

Comprehensive Annual **Financial Report**

Year Ended December 31, 2015



City and County of Denver, Colorado

Comprehensive Annual **Financial Report**

Year Ended December 31, 2015

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

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Introduction





Department of Finance
Office of the Controller

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May 27, 2016

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, 2015.

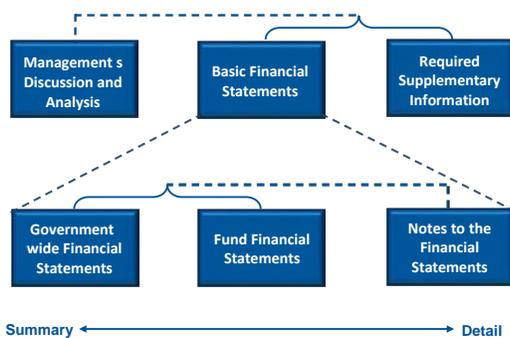
This report consists of management's representations concerning the finances of the City. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To provide a reasonable basis for making those 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, 2015, 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, 2015. The independent auditors' report is presented as the first component of the financial section of this report.

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.

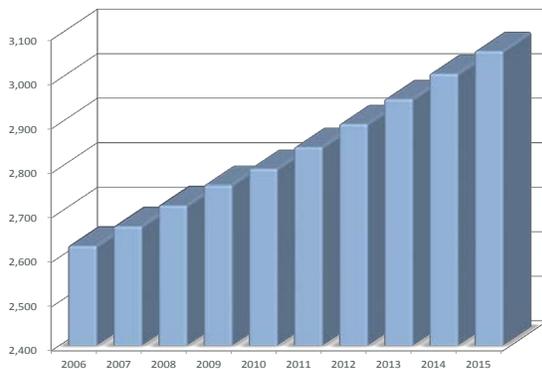
CITY PROFILE

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. In 2015, Denver had an estimated population of 682,545 for the core City and County. 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

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



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.

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.

The economy of the metropolitan area generally mirrors that of the state. According to Colorado's Office of State Planning and Budgeting (OSPB), despite the slower job growth over the past year, Colorado's statewide unemployment rate

continued to drop, registering 3.2% in January 2016, the lowest since 2001. As of January 2015 state unemployment was 4.6%, up from 4.2% in January 2014. Colorado's unemployment rate is below the national average of 5.0% for 2015, according to the OSPB.

CONSTRUCTION

The March 2016 OSPB Colorado Economic Perspective report states that nonresidential construction growth slowed to 10.7% and is expected to decrease 2.2% in 2016. The OSPB also projects 22.0% permit growth in 2016.

PERSONAL INCOME AND WAGES

The March 2016 OSPB Colorado Economic Perspective report shows that personal income growth decreased to 4.9% in 2015 from 6.2% in 2014, largely due to slowing employment growth and especially the oil and gas slowdown. The Colorado economy will continue on a similar trajectory in 2016.

CONSUMER SPENDING

Overall, consumer spending continues to increase according to the OSPB. Colorado retail trade sales are expected to increase 4.3% in 2016. Sales and use tax revenue, which makes up half of the City's General Fund revenue stream, increased by 1.3% in 2015. The City anticipates that core sales and use tax revenue will grow approximately 5.0% in 2016.

CITY FINANCIAL POLICIES AND PLANNING

The City, as with the rest of the nation and most of the world, experienced a significant recession in 2009, causing the largest decline in revenues since the 1930's. Formal financial policies, as well as operating practices, have enabled the City to maintain core services and minimize the impact to citizens and employees wherever possible. 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 51.0% of total General Fund revenues. This is less than the 70.0% average for most local governments in the region. In addition, the City reviews all fees, fines, and charges for services on a rotating basis to ensure they are meeting cost recovery goals. 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 departments and the Budget and Management Office. Careful attention is paid to ensure departments are meeting projected vacancy savings and that excess budget is not transferred to non-personnel line items. For 2015, there was \$27 million in additional savings beyond the original budget by year-end. The primary contributors to this unspent appropriation were significant position vacancies that resulted from a very competitive job market and unspent contingency.

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 an unassigned 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 unassigned Fund Balance at the end of 2015 was projected to be 23.0% 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, 2015, the City's general obligation bonded debt of \$815,676,000 subject to this restriction, was 27.1% of the \$3,006,108,000 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, 2015, 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, local government investment pools, repurchase agreements, forward purchase agreements, security 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 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, 2014. 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-fifth consecutive year that the City has received this award. A Certificate of Achievement is valid for one year only. We believe this 2015 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, 2014. 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 third 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, 2015. 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:

Denver is experiencing one of the most dynamic moments in our city's history. With an unemployment rate down to just 3.3 percent, 59,000 jobs created, and 4,250 new businesses started in the last four and a half years, it's no wonder that U.S. News and World Report ranked Denver as the number one place to live in the country this year. We have positioned ourselves at the vanguard of progress and the whole world is noticing.

As we work to meet the demands of a growing city, we are investing in the creation of hundreds of new affordable housing units by leveraging public and private funding sources. We are expanding mobility options that will more efficiently move people through and around major corridors, including bike, pedestrian and multimodal safety enhancements. And we're helping to address the challenges faced by Denver's homeless population with the expansion of shelter space and the launch of a Social Impact Bond program that will provide permanent supportive housing and vital services to 250 chronically homeless individuals.

Thanks to voter approval, the city has begun the development of the new National Western Center complex that will host year-round entertainment, recreation, commerce and research, and a partnership with Colorado State University that will create thousands of new jobs and further strengthen our economy. The project will open up new access to the South Platte River and 80 acres of open space; and create greater access to public transportation. Voters also approved an historic agreement with Adams County, which will allow Denver International Airport to attract a wider array of commercial uses within a 1,500-acre pilot program. The agreement will help Denver remain competitive globally while positioning the region and the state for continued economic growth and job creation that will benefit all residents.

We are transforming this city while holding dear the values of who we are. I am proud of the progress we have made together and I am optimistic about the city's future.

MAYOR'S CABINET AND CHIEF OF STAFF

Don Mares

Deputy Mayor and Executive Director of Human Services

Janice Sinden

Chief of Staff

Scott Martinez

City Attorney

Kim Day

Executive Director of Aviation

Bob McDonald

Executive Director of Environmental Health

Stacie Loucks

Executive Director of Excise and Licenses

Brendan Hanlon

Chief Financial Officer

Penny May

Executive Director of General Services, interim

Happy Haynes

Executive Director of Parks and Recreation

Jose Cornejo

Executive Director of Public Works

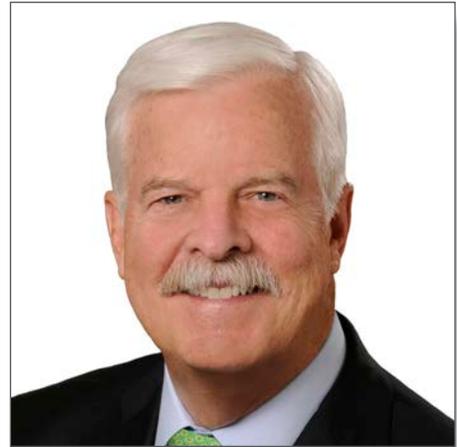
Stephanie O'Malley

Executive Director of Safety

Brad Buchanan

Executive Director of Community Planning and Development

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 Mitchell R. Morrissey
District Attorney

Mitchell R. Morrissey is the District Attorney for the Second Judicial District. The District Attorney is a state official. He 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. Mr. Morrissey became District Attorney in January 2005; his current term will end January 8, 2017.

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 Christopher Herndon
President
Council District 8



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
President Pro-Tem
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



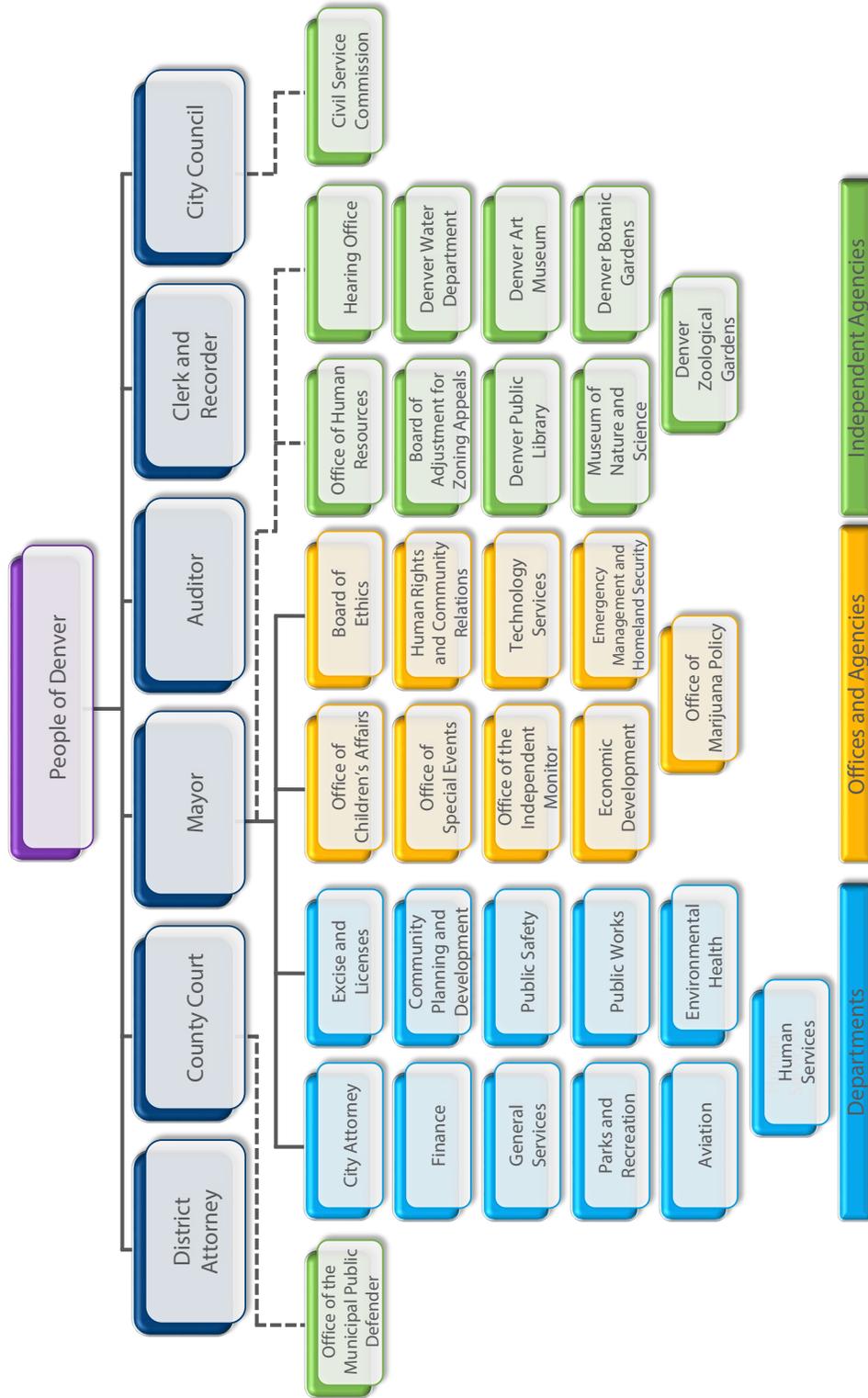
Honorable Albus Brooks
Council District 9



Honorable Wayne New
Council District 10

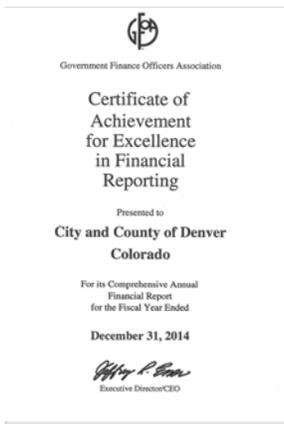


Honorable Stacie Gilmore
Council District 11



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, 2014.

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, 2014. 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, 2015. 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

We have audited the accompanying basic 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, 2015, 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 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., all of which are included as discretely presented component units, which represent 68.94 percent of total assets and 59.78 percent of total revenues of the aggregate discretely presented component units as of and for the year ended December 31, 2015, respectively. Those financial statements were audited by other auditors, whose reports have been furnished to us and our opinion on the aggregate discretely presented component units, insofar as it relates to the amounts 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 reports of the other auditors. Additionally, we did not audit the financial statements of the Gateway Village General Improvement District and the Fourteenth Street General Improvement District, both of which are included as blended component units, and the Denver Employee Retirement Plan, a fiduciary component unit, which represent 48.44 percent of total assets and 13.64 percent of total revenues of the aggregate remaining fund information as of and for the year ended December 31, 2015, respectively. Those financial statements were audited by other auditors, whose reports have been furnished to us and our opinion on the aggregate remaining fund information, insofar as it relates to the amounts included for the Gateway Village General Improvement District, the Fourteenth Street General Improvement District, and the Denver Employee Retirement Plan, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.



Audit Committee
City and County of Denver

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City and County of Denver, as of December 31, 2015, 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.

Emphasis of Matter

As discussed in Note 1.E to the financial statements, in fiscal year 2015 the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, as amended by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Audit Committee
City and County of Denver

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 audits were 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. The 2015 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 2015 information is fairly stated in all material respects in relation to the basic financial statements as of and for the year ended December 31, 2015, 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, 2014, which are not presented with the accompanying financial statements. In our report dated May 28, 2015, 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, 2014 and related statement of revenues, expenditures, and changes in fund balance for the year then ended 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, 2014, 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.

BKD, LLP

Denver, Colorado
May 27, 2016

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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, 2015. 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 \$3,001,355,000 (net position). Of this amount, \$248,585,000 (unrestricted net position) may be used to meet the City's ongoing obligations.
- The City's total net position decreased by \$402,240,000, or 11.8%, over the prior year resulting from a restatement of beginning net position due to the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The City's net position prior to the GASB 68 restatement increased \$363,352,000 or 10.7%.
- As of close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$962,419,000, an increase of \$108,213,000 from the prior year. Approximately 30.5% or \$293,104,000 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 \$293,476,000 which represents 24.9% of total General Fund expenditures, including transfers out.
- The City's total bonded debt decreased by \$246,520,000 during the year. Decreases occurred in the general obligation bonds and revenue bonds.
- During 2015, the City adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. 2014 financial information has not been restated for adoption of GASB 68.

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. The City closed the fleet maintenance internal service fund during 2015.

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 \$3,001,355,000 at the close of the most recent fiscal year.

A portion of the City's net position, \$248,585,000, is unrestricted and may be used to meet the City's ongoing financial obligations. This portion represents resources that are not restricted by external requirements nor invested in capital assets.

Net position of \$1,427,424,000 (47.6%) 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 \$1,325,346,000 (44.2%) 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, 2015 and 2014:

Table 1

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 1,609,825	\$ 1,431,952	\$ 1,976,667	\$ 2,152,571	\$ 3,586,492	\$ 3,584,523
Capital assets	2,865,329	2,852,516	4,079,540	3,927,196	6,944,869	6,779,712
Total assets	4,475,154	4,284,468	6,056,207	6,079,767	10,531,361	10,364,235
Deferred outflows	190,041	49,134	214,661	217,751	404,702	266,885
Noncurrent liabilities	2,492,483	1,715,368	183,652	4,532,566	2,676,135	6,247,934
Other liabilities	118,169	186,631	4,737,334	441,354	4,855,503	627,985
Total liabilities	2,610,652	1,901,999	4,920,986	4,973,920	7,531,638	6,875,919
Deferred inflows	399,896	348,514	3,174	3,092	403,070	351,606
Net position						
Net investment in capital assets	1,509,354	1,420,817	(81,930)	(193,351)	1,427,424	1,227,466
Restricted	649,483	524,017	675,863	667,801	1,325,346	1,191,818
Unrestricted	(504,190)	138,255	752,775	846,056	248,585	984,311
Total net position	\$ 1,654,647	\$ 2,083,089	\$ 1,346,708	\$ 1,320,506	\$ 3,001,355	\$ 3,403,595

Table 2 reflects the City's changes in net position (dollars in thousands) for the years ended December 31, 2015 and 2014:

Table 2

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 402,760	\$ 366,736	\$ 946,142	\$ 852,923	\$ 1,348,902	\$ 1,219,659
Operating grants and contributions	180,537	187,247	19,220	121,690	199,757	308,937
Capital grants and contributions	38,298	54,479	30,047	28,912	68,345	83,391
General revenues:						
Facilities development admissions tax	12,569	9,262	-	-	12,569	9,262
Lodgers tax	82,376	75,579	-	-	82,376	75,579
Motor vehicle ownership fee	26,647	23,944	-	-	26,647	23,944
Occupational privilege tax	48,293	46,438	-	-	48,293	46,438
Property tax	349,176	347,079	-	-	349,176	347,079
Sales and use tax	638,276	615,735	-	-	638,276	615,735
Specific ownership tax	232	213	-	-	232	213
Telephone tax	10,628	10,148	-	-	10,628	10,148
Investment income	15,503	14,928	41,593	45,205	57,096	60,133
Other revenues	48,550	25,511	13,666	2,225	62,216	27,736
Total revenues	1,853,845	1,777,299	1,050,668	1,050,955	2,904,513	2,828,254
Expenses						
General government	340,401	319,464	-	-	340,401	319,464
Public safety	588,597	592,270	-	-	588,597	592,270
Public works	190,577	193,207	-	-	190,577	193,207
Human services	125,195	114,727	-	-	125,195	114,727
Health	64,687	59,216	-	-	64,687	59,216
Parks and recreation	68,650	80,199	-	-	68,650	80,199
Cultural activities	131,835	128,799	-	-	131,835	128,799
Community development	45,355	39,598	-	-	45,355	39,598
Economic opportunity	20,027	21,091	-	-	20,027	21,091
Interest on long-term debt	63,267	66,306	-	-	63,267	66,306
Wastewater management	-	-	111,941	102,688	111,941	102,688
Denver airport system	-	-	769,896	773,345	769,896	773,345
Other enterprise funds	-	-	20,733	20,428	20,733	20,428
Total expenses	1,638,591	1,614,877	902,570	896,461	2,541,161	2,511,338
Change in net position before transfers	215,254	162,422	148,098	154,494	363,352	316,916
Transfers	2,275	575	(2,275)	(575)	-	-
Transfers of Capital Assets	-	(10,066)	-	10,066	-	-
Change in net position	217,529	152,931	145,823	163,985	363,352	316,916
Net position (deficit) - January 1, as previously reported	2,083,089	1,930,158	1,320,506	1,156,521	3,403,595	3,086,679
Change in accounting position - GASB 68	(645,971)	-	(119,621)	-	(765,592)	-
Net position (deficit) - January 1, as restated	1,437,118	1,930,158	1,200,885	1,156,521	2,638,003	1,156,521
Net position - December 31	\$ 1,654,647	\$ 2,083,089	\$ 1,346,708	\$ 1,320,506	\$ 3,001,355	\$ 3,403,595

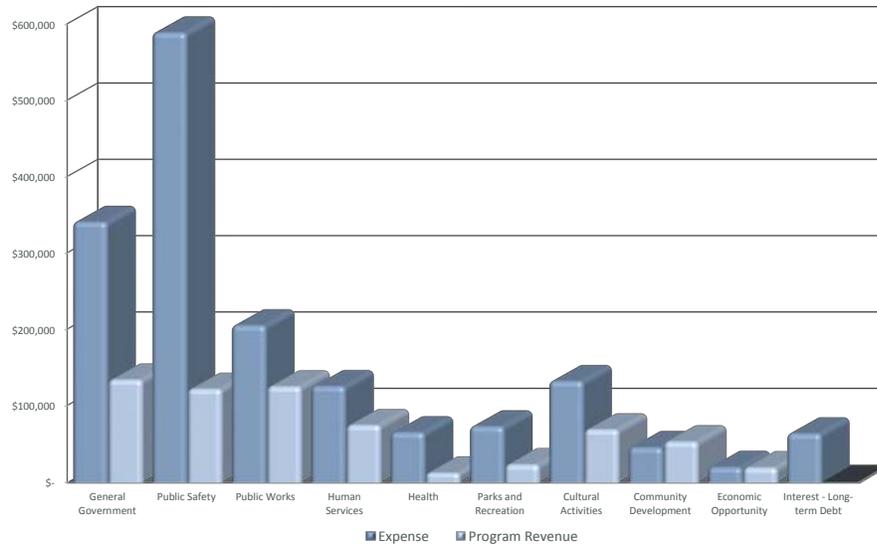
Governmental activities increased the City's net position by \$217,529,000 for the year ended December 31, 2015. Key elements of the increase are as follows:

- Property tax and sales and use taxes totaled 84.5% of all tax revenues and 53.3% of all governmental activities' revenues. Property tax recorded in the governmental funds totaled \$349,176,000 for an increase of \$2,097,000 (0.6%) while sales and use tax revenues of \$638,276,000 were up \$22,541,000 (3.7%) compared to 2014, reflecting stable growth in the 2015 economy.
- Total expenses increased by \$23,714,000 (1.5%) primarily due to an increase in costs for goods and services.

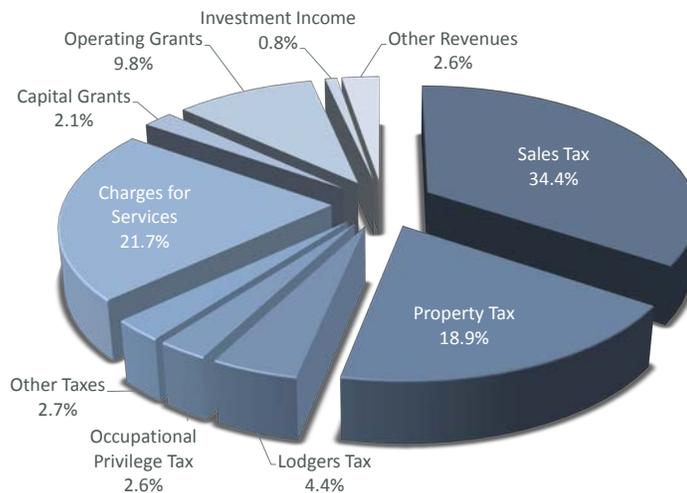
General government expenses in 2015 were \$340,401,000 (20.8%) of total expenses. Public safety expenses were \$588,597,000 (35.9%) of total expenses. Public works' expenses were \$190,577,000 (11.6%) of total expenses. Cultural activities were \$131,835,000 (8.0%) of total expenses. Human services' expenses were \$125,195,000 (7.6%) of total expenses. The remainder of the governmental activities expenses is comprised of health with \$64,687,000 (4.0%), parks and recreation with \$68,650,000 (4.2%), community development with \$45,355,000 (2.8%), economic opportunity with \$20,027,000 (1.2%), and interest on long-term debt of \$63,267,000 (3.9%).

Expenses and Program Revenues - Governmental Activities

dollars in thousands



Revenues by Source - Governmental Activities

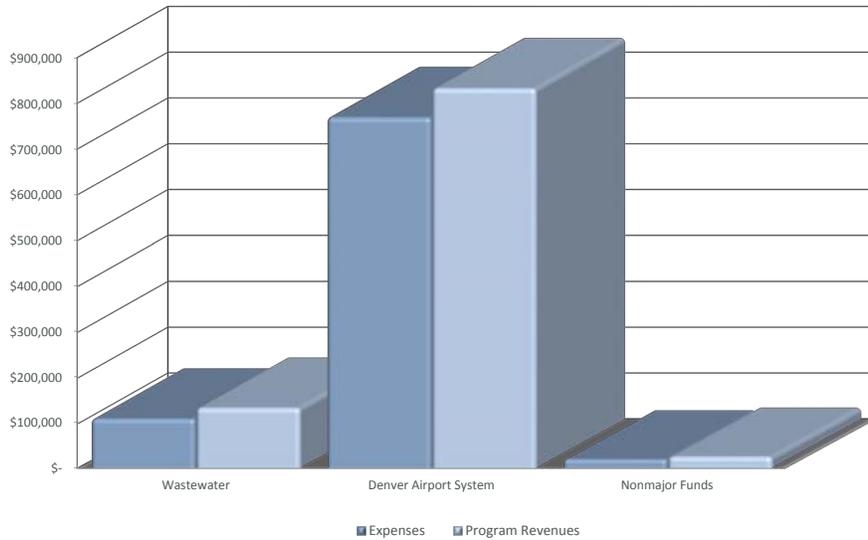


Business-type activities increased the City's net position by \$145,823,000. Key elements of this modest increase are as follows:

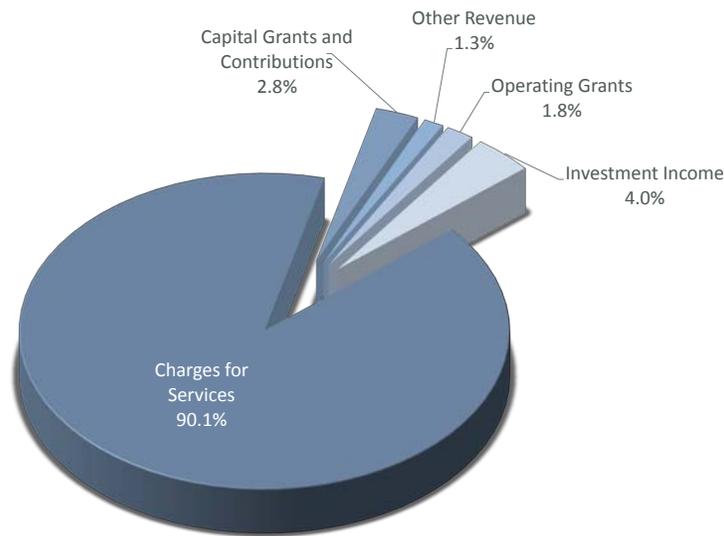
- Total revenues of \$1,050,668,000 were \$287,000 (.03%) lower compared to prior year amounts. This was primarily due to the stabilized rates for landing fees, facility rent revenues, and parking and car rental revenues at the Denver Airport System and no rate increases for the sanitary and storm fees at Wastewater Management.
- Total expenses of \$902,570,000 increased by \$6,109,000 (.7%) when compared to the prior year. Wastewater Management expenses in 2015 totaled \$111,941,000 (12.4%) of total business-type activities. Denver Airport System expenses totaled \$769,896,000 (85.3%) of business-type activities. The remaining \$20,733,000 (2.3%) of expenses in business-type activities were related to Environmental Services and Golf activities.

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, 2015, the City's governmental funds reported combined ending fund balances of \$962,419,000 an increase of \$108,213,000 in comparison with the prior year. Approximately 30.5% or \$293,104,000 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, 2015, unassigned fund balance of the General Fund was \$293,476,000 while total fund balance was \$394,200,000. 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 24.9% of total General Fund expenditures, including transfers out, of \$1,176,320,000, while total fund balance represents 33.5% of the same amount.

The total fund balance of the City's General Fund increased by \$30,184,000 (8.3%) during the year ended December 31, 2015. 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 2015 due to a recovery of the economy. Total General Fund revenues including transfers in, totaled \$1,205,732,000, an increase of \$81,210,000 or 7.2%. Certain revenues in the General Fund that increased from 2014 to 2015 include:

- Sales and use taxes earned were higher by \$26,494,000. 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 \$2,010,000 largely as a result of an increased amount of conventions and conferences hosted within Denver.
- Motor Vehicle ownership revenue increased by \$2,703,000 as a result of an increase in vehicle registrations.
- Property taxes were lower by \$4,922,000 due in part to a decrease in the abatement/refund mill levy.
- Licenses and permits revenues increased by \$11,484,000 largely due to an increase in construction activity as well as a higher number of street occupancy permits issued over the previous year.
- Charges for services increased by \$20,526,000. Factors contributing to this increase include additional revenue reimbursement from enterprise funds, growth in plan review revenue associated with improvements in local construction activities, and various other fee increases.

The national and local economies continued to recover in 2015 following the recession of 2009. The City continued to monitor 2015 expenditures. Total General Fund expenditures, including transfers out, increased by \$109,440,000, or 10.3%. The primary drivers of this increase are personnel cost increases and transfers out.

The Human Services special revenue fund had a total fund balance of \$58,704,000. This amounts to a net increase in fund balance of \$3,511,000 during the current year. The underlying reasons for the change include increased cash and decreased liabilities at year-end when compared to 2014 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 \$584,224,000 and for the Denver Airport System net position was \$725,453,000. Net position for all enterprise funds increased \$145,823,000. 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 2015, prepared in the summer of 2014, assumed moderate growth in the local and national economies. Sales and use tax revenue was originally projected to grow by 6.0% over the 2014 revised forecast and total General Fund revenue was projected to increase by 4.8% over 2014 revised figures. In the summer of 2015, the original General Fund revenue forecast, including transfers in, was revised upward by \$31,777,000 or 2.7% over original projections. Major factors contributing to this upward adjustment include:

- The sales and use tax estimate was revised upward by \$9.3 million or 1.6% 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 \$4.3 million or 4.7% based on strong mid-year actual collections.
- Licenses and permitting revenue projections were revised upward by \$7,636,000 or 19.9%. This increase was largely driven by upward adjustments to the revenue projections for street occupancy permits and construction/excavation permits.
- Charges for services revenue was revised upward by \$2.6 million or 18.6% due largely to an increase in the City's charges to local governments for fire protective services.
- Transfer revenue was revised upward by \$3 million or 6% to account for additional Convention Center excise tax revenue less a decrease in the Convention Center Hotel special revenue fund transfer to the General Fund.

Differences between the final amended budget and actual revenues and expenditures are briefly summarized in the following paragraph.

In 2015, actual General Fund revenues, including transfers in, were approximately \$10.4 million or 0.9% higher than the revised budget for 2015. General Fund budget basis expenditures were approximately \$54,606,000 less than the revised 2015 budget. This is due to achieving unspent appropriations, due in large part to compensation savings and lower use of contingency funds in 2015.

CAPITAL ASSETS AND BONDED DEBT ADMINISTRATION

CAPITAL ASSETS

The City's capital assets for its governmental and business-type activities as of December 31, 2015, were \$6,944,869,000 (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, 2015 and 2014 are shown in **Table 3** (dollars in thousands):

Table 3

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land and construction in progress	\$ 362,244	\$ 339,501	\$ 879,154	\$ 1,010,412	\$ 1,241,398	\$ 1,349,913
Buildings and Improvements	2,398,875	2,359,329	5,588,031	5,178,909	7,986,906	7,538,238
Equipment and other	320,967	329,002	837,895	792,298	1,158,862	1,121,300
Collections	42,300	46,661	-	-	42,300	46,661
Intangibles	35,035	-	-	-	35,035	-
Infrastructure	1,536,665	1,506,179	-	-	1,536,665	1,506,179
Less accumulated depreciation	(1,830,757)	(1,728,156)	(3,225,540)	(3,054,423)	(5,056,297)	(4,782,579)
Total	\$ 2,865,329	\$ 2,852,516	\$ 4,079,540	\$ 3,927,196	\$ 6,944,869	\$ 6,779,712

Major capital asset activity for the year ended December 31, 2015 included the following:

- Governmental Activities – The West Denver New Branch Library project was placed in service in 2015 as part of the Better Denver Bond projects.
- Business-type Activities – Wastewater completed approximately \$16,400,000 in Wastewater funded projects and the received approximately \$7,600,000 in donated capital assets. The Denver Airport System completed the construction of the hotel.

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, 2015, the City had total bonded indebtedness of \$5,143,211,000. Of this amount,

\$815,676,000 comprises debt backed by the full faith and credit of the City. The remainder of the City's debt, \$4,327,535,000 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, 2015.

As of December 31, 2015, 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, 2015, and 2014, is reflected in **Table 4** (dollars in thousands):

Table 4

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 815,676	\$ 867,646	\$ -	\$ -	\$ 815,676	\$ 867,646
Revenue bonds	171,365	191,150	4,156,170	4,330,935	4,327,535	4,522,085
Total	\$ 987,041	\$ 1,058,796	\$ 4,156,170	\$ 4,330,935	\$ 5,143,211	\$ 5,389,731

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 2016 budget assumes moderate growth in the local economy. The 2016 General Fund original revenues, including transfers in, are projected to be \$1,212,098,000, which is an increase of 7.8% from actual 2015 revenues. It is anticipated that 2016 revenues will be revised upward to reflect better than expected performance in 2015 and the early part of 2016. Measures have been taken to have expenditures be in line with anticipated revenues.

It is anticipated that fund balance will increase during 2016 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.

