | <b>1,872,173</b>           | <b>1,638,591</b>    | <b>948,817</b>              | <b>902,570</b>      | <b>2,820,990</b>            | <b>2,541,161</b>    |
| Change in net position before transfers | 81,174                     | 215,254             | 154,328                     | 148,098             | 235,502                     | 363,352             |
| Transfers                               | (1,676)                    | 2,275               | 1,676                       | (2,275)             | -                           | -                   |
| Transfers of Capital Assets             | (2,880)                    | -                   | 2,880                       | -                   | -                           | -                   |
| <b>Change in net position</b>           | <b>76,618</b>              | <b>217,529</b>      | <b>158,884</b>              | <b>145,823</b>      | <b>235,502</b>              | <b>363,352</b>      |
| Net position (deficit) - January 1      | 1,654,647                  | 1,437,118           | 1,346,708                   | 1,200,885           | 3,001,355                   | 2,638,003           |
| <b>Net position - December 31</b>       | <b>\$ 1,731,265</b>        | <b>\$ 1,654,647</b> | <b>\$ 1,505,592</b>         | <b>\$ 1,346,708</b> | <b>\$ 3,236,857</b>         | <b>\$ 3,001,355</b> |

Governmental activities increased the City's net position by \$76,618,000 for the year ended December 31, 2016. Key elements of the increase are as follows:

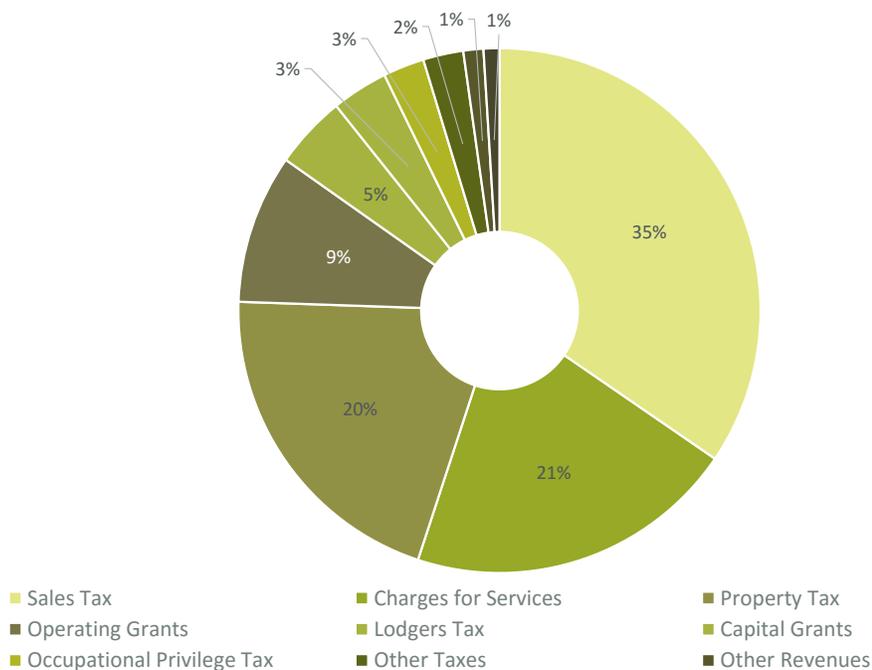
- Property tax and sales and use taxes totaled 85.1% of all tax revenues and 55.0% of all governmental activities' revenues. Property tax recorded in the governmental funds totaled \$399,859,000 for an increase of \$50,683,000 (14.5%) while sales and use tax revenues of \$674,398,000 were up \$36,122,000 (5.7%) compared to 2015, reflecting stable growth in the 2016 economy.
- Total governmental activities expenses increased by \$233,582,000 (14.3%) primarily due to an increase in costs for goods, expanded services offered by agencies, and pension expense. General government expense increased \$65,499,000 (19.2%) mainly due to pension expense. Public Safety expenses increased \$99,960,000 (16.9%) in part due to hiring additional deputies and enhanced staffing, technology, data tracking, training, and facilities as well as pension expense. Public Works expense increased \$26,010,000 (13.6%) mainly due to an increase in capital project activity and pension expense.

General government expenses in 2016 were \$405,900,000 (21.7%) of total expenses. Public safety expenses were \$688,287,000 (36.8%) of total expenses. Public works’ expenses were \$216,587,000 (11.6%) of total expenses. Cultural activities were \$130,536,000 (7.0%) of total expenses. Human services’ expenses were \$145,594,000 (7.8%) of total expenses. The remainder of the governmental activities expenses is comprised of health with \$65,265,000 (3.5%), parks and recreation with \$93,842,000 (5.0%) community development with \$48,766,000 (2.6%), economic opportunity with \$14,830,000 (0.79%), and interest on long-term debt of \$62,566,000 (3.3%).

**Expenses and Program Revenues - Governmental Activities**  
(dollars in thousands)



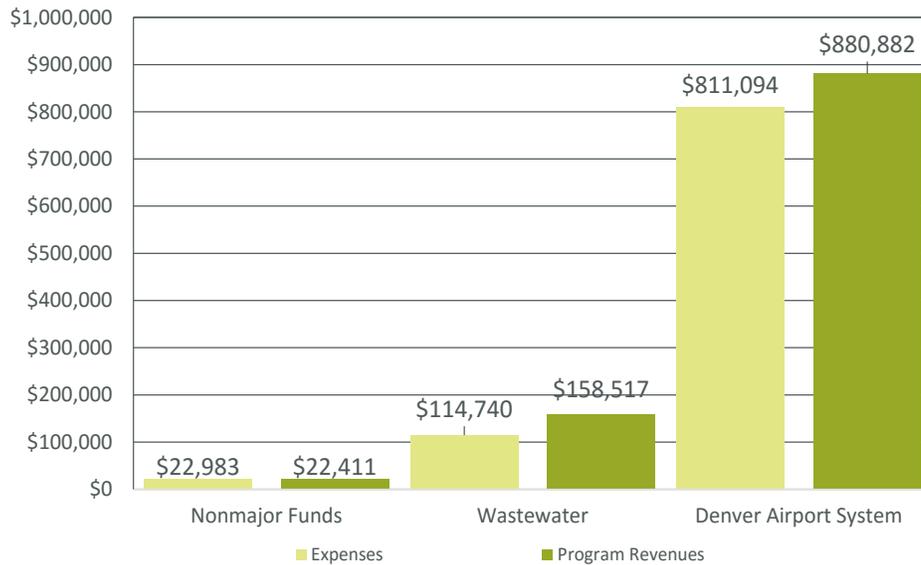
**Revenues by Source - Governmental Activities**



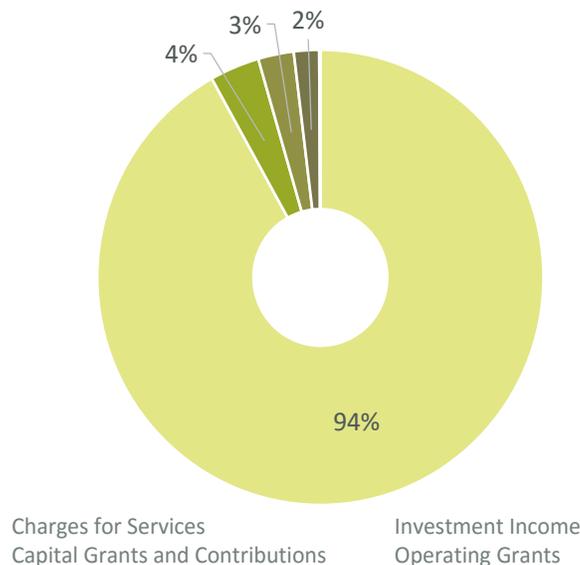
Business-type activities increased the City’s net position by \$158,884,000. Key elements of this modest increase are as follows:

- Total revenues of \$1,103,145,000 were \$52,477,000 (5.0%) higher compared to prior year amounts. This was primarily due to the stabilized rates for landing fees, facility rent revenues, and parking and car rental revenues at the Denver Airport System and a 5.0% rate increase for the sanitary fees and a 11.0% rate increase in storm fees at Wastewater Management.
- Total expenses of \$948,817,000 increased by \$46,247,000 (5.1%) when compared to the prior year. Wastewater Management expenses in 2016 totaled \$114,740,000 (12.1%) of total business-type activities. Denver Airport System expenses totaled \$811,094,000 (85.5%) of business-type activities. The remaining \$22,983,000 (2.4%) of expenses in business-type activities were related to Environmental Services and Golf activities. The main source of the increase in expenses for all funds was primarily due to an increase in personnel costs due to salary increases and pension expense.

**Expenses and Program Revenues - Business-Type Activities**  
(dollars in thousands)



**Revenues by Source - Business-Type Activities**



## Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

The focus of the City's governmental funds is to provide information on current year revenues, expenditures, and balances of spendable resources. Such information is useful in assessing the City's near-term financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2016, the City's governmental funds reported combined ending fund balances of \$1,265,415,000 an increase of \$302,996,000 in comparison with the prior year. Approximately 21.4% or \$271,130,000 of the total fund balance amount constitutes unassigned fund balance, which is available for spending at the City's discretion.

The General Fund is the chief operating fund of the City. As of December 31, 2016, unassigned fund balance of the General Fund was \$271,130,000 while total fund balance was \$397,423,000. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 21.9% of total General Fund expenditures, including transfers out, of \$1,238,124,000 while total fund balance represents 32.1% of the same amount.

The total fund balance of the City's General Fund increased by \$3,223,000 (0.8%) during the year ended December 31, 2016. This is a result of recovering revenues following the economic downturn and cost savings measures implemented to reduce overall expenditures.

Almost every revenue source increased slightly in 2016 due to a recovery of the economy. Total General Fund revenues including transfers in, totaled \$1,240,783,000 an increase of \$35,051,000 or 2.9%. Certain revenues in the General Fund that increased from 2015 to 2016 include:

- Sales and use taxes earned were higher by \$31,695,000. This increase is primarily attributable to the continuing expansion of the economy and retail marijuana sales tax collections related to the implementation of Amendment 64.
- Lodgers taxes were higher by \$1,897,000 largely as a result of an increased amount of conventions and conferences hosted within Denver.
- Property taxes were higher by \$8,811,000 due in part to an increase in the assessed value of property taxed during 2016.
- Charges for services decreased by \$4,086,000. Factors contributing to this decrease include a reduction in the City's franchise fee revenue from Xcel Energy, a decrease in construction permitting revenue, lower photo radar traffic fine collections, and miscellaneous other decreases.

The national and local economies continued to recover in 2016 following the recession of 2009. The City continued to monitor 2016 expenditures. Total General Fund expenditures, including transfers out, increased by \$61,804,000, or 5.3%. The primary drivers of this increase are personnel cost increases and an increase in costs for goods and services.

The Human Services special revenue fund had a total fund balance of \$76,029,000. This amounts to a net increase in fund balance of \$17,325,000 during the current year. The underlying reasons for the change include increased cash and decreased liabilities at year-end when compared to 2015 due to increased property tax revenue resulting from an improving economy.

## Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position of Wastewater Management was \$632,542,000 and for the Denver Airport System net position was \$834,141,000. Net position for all enterprise funds increased \$158,409,000. Other significant factors concerning the finances of the enterprise funds can be found in the discussion of the City's business-type activities.

## General Fund Budgetary Highlights

Differences between the General Fund original budget and the final amended budget include a revision to both the projected revenues and expenditures.

Original revenue estimates for 2016, prepared in the summer of 2015, assumed moderate growth in the local and national economies. Sales and use tax revenue was originally projected to grow by 3.0% over the 2015 revised forecast and total General Fund revenue was projected to increase by 1.4% over 2015 revised figures. In the summer of 2016, the original General Fund revenue forecast, including transfers in, was revised upward by \$19,628,500 or 1.6% over original projections. Major factors contributing to this upward adjustment include:

- The sales and use tax estimate was revised upward by \$9,317,000 or 1.5% due largely to the economy expanding more rapidly than originally anticipated.
- Lodgers' tax, occupational privilege tax and motor vehicle ownership tax were revised upward by a combined \$1.4 million or 1.4% based on strong mid-year actual collections.
- Licenses and permitting revenue projections were revised upward by \$2,812,000 or 6.3%. This increase was largely driven by upward adjustments to the revenue projections for administrative review, fence/roof/antenna, and electrical permit revenue.
- Fee revenue was revised downward by \$1,885,000 or 3.3%. A number of miscellaneous increase and decreases contributed to this growth.
- Charges for services revenue was revised upward by \$1,145,000 or 0.6%.
- Transfer revenue was revised upward by \$624,000 or 1.5%. Contributing to this growth was one-time revenue from the Capital Improvement Fund to reimburse the General Fund for a contingency outlay in support of a 2015 land acquisition. This increase was partially offset by miscellaneous other decreases in transfer revenue.
- Differences between the final amended budget and actual revenues and expenditures are briefly summarized in the following paragraph.

In 2016, actual General Fund revenues, including transfers in, were approximately \$9.1 million or 0.7% higher than the revised budget for 2016. General Fund budget actual expenditures were approximately \$72,650,000 less than the revised 2016 budget. This is a result of achieving unspent appropriations, due in large part to compensation savings and not fully expending contingency funds.

## Capital Assets and Bonded Debt Administration

### Capital Assets

The City’s capital assets for its governmental and business-type activities as of December 31, 2016, were \$7,056,291,000 (net of accumulated depreciation). This investment in capital assets includes land and land rights, collections, buildings and improvements, equipment and other, park facilities, and, for governmental activities, infrastructure (including streets, alleys, traffic signals, bridges, fiber optic cable, and trails). Infrastructure-type assets of business-type activities are reported as buildings and improvements. The City’s capital assets by type at December 31, 2016 and 2015 are shown in **Table 3** (dollars in thousands):

**Table 3**

|                                   | Governmental<br>Activities |                     | Business-type<br>Activities |                     | Total<br>Primary Government |                     |
|-----------------------------------|----------------------------|---------------------|-----------------------------|---------------------|-----------------------------|---------------------|
|                                   | 2016                       | 2015                | 2016                        | 2015                | 2016                        | 2015                |
| Land and construction in progress | \$ 426,646                 | \$ 362,244          | \$ 537,763                  | \$ 879,154          | \$ 964,409                  | \$ 1,241,398        |
| Buildings and Improvements        | 2,396,115                  | 2,398,875           | 6,136,972                   | 5,588,031           | 8,533,087                   | 7,986,906           |
| Equipment and other               | 322,575                    | 320,967             | 880,189                     | 831,770             | 1,202,764                   | 1,152,737           |
| Collections                       | 44,481                     | 42,300              | -                           | -                   | 44,481                      | 42,300              |
| Intangibles                       | 36,661                     | 35,035              | 6,125                       | 6,125               | 42,786                      | 41,160              |
| Infrastructure                    | 1,595,588                  | 1,536,665           | -                           | -                   | 1,595,588                   | 1,536,665           |
| Less accumulated depreciation     | (1,929,386)                | (1,830,757)         | (3,397,438)                 | (3,225,540)         | (5,326,824)                 | (5,056,297)         |
| <b>Total</b>                      | <b>\$ 2,892,680</b>        | <b>\$ 2,865,329</b> | <b>\$ 4,163,611</b>         | <b>\$ 4,079,540</b> | <b>\$ 7,056,291</b>         | <b>\$ 6,944,869</b> |

Major capital asset activity for the year ended December 31, 2016 included the following:

- Governmental Activities – Improvements to the McNichols building and a spot booth concession stand at Red Rocks Amphitheater were completed in 2016.
- Business-type Activities – Wastewater completed approximately \$6,700,000 in Wastewater funded projects and the received approximately \$22,600,000 in donated capital assets. The Denver Airport System completed the construction the transit center, RTD platform, and a new fire station during 2016.

Additional information on the City’s capital asset activity for the year can be found in **Note III-D** in the notes to basic financial statements.

### Bonded Debt

At December 31, 2016, the City had total bonded indebtedness of \$5,182,551,000. Of this amount, \$761,406,000 comprises debt backed by the full faith and credit of the City. The remainder of the City’s debt, \$4,421,145,000 represents bonds and commercial paper notes secured by specified revenue sources (i.e., revenue bonds of the Denver Airport System, Wastewater Management, and excise tax revenue bonds). The City has no outstanding commercial paper notes as of December 31, 2016.

As of December 31, 2016, the City’s general obligation debt is rated AAA by Standard & Poor’s rating agency, Fitch Ratings, and Moody’s Investors Service. Outstanding bonded debt at December 31, 2016 and 2015, is reflected in **Table 4** (dollars in thousands):

**Table 4**

|                          | Governmental<br>Activities |                   | Business-type<br>Activities |                     | Total<br>Primary Government |                     |
|--------------------------|----------------------------|-------------------|-----------------------------|---------------------|-----------------------------|---------------------|
|                          | 2016                       | 2015              | 2016                        | 2015                | 2016                        | 2015                |
| General obligation bonds | \$ 761,406                 | \$ 815,676        | \$ -                        | \$ -                | \$ 761,406                  | \$ 815,676          |
| Revenue bonds            | 374,960                    | 171,365           | 4,046,185                   | 4,156,170           | 4,421,145                   | 4,327,535           |
| <b>Total</b>             | <b>\$ 1,136,366</b>        | <b>\$ 987,041</b> | <b>\$ 4,046,185</b>         | <b>\$ 4,156,170</b> | <b>\$ 5,182,551</b>         | <b>\$ 5,143,211</b> |

Additional information on the City’s bonded debt for the year can be found in **Note III-G** in the notes to the basic financial statements.

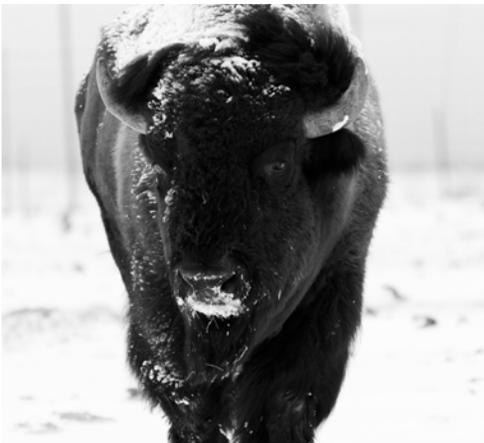
## Economic Factors and Next Year's Budget

The original 2017 budget assumes moderate growth in the local economy. The 2017 General Fund original revenues are projected to increase 3.3% from actual 2016 revenues. It is anticipated that 2017 revenues will be revised upward to reflect better than expected performance in 2016 and the early part of 2017. Measures have been taken to have expenditures be in line with anticipated revenues.

It is anticipated that fund balance will increase during 2017 and the City remains committed to growing General Fund reserves.

## Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning the information provided in this report or requests for additional financial information should be addressed to the Controller's Office, 201 West Colfax Avenue, Department 1109, Denver, CO 80202. The report is available online at [www.denvergov.org/finance](http://www.denvergov.org/finance).



# Basic Financial



## Statement of Net Position

December 31, 2016 (dollars in thousands)

|   | Primary Government         |                             |                     | Component<br>Units  |
|---|----------------------------|-----------------------------|---------------------|---------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total               |                     |
| <b>Assets</b>   |                            |                             |                     |                     |
| Cash on hand  | \$ 9,239                   | \$ -                        | \$ 9,239            | \$ -                |
| Cash and cash equivalents   | 1,133,377                  | 68,537                      | 1,201,914           | 37,960              |
| Investments   | -                          | 793,465                     | 793,465             | -                   |
| Receivables (net of allowances):  |                            |                             |                     |                     |
| Taxes   | 485,286                    | -                           | 485,286             | 130,487             |
| Notes   | 61,020                     | -                           | 61,020              | -                   |
| Accounts  | 38,972                     | 64,989                      | 103,961             | 4,518               |
| Accrued interest  | 5,263                      | 7,574                       | 12,837              | 195                 |
| Other   | -                          | -                           | -                   | 10,764              |
| Due from other governments  | 33,840                     | -                           | 33,840              | -                   |
| Internal balances   | 5,343                      | (5,343)                     | -                   | -                   |
| Inventories   | 58                         | 10,917                      | 10,975              | -                   |
| Prepaid items and other assets  | 10,771                     | 997                         | 11,768              | 1,706               |
| Restricted assets:  |                            |                             |                     |                     |
| Cash and cash equivalents   | 73,497                     | 53,518                      | 127,015             | 51,823              |
| Investments   | -                          | 890,726                     | 890,726             | 183,727             |
| Accounts receivable   | -                          | 18,720                      | 18,720              | -                   |
| Accrued interest receivable   | -                          | 803                         | 803                 | -                   |
| Other receivables   | -                          | 557                         | 557                 | -                   |
| Prepaid items   | -                          | 6,363                       | 6,363               | -                   |
| Pension asset   | 701                        | -                           | 701                 | -                   |
| Long-term receivables (net of allowances)   | 45,954                     | 7,041                       | 52,995              | 148,106             |
| Prepaid expense   | -                          | 1,725                       | 1,725               | -                   |
| Interest rate swaps   | -                          | 33,206                      | 33,206              | -                   |
| Assets held for disposition   | 730                        | -                           | 730                 | -                   |
| Capital assets:   |                            |                             |                     |                     |
| Land and construction in progress   | 426,646                    | 537,763                     | 964,409             | 24,226              |
| Buildings, improvements, infrastructure, collections,<br>and equipment, net of accumulated depreciation | 2,466,034                  | 3,625,848                   | 6,091,882           | 196,539             |
| <b>Total Assets</b>   | <b>4,796,731</b>           | <b>6,117,406</b>            | <b>10,914,137</b>   | <b>790,051</b>      |
| <b>Deferred Outflows of Resources</b>   |                            |                             |                     |                     |
| Accumulated decrease in fair value of hedging derivatives   | 27,831                     | 16,482                      | 44,313              | -                   |
| Deferred amount on refundings   | 25,336                     | 132,113                     | 157,449             | 25,780              |
| Items related to pension plans  | 380,155                    | 62,844                      | 442,999             | -                   |
| <b>Total Deferred Outflows of Resources</b>   | <b>433,322</b>             | <b>211,439</b>              | <b>644,761</b>      | <b>25,780</b>       |
| <b>Liabilities</b>  |                            |                             |                     |                     |
| Vouchers payable  | 98,096                     | 67,070                      | 165,166             | 6,524               |
| Accrued liabilities   | 43,406                     | 58,021                      | 101,427             | 40,001              |
| Unearned revenue  | 10,089                     | 43,993                      | 54,082              | 8,455               |
| Interest rate swaps   | 31,850                     | 154,486                     | 186,336             | -                   |
| Advances  | 6,434                      | -                           | 6,434               | 3,959               |
| Due to taxing unit  | 858                        | -                           | 858                 | -                   |
| Due to other governments  | -                          | 5,129                       | 5,129               | 19,354              |
| Liabilities payable from restricted assets  | -                          | 42,003                      | 42,003              | -                   |
| Noncurrent liabilities:   |                            |                             |                     |                     |
| Due within one year   | 122,706                    | 183,631                     | 306,337             | 24,393              |
| Due in more than one year   | 2,775,460                  | 4,266,391                   | 7,041,851           | 887,308             |
| <b>Total Liabilities</b>  | <b>3,088,899</b>           | <b>4,820,724</b>            | <b>7,909,623</b>    | <b>989,994</b>      |
| <b>Deferred Inflows of Resources</b>  |                            |                             |                     |                     |
| Property taxes  | 408,163                    | -                           | 408,163             | 103,646             |
| Items related to pension plans  | 1,726                      | 322                         | 2,048               | -                   |
| Deferred gain on refunding of debt  | -                          | 2,207                       | 2,207               | -                   |
| <b>Total Deferred Inflows of Resources</b>  | <b>409,889</b>             | <b>2,529</b>                | <b>412,418</b>      | <b>103,646</b>      |
| <b>Net Position</b>   |                            |                             |                     |                     |
| Net investment in capital assets  | 1,572,753                  | 175,636                     | 1,748,389           | (67,602)            |
| Restricted for:   |                            |                             |                     |                     |
| Capital projects and grants   | 690,288                    | 18,389                      | 708,677             | 91,658              |
| Emergency use   | 48,200                     | -                           | 48,200              | 10,403              |
| Debt service  | 157,908                    | 604,491                     | 762,399             | 27,284              |
| Pension   | 701                        | -                           | 701                 | -                   |
| Donor and other restrictions:   |                            |                             |                     |                     |
| Expendable  | 6,807                      | -                           | 6,807               | 15,613              |
| Nonexpendable   | 3,000                      | -                           | 3,000               | -                   |
| Other purposes  | 11,501                     | -                           | 11,501              | -                   |
| Unrestricted (deficit)  | (759,893)                  | 707,076                     | (52,817)            | (355,165)           |
| <b>Total Net Position (Deficit)</b>   | <b>\$ 1,731,265</b>        | <b>\$ 1,505,592</b>         | <b>\$ 3,236,857</b> | <b>\$ (277,809)</b> |

See accompanying notes to basic financial statements.

### Statement of Activities

For the Year Ended December 31, 2016 (dollars in thousands)

| Functions/Programs                    | Expenses            | Program Revenues     |                                    |                                  |
|---------------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|
|                                       |                     | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Primary Government</b>             |                     |                      |                                    |                                  |
| Governmental Activities:              |                     |                      |                                    |                                  |
| General government                    | \$ 405,900          | \$ 99,847            | \$ 23,475                          | \$ 9,691                         |
| Public safety                         | 688,287             | 95,497               | 26,398                             | -                                |
| Public works                          | 216,587             | 75,580               | 23,358                             | 36,527                           |
| Human services                        | 145,594             | 469                  | 86,469                             | -                                |
| Health                                | 65,265              | 2,298                | 9,918                              | -                                |
| Parks and recreation                  | 93,842              | 12,466               | 760                                | 11,168                           |
| Cultural activities                   | 130,536             | 73,712               | 1,618                              | -                                |
| Community development                 | 48,766              | 34,264               | 6                                  | 10,832                           |
| Economic opportunity                  | 14,830              | 6,392                | 7,639                              | -                                |
| Interest on long-term debt            | 62,566              | -                    | -                                  | -                                |
| <b>Total Governmental Activities</b>  | <b>1,872,173</b>    | <b>400,525</b>       | <b>179,641</b>                     | <b>68,218</b>                    |
| Business-type Activities:             |                     |                      |                                    |                                  |
| Wastewater management                 | 114,740             | 133,375              | -                                  | 25,142                           |
| Denver airport system                 | 811,094             | 876,643              | 686                                | 3,553                            |
| Environmental services                | 11,837              | 11,073               | -                                  | -                                |
| Golf course                           | 11,146              | 11,058               | -                                  | 280                              |
| <b>Total Business-type Activities</b> | <b>948,817</b>      | <b>1,032,149</b>     | <b>686</b>                         | <b>28,975</b>                    |
| <b>Total Primary Government</b>       | <b>\$ 2,820,990</b> | <b>\$ 1,432,674</b>  | <b>\$ 180,327</b>                  | <b>\$ 97,193</b>                 |
| <b>Component Units</b>                | <b>\$ 216,069</b>   | <b>\$ 95,642</b>     | <b>\$ 3,061</b>                    | <b>\$ -</b>                      |

**General revenues**

- Taxes
  - Facilities development admissions
  - Lodgers
  - Motor vehicle ownership fee
  - Occupational privilege
  - Property
  - Sales and use
  - Specific ownership
  - Telephone
- Investment and interest income
- Other revenues
- Transfers
  - Capital Asset Transfers

**Total General Revenues and Transfers**

Change in net position

Net position (deficit), January 1

**Net Position (Deficit) - December 31**

See accompanying notes to basic financial statements.

| Net (Expense) Revenue and<br>Changes in Net Assets |                             |                     |                     |
|--|-----------------------------|---------------------|---------------------|
| Primary Government                                 |                             |                     | Component<br>Units  |
| Governmental<br>Activities                         | Business-type<br>Activities | Total               |                     |
| \$ (272,887)                                       |                             | \$ (272,887)        |                     |
| (566,392)  |                             | (566,392)           |                     |
| (81,122)   |                             | (81,122)            |                     |
| (58,656)   |                             | (58,656)            |                     |
| (53,049)   |                             | (53,049)            |                     |
| (69,448)   |                             | (69,448)            |                     |
| (55,206)   |                             | (55,206)            |                     |
| (3,664)  |                             | (3,664)             |                     |
| (799)  |                             | (799)               |                     |
| (62,566)   |                             | (62,566)            |                     |
| <u>(1,223,789)</u>                                 | -                           | <u>(1,223,789)</u>  |                     |
| -  | 43,777                      | 43,777              |                     |
| -  | 69,788                      | 69,788              |                     |
| -  | (764)                       | (764)               |                     |
| -  | 192                         | 192                 |                     |
| -  | <u>112,993</u>              | <u>112,993</u>      |                     |
| <u>(1,223,789)</u>                                 | <u>112,993</u>              | <u>(1,110,796)</u>  |                     |
|  |                             |                     | \$ (117,366)        |
| 12,401   | -                           | 12,401              | -                   |
| 88,872   | -                           | 88,872              | 2,809               |
| 26,787   | -                           | 26,787              | -                   |
| 49,864   | -                           | 49,864              | -                   |
| 399,859  | -                           | 399,859             | 98,616              |
| 674,398  | -                           | 674,398             | 28,812              |
| 57   | -                           | 57                  | 304                 |
| 9,446  | -                           | 9,446               | -                   |
| 19,151   | 40,414                      | 59,565              | 9,987               |
| 24,128   | 921                         | 25,049              | 34,905              |
| (1,676)  | 1,676                       | -                   | -                   |
| (2,880)  | 2,880                       | -                   | -                   |
| <u>1,300,407</u>                                   | <u>45,891</u>               | <u>1,346,298</u>    | <u>175,433</u>      |
| 76,618   | 158,884                     | 235,502             | 58,067              |
| 1,654,647  | 1,346,708                   | 3,001,355           | (335,876)           |
| <u>\$ 1,731,265</u>                                | <u>\$ 1,505,592</u>         | <u>\$ 3,236,857</u> | <u>\$ (277,809)</u> |

## Balance Sheet - Governmental Funds

December 31, 2016 (dollars in thousands)

|  | General           | Human<br>Services | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|-------------------|-------------------|--------------------------------|--------------------------------|
| <b>Assets</b>  |                   |                   |                                |                                |
| Cash on hand   | \$ 1,156          | \$ 220            | \$ 7,863                       | \$ 9,239                       |
| Cash and cash equivalents  | 274,060           | 72,015            | 741,791                        | 1,087,866                      |
| Receivables (net of allowances of \$153,688)                                   |                   |                   |                                |                                |
| Taxes  | 189,709           | 65,801            | 229,776                        | 485,286                        |
| Notes  | 2,589             | -                 | 58,431                         | 61,020                         |
| Accounts   | 24,642            | 12,301            | 45,850                         | 82,793                         |
| Accrued interest   | 1,902             | 1                 | 3,021                          | 4,924                          |
| Interfund receivable   | 11,608            | 18                | 1,224                          | 12,850                         |
| Due from other governments   | -                 | 2,327             | 31,513                         | 33,840                         |
| Prepaid items and other assets   | 7,215             | 75                | 6,320                          | 13,610                         |
| Restricted assets:   |                   |                   |                                |                                |
| Cash and cash equivalents  | 68,115            | -                 | 5,382                          | 73,497                         |
| Assets held for disposition  | -                 | -                 | 730                            | 730                            |
| <b>Total Assets</b>  | <b>\$ 580,996</b> | <b>\$ 152,758</b> | <b>\$ 1,131,901</b>            | <b>\$ 1,865,655</b>            |
| <b>Liabilities and Fund Balances</b>   |                   |                   |                                |                                |
| Liabilities:   |                   |                   |                                |                                |
| Vouchers payable   | \$ 27,539         | \$ 6,699          | \$ 63,164                      | \$ 97,402                      |
| Accrued liabilities  | 19,620            | 1,336             | 955                            | 21,911                         |
| Due to taxing units  | 528               | 69                | 261                            | 858                            |
| Interfund payable  | 24                | 2,254             | 1,777                          | 4,055                          |
| Unearned revenue   | 1,138             | 28                | 8,923                          | 10,089                         |
| Advances   | 1,075             | 225               | 10,951                         | 12,251                         |
| Compensated absences   | -                 | -                 | 51                             | 51                             |
| <b>Total Liabilities</b>   | <b>49,924</b>     | <b>10,611</b>     | <b>86,082</b>                  | <b>146,617</b>                 |
| Deferred Inflows of Resources:   |                   |                   |                                |                                |
| Unavailable revenues - property tax  | 120,019           | 66,118            | 221,532                        | 407,669                        |
| Unavailable revenues - long-term receivables                                   | 13,630            | -                 | 32,324                         | 45,954                         |
| <b>Total Deferred Inflows of Resources</b>                                     | <b>133,649</b>    | <b>66,118</b>     | <b>253,856</b>                 | <b>453,623</b>                 |
| Fund Balances:   |                   |                   |                                |                                |
| Nonspendable   | 7,215             | 75                | 9,320                          | 16,610                         |
| Restricted   | 68,114            | 75,954            | 758,043                        | 902,111                        |
| Committed  | 50,964            | -                 | 24,041                         | 75,005                         |
| Assigned   | -                 | -                 | 559                            | 559                            |
| Unassigned   | 271,130           | -                 | -                              | 271,130                        |
| <b>Total Fund Balances</b>   | <b>397,423</b>    | <b>76,029</b>     | <b>791,963</b>                 | <b>1,265,415</b>               |
| <b>Total Liabilities, Deferred Inflows<br/>of Resources, and Fund Balances</b> | <b>\$ 580,996</b> | <b>\$ 152,758</b> | <b>\$ 1,131,901</b>            | <b>\$ 1,865,655</b>            |

See accompanying notes to basic financial statements.

## Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

December 31, 2016 (dollars in thousands)

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

|   |                            |
|---|----------------------------|
| Total fund balance-governmental funds.  | \$ 1,265,415               |
| Capital assets used in governmental activities, excluding internal service funds of \$89 are not financial resources, and therefore, are not reported in the funds.   | 2,892,591                  |
| Accrued interest payable not included in the funds.   | (21,409)                   |
| Pension asset   | 701                        |
| Deferred inflow of resources related to property taxes, long-term receivables, and pensions are not available to pay for current-period expenditures, and therefore, are not recorded in the funds.   | 43,735                     |
| Deferred outflow of resources are not financial resources, and therefore are not reported in the funds and include:   |                            |
| Accumulated decrease in fair value of hedging derivatives   | 27,831                     |
| Pensions  | 380,155                    |
| Loss on refunding   | 25,336                     |
| Interest rate swap liability.   | (31,850)                   |
| Internal service funds are used by management to charge the cost of these funds to their primary users-governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. | 18,769                     |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds (this excludes internal service liabilities of \$28,157).  | (2,870,009)                |
| <b>Net position of governmental activities</b>  | <b><u>\$ 1,731,265</u></b> |

See accompanying notes to basic financial statements.

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the Year Ended December 31, 2016 (dollars in thousands)

|  | General           | Human<br>Services | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|-------------------|-------------------|--------------------------------|--------------------------------|
| <b>Revenues</b>  |                   |                   |                                |                                |
| Taxes:   |                   |                   |                                |                                |
| Facilities development admission                             | \$ -              | \$ -              | \$ 12,401                      | \$ 12,401                      |
| Lodgers  | 24,969            | -                 | 63,903                         | 88,872                         |
| Motor vehicle ownership fee                                  | 26,787            | -                 | -                              | 26,787                         |
| Occupational privilege                                       | 49,864            | -                 | -                              | 49,864                         |
| Property   | 116,009           | 64,569            | 219,281                        | 399,859                        |
| Sales and use  | 613,617           | -                 | 63,299                         | 676,916                        |
| Specific ownership   | -                 | -                 | 57                             | 57                             |
| Telephone  | 2,671             | -                 | 6,775                          | 9,446                          |
| Special assessments  | -                 | -                 | 1,282                          | 1,282                          |
| Licenses and permits   | 59,593            | -                 | 1,642                          | 61,235                         |
| Intergovernmental revenues                                   | 34,414            | 86,427            | 102,455                        | 223,296                        |
| Charges for services   | 193,659           | 469               | 73,042                         | 267,170                        |
| Investment and interest income                               | 8,308             | -                 | 10,353                         | 18,661                         |
| Fines and forfeitures  | 48,893            | -                 | 540                            | 49,433                         |
| Contributions  | -                 | 42                | 6,667                          | 6,709                          |
| Other revenue  | 10,666            | 505               | 51,118                         | 62,289                         |
| <b>Total Revenues</b>  | <b>1,189,450</b>  | <b>152,012</b>    | <b>612,815</b>                 | <b>1,954,277</b>               |
| <b>Expenditures</b>  |                   |                   |                                |                                |
| Current:   |                   |                   |                                |                                |
| General government   | 259,959           | -                 | 114,646                        | 374,605                        |
| Public safety  | 539,428           | -                 | 67,555                         | 606,983                        |
| Public works   | 135,073           | -                 | 53,005                         | 188,078                        |
| Health   | 49,194            | -                 | 12,628                         | 61,822                         |
| Human services   | 3,857             | 131,876           | -                              | 135,733                        |
| Parks and recreation   | 64,534            | -                 | 11,218                         | 75,752                         |
| Cultural activities  | 45,416            | -                 | 70,030                         | 115,446                        |
| Community development  | 29,464            | -                 | 17,504                         | 46,968                         |
| Economic opportunity   | 558               | -                 | 14,030                         | 14,588                         |
| Debt service:  |                   |                   |                                |                                |
| Principal retirement   | 5,010             | 4,265             | 98,071                         | 107,346                        |
| Interest   | 894               | 532               | 59,482                         | 60,908                         |
| Bond issuance costs  | -                 | -                 | 2,073                          | 2,073                          |
| Capital outlay   | -                 | -                 | 99,506                         | 99,506                         |
| <b>Total Expenditures</b>                                    | <b>1,133,387</b>  | <b>136,673</b>    | <b>619,748</b>                 | <b>1,889,808</b>               |
| Excess (deficiency) of revenues<br>over (under) expenditures | 56,063            | 15,339            | (6,933)                        | 64,469                         |
| <b>Other Financing Sources (Uses)</b>                        |                   |                   |                                |                                |
| Sale of capital assets                                       | -                 | -                 | 1,081                          | 1,081                          |
| Issuance of capital leases                                   | 373               | -                 | -                              | 373                            |
| Bond premium   | -                 | -                 | 30,857                         | 30,857                         |
| Bond proceeds - refunding                                    | -                 | -                 | 193,140                        | 193,140                        |
| Note proceeds  | -                 | -                 | 3,000                          | 3,000                          |
| Payment to escrow  | -                 | -                 | (193,979)                      | (193,979)                      |
| Issuance of bonds  | -                 | -                 | 204,170                        | 204,170                        |
| Insurance recoveries   | 191               | -                 | 1,370                          | 1,561                          |
| Transfers in   | 51,333            | 3,575             | 127,989                        | 182,897                        |
| Transfers out  | (104,737)         | (1,589)           | (78,247)                       | (184,573)                      |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>(52,840)</b>   | <b>1,986</b>      | <b>289,381</b>                 | <b>238,527</b>                 |
| Net change in fund balances                                  | 3,223             | 17,325            | 282,448                        | 302,996                        |
| Fund balances - January 1                                    | 394,200           | 58,704            | 509,515                        | 962,419                        |
| <b>Fund Balances - December 31</b>                           | <b>\$ 397,423</b> | <b>\$ 76,029</b>  | <b>\$ 791,963</b>              | <b>\$ 1,265,415</b>            |

See accompanying notes to basic financial statements.

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2016 (dollars in thousands)

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

|  |                  |
|--|------------------|
| Net change in fund balances - total governmental funds   | \$ 302,996       |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period:   |                  |
| Capital outlay, including sale of assets   | 151,814          |
| Depreciation expense (excluding internal service)  | (142,190)        |
| Certain revenues are recorded in the funds under modified accrual but not considered revenue in the statement of activities.   | 12,628           |
| The issuance of long-term debt and other obligations (e.g., bonds, certificates of participation, and capital 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 change in net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. These differences in the treatment of long-term debt and related items consist of: |                  |
| Excise Tax refunding   | (397,310)        |
| Capital lease obligations  | (373)            |
| GID Proceeds   | (3,000)          |
| Principal retirement on bonds  | 248,580          |
| Amortization of premium, discounts, and deferred gain (loss) on refunding  | (8,309)          |
| Capital lease principal payments   | 28,816           |
| Principal payments on GID revenue note   | 691              |
| Principal payments on intergovernmental agreement  | 623              |
| 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:  |                  |
| Compensated absences (excluding internal service)  | 2,452            |
| Accrued interest payable   | (1,658)          |
| Legal liability  | 1,365            |
| Net OPEB obligation  | (1,450)          |
| Amortization of imputed debt-swap  | 490              |
| Portion of pension expense that do not require current financial resources   | (362,125)        |
| Pension amortization   | 236,463          |
| Internal service funds are used by management to charge their cost to individual funds. The net expense of certain activities of internal service funds is reported within governmental activities.  | 6,115            |
| <b>Change in net position of governmental activities</b>   | <b>\$ 76,618</b> |

See accompanying notes to basic financial statements.

## Statement of Net Position - Proprietary Funds

December 31, 2016 (dollars in thousands)

|   | Business-type Activities - Enterprise Funds |                       |
|---|---|-----------------------|
|   | Wastewater Management                       | Denver Airport System |
| <b>Assets</b>   |   |                       |
| Current assets:   |   |                       |
| Cash and cash equivalents                                   | \$ 14,500                                   | \$ 32,321             |
| Investments   | 6,004                                       | 54,295                |
| Receivables (net of allowance for uncollectibles of \$236): |   |                       |
| Accounts  | 21,879                                      | 40,935                |
| Accrued interest  | 987   | 6,496                 |
| Inventories   | -   | 10,716                |
| Interfund receivable  | 113   | -                     |
| Prepaid items and other assets                              | 277   | 720                   |
| Restricted assets:  |   |                       |
| Cash and cash equivalents                                   | -   | 45,373                |
| Investments   | 8,661                                       | 58,758                |
| Accounts receivable   | -   | 18,211                |
| Accrued interest receivable                                 | -   | 770                   |
| Other receivables   | -   | 557                   |
| Prepaid items   | -   | 6,363                 |
| <b>Total Current Assets</b>                                 | <b>52,421</b>                               | <b>275,515</b>        |
| Noncurrent assets:  |   |                       |
| Investments - restricted                                    | 119,637                                     | 703,670               |
| Investments - unrestricted                                  | 82,944                                      | 650,222               |
| Capital assets:   |   |                       |
| Land and construction in progress                           | 38,228                                      | 495,236               |
| Buildings and improvements                                  | 16,735                                      | 2,768,396             |
| Improvements other than buildings                           | 830,589                                     | 2,491,597             |
| Machinery and equipment                                     | 14,440                                      | 859,589               |
| Intangibles   | 6,125                                       | -                     |
| Accumulated depreciation                                    | (299,244)                                   | (3,076,221)           |
| Net capital assets  | 606,873                                     | 3,538,597             |
| Long-term receivables (net of allowances)                   | -   | 7,041                 |
| Prepaid expense and other                                   | -   | 1,725                 |
| Interest rate swaps   | -   | 33,206                |
| <b>Total Noncurrent Assets</b>                              | <b>809,454</b>                              | <b>4,934,461</b>      |
| <b>Total Assets</b>   | <b>861,875</b>                              | <b>5,209,976</b>      |
| <b>Deferred Outflows of Resources</b>                       |   |                       |
| Accumulated decrease in fair value of hedging derivatives   | -   | 16,482                |
| Deferred amount on refundings                               | 487   | 131,626               |
| Items related to pension plans                              | 9,834                                       | 49,373                |
| <b>Total Deferred Outflows of Resources</b>                 | <b>10,321</b>                               | <b>197,481</b>        |

See accompanying notes to basic financial statements.

|  | Other<br>Enterprise<br>Funds |  | Total<br>Enterprise<br>Funds |  | Governmental<br>Activities<br>Internal<br>Service<br>Funds |
|--|------------------------------|--|------------------------------|--|--|
|  | \$ 21,716                    |  | \$ 68,537                    |  | \$ 45,511  |
|  | -                            |  | 60,299                       |  | -  |
|  | 2,175                        |  | 64,989                       |  | 2,133  |
|  | 91                           |  | 7,574                        |  | 339  |
|  | 201                          |  | 10,917                       |  | 58   |
|  | 11                           |  | 124                          |  | 27   |
|  | -                            |  | 997                          |  | -  |
|  | 8,145                        |  | 53,518                       |  | -  |
|  | -                            |  | 67,419                       |  | -  |
|  | 509                          |  | 18,720                       |  | -  |
|  | 33                           |  | 803                          |  | -  |
|  | -                            |  | 557                          |  | -  |
|  | -                            |  | 6,363                        |  | -  |
|  | <b>32,881</b>                |  | <b>360,817</b>               |  | <b>48,068</b>  |
|  | -                            |  | 823,307                      |  | -  |
|  | -                            |  | 733,166                      |  | -  |
|  | 4,299                        |  | 537,763                      |  | -  |
|  | 13,452                       |  | 2,798,583                    |  | 3,627  |
|  | 16,202                       |  | 3,338,388                    |  | -  |
|  | 6,161                        |  | 880,190                      |  | 1,642  |
|  | -                            |  | 6,125                        |  | -  |
|  | (21,973)                     |  | (3,397,438)                  |  | (5,180)  |
|  | 18,141                       |  | 4,163,611                    |  | 89   |
|  | 2,978                        |  | 10,019                       |  | -  |
|  | -                            |  | 1,725                        |  | -  |
|  | -                            |  | 33,206                       |  | -  |
|  | <b>21,119</b>                |  | <b>5,765,034</b>             |  | <b>89</b>  |
|  | <b>54,000</b>                |  | <b>6,125,851</b>             |  | <b>48,157</b>  |
|  | -                            |  | 16,482                       |  | -  |
|  | -                            |  | 132,113                      |  | -  |
|  | 3,637                        |  | 62,844                       |  | -  |
|  | <b>3,637</b>                 |  | <b>211,439</b>               |  | <b>-</b>   |

continued

## Statement of Net Position - Proprietary Funds, continued

December 31, 2016 (dollars in thousands)

|   | Business-type Activities - Enterprise Funds |                       |
|---|---|-----------------------|
|   | Wastewater Management                       | Denver Airport System |
| <b>Liabilities</b>                                    |   |                       |
| Current liabilities:                                  |   |                       |
| Vouchers payable                                      | \$ 1,208                                    | \$ 60,767             |
| Revenue bonds payable                                 | 4,980                                       | -                     |
| Accrued liabilities                                   | 1,355                                       | 56,421                |
| Unearned revenue                                      | 11,627                                      | 31,730                |
| Interfund payable                                     | 358   | 8,124                 |
| Capital lease obligations                             | 593   | -                     |
| Compensated absences                                  | 940   | 2,299                 |
| Claims reserve  | -   | -                     |
| Construction payable                                  | 3,766                                       | -                     |
| Due to other governments                              | 5,129                                       | -                     |
| Current liabilities (payable from restricted assets): |   |                       |
| Vouchers payable                                      | -   | 5,836                 |
| Retainages payable                                    | -   | 9,670                 |
| Notes payable   | -   | 3,552                 |
| Accrued interest and other liabilities                | -   | 21,543                |
| Other accrued liabilities                             | -   | 4,503                 |
| Revenue bonds payable                                 | -   | 170,045               |
| <b>Total Current Liabilities</b>                      | <b>29,956</b>                               | <b>374,490</b>        |
| Noncurrent liabilities:                               |   |                       |
| Interest rate swaps                                   | -   | 154,486               |
| Notes payable   | -   | 11,193                |
| Revenue bonds payable, net                            | 167,002                                     | 3,865,703             |
| Net pension liability                                 | 34,306                                      | 158,033               |
| Capital lease obligations                             | 5,685                                       | -                     |
| Compensated absences                                  | 2,383                                       | 7,204                 |
| Claims reserve  | -   | -                     |
| <b>Total Noncurrent Liabilities</b>                   | <b>209,376</b>                              | <b>4,196,619</b>      |
| <b>Total Liabilities</b>                              | <b>239,332</b>                              | <b>4,571,109</b>      |
| <b>Deferred Inflows of Resources</b>                  |   |                       |
| Items related to pension plans                        | 322   | -                     |
| Deferred gain on refunding of debt                    | -   | 2,207                 |
| <b>Total Deferred Inflows of Resources</b>            | <b>322</b>                                  | <b>2,207</b>          |
| <b>Net Position</b>                                   |   |                       |
| Net investment in capital assets                      | 553,632                                     | (392,998)             |
| Restricted for:                                       |   |                       |
| Capital projects                                      | -   | 10,153                |
| Debt service  | -   | 604,491               |
| Unrestricted  | 78,910                                      | 612,495               |
| <b>Total Net Position</b>                             | <b>\$ 632,542</b>                           | <b>\$ 834,141</b>     |

Adjustment to reflect consolidation of internal service fund activities related to enterprise funds

**Net position of business-type activities**

See accompanying notes to basic financial statements.

|           | Other<br>Enterprise<br>Funds | Total<br>Enterprise<br>Funds | Governmental<br>Activities<br>Internal<br>Service<br>Funds |
|-----------|------------------------------|------------------------------|--|
| \$        | 1,329                        | \$ 63,304                    | \$ 694   |
|           | 565                          | 5,545                        | -  |
|           | 245                          | 58,021                       | 36   |
|           | 636                          | 43,993                       | -  |
|           | 391                          | 8,873                        | 73   |
|           | 352                          | 945                          | -  |
|           | 305                          | 3,544                        | 106  |
|           | -                            | -                            | 9,684  |
|           | -                            | 3,766                        | -  |
|           | -                            | 5,129                        | -  |
|           | 451                          | 6,287                        | -  |
|           | -                            | 9,670                        | -  |
|           | -                            | 3,552                        | -  |
|           | -                            | 21,543                       | -  |
|           | -                            | 4,503                        | -  |
|           | -                            | 170,045                      | -  |
|           | <b>4,274</b>                 | <b>408,720</b>               | <b>10,593</b>  |
|           |                              | 154,486                      | -  |
|           |                              | 11,193                       | -  |
|           | 1,865                        | 4,034,570                    | -  |
|           | 11,773                       | 204,112                      | -  |
|           | 356                          | 6,041                        | -  |
|           | 888                          | 10,475                       | 238  |
|           | -                            | -                            | 18,129   |
|           | <b>14,882</b>                | <b>4,420,877</b>             | <b>18,367</b>  |
|           | <b>19,156</b>                | <b>4,829,597</b>             | <b>28,960</b>  |
|           | -                            | 322                          | -  |
|           | -                            | 2,207                        | -  |
|           | -                            | <b>2,529</b>                 | -  |
|           | 15,002                       | 175,636                      | 89   |
|           | 8,236                        | 18,389                       | -  |
|           | -                            | 604,491                      | -  |
|           | 15,243                       | 706,648                      | 19,108   |
| <b>\$</b> | <b>38,481</b>                | 1,505,164                    | <b>\$ 19,197</b>   |
|           |                              | 428                          |  |
|           |                              | <b>\$ 1,505,592</b>          |  |

## Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds

For the Year Ended December 31, 2016 (dollars in thousands)

|   | <u>Business-type Activities - Enterprise Funds</u> |                          |
|---|--|--------------------------|
|   | Wastewater<br>Management                           | Denver<br>Airport System |
| <b>Operating Revenues</b>   |  |                          |
| Charges for services  | \$ 133,375   | \$ 742,529               |
| Other revenue   | -  | -                        |
| Change in claims reserve  | -  | -                        |
| <b>Total Operating Revenues</b>                                   | <b>133,375</b>                                     | <b>742,529</b>           |
| <b>Operating Expenses</b>   |  |                          |
| Personnel services  | 25,534   | 165,114                  |
| Contractual services  | 17,982   | 212,699                  |
| Supplies and materials  | 1,925  | 65,061                   |
| Depreciation and amortization                                     | 18,508   | 179,692                  |
| District water treatment charges                                  | 49,198   | -                        |
| Other operating expenses  | -  | 26,936                   |
| <b>Total Operating Expenses</b>                                   | <b>113,147</b>                                     | <b>649,502</b>           |
| Operating income (loss)   | 20,228   | 93,027                   |
| <b>Nonoperating Revenues (Expenses)</b>                           |  |                          |
| Investment and interest income                                    | 822  | 39,274                   |
| Passenger facility charges  | -  | 114,230                  |
| Customer facility fee   | -  | 19,884                   |
| Intergovernmental revenue   | 764  | -                        |
| Disposition of assets   | 157  | -                        |
| Grants  | -  | 686                      |
| Interest expense  | (1,646)  | (156,481)                |
| Other revenue (expense)   | -  | (5,485)                  |
| <b>Net Nonoperating Revenues (Expenses)</b>                       | <b>97</b>  | <b>12,108</b>            |
| Income (loss) before capital grants, contributions, and transfers | 20,325   | 105,135                  |
| Capital grants and contributions                                  | 28,022   | 3,553                    |
| Transfers in  | -  | -                        |
| Transfers out   | (29)   | -                        |
| Change in net position  | 48,318   | 108,688                  |
| Net position - January 1  | 584,224  | 725,453                  |
| <b>Net Position - December 31</b>                                 | <b>\$ 632,542</b>                                  | <b>\$ 834,141</b>        |

Change in net position of enterprise funds  
 Adjustment to reflect consolidation of internal service fund activities  
 related to enterprise funds  
 Change in net position of business-type activities

*See accompanying notes to basic financial statements.*

|  | Other<br>Enterprise<br>Funds | Total<br>Enterprise<br>Funds | Governmental<br>Activities<br>Internal<br>Service<br>Funds |
|--|------------------------------|------------------------------|--|
|  | \$ 21,568                    | \$ 897,472                   | \$ 21,826  |
|  | 563                          | 563                          | 1,618  |
|  | -                            | -                            | 1,636  |
|  | <u>22,131</u>                | <u>898,035</u>               | <u>25,080</u>  |
|  | 11,067                       | 201,715                      | 2,193  |
|  | 6,183                        | 236,864                      | 580  |
|  | 1,096                        | 68,082                       | 6,233  |
|  | 1,181                        | 199,381                      | 126  |
|  | -                            | 49,198                       | 8,309  |
|  | 3,348                        | 30,284                       | 1,625  |
|  | <u>22,875</u>                | <u>785,524</u>               | <u>19,066</u>  |
|  | (744)                        | 112,511                      | 6,014  |
|  | 318                          | 40,414                       | 530  |
|  | -                            | 114,230                      | -  |
|  | -                            | 19,884                       | -  |
|  | -                            | 764                          | -  |
|  | -                            | 157                          | -  |
|  | 280                          | 966                          | -  |
|  | (156)                        | (158,283)                    | -  |
|  | -                            | (5,485)                      | -  |
|  | <u>442</u>                   | <u>12,647</u>                | <u>530</u>   |
|  | (302)                        | 125,158                      | 6,544  |
|  | -                            | 31,575                       | -  |
|  | 2,000                        | 2,000                        | -  |
|  | <u>(295)</u>                 | <u>(324)</u>                 | <u>-</u>   |
|  | 1,403                        | 158,409                      | 6,544  |
|  | 37,078                       | 1,346,755                    | 12,653   |
|  | <u>\$ 38,481</u>             | <u>\$ 1,505,164</u>          | <u>\$ 19,197</u>   |
|  |                              | \$ 158,409                   |  |
|  |                              | 475                          |  |
|  |                              | <u>\$ 158,884</u>            |  |

## Statement of Cash Flows - Proprietary Funds

For the Year Ended December 31, 2016 (dollars in thousands)

|  | Business-type Activities - Enterprise Funds |                       |
|--|---|-----------------------|
|  | Wastewater Management                       | Denver Airport System |
| <b>Cash Flows From Operating Activities</b>                                    |   |                       |
| Receipts from customers  | \$ 119,324                                  | \$ 746,787            |
| Payments to suppliers  | (60,616)                                    | (286,555)             |
| Payments to employees  | (22,762)                                    | (143,774)             |
| Other receipts   | -   | -                     |
| Interfund activity   | (8,370)                                     | (17,833)              |
| Claims paid  | -   | -                     |
| <b>Net Cash Provided by Operating Activities</b>                               | <b>27,576</b>                               | <b>298,625</b>        |
| <b>Cash Flows From Noncapital Financing Activities</b>                         |   |                       |
| Operating grants received  | -   | 1,209                 |
| Transfers (out) in   | (29)  | -                     |
| <b>Net Cash Provided by (Used) in Noncapital Financing Activities</b>          | <b>(29)</b>                                 | <b>1,209</b>          |
| <b>Cash Flows From Capital and Related Financing Activities</b>                |   |                       |
| Proceeds from issuance of debt   | 129,853                                     | 4,096                 |
| Bond issue costs   | -   | (978)                 |
| Principal payments   | (3,428)                                     | (176,977)             |
| Interest payments  | (2,161)                                     | (196,683)             |
| Passenger facility charges   | -   | 105,174               |
| Car rental customer facility charges   | -   | 17,989                |
| Payments on capital assets acquired through construction payables              | (4,781)                                     | (43,331)              |
| Acquisition and construction of capital assets                                 | (14,200)                                    | (189,576)             |
| Payments to escrow for current refunding of debt                               | -   | (17,710)              |
| Proceeds from sale of assets   | 157   | 1,508                 |
| Contributions and advances   | 1,814                                       | 4,590                 |
| Intergovernmental revenues   | 764   | -                     |
| <b>Net Cash Provided by (Used) in Capital and Related Financing Activities</b> | <b>108,018</b>                              | <b>(491,898)</b>      |
| <b>Cash Flows From Investing Activities</b>                                    |   |                       |
| Purchases of investments   | (356,773)                                   | (1,417,079)           |
| Proceeds from sale of investments  | 230,683                                     | 1,573,387             |
| Sale of assets held for disposition; payments to maintain assets held          | -   | 10,089                |
| Insurance proceeds from remediation of asset held for disposition              | -   | 2,179                 |
| Interest received  | 227   | 22,696                |
| <b>Net Cash Provided by (Used) in Investing Activities</b>                     | <b>(125,863)</b>                            | <b>191,272</b>        |
| Net increase (decrease) in cash and cash equivalents                           | 9,702                                       | (792)                 |
| Cash and cash equivalents - January 1  | 4,798                                       | 78,486                |
| <b>Cash and Cash Equivalents - December 31</b>                                 | <b>\$ 14,500</b>                            | <b>\$ 77,694</b>      |

See accompanying notes to basic financial statements.

| Other<br>Enterprise<br>Funds | Total<br>Enterprise<br>Funds | Governmental<br>Activities<br>Internal<br>Service<br>Funds |
|------------------------------|------------------------------|--|
| \$ 21,802                    | \$ 887,913                   | \$ 21,044  |
| (9,442)                      | (356,613)                    | (8,771)  |
| (10,976)                     | (177,512)                    | (2,166)  |
| 563                          | 563                          | 1,618  |
| -                            | (26,203)                     |  |
| -                            | -                            | (8,309)  |
| 1,947                        | 328,148                      | 3,416  |
|                              | 1,209                        |  |
| 1,705                        | 1,676                        | -  |
| 1,705                        | 2,885                        | -  |
|                              | 133,949                      | -  |
|                              | (978)                        | -  |
| (1,153)                      | (181,558)                    | -  |
| (156)                        | (199,000)                    | -  |
| -                            | 105,174                      | -  |
| -                            | 17,989                       | -  |
| -                            | (48,112)                     | -  |
| (589)                        | (204,365)                    | -  |
| -                            | (17,710)                     | -  |
| -                            | 1,665                        | -  |
| -                            | 6,404                        | -  |
| -                            | 764                          | -  |
| (1,898)                      | (385,778)                    | -  |
|                              | (1,773,852)                  | -  |
|                              | 1,804,070                    | -  |
|                              | 10,089                       | -  |
|                              | 2,179                        | -  |
| 348                          | 23,271                       | 587  |
| 348                          | 65,757                       | 587  |
|                              | 11,012                       | 4,003  |
| 27,759                       | 111,043                      | 41,508   |
| \$ 29,861                    | \$ 122,055                   | \$ 45,511  |

continued

## Statement of Cash Flows - Proprietary Funds, continued

For the Year Ended December 31, 2016 (dollars in thousands)

|   | <u>Business-type Activities - Enterprise Funds</u> |                          |
|---|--|--------------------------|
|   | Wastewater<br>Management                           | Denver<br>Airport System |
| <b>Reconciliation of Operating Income (loss) to Net Cash Provided<br/>by Operating Activities</b> |  |                          |
| Operating income (loss)   | \$ 20,228  | \$ 93,027                |
| Adjustments to reconcile operating income to net cash<br>provided (used) by operating activities: |  |                          |
| Depreciation and amortization   | 18,508   | 179,692                  |
| Change in allowance for doubtful accounts   | (235)  | -                        |
| Miscellaneous revenue   | -  | (2,744)                  |
| Accounts receivable, net of allowance   | (7,355)  | 1,431                    |
| Due from other City agencies/departments  | -  | 61                       |
| Interfund receivable  | 260  | -                        |
| Inventories   | -  | (1,086)                  |
| Prepaid items and other assets  | 215  | (461)                    |
| Vouchers payable  | (520)  | 4,124                    |
| Unearned revenue  | (6,721)  | 5,571                    |
| Accrued and other liabilities   | 931  | 1,914                    |
| Interfund payable   | (206)  | 2,627                    |
| Claims reserved   | -  | -                        |
| Items related to pension  | 2,471  | 14,469                   |
| <b>Net Cash Provided by Operating Activities</b>  | <b><u>\$ 27,576</u></b>                            | <b><u>\$ 298,625</u></b> |
| <b>Noncash Activities</b>   |  |                          |
| Assets acquired through capital contributions   | \$ 23,608  | \$ -                     |
| Assets acquired through city capital contributions, net   | 2,600  | -                        |
| Unrealized gain on investments  | -  | (9,098)                  |
| Unrealized gain on derivatives  | -  | 14,539                   |
| Capital assets acquired through accounts payable  | 3,766  | 15,506                   |
| Amortization of bond premiums and deferred losses<br>and gains on bond refundings                 | 261  | 8,905                    |
| Refunding bond proceeds delivered directly to an irrevocable trust                                | -  | 365,545                  |

*See accompanying notes to basic financial statements.*

|  | Other<br>Enterprise<br>Funds | Total<br>Enterprise<br>Funds | Governmental<br>Activities<br>Internal<br>Service<br>Funds |
|--|------------------------------|------------------------------|--|
|  | \$ (744)                     | \$ 112,511                   | \$ 6,014   |
|  | 1,181                        | 199,381                      | 126  |
|  | -                            | (235)                        | -  |
|  | -                            | (2,744)                      | -  |
|  | 37                           | (5,887)                      | (786)  |
|  | -                            | 61                           | -  |
|  | -                            | 260                          | (54)   |
|  | (28)                         | (1,114)                      | 23   |
|  | -                            | (246)                        | -  |
|  | (50)                         | 3,554                        | (297)  |
|  | 205                          | (945)                        | -  |
|  | (17)                         | 2,828                        | 27   |
|  | 310                          | 2,731                        | (1)  |
|  | -                            | -                            | (1,636)  |
|  | 1,053                        | 17,993                       | -  |
|  | <u>\$ 1,947</u>              | <u>\$ 328,148</u>            | <u>\$ 3,416</u>  |
|  | \$ 280                       | \$ 23,888                    | \$ -   |
|  | -                            | 2,600                        | -  |
|  | -                            | (9,098)                      | -  |
|  | -                            | 14,539                       | -  |
|  | -                            | 19,272                       | -  |
|  | 3                            | 9,169                        | -  |
|  | -                            | 365,545                      | -  |

## Statement of Fiduciary Net Position - Fiduciary Funds

December 31, 2016 (dollars in thousands)

|  | Pension, Health, and<br>Other Employee<br>Benefit Trust Funds | Private-Purpose<br>Trust Funds | Agency<br>Funds   |
|--|---|--------------------------------|-------------------|
| <b>Assets</b>  |   |                                |                   |
| Cash on hand   | \$ -  | \$ 299                         | \$ 4,072          |
| Cash and cash equivalents  | 50,121  | 793                            | 42,573            |
| Securities lending collateral                                      | 176,974   | -                              | -                 |
| Receivables (net of allowance for uncollectibles of \$4,505):      |   |                                |                   |
| Taxes  | -   | -                              | 885,958           |
| Accounts   | 365   | -                              | 7                 |
| Accrued interest   | 1,636   | -                              | -                 |
| Investments, at fair value:  |   |                                |                   |
| U.S. Government obligations  | 129,732   | -                              | -                 |
| Domestic stocks and bonds  | 743,548   | -                              | -                 |
| International stocks   | 487,602   | -                              | -                 |
| Mutual funds   | 383,134   | -                              | -                 |
| Real estate  | 164,381   | -                              | -                 |
| Other  | 758,706   | -                              | -                 |
| <b>Total Investments</b>   | <b>2,667,103</b>  | <b>-</b>                       | <b>-</b>          |
| Capital assets, net of accumulated depreciation                    | 4,347   | -                              | -                 |
| <b>Total Assets</b>  | <b>2,900,546</b>  | <b>1,092</b>                   | <b>\$ 932,610</b> |
| <b>Liabilities</b>   |   |                                |                   |
| Vouchers payable   | 2,587   | 493                            | 13,889            |
| Securities lending obligation                                      | 177,601   | -                              | -                 |
| Other accrued liabilities  | -   | -                              | 13,628            |
| Due to taxing units  | -   | 310                            | 905,093           |
| <b>Total Liabilities</b>   | <b>180,188</b>  | <b>803</b>                     | <b>\$ 932,610</b> |
| <b>Net Position</b>  |   |                                |                   |
| Net position restricted for pensions                               | 2,011,665   | -                              | -                 |
| Net position held in trust for OPEB benefits                       | 70,337  | -                              | -                 |
| Net position held in trust for<br>deferred compensation benefits   | 638,356   | -                              | -                 |
| Net position held in trust for other purposes                      | -   | 289                            | -                 |
| <b>Net Position Restricted for Pensions<br/>and Other Purposes</b> | <b>\$ 2,720,358</b>   | <b>\$ 289</b>                  |                   |

See accompanying notes to basic financial statements.

