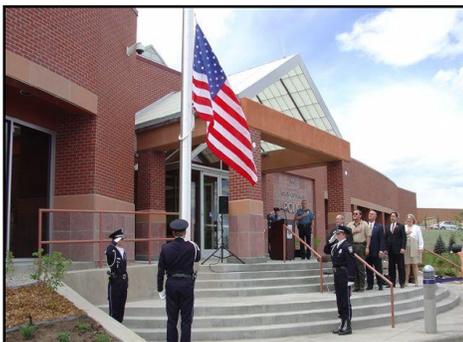


City of  
Colorado Springs,  
Colorado

# 2010 Comprehensive Annual Financial Report

For the year ended December 31, 2010



# Comprehensive Annual Financial Report

City of Colorado Springs  
Colorado

For the fiscal year ended  
December 31, 2010

## Finance Office

Terri Velasquez, Financial and Administrative Services Director  
Candice Bridgers, Financial Services Manager

## Accounting Staff

Debbie Wutt, Chief Accountant  
Michael Fagan, Senior Accountant  
Erin Garcia, Accountant I  
Tracy Peters, Senior Accountant  
Margie Tantanella, Senior Accountant

A special thanks to:

Marti Purdy, Accounting Technician



CITY OF COLORADO SPRINGS

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CITY OF COLORADO SPRINGS

# INTRODUCTORY SECTION



CITY OF COLORADO SPRINGS

## CITY OF COLORADO SPRINGS

June 13, 2011

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, 2010, 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, 2010. 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. On November 2, 2010, the eligible electors of the City

voted to amend the Charter to establish a “council-mayor” form of government having as its elective officers a Mayor and City Council. Pursuant to this “council-mayor” form of government, the Mayor of the City is the chief executive, exercising all administrative and executive powers granted to the City, except as otherwise delegated by the City Charter. The Mayor is elected every four years and is limited to two consecutive terms. The Mayor is to be elected by a majority, and not a plurality, of votes cast for the office of Mayor according to a run-off election.

Policy-making and legislative authority are vested in the governing council (Council) consisting of the nine member all elected on a non-partisan basis. Council members serve four-year terms. Three Council members are elected at large; the remaining Council members are elected by district.

The City provides a full range of municipal government services to approximately 420,000 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, 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 are 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 2010 as it did throughout the nation. Prior to the recent recession, unemployment was between 4%-6%. In 2010, unemployment

at the end of the year was 10.3%. 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 2010 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.

## 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, 2009. This was the 20<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.

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  
Financial and Administrative Services Director



Candice Bridgers  
Financial Services Manager

# 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, 2009

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.



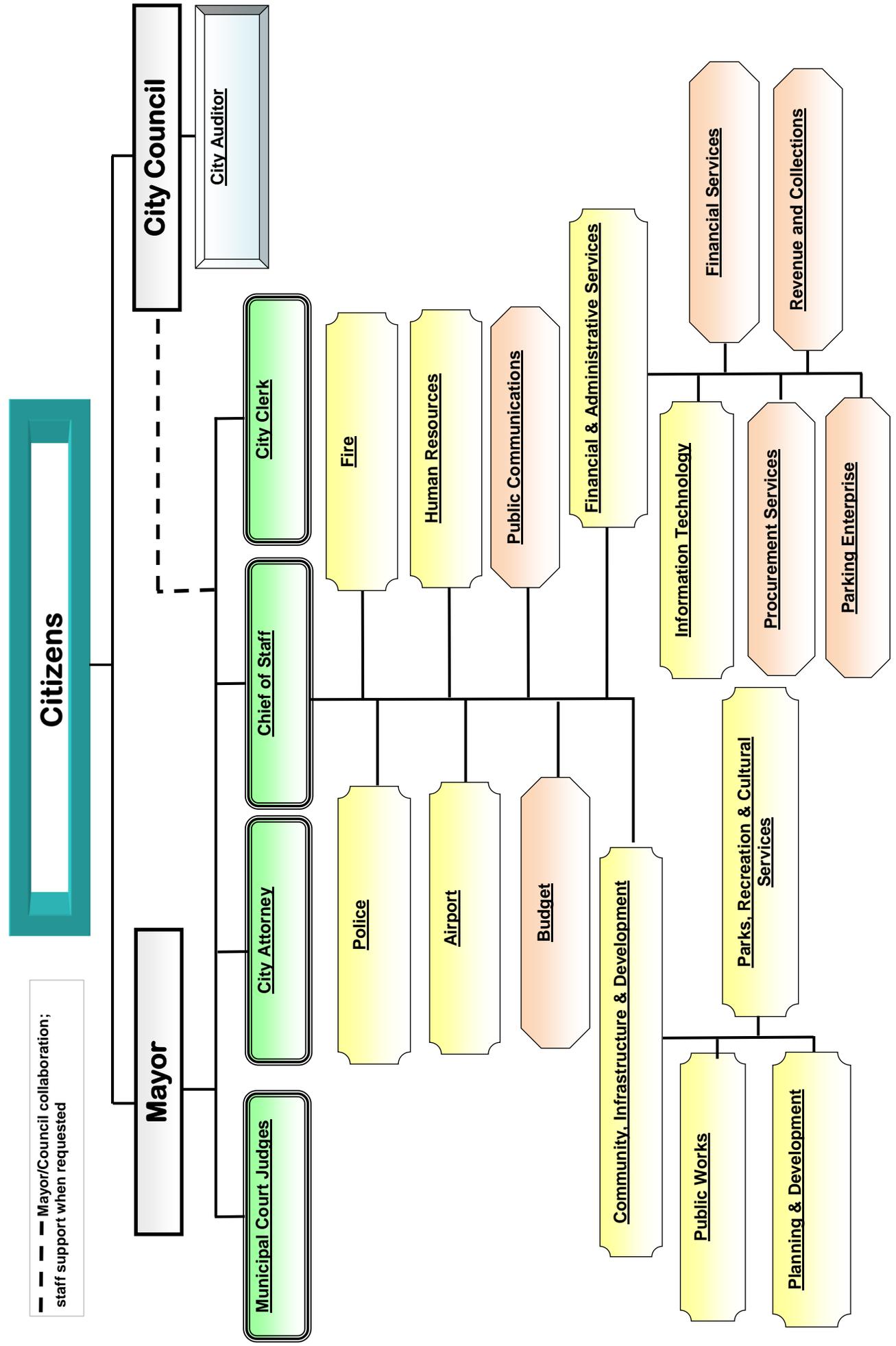
President

Executive Director



# CITY OF COLORADO SPRINGS

MUNICIPAL GOVERNMENT  
ORGANIZATIONAL CHART



--- Mayor/Council collaboration;  
staff support when requested

# CITY OF COLORADO SPRINGS, COLORADO

**Steve Bach – Mayor**



## City Council



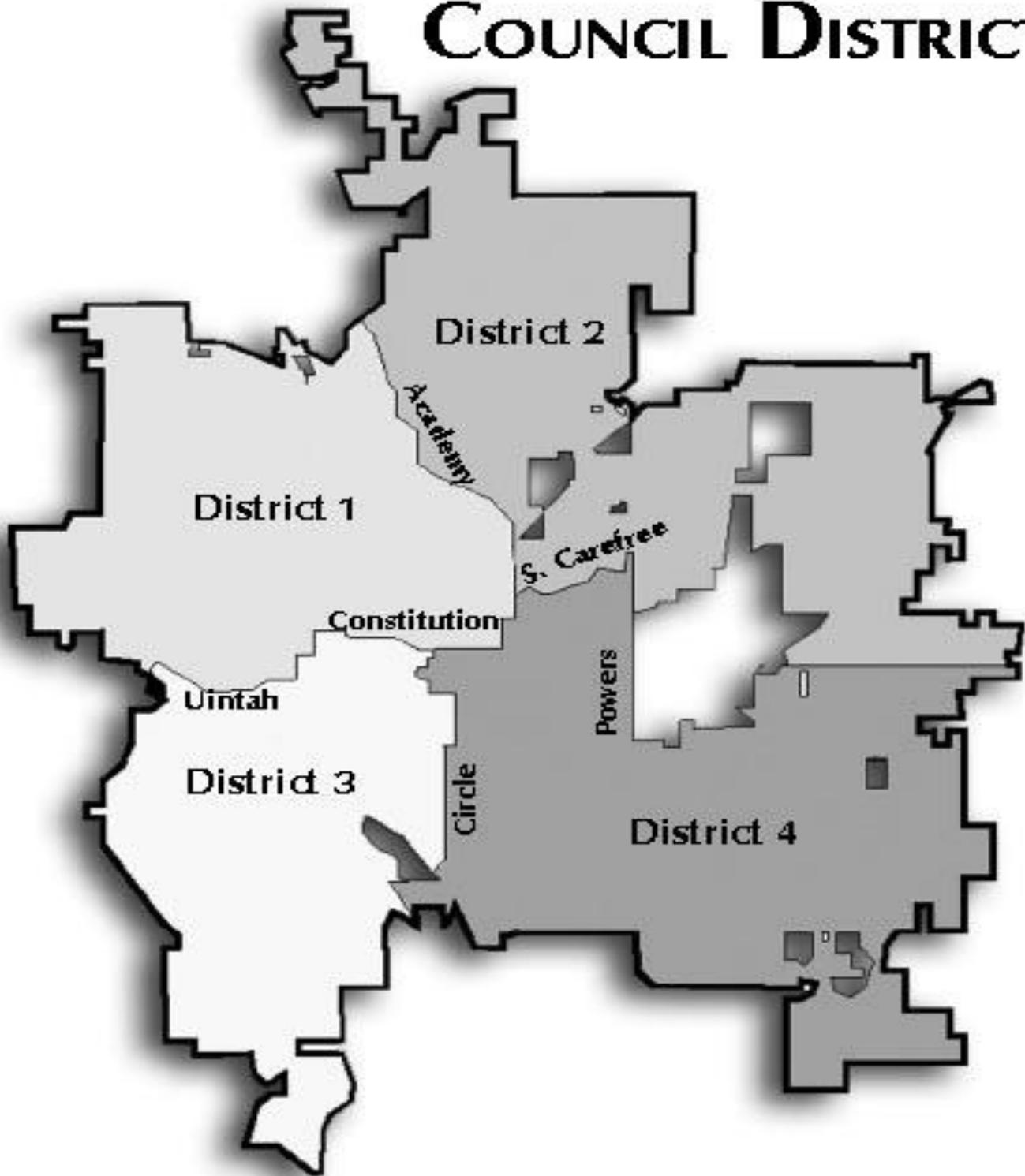
Top Row (left to right)

Brandy Williams – Councilmember At-Large  
Scott Hente – Council President, District 1  
Bernie Herpin – Councilmember District 4  
Angela Dougan – Councilmember District 2

Bottom Row (left to right)

Val Snider – Councilmember At-Large  
Lisa Czelatdko – Councilmember District 3  
Merv Bennett – Councilmember At-Large  
Jan Martin – Council President Pro Tem, At-Large  
Tim Leigh – Councilmember At-Large

# COUNCIL DISTRICTS



# CITY OF COLORADO SPRINGS, COLORADO

## **Mayor**

Steve Bach

## **Utilities Director**

Jerry Forte

## **Hospital Director**

Dr. Larry McEvoy

## **Chief of Staff/Fire Chief**

Steven W. Cox

## **City Department Directors**

Ann M. Crossey, Human Resources

Mark Earle, Airport Director

Nancy Johnson, Community, Development, and Infrastructure Director

Hayden W. Kane II, Municipal Presiding Judge

Patricia K. Kelly, City Attorney

Richard Myers, Police Chief

Terri L. Velasquez, Financial and Administrative Services Director

Vacant Position, Chief Information Officer

Vacant Position, Parks, Recreation and Cultural Services

Vacant Position, Planning

Vacant Position, Public Works

## **Council Appointee**

Denny Nester, City Auditor

# **CITY OF COLORADO SPRINGS, COLORADO**

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

Arlene Patterson Stein, PhD, Chair

Vic Andrews, Secretary

Yolanda Fennick

Kailash Jaitly, PsyD

G. Jeff Murrell

James P. Moore, PhD, Vice Chair

Michael L. Edmonds, PhD

Donald P. Gazibara, MD

Paul Johnson

Marijane Axtell Paulsen, PhD

### **Ex-Officio Members**

Scott Hurlbert, MD  
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, 2010, 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 93 percent of the assets, 86 percent of the net assets, and 98 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 100 percent of the assets, 99 percent of the net assets, and 98 percent of the program 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. The financial statements of the Memorial Health Systems Fund, the seven joint utilities projects, the Colorado Springs Urban Renewal Authority, the Colorado Springs

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

**Downtown Development Authority, and the ten business improvement districts were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures 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, 2010, 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.**

**As discussed in Note IV.G, Colorado Springs Utilities has adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 51 – *Accounting and Financial Reporting for Intangible Assets* effective January 1, 2010.**

**In accordance with *Government Auditing Standards*, we have also issued our report, dated June 13, 2011, 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.**

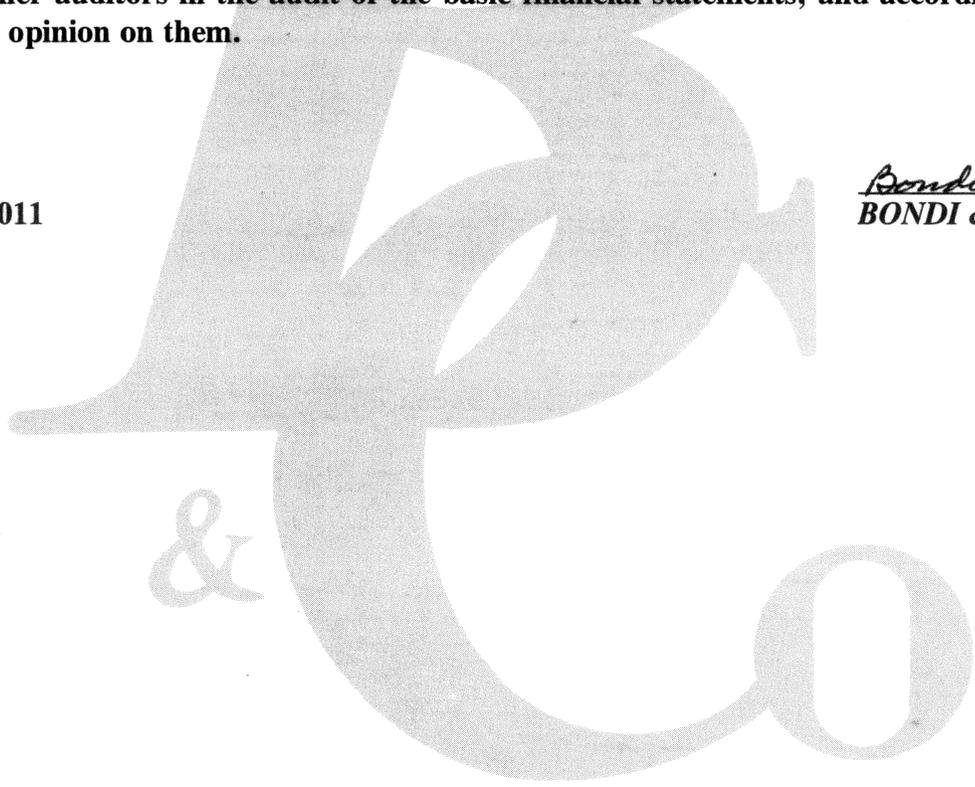
**The Management’s Discussion and Analysis, the Schedule of Funding Progress, the Schedule of Employer Contributions, and the Schedule of Funding Progress on pages 5-20, 128, 129, and 130, respectively, are not a required part of the basic financial statements but are supplementary information required 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.**

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

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 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 13, 2011

*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, 2010. 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, 2010, by \$3,137,967,812 (net assets). Of this amount, \$686,574,413 was unrestricted net assets that may be used to meet the government's ongoing obligations to citizens and creditors.
- At December 31, 2010, the City's governmental funds reported combined ending fund balances of \$90,217,640. Approximately 53% of this total amount or \$47,773,586 was unreserved, undesignated.
- The general fund, presented on a current financial resources basis, reported a fund balance of \$43,987,312 or 23.4% of total 2010 general fund expenditures (excluding transfers out) and an unreserved, undesignated fund balance of \$29,945,650 or 16% of general fund expenditures (excluding transfers out).
- The City's total debt outstanding was \$2,753,732,000 at December 31, 2010. The key factor for this 22.2% increase over 2009 was the \$644 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 2010. 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, and economic development. Taxes, intergovernmental revenues, and transfers of surplus revenue 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, and development review program. 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 \$3.1 billion at the close of 2010 as compared to \$3.0 billion at the close of 2009.

By far the largest portion of the City’s net assets (74.5%) 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 2010 with comparative information for 2009:

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Current and other assets	\$184,281	\$166,120	\$1,487,849	\$1,166,010	\$1,672,131	\$1,332,130
Capital assets	1,159,630	1,112,464	3,605,176	3,277,198	4,764,805	4,389,662
Total assets	<u>1,343,911</u>	<u>1,278,584</u>	<u>5,093,025</u>	<u>4,443,208</u>	<u>6,436,936</u>	<u>5,721,792</u>
Long-term liabilities	143,343	166,590	2,769,630	2,179,268	2,912,973	2,345,858
Other liabilities	83,405	70,217	302,590	300,509	385,995	370,726
Total liabilities	<u>226,748</u>	<u>236,807</u>	<u>3,072,220</u>	<u>2,479,777</u>	<u>3,298,968</u>	<u>2,716,584</u>
Net assets						
Invested in capital assets, net of related debt	1,036,479	977,962	1,302,422	1,331,520	2,338,902	2,309,482
Restricted	22,532	22,553	89,960	47,971	112,492	70,524
Unrestricted	58,152	41,262	628,423	583,940	686,574	625,202
Total net assets	<u>\$1,117,163</u>	<u>\$1,041,777</u>	<u>\$2,020,805</u>	<u>\$1,963,431</u>	<u>\$3,137,968</u>	<u>\$3,005,208</u>

\*immaterial differences may occur due to rounding

The City's combined net assets were \$3.1 billion at December 31, 2010, of which \$686.6 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 \$2.02 billion at December 31, 2010. 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 2010 with comparative information for 2009:

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Revenues:						
Program revenues:						
Charges for services	\$31,006	\$30,955	\$1,380,371	\$1,337,190	\$1,411,377	\$1,368,145
Operating grants and contributions	24,111	19,290	-	-	24,111	19,290
Capital grants and contributions	105,822	58,881	50,431	42,734	156,253	101,615
General revenues:						
Property taxes	24,326	26,276	-	-	24,326	26,276
Other taxes	151,936	146,767	-	-	151,936	146,767
Investment earnings	1,735	2,675	30,445	44,280	32,180	46,955
Gain on sale of capital assets	573	1,517	-	-	573	1,517
Contributions to endowments	79	85	-	-	79	85
<b>Total revenues</b>	<b>339,587</b>	<b>286,446</b>	<b>1,461,247</b>	<b>1,424,204</b>	<b>1,800,835</b>	<b>1,710,650</b>
Expenses:						
General government	46,363	56,678	-	-	46,363	56,678
Public safety	150,429	145,664	-	-	150,429	145,664
Public works	61,480	83,648	-	-	61,480	83,648
Health and welfare	1,206	1,231	-	-	1,206	1,231
Culture and recreation	21,616	25,192	-	-	21,616	25,192
Urban redevelopment and housing	6,161	4,966	-	-	6,161	4,966
Economic development	2,042	3,171	-	-	2,042	3,171
Interest on long-term debt	5,631	5,392	-	-	5,631	5,392
Utilities	-	-	796,132	725,181	796,132	725,181
MHS	-	-	540,440	555,196	540,440	555,196
Airport	-	-	25,342	25,469	25,342	25,469
Parking	-	-	3,089	4,014	3,089	4,014
Non-major Enterprises	-	-	16,213	23,269	16,213	23,269
<b>Total expenses</b>	<b>294,928</b>	<b>325,942</b>	<b>1,381,216</b>	<b>1,333,129</b>	<b>1,676,144</b>	<b>1,659,071</b>
Increase in net assets before transfers	44,659	(39,497)	80,031	91,075	124,691	51,578
Transfers	30,727	26,110	(30,727)	(26,110)	-	-
Increase in net assets	75,386	(13,386)	49,304	64,965	124,691	51,579
Net assets - beginning	1,041,777	1,054,328	1,963,431	1,655,740	3,005,207	2,710,068
Prior period adjustment	-	835	8,070	242,726	8,070	243,561
<b>Net assets - ending</b>	<b>\$1,117,163</b>	<b>\$1,041,777</b>	<b>\$2,020,805</b>	<b>\$1,963,431</b>	<b>\$3,137,968</b>	<b>\$3,005,208</b>

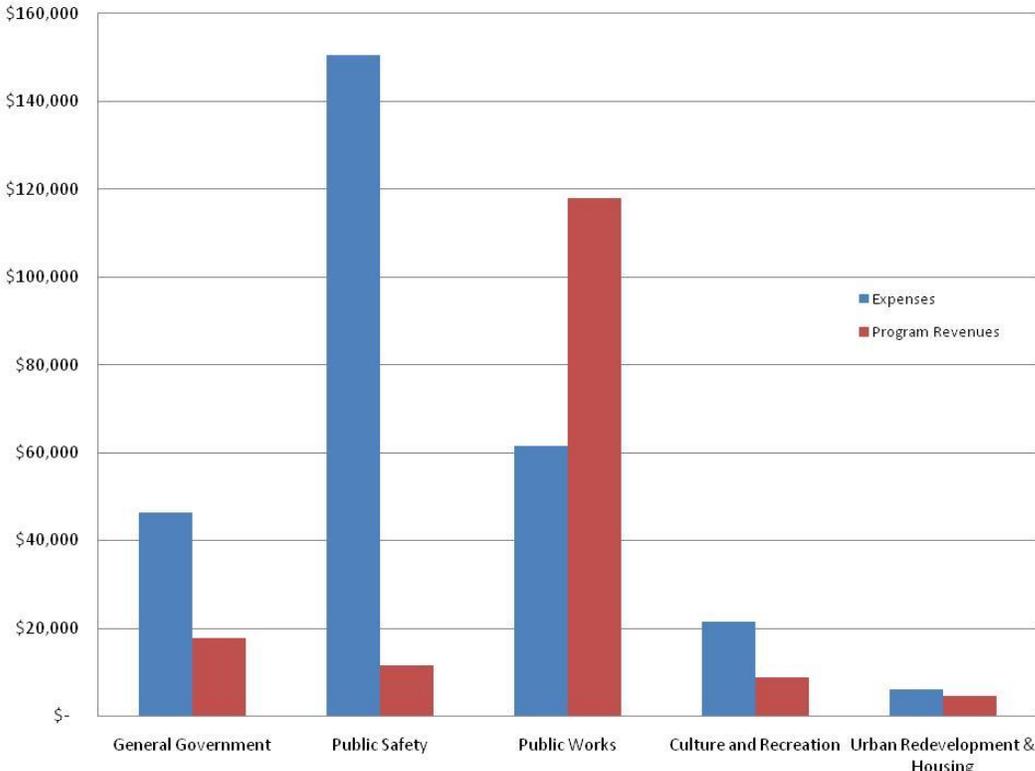
\*immaterial differences may occur due to rounding

Overall, the City's net assets increased during 2010 by \$132.8 million. The overall increase is due primarily to increased capital grant revenue for the governmental activities coupled with a decrease in expenses. For the business-type activities, there was an increase of \$43.2 million for charges for service.