Basic Financial



Statement of Net Position

December 31, 2015 (dollars in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash on hand	\$ 8,552	\$ -	\$ 8,552	\$ -
Cash and cash equivalents	820,464	55,757	876,221	35,289
Investments	-	874,998	874,998	-
Receivables (net of allowances):				
Taxes	475,801	-	475,801	123,688
Notes	61,448	-	61,448	-
Accounts	30,131	56,290	86,421	3,481
Accrued interest	4,213	7,338	11,551	71
Other	-	-	-	11,200
Due from other governments	31,149	-	31,149	-
Internal balances	3,744	(3,744)	-	-
Inventories	81	9,802	9,883	-
Prepaid items and other assets	8,108	1,815	9,923	1,467
Restricted assets:				
Cash and cash equivalents	70,177	55,287	125,464	159,031
Investments	-	839,410	839,410	74,623
Accounts receivable	-	9,656	9,656	-
Accrued interest receivable	-	1,123	1,123	-
Other receivables	-	2,116	2,116	-
Prepaid items	-	4,920	4,920	-
Pension asset	44,591	-	44,591	-
Long-term receivables (net of allowances)	50,078	10,409	60,487	151,263
Denver Water CIS (net of amortization)	-	2,144	2,144	-
Prepaid expense	-	3,064	3,064	-
Prepaid bond insurance and other assets	558	-	558	6,123
Interest rate swaps	-	46,282	46,282	-
Assets held for disposition	730	-	730	-
Capital assets:				
Land and construction in progress	362,244	879,154	1,241,398	23,625
Buildings, improvements, infrastructure, collections, and equipment, net of accumulated depreciation	2,503,085	3,200,386	5,703,471	208,465
Total Assets	4,475,154	6,056,207	10,531,361	798,326
Deferred Outflows of Resources				
Accumulated decrease in fair value of hedging derivatives	34,319	28,023	62,342	-
Deferred amount on refundings	12,675	161,169	173,844	27,146
Items related to pension plans	143,047	25,469	168,516	-
Total Deferred Outflows of Resources	190,041	214,661	404,702	27,146
Liabilities				
Vouchers payable	74,595	64,039	138,634	9,223
Accrued liabilities	37,169	56,123	93,292	43,942
Unearned revenue	11,728	44,937	56,665	6
Interest rate swaps	38,828	196,761	235,589	-
Advances	6,170	-	6,170	3,285
Due to taxing unit	631	-	631	-
Due to other governments	-	4,499	4,499	16,309
Liabilities payable from restricted assets	-	77,735	77,735	-
Noncurrent liabilities:				
Due within one year	118,169	183,652	301,821	29,939
Due in more than one year	2,323,362	4,293,240	6,616,602	959,039
Total Liabilities	2,610,652	4,920,986	7,531,638	1,061,743
Deferred Inflows of Resources				
Property taxes	398,816	-	398,816	99,605
Items related to pension plans	1,080	525	1,605	-
Deferred gain on refunding of debt	-	2,649	2,649	-
Total Deferred Inflows of Resources	399,896	3,174	403,070	99,605
Net Position				
Net investment in capital assets	1,509,354	(81,930)	1,427,424	(113,833)
Restricted for:				
Capital projects and grants	441,967	39,333	481,300	99,848
Emergency use	45,364	-	45,364	281
Debt service	95,291	636,530	731,821	62,455
Pension	44,591	-	44,591	-
Donor and other restrictions:				
Expendable	10,432	-	10,432	4,872
Nonexpendable	3,000	-	3,000	-
Other purposes	8,838	-	8,838	-
Unrestricted (deficit)	(504,190)	752,775	248,585	(389,499)
Total Net Position (Deficit)	\$ 1,654,647	\$ 1,346,708	\$ 3,001,355	\$ (335,876)

See accompanying notes to basic financial statements.

Statement of Activities

For the Year Ended December 31, 2015 (dollars in thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$ 340,401	\$ 99,302	\$ 37,017	\$ 2,253
Public safety	588,597	93,230	26,914	2,651
Public works	190,577	77,308	20,825	9,701
Human services	125,195	502	73,768	-
Health	64,687	2,095	10,848	-
Parks and recreation	68,650	11,206	766	12,115
Cultural activities	131,835	66,736	1,828	-
Community development	45,355	41,312	7	11,578
Economic opportunity	20,027	11,069	8,564	-
Interest on long-term debt	63,267	-	-	-
Total Governmental Activities	1,638,591	402,760	180,537	38,298
Business-type Activities:				
Wastewater management	111,941	126,260	-	9,564
Denver airport system	769,896	793,543	19,220	20,483
Environmental services	9,967	15,796	-	-
Golf course	10,766	10,543	-	-
Total Business-type Activities	902,570	946,142	19,220	30,047
Total Primary Government	\$ 2,541,161	\$ 1,348,902	\$ 199,757	\$ 68,345
Component Units	\$ 240,914	\$ 93,435	\$ 6,017	\$ -

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

Total General Revenues and Transfers

Change in net position

Net position (deficit) - January 1, as previously reported

Adoption of accounting principle - GASB 68

Correction of an error

Net position (deficit) - January 1, as restated

Net Position (Deficit) - December 31

See accompanying notes to basic financial statements.

**Net (Expense) Revenue and
Changes in Net Assets**

Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (201,829)	\$ -	\$ (201,829)	
(465,802)	-	(465,802)	
(82,743)	-	(82,743)	
(50,925)	-	(50,925)	
(51,744)	-	(51,744)	
(44,563)	-	(44,563)	
(63,271)	-	(63,271)	
7,542	-	7,542	
(394)	-	(394)	
(63,267)	-	(63,267)	
(1,016,996)	-	(1,016,996)	
-	23,883	23,883	
-	63,350	63,350	
-	5,829	5,829	
-	(223)	(223)	
-	92,839	92,839	
(1,016,996)	92,839	(924,157)	
			\$ (141,462)
12,569	-	12,569	-
82,376	-	82,376	2,742
26,647	-	26,647	-
48,293	-	48,293	-
349,176	-	349,176	80,402
638,276	-	638,276	27,452
232	-	232	244
10,628	-	10,628	-
15,503	41,593	57,096	9,368
48,550	13,666	62,216	35,655
2,275	(2,275)	-	-
1,234,525	52,984	1,287,509	155,863
217,529	145,823	363,352	14,401
2,083,089	1,320,506	3,403,595	(354,244)
(645,971)	(119,621)	(765,592)	-
-	-	-	3,967
1,437,118	1,200,885	2,638,003	(354,244)
\$ 1,654,647	\$ 1,346,708	\$ 3,001,355	\$ (335,876)

Balance Sheet - Governmental Funds

December 31, 2015 (dollars in thousands)

	General	Human Services	Other Governmental Funds	Total Governmental Funds
Assets				
Cash on hand	\$ 117	\$ 169	\$ 8,266	\$ 8,552
Cash and cash equivalents	273,039	54,679	451,238	778,956
Receivables (net of allowances of \$147,839)				
Taxes	185,474	64,922	225,405	475,801
Notes	430	-	61,018	61,448
Accounts	21,999	11,487	45,376	78,862
Accrued interest	1,973	-	1,844	3,817
Interfund receivable	12,436	-	1,330	13,766
Due from other governments	-	1,961	29,188	31,149
Prepaid items and other assets	2,890	-	5,218	8,108
Restricted assets:				
Cash and cash equivalents	65,283	-	4,894	70,177
Assets held for disposition	-	-	730	730
Total Assets	<u>\$ 563,641</u>	<u>\$ 133,218</u>	<u>\$ 834,507</u>	<u>\$ 1,531,366</u>
Liabilities and Fund Balances				
Liabilities:				
Vouchers payable	\$ 19,240	\$ 5,436	\$ 48,929	\$ 73,605
Accrued liabilities	15,882	980	475	17,337
Due to taxing units	556	-	75	631
Interfund payable	36	2,460	5,472	7,968
Unearned revenue	1,133	272	10,323	11,728
Advances	25	156	7,989	8,170
Compensated absences	-	-	53	53
Total Liabilities	<u>36,872</u>	<u>9,304</u>	<u>73,316</u>	<u>119,492</u>
Deferred Inflows of Resources:				
Unavailable revenues - property tax	118,702	65,210	215,465	399,377
Unavailable revenues - long-term receivables	13,867	-	36,211	50,078
Total Deferred Inflows of Resources	<u>132,569</u>	<u>65,210</u>	<u>251,676</u>	<u>449,455</u>
Fund Balances:				
Nonspendable	2,890	-	8,218	11,108
Restricted	65,713	58,704	469,367	593,784
Committed	32,121	-	2,262	34,383
Assigned	-	-	30,040	30,040
Unassigned	293,476	-	(372)	293,104
Total Fund Balances	<u>394,200</u>	<u>58,704</u>	<u>509,515</u>	<u>962,419</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 563,641</u>	<u>\$ 133,218</u>	<u>\$ 834,507</u>	<u>\$ 1,531,366</u>

See accompanying notes to basic financial statements.

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

December 31, 2015 (dollars in thousands)

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

Total fund balance-governmental funds.	\$ 962,419
Capital assets used in governmental activities, excluding internal service funds of \$215 are not financial resources, and therefore, are not reported in the funds.	2,865,114
Accrued interest payable not included in the funds.	(19,751)
Pension asset	44,591
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.	49,559
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	34,319
Loss on refunding	12,675
Pensions	143,047
Interest rate swap liability.	(38,828)
Prepaid bond insurance, net of accumulated amortization.	558
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.	12,700
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 \$29,775).	(2,411,756)
Net position of governmental activities	<u><u>\$ 1,654,647</u></u>

See accompanying notes to basic financial statements.

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

For the Year Ended December 31, 2015 (dollars in thousands)

	General	Human Services	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes:				
Facilities development admission	\$ -	\$ -	\$ 12,569	\$ 12,569
Lodgers	23,072	-	59,304	82,376
Motor vehicle ownership fee	26,647	-	-	26,647
Occupational privilege	48,293	-	-	48,293
Property	107,198	58,057	183,921	349,176
Sales and use	581,922	-	58,329	640,251
Specific ownership	-	-	232	232
Telephone	2,692	-	7,936	10,628
Special assessments	-	-	1,575	1,575
Licenses and permits	59,909	-	1,621	61,530
Intergovernmental revenues	33,240	73,492	106,911	213,643
Charges for services	189,573	502	75,030	265,105
Investment and interest income	7,388	-	7,610	14,998
Fines and forfeitures	52,989	-	551	53,540
Contributions	107	276	4,274	4,657
Other revenue	16,336	574	48,193	65,103
Total Revenues	1,149,366	132,901	568,056	1,850,323
Expenditures				
Current:				
General government	230,258	-	101,766	332,024
Public safety	518,800	-	88,277	607,077
Public works	121,516	-	70,946	192,462
Health	49,301	-	14,735	64,036
Human services	-	123,095	-	123,095
Parks and recreation	57,914	-	15,308	73,222
Cultural activities	44,213	-	66,214	110,427
Community development	21,515	-	23,276	44,791
Economic opportunity	601	-	19,212	19,813
Debt service:				
Principal retirement	4,998	4,051	95,618	104,667
Interest	997	750	62,875	64,622
Bond issuance costs	-	-	491	491
Capital outlay	-	-	35,194	35,194
Total Expenditures	1,050,113	127,896	593,912	1,771,921
Excess (deficiency) of revenues over (under) expenditures	99,253	5,005	(25,856)	78,402
Other Financing Sources (Uses)				
Sale of capital assets	2	-	294	296
Issuance of certificate of participation	-	-	22,470	22,470
Issuance of capital leases	485	-	-	485
Bond premium	-	-	1,422	1,422
Insurance recoveries	285	6	975	1,266
Transfers in	56,366	75	149,986	206,427
Transfers out	(126,207)	(1,575)	(74,773)	(202,555)
Total Other Financing Sources (Uses)	(69,069)	(1,494)	100,374	29,811
Net change in fund balances	30,184	3,511	74,518	108,213
Fund balances - January 1	364,016	55,193	434,997	854,206
Fund Balances - December 31	\$ 394,200	\$ 58,704	\$ 509,515	\$ 962,419

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, 2015 (dollars in thousands)

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

Net change in fund balances - total governmental funds	\$ 108,213
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	175,224
Depreciation expense (excluding internal service)	(162,782)
Certain revenues are recorded in the funds under modified accrual but not considered revenue in the statement of activities.	(4,863)
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:	
Certificates of Participation issued	(22,470)
Capital lease obligations	(485)
Principal retirement on bonds	72,160
Premium, discounts, and deferred gain (loss) on refunding	3,822
Capital lease principal payments	25,891
Principal payments on note payable	6,025
Principal payments on intergovernmental agreement	591
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)	(5,079)
Accrued interest payable	1,355
Legal liability	1,198
Net OPEB obligation	(2,491)
Amortization of imputed debt-swap	505
Portion of pension expense that do not require current financial resources	22,560
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.	(1,845)
Change in net position of governmental activities	\$ 217,529

See accompanying notes to basic financial statements.

Statement of Net Position - Proprietary Funds

December 31, 2015 (dollars in thousands)

	<u>Business-type Activities - Enterprise Funds</u>	
	Wastewater Management	Denver Airport System
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,798	\$ 29,530
Investments	4,799	35,334
Receivables (net of allowance for uncollectibles of \$563):		
Accounts	14,290	39,780
Accrued interest	391	6,815
Inventories	-	9,629
Interfund receivable	373	61
Prepaid items and other assets	493	1,322
Restricted assets:		
Cash and cash equivalents	-	48,957
Investments	515	37,024
Accounts receivable	-	9,155
Accrued interest receivable	-	1,100
Other receivables	-	2,116
Prepaid items	-	4,920
Total Current Assets	25,659	225,743
Noncurrent assets:		
Investments - restricted	8,315	793,556
Investments - unrestricted	77,527	757,338
Capital assets:		
Land and construction in progress	24,188	850,667
Buildings and improvements	16,736	2,315,457
Improvements other than buildings	803,609	2,422,915
Machinery and equipment	17,777	814,248
Accumulated depreciation	(284,169)	(2,920,389)
Net capital assets	578,141	3,482,898
Long-term receivables (net of allowances)	-	10,409
CIS net	2,144	-
Prepaid expense and other	-	3,064
Interest rate swaps	-	46,282
Total Noncurrent Assets	666,127	5,093,547
Total Assets	691,786	5,319,290
Deferred Outflows of Resources		
Accumulated decrease in fair value of hedging derivatives	-	28,023
Deferred amount on refundings	570	160,599
Items related to pension plans	3,279	20,809
Total Deferred Outflows of Resources	3,849	209,431

See accompanying notes to basic financial statements.

	Other Enterprise Funds		Total Enterprise Funds	Governmental Activities Internal Service Funds
	\$ 21,429		\$ 55,757	\$ 41,508
	-		40,133	-
	2,220		56,290	1,347
	132		7,338	396
	173		9,802	81
	3		437	32
	-		1,815	-
	6,330		55,287	-
	-		37,539	-
	501		9,656	-
	23		1,123	-
	-		2,116	-
	-		4,920	-
	30,811		282,213	43,364
	-		801,871	-
	-		834,865	-
	4,299		879,154	-
	13,479		2,345,672	3,627
	15,835		3,242,359	-
	5,870		837,895	1,642
	(20,982)		(3,225,540)	(5,054)
	18,501		4,079,540	215
	2,000		12,409	-
	-		2,144	-
	-		3,064	-
	-		46,282	-
	20,501		5,780,175	215
	51,312		6,062,388	43,579
	-		28,023	-
	-		161,169	-
	1,381		25,469	-
	1,381		214,661	-

continued

Statement of Net Position - Proprietary Funds, continued

December 31, 2015 (dollars in thousands)

	Business-type Activities - Enterprise Funds	
	Wastewater Management	Denver Airport System
Liabilities		
Current liabilities:		
Vouchers payable	\$ 1,728	\$ 56,644
Revenue bonds payable	2,850	-
Accrued liabilities	576	55,307
Unearned revenue	18,348	26,158
Interfund payable	564	5,497
Advances	-	-
Capital lease obligations	579	-
Compensated absences	883	2,337
Claims reserve	-	-
Construction payable	4,781	-
Due to other governments	4,499	-
Current liabilities (payable from restricted assets):		
Vouchers payable	-	23,479
Retainages payable	-	20,665
Notes payable	-	4,893
Accrued interest and other liabilities	-	24,496
Other accrued liabilities	-	9,095
Revenue bonds payable	-	170,550
Total Current Liabilities	34,808	399,121
Noncurrent liabilities:		
Interest rate swaps	-	196,761
Notes payable	-	12,184
Revenue bonds payable, net	42,473	4,070,819
Net pension liability	25,079	115,000
Capital lease obligations	6,278	-
Compensated absences	2,248	6,734
Claims reserve	-	-
Total Noncurrent Liabilities	76,078	4,401,498
Total Liabilities	110,886	4,800,619
Deferred Inflows of Resources		
Items related to pension plans	525	-
Deferred gain on refunding of debt	-	2,649
Total Deferred Inflows of Resources	525	2,649
Net Position		
Net investment in capital assets	530,011	(626,147)
Restricted for:		
Capital projects	-	32,479
Debt service	-	636,530
Unrestricted	54,213	682,591
Total Net Position	\$ 584,224	\$ 725,453

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 Enterprise Funds		Total Enterprise Funds		Governmental Activities Internal Service Funds
	\$ 886		\$ 59,258		\$ 990
	540		3,390		-
	240		56,123		28
	431		44,937		-
	73		6,134		133
	-		-		-
	614		1,193		-
	406		3,626		225
	-		-		9,808
	-		4,781		-
	-		4,499		-
	-		23,479		-
	-		20,665		-
	-		4,893		-
	-		24,496		-
	-		9,095		-
	-		170,550		-
	3,190		437,119		11,184
	-		196,761		-
	-		12,184		-
	2,433		4,115,725		-
	8,465		148,544		-
	708		6,986		-
	819		9,801		101
	-		-		19,641
	12,425		4,490,001		19,742
	15,615		4,927,120		30,926
	-		525		-
	-		2,649		-
	-		3,174		-
	14,206		(81,930)		215
	6,854		39,333		-
	-		636,530		-
	16,018		752,822		12,438
	\$ 37,078		1,346,755		\$ 12,653
			(47)		
			\$ 1,346,708		

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

For the Year Ended December 31, 2015 (dollars in thousands)

	<u>Business-type Activities - Enterprise Funds</u>	
	Wastewater Management	Denver Airport System
Operating Revenues		
Charges for services	\$ 126,260	\$ 687,536
Other revenue	-	-
Change in claims reserve	-	-
Total Operating Revenues	126,260	687,536
Operating Expenses		
Personnel services	22,532	148,518
Contractual services	20,053	197,459
Supplies and materials	1,805	88,269
Depreciation and amortization	18,067	163,714
District water treatment charges	48,873	-
Claims payments	-	-
Other operating expenses	-	2,557
Total Operating Expenses	111,330	600,517
Operating income (loss)	14,930	87,019
Nonoperating Revenues (Expenses)		
Investment and interest income	706	40,648
Passenger facility charges	-	106,007
Customer facility fee	-	18,598
Intergovernmental revenue	827	-
Disposition of assets	195	-
Grants	-	622
Interest expense	(669)	(169,413)
Other revenue	-	12,644
Net Nonoperating Revenues (Expenses)	1,059	9,106
Income (loss) before capital grants, contributions, and transfers	15,989	96,125
Capital grants and contributions	9,564	20,483
Transfers out	(25)	-
Change in net position	25,528	116,608
Net position - January 1, as previously reported	580,875	699,412
Adoption of accounting principle - GASB 68	(22,179)	(90,567)
Net position - January 1, as restated	558,696	608,845
Net Position - December 31	\$ 584,224	\$ 725,453
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 Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$ 21,069	\$ 834,865	\$ 17,004
5,270	5,270	2,646
-	-	2,022
26,339	840,135	21,672
9,972	181,022	2,139
4,924	222,436	617
1,283	91,357	8,074
1,145	182,926	167
-	48,873	-
-	-	9,592
3,231	5,788	8,006
20,555	732,402	28,595
5,784	107,733	(6,923)
239	41,593	415
-	106,007	-
-	18,598	-
-	827	-
-	195	-
-	622	-
(185)	(170,267)	-
-	12,644	-
54	10,219	415
5,838	117,952	(6,508)
-	30,047	-
(2,250)	(2,275)	(1,597)
3,588	145,724	(8,105)
40,365	1,320,652	-
(6,875)	(119,621)	-
33,490	1,201,031	20,758
\$ 37,078	\$ 1,346,755	\$ 12,653
	\$ 145,724	
	99	
	\$ 145,823	

Statement of Cash Flows - Proprietary Funds

For the Year Ended December 31, 2015 (dollars in thousands)

	<u>Business-type Activities - Enterprise Funds</u>	
	Wastewater Management	Denver Airport System
Cash Flows From Operating Activities		
Receipts from customers	\$ 126,313	\$ 695,296
Payments to suppliers	(59,734)	(240,191)
Payments to employees	(23,019)	(128,002)
Other receipts	-	-
Interfund activity	(8,951)	(33,678)
Claims paid	-	-
Net Cash Provided (Used) by Operating Activities	34,609	293,425
Cash Flows From Noncapital Financing Activities		
Operating grants received	-	439
Transfers out	(25)	-
Net Cash Provided (Used) By Noncapital Financing Activities	(25)	439
Cash Flows From Capital and Related Financing Activities		
Proceeds from issuance of debt	-	1,846
Bond issue costs	-	(465)
Gain/Loss on asset disposal	-	-
Principal payments	(3,277)	(157,082)
Interest payments	(1,815)	(214,190)
Passenger facility charges	-	105,238
Car rental customer facility charges	-	18,626
Payments on capital assets acquired through construction payables	(2,931)	(50,702)
Acquisition and construction of capital assets	(14,535)	(216,407)
Payments to escrow for current refunding of debt	-	(20,870)
Reimbursement from City for capital asset costs and proceeds from sale of assets	195	904
Contributions and advances	1,924	28,966
Intergovernmental revenues	827	-
Other receipts	-	-
Net Cash Used in Capital and Related Financing Activities	(19,612)	(504,136)
Cash Flows From Investing Activities		
Purchases of investments	(147,561)	(1,946,362)
Proceeds from sale of investments	134,404	2,126,202
Sale of assets held for disposition; payments to maintain assets held	-	9,458
Insurance proceeds from remediation of asset held for disposition	-	302
Interest received	713	24,806
Net Cash Provided (Used) by Investing Activities	(12,444)	214,406
Net increase (decrease) in cash and cash equivalents	2,528	4,134
Cash and cash equivalents - January 1	2,270	74,353
Cash and Cash Equivalents - December 31	\$ 4,798	\$ 78,487

See accompanying notes to basic financial statements.

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$ 23,094	\$ 844,703	\$ 20,386
(9,943)	(309,868)	(16,937)
(10,076)	(161,097)	(3,337)
5,270	5,270	2,646
-	(42,629)	-
-	-	(9,592)
8,345	336,379	(6,834)
-	439	-
(2,250)	(2,275)	(1,597)
(2,250)	(1,836)	(1,597)
-	1,846	-
-	(465)	-
152	152	-
(1,119)	(161,478)	-
(182)	(216,187)	-
-	105,238	-
-	18,626	-
-	(53,633)	-
(545)	(231,487)	-
-	(20,870)	-
-	1,099	-
-	30,890	-
-	827	-
-	-	4,368
(1,694)	(525,442)	4,368
-	(2,093,923)	-
-	2,260,606	-
-	9,458	-
-	302	-
212	25,731	392
212	202,174	392
4,613	11,275	(3,671)
23,146	99,769	45,179
\$ 27,759	\$ 111,044	\$ 41,508

continued

Statement of Cash Flows - Proprietary Funds, continued

For the Year Ended December 31, 2015 (dollars in thousands)

	Business-type Activities - Enterprise Funds	
	Wastewater Management	Denver Airport System
Reconciliation of Operating Income (loss) to Net Cash Provided by Operating Activities		
Operating income (loss)	\$ 14,929	\$ 87,019
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation and amortization	18,067	163,714
Miscellaneous revenue	-	6,243
Accounts receivable, net of allowance	(486)	832
Due from other City agencies/departments	-	(28)
Interfund receivable	(142)	-
Long-term receivable	-	-
Inventories	-	5,151
Prepaid items and other assets	222	1,132
Vouchers payable	1,507	23,523
Unearned revenue	682	686
Accrued and other liabilities	434	856
Interfund payable	(750)	673
Advances	-	-
Claims reserved	-	-
Items related to pension	146	3,624
Net Cash Provided (Used) by Operating Activities	\$ 34,609	\$ 293,425
Noncash Activities		
Assets acquired through capital contributions	\$ 7,640	\$ -
Unrealized gain on investments	-	(8,729)
Unrealized gain on derivatives	-	20,969
Capital assets acquired through accounts payable	4,781	43,330
Amortization of bond premiums and deferred losses and gains on bond refundings	191	6,637
Refunding bond proceeds delivered directly to an irrevocable trust	-	195,940

See accompanying notes to basic financial statements.

	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
	\$ 5,784	\$ 107,732	\$ (6,923)
	1,145	182,926	167
	-	6,243	-
	(207)	139	(388)
	-	(28)	-
	-	(142)	3,770
	-	-	-
	(7)	5,144	2,655
	-	1,354	-
	(148)	24,882	(509)
	83	1,451	-
	(312)	978	(1,198)
	1,799	1,722	(236)
	-	-	(2,150)
	-	-	(2,022)
	208	3,978	-
	<u>\$ 8,345</u>	<u>\$ 336,379</u>	<u>\$ (6,834)</u>
	\$ -	\$ 7,640	\$ -
	-	(8,729)	-
	-	20,969	-
	-	48,111	-
	5	6,833	-
	-	195,940	-

Statement of Fiduciary Net Position - Fiduciary Funds

December 31, 2015 (dollars in thousands)

	Pension, Health, and Other Employee Benefit Trust Funds	Private-Purpose Trust Funds	Agency Funds
Assets			
Cash on hand	\$ -	\$ 313	\$ 3,245
Cash and cash equivalents	43,583	727	43,741
Securities lending collateral	232,667	-	-
Receivables (net of allowance for uncollectibles of \$4,412):			
Taxes	-	-	827,730
Accounts	2,955	-	16
Accrued interest	1,816	-	-
Investments, at fair value:			
U.S. Government obligations	152,233	-	-
Domestic stocks and bonds	695,184	-	-
International stocks	481,549	-	-
Mutual funds	353,704	-	-
Real estate	183,585	-	-
Other	702,004	-	-
Total Investments	2,568,259	-	-
Capital assets, net of accumulated depreciation	4,767	-	-
Total Assets	2,854,047	1,040	\$ 874,732
Liabilities			
Vouchers payable	2,589	438	12,838
Securities lending obligation	236,505	-	-
Other accrued liabilities	-	-	13,898
Due to taxing units	-	313	847,996
Total Liabilities	239,094	751	\$ 874,732
Net Position			
Net position restricted for pensions	1,945,673	-	-
Net position held in trust for OPEB benefits	70,826	-	-
Net position held in trust for deferred compensation benefits	598,454	-	-
Net position held in trust for other purposes	-	289	-
Net Position Restricted for Pensions and Other Purposes	\$ 2,614,953	\$ 289	

See accompanying notes to basic financial statements.

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

For the Year Ended December 31, 2015 (dollars in thousands)

	Pension, Health, and Other Employee Benefit Trust Funds	Private-Purpose Trust Funds
Additions		
Contributions:		
City and County of Denver	\$ 64,443	\$ -
Denver Health and Hospital Authority	7,171	-
Plan members	84,832	-
Total Contributions	156,446	-
Investment earnings:		
Net appreciation in fair value of investments	(55,770)	-
Interest and dividends	39,066	-
Total Investment Earnings	(16,704)	-
Less investment expense	(15,426)	-
Net Investment Earnings	(32,130)	-
Securities lending earnings	799	-
Securities lending expenses:		
Borrower rebates	521	-
Agent fees	(330)	-
Net Earnings from Securities Lending	990	-
Total Net Investment Earnings	(31,140)	-
Total Additions	125,306	-
Deductions		
Benefits	230,755	-
Refunds of contributions	2,245	-
Administrative expenses	4,373	-
Other deductions	-	5
Total Deductions	237,373	5
Change in net position	(112,067)	(5)
Net position - January 1	2,727,020	294
Net Position -December 31	\$ 2,614,953	\$ 289

See accompanying notes to basic financial statements.

Statement of Net Position - Component Units

December 31, 2015 (dollars in thousands)

	Denver Convention Center Hotel Authority	Denver Union Station Project Authority	Denver Urban Renewal Authority	Other Component Units	Total
Assets					
Cash and cash equivalents	\$ 4,580	\$ 1,906	\$ 8,330	\$ 20,473	\$ 35,289
Receivables (net of allowances):					
Taxes	1,715	12,278	83,893	25,802	123,688
Accounts	-	-	3,041	440	3,481
Accrued interest	-	-	71	-	71
Other	-	6,778	4,410	12	11,200
Prepaid items and other assets	1,318	-	52	97	1,467
Restricted Assets:					
Cash and cash equivalents	-	31,568	127,384	79	159,031
Investments	74,623	-	-	-	74,623
Long-term receivables	-	151,263	-	-	151,263
Other assets	6,123	-	-	-	6,123
Capital Assets:					
Land and construction in progress	23,625	-	-	-	23,625
Buildings and improvements	249,753	-	-	20,775	270,528
Machinery and equipment	27,148	-	138	1,972	29,258
Accumulated depreciation	(85,910)	-	(51)	(5,360)	(91,321)
Net Capital Assets	214,616	-	87	17,387	232,090
Total Assets	302,975	203,793	227,268	64,290	798,326
Deferred Outflows of Resources					
Deferred amount on refundings	4,894	-	20,336	1,916	27,146
Total Deferred Outflows of Resources	4,894	-	20,336	1,916	27,146
Liabilities					
Vouchers payable	4,695	-	-	4,528	9,223
Accrued liabilities	9,613	1,380	25,519	7,430	43,942
Unearned revenue	-	-	-	6	6
Advances	845	1,352	1,088	-	3,285
Due to other governments	-	-	232	16,077	16,309
Noncurrent liabilities:					
Due within one year	6,110	2,447	20,682	700	29,939
Due in more than one year	328,689	325,033	289,557	15,760	959,039
Total Liabilities	349,952	330,212	337,078	44,501	1,061,743
Deferred Inflows of Resources					
Property taxes	-	12,081	77,798	9,726	99,605
Total Deferred Inflows of Resources	-	12,081	77,798	9,726	99,605
Net Position					
Net investment in capital assets	(116,762)	-	87	2,842	(113,833)
Restricted for:					
Capital projects	39,408	-	60,440	-	99,848
Emergency use	-	-	-	281	281
Debt service	41,654	-	20,790	11	62,455
Donor and other restrictions:					
Expendable	-	-	4,872	-	4,872
Unrestricted (deficit)	(6,383)	(138,500)	(253,461)	8,845	(389,499)
Total Net Position (Deficit)	\$ (42,083)	\$ (138,500)	\$ (167,272)	\$ 11,979	\$ (335,876)

See accompanying notes to basic financial statements.

Statement of Activities - Component Units

For the Year Ended December 31, 2015 (dollars in thousands)

	Denver Convention Center Hotel Authority	Denver Union Station Project Authority	Denver Urban Renewal Authority	Other Component Units	Total
Expenses	\$ 101,671	\$ 17,425	\$ 92,747	\$ 29,071	\$ 240,914
Program Revenues					
Charges for services	93,061	-	-	374	93,435
Operating grants and contributions	-	2,974	1,819	1,224	6,017
Total Program Revenues	93,061	2,974	1,819	1,598	99,452
Net expenses	(8,610)	(14,451)	(90,928)	(27,473)	(141,462)
General Revenues					
Taxes:					
Lodgers	-	-	2,742	-	2,742
Property	-	5,502	65,909	8,991	80,402
Sales and use	-	-	27,452	-	27,452
Specific ownership	-	-	-	244	244
Investment and interest income	67	9,121	166	14	9,368
Other revenues	10,000	789	2,794	22,072	35,655
Net General Revenues	10,067	15,412	99,063	31,321	155,863
Change in net position	1,457	961	8,135	3,848	14,401
Net position (deficit) - January 1, as previously reported	(43,540)	(143,428)	(175,407)	8,131	(354,244)
Correction of an error	-	3,967	-	-	3,967
Net position (deficit) - January 1, as restated	(43,540)	(139,461)	(175,407)	8,131	(350,277)
Net Position (Deficit) - December 31	\$ (42,083)	\$ (138,500)	\$ (167,272)	\$ 11,979	\$ (335,876)

See accompanying notes to basic financial statements.

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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 except for the RiNo GID which had no financial activity in 2015 or net position to report as of December 31, 2015.

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 and RiNo BID's had no financial activity in 2015 or net position to report as of December 31, 2015.

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 DCCHA, which totaled \$10,000,000 in 2015, 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. DUSPA had a restatement of net position in the amount of \$3,967,000 related to revenue not recorded in the 2014 financial statements.