## Statement of Changes in Fiduciary Net Position - Fiduciary Funds

December 31, 2016 (dollars in thousands)

|   | Pension, Health, and<br>Other Employee<br>Benefit Trust Funds | Private-Purpose<br>Trust Funds |
|---|---|--------------------------------|
| <b>Additions</b>                              |   |                                |
| Contributions:                                |   |                                |
| City and County of Denver                     | \$ 66,079   | \$ -                           |
| Denver Health and Hospital Authority          | 7,080   | -                              |
| Plan members                                  | 87,939  | -                              |
| <b>Total Contributions</b>                    | <b>161,098</b>  | <b>-</b>                       |
| Investment earnings:                          |   |                                |
| Net appreciation in fair value of investments | 125,202   | -                              |
| Interest and dividends                        | 76,343  | -                              |
| <b>Total Investment Earnings</b>              | <b>201,545</b>  | <b>-</b>                       |
| Less investment expense                       | (15,230)  | -                              |
| <b>Net Investment Earnings</b>                | <b>186,315</b>  | <b>-</b>                       |
| Securities lending earnings                   | 1,205   | -                              |
| Securities lending expenses:                  |   |                                |
| Borrower rebates                              | 116   | -                              |
| Agent fees                                    | (330)   | -                              |
| <b>Net Earnings from Securities Lending</b>   | <b>991</b>  | <b>-</b>                       |
| <b>Total Net Investment Earnings</b>          | <b>187,306</b>  | <b>-</b>                       |
| <b>Total Additions</b>                        | <b>348,404</b>  | <b>-</b>                       |
| <b>Deductions</b>                             |   |                                |
| Benefits                                      | 235,760   | -                              |
| Refunds of contributions                      | 2,849   | -                              |
| Administrative expenses                       | 4,390   | -                              |
| Other deductions                              | -   | -                              |
| <b>Total Deductions</b>                       | <b>242,999</b>  | <b>-</b>                       |
| Change in net position                        | 105,405   | -                              |
| Net position - January 1                      | 2,614,953   | 289                            |
| <b>Net Position -December 31</b>              | <b>\$ 2,720,358</b>   | <b>\$ 289</b>                  |

See accompanying notes to basic financial statements.

## Statement of Net Position - Component Units

December 31, 2016 (dollars in thousands)

|   | Denver<br>Convention<br>Center Hotel<br>Authority | Denver<br>Union<br>Station Project<br>Authority | Denver<br>Urban<br>Renewal<br>Authority | Other<br>Component<br>Units | Total               |
|---|---|---|---|-----------------------------|---------------------|
| <b>Assets</b>                               |   |   |   |                             |                     |
| Cash and cash equivalents                   | \$ 4,156  | \$ 2,015  | \$ 7,984                                | \$ 23,805                   | \$ 37,960           |
| Receivables (net of allowances):            |   |   |   |                             |                     |
| Taxes                                       | 2,205   | 14,778  | 84,389                                  | 29,115                      | 130,487             |
| Accounts                                    | -   | -   | 4,025                                   | 493                         | 4,518               |
| Accrued interest                            | -   | -   | 195                                     | -                           | 195                 |
| Other                                       | -   | 6,882   | 3,872                                   | 10                          | 10,764              |
| Prepaid items and other assets              | 1,570   | -   | 43                                      | 93                          | 1,706               |
| Restricted Assets:                          |   |   |   |                             |                     |
| Cash and cash equivalents                   | -   | 25,225  | 26,471                                  | 127                         | 51,823              |
| Investments                                 | 71,782  | -   | 111,945                                 | -                           | 183,727             |
| Long-term receivables                       | -   | 148,106   | -                                       | -                           | 148,106             |
| Capital Assets:                             |   |   |   |                             |                     |
| Land and construction in progress           | 23,703  | -   | -                                       | 523                         | 24,226              |
| Buildings and improvements                  | 249,772   | -   | -                                       | 20,142                      | 269,914             |
| Machinery and equipment                     | 27,542  | -   | 157                                     | 1,795                       | 29,494              |
| Accumulated depreciation                    | (96,425)  | -   | (70)                                    | (6,374)                     | (102,869)           |
| <b>Net Capital Assets</b>                   | <b>204,592</b>                                    | <b>-</b>  | <b>87</b>                               | <b>16,086</b>               | <b>220,765</b>      |
| <b>Total Assets</b>                         | <b>284,305</b>                                    | <b>197,006</b>                                  | <b>239,011</b>                          | <b>69,729</b>               | <b>790,051</b>      |
| <b>Deferred Outflows of Resources</b>       |   |   |   |                             |                     |
| Deferred amount on refundings               | 5,745   | -   | 18,287                                  | 1,748                       | 25,780              |
| <b>Total Deferred Outflows of Resources</b> | <b>5,745</b>                                      | <b>-</b>  | <b>18,287</b>                           | <b>1,748</b>                | <b>25,780</b>       |
| <b>Liabilities</b>                          |   |   |   |                             |                     |
| Vouchers payable                            | 2,464   | -   | -                                       | 4,060                       | 6,524               |
| Accrued liabilities                         | 10,131  | 1,136   | 20,620                                  | 8,114                       | 40,001              |
| Unearned revenue                            | 8,449   | -   | -                                       | 6                           | 8,455               |
| Advances                                    | 1,607   | 917   | 1,435                                   | -                           | 3,959               |
| Due to other governments                    | -   | -   | 562                                     | 18,792                      | 19,354              |
| Noncurrent liabilities:                     |   |   |   |                             |                     |
| Due within one year                         | -   | 798   | 22,880                                  | 715                         | 24,393              |
| Due in more than one year                   | 306,791   | 308,733   | 256,739                                 | 15,045                      | 887,308             |
| <b>Total Liabilities</b>                    | <b>329,442</b>                                    | <b>311,584</b>                                  | <b>302,236</b>                          | <b>46,732</b>               | <b>989,994</b>      |
| <b>Deferred Inflows of Resources</b>        |   |   |   |                             |                     |
| Property taxes                              | -   | 14,583  | 78,732                                  | 10,331                      | 103,646             |
| <b>Total Deferred Inflows of Resources</b>  | <b>-</b>  | <b>14,583</b>                                   | <b>78,732</b>                           | <b>10,331</b>               | <b>103,646</b>      |
| <b>Net Position</b>                         |   |   |   |                             |                     |
| Net investment in capital assets            | (69,757)  | -   | 88                                      | 2,067                       | (67,602)            |
| Restricted for:                             |   |   |   |                             |                     |
| Capital projects                            | 23,416  | -   | 68,242                                  | -                           | 91,658              |
| Emergency use                               | 10,102  | -   | -                                       | 301                         | 10,403              |
| Debt service                                | 1,253   | -   | 26,020                                  | 11                          | 27,284              |
| Donor and other restrictions:               |   |   |   |                             |                     |
| Expendable                                  | 10,314  | -   | 5,255                                   | 44                          | 15,613              |
| Unrestricted (deficit)                      | (14,720)  | (129,161)                                       | (223,275)                               | 11,991                      | (355,165)           |
| <b>Total Net Position (Deficit)</b>         | <b>\$ (39,392)</b>                                | <b>\$ (129,161)</b>                             | <b>\$ (123,670)</b>                     | <b>\$ 14,414</b>            | <b>\$ (277,809)</b> |

See accompanying notes to basic financial statements.

## Statement of Activities - Component Units

For the Year Ended December 31, 2016 (dollars in thousands)

|   | Denver<br>Convention<br>Center<br>Hotel<br>Authority | Denver<br>Union<br>Station<br>Project<br>Authority | Denver<br>Urban<br>Renewal<br>Authority | Other<br>Component<br>Units | Total               |
|---|--|--|---|-----------------------------|---------------------|
| <b>Expenses</b>                             | \$ 103,429   | \$ 13,188  | \$ 68,648                               | \$ 30,804                   | \$ 216,069          |
| <b>Program Revenues</b>                     |  |  |   |                             |                     |
| Charges for services                        | 95,273   | -  | -                                       | 369                         | 95,642              |
| Operating grants and contributions          | -  | -  | 2,528                                   | 533                         | 3,061               |
| <b>Total Program Revenues</b>               | <b>95,273</b>  | <b>-</b>   | <b>2,528</b>                            | <b>902</b>                  | <b>98,703</b>       |
| Net expenses                                | (8,156)  | (13,188)   | (66,120)                                | (29,902)                    | (117,366)           |
| <b>General Revenues</b>                     |  |  |   |                             |                     |
| Taxes:                                      |  |  |   |                             |                     |
| Lodgers                                     | -  | -  | 2,809                                   | -                           | 2,809               |
| Property                                    | -  | 13,038   | 75,134                                  | 10,444                      | 98,616              |
| Sales and use                               | -  | -  | 28,812                                  | -                           | 28,812              |
| Specific ownership                          | -  | -  | -                                       | 304                         | 304                 |
| Investment and interest income              | 76   | 8,953  | 945                                     | 13                          | 9,987               |
| Other revenues                              | 10,771   | 536  | 2,022                                   | 21,576                      | 34,905              |
| <b>Net General Revenues</b>                 | <b>10,847</b>  | <b>22,527</b>                                      | <b>109,722</b>                          | <b>32,337</b>               | <b>175,433</b>      |
| Change in net position                      | 2,691  | 9,339  | 43,602                                  | 2,435                       | 58,067              |
| Net position: January 1                     | (42,083)   | (138,500)  | (167,272)                               | 11,979                      | (335,876)           |
| <b>Net Position (Deficit) - December 31</b> | <b>\$ (39,392)</b>                                   | <b>\$ (129,161)</b>                                | <b>\$ (123,670)</b>                     | <b>\$ 14,414</b>            | <b>\$ (277,809)</b> |

See accompanying notes to basic financial statements.

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## Contents

|     |  |
|-----|--|
| 50  | Note A - Reporting Entity  |
| 54  | Note B - Government-Wide and Fund Financial Statements   |
| 54  | Note C - Measurement Focus, Basis of Accounting, and Statement Presentation                          |
| 56  | Note D - Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balances |
| 60  | Note E - Implementation of New Accounting Principles   |
| 60  | Note A - Deficit Fund Equity   |
| 61  | Note B - Excess Expenditures Over Authorizations   |
| 61  | Note A - Deposits and Investments  |
| 71  | Note B - Receivables   |
| 72  | Note C - Interfund Receivables, Payables, and Transfers  |
| 73  | Note D - Capital Assets  |
| 76  | Note E - Lease Obligations   |
| 77  | Note F - Rates and Charges   |
| 77  | Note G - Long-term Debt  |
| 88  | Note H - Fund Balances   |
| 91  | Note A - Risk Management   |
| 91  | Note B - Pollution Remediation   |
| 92  | Note C - Workers' Compensation   |
| 93  | Note D - Subsequent Events   |
| 93  | Note E - Contingencies   |
| 96  | Note F - Deferred Compensation Plan  |
| 97  | Note G - Pension Plans   |
| 112 | Note H - Other Postemployment Benefits - Implicit Rate Subsidy                                       |

## I. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to governmental entities. A summary of the City and County of Denver's significant accounting policies applied in the preparation of these financial statements follows.

### Note A – Reporting Entity

The City and County of Denver (City) was incorporated in 1861 and became a Colorado Home Rule City on March 29, 1904, under the provisions of Article XX of the Constitution of Colorado, as amended, when the people of the City ratified a Charter providing for a Mayor-Council form of government. The City is operated by authority of the powers granted by its Charter. The City provides typical municipal services with the exception of education, public housing, and sewage treatment that are administered by other governmental entities.

As required by U.S. GAAP, these financial statements present the City (primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14, and GASB Statement No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34. Certain amounts reported in the individual component unit financial statements have been reclassified to conform to the City's accounting policies. Each component unit has a December 31st year end.

#### 1. Blended Component Units.

**Gateway Village, Denver 14th Street, and RiNo General Improvement District (GID)** – The districts were created by the City as separate legal entities pursuant to state statute. Per statute, the City Council serves as ex officio Board of Directors for the districts. District Advisory Boards, appointed by the City Council, conduct and manage all affairs of the districts, which provide capital improvement and maintenance services entirely to the City, subject to overall approval and supervision of the ex officio Board of Directors. The districts are reported herein in the City's special revenue and debt service funds.

#### 2. Discretely Presented Component Units.

**9th Avenue, Cherry Creek North, Cherry Creek Subarea, Colfax, Downtown Denver, Old South Gaylord, West Colfax, Federal Boulevard, Bluebird, Colfax-Mayfair, Santa Fe, and RiNo Business Improvement Districts (BID)** – Each BID was created by the City as a separate legal entity pursuant to state statute for the purpose of maintaining public improvements and planning development activities within each BID's geographic boundaries. The City appoints the governing boards of the BIDs and is able to impose its will through the approval of the BID's operating budgets. The 9th Avenue BID had no activity and was dissolved in 2016.

**Denver Convention Center Hotel Authority (DCCHA)** – The DCCHA was organized by the City as a nonprofit corporation in accordance with State law for the purpose of owning, acquiring, constructing, equipping, operating and financing a hotel adjacent to the City's convention center. The Mayor appoints the Board of Directors of the DCCHA, subject to City Council confirmation, and a financial benefit/burden relationship exists as a result of an economic development agreement between the City and DCCHA. According to the agreement DCCHA distributes certain excess revenues to the City, makes payments in lieu of taxes to the City, and has entered into a room block agreement which coordinates the reservation of hotel room blocks with events

scheduled at the City's convention center. The City makes semi-annual economic development payments to the DCCCHA, which totaled \$10,500,000 in 2016, and will gradually increase to an annual maximum of \$11,000,000 in 2018. The City also has the right to purchase the hotel at the purchase option price per the agreement.

**Denver Downtown Development Authority (DDDA)** – The DDDA was created for the purpose of promoting public health, safety, prosperity, security, and general welfare in order to halt or prevent deterioration of property values or structures within the central business district and to assist in the development and redevelopment of the central business district, especially to benefit the property within the boundaries of the Authority. The City entered into a cooperation agreement with DDDA in 2009 authorizing the Authority to collect and disburse property and sales tax increment revenues. The DDDA collects property and sales tax increment revenue from the City and disburses it to the Denver Union Station Project Authority and the Denver Union Station Metro Districts. The Central Platte Valley Metropolitan District also exists within the boundaries of DDDA and it receives property tax revenue from the DDDA. The Board of Directors is appointed by the Mayor and confirmed by City Council, and City Council may remove any director at will. These appointments and the ability of the City to impose its will on the Authority make the City financially accountable for the Authority.

**Denver Preschool Program, Inc. (DPP)** – DPP is a nonprofit corporation organized to administer the Denver Preschool Program that provides tuition credits for children of Denver families the year before the child is eligible for kindergarten. The City is legally obligated to provide financial support to DPP, as the program is funded by a sales and use tax increase of fifteen one-hundredths of one percent (0.15%) that was voter-approved through December 2026. The Mayor appoints ten of the eleven DPP board members and City Council appoints a council member as the other board member. The City appointments to the governing body and its financial obligations to DPP make the City financially accountable for the DPP.

**Denver Union Station Project Authority (DUSPA)** – In 2001, the City, the Regional Transportation District (RTD), the Denver Regional Council of Governments, and the Colorado Department of Transportation entered into an intergovernmental agreement for the redevelopment of Denver Union Station and its surrounding environs as a multimodal transportation hub in the City's metropolitan area. The Denver Union Station Project Authority was created by City ordinance in 2008, as a permanent, centralized agency to accomplish the Denver Union Station Project (the Project) which will specifically deal with the financing, acquiring, equipping, designing, constructing, operating and maintaining of the Project. DUSPA is a Colorado nonprofit organization. The Mayor appoints six of the eleven voting DUSPA board members, which are then confirmed by City Council. The Mayor can remove any City appointed board member at will, giving the City the ability to impose its will on the Authority. The ability to appoint the majority of voting members and to impose its will on DUSPA makes the City financially accountable for the Authority. Tax increment revenue from the City provides funding for the Project, which creates a financial burden relationship between the City and DUSPA. DUSPA is authorized to issue revenue bonds for the Project, which for federal income tax purposes are considered to be issued on behalf of the City, however these bonds, and any other obligation incurred by DUSPA, are not liabilities of the City.

**Denver Urban Renewal Authority (DURA)** – DURA was created as a separate legal entity by the City pursuant to the state Urban Renewal Law to acquire, clear, rehabilitate, conserve, develop or redevelop identified slum or blighted areas existing within the City and to prevent future blight from developing. In addition, for health and safety purposes, DURA provides housing rehabilitation assistance in the form of low-interest loans to low-income Denver homeowners through two City housing rehabilitation programs. The Mayor appoints the DURA board of directors subject to City Council approval. Any urban renewal project undertaken by DURA must receive prior approval by the City. A significant amount of DURA's financing comes from incremental property and sales tax revenue from the City. In 2009, DURA established Denver Neighborhood Revitalization, Inc. (DNRI),

a registered State of Colorado not-for-profit organization and component unit of DURA, to address the needs in the Denver community related to foreclosed and/or abandoned homes. DNRI administers and executes the Neighborhood Stabilization Program (NSP) funds awarded by the City and County of Denver. DNRI activities include acquisition and rehabilitation of foreclosed residential properties in targeted neighborhoods within the City and County of Denver. For presentation purposes, DURA and DNRI financial activity is combined.

Complete financial statements, as applicable, for the following individual discretely presented component units can be obtained from their respective administrative offices:

**Bluebird BID**

8005 South Chester Street, Suite 150  
Centennial, Colorado 80112

**Cherry Creek North BID**

299 Milwaukee Street, Suite 201  
Denver, Colorado 80206

**Cherry Creek Subarea BID**

1573 South Jamaica Street  
Denver, Colorado 80012

**Colfax BID**

P. O. Box 18853  
Denver, Colorado 80218

**Colfax-Mayfair BID**

P. O. Box 202161  
Denver, Colorado 80220

**Downtown Denver BID**

511 16th Street, Suite 200  
Denver, Colorado 80202

**Denver Convention Center Hotel Authority**

1225 Seventeenth Street, Suite 3050  
Denver, Colorado 80202

**Denver Downtown Development Authority**

201 West Colfax Avenue, Department 1109  
Denver, Colorado 80202

**Denver Preschool Program, Inc.**

305 Park Avenue West, Suite B  
Denver, Colorado 80205

**Denver Union Station Project Authority**

1225 17th Street, Suite 3050  
Denver, Colorado 80202

**Denver Urban Renewal Authority**

1555 California Street, Suite 200  
Denver, Colorado 80202

**Federal Boulevard BID**

2931 West 25th Avenue  
Denver, Colorado 80211

**Old South Gaylord BID**

1076 South Gaylord Street  
Denver, Colorado 80209

**Santa Fe BID**

901 West 10th Avenue, Suite 2A  
Denver, Colorado 80204

**West Colfax BID**

4500 West Colfax Avenue  
Denver, Colorado 80204

**RiNO BID/GID**

2901 Blake St., Suite 165  
Denver, Colorado, 80205

**3. Fiduciary Component Unit.**

**Denver Employees Retirement Plan (DERP)** – The DERP is a separate legal entity established by City ordinance to provide pension benefits for substantially all City employees, except police officers and fire fighters. The Mayor appoints the members of the DERP governing board. The DERP is presented herein in the City’s fiduciary funds as Pension and Health Benefits Trust Funds. The net position of the DERP is held for the sole benefit of the participants and is not available for appropriation by the City.

#### 4. Related Organizations.

The City appoints members to the boards of the following organizations. The City's accountability for the organizations does not extend beyond making these appointments and there is no fiscal dependency by these organizations on the City.

**Denver Health and Hospital Authority (Authority)** – The Authority is a political subdivision and body corporate of the State of Colorado. The Authority is governed by a nine-member board, all appointed by the Mayor. The Authority entered into contractual agreements with the City to obtain and operate the City's existing hospital system. In accordance with the contractual agreements between the Authority and the City, the City paid the Authority \$60,250,000 for providing various health related services to the City and its residents during 2016. In addition, the Authority made payments in the amount of \$1,872,000 to the City for human services, fleet, sheriff, and various human resources services.

**Denver Housing Authority (DHA)** – The DHA was created by ordinance in accordance with U.S. Department of Housing and Urban Development (HUD) regulations. Its five-member board, appointed by the Mayor, controls the daily administration and operations of the DHA. The DHA is dependent on Federal funds from HUD and, as a result, is not financially dependent on the City. In addition, the City is not responsible for any deficits incurred and has no fiscal management control over the DHA.

**Denver Public Library Trust (DPL Trust)** – The DPL Trust is a charitable entity formed by the Library Commission and the DPL Friends Foundation to accept inherited interests through a bequest. All assets of the DPL Trust derive from a percentage of an interest in two real estate partnerships. The Library Commission appoints the trustees of the DPL Trust. All funds received by the DPL Trust are deposited into a bank account managed by the DPL Trust and quarterly transferred to the DPL Friends Foundation. The monies may be requested during the Denver Public Library's annual budget request from the DPL Friends Foundation.

**Denver Water Board** – The Denver Water Board was created pursuant to the City Charter as a separate legal entity to oversee the City's water system. The Denver Water Board's five-member governing body is appointed by the Mayor, but the City is not financially accountable for the Denver Water Board because the Denver Water Board has the power to levy property taxes to support general obligation bonds issued by the Denver Water Board and the Denver Water Boards' determination of the necessity for the mill levy would not be subject to approval or modification by the City. The Denver Water Board had no general obligation bonds outstanding as of December 31, 2016, and no longer has authority to issue general obligation bonds.

**Lowry Economic Redevelopment Authority (Lowry)** – Lowry was created as a public entity by contract between the City and another local government under the Colorado Governmental Immunity Act, C.R.S. Section 24-10-01. Lowry is a separate legal entity intended to maintain, manage, promote, and implement economic redevelopment of the former Lowry Air Force Base. The City is not fiscally accountable for Lowry. Lowry is governed by a nine-member board of directors of which the Mayor appoints seven.

**Stapleton Development Corporation (SDC)** – The City and DURA created a nonprofit corporation whose objectives would include, but not be limited to, planning an orderly public purpose assessment and redevelopment program for the former Stapleton International Airport property and implementing the redevelopment plan for the property. The SDC board of directors is composed of 11 voting members; the Mayor appoints 9 and 2 are appointed by DURA. All 11 members are confirmed by the City Council. Neither the City nor DURA is financially accountable for SDC, as the City and DURA cannot impose their will on SDC, nor does a financial benefit or burden exist between the entities.

## Note B – Government-Wide and Fund Financial Statements

The government-wide financial statements, which include the statement of net position and statement of activities, report information on all of the non-fiduciary activities of the primary government and its component units. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities, which generally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely generally on fees and charges to external parties. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of net position reports all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference being presented as net position.

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

Separate fund financial statements are provided for governmental funds, proprietary funds, fiduciary funds (even though fiduciary funds are excluded from the government-wide financial statements), and component units. The emphasis of fund financial statements is on major governmental funds, enterprise funds, and component units, each reported as a separate column. All remaining governmental funds, enterprise funds, and component units, are aggregated and reported as nonmajor funds.

## Note C – Measurement Focus, Basis of Accounting, and Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary funds, and discretely presented component unit financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. On an accrual basis, property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are measurable and available. Available means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period or when matured. The City considers all revenue as available, if collected within 60 days after year end. Property taxes, sales and use taxes, franchise taxes, occupational privilege taxes, interest revenue, and charges for services are susceptible to accrual. Other receipts, fines, licenses, permits, and parking meter revenues become measurable and available when cash is received by the City and are recognized as revenue at that time. Grant revenue is considered available if it is expected to be collected within one year and all eligibility requirements are met. Expenditures are recorded when the related liability is incurred, except for debt service expenditures, and certain compensated absences and claims and judgments, which are recognized when the payment is due.

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be reported in another fund. This fund is financed primarily by sales tax, property tax, and charges for services.
- The Human Services special revenue fund is used to account for proceeds of restricted revenue to be used for public assistance and welfare activities. This fund is financed primarily by intergovernmental revenue and property taxes.

The City reports the following major proprietary funds:

- The Wastewater Management fund accounts for the City's storm and sewer operations. This fund is financed primarily by sanitary sewer and storm drainage charges.
- The Denver Airport System fund accounts for the operation of the City's airport system which includes Denver International Airport. This fund is financed primarily by facility rentals, parking revenues, and landing fees.

The City reports the Denver Convention Center Hotel Authority, Denver Union Station Project Authority, and Denver Urban Renewal Authority component units as major component units.

Additionally, the City reports the following fund-types:

- Internal service funds account for asphalt plant and workers' compensation services provided to the various departments and agencies of the City on a cost reimbursement basis.
- Pension trust funds account for the Denver Employees Retirement Plan and Deferred Compensation Plan which accumulate resources for pension and health benefit payments to qualified City retirees and amounts employees defer from their income.
- The private-purpose trust funds are used to account for resources legally held in trust by the City for use by various organizations for various purposes, i.e., COBRA payments and unclaimed warrants. All resources of the funds, including any earnings on invested resources, may be used to support the various activities of the organizations. There is no requirement to preserve the resources as capital.
- Agency funds account for the Employee Salary Redirect plan, clearing funds for payroll and benefit provider payments, and collected receipts being temporarily held for allocation to other entities. The agency funds are custodial in nature and do not involve measurement of results of operations.

The effect of interfund activity generally has been eliminated from the government-wide financial statements.

Exceptions to this practice include payments and other charges between the City's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions affected.

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

When both restricted and unrestricted resources are available for use, the City uses the restricted resources first, then unrestricted resources as needed. If no other restrictions exist, the order of spending of resources will be committed, assigned, and lastly unassigned.

## Note D – Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balances

- 1. Cash and Investments.** For the primary government, except when prohibited by trust agreements, the operating cash in each fund is maintained in one consolidated pool by the City. Cash in excess of operating requirements is invested by the City. The City Charter, Section 2.5.3(C) and the Denver Revised Municipal Code, Section 20-21, authorize that investments may be made in U.S. Government obligations, its agencies and sponsored corporations, prime commercial paper, prime bankers' acceptances, certificates of deposit issued by eligible banks and savings and loan associations, local government investment pools, repurchase agreements, forward purchase agreements, securities lending agreements, highly rated municipal securities, high grade corporate bonds, asset-backed securities, supranational debt obligations, federal agency collateralized mortgage obligations (CMO), federal agency mortgage pass through securities (MBS), money market funds that purchase only the types of securities specified herein, and other similar securities as may be authorized by ordinance. The pension trust funds and component units maintain deposits and investments outside of the City's investment pools. These are primarily in demand deposits and U.S. Government obligations. Some pension trust funds have investments in real property.

Investments are stated at fair value, which is primarily determined based upon quoted market prices or significant other observable inputs at year end. Fair values of real estate and other investments are determined by independent periodic appraisals.

- 2. Cash Equivalents.** The City's investments held in the consolidated pool with original maturities of three months or less from the purchase date are classified as cash equivalents. For investments owned by wastewater, the airport system, the pension trust funds, and the component units, investments with original maturities of three months or less from the date of purchase are considered cash equivalents.
- 3. Property Taxes Receivable.** Property taxes are reported as a receivable and as deferred inflows of resources when the levy is certified by the City's Assessor on or before December 15 of each year, unless there is a special election. Property taxes receivable is reduced by an allowance for uncollectible taxes. Property taxes are due and considered earned on January 1 following the year levied. The first and second halves become delinquent on March 1 and June 16, respectively. Tax rate levy authority for the 2016 fiscal year was approved when Resolution 1213, Series of 2016, was adopted by the City Council and approved by the Mayor.
- 4. Water and Wastewater Service Accounts.** Sanitary sewer accounts are maintained, billed, and collected by the Water Board in connection with its water accounts. The Wastewater Management enterprise fund is responsible for billing and collecting storm drainage charges using a cycle billing system. Flat rate accounts and certain cycle billings are billed in advance on a monthly basis and revenues relating to future years are classified as unearned revenue. Metered accounts are billed in arrears and have been accrued.
- 5. Interfund Receivables/Payables.** During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The balances from these transactions are classified as "interfund receivable" or "interfund payable" on the balance sheet/statement of net position. Other interfund receivables/payables between individual funds have occurred because some funds have overdrawn their equity share of pooled cash.
- 6. Due from Other Governments.** Due from other governments includes amounts due from grantors for grants for specific programs and capital projects. Program and capital grants for capital assets are recorded as receivables and revenues when all eligibility requirements are met. Revenues received in advance of project costs being incurred or for which eligibility requirements have not been met are unearned. In the governmental funds, revenue recognition also depends on the timing of cash collections (availability).

- 7. Inventories and Prepaid Items.** The City values inventories at cost, which approximates market, and accounts for them using either the weighted average method or the first-in/first-out method. The costs of governmental fund-type inventories are recorded as expenditures when purchased.

Payments made to vendors for services representing costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items in the governmental funds are recorded as an expense when consumed.

- 8. Restricted Assets.** Certain assets of the General Fund, General Government special revenue fund and certain component units are classified as restricted assets because their use is completely restricted by State statute (see Note IV-E-8).

In the General Fund and Human Services special revenue fund, certain monies related to capital leases (see Note III-E-1) are classified as restricted in accordance with lease requirements.

Certain resources of the governmental activities and the Denver Airport System enterprise fund are classified as restricted assets because their use is limited by applicable bond covenants. These covenants require the accumulation of resources for current principal and interest on both bonds and subordinate bonds, principal and redemption price on term bonds subject to mandatory redemption, principal and interest emergency reserve, and operating and maintenance emergency reserve.

In the governmental activities the net pension asset is presented as a restricted asset.

Certain assets of the Environmental Services enterprise fund have been restricted by external parties to be used for future plant and equipment expenditures and payment of certain liabilities.

- 9. Capital Assets.** Land, collections, construction in progress, buildings, equipment, infrastructure, and intangible assets are reported in the applicable governmental or business-type activities, or component unit columns of the government-wide financial statements. Such assets are recorded at cost or estimated cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation. The capitalization threshold of the City is \$5,000 except for software which has a threshold of \$50,000. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Assets under capital leases are recorded at the present value of future minimum lease payments and are amortized over the shorter of the lease term or the estimated useful life of the asset.

Capital assets of the City and certain component units are depreciated on a straight-line basis over the following estimated useful lives:

|  |                |
|--|----------------|
| Buildings and improvements             | 5 to 100 years |
| Motor vehicles and motorized equipment | 5 to 20 years  |
| Furniture, machinery, and equipment    | 3 to 20 years  |
| Collections, excluding library books   | 15 years       |
| Library books                          | 4 years        |
| Infrastructure                         | 6 to 50 years  |
| Intangibles                            | 3 to 5 years   |

Library books are depreciated over a 4-year life using the composite method. The Western History artwork collection is not capitalized because these assets are held for public exhibition rather than financial gain and the value cannot be determined. They are protected and preserved and proceeds from any sales must be used to acquire other items for collection. In addition, artwork acquired through the Estate of Clyfford Still is not capitalized because the collection must be held for public exhibition and sale of the collection, or any piece of the collection, is prohibited, under the terms of the will and the donation agreement. A value has not been assigned to the Clyfford Still collection and due to the rarity of the collection combined with restrictions within the will for its ownership and exhibition, its ultimate value may be impossible to establish with any certainty.

Assets held for disposition in governmental funds consist of foreclosed property and land pending future sale. No depreciation is recorded for assets held for disposition.

- 10. Long-term Obligations.** The City records long-term debt and other long-term obligations as liabilities in the government-wide and proprietary fund financial statements. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method or the straight-line method over the term of the debt, except for deferred refunding gains (losses) which are amortized using the same methods over the shorter of the term of either the new or old debt. Bond premiums and discounts are presented as an addition or reduction (net) of the face amount of the bond payable. With few exceptions, bonds issued by the City are tax-exempt and subject to federal arbitrage regulations.

In the fund financial statements for governmental fund-types, bond issuance costs, other than prepaid insurance, are recognized as expenditures during the current period even if withheld from actual net proceeds. Bond proceeds and bond premiums are reported as an other financing source. Bond discounts are reported as an other financing use. Issuance costs, even if withheld from actual net proceeds received, are reported as expenditures.

- 11. Compensated Absences.** The City has vacation, sick, and paid time off leave policies covering substantially all of its employees, as follows:

- Career Service Authority
- Fire and Police Departments' Classified Service
- Undersheriff
- District Attorney and Judges

Employees may accumulate earned but unused benefits up to a specified maximum. The City has recorded an accrued liability for compensated absences in the government-wide and proprietary fund financial statements that was calculated using the vesting method.

- 12. Unearned Revenues.** Unearned revenues reflect amounts that have been received before the City has a legal claim to the funds. In subsequent periods, when revenue recognition criteria are met, or when the City has a legal claim to the resources, the unearned revenue is removed from the statement of net position/balance sheet and revenue is recognized.

- 13. Pensions.** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Denver Employees Retirement Plan (DERP), the Statewide Defined Benefit Plan and Old Hire Fire and Police Pension Plans, administered by the Fire and Police Pension Association of Colorado (FPPA) and the Public Employees' Retirement Association of Colorado Pension Plans (PERA), and additions to/deductions from the various pension plan's fiduciary net position have been determined on the same basis as they are reported by DERP, FPPA, and PERA. 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.
- 14. Deferred Outflows of Resources and Deferred Inflows of Resources.** A deferred inflow of resources is an acquisition of net position by the City that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by the City that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the Statement of Net Position, but are not recognized in the financial statements as revenues, expenses, and reduction of liabilities or increase in assets until the period(s) to which they relate. The City reports deferred outflows of resources for pension-related amounts for the City's share of the difference between projected and actual earnings, for the City's share of the difference between contributions to the individual plans and the proportionate share of the contributions, and for changes of assumptions or other inputs. Deferred outflows of resources of the City also consist of the accumulated decrease in fair value of hedging derivatives and the deferred amount on refunding.

The City reports deferred inflows of resources for pension-related amounts in the government wide financial statements or the City's share of the difference between expected and actual experience and for the City's share of the difference between contributions to the individual plans and the proportionate share of the contributions. The City also reports deferred inflows of resources for property tax receivables that are reported as deferred inflow of resources when levied for the next fiscal year.

Under the modified accrual basis of accounting, revenue and other fund financial resources are recognized in the period in which they become both measurable and available. Assets recorded in the fund financial statements for which the revenues are not available are reported as a deferred inflow of resources. Deferred inflows of resources are also comprised of property tax and long-term receivables that are unavailable in the fund statements.

A deferred amount on refunding is included in deferred inflows of resources relating to the Denver Airport System. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

- 15. Net Position.** In the government-wide and fund financial statements, net position is the difference between assets, liabilities, deferred inflows, and deferred outflows. Net investment in capital assets, represents capital assets; less accumulated depreciation; and less any outstanding borrowings related to the acquisition, construction, or improvement of those assets. Certain net positions are restricted for capital projects, emergency use, debt service, by donor restrictions, and for the net pension asset.

- 16. Fund Balance.** In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balance classifications based on the nature and extent of the constraints placed on the fund balances.
- 17. Encumbrances.** Encumbrances for contracts and purchase orders are unencumbered at year end and reappropriated against the subsequent year's budget. As of December 31, 2016, the encumbrances reflected in **Table 1** (dollars in thousands) were reappropriated against the 2017 budget for remaining prior year encumbrances.

**Table 1**

| <b>Governmental Activities:</b>       |                   |
|---------------------------------------|-------------------|
| General Fund                          | \$ 50,964         |
| Human Services Fund                   | 18,008            |
| Other Governmental Funds              | 203,251           |
| <b>Total Governmental Activities</b>  | <b>\$ 272,223</b> |
| <b>Business-type Activities:</b>      |                   |
| Wastewater Management                 | \$ 48,069         |
| Denver Airport System                 | 151,544           |
| Other Enterprise Funds                | 6,296             |
| <b>Total Business-type Activities</b> | <b>\$ 205,909</b> |

## Note E – Implementation of New Accounting Principles

**Governmental Accounting Standards Board Statement No. 72.** In 2016, the City implemented the provisions of GASB Statement No. 72 (Statement No. 72), *Fair Value Measurement and Application*, which is meant to improve financial reporting by clarifying the definition of fair value for financial reporting purposes. The statement also provides additional fair value application guidance and enhances disclosures about fair value measurements. The adoption of GASB 72 resulted in no impact on net position.

**Governmental Accounting Standards Board Statement No. 77.** In 2016, the city implemented the provisions of GASB Statement No. 77 (Statement No. 77), *Tax Abatement Disclosures*. This Statement requires the City to disclose in the notes to the basic financial statements information on certain tax abatement agreements entered into by the City. The disclosure will include descriptive information about the tax being abated, the gross dollar amount of taxes abated during the period and any additional comments made by the City. The aggregate amount of tax abatements disclosed as of December 31, 2016, is \$490,000. There was no impact on net position as a result of implementation.

**Governmental Accounting Standards Board Statement No. 79.** In 2016, the City implemented the provisions of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. As of December 31, 2016, the City had a balance of \$55,632,786 in a Local Government Investment Pool, CSAFE. CSAFE adheres to the guidelines outlined in GASB Statement No. 79 regarding liquidity, maturity, quality, diversification and shadow NAV pricing. CSAFE continues to elect to measure their investments at amortized cost for financial reporting purposes. There was no impact on the net position of the City as a result of the implementation.

## II. Stewardship, Compliance, and Accountability

### Note A – Deficit Fund Equity

At December 31, 2016, the Denver Convention Center Hotel Authority (DCCHA), the Denver Union Station Project Authority (DUSPA), and the Denver Urban Renewal Authority (DURA) component units had deficit net position in the amounts of \$39,392,000, \$129,161,000, and \$123,670,000, respectively.

The DCCHA component unit will use revenue from its hotel facility to fund its deficit net position. DUSPA receives sales tax revenue to fund its deficit net position. The DURA component unit uses Tax Increment Financing (TIF), which is additional incremental property and sales taxes generated by redevelopment projects, to fund their deficit net position.

### Note B – Excess Expenditures Over Authorizations

Budget basis expenditures exceeded authorizations for the projects shown in Table 2.

Table 2

#### Excess Expenditures Over Authorizations

For the Year Ended December 31, 2016 (dollars in thousands)

|                   | Authorization | Budget Basis Expenditures | Excess over Authorization |
|-------------------|---------------|---------------------------|---------------------------|
| City Council      | \$ 4,691      | \$ 4,780                  | \$ 89                     |
| District Attorney | 22,737        | 22,895                    | 158                       |
| Public Works      | 138,169       | 138,984                   | 815                       |

The expenditures, which resulted in excess of authorization, were recorded because liabilities had been incurred before year end.

## III. Detailed Notes for All Funds

### Note A – Deposits and Investments

- Deposits.** The City Charter, Section 2.5.3(c), requires all banking or savings and loan institutions to pledge sufficient collateral as required by law (Public Deposit Protection Act (C.R.S., 11-10.5-101)) before any public funds are deposited. In addition, the City's Investment Policy requires that certificates of deposit be purchased from institutions that are certified as Eligible Public Depositories by the appropriate state regulatory agency. Under the Colorado Public Deposit Protection Act (PDPA), all deposits exceeding the amount insured by the FDIC are to be fully collateralized at 102.00% of the deposits with specific approved securities identified in the act. The eligible collateral pledged must be held in custody by any Federal Reserve Bank, or branch thereof, or held in escrow by some other bank in a manner as the banking commissioner shall prescribe by rule and regulation, or may be segregated from the other assets of the eligible public depository and held in its own trust department. All collateral so held must be clearly identified as being security maintained or pledged for the aggregate amount of public deposits accepted and held on deposit by the eligible public depository. Deposits collateralized under the PDPA are considered collateralized with securities held by the pledging financial institutions' trust department or agent in the "City's name."

Custodial credit risk is the risk that, in the event of a failure of a financial institution or counterparty, the City would not be able to recover its deposits, investments or collateral securities. At December 31, 2016, the bank balance and carrying amounts of accounts managed by the Manager of Finance (the Manager) were \$10,915,000 and \$21,142,000 respectively. The City's deposits, except for the pension trust fund and certain component units' deposits are subject to, and in accordance with PDPA.

All deposits for DURA, DUSPA, and DCCHA were not subject to custodial credit risk at December 31, 2016, since they were covered by FDIC or PDPA.

2. **Investments.** It is the policy of the City to invest its funds in a manner which will provide for the highest investment return consistent with the preservation of principal and provision of the liquidity necessary for daily cash flow demands. The City's Investment Policy applies to all investment activity of the City under the control of the Manager, including investments of certain monies related to all governmental and business-type activities, and trust and agency funds. The City's Investment Policy does not apply to the investments of the deferred compensation plan or component units. Other monies that may from time to time be deposited with the Manager for investment shall also be administered in accordance with the Investment Policy.

The City Charter, Section 2.5.3(c), and Revised Municipal Code, Section 20-21, authorize the investments that the City can hold. The Investment Policy requires that investments shall be managed in accordance with portfolio theory management principles to compensate for actual or anticipated changes in market interest rates. To the extent possible, investment maturity will be matched with anticipated cash flow requirements of each investment portfolio. Additionally, to the extent possible, investments will be diversified by security type, market sector, and institution. This diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolios. Deviations from expectations shall be reported in a timely fashion and appropriate action taken to control adverse developments.

At December 31, 2016, the City's investment balances were as shown in **Table 3**.

**Table 3**

**City Investment Balances**

December 31, 2016 (dollars in thousands)

|   | Fair Value          |
|---|---------------------|
| Repurchase agreements                   | \$ 234              |
| Money market funds                      | 2,657               |
| Local government investment pool        | 143,416             |
| Common stock                            | 940,452             |
| Commercial paper                        | 15,551              |
| Mutual funds                            | 383,184             |
| Municipal bonds                         | 133,186             |
| U.S. Treasury securities                | 666,069             |
| U.S. agency securities                  | 1,038,057           |
| Corporate bonds                         | 787,635             |
| Structured products <sup>1</sup>        | 406,307             |
| Multinational fixed income <sup>2</sup> | 244,043             |
| Annuity contracts                       | 237,429             |
| Real estate                             | 164,382             |
| Other                                   | 571,642             |
| <b>Total Investments</b>                | <b>\$ 5,734,244</b> |

<sup>1</sup>Includes asset backed securities, collateralized mortgage obligations, and mortgage back securities.

<sup>2</sup>Includes supranational securities. Supranationals are U.S. dollar denominated bonds of international organizations such as the World Bank and International Monetary Fund.

The DERP pension trust fund had securities lending collateral of \$231,774,000 at December 31, 2016; see Note III-A-5 for additional discussion related to this balance.

At December 31, 2016, the investment balances of the discretely presented component units were as shown in **Table 4**.

**Table 4**

**Component Units Investment Balances**

December 31, 2016 (dollars in thousands)

|   | Fair Value        |
|---|-------------------|
| Money market funds                      | \$ 100,121        |
| Local government investment pool        | 886               |
| Municipal Bonds                         | 2,271             |
| Commercial paper                        | 10,473            |
| U.S. Treasury securities                | 30,365            |
| U.S. agency securities                  | 32,549            |
| Corporate bonds                         | 5,128             |
| Structured products <sup>1</sup>        | 899               |
| Multinational fixed income <sup>2</sup> | 1,222             |
| <b>Total Investments</b>                | <b>\$ 183,914</b> |

<sup>1</sup>Includes asset backed securities, collateralized mortgage obligations and mortgage backed securities.

<sup>2</sup>Includes supranational securities. Supranationals are U.S. dollar denominated bonds of international organizations such as the World Bank and International Monetary Fund.

A reconciliation of cash and investments as shown in the basic financial statements as of December 31, 2016, is shown in **Table 5**.

**Table 5**

**Reconciliation of Cash and Investments**

December 31, 2016 (dollars in thousands)

|  | Primary<br>Government | Component<br>Units | Total               |
|--|-----------------------|--------------------|---------------------|
| <b>Governmental and Business-type Activities</b>       |                       |                    |                     |
| Cash on hand   | \$ 9,239              | \$ -               | \$ 9,239            |
| Cash and cash equivalents                              | 1,201,914             | 37,960             | 1,239,874           |
| Investments  | 793,465               | -                  | 793,465             |
| Restricted cash and cash equivalents                   | 127,015               | 51,823             | 178,838             |
| Restricted investments                                 | 890,726               | 183,727            | 1,074,453           |
| <b>Total Governmental and Business-type Activities</b> | <b>3,022,359</b>      | <b>273,510</b>     | <b>3,295,869</b>    |
| <b>Fiduciary</b>                                       |                       |                    |                     |
| Cash on hand   | 4,371                 | -                  | 4,371               |
| Cash and cash equivalents                              | 93,487                | -                  | 93,487              |
| Investments  | 2,667,103             | -                  | 2,667,103           |
| <b>Total Fiduciary</b>                                 | <b>2,764,961</b>      | <b>-</b>           | <b>2,764,961</b>    |
| <b>Total</b>   | <b>5,787,320</b>      | <b>273,510</b>     | <b>6,060,830</b>    |
| Less deposit balance                                   | (53,076) <sup>1</sup> | (89,596)           | (142,672)           |
| <b>Total Investments</b>                               | <b>\$ 5,734,244</b>   | <b>\$ 183,914</b>  | <b>\$ 5,918,158</b> |

<sup>1</sup>The carrying amount of the City's deposits of \$21,142, plus pension deposits of \$19,685, less uncashed warrants of \$12,146, plus other cash amounts of \$24,395, equal \$53,076.

**Fair Value Measurements.** The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Equities within all asset classes that are classified in Level 1 are valued using prices quoted in active markets for those securities. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. All equity and equity derivative securities are held in the fiduciary funds. The City currently does not maintain equity securities classified as Level 3. Fixed income securities and derivatives within all asset classes that are classified in Level 2 are valued using either a bid evaluation, matrix pricing or various relational pricing model techniques. Level 2 fixed income securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market. The city currently does not maintain fixed income securities classified as Level 3.

Investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a proxy are not classified in the fair value hierarchy. See Table 7 for further detail. Short-term securities generally include investments in money market-type securities reported at amortized cost, which approximates market or fair value.

Investment derivative instruments determination of fair value consists of a two-step process. First settlement prices are determined by utilizing the income approach under GASB 72 from "mid-market" pricing data available from public and subscription source. The second step is to determine the credit valuation adjustment for the derivative instrument. The purpose of the credit valuation adjustment is to quantify the nonperformance risk

of the reporting entity as well as the nonperformance risk of the counterparty. Fair value is then determined as the settlement price of the derivative instrument adjusted by the credit valuation adjust of both the reporting entity's payment obligation and the counterparty's payment obligations.

The City has the following recurring fair value measurements as of December 31, 2016, as shown in **Table 6**:

Table 6

Fair Value Measurements  
December 31, 2016 (dollars in thousands)

| Governmental and Business-type Activities                     | Fair Value          |                     |                     |             | Major Component Units |                  |                   |             |
|---|---------------------|---------------------|---------------------|-------------|-----------------------|------------------|-------------------|-------------|
|   | Fair Value          | Level 1             | Level 2             | Level 3     | Fair Value            | Level 1          | Level 2           | Level 3     |
| Money market funds  | \$ -                | \$ -                | \$ -                | \$ -        | \$ 71,782             | \$ -             | \$ 71,782         | \$ -        |
| Municipal bonds   | 131,364             | -                   | 131,364             | -           | 2,271                 | 2,271            | -                 | -           |
| Mutual funds  | 50                  | 50                  | -                   | -           | -                     | -                | -                 | -           |
| Commercial paper  | 15,376              | -                   | 15,376              | -           | -                     | -                | -                 | -           |
| U.S. Treasury securities                                      | 589,046             | -                   | 589,046             | -           | 30,365                | 30,365           | -                 | -           |
| U.S. agency securities  | 963,579             | -                   | 963,579             | -           | 33,448                | -                | 33,448            | -           |
| Corporate bonds   | 489,341             | -                   | 489,341             | -           | 5,128                 | 5,128            | -                 | -           |
| Structured products   | 400,406             | -                   | 400,406             | -           | -                     | -                | -                 | -           |
| Multinational fixed income                                    | 240,423             | -                   | 240,423             | -           | 1,222                 | -                | 1,222             | -           |
| <b>Governmental and Business-type Activities</b>              | <b>\$ 2,829,585</b> | <b>\$ 50</b>        | <b>\$ 2,829,535</b> | <b>\$ -</b> | <b>\$ 144,216</b>     | <b>\$ 37,764</b> | <b>\$ 106,452</b> | <b>\$ -</b> |
| Total investments measured at the NAV <sup>1</sup>            | 86,274              | -                   | -                   | -           | -                     | -                | -                 | -           |
| Total investments measured at amortized cost <sup>2</sup>     | 54,662              | -                   | -                   | -           | -                     | -                | -                 | -           |
| Total other investments not valued at fair value <sup>3</sup> | 22,818              | -                   | -                   | -           | 39,511                | -                | -                 | -           |
| <b>Total Governmental and Business-type Activities</b>        | <b>\$ 2,993,339</b> | <b>\$ 50</b>        | <b>\$ -</b>         | <b>\$ -</b> | <b>\$ 183,727</b>     | <b>\$ -</b>      | <b>\$ -</b>       | <b>\$ -</b> |
| <b>Fiduciary</b>  |                     |                     |                     |             |                       |                  |                   |             |
| Money market funds  | \$ 2,657            | \$ 2,657            | \$ -                | \$ -        | \$ -                  | \$ -             | \$ -              | \$ -        |
| Municipal Bonds   | 1,822               | -                   | 1,822               | -           | -                     | -                | -                 | -           |
| Common stock  | 940,452             | 940,452             | -                   | -           | -                     | -                | -                 | -           |
| Commercial paper  | 175                 | -                   | 175                 | -           | -                     | -                | -                 | -           |
| U.S. Treasury securities                                      | 44,689              | 36,100              | 8,589               | -           | -                     | -                | -                 | -           |
| U.S. agency securities  | 72,126              | -                   | 72,126              | -           | -                     | -                | -                 | -           |
| Corporate bonds   | 21,168              | -                   | 21,168              | -           | -                     | -                | -                 | -           |
| Structure products  | 6,915               | -                   | 6,915               | -           | -                     | -                | -                 | -           |
| Multinational fixed income                                    | 3,620               | -                   | 3,620               | -           | -                     | -                | -                 | -           |
| Mutual funds  | 383,134             | 383,134             | -                   | -           | -                     | -                | -                 | -           |
| Other (self directed brokerage)                               | 244,157             | 154,615             | 89,542              | -           | -                     | -                | -                 | -           |
| <b>Total Fiduciary</b>  | <b>\$ 1,720,915</b> | <b>\$ 1,516,958</b> | <b>\$ 203,957</b>   | <b>\$ -</b> | <b>\$ -</b>           | <b>\$ -</b>      | <b>\$ -</b>       | <b>\$ -</b> |
| Total investments measured at the NAV <sup>4</sup>            | 739,849             | -                   | -                   | -           | -                     | -                | -                 | -           |
| Total investments measured at amortized cost <sup>5</sup>     | 31,407              | -                   | -                   | -           | -                     | -                | -                 | -           |
| Total other investments not valued at fair value <sup>6</sup> | 248,734             | -                   | -                   | -           | -                     | -                | -                 | -           |
| <b>Total Fiduciary</b>  | <b>\$ 2,740,905</b> | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b> | <b>\$ -</b>           | <b>\$ -</b>      | <b>\$ -</b>       | <b>\$ -</b> |
| <b>Total Investments</b>                                      | <b>\$ 5,734,244</b> | <b>\$ 50</b>        | <b>\$ -</b>         | <b>\$ -</b> | <b>\$ 183,727</b>     | <b>\$ -</b>      | <b>\$ -</b>       | <b>\$ -</b> |
| <b>Governmental and Business-type Activities</b>              |                     |                     |                     |             |                       |                  |                   |             |
| <b>Investment derivative instruments</b>                      |                     |                     |                     |             |                       |                  |                   |             |
| Interest rate swaps <sup>7</sup>                              | \$ (153,130)        | \$ -                | \$ (153,130)        | \$ -        | \$ -                  | \$ -             | \$ -              | \$ -        |
| <b>Total Governmental and Business-Type Activities</b>        | <b>\$ (153,130)</b> | <b>\$ -</b>         | <b>\$ (153,130)</b> | <b>\$ -</b> | <b>\$ -</b>           | <b>\$ -</b>      | <b>\$ -</b>       | <b>\$ -</b> |

<sup>1</sup>December 31, 2016 balance held at Colotrust.

<sup>2</sup>December 31, 2016 balance held at CSAFE.

<sup>3</sup>Includes \$22,584,000 money held in trust, and \$234,000 of repurchase agreements.

<sup>4</sup>Includes \$1,509,000 of money held at Colotrust. See **Table 7** below for detail of \$738,340,000 measured at the NAV

<sup>5</sup>Includes \$971,000 of money held at CSAFE and \$30,436,000 of short term investments measured at amortized cost.

<sup>6</sup>Includes Deferred Compensation Plan amounts of \$237,429,000 of synthetic guaranteed investment contracts and \$11,305,000 of loans to participants

<sup>7</sup>Net of \$33,206 of interest rate swaps at an asset position and \$186,336 of interest rate swaps at a liability position. See **Tables 37** and **41**.

Table 7

Investments Measured at the NAV  
December 31, 2016 (dollars in thousands)

|  | December 31       | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|--|-------------------|----------------------|----------------------|--------------------------|
| <b>Fixed Income Investments</b>              |                   |                      |                      |                          |
| Private debt                                 | \$ 174,741        | \$ 61,583            | Not eligible         | n/a                      |
| Emerging market debt                         | 46,516            | -                    | Monthly              | 3 days                   |
| <b>Total Fixed Income Investments</b>        | <b>\$ 221,257</b> | <b>\$ 61,583</b>     |                      |                          |
| <b>Real Estate Investments</b>               |                   |                      |                      |                          |
| Real estate - open-end                       | 138,940           | -                    | Quarterly            | 20 - 90 days             |
| Real estate - closed-end                     | 25,441            | 19,891               | Not eligible         | n/a                      |
| <b>Total real estate investments</b>         | <b>\$ 164,381</b> | <b>\$ 19,891</b>     |                      |                          |
| <b>Alternative Investments</b>               |                   |                      |                      |                          |
| Private equity                               | 153,175           | 145,003              | Not eligible         | n/a                      |
| Energy investments                           | 72,189            | 59,328               | Not eligible         | n/a                      |
| Timber                                       | 34,778            | -                    | Not eligible         | n/a                      |
| <b>Total alternative investments</b>         | <b>\$ 260,142</b> | <b>\$ 204,331</b>    |                      |                          |
| <b>Absolute Return</b>                       |                   |                      |                      |                          |
| Hedge Fund                                   | 92,560            | -                    | Quarterly            | 65 days                  |
| <b>Total Absolute Return</b>                 | <b>\$ 92,560</b>  | <b>\$ -</b>          |                      |                          |
| <b>Total Investments Measured at the NAV</b> | <b>\$ 738,340</b> | <b>\$ 285,805</b>    |                      |                          |

- Fixed Income Investments - Private debt investments are intended to generate returns by lending money to various businesses and enterprises, or by purchasing loans originated by other lenders. There are six comingled investment pools, each taking the form of a partnership or similar structure. The debt may be secured or unsecured, and various yield enhancing techniques may be used, such as royalty sharing, equity options, or the application of leverage.

Investments in emerging market debt seek to purchase the publicly traded sovereign or corporate debt obligations of developing nations.

- Real Estate Investments - Open end real estate investments are pooled investments that own and operate commercial property. Returns are generated from income and price appreciation. These funds have perpetual life, and periodically accept contributions or honor redemptions.

Closed end real estate investments consist of pooled funds to own and operate commercial property. These funds have a finite life, and funds are returned as investments are liquidated.

- Alternative Investments - Private equity utilizes a fund of funds approach to make investments in venture capital, buyouts, and other corporate finance transactions.

Energy investments are a diversified portfolio of energy assets, including interests in oil, natural gas, power generation, and renewables.

Timber investments are made in both domestic and international timberland. Returns are generated through the acquisition, management, harvesting and sale of timber.

- Absolute Return Investments - A hedge fund of funds is used to generate returns that are higher than core fixed income, with significantly lower risk than public equities. A multi strategy approach is used to improve consistency of returns while limiting downside risk.

A portion of the Plan's fixed income assets are exposed to risks, including credit risk, concentration of credit risk, interest rate risk, and foreign currency risk, that have the potential to result in losses.

**Interest Rate Risk.** Interest rate risk is the risk that changes in financial market interest rates will adversely affect the value of an investment. The City's Investment Policy limits interest rate risk for investments under the control of the Manager by limiting the maximum maturity of investments. Investments in commercial paper have a maximum maturity of 270 days. Corporate debt obligations have a maximum maturity of five years. U.S. Treasury, agency, and supranational, municipal, and asset-backed securities can have a maximum maturity of ten years. Agency mortgage-backed securities have a maximum maturity of 31 years with an average life limitation of 20 years. Agency collateralized mortgage obligations have a maximum maturity of 31 years with an average life limitation of 10 years. To further mitigate interest rate risk, the investment policy limits investments in asset-backed securities, mortgage-backed securities, and collateralized mortgage obligations to a combined maximum of 20.00% of the City's overall investments. The City also minimizes interest rate risk by maintaining a concentration of its portfolio invested in short-term and extremely liquid investments. The Manager is authorized to waive certain portfolio constraints when such action is deemed to be in the best interest of the City. The Manager has waived the maximum maturity for certain investments in U.S. agency securities that are part of the Denver Airport System structured pool created to facilitate an economic defeasance of a portion of the future debt service payments due on certain airport system bonds, and also the investments held for the Cable Land Trust and Workman's Compensation. Maturities of the underlying investments in the local government investment pool are limited by the pool's investment policies to less than one year.

At December 31, 2016, the City's investment balances and maturities for those investments subject to interest rate risk (excluding the DERP) is shown in **Table 8** (dollars in thousands):

**Table 8**

| Investment Type                  | Fair Value          | Investment Maturities in Years |                     |                   |                  |
|----------------------------------|---------------------|--------------------------------|---------------------|-------------------|------------------|
|                                  |                     | Less than 1                    | 1 - 5               | 6 - 10            | Greater than 10  |
| Local government investment pool | \$ 143,416          | \$ 143,416                     | \$ -                | \$ -              | \$ -             |
| Municipal bonds                  | 133,186             | 16,386                         | 79,672              | 25,627            | 11,501           |
| U.S. Treasury securities         | 597,635             | 40,238                         | 480,956             | 76,441            | -                |
| U.S. agency securities           | 976,759             | 50,344                         | 785,693             | 137,241           | 3,481            |
| Corporate bonds                  | 496,938             | 83,698                         | 413,240             | -                 | -                |
| Multinational fixed income       | 244,043             | 9,998                          | 182,220             | 49,874            | 1,951            |
| Structured products              | 406,307             | 1,250                          | 294,394             | 105,240           | 5,423            |
| Commercial paper                 | 15,551              | 15,551                         | -                   | -                 | -                |
| <b>Total</b>                     | <b>\$ 3,013,835</b> | <b>\$ 360,881</b>              | <b>\$ 2,236,175</b> | <b>\$ 394,423</b> | <b>\$ 22,356</b> |

The City's portfolio of U.S. agency securities includes callable securities. If a callable investment is purchased at a discount, the maturity date is assumed to be the maturity date of the investment. If the investment is bought at a premium, the maturity date is assumed to be the call date. As of December 31, 2016, the City owned agency callable securities with a fair value of \$11,761,000.

The DERP manages interest rate risk through the constraints on duration specified in each manager's investment guidelines included in the Plan's Investment Policy. At December 31, 2016, the DERP pension trust fund investment balances and maturities for those investments subject to interest rate risk are shown in **Table 9** (dollars in thousands).

**Table 9**

| Investment Type            | Fair Value        | Investment Maturities in Years |                   |                  |                   |
|----------------------------|-------------------|--------------------------------|-------------------|------------------|-------------------|
|                            |                   | Less than 1                    | 1 - 5             | 6 - 10           | Greater than 10   |
| U.S. Treasury securities   | \$ 68,434         | \$ 26                          | \$ 30,960         | \$ 26,111        | \$ 11,337         |
| U.S. agency securities     | 61,298            | 2                              | 34,889            | 15,298           | 11,109            |
| Asset backed               | 506               | -                              | 170               | 183              | 153               |
| Corporate                  | 211,088           | 183                            | 15,665            | 13,521           | 181,719           |
| Non- U.S. Government bonds | 51,414            | 139                            | 24,074            | 11,883           | 15,318            |
| Mortgage backed            | 27,689            | 21                             | 10,779            | 11,617           | 5,272             |
| <b>Total</b>               | <b>\$ 420,429</b> | <b>\$ 371</b>                  | <b>\$ 116,537</b> | <b>\$ 78,613</b> | <b>\$ 224,908</b> |

**Credit Quality Risk.** Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligations to the City. Moody's, Standard & Poor's, and Fitch Ratings are the three primary Nationally Recognized Securities Rating Organizations (NRSRO) that assess this risk and assign a credit quality rating for most investments. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are assigned credit quality ratings of AAA by Fitch and Aaa by Moody's, both with stable outlooks as of December 31, 2016. Standard and Poor's rate securities of the U.S. Government AA+ also with a stable outlook. Of the City's investments at December 31, 2016, commercial paper, municipal bonds, corporate debt obligations, structured products, local government investment pools, and supranational securities were subject to credit quality risk.

The City's Investment Policy requires that commercial paper be rated by at least two NRSRO with a minimum short term rating of A-1, P-1, or F-1 at the time of purchase. The Investment Policy requires that the municipal bonds have a minimum underlying issuer rating from at least two of the three rating agencies of A+ or its equivalent. The Investment Policy requires that corporate debt obligations have a minimum underlying issuer rating from at least two of the NRSRO or A- or its equivalent. The Investment Policy requires that asset-backed securities have a minimum underlying issuer rating from at least two of the NRSRO of AA- or its equivalent. The Investment Policy requires that mortgage-backed securities and collateralized mortgage obligations that had ratings of at least Aaa by Moody's, AAA by Fitch and AA+ by Standard & Poor's. The Investment Policy also requires local government investment pools to be in compliance with Title 24 Part 7 of Article 24 of the Colorado Revised Statutes. The Investment Policy also requires supranational securities by issued by institutions with debt obligations rated AAA, or the equivalent, by at least two NRSROs.

Information on the credit ratings associated with the City's investments as of December 31, 2016, is shown in **Table 10** (dollars in thousands).