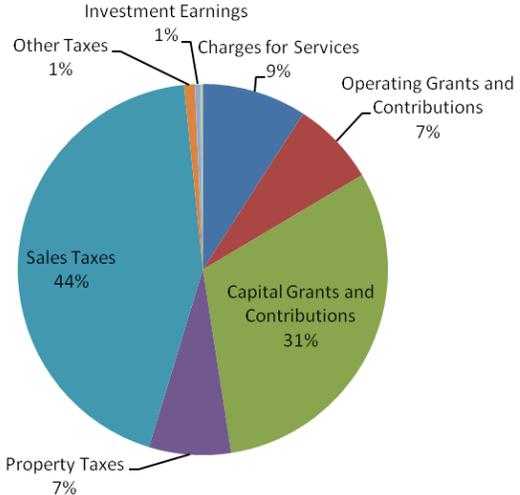
### **Governmental Activities**

Revenue of the governmental activities was up from 2009 by \$53.1 million due primarily to increases in capital grants and contributions, which fluctuate greatly from year to year. Expenses of the governmental activities were down \$31 million from 2009 primarily due to conservative spending by City departments.

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



### Revenues by Source - Governmental Activities

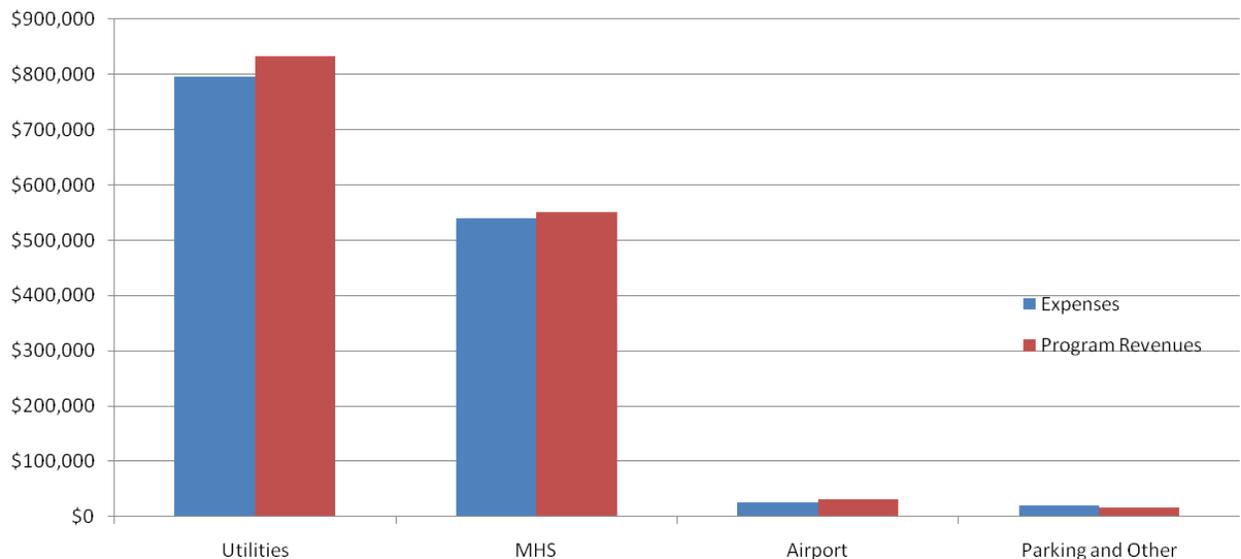


## Business-type Activities

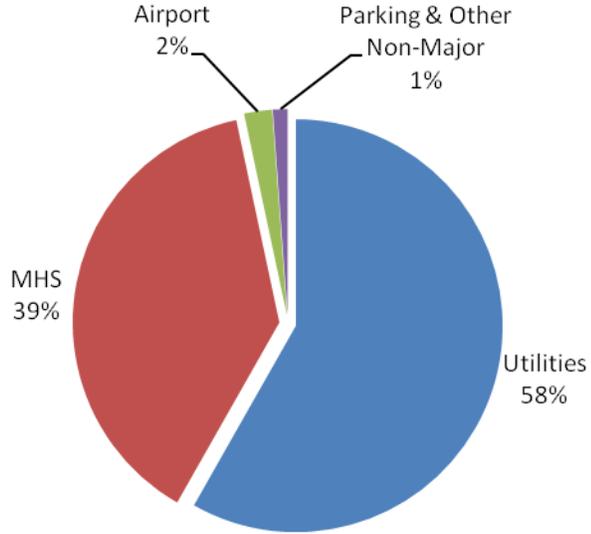
For business-type activities, Utilities operating revenues increased \$53.8 million or 7.2% from adjusted 2009 primarily due to increases in electric and water revenue of \$55.4 million and \$20.1 million, respectively, offset by a decrease in natural gas and wastewater revenue of \$16 million and \$4.8 million. Streetlight revenue and products and services revenue decreased approximately \$900,000. Operating expenses in 2010 increased \$33.7 million or 4.9% from adjusted 2009 primarily due to higher production and treatment expenses.

MHS had an increase in operating revenues of \$7.6 million or 1.4% due to an increase in net revenue per admission which offset the lower volume for the year. Operating expenses for MHS increased by \$12.2 million or 2.4% primarily due to contracting with an outside group for outpatient cardiologic services and salaries and wage increases.

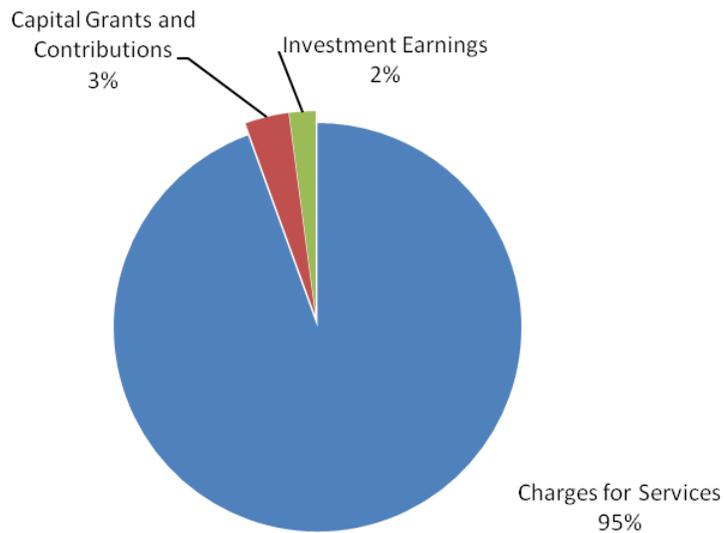
**Expenses and Program Revenues - Business-type Activities**  
(in 000's)



## 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 2010, the City's governmental funds reported total combined fund balances of \$90,217,640, of which approximately 53% (\$47,773,586) is unreserved and undesignated. The unreserved, dedicated portion of fund balance is \$21,662,090. The reserved portion of fund balance is committed to debt service (\$3,115,031), endowments (\$10,121,692), and the TABOR emergency reserve (\$7,545,241).

The general fund is the principal operating fund of the City. At the end of 2010, the general fund's total fund balance was \$43,987,312. The unreserved, undesignated fund balance of the general fund was \$29,945,650. 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 (excluding transfers out). Total fund balance represents 23.4% of total general fund expenditures while unreserved, undesignated fund balance represents 16% 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, 2010 and 2009 for the proprietary funds, in thousands, were as follows:

	<b>Unrestricted Net Assets (in 000s)</b>		
	<b>2010</b>	<b>2009</b>	<b>Variance</b>
Utilities	\$245,828	\$244,017	\$1,811
MHS	342,736	297,576	45,160
Airport	25,220	25,207	13
Parking	7,923	6,946	977
Non-major enterprise funds	10,052	15,453	(5,401)
Internal service	(104)	(4,200)	4,096

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:

- \$1.11 million increase to partially restore some Parks, Recreation and Cultural Services Departments services.
- \$1.19 million increase for various City services that were not initially funded such as the fall 2010 election and median and rights-of-way maintenance.
- Other supplemental appropriations including carryover of project budgets and encumbrances from the previous year totaled \$3.34 million

Total revenues, excluding other financing sources, were \$9.4 million higher than the final budget due to revenue coming in stronger than anticipated. More specifically, sales and use tax revenue was \$9.8 million higher than projected and State shared revenue was \$910,914 higher than projected. Charges for services including fines and forfeits were \$863,823 million less than projected. Total expenditures, excluding other financing uses, were \$7.2 million less than the final budget due to conservative spending by City departments.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **CAPITAL ASSETS**

At the end of 2010, the City had \$4.8 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 \$375 million.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Land	\$265,271	\$255,331	\$191,745	\$187,594	\$457,016	\$442,925
Buildings	96,478	100,659	76,463	79,852	172,941	180,511
Improvements other than buildings	39,156	39,107	126,124	131,846	165,280	170,953
Machinery and equipment	42,711	46,970	10,929	9,741	53,639	56,711
Infrastructure	557,899	566,032	25,496	25,925	583,395	591,957
Utilities plant	-	-	2,529,539	2,295,781	2,529,539	2,295,781
MHS plant	-	-	324,463	344,735	324,463	344,735
Construction in progress	158,115	104,365	298,594	201,724	456,710	306,089
Intangible Capital Assets	-	-	21,823	-	21,823	-
<b>Total</b>	<b><u>\$1,159,630</u></b>	<b><u>\$1,112,464</u></b>	<b><u>\$3,605,176</u></b>	<b><u>\$3,277,198</u></b>	<b><u>\$4,764,806</u></b>	<b><u>\$4,389,662</u></b>

\*immaterial differences may occur due to rounding

Major changes to capital assets for 2010 include:

In 2010, Utilities capital expenditures totaled \$425.1 million. Capital expenditures included approximately \$306.2 million for the electric system, of which \$209 million was for the acquisition of the Front Range 480 MW natural gas fired combined cycle facility; \$15.6 million for the natural gas system; \$61.2 million for the water system which included the Southern Delivery System and \$32.2 million for the wastewater system. In addition, approximately \$9.9 million was spent on facilities, technology additions and enhancements to telecommunications, computing and applications infrastructure.

MHS acquired \$9.6 million of capital assets during 2010 consisting of primarily upgrades to medical equipment.

In 2010, donated assets from Pikes Peak Rural Transportation Authority were included in the asset information in the amount of \$24.1 million as well as developer donated infrastructure of \$22.3 million.

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 2010 and 2009:

<b>City of Colorado Springs Outstanding Debt (in 000's)</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
General obligation bonds	\$16,980	\$18,050	\$ -	\$ -	\$16,980	\$18,050
Sales tax revenue bonds	37,280	43,615	-	-	37,280	43,615
Certificates of participation	47,575	49,135	-	-	47,575	49,135
Special assessment bonds and notes	-	111	-	-	-	111
Revenue bonds	-	-	\$2,550,918	\$2,044,188	2,550,918	2,044,188
Notes payable	-	-	100,979	98,022	100,979	98,022
<b>Total</b>	<b>\$101,835</b>	<b>\$110,911</b>	<b>\$2,651,897</b>	<b>\$2,142,210</b>	<b>\$2,753,732</b>	<b>\$2,253,121</b>

During 2010, 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 include the following:

- The Cottonwood GID, a blended component unit of the City, issued \$3.9 million in limited tax general obligation refunding bonds, Series 2010, to refund the Cottonwood GID limited tax general obligation bonds, Series 1998.
- During 2010, Utilities issued \$139,835,000 Utilities System Revenue and Taxable Utilities System Improvement Revenue Bonds, Series 2010A, \$180,000,000 Utilities System Revenue and Taxable Utilities System Improvement Revenue Bonds, Series 2010B, \$50,000,000 Variable Rate Demand Utilities System Improvement Revenue Bonds, Series 2010C, and \$273,855,000 Utilities System Revenue Bonds, Series 2010D.

The City's latest bond ratings are as follows:

## City of Colorado Springs

Bond and Certificate Ratings

As of 4/29/2011

Bond / COP Issue Type	Insurer	Moody's		S&P		Fitch	
		Insurer Rating	Underlying Rating	Insurer Rating	Underlying Rating	Insurer Rating	Underlying Rating
<b>Utility System Revenue Bonds</b>	N/A	N/A	Aa2	N/A	AA	N/A	AA
<b>Memorial Health System Bonds</b>							
Series 2000	N/A	N/A	A3	N/A	A-	N/A	N/A
Series 2002	FSA	Aa3	A3	AA+	A-	N/A	N/A
Series 2004B	Ambac	Caa2	A3	N/A	A-	N/A	N/A
Series 2009	N/A	N/A	A3	N/A	A-	N/A	N/A
<b>Sales and Use Tax Revenue Bonds</b>							
Series 2007	MBIA	B3	Aa3	B	AA+	N/A	N/A
Series 2009	Assured Guaranty	Aa3	Aa3	AA+	AA+	AA-	N/A
<b>Certificates of Participation</b>							
Series 1999	MBIA	B3	A1	B	AA-	N/A	N/A
Series 2000	FSA	Aa3	Aa3	AA+	AA-	N/A	N/A
Series 2003	N/A	N/A	A1	N/A	N/A	N/A	N/A
Series 2009	Assured Guaranty	Aa3	Aa3	AA+	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 2002A	FSA	Aa3	A3	AA+	A-	AA+	A-
Series 2007B	FSA	Aa3	A3	AA+	A-	AA+	A-
Series 2007A	FSA	Aa3	A3	AA+	A-	AA+	A-

The current debt limitation for the City is \$493.8 million or 10% of the assessed property valuation. The City has no outstanding general obligation debt as it relates to this debt limit. The general obligation debt shown in the financial statements relate to City's blended component units.

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

## ECONOMIC FACTORS

### LOCAL ECONOMIC INDICATORS

During 2010, the City experienced a slight improvement in the local economy. The number of single family permits issued in 2010 was 22.9% higher than 2009. The 2010 median and average home sales prices for the region increased by 3.1% and 4.4% over 2009, respectively. Foreclosures also declined by approximately 11.8%. However, the local unemployment rate increased by 7.9% in 2010 and the number of commercial permits issued declined by 33%.

#### Local Economic Indicators

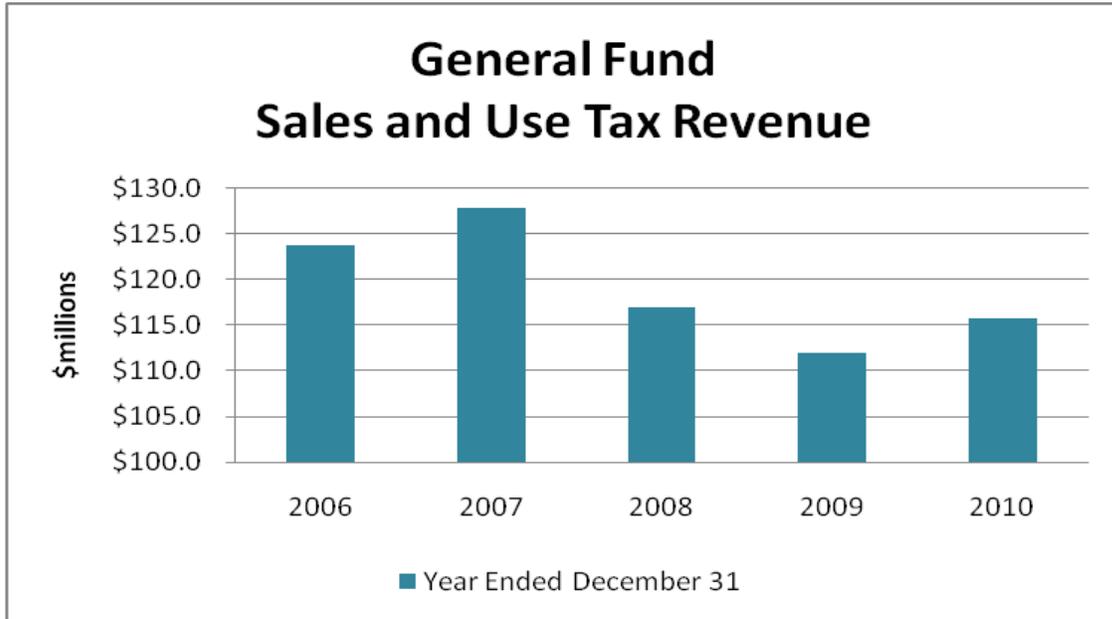
	<u>2010</u>	<u>2009</u>	<u>Change</u>
Annual MSA Unemployment Rate (NSA)	9.6%	8.9%	7.9% ↓
Annual MSA Employment (NSA)	280,303	285,192	-1.7% ↓
Single Family Permits	826	672	22.9% ↑
Commercial Permits	523	781	-33.0% ↓
Avg. Sales Price (Pikes Peak Region)	\$232,939	\$223,143	4.4% ↑
Median Sales Price (Pikes Peak Region)	\$198,500	\$192,500	3.1% ↑
Foreclosures	4,828	5,471	-11.8% ↑

Note: ↑ Indicates favorable change ↓ Indicates unfavorable

### SALES AND USE TAX REVENUE

The City's general fund sales and use tax revenue was up \$3.7 million or 3.4% from the same period in 2009 due primarily to a rebound in consumer spending. While we are seeing an improvement, sales and use tax revenue is still \$12.1 million or 9.5% lower than the 2007 pre-recession levels.

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 Financial and Administrative Services Director at City of Colorado Springs, 30 S. Nevada Avenue, Suite 205, Colorado Springs, Colorado, 80903.

# BASIC FINANCIAL STATEMENTS

**STATEMENT OF NET ASSETS**  
**December 31, 2010**

**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	\$92,609,810	\$491,001,175	\$583,610,985	\$1,498,183	\$2,613,524
Receivables (net of allowance for uncollectibles)	77,211,326	202,850,644	280,061,970	12,448,807	7,063,880
Due from primary government	-	-	-	-	1,559,203
Inventories	1,012,330	59,900,127	60,912,457	-	60,909
Prepays	276,729	23,745,000	24,021,729	21,122	573,338,757
Derivative instruments	-	2,955,000	2,955,000	-	-
Deferred cash flow hedges - unrealized loss on derivative instruments	-	168,585,000	168,585,000	-	-
Other	-	86,747,346	86,747,346	-	332,022
Restricted assets (temporarily):					
Cash and investments	11,547,779	423,094,965	434,642,744	5,621,292	8,355,962
Investment in joint ventures	-	2,238,654	2,238,654	-	-
Capital assets (net of accumulated depreciation):					
Land	265,271,193	191,745,073	457,016,266	-	-
Buildings	96,477,950	76,463,089	172,941,039	-	-
Improvements other than buildings	39,156,038	126,124,410	165,280,448	2,444,055	-
Machinery and equipment	42,710,645	10,928,554	53,639,199	53,335	-
Infrastructure	557,899,115	25,495,556	583,394,671	19,603,496	-
Utility plant	-	2,529,539,000	2,529,539,000	-	70,947,694
MHS plant	-	324,463,000	324,463,000	-	-
Construction in progress	158,115,446	298,594,165	456,709,611	11,294,811	75,769
Intangible Capital assets (net of accumulated depreciation):					
Land Rights	-	11,164,000	11,164,000	-	-
Software	-	10,659,000	10,659,000	-	-
Unamortized bond issuance costs	1,622,305	26,731,409	28,353,714	2,376,686	4,988,904
<b>Total assets</b>	<b>1,343,910,666</b>	<b>5,093,025,167</b>	<b>6,436,935,833</b>	<b>55,361,787</b>	<b>669,336,624</b>
<b>LIABILITIES</b>					
Accounts payable and other liabilities	32,081,793	163,749,963	195,831,756	185,480	239,757
Funds held for others	5,266,720	-	5,266,720	-	-
Accrued interest payable	963,561	12,273,427	13,236,988	531,342	5,318,063
Internal balances	(1,477,762)	1,477,762	-	-	-
Unearned revenue	31,577,757	1,176,007	32,753,764	5,085,134	5,352,751
Noncurrent liabilities:					
Due within one year	14,992,200	123,913,663	138,905,863	1,423,318	8,737,760
Due in more than one year	143,343,384	2,769,629,546	2,912,972,930	85,052,834	690,211,657
<b>Total liabilities</b>	<b>226,747,653</b>	<b>3,072,220,368</b>	<b>3,298,968,021</b>	<b>92,278,108</b>	<b>709,859,988</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	1,036,479,446	1,302,421,603	2,338,901,049	(2,725,037)	(1,401,158)
Restricted for:					
Debt service	3,115,031	89,829,386	92,944,417	8,747,809	3,156,623
Endowments:					
Expendable	343,735	-	343,735	-	-
Nonexpendable	9,777,957	-	9,777,957	-	-
Emergency reserve (TABOR)	7,545,241	-	7,545,241	69,075	-
Judgments and Claims	1,750,000	-	1,750,000	-	-
Other	-	131,000	131,000	3,919	-
Unrestricted	58,151,603	628,422,810	686,574,413	(43,012,087)	(42,278,829)
<b>Total net assets (deficit)</b>	<b>\$1,117,163,013</b>	<b>\$2,020,804,799</b>	<b>\$3,137,967,812</b>	<b>(\$36,916,321)</b>	<b>(\$40,523,364)</b>