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	

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 \$59,457,000 for providing various health related services to the City and its residents during 2015. In addition, the Authority made payments in the amount of \$1,959,000 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, 2015, 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 liabilities, with the difference between the two 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 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 2015 fiscal year was approved when Resolution 1070, Series of 2015, 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.

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 estimated fair 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 are recorded in the Denver Airport System enterprise fund and consist primarily of the net book value of the Stapleton International Airport, which ceased aviation operations on February 27, 1995. No depreciation is recorded for assets held for disposition. In addition, assets held for disposition in governmental funds consist of foreclosed property and land pending future sale.

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, 2015, the encumbrances reflected in **Table 1** (dollars in thousands) were reappropriated against the 2016 budget for remaining prior year encumbrances.

Table 1

Governmental Activities:	
General Fund	\$ 32,121
Human Services Fund	9,464
Other Governmental Funds	137,810
Total Governmental Activities	\$ 179,395
Business-type Activities:	
Wastewater Management	\$ 19,099
Denver Airport System	208,070
Other Enterprise Funds	1,545
Total Business-type Activities	\$ 228,714

NOTE E – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

Governmental Accounting Standards Board Statement No. 68. In 2015, the City implemented the provisions of GASB Statement No. 68 (Statement No. 68), *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, which revise and establish new financial reporting requirements for most governments that provide their employees with pension benefits. The City provides its employees with pension benefits through 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 (FPPA) and the Public Employees Retirement Association of Colorado Pension Plans (PERA).

Statement No. 68 requires employers to record their proportionate share, as defined in Statement No. 68, of the various plans' net pension liability. Statement No. 68 also includes recognition of deferred inflows and outflows of resources associated with the net difference between projected and actual earnings on pension plan investments, changes of assumptions of other inputs, the net difference between expected and actual experience, and other employer-specific deferrals. The adoption of GASB 68 resulted in an adjustment of beginning net position of the primary government as of January 1, 2015 of the following amounts: a decrease of \$645,971,000 for the governmental activities, a decrease of \$119,621,000 for the business-type activities, which included a decrease of \$90,567,000 for the Denver Airport System, a decrease of \$22,179,000 for Wastewater Management, a decrease of \$2,944,000 for the Golf Course Fund, and a decrease of \$3,931,000 for the Environmental Services Fund.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

NOTE A – DEFICIT FUND EQUITY

At December 31, 2015, 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 \$42,083,000, \$138,500,000, and \$167,272,000, 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, 2015 (dollars in thousands)

	Authorization	Budget Basis Expenditures	Excess over Authorization
Adams Mark Tax Increment	\$ 2,151	\$ 2,742	\$ 591
Denver Public Library	41,527	41,958	431
Fire	126,286	126,475	189
Office of Economic Development	5,038	7,230	2,192
Police	211,598	211,770	172
Undersheriff	118,681	119,309	628

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, 2015, the bank balance and carrying amounts of accounts managed by the Manager of Finance (the Manager) were \$19,896,000 and \$23,903,000, 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, 2015, 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, 2015, the City's investment balances were as shown in **Table 3**.

Table 3

City Investment Balances

December 31, 2015 (dollars in thousands)

	Fair Value
Repurchase agreements	\$ 121
Money market funds	1,824
Local government investment pool	92,498
Common stock	934,499
Mutual funds	353,761
Municipal bonds	105,939
U.S. Treasury securities	652,999
U.S. agency securities	1,040,520
Corporate bonds	637,430
Structured products ¹	381,142
Multinational fixed income ²	194,935
Annuity contracts	228,055
Real estate	183,585
Other	494,839
Total Investments	\$ 5,302,147

¹Includes asset backed securities, collateralized mortgage obligations, and mortgage back securities.

²Includes supranational and U.S. agency for international development 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 \$336,193,000 at December 31, 2015; see **Note III-A-5** for additional discussion related to this balance.

At December 31, 2015, the investment balances of the discretely presented component units were as shown in **Table 4**.

Table 4**Component Units Investment Balances**

December 31, 2015 (dollars in thousands)

	Fair Value
Money market funds	\$ 126,681
Local government investment pool	881
U.S. Treasury securities	24,591
U.S. agency securities	2,846
Corporate bonds	2,672
Structured products	280
Certificate of Deposit	374
Total Investments	\$ 158,325

A reconciliation of cash and investments as shown in the basic financial statements as of December 31, 2015, is shown in **Table 5**.

Table 5**Reconciliation of Cash and Investments**

December 31, 2015 (dollars in thousands)

	Primary Government	Component Units	Total
Governmental and Business-type Activities			
Cash on hand	\$ 8,552	\$ -	\$ 8,552
Cash and cash equivalents	876,221	35,289	911,510
Investments	874,998	-	874,998
Restricted cash and cash equivalents	125,464	159,031	284,495
Restricted investments	839,410	74,623	914,033
Total Governmental and Business-type Activities	2,724,645	268,943	2,993,588
Fiduciary			
Cash on hand	3,558	-	3,558
Cash and cash equivalents	88,051	-	88,051
Investments	2,568,259	-	2,568,259
Total Fiduciary	2,659,868	-	2,659,868
Total	5,384,513	268,943	5,653,456
Less deposit balance	(82,366) ¹	(110,618)	(192,984)
Total Investments	\$ 5,302,147	\$ 158,325	\$ 5,460,472

¹The carrying amount of the City's deposits of \$23,903, plus pension deposits of \$43,583, less uncashed warrants of \$15,778, plus other cash amounts of \$30,658, equal \$82,366.

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, 2015, the City's investment balances and maturities for those investments subject to interest rate risk (excluding the DERP) is shown in **Table 6** (dollars in thousands):

Table 6

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1 - 5	6 - 10	Greater than 10
Local government investment pool	\$ 92,498	\$ 92,498	\$ -	\$ -	\$ -
Municipal bonds	105,939	-	71,608	22,551	11,780
U.S. Treasury securities	572,270	25,253	471,725	75,292	-
U.S. agency securities	969,016	63,559	774,965	127,409	3,083
Corporate bonds	479,728	15,033	464,695	-	-
Multinational fixed income	194,935	22,300	131,324	39,243	2,068
Structured products	296,608	5,931	205,486	81,188	4,003
Total	\$ 2,710,994	\$ 224,574	\$ 2,119,803	\$ 345,683	\$ 20,934

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, 2015, the City owned agency callable securities with a fair value of \$16,616,000.

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, 2015, the DERP pension trust fund investment balances and maturities for those investments subject to interest rate risk are shown in **Table 7** (dollars in thousands).

Table 7

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1 - 5	6 - 10	Greater than 10
U.S. Treasury securities	\$ 80,729	\$ 165	\$ 45,520	\$ 21,407	\$ 13,637
U.S. agency securities	71,504	6	46,057	20,715	4,726
Structured products	31,654	64	12,784	12,964	5,842
Corporate bonds	157,702	1,339	120,678	30,099	5,586
Non-U.S. Government bonds	52,879	5,578	22,953	12,534	11,814
Total	\$ 394,468	\$ 7,152	\$ 247,992	\$ 97,719	\$ 41,605

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, 2015. 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, 2015, 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.

As of December 31, 2015, the City owned \$105,939,000 of municipal bonds that had ratings of at least A1 by Moody's or AA- by Standard & Pooors or Fitch. The City owned \$479,728,000 of corporate debt obligations that had NRSRO ratings of at least A3 or its equivalent. The City owned \$171,448,000 of asset-backed securities that had ratings of at least Aa3 by Moody's or AA- by Standard & Poor's or Fitch. The City owned \$125,160,000 of agency 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 City owned \$92,498,000 invested in local government investment pools with a rating of AAAm by Standard and Poor's. The City also had \$142,071,000 invested in supranational securities that had ratings of at least Aaa by Moody's or AAA by Standard & Poor's or Fitch.

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, 2015, is shown in **Table 8** (dollars in thousands).

Table 8

S&P	Moody's	Asset Backed	Corporate Bonds	Non- U.S. Government Bonds	Mortgage Bonds	Implicit U.S. Government Bonds	Total
AAA	Aaa	\$ 395	\$ 17,535	\$ -	\$ 21,719	\$ 2,756	\$ 42,405
AAA	NR	-	-	-	854	-	854
AA+ to AA-	Aa3 to A1	24	2,494	-	1,304	68,577	72,399
A+ to A-	A1 to Baa2	58	6,917	-	3,149	-	10,124
BBB+ to BBB-	A3 to Baa3	72	12,306	-	3,928	-	16,306
BB+ to BB-	Ba3 to B1	-	15,038	-	3	-	15,041
B+ to B-	B1 to Caa1	-	9,344	-	-	-	9,344
CCC+ to CCC-	B3 to Caa2	89	1,505	-	-	-	1,594
D	NR	-	639	-	-	-	639
NR	Aaa to Baa2	-	-	42,682	60	-	42,742
NR	NR	-	91,923	10,197	-	-	102,120
Total		\$ 638	\$ 157,701	\$ 52,879	\$ 31,017	\$ 71,333	\$ 313,568
U.S. Government							80,729
Explicit U.S. Government Agencies							171
Total							\$ 394,468

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, 2015, 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, 2015, were \$121,000.

DERP has no formal policy for custodial credit risk. At December 31, 2015, 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, 2015, 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 (13.00%), Federal Home Loan Mortgage Corporation (7.00%), Federal National Mortgage Association (10.00%), and Tennessee Valley Authority (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, 2015, 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, 2015, is reflected in **Table 9** (dollars in thousands).

Table 9

Foreign Currency	Equities	Fixed Income	Total
Australian Dollar	\$ 13,418	\$ -	\$ 13,418
Brazilian Real	9,555	4,002	13,557
British Pound Sterling	67,295	2	67,297
Canadian Dollar	7,597	-	7,597
Chilean Peso	1,018	46	1,064
Chinese Yuan	39,032	18	39,050
Columbian Peso	439	3,007	3,446
Czech Koruna	799	-	799
Danish Krone	4,010	-	4,010
Egyptian Pound	141	-	141
Euro	104,858	-	104,858
Hong Kong Dollar	9,643	-	9,643
Hungarian Forint	1,504	2,686	4,190
Indian Rupee	12,220	-	12,220
Indonesian Rupiah	3,008	4,347	7,355
Japanese Yen	66,829	-	66,829
Malaysian Ringgit	3,196	4,663	7,859
Mexican Peso	4,528	4,753	9,281
New Israeli Shekel	3,213	-	3,213
New Zealand Dollar	1,099	-	1,099
Norwegian Krone	2,888	-	2,888
Peru Sole	-	855	855
Philippine Peso	564	253	817
Polish Zloty	2,037	4,955	6,992
Qatari Riyal	956	-	956
Romanian Leu	-	1,473	1,473
Russian Ruble	7,609	2,478	10,087
Singapore Dollar	6,202	-	6,202
South African Rand	10,465	4,236	14,701
South Korean Won	29,921	112	30,033
Swedish Krona	8,656	-	8,656
Swiss Franc	23,252	-	23,252
Taiwan Dollar	21,328	-	21,328
Thai Baht	6,192	4,356	10,548
Turkish Lira	3,713	3,771	7,484
United Arab Emiarti Dirham	1,504	-	1,504
Other	287	-	287
Total Foreign Deposits and Investments	\$ 478,976	\$ 46,013	\$ 524,989

3. **Denver Convention Center Hotel Authority (DCCHA).** DCCHA's investments were not subject to custodial credit risk at December 31, 2015, 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, 2015, DURA's investment balances and maturities are shown in **Table 10** (dollars in thousands).

Table 10

Investment Type	Investment Maturities in Years		
	Fair Value	Less than 1	1 - 5
Money market funds	\$ 52,058	\$ 52,058	\$ -
Local government investment pool	695	695	-
U.S. Treasury securities	24,591	115	24,476
U.S. agency securities	2,846	860	1,986
Corporate bonds	2,672	-	2,672
Structured products	280	-	280
Certificate of Deposit	374	-	374
Total	\$ 83,516	\$ 53,728	\$ 29,788

- 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 2015. 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, 2015.

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, 2015, the fair value of underlying securities lent was \$322,971,000. The fair value of associated collateral was \$336,193,000; of this amount, \$232,667,000 represents the fair value of cash collateral and \$103,526,000 is the fair value of non-cash collateral. 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 11** represents the accounts receivables and allowances for doubtful accounts at December 31, 2015.

Table 11

Accounts Receivables and Allowances Summary

December 31, 2015 (dollars in thousands)

Receivable	Governmental Activities				Total	Business-type Activities			Total	Fiduciary Funds
	General	Human Services	Other Governmental Funds	Internal Service Funds		Wastewater Management	Denver Airport System	Nonmajor Business-type		Agency and DERP
Property taxes	\$ 118,693	\$ 65,241	\$ 215,473	\$ -	\$ 399,407	\$ -	\$ -	\$ -	\$ -	\$ 822,705
Other taxes	67,402	53	10,874	-	78,329	-	-	-	-	9,437
Notes	-	-	3,859	-	3,859	-	-	-	-	-
Accounts	8,132	11,487	9,204	1,347	30,170	14,525	51,379	2,721	68,625	2,971
Long-term accounts	64,483	-	39,735	-	104,218	-	10,409	2,000	12,409	-
Accrued interest	1,973	-	1,844	396	4,213	391	7,915	155	8,461	1,816
Loans	10,712	-	138,602	-	149,314	-	-	-	-	-
Gross Receivable	271,395	76,781	419,591	1,743	769,510	14,916	69,703	4,876	89,495	836,929
Allowances	(61,519)	(372)	(85,948)	-	(147,839)	(235)	(328)	-	(563)	(4,412)
Net Receivable	\$ 209,876	\$ 76,409	\$ 333,643	\$ 1,743	\$ 621,671	\$ 14,681	\$ 69,375	\$ 4,876	\$ 88,932	\$ 832,517

- 2. Notes Receivable.** The special revenue funds', General Fund, related organizations, and component unit notes receivable balance at December 31, 2015, is shown in **Table 12** (dollars in thousands).

Table 12

	December 31	Percent of Total Related Notes Receivable
Neighborhood Development Loans	\$ 13,111	n/a
Economic Development Loans	34,564	n/a
Housing Development Loans	105,498	n/a
Total Office of Economic Development	153,173	
Less allowances for delinquent loans	(13,994)	n/a
Less allowances for forgivable loans	(77,731)	n/a
Notes Receivable, Net	\$ 61,448	
Denver Health and Hospital Park Hill Health Clinic	\$ 3,975	2.60%
Denver Housing Authority	6,807	4.44%
Total Related Organizations Notes Receivable	\$ 10,782 ¹	
Denver Urban Renewal Authority	\$ 8,191 ¹	5.35%

¹Amounts included in the notes receivable balance above.

Allowance for uncollectibles for notes receivable of \$91,725,000 is included in the accounts receivable allowance of \$147,839,000 in **Table 11**. 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 \$54,140,000.
- 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 \$82,155,000 was recognized in the Denver Airport System enterprise fund during the year ended December 31, 2015. Minimum future rentals due from concessions under operating leases are shown in **Table 13** (dollars in thousands).

Table 13

Year	
2016	\$ 92,674
2017	47,677
2018	39,709
2019	35,930
2020	32,673
2021-2025	41,988
2026-2029	2,720
Total	\$ 293,371

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 14 and 15 (dollars in thousands) reflect the City's interfund balances as of December 31, 2015.

1. Interfund Payables/Receivables.

Table 14

Receivable Fund	Payable Fund								Total
	General Fund	Human Services	Nonmajor Governmental	Wastewater Management	Denver Airport System	Nonmajor Business-type	Internal Service		
General Fund	\$ -	\$ 1,158	\$ 5,407	\$ 564	\$ 5,101	\$ 73	\$ 133		\$ 12,436
Nonmajor Governmental	4	1,302	1	-	23	-	-		1,330
Wastewater Management	-	-	-	-	373	-	-		373
Denver Airport System	-	-	61	-	-	-	-		61
Internal Service	32	-	-	-	-	-	-		32
Nonmajor Business-type	-	-	3	-	-	-	-		3
Total	\$ 36	\$ 2,460	\$ 5,472	\$ 564	\$ 5,497	\$ 73	\$ 133		\$ 14,235

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 15

Transfers In	Transfers Out							Total
	General Fund	Human Services	Nonmajor Governmental	Wastewater Management	Nonmajor Business-type	Internal Service		
General Fund	\$ -	\$ 1,500	\$ 51,269	\$ -	\$ 2,000	\$ 1,597		\$ 56,366
Human Services	75	-	-	-	-	-		\$ 75
Nonmajor Governmental	126,132	75	23,504	25	250	-		\$ 149,986
Total	\$ 126,207	\$ 1,575	\$ 74,773	\$ 25	\$ 2,250	\$ 1,597		\$ 206,427

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, 2015, are shown in **Tables 16** and **17**.

1. Governmental Activities.

Table 16

Governmental Activities

For the Year Ended December 31, 2015 (dollars in thousands)

	January 1	Additions	Deletions	Transfers	December 31
Capital assets not being depreciated:					
Land and land rights	\$ 292,940	\$ 17,989	\$ (598)	\$ -	\$ 310,331
Construction in progress	46,561	35,194	-	(29,842)	51,913
Total capital assets not being depreciated	339,501	53,183	(598)	(29,842)	362,244
Capital assets being depreciated:					
Buildings and improvements	2,359,329	25,479	(1,606)	15,673	2,398,875
Equipment and other	329,002	53,181	(62,280)	1,064	320,967
Collections	46,661	5,741	(12,168)	2,066	42,300
Intangibles	13,603	19,715	-	1,717	35,035
Infrastructure	1,492,576	35,239	(472)	9,322	1,536,665
Total capital assets being depreciated	4,241,171	139,355	(76,526)	29,842	4,333,842
Less accumulated depreciation for:					
Buildings and improvements	(722,192)	(63,908)	751	-	(785,349)
Equipment and other	(266,475)	(19,947)	46,958	-	(239,464)
Collections	(28,083)	(5,780)	12,167	-	(21,696)
Intangibles	(5,545)	(23,009)	-	-	(28,554)
Infrastructure	(705,861)	(50,305)	472	-	(755,694)
Total accumulated depreciation	(1,728,156)	(162,949)	60,348	-	(1,830,757)
Total capital assets being depreciated, net	2,513,015	(23,594)	(16,178)	29,842	2,503,085
Governmental Activities Capital Assets, net	\$ 2,852,516	\$ 29,589	\$ (16,776)	\$ -	\$ 2,865,329

2. Business-type Activities.

Table 17

Business-type Activities

For the Year Ended December 31, 2015 (dollars in thousands)

	January 1	Additions	Deletions	Transfers	December 31
Capital assets not being depreciated:					
Land and land rights	\$ 323,262	\$ -	\$ -	\$ 4,438	\$ 327,700
Construction in progress	687,150	314,104	(3,918)	(445,882)	551,454
Total capital assets not being depreciated	1,010,412	314,104	(3,918)	(441,444)	879,154
Capital assets being depreciated:					
Buildings and improvements	2,103,163	14	(357)	242,852	2,345,672
Improvements other than buildings	3,075,746	8,044	(2,693)	161,262	3,242,359
Machinery and equipment	792,298	17,613	(9,346)	37,330	837,895
Total capital assets being depreciated	5,971,207	25,671	(12,396)	441,444	6,425,926
Less accumulated depreciation for:					
Buildings and improvements	(1,072,031)	(55,053)	-	-	(1,127,084)
Improvements other than buildings	(1,296,414)	(84,437)	9,234	-	(1,371,617)
Machinery and equipment	(685,978)	(42,830)	1,969	-	(726,839)
Total accumulated depreciation	(3,054,423)	(182,320)	11,203	-	(3,225,540)
Total capital assets being depreciated, net	2,916,784	(156,649)	(1,193)	441,444	3,200,386
Business-type Activities Capital Assets, net	\$ 3,927,196	\$ 157,455	\$ (5,111)	\$ -	\$ 4,079,540

Note: Interest costs of \$47,985 were capitalized during 2015.

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 18**.

Table 18**Discretely Presented Component Units**

For the Year Ended December 31, 2015 (dollars in thousands)

	January 1	Additions and Transfers	Deletions	December 31
Capital assets not being depreciated:				
Land and land rights	\$ 23,421	\$ -	\$ -	\$ 23,421
Construction in progress	129	3,359	(3,284)	204
Total capital assets not being depreciated	23,550	3,359	(3,284)	23,625
Capital assets being depreciated:				
Buildings and improvements	237,359	12,446	-	249,805
Machinery and equipment	37,887	-	(10,653)	27,234
Total capital assets being depreciated	275,246	12,446	(10,653)	277,039
Less accumulated depreciation for:				
Buildings and improvements	(52,693)	(7,544)	312	(59,925)
Machinery and equipment	(25,146)	(2,955)	2,065	(26,036)
Total accumulated depreciation	(77,839)	(10,499)	2,377	(85,961)
Total capital assets being depreciated, net	197,407	1,947	(8,276)	191,078
Discretely Presented Component Units				
Capital Assets, net	\$ 220,957	\$ 5,306	\$ (11,560)	\$ 214,703 ¹

¹Excludes net capital assets of \$17,387 of Other Component Units.

4. **Depreciation Expense.** Depreciation expense that was charged to governmental activities' functions is shown in **Table 19** (dollars in thousands).

Table 19

General government	\$ 20,980
Public safety	17,768
Public works, including depreciation of infrastructure	75,930
Human services	1,022
Health	467
Parks and recreation	15,494
Cultural activities	31,065
Community development	56
Capital assets held by internal service funds	167
Total	\$ 162,949

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, 2015, as shown in **Table 20** (dollars in thousands).

Table 20**Governmental Activities:**

Winter Park Capital	\$ 1,462
Capital Improvements	50,348
Conservation Trust	5,162
Bond Projects	26,359
Other Capital Projects	24,406
Entertainment and Culture	1,125
Total Governmental Activities	\$ 108,862

Business-type Activities:

Wastewater Management	\$ 17,900
Denver Airport System	118,620
Total Business-type Activities	\$ 136,520

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.

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 2015, the DMNS collected and remitted \$578,000 to the City to be applied to the lease payments. The Zoo collected and remitted \$642,000. DBG collected and deposited \$600,000 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 swaps.

The related net book values of plant and equipment under capital lease obligations as of December 31, 2015, are shown in **Table 21** (dollars in thousands).

Table 21

	Governmental Activities	Business-type Activities
Buildings	\$ 296,138	\$ -
Equipment	33,606	1,746
Land	16,667	-
Less accumulated depreciation	(118,774)	(988)
Net Book Value	\$ 227,637	\$ 758

Table 22 (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, 2015.

Table 22

Year	Governmental Activities	Business-type Activities
2016	\$ 38,976	\$ 1,397
2017	43,103	1,124
2018	39,844	1,163
2019	40,233	838
2020	36,371	875
2021 - 2025	145,733	3,829
2026 - 2030	130,486	-
2031 - 2034	47,642	-
Total minimum lease payments	522,388	9,226
Less amounts representing interest	(118,833)	(1,047)
Present Value of Minimum Lease Payments	\$ 403,555	\$ 8,179

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, 2015, were approximately \$4,490,000, for governmental activities and \$1,406,000 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, 2015, the Denver Airport System has accrued a liability of \$3,150,000 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, 2015 were \$40,000,000 and have been accrued as a liability at year end.

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 \$21,337,000, at December 31, 2015, are \$815,676,000. 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, 2015, there are bonds outstanding in the amount of \$500,000 for the Gateway GID and \$3,630,000 for the Denver 14th Street GID.

Annual debt service requirements to maturity for general obligation bonds are shown in **Table 23** (dollars in thousands).

Table 23

Year	Governmental Activities			
	General Government		General Improvement District	
	Principal ¹	Interest ²	Principal	Interest
2016	\$ 54,270	\$ 36,759	\$ 595	\$ 273
2017	56,825	34,144	105	248
2018	59,930	31,675	110	240
2019	47,930	29,081	120	232
2020	49,775	27,147	130	224
2021 - 2025	268,736	119,009	780	973
2026 - 2030	278,210	52,684	1,100	658
2031 - 2034	-	-	1,190	215
Total	\$ 815,676	\$ 330,499	\$ 4,130	\$ 3,063

¹Does not include \$4,463 and \$762 of compound interest on the Series 2007 and 2014A mini-bonds respectively or unamortized premium of \$21,337.

²Excludes Build America Bonds interest subsidy. The City is eligible to receive \$72 million over the remaining life of its Direct Pay Build America Bonds to subsidize interest payments.

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 2015, and subsequent years. Revenue bonds outstanding, excluding unamortized premium (net of discount) of \$138,233,000, for the primary government, at December 31, 2015, are shown in **Table 24** (dollars in thousands).

Table 24

Purpose	Net Interest Cost	Interest Rates	Amount
Excise tax refunding	2.93% to 5.42%	5.00% to 6.00%	\$ 171,365
Wastewater Management	2.41%	3.00% to 5.00%	40,710
Golf Enterprise	4.80%	4.70% to 5.00%	2,970
Denver Airport System	1.42% to 6.76%	0.370% to 6.414%	4,112,490
Total primary government			4,327,535
DCCHA component unit		4.125% to 5.25%	329,475
Total			\$ 4,657,010

Revenue bonds' debt service requirements to maturity are shown in **Tables 25** and **26** (dollars in thousands).

Table 25

	Governmental Activities		Business-type Activities					
	Principal ¹	Interest	Golf Enterprise		Wastewater Management		Denver Airport System	
			Principal ²	Interest	Principal ³	Interest	Principal ⁴	Interest
2016	\$ 18,120	\$ 9,451	\$ 540	\$ 145	\$ 2,850	\$ 1,478	\$ 170,550	\$ 166,385
2017	18,965	8,500	565	120	2,995	1,336	172,120	158,416
2018	19,810	7,552	590	92	3,105	1,216	190,655	150,491
2019	20,750	6,512	620	62	3,225	1,092	195,140	143,261
2020	20,090	5,422	655	31	3,340	963	200,405	136,847
2021 - 2025	73,630	9,007	-	-	11,970	3,013	1,272,180	563,750
2026 - 2030	-	-	-	-	9,165	1,463	887,355	351,134
2031 - 2035	-	-	-	-	4,060	189	563,295	183,650
2036 - 2040	-	-	-	-	-	-	303,205	83,335
2041 - 2043	-	-	-	-	-	-	157,585	14,914
Total	\$ 171,365	\$ 46,444	\$ 2,970	\$ 450	\$ 40,710	\$ 10,750	\$ 4,112,490	\$ 1,952,183

¹Does not include unamortized premium of \$4,738.

²Does not include unamortized premium of \$3.

³Does not include unamortized premium of \$4,613.

⁴Does not include unamortized premium of \$128,879.

Table 26

Year	Component Unit	
	DCCHA	
	Principal ¹	Interest
2016	\$ 6,110	\$ 16,298
2017	6,710	16,032
2018	7,380	15,706
2019	8,045	15,392
2020	9,270	14,990
2021 - 2025	59,940	66,970
2026 - 2030	87,230	49,547
2031 - 2035	144,790	24,572
Total	\$ 329,475	\$ 219,507

¹Does not include unamortized premium of \$5,324.

The City has pledged future facilities development admission tax and occupational privilege tax for payment of debt service on \$28,245,000 of Series 2003 Excise Tax Revenue Refunding Bonds issued in April 2003. The bonds were issued for the purpose of refunding outstanding excise tax revenue bonds that financed the construction of the Colorado Convention Center. Over the past 10 years annual net revenues available for debt service have averaged \$52,428,000. In 2015, debt service paid and net revenue available for debt service was \$3,054,000 and \$60,862,000, respectively. The bonds matured in November 2015.

In January 2000, the City increased the tax rate on its lodger's tax and short term auto rental tax. 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 are payable through 2023. The total principal and interest remaining to be paid on the bonds is \$217,809,000, with annual combined debt service requirements ranging from \$25,512,000 to \$27,571,000. Over the past 10 years annual net revenues available for debt service have averaged \$46,365,000. In 2015, debt service paid and net revenue available for debt service was \$27,165,000 and \$64,699,000, respectively. The revenue available figures include excess revenues that were pledged to the 2009B bonds, and may be used for debt service on the 2005A and 2009A bonds if revenues from the increase are insufficient.

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 \$4,112,490,000 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 \$6,064,673,000. Over the past 10 years annual net revenues available for debt service have averaged \$427,661,000. In 2015, debt service paid and net revenue available for debt service was \$368,700,000 and \$481,735,000, respectively.

Included in the Airport's System's revenue bonds are \$34,900,000 of Series 1992F-G; \$28,200,000 of Series 2002C, \$61,700,000 of Series 2008B, \$92,600,000 of Series 2008C1, \$200,000,000 of Series 2008C2-C3, \$104,655,000 of Series 2009C, and \$131,500,000 of Series 2007G1-G2 which bear interest at flexible, daily, or weekly rates and are subject to mandatory redemption upon conversion of the interest rate to a different rate type or rate period. If the bonds are in a daily, weekly or monthly mode, the bonds are subject to purchase on demand of the holder at a price of par plus accrued interest.

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. The 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 total principal and interest remaining to be paid on the bonds is \$51,460,000, with annual requirements ranging from \$2,123,000 to \$4,331,000. Over the past 10 years annual net revenues available for debt service have averaged \$20,464,000. In 2015, debt service paid and net revenue available for debt service was \$4,329,000 and \$33,363,000, 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 \$3,420,000, with annual requirements of approximately \$684,000. Over the past 10 years annual net revenues available for debt service have averaged \$1,477,000. In 2015, debt service paid and net revenue available for debt service was \$684,000 and \$912,000, 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 \$32,087,000 at December 31, 2015, are comprised of the following individual issues shown in **Table 27** (dollars in thousands).

Table 27

Purpose	Interest Rates	Amount
Series 2007	5.25% ¹	\$ 1,550
Series 2010B-1	3.00% - 5.00%	67,700
Series 2013A-1	5.00%	139,540
Series 2013D-2	3.93%	8,010
Series 2014D-2	4.10% - 4.19%	56,400
Note payable	2.00%	4,953
Total		\$ 278,153

¹Fixed rate through 2016, then converts to variable

Debt service requirements to maturity for DURA's bond issues are shown in **Table 28** (dollars in thousands).

Table 28

Year	Principal	Interest
2016	\$ 20,682	\$ 13,361
2017	25,485	12,778
2018	30,729	11,665
2019	26,909	9,394
2020	21,265	8,011
2021 - 2025	148,130	23,915
Total	\$ 273,200	\$ 79,124

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 a Master Installment Purchase Agreements on March 15, 2004, with GE Capital Public Finance Inc. for \$13,000,000, to finance various capital equipment purchases at rates and terms of 3.64% based on a 30/360 calculation for 2004. Payments are due quarterly to GE Capital Public Finance. 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 will finance capital equipment purchases at rates and terms of 4.34% and 4.16% based on a 30/360 calculation for 2007. 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 Airport System entered into an Installment Purchase Agreement on January 9, 2015 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 payment schedules relating to the note requirements as of December 31, 2015, are shown in **Table 29** (dollars in thousands).

Table 29

Year	Denver International Airport	
	Principal	Interest
2016	\$ 4,893	\$ 292
2017	2,508	206
2018	2,569	165
2019	2,139	124
2020	2,181	81
2021-2022	2,787	41
Total	\$ 17,077	\$ 909

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, 2015. 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, 2015, is shown in **Tables 30 and 31** (dollars in thousands).

Table 30

Governmental Activities	January 1 (as restated)	Additions	Deletions	December 31	Due within one year
Legal liability	\$ 6,413	\$ 1,462	\$ 2,660	\$ 5,215	\$ 1,291
Compensated absences:					
Classified service employees - 3,164	94,439	27,046	23,226	98,259	4,573
Career Service employees - 5,912	47,448	29,841	29,342	47,947	3,867
Net other postemployment benefit obligation	13,148	2,491	-	15,639	-
Net pension liability	770,249	122,321	82,601	809,969	-
Claims payable	31,471	7,570	9,592	29,449	9,808
General obligation bonds ¹	871,688	1,183	51,970	820,901	54,270
GID general obligation bonds	4,535	-	405	4,130	595
Excise tax revenue bonds	191,150	-	19,785	171,365	18,120
Capitalized lease obligations	406,491	22,955	25,891	403,555	25,022
Unamortized premium	37,948	1,422	8,290	31,080	-
Intergovernmental agreement	3,182	-	591	2,591	623
Other governmental funds - note payable	7,456	-	6,025	1,431	-
Total Governmental Activities	\$ 2,485,618	\$ 216,291	\$ 260,378	\$ 2,441,531	\$ 118,169

¹Additions to general obligation bonds represent mini-bond accretion of \$1,183. Ending balance includes compound interest from the 2007 and 2014A mini-bonds of \$5,225.