Table 10

| S&P            | Commercial Paper | Municipal Bonds   | Corporate Debt Obligations | Asset Backed Securities | Agency Mortgage Backed Securities | Collateralized Mortgage obligations | Local Government Investment Pools | Supranational Securities | Total               |
|----------------|------------------|-------------------|----------------------------|-------------------------|-----------------------------------|-------------------------------------|-----------------------------------|--------------------------|---------------------|
| AAA            | \$ -             | \$ 37,649         | \$ 52,055                  | \$ 146,125              | \$ 17,395                         | \$ 35,241                           | \$ 143,416                        | \$ 222,956               | \$ 654,837          |
| AA             | -                | -                 | -                          | -                       | -                                 | -                                   | -                                 | -                        | -                   |
| AA+ to AA-     | -                | 49,543            | 261,893                    | -                       | 44,362                            | 44,617                              | -                                 | -                        | 400,415             |
| AA             | -                | 29,395            | 55,519                     | -                       | -                                 | -                                   | -                                 | -                        | 84,914              |
| A+ to A-       | -                | 948               | 33,016                     | -                       | -                                 | -                                   | -                                 | -                        | 33,964              |
| A to A-        | -                | -                 | 94,455                     | -                       | -                                 | -                                   | -                                 | -                        | 94,455              |
| A-1 to A-1+    | 15,551           | -                 | -                          | -                       | -                                 | -                                   | -                                 | -                        | 15,551              |
| NR             | -                | 15,651            | -                          | 63,304                  | 4,028                             | 51,235                              | -                                 | 21,087                   | 155,305             |
| <b>Total</b>   | <b>\$ 15,551</b> | <b>\$ 133,186</b> | <b>\$ 496,938</b>          | <b>\$ 209,429</b>       | <b>\$ 65,785</b>                  | <b>\$ 131,092</b>                   | <b>\$ 143,416</b>                 | <b>\$ 244,043</b>        | <b>\$ 1,439,441</b> |
| <b>Moody's</b> |                  |                   |                            |                         |                                   |                                     |                                   |                          |                     |
| Aaa            | \$ -             | \$ 32,043         | \$ 86,224                  | \$ 155,655              | \$ 61,758                         | \$ 101,771                          | \$ -                              | \$ 244,043               | \$ 681,494          |
| Aa1 to Aa2     | -                | 73,817            | 102,219                    | -                       | -                                 | -                                   | -                                 | -                        | 176,036             |
| Aa3 to A1      | -                | 27,326            | 219,046                    | -                       | -                                 | -                                   | -                                 | -                        | 246,372             |
| A2 to A3       | -                | -                 | 89,449                     | -                       | -                                 | -                                   | -                                 | -                        | 89,449              |
| P-1            | 15,551           | -                 | -                          | -                       | -                                 | -                                   | -                                 | -                        | 15,551              |
| NR             | -                | -                 | -                          | 53,774                  | 4,028                             | 29,321                              | 143,416                           | -                        | 230,539             |
| <b>Total</b>   | <b>\$ 15,551</b> | <b>\$ 133,186</b> | <b>\$ 496,938</b>          | <b>\$ 209,429</b>       | <b>\$ 65,786</b>                  | <b>\$ 131,092</b>                   | <b>\$ 143,416</b>                 | <b>\$ 244,043</b>        | <b>\$ 1,439,441</b> |

The DERP manages credit risk through the constraints on investments specified in each manager's investment guidelines included in the Plan's Investment Policy. Securities implicitly governed by the U.S. Government are included.

Information on the credit ratings associated with the DERP investments in debt securities at December 31, 2016, is shown in **Table 11** (dollars in thousands).

Table 11

| S&P                                      | Moody's     | Asset Backed  | Corporate Bonds   | Non- U.S. Government Bonds | Mortgage Backed  | Implicit U.S. Government Bonds | Total             |
|--|-------------|---------------|-------------------|----------------------------|------------------|--------------------------------|-------------------|
| AAA                                      | Aaa         | \$ 298        | \$ 16,402         | \$ -                       | \$ 18,910        | \$ 2,077                       | \$ 37,687         |
| AAA                                      | NR          | -             | -                 | -                          | 531              | -                              | 531               |
| AA+ to AA-                               | Aa3 to A1   | 20            | 3,104             | -                          | 1,259            | 59,076                         | 63,459            |
| A+ to A-                                 | A1 to Baa2  | 46            | 9,270             | 15,499                     | 2,886            | -                              | 27,701            |
| BBB+ to BBB-                             | A3 to Baa3  | 57            | 7,406             | 13,806                     | 3,620            | -                              | 24,889            |
| BB+ to BB-                               | Ba3 to B1   | -             | -                 | 10,141                     | -                | -                              | 10,141            |
| B+ to B-                                 | B1 to Caa1  | -             | -                 | 107                        | -                | -                              | 107               |
| CCC+ to CCC-                             | B3 to Caa2  | 85            | -                 | -                          | -                | -                              | 85                |
| D  | NR          | -             | -                 | -                          | -                | -                              | -                 |
| NR                                       | Aaa to Baa2 | -             | -                 | -                          | 483              | -                              | 483               |
| NR                                       | NR          | -             | 174,906           | 11,861                     | -                | -                              | 186,767           |
| <b>Total</b>                             |             | <b>\$ 506</b> | <b>\$ 211,088</b> | <b>\$ 51,414</b>           | <b>\$ 27,689</b> | <b>\$ 61,153</b>               | <b>\$ 351,850</b> |
| <b>U.S. Government</b>                   |             |               |                   |                            |                  |                                | <b>68,434</b>     |
| <b>Explicit U.S. Government Agencies</b> |             |               |                   |                            |                  |                                | <b>145</b>        |
| <b>Total</b>                             |             |               |                   |                            |                  |                                | <b>\$ 420,429</b> |

NR - no rating available

**Custodial Credit Risk.** Custodial credit risk for investments is the risk that, in the event of a failure, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. 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 are held by the counterparty's trust department or agent but not held in the City's name. None of the City's investments owned at December 31, 2016, were subject to custodial credit risk.

In accordance with the City's Investment Policy, all of the City's repurchase agreements are collateralized at 102.00% of the market value of the portfolio by U.S. agency securities at the time of purchase. Collateral valuation is calculated and adjusted at least once per week, and adjusted on an as needed basis. Collateral for all investments, including repurchase agreements, are held in the City's name by the City's custodian, J.P. Morgan.

One City agency, the Office of Economic Development, owned repurchase agreements that are related to several bank accounts at Vectra Bank in relation to its HUD Section 108 programs. The cash in these accounts is invested each night in repurchase agreements issued by Vectra. The amounts in these accounts are held in the City's name and protected by the PDPA. In addition, Vectra pledges securities that are direct obligations of the U.S. Government, at a minimum collateralized value of 102.00% in compliance with HUD's investment requirements. The total repurchase agreements at December 31, 2016, were \$234,000.

DERP has no formal policy for custodial credit risk. At December 31, 2016, there were no investments or collateral securities subject to custodial credit risk.

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's Investment Policy states that a maximum of 5.00% of the portfolio may be invested in commercial paper, municipal securities, corporate debt obligations, certificates of deposit, asset-backed securities, or mortgage-backed securities issued by any one obligor. The City's Investment Policy states that a maximum of 10.00% of the portfolio may be invested in an individual supranational obligor, local government investment pool, money market mutual fund, or collateralized mortgage obligation. The City's Investment Policy also limits investments in U.S. agency securities to 25.00% of total investments. The City's Investment Policy limits concentrations even further with a combined maximum of 50.00% of the portfolio that can be invested in corporate debt obligations, commercial paper, and certificates of deposit as well as a combined maximum of 20.00% of the portfolio that can be invested in structured products. As of December 31, 2016, all investments were in compliance with this policy. More than 5.00% of the City's investments in U.S. agency securities are in individual issuers: Federal Home Loan Bank (10.00%), Federal National Mortgage Association (9.00%), Federal Home Loan Mortgage Corporation (5.00%).

The DERP Investment Policy mandates that no managed account may invest more than 5.00% of managed assets in the securities of a single issuer. As of December 31, 2016, all DERP investments were in compliance with this policy.

**Foreign Currency Risk.** Foreign Currency risk is the risk that changes in exchange rates will adversely affect their value of an investment or deposit. The City's Investment Policy, excluding the DERP pension trust fund, does

not allow for investments in foreign currency. The DERP pension trust fund Investment Policy allows 18.50% to 30.0% of total investments to be invested in international equities and 1.50% to 3.50% of total investments to be invested in international fixed income. The DERP pension trust fund exposure to foreign currency risk as of December 31, 2016, is reflected in **Table 12** (dollars in thousands).

**Table 12**

| <b>Foreign Currency</b>                       | <b>Equities</b>   | <b>Fixed Income</b> | <b>Total</b>      |
|---|-------------------|---------------------|-------------------|
| Argentine Peso                                | \$ -              | \$ 181              | \$ 181            |
| Australian Dollar                             | 17,658            | -                   | 17,658            |
| Brazilian Real                                | 12,077            | 3,889               | 15,966            |
| British Pound Sterling                        | 52,874            | -                   | 52,874            |
| Canadian Dollar                               | 10,536            | -                   | 10,536            |
| Chilean Peso                                  | 1,281             | -                   | 1,281             |
| Chinese Yuan                                  | 47,746            | -                   | 47,746            |
| Columbian Peso                                | 544               | 2,768               | 3,312             |
| Czech Koruna                                  | 667               | -                   | 667               |
| Danish Krone                                  | 3,995             | -                   | 3,995             |
| Egyptian Pound                                | 246               | -                   | 246               |
| Euro  | 98,206            | -                   | 98,206            |
| Hong Kong Dollar                              | 11,295            | -                   | 11,295            |
| Hungarian Forint                              | 1,368             | 2,386               | 3,754             |
| Indian Rupee                                  | 13,247            | -                   | 13,247            |
| Indonesian Rupiah                             | 4,965             | 4,228               | 9,193             |
| Japanese Yen                                  | 69,755            | -                   | 69,755            |
| Malaysian Ringgit                             | 3,597             | 3,935               | 7,532             |
| Mexican Peso                                  | 3,807             | 3,475               | 7,282             |
| New Israeli Shekel                            | 2,951             | -                   | 2,951             |
| New Zealand Dollar                            | 1,657             | -                   | 1,657             |
| Norwegian Krone                               | 3,395             | -                   | 3,395             |
| Peru Sole                                     | -                 | 963                 | 963               |
| Philippine Peso                               | 667               | 191                 | 858               |
| Polish Zloty                                  | 1,667             | 4,666               | 6,333             |
| Qatari Riyal                                  | 649               | -                   | 649               |
| Romanian Leu                                  | -                 | 1,414               | 1,414             |
| Russian Ruble                                 | 5,509             | 1,996               | 7,505             |
| Singapore Dollar                              | 5,667             | -                   | 5,667             |
| South Korean Won                              | 34,451            | -                   | 34,451            |
| South African Rand                            | 10,124            | 2,912               | 13,036            |
| Swedish Krona                                 | 7,900             | -                   | 7,900             |
| Swiss Franc                                   | 19,622            | -                   | 19,622            |
| Taiwan Dollar                                 | 24,523            | -                   | 24,523            |
| Thai Baht                                     | 7,639             | 3,507               | 11,146            |
| Turkish Lira                                  | 3,790             | 3,386               | 7,176             |
| United Arab Emiarti Dirham                    | 1,491             | -                   | 1,491             |
| <b>Total Foreign Deposits and Investments</b> | <b>\$ 485,970</b> | <b>\$ 39,897</b>    | <b>\$ 525,867</b> |

3. **Denver Convention Center Hotel Authority (DCCHA).** DCCHA's investments were not subject to custodial credit risk at December 31, 2016, since they consisted solely of money market funds that are not evidenced by securities and are in DCCHA's name.
4. **Denver Urban Renewal Authority (DURA).** Although it does not have a formal policy to limit exposure to interest rate risk, DURA limits the maximum maturity of investments. At December 31, 2016, DURA's investment balances and maturities are shown in **Table 13** (dollars in thousands).

Table 13

| Investment Type                  | Investment Maturities in Years |                  |                  |
|----------------------------------|--------------------------------|------------------|------------------|
|                                  | Fair Value                     | Less than 1      | 1 - 5            |
| Money market funds               | \$ 28,339                      | \$ 28,339        | \$ -             |
| Local government investment pool | 699                            | 699              | -                |
| U.S. Treasury securities         | 30,365                         | 11,093           | 19,272           |
| Structured products              | 899                            | 619              | 280              |
| U.S. agency securities           | 32,549                         | 3,791            | 28,758           |
| Corporate bonds                  | 5,128                          | 363              | 4,765            |
| Multinational fixed income       | 1,222                          | -                | 1,222            |
| Municipal bonds                  | 2,271                          | -                | 2,271            |
| Commercial paper                 | 10,473                         | 10,473           | -                |
| <b>Total</b>                     | <b>\$ 111,945</b>              | <b>\$ 55,377</b> | <b>\$ 56,568</b> |

5. **Securities Lending.** Although the City is authorized to enter into securities lending programs with certain qualified dealers, it had no security lending transactions in 2016. Under this program, investment securities owned by the City are loaned to the dealer up to a maximum of one year in exchange for a predetermined fee. The City continues to receive interest earnings on the loaned securities. The securities are collateralized by the dealer. The collateral is held in the City's name by J.P. Morgan, the City's custodian. Collateral for these transactions is limited to permissible investments included in the City's Investment Policy with maturities not exceeding one year from the date of settlement. The initial market value of the collateral for each investment position maintained with a dealer shall be 102.00% of the market value of the securities being collateralized. Market value includes investment principal plus accrued interest. Collateral valuation levels with each dealer must be determined on at least a weekly basis, and deficiencies from the required 102.00% level must be cured no later than the following business day. The City had no securities on loan as of December 31, 2016.

The DERP pension trust fund participates in a securities lending program to augment income. The program is administered by the DERP custodial agent bank, which lends certain securities for a predetermined period of time, to an independent broker/dealer (borrower) in exchange for collateral. Collateral may be cash, U.S. Government securities, defined letters of credit or other collateral approved by the DERP. Loans of domestic securities are initially collateralized at 102.00% of the fair value of securities lent. Loans of international securities are initially collateralized at 105.00% of the fair value of securities lent. The DERP continues to receive interest and dividends during the loan period as well as a fee from the borrower. There are no restrictions on the amount of securities that can be lent at one time. The duration of securities lending loans generally matches the maturation of the investments made with cash collateral. At December 31, 2016, the fair value of underlying securities lent was \$224,846,000. The fair value of associated collateral was \$231,774,000; of this amount, \$176,973,000 represents the fair value of cash collateral and \$54,801,000 is the fair value of non-cash collateral not reported on the financial statements. The DERP pension trust fund does not have the ability to pledge or sell non-cash collateral unless the borrower defaults, therefore it is not reported on the financial statements.

## Note B – Receivables

1. **Accounts Receivables and Allowances.** The City reviews its accounts receivables periodically and allowances for doubtful accounts are established based upon management's assessment of collection. **Table 14** represents the accounts receivables and allowances for doubtful accounts at December 31, 2016.

Table 14

### Accounts Receivables and Allowances Summary

December 31, 2016 (dollars in thousands)

| Receivable              | Governmental Activities |                  |                          |                        |                   | Business-type Activities |                       |                        |                   | Fiduciary Funds   |
|-------------------------|-------------------------|------------------|--------------------------|------------------------|-------------------|--------------------------|-----------------------|------------------------|-------------------|-------------------|
|                         | General                 | Human Services   | Other Governmental Funds | Internal Service Funds | Total             | Wastewater Management    | Denver Airport System | Nonmajor Business-type | Total             | Agency and DERP   |
| Property taxes          | \$ 119,972              | \$ 66,134        | \$ 220,976               | \$ -                   | \$ 407,082        | \$ -                     | \$ -                  | \$ -                   | \$ -              | \$ 880,608        |
| Other taxes             | 70,276                  | -                | 11,253                   | -                      | 81,529            | -                        | -                     | -                      | -                 | 9,855             |
| Notes                   | 5,671                   | -                | 3,859                    | -                      | 9,530             | -                        | -                     | -                      | -                 | -                 |
| Accounts                | 11,012                  | 12,301           | 11,409                   | 2,133                  | 36,855            | 21,879                   | 59,939                | 2,684                  | 84,502            | 372               |
| Long-term accounts      | 69,731                  | -                | 35,929                   | -                      | 105,660           | -                        | 7,041                 | 2,978                  | 10,019            | -                 |
| Accrued interest        | 1,902                   | 1                | 3,021                    | 339                    | 5,263             | 987                      | 7,266                 | 124                    | 8,377             | 1,636             |
| Loans                   | 8,075                   | -                | 135,694                  | -                      | 143,769           | -                        | -                     | -                      | -                 | -                 |
| <b>Gross Receivable</b> | <b>286,639</b>          | <b>78,436</b>    | <b>422,141</b>           | <b>2,472</b>           | <b>789,688</b>    | <b>22,866</b>            | <b>74,246</b>         | <b>5,786</b>           | <b>102,898</b>    | <b>892,471</b>    |
| Allowances              | (67,797)                | (324)            | (85,567)                 | -                      | (153,688)         | -                        | (236)                 | -                      | (236)             | (4,505)           |
| <b>Net Receivable</b>   | <b>\$ 218,842</b>       | <b>\$ 78,112</b> | <b>\$ 336,574</b>        | <b>\$ 2,472</b>        | <b>\$ 636,000</b> | <b>\$ 22,866</b>         | <b>\$ 74,010</b>      | <b>\$ 5,786</b>        | <b>\$ 102,662</b> | <b>\$ 887,966</b> |

2. **Notes Receivable.** The special revenue funds', General Fund, related organizations, and component unit notes receivable balance at December 31, 2016, is shown in **Table 15** (dollars in thousands).

Table 15

|   | December 31                   | Percent of Total Related Notes Receivable |
|---|-------------------------------|---|
| Neighborhood Development Loans                      | \$ 16,845                     | n/a                                       |
| Economic Development Loans                          | 29,720                        | n/a                                       |
| Housing Development Loans                           | 106,733                       | n/a                                       |
| <b>Total Office of Economic Development</b>         | <b>153,298</b>                |   |
| Less allowances for delinquent loans                | (13,014)                      | n/a                                       |
| Less allowances for forgivable loans                | (79,264)                      | n/a                                       |
| <b>Notes Receivable, Net</b>                        | <b>\$ 61,020</b>              |   |
| Denver Health and Hospital Park Hill Health Clinic  | \$ 3,745                      | 2.44%                                     |
| Denver Housing Authority                            | 6,817                         | 4.45%                                     |
| <b>Total Related Organizations Notes Receivable</b> | <b>\$ 10,562</b> <sup>1</sup> |   |
| Denver Urban Renewal Authority                      | \$ 8,176                      | 5.34%                                     |

<sup>1</sup>Amounts included in the notes receivable balance above.

Allowance for uncollectibles for notes receivable of \$92,278,000 is included in the accounts receivable allowance of \$153,688,000 in **Table 14**. The Neighborhood, Economic and Housing Development loans are funded from both federal U.S. Housing and Urban Development grants and City monies designated for affordable housing. Recipients of affordable housing loans target low and moderate income households, special needs and the homeless. Rental and occupancy covenants are recorded on these properties for affordability periods of 20 years or more. Housing loans may be fully forgivable at the end of the affordability period, due and payable in full,

or due and payable based on occupancy rates or other conditions. The Economic Development loans are made to qualified program recipients under the Community Development Block Grant to provide business owners with funds to promote job creation and growth in targeted areas. Loans are collateralized by the underlying properties.

3. **Long-Term Receivables Allowance.** Included in long-term receivables are amounts related to reimbursement for construction costs, parking fines, court fines, and library fines. The City recorded an allowance for uncollectible accounts for governmental activities of \$59,706,000.
4. **Operating Leases.** The Denver Airport System leases portions of its Denver International Airport buildings and improvements to concession tenants under non-cancelable operating leases. Lease terms vary from 1 to 30 years. The operating leases require retail concessions to pay a minimum guarantee or percentage of gross receipts, whichever is greater. Revenue from these operating leases of \$92,755,000 was recognized in the Denver Airport System enterprise fund during the year ended December 31, 2016. Minimum future rentals due from concessions under operating leases are shown in **Table 16** (dollars in thousands).

**Table 16**

| Year         |                   |
|--------------|-------------------|
| 2017         | \$ 89,682         |
| 2018         | 35,158            |
| 2019         | 30,118            |
| 2020         | 26,967            |
| 2021         | 20,821            |
| 2022-2026    | 47,074            |
| 2027-2030    | 1,814             |
| <b>Total</b> | <b>\$ 251,634</b> |

The United Airlines lease provides it can be terminated by the airline if the airline's cost per enplaned passenger exceeds \$20 in 1990 dollars. Rental rates for airlines are established using the rate making methodology whereby a compensatory method is used to set terminal rental rates and a residual method is used to set landing fees. Rentals, fees, and charges must generate gross revenues together with other available funds sufficient to meet rate maintenance covenants per governing bond ordinances.

### Note C – Interfund Receivables, Payables, and Transfers

**Tables 17 and 18** (dollars in thousands) reflect the City's interfund balances as of December 31, 2016.

#### 1. Interfund Payables/Receivables.

**Table 17**

| Receivable Fund        | Payable Fund |                 |                       |                       |                       |                        |                  | Total            |
|------------------------|--------------|-----------------|-----------------------|-----------------------|-----------------------|------------------------|------------------|------------------|
|                        | General Fund | Human Services  | Nonmajor Governmental | Wastewater Management | Denver Airport System | Nonmajor Business-type | Internal Service |                  |
| General Fund           | \$ -         | \$ 1,030        | \$ 1,745              | \$ 358                | \$ 8,011              | \$ 391                 | \$ 73            | \$ 11,608        |
| Human Services         | 18           | -               | -                     | -                     | -                     | -                      | -                | 18               |
| Nonmajor Governmental  | -            | 1,224           | -                     | -                     | -                     | -                      | -                | 1,224            |
| Wastewater Management  | -            | -               | -                     | -                     | 113                   | -                      | -                | 113              |
| Denver Airport System  | -            | -               | -                     | -                     | -                     | -                      | -                | -                |
| Internal Service       | -            | -               | 27                    | -                     | -                     | -                      | -                | 27               |
| Nonmajor Business-type | 6            | -               | 5                     | -                     | -                     | -                      | -                | 11               |
| <b>Total</b>           | <b>\$ 24</b> | <b>\$ 2,254</b> | <b>\$ 1,777</b>       | <b>\$ 358</b>         | <b>\$ 8,124</b>       | <b>\$ 391</b>          | <b>\$ 73</b>     | <b>\$ 13,001</b> |

These balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. In addition, some balances result from the overdraft of cash balances in the payable funds.

## 2. Transfers.

Table 18

| Transfers In          | Transfers Out     |                 |                       |                       |                        |             | Total             |
|-----------------------|-------------------|-----------------|-----------------------|-----------------------|------------------------|-------------|-------------------|
|                       | General Fund      | Human Services  | Nonmajor Governmental | Wastewater Management | Nonmajor Business-type |             |                   |
| General Fund          | \$ -              | \$ 1,500        | \$ 49,833             | \$ -                  | \$ -                   | \$ -        | \$ 51,333         |
| Human Services        | 3,575             | -               | -                     | -                     | -                      | -           | \$ 3,575          |
| Nonmajor Governmental | 99,162            | 89              | 28,414                | 29                    | 295                    | -           | \$ 127,989        |
| Nonmajor Business     | 2,000             | -               | -                     | -                     | -                      | -           | \$ 2,000          |
| <b>Total out</b>      | <b>\$ 104,737</b> | <b>\$ 1,589</b> | <b>\$ 78,247</b>      | <b>\$ 29</b>          | <b>\$ 295</b>          | <b>\$ -</b> | <b>\$ 184,897</b> |

Transfers are used to move revenues from the fund in which the City budget requires collection to the fund required to expend the monies, and to move unrestricted revenues collected in the General Fund to finance various activities accounted for in other funds.

## Note D – Capital Assets

Capital asset activity for the year ended December 31, 2016, are shown in **Tables 19** and **20**.

### 1. Governmental Activities.

Table 19

#### Governmental Activities

For the Year Ended December 31, 2016 (dollars in thousands)

|  | January 1           | Additions        | Deletions          | Transfers       | December 31         |
|--|---------------------|------------------|--------------------|-----------------|---------------------|
| <b>Capital assets not being depreciated:</b>       |                     |                  |                    |                 |                     |
| Land and land rights                               | \$ 310,331          | \$ 23,253        | \$ (4,723)         | \$ -            | \$ 328,861          |
| Construction in progress                           | 51,913              | 99,506           | (12,309)           | (41,325)        | 97,785              |
| <b>Total capital assets not being depreciated</b>  | <b>362,244</b>      | <b>122,759</b>   | <b>(17,032)</b>    | <b>(41,325)</b> | <b>426,646</b>      |
| <b>Capital assets being depreciated:</b>           |                     |                  |                    |                 |                     |
| Buildings and improvements                         | 2,398,875           | 3,910            | (24,199)           | 17,529          | 2,396,115           |
| Equipment and other                                | 320,967             | 29,390           | (27,782)           | -               | 322,575             |
| Collections  | 42,300              | 6,483            | (4,690)            | 388             | 44,481              |
| Intangibles  | 35,035              | 1,368            | (2,197)            | 2,455           | 36,661              |
| Infrastructure                                     | 1,536,665           | 37,999           | (29)               | 20,953          | 1,595,588           |
| <b>Total capital assets being depreciated</b>      | <b>4,333,842</b>    | <b>79,150</b>    | <b>(58,897)</b>    | <b>41,325</b>   | <b>4,395,420</b>    |
| <b>Less accumulated depreciation for:</b>          |                     |                  |                    |                 |                     |
| Buildings and improvements                         | (785,349)           | (63,644)         | 10,845             | -               | (838,148)           |
| Equipment and other                                | (239,464)           | (23,770)         | 26,938             | -               | (236,296)           |
| Collections  | (21,696)            | (5,334)          | 4,660              | -               | (22,370)            |
| Intangibles  | (28,554)            | (4,195)          | 1,089              | -               | (31,660)            |
| Infrastructure                                     | (755,694)           | (45,247)         | 29                 | -               | (800,912)           |
| <b>Total accumulated depreciation</b>              | <b>(1,830,757)</b>  | <b>(142,190)</b> | <b>43,561</b>      | <b>-</b>        | <b>(1,929,386)</b>  |
| <b>Total capital assets being depreciated, net</b> | <b>2,503,085</b>    | <b>(63,040)</b>  | <b>(15,336)</b>    | <b>41,325</b>   | <b>2,466,034</b>    |
| <b>Governmental Activities Capital Assets, net</b> | <b>\$ 2,865,329</b> | <b>\$ 59,719</b> | <b>\$ (32,368)</b> | <b>\$ -</b>     | <b>\$ 2,892,680</b> |

## 2. Business-type Activities.

Table 20

### Business-type Activities

For the Year Ended December 31, 2016 (dollars in thousands)

|   | January 1           | Additions         | Deletions          | Transfers        | December 31         |
|---|---------------------|-------------------|--------------------|------------------|---------------------|
| <b>Capital assets not being depreciated:</b>        |                     |                   |                    |                  |                     |
| Land and land rights                                | \$ 327,700          | \$ 666            | \$ -               | \$ 4,517         | \$ 332,883          |
| Construction in progress                            | 551,454             | 263,191           | (1,510)            | (608,255)        | 204,880             |
| <b>Total capital assets not being depreciated</b>   | <b>879,154</b>      | <b>263,857</b>    | <b>(1,510)</b>     | <b>(603,738)</b> | <b>537,763</b>      |
| <b>Capital assets being depreciated:</b>            |                     |                   |                    |                  |                     |
| Buildings and improvements                          | 2,345,672           | -                 | (23,562)           | 476,474          | 2,798,584           |
| Improvements other than buildings                   | 3,242,359           | 22,932            | (17,916)           | 91,013           | 3,338,388           |
| Machinery and equipment                             | 837,895             | 15,074            | (9,031)            | 36,251           | 880,189             |
| Intangibles   | 6,125               | -                 | -                  | -                | 6,125               |
| <b>Total capital assets being depreciated</b>       | <b>6,432,051</b>    | <b>38,006</b>     | <b>(50,509)</b>    | <b>603,738</b>   | <b>7,023,286</b>    |
| <b>Less accumulated depreciation for:</b>           |                     |                   |                    |                  |                     |
| Buildings and improvements                          | (1,127,084)         | (73,315)          | 12,206             | -                | (1,188,193)         |
| Improvements other than buildings                   | (1,371,617)         | (88,722)          | 10,933             | -                | (1,449,406)         |
| Machinery and equipment                             | (726,839)           | (36,623)          | 8,217              | -                | (755,245)           |
| Intangibles   | (3,981)             | (613)             | -                  | -                | (4,594)             |
| <b>Total accumulated depreciation</b>               | <b>(3,229,521)</b>  | <b>(199,273)</b>  | <b>31,356</b>      | <b>-</b>         | <b>(3,397,438)</b>  |
| <b>Total capital assets being depreciated, net</b>  | <b>3,202,530</b>    | <b>(161,267)</b>  | <b>(19,153)</b>    | <b>603,738</b>   | <b>3,625,848</b>    |
| <b>Business-type Activities Capital Assets, net</b> | <b>\$ 4,081,684</b> | <b>\$ 102,590</b> | <b>\$ (20,663)</b> | <b>\$ -</b>      | <b>\$ 4,163,611</b> |

Note: Interest costs of \$51,778 were capitalized during 2016.

## 3. Discretely Presented Component Units. Capital Asset activity for the Denver Convention Center Hotel Authority, Denver Union Station Project Authority, and Denver Urban Renewal Authority component units is shown in Table 21.

Table 21

### Discretely Presented Component Units

For the Year Ended December 31, 2016 (dollars in thousands)

|   | January 1         | Additions<br>and Transfers | Deletions       | December 31                    |
|---|-------------------|----------------------------|-----------------|--------------------------------|
| <b>Capital assets not being depreciated:</b>                        |                   |                            |                 |                                |
| Land and land rights  | \$ 23,421         | \$ -                       | \$ -            | \$ 23,421                      |
| Construction in progress  | 204               | 78                         | -               | 282                            |
| <b>Total capital assets not being depreciated</b>                   | <b>23,625</b>     | <b>78</b>                  | <b>-</b>        | <b>23,703</b>                  |
| <b>Capital assets being depreciated:</b>                            |                   |                            |                 |                                |
| Buildings and improvements  | 249,805           | 484                        | (465)           | 249,824                        |
| Machinery and equipment   | 27,234            | 554                        | (141)           | 27,647                         |
| <b>Total capital assets being depreciated</b>                       | <b>277,039</b>    | <b>1,038</b>               | <b>(606)</b>    | <b>277,471</b>                 |
| <b>Less accumulated depreciation for:</b>                           |                   |                            |                 |                                |
| Buildings and improvements  | (59,925)          | (10,765)                   | 250             | (70,440)                       |
| Machinery and equipment   | (26,036)          | (19)                       | -               | (26,055)                       |
| <b>Total accumulated depreciation</b>                               | <b>(85,961)</b>   | <b>(10,784)</b>            | <b>250</b>      | <b>(96,495)</b>                |
| <b>Total capital assets being depreciated, net</b>                  | <b>191,078</b>    | <b>(9,746)</b>             | <b>(356)</b>    | <b>180,976</b>                 |
| <b>Discretely Presented Component Units<br/>Capital Assets, net</b> | <b>\$ 214,703</b> | <b>\$ (9,668)</b>          | <b>\$ (356)</b> | <b>\$ 204,679</b> <sup>1</sup> |

<sup>1</sup> Excludes net capital assets of \$16,086 of Other Component Units.

4. **Depreciation Expense.** Depreciation expense that was charged to governmental activities' functions is shown in **Table 22** (dollars in thousands).

**Table 22**

|  |                   |
|--|-------------------|
| General government                                     | \$ 21,435         |
| Public safety  | 11,887            |
| Public works, including depreciation of infrastructure | 60,625            |
| Human services   | 1,031             |
| Health   | 482               |
| Parks and recreation                                   | 16,045            |
| Cultural activities                                    | 30,473            |
| Community development                                  | 86                |
| Capital assets held by internal service funds          | 126               |
| <b>Total</b>   | <b>\$ 142,190</b> |

5. **Construction Commitments.** The City's governmental and business-type activities have entered into construction and professional services contracts having remaining commitments under contract as of December 31, 2016, as shown in **Table 23** (dollars in thousands).

**Table 23****Governmental Activities:**

|                                      |                   |
|--------------------------------------|-------------------|
| Winter Park Capital                  | \$ 1,766          |
| Capital Improvements                 | 73,189            |
| Conservation Trust                   | 2,256             |
| Bond Projects                        | 70,399            |
| Other Capital Projects               | 19,320            |
| Entertainment and Culture            | 1,731             |
| <b>Total Governmental Activities</b> | <b>\$ 168,661</b> |

**Business-type Activities:**

|                                       |                   |
|---------------------------------------|-------------------|
| Wastewater Management                 | \$ 48,069         |
| Denver Airport System                 | 82,924            |
| <b>Total Business-type Activities</b> | <b>\$ 130,993</b> |

The commitments for these funds are not reflected in the accompanying financial statements. Only the unpaid amounts incurred to date for these contracts are included as liabilities in the financial statements.

6. **Tax Abatements.** The City negotiates property tax abatement agreements on an individual basis and has tax abatement agreements with eighty-eight entities as of December 31, 2016.

Pursuant to sections 30-11-123 and 31-15-903, C.R.S., and Chapter 53, Article XVI, D.R.M.C., the City is authorized under the Business Incentive Program to enter into agreements with qualifying taxpayers for an incentive tax credit in the amount of the general fund portion of the taxes upon the taxpayer's new taxable personal property assessed by the City upon the new taxable personal property located at or within a new business facility, or directly attributable to an expanded business facility and located at or within the expanded facility, and used in connection with the operation of the new or expanded facility.

If at any time after the City grants an incentive tax credit, the City, in its sole discretion determines that the taxpayer did not meet all requirements of sections 30-11-123 and 31-15-903, C.R.S., Chapter 53, Article XVI, D.R.M.C. or other incentive tax credit requirements of the City under section 53-544, D.R.M.C. in the tax year for which a credit was granted, the City may issue a Special Notice of Valuation, and assess and collect taxes in the amount of the incentive tax credit for the subject tax year.

The City has not made any commitments as part of the agreements other than to reduce taxes. The City is not subject to any tax abatement agreements entered into by other governmental entities. Total tax abatements for the year ended December 31, 2016, were \$490,000.

### Note E – Lease Obligations

1. **Capitalized Leases.** The governmental activities capital leases are for various properties including the Wellington Webb Municipal Office Building, 2000 West Third Avenue Wastewater building, Arie P. Taylor Building, the Denver office building at 200 W. 14th Ave., District 1, 2, 3, and 5 Police Stations, Fire Station #10, certain Human Services facilities, the Buell Theatre, the 5440 Roslyn maintenance facility property, and the public parking unit within the Cultural Center parking garage. The capital leases also include certain computer software and network equipment, and public works, safety, and parks and recreation equipment.

The City provided funding for the construction of parking facilities adjacent to the Denver Museum of Nature and Sciences (DMNS) the Denver Zoo, and the Denver Botanic Gardens (DBG) from proceeds of certificates of participation (COP) financings. Under separate agreements, the DMNS, the Denver Zoological Foundation Inc., and DBG agreed to increase their admission charges and provide a portion of their admission revenues to help make the COP lease payments. In 2016, the DMNS collected and remitted \$577,000 to the City to be applied to the lease payments. The Zoo collected and remitted \$642,000. DBG collected and deposited \$1,476,000 with a trustee to be applied to lease payments.

In addition to base rental payments, the lease agreement related to the Wellington Webb Municipal Office Building requires the City to make all payments for any swap agreements relating to the Series 2008A Certificates of Participation (COPs) entered into by the lessor. There are 3 swap agreements considered to be hybrid instruments embedded in the lease. See Note III-G-7 for detailed information regarding the swaps.

The Airport is obligated under leases for equipment that are accounted for as capital leases. On January 9, 2015, the Airport entered a Master Installment Purchase Agreement with Banc of America Public Capital Corp for \$1,800,000 to finance various capital equipment purchases at a rate of 1.17%. Payments are due annually. The Airport entered into an Installment Purchase Agreement on January 5, 2016, with Santander for \$4,100,000 to finance various capital equipment purchases at a rate of 1.19%. Payments are due annually. Assets under capital leases at December 31, 2016, totaled \$4,100,000 net of accumulated depreciation of \$1,900,000.

The related net book values of plant and equipment under capital lease obligations as of December 31, 2016, are shown in **Table 24** (dollars in thousands).

**Table 24**

|                               | Governmental<br>Activities | Business-type<br>Activities |
|-------------------------------|----------------------------|-----------------------------|
| Buildings                     | \$ 296,138                 | \$ -                        |
| Equipment                     | 29,063                     | 4,578                       |
| Intangibles                   | 4,169                      | -                           |
| Land                          | 16,667                     | -                           |
| Less accumulated depreciation | (128,314)                  | (2,166)                     |
| <b>Net Book Value</b>         | <b>\$ 217,723</b>          | <b>\$ 2,412</b>             |

**Table 25** (dollars in thousands) is a schedule by year of future minimum lease obligations together with the present value of the net minimum lease payments as of December 31, 2016.

**Table 25**

| Year   | Governmental<br>Activities | Business-type<br>Activities |
|--|----------------------------|-----------------------------|
| 2017   | \$ 39,271                  | \$ 2,654                    |
| 2018   | 39,924                     | 2,678                       |
| 2019   | 40,312                     | 1,873                       |
| 2020   | 36,450                     | 875                         |
| 2021   | 34,769                     | 912                         |
| 2022 - 2026                                    | 136,980                    | 2,917                       |
| 2027 - 2032                                    | 147,624                    | -                           |
| 2031 - 2034                                    | 4,487                      | -                           |
| <b>Total minimum lease payments</b>            | <b>479,817</b>             | <b>11,909</b>               |
| Less amounts representing interest             | (104,705)                  | (929)                       |
| <b>Present Value of Minimum Lease Payments</b> | <b>\$ 375,112</b>          | <b>\$ 10,980</b>            |

2. **Operating Leases.** The City is committed under various cancelable leases for property and equipment. These leases are considered for accounting purposes to be operating leases. Lease expenses for the year ended December 31, 2016, were approximately \$6,396,000, for governmental activities and \$1,203,000 for business-type activities. The City expects these leases to be replaced in the ordinary course of business with similar leases. Future minimum lease payments should be approximately the same amount.

### Note F – Rates and Charges

The Denver Airport System establishes annually, as adjusted semi-annually, airline facility rentals, landing fees, and other charges sufficient to recover the costs of operations, maintenance, and debt service related to the airfield and space utilized by the airlines. Any differences between amounts collected and actual costs allocated to the airline's leased space are credited or billed to the airlines. As of December 31, 2016, the Denver Airport System has accrued a liability of \$3,107,000 for such amounts due to the airlines.

For the years ended December 31, 2001 through 2005, 75.00% of net revenues (as defined by bond ordinance) remaining at the end of each year is to be credited in the following year to the passenger airlines signatory to use and lease agreements; and thereafter it is 50.00%, capped at \$40,000,000. The net revenues credited to the airlines for the year ended December 31, 2016, were \$40,000,000 and have been accrued as a liability at year end. Other liabilities include a residual revenue credit balance of \$10,647,000.

### Note G – Long-Term Debt

1. **General Obligation Bonds.** The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are generally issued as 15 to 20-year serial bonds, except for refunding issues. General obligation bonds outstanding, excluding unamortized premium of \$16,478,000, at December 31, 2016, are \$761,406,000. Interest rates vary from 2.30% to 5.65% with a net interest cost of 1.53% to 6.77%.

General obligation bonds have been issued by the Gateway Village General Improvement District (GID) and the Denver 14th Street GID; however, these bonds are solely the obligation of the Districts and not the primary government. As of December 31, 2016, there are bonds outstanding in the amount of \$0 for the Gateway GID and \$3,535,000 for the Denver 14th Street GID.

Annual debt service requirements to maturity for general obligation bonds are shown in **Table 26** (dollars in thousands).

**Table 26**

| Year         | Governmental Activities |                       |                              |                 |
|--------------|-------------------------|-----------------------|------------------------------|-----------------|
|              | General Government      |                       | General Improvement District |                 |
|              | Principal <sup>1</sup>  | Interest <sup>2</sup> | Principal                    | Interest        |
| 2017         | \$ 56,825               | \$ 34,144             | \$ 105                       | \$ 247          |
| 2018         | 59,930                  | 31,675                | 110                          | 240             |
| 2019         | 47,930                  | 29,081                | 120                          | 232             |
| 2020         | 49,775                  | 27,147                | 130                          | 224             |
| 2021         | 51,765                  | 25,066                | 135                          | 215             |
| 2022 - 2026  | 268,196                 | 109,153               | 835                          | 919             |
| 2027 - 2031  | 226,985                 | 37,474                | 1,180                        | 581             |
| 2032 - 2036  | -                       | -                     | 920                          | 132             |
| <b>Total</b> | <b>\$ 761,406</b>       | <b>\$ 293,740</b>     | <b>\$ 3,535</b>              | <b>\$ 2,790</b> |

<sup>1</sup>Does not include \$5,103 and \$1,362 of compound interest on the Series 2007 and 2014A mini-bonds respectively or unamortized premium of \$16,478.

<sup>2</sup>Excludes Build America Bonds interest subsidy. The City is eligible to receive \$66 million

2. **Revenue Bonds.** The City and component units issue bonds and notes where income derived from acquired or constructed assets is pledged to pay debt service. Certain Airport system revenue bonds are subject to mandatory redemption requirements in 2016, and subsequent years. Revenue bonds outstanding, excluding unamortized premium (net of discount) of \$193,691,000 and \$34,996 for the primary government and the component unit DCCHA respectively, at December 31, 2016, are shown in **Table 27** (dollars in thousands).

**Table 27**

| Purpose                         | Net Interest Cost | Interest Rates | Amount              |
|---------------------------------|-------------------|----------------|---------------------|
| Excise Tax Revenue              | 3.28% to 3.89%    | 1.53% to 5.00% | \$ 374,960          |
| Wastewater Management           | 2.41% to 3.39%    | 3.00% to 5.00% | 152,860             |
| Golf Enterprise                 | 4.80%             | 4.75% to 5.50% | 2,430               |
| Denver Airport System           | 1.42% to 6.76%    | 0.84% to 6.41% | 3,890,895           |
| <b>Total primary government</b> |                   |                | <b>4,421,145</b>    |
| DCCHA component unit            |                   | 4.00% to 5.00% | 271,795             |
| <b>Total</b>                    |                   |                | <b>\$ 4,692,940</b> |

Revenue bonds' debt service requirements to maturity are shown in **Tables 28** and **29** (dollars in thousands).

Table 28

|              | Governmental Activities |                   | Business-type Activities |               |                        |                  |                        |                     |
|--------------|-------------------------|-------------------|--------------------------|---------------|------------------------|------------------|------------------------|---------------------|
|              | Principal <sup>1</sup>  | Interest          | Golf Enterprise          |               | Wastewater Management  |                  | Denver Airport System  |                     |
|              |                         |                   | Principal                | Interest      | Principal <sup>2</sup> | Interest         | Principal <sup>3</sup> | Interest            |
| 2017         | 23,485                  | 14,143            | 565                      | 120           | 4,980                  | 6,081            | 170,045                | 155,020             |
| 2018         | 22,090                  | 13,509            | 590                      | 92            | 5,065                  | 5,983            | 187,945                | 147,700             |
| 2019         | 21,440                  | 13,168            | 620                      | 62            | 5,285                  | 5,761            | 192,280                | 140,648             |
| 2020         | 15,910                  | 12,777            | 655                      | 31            | 5,500                  | 5,529            | 197,355                | 134,412             |
| 2021         | 14,260                  | 12,432            | -                        | -             | 5,745                  | 5,288            | 214,875                | 127,424             |
| 2022 - 2026  | 48,345                  | 54,685            | -                        | -             | 23,390                 | 23,054           | 1,197,465              | 510,842             |
| 2027 - 2031  | 53,320                  | 45,781            | -                        | -             | 26,040                 | 18,224           | 892,875                | 314,089             |
| 2032 - 2036  | 14,225                  | 37,177            | -                        | -             | 22,290                 | 13,468           | 436,645                | 157,033             |
| 2037-2041    | 5,035                   | 36,634            | -                        | -             | 24,615                 | 9,021            | 294,910                | 67,493              |
| 2042 - 2046  | 156,850                 | 21,508            | -                        | -             | 29,950                 | 3,688            | 106,500                | 7,493               |
| <b>Total</b> | <b>\$ 374,960</b>       | <b>\$ 261,814</b> | <b>\$ 2,430</b>          | <b>\$ 305</b> | <b>\$ 152,860</b>      | <b>\$ 96,097</b> | <b>\$ 3,890,895</b>    | <b>\$ 1,762,154</b> |

<sup>1</sup>Does not include unamortized premium of \$29,716.

<sup>2</sup>Does not include unamortized premium of \$19,122.

<sup>3</sup>Does not include unamortized premium of \$144,853.

Table 29

| Year         | Component Unit         |                   |
|--------------|------------------------|-------------------|
|              | DCCHA                  |                   |
|              | Principal <sup>1</sup> | Interest          |
| 2017         | -                      | 14,185            |
| 2018         | -                      | 13,333            |
| 2019         | 2,130                  | 13,333            |
| 2020         | 2,545                  | 13,248            |
| 2021         | 2,985                  | 13,146            |
| 2021 - 2026  | 47,895                 | 60,576            |
| 2027 - 2031  | 61,125                 | 47,344            |
| 2032 - 2036  | 78,015                 | 30,456            |
| 2037 - 2040  | 77,100                 | 9,679             |
| <b>Total</b> | <b>\$ 271,795</b>      | <b>\$ 215,300</b> |

<sup>1</sup>Does not include unamortized premium of \$34,996.

In January 2000, the City increased the tax rate on its lodger's tax by 1.75% and short-term auto rental tax by 1.75%. The City has pledged the increase portion of those taxes for debt service on \$149,190,000 of Series 2005A Excise Tax Revenue Refunding Bonds issued in August 2005, and \$73,630,000 of Series 2009A Excise Tax Revenue Refunding Bonds issued in May 2009. The bonds were issued for the purpose of refunding bonds that financed the expansion of the Colorado Convention Center and were payable through 2023. In 2016, debt service paid on the bonds was \$4,726,000.

In November 2015, Denver voters approved the indefinite extension of each of the 1.75% lodger's tax and the 1.75% auto rental tax increases ("Excise Tax Increases") and authorized the issuance of up to \$778 million of new excise tax revenue bonds supported by pledged portions of the lodger's, food and beverage, and short-term auto rental taxes for the purpose of financing tourism-related projects for the National Western Center and for improvements to the Colorado Convention Center.

In April 2016, the city issued Dedicated Tax Revenue Refunding and Improvement Bonds, Series 2016A-B, in the amount of \$397,310,000. The bonds were issued to fund the initial costs of the National Western Center and Colorado Convention Center improvements, as well as to advance refund all of the outstanding 2005A and 2009A bonds. Effective April 6, 2016, all of the outstanding 2005A and 2009A bonds were defeased and advance refunded resulting in a present value savings of \$3,608,000 and a deferred loss of \$17,517,000. The City pledged

additional revenues to the repayment of the 2016A-B bonds that were not pledged to the repayment of the 2005A and 2009A bonds. The previously unpledged 3.25% and 3.5% portions of the lodger's tax and auto rental tax, respectively, have been pledged to the repayment of the 2016A-B bonds. No new excise taxes or increases to existing excise taxes were imposed in conjunction with the issuance of 2016A-B bonds.

The Series 2016A bonds are fixed rate bonds with final maturity in 2046; The Series 2016B bonds are fixed rate bonds with final maturity in 2032. The total principal and interest remaining to be paid on the bonds is \$636,774,000, with annual combined debt service requirements ranging from \$7,327,000 to \$37,628,000. In 2016, debt service paid and net revenue available for debt service was \$26,916,000 and \$122,680,000, respectively.

The City, through its Department of Aviation, has pledged future Airport System Net Revenues, as defined in the 1984 Airport System General Bond Ordinance as supplemented and amended and the 1990 Airport System Subordinate Bond Ordinance as supplemented and amended. The \$3,890,895,000 of outstanding bonds were issued for the purpose of financing capital projects at the airport and for refinancing earlier bond issues and have maturities ranging from 2016 to 2043. The total principal and estimated interest remaining to be paid on the bonds is \$5,653,049,000. Over the past 10 years, annual net revenues available for debt service have averaged \$438,495,000. In 2016, debt service paid and net revenue available for debt service was \$366,886,000 and \$497,560,000 respectively.

On December 1, 2016, the Airport issued \$256,810,000 of Series 2016A Bonds in a non-AMT fixed rate mode to refund all of the outstanding Series 2006A, 2007B, and 2007E Bonds through a negotiated sale with RBC Capital Markets as the lead underwriter. On December 13, 2016, the Airport issued \$108,735,000 of Series 2016B Bonds in a non-AMT index rate mode to refund all of the outstanding Series 2014A Bonds through a negotiated sale with Bank of America Merrill Lynch. Combined, these two transactions will result in a net present value savings of \$41,533,000 through 2032. The difference between the reacquisition price of \$420,100,000 and the net carrying amount of the old debt of \$410,624,000 resulted in the recognition of a deferred loss on refunding in the amount of \$9,477,000. The deferred loss on refunding is being amortized over the remaining use of the old debt.

Included in the Airport System's revenue bonds are \$34,900,000 of Series 1992F, G; \$28,200,000 of Series 2002C, \$58,400,000 of Series 2008B, \$92,600,000 of Series 2008C1, \$200,000,000 of Series 2008C2-C3, \$104,655,000 of Series 2009C and \$130,600,000 of Series 2007G1-G2 of Airport Revenue Bonds Series. These bonds are currently credit facility bonds, which bear interest at rates indexed to 1-month LIBOR and are subject to mandatory redemption when the credit facilities and reimbursement agreements supporting them expire and upon the occurrence of certain other events of default. These agreements will either be extended, replaced, or the bonds will be refunded prior to the expiration date.

The City, through its Wastewater Management Division, has pledged future income from its storm drainage and sanitary sewerage facilities, net of operating expenses, for debt service on \$50,425,000 of Series 2012 Wastewater Revenue Bonds issued in January 2012 and for debt service on \$115,000,000 of Series 2016 Wastewater Revenue bonds issued in November of 2016. The Series 2012 bonds were issued for the purpose of refunding the remaining \$20,350,000 of Series 2002 Wastewater Revenue bonds outstanding and to finance improvements to the storm drainage facilities. The Series 2016 bonds were issued to finance capital improvement projects. The total principal and interest remaining to be paid on the bonds is \$248,957,000, with annual requirements ranging from \$6,725,000 to \$11,061,000. Over the past 10 years, annual net revenues available for debt service have averaged \$21,706,000. In 2016, debt service paid and net revenue available for debt service was \$4,328,000 and \$35,293,000 respectively.

The City, through its Golf Division, has pledged future income from its golf facilities, net of operating expenses, for debt service on \$7,365,000 of Series 2005 Golf Enterprise Revenue Bonds issued in March 2006. The bonds were issued for the purpose of financing the construction of certain golf facilities of the City and are payable through 2020. The total principal and interest remaining to be paid on the bonds is \$2,735,000, with annual requirements of approximately \$684,000. Over the past 10 years annual net revenues available for debt service have averaged \$1,608,000. In 2016, debt service paid and net revenue available for debt service was \$685,000 and \$1,940,000, respectively.

For detailed information on individual bond issues see **Other Supplementary Schedules – Combined Schedule of Bonds Payable and Escrows**.

3. **Other Debt.** DURA component unit note payable and tax increment bonds, exclusive of unamortized premium of \$28,864,000 at December 31, 2016, are comprised of the following individual issues shown in **Table 30** (dollars in thousands).

**Table 30**

| Purpose        | Interest Rates     | Amount            |
|----------------|--------------------|-------------------|
| Series 2007    | 1.78% <sup>1</sup> | \$ 845            |
| Series 2010B-1 | 3.00% - 5.00%      | 61,520            |
| Series 2013A-1 | 5.00%              | 128,240           |
| Series 2014D-2 | 4.10% - 4.19%      | 55,050            |
| Note payable   |                    | 4,939             |
| <b>Total</b>   |                    | <b>\$ 250,594</b> |

<sup>1</sup>Fixed rate through 2016, then converts to variable

On June 23, 2016, the RiNo Denver General Improvement district issued \$3,000,000 of revenue notes for the purpose of financing improvements to Brighton Boulevard between 29th and 44th Streets. The revenue notes were issued with a fixed rate of 3.55% and mature on 6/1/2036. Debt service for the RiNo General Improvement District's revenue note is to be paid from special assessments collected from property owners fronting Brighton Boulevard within the district. The balance on the revenue notes at December 31, 2016, is \$2,309,000.

Debt service requirements to maturity for DURA's bond issues as well as RiNo GID's revenue note are shown in **Table 31** (dollars in thousands).

**Table 31**

| Year         | DURA              |                  | RiNo GID        |                 |
|--------------|-------------------|------------------|-----------------|-----------------|
|              | Principal         | Interest         | Principal       | Interest        |
| 2017         | \$ 22,880         | \$ 11,691        | \$ 107          | \$ 103          |
| 2018         | 28,145            | 10,593           | 111             | 99              |
| 2019         | 26,685            | 9,255            | 115             | 95              |
| 2020         | 20,955            | 7,967            | 119             | 91              |
| 2021 - 2025  | 146,990           | 23,763           | 462             | 385             |
| 2026 - 2030  | -                 | -                | 591             | 257             |
| 2031 - 2035  | -                 | -                | 713             | 104             |
| 2036         | -                 | -                | 91              | 1               |
| <b>Total</b> | <b>\$ 245,655</b> | <b>\$ 63,269</b> | <b>\$ 2,309</b> | <b>\$ 1,135</b> |

Debt service for DURA's note, payable to the City, is dependent on the availability of tax increment financing (TIF) revenue. Due to the uncertainty of this revenue the payments cannot be estimated. Payments will be made quarterly on the 10th of January, April, June and October, and will consist of the entirety of DURA's receipt of TIF revenues.

- 4. Indentures and Reporting Requirements.** The City is subject to a number of limitations and restrictions contained in various indentures. Such limitations and covenants include: continued collection of pledged revenues, segregation of pledged revenues, and maintenance of specified levels of bond reserve funds, permissible investment of bond proceeds and pledged revenues, and ongoing disclosure to the secondary bond market in accordance with the Securities and Exchange Commission's Rule 15c2-12. The City is in compliance with all significant covenants.
- 5. Notes payable.** The Airport System entered into Master Installment Purchase Agreements on October 26, 2006. These include an agreement with Koch Financial Corporation for \$23,000,000 and an agreement with GE Capital Public Finance for \$9,000,000. These transactions financed capital equipment purchases at rates and terms of 4.34% and 4.16% based on a 30/360 calculation for 2007 and were paid off in 2016. The Airport System entered into a \$20,500,000 Master Installment Purchase Agreement with Sovereign Leasing, LLC on January 10, 2012, to finance capital equipment purchases, at a rate of 1.96% based on a 30/360 calculation for 2012. The payment schedules relating to the note requirements as of December 31, 2016, are shown in **Table 32** (dollars in thousands).

Table 32

| Year         | Denver International Airport |               |
|--------------|------------------------------|---------------|
|              | Principal                    | Interest      |
| 2017         | 2,067                        | 196           |
| 2018         | 2,108                        | 155           |
| 2019         | 2,149                        | 113           |
| 2020         | 2,192                        | 71            |
| 2021         | 2,235                        | 27            |
| <b>Total</b> | <b>\$ 10,751</b>             | <b>\$ 562</b> |

The City has a note payable with JP Morgan Chase Bank of New York in the amount of \$1,431,000 as of December 31, 2016. This represents Housing and Urban Development (HUD) loans that are due regardless of amounts received from borrowers.

- 6. Changes in Long-term Liabilities.** Long-term liability activity for the year ended December 31, 2016, is shown in **Tables 33** and **34** (dollars in thousands).

Table 33

| Governmental Activities                     | January 1           | Additions         | Deletions         | December 31         | Due within one year |
|---|---------------------|-------------------|-------------------|---------------------|---------------------|
| Legal liability                             | \$ 5,215            | \$ 2,600          | \$ 3,965          | \$ 3,850            | \$ -                |
| Compensated absences:                       |                     |                   |                   |                     |                     |
| Classified service employees - 3,164        | 98,259              | 24,873            | 26,553            | 96,579              | 4,523               |
| Career Service employees - 5,912            | 47,947              | 25,395            | 26,149            | 47,193              | 3,923               |
| Net other postemployment benefit obligation | 15,639              | 1,450             | -                 | 17,089              | -                   |
| Net pension liability                       | 809,969             | 389,369           | 71,134            | 1,128,204           | -                   |
| Claims payable                              | 29,449              | 6,673             | 8,309             | 27,813              | 9,684               |
| General obligation bonds <sup>1</sup>       | 820,901             | 1,239             | 54,270            | 767,870             | 54,025              |
| GID general obligation bonds                | 4,130               | -                 | 595               | 3,535               | 105                 |
| GID revenue note                            | -                   | 3,000             | 691               | 2,309               | 107                 |
| Excise tax revenue bonds                    | 171,365             | 397,310           | 193,715           | 374,960             | 23,485              |
| Capitalized lease obligations               | 403,555             | 373               | 28,816            | 375,112             | 26,196              |
| Unamortized premium                         | 31,080              | 30,858            | 11,685            | 50,253              | -                   |
| Intergovernmental agreement                 | 2,591               | -                 | 623               | 1,968               | 658                 |
| Other governmental funds - note payable     | 1,431               | -                 | -                 | 1,431               | -                   |
| <b>Total Governmental Activities</b>        | <b>\$ 2,441,531</b> | <b>\$ 883,140</b> | <b>\$ 426,505</b> | <b>\$ 2,898,166</b> | <b>\$ 122,706</b>   |

<sup>1</sup>Additions to general obligation bonds represent mini-bond accretion of \$1,239. Ending balance includes compound interest from the 2007 and 2014A mini-bonds of \$6,465.

Table 34

|  | January 1           | Additions         | Deletions         | December 31         | Due within one year |
|--|---------------------|-------------------|-------------------|---------------------|---------------------|
| <b>Business-type Activities</b>                |                     |                   |                   |                     |                     |
| Wastewater Management                          |                     |                   |                   |                     |                     |
| Revenue bonds                                  | \$ 40,710           | \$ 115,000        | \$ 2,850          | \$ 152,860          | \$ 4,980            |
| Unamortized premium                            | 4,613               | 14,853            | 344               | 19,122              | -                   |
| Net pension liability                          | 25,079              | 11,180            | 1,953             | 34,306              | -                   |
| Capitalized lease obligations                  | 6,857               | -                 | 579               | 6,278               | 593                 |
| Compensated absences                           | 3,131               | 1,654             | 1,462             | 3,323               | 940                 |
| Other long-term liabilities                    | -                   | -                 | -                 | -                   | -                   |
| <b>Total Wastewater Management</b>             | <b>80,390</b>       | <b>142,687</b>    | <b>7,188</b>      | <b>215,889</b>      | <b>6,513</b>        |
| Denver Airport System:                         |                     |                   |                   |                     |                     |
| Revenue bonds                                  | 4,112,490           | 365,545           | 587,140           | 3,890,895           | 170,045             |
| Unamortized premium                            | 128,879             | 39,396            | 23,422            | 144,853             | -                   |
| Net pension liability                          | 115,000             | 52,209            | 9,176             | 158,033             | -                   |
| Notes payable                                  | 15,692              | -                 | 4,941             | 10,751              | 2,067               |
| Capitalized lease obligations                  | 1,385               | 4,096             | 1,487             | 3,994               | 1,485               |
| Compensated absences                           | 9,071               | 6,717             | 6,285             | 9,503               | 2,299               |
| <b>Total Denver Airport System</b>             | <b>4,382,517</b>    | <b>467,963</b>    | <b>632,451</b>    | <b>4,218,029</b>    | <b>175,896</b>      |
| Nonmajor enterprise funds:                     |                     |                   |                   |                     |                     |
| Revenue bonds                                  | 2,970               | -                 | 540               | 2,430               | 565                 |
| Unamortized net premium                        | 3                   | -                 | 3                 | -                   | -                   |
| Net pension liability                          | 8,465               | 3,678             | 370               | 11,773              | -                   |
| Capitalized lease obligations                  | 1,322               | -                 | 614               | 708                 | 352                 |
| Compensated absences                           | 1,225               | 449               | 481               | 1,193               | 305                 |
| <b>Total nonmajor enterprise funds</b>         | <b>13,985</b>       | <b>4,127</b>      | <b>2,008</b>      | <b>16,104</b>       | <b>1,222</b>        |
| <b>Total Business-type Activities</b>          | <b>\$ 4,476,892</b> | <b>\$ 614,777</b> | <b>\$ 641,647</b> | <b>\$ 4,450,022</b> | <b>\$ 183,631</b>   |
| <b>Major Component Units:</b>                  |                     |                   |                   |                     |                     |
| Revenue bonds <sup>1</sup>                     | \$ 334,799          | \$ 307,004        | \$ 335,012        | \$ 306,791          | \$ -                |
| Increment bonds and notes payable <sup>2</sup> | 637,719             | 2,571             | 51,301            | 588,989             | 23,678              |
| Compensated absences                           | 166                 | 112               | 117               | 161                 | -                   |
| <b>Total Major Component Units</b>             | <b>\$ 972,684</b>   | <b>\$ 309,687</b> | <b>\$ 386,430</b> | <b>\$ 895,941</b>   | <b>\$ 23,678</b>    |

<sup>1</sup>Includes unamortized premium of \$34,996.

<sup>2</sup>Includes unamortized premium of \$28,864.

The legal liability, compensated absences, net other post-employment benefit (OPEB) obligation and other accrued liabilities in the governmental activities are generally liquidated by the General Fund. The other governmental funds include a note payable liquidated by the Community Development special revenue fund and a claims payable liquidated by the Workers' Compensation internal service fund. The amount available for long-term debt in the debt service funds and in the special revenue fund was \$140,821,000.

7. **Swap Agreements.** Included in the City's governmental activities are three derivatives that are embedded in the City's certificated lease for the Webb Municipal Office Building. The intent of the three pay-fixed, receive-variable interest rate swaps is to protect against rising interest rates on the variable rate 2008A Certificates of Participation (COPs). In 2003, Civic Center Office Building, Inc., the lessor, entered into two swap agreements with JP Morgan, associated with the 2003C1 and 2003C2 COPs, and one swap agreement with Lehman Brothers that was associated with the 2003C3 COPs. In October 2008, due to the deteriorating credit rating of the insurer (AMBAC), the outstanding COPs were refunded by the Series 2008A1-A3 Refunding Certificates of Participation, terminating the three swaps. To maintain the interest rate hedge related to the lease payments, the derivative instruments with JP Morgan were amended and new swaps were entered into that were associated with the 2008A1 and 2008A2 COPs. The derivative instrument with Lehman Brothers was terminated and replaced with an agreement with Royal Bank of Canada (RBC). A new swap was initiated under the RBC agreement that was associated with the 2008A3 COPs. At the time of termination of the 2003 swaps, the JP Morgan swaps had negative fair values, and no termination payments were made. In addition to a termination payment made to Lehman Brothers by the City, an up-front payment of \$475,000 was received from RBC at the initiation of the 2008 replacement swap. These events resulted in off-market components of the swaps that are being treated as implied loans for accounting purposes and are being amortized through investment revenues over the life of the new hedges.

As of December 31, 2016, all three swaps are effective cash flow hedges and the fair values and changes in fair values are reported in the government-wide Statement of Net Position as deferred outflows of governmental activities. The combined fair market value of the three swaps as of December 31, 2016, was (\$31,850,000). The year-end fair values were calculated using the mid-market LIBOR swap curves as of December 31, 2016. The fair values represent the difference between the present value of the fixed payments and the present value of the floating payments, at forward floating rates as of December 31, 2016. When the present value of payments to be made by the City exceeds the present value of payments to be received, the swap has a negative value to the City. When the present value of payments to be received by the City exceeds that of payments to be made, the swap has a positive value to the City.

**Table 35** provides the swap associated debt rates as of December 31, 2016.

**Table 35**

| Swap   | 2008A1        | 2008A2        | 2008A3        |
|--|---------------|---------------|---------------|
| Associated debt                                | 2008A1 COP    | 2008A2 COP    | 2008A3 COP    |
| Fixed payment to counterparty                  | 3.400%        | 3.400%        | 3.130%        |
| Variable payment from counterparty (68% LIBOR) | -(0.471%)     | -(0.471%)     | -(0.471%)     |
| Net swap interest rate                         | 2.929%        | 2.929%        | 2.659%        |
| Variable-rate certificate coupon payment       | 0.710%        | 0.710%        | 0.710%        |
| <b>Net swap and certificate rate</b>           | <b>3.639%</b> | <b>3.639%</b> | <b>3.369%</b> |

As rates vary, lease interest payments and net swap payments will vary. As of December 31, 2016, lease payment requirements of the related variable rate COPs and the net swap payments, assuming current rates remain the same, for their terms, are summarized in **Table 36** (dollars in thousands).