STATEMENT OF ACTIVITIES  
 For the year ended December 31, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	Governmental	Business-type
								Activities	Activities
<b>Primary government</b>									
Governmental activities									
General government	\$46,363,125	\$16,515,016	\$1,327,075	\$ -	(\$28,521,034)	\$ -	(\$28,521,034)	\$ -	\$ -
Public safety	150,429,316	4,909,599	5,387,993	1,335,726	(138,795,998)	-	(138,795,998)	-	-
Public works	61,479,834	6,357,708	11,666,726	100,017,786	56,562,386	-	56,562,386	-	-
Health and welfare	1,205,744	-	-	-	(1,205,744)	-	(1,205,744)	-	-
Culture and recreation	21,616,273	3,124,277	1,339,276	4,468,540	(12,684,180)	-	(12,684,180)	-	-
Urban redevelopment and housing	6,160,987	98,933	4,389,898	-	(1,672,156)	-	(1,672,156)	-	-
Economic development	2,042,321	-	-	-	(2,042,321)	-	(2,042,321)	-	-
Interest on long-term debt	5,630,651	-	-	-	(5,630,651)	-	(5,630,651)	-	-
<b>Total governmental activities</b>	<b>294,928,251</b>	<b>31,005,533</b>	<b>24,110,968</b>	<b>105,822,052</b>	<b>(133,989,698)</b>	<b>-</b>	<b>(133,989,698)</b>	<b>-</b>	<b>-</b>
Business-type activities									
Utilities	796,131,627	797,548,000	-	35,431,000	-	36,845,373	36,845,373	-	-
MHS	540,440,000	550,074,000	-	-	-	9,634,000	9,634,000	-	-
Airport	25,341,755	19,209,227	-	12,037,915	-	5,905,387	5,905,387	-	-
Parking	3,089,064	3,715,448	-	-	-	626,384	626,384	-	-
Other	16,213,845	9,828,784	-	2,962,023	-	(3,425,038)	(3,425,038)	-	-
<b>Total business-type activities</b>	<b>1,381,216,291</b>	<b>1,380,371,459</b>	<b>-</b>	<b>50,430,938</b>	<b>-</b>	<b>49,586,106</b>	<b>49,586,106</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$1,676,144,542</b>	<b>\$1,411,376,992</b>	<b>\$24,110,968</b>	<b>\$156,252,990</b>	<b>(\$133,989,698)</b>	<b>\$49,586,106</b>	<b>(\$84,403,592)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Component units</b>									
Improvement districts	\$8,127,475	\$626,352	\$14,760	\$ -	\$ -	\$ -	\$ -	(\$7,486,363)	\$ -
Utilities	70,864,332	58,223,740	-	-	-	-	-	(\$7,486,363)	(\$12,640,592)
<b>Total component units</b>	<b>\$78,991,807</b>	<b>\$58,850,092</b>	<b>\$14,760</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(\$12,640,592)</b>	<b>\$ -</b>
General revenues									
Property taxes					\$24,326,164	\$ -	\$24,326,164	\$4,063,423	\$ -
Sales taxes					148,782,961	-	148,782,961	-	-
Specific ownership taxes					2,311,600	-	2,311,600	317,507	-
Occupational liquor taxes					256,153	-	256,153	-	-
Admissions tax					490,236	-	490,236	-	-
Bicycle excise tax					95,547	-	95,547	-	-
Miscellaneous					-	-	-	1,523,021	-
Investment earnings					1,734,681	30,445,172	32,179,853	53,961	859,072
Gain on sale of capital assets					572,920	-	572,920	-	-
Contributions to endowments					78,543	-	78,543	-	-
Transfers					30,727,161	(30,727,161)	-	-	-
<b>Total general revenues and transfers</b>					<b>209,375,966</b>	<b>(281,989)</b>	<b>209,093,977</b>	<b>5,957,912</b>	<b>859,072</b>
<b>Change in net assets</b>					<b>75,386,268</b>	<b>49,304,117</b>	<b>124,690,385</b>	<b>(1,528,451)</b>	<b>(11,781,520)</b>
<b>Net assets (deficit) - January 1</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>
<b>Prior period adjustment</b>					<b>-</b>	<b>8,070,000</b>	<b>8,070,000</b>	<b>-</b>	<b>-</b>
<b>Net assets (deficit) - January 1, restated</b>					<b>1,041,776,745</b>	<b>1,971,500,682</b>	<b>3,013,277,427</b>	<b>(35,387,870)</b>	<b>(28,741,844)</b>
<b>Net assets (deficit) - December 31</b>					<b>\$1,117,163,013</b>	<b>2,020,804,799</b>	<b>\$3,137,967,812</b>	<b>(\$36,916,321)</b>	<b>(\$40,523,364)</b>

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

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$44,008,658	\$38,376,792	\$82,385,450
Accounts receivable (net of allowance for uncollectibles)	3,034,901	12,675,144	15,710,045
Sales tax receivable	12,478,394	3,307,857	15,786,251
Loans receivable	854,981	19,485,891	20,340,872
Assessments receivable	21,445	-	21,445
Property taxes receivable			
Current	20,708,538	3,789,513	24,498,051
Delinquent	97,882	-	97,882
Due from other funds	6,296,489	2,193	6,298,682
Prepays	217,842	-	217,842
Restricted investments	2,454,674	9,093,105	11,547,779
<b>Total assets</b>	<b>90,173,804</b>	<b>86,730,495</b>	<b>176,904,299</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	6,334,410	3,457,616	9,792,026
Funds held for others	5,266,720	-	5,266,720
Accrued salaries and benefits	2,720,899	527,597	3,248,496
Due to other funds	1,995,820	6,813,965	8,809,785
Escrow deposits	7,239,723	481,319	7,721,042
Deferred revenue			
Loans	854,981	19,485,891	20,340,872
Assessments	21,445	-	21,445
Property taxes	20,708,538	3,789,513	24,498,051
Grants	-	5,944,266	5,944,266
Unearned revenue	1,043,956	-	1,043,956
<b>Total liabilities</b>	<b>46,186,492</b>	<b>40,500,167</b>	<b>86,686,659</b>
<b>Fund balances</b>			
Reserved for			
Debt service	2,363,369	751,662	3,115,031
Endowments	-	10,121,692	10,121,692
Emergency reserve	7,545,241	-	7,545,241
Unreserved, designated for, reported in:			
Encumbrances			
General fund	2,303,918	-	2,303,918
Special revenue funds	-	994,316	994,316
Capital projects funds	-	403,069	403,069
Subsequent year expenditures			
General fund	1,829,134	-	1,829,134
Special revenue funds	-	9,994,780	9,994,780
Capital projects funds	-	6,136,873	6,136,873
Unreserved, undesignated, reported in:			
General fund	29,945,650	-	29,945,650
Special revenue funds	-	17,827,936	17,827,936
<b>Total fund balances</b>	<b>43,987,312</b>	<b>46,230,328</b>	<b>90,217,640</b>
<b>Total liabilities and fund balances</b>	<b>\$90,173,804</b>	<b>\$86,730,495</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.	1,159,381,470
Loans and assessments - current receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	20,340,872
Interest on investments that is not available to pay for current-period expenditures is not reported in the funds.	636,862
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.	3,470,611
Long-term liabilities, including bonds payable, are not due and payable in current period and, therefore, are not reported in the funds.	(156,884,442)
Net assets of governmental activities	<u>\$1,117,163,013</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, 2010**

**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	\$139,106,817	\$37,282,092	\$176,388,909
Licenses and permits	798,583	-	798,583
Intergovernmental	19,896,605	65,308,292	85,204,897
Charges for services	22,023,690	2,755,833	24,779,523
Endowments and donations	-	1,680,204	1,680,204
Other revenue	1,640,518	1,349,467	2,989,985
Investment earnings	402,235	1,420,200	1,822,435
Rental income	723,937	-	723,937
<b>Total revenues</b>	<b>184,592,385</b>	<b>109,796,088</b>	<b>294,388,473</b>
<b>Expenditures</b>			
<b>Current</b>			
General government	41,156,426	1,047,529	42,203,955
Public safety	113,264,744	28,073,588	141,338,332
Public works	16,474,323	16,948,932	33,423,255
Health and welfare	1,214,390	-	1,214,390
Culture and recreation	8,164,298	12,915,464	21,079,762
Urban redevelopment and housing	257,497	5,825,462	6,082,959
Economic development	-	2,056,965	2,056,965
Miscellaneous	-	1,077,315	1,077,315
<b>Debt service</b>			
Principal	1,791,237	10,643,946	12,435,183
Interest	2,267,833	3,543,244	5,811,077
Issuance expense	-	77,358	77,358
Capital outlay	3,087,481	38,303,420	41,390,901
<b>Total expenditures</b>	<b>187,678,229</b>	<b>120,513,223</b>	<b>308,191,452</b>
<b>Deficiency of revenues under expenditures</b>	<b>(3,085,844)</b>	<b>(10,717,135)</b>	<b>(13,802,979)</b>
<b>Other financing sources (uses)</b>			
Transfers - in	32,800,306	14,054,692	46,854,998
Transfers - out	(14,054,692)	(2,073,145)	(16,127,837)
Proceeds from issuance of debt	-	3,900,000	3,900,000
Payment to bond escrow agent	-	(4,221,551)	(4,221,551)
Premium on bonds issued	-	201,552	201,552
Capital lease proceeds	1,337,000	-	1,337,000
Sale of capital assets	572,919	-	572,919
<b>Total other financing sources</b>	<b>20,655,533</b>	<b>11,861,548</b>	<b>32,517,081</b>
<b>Net change in fund balances</b>	<b>17,569,689</b>	<b>1,144,413</b>	<b>18,714,102</b>
<b>Fund balances - January 1</b>	<b>26,417,623</b>	<b>45,085,915</b>	<b>71,503,538</b>
<b>Fund balances - December 31</b>	<b>\$43,987,312</b>	<b>\$46,230,328</b>	<b>\$90,217,640</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, 2010**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 5**

Net change in fund balances - total governmental funds	\$18,714,102
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.	2,547,286
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	44,609,274
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.	12,902,177
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.	(4,760,804)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(811,062)
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.	<u>2,185,295</u>
Change in net assets of governmental activities	<u><u>\$75,386,268</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, 2010**

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

	<u>Budgeted Amounts</u>		<u>2010 Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
<b>Taxes</b>				
General property taxes				
Current	\$20,671,695	\$20,671,695	\$20,666,136	(\$5,559)
Penalty and interest	-	-	49,192	49,192
	<u>20,671,695</u>	<u>20,671,695</u>	<u>20,715,328</u>	<u>43,633</u>
Sales and use taxes	105,890,308	105,890,308	115,684,401	9,794,093
Specific ownership taxes	2,436,339	2,436,339	1,960,699	(475,640)
Occupational liquor taxes	279,300	279,300	256,153	(23,147)
Gross receipts business taxes				
Admissions tax	572,464	572,464	490,236	(82,228)
	<u>129,850,106</u>	<u>129,850,106</u>	<u>139,106,817</u>	<u>9,256,711</u>
<b>Licenses and permits</b>				
Business licenses and permits	662,648	662,648	798,583	135,935
<b>Intergovernmental</b>				
State shared revenue				
Cigarette tax	1,211,296	1,211,296	1,103,296	(108,000)
Highway users tax-regular	15,547,154	15,547,154	16,458,697	911,543
Highway users tax-added fees	1,276,705	1,276,705	1,368,763	92,058
Severance tax	20,000	20,000	35,313	15,313
	<u>18,055,155</u>	<u>18,055,155</u>	<u>18,966,069</u>	<u>910,914</u>
Other governmental units				
El Paso County road and bridge	799,696	799,696	799,536	(160)
El Paso County shared fines	95,630	95,630	131,000	35,370
	<u>895,326</u>	<u>895,326</u>	<u>930,536</u>	<u>35,210</u>
<b>Total intergovernmental</b>	<u>\$18,950,481</u>	<u>\$18,950,481</u>	<u>\$19,896,605</u>	<u>\$946,124</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, 2010**

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

	Budgeted Amounts		2010 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Charges for services</b>				
General government				
Court costs and charges	\$7,138,100	\$7,138,100	\$6,347,802	(\$790,298)
Planning, zoning, subdivision fees	483,600	483,600	331,300	(152,300)
Other fees	3,448,062	3,448,062	3,267,793	(180,269)
	<u>11,069,762</u>	<u>11,069,762</u>	<u>9,946,895</u>	<u>(1,122,867)</u>
Public safety				
Police services	3,976,515	3,976,515	4,145,460	168,945
Fire services	523,580	523,580	756,224	232,644
	<u>4,500,095</u>	<u>4,500,095</u>	<u>4,901,684</u>	<u>401,589</u>
Highways and streets				
Highway and street permits and fees	3,938,148	3,938,148	4,127,792	189,644
Signal maintenance	739,028	739,028	762,585	23,557
	<u>4,677,176</u>	<u>4,677,176</u>	<u>4,890,377</u>	<u>213,201</u>
Culture and recreation				
Sports programs	1,193,410	1,193,410	988,677	(204,733)
Swimming pool fees	175,000	517,486	442,034	(75,452)
Ice center fees	352,087	352,087	351,385	(702)
Community centers	28,201	198,979	187,244	(11,735)
Other fees	290,305	378,518	315,394	(63,124)
	<u>2,039,003</u>	<u>2,640,480</u>	<u>2,284,734</u>	<u>(355,746)</u>
<b>Total charges for services</b>	<u>22,286,036</u>	<u>22,887,513</u>	<u>22,023,690</u>	<u>(863,823)</u>
<b>Miscellaneous</b>				
Other revenue	864,431	899,474	1,640,518	741,044
Investment earnings	850,002	850,002	402,235	(447,767)
Rental income	1,056,240	1,090,340	723,937	(366,403)
	<u>2,770,673</u>	<u>2,839,816</u>	<u>2,766,690</u>	<u>(73,126)</u>
<b>Total revenues</b>	<u>\$174,519,944</u>	<u>\$175,190,564</u>	<u>\$184,592,385</u>	<u>\$9,401,821</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, 2010**

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

	<b>Budgeted Amounts</b>		<b>2010 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	\$68,123	\$68,123	\$41,305	\$26,818
Clerk of the council	395,488	395,488	323,607	71,881
	<u>463,611</u>	<u>463,611</u>	<u>364,912</u>	<u>98,699</u>
Judicial	3,531,536	3,545,891	3,389,164	156,727
Executive-city manager	633,811	633,811	426,683	207,128
Financial	3,586,094	3,595,227	3,363,726	231,501
Law	2,627,613	2,627,613	2,016,050	611,563
Personnel	774,881	781,002	725,248	55,754
Planning and zoning	2,066,619	1,878,089	1,694,394	183,695
Support services	16,817,551	16,547,292	15,723,945	823,347
Vendor fees	-	-	197,192	(197,192)
Other	13,608,512	12,473,268	13,255,112	(781,844)
	<u>44,110,228</u>	<u>42,545,804</u>	<u>41,156,426</u>	<u>1,389,378</u>
<b>Total general government</b>				
<b>Public safety</b>				
Police	76,674,112	77,068,638	75,009,643	2,058,995
Fire	40,151,664	40,243,523	38,255,101	1,988,422
	<u>116,825,776</u>	<u>117,312,161</u>	<u>113,264,744</u>	<u>4,047,417</u>
<b>Total public safety</b>				
<b>Public works</b>				
Highways and streets				
Maintenance of condition	7,386,728	7,359,350	7,528,734	(169,384)
Traffic services	3,804,015	3,937,695	3,713,024	224,671
Engineering	2,649,609	2,942,938	2,965,961	(23,023)
	<u>13,840,352</u>	<u>14,239,983</u>	<u>14,207,719</u>	<u>32,264</u>
Transit	2,620,327	3,473,960	2,266,604	1,207,356
	<u>16,460,679</u>	<u>17,713,943</u>	<u>16,474,323</u>	<u>1,239,620</u>
<b>Total public works</b>				
<b>Health and welfare</b>				
Communicable disease	1,204,457	1,204,457	1,214,390	(9,933)
	<u>1,204,457</u>	<u>1,204,457</u>	<u>1,214,390</u>	<u>(9,933)</u>
<b>Health and welfare</b>				
	<u>\$6,607,287</u>	<u>\$8,193,346</u>	<u>\$8,164,298</u>	<u>\$29,048</u>
<b>Culture and recreation</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, 2010**

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

	<u>Budgeted Amounts</u>		<u>2010 Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Urban redevelopment and housing</b>				
Community development	\$248,615	\$255,480	\$257,497	(\$2,017)
<b>Debt service expenditures</b>				
Principal payments	1,928,972	1,928,972	1,791,237	137,735
Interest payments	789,570	2,275,065	2,267,833	7,232
<b>Total debt service</b>	<u>2,718,542</u>	<u>4,204,037</u>	<u>4,059,070</u>	<u>144,967</u>
<b>Capital outlay</b>	<u>954,206</u>	<u>3,396,585</u>	<u>3,087,481</u>	<u>309,104</u>
<b>Total expenditures</b>	<u>189,129,790</u>	<u>194,825,813</u>	<u>187,678,229</u>	<u>7,147,584</u>
<b>Deficiency of revenues under expenditures</b>	<u>(14,609,846)</u>	<u>(19,635,249)</u>	<u>(3,085,844)</u>	<u>16,549,405</u>
<b>Other financing sources (uses)</b>				
Transfers - in				
Utilities Surplus	28,141,479	28,141,479	31,152,661	3,011,182
Other funds	2,139,961	2,139,961	1,647,645	(492,316)
Transfers - out				
City funded capital improvement projects	(12,833,706)	(12,833,706)	(12,834,692)	(986)
Other funds	-	-	(1,220,000)	(1,220,000)
Capital lease financing	-	-	1,337,000	1,337,000
Sale of capital assets	912,000	912,000	572,919	(339,081)
<b>Total other financing sources (uses)</b>	<u>18,359,734</u>	<u>18,359,734</u>	<u>20,655,533</u>	<u>2,295,799</u>
<b>Net change in fund balance</b>	<u>3,749,888</u>	<u>(1,275,515)</u>	<u>17,569,689</u>	<u>18,845,204</u>
<b>Fund balance - January 1</b>	<u>26,417,623</u>	<u>26,417,623</u>	<u>26,417,623</u>	<u>-</u>
<b>Fund balance - December 31</b>	<u>\$30,167,511</u>	<u>\$25,142,108</u>	<u>\$43,987,312</u>	<u>\$18,845,204</u>

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

**PROPRIETARY FUNDS  
BALANCE SHEET  
December 31, 2010**

	Business-type Activities Enterprise Funds			
	Utilities	MHS	Airport	Parking
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and investments - unrestricted	\$136,386,000	\$300,989,000	\$37,770,845	\$4,997,279
Cash and investments - restricted	18,242,000	-	-	-
Note receivable	36,000	-	-	-
Accounts receivable (net of allowance for uncollectibles)	97,858,264	95,907,017	6,329,069	7,395
Interest receivable	342,000	-	-	-
Due from other funds	3,863,736	42,983	-	72,982
Inventories	54,432,000	5,397,000	-	-
Prepays	10,158,000	13,587,000	-	-
Derivative instruments	2,763,000	-	-	-
Deferred cash flow hedges - unrealized loss on derivatives	39,093,000	-	-	-
Other	871,000	-	-	-
Unamortized bond issuance costs	717,771	47,878	-	30,947
<b>Total current assets</b>	<b>364,762,771</b>	<b>415,970,878</b>	<b>44,099,914</b>	<b>5,108,603</b>
<b>Noncurrent assets</b>				
Cash and investments - restricted	374,630,000	23,908,000	5,451,377	863,588
Note receivable	-	-	2,027,576	-
Due from other funds	-	-	-	1,900,043
Investment in joint ventures	1,078,000	1,160,654	-	-
Fair value of derivative instruments	192,000	-	-	-
Other	76,674,000	9,202,346	-	-
Unamortized bond issuance costs	16,401,229	8,661,122	604,318	268,144
Deferred cash flow hedges - unrealized loss on derivatives	129,492,000	-	-	-
Capital assets:				
Land	148,219,000	21,420,000	18,423,581	2,072,246
Buildings	-	-	94,535,740	24,996,034
Improvements other than buildings	-	-	161,991,560	6,472,495
Machinery and equipment	-	-	15,065,456	377,610
Infrastructure	-	-	26,796,307	-
Utility plant	4,077,654,000	-	-	-
MHS plant	-	605,051,000	-	-
Construction in progress	265,225,000	639,000	21,942,197	295,043
Intangible Capital assets:				
Land Rights	11,164,000	-	-	-
Software	21,325,000	-	-	-
Less accumulated depreciation	(1,558,781,000)	(280,588,000)	(98,863,922)	(10,818,904)
<b>Total noncurrent assets</b>	<b>3,563,273,229</b>	<b>389,454,122</b>	<b>247,974,190</b>	<b>26,426,299</b>
<b>Total assets</b>	<b>\$3,928,036,000</b>	<b>\$805,425,000</b>	<b>\$292,074,104</b>	<b>\$31,534,902</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>
\$10,858,051	\$491,001,175	\$10,224,360
-	18,242,000	-
-	36,000	-
343,323	200,445,068	119,918
-	342,000	-
4,895	3,984,596	737,077
71,127	59,900,127	1,012,330
-	23,745,000	58,887
-	2,763,000	-
-	39,093,000	-
-	871,000	-
-	796,596	-
11,277,396	841,219,562	12,152,572
-	404,852,965	-
-	2,027,576	-
-	1,900,043	-
-	2,238,654	-
-	192,000	-
-	85,876,346	-
-	25,934,813	-
-	129,492,000	-
1,610,246	191,745,073	13,000
9,853,873	129,385,647	370,956
14,189,539	182,653,594	396,917
7,520,362	22,963,428	3,066,847
2,977,974	29,774,281	-
-	4,077,654,000	-
-	605,051,000	-
10,492,925	298,594,165	-
-	11,164,000	-
-	21,325,000	-
(16,082,515)	(1,965,134,341)	(3,598,802)
30,562,404	4,257,690,244	248,918
\$41,839,800	\$5,098,909,806	\$12,401,490
		(continued)

**PROPRIETARY FUNDS  
BALANCE SHEET  
December 31, 2010**

	Business-type Activities Enterprise Funds			
	Utilities	MHS	Airport	Parking
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b>Current liabilities</b>				
Accounts payable	\$59,195,683	\$49,482,584	\$4,380,220	\$86,792
Accrued liabilities	-	6,377,000	-	-
Accrued salaries and benefits	6,348,000	9,960,000	163,033	8,891
Compensated absences	6,915,000	632,600	31,529	2,681
Due to other funds	3,479,317	420,416	98,577	15,488
Deferred revenue	-	-	1,147,152	-
Accrued interest payable	12,229,000	-	-	44,427
Matured bonds payable	56,604,000	3,865,000	3,020,000	525,000
Notes payable	1,403,000	3,917,250	625,750	-
Capital lease payable	-	531,994	131,927	-
Claims and judgments	210,000	-	-	-
Derivative instruments	45,115,000	-	-	-
Other	26,134,000	-	-	-
<b>Total current liabilities</b>	<b>217,633,000</b>	<b>75,186,844</b>	<b>9,598,188</b>	<b>683,279</b>
<b>Noncurrent liabilities</b>				
Accrued liabilities	-	1,178,000	-	-
Compensated absences	5,164,000	12,019,400	599,069	50,933
Customer deposits	1,566,000	-	-	-
Revenue bonds payable, net of deferrals	2,199,142,000	230,040,000	42,300,688	11,662,983
Notes payable	21,089,000	69,204,750	4,072,010	-
Customer advances for construction	9,831,000	-	-	-
Capital lease payable	-	159,006	332,761	-
Municipal solid waste landfill closure and postclosure care	3,496,000	-	-	-
Derivative instruments	152,288,000	-	-	-
Deferred cash flow hedges - unrealized gain on derivatives	-	3,480,000	-	-
Other	1,183,000	-	-	7,819
<b>Total noncurrent liabilities</b>	<b>2,393,759,000</b>	<b>316,081,156</b>	<b>47,304,528</b>	<b>11,721,735</b>
<b>Total liabilities</b>	<b>2,611,392,000</b>	<b>391,268,000</b>	<b>56,902,716</b>	<b>12,405,014</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	1,020,084,000	47,513,000	195,790,991	10,342,954
Restricted				
Debt service	50,732,000	23,777,000	14,160,798	863,588
Other	-	131,000	-	-
Unrestricted	245,828,000	342,736,000	25,219,599	7,923,346
<b>Total net assets (deficit)</b>	<b>1,316,644,000</b>	<b>414,157,000</b>	<b>235,171,388</b>	<b>19,129,888</b>
<b>Total liabilities and net assets</b>	<b>\$3,928,036,000</b>	<b>\$805,425,000</b>	<b>\$292,074,104</b>	<b>\$31,534,902</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>
\$342,477	\$113,487,756	\$11,167,899
-	6,377,000	-
93,283	16,573,207	152,330
22,617	7,604,427	39,103
12,732	4,026,530	84,083
28,855	1,176,007	70,039
-	12,273,427	-
-	64,014,000	-
55,489	6,001,489	-
304,826	968,747	2,405
-	210,000	-
-	45,115,000	-
-	26,134,000	-
860,279	303,961,590	11,515,859
-	1,178,000	-
429,696	18,263,098	742,956
-	1,566,000	-
-	2,483,145,671	-
611,955	94,977,715	-
-	9,831,000	-
899,476	1,391,243	7,935
-	3,496,000	-
-	152,288,000	-
-	3,480,000	-
-	1,190,819	-
1,941,127	2,770,807,546	750,891
2,801,406	3,074,769,136	12,266,750
28,690,658	1,302,421,603	238,578
296,000	89,829,386	-
-	131,000	-
10,051,736	631,758,681	(103,838)
39,038,394	2,024,140,670	134,740
\$41,839,800		\$12,401,490
	(3,335,871)	
	\$2,020,804,799	

**PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<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	\$797,546,000	\$536,827,000	\$19,209,227	\$3,715,448
Miscellaneous	-	13,247,000	-	-
<b>Total operating revenues</b>	<b>797,546,000</b>	<b>550,074,000</b>	<b>19,209,227</b>	<b>3,715,448</b>
<b>Operating expenses</b>				
Salaries and benefits	149,335,000	274,459,000	8,328,334	504,794
Other operating expenses	478,906,389	216,773,000	7,052,034	1,084,408
Depreciation	92,808,950	29,148,000	10,787,280	923,503
<b>Total operating expenses</b>	<b>721,050,339</b>	<b>520,380,000</b>	<b>26,167,648</b>	<b>2,512,705</b>
<b>Operating income (loss)</b>	<b>76,495,661</b>	<b>29,694,000</b>	<b>(6,958,421)</b>	<b>1,202,743</b>
<b>Nonoperating revenues (expenses)</b>				
Investment earnings	6,899,000	22,471,000	630,250	109,544
Interest expense	(73,074,000)	(18,137,000)	(2,510,178)	(552,195)
Passenger facility charges	-	-	2,327,679	-
Customer facility charges	-	-	822,498	-
Amortization expense	-	-	-	(30,947)
Gain (loss) on disposal of capital assets	-	-	16,192	-
Miscellaneous	(3,768,000)	(1,923,000)	69,893	-
<b>Total nonoperating revenues (expenses)</b>	<b>(69,943,000)</b>	<b>2,411,000</b>	<b>1,356,334</b>	<b>(473,598)</b>
Income (loss) before contributions and transfers	6,552,661	32,105,000	(5,602,087)	729,145
Capital contributions	35,431,000	-	12,037,915	-
Transfers - in	-	-	-	-
Transfers - out	(31,152,661)	-	-	-
<b>Change in net assets</b>	<b>10,831,000</b>	<b>32,105,000</b>	<b>6,435,828</b>	<b>729,145</b>
<b>Total net assets - January 1</b>	<b>1,297,743,000</b>	<b>382,052,000</b>	<b>228,735,560</b>	<b>18,400,743</b>
Prior Period Adjustment	8,070,000	-	-	-
<b>Total net assets - January 1 as restated</b>	<b>1,305,813,000</b>	<b>382,052,000</b>	<b>228,735,560</b>	<b>18,400,743</b>
<b>Total net assets - December 31</b>	<b>\$1,316,644,000</b>	<b>\$414,157,000</b>	<b>\$235,171,388</b>	<b>\$19,129,888</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>
\$9,826,784	\$1,367,124,459	\$55,849,993
-	13,247,000	-
<u>9,826,784</u>	<u>1,380,371,459</u>	<u>55,849,993</u>
5,755,442	438,382,570	8,225,859
8,657,781	712,473,612	43,686,675
1,386,755	135,054,488	59,436
<u>15,799,978</u>	<u>1,285,910,670</u>	<u>51,971,970</u>
<u>(5,973,194)</u>	<u>94,460,789</u>	<u>3,878,023</u>
335,378	30,445,172	231,194
(59,453)	(94,332,826)	(416)
-	2,327,679	-
-	822,498	-
-	(30,947)	-
(410,617)	(394,425)	-
-	(5,621,107)	-
<u>(134,692)</u>	<u>(66,783,956)</u>	<u>230,778</u>
(6,107,886)	27,676,833	4,108,801
2,962,023	50,430,938	-
425,500	425,500	-
-	(31,152,661)	-
<u>(2,720,363)</u>	<u>47,380,610</u>	<u>4,108,801</u>
41,758,757		(3,974,061)
-		-
<u>41,758,757</u>		<u>(3,974,061)</u>
<u>\$39,038,394</u>		<u>\$134,740</u>
	<u>1,923,507</u>	
	<u>\$49,304,117</u>	

**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**For the year ended December 31, 2010**

	<b>Business-type Activities</b>			
	<b>Enterprise Funds</b>			
	<b>Utilities</b>	<b>MHS</b>	<b>Airport</b>	<b>Parking</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$792,876,000	\$541,550,307	\$19,359,285	\$3,474,916
Receipts from interfund services provided	17,525,000	11,609,693	51,114	317,284
Payments to suppliers	(524,164,000)	(215,517,375)	(4,922,751)	(788,540)
Payments to employees	(84,861,000)	(272,078,000)	(8,363,974)	(503,232)
Payments for interfund services used	(18,514,000)	(386,625)	(2,435,028)	(325,528)
<b>Net cash provided (used) by operating activities</b>	<b>182,862,000</b>	<b>65,178,000</b>	<b>3,688,646</b>	<b>2,174,900</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating subsidies and transfers to other funds	(30,926,000)	-	-	-
Transfers in from other funds	-	-	-	-
Principal received from interfund loan	-	-	-	53,775
Interest received from interfund loan	-	-	-	79,413
Interest received - other	1,250,000	-	-	-
Operating grant	-	-	256,298	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(29,676,000)</b>	<b>-</b>	<b>256,298</b>	<b>133,188</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from capital debt	652,290,000	390,000	-	-
Capital contributions and advances	12,979,000	-	-	-
Bond issuance costs	(5,195,000)	-	-	-
Purchases of capital assets	(430,140,000)	(9,616,000)	(12,535,018)	(175,935)
Payments from accounts payable incurred for capital asset additions	-	-	(9,118)	-
Repayment of capital lease obligations	-	-	-	-
Principal paid on capital debt	(132,492,000)	(8,570,000)	(1,900,179)	(505,000)
Interest paid on capital debt	(78,261,000)	(17,024,000)	(2,554,279)	(553,929)
Interest paid - other	-	-	-	-
Proceeds from the sale of capital assets	1,481,000	53,000	-	-
Capital grant	-	-	12,047,270	-
Passenger facility charges	-	-	2,369,387	-
Customer facility charges	-	-	863,618	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>20,662,000</b>	<b>(34,767,000)</b>	<b>(1,718,319)</b>	<b>(1,234,864)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales and maturities of investments	61,600,000	237,854,000	33,258,595	3,103,991
Purchases of investments	(34,037,000)	(303,421,000)	(34,707,329)	(4,010,879)
Interest and dividends received	4,522,000	7,217,000	1,166,708	64,822
Distributions from joint ventures	6,175,000	-	-	-
Other investing activities	-	(1,286,000)	-	-
<b>Net cash provided (used) by investing activities</b>	<b>38,260,000</b>	<b>(59,636,000)</b>	<b>(282,026)</b>	<b>(842,066)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>212,108,000</b>	<b>(29,225,000)</b>	<b>1,944,599</b>	<b>231,158</b>
<b>Cash and cash equivalents - January 1</b>	<b>254,050,000</b>	<b>119,683,000</b>	<b>1,411,711</b>	<b>1,076,487</b>
<b>Cash and cash equivalents - December 31</b>	<b>466,158,000</b>	<b>90,458,000</b>	<b>3,356,310</b>	<b>1,307,645</b>
Cash and cash equivalents	466,158,000	90,458,000	3,356,310	1,307,645
Investments	63,100,000	234,439,000	39,865,912	4,553,222
<b>Total cash and investments</b>	<b>\$529,258,000</b>	<b>\$324,897,000</b>	<b>\$43,222,222</b>	<b>\$5,860,867</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>
\$11,082,421	\$1,368,342,929	\$6,018,324
80,274	29,583,365	50,287,421
(6,079,223)	(751,471,889)	(34,185,833)
(5,896,272)	(371,702,478)	(8,365,717)
<u>(3,832,500)</u>	<u>(25,493,681)</u>	<u>(9,514,917)</u>
<u>(4,645,300)</u>	<u>249,258,246</u>	<u>4,239,278</u>
-	(30,926,000)	-
425,500	425,500	-
-	53,775	-
-	79,413	-
-	1,250,000	-
<u>-</u>	<u>256,298</u>	<u>-</u>
<u>425,500</u>	<u>(28,861,014)</u>	<u>-</u>
-	652,680,000	-
3,438,363	16,417,363	-
-	(5,195,000)	-
<u>(4,822,845)</u>	<u>(457,289,798)</u>	<u>(69,378)</u>
(326,709)	(335,827)	-
(284,424)	(284,424)	(2,327)
(155,814)	(143,622,993)	-
(34,158)	(98,427,366)	-
(29,591)	(29,591)	(416)
45,288	1,579,288	-
-	12,047,270	-
-	2,369,387	-
<u>-</u>	<u>863,618</u>	<u>-</u>
<u>(2,169,890)</u>	<u>(19,228,073)</u>	<u>(72,121)</u>
14,917,617	350,734,203	4,438,276
(8,714,808)	(384,891,016)	(8,206,199)
521,480	13,492,010	292,194
-	6,175,000	-
<u>-</u>	<u>(1,286,000)</u>	<u>-</u>
<u>6,724,289</u>	<u>(15,775,803)</u>	<u>(3,475,729)</u>
334,599	185,393,356	691,428
<u>630,244</u>	<u>376,851,442</u>	<u>217,109</u>
<u>964,843</u>	<u>562,244,798</u>	<u>908,537</u>
964,843	562,244,798	908,537
<u>9,893,208</u>	<u>351,851,342</u>	<u>9,315,823</u>
<u>\$10,858,051</u>	<u>\$914,096,140</u>	<u>\$10,224,360</u>

(continued)

**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**For the year ended December 31, 2010**

	<b>Business-type Activities</b>			
	<b>Enterprise Funds</b>			
	<b>Utilities</b>	<b>MHS</b>	<b>Airport</b>	<b>Parking</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$76,495,661	\$29,694,000	(\$6,958,421)	\$1,202,743
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	94,734,000	29,148,000	10,787,280	923,503
Other expense	16,874,339	-	-	-
(Increase) decrease in accounts receivable	(2,649,000)	1,312,404	330,619	42,132
(Increase) in deferred revenue	-	-	-	-
Decrease in inventories	3,326,000	435,000	-	-
(Increase) decrease in due from other funds	-	(3,404)	-	34,619
(Increase) decrease in prepaids	88,000	-	-	-
(Increase) decrease in other assets	(5,458,000)	751,000	-	-
Increase (decrease) in accounts and other payables	5,741,000	2,533,528	(404,322)	(29,661)
Increase (decrease) in accrued expenses	2,376,000	2,382,000	(35,639)	1,564
Increase (decrease) in due to other funds	-	(323,528)	98,577	-
Increase (decrease) in other liabilities	(8,666,000)	(751,000)	(129,448)	-
<b>Net cash provided (used) by operating activities</b>	<b>\$182,862,000</b>	<b>\$65,178,000</b>	<b>\$3,688,646</b>	<b>\$2,174,900</b>
<b>Noncash investing, capital and financing activities</b>				
Amortization, charge-off of debt discount and expense	\$1,957,000	\$	-	\$30,947
Noncash acquisition of capital assets				
(incurrence of payable/capital lease obligation)	16,054,000	-	2,829,320	-
Noncash contributions in aid of construction	3,562,000	-	-	-
Increase (decrease) in fair value of investments	(12,115,000)	-	18,105	2,395

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>
(\$5,973,194)	\$94,460,789	\$3,878,023
1,386,755	136,979,538	59,435
-	16,874,339	90,644
1,332,348	368,503	-
-	-	(229,887)
3,097	3,764,097	157,206
(4,895)	26,320	594,995
6,300	94,300	(44,991)
-	(4,707,000)	-
(1,256,172)	6,584,373	(95,765)
(151,988)	4,571,937	(139,858)
8,889	(216,062)	(30,524)
3,560	(9,542,888)	-
<u>(\$4,645,300)</u>	<u>\$249,258,246</u>	<u>\$4,239,278</u>
\$ -	\$1,987,947	\$ -
686,181	19,569,501	-
-	3,562,000	-
(186,102)	(12,280,602)	(51,648)

**FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
December 31, 2010**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 10**

	<b>Pension Trust Funds</b>	<b>Agency Fund</b>
<b><u>ASSETS</u></b>		
Cash and investments	\$ -	\$1,474,959
Accounts receivable (net of allowances for uncollectibles)	-	84,244
Pension assets held in trust by Fire and Police Pension Association	146,088,317	-
<b>Total assets</b>	146,088,317	1,559,203
<b><u>LIABILITIES</u></b>		
Accounts payable	-	-
Due to component unit	-	1,559,203
<b>Total liabilities</b>	-	1,559,203
<b>Net assets - held in trust for pension benefits</b>	<b>\$146,088,317</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, 2010**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 11**

	<u>Pension Trust Funds</u>
<b>Additions</b>	
City contributions	\$906,260
Participant contributions	<u>20,010</u>
Total contributions	926,270
Investment earnings	
Interest and dividend income	3,208,347
Rental income	105
Net increase in fair value of investments	<u>15,435,953</u>
Total investment gain	18,644,405
Less investment expenses	<u>1,061,517</u>
Net investment gain	<u>17,582,888</u>
<b>Total additions</b>	<u>18,509,158</u>
<b>Deductions</b>	
Benefits	(14,855,932)
<b>Total deductions</b>	<u>(14,855,932)</u>
Change in net assets	3,653,226
<b>Net assets held in trust for pension benefits - January 1</b>	<u>142,435,091</u>
<b>Net assets held in trust for pension benefits - December 31</b>	<u><u>\$146,088,317</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, 2010**

	<b>Colorado Springs Urban Renewal Authority</b>	<b>Colorado Springs Downtown Development Authority</b>	<b>Greater Downtown Colorado Springs Business Improvement District</b>	<b>Briargate Center Business Improvement District</b>	<b>Barnes &amp; Powers North Business Improvement District</b>
<b><u>ASSETS</u></b>					
Cash and investments - unrestricted	\$281,708	\$662,127	\$279,502	\$77,436	\$13,649
Cash and investments - restricted	3,741,771	-	-	801,203	285,558
Accounts receivable (net of allowance for uncollectibles)	345,181	7,073	6,113	1,749	2,208
Note receivable	-	525,971	-	-	-
Assessments receivable	-	-	-	6,458,882	-
Property taxes receivable	1,510,266	818,441	544,895	227,750	256,481
Prepays	-	2,951	7,140	-	1,638
Deferred asset:					
Bond issue costs, net of amortization	1,475,592	-	-	699,942	29,064
Capital assets, not being depreciated:					
Construction in Progress	11,294,811	-	-	-	-
Capital assets, net of accumulated depreciation					
Machinery and equipment	-	-	53,335	-	-
Improvements	-	-	-	-	1,368,322
Infrastructure	-	-	-	6,644,408	355,177
<b>Total assets</b>	<b>18,649,329</b>	<b>2,016,563</b>	<b>890,985</b>	<b>14,911,370</b>	<b>2,312,097</b>
<b><u>LIABILITIES</u></b>					
Accounts payable	32,020	6,409	12,358	4,888	1,562
Deferred revenue	1,510,266	820,841	544,895	227,750	256,481
Grants payable	-	68,650	-	-	-
Accrued interest payable	321,802	-	-	42,409	21,233
Noncurrent liabilities:					
Due within one year	970,000	-	-	290,000	45,000
Due in more than one year	57,165,318	-	-	8,795,000	3,875,000
<b>Total liabilities</b>	<b>59,999,406</b>	<b>895,900</b>	<b>557,253</b>	<b>9,360,047</b>	<b>4,199,276</b>
<b><u>NET ASSETS</u></b>					
Invested in capital assets, net of related debt	-	-	53,335	(1,740,650)	(423,945)
Restricted for:					
Debt service	347,837	-	-	7,260,085	284,458
Emergency reserve	10,000	12,514	15,576	24,889	1,100
Capital improvement	3,919	-	-	-	-
Unrestricted	(41,711,833)	1,108,149	264,821	6,999	(1,748,792)
<b>Total net assets (deficit)</b>	<b>(\$41,350,077)</b>	<b>\$1,120,663</b>	<b>\$333,732</b>	<b>\$5,551,323</b>	<b>(\$1,887,179)</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
\$111,160	\$43,525	\$16,904	\$2,792	\$683	\$8,529	\$168	\$1,498,183
-	-	367,695	1,206	391,737	-	32,122	5,621,292
1,078	1,462	3,112	1,353	10,691	85	1,115	381,220
-	-	-	-	-	-	-	525,971
-	-	-	-	-	-	-	6,458,882
104,866	185,957	437,618	177,469	588,888	10,972	219,131	5,082,734
1,538	1,538	1,603	1,538	1,638	-	1,538	21,122
29,186	23,435	23,479	19,272	45,038	-	31,678	2,376,686
-	-	-	-	-	-	-	11,294,811
-	-	-	-	-	-	-	53,335
-	-	-	1,075,733	-	-	-	2,444,055
110,353	1,519,269	2,447,860	437,219	6,323,094	-	1,766,116	19,603,496
358,181	1,775,186	3,298,271	1,716,582	7,361,769	19,586	2,051,868	55,361,787
2,349	1,919	3,548	1,182	34,641	14,515	1,439	116,830
104,866	185,957	437,618	177,469	588,888	10,972	219,131	5,085,134
-	-	-	-	-	-	-	68,650
4,252	11,227	17,000	56,697	43,653	-	13,069	531,342
30,000	15,000	25,000	38,318	-	-	10,000	1,423,318
816,771	1,610,430	2,375,000	1,855,457	6,579,480	82,067	1,898,311	85,052,834
958,238	1,824,533	2,858,166	2,129,123	7,246,662	107,554	2,141,950	92,278,108
(29,115)	(65,731)	47,860	(376,933)	(110,974)	-	(78,884)	(2,725,037)
110,748	43,136	365,637	506	303,930	-	31,472	8,747,809
600	670	1,500	700	876	-	650	69,075
-	-	-	-	-	-	-	3,919
(682,290)	(27,422)	25,108	(36,814)	(78,725)	(87,968)	(43,320)	(43,012,087)
(\$600,057)	(\$49,347)	\$440,105	(\$412,541)	\$115,107	(\$87,968)	(\$90,082)	(\$36,916,321)

GOVERNMENTAL FUND COMPONENT UNITS  
 COMBINING STATEMENT OF ACTIVITIES  
 For the year ended December 31, 2010

	Program Revenues			Changes in Net						
	Expenses	Charges for Services	Operating Grants and Contributions	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	First & Main Business Improvement District
<b>Colorado Springs Urban Renewal Authority</b>										
General government	\$881,101	\$282,000	\$ -	(\$599,101)						
Interest on long-term debt	3,978,418	-	-	(3,978,418)						
<b>Total</b>	<b>4,859,519</b>	<b>282,000</b>	<b>-</b>	<b>(4,577,519)</b>						
<b>Colorado Springs Downtown Development Authority</b>										
General government	375,501	-	14,760		(\$360,741)					
<b>Greater Downtown Colorado Springs Business Improvement District</b>										
General government	485,997	13,717	-			(\$472,280)				
Public works	33,189	-	-			(33,189)				
<b>Total</b>	<b>519,186</b>	<b>13,717</b>	<b>-</b>			<b>(505,469)</b>				
<b>Briargate Center Business Improvement District</b>										
General government	260,511	330,635	-				\$70,124			
Interest on long-term debt	521,751	-	-				(521,751)			
<b>Total</b>	<b>782,262</b>	<b>330,635</b>	<b>-</b>				<b>(451,627)</b>			
<b>Barnes &amp; Powers North Business Improvement District</b>										
General government	93,124	-	-					(\$93,124)		
Interest on long-term debt	260,868	-	-					(260,868)		
<b>Total</b>	<b>353,992</b>	<b>-</b>	<b>-</b>					<b>(353,992)</b>		
<b>Barnes &amp; Powers South Business Improvement District</b>										
General government	28,200	-	-						(\$28,200)	
Interest on long-term debt	59,014	-	-						(59,014)	
<b>Total</b>	<b>87,214</b>	<b>-</b>	<b>-</b>						<b>(87,214)</b>	
<b>First &amp; Main Business Improvement District</b>										
General government	82,306	-	-							(\$82,306)
Interest on long-term debt	140,352	-	-							(140,352)
<b>Total</b>	<b>222,658</b>	<b>-</b>	<b>-</b>							<b>(222,658)</b>
<b>First &amp; Main Business Improvement District No. 2</b>										
General government	129,320	-	-							
Interest on long-term debt	206,046	-	-							
<b>Total</b>	<b>335,366</b>	<b>-</b>	<b>-</b>							
<b>First &amp; Main Business Improvement District</b>										
General government	86,865	-	-							
Interest on long-term debt	119,028	-	-							
<b>Total</b>	<b>205,893</b>	<b>-</b>	<b>-</b>							
<b>Interquest North Business Improvement District</b>										
General government	107,879	-	-							
Interest on long-term debt	47,216	-	-							
<b>Total</b>	<b>155,095</b>	<b>-</b>	<b>-</b>							
<b>Interquest South Business Improvement District</b>										
General government	24,194	-	-							
Interest on long-term debt	4,277	-	-							
<b>Total</b>	<b>28,471</b>	<b>-</b>	<b>-</b>							
<b>Powers &amp; Woodmen Commercial Business Improvement District</b>										
General government	81,011	-	-							
Interest on long-term debt	121,307	-	-							
<b>Total</b>	<b>202,318</b>	<b>-</b>	<b>-</b>							
<b>Total component units</b>	<b>\$8,127,475</b>	<b>\$626,352</b>	<b>\$14,760</b>							
General revenues:										
Property taxes				835,644	779,749	551,476	235,496	297,541	145,130	197,086
Specific ownership taxes				-	90,612	51,327	21,805	27,524	13,439	18,229
Miscellaneous				1,476,250	850	500	-	-	-	-
Investment earnings				23,167	16,786	2,447	162	1,143	159	167
<b>Total general revenues</b>				<b>2,335,061</b>	<b>887,997</b>	<b>605,750</b>	<b>257,463</b>	<b>326,208</b>	<b>158,728</b>	<b>215,482</b>
<b>Change in net assets</b>				<b>(2,242,458)</b>	<b>527,256</b>	<b>100,281</b>	<b>(194,164)</b>	<b>(27,784)</b>	<b>71,514</b>	<b>(7,176)</b>
<b>Net assets (deficit) - January 1</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>	<b>(42,171)</b>
<b>Net assets (deficit) - December 31</b>				<b>(\$41,350,077)</b>	<b>\$1,120,663</b>	<b>\$333,732</b>	<b>\$5,551,323</b>	<b>(\$1,887,179)</b>	<b>(\$600,057)</b>	<b>(\$49,347)</b>