Table 31

	January 1 (as restated)	Additions	Deletions	December 31	Due within one year
Business-type Activities					
Wastewater Management					
Revenue bonds	\$ 43,425	\$ -	\$ 2,715	\$ 40,710	\$ 2,850
Unamortized premium	4,887	-	274	4,613	-
Net pension liability	23,895	3,140	1,956	25,079	-
Capitalized lease obligations	7,419	-	562	6,857	579
Notes payable	-	-	-	-	-
Compensated absences	3,100	40	9	3,131	883
Other long-term liabilities	-	-	-	-	-
Total Wastewater Management	82,726	3,180	5,516	80,390	4,312
Denver Airport System:					
Revenue bonds	4,284,025	195,940	367,475	4,112,490	170,550
Unamortized premium	153,213	-	24,334	128,879	-
Net pension liability	98,437	25,672	9,109	115,000	-
Notes payable	20,987	1,846	5,756	17,077	4,893
Compensated absences	8,903	4,009	3,841	9,071	2,337
Total Denver Airport System	4,565,565	227,467	410,515	4,382,517	177,780
Nonmajor enterprise funds:					
Revenue bonds	3,485	-	515	2,970	540
Unamortized net premium	8	-	5	3	-
Net pension liability	7,455	1,681	671	8,465	-
Capitalized lease obligations	1,926	-	604	1,322	614
Compensated absences	1,188	544	507	1,225	406
Total nonmajor enterprise funds	14,062	2,225	2,302	13,985	1,560
Total Business-type Activities	\$ 4,662,353	\$ 232,872	\$ 418,333	\$ 4,476,892	\$ 183,652
Major Component Units:					
Revenue bonds ¹	\$ 340,708	\$ -	\$ 5,909	\$ 334,799	\$ 6,110
Increment bonds and notes payable ²	633,320	107,965	103,566	637,719	23,129
Compensated absences	156	117	107	166	-
Total Major Component Units	\$ 974,184	\$ 108,082	\$ 109,582	\$ 972,684	\$ 29,239

¹Includes unamortized premium of \$5,324.

²Includes unamortized premium of \$32,087.

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 \$75,358,000.

- 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, 2015, 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, 2015 was (\$38,828,000). The year-end fair values were calculated using the mid-market LIBOR swap curves as of December 31, 2015. 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, 2015. 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 32 provides the swap associated debt rates as of December 31, 2015.

Table 32

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)	(0.224%)	(0.224%)	(0.224%)
Net swap interest rate	3.176%	3.176%	2.906%
Variable-rate certificate coupon payment	0.010%	0.010%	0.010%
Net swap and certificate rate	3.186%	3.186%	2.916%

As rates vary, lease interest payments and net swap payments will vary. As of December 31, 2015, 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 33** (dollars in thousands).

Table 33

Year	Principal	Interest	Interest Rate	Total
			Swaps Net	
2018	9,235	21	7,421	16,677
2019	9,805	20	7,032	16,857
2020	10,410	19	6,685	17,114
2021 - 2025	62,510	18	27,473	90,001
2026 - 2030	81,625	12	15,056	96,693
2031 - 2033	38,000	4	1,262	39,266
Total	\$ 228,470	\$ 139	\$ 77,847	\$ 306,456

Table 34 (dollars in thousands) provides the fair values and the 2015 changes in fair value of the on-market and the implied loan portions of the swaps as of December 31, 2015, and the accounting classifications of the changes in fair value for the year then ended.

Table 34

Counterparty	Effective Date	Notional Amount	Termination Date	Associated Debt Series	Fair Values 12/31/15	Change in Fair Value	Classification
2008A1 Swap Agreements							
JP Morgan Chase Bank	7/17/03	\$ 80,470	12/1/29	2008A1 COP	\$ (11,781)	\$ 448	Deferred outflow
						\$ 263	Investment revenue
2008A2 Swap Agreements							
JP Morgan Chase Bank	7/17/03	67,865	12/1/29	2008A2 COP	(9,934)	378	Deferred outflow
						222	Investment revenue
2008A3 Swap Agreements							
Royal Bank of Canada	10/1/08	87,940	12/1/31	2008A3 COP	(17,113)	(372)	Deferred outflow
						20	Investment revenue
Total		\$ 236,275			\$ (38,828)	\$ 454	\$ 505

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, 2015, 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, 2015 are shown in **Table 35**.

Table 35

Counterparty (Credit Support Provider)	Ratings of the Counterparty or its Credit Support Provider		
	S&P	Moody's	Fitch
JP Morgan Chase Bank	A+	Aa3	A+
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 36** provides a profile of the terms of the Airport’s swap agreements (all rates as of December 31, 2015).

Table 36

SWAP	1999, 2002	2005	2006A	1998	2008B
	2009A	2006B	2008A		2008C1
Associated Debt	2009C	2007D	2002C, 2007F-G	2008C2-C3	2002C
Payment to counterparty	5.613%	3.794%	4.009%	4.740%	4.760%
Payment from counterparty	(0.338%)	(4.386%)	(0.301%)	(0.401%)	(0.529%)
Net swap interest rate	5.275%	-0.592%	3.708%	4.339%	4.231%
Associated bond interest rate	1.046%	4.961%	0.795%	0.928%	0.912%
Net swap and bond rate	6.321%	4.369%	4.503%	5.267%	5.143%

As rates vary, variable rate bond interest payments and net swap payments will vary. As of December 31, 2015, 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 37** (dollars in thousands).

Table 37

Year	Principal	Interest	Interest Rate		Total
			Swaps Net		
2016	\$ 3,300	\$ 3,943	\$ 19,546	\$	26,789
2017	5,200	3,912	19,546		28,658
2018	8,300	3,867	19,545		31,712
2019	43,155	3,780	17,791		64,726
2020	46,385	3,348	14,258		63,991
2021 - 2025	187,585	10,425	24,663		222,673
2026 - 2030	87,085	3,692	-		90,777
2031	18,990	194	-		19,184
Total	\$ 400,000	\$ 33,161	\$ 115,349	\$	\$ 548,510

Variable Rate Bonds and Swap payments are calculated using rates in effect on December 31, 2015.

Table 38 (dollars in thousands) provides a summary of the Airport's interest rate swap transactions as of December 31, 2015.

Table 38

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	
Hedging Derivatives									
1998 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	10/4/00	\$ 100,000	11/15/25	2008C2-C3	4.7600%	70% LIBOR + 0.10%	Deferred outflow	\$ 425	\$ (21,578)
							Investment income	(2,342)	
Societe Generale, New York Branch	10/4/00	100,000	11/15/25	2008C2-C3	4.7190%	70% LIBOR + 0.10%	Deferred outflow	425	(21,319)
							Investment income	(2,307)	
1999 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	10/4/01	100,000	11/1/22	¹	5.6179%	SIFMA	Deferred outflow	386	(22,390)
							Investment income	(2,611)	
Merrill Lynch Capital Services, Inc.	10/4/01	50,000	11/1/22	¹	5.5529%	SIFMA	Deferred outflow	194	(11,035)
							Investment income	(1,277)	
2009A Swap Agreements									
Loop Financial Products I, LLC	1/12/10	50,000	11/15/22	¹	5.6229%	SIFMA	Deferred outflow	(158)	(11,208)
							Investment income	(957)	
Investment Derivatives									
2002 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	4/15/02	100,000	11/1/22	¹	SIFMA	76.33% LIBOR	Investment income	(794)	665
2005 Swap Agreements									
Royal Bank of Canada	11/15/06	54,114	11/15/25	2006A/2007D	3.6560%	70% LIBOR	Investment income	(751)	(7,908)
JP Morgan Chase Bank, N.A.	11/15/06	54,114	11/15/25	2006A/2007D	3.6874%	70% LIBOR	Investment income	(766)	(8,012)
Jackson Financial Products, LLC	11/15/06	108,228	11/15/25	2006A/2007D	3.6560%	70% LIBOR	Investment income	(1,501)	(15,816)
Piper Jaffray Financial Products, Inc.	11/15/06	54,114	11/15/25	2006A/2007D	3.6560%	70% LIBOR	Investment income	(751)	(7,908)
2006A Swap Agreements									
JP Morgan Chase Bank, N.A.	11/15/07	151,100	11/15/25	2007F-G/2014A ²	4.0085%	70% LIBOR	Investment income	(3,066)	(23,389)
GKB Financial Services Corp.	11/15/07	50,367	11/15/25	2007F-G/2014A ²	4.0085%	70% LIBOR	Investment income	(1,022)	(7,796)
2006B Swap Agreements									
Royal Bank of Canada	11/15/06	54,114	11/15/25	2006A	SIFMA	4.0855%	Investment income	207,819	9,123
JP Morgan Chase Bank, N.A.	11/15/06	54,114	11/15/25	2006A	SIFMA	4.0855%	Investment income	207,819	9,123
Jackson Financial Products, LLC	11/15/06	108,228	11/15/25	2006A	SIFMA	4.0855%	Investment income	415,639	18,247
Piper Jaffray Financial Products, Inc.	11/15/06	54,114	11/15/25	2006A	SIFMA	4.0855%	Investment income	207,819	9,123
2008A Swap Agreements									
Royal Bank of Canada	12/18/08	100,733	11/15/25	2007F-G/2014A ²	4.0085%	70% LIBOR	Investment income	(2,044)	(15,591)
2008B Swap Agreements									
Loop Financial Products I, LLC	1/8/09	100,000	11/15/25	2008C1 ²	4.7600%	70% LIBOR + 0.10%	Investment income	(1,819)	(22,810)
TOTAL								\$	(150,479)

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

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

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, 2015. 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, 2015. 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, 2015, 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, 2015, are shown in **Table 39**.

Table 39

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

NR - no rating available.

As of December 31, 2015, 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 \$236,673,000 and the wrapper value is \$25,427 as of December 31, 2015.

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 40** (dollars in thousands).

Table 40

	General	Human Services	Other Governmental Funds	Total Governmental Funds
Nonspendable	\$ 2,890	\$ -	\$ 8,218	\$ 11,108
Restricted:				
General government	-	-	21,131	21,131
Public safety - administration	-	-	21,968	21,968
Public safety - fire	-	-	588	588
Public safety - police	-	-	3,056	3,056
Public safety - sheriff	-	-	10,491	10,491
Public works	-	-	111,715	111,715
Human services	-	58,704	751	59,455
Health	-	-	3,491	3,491
Parks & recreation	-	-	76,415	76,415
Cultural activities	-	-	74,433	74,433
Community development	-	-	8,208	8,208
Assets held for resale	-	-	730	730
Loans receivable	430	-	61,018	61,448
Long-term debt	19,933	-	75,358	95,291
Emergency use	45,350	-	14	45,364
Total Restricted	65,713	58,704	469,367	593,784
Committed:				
General government	13,734	-	1,369	15,103
Public safety - admin	1,930	-	893	2,823
Public safety - fire	848	-	-	848
Public safety - police	1,817	-	-	1,817
Public safety - sheriff	1,797	-	-	1,797
Public works	9,006	-	-	9,006
Health	332	-	-	332
Parks & recreation	1,806	-	-	1,806
Community development	793	-	-	793
Economic opportunity	58	-	-	58
Total Committed	32,121	-	2,262	34,383
Assigned:				
General government	-	-	11,080	11,080
Public works	-	-	361	361
Parks & recreation	-	-	2,722	2,722
Cultural activities	-	-	15,877	15,877
Total Assigned	-	-	30,040	30,040
Unassigned	293,476	-	(372)	293,104
Total Fund Balances	\$ 394,200	\$ 58,704	\$ 509,515	\$ 962,419

- **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 \$8,108,000 in prepaids and \$3,000,000 in an endowment. The prepaids are in a nonspendable form and the endowment 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 \$21,131,000 restricted of which \$4,073,000 is restricted for future grant expenditures, \$2,256,000 is restricted for technology projects and \$14,802,000 is restricted for capital assets.

Public Safety – Administration has \$21,968,000 restricted for future capital projects of which \$1,124,000 is in the nonmajor capital funds and \$20,844,000 is in special revenue funds within the special projects funds. The restrictions in the nonmajor capital funds include \$10,432,000 for 911 expenses and \$10,412,000 for various assets and maintenance. Public Safety – Fire has \$588,000 restricted of which \$546,000 is in the capital projects fund to finish the Alameda Fire Station and \$42,000 is in the special revenue fund. Public Safety – Police has \$3,056,000 restricted, \$815,000 in special revenue funds, and \$2,241,000 in nonmajor capital project funds for various assets and maintenance. Public Safety – Sheriff has \$10,491,000 restricted which includes \$4,000,000 for County Jail building improvements, \$522,000 for camera equipment, and \$286,000 for jail essentials, \$4,100,000 for technology improvements, and \$1,583,000 for various maintenance projects.

Public Works has a total of \$111,715,000 restricted for future projects of which \$102,146,000 is restricted in the various nonmajor bond funds for infrastructure. This includes \$25,024,000 for Brighton Boulevard Improvements, \$12,585,000 for Traffic Signal Upgrades and Hazard Eliminations, \$10,112,000 for the 38th & Blake Bridge and the 38th Avenue Underpass, \$1,009,000 for I-25 & Broadway Access Improvements, \$2,002,000 for the Interstate 70 Planning, \$4,356,000 for the Peoria Street Project, \$7,289,000 for the Federal Boulevard improvements, \$2,040,000 for Bridge Maintenance, \$6,000,000 in drainage, and \$4,897,000 for the 56th Avenue and East Corridor Improvement, and \$26,832,000 for various building and street projects. The Special Assessment funds have \$1,286,000 restricted for Public Works improvements.

In addition to the \$102,146,000 discussed above, Public Works has \$9,569,000 restricted in various nonmajor funds for sign, pavement, and bridge and facilities maintenance.

Human Services has \$59,455,000 restricted of which \$58,704,000 is for grant expenditures. The remaining \$751,000 is restricted in the nonmajor capital project funds for the Denver Rescue Mission facility at 22nd & Lawrence.

Health has \$3,491,000 restricted in the nonmajor capital projects fund which includes \$135,000 for the Denver Animal Shelter, and \$2,740,000 for maintenance. Additionally, \$616,000 is restricted in the special revenue fund for grants.

Parks and Recreation has \$76,415,000 restricted of which \$75,276,000 is in nonmajor capital projects funds for various projects and maintenance. This includes \$52,000 in the Winter Park fund for assets, \$31,262,000 for the Central Denver Recreation Center, \$7,429,000 for River North Park, \$16,307,000 for infrastructure including playgrounds and drainage, \$17,459,000 for maintenance, and \$2,767,000 for Levitt and Ruby Park Pavilion. In addition, Parks and Recreation has \$798,000 for Cableland maintenance and \$341,000 restricted in special revenue funds for grant expenses.

Cultural Activities has \$74,433,000 restricted of which \$72,444,000 is restricted in the nonmajor capital project funds for the following: \$1,938,000 for a new west Denver Library branch, \$21,885,000 for the Boettcher Concert Hall, Denver Performing Arts Center Studio, the Colorado Convention Center, and the attached garage, \$5,811,000 for the McNichols building improvements, \$3,016,000 for the Denver Art Museum building improvements, and \$8,002,000 for the National Western Center improvements. Furthermore, \$6,948,000 is restricted for Red Rocks Amphitheatre Improvements,

and \$2,160,000 for energy improvements. There is \$7,304,000 restricted for maintenance and \$15,380,000 restricted for various capital assets. Cultural Activities also has \$1,989,000 restricted in special revenue funds for future grant expenditures.

Community Development Activities has \$8,208,000 restricted of which \$1,843,000 is restricted in the bond projects fund for a Neighborhood House Alternative project and \$6,365,000 is restricted in special revenue funds for grant expenditures.

The City is also holding \$730,000 of foreclosed assets restricted in the Special Revenue Community Development fund to be used for future loans.

The City has \$61,448,000 in restricted loans receivable that originated from grants of which \$430,000 is in the General Fund, \$12,516,000 of restricted loans receivable is in the General Government special revenue fund and \$48,502,000 is in the Community Development special revenue fund.

There is \$95,291,000 restricted for long-term debt of which \$19,933,000 is in the General Fund, \$120,000 in the Community Development special revenue funds, \$1,759,000 in the Special Funds special revenue funds, \$73,112,000 in the debt service funds and \$367,000 in a General Improvement District. This is restricted cash for payment of principal and interest.

Additionally, the City has \$45,350,000 restricted for Taxpayer's Bill of Rights (TABOR) and there is \$14,000 restricted for emergency use in the blended component units, for a total amount restricted for emergency use of \$45,364,000.

- **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 an ordinance. General Government has \$1,369,000 in committed fund balance for nonfederal grant expenses and Public Safety has \$893,000 in committed fund balance for grant expenses. The General Fund has \$32,121,000 in committed fund balance which includes \$3,273,000 for fleet replacement, \$6,392,000 for crime prevention, \$851,000 for business incentives, and \$21,605,000 for various capital and 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 \$30,040,000 in assigned fund balance of which \$11,080,000 is in the General Government special revenue funds, \$361,000 is for Public Works, \$2,722,000 is for Parks and Recreation and \$15,877,000 is for Cultural Activities.
- **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 \$293,476,000 in unassigned fund balance. Economic Opportunity has \$372,000 in negative 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 2015, the City Attorney estimates the amount of liability determined as probable and incurred but not reported claims and judgments at December 31, 2015, to be approximately \$5,215,000. The City Attorney also estimates that pending cases having a reasonably possible likelihood of resulting in an additional liability aggregating approximately \$1,500,000 at December 31, 2015.

Changes in the long-term legal liability during the past two years are shown in **Table 41** (dollars in thousands).

Table 41

	2015	2014
Beginning balance - January 1	\$ 6,413	\$ 3,841
Current year claims and changes in estimates	540	9,272
Claims settled	(1,738)	(6,700)
Ending Balance - December 31	\$ 5,215	\$ 6,413

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, 2015, the City accrued a current liability, measured at its expected amount, using the expected cash flow technique, of \$28,000 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, 2015, for 2016, was \$29,254,000. The Workers' Compensation internal service fund has current assets and appropriations set aside in 2015 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, 2015 through December 31, 2015, 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 42** (dollars in thousands).

Table 42

	2015	2014
Beginning balance, undiscounted - January 1	\$ 31,471	\$ 30,797
Current year claims and changes in estimates	13,751	17,018
Claims paid	(9,592)	(8,963)
Ending balance undiscounted	35,630	38,852
Less discount	(6,181)	(7,381)
Ending Balance - December 31	\$ 29,449	\$ 31,471

NOTE D – SUBSEQUENT EVENTS

- 1. Revenue Bonds.** On April 6, 2016, the City issued \$397 million in revenue bonds for the National Western Center project. The bond issuance will deliver \$200 million to the National Western Center project for rail consolidation, land acquisition, zoning and site infrastructure planning, and \$6 million to the Colorado Convention Center for project management and initial design development of an improvement project. The City also refinanced all of its existing excise tax bonds related to the Colorado Convention Center expansion originally financed in 2001.

NOTE E – CONTINGENCIES

- 1. 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, 2015, the City's general obligation debt outstanding was \$837,013,000 and the City's legal debt margin was \$2,253,000.
- 2. 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, 2015, for the City was \$128,015,000.
- 3. 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 43 (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, 2015.

Table 43

Program	City EBT	City Share of	Expenditures by	City EBT	Total
	Authorizations	Authorizations	City Warrant	Authorized Plus Expenditures by City Warrant	Expenditures
Adult Foster Care	\$ 9	\$ -	\$ -	\$ -	\$ 9
Adult Protective Services	-	-	2,574	2,574	2,574
Aid to Needy & Disabled	4,047	809	-	809	4,047
Aid to the Blind	1	-	-	-	1
Child Care	14,783	1,322	1,142	2,464	15,925
Child Support Enforcement ¹	53	28	12,880	12,908	12,933
Child Welfare	19,797	4,028	34,355	38,383	54,152
Child Welfare 100 FTE	-	-	138	138	138
Child Welfare DDS Transition	396	-	-	-	397
Child Welfare Grants - IV-E Waiver	-	-	768	768	768
Child Welfare Hotline	-	-	4	4	4
Child Welfare Pathway to Success	-	-	2	2	2
Colorado Works	19,451	3,287	11,489	14,775 #	30,940
Core Services	5,719	898	2,207	3,106	7,926
County Administration	-	-	20,254	20,254	20,254
County Only Pass Thru	-	-	5,032	5,032	5,032
Federal Grants	-	-	6,004	6,004	6,004
Food Assistance Benefits	136,179	-	-	-	136,179
Food Assistance Fraud	-	-	443	443	443
Food Assistance Job Search	-	-	2,829	2,829	2,829
Foster Care Adoption Recruitment	-	-	2	2	2
Home Care Allowance	850	42	-	42	850
Low Income Energy Assistance	4,855	-	503	503	5,358
Non-allocated Programs ²	185	179	290	469	474
Old Age Pension	26,620	-	478	478	27,098
PSSF Caseworker Visitation	-	-	3	3	3
SSI - Home Care Allowance	953	48	-	48	953
TANF Collections-EBT	(337)	(67)	-	(67)	(337)
Title IV-B Sub Part 2 - PSSF	-	-	548	548	548
Title IV-E Independent Living	-	-	244	244	244
Total	\$ 233,561	\$ 10,574	\$ 102,189	\$ 112,763	\$ 335,750

¹The 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.

²Does 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, 2015, the aggregate principal amount payable for the bonds, excluding the Airport's Special Facility Revenue bonds, was approximately \$70,705,000.

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, 2015, 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 2015.

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 \$18,528,000 as of April 2016). 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 \$2,554,000 at December 31, 2015. 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 \$45,364,000. The amendment is also applicable to several component units, which have established emergency reserves of \$281,000.

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 2015, TABOR revenues exceeded the established limits by \$262,107,000.

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 2015. 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 2015. Total contributions by employees were \$35,116,000 for 2015.

- 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, 2015, is presented in **Table 44** (dollars in thousands).

Table 44

Plan	Net Pension Liability	Net Pension Asset	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
DERP:					
Governmental Activities	\$ 629,918	\$ -	\$ 82,037	\$ -	\$ 58,006
Business-type Activities	148,544	-	25,469	525	15,714
FPPA SWDB	-	44,591	19,664	919	2,445
PERA SDTF	674	-	51	26	38
PERA JDTF	8,854	-	1,785	135	928
Old hire Fire	125,492	-	17,546	-	10,035
Old hire Police	45,031	-	21,964	-	5,142
Total	\$ 958,513	\$ 44,591	\$ 168,516	\$ 1,605	\$ 92,308

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, 2015, were \$60,181,000, which equaled the required contributions.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At December 31, 2015, the City reported a liability of \$778,462,000 for its proportionate share of the net pension liability related to DERP. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2014. The City's proportion of the net pension liability was based on City contributions to DERP for the calendar year 2014 relative to the total contributions of participating employers to DERP.

At December 31, 2014, the City's proportion was 88.88%, which was an increase of 0.98% from its proportion measured as of December 31, 2013.

The components of the City's proportionate share of the net pension liability related to DERP as of December 31, 2015, are presented in **Table 45** (dollars in thousands).

Table 45

	Governmental Activities	Business-type Activities	Total
Total pension liability	\$ 2,108,079	\$ 497,115	\$ 2,605,194
Plan fiduciary net position	1,478,161	348,571	1,826,732
Net pension liability	\$ 629,918	\$ 148,544	\$ 778,462

For the year ended December 31, 2015, the governmental activities and the business-type activities recognized pension expense of \$58,006,000 and \$15,714,000, 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, 2015, is presented in **Table 46** (dollars in thousands).

Table 46

	Governmental Activities		Business-type Activities		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	33,240	-	7,839	-	41,079	-
Changes in proportion	353	-	5,893	525	6,246	525
Contributions subsequent to the measurement date	48,444	-	11,737	-	60,181	-
Total	\$ 82,037	\$ -	\$ 25,469	\$ 525	\$ 107,506	\$ 525

The \$60,181,000 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as presented in **Table 47** (dollars in thousands).

Table 47

Year	Governmental Activities	Business-type Activities	Total
2016	\$ 8,446	\$ 4,027	\$ 12,473
2017	8,446	4,027	12,473
2018	8,392	3,194	11,586
2019	8,309	1,960	10,269
2020	-	-	-
Thereafter	-	-	-
Total	\$ 33,593	\$ 13,208	\$ 46,801

The total pension liability in the December 31, 2013 actuarial valuation was determined using the actuarial assumptions and other inputs presented in **Table 48**.

Table 48

	DERP
Investment rate of return	8.00%
Salary increases	3.25% to 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, 2014, these best estimates are summarized in **Table 49**.

Table 49

Asset Class	Target Allocation	Long-Term Expected Rate of Return
U. S. Equities	22.50%	4.90%
Non - U. S. developed markets	15.50%	7.00%
Emerging markets	8.00%	9.80%
Total Public Equity	46.00%	
Core fixed income	11.50%	1.30%
Debt	2.50%	5.80%
Private debt	6.50%	8.40%
Total Fixed Income	20.50%	
Real estate	8.00%	6.50%
Absolute return	5.00%	3.90%
Energy MLP's	7.00%	7.30%
Private equity/other	13.50%	8.40%
Cash	0.00%	0.80%
Total Asset Class	100.00%	

Discount Rate. The discount rate used to measure the total pension liability was 8.00%. This single discount rate was based on the expected rate of return on pension plan investments of 8.00%. 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

50 presents the City's proportionate share of the net pension liability, calculated using a discount rate of 8.00%, 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 50

	1% Decrease	Current	1% Increase
City's proportionate share of the net pension liability	7.00%	Discount Rate	8.00%
		8.00%	9.00%
Governmental Activities	\$ 871,143	\$ 629,918	\$ 425,549
Business-type activities	205,428	148,544	100,350
Total	\$ 1,076,571	\$ 778,462	\$ 525,899

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.

Funding Policy. Statute requires the City contribute 8.00% of base salary and employees make a pre-tax contribution of 8.50% for a total contribution rate of 16.50%. 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 New Hire Plan for the year ended December 31, 2015, were \$15,299,000.

Pension Assets, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At December 31, 2015, the City reported an asset of \$44,591,000 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, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension asset to December 31, 2014. The City's proportion of the net pension asset was based on City contributions to FPPA SWDB plan for the calendar year 2014 relative to the total contributions of participating employers to the FPPA SWDB plan.

At December 31, 2014, the City's proportion was 39.51%, which was a decrease of 0.80% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the City recognized pension expense of \$2,445,000. The components of the City's proportionate share of the net pension asset related to FPPA SWDB as of December 31, 2015, are presented in **Table 51** (dollars in thousands).

Table 51

	FPPA SWDB	
Total pension liability	\$	653,080
Plan fiduciary net position		697,671
Net pension liability (asset)	\$	(44,591)

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, 2015, is presented in **Table 52** (dollars in thousands).

Table 52

Sources	FPPA SWDB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 919
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	3,516	-
Change in proportion	849	-
Contributions subsequent to the measurement date	15,299	-
Total	\$ 19,664	\$ 919

The \$15,299,000 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as presented in **Table 53** (dollars in thousands).

Table 53

Year	FPPA SWDB
2016	\$ 872
2017	872
2018	872
2019	871
2020	(7)
Thereafter	(34)
Total	\$ 3,446

The total pension asset in the December 31, 2013 actuarial valuation was determined using the actuarial assumptions and other inputs presented in **Table 54** (dollars in thousands).

Table 54

	FPPA SWDB
Investment rate of return	7.50%
Salary increases	4.005% to 14.00%
Inflation	3.00%

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, 40.00% 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, 2014, are summarized in **Table 55**.

Table 55

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global equity	40.00%	8.90%
Equity long/short	10.00%	7.50%
Illiquid alternatives	18.00%	10.50%
Fixed income	15.00%	4.60%
Absolute return	12.00%	6.50%
Managed futures	4.00%	5.50%
Cash	1.00%	2.50%
Total Asset Class	100.00%	

Discount Rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that 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 56 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 56

	1% Decrease 6.50%	Single Discount Rate Assumption 7.50%	1% Increase 8.50%
City's proportionate share of the net pension liability (asset)	\$ 42,041	\$ (44,591)	\$ (116,854)

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.

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.

Funding Policy. Eligible employees are required to contribute 8.00% of their PERA-includable salary. The City contributes 16.43% of includable salaries to the SDTF and 16.34% of includable salaries to the JDTF. Employer contributions are recognized by the JDTF and the SDTF 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 JDTF for the year ended December 31, 2015, were \$488,000. The City's contributions to the SDTF for the years ended December 31, 2015, were \$37,000.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At December 31, 2015, the City reported a liability of \$674,000 and \$8,854,000 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, 2014, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liabilities to December 31, 2014. The City's proportion of the net pension liabilities were based on City contributions to the SDTF and JDTF plan for the calendar year 2014 relative to the total contributions of participating employers to the SDTF and JDTF plans.

At December 31, 2014, the City's proportion of the SDTF was .007%, which was a decrease of 0.0004% from its proportion measured as of December 31, 2013.

At December 31, 2014, the City's proportion of the JDTF was 6.40%, which was a decrease of 0.16% from its proportion measured as of December 31, 2013.

The components of the City's net pension liability related to PERA as of December 31, 2015, are presented in **Table 57** (dollars in thousands).

Table 57

	SDTF		JDTF	
Total pension liability	\$	1,678	\$	26,740
Plan fiduciary net position		1,004		17,886
Net pension liability	\$	674	\$	8,854

For the year ended December 31, 2015, the City recognized pension expense for the SDTF and JDTF of \$38,000 and \$928,000, 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, 2015, is presented in **Table 58** (dollars in thousands).

Table 58

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Changes of assumptions or other inputs	-	-	1,049	-	1,049	-
Net difference between projected and actual earnings on pension plan investments	14	-	247	-	261	-
Change in proportion	-	26	-	135	-	161
Contributions subsequent to the measurement date	37	-	488	-	525	-
Total	\$ 51	\$ 26	\$ 1,784	\$ 135	\$ 1,835	\$ 161

The \$37,000 and \$488,000 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as presented in **Table 59** (dollars in thousands).

Table 59

Year	SDTF	JDTF
2016	\$ (10)	\$ 335
2017	(8)	335
2018	3	335
2019	3	157
2020	-	-
Thereafter	-	-
Total	\$ (12)	\$ 1,162

The total pension liability in the December 31, 2013 actuarial valuation was determined using the actuarial assumptions and other inputs in **Table 60**.

Table 60

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

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 61**.

Table 61

Asset Class	Target Allocation	10-Year Expected Geometric Real Rate of Return
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%	9.00%
Private equity	7.00%	7.15%
Total Asset Class	100.00%	

SDTF Discount Rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103.00%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Based on those 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 62 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 62

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's proportionate share of the net pension liability	\$ 864	\$ 674	\$ 514

JDTF Discount Rate. The discount rate used to measure the total pension liability was 6.14%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103.00%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Based on those assumptions, the projection test indicates the JDTF’s fiduciary net position was projected to be depleted in 2041 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% on pension plan investments was applied to periods before 2041 and the municipal bond index rate of 3.70%, the Bond Buyer General Obligation 10-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System, was applied on and after 2041 to develop the discount rate. The discount rate used to measure the total pension liability from the prior measurement date was 6.66%, a change of (0.52)% 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 63 presents the City’s proportionate share of the net pension liability calculated using the discount rate of 6.14%, 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 (5.14%) or 1-percentage-point higher (7.14%) than the current rate (dollars in thousands).

Table 63

	1% Decrease 5.14%	Current Discount Rate 6.14%	1% Increase 7.14%
City's proportionate share of the net pension liability	\$ 11,822	\$ 8,854	\$ 6,319

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.

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, 2015 were \$15,912,000 and \$18,977,000, respectively.

Plan Membership. The plan membership of the Old Hire plans as of December 31, 2014 is presented in **Table 64**.

Table 64

Members	Old Hire	Old Hire	Total
	Fire	Police	
Retirees and beneficiaries	831	1,098	1,929
Inactive, non-retired beneficiaries	-	-	-
Active members	1	1	2
Total	832	1,099	1,931

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At December 31, 2015, the City reported a liability of \$125,492,000 and \$45,031,000 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, 2014, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liabilities to December 31, 2014.

The components of the net pension liability of the City as of December 31, 2015, is presented in **Table 65** (dollars in thousands).

Table 65

Members	Old Hire	Old Hire
	Fire	Police
Total pension liability	\$ 474,369	\$ 677,840
Fiduciary net position	348,877	632,809
Total	\$ 125,492	\$ 45,031

For the year ended December 31, 2015, the City recognized \$10,035,000 and \$5,142,000 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, 2015, is presented in **Table 66** (dollars in thousands).

Table 66

	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	1,634	-	2,987	-	4,621	-
Contributions subsequent to the measurement date	15,912	-	18,977	-	34,889	-
Total	\$ 17,546	\$ -	\$ 21,964	\$ -	\$ 39,510	\$ -

The \$15,912,000 and \$18,977,000 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as presented in **Table 67** (dollars in thousands).