**Table 36**

| Year         | Principal         | Interest         | Interest Rate Swaps Net | Total             |
|--------------|-------------------|------------------|-------------------------|-------------------|
| 2017         | 8,695             | 1,564            | 6,215                   | 16,474            |
| 2018         | 9,235             | 1,502            | 5,962                   | 16,699            |
| 2019         | 9,805             | 1,437            | 5,693                   | 16,935            |
| 2020         | 10,410            | 1,367            | 5,409                   | 17,186            |
| 2021         | 11,055            | 1,293            | 5,108                   | 17,456            |
| 2022-2026    | 66,355            | 5,187            | 20,350                  | 91,892            |
| 2027-2031    | 104,725           | 2,560            | 9,785                   | 117,070           |
| <b>Total</b> | <b>\$ 220,280</b> | <b>\$ 14,910</b> | <b>\$ 58,522</b>        | <b>\$ 293,712</b> |

**Table 37** (dollars in thousands) provides the fair values and the 2016 changes in fair value of the on-market and the implied loan portions of the swaps as of December 31, 2016, and the accounting classifications of the changes in fair value for the year then ended.

**Table 37**

| Counterparty                  | Effective Date | Notional Amount   | Termination Date | Associated Debt Series | Fair Values 12/31/2016 | Change in Fair Value | Classification                         |
|-------------------------------|----------------|-------------------|------------------|------------------------|------------------------|----------------------|--|
| <b>2008A1 Swap Agreements</b> |                |                   |                  |                        |                        |                      |  |
| JP Morgan Chase Bank          | 7/17/03        | \$ 72,080         | 12/1/29          | 2008A1 COP             | \$ (9,428)             | \$ (2,099)           | Deferred outflow<br>Investment revenue |
|                               |                |                   |                  |                        |                        | \$ (255)             |  |
| <b>2008A2 Swap Agreements</b> |                |                   |                  |                        |                        |                      |  |
| JP Morgan Chase Bank          | 7/17/03        | 60,780            | 12/1/29          | 2008A2 COP             | (7,947)                | (1,771)              | Deferred outflow<br>Investment revenue |
|                               |                |                   |                  |                        |                        | (215)                |  |
| <b>2008A3 Swap Agreements</b> |                |                   |                  |                        |                        |                      |  |
| Royal Bank of Canada          | 10/1/08        | 87,420            | 12/1/31          | 2008A3 COP             | (14,475)               | (2,618)              | Deferred outflow<br>Investment revenue |
|                               |                |                   |                  |                        |                        | (20)                 |  |
| <b>Total</b>                  |                | <b>\$ 220,280</b> |                  |                        | <b>\$ (31,850)</b>     | <b>\$ (6,488)</b>    | <b>\$ (490)</b>                        |

**Note:** Certain City derivatives have been reported as investment derivatives in accordance with the provisions of GASB 53. Additionally, investment income on these derivatives has also been recognized in accordance with GASB 53. The City does not enter into derivative transactions for investment purposes, nor does the City Charter allow for the investment in derivative investments.

The risk involved in the three swaps flows through the lease from Civic Center Office Building, Inc. (the “lessor”) to the City. The following risks are generally associated with swap agreements:

- **Credit risk** – All of the governmental activity swaps rely on the performance of the respective swap counterparties. The City is exposed to the risk of these counterparties being unable to fulfill their financial obligations to the lessor. The City measures the extent of the risk based on the credit ratings of each counterparty and the fair value of the swap agreement. As of December 31, 2016, there was no risk of loss to the City, as the swap agreements had negative fair values. The credit ratings of the counterparties as of December 31, 2016, are shown in **Table 38**.

**Table 38**

| Counterparty (Credit Support Provider) | Ratings of the Counterparty or its Credit Support Provider |         |       |
|--|--|---------|-------|
|  | S&P  | Moody's | Fitch |
| JP Morgan Chase Bank                   | A+   | Aa3     | AA-   |
| Royal Bank of Canada                   | AA-  | Aa3     | AA    |

- **Termination risk** – Any party to these swap agreements may terminate the swap if the other party fails to perform under the terms of the contract. Additionally, the lessor may terminate any of the swap agreements at any time at its sole discretion. If the swap had a negative fair value at the time of termination the City could be liable to the counterparty for a termination payment equal to the fair market value of the swap. If any of the swaps were terminated, the associated variable rate certificates would no longer have the benefit of the interest rate hedge.
- **Interest rate risk** – The City is exposed to interest rate risk on the swaps. In regards to the pay fixed, receive variable swaps, as the London Interbank Offered Rate (LIBOR) index rate decreases, the City’s net payments on the swaps increase.
- **Basis risk** – The City pays interest at variable rates on the COPs associated with the swaps. Each of the swap agreements provide for the applicable counterparty to make variable rate payments based on the LIBOR index. To the extent that the variable rate paid on the certificates is different than the rate received from the counterparties based on LIBOR, there may be a net loss or benefit to the City.

The Airport System has entered into interest rate swap agreements in order to protect against rising interest rates. The 1998, 1999 and 2009A swap agreements are pay fixed, receive variable rate, cash flow hedges, with the variable payment from the counterparty based on the USD-SIFMA Municipal Swap Index and the variable rate of the bonds. The rest of the Airport System’s swap agreements are considered investment derivatives as defined by GASB 53. **Table 39** provides a profile of the terms of the Airport’s swap agreements (all rates as of December 31, 2016).

**Table 39**

| SWAP                          | 1999, 2002<br>2009A    | 2005<br>2006B   | 2006A, 2006B<br>2008A           | 1998          | 2008B            |
|-------------------------------|------------------------|-----------------|---------------------------------|---------------|------------------|
| Associated Debt               | 2002C, 2008B,<br>2009C | 2007D,<br>2016A | 2002C, 2007F-G,<br>2016A, 2016B | 2008C2-C3     | 2002C,<br>2008C1 |
| Payment to counterparty       | 6.323%                 | 4.851%          | 4.009%                          | 4.740%        | 4.760%           |
| Payment from counterparty     | 1.309%                 | 4.626%          | 0.541%                          | 0.641%        | 0.799%           |
| Net swap interest rate        | 5.014%                 | 0.225%          | 3.468%                          | 4.099%        | 3.962%           |
| Associated bond interest rate | 1.218%                 | 5.000%          | 1.254%                          | 1.150%        | 1.149%           |
| <b>Net swap and bond rate</b> | <b>6.232%</b>          | <b>5.225%</b>   | <b>4.722%</b>                   | <b>5.249%</b> | <b>5.110%</b>    |

As rates vary, variable rate bond interest payments and net swap payments will vary. As of December 31, 2016, debt service requirements of the related variable rate debt and net swap payments for the Airport System's cash flow hedges (1998, 1999 and 2009A swap agreements), assuming current interest rates remain the same, for their terms, are reflected in **Table 40** (dollars in thousands).

**Table 40**

| Year         | Principal         | Interest         | Interest Rate Swaps Net | Total             |
|--------------|-------------------|------------------|-------------------------|-------------------|
| 2017         | \$ 5,200          | \$ 4,736         | \$ 18,095               | \$ 28,031         |
| 2018         | 8,300             | 4,679            | 18,095                  | 31,074            |
| 2019         | 43,435            | 4,576            | 16,468                  | 64,479            |
| 2020         | 46,680            | 4,057            | 13,216                  | 63,953            |
| 2021         | 48,625            | 3,499            | 9,695                   | 61,819            |
| 2022-2026    | 156,955           | 10,454           | 13,384                  | 180,793           |
| 2027-2031    | 90,805            | 3,335            | -                       | 94,140            |
| <b>Total</b> | <b>\$ 400,000</b> | <b>\$ 35,336</b> | <b>\$ 88,953</b>        | <b>\$ 524,289</b> |

Variable Rate Bonds and Swap payments are calculated using rates in effect on December 31, 2016.

**Table 41** (dollars in thousands) provides a summary of the Airport's interest rate swap transactions as of December 31, 2016.

**Table 41**

| Counterparty                           | Effective Date | Notional Amount | Bond/Swap Termination Date | Associated Debt Series | Payable Swap Rate      | Variable Receivable Swap Rate | Changes in Fair Value |            | Fair Values December 31 |
|--|----------------|-----------------|----------------------------|------------------------|------------------------|-------------------------------|-----------------------|------------|-------------------------|
|  |                |                 |                            |                        |                        |                               | Classification        | Amount     |                         |
| <b>Hedging Derivatives</b>             |                |                 |                            |                        |                        |                               |                       |            |                         |
| <b>1998 Swap Agreements</b>            |                |                 |                            |                        |                        |                               |                       |            |                         |
| Goldman Sachs Capital Markets, L.P.    | 10/4/00        | 100,000         | 11/15/25                   | 2008C2-C3              | 4.7600%                | 70% LIBOR + 0.10%             | Deferred outflow      | \$ (1,990) | \$ (17,214)             |
| Societe Generale, New York Branch      | 10/4/00        | 100,000         | 11/15/25                   | 2008C2-C3              | 4.7190%                | 70% LIBOR + 0.10%             | Investment income     | (2,374)    |                         |
|  |                |                 |                            |                        |                        |                               | Deferred outflow      | (1,979)    | (17,001)                |
|  |                |                 |                            |                        |                        |                               | Investment income     | (2,339)    |                         |
| <b>1999 Swap Agreements</b>            |                |                 |                            |                        |                        |                               |                       |            |                         |
| Goldman Sachs Capital Markets, L.P.    | 10/4/01        | 100,000         | 11/1/22                    | <sup>1</sup>           | 5.6179%                | SIFMA                         | Deferred outflow      | (3,602)    | (16,145)                |
|  |                |                 |                            |                        |                        |                               | Investment income     | (2,643)    |                         |
| Merrill Lynch Capital Services, Inc.   | 10/4/01        | 50,000          | 11/1/22                    | <sup>1</sup>           | 5.5529%                | SIFMA                         | Deferred outflow      | (1,794)    | (7,948)                 |
|  |                |                 |                            |                        |                        |                               | Investment income     | (1,293)    |                         |
| <b>Investment Derivatives</b>          |                |                 |                            |                        |                        |                               |                       |            |                         |
| <b>2002 Swap Agreements</b>            |                |                 |                            |                        |                        |                               |                       |            |                         |
| Goldman Sachs Capital Markets, L.P.    | 4/15/02        | 100,000         | 11/1/22                    | <sup>1</sup>           | SIFMA                  | 76.33% LIBOR                  | Investment income     | 1,181      | (516)                   |
| <b>2005 Swap Agreements</b>            |                |                 |                            |                        |                        |                               |                       |            |                         |
| Royal Bank of Canada                   | 11/15/06       | 49,578          | 11/15/25                   | 2007D                  | <sup>3</sup> 3.5650%   | 70% LIBOR                     | Investment income     | (1,597)    | (6,311)                 |
| JP Morgan Chase Bank, N.A.             | 11/15/06       | 49,578          | 11/15/25                   | 2007D                  | <sup>3</sup> 3.6874%   | 70% LIBOR                     | Investment income     | (1,615)    | (6,397)                 |
| Jackson Financial Products, LLC        | 11/15/06       | 99,156          | 11/15/25                   | 2007D                  | <sup>3</sup> 3.6560%   | 70% LIBOR                     | Investment income     | (3,195)    | (12,621)                |
| Piper Jaffray Financial Products, Inc. | 11/15/06       | 49,578          | 11/15/25                   | 2007D                  | <sup>3</sup> 3.6560%   | 70% LIBOR                     | Investment income     | (1,597)    | (6,311)                 |
| <b>2006A Swap Agreements</b>           |                |                 |                            |                        |                        |                               |                       |            |                         |
| JP Morgan Chase Bank, N.A.             | 11/15/07       | 139,450         | 11/15/25                   | 2007F-G/2014A          | <sup>2</sup> 4.0085%   | 70% LIBOR                     | Investment income     | (4,947)    | (18,443)                |
| GKB Financial Services Corp.           | 11/15/07       | 46,483          | 11/15/25                   | 2007F-G/2014A          | <sup>2</sup> 4.0085%   | 70% LIBOR                     | Investment income     | (1,648)    | (6,148)                 |
| <b>2006B Swap Agreements</b>           |                |                 |                            |                        |                        |                               |                       |            |                         |
| Royal Bank of Canada                   | 11/15/06       | 49,578          | 11/15/25                   | <sup>3</sup>           | SIFMA                  | 4.0855%                       | Investment income     | 2,476      | 6,647                   |
| JP Morgan Chase Bank, N.A.             | 11/15/06       | 49,578          | 11/15/25                   | <sup>3</sup>           | SIFMA                  | 4.0855%                       | Investment income     | 2,476      | 6,647                   |
| Jackson Financial Products, LLC        | 11/15/06       | 99,156          | 11/15/25                   | <sup>3</sup>           | SIFMA                  | 4.0855%                       | Investment income     | 4,960      | 13,287                  |
| Piper Jaffray Financial Products, Inc. | 11/15/06       | 49,578          | 11/15/25                   | <sup>3</sup>           | SIFMA                  | 4.0855%                       | Investment income     | 2,498      | 6,625                   |
| <b>2008A Swap Agreements</b>           |                |                 |                            |                        |                        |                               |                       |            |                         |
| Royal Bank of Canada                   | 12/18/08       | 92,967          | 11/15/25                   | 2007F-G                | <sup>2,4</sup> 4.0085% | 70% LIBOR                     | Investment income     | (3,297)    | (12,294)                |
| <b>2008B Swap Agreements</b>           |                |                 |                            |                        |                        |                               |                       |            |                         |
| Loop Financial Products I, LLC         | 1/8/09         | 100,000         | 11/15/25                   | 2008C1                 | <sup>2</sup> 4.7600%   | 70% LIBOR + 0.10%             | Investment income     | (3,718)    | (19,092)                |
| <b>2009A Swap Agreements</b>           |                |                 |                            |                        |                        |                               |                       |            |                         |
| Loop Financial Products I, LLC         | 1/12/10        | 50,000          | 11/15/22                   | <sup>1</sup>           | 5.6229%                | SIFMA                         | Deferred outflow      | (2,174)    | (8,045)                 |
|  |                |                 |                            |                        |                        |                               | Investment income     | (988)      |                         |
| <b>TOTAL</b>                           |                |                 |                            |                        |                        |                               |                       |            | <b>\$ (121,280)</b>     |

<sup>1</sup> Swaps are currently associated with Series 2009C bonds, Series 2008B, and a portion of the Series 2002C bonds.

<sup>2</sup> A portion of the Series 2002C bonds are additionally associated with these swaps.

<sup>3</sup> Previously associated with 2006A. Swaps currently associated with Series 2016A.

<sup>4</sup> Previously associated with 2014A. Swaps currently associated with Series 2016b.

**Note:** Certain City derivatives have been reported as investment derivatives in accordance with the provisions of GASB 53. Additionally, investment income on these derivatives has also been recognized in accordance with GASB 53. The City does not enter into derivative transactions for investment purposes, nor does the City Charter allow for the investment in derivative investments.

Payments by the Airport System to counterparties relating to these swap agreements, including termination payments, are Subordinate Obligations, subordinate to debt service payments on the Airport System's Senior Bonds, and on parity with the Airport System's Subordinate Bonds. The year-end fair values were calculated using the mid-market LIBOR and BMA swap curves as of December 31, 2016. Fair values represent the difference between the present value of the fixed payments and the present value of the floating payments, at forward floating rates as of December 31, 2016. When the present value of payments to be made by the Airport System exceeds the present value of payments to be received, the swap has a negative value to the Airport System. When the present value of payments to be received by the Airport System exceeds that of payments to be made, the swap has a positive value to the Airport System.

The following risks are generally associated with swap agreements:

- Credit Risk** – All of the Airport System's swap agreements rely upon the performance of swap counterparties. The Airport System is exposed to the risk of these counterparties being unable to fulfill their financial obligations to the Airport System. The Airport System measures the extent of this risk based upon the credit ratings of the counterparty and the fair value of the swap agreement. If the Airport System delivers a surety policy or other credit support document guaranteeing its obligations under the swap agreement that is rated in the highest rating category of either Standard & Poor's, Moody's Investors Service or Fitch, for any swap agreement, the counterparty to that agreement is obligated to either be rated, or provide credit support securing its obligations under the swap agreement rated in the highest rating category of either Standard & Poor's, Moody's Investors Service or Fitch; or, under certain circumstances, provide collateral. The Airport System is obligated, under the swap agreements, to provide such surety policy or credit support if the unsecured and unenhanced ratings of the Airport System's Senior Bonds is below any two of BBB by Standard & Poor's, Baa2 by Moody's Investors Service or BBB by Fitch. As of December 31, 2016, the ratings of the Airport System's Senior Bonds were A+ by Standard & Poor's (with a stable outlook), A1 by Moody's Investors Service (with a stable outlook) and A+ by Fitch (with a stable outlook). Therefore, no surety policy or credit has been provided to the counterparties by the Airport System. Failure of either the Airport System or the counterparty to provide credit support or collateral, as described in the swap agreements, is a termination event under the swap agreements (see termination risk below). The ratings of the counterparties, or their credit support providers, as of December 31, 2016, are shown in **Table 42**.

**Table 42**

| Counterparty (Credit Support Provider)  | Ratings of the Counterparty or its Credit Support Provider |         |       |
|---|--|---------|-------|
|   | S&P  | Moody's | Fitch |
| Goldman Sachs Capital Markets, L.P.<br>(Goldman Sachs Group, Inc.)                | BBB+   | A3      | A     |
| JP Morgan Chase Bank, N.A.  | A+   | Aa3     | AA-   |
| LOOP Financial Products, LLC<br>(Deutsche Bank, AG, New York Branch)              | BBB+   | A3      | A-    |
| Merrill Lynch Capital Services, Inc.<br>(Merrill Lynch & Co., Inc.)               | NR   | Baa1    | A     |
| Royal Bank of Canada  | AA-  | Aa3     | AA    |
| Societe Generale, New York Branch   | A  | A2      | A     |
| Jackson Financial Products, LLC (Merrill Lynch & Co., Inc.)                       | NR   | Baa1    | A     |
| GKB Financial Services Corporation II, Inc.<br>(Societe Generale New York Branch) | A  | A2      | A     |
| Piper Jaffray Financial Products, Inc.<br>(Morgan Stanley Capital Services, Inc.) | BBB+   | A3      | A     |

NR - no rating available.

As of December 31, 2016, there was no risk of loss for the swap agreements that had negative fair values. For the swap agreements that had positive fair values, the risk of loss is the amount of the derivative's fair value.

- **Termination Risk** – Any party to the Airport System's swap agreements may terminate the swap if the other party fails to perform under the terms of the contract. Additionally, the Airport System may terminate any of its swap agreements at any time at its sole discretion. Further, certain credit events can lead to a termination event under the swap agreements (see Credit Risk on preceding page). If, at the time of termination, the swap has a negative fair value, the Airport System could be liable to the counterparty for a payment equal to the swap's fair value. If any of the Airport System's swap agreements are terminated, the associated variable rate bonds would either no longer be hedged with a synthetic fixed interest rate or the nature of the basis risk associated with the swap agreement may change. The Airport System is not aware of any existing event that would lead to a termination event with respect to any of its swap agreements.
- **Interest Rate Risk** – The Airport System is exposed to interest rate risk in that as the variable rates of the swap agreements decrease, the Airport System's net payments on the swap agreements increase.
- **Basis Risk** – Each of the Airport System's swap agreements is associated with certain debt obligations or other swaps. The Airport System pays interest at variable interest rates on some of the associated debt obligations and associated swaps. The Airport System receives variable payments under some of its swap agreements. To the extent the variable rate on the associated debt or the associated swap paid by the Airport System is based on an index different than that used to determine the variable payments received by the Airport System under the swap agreement, there may be an increase or decrease in the synthetic interest rate intended under the swap agreement.

8. **Synthetic Guaranteed Investment Contracts.** An option in the City's deferred compensation plan includes a custom stable value fund that includes synthetic guaranteed investment contracts (SGICs). The contracts provide a stable rate of return to the participants. The value of the underlying investments is \$243,435,000 as of December 31, 2016.

## Note H – Fund Balances

In accordance with GASB Statement No. 54, fund balances are classified as nonspendable, restricted, committed, assigned or unassigned. When expenditures are incurred that use funds from more than one classification, the City will generally determine the order which the funds are used on a case-by-case basis, taking into account any applicable requirements of grant agreements, contracts, business circumstances, or other constraints. If no restrictions otherwise exist, the order of spending of resources will be restricted, committed, assigned and lastly, unassigned.

The City has a target of maintaining a General Fund balance reserve that is 15.00% of budgeted expenditures and should not go below 10.00% of budgeted expenditures, except in response to a severe crisis, economic or otherwise.

Fund balances by classification are detailed in **Table 43** (dollars in thousands).

**Table 43**

|                                | General           | Human Services   | Other Governmental Funds | Total Governmental Funds |
|--------------------------------|-------------------|------------------|--------------------------|--------------------------|
| <b>Nonspendable</b>            |                   |                  |                          |                          |
| Endowment                      | \$ -              | \$ -             | \$ 3,000                 | \$ 3,000                 |
| Prepaid items                  | 7,215             | 75               | 6,320                    | 13,610                   |
| <b>Total Nonspendable</b>      | <b>7,215</b>      | <b>75</b>        | <b>9,320</b>             | <b>16,610</b>            |
| <b>Restricted:</b>             |                   |                  |                          |                          |
| General government             | -                 | -                | 37,608                   | 37,608                   |
| Public safety - administration | -                 | -                | 39,522                   | 39,522                   |
| Public safety - fire           | -                 | -                | 536                      | 536                      |
| Public safety - police         | -                 | -                | 1,422                    | 1,422                    |
| Public safety - sheriff        | -                 | -                | 6,888                    | 6,888                    |
| Public works                   | -                 | -                | 180,635                  | 180,635                  |
| Human services                 | -                 | 75,954           | 208                      | 76,162                   |
| Health                         | -                 | -                | 1,193                    | 1,193                    |
| Parks & recreation             | -                 | -                | 51,620                   | 51,620                   |
| Cultural activities            | -                 | -                | 234,306                  | 234,306                  |
| Community development          | -                 | -                | 4,681                    | 4,681                    |
| Economic opportunity           | -                 | -                | 90                       | 90                       |
| Assets held for resale         | -                 | -                | 730                      | 730                      |
| Loans receivable               | -                 | -                | 60,610                   | 60,610                   |
| Long-term debt                 | 19,933            | -                | 137,975                  | 157,908                  |
| Emergency use                  | 48,181            | -                | 19                       | 48,200                   |
| <b>Total Restricted</b>        | <b>68,114</b>     | <b>75,954</b>    | <b>758,043</b>           | <b>902,111</b>           |
| <b>Committed:</b>              |                   |                  |                          |                          |
| General government             | 13,098            | -                | -                        | 13,098                   |
| Public safety - admin          | 859               | -                | -                        | 859                      |
| Public safety - fire           | 571               | -                | -                        | 571                      |
| Public safety - police         | 2,043             | -                | -                        | 2,043                    |
| Public safety - sheriff        | 3,013             | -                | -                        | 3,013                    |
| Public works                   | 25,504            | -                | -                        | 25,504                   |
| Health                         | 1,873             | -                | -                        | 1,873                    |
| Parks & recreation             | 2,607             | -                | 3,044                    | 5,651                    |
| Cultural Activities            | 140               | -                | 20,997                   | 21,137                   |
| Community development          | 1,169             | -                | -                        | 1,169                    |
| Economic opportunity           | 87                | -                | -                        | 87                       |
| <b>Total Committed</b>         | <b>50,964</b>     | <b>-</b>         | <b>24,041</b>            | <b>75,005</b>            |
| <b>Assigned:</b>               |                   |                  |                          |                          |
| General government             | -                 | -                | -                        | -                        |
| Public safety - admin          | -                 | -                | -                        | -                        |
| Public works                   | -                 | -                | 559                      | 559                      |
| Parks & recreation             | -                 | -                | -                        | -                        |
| Cultural activities            | -                 | -                | -                        | -                        |
| <b>Total Assigned</b>          | <b>-</b>          | <b>-</b>         | <b>559</b>               | <b>559</b>               |
| <b>Unassigned</b>              | <b>271,130</b>    | <b>-</b>         | <b>-</b>                 | <b>271,130</b>           |
| <b>Total Fund Balances</b>     | <b>\$ 397,423</b> | <b>\$ 76,029</b> | <b>\$ 791,963</b>        | <b>\$ 1,265,415</b>      |

- **Nonspendable Fund Balances** – Nonspendable fund balances are amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

The City has two types of nonspendable fund balances: Prepaid items and an endowment. The prepaid items, which total \$13,610,000, are in a nonspendable form and the endowment totaling \$3,000,000 is in a permanent fund whose earnings are used for the maintenance of the residence known as Cableland.

- **Restricted Fund Balances** – Restricted fund balances represent amounts constrained by external parties, enabling legislation and/or constitutional provisions.

General Government has restricted fund balances for future grant expenditures, capital improvements, technology upgrades, and bond projects.

Public Safety – Administration has restricted fund balance for capital improvements, operation of correctional facilities, 911 expenses, and various assets and maintenance. Public Safety – Fire and Public Safety – Police have restricted funds for capital maintenance projects. Restricted balance for Public Safety – Sheriff is primarily comprised of County Jail improvements.

Public Works has a restricted fund balance of \$180,635,000. This balance represents funds dedicated for capital improvements and maintenance. Notable capital improvements include Brighton Boulevard, drainage enhancements, Quebec Street Multimodal, Cherry Creek South Drive Corridor, and South Broadway/I-25.

Human Services has restricted fund balance for grant expenditures and improvements to the Richard T. Castro Building.

Health has \$1,193,000 restricted fund balance for grant expenditures and Energy Conservation projects.

Parks and Recreation restricted fund balance represents funds dedicated to capital projects, maintenance, and various conservation projects. Major capital projects include the Central Denver Recreation Center, Ruby Hill Park, and River North Park.

Cultural Activities fund balance restrictions include restrictions for capital projects and special revenue funds for future grant expenditures. Major capital projects include the National Western Center Project, Colorado Convention Center Upgrades, Helen Bonfils Theater renovations, Red Rocks Amphitheatre improvements, and improvements to the Denver Center for the Performing Arts Parking Garage.

Community Development Activities and Economic Opportunity have restricted fund balance arising from special revenue funds for grant expenditures.

- **Committed Fund Balances** – Committed funds can only be used for specific purposes pursuant to constraints imposed by City Council, the highest level of decision-making authority in the City. City Council’s formal action to establish committed funds, and to rescind committed funds, is through passage of ordinance. The General Fund has \$50,964,000 committed for various capital and community projects. The Other Governmental Funds have \$24,041,000 in committed fund balance for various community projects.
- **Assigned Fund Balances** – Assigned fund balances are constrained for specific purposes by City Council as authorized by the City’s charter. The City has \$559,000 of assigned fund balance for Public Works activities with the General Improvement Districts.
- **Unassigned Fund Balance** – Unassigned fund balance is the residual classification for the General Fund. A negative unassigned fund balance occurs when expenditures exceed amounts that are nonspendable, restricted, committed, or assigned. The General Fund has \$271,130,000 in unassigned fund balance.

## IV. Other Note Disclosures

### Note A – Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. In addition, the City is party to numerous pending or threatened lawsuits under which it may be required to pay certain amounts upon final disposition of these matters. The City has historically retained these risks, except where it has determined that commercial insurance is more cost beneficial or legally required. The City has covered all claim settlements and judgments out of its General Fund resources, except where specifically identifiable to an enterprise fund. The City currently reports substantially all of its risk management activities, except workers' compensation (see Note IV-C), in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Current liabilities are reported when the liability has matured. These losses include an estimate of claims that have been incurred but not reported.

The Lowry Landfill, which accepted hazardous waste from the late 1960s to 1980, is listed on the national Superfund list. This means that the contamination at the site will be mitigated under the auspices of the U.S. Environmental Protection Agency. Under federal law, the City, as owner and operator of the facility is one of the parties responsible for cleanup of the site. The City's share of the remaining costs for cleanup could be incurred over the next 5 to 30 years. The City's liability for a portion of the cleanup costs is probable, but cannot be reasonably estimated.

With respect to matters expecting to be settled subsequent to 2016, the City Attorney estimates the amount of liability determined as probable and incurred but not reported claims and judgments at December 31, 2016, to be approximately \$3,850,000. Changes in the long-term legal liability during the past two years are shown in **Table 44** (dollars in thousands).

**Table 44**

|  | 2016            | 2015            |
|--|-----------------|-----------------|
| Beginning balance - January 1                | \$ 5,215        | \$ 6,413        |
| Current year claims and changes in estimates | 530             | 540             |
| Claims settled                               | (1,895)         | (1,738)         |
| <b>Ending Balance - December 31</b>          | <b>\$ 3,850</b> | <b>\$ 5,215</b> |

Pursuant to Colorado law, if a monetary judgment is rendered against the City, and the City fails to provide for the payment of such judgment, the Board of County Commissioners must levy a tax (not to exceed 10 mills per annum) upon all of the taxable property within the City for the purpose of making provision for the payment of the judgment. The City must continue to levy such tax until the judgment is discharged. Such mill levy is in addition to all other mill levies for other purposes. The Colorado Governmental Immunity Act establishes limits for claims made against governmental entities. These limits are \$350,000 per injury or \$990,000 per occurrence.

See Note IV-E-5 regarding Denver Airport System related litigation.

### Note B – Pollution Remediation

The City has four underground storage tanks that leaked and are under remediation. Funds spent on remediation are partially reimbursed up to 50.00% of the cost by the Colorado Petroleum Storage Tank Trust. As of December 31, 2016, the City accrued a current liability, measured at its expected amount, using the expected cash flow technique, of \$9,000 in the Environmental Services fund for its share of remediation costs related to these underground storage tanks. The City determined the liability amount by estimating a reasonable range of potential outlays, with no amount within the range considered a better estimate than any other amount.

The Environmental Protection Agency has listed a large area in north Denver on the National Priorities List of Superfund Sites because of lead, arsenic and cadmium contamination found in soils in residential neighborhoods. EPA has divided the Site into three operable units. Operable Unit 1 (OU1) consists of the contaminated residential soils in north Denver. Operable Unit 2 (OU2) is the Grant-Omaha Smelter Site. Operable Unit 3 (OU3) is the Argo Smelter Site.

ASARCO, Inc. finished the remediation of Operable Unit 1 in 2006 and has not claimed that the City is responsible for any of those costs; therefore, management believes the possibility that the City has any liability associated with OU1 is remote.

The EPA has named the City a Potentially Responsible Party (PRP) at OU2 as the current owner of part of the site where the former Grant-Omaha Smelter was located. Denver has entered into an Administrative Order on Consent to perform a remedial investigation and feasibility study and has paid \$18,000 dollars of EPA's past costs. Whether this site is contaminated or whether it will require remediation cannot be determined until completion of the remedial investigation and feasibility study. The City's responsibility for some of the investigation and clean up costs is probable; however, at this early stage in the process it is not possible to estimate the costs associated with this site, therefore no liability has been accrued. ASARCO, Inc. is another significant PRP at the site. ASARCO, Inc. filed bankruptcy and the City filed a contingent claim for environmental remediation costs and reached a settlement with ASARCO for \$640,000, for which payment has been received.

The City has no connection to OU3 and EPA has not asserted that the City has any responsibility for investigation or clean up, therefore management believes the possibility is remote that the City has any liability associated with OU3.

### Note C – Workers' Compensation

The City has a Workers' Compensation self-insurance trust established in accordance with State Statutes to be held for the benefit of the City's employees. This trust is included in the Workers' Compensation internal service fund.

The Workers' Compensation internal service fund compensates City employees, or their eligible dependents, for injuries as authorized by the State Workers' Compensation law, in addition to maintaining in-house records of claims. The Workers' Compensation program is part of the City's Risk Management Office, which also provides safety training and loss prevention for all City departments and agencies.

The Department of Labor and Employment of the State of Colorado establishes the amount of funding required each year for the City to maintain its self-insured permit. The requirement is calculated using the average amount of claims paid over the previous three years plus the outstanding liability for claims as of the end of the previous year. This requirement at December 31, 2016, for 2017, was \$18,926,000. The Workers' Compensation internal service fund has current assets and appropriations set aside in 2016 to satisfy this requirement. These funds may only be used for payment of workers' compensation benefits and administrative costs.

The City has purchased reinsurance coverage in order to reduce its risk. For the period from January 1, 2016, through December 31, 2016, the self-retention amount was \$2,500,000 for all employees. The City had no settlements in the past three years that exceeded its self-retention levels.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated, and includes an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, and other economic and social factors. The liability

is reported in the Workers' Compensation internal service fund and was discounted for investment income. Changes in the liability during the past two years are shown in **Table 45** (dollars in thousands).

**Table 45**

|  | 2016             | 2015             |
|--|------------------|------------------|
| Beginning balance, undiscounted - January 1  | \$ 29,449        | \$ 31,471        |
| Current year claims and changes in estimates | 12,965           | 13,751           |
| Claims paid                                  | (8,309)          | (9,592)          |
| <b>Ending balance undiscounted</b>           | <b>34,105</b>    | <b>35,630</b>    |
| Less discount                                | (6,292)          | (6,181)          |
| <b>Ending Balance - December 31</b>          | <b>\$ 27,813</b> | <b>\$ 29,449</b> |

### Note D – Subsequent Events

- Certificates of Participation.** On February 16, 2017, the City issued \$15,506,673 of refunding Certificates of Participation, series 2017A to advance refund the outstanding series 2008B Certificates of Participation to achieve interest cost savings for the Denver Botanic Gardens.
- General Obligation Bonds.** On March 9, 2017, the City deposited \$50,985,000 in escrow sufficient to defease the outstanding General Obligation Better Denver Bonds, series 2010D and series 2011A.
- Denver Union Station Project Authority (DUSPA).** On February 3, 2017, the Denver Union Station Project Authority, a component unit of the City, dissolved. Any remaining funds to which DUSPA may otherwise have been entitled to, including accrued incremental property and sales taxes, were transferred to the Denver Downtown Development Authority (DDDA), which is also a component unit of the City. Loan agreements entered into by DUSPA were also transferred to the DDDA.

### Note E – Contingencies

- Legal Debt Margin.** Per the City Charter, the City's indebtedness for general obligation bonds shall not exceed 3.00% of actual value as determined by the last final assessment of the taxable property within the City. At December 31, 2016, the City's general obligation debt outstanding was \$761,406,000 and the City's legal debt margin was \$2,541,000.
- Prior Years' Defeased Bonds.** At various dates in prior years, the City and certain component units have placed proceeds from bond issues and cash contributions in irrevocable refunding escrow accounts. The amounts deposited in the irrevocable escrow accounts are invested in U.S. Treasury obligations that, together with interest earned thereon, would provide amounts sufficient for payment of all principal and interest of the bond issues on each remaining payment date. The likelihood of the earnings and principal maturities of the U.S. Treasury obligations not being sufficient to pay the defeased bond issues appears remote. Accordingly, the escrow accounts and outstanding defeased bonds are not included in the accompanying financial statements. Defeased bonds principal outstanding at December 31, 2016, for the City was \$257,075,000.
- Grants and Other.** 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 grants. Such audits could lead to reimbursement to the grantor agencies. City management believes disallowances, if any, will be immaterial to its financial position and activities.

The City is responsible for administering certain federal and state social services programs for which the related revenue and expenditures are not included in the accompanying financial statements since the state now makes the grant disbursements.

**Table 46** (dollars in thousands) lists Denver County electronic benefit transfers (EBT) authorizations, warrant expenditures, and total expenditures associated with the Human Services special revenue fund for the year ended December 31, 2016.

Table 46

| Program                                | City EBT Authorizations | City Share of Authorizations | Expenditures by City Warrant | City Share of Authorizations Plus Expenditures by City Warrant |                              | Total Expenditures |
|--|-------------------------|------------------------------|------------------------------|--|------------------------------|--------------------|
|  |                         |                              |                              | Expenditures by City Warrant                                   | Expenditures by City Warrant |                    |
| Adult Foster Care                      | \$ -                    | \$ -                         | \$ -                         | \$ -   | \$ -                         | \$ -               |
| Adult Protective Services              | -                       | -                            | 2,862                        | 2,862  | -                            | 2,862              |
| Aid to Needy & Disabled                | 3,529                   | 706                          | -                            | 706  | -                            | 3,529              |
| Aid to the Blind                       | -                       | -                            | -                            | -  | -                            | -                  |
| Child Care                             | 14,903                  | 1,432                        | 1,484                        | 2,916  | -                            | 16,387             |
| Child Support Enforcement <sup>1</sup> | 49                      | 25                           | 13,183                       | 13,208   | -                            | 13,232             |
| Child Support IV-D Waiver              | -                       | -                            | 56                           | 56   | -                            | 56                 |
| Child Welfare                          | 23,059                  | 4,700                        | 37,719                       | 42,419   | -                            | 60,778             |
| Child Welfare 100 FTE                  | -                       | -                            | 1,252                        | 1,252  | -                            | 1,252              |
| Child Welfare DDS Transition           | -                       | -                            | 31                           | 31   | -                            | 31                 |
| Child Welfare Grants - IV-E Waiver     | -                       | -                            | 1,508                        | 1,508  | -                            | 1,508              |
| Child Welfare Hotline                  | -                       | -                            | 18                           | 18   | -                            | 18                 |
| Child Welfare Pathway to Success       | -                       | -                            | 66                           | 66   | -                            | 66                 |
| Colorado Works                         | 19,123                  | 4,116                        | 8,135                        | 12,251   | -                            | 27,258             |
| Core Services                          | 6,258                   | 970                          | 1,896                        | 2,866  | -                            | 8,154              |
| County Administration                  | -                       | -                            | 21,590                       | 21,590   | -                            | 21,590             |
| County Only Pass Thru                  | -                       | -                            | 7,124                        | 7,124  | -                            | 7,124              |
| Federal Grants                         | -                       | -                            | 6,152                        | 6,152  | -                            | 6,152              |
| Food Assistance Benefits               | 125,577                 | -                            | -                            | -  | -                            | 125,577            |
| Food Assistance Fraud                  | -                       | -                            | 487                          | 487  | -                            | 487                |
| Food Assistance Job Search             | -                       | -                            | 1,439                        | 1,439  | -                            | 1,439              |
| Foster Care Adoption Recruitment       | -                       | -                            | 3                            | 3  | -                            | 3                  |
| Home Care Allowance                    | 741                     | 37                           | -                            | 37   | -                            | 741                |
| Low Income Energy Assistance           | 2,960                   | -                            | 490                          | 490  | -                            | 3,450              |
| Non-allocated Programs <sup>2</sup>    | 157                     | 154                          | 176                          | 330  | -                            | 333                |
| Old Age Pension                        | 20,479                  | -                            | 752                          | 752  | -                            | 21,231             |
| PSSF Caseworker Visitation             | -                       | -                            | 2                            | 2  | -                            | 2                  |
| SSI - Home Care Allowance              | 882                     | 44                           | -                            | 44   | -                            | 882                |
| TANF Collections-EBT                   | (406)                   | (81)                         | -                            | (81)   | -                            | (406)              |
| Title IV-B Sub Part 2 - PSSF           | -                       | -                            | 547                          | 547  | -                            | 547                |
| Title IV-E Independent Living          | -                       | -                            | 179                          | 179  | -                            | 179                |
| <b>Total</b>                           | <b>\$ 217,311</b>       | <b>\$ 12,103</b>             | <b>\$ 107,151</b>            | <b>\$ 119,254</b>  | <b>\$ -</b>                  | <b>\$ 324,462</b>  |

<sup>1</sup>The State pays Direct Settled items for EBT administration, IRS fees and Locator fees and then charges the counties for those costs. These are not true EBT payments, but are amounts settled via CFMS.

<sup>2</sup>Does not include audit adjustments, TANF Collections - IV-D Retained, Medicaid Collections and programs not settled in CFMS, with the exception of federal grants, which are also captured in the CAFR. It also excludes County Wide Cost Allocation Pass Thru, as these amounts are not earned by expenses incurred by Human Services.

4. **Conduit Debt Obligations.** From time to time, the City issues industrial development revenue bonds, single-family mortgage revenue bonds, multi-family mortgage revenue bonds, construction loan revenue bonds, and special obligation revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of private, industrial, and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers

to the private-sector entity served by the bond issuance. Not the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2016, the aggregate principal amount payable for the bonds, excluding the Airport's Special Facility Revenue bonds, was approximately \$60,374,000.

To finance the acquisition and construction of various facilities at Denver International Airport, the City issued three series of Special Facility Revenue Bonds. These bonds are special limited obligations of the City, payable and secured by a pledge of certain revenues to be received from lease agreements for these facilities. The bonds do not constitute a debt or pledge of the full faith and credit of the City or the Airport System, and accordingly, have not been reported in the accompanying financial statements. As of December 31, 2016, Airport Special Facility Revenue Bonds outstanding totaled \$270,025,000.

- 5. Denver Airport System.** The City and Adams County entered into an intergovernmental agreement for Denver International, dated April 21, 1988 (the Intergovernmental Agreement). The Intergovernmental Agreement establishes maximum levels of noise that should not be exceeded on an average annual basis at various grid points surrounding the Airport. Penalties must be paid to Adams County when these maximums are exceeded.

There is no noise penalty due for 2016.

The Airport System is involved in several other claims and lawsuits and is the subject of certain other investigations. The Airport System and its legal counsel estimate that the ultimate resolution of these matters will not materially affect the accompanying financial statements of the Airport System.

Under the terms of the Federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The Airport System management believes disallowances, if any will be immaterial to its financial position and activities of the Airport.

- 6. Environmental Services.** State and federal laws will require the City to close the Denver Arapahoe Disposal Site (DADS) once its capacity is reached and to monitor and maintain the site for 30 subsequent years. The contracted operator is responsible for all closure and post-closure costs for the landfill's individual cells while they are under contract to operate the landfill. However, the ultimate responsibility rests with the City as owner of the facility. The City contractually shifted this financial responsibility to its operator as described below.

Effective October 1, 1997, the City renegotiated its contract with Waste Management of Colorado, Inc. (WMC), the current operator of DADS. As a result, the City assigned its responsibility for all closure and post-closure costs to WMC. To cover these costs, WMC has provided a performance bond of \$3,000,000, provided a corporate guarantee from their parent company, Waste Management, Inc (WMI), and posted a financial assurance plan with the State of Colorado (including an insurance certificate of \$22,527,000 as of April 2017). Due to this assignment of closure and post-closure costs to WMC, the City no longer recognizes the related closure and post-closure costs liability in its financial statements.

- 7. Denver Urban Renewal Authority.** In connection with DURA's development of the Denver Dry Building, DURA has guaranteed certain loans made to the Denver Building Housing, Ltd. by the Bank of Denver with an outstanding balance of \$2,486,000 at December 31, 2016. In addition, DURA has guaranteed all obligations of the Denver Dry Development Corporation as general partner, under the terms and conditions of the limited partnership agreement of the Denver Building Housing, Ltd. No amounts have been recorded as a liability in the financial statements, as DURA management believes the possibility of having to make payments under these guarantees is remote.

8. **TABOR.** At the general election held November 3, 1992, the voters of the State approved an amendment to the Colorado Constitution limiting the ability of the State and local governments, such as the City, to increase revenues, debt and spending, and restricting property, income and other taxes. In addition, the amendment requires that the State and local governments obtain voter approval to create any “multiple fiscal year direct or indirect debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years.” The amendment excludes from its restrictions the borrowings and fiscal operations of “enterprises.” Enterprises are defined to include government-owned businesses authorized to issue their own revenue bonds and receiving less than 10.00% of their revenues in grants from all Colorado State and local governments combined. The amendment also requires the establishment of an “Emergency Reserve” equal to 3.00% of fiscal year spending excluding debt service for all years subsequent to 1994. The City has established an emergency reserve of \$48,181,000. The amendment is also applicable to several component units, which have established emergency reserves of \$19,000.

In November 2005, local voters approved Referred Measure 1B to allow the City to retain revenues collected, with the exception of property tax revenue, in excess of the limits established by the state amendment to the constitution for ten fiscal years beginning with fiscal year 2005 and thereafter retain and spend any excess revenues up to the amount of the revenue cap as defined. For 2016, TABOR revenues exceeded the established limits by \$318,800,000.

In November 2012, Denver voters approved Referred Measure 2A to allow the City to retain all revenues collected beginning in 2013.

There are numerous uncertainties about the interpretation of the amendment and its application to particular governmental entities and their operations. It is possible that the constitutionality of the amendment as applied in some situations may be challenged on various grounds, including the argument that the amendment conflicts with other constitutional provisions and violates the protections afforded by the federal constitution against impairment of contract.

## Note F – Deferred Compensation Plan

1. **Description of the Plan.** The Deferred Compensation Plan (Plan) was adopted by the City to provide a means by which public employees could defer a portion of their current income and related income taxes to future years. Under Section 457 of the Internal Revenue Code, amounts deferred and income earned on those funds are not taxed until made available to the participant. The Plan’s publicly available financial report can be obtained by contacting the City of Denver Controller’s Office at 201 West Colfax Avenue, Department 1109, Denver, Colorado, 80202.
2. **Administration of the Plan.** The Deferred Compensation Governing Committee of the City manages the Plan. The Committee has designated a third-party administrator for the Plan to account for all deferred compensation, withdrawals, interest income credited, and the individual balance for each participant. In addition, the administrators execute individual participant agreements and provide Plan information and counseling to all eligible employees.
3. **Investments.** Investments are recorded at fair value. In compliance with the City Charter, the Deferred Compensation Governing Committee has approved certain options for investment. All investments are transferred to a retirement trust investment fund offered by the Teachers Insurance and Annuity Association of America-College Retirement Equities Fund (TIAA-CREF). The Plan provides for self-directed investments by the participants.

4. **Contributions.** Participation in the Plan is voluntary and is open to all City employees. The City does not make any contributions. The maximum deferral in any one year is generally limited to 100.00% of a participant's pre-deferred taxable income or \$18,000 for 2016. Those who are age 50 and older may save an additional \$6,000 per year. However, special provisions, applicable during the last three taxable years before a participant attains normal retirement age under the Plan, or any year thereafter prior to the participants' separation from service, may increase the annual maximum up to \$36,000 for 2016. Total contributions by employees were \$36,889,000 for 2016.
5. **Withdrawals.** Withdrawals from the Plan may be made upon retirement, termination of employment with the City, or in hardship cases as approved by the Administrator. Upon death, amounts credited to the participant are paid to the beneficiary designated by the participant.

Eligible participants may elect the Systematic Withdrawal Option, purchase an annuity, or receive a lump-sum distribution. The Systemic Withdrawal Option allows eligible participants to withdraw specified amounts from their account at regular intervals. The balance of their account remains in the pool of Plan assets and continues to be invested as directed by the participant. The annuity option allows eligible participants to purchase a payment stream for a period certain or for the lifetime of the annuitant. Contracts purchased under this annuity option remain as assets of the Plan. The periodic distributions are accounted for as withdrawals in the year disbursed.

6. **Assets.** All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust by the City for the exclusive benefit of the participants and their beneficiaries. The assets of the Plan are reported as an other employee benefit trust fund of the City.
7. **Plan Termination and Amendments.** The City can at any time elect to amend, modify, or terminate the Plan. However, notice must be given to all participants at least 45 days prior to the effective date of an amendment. No amendments will deprive the participants of any benefits they were entitled to prior to the change. If the Plan is terminated, all amounts then credited to the participants are to be paid out by the administrators under the normal withdrawal requirements and procedures.
8. **Component Units.** Several component units offer plans similar to the City's which are also qualified under Section 457 of the Internal Revenue Code.

## Note G – Pension Plans

The City has six pension plans covering substantially all employees of the primary government, as follows:

- Denver Employees Retirement Plan (DERP)
- Fire and Police Pension Plan - Statewide Defined Benefit Plan (FPPA SWDB)
- Public Employees' Retirement Association of Colorado Pension Plan - State Division Trust Fund (PERA SDTF)
- Public Employees' Retirement Association of Colorado Pension Plan - Judicial Division Trust Fund (PERA JDTF)
- Denver Old Hire Fire Pension Fund (FPPA Old Hire Fire)
- Denver Old Hire Police Pension Fund (FPPA Old Hire Police)

The majority of the City's employees are covered under the Denver Employees Retirement Plan. Full time firemen and policemen are covered under the Fire and Police Pension Association plans, and county court judges and the District Attorney are covered under the Public Employees' Retirement Association of Colorado. In addition to the six plans offered, several component units offer various types of pension plans, which include deferred annuity plans and defined contribution plans.

A summary of pension related items as of and for the year ended December 31, 2016, is presented in **Table 47** (dollars in thousands).

Table 47

| Plan                     | Net Pension Liability | Net Pension Asset | Deferred Outflows of Resources | Deferred Inflows of Resources | Pension Expense   |
|--------------------------|-----------------------|-------------------|--------------------------------|-------------------------------|-------------------|
| DERP:                    |                       |                   |                                |                               |                   |
| Governmental Activities  | \$ 851,426            | \$ -              | \$ 243,161                     | \$ -                          | \$ 112,951        |
| Business-type Activities | 204,113               | -                 | 62,844                         | 322                           | 29,768            |
| FPPA SWDB                | -                     | 701               | 68,823                         | 1,284                         | 10,745            |
| PERA SDTF                | 755                   | -                 | 105                            | 21                            | 59                |
| PERA JDTF                | 11,066                | -                 | 3,457                          | 421                           | 1,375             |
| Old hire Fire            | 168,425               | -                 | 29,519                         | -                             | 44,021            |
| Old hire Police          | 96,532                | -                 | 35,090                         | -                             | 43,403            |
| <b>Total</b>             | <b>\$ 1,332,317</b>   | <b>\$ 701</b>     | <b>\$ 442,999</b>              | <b>\$ 2,048</b>               | <b>\$ 242,322</b> |

## 1. Cost Sharing Multiple-Employer Defined Benefit Pension Plans.

### The Denver Employees Retirement Plan (DERP)

**Plan Description.** The Denver Employees Retirement Plan (DERP) administers a cost-sharing multiple-employer defined benefit plan to eligible members. The DERP is administered by the DERP Retirement Board in accordance with sections 18-401 through 18-430.7 of the City's Revised Municipal Code. Amendments to the plan are made by ordinance. These Code sections establish the plan, provide complete information on the DERP, and vests the authority for the benefit and contribution provisions with the City Council. The DERP Retirement Board acts as the trustee of the Plan's assets.

The Plan provides retirement, death and disability benefits for its members and their beneficiaries. Members who were hired before July 1, 2011, and retire at or after age 65 (or at age 55 if the sum of their age and credited service is at least 75) are entitled to an annual retirement benefit, in an amount equal to 2.00% of their final average salary for each year of credited service, payable monthly for life. Effective for employees hired after September 1, 2004, the formula multiplier was reduced to 1.50%. Final average salary is based on the member's highest salary during a 36 consecutive month period of credited service. Members with 5 years of credited service may retire at or after age 55 and receive a reduced retirement benefit.

For members who were hired after July 1, 2011, they must be age 60 and have combined credited service of at least 85 in order to receive a normal retirement prior to age 65. Final average salary is based on the member's highest salary during a 60 consecutive month period of credited service. Five-year vesting is required of all employees in order to qualify for a benefit, regardless of their age at the time of termination of employment.

Annual cost of living adjustments are granted on an ad hoc basis. The estimated cost of benefit and contribution provisions is determined annually by an independent actuary, recommended by the plan's Board, and enacted into ordinance by Denver City Council.

The Plan is accounted for using the economic resources measurement focus and the accrual basis of accounting. DERP issues a publicly available comprehensive annual financial report that can be obtained at <https://www.derp.org/>.

**Funding Policy.** The City contributes 11.50% of covered payroll and employees make a pre-tax contribution of 8.00% in accordance with Section 18-407 of the Revised Municipal Code of the City. The City's contributions to DERP for the year ended December 31, 2016, were \$64,345,000, which equaled the required contributions.

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

At December 31, 2016, the City reported a liability of \$1,055,539,000 for its proportionate share of the net pension liability related to DERP. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The City's proportion of the net pension liability was based on City contributions to DERP for the calendar year 2015 relative to the total contributions of participating employers to DERP.

At December 31, 2015, the City's proportion was 89.51%, which was an increase of 0.63% from its proportion measured as of December 31, 2014. The proportional share of the governmental activities and the business-type activities was 72.20% and 17.31%, respectively, an increase of 0.28% and 0.35% for the governmental activities and the business-type activities, respectively.

The components of the City's proportionate share of the net pension liability related to DERP as of December 31, 2016, are presented in **Table 48** (dollars in thousands).

Table 48

|                              | Governmental<br>Activities | Business-type<br>Activities | Total               |
|------------------------------|----------------------------|-----------------------------|---------------------|
| Total pension liability      | \$ 2,256,163               | \$ 540,871                  | \$ 2,797,034        |
| Plan fiduciary net position  | 1,404,737                  | 336,758                     | 1,741,495           |
| <b>Net pension liability</b> | <b>\$ 851,426</b>          | <b>\$ 204,113</b>           | <b>\$ 1,055,539</b> |

For the year ended December 31, 2016, the governmental activities and the business-type activities recognized pension expense of \$112,951,000 and \$29,768,000, respectively. A summary of the City's deferred outflows of resources and deferred inflows of resources related to pensions for DERP as of December 31, 2016, is presented in **Table 49** (dollars in thousands).

Table 49

|  | Governmental Activities           |                                  | Business-type Activities          |                                  | Total                             |                                  |
|--|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
| Difference between expected and actual experience                                | \$ 15,146                         | \$ -                             | \$ 3,631                          | \$ -                             | \$ 18,777                         | \$ -                             |
| Changes of assumptions or other inputs   | 38,048                            | -                                | 9,121                             | -                                | 47,169                            | -                                |
| Net difference between projected and actual earnings on pension plan investments | 135,622                           | -                                | 32,513                            | -                                | 168,135                           | -                                |
| Changes in proportion  | 1,804                             | -                                | 5,775                             | 322                              | 7,579                             | 322                              |
| Contributions subsequent to the measurement date                                 | 52,541                            | -                                | 11,804                            | -                                | 64,345                            | -                                |
| <b>Total</b>   | <b>\$ 243,161</b>                 | <b>\$ -</b>                      | <b>\$ 62,844</b>                  | <b>\$ 322</b>                    | <b>\$ 306,005</b>                 | <b>\$ 322</b>                    |

The \$64,345,000 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as presented in **Table 50** (dollars in thousands).

Table 50

| Year         | Governmental<br>Activities | Business-type<br>Activities | Total             |
|--------------|----------------------------|-----------------------------|-------------------|
| 2017         | \$ 57,394                  | \$ 16,484                   | \$ 73,878         |
| 2018         | 57,339                     | 15,650                      | 72,989            |
| 2019         | 48,239                     | 11,956                      | 60,195            |
| 2020         | 27,649                     | 6,627                       | 34,276            |
| 2021         | -                          | -                           | -                 |
| Thereafter   | -                          | -                           | -                 |
| <b>Total</b> | <b>\$ 190,621</b>          | <b>\$ 50,717</b>            | <b>\$ 241,338</b> |

The total pension liability in the December 31, 2015 actuarial valuation was determined using the actuarial assumptions and other inputs presented in **Table 51**.

**Table 51**

|                           | DERP          |
|---------------------------|---------------|
| Investment rate of return | 7.75%         |
| Salary increases          | 3.25% - 7.25% |
| Inflation                 | 2.75%         |

Mortality rates were based on the RP-2000 Combined Mortality Table via scale AA to 2020, with multipliers specific to gender and payment status of employee.

The latest experience study was conducted in 2013 covering the 5-year period of January 1, 2008 to December 31, 2012. At the time, the recommended mortality table was expected to produce a margin of 8.00% on the retired male mortality experience and 7.00% on the retired female experience.

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 weighting 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 were adopted by the plan's trustees after considering input from the plan's investment consultant and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of December 31, 2015, these best estimates are summarized in **Table 52**.

**Table 52**

| Asset Class                   | Target<br>Allocation | Long-Term<br>Expected Rate<br>of Return |
|-------------------------------|----------------------|---|
| U. S. Equities                | 22.50%               | 4.30%                                   |
| Non - U. S. developed markets | 15.50%               | 6.00%                                   |
| Emerging markets              | 8.00%                | 9.80%                                   |
| <b>Total Public Equity</b>    | <b>46.00%</b>        |   |
| Core fixed income             | 11.50%               | 0.80%                                   |
| Debt                          | 2.50%                | 5.90%                                   |
| Private debt                  | 6.50%                | 8.40%                                   |
| <b>Total Fixed Income</b>     | <b>20.50%</b>        |   |
| Real estate                   | 8.00%                | 6.40%                                   |
| Absolute return               | 5.00%                | 3.60%                                   |
| Energy MLP's                  | 7.00%                | 7.30%                                   |
| Private equity/other          | 13.50%               | 7.70%                                   |
| Cash                          | 0.00%                | 0.50%                                   |
| <b>Total Asset Class</b>      | <b>100.00%</b>       |   |

**Discount Rate.** The discount rate used to measure the total pension liability was 7.75% (8% at prior measurement date). This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. The projection of cash flows used to determine this single rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future

benefit payments of 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.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** Table 53 presents the City's proportionate share of the net pension liability, calculated using a discount rate of 7.75%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher (dollars in thousands):

Table 53

| City's proportionate share of the net pension liability | 1% Decrease         | Current                | 1% Increase       |
|---|---------------------|------------------------|-------------------|
|   | 6.75%               | Discount Rate<br>7.75% | 8.75%             |
| Governmental Activities                                 | \$ 1,088,351        | \$ 851,426             | \$ 650,205        |
| Business-type activities                                | 260,911             | 204,113                | 155,874           |
| <b>Total</b>  | <b>\$ 1,349,262</b> | <b>\$ 1,055,539</b>    | <b>\$ 806,079</b> |

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued DERP financial reports found at <https://www.derp.org/index.cfm/ID/38>.

#### Fire and Police Pension Plan – Statewide Defined Benefit Plan (FPPA SWDB)

**Plan Description.** Full-time firefighters and police officers hired on or after April 8, 1978, participate in the Statewide Defined Benefit Plan - Fire and Police Pension Plan (FPPA SWDB). The plan is a cost-sharing multiple-employer defined benefit pension plan administered by the Fire and Police Pension Association of Colorado (FPPA) that provides normal, early, vested, or deferred retirement and death benefits. Authority for the plan, including benefit and contribution provisions, is derived from Title 31, Articles 30, 30.5, and 31 of the Colorado Revised Statutes. The plan is amended by statute and is accounted for using the economic resources measurement focus and the accrual basis of accounting. FPPA issues a publicly available comprehensive annual financial report that can be obtained at [http://fppaco.org/toc\\_frames.html](http://fppaco.org/toc_frames.html).

**Funding Policy.** Statute requires the City contribute 8.00% of base salary and employees make a pre-tax contribution of 9.00% for a total contribution rate of 17.00%. In 2014, employees elected to increase the member contribution rate to the plan beginning in 2015. Employee contribution rates will increase 0.50% annually through 2022 to a total of 12.00% of base salary. Employer contributions will remain at 8.00% resulting in a combined contribution rate of 20.00% in 2022. The City's contributions to the FPPA SWDB for the year ended December 31, 2016, were \$15,648,000.

**Pension Assets, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.** At December 31, 2016, the City reported an asset of \$701,000 for its proportionate share of the net pension asset related to the FPPA SWDB plan. The net pension asset was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension asset to December 31, 2015. The City's proportion of the net pension asset was based on City contributions to FPPA SWDB plan for the calendar year 2015 relative to the total contributions of participating employers to the FPPA SWDB plan.

At December 31, 2015, the City's proportion was 39.81%, which was an increase of 0.30% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the City recognized pension expense of \$10,745,000. The components of the City's proportionate share of the net pension asset related to FPPA SWDB as of December 31, 2016, are presented in **Table 54** (dollars in thousands).

**Table 54**

|                                      | <b>FPPA SWDB</b> |              |
|--------------------------------------|------------------|--------------|
| Total pension liability              | \$               | 735,247      |
| Plan fiduciary net position          |                  | 735,948      |
| <b>Net pension liability (asset)</b> | <b>\$</b>        | <b>(701)</b> |

A summary of the City's deferred outflows of resources and deferred inflows of resources related to pensions for FPPA SWDB as of December 31, 2016, is presented in **Table 55** (dollars in thousands).

**Table 55**

| <b>Sources</b>   | <b>FPPA SWDB</b>                          |  |
|--|---|--|
|  | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
| Difference between expected and actual experience                                | \$ 5,676                                  | \$ 829                                   |
| Changes of assumptions or other inputs   | 11,023                                    |  |
| Net difference between projected and actual earnings on pension plan investments | 35,716                                    | -  |
| Change in proportion   | 760                                       | 455                                      |
| Contributions subsequent to the measurement date                                 | 15,648                                    | -  |
| <b>Total</b>   | <b>\$ 68,823</b>                          | <b>\$ 1,284</b>                          |

The \$15,648,000 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an increase in the net pension asset in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as presented in **Table 56** (dollars in thousands).

**Table 56**

| <b>Year</b>  | <b>FPPA SWDB</b> |               |
|--------------|------------------|---------------|
| 2017         | \$               | 10,906        |
| 2018         |                  | 10,906        |
| 2019         |                  | 10,906        |
| 2020         |                  | 10,021        |
| 2021         |                  | 1,757         |
| Thereafter   |                  | 7,395         |
| <b>Total</b> | <b>\$</b>        | <b>51,891</b> |

The total pension asset in the December 31, 2015 actuarial valuation was determined using the actuarial assumptions and other inputs presented in **Table 57**.

**Table 57**

|                           | <b>FPPA SWDB</b> |       |
|---------------------------|------------------|-------|
| Investment rate of return |                  | 7.50% |
| Salary increases          | 4.00% - 14.00%   |       |
| Inflation                 |                  | 3.00% |

Mortality rates were based on the RP-2014 Combined Mortality Table with Blue Collar Adjustment, projected with Scale BB, 55.00% multiplier for off-duty mortality is used in the valuation of off-duty mortality active members. On-duty related mortality is assumed to be 0.00020 per year for all members.

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 Fund's target asset allocation as of December 31, 2015, are summarized in **Table 58**.

**Table 58**

| Asset Class              | Target Allocation | Long-Term Expected Rate of Return |
|--------------------------|-------------------|-----------------------------------|
| Global equity            | 37.00%            | 6.50%                             |
| Equity long/short        | 10.00%            | 4.70%                             |
| Illiquid alternatives    | 20.00%            | 8.00%                             |
| Fixed income             | 16.00%            | 1.50%                             |
| Absolute return          | 11.00%            | 4.10%                             |
| Managed futures          | 4.00%             | 3.00%                             |
| <b>C</b>                 |                   |                                   |
| <b>Total Asset Class</b> | <b>100.00%</b>    |                                   |

**Discount Rate.** The discount rate used to measure the total pension liability was 7.50% (no change from the prior measurement date). The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of 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.

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. **Table 59** presents the City's proportionate share of the net pension asset, calculated using a discount rate of 7.50%, as well as what the City's proportionate share of plan's net pension asset would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher (dollars in thousands):

**Table 59**

|   | 1% Decrease<br>6.50% | Single Discount<br>Rate Assumption<br>7.50% | 1% Increase<br>8.50% |
|---|----------------------|---|----------------------|
| City's proportionate share of the net pension liability (asset) | \$ 98,307            | \$ (701)                                    | \$ (82,826)          |

**Pension Plan Fiduciary Net Position.** 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).

### Public Employees' Retirement Association of Colorado Pension Plans (PERA)

**Plan Description.** County court judges and the District Attorney of the City are provided with pensions through the State Division Trust Fund (SDTF) or the Judicial Division Trust Fund (JDTF) —cost-sharing multiple-employer defined benefit pension plans administered by PERA. PERA provides retirement, disability, and survivor benefits that are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. The plans are accounted for using the economic resources measurement focus and the accrual basis of accounting. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Funding Policy.** Eligible employees are required to contribute 8.00% of their PERA-includable salary. The City contributes 18.23% of includable salaries to the SDTF and 16.34% of includable salaries to the JDTF. Employer contributions are recognized by the SDTF and the JDTF in the period in which the compensation becomes payable to the member and the City is statutorily committed to pay the contributions to the plans. The City's contributions to the SDTF for the year ended December 31, 2016, were \$37,000. The City's contributions to the JDTF for the years ended December 31, 2016, were \$468,000.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.** At December 31, 2016, the City reported a liability of \$755,000 and \$11,066,000 for the SDTF and JDTF, respectively, for its proportionate share of the net pension liability related to the PERA plans. The net pension liabilities were measured as of December 31, 2015, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liabilities to December 31, 2015. The City's proportion of the net pension liabilities were based on City contributions to the SDTF and JDTF plan for the calendar year 2015 relative to the total contributions of participating employers to the SDTF and JDTF plans.

At December 31, 2015, the City's proportion of the SDTF was 0.007%, which equaled its proportion measured as of December 31, 2014.