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

CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 13

Assets					
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
					(\$599,101)
					(3,978,418)
					(360,741)
					(472,280)
					(33,189)
					70,124
					(521,751)
					(93,124)
					(260,868)
					(28,200)
					(59,014)
					(82,306)
					(140,352)
(\$129,320)					(129,320)
(206,046)					(206,046)
<u>(335,366)</u>					
	(\$86,865)				(86,865)
	(119,028)				(119,028)
	<u>(205,893)</u>				
		(\$107,879)			(107,879)
		(47,216)			(47,216)
		<u>(155,095)</u>			
			(\$24,194)		(24,194)
			(4,277)		(4,277)
			<u>(28,471)</u>		
				(\$81,011)	(81,011)
				(121,307)	(121,307)
				<u>(202,318)</u>	
					<u>(7,486,363)</u>
419,031	182,157	258,494	11,416	150,203	4,063,423
38,803	16,867	23,936	1,057	13,908	317,507
-	9	45,377	35	-	1,523,021
403	197	9,245	2	83	53,961
<u>458,237</u>	<u>199,230</u>	<u>337,052</u>	<u>12,510</u>	<u>164,194</u>	<u>5,957,912</u>
122,871	(6,663)	181,957	(15,961)	(38,124)	(1,528,451)
<u>317,234</u>	<u>(405,878)</u>	<u>(66,850)</u>	<u>(72,007)</u>	<u>(51,958)</u>	<u>(35,387,870)</u>
<u>\$440,105</u>	<u>(\$412,541)</u>	<u>\$115,107</u>	<u>(\$87,968)</u>	<u>(\$90,082)</u>	<u>(\$36,916,321)</u>

**PROPRIETARY FUND COMPONENT UNITS  
BALANCE SHEET  
December 31, 2010**

	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	\$66,000	\$1,029,983	\$6,651	\$1,137,762
Accounts receivable (net of allowance for uncollectibles)	6,514,000	478,418	-	9,866
Inventories	-	60,909	-	-
Due from primary government	-	-	-	-
Prepays	17,778,000	5,413,907	500	202,817
<b>Total current assets</b>	<b>24,358,000</b>	<b>6,983,217</b>	<b>7,151</b>	<b>1,350,445</b>
<b>Noncurrent assets</b>				
Restricted cash and cash equivalents	6,147,000	2,152,623	-	-
Unamortized debt issuance costs	4,771,000	205,834	-	-
Prepays	549,909,000	-	-	-
Other	-	-	-	274,279
Capital assets:				
Utility plant	-	87,821,362	9,499,247	14,009,795
Construction in progress	-	-	-	75,769
Less accumulated depreciation	-	(36,381,759)	(2,278,687)	(6,071,465)
<b>Total noncurrent assets</b>	<b>560,827,000</b>	<b>53,798,060</b>	<b>7,220,560</b>	<b>8,288,378</b>
<b>Total assets</b>	<b>\$585,185,000</b>	<b>\$60,781,277</b>	<b>\$7,227,711</b>	<b>\$9,638,823</b>

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

CITY OF COLORADO SPRINGS  
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The Lake Meredith Reservoir Company	The Colorado Canal Company	The Lake Henry Reservoir Company	Pikes Peak Regional Communications Network	Total
\$58,258	\$278,156	\$36,714	\$ -	\$2,613,524
-	320	77	61,199	7,063,880
-	-	-	-	60,909
-	-	-	1,559,203	1,559,203
4,031	28,568	1,934	-	23,429,757
62,289	307,044	38,725	1,620,402	34,727,273
51,058	-	5,281	-	8,355,962
12,070	-	-	-	4,988,904
-	-	-	-	549,909,000
-	25,334	32,409	-	332,022
3,271,173	2,346,415	1,275,012	-	118,223,004
-	-	-	-	75,769
(699,327)	(1,424,902)	(419,170)	-	(47,275,310)
2,634,974	946,847	893,532	-	634,609,351
\$2,697,263	\$1,253,891	\$932,257	\$1,620,402	\$669,336,624

(continued)

PROPRIETARY FUND COMPONENT UNITS  
BALANCE SHEET  
December 31, 2010

	Public Authority for Colorado Energy	Fountain Valley Authority	Aurora - Colorado Springs Joint Water Authority	The Twin Lakes Reservoir and Canal Company
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b>Current liabilities</b>				
Accounts payable	\$ -	\$188,867	\$ -	\$11,597
Deferred revenue	-	5,352,751	-	-
Accrued interest payable	5,143,000	146,026	-	-
Matured bonds payable	3,940,000	655,000	-	-
Notes payable	-	518,287	-	-
Capital lease payable	-	3,549,515	-	-
<b>Total current liabilities</b>	<b>9,083,000</b>	<b>10,410,446</b>	<b>-</b>	<b>11,597</b>
<b>Noncurrent liabilities</b>				
Revenue bonds payable, net of deferrals	621,079,000	5,970,566	-	-
Notes payable	-	6,080,597	-	-
Capital lease payable	-	55,650,656	-	-
<b>Total noncurrent liabilities</b>	<b>621,079,000</b>	<b>67,701,819</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>630,162,000</b>	<b>78,112,265</b>	<b>-</b>	<b>11,597</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	-	(20,985,018)	7,220,560	8,014,099
Restricted				
Debt service	1,004,000	2,152,623	-	-
Unrestricted	(45,981,000)	1,501,407	7,151	1,613,127
<b>Total net assets (deficit)</b>	<b>(44,977,000)</b>	<b>(17,330,988)</b>	<b>7,227,711</b>	<b>9,627,226</b>
<b>Total liabilities and net assets</b>	<b>\$585,185,000</b>	<b>\$60,781,277</b>	<b>\$7,227,711</b>	<b>\$9,638,823</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
\$113	\$18,287	\$5	\$20,888	\$239,757
-	-	-	-	5,352,751
25,545	-	3,492	-	5,318,063
-	-	-	-	4,595,000
34,147	-	3,875	-	556,309
-	36,936	-	-	3,586,451
59,805	55,223	7,372	20,888	19,648,331
-	-	-	-	627,049,566
1,239,607	-	112,081	-	7,432,285
-	79,150	-	-	55,729,806
1,239,607	79,150	112,081	-	690,211,657
1,299,412	134,373	119,453	20,888	709,859,988
2,571,846	921,513	855,842	-	(1,401,158)
-	-	-	-	3,156,623
(1,173,995)	198,005	(43,038)	1,599,514	(42,278,829)
1,397,851	1,119,518	812,804	1,599,514	(40,523,364)
\$2,697,263	\$1,253,891	\$932,257	\$1,620,402	\$669,336,624

**PROPRIETARY FUND COMPONENT UNITS  
COMBINING STATEMENT OF ACTIVITIES  
For the year ended December 31, 2010**

	<b>Program Revenues</b>		<b>Public Authority for Colorado Energy</b>	<b>Fountain Valley Authority</b>	<b>Aurora - Colorado Springs Joint Water Authority</b>
	<b>Expenses</b>	<b>Charges for Services</b>			
<b>Public Authority for Colorado Energy</b>					
General government	\$61,062,000	\$45,024,000	(\$16,038,000)		
<b>Fountain Valley Authority</b>					
General government	7,204,161	10,232,266		\$3,028,105	
<b>Aurora-Colorado Springs Joint Water Authority</b>					
General government	113,295	18,750			(\$94,545)
<b>The Twin Lakes Reservoir and Canal Company</b>					
General government	834,408	900,357			
<b>The Lake Meredith Reservoir Company</b>					
General government	183,229	167,103			
<b>The Colorado Canal Company</b>					
General government	530,898	584,906			
<b>The Lake Henry Reservoir Company</b>					
General government	73,287	66,558			
<b>Pikes Peak Regional Communications Network</b>					
General government	863,054	1,229,800			
<b>Total component units</b>	<b>\$70,864,332</b>	<b>\$58,223,740</b>			
General Revenues:					
Investment earnings			807,000	1,163	6
<b>Total general revenues</b>			<b>807,000</b>	<b>1,163</b>	<b>6</b>
<b>Change in net assets</b>			(15,231,000)	3,029,268	(94,539)
<b>Net assets (deficit) - January 1</b>			(29,746,000)	(20,360,256)	7,322,250
<b>Net assets (deficit) - December 31</b>			<b>(\$44,977,000)</b>	<b>(\$17,330,988)</b>	<b>\$7,227,711</b>

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
					(\$16,038,000)
					3,028,105
					(94,545)
<u>\$65,949</u>					65,949
	<u>(\$16,126)</u>				(16,126)
		<u>\$54,008</u>			54,008
			<u>(\$6,729)</u>		(6,729)
				<u>\$366,746</u>	<u>366,746</u>
					<u>(12,640,592)</u>
<u>14,290</u>	<u>594</u>	<u>2,391</u>	<u>137</u>	<u>33,491</u>	<u>859,072</u>
<u>14,290</u>	<u>594</u>	<u>2,391</u>	<u>137</u>	<u>33,491</u>	<u>859,072</u>
80,239	(15,532)	56,399	(6,592)	400,237	(11,781,520)
<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>
<u>\$9,627,226</u>	<u>\$1,397,851</u>	<u>\$1,119,518</u>	<u>\$812,804</u>	<u>\$1,599,514</u>	<u>(\$40,523,364)</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 historically has been managed by a council/manager form of government. The City is in the process of transitioning to a “council-mayor” form of government in accordance with the results of the November 2, 2010, coordinated election. See note V.L. for additional information on election results. 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) were 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  
Financial and Administrative Services Director  
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.

### CSHCO, Inc.

In November 2010, the City created CSHCO, a Colorado for profit corporation, in order to facilitate the Front Range purchase and receive a contributed 0.01% membership interest in Front Range Power Company, L.L.C. from Utilities.

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 Office  
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  
Financial and Administrative Services Director  
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 intergovernmental 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 interest of 5.0% in Young Gas Storage Company Ltd. (Young). Young is a Colorado Limited Partnership organized on June 30, 1993, to develop and operate a natural gas storage system near Fort Morgan, Colorado.

Memorial Hospital Corporation (MHC) is a non-profit corporation that is controlled by MHS. MHS has an 81% interest in The Surgery Center at Printers Park, L.L.C (SCPP), an entity that manages and operates 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.

Subsequent to year-end MHC transferred its ownership in SCPP to the MHS, and effective January 31, 2011, SCPP was dissolved. Pursuant to the Dissolution Plan, the minority owners will receive cash payments for their membership interests. In lieu of receiving a cash payment, the Health System received the tangible assets of SCPP which are being used to provide outpatient surgical services at Memorial Health System Outpatient Surgery at Printers Park (MHS Outpatient Surgery) which is department of the MHS.

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

City of Colorado Springs  
Financial and Administrative Services Director  
30 South Nevada Avenue, Suite 205  
Colorado Springs, CO 80903

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

Colorado Springs Utilities  
Chief Planning and Financial Officer  
P.O. Box 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 surplus revenue and other charges between the General fund and Utilities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from 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 2010 AFUDC rate of 4.8% 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.

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 2010, the Utilities fund recognized a liability of \$3,496,000 for closure and postclosure care costs based upon landfill capacity used to date. The estimated total current cost of closure and postclosure care to be recognized for the Utilities fund landfills is \$7,281,871. The average landfill capacity used to date is 58.7%. The estimated remaining landfill lives vary from 18 to 88 years. In 2010, the governmental activities recognized a liability of \$350,800 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 \$7,669,876.

### **10. Derivative Instruments**

Utilities uses financial derivative instruments to manage its exposure to fluctuating natural gas prices through the use of natural gas hedge contracts as well as its exposure to changing interest rates through the use of interest rate swaps. MHS also enters into interest rate swaps agreements to limit the exposure of its variable rate debt to changes in market interest rates. See Note IV.M. for further discussion related to interest rate swaps.

Utilities and MHS record all derivative instruments on the balance sheet as Fair Value of Derivative Instruments at their fair value based on quoted market prices, current market conditions, or other estimates obtained from third-party brokers or dealers.

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	\$1,669,899,384
Accumulated depreciation	<u>(510,517,914)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$1,159,381,470</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>\$20,340,872</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$20,340,872</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.

**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2010**

Interest on investments	<u>\$636,862</u>
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Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$636,862</u></u>
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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>\$3,470,611</u>
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Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$3,470,611</u></u>
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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	(\$102,882,037)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	1,622,305
Accrued interest payable	(963,561)
Capital lease payable	(21,305,602)
Drainage fees payable	(2,908,300)
Compensated absences	(15,511,693)
Municipal solid waste landfill	(350,800)
Claims and Judgements	(1,750,000)
Pension obligation	(2,073,404)
Other post employment benefit obligation	<u>(10,761,350)</u>

Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>(\$156,884,442)</u></u>
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**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	\$43,357,142
Depreciation expense	<u>(40,809,856)</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>\$2,547,286</u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net 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.	(\$1,731,970)
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>46,341,244</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>\$44,609,274</u>

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	(\$1,337,000)
Issuance of bonds	(3,900,000)
Principal repayments:	
Bond premium	(92,082)
Bond discount	(4,492)
Bond issuance costs	(99,432)
General obligation debt	4,970,000
Sales tax revenue bonds	6,335,000
Certificates of participation	1,560,000
Special assessment bonds and notes	111,395
Capital leases	3,608,788
Claims and Judgements	<u>1,750,000</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>\$12,902,177</u></u>

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	\$180,842
Compensated absences	43,393
Landfill closing costs	(3,505)
Net pension obligation	(1,627,127)
Other post employment benefit obligation	<u>(3,354,407)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>(\$4,760,804)</u></u>

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>(\$811,062)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>(\$811,062)</u>

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>\$2,185,295</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>\$2,185,295</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 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 Financial and Administrative Services Director 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 2010, expenditures exceeded appropriations for the Banning Lewis Ranch fund by \$264. This was the result of higher than anticipated revenues, resulting in an increase in the fees paid out. Additionally, the Lodgers and Auto Rental Tax fund (LART) expenditures were over appropriations by \$171,598 due to revenues being over budget. LART revenues are used to attract visitors and enhance the economy of the City and region. The Cultural Affairs fund and the Special Assessment District fund had expenditures exceeding appropriations by \$663 and \$212,340 respectively. These funds were no longer needed and were closed to the general fund.

**C. Deficit Fund Equity**

The Workers Compensation Self-Insurance fund had an accumulated deficit in net assets of \$4,392,753, as of December 31, 2010. 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 \$1,189,979. 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. The propriety fund component units with deficit fund equity include Public Authority for Colorado Energy and Fountain Valley Authority. These deficits of \$44,977,000 and \$17,330,988, respectively, relate to bonds issued for capital assets. Additionally, the following governmental fund component units have deficit fund equity at year end: CSURA (\$41,350,077), Barnes & Powers North BID (\$1,887,179), Barnes & Powers South BID (\$600,057), First & Main BID (\$49,347), First & Main North BID (\$412,541), Interquest South BID (\$87,968), and Powers & Woodmen Commercial BID (\$90,082). These deficits also relate to bonds that have been issued for capital assets. The deficits will decrease over time as the entities collect the dedicated general property taxes to make payments on the bonds. Additional information about the component units can be found in their respective financial statements.

**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, 2010:

	Unrestricted Assets	Restricted Assets
Demand accounts (incl petty cash of \$36,614)	\$149,581,322	\$212,843,315
Money market mutual funds	5,196,063	32,123,646
Colorado Liquid Asset Trust (COLOTRUST)	5,347,439	201
Colorado Surplus Asset Fund (CSAFE)	-	90,000
Repurchase agreements	-	179,567,000
Commercial paper	698,911	3,016,967
US Treasury securities	73,926,132	130,765
US Instrumentality securities	161,014,678	6,216,187
Domestic corporate fixed-income securities	71,929,183	38,721
International corporate fixed-income securities	6,287,009	-
Domestic equities	50,784,356	574,948
International equities	60,320,851	-
Mortgages pooled	-	40,994
<b>Total</b>	<b>\$585,085,944</b>	<b>\$434,642,744</b>

Reconciliation of total deposits and investments to the government-wide financial statements at December 31, 2010:

	Governmental Activities	Business-type Activities	Fiduciary	Total
Unrestricted	\$92,609,810	\$491,001,175	\$1,474,959	\$585,085,944
Restricted	11,547,779	423,094,965	-	434,642,744
<b>Total</b>	<b>\$104,157,589</b>	<b>\$914,096,140</b>	<b>\$1,474,959</b>	<b>\$1,019,728,688</b>

**1. Deposits**

The carrying amount of the City's deposits at December 31, 2010, was \$362,388,023 and the bank balances were \$370,787,351. Of the bank balances, \$21,084,568 was covered by federal deposit insurance and \$349,702,783 was uninsured but collateralized in accordance with provisions of the Colorado Public Deposit Protection Act (CPDPA). The collateral is pooled and held in trust for all uninsured deposits as a group. The Federal Deposit Insurance Corporation (FDIC) covers \$250,000 per depositor, per insured bank, for each account ownership category. Additionally, from December 31, 2010, through December 31, 2012, all noninterest-bearing transaction accounts are fully insured by the FDIC, regardless of the balance of the account.

**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, bankers acceptances, local government investment pools specific money market mutual funds, time certificates of deposit, repurchase agreements and obligations of the City of Colorado Springs.

**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, 2010, were subject to custodial risk.

As of December 31, 2010, Utilities invested \$179,567,000 in repurchase agreements. Underlying investments related to the repurchase agreements were in US Agency securities and other Government Sponsored Enterprises which carry an implied AAA credit rating.

As of December 31, 2010, 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	\$37,319,709	0.00
Colorado Liquid Asset Trust (COLOTRUST)	5,347,640	0.00
Colorado Surplus Asset Fund (CSAFE)	90,000	0.00
Repurchase agreements	179,567,000	0.00
Commercial paper	3,715,878	0.44
US Treasury securities	74,056,897	14.03
US Instrumentality securities	167,230,865	2.18
Domestic corporate fixed-income securities	71,967,904	12.67
International corporate fixed-income securities	6,287,009	16.15
Domestic equities	51,359,304	0.00
International equities	60,320,851	0.00
Mortgages pooled	40,994	0.01
Total	657,304,051	
Portfolio weighted average maturity		3.68
Reconciliation to total cash and investments		
Add:		
Cash on hand and in banks	362,424,637	
	\$1,019,728,688	

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	AAA	4.53%
Money market mutual funds	AA	0.30%
Money market mutual funds	BBB	0.30%
Money market mutual funds	-	0.55%
Local investment pools	AAAm	0.82%
Repurchase agreements	-	27.31%
Commercial paper	A-1	0.11%
Commercial paper	-	0.46%
US Treasury securities	n/a	11.27%
US Instrumentality securities	n/a	25.44%
Domestic corporate fixed-income securities	AAA	3.97%
Domestic corporate fixed-income securities	AA	0.92%
Domestic corporate fixed-income securities	A	2.52%
Domestic corporate fixed-income securities	BBB	2.57%
Domestic corporate fixed-income securities	BB	0.01%
Domestic corporate fixed-income securities	B	0.87%
Domestic corporate fixed-income securities	CCC	0.05%
Domestic corporate fixed-income securities	-	0.04%
International corporate fixed-income securities	AA	0.05%
International corporate fixed-income securities	A	0.10%
International corporate fixed-income securities	BBB	0.71%
International corporate fixed-income securities	B	0.10%
Domestic equities	-	7.81%
International equities	-	9.18%
Mortgages pooled	AAA	0.01%
		100.00%

As of December 31, 2010, the City has invested \$5,347,640 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, 2010. 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. 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](http://www.colotrust.com)

CSAFE  
1600 Broadway, Suite 1100  
Denver, CO 80202  
[www.csafe.org](http://www.csafe.org)

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**3. Component Unit Deposits and Investments**

Cash and investments of the component units of the City are reported at fair value and consist of the following at December 31, 2010:

	<u>Demand Accounts</u>	<u>Money Market</u>	<u>COLOTRUST</u>	<u>Guaranteed Investment Contract</u>	<u>Total</u>
Governmental Activities:					
Urban Renewal Authority	\$218,542	\$ -	\$3,804,937	\$ -	\$4,023,479
Downtown Development Authority	662,127	-	-	-	662,127
Greater Downtown Colorado Springs BID	279,502	-	-	-	279,502
Briargate Center BID	49,312	801,203	28,124	-	878,639
Barnes & Powers North BID	70,943	-	228,264	-	299,207
Barnes & Powers South BID	109,663	-	1,497	-	111,160
First & Main BID	43,525	-	-	-	43,525
First & Main BID No. 2	384,599	-	-	-	384,599
First & Main North BID	125	-	3,873	-	3,998
Interquest North BID	392,420	-	-	-	392,420
Interquest South BID	8,529	-	-	-	8,529
Powers & Woodmen Commercial BID	32,290	-	-	-	32,290
Sub-total	<u>2,251,577</u>	<u>801,203</u>	<u>4,066,695</u>	<u>-</u>	<u>7,119,475</u>
Business-type Activities:					
Public Authority for Colorado Energy	66,000	-	-	6,147,000	6,213,000
Fountain Valley Authority	2,006,518	1,176,088	-	-	3,182,606
Aurora-Colorado Springs Joint Water Authority	6,651	-	-	-	6,651
Various Canal & Reservoir Companies	1,567,229	-	-	-	1,567,229
Sub-total	<u>3,646,398</u>	<u>1,176,088</u>	<u>-</u>	<u>6,147,000</u>	<u>10,969,486</u>
Total	<u>\$5,897,975</u>	<u>\$1,977,291</u>	<u>\$4,066,695</u>	<u>\$6,147,000</u>	<u>\$18,088,961</u>

Reconciliation of total deposits and investments to the government-wide financial statements at December 31, 2010:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Unrestricted	\$1,498,183	\$2,613,524	\$4,111,707
Restricted	<u>5,621,292</u>	<u>8,355,962</u>	<u>13,977,254</u>
Total	<u>\$7,119,475</u>	<u>\$10,969,486</u>	<u>\$18,088,961</u>

The carrying amount of the deposits of the component units of the City at December 31, 2010, was \$5,897,975 and the bank balances were \$6,040,577. Of the bank balances, \$2,547,596 was covered by federal deposit insurance and \$2,280,978 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 \$915,918 are not covered by the CPDPA.