Table 67

Year	Old Hire Fire	Old Hire Police
2016	\$ 409	\$ 747
2017	409	747
2018	408	747
2019	408	746
2020	-	-
Thereafter	-	-
Total	\$ 1,634	\$ 2,987

The changes in net pension liability for Old Hire Fire and Old Hire Police plans are presented in **Table 68**.

Table 68

	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, 2015	\$ 482,022	\$ 354,255	\$ 127,767	\$ 683,727	\$ 630,564	\$ 53,163
Changes for the year:						
Service cost	-	-	-	-	-	-
Interest	34,596	-	34,596	49,249	-	49,249
Differences between expected and actual experience	-	-	-	-	-	-
Contributions - employer	-	13,944	(13,944)	-	16,262	(16,262)
Contributions - employee	-	7	(7)	-	5	(5)
Net investment income	-	23,465	(23,465)	-	42,091	(42,091)
Benefit payments	(42,249)	(42,249)	-	(55,137)	(55,137)	-
Administrative expense	-	(545)	545	-	(977)	977
Other changes	-	-	-	-	-	-
Total Net Changes	\$ (7,653)	\$ (5,378)	\$ (2,275)	\$ (5,888)	\$ 2,244	\$ (8,132)
Balances as of December 31, 2015	\$ 474,369	\$ 348,877	\$ 125,492	\$ 677,839	\$ 632,808	\$ 45,031

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, 2014 these best estimates are summarized in **Table 69**.

Table 69

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global equity	40.00%	8.90%
Equity long/short	10.00%	7.50%
Illiquid alternatives	18.00%	10.50%
Fixed income	15.00%	4.60%
Absolute return	12.00%	6.50%
Managed futures	4.00%	5.50%
Cash	1.00%	2.50%
Total	100.00%	

The total pension liability in the December 31, 2013 actuarial valuation was determined using the actuarial assumptions and other inputs reflected in **Table 70**.

Table 70

	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 71** 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 or 1.00% higher (dollars in thousands):

Table 71

	1% Decrease 6.50%	Discount 7.50%	1% Increase 8.50%
Old Hire Fire net pension liability	\$ 167,163	\$ 125,492	\$ 89,507
Old Police Fire net pension liability/asset	109,065	45,031	(9,755)
Total	\$ 276,228	\$ 170,523	\$ 79,752

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.

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	Denver Employees Retirement Plan
P. O. Box 5800	777 Pearl Street
Denver, Colorado 80217-5800	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, 2014 actuarial valuation, there are 7,464 active employees under age 65 covered under the health insurance plans. In addition, there are 1,210 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 \$5,685,000, \$5,240,000, and \$5,485,000, for the years ended December 31, 2015, 2014, and 2013, 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.

- 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.

- 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, 2015, 2014, and 2013, respectively the City contributions to the HCTF were \$6,000, \$5,000 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, 2014 actuarial valuation, there are 2,393 active employees under age 65 covered under the health insurance plans. In addition, there are 230 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 Pension Cost and Net Pension 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 72** (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 72

Employer's normal cost	\$	2,499
Amortization of unfunded AAL		1,928
Interest on net OPEB obligation		526
Adjustment to ARC		(522)
Annual OPEB Cost		4,431
Employer contribution		1,940
Increase in net OPEB obligation		2,491
Net OPEB obligation - January 1		13,148
Net OPEB Obligation - December 31	\$	15,639

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, 2015, and the two preceding years are detailed in **Table 73** (dollars in thousands).

Table 73

Fiscal Year Ended	Annual OPEB Cost	Contributions	% of Annual Cost OPEB Contributions	Net OPEB Obligations
December 31, 2013	\$ 3,320	\$ 1,665	50.2%	\$ 10,712
December 31, 2014	4,236	1,800	42.5%	13,148
December 31, 2015	4,431	1,940	43.8%	15,639

8. Funded Status and Funding Progress for FPPA Participants Plan. The funded status for the year ended December 31, 2015, is presented in **Table 74** (dollars in thousands).

Table 74

		OPEB
Actuarial accrued liability (AAL)	\$	50,461
Actuarial value of plan assets		-
Unfunded AAL (UAAL)	\$	50,461
Funded ratio		0.00%
Covered payroll	\$	209,826
UAAL as a % of covered payroll		24.0%

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 75** details the actuarial methods and assumptions used.

Table 75

		OPEB
Actuarial valuation date		12/31/14
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% decreasing by .5% per year to 5% thereafter
General inflation		3% annually
Projected salary increases		3.25%

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

Year Ended December 31, 2015 (dollars in thousands)

	General Fund		Actual	Variance with Final Budget
	Budget Original	Final		
Revenues				
Taxes	\$ 785,495	\$ 792,745	\$ 789,824	\$ (2,921)
Licenses and permits	38,341	45,977	59,909	13,932
Intergovernmental revenues	30,407	32,385	33,240	855
Charges for services	187,099	195,369	189,573	(5,796)
Investment and interest income	4,914	6,570	7,388	818
Fines and forfeitures	57,788	56,605	52,989	(3,616)
Contributions	-	-	107	107
Other revenue	9,772	12,969	16,336	3,367
Total Revenues	1,113,816	1,142,620	1,149,366	6,746
Budget Basis Expenditures				
General government	299,116	274,481	225,901	48,580
Public safety	520,385	523,834	523,738	96
Public works	128,311	129,660	126,383	3,277
Human services	-	-	-	-
Health	49,862	49,863	49,376	487
Parks and recreation	60,212	59,602	58,684	918
Cultural activities	43,773	43,950	44,381	(431)
Community development	22,934	23,329	21,650	1,679
Total Budget Basis Expenditures	1,124,593	1,104,719	1,050,113	54,606
Excess (deficiency) of revenues over budget basis expenditures	(10,777)	37,901	99,253	61,352
Other Financing Sources (Uses)				
Sale of capital assets	-	-	2	2
Issuance of capital leases	-	-	485	485
Insurance recoveries	-	-	285	285
Transfers in	49,755	52,728	56,366	3,638
Transfers out	140,879	(154,232)	(126,207)	28,025
Total Other Financing Sources (Uses)	190,634	(101,504)	(69,069)	32,435
Excess (deficiency) of revenues and other financing sources over budget basis expenditures and other financing uses	\$ 179,857	\$ (63,603)	30,184	\$ 93,787
Fund balances - January 1			364,016	
Fund Balance - December 31			\$ 394,200	

See accompanying notes to required supplementary information.

Human Services Special Revenue Fund				
Budget		Actual	Variance with Final Budget	
Original	Final			
\$ 58,068	\$ 57,941	\$ 58,057	\$	116
-	-	-	-	-
88,886	87,675	83,766	(3,909)	(3,909)
376	-	502	502	502
-	-	-	-	-
-	-	-	-	-
-	-	276	276	276
8,439	8,185	574	(7,611)	(7,611)
155,769	153,801	143,175	(10,626)	(10,626)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
147,195	155,931	138,170	17,761	17,761
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
147,195	155,931	138,170	17,761	17,761
8,574	(2,130)	5,005	7,135	7,135
-	-	-	-	-
-	-	-	-	-
-	-	6	6	6
75	75	75	-	-
(75)	(75)	(1,575)	(1,500)	(1,500)
-	-	(1,494)	(1,494)	(1,494)
\$ 8,574	\$ (2,130)	3,511	\$ 5,641	5,641
		55,193		
		\$ 58,704		

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, 2015 (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
DERP						
December 31, 2013	\$ -	\$ 89,879	\$ 89,879	0.0%	\$ 464,092	19.4%
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%
FPPA						
December 31, 2013	\$ -	\$ 40,931	\$ 40,931	0.0%	\$ 203,699	20.1%
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%

Schedule of Employer Contributions

Year Ended	Employer Contributions			
	DERP		FPPA	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
December 31, 2013	\$ 6,421	85.4%	\$ 3,198	49.4%
December 31, 2014	4,987	105.1%	4,234	42.2%
December 31, 2015	5,048	112.5%	4,431	43.8%

Required Supplementary Information Schedule of City's Proportionate Share of the Net Pension Liability - DERP

December 31, 2015 (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
DERP				
December 31, 2015	88.88%	\$ 778,462	\$ 511,922	152.07%
				70.12%

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, 2015 (dollars in thousands)

	Statutorily Required Contributions	Contributions in Relation to Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
DERP					
December 31, 2015	\$ 64,443	\$ 60,181	\$ 4,262	\$ 560,378	10.74%

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.

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

December 31, 2015 (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
FPPA SWDB					
December 31, 2015	39.51%	\$ (44,591)	\$ 230,820	19.32%	106.80%

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, 2015 (dollars in thousands)

	Statutorily Required Contributions	Contributions in Relation to Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
FPPA					
SWDB					
December 31, 2015	\$ 20,121	\$ 15,299	\$ 4,822	\$ 251,518	6.08%

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.

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

December 31, 2015 (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
Old Hire Fire					
December 31, 2015	\$ 13,061	\$ 15,912	\$ (2,851)	\$ 139	11447.48%
Old Hire Police					
December 31, 2015	\$ 16,262	\$ 18,977	\$ (2,715)	\$ 102	18604.90%

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.

	Old Hire Fire	Old Hire Police
Methods and assumptions used to determine contribution rates:		
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	
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, 2015 (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
PERA SDTF					
December 31, 2015	0.007%	\$ 674	\$ 207	325.60%	59.80%
PERA JDTF					
December 31, 2015	6.400%	\$ 8,854	\$ 2,800	316.21%	66.90%

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, 2015 (dollars in thousands)

PERA	Statutorily Required Contributions	Contributions in Relation to Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
SDTF					
December 31, 2015	\$ 36	\$ 37	\$ (1)	\$ 221	16.43%
JDTF					
December 31, 2015	\$ 488	\$ 488	\$ -	\$ 2,986	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.

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

(dollars in thousands)

FPPA Old Hire Fire	2015
Total pension liability	
Service Cost	\$ -
Interest	34,596
Changes of benefit terms	-
Differences between actual and expected experience	-
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(42,249)
Net change in total pension liability	(7,653)
Total pension liability - beginning	482,022
Total pension liability - ending	\$ 474,369
Plan fiduciary net position	
Contributions - employer	\$ 13,944
Contributions - employee	7
Net investment income	23,465
Benefit payments, including refunds of employee contributions	(42,249)
Administrative expense	(545)
Net change in plan fiduciary net position	(5,378)
Plan fiduciary net position - beginning	354,255
Plan fiduciary net position - ending	\$ 348,877
Net Pension Liability	\$ 125,492
Plan fiduciary net position as a percentage of the total pension liability	73.55%
Covered employee payroll	87
Net pension liability as a percentage of covered employee payroll	143734.99%

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 Changes in the City's Net Pension Liability and Related Ratios - FPPA Old Hire Police**

(dollars in thousands)

FPPA Old Hire Police	2015
Total pension liability	
Service Cost	\$ -
Interest	49,249
Changes of benefit terms	-
Differences between actual and expected experience	-
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(55,137)
Net change in total pension liability	(5,888)
Total pension liability - beginning	683,727
Total pension liability - ending	\$ 677,839
Plan fiduciary net position	
Contributions - employer	\$ 16,262
Contributions - employee	5
Net investment income	42,091
Benefit payments, including refunds of employee contributions	(55,137)
Administrative expense	(977)
Net change in plan fiduciary net position	2,244
Plan fiduciary net position - beginning	630,564
Plan fiduciary net position - ending	\$ 632,808
Net Pension Liability	\$ 45,031
Plan fiduciary net position as a percentage of the total pension liability	93.36%
Covered employee payroll	90
Net pension liability as a percentage of covered employee payroll	50070.05%

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, 2015 (dollars in thousands)

	Special Revenue	Debt Service	Capital Projects	Cableland Trust	Total
Assets					
Cash on hand	\$ 8,266	\$ -	\$ -	\$ -	\$ 8,266
Cash and cash equivalents	69,848	68,635	311,981	774	451,238
Receivables (net of allowances for uncollectibles of \$85,948):					
Taxes	42,974	116,164	66,267	-	225,405
Notes	61,018	-	-	-	61,018
Accounts	38,146	-	7,230	-	45,376
Accrued interest	244	269	1,307	24	1,844
Interfund receivable	1,330	-	-	-	1,330
Due from other governments	13,531	-	15,657	-	29,188
Prepaid items and other assets	218	-	5,000	-	5,218
Restricted assets:					
Cash and cash equivalents	1,894	-	-	3,000	4,894
Assets held for disposition	730	-	-	-	730
Total Assets	\$ 238,199	\$ 185,068	\$ 407,442	\$ 3,798	\$ 834,507
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Vouchers payable	\$ 19,388	\$ -	\$ 29,541	\$ -	\$ 48,929
Accrued liabilities	472	-	3	-	475
Due to taxing units	75	-	-	-	75
Interfund payable	5,472	-	-	-	5,472
Unearned revenue	3,346	-	6,977	-	10,323
Advances	7,989	-	-	-	7,989
Compensated absences	53	-	-	-	53
Total Liabilities	36,795	-	36,521	-	73,316
Deferred Inflows of Resources:					
Unavailable revenues - property tax	39,487	111,589	64,389	-	215,465
Unavailable revenues - long-term receivables	30,757	-	5,454	-	36,211
Total Deferred Inflows of Resources	70,244	111,589	69,843	-	251,676
Fund Balances:					
Nonspendable	218	-	5,000	3,000	8,218
Restricted	99,012	73,479	296,078	798	469,367
Committed	2,262	-	-	-	2,262
Assigned	30,040	-	-	-	30,040
Unassigned	(372)	-	-	-	(372)
Total Fund Balances	131,160	73,479	301,078	3,798	509,515
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 238,199	\$ 185,068	\$ 407,442	\$ 3,798	\$ 834,507

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

For the Year Ended December 31, 2015 (dollars in thousands)

	Special Revenue	Debt Service	Capital Projects	Cableland Trust	Total
Revenues					
Taxes:					
Facilities development admission	\$ -	\$ 2,290	\$ 10,279	\$ -	\$ 12,569
Lodgers	22,905	36,399	-	-	59,304
Property	40,362	88,690	54,869	-	183,921
Sales and use	19,504	38,128	697	-	58,329
Specific ownership	232	-	-	-	232
Telephone	7,936	-	-	-	7,936
Special assessments	-	-	1,575	-	1,575
Licenses and permits	1,621	-	-	-	1,621
Intergovernmental revenues	67,832	-	39,079	-	106,911
Charges for services	74,611	-	419	-	75,030
Investment and interest income	2,078	1,146	4,226	160	7,610
Fines and forfeitures	551	-	-	-	551
Contributions	3,662	-	612	-	4,274
Other revenue	42,489	5,524	180	-	48,193
Total Revenues	283,783	172,177	111,936	160	568,056
Expenditures					
Current:					
General government	72,665	-	29,101	-	101,766
Public safety	86,117	-	2,160	-	88,277
Public works	1,612	-	69,334	-	70,946
Health	10,702	-	4,033	-	14,735
Parks and recreation	2,595	-	12,713	-	15,308
Cultural activities	61,565	-	4,649	-	66,214
Community development	23,276	-	-	-	23,276
Economic opportunity	19,212	-	-	-	19,212
Debt service:					
Principal retirement	21,195	72,162	2,261	-	95,618
Interest	11,398	49,784	1,693	-	62,875
Bond issuance costs	-	-	491	-	491
Capital outlay	-	-	35,194	-	35,194
Total Expenditures	310,337	121,946	161,629	-	593,912
Excess (deficiency) of revenues over (under) expenditures	(26,554)	50,231	(49,693)	160	(25,856)
Other Financing Sources (Uses)					
Sale of capital assets	261	-	33	-	294
Issuance of certificate of participation	-	-	22,470	-	22,470
Issuance of capital leases	-	-	-	-	-
Bond premium	-	-	1,422	-	1,422
Issuance of bonds	-	-	-	-	-
Insurance recoveries	968	-	7	-	975
Transfers in	34,393	-	115,593	-	149,986
Transfers out	(16,950)	(46,426)	(11,207)	(190)	(74,773)
Total Other Financing Sources (Uses)	18,672	(46,426)	128,318	(190)	100,374
Net change in fund balances	(7,882)	3,805	78,625	(30)	74,518
Fund balances - January 1	139,042	69,674	222,453	3,828	434,997
Fund Balances - December 31	\$ 131,160	\$ 73,479	\$ 301,078	\$ 3,798	\$ 509,515

Combining Balance Sheet - Nonmajor Special Revenue Funds

December 31, 2015 (dollars in thousands)

	General Government	Public Safety	Health
Assets			
Cash on hand	\$ 2,303	\$ 2	\$ -
Cash and cash equivalents	15,135	10,887	-
Receivables (net of allowances for uncollectibles of \$81,147)			
Taxes	3,487	39,138	-
Notes	12,516	-	-
Accounts	1,412	2,728	1
Accrued interest	47	9	-
Interfund receivable	26	-	-
Due from other governments	2,897	2,358	3,287
Prepaid items and other assets	-	-	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Assets held for disposition	-	-	-
Total Assets	\$ 37,823	\$ 55,122	\$ 3,288
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Vouchers payable	\$ 4,829	\$ 2,837	\$ 1,130
Accrued liabilities	18	102	18
Due to taxing units	-	75	-
Interfund payable	70	2	1,344
Unearned revenue	1,182	931	180
Advances	2,000	193	-
Compensated absences	53	-	-
Total Liabilities	8,152	4,140	2,672
Deferred Inflows of Resources:			
Unavailable revenues - property tax	-	39,138	-
Unavailable revenues - long-term receivables	633	289	-
Total Deferred Inflows of Resources	633	39,427	-
Fund Balances:			
Nonspendable	-	-	-
Restricted	16,589	11,555	616
Committed	1,369	-	-
Assigned	11,080	-	-
Unassigned	-	-	-
Total Fund Balances	29,038	11,555	616
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 37,823	\$ 55,122	\$ 3,288

Culture and Recreation	Community Development	Economic Opportunity	Special Funds	General Improvement Districts	Total
\$ 5,953	\$ -	\$ 8	\$ -	\$ -	\$ 8,266
24,548	7,871	-	11,101	306	69,848
-	-	-	-	349	42,974
-	48,502	-	-	-	61,018
3,466	-	-	30,471	68	38,146
10	23	-	155	-	244
-	1	1,303	-	-	1,330
379	1,672	2,934	-	4	13,531
218	-	-	-	-	218
-	120	-	1,759	15	1,894
-	730	-	-	-	730
\$ 34,574	\$ 58,919	\$ 4,245	\$ 43,486	\$ 742	\$ 238,199
\$ 7,228	\$ 2,229	\$ 771	\$ 346	\$ 18	\$ 19,388
91	39	142	62	-	472
-	-	-	-	-	75
28	136	3,704	188	-	5,472
255	798	-	-	-	3,346
5,796	-	-	-	-	7,989
-	-	-	-	-	53
13,398	3,202	4,617	596	18	36,795
-	-	-	-	349	39,487
29	-	-	29,806	-	30,757
29	-	-	29,806	349	70,244
218	-	-	-	-	218
2,330	55,717	-	12,191	14	99,012
-	-	-	893	-	2,262
18,599	-	-	-	361	30,040
-	-	(372)	-	-	(372)
21,147	55,717	(372)	13,084	375	131,160
\$ 34,574	\$ 58,919	\$ 4,245	\$ 43,486	\$ 742	\$ 238,199

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

For the Year Ended December 31, 2015 (dollars in thousands)

	General Government	Public Safety	Health
Revenues			
Taxes:			
Lodgers	\$ 22,905	\$ -	\$ -
Property	4,249	35,890	-
Sales and use	19,504	-	-
Specific ownership	-	-	-
Telephone	-	-	-
Licenses and permits	1,621	-	-
Intergovernmental revenues	10,808	25,954	10,482
Charges for services	6,169	7,789	2
Investment and interest income	337	11	-
Fines and forfeitures	-	551	-
Contributions	1,233	55	366
Other revenue	9,478	660	-
Total Revenues	76,304	70,910	10,850
Expenditures			
Current:			
General government	72,630	-	-
Public safety	125	69,952	-
Public works	1,612	-	-
Health	30	-	10,672
Parks and recreation	-	-	-
Cultural activities	22	-	-
Community development	590	-	-
Economic opportunity	-	-	-
Debt service:			
Principal retirement	-	69	-
Interest	-	7	-
Total Expenditures	75,009	70,028	10,672
Excess (deficiency) of revenues over (under) expenditures	1,295	882	178
Other Financing Sources (Uses)			
Sale of capital asset	-	-	-
Insurance recoveries	949	-	-
Transfers in	784	97	-
Transfers out	(5,450)	(542)	-
Total Other Financing Sources (Uses)	(3,717)	(445)	-
Net change in fund balances	(2,422)	437	178
Fund balances - January 1	31,460	11,118	438
Fund Balances - December 31	\$ 29,038	\$ 11,555	\$ 616

Cultural and Recreation	Community Development	Economic Opportunity	Special Funds	General Improvement District	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,905
-	-	-	-	223	40,362
-	-	-	-	-	19,504
-	-	-	-	232	232
-	-	-	7,936	-	7,936
-	-	-	-	-	1,621
591	11,578	8,419	-	-	67,832
43,825	5,896	10,303	627	-	74,611
27	1,338	-	363	2	2,078
-	-	-	-	-	551
2,008	-	-	-	-	3,662
25,469	1,113	38	5,700	31	42,489
71,920	19,925	18,760	14,626	488	283,783
32	-	-	3	-	72,665
-	-	-	15,360	680	86,117
-	-	-	-	-	1,612
-	-	-	-	-	10,702
2,569	-	-	26	-	2,595
61,543	-	-	-	-	61,565
-	22,686	-	-	-	23,276
-	-	19,212	-	-	19,212
-	6,025	-	15,101	-	21,195
-	-	-	11,391	-	11,398
64,144	28,711	19,212	41,881	680	310,337
7,776	(8,786)	(452)	(27,255)	(192)	(26,554)
-	-	-	261	-	261
19	-	-	-	-	968
2,700	-	-	30,812	-	34,393
(6,938)	-	-	(4,020)	-	(16,950)
(4,219)	-	-	27,053	-	18,672
3,557	(8,786)	(452)	(202)	(192)	(7,882)
17,590	64,503	80	13,286	567	139,042
\$ 21,147	\$ 55,717	\$ (372)	\$ 13,084	\$ 375	\$ 131,160

Combining Balance Sheet - Nonmajor Debt Service Funds

December 31, 2015 (dollars in thousands)

	Bond Principal	Bond Interest	Excise Tax Revenue Bond	General Improvement Districts	Total
Assets					
Cash and cash equivalents	\$ 12,834	\$ 35,205	\$ 20,229	\$ 367	\$ 68,635
Receivables (net of allowances for uncollectibles of \$578):					
Taxes	71,405	39,444	5,086	229	116,164
Accrued interest	-	204	65	-	269
Total Assets	\$ 84,239	\$ 74,853	\$ 25,380	\$ 596	\$ 185,068
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities	-	-	-	-	-
Total Liabilities Balance	-	-	-	-	-
Deferred Inflows of Resources:					
Unavailable revenues - property tax	71,744	39,616	-	229	111,589
Total of Deferred Inflows of Resources	71,744	39,616	-	229	111,589
Fund Balances:					
Restricted	12,495	35,237	25,380	367	73,479
Total Fund Balances	12,495	35,237	25,380	367	73,479
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 84,239	\$ 74,853	\$ 25,380	\$ 596	\$ 185,068

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

For the Year Ended December 31, 2015 (dollars in thousands)

	Bond Principal	Bond Interest	Excise Tax Revenue Bond	General Improvement Districts	Total
Revenues					
Taxes:					
Facilities development admission	\$ -	\$ -	\$ 2,290	\$ -	\$ 2,290
Lodgers	-	-	36,399	-	36,399
Property	42,775	45,207	-	708	88,690
Sales and use	-	-	38,128	-	38,128
Investment and interest income	-	752	394	-	1,146
Other revenue	-	5,524	-	-	5,524
Total Revenues	42,775	51,483	77,211	708	172,177
Expenditures					
Principal retirement	51,972	-	19,785	405	72,162
Interest	-	39,055	10,434	295	49,784
Total Expenditures	51,972	39,055	30,219	700	121,946
Excess (deficiency) of revenues over (under) expenditures	(9,197)	12,428	46,992	8	50,231
Other Financing Uses					
Transfers out	-	-	(46,426)	-	(46,426)
Total Other Financing Uses	-	-	(46,426)	-	(46,426)
Net change in fund balances	(9,197)	12,428	566	8	3,805
Fund balances - January 1	21,692	22,809	24,814	359	69,674
Fund Balances - December 31	\$ 12,495	\$ 35,237	\$ 25,380	\$ 367	\$ 73,479

Combining Balance Sheet - Nonmajor Capital Projects Funds

December 31, 2015 (dollars in thousands)

	Winter Park Capital Fund	Capital Improvements	Conservation Trusts
Assets			
Cash and cash equivalents	\$ 6,231	\$ 184,146	\$ 10,300
Receivables (net of allowances for uncollectibles of \$4,223):			
Taxes	-	64,099	-
Accounts	-	1,776	-
Accrued interest	13	661	153
Interfund receivable	-	-	-
Due from other governments	-	-	-
Prepaid items and other assets	-	1,000	-
Total Assets	\$ 6,244	\$ 251,682	\$ 10,453
Liabilities, Deferred Inflow of Resources, and Fund Balances			
Liabilities:			
Vouchers payable	\$ 579	\$ 12,731	\$ 227
Accrued liabilities	-	-	-
Interfund payable	-	-	-
Unearned revenue	-	-	-
Total Liabilities	579	12,731	227
Deferred Inflow of Resources:			
Unavailable revenues - property tax	-	64,389	-
Unavailable revenues - long-term receivables	-	-	-
Total Deferred Inflows of Resources	-	64,389	-
Fund Balances:			
Nonspendable	-	1,000	-
Restricted	5,665	173,562	10,226
Committed	-	-	-
Total Fund Balances	5,665	174,562	10,226
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,244	\$ 251,682	\$ 10,453

Bond Projects	Other Capital Projects	Entertainment and Culture	Special Assessments	Total
\$ 68,191	\$ 27,462	\$ 14,359	\$ 1,292	\$ 311,981
-	184	878	1,106	66,267
-	5,454	-	-	7,230
297	128	50	5	1,307
-	-	-	-	-
-	15,657	-	-	15,657
-	4,000	-	-	5,000
<u>\$ 68,488</u>	<u>\$ 52,885</u>	<u>\$ 15,287</u>	<u>\$ 2,403</u>	<u>\$ 407,442</u>
\$ 4,600	\$ 10,978	\$ 415	\$ 11	\$ 29,541
3	-	-	-	3
-	-	-	-	-
-	5,871	-	1,106	6,977
<u>4,603</u>	<u>16,849</u>	<u>415</u>	<u>1,117</u>	<u>36,521</u>
-	-	-	-	64,389
-	5,454	-	-	5,454
<u>-</u>	<u>5,454</u>	<u>-</u>	<u>-</u>	<u>69,843</u>
-	4,000	-	-	5,000
63,885	26,582	14,872	1,286	296,078
-	-	-	-	-
<u>63,885</u>	<u>30,582</u>	<u>14,872</u>	<u>1,286</u>	<u>301,078</u>
<u>\$ 68,488</u>	<u>\$ 52,885</u>	<u>\$ 15,287</u>	<u>\$ 2,403</u>	<u>\$ 407,442</u>

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

For the Year Ended December 31, 2015 (dollars in thousands)

	Winter Park Capital Fund	Capital Improvements	Conservation Trusts
Revenues			
Taxes:			
Facilities development admission	\$ -	\$ -	\$ -
Property	-	54,869	-
Sales and use	-	-	-
Special assessments	-	-	-
Intergovernmental revenues	-	8,491	6,114
Charges for services	-	166	-
Investment and interest income	58	2,016	401
Contributions	-	-	-
Other revenue	-	5	1
Total Revenues	58	65,547	6,516
Expenditures			
Current:			
General government	-	25,708	-
Public safety	-	-	-
Public works	-	50,856	-
Health	-	4,033	-
Parks and recreation	1,359	2,002	4,090
Cultural activities	-	1,488	-
Community development	-	-	-
Debt service:			
Principal retirement	-	2,261	-
Interest	-	1,693	-
Bond issuance costs	-	-	-
Capital outlay	1,300	9,173	1,045
Total Expenditures	2,659	97,214	5,135
Excess (deficiency) of revenues over (under) expenditures	(2,601)	(31,667)	1,381
Other Financing Sources (Uses)			
Sale of capital assets	-	33	-
Issuance of certificate of participation	-	-	-
Issuance of capital leases	-	-	-
Bond premium	-	-	-
Issuance of bonds	-	-	-
Issuance recoveries	-	1	-
Transfers in	3,296	105,372	-
Transfers out	-	(2,292)	(643)
Total Other Financing Sources (Uses)	3,296	103,114	(643)
Net change in fund balances	695	71,447	738
Fund balances - January 1	4,970	103,115	9,488
Fund Balances - December 31	\$ 5,665	\$ 174,562	\$ 10,226

	Bond Projects	Other Capital Projects	Entertainment and Culture	Special Assessments	Total
\$	-	\$ -	\$ 10,279	\$ -	\$ 10,279
	-	-	-	-	54,869
	-	697	-	-	697
	-	495	-	1,080	1,575
	-	24,474	-	-	39,079
	7	246	-	-	419
	1,252	364	118	17	4,226
	-	612	-	-	612
	19	155	-	-	180
	1,278	27,043	10,397	1,097	111,936
	322	3,071	-	-	29,101
	-	2,160	-	-	2,160
	7,847	9,710	-	921	69,334
	-	-	-	-	4,033
	122	5,024	116	-	12,713
	232	80	2,849	-	4,649
	-	-	-	-	-
	-	-	-	-	2,261
	-	-	-	-	1,693
	-	491	-	-	491
	9,811	13,707	158	-	35,194
	18,334	34,243	3,123	921	161,629
	(17,056)	(7,200)	7,274	176	(49,693)
	-	-	-	-	33
	-	22,470	-	-	22,470
	-	-	-	-	-
	-	1,422	-	-	1,422
	-	-	-	-	-
	-	6	-	-	7
	-	6,925	-	-	115,593
	-	(7,572)	(700)	-	(11,207)
	-	23,251	(700)	-	128,318
	(17,056)	16,051	6,574	176	78,625
	80,941	14,531	8,298	1,110	222,453
\$	63,885	\$ 30,582	\$ 14,872	\$ 1,286	\$ 301,078

Schedule of Expenditures Compared with Authorizations - General Fund

For the Year Ended December 31, 2015 (dollars in thousands)

	2015 Annual Authorizations After Revisions	Budget Basis Expenditures	Authorized Balance
General Government			
Mayor's Office	\$ 1,792	\$ 1,761	\$ 31
Civic Events	811	811	-
Office of Special Events	356	345	11
Education/Advocacy Initiatives	2,632	2,070	562
Workforce Development	1,109	1,105	4
Public Defenders Office	884	881	3
City Council	4,752	4,486	266
Board of Ethics	125	125	-
Office of Human Resources	11,948	11,859	89
Career Service Authority Hearing Office	502	491	11
City Attorney	29,489	28,073	1,416
Clerk and Recorder	9,065	6,845	2,220
Board of Adjustment	314	307	7
Human Rights and Community Partnerships	1,373	1,346	27
General Services	51,145	46,828	4,317
Auditor	6,863	6,206	657
Department of Finance	59,363	43,770	15,593
Contingency	21,251	-	21,251
Unemployment Insurance	700	700	-
Adams Mark Tax Increment	2,151	2,742	(591)
Annual Rental Payments	2,031	1,467	564
Payments to Elderly and Disabled	2,525	1,595	930
Historic Tax Rebates	300	300	-
Excise and Licenses	4,205	3,385	820
Technology Services	53,757	51,173	2,584
Office of Economic Development	5,038	7,230	(2,192)
Total General Government	\$ 274,481	\$ 225,901	\$ 48,580
Public Safety			
Safety Administration	\$ 19,222	\$ 19,115	\$ 107
Civil Service Commission	1,635	1,421	214
County Court	22,191	22,063	128
District Attorney	22,123	21,645	478
Emergency Management	697	587	110
Fire	126,286	126,475	(189)
Independent Monitor	1,401	1,353	48
Police	211,598	211,770	(172)
Undersheriff	118,681	119,309	(628)
Total Public Safety	\$ 523,834	\$ 523,738	\$ 96

continued

Schedule of Expenditures Compared with Authorizations - General Fund - continued

For the Year Ended December 31, 2015 (dollars in thousands)

	2015 Annual Authorizations After Revisions	Budget Basis Expenditures	Authorized Balance
Public Works	\$ 129,660	\$ 126,383	\$3,277
Total Public Works	<u>\$ 129,660</u>	<u>\$ 126,383</u>	<u>\$ 3,277</u>
Health			
Environmental Health	\$ 12,159	\$ 11,723	\$ 436
City Payments to Health Authority	30,900	30,849	51
Clinic	2,631	2,631	-
Denver C.A.R.E.S.	4,076	4,076	-
Poison Center	97	97	-
Total Health	<u>\$ 49,863</u>	<u>\$ 49,376</u>	<u>\$ 487</u>
Parks and Recreation	\$ 59,602	\$ 58,684	\$ 918
Total Parks and Recreation	<u>\$ 59,602</u>	<u>\$ 58,684</u>	<u>\$ 918</u>
Cultural Activities			
Arts and Venues	\$ 2,423	\$ 2,423	\$ -
Denver Public Library	41,527	41,958	(431)
Total Cultural Activities	<u>\$ 43,950</u>	<u>\$ 44,381</u>	<u>\$ (431)</u>
Community Development	\$ 23,329	\$ 21,650	\$ 1,679
Total Community Development	<u>\$ 23,329</u>	<u>\$ 21,650</u>	<u>\$ 1,679</u>
Total	<u>\$ 1,104,719</u>	<u>\$ 1,050,113</u>	<u>\$ 54,606</u>

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

For the Year Ended December 31, 2015 (dollars in thousands)

	2015 Annual Authorizations After Revisions		Budget Basis Expenditures		Authorized Balance
Grants - Currently Active					
13001 Federal	\$ 1,084		\$ 1,084		\$ -
13007 Community Service	834		834		-
13009 Emergency Shelter	589		589		-
13012 Emergency Shelter Plus Care	3,501		3,501		-
13017 Child Care	3,564		2,227		1,337
13019 Homeless Vets Reintegration and Training	80		80		-
13601 Human Services Privately Funded	263		263		-
State/County Welfare					
13005 Child Welfare	38,253		34,258		3,995
13008 County Public Welfare	84,846		73,374		11,472
13301 Prenatal Fees Incentive	74		74		-
13303 Aid to the Needy Disabled	1,000		831		169
13304 Board for Developmentally Disabled	11,466		11,330		136
13305 General Assistance	1,578		1,452		126
13306 Local Funded Community Service	6,487		5,961		526
13501 Human Services State Funded	318		318		-
City and Other Projects					
13502 Integrated Care Management Incentive	203		203		-
13701 Americorps Donations	120		120		-
13703 Drug Strategy Donations	5		5		-
13704 Homeless Services Donations	1,391		1,391		-
13706 DHS Volunteer Services	18		18		-
13802 Family Crisis Project	11		11		-
13806 Youth Transitional Housing	-		-		-
13808 Energy Assistance	130		130		-
13811 Assistance Incentive Program	116		116		-
Total	\$ 155,931		\$ 138,170 ¹		\$ 17,761

¹Includes grantor expenditures of \$10,274 reported in the Economic Opportunity Special Revenue Fund.