At December 31, 2015, the City's proportion of the JDTF was 6.02% which was a decrease of 0.38% from its proportion measured as of December 31, 2014.

The components of the City's net pension liability related to PERA as of December 31, 2016, are presented in **Table 60** (dollars in thousands).

**Table 60**

|                              | SDTF      |            | JDTF      |               |
|------------------------------|-----------|------------|-----------|---------------|
| Total pension liability      | \$        | 1,719      | \$        | 27,757        |
| Plan fiduciary net position  |           | 964        |           | 16,691        |
| <b>Net pension liability</b> | <b>\$</b> | <b>755</b> | <b>\$</b> | <b>11,066</b> |

For the year ended December 31, 2016, the City recognized pension expense for the SDTF and JDFT of \$59,000 and \$1,375,000, respectively. A summary of the City's deferred outflows of resources and deferred inflows of resources related to pensions for the SDTF and JDTF plans as of December 31, 2016, is presented in **Table 61** (dollars in thousands).

Table 61

|  | SDTF                           |                               | JDTF                           |                               | Total                          |                               |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
|  | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference between expected and actual experience                                | \$ 11                          | \$ -                          | \$ 335                         | \$ -                          | \$ 346                         | \$ -                          |
| Changes of assumptions or other inputs   | -                              | 9                             | 1,681                          | -                             | 1,681                          | 9                             |
| Net difference between projected and actual earnings on pension plan investments | 57                             | -                             | 973                            | -                             | 1,030                          | -                             |
| Change in proportion   | -                              | 12                            | -                              | 421                           | -                              | 433                           |
| Contributions subsequent to the measurement date                                 | 37                             | -                             | 468                            | -                             | 505                            | -                             |
| <b>Total</b>   | <b>\$ 105</b>                  | <b>\$ 21</b>                  | <b>\$ 3,457</b>                | <b>\$ 421</b>                 | <b>\$ 3,562</b>                | <b>\$ 442</b>                 |

The \$37,000 and \$468,000 reported by the SDTF and JDTF plans, respectively, as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as presented in **Table 62** (dollars in thousands).

Table 62

| Year         | SDTF         | JDTF            |
|--------------|--------------|-----------------|
| 2017         | \$ 4         | \$ 819          |
| 2018         | 16           | 819             |
| 2019         | 15           | 654             |
| 2020         | 12           | 276             |
| 2021         | -            | -               |
| Thereafter   | -            | -               |
| <b>Total</b> | <b>\$ 47</b> | <b>\$ 2,568</b> |

The total pension liability in the December 31, 2014 actuarial valuation was determined using the actuarial assumptions and other inputs in **Table 63**.

Table 63

|   | SDTF          | JDTF          |
|---|---------------|---------------|
| Price inflation   | 2.80%         | 2.80%         |
| Salary increases, including wage inflation  | 3.90% - 9.57% | 4.40% - 5.40% |
| Investment Rate of Return, net of pension plan investment expenses, including price inflation | 7.50%         | 7.50%         |

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

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

The SDTF's and JDTF'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 on 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 **Table 64**.

**Table 64**

| <b>Asset Class</b>              | <b>Target Allocation</b> | <b>10-Year Expected Geometric Real Rate of Return</b> |
|---------------------------------|--------------------------|---|
| U. S. equity - large cap        | 26.76%                   | 5.00%   |
| U.S. equity - small cap         | 4.40%                    | 5.19%   |
| Non U. S. equity - developed    | 22.06%                   | 5.29%   |
| Non U. S. equity - emerging     | 6.24%                    | 6.76%   |
| Core fixed income               | 24.05%                   | 0.98%   |
| High yield                      | 1.53%                    | 2.64%   |
| Long duration government 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 Asset Class</b>        | <b>100.00%</b>           |   |

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

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

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

**Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.** Table 65 presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate (dollars in thousands).

**Table 65**

|   | 1% Decrease<br>6.50% | Current<br>Discount Rate<br>7.50% | 1% Increase<br>8.50% |
|---|----------------------|-----------------------------------|----------------------|
| City's proportionate share of the net pension liability | \$ 953               | \$ 755                            | \$ 588               |

**JDTF Discount Rate.** The discount rate used to measure the total pension liability was 5.73%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

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

estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.
- Based on the above actuarial cost method and assumptions, the projection test indicates the JDTF's fiduciary net position was projected to be depleted in 2040 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.50 percent on pension plan investments was applied to periods through 2040 and the municipal bond index rate, the Bond Buyer General Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2040 to develop the discount rate. The discount rate used to measure the total pension liability from the prior measurement date was 6.14%, a change of (0.41)% compared to the current measurement date.

**Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.** Table 66 presents the City's proportionate share of the net pension liability calculated using the discount rate of 5.73%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.73%) or 1-percentage-point higher (6.73%) than the current rate (dollars in thousands).

**Table 66**

|   | 1% Decrease<br>4.73% | Current<br>Discount Rate<br>5.73% | 1% Increase<br>6.73% |
|---|----------------------|-----------------------------------|----------------------|
| City's proportionate share of the net pension liability | \$ 14,234            | \$ 11,066                         | \$ 8,361             |

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued PERA financial reports found at <https://www.copera.org/investments/pera-financial-reports>.

## 2. Agent Multiple-Employer Defined Benefit Plans

### Denver Old Hire Fire and Police Pension Funds (FPPA Old Hire Fire and Police)

**Plan Description.** The Old Hire plans are agent multiple-employer defined benefit pension plans that are administered by the Fire and Police Pension Association (FPPA). Authority for the plans, including benefit and contribution provisions, is derived from Title 31, Articles 30, 30.5, and 31 of the Colorado Revised Statutes. The Plans are amended by statute. The plans provide normal, early, vested, or deferred retirement benefits to plan participants. The Old Hire pension plans are for fire fighter and police employees hired before April 8, 1978. The plans are accounted for using the economic resources measurement focus and the accrual basis of accounting and are closed to new entrants. FPPA issues a publicly available comprehensive annual financial report that includes the old hire plans and can be obtained at [fppaco.org/toc\\_frames.html](http://fppaco.org/toc_frames.html).

**Funding Policy.** The City is required to contribute to the Old Hire plans at an actuarially determined rate. Modification of the Old Hire plans is regulated by state law and by FPPA Rules and Regulations as authorized by state law. Changes to contribution requirements require an affirmative vote of 65.00% of active members and City Council ordinance. The City's contributions to the FPPA Old Hire Fire and Police plans for the year ended December 31, 2016, were \$13,061,000 and \$5,027,000, respectively.

**Plan Membership.** The plan membership of the Old Hire plans as of December 31, 2015 is presented in **Table 67**.

Table 67

| Members                             | Old Hire<br>Fire | Old Hire<br>Police | Total        |
|-------------------------------------|------------------|--------------------|--------------|
| Retirees and beneficiaries          | 801              | 1,052              | 1,853        |
| Inactive, non-retired beneficiaries | -                | -                  | -            |
| Active members                      | 1                | -                  | 1            |
| <b>Total</b>                        | <b>802</b>       | <b>1,052</b>       | <b>1,854</b> |

### Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

**Related to Pensions.** At December 31, 2016, the City reported a liability of \$168,425,000 and \$96,532,000 for the Old Hire Fire and Old Hire Police plans, respectively, for the net pension liability related to the FPPA old hire plans. The net pension liabilities were measured as of December 31, 2015, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liabilities to December 31, 2015.

The components of the net pension liability of the City as of December 31, 2016, is presented in **Table 68** (dollars in thousands).

Table 68

|                              | Old Hire<br>Fire  | Old Hire<br>Police |
|------------------------------|-------------------|--------------------|
| Total pension liability      | \$ 497,664        | \$ 702,471         |
| Fiduciary net position       | 329,239           | 605,939            |
| <b>Net Pension Liability</b> | <b>\$ 168,425</b> | <b>\$ 96,532</b>   |

For the year ended December 31, 2016, the City recognized \$44,021,000 and \$43,403,000 of pension expense for the Old Hire Fire and Old Hire Police plans, respectively. A summary of the City's deferred outflows of resources and deferred inflows of resources related to pensions for the Old Hire Fire and Old Hire Police plans as of December 31, 2016, is presented in **Table 69** (dollars in thousands).

Table 69

|  | Old Hire Fire                  |                               | Old Hire Police                |                               | Total                          |                               |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
|  | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference between expected and actual experience                                | \$ -                           | \$ -                          | \$ -                           | \$ -                          | \$ -                           | \$ -                          |
| Changes of assumptions or other inputs   | -                              | -                             | -                              | -                             | -                              | -                             |
| Net difference between projected and actual earnings on pension plan investments | 16,458                         | -                             | 30,063                         | -                             | 46,521                         | -                             |
| Contributions subsequent to the measurement date                                 | 13,061                         | -                             | 5,027                          | -                             | 18,088                         | -                             |
| <b>Total</b>   | <b>\$ 29,519</b>               | <b>\$ -</b>                   | <b>\$ 35,090</b>               | <b>\$ -</b>                   | <b>\$ 64,609</b>               | <b>\$ -</b>                   |

The \$13,061,000 and \$5,027,000 reported by the Old Hire Fire and Old Hire Police plans, respectively, as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as presented in **Table 70** (dollars in thousands).

Table 70

| Year         | Old Hire Fire    | Old Hire Police  |
|--------------|------------------|------------------|
| 2017         | \$ 4,217         | \$ 7,702         |
| 2018         | 4,217            | 7,702            |
| 2019         | 4,216            | 7,703            |
| 2020         | 3,808            | 6,956            |
| 2021         | -                | -                |
| Thereafter   | -                | -                |
| <b>Total</b> | <b>\$ 16,458</b> | <b>\$ 30,063</b> |

The changes in net pension liability for Old Hire Fire and Old Hire Police plans are presented in **Table 71**.

Table 71

|  | Old Hire Fire           |                             |                       | Old Hire Police         |                             |                       |
|--|-------------------------|-----------------------------|-----------------------|-------------------------|-----------------------------|-----------------------|
|  | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| Balances as of January 1, 2016                     | \$ 474,369              | \$ 348,877                  | \$ 125,492            | \$ 677,839              | \$ 632,808                  | \$ 45,031             |
| Changes for the year:                              |                         |                             |                       |                         |                             |                       |
| Service cost                                       | -                       | -                           | -                     | -                       | -                           | -                     |
| Interest   | 34,026                  | -                           | 34,026                | 48,801                  | -                           | 48,801                |
| Differences between expected and actual experience | (699)                   | -                           | (699)                 | (12,201)                | -                           | (12,201)              |
| Changes of assumptions                             | 32,102                  | -                           | 32,102                | 43,358                  | -                           | 43,358                |
| Contributions - employer                           | -                       | 16,803                      | (16,803)              | -                       | 18,089                      | (18,089)              |
| Contributions - employee                           | -                       | 7                           | (7)                   | -                       | -                           | -                     |
| Net investment income                              | -                       | 6,174                       | (6,174)               | -                       | 11,278                      | (11,278)              |
| Benefit payments                                   | (42,134)                | (42,134)                    | -                     | (55,326)                | (55,326)                    | -                     |
| Administrative expense                             | -                       | (488)                       | 488                   | -                       | (910)                       | 910                   |
| Other changes                                      | -                       | -                           | -                     | -                       | -                           | -                     |
| <b>Total Net Changes</b>                           | <b>\$ 23,295</b>        | <b>\$ (19,638)</b>          | <b>\$ 42,933</b>      | <b>\$ 24,632</b>        | <b>\$ (26,869)</b>          | <b>\$ 51,501</b>      |
| Balances as of December 31, 2016                   | <b>\$ 497,664</b>       | <b>\$ 329,239</b>           | <b>\$ 168,425</b>     | <b>\$ 702,471</b>       | <b>\$ 605,939</b>           | <b>\$ 96,532</b>      |

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 weighting 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 Plans target asset allocation as of December 31, 2015 these best estimates are summarized in **Table 72**.

**Table 72**

| Asset Class           | Target Allocation | Long-Term Expected Rate of Return |
|-----------------------|-------------------|-----------------------------------|
| Global equity         | 37.00%            | 6.50%                             |
| Equity long/short     | 10.00%            | 4.70%                             |
| Illiquid alternatives | 20.00%            | 8.00%                             |
| Fixed income          | 16.00%            | 1.50%                             |
| Absolute return       | 11.00%            | 4.10%                             |
| Managed futures       | 4.00%             | 3.00%                             |
| Cash                  | 2.00%             | 0.00%                             |
| <b>Total</b>          | <b>100.00%</b>    |                                   |

The total pension liability in the December 31, 2014 actuarial valuation was determined using the actuarial assumptions and other inputs reflected in **Table 73**.

**Table 73**

|                           | Old Hire Fire | Old Hire Police |
|---------------------------|---------------|-----------------|
| Investment rate of return | 7.50%         | 7.50%           |
| Salary increases          | n/a           | n/a             |
| Inflation                 | 3.00%         | 3.00%           |

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

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 participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Net Pension Liability to Changes in the Discount Rate.** **Table 74** presents the City's net pension liability/(asset), calculated using a discount rate of 7.50%, as well as what the City's net pension liability/(asset) would be if it were calculated using a discount rate that is 1.00% lower (6.50%) or 1.00% higher (8.50) (dollars in thousands):

**Table 74**

|                                       | 1% Decrease<br>6.50% | Discount<br>7.50% | 1% Increase<br>8.50% |
|---------------------------------------|----------------------|-------------------|----------------------|
| Old Hire Fire net pension liability   | \$ 214,178           | \$ 168,425        | \$ 129,129           |
| Old Police Fire net pension liability | 165,333              | 96,532            | 37,907               |
| <b>Total</b>                          | <b>\$ 379,511</b>    | <b>\$ 264,957</b> | <b>\$ 167,036</b>    |

**Pension Plan Fiduciary Net Position.** 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).

Each retirement system issues a publicly available financial report that includes financial statements and required supplementary information of that plan. Those reports are available by contacting:

**Colorado PERA**

P. O. Box 5800  
Denver, Colorado 80217-5800

**Denver Employees Retirement Plan**

777 Pearl Street  
Denver, Colorado 80203

**Fire and Police Pension Association**

5290 DTC Parkway, Suite 100  
Greenwood Village, Colorado 80111

## Note H – Other Postemployment Benefits

In addition to the pension benefits described in Note IV-G, the City provides health insurance to eligible retirees and their qualifying dependents. Current and retired employees participate in the same group plans with blended premium rates creating an implicit rate subsidy for the retirees in the plans.

- DERP Participants' Plan Description.** The City acts in a cost-sharing multiple-employer capacity by providing health insurance to eligible DERP retirees and their qualified dependents through the City's group insurance plans. As authorized by section 18-412 of the City's Revised Municipal Code, DERP retirees are allowed to participate in the health insurance programs offered to active employees. To be eligible, a retiree must be a minimum of 55 years of age if hired prior to July 1, 2011, and a minimum of 60 years of age if hired after July 1, 2011, with 5 years of service and have begun receiving their pension benefit. Coverage ceases when one reaches Medicare age. As of the December 31, 2015 actuarial valuation, there are 8,422 active employees under age 65 covered under the health insurance plans. In addition, there are 1,107 retired employees not yet covered by Medicare who are covered by the plans. There is no stand-alone financial report for this medical coverage benefit and it is not included in the DERP report.
- Funding Policy for DERP Participants' Plan.** DERP retirees are responsible for 100.00% of the blended premium rate. They may choose to use their health benefit toward the premium costs. The health benefit associated with the DERP pension (see Note IV-H) provides monthly health insurance premium reduction of \$12.50 per year of service for retired participants under the age of 65 and \$6.25 per year of service for retirees age 65 and older. The City's required contribution toward the implicit rate subsidy is based on pay-as-you-go financing.

Contributions made by the City toward the implicit rate subsidy for DERP participants were \$5,208,000, \$5,685,000, and \$5,240,000, for the years ended December 31, 2016, 2015, and 2014, respectively, based on pay-as-you-go financing.

The Schedule of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

- 3. PERA Participants' Plan Description.** The City acts in cost sharing multiple employer capacity by providing county judges and the District Attorney access to the Health Care Trust Fund ("HCTF"), a healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. The report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).
- 4. Funding Policy for PERA Participants' Plan.** The City is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the City are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2016, 2015, and 2014, respectively the City contributions to the HCTF were \$5,000, \$6,000, and \$5,000, respectively, equal to their required contributions for each year.
- 5. FPPA Participants' Plan Description.** The City acts in a single-employer capacity by providing access to health insurance to eligible FPPA retirees and their qualified dependents through the respective groups' insurance plans. Based on City practice, fire fighter retirees and police officer retirees are allowed to participate in the health insurance programs offered to active employees. Fire fighters and police officers hired prior to April 8, 1978, are eligible for this coverage with a minimum of 25 years of service; however, police officers are also eligible when they begin collecting their pension benefit should they not obtain 25 years of service. For FPPA employees hired after April 7, 1978, they must have elected to begin collecting their pension and be a minimum of 55 years of age with 5 years of service or attained age 50 with 30 years of service. Coverage ceases when one reaches Medicare age. As of the December 31, 2016, actuarial valuation, there are 2,361 active employees under age 65 covered under the health insurance plans. In addition, there are 228 retired employees not yet covered by Medicare who are covered by the plans. There is no stand-alone financial report for this medical coverage benefit and it is not included in the FPPA report.
- 6. Funding Policy for FPPA Participants' Plan.** FPPA retirees are responsible for 100.00% of the blended premium rate. The City's required contribution toward the implicit rate subsidy is based on pay-as-you-go financing.
- 7. Annual Cost and Net Other Post Employment Benefit Obligation for FPPA Participants Plan.** The City's annual other postemployment benefit (OPEB) cost is calculated based on the Annual Required Contributions (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 cost

each year and amortize any unfunded Actuarial Accrued Liabilities (AAL) over a period of 30 years. **Table 75** (dollars in thousands) details the components of the City's annual OPEB cost for the year, the amount contributed, and changes in the City's net OPEB obligation.

**Table 75**

|  |           |               |
|--|-----------|---------------|
| Employer's normal cost                   | \$        | 1,773         |
| Amortization of unfunded AAL             |           | 1,508         |
| Interest on net OPEB obligation          |           | 625           |
| Adjustment to ARC                        |           | (622)         |
| <b>Annual OPEB Cost</b>                  |           | <b>3,284</b>  |
| Employer contribution                    |           | 1,834         |
| <b>Increase in net OPEB obligation</b>   |           | <b>1,450</b>  |
| Net OPEB obligation - January 1          |           | 15,639        |
| <b>Net OPEB Obligation - December 31</b> | <b>\$</b> | <b>17,089</b> |

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB Obligation for the year ended December 31, 2016, and the two preceding years are detailed in **Table 76** (dollars in thousands).

**Table 76**

| Fiscal Year Ended | Annual<br>OPEB Cost | Contributions | % of Annual<br>Cost OPEB<br>Contributions | Net OPEB<br>Obligations |
|-------------------|---------------------|---------------|---|-------------------------|
| December 31, 2014 | \$ 4,236            | \$ 1,800      | 42.5%                                     | \$ 13,148               |
| December 31, 2015 | 4,431               | 1,940         | 43.8%                                     | 15,639                  |
| December 31, 2016 | 3,284               | 1,834         | 55.8%                                     | 17,089                  |

8. **Funded Status and Funding Progress for FPPA Participants Plan.** The funded status for the year ended December 31, 2016, is presented in **Table 77** (dollars in thousands).

**Table 77**

|                                   | OPEB             |
|-----------------------------------|------------------|
| Actuarial accrued liability (AAL) | \$ 39,396        |
| Actuarial value of plan assets    | -                |
| <b>Unfunded AAL (UAAL)</b>        | <b>\$ 39,396</b> |
| Funded ratio                      | 0.00%            |
| Covered payroll                   | \$ 210,650       |
| UAAL as a % of covered payroll    | 18.7%            |

Actuarial valuations of an ongoing plan involve the 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 healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions 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 the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

9. **Actuarial Methods and Assumptions.** Projections and benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included in the types of benefits provided at the time of each valuation and the historic pattern of benefit costs between the employer and the 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 long-term perspective of calculations. **Table 78** details the actuarial methods and assumptions used.

**Table 78**

| <b>OPEB</b>                   |  |
|-------------------------------|--|
| Actuarial valuation date      | 12/31/16   |
| Actuarial cost method         | Entry age normal   |
| Amortization method           | Level % of pay   |
| Remaining amortization period | 30 years, open   |
| Actuarial assumptions:        |  |
| Investment rate of return     | 4.00%  |
| Healthcare cost trend         | Grading from 8.5%<br>decreasing by .5%<br>per year to 5%<br>thereafter |
| General inflation             | 3% annually  |
| Projected salary increases    | 4.00%  |

\* \* \*

## Required Supplementary Information Budgetary Comparison Schedule - General Fund and Human Services Special Revenue Fund

Year Ended December 31, 2016 (dollars in thousands)

|   | General Fund      |                   |                   |                               |
|---|-------------------|-------------------|-------------------|-------------------------------|
|   | Budget            |                   | Actual            | Variance with<br>Final Budget |
|   | Original          | Final             |                   |                               |
| <b>Revenues</b>   |                   |                   |                   |                               |
| Taxes   | \$ 821,792        | \$ 832,852        | \$ 833,917        | \$ 1,065                      |
| Licenses and permits  | 44,925            | 47,737            | 59,593            | 11,856                        |
| Intergovernmental revenues  | 32,787            | 34,204            | 34,414            | 210                           |
| Charges for services  | 198,561           | 198,906           | 193,659           | (5,247)                       |
| Investment and interest income  | 7,218             | 8,806             | 8,308             | (498)                         |
| Fines and forfeitures   | 57,658            | 55,773            | 48,893            | (6,880)                       |
| Contributions   | -                 | -                 | -                 | -                             |
| Other revenue   | 7,964             | 11,631            | 10,666            | (965)                         |
| <b>Total Revenues</b>   | <b>1,170,905</b>  | <b>1,189,909</b>  | <b>1,189,450</b>  | <b>(459)</b>                  |
| <b>Budget Basis Expenditures</b>  |                   |                   |                   |                               |
| General government  | 359,490           | 319,872           | 261,419           | 58,453                        |
| Public safety   | 491,483           | 547,371           | 539,764           | 7,607                         |
| Public works  | 117,151           | 138,169           | 138,984           | (815)                         |
| Human services  | -                 | 3,857             | 3,857             | -                             |
| Health  | 49,774            | 49,774            | 49,194            | 580                           |
| Parks and recreation  | 63,345            | 68,043            | 64,647            | 3,396                         |
| Cultural activities   | 43,191            | 45,630            | 45,500            | 130                           |
| Community development   | 24,295            | 32,763            | 29,464            | 3,299                         |
| Economic Opportunity  | 4,739             | 558               | 558               | -                             |
| <b>Total Budget Basis Expenditures</b>  | <b>1,153,468</b>  | <b>1,206,037</b>  | <b>1,133,387</b>  | <b>72,650</b>                 |
| Excess (deficiency) of revenues over<br>budget basis expenditures   | 17,437            | (16,128)          | 56,063            | 72,191                        |
| <b>Other Financing Sources (Uses)</b>   |                   |                   |                   |                               |
| Issuance of capital leases  | -                 | -                 | 373               | 373                           |
| Insurance recoveries  | -                 | -                 | 191               | 191                           |
| Transfers in  | 41,193            | 41,817            | 51,333            | 9,516                         |
| Transfers out   | 118,454           | 120,121           | (104,737)         | (224,858)                     |
| <b>Total Other Financing Sources (Uses)</b>   | <b>159,647</b>    | <b>161,938</b>    | <b>(52,840)</b>   | <b>(214,778)</b>              |
| Excess (deficiency) of revenues and other financing<br>sources over budget basis expenditures and<br>other financing uses | <u>\$ 177,084</u> | <u>\$ 145,810</u> | 3,223             | <u>\$ (142,587)</u>           |
| Fund balances - January 1   |                   |                   | 394,200           |                               |
| <b>Fund Balance - December 31</b>   |                   |                   | <u>\$ 397,423</u> |                               |

See accompanying notes to required supplementary information.

| Human Services Special Revenue Fund |                  |                  |                               |  |
|-------------------------------------|------------------|------------------|-------------------------------|--|
| Budget                              |                  | Actual           | Variance with<br>Final Budget |  |
| Original                            | Final            |                  |                               |  |
| \$ 64,352                           | \$ 64,869        | \$ 64,569        | \$ (300)                      |  |
| -                                   | -                | -                | -                             |  |
| 87,564                              | 92,929           | 92,793           | (136)                         |  |
| 386                                 | 11               | 469              | 458                           |  |
| -                                   | -                | -                | -                             |  |
| -                                   | -                | -                | -                             |  |
| -                                   | -                | 42               | 42                            |  |
| 13,848                              | 21,100           | 505              | (20,595)                      |  |
| <u>166,150</u>                      | <u>178,909</u>   | <u>158,378</u>   | <u>(20,531)</u>               |  |
| -                                   | -                | -                | -                             |  |
| -                                   | -                | -                | -                             |  |
| -                                   | -                | -                | -                             |  |
| 168,793                             | 166,883          | 143,039          | 23,844                        |  |
| -                                   | -                | -                | -                             |  |
| -                                   | -                | -                | -                             |  |
| -                                   | -                | -                | -                             |  |
| -                                   | -                | -                | -                             |  |
| <u>168,793</u>                      | <u>166,883</u>   | <u>143,039</u>   | <u>23,844</u>                 |  |
| (2,643)                             | 12,026           | 15,339           | 3,313                         |  |
| -                                   | -                | -                | -                             |  |
| -                                   | -                | -                | -                             |  |
| -                                   | -                | 3,575            | 3,575                         |  |
| (1,589)                             | (1,589)          | (1,589)          | -                             |  |
| <u>(1,589)</u>                      | <u>(1,589)</u>   | <u>1,986</u>     | <u>3,575</u>                  |  |
| <u>\$ (4,232)</u>                   | <u>\$ 10,437</u> | 17,325           | <u>\$ 6,888</u>               |  |
|                                     |                  | 58,704           |                               |  |
|                                     |                  | <u>\$ 76,029</u> |                               |  |

## Notes to Required Supplementary Information Budgetary Comparison Schedule

The City adheres to the following procedures in establishing the budgetary data for governmental fund types reflected in the financial statements:

1. Formal budgetary integration for expenditures is employed during the year for the general, special revenue, and capital projects funds except for certain special assessment projects and general improvement district funds. Formal budgetary integration is not employed for debt service funds, and certain special assessment projects and general improvement district funds included in capital projects and debt service funds, because effective budgetary control is alternatively achieved through bond and general obligation bond indenture provisions.
2. Budgets for appropriation in the General, Human Services special revenue, and capital projects funds are adopted on a basis consistent with GAAP. The General Fund and Human Services special revenue fund legally adopt budgets on an annual basis for expenditures. All other special revenue funds and the capital projects funds adopt budgets on a project length basis.
3. On or before July 1, heads of all City departments and agencies submit requests for appropriations to the budget officer who compiles the requests and submits a comprehensive budget request document to the Mayor. Thereafter, on or before September 15 of each year, the Mayor briefs the City Council on the tentative revenue and expenditure plans for the ensuing year. After receiving and considering City Council's recommendations, the Mayor prepares and submits to the City Council, on or before the third Monday in October of each year, a proposed budgetary report which includes all projected revenues and expenditures, the amount to be raised by taxation to pay interest on general obligation bonded indebtedness, and the amounts to be expended during the ensuing year for capital improvement projects identifying the sources of revenue for financing such projects. Upon receipt of the proposed budget, the City Council publishes a notice that the budget is open for inspection by the public and that a public hearing on the proposed budget will be held by no later than the fourth Monday in October. After the public hearing and consideration is given to the input by the public, the City Council, not later than the second Monday in November, adopts the budget by passage of an ordinance.
4. Authorization to transfer budgeted amounts between departments (appropriations) within any fund or revisions that alter the total expenditures of any fund must be approved by the City Council. Management can transfer budgeted amounts between line items within departments (appropriations). The legal level of budgetary control is established and maintained at the funded project level for special revenue and capital projects funds and at the department level for all other funds. Budgeted amounts are as originally adopted and as amended by the City Council throughout the year.
5. Unencumbered appropriations in the General Fund and Human Services special revenue fund lapse at year end. The unencumbered appropriations in the remaining special revenue funds and capital projects funds do not lapse at year end, but terminate upon expiration of the grant or project fiscal year or term.

**Required Supplementary Information Other Postemployment Benefits -  
Implicit Rate Subsidy**

December 31, 2016 (dollars in thousands)

**Schedule of Funding Progress**

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability - Entry Age | Unfunded Actuarial Accrued Liability | Funded Ratio | Covered Payroll | Unfunded Actuarial Accrued Liability as a % of Covered Payroll |
|--------------------------|---------------------------|---|--------------------------------------|--------------|-----------------|--|
| <b>DERP</b>              |                           |   |                                      |              |                 |  |
| December 31, 2014        | \$ -                      | \$ 73,738                               | \$ 73,738                            | 0.0%         | \$ 487,408      | 15.1%  |
| December 31, 2015        | -                         | 73,495                                  | 73,495                               | 0.0%         | 503,249         | 14.6%  |
| December 31, 2016        | -                         | 79,371                                  | 79,371                               | 0.0%         | 526,301         | 15.1%  |
| <b>FPPA</b>              |                           |   |                                      |              |                 |  |
| December 31, 2014        | \$ -                      | \$ 47,906                               | \$ 47,906                            | 0.0%         | \$ 201,756      | 23.7%  |
| December 31, 2015        | -                         | 50,461                                  | 50,461                               | 0.0%         | 209,829         | 24.0%  |
| December 31, 2016        | -                         | 39,396                                  | 39,396                               | 0.0%         | 210,650         | 18.7%  |

**Schedule of Employer Contributions**

| Year Ended        | Employer Contributions       |                        |                              |                        |
|-------------------|------------------------------|------------------------|------------------------------|------------------------|
|                   | DERP                         |                        | FPPA                         |                        |
|                   | Annual Required Contribution | Percentage Contributed | Annual Required Contribution | Percentage Contributed |
| December 31, 2014 | \$ 4,987                     | 105.1%                 | \$ 4,234                     | 42.2%                  |
| December 31, 2015 | 5,048                        | 112.5%                 | 4,431                        | 43.8%                  |
| December 31, 2016 | 5,480                        | 95.0%                  | 3,284                        | 55.8%                  |

**Required Supplementary Information**

**Schedule of City's Proportionate Share of the Net Pension Liability - DERP**

December 31, 2016 (dollars in thousands)

|                   | City's Proportion of the Net Pension Liability (Asset) | City's Proportionate Share of the Net Pension Liability (Asset) | City's Covered - Employee Payroll | City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered - Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|-------------------|--|---|-----------------------------------|---|--|
| <b>DERP</b>       |  |   |                                   |   |  |
| December 31, 2015 | 88.88%   | \$ 778,462  | \$ 511,922                        | 152.07%   | 70.12%   |
| December 31, 2016 | 89.51%   | 1,055,539   | 560,157                           | 188.44%   | 62.26%   |

**Note:** Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

**Note:** Information presented in this schedule has been determined as of the City's measurement date (December 31 of the year prior to the most recent fiscal year) of the collective net pension liability in accordance with Governmental Accounting Standards Board Statement No. 68.

### Required Supplementary Information Schedule of City Contributions - DERP

December 31, 2016 (dollars in thousands)

|                   | Statutorily<br>Required<br>Contributions | Contributions in<br>Relation to<br>Statutorily<br>Required<br>Contribution | Contribution<br>Deficiency<br>(Excess) | City's<br>Covered<br>Employee<br>Payroll | Contributions as<br>a % of Covered<br>Employee<br>Payroll |
|-------------------|--|--|--|--|---|
| <b>DERP</b>       |  |  |  |  |   |
| December 31, 2015 | \$ 64,443                                | \$ 60,181  | \$ 4,262                               | \$ 560,157                               | 10.74%  |
| December 31, 2016 | 59,159                                   | 64,345   | (5,186)                                | 574,914                                  | 11.19%  |

**Note:** Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

**Note:** Information presented in this schedule has been determined as of the City's most recent fiscal year end (December 31) in accordance with Governmental Accounting Standards Board Statement No. 68.

**Note:** There were no benefit changes during the year.

As of October 1, 2015, the valuation interest was lowered from 8% to 7.75%. The latest experience study was conducted in 2013 covering the 5-year period of January 1, 2008 to December 31, 2012. At the time, the recommended mortality table was expected to produce a margin of 8% on the retired male mortality experience and 7% on the retired female experience (Source: Denver Employees Retirement Plan 2013 Actuarial Experience Study for the period ending December 31, 2012, page 24).

### Required Supplementary Information Schedule of City's Proportionate Share of the Net Pension Liability - FPPA SWDB

December 31, 2016 (dollars in thousands)

|                   | City's<br>Proportion of<br>the Net Pension<br>Liability (Asset) | City's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability (Asset) | City's<br>Covered<br>- Employee<br>Payroll | City's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability (Asset)<br>as a Percentage<br>of its Covered<br>- Employee Payroll | Plan<br>Fiduciary Net<br>Position as a<br>Percentage<br>of the Total<br>Pension Liability |
|-------------------|---|---|--|--|---|
| <b>FPPA SWDB</b>  |   |   |  |  |   |
| December 31, 2015 | 39.51%  | \$ (44,591)   | \$ 230,820                                 | 19.32%   | 106.80%   |
| December 31, 2016 | 39.81%  | \$ (701)  | \$ 251,518                                 | 0.28%  | 100.10%   |

**Note:** Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

**Note:** Information presented in this schedule has been determined as of the City's measurement date (December 31 of the year prior to the most recent fiscal year) of the collective net pension liability in accordance with Governmental Accounting Standards Board Statement No. 68.

### Required Supplementary Information Schedule of City Contributions - FPPA SWDB

December 31, 2016 (dollars in thousands)

|                   | Statutorily<br>Required<br>Contributions | Contributions in<br>Relation to<br>Statutorily<br>Required<br>Contribution | Contribution<br>Deficiency<br>(Excess) | City's<br>Covered<br>Employee<br>Payroll | Contributions as<br>a % of Covered<br>Employee<br>Payroll |
|-------------------|--|--|--|--|---|
| <b>FPPA</b>       |  |  |  |  |   |
| <b>SWDB</b>       |  |  |  |  |   |
| December 31, 2015 | \$ 20,121                                | \$ 15,299  | \$ 4,822                               | \$ 251,518                               | 6.08%   |
| December 31, 2016 | 20,561                                   | 15,648   | 4,913                                  | 257,016                                  | 6.09%   |

**Note:** Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

**Note:** Information presented in this schedule has been determined as of the City's most recent fiscal year end (December 31) in accordance with Governmental Accounting Standards Board Statement No. 68.

**Note: Changes in Assumptions.** At least every five years, the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2015 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2016 and were used in the rollforward calculation of total pension liability as of December 31, 2015. Actuarial assumptions effective for actuarial valuations prior to January 1, 2016 were used in the determination of the actuarially determined contributions as of December 31, 2015. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

**Required Supplementary Information**  
**Schedule of City's Contributions - FPPA Old Hire Fire and Police**

December 31, 2016 (dollars in thousands)

| FPPA                   | Statutorily Required Contributions | Contributions in Relation to Actuarially Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Employee Payroll | Contributions as a % of Covered Employee Payroll |
|------------------------|------------------------------------|--|----------------------------------|-------------------------------------|--|
| <b>Old Hire Fire</b>   |                                    |  |                                  |                                     |  |
| December 31, 2015      | \$ 13,061                          | \$ 15,912  | \$ (2,851)                       | 139                                 | 11447.48%  |
| December 31, 2016      | 13,053                             | 13,061   | (8)                              | 90                                  | 14512.22%  |
| <b>Old Hire Police</b> |                                    |  |                                  |                                     |  |
| December 31, 2015      | \$ 16,262                          | \$ 18,977  | \$ (2,715)                       | 102                                 | 18604.90%  |
| December 31, 2016      | 5,027                              | 5,027  | -                                | n/a                                 | n/a  |

**Note:** Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

**Note:** Information presented in this schedule has been determined as of the City's most recent fiscal year end (December 31) in accordance with Governmental Accounting Standards Board Statement No. 68.

**Notes to Schedule**

**Valuation date:** Actuarially determined contributions rates are calculated as of January 1 of even numbered years.

The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2012, determines the contribution amounts for 2013 and 2014.

Employer Contributions

| Methods and assumptions used to determine contribution rates: | Old Hire Fire   | Old Hire Police   |
|---|---|---|
| Actuarial cost method   | Entry Age Normal  | Entry Age Normal  |
| Amortization method   | Level Dollar, Open  | Level Dollar, Open  |
| Remaining amortization period                                 | 18 Years  | 20 Years  |
| Asset valuation method  | 5-Year smoothed market  | 5-Year smoothed market  |
| Inflation   | 3.00%   | 3.00%   |
| Salary increases  | N/A   | N/A   |
| Investment rate of return                                     | 7.50%   | 7.50%   |
| Retirement age  | Any remaining actives are assumed to retire immediately.  | Any remaining actives are assumed to retire immediately.  |
| Mortality   | Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment Disabled: RP-2000 Disabled Mortality Table All tables projected with Scale AA. | Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment Disabled: RP-2000 Disabled Mortality Table All tables projected with Scale AA. |

## Required Supplementary Information

### Schedule of City's Proportionate Share of the Net Pension Liability - PERA

December 31, 2016 (dollars in thousands)

|                   | City's<br>Proportion of<br>the Net Pension<br>Liability (Asset) | City's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability (Asset) | City's<br>Covered<br>- Employee<br>Payroll | City's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability (Asset)<br>as a Percentage<br>of its Covered<br>- Employee Payroll | Plan<br>Fiduciary Net<br>Position as a<br>Percentage<br>of the Total<br>Pension Liability |
|-------------------|---|---|--|--|---|
| <b>PERA SDTF</b>  |   |   |  |  |   |
| December 31, 2015 | 0.007%  | \$ 674  | \$ 207                                     | 325.60%  | 59.80%  |
| December 31, 2016 | 0.007%  | 755   | 221  | 341.63%  | 56.10%  |
| <b>PERA JDTF</b>  |   |   |  |  |   |
| December 31, 2015 | 6.400%  | \$ 8,854  | \$ 2,800                                   | 316.21%  | 66.90%  |
| December 31, 2016 | 6.018%  | 11,066  | 2,986                                      | 370.60%  | 60.10%  |

**Note:** Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

**Note:** Information presented in this schedule has been determined as of the City's measurement date (December 31 of the year prior to the most recent fiscal year) of the collective net pension liability in accordance with Governmental Accounting Standards Board Statement No. 68.

## Required Supplementary Information

### Schedule of City's Contributions - PERA

December 31, 2016 (dollars in thousands)

| PERA              | Statutorily<br>Required<br>Contributions | Contributions in<br>Relation to<br>Statutorily<br>Required<br>Contribution | Contribution<br>Deficiency<br>(Excess) | City's<br>Covered<br>Employee<br>Payroll | Contributions as<br>a % of Covered<br>Employee<br>Payroll |
|-------------------|--|--|--|--|---|
| <b>SDTF</b>       |  |  |  |  |   |
| December 31, 2015 | \$ 36                                    | \$ 37  | \$ (1)                                 | \$ 221                                   | 16.74%  |
| December 31, 2016 | 37                                       | 37   | -                                      | 203                                      | 18.23%  |
| <b>JDTF</b>       |  |  |  |  |   |
| December 31, 2015 | \$ 488                                   | \$ 488   | \$ -                                   | \$ 2,986                                 | 16.34%  |
| December 31, 2016 | 468                                      | 468  | -                                      | 2,864                                    | 16.34%  |

**Note:** Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

**Note:** Information presented in this schedule has been determined as of the City's most recent fiscal year end (December 31) in accordance with Governmental Accounting Standards Board Statement No. 68.

**Note:** Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

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

## Required Supplementary Information

### Schedule of Changes in the City's Net Pension Liability and Related Ratios - FPPA Old Hire Fire

(dollars in thousands)

| <b>FPPA Old Hire Fire</b>  | <b>2015</b>       | <b>2016</b>       |
|--|-------------------|-------------------|
| <b>Total pension liability</b>   |                   |                   |
| Service Cost   | \$ -              | \$ -              |
| Interest   | 34,596            | 34,026            |
| Changes of benefit terms   | -                 | -                 |
| Differences between actual and expected experience                         | -                 | (699)             |
| Changes of assumptions   | -                 | 32,102            |
| Benefit payments, including refunds of employee contributions              | (42,249)          | (42,134)          |
| <b>Net change in total pension liability</b>                               | <b>(7,653)</b>    | <b>23,295</b>     |
| <b>Total pension liability - beginning</b>                                 | <b>482,022</b>    | <b>474,369</b>    |
| <b>Total pension liability - ending</b>                                    | <b>\$ 474,369</b> | <b>\$ 497,664</b> |
| <b>Plan fiduciary net position</b>   |                   |                   |
| Contributions - employer   | \$ 13,944         | \$ 16,803         |
| Contributions - employee   | 7                 | 7                 |
| Net investment income  | 23,465            | 6,174             |
| Benefit payments, including refunds of employee contributions              | (42,249)          | (42,134)          |
| Administrative expense   | (545)             | (488)             |
| <b>Net change in plan fiduciary net position</b>                           | <b>(5,378)</b>    | <b>(19,638)</b>   |
| <b>Plan fiduciary net position - beginning</b>                             | <b>354,255</b>    | <b>348,877</b>    |
| <b>Plan fiduciary net position - ending</b>                                | <b>\$ 348,877</b> | <b>\$ 329,239</b> |
| <b>Net Pension Liability</b>   | <b>\$ 125,492</b> | <b>\$ 168,425</b> |
| Plan fiduciary net position as a percentage of the total pension liability | 73.55%            | 66.16%            |
| Covered employee payroll   | 87                | 90                |
| Net pension liability as a percentage of covered employee payroll          | 143734.99%        | 187436.70%        |

**Note:** Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

**Note:** Information presented in this schedule has been determined as of the City's measurement date (December 31 of the year prior recent fiscal year) of the collective net pension liability in accordance with Governmental Accounting Standards Board Statement No. 68.

**Required Supplementary Information****Schedule of Changes in the City's Net Pension Liability and Related Ratios - FPPA Old Hire Police**

(dollars in thousands)

| <b>FPPA Old Hire Police</b>  | <b>2015</b>       | <b>2016</b>       |
|--|-------------------|-------------------|
| <b>Total pension liability</b>   |                   |                   |
| Service Cost   | \$ -              | \$ -              |
| Interest   | 49,249            | 48,801            |
| Changes of benefit terms   | -                 | -                 |
| Differences between actual and expected experience                         | -                 | (12,201)          |
| Changes of assumptions   | -                 | 43,358            |
| Benefit payments, including refunds of employee contributions              | (55,137)          | (55,326)          |
| <b>Net change in total pension liability</b>                               | <b>(5,888)</b>    | <b>24,632</b>     |
| <b>Total pension liability - beginning</b>                                 | <b>683,727</b>    | <b>677,839</b>    |
| <b>Total pension liability - ending</b>                                    | <b>\$ 677,839</b> | <b>\$ 702,471</b> |
| <b>Plan fiduciary net position</b>   |                   |                   |
| Contributions - employer   | \$ 16,262         | \$ 18,089         |
| Contributions - employee   | 5                 | -                 |
| Net investment income  | 42,091            | 11,278            |
| Benefit payments, including refunds of employee contributions              | (55,137)          | (55,326)          |
| Administrative expense   | (977)             | (910)             |
| <b>Net change in plan fiduciary net position</b>                           | <b>2,244</b>      | <b>(26,869)</b>   |
| <b>Plan fiduciary net position - beginning</b>                             | <b>630,564</b>    | <b>632,808</b>    |
| <b>Plan fiduciary net position - ending</b>                                | <b>\$ 632,808</b> | <b>\$ 605,939</b> |
| <b>Net Pension Liability</b>   | <b>\$ 45,031</b>  | <b>\$ 96,532</b>  |
| Plan fiduciary net position as a percentage of the total pension liability | 93.36%            | 86.26%            |
| Covered employee payroll   | 90                | n/a               |
| Net pension liability as a percentage of covered employee payroll          | 50070.05%         | n/a               |

**Note:** Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

**Note:** Information presented in this schedule has been determined as of the City's measurement date (December 31 of the year prior to the most recent fiscal year) of the collective net pension liability in accordance with Governmental Accounting Standards Board Statement No. 68.



# Governmental Funds

# NonMajor Governmental Funds

## Special Revenue Funds

Special revenue funds are operating funds used to account for the proceeds of specific revenue sources that are intended for specific purposes other than special assessments or major capital projects.

- **General Government** - to account for the proceeds of revenue not specifically accounted for in another special revenue fund.
- **Public Safety** - to account for the proceeds of revenue to be used for public safety purposes.
- **Health** - to account for the proceeds of revenue to be used for expenditures in connection with health related purposes and activities.
- **Culture and Recreation** - to account for the proceeds of revenue to be used in providing culture and recreation services.
- **Community Development** - to account for the proceeds of revenue to be used for community development purposes and activities.
- **Economic Opportunity** - to account for the proceeds of revenue to be used in providing economic opportunity services.
- **Special Funds** - to account for resources by agreement for various purposes.
- **General Improvement Districts** - to account for the financial resources segregated for the financing of improvements of properties within the general improvement districts.

## Debt Service Funds

Debt service funds are used to account for the payment of principal and interest on long-term debt. Debt Service revenues are from taxes and other operating revenues, some of which are pledged specifically to repay certain outstanding bond issues.

- **Bond Principal** - to account for resources used for the payment of principal on governmental long-term debt.
- **Bond Interest** - to account for resources used for the payment of interest on governmental long-term debt.
- **Excise Tax Revenue Bond** - to account for the accumulation of funds for the payment of principal and interest on the Excise Tax Revenue bonds.
- **General Improvement Districts** - to account for the financial activities associated with the payment of principal and interest on General Improvement District general obligation bonds.

## Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

- **Winter Park Capital Fund** - to account for financial resources from the Winter Park Trust.
- **Capital Improvements** - to account for financial resources segregated for the acquisition of major capital projects of the City other than those financed by bond projects, other capital projects, enterprise funds, and internal service funds.
- **Conservation Trusts** - to account for the proceeds from State Lottery Funds, investment earnings, and refunds; all used for parks and recreation capital improvements.
- **Bond Projects Capital Fund** - to account for the proceeds from the issuance of long-term debt to be used for paying the cost of projects as set forth in bond issuing ordinances.
- **Other Capital Projects** - to account for financial resources segregated for the financing of major capital projects for which grant or other funds will be used.
- **Entertainment and Culture** - to account for surplus seat tax used for capital improvements to entertainment and cultural facilities owned by the City that generate seat taxes.
- **Special Assessments** - to account for the financing of improvements and maintenance deemed to benefit properties against which special assessments are levied.

## Permanent Fund

**Cableland Trust** - to account for resources by ordinance to be used to maintain the residence known as Cableland.

## Governmental Individual Fund Schedules and Statements

- **General Fund and Human Services Special Revenue Fund** - Schedules of Expenditures Compared with Authorizations.
- **General Fund** - Comparative Balance Sheets and Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance.

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## Combining Balance Sheet - Nonmajor Governmental Funds

December 31, 2016 (dollars in thousands)

|  | Special<br>Revenue | Debt<br>Service   | Capital<br>Projects | Cableland<br>Trust | Total               |
|--|--------------------|-------------------|---------------------|--------------------|---------------------|
| <b>Assets</b>  |                    |                   |                     |                    |                     |
| Cash on hand   | \$ 7,863           | \$ -              | \$ -                | \$ -               | \$ 7,863            |
| Cash and cash equivalents  | 85,310             | 130,564           | 525,250             | 667                | 741,791             |
| Receivables (net of allowances<br>for uncollectibles of \$85,567):             |                    |                   |                     |                    |                     |
| Taxes  | 46,514             | 118,095           | 65,167              | -                  | 229,776             |
| Notes  | 58,431             | -                 | -                   | -                  | 58,431              |
| Accounts   | 37,341             | -                 | 8,509               | -                  | 45,850              |
| Accrued interest   | 143                | 681               | 2,174               | 23                 | 3,021               |
| Interfund receivable   | 1,224              | -                 | -                   | -                  | 1,224               |
| Due from other governments   | 14,460             | -                 | 17,053              | -                  | 31,513              |
| Prepaid items and other assets   | 181                | 2,846             | 3,293               | -                  | 6,320               |
| Restricted assets:   |                    |                   |                     |                    |                     |
| Cash and cash equivalents  | 2,055              | 327               | -                   | 3,000              | 5,382               |
| Assets held for disposition  | 730                | -                 | -                   | -                  | 730                 |
| <b>Total Assets</b>  | <b>\$ 254,252</b>  | <b>\$ 252,513</b> | <b>\$ 621,446</b>   | <b>\$ 3,690</b>    | <b>\$ 1,131,901</b> |
| <b>Liabilities, Deferred Inflows<br/>of Resources, and Fund Balances</b>       |                    |                   |                     |                    |                     |
| Liabilities:   |                    |                   |                     |                    |                     |
| Vouchers payable   | \$ 21,911          | \$ -              | \$ 41,253           | \$ -               | \$ 63,164           |
| Accrued liabilities  | 882                | 3                 | 70                  | -                  | 955                 |
| Due to taxing units  | 118                | 128               | 15                  | -                  | 261                 |
| Interfund payable  | 1,750              | -                 | 27                  | -                  | 1,777               |
| Unearned revenue   | 2,865              | -                 | 6,058               | -                  | 8,923               |
| Advances   | 8,112              | -                 | 2,839               | -                  | 10,951              |
| Compensated absences   | 51                 | -                 | -                   | -                  | 51                  |
| <b>Total Liabilities</b>   | <b>35,689</b>      | <b>131</b>        | <b>50,262</b>       | <b>-</b>           | <b>86,082</b>       |
| Deferred Inflows of Resources:   |                    |                   |                     |                    |                     |
| Unavailable revenues - property tax  | 42,875             | 113,364           | 65,293              | -                  | 221,532             |
| Unavailable revenues - long-term receivables                                   | 28,589             | -                 | 3,735               | -                  | 32,324              |
| <b>Total Deferred Inflows of Resources</b>                                     | <b>71,464</b>      | <b>113,364</b>    | <b>69,028</b>       | <b>-</b>           | <b>253,856</b>      |
| Fund Balances:   |                    |                   |                     |                    |                     |
| Nonspendable   | 181                | 2,846             | 3,293               | 3,000              | 9,320               |
| Restricted   | 122,318            | 136,172           | 498,863             | 690                | 758,043             |
| Committed  | 24,041             | -                 | -                   | -                  | 24,041              |
| Assigned   | 559                | -                 | -                   | -                  | 559                 |
| Unassigned   | -                  | -                 | -                   | -                  | -                   |
| <b>Total Fund Balances</b>   | <b>147,099</b>     | <b>139,018</b>    | <b>502,156</b>      | <b>3,690</b>       | <b>791,963</b>      |
| <b>Total Liabilities, Deferred Inflows<br/>of Resources, and Fund Balances</b> | <b>\$ 254,252</b>  | <b>\$ 252,513</b> | <b>\$ 621,446</b>   | <b>\$ 3,690</b>    | <b>\$ 1,131,901</b> |

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds

For the Year Ended December 31, 2016 (dollars in thousands)

|  | Special<br>Revenue | Debt<br>Service   | Capital<br>Projects | Cableland<br>Trust | Total             |
|--|--------------------|-------------------|---------------------|--------------------|-------------------|
| <b>Revenues</b>  |                    |                   |                     |                    |                   |
| Taxes:   |                    |                   |                     |                    |                   |
| Facilities development admission                             | \$ -               | \$ -              | \$ 12,401           | \$ -               | \$ 12,401         |
| Lodgers  | 24,634             | 39,269            | -                   | -                  | 63,903            |
| Property   | 43,961             | 111,542           | 63,778              | -                  | 219,281           |
| Sales and use  | 21,377             | 40,543            | 1,379               | -                  | 63,299            |
| Specific ownership   | 39                 | 18                | -                   | -                  | 57                |
| Telephone  | 6,775              | -                 | -                   | -                  | 6,775             |
| Special assessments  | -                  | -                 | 1,282               | -                  | 1,282             |
| Licenses and permits   | 1,642              | -                 | -                   | -                  | 1,642             |
| Intergovernmental revenues                                   | 64,645             | -                 | 37,810              | -                  | 102,455           |
| Charges for services   | 72,947             | -                 | 95                  | -                  | 73,042            |
| Investment and interest income                               | 2,381              | 1,744             | 6,142               | 86                 | 10,353            |
| Fines and forfeitures  | 540                | -                 | -                   | -                  | 540               |
| Contributions  | 3,100              | -                 | 3,567               | -                  | 6,667             |
| Other revenue  | 43,065             | 6,192             | 1,861               | -                  | 51,118            |
| <b>Total Revenues</b>  | <b>285,106</b>     | <b>199,308</b>    | <b>128,315</b>      | <b>86</b>          | <b>612,815</b>    |
| <b>Expenditures</b>  |                    |                   |                     |                    |                   |
| Current:   |                    |                   |                     |                    |                   |
| General government   | 75,330             | -                 | 39,316              | -                  | 114,646           |
| Public safety  | 67,555             | -                 | -                   | -                  | 67,555            |
| Public works   | 8,926              | -                 | 44,079              | -                  | 53,005            |
| Health   | 10,195             | -                 | 2,433               | -                  | 12,628            |
| Parks and recreation   | 2,698              | -                 | 8,520               | -                  | 11,218            |
| Cultural activities  | 63,503             | -                 | 6,527               | -                  | 70,030            |
| Community development  | 13,090             | -                 | 4,414               | -                  | 17,504            |
| Economic opportunity   | 14,030             | -                 | -                   | -                  | 14,030            |
| Debt service:  |                    |                   |                     |                    |                   |
| Principal retirement   | 18,365             | 77,906            | 1,800               | -                  | 98,071            |
| Interest   | 11,308             | 46,392            | 1,782               | -                  | 59,482            |
| Bond issuance costs  | -                  | 1,119             | 954                 | -                  | 2,073             |
| Capital outlay   | -                  | -                 | 99,506              | -                  | 99,506            |
| <b>Total Expenditures</b>                                    | <b>285,000</b>     | <b>125,417</b>    | <b>209,331</b>      | <b>-</b>           | <b>619,748</b>    |
| Excess (deficiency) of revenues<br>over (under) expenditures | 106                | 73,891            | (81,016)            | 86                 | (6,933)           |
| <b>Other Financing Sources (Uses)</b>                        |                    |                   |                     |                    |                   |
| Sale of capital assets                                       | 54                 | -                 | 1,027               | -                  | 1,081             |
| Bond premium   | -                  | 12,809            | 18,048              | -                  | 30,857            |
| Bond proceeds - refunding                                    | -                  | 193,140           | -                   | -                  | 193,140           |
| Note Proceeds  | -                  | 3,000             | -                   | -                  | 3,000             |
| Payment to escrow  | -                  | (193,979)         | -                   | -                  | (193,979)         |
| Issuance of bonds  | -                  | -                 | 204,170             | -                  | 204,170           |
| Insurance recoveries   | 1,126              | -                 | 244                 | -                  | 1,370             |
| Transfers in   | 32,390             | -                 | 95,599              | -                  | 127,989           |
| Transfers out  | (17,737)           | (23,322)          | (36,994)            | (194)              | (78,247)          |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>15,833</b>      | <b>(8,352)</b>    | <b>282,094</b>      | <b>(194)</b>       | <b>289,381</b>    |
| Net change in fund balances                                  | 15,939             | 65,539            | 201,078             | (108)              | 282,448           |
| Fund balances - January 1                                    | 131,160            | 73,479            | 301,078             | 3,798              | 509,515           |
| <b>Fund Balances - December 31</b>                           | <b>\$ 147,099</b>  | <b>\$ 139,018</b> | <b>\$ 502,156</b>   | <b>\$ 3,690</b>    | <b>\$ 791,963</b> |

## Combining Balance Sheet - Nonmajor Special Revenue Funds

December 31, 2016 (dollars in thousands)

|  | General<br>Government | Public<br>Safety | Health          |
|--|-----------------------|------------------|-----------------|
| <b>Assets</b>  |                       |                  |                 |
| Cash on hand   | \$ 1,782              | \$ -             | \$ -            |
| Cash and cash equivalents  | 23,953                | 14,583           | -               |
| Receivables (net of allowances for uncollectibles of \$80,914)                 |                       |                  |                 |
| Taxes  | 3,677                 | 35,696           | -               |
| Notes  | 10,834                | -                | -               |
| Accounts   | 1,504                 | 3,264            | 124             |
| Accrued interest   | 53                    | 8                | -               |
| Interfund receivable   | -                     | -                | -               |
| Due from other governments   | 2,746                 | 2,256            | 3,025           |
| Prepaid items and other assets   | -                     | -                | -               |
| Restricted assets:   |                       |                  |                 |
| Cash and cash equivalents  | -                     | -                | -               |
| Assets held for disposition  | -                     | -                | -               |
| <b>Total Assets</b>  | <b>44,549</b>         | <b>55,807</b>    | <b>3,149</b>    |
| <b>Liabilities, Deferred Inflows<br/>of Resources, and Fund Balances</b>       |                       |                  |                 |
| Liabilities:   |                       |                  |                 |
| Vouchers payable   | 5,053                 | 2,107            | 923             |
| Accrued liabilities  | 21                    | 517              | 34              |
| Due to taxing units  | -                     | 118              | -               |
| Interfund payable  | 16                    | -                | 578             |
| Unearned revenue   | 1,117                 | 724              | 719             |
| Advances   | 1,978                 | 17               | -               |
| Compensated absences   | 51                    | -                | -               |
| <b>Total Liabilities</b>   | <b>8,236</b>          | <b>3,483</b>     | <b>2,254</b>    |
| Deferred Inflows of Resources:   |                       |                  |                 |
| Unavailable revenues - property tax  | -                     | 35,696           | -               |
| Unavailable revenues - long-term receivables                                   | 687                   | 203              | -               |
| <b>Total Deferred Inflows of Resources</b>                                     | <b>687</b>            | <b>35,899</b>    | <b>-</b>        |
| Fund Balances:   |                       |                  |                 |
| Nonspendable   | -                     | -                | -               |
| Restricted   | 35,626                | 16,425           | 895             |
| Committed  | -                     | -                | -               |
| Assigned   | -                     | -                | -               |
| Unassigned   | -                     | -                | -               |
| <b>Total Fund Balances</b>   | <b>35,626</b>         | <b>16,425</b>    | <b>895</b>      |
| <b>Total Liabilities, Deferred Inflows<br/>of Resources, and Fund Balances</b> | <b>\$ 44,549</b>      | <b>\$ 55,807</b> | <b>\$ 3,149</b> |

| Culture and Recreation | Community Development | Economic Opportunity | Special Funds    | General Improvement Districts | Total             |
|------------------------|-----------------------|----------------------|------------------|-------------------------------|-------------------|
| \$ 6,081               | \$ -                  | \$ -                 | \$ -             | \$ -                          | \$ 7,863          |
| 33,380                 | 4,188                 | -                    | 8,671            | 535                           | 85,310            |
| -                      | 6,690                 | -                    | -                | 451                           | 46,514            |
| -                      | 47,597                | -                    | -                | -                             | 58,431            |
| 3,527                  | -                     | -                    | 28,870           | 52                            | 37,341            |
| 9                      | 22                    | -                    | 51               | -                             | 143               |
| -                      | -                     | 1,224                | -                | -                             | 1,224             |
| 405                    | 4,038                 | 1,990                | -                | -                             | 14,460            |
| 181                    | -                     | -                    | -                | -                             | 181               |
| -                      | 234                   | -                    | 1,803            | 18                            | 2,055             |
| -                      | 730                   | -                    | -                | -                             | 730               |
| <b>43,583</b>          | <b>63,499</b>         | <b>3,214</b>         | <b>39,395</b>    | <b>1,056</b>                  | <b>254,252</b>    |
| 9,430                  | 1,968                 | 2,087                | 316              | 27                            | 21,911            |
| 116                    | 49                    | 58                   | 87               | -                             | 882               |
| -                      | -                     | -                    | -                | -                             | 118               |
| 23                     | 48                    | 927                  | 158              | -                             | 1,750             |
| 253                    | -                     | 52                   | -                | -                             | 2,865             |
| 6,117                  | -                     | -                    | -                | -                             | 8,112             |
| -                      | -                     | -                    | -                | -                             | 51                |
| <b>15,939</b>          | <b>2,065</b>          | <b>3,124</b>         | <b>561</b>       | <b>27</b>                     | <b>35,689</b>     |
| -                      | 6,728                 | -                    | -                | 451                           | 42,875            |
| 20                     | -                     | -                    | 27,679           | -                             | 28,589            |
| <b>20</b>              | <b>6,728</b>          | <b>-</b>             | <b>27,679</b>    | <b>451</b>                    | <b>71,464</b>     |
| 181                    | -                     | -                    | -                | -                             | 181               |
| 3,402                  | 54,706                | 90                   | 11,155           | 19                            | 122,318           |
| 24,041                 | -                     | -                    | -                | -                             | 24,041            |
| -                      | -                     | -                    | -                | 559                           | 559               |
| -                      | -                     | -                    | -                | -                             | -                 |
| <b>27,624</b>          | <b>54,706</b>         | <b>90</b>            | <b>11,155</b>    | <b>578</b>                    | <b>147,099</b>    |
| <b>\$ 43,583</b>       | <b>\$ 63,499</b>      | <b>\$ 3,214</b>      | <b>\$ 39,395</b> | <b>\$ 1,056</b>               | <b>\$ 254,252</b> |

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds

For the Year Ended December 31, 2016 (dollars in thousands)

|   | General<br>Government | Public<br>Safety | Health        |
|---|-----------------------|------------------|---------------|
| <b>Revenues</b>   |                       |                  |               |
| Taxes:  |                       |                  |               |
| Lodgers   | \$ 24,634             | \$ -             | \$ -          |
| Property  | 4,663                 | 38,756           | -             |
| Sales and use   | 21,377                | -                | -             |
| Specific ownership  | -                     | -                | -             |
| Telephone   | -                     | -                | -             |
| Licenses and permits                                      | 1,642                 | -                | -             |
| Intergovernmental revenues                                | 9,982                 | 25,411           | 10,226        |
| Charges for services                                      | 6,558                 | 8,067            | 9             |
| Investment and interest income                            | 383                   | 8                | -             |
| Fines and forfeitures                                     | -                     | 540              | -             |
| Contributions   | 995                   | 16               | 195           |
| Other revenue   | 10,552                | 425              | 3             |
| <b>Total Revenues</b>                                     | <b>80,786</b>         | <b>73,223</b>    | <b>10,433</b> |
| <b>Expenditures</b>                                       |                       |                  |               |
| Current:  |                       |                  |               |
| General government  | 74,864                | 1                | -             |
| Public safety   | 191                   | 67,364           | -             |
| Public works  | 877                   | -                | -             |
| Health  | 18                    | -                | 10,177        |
| Parks and recreation                                      | -                     | -                | -             |
| Cultural activities                                       | -                     | -                | -             |
| Community development                                     | -                     | -                | -             |
| Economic opportunity                                      | 265                   | -                | -             |
| Debt service:   |                       |                  |               |
| Principal retirement                                      | -                     | 75               | -             |
| Interest  | -                     | -                | -             |
| <b>Total Expenditures</b>                                 | <b>76,215</b>         | <b>67,440</b>    | <b>10,177</b> |
| Excess (deficiency) of revenues over (under) expenditures | 4,571                 | 5,783            | 256           |
| <b>Other Financing Sources (Uses)</b>                     |                       |                  |               |
| Sale of capital asset                                     | -                     | -                | -             |
| Insurance recoveries                                      | 1,109                 | -                | -             |
| Transfers in  | 3,159                 | 387              | 31            |
| Transfers out   | (2,251)               | (1,300)          | (8)           |
| <b>Total Other Financing Sources (Uses)</b>               | <b>2,017</b>          | <b>(913)</b>     | <b>23</b>     |
| Net change in fund balances                               | 6,588                 | 4,870            | 279           |
| Fund balances - January 1                                 | 29,038                | 11,555           | 616           |
| <b>Fund Balances - December 31</b>                        | <b>\$ 35,626</b>      | <b>\$ 16,425</b> | <b>\$ 895</b> |

| Cultural and<br>Recreation | Community<br>Development | Economic<br>Opportunity | Special<br>Funds | General<br>Improvement<br>District | Total             |
|----------------------------|--------------------------|-------------------------|------------------|------------------------------------|-------------------|
| \$ -                       | \$ -                     | \$ -                    | \$ -             | \$ -                               | \$ 24,634         |
| -                          | -                        | -                       | -                | 542                                | 43,961            |
| -                          | -                        | -                       | -                | -                                  | 21,377            |
| -                          | -                        | -                       | -                | 39                                 | 39                |
| -                          | -                        | -                       | 6,775            | -                                  | 6,775             |
| -                          | -                        | -                       | -                | -                                  | 1,642             |
| 538                        | 10,832                   | 7,656                   | -                | -                                  | 64,645            |
| 51,325                     | -                        | 6,393                   | 595              | -                                  | 72,947            |
| 31                         | 1,150                    | -                       | 804              | 5                                  | 2,381             |
| -                          | -                        | -                       | -                | -                                  | 540               |
| 1,894                      | -                        | -                       | -                | -                                  | 3,100             |
| 25,598                     | 103                      | 180                     | 6,184            | 20                                 | 43,065            |
| <u>79,386</u>              | <u>12,085</u>            | <u>14,229</u>           | <u>14,358</u>    | <u>606</u>                         | <u>285,106</u>    |
| 62                         | -                        | -                       | -                | 403                                | 75,330            |
| -                          | -                        | -                       | -                | -                                  | 67,555            |
| -                          | -                        | -                       | 8,049            | -                                  | 8,926             |
| -                          | -                        | -                       | -                | -                                  | 10,195            |
| 2,695                      | -                        | -                       | 3                | -                                  | 2,698             |
| 63,503                     | -                        | -                       | -                | -                                  | 63,503            |
| -                          | 13,090                   | -                       | -                | -                                  | 13,090            |
| -                          | -                        | 13,765                  | -                | -                                  | 14,030            |
| -                          | -                        | -                       | 18,290           | -                                  | 18,365            |
| -                          | -                        | -                       | 11,308           | -                                  | 11,308            |
| <u>66,260</u>              | <u>13,090</u>            | <u>13,765</u>           | <u>37,650</u>    | <u>403</u>                         | <u>285,000</u>    |
| 13,126                     | (1,005)                  | 464                     | (23,292)         | 203                                | 106               |
| -                          | -                        | -                       | 54               | -                                  | 54                |
| 17                         | -                        | -                       | -                | -                                  | 1,126             |
| 3,113                      | -                        | -                       | 25,700           | -                                  | 32,390            |
| (9,779)                    | (6)                      | (2)                     | (4,391)          | -                                  | (17,737)          |
| <u>(6,649)</u>             | <u>(6)</u>               | <u>(2)</u>              | <u>21,363</u>    | <u>-</u>                           | <u>15,833</u>     |
| 6,477                      | (1,011)                  | 462                     | (1,929)          | 203                                | 15,939            |
| 21,147                     | 55,717                   | (372)                   | 13,084           | 375                                | 131,160           |
| <u>\$ 27,624</u>           | <u>\$ 54,706</u>         | <u>\$ 90</u>            | <u>\$ 11,155</u> | <u>\$ 578</u>                      | <u>\$ 147,099</u> |