**B. Receivables**

Receivables for governmental funds, proprietary funds, fiduciary funds and component units at December 31, 2010, include the following (in 000's):

	General	Utilities	MHS	Airport	Parking	Non-Major & Other	Total
Interest	\$ -	\$342	\$ -	\$ -	\$ -	\$ -	\$342
Taxes	33,285	-	-	-	-	12,180	45,465
Accounts	3,085	99,450	148,226	7,098	7	20,668	278,534
Assessments	21	-	-	-	-	6,459	6,480
Intergovernmental loans	-	-	-	-	-	19,486	19,486
Notes and loans	855	36	-	2,028	-	526	3,445
Gross Receivables	37,246	99,828	148,226	9,126	7	59,319	353,752
Less: allowances for uncollectibles	(50)	(1,591)	(52,319)	(769)	-	(1,552)	(56,281)
Net Receivables	\$37,196	\$98,237	\$95,907	\$8,357	\$7	\$57,767	\$297,471

Loans receivable of \$18,586,586 is included in receivables - net in the statement of net assets as of December 31, 2010. Of the loans receivable, Community Development Department (CDD) has loans receivable of \$18,478,892 as of December 31, 2010. 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 \$107,694 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, 2010 were:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Utilities	\$2,754,731
	MHS	35,295
	Non-major Governmental Funds	3,504,097
	Non-major Business-type Funds	2,366
	Sub-Total	6,296,489
Utilities	MHS	345,478
	Airport	98,577
	Parking	15,488
	Non-major Governmental Funds	3,309,868
	Non-major Business-type Funds	10,366
	Internal Services	83,959
	Sub-Total	3,863,736
MHS	General Fund	39,811
	Utilities	3,048
	Internal Services	124
	Sub-Total	42,983
Parking	General Fund	1,956,009
	Utilities	17,016
	Sub-Total	1,973,025
Non-major Governmental Funds	Utilities	2,193
	Sub-Total	2,193
Non-major Business-type Funds	Utilities	4,895
	Sub-Total	4,895
Internal Service Funds	Utilities	697,434
	MHS	39,643
	Sub-Total	737,077
Component Unit	Fiduciary	1,559,203
Total		\$14,479,601

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 of \$1,956,009 due to Parking from the General Fund resulted from Parking's construction of the parking facility for the General Fund's use; \$1,900,043 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:**

	<b>Transfers In:</b>			<b>Total</b>
	<b>General Fund</b>	<b>Non-major Governmental Funds</b>	<b>Non-major Enterprise Funds</b>	
<b>Transfers Out:</b>				
General fund	\$ -	\$ 14,054,692	\$ -	\$ 14,054,692
Non-major governmental funds	1,647,645	-	425,500	2,073,145
Utilities	31,152,661	-	-	31,152,661
Parking	-	-	-	-
Non-major Enterprise Fund	-	-	-	-
Internal Service funds	-	-	-	-
	<u>\$ 32,800,306</u>	<u>\$14,054,692</u>	<u>\$ 425,500</u>	<u>\$ 47,280,498</u>
Total transfers in				<u>\$ 47,280,498</u>

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

**D. Transfer of Surplus**

Utilities provides transfers of surplus to the City. These amounts are based on actual sales inside the City and rates are fixed per kilowatt hour and thousand cubic feet of electricity and natural gas. The money is transferred every month from Utilities to the general fund of the City as they become available. Payments are recorded as transfers on the statement of activities. In 2010, the amount paid was \$31.1 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 2010, the various components of deferred revenue and unearned revenue reported in the government funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Loans	\$ -	\$20,340,872
Property taxes	24,498,051	-
Special assessment	21,445	-
Grant drawdowns prior to meeting all eligibility requirements	-	5,944,266
Other unearned revenue	-	<u>1,043,956</u>
Total deferred/unearned revenue for governmental funds	<u>\$24,519,496</u>	<u>\$27,329,094</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, 2010:

Materials and Supplies	\$32,301,232
Fuel	<u>28,611,225</u>
Total	<u>\$60,912,457</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, 2010 (in 000's):

	Beginning Balance	Increases*	Decreases*	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated:				
Land	\$255,331	\$9,940	\$ -	\$265,271
Construction in progress	104,365	55,110	(1,360)	158,115
Total capital assets not being depreciated	<u>359,696</u>	<u>65,050</u>	<u>(1,360)</u>	<u>423,386</u>
Capital assets being depreciated:				
Building	155,390	-	(60)	155,330
Improvements other than buildings	52,288	2,180	-	54,468
Machinery and equipment	131,916	6,489	(9,344)	129,061
Infrastructure	894,128	17,370	-	911,498
Total capital assets being depreciated	<u>1,233,722</u>	<u>26,039</u>	<u>(9,404)</u>	<u>1,250,357</u>
Less accumulated depreciation for:				
Building	(54,731)	(4,167)	46	(58,852)
Improvements other than buildings	(13,181)	(2,131)	-	(15,312)
Machinery and equipment	(84,946)	(9,068)	7,664	(86,350)
Infrastructure	(328,096)	(25,503)	-	(353,599)
Total accumulated depreciation	<u>(480,954)</u>	<u>(40,869)</u>	<u>7,710</u>	<u>(514,113)</u>
Total capital assets being depreciated, net	<u>752,768</u>	<u>(14,830)</u>	<u>(1,694)</u>	<u>736,244</u>
Governmental activities capital assets, net	<u>\$1,112,464</u>	<u>\$50,220</u>	<u>(\$3,054)</u>	<u>\$1,159,630</u>

\* Includes transfers between categories.

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

	Beginning Balance	Increases*	Decreases*	Ending Balance
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated:				
Land**	\$187,593	\$4,216	(\$64)	\$191,745
Intangible**	10,463	701	-	11,164
Construction in progress**	201,691	233,250	(136,347)	298,594
<b>Total capital assets not being depreciated</b>	<b>399,747</b>	<b>238,167</b>	<b>(136,411)</b>	<b>501,503</b>
Capital assets being depreciated:				
Building	129,234	152	-	129,386
Improvements other than buildings	181,092	1,580	(18)	182,654
Machinery and equipment	20,929	2,657	(623)	22,963
Infrastructure	29,365	410	-	29,775
Utilities plant**	3,679,307	405,567	(7,220)	4,077,654
Utilities intangible*	11,646	10,409	(730)	21,325
MHS plant	603,865	9,133	(7,947)	605,051
<b>Total capital assets being depreciated</b>	<b>4,655,438</b>	<b>429,908</b>	<b>(16,538)</b>	<b>5,068,808</b>
Less accumulated depreciation for:				
Building	(49,382)	(3,541)	-	(52,923)
Improvements other than buildings	(49,246)	(7,302)	18	(56,530)
Machinery and equipment	(11,188)	(1,415)	569	(12,034)
Infrastructure	(3,440)	(839)	-	(4,279)
Utilities plant**	(1,388,458)	(164,896)	5,239	(1,548,115)
Utilities intangible**	(9,073)	(1,984)	391	(10,666)
MHS plant	(259,130)	(29,148)	7,690	(280,588)
<b>Total accumulated depreciation</b>	<b>(1,769,917)</b>	<b>(209,125)</b>	<b>13,907</b>	<b>(1,965,135)</b>
<b>Total capital assets being depreciated, net</b>	<b>2,885,521</b>	<b>220,783</b>	<b>(2,631)</b>	<b>3,103,673</b>
<b>Business-type activities capital assets, net</b>	<b>\$3,285,268</b>	<b>\$458,950</b>	<b>(\$139,042)</b>	<b>\$3,605,176</b>

\* Includes transfers between categories and transactions to bring component unit acquisitions to net book value.

\*\* As restated

Material restatements to beginning business-type activities' net assets are due to the implementation of GASB 51, *Accounting and Financial Reporting for Intangible Assets*.

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2010**

Depreciation expense was charged to governmental activities and business-type activities as of December 31, 2010 as follows (in 000's):

Governmental Activities:

General government	\$1,144
Public safety	6,114
Public works	29,864
Culture and recreation	3,677
Urban redevelopment and housing	12
Internal service funds	<u>58</u>
Total depreciation expense governmental activities	<u>\$40,869</u>

Business-type Activities:

Utilities	\$92,809
MHS	29,148
Airport	10,787
Parking	924
Non-major enterprise funds	<u>1,386</u>
Total depreciation expense business-type activities	<u>\$135,054</u>

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**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2010**

The following schedule reflects the changes in discretely presented component unit capital assets for the year ended December 31, 2010 (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:				
Construction in progress	<u>\$11,037</u>	<u>\$257</u>	<u>\$ -</u>	<u>\$11,294</u>
Capital assets being depreciated:				
Improvements	2,881	-	-	2,881
Machinery and equipment	342	24	(187)	179
Infrastructure	<u>13,242</u>	<u>8,206</u>	<u>-</u>	<u>21,448</u>
Total capital assets being depreciated	<u>16,465</u>	<u>8,230</u>	<u>(187)</u>	<u>24,508</u>
Less accumulated depreciation for:				
Improvements	(341)	(96)	-	(437)
Machinery and equipment	(136)	(21)	32	(125)
Infrastructure	<u>(1,352)</u>	<u>(492)</u>	<u>-</u>	<u>(1,844)</u>
Total accumulated depreciation	<u>(1,829)</u>	<u>(609)</u>	<u>32</u>	<u>(2,406)</u>
Less impairment loss for:				
Machinery and equipment	<u>(48)</u>	<u>-</u>	<u>48</u>	<u>-</u>
Total impairment loss	<u>(48)</u>	<u>-</u>	<u>48</u>	<u>-</u>
Total capital assets being depreciated, net	<u>14,588</u>	<u>7,621</u>	<u>(107)</u>	<u>22,102</u>
Governmental activities capital assets, net	<u>\$25,625</u>	<u>\$7,878</u>	<u>(\$107)</u>	<u>\$33,396</u>

\* Includes transfers between categories.

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2010**

	Beginning Balance	Increases*	Decreases*	Ending Balance
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated:				
Construction in progress	\$107	\$43	(\$74)	\$76
Capital assets being depreciated:				
Utilities plant	118,072	184	(33)	118,223
Less accumulated depreciation for:				
Utilities plant	(45,203)	(2,105)	33	(47,275)
Total capital assets being depreciated, net	72,869	(1,921)	-	70,948
Business-type activities				
Discretely presented component unit capital assets, net	\$72,976	(\$1,878)	(\$74)	\$71,024

\* 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
2011	\$25	\$4,849
2012	-	4,552
2013	-	4,374
2014	-	3,818
2015	-	3,430
2016-2020	-	4,870
2021-2025	-	3,888
Total	\$25	\$29,781

Total rental expense on operating leases for the year ended December 31, 2010 was \$152,506 for governmental activities and \$4,954,499 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
2011	\$39,238
2012	10,300
2013	10,300
2014	10,300
2015	10,300
2016-2020	51,498
2021	2,486
Total	<u><u>\$134,422</u></u>

Total rental expense on operating leases for the year ended December 31, 2010, was \$13,560 for governmental activities and \$45,366 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, 2010, exclusive of component units, are as follows (in 000's):

Year	Governmental Activities	Business-type Activities
2011	\$4,343	\$1,033
2012	4,295	570
2013	3,945	437
2014	3,595	294
2015	902	189
2016-2020	4,508	-
2021-2025	3,687	-
2026-2027	1,099	-
Future minimum lease payments	<u>26,374</u>	<u>2,523</u>
Amount representing interest	<u>(5,058)</u>	<u>(163)</u>
Present value of net minimum payments	<u><u>\$21,316</u></u>	<u><u>\$2,360</u></u>

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

	Governmental Activities	Business-type Activities
Machinery and equipment	\$19,549	\$2,720
Building	8,461	-
Accumulated depreciation	<u>(7,034)</u>	<u>(442)</u>
Net capitalized lease property	<u><u>\$20,976</u></u>	<u><u>\$2,278</u></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, 2010, future minimum payments under the capital lease consisted of the following (in 000's):

Year	Business-type Activities
2011	\$5,353
2012	5,353
2013	5,353
2014	5,353
2015	5,353
2016-2020	26,763
2021-2025	<u>19,789</u>
Future minimum lease payments	73,317
Amount representing interest	<u>(14,117)</u>
Present value of net minimum payments	<u><u>\$59,200</u></u>

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

	Business-type Activities
Assets:	
Utilities plant	\$70,502
Accumulated depreciation	<u>(21,908)</u>
Net capitalized lease property	<u><u>\$48,594</u></u>

Amortization of the plant cost has been included in depreciation expense for 2010.

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

In 2008 and 2009, Utilities entered into two revolving loan agreements with U.S. Bank National Association. The 2008 agreement allows advances up to \$50,000,000, accrues interest at the one-month LIBOR rate plus 0.90%, and is scheduled to expire on December 20, 2011. The 2009 agreement allows advances up to \$25,000,000, accrues interest at the one-month LIBOR rate plus 1.75%, and is scheduled to expire on May 23, 2011. Utilities also entered into a revolving loan agreement with KeyBank National Association in 2010. This agreement allows for advances up to \$25,000,000, accrues interest at the bank prime rate minus 0.75%, and is scheduled to expire on July 6, 2011. 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, 2010.

**J. Long-Term Debt**

During 2010, the Cottonwood GID, a blended component unit of the City, issued \$3,900,000 in limited tax general obligation refunding bonds, Series 2010, to refund the Cottonwood GID limited tax general obligation bonds, Series 1998. The reacquisition price exceeded the net carrying amount of the old debt by \$71,551. 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 by \$497,102 and resulted in net present value savings of \$482,110. This advance refunding was undertaken to reduce the interest rate.

During 2010, Utilities issued \$139,835,000 Utilities System Revenue and Taxable Utilities System Improvement Revenue Bonds, Series 2010A, \$180,000,000 Utilities System Revenue and Taxable Utilities System Improvement Revenue Bonds, Series 2010B, \$50,000,000 Variable Rate Demand Utilities System Improvement Revenue Bonds, Series 2010C, and \$273,855,000 Utilities System Revenue Bonds, Series 2010D. Portions of the Series 2010A bonds were used to refund some of the Series 2001A, Series 2002B, and Series 2003A outstanding bonds. The reacquisition price of the refunded bonds exceeded the net carrying amount of the old debt by \$2,225,916. The refunding transaction resulted in a total present value savings of \$6,233,623.

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, 2010, \$1,466,557 has 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.

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

The following table summarizes significant facts about the long-term debt outstanding at December 31, 2010:

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>						
General Obligation Bonds						
Spring Creek GID Series 2005	August, 2005	\$2,695	\$2,155	\$758	5.900%	2007 - 2020
Briargate GID Series 2004	January, 2004	8,800	8,800	2,209	7.000	2012 - 2015
Marketplace at Austin Bluffs GID Series 2008	November, 2008	2,790	2,740	2,616	6.500	2010 - 2033
Cottonwood GID Series 2010	2010	3,900	3,285	323	2.500 - 4.000	2010 - 2015
Sales Tax Revenue Bonds						
Series 2007	November, 2007	10,405	10,285	2,657	4.000 - 5.000	2009 - 2016
Series 2009	May, 2009	34,460	26,995	2,054	3.000	2009 - 2014
Certificates of Participation						
Skyview Softball Complex Series 1999	September, 1999	4,205	2,495	741	4.850 - 6.800	2001 - 2019
Old City Hall Project Series 2000	July, 2000	7,265	4,690	1,516	5.000 - 5.500	2002 - 2020
Red Rock Canyon Series 2003	November, 2003	15,070	8,975	1,779	3.200 - 4.500	2004 - 2018
United States Olympic Committee Series 2009	October, 2009	31,470	31,415	31,621	2.000 - 5.000	2010 - 2039
Special Assessments Obligations						
Woodmen Valley	November, 1995				7.000	1995 - 2010
Tejon Street ID	October, 2007				6.000	2007 - 2019
<b>Total Governmental Activities</b>		<b>\$121,060</b>	<b>\$101,835</b>	<b>\$46,274</b>		
<b>Business-type Activities**</b>						
Revenue Bonds - Utilities						
Series 2000A	November, 2000	\$110,000	\$110,000	\$83,599	0.380%	2029
Series 2000B	November, 2000	15,000	9,970	4,554	7.500	2001 - 2020
Series 2001A	August, 2001	300,790	150,905	65,856	3.250 - 5.375	2001 - 2029
Series 2002A	August, 2002	74,695	74,280	31,546	5.250 - 5.375	2009 - 2020
Series 2002B	December, 2002	110,000	57,580	49,589	4.000 - 5.000	2006 - 2030
Series 2002C	December, 2002	27,055	27,055	22,537	0.290	2027
Series 2003A	November, 2003	113,310	64,120	35,539	2.000 - 5.000	2004 - 2033
Series 2003B	November, 2003	45,000	43,850	45,553	3.000 - 5.000	2009 - 2043
Series 2004A	August, 2004	117,450	115,950	41,365	4.112	2010 - 2023
Series 2004B	September, 2004	107,115	100,980	72,677	4.500 - 5.500	2008 - 2034
Series 2004C	September, 2004	15,695	15,130	15,578	4.000 - 5.000	2008 - 2044
Series 2005A	September, 2005	100,000	98,195	72,863	4.710	2010 - 2035
Series 2005B	October, 2005	19,240	18,415	13,126	3.500 - 5.000	2009 - 2035
Series 2005C	October, 2005	16,050	16,050	17,389	3.750 - 5.125	2012 - 2045
Series 2006A	August, 2006	60,625	60,625	37,456	4.481	2015 - 2025
Series 2006B	September, 2006	75,000	75,000	51,797	4.119	2011 - 2036
Series 2007A	September, 2007	75,000	72,310	38,538	3.198	2008 - 2037
Series 2007B	October, 2007	87,275	87,275	64,457	5.125	2023 - 2026
Series 2007C	October, 2007	24,415	20,620	5,921	4.000 - 5.000	2008 - 2022
Series 2008A	September, 2008	50,000	48,350	35,835	4.269	2009 - 2038
Series 2008B	October, 2008	27,935	26,495	17,951	3.000 - 5.400	2009 - 2033
Series 2008C	November, 2008	41,975	41,975	57,005	4.500 - 5.500	2013 - 2048
Series 2008D	2008	3,631	2,853	231	1.350	2008 - 2021
Series 2009A	2009	60,750	59,335	36,212	2.250 - 5.000	2010 - 2033
Series 2009B	2009	82,000	80,980	76,787	4.000 - 5.545	2010 - 2039
Series 2009C	2009	66,455	66,095	56,981	5.450	2010 - 2028
Series 2009D	2009	56,750	56,750	90,607	4.164 - 6.313	2016 - 2049
Series 2010A	2010	139,835	139,835	80,956	0.600 - 5.467	2011 - 2040
Series 2010B	2010	180,000	180,000	264,023	3.397 - 5.738	2016 - 2050
Series 2010C	2010	50,000	50,000	35,724	3.881	2011 - 2040
Series 2010D	2010	273,855	273,855	301,367	1.324 - 6.615	2011 - 2040
Revenue Bonds - Airport						
Series 2002	December, 2002	43,005	35,540	11,393	3.000 - 5.000	2003 - 2021
Series 2007A	May, 2007	3,725	2,930	719	4.500 - 4.000	2007 - 2021
Series 2007B	May, 2007	8,500	7,550	2,755	4.500 - 4.000	2007 - 2023

# NOTES TO FINANCIAL STATEMENTS

# DECEMBER 31, 2010

The following table summarizes significant facts about the long-term debt outstanding at December 31, 2010:

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						
Revenue Bonds - MHS						
Series 2000	August, 2000	\$59,825	\$30,175	\$34,011	6.375%	2025 - 2030
Series 2002	July, 2002	112,360	95,610	61,062	4.850	2003 - 2032
Series 2004B	June, 2004	24,975	20,050	6,385	3.900	2005 - 2024
Series 2009	July, 2009	101,945	101,945	114,818	6.000	2012 - 2033
Revenue Bonds - Parking System						
Series 1999	March, 1999	9,300	4,675	1,030	3.000 - 4.750	1999 - 2018
Series 2006	February, 2006	7,665	7,610	4,153	3.375 - 4.500	2009 - 2027
Notes Payable						
Airport	June, 2006	3,048	2,169	2,355	8.500	2006 - 2036
Airport	November, 2007	3,500	2,088	159	3.000	2008 - 2014
Airport	July, 2008	600	441	40	3.000	2009 - 2015
Wastewater Facility - Utilities	May, 1998	22,204	13,892	3,078	3.700 - 5.375	1999 - 2019
Drinking Water - Utilities	2009	8,600	8,600	2,381	2.500	2011 - 2030
MHS	July, 2009	78,345	73,122	24,009	4.912	2010 - 2019
Water Pollution Control - Pikes Peak	July, 2003	1,000	667	149	4.000	2004 - 2020
Total Business-type Activities		<u>\$3,015,498</u>	<u>\$2,651,897</u>	<u>\$2,092,116</u>		
<b>Component Units ***</b>						
Special Assessment Revenue Bonds						
Briargate Center BID - Series 2006	2006	\$7,360	\$6,320	\$3,105	4.500 - 4.900%	2006 - 2027
Urban Renewal Authority - Series 2008A	2008	47,125	47,125	41,426	7.000	2011 - 2029
Urban Renewal Authority - Series 2008B	2008	7,505	7,505	7,147	7.500	2011 - 2029
Limited Tax General Obligation Bonds						
Briargate Center BID - Series 2002	2002	2,895	2,765	2,955	7.450	2003 - 2032
Barnes & Powers North BID	2007	4,000	3,920	4,354	6.500	2009 - 2036
Barnes & Powers South BID	2007	835	785	498	6.500	2009 - 2026
First & Main BID - Series 2009	2009	1,650	1,585	2,617	8.500	2009 - 2038
First & Main North BID - Series 2005	2005	1,927	1,890	-	0.000	N/A
First & Main No. 2 BID - Series 2009	2009	2,400	2,400	3,961	8.500	2011 - 2038
Interquest North BID	2010	6,500	6,500	11,492	8.500	2012 - 2040
Powers & Woodment Commercial BID	2010	1,850	1,845	3,175	8.500	2011 - 2039
Revenue Bonds						
Fountain Valley Authority	2006	9,540	6,975	1,545	4.000 - 4.500	2006 - 2019
Public Authority for Colorado Energy	2008	653,210	647,710	816,578	5.750 - 6.500	2009 - 2038
Notes Payable and Lines of Credit						
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	2,400	-	0.000	N/A
Barnes & Powers South BID	2006	53	53	-	0.000	N/A
First & Main BID	2006	48	40	-	0.000	N/A
First & Main North BID	2006	11	4	-	0.000	N/A
Interquest North BID	2006	71	71	-	0.000	N/A
Interquest South BID	2006	73	73	-	0.000	N/A
Powers & Woodment Commercial BID	2006	57	57	-	0.000	N/A
Fountain Valley Authority	2003	3,222	2,241	654	3.030	2004 - 2024
Fountain Valley Authority	2000	7,608	4,358	1,213	3.400	2001 - 2020
Colorado Canal Company	2008	185	116	10	4.200	2009 - 2013
The Lake Henry Reservoir Company	2003	148	116	57	4.250	2006 - 2030
The Lake Meredith Reservoir Company	2003	1,472	1,274	708	4.000	2005 - 2034
Total Component Units		<u>\$764,553</u>	<u>\$749,133</u>	<u>\$901,495</u>		