Comparative Balance Sheets - General Fund

December 31, 2015 and 2014 (dollars in thousands)

	Totals	
	December 31,	
	2015	2014
Assets		
Cash on hand	\$ 117	\$ 140
Cash and cash equivalents	273,039	270,048
Receivables (net of allowances for uncollectibles of \$61,519 and \$53,012)		
Taxes	185,474	180,913
Notes	430	2,785
Accounts	21,999	19,541
Accrued interest	1,973	1,876
Interfund receivable	12,436	9,077
Prepaid items and other assets	2,890	425
Restricted assets:		
Cash and cash equivalents	65,283	51,218
Assets held for disposition	-	11,436
Total Assets	\$ 563,641	\$ 547,459
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities:		
Vouchers payable	\$ 19,240	\$ 19,921
Accrued liabilities	15,882	35,582
Due to taxing units	556	266
Interfund payable	36	3,548
Unearned revenue	1,133	656
Advances	25	-
Total Liabilities	36,872	59,973
Deferred Inflows of Resources:		
Unavailable revenues - property tax	118,702	109,534
Unavailable revenues - long-term receivables	13,867	13,936
Total Deferred Inflows of Resources	132,569	123,470
Fund Balance:		
Nonspendable	2,890	425
Restricted	65,713	65,439
Committed	32,121	30,388
Unassigned	293,476	267,764
Total Fund Balance	394,200	364,016
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 563,641	\$ 547,459

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

For the Years Ended December 31, 2015 and 2014 (dollars in thousands)

	Totals	
	Year ended December 31,	
	2015	2014
Revenues		
Taxes:		
Lodgers	\$ 23,072	\$ 21,062
Motor vehicle ownership	26,647	23,944
Occupational privilege	48,293	46,438
Property	107,198	112,120
Sales and use	581,922	555,428
Telephone	2,692	2,680
Licenses and permits	59,909	48,425
Intergovernmental revenues	33,240	31,647
Charges for services	189,573	169,047
Investment and interest income	7,388	7,499
Fines and forfeitures	52,989	51,954
Contributions	107	-
Other revenue	16,336	8,233
Total Revenues	1,149,366	1,078,477
Expenditures		
Current:		
General government	230,258	211,460
Public safety	518,800	500,627
Public works	121,516	129,111
Health	49,301	48,957
Parks and recreation	57,914	57,476
Cultural activities	44,213	41,064
Community development	21,515	18,152
Economic opportunity	601	527
Principal retirement	4,998	6,434
Interest	997	1,072
Total Expenditures	1,050,113	1,014,880
Excess of revenues over expenditures	99,253	63,597
Other Financing Sources (Uses)		
Sale of capital assets	2	99
Issuance of capital leases	485	18,763
Insurance recoveries	285	177
Transfers in	56,366	46,045
Transfers out	(126,207)	(52,000)
Total Other Financing Sources (Uses)	(69,069)	13,084
Net change in fund balance	30,184	76,681
Fund balances - January 1	364,016	287,335
Fund Balance - December 31	\$ 394,200	\$ 364,016

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

- **Fleet Maintenance** - to account for the financing of automotive repairs and services provided to departments of the City or to other governmental units on a cost reimbursement basis.
- **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, 2015 (dollars in thousands)

	Environmental Services	Golf Course	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 18,375	\$ 3,054	\$ 21,429
Receivables:			
Accounts	2,217	3	2,220
Accrued interest	116	16	132
Inventories	-	173	173
Interfund receivable	3	-	3
Restricted assets:			
Cash and cash equivalents	6,330	-	6,330
Accounts receivable	501	-	501
Accrued interest receivable	23	-	23
Total Current Assets	27,565	3,246	30,811
Capital assets:			
Land and construction in progress	3,168	1,131	4,299
Buildings and improvements	691	12,788	13,479
Improvements other than buildings	-	15,835	15,835
Machinery and equipment	198	5,672	5,870
Accumulated depreciation	(799)	(20,183)	(20,982)
Net capital assets	3,258	15,243	18,501
Long-term receivables	2,000	-	2,000
Total Noncurrent Assets	5,258	15,243	20,501
Total Assets	32,823	18,489	51,312
Deferred Outflows of Resources			
Deferred outflows on pensions	735	646	1,381
Total Deferred Outflows of Resources	735	646	1,381
Liabilities			
Current liabilities:			
Vouchers payable	796	90	886
Revenue bonds payable	-	540	540
Accrued liabilities	91	149	240
Unearned revenue	-	431	431
Interfund payable	61	12	73
Capital lease obligations	-	614	614
Compensated absences	210	196	406
Total Current Liabilities	1,158	2,032	3,190
Noncurrent liabilities:			
Revenue bonds payable, net	-	2,433	2,433
Net pension liability	4,765	3,700	8,465
Capital lease obligations	-	708	708
Compensated absences	348	471	819
Total Noncurrent Liabilities	5,113	7,312	12,425
Total Liabilities	6,271	9,344	15,615
Net Position			
Net investment in capital assets	3,258	10,948	14,206
Restricted for capital projects	6,854	-	6,854
Unrestricted	17,175	(1,157)	16,018
Total Net Position	\$ 27,287	\$ 9,791	\$ 37,078

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

For the Year Ended December 31, 2015 (dollars in thousands)

	Environmental Services	Golf Course	Total
Operating Revenues			
Charges for services	\$ 10,530	\$ 10,539	\$ 21,069
Other revenue	5,266	4	5,270
Total Operating Revenues	15,796	10,543	26,339
Operating Expenses			
Personnel services	4,617	5,355	9,972
Contractual services	3,914	1,010	4,924
Supplies and materials	174	1,109	1,283
Depreciation	12	1,133	1,145
Other operating expenses	1,254	1,977	3,231
Total Operating Expenses	9,971	10,584	20,555
Operating income (loss)	5,825	(41)	5,784
Nonoperating Revenues (Expenses)			
Investment and interest income	211	28	239
Interest expense	-	(185)	(185)
Net Nonoperating Revenues (Expenses)	211	(157)	54
Income (loss) before transfers	6,036	(198)	5,838
Transfers out	(2,250)	-	(2,250)
Change in Net Position	3,786	(198)	3,588
Net position - January 1, as previously reported	27,432	12,933	40,365
Change in accounting position - GASB 68	(3,931)	(2,944)	(6,875)
Net position - January 1, as restated	23,501	9,989	33,490
Net Position - December 31	\$ 27,287	\$ 9,791	\$ 37,078

Combining Statement of Cash Flows - Nonmajor Enterprise Funds

For the Year Ended December 31, 2015 (dollars in thousands)

	Environmental Services	Golf Course	Total
Cash Flows From Operating Activities			
Receipts from customers	\$ 12,460	\$ 10,634	\$ 23,094
Payments to suppliers	(5,697)	(4,246)	(9,943)
Payments to employees	(4,800)	(5,276)	(10,076)
Other receipts	5,266	4	5,270
Net Cash Provided by Operating Activities	7,229	1,116	8,345
Cash Flows From Noncapital Financing Activities			
Transfers out	(2,250)	-	(2,250)
Net Cash Used by Noncapital Financing Activities	(2,250)	-	(2,250)
Cash Flows From Capital and Related Financing Activities			
Gain/Loss on asset disposal	-	152	152
Principal payments	-	(1,119)	(1,119)
Interest paid on capital debt	-	(182)	(182)
Acquisition of capital assets	36	(581)	(545)
Net Cash Used by Capital and Related Financing Activities	36	(1,730)	(1,694)
Cash Flows from Investing Activities			
Interest received	178	34	212
Net increase (decrease) in cash and cash equivalents	5,193	(580)	4,613
Cash and cash equivalents - January 1	19,512	3,634	23,146
Cash and Cash Equivalents - December 31	\$ 24,705	\$ 3,054	\$ 27,759
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income (loss)	\$ 5,825	\$ (41)	\$ 5,784
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	12	1,133	1,145
Accounts receivable	(219)	12	(207)
Inventories	-	(7)	(7)
Vouchers payable	(9)	(139)	(148)
Unearned revenue	-	83	83
Accrued liabilities	(282)	(30)	(312)
Interfund payable	1,803	(4)	1,799
Items related to pension plans	99	109	208
Net Cash Provided by Operating Activities	\$ 7,229	\$ 1,116	\$ 8,345
Noncash Activities			
Amortization of bond premiums	-	5	5

Combining Statement of Net Position - Internal Service Funds

December 31, 2015 (dollars in thousands)

	Fleet Maintenance	Asphalt Plant	Workers' Compensation	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ -	\$ 4,830	\$ 36,678	\$ 41,508
Receivables:				
Accounts	-	1	1,346	1,347
Accrued interest	-	-	396	396
Inventories	-	81	-	81
Interfund receivable	-	32	-	32
Total Current Assets	-	4,944	38,420	43,364
Capital Assets:				
Land	-	-	-	-
Buildings and improvements	-	3,627	-	3,627
Machinery and equipment	-	1,642	-	1,642
Accumulated depreciation	-	(5,054)	-	(5,054)
Net capital assets	-	215	-	215
Total Assets	-	5,159	38,420	43,579
Liabilities				
Current Liabilities:				
Vouchers payable	-	108	882	990
Accrued liabilities	-	7	21	28
Interfund payable	-	2	131	133
Compensated absences	-	111	114	225
Claims reserve	-	-	9,808	9,808
Total Current Liabilities	-	228	10,956	11,184
Noncurrent Liabilities:				
Compensated absences	-	-	101	101
Claims reserve	-	-	19,641	19,641
Total noncurrent liabilities	-	-	19,742	19,742
Total Liabilities	-	228	30,698	30,926
Net Position				
Net investment in capital assets	-	215	-	215
Unrestricted	-	4,716	7,722	12,438
Total Net Position	\$ -	\$ 4,931	\$ 7,722	\$ 12,653

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

For the Year Ended December 31, 2015 (dollars in thousands)

	Fleet Maintenance	Asphalt Plant	Workers' Compensation	Total
Operating Revenues				
Charges for services	\$ -	\$ 9,013	\$ 7,991	\$ 17,004
Other revenue	-	29	2,617	2,646
Change in claims reserve	-	-	2,022	2,022
Total Operating Revenues	-	9,042	12,630	21,672
Operating Expenses				
Personnel services	-	593	1,546	2,139
Contractual services	-	61	556	617
Supplies and materials	-	7,600	474	8,074
Depreciation	-	167	-	167
Claims payments	-	-	9,592	9,592
Other operating expenses	6,212	371	1,423	8,006
Total Operating Expenses	6,212	8,792	13,591	28,595
Operating income (loss)	(6,212)	250	(961)	(6,923)
Nonoperating Revenues (Expenses)				
Investment and interest income	-	-	415	415
Interest expense	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	415	415
Income (loss) before transfers	(6,212)	250	(546)	(6,508)
Capital contributions	-	-	-	-
Transfers out	(1,597)	-	-	(1,597)
Change in net position	(7,809)	250	(546)	(8,105)
Net position - January 1	7,809	4,681	8,268	20,758
Net Position - December 31	\$ -	\$ 4,931	\$ 7,722	\$ 12,653

Combining Statement of Cash Flows - Internal Service Funds

For the Year Ended December 31, 2015 (dollars in thousands)

	Fleet Maintenance	Asphalt Plant	Workers' Compensation	Total
Cash Flows From Operating Activities				
Receipts from customers	\$ 3,878	\$ 9,030	\$ 7,478	\$ 20,386
Payments to suppliers	(6,609)	(7,871)	(2,457)	(16,937)
Payments to employees	(1,169)	(602)	(1,566)	(3,337)
Other receipts	-	29	2,617	2,646
Claims paid	-	-	(9,592)	(9,592)
Net Cash Provided (Used) by Operating Activities	(3,900)	586	(3,520)	(6,834)
Cash Flows From Noncapital Financing Activities				
Transfers out	(1,597)	-	-	(1,597)
Net Cash Provided By Noncapital Financing Activities	(1,597)	-	-	(1,597)
Cash Flows from Capital and Related Financing Activities				
Principal payments	-	-	-	-
Interest payments	-	-	-	-
Other receipts	4,368	-	-	4,368
Net Cash Used by Capital and Related Financing Activities	4,368	-	-	4,368
Cash Flows from Investing Activities				
Interest received	-	-	392	392
Net increase (decrease) in cash and cash equivalents	(1,129)	586	(3,128)	(3,671)
Cash and cash equivalents - January 1	1,129	4,244	39,806	45,179
Cash and Cash Equivalents - December 31	\$ -	\$ 4,830	\$ 36,678	\$ 41,508
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (6,212)	\$ 250	\$ (961)	\$ (6,923)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	-	167	-	167
Accounts receivable	126	(1)	(513)	(388)
Interfund receivable	3,752	18	-	3,770
Inventories	2,556	99	-	2,655
Vouchers payable	(499)	68	(78)	(509)
Accrued liabilities	(1,169)	(9)	(20)	(1,198)
Interfund payable	(304)	(6)	74	(236)
Advances	(2,150)	-	-	(2,150)
Claims reserved	-	-	(2,022)	(2,022)
Net Cash Provided (Used) by Operating Activities	\$ (3,900)	\$ 586	\$ (3,520)	\$ (6,834)
Noncash Activities				
Assets acquired through capital contributions	\$ -	-	-	-

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, 2015 (dollars in thousands)

	Pension Benefits Trust Fund	Health Benefits Trust Fund	Other Employee Benefit Trust Fund	
	Denver Employees Retirement Plan	Denver Employees Retirement Plan	Deferred Compensation Plan	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 42,023	\$ 1,560	\$ -	\$ 43,583
Securities lending collateral	224,498	8,169	-	232,667
Receivables:				
Accounts	2,851	104	-	2,955
Accrued interest	1,752	64	-	1,816
Investments:				
U.S. Government obligations	146,888	5,345	-	152,233
Domestic stocks and bonds	670,778	24,406	-	695,184
International stocks	464,643	16,906	-	481,549
Mutual funds	-	-	353,704	353,704
Real estate	177,140	6,445	-	183,585
Other	441,200	16,054	244,750	702,004
Total Investments	1,900,649	69,156	598,454	2,568,259
Total Current Assets	2,171,773	79,053	598,454	2,849,280
Capital assets, net of accumulated depreciation	4,600	167	-	4,767
Total Assets	2,176,373	79,220	598,454	2,854,047
Liabilities				
Vouchers payable	2,498	91	-	2,589
Securities lending obligations	228,202	8,303	-	236,505
Total Liabilities	230,700	8,394	-	239,094
Net Position Held in Trust for Pension and Other Employee Benefit Trust Funds	\$ 1,945,673		\$ 598,454	
Net Position Held in Trust for OPEB Benefits		\$ 70,826		
Net Position Held in Trust for Benefits				\$ 2,614,953

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

For the Year Ended December 31, 2015 (dollars in thousands)

	Pension Benefits Trust Fund Denver Employees Retirement Plan	Health Benefits Trust Fund Denver Employees Retirement Plan	Other Employee Benefit Trust Fund Deferred Compensation Plan	Total
Additions				
Contributions:				
City and County of Denver	\$ 60,398	\$ 4,045	\$ -	\$ 64,443
Denver Health and Hospital Authority	6,836	335	-	7,171
Plan members	46,690	3,026	35,116	84,832
Total Contributions	113,924	7,406	35,116	156,446
Investment earnings:				
Net appreciation in fair value of investments	(53,787)	(1,983)	-	(55,770)
Interest and dividends	31,962	1,190	5,914	39,066
Total Investment Earnings	(21,825)	(793)	5,914	(16,704)
Less investment expense	(14,875)	(551)	-	(15,426)
Net Investment Earnings	(36,700)	(1,344)	5,914	(32,130)
Securities lending earnings	770	29	-	799
Securities lending expenses:				
Borrower rebates	502	19	-	521
Agent fees	(318)	(12)	-	(330)
Net Earnings from Securities Lending	954	36	-	990
Total Net Investment Earnings	(35,746)	(1,308)	5,914	(31,140)
Total Additions	78,178	6,098	41,030	125,306
Deductions				
Benefits	181,828	12,905	36,022	230,755
Refunds of contributions	2,164	81	-	2,245
Administrative expenses	3,786	142	445	4,373
Total Deductions	187,778	13,128	36,467	237,373
Change in net position	(109,600)	(7,030)	4,563	(112,067)
Net Position - January 1	2,055,273	77,856	593,891	2,727,020
Net Position - December 31	\$ 1,945,673	\$ 70,826	\$ 598,454	\$ 2,614,953

Combining Statement of Changes in Assets and Liabilities - Agency Funds

For the Year Ended December 31, 2015 (dollars in thousands)

	Balance January 1	Additions	Deductions	Balance December 31
Employee Salary Redirect Plan				
Assets				
Cash and cash equivalents	\$ -	\$ 5,170	\$ 5,170	\$ -
Accounts receivable	352	-	351	1
Total Assets	\$ 352	\$ 5,170	\$ 5,521	\$ 1
Liabilities				
Other accrued liabilities	352	4,518	4,869	1
Total Liabilities	\$ 352	\$ 4,518	\$ 4,869	\$ 1
Agency				
Assets				
Cash on hand	\$ 1,880	\$ 1,365	\$ -	\$ 3,245
Cash and cash equivalents	20,310	537,179	513,748	43,741
Receivables (net of allowances for uncollectibles of \$4,412):				
Taxes	683,581	826,635	682,486	827,730
Accounts	6,247	20	6,252	15
Total Assets	\$ 712,018	\$ 1,365,199	\$ 1,202,486	\$ 874,731
Liabilities				
Vouchers payable	\$ 11,012	\$ 334,728	\$ 332,902	\$ 12,838
Other accrued liabilities	135	526,716	512,954	13,897
Due to taxing units	700,871	859,562	712,437	847,996
Total Liabilities	\$ 712,018	\$ 1,721,006	\$ 1,558,293	\$ 874,731
Total - All Agency Funds				
Assets				
Cash on hand	\$ 1,880	\$ 1,365	\$ -	\$ 3,245
Cash and cash equivalents	20,310	542,349	518,918	43,741
Receivables (net of allowances for uncollectibles of \$):				
Taxes	683,581	826,635	682,486	827,730
Accounts	6,599	20	6,603	16
Total Assets	\$ 712,370	\$ 1,370,369	\$ 1,208,007	\$ 874,732
Liabilities				
Vouchers payable	\$ 11,012	\$ 334,728	\$ 332,902	\$ 12,838
Other accrued liabilities	487	531,234	517,823	13,898
Due to taxing units	700,871	859,562	712,437	847,996
Total Liabilities	\$ 712,370	\$ 1,725,524	\$ 1,563,162	\$ 874,732

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Component Units



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Combining Statement of Net Position - Nonmajor Component Units

December 31, 2015 (dollars in thousands)

	Bluebird BID	Cherry Creek North BID	Cherry Creek Subarea BID	Colfax BID	Colfax Mayfair BID
Assets					
Cash and cash equivalents	\$ 48	\$ 1,151	\$ 64	\$ 376	\$ 77
Receivables:					
Taxes	86	3,518	-	440	-
Accounts	-	38	-	-	-
Other	-	-	-	-	10
Prepaid items and other assets	-	9	-	1	-
Restricted Assets:					
Cash and cash equivalents	-	79	-	-	-
Capital Assets:					
Buildings and improvements	-	17,017	-	3,106	-
Machinery and equipment	-	283	-	-	-
Accumulated depreciation	-	(3,658)	-	(541)	-
Net Capital Assets	-	13,642	-	2,565	-
Total Assets	134	18,437	64	3,382	87
Deferred Outflows of Resources					
Deferred amount on refundings	-	1,916	-	-	-
Total Deferred Outflows of Resources	-	1,916	-	-	-
Liabilities					
Vouchers payable	3	70	-	17	7
Accrued liabilities	-	125	-	-	-
Unearned revenue	-	-	-	-	-
Due to other governments	-	-	-	1	-
Noncurrent liabilities:					
Due within one year	-	700	-	-	-
Due in more than one year	-	15,760	-	-	-
Total Liabilities	3	16,655	-	18	7
Deferred Inflows of Resources					
Property tax	86	3,518	-	440	-
Total Deferred Inflows of Resources	86	3,518	-	440	-
Net Position					
Net investment in capital assets	-	(903)	-	2,565	-
Restricted for:					
Emergency use	4	69	-	13	-
Debt service	-	11	-	-	-
Unrestricted	41	1,003	64	346	80
Total Net Position	\$ 45	\$ 180	\$ 64	\$ 2,924	\$ 80

Denver Preschool Program, Inc.	Downtown Denver BID	Downtown Denver Development Authority	Federal BID	Old South Gaylord BID	Santa Fe BID	West Colfax BID	Total
\$ 17,220	\$ 1,309	\$ -	\$ 19	\$ 27	\$ 62	\$ 120	\$ 20,473
-	5,522	16,076	-	-	-	160	25,802
4	398	-	-	-	-	-	440
-	-	-	2	-	-	-	12
65	22	-	-	-	-	-	97
-	-	-	-	-	-	-	79
-	-	-	-	-	-	652	20,775
49	1,621	-	-	19	-	-	1,972
(47)	(1,009)	-	-	(19)	-	(86)	(5,360)
2	612	-	-	-	-	566	17,387
17,291	7,863	16,076	21	27	62	846	64,290
-	-	-	-	-	-	-	1,916
-	-	-	-	-	-	-	1,916
3,903	486	-	-	5	27	10	4,528
7,295	-	-	-	10	-	-	7,430
-	6	-	-	-	-	-	6
-	-	16,076	-	-	-	-	16,077
-	-	-	-	-	-	-	700
-	-	-	-	-	-	-	15,760
11,198	492	16,076	-	15	27	10	44,501
-	5,522	-	-	-	-	160	9,726
-	5,522	-	-	-	-	160	9,726
2	612	-	-	-	-	566	2,842
-	190	-	-	-	-	5	281
-	-	-	-	-	-	-	11
6,091	1,047	-	21	12	35	105	8,845
\$ 6,093	\$ 1,849	\$ -	\$ 21	\$ 12	\$ 35	\$ 676	\$ 11,979

Combining Statement of Activities - Nonmajor Component Units

For the Year Ended December 31, 2015 (dollars in thousands)

	Bluebird BID	Cherry Creek North BID	Cherry Creek Subarea BID	Colfax BID	Colfax Mayfair BID
Expenses	\$ 44	\$ 4,214	\$ 11	\$ 502	\$ 186
Program Revenues					
Charges for services	-	374	-	-	-
Operating grants and contributions	3	-	-	621	148
Total Program Revenues	3	374	-	621	148
Net expenses	(41)	(3,840)	(11)	119	(38)
General Revenues					
Taxes:					
Property	73	2,735	16	360	118
Specific ownership	5	212	-	27	-
Investment and interest income	-	7	-	1	-
Other revenues	-	-	-	2	-
Total General Revenues	78	2,954	16	390	118
Change in net position	37	(886)	5	509	80
Net position (deficit) - January 1, as previously reported	8	1,066	59	2,415	-
Correction of error	-	-	-	-	-
Net position (deficit) - January 1, as restated	8	1,066	59	2,415	-
Net Position (Deficit) - December 31	\$ 45	\$ 180	\$ 64	\$ 2,924	\$ 80

Denver Preschool Program, Inc.	Downtown Denver Development Authority	Downtown Denver Development Authority	Federal BID	Old South Gaylord BID	Santa Fe BID	West Colfax BID	Total
\$ 16,508	\$ 7,177	\$ -	\$ 63	\$ 67	\$ 115	\$ 184	29,071
-	-	-	-	-	-	-	374
26	417	-	-	-	-	9	1,224
<u>26</u>	<u>417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>1,598</u>
(16,482)	(6,760)	-	(63)	(67)	(115)	(175)	(27,473)
-	5,288	-	66	50	137	148	8,991
-	-	-	-	-	-	-	244
6	-	-	-	-	-	-	14
20,761	1,284	-	-	-	13	12	22,072
<u>20,767</u>	<u>6,572</u>	<u>-</u>	<u>66</u>	<u>50</u>	<u>150</u>	<u>160</u>	<u>31,321</u>
4,285	(188)	-	3	(17)	35	(15)	3,848
1,808	2,037	-	18	29	-	691	8,131
-	-	-	-	-	-	-	-
1,808	2,037	-	18	29	-	691	8,131
<u>\$ 6,093</u>	<u>\$ 1,849</u>	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ 12</u>	<u>\$ 35</u>	<u>\$ 676</u>	<u>\$ 11,979</u>

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Other Supplementary Schedules



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Combined Schedule of Bonds Payable and Escrows

December 31, 2015 (dollars in thousands)

	Amount Issued	Maturity	Interest ⁵ Rate	Amount Outstanding	1st Optional Call Date
Denver Airport System					
1992F-G Credit Facility Bonds	\$ 36,900	2031	0.721%	\$ 34,900	9/25/2017
Escrow - LOI	n/a	2024-2025	6.125%	40,080	5/15/2016
2002C Credit Facility Bonds	30,300	2031	0.721%	28,200	9/25/2017
2006A Airport System Revenue	279,585	2016-2025	4.00-5.00%	259,345	11/15/2016
2007A Airport System Revenue	188,350	2023-2030	5.00%	188,350	11/15/2017
2007B Airport System Revenue	24,250	2032	5.00%	24,250	11/15/2017
2007C Airport System Revenue	34,635	2016-2033	5.00%	34,635	11/15/2017
2007D Airport System Revenue	147,815	2016-2023	5.25-5.50%	147,815	11/15/2017
2007E Airport System Revenue	47,400	2032	5.00%	47,400	11/15/2017
2007F1-F2 Airport System Revenue ²	104,000	2025	0.37-0.42%	75,550	1/2/2016
2007G1-G2 Credit Facility Bonds ³	135,600	2031	1.071%	131,500	12/1/2023
2008A1 Airport System Revenue	221,215	2016-2017	5.00-5.50%	20,900	Not callable
2008B Airport System Revenue ¹	81,800	2031	0.914%	61,700	1/2/2016
2008C1-C3 Airport System Revenue ¹	292,600	2031	0.914-0.918%	292,600	1/2/2016
2009A Airport System Revenue	170,190	2016-2036	5.00-5.25%	164,850	11/15/2019
2009B Credit Facility Bonds	65,290	2039	6.414%	65,290	1/2/2016
2009C Airport System Revenue ¹	104,655	2031	1.071%	104,655	1/2/2016
2010A Airport System Revenue	171,360	2016-2032	4.00-5.00%	171,360	11/15/2020
2011A Airport System Revenue	349,730	2016-2023	4.00-5.25%	285,695	11/15/2021
2011B Airport System Revenue	198,370	2016-2024	4.00-5.00%	82,765	11/15/2021
2011C Airport System Revenue	15,310	2016	4.00-5.00%	1,925	Not callable
2012A Airport System Revenue	315,780	2016-2043	3.00-5.00%	290,340	11/15/2022
2012B Airport System Revenue	510,140	2016-2043	4.00-5.00%	505,315	11/15/2022
2012C Airport System Revenue	30,285	2026	3.592%	30,285	1/2/2016
2013A Airport System Revenue	326,260	2016-2043	4.00-5.50%	322,460	11/15/2023
2013B Airport System Revenue	393,655	2016-2043	3.00-5.25%	392,360	11/15/2023
2014A Airport System Revenue	116,000	2031	0.431%	112,025	1/2/2016
2015A Airport System Revenue	195,940	2016-2021 and 2023-2035	2.20%	195,940	11/15/2016
Total Denver Airport System				4,112,490	
Unamortized premium net of discount				128,879	
Net Denver Airport System				4,241,369	
Wastewater Management					
2012 Wastewater Revenue Bonds	50,425	2016-2032	3.00-5.00%	40,710	n/a
Unamortized premium				4,613	
Total Wastewater Management				45,323	
Golf Enterprise					
2005 Golf Enterprise Revenue Bonds	7,365	2016-2020	4.70-5.00%	2,970	9/1/2016
Unamortized premium				3	
Total Golf Enterprise				2,973	

continued

Combined Schedule of Bonds Payable and Escrows - continued

December 31, 2015 (dollars in thousands)

	Amount Issued	Maturity	Interest ⁵ Rate	Amount Outstanding	1st Optional Call Date
General Obligation					
2006 Justice System Facilities Bonds	125,000	2016	5.00%	6,795	8/1/2016
2007 Justice System Facilities (mini-bonds)	8,861	2022	4.75%	8,861 ⁴	Not callable
2008 Justice System Facilities	174,135	2016-2025	3.50-5.50%	123,755	8/1/2018
2009A Better Denver/Zoo Bonds	104,500	2016-2025	4.00-5.25%	73,435	8/1/2019
2010A Better Denver	37,910	2016	5.00%	5,930	Not callable
2010B Better Denver Bonds	312,055	2017-2030	3.78-5.65%	312,055	8/1/2020
2010D Better Denver Bonds	44,650	2016-2025	3.00-5.00%	31,870	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	2016-2030	3.00-5.00%	89,545	8/1/2023
2013B1 GO Refunding Bonds	48,020	2016-2025	2.30%	47,480	8/1/2023
2013B2 GO Refunding Bonds	89,415	2016-2025	2.38%	87,495	8/1/2023
2014 Better Denver (mini-bonds)	12,000	2023, 2028	4.39-4.89%	12,000	Not callable
Total Primary Government				815,676	
Unamortized premium				21,337	
Net Primary Government				837,013	
2009 Gateway Village GID	2,215	2016	3.76%	500	1/1/2016
14th Street GID	4,000	2034	7.00%	3,630	12/1/2020
Total General Obligation				841,143	
Excise Tax Revenue Bonds					
2005 Excise Tax Refunding	149,190	2016-2020	5.00-5.25%	97,735	Not callable
2009A Excise Tax Refunding	73,630	2021-2023	6.00%	73,630	9/1/2019
Total Excise Tax Revenue Bonds				171,365	
Unamortized premium				4,738	
Net Excise Tax Revenue Bonds				176,103	
Total General Long-Term Debt				1,017,246	
Total Bonds Payable				\$ 5,306,911	

¹Variable rate issue - weekly interest rate reset

²Auction rate securities - 7 day auction

³Variable rate issue - daily interest rate reset

⁴Amounts do not include \$4,463 and \$763 of compound interest on the Series 2007 and 2014A mini-bonds, respectively.