## Combining Balance Sheet - Nonmajor Debt Service Funds

December 31, 2016 (dollars in thousands)

|  | Bond<br>Principal | Bond<br>Interest | Excise<br>Tax Revenue<br>Bond | General<br>Improvement<br>Districts | Total             |
|--|-------------------|------------------|-------------------------------|-------------------------------------|-------------------|
| <b>Assets</b>  |                   |                  |                               |                                     |                   |
| Cash and cash equivalents  | \$ 29,916         | \$ 44,081        | \$ 56,413                     | \$ 154                              | \$ 130,564        |
| Receivables (net of allowances<br>for uncollectibles of \$489):                |                   |                  |                               |                                     |                   |
| Taxes  | 99,440            | 13,372           | 5,280                         | 3                                   | 118,095           |
| Accrued interest   | -                 | 306              | 375                           | -                                   | 681               |
| Prepaid items and other assets   | -                 | -                | -                             | 2,846                               | 2,846             |
| Restricted assets:   |                   |                  |                               |                                     |                   |
| Cash and cash equivalents  | -                 | -                | -                             | 327                                 | 327               |
| <b>Total Assets</b>  | <b>\$ 129,356</b> | <b>\$ 57,759</b> | <b>\$ 62,068</b>              | <b>\$ 3,330</b>                     | <b>\$ 252,513</b> |
| <b>Liabilities, Deferred Inflows<br/>of Resources, and Fund Balances</b>       |                   |                  |                               |                                     |                   |
| Accrued Liabilities  | -                 | -                | -                             | 3                                   | 3                 |
| Due to taxing unit   | 73                | 45               | -                             | 10                                  | 128               |
| <b>Total Liabilities Balance</b>   | <b>73</b>         | <b>45</b>        | <b>-</b>                      | <b>13</b>                           | <b>131</b>        |
| Deferred Inflows of Resources:   |                   |                  |                               |                                     |                   |
| Unavailable revenues - property tax  | 99,927            | 13,437           | -                             | -                                   | 113,364           |
| <b>Total of Deferred Inflows of Resources</b>                                  | <b>99,927</b>     | <b>13,437</b>    | <b>-</b>                      | <b>-</b>                            | <b>113,364</b>    |
| Fund Balances:   |                   |                  |                               |                                     |                   |
| Nonspendable   | -                 | -                | -                             | 2,846                               | 2,846             |
| Restricted   | 29,356            | 44,277           | 62,068                        | 471                                 | 136,172           |
| <b>Total Fund Balances</b>   | <b>29,356</b>     | <b>44,277</b>    | <b>62,068</b>                 | <b>3,317</b>                        | <b>139,018</b>    |
| <b>Total Liabilities, Deferred Inflows<br/>of Resources, and Fund Balances</b> | <b>\$ 129,356</b> | <b>\$ 57,759</b> | <b>\$ 62,068</b>              | <b>\$ 3,330</b>                     | <b>\$ 252,513</b> |

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Debt Service Funds

For the Year Ended December 31, 2016 (dollars in thousands)

|  | Bond<br>Principal | Bond<br>Interest | Excise Tax<br>Revenue Bond | General<br>Improvement<br>Districts | Total             |
|--|-------------------|------------------|----------------------------|-------------------------------------|-------------------|
| <b>Revenues</b>  |                   |                  |                            |                                     |                   |
| Taxes:   |                   |                  |                            |                                     |                   |
| Lodgers  | \$ -              | \$ -             | \$ 39,269                  | \$ -                                | \$ 39,269         |
| Property   | 71,131            | 39,249           | -                          | 1,162                               | 111,542           |
| Sales and use  | -                 | -                | 40,543                     | -                                   | 40,543            |
| Specific ownership   | -                 | -                | -                          | 18                                  | 18                |
| Investment and interest income                               | -                 | 1,007            | 737                        | -                                   | 1,744             |
| Other revenue  | -                 | 5,554            | -                          | 638                                 | 6,192             |
| <b>Total Revenues</b>  | <b>71,131</b>     | <b>45,810</b>    | <b>80,549</b>              | <b>1,818</b>                        | <b>199,308</b>    |
| <b>Expenditures</b>  |                   |                  |                            |                                     |                   |
| Principal retirement   | 54,270            | -                | 22,350                     | 1,286                               | 77,906            |
| Interest   | -                 | 36,770           | 9,291                      | 331                                 | 46,392            |
| Bond issuance costs  | -                 | -                | 868                        | 251                                 | 1,119             |
| <b>Total Expenditures</b>                                    | <b>54,270</b>     | <b>36,770</b>    | <b>32,509</b>              | <b>1,868</b>                        | <b>125,417</b>    |
| Excess (deficiency) of revenues<br>over (under) expenditures | 16,861            | 9,040            | 48,040                     | (50)                                | 73,891            |
| <b>Other Financing Uses</b>                                  |                   |                  |                            |                                     |                   |
| Note proceeds  | -                 | -                | -                          | 3,000                               | 3,000             |
| Bond premium   | -                 | -                | 12,809                     | -                                   | 12,809            |
| Bond proceeds - refunding                                    | -                 | -                | 193,140                    | -                                   | 193,140           |
| Payment to escrow  | -                 | -                | (193,979)                  | -                                   | (193,979)         |
| Transfers out  | -                 | -                | (23,322)                   | -                                   | (23,322)          |
| <b>Total Other Financing Uses</b>                            | <b>-</b>          | <b>-</b>         | <b>(11,352)</b>            | <b>3,000</b>                        | <b>(8,352)</b>    |
| Net change in fund balances                                  | 16,861            | 9,040            | 36,688                     | 2,950                               | 65,539            |
| Fund balances - January 1                                    | 12,495            | 35,237           | 25,380                     | 367                                 | 73,479            |
| <b>Fund Balances - December 31</b>                           | <b>\$ 29,356</b>  | <b>\$ 44,277</b> | <b>\$ 62,068</b>           | <b>\$ 3,317</b>                     | <b>\$ 139,018</b> |

## Combining Balance Sheet - Nonmajor Capital Projects Funds

December 31, 2016 (dollars in thousands)

|  | Winter Park<br>Capital Fund | Capital<br>Improvements | Conservation<br>Trusts |
|--|-----------------------------|-------------------------|------------------------|
| <b>Assets</b>  |                             |                         |                        |
| Cash and cash equivalents  | \$ 8,047                    | \$ 209,841              | \$ 12,452              |
| Receivables (net of allowances for uncollectibles of \$4,164):             |                             |                         |                        |
| Taxes  | -                           | 64,975                  | -                      |
| Accounts   | -                           | 847                     | -                      |
| Accrued interest   | 19                          | 842                     | 178                    |
| Due from other governments   | -                           | -                       | -                      |
| Prepaid items and other assets   | -                           | -                       | -                      |
| <b>Total Assets</b>  | <b>\$ 8,066</b>             | <b>\$ 276,505</b>       | <b>\$ 12,630</b>       |
| <b>Liabilities, Deferred Inflow of Resources, and Fund Balances</b>        |                             |                         |                        |
| Liabilities:   |                             |                         |                        |
| Vouchers payable   | \$ 749                      | \$ 16,812               | \$ 761                 |
| Accrued liabilities  | -                           | 70                      | -                      |
| Due to taxing unit   | -                           | 7                       | -                      |
| Interfund payable  | -                           | 27                      | -                      |
| Advances   | -                           | -                       | -                      |
| Unearned revenue   | -                           | -                       | -                      |
| <b>Total Liabilities</b>   | <b>749</b>                  | <b>16,916</b>           | <b>761</b>             |
| Deferred Inflow of Resources:  |                             |                         |                        |
| Unavailable revenues - property tax  | \$ -                        | \$ 65,293               | \$ -                   |
| Unavailable revenues - long-term receivables                               | -                           | -                       | -                      |
| <b>Total Deferred Inflows of Resources</b>                                 | <b>-</b>                    | <b>65,293</b>           | <b>-</b>               |
| Fund Balances:   |                             |                         |                        |
| Nonspendable   | \$ -                        | \$ -                    | \$ -                   |
| Restricted   | 7,317                       | 194,296                 | 11,869                 |
| <b>Total Fund Balances</b>   | <b>7,317</b>                | <b>194,296</b>          | <b>11,869</b>          |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 8,066</b>             | <b>\$ 276,505</b>       | <b>\$ 12,630</b>       |

| Bond<br>Projects  | Other Capital<br>Projects | Entertainment<br>and Culture | Special<br>Assessments | Total             |
|-------------------|---------------------------|------------------------------|------------------------|-------------------|
| \$ 223,571        | \$ 50,726                 | \$ 19,132                    | \$ 1,481               | \$ 525,250        |
| -                 | 192                       | -                            | -                      | 65,167            |
| -                 | 5,557                     | 1,014                        | 1,091                  | 8,509             |
| 937               | 126                       | 66                           | 6                      | 2,174             |
| -                 | 17,053                    | -                            | -                      | 17,053            |
| 105               | 3,188                     | -                            | -                      | 3,293             |
| <u>\$ 224,613</u> | <u>\$ 76,842</u>          | <u>\$ 20,212</u>             | <u>\$ 2,578</u>        | <u>\$ 621,446</u> |
| \$ 10,370         | \$ 12,191                 | \$ 370                       | \$ -                   | \$ 41,253         |
| -                 | -                         | -                            | -                      | 70                |
| 8                 | -                         | -                            | -                      | 15                |
| -                 | -                         | -                            | -                      | 27                |
| -                 | 2,839                     | -                            | -                      | 2,839             |
| -                 | 4,967                     | -                            | 1,091                  | 6,058             |
| <u>10,378</u>     | <u>19,997</u>             | <u>370</u>                   | <u>1,091</u>           | <u>50,262</u>     |
| \$ -              | \$ -                      | \$ -                         | \$ -                   | \$ 65,293         |
| -                 | 3,735                     | -                            | -                      | 3,735             |
| -                 | <u>3,735</u>              | -                            | -                      | <u>69,028</u>     |
| \$ 105            | \$ 3,188                  | \$ -                         | \$ -                   | \$ 3,293          |
| 214,130           | 49,922                    | 19,842                       | 1,487                  | 498,863           |
| <u>214,235</u>    | <u>53,110</u>             | <u>19,842</u>                | <u>1,487</u>           | <u>502,156</u>    |
| <u>\$ 224,613</u> | <u>\$ 76,842</u>          | <u>\$ 20,212</u>             | <u>\$ 2,578</u>        | <u>\$ 621,446</u> |

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds

For the Year Ended December 31, 2016 (dollars in thousands)

|  | Winter Park<br>Capital Fund | Capital<br>Improvements | Conservation<br>Trusts |
|--|-----------------------------|-------------------------|------------------------|
| <b>Revenues</b>  |                             |                         |                        |
| Taxes:   |                             |                         |                        |
| Facilities development admission                             | \$ -                        | \$ -                    | \$ -                   |
| Property   | -                           | 63,778                  | -                      |
| Sales and use  | -                           | -                       | -                      |
| Special assessments  | -                           | -                       | -                      |
| Intergovernmental revenues                                   | -                           | 8,209                   | 7,252                  |
| Charges for services   | -                           | 95                      | -                      |
| Investment and interest income                               | 67                          | 2,471                   | 471                    |
| Contributions  | -                           | -                       | -                      |
| Other revenue  | -                           | 10                      | -                      |
| <b>Total Revenues</b>  | <b>67</b>                   | <b>74,563</b>           | <b>7,723</b>           |
| <b>Expenditures</b>  |                             |                         |                        |
| Current:   |                             |                         |                        |
| General government   | -                           | 16,613                  | -                      |
| Public works   | -                           | 37,604                  | -                      |
| Health   | -                           | 2,433                   | -                      |
| Parks and recreation   | 1,014                       | 1,887                   | 4,279                  |
| Cultural activities  | -                           | 1,324                   | -                      |
| Community development  | -                           | 4,414                   | -                      |
| Debt service:  |                             |                         |                        |
| Principal retirement   | -                           | 1,800                   | -                      |
| Interest   | -                           | 1,782                   | -                      |
| Bond issuance costs  | -                           | -                       | -                      |
| Capital outlay   | 919                         | 42,092                  | 1,159                  |
| <b>Total Expenditures</b>                                    | <b>1,933</b>                | <b>109,949</b>          | <b>5,438</b>           |
| Excess (deficiency) of revenues over<br>(under) expenditures | (1,866)                     | (35,386)                | 2,285                  |
| <b>Other Financing Sources (Uses)</b>                        |                             |                         |                        |
| Sale of capital assets                                       | -                           | 1,027                   | -                      |
| Bond premium   | -                           | -                       | -                      |
| Issuance of bonds  | -                           | -                       | -                      |
| Issuance recoveries  | -                           | 30                      | -                      |
| Transfers in   | 3,518                       | 69,862                  | -                      |
| Transfers out  | -                           | (15,799)                | (642)                  |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>3,518</b>                | <b>55,120</b>           | <b>(642)</b>           |
| Net change in fund balances                                  | 1,652                       | 19,734                  | 1,643                  |
| Fund balances - January 1                                    | 5,665                       | 174,562                 | 10,226                 |
| <b>Fund Balances - December 31</b>                           | <b>\$ 7,317</b>             | <b>\$ 194,296</b>       | <b>\$ 11,869</b>       |

| Bond<br>Projects  | Other Capital<br>Projects | Entertainment<br>and Culture | Special<br>Assessments | Total             |
|-------------------|---------------------------|------------------------------|------------------------|-------------------|
| \$ -              | \$ -                      | \$ 12,401                    | \$ -                   | \$ 12,401         |
| -                 | -                         | -                            | -                      | 63,778            |
| -                 | 1,379                     | -                            | -                      | 1,379             |
| -                 | 163                       | -                            | 1,119                  | 1,282             |
| -                 | 22,349                    | -                            | -                      | 37,810            |
| -                 | -                         | -                            | -                      | 95                |
| 2,571             | 362                       | 180                          | 20                     | 6,142             |
| -                 | 3,567                     | -                            | -                      | 3,567             |
| -                 | 1,851                     | -                            | -                      | 1,861             |
| <u>2,571</u>      | <u>29,671</u>             | <u>12,581</u>                | <u>1,139</u>           | <u>128,315</u>    |
| 18,931            | 3,772                     | -                            | -                      | 39,316            |
| 5,556             | -                         | -                            | 919                    | 44,079            |
| -                 | -                         | -                            | -                      | 2,433             |
| -                 | 1,040                     | 300                          | -                      | 8,520             |
| -                 | 2,430                     | 2,773                        | -                      | 6,527             |
| -                 | -                         | -                            | -                      | 4,414             |
| -                 | -                         | -                            | -                      | 1,800             |
| -                 | -                         | -                            | -                      | 1,782             |
| 954               | -                         | -                            | -                      | 954               |
| 33,738            | 21,334                    | 264                          | -                      | 99,506            |
| <u>59,179</u>     | <u>28,576</u>             | <u>3,337</u>                 | <u>919</u>             | <u>209,331</u>    |
| (56,608)          | 1,095                     | 9,244                        | 220                    | (81,016)          |
| -                 | -                         | -                            | -                      | 1,027             |
| 18,048            | -                         | -                            | -                      | 18,048            |
| 204,170           | -                         | -                            | -                      | 204,170           |
| -                 | 214                       | -                            | -                      | 244               |
| -                 | 22,219                    | -                            | -                      | 95,599            |
| (15,260)          | (1,000)                   | (4,274)                      | (19)                   | (36,994)          |
| <u>206,958</u>    | <u>21,433</u>             | <u>(4,274)</u>               | <u>(19)</u>            | <u>282,094</u>    |
| 150,350           | 22,528                    | 4,970                        | 201                    | 201,078           |
| 63,885            | 30,582                    | 14,872                       | 1,286                  | 301,078           |
| <u>\$ 214,235</u> | <u>\$ 53,110</u>          | <u>\$ 19,842</u>             | <u>\$ 1,487</u>        | <u>\$ 502,156</u> |

## Schedule of Expenditures Compared with Authorizations - General Fund

For the Year Ended December 31, 2016 (dollars in thousands)

|   | 2016 Annual<br>Authorizations<br>After Revisions | Budget Basis<br>Expenditures | Authorized<br>Balance |
|---|--|------------------------------|-----------------------|
| <b>General Government</b>               |  |                              |                       |
| Mayor's Office                          | \$ 1,621   | \$ 1,577                     | \$ 44                 |
| Civic Events                            | 982  | 917                          | 65                    |
| Office of Special Events                | 534  | 520                          | 14                    |
| Education/Advocacy Initiatives          | 4,258  | 3,840                        | 418                   |
| Public Defenders Office                 | 1,029  | 1,014                        | 15                    |
| City Council                            | 4,691  | 4,780                        | (89)                  |
| Board of Ethics                         | 129  | 129                          | -                     |
| Office of Human Resources               | 13,676   | 13,623                       | 53                    |
| Career Service Authority Hearing Office | 104  | 104                          | -                     |
| City Attorney                           | 32,176   | 30,027                       | 2,149                 |
| Clerk and Recorder                      | 10,043   | 8,649                        | 1,394                 |
| Board of Adjustment                     | 329  | 316                          | 13                    |
| Human Rights and Community Partnerships | 1,936  | 1,873                        | 63                    |
| General Services                        | 50,090   | 47,805                       | 2,285                 |
| Auditor                                 | 6,866  | 6,126                        | 740                   |
| Department of Finance                   | 77,187   | 67,499                       | 9,688                 |
| Contingency                             | 16,049   | -                            | 16,049                |
| Unemployment Insurance                  | 1,210  | 811                          | 399                   |
| Adams Mark Tax Increment                | 2,926  | 2,810                        | 116                   |
| Annual Rental Payments                  | 21,365   | 1,428                        | 19,937                |
| Payments to Elderly and Disabled        | 2,525  | 3                            | 2,522                 |
| Historic Tax Rebates                    | 300  | 300                          | -                     |
| Excise and Licenses                     | 3,232  | 2,968                        | 264                   |
| Technology Services                     | 57,107   | 54,882                       | 2,225                 |
| Office of Economic Development          | 9,507  | 9,418                        | 89                    |
| <b>Total General Government</b>         | <b>\$ 319,872</b>                                | <b>\$ 261,419</b>            | <b>\$ 58,453</b>      |
| <b>Public Safety</b>                    |  |                              |                       |
| Safety Administration                   | \$ 22,796  | \$ 19,256                    | \$ 3,540              |
| Civil Service Commission                | 1,747  | 1,510                        | 237                   |
| County Court                            | 23,284   | 22,342                       | 942                   |
| District Attorney                       | 22,737   | 22,895                       | (158)                 |
| Emergency Management                    | 693  | 581                          | 112                   |
| Fire                                    | 128,519  | 127,075                      | 1,444                 |
| Independent Monitor                     | 1,483  | 1,432                        | 51                    |
| Police                                  | 212,399  | 211,892                      | 507                   |
| Undersheriff                            | 133,713  | 132,781                      | 932                   |
| <b>Total Public Safety</b>              | <b>\$ 547,371</b>                                | <b>\$ 539,764</b>            | <b>\$ 7,607</b>       |

continued

## Schedule of Expenditures Compared with Authorizations - General Fund - continued

For the Year Ended December 31, 2016 (dollars in thousands)

|                                    | 2016 Annual<br>Authorizations<br>After Revisions | Budget Basis<br>Expenditures | Authorized<br>Balance |
|------------------------------------|--|------------------------------|-----------------------|
| <b>Public Works</b>                | \$ 138,169                                       | \$ 138,984                   | \$ (815)              |
| <b>Total Public Works</b>          | <u>\$ 138,169</u>                                | <u>\$ 138,984</u>            | <u>\$ (815)</u>       |
| <b>Human Services</b>              | \$ 3,857   | \$ 3,857                     | \$ -                  |
| <b>Total Human Services</b>        | <u>\$ 3,857</u>                                  | <u>\$ 3,857</u>              | <u>\$ -</u>           |
| <b>Health</b>                      |  |                              |                       |
| Environmental Health               | \$ 12,886  | \$ 12,539                    | \$ 347                |
| City Payments to Health Authority  | 30,901   | 30,858                       | 43                    |
| Clinic                             | 2,713  | 2,585                        | 128                   |
| Denver C.A.R.E.S.                  | 3,066  | 3,060                        | 6                     |
| Poison Center                      | 208  | 152                          | 56                    |
| <b>Total Health</b>                | <u>\$ 49,774</u>                                 | <u>\$ 49,194</u>             | <u>\$ 580</u>         |
| <b>Parks and Recreation</b>        | \$ 68,043  | \$ 64,647                    | \$ 3,396              |
| <b>Total Parks and Recreation</b>  | <u>\$ 68,043</u>                                 | <u>\$ 64,647</u>             | <u>\$ 3,396</u>       |
| <b>Cultural Activities</b>         |  |                              |                       |
| Arts and Venues                    | \$ 2,306   | \$ 2,306                     | \$ -                  |
| Denver Public Library              | 43,324   | 43,194                       | 130                   |
| <b>Total Cultural Activities</b>   | <u>\$ 45,630</u>                                 | <u>\$ 45,500</u>             | <u>\$ 130</u>         |
| <b>Community Development</b>       | \$ 32,763  | \$ 29,464                    | \$ 3,299              |
| <b>Total Community Development</b> | <u>\$ 32,763</u>                                 | <u>\$ 29,464</u>             | <u>\$ 3,299</u>       |
| <b>Economic Development</b>        | \$ 558   | \$ 558                       | \$ -                  |
| <b>Total Economic Development</b>  | <u>\$ 558</u>                                    | <u>\$ 558</u>                | <u>\$ -</u>           |
| <b>Total</b>                       | <u>\$ 1,206,037</u>                              | <u>\$ 1,133,387</u>          | <u>\$ 72,650</u>      |

## Schedule of Expenditures Compared with Authorizations - Human Services Special Revenue Fund

For the Year Ended December 31, 2016 (dollars in thousands)

|  | 2016 Annual<br>Authorizations<br>After Revisions |  | Budget Basis<br>Expenditures |              | Authorized<br>Balance |
|--|--|--|------------------------------|--------------|-----------------------|
| <b>Grants - Currently Active</b>               |  |  |                              |              |                       |
| 13001 Federal                                  | \$ 1,538   |  | \$ 1,538                     |              | \$ -                  |
| 13007 Community Service                        | 1,165  |  | 1,165                        |              | -                     |
| 13009 Emergency Shelter                        | 558  |  | 558                          |              | -                     |
| 13012 Emergency Shelter Plus Care              | 4,124  |  | 4,124                        |              | -                     |
| 13017 Child Care                               | 3,343  |  | 2,374                        |              | 969                   |
| 13019 Homeless Vets Reintegration and Training | 2  |  | 2                            |              | -                     |
| 13601 Human Services Privately Funded          | 225  |  | 225                          |              | -                     |
| <b>State/County Welfare</b>                    |  |  |                              |              |                       |
| 13005 Child Welfare                            | 42,054   |  | 36,969                       |              | 5,085                 |
| 13008 County Public Welfare                    | 86,951   |  | 75,527                       |              | 11,424                |
| 13301 Prenatal Fees Incentive                  | 5  |  | 5                            |              | -                     |
| 13303 Aid to the Needy Disabled                | 1,000  |  | 710                          |              | 290                   |
| 13304 Board for Developmentally Disabled       | 14,551   |  | 9,309                        |              | 5,242                 |
| 13305 General Assistance                       | 1,582  |  | 1,338                        |              | 244                   |
| 13306 Local Funded Community Service           | 6,543  |  | 5,953                        |              | 590                   |
| 13501 Human Services State Funded              | 280  |  | 280                          |              | -                     |
| <b>City and Other Projects</b>                 |  |  |                              |              |                       |
| 13502 Integrated Care Management Incentive     | 189  |  | 189                          |              | -                     |
| 13703 Drug Strategy Donations                  | 1  |  | 1                            |              | -                     |
| 13704 Homeless Services Donations              | 2,416  |  | 2,416                        |              | -                     |
| 13706 DHS Volunteer Services                   | 12   |  | 12                           |              | -                     |
| 13802 Family Crisis Project                    | 169  |  | 169                          |              | -                     |
| 13808 Energy Assistance                        | 30   |  | 30                           |              | -                     |
| 13811 Assistance Incentive Program             | 145  |  | 145                          |              | -                     |
| <b>Total</b>                                   | <b>\$ 166,883</b>                                |  | <b>\$ 143,039</b>            | <sup>1</sup> | <b>\$ 23,844</b>      |

<sup>1</sup>Includes grantor expenditures of \$6,366 reported in the Economic Opportunity Special Revenue Fund.

## Comparative Balance Sheets - General Fund

December 31, 2016 and 2015 (dollars in thousands)

|   | Totals            |                   |
|---|-------------------|-------------------|
|   | December 31       |                   |
|   | 2016              | 2015              |
| <b>Assets</b>   |                   |                   |
| Cash on hand  | \$ 1,156          | \$ 117            |
| Cash and cash equivalents   | 274,060           | 273,039           |
| Receivables (net of allowances for uncollectibles of \$67,797 and \$61,519) |                   |                   |
| Taxes   | 189,709           | 185,474           |
| Notes   | 2,589             | 430               |
| Accounts  | 24,642            | 21,999            |
| Accrued interest  | 1,902             | 1,973             |
| Interfund receivable  | 11,608            | 12,436            |
| Prepaid items and other assets  | 7,215             | 2,890             |
| Restricted assets:  |                   |                   |
| Cash and cash equivalents   | 68,115            | 65,283            |
| <b>Total Assets</b>   | <b>\$ 580,996</b> | <b>\$ 563,641</b> |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>        |                   |                   |
| Liabilities:  |                   |                   |
| Vouchers payable  | \$ 27,539         | \$ 19,240         |
| Accrued liabilities   | 19,620            | 15,882            |
| Due to taxing units   | 528               | 556               |
| Interfund payable   | 24                | 36                |
| Unearned revenue  | 1,138             | 1,133             |
| Advances  | 1,075             | 25                |
| <b>Total Liabilities</b>  | <b>49,924</b>     | <b>36,872</b>     |
| Deferred Inflows of Resources:  |                   |                   |
| Unavailable revenues - property tax   | 120,019           | 118,702           |
| Unavailable revenues - long-term receivables                                | 13,630            | 13,867            |
| <b>Total Deferred Inflows of Resources</b>                                  | <b>133,649</b>    | <b>132,569</b>    |
| Fund Balance:   |                   |                   |
| Nonspendable  | 7,215             | 2,890             |
| Restricted  | 68,114            | 65,713            |
| Committed   | 50,964            | 32,121            |
| Unassigned  | 271,130           | 293,476           |
| <b>Total Fund Balance</b>   | <b>397,423</b>    | <b>394,200</b>    |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>  | <b>\$ 580,996</b> | <b>\$ 563,641</b> |

## Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance - General Fund

For the Years Ended December 31, 2016 and 2015 (dollars in thousands)

|   | Totals<br>December 31 |                   |
|---|-----------------------|-------------------|
|   | 2016                  | 2015              |
| <b>Revenues</b>                             |                       |                   |
| Taxes:                                      |                       |                   |
| Lodgers                                     | \$ 24,969             | \$ 23,072         |
| Motor vehicle ownership                     | 26,787                | 26,647            |
| Occupational privilege                      | 49,864                | 48,293            |
| Property                                    | 116,009               | 107,198           |
| Sales and use                               | 613,617               | 581,922           |
| Telephone                                   | 2,671                 | 2,692             |
| Licenses and permits                        | 59,593                | 59,909            |
| Intergovernmental revenues                  | 34,414                | 33,240            |
| Charges for services                        | 193,659               | 189,573           |
| Investment and interest income              | 8,308                 | 7,388             |
| Fines and forfeitures                       | 48,893                | 52,989            |
| Contributions                               | -                     | 107               |
| Other revenue                               | 10,666                | 16,336            |
| <b>Total Revenues</b>                       | <b>1,189,450</b>      | <b>1,149,366</b>  |
| <b>Expenditures</b>                         |                       |                   |
| Current:                                    |                       |                   |
| General government                          | 259,959               | 230,258           |
| Public safety                               | 539,428               | 518,800           |
| Public works                                | 135,073               | 121,516           |
| Human Services                              | 3,857                 | -                 |
| Health                                      | 49,194                | 49,301            |
| Parks and recreation                        | 64,534                | 57,914            |
| Cultural activities                         | 45,416                | 44,213            |
| Community development                       | 29,464                | 21,515            |
| Economic opportunity                        | 558                   | 601               |
| Principal retirement                        | 5,010                 | 4,998             |
| Interest                                    | 894                   | 997               |
| <b>Total Expenditures</b>                   | <b>1,133,387</b>      | <b>1,050,113</b>  |
| Excess of revenues over expenditures        | 56,063                | 99,253            |
| <b>Other Financing Sources (Uses)</b>       |                       |                   |
| Sale of capital assets                      | -                     | 2                 |
| Issuance of capital leases                  | 373                   | 485               |
| Insurance recoveries                        | 191                   | 285               |
| Transfers in                                | 51,333                | 56,366            |
| Transfers out                               | (104,737)             | (126,207)         |
| <b>Total Other Financing Sources (Uses)</b> | <b>(52,840)</b>       | <b>(69,069)</b>   |
| Net change in fund balance                  | 3,223                 | 30,184            |
| Fund balances - January 1                   | 394,200               | 364,016           |
| <b>Fund Balance - December 31</b>           | <b>\$ 397,423</b>     | <b>\$ 394,200</b> |



# Proprietary Funds

## Proprietary Funds

Proprietary funds are a group of funds that account for activities that are often seen in the private sector and are operated in a similar manner as in the private sector.

### Enterprise Funds

- **Environmental Services** - to account for the operation and activity of the City's chemical waste disposal, phase out of hazardous materials disposal sites, and litter prevention.
- **Golf Course** - to account for the administration, operation, maintenance and improvement of City-owned golf facilities.

### Internal Service Funds

- **Asphalt Plant** - to account for the expenditures and revenues of the City's Asphalt Plant that provides a service to the metropolitan Denver area and is an essential element in the street resurfacing program of the City's Street Maintenance division.
- **Workers' Compensation** - to account for the City's workers compensation self insurance activities.

## Combining Statement of Net Position - Nonmajor Enterprise Funds

December 31, 2016 (dollars in thousands)

|   | Environmental<br>Services | Golf<br>Course  | Total            |
|---|---------------------------|-----------------|------------------|
| <b>Assets</b>                               |                           |                 |                  |
| Current assets:                             |                           |                 |                  |
| Cash and cash equivalents                   | \$ 18,345                 | \$ 3,371        | \$ 21,716        |
| Receivables:                                |                           |                 |                  |
| Accounts                                    | 2,154                     | 21              | 2,175            |
| Accrued interest                            | 75                        | 16              | 91               |
| Inventories                                 | -                         | 201             | 201              |
| Interfund receivable                        | 11                        | -               | 11               |
| Restricted assets:                          |                           |                 |                  |
| Cash and cash equivalents                   | 8,145                     | -               | 8,145            |
| Accounts receivable                         | 509                       | -               | 509              |
| Accrued interest receivable                 | 33                        | -               | 33               |
| <b>Total Current Assets</b>                 | <b>29,272</b>             | <b>3,609</b>    | <b>32,881</b>    |
| Capital assets:                             |                           |                 |                  |
| Land and construction in progress           | 3,168                     | 1,131           | 4,299            |
| Buildings and improvements                  | 665                       | 12,787          | 13,452           |
| Improvements other than buildings           | -                         | 16,202          | 16,202           |
| Machinery and equipment                     | 199                       | 5,962           | 6,161            |
| Accumulated depreciation                    | (735)                     | (21,238)        | (21,973)         |
| Net capital assets                          | 3,297                     | 14,844          | 18,141           |
| Long-term receivables                       | 2,978                     | -               | 2,978            |
| <b>Total Noncurrent Assets</b>              | <b>6,275</b>              | <b>14,844</b>   | <b>21,119</b>    |
| <b>Total Assets</b>                         | <b>35,547</b>             | <b>18,453</b>   | <b>54,000</b>    |
| <b>Deferred Outflows of Resources</b>       |                           |                 |                  |
| Deferred outflows on pensions               | 2,024                     | 1,613           | 3,637            |
| <b>Total Deferred Outflows of Resources</b> | <b>2,024</b>              | <b>1,613</b>    | <b>3,637</b>     |
| <b>Liabilities</b>                          |                           |                 |                  |
| Current liabilities:                        |                           |                 |                  |
| Vouchers payable                            | 971                       | 358             | 1,329            |
| Revenue bonds payable                       | -                         | 565             | 565              |
| Accrued liabilities                         | 86                        | 159             | 245              |
| Unearned revenue                            | -                         | 636             | 636              |
| Interfund payable                           | 381                       | 10              | 391              |
| Capital lease obligations                   | -                         | 352             | 352              |
| Compensated absences                        | 173                       | 132             | 305              |
| Restricted liabilities:                     |                           |                 |                  |
| Vouchers payable                            | 451                       | -               | 451              |
| <b>Total Current Liabilities</b>            | <b>2,062</b>              | <b>2,212</b>    | <b>4,274</b>     |
| Noncurrent liabilities:                     |                           |                 |                  |
| Revenue bonds payable, net                  | -                         | 1,865           | 1,865            |
| Net pension liability                       | 6,646                     | 5,127           | 11,773           |
| Capital lease obligations                   | -                         | 356             | 356              |
| Compensated absences                        | 369                       | 519             | 888              |
| <b>Total Noncurrent Liabilities</b>         | <b>7,015</b>              | <b>7,867</b>    | <b>14,882</b>    |
| <b>Total Liabilities</b>                    | <b>9,077</b>              | <b>10,079</b>   | <b>19,156</b>    |
| <b>Net Position</b>                         |                           |                 |                  |
| Net investment in capital assets            | 3,297                     | 11,705          | 15,002           |
| Restricted for capital projects             | 8,236                     | -               | 8,236            |
| Unrestricted                                | 16,961                    | (1,718)         | 15,243           |
| <b>Total Net Position</b>                   | <b>\$ 28,494</b>          | <b>\$ 9,987</b> | <b>\$ 38,481</b> |

## Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Nonmajor Enterprise Funds

For the Year Ended December 31, 2016 (dollars in thousands)

|   | Environmental<br>Services | Golf<br>Course  | Total            |
|---|---------------------------|-----------------|------------------|
| <b>Operating Revenues</b>                   |                           |                 |                  |
| Charges for services                        | \$ 10,540                 | \$ 11,028       | \$ 21,568        |
| Other revenue                               | 533                       | 30              | 563              |
| <b>Total Operating Revenues</b>             | <b>11,073</b>             | <b>11,058</b>   | <b>22,131</b>    |
| <b>Operating Expenses</b>                   |                           |                 |                  |
| Personnel services                          | 5,134                     | 5,933           | 11,067           |
| Contractual services                        | 5,360                     | 823             | 6,183            |
| Supplies and materials                      | 121                       | 975             | 1,096            |
| Depreciation                                | 18                        | 1,163           | 1,181            |
| Other operating expenses                    | 1,226                     | 2,122           | 3,348            |
| <b>Total Operating Expenses</b>             | <b>11,859</b>             | <b>11,016</b>   | <b>22,875</b>    |
| Operating income (loss)                     | (786)                     | 42              | (744)            |
| <b>Nonoperating Revenues (Expenses)</b>     |                           |                 |                  |
| Grants and contributions                    | -                         | 280             | 280              |
| Investment and interest income              | 288                       | 30              | 318              |
| Interest expense                            | -                         | (156)           | (156)            |
| <b>Net Nonoperating Revenues (Expenses)</b> | <b>288</b>                | <b>154</b>      | <b>442</b>       |
| Income (loss) before transfers              | (498)                     | 196             | (302)            |
| Transfers in                                | 2,000                     | -               | 2,000            |
| Transfers out                               | (295)                     | -               | (295)            |
| Change in Net Position                      | 1,207                     | 196             | 1,403            |
| Net position - January 1                    | 27,287                    | 9,791           | 37,078           |
| <b>Net Position - December 31</b>           | <b>\$ 28,494</b>          | <b>\$ 9,987</b> | <b>\$ 38,481</b> |

## Combining Statement of Cash Flows - Nonmajor Enterprise Funds

For the Year Ended December 31, 2016 (dollars in thousands)

|   | Environmental<br>Services | Golf<br>Course  | Total            |
|---|---------------------------|-----------------|------------------|
| <b>Cash Flows From Operating Activities</b>   |                           |                 |                  |
| Receipts from customers   | \$ 10,587                 | \$ 11,215       | \$ 21,802        |
| Payments to suppliers   | (5,761)                   | (3,681)         | (9,442)          |
| Payments to employees   | (5,144)                   | (5,832)         | (10,976)         |
| Other receipts  | 533                       | 30              | 563              |
| <b>Net Cash Provided by Operating Activities</b>  | <b>215</b>                | <b>1,732</b>    | <b>1,947</b>     |
| <b>Cash Flows From Noncapital Financing Activities</b>                                  |                           |                 |                  |
| Transfers in  | 1,705                     | -               | 1,705            |
| <b>Net Cash Provided by Noncapital Financing Activities</b>                             | <b>1,705</b>              | <b>-</b>        | <b>1,705</b>     |
| <b>Cash Flows From Capital and Related Financing Activities</b>                         |                           |                 |                  |
| Principal payments  | -                         | (1,153)         | (1,153)          |
| Interest paid on capital debt   | -                         | (156)           | (156)            |
| Acquisition of capital assets   | (454)                     | (135)           | (589)            |
| <b>Net Cash (Used) in Capital and Related Financing Activities</b>                      | <b>(454)</b>              | <b>(1,444)</b>  | <b>(1,898)</b>   |
| <b>Cash Flows from Investing Activities</b>   |                           |                 |                  |
| Interest received   | 319                       | 29              | 348              |
| Net increase (decrease) in cash and cash equivalents                                    | 1,785                     | 317             | 2,102            |
| Cash and cash equivalents - January 1   | 24,705                    | 3,054           | 27,759           |
| <b>Cash and Cash Equivalents - December 31</b>  | <b>\$ 26,490</b>          | <b>\$ 3,371</b> | <b>\$ 29,861</b> |
| <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>  |                           |                 |                  |
| Operating income (loss)   | \$ (786)                  | \$ 42           | \$ (744)         |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                           |                 |                  |
| Depreciation and amortization   | 18                        | 1,163           | 1,181            |
| Accounts receivable   | 55                        | (18)            | 37               |
| Inventories   | -                         | (28)            | (28)             |
| Vouchers payable  | 34                        | (84)            | (50)             |
| Unearned revenue  | -                         | 205             | 205              |
| Accrued liabilities   | (10)                      | (7)             | (17)             |
| Interfund payable   | 312                       | (2)             | 310              |
| Items related to pension plans  | 592                       | 461             | 1,053            |
| <b>Net Cash Provided by Operating Activities</b>  | <b>\$ 215</b>             | <b>\$ 1,732</b> | <b>\$ 1,947</b>  |
| <b>Noncash Activities</b>   |                           |                 |                  |
| Assets acquired through capital contributions   | \$ -                      | \$ 280          | \$ 280           |
| Amortization of bond premiums   | -                         | 3               | 3                |

## Combining Statement of Net Position - Internal Service Funds

December 31, 2016 (dollars in thousands)

|                                  | Asphalt<br>Plant | Workers'<br>Compensation | Total            |
|----------------------------------|------------------|--------------------------|------------------|
| <b>Assets</b>                    |                  |                          |                  |
| Current Assets:                  |                  |                          |                  |
| Cash and cash equivalents        | \$ 6,958         | \$ 38,553                | \$ 45,511        |
| Receivables:                     |                  |                          |                  |
| Accounts                         | -                | 2,133                    | 2,133            |
| Accrued interest                 | -                | 339                      | 339              |
| Inventories                      | 58               | -                        | 58               |
| Interfund receivable             | 27               | -                        | 27               |
| <b>Total Current Assets</b>      | <b>7,043</b>     | <b>41,025</b>            | <b>48,068</b>    |
| Capital Assets:                  |                  |                          |                  |
| Buildings and improvements       | 3,627            | -                        | 3,627            |
| Machinery and equipment          | 1,642            | -                        | 1,642            |
| Accumulated depreciation         | (5,180)          | -                        | (5,180)          |
| Net capital assets               | 89               | -                        | 89               |
| <b>Total Assets</b>              | <b>7,132</b>     | <b>41,025</b>            | <b>48,157</b>    |
| <b>Liabilities</b>               |                  |                          |                  |
| Current Liabilities:             |                  |                          |                  |
| Vouchers payable                 | 44               | 650                      | 694              |
| Accrued liabilities              | 9                | 27                       | 36               |
| Interfund payable                | 1                | 72                       | 73               |
| Compensated absences             | -                | 106                      | 106              |
| Claims reserve                   | -                | 9,684                    | 9,684            |
| <b>Total Current Liabilities</b> | <b>54</b>        | <b>10,539</b>            | <b>10,593</b>    |
| Noncurrent Liabilities:          |                  |                          |                  |
| Compensated absences             | 123              | 115                      | 238              |
| Claims reserve                   | -                | 18,129                   | 18,129           |
| Total noncurrent liabilities     | 123              | 18,244                   | 18,367           |
| <b>Total Liabilities</b>         | <b>177</b>       | <b>28,783</b>            | <b>28,960</b>    |
| <b>Net Position</b>              |                  |                          |                  |
| Net investment in capital assets | 89               | -                        | 89               |
| Unrestricted                     | 6,866            | 12,242                   | 19,108           |
| <b>Total Net Position</b>        | <b>\$ 6,955</b>  | <b>\$ 12,242</b>         | <b>\$ 19,197</b> |

## Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds

For the Year Ended December 31, 2016 (dollars in thousands)

|   | Asphalt<br>Plant | Workers'<br>Compensation | Total            |
|---|------------------|--------------------------|------------------|
| <b>Operating Revenues</b>                       |                  |                          |                  |
| Charges for services                            | \$ 8,825         | \$ 13,001                | \$ 21,826        |
| Other revenue                                   | -                | 1,618                    | 1,618            |
| Change in claims reserve                        | -                | 1,636                    | 1,636            |
| <b>Total Operating Revenues</b>                 | <b>8,825</b>     | <b>16,255</b>            | <b>25,080</b>    |
| <b>Operating Expenses</b>                       |                  |                          |                  |
| Personnel services                              | 592              | 1,601                    | 2,193            |
| Contractual services                            | 59               | 521                      | 580              |
| Supplies and materials                          | 5,678            | 555                      | 6,233            |
| Depreciation                                    | 126              | -                        | 126              |
| Claims payments                                 | -                | 8,309                    | 8,309            |
| Other operating expenses                        | 346              | 1,279                    | 1,625            |
| <b>Total Operating Expenses</b>                 | <b>6,801</b>     | <b>12,265</b>            | <b>19,066</b>    |
| Operating income (loss)                         | 2,024            | 3,990                    | 6,014            |
| <b>Nonoperating Revenues (Expenses)</b>         |                  |                          |                  |
| Investment and interest income                  | -                | 530                      | 530              |
| <b>Net Nonoperating<br/>Revenues (Expenses)</b> | <b>-</b>         | <b>530</b>               | <b>530</b>       |
| Change in net position                          | 2,024            | 4,520                    | 6,544            |
| Net position - January 1                        | 4,931            | 7,722                    | 12,653           |
| <b>Net Position - December 31</b>               | <b>\$ 6,955</b>  | <b>\$ 12,242</b>         | <b>\$ 19,197</b> |

## Combining Statement of Cash Flows - Internal Service Funds

For the Year Ended December 31, 2016 (dollars in thousands)

|  | Asphalt<br>Plant | Workers'<br>Compensation | Total            |
|--|------------------|--------------------------|------------------|
| <b>Cash Flows From Operating Activities</b>  |                  |                          |                  |
| Receipts from customers  | \$ 8,830         | 12,214                   | \$ 21,044        |
| Payments to suppliers  | (6,125)          | (2,646)                  | (8,771)          |
| Payments to employees  | (577)            | (1,589)                  | (2,166)          |
| Other receipts   | -                | 1,618                    | 1,618            |
| Claims paid  | -                | (8,309)                  | (8,309)          |
| <b>Net Cash Provided by Operating Activities</b>   | <b>2,128</b>     | <b>1,288</b>             | <b>3,416</b>     |
| <b>Cash Flows from Investing Activities</b>  |                  |                          |                  |
| Interest received  | -                | 587                      | 587              |
| Net increase (decrease) in cash and cash equivalents   | 2,128            | 1,875                    | 4,003            |
| Cash and cash equivalents - January 1  | 4,830            | 36,678                   | 41,508           |
| <b>Cash and Cash Equivalents - December 31</b>   | <b>\$ 6,958</b>  | <b>\$ 38,553</b>         | <b>\$ 45,511</b> |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b> |                  |                          |                  |
| Operating income (loss)  | \$ 2,024         | \$ 3,990                 | \$ 6,014         |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities:       |                  |                          |                  |
| Depreciation   | 126              | -                        | 126              |
| Accounts receivable  | 1                | (787)                    | (786)            |
| Interfund receivable   | 5                | (59)                     | (54)             |
| Inventories  | 23               | -                        | 23               |
| Vouchers payable   | (65)             | (232)                    | (297)            |
| Accrued liabilities  | 15               | 12                       | 27               |
| Interfund payable  | (1)              | -                        | (1)              |
| Claims reserved  | -                | (1,636)                  | (1,636)          |
| <b>Net Cash Provided by Operating Activities</b>   | <b>\$ 2,128</b>  | <b>\$ 1,288</b>          | <b>\$ 3,416</b>  |



# Fiduciary Funds

# Fiduciary Funds

Fiduciary funds are trust and agency funds which account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds. These include expendable trust funds, non-expendable trust funds, pension trust funds, and agency funds.

## Pension, Health, and Other Employee Benefits Trust Funds

- **Pension Benefits Trust Funds** - Denver Employees Retirement Plan - to account for the pension assets of the Denver Employees Retirement Plan.
- **Health Benefits Trust Funds** - Denver Employees Retirement Plan - to account for the health benefits assets of the Denver Employees Retirement Plan.
- **Deferred Compensation** - to account for City employees' voluntary deferrals of current income to future years and the investment income earned.

## Agency Funds

- **Employee Salary Redirect Plan** - to account for employees' income tax-exempt voluntary salary deductions used to pay for dependent childcare, medical expense reimbursement, and medical insurance premium payments.
- **Agency** - to account for the consolidation of payroll activity in one fund after the recording of expenditures in the appropriate funds. Also, collected receipts are temporarily held here in unapportioned accounts until a proper allocation is determined. Additionally, property taxes collected for all the taxing entities in the County of Denver are transferred here from the trust fund where they are initially recorded.

## Combining Statement of Fiduciary Net Position - Pension, Health and Other Employee Benefit Trust Funds

December 31, 2016 (dollars in thousands)

|  | Pension Benefits<br>Trust Fund<br>Denver<br>Employees<br>Retirement Plan | Health Benefits<br>Trust Fund<br>Denver<br>Employees<br>Retirement Plan | Other Employee<br>Benefit Trust Fund<br>Deferred<br>Compensation<br>Plan | Total               |
|--|--|---|--|---------------------|
| <b>Assets</b>  |  |   |  |                     |
| Current assets:  |  |   |  |                     |
| Cash and cash equivalents  | \$ 48,395  | \$ 1,726  | \$ -   | \$ 50,121           |
| Securities lending collateral  | 170,998  | 5,976   | -  | 176,974             |
| Receivables:   |  |   |  |                     |
| Accounts   | 353  | 12  | -  | 365                 |
| Accrued interest   | 1,581  | 55  | -  | 1,636               |
| Investments:   |  |   |  |                     |
| U.S. Government obligations  | 125,351  | 4,381   | -  | 129,732             |
| Domestic stocks and bonds  | 718,441  | 25,107  | -  | 743,548             |
| International stocks   | 471,137  | 16,465  | -  | 487,602             |
| Mutual funds   | -  | -   | 383,134  | 383,134             |
| Real estate  | 158,830  | 5,551   | -  | 164,381             |
| Other  | 486,483  | 17,001  | 255,222  | 758,706             |
| Total Investments  | 1,960,242  | 68,505  | 638,356  | 2,667,103           |
| <b>Total Current Assets</b>  | <b>2,181,569</b>   | <b>76,274</b>   | <b>638,356</b>   | <b>2,896,199</b>    |
| Capital assets, net of<br>accumulated depreciation                                       | 4,200  | 147   | -  | 4,347               |
| <b>Total Assets</b>  | <b>2,185,769</b>   | <b>76,421</b>   | <b>638,356</b>   | <b>2,900,546</b>    |
| <b>Liabilities</b>   |  |   |  |                     |
| Vouchers payable   | 2,500  | 87  | -  | 2,587               |
| Securities lending obligations   | 171,604  | 5,997   | -  | 177,601             |
| <b>Total Liabilities</b>   | <b>174,104</b>   | <b>6,084</b>  | <b>-</b>   | <b>180,188</b>      |
| <b>Net Position Held in Trust for Pension and<br/>Other Employee Benefit Trust Funds</b> | <b>\$ 2,011,665</b>  |   | <b>\$ 638,356</b>  |                     |
| <b>Net Position Held in Trust for OPEB Benefits</b>                                      |  | <b>\$ 70,337</b>  |  |                     |
| <b>Net Position Held in Trust for Benefits</b>   |  |   |  | <b>\$ 2,720,358</b> |

## Combining Statement of Changes in Fiduciary Net Position - Pension, Health, and Other Employee Benefit Trust Funds

December 31, 2016 (dollars in thousands)

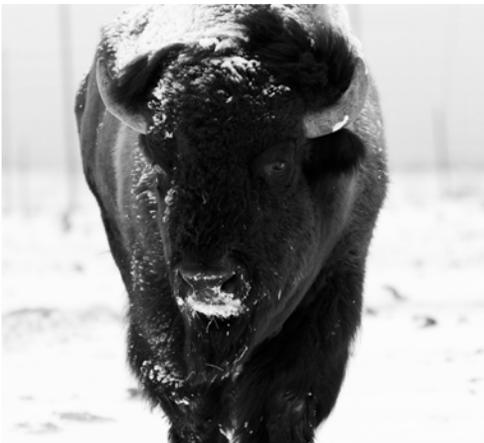
|  | Pension Benefits<br>Trust Fund<br>Denver<br>Employees<br>Retirement Plan | Health Benefits<br>Trust Fund<br>Denver<br>Employees<br>Retirement Plan | Other Employee<br>Benefit Trust Fund<br>Deferred<br>Compensation<br>Plan | Total               |
|--|--|---|--|---------------------|
| <b>Additions</b>                                     |  |   |  |                     |
| Contributions:                                       |  |   |  |                     |
| City and County of Denver                            | \$ 62,023  | \$ 4,056  | \$ -   | \$ 66,079           |
| Denver Health and Hospital Authority<br>Plan members | 6,772<br>48,038  | 308<br>3,012  | -<br>36,889  | 7,080<br>87,939     |
| <b>Total Contributions</b>                           | <b>116,833</b>   | <b>7,376</b>  | <b>36,889</b>  | <b>161,098</b>      |
| Investment earnings:                                 |  |   |  |                     |
| Net appreciation in fair value of investments        | 120,923  | 4,279   | -  | 125,202             |
| Interest and dividends                               | 40,270   | 1,434   | 34,639   | 76,343              |
| <b>Total Investment Earnings</b>                     | <b>161,193</b>   | <b>5,713</b>  | <b>34,639</b>  | <b>201,545</b>      |
| Less investment expense                              | (14,708)   | (522)   | -  | (15,230)            |
| <b>Net Investment Earnings</b>                       | <b>146,485</b>   | <b>5,191</b>  | <b>34,639</b>  | <b>186,315</b>      |
| Securities lending earnings                          | 1,164  | 41  | -  | 1,205               |
| Securities lending expenses:                         |  |   |  |                     |
| Borrower rebates                                     | 112  | 4   | -  | 116                 |
| Agent fees   | (319)  | (11)  | -  | (330)               |
| <b>Net Earnings from Securities Lending</b>          | <b>957</b>   | <b>34</b>   | <b>-</b>   | <b>991</b>          |
| <b>Total Net Investment Earnings</b>                 | <b>147,442</b>   | <b>5,225</b>  | <b>34,639</b>  | <b>187,306</b>      |
| <b>Total Additions</b>                               | <b>264,275</b>   | <b>12,601</b>   | <b>71,528</b>  | <b>348,404</b>      |
| <b>Deductions</b>                                    |  |   |  |                     |
| Benefits   | 191,790  | 12,859  | 31,111   | 235,760             |
| Refunds of contributions                             | 2,751  | 98  | -  | 2,849               |
| Administrative expenses                              | 3,742  | 133   | 515  | 4,390               |
| <b>Total Deductions</b>                              | <b>198,283</b>   | <b>13,090</b>   | <b>31,626</b>  | <b>242,999</b>      |
| Change in net position                               | 65,992   | (489)   | 39,902   | 105,405             |
| Net Position - January 1                             | 1,945,673  | 70,826  | 598,454  | 2,614,953           |
| <b>Net Position - December 31</b>                    | <b>\$ 2,011,665</b>  | <b>\$ 70,337</b>  | <b>\$ 638,356</b>  | <b>\$ 2,720,358</b> |

## Combining Statement of Changes in Assets and Liabilities - Agency Funds

December 31, 2016 (dollars in thousands)

|  | Balance<br>January 1 | Additions           | Deductions          | Balance<br>December 31 |
|--|----------------------|---------------------|---------------------|------------------------|
| <b>Employee Salary Redirect Plan</b>                           |                      |                     |                     |                        |
| <b>Assets</b>  |                      |                     |                     |                        |
| Accounts receivable  | \$ 1                 | \$ -                | \$ 1                | \$ -                   |
| <b>Total Assets</b>  | <b>\$ 1</b>          | <b>\$ -</b>         | <b>\$ 1</b>         | <b>\$ -</b>            |
| <b>Liabilities</b>   |                      |                     |                     |                        |
| Other accrued liabilities                                      | 1                    | -                   | 1                   | -                      |
| <b>Total Liabilities</b>                                       | <b>\$ 1</b>          | <b>\$ -</b>         | <b>\$ 1</b>         | <b>\$ -</b>            |
| <b>Agency</b>  |                      |                     |                     |                        |
| <b>Assets</b>  |                      |                     |                     |                        |
| Cash on hand   | \$ 3,245             | \$ 827              | \$ -                | \$ 4,072               |
| Cash and cash equivalents                                      | 43,741               | 851,843             | 853,011             | 42,573                 |
| Receivables (net of allowances for uncollectibles of \$4,505): |                      |                     |                     |                        |
| Taxes  | 827,730              | 895,892             | 837,664             | 885,958                |
| Accounts   | 15                   | -                   | 8                   | 7                      |
| <b>Total Assets</b>  | <b>\$ 874,731</b>    | <b>\$ 1,748,562</b> | <b>\$ 1,690,683</b> | <b>\$ 932,610</b>      |
| <b>Liabilities</b>   |                      |                     |                     |                        |
| Vouchers payable   | \$ 12,838            | \$ 349,197          | \$ 348,146          | \$ 13,889              |
| Other accrued liabilities                                      | 13,897               | 5,712               | 5,981               | 13,628                 |
| Due to taxing units  | 847,996              | 1,758,158           | 1,701,061           | 905,093                |
| <b>Total Liabilities</b>                                       | <b>\$ 874,731</b>    | <b>\$ 2,113,067</b> | <b>\$ 2,055,188</b> | <b>\$ 932,610</b>      |
| <b>Total - All Agency Funds</b>                                |                      |                     |                     |                        |
| <b>Assets</b>  |                      |                     |                     |                        |
| Cash on hand   | \$ 3,245             | \$ 827              | \$ -                | \$ 4,072               |
| Cash and cash equivalents                                      | 43,741               | 851,843             | 853,011             | 42,573                 |
| Receivables (net of allowances for uncollectibles of \$4,506): |                      |                     |                     |                        |
| Taxes  | 827,730              | 895,892             | 837,664             | 885,958                |
| Accounts   | 16                   | -                   | 9                   | 7                      |
| <b>Total Assets</b>  | <b>\$ 874,732</b>    | <b>\$ 1,748,562</b> | <b>\$ 1,690,684</b> | <b>\$ 932,610</b>      |
| <b>Liabilities</b>   |                      |                     |                     |                        |
| Vouchers payable   | \$ 12,838            | \$ 349,197          | \$ 348,146          | \$ 13,889              |
| Other accrued liabilities                                      | 13,898               | 5,712               | 5,982               | 13,628                 |
| Due to taxing units  | 847,996              | 1,758,158           | 1,701,061           | 905,093                |
| <b>Total Liabilities</b>                                       | <b>\$ 874,732</b>    | <b>\$ 2,113,067</b> | <b>\$ 2,055,189</b> | <b>\$ 932,610</b>      |

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# Component Units



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### Combining Statement of Net Position - Nonmajor Component Units

December 31, 2016 (dollars in thousands)

|   | Bluebird<br>BID | Cherry Creek<br>North BID | Cherry Creek<br>Subarea BID | Colfax<br>BID   | Colfax Mayfair<br>BID | Denver<br>Preschool<br>Program, Inc. |
|---|-----------------|---------------------------|-----------------------------|-----------------|-----------------------|--------------------------------------|
| <b>Assets</b>                               |                 |                           |                             |                 |                       |                                      |
| Cash and cash equivalents                   | \$ 54           | \$ 1,201                  | \$ 72                       | \$ 373          | \$ 129                | \$ 20,053                            |
| Receivables (net of allowances):            |                 |                           |                             |                 |                       |                                      |
| Taxes                                       | 87              | 3,890                     | -                           | 431             | -                     | -                                    |
| Accounts                                    | -               | 37                        | -                           | -               | -                     | -                                    |
| Accrued interest                            | -               | -                         | -                           | -               | -                     | -                                    |
| Other                                       | -               | -                         | -                           | -               | -                     | -                                    |
| Prepaid items and other assets              | 2               | 27                        | -                           | 10              | -                     | 34                                   |
| Restricted Assets:                          |                 |                           |                             |                 |                       |                                      |
| Cash and cash equivalents                   | -               | 122                       | -                           | -               | -                     | -                                    |
| Capital Assets:                             |                 |                           |                             |                 |                       |                                      |
| Land and construction in progress           | -               | -                         | -                           | -               | -                     | -                                    |
| Buildings and improvements                  | -               | 17,017                    | -                           | 3,106           | -                     | -                                    |
| Machinery and equipment                     | -               | 339                       | -                           | -               | -                     | 52                                   |
| Accumulated depreciation                    | -               | (4,527)                   | -                           | (747)           | -                     | (45)                                 |
| <b>Net Capital Assets</b>                   | <b>-</b>        | <b>12,829</b>             | <b>-</b>                    | <b>2,359</b>    | <b>-</b>              | <b>7</b>                             |
| <b>Total Assets</b>                         | <b>143</b>      | <b>18,106</b>             | <b>72</b>                   | <b>3,173</b>    | <b>129</b>            | <b>20,094</b>                        |
| <b>Deferred Outflows of Resources</b>       |                 |                           |                             |                 |                       |                                      |
| Deferred amount on refundings               | -               | 1,748                     | -                           | -               | -                     | -                                    |
| <b>Total Deferred Outflows of Resources</b> | <b>-</b>        | <b>1,748</b>              | <b>-</b>                    | <b>-</b>        | <b>-</b>              | <b>-</b>                             |
| <b>Liabilities</b>                          |                 |                           |                             |                 |                       |                                      |
| Vouchers payable                            | 4               | 67                        | -                           | 45              | 5                     | 3,935                                |
| Accrued liabilities                         | -               | 216                       | -                           | -               | -                     | 7,349                                |
| Unearned revenue                            | -               | -                         | -                           | -               | -                     | -                                    |
| Due to other governments                    | -               | -                         | -                           | -               | -                     | -                                    |
| Noncurrent liabilities:                     |                 |                           |                             |                 |                       |                                      |
| Due within one year                         | -               | 715                       | -                           | -               | -                     | -                                    |
| Due in more than one year                   | -               | 15,045                    | -                           | -               | -                     | -                                    |
| <b>Total Liabilities</b>                    | <b>4</b>        | <b>16,043</b>             | <b>-</b>                    | <b>45</b>       | <b>5</b>              | <b>11,284</b>                        |
| <b>Deferred Inflows of Resources</b>        |                 |                           |                             |                 |                       |                                      |
| Property tax                                | 87              | 3,890                     | -                           | 431             | -                     | -                                    |
| <b>Total Deferred Inflows of Resources</b>  | <b>87</b>       | <b>3,890</b>              | <b>-</b>                    | <b>431</b>      | <b>-</b>              | <b>-</b>                             |
| <b>Net Position</b>                         |                 |                           |                             |                 |                       |                                      |
| Net investment in capital assets            | -               | (1,183)                   | -                           | 2,359           | -                     | -                                    |
| Restricted for:                             |                 |                           |                             |                 |                       |                                      |
| Emergency use                               | 4               | 85                        | -                           | 14              | -                     | -                                    |
| Debt service                                | -               | 11                        | -                           | -               | -                     | -                                    |
| Donor and other restrictions:               |                 |                           |                             |                 |                       |                                      |
| Expendable                                  | -               | -                         | -                           | -               | 44                    | -                                    |
| Unrestricted                                | 48              | 1,008                     | 72                          | 324             | 80                    | 8,810                                |
| <b>Total Net Position</b>                   | <b>\$ 52</b>    | <b>\$ (79)</b>            | <b>\$ 72</b>                | <b>\$ 2,697</b> | <b>\$ 124</b>         | <b>\$ 8,810</b>                      |

| Downtown Denver BID | Downtown Denver Development Authority | Federal BID  | Old South Gaylord BID | RiNO Bid      | Santa Fe BID | West Colfax BID | Total            |
|---------------------|---------------------------------------|--------------|-----------------------|---------------|--------------|-----------------|------------------|
| \$ 1,467            | \$ -                                  | \$ 29        | \$ 51                 | \$ 106        | \$ 79        | \$ 191          | \$ 23,805        |
| 5,761               | 18,784                                | -            | -                     | -             | -            | 162             | 29,115           |
| 456                 | -                                     | -            | -                     | -             | -            | -               | 493              |
| -                   | -                                     | -            | -                     | -             | -            | -               | -                |
| -                   | -                                     | 1            | -                     | 4             | 5            | -               | 10               |
| 12                  | -                                     | -            | -                     | 8             | -            | -               | 93               |
| -                   | -                                     | -            | -                     | -             | -            | 5               | 127              |
| -                   | -                                     | -            | -                     | -             | -            | 523             | 523              |
| -                   | -                                     | -            | 19                    | -             | -            | -               | 20,142           |
| 1,404               | -                                     | -            | -                     | -             | -            | -               | 1,795            |
| (1,036)             | -                                     | -            | (19)                  | -             | -            | -               | (6,374)          |
| <b>368</b>          | -                                     | -            | -                     | -             | -            | <b>523</b>      | <b>16,086</b>    |
| <b>8,064</b>        | <b>18,784</b>                         | <b>30</b>    | <b>51</b>             | <b>118</b>    | <b>84</b>    | <b>881</b>      | <b>69,729</b>    |
| -                   | -                                     | -            | -                     | -             | -            | -               | <b>1,748</b>     |
| -                   | -                                     | -            | -                     | -             | -            | -               | <b>1,748</b>     |
| -                   | -                                     | -            | 4                     | -             | -            | -               | 4,060            |
| 530                 | -                                     | 1            | 10                    | -             | -            | 8               | 8,114            |
| 6                   | -                                     | -            | -                     | -             | -            | -               | 6                |
| -                   | 18,784                                | -            | -                     | 8             | -            | -               | 18,792           |
| -                   | -                                     | -            | -                     | -             | -            | -               | 715              |
| -                   | -                                     | -            | -                     | -             | -            | -               | 15,045           |
| <b>536</b>          | <b>18,784</b>                         | <b>1</b>     | <b>14</b>             | <b>8</b>      | <b>-</b>     | <b>8</b>        | <b>46,732</b>    |
| 5,761               | -                                     | -            | -                     | -             | -            | 162             | 10,331           |
| <b>5,761</b>        | -                                     | -            | -                     | -             | -            | <b>162</b>      | <b>10,331</b>    |
| 368                 | -                                     | -            | -                     | -             | -            | 523             | 2,067            |
| 194                 | -                                     | -            | -                     | -             | -            | 4               | 301              |
| -                   | -                                     | -            | -                     | -             | -            | -               | 11               |
| -                   | -                                     | -            | -                     | -             | -            | -               | 44               |
| 1,205               | -                                     | 29           | 37                    | 110           | 84           | 184             | 11,991           |
| <b>\$ 1,767</b>     | <b>\$ -</b>                           | <b>\$ 29</b> | <b>\$ 37</b>          | <b>\$ 110</b> | <b>\$ 84</b> | <b>\$ 711</b>   | <b>\$ 14,414</b> |