\*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, 2010 (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	\$18,050	\$3,900	\$4,970	\$16,980	\$835
Sales tax revenue bonds	43,615	-	6,335	37,280	6,530
Certificates of participation	49,135	-	1,560	47,575	1,660
Special assessment bonds and notes	111	-	111	-	-
Capital leases	23,590	1,337	3,611	21,316	3,403
	<u>134,501</u>	<u>5,237</u>	<u>16,587</u>	<u>123,151</u>	<u>12,428</u>
Less deferred amounts:					
For issuance premium	2,746	202	399	2,549	-
On refundings	(1,796)	(72)	(366)	(1,502)	-
	<u>950</u>	<u>130</u>	<u>33</u>	<u>1,047</u>	<u>-</u>
Total bonds and notes payable	<u>135,451</u>	<u>5,367</u>	<u>16,620</u>	<u>124,198</u>	<u>12,428</u>
Other liabilities:					
Municipal solid waste landfill	347	4	-	351	-
Compensated absences	16,498	8,246	8,450	16,294	814
Claims and judgments	3,500	-	1,750	1,750	1,750
Net pension obligation	2,177 *	497	601	2,073	-
Net OPEB obligation	7,407	4,935	1,581	10,761	-
Developer reimbursements	2,908	-	-	2,908	-
Total other liabilities	<u>32,837</u>	<u>13,682</u>	<u>12,382</u>	<u>34,137</u>	<u>2,564</u>
Governmental activities long-term liabilities	<u>\$168,288</u>	<u>\$19,049</u>	<u>\$29,002</u>	<u>\$158,335</u>	<u>\$14,992</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and notes payable:					
Revenue bonds	\$2,044,188	\$643,690	\$136,960	\$2,550,918	\$64,014
Notes payable	98,022	8,600	5,643	100,979	6,001
Capital leases	2,683	612	935	2,360	969
	<u>2,144,893</u>	<u>652,902</u>	<u>143,538</u>	<u>2,654,257</u>	<u>70,984</u>
Less deferred amounts:					
For issuance discounts and premiums	21,183	14,961	1,077	35,067	-
On refundings	(34,670)	(6,473)	(2,318)	(38,825)	-
	<u>(13,487)</u>	<u>8,488</u>	<u>(1,241)</u>	<u>(3,758)</u>	<u>-</u>
Total bonds and notes payable	<u>2,131,406</u>	<u>661,390</u>	<u>142,297</u>	<u>2,650,499</u>	<u>70,984</u>
Other liabilities:					
Municipal solid waste landfill	2,837	659	-	3,496	-
Compensated absences	23,633	37,176	34,941	25,868	7,605
Claims and judgments	233 *	-	23	210	210
Customer deposits	1,787	650	871	1,566	-
Customer advances for construction	10,207	317	693	9,831	-
Net OPEB obligation	562	1,527	1,295	794	-
Derivative instruments	130,874 *	66,529	-	197,403	45,115
Deferred cash flow hedges - unrealized gains on derivatives	8,091 *	3,480	8,091	3,480	-
Other	296	107	6	397	-
Total other liabilities	<u>178,520</u>	<u>110,445</u>	<u>45,920</u>	<u>243,045</u>	<u>52,930</u>
Business-type activities long-term liabilities	<u>\$2,309,926</u>	<u>\$771,835</u>	<u>\$188,217</u>	<u>\$2,893,544</u>	<u>\$123,914</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, 2010 (in 000's):

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One year
<b>GOVERNMENTAL ACTIVITIES</b>					
Limited tax general obligation bonds	\$13,507	\$8,350	\$167	\$21,690	\$203
Special assessment revenue bonds	61,195	-	245	60,950	1,220
Notes payable	3,581	184	62	3,703	-
Capital leases	131	-	131	-	-
Other	159	87	112	134	-
Governmental activities long-term liabilities	<u>\$78,573</u>	<u>\$8,621</u>	<u>\$717</u>	<u>\$86,477</u>	<u>\$1,423</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Revenue bonds	\$658,320	\$ -	\$3,635	\$654,685	\$4,595
Less deferred amounts:					
For issuance premium and discounts	(23,445) *	-	(813)	(22,632)	-
On refundings	(455) *	-	(46)	(409)	-
Notes payable	8,683	-	578	8,105	593
Capital leases	62,657	-	3,457	59,200	3,550
Business-type activities long-term liabilities	<u>\$705,760</u>	<u>\$ -</u>	<u>\$6,811</u>	<u>\$698,949</u>	<u>\$8,738</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, 2010 (in 000's):

Year	Governmental Activities		Component Units	
	Principal	Interest	Principal	Interest
2011	\$835	\$1,022	\$165	\$1,556
2012	2,855	992	230	1,548
2013	3,025	820	285	1,531
2014	3,205	637	315	1,509
2015	3,400	445	340	1,485
2016-2020	1,655	964	2,165	6,990
2021-2025	585	580	3,110	6,028
2026-2030	800	364	4,145	4,671
2031-2035	620	82	5,120	2,859
2036-2040	-	-	3,925	875
	<u>\$16,980</u>	<u>\$5,906</u>	<u>\$19,800</u>	<u>\$29,052</u>

First & Main North BID issued \$1,927,000 in General Obligation Bonds in 2005. The outstanding balance at year end was \$1,889,885. 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, 2010 (in 000's):

Year	Governmental Activities		Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$6,530	\$1,321	\$64,014	\$124,477	\$4,595	\$41,414
2012	6,720	1,124	53,059	121,508	5,560	41,161
2013	6,925	922	57,284	119,219	6,505	40,852
2014	7,130	713	60,869	116,725	7,430	40,488
2015	7,340	499	65,364	114,029	8,370	40,074
2016-2020	2,635	132	411,987	520,112	56,605	192,135
2021-2025	-	-	517,949	413,673	85,440	172,012
2026-2030	-	-	648,665	280,411	132,655	139,809
2031-2035	-	-	347,685	142,174	193,290	89,654
2036-2040	-	-	194,875	68,892	154,235	20,524
2041-2045	-	-	69,945	28,909	-	-
2046-2050	-	-	59,222	9,816	-	-
	<u>\$37,280</u>	<u>\$4,711</u>	<u>\$2,550,918</u>	<u>\$2,059,945</u>	<u>\$654,685</u>	<u>\$818,123</u>

**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2010**

The following is a summary of certificates of participation scheduled maturities as of December 31, 2010 (in 000's):

<u>Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$1,660	\$2,235
2012	1,775	2,171
2013	1,880	2,098
2014	2,000	2,020
2015	2,130	1,934
2016-2020	9,760	8,157
2021-2025	3,860	6,572
2026-2030	6,120	5,540
2031-2035	9,130	3,744
2036-2040	<u>9,260</u>	<u>1,186</u>
	<u>\$47,575</u>	<u>\$35,657</u>

The following is a summary of special assessment bond scheduled maturities as of December 31, 2010 (in 000's):

<u>Year</u>	<u>Governmental Activities</u>	
	<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$1,220	\$4,165
2012	1,460	4,085
2013	1,600	3,988
2014	1,770	3,882
2015	1,930	3,765
2016-2020	12,730	16,614
2021-2025	19,350	11,450
2026-2030	<u>20,890</u>	<u>3,729</u>
	<u>\$60,950</u>	<u>\$51,678</u>

**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2010**

The following is a summary of notes payable scheduled maturities as of December 31, 2010 (in 000's):

Year	Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest
2011	\$6,001	\$4,537	\$593	\$304
2012	6,034	4,283	607	293
2013	6,158	4,009	622	275
2014	6,203	3,743	600	259
2015	5,639	3,487	618	245
2016-2020	64,604	10,725	3,409	881
2021-2025	2,881	1,008	1,029	265
2026-2030	3,459	379	370	97
2031-2035	-	-	257	23
	<u>\$100,979</u>	<u>\$32,171</u>	<u>\$8,105</u>	<u>\$2,642</u>

The governmental activities component units have a combined notes payable in the amount of \$3,702,665. 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	\$41,991	2009 - 2016
Business-type Activities:		
Utilities Revenue Bonds	4,068,452	2001 - 2049
MHS Revenue Bonds	464,056	2003 - 2033
Airport Revenue Bonds	60,887	2002 - 2023
Parking Revenue Bonds	17,468	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 were authorized to allow counties and municipalities to promote industry and develop trade or other economic activity by inducing profit or nonprofit enterprises to locate, expand or remain in their communities. The advantage to nonprofit entities that borrow through the City is that they borrow funds at lower interest rates because the bonds are exempt from federal and state income tax.

The City is not liable for the repayment of principal or interest on these bonds and related financial activity is not shown in the financial statements. The original issue amount of these bonds, in the aggregate, was \$316 million. There were no PAB's or industrial revenue bonds issued during 2010.

**L. Net Assets/Fund Balances**

Fund balances of the governmental funds at December 31, 2010 include the following:

	General Fund	Non-Major Governmental Funds	Total
Reserves:			
Debt service	\$2,363,369	\$751,662	\$3,115,031
Endowments	-	10,121,692	10,121,692
Emergency reserve	7,545,241	-	7,545,241
	<u>7,545,241</u>	<u>-</u>	<u>7,545,241</u>
Total	<u>\$9,908,610</u>	<u>\$10,873,354</u>	<u>\$20,781,964</u>

	General Fund	Non-Major Governmental Funds	Total
Unreserved and designated:			
Encumbrances:			
General fund	\$2,303,918	\$ -	\$2,303,918
Special revenue funds	-	994,316	994,316
Capital funds	-	403,069	403,069
Subsequent year expenditures:			
General fund	1,829,134	-	1,829,134
Special revenue funds	-	9,994,780	9,994,780
Capital funds	-	6,136,873	6,136,873
<b>Total</b>	<b><u>\$4,133,052</u></b>	<b><u>\$17,529,038</u></b>	<b><u>\$21,662,090</u></b>

	General Fund	Non-Major Governmental Funds	Total
Unreserved and undesignated:			
General fund	\$29,945,650	\$ -	\$29,945,650
Special revenue funds	-	17,827,936	17,827,936
<b>Total</b>	<b><u>\$29,945,650</u></b>	<b><u>\$17,827,936</u></b>	<b><u>\$47,773,586</u></b>

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**M. Interest Rate Swaps**

**1. Utilities Interest Rate Swaps**

The fair values and notional amounts of derivative instruments outstanding at December 31, 2010, classified by type, and changes in fair value of such derivative instruments for the year then ended as reported in the 2010 financial statements are as follows gain/(loss):

	2010 Changes in Fair Value		Fair Value at December 31, 2010		
	Classification	Amount	Classification	Amount	Notional
(thousands of dollars)					
<u>Cash flow hedges</u>					
Interest rate swaps	Deferred outflow	(\$22,474)	Derivative instruments	(\$116,194)	\$605,185
Commodity Derivatives:					
Swap contracts	Deferred outflow	(34,503)	Derivative instruments	(52,515)	34,000 MMBtu
European call option	Deferred outflow	(3,625)	Derivative instruments	123	1,620 MMBtu
Total cash flow hedges		<u>(\$60,602)</u>		<u>(\$168,586)</u>	
<u>Investment derivative instruments</u>					
Interest rate swaps	Derivative Gain/(Loss)	(\$286)	Derivative instruments	(\$15,053)	\$115,950
Commodity derivatives:					
Swap contracts	Derivative Gain/(Loss)	1,386	Derivative instruments	1,978	1,210 MMBtu
European call options	Derivative Gain/(Loss)	135	Derivative instruments	563	1,240 MMBtu
Coal contract	Derivative Gain/(Loss)	(13,350)	Derivative instruments	(13,350)	600,000 tons
Derivative		<u>(\$12,115)</u>		<u>(\$25,862)</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.

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The following is a summary of scheduled projected future cash flows for hedging derivatives as of December 31, 2010 (in 000's):

Year Ending December 31,	Projected Future Cash Flows In/(Out) for Hedging Derivatives
2011	(\$23,873)
2012	(24,872)
2013	(24,588)
2014	(24,279)
2015	(23,939)
2016-2020	(113,211)
2021-2025	(94,160)
2026-2030	(47,269)
2031-2035	(21,047)
2036-2040	(19,957)
	<u>(\$417,195)</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.

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# NOTES TO FINANCIAL STATEMENTS

# DECEMBER 31, 2010

The table below provides a summary of Utilities' pay-fixed interest rate swap agreements outstanding as of December 31, 2010:

	Notional Amount (In 000's)	Effective Date	Maturity Date	Terms	Counterparty
<u>Cash flow hedges</u>					
2005 SIFMA Swap	\$73,969	09/15/05	11/01/35	Pay 4.7099%; receive SIFMA index	Merrill Lynch Capital Services, Inc
2005 SIFMA Swap	24,656	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	43,386	09/13/07	11/01/37	Pay 3.198%; receive 68 % of LIBOR	J. Aaron & Co.
2007 New Money LIBOR Swap	28,924	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	48,350	09/12/08	11/01/38	Pay 4.2686%; receive SIFMA index	Merrill Lynch Capital Services, Inc
2009 LIBOR Swap	63,000	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	115,950	08/18/04	11/01/23	Pay 4.1120%; receive SIFMA index	JP Morgan Chase Bank
Total Notional Amount for Interest Rate Swaps	<u>\$721,135</u>				

**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2010**

The table below provides a summary of Utilities' fixed price forward swaps agreements outstanding as of December 31, 2010:

<u>Cash flow hedges</u>	<u>Notional Amount MMBtu (In 000's)</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>
BP Energy Company	\$2,115	Jan-11	Dec-13	Pay Average \$5.451/MMBtu settlement based on Cheyenne Daily pricing point at expiration date.
J. Aron & Co.	3,453	Dec-10	Dec-13	Pay Average \$5.393/MMBtu settlement based on Cheyenne Daily pricing point at expiration date.
RBS Sempra Commodities	5,310	Dec-10	Dec-12	Pay Average \$6.017/MMBtu settlement based on Cheyenne Daily pricing point at expiration date.
BP Energy Company	6,744	Jan-11	Dec-13	Pay Average \$6.145/MMBtu settlement based on CIG FOM pricing point at expiration date.
J. Aron & Co.	6,270	Jan-11	Jan-13	Pay Average \$5.487/MMBtu settlement based on CIG FOM pricing point at expiration date.
JP Morgan Chase Bank	1,250	Jan-11	Dec-11	Pay Average \$9.300/MMBtu settlement based on CIG FOM pricing point at expiration date.
Morgan Stanley Capital Group, Inc.	6,368	Jan-11	Dec-12	Pay Average \$6.096/MMBtu settlement based on CIG FOM pricing point at expiration date.
RBS Sempra Commodities	2,490	Jan-11	Dec-11	Pay Average \$6.515/MMBtu settlement based on CIG FOM pricing point at expiration date.
<u>Investment derivative instruments</u>				
J. Aron & Co.	130	Apr-11	Oct-11	Receive Average \$5.878/MMBtu settlement based on Cheyenne Daily pricing point at expiration date.
J. Aron & Co.	1,080	Apr-11	Oct-11	Receive Average \$5.701/MMBtu settlement based on CIG FOM pricing point at expiration date.
Total Notional Amount for Commodity Swaps	<u>\$35,210</u>			

**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2010**

The table below provides a summary of Utilities' purchased call and put option contracts outstanding as of December 31, 2010:

<u>Cash flow hedges</u>	Notional Amount MMBtu (In 000's)	Effective Date	Maturity Date	Terms
J. Aron & Co.	\$108	Jan-11	Mar-11	Average Strike \$6.00/MMBtu settlement based on Cheyenne Daily pricing point at expiration date.
J. Aron & Co. Group Inc.	272	Jan-11	Mar-11	Average Strike \$6.00/MMBtu settlement based on CIG FOM pricing point at expiration date.
Morgan Stanley Capital Group Inc.	1,240	Jan-11	Dec-11	Average Strike \$5.546/MMBtu settlement based on CIG FOM pricing point at expiration date.
<u>Investment derivative instruments</u>				
BP Energy Company	1,240	Jan-11	Dec-11	Average Strike \$4.156/MMBtu settlement based on CIG FOM pricing point at expiration date.
Total Notional Amount for Commodity Swaps	<u>\$2,860</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	A/A2
J. Aron & Co.	A/A1
JP Morgan Chase Bank	A+/Aa3
Merrill Lynch Capital Services, Inc.	A/A2
Morgan Stanley Capital Group Inc.	A/A2
RBS Semptra Commodities	A/A1
UBS AG	A+/Aa3

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, 2010, Utilities has posted \$41,050,000, in collateral with the various counterparties to the swap agreements. Utilities' aggregate fair value of hedging derivative instruments as of that date was (\$194,447,436). The combined fair value of all derivative instruments as of December 31, 2010, was (\$153,397,436), respectively, 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. 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 2004A series 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, 2010, the weighted average interest rate on Utilities' hedged variable rate debt is 0.36%, while the SIFMA swap index rate was 0.34%, while 68.0% of LIBOR was .177%.

Natural Gas Price Risk – Natural gas price risk is the risk that changes in natural gas market prices for physical delivery will adversely impact Utilities' anticipated cash flows. As a result, Utilities enters into fixed price swaps and options to offset anticipated market risks for natural gas. The financial derivatives are priced identically to the underlying physical natural gas contracts, so that no basis risk exists.

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, 2010.

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**

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, 2010, the notional amount of the interest rate swap is \$73,122,000. The fair value of the interest swap is (\$3,480,000) as of December 31, 2010, with a change in fair value from 2009 to 2010 of (\$2,083,000). The negative fair value of the interest rate swap has been recorded as a liability on Exhibit 7. A corresponding asset for the deferred cash outflows has been recorded with in Other Assets since the swap has been determined to be an effective hedge. 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.

Credit Risk is the risk that the counterparty fails to perform according to the terms of the swap agreement. MHS maximum potential loss relating to credit risk is limited to the fair value of the swap. As of December 31, 2010, MHS is not exposed to credit risk because the bank rate swap has a negative fair value.

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 professional & general liability (malpractice) insurance as a member of the Mountain States Healthcare Risk Retention Reciprocal (RRRG) which is a claims-made 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 \$10 million of umbrella insurance coverage. MHS has not had any claims that exceed the primary layer of \$1.75 million for a single occurrence.

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 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 affected department.

For medical claims coverage the City has an reinsurance policy that provides coverage for claims in excess of \$500,000. The City pays claims less than \$500,000 through its Employee Benefits Self-Insurance fund. 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, 2010.

During 2010, there were no significant reductions in insurance coverage from coverage as compared to 2009. 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 2010 and 2009 (in 000's):

	<u>2010</u>	<u>2009</u>
Claims liabilities, beginning of year	\$21,423	\$23,680
Increases	81,793	89,211
Decreases	<u>(82,501)</u>	<u>(91,468)</u>
Claims liabilities, end of year	<u><u>\$20,715</u></u>	<u><u>\$21,423</u></u>

#### **B. Donor-restricted Endowments**

As of the end of 2010, the City maintained three donor-restricted endowment funds as follows:

	<u>Fund Balance</u>	<u>Available for Spending</u>
C.D. Smith Trust	\$769,133	\$158,076
Cemetery Endowment	8,533,697	14,955
TOPS Maintenance Trust	818,862	170,704

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

**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 2010, these benefits were provided to 2,504 retired employees at a cost of \$2,867,464. During 2009, these benefits were provided to 2,326 retired employees at a cost of \$2,787,555. 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 2,510 retirees for a total cost in 2010 of \$13,512. During 2009, 2,322 premiums were paid on behalf of retirees for a total cost of \$14,514. 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, 2010**

The following table shows the components of the City's annual OPEB cost for 2010, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$4,976,163
Interest on net OPEB obligation	333,312
Adjustment to annual required contribution	<u>(374,656)</u>
Annual OPEB cost (expense)	\$4,934,819
Contributions made	<u>(1,580,412)</u>
Increase in net OPEB obligation	<u>3,354,407</u>
Net OPEB obligation - beginning of year	<u>7,406,943</u>
Net OPEB obligation - end of year	<u><u>\$10,761,350</u></u>

The following table shows the components of Utilities' annual OPEB cost for 2010, the amount actually contributed to the plan, and changes in Utilities' net OPEB obligation:

Annual required contribution	\$1,536,000
Interest on net OPEB obligation	12,000
Adjustment to annual required contribution	<u>(21,000)</u>
Annual OPEB cost (expense)	1,527,000
Contributions made	<u>(1,295,000)</u>
Increase in net OPEB obligation	<u>232,000</u>
Net OPEB obligation - beginning of the year	<u>562,000</u>
Net OPEB obligation - end of year	<u><u>\$794,000</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 2010 and the two preceding years were as follows:

	Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
City	12/31/2008	\$3,609,797	41.1%	\$4,286,466
	12/31/2009	4,630,039	32.6	7,406,943
	12/31/2010	4,934,819	32.0	10,761,350
Utilities	12/31/2008	\$1,420,000	89.9%	\$309,000
	12/31/2009	1,545,000	83.6	562,000
	12/31/2010	1,527,000	84.8	794,000

**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, 2010. 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)	\$87,346,062	\$1,549,000
UAAL as percentage of covered payroll	84.8%	1102.3%

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, 2010, 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%	\$87,989,734	65.7%
1/1/2009	-	74,052,320	74,052,320	0.0	87,346,062	84.8

**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%	\$1,429,000	1174.7%
1/1/2009	-	17,074,000	17,074,000	0.0	1,549,000	1102.3

**D. Commitments and Contingent Liabilities**

**1. Construction and Purchase Commitments**

Significant construction and purchase commitments of the City, as of December 31, 2010, are as follows (in millions):

General fund	\$2.3
Grants fund	16.3
Utilities fund	29.1
MHS fund	1.7
Airport fund	9.9
Stormwater fund	2.0

**2. Refunded Bonds**

At various dates in prior years, Utilities has placed proceeds from refunding bond issues in irrevocable refunding escrow accounts. As of December 31, 2010, Utilities remains contingently liable for the outstanding principal balance of \$163,615,000 in refunded bonds.

During 2009 and 2004, MHS placed proceeds from refunding bond issues in irrevocable refunding escrow accounts. As of December 31, 2010, MHS remains contingently liable for the outstanding principal balance of \$164,525,000 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 2010 was less than the revenue limit.

The state TABOR also establishes a separate requirement for local governments that limits the increase in property tax revenue from year to year. For 2010, the City does not anticipate that it will exceed this limit, and thus no refund nor corresponding liability has been reported.

**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 2016.

Additionally, the Colorado Department of Public Health and Environment ("CDPHE") is considering pollution controls for other stationary sources in Colorado, such as the Ray Nixon Power Plant, as a part of "Reasonable Progress" under the Environmental Protection Agency's ("EPA") Regional Haze Rule. The CDPHE has proposed controls for nitrogen oxide and sulfur dioxide that could cost as much as \$75,000,000. It is anticipated that these controls would be required by 2016 or 2017. The Regional Haze Rule requirements for the Drake Power Plant and the Ray Nixon Power Plant will be considered by the Colorado Air Quality Control

Commission in November and December 2010, respectively. If approved by the Colorado Air Quality Commission the requirements will need to be approved by the State legislature and the EPA; it is anticipated that these approvals would occur during 2011.

In addition to the EPA's ongoing scrutiny of the State's State Implementation Plan ("SIP"), additional regulations such as proposed lowering of the federal ozone standard may necessitate the installation of additional pollution controls beyond those described above. While it is uncertain the extent to which these regulations will affect Utilities' additional future pollution controls for nitrogen oxides and mercury, as well as mercury emissions monitors, could potentially be an additional \$100,000,000 by 2017.

In February 2009, the U.S. President proposed a budget which called for a national cap-and-trade system for greenhouse gases emissions beginning in 2012. In June 2009, the U.S. House of Representatives passed the "American Clean Energy and Security Act" which seeks to establish a cap-and-trade system to reduce greenhouse gases emissions by 17% below 2005 levels by 2020 and 83% by 2050. In September 2009, the EPA proposed the "Prevention of Significant Deterioration and Title V Greenhouse Gas Tailoring Rule" as a precursor to promulgating regulations under the Clean Air Act. At the State level, the Governor's 2007 "Colorado Climate Action Plan" establishes a goal for major electric utilities to reduce greenhouse gases emissions by 20% by 2020. The impact and cost of such proposed legislative and regulatory initiatives on Utilities is under evaluation as part of the Electric Integrated Resource Plan. Utilities is voluntarily reporting its greenhouse gases emissions under the climate registry and preparing to begin mandatory reporting in 2011 under new EPA reporting regulations.

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.