⁵Variable rate issues reflect rate in effect as of December 31, 2015.

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Denver	
		YEAR ENDING : December 2015	
This Information From The Records Of (example - City of _ or County of _):		Prepared By: Lindsay Schwerman Phone: (720)913-5528	
I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE			
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes
1. Total receipts available			
2. Minus amount used for collection expenses			
3. Minus amount used for nonhighway purposes			
4. Minus amount used for mass transit			
5. Remainder used for highway purposes			
II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	56,834,570
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	9,306,222
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	11,853,563
2. General fund appropriations	98,183,610	b. Snow and ice removal	6,794,727
3. Other local imposts (from page 2)	1,478,924	c. Other	14,606,578
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	33,254,868
5. Transfers from toll facilities		4. General administration & miscellaneous	5,371,225
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	22,358,019
a. Bonds - Original Issues		6. Total (1 through 5)	127,124,905
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	99,662,534	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	27,462,372	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	127,124,905	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	127,124,905
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)			
	Opening Debt	Amount Issued	Closing Debt
A. Bonds (Total)			0
1. Bonds (Refunding Portion)			
B. Notes (Total)			0
V. LOCAL ROAD AND STREET FUND BALANCE			
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements
		127,124,905	127,124,905
			D. Ending Balance
			E. Reconciliation
			0
Notes and Comments:			
- 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: Colorado	
		YEAR ENDING (mm/yy): December 2015	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	1,478,924	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.)	1,478,924	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	27,462,372	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)	27,462,372	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
		TOTAL (c)	
A.1. Capital outlay:			
a. Right-Of-Way Costs		200,494	200,494
b. Engineering Costs		5,137,463	5,137,463
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements		6,955,200	6,955,200
(3). System Preservation		39,904,612	39,904,612
(4). System Enhancement & Operation		4,636,800	4,636,800
(5). Total Construction (1) + (2) + (3) + (4)	0	51,496,613	51,496,613
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	56,834,570	56,834,570
			(Carry forward to page 1)
Notes and Comments:			

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Statistical



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.

161 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.

169 REVENUE CAPACITY

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

176 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.

184 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.

187 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.

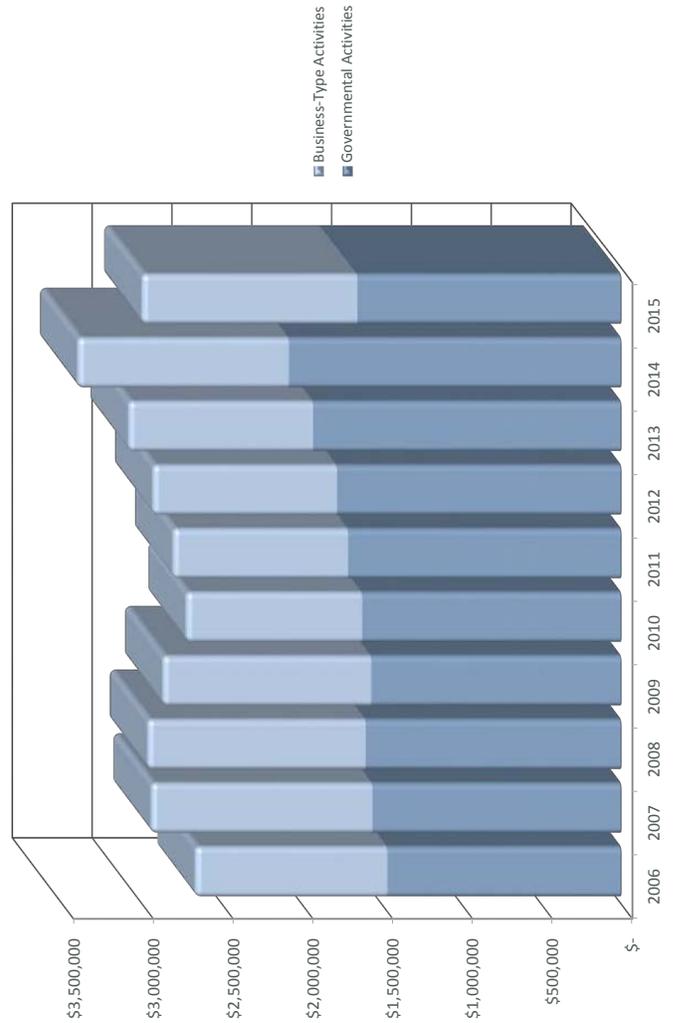
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Net Position by Component

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 922,261	\$ 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
Restricted	168,361	274,159	340,270	257,699	551,602	552,799	457,614	481,937	524,017	649,483
Unrestricted	374,913	115,047	22,243	119,307	(138,547)	(88,897)	9,411	81,589	138,255	(504,190)
Total governmental activities net position	\$ 1,465,535	\$ 1,559,702	\$ 1,601,281	\$ 1,565,816	\$ 1,624,270	\$ 1,711,194	\$ 1,782,262	\$ 1,930,158	\$ 2,083,089	\$ 1,654,647
Business-type activities										
Net investment in capital assets	\$ 171,814	\$ 317,488	\$ 262,385	\$ 212,129	\$ 114,343	\$ 91,524	\$ (13,036)	\$ (192,372)	\$ (193,351)	\$ (81,930)
Restricted	546,394	678,687	681,263	661,383	669,517	627,377	656,174	671,317	667,801	675,863
Unrestricted	483,427	387,282	421,159	431,497	316,116	377,121	507,873	677,576	846,056	752,775
Total business-type activities net position	\$ 1,201,635	\$ 1,383,457	\$ 1,364,807	\$ 1,305,009	\$ 1,099,976	\$ 1,096,022	\$ 1,151,011	\$ 1,156,521	\$ 1,320,506	\$ 1,346,708
Primary government										
Net investment in capital assets	\$ 1,094,075	\$ 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
Restricted	714,755	952,846	1,021,533	919,082	853,977	1,180,176	1,113,788	1,153,254	1,191,818	1,325,346
Unrestricted	858,340	502,329	443,402	550,804	544,711	288,224	517,284	759,165	984,311	248,585
Total primary government net position	\$ 2,667,170	\$ 2,943,159	\$ 2,966,088	\$ 2,870,825	\$ 2,724,246	\$ 2,807,216	\$ 2,933,273	\$ 3,086,679	\$ 3,403,595	\$ 3,001,355

Primary Government Net Position



Changes in Net Position

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 214,976	\$ 262,209	\$ 257,780	\$ 243,518	\$ 249,106	\$ 244,430	\$ 247,659	\$ 262,466	\$ 319,464	\$ 340,401
Public safety	435,094	475,728	536,382	506,887	526,007	531,109	570,111	563,658	592,270	588,597
Public works	103,687	79,496	134,698	159,657	144,211	149,160	195,168	164,837	193,207	190,577
Human services	112,754	132,535	139,895	128,946	119,530	114,252	111,067	114,624	114,727	125,195
Health	47,776	45,345	52,332	52,961	53,499	52,286	53,755	54,453	59,216	64,687
Parks and recreation	64,003	63,778	105,232	100,253	67,709	57,702	80,480	89,305	80,199	68,650
Cultural activities	86,490	89,967	62,499	63,646	100,190	127,606	110,885	123,248	128,799	131,835
Community development	31,964	47,098	39,945	40,480	47,501	46,571	40,262	35,142	39,598	45,355
Economic opportunity	20,362	26,280	31,647	31,803	25,905	23,036	21,481	21,218	20,027	20,027
Interest on long-term debt	55,772	54,592	76,073	62,670	70,453	77,263	74,901	70,030	66,306	63,267
Total governmental activities	1,172,878	1,277,028	1,436,483	1,390,821	1,404,111	1,423,415	1,505,769	1,498,981	1,614,877	1,638,591
Business-type activities:										
Wastewater management	66,488	76,298	75,122	80,865	84,752	97,773	99,179	105,679	102,688	111,941
Denver airport system	617,250	679,022	780,501	787,914	830,243	783,249	763,249	801,786	773,345	769,896
Environmental services	5,076	12,319	6,336	5,904	6,087	6,757	7,001	9,354	8,174	9,967
Golf course	8,279	6,570	8,252	7,884	7,935	8,757	8,943	10,474	12,254	10,766
Total business-type activities	697,093	774,209	870,211	882,567	929,017	896,536	878,372	927,293	896,461	902,570
Total Primary Government Expenses	\$ 1,869,971	\$ 2,051,237	\$ 2,306,694	\$ 2,273,388	\$ 2,333,128	\$ 2,319,951	\$ 2,384,141	\$ 2,426,274	\$ 2,511,338	\$ 2,541,161
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 71,106	\$ 51,541	\$ 76,106	\$ 82,719	\$ 79,636	\$ 78,018	\$ 75,761	\$ 87,988	\$ 97,289	\$ 99,302
Public safety	62,015	64,802	67,396	71,786	76,695	87,212	90,528	87,996	86,010	93,230
Public works	41,541	39,439	50,812	49,240	53,643	55,831	60,227	68,666	71,653	77,308
Community development	20,357	23,202	19,288	11,639	13,630	15,298	23,466	25,615	25,741	41,312
Other activities	36,088	38,044	47,862	67,138	49,841	69,337	74,844	76,577	86,043	91,608
Operating grants and contributions:										
General government	18,210	18,578	19,356	17,613	20,277	20,673	33,960	26,716	23,694	37,017
Public safety	25,487	29,266	69,663	24,713	29,792	28,817	30,634	29,023	26,861	26,914
Public works	29,432	32,333	29,902	23,633	23,067	19,256	62,269	19,370	20,654	20,825
Human services	76,593	82,879	82,004	80,428	72,644	77,417	73,133	68,244	76,207	73,768
Community development	15,859	26,151	19,282	19,419	16,562	29,258	26,617	15,800	17,064	7
Other activities	22,429	22,373	27,653	26,641	47,884	20,192	26,706	20,259	22,767	22,006
Capital grants and contributions:										
Public works	42,078	9,207	8,822	14,624	23,422	25,333	30,777	29,408	35,699	9,701
Other activities	15,828	16,809	7,997	6,701	14,334	15,491	2,780	40,104	18,780	28,597
Total governmental activities	477,023	454,624	526,143	496,294	521,427	542,133	611,702	595,766	608,462	621,595

continued

Changes in Net Position - continued

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type activities:										
Charges for services:										
Wastewater management	73,684	75,750	76,590	75,512	75,363	89,744	106,167	115,872	120,806	126,260
Denver airport system	594,886	627,666	649,933	663,355	703,997	705,979	730,145	661,637	711,490	793,543
Other activities	14,609	16,773	15,936	15,448	16,765	17,026	18,471	18,108	20,627	26,339
Operating grants and contributions:										
Denver airport system	-	-	-	-	-	400	675	103,513	121,690	19,220
Capital grants and contributions:										
Wastewater enterprises	7,202	9,906	7,690	15,018	13,984	11,652	6,890	7,289	8,379	9,564
Denver airport system	29,188	2,426	14,392	38,621	30,600	34,702	22,996	31,412	20,533	20,483
Total business-type activities	719,569	732,521	764,541	807,954	840,709	859,503	885,344	937,831	1,003,525	995,409
Total Primary Government	\$ 1,196,592	\$ 1,187,145	\$ 1,290,684	\$ 1,304,248	\$ 1,362,136	\$ 1,401,636	\$ 1,497,046	\$ 1,533,597	\$ 1,611,987	\$ 1,617,004
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property	\$ 217,119	\$ 227,188	\$ 274,809	\$ 259,963	\$ 295,381	\$ 288,106	\$ 287,062	\$ 331,914	\$ 347,079	\$ 349,176
Sales and use	420,693	455,436	468,137	421,838	447,071	481,023	494,495	539,348	615,735	638,276
Other	121,539	151,387	136,211	118,165	124,855	132,259	140,123	146,875	165,584	180,745
Investment and interest income	26,287	39,990	34,340	11,826	21,730	24,196	11,259	2,525	14,928	15,503
Other revenue	35,442	40,309	38,157	48,201	59,419	42,378	31,921	35,368	25,511	48,550
Transfers	(28,498)	2,261	265	(931)	275	244	275	275	575	2,275
Capital asset transfers	-	-	-	-	-	-	-	-	(10,066)	-
Total governmental activities	792,582	916,571	951,919	859,062	948,731	968,206	965,135	1,056,305	1,159,346	1,234,525
Business-type activities:										
Investment and interest income	62,814	87,885	90,279	15,828	50,424	33,323	48,275	24,357	45,205	41,593
Other revenue	66	33	6	56	102	-	17	948	2,225	13,666
Transfers	28,498	(2,261)	(265)	931	(275)	(244)	(275)	(275)	(575)	(2,275)
Capital asset transfers	-	-	-	-	-	-	-	-	10,066	-
Total business-type activities	91,378	85,657	90,020	16,815	50,251	33,079	48,017	25,030	56,921	52,984
Total General Revenues and Other Changes in Net Position	\$ 883,960	\$ 1,002,228	\$ 1,041,939	\$ 875,877	\$ 998,982	\$ 1,001,285	\$ 1,013,152	\$ 1,081,335	\$ 1,216,267	\$ 1,287,509
Changes in Net Position										
Governmental activities	\$ 96,727	\$ 94,167	\$ 41,579	\$ (35,465)	\$ 66,047	\$ 86,924	\$ 71,068	\$ 153,090	\$ 152,931	\$ 217,529
Business activities	113,854	43,969	(18,650)	(59,798)	(38,057)	(3,954)	54,989	35,568	163,985	145,823
Total Primary Government	\$ 210,581	\$ 138,136	\$ 22,929	\$ (95,263)	\$ 27,990	\$ 82,970	\$ 126,057	\$ 188,658	\$ 316,916	\$ 363,352

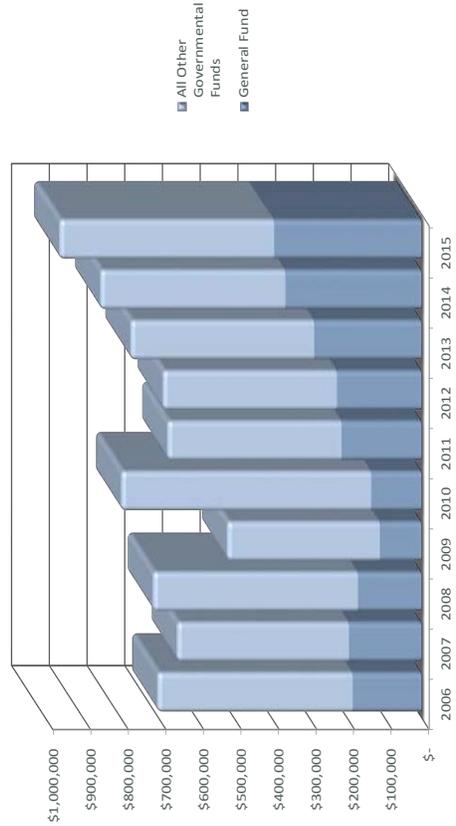
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Fund Balances of Governmental Funds

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 56,842	\$ 40,817	\$ 21,887	\$ 20,230	\$ 20,475		\$ 159	\$ 268	\$ 425	\$ 2,890
Unreserved	128,814	154,774	149,562	92,990	115,586	330	56,566	62,443	65,439	65,713
Nonspendable						54,049	15,084	23,594	30,388	32,121
Restricted						12,039	-	-	-	-
Committed						-	-	-	-	-
Assigned						147,892	155,039	201,030	267,764	293,476
Unassigned										
Total General Fund	\$ 185,656	\$ 195,591	\$ 171,449	\$ 113,220	\$ 136,061	\$ 214,310	\$ 226,848	\$ 287,335	\$ 364,016	\$ 394,200
All other governmental funds										
Reserved	\$ 278,996	\$ 338,498	\$ 183,353	\$ 193,214	\$ 198,463					
Unreserved:										
Special revenue funds	61,626	96,139	97,139	92,739	93,112					
Capital projects funds	172,918	16,871	258,295	114,590	367,142					
Permanent funds	3,285	3,387	3,936	3,527	3,605					
Nonspendable						3,030	\$ 5,729	\$ 6,515	\$ 3,038	\$ 8,218
Restricted						479,270	395,160	413,008	455,110	528,071
Committed						2,616	27,786	37,804	3,966	2,262
Assigned						30,966	32,760	29,043	28,076	30,040
Unassigned							(38)	-	-	(372)
Total all other governmental funds	\$ 516,825	\$ 454,895	\$ 542,723	\$ 404,070	\$ 662,322	\$ 515,882	\$ 461,397	\$ 486,370	\$ 490,190	\$ 568,219

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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Property taxes	\$ 217,119	\$ 227,188	\$ 274,809	\$ 259,963	\$ 295,381	\$ 288,106	\$ 287,062	\$ 331,914	\$ 347,079	\$ 349,176
Sales and use taxes	420,693	455,436	468,137	421,838	447,071	481,023	494,495	539,348	608,307	640,251
Other taxes	121,539	150,017	136,211	118,165	124,855	132,259	140,123	146,875	165,584	180,745
Special assessments	1,359	1,370	1,394	1,342	1,397	1,429	1,422	1,702	1,913	1,575
Licenses and permits	27,438	29,383	29,364	24,555	29,907	31,094	35,393	44,415	49,963	61,530
Intergovernmental revenues	188,010	211,351	247,386	208,031	213,568	227,776	236,892	206,878	218,206	213,643
Charges for services	160,030	156,564	189,494	190,940	196,642	200,728	219,691	225,169	237,077	265,105
Investment and interest income	26,287	39,990	34,340	11,826	21,225	23,680	10,738	2,003	14,413	14,998
Fines and forfeitures	36,856	37,013	41,473	44,863	47,628	58,075	55,964	57,469	54,472	53,540
Contributions	15,871	8,668	9,022	5,741	5,961	8,661	6,515	7,086	5,578	4,657
Other revenue	38,246	40,376	40,167	50,664	53,840	64,905	51,030	55,664	54,660	65,103
Total revenues	1,253,448	1,357,356	1,471,797	1,337,928	1,437,475	1,517,736	1,539,325	1,618,523	1,757,252	1,850,323
Expenditures										
General government	203,266	236,694	255,008	249,526	243,697	239,138	242,091	258,408	304,479	332,024
Public safety	437,632	470,978	534,984	488,380	499,293	514,421	545,395	552,663	574,812	607,077
Public works	74,339	96,313	125,668	168,048	149,812	155,204	207,205	170,129	221,813	192,462
Health	47,739	48,694	52,191	52,734	53,035	52,415	52,848	54,205	59,469	64,036
Human services	112,112	129,451	139,013	128,592	119,083	114,004	110,784	114,079	113,799	123,095
Parks and recreation	52,297	59,791	100,928	100,182	58,212	63,895	61,761	66,992	70,301	73,222
Cultural activities	81,307	72,974	40,826	71,143	77,547	80,599	87,984	98,038	107,138	110,427
Community development	34,069	53,877	37,808	41,251	50,240	49,882	40,505	35,030	39,469	44,791
Economic opportunity	20,512	26,122	31,486	31,885	25,860	22,939	21,482	21,321	21,085	19,813
Principal retirement	79,837	81,685	70,807	65,590	70,387	81,269	87,393	99,525	95,885	104,667
Interest	56,525	53,387	82,598	61,351	60,773	79,425	75,351	72,842	69,427	64,622
Bond issuance costs	1	421	833	3,272	3,041	289	-	-	500	491
Capital outlay	88,695	95,821	210,430	192,232	142,706	155,267	93,934	45,877	32,697	35,194
Total Expenditures	1,288,331	1,426,208	1,682,580	1,654,186	1,553,686	1,608,747	1,626,733	1,589,109	1,710,874	1,771,921
Deficiency of revenues under expenditures	(34,883)	(68,852)	(210,783)	(316,258)	(116,211)	(91,011)	(87,408)	29,414	46,378	78,402

continued

Changes in Fund Balances of Governmental Funds, continued

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

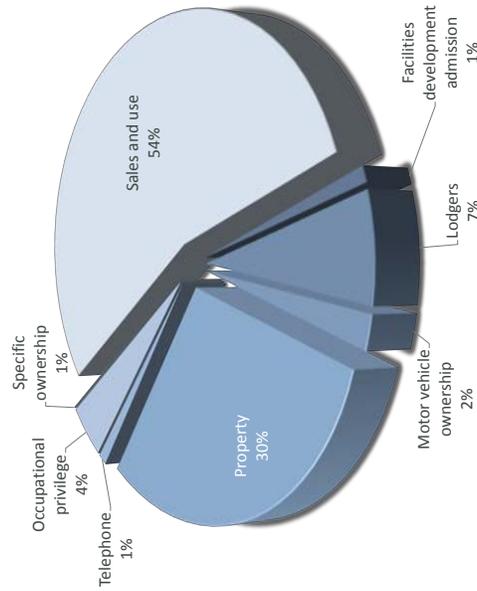
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other financing sources (uses)										
Sale of capital assets	8	5,724	2,526	146	8,490	617	5	128	1,784	296
GID general obligation bonds issued	-	-	-	-	4,000	-	-	-	-	-
General obligation bonds issued	125,000	8,861	174,135	121,130	394,615	16,455	-	-	-	-
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
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)	-	-
Payment to refunding escrow	-	-	-	-	-	-	-	-	-	-
Commercial paper issued	-	-	38,000	37,000	70,000	-	-	-	-	-
Bond premium (discount)	10,408	-	17,407	16,123	8,856	1,006	-	19,659	-	1,422
Issuance of bonds	-	-	-	-	-	-	-	48,660	12,000	-
Issuance of bonds - refunding	-	-	-	-	-	-	-	209,700	-	-
Proceeds from sale of registered coupons	-	-	11,610	-	-	-	-	-	-	-
Insurance recoveries	99	11	86	1,083	673	484	1,240	749	500	1,266
Developer advance	43	-	-	-	-	-	-	-	-	-
Repayment of developer advance	(375)	-	-	-	-	-	-	-	-	-
GID bonds issued	-	-	-	-	-	-	-	-	-	-
Transfers in	79,514	85,346	111,590	114,285	101,174	73,294	87,479	108,121	112,670	206,427
Transfers out	(76,805)	(83,085)	(111,375)	(115,216)	(100,899)	(73,626)	(89,002)	(108,483)	(112,736)	(202,555)
Total other financing sources (uses)	137,892	16,857	274,469	119,376	397,304	22,820	45,461	56,046	34,123	29,811
Net change in fund balances	\$ 103,009	\$ (51,995)	\$ 63,686	\$ (196,882)	\$ 281,093	\$ (68,191)	\$ (41,947)	\$ 85,460	\$ 80,501	\$ 108,213
Debt service as a percentage of non-capital expenditures	12.2%	12.1%	11.1%	10.7%	10.9%	12.2%	11.7%	11.7%	10.4%	10.5%

Governmental Activities Tax Revenues by Source

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

Taxes	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Facilities development admission	\$ 9,761	\$ 10,092	\$ 10,016	\$ 7,082	\$ 7,160	\$ 8,325	\$ 8,986	\$ 8,721	\$ 9,262	\$ 12,569
Lodgers	43,258	49,651	53,773	43,982	49,136	55,620	57,956	63,482	75,579	82,376
Motor vehicle ownership fee	15,884	16,963	19,514	17,907	17,004	17,140	19,784	21,000	23,944	26,647
Occupational privilege	41,502	42,751	43,040	39,551	41,818	41,141	43,227	44,515	46,438	48,293
Property	217,119	227,188	274,809	259,963	295,381	288,106	287,062	331,914	347,079	349,176
Sales and use	420,693	455,436	468,137	421,838	447,071	481,023	494,495	539,348	608,307	640,251
Specific ownership	60	64	54	47	84	162	191	193	213	232
Telephone	11,074	9,918	9,814	9,596	9,653	9,871	9,979	8,964	10,148	10,628
Total primary government taxes	\$ 759,351	\$ 812,063	\$ 879,157	\$ 799,966	\$ 867,307	\$ 901,388	\$ 921,680	\$ 1,018,137	\$ 1,120,970	\$ 1,170,172

2015 Tax Revenues by Source

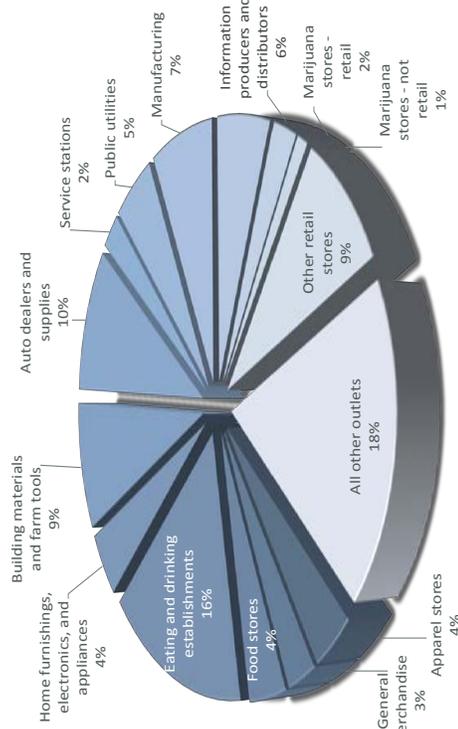


Sales Tax by Category

Last Ten Calendar Years (dollars in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Apparel stores	\$ 15,179	\$ 16,474	\$ 17,691	\$ 16,241	\$ 18,356	\$ 20,237	\$ 21,796	\$ 22,778	\$ 24,111	\$ 25,523
General merchandise	16,892	16,209	16,953	14,699	16,921	16,825	17,161	17,704	18,276	18,527
Food stores	16,729	16,210	17,961	17,795	18,790	19,467	20,269	21,399	23,698	24,994
Eating and drinking establishments	60,252	60,097	67,878	64,798	68,520	75,531	77,886	85,211	94,439	101,242
Home furnishings, electronics and appliances	21,268	21,543	22,461	19,105	20,413	21,827	22,584	24,410	26,138	28,026
Building materials and farm tools	39,353	35,826	37,741	31,258	30,962	33,700	36,837	44,188	52,708	55,122
Auto dealers and supplies	38,093	38,350	39,584	33,927	35,853	41,544	44,371	50,021	55,414	62,000
Service stations	13,702	11,942	10,719	14,792	20,345	16,798	15,100	14,396	15,027	15,058
Public utilities	25,068	24,503	30,145	26,118	28,783	30,333	28,164	30,944	32,931	31,106
Manufacturing	35,808	34,033	34,947	29,666	31,526	35,073	36,415	40,651	46,870	46,166
Information producers and distributors	39,768	36,164	41,431	36,154	37,531	40,445	38,576	37,877	38,213	37,036
Marijuana stores - retail	n/a	10,761	15,636							
Marijuana stores - not including retail	n/a	6,451	6,996							
Other retail stores	25,506	44,383	40,913	29,743	34,631	47,463	51,512	52,656	55,634	55,530
All other outlets	73,075	99,702	89,713	87,542	84,440	81,780	83,824	97,113	107,636	117,289
Total	\$ 420,693	\$ 455,436	\$ 468,137	\$ 421,838	\$ 447,071	\$ 481,023	\$ 494,495	\$ 539,348	\$ 608,307	\$ 640,251
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%

2015 Sales Tax by Category



Note: The 2015 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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Vacant property	\$ 172,889	\$ 198,284	\$ 210,633	\$ 231,563	\$ 218,132	\$ 194,051	\$ 193,826	\$ 212,668	\$ 181,758	\$ 219,528
Residential property	3,933,051	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
Commercial property	3,340,741	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
Industrial property	120,660	130,130	125,108	144,380	142,372	147,433	120,329	124,503	122,425	150,606
Agricultural property	49	113	56	44	44	120	55	69	69	79
Oil and gas property	1,043	1,279	3,286	4,020	63	-	-	-	-	-
Personal property	715,287	779,600	792,393	813,037	739,224	726,354	722,513	741,538	765,486	825,798
State assessed property	750,830	784,031	837,783	821,502	835,603	888,485	808,218	829,207	838,378	824,187
Total taxable assessed value	\$ 9,034,550	\$ 10,660,627	\$ 10,863,244	\$ 12,012,343	\$ 11,960,084	\$ 10,937,455	\$ 10,757,438	\$ 11,264,201	\$ 11,385,252	\$ 14,384,910
Total direct tax rate	26.007	27.119	26.535	25.308	26.043	28.419	32.926	33.119	33.055	30.119
Estimated actual taxable value	\$ 66,999,158	\$ 76,813,114	\$ 78,563,808	\$ 82,844,303	\$ 83,151,295	\$ 77,142,543	\$ 76,697,449	\$ 79,581,379	\$ 80,891,083	\$ 100,203,607
Assessed value as a percentage of estimated actual value	13.5%	13.9%	13.8%	14.5%	14.4%	14.2%	14.0%	14.2%	14.1%	14.4%

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 (2005, 2007, 2009, 2011, 2013, and 2015). 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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
County Direct Rates										
General fund	9.323	6.306	6.389	5.867	8.455	9.805	13.362	13.185	13.156	11.331
Bond principal	6.933	4.750	4.470	4.470	4.470	3.980	4.170	4.330	4.100	5.433
Bond interest	1.500	3.683	3.110	3.110	3.110	3.600	3.780	4.103	4.333	3.000
Social services	3.992	3.630	3.698	3.394	3.556	4.101	4.520	4.480	4.470	3.849
Developmentally disabled	1.012	1.013	1.011	1.013	1.019	1.030	1.033	1.021	1.016	1.012
Fire pension	1.480	1.345	1.371	1.258	1.317	1.519	1.587	1.572	1.568	1.350
Police pension	1.767	1.607	1.636	1.502	1.572	1.812	1.893	1.875	1.870	1.610
Capital improvement	-	2	2.350	2.170	-	-	-	-	-	-
Capital maintenance	-	3	2.500	2.524	2.544	2.572	2.581	2.553	2.542	2.534
Total County Direct Rates	26.007	27.119	26.535	25.308	26.043	28.419	32.926	33.119	33.055	30.119
School District #1										
General fund	34.734	33.611	33.464	32.912	33.172	34.307	39.575	38.853	38.780	37.147
Bond redemption	5.599	5.599	6.193	6.350	6.800	7.958	10.913	10.446	10.519	10.250
Total School District #1	40.333	39.210	39.657	39.262	39.972	42.265	50.488	49.299	49.299	47.397
Urban Drainage & Flood Control District	0.608	0.568	0.591	0.569	0.576	0.623	0.657	0.672	0.700	0.611
Total General Taxes	66.948	66.897	66.783	65.139	66.591	71.307	84.071	83.090	83.054	78.127

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.

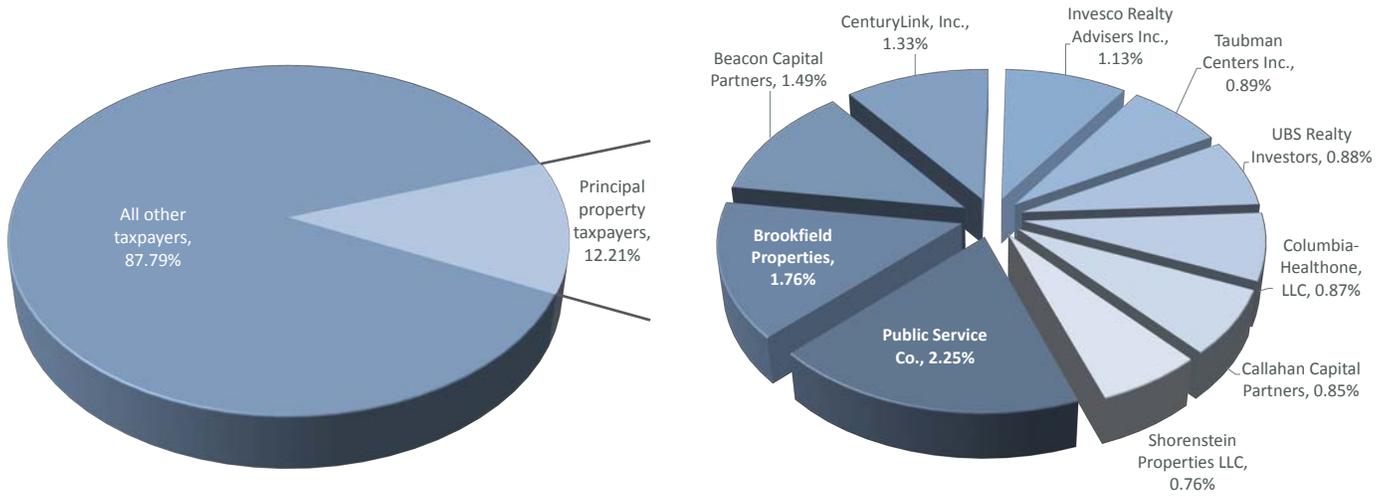
Source: Abstract of Assessment documents

Principal Property Taxpayers

Current Year and Nine Years Ago (dollars in thousands)

Taxpayer	2015			2006		
	Value	Rank	Total Taxable	Value	Rank	Total Taxable
Public Service Co.	\$ 256,596	1	2.25%	\$ 166,870	1	1.85%
Brookfield Properties	200,284	2	1.76%			
Beacon Capital Partners	169,290	3	1.49%			
CenturyLink, Inc. ¹	151,991	4	1.33%	162,552	2	1.80%
Invesco Realty Advisers Inc.	128,357	5	1.13%			
Taubman Centers Inc.	101,355	6	0.89%			
UBS Realty Investors	100,321	7	0.88%			
Columbia-Healthone, LLC	99,232	8	0.87%	63,661	6	0.70%
Callahan Capital Partners	96,867	9	0.85%			
Shorenstein Properties LLC	86,697	10	0.76%			
Frontier Airlines				56,407	9	0.62%
United Airlines, Inc.				110,101	3	1.22%
Equity Office Properties				73,502	4	0.81%
AT&T				66,658	5	0.73%
Crescent Real Estate Equities				63,371	7	0.70%
Temple Hoyne Buell Foundation				59,852	8	0.66%
Sykwest Airlines				48,758	10	0.54%
Totals	\$ 1,390,990		12.21%	\$ 871,732		9.63%

2015 Principal Property Taxpayers



¹ CenturyLink, Inc. merged with Qwest Corp. in April 2011.