## Combining Statement of Activities - Nonmajor Component Units

For the Year Ended December 31, 2016 (dollars in thousands)

|   | Bluebird<br>BID | Cherry Creek<br>North BID | Cherry Creek<br>Subarea BID | Colfax<br>BID   | Colfax<br>Mayfair BID | Denver<br>Preschool<br>Program, Inc. |
|---|-----------------|---------------------------|-----------------------------|-----------------|-----------------------|--------------------------------------|
| <b>Expenses</b>                             | \$ 95           | \$ 4,219                  | \$ 6                        | \$ 697          | \$ 74                 | \$ 17,279                            |
| <b>Program Revenues</b>                     |                 |                           |                             |                 |                       |                                      |
| Charges for services                        | -               | 367                       | -                           | -               | -                     | -                                    |
| Operating grants and contributions          | 9               | -                         | -                           | -               | -                     | 8                                    |
| <b>Total Program Revenues</b>               | <u>9</u>        | <u>367</u>                | <u>-</u>                    | <u>-</u>        | <u>-</u>              | <u>8</u>                             |
| Net expenses                                | (86)            | (3,852)                   | (6)                         | (697)           | (74)                  | (17,271)                             |
| <b>General Revenues</b>                     |                 |                           |                             |                 |                       |                                      |
| Taxes:                                      |                 |                           |                             |                 |                       |                                      |
| Property                                    | 87              | 3,358                     | 14                          | 431             | 118                   | -                                    |
| Specific ownership                          | 6               | 233                       | -                           | 29              | -                     | -                                    |
| Investment and interest income              | -               | 2                         | -                           | 1               | -                     | 9                                    |
| Other revenues                              | -               | -                         | -                           | 9               | -                     | 19,979                               |
| <b>Total General Revenues</b>               | <u>93</u>       | <u>3,593</u>              | <u>14</u>                   | <u>470</u>      | <u>118</u>            | <u>19,988</u>                        |
| Change in net position                      | 7               | (259)                     | 8                           | (227)           | 44                    | 2,717                                |
| Net position - January 1                    | <u>45</u>       | <u>180</u>                | <u>64</u>                   | <u>2,924</u>    | <u>80</u>             | <u>6,093</u>                         |
| <b>Net Position (Deficit) - December 31</b> | <u>\$ 52</u>    | <u>\$ (79)</u>            | <u>\$ 72</u>                | <u>\$ 2,697</u> | <u>\$ 124</u>         | <u>\$ 8,810</u>                      |

| Downtown Denver BID | Downtown Denver Development Authority | Federal BID  | Old South Gaylord BID | RiNo BID      | Santa Fe BID | West Colfax BID | Total            |
|---------------------|---------------------------------------|--------------|-----------------------|---------------|--------------|-----------------|------------------|
| \$ 7,609            | \$ -                                  | \$ 56        | \$ 27                 | \$ 458        | \$ 95        | \$ 189          | 30,804           |
| -                   | -                                     | -            | -                     | -             | 2            | -               | 369              |
| 452                 | -                                     | -            | -                     | -             | -            | 64              | 533              |
| <u>452</u>          | <u>-</u>                              | <u>-</u>     | <u>-</u>              | <u>-</u>      | <u>2</u>     | <u>64</u>       | <u>902</u>       |
| (7,157)             | -                                     | (56)         | (27)                  | (458)         | (93)         | (125)           | (29,902)         |
| 5,527               | -                                     | 62           | 52                    | 534           | 102          | 159             | 10,444           |
| -                   | -                                     | 2            | -                     | 34            | -            | -               | 304              |
| -                   | -                                     | -            | -                     | -             | -            | 1               | 13               |
| 1,548               | -                                     | -            | -                     | -             | 40           | -               | 21,576           |
| <u>7,075</u>        | <u>-</u>                              | <u>64</u>    | <u>52</u>             | <u>568</u>    | <u>142</u>   | <u>160</u>      | <u>32,337</u>    |
| (82)                | -                                     | 8            | 25                    | 110           | 49           | 35              | 2,435            |
| <u>1,849</u>        | <u>-</u>                              | <u>21</u>    | <u>12</u>             | <u>-</u>      | <u>35</u>    | <u>676</u>      | <u>11,979</u>    |
| <u>\$ 1,767</u>     | <u>\$ -</u>                           | <u>\$ 29</u> | <u>\$ 37</u>          | <u>\$ 110</u> | <u>\$ 84</u> | <u>\$ 711</u>   | <u>\$ 14,414</u> |

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# Other Supplementary Schedules



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## Combined Schedule of Bonds Payable and Escrows

December 31, 2016 (dollars in thousands)

|   | Amount<br>Issued | Maturity  | Interest <sup>5</sup><br>Rate | Amount<br>Outstanding | 1st Optional<br>Call Date |
|---|------------------|-----------|-------------------------------|-----------------------|---------------------------|
| <b>Denver Airport System</b>                  |                  |           |                               |                       |                           |
| 1992F-G Credit Facility Bonds                 | \$ 36,900        | 2031      | 0.983%                        | \$ 34,900             | 9/25/2017                 |
| Escrow - LOI                                  | n/a              | 2024-2025 | 6.125%                        | 40,080                | 5/15/2017                 |
| 2002C Credit Facility Bonds                   | 30,300           | 2031      | 0.983%                        | 28,200                | 9/25/2017                 |
| 2007A Airport System Revenue                  | 188,350          | 2023-2030 | 5.00%                         | 188,350               | 11/15/2017                |
| 2007C Airport System Revenue                  | 34,635           | 2017-2033 | 5.00%                         | 30,820                | 11/15/2017                |
| 2007D Airport System Revenue                  | 147,815          | 2017-2023 | 5.25%-5.50%                   | 130,575               | 11/15/2017                |
| 2007F1-F2 Airport System Revenue <sup>2</sup> | 104,000          | 2025      | 0.84%-0.983%                  | 75,550                | 1/2/2017                  |
| 2007G1-G2 Credit Facility Bonds <sup>3</sup>  | 135,600          | 2031      | 1.332%                        | 130,600               | 12/1/2023                 |
| 2008A1 Airport System Revenue                 | 221,215          | 2017      | 5.00%                         | 6,665                 | Not callable              |
| 2008B Airport System Revenue <sup>1</sup>     | 81,800           | 2031      | 1.162%                        | 58,400                | 1/2/2017                  |
| 2008C1-C3 Airport System Revenue <sup>1</sup> | 292,600          | 2031      | 1.150%-1.33%                  | 292,600               | 1/2/2017                  |
| 2009A Airport System Revenue                  | 170,190          | 2017-2036 | 5.00-5.25%                    | 154,480               | 11/15/2019                |
| 2009B Credit Facility Bonds                   | 65,290           | 2039      | 6.414%                        | 65,290                | 1/2/2017                  |
| 2009C Airport System Revenue <sup>1</sup>     | 104,655          | 2031      | 1.332%                        | 104,655               | 1/2/2017                  |
| 2010A Airport System Revenue                  | 171,360          | 2017-2032 | 4.00%-5.00%                   | 166,150               | 11/15/2020                |
| 2011A Airport System Revenue                  | 349,730          | 2017-2023 | 4.00%-5.75%                   | 259,505               | 11/15/2021                |
| 2011B Airport System Revenue                  | 198,370          | 2017-2024 | 4.00%-5.00%                   | 49,250                | 11/15/2021                |
| 2012A Airport System Revenue                  | 315,780          | 2017-2043 | 3.00-5.00%                    | 281,090               | 11/15/2022                |
| 2012B Airport System Revenue                  | 510,140          | 2017-2043 | 4.00-5.00%                    | 502,950               | 11/15/2022                |
| 2012C Airport System Revenue                  | 30,285           | 2026      | 3.592%                        | 30,285                | 1/2/2017                  |
| 2013A Airport System Revenue                  | 326,260          | 2017-2043 | 4.00-5.50%                    | 318,510               | 11/15/2023                |
| 2013B Airport System Revenue                  | 393,655          | 2017-2043 | 5.00%-5.25%                   | 387,105               | 11/15/2023                |
|   |                  | 2017-2021 |                               |                       |                           |
| 2015A Airport System Revenue                  | 195,940          | and 2023- | 2.20%                         | 189,340               | 11/15/2017                |
| 2016A Airport System Revenue                  | 256,810          | 2017-2032 | 5.00%                         | 256,810               | 11/15/2026                |
| 2016B Airport System Revenue                  | 108,735          | 2017-2031 | 1.31%                         | 108,735               | 5/15/2019                 |
| <b>Total Denver Airport System</b>            |                  |           |                               | <b>3,890,895</b>      |                           |
|   |                  |           |                               |                       |                           |
| Unamortized premium net of discount           |                  |           |                               | 144,853               |                           |
| <b>Net Denver Airport System</b>              |                  |           |                               | <b>4,035,748</b>      |                           |
| <b>Wastewater Management</b>                  |                  |           |                               |                       |                           |
| 2012 Wastewater Revenue Bonds                 | 50,425           | 2017-2032 | 3.00-4.00%                    | 37,860                | n/a                       |
| 2016 Wastewater Revenue Bonds                 | 115,000          | 2017-2046 | 4.00-5.00%                    | 115,000               | 11/1/2026                 |
| Unamortized premium                           |                  |           |                               | 19,122                |                           |
| <b>Total Wastewater Management</b>            |                  |           |                               | <b>171,982</b>        |                           |
| <b>Golf Enterprise</b>                        |                  |           |                               |                       |                           |
| 2005 Golf Enterprise Revenue Bonds            | 7,365            | 2017-2020 | 4.70-5.00%                    | 2,430                 | 9/1/2017                  |
| Unamortized premium                           |                  |           |                               | -                     |                           |
| <b>Total Golf Enterprise</b>                  |                  |           |                               | <b>2,430</b>          |                           |

continued

## Combined Schedule of Bonds Payable and Escrows - continued

December 31, 2016 (dollars in thousands)

|   | Amount<br>Issued | Maturity   | Interest <sup>5</sup><br>Rate | Amount<br>Outstanding | 1st Optional<br>Call Date |
|---|------------------|------------|-------------------------------|-----------------------|---------------------------|
| <b>General Obligation</b>                     |                  |            |                               |                       |                           |
| 2006 Justice System Facilities Bonds          | 8,861            | 2022       | 4.75%                         | 8,861 <sup>4</sup>    | Not callable              |
| 2008 Justice System Facilities                | 174,135          | 2017-2025  | 3.75-5.25%                    | 109,530               | 8/1/2018                  |
| 2009A Better Denver/Zoo Bonds                 | 104,500          | 2017-2025  | 4.00-5.25%                    | 69,980                | 8/1/2019                  |
| 2010B Better Denver Bonds                     | 312,055          | 2017-2030  | 3.78-5.65%                    | 312,055               | 8/1/2020                  |
| 2010D Better Denver Bonds                     | 44,650           | 2017-2025  | 3.00-5.00%                    | 29,150                | 8/1/2020                  |
| 2011A Better Denver Bonds                     | 16,455           | 2019-2025  | 2.75-5.00%                    | 16,455                | 8/1/2021                  |
| 2013A Better Denver Bonds                     | 120,925          | 2017-2030  | 3.00-5.00%                    | 73,215                | 8/1/2023                  |
| 2013B1 GO Refunding Bonds                     | 48,020           | 2017-2025  | 2.30%                         | 43,475                | 8/1/2023                  |
| 2013B2 GO Refunding Bonds                     | 89,415           | 2017-2025  | 2.38%                         | 86,685                | 8/1/2023                  |
| 2014 Better Denver (mini-bonds)               | 12,000           | 2023, 2028 | 4.39-4.89%                    | 12,000                | Not callable              |
| <b>Total Primary Government</b>               |                  |            |                               | <b>761,406</b>        |                           |
| Unamortized premium                           |                  |            |                               | 16,478                |                           |
| <b>Net Primary Government</b>                 |                  |            |                               | <b>777,884</b>        |                           |
| 14th Street GID                               | 4,000            | 2034       | 7.00%                         | 3,535                 | 12/1/2020                 |
| <b>Total General Obligation</b>               |                  |            |                               | <b>781,419</b>        |                           |
| <b>Excise Tax Revenue Bonds</b>               |                  |            |                               |                       |                           |
| 2016A Dedicated Tax Refunding and Improvement | 242,500          | 2021-2046  | 2.00-5.00%                    | 242,500               |                           |
| 2016B Dedicated Tax Refunding and Improvement | 154,810          | 2017-2032  | 1.53%-3.818%                  | 132,460               |                           |
| <b>Total Excise Tax Revenue Bonds</b>         |                  |            |                               | <b>374,960</b>        |                           |
| Unamortized premium                           |                  |            |                               | 29,716                |                           |
| <b>Net Excise Tax Revenue Bonds</b>           |                  |            |                               | <b>404,676</b>        |                           |
| <b>Total General Long-Term Debt</b>           |                  |            |                               | <b>1,186,095</b>      |                           |
| <b>Total Bonds Payable</b>                    |                  |            |                               | <b>\$ 5,396,255</b>   |                           |

<sup>1</sup>Variable rate issue - weekly interest rate reset

<sup>2</sup>Auction rate securities - 7 day auction

<sup>3</sup>Variable rate issue - daily interest rate reset

<sup>4</sup>Amounts do not include \$5,103 and \$1,362 of compound interest on the Series 2007 and 2014A mini-bonds, respectively.

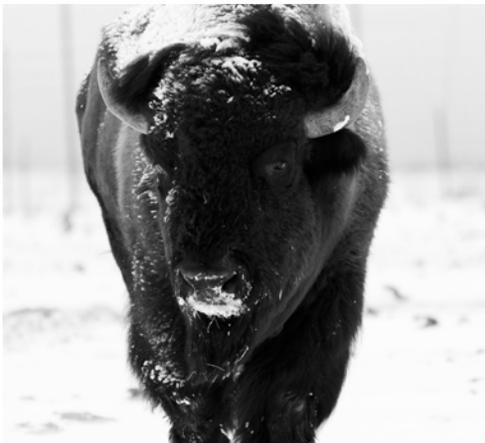
<sup>5</sup>Variable rate issues reflect rate in effect as of December 31, 2016.

The public report burden for this information collection is estimated to average 380 hours annually.

|  |                           |  |   |   |
|--|---------------------------|--|---|---|
| <b>LOCAL HIGHWAY FINANCE REPORT</b>  |                           | City or County:  | Denver                                    |   |
|  |                           | YEAR ENDING :  | December 2016                             |   |
| This Information From The Records Of (example - City of _ or County of _):   |                           | Prepared By:   | Justin Sykes                              |   |
|  |                           | Phone:   | (720) 913-5533                            |   |
| <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)                        | 76,014,802                                |   |
| a. Motor Fuel (from Item I.A.5.)   |                           | 2. Maintenance:  | 11,408,594                                |   |
| b. Motor Vehicle (from Item I.B.5.)  |                           | 3. Road and street services:                           |   |   |
| c. Total (a.+b.)   |                           | a. Traffic control operations                          | 13,281,252                                |   |
| 2. General fund appropriations   | 118,024,004               | b. Snow and ice removal                                | 4,366,484                                 |   |
| 3. Other local imposts (from page 2)   | 1,432,607                 | c. Other   | 14,189,990                                |   |
| 4. Miscellaneous local receipts (from page 2)  | 0                         | d. Total (a. through c.)                               | 31,837,726                                |   |
| 5. Transfers from toll facilities  |                           | 4. General administration & miscellaneous              | 6,214,543                                 |   |
| 6. Proceeds of sale of bonds and notes:  |                           | 5. Highway law enforcement and safety                  | 21,894,677                                |   |
| a. Bonds - Original Issues   |                           | 6. Total (1 through 5)                                 | 147,370,341                               |   |
| b. Bonds - Refunding Issues  |                           | <b>B. Debt service on local obligations:</b>           |   |   |
| c. Notes   |                           | 1. Bonds:  |   |   |
| d. Total (a. + b. + c.)  | 0                         | a. Interest  |   |   |
| 7. Total (1 through 6)   | 119,456,611               | b. Redemption  |   |   |
| <b>B. Private Contributions</b>  |                           | c. Total (a. + b.)                                     | 0   |   |
| <b>C. Receipts from State government (from page 2)</b>   | 27,913,730                | 2. Notes:  |   |   |
| <b>D. Receipts from Federal Government (from page 2)</b>   | 0                         | a. Interest  |   |   |
| <b>E. Total receipts (A.7 + B + C + D)</b>   | 147,370,341               | b. Redemption  |   |   |
|  |                           | c. Total (a. + b.)                                     | 0   |   |
|  |                           | 3. Total (1.c + 2.c)                                   | 0   |   |
|  |                           | <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>      | 147,370,341                               |   |
| <b>IV. LOCAL HIGHWAY DEBT STATUS</b><br>(Show all entries at par)  |                           |  |   |   |
|  | Opening Debt              | Amount Issued  | Redemptions                               | Closing Debt                                    |
| <b>A. Bonds (Total)</b>  |                           |  |   | 0   |
| 1. Bonds (Refunding Portion)   |                           |  |   |   |
| <b>B. Notes (Total)</b>  |                           |  |   | 0   |
| <b>V. LOCAL ROAD AND STREET FUND BALANCE</b>   |                           |  |   |   |
|  | A. Beginning Balance      | B. Total Receipts                                      | C. Total Disbursements                    | D. Ending Balance                               |
|  |                           | 147,370,341  | 147,370,341                               | E. Reconciliation                               |
|  |                           |  |   | (0)   |
| <b>Notes and Comments:</b>   |                           |  |   |   |
| - II.A.2 ("General fund appropriations") have been added to the extent that they are calculated to support highway expenditures  |                           |  |   |   |
| - IV. Until 2006 we reported debt only for street-related special assessment districts. That amount is now negligible.   |                           |  |   |   |
| General Obligation debt related to highways cannot be separated from debt for other purposes.  |                           |  |   |   |
| - V.A&D. The City and County of Denver has no comprehensive, separate Road and Street "Fund." We have funds for various capital outlays; General Fund appropriations and other specified revenues support non-capital expenditures on roads and streets. |                           |  |   |   |

| LOCAL HIGHWAY FINANCE REPORT                                    |   | STATE:<br>Colorado                         |                           |
|---|---|--|---------------------------|
|   |   | YEAR ENDING (mm/yy):<br>December 2016      |                           |
| <b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>       |   |  |                           |
| ITEM  | AMOUNT                                  | ITEM                                       | AMOUNT                    |
| <b>A.3. Other local imposts:</b>                                |   | <b>A.4. Miscellaneous local receipts:</b>  |                           |
| a. Property Taxes and Assessments                               | 1,432,607                               | a. Interest on investments                 |                           |
| b. Other local imposts:   |   | b. Traffic Fines & Penalties               |                           |
| 1. Sales Taxes  |   | c. Parking Garage Fees                     |                           |
| 2. Infrastructure & Impact Fees                                 |   | d. Parking Meter Fees                      |                           |
| 3. Liens  |   | e. Sale of Surplus Property                |                           |
| 4. Licenses   |   | f. Charges for Services                    |                           |
| 5. Specific Ownership &/or Other                                |   | g. Other Misc. Receipts                    |                           |
| 6. Total (1. through 5.)  | 0                                       | h. Other                                   |                           |
| c. Total (a. + b.)  | 1,432,607                               | i. Total (a. through h.)                   | 0                         |
|   | (Carry forward to page 1)               |  | (Carry forward to page 1) |
| ITEM  | AMOUNT                                  | ITEM                                       | AMOUNT                    |
| <b>C. Receipts from State Government</b>                        |   | <b>D. Receipts from Federal Government</b> |                           |
| 1. Highway-user taxes   | 27,913,730                              | 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                                     |                           |
| c. Motor Vehicle Registrations                                  |   | 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.)  | 0                                       | g. Total (a. through f.)                   | 0                         |
| 4. Total (1. + 2. + 3.f)  | 27,913,730                              | 3. Total (1. + 2.g)                        |                           |
|   |   |  | (Carry forward to page 1) |
| <b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b> |   |  |                           |
|   | ON NATIONAL<br>HIGHWAY<br>SYSTEM<br>(a) | OFF NATIONAL<br>HIGHWAY<br>SYSTEM<br>(b)   | TOTAL<br>(c)              |
| <b>A.1. Capital outlay:</b>                                     |   |  |                           |
| a. Right-Of-Way Costs   |   | 3,942,124                                  | 3,942,124                 |
| b. Engineering Costs  |   | 6,991,277                                  | 6,991,277                 |
| c. Construction:  |   |  |                           |
| (1). New Facilities   |   | 0  | 0                         |
| (2). Capacity Improvements                                      |   | 8,944,296                                  | 8,944,296                 |
| (3). System Preservation  |   | 50,174,240                                 | 50,174,240                |
| (4). System Enhancement & Operation                             |   | 5,962,864                                  | 5,962,864                 |
| (5). Total Construction (1) + (2) + (3) + (4)                   | 0                                       | 65,081,401                                 | 65,081,401                |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)             | 0                                       | 76,014,802                                 | 76,014,802                |
|   |   |  | (Carry forward to page 1) |
| <b>Notes and Comments:</b>                                      |   |  |                           |
|   |   |  |                           |

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# Statistical



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## Contents

This part of the City and County of Denver’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

### 166 Financial Trends

These schedules contain trend information to help the reader understand how the City’s Financial performance and well-being have changed over time.

### 174 Revenue Capacity

These schedules contain information to help the reader assess the City’s most significant local revenue source, the sales tax.

### 182 Debt Capacity

These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.

### 189 Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.

### 191 Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.

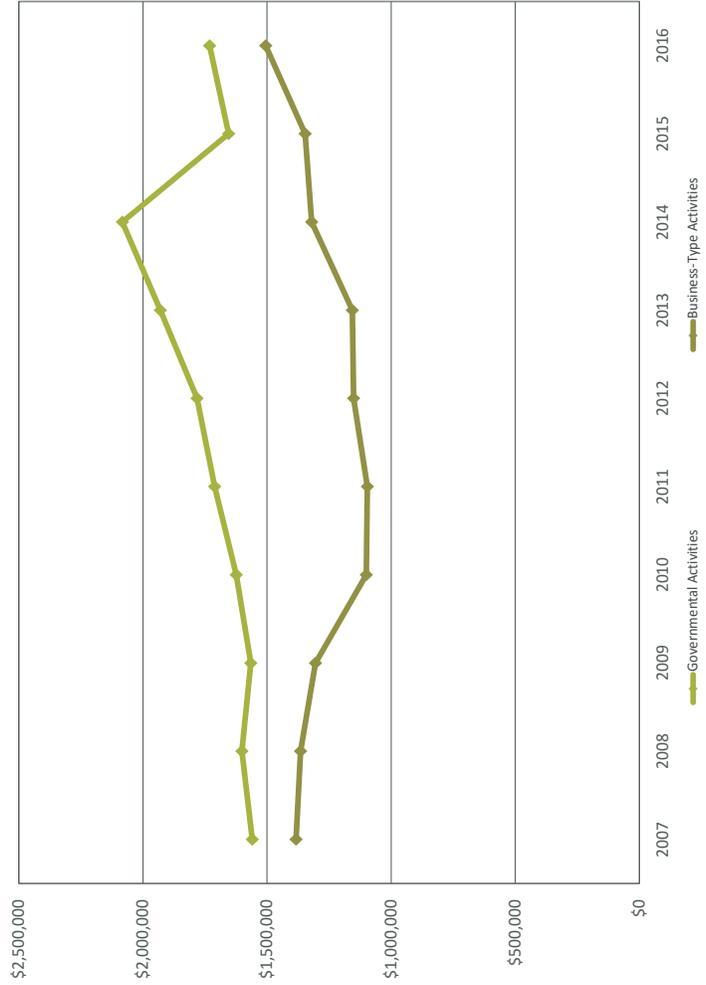
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**Net Position by Component**

Last Ten Fiscal Years (dollars in thousands - accrual basis of accounting)

|  | 2007                | 2008                | 2009                | 2010                | 2011                | 2012                | 2013                | 2014                | 2015                | 2016                |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Governmental activities</b>                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Net investment in capital assets                   | \$ 1,170,496        | \$ 1,238,768        | \$ 1,188,810        | \$ 1,211,215        | \$ 1,247,292        | \$ 1,315,237        | \$ 1,366,632        | \$ 1,420,817        | \$ 1,509,354        | \$ 1,572,753        |
| Restricted   | 274,159             | 340,270             | 257,699             | 551,602             | 552,799             | 457,614             | 481,937             | 524,017             | 649,483             | 918,405             |
| Unrestricted                                       | 115,047             | 22,243              | 119,307             | (138,547)           | (88,897)            | 9,411               | 81,589              | 138,255             | (504,190)           | (759,893)           |
| <b>Total governmental activities net position</b>  | <b>\$ 1,559,702</b> | <b>\$ 1,601,281</b> | <b>\$ 1,565,816</b> | <b>\$ 1,624,270</b> | <b>\$ 1,711,194</b> | <b>\$ 1,782,262</b> | <b>\$ 1,930,158</b> | <b>\$ 2,083,089</b> | <b>\$ 1,654,647</b> | <b>\$ 1,731,265</b> |
| <b>Business-type activities</b>                    |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Net investment in capital assets                   | \$ 317,488          | \$ 262,385          | \$ 212,129          | \$ 114,343          | \$ 91,524           | \$ (13,036)         | \$ (192,372)        | \$ (193,351)        | \$ (81,930)         | \$ 175,636          |
| Restricted   | 678,687             | 681,263             | 661,383             | 669,517             | 627,377             | 656,174             | 671,317             | 667,801             | 675,863             | 622,880             |
| Unrestricted                                       | 387,282             | 421,159             | 431,497             | 316,116             | 377,121             | 507,873             | 677,576             | 846,056             | 752,775             | 707,076             |
| <b>Total business-type activities net position</b> | <b>\$ 1,383,457</b> | <b>\$ 1,364,807</b> | <b>\$ 1,305,009</b> | <b>\$ 1,099,976</b> | <b>\$ 1,096,022</b> | <b>\$ 1,151,011</b> | <b>\$ 1,156,521</b> | <b>\$ 1,320,506</b> | <b>\$ 1,346,708</b> | <b>\$ 1,505,592</b> |
| <b>Primary government</b>                          |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Net investment in capital assets                   | \$ 1,487,984        | \$ 1,501,153        | \$ 1,400,939        | \$ 1,325,558        | \$ 1,338,816        | \$ 1,302,201        | \$ 1,174,260        | \$ 1,227,466        | \$ 1,427,424        | \$ 1,748,389        |
| Restricted   | 952,846             | 1,021,533           | 919,082             | 853,977             | 1,180,176           | 1,113,788           | 1,153,254           | 1,191,818           | 1,325,346           | 1,541,285           |
| Unrestricted                                       | 502,329             | 443,402             | 550,804             | 544,711             | 288,224             | 517,284             | 759,165             | 984,311             | 248,585             | (52,817)            |
| <b>Total primary government net position</b>       | <b>\$ 2,943,159</b> | <b>\$ 2,966,088</b> | <b>\$ 2,870,625</b> | <b>\$ 2,724,246</b> | <b>\$ 2,807,216</b> | <b>\$ 2,933,273</b> | <b>\$ 3,086,679</b> | <b>\$ 3,403,595</b> | <b>\$ 3,001,355</b> | <b>\$ 3,236,857</b> |

**Primary Government Net Position**



**Changes in Net Position**

Last Ten Fiscal Years (dollars in thousands - accrual basis of accounting)

|  | 2007                | 2008                | 2009                | 2010                | 2011                | 2012                | 2013                | 2014                | 2015                | 2016                |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Expenses</b>                          |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Governmental activities:</b>          |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| General government                       | \$ 262,209          | \$ 257,780          | \$ 243,518          | \$ 249,106          | \$ 244,430          | \$ 247,659          | \$ 262,466          | \$ 319,464          | \$ 340,401          | \$ 405,900          |
| Public safety                            | 475,728             | 536,382             | 506,887             | 526,007             | 531,109             | 570,111             | 563,658             | 592,270             | 588,597             | 688,287             |
| Public works                             | 79,496              | 134,698             | 159,657             | 144,211             | 149,160             | 195,168             | 164,837             | 193,207             | 190,577             | 216,587             |
| Human services                           | 132,535             | 139,895             | 128,946             | 119,530             | 114,252             | 111,067             | 114,624             | 114,727             | 125,195             | 145,594             |
| Health                                   | 45,345              | 53,332              | 52,961              | 53,499              | 52,286              | 53,755              | 54,453              | 59,216              | 64,687              | 65,265              |
| Parks and recreation                     | 63,778              | 105,232             | 100,253             | 67,709              | 57,702              | 80,480              | 89,305              | 80,199              | 68,650              | 93,842              |
| Cultural activities                      | 89,967              | 62,499              | 63,646              | 100,190             | 127,606             | 110,885             | 123,248             | 128,799             | 131,835             | 130,536             |
| Community development                    | 47,098              | 39,945              | 40,480              | 47,501              | 46,571              | 40,262              | 35,142              | 39,598              | 45,355              | 48,766              |
| Economic opportunity                     | 26,280              | 31,647              | 31,803              | 25,905              | 23,036              | 21,481              | 21,218              | 21,091              | 20,027              | 14,830              |
| Interest on long-term debt               | 54,592              | 76,073              | 62,670              | 70,453              | 77,263              | 74,901              | 70,030              | 66,306              | 63,267              | 62,566              |
| <b>Total governmental activities</b>     | <b>1,277,028</b>    | <b>1,436,483</b>    | <b>1,390,821</b>    | <b>1,404,111</b>    | <b>1,423,415</b>    | <b>1,505,769</b>    | <b>1,498,981</b>    | <b>1,614,877</b>    | <b>1,638,591</b>    | <b>1,872,173</b>    |
| <b>Business-type activities:</b>         |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Wastewater management                    | 76,298              | 75,122              | 80,865              | 84,752              | 97,773              | 99,179              | 105,679             | 102,688             | 111,941             | 114,740             |
| Denver airport system                    | 679,022             | 780,501             | 787,914             | 830,243             | 783,249             | 763,249             | 801,786             | 773,345             | 769,896             | 811,094             |
| Environmental services                   | 12,319              | 6,336               | 5,904               | 6,087               | 6,757               | 7,001               | 9,354               | 8,174               | 9,967               | 11,837              |
| Golf course                              | 6,570               | 8,252               | 7,884               | 7,935               | 8,757               | 8,943               | 10,474              | 12,254              | 10,766              | 11,146              |
| <b>Total business-type activities</b>    | <b>774,209</b>      | <b>870,211</b>      | <b>882,567</b>      | <b>929,017</b>      | <b>896,536</b>      | <b>878,372</b>      | <b>927,293</b>      | <b>896,461</b>      | <b>902,570</b>      | <b>948,817</b>      |
| <b>Total Primary Government Expenses</b> | <b>\$ 2,051,237</b> | <b>\$ 2,306,694</b> | <b>\$ 2,273,388</b> | <b>\$ 2,333,128</b> | <b>\$ 2,319,951</b> | <b>\$ 2,384,141</b> | <b>\$ 2,426,274</b> | <b>\$ 2,511,338</b> | <b>\$ 2,541,161</b> | <b>\$ 2,820,990</b> |
| <b>Program Revenues</b>                  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Governmental activities:</b>          |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Charges for services:                    |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| General government                       | \$ 51,541           | \$ 76,106           | \$ 82,719           | \$ 79,636           | \$ 78,018           | \$ 75,761           | \$ 87,988           | \$ 97,289           | \$ 99,302           | \$ 99,847           |
| Public safety                            | 64,802              | 67,396              | 71,786              | 76,695              | 87,212              | 90,528              | 87,996              | 86,010              | 93,230              | 95,497              |
| Public works                             | 39,439              | 50,812              | 49,240              | 53,643              | 55,831              | 60,227              | 68,666              | 71,653              | 77,308              | 75,580              |
| Community development                    | 23,202              | 19,288              | 11,639              | 13,630              | 15,298              | 23,466              | 25,615              | 25,741              | 41,312              | 34,264              |
| Other activities                         | 38,044              | 47,862              | 67,138              | 49,841              | 69,337              | 74,844              | 76,577              | 86,043              | 91,608              | 95,337              |
| Operating grants and contributions:      |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| General government                       | 18,578              | 19,356              | 17,613              | 20,277              | 20,673              | 33,960              | 26,716              | 23,694              | 37,017              | 23,475              |
| Public safety                            | 29,266              | 69,663              | 24,713              | 29,792              | 28,817              | 30,634              | 29,023              | 26,861              | 26,914              | 26,398              |
| Public works                             | 32,333              | 29,902              | 23,633              | 23,067              | 19,256              | 62,269              | 19,370              | 20,654              | 20,825              | 23,358              |
| Human services                           | 82,879              | 82,004              | 80,428              | 72,644              | 77,417              | 73,133              | 68,244              | 76,207              | 73,768              | 86,469              |
| Community development                    | 26,151              | 19,282              | 19,419              | 16,562              | 29,258              | 26,617              | 15,800              | 17,064              | 7                   | 6                   |
| Other activities                         | 22,373              | 27,653              | 26,641              | 47,884              | 20,192              | 26,706              | 20,259              | 22,767              | 22,006              | 19,935              |
| Capital grants and contributions:        |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Public works                             | 9,207               | 8,822               | 14,624              | 23,422              | 25,333              | 30,777              | 29,408              | 35,699              | 9,701               | 36,527              |
| Other activities                         | 16,809              | 7,997               | 6,701               | 14,334              | 15,491              | 2,780               | 40,104              | 18,780              | 28,597              | 31,691              |
| <b>Total governmental activities</b>     | <b>454,624</b>      | <b>526,143</b>      | <b>496,294</b>      | <b>521,427</b>      | <b>542,133</b>      | <b>611,702</b>      | <b>595,766</b>      | <b>608,462</b>      | <b>621,595</b>      | <b>648,384</b>      |

continued

**Changes in Net Position - continued**

Last Ten Fiscal Years (dollars in thousands - accrual basis of accounting)

|   | 2007                | 2008                | 2009                | 2010                | 2011                | 2012                | 2013                | 2014                | 2015                | 2016                |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Business-type activities:</b>                                |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Charges for services:   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Wastewater management   | 75,750              | 76,590              | 75,512              | 75,363              | 89,744              | 106,167             | 115,872             | 120,806             | 126,260             | 133,375             |
| Denver airport system   | 627,666             | 649,933             | 663,355             | 703,997             | 705,979             | 730,145             | 661,637             | 711,490             | 793,543             | 876,643             |
| Other activities  | 16,773              | 15,936              | 15,448              | 16,765              | 17,026              | 18,471              | 18,108              | 20,627              | 26,339              | 22,131              |
| Operating grants and contributions:                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Denver airport system   | -                   | -                   | -                   | -                   | 400                 | 675                 | 103,513             | 121,690             | 19,220              | 686                 |
| Capital grants and contributions:                               |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Wastewater enterprises  | 9,906               | 7,690               | 15,018              | 13,984              | 11,652              | 6,890               | 7,289               | 8,379               | 9,564               | 25,142              |
| Denver airport system   | 2,426               | 14,392              | 38,621              | 30,600              | 34,702              | 22,996              | 31,412              | 20,533              | 20,483              | 3,553               |
| Other activities  | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | 280                 |
| <b>Total business-type activities</b>                           | <b>732,521</b>      | <b>764,541</b>      | <b>807,954</b>      | <b>840,709</b>      | <b>859,503</b>      | <b>885,344</b>      | <b>937,831</b>      | <b>1,003,525</b>    | <b>995,409</b>      | <b>1,061,810</b>    |
| <b>Total Primary Government</b>                                 | <b>\$ 1,187,145</b> | <b>\$ 1,290,684</b> | <b>\$ 1,304,248</b> | <b>\$ 1,362,136</b> | <b>\$ 1,401,636</b> | <b>\$ 1,497,046</b> | <b>\$ 1,533,597</b> | <b>\$ 1,611,987</b> | <b>\$ 1,617,004</b> | <b>\$ 1,710,194</b> |
| <b>General Revenues and Other Changes in Net Position</b>       |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Governmental activities:</b>                                 |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Taxes:  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Property  | \$ 227,188          | \$ 274,809          | \$ 259,963          | \$ 295,381          | \$ 288,106          | \$ 287,062          | \$ 331,914          | \$ 347,079          | \$ 349,176          | \$ 399,859          |
| Sales and use   | 455,436             | 468,137             | 421,838             | 447,071             | 481,023             | 494,495             | 539,348             | 615,735             | 638,276             | 674,398             |
| Other   | 151,387             | 136,211             | 118,165             | 124,855             | 132,259             | 140,123             | 146,875             | 165,584             | 180,745             | 187,427             |
| Investment and interest income                                  | 39,990              | 34,340              | 11,826              | 21,730              | 24,196              | 11,259              | 2,525               | 14,928              | 15,503              | 19,151              |
| Other revenue   | 40,309              | 38,157              | 48,201              | 59,419              | 42,378              | 31,921              | 35,368              | 25,511              | 48,550              | 24,128              |
| Transfers   | 2,261               | 265                 | (931)               | 275                 | 244                 | 275                 | 275                 | 575                 | 2,275               | (1,676)             |
| Capital asset transfers   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | (10,066)            | -                   | (2,880)             |
| <b>Total governmental activities</b>                            | <b>916,571</b>      | <b>951,919</b>      | <b>859,062</b>      | <b>948,731</b>      | <b>968,206</b>      | <b>965,135</b>      | <b>1,056,305</b>    | <b>1,159,346</b>    | <b>1,234,525</b>    | <b>1,300,407</b>    |
| <b>Business-type activities:</b>                                |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Investment and interest income                                  | 87,885              | 90,279              | 15,828              | 50,424              | 33,323              | 48,275              | 24,357              | 45,205              | 41,593              | 40,414              |
| Other revenue   | 33                  | 6                   | 56                  | 102                 | -                   | 17                  | 948                 | 2,225               | 13,666              | 921                 |
| Transfers   | (2,261)             | (265)               | 931                 | (275)               | (244)               | (275)               | (275)               | (575)               | (2,275)             | 1,676               |
| Capital asset transfers   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | 10,066              | -                   | 2,880               |
| <b>Total business-type activities</b>                           | <b>85,657</b>       | <b>90,020</b>       | <b>16,815</b>       | <b>50,251</b>       | <b>33,079</b>       | <b>48,017</b>       | <b>25,030</b>       | <b>56,921</b>       | <b>52,984</b>       | <b>45,891</b>       |
| <b>Total General Revenues and Other Changes in Net Position</b> | <b>\$ 1,002,228</b> | <b>\$ 1,041,939</b> | <b>\$ 875,877</b>   | <b>\$ 998,982</b>   | <b>\$ 1,001,285</b> | <b>\$ 1,013,152</b> | <b>\$ 1,081,335</b> | <b>\$ 1,216,267</b> | <b>\$ 1,287,509</b> | <b>\$ 1,346,298</b> |
| <b>Changes in Net Position</b>                                  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Governmental activities   | \$ 94,167           | \$ 41,579           | \$ (35,465)         | \$ 66,047           | \$ 86,924           | \$ 71,068           | \$ 153,090          | \$ 152,931          | \$ 217,529          | \$ 76,618           |
| Business activities   | 43,969              | (18,650)            | (59,798)            | (38,057)            | (3,954)             | 54,989              | 35,568              | 163,985             | 145,823             | 158,884             |
| <b>Total Primary Government</b>                                 | <b>\$ 138,136</b>   | <b>\$ 22,929</b>    | <b>\$ (95,263)</b>  | <b>\$ 27,990</b>    | <b>\$ 82,970</b>    | <b>\$ 126,057</b>   | <b>\$ 188,658</b>   | <b>\$ 316,916</b>   | <b>\$ 363,352</b>   | <b>\$ 235,502</b>   |

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### Fund Balances of Governmental Funds

Last Ten Fiscal Years (dollars in thousands - modified accrual basis of accounting)

|   | 2007              | 2008              | 2009              | 2010              | 2011              | 2012              | 2013              | 2014              | 2015              | 2016              |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>General Fund</b>                       |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Reserved                                  | \$ 40,817         | \$ 21,887         | \$ 20,230         | \$ 20,475         |                   |                   |                   |                   |                   |                   |
| Unreserved                                | 154,774           | 149,562           | 92,990            | 115,586           |                   |                   |                   |                   |                   |                   |
| Nonspendable                              |                   |                   |                   |                   | \$ 330            | \$ 159            | \$ 268            | \$ 425            | \$ 2,890          | \$ 7,215          |
| Restricted                                |                   |                   |                   |                   | 54,049            | 56,566            | 62,443            | 65,439            | 65,713            | 68,114            |
| Committed                                 |                   |                   |                   |                   | 12,039            | 15,084            | 23,594            | 30,388            | 32,121            | 50,964            |
| Assigned                                  |                   |                   |                   |                   | -                 | -                 | -                 | -                 | -                 | -                 |
| Unassigned                                |                   |                   |                   |                   | 147,892           | 155,039           | 201,030           | 267,764           | 293,476           | 271,130           |
| <b>Total General Fund</b>                 | <b>\$ 195,591</b> | <b>\$ 171,449</b> | <b>\$ 113,220</b> | <b>\$ 136,061</b> | <b>\$ 214,310</b> | <b>\$ 226,848</b> | <b>\$ 287,335</b> | <b>\$ 364,016</b> | <b>\$ 394,200</b> | <b>\$ 397,423</b> |
| <b>All other governmental funds</b>       |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Reserved                                  | \$ 338,498        | \$ 183,353        | \$ 193,214        | \$ 198,463        |                   |                   |                   |                   |                   |                   |
| Unreserved:                               |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Special revenue funds                     | 96,139            | 97,139            | 92,739            | 93,112            |                   |                   |                   |                   |                   |                   |
| Capital projects funds                    | 16,871            | 258,295           | 114,590           | 367,142           |                   |                   |                   |                   |                   |                   |
| Permanent funds                           | 3,387             | 3,936             | 3,527             | 3,605             |                   |                   |                   |                   |                   |                   |
| Nonspendable                              |                   |                   |                   |                   | \$ 3,030          | \$ 5,729          | \$ 6,515          | \$ 3,038          | \$ 8,218          | \$ 9,395          |
| Restricted                                |                   |                   |                   |                   | 479,270           | 395,160           | 413,008           | 455,110           | 528,071           | 833,997           |
| Committed                                 |                   |                   |                   |                   | 2,616             | 27,786            | 37,804            | 3,966             | 2,262             | 24,041            |
| Assigned                                  |                   |                   |                   |                   | 30,966            | 32,760            | 29,043            | 28,076            | 30,040            | 559               |
| Unassigned                                |                   |                   |                   |                   | -                 | (38)              | -                 | -                 | (372)             | -                 |
| <b>Total all other governmental funds</b> | <b>\$ 454,895</b> | <b>\$ 542,723</b> | <b>\$ 404,070</b> | <b>\$ 662,322</b> | <b>\$ 515,882</b> | <b>\$ 461,397</b> | <b>\$ 486,370</b> | <b>\$ 490,190</b> | <b>\$ 568,219</b> | <b>\$ 867,992</b> |

Fund Balances of Governmental Funds



Note: Reporting of fund balances was changed in 2011 due to the implementation of GASB 54.

**Changes in Fund Balances of Governmental Funds**

Last Ten Fiscal Years (dollars in thousands - modified accrual basis of accounting)

|   | 2007             | 2008             | 2009             | 2010             | 2011             | 2012             | 2013             | 2014             | 2015             | 2016             |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Revenues</b>                           |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Property taxes                            | \$ 227,188       | \$ 274,809       | \$ 259,963       | \$ 295,381       | \$ 288,106       | \$ 287,062       | \$ 331,914       | \$ 347,079       | \$ 349,176       | \$ 399,859       |
| Sales and use taxes                       | 455,436          | 468,137          | 421,838          | 447,071          | 481,023          | 494,495          | 539,348          | 608,307          | 640,251          | 675,916          |
| Other taxes                               | 150,017          | 136,211          | 118,165          | 124,855          | 132,259          | 140,123          | 146,875          | 165,584          | 180,745          | 187,427          |
| Special assessments                       | 1,370            | 1,394            | 1,342            | 1,397            | 1,429            | 1,422            | 1,702            | 1,913            | 1,575            | 1,282            |
| Licenses and permits                      | 29,383           | 29,364           | 24,555           | 29,907           | 31,094           | 35,393           | 44,415           | 49,963           | 61,530           | 61,235           |
| Intergovernmental revenues                | 211,351          | 247,386          | 208,031          | 213,568          | 227,776          | 236,892          | 206,878          | 218,206          | 213,643          | 223,296          |
| Charges for services                      | 156,564          | 189,494          | 190,940          | 196,642          | 200,728          | 219,691          | 225,169          | 237,077          | 265,105          | 267,170          |
| Investment and interest income            | 39,990           | 34,340           | 11,826           | 21,225           | 23,680           | 10,738           | 2,003            | 14,413           | 14,998           | 18,661           |
| Fines and forfeitures                     | 37,013           | 41,473           | 44,863           | 47,628           | 58,075           | 55,964           | 57,469           | 54,472           | 53,540           | 49,433           |
| Contributions                             | 8,668            | 9,022            | 5,741            | 5,961            | 8,661            | 6,515            | 7,086            | 5,578            | 4,657            | 6,709            |
| Other revenue                             | 40,376           | 40,167           | 50,664           | 53,840           | 64,905           | 51,030           | 55,664           | 54,660           | 65,103           | 62,289           |
| <b>Total revenues</b>                     | <b>1,357,356</b> | <b>1,471,797</b> | <b>1,337,928</b> | <b>1,437,475</b> | <b>1,517,736</b> | <b>1,539,325</b> | <b>1,618,523</b> | <b>1,757,252</b> | <b>1,850,323</b> | <b>1,954,277</b> |
| <b>Expenditures</b>                       |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| General government                        | 236,694          | 255,008          | 249,526          | 243,697          | 239,138          | 242,091          | 258,408          | 304,479          | 332,024          | 374,605          |
| Public safety                             | 470,978          | 534,984          | 488,380          | 499,293          | 514,421          | 545,395          | 552,663          | 574,812          | 607,077          | 606,983          |
| Public works                              | 96,313           | 125,668          | 168,048          | 149,812          | 155,204          | 207,205          | 170,129          | 221,813          | 192,462          | 188,078          |
| Health                                    | 48,694           | 52,191           | 52,734           | 53,035           | 52,415           | 52,848           | 54,205           | 59,469           | 64,036           | 61,822           |
| Human services                            | 129,451          | 139,013          | 128,592          | 119,083          | 114,004          | 110,784          | 114,079          | 113,799          | 123,095          | 135,733          |
| Parks and recreation                      | 59,791           | 100,928          | 100,182          | 58,212           | 63,895           | 61,761           | 66,992           | 70,301           | 73,222           | 75,752           |
| Cultural activities                       | 72,974           | 40,826           | 71,143           | 77,547           | 80,599           | 87,984           | 98,038           | 107,138          | 110,427          | 115,446          |
| Community development                     | 53,877           | 37,808           | 41,251           | 50,240           | 49,882           | 40,505           | 35,030           | 39,469           | 44,791           | 46,968           |
| Economic opportunity                      | 26,122           | 31,486           | 31,885           | 25,860           | 22,939           | 21,482           | 21,321           | 21,085           | 19,813           | 14,588           |
| Principal retirement                      | 81,685           | 70,807           | 65,590           | 70,387           | 81,269           | 87,393           | 99,525           | 95,885           | 104,667          | 107,346          |
| Interest                                  | 53,387           | 82,598           | 61,351           | 60,773           | 79,425           | 75,351           | 72,842           | 69,427           | 64,622           | 60,908           |
| Bond issuance costs                       | 421              | 833              | 3,272            | 3,041            | 289              | -                | -                | 500              | 491              | 2,073            |
| Capital outlay                            | 95,821           | 210,430          | 192,232          | 142,706          | 155,267          | 93,934           | 45,877           | 32,697           | 35,194           | 99,506           |
| <b>Total Expenditures</b>                 | <b>1,426,208</b> | <b>1,682,580</b> | <b>1,654,186</b> | <b>1,553,686</b> | <b>1,608,747</b> | <b>1,626,733</b> | <b>1,589,109</b> | <b>1,710,874</b> | <b>1,771,921</b> | <b>1,889,808</b> |
| Deficiency of revenues under expenditures | (68,852)         | (210,783)        | (316,258)        | (116,211)        | (91,011)         | (87,408)         | 29,414           | 46,378           | 78,402           | 64,469           |

continued

**Changes in Fund Balances of Governmental Funds, continued**

Last Ten Fiscal Years (dollars in thousands - modified accrual basis of accounting)

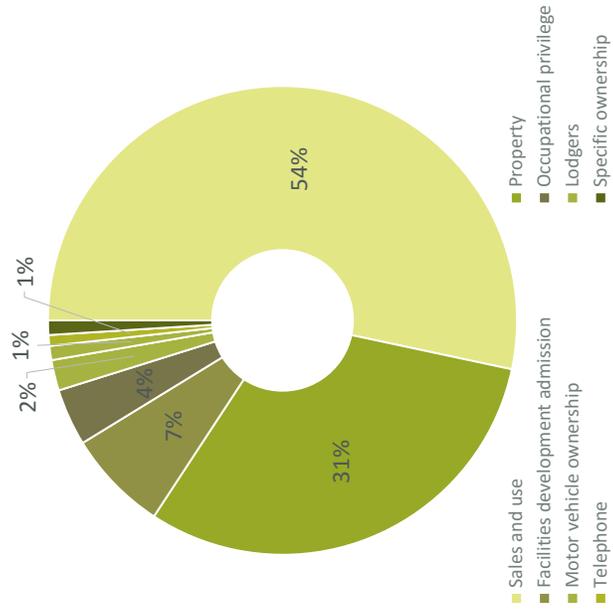
|   | 2007               | 2008             | 2009                | 2010              | 2011               | 2012               | 2013             | 2014             | 2015              | 2016              |
|---|--------------------|------------------|---------------------|-------------------|--------------------|--------------------|------------------|------------------|-------------------|-------------------|
| <b>Other financing sources (uses)</b>                   |                    |                  |                     |                   |                    |                    |                  |                  |                   |                   |
| Sale of capital assets                                  | 5,724              | 2,526            | 146                 | 8,490             | 617                | 5                  | 128              | 1,784            | 296               | 1,081             |
| GID general obligation bonds issued                     | -                  | -                | -                   | 4,000             | -                  | -                  | -                | -                | -                 | -                 |
| General obligation bonds issued                         | 8,861              | 174,135          | 121,130             | 394,615           | 16,455             | -                  | -                | -                | -                 | -                 |
| Excise tax revenue bonds issued                         | -                  | -                | 107,570             | -                 | -                  | -                  | -                | -                | -                 | -                 |
| Issuance of certificate of participation                | -                  | -                | -                   | -                 | -                  | -                  | -                | -                | 22,470            | -                 |
| Issuance of capital leases                              | -                  | 20,780           | 13,972              | 40,174            | 4,590              | 52,743             | 34,030           | 19,905           | 485               | 373               |
| Capital leases restructured                             | -                  | 260,000          | 1,307               | -                 | -                  | -                  | -                | -                | -                 | -                 |
| Refunding of capital lease                              | -                  | -                | -                   | -                 | -                  | -                  | -                | -                | -                 | -                 |
| Intergovernmental agreement                             | -                  | -                | -                   | -                 | -                  | 6,725              | -                | -                | -                 | -                 |
| Payment to escrow                                       | -                  | (250,290)        | (178,024)           | (129,779)         | -                  | (13,729)           | (256,518)        | -                | -                 | (193,979)         |
| Payment to refunding escrow                             | -                  | -                | -                   | -                 | -                  | -                  | -                | -                | -                 | -                 |
| Commercial paper issued                                 | -                  | 38,000           | 37,000              | 70,000            | -                  | -                  | -                | -                | -                 | -                 |
| Bond premium (discount)                                 | -                  | 17,407           | 16,123              | 8,856             | 1,006              | -                  | 19,659           | -                | -                 | 30,857            |
| Bond proceeds - refunding                               | -                  | -                | -                   | -                 | -                  | -                  | -                | -                | 1,422             | 193,140           |
| Note proceeds   | -                  | -                | -                   | -                 | -                  | -                  | 48,660           | 12,000           | -                 | 3,000             |
| Issuance of bonds                                       | -                  | -                | -                   | -                 | -                  | -                  | 209,700          | -                | -                 | 204,170           |
| Issuance of bonds - refunding                           | -                  | -                | -                   | -                 | -                  | -                  | -                | -                | -                 | -                 |
| Proceeds from sale of registered coupons                | -                  | 11,610           | -                   | -                 | -                  | -                  | -                | -                | -                 | -                 |
| Insurance recoveries                                    | 11                 | 86               | 1,083               | 673               | 484                | 1,240              | 749              | 500              | 1,266             | 1,561             |
| Developer advance                                       | -                  | -                | -                   | -                 | -                  | -                  | -                | -                | -                 | -                 |
| Repayment of developer advance                          | -                  | -                | -                   | -                 | -                  | -                  | -                | -                | -                 | -                 |
| GID bonds issued  | -                  | -                | -                   | -                 | -                  | -                  | -                | -                | -                 | -                 |
| Transfers in  | 85,346             | 111,590          | 114,285             | 101,174           | 73,294             | 87,479             | 108,121          | 112,670          | 206,427           | 182,897           |
| Transfers out   | (83,085)           | (111,375)        | (115,216)           | (100,899)         | (73,626)           | (89,002)           | (108,483)        | (112,736)        | (202,555)         | (184,573)         |
| <b>Total other financing sources (uses)</b>             | <b>16,857</b>      | <b>274,469</b>   | <b>119,376</b>      | <b>397,304</b>    | <b>22,820</b>      | <b>45,461</b>      | <b>56,046</b>    | <b>34,123</b>    | <b>29,811</b>     | <b>238,527</b>    |
| <b>Net change in fund balances</b>                      | <b>\$ (51,995)</b> | <b>\$ 63,686</b> | <b>\$ (196,882)</b> | <b>\$ 281,093</b> | <b>\$ (68,191)</b> | <b>\$ (41,947)</b> | <b>\$ 85,460</b> | <b>\$ 80,501</b> | <b>\$ 108,213</b> | <b>\$ 302,996</b> |
| Debt service as a percentage of noncapital expenditures | 12.2%              | 12.1%            | 11.1%               | 10.7%             | 10.9%              | 12.2%              | 11.7%            | 11.7%            | 10.5%             | 9.8%              |

### Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years (dollars in thousands - modified accrual basis of accounting)

| Taxes                                 | 2007              | 2008              | 2009              | 2010              | 2011              | 2012              | 2013                | 2014                | 2015                | 2016                |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Facilities development admission      | \$ 10,092         | \$ 10,016         | \$ 7,082          | \$ 7,160          | \$ 8,325          | \$ 8,986          | \$ 8,721            | \$ 9,262            | \$ 12,569           | \$ 12,401           |
| Lodgers                               | 49,651            | 53,773            | 43,982            | 49,136            | 55,620            | 57,956            | 63,482              | 75,579              | 82,376              | 88,872              |
| Motor vehicle ownership fee           | 16,963            | 19,514            | 17,907            | 17,004            | 17,140            | 19,784            | 21,000              | 23,944              | 26,647              | 26,787              |
| Occupational privilege                | 42,751            | 43,040            | 39,551            | 41,818            | 41,141            | 43,227            | 44,515              | 46,438              | 48,293              | 49,864              |
| Property                              | 227,188           | 274,809           | 259,963           | 295,381           | 288,106           | 287,062           | 331,914             | 347,079             | 349,176             | 399,859             |
| Sales and use                         | 455,436           | 468,137           | 421,838           | 447,071           | 481,023           | 494,495           | 539,348             | 608,307             | 640,251             | 676,916             |
| Specific ownership                    | 64                | 54                | 47                | 84                | 162               | 191               | 193                 | 213                 | 232                 | 57                  |
| Telephone                             | 9,918             | 9,814             | 9,596             | 9,653             | 9,871             | 9,979             | 8,964               | 10,148              | 10,628              | 9,446               |
| <b>Total primary government taxes</b> | <b>\$ 812,063</b> | <b>\$ 879,157</b> | <b>\$ 799,966</b> | <b>\$ 867,307</b> | <b>\$ 901,388</b> | <b>\$ 921,680</b> | <b>\$ 1,018,137</b> | <b>\$ 1,120,970</b> | <b>\$ 1,170,172</b> | <b>\$ 1,264,202</b> |

2016 Tax Revenues by Source

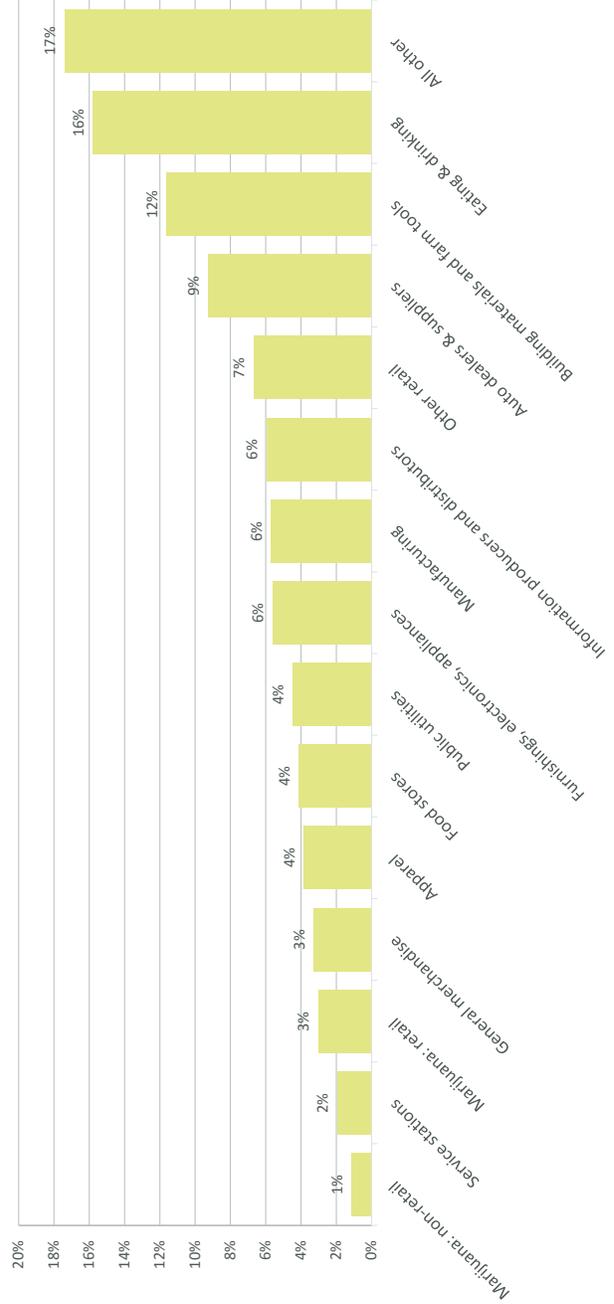


**Sales Tax by Category**

Last Ten Calendar Years (dollars in thousands)

|  | 2007              | 2008              | 2009              | 2010              | 2011              | 2012              | 2013              | 2014              | 2015              | 2016              |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Apparel stores                               | \$ 16,474         | \$ 17,691         | \$ 16,241         | \$ 18,356         | \$ 20,237         | \$ 21,796         | \$ 22,778         | \$ 24,111         | \$ 25,523         | \$ 26,029         |
| General merchandise                          | 16,209            | 16,953            | 14,699            | 16,921            | 16,825            | 17,161            | 17,704            | 18,276            | 18,527            | 22,189            |
| Food stores                                  | 16,210            | 17,961            | 17,795            | 18,790            | 19,467            | 20,269            | 21,399            | 23,698            | 24,994            | 27,972            |
| Eating and drinking establishments           | 60,097            | 67,878            | 64,798            | 68,520            | 75,531            | 77,886            | 85,211            | 94,439            | 101,242           | 106,903           |
| Home furnishings; electronics and appliances | 21,543            | 22,461            | 19,105            | 20,413            | 21,827            | 22,584            | 24,410            | 26,138            | 28,026            | 38,112            |
| Building materials and farm tools            | 35,826            | 37,741            | 31,258            | 30,962            | 33,700            | 36,837            | 44,188            | 52,708            | 55,122            | 78,695            |
| Auto dealers and supplies                    | 38,350            | 39,584            | 33,927            | 35,853            | 41,544            | 44,371            | 50,021            | 55,414            | 62,000            | 62,801            |
| Service stations                             | 11,942            | 10,719            | 14,792            | 20,345            | 16,798            | 15,100            | 14,396            | 15,027            | 15,058            | 13,333            |
| Public utilities                             | 24,503            | 30,145            | 26,118            | 28,783            | 30,333            | 28,164            | 30,944            | 32,931            | 31,106            | 30,285            |
| Manufacturing                                | 34,033            | 34,947            | 29,666            | 31,526            | 35,073            | 36,415            | 40,651            | 46,870            | 46,166            | 38,616            |
| Information producers and distributors       | 36,164            | 41,431            | 36,154            | 37,531            | 40,445            | 38,576            | 37,877            | 38,213            | 37,036            | 40,450            |
| Marijuana stores - retail                    | n/a               | 10,761            | 15,636            | 20,611            |
| Marijuana stores - not including retail      | n/a               | 6,451             | 6,996             | 7,730             |
| Other retail stores                          | 44,383            | 40,913            | 29,743            | 34,631            | 47,463            | 51,512            | 52,656            | 55,634            | 55,530            | 45,338            |
| All other outlets                            | 99,702            | 89,713            | 87,542            | 84,440            | 81,780            | 83,824            | 97,113            | 107,636           | 117,289           | 117,852           |
| <b>Total</b>                                 | <b>\$ 455,436</b> | <b>\$ 468,137</b> | <b>\$ 421,838</b> | <b>\$ 447,071</b> | <b>\$ 481,023</b> | <b>\$ 494,495</b> | <b>\$ 539,348</b> | <b>\$ 608,307</b> | <b>\$ 640,251</b> | <b>\$ 676,916</b> |
| City direct sales tax rate                   | 3.50%             | 3.62%             | 3.62%             | 3.62%             | 3.62%             | 3.62%             | 3.62%             | 3.62%             | 3.62%             | 3.65%             |

**2016 Sales Tax by Category**



Note: The 2016 tax rate for retail marijuana is 7.12%

Source: Denver Controller's Office

**Assessed Value and Estimated Actual Value of Taxable Property**

Last Ten Fiscal Years (Dollars in thousands)

|  | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                  | 2016                  |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| Vacant property  | \$ 198,284           | \$ 210,633           | \$ 231,563           | \$ 218,132           | \$ 194,051           | \$ 193,826           | \$ 212,668           | \$ 181,758           | \$ 219,528            | \$ 186,774            |
| Residential property                                     | 4,394,658            | 4,510,588            | 4,545,672            | 4,598,108            | 4,325,747            | 4,345,018            | 4,469,706            | 4,567,603            | 5,919,659             | 6,059,029             |
| Commercial property                                      | 4,372,532            | 4,383,397            | 5,452,125            | 5,426,538            | 4,655,265            | 4,567,479            | 4,886,510            | 4,909,533            | 6,445,053             | 6,521,348             |
| Industrial property                                      | 130,130              | 125,108              | 144,380              | 142,372              | 147,433              | 120,329              | 124,503              | 122,425              | 150,606               | 143,930               |
| Agricultural property                                    | 113                  | 56                   | 44                   | 44                   | 120                  | 55                   | 69                   | 69                   | 79                    | 138                   |
| Oil and gas property                                     | 1,279                | 3,286                | 4,020                | 63                   | -                    | -                    | -                    | -                    | -                     | -                     |
| Personal property  | 779,600              | 792,393              | 813,037              | 739,224              | 726,354              | 722,513              | 741,538              | 765,486              | 825,798               | 827,331               |
| State assessed property                                  | 784,031              | 837,783              | 821,502              | 835,603              | 888,485              | 808,218              | 829,207              | 838,378              | 824,187               | 920,535               |
| <b>Total taxable assessed value</b>                      | <b>\$ 10,660,627</b> | <b>\$ 10,863,244</b> | <b>\$ 12,012,343</b> | <b>\$ 11,960,084</b> | <b>\$ 10,937,455</b> | <b>\$ 10,757,438</b> | <b>\$ 11,264,201</b> | <b>\$ 11,385,252</b> | <b>\$ 14,384,910</b>  | <b>\$ 14,659,085</b>  |
| Total direct tax rate                                    | 27.119               | 26.535               | 25.308               | 26.043               | 28.419               | 32.926               | 33.119               | 33.055               | 30.119                | 0.500                 |
| <b>Estimated actual taxable value</b>                    | <b>\$ 76,813,114</b> | <b>\$ 78,563,808</b> | <b>\$ 82,844,303</b> | <b>\$ 83,151,295</b> | <b>\$ 77,142,543</b> | <b>\$ 76,697,449</b> | <b>\$ 79,581,379</b> | <b>\$ 80,891,083</b> | <b>\$ 100,203,607</b> | <b>\$ 105,772,919</b> |
| Assessed value as a percentage of estimated actual value | 13.9%                | 13.8%                | 14.5%                | 14.4%                | 14.2%                | 14.0%                | 14.2%                | 14.1%                | 14.4%                 | 13.9%                 |

**Note:** The TABOR amendment, which was approved by Colorado voters in 1992, requires all assessors to use only the market approach in valuing residential property. For commercial real property, the income approach is generally the appropriate method to use in estimating value. Under Colorado law, all assessors must reappraise real property every two years; this occurs in every odd-numbered year (2007, 2009, 2011, 2013, 2015, and 2017). If home sales have been very active, and home prices have been increasing, then the property value and assessment for many types and styles of homes typically will increase during these reappraisals. Property tax is determined by the mill levy, which is set in December of each year by the taxing authorities in Denver (the school district, city council, special districts, etc.)