**Wastewater Quality** – Utilities operates the Las Vegas Street Wastewater Treatment Plant which discharges treated wastewater to Fountain Creek, and the J.D. Phillips Water Reclamation Facility, which discharges treated wastewater to Monument Creek. Both facilities operate under the terms of Colorado Discharge Permit System ("CDPS") permits issued in 2006 pursuant to the Federal Clean Water Act. Under the CDPS permits, Utilities is required to monitor wastewater discharges and report on a monthly basis the results of that monitoring to the CDPHE.

The permits for the facilities require that when peak monthly throughput and treatment reach 80% of facility design capacity, Utilities must initiate engineering and financial planning for additional treatment capacity, and that construction must be commenced when peak monthly throughput and treatment is at 95% capacity. For both facilities, the throughput and treatment are currently below these capacity standards.

Compliance Order on Consent (COC) – As required by discharge permits, Utilities has reported sanitary sewer overflows (“SSOs”) and reclaimed wastewater releases to regulatory agencies. In 2004, the CDPHE and Utilities entered into a Compliance Order on Consent (“COC”) which addresses capacity and condition evaluations, along with the systematic repair, rehabilitation, and replacement of portions of the wastewater collection system through the year 2012. The COC has been reviewed and approved by the EPA. Utilities continues to perform ongoing work as prescribed in the COC. The COC has been subsequently amended in 2005 and 2006 to resolve SSOs that occurred through 2006.

Drinking Water Quality – The Federal Safe Drinking Water Act, originally passed in 1974 and amended in 1986 and 1996, is enforced by deferral and state agencies with responsibility over drinking water protection. The law requires actions by public water systems to protect drinking water from the source (e.g. rivers, reservoirs, and groundwater wells) to the customer’s tap. This regulatory oversight applies to the public water systems’ storage, treatment, and distribution facilities, as well as its operational practices.

The Federal Safe Drinking Water Act authorizes the EPA to establish national health-based standards for the protection of drinking water from both naturally occurring and manmade contaminants. Additionally, EPA maintains a list of unregulated contaminants that are not currently subject to any proposed or promulgated national primary drinking water regulation, but that are known or anticipated to occur in public water systems and may become subject to regulation in the future. As such, there is always the potential for new and/or more stringent standards that may impose additional costs to Utilities, either to existing infrastructure or operations or to new water project development. Utilities’ current long-term capital improvements forecast for the water system addresses normal repairs and replacements in the treatment and distribution facilities to maintain both operational reliability and compliance with the Federal Safe Drinking Water Act and applicable regulations. Currently, the most significant of these improvements are forecasted for Utilities’ Mesa Water Treatment Plant. These improvements may occur or continue beyond 2015 in order to maintain the plant’s treatment capabilities and compliance with drinking water standards. The current estimated cost of the improvements, if needed, is \$50,000,000.

Water Supply – Federal and State legislation often influences Utilities’ water development activities. Such legislation and regulations promulgated by federal and state agencies generally implement environmental policies concerned with land use, appropriation and allocation of water resources, and water quality. The constraints imposed by environmental laws and regulations could potentially limit Utilities’ current system yield or further expansion of existing water projects (particularly transmountain projects) as well as prohibit new project development. 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, 2010, total \$57,943,853.

**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, 2010, totaled \$9,203,503.

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

Estimated fair values of proprietary fund financial instruments are as follows as of December 31, 2010 (in 000’s):

	<u>Carrying Amount</u>	<u>Fair Value</u>
Unrestricted cash and investments	\$501,225	\$501,225
Restricted cash and investments	423,095	423,095
Interest receivable	342	342
Revenue bonds (including current maturities)	2,550,918	2,632,144
Accrued interest	12,273	12,273
Customer advances for construction	9,831	9,831

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 interest in Young Gas Storage Company, Ltd. (“Young”) of 5%. Young is a Colorado limited partnership organized on June 30, 1993, to develop and operate a natural gas storage system near Fort Morgan, Colorado. Young’s 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. The following table lists the amount 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, 2010 (in 000’s):

Entity	Amounts Invested	Undistributed Net Earnings (Losses)	Utilities Investment
Young Gas Storage Company Ltd.	\$500	\$578	\$1,078
Total	<u>\$500</u>	<u>\$578</u>	<u>\$1,078</u>

There were no advances or loans outstanding to this entity as of December 31, 2010.

**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). 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 2.2% of the total payroll for the calendar year 2010 (1.8% for 2009 and 1.4% for 2008). Additionally, the City is required to pay a supplemental amortization equalization disbursement (SAED) equal to 1.5% of the total payroll for the calendar year 2010 (1.0% for 2009 and 0.5% 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, 2010, 2009, and 2008, were \$54,691,661, \$54,088,259, and \$51,616,922 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, 2010, 2009, and 2008 were \$4,069,742, \$4,314,034, and \$4,428,975, 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 2010 and 2009 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 2010 and 2009 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 2010 and 2009 calendar years). In addition, employees are eligible to contribute an additional \$5,500 for 2010 and 2009 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. Employee contributions for December 31, 2010 were \$27,797. The annual employer contribution for the year ending December 31, 2010, was \$35,148.

## **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 or 1-800-332-3772.

FPPA performs certain administrative tasks in accordance with an agreement with the City in regards to the Old Hire plans. There are approximately 373 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, 2010, membership in the plans was as follows: 2 active participants and 363 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 the lesser of 20 years or the average remaining life expectancy of the group which is currently 21.8 years. 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 actuarial asset value is calculated as the sum of the previous year's actuarial 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 actuarial 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 expected actuarial value plus one third of the investment gain or loss for the previous plan year.
  - (d) The actuarial value of assets was initialized at market value as of January 1, 1999.
- 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 2010 and 2009 calendar years). In addition, employees are eligible to contribute an additional \$5,500 for 2010 and 2009 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 the plans for 2010 were as follows:

	<u>Old Hire Fire</u>	<u>Old Hire Police</u>
<b>Annual required contribution</b>	\$221,358	\$379,353
<b>Interest on net pension obligation</b>	103,488	70,707
<b>Adjustment to annual required contribution</b>	<u>(165,297)</u>	<u>(112,938)</u>
<b>Annual pension cost</b>	159,549	337,122
<b>Contributions made</b>	<u>(221,358)</u>	<u>(379,353)</u>
<b>Increase (decrease) in net pension obligation</b>	(61,809)	(42,231)
<b>Net pension obligation - beginning of year as previously reported</b>	477,841	(31,564)
<b>Prior year adjustment</b>	815,761	915,406
<b>Net pension obligation - beginning of year as restated</b>	<u>1,293,602</u>	<u>883,842</u>
<b>Net pension obligation - end of year</b>	<u><u>\$1,231,793</u></u>	<u><u>\$841,611</u></u>

**Other Information**

**Employees hired before April 1978:**

<u>Old Hire Fire (closed to new employees)</u>	<u>2010</u>	<u>2009</u>	<u>2008 *</u>
Annual pension cost (APC)	\$159,549	\$157,324	\$1,078,006
Percentage of APC contributed	139%	251%	4%
Net pension obligation	\$1,231,793	\$1,293,602	\$1,530,597

<u>Old Hire Police (closed to new employees)</u>	<u>2010</u>	<u>2009</u>	<u>2008 *</u>
Annual pension cost (APC)	\$337,122	\$333,635	\$1,158,433
Percentage of APC contributed	113%	163%	3%
Net pension obligation	\$841,611	\$883,842	\$1,092,807

\* Restated

**Funding Status and Funding Progress** - The funded status of the plan as of January 1, 2010, the most recent actuarial valuation date was as follows:

	<u>Old Hire Fire Pension Obligation</u>	<u>Old Hire Police Pension Obligation</u>
Actuarial Accrued Liability (AAL)	\$104,680,846	\$89,572,435
Actuarial Value of Plan Assets	<u>89,965,827</u>	<u>75,300,793</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$14,715,019</u>	<u>\$14,271,642</u>
Funded Ratio (actuarial value of plan assets/AAL)	85.9%	84.1%
Covered payroll (active plan members)	\$170,137	\$83,074
UAAL as percentage of covered payroll	8648.9%	17179.4%

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 investment returns. 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, 2010, is as follows:

**Old Hire Fire Pension Plan**

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)
1/1/2008	\$108,187,805	\$110,925,746	\$2,737,941	97.5%	\$261,984 *	1045.1%
1/1/2010	89,965,827	104,680,846	14,715,019	85.9	170,137	8648.9

**Old Hire Police Pension Plan**

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)
1/1/2008	\$90,849,707	\$94,847,078	\$3,997,371	95.8%	\$176,894 *	2259.8%
1/1/2010	75,300,793	89,572,435	14,271,642	84.1	83,074	17179.4

\* As restated

**J. Accounting changes**

The City adopted GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies* during 2010.

**K. Subsequent events**

As a result of fluctuations in the SIFMA rate, LIBOR rate and other market rates since December 31, 2010, there may be a significant impact on SWAP valuation and investment valuation subsequent to the date of this report. The amount of these impacts is not known.

On May 11, 2010, City Council approved an increase to the water rates effective January 1, 2011. On December 14, 2010, City Council approved an increase to the electric and gas rates also effective January 1, 2011. On March 8, 2011, City Council approved an increase to the electric fuel cost adjustment and the electric capacity charge effective March 15, 2011, in addition to an increase to the gas fuel cost adjustment effective April 1, 2011.

In January 2011, litigation related to how the contractors were paid for asphalt on the Austin Bluffs Parkway-Union Boulevard interchange project resulted in a judgment in favor of the contractor in the amount of \$626,371.

On January 12, 2011, First and Main Business Improvement District No. 2, a discreetly presented component unit of the City, issued \$2,000,000 in Public Improvement Fee (PIF) Revenue Bonds for paying the costs of providing certain public improvements for the District.

The bonds are secured by and payable solely from and to the extent of Pledged Revenue received by the District.

On May 19, 2011, the City issued \$13,485,000 of Refunding Certificates of Participation (COP), Series 2011, to fully refund the remaining COP bonds, Series 1999, 2000, and 2003. The refunding was undertaken to reduce total future debt service payments.

#### **L. Effects of the results of the November 2010 Coordinated Election**

On November 2, 2010, the eligible electors of the City voted to amend the Charter to establish a "Council-Mayor" form of government having as its elective officers a Mayor and nine City Councilmembers. Pursuant to this "Council-Mayor" form of government, the Mayor of the City is the chief executive, exercising all administrative and executive powers granted to the City, except as otherwise delegated by the City Charter. The Mayor is elected every four years and is limited to two consecutive terms. The Mayor is to be elected by a majority, and not a plurality, of votes cast for the office of Mayor according to a run-off election. The legislative powers of the City are vested in the City Council, except as otherwise provided in the City Charter.

The City is in the process of transitioning to the above-described "Council-Mayor" form of government in accordance with its amended Charter. Pursuant to the Charter, the Mayor in office at the time of approval of the revised Charter by voters in 2010 is to remain in office under the existing Council-Manager form of government until the Mayor elected at the City's regular election of April 2011, or any run-off election necessary thereafter, is sworn in under the Council-Mayor form of government. Because no single mayoral candidate received more than 50% of the total vote at the City's municipal election held on April 5, 2011, a runoff election of the top two candidates will be held May 17, 2011, to decide the next mayor of Colorado Springs. The next Mayor will be sworn in June 7, 2011.

# REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF FUNDING PROGRESS  
FIRE AND POLICE PENSION PLANS  
December 31, 2010**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 16**

**Old Hire Fire Pension Plan**

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]
1/1/2008	\$108,187,805	\$110,925,746	\$2,737,941	97.5%	\$261,984 *	1045.1%
1/1/2010	89,965,827	104,680,846	14,715,019	85.9	170,137	8648.9

**Old Hire Police Pension Plan**

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]
1/1/2008	\$90,849,707	\$94,847,078	\$3,997,371	95.8%	\$176,894 *	2259.8%
1/1/2010	75,300,793	89,572,435	14,271,642	84.1	83,074	17179.4

\* As restated

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

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 17**

	Years ended December 31,		
	2010	2009	2008
<b><u>Old Hire Fire Pension Plan</u></b>			
Annual required contribution (ARC)	\$221,358	\$221,358	\$1,096,275
Actual contributions as percentage of ARC	100%	178%	4% *
<b><u>Old Hire Police Pension Plan</u></b>			
Annual required contribution (ARC)	\$379,353	\$379,353	\$1,157,227
Actual contributions as percentage of ARC	100%	143%	3% *

\* As restated

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>	1/1/2010	1/1/2010
<b>Actuarial cost method</b>	Entry Age	Entry Age
<b>Amortization method</b>	Level dollar Open	Level dollar Open
<b>Remaining amortization period</b>	20 Years	20 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, 2010**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 18**

**City of Colorado Springs**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a percentage of Covered Payroll</u>
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
1/1/2007	\$ -	\$57,797,257	\$57,797,257	0.0%	\$87,989,734	65.7%
1/1/2009	-	74,052,320	74,052,320	0.0	87,346,062	84.8

**Colorado Springs Utilities**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a percentage of Covered Payroll</u>
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
1/1/2007	\$ -	\$16,786,000	\$16,786,000	0.0%	\$1,429,000	1174.7%
1/1/2009	-	17,074,000	17,074,000	0.0	1,549,000	1102.3

# COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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**GENERAL FUND  
BALANCE SHEET  
December 31, 2010**

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

	<u>TOTAL</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$44,008,658
Accounts receivable (net of allowance for uncollectibles)	3,034,901
Sales tax receivable	12,478,394
Loans receivable	854,981
Assessments receivable	21,445
Property taxes receivable	
Current	20,708,538
Delinquent	97,882
Prepays	217,842
Due from other funds	6,296,489
Restricted investments	2,454,674
	<hr/>
<b>Total assets</b>	<b>90,173,804</b>
	<hr/> <hr/>
<b><u>LIABILITIES AND FUND BALANCE</u></b>	
<b>Liabilities</b>	
Accounts payable	6,334,410
Funds held for others	5,266,720
Accrued salaries and benefits	2,720,899
Due to other funds	1,995,820
Escrow deposits	7,239,723
Deferred revenue	
Loans	854,981
Assessments	21,445
Property taxes	20,708,538
Unearned revenue	1,043,956
	<hr/>
<b>Total liabilities</b>	<b>46,186,492</b>
	<hr/>
<b>Fund balance</b>	
Reserved for	
Debt service	2,363,369
Emergency reserve	7,545,241
Unreserved	
Encumbrances	2,303,918
Designated - subsequent year expenditures	1,829,134
Undesignated	29,945,650
	<hr/>
<b>Total fund balance</b>	<b>43,987,312</b>
	<hr/>
<b>Total liabilities and fund balance</b>	<b>\$90,173,804</b>
	<hr/> <hr/>

**GENERAL FUND  
STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
For the year ended December 31, 2010**

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

	<u>TOTAL</u>
<b>Revenues</b>	
Taxes	\$139,106,817
Licenses and permits	798,583
Intergovernmental	19,896,605
Charges for services	22,023,690
Other revenue	1,640,518
Investment earnings	402,235
Rental income	723,937
	<hr/>
<b>Total revenues</b>	<b>184,592,385</b>
	<hr/>
<b>Expenditures</b>	
Current	
General government	41,156,426
Public safety	113,264,744
Public works	16,474,323
Health and welfare	1,214,390
Culture and recreation	8,164,298
Urban redevelopment and housing	257,497
Debt service	
Principal	1,791,237
Interest	2,267,833
Capital outlay	3,087,481
	<hr/>
<b>Total expenditures</b>	<b>187,678,229</b>
	<hr/>
<b>Deficiency of revenues over expenditures</b>	<b>(3,085,844)</b>
	<hr/>
<b>Other financing sources (uses)</b>	
Transfers - in	32,800,306
Transfers - out	(14,054,692)
Capital lease financing	1,337,000
Sale of capital assets	572,919
	<hr/>
<b>Total other financing sources (uses)</b>	<b>20,655,533</b>
	<hr/>
<b>Net change in fund balance</b>	<b>17,569,689</b>
	<hr/>
<b>Fund balance - January 1</b>	<b>26,417,623</b>
	<hr/>
<b>Fund balance - December 31</b>	<b>\$43,987,312</b>
	<hr/> <hr/>



CITY OF COLORADO SPRINGS

# NON-MAJOR GOVERNMENTAL FUNDS

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
December 31, 2010**

**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	\$26,820,184	\$10,528,585	\$1,028,023	\$38,376,792
Accounts receivable (net of allowance for uncollectibles)	12,638,549	36,010	585	12,675,144
Sales tax receivable	3,307,857	-	-	3,307,857
Loans receivable	19,485,891	-	-	19,485,891
Property taxes receivable	3,789,513	-	-	3,789,513
Due from other funds	-	2,193	-	2,193
Restricted investments	-	-	9,093,105	9,093,105
<b>Total assets</b>	<b>66,041,994</b>	<b>10,566,788</b>	<b>10,121,713</b>	<b>86,730,495</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>Liabilities</b>				
Accounts payable	3,203,972	253,623	21	3,457,616
Accrued salaries and benefits	527,597	-	-	527,597
Due to other funds	3,522,061	3,291,904	-	6,813,965
Escrow deposits	-	481,319	-	481,319
Deferred revenue				
Loans	19,485,891	-	-	19,485,891
Property taxes	3,789,513	-	-	3,789,513
Grants	5,944,266	-	-	5,944,266
<b>Total liabilities</b>	<b>36,473,300</b>	<b>4,026,846</b>	<b>21</b>	<b>40,500,167</b>
<b>Fund balances</b>				
Reserved for				
Debt service	751,662	-	-	751,662
Endowments	-	-	10,121,692	10,121,692
Unreserved				
Encumbrances	994,316	403,069	-	1,397,385
Designated - subsequent year expenditures	9,994,780	6,136,873	-	16,131,653
Undesignated	17,827,936	-	-	17,827,936
<b>Total fund balances</b>	<b>29,568,694</b>	<b>6,539,942</b>	<b>10,121,692</b>	<b>46,230,328</b>
<b>Total liabilities and fund balances</b>	<b>\$66,041,994</b>	<b>\$10,566,788</b>	<b>\$10,121,713</b>	<b>\$86,730,495</b>

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
For the year ended December 31, 2010**

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
<b>Revenues</b>				
Taxes	\$37,282,092	\$ -	\$ -	\$37,282,092
Intergovernmental	65,308,292	-	-	65,308,292
Charges for services	2,755,833	-	-	2,755,833
Endowments and donations	1,601,661	-	78,543	1,680,204
Other revenue	464,801	884,666	-	1,349,467
Investment earnings	389,470	401,635	629,095	1,420,200
<b>Total revenues</b>	<b>107,802,149</b>	<b>1,286,301</b>	<b>707,638</b>	<b>109,796,088</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	1,047,529	-	-	1,047,529
Public safety	28,073,588	-	-	28,073,588
Public works	16,948,932	-	-	16,948,932
Culture and recreation	12,842,824	-	72,640	12,915,464
Urban development and housing	5,825,462	-	-	5,825,462
Economic development	2,056,965	-	-	2,056,965
Miscellaneous	1,077,315	-	-	1,077,315
<b>Debt service</b>				
Principal	2,091,395	8,552,551	-	10,643,946
Interest	1,738,976	1,804,268	-	3,543,244
Issuance expense	77,358	-	-	77,358
Capital outlay	34,746,096	3,557,324	-	38,303,420
<b>Total expenditures</b>	<b>106,526,440</b>	<b>13,914,143</b>	<b>72,640</b>	<b>120,513,223</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,275,709</b>	<b>(12,627,842)</b>	<b>634,998</b>	<b>(10,717,135)</b>
<b>Other financing sources (uses)</b>				
Transfers - in	-	14,054,692	-	14,054,692
Transfers - out	(2,073,145)	-	-	(2,073,145)
Issuance of debt	3,900,000	-	-	3,900,000
Payment to refunded bond escrow agent	(4,221,551)	-	-	(4,221,551)
Premiums on bonds issued	201,552	-	-	201,552
<b>Total other financing sources (uses)</b>	<b>(2,193,144)</b>	<b>14,054,692</b>	<b>-</b>	<b>11,861,548</b>
<b>Net change in fund balances</b>	<b>(917,435)</b>	<b>1,426,850</b>	<b>634,998</b>	<b>1,144,413</b>
<b>Fund balances - January 1</b>	<b>30,486,129</b>	<b>5,113,092</b>	<b>9,486,694</b>	<b>45,085,915</b>
<b>Fund balances - December 31</b>	<b>\$29,568,694</b>	<b>\$6,539,942</b>	<b>\$10,121,692</b>	<b>\$46,230,328</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  
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, 2010**

	Inter- governmental Grant Funds	Capital Improvement Funds	Improvement and Maintenance District Funds	Public Improvements Funds
<b><u>ASSETS</u></b>				
Cash and investments	\$ -	\$15,097,434	\$829,997	\$6,012,834
Accounts receivable (net of allowance for uncollectibles)	12,084,718	302,602	13,630	138,719
Sales tax receivable	-	3,122,085	-	-
Loans receivable	19,485,891	-	-	-
Property taxes receivable	-	-	1,789,838	-
<b>Total assets</b>	<b>31,570,609</b>	<b>18,522,121</b>	<b>2,633,465</b>	<b>6,151,553</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>Liabilities</b>				
Accounts payable	2,647,332	452,416	2,129	-
Accrued salaries and benefits	71,463	440,904	15,228	-
Due to other funds	3,421,657	17,964	-	-
Deferred revenue				
Loans	19,485,891	-	-	-
Property taxes	-	-	1,789,838	-
Grants	5,944,266	-	-	-
<b>Total liabilities</b>	<b>31,570,609</b>	<b>911,284</b>	<b>1,807,195</b>	<b>-</b>
<b>Fund balances</b>				
Reserved for				
Debt service	-	-	-	-
Unreserved				
Encumbrances	-	978,481	-	-
Designated - subsequent year expenditures	-	9,975,195	-	-
Undesignated	-	6,657,161	826,270	6,151,553
<b>Total fund balances</b>	<b>-</b>	<b>17,610,837</b>	<b>826,270</b>	<b>6,151,553</b>
<b>Total liabilities and fund balances</b>	<b>\$31,570,609</b>	<b>\$18,522,121</b>	<b>\$2,633,465</b>	<b>\$6,151,553</b>

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

Other Public Improvements Funds	Special Assessment District Funds	Other Special Revenue Funds	Totals
\$740,200	\$ -	\$4,139,719	\$26,820,184
14,053	-	84,827	12,638,549
-	-	185,772	3,307,857
-	-	-	19,485,891
1,999,675	-	-	3,789,513
<hr/>			
2,753,928	-	4,410,318	66,041,994
<hr/>			
2,591	-	99,504	3,203,972
-	-	2	527,597
-	-	82,440	3,522,061
-	-	-	19,485,891
1,999,675	-	-	3,789,513
-	-	-	5,944,266
<hr/>			
2,002,266	-	181,946	36,473,300
<hr/>			
751,662	-	-	751,662
-	-	15,835	994,316
-	-	19,585	9,994,780
-	-	4,192,952	17,827,936
<hr/>			
751,662	-	4,228,372	29,568,694
<hr/>			
\$2,753,928	\$ -	\$4,410,318	\$66,041,994
<hr/>			

**ALL SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
For the year ended December 31, 2010**

	Inter- governmental Grant Funds	Capital Improvement