

City of  
Colorado Springs,  
Colorado

# Comprehensive Annual Financial Report

For the year ended December 31, 2009



# Comprehensive Annual Financial Report

of the

City of Colorado Springs,  
Colorado

For the fiscal year ended  
December 31, 2009

## Finance Office

Terri Velasquez, Chief Financial Officer  
Kara Skinner, Financial Services Manager



CITY OF COLORADO SPRINGS

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CITY OF COLORADO SPRINGS

# INTRODUCTORY SECTION

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CITY OF COLORADO SPRINGS



June 11, 2010

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

Dear Honorable Mayor and Members of City Council:

The Comprehensive Annual Financial Report of the City of Colorado Springs for the fiscal year ended December 31, 2009 is hereby presented. State law requires that every general-purpose local government publish a complete set of audited financial statements within six months of the close of each fiscal year. This report fulfills this requirement.

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

Bondi and Company, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Colorado Springs' financial statements for the year ended December 31, 2009. The independent auditor's report is located at the front of the financial section of this report.

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

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

The City of Colorado Springs (the City) is a home-rule city, organized under provisions of the Colorado constitution, and having a council/manager form of government.

Policy-making and legislative authority are vested in the governing council (Council) consisting of the mayor and eight other members, all elected on a non-partisan basis. Council members serve four-year terms. The mayor and four Council members are elected at large; the remaining Council members are elected by district. The Council appoints the City Manager who in turn appoints the directors of the various departments.

The City provides a full range of municipal government services to approximately 409,000 residents. These services include, but are not limited to, police and fire protection, traffic and street construction and maintenance, parks, recreation, cultural affairs, courts, planning and zoning, building and code enforcement, mass transit, health and welfare, and economic development.

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

The Council also has significant control over several legally separate entities. These entities have been judged as component units of the City and, accordingly, their financial data have been included in this report. Those entities are the Colorado Springs Urban Renewal Authority, Colorado Springs Downtown Development Authority and Greater Downtown Colorado Springs, Briargate Center, Barnes & Powers North, Barnes & Powers South, First & Main, First & Main North, First & Main No. 2, Interquest North, Interquest South, and Powers & Woodmen Commercial Business Improvement Districts, all included as Governmental-type component units. Public Authority for Colorado Energy, Fountain Valley Authority, Aurora-Colorado Springs Joint Water Authority and Twin Lakes, Lake Meredith, Colorado and Lake Henry Reservoir companies, and the Pikes Peak Regional Communications Network are included as Business-type component units. The Old Hire Police and Fire Pension plans are included as fiduciary activities.

## **LOCAL ECONOMY**

Major industries located within the government's boundaries or in close proximity include manufacturers of computer hardware, computer software, insurance companies, telecommunication providers, and several non-profit organizations. The City also has a significant military presence with Peterson Air Force Base, the Air Force Academy, Fort Carson Army Post, and Schriever Air Force Base located within or in close proximity to the City.

Unemployment in the City increased during 2009 as it did throughout the nation. Prior to the recent recession, unemployment was between 4%-6%, but in 2009, unemployment at the end of the year was 8.1%. It is expected that unemployment will slowly decline as the economy begins to recover.

## **LONG-TERM FINANCIAL PLANNING**

Each year, City Council updates and approves the City's Strategic Plan (the Plan). The current Plan was approved in 2009 and encompasses the years 2009 through 2013. The Plan details five strategic prioritized goals:

### **Goal 1: City Services**

Develop and implement fiscal sustainability policies to support core services that proactively ensure the health, safety and welfare of our citizens; attract, develop and retain a high performing municipal workforce; and fund internal infrastructure needs.

### **Goal 2: Sustainable Growth**

Encourage and make effective use of infill, mix-use, traditional neighborhood development and redevelopment as well as employment centers to take advantage of infrastructure and transportation systems, maximize efficiencies in providing City services, and retain retail services within City limits.

### **Goal 3: Economic Vitality**

Through collaboration and partnership with City enterprises, other public entities, private entities, and the military, support economic development efforts that attract, retain and create quality jobs to ensure a diverse economic base, a resilient and growing City tax base, and thriving neighborhoods.

### **Goal 4: Quality of Life**

Maximize resources that provide quality of life City services and programs, including adherence to the aforementioned City Services, Sustainable Growth and Economic Vitality Goals; enhancing conveniences for our citizens; preserving environmental resources including our natural landscape; and providing the art, cultural and recreational amenities befitting the size and geographic location of Colorado Springs.

### **Goal 5: Civic Engagement**

Fully realize the talents and positive contributions of non-profits, private and public entities, the military, civic leaders, political leaders, and engaged citizens to develop a shared sense of community and help achieve City Council's vision.

## **FINANCIAL POLICIES**

The financial policies that had a significant impact to the City's financial statements this year include:

- The City annually prepares a five-year capital improvement plan that is now contained in the annual budget document.
- The City is limited by City Charter Amendment #3, "Taxpayers Bill of Rights" and similar statewide constitutional amendments. These provisions limit the growth of "fiscal year spending" as defined in the amendments. These amendments also require voter approval for the issuance of general fund debt.

- A new Strategic Plan was developed for 2008. A part of this strategic plan included a long-term fiscal sustainability study completed in 2009.
- A Sustainable Funding Committee consisting of citizens of Colorado Springs was formed during 2008 to study long-term fiscal sustainability issues for the City. It produced a final report and presented that report to City Council in August, 2009. The report contained recommendations for City Council's consideration.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Financial Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2008. This was the 19<sup>th</sup> consecutive year that the City has received this prestigious award. To receive this Certificate of Achievement award, the City must publish an easily readable and effectively organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

## **ACKNOWLEDGMENTS**

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

Sincerely,



Terri L. Velasquez  
Chief Financial Officer



Kara Skinner  
Financial Services Manager



CITY OF COLORADO SPRINGS

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Colorado Springs  
Colorado

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



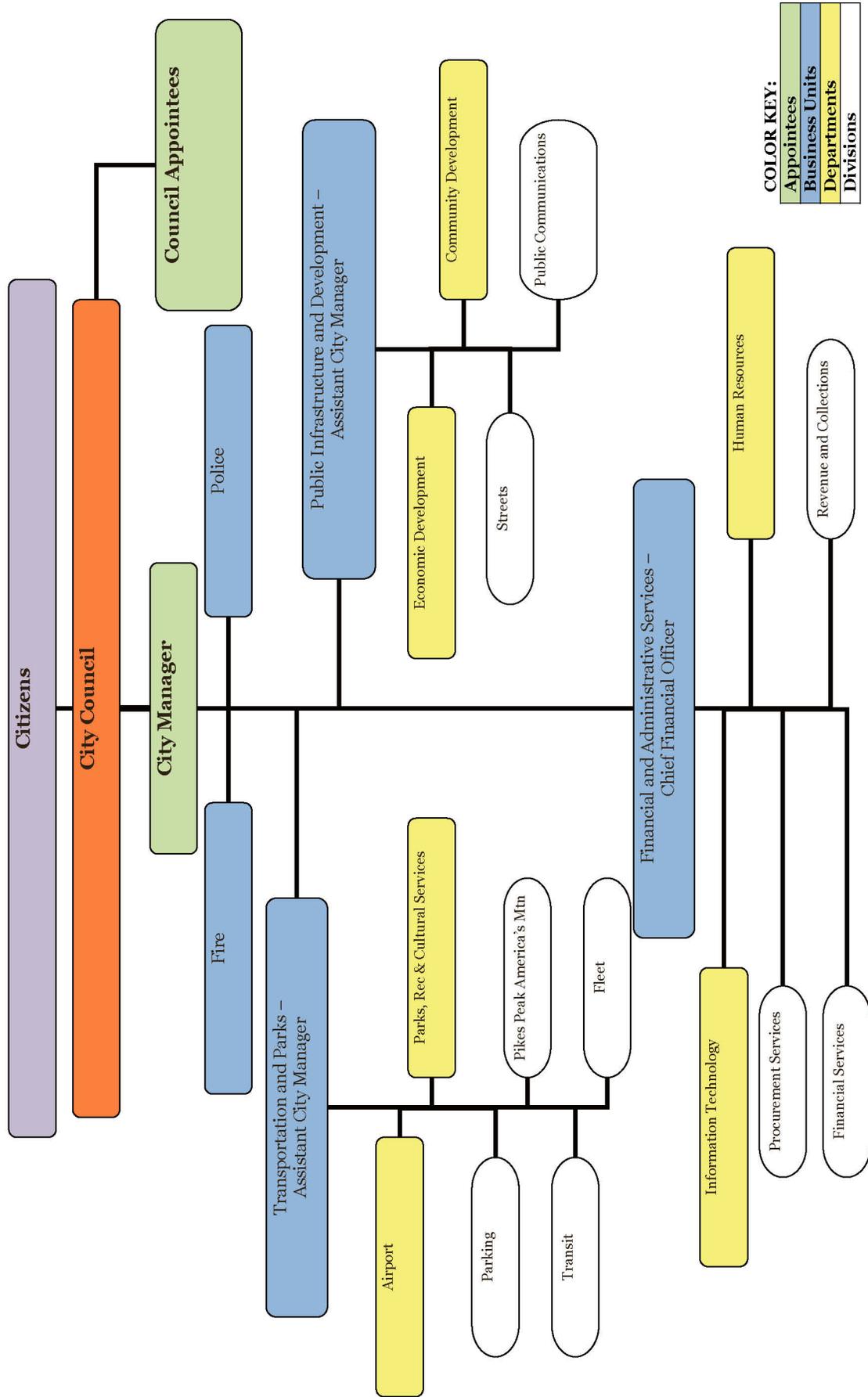
A stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

# City of Colorado Springs Organizational Chart



# CITY OF COLORADO SPRINGS, COLORADO

## City Council

Lionel Rivera – Mavor



Larry Small – Vice Mayor



Scott Hente – District 1



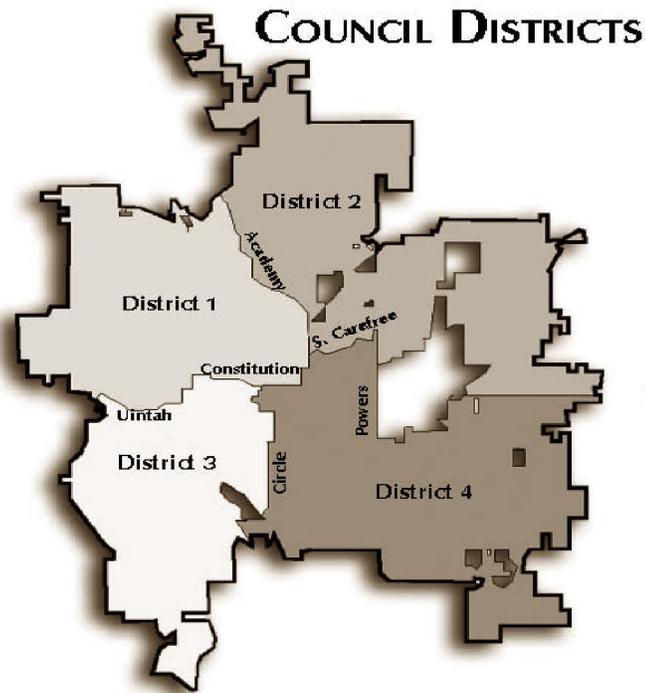
Darryl Glenn – District 2



Sean Paige – District 3



Bernie Herpin – District 4



Tom Gallagher – At-Large



Jan Martin – At-Large



Randy Purvis – At-Large



# CITY OF COLORADO SPRINGS, COLORADO

## **City Manager**

Penelope Culbreth-Graft, DPA

## **Utilities Director**

Jerry Forte

## **Hospital Director**

Dr. Larry McEvoy

## **Executive Team**

Michael L. Anderson, Assistant City Manager

Steven Cox, Fire Chief

Nancy Johnson, Assistant City Manager

Richard Myers, Police Chief

Terri L. Velasquez, Chief Financial Officer

## **City Department Directors**

Lisa Bigelow, Economic Development

Paul D. Butcher, Parks, Recreation and Cultural Services

Ann M. Crossey, Human Resources

Mark Earle, Airport Director

Curlie O. Matthews, Chief Information Officer

## **Council Appointees**

HayDen W. Kane II, Municipal Presiding Judge

Patricia K. Kelly, City Attorney

Jeff Litchfield, City Auditor

Kathryn M. Young, City Clerk

# **CITY OF COLORADO SPRINGS, COLORADO**

## **Memorial Health Systems Board of Trustees**

Michael L. Edmonds, PhD., Chair

Arlene Patterson Stein, Vice Chair

Vic Andrews

Yolanda Fennick

Donald P. Gazibara, M.D.

Linda Halbouty

Kailash Jaitly, PsyD.

Paul Johnson

Lance W. Lord, General (Ret.)

James P. Moore, Secretary

G. Jeff Murrell

Marijane Axtell Paulsen, PhD.

### **Ex-Officio Members**

Scott Hurlbert, M.D.  
Chief of Staff

Bill Sypher  
Auxiliary President

# FINANCIAL SECTION

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CITY OF COLORADO SPRINGS



**BONDI & Co. LLC**

CERTIFIED PUBLIC ACCOUNTANTS  
MANAGEMENT CONSULTANTS

44 INVERNESS DRIVE EAST  
ENGLEWOOD, COLORADO 80112

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(303) 799-6826 PHONE  
(800) 250-9083 TOLL-FREE

(303) 799-6926 FAX

**Honorable Mayor and Members of the  
City Council and Interim City Manager  
City of Colorado Springs  
Colorado Springs, Colorado**

**Independent Auditors' Report**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Colorado Springs, Colorado (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Memorial Health Systems Fund or the Colorado Springs Utilities Fund, major enterprise funds that represent 92 percent of the assets, 85 percent of the net assets, and 96 percent of the revenues for the City's business-type activities, nor did we audit the financial statements of the seven joint utility projects, described in Note 1, which represent 99 percent of the assets, 99 percent of the net assets, and 95 percent of the revenues of the City's discretely presented proprietary fund component units. We also did not audit the Colorado Springs Urban Renewal Authority, the Colorado Springs Downtown Development Authority, and the ten business improvement districts, which are reported as and comprise in their entirety, discretely presented governmental fund component units, as described in Note 1. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Memorial Health Systems Fund, the Colorado Springs Utilities fund, the seven joint utility projects, the Colorado Springs Urban Renewal Authority, the Colorado Springs Downtown Development Authority and the ten business improvement districts, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures

Honorable Mayor, Members of the  
City Council and Interim City Manager  
City of Colorado Springs  
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in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2009, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 11, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, the Schedule of Funding Progress, the Schedule of Employer Contributions, and the Schedule of Funding Progress are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic

Honorable Mayor, Members of the  
City Council and Interim City Manager  
City of Colorado Springs  
Page 3

financial statements. The combining and individual fund statements and schedules listed in the table of contents have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements, and accordingly, we express no opinion on them.

June 11, 2010

*Bondi & Co. LLC*  
BONDI & Co. LLC

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the City of Colorado Springs' (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2009. Please read the information presented here in conjunction with the transmittal letter, located at the front of this report, and the City's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- On the government-wide financial statements, the assets of the City exceed its liabilities at December 31, 2009 by \$3,005,207,427 (net assets). Of this amount, \$625,201,604 is unrestricted net assets that may be used to meet the government's ongoing obligations to citizens and creditors.
- At December 31, 2009, the City's governmental funds reported combined ending fund balances of \$71,503,538. Approximately 38.0% of this total amount or \$27,064,348 is unreserved, undesignated.
- The general fund, presented on a current financial resources basis, reports a fund balance of \$26,417,623 or 11.6% of total 2009 general fund expenditures and an unreserved, undesignated fund balance of \$11,949,457 or 5.3% of general fund expenditures.
- The City's total debt outstanding was \$2,253,121,000 at December 31, 2009. The key factor for this 8.7% increase over 2008 was the \$138.8 million issuance of new revenue bonds by Colorado Springs Utilities (Utilities).

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report also contains certain 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 private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time,

increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during 2009. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish *governmental activities* that are functions of the City principally supported by taxes and intergovernmental revenues and payments in lieu of taxes, from *business-type activities* which are other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

Expenditures for *governmental activities* of the City are categorized generally as general government, public safety, public works, health and welfare, culture and recreation, urban redevelopment and housing, economic development, and economic opportunities. Taxes, intergovernmental revenues, and payments in lieu of taxes finance most of these activities.

Expenditures for *business-type activities* of the City support the City's water, sewer, gas, and electricity system, health system, airport, downtown parking facilities, golf courses, cemeteries, tourist highway, human services complex, development review program, and stormwater. User fees and charges finance most of these activities.

The government-wide financial statements include not only the City itself, but also other legally separate entities for which the City is financially accountable. The component units of the City include several separate legal entities: Public Authority for Colorado Energy, Fountain Valley Authority, Aurora-Colorado Springs Joint Water Authority and several canal and reservoir companies: Twin Lakes, Lake Meredith, Colorado and Lake Henry; and the Pikes Peak Regional Communications Network and several business improvement districts: Colorado Springs Urban Renewal Authority, Colorado Springs Downtown Development Authority, Greater Downtown Colorado Springs, Briargate Center, Barnes & Powers North, Barnes & Powers South, First & Main, First & Main North, First & Main No. 2, Interquest North, Interquest South, and Powers & Woodmen Commercial.

## **FUND FINANCIAL STATEMENTS**

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

of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

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

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

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

## **NOTES TO THE FINANCIAL STATEMENTS**

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

## **OTHER INFORMATION**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and other information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found later in this report. In addition, combining and individual fund statements and schedules as well as statistical and other information can be found in this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of the government's financial position. In the case of the City, assets exceeded liabilities by \$3.0 billion at the close of 2009 as compared to \$2.7 billion at the close of 2008.

By far the largest portion of the City's net assets (76.85%) reflects its investment in capital assets, 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 investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other

sources, since capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed Statement of Net Assets for 2009 with comparative information for 2008:

<b>City of Colorado Springs</b>						
<b>Net Assets (in 000's)</b>						
	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Current and other assets	\$166,120	\$180,027	1,166,010	\$938,270	\$1,332,130	\$1,118,297
Capital assets	1,112,464	1,089,936	3,277,198	3,185,319	4,389,662	4,275,255
Total assets	<u>1,278,584</u>	<u>1,269,963</u>	<u>4,443,208</u>	<u>4,123,589</u>	<u>5,721,792</u>	<u>5,393,552</u>
Long-term liabilities	166,590	139,046	2,179,268	2,026,500	2,345,858	2,165,546
Other liabilities	70,217	76,589	300,509	441,349	370,727	517,938
Total liabilities	<u>236,807</u>	<u>215,635</u>	<u>2,479,777</u>	<u>2,467,849</u>	<u>2,716,584</u>	<u>2,683,484</u>
Net assets						
Invested in capital assets, net of related debt	977,962	987,792	1,331,520	1,299,159	2,309,483	2,286,951
Restricted	22,553	18,017	47,971	46,335	70,524	64,352
Unrestricted	41,262	48,519	583,940	310,246	625,203	358,765
Total net assets	<u>\$1,041,777</u>	<u>\$1,054,328</u>	<u>\$1,963,431</u>	<u>\$1,655,740</u>	<u>\$3,005,208</u>	<u>\$2,710,068</u>

\*Immaterial differences may occur due to rounding

The City's combined net assets were \$3.0 billion at December 31, 2009, of which \$625.2 million was unrestricted. However, certain of these unrestricted funds are designated for specific, future purposes such as encumbrances and subsequent year expenditures.

The net assets of our business-type activities were \$1.96 billion at December 31, 2009. However, these net assets can only be used to finance the continuing operations of the utilities, health system, airport, downtown parking facilities, golf courses, cemeteries, tourist highway, human services complex, development review program, and stormwater. This amount cannot be used to make up for any decrease reported in governmental activities.

The following table shows revenues and expenses for both governmental and business-type activities for 2009 with comparative information for 2008:

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

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$30,955	\$38,883	\$1,337,190	\$1,364,325	\$1,368,145	\$1,403,208
Operating grants and contributions	19,290	15,004	-	-	19,290	15,004
Capital grants and contributions	58,881	78,131	42,734	44,400	101,615	122,531
General revenues:	-	-	-	-	-	-
Property taxes	26,276	25,741	-	-	26,276	25,741
Other taxes	146,767	153,881	-	-	146,767	153,881
Investment earnings	2,675	3,810	44,280	(8,689)	46,955	(4,879)
Gain on sale of capital assets	1,517	275	-	-	1,517	275
Contributions to endowments	85	95	-	-	85	95
Total revenues	<u>286,446</u>	<u>315,820</u>	<u>1,424,204</u>	<u>1,400,036</u>	<u>1,710,650</u>	<u>1,715,856</u>
Expenses:						
General government	56,678	92,817	-	-	56,678	92,817
Public safety	145,664	123,712	-	-	145,664	123,712
Public works	83,648	69,909	-	-	83,648	69,909
Health and welfare	1,231	1,181	-	-	1,231	1,181
Culture and recreation	25,192	22,674	-	-	25,192	22,674
Urban redevelopment and housing	4,966	6,034	-	-	4,966	6,034
Economic development	3,171	2,815	-	-	3,171	2,815
Economic opportunities	-	3	-	-	-	3
Interest on long-term debt	5,392	5,059	-	-	5,392	5,059
Utilities	-	-	725,181	999,878	725,181	999,878
MHS	-	-	555,196	556,297	555,196	556,297
Airport	-	-	25,469	26,371	25,469	26,371
Parking	-	-	4,014	3,939	4,014	3,939
Non-major Enterprises	-	-	23,269	17,131	23,269	17,131
Total expenses	<u>325,942</u>	<u>324,204</u>	<u>1,333,129</u>	<u>1,603,616</u>	<u>1,659,071</u>	<u>1,983,275</u>
Increase in net assets before transfers	(39,496)	(8,384)	91,075	(203,580)	51,579	(211,964)
Transfers	26,110	25,799	(26,110)	(25,799)	-	-
Increase in net assets	(13,386)	17,415	64,965	(229,379)	51,579	(211,964)
Net assets - beginning	1,054,328	1,036,913	1,655,740	1,885,119	2,710,068	2,922,032
Prior period adjustment	835	-	242,726	-	243,561	-
Net assets - ending	<u>\$1,041,777</u>	<u>\$1,054,328</u>	<u>\$1,963,431</u>	<u>\$1,655,740</u>	<u>\$3,005,208</u>	<u>\$2,710,068</u>

\*Immaterial differences may occur due to rounding

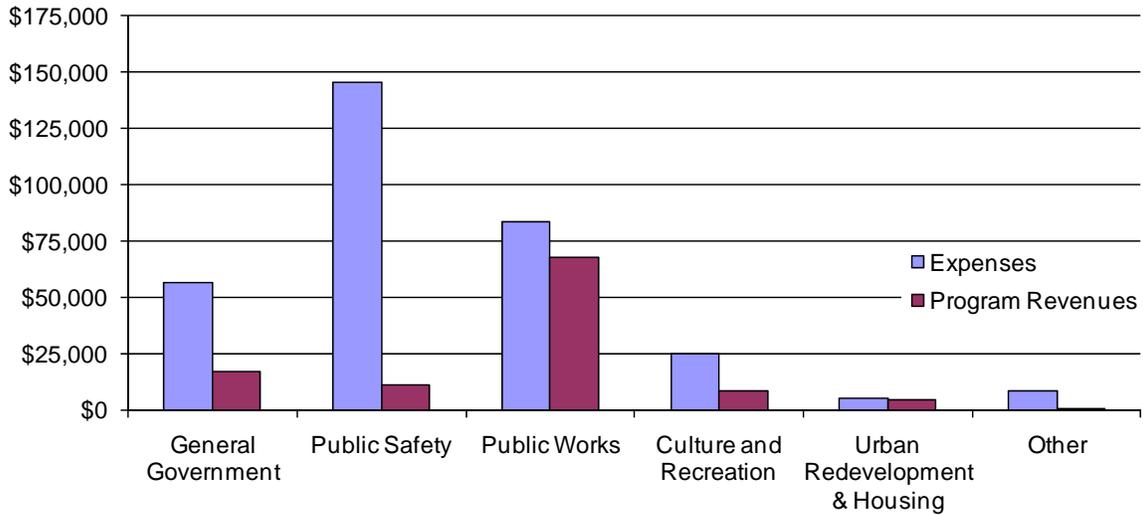
Overall, the City's net assets increased during 2009 by \$295.1 million. The overall increase is due primarily to the business-type activities increase of \$307.6 million offset slightly by a decrease of \$12.6 million for governmental activities. The business-type activities' net assets increase if \$307.8 million is due mainly to a prior period adjustment to net assets by Utilities. This prior period adjustment was to reflect the changes as a result of the implementation of GASB 53. Total net assets for 2008 increased by \$242.7 million which represents prior year hedged instruments. Additional analysis of these activities is included below.

### Governmental Activities

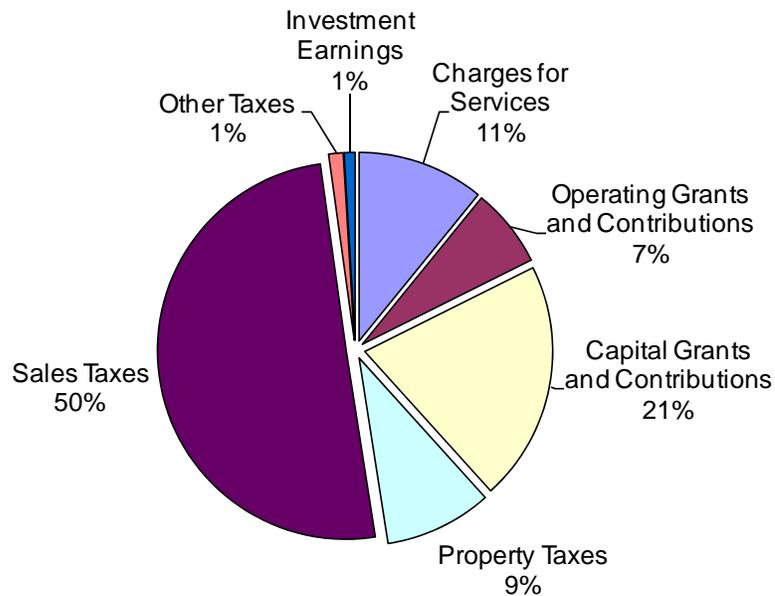
Revenue of the governmental activities was down from 2008 by \$29.4 million due primarily to decreases in capital grants and contributions, which fluctuates greatly from year to year, as well as decreases in nearly every revenue category due to the downturn in the economy that began during 2008. Expenses of the governmental activities were up from 2008 by \$1.7 million due primarily to higher public safety and public works expenditures associated with grants, and lower

general government expenditures due to the budget reductions made in the original 2009 budget and the 2009 amended budget processes.

### Expenses and Program Revenues - Governmental Activities (in 000's)



### Revenues by Source - Governmental Activities

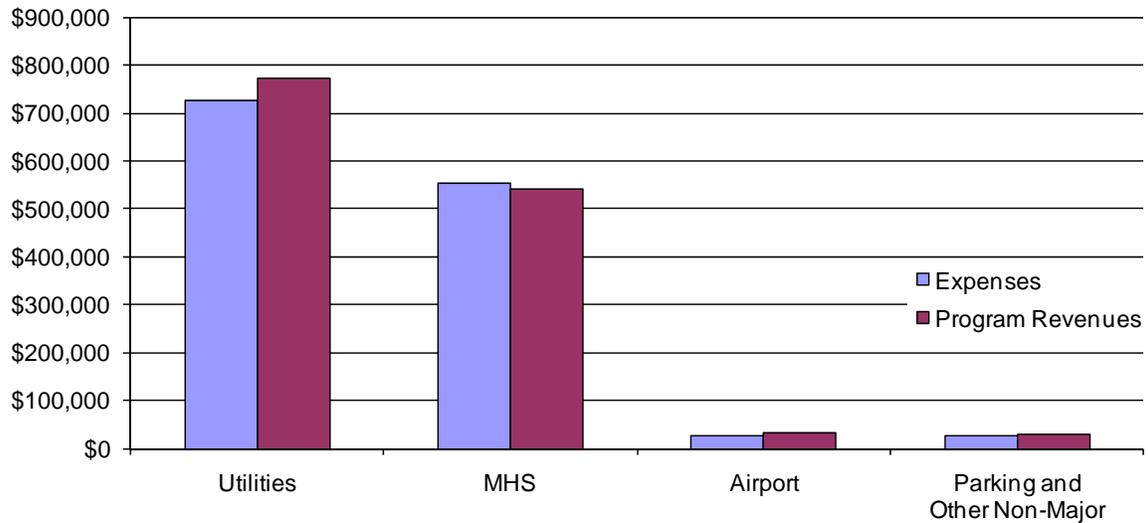


## Business-type Activities

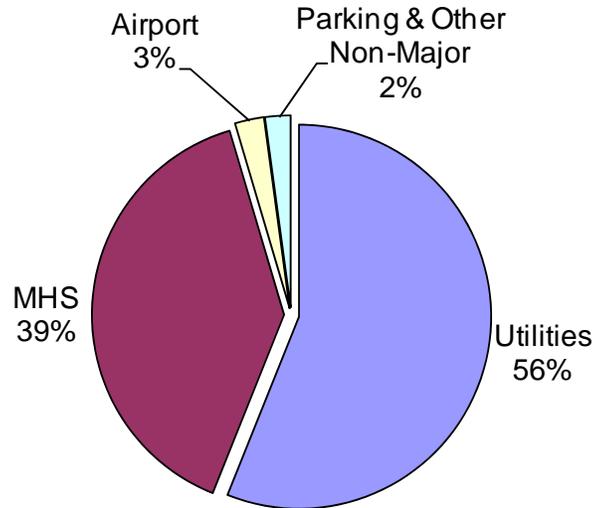
For business-type activities, Utilities shows a decrease in operating revenues of \$13.0 million or 1.7% primarily due to increases in gas, water and wastewater revenues of \$24.6 million offset by a decrease in electric revenue of \$37.5 million. Additionally, excluding Utilities' prior period adjustment related to the implementation of GASB 53, Utilities shows a decrease in operating expenses of \$34.4 million or 4.8%. The decrease was primarily due to lower fuel expenses.

MHS had a decrease in operating revenues of \$9.1 million or 1.6% due to a decrease in inpatient volume and decreased patient days. Operating expenses for MHS decreased by \$1.1 million or 0.2% primarily as a result of savings in salaries and wages as a result of the productivity management and monitoring system implemented in 2009.

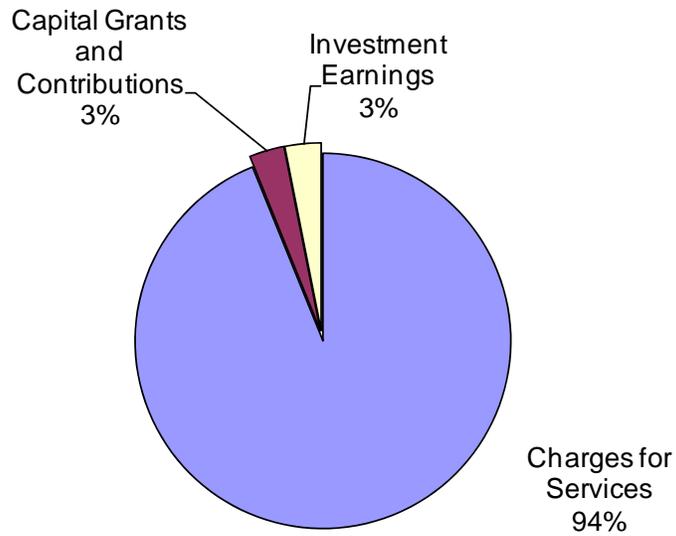
**Expenses and Program Revenues - Business-type Activities**  
(in 000's)



## Revenues by Activity - Business-type Activities



## 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 near term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the City's financing requirements. In particular, *unreserved 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 the end of 2009, the City's governmental funds reported total combined fund balances of \$71,503,538, of which approximately 29.1% (\$20,802,285) is reserved. The reservation of fund balance is committed to debt service, (\$3,170,350), endowments (\$9,486,694), TABOR emergency reserve (\$7,545,241) and the contingency for property tax TABOR refund (\$600,000).

The general fund is the principal operating fund of the City. At the end of 2009, the general fund's total fund balance was \$26,417,623. The unreserved, undesignated, fund balance of the general fund was \$11,949,457. As a measure of the general fund's liquidity, it may be useful to compare both total fund balance and unreserved, undesignated fund balance to total fund expenditures. Total fund balance represents 11.6% of total general fund expenditures while unreserved, undesignated fund balance represents 5.3% of total general fund expenditures.

### Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets as of December 31, 2009 and 2008 for the proprietary funds, in thousands, were as follows:

	Unrestricted Net Assets (in 000s)		
	2009	2008	Variance
Utilities	\$244,017	\$29,802	\$214,215
MHS	297,576	236,561	61,015
Airport	25,207	21,553	3,654
Parking	6,946	8,392	(1,446)
Non-major enterprise funds	15,453	18,439	(2,986)
Internal service	(4,200)	(4,683)	483

Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Major differences between the original budget and the final amended budget can be briefly summarized as follows:

- \$10.1 million decrease in most department budgets due to the sharp decline in sales and use tax revenue
- \$39.4 million increase in expenditure appropriation and \$35.8 million increase in revenue appropriation for the SCIP bond refunding
- Other supplemental appropriations including carryover of project budgets and encumbrances from the previous year totaled \$5.4 million

Total revenues, excluding other financing sources, were \$6.6 million lower than the final budget as revenue in every revenue category except intergovernmental revenue came in below budget. Most significantly, sales and use tax revenue was \$2.4 million less than projected and charges for services was \$5.1 million less than projected. Charges for services include fines and forfeits which were \$2.6 million less than projected. Total expenditures, excluding other financing uses, were \$4.5 million more than the final budget. While nearly all departments came in under budget the City entered into \$13.0 million in lease purchases, the most significant of which were for police vehicles and upgrades to the Police Operations Center and the City's information technology data center. Only the current year lease purchase payment is budgeted, however, the entire lease is recognized in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance, Exhibit 6.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### CAPITAL ASSETS

At the end of 2009, the City had \$4.4 billion invested in a broad range of capital assets and infrastructure (net of depreciation). This investment in capital assets includes land, buildings and improvements, equipment and other vehicles, and infrastructure (including streets, alleys, traffic signals and signs, bridges and drainage systems). This amount represents a net increase (including additions and deletions) of \$114.7 million.

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

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$255,331	\$244,959	\$187,594	\$186,292	\$442,925	\$431,251
Buildings	100,659	104,780	79,852	82,406	180,511	187,186
Improvements other than buildings	39,107	34,930	131,846	105,419	170,953	140,349
Machinery and equipment	46,970	53,883	9,741	7,749	56,711	61,632
Infrastructure	566,032	584,792	25,925	19,861	591,957	604,653
Utilities plant	-	-	2,295,781	2,249,692	2,295,781	2,249,692
MHS plant	-	-	344,735	369,175	344,735	369,175
Construction in progress	104,365	66,592	201,724	164,725	306,089	231,317
<b>Total</b>	<u>\$1,112,464</u>	<u>\$1,089,936</u>	<u>\$3,277,198</u>	<u>\$3,185,319</u>	<u>\$4,389,662</u>	<u>\$4,275,255</u>

Major changes to capital assets for 2009 include:

In 2009, Utilities capital expenditures totaled \$196.5 million. This includes approximately \$84.9 million for electric infrastructure to meet the reliability and consumption needs of customers, \$16.7 million for the natural gas system to provide capacity for increased demand, \$88.4 million for the water system which included funding for the Southern Delivery System and several other expansion projects and \$6.5 million was spent on facilities, technology additions and enhancements to telecommunications and computing infrastructure.

MHS acquired \$6.6 million of capital assets during 2009 consisting of primarily upgrades to medical equipment.

In 2009, donated assets from Pikes Peak Rural Transportation Authority were included in the asset information in the amount of \$15,527,422 as well as developer donated infrastructure of \$6,981,627.

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

## LONG-TERM DEBT

The following schedule provides the debt outstanding at the end of 2009 and 2008:

<b>City of Colorado Springs</b>						
<b>Outstanding Debt (in 000's)</b>						
	<b>Governmental</b>		<b>Business-type</b>		<b>Totals</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
General obligation bonds	\$18,050	\$21,725	\$ -	\$ -	\$18,050	\$21,725
Sales tax revenue bonds	43,615	47,370	-	-	43,615	47,370
Certificates of participation	49,135	19,450	-	-	49,135	19,450
Special assessment bonds and notes	111	222	-	-	111	222
Revenue bonds	-	-	\$2,044,188	1,960,981	2,044,188	1,960,981
Notes payable	-	-	98,022	22,686	98,022	22,686
<b>Total</b>	<b>\$110,911</b>	<b>\$88,767</b>	<b>\$2,142,210</b>	<b>\$1,983,667</b>	<b>\$2,253,121</b>	<b>\$2,072,434</b>

During 2009, the City issued new debt to finance capital projects or to refinance current debt for lower interest rates and reduced debt service payments. The key events in the City's debt includes the following:

- The City issued \$34,460,000 in Sales and Use Tax Revenue Refunding Bonds, Series 2009, to refund the remaining Sales and Use Tax Revenue Bonds, Series 1999.
- The City issued \$31,470,000 of Certificates of Participation as part of the economic development agreement to retain the United States Olympic Committee in the City. The proceeds were used to acquire, construct, improve, renovate, and equip property to be used by the USOC as its national headquarters. Additionally, proceeds will be used to fund the acquisition and construction of improvements at the United States Olympic Training Center.
- Utilities issued \$60,750,000 Utilities System Refunding Revenue Bonds, Series 2009A, \$17,550,000 Utilities System Improvement Revenue Bonds, Series 2009B-1, \$64,450,000 Taxable Utilities System Improvement Revenue Bonds, Series 2009B-2, \$66,455,000 Variable Rate Demand Utilities System Refunding Revenue Bond, Series 2009C, and \$56,750,000 Taxable Utilities System Improvement Revenue Bonds, Series 2009D-2. The 2009 principal maturities for the 2001A and 2003A bonds and the outstanding principal for the 1998A bonds were refunded by the 2009A bonds. In addition, the outstanding principal for the 1999A was refunded by the 2009C bonds.

- MHS issued \$101,945,000 Hospital Revenue Bonds, Series 2009 and \$78,345,000 note payable to a bank. The proceeds were used to defease, in substance, \$142,350,000 of the Series 2004 Bonds and to provide funds for the termination of interest rate swap agreements related to the Series 2004 Bonds.

The City's latest bond ratings are as follows:

Bond / COP Issue Type	Insurer	Moody's		S&P		Fitch	
		Insurer Rating	Underlying Rating	Insurer Rating	Underlying Rating	Insurer Rating	Underlying Rating
<b>General Obligation Bonds</b>	N/A	N/A	Aa3	N/A	AA	N/A	N/A
<b>Sales and Use Tax Revenue Bonds</b>							
Series 2007	MBIA	B3	A1	BB+	AA+	N/A	N/A
Series 2009	Assured Guaranty	Aa2	A1	AAA	AA+	AA-	N/A
<b>Certificates of Participation</b>							
Series 1999	MBIA	B3	A2	BB+	AA-	N/A	N/A
Series 2000	FSA	Aa3	A1	AAA	AA-	N/A	N/A
Series 2003	N/A	N/A	A2	N/A	N/A	N/A	N/A
Series 2009	Assured Guaranty	Aa3	A1	AAA	AA-	N/A	N/A
<b>Parking System Revenue Bonds</b>							
Series 1999	Ambac	Caa2	N/A	N/A	N/A	N/A	N/A
Series 2006	Ambac	Caa2	N/A	N/A	N/A	N/A	N/A
<b>Airport Revenue Bonds</b>							
Series 1992C	N/A	N/A	N/A	N/A	A-	N/A	A-
Series 2002A	FSA	Aa3	A3	AAA	A-	AA+	A-
Series 2007B	FSA	Aa3	A3	AAA	A-	AA+	A-
Series 2007A	FSA	Aa3	A3	AAA	A-	AA+	A-

The current debt limitation for the City is \$494,836,820, or 10% of the assessed property valuation. The City's outstanding general obligation debt is significantly less than this amount.

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

## ECONOMIC FACTORS

During 2009, the local economy suffered dramatically along with the rest of the nation. The local home building industry declined significantly, the unemployment rate rose sharply, total employment is down and consumer spending fell to levels not seen since 2003. With plummeting consumer spending, sales and use tax revenue decreased significantly in 2009.

### Local Employment Indicators

	2009	2008	Change	
Unemployment Rate	8.1	5.8	39.7%	↓
Employment	196,396	203,679	-3.6%	↓
Manufacturing Employment	13,400	15,900	-15.7%	↓

Note: ↑ Indicates favorable change ↓ Indicates unfavorable

## Local Housing Industry Indicators

<u>Construction:</u>	<u>2009</u>	<u>2008</u>	<u>Change</u>	
Single Family Permits	1,318	1,486	-11.3%	↓
Single Family Valuation	\$416,493,171	\$278,728,285	49.4%	↑
Commercial Permits	1,046	1,840	-43.2%	↓
Commercial Valuation	\$347,832,092	\$531,509,121	-34.6%	↓
 <u>Home Sales:</u>				
Sales	8,745	7,844	11.5%	↑
Avg. Sales Price	\$217,628	\$239,951	-9.3%	↓
Dec. Median Sale Price	\$192,500	\$187,000	2.9%	↑
Dec. Total Active Listings	3,951	5,547	-28.8%	↓
 <u>Foreclosures:</u>				
El Paso County	5,470	4,624	18.3%	↓

Note: ↑ Indicates favorable change    ↓ Indicates unfavorable

During 2009, all employment indicators for the city reflect a weak employment market. The city unemployment rate has risen significantly over the past year to 8.1%. It remains lower than the national unemployment rate which for the fourth quarter of 2009 was 9.5%, however, it is slightly higher than the Colorado unemployment rate of 7.7%. Total employment continued to decline during 2009 and 2,500 manufacturing jobs were lost.

Most key indicators of the local housing industry posted declines during 2009, with the exception of single family valuation, the number of home sales, and the median sales price. While single family valuation has increased the number of single family permits in 2009 was more than 11% below 2008 levels, showing continued weakness in the home building industry. Also, while the median sale price of home sold in December 2009 was higher than in December 2008, the average sales price for 2009 was 9.3% below the average sales price during 2008. The decline in home values affects perceptions of wealth and ultimately consumer spending levels.

City sales and use tax revenue was down 5.1% from the same period in 2008 due primarily to the economic indicators previously discussed. City sales and use tax collections are primarily dependent upon the level of local economic activity, consumer confidence, and tourist activity.

## **REQUEST FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer, at City of Colorado Springs, 30 S. Nevada Avenue, Suite 205, Colorado Springs, Colorado, 80903.

# BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS  
December 31, 2009

CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities
<b>ASSETS</b>					
Cash and investments	\$71,070,879	\$467,018,299	\$538,089,178	\$830,740	\$2,244,283
Receivables (net of allowance for uncollectibles)	75,740,301	204,643,034	280,383,335	11,291,484	6,838,447
Due from primary government	-	-	-	-	1,201,676
Due from component unit	-	-	-	2,719	-
Inventories	1,169,536	60,844,224	62,013,760	-	51,067
Prepays	228,837	24,292,300	24,521,137	3,183	590,807,828
Derivative instruments	-	467,000	467,000	-	-
Deferred cash flow hedges - unrealized loss on derivative instruments	-	108,370,000	108,370,000	-	-
Other	-	18,406,541	18,406,541	-	332,022
Restricted assets (temporarily):					
Cash and investments	16,156,835	218,856,923	235,013,758	8,242,700	8,278,254
Investment in joint ventures	-	41,968,459	41,968,459	-	-
Net Pension Obligation	31,564	-	31,564	-	-
Capital assets (net of accumulated depreciation):					
Land	255,331,497	187,594,073	442,925,570	-	-
Buildings	100,658,588	79,852,270	180,510,858	-	-
Improvements other than buildings	39,106,904	131,846,519	170,953,423	2,540,092	-
Machinery and equipment	46,969,826	9,740,569	56,710,395	157,521	-
Infrastructure	566,031,820	25,924,815	591,956,635	11,889,549	-
Utility plant	-	2,295,781,000	2,295,781,000	-	72,836,183
MHS plant	-	344,735,000	344,735,000	-	-
Construction in progress	104,365,249	201,724,210	306,089,459	11,037,639	107,388
Unamortized bond issuance costs	1,721,737	21,142,851	22,864,588	2,404,361	5,183,099
<b>Total assets</b>	<b>1,278,583,573</b>	<b>4,443,208,087</b>	<b>5,721,791,660</b>	<b>48,399,988</b>	<b>687,880,247</b>
<b>LIABILITIES</b>					
Accounts payable and other current liabilities	31,194,821	172,320,865	203,515,686	643,853	159,683
Funds held for others	8,429,757	-	8,429,757	-	-
Accrued interest payable	1,144,403	9,104,440	10,248,843	480,011	5,348,624
Internal balances	(2,852,464)	2,852,464	-	-	-
Due to component unit	-	-	-	2,719	-
Unearned revenue	32,300,096	1,301,895	33,601,991	4,087,976	5,352,751
Derivative instruments	-	114,542,000	114,542,000	-	-
Deferred cash flow hedges - unrealized loss on derivatives	-	388,000	388,000	-	-
Noncurrent liabilities:					
Due within one year	14,697,542	69,681,408	84,378,950	480,889	7,658,536
Due in more than one year	151,892,673	2,109,586,333	2,261,479,006	78,092,410	698,102,497
<b>Total liabilities</b>	<b>236,806,828</b>	<b>2,479,777,405</b>	<b>2,716,584,233</b>	<b>83,787,858</b>	<b>716,622,091</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	977,962,432	1,331,520,235	2,309,482,667	(2,299,030)	(5,608,452)
Restricted for:					
Debt service	3,170,350	47,844,871	51,015,221	8,079,542	3,066,295
Endowments:					
Expendable	1,057,862	-	1,057,862	-	-
Nonexpendable	8,428,832	-	8,428,832	-	-
Emergency reserve (TABOR)	7,545,241	-	7,545,241	69,730	-
Judgments and Claims	1,750,000	-	1,750,000	-	-
Other	600,000	126,000	726,000	526,602	-
Unrestricted	41,262,028	583,939,576	625,201,604	(41,764,714)	(26,199,687)
<b>Total net assets (deficit)</b>	<b>\$1,041,776,745</b>	<b>\$1,963,430,682</b>	<b>\$3,005,207,427</b>	<b>(\$35,387,870)</b>	<b>(\$28,741,844)</b>

STATEMENT OF ACTIVITIES  
For the year ended December 31, 2009

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	Business-type Activities		Governmental Activities
<b>Primary government</b>								
General government								
General government	\$56,677,795	\$15,631,509	\$1,535,362	\$ -	(\$39,510,924)	\$ -	\$ -	\$ -
Public safety	145,663,748	4,299,642	5,856,103	1,113,637	(134,394,366)	-	-	-
Public works	83,647,759	6,812,214	7,177,032	53,949,941	(15,708,572)	-	-	-
Health and welfare	1,230,831	-	-	-	(1,230,831)	-	-	-
Culture and recreation	25,192,163	3,315,582	1,246,268	3,817,157	(16,813,156)	-	-	-
Urban redevelopment and housing	4,966,112	859,437	3,474,248	-	(632,427)	-	-	-
Economic development	3,170,529	36,996	-	-	(3,133,533)	-	-	-
Interest on long-term debt	5,391,628	-	-	-	(5,391,628)	-	-	-
<b>Total governmental activities</b>	<b>325,940,565</b>	<b>30,955,380</b>	<b>19,289,013</b>	<b>58,880,735</b>	<b>(216,815,437)</b>	<b>-</b>	<b>-</b>	<b>(216,815,437)</b>
<b>Business-type activities</b>								
Utilities	725,181,046	743,780,000	-	28,927,000	-	47,525,954	-	47,525,954
MHS	555,196,000	543,987,000	-	-	-	(11,209,000)	-	(11,209,000)
Airport	25,469,043	21,302,693	-	12,508,238	-	8,341,888	-	8,341,888
Parking	4,014,468	3,631,086	-	-	-	(383,382)	-	(383,382)
Other	23,269,243	24,489,550	-	1,298,669	-	2,518,976	-	2,518,976
<b>Total business-type activities</b>	<b>1,333,129,800</b>	<b>1,337,190,329</b>	<b>-</b>	<b>42,733,907</b>	<b>-</b>	<b>46,794,436</b>	<b>-</b>	<b>46,794,436</b>
<b>Total primary government</b>	<b>\$1,659,070,365</b>	<b>\$1,368,145,709</b>	<b>\$19,289,013</b>	<b>\$101,614,642</b>	<b>(\$216,815,437)</b>	<b>\$46,794,436</b>	<b>(\$170,021,001)</b>	<b>\$</b>
<b>Component units</b>								
Improvement districts	\$15,589,621	\$458,358	\$4,619	\$204,329	\$ -	\$ -	\$ -	(\$14,922,315)
Utilities	70,910,863	57,354,859	-	-	-	-	-	(13,556,004)
<b>Total component units</b>	<b>\$86,500,484</b>	<b>\$57,813,217</b>	<b>\$4,619</b>	<b>\$204,329</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(\$14,922,315)</b>	<b>(\$13,556,004)</b>
<b>General revenues</b>								
Property taxes					\$26,275,090		\$3,429,369	\$ -
Sales taxes					143,214,662		-	-
Specific ownership taxes					2,761,330		296,668	-
Occupational liquor taxes					253,747		-	-
Admissions tax					447,568		-	-
Bicycle excise tax					89,579		-	-
Miscellaneous					-		(80,587)	-
Investment earnings					2,676,486		95,355	867,157
Gain on sale of capital assets					1,516,412		-	-
Contributions to endowments					84,680		-	-
Transfers					26,109,574		593,807	-
<b>Total general revenues and transfers</b>					<b>203,429,128</b>	<b>18,169,790</b>	<b>4,334,612</b>	<b>867,157</b>
<b>Change in net assets</b>					<b>(13,386,309)</b>	<b>64,964,226</b>	<b>(10,587,703)</b>	<b>(12,688,847)</b>
<b>Net assets (deficit) - January 1</b>					<b>1,054,328,368</b>	<b>1,655,740,456</b>	<b>(31,746,080)</b>	<b>(16,052,456)</b>
<b>Prior period adjustment</b>					<b>834,686</b>	<b>242,726,000</b>	<b>6,945,913</b>	<b>(541)</b>
<b>Net assets (deficit) - January 1, restated</b>					<b>1,055,163,054</b>	<b>1,898,466,456</b>	<b>(24,800,167)</b>	<b>(16,052,997)</b>
<b>Net assets (deficit) - December 31</b>					<b>\$1,041,776,745</b>	<b>1,963,430,682</b>	<b>(\$35,987,870)</b>	<b>(\$28,741,844)</b>

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

GOVERNMENTAL FUNDS  
BALANCE SHEET  
December 31, 2009

CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 3

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$27,813,117	\$37,431,752	\$65,244,869
Accounts receivable (net of allowance for uncollectibles)	3,762,040	10,291,954	14,053,994
Sales tax receivable	11,942,456	3,133,419	15,075,875
Loans receivable	864,981	19,841,759	20,706,740
Assessments receivable	-	126,248	126,248
Property taxes receivable			
Current	20,750,589	3,713,682	24,464,271
Delinquent	146,802	-	146,802
Due from other funds	5,614,891	1,115,590	6,730,481
Prepays	173,127	41,814	214,941
Restricted investments	4,840,862	11,315,973	16,156,835
<b>Total assets</b>	<b>75,908,865</b>	<b>87,012,191</b>	<b>162,921,056</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	3,783,419	4,879,297	8,662,716
Funds held for others	8,429,757	-	8,429,757
Accrued salaries and benefits	3,746,471	471,605	4,218,076
Due to other funds	3,884,743	6,470,116	10,354,859
Escrow deposits	6,918,952	-	6,918,952
Deferred revenue			
Loans	864,981	19,841,759	20,706,740
Assessments	-	126,248	126,248
Property taxes	20,750,589	3,713,682	24,464,271
Grants	-	6,423,569	6,423,569
Unearned revenue	1,112,330	-	1,112,330
<b>Total liabilities</b>	<b>49,491,242</b>	<b>41,926,276</b>	<b>91,417,518</b>
<b>Fund balances</b>			
Reserved for			
Debt service	2,346,321	824,029	3,170,350
Endowments	-	9,486,694	9,486,694
Emergency reserve	7,545,241	-	7,545,241
Contingency for property tax	600,000	-	600,000
Unreserved, designated for, reported in:			
Encumbrances			
General fund	2,860,938	-	2,860,938
Special revenue funds	-	838,226	838,226
Capital projects funds	-	2,216,958	2,216,958
Subsequent year expenditures			
General fund	1,115,666	-	1,115,666
Special revenue funds	-	13,708,983	13,708,983
Capital projects funds	-	2,896,134	2,896,134
Unreserved, undesignated, reported in:			
General fund	11,949,457	-	11,949,457
Special revenue funds	-	15,114,891	15,114,891
<b>Total fund balances</b>	<b>26,417,623</b>	<b>45,085,915</b>	<b>71,503,538</b>
<b>Total liabilities and fund balances</b>	<b>\$75,908,865</b>	<b>\$87,012,191</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,112,224,908
Loans and assessments - current receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	20,832,988
Interest on investments that is not available to pay for current-period expenditures is not reported in the funds.	955,810
Internal service funds are used by management to charge the costs of fleet, support services, and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	1,285,316
Long-term liabilities, including bonds payable, are not due and payable in current period and, therefore, are not reported in the funds.	(165,025,815)
Net assets of governmental activities	<u>\$1,041,776,745</u>

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

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
For the year ended December 31, 2009**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 4**

	<b>General Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Taxes	\$138,116,743	\$35,065,059	\$173,181,802
Licenses and permits	557,894	-	557,894
Intergovernmental	17,713,722	40,119,442	57,833,164
Charges for services	23,230,328	2,036,439	25,266,767
Endowments and donations	-	1,614,763	1,614,763
Other revenue	1,248,055	1,063,129	2,311,184
Investment earnings	605,637	2,297,158	2,902,795
Rental income	773,764	-	773,764
<b>Total revenues</b>	<b>182,246,143</b>	<b>82,195,990</b>	<b>264,442,133</b>
<b>Expenditures</b>			
<b>Current</b>			
General government	53,117,093	1,160,098	54,277,191
Public safety	111,166,486	23,976,930	135,143,416
Public works	24,215,928	26,510,386	50,726,314
Health and welfare	1,227,493	-	1,227,493
Culture and recreation	15,519,069	7,102,924	22,621,993
Urban redevelopment and housing	549,672	4,372,478	4,922,150
Economic development	-	3,161,932	3,161,932
Miscellaneous	-	581,673	581,673
<b>Debt service</b>			
Principal	4,905,161	4,989,091	9,894,252
Interest	915,223	3,867,632	4,782,855
Issuance expense	-	1,028,220	1,028,220
Capital outlay	15,208,313	41,189,444	56,397,757
<b>Total expenditures</b>	<b>226,824,438</b>	<b>117,940,808</b>	<b>344,765,246</b>
<b>Deficiency of revenues under expenditures</b>	<b>(44,578,295)</b>	<b>(35,744,818)</b>	<b>(80,323,113)</b>
<b>Other financing sources (uses)</b>			
Transfers - in	33,765,734	4,278,085	38,043,819
Transfers - out	(5,728,085)	(3,937,986)	(9,666,071)
Issuance of debt	34,460,000	31,470,000	65,930,000
Payment on refunding bonds	(38,707,635)	-	(38,707,635)
Premium on bonds issued	1,362,460	1,007,720	2,370,180
Debt issuance cost	(752,657)	-	(752,657)
Capital lease financing	13,059,230	-	13,059,230
Sale of capital assets	1,519,819	-	1,519,819
<b>Total other financing sources</b>	<b>38,978,866</b>	<b>32,817,819</b>	<b>71,796,685</b>
<b>Net change in fund balances</b>	<b>(5,599,429)</b>	<b>(2,926,999)</b>	<b>(8,526,428)</b>
<b>Fund balances - January 1</b>	<b>32,017,052</b>	<b>48,012,914</b>	<b>80,029,966</b>
<b>Fund balances - December 31</b>	<b>\$26,417,623</b>	<b>\$45,085,915</b>	<b>\$71,503,538</b>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the year ended December 31, 2009**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 5**

Net change in fund balances - total governmental funds	(\$8,526,428)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(221,922)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	21,311,276
The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(29,529,534)
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.	3,296,010
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(426,162)
Internal service funds are used by management to charge the costs of fleet management, insurance, and other services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	710,451
Change in net assets of governmental activities	<u><u>(\$13,386,309)</u></u>

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



CITY OF COLORADO SPRINGS

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the year ended December 31, 2009**

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

	Budgeted Amounts		2009 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
<b>Taxes</b>				
General property taxes				
Current	\$22,229,444	\$22,229,444	\$23,007,963	\$778,519
Penalty and interest	-	-	51,572	51,572
	22,229,444	22,229,444	23,059,535	830,091
Sales and use taxes	125,375,987	114,346,917	111,942,192	(2,404,725)
Specific ownership taxes	2,774,494	2,774,494	2,413,701	(360,793)
Occupational liquor taxes	275,450	275,450	253,747	(21,703)
Gross receipts business taxes				
Admissions tax	475,208	475,208	447,568	(27,640)
<b>Total taxes</b>	<b>151,130,583</b>	<b>140,101,513</b>	<b>138,116,743</b>	<b>(1,984,770)</b>
<b>Licenses and permits</b>				
Business licenses and permits	623,141	623,141	557,894	(65,247)
<b>Intergovernmental</b>				
State shared revenue				
Cigarette tax	1,271,530	1,271,530	1,108,379	(163,151)
Highway users tax-regular	12,985,991	12,985,991	14,251,173	1,265,182
Highway users tax-added fees	1,276,705	1,276,705	1,348,538	71,833
Severance tax	20,000	20,000	91,393	71,393
	15,554,226	15,554,226	16,799,483	1,245,257
Other governmental units				
El Paso County road and bridge	3,613,757	787,669	760,855	(26,814)
El Paso County shared fines	95,630	95,630	153,384	57,754
	3,709,387	883,299	914,239	30,940
<b>Total intergovernmental</b>	<b>\$19,263,613</b>	<b>\$16,437,525</b>	<b>\$17,713,722</b>	<b>\$1,276,197</b>

(continued)

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

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the year ended December 31, 2009**

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

	Budgeted Amounts		2009 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Charges for services</b>				
General government				
Court costs and charges	\$9,287,332	\$9,332,332	\$6,296,985	(\$3,035,347)
Planning, zoning, subdivision fees	917,361	917,361	369,007	(548,354)
Other fees	4,037,653	4,037,653	4,008,150	(29,503)
	<u>14,242,346</u>	<u>14,287,346</u>	<u>10,674,142</u>	<u>(3,613,204)</u>
Public safety				
Police services	3,751,956	3,967,026	3,549,619	(417,407)
Fire services	552,580	552,580	623,361	70,781
	<u>4,304,536</u>	<u>4,519,606</u>	<u>4,172,980</u>	<u>(346,626)</u>
Highways and streets				
Highway and street permits and fees	3,700,180	3,700,180	3,323,211	(376,969)
Signal maintenance	837,257	837,257	677,850	(159,407)
Transit system	2,536,447	2,101,079	1,789,316	(311,763)
	<u>7,073,884</u>	<u>6,638,516</u>	<u>5,790,377</u>	<u>(848,139)</u>
Culture and recreation				
Sports programs	845,460	983,144	866,845	(116,299)
Swimming pool fees	1,047,000	1,130,334	936,798	(193,536)
Ice center fees	229,855	255,580	244,392	(11,188)
Community centers	202,350	277,350	324,975	47,625
Other fees	219,932	264,478	219,819	(44,659)
	<u>2,544,597</u>	<u>2,910,886</u>	<u>2,592,829</u>	<u>(318,057)</u>
<b>Total charges for services</b>	<u>28,165,363</u>	<u>28,356,354</u>	<u>23,230,328</u>	<u>(5,126,026)</u>
<b>Miscellaneous</b>				
Other revenue	857,066	1,083,072	1,248,055	164,983
Investment earnings	1,462,000	1,462,000	605,637	(856,363)
Rental income	770,436	770,436	773,764	3,328
<b>Total miscellaneous</b>	<u>3,089,502</u>	<u>3,315,508</u>	<u>2,627,456</u>	<u>(688,052)</u>
<b>Total revenues</b>	<u>\$202,272,202</u>	<u>\$188,834,041</u>	<u>\$182,246,143</u>	<u>(\$6,587,898)</u>

(continued)

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

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the year ended December 31, 2009**

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

	<u>Budgeted Amounts</u>		<b>2009 Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Expenditures</b>				
<b>Current expenditures</b>				
<b>General government</b>				
Legislative				
City council	\$16,946	\$16,946	\$17,308	(\$362)
Clerk of the council	417,365	341,617	212,252	129,365
	<u>434,311</u>	<u>358,563</u>	<u>229,560</u>	<u>129,003</u>
Judicial	3,744,123	3,566,435	3,532,663	33,772
Executive-city manager	784,435	784,435	764,717	19,718
Financial	4,090,691	3,731,231	3,592,119	139,112
Law	3,329,191	3,084,961	2,462,271	622,690
Personnel	1,123,596	971,465	963,459	8,006
Planning and zoning	3,427,978	3,076,110	3,026,772	49,338
Support services	19,135,949	18,542,213	17,423,944	1,118,269
Vendor fees	2,252,439	1,528,439	1,317,980	210,459
Other	14,910,683	16,757,759	19,803,608	(3,045,849)
	<u>53,233,396</u>	<u>52,401,611</u>	<u>53,117,093</u>	<u>(715,482)</u>
<b>Total general government</b>				
<b>Public safety</b>				
Police	74,989,519	74,583,054	73,302,398	1,280,656
Fire	40,080,305	39,597,180	37,864,088	1,733,092
	<u>115,069,824</u>	<u>114,180,234</u>	<u>111,166,486</u>	<u>3,013,748</u>
<b>Total public safety</b>				
<b>Public works</b>				
Highways and streets				
Maintenance of condition	9,960,538	6,961,785	7,294,938	(333,153)
Traffic services	4,688,923	4,099,194	3,899,361	199,833
Engineering	3,661,280	4,345,461	4,119,181	226,280
	<u>18,310,741</u>	<u>15,406,440</u>	<u>15,313,480</u>	<u>92,960</u>
Transit	10,553,330	9,832,718	8,902,448	930,270
	<u>28,864,071</u>	<u>25,239,158</u>	<u>24,215,928</u>	<u>1,023,230</u>
<b>Total public works</b>				
<b>Health and welfare</b>				
Communicable disease	1,228,520	1,228,520	1,227,493	1,027
	<u>1,228,520</u>	<u>1,228,520</u>	<u>1,227,493</u>	<u>1,027</u>
<b>Culture and recreation</b>				
	<u>\$17,202,337</u>	<u>\$15,578,659</u>	<u>\$15,519,069</u>	<u>\$59,590</u>

(continued)

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

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the year ended December 31, 2009**

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

	<u>Budgeted Amounts</u>		<u>2009 Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Urban redevelopment and housing</b>				
Community development	\$539,773	\$539,773	\$549,672	(\$9,899)
<b>Debt service expenditures</b>				
Principal payments	4,400,512	4,400,512	4,905,161	(504,649)
Interest payments	907,120	907,120	915,223	(8,103)
<b>Total debt service</b>	<b>5,307,632</b>	<b>5,307,632</b>	<b>5,820,384</b>	<b>(512,752)</b>
<b>Capital outlay</b>	<b>1,985,482</b>	<b>4,112,496</b>	<b>15,208,313</b>	<b>(11,095,817)</b>
<b>Total expenditures</b>	<b>223,431,035</b>	<b>218,588,083</b>	<b>226,824,438</b>	<b>(8,236,355)</b>
<b>Deficiency of revenues over expenditures</b>	<b>(21,158,833)</b>	<b>(29,754,042)</b>	<b>(44,578,295)</b>	<b>(14,824,253)</b>
<b>Other financing sources (uses)</b>				
Transfers - in				
Payments in lieu of taxes	27,191,693	27,191,693	28,281,657	1,089,964
Other funds	2,281,061	4,877,122	5,484,077	606,955
Transfers - out				
City funded capital improvement projects	(9,380,421)	(8,824,422)	(4,278,085)	4,546,337
Other funds	-	-	(1,450,000)	(1,450,000)
Proceeds from issuance of bond	-	34,460,000	34,460,000	-
Payment on refunding bonds	-	(38,707,635)	(38,707,635)	-
Premium on refunding bonds issued	-	1,362,460	1,362,460	-
Debt issuance cost	-	(752,028)	(752,657)	(629)
Capital lease financing	-	-	13,059,230	13,059,230
Sale of capital assets	255,000	1,470,000	1,519,819	49,819
<b>Total other financing sources (uses)</b>	<b>20,347,333</b>	<b>21,077,190</b>	<b>38,978,866</b>	<b>17,901,676</b>
<b>Net change in fund balance</b>	<b>(811,500)</b>	<b>(8,676,852)</b>	<b>(5,599,429)</b>	<b>3,077,423</b>
<b>Fund balance - January 1</b>	<b>32,017,052</b>	<b>32,017,052</b>	<b>32,017,052</b>	<b>-</b>
<b>Fund balance - December 31</b>	<b>\$31,205,552</b>	<b>\$23,340,200</b>	<b>\$26,417,623</b>	<b>\$3,077,423</b>

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

**PROPRIETARY FUNDS  
BALANCE SHEET  
December 31, 2009**

	Business-type Activities Enterprise Funds			
	Utilities	MHS	Airport	Parking
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and investments - unrestricted	\$159,242,000	\$249,083,000	\$37,882,685	\$3,898,252
Cash and investments - restricted	16,514,000	-	-	-
Note receivable	140,000	-	-	-
Accounts receivable (net of allowance for uncollectibles)	95,714,451	97,222,469	6,640,063	49,527
Interest receivable	657,000	-	-	-
Due from other funds	3,092,549	36,531	-	105,410
Inventories	54,938,000	5,832,000	-	-
Prepays	9,948,000	14,338,000	-	-
Derivative instruments	467,000	-	-	-
Deferred cash flow hedges - unrealized loss on derivatives	7,718,000	-	-	-
Other	213,000	-	-	-
Unamortized bond issuance costs	518,166	427,140	-	30,947
<b>Total current assets</b>	<b>349,162,166</b>	<b>366,939,140</b>	<b>44,522,748</b>	<b>4,084,136</b>
<b>Noncurrent assets</b>				
Cash and investments - restricted	171,682,000	24,218,000	5,577,425	865,498
Note receivable	-	-	2,067,512	-
Due from other funds	2,757,000	-	-	1,956,009
Investment in joint ventures	40,111,000	1,857,459	-	-
Other	12,734,000	5,459,541	-	-
Unamortized bond issuance costs	10,861,834	8,329,860	681,520	293,384
Deferred cash flow hedges - unrealized loss on derivatives	100,652,000	-	-	-
Capital assets:				
Land	144,068,000	21,420,000	18,423,581	2,072,246
Buildings	-	-	94,502,036	24,996,034
Improvements other than buildings	-	-	161,976,415	6,472,495
Machinery and equipment	-	-	13,635,588	325,057
Infrastructure	-	-	26,796,307	-
Utility plant	3,694,302,000	-	-	-
MHS plant	-	603,865,000	-	-
Construction in progress	184,775,000	156,000	8,094,300	171,661
Less accumulated depreciation	(1,398,521,000)	(259,130,000)	(88,202,900)	(9,895,402)
<b>Total noncurrent assets</b>	<b>2,963,421,834</b>	<b>406,175,860</b>	<b>243,551,784</b>	<b>27,256,982</b>
<b>Total assets</b>	<b>\$3,312,584,000</b>	<b>\$773,115,000</b>	<b>\$288,074,532</b>	<b>\$31,341,118</b>

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

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

<u>Other Non-Major Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$16,912,362	\$467,018,299	\$5,826,010
-	16,514,000	-
-	140,000	-
2,152,013	201,778,523	210,561
-	657,000	-
-	3,234,490	1,332,071
74,224	60,844,224	1,169,536
6,300	24,292,300	13,896
-	467,000	-
-	7,718,000	-
-	213,000	-
-	976,253	-
19,144,899	783,853,089	8,552,074
-	202,342,923	-
-	2,067,512	-
-	4,713,009	-
-	41,968,459	-
-	18,193,541	-
-	20,166,598	-
-	100,652,000	-
1,610,246	187,594,073	13,000
9,736,113	129,234,183	387,817
12,642,417	181,091,327	396,917
6,968,629	20,929,274	3,184,041
2,568,286	29,364,593	-
-	3,694,302,000	-
-	603,865,000	-
8,527,249	201,724,210	-
(15,156,903)	(1,770,906,205)	(3,742,800)
26,896,037	3,667,302,497	238,975
\$46,040,936	\$4,451,155,586	\$8,791,049

(continued)

**PROPRIETARY FUNDS  
BALANCE SHEET  
December 31, 2009**

	Business-type Activities Enterprise Funds			
	Utilities	MHS	Airport	Parking
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b>Current liabilities</b>				
Accounts payable	\$61,914,204	\$47,317,534	\$4,794,209	\$131,942
Accrued salaries and benefits	5,522,000	8,429,000	149,943	7,285
Compensated absences	5,618,000	590,050	33,966	2,683
Due to other funds	5,035,796	398,466	-	-
Deferred revenue	-	-	1,276,600	-
Accrued interest payable	9,034,000	-	19,983	46,161
Matured bonds payable	43,554,000	3,735,000	1,329,861	505,000
Notes payable	1,067,000	3,917,000	605,210	-
Capital lease payable	-	528,000	122,993	-
Claims and judgments	233,000	7,515,000	-	-
Derivative instruments	7,655,000	-	-	-
Deferred cash flow hedges - unrealized loss on derivatives	388,000	-	-	-
Other	34,422,000	-	-	-
<b>Total current liabilities</b>	<b>174,443,000</b>	<b>72,430,050</b>	<b>8,332,765</b>	<b>693,071</b>
<b>Noncurrent liabilities</b>				
Compensated absences	4,910,000	11,210,950	645,362	50,972
Customer deposits	1,787,000	-	-	-
Claims and judgments	-	792,000	-	-
Due to other funds	-	-	-	-
Revenue bonds payable, net of deferrals	1,691,379,000	232,817,000	45,198,389	12,182,276
Notes payable	13,892,000	73,122,000	4,697,730	-
Customer advances for construction	10,207,000	-	-	-
Capital lease payable	-	691,000	464,726	-
Municipal solid waste landfill closure and postclosure care	2,837,000	-	-	-
Derivative instruments	114,542,000	-	-	-
Other liabilities	844,000	-	-	14,056
<b>Total noncurrent liabilities</b>	<b>1,840,398,000</b>	<b>318,632,950</b>	<b>51,006,207</b>	<b>12,247,304</b>
<b>Total liabilities</b>	<b>2,014,841,000</b>	<b>391,063,000</b>	<b>59,338,972</b>	<b>12,940,375</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	1,046,413,000	60,258,000	188,240,269	10,589,317
Restricted				
Debt service	7,313,000	24,092,000	15,288,373	865,498
Other	-	126,000	-	-
Unrestricted	244,017,000	297,576,000	25,206,918	6,945,928
<b>Total net assets (deficit)</b>	<b>1,297,743,000</b>	<b>382,052,000</b>	<b>228,735,560</b>	<b>18,400,743</b>
<b>Total liabilities and net assets</b>	<b>\$3,312,584,000</b>	<b>\$773,115,000</b>	<b>\$288,074,532</b>	<b>\$31,341,118</b>

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

Net assets of business-type activities

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

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

<u>Other Non-Major Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$1,851,515	\$116,009,404	\$11,263,664
126,233	14,234,461	131,413
28,568	6,273,267	47,143
53,937	5,488,199	114,607
25,295	1,301,895	299,926
4,296	9,104,440	-
-	49,123,861	-
53,334	5,642,544	-
242,743	893,736	2,327
-	7,748,000	-
-	7,655,000	-
-	388,000	-
-	34,422,000	-
2,385,921	258,284,807	11,859,080
542,783	17,360,067	895,690
-	1,787,000	-
-	792,000	-
52,386	52,386	-
-	1,981,576,665	-
667,444	92,379,174	-
-	10,207,000	-
633,645	1,789,371	10,340
-	2,837,000	-
-	114,542,000	-
-	858,056	-
1,896,258	2,224,180,719	906,030
4,282,179	2,482,465,526	12,765,110
26,019,649	1,331,520,235	226,308
286,000	47,844,871	-
-	126,000	-
15,453,108	589,198,954	(4,200,369)
41,758,757	1,968,690,060	(3,974,061)
\$46,040,936		\$8,791,049
	(5,259,378)	
	\$1,963,430,682	

**PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>Business-type Activities Enterprise Funds</b>			
	<b>Utilities</b>	<b>MHS</b>	<b>Airport</b>	<b>Parking</b>
<b>Operating revenues</b>				
Charges for services	\$743,780,000	\$529,634,000	\$21,302,693	\$3,631,086
Miscellaneous	-	12,814,000	-	-
<b>Total operating revenues</b>	<b>743,780,000</b>	<b>542,448,000</b>	<b>21,302,693</b>	<b>3,631,086</b>
<b>Operating expenses</b>				
Salaries and benefits	143,072,000	273,916,000	8,421,150	527,451
Other operating expenses	450,696,270	200,502,000	6,493,225	1,949,980
Depreciation	93,720,000	33,804,000	11,199,263	932,076
<b>Total operating expenses</b>	<b>687,488,270</b>	<b>508,222,000</b>	<b>26,113,638</b>	<b>3,409,507</b>
<b>Operating income (loss)</b>	<b>56,291,730</b>	<b>34,226,000</b>	<b>(4,810,945)</b>	<b>221,579</b>
<b>Nonoperating revenues (expenses)</b>				
Investment earnings	16,004,000	26,398,000	1,126,051	180,287
Interest expense	(65,021,000)	(24,508,000)	(2,742,638)	(571,385)
Passenger facility charges	-	-	2,510,284	-
Customer facility charges	-	-	835,669	-
Amortization expense	-	-	-	(30,947)
Gain (loss) on disposal of capital assets	-	-	(105,849)	-
Miscellaneous	28,013,000	1,539,000	189,951	-
<b>Total nonoperating revenues (expenses)</b>	<b>(21,004,000)</b>	<b>3,429,000</b>	<b>1,813,468</b>	<b>(422,045)</b>
Income (loss) before contributions and transfers	35,287,730	37,655,000	(2,997,477)	(200,466)
Loss from termination of Interest Rate Swap	-	(22,466,000)	-	-
Capital contributions	28,927,000	-	12,508,238	-
Transfers - in	-	-	-	-
Transfers - out	(24,565,730)	-	-	(1,759,856)
<b>Change in net assets</b>	<b>39,649,000</b>	<b>15,189,000</b>	<b>9,510,761</b>	<b>(1,960,322)</b>
<b>Total net assets - January 1</b>	<b>1,015,368,000</b>	<b>366,863,000</b>	<b>219,224,799</b>	<b>20,361,065</b>
Prior Period Adjustment	242,726,000	-	-	-
<b>Total net assets - January 1 as restated</b>	<b>1,258,094,000</b>	<b>366,863,000</b>	<b>219,224,799</b>	<b>20,361,065</b>
<b>Total net assets - December 31</b>	<b>\$1,297,743,000</b>	<b>\$382,052,000</b>	<b>\$228,735,560</b>	<b>\$18,400,743</b>

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

Change in net assets of business-type activities

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

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 8**

<u>Other Non-Major Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$24,489,550	\$1,322,837,329	\$55,503,368
-	12,814,000	-
<u>24,489,550</u>	<u>1,335,651,329</u>	<u>55,503,368</u>
6,558,029	432,494,630	7,807,339
15,283,364	674,924,839	49,183,087
1,359,911	141,015,250	96,983
<u>23,201,304</u>	<u>1,248,434,719</u>	<u>57,087,409</u>
<u>1,288,246</u>	<u>87,216,610</u>	<u>(1,584,041)</u>
571,026	44,279,364	71,566
(132,319)	(92,975,342)	(881)
-	2,510,284	-
-	835,669	-
-	(30,947)	-
92,552	(13,297)	18,816
-	29,741,951	(3,407)
<u>531,259</u>	<u>(15,652,318)</u>	<u>86,094</u>
1,819,505	71,564,292	(1,497,947)
-	(22,466,000)	-
1,298,669	42,733,907	-
216,012	216,012	1,450,000
-	(26,325,586)	-
<u>3,334,186</u>	<u>65,722,625</u>	<u>(47,947)</u>
38,424,571		(3,926,114)
-		-
<u>38,424,571</u>		<u>(3,926,114)</u>
<u>\$41,758,757</u>		<u>(\$3,974,061)</u>
	<u>(758,399)</u>	
	<u>\$64,964,226</u>	

**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2009

	Business-type Activities Enterprise Funds			
	Utilities	MHS	Airport	Parking
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$746,508,000	\$537,514,686	\$21,224,111	\$3,401,607
Receipts from interfund services provided	17,078,000	11,065,314	43,109	176,202
Payments to suppliers	(521,644,000)	(197,210,249)	(3,726,070)	(1,830,088)
Payments to employees	(89,277,000)	(276,962,000)	(8,700,948)	(559,580)
Payments for interfund services used	(18,036,000)	(439,751)	(2,521,341)	(330,464)
<b>Net cash provided (used) by operating activities</b>	<b>134,629,000</b>	<b>73,968,000</b>	<b>6,318,861</b>	<b>857,677</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating subsidies and transfers to other funds	(24,325,000)	-	-	-
Transfers in from other funds	-	-	-	-
Transfers out to other funds	-	-	-	(1,759,856)
Principal received from interfund loan	-	-	-	51,670
Interest received from interfund loan	-	-	-	81,518
Interest received - other	1,270,000	-	-	-
Operating grant	-	-	90,596	-
Derivatives	(7,048,000)	-	-	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(30,103,000)</b>	<b>-</b>	<b>90,596</b>	<b>(1,626,668)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from capital debt	145,546,000	180,290,000	-	-
Capital contributions and advances	17,080,000	-	-	-
Bond issuance costs	(1,932,000)	(3,880,000)	-	-
Purchases of capital assets	(170,275,000)	(6,566,000)	(13,407,835)	(293,003)
Loss from termination of interest rate swaps	-	(22,466,000)	-	-
Payments from accounts payable incurred for capital asset additions	-	-	721,459	-
Repayment of capital lease obligations	-	-	-	-
Principal paid on capital debt	(9,681,000)	(147,735,000)	(5,170,432)	(480,000)
Interest paid on capital debt	(72,983,000)	(23,416,000)	(2,624,778)	(572,973)
Interest paid - other	-	-	-	-
Proceeds from the sale of capital assets	593,000	25,000	-	-
Capital grant	-	-	8,750,213	-
Passenger facility charges	-	-	2,785,616	-
Customer facility charges	-	-	819,143	-
<b>Net cash used by capital and related financing activities</b>	<b>(91,652,000)</b>	<b>(23,748,000)</b>	<b>(8,126,614)</b>	<b>(1,345,976)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales and maturities of investments	75,569,000	129,269,000	29,598,044	4,340,616
Purchases of investments	(62,020,000)	(128,636,000)	(33,368,634)	(2,907,449)
Interest and dividends received	5,731,000	951,000	1,779,858	158,925
Distributions from joint ventures	5,655,000	-	-	-
Other investing activities	-	(18,000)	-	-
<b>Net cash provided (used) by investing activities</b>	<b>24,935,000</b>	<b>1,566,000</b>	<b>(1,990,732)</b>	<b>1,592,092</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>37,809,000</b>	<b>51,786,000</b>	<b>(3,707,889)</b>	<b>(522,875)</b>
<b>Cash and cash equivalents - January 1</b>	<b>216,241,000</b>	<b>67,897,000</b>	<b>5,119,600</b>	<b>1,599,362</b>
<b>Cash and cash equivalents - December 31</b>	<b>254,050,000</b>	<b>119,683,000</b>	<b>1,411,711</b>	<b>1,076,487</b>
Cash and cash equivalents	254,050,000	92,532,000	1,411,711	1,076,487
Investments	93,388,000	27,151,000	42,048,399	3,687,263
<b>Total cash and investments</b>	<b>\$347,438,000</b>	<b>\$119,683,000</b>	<b>\$43,460,110</b>	<b>\$4,763,750</b>

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

CITY OF COLORADO SPRINGS  
**COLORADO**  
**Exhibit 9**  
**(PAGE 1 OF 2)**

<u>Other Non-Major Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$25,169,794	\$1,333,818,198	\$6,257,850
146,726	28,509,351	50,145,201
(11,665,245)	(736,075,652)	(41,067,664)
(7,186,714)	(382,686,242)	(9,149,255)
(3,015,857)	(24,343,413)	(9,782,612)
3,448,704	219,222,242	(3,596,480)
-	(24,325,000)	-
216,012	216,012	1,450,000
-	(1,759,856)	-
-	51,670	-
-	81,518	-
-	1,270,000	-
-	90,596	-
-	(7,048,000)	-
216,012	(31,423,060)	1,450,000
-	325,836,000	-
1,110,481	18,190,481	-
-	(5,812,000)	-
(6,509,274)	(197,051,112)	(44,501)
-	(22,466,000)	-
(566,729)	154,730	-
(255,662)	(255,662)	(28,086)
(1,219,980)	(164,286,412)	-
(120,714)	(99,717,465)	-
(42,003)	(42,003)	(881)
13,830	631,830	522,044
-	8,750,213	-
-	2,785,616	-
-	819,143	-
(7,590,051)	(132,462,641)	448,576
14,030,926	252,807,586	5,234,932
(12,838,633)	(239,770,716)	(4,422,681)
861,583	9,482,366	182,852
-	5,655,000	-
-	(18,000)	-
2,053,876	28,156,236	995,103
(1,871,459)	83,492,777	(702,801)
2,501,703	293,358,665	919,910
630,244	376,851,442	217,109
630,244	349,700,442	217,109
16,282,118	182,556,780	5,608,901
\$16,912,362	\$532,257,222	\$5,826,010

(continued)

**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2009

	Business-type Activities Enterprise Funds			
	Utilities	MHS	Airport	Parking
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$56,291,000	\$34,226,000	(\$4,810,945)	\$221,579
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	93,720,000	33,804,000	11,199,263	932,076
Other expense	(4,569,000)	-	-	-
(Increase) decrease in accounts receivable	(14,707,000)	7,573,463	308,983	(10,066)
Decrease in deferred revenue	-	-	-	-
(Increase) decrease in inventories	(10,389,000)	(378,000)	-	-
(Increase) decrease in due from other funds	-	(19,463)	-	(43,211)
(Increase) decrease in prepaids	950,000	-	-	-
Increase in other assets	(6,372,000)	(2,674,000)	-	-
Increase (decrease) in accounts and other payables	3,121,000	4,257,725	(25,013)	(209,785)
Decrease in accrued expenses	(6,444,000)	(3,046,000)	(279,798)	(32,129)
Decrease in due to other funds	-	185,275	(29,143)	(787)
Increase (decrease) in other liabilities	23,028,000	39,000	(44,486)	-
<b>Net cash provided (used) by operating activities</b>	<b>\$134,629,000</b>	<b>\$73,968,000</b>	<b>\$6,318,861</b>	<b>\$857,677</b>
<b>Noncash investing, capital and financing activities</b>				
Amortization, charge-off of debt discount and expense	\$1,758,000	\$ -	-	\$30,947
Noncash acquisition of capital assets				
(incurrence of payable/capital lease obligation)	8,533,000	-	2,838,438	-
Noncash contributions in aid of construction	7,808,000	-	-	-
Increase (decrease) in fair value of investments	35,243,000	-	428,515	43,323

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

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

<u>Other Non-Major Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$1,288,246	\$87,215,880	(\$1,584,041)
1,359,911	141,015,250	96,983
-	(4,569,000)	-
1,632,153	(5,202,467)	141,794
-	-	299,926
6,613	(10,760,387)	(62,611)
-	(62,674)	457,963
(6,300)	943,700	(13,896)
-	(9,046,000)	-
1,219,178	8,363,105	(146,941)
(417,250)	(10,219,177)	(1,341,916)
(828,662)	(673,317)	(1,443,741)
(805,185)	22,217,329	-
<u>\$3,448,704</u>	<u>\$219,222,242</u>	<u>(\$3,596,480)</u>
\$ -	\$1,788,947	\$ -
1,033,538	12,404,976	-
-	7,808,000	-
(290,557)	35,424,281	(111,286)

**FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
December 31, 2009**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 10**

	<b>Pension Trust Funds</b>	<b>Agency Fund</b>
<b><u>ASSETS</u></b>		
Cash and investments	\$ -	\$3,186,977
Accounts receivable (net of allowances for uncollectibles)	-	1,747
Pension assets held in trust by Fire and Police Pension Association	142,435,091	-
<b>Total assets</b>	142,435,091	3,188,724
<b><u>LIABILITIES</u></b>		
Accounts payable	-	1,987,048
Due to component unit	-	1,201,676
<b>Total liabilities</b>	-	3,188,724
<b>Net assets - held in trust for pension benefits</b>	<b>\$142,435,091</b>	<b>\$ -</b>

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

**FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
For the fiscal year ended December 31, 2009**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 11**

	<u>Pension Trust Funds</u>
<b>Additions</b>	
City contributions	\$911,584
Participant contributions	<u>25,334</u>
Total contributions	936,918
Investment earnings	
Interest and dividend income	2,428,855
Rental income	196
Net increase in fair value of investments	<u>22,566,643</u>
Total investment gain	24,995,694
Less investment expenses	<u>1,025,884</u>
Net investment gain	<u>23,969,810</u>
<b>Total additions</b>	<u>24,906,728</u>
<b>Deductions</b>	
Benefits	(15,001,443)
<b>Total deductions</b>	<u>(15,001,443)</u>
Change in net assets	9,905,285
<b>Net assets held in trust for pension benefits - January 1</b>	<u>132,529,806</u>
<b>Net assets held in trust for pension benefits - December 31</b>	<u><u>\$142,435,091</u></u>

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

**GOVERNMENTAL FUND COMPONENT UNITS  
COMBINING STATEMENT OF NET ASSETS  
December 31, 2009**

	Colorado Springs Urban Renewal Authority	Colorado Springs Downtown Development Authority	Greater Downtown Colorado Springs Business Improvement District	Briargate Center Business Improvement District	Barnes & Powers North Business Improvement District
<b>ASSETS</b>					
Cash and investments - unrestricted	\$244,742	\$183,048	\$204,025	\$88,449	\$43,295
Cash and investments - restricted	6,847,002	5,785	4,253	789,784	301,614
Accounts receivable (net of allowance for uncollectibles)	-	-	1,966	-	2,889
Due from component units	-	-	-	-	-
Note receivable	-	490,064	-	-	-
Assessments receivable	-	-	-	6,700,409	-
Property taxes receivable	825,420	813,682	553,109	235,275	297,240
Prepays	-	-	3,183	-	-
Deferred asset:					
Bond issue costs, net of amortization	1,530,806	-	-	740,642	30,785
Capital assets, not being depreciated:					
Construction in Progress	11,037,639	-	-	-	-
Capital assets, net of accumulated depreciation					
Machinery and equipment	-	-	51,021	-	-
Vehicles	-	-	106,500	-	-
Improvements	-	-	-	-	1,419,987
Infrastructure	-	-	-	6,842,749	368,587
<b>Total assets</b>	<b>20,485,609</b>	<b>1,492,579</b>	<b>924,057</b>	<b>15,397,308</b>	<b>2,464,397</b>
<b>LIABILITIES</b>					
Accounts payable	497,303	340	6,778	2,970	3,746
Due to component units	-	-	-	-	-
Deferred revenue	825,420	813,682	553,109	235,275	297,240
Grants payable	-	85,150	-	-	-
Accrued interest payable	321,802	-	-	43,576	21,477
Noncurrent liabilities:					
Due within one year	-	-	70,739	285,000	45,000
Due in more than one year	57,948,703	-	59,980	9,085,000	3,956,329
<b>Total liabilities</b>	<b>59,593,228</b>	<b>899,172</b>	<b>690,606</b>	<b>9,651,821</b>	<b>4,323,792</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	-	-	26,803	(1,786,609)	(342,197)
Restricted for:					
Debt service	1,487	-	-	7,488,337	300,214
Emergency reserve	7,900	16,299	14,422	24,950	1,400
Capital improvement	526,602	-	-	-	-
Unrestricted	(39,643,608)	577,108	192,226	18,809	(1,818,812)
<b>Total net assets (deficit)</b>	<b>(\$39,107,619)</b>	<b>\$593,407</b>	<b>\$233,451</b>	<b>\$5,745,487</b>	<b>(\$1,859,395)</b>