In November 2012, Denver voters removed the Taxpayer Bill of Rights (TABOR) limits on property tax, and as a result mill levies assessed after 2012 will not be subject to TABOR limits.

Taxable assessed values are reported net of tax-exempt property.

**Source:** Abstract of Assessment documents

**Direct and Overlapping Property Tax Rates**

Last Ten Fiscal Years (mill levy - total general taxes)

|  | 2007          | 2008          | 2009          | 2010          | 2011          | 2012          | 2013          | 2014          | 2015          | 2016          |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>County Direct Rates</b>                         |               |               |               |               |               |               |               |               |               |               |
| General fund                                       | 6.306         | 6.389         | 5.867         | 8.455         | 9.805         | 13.362        | 13.185        | 13.156        | 11.331        | 11.276        |
| Bond principal                                     | 4.750         | 4.470         | 4.470         | 4.470         | 3.980         | 4.170         | 4.330         | 4.100         | 5.433         | 7.433         |
| Bond interest                                      | 3.683         | 3.110         | 3.110         | 3.110         | 3.600         | 3.780         | 4.103         | 4.333         | 3.000         | 1.000         |
| Social services                                    | 3.630         | 3.698         | 3.394         | 3.556         | 4.101         | 4.520         | 4.480         | 4.470         | 3.849         | 3.835         |
| Developmentally disabled                           | 1.013         | 1.011         | 1.013         | 1.019         | 1.030         | 1.033         | 1.021         | 1.016         | 1.012         | 1.010         |
| Fire pension                                       | 1.345         | 1.371         | 1.258         | 1.317         | 1.519         | 1.587         | 1.572         | 1.568         | 1.350         | 1.345         |
| Police pension                                     | 1.607         | 1.636         | 1.502         | 1.572         | 1.812         | 1.893         | 1.875         | 1.870         | 1.610         | 1.604         |
| Capital improvement                                | 2             | 2             | 2.170         | -             | -             | -             | -             | -             | -             | -             |
| Capital maintenance                                | 3             | 3             | 2.524         | 2.544         | 2.572         | 2.581         | 2.553         | 2.542         | 2.534         | 2.528         |
| Affordable housing                                 | -             | -             | -             | -             | -             | -             | -             | -             | -             | 0.500         |
| <b>Total County Direct Rates</b>                   | <b>27.119</b> | <b>26.535</b> | <b>25.308</b> | <b>26.043</b> | <b>28.419</b> | <b>32.926</b> | <b>33.119</b> | <b>33.055</b> | <b>30.119</b> | <b>30.531</b> |
| <b>School District #1</b>                          |               |               |               |               |               |               |               |               |               |               |
| General fund                                       | 33.611        | 33.464        | 32.912        | 33.172        | 34.307        | 39.575        | 38.853        | 38.780        | 37.147        | 41.013        |
| Bond redemption                                    | 5.599         | 6.193         | 6.350         | 6.800         | 7.958         | 10.913        | 10.446        | 10.519        | 10.250        | 9.383         |
| <b>Total School District #1</b>                    | <b>39.210</b> | <b>39.657</b> | <b>39.262</b> | <b>39.972</b> | <b>42.265</b> | <b>50.488</b> | <b>49.299</b> | <b>49.299</b> | <b>47.397</b> | <b>50.396</b> |
| <b>Urban Drainage &amp; Flood Control District</b> | 0.568         | 0.591         | 0.569         | 0.576         | 0.623         | 0.657         | 0.672         | 0.700         | 0.611         | 0.620         |
| <b>Total General Taxes</b>                         | <b>66.897</b> | <b>66.783</b> | <b>65.139</b> | <b>66.591</b> | <b>71.307</b> | <b>84.071</b> | <b>83.090</b> | <b>83.054</b> | <b>78.127</b> | <b>81.547</b> |

**Mill Levy - Total General Taxes**



**Note:** The mill levy shown for total general taxes does not include special district mill levies.

In November 2012, Denver voters removed the Taxpayer Bill of Rights (TABOR) limits on property tax, and as a result mill levies assessed after 2012 will not be subject to TABOR limits.

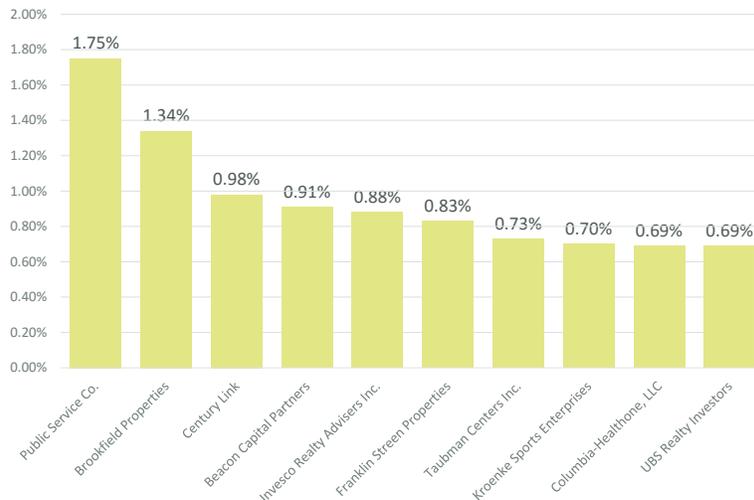
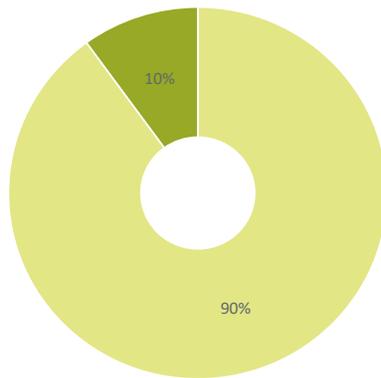
**Source:** Abstract of Assessment documents

### Principal Property Taxpayers

Current Year and Nine Years Ago (dollars in thousands)

| Taxpayer                       | 2016                |      |               | 2007              |      |               |
|--------------------------------|---------------------|------|---------------|-------------------|------|---------------|
|                                | Value               | Rank | Total Taxable | Value             | Rank | Total Taxable |
| Public Service Co.             | \$ 252,378          | 1    | 1.75%         | \$ 170,858        | 2    | 1.60%         |
| Brookfield Properties          | 192,537             | 2    | 1.34%         |                   |      |               |
| CenturyLink, Inc. <sup>1</sup> | 141,253             | 3    | 0.98%         | 197,929           | 1    | 1.86%         |
| Beacon Capital Partners        | 130,493             | 4    | 0.91%         |                   |      |               |
| Invesco Realty Advisers Inc.   | 126,558             | 5    | 0.88%         |                   |      |               |
| Franklin Street Properties     | 118,949             | 6    | 0.83%         |                   |      |               |
| Taubman Centers Inc.           | 105,713             | 7    | 0.73%         |                   |      |               |
| Kroenke Sports Enterprises     | 100,042             | 8    | 0.70%         |                   |      |               |
| Columbia-Healthone, LLC        | 99,519              | 9    | 0.69%         |                   |      |               |
| UBS Realty Investors           | 99,189              | 10   | 0.69%         |                   |      |               |
| Callahan Capital Partners      |                     |      |               | 96,501            | 4    | 0.91%         |
| Republic Plaza Properties      |                     |      |               | 71,893            | 7    | 0.67%         |
| Frontier Airlines              |                     |      |               | 72,018            | 6    | 0.68%         |
| United Airlines, Inc.          |                     |      |               | 103,997           | 3    | 0.98%         |
| LBA Realty Fund II Co. IV      |                     |      |               | 69,152            | 8    | 0.65%         |
| Transwestern Broadreach        |                     |      |               | 66,155            | 10   | 0.62%         |
| Crescent Real Estate Equities  |                     |      |               | 67,390            | 9    | 0.63%         |
| Temple Hoyne Buell Foundation  |                     |      |               | 75,206            | 5    | 0.70%         |
| <b>Totals</b>                  | <b>\$ 1,366,631</b> |      | <b>9.50%</b>  | <b>\$ 991,099</b> |      | <b>9.30%</b>  |

2016 Principal Property Taxpayers



<sup>1</sup> CenturyLink, Inc. merged with Qwest Corp. in April 2011.

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## Property Tax Levies and Collections

Last Ten Fiscal Years (dollars in thousands)

### General Fund

|      | Taxes levied | Prepaid amounts collected within the fiscal year of the levy | Amount collected in year due | Percentage of levy prepaid and collected in year due | Collections in subsequent years <sup>1</sup> | Total collections to date |                    |
|------|--------------|--|------------------------------|--|--|---------------------------|--------------------|
|      |              |  |                              |  |  | Amount                    | Percentage of levy |
| 2007 | \$ 63,216    | 437  | \$ 62,213                    | 99.10%   | (222)  | \$ 62,428                 | 98.75%             |
| 2008 | 65,079       | 510  | 63,315                       | 98.07%   | 413  | 64,238                    | 98.71%             |
| 2009 | 66,126       | 441  | 64,579                       | 98.33%   | (588)  | 64,432                    | 97.44%             |
| 2010 | 68,934       | 473  | 67,649                       | 98.82%   | (195)  | 67,927                    | 98.54%             |
| 2011 | 73,181       | 494  | 71,281                       | 98.08%   | (264)  | 71,511                    | 97.72%             |
| 2012 | 106,177      | 358  | 105,134                      | 99.35%   | 20   | 105,512                   | 99.37%             |
| 2013 | 109,268      | 469  | 107,758                      | 99.05%   | (104)  | 108,123                   | 98.95%             |
| 2014 | 109,682      | 580  | 108,074                      | 99.06%   | -  | 108,654                   | 99.06%             |
| 2015 | 118,856      | 631  | 116,532                      | 98.58%   | -  | 117,163                   | 98.58%             |
| 2016 | 120,180      | 586  | n/a                          | 0.49%  | n/a  | -                         | -                  |

### Affordable Housing

|      |          |    |      |       |     |      |   |
|------|----------|----|------|-------|-----|------|---|
| 2016 | \$ 6,730 | 33 | \$ - | 0.49% | n/a | \$ - | - |
|------|----------|----|------|-------|-----|------|---|

### Bond Principal Fund

|      |           |     |           |        |       |           |        |
|------|-----------|-----|-----------|--------|-------|-----------|--------|
| 2007 | \$ 47,618 | 329 | \$ 46,862 | 99.10% | (168) | \$ 47,024 | 98.75% |
| 2008 | 45,532    | 357 | 44,298    | 98.07% | 289   | 44,944    | 98.71% |
| 2009 | 50,381    | 336 | 49,202    | 98.33% | (448) | 49,090    | 97.44% |
| 2010 | 49,908    | 343 | 48,978    | 98.82% | (141) | 49,180    | 98.54% |
| 2011 | 40,599    | 274 | 39,546    | 98.08% | (147) | 39,673    | 97.72% |
| 2012 | 41,730    | 141 | 41,320    | 99.36% | 8     | 41,469    | 99.37% |
| 2013 | 45,268    | 194 | 44,643    | 99.05% | (44)  | 44,793    | 98.95% |
| 2014 | 43,121    | 228 | 42,512    | 99.12% | -     | 42,740    | 99.12% |
| 2015 | 71,837    | 381 | 70,525    | 98.70% | -     | 70,906    | 98.70% |
| 2016 | 100,054   | 487 | n/a       | 0.49%  | n/a   | -         | -      |

### Bond Interest Fund

|      |           |     |           |        |       |           |        |
|------|-----------|-----|-----------|--------|-------|-----------|--------|
| 2007 | \$ 36,921 | 255 | \$ 36,336 | 99.11% | (130) | \$ 36,461 | 98.75% |
| 2008 | 31,679    | 248 | 30,820    | 98.07% | 201   | 31,269    | 98.71% |
| 2009 | 35,052    | 234 | 34,232    | 98.33% | (311) | 34,155    | 97.44% |
| 2010 | 34,724    | 238 | 34,077    | 98.82% | (98)  | 34,217    | 98.54% |
| 2011 | 36,723    | 248 | 35,770    | 98.08% | (133) | 35,885    | 97.72% |
| 2012 | 37,827    | 128 | 37,455    | 99.35% | 8     | 37,591    | 99.38% |
| 2013 | 42,895    | 184 | 42,302    | 99.05% | (41)  | 42,445    | 98.95% |
| 2014 | 45,572    | 241 | 44,928    | 99.12% | -     | 45,169    | 99.12% |
| 2015 | 39,667    | 211 | 38,942    | 98.70% | -     | 39,153    | 98.70% |
| 2016 | 13,461    | 65  | n/a       | 0.48%  | n/a   | -         | -      |

continued

### Property Tax Levies and Collections, continued

Last Ten Fiscal Years (dollars in thousands)

#### Human Services Fund

|      | Taxes levied | Prepaid amounts collected within the fiscal year of the levy | Amount collected in year due | Percentage of levy prepaid and collected in year due | Total collections to date                    |           |                    |
|------|--------------|--|------------------------------|--|--|-----------|--------------------|
|      |              |  |                              |  | Collections in subsequent years <sup>1</sup> | Amount    | Percentage of levy |
| 2007 | \$ 46,545    | 322  | \$ 45,806                    | 99.10%   | (164)  | \$ 45,964 | 98.75%             |
| 2008 | 47,966       | 376  | 46,666                       | 98.07%   | 305  | 47,347    | 98.71%             |
| 2009 | 49,671       | 331  | 48,508                       | 98.33%   | (441)  | 48,398    | 97.44%             |
| 2010 | 51,081       | 351  | 50,128                       | 98.82%   | (145)  | 50,334    | 98.54%             |
| 2011 | 52,340       | 354  | 50,981                       | 98.08%   | (189)  | 51,146    | 97.72%             |
| 2012 | 56,335       | 187  | 55,778                       | 99.34%   | 12   | 55,977    | 99.36%             |
| 2013 | 58,308       | 247  | 57,501                       | 99.04%   | (55)   | 57,693    | 98.95%             |
| 2014 | 58,530       | 305  | 57,706                       | 99.11%   | -  | 58,011    | 99.11%             |
| 2015 | 65,295       | 341  | 64,097                       | 98.69%   | -  | 64,438    | 98.69%             |
| 2016 | 66,205       | 317  | n/a                          | 0.48%  | n/a  | -         | -                  |

#### Capital Improvement and Maintenance Funds

|      |           |     |           |        |       |           |        |
|------|-----------|-----|-----------|--------|-------|-----------|--------|
| 2007 | \$ 47,969 | 332 | \$ 47,207 | 99.10% | (169) | \$ 47,370 | 98.75% |
| 2008 | 49,403    | 386 | 48,065    | 98.07% | 314   | 48,765    | 98.71% |
| 2009 | 52,905    | 353 | 51,668    | 98.33% | (471) | 51,550    | 97.44% |
| 2010 | 53,872    | 370 | 52,868    | 98.82% | (153) | 53,085    | 98.54% |
| 2011 | 53,075    | 359 | 51,697    | 98.08% | (192) | 51,864    | 97.72% |
| 2012 | 53,369    | 180 | 52,844    | 99.35% | 11    | 53,035    | 99.37% |
| 2013 | 55,183    | 237 | 54,420    | 99.05% | (53)  | 54,604    | 98.95% |
| 2014 | 64,472    | 292 | 54,526    | 99.09% | -     | 54,818    | 99.09% |
| 2015 | 65,381    | 318 | n/a       | 0.49%  | n/a   | 63,597    | 98.64% |
| 2016 |           |     |           |        |       | -         | -      |

#### Total

|      |            |       |            |        |         |            |        |
|------|------------|-------|------------|--------|---------|------------|--------|
| 2007 | \$ 242,270 | 1,675 | \$ 238,424 | 99.10% | (853)   | \$ 239,247 | 98.75% |
| 2008 | 239,659    | 1,877 | 233,164    | 98.07% | 1,522   | 236,563    | 98.71% |
| 2009 | 254,135    | 1,695 | 248,189    | 98.33% | (2,259) | 247,625    | 97.44% |
| 2010 | 258,518    | 1,775 | 253,699    | 98.82% | (732)   | 254,743    | 98.54% |
| 2011 | 255,918    | 1,729 | 249,275    | 98.08% | (925)   | 250,079    | 97.72% |
| 2012 | 295,438    | 994   | 292,531    | 99.35% | 59      | 293,584    | 99.37% |
| 2013 | 310,922    | 1,331 | 306,624    | 99.05% | (297)   | 307,658    | 98.95% |
| 2014 | 312,228    | 1,646 | 307,746    | 99.09% | -       | 309,392    | 99.09% |
| 2015 | 360,128    | 1,906 | 353,351    | 98.65% | -       | 355,257    | 98.65% |
| 2016 | 365,281    | 1,773 | n/a        | 0.49%  | n/a     | -          | -      |

<sup>1</sup> Net of adjustments based upon the appeals process.

<sup>2</sup> Taxes are determined to be uncollectable after six (6) years from the date of becoming delinquent and cancelled as authorized by C.R.S. 39-10-114(2)(b).

**Note:** The property tax is certified by the City's Assessor on or before December 15 of each year, unless there is a special election. Property taxes are due and considered earned on January 1 following the year levied. The first and second halves become delinquent on March 1 and June 16, respectively.

**Source:** Denver Controller's Office

**Ratios of Outstanding Debt by Type**

Last Ten Fiscal Years (dollars in thousands, except per capita amount)

|                                      | 2007                | 2008                | 2009                | 2010                | 2011                | 2012                | 2013                | 2014                | 2015                | 2016                |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Governmental Activities</b>       |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| General obligation bonds             | \$ 422,924          | \$ 551,679          | \$ 616,209          | \$ 969,229          | \$ 941,484          | \$ 895,649          | \$ 903,939          | \$ 867,646          | \$ 815,676          | \$ 761,406          |
| Commercial paper notes               | -                   | 38,000              | 22,000              | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Special assessment bonds             | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Excise tax revenue bonds             | 304,105             | 290,950             | 278,450             | 266,640             | 249,140             | 230,650             | 211,325             | 191,150             | 171,365             | 374,960             |
| Capital leases                       | 416,914             | 435,306             | 436,546             | 444,591             | 429,279             | 447,679             | 413,417             | 406,490             | 403,555             | 375,112             |
| Unamortized premium                  | 35,646              | 46,672              | 55,827              | 56,644              | 48,876              | 40,927              | 47,108              | 37,948              | 31,080              | 50,253              |
| Deferred amount on refunding         | 2,642               | 2,432               | (2,903)             | (2,601)             | (2,299)             | (1,997)             | (16,073)            | (14,361)            | (12,675)            | (25,336)            |
| Line of credit                       | 735                 | 770                 | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Note payable                         | 14,038              | 14,532              | 14,656              | 11,777              | 8,640               | 13,804              | 7,856               | 7,456               | 1,431               | 1,431               |
| <b>Business-Type Activities</b>      |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Revenue bonds                        | 4,230,760           | 4,130,135           | 4,164,880           | 4,002,585           | 3,803,945           | 3,950,425           | 4,491,390           | 4,330,935           | 4,156,170           | 4,046,185           |
| Unamortized (discount)/premium       | 58,554              | 63,637              | 59,312              | 61,066              | 70,089              | 173,057             | 177,856             | 158,108             | 133,495             | 163,975             |
| Capital leases                       | -                   | -                   | 617                 | 487                 | 430                 | 9,769               | 8,785               | 9,345               | 8,179               | 10,980              |
| Notes payable                        | 61,671              | 63,648              | 94,961              | 36,428              | 24,466              | 35,169              | 25,804              | 20,987              | 17,077              | 10,751              |
| <b>Total primary government</b>      | <b>\$ 5,547,989</b> | <b>\$ 5,637,741</b> | <b>\$ 5,740,555</b> | <b>\$ 5,846,846</b> | <b>\$ 5,574,050</b> | <b>\$ 5,795,132</b> | <b>\$ 6,271,407</b> | <b>\$ 6,015,704</b> | <b>\$ 5,725,353</b> | <b>\$ 5,769,717</b> |
| <b>Percentage of personal income</b> | 16.95%              | 17.07%              | 17.35%              | 18.33%              | 15.81%              | 15.55%              | 16.37%              | n/a                 | n/a                 | n/a                 |

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

**Ratios of General Bonded Debt Outstanding**

Last Ten Fiscal Years (dollars in thousands, except per capita amount)

|  | 2007              | 2008              | 2009              | 2010              | 2011              | 2012              | 2013              | 2014              | 2015              | 2016              |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General obligation bonds                                 | \$ 422,924        | \$ 551,679        | \$ 616,209        | \$ 969,229        | \$ 941,484        | \$ 895,649        | \$ 903,939        | \$ 867,646        | \$ 815,676        | \$ 761,406        |
| Less amounts available in debt service fund              | (19,930)          | (21,751)          | (26,436)          | (34,280)          | (38,943)          | (32,777)          | (26,513)          | (64,755)          | (84,239)          | (129,356)         |
| <b>Total</b>   | <b>\$ 402,994</b> | <b>\$ 529,928</b> | <b>\$ 589,773</b> | <b>\$ 934,949</b> | <b>\$ 902,541</b> | <b>\$ 862,872</b> | <b>\$ 877,426</b> | <b>\$ 802,891</b> | <b>\$ 731,437</b> | <b>\$ 632,050</b> |
| Percentage of estimated actual taxable value of property | 0.53%             | 0.67%             | 0.71%             | 1.12%             | 1.17%             | 1.13%             | 1.10%             | 0.99%             | 0.73%             | 0.60%             |
| Per Capita   | \$ 681            | \$ 895            | \$ 996            | \$ 1,579          | \$ 1,524          | \$ 1,457          | \$ 1,482          | \$ 1,356          | \$ 1,235          | \$ 1,068          |

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

## Direct and Overlapping Governmental Activities Debt

December 31, 2016 (dollars in thousands)

|  | Debt<br>Outstanding     | Percentage<br>Applicable | City and County<br>of Denver<br>Share of Debt |
|--|-------------------------|--------------------------|---|
| <b>Direct Debt</b>                           |                         |                          |   |
| General Obligation bonds                     | \$ 761,406 <sup>1</sup> |                          |   |
| General Improvement District bonds           | 3,535                   |                          |   |
| Capital leases                               | 375,112                 |                          |   |
| Housing and Urban Development notes          | 1,431                   |                          |   |
| Intergovernmental agreement                  | 1,968                   |                          |   |
| <b>Total Net Direct Debt</b>                 | <b>1,143,452</b>        |                          |   |
| <b>Overlapping Debt</b>                      |                         |                          |   |
| Regional Transportation District             | 3,554,333               | 30.5% <sup>2</sup>       | \$ 1,084,072                                  |
| Metro Wastewater Reclamation District        | 585,010                 | 38.5% <sup>3</sup>       | 225,229                                       |
| School District #1                           | 2,736,332               | 100.0%                   | 2,736,332                                     |
| <b>Total Overlapping Debt</b>                | <b>6,875,675</b>        |                          | <b>4,045,633</b>                              |
| <b>Total Net Direct and Overlapping Debt</b> | <b>\$ 8,019,127</b>     |                          | <b>\$ 5,189,085</b>                           |

<sup>1</sup> Does not include \$16,478 unamortized premium.

<sup>2</sup> Percentage calculated on estimated Scientific and Cultural Facilities District sales and use tax for Denver City and County compared to State total, per the Colorado Department of Revenue, Office of Research and Analysis.

<sup>3</sup> Percentage calculated on Denver's wastewater charges compared to the entire metro district per Metro Wastewater Reclamation District.

**Legal Debt Margin Information**

Last Ten Fiscal Years (dollars in thousands)

**Calculation of Legal Debt Margin for Fiscal Year 2016**

**Total Estimated Actual Valuation** \$ 105,772,919

Maximum general obligation debt, limited to 3% of total valuation \$ 3,173,188

Outstanding bonds chargeable to limit 761,406

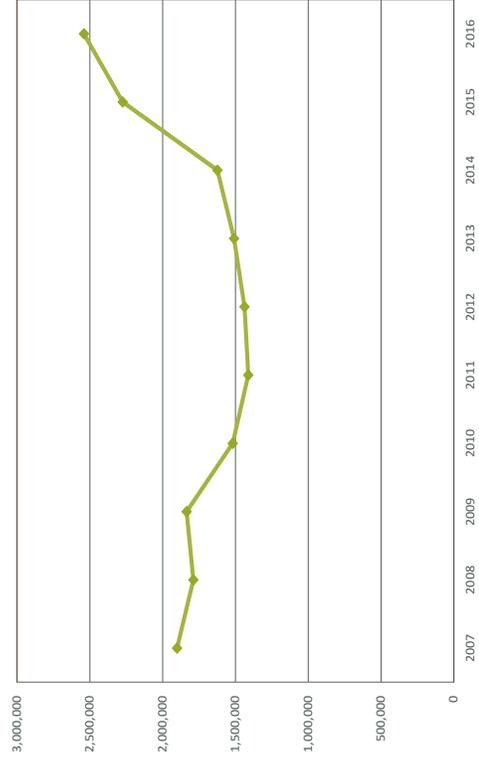
Less amount reserved for long-term debt 129,356

**Net chargeable to bond limit** 632,050

**Legal Debt Margin – December 31** \$ 2,541,138

|   | 2007                | 2008                | 2009                | 2010                | 2011                | 2012                | 2013                | 2014                | 2015                | 2016                |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Debt limit  | \$ 2,304,393        | \$ 2,356,914        | \$ 2,485,329        | \$ 2,494,539        | \$ 2,314,276        | \$ 2,300,923        | \$ 2,387,441        | \$ 2,426,732        | \$ 3,006,108        | \$ 3,173,188        |
| Total net debt application to limit   | 402,994             | 567,928             | 649,694             | 976,103             | 902,541             | 862,872             | 877,426             | 802,891             | 731,437             | 632,050             |
| <b>Legal debt margin</b>  | <b>\$ 1,901,399</b> | <b>\$ 1,788,986</b> | <b>\$ 1,835,635</b> | <b>\$ 1,518,436</b> | <b>\$ 1,411,735</b> | <b>\$ 1,438,051</b> | <b>\$ 1,510,015</b> | <b>\$ 1,623,841</b> | <b>\$ 2,274,671</b> | <b>\$ 2,541,138</b> |
| <b>Total net debt applicable to the limit as a percentage of debt limit</b> | <b>17.49%</b>       | <b>24.10%</b>       | <b>26.14%</b>       | <b>39.13%</b>       | <b>39.00%</b>       | <b>37.50%</b>       | <b>36.75%</b>       | <b>33.09%</b>       | <b>24.33%</b>       | <b>19.92%</b>       |

**Legal Debt Margin**



**Note:** Section 7.2.5, Charter of the City and County of Denver: The City and County of Denver shall not become indebted for general obligation bonds, to any amount, which, including indebtedness, shall exceed three percent of the actual value as determined by the last final assessment of the taxable property within the City and County of Denver.

**National Western Center and Convention Center Excise Pledged-Revenue Coverage**

Last Ten Fiscal Years (dollars in thousands)

|  | 2007             | 2008             | 2009             | 2010             | 2011             | 2012             | 2013             | 2014             | 2015             | 2016             |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Pledged 3.0% lodger's tax revenues   | \$ 13,857        | \$ 15,006        | \$ 12,279        | \$ 13,703        | \$ 15,553        | \$ 16,173        | \$ 17,726        | \$ 21,092        | \$ 22,989        | \$ 24,802        |
| Pledged 0.5% food and beverage tax revenues  | 10,396           | 10,720           | 10,141           | 11,116           | 12,243           | 12,840           | 13,564           | 15,202           | 16,350           | 17,164           |
| Pledged 2.0% short-term auto rental tax revenues                                   | 7,957            | 7,721            | 6,874            | 7,707            | 8,058            | 8,595            | 9,425            | 10,894           | 11,614           | 12,468           |
| Other sources  | 1,026            | 849              | 415              | 402              | 287              | 324              | 263              | 381              | 541              | 961              |
| <b>Total pledged excise tax base</b>   | <b>\$ 33,236</b> | <b>\$ 34,296</b> | <b>\$ 29,709</b> | <b>\$ 32,928</b> | <b>\$ 36,141</b> | <b>\$ 37,932</b> | <b>\$ 40,978</b> | <b>\$ 47,569</b> | <b>\$ 51,494</b> | <b>\$ 55,395</b> |
| Debt service (2009B Bonds)   | 7,383            | 7,380            | 7,341            | 4,198            | 8,648            | 8,644            | 8,647            | 8,655            | n/a              | n/a              |
| <b>Pledged excise tax base remaining after payment of 2009B Bonds debt service</b> | <b>\$ 25,853</b> | <b>\$ 26,916</b> | <b>\$ 22,368</b> | <b>\$ 28,730</b> | <b>\$ 27,493</b> | <b>\$ 29,288</b> | <b>\$ 32,331</b> | <b>\$ 38,914</b> | <b>\$ 51,494</b> | <b>\$ 55,395</b> |
| Pledged 1.75% short-term auto rental increase                                      | 6,962            | 6,756            | 6,015            | 6,745            | 7,051            | 7,521            | 8,247            | 9,532            | 10,163           | 10,910           |
| Pledged 1.75% lodgers' tax increase  | 8,083            | 8,754            | 7,162            | 7,993            | 9,072            | 9,434            | 10,340           | 12,303           | 13,410           | 14,468           |
| <b>Available for Series 2005A and 2009A Bonds debt service</b>                     | <b>\$ 40,898</b> | <b>\$ 42,426</b> | <b>\$ 35,545</b> | <b>\$ 43,468</b> | <b>\$ 43,616</b> | <b>\$ 46,243</b> | <b>\$ 50,918</b> | <b>\$ 60,749</b> | <b>\$ 75,067</b> | <b>\$ 80,773</b> |
| Debt service (2005A and 2009A Bonds)   | 13,165           | 16,365           | 17,394           | 19,828           | 19,913           | 19,887           | 19,868           | 19,824           | 27,165           | 4,726            |
| Additional pledged 3.25% lodger's tax revenues                                     | -                | -                | -                | -                | -                | -                | -                | -                | -                | 24,969           |
| Additional pledged 3.50% short-term auto rental revenues                           | -                | -                | -                | -                | -                | -                | -                | -                | -                | 21,664           |
| Available for Series 2016A and 2016B Bonds debt service                            | -                | -                | -                | -                | -                | -                | -                | -                | -                | 122,680          |
| Debt service (2016A and 2016B Bonds)   | -                | -                | -                | -                | -                | -                | -                | -                | -                | 26,916           |

**Note:** The pledged excise tax base is funded by portions of the lodger's tax (3.0%), short-term auto rental tax (2.0%), and food and beverage tax (0.5%). The pledged excise tax base was used to pay the debt service on the series 2009B Excise Tax Bonds, which matured and was fully paid off in 2014. The pledged excise tax increase is funded by portions of the lodger's tax (1.75%) and short-term auto rental tax (1.75%). The pledged excise tax increase has only been used to pay the debt service on the series 2005A and 2009A Excise Tax Bonds. Any deficiency in the pledged excise tax increase revenue was covered by excess funds in the pledged excise tax base. The series 2005A, 2009A and 2009B bond issuances funded the Colorado Convention Center and its expansion. In 2016 the City issued series 2016A-B Bonds, which were issued to fund the initial costs of the National Western Center and Colorado Convention Center improvements as well as to advance refund of all the outstanding 2005A and 2009A bonds. The City pledged the excise tax base and excise tax increase revenues to the repayment of the 2016A-B Bonds as well as additional revenues that were not pledged to the repayment of the 2005A and 2009A Bonds. These additional revenues include 3.25% Lodger's Tax and 3.5% Auto Rental Tax.

### Wastewater Management Fund Pledged-Revenue Coverage

Last Ten Fiscal Years (dollars in thousands)

|   | 2007      | 2008      | 2009     | 2010     | 2011      | 2012      | 2013      | 2014      | 2015      | 2016      |
|---|-----------|-----------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Net pledged revenues                                    | \$ 14,993 | \$ 16,013 | \$ 9,260 | \$ 8,722 | \$ 10,202 | \$ 24,562 | \$ 28,016 | \$ 36,635 | \$ 33,363 | \$ 35,293 |
| Combined average debt service requirements <sup>1</sup> | \$ 2,450  | \$ 2,387  | \$ 2,471 | \$ 2,484 | \$ 2,484  | \$ 3,223  | \$ 3,164  | \$ 3,099  | \$ 3,027  | \$ 8,299  |
| Debt service coverage ratio                             | 6.12      | 6.71      | 3.75     | 3.51     | 4.11      | 7.62      | 8.85      | 11.82     | 11.02     | 4.25      |
| Required coverage                                       | 1.25      | 1.25      | 1.25     | 1.25     | 1.25      | 1.25      | 1.25      | 1.25      | 1.25      | 1.25      |

<sup>1</sup> Numbers through 2011 apply to Series 2002 bonds that were refunded in January 2012 by Series 2012 bonds.

**Note:** The Wastewater Management bonds are secured by the net revenues derived from the operation of Wastewater Management's Storm Drainage Facilities and Sanitary Sewer Facilities.

### Golf Fund Pledged-Revenue Coverage

Last Ten Fiscal Years (dollars in thousands)

|                                 | 2007      | 2008      | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      | 2015     | 2016     |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|----------|
| Net pledged revenues            | \$ 2,590  | \$ 1,114  | \$ 1,775  | \$ 2,034  | \$ 1,551  | \$ 1,996  | \$ 907    | \$ 1,264  | \$ 912   | \$ 1,940 |
| Rate maintenance account        | \$ 240    | \$ 240    | \$ 240    | \$ 240    | \$ 240    | \$ 240    | \$ 240    | \$ 240    | \$ 240   | \$ 240   |
| Available fund balance          | \$ 12,507 | \$ 12,883 | \$ 13,362 | \$ 14,238 | \$ 14,468 | \$ 15,325 | \$ 14,253 | \$ 12,933 | \$ 9,791 | \$ 9,987 |
| Annual debt service requirement | \$ 687    | \$ 682    | \$ 682    | \$ 686    | \$ 685    | \$ 685    | \$ 682    | \$ 686    | \$ 684   | \$ 685   |
| Service coverage ratio          | n/a       | 1.99      | 2.95      | 3.31      | 2.61      | 3.26      | 1.68      | 2.19      | 1.68     | \$ 3.18  |
| Required coverage               | n/a       | 1.35      | 1.35      | 1.35      | 1.35      | 1.35      | 1.35      | 1.35      | 1.35     | 1.35     |

**\*Golf bonds were issued in 2006**

<sup>1</sup> Does not include non-cash expenditure of \$617 for leased items that did not meet City's capitalization limit.

<sup>2</sup> Does not include non-cash expenditure of \$1,318 for leased items that did not meet City's capitalization limit.

**Note:** The Golf bonds were issued to fund improvement to the City-owned golf courses and are secured by the gross revenues of the Golf Enterprise fund minus certain Operating and Maintenance Expenses.

**Denver International Airport Fund Pledged-Revenue Coverage**

Last Ten Fiscal Years (dollars in thousands)

|  | 2007 <sup>1</sup> | 2008              | 2009              | 2010              | 2011              | 2012              | 2013              | 2014              | 2015              | 2016              |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Gross Revenues   | \$ 616,106        | \$ 635,607        | \$ 631,592        | \$ 668,885        | \$ 702,157        | \$ 713,279        | \$ 743,101        | \$ 803,620        | \$ 808,614        | \$ 863,126        |
| Operation and maintenance expenses                                     | 282,746           | 305,382           | 309,270           | 302,881           | 312,278           | 318,394           | 349,987           | 355,769           | 377,199           | 417,140           |
| <b>Net revenues</b>  | <b>333,360</b>    | <b>330,225</b>    | <b>322,322</b>    | <b>366,004</b>    | <b>389,879</b>    | <b>394,885</b>    | <b>393,114</b>    | <b>447,851</b>    | <b>431,415</b>    | <b>445,986</b>    |
| Other available funds  | 53,251            | 53,575            | 49,288            | 57,449            | 57,528            | 51,685            | 50,409            | 54,834            | 50,320            | 51,574            |
| <b>Total amount available for debt service</b>                         | <b>\$ 386,611</b> | <b>\$ 383,800</b> | <b>\$ 371,610</b> | <b>\$ 423,453</b> | <b>\$ 447,407</b> | <b>\$ 446,570</b> | <b>\$ 443,523</b> | <b>\$ 502,685</b> | <b>\$ 481,735</b> | <b>\$ 497,560</b> |
| Debt service requirements per general and supplemental bond ordinances | \$ 229,923        | \$ 240,028        | \$ 237,905        | \$ 253,244        | \$ 235,356        | \$ 247,563        | \$ 242,816        | \$ 219,334        | \$ 201,279        | \$ 294,914        |
| Debt service coverage  | 1.68              | 1.60              | 1.56              | 1.67              | 1.90              | 1.80              | 1.83              | 2.29              | 2.39              | 1.69              |
| Required coverage  | 1.25              | 1.25              | 1.25              | 1.25              | 1.25              | 1.25              | 1.25              | 1.25              | 1.25              | 1.25              |

<sup>1</sup> Per restated financial statements.

Source: Denver International Airport Financial Statements

### Demographic and Economic Statistics

Last Ten Calendar Years

|   | 2007      | 2008      | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      | 2015      | 2016    |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------|
| Population                              | 592,052   | 598,707   | 610,345   | 600,158   | 619,968   | 634,265   | 649,495   | 663,862   | 682,545   | 693,060 |
| Personal income (expressed in millions) | \$ 30,949 | \$ 31,308 | \$ 31,512 | \$ 30,515 | \$ 33,811 | \$ 35,721 | \$ 36,999 | \$ 41,743 | \$ 46,617 | n/a     |
| Per capita personal income              | \$ 53,908 | \$ 52,788 | \$ 51,630 | \$ 50,845 | \$ 54,537 | \$ 56,318 | \$ 56,967 | \$ 62,880 | \$ 68,299 | n/a     |
| School enrollment                       | 73,873    | 75,269    | 78,352    | 79,423    | 81,870    | 84,424    | 87,398    | 90,150    | 91,429    | 92,331  |
| Unemployment rate                       | 4.20%     | 5.30%     | 9.00%     | 10.00%    | 9.20%     | 8.20%     | 7.00%     | 4.30%     | 3.70%     | 3.00%   |

City and County of Denver Population



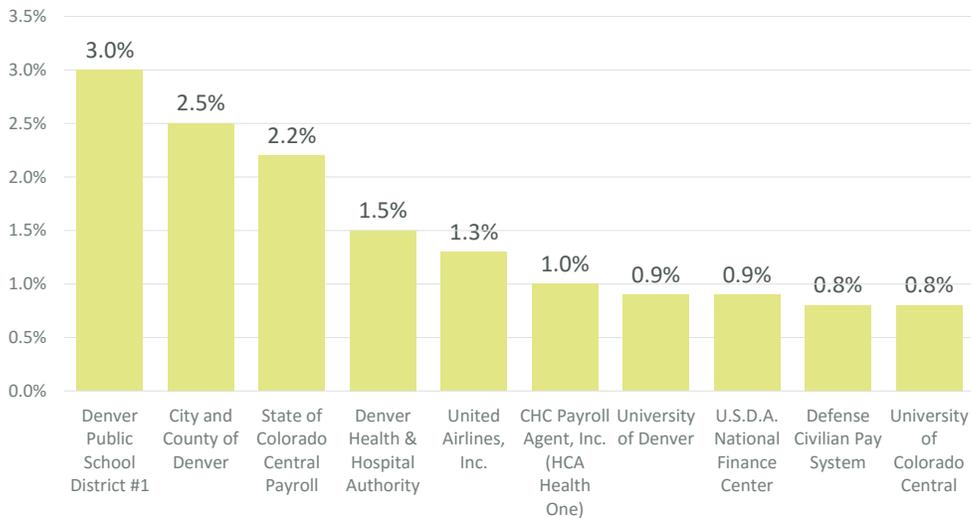
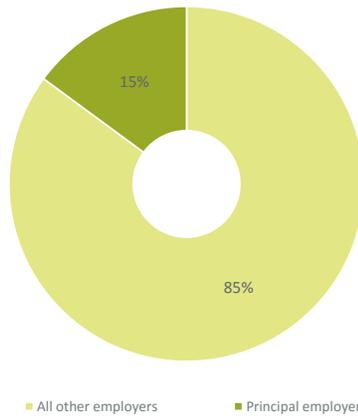
Source: Denver Public Schools  
 U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics  
 U.S. Census Bureau  
 U.S. Department of Commerce

### Principal Employers

Current Year and Nine Years Ago

|  | 2016          |      |                 | 2007          |      |                 |
|--|---------------|------|-----------------|---------------|------|-----------------|
|  | Employees     | Rank | City Employment | Employees     | Rank | City Employment |
| Denver Public School District #1         | 12,924        | 1    | 3.0%            | 9,298         | 2    | 2.6%            |
| City and County of Denver                | 10,781        | 2    | 2.5%            | 11,602        | 1    | 3.3%            |
| State of Colorado Central Payroll        | 9,588         | 3    | 2.2%            | 9,183         | 3    | 2.6%            |
| Denver Health & Hospital Authority       | 6,541         | 4    | 1.5%            | 3,982         | 8    | 1.1%            |
| United Airlines, Inc.                    | 5,777         | 5    | 1.3%            | 5,455         | 6    | 1.5%            |
| CHC Payroll Agent, Inc. (HCA Health One) | 4,196         | 6    | 1.0%            | 3,199         | 9    | 0.9%            |
| University of Denver                     | 3,866         | 7    | 0.9%            |               |      |                 |
| U.S.D.A. National Finance Center         | 3,852         | 8    | 0.9%            | 8,833         | 4    | 2.5%            |
| Defense Civilian Pay System              | 3,323         | 9    | 0.8%            |               |      |                 |
| University of Colorado Central           | 3,317         | 10   | 0.8%            | 6,060         | 5    | 1.7%            |
| Frontier Airlines Inc.                   |               |      |                 | 4,171         | 7    | 1.2%            |
| King Soopers                             |               |      |                 | 2,509         | 10   | 0.1%            |
| <b>Total</b>                             | <b>64,165</b> |      | <b>14.9%</b>    | <b>64,292</b> |      | <b>17.5%</b>    |

### 2016 Principal Employers



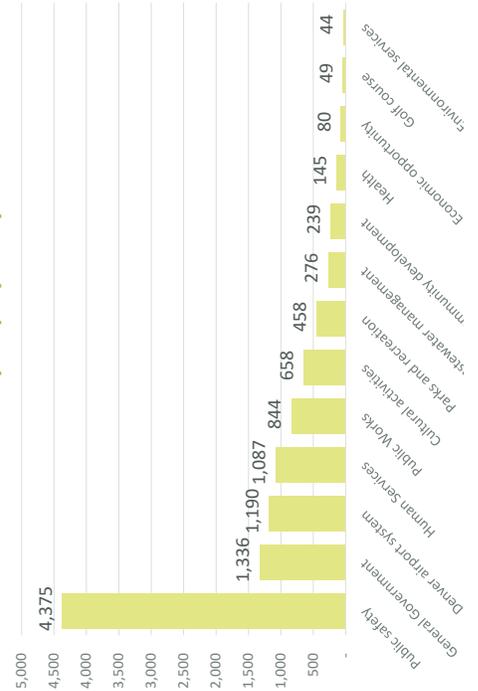
Source: Based on 2016 and 2007 Occupational Privilege Tax Remitters.

**Full-Time Equivalent City Government Employees by Function**

Last Ten Fiscal Years

|                        | 2007          | 2008          | 2009         | 2010         | 2011         | 2012         | 2013         | 2014          | 2015          | 2016          |
|------------------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
| General Government     | 1,309         | 1,329         | 1,194        | 1,212        | 1,155        | 1,179        | 1,190        | 1,282         | 1,290         | 1,336         |
| Public safety          | 4,303         | 4,327         | 4,211        | 4,167        | 4,109        | 4,095        | 4,192        | 4,256         | 4,324         | 4,375         |
| Public Works           | 804           | 822           | 795          | 784          | 751          | 736          | 754          | 754           | 794           | 844           |
| Human Services         | 1,060         | 1,050         | 890          | 892          | 894          | 890          | 884          | 941           | 1,022         | 1,087         |
| Health                 | 120           | 126           | 114          | 122          | 109          | 111          | 124          | 131           | 136           | 145           |
| Parks and recreation   | 548           | 542           | 446          | 449          | 431          | 431          | 449          | 450           | 450           | 458           |
| Cultural activities    | 575           | 563           | 512          | 520          | 517          | 570          | 628          | 642           | 665           | 658           |
| Community development  | 225           | 215           | 191          | 190          | 185          | 179          | 176          | 200           | 219           | 239           |
| Economic opportunity   | 226           | 249           | 211          | 212          | 198          | 183          | 182          | 186           | 176           | 80            |
| Wastewater management  | 255           | 271           | 258          | 246          | 234          | 251          | 248          | 252           | 259           | 276           |
| Denver airport system  | 990           | 1,030         | 1,001        | 972          | 983          | 1,001        | 1,035        | 1,097         | 1,125         | 1,190         |
| Environmental services | 26            | 26            | 30           | 31           | 38           | 43           | 43           | 46            | 44            | 44            |
| Golf course            | 44            | 48            | 42           | 39           | 36           | 35           | 41           | 44            | 45            | 49            |
| <b>Total</b>           | <b>10,485</b> | <b>10,598</b> | <b>9,895</b> | <b>9,836</b> | <b>9,640</b> | <b>9,704</b> | <b>9,946</b> | <b>10,281</b> | <b>10,549</b> | <b>10,781</b> |

**2016 Full-Time City Employees by Function**



Source: Denver Controller's Office

**Operating Indicators by Function**

Last Ten Fiscal Years

|  | 2007       | 2008       | 2009       | 2010       | 2011       | 2012       | 2013                | 2014                | 2015                | 2016       |
|--|------------|------------|------------|------------|------------|------------|---------------------|---------------------|---------------------|------------|
| <b>Police</b>                                  |            |            |            |            |            |            |                     |                     |                     |            |
| Physical arrests                               | 75,312     | 70,883     | 68,803     | 56,497     | 51,390     | 54,545     | 50,878              | 52,517              | 52,912              | 51,340     |
| Traffic violations                             | 119,336    | 132,659    | 114,879    | 144,370    | 126,849    | 118,644    | 109,342             | 98,434              | 86,427              | 73,011     |
| <b>Fire</b>                                    |            |            |            |            |            |            |                     |                     |                     |            |
| Emergency responses                            | 91,838     | 85,098     | 81,326     | 80,463     | 89,211     | 101,530    | 105,290             | 112,370             | 107,076             | 114,224    |
| Fires extinguished                             | 690        | 684        | 609        | 995        | 2,071      | 2,248      | 1,985               | 1,986               | 1,792               | 2,010      |
| Inspections                                    | 23,946     | 31,819     | 31,360     | 29,969     | 39,955     | 30,226     | 31,818              | 34,044              | 36,897              | 33,825     |
| <b>Sheriff</b>                                 |            |            |            |            |            |            |                     |                     |                     |            |
| Average daily population                       | 2,412      | 2,273      | 2,164      | 2,082      | 2,111      | 2,144      | 2,270               | 2,049               | 2,004               | 2,221      |
| Number of jails                                | 2          | 2          | 2          | 2          | 2          | 2          | 2                   | 2                   | 2                   | 2          |
| <b>Public works</b>                            |            |            |            |            |            |            |                     |                     |                     |            |
| Parking tickets issued                         | 585,290    | 618,556    | 622,811    | 652,094    | 644,712    | 646,150    | 677,369             | 640,126             | 653,491             | 642,320    |
| Recyclables collected (tons)                   | 26,550     | 28,067     | 29,092     | 31,116     | 31,042     | 31,600     | 33,193              | 34,350              | 37,318              | 38,325     |
| Refuse collected (tons)                        | 231,956    | 219,675    | 221,797    | 216,382    | 213,411    | 213,411    | 205,985             | 208,222             | 207,132             | 196,870    |
| <b>Other public works</b>                      |            |            |            |            |            |            |                     |                     |                     |            |
| Alleys paved (square yards)                    | 66,042     | 167,400    | 154,824    | 77,662     | 57,475     | 41,545     | 7,750               | 14,358              | 19,860              | 15,867     |
| Potholes repaired (tons of asphalt)            | 4,273      | 4,346      | 4,249      | 3,819      | 4,237      | 4,364      | 3,358               | 4,666               | 5,025               | 3,374      |
| Street resurfacing (square yards)              | 1,354,905  | 1,808,286  | 1,473,894  | 2,015,914  | 2,181,463  | 2,013,962  | 2,553,301           | 2,563,000           | 2,721,030           | 2,778,788  |
| <b>Human services</b>                          |            |            |            |            |            |            |                     |                     |                     |            |
| Family Medicaid Application for Denver clients | 13,747     | 14,513     | 14,461     | 9,045      | 9,049      | 7,061      | 29,025 <sup>1</sup> | 77,219 <sup>1</sup> | 38,061 <sup>1</sup> | 38,273     |
| New child welfare case involvements            | 2,501      | 2,656      | 1,589      | 1,240      | 1,187      | 1,305      | 974                 | 824                 | 1,231               | 1,769      |
| <b>Community development</b>                   |            |            |            |            |            |            |                     |                     |                     |            |
| Permits issued                                 | 52,184     | 45,999     | 41,474     | 41,000     | 51,549     | 55,463     | 55,252              | 67,818              | 75,717              | 64,624     |
| <b>Economic opportunity</b>                    |            |            |            |            |            |            |                     |                     |                     |            |
| Low income affordable housing units created    | 30         | 45         | 182        | 250        | 452        | 503        | 568                 | 557                 | 749                 | 579        |
| Percent of job seekers entering employment     | 61.84%     | 68.40%     | 56.90%     | 57.00%     | 50.54%     | 51.15%     | 55.83%              | 59.51%              | 65.30%              | 56.83%     |
| <b>Library</b>                                 |            |            |            |            |            |            |                     |                     |                     |            |
| Total volumes borrowed                         | 9,517,573  | 9,776,905  | 9,681,013  | 9,292,314  | 8,915,628  | 9,552,145  | 9,811,501           | 9,067,577           | 9,097,572           | 9,556,962  |
| Volumes in collection                          | 2,436,793  | 2,398,677  | 2,165,258  | 2,265,420  | 2,288,437  | 2,227,910  | 1,982,000           | 2,049,703           | 1,922,628           | 2,111,879  |
| <b>Denver airport system</b>                   |            |            |            |            |            |            |                     |                     |                     |            |
| Passenger air traffic                          | 49,800,000 | 51,245,000 | 50,168,000 | 50,240,000 | 52,800,000 | 53,156,278 | 52,556,359          | 53,472,514          | 54,014,502          | 58,266,515 |
| <b>Excise and Licenses</b>                     |            |            |            |            |            |            |                     |                     |                     |            |
| Number of business license transactions        | 18,355     | 17,895     | 16,776     | 17,100     | 17,360     | 16,248     | 15,085              | 17,230              | 22,207              | 24,168     |

<sup>1</sup> Family Medicaid Applications increased due to changes in the Affordable Care Act and additional outreach funding client engagement.

**Sources:** Denver Department of Aviation  
 Denver Department of Community Planning and Development  
 Denver Department of Excise and Licenses  
 Denver Department of Finance  
 Department of Human Services  
 Denver Department of Public Works  
 Denver Department of Safety  
 Denver Office of Economic Development  
 Denver Public Library

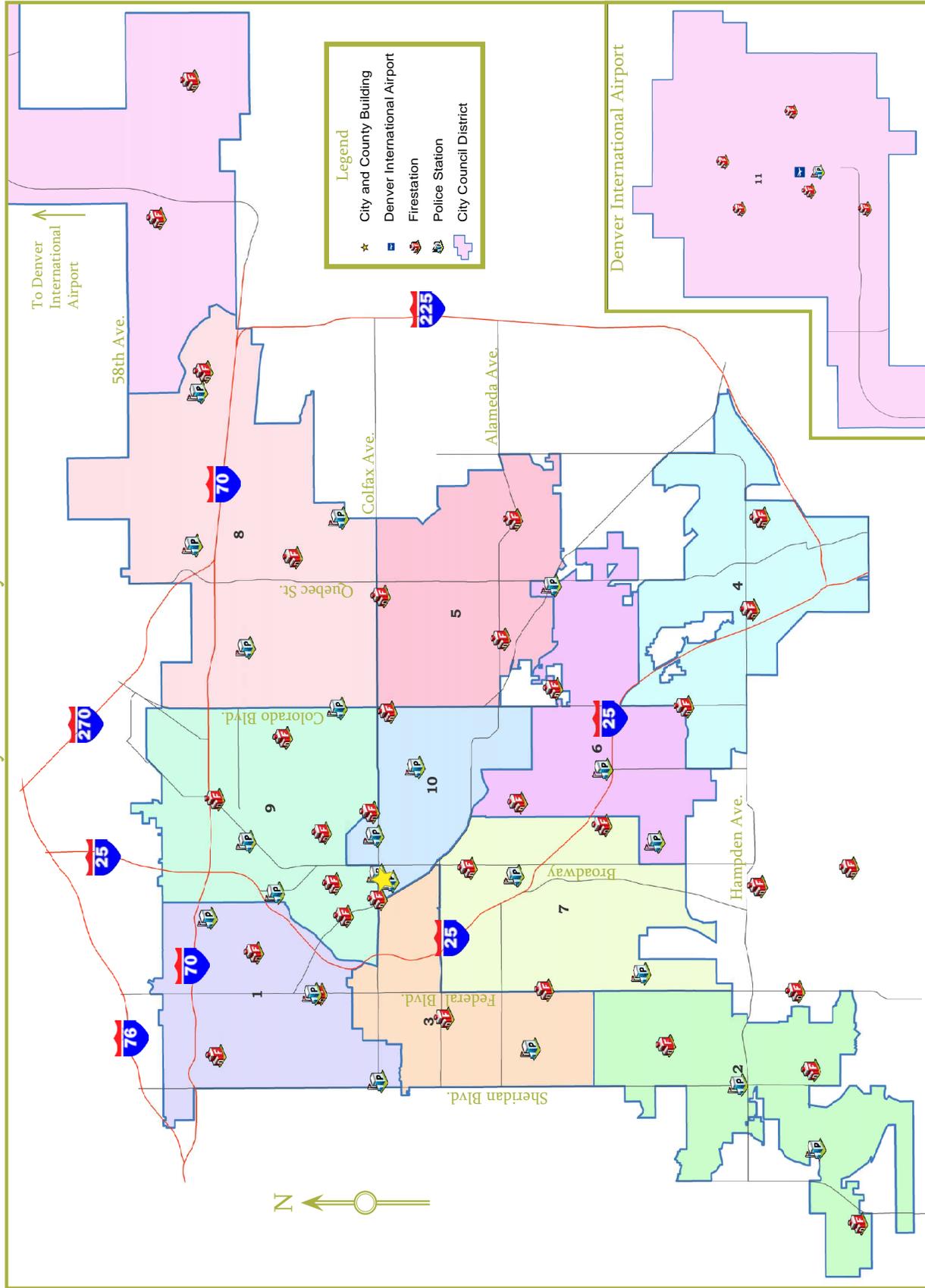
**Capital Asset Statistics**

Last Ten Fiscal Years

|   | 2007    | 2008    | 2009    | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Fire</b>                               |         |         |         |         |         |         |         |         |         |         |
| Number of engines/trucks                  | 39/23   | 39/23   | 39/23   | 39/23   | 40/22   | 41/22   | 40/22   | 41/23   | 44/23   | 42/23   |
| Number of stations                        | 33      | 33      | 33      | 34      | 34      | 34      | 34      | 34      | 37      | 38      |
| <b>Police</b>                             |         |         |         |         |         |         |         |         |         |         |
| Number of patrol marked/unmarked vehicles | 313/101 | 313/101 | 311/101 | 269/98  | 325/115 | 329/111 | 392/207 | 414/213 | 417/209 | 430/265 |
| Number of stations                        | 6       | 6       | 6       | 6       | 6       | 6       | 6       | 6       | 6       | 6       |
| <b>Public works</b>                       |         |         |         |         |         |         |         |         |         |         |
| Bridges (major/minor)                     | 288/177 | 290/179 | 292/181 | 293/181 | 294/181 | 294/181 | 297/182 | 297/182 | 297/184 | 297/187 |
| Alleys                                    |         |         |         |         |         |         |         |         |         |         |
| paved                                     | 4340    | 4,573   | 4,758   | 4,834   | 4,934   | 5,116   | 5,125   | 5,142   | 5,169   | 5,190   |
| unpaved                                   | 791     | 563     | 375     | 297     | 192     | 148     | 102     | 100     | 73      | 73      |
| Streets (centerline miles)                | 1949    | 2,005   | 2,005   | 2,005   | 2,005   | 2,005   | 2,005   | 2,005   | 2,005   | 2,010   |
| Traffic signals                           | 1255    | 1,259   | 1,257   | 1,249   | 1,267   | 1,263   | 1,267   | 1,272   | 1,285   | 1,295   |
| <b>Parks and recreation</b>               |         |         |         |         |         |         |         |         |         |         |
| Acreage owned                             | 19,889  | 20,036  | 20,038  | 20,095  | 20,097  | 20,106  | 20,106  | 20,106  | 20,361  | 20,374  |
| Acres owned                               | 7       | 8       | 8       | 8       | 8       | 8       | 8       | 8       | 8       | 8       |
| Mountain acreage                          | 14,141  | 14,141  | 14,141  | 14,141  | 14,141  | 14,141  | 14,141  | 14,141  | 14,141  | 14,141  |
| Number of parks (includes mountain parks) | 307     | 312     | 312     | 317     | 318     | 319     | 332     | 325     | 332     | 336     |
| Parkways (miles)                          | 60      | 60      | 60      | 60      | 60      | 60      | 60      | 60      | 60      | 60      |
| Athletic fields/lighted                   | 303/27  | 303/27  | 303/33  | 309/33  | 315/47  | 318/47  | 324/45  | 329/50  | 330/50  | 328/52  |
| Recreation centers                        | 30      | 30      | 30      | 31      | 31      | 31      | 30      | 30      | 30      | 30      |
| Swimming pools                            | 28      | 28      | 28      | 28      | 29      | 29      | 29      | 29      | 29      | 29      |
| Tennis courts/lighted                     | 149/88  | 155/88  | 155/88  | 155/88  | 155/88  | 152/88  | 148/88  | 146/88  | 146/88  | 148/88  |
| <b>Cultural activities</b>                |         |         |         |         |         |         |         |         |         |         |
| Concert venues                            | 7       | 7       | 7       | 7       | 7       | 7       | 7       | 7       | 7       | 7       |
| Public libraries                          | 23      | 23      | 23      | 23      | 24      | 24      | 24      | 25      | 26      | 26      |
| <b>Wastewater</b>                         |         |         |         |         |         |         |         |         |         |         |
| Sanitary sewers (miles)                   | 1461    | 1,461   | 1,464   | 1,464   | 1,483   | 1,504   | 1,504   | 1,506   | 1,514   | 1,523   |
| Storm sewers (miles)                      | 694     | 694     | 742     | 742     | 782     | 793     | 802     | 805     | 812     | 821     |
| <b>Denver airport system</b>              |         |         |         |         |         |         |         |         |         |         |
| Acreage                                   | 33,800  | 33,800  | 33,800  | 33,800  | 33,800  | 33,800  | 33,800  | 33,800  | 33,800  | 33,800  |
| Number of runways                         | 6       | 6       | 6       | 6       | 6       | 6       | 6       | 6       | 6       | 6       |
| <b>Seating Capacities</b>                 |         |         |         |         |         |         |         |         |         |         |
| Boettcher Concert Hall                    | 2,679   | 2,679   | 2,679   | 2,709   | 2,709   | 2,709   | 2,709   | 2,679   | 2,679   | 2,679   |
| Colorado Convention Center                | 20,000  | 20,000  | 20,000  | 20,000  | 20,000  | 20,000  | 20,000  | 20,000  | 20,000  | 20,000  |
| Denver Coliseum                           | 11,500  | 11,500  | 11,500  | 10,474  | 10,474  | 10,474  | 10,474  | 10,000  | 10,000  | 10,000  |
| Ellie Caulkins Opera House                | 2,225   | 2,225   | 2,225   | 2,225   | 2,225   | 2,225   | 2,225   | 2,225   | 2,255   | 2,255   |
| Red Rocks Amphitheater                    | 9,450   | 9,450   | 9,450   | 9,450   | 9,450   | 9,450   | 9,450   | 9,525   | 9,525   | 9,525   |
| Temple Hoyne Buell Theatre                | 2,844   | 2,844   | 2,844   | 2,846   | 2,846   | 2,846   | 2,846   | 2,884   | 2,884   | 2,884   |
| McNichols Civic Center Building           | -       | -       | -       | -       | -       | -       | -       | 2,000   | 1,900   | 1,900   |

**Source:** Denver Department of Aviation  
 Denver Department of Finance  
 Denver Department of General Services  
 Denver Department of Parks and Recreation  
 Denver Department of Public Works  
 Denver Department of Safety  
 Denver Public Library

# The City and County of Denver





Department of Finance  
Controller's Office

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Denver, Colorado 80202

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