Source: Denver County Assessor

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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	Total collections to date		
			Amount collected in year due	Collections in subsequent years ¹	Percentage of levy prepaid and collected in year due
2006	79,818	571	78,698	(212)	99.05%
2007	63,216	437	62,213	(222)	98.75%
2008	65,079	510	63,315	413	98.07%
2009	66,126	441	64,579	(588)	98.33%
2010	68,934	473	67,649	(198)	98.82%
2011	73,181	494	71,281	(268)	98.08%
2012	106,177	358	105,134	4	99.36%
2013	109,268	469	107,758	(3)	99.05%
2014	109,682	580	108,074	-	99.04%
2015	118,856	631	n/a	n/a	99.06%
			Amount	Percentage of levy	Cancellations ²
			79,056	99.05%	\$
			62,428	98.75%	68
			64,238	98.71%	63
			64,432	97.44%	
			67,924	98.53%	
			71,507	97.71%	
			105,496	99.36%	
			108,224	99.04%	
			108,654	99.06%	

Bond Principal Fund

	Taxes levied	Prepaid amounts collected within the fiscal year of the levy	Total collections to date		
			Amount collected in year due	Collections in subsequent years ¹	Percentage of levy prepaid and collected in year due
2006	59,356	425	58,523	(158)	99.05%
2007	47,618	329	46,862	(168)	98.75%
2008	45,532	357	44,298	289	98.07%
2009	50,381	336	49,202	(448)	98.33%
2010	49,908	343	48,978	(144)	98.82%
2011	40,599	274	39,546	(149)	98.08%
2012	41,730	141	41,320	2	99.36%
2013	45,268	194	44,643	(2)	99.05%
2014	43,121	228	42,512	-	99.12%
2015	71,837	381	n/a	n/a	0.53%
			Amount	Percentage of levy	Cancellations ²
			58,790	99.05%	\$
			47,024	98.75%	51
			44,944	98.71%	44
			49,090	97.44%	
			49,177	98.53%	
			39,671	97.71%	
			41,463	99.36%	
			44,835	99.04%	
			42,740	99.12%	

Bond Interest Fund

	Taxes levied	Prepaid amounts collected within the fiscal year of the levy	Total collections to date		
			Amount collected in year due	Collections in subsequent years ¹	Percentage of levy prepaid and collected in year due
2006	12,842	92	12,662	(34)	99.05%
2007	36,921	255	36,336	(130)	98.75%
2008	31,679	248	30,820	201	98.07%
2009	35,052	234	34,232	(311)	98.33%
2010	34,724	238	34,077	(100)	98.82%
2011	36,723	248	35,770	(135)	98.08%
2012	37,827	128	37,455	2	99.35%
2013	42,895	184	42,302	(1)	99.05%
2014	45,572	241	44,928	-	99.12%
2015	39,667	211	n/a	n/a	0.53%
			Amount	Percentage of levy	Cancellations ²
			12,720	99.05%	\$
			36,461	98.75%	10
			31,269	98.71%	40
			34,155	97.44%	31
			34,215	98.53%	
			35,883	97.71%	
			37,585	99.36%	
			42,485	99.04%	
			45,169	99.12%	

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	Collections in subsequent years ¹	Total collections to date	
					Amount	Percentage of levy
2006	42,841	42,281	99.31%	(114)	42,432	99.05%
2007	46,545	45,806	99.10%	(164)	45,964	98.75%
2008	47,966	46,666	98.07%	305	47,347	98.71%
2009	49,671	48,508	98.33%	(441)	48,398	97.44%
2010	51,081	50,128	98.82%	(147)	50,332	98.53%
2011	52,340	50,981	98.08%	(192)	51,144	97.71%
2012	56,335	55,778	99.34%	3	55,968	99.35%
2013	58,308	57,501	99.04%	-	57,748	99.04%
2014	58,530	57,706	99.11%	-	58,011	99.11%
2015	65,295	n/a	0.52%	n/a	-	-

Capital Improvement and Maintenance Funds

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 ¹	Total collections to date	
					Amount	Percentage of levy
2006	-	-	-	-	-	-
2007	47,969	47,207	99.10%	(169)	47,370	98.75%
2008	49,403	48,065	98.07%	314	48,764	98.71%
2009	52,905	51,668	98.33%	(471)	51,550	97.44%
2010	53,872	52,868	98.82%	(155)	53,082	98.53%
2011	53,075	51,697	98.08%	(195)	51,861	97.71%
2012	53,369	52,844	99.35%	2	53,026	99.36%
2013	55,183	54,420	99.05%	(1)	54,656	99.05%
2014	55,322	54,526	99.09%	-	54,818	99.09%
2015	64,472	n/a	0.53%	n/a	-	-

Total

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 ¹	Total collections to date	
					Amount	Percentage of levy
2006	194,858	192,163	99.31%	(518)	192,998	99.05%
2007	242,270	238,424	99.10%	(852)	239,247	98.75%
2008	239,659	233,164	98.07%	1,521	236,562	98.71%
2009	254,135	248,189	98.33%	(2,258)	247,626	97.44%
2010	258,518	253,699	98.82%	(744)	254,730	98.53%
2011	255,918	249,275	98.08%	(938)	250,066	97.71%
2012	295,438	292,531	99.35%	12	293,537	99.36%
2013	310,922	306,624	99.05%	(6)	307,949	99.04%
2014	312,228	307,746	99.09%	-	309,392	99.09%
2015	360,128	n/a	0.53%	n/a	-	-

¹ Net of adjustments based upon the appeals process.

² 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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
General obligation bonds	\$ 472,309	\$ 422,924	\$ 551,679	\$ 616,209	\$ 969,229	\$ 941,484	\$ 895,649	\$ 903,939	\$ 867,646	\$ 815,676
Commercial paper notes	-	-	38,000	22,000	-	-	-	-	-	-
Special assessment bonds	313,920	304,105	290,930	278,450	266,640	249,140	230,650	211,325	191,150	171,365
Excise tax revenue bonds	430,477	416,914	435,306	436,546	444,591	429,279	447,679	413,417	406,490	403,555
Capital leases	40,415	35,646	46,672	55,827	56,644	48,876	40,927	47,108	37,948	31,080
Unamortized premium	2,852	2,642	2,432	(2,903)	(2,601)	(2,299)	(1,997)	(16,073)	(14,361)	(12,675)
Deferred amount on refunding	5,209	735	770	-	-	-	-	-	-	-
Line of credit	16,082	14,038	14,532	14,656	11,777	8,640	13,804	7,856	7,456	1,431
Note payable										
Business-Type Activities										
Revenue bonds	3,903,190	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
Unamortized (discount)/premium	39,317	58,554	63,637	59,312	61,066	70,089	173,057	177,856	158,108	133,495
Deferred amount on refunding	(301,054)	(303,121)	(295,180)	(274,565)	(253,473)	(227,006)	(240,356)	(215,700)	(190,998)	(161,169)
Capital leases	-	-	-	617	487	430	9,769	8,785	9,345	8,179
Notes payable	88,985	61,671	63,648	94,961	36,428	24,466	35,169	25,804	20,987	17,077
Total primary government	\$ 5,011,702	\$ 5,244,868	\$ 5,342,561	\$ 5,465,990	\$ 5,593,373	\$ 5,347,044	\$ 5,554,776	\$ 6,055,707	\$ 5,824,706	\$ 5,564,184
Percentage of personal income	17.34%	16.95%	17.07%	17.35%	18.33%	15.81%	15.55%	16.37%	n/a	n/a
Per capita	\$ 8,604	\$ 8,859	\$ 8,924	\$ 8,956	\$ 9,320	\$ 8,625	\$ 8,758	\$ 9,324	\$ 8,774	\$ 8,152

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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General obligation bonds	\$ 472,309	\$ 422,924	\$ 551,679	\$ 616,209	\$ 969,229	\$ 941,484	\$ 895,649	\$ 903,939	\$ 867,646	\$ 815,676
Less amounts available in debt service fund	(19,288)	(19,930)	(21,751)	(26,436)	(34,280)	(38,943)	(32,777)	(26,513)	(64,755)	(84,239)
Total	\$ 453,021	\$ 402,994	\$ 529,928	\$ 589,773	\$ 934,949	\$ 902,541	\$ 862,872	\$ 877,426	\$ 802,891	\$ 731,437
Percentage of estimated actual taxable value of property	0.68%	0.53%	0.67%	0.71%	1.12%	1.17%	1.13%	1.10%	0.99%	0.73%
Per capita	\$ 778	\$ 681	\$ 885	\$ 966	\$ 1,558	\$ 1,519	\$ 1,412	\$ 1,392	\$ 1,307	\$ 1,195

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, 2015 (dollars in thousands)

	Debt Outstanding	Percentage Applicable	City and County of Denver Share of Debt
Direct Debt			
General Obligation bonds	\$ 815,676 ¹		
General Improvement District bonds	4,130		
Capital leases	403,555		
Housing and Urban Development notes	1,431		
Intergovernmental agreement	2,591		
Total Net Direct Debt	1,227,383		
Overlapping Debt			
Regional Transportation District	3,387,621	30.5% ²	\$ 1,033,224
Metro Wastewater Reclamation District	606,630	38.5% ³	233,553
School District #1	2,354,967	100.0%	2,354,967
Total Overlapping Debt	6,349,218		3,621,744
Total Net Direct and Overlapping Debt	\$ 7,576,601		\$ 4,849,127

¹ Does not include \$21,337 unamortized premium.

² 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.

³ 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 2015

Total Estimated Actual Valuation \$ 100,203,607

Maximum general obligation debt, limited to 3% of total valuation \$ 3,006,108

Outstanding bonds chargeable to limit 815,676

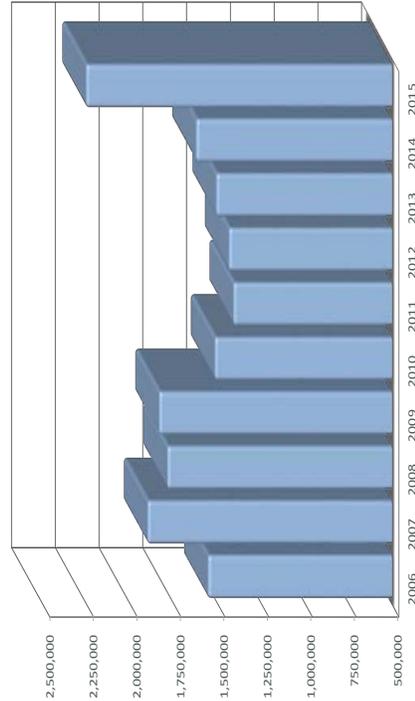
Less amount reserved for long-term debt 84,239

Net chargeable to bond limit 731,437

Legal Debt Margin – December 31 \$ 2,274,671

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 2,009,975	\$ 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
Total net debt application to limit	453,021	402,994	567,928	649,694	976,103	902,541	862,872	877,426	802,891	731,437
Legal debt margin	\$ 1,556,954	\$ 1,901,399	\$ 1,788,986	\$ 1,835,635	\$ 1,518,436	\$ 1,411,735	\$ 1,438,051	\$ 1,510,015	\$ 1,623,841	\$ 2,274,671
Total net debt applicable to the limit	22.54%	17.49%	24.10%	26.14%	39.13%	39.00%	37.50%	36.75%	33.09%	24.33%

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.

Convention Center Excise Pledged-Revenue Coverage

Last Ten Fiscal Years (dollars in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Pledged lodger's tax revenues	\$ 12,074	\$ 13,857	\$ 15,006	\$ 12,279	\$ 13,703	\$ 15,553	\$ 16,173	\$ 17,726	\$ 21,092	\$ 22,989
Pledged food and beverage tax revenues	9,326	10,396	10,720	10,141	11,116	12,243	12,840	13,564	15,202	16,350
Pledged short-term auto rental tax revenues	7,116	7,957	7,721	6,874	7,707	8,058	8,595	9,425	10,894	11,614
Other sources	677	1,026	849	415	402	287	324	263	381	541
Total pledged excise tax base	\$ 29,193	\$ 33,236	\$ 34,296	\$ 29,709	\$ 32,928	\$ 36,141	\$ 37,932	\$ 40,978	\$ 47,569	\$ 51,494
Debt service (2009B Bonds)	7,380	7,383	7,380	7,341	4,198	8,648	8,644	8,647	8,655	10,368
Pledged excise tax base remaining after payment of 2009B Bonds debt service	\$ 21,813	\$ 25,853	\$ 26,916	\$ 22,368	\$ 28,730	\$ 27,493	\$ 29,288	\$ 32,331	\$ 38,914	\$ 41,126
Pledged short-term auto rental increase	6,227	6,962	6,756	6,015	6,745	7,051	7,521	8,247	9,532	10,163
Pledged lodgers' tax increase	7,043	8,083	8,754	7,162	7,993	9,072	9,434	10,340	12,303	13,410
Available for Series 2005A and 2009A Bonds debt service	\$ 35,083	\$ 40,898	\$ 42,426	\$ 35,545	\$ 43,468	\$ 43,616	\$ 46,243	\$ 50,918	\$ 60,749	\$ 64,699
Debt service (2005A and 2009A Bonds)	\$ 11,507	\$ 13,165	\$ 16,365	\$ 17,394	\$ 19,828	\$ 19,913	\$ 19,887	\$ 19,868	\$ 19,824	\$ 27,165
Coverage	3.05	3.11	2.59	2.04	2.19	2.19	2.33	2.56	3.06	2.38
Required coverage	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

Note: The pledged excise tax base is funded by portions of the lodger's tax (3%), short-term auto rental tax (2%), and food and beverage tax (.5%). The pledged excise tax base is used to pay the debt service on the series 2009B Excise Tax Bonds. 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 can only be used to pay the 2005A and 2009A Excise Tax Bonds. Any deficiency in the pledged excise tax increase revenue is covered by excess funds in the pledged excise tax base. All of the bond issuances funded the Colorado Convention Center and its expansion.

Wastewater Management Fund Pledged-Revenue Coverage

Last Ten Fiscal Years (dollars in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net pledged revenues	\$ 22,873	\$ 14,993	\$ 16,013	\$ 9,260	\$ 8,722	\$ 10,202	\$ 24,562	\$ 28,016	\$ 36,635	\$ 33,363
Combined average debt service requirements ¹	\$ 2,449	\$ 2,450	\$ 2,387	\$ 2,471	\$ 2,484	\$ 2,484	\$ 3,223	\$ 3,164	\$ 3,099	\$ 3,027
Debt service coverage ratio	9.34	6.12	6.71	3.75	3.51	4.11	7.62	8.85	11.82	11.02
Required coverage	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

¹ 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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net pledged revenues	\$ 628	\$ 2,590	\$ 1,114	\$ 1,775	\$ 2,034	\$ 1,551	\$ 1,996	\$ 907 ¹	\$ 1,264 ²	\$ 912
Rate maintenance account	\$ 240	\$ 240	\$ 240	\$ 240	\$ 240	\$ 240	\$ 240	\$ 240	\$ 240	\$ 240
Available fund balance	\$ 10,432	\$ 12,507	\$ 12,883	\$ 13,362	\$ 14,238	\$ 14,468	\$ 15,325	\$ 14,253	\$ 12,933	\$ 9,791
Annual debt service requirement	\$ 684	\$ 687	\$ 682	\$ 682	\$ 686	\$ 685	\$ 685	\$ 682	\$ 686	\$ 684
Service coverage ratio	n/a	n/a	1.99	2.95	3.31	2.61	3.26	1.68	2.19	1.68
Required coverage	n/a	n/a	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35

***Golf bonds were issued in 2006**

¹ Does not include non-cash expenditure of \$617 for leased items that did not meet City's capitalization limit.

² 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.

Occupational Privilege and Facilities Development Admission Excise Tax Pledged-Revenue Coverage

Last Ten Fiscal Years (dollars in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Pledged occupational privilege tax (OPT) revenues	\$ 41,503	\$ 42,751	\$ 43,041	\$ 39,551	\$ 41,819	\$ 41,141	\$ 43,227	\$ 44,515	\$ 46,438	\$ 48,293
Pledged facilities development admission (FDA) tax revenues	7,316	7,410	7,065	7,082	7,160	8,325	8,986	8,721	9,262	12,569
Payments in lieu of FDA taxes ¹	2,700	2,700	2,700	-	-	-	-	-	-	-
Total pledged revenues	\$ 51,519	\$ 52,861	\$ 52,806	\$ 46,633	\$ 48,979	\$ 49,466	\$ 52,213	\$ 53,236	\$ 55,700	\$ 60,862
Debt service	\$ 3,055	\$ 3,054	\$ 3,056	\$ 3,054	\$ 2,558	\$ 2,858	\$ 3,054	\$ 3,058	\$ 3,054	n/a ²
Coverage	16.86	17.31	17.28	15.27	19.15	17.31	17.10	17.41	18.24	n/a ²
Required coverage	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	n/a ²

¹ Payments in Lieu of FDA taxes represents an agreement made by the City and County of Denver and the Denver Broncos in exchange for early release of the Mile High Stadium lease. The payments were made through 2008 in lieu of taxes the Mile High Stadium would have generated to pay existing debt.

² The excise tax bonds were paid off in November 2015.

Note: The excise tax bonds were issued to fund improvements to City-owned venues, secured by the FDA tax, which is 10% of the admission price to events at City-owned venues, and the OPT, which is \$9.75 per month per employee working in Denver.

Denver International Airport Fund Pledged-Revenue Coverage

Last Ten Fiscal Years (dollars in thousands)

	2006 ¹	2007	2008	2009	2010	2011	2012	2013	2014	2015
Gross Revenues	\$ 592,110	\$ 616,106	\$ 635,607	\$ 631,592	\$ 668,885	\$ 702,157	\$ 713,279	\$ 743,101	\$ 803,620	\$ 808,614
Operation and maintenance expenses	256,191	282,746	305,382	309,270	302,881	312,278	318,394	349,987	355,769	377,199
Net revenues	335,919	333,360	330,225	322,322	366,004	389,879	394,885	393,114	447,851	431,415
Other available funds	50,791	53,251	53,575	49,288	57,449	57,528	51,685	50,409	54,834	50,320
Total amount available for debt service	\$ 386,710	\$ 386,611	\$ 383,800	\$ 371,610	\$ 423,453	\$ 447,407	\$ 446,570	\$ 443,523	\$ 502,685	\$ 481,735
Debt service requirements per general and supplemental bond ordinances	\$ 220,001	\$ 229,923	\$ 240,028	\$ 237,905	\$ 253,244	\$ 235,356	\$ 247,563	\$ 242,816	\$ 219,334	\$ 201,279
Debt service coverage	1.76	1.68	1.60	1.56	1.67	1.90	1.80	1.83	2.29	2.39
Required coverage	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

¹ Per restated financial statements.

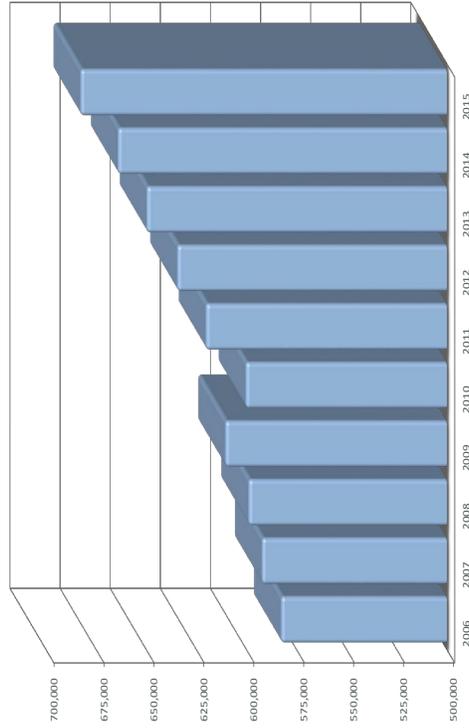
Source: Denver International Airport Financial Statements

Demographic and Economic Statistics

Last Ten Calendar Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Population	582,474	592,052	598,707	610,345	600,158	619,968	634,265	649,495	663,862	682,545
Personal income (expressed in millions)	\$ 28,902	\$ 30,949	\$ 31,308	\$ 31,512	\$ 30,515	\$ 33,811	\$ 35,721	\$ 36,999	\$ 41,743	n/a
Per capita personal income	\$ 50,193	\$ 53,908	\$ 52,788	\$ 51,630	\$ 50,845	\$ 54,537	\$ 56,318	\$ 56,967	\$ 62,880	n/a
School enrollment	73,399	73,873	75,269	78,352	79,423	81,870	84,424	87,398	90,150	91,429
Unemployment rate	4.80%	4.20%	5.30%	9.00%	10.00%	9.20%	8.20%	7.00%	4.30%	3.70%

City and County of Denver Population



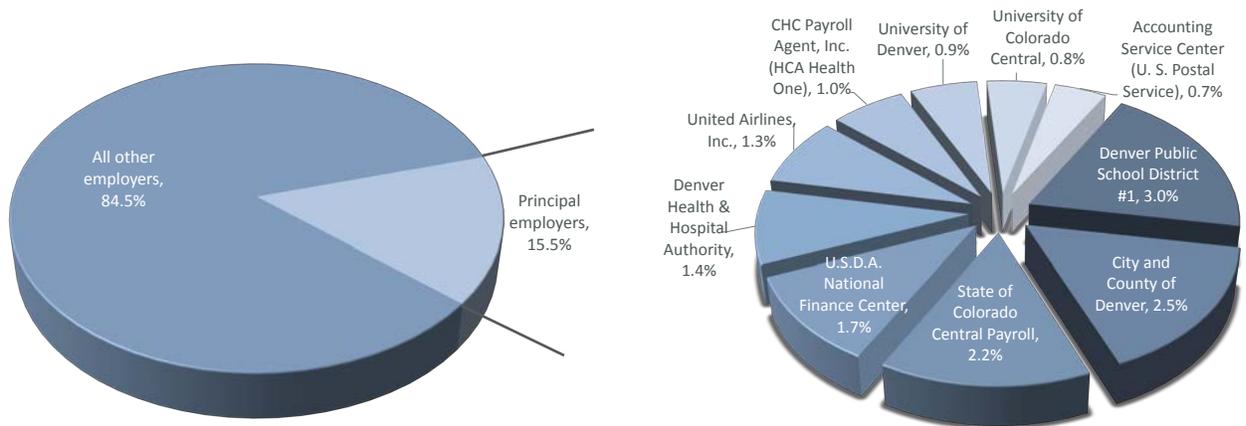
Source: Denver Public Schools
 U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics
 U.S. Census Bureau
 U.S. Department of Commerce

Principal Employers

Current Year and Nine Years Ago

	2015			2006		
	Employees	Rank	City Employment	Employees	Rank	City Employment
Denver Public School District #1	12,864	1	3.0%	9,421	2	2.5%
City and County of Denver	10,549	2	2.5%	11,322	1	3.0%
State of Colorado Central Payroll	9,401	3	2.2%	8,885	3	2.4%
U.S.D.A. National Finance Center	7,264	4	1.7%	3,933	7	1.1%
Denver Health & Hospital Authority	6,047	5	1.4%			
United Airlines, Inc.	5,412	6	1.3%	5,805	6	1.6%
CHC Payroll Agent, Inc. (HCA Health One)	4,264	7	1.0%	3,630	10	1.0%
University of Denver	3,795	8	0.9%			
University of Colorado Central	3,536	9	0.8%	6,113	5	1.6%
Accounting Service Center (U. S. Postal Service)	2,943	10	0.7%	3,710	9	1.0%
Frontier Airlines Inc.				3,746	8	1.0%
Defense Civilian Pay System				8,352	4	2.2%
Total	66,075		15.5%	64,917		17.4%

2015 Principal Employers



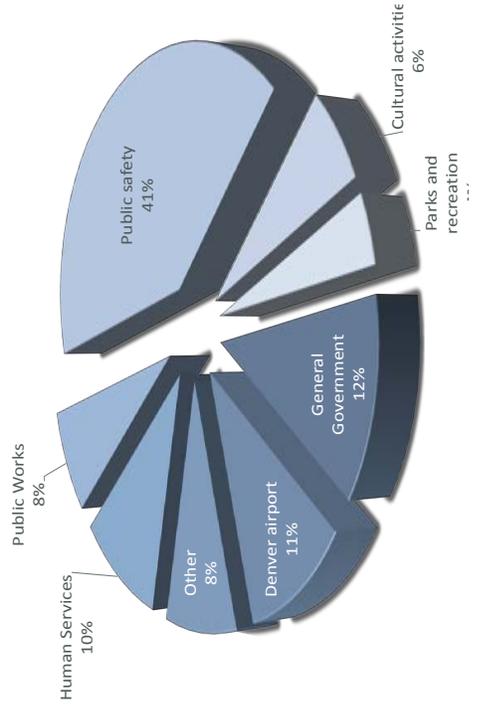
Source: Based on 2015 and 2006 Occupational Privilege Tax Remitters.

Full-Time Equivalent City Government Employees by Function

Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	1,319	1,309	1,329	1,194	1,212	1,155	1,179	1,190	1,282	1,290
Public safety	4,209	4,303	4,327	4,211	4,167	4,109	4,095	4,192	4,256	4,324
Public Works	778	804	822	795	784	751	736	754	754	794
Human Services	990	1,060	1,050	890	892	894	890	884	941	1,022
Health	115	120	126	114	122	109	111	124	131	136
Parks and recreation	544	548	542	446	449	431	431	449	450	450
Cultural activities	545	575	563	512	520	517	570	628	642	665
Community development	229	225	215	191	190	185	179	176	200	219
Economic opportunity	151	226	249	211	212	198	183	182	186	176
Wastewater management	247	255	271	258	246	234	251	248	252	259
Denver airport system	948	990	1,030	1,001	972	983	1,001	1,035	1,097	1,125

2015 Full-Time City Employees by Function



Source: Denver Controller's Office

Operating Indicators by Function

Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Physical arrests	73,668	75,312	70,883	68,803	56,497	51,390	54,545	50,878	52,517	52,912
Traffic violations	117,855	119,336	132,659	114,879	144,370	126,849	118,644	109,342	98,434	86,427
Fire										
Emergency responses	80,418	91,838	85,098	81,326	80,463	89,211	101,530	105,290	112,370	107,076
Fires extinguished	530	690	684	609	995	2,071	2,248	1,985	1,986	1,792
Inspections	23,134	23,946	31,819	31,360	29,969	39,955	30,226	31,818	34,044	36,897
Sheriff										
Average daily population	2,475	2,412	2,273	2,164	2,082	2,111	2,144	2,270	2,049	2,004
Number of jails	2	2	2	2	2	2	2	2	2	2
Public works										
Parking tickets issued	578,547	585,290	618,556	622,811	652,094	644,712	646,150	677,369	640,126	653,491
Recyclables collected (tons)	21,760	26,550	28,067	29,092	31,116	31,042	31,600	33,193	34,350	37,318
Refuse collected (tons)	234,059	231,956	219,675	221,797	216,382	213,411	213,411	205,985	208,222	207,132
Other public works										
Alleys paved (square yards)	117,611	66,042	167,400	154,824	77,662	57,475	41,545	7,750	14,358	19,860
Potholes repaired (tons of asphalt)	3,943	4,273	4,346	4,249	3,819	4,237	4,364	3,358	4,666	5,025
Street resurfacing (square yards)	624,609	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
Human services										
Family Medicaid Application for Denver clients	13,247	13,747	14,513	14,461	9,045	9,049	7,061	29,025 ¹	77,219 ¹	38,061
New child welfare case involvements	2,169	2,501	2,656	1,589	1,240	1,187	1,305	974	824	1,231
Community development										
Permits issued	52,958	52,184	45,999	41,474	41,000	51,549	55,463	55,252	67,818	75,717
Economic opportunity										
Low income affordable housing units created	261	30	45	182	250	452	503	568	557	749
Percent of job seekers entering employment	59.70%	61.84%	68.40%	56.90%	57.00%	50.54%	51.15%	55.83%	59.51%	65.30%
Library										
Total volumes borrowed	9,244,353	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
Volumes in collection	2,455,965	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
Denver airport system										
Passenger air traffic	47,000,000	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
Excise and Licenses										
Number of business license transactions	15,311	18,355	17,895	16,776	17,100	17,360	16,248	15,085	17,230	22,207

¹ Family Medicaid Applications increased due to changes in the Affordable Care Act and additional outreach funding client engagement.

Source: Denver Department of Aviation
 Denver Department of Community Planning and Development
 Denver Department of Finance
 Denver 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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fire										
Number of engines/trucks	39/23	39/23	39/23	39/23	39/23	40/22	41/22	40/22	41/23	44/23
Number of stations	33	33	33	33	34	34	34	34	34	37
Police										
Number of patrol marked/unmarked vehicles	314/78	313/101	313/101	311/101	269/98	325/115	329/111	392/207	414/213	417/209
Number of stations	6	6	6	6	6	6	6	6	6	6
Public works										
Bridges (major/minor)	287/175	288/177	290/179	292/181	293/181	294/181	294/181	297/182	297/182	297/184
Alleys										
paved	4216	4,340	4,573	4,758	4,834	4,934	5,116	5,125	5,142	5,169
unpaved	915	791	563	375	297	192	148	102	100	73
Streets (centerline miles)	1868	1,949	2,005	2,005	2,005	2,005	2,005	2,005	2,005	2,005
Traffic signals	1249	1,255	1,259	1,257	1,249	1,267	1,263	1,267	1,272	1,285
Parks and recreation										
Acreage owned	19,819	19,889	20,036	20,038	20,095	20,097	20,106	20,106	20,106	20,361
Golf courses	7	7	8	8	8	8	8	8	8	8
Mountain acreage	14141	14,141	14,141	14,141	14,141	14,141	14,141	14,141	14,141	14,141
Number of parks (includes mountain parks)	305	307	312	312	317	318	319	332	332	332
Parkways (miles)	60	60	60	60	60	60	60	60	60	60
Athletic fields/lighted	303/27	303/27	303/27	303/33	309/33	315/47	318/47	324/45	329/50	330/50
Recreation centers	30	30	30	30	31	31	31	30	30	30
Swimming pools	28	28	28	28	28	29	29	29	29	29
Tennis courts/lighted	149/88	149/88	155/88	155/88	155/88	155/88	152/88	148/88	146/88	146/88
Cultural activities										
Concert venues	7	7	7	7	7	7	7	7	7	7
Public libraries	23	23	23	23	23	24	24	24	25	26
Wastewater										
Sanitary sewers (miles)	1461	1,461	1,461	1,464	1,464	1,483	1,504	1,504	1,506	1,514
Storm sewers (miles)	694	694	694	742	742	782	793	802	805	812
Denver airport system										
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
Seating Capacities										
Boettcher Concert Hall	2,679	2,679	2,679	2,679	2,709	2,709	2,709	2,709	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	11,500	10,474	10,474	10,474	10,474	10,000	10,000
Ellie Caulkins Opera House	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225
Red Rocks Amphitheater	9,450	9,450	9,450	9,450	9,450	9,450	9,450	9,450	9,525	9,525
Temple Hoyne Buell Theatre	2,844	2,844	2,844	2,844	2,846	2,846	2,846	2,846	2,884	2,884
McNichols Civic Center Building	-	-	-	-	-	-	-	-	2,000	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

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DEPARTMENT OF FINANCE

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