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

Barnes & Powers South Business Improvement District	First & Main Business Improvement District	First & Main Business Improvement District No 2	First & Main North Business Improvement District	Interquest North Business Improvement District	Interquest South Business Improvement District	Powers & Woodmen Commercial Business Improvement District	Total
\$2,715	\$18,775	\$28,366	\$16,524	\$434	\$140	\$227	\$830,740
50,602	9,090	162,952	71,618	-	-	-	8,242,700
876	5,782	-	1,434	24	13	51	13,035
-	-	2,719	-	-	-	-	2,719
-	-	-	-	-	-	-	490,064
-	-	-	-	-	-	-	6,700,409
145,130	196,860	419,030	182,140	258,480	11,410	150,200	4,087,976
-	-	-	-	-	-	-	3,183
32,270	24,653	24,688	20,517	-	-	-	2,404,361
-	-	-	-	-	-	-	11,037,639
-	-	-	-	-	-	-	51,021
-	-	-	-	-	-	-	106,500
-	-	-	1,120,105	-	-	-	2,540,092
114,520	1,573,386	2,535,054	455,253	-	-	-	11,889,549
346,113	1,828,546	3,172,809	1,867,591	258,938	11,563	150,478	48,399,988
3,591	4,615	3,845	3,140	11,291	6,370	14,714	558,703
-	2,719	-	-	-	-	-	2,719
145,130	196,860	419,030	182,140	258,480	11,410	150,200	4,087,976
-	-	-	-	-	-	-	85,150
4,388	11,333	17,000	60,435	-	-	-	480,011
25,000	15,000	-	40,150	-	-	-	480,889
839,575	1,640,190	2,415,700	1,987,604	56,017	65,790	37,522	78,092,410
1,017,684	1,870,717	2,855,575	2,273,469	325,788	83,570	202,436	83,787,858
(23,683)	(1,961)	159,742	(331,125)	-	-	-	(2,299,030)
50,333	3,662	164,601	70,908	-	-	-	8,079,542
269	2,710	1,070	710	-	-	-	69,730
-	-	-	-	-	-	-	526,602
(698,490)	(46,582)	(8,179)	(146,371)	(66,850)	(72,007)	(51,958)	(41,764,714)
(\$671,571)	(\$42,171)	\$317,234	(\$405,878)	(\$66,850)	(\$72,007)	(\$51,958)	(\$35,387,870)

GOVERNMENTAL FUND COMPONENT UNITS  
 COMBINING STATEMENT OF ACTIVITIES  
 For the year ended December 31, 2009

	Program Revenues				Colorado Springs Urban Renewal Authority	Colorado Springs Downtown Development Authority	Greater Downtown Colorado Springs Business Improvement District	Briargate Center Business Improvement District	Barnes & Powers North Business Improvement District	Barnes & Powers South Business Improvement District
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions						
<b>Colorado Springs Urban Renewal Authority</b>										
General government	\$6,008,254	\$110,000	\$ -	\$204,329	(\$5,693,925)					
Interest on long-term debt	3,955,116	-	-	-	(3,955,116)					
<b>Total</b>	<b>9,963,370</b>	<b>110,000</b>	<b>-</b>	<b>204,329</b>	<b>(9,649,041)</b>					
<b>Colorado Springs Downtown Development Authority</b>										
General government	323,306	-	-	-		(\$323,306)				
<b>Greater Downtown Colorado Springs Business Improvement District</b>										
General government	454,841	7,967	4,619	-		(\$442,255)				
Public works	25,897	-	-	-		(25,897)				
<b>Total</b>	<b>480,738</b>	<b>7,967</b>	<b>4,619</b>	<b>-</b>		<b>(468,152)</b>				
<b>Briargate Center Business Improvement District</b>										
General government	257,388	340,391	-	-			\$83,003			
Interest on long-term debt	534,454	-	-	-			(534,454)			
<b>Total</b>	<b>791,842</b>	<b>340,391</b>	<b>-</b>	<b>-</b>			<b>(451,451)</b>			
<b>Barnes &amp; Powers North Business Improvement District</b>										
General government	89,516	-	-	-				(\$89,516)		
Interest on long-term debt	263,735	-	-	-				(263,735)		
Public works	1,652,242	-	-	-				(1,652,242)		
<b>Total</b>	<b>2,005,493</b>	<b>-</b>	<b>-</b>	<b>-</b>				<b>(2,005,493)</b>		
<b>Barnes &amp; Powers South Business Improvement District</b>										
General government	24,572	-	-	-					(\$24,572)	
Interest on long-term debt	60,565	-	-	-					(60,565)	
Public works	578,565	-	-	-					(578,565)	
<b>Total</b>	<b>663,702</b>	<b>-</b>	<b>-</b>	<b>-</b>					<b>(663,702)</b>	
<b>First &amp; Main Business Improvement District</b>										
General government	682,329	-	-	-						
Interest on long-term debt	119,667	-	-	-						
<b>Total</b>	<b>801,996</b>	<b>-</b>	<b>-</b>	<b>-</b>						
<b>First &amp; Main Business Improvement District No. 2</b>										
General government	102,772	-	-	-						
Interest on long-term debt	169,197	-	-	-						
<b>Total</b>	<b>271,969</b>	<b>-</b>	<b>-</b>	<b>-</b>						
<b>First &amp; Main North Business Improvement District</b>										
General government	82,564	-	-	-						
Interest on long-term debt	123,955	-	-	-						
<b>Total</b>	<b>206,519</b>	<b>-</b>	<b>-</b>	<b>-</b>						
<b>Interquest North Business Improvement District</b>										
General government	24,321	-	-	-						
Interest on long-term debt	2,737	-	-	-						
<b>Total</b>	<b>27,058</b>	<b>-</b>	<b>-</b>	<b>-</b>						
<b>Interquest South Business Improvement District</b>										
General government	22,325	-	-	-						
Interest on long-term debt	2,590	-	-	-						
<b>Total</b>	<b>24,915</b>	<b>-</b>	<b>-</b>	<b>-</b>						
<b>Powers &amp; Woodmen Commercial Business Improvement District</b>										
General government	26,851	-	-	-						
Interest on long-term debt	1,862	-	-	-						
<b>Total</b>	<b>28,713</b>	<b>-</b>	<b>-</b>	<b>-</b>						
<b>Total component units</b>	<b>\$15,589,621</b>	<b>\$458,358</b>	<b>\$4,619</b>	<b>\$204,329</b>						
General revenues:										
Property taxes					556,195	726,358	505,114	235,802	358,423	112,240
Specific ownership taxes					-	75,508	51,851	24,314	37,847	11,479
Miscellaneous					-	-	(80,587)	-	-	-
Investment earnings					64,559	25,600	1,898	804	1,753	247
Transfer					-	-	-	-	-	-
<b>Total general revenues</b>					<b>620,754</b>	<b>827,466</b>	<b>478,276</b>	<b>260,920</b>	<b>398,023</b>	<b>123,966</b>
<b>Change in net assets</b>					<b>(9,028,287)</b>	<b>504,160</b>	<b>10,124</b>	<b>(190,531)</b>	<b>(1,607,470)</b>	<b>(539,736)</b>
<b>Net assets (deficit) - January 1</b>					<b>(30,079,332)</b>	<b>89,247</b>	<b>203,574</b>	<b>(994,746)</b>	<b>(251,925)</b>	<b>(131,835)</b>
Prior Period Adjustment					-	-	19,753	6,930,764	-	-
<b>Net assets (deficit) - January 1 as restated</b>					<b>(30,079,332)</b>	<b>89,247</b>	<b>223,327</b>	<b>5,936,018</b>	<b>(251,925)</b>	<b>(131,835)</b>
<b>Net assets (deficit) - December 31</b>					<b>(\$39,107,619)</b>	<b>\$593,407</b>	<b>\$233,451</b>	<b>\$5,745,487</b>	<b>(\$1,859,395)</b>	<b>(\$671,571)</b>

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

CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 13

Changes in Net Assets

First & Main Business Improvement District	First & Main Business Improvement District No. 2	First & Main North Business Improvement District	Interquest North Business Improvement District	Interquest South Business Improvement District	Powers & Woodmen Commercial Business Improvement District	Totals
						(55,693,925)
						(3,955,116)
						(323,306)
						(442,255)
						(25,897)
						83,003
						(534,454)
						(89,516)
						(263,735)
						(1,652,242)
						(24,572)
						(60,565)
						(578,565)
						(682,329)
						(119,667)
						(801,996)
						(102,772)
						(169,197)
						(271,969)
						(82,564)
						(123,955)
						(206,519)
						(24,321)
						(2,737)
						(27,058)
						(22,325)
						(2,590)
						(24,915)
						(26,851)
						(1,862)
						(28,713)
						(14,922,315)
740,232	-	183,696	3,083	1,721	6,505	3,429,369
75,726	-	18,787	315	176	665	296,668
-	-	-	-	-	-	(80,587)
147	-	346	-	-	1	95,355
-	593,807	-	-	-	-	593,807
816,105	593,807	202,829	3,398	1,897	7,171	4,334,612
14,109	321,838	(3,690)	(23,660)	(23,018)	(21,542)	(10,587,703)
(56,280)	-	(402,188)	(43,190)	(48,989)	(30,416)	(31,746,080)
-	(4,604)	-	-	-	-	6,945,913
(56,280)	(4,604)	(402,188)	(43,190)	(48,989)	(30,416)	(24,800,167)
(42,171)	\$317,234	(\$405,878)	(\$66,850)	(\$72,007)	(\$51,958)	(\$35,387,870)

PROPRIETARY FUND COMPONENT UNITS  
BALANCE SHEET  
December 31, 2009

	Public Authority for Colorado Energy	Fountain Valley Authority	Aurora - Colorado Springs Joint Water Authority	The Twin Lakes Reservoir and Canal Company
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and investments	\$60,000	\$961,341	\$6,295	\$938,342
Accounts receivable (net of allowance for uncollectibles)	6,402,000	395,827	-	17,345
Inventories	-	51,067	-	-
Due from primary government	-	-	-	-
Prepays	17,475,000	5,418,330	416	196,404
Unamortized bond issuance costs	172,425	21,694	-	-
<b>Total current assets</b>	<b>24,109,425</b>	<b>6,848,259</b>	<b>6,711</b>	<b>1,152,091</b>
<b>Noncurrent assets</b>				
Restricted cash and cash equivalents	6,081,000	2,150,295	-	-
Unamortized debt issuance costs	4,770,575	205,835	-	-
Prepays	567,687,000	-	-	-
Other	-	-	-	274,279
Capital assets:				
Utility plant	-	87,751,235	9,499,247	13,981,877
Construction in progress	-	-	-	33,090
Less accumulated depreciation	-	(34,744,334)	(2,183,708)	(5,875,042)
<b>Total noncurrent assets</b>	<b>578,538,575</b>	<b>55,363,031</b>	<b>7,315,539</b>	<b>8,414,204</b>
<b>Total assets</b>	<b>\$602,648,000</b>	<b>\$62,211,290</b>	<b>\$7,322,250</b>	<b>\$9,566,295</b>

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

CITY OF COLORADO SPRINGS  
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 (PAGE 1 OF 2)

The Lake Meredith Reservoir Company	The Colorado Canal Company	The Lake Henry Reservoir Company	Pikes Peak Regional Communications Network	Total
\$75,371	\$172,100	\$30,834	\$ -	\$2,244,283
-	8,079	358	14,838	6,838,447
-	-	-	-	51,067
-	-	-	1,201,676	1,201,676
4,031	24,713	1,934	-	23,120,828
-	-	-	-	194,119
79,402	204,892	33,126	1,216,514	33,650,420
42,548	9	4,402	-	8,278,254
12,570	-	-	-	4,988,980
-	-	-	-	567,687,000
-	25,334	32,409	-	332,022
3,271,173	2,335,287	1,200,714	-	118,039,533
-	-	74,298	-	107,388
(659,519)	(1,338,446)	(402,301)	-	(45,203,350)
2,666,772	1,022,184	909,522	-	654,229,827
\$2,746,174	\$1,227,076	\$942,648	\$1,216,514	\$687,880,247

(continued)

PROPRIETARY FUND COMPONENT UNITS  
BALANCE SHEET  
December 31, 2009

	Public Authority for Colorado Energy	Fountain Valley Authority	Aurora - Colorado Springs Joint Water Authority	The Twin Lakes Reservoir and Canal Company
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current liabilities</b>				
Accounts payable	\$20,000	\$90,085	\$ -	\$19,308
Deferred revenue	-	5,352,751	-	-
Accrued interest payable	5,165,000	153,929	-	-
Matured bonds payable	3,010,000	625,000	-	-
Notes payable	-	507,324	-	-
Capital lease payable	-	3,444,214	-	-
<b>Total current liabilities</b>	<b>8,195,000</b>	<b>10,173,303</b>	<b>-</b>	<b>19,308</b>
<b>Noncurrent liabilities</b>				
Revenue bonds payable, net of deferrals	624,199,000	6,586,377	-	-
Notes payable	-	6,598,884	-	-
Capital lease payable	-	59,212,982	-	-
Other	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>624,199,000</b>	<b>72,398,243</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>632,394,000</b>	<b>82,571,546</b>	<b>-</b>	<b>19,308</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	-	(23,967,880)	7,315,539	8,139,926
Restricted				
Debt service	916,000	2,150,295	-	-
Unrestricted	(30,662,000)	1,457,329	6,711	1,407,061
<b>Total net assets (deficit)</b>	<b>(29,746,000)</b>	<b>(20,360,256)</b>	<b>7,322,250</b>	<b>9,546,987</b>
<b>Total liabilities and net assets</b>	<b>\$602,648,000</b>	<b>\$62,211,290</b>	<b>\$7,322,250</b>	<b>\$9,566,295</b>

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

CITY OF COLORADO SPRINGS  
 COLORADO  
 Exhibit 14  
 (PAGE 2 OF 2)

	The Lake Meredith Reservoir Company	The Colorado Canal Company	The Lake Henry Reservoir Company	Pikes Peak Regional Communications Network	Total
\$	-	\$12,966	\$87	\$17,237	\$159,683
	-	-	-	-	5,352,751
	26,203	-	3,492	-	5,348,624
	-	-	-	-	3,635,000
	32,834	-	3,717	-	543,875
	-	35,447	-	-	3,479,661
	59,037	48,413	7,296	17,237	18,519,594
	-	-	-	-	630,785,377
	1,273,754	115,535	115,956	-	8,104,129
	-	-	-	-	59,212,982
	-	9	-	-	9
	1,273,754	115,544	115,956	-	698,102,497
	1,332,791	163,957	123,252	17,237	716,622,091
	1,305,066	845,859	753,038	-	(5,608,452)
	-	-	-	-	3,066,295
	108,317	217,260	66,358	1,199,277	(26,199,687)
	1,413,383	1,063,119	819,396	1,199,277	(28,741,844)
	\$2,746,174	\$1,227,076	\$942,648	\$1,216,514	\$687,880,247

**PROPRIETARY FUND COMPONENT UNITS  
COMBINING STATEMENT OF ACTIVITIES  
For the year ended December 31, 2009**

	<u>Program Revenues</u>		<u>Public Authority for Colorado Energy</u>	<u>Fountain Valley Authority</u>	<u>Aurora - Colorado Springs Joint Water Authority</u>
	<u>Expenses</u>	<u>Charges for Services</u>			
<b>Public Authority for Colorado Energy</b>					
General government	\$60,935,000	\$44,285,000	(\$16,650,000)		
<b>Fountain Valley Authority</b>					
General government	7,235,519	10,087,180		\$2,851,661	
<b>Aurora-Colorado Springs Joint Water Authority</b>					
General government	103,293	8,250			(\$95,043)
<b>The Twin Lakes Reservoir and Canal Company</b>					
General government	780,956	902,543			
<b>The Lake Meredith Reservoir Company</b>					
General government	133,691	217,943			
<b>The Colorado Canal Company</b>					
General government	554,134	602,499			
<b>The Lake Henry Reservoir Company</b>					
General government	53,542	84,493			
<b>Pikes Peak Regional Communications Network</b>					
General government	1,114,728	1,166,951			
<b>Total component units</b>	<u>\$70,910,863</u>	<u>\$57,354,859</u>			

General Revenues:			
Investment earnings	808,000	2,071	4
<b>Total general revenues</b>	<u>808,000</u>	<u>2,071</u>	<u>4</u>
<b>Change in net assets</b>	(15,842,000)	2,853,732	(95,039)
<b>Net assets (deficit) - January 1</b>	(13,903,459)	(23,213,988)	7,417,289
Prior period adjustment - rounding	(541)	-	-
<b>Net assets (deficit) - January 1 restated</b>	<u>(13,904,000)</u>	<u>(23,213,988)</u>	<u>7,417,289</u>
<b>Net assets (deficit) - December 31</b>	<u>(\$29,746,000)</u>	<u>(\$20,360,256)</u>	<u>\$7,322,250</u>

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

CITY OF COLORADO SPRINGS  
**COLORADO**  
**Exhibit 15**

Net (Expense) Revenue and Changes in Net Assets					
The Twin Lakes Reservoir and Canal Company	The Lake Meredith Reservoir Company	The Colorado Canal Company	The Lake Henry Reservoir Company	Pikes Peak Regional Communications Network	Total
					(\$16,650,000)
					2,851,661
					(95,043)
<u>\$121,587</u>					121,587
	<u>\$84,252</u>				84,252
		<u>\$48,365</u>			48,365
			<u>\$30,951</u>		30,951
				<u>\$52,223</u>	52,223
					<u>(13,556,004)</u>
<u>13,891</u>	<u>472</u>	<u>1,263</u>	<u>222</u>	<u>41,234</u>	<u>867,157</u>
<u>13,891</u>	<u>472</u>	<u>1,263</u>	<u>222</u>	<u>41,234</u>	<u>867,157</u>
135,478	84,724	49,628	31,173	93,457	(12,688,847)
9,411,509	1,328,659	1,013,491	788,223	1,105,820	(16,052,456)
-	-	-	-	-	(541)
<u>9,411,509</u>	<u>1,328,659</u>	<u>1,013,491</u>	<u>788,223</u>	<u>1,105,820</u>	<u>(16,052,997)</u>
<u>\$9,546,987</u>	<u>\$1,413,383</u>	<u>\$1,063,119</u>	<u>\$819,396</u>	<u>\$1,199,277</u>	<u>(\$28,741,844)</u>



CITY OF COLORADO SPRINGS

# NOTES TO FINANCIAL STATEMENTS

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Colorado Springs (City) is a home-rule city, organized under provisions of the Colorado constitution, and having a council/manager form of government. The City provides services, as authorized by its charter, to advance the welfare and safety of the City and its residents.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City and Memorial Health System (MHS) have elected to not apply subsequent private-sector guidance.

**A. Reporting Entity**

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

**1. Governmental Fund Type Component Units**

General Improvement Districts – Cottonwood, Spring Creek, Briargate and Market Place at Austin Bluffs

General Improvement Districts (GIDs) are created under provisions of Colorado state statute. Each district has the power to acquire, construct or install public improvements within its own boundaries and to finance such improvements by levying a general property tax upon the benefiting property. GIDs are blended in the City financial statements. The GIDs are legally separate entities from the City. City Council sits as the Board of Directors for each of the GIDs. Services provided by the GIDs are entirely for the benefit of the citizens of each respective district. The fiscal year-end for each of these districts is December 31.

The Colorado Springs Urban Renewal Authority (CSURA) was formed under the provisions of Colorado state statute. The CSURA has the power to issue tax increment financing in order to acquire property. CSURA is discretely presented in the City's financial statements. CSURA is

a legally separate entity from the City. The City does, however, appoint a voting majority of CSURA's board and is able to impose its will on CSURA. The City's board and CSURA's board are not substantively the same. Services provided by CSURA are entirely for the benefit of the citizens. The fiscal year-end for CSURA is December 31.

Colorado Springs Downtown Development Authority (the Authority) was established in 2007 by the City of Colorado Springs City Council. The Authority was organized for the public health, safety, prosperity, security and welfare in order to halt or prevent deterioration of property values or structures within the central business district. Operations are financed primarily by tax revenues collected on real and personal property located within the central business district. The Authority is discretely presented in the City's financial statements. An eleven-member Board, as provided by the City of Colorado Springs, Colorado Ordinance 07-15 governs the Authority. The City's board and the Authority's board are not substantively the same. The fiscal year-end for the Authority is December 31.

Business Improvement Districts - Greater Downtown, Briargate Center, Barnes & Powers North, Barnes & Powers South, First & Main, First & Main No. 2, First & Main North, Interquest North, Interquest South, Powers and Woodmen Commercial

Business Improvement Districts (BIDs) were created under provisions of Colorado state statute. The BIDs have the power to acquire, construct or install public improvements within its own boundaries and to finance such improvements by levying a general property tax upon the benefiting property. The BIDs are discretely presented in the City's financial statements. The BIDs are legally separate entities from the City. The City does, however, approve the budgets and is able to impose its will on the BIDs. The City's board and the BID boards are not substantively the same. Services provided by the BIDs are entirely for the benefit of the business communities in the Districts. The fiscal year-end for the BIDs is December 31.

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

City of Colorado Springs  
Chief Financial Officer  
30 South Nevada Avenue, Suite 205  
Colorado Springs, CO 80903

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

The following Proprietary fund type component units are reported as discretely presented component units. They are legally separate from the City. The City Council appoints a voting majority of the Boards of Directors. The City Council can impose its will on the component units by removing its Directors at the City Council's discretion. The City Council and the Boards of Directors of the component units are not substantively the same, and the component units do not provide services exclusively to the City.

### Public Authority for Colorado Energy

Public Authority for Colorado Energy (PACE), a nonprofit corporation organized by the City in June 2008, was established to assist with the acquisition, finance, and supply of natural gas to Colorado Springs Utilities (Utilities). PACE is governed by a board of directors comprised of three members of Utilities' management. In June 2008, the City purchased approximately 20% of Utilities' gas supply needs for 30 years through a gas prepayment transaction with Merrill Lynch Commodities, Inc. and Merrill Lynch and Co., Inc. which is financed PACE non-recourse revenue bond. PACE is obligated to pay the principal and interest on the Bond. Utilities is obligated to purchase and pay for gas tendered for delivery by PACE at index minus a predetermined discount and is not obligated to make payments in respect to debt service on the Bonds.

### Fountain Valley Authority

Utilities owns a 71.4% participation share in Fountain Valley Authority (FVA) which is a political subdivision of the State of Colorado formed primarily to construct a water treatment plant, and operate the water treatment plant and water conveyance system for its five customers. Raw water is received through FVA Conduit pursuant to a conveyance service subcontract with the Southeastern Colorado Water Conservancy District. The City of Fountain, Security Water District, Stratmoor Hills Water District and Widefield Water and Sanitation District are the other participants and customers.

### Aurora-Colorado Springs Joint Water Authority

Utilities owns 66.7% participation share in the Aurora-Colorado Springs Joint Water Authority (the Authority) which is a political subdivision of the State of Colorado formed for the purpose of developing water resources, systems or facilities for the benefit of Utilities and the City of Aurora, Colorado. The Authority has constructed and owns a pipeline to transport raw water from Twin Lakes Reservoir through a pipeline to Utilities' Otero Pumping Station.

### Canal and Reservoir Companies

Utilities owns from 51.9% to 77.2% participation share in four canal and reservoir companies which include The Twin Lakes Reservoir and Canal Company, The Lake Meredith Reservoir Company, The Colorado Canal Company and The Lake Henry Reservoir Company. These companies have been formed for the purpose of acquiring and storing water.

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

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

The Pikes Peak Regional Communications Network (PPRCN) was established by an intergovernmental agreement between the City and El Paso County (the County) on

December 1, 1999. PPRCN commenced operations during 2001 and is governed by a five-member Board of Directors of which two members are appointed by the City and one is appointed by Utilities. PPRCN was established to provide a modern, trunked radio system, available to the participating public safety and public service activities, throughout the City and the County.

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

City of Colorado Springs  
Chief Financial Officer  
30 South Nevada Avenue, Suite 205  
Colorado Springs, CO 80903

### **3. Fiduciary Fund Type Component Units**

#### **Pension Trust Fund**

The Fire and Police Pension plans are agent, multiple employer defined benefit plans for fire and police uniform employees. The plans are managed by the Fire and Police Pension Association (FPPA) and include the Old Hire Pension Plan, the Statewide Pension Plan and the New Hire Pension Plan (CSNHPP). FPPA is the plan administrator for the CSNHPP and performs certain administrative tasks in accordance with an agreement with the City in regards to the Old Hire Pension Plans. The City retains responsibility for the administration of the Old Hire plans only. These component units are reported separately in exhibits H-1 and H-2 and are blended with the City's financial statements.

FPPA issues a publicly available financial report that includes financial statements and required supplementary information for FPPA. That report may be obtained by writing to:

Fire and Police Pension Association  
Two DTC  
5290 DTC Parkway, Suite 100  
Greenwood Village, Colorado 80111-2721  
(303) 770-3772

### **4. Joint Ventures**

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

to fully recover operating expenses. Since the City has only a residual equity interest, the equity method is not considered appropriate for this joint venture.

The City and the County have entered into a joint venture to administer a contract for ambulance services. The joint venture of the El Paso County Emergency Services Agency (ESA) in which the City participates is not considered a component unit and is, therefore, not included in the City's reporting entity. The ESA was formed in accordance with an inter-governmental agreement and is governed by a five-member board appointed by the City and the County. It is intended that the ESA administer its fees so as to fully recover all expenses and the City does not invest in the ESA. Since the City has only a residual equity interest, the equity method is not considered appropriate for this joint venture.

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

Utilities has equity interests in Front Range Power, LLC. (FRP) and Young Gas Storage Company Ltd. (Young).

Memorial Hospital Corporation (MHC) is a non-profit corporation that is controlled by MHS. MHS has a 73% interest in The Surgery Center at Printers Park, L.L.C (SCPP), an entity that was formed to develop, manage and operate a surgical center in Colorado Springs. SCPP commenced operations during 2001. MHS's financial statements reflect its interest in the members' equity and net income of SCPP.

The financial statements of the PPRBD, the ESA and the PPRTA may be obtained at the following address:

City of Colorado Springs  
Chief Financial Officer  
30 South Nevada Avenue, Suite 205  
Colorado Springs, CO 80903

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

Colorado Springs Utilities  
Chief Planning and Financial Officer  
P.O. Box 1130, Mail Code 950  
Colorado Springs, CO 80947-0950

The financial statements of the MHC and the SCPP may be obtained at the following address:

Memorial Health System  
Chief Financial Officer  
1400 East Boulder Street  
Colorado Springs, CO 80909

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

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

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

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

**C. Basis of Accounting**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of

the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

MHS fund provides medical treatment to the Colorado Springs community.

Utilities fund provides water and wastewater collection, treatment, and distribution system; electric generation, transmission, distribution and street light system; and gas distribution system.

Colorado Springs Airport fund (Airport) provides air transportation services to the Colorado Springs community.

Colorado Springs Parking System fund (Parking) provides parking services for the Colorado Springs downtown area.

Additionally, the City reports the following fund types:

Special revenue funds account for revenue derived from specific sources that are restricted legally or by regulation.

Capital projects funds account for financial resources used for the acquisition or construction of major capital facilities and infrastructure.

Permanent funds account for the activities of resources that are legally restricted to the extent that earnings, and not principal, may be used for purposes that support the City's programs.

Internal service funds account for the fleet maintenance, data processing, health insurance, workers' compensation insurance, and general liability insurance provided to other departments or agencies of the City on a cost-reimbursement basis.

Fiduciary funds include Old Hire Fire and Old Hire Police pension trust funds which account for the activities of the City's fire and police pension plans. These funds accumulate resources for pension benefit payments to qualified public safety employees. Also in the fiduciary funds is the miscellaneous depository agency which accounts for the resources that are held by the City in a purely custodial capacity. The agency fund is made up of timing between when the resources are collected and when the resources are paid out to the various entities, such as payroll withholdings.

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

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **D. Assets, Liabilities and Net Assets or Equity**

##### **1. Deposits and Investments**

In accordance with City Code and Colorado State Statutes, the City is authorized to invest in obligations of the United States and certain of its instrumentalities; certain international agency securities; general obligation or revenue bonds of any state or local government of the U.S.; bankers acceptances of certain banks; certain commercial paper; local government investment pools; written repurchase agreements properly collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts. The City's Fire and Police Pension Plans are invested in an external investment pool through the FPPA. This investment pool also invests in real property, venture capital, equities, securities, and other investments.

For purposes of the statements of cash flows, cash and cash equivalents include amounts on hand and in demand deposits.

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

##### **2. Receivables and Payables**

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

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

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

**3. Inventories and Prepaid Items**

MHS inventories are stated at the lower of cost (first-in, first-out method) or market. All other inventories are stated at average cost.

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

**4. Restricted Assets**

In accordance with applicable bond covenants, ordinances and conditions attached by donors, certain investments are displayed as restricted on the financial statements of certain funds. Restricted investments are carried at fair value.

**5. Capital Assets**

Capital outlays are recorded as expenditures of governmental funds in the fund financial statements and as assets in the government-wide financial statements to the extent the City's capitalization thresholds, \$5,000 for general assets and \$500,000 for infrastructure assets, are met. Depreciation is recorded on capital assets on a government-wide basis using the straight-line method. To the extent the City's capitalization thresholds, \$5,000 for general assets and \$500,000 for infrastructure assets, are met, capital outlays of the proprietary funds are recorded as capital assets and depreciated over their useful lives using the straight-line method of depreciation on both the fund basis and the government-wide basis of accounting. The following are the estimated useful lives used for the straight-line method of depreciation:

Infrastructure	35 years
Buildings	10 - 40 years
Utility plant	25 -100 years
Improvements other than buildings	25 years
Furniture and equipment	3 - 25 years

Donated assets are valued at their estimated fair value on the date of receipt. The City does not capitalize historical treasure or works of art. It is the City's policy to capitalize interest costs that are incurred during construction of the assets of business-type activities.

Utilities plant is stated at cost. For constructed plant, cost includes contracted services, direct labor and materials, indirect charges for engineering, supervision, general and administrative costs, and an allowance for funds used during construction (AFUDC). The 2009 AFUDC rate of 4.7% is comprised of an interest rate on borrowed funds component and is applied to all major capital projects. Per Utilities' capitalization policy, the cost of additions to plant and replacement units of property in excess of \$5,000 is capitalized. Maintenance costs and replacement of minor items of property are charged to expense as incurred. Depreciation of utility plant for Utilities is provided by using the straight-line method based on the estimated service lives of the assets. Estimated service lives for major assets are as follows:

Electric boiler plant/station equipment	25
Underground conduit	29
Gas mains and services	80
Water source of supply	100
Water treatment plant	25
Transmission & distribution mains	50
Sewer mains and laterals	100
Wastewater preliminary treatment facility	45
General structures and improvements	57

#### **6. Compensated Absences**

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

#### **7. Long-term Obligations**

In the fund financial statements, long-term debt is recognized as a liability of the governmental funds when due. For other long-term obligations, only that portion financed from expendable available financial resources is reported as a fund liability. The current and non-current portions are recorded in the government-wide and the proprietary fund financial statements. For certain debt issues, MHS and Utilities enter into interest rate swap agreements to modify its interest rates on outstanding debt. Other than the net interest expenditures resulting from these agreements, no amounts are recorded in the financial statements.

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

**8. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**9. Municipal Solid Waste Landfill Closure and Postclosure Care Costs**

The City is subject to the Colorado Department of Public Health and Environment regulations which require the City to incur closure and postclosure care costs for landfills. In 2009, the Utilities fund recognized a liability of \$2,836,644 for closure and postclosure care costs based upon landfill capacity used to date. The estimated total current cost of closure and postclosure care to be recognized for the Utilities fund landfills is \$7,202,642. The average landfill capacity used to date is 56.0%. The estimated remaining landfill lives vary from 18 to 88 years. In 2009, the governmental activities recognized a liability of \$347,295 for closure and postclosure care costs in the government-wide financial statements. There are no financial assurance requirements or restricted assets for the payment of closure and postclosure care costs. Estimates are stated in current dollars and shall be adjusted annually for inflation and changes in laws and regulations. A study is done every 5 years to verify this cost. Based on the five year study adjusted by inflation the total closure and postclosure costs are \$7,593,089.

**10. Derivative Instruments**

Utilities uses derivative instruments to manage its exposure to fluctuating natural gas prices through the use of natural gas hedge contracts.

Utilities also uses derivative instruments to hedge its exposure to changing interest rates through the use of interest rate swaps. In 2009, Utilities did not enter into any new interest rate swap agreements that qualify for derivative accounting under Statement of Governmental Accounting Standards Board (GASB) No. 53, *Accounting and Financial Reporting for Derivative Instruments*. See Note IV.M. for further discussion related to interest rate swaps.

Utilities records all derivative instruments on the balance sheet as Fair Value of Derivative Instruments at their fair value under the provisions of GASB 53.

In accordance with the provisions of GASB 53, hedges that are deemed effective are recognized as cash flow hedges and ineffective hedges are recognized as standalone investment derivatives. Changes in the fair value of cash flow hedge derivative instruments are reported as either deferred cash flow hedges asset or deferred cash flow hedges liability on the Statement of Net Assets. Changes in the fair values of investment derivative instruments are recognized in Nonoperating revenues (expenses) on the Statement of Revenues, Expenses and Changes in Fund Net Assets.

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

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

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

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

Capital assets, at historical cost	\$1,589,439,363
Accumulated depreciation	<u>(477,214,455)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$1,112,224,908</u>

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

Deferred revenue	<u>\$20,832,988</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$20,832,988</u>

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

Interest on investments	<u>\$955,810</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$955,810</u>

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

Internal service fund allocation	<u>\$1,285,316</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$1,285,316</u></u>

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

Bonds payable	(\$111,861,858)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	1,721,737
Accrued interest payable	(1,144,403)
Capital lease payable	(23,577,390)
Drainage fees payable	(2,908,300)
Compensated absences	(15,555,086)
Municipal solid waste landfill	(347,295)
Claims and Judgements	(3,500,000)
Pension obligation	(446,277)
Other post employment benefit obligation	<u>(7,406,943)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>(\$165,025,815)</u></u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

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

Capital outlay	\$43,067,282
Depreciation expense	<u>(43,289,204)</u>

Net adjustments to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>(\$221,922)</u>
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Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net assets.” The details of this difference are as follows:

In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.	(\$1,197,773)
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Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>22,509,049</u>
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Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$21,311,276</u>
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Another element of that reconciliation states that “The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference are as follows:

Debt incurred:	
Capital lease financing	(\$13,059,230)
Issuance of bonds	(65,930,000)
Principal repayments:	
Bond premium	(611,292)
Bond discount	(4,492)
Bond issuance costs	1,466,227
General obligation debt	3,675,000
Sales tax revenue bonds	38,215,000
Certificates of participation	1,785,000
Special assessment bonds and notes	110,447
Capital leases	3,073,806
Claims and Judgements	<u>1,750,000</u>

Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities* (\$29,529,534)

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this difference are as follows:

Accrued interest	(\$607,892)
Compensated absences	7,028,225
Landfill closing costs	(3,846)
Other post employment benefit obligation	<u>(3,120,477)</u>

Net adjustment to decrease *net changes in fund balances – total governmental funds* to arrive at *changes in net assets of governmental activities* \$3,296,010

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

Unavailable revenue	<u>(\$426,162)</u>
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Net adjustment to decrease *net changes in fund balances – total governmental funds* to arrive at *changes in net assets of governmental activities* (\$426,162)

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

Internal service fund activities	<u>\$710,451</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$710,451</u></u>

### **III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### **A. Budgetary Information**

In accordance with State Statute, the City Manager is required to submit a balanced budget to City Council no later than October 15 each year. The budget is reviewed and modified as appropriate and an appropriation ordinance prepared to adopt the budget. According to City Charter, the appropriation ordinance is to be adopted no later than December 31 each year. City budgeting and accounting systems provide for program planning of expenditures by function and activity within the funds. Amendments to the original budget were material in relation to the initial appropriation. The most significant was the supplemental appropriation for the refunding of the remaining Sales and Use Tax Revenue Bonds, Series 1999.

The City prepares annual budgets and maintains budgetary controls for all funds in order to ensure compliance with the annual appropriation ordinance as approved by City Council. The legal level of budgetary control for all funds is at the fund level. Transfer of appropriation within the budget of a department may be authorized by approval of the affected department head. Such transfers are filed with the Chief Financial Officer but require no City Council action. Any net increase of appropriation to the fund requires City Council action. The budget is prepared on GAAP basis.

Appropriations for all funds that are not budgeted on a project-length basis lapse at year-end except for contractually encumbered and reserved appropriations. Project-length budgets are those where appropriations are initially made to individual projects and do not lapse until such time as the project is complete. Project-length budgets are adopted for all capital projects as well as for intergovernmental grant, capital improvements and special assessments. All budgets are prepared on the modified accrual basis and are reported as such.

#### **B. Excess of Expenditures over Appropriations**

During 2009, expenditures exceeded appropriations for the Workers Compensation Self-Insurance fund by \$71,257. This was the result of higher than anticipated number of claims being paid, resulting in an increase in the claims reserve. Additionally, the Economic

Development fund had expenditures exceeding appropriations by \$69,776. This fund was no longer needed and was closed to the general fund.

**C. Deficit Fund Equity**

The Workers Compensation Self-Insurance fund had an accumulated deficit in net assets of \$4,448,891, as of December 31, 2009. This internal service fund deficit is the result of incurred but not reported claims. Additionally, the Employee Benefits Self-Insurance fund had an accumulated deficit in net assets of \$1,905,542. Although this internal service fund deficit decreased from the prior year, the deficit is the result of significant costs for hospital visits and surgeries, and an increase in the number of large claims paid in prior years.

**IV. DETAILED NOTES ON ALL FUNDS**

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

The City's restricted and unrestricted cash and investments, exclusive of component units, consist of the following on December 31, 2009:

	Unrestricted Assets	Restricted Assets
Demand accounts (incl petty cash of \$37,314)	\$166,638,305	\$186,047,844
Money market mutual funds	3,610,509	26,796,509
Colorado Liquid Asset Trust (COLOTRUST)	936,714	242
Colorado Surplus Asset Fund (CSAFE)	-	90,000
Commercial paper	-	3,110,500
US Treasury securities	52,837,220	880,503
US Instrumentality securities	198,052,469	11,164,599
Domestic corporate fixed-income securities	53,335,069	1,169,142
International corporate fixed-income securities	5,876,473	-
Domestic equities	44,329,935	5,754,419
International equities	15,659,461	-
<b>Total</b>	<b>\$541,276,155</b>	<b>\$235,013,758</b>

Reconciliation of total deposits and investments to the government-wide financial statements at December 31, 2009:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary</u>	<u>Total</u>
Unrestricted	\$71,070,879	\$467,018,299	\$3,186,977	\$541,276,155
Restricted	<u>16,156,835</u>	<u>218,856,923</u>	<u>-</u>	<u>235,013,758</u>
Total	<u>\$87,227,714</u>	<u>\$685,875,222</u>	<u>\$3,186,977</u>	<u>\$776,289,913</u>

**1. Deposits**

The carrying amount of the City's deposits at December 31, 2009 was \$352,648,835 and the bank balances were \$361,931,403. Of the bank balances, \$1,231,657 was covered by federal deposit insurance and \$360,699,746 was uninsured but collateralized in accordance with provisions of the Colorado Public Deposit Protection Act (CPDPA). The collateral is pooled and held in trust for all uninsured deposits as a group. As part of the Economic Stabilization Act, Congress temporarily increased the FDIC insurance from \$100,000 to \$250,000 per depositor through December 31, 2013.

**2. Investments**

The City, a home rule municipality operating under its City Charter, is allowed under Colorado State Statutes to promulgate and implement local standards for cash and investment management operations. The adopted Investment Policy for the City authorizes all investments shall be made in accordance with Colorado Revised Statutes. The provisions of the City's Investment Policy apply to all investable funds of the City to include Trust funds, Bond Ordinance accounts and Reserve accounts. The Reserve and Trust accounts are further defined with additional investment guidelines. Excluded from the City Investment Policy are Utilities and MHS funds and money held in bank checking accounts for operating purposes. Utilities and MHS (both major enterprise funds) have adopted individual investment policies to manage their investment portfolios. The investments of the City are reported in aggregate to include investments of money related to governmental and business-type activities, individual major funds and non-major funds. The City's investments are subject to interest rate risk, credit risk and custodial credit risk.

**Interest Rate Risk:** Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an instrument. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits investment maturities to less than five years. The Utilities investment policy further defines this requirement by limiting investments of their income fund to maturities of two years or less. MHS manages its exposure to interest rate risk by maintaining the average duration of its portfolio to plus or minus 20% of the duration of the Lehman Aggregate Bond Index.

**Credit Risk:** Credit risk is the risk of loss due to a debtor's non-payment of a loan or other line of credit (either principal, interest or both). The City's investment policy authorizes the City to invest in obligations of the United States or agencies thereof, commercial paper rated at least A-1 by Standard and Poor's, P-1 by Moody's or F-1 by Fitch, banker's acceptances, local government investment pools specific money market mutual funds, time certificates of deposit, repurchase agreements and obligations of the City of Colorado Springs.

**Custodial Credit Risk:** Custodial risk is the risk that in the event of the failure of a depository financial institution the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. A designated portfolio manager places the City's investments during the fiscal year. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name and are held by either the counterparty to the investment purchase or held by the counter party's trust department or agent but not held in the City's name. None of the City's investments owned at December 31, 2009 were subject to custodial risk.

In accordance with the City's investment policy, all of the City's repurchase agreements are collateralized at 102% of the market value of the portfolio by U.S. Agency Securities at the time of purchase. Collateral valuation is calculated and adjusted daily. Collateral for all investments, including repurchase agreements, are held in the City's name by the City's custodian bank. As of December 31, 2009, the City had the following investments and credit quality distribution:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Money market mutual funds	\$30,407,018	0.00
Colorado Liquid Asset Trust (COLOTRUST)	936,956	0.00
Colorado Surplus Asset Fund (CSAFE)	90,000	0.00
Commercial paper	3,110,500	0.45
US Treasury securities	53,717,723	15.90
US Instrumentality securities	209,217,068	1.66
Domestic corporate fixed-income securities	54,504,211	13.84
International corporate fixed-income securities	5,876,473	14.60
Domestic equities	50,084,354	0.00
International equities	<u>15,659,461</u>	0.00
Total	423,603,764	
Portfolio weighted average maturity		4.82
Reconciliation to total cash and investments		
Add:		
Cash on hand and in banks	<u>352,686,149</u>	
	<u><u>\$776,289,913</u></u>	

Credit Quality Distribution for Securities as a Percentage of Total Investments

	<u>S&amp;P Rating</u>	<u>% of Total</u>
Money market mutual funds	AAAm	7.18%
Local investment pools	AAAm	0.24%
Commercial paper	-	0.73%
US Treasury securities	n/a	12.68%
US Instrumentality securities	n/a	49.40%
Domestic corporate fixed-income securities	AAA	3.70%
Domestic corporate fixed-income securities	AA	1.36%
Domestic corporate fixed-income securities	A	4.80%
Domestic corporate fixed-income securities	BBB	2.47%
Domestic corporate fixed-income securities	BB	0.01%
Domestic corporate fixed-income securities	B	0.44%
Domestic corporate fixed-income securities	CCC	0.07%
Domestic corporate fixed-income securities	-	0.01%
International corporate fixed-income securities	A	0.30%
International corporate fixed-income securities	BBB	1.06%
International corporate fixed-income securities	B	0.03%
Domestic equities	-	11.82%
International equities	-	3.70%
		100.00%

As of December 31, 2009, the City has invested \$936,956 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify the investments owned by the pool. Investments of the pool consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury Notes. Utilities has invested \$90,000 in the Colorado Surplus Asset Fund Trust (CSAFE) as of December 31, 2009. CSAFE operates similarly to COLOTRUST whereby Utilities acquires and redeems shares of the common law trusts as authorized by state statute.

The City’s investment in COLOTRUST is rated AAAm by Standard and Poor’s and AAA by both Fitch’s and Moody’s. CSAFE investments are rated AAAm by Standard and Poor’s. On February 27, 2009, Standard and Poor’s placed the AAAm principal stability fund rating on CSAFE on credit watch with negative implications. As of February 2010, CSAFE was removed from credit watch. COLOTRUST and CSAFE are routinely monitored by the Colorado Division of Securities with regard to operations and investments.

Separately issued financial statements for COLOTRUST and CSAFE may be obtained at the following addresses:

**COLOTRUST**  
 1700 Broadway, Suite 2050  
 Denver, CO 80290  
 www.colotrust.com

**CSAFE**  
 1600 Broadway, Suite 1100  
 Denver, CO 80202  
 www.csafe.org

**3. Component Unit Deposits and Investments**

Cash and investments of the component units of the City are reported at fair value and consist of the following at December 31, 2009:

	<u>Demand Accounts</u>	<u>Money Market</u>	<u>COLOTRUST</u>	<u>Guaranteed Investment Contract</u>	<u>Total</u>
Governmental Activities:					
Urban Renewal Authority	\$135,922	\$ -	\$6,955,822	\$ -	\$7,091,744
Downtown Development Authority	188,833	-	-	-	188,833
Greater Downtown Colorado Springs BID	208,278	-	-	-	208,278
Briargate Center BID	62,209	787,928	28,096	-	878,233
Barnes & Powers North BID	11,434	-	333,475	-	344,909
Barnes & Powers South BID	2,137	-	51,180	-	53,317
First & Main BID	27,865	-	-	-	27,865
First & Main BID No. 2	191,318	-	-	-	191,318
First & Main North BID	6,938	-	81,204	-	88,142
Interquest North BID	434	-	-	-	434
Interquest South BID	140	-	-	-	140
Powers & Woodmen Commercial BID	227	-	-	-	227
Sub-total	<u>835,735</u>	<u>787,928</u>	<u>7,449,777</u>	<u>-</u>	<u>9,073,440</u>
Business-type Activities:					
Public Authority for Colorado Energy	64,000	-	-	6,077,000	6,141,000
Fountain Valley Authority	1,923,576	1,188,060	-	-	3,111,636
Aurora-Colorado Springs Joint Water Authority	6,295	-	-	-	6,295
Various Canal & Reservoir Companies	1,263,606	-	-	-	1,263,606
Sub-total	<u>3,257,477</u>	<u>1,188,060</u>	<u>-</u>	<u>6,077,000</u>	<u>10,522,537</u>
<b>Total</b>	<u><b>\$4,093,212</b></u>	<u><b>\$1,975,988</b></u>	<u><b>\$7,449,777</b></u>	<u><b>\$6,077,000</b></u>	<u><b>\$19,595,977</b></u>

**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2009**

Reconciliation of total deposits and investments to the government-wide financial statements at December 31, 2009:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Unrestricted	\$830,740	\$2,244,283	\$3,075,023
Restricted	<u>8,242,700</u>	<u>8,278,254</u>	<u>16,520,954</u>
Total	<u><u>\$9,073,440</u></u>	<u><u>\$10,522,537</u></u>	<u><u>\$19,595,977</u></u>

The carrying amount of the deposits of the component units of the City at December 31, 2009, was \$4,093,212 and the bank balances were \$4,207,283. Of the bank balances, \$1,829,516 was covered by federal deposit insurance and \$1,689,425 was collateralized in accordance with provisions of the CPDPA. The various canal companies are publicly traded and not a public entity. The excess balances above federal deposit insurance in the amount of \$688,342 are not covered by the CPDPA.

**B. Receivables**

Receivables for governmental funds, proprietary funds, fiduciary funds and component units at December 31, 2009 include the following (in 000's):

## Receivables

	General	Utilities	MHS	Airport	Parking	Non-Major & Other	Total
Interest	\$ -	\$657	\$ -	\$ -	\$ -	\$ -	\$657
Taxes	32,840	-	-	-	-	10,935	43,775
Accounts	3,762	97,188	147,470	6,640	50	19,508	274,618
Assessments	-	-	-	-	-	6,827	6,827
Intergovernmental loans	-	-	-	-	-	19,842	19,842
Notes and loans	865	140	-	2,067	-	490	3,562
Gross Receivables	37,467	97,985	147,470	8,707	50	57,602	349,281
Less: allowances for uncollectibles	-	(1,474)	(50,248)	-	-	(1,947)	(53,669)
Net Receivables	<u><u>\$37,467</u></u>	<u><u>\$96,511</u></u>	<u><u>\$97,222</u></u>	<u><u>\$8,707</u></u>	<u><u>\$50</u></u>	<u><u>\$55,655</u></u>	<u><u>\$295,612</u></u>

Loans receivable of \$18,730,553 is included in receivables - net in the statement of net assets as of December 31, 2009. Of the loans receivable, Community Development Department (CDD) has loans receivable of \$18,589,072 as of December 31, 2009. These loans were funded with HOME (Federal Home Investment Partnership Act), CDBG (Community Development Block Grant), CHFA (Colorado Housing Finance Authority), and HOPE III (Homeownership Opportunity Program) funds. The majority of the loans require full repayment. Some loans carry monthly amortization and other loans are paid in full when the property is

sold, the borrower moves from the property or the borrower dies. Only \$141,481 of the portfolio is eligible for forgiveness of debt. CDD partners with local lending institutions to provide rehabilitation funds to low and moderate income homeowners. A portion of these loans is forgiven monthly. This encourages long-term home occupancy and local bank participation. All loans and grants are secured with the property as collateral.

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

Individual fund interfund receivable and payable balances as of December 31, 2009 were:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Utilities	\$3,796,796
	MHS	49,495
	Non-major Governmental Funds	1,768,600
	Sub-Total	<u>5,614,891</u>
Utilities	MHS	331,752
	General Fund	611,497
	Non-major Governmental Funds	4,701,516
	Non-major Enterprise Funds	106,323
	Internal Services	98,461
	Sub-Total	<u>5,849,549</u>
MHS	General Fund	16,347
	Utilities	4,038
	Internal Services	16,146
	Sub-Total	<u>36,531</u>
Parking	General Fund	2,029,273
	Utilities	32,146
	Sub-Total	<u>2,061,419</u>
Non-major Governmental Funds	General Fund	773,043
	Utilities	342,547
	Sub-Total	<u>1,115,590</u>
Internal Service Funds	General Fund	454,583
	Utilities	860,269
	MHS	17,219
	Sub-Total	<u>1,332,071</u>
Component Unit	Fiduciary	<u>1,201,676</u>
Total		<u><u>\$17,211,727</u></u>

A major portion of the total due to Utilities from Non-major Governmental funds resulted from a 2002 sale of a gas operations building between the funds; the balance from the sale is anticipated to occur next year.

The balance of \$2,009,784 due to Parking from the General Fund resulted from Parking's construction of the parking facility for the General Fund's use; \$1,956,009 of the balance is due beyond one year.

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

Interfund transfers:

	Transfers In:				Total
	General Fund	Non-major Governmental Funds	Non-major Enterprise Funds	Internal Service Funds	
Transfers Out:					
General fund	\$ -	\$4,278,085	\$ -	\$1,450,000	\$5,728,085
Utilities	28,283,904	-	-	-	28,283,904
Parking	1,759,856	-	-	-	1,759,856
Non-major governmental funds	3,721,974	-	216,012	-	3,937,986
	<u>\$33,765,734</u>	<u>\$4,278,085</u>	<u>\$216,012</u>	<u>\$1,450,000</u>	
Total transfers in					<u>\$39,709,831</u>

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

**D. Payments In Lieu Of Taxes**

Utilities provides payment to the City, in lieu of taxes, amounts which are based on a fixed rate per kwh and ccf of electricity and natural gas delivered within the City limits, without exclusion for interdepartmental deliveries. The payments are recorded as transfers on the statement of activities. In 2009, the amount paid was \$24.6 million.

**E. Deferred Revenue**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of 2009, the various components of deferred revenue and unearned revenue reported in the government funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Loans	\$ -	\$20,706,740
Property taxes	24,464,271	-
Special assessment	126,248	-
Grant drawdowns prior to meeting all eligibility requirements	-	6,423,569
Other unearned revenue	-	1,112,330
	<u>                    </u>	<u>                    </u>
Total deferred/unearned revenue for governmental funds	<u>\$24,590,519</u>	<u>\$28,242,639</u>

**F. Inventories**

Inventories, exclusive of component units, are stated at average cost, except the MHS inventories, which are carried at the lower of cost or market. Proprietary fund inventories consist of the following at December 31, 2009:

Materials and Supplies	\$28,080,760
Fuel	<u>33,933,000</u>
Total	<u><u>\$62,013,760</u></u>

**G. Changes in Capital Assets**

The following schedule reflects the changes in capital assets, exclusive of discretely presented component units, for the year ended December 31, 2009 (in 000's):

	<u>Beginning Balance</u>	<u>Increases*</u>	<u>Decreases*</u>	<u>Ending Balance</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated:				
Land	\$246,956 **	\$9,197	(\$822)	\$255,331
Construction in progress	66,592	44,118	(6,345)	104,365
Total capital assets not being depreciated	<u>313,548</u>	<u>53,315</u>	<u>(7,167)</u>	<u>359,696</u>
Capital assets being depreciated:				
Building	155,333	70	(13)	155,390
Improvements other than buildings	46,142	6,208	(62)	52,288
Machinery and equipment	132,874	5,503	(6,461)	131,916
Infrastructure	887,303	6,825	-	894,128
Total capital assets being depreciated	<u>1,221,652</u>	<u>18,606</u>	<u>(6,536)</u>	<u>1,233,722</u>
Less accumulated depreciation for:				
Building	(50,553)	(4,191)	13	(54,731)
Improvements other than buildings	(11,212)	(2,027)	58	(13,181)
Machinery and equipment	(78,991)	(11,581)	5,626	(84,946)
Infrastructure	(302,511)	(25,585)	-	(328,096)
Total accumulated depreciation	<u>(443,267)</u>	<u>(43,384)</u>	<u>5,697</u>	<u>(480,954)</u>
Total capital assets being depreciated, net	<u>778,385</u>	<u>(24,778)</u>	<u>(839)</u>	<u>752,768</u>
Governmental activities capital assets, net	<u>\$1,091,933</u>	<u>\$28,537</u>	<u>(\$8,006)</u>	<u>\$1,112,464</u>

\* Includes transfers between categories.

\*\* As restated

**NOTES TO FINANCIAL STATEMENTS**
**DECEMBER 31, 2009**

	Beginning Balance	Increases*	Decreases*	Ending Balance
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated:				
Land	\$186,292	\$1,302	\$ -	\$187,594
Construction in progress	162,013	211,916	(172,205)	201,724
Total capital assets not being depreciated	<u>348,305</u>	<u>213,218</u>	<u>(172,205)</u>	<u>389,318</u>
Capital assets being depreciated:				
Building	128,288	948	(2)	129,234
Improvements other than buildings	149,339	34,265	(2,512)	181,092
Machinery and equipment	18,382	3,446	(899)	20,929
Infrastructure	22,268	7,097	-	29,365
Utilities plant**	3,560,666	142,608	(8,972)	3,694,302
MHS plant**	610,235	6,738	(13,108)	603,865
Total capital assets being depreciated	<u>4,489,178</u>	<u>195,102</u>	<u>(25,493)</u>	<u>4,658,787</u>
Less accumulated depreciation for:				
Building	(45,882)	(3,502)	2	(49,382)
Improvements other than buildings	(43,920)	(7,734)	2,408	(49,246)
Machinery and equipment	(10,633)	(1,222)	667	(11,188)
Infrastructure	(2,406)	(1,034)	-	(3,440)
Utilities plant	(1,310,974)	(93,721)	6,174	(1,398,521)
MHS plant	(238,349)	(33,802)	13,021	(259,130)
Total accumulated depreciation	<u>(1,652,164)</u>	<u>(141,015)</u>	<u>22,272</u>	<u>(1,770,907)</u>
Total capital assets being depreciated, net	<u>2,837,014</u>	<u>54,087</u>	<u>(3,221)</u>	<u>2,887,880</u>
Business-type activities capital assets, net	<u>\$3,185,319</u>	<u>\$267,305</u>	<u>(\$175,426)</u>	<u>\$3,277,198</u>

\* Includes transfers between categories.

\*\* As restated

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

Depreciation expense was charged to governmental activities and business-type activities as of December 31, 2009 as follows (in 000's):

Governmental Activities:		Business-type Activities:	
General government	\$2,860	Utilities	\$93,720
Public safety	6,387	MHS	33,804
Public works	30,415	Airport	11,199
Culture and recreation	3,596	Parking	932
Urban redevelopment and housing	30	Non-major enterprise funds	<u>1,360</u>
Internal service funds	<u>96</u>		
Total depreciation expense governmental activities	<u>\$43,384</u>	Total depreciation expense business-type activities	<u>\$141,015</u>

The following schedule reflects the changes in discretely presented component unit capital assets for the year ended December 31, 2009 (in 000's):

	Beginning Balance	Increases*	Decreases*	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated:				
Construction in progress	<u>\$6,042</u>	<u>\$7,226</u>	<u>(\$2,231)</u>	<u>\$11,037</u>
Capital assets being depreciated:				
Improvements	2,881	-	-	2,881
Machinery and equipment	436 **	36	(130)	342
Infrastructure	<u>9,002</u>	<u>4,240</u>	<u>-</u>	<u>13,242</u>
Total capital assets being depreciated	<u>12,319</u>	<u>4,276</u>	<u>(130)</u>	<u>16,465</u>
Less accumulated depreciation for:				
Improvements	(245)	(96)	-	(341)
Machinery and equipment	(117)	(46)	27	(136)
Infrastructure	<u>(986)</u>	<u>(366)</u>	<u>-</u>	<u>(1,352)</u>
Total accumulated depreciation	<u>(1,348)</u>	<u>(508)</u>	<u>27</u>	<u>(1,829)</u>
Less impairment loss for:				
Machinery and equipment	<u>-</u>	<u>(48)</u>	<u>-</u>	<u>(48)</u>
Total impairment loss	<u>-</u>	<u>(48)</u>	<u>-</u>	<u>(48)</u>
Total capital assets being depreciated, net	<u>10,971</u>	<u>3,720</u>	<u>(103)</u>	<u>14,588</u>
Governmental activities capital assets, net	<u>\$17,013</u>	<u>\$10,946</u>	<u>(\$2,334)</u>	<u>\$25,625</u>

\* Includes transfers between categories.

\*\* As restated

**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2009**

	Beginning Balance	Increases*	Decreases*	Ending Balance
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated:				
Construction in progress	\$89	\$150	(\$132)	\$107
Capital assets being depreciated:				
Utilities plant	118,017	192	(137)	118,072
Less accumulated depreciation for:				
Utilities plant	(43,243)	(2,111)	151	(45,203)
Total capital assets being depreciated, net	74,774	(1,919)	14	72,869
Business-type activities				
Discretely presented component unit capital assets, net	\$74,863	(\$1,769)	(\$118)	\$72,976

\* Includes transfers between categories.

**H. Leases****1. Operating Leases**

The following is a schedule of the minimum rental payments for succeeding years ending December 31 (in 000's):

Year	Governmental Activities	Business-type Activities
2010	\$197	\$4,732
2011	-	4,251
2012	-	4,292
2013	-	4,178
2014	-	3,577
2015-2019	-	6,380
2020-2024	-	5,099
Total	\$197	\$32,509

Total rental expense on operating leases for the year ended December 31, 2009 was \$557,205 for governmental activities and \$4,834,538 for business-type activities.

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

The following is a schedule of the minimum rental payments for succeeding years ending December 31:

Year	Business-type Activities
2010	\$45,473
2011	35,759
2012	10,177
2013	10,177
2014	10,177
2015-2019	50,887
2020-2021	12,634
<b>Total</b>	<b>\$175,284</b>

Total rental expense on operating leases for the year ended December 31, 2009 was \$13,560 for governmental activities and \$43,727 for business-type activities.

**3. Capital Leases**

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

Future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2009, exclusive of component units, are as follows (in 000's):

Year	Governmental Activities	Business-type Activities
2010	\$3,989	\$972
2011	3,993	902
2012	3,945	439
2013	3,595	306
2014	3,595	163
2015-2019	4,508	100
2020-2024	3,961	-
2025-2027	1,727	-
Future minimum lease payments	29,313	2,882
Amount representing interest	(5,723)	(199)
<b>Present value of net minimum payments</b>	<b>\$23,590</b>	<b>\$2,683</b>

These capital leases represent agreements for certain capital assets which have been included as assets as follows (in 000's):

	Governmental Activities	Business-type Activities
Land	\$537	\$ -
CIP	13,036	-
Machinery and equipment	7,277	2,108
Building	8,781	-
Accumulated depreciation	<u>(7,752)</u>	<u>(423)</u>
Net capitalized lease property	<u>\$21,879</u>	<u>\$1,685</u>

Amortization of the leased property is included in depreciation expense.

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

Fountain Valley Authority leases various plant assets under a capital lease agreement expiring December 31, 2025. As of December 31, 2009, future minimum payments under the capital lease consisted of the following (in 000's):

Year	Business-type Activities
2010	\$5,353
2011	5,353
2012	5,353
2013	5,353
2014	5,353
2015-2019	26,763
2020-2024	24,908
2025	<u>555</u>
Future minimum lease payments	78,991
Amount representing interest	<u>(16,033)</u>
Present value of net minimum payments	<u>\$62,958</u>

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

	Business-type Activities
Assets:	
Utilities plant	\$70,501
Accumulated depreciation	<u>(21,015)</u>
Net capitalized lease property	<u>\$49,486</u>

Amortization of the plant cost has been included in depreciation expense for 2009.

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

In 2009, Utilities entered into two \$50,000,000 revolving loan agreements with U.S. Bank National Association. One agreement accrues interest at the one-month LIBOR rate plus 1.75%, while the other agreement is at the one-month LIBOR rate plus 0.90%. The proceeds from any draws on these agreements can be used by Utilities to fund operating needs and normal expenditures, including, without limitation, regularly scheduled capital expenses. Utilities' repayment obligations under these agreements are limited to the net pledged revenues, on a subordinate basis to the parity bonds and certain related obligations. To date, Utilities has not borrowed money under these loan agreements or any predecessor agreement.

MHS maintains two lines of credit agreements with a bank totaling \$5,000,000, which expire on July 15, 2012 and bear interest at the bank's prime rate less 0.75%. No amounts were outstanding under these lines of credit at December 31, 2009.

**J. Long-Term Debt**

During 2009, the City issued \$34,460,000 in Sales and Use Tax Revenue Refunding Bonds, Series 2009, to refund the remaining Sales and Use Tax Revenue Bonds, Series 1999. The reacquisition price exceeded the net carrying amount of the old debt by \$1,742,635. This amount is being netted against the new debt and amortized over the life of the refunded bonds, which is the same as the life of the new debt issued. The advance refunding decreased total debt service payments over the next five years by \$1,937,007 and resulted in net present value savings of \$1,895,709. This advance refunding was undertaken to reduce the interest rate.

During 2009, the City issued \$31,470,000 of Certificates of Participation as part of the economic development agreement to retain the United States Olympic Committee in the City. The proceeds were used to acquire, construct, improve, renovate, and equip property to be used by the USOC as its national headquarters. Additionally, proceeds will be used to fund the acquisition and construction of improvements at the United States Olympic Training Center. The certificates bear interest from 2.0% to 5.0%, and mature in specified series from 2010 through 2039. Revenue used to repay principal and interest on the certificates is derived solely from annually appropriated base rentals.

During 2009, Utilities issued \$60,750,000 Utilities System Refunding Revenue Bonds, Series 2009A, \$17,550,000 Utilities System Improvement Revenue Bonds, Series 2009B-1, \$64,450,000 Taxable Utilities System Improvement Revenue Bonds, Series 2009B-2, \$66,455,000 Variable Rate Demand Utilities System Refunding Revenue Bond, Series 2009C, and \$56,750,000 Taxable Utilities System Improvement Revenue Bonds, Series 2009D-2. The 2009 principal maturities for the 2001A and 2003A bonds and the outstanding principal for the 1998A bonds were refunded by the 2009A bonds. In addition, the outstanding principal for the 1999A was refunded by the 2009C bonds. The reacquisition price of the refunded bonds exceeded the net carrying amount of the old debt by a total of \$1,385,363. For the 2009A and 2009C bonds, the net carrying amount is being netted against the new debt and amortized over the same life of the refunded debt. The 2009A and 2009C transactions were undertaken to reduce debt service payments during 2009 and future years. In 2009, the 2009A transaction reduced debt service payments by a total of \$29,217,864 and resulted in a total present value savings of \$1,157,456. In 2009, the 2009C transaction reduced debt service payments by a total of \$1,856,578 and resulted in a total present value cost of \$691,879.

During 2009, MHS issued \$101,945,000 Hospital Revenue Bonds, Series 2009 and \$78,345,000 note payable to a bank. The proceeds were used to defease, in substance, \$142,350,000 of the Series 2004 Bonds and to provide funds for the termination of interest rate swap agreements related to the Series 2004 Bonds. The reacquisition price of the refunded bonds exceeded the net carrying of the old debt by a total of \$13,204,873. For the 2009 bonds, the net carrying amount is being netted against the new debt and amortized over the same life of the refunded debt. For the bank note, the net carrying amount is being netted against the new debt and amortized over the life of the new note. The 2009 transactions were undertaken to reduce debt service payments during 2009 and future years. The 2009 bond transaction reduced debt service payments by a total of \$9,871,324 and resulted in a total present value savings of \$36,384,661. The bank loan transaction reduced debt service payments by a total of \$108,826,580 and resulted in a total present value savings of \$56,310,205.

During 2007, the City approved a resolution authorizing the Colorado Springs Urban Renewal Authority to use 100% of the annual sales tax increments generated within the North Nevada Avenue corridor Urban Renewal area. The dedication of these sales tax increments shall be for a period not to exceed 23 years and will total \$98.8 million. The increment will be utilized to support a bond issue that will fund needed infrastructure improvements and administrative expenses within the renewal area. As of December 31, 2009, no increments have been provided.

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

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

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

The following table summarizes significant facts about the long-term debt outstanding at December 31, 2009:

Debt Types	Date Issued	Original Issue Amount (in 000's)	Outstanding Principal Amount (in 000's)	Future Aggregate Interest Requirements (in 000's)	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
<b>Governmental Activities*</b>						
<b>General Obligation Bonds</b>						
Cottonwood GID Series 1998	November, 1998	\$9,525	\$4,150	\$675	3.100 - 4.550%	1999 - 2015
Spring Creek GID Series 2005	August, 2005	2,695	2,310	895	5.900	2007 - 2020
Briargate GID Series 2004	January, 2004	8,800	8,800	2,825	7.000	2012 - 2015
Marketplace at Austin Bluffs GID Series 2008	November, 2008	2,790	2,790	2,798	6.500	2010 - 2033
<b>Sales Tax Revenue Bonds</b>						
Series 2007	November, 2007	10,405	10,345	3,170	4.000 - 5.000	2009 - 2016
Series 2009	May, 2009	34,460	33,270	3,053	3.000	2009 - 2014
<b>Certificates of Participation</b>						
Skyview Softball Complex Series 1999	September, 1999	4,205	2,705	888	4.850 - 6.800	2001 - 2019
Old City Hall Project Series 2000	July, 2000	7,265	5,035	1,785	5.000 - 5.500	2002 - 2020
Red Rock Canyon Series 2003	November, 2003	15,070	9,925	2,174	3.200 - 4.500	2004 - 2018
United States Olympic Committee Series 2009	October, 2009	31,470	31,470	33,105	2.000 - 5.000	2010 - 2039
<b>Special Assessments Obligations</b>						
Woodmen Valley	November, 1995	1,730	93	7	7.000	1995 - 2010
Tejon Street ID	October, 2007	72	18	7	6.000	2007 - 2019
<b>Total Governmental Activities</b>		<b>\$128,487</b>	<b>\$110,911</b>	<b>\$51,382</b>		
<b>Business-type Activities**</b>						
<b>Revenue Bonds - Utilities</b>						
Series 2000A	November, 2000	\$110,000	\$110,000	\$88,000	0.210	2029
Series 2000B	November, 2000	15,000	10,630	5,351	7.500	2001 - 2020
Series 2001A	August, 2001	300,790	203,770	94,866	3.250 - 5.375	2001 - 2029
Series 2002A	August, 2002	74,695	74,565	35,550	5.250 - 5.375	2009 - 2020
Series 2002B	December, 2002	110,000	107,860	86,011	4.000 - 5.000	2006 - 2030
Series 2002C	December, 2002	27,055	27,055	23,863	0.240	2027
Series 2003A	November, 2003	113,310	78,280	39,214	2.000 - 5.000	2004 - 2033
Series 2003B	November, 2003	45,000	44,435	47,670	3.000 - 5.000	2009 - 2043
Series 2004A	August, 2004	117,450	117,450	46,194	4.112	2010 - 2023
Series 2004B	September, 2004	107,115	103,130	77,760	4.500 - 5.500	2008 - 2034
Series 2004C	September, 2004	15,695	15,325	16,285	4.000 - 5.000	2008 - 2044
Series 2005A	September, 2005	100,000	99,570	78,080	4.710	2010 - 2035
Series 2005B	October, 2005	19,240	18,835	13,997	3.500 - 5.000	2009 - 2035
Series 2005C	October, 2005	16,050	16,050	18,143	3.750 - 5.125	2012 - 2045
Series 2006A	August, 2006	60,625	60,625	40,173	4.481	2015 - 2025
Series 2006B	September, 2006	75,000	75,000	54,886	4.119	2011 - 2036
Series 2007A	September, 2007	75,000	73,290	40,882	3.200	2008 - 2037
Series 2007B	October, 2007	87,275	87,275	68,930	5.125	2023 - 2026
Series 2007C	October, 2007	24,415	21,935	6,834	4.000 - 5.000	2008 - 2022
Series 2008A	September, 2008	50,000	49,190	37,935	4.269	2009 - 2038
Series 2008B	October, 2008	27,935	27,255	19,276	3.000 - 5.400	2009 - 2033
Series 2008C	November, 2008	41,975	41,975	59,194	4.500 - 5.500	2013 - 2048
Series 2008D	2008	3,631	3,112	273	1.350	2008 - 2021
Series 2009A	2009	60,750	60,750	38,970	2.250 - 5.000	2010 - 2029
Series 2009B	2009	82,000	82,000	81,726	4.000 - 5.545	2010 - 2039
Series 2009C	2009	66,455	66,455	60,524	5.450	2010 - 2028
Series 2009D	2009	56,750	56,751	93,982	4.164 - 6.313	2016 - 2049
<b>Revenue Bonds - Airport</b>						
Series 2002	December, 2002	43,005	36,320	13,204	3.000 - 5.000	2003 - 2021
Series 2007A	May, 2007	3,725	3,160	846	4.500 - 4.000	2007 - 2021
Series 2007B	May, 2007	8,500	7,835	3,090	4.500 - 4.000	2007 - 2023

# NOTES TO FINANCIAL STATEMENTS

# DECEMBER 31, 2009

The following table summarizes significant facts about the long-term debt outstanding at December 31, 2009:

Debt Types	Date Issued	Original Issue Amount (in 000's)	Outstanding Principal Amount (in 000's)	Future Aggregate Interest Requirements (in 000's)	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
<b>Business-type Activities **</b>						
Continued						
<b>Revenue Bonds - MHS</b>						
Series 2000	August, 2000	\$59,825	\$30,175	\$35,934	6.375%	2025 - 2030
Series 2002	July, 2002	112,360	98,295	65,825	3.205	2003 - 2032
Series 2004B	June, 2004	24,975	21,100	924	10.470	2024 - 2033
Series 2009	2009	101,945	101,945	120,931	10.470	2024 - 2033
<b>Revenue Bonds - Parking System</b>						
Series 1999	March, 1999	9,300	5,150	1,262	3.000 - 4.750	1999 - 2018
Series 2006	February, 2006	7,665	7,640	4,475	3.375 - 4.500	2009 - 2027
<b>Notes Payable</b>						
Airport	June, 2006	3,048	2,208	3,663	8.500	2006 - 2036
Airport	November, 2007	3,500	2,573	236	3.000	2008 - 2014
Airport	July, 2008	600	522	56	3.000	2009 - 2015
Wastewater Facility - Utilities	May, 1998	22,204	14,959	3,619	4.060	1998 - 2019
MHS	2009	78,345	77,039	27,740	4.912	2010 - 2019
Water Pollution Control - Pikes Peak	July, 2003	1,000	721	177	4.000	2004 - 2020
<b>Total Business-type Activities</b>		<b>\$2,363,208</b>	<b>\$2,142,210</b>	<b>\$1,556,551</b>		
<b>Component Units ***</b>						
<b>Special Assessment Revenue Bonds</b>						
Briargate Center BID - Series 2006	2006	\$7,360	\$6,565	\$3,419	4.500%	2006 - 2027
Urban Renewal Authority - Series 2008A	2008	47,125	47,125	44,724	7.000	2011 - 2029
Urban Renewal Authority - Series 2008B	2008	7,505	7,505	7,710	7.500	2011 - 2029
<b>Limited Tax General Obligation Bonds</b>						
Briargate Center BID - Series 2002	2002	2,895	2,805	3,164	7.450	2003 - 2032
First & Main North BID - Series 2005	2005	1,927	1,927	-	0.000	N/A
First & Main BID - Series 2009	2009	1,650	1,600	2,752	8.500	2009 - 2038
First & Main No. 2 BID - Series 2009	2009	2,400	2,400	4,165	8.500	2011 - 2038
Barnes & Powers North BID	2007	4,000	3,965	4,612	6.500	2009 - 2036
Barnes & Powers South BID	2007	835	810	551	6.500	2009 - 2026
<b>Revenue Bonds</b>						
Fountain Valley Authority	2006	9,540	7,600	1,865	4.000 - 4.500	2006 - 2019
Public Authority for Colorado Energy	2008	653,210	650,720	857,873	5.750 - 6.500	2009 - 2038
<b>Notes Payable and Lines of Credit</b>						
Urban Renewal Authority	July, 1990	1,250	847	-	0.000	N/A
Urban Renewal Authority	2008	158	158	-	0.000	N/A
Urban Renewal Authority	2009	3,400	2,275	-	0.000	N/A
Barnes & Powers North BID	2006	31	31	-	0.000	N/A
Barnes & Powers South BID	2006	49	49	-	0.000	N/A
First & Main BID	2006	48	48	-	0.000	N/A
First & Main North BID	2006	11	11	-	0.000	N/A
First & Main BID No. 2	2009	16	16	-	0.000	N/A
Interquest North BID	2006	51	51	-	0.000	N/A
Interquest South BID	2006	61	61	-	0.000	N/A
Powers & Woodment Commercial BID	2006	34	34	-	0.000	N/A
Fountain Valley Authority	2003	3,222	2,381	720	3.030	2004 - 2024
Fountain Valley Authority	2000	7,608	4,724	1,400	3.400	2001 - 2020
Colorado Canal Company	2008	185	151	16	4.200	2009 - 2013
The Lake Henry Reservoir Company	2003	148	120	63	4.250	2006 - 2030
The Lake Meredith Reservoir Company	2003	1,472	1,307	759	4.000	2005 - 2034
<b>Total Component Units</b>		<b>\$756,191</b>	<b>\$745,286</b>	<b>\$933,793</b>		

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

\*\*Exclusive of capital leases and other liabilities

\*\*\*Exclusive of capital leases and deferred losses

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

The City has issued and has long-term debt in various instruments. The following is a summary of transactions of the long-term liabilities, exclusive of discretely presented component units, for the year ended December 31, 2009 (in 000's):

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and notes payable:					
General obligation bonds	\$21,725	\$ -	\$3,675	\$18,050	\$825
Sales tax revenue bonds	47,370	34,460	38,215	43,615	6,335
Certificates of participation	19,450	31,470	1,785	49,135	1,560
Special assessment bonds and notes	222	-	111	111	94
Capital leases	13,633	13,059	3,102	23,590	3,261
	<u>102,400</u>	<u>78,989</u>	<u>46,888</u>	<u>134,501</u>	<u>12,075</u>
Less deferred amounts:					
For issuance premium	741	2,370	365	2,746	-
On refundings	(407)	(1,743)	(354)	(1,796)	-
	<u>334</u>	<u>627</u>	<u>11</u>	<u>950</u>	<u>-</u>
Total bonds and notes payable	<u>102,734</u>	<u>79,616</u>	<u>46,899</u>	<u>135,451</u>	<u>12,075</u>
Other liabilities:					
Municipal solid waste landfill	343	4	-	347	-
Compensated absences	24,239	7,906	15,647	16,498	825
Claims and judgments	5,250	-	1,750	3,500	1,750
Net pension obligation	478 *	-	-	478	-
Net OPEB obligation	4,286 *	3,121	-	7,407	-
Developer reimbursements	2,908	-	-	2,908	-
Total other liabilities	<u>37,504</u>	<u>11,031</u>	<u>17,397</u>	<u>31,138</u>	<u>2,575</u>
Governmental activities long-term liabilities	<u>\$140,238</u>	<u>\$90,647</u>	<u>\$64,296</u>	<u>\$166,589</u>	<u>\$14,650</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and notes payable:					
Revenue bonds	\$1,960,981	\$367,900	\$284,693	\$2,044,188	\$49,124
Notes payable	22,686	78,345	3,009	98,022	5,643
Capital leases	2,380	1,382	1,079	2,683	894
	<u>1,986,047</u>	<u>447,627</u>	<u>288,781</u>	<u>2,144,893</u>	<u>55,661</u>
Less deferred amounts:					
For issuance discounts and premiums	15,944	6,022	783	21,183	-
On refundings	(28,942)	(14,963)	(9,235)	(34,670)	-
	<u>(12,998)</u>	<u>(8,941)</u>	<u>(8,452)</u>	<u>(13,487)</u>	<u>-</u>
Total bonds and notes payable	<u>1,973,049</u>	<u>438,686</u>	<u>280,329</u>	<u>2,131,406</u>	<u>55,661</u>
Other liabilities:					
Municipal solid waste landfill	3,085	784	1,032	2,837	-
Compensated absences	26,992	34,801	38,160	23,633	6,272
Claims and judgments	9,375	42,014	42,849	8,540	7,748
Customer deposits	1,737	694	644	1,787	-
Customer advances for construction	11,631	123	1,547	10,207	-
Net OPEB obligation	309 *	253	-	562	-
Other	320	14	38	296	-
Total other liabilities	<u>53,449</u>	<u>78,683</u>	<u>84,270</u>	<u>47,862</u>	<u>14,020</u>
Business-type activities long-term liabilities	<u>\$2,026,498</u>	<u>\$517,369</u>	<u>\$364,599</u>	<u>\$2,179,268</u>	<u>\$69,681</u>

\* As restated

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for those funds are included in the governmental activities totals. Also, municipal solid waste landfill, compensated absences, claims and judgments, net pension obligation, net OPEB obligation, and developer reimbursements for governmental activities are generally liquidated by the general fund.

**Component Units**

The following is a summary of long-term debt transactions for component units of the City for the year ended December 31, 2009 (in 000's):

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One year
<b>GOVERNMENTAL ACTIVITIES</b>					
Limited tax general obligation bonds	\$9,597	\$4,050	\$140	\$13,507	\$165
Special assessment revenue bonds	61,425	-	230	61,195	245
Notes payable	1,492 *	2,581	492	3,581	-
Capital leases	289 *	-	158	131	71
Other	130 *	62	33	159	-
Governmental activities long-term liabilities	<u>\$72,933</u>	<u>\$6,693</u>	<u>\$1,053</u>	<u>\$78,573</u>	<u>\$481</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Revenue bonds	\$661,410	\$ -	\$3,090	\$658,320	\$3,635
Less deferred amounts:					
For issuance premium and discounts	(24,259)	-	(859)	(23,400)	-
On refundings	(500)	-	-	(500)	-
Notes payable	9,315	-	632	8,683	579
Capital leases	66,011	-	3,354	62,657	3,445
Other	25 *	-	25	-	-
Business-type activities long-term liabilities	<u>\$712,002</u>	<u>\$ -</u>	<u>\$6,242</u>	<u>\$705,760</u>	<u>\$7,659</u>

\* As restated

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

The following is a summary of general obligation bond scheduled maturities as of December 31, 2009 (in 000's):

Year	Governmental Activities		Component Units	
	Principal	Interest	Principal	Interest
2010	\$825	\$1,118	\$125	\$860
2011	865	1,079	155	851
2012	2,890	1,038	185	840
2013	3,070	855	200	826
2014	3,265	660	220	811
2015-2019	4,760	1,263	1,400	3,790
2020-2024	825	632	1,985	3,201
2025-2029	750	413	2,555	2,385
2030-2034	800	134	2,930	1,349
2035-2039	-	-	1,825	331
	<u>\$18,050</u>	<u>\$7,192</u>	<u>\$11,580</u>	<u>\$15,244</u>

First & Main North BID issued \$1,927,000 in General Obligation Bonds in 2005. These bonds are to be repaid with future pledged revenues of the district which cannot be predicted with certainty. As a result, they are not listed above.

The following is a summary of revenue bond scheduled maturities as of December 31, 2009 (in 000's):

Year	Governmental Activities		Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$6,335	\$1,512	\$49,089	\$67,003	\$3,635	\$41,616
2011	6,530	1,321	56,034	64,534	4,595	41,416
2012	6,720	1,124	45,689	62,231	5,560	41,161
2013	6,925	922	49,829	60,362	6,505	40,852
2014	7,130	713	53,279	58,546	7,430	40,488
2015-2019	9,975	631	331,062	259,566	52,115	195,109
2020-2024	-	-	431,734	195,431	77,965	176,810
2025-2029	-	-	574,490	137,191	122,180	147,517
2030-2034	-	-	297,645	63,872	179,605	101,328
2035-2039	-	-	93,985	27,270	198,730	33,441
2040-2044	-	-	37,620	12,927	-	-
2045-2049	-	-	23,732	3,821	-	-
	<u>\$43,615</u>	<u>\$6,223</u>	<u>\$2,044,188</u>	<u>\$1,012,754</u>	<u>\$658,320</u>	<u>\$859,738</u>

The following is a summary of certificates of participation scheduled maturities as of December 31, 2009 (in 000's):

Year	Governmental Activities	
	Principal	Interest
2010	\$1,560	\$2,295
2011	1,660	2,236
2012	1,775	2,171
2013	1,880	2,098
2014	2,000	2,020
2015-2019	10,755	8,649
2020-2024	4,060	6,770
2025-2029	5,610	5,792
2030-2034	8,530	4,171
2035-2039	11,305	1,751
	<u>\$49,135</u>	<u>\$37,953</u>

The following is a summary of special assessment bond scheduled maturities as of December 31, 2009 (in 000's):

Year	Governmental Activities		Component Units	
	Principal	Interest	Principal	Interest
2010	\$94	\$8	\$245	\$4,176
2011	1	1	1,220	4,165
2012	2	1	1,460	4,085
2013	2	1	1,600	3,989
2014	2	1	1,770	3,882
2015-2019	10	1	11,650	17,400
2020-2024	-	-	17,850	12,667
2025-2029	-	-	25,400	5,489
	<u>\$111</u>	<u>\$13</u>	<u>\$61,195</u>	<u>\$55,853</u>

The following is a summary of notes payable scheduled maturities as of December 31, 2009 (in 000's):

Year	Business-type Activities		Business-type Activities Component Units	
	Principal	Interest	Principal	Interest
2010	\$5,639	\$4,597	\$579	\$318
2011	5,661	4,340	593	304
2012	5,685	4,098	607	293
2013	5,800	3,833	622	275
2014	5,836	3,577	600	259
2015-2019	67,667	13,294	3,278	1,019
2020-2024	600	799	1,711	343
2025-2029	806	610	358	111
2030-2034	328	343	335	36
	<u>\$98,022</u>	<u>\$35,491</u>	<u>\$8,683</u>	<u>\$2,958</u>

The governmental activities component units have a combined notes payable in the amount of \$3,581,210. These notes are to be repaid exclusively from specified revenues, and therefore have no predetermined payback period. As such, these notes are not listed in the above schedule.

Over the years, the City has issued revenue bonds with pledged revenues as collateral. The revenue bonds have been issued as sales tax revenue bonds, Utilities revenue bonds, MHS revenue bonds, Airport revenue bonds, and Parking revenue bonds. These bonds were issued to finance various construction projects within each of the issuing funds, with the pledged revenue coming from the respective fund.

	Amount Pledged (in 000's)	Term of Commitment
Governmental Activities:		
Sales Tax Revenue Bonds	\$49,838	2009 - 2016
Business-type Activities:		
Utilities Revenue Bonds	3,007,137	2001 - 2049
MHS Revenue Bonds	475,129	2003 - 2033
Airport Revenue Bonds	64,455	2002 - 2023
Parking Revenue Bonds	18,527	1999 - 2027

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

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

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

The City is not liable for the repayment of principal or interest on these bonds and related financial activity is not shown in the financial statements. The original issue amount of these bonds, in the aggregate, was \$316 million. There were no PAB's or industrial revenue bonds issued during 2009.

**L. Net Assets/Fund Balances/Restatement of Net Assets**

The December 31, 2008 net assets have been restated to reflect the omission of capitalization of two donated land assets from a prior year, as well as, the restatement of net assets due to OPEB valuations. It was discovered in 2009 that two donated land assets had been omitted during the asset capitalization process in a prior year. The amount of the omission due to the land assets was \$1,996,978. Based on the revaluation of OPEB, the ending net asset balance for 2008 was adjusted by (\$1,162,292).

Beginning net assets as previously reported:	\$ 1,054,328,368
Restatement for donated land assets	1,996,978
Restatement for OPEB adjustment	<u>(1,162,292)</u>
Beginning net assets, as restated	<u>\$ 1,055,163,054</u>

Fund balances of the governmental funds at December 31, 2009 include the following:

	General Fund	Non-Major Governmental Funds	Total
Reserves:			
Debt service	\$2,346,321	\$824,029	\$3,170,350
Endowments	-	9,486,694	9,486,694
Emergency reserve	7,545,241	-	7,545,241
Contingency for property tax	<u>600,000</u>	<u>-</u>	<u>600,000</u>
 Total	 <u>\$10,491,562</u>	 <u>\$10,310,723</u>	 <u>\$20,802,285</u>

**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2009**

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Unreserved and designated:			
Encumbrances:			
General fund	\$2,860,938	\$ -	\$2,860,938
Special revenue funds	-	838,226	838,226
Capital funds	-	2,216,958	2,216,958
Subsequent year expenditures:			
General fund	1,115,666	-	1,115,666
Special revenue funds	-	13,708,983	13,708,983
Capital funds	-	2,896,134	2,896,134
 Total	 <u>\$3,976,604</u>	 <u>\$19,660,301</u>	 <u>\$23,636,905</u>

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Unreserved and undesignated:			
General fund	\$11,949,456	\$ -	\$11,949,456
Special revenue funds	-	15,114,891	15,114,891
 Total	 <u>\$11,949,456</u>	 <u>\$15,114,891</u>	 <u>\$27,064,347</u>

**M. Interest Rate Swaps**

**1. Utilities Interest Rate Swaps**

The fair values and notional amounts of derivative instruments outstanding at December 31, 2009, classified by type, and changes in fair value of such derivative instruments for the year then ended as reported in the 2009 financial statements are as follows (in 000's; gain(loss)):

	2009 Changes in Fair Value		Fair Value at December 31, 2009		
	Classification	Amount	Classification	Amount	Notional
<u>Cash flow hedges</u>					
Interest rate swaps:					
Pay-fixed interest rate swap	Deferred outflow	\$61,359	Derivative instruments	(\$93,720)	\$608,630
Commodity Derivatives:					
Forward contract	Deferred outflow	69,638	Derivative instruments	(18,009)	34,300 MMBtu
European call option	Deferred outflow	<u>3,748</u>	Derivative instruments	<u>3,748</u>	3,220 MMBtu
Total cash flow hedges		<u>\$134,745</u>		<u>(\$107,981)</u>	
<u>Investment derivative instruments</u>					
Interest rate swaps:					
Pay-fixed interest rate swap	Derivative Gain/(Loss)	\$34,222	Derivative instruments	(\$14,768)	\$117,450
Commodity derivatives:					
Forward contract	Derivative Gain/(Loss)	592	Derivative instruments	592	3,000 MMBtu
European put option	Derivative Gain/(Loss)	<u>429</u>	Derivative instruments	<u>429</u>	3,130 MMBtu
Derivative		<u>\$35,243</u>		<u>(\$13,747)</u>	

The pay-fixed, receive-variable interest rate swap is a type of derivative utilized by Utilities that is designed to synthetically fix the cash flows on the variable rate bonds. The fixed rate received on the interest rate swaps is intended to offset the changes in the variable rate being paid on the bonds so that the fixed rate of the swap is essentially the effective rate incurred by Utilities.

The following is a summary of scheduled projected future cash flows for hedging derivatives as of December 31, 2009 (in 000's):

<u>Year ending December 31,</u>	<u>Projected cash flows</u>
2010	\$23,736
2011	23,445
2012	23,125
2013	22,770
2014	22,377
2015-2019	104,191
2020-2024	83,729
2025-2029	42,817
2030-2034	28,833
2035-2039	10,297
	<u>\$385,320</u>

Two types of commodity derivative instruments are utilized in Utilities' natural gas hedging program; fixed price forward swaps and purchased option contracts. These derivative agreements are designed to stabilize cash flow due to market price fluctuations related to expected purchases of natural gas. Utilities purchased call options manage fix natural gas price exposure to a designated strike price. Put options are also utilized in conjunction with fixed price swaps to effectively create a synthetic call.

The table below provides a summary of Utilities' pay-fixed interest rate swap agreements outstanding as of December 31, 2009:

	Notional Amount (In 000's)	Effective Date	Maturity Date	Terms	Counterparty
<u>Cash flow hedges</u>					
2005 SIFMA Swap	\$75,000	09/15/05	11/01/35	Pay 4.7099%; receive SIFMA index	Merrill Lynch Capital Services, Inc
2005 SIFMA Swap	25,000	09/15/05	11/01/35	Pay 4.7099%; receive SIFMA index	J. Aaron & Co.
2006 Refunding LIBOR Swap	60,625	08/24/06	11/01/25	Pay 4.4810%; receive 68% of LIBOR	JP Morgan Chase Bank
2006 New Money LIBOR Swap	45,000	09/14/06	11/01/36	Pay 4.1185%; receive 68% of LIBOR	Morgan Stanley Capital Group, Inc.
2006 New Money LIBOR Swap	30,000	09/14/06	11/01/36	Pay 4.1185%; receive 68% of LIBOR	JP Morgan Chase Bank
2007 New Money LIBOR Swap	43,974	09/13/07	11/01/37	Pay 3.198%; receive 68% of LIBOR	J. Aaron & Co.
2007 New Money LIBOR Swap	29,316	09/13/07	11/01/37	Pay 3.198%; receive 68% of LIBOR	Morgan Stanley Capital Group, Inc.
2007 Refunding SIFMA Swap	87,275	10/01/07	11/01/26	Pay 5.125%; receive SIFMA index	UBS AG
2008 SIFMA Swap	49,190	09/12/08	11/01/38	Pay 4.2686%; receive SIFMA index	Merrill Lynch Capital Services, Inc
2009 LIBOR Swap	63,250	10/01/09	11/01/28	Pay 5.450%; receive 68% of LIBOR	UBS AG
2010 LIBOR Swap	50,000	09/16/10	11/01/40	Pay 3.845%; receive 68% of LIBOR	Morgan Stanley Capital Group, Inc.
2011 LIBOR Swap	50,000	09/15/11	11/01/41	Pay 3.883%; receive 68% of LIBOR	Morgan Stanley Capital Group, Inc.
<u>Investment derivative instruments</u>					
2004 SIFMA Swap	117,450	08/18/04	11/01/23	Pay 4.1120%; receive SIFMA index	JP Morgan Chase Bank
Total Notional Amount for Interest Rate Swaps	<u>\$726,080</u>				

The table below provides a summary of Utilities' fixed price forward swaps agreements outstanding as of December 31, 2009:

<u>Cash flow hedges</u>	Notional Amount MMBtu (In 000's)	Effective Date	Maturity Date	Terms
J. Aron & Co.	2,200	Oct-08	Dec-11	Pay Average \$5.896/MMBtu settlement based on Cheyenne Daily pricing point at expiration date.
RBS Sempra Commodities	2,840	Apr-09	Dec-12	Pay Average \$5.612/MMBtu settlement based on Cheyenne Daily pricing point at expiration date.
BP Energy Company	10,540	Jun-08	Dec-12	Pay Average \$6.252/MMBtu settlement based on CIG FOM pricing point at expiration date.
J. Aron & Co.	3,110	Oct-08	Dec-11	Pay Average \$5.927/MMBtu settlement based on CIG FOM pricing point at expiration date.
JP Morgan Chase Bank	1,250	Jun-08	Dec-11	Pay Average \$9.000/MMBtu settlement based on CIG FOM pricing point at expiration date.
Morgan Stanley Capital Group, Inc.	9,830	Jun-07	Dec-12	Pay Average \$6.066/MMBtu settlement based on CIG FOM pricing point at expiration date.
RBS Sempra Commodities	4,530	Jul-08	Dec-11	Pay Average \$6.693/MMBtu settlement based on CIG FOM pricing point at expiration date.
<u>Investment derivative instruments</u>				
J. Aron & Co.	620	Oct-09	Oct-11	Receive Average \$5.943/MMBtu settlement based on Cheyenne Daily pricing point at expiration date.
RBS Sempra Commodities	1,320	Oct-09	Dec-11	Receive Average \$5.943/MMBtu settlement based on Cheyenne Daily pricing point at expiration date.
J. Aron & Co.	1,060	Oct-09	Oct-11	Receive Average \$5.737/MMBtu settlement based on CIG FOM pricing point at expiration date.
Total Notional Amount for Commodity Swaps	<u>37,300</u>			

The table below provides a summary of Utilities' purchased call and put option contracts outstanding as of December 31, 2009:

<u>Cash flow hedges</u>	<u>Notional Amount MMBtu (In 000's)</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>
Morgan Stanley Capital Group Inc.	3,220	Feb-09	Dec-11	Average Strike \$4.901/MMBtu settlement based on CIG FOM pricing point at expiration date.
<u>Investment derivative instruments</u>				
BP Energy Company	1,240	Jun-09	Dec-11	Average Strike \$4.156/MMBtu settlement based on CIG FOM pricing point at expiration date.
J. Aron & Co.	1,890	Jun-09	Mar-10	Average Strike \$4.219/MMBtu settlement based on CIG FOM pricing point at expiration date.
Total Notional Amount for Commodity Swaps	<u>6,350</u>			

Risk - Utilities views counterparty credit, interest rate and foreign currency risk as similar between cash flow hedges and investment derivatives.

Credit risk - Credit risk is the exposure resulting when the counterparty is unable or unwilling to fulfill its present and future financial obligations. Each of Utilities' interest rate or commodity cash flow and investment derivative instruments are held with various high credit counterparties. The counterparty's current credit rating is shown in the table below:

<u>Counterparty</u>	<u>Counterparty Credit Rating</u>
BP Energy Company	Aa2/AA
J. Aron & Co.	A1/A
JP Morgan Chase Bank	Aa1/AA-
Merrill Lynch Capital Services, Inc.	A2/A
Morgan Stanley Capital Group Inc.	A2/A
RBS Sempra Commodities	A1/A
UBS AG	Aa3/A+

Utilities' Risk Management plan requires that counterparties to energy transactions be on an approved counterparty list. To be on the energy counterparty transaction list, counterparties must have a minimum credit rating of BBB issued by Standard and Poor's or Fitch rating services, or rating of Baa2 issued by Moody's Investors Services.

To be on the interest rate counterparty transaction list, at the time of transaction execution, counterparties must have a minimum credit rating of double-A (AA) category by at least one of the major credit rating agencies previously listed, or a counterparty shall provide a guarantee, swap surety, or other form of credit enhancement such that its creditworthiness is of a double-A (AA) category equivalent. Each counterparty must also have a demonstrated record of successfully executing swap transactions and shall have a minimum capitalization of at least \$250,000,000.

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

As of December 31, 2009, Utilities has posted \$34,851,295 in collateral with the various counterparties to the swap agreements. Utilities' aggregate fair value of hedging derivative instruments as of that date was \$(121,729,404). The combined fair value of all derivative instruments as of December 31, 2009 was \$(86,878,109) net of collateral postings.

These collateral postings represent the initial amount that Utilities would be required to pay in the event all counterparties failed due to a credit default event. Current collateral posted is viewed as restricted cash and impacts Utilities' cash reserves and liquidity. In the event of a failure of all counterparties due to a credit default, Utilities anticipates the full value of the collateral posting would be liquidated on behalf of secured creditors, thereby reducing actual cash balances and liquidity by the value of the collateral posting. A credit default by all counterparties could lead to additional cash requirements called by secured creditors up to the net liability of the combined derivative positions.

The impact of a future credit default on Utilities is dependent on market conditions that exist at the time of the event. As a result, the impact on Utilities' cash and liquidity position could be negative or positive. In consideration of this uncertainty and to minimize the impact of such an event on liquidity, Utilities has entered into Lines of Credit in the amount of \$100,000,000, see Note IV.I. Utilities also closely monitors the creditworthiness of all existing counterparties and awards future business based on creditworthiness and collateral positions existing at the time of the transaction.

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of Utilities' financial instruments or cash flows. Utilities is exposed to interest rate risk on its pay-fixed, receive variable interest rate swaps. As the LIBOR or the Securities Industry and Financial Markets Association ("SIFMA") swap index decreases, Utilities' net payment on swaps increases.

In August 2003, Utilities entered into a forward starting interest rate swap for refunding debt in 2004. The swap commenced October 2004 and matures in 2023. The beginning notional amount was \$117,450,000. In 2010, the notional amount decreases annually. The swap fixed rate is 4.112% and the floating rate is the SIFMA weekly index. At the time of swap inception, the 30 year Municipal Market Data rate for AA rate municipal bonds averaged 5.13%. There is a Knock-Out Termination provision to this swap. If the daily weighted average SIFMA index for the preceding 180 days is greater than 7% the swap terminates. If this swap terminates, the net interest rate on the 2004 series A bonds will increase to the prevailing SIFMA rates.

Basis risk - Basis risk is the risk that arises when variable rates or prices of a derivative instrument and a hedged item are based on different reference rates. Utilities is exposed to basis risk on its pay-fixed interest rate swap hedging derivative instruments because the variable rate payments received by Utilities on these hedging derivative instruments are based on a rate or index other than interest rates. Utilities pays on its hedged variable rate debt, which is generally remarketed every 7 days. As of December 31, 2009, the weighted average interest rate on Utilities' hedged variable rate debt is 0.25%, while the SIFMA swap index rate is 0.25% and 68.0% of LIBOR is 0.16%.

Termination risk - Termination risk is the risk that a derivative instrument's unscheduled end will affect Utilities' asset and liability strategy or will present Utilities with potentially unscheduled termination payments to the counterparty. Utilities or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, a hedging derivative instrument is in a liability position, Utilities would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

Rollover risk - Rollover risk is the risk that a derivative instrument associated with a hedged item does not extend to the maturity of that hedged item. Utilities is exposed to rollover risk on hedging instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, or in case of a termination option, if a counterparty exercises its option, Utilities will be re-exposed to the risks being hedged by the hedging derivative instrument. Utilities has no exposure to rollover risk with current interest rate derivative instruments.

Market access risk - Market access risk is the risk that Utilities will not be able to enter credit markets or that credit will become more costly. A strong credit rating tends to broaden an entity's credit market access and bond-holder base while achieving lower-cost funding. Utilities' current bond rating is double AA with each of the major credit rating agencies as of December 31, 2009.

Foreign currency risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the cash flows of a transaction. Utilities has no exposure to foreign currency risk.

## **2. MHS Interest Rate Swaps**

### **Details of Existing Swaps**

MHS completed an advanced refunding transaction in June 2004 for \$176,575,000 on its Series 1995 and Series 2000 bonds. In the refunding, MHS issued variable rate bonds (Series 2004 Bonds) which were swapped to fixed interest rates through percentage of LIBOR swaps. Under the synthetic fixed rate swaps, MHS pays a fixed interest rate and receives a varying percentage of 1-month LIBOR. When 1-month LIBOR is below 4.89%, MHS receives 56% of LIBOR + 44 basis points capped at 100% of 1-month LIBOR, and when 1-month LIBOR is above 4.89%, MHS receives 65% of 1-month LIBOR. By entering into these swaps, MHS was able to lock in a lower fixed interest rate than it could achieve through a traditional fixed rate refunding or through a SIFMA fixed payer swap. These swap agreements were terminated in 2009 in connection with the refinancing in July 2009.

MHS incurred a loss in connection with the termination of the Series 2004 rate swaps of \$22,466,000 which has been recorded as a special item in the accompanying statement of revenues, expenses and changes in net assets.

During 2005, MHS entered into a fixed annuity basis swap agreement with respect to its Series 2002 Bonds. Under the agreement, MHS pays the SIFMA rate and receives the enhanced 1-month LIBOR rate plus a fixed annual annuity of .59%. By entering into this swap, MHS has hedged or partially offset the potential cost of rising variable interest rates on the Series 2002 Bonds. This swap agreement was terminated in 2008 in connection with the conversion of the Series 2002 Bonds to fixed rate bonds.

Concurrent with the issuance of the bank note in July 2009, MHS entered into a fixed payer interest rate swap in a notional amount equal to the principal amount of the note. Under the swap agreement, MHS pays a fixed rate of 4.912% and receives 65% of the one-month LIBOR rate plus 2.37%. The purpose of this swap agreement is to hedge the risk of interest rate fluctuations associated with the bank note. As of December 31, 2009, the notional amount of the interest rate swap is \$77,039,000. The fair value of the interest swap is \$(1,397,000) as of December 31, 2009. The fair value is based on information received from the counterparty to the swap agreement and represents an estimate of the mid-market value of the interest rate swap using a discounted futures cash flows approach.

**Discussion of Risks**

Basis Risk is the risk that the swap receipts may not perfectly offset its auction rate bond payments. To the extent these payments do not equal the payments on the bonds, there will be a net loss or net benefit to MHS.

Tax Risk is the risk that a change in Federal tax rates will alter the fundamental relationship between SIFMA and LIBOR. A reduction in Federal taxes, for example, would likely increase MHS's payment on its underlying variable rate bonds but has no impact on the variable LIBOR rate received pursuant to the synthetic fixed rate swap transactions.

Termination Risk is the risk that a counterparty may terminate a swap if the other party fails to perform under the terms of the contract. GSCM has limited rights to terminate the swap transaction with MHS. However, MHS understands that under certain credit events, the swap may be terminated at market value which may be at a gain or cost to MHS. If at the time of termination, the swap has a negative fair value, MHS could be liable to the counterparty for a payment equal to the swap's fair value.

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

The City has established a risk management division to coordinate and administer workers' compensation, property and general liability insurance and self-insurance programs for all its activities and operations. For workers' compensation coverage, except for MHS, the City has purchased commercial insurance to cover losses in excess of \$750,000 per occurrence. The City pays losses less than this amount through the Workers' Compensation Self-Insurance fund and records a liability for unpaid workers' compensation claims. MHS is self-insured for workers' compensation claims up to \$750,000 per claim and maintains reinsurance covering claims in excess of \$750,000. A liability is recorded for unpaid workers' compensation claims.

MHS maintains malpractice insurance through a claims-made type of commercial insurance policy. The policy has a \$25,000 deductible per occurrence and provides coverage up to \$1.75 million per occurrence up to an aggregate of \$5.5 million for claims filed within the period of the policy term. MHS also has \$15 million of umbrella insurance coverage. MHS has recorded a claims liability for estimated deductible amounts to be paid on claims incurred but not recorded.

General liability coverage for the operations of Utilities is purchased from commercial carriers for losses in excess of \$500,000 with a policy aggregate limit of \$35,000,000. General liability coverage for MHS and the Airport is purchased from commercial carriers with varying deductibles. The City and its enterprises are self-insured for general liability coverage. The Colorado Governmental Immunity Act generally provides that the maximum amount that may be recovered against entities such as the City is \$150,000 for any injury to one person in any single occurrence and \$600,000 for any injury to two or more persons in any single occurrence. The Claims Reserve Self-Insurance fund has been established to pay these claims. It is the practice of the City to expense and record as a liability those claims where a liability has been incurred and the amount of ultimate settlement can be reasonably estimated.

For major property coverage, the City has purchased commercial insurance policies with varying deductibles. All deductibles related to these policies are paid from the budget of the individual department so affected.

For medical claims coverage the City has obtained an insurance policy for claims in excess of \$500,000. The City pays claims less than this through its Employee Benefits Self-Insurance fund. Utilities is self-insured up to \$350,000 per claim and maintains a reinsurance policy for claims exceeding \$350,000. MHS is self-insured for the medical claims of its employees and their families up to \$250,000 per claim. The City, Utilities and MHS have recorded a liability for medical claims and an estimate of claims incurred but not reported. Incurred but not reported claims have been accrued for the City Employee Benefits Self-Insurance fund based upon an actuarial estimate at December 31, 2009.

During 2009, there were no significant reductions in insurance coverage from coverage as compared to 2008. Funding has been adequate to pay claims; settlements have not exceeded insurance coverage for the past three fiscal years.

The following is a summary of changes in outstanding reserves for MHS, Claims Reserve, Workers' Compensation, and Employee Benefits Self-Insurance funds for 2009 and 2008 (in 000's):

	<u>2009</u>	<u>2008</u>
Claims liabilities, beginning of year	\$23,680	\$21,086
Increases	89,211	90,559
Decreases	<u>(91,468)</u>	<u>(87,965)</u>
Claims liabilities, end of year	<u>\$21,423</u>	<u>\$23,680</u>

**B. Donor-restricted Endowments**

As of the end of 2009, the City maintained three donor-restricted endowment funds as follows:

	<u>Fund Balance</u>	<u>Available for Spending</u>
C.D. Smith Trust	\$763,422	\$202,644
Cemetery Endowment	7,923,022	19,925
TOPS Maintenance Trust	800,250	152,091

State law does not restrict the ability to spend net appreciation on these funds. Terms of the donation, however, restrict spending to investment earnings only. The policy for authorizing and spending investment income states that all investment earnings are available for expenditure.

**C. Post-Retirement Health Care Benefits Other than Pensions**

In accordance with the City Code, the City offers a health care plan to retirees with a City contribution determined by City Council. Employees eligible to retire prior to January 1, 1979, receive this health care plan without cost to the employee. Those eligible to retire after January 1, 1979, and hired prior to August 1, 1988, receive a limited City contribution not to exceed \$91.40 per month. During 2009, these benefits were provided to 2,287 retired employees at a cost of \$2,802,736. All employees hired after August 1, 1988, receive no contribution from the City for this health care plan.

In addition, the City provides to uniformed employees who retire from active service with the City regardless of enrollment in current medical plan and who begin immediately receiving pension benefit payments to continue existing medical coverage as a retiree. There is no additional cost to the City, however, due to the retirees' participation in the City's health plan, an implied subsidy does exist under GASB 45.

Retiree life insurance premiums were paid on behalf of 2,287 retirees for a total cost in 2009 of \$15,181. All amounts paid are equal to required contributions.

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

Because the City's health plan is self-funded, the plan does not release a separate report. However, the health benefits are accounted for under the Employee Benefits Self-Insurance Fund under the City's Internal Service Fund.

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

**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2009**

The following table shows the components of the City's annual OPEB cost for 2009, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$4,594,390
Interest on net OPEB obligation	192,891
Adjustment to annual required contribution	<u>(157,242)</u>
Annual OPEB cost (expense)	\$4,630,039
Contributions made	1,509,562
Increase in net OPEB obligation	<u>3,120,477</u>
Net OPEB obligation - previously reported	3,124,174
Prior year adjustment *	<u>1,162,292</u>
Net OPEB obligation - beginning of year as restated	<u>4,286,466</u>
Net OPEB obligation - as of December 31, 2009	<u><u>\$7,406,943</u></u>

\* Adjustment due to biennial actuarial reporting.

The following table shows the components of Utilities' annual OPEB cost for 2009, the amount actually contributed to the plan, and changes in Utilities' net OPEB obligation:

Annual required contribution	\$1,549,000
Interest on net OPEB obligation	14,000
Adjustment to annual required contribution	<u>(18,000)</u>
Annual OPEB cost (expense)	1,545,000
Contributions made	1,292,000
Increase in net OPEB obligation	<u>253,000</u>
Net OPEB obligation - as of January 1, 2009	<u>309,000</u>
Net OPEB obligation - as of December 31, 2009	<u><u>\$562,000</u></u>

The City's and Utilities' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2009 is as follows:

	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
	<u>                    </u>	<u>                    </u>	<u>                    </u>
City	\$4,630,039	32.6%	\$7,406,943
Utilities	\$1,545,000	83.6%	\$562,000

**Actuarial Methods and Assumptions** – Projections of benefits for financial reporting purposes are based on the City's post-retirement benefit plan as of January 1, 2009. The retiree benefits included in the actuarial valuation are the medical benefits offered to a closed group of retirees, medical benefits provided to the City's sworn employees and the life benefits offered to retirees

and current active employees, the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the January 1, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% annual discount rate based on the expected rate of return for investments on employer assets, which generally consist of short-term liquid investments. The Unfunded Actuarial Accrued Liability is amortized over the maximum acceptable period of 30 years for the life benefit and average remaining lifetime of retirees (17 years) for the medical benefit. The amortization is calculated assuming a level percentage of projected payroll. The assumed salary growth rate used was 3.5%.

**Funding Status and Funding Progress** - The funded status of the plan as of January 1, 2009, the most recent actuarial valuation date was as follows:

	<u>City OPEB Obligation</u>	<u>Utilities OPEB Obligation</u>
Actuarial Accrued Liability (AAL)	\$74,052,320	\$17,074,000
Actuarial Value of Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$74,052,320</u>	<u>\$17,074,000</u>
Funded Ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll (active plan members)	N/A	N/A
UAAL as percentage of covered payroll	N/A	N/A

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

The schedule of funding progress as of December 31, 2009 is as follows:

**City of Colorado Springs**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
1/1/2007	\$ -	\$57,797,257	\$57,797,257	0.0%	na	na
1/1/2009	\$ -	\$74,052,320	\$74,052,320	0.0%	na	na

**Colorado Springs Utilities**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
1/1/2007	\$ -	\$16,786,000	\$16,786,000	0.0%	na	na
1/1/2009	\$ -	\$17,074,000	\$17,074,000	0.0%	na	na

**D. Commitments and Contingent Liabilities**

**1. Construction and Purchase Commitments**

Significant construction and purchase commitments of the City, as of December 31, 2009 are as follows (in millions):

General fund	\$2.2
Grants fund	42.9
USOC EDA fund	1.8
Utilities fund	30.9
MHS fund	1.9
Airport fund	9.4
Stormwater fund	4.0

**2. Refunded Bonds**

In 2009, the Airport placed money in an irrevocable escrow account to pay the final payment on the Airport System Revenue Bonds, Series 1992C. As of December 31, 2009, the Airport remains contingently liable for the outstanding principal balance of the bonds in the amount of \$1,675,000.

At various dates in prior years, Utilities has placed proceeds from refunding bond issues in irrevocable refunding escrow accounts. As of December 31, 2009, Utilities remains contingently liable for the outstanding principal balance of \$83,860,000 in refunded bonds.

During 2009 and 2004, MHS placed proceeds from refunding bond issues in irrevocable refunding escrow accounts. As of December 31, 2009, MHS remains contingently liable for the outstanding principal balance of \$168,350,000 in refunded bonds.

### **3. Charter Amendment**

In April 1991, voters approved City Charter Amendment #3, entitled the "Taxpayers Bill of Rights." In November 1992, voters adopted a similar statewide constitutional amendment. Both contain provisions which limit the amount of revenue the City may retain in any given year. TABOR permits a maximum annual percentage change in "fiscal year spending" (FYS) equivalent to the sum of inflation in the prior calendar year and annual local growth. Should FYS increase at a rate greater than that which the formula allows, the City must refund the "excess" in the ensuing year or seek voter approval to retain the "excess." Based upon the City's interpretation of the amendments, FYS for 2009 was less than the revenue limit.

However, the state TABOR also establishes a separate requirement for local governments that limits the increase in property tax revenue from year to year. For 2009, the City anticipates that it will exceed this limit by approximately \$600,000 and has reflected a contingency should a refund be required.

### **4. Litigation**

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

### **5. Environmental Matters**

Numerous federal, state and local environmental laws and regulations affect Utilities' facilities and operations. Utilities monitors its compliance with environmental laws and regulations on an ongoing basis.

Air Quality – Utilities' has purchased \$1,500,000 of sulfur dioxide allowances that it believes will satisfy its Clean Air Act, Title IV Phase 2, Acid Rain Program allowance requirements through 2013. Thereafter, Utilities expects to be able to increase usage of lower sulfur coal as fuel, purchase additional emission allowances, or install pollution control technology in order to remain in compliance with the sulfur dioxide requirements.

The determination for use of Best Available Retrofit Technology (BART) level of control for both sulfur dioxides and nitrogen oxides at half of the coal fired generating units was finalized during 2008. The cost of installing the required controls is approximately \$160,000,000, and it is anticipated that they will need to be in place by 2015.

Additional regulations such as the Regional Haze Rule (RHR), the new federal ozone standard, pending federal legislation and, at the state level, the Colorado Climate Action Plan (CCAP) may necessitate the installation of further pollution controls. The costs for addressing these are currently unknown. However, the capital cost of additional pollution controls to address sulfur dioxide, nitrogen oxides, and mercury, as well as, mercury emission monitors, could potentially be an additional \$100 - \$150 million depending on which specific units within the plants would be controlled and for what parameters. The State's decision on any additional sulfur dioxide and nitrogen oxides controls under the RHR is expected in 2010. For mercury control, it is assumed that no controls will be required to comply with the Clean Air Mercury Rule (CAMR) but that mercury control will need to be added in conjunction with sulfur dioxide scrubbers. Other proposed regulations that may force the application of additional pollution controls have been reflected in this capital cost estimate. The cost of complying with proposed greenhouse gas legislation and the CCAP is currently under evaluation.

Except as described in the preceding paragraphs, it is believed that the air and water pollution facilities currently in place at its electric generating units are sufficient for Utilities to remain in compliance with all present air and water pollution laws and regulations.

Water Quality – It is reasonably possible that after 2008, Utilities could be required to improve controls for discharges from wastewater treatment plants to address E.coli. Fountain Creek, to which one of the wastewater treatment plants discharges, is listed as exceeding water quality standards for E.coli. Utilities is working with other regional entities to better define the sources and alternatives for control of this pathogen. In April 2008, Utilities successfully worked with State regulators to remove most of Monument Creek, to which one of the wastewater treatment plants discharges, from the list of waters impaired by selenium. Fountain and Monument Creeks' stream designations were changed from "use-protected" to "reviewable" in July 2008. Utilities is currently evaluating the impact of this change. While there are no immediate impacts expected this change may ultimately result in more stringent effluent limits for pollutants that have been detected in the discharge but are not limited by the treatment facilities' current permits.

Compliance Order on Consent (COC) – Utilities is subject to a 2004 COC with the State of Colorado (State) to resolve sanitary sewer overflows (SSOs). The order includes requirements to evaluate and repair lines greater than ten inches in diameter and other portions of the wastewater collection system. The COC was amended in December 2005, (known as "Amendment One") to include new requirements for lines crossing creeks and a civil penalty of \$130,300 which was paid in 2006. In December 2006, Utilities entered into a second amendment to the COC (known as "Amendment Two") to resolve SSOs in 2006. Amendment Two was finalized and resolved, including the payment of a civil penalty of \$65,542, in the first quarter of 2007. Utilities continues to perform ongoing work as prescribed on the Consent Order.

Drinking Water Quality – Utilities performs chemical, physical, and biological analyses of the City's entire source and finished water supplies. In 2005, Utilities completed construction of a new laboratory to meet future analytical demands in response to system capacity additions and increased regulatory requirements including the Stage 2 Disinfectants and Disinfection Byproducts Rule and the Long-Term 2 Enhanced Surface Water Treatment Rule.

Water Supply – It is reasonably possible that existing and pending environmental and land use laws and regulations may interfere with, delay or increase the costs of the delivery of water to the City. It is reasonably possible that Utilities may financially contribute to clean-up costs. Costs for compliance with laws and regulations and clean-up cannot be reasonably estimated.

**E. Passenger Facility Charges**

The Federal Aviation Administration (FAA) authorized the Airport to impose a Passenger Facility Charge (PFC) per qualifying passenger commencing March 1, 1993. Net receipts from these charges are restricted for use on FAA approved PFC projects. The City has been authorized to collect PFC revenues in the aggregate amount of \$68,549,248 or until January 1, 2014 whichever occurs first. PFC revenues are recognized when earned. Aggregate collections through December 31, 2009 total \$57,894,268.

**F. Customer Facility Charges**

An ordinance (04-32) was approved by the City Council on March 23, 2004, allowing the Airport to continue to collect the CFC's for the purpose of funding the rental car improvement projects. The collection rate of \$1.50 per rental car contract date will remain until changed by City Council ordinance. The rate cannot exceed \$2.50 per rental car contract day without City Council approval. Aggregate collections through December 31, 2009 totaled \$8,900,319.

**G. Disclosures about Fair Value of Financial Instruments**

Estimated fair values of proprietary fund financial instruments are as follows as of December 31, 2009 (in 000's):

	<u>Carrying Amount</u>	<u>Fair Value</u>
Unrestricted cash and investments	\$472,776	\$472,776
Restricted cash and investments	218,857	218,857
Interest receivable	657	657
Revenue bonds (including current maturities)	2,044,188	2,174,299
Accrued interest	9,104	9,104
Customer advances for construction	10,207	10,207

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value.

**1. Unrestricted cash and investments, restricted cash and investments, and interest receivable**

Carrying amount approximates fair value because of the short maturity of most of these instruments. Fair values of some investments are estimated based upon quoted market prices for those or similar instruments.

**2. Revenue bonds (including current maturities)**

Fair value of the long-term debt instruments is estimated based upon quoted market prices of that debt in the secondary bond markets.

**3. Accrued interest and customer advances for construction**

The carrying amount approximates fair value because of the short maturity of these instruments.

**H. Joint Venture – Utilities**

Utilities has equity interests in Young and FRP of 5% and 50%, respectively. Young is a Colorado limited partnership organized on June 30, 1993 to develop and operate a natural gas storage system near Fort Morgan, Colorado. Young’s gas storage system consists of 36 natural gas storage facility wells, a 6,000 horsepower compressor station, a gas processing plant, eleven miles of 20-inch transmission line and four miles of storage gathering line. FRP is a Colorado Limited Liability Company formed in 1999 for the purpose of developing, designing, constructing, financing, operating and maintaining a 480-megawatt natural gas-fired, combined cycle generation facility near the City. FRP began commercial operations in April 2003. The following table lists the amounts invested, equity in the entities’ undistributed net earnings (losses), and Utilities’ net investment in Joint Ventures recorded on the balance sheet as of December 31, 2009 (in 000’s):

Entity	Amounts Invested	Undistributed Net Earnings (Losses)	Utilities Investment
Young Gas Storage Company Ltd.	\$500	\$525	\$1,025
Front Range Power, LLC.	40,267	(1,181)	39,086
Total	<u>\$40,767</u>	<u>(\$656)</u>	<u>\$40,111</u>

There were no advances or loans outstanding to these entities as of December 31, 2009.

Utilities has a 50 percent sharing ratio in the distributable cash of FRP. Utilities also has an ongoing financial responsibility to FRP.

The FRP members have also executed separate guarantees for \$750,000 each to satisfy the Federal Energy Regulatory Commission (FERC) gas tariff requirements associated with FRP’s gas transportation service agreement with Colorado Interstate Gas Company (CIG), which provides for construction of a new gas transportation line to serve the FRP project and other natural gas customers. CIG’s gas transportation line was constructed and placed in service November 29, 2002. FRP has negotiated a long-term agreement with CIG for firm capacity in this transportation line.

Utilities and FRP have entered into an agreement for Utilities to operate and maintain the FRP interconnection and power generation facilities. Under the agreement, FRP pays Utilities management fees of \$852,000 per year (subject to adjustment) in addition to cost

reimbursements. In addition, Utilities may earn incentives or be obligated to pay liquidated damages of up to \$213,000 for meeting or failing to meet a number of targeted operating parameters. Utilities is also liable for any damages to the Facility caused by Utilities' negligence, subject to an annual cap of \$1,000,000.

FRP and Utilities have also entered into a 20-year power purchase agreement. This agreement, signed in 2000, requires Utilities to purchase a contracted amount of the generated output of FRP, with purchases nearing FRP's capacity by 2013, on a "take or pay" basis. This requires that Utilities pay for the contracted capacity irrespective of whether it is used or not. Currently Utilities is purchasing 337 mega watts (MW) for the winter season and 357 MW for the summer season. Utilities estimates that its exposure for the capacity charges under this agreement ranges from \$38,157,424 in 2009 to approximately \$55,300,884 in 2016 (adjusted for capacity increases). Utilities also has exposure to CIG for firm gas transportation costs, which Utilities estimates will range from \$6,035,541 in 2009 to approximately \$9,002,505 in 2016 (adjusted for capacity increases).

FRP has entered into a power purchase agreement with the Public Service Company of Colorado (PSCC), under which PSCC will purchase substantially all of the remaining capacity of FRP that Utilities does not purchase through March 31, 2010.

As of December 31, 2009, FRP has total assets of \$280.4 million, long-term debt of \$194.1 million, other liabilities of \$8.1 million, and member's capital of \$78.2 million. FRP had operating revenues of \$61.7 million and \$30.8 million of operating expenses for 2008. Utilities has recorded its equity in FRP earnings of \$12.3 million, using the equity method, in investment income on the statement of revenues, expenses and changes in fund net assets for the year ended December 31, 2009.

Separate audited financial statements for FRP can be obtained from the Chief Planning and Financial Officer, Colorado Springs Utilities, P.O. Box 1103, Mail Code 950, Colorado Springs, CO 80947-0950.

Subsequent to the formation of FRP, Mesquite Colorado Holdco, LLC (Mesquite) acquired 100 percent of El Paso Corporation's stake. Mesquite was jointly owned, through intermediary LLCs, by the Ontario Teacher's Pension Plan Board and AIG Highstar, LLC, an affiliate of AIG, Inc. Subsequently, AIG Highstar, LLC's interest in Mesquite was transferred to affiliates of UBS Americas, Inc. Utilities owns equal shares of the FRP joint venture with Mesquite.

## **I. Retirement Plans**

### **1. Non-Uniformed Employees**

#### **Defined Benefit Pension Plan**

Plan Description: The City contributes to the Local Government Division Trust Fund (LGDTF), a cost sharing multiple employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). Prior to January 1, 2006, the LGDTF was known as the Municipal Division Trust Fund (MDTF). LGDTF provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All permanent employees, except uniformed police and fire of the City are members of the LGDTF.

Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for LGDTF. That report may be obtained online at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

**Funding Policy:** Plan members and the City are required to contribute to the LGDTF at a rate set by statute. The contribution requirements of plan members and the City are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0% and for the City is 10.0% of covered salary. A portion of the City's contribution (1.02% of covered salary) is allocated for the Health Care Trust Fund (See Note V.I.1. Postemployment Healthcare Benefits). The City is also required to pay an amortization equalization disbursement (AED) equal to 1.8% of the total payroll for the calendar year 2009 (1.4% for 2008 and 1.0% for 2007). Additionally, the City is required to pay a supplemental amortization equalization disbursement (SAED) equal to 1.0% of the total payroll for the calendar year 2009 (0.50% for 2008). If the City rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay the employer contribution rate, the AED and the SAED on the amounts paid for the retiree; however no member contributions are required. The City contributions to LGDTF for the years ending December 31, 2009, 2008, and 2007, were \$54,088,259, \$51,616,922, and \$43,716,994, respectively, equal to their required contributions for each year.

### **Postemployment Health Care Benefits**

**Plan Description:** The City contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment health care plan administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at [www.copera.org](http://www.copera.org) or by writing to PERA of Colorado, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

**Funding Policy:** The City is required to contribute at a rate of 1.02% of covered 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 CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the Colorado Revised Statutes, as amended. The City's contributions to HCTF for the years ending December 31, 2009, 2008, and 2007 were \$4,314,034, \$4,428,975, and \$4,053,757, respectively, equal to their required contributions for each year.

### **Defined Contribution Plan**

**Plan Description:** The LGDTF members of the City may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Contributions are separate from others made to

PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature.

**Funding Policy:** The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$16,500 for 2009 and \$15,500 for 2008 calendar years). There is a catch-up provision that allows participants 50 and older who are contributing the maximum to contribute an additional \$5,500 for 2009 (\$5,000 for 2008) annually to their account.

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

**Funding Policy:** The ICMA and FPPA 457 plans are funded by voluntary member contributions of up to a maximum limit set by the IRS (\$16,500 for 2009 and \$15,500 for 2008 calendar years). In addition, employees are eligible to contribute an additional \$5,500 for 2009 (\$5,000 for 2008) if they are age 50 or older or \$16,500 if they are participating in the "pre-retirement" catch-up provision.

The City and Utilities provides, by authority of a City Council Resolution, an ICMA 401(a) Plan, a defined contribution plan, administered by ICMA Retirement Corporation, which defines eligibility and participation requirements. The annual employer contribution for the years ending December 31, 2009 and 2008 were \$61,177 and \$126,387 respectively.

## **2. Uniformed Employees**

### **Defined Benefit Pension Plan**

**Plan Description -** All fire and police officers of the City participate in one of five agents, multiple employers, defined benefit pension plans, depending upon their status as a police or fire officer and their hire date (Old Hire/Alternate/Statewide). The Alternate Fire and Alternate Police plans were merged into the FPPA Defined Benefit System known as the Colorado Springs New Hire Pension Plan (CSNHPP) on October 1, 2006. As a function of the merger, FPPA is the plan administrator for the CSNHPP. FPPA Board of Directors shall function as the trustee and pension board for CSNHPP and shall administer the benefits under the CSNHPP plan as well as the Statewide plan. The Old Hire plans, for uniform employees hired before April 1978, continue to be administered jointly by the City and FPPA. The plans are included as pension trust funds. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information. That report can be obtained by writing to: Fire and Police Pension Association, Two DTC, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111-2721 or by calling FPPA at 303-770-3772.

FPPA performs certain administrative tasks in accordance with an agreement with the City in regards to the Old Hire plans. There are approximately 378 participating employers in the FPPA agent multiple-employer plan. Provisions of the plans are established and amended by City Council in accordance with relevant state statute. The plans provide benefits to members based upon the provisions unique to that plan. As of January 1, 2009 membership in the plans was as follows: 3 active participants and 365 retirees and beneficiaries. Disability benefits to fire and police officers and death benefits to their survivors are provided by the State of Colorado through a Death and Disability Plan administered by the FPPA. Benefits are

established by state statute and are available for all fire and police officers in accordance with plan provisions.

**Summary of Significant Accounting Policies** -The pension trust funds use the accrual basis of accounting. Plan member contributions are recognized in the period in which employee services are performed and benefits and refunds paid are recorded when incurred regardless of when payment is made. Plan investments are reported at fair value, using quoted market prices, except for real estate which is recorded at estimated fair value based upon periodic appraisals and valuations, investments in limited partnerships which are recorded at estimated fair value as derived from the financial statements of the partnerships, and guaranteed investment contracts which are recorded at contract value.

**Funding Policy** - The funding policy of each of the plans provides for actuarially determined rates of contribution based upon an actuarial analysis. Actuarial analysis is undertaken annually for all plans. City Council has the authority to establish and amend contribution rates in accordance with the actuarial analysis for Old Hire Plans only. The employer contribution current rates are 10% of annual covered payroll for the Old Hire Fire and Old Hire Police plans. The contributions and funding ratios for these plans are shown in Required Supplemental Information.

**Valuation and Actuarial Basis** - The following methods of valuation and actuarial basis were used:

- 1) The valuation method states that the unfunded actuarial liability and the present value of future normal costs under the Entry Age Normal actuarial cost method are amortized over an open period of the longer of the years remaining until 2022, or 10 years from the valuation date; but in no case longer than the average remaining life expectancy of the covered group. The amortization method and amortization period are outlined in the Required Supplemental Information.
- 2) The asset valuation method is based on three year moving average of expected and actual market values determined as follows:
  - (a) At the beginning of each plan year, an expected market asset value is calculated as the sum of the previous year's market value increased with a year's interest at the Plan valuation rate plus net cash flow (excluding expenses) adjusted for interest (at the same rate) to the end of the previous plan year. The interest rate of return, salary projection rate, inflation rate and post retirement benefit increase assumptions are outlined in the Required Supplemental Information.
  - (b) The difference between the expected market asset value and the actual market value is the investment gain or loss for the previous plan year; and
  - (c) The final actuarial asset value is the actual market value less the deferred actual investment gains and losses for each of the three previous plan years, but in no case more than 120% of the actual market value or less than 80% of the actual market value.

3) The reported compensation was annualized based on actual service credits for members who were credited with less than twelve months of service credits. Compensation is assumed to increase based on the salary scale assumption.

4) (a) The Schedule of Funding Progress in the Required Supplemental Information presents multi year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

(b)The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations, if applicable.

#### **Defined Contribution Plan**

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

**Funding Policy:** The ICMA and FPPA 457 plans are funded by voluntary member contributions of up to a maximum limit set by the IRS (\$16,500 for 2009 and \$15,500 for 2008 calendar years). In addition, employees are eligible to contribute an additional \$5,500 for 2009 (\$5,000 for 2008) if they are age 50 or older or \$16,500 if they are participating in the "pre-retirement" catch-up provision.

**Annual Pension Cost**

The City's annual pension cost and net pension obligation for 2008 (the most recent actuarial data available for the plans) were as follows:

	<b>Old Hire Fire</b>	<b>Old Hire Police</b>
<b>Annual required contribution</b>	\$1,096,275	\$1,157,227
<b>Interest on net pension obligation</b>	39,688	(2,622)
<b>Adjustment to annual required contribution</b>	(57,947)	3,828
<b>Annual pension cost</b>	1,078,016	1,158,433
<b>Contributions made</b>	(1,096,275)	(1,157,227)
<b>Increase (decrease) in net pension obligation</b>	(18,259)	1,206
<b>Net pension obligation - beginning of year as previously reported</b>	436,268	131,479
<b>Prior year adjustment</b>	59,832	(164,249)
<b>Net pension obligation - beginning of year as restated</b>	496,100	(32,770)
<b>Net pension obligation - end of year</b>	<u>\$477,841</u>	<u>(\$31,564)</u>

**Other Information**

**Employees hired before April 1978:**

<u>Old Hire Fire (closed to new employees)</u>	<u>2009 *</u>	<u>2008</u>	<u>2007</u>
Annual pension cost (APC)	n/a	\$1,078,016	\$1,637,229
Percentage of APC contributed	n/a	102%	101%
Net pension obligation	n/a	\$477,841	\$436,268
<u>Old Hire Police (closed to new employees)</u>	<u>2009 *</u>	<u>2008</u>	<u>2007</u>
Annual pension cost (APC)	n/a	\$1,158,433	\$1,556,602
Percentage of APC contributed	n/a	100%	100%
Net pension obligation	n/a	(\$31,564)	\$131,479

\* 2009 Actuarial data not available.

**J. Accounting changes**

The City adopted GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* during 2009.

**K. Subsequent events**

As a result of fluctuations in the SIFMA rate, LIBOR rate and other market rates since December 31, 2009, there may be a significant impact on SWAP valuation and investment valuation subsequent to the date of this report for Utilities. The amount of these impacts is not known.

A May 11, 2010 settlement relating to the Woodmen Road Project will result in a payment from the project fund to the affected property owners in the amount of \$4,500,000.

**L. Effects of the results of the November 2009 Coordinated Election**

At the November 3, 2009, coordinated election, the voters of Colorado Springs approved an initiated ordinance, "Issue 300". As a result, City Council eliminated the Stormwater Enterprise Fee effective January 1, 2010, and payments-in-lieu of tax received by the City from its enterprises will be phased out over the next eight years.

# REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF FUNDING PROGRESS  
FIRE AND POLICE PENSION PLANS  
Last three fiscal years**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 16**

	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b><u>Old Hire Fire Pension Plan</u></b>			
Date of actuarial valuation	n/a	1/1/2008	1/1/2007
Actuarial value of plan assets	n/a	\$108,187,805	\$103,241,532
Actuarial accrued liability (AAL)	n/a	\$110,925,746	\$113,041,110
Excess of assets over AAL (unfunded liability)	n/a	(\$2,737,941)	(\$9,799,578)
Funded ratio	n/a	97.5%	91.3%
Covered payroll	\$246,856	\$293,235	\$365,666
Unfunded liability as a percentage of covered payroll	n/a	-933.7%	-2679.9%
<b><u>Old Hire Police Pension Plan</u></b>			
Date of actuarial valuation	n/a	1/1/2008	1/1/2007
Actuarial value of plan assets	n/a	\$90,849,707	\$86,540,306
Actuarial accrued liability (AAL)	n/a	\$94,847,078	\$96,730,240
Excess of assets over AAL (unfunded liability)	n/a	(\$3,997,371)	(\$10,189,934)
Funded ratio	n/a	95.8%	89.5%
Covered payroll	\$333,988	\$508,175	\$620,355
Unfunded liability as a percentage of covered payroll	n/a	-786.6%	-1642.6%

\* 2009 Actuarial data not available.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FIRE AND POLICE PENSION PLANS  
Last three fiscal years**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 17**

	Years ended December 31,		
	2009	2008	2007
<b><u>Old Hire Fire Pension Plan</u></b>			
Annual required contribution (ARC)	n/a	\$1,096,275	\$1,638,921
Actual contributions as percentage of ARC	n/a	100%	101%
<b><u>Old Hire Police Pension Plan</u></b>			
Annual required contribution (ARC)	n/a	\$1,157,227	\$1,557,111
Actual contributions as percentage of ARC	n/a	100%	100%

\* 2009 Actuarial data not available.

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	<b>Old Hire Fire</b>	<b>Old Hire Police</b>
<b>Valuation date</b>	1/1/2008	1/1/2008
<b>Actuarial cost method</b>	Entry Age	Entry Age
<b>Amortization method</b>	Level dollar Open	Level dollar Open
<b>Remaining amortization period</b>	14 Years	14 Years
<b>Asset valuation method</b>	3-Year Smoothed Market	3-Year Smoothed Market
<b>Actuarial assumptions:</b>		
<b>Investment rate of return</b>	8%	8%
<b>Projected salary increases</b>	4.75%	4.75%
<b>Inflation rate</b>	3.5%	3.5%
<b>Post retirement benefit increases</b>	4%	4%

**SCHEDULE OF FUNDING PROGRESS  
OTHER POST EMPLOYMENT BENEFITS (OPEB)  
December 31, 2009**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 18**

**City of Colorado Springs**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ([b-a]/c)
1/1/2007	\$ -	\$57,797,257	\$57,797,257	0.0%	na	na
1/1/2009	\$ -	\$74,052,320	\$74,052,320	0.0%	na	na

**Colorado Springs Utilities**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ([b-a]/c)
1/1/2007	\$ -	\$16,786,000	\$16,786,000	0.0%	na	na
1/1/2009	\$ -	\$17,074,000	\$17,074,000	0.0%	na	na

# COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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**GENERAL FUND  
BALANCE SHEET  
December 31, 2009**

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

	<u>TOTAL</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$27,813,117
Accounts receivable (net of allowance for uncollectibles)	3,762,040
Sales tax receivable	11,942,456
Loans receivable	864,981
Property taxes receivable	
Current	20,750,589
Delinquent	146,802
Due from other funds	5,614,891
Prepays	173,127
Restricted investments	4,840,862
	<hr/>
<b>Total assets</b>	<b>75,908,865</b>
	<hr/> <hr/>
<b><u>LIABILITIES AND FUND BALANCE</u></b>	
<b>Liabilities</b>	
Accounts payable	3,783,419
Funds held for others	8,429,757
Accrued salaries and benefits	3,746,471
Due to other funds	3,884,743
Escrow deposits	6,918,952
Deferred revenue	
Loans	864,981
Property taxes	20,750,589
Unearned revenue	1,112,330
	<hr/>
<b>Total liabilities</b>	<b>49,491,242</b>
	<hr/>
<b>Fund balance</b>	
Reserved for	
Debt service	2,346,321
Emergency reserve	7,545,241
Contingency for Property Tax Revenue	600,000
Unreserved	
Encumbrances	2,860,938
Designated - subsequent year expenditures	1,115,666
Undesignated	11,949,457
	<hr/>
<b>Total fund balance</b>	<b>26,417,623</b>
	<hr/>
<b>Total liabilities and fund balance</b>	<b>\$75,908,865</b>
	<hr/> <hr/>

**GENERAL FUND  
STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
For the year ended December 31, 2009**

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

	<u>TOTAL</u>
<b>Revenues</b>	
Taxes	\$138,116,743
Licenses and permits	557,894
Intergovernmental	17,713,722
Charges for services	23,230,328
Other revenue	1,248,055
Investment earnings	605,637
Rental income	<u>773,764</u>
<b>Total revenues</b>	<u>182,246,143</u>
<b>Expenditures</b>	
Current	
General government	53,117,093
Public safety	111,166,486
Public works	24,215,928
Health and welfare	1,227,493
Culture and recreation	15,519,069
Urban redevelopment and housing	549,672
Debt service	
Principal	4,905,161
Interest	915,223
Capital outlay	<u>15,208,313</u>
<b>Total expenditures</b>	226,824,438
<b>Deficiency of revenues over expenditures</b>	<u>(44,578,295)</u>
<b>Other financing sources (uses)</b>	
Transfers - in	33,765,734
Transfers - out	(5,728,085)
Proceeds from issuance of bonds	34,460,000
Payment on refunding bonds	(38,707,635)
Premium on refunding bonds issued	1,362,460
Debt issuance cost	(752,657)
Capital lease financing	13,059,230
Sale of capital assets	<u>1,519,819</u>
<b>Total other financing sources (uses)</b>	<u>38,978,866</u>
<b>Net change in fund balance</b>	(5,599,429)
<b>Fund balance - January 1</b>	<u>32,017,052</u>
<b>Fund balance - December 31</b>	<u><u>\$26,417,623</u></u>



CITY OF COLORADO SPRINGS

# NON-MAJOR GOVERNMENTAL FUNDS

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
December 31, 2009**

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
<b><u>ASSETS</u></b>				
Cash and investments	\$29,415,565	\$6,958,254	\$1,057,933	\$37,431,752
Accounts receivable (net of allowance for uncollectibles)	10,240,129	51,406	419	10,291,954
Sales tax receivable	3,133,419	-	-	3,133,419
Loans receivable	19,841,759	-	-	19,841,759
Assessments receivable	126,248	-	-	126,248
Property taxes receivable	3,713,682	-	-	3,713,682
Due from other funds	53,660	1,061,930	-	1,115,590
Prepays	41,814	-	-	41,814
Restricted investments	-	2,887,141	8,428,832	11,315,973
<b>Total assets</b>	<b>66,566,276</b>	<b>10,958,731</b>	<b>9,487,184</b>	<b>87,012,191</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>Liabilities</b>				
Accounts payable	4,076,299	802,728	270	4,879,297
Accrued salaries and benefits	471,605	-	-	471,605
Due to other funds	1,426,985	5,042,911	220	6,470,116
Deferred revenue				
Loans	19,841,759	-	-	19,841,759
Assessments	126,248	-	-	126,248
Property taxes	3,713,682	-	-	3,713,682
Grants	6,423,569	-	-	6,423,569
<b>Total liabilities</b>	<b>36,080,147</b>	<b>5,845,639</b>	<b>490</b>	<b>41,926,276</b>
<b>Fund balances</b>				
Reserved for				
Debt service	824,029	-	-	824,029
Endowments	-	-	9,486,694	9,486,694
Unreserved				
Encumbrances	838,226	2,216,958	-	3,055,184
Designated - subsequent year expenditures	13,708,983	2,896,134	-	16,605,117
Undesignated	15,114,891	-	-	15,114,891
<b>Total fund balances</b>	<b>30,486,129</b>	<b>5,113,092</b>	<b>9,486,694</b>	<b>45,085,915</b>
<b>Total liabilities and fund balances</b>	<b>\$66,566,276</b>	<b>\$10,958,731</b>	<b>\$9,487,184</b>	<b>\$87,012,191</b>

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
For the year ended December 31, 2009**

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
<b>Revenues</b>				
Taxes	\$35,065,059	\$ -	\$ -	\$35,065,059
Intergovernmental	40,119,442	-	-	40,119,442
Charges for services	2,036,439	-	-	2,036,439
Endowments and donations	1,530,083	-	84,680	1,614,763
Other revenue	865,891	197,238	-	1,063,129
Investment earnings	584,219	266,483	1,446,456	2,297,158
<b>Total revenues</b>	<b>80,201,133</b>	<b>463,721</b>	<b>1,531,136</b>	<b>82,195,990</b>
<b>Expenditures</b>				
Current:				
General government	1,160,098	-	-	1,160,098
Public safety	23,976,930	-	-	23,976,930
Public works	26,510,386	-	-	26,510,386
Culture and recreation	7,051,738	-	51,186	7,102,924
Urban development and housing	4,372,478	-	-	4,372,478
Economic development	3,161,932	-	-	3,161,932
Miscellaneous	581,673	-	-	581,673
Debt service:				
Principal	2,517,673	2,471,418	-	4,989,091
Interest	1,502,447	2,365,185	-	3,867,632
Issuance expense	-	1,028,220	-	1,028,220
Capital outlay	7,254,173	33,935,271	-	41,189,444
<b>Total expenditures</b>	<b>78,089,528</b>	<b>39,800,094</b>	<b>51,186</b>	<b>117,940,808</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>2,111,605</b>	<b>(39,336,373)</b>	<b>1,479,950</b>	<b>(35,744,818)</b>
<b>Other financing sources (uses)</b>				
Transfers - in	-	4,278,085	-	4,278,085
Transfers - out	(2,590,788)	(1,347,198)	-	(3,937,986)
Issuance of debt	-	31,470,000	-	31,470,000
Premium on bonds issued	-	1,007,720	-	1,007,720
<b>Total other financing sources (uses)</b>	<b>(2,590,788)</b>	<b>35,408,607</b>	<b>-</b>	<b>32,817,819</b>
<b>Net change in fund balances</b>	<b>(479,183)</b>	<b>(3,927,766)</b>	<b>1,479,950</b>	<b>(2,926,999)</b>
<b>Fund balances - January 1</b>	<b>30,965,312</b>	<b>9,040,858</b>	<b>8,006,744</b>	<b>48,012,914</b>
<b>Fund balances - December 31</b>	<b>\$30,486,129</b>	<b>\$5,113,092</b>	<b>\$9,486,694</b>	<b>\$45,085,915</b>



CITY OF COLORADO SPRINGS

# SPECIAL REVENUE FUNDS

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Special Revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

## ***Intergovernmental Grant Funds:***

**Community Development Block Grant Fund  
Home Investment Partnership Fund  
Grants Fund**

These Intergovernmental grant funds are used to account for the activities of the programs where the major source of funding is federal grants.

## ***Capital Improvement Funds:***

**Ballfield Capital Improvements Fund  
Bicycle Tax Fund  
Trails/Open Space Fund  
Conservation Trust Fund  
Cable Franchise Fund  
Public Safety Sales Tax Fund**

These Capital Improvement Funds are used to account for the activities of the fund where particular, ear-marked, on-going revenue sources are designated for various capital improvement projects.

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

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

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

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

**Public Space and Development Fund  
Subdivision Drainage Fund  
Arterial Roadway Fund  
Park Developer Easement Fund  
Banning Lewis Ranch Fund**

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

# SPECIAL REVENUE FUNDS CONT'D.

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

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

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

## ***Special Assessment District Fund:***

The Special Assessment District Fund is used to account for the activities of Special Assessment districts created to finance neighborhood improvements where revenues are derived from assessments placed upon the benefiting property.

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

**Lodgers and Auto Rental Tax Fund  
Street Tree Fund  
Economic Development Fund  
Gift Trust Fund  
Senior Programs Fund  
Therapeutic Recreation Fund  
Cultural Affairs Fund**

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



CITY OF COLORADO SPRINGS

**ALL SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2009**

	Inter- governmental Grant Funds	Capital Improvement Funds	Improvement and Maintenance District Funds	Public Improvements Funds
<b><u>ASSETS</u></b>				
Cash and investments	\$1,120,629	\$15,317,402	\$740,336	\$6,462,208
Accounts receivable (net of allowance for uncollectibles)	9,419,678	300,426	14,081	121,198
Sales tax receivable	-	2,982,730	-	-
Loans receivable	19,841,759	-	-	-
Assessments receivable	-	-	-	-
Property taxes receivable	-	-	1,793,520	-
Due from other funds	51,659	-	-	-
Prepays	31,140	10,674	-	-
<b>Total assets</b>	<b>30,464,865</b>	<b>18,611,232</b>	<b>2,547,937</b>	<b>6,583,406</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>Liabilities</b>				
Accounts payable	3,419,790	643,132	5,063	-
Accrued salaries and benefits	58,486	375,035	32,809	-
Due to other funds	721,261	31,218	-	-
Deferred revenue				
Loans	19,841,759	-	-	-
Assessments	-	-	-	-
Property taxes	-	-	1,793,520	-
Grants	6,423,569	-	-	-
<b>Total liabilities</b>	<b>30,464,865</b>	<b>1,049,385</b>	<b>1,831,392</b>	<b>-</b>
<b>Fund balances</b>				
Reserved for				
Debt service	-	-	-	-
Unreserved				
Encumbrances	-	779,307	15,670	-
Designated - subsequent year expenditures	-	13,637,032	-	-
Undesignated	-	3,145,508	700,875	6,583,406
<b>Total fund balances</b>	<b>-</b>	<b>17,561,847</b>	<b>716,545</b>	<b>6,583,406</b>
<b>Total liabilities and fund balances</b>	<b>\$30,464,865</b>	<b>\$18,611,232</b>	<b>\$2,547,937</b>	<b>\$6,583,406</b>

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

Other Public Improvements Funds	Special Assessment District Funds	Other Special Revenue Funds	Totals
\$811,213	\$251,597	\$4,712,180	\$29,415,565
12,816	1,175	370,755	10,240,129
-	-	150,689	3,133,419
-	-	-	19,841,759
-	126,248	-	126,248
1,920,162	-	-	3,713,682
-	-	2,001	53,660
-	-	-	41,814
<u>2,744,191</u>	<u>379,020</u>	<u>5,235,625</u>	<u>66,566,276</u>
-	-	8,314	4,076,299
-	-	5,275	471,605
-	-	674,506	1,426,985
-	-	-	19,841,759
-	126,248	-	126,248
1,920,162	-	-	3,713,682
-	-	-	6,423,569
<u>1,920,162</u>	<u>126,248</u>	<u>688,095</u>	<u>36,080,147</u>
824,029	-	-	824,029
-	-	43,249	838,226
-	-	71,951	13,708,983
-	252,772	4,432,330	15,114,891
<u>824,029</u>	<u>252,772</u>	<u>4,547,530</u>	<u>30,486,129</u>
<u>\$2,744,191</u>	<u>\$379,020</u>	<u>\$5,235,625</u>	<u>\$66,566,276</u>

**ALL SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
For the year ended December 31, 2009**

	Inter- governmental Grant Funds	Capital Improvement Funds	Improvement and Maintenance District Funds	Public Improvements Funds
<b>Revenues</b>				
Taxes	\$ -	\$27,772,901	\$1,918,190	\$ -
Intergovernmental	36,429,283	3,690,159	-	-
Charges for services	-	1,226,596	-	665,496
Donations	-	-	-	-
Other revenue	865,891	-	-	-
Investment earnings	15,546	289,302	34,985	141,041
<b>Total revenues</b>	<b>37,310,720</b>	<b>32,978,958</b>	<b>1,953,175</b>	<b>806,537</b>
<b>Expenditures</b>				
Current				
General government	-	1,114,685	-	-
Public safety	3,945,818	20,031,112	-	-
Public works	24,106,009	-	1,846,794	557,583
Culture and recreation	1,884,765	3,609,831	-	-
Urban redevelopment and housing	4,372,478	-	-	-
Economic development	720,386	-	-	-
Miscellaneous	566,427	-	-	-
Debt service				
Principal	-	1,667,226	-	-
Interest	-	370,681	-	-
Capital outlay	1,714,837	5,539,336	-	-
<b>Total expenditures</b>	<b>37,310,720</b>	<b>32,332,871</b>	<b>1,846,794</b>	<b>557,583</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>646,087</b>	<b>106,381</b>	<b>248,954</b>
<b>Other financing uses</b>				
Transfers - out	-	(1,194,441)	-	-
<b>Total other financing sources uses</b>	<b>-</b>	<b>(1,194,441)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(548,354)</b>	<b>106,381</b>	<b>248,954</b>
<b>Fund balances - January 1</b>	<b>-</b>	<b>18,110,201</b>	<b>610,164</b>	<b>6,334,452</b>
<b>Fund balances - December 31</b>	<b>\$ -</b>	<b>\$17,561,847</b>	<b>\$716,545</b>	<b>\$6,583,406</b>

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

<b>Other Public Improvements Funds</b>	<b>Special Assessment District Fund</b>	<b>Other Special Revenue Funds</b>	<b>Totals</b>
\$1,784,820	\$ -	\$3,589,148	\$35,065,059
-	-	-	40,119,442
-	144,347	-	2,036,439
-	-	1,530,083	1,530,083
-	-	-	865,891
51,851	-	51,494	584,219
<u>1,836,671</u>	<u>144,347</u>	<u>5,170,725</u>	<u>80,201,133</u>
-	-	45,413	1,160,098
-	-	-	23,976,930
-	-	-	26,510,386
-	-	1,557,142	7,051,738
-	-	-	4,372,478
-	-	2,441,546	3,161,932
15,190	56	-	581,673
740,000	110,447	-	2,517,673
1,114,470	17,296	-	1,502,447
-	-	-	7,254,173
<u>1,869,660</u>	<u>127,799</u>	<u>4,044,101</u>	<u>78,089,528</u>
<u>(32,989)</u>	<u>16,548</u>	<u>1,126,624</u>	<u>2,111,605</u>
-	-	(1,396,347)	(2,590,788)
-	-	(1,396,347)	(2,590,788)
(32,989)	16,548	(269,723)	(479,183)
<u>857,018</u>	<u>236,224</u>	<u>4,817,253</u>	<u>30,965,312</u>
<u>\$824,029</u>	<u>\$252,772</u>	<u>\$4,547,530</u>	<u>\$30,486,129</u>

INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 December 31, 2009

CITY OF COLORADO SPRINGS  
 COLORADO  
 Exhibit C-3

	Community Development Block Grant Fund	Home Investment Partnership Fund	Grants Fund	Total
<b><u>ASSETS</u></b>				
Cash and investments	\$ -	\$ -	\$1,120,629	\$1,120,629
Accounts receivable (net of allowance for uncollectibles)	376,746	410,959	8,631,973	9,419,678
Loans receivable	7,443,856	12,249,414	148,489	19,841,759
Due from other funds	51,659	-	-	51,659
Prepays	31,140	-	-	31,140
<b>Total assets</b>	<b>7,903,401</b>	<b>12,660,373</b>	<b>9,901,091</b>	<b>30,464,865</b>
<b><u>LIABILITIES</u></b>				
Accounts payable	21,091	59,384	3,339,315	3,419,790
Accrued salaries and benefits	11,156	-	47,330	58,486
Due to other funds	427,298	293,963	-	721,261
Deferred revenue				
Loans	7,443,856	12,249,414	148,489	19,841,759
Grants	-	57,612	6,365,957	6,423,569
<b>Total liabilities</b>	<b>\$7,903,401</b>	<b>\$12,660,373</b>	<b>\$9,901,091</b>	<b>\$30,464,865</b>

**INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 For the year ended December 31, 2009**

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

	<b>Community Development Block Grant Fund</b>	<b>Home Investment Partnership Fund</b>	<b>Grants Fund</b>	<b>Total</b>
<b>Revenues</b>				
Intergovernmental	\$2,308,983	\$843,105	\$33,277,195	\$36,429,283
Other revenue	251,730	528,253	85,908	865,891
Investment earnings	15,546	-	-	15,546
<b>Total revenues</b>	<b>2,576,259</b>	<b>1,371,358</b>	<b>33,363,103</b>	<b>37,310,720</b>
<b>Expenditures</b>				
Current				
Public safety	-	-	3,945,818	3,945,818
Public works	-	-	24,106,009	24,106,009
Culture and recreation	-	-	1,884,765	1,884,765
Urban redevelopment and housing	2,576,259	1,371,358	424,861	4,372,478
Economic development	-	-	720,386	720,386
Miscellaneous	-	-	566,427	566,427
Capital outlay	-	-	1,714,837	1,714,837
<b>Total expenditures</b>	<b>2,576,259</b>	<b>1,371,358</b>	<b>33,363,103</b>	<b>37,310,720</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances - January 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances - December 31</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CAPITAL IMPROVEMENT SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 December 31, 2009**

	<b>Ballfield Capital Improvements Fund</b>	<b>Bicycle Tax Fund</b>	<b>Trails/Open Space Fund</b>	<b>Conservation Trust Fund</b>
<b><u>ASSETS</u></b>				
Cash and investments	\$270,369	\$267,118	\$7,015,366	\$2,189,349
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-
Sales tax receivable	-	-	596,546	-
Prepaid expenditures	-	-	-	-
<b>Total assets</b>	<b>270,369</b>	<b>267,118</b>	<b>7,611,912</b>	<b>2,189,349</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>Liabilities</b>				
Accounts payable	-	-	101,728	55,279
Accrued salaries and benefits	-	216	10,583	48,497
Due to other funds	-	-	-	4,135
<b>Total liabilities</b>	<b>-</b>	<b>216</b>	<b>112,311</b>	<b>107,911</b>
<b>Fund balances</b>				
Unreserved				
Encumbrances	-	-	130,959	49,514
Subsequent year expenditures	-	248,906	6,335,420	2,031,924
Undesignated	270,369	17,996	1,033,222	-
<b>Total fund balances</b>	<b>270,369</b>	<b>266,902</b>	<b>7,499,601</b>	<b>2,081,438</b>
<b>Total liabilities and fund balances</b>	<b>\$270,369</b>	<b>\$267,118</b>	<b>\$7,611,912</b>	<b>\$2,189,349</b>

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

<b>Cable Franchise Fund</b>	<b>Public Safety Sales Tax Fund</b>	<b>Total</b>
\$602,547	\$4,972,653	\$15,317,402
291,893	8,533	300,426
-	2,386,184	2,982,730
-	10,674	10,674
<u>894,440</u>	<u>7,378,044</u>	<u>18,611,232</u>
198,925	287,200	643,132
3,536	312,203	375,035
-	27,083	31,218
<u>202,461</u>	<u>626,486</u>	<u>1,049,385</u>
5,600	593,234	779,307
378,418	4,642,364	13,637,032
307,961	1,515,960	3,145,508
<u>691,979</u>	<u>6,751,558</u>	<u>17,561,847</u>
<u>\$894,440</u>	<u>\$7,378,044</u>	<u>\$18,611,232</u>

**CAPITAL IMPROVEMENT SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the year ended December 31, 2009**

	Ballfield Capital Improvements Fund	Bicycle Tax Fund	Trails/Open Space Fund	Conservation Trust Fund
<b>Revenues</b>				
Taxes	\$ -	\$89,579	\$5,538,457	\$ -
Intergovernmental	-	-	-	3,690,159
Charges for services	80,975	-	28	322
Investment earnings	6,277	6,092	127,476	47,504
<b>Total revenues</b>	<b>87,252</b>	<b>95,671</b>	<b>5,665,961</b>	<b>3,737,985</b>
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	114,458	96,780	3,398,593
Debt service				
Principal	-	-	920,000	747,226
Interest	131,803	-	183,700	55,178
Capital outlay	-	-	2,801,495	-
<b>Total expenditures</b>	<b>131,803</b>	<b>114,458</b>	<b>4,001,975</b>	<b>4,200,997</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(44,551)</b>	<b>(18,787)</b>	<b>1,663,986</b>	<b>(463,012)</b>
<b>Other financing uses</b>				
Transfers - out	-	-	(1,194,441)	-
<b>Net change in fund balances</b>	<b>(44,551)</b>	<b>(18,787)</b>	<b>469,545</b>	<b>(463,012)</b>
<b>Fund balances - January 1</b>	<b>314,920</b>	<b>285,689</b>	<b>7,030,056</b>	<b>2,544,450</b>
<b>Fund balances - December 31</b>	<b>\$270,369</b>	<b>\$266,902</b>	<b>\$7,499,601</b>	<b>\$2,081,438</b>

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

<b>Cable Franchise Fund</b>	<b>Public Safety Sales Tax Fund</b>	<b>Total</b>
\$ -	\$22,144,865	\$27,772,901
-	-	3,690,159
1,145,158	113	1,226,596
13,440	88,513	289,302
<u>1,158,598</u>	<u>22,233,491</u>	<u>32,978,958</u>
1,114,685	-	1,114,685
-	20,031,112	20,031,112
-	-	3,609,831
-	-	1,667,226
-	-	370,681
-	2,737,841	5,539,336
<u>1,114,685</u>	<u>22,768,953</u>	<u>32,332,871</u>
<u>43,913</u>	<u>(535,462)</u>	<u>646,087</u>
-	-	(1,194,441)
43,913	(535,462)	(548,354)
<u>648,066</u>	<u>7,287,020</u>	<u>18,110,201</u>
<u>\$691,979</u>	<u>\$6,751,558</u>	<u>\$17,561,847</u>

**IMPROVEMENT AND MAINTENANCE DISTRICT  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2009**

	<b>Old Colorado City Maintenance and Security District Fund</b>	<b>Norwood Special Improvement Maintenance District Fund</b>	<b>Briargate Special Improvement Maintenance District Fund</b>	<b>Stetson Hills Improvement Maintenance District Fund</b>
<b><u>ASSETS</u></b>				
Cash and investments	\$44,761	\$239,895	\$125,256	\$166,457
Accounts receivable (net of allowance for uncollectibles)	692	4,665	6,472	2,104
Property taxes receivable	91,766	605,662	809,483	266,713
<b>Total assets</b>	<b>137,219</b>	<b>850,222</b>	<b>941,211</b>	<b>435,274</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>Liabilities</b>				
Accounts payable	619	4,072	248	35
Accrued salaries and benefits	977	23,681	7,110	1,041
Deferred revenue - property taxes	91,766	605,662	809,483	266,713
<b>Total liabilities</b>	<b>93,362</b>	<b>633,415</b>	<b>816,841</b>	<b>267,789</b>
<b>Fund balances</b>				
Unreserved				
Encumbrances	-	15,670	-	-
Undesignated	43,857	201,137	124,370	167,485
<b>Total fund balances</b>	<b>43,857</b>	<b>216,807</b>	<b>124,370</b>	<b>167,485</b>
<b>Total liabilities and fund balances</b>	<b>\$137,219</b>	<b>\$850,222</b>	<b>\$941,211</b>	<b>\$435,274</b>

CITY OF COLORADO SPRINGS  
 COLORADO  
 Exhibit C-7

Woodstone Improvement Maintenance District Fund	Gateway Improvement Maintenance District Fund	Platte Avenue Improvement Maintenance District Fund	Total
\$89,974	\$6,052	\$67,941	\$740,336
126	22	-	14,081
17,182	2,714	-	1,793,520
107,282	8,788	67,941	2,547,937
50	39	-	5,063
-	-	-	32,809
17,182	2,714	-	1,793,520
17,232	2,753	-	1,831,392
-	-	-	15,670
90,050	6,035	67,941	700,875
90,050	6,035	67,941	716,545
\$107,282	\$8,788	\$67,941	\$2,547,937

**IMPROVEMENT AND MAINTENANCE DISTRICT  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
For the year ended December 31, 2009**

	<b>Old Colorado City Maintenance and Security District Fund</b>	<b>Norwood Special Improvement Maintenance District Fund</b>	<b>Briargate Special Improvement Maintenance District Fund</b>	<b>Stetson Hills Improvement Maintenance District Fund</b>
<b>Revenues</b>				
Taxes	\$94,266	\$650,010	\$864,575	\$280,090
Investment earnings	1,940	10,485	7,671	9,267
<b>Total revenues</b>	<b>96,206</b>	<b>660,495</b>	<b>872,246</b>	<b>289,357</b>
<b>Expenditures</b>				
Current				
Public works	104,497	609,002	800,937	316,562
<b>Total expenditures</b>	<b>104,497</b>	<b>609,002</b>	<b>800,937</b>	<b>316,562</b>
<b>Net change in fund balances</b>	<b>(8,291)</b>	<b>51,493</b>	<b>71,309</b>	<b>(27,205)</b>
<b>Fund balances - January 1</b>	<b>52,148</b>	<b>165,314</b>	<b>53,061</b>	<b>194,690</b>
<b>Fund balances - December 31</b>	<b>\$43,857</b>	<b>\$216,807</b>	<b>\$124,370</b>	<b>\$167,485</b>

CITY OF COLORADO SPRINGS  
 COLORADO  
 Exhibit C-8

Woodstone Improvement Maintenance District Fund	Gateway Improvement Maintenance District Fund	Platte Avenue Improvement Maintenance District Fund	Total
\$17,550	\$3,116	\$8,583	\$1,918,190
3,076	213	2,333	34,985
20,626	3,329	10,916	1,953,175
9,108	2,265	4,423	1,846,794
9,108	2,265	4,423	1,846,794
11,518	1,064	6,493	106,381
78,532	4,971	61,448	610,164
\$90,050	\$6,035	\$67,941	\$716,545

**PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2009**

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

	<b>Public Space and Development Fund</b>	<b>Subdivision Drainage Fund</b>	<b>Arterial Roadway Fund</b>	<b>Park Developer Easement Fund</b>	<b>Banning Lewis Ranch Fund</b>	<b>Total</b>
<b><u>ASSETS</u></b>						
Cash and investments	\$1,985,623	\$2,868,046	\$1,158,277	\$161,466	\$288,796	\$6,462,208
Accounts receivable (net of allowance for uncollectibles)	28,726	92,472	-	-	-	121,198
<b>Total assets</b>	<b>2,014,349</b>	<b>2,960,518</b>	<b>1,158,277</b>	<b>161,466</b>	<b>288,796</b>	<b>6,583,406</b>
<b><u>FUND BALANCE</u></b>						
<b>Fund balances</b>						
Unreserved						
Undesignated	2,014,349	2,960,518	1,158,277	161,466	288,796	6,583,406
<b>Total fund balance</b>	<b>2,014,349</b>	<b>2,960,518</b>	<b>1,158,277</b>	<b>161,466</b>	<b>288,796</b>	<b>6,583,406</b>
<b>Total fund balances</b>	<b>\$2,014,349</b>	<b>\$2,960,518</b>	<b>\$1,158,277</b>	<b>\$161,466</b>	<b>\$288,796</b>	<b>\$6,583,406</b>

**PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 For the year ended December 31, 2009**

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

	<b>Public Space and Development Fund</b>	<b>Subdivision Drainage Fund</b>	<b>Arterial Roadway Fund</b>	<b>Park Developer Easement Fund</b>	<b>Banning Lewis Ranch Fund</b>	<b>Total</b>
<b>Revenues</b>						
Charges for services	\$371,416	\$191,017	\$17,336	\$ -	\$85,727	\$665,496
Investment earnings	41,939	58,850	26,002	5,608	8,642	141,041
<b>Total revenues</b>	<b>413,355</b>	<b>249,867</b>	<b>43,338</b>	<b>5,608</b>	<b>94,369</b>	<b>806,537</b>
<b>Expenditures</b>						
Current						
Public works	263,012	292,856	-	-	1,715	557,583
<b>Total expenditures</b>	<b>263,012</b>	<b>292,856</b>	<b>-</b>	<b>-</b>	<b>1,715</b>	<b>557,583</b>
<b>Net change in fund balances</b>	<b>150,343</b>	<b>(42,989)</b>	<b>43,338</b>	<b>5,608</b>	<b>92,654</b>	<b>248,954</b>
<b>Fund balances - January 1</b>	<b>1,864,006</b>	<b>3,003,507</b>	<b>1,114,939</b>	<b>155,858</b>	<b>196,142</b>	<b>6,334,452</b>
<b>Fund balances - December 31</b>	<b>\$2,014,349</b>	<b>\$2,960,518</b>	<b>\$1,158,277</b>	<b>\$161,466</b>	<b>\$288,796</b>	<b>\$6,583,406</b>

**OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2009**

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

	<b>Cottonwood General Improvement District</b>	<b>Spring Creek General Improvement District</b>	<b>Briargate General Improvement District</b>	<b>MAB General Improvement District</b>	<b>Total</b>
<b><u>ASSETS</u></b>					
Cash and investments	\$511,697	\$102,749	\$62,296	\$134,471	\$811,213
Accounts receivable (net of allowance for uncollectibles)	6,038	2,321	3,956	501	12,816
Property taxes receivable	782,393	305,714	648,423	183,632	1,920,162
<b>Total assets</b>	<b>1,300,128</b>	<b>410,784</b>	<b>714,675</b>	<b>318,604</b>	<b>2,744,191</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>Liabilities</b>					
Deferred revenue - property taxes	782,393	305,714	648,423	183,632	1,920,162
<b>Total liabilities</b>	<b>782,393</b>	<b>305,714</b>	<b>648,423</b>	<b>183,632</b>	<b>1,920,162</b>
<b>Fund balances</b>					
Reserved for debt service	517,735	105,070	66,252	134,972	824,029
<b>Total fund balances</b>	<b>517,735</b>	<b>105,070</b>	<b>66,252</b>	<b>134,972</b>	<b>824,029</b>
<b>Total liabilities and fund balances</b>	<b>\$1,300,128</b>	<b>\$410,784</b>	<b>\$714,675</b>	<b>\$318,604</b>	<b>\$2,744,191</b>

**OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 For the year ended December 31, 2009**

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

	<b>Cottonwood General Improvement District</b>	<b>Spring Creek General Improvement District</b>	<b>Briargate General Improvement District</b>	<b>MAB General Improvement District</b>	<b>Total</b>
<b>Revenues</b>					
Taxes	\$841,624	\$323,891	\$549,585	\$69,720	\$1,784,820
Investment earnings	29,397	6,659	11,322	4,473	51,851
<b>Total revenues</b>	<b>871,021</b>	<b>330,550</b>	<b>560,907</b>	<b>74,193</b>	<b>1,836,671</b>
<b>Expenditures</b>					
Current					
Miscellaneous	4,297	4,297	5,346	1,250	15,190
Debt service					
Principal	595,000	145,000	-	-	740,000
Interest	209,275	144,845	579,000	181,350	1,114,470
<b>Total expenditures</b>	<b>808,572</b>	<b>294,142</b>	<b>584,346</b>	<b>182,600</b>	<b>1,869,660</b>
<b>Net change in fund balances</b>	<b>62,449</b>	<b>36,408</b>	<b>(23,439)</b>	<b>(108,407)</b>	<b>(32,989)</b>
<b>Fund balances - January 1</b>	<b>455,286</b>	<b>68,662</b>	<b>89,691</b>	<b>243,379</b>	<b>857,018</b>
<b>Fund balances - December 31</b>	<b>\$517,735</b>	<b>\$105,070</b>	<b>\$66,252</b>	<b>\$134,972</b>	<b>\$824,029</b>

OTHER SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 December 31, 2009

	Lodgers and Auto Rental Tax Fund	Street Tree Fund	Economic Development Fund	Gift Trust Fund	Senior Programs Fund
<b><u>ASSETS</u></b>					
Cash and investments	\$215,630	\$134,105	\$ -	\$3,864,694	\$474,492
Accounts receivable (net of allowances for uncollectibles)	342,494	-	-	6,820	21,441
Sales tax receivable	150,689	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<b>708,813</b>	<b>134,105</b>	<b>-</b>	<b>3,871,514</b>	<b>495,933</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>Liabilities</b>					
Accounts payable	-	800	-	6,220	1,294
Accrued salaries and benefits	-	-	-	-	3,274
Due to other funds	674,111	-	-	395	-
<b>Total liabilities</b>	<b>674,111</b>	<b>800</b>	<b>-</b>	<b>6,615</b>	<b>4,568</b>
<b>Fund balances</b>					
Unreserved					
Encumbrances	-	-	-	43,249	-
Designated - subsequent year expenditures	34,702	37,249	-	-	-
Undesignated	-	96,056	-	3,821,650	491,365
<b>Total fund balances</b>	<b>34,702</b>	<b>133,305</b>	<b>-</b>	<b>3,864,899</b>	<b>491,365</b>
<b>Total liabilities and fund balances</b>	<b>\$708,813</b>	<b>\$134,105</b>	<b>\$ -</b>	<b>\$3,871,514</b>	<b>\$495,933</b>

CITY OF COLORADO SPRINGS  
 COLORADO  
 Exhibit C-13

Therapeutic Recreation Fund	Cultural Affairs Fund	Total
\$22,604	\$655	\$4,712,180
-	-	370,755
-	-	150,689
2,001	-	2,001
<u>24,605</u>	<u>655</u>	<u>5,235,625</u>
-	-	8,314
2,001	-	5,275
-	-	674,506
<u>2,001</u>	<u>-</u>	<u>688,095</u>
-	-	43,249
-	-	71,951
22,604	655	4,432,330
<u>22,604</u>	<u>655</u>	<u>4,547,530</u>
<u>\$24,605</u>	<u>\$655</u>	<u>\$5,235,625</u>

**OTHER SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**For the year ended December 31, 2009**

	<b>Lodgers and Auto Rental Tax Fund</b>	<b>Street Tree Fund</b>	<b>Economic Development Fund</b>	<b>Gift Trust Fund</b>	<b>Senior Programs Fund</b>
<b>Revenues</b>					
Taxes	\$3,589,148	\$ -	\$ -	\$ -	\$ -
Donations	-	-	-	1,476,207	53,876
Investment earnings	3,199	2,890	-	34,577	10,016
<b>Total revenues</b>	<b>3,592,347</b>	<b>2,890</b>	<b>-</b>	<b>1,510,784</b>	<b>63,892</b>
<b>Expenditures</b>					
Current					
General government	45,413	-	-	-	-
Culture and recreation	-	19,171	-	1,472,664	64,962
Economic development	2,403,694	-	37,852	-	-
<b>Total expenditures</b>	<b>2,449,107</b>	<b>19,171</b>	<b>37,852</b>	<b>1,472,664</b>	<b>64,962</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,143,240</b>	<b>(16,281)</b>	<b>(37,852)</b>	<b>38,120</b>	<b>(1,070)</b>
<b>Other financing uses</b>					
Transfers - out	(1,143,296)	-	(253,051)	-	-
<b>Net change in fund balances</b>	<b>(56)</b>	<b>(16,281)</b>	<b>(290,903)</b>	<b>38,120</b>	<b>(1,070)</b>
<b>Fund balances - January 1</b>	<b>34,758</b>	<b>149,586</b>	<b>290,903</b>	<b>3,826,779</b>	<b>492,435</b>
<b>Fund balances - December 31</b>	<b>\$34,702</b>	<b>\$133,305</b>	<b>\$ -</b>	<b>\$3,864,899</b>	<b>\$491,365</b>

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

Therapeutic Recreation Fund	Cultural Affairs Fund	Total
\$ -	\$ -	\$3,589,148
-	-	1,530,083
789	23	51,494
789	23	5,170,725
-	-	45,413
345	-	1,557,142
-	-	2,441,546
345	-	4,044,101
444	23	1,126,624
-	-	(1,396,347)
444	23	(269,723)
22,160	632	4,817,253
<u>\$22,604</u>	<u>\$655</u>	<u>\$4,547,530</u>

**SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES-BUDGET AND ACTUAL  
For the year ended December 31, 2009**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Community Development Block Grant	\$2,576,259	\$2,576,259	\$ -
Home Investment Partnership Fund	1,371,358	1,371,358	-
Grants Fund	33,363,103	33,363,103	-
Ballfield Capital Improvements Fund	119,000	87,252	(31,748)
Bicycle Tax Fund	118,000	95,671	(22,329)
Trails/Open Space Fund	6,393,800	5,665,961	(727,839)
Conservation Trust Fund	3,938,097	3,737,985	(200,112)
Cable Franchise Fund	1,055,549	1,158,598	103,049
Public Safety Sales Tax Fund	23,461,908	22,233,491	(1,228,417)
Old Colorado City Maintenance and Security District Fund	104,056	96,206	(7,850)
Norwood Special Improvement Maintenance District Fund	694,967	660,495	(34,472)
Briargate Special Improvement Maintenance District Fund	913,935	872,246	(41,689)
Stetson Hills Improvement Maintenance District Fund	304,600	289,357	(15,243)
Woodstone Improvement Maintenance District Fund	21,733	20,626	(1,107)
Gateway Improvement Maintenance District Fund	3,708	3,329	(379)
Platte Avenue Improvement Maintenance District Fund	11,146	10,916	(230)
Public Space and Development Fund	800,000	413,355	(386,645)
Subdivision Drainage Fund	2,000,000	249,867	(1,750,133)
Arterial Roadway Fund	250,000	43,338	(206,662)
Park Developer Easement Fund	-	5,608	5,608
Banning Lewis Ranch Fund	145,000	94,369	(50,631)
Cottonwood General Improvement District	867,723	871,021	3,298
Spring Creek General Improvement District	329,408	330,550	1,142
Briargate General Improvement District	558,703	560,907	2,204
MAB General Improvement District	70,690	74,193	3,503
Lodgers and Auto Rental Tax Fund	4,322,793	3,592,347	(730,446)
Street Tree Fund	12,000	2,890	(9,110)
Economic Development Fund	9,413	-	(9,413)
Gift Trust Fund	1,900,000	1,510,784	(389,216)
Senior Programs Fund	15,000	63,892	48,892
Therapeutic Recreation Fund	500	789	289
Cultural Affairs Fund	-	23	23
Special Assessment District Fund	185,000	144,347	(40,653)
<b>Total revenues</b>	<b>\$85,917,449</b>	<b>\$80,201,133</b>	<b>(\$5,716,316)</b>

(continued)

**SPECIAL REVENUE FUNDS  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
For the year ended December 31, 2009**

	Final Budget	Actual	Variance Positive (Negative)
<b>Expenditures</b>			
Community Development Block Grant	\$2,576,259	\$2,576,259	\$ -
Home Investment Partnership Fund	1,371,358	1,371,358	-
Grants Fund	33,363,103	33,363,103	-
Ballfield Capital Improvements Fund	131,803	131,803	-
Bicycle Tax Fund	363,364	114,458	248,906
Trails/Open Space Fund	12,199,852	5,196,416	7,003,436
Conservation Trust Fund	5,907,755	4,200,997	1,706,758
Cable Franchise Fund	1,480,426	1,114,685	365,741
Public Safety Sales Tax Fund	26,890,245	22,768,953	4,121,292
Old Colorado City Maintenance and Security District Fund	119,056	104,497	14,559
Norwood Special Improvement Maintenance District Fund	755,390	609,002	146,388
Briargate Special Improvement Maintenance District Fund	913,935	800,937	112,998
Stetson Hills Improvement Maintenance District Fund	354,600	316,562	38,038
Woodstone Improvement Maintenance District Fund	21,733	9,108	12,625
Gateway Improvement Maintenance District Fund	8,008	2,265	5,743
Platte Avenue Improvement Maintenance District Fund	31,146	4,423	26,723
Public Space and Development Fund	1,238,059	263,012	975,047
Subdivision Drainage Fund	2,000,000	292,856	1,707,144
Arterial Roadway Fund	400,000	-	400,000
Banning Lewis Ranch Fund	3,250	1,715	1,535
Cottonwood General Improvement District	811,775	808,572	3,203
Spring Creek General Improvement District	295,310	294,142	1,168
Briargate General Improvement District	613,500	584,346	29,154
MAB General Improvement District	188,850	182,600	6,250
Lodgers and Auto Rental Tax Fund	4,147,139	3,592,403	554,736
Street Tree Fund	56,420	19,171	37,249
Economic Development Fund	221,127	290,903	(69,776)
Gift Trust Fund	1,927,830	1,472,664	455,166
Senior Programs Fund	88,000	64,962	23,038
Therapeutic Recreation Fund	500	345	155
Special Assessment District Fund	185,000	127,799	57,201
<b>Total expenditures</b>	<b>\$98,664,793</b>	<b>\$80,680,316</b>	<b>\$17,984,477</b>

Note: Includes transfers.



CITY OF COLORADO SPRINGS

# CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

***SCIP Construction fund***

***City Funded CIP Construction fund***

***Red Rock Canyon COP fund***

***USOC EDA fund***

	SCIP Construction Fund	City Funded CIP Construction Fund	Red Rock Canyon COP Fund	USOC EDA Fund	Total
<b><u>ASSETS</u></b>					
Cash and investments	\$94,009	\$6,864,245	\$ -	\$ -	\$6,958,254
Accounts receivable	-	51,406	-	-	51,406
Due from other funds	-	1,061,930	-	-	1,061,930
Restricted investments	-	-	-	2,887,141	2,887,141
<b>Total assets</b>	<b>94,009</b>	<b>7,977,581</b>	<b>-</b>	<b>2,887,141</b>	<b>10,958,731</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>Liabilities</b>					
Accounts payable	55,443	85,436	-	661,849	802,728
Due to other funds	-	4,669,683	-	373,228	5,042,911
<b>Total liabilities</b>	<b>55,443</b>	<b>4,755,119</b>	<b>-</b>	<b>1,035,077</b>	<b>5,845,639</b>
<b>Fund balances</b>					
Reserved for					
Encumbrances	-	453,862	-	1,763,096	2,216,958
Unreserved					
Designated - subsequent year expenditures	38,566	2,768,600	-	88,968	2,896,134
<b>Total fund balances</b>	<b>38,566</b>	<b>3,222,462</b>	<b>-</b>	<b>1,852,064</b>	<b>5,113,092</b>
<b>Total liabilities and fund balances</b>	<b>\$94,009</b>	<b>\$7,977,581</b>	<b>\$ -</b>	<b>\$2,887,141</b>	<b>\$10,958,731</b>

**CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
For the year ended December 31, 2009**

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

	SCIP Construction Fund	City Funded CIP Construction Fund	Red Rock Canyon COP Fund	USOC EDA Fund	Total
<b>Revenues</b>					
Other revenue	\$ -	\$197,238	\$ -	\$ -	\$197,238
Investment earnings	6,851	254,660	4,972	-	266,483
<b>Total revenues</b>	<b>6,851</b>	<b>451,898</b>	<b>4,972</b>	<b>-</b>	<b>463,721</b>
<b>Expenditures</b>					
Debt service					
Principal	34,050	2,437,368	-	-	2,471,418
Interest	515,950	1,536,358	238,643	74,234	2,365,185
Issuance expense	-	-	-	1,028,220	1,028,220
Capital outlay	839,099	3,539,722	33,248	29,523,202	33,935,271
<b>Total expenditures</b>	<b>1,389,099</b>	<b>7,513,448</b>	<b>271,891</b>	<b>30,625,656</b>	<b>39,800,094</b>
<b>Deficiency of revenues over expenditures</b>	<b>(1,382,248)</b>	<b>(7,061,550)</b>	<b>(266,919)</b>	<b>(30,625,656)</b>	<b>(39,336,373)</b>
<b>Other financing sources (uses)</b>					
Transfers - in	-	4,278,085	-	-	4,278,085
Transfers - out	-	-	(1,347,198)	-	(1,347,198)
Issuance of debt	-	-	-	31,470,000	31,470,000
Premium on bonds issued	-	-	-	1,007,720	1,007,720
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>4,278,085</b>	<b>(1,347,198)</b>	<b>32,477,720</b>	<b>35,408,607</b>
<b>Net change in fund balances</b>	<b>(1,382,248)</b>	<b>(2,783,465)</b>	<b>(1,614,117)</b>	<b>1,852,064</b>	<b>(3,927,766)</b>
<b>Fund balances - January 1</b>	<b>1,420,814</b>	<b>6,005,927</b>	<b>1,614,117</b>	<b>-</b>	<b>9,040,858</b>
<b>Fund balances - December 31</b>	<b>\$38,566</b>	<b>\$3,222,462</b>	<b>\$ -</b>	<b>\$1,852,064</b>	<b>\$5,113,092</b>

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

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

Financial Planning 02/01  
Form # 350-050-36

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: City of Colorado Springs
	YEAR ENDING : December 2009
This Information From The Records of City of Colorado Springs	Prepared By: Financial Services Department Phone: (719) 385-5909

**I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE**

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

**II. RECEIPTS FOR ROAD AND STREET PURPOSES**

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	34,306,866
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	12,048,063
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	397,200
2. General fund appropriations	39,537,815	b. Snow and ice removal	602,765
3. Other local imposts (from page 2)	15,230,422	c. Other	
4. Miscellaneous local receipts (from page 2)	4,291,647	d. Total (a. through c.)	999,965
5. Transfers from toll facilities		4. General administration & miscellaneous	6,360,506
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	17,138,024
a. Bonds - Original Issues		6. Total (1 through 5)	70,853,424
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	529,873
7. Total (1 through 6)	59,059,884	b. Redemption	3,577,485
<b>B. Private Contributions</b>		c. Total (a. + b.)	4,107,358
<b>C. Receipts from State government</b> (from page 2)	15,599,711	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	167,006	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	74,826,601	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	4,107,358
		<b>C. Payments to State for highways</b>	211,722
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	75,172,504

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	23,312,662		3,577,485	19,735,177
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>				0

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	388,406	74,826,601	75,172,504	42,503	0

Notes and Comments:

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

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE: Colorado
	YEAR ENDING (mm/yy): December 2009

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	216,114
b. Other local imposts:		b. Traffic Fines & Penalties	4,075,533
1. Sales Taxes	12,055,866	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	760,855	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	2,413,701	g. Other Misc. Receipts	
6. Total (1. through 5.)	15,230,422	h. Other	
c. Total (a. + b.)	15,230,422	i. Total (a. through h.)	4,291,647
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	14,251,173	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	167,006
c. Motor Vehicle Registrations	1,348,538	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	1,348,538	g. Total (a. through f.)	167,006
4. Total (1. + 2. + 3.f)	15,599,711	3. Total (1. + 2.g)	
			(Carry forward to page 1)

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL**

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs		7,422,149	7,422,149
b. Engineering Costs		5,815,361	5,815,361
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements		2,788,620	2,788,620
(3). System Preservation	1,644,145	11,442,304	13,086,449
(4). System Enhancement & Operation		5,194,287	5,194,287
(5). Total Construction (1) + (2) + (3) + (4)	1,644,145	19,425,211	21,069,356
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	1,644,145	32,662,721	34,306,866
			(Carry forward to page 1)

Notes and Comments:



CITY OF COLORADO SPRINGS

# PERMANENT FUNDS

---

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

***Cemetery Endowment fund***

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

***C.D. Smith and TOPS Maintenance Trust funds***

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

PERMANENT FUNDS  
 COMBINING BALANCE SHEET  
 December 31, 2009

CITY OF COLORADO SPRINGS  
 COLORADO  
 Exhibit E-1

	C.D. Smith Trust Fund	Cemetery Endowment Fund	TOPS Maintenance Trust Fund	Total
<b><u>ASSETS</u></b>				
Cash and investments	\$237,757	\$19,926	\$800,250	\$1,057,933
Accounts receivable (net of allowance for uncollectibles)	-	419	-	419
Restricted investments	526,155	7,902,677	-	8,428,832
<b>Total assets</b>	<b>763,912</b>	<b>7,923,022</b>	<b>800,250</b>	<b>9,487,184</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>Liabilities</b>				
Accounts payable	270	-	-	270
Due to other funds	220	-	-	220
<b>Total liabilities</b>	<b>490</b>	<b>-</b>	<b>-</b>	<b>490</b>
<b>Fund balances</b>				
Reserved for endowments	763,422	7,923,022	800,250	9,486,694
<b>Total fund balances</b>	<b>763,422</b>	<b>7,923,022</b>	<b>800,250</b>	<b>9,486,694</b>
<b>Total liabilities and fund balances</b>	<b>\$763,912</b>	<b>\$7,923,022</b>	<b>\$800,250</b>	<b>\$9,487,184</b>

**PERMANENT FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 For the year ended December 31, 2009**

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

	C.D. Smith Trust Fund	Cemetery Endowment Fund	TOPS Maintenance Trust Fund	Total
<b>Revenues</b>				
Endowments	\$ -	\$84,680	\$ -	\$84,680
Investment earnings	113,782	1,304,879	27,795	1,446,456
<b>Total revenues</b>	<b>113,782</b>	<b>1,389,559</b>	<b>27,795</b>	<b>1,531,136</b>
<b>Expenditures</b>				
Current				
Culture and recreation	51,186	-	-	51,186
<b>Total expenditures</b>	<b>51,186</b>	<b>-</b>	<b>-</b>	<b>51,186</b>
<b>Excess of revenues over expenditures</b>	<b>62,596</b>	<b>1,389,559</b>	<b>27,795</b>	<b>1,479,950</b>
<b>Fund balances - January 1</b>	<b>700,826</b>	<b>6,533,463</b>	<b>772,455</b>	<b>8,006,744</b>
<b>Fund balances - December 31</b>	<b>\$763,422</b>	<b>\$7,923,022</b>	<b>\$800,250</b>	<b>\$9,486,694</b>

**PERMANENT FUNDS**  
**SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL**  
**For the year ended December 31, 2009**

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

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
C.D. Smith Trust Fund	\$85,600	\$113,782	\$28,182
Cemetery Endowment Fund	250,000	1,389,559	1,139,559
TOPS Maintenance Trust Fund	11,500	27,795	16,295
<b>Total revenues</b>	<b>\$347,100</b>	<b>\$1,531,136</b>	<b>\$1,184,036</b>
<b>Expenditures</b>			
C.D. Smith Trust Fund	100,000	51,186	48,814
Cemetery Endowment Fund	250,000	-	250,000
TOPS Maintenance Trust Fund	11,500	-	11,500
<b>Total expenditures</b>	<b>\$361,500</b>	<b>\$51,186</b>	<b>\$310,314</b>

# NON-MAJOR PROPRIETARY FUNDS

## ENTERPRISE FUNDS

---

Enterprise Funds account for the acquisition, operations and maintenance of the City's facilities and services supported by user charges or those for which the City has decided that periodic determination of the revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

***Patty Jewett Golf fund***

Used to account for the activities of the City owned golf course.

***Valley Hi Golf fund***

Used to account for the activities of the City owned golf course.

***Pikes Peak Highway fund***

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

***Human Services Complex fund***

Used to account for the City owned Senior Citizen Center complex.

***Cemetery fund***

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

***Development Review fund***

Used to account for certain activities related to development review.

***Stormwater fund***

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

**NON-MAJOR ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2009**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and investments	\$1,201,178	\$436,941	\$2,817,498	\$870,118
Accounts receivable (net of allowance for uncollectibles)	9,215	2,412	26,197	1,000
Inventories	-	-	74,224	-
Prepays	-	-	-	-
<b>Total current assets</b>	<b>1,210,393</b>	<b>439,353</b>	<b>2,917,919</b>	<b>871,118</b>
<b>Noncurrent assets</b>				
Capital assets:				
Land	60,000	931,200	667	537,000
Buildings	1,872,181	282,508	4,432,941	2,553,590
Improvements other than buildings	1,758,729	1,510,289	7,091,090	553,006
Machinery and equipment	2,020,724	826,653	1,957,026	-
Infrastructure	-	-	-	-
Construction in progress	-	-	-	-
Less accumulated depreciation	(3,914,818)	(2,025,056)	(5,821,029)	(1,659,117)
<b>Total noncurrent assets</b>	<b>1,796,816</b>	<b>1,525,594</b>	<b>7,660,695</b>	<b>1,984,479</b>
<b>Total assets</b>	<b>\$3,007,209</b>	<b>\$1,964,947</b>	<b>\$10,578,614</b>	<b>\$2,855,597</b>

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$94,462	\$356,069	\$11,136,096	\$16,912,362
193,800	2,460	1,916,929	2,152,013
-	-	-	74,224
5,760	540	-	6,300
294,022	359,069	13,053,025	19,144,899
81,379	-	-	1,610,246
514,720	80,173	-	9,736,113
1,649,014	80,289	-	12,642,417
403,678	127,459	1,633,089	6,968,629
-	-	2,568,286	2,568,286
-	-	8,527,249	8,527,249
(1,293,525)	(136,538)	(306,820)	(15,156,903)
1,355,266	151,383	12,421,804	26,896,037
\$1,649,288	\$510,452	\$25,474,829	\$46,040,936

(continued)

**NON-MAJOR ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2009**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b>Current liabilities</b>				
Accounts payable	\$15,547	\$7,599	\$1,794	\$1,348
Accrued salaries and benefits	9,540	4,113	17,947	1,033
Compensated absences	3,627	1,363	6,662	131
Due to other funds	125	188	2,010	-
Deferred revenue	18,475	6,820	-	-
Accrued interest payable	-	-	-	-
Notes payable	-	-	53,334	-
Capital lease payable	57,919	66,695	118,129	-
<b>Total current liabilities</b>	<b>105,233</b>	<b>86,778</b>	<b>199,876</b>	<b>2,512</b>
<b>Noncurrent liabilities</b>				
Compensated absences	68,919	25,888	126,585	2,493
Due to other funds	-	-	-	-
Notes payable	-	-	667,444	-
Capital lease payable	60,200	-	573,445	-
<b>Total noncurrent liabilities</b>	<b>129,119</b>	<b>25,888</b>	<b>1,367,474</b>	<b>2,493</b>
<b>Total liabilities</b>	<b>234,352</b>	<b>112,666</b>	<b>1,567,350</b>	<b>5,005</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	1,678,696	1,458,899	6,969,122	1,984,479
Restricted for debt service	-	-	286,000	-
Unrestricted	1,094,161	393,382	1,756,142	866,113
<b>Total net assets</b>	<b>2,772,857</b>	<b>1,852,281</b>	<b>9,011,264</b>	<b>2,850,592</b>
<b>Total liabilities and net assets</b>	<b>\$3,007,209</b>	<b>\$1,964,947</b>	<b>\$10,578,614</b>	<b>\$2,855,597</b>

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$13,068	\$5,216	\$1,806,943	\$1,851,515
42,390	15,518	35,692	126,233
3,684	5,059	8,042	28,568
1,519	-	50,095	53,937
-	-	-	25,295
-	-	4,296	4,296
-	-	-	53,334
-	-	-	242,743
60,661	25,793	1,905,068	2,385,921
69,996	96,113	152,789	542,783
-	-	52,386	52,386
-	-	-	667,444
-	-	-	633,645
69,996	96,113	205,175	1,896,258
130,657	121,906	2,110,243	4,282,179
1,355,266	151,383	12,421,804	26,019,649
-	-	-	286,000
163,365	237,163	10,942,782	15,453,108
1,518,631	388,546	23,364,586	41,758,757
<b>\$1,649,288</b>	<b>\$510,452</b>	<b>\$25,474,829</b>	<b>\$46,040,936</b>

**NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET ASSETS  
For the year ended December 31, 2009**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
<b>Operating revenues</b>				
Charges for services	\$2,072,380	\$1,212,346	\$3,397,338	\$271,890
<b>Operating expenses</b>				
Salaries and benefits	734,853	355,451	1,225,758	87,810
Other operating expenses	1,295,514	801,618	818,637	204,536
Depreciation	305,179	105,731	552,981	85,023
<b>Total operating expenses</b>	2,335,546	1,262,800	2,597,376	377,369
<b>Operating income (loss)</b>	(263,166)	(50,454)	799,962	(105,479)
<b>Nonoperating revenues (expenses)</b>				
Investment earnings	30,910	9,183	74,465	19,959
Interest expense	(6,846)	(5,785)	(41,164)	-
Gain (loss) on disposal of capital assets	(12,575)	-	103,173	-
<b>Total nonoperating revenues (expenses)</b>	11,489	3,398	136,474	19,959
Income (loss) before contributions and transfers	(251,677)	(47,056)	936,436	(85,520)
Capital contributions	-	-	-	-
Transfers in	-	-	216,012	-
<b>Change in net assets</b>	(251,677)	(47,056)	1,152,448	(85,520)
<b>Total net assets - January 1</b>	3,024,534	1,899,337	7,858,816	2,936,112
<b>Total net assets - December 31</b>	\$2,772,857	\$1,852,281	\$9,011,264	\$2,850,592

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$1,086,513	\$1,200,696	\$15,248,387	\$24,489,550
578,932	1,235,512	2,339,713	6,558,029
660,699	427,579	11,074,781	15,283,364
85,189	17,428	208,380	1,359,911
1,324,820	1,680,519	13,622,874	23,201,304
(238,307)	(479,823)	1,625,513	1,288,246
163,424	2,576	270,509	571,026
-	-	(78,524)	(132,319)
1,954	-	-	92,552
165,378	2,576	191,985	531,259
(72,929)	(477,247)	1,817,498	1,819,505
-	-	1,298,669	1,298,669
-	-	-	216,012
(72,929)	(477,247)	3,116,167	3,334,186
1,591,560	865,793	20,248,419	38,424,571
\$1,518,631	\$388,546	\$23,364,586	\$41,758,757

**NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the year ended December 31, 2009**

	<b>Patty Jewett Golf Fund</b>	<b>Valley Hi Golf Fund</b>	<b>Pikes Peak Highway Fund</b>	<b>Human Services Complex Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$2,074,222	\$1,203,203	\$3,427,200	\$195,765
Receipts from interfund services provided	-	9,250	-	76,125
Payments to suppliers	(920,583)	(526,622)	(285,657)	(157,262)
Payments to employees	(757,587)	(367,678)	(1,269,218)	(89,109)
Payments for interfund services used	(390,086)	(306,898)	(526,397)	(46,283)
<b>Net cash provided (used) by operating activities</b>	<b>5,966</b>	<b>11,255</b>	<b>1,345,928</b>	<b>(20,764)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in from other funds	-	-	216,012	-
<b>Net cash provided by noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>216,012</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	(74,826)	(11,500)	(912,924)	-
Capital contributions	288,152	-	-	-
Payments from accounts payable incurred for capital asset additions	-	-	-	-
Principal paid on capital debt	-	-	(51,263)	-
Interest paid on capital debt	-	-	(30,374)	-
Repayment of capital lease obligations	(55,725)	(63,866)	(136,071)	-
Interest paid - other	(6,846)	(5,785)	(4,167)	-
Proceeds from sale of capital assets	939	-	10,937	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>151,694</b>	<b>(81,151)</b>	<b>(1,123,862)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales and maturities of investments	632,555	340,369	1,423,836	575,389
Purchases of investments	(911,846)	(331,694)	(2,138,839)	(660,531)
Interest and dividends received	41,399	16,073	97,397	30,824
<b>Net cash provided (used) by investing activities</b>	<b>(237,892)</b>	<b>24,748</b>	<b>(617,606)</b>	<b>(54,318)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(80,232)</b>	<b>(45,148)</b>	<b>(179,528)</b>	<b>(75,082)</b>
<b>Cash and cash equivalents - January 1</b>	<b>124,995</b>	<b>61,430</b>	<b>284,523</b>	<b>107,507</b>
<b>Cash and cash equivalents - December 31</b>	<b>44,763</b>	<b>16,282</b>	<b>104,995</b>	<b>32,425</b>
Cash and cash equivalents	44,763	16,282	104,995	32,425
Investments	1,156,415	420,659	2,712,503	837,693
<b>Total cash and investments</b>	<b>\$1,201,178</b>	<b>\$436,941</b>	<b>\$2,817,498</b>	<b>\$870,118</b>

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$1,082,529	\$1,136,884	\$16,049,991	\$25,169,794
-	61,351	-	146,726
(366,605)	(235,415)	(9,173,101)	(11,665,245)
(689,512)	(1,349,439)	(2,664,171)	(7,186,714)
(286,524)	(189,181)	(1,270,488)	(3,015,857)
(260,112)	(575,800)	2,942,231	3,448,704
-	-	-	216,012
-	-	-	216,012
-	-	(5,510,024)	(6,509,274)
-	-	822,329	1,110,481
-	-	(566,729)	(566,729)
-	-	(1,168,717)	(1,219,980)
-	-	(90,340)	(120,714)
-	-	-	(255,662)
-	-	(25,205)	(42,003)
1,954	-	-	13,830
1,954	-	(6,538,686)	(7,590,051)
143,178	724,015	10,191,584	14,030,926
(71,708)	(270,301)	(8,453,714)	(12,838,633)
166,854	20,643	488,393	861,583
238,324	474,357	2,226,263	2,053,876
(19,834)	(101,443)	(1,370,192)	(1,871,459)
23,354	114,712	1,785,182	2,501,703
3,520	13,269	414,990	630,244
3,520	13,269	414,990	630,244
90,942	342,800	10,721,106	16,282,118
\$94,462	\$356,069	\$11,136,096	\$16,912,362

(continued)

**NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the year ended December 31, 2009**

	<b>Patty Jewett Golf Fund</b>	<b>Valley Hi Golf Fund</b>	<b>Pikes Peak Highway Fund</b>	<b>Human Services Complex Fund</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	(\$263,166)	(\$50,454)	\$799,962	(\$105,479)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	305,179	105,731	552,981	85,023
Change in assets and liabilities				
(Increase) decrease in accounts receivable	742	4,522	29,860	-
Decrease in inventories	-	-	6,613	-
Increase in prepaids	-	-	-	-
Increase (decrease) in accounts and other payables	(14,314)	(26,688)	670	1,253
Decrease in accrued expenses	(22,733)	(12,226)	(43,478)	(1,299)
Increase (decrease) in due to other funds	(842)	(5,215)	(680)	(262)
Increase (decrease) in other liabilities	1,100	(4,415)	-	-
<b>Net cash provided (used) by operating activities</b>	<b>\$5,966</b>	<b>\$11,255</b>	<b>\$1,345,928</b>	<b>(\$20,764)</b>
<b>Noncash investing, capital and financing activities</b>				
Noncash acquisition of capital assets				
(incurrence of payable/capital lease obligation)	\$ -	\$ -	\$706,829	\$ -
Decrease in fair value of investments	(10,489)	(6,890)	(22,932)	(10,865)

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
(\$238,307)	(\$479,823)	\$1,625,513	\$1,288,246
85,189	17,428	208,380	1,359,911
(3,985)	(2,460)	1,603,474	1,632,153
-	-	-	6,613
(5,760)	(540)	-	(6,300)
7,021	2,982	1,248,254	1,219,178
(104,821)	(113,387)	(119,306)	(417,250)
551	-	(822,214)	(828,662)
-	-	(801,870)	(805,185)
<u>(\$260,112)</u>	<u>(\$575,800)</u>	<u>\$2,942,231</u>	<u>\$3,448,704</u>

\$	-	\$	-	\$326,709	\$1,033,538
	(3,430)		(18,067)	(217,884)	(290,557)



CITY OF COLORADO SPRINGS

# NON-MAJOR PROPRIETARY FUNDS

## INTERNAL SERVICE FUNDS

---

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis.

***Support Services fund***

Used to account for centralized fleet management, information services and risk and safety administration activities.

***Claims Reserve Self-Insurance fund***

Used to account for self-insurance activities of the City (except Utilities and MHS) in the area of general liability.

***Workers' Compensation Self-Insurance fund***

Used to account for the self-insurance activities related to employee workers' compensation (except MHS).

***Employee Benefits Self-Insurance fund***

Used to account for self-insurance activities of the City employee benefit program (except Utilities and MHS).

**INTERNAL SERVICE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2009**

<u>ASSETS</u>	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers' Compensation Self-Insurance Fund
<b>Current assets</b>			
Cash and investments	\$589,542	\$1,782,915	\$1,752,320
Accounts receivable (net of allowance for uncollectibles)	71,015	-	880
Inventories	1,169,536	-	-
Prepays	13,896	-	-
Due from other funds	1,296,646	-	32,961
<b>Total current assets</b>	<b>3,140,635</b>	<b>1,782,915</b>	<b>1,786,161</b>
<b>Noncurrent assets</b>			
Capital assets			
Land	13,000	-	-
Buildings	380,967	-	6,850
Improvements other than buildings	396,917	-	-
Machinery and equipment	3,134,191	-	49,850
Less accumulated depreciation	(3,710,454)	-	(32,346)
<b>Total noncurrent assets</b>	<b>214,621</b>	<b>-</b>	<b>24,354</b>
<b>Total assets</b>	<b>3,355,256</b>	<b>1,782,915</b>	<b>1,810,515</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>			
<b>Current liabilities</b>			
Accounts payable	638,909	999,642	6,204,255
Accrued salaries and benefits	116,851	1,382	9,425
Compensated absences	43,618	754	2,260
Deferred revenue	2,580	-	-
Due to other funds	58,340	-	40,533
Capital lease payable	2,327	-	-
<b>Total current liabilities</b>	<b>862,625</b>	<b>1,001,778</b>	<b>6,256,473</b>
<b>Noncurrent liabilities</b>			
Compensated absences	828,737	14,319	42,933
Capital lease obligations	10,340	-	-
<b>Total noncurrent liabilities</b>	<b>839,077</b>	<b>14,319</b>	<b>42,933</b>
<b>Total liabilities</b>	<b>1,701,702</b>	<b>1,016,097</b>	<b>6,299,406</b>
<b>Net assets (deficit)</b>			
Invested in capital assets, net of related debt	201,954	-	24,354
Unrestricted	1,451,600	766,818	(4,513,245)
<b>Total net assets (deficit)</b>	<b>1,653,554</b>	<b>766,818</b>	<b>(4,488,891)</b>
<b>Total liabilities and net assets</b>	<b>\$3,355,256</b>	<b>\$1,782,915</b>	<b>\$1,810,515</b>

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

<b>Employee Benefits Self-Insurance Fund</b>	<b>Total</b>
\$1,701,233	\$5,826,010
138,666	210,561
-	1,169,536
-	13,896
2,464	1,332,071
<u>1,842,363</u>	<u>8,552,074</u>
-	13,000
-	387,817
-	396,917
-	3,184,041
-	(3,742,800)
-	<u>238,975</u>
<u>1,842,363</u>	<u>8,791,049</u>
3,420,858	11,263,664
3,755	131,413
511	47,143
297,346	299,926
15,734	114,607
-	2,327
<u>3,738,204</u>	<u>11,859,080</u>
9,701	895,690
-	10,340
<u>9,701</u>	<u>906,030</u>
<u>3,747,905</u>	<u>12,765,110</u>
-	226,308
(1,905,542)	(4,200,369)
<u>(1,905,542)</u>	<u>(3,974,061)</u>
<u>\$1,842,363</u>	<u>\$8,791,049</u>

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET ASSETS  
For the year ended December 31, 2009**

	<b>Support Services Fund</b>	<b>Claims Reserve Self-Insurance Fund</b>	<b>Workers' Compensation Self-Insurance Fund</b>
<b>Operating revenues</b>			
Charges for services	\$23,256,170	\$621,536	\$5,821,772
<b>Operating expenses</b>			
Salaries and benefits	6,754,156	84,413	761,786
Other operating expenses	16,872,089	436,933	5,919,471
Depreciation	93,483	-	3,500
<b>Total operating expenses</b>	<b>23,719,728</b>	<b>521,346</b>	<b>6,684,757</b>
<b>Operating income (loss)</b>	<b>(463,558)</b>	<b>100,190</b>	<b>(862,985)</b>
<b>Nonoperating revenues (expenses)</b>			
Investment earnings (loss)	(33,189)	39,034	38,288
Interest expense	(881)	-	-
Gain on disposal of fixed assets	18,816	-	-
Miscellaneous	(3,407)	-	-
<b>Total nonoperating revenues</b>	<b>(18,661)</b>	<b>39,034</b>	<b>38,288</b>
Income (loss) before contributions and transfers	(482,219)	139,224	(824,697)
Transfers - in	-	-	-
<b>Change in net assets</b>	<b>(482,219)</b>	<b>139,224</b>	<b>(824,697)</b>
<b>Total net assets (deficit) - January 1</b>	<b>2,135,773</b>	<b>627,594</b>	<b>(3,664,194)</b>
<b>Total net assets (deficit) - December 31</b>	<b>\$1,653,554</b>	<b>\$766,818</b>	<b>(\$4,488,891)</b>

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

<b>Employee Benefits Self-Insurance Fund</b>	<b>Total</b>
\$25,803,890	\$55,503,368
206,984	7,807,339
25,954,594	49,183,087
-	96,983
26,161,578	57,087,409
(357,688)	(1,584,041)
27,433	71,566
-	(881)
-	18,816
-	(3,407)
27,433	86,094
(330,255)	(1,497,947)
1,450,000	1,450,000
1,119,745	(47,947)
(3,025,287)	(3,926,114)
(\$1,905,542)	(\$3,974,061)

**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**For the year ended December 31, 2009**

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers' Compensation Self-Insurance Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$739,235	\$ -	\$2,904
Receipts from interfund services provided	22,846,684	621,686	6,100,907
Payments to suppliers	(16,157,066)	(756,654)	(4,570,195)
Payments to employees	(8,059,840)	(67,958)	(814,511)
Payments for interfund services used	(2,087,867)	(177)	(841,390)
<b>Net cash used by operating activities</b>	<b>(2,718,854)</b>	<b>(203,103)</b>	<b>(122,285)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfer in from other funds	-	-	-
<b>Net cash provided by noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	(44,501)	-	-
Repayment of capital lease obligations	(28,086)	-	-
Interest paid - other	(881)	-	-
Proceeds from sales of capital assets	522,044	-	-
<b>Net cash provided by capital and related financing activities</b>	<b>448,576</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sales and maturities of investments	2,353,748	1,317,511	1,229,020
Purchases of investments	(447,537)	(1,353,459)	(1,330,234)
Interest and dividends received	28,927	65,158	62,127
<b>Net cash provided (used) by investing activities</b>	<b>1,935,138</b>	<b>29,210</b>	<b>(39,087)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(335,140)</b>	<b>(173,893)</b>	<b>(161,372)</b>
<b>Cash and cash equivalents - January 1</b>	<b>357,110</b>	<b>240,333</b>	<b>226,673</b>
<b>Cash and cash equivalents - December 31</b>	<b>21,970</b>	<b>66,440</b>	<b>65,301</b>
Cash and cash equivalents	21,970	66,440	65,301
Investments	567,572	1,716,475	1,687,019
<b>Total cash and investments</b>	<b>\$589,542</b>	<b>\$1,782,915</b>	<b>\$1,752,320</b>

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

Employee Benefits Self-Insurance Fund	Total
\$5,515,711	\$6,257,850
20,575,924	50,145,201
(19,583,749)	(41,067,664)
(206,946)	(9,149,255)
(6,853,178)	(9,782,612)
(552,238)	(3,596,480)
1,450,000	1,450,000
1,450,000	1,450,000
-	(44,501)
-	(28,086)
-	(881)
-	522,044
-	448,576
334,653	5,234,932
(1,291,451)	(4,422,681)
26,640	182,852
(930,158)	995,103
(32,396)	(702,801)
95,794	919,910
63,398	217,109
63,398	217,109
1,637,835	5,608,901
\$1,701,233	\$5,826,010

(continued)

**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2009

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers' Compensation Self-Insurance Fund
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating income (loss)	(\$463,558)	\$100,190	(\$862,985)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation expense	93,483	-	3,500
Change in assets and liabilities			
(Increase) decrease in accounts receivable	148,841	150	(60)
Increase in inventories	(62,611)	-	-
Increase in prepaids	(13,896)	-	-
(Increase) decrease in due from other funds	178,328	-	282,099
Increase (decrease) in accounts and other payables	199,480	(319,898)	467,353
Increase (decrease) in accrued expenses	(1,305,684)	16,455	(52,725)
Increase in deferred revenue	2,580	-	-
Increase (decrease) in due to other funds	(1,495,817)	-	40,533
<b>Net cash used by operating activities</b>	<b>(\$2,718,854)</b>	<b>(\$203,103)</b>	<b>(\$122,285)</b>
<b>Noncash investing, capital and financing activities</b>			
Increase (decrease) in fair value of investments	(\$62,116)	(\$26,124)	(\$23,839)

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

Employee Benefits Self-Insurance Fund	Total
(\$357,688)	(\$1,584,041)
-	96,983
(7,137)	141,794
-	(62,611)
-	(13,896)
(2,464)	457,963
(493,876)	(146,941)
38	(1,341,916)
297,346	299,926
11,543	(1,443,741)
<u>(\$552,238)</u>	<u>(\$3,596,480)</u>
\$793	(\$111,286)



CITY OF COLORADO SPRINGS

# FIDUCIARY FUNDS

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Fiduciary funds are used to account for the assets held by the City in a trustee capacity or as an agent for other agencies, individuals, private organizations or governmental units and cannot be used to support City programs.

## **Pension Trust:**

### ***Fire and Police Pension Trust funds***

Used to account for assets of the Colorado Springs Fire and Police pension plans. Includes Old Hire Fire and Old Hire Police Trust funds.

## **Agency:**

### ***Miscellaneous Depository Agency fund***

Used to account for assets that the City holds on behalf of others as their agent.

**FIDUCIARY FUNDS  
 COMBINING STATEMENT OF PLAN NET ASSETS  
 December 31, 2009**

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

	<b>Old Hire Fire Pension Trust Fund</b>	<b>Old Hire Police Pension Trust Fund</b>	<b>Totals</b>
<b>Pension assets held in trust by Fire and Police Pension Association</b>	<u>\$77,543,903</u>	<u>\$64,891,188</u>	<u>\$142,435,091</u>
<b>Net assets - held in trust for pension benefits</b>	<u>\$77,543,903</u>	<u>\$64,891,188</u>	<u>\$142,435,091</u>

**FIDUCIARY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS**  
**For the year ended December 31, 2009**

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

	Old Hire Fire Pension Trust Fund	Old Hire Police Pension Trust Fund	Totals
<b>Additions</b>			
City contributions	\$377,292	\$534,292	\$911,584
Participant contributions	17,026	8,308	25,334
<b>Total contributions</b>	<b>394,318</b>	<b>542,600</b>	<b>936,918</b>
Investment earnings:			
Interest and dividend income	1,321,678	1,107,177	2,428,855
Rental income	107	89	196
Net increase in fair value of investments	12,280,024	10,286,619	22,566,643
<b>Total investment gain</b>	<b>13,601,809</b>	<b>11,393,885</b>	<b>24,995,694</b>
Less investment expenses	558,111	467,773	1,025,884
<b>Net investment gain</b>	<b>13,043,698</b>	<b>10,926,112</b>	<b>23,969,810</b>
<b>Total additions</b>	<b>13,438,016</b>	<b>11,468,712</b>	<b>24,906,728</b>
<b>Deductions</b>			
Benefits	(8,025,436)	(6,976,007)	(15,001,443)
<b>Total deductions</b>	<b>(8,025,436)</b>	<b>(6,976,007)</b>	<b>(15,001,443)</b>
Change in net assets	5,412,580	4,492,705	9,905,285
<b>Net assets held in trust for pension benefits - January 1</b>	<b>72,131,323</b>	<b>60,398,483</b>	<b>132,529,806</b>
<b>Net assets held in trust for pension benefits - December 31</b>	<b>\$77,543,903</b>	<b>\$64,891,188</b>	<b>\$142,435,091</b>

AGENCY FUND  
BALANCE SHEET  
December 31, 2009

CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit H-3

Miscellaneous  
Depository  
Fund

**ASSETS**

Cash and investments	\$3,186,977
Accounts receivable (net of allowance for uncollectibles)	<u>1,747</u>
<b>Total assets</b>	<b><u><u>3,188,724</u></u></b>

**LIABILITIES**

Accounts payable	1,987,048
Due to component unit	<u>1,201,676</u>
<b>Total liabilities</b>	<b><u><u>\$3,188,724</u></u></b>

**AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS  
AND LIABILITIES  
For the year ended December 31, 2009**

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

	<b>Beginning balance</b>	<b>Debits</b>	<b>Credits</b>	<b>Ending balance</b>
<b><u>ASSETS</u></b>				
Miscellaneous depository fund				
Cash and investments	\$1,898,045	\$219,201,906	\$217,912,974	\$3,186,977
Accounts receivable (net of allowance for uncollectibles)	976	771	-	1,747
<b>Total assets</b>	<b>1,899,021</b>	<b>219,202,677</b>	<b>217,912,974</b>	<b>3,188,724</b>

<b><u>LIABILITIES</u></b>				
Miscellaneous depository fund				
Accounts payable	799,456	211,810,360	212,997,952	1,987,048
Due to component unit	1,099,565	-	102,111	1,201,676
<b>Total liabilities</b>	<b>\$1,899,021</b>	<b>\$211,810,360</b>	<b>\$213,100,063</b>	<b>\$3,188,724</b>



CITY OF COLORADO SPRINGS

# STATISTICAL SECTION

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The statistical section includes six categories of information:

## **Financial Trend Analysis:**

This section is intended to assist in understanding and assessing how the City's financial position has changed over time. Tables 1 through 4 include current and prior years information on net assets and fund balances.

## **Revenue Capacity Analysis:**

This section is intended to assist in understanding and assessing factors affecting the City's ability to generate its own source revenues. The City's largest own source revenue is the City's sales tax. Tables 5 through 7 provide data related to the City's sales tax collected, direct and overlapping sales and use tax rates and the City's taxpayers by industry.

## **Debt Capacity Analysis:**

This section is intended to assist in understanding and assessing the City's tax burden and its ability to issue additional debt. Tables 8 through 12 outline various debt analysis including direct and overlapping debt, legal debt margin and pledged revenue coverage.

## **Demographic and Economic Analysis:**

This section is intended to assist in (1) understanding the socioeconomic environment within which the City operates and (2) providing information to facilitate comparisons of financial statement information over time and among governments. Tables 13 through 15 provide information on various demographic and economic statistics, principal employers, and full time equivalent City government employees.

# STATISTICAL SECTION CONT'D.

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## **Operating Analysis:**

This section is intended to provide contextual information about the City's operations and resources to assist in using the financial statement information in understanding the City's economic condition. Tables 16 and 17 provide statistical information on operating indicators and capital assets.

## **Other Information:**

Other tables required for disclosure are also included in this section. Tables 18 through 20 provide sales and use tax revenue collection costs and required refunds, assessed valuations, property tax levies and collections, direct and overlapping mill levy rates, landfill closure and postclosure costs, and annual statement of receipts and expenditures for roads, bridges and streets.



CITY OF COLORADO SPRINGS

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 1**

**NET ASSETS BY COMPONENT  
Last eight fiscal years**

	Fiscal Year							
	2009	2008	2007	2006	2005	2004	2003	2002
<b>Governmental activities</b>								
Invested in capital assets, net of related debt	\$977,962,432	\$987,792,618	\$943,951,873	\$792,111,419	\$737,918,070	\$473,414,958	\$217,276,297	\$173,534,935
Restricted	22,552,285	18,016,585	19,959,764	19,626,343	18,110,760	20,007,713	16,172,145	15,262,852
Unrestricted	41,262,028	48,519,165	73,002,127	69,855,088	76,136,180	137,298,420	91,064,529	106,662,267
<b>Total governmental activities net assets</b>	<b>\$1,041,776,745</b>	<b>\$1,054,328,368</b>	<b>\$1,036,913,764</b>	<b>\$881,592,850</b>	<b>\$832,165,010</b>	<b>\$630,721,091</b>	<b>\$324,512,971</b>	<b>\$295,460,054</b>
<b>Business-type activities</b>								
Invested in capital assets, net of related debt	\$1,331,520,235	\$1,299,158,955	\$1,327,314,557	\$1,282,203,625	\$1,136,184,516	\$1,070,922,705	\$1,096,293,319	\$1,068,858,457
Restricted	47,970,871	46,335,511	66,201,848	57,715,492	64,247,486	62,682,812	76,149,594	74,583,999
Unrestricted	583,939,576	310,245,990	491,602,189	484,250,952	620,409,743	501,642,567	396,257,068	399,709,416
<b>Total business-type activities net assets</b>	<b>\$1,963,430,682</b>	<b>\$1,655,740,456</b>	<b>\$1,885,118,594</b>	<b>\$1,804,170,069</b>	<b>\$1,820,841,745</b>	<b>\$1,635,248,084</b>	<b>\$1,568,699,981</b>	<b>\$1,543,151,872</b>
<b>Primary government</b>								
Invested in capital assets, net of related debt	\$2,309,482,667	\$2,286,951,573	\$2,271,266,430	\$2,074,315,044	\$1,874,102,586	\$1,544,337,663	\$1,313,569,616	\$1,242,393,392
Restricted	70,523,156	64,352,096	86,161,612	77,341,835	82,358,246	82,690,525	92,321,739	89,846,851
Unrestricted	625,201,604	358,765,155	564,604,316	534,106,040	696,545,923	638,940,987	487,321,597	506,371,683
<b>Total primary government net assets</b>	<b>\$3,005,207,427</b>	<b>\$2,710,068,824</b>	<b>\$2,922,032,358</b>	<b>\$2,685,762,919</b>	<b>\$2,653,006,755</b>	<b>\$2,265,969,175</b>	<b>\$1,893,212,952</b>	<b>\$1,838,611,926</b>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

CITY OF COLORADO SPRINGS  
 COLORADO  
 Table 2  
 (PAGE 1 OF 2)

CHANGES IN NET ASSETS  
 Last eight fiscal years

	Fiscal Year							
	2009	2008	2007	2006	2005	2004	2003	2002
<b>Expenses</b>								
Governmental activities:								
General government	\$56,677,795	\$92,816,914	\$79,497,564	\$72,426,781	\$66,069,123	\$57,537,266	\$41,823,969	\$41,437,932
Public safety	145,663,748	123,712,015	126,767,912	127,123,546	116,674,354	107,890,403	59,741,269	101,744,389
Public works	83,647,759	69,909,340	79,445,004	70,720,058	71,137,000	69,387,263	66,599,122	48,661,328
Health and welfare	1,230,831	1,181,013	1,146,634	1,061,100	896,675	1,025,059	964,844	900,745
Culture and recreation	25,192,163	22,674,396	25,899,084	23,336,913	27,454,595	20,254,797	51,066,216	20,958,219
Urban redevelopment and housing	4,966,112	6,034,237	4,917,290	6,505,047	5,615,284	8,274,058	10,446,365	10,830,340
Economic development	3,170,529	2,814,646	2,894,876	2,862,511	2,577,708	2,356,907	2,384,770	2,877,692
Economic opportunities	-	3,242	73,758	24,045	12,163	10,578	12,536	16,241
Interest on long-term debt	5,391,628	5,058,419	4,758,426	6,064,813	6,411,059	6,106,004	5,743,426	6,518,058
Miscellaneous	-	-	-	480,442	574,337	448,175	320,608	334,317
Total governmental activities expenses	325,940,565	324,204,222	325,400,548	310,605,256	297,422,298	273,290,510	239,103,125	234,279,261
Business-type activities:								
Utilities	725,181,046	999,877,783	737,871,365	794,957,734	567,771,779	621,608,610	552,190,622	458,822,295
MHS	555,196,000	556,297,000	500,198,000	412,148,000	374,257,000	339,519,000	320,294,000	302,379,000
Airport	25,469,043	26,371,427	26,044,121	45,455,853	24,707,950	24,293,095	22,644,913	25,269,898
Parking	4,014,468	3,938,954	3,064,208	2,517,840	2,483,200	2,176,488	2,134,017	2,964,608
Other	23,269,243	17,131,141	14,015,113	10,457,158	9,178,016	7,856,321	7,436,249	8,195,943
Total business-type activities expenses	1,333,129,800	1,603,616,305	1,281,192,807	1,265,536,585	978,397,945	995,453,514	904,699,801	797,631,744
Total primary government expenses	\$1,659,070,365	\$1,927,820,527	\$1,606,593,355	\$1,576,141,841	\$1,275,820,243	\$1,268,744,024	\$1,143,802,926	\$1,031,911,005
<b>Program Revenues</b>								
Governmental activities:								
Charges for services:								
General government	\$15,631,509	\$20,985,541	\$20,396,377	\$20,650,157	\$21,090,902	\$19,743,456	\$16,576,340	\$14,175,886
Public safety	4,299,642	3,760,245	3,733,389	4,639,941	3,665,390	3,463,338	2,950,931	2,802,961
Public works	6,812,214	8,598,594	7,876,596	10,389,741	10,337,995	11,055,412	12,156,539	10,603,871
Culture and recreation	3,315,582	3,460,517	3,298,029	3,287,652	3,181,267	2,771,570	3,029,537	2,990,651
Urban redevelopment and housing	859,437	2,071,374	1,121,879	2,800,362	791,692	2,035,112	1,734,672	1,064,089
Economic development	36,996	6,841	27,748	120,061	36,278	77,746	124,299	-
Economic opportunities	-	-	-	-	-	-	-	180,853
Operating grants and contributions	19,289,013	15,004,443	22,917,770	13,806,989	60,461,831	14,940,239	15,345,556	19,778,433
Capital grants and contributions	58,880,735	78,130,974	198,295,183	93,664,188	34,263,627	52,223,578	48,325,604	70,969,201
Total governmental activities program revenues	\$109,125,128	\$132,018,529	\$257,666,971	\$149,359,091	\$133,828,982	\$106,310,451	\$100,243,478	\$122,565,945

(continued)

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

CHANGES IN NET ASSETS  
 Last eight fiscal years

	Fiscal Year							
	2009	2008	2007	2006	2005	2004	2003	2002
<b>Business-type activities:</b>								
Charges for services:								
Utilities	\$743,780,000	\$56,774,000	\$721,355,652	\$678,530,612	\$671,846,586	\$590,990,827	\$519,269,460	\$485,658,771
MHS	543,987,000	553,072,000	507,694,000	425,091,000	397,956,000	365,445,000	350,867,000	305,642,000
Airport	21,302,693	25,607,276	25,532,810	25,411,477	24,714,030	26,945,053	22,941,627	22,763,619
Parking	3,631,086	3,733,694	3,504,273	3,200,612	2,785,403	2,775,362	2,688,034	2,601,750
Other	24,489,550	25,138,274	24,683,395	8,732,533	8,528,184	7,433,408	7,450,748	7,401,488
Operating grants and contributions	-	-	-	-	-	-	-	171,140
Capital grants and contributions	42,733,907	44,401,587	64,979,269	91,230,189	57,521,098	64,671,742	39,233,969	49,370,710
Total business-type activities program revenues	1,379,924,236	1,408,726,831	1,347,749,399	1,232,196,423	1,163,351,301	1,058,261,392	942,450,838	873,609,478
Total primary government program revenues	\$1,489,049,364	\$1,540,745,360	\$1,605,416,370	\$1,381,555,514	\$1,297,180,283	\$1,164,571,843	\$1,042,694,316	\$996,175,423
<b>Net (expense)/revenue</b>								
Governmental activities	(\$216,815,437)	(\$192,185,693)	(\$67,733,577)	(\$161,246,165)	(\$163,593,316)	(\$166,980,059)	(\$138,859,647)	(\$111,713,316)
Business-type activities	46,794,436	(194,889,474)	66,556,592	(33,340,162)	184,953,356	62,807,878	37,751,037	75,977,734
Total primary government net (expense) revenue	(\$170,021,001)	(\$387,075,167)	(\$1,176,985)	(\$194,586,327)	\$21,360,040	(\$104,172,181)	(\$101,108,610)	(\$35,735,582)
<b>General revenues and other changes in net assets</b>								
Governmental activities:								
Taxes								
Property taxes	\$26,275,090	\$25,741,077	\$22,696,117	\$21,906,181	\$20,485,055	\$19,782,761	\$20,443,870	\$21,010,517
Sales taxes	143,214,662	150,111,070	163,816,420	188,461,159	153,812,340	149,466,682	138,347,621	136,939,555
Specific ownership taxes	2,761,330	3,024,451	3,179,212	3,094,339	3,146,062	3,119,592	3,143,447	3,143,447
Occupational liquor taxes	253,747	254,711	259,320	256,852	253,228	246,664	242,462	232,070
Admissions tax	447,568	398,694	313,008	440,766	405,455	371,828	362,858	387,840
Bicycle excise tax	89,579	91,074	109,226	111,463	122,757	118,425	101,100	105,096
Investment earnings	2,676,486	3,809,609	7,515,253	6,637,647	3,657,449	2,857,160	4,230,670	4,433,102
Gain on sale of capital assets	1,516,412	275,399	87,244	51,479	16,576	-	-	-
Contributions to endowments	84,680	94,795	99,192	90,505	83,980	86,892	73,705	-
Transfers	26,109,574	25,799,417	24,979,499	24,558,860	24,359,629	22,389,858	22,223,619	24,136,998
Total governmental activities	203,429,128	209,600,297	223,054,491	215,609,251	206,342,531	198,439,862	189,167,263	190,388,625
Business-type activities:								
Investment earnings	44,279,364	(8,689,259)	39,371,432	35,910,334	24,999,934	26,130,083	10,020,691	4,126,218
Transfers	(26,109,574)	(25,799,417)	(24,979,499)	(24,558,860)	(24,359,629)	(22,389,858)	(22,223,619)	(24,136,998)
Total business-type activities	18,169,790	(34,488,676)	14,391,933	11,351,474	640,305	3,740,225	(12,202,928)	(20,010,780)
Total primary government	\$221,598,918	\$175,111,621	\$237,446,424	\$226,960,725	\$206,982,836	\$202,180,087	\$176,964,335	\$170,377,845
<b>Change in net assets</b>								
Governmental activities	(\$13,386,309)	\$17,414,604	\$155,320,914	\$54,363,086	\$42,749,215	\$31,459,803	\$50,307,616	\$78,675,309
Business-type activities	64,964,226	(229,378,150)	80,948,525	(21,988,688)	185,593,661	66,548,103	25,548,109	55,966,954
Total primary government	\$51,577,917	(\$211,963,546)	\$236,269,439	\$32,374,398	\$228,342,876	\$98,007,906	\$75,855,725	\$134,642,263

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

CITY OF COLORADO SPRINGS  
COLORADO  
Table 3

FUND BALANCES OF GOVERNMENTAL FUNDS  
Last eight fiscal years

	Fiscal Year							
	2009	2008	2007	2006	2005	2004	2003	2002
General fund								
Reserved	\$10,491,562	\$9,152,823	\$8,711,416	\$8,706,621	\$7,590,511	\$10,935,884	\$10,985,168	\$9,937,071
Unreserved	15,926,061	22,864,229	31,775,420	24,119,856	31,626,013	33,310,291	29,966,862	29,018,235
<b>Total general fund</b>	<b>\$26,417,623</b>	<b>\$32,017,052</b>	<b>\$40,486,836</b>	<b>\$32,826,477</b>	<b>\$39,216,524</b>	<b>\$44,246,175</b>	<b>\$40,952,030</b>	<b>\$38,955,306</b>
All other governmental funds								
Reserved	\$10,310,723	\$8,863,762	\$11,248,348	\$10,919,723	\$10,520,249	\$20,116,568	\$19,540,784	\$20,526,292
Unreserved, reported in:								
Special revenue funds	29,662,100	30,108,294	34,247,414	36,559,557	32,027,399	26,413,825	26,014,189	25,479,321
Capital projects funds	5,113,092	9,040,858	12,450,314	11,328,784	14,262,602	8,825,087	15,552,243	24,872,625
<b>Total all other governmental funds</b>	<b>\$45,085,915</b>	<b>\$48,012,914</b>	<b>\$57,946,076</b>	<b>\$58,808,064</b>	<b>\$56,810,250</b>	<b>\$55,355,480</b>	<b>\$61,107,216</b>	<b>\$70,878,238</b>

Note: The City has included data available since implementation of GASB Statement 34 in fiscal year 2002.

CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS  
Last eight fiscal years

CITY OF COLORADO SPRINGS  
COLORADO  
Table 4

	Fiscal Year							
	2009	2008	2007	2006	2005	2004	2003	2002
<b>Revenues</b>								
Taxes	\$173,181,802	\$179,790,693	\$190,409,468	\$184,419,011	\$178,378,079	\$173,436,945	\$162,876,843	\$162,611,439
Licenses and permits	557,894	650,977	701,441	980,916	667,337	642,912	620,800	557,105
Intergovernmental	57,833,164	53,351,302	60,601,329	54,367,954	43,158,722	40,183,425	43,689,688	50,916,128
Charges for services	25,266,767	29,323,793	29,058,970	33,375,567	32,821,512	31,856,403	29,909,498	24,894,425
Endowments and donations	1,614,763	1,699,147	1,326,375	2,636,147	1,489,187	1,103,146	1,103,146	855,244
Other revenue	2,311,184	4,415,975	3,601,664	2,321,482	2,725,085	3,011,634	5,055,993	2,503,010
Investment earnings	2,902,795	3,331,460	6,960,170	5,572,923	3,111,062	2,581,807	3,711,689	3,938,252
Rental income	773,764	767,989	697,917	746,082	660,478	343,776	282,034	242,122
<b>Total revenues</b>	264,442,133	273,331,336	293,357,334	284,420,082	265,156,286	253,546,089	247,249,691	246,517,725
<b>Expenditures</b>								
General government	50,559,017	82,353,801	72,231,643	66,991,217	57,177,292	51,961,932	37,678,420	34,103,423
Public safety	135,143,416	113,724,157	116,345,694	119,126,698	110,140,218	101,792,209	99,906,503	96,634,706
Public works	50,726,314	37,188,794	41,998,578	40,554,899	38,190,123	36,948,686	42,067,993	43,585,425
Health and welfare	1,227,493	1,173,833	1,134,100	1,061,100	896,675	1,025,059	964,844	909,016
Culture and recreation	22,621,993	21,611,217	22,303,042	20,390,415	20,104,499	17,434,214	18,350,978	18,699,141
Urban redevelopment and housing	4,922,150	5,957,329	5,670,270	6,840,243	5,787,915	8,157,828	10,118,217	10,846,771
Economic development	3,161,932	2,797,534	2,863,231	2,830,396	2,557,373	2,377,006	2,390,999	2,903,944
Economic opportunities	-	3,222	72,952	23,775	12,067	10,668	12,569	16,601
Miscellaneous	581,673	815,688	602,980	514,049	660,481	744,467	538,577	337,194
Debt service								
Principal	9,894,252	10,051,894	8,772,742	10,904,822	13,769,724	11,292,768	11,116,285	9,473,619
Interest	4,782,855	4,909,523	5,080,129	6,127,357	6,381,097	6,122,759	5,785,070	6,500,970
Issuance Expense	1,028,220	-	-	-	-	-	-	-
Capital outlay	56,397,757	46,673,145	41,240,465	33,440,043	42,296,100	50,576,149	67,229,786	63,392,665
<b>Total expenditures</b>	341,047,072	327,260,137	318,315,826	308,805,014	297,973,564	288,443,745	296,162,241	287,403,475
Deficiency of revenues over expenditures	(76,604,939)	(53,928,801)	(24,958,492)	(24,384,932)	(32,817,278)	(34,897,656)	(48,912,550)	(40,885,750)
<b>Other financing sources (uses)</b>								
Transfers - in	34,325,645	39,019,942	39,631,621	42,599,569	45,172,685	37,353,535	29,808,563	38,160,185
Transfers - out	(9,666,071)	(11,720,525)	(16,897,772)	(18,040,709)	(20,490,444)	(14,701,582)	(7,541,718)	(13,415,328)
Issuance of debt	65,930,000	2,790,000	10,476,900	-	2,695,000	25,915,000	15,070,000	-
Payment on refunding bonds	(38,707,635)	-	(11,161,225)	-	-	(17,398,900)	-	-
Premium on bonds issued	2,370,180	-	953,410	-	-	430,447	-	-
Debt issuance cost	(752,657)	-	(256,106)	-	-	-	-	-
Capital lease financing	13,059,230	5,158,766	8,540,289	-	1,218,293	561,191	3,276,269	1,085,603
Sale of capital assets	1,519,819	277,672	213,641	369,085	646,863	280,374	525,138	323,972
<b>Total other financing sources (uses)</b>	68,078,511	35,525,855	31,500,758	24,927,945	29,242,397	32,440,065	41,138,252	26,154,432
<b>Net change in fund balances</b>	(\$8,526,428)	(\$18,402,946)	\$6,542,266	\$543,013	(\$3,574,881)	(\$2,457,591)	(\$7,774,298)	(\$14,731,318)
Debt service as a percentage of noncapital expenditures	4.9%	5.1%	4.8%	6.1%	7.5%	6.8%	7.3%	7.1%

Note: The City has included data available since implementation of GASB Statement 34 in fiscal year 2002.

**SALES AND USE TAX REVENUE**  
**Last ten fiscal years**

<b>Fiscal Year</b>	<b>City Sales and Use Tax</b>	<b>Public Safety Sales and Use Tax</b>	<b>Trails, Open Space and Parks Sales and Use Tax</b>	<b>Total Direct Tax Rate</b>
2000	\$112,231,520	\$ -	\$5,611,576	2.10%
2001	113,001,375	-	5,650,068	2.10%
2002	108,328,494	20,812,079	5,416,424	2.50%
2003	106,150,250	21,041,083	5,307,512	2.50%
2004	116,471,513	23,000,535	5,823,575	2.50%
2005	118,648,568	23,660,221	5,932,430	2.50%
2006	122,626,114	24,478,592	6,131,306	2.50%
2007	125,661,571	25,131,496	6,283,079	2.50%
2008	115,961,702	23,190,497	5,798,084	2.50%
2009	111,023,593	22,195,799	5,551,180	2.50%

Source: City Sales Tax Division Reports

The Public Safety Sales and Use Tax was implemented January 1, 2002.

**DIRECT AND OVERLAPPING  
SALES AND USE TAX RATES  
Last ten fiscal years**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 6**

Fiscal Year	City Direct Rates				Overlapping Rates		Total Direct and Overlapping Rates
	City Sales and Use Tax	Public Safety Sales and Use Tax	Trails, Open Space and Parks Sales and Use Tax	Total Direct	El Paso County Sales Tax	Pikes Peak Rural Transportation Authority Tax	
2000	2.00%	-	0.10%	2.10%	1.00%	-	3.10%
2001	2.00%	-	0.10%	2.10%	1.00%	-	3.10%
2002	2.00%	0.40% <sup>1</sup>	0.10%	2.50%	1.00%	-	3.50%
2003	2.00%	0.40%	0.10%	2.50%	1.00%	-	3.50%
2004	2.00%	0.40%	0.10%	2.50%	1.00%	-	3.50%
2005	2.00%	0.40%	0.10%	2.50%	1.00%	1.00% <sup>2</sup>	4.50%
2006	2.00%	0.40%	0.10%	2.50%	1.00%	1.00%	4.50%
2007	2.00%	0.40%	0.10%	2.50%	1.00%	1.00%	4.50%
2008	2.00%	0.40%	0.10%	2.50%	1.00%	1.00%	4.50%
2009	2.00%	0.40%	0.10%	2.50%	1.00%	1.00%	4.50%

Note: In April 1991, voters approved City Charter Amendment #3, entitled the "Taxpayers Bill of Rights." A similar statewide constitutional amendment was passed in November 1992. One of the provisions of this amendment is that advance voter approval is necessary for any new tax or tax increase.

<sup>1</sup>The Public Safety Sales and Use Tax was implemented January 1, 2002.

<sup>2</sup>In November 2004, voters in El Paso County, Colorado Springs, Manitou Springs, and Green Mountain Falls approved the new Pikes Peak Regional Transportation Authority 1% sales and use tax. The new tax was effective as of January 1, 2005.

**PRINCIPAL SALES AND USE  
TAXPAYERS BY INDUSTRY  
Current year and four years ago**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 7**

Industry	Fiscal Year 2009			Fiscal Year 2005		
	Sales and Use Tax Amount	Rank	Percentage of Total City Sales and Use Tax	Sales and Use Tax Amount	Rank	Percentage of Total City Sales and Use Tax
Department and discount stores	\$18,579,167	1	13.32%	\$20,810,428	4	11.70%
Miscellaneous retail	18,352,867	2	12.93%	24,284,180	1	13.66%
Restaurants	18,033,660	3	11.90%	19,963,444	5	11.23%
Miscellaneous non-retail	16,598,665	4	13.15%	21,236,850	3	11.94%
Auto Dealers	15,248,433	5	10.93%	16,478,012	-	9.27%
Building Materials	11,184,290	6	8.02%	21,899,790	2	12.32%
	<u>\$97,997,082</u>		<u>70.25%</u>	<u>\$124,672,704</u>		<u>70.12%</u>

Source: Revenue and Collections Division

Note: Due to requirements under the City charter, the names of the ten largest revenue payers are confidential. The industry categories presented are intended to provide alternative information regarding the sources of the City's revenue.

Sales and use tax data not available by industry prior to 2002. Will compare 2005 to future years until nine years of data is available.

**RATIOS OF OUTSTANDING  
DEBT BY TYPE**  
Last ten fiscal years

**CITY OF COLORADO SPRINGS  
COLORADO**  
Table 8

Fiscal Year	Governmental Activities (in 000's)				Business-Type Activities (in 000's)				Total Primary Government (in 000's)	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Sales Tax Revenue Bonds	Certificates of Participation	Special Assessment Bonds & Notes	Capital Leases	Revenue Bonds	Notes Payable	Capital Leases			
2000	\$36,093	\$81,885	\$12,745	\$1,205	\$11,668	\$947,453	\$21,196	\$3,931	\$1,116,176	6.98%	\$3,090
2001	33,298	77,805	12,505	1,083	11,593	1,113,332	20,662	3,744	1,274,022	7.61%	3,441
2002	30,360	73,550	12,025	924	5,270	1,347,489	20,097	4,182	1,493,897	8.83%	3,996
2003	27,345	69,115	26,590	784	5,304	1,487,635	20,483	1,465	1,638,721	9.50%	4,343
2004	32,445	64,490	25,305	644	4,399	1,664,306	19,807	679	1,812,075	9.94%	4,763
2005	29,195	59,670	23,915	536	3,808	1,775,026	19,101	676	1,911,927	9.80%	4,962
2006	25,935	54,645	22,475	405	2,656	1,833,365	19,651	637	1,959,769	9.46%	5,014
2007	22,490	50,830	20,995	364	9,928	1,881,485	23,277	463	2,009,832	9.26%	5,099
2008	21,725	47,370	19,450	222	13,633	1,960,981	22,687	2,380	2,088,448	9.18%	5,216
2009	18,050	43,615	49,135	111	23,590	2,044,188	98,022	2,683	2,279,394	9.56%	5,612

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

<sup>1</sup>Personal income and population data can be found on Table 13.

**RATIOS OF GENERAL BONDED  
DEBT OUTSTANDING**  
Last ten fiscal years

**CITY OF COLORADO SPRINGS  
COLORADO**  
Table 9

<b>Fiscal Year</b>	<b>General Obligation Bonds (in '000s)</b>	<b>Less: Non-City Obligations (in '000s)</b>	<b>City General Obligation Bonds (in '000s)</b>	<b>Assessed Value of Property (in '000s)</b>	<b>Percentage of Assessed Value of Property</b>	<b>Per Capita <sup>1</sup></b>
2000	\$36,093	\$12,205	\$23,888	\$3,322,468	0.72%	\$66.13
2001	33,298	11,630	21,668	3,730,306	0.58%	58.53
2002	30,360	11,005	19,355	3,875,111	0.50%	51.77
2003	27,345	10,375	16,970	3,734,731	0.45%	44.98
2004	32,445	18,450	13,995	3,783,803	0.37%	36.78
2005	29,195	17,885	11,310	4,103,863	0.28%	29.35
2006	25,935	17,360	8,575	4,215,419	0.20%	21.94
2007	22,490	16,705	5,785	4,738,226	0.12%	14.68
2008	21,725	18,790	2,935	4,773,750	0.06%	7.33
2009	18,050	18,050	-	4,948,368	0.00%	-

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

<sup>1</sup>Population data can be found in Table 13

**DIRECT AND OVERLAPPING  
GOVERNMENTAL ACTIVITIES DEBT  
As of December 31, 2009**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 10**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Overlapping Debt</b>
El Paso County	\$121,880,000	74.39%	\$90,666,532
Harrison School District #2	66,460,000	92.50%	61,475,500
Widefield School District #3	16,370,000	5.53%	905,261
Fountain/Fort Carson School District #8	14,515,000	2.00%	290,300
Colorado Springs School District #11	304,185,052	93.41%	284,139,257
Cheyenne Mountain School District #12	28,748,258	97.31%	27,974,930
Manitou School District #14	7,105,000	10.72%	761,656
Air Academy School District #20	192,479,460	83.44%	160,604,861
Ellicott School District #22	4,590,027	36.00%	1,652,410
Falcon School District #49	135,770,000	47.97%	65,128,869
Colorado Springs Cottonwood General Improvement District	4,150,000	100.00%	4,150,000
Colorado Springs Spring Creek General Improvement District	2,310,000	100.00%	2,310,000
Colorado Springs Briargate General Improvement District	8,800,000	100.00%	8,800,000
Marketplace at Austin Bluffs General Improvement District	2,790,000	100.00%	2,790,000
Briargate Center Business Improvement District	9,370,000	100.00%	9,370,000
First & Main North Business Improvement District	1,927,000	100.00%	1,927,000
Barnes & Powers North Business Improvement District	3,965,000	100.00%	3,965,000
Barnes & Powers South Business Improvement District	810,000	100.00%	810,000
Colorado Springs Urban Renewal Authority	54,630,000	100.00%	<u>54,630,000</u>
Subtotal, overlapping debt			\$782,351,576
City direct debt			<u>116,451,000</u>
Total direct and overlapping debt			<u><u>\$898,802,576</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the El Paso County Assessor's office final certification letter dated November 24, 2008.

Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 11**

**LEGAL DEBT MARGIN INFORMATION**  
Last ten fiscal years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	\$332,246,757	\$373,030,578	\$387,511,106	\$373,473,130	\$378,380,271	\$410,386,307	\$421,541,959	\$473,822,587	\$477,374,953	\$494,836,820
Total net debt applicable to limit	23,888,443	21,667,893	19,355,000	16,970,000	13,995,000	11,310,000	8,575,000	5,785,000	2,935,000	-
Legal debt margin	\$308,358,314	\$351,362,685	\$368,156,106	\$356,503,130	\$364,385,271	\$399,076,307	\$412,966,959	\$468,037,587	\$474,439,953	\$494,836,820
Total net debt applicable to the limit as a percentage of debt limit	7.19%	5.81%	4.99%	4.54%	3.70%	2.76%	2.03%	1.22%	0.61%	0.00%

**Legal Debt Margin Calculation for Fiscal Year 2009**

Assessed value - 2009 for 2010 taxes	\$4,948,368,200
Debt limit (10% of assessed value)	494,836,820
Debt applicable to limit: General obligation bonds	-
Total net debt applicable to limit	-
Legal debt margin	<u>\$494,836,820</u>

PLEGGED REVENUE COVERAGE  
Last ten fiscal years

Fiscal Year	Utilities Revenue Bonds						MHS Revenue Bonds					
	Applicable Revenues	Operating Expenses	Net Available Revenue	Debt Service		Coverage	Applicable Revenues	Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2000	\$501,593,208	\$383,850,513	\$117,742,695	\$11,382,160	\$ 46,233,899	2.04	\$271,549,474	\$237,585,151	\$33,964,323	\$9,040,000	\$3,272,288	2.76
2001	616,750,161	429,695,488	187,054,673	4,318,500	55,170,471	3.14	313,661,744	267,639,911	46,021,833	9,040,000	3,272,288	3.74
2002	513,370,775	360,738,821	152,631,954	13,655,510	43,467,345	2.67	336,672,993	301,853,566	34,819,427	14,070,000	4,860,688	1.84
2003	545,620,366	427,414,052	118,206,314	14,233,525	48,257,013	1.89	427,373,003	356,865,392	70,507,611	14,070,000	4,860,688	3.72
2004	633,739,434	474,551,233	159,188,201	16,603,572	55,118,082	2.22	433,790,077	371,616,042	62,174,035	20,840,000	1,921,706	2.73
2005	716,218,779	516,369,158	199,849,621	17,256,540	63,524,157	2.47	435,369,989	375,481,034	59,888,955	20,840,000	1,921,706	2.63
2006	718,507,863	531,512,370	186,995,493	18,298,215	68,756,629	2.15	479,344,468	417,945,851	61,398,617	20,840,000	1,921,706	2.70
2007	763,754,405	565,046,685	198,707,720	17,905,225	73,260,972	2.18	575,864,553	514,228,163	61,636,390	20,840,000	1,921,706	2.71
2008	788,601,365	627,795,505	160,805,860	7,551,592	71,836,148	2.03	594,401,435	551,705,616	42,695,819	20,840,000	3,355,759	1.76
2009	769,135,361	593,769,003	175,366,358	9,681,357	71,763,387	2.15	589,191,456	527,057,252	62,134,204	7,652,250	17,429,644	2.48

Fiscal Year	Airport Revenue Bonds						Parking Revenue Bonds					
	Applicable Revenues	Operating Expenses	Net Available Revenue	Debt Service		Coverage	Applicable Revenues	Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2000	\$21,157,418	\$11,092,890	\$10,064,528	\$2,305,000	\$3,827,798	1.64	\$2,726,108	\$970,930	\$1,755,178	\$325,000	\$379,776	2.49
2001	22,791,117	11,906,465	10,884,652	2,445,000	3,687,998	1.77	2,802,870	883,058	1,919,812	335,000	370,026	2.72
2002	22,621,860	12,040,291	10,581,569	2,453,334	3,600,437	1.75	2,303,929	1,231,754	1,072,175	345,000	359,138	1.52
2003	22,289,621	12,967,319	9,322,302	2,000,855	3,652,705	1.65	2,775,368	1,117,453	1,657,915	360,000	345,338	2.35
2004	22,571,575	13,039,813	9,531,762	2,169,586	3,660,099	1.64	2,750,574	1,168,642	1,621,932	375,000	330,938	2.30
2005	22,648,070	13,216,784	9,431,286	2,167,466	3,660,882	1.62	2,930,862	1,462,482	1,468,380	385,000	315,938	2.09
2006	23,602,795	13,804,532	9,798,263	2,175,370	3,659,313	1.68	3,445,591	1,224,171	2,221,420	400,000	549,684	2.34
2007	23,855,188	14,722,292	9,132,896	2,101,895	3,546,516	1.62	3,833,722	1,683,218	2,150,504	420,000	607,173	2.09
2008	24,147,143	14,537,476	9,609,667	2,100,363	3,525,250	1.71	4,020,690	2,385,652	1,635,038	435,000	590,373	1.59
2009	23,444,173	14,914,375	8,529,798	1,729,912	3,503,526	1.63	3,790,011	2,477,431	1,312,580	480,000	572,973	1.25

Fiscal Year	Sales and Use Tax Revenue Bonds						Special Assessment Bonds					
	Use Tax Collections	Debt Service	Net Available Revenue	Debt Service		Coverage	Special Assessment Collections	Debt Service	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2000	\$111,393,526	\$3,915,000	\$3,933,446	14.19		\$272,008	\$164,693	\$101,442	1.02			
2001	111,826,511	4,080,000	3,767,059	14.25		269,901	141,261	99,643	1.12			
2002	107,735,252	4,255,000	3,593,659	13.73		257,317	177,544	90,974	0.96			
2003	108,235,624	4,435,000	3,412,821	13.79		221,888	178,932	78,423	0.86			
2004	117,043,184	4,625,000	3,224,334	14.91		223,355	156,592	65,205	1.01			
2005	120,215,439	4,820,000	3,027,771	15.32		193,015	138,769	53,707	1.00			
2006	123,813,924	5,025,000	2,822,921	15.78		192,989	143,432	43,155	1.03			
2007	127,794,303	3,465,000	2,354,133	21.96		147,986	125,895	32,566	0.93			
2008	116,933,775	3,460,000	2,501,993	19.61		186,850	154,600	27,704	1.02			
2009	111,942,192	1,250,000	1,047,208	48.73 <sup>1</sup>		134,318	122,912	17,296	0.96			

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

<sup>1</sup>In 2009, the City refunded the remaining 1999 Sales and Use Tax Revenue Bonds. The refunding resulted in a one-time decrease in current year debt service and increase in the coverage rate.

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

**CITY OF COLORADO SPRINGS  
COLORADO**  
Table 13

<b>Fiscal Year</b>	<b>Population<sup>1</sup></b>	<b>Personal Income (in 000's)<sup>2</sup></b>	<b>Per Capita Personal Income<sup>2</sup></b>	<b>Unemployment Rate<sup>3</sup></b>
2000	361,215	15,990,257	29,607	2.8%
2001	370,208	16,742,057	30,078	4.1%
2002	373,832	16,915,548	29,879	6.0%
2003	377,308	17,256,850	30,141	6.1%
2004	380,477	18,221,258	31,414	5.6%
2005	385,312	19,512,828	33,145	5.2%
2006	390,895	20,722,333	34,455	4.6%
2007	394,177	21,710,803	35,717	4.3%
2008	400,411	22,746,424 *	37,025 *	5.6%
2009	406,137 *	23,831,444 *	38,381 *	7.7% **

Sources:

<sup>1</sup>Colorado Department of Local Affairs, Demography section. Prior years adjusted to reflect April 2008 report with a 2009 estimate.

<sup>2</sup>U.S. Department of Commerce, Bureau of Economic Analysis for Colorado Springs Metropolitan Statistical Area (MSA) with an estimate for 2008 and 2009.

<sup>3</sup>U.S. Department of Labor, Bureau of Labor Statistics for city of Colorado Springs

\* estimate

\*\* preliminary

**PRINCIPAL EMPLOYERS**  
**Current Year and Nine Years Ago**

**CITY OF COLORADO SPRINGS**  
**COLORADO**  
**Table 14**

Employer	2009		2000	
	Rank	Percentage of Total County Employment	Rank	Percentage of Total County Employment
Fort Carson Army Post	1	10.18%	1	7.36%
Peterson Air Force Base	2	4.95%	2	4.26%
United States Air Force Academy	3	2.77%	3	2.41%
Schriever Air Force Base <sup>2</sup>	4	2.55%	4	1.60%
Memorial Health Services	5	1.99%	7	1.30%
Colorado Springs School District #11	6	1.65%	5	1.45%
Penrose-St. Francis Health Services	7	1.25%	8	1.05%
Academy School District #20	8	1.12%	-	-
City of Colorado Springs <sup>1</sup>	9	0.98%	9	0.98%
The Broadmoor	10	0.85%	-	-
El Paso County	-	-	6	1.39%
Worldcom	-	-	10	0.87%
		<u>28.29%</u>		<u>22.67%</u>

Notes:

<sup>1</sup>City of Colorado Springs figures include all primary government employees.

<sup>2</sup>Schriever Air Force Base previously known as Falcon Air Force Base.

Sources: Employer and employee information from the Colorado Springs Economic Development Corporation as well as local businesses based on prior year reported data. Total El Paso County employment information used to calculate the percentage of total county employment from the Colorado Department of Labor & Employment.

**FULL-TIME EQUIVALENT  
CITY GOVERNMENT EMPLOYEES  
BY FUNCTION/PROGRAM  
Last five fiscal years**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 15**

Function/Program	Fiscal year ended December 31				
	2009	2008	2007	2006	2005
General government	537.55	671.05	643.00	595.00	625.00
Public safety	1,206.75	1,232.25	1,236.00	1,244.00	1,244.00
Public works	216.00	192.25	219.00	236.00	225.00
Culture and recreation	135.40	177.75	180.00	184.00	174.00
Urban redevelopment and housing	37.25	54.00	54.00	64.00	23.00
Utilities	1,911.00	1,848.00	1,929.75	1,956.75	1,930.00
MHS	3,812.00	4,075.40	4,075.00	3,333.00	3,050.00
Airport	121.00	121.00	118.00	118.00	118.00
Parking	8.00	8.00	8.00	8.00	8.00
Other non-major enterprise funds	103.50	114.00	107.00	70.00	70.00
<b>Total</b>	<b>8,088.45</b>	<b>8,493.70</b>	<b>8,569.75</b>	<b>7,808.75</b>	<b>7,467.00</b>

**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**Last ten fiscal years**

Function/Program	Fiscal Year			
	2009	2008	2007	2006
<b>General government</b>				
Internal audits completed	22	24	25	14
Summons filed	41,900	51,745	56,840	63,636
Contractual transactions	4,900	4,900	4,208	3,727
Workers compensation claims	480	493	530	539
<b>Public safety</b>				
Emergency response time - Police	10.3	9.9	11.6	11.2
Percent of emergency incident arrival within 8 minutes - Fire	90.1	90.6	89.9	90.0
Violent and property crime rates (per 1,000 population)	45.0	44.3	46.5	51.9
Emergency incidents (per 10,000 population)	1,120	1,129	1,133	1,155
<b>Public works</b>				
Miles resurfaced	37	55	112	144
Fixed route transit revenue hours of service	176,354	216,732	214,145	211,166
Painted lane miles	1,659	1,822	2,153	1,350
<b>Culture and recreation</b>				
Museum/archive attendance	182,500	191,400	124,911	138,646
Street and park trees	123,600	123,600	123,600	122,514
Acres of parks maintained	13,804	13,539	12,895	12,884
Program participants	973,147	1,111,000	1,106,296	1,012,360
<b>Urban redevelopment and housing</b>				
Projects managed	8	7	9	9
Affordable housing developed and rehabilitated	305	152	230	332
Clients assisted <sup>1</sup>	91	401	180	192
<b>Utilities</b>				
Total metered customers <sup>2</sup>	521,878	526,421	524,000	517,884
Annual natural gas moved through pipes (thousands of mcf)	29,200	24,301	24,895	22,755
Electric use (thousands of MWh)	4,400	5,213	4,827	4,548
Water use (millions of gallons)	24,100	28,002	25,680	26,410
Wastewater treatment (millions of gallons)	12,800	13,550	12,902	12,810
<b>MHS</b>				
Admissions	29,713	30,357	30,096	27,805
Outpatient visits	398,426	393,251	360,528	322,983
Emergency visits	130,513	126,224	113,492	101,797
Births	5,000	4,876	4,884	4,546
<b>Airport</b>				
Passenger boardings (in thousands)	892	998	1,034	1,017
Airline revenue per enplaned passengers	\$7.98	\$7.48	\$6.71	\$6.51
<b>Parking</b>				
Revenues collected per space - on-street	\$820	\$873	\$879	\$816
Revenues collected per space - off-street	\$736	\$779	\$893	\$879
<b>Other</b>				
Cemetery - burial services	624	664	661	674
Development Review - plans reviewed	8,957	11,594	14,451	13,625
Golf courses - rounds played	203,820	202,305	201,070	203,530
Pikes Peak Highway - number of visitors	267,500	254,419	270,528	256,560

Note:

<sup>1</sup> For 2009, number reported is the total households assisted rather than total individual clients.

<sup>2</sup> Some customers have multiple services and may be counted more than once.

**CITY OF COLORADO SPRINGS**  
**COLORADO**  
**Table 16**

2005	2004	2003	2002	2001	2000
96	61	56	83	84	70
70,805	72,135	59,537	59,537	59,680	55,839
5,082	4,756	3,767	3,760	4,252	4,847
565	521	582	607	741	650
11.8	11.3	11.2	12.5	13.3	12.2
90.0	88.8	89.0	88.2	87.9	89.0
55.5	58.0	55.5	58.3	53.2	N/A
1,160	1,131	1,092	1,161	1,143	1,023
144	95	80	91	111	91
135,808	134,736	139,229	143,598	135,438	139,520
1,313	1,300	1,800	1,900	2,700	1,900
85,939	73,841	72,090	107,771	105,900	83,654
118,500	118,500	119,000	122,000	103,400	103,000
12,562	12,562	11,724	11,770	11,620	9,433
1,110,609	1,017,471	1,041,601	N/A	N/A	N/A
7	5	6	5	7	8
250	282	445	438	316	364
401	662	N/A	N/A	N/A	N/A
508,655	617,981	603,081	586,828	569,195	551,530
22,910	23,309	23,416	26,534	24,494	23,128
4,593	4,558	4,493	4,685	4,588	4,388
26,975	23,816	24,819	27,314	30,487	30,601
13,262	12,703	12,876	13,527	16,253	16,926
27,774	25,552	25,643	24,652	22,696	N/A
309,173	295,979	268,996	213,264	203,319	N/A
98,167	93,261	97,761	99,656	97,854	N/A
4,430	4,150	4,505	4,395	3,664	N/A
1,031	1,035	1,010	1,068	1,066	1,220
\$6.98	\$7.54	\$7.87	\$6.12	\$6.34	\$4.99
\$619	\$560	\$565	\$581	\$566	\$549
\$714	\$693	\$737	\$724	\$795	\$783
704	647	661	709	693	613
15,630	17,927	7,091	6,922	4,894	4,606
201,909	205,970	220,264	222,475	227,896	216,420
257,309	241,688	252,552	246,363	288,325	285,002

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

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 17**

Function/Program	Fiscal year				
	2009	2008	2007	2006	2005
Public safety					
Police					
Area commands (stations)	4	4	4	4	4
Patrol units	200	241	294	285	330
Fire					
Stations	20	20	20	20	20
Emergency units	75	69	90	73	69
Public works					
Streets (centerline miles)	NA	1,576	1,576	1,542	1,450
Streets (lane miles) <sup>1</sup>	7,431	NA	NA	NA	NA
Major bridges	209	205	170	83	83
Signalized intersections	565	564	545	515	500
Transit buses	58	94	128	102	86
Culture and recreation					
Parks and open space locations	199	198	198	184	178
Sports complexes	5	7	7	6	6
Community centers	8	7	7	7	5
Utilities					
Electric distribution lines (miles)	3,451	3,451	3,432	3,319	2,892
Natural gas pipe (miles)	2,320	2,320	2,278	2,160	2,104
Water distribution lines (miles)	1,892	1,892	1,780	1,738	1,800
MHS					
Number of hospital beds	671	717	717	477	477
Health care facilities	16	15	15	15	15
Airport					
Number of runways	3	3	3	3	3
Parking					
Number of parking spaces - on-street	2,360	2,389	2,404	2,360	2,360
Number of parking spaces - off-street	2,703	2,703	2,136	2,136	2,136

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

<sup>1</sup> Streets Division began recording street miles as lane miles rather than centerline miles in 2008/2009.

**SALES AND USE TAX REVENUE  
COLLECTION COSTS AND REQUIRED REFUNDS  
Last ten fiscal years**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 18**

<b>Fiscal Year</b>	<b>Collection Cost</b>	<b>Required Refunds</b>
2000	\$3,088,355	\$773,330
2001	3,146,904	1,098,357
2002	3,044,827	582,183
2003	2,837,599	562,868
2004	2,238,376	590,059
2005	2,102,833	1,476,970
2006	2,138,951	797,409
2007	2,382,311	297,007
2008	2,266,785	1,359,304
2009	1,317,980	633,732

Note: This table reflects values for the General Fund only.

**ASSESSED VALUATIONS, PROPERTY TAX  
LEVIES AND COLLECTIONS**  
Last ten fiscal years

**CITY OF COLORADO SPRINGS  
COLORADO**  
Table 19

<b>Fiscal Year</b>	<b>Assessed Valuation (in 000's)</b>	<b>Total Tax Levy</b>	<b>Total Current Collections</b>	<b>Collections as a Percent of Levy</b>	<b>Current Year Outstanding Delinquent Taxes</b>	<b>All Years Outstanding Delinquent Taxes</b>	<b>All Years Delinquent Taxes as a Percent of Levy</b>
2000	\$3,255,179	\$17,327,379	\$16,657,336	96.1%	\$35,478	\$169,643	1.0%
2001	3,322,468	17,685,563	16,991,029	96.1%	54,864	195,455	1.1%
2002	3,730,306	18,770,958	18,069,749	96.3%	55,647	206,742	1.1%
2003	3,875,111	19,499,562	18,276,035	93.7%	225,021	398,269	2.0%
2004	3,734,731	18,793,169	17,873,516	95.1%	61,249	206,715	1.1%
2005	3,783,803	18,707,124	18,172,673	97.1%	64,741	204,446	1.1%
2006	4,103,863	20,289,499	19,543,229	96.3%	64,551	214,833	1.1%
2007	4,215,420	20,841,035	20,022,230	96.1%	30,970	175,434	0.8%
2008	4,738,226	23,425,810	22,750,839	97.1%	56,121	138,455	0.6%
2009	4,773,750	23,601,422	23,007,963	97.5%	77,498	146,802	0.6%

Notes: Collections are net of positive and negative abatements.  
Fiscal year is the year of collection.  
Certification of assessed valuation and mill levies is done in the year prior to the year of collection.

**DIRECT AND OVERLAPPING MILL LEVY  
RATES - WITHIN CITY LIMITS  
Last ten fiscal years**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 20**

<b>Fiscal Year</b>	<b>City</b>	<b>County Government</b>	<b>School District No 11</b>	<b>Library District</b>	<b>Water Conservancy District</b>	<b>Total</b>
2000	5.323	8.339	36.630	3.336	0.826	54.454
2001	5.323	8.339	40.061	3.446	0.865	58.034
2002	5.032	7.821	39.744	3.216	0.855	56.668
2003	5.032	7.880	39.812	3.271	0.897	56.892
2004	5.032	7.947	41.698	3.434	0.947	59.058
2005	4.944	8.012	42.094	3.495	0.947	59.492
2006	4.944	7.673	43.813	3.296	0.943	60.669
2007	4.944	7.710	44.045	3.515	0.941	61.155
2008	4.944	7.514	44.045	3.325	0.915	60.743
2009	4.944	7.583	44.054	3.325	0.943	60.849

Notes: Fiscal year is the year of collection.  
 Certification of assessed valuation and mill levies is done in the year prior to the year of collection.  
 Rates include levies for operations and debt service.  
 Representative sample of overlapping districts, other overlapping district mill levies vary.

**MUNICIPAL SOLID WASTE LANDFILL  
CLOSURE AND POSTCLOSURE CARE COSTS  
December 31, 2009**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 21**

<b>Facility</b>	<b>Closure Costs</b>	<b>Postclosure Costs</b>	<b>Total Cost</b>	<b>Percentage of Capacity Used</b>
Hancock	\$282,110	\$65,185	\$347,295	n/a
Clear Spring Gravel Pit 1	750,340	781,438	1,531,778	
Clear Spring Gravel Pit 1 C&D SOLIDS				100.00%
Clear Spring Gravel Pit 1 MONOFILL				44.75%
Clear Spring Gravel Pit 2 C&D SOLIDS	135,191	55,148	190,339	8.56%
Clear Spring - Ash Disposal	1,080,986	635,581	1,716,567	61.35%
Clear Spring - BIOSOLIDS	<u>2,467,658</u>	<u>1,339,451</u>	<u>3,807,109</u>	34.10%
Total Cost	<u>\$4,716,285</u>	<u>\$2,876,803</u>	<u>\$7,593,088</u>	

Notes:

Percentage of capacity used does not apply to the Hancock facility. The entire liability for this facility is recognized on the Government-wide Statement of Net Assets.

Liabilities for the Clear Spring (formerly Hanna Ranch) facilities are recognized on a capacity used basis in the Utilities fund; total costs for the Clear Spring facilities based on capacity used are estimated at \$7,202,642. The total costs from the above table are based on the 5 year study adjusted by inflation (excludes Gravel Pit 2 see below note).

Clear Spring Gravel Pit 2 C&D SOLIDS was opened in 2009 to replace Clear Spring Gravel Pit 1 C&D SOLIDS (at capacity), the costs listed on the table for closure and post closure are based on capacity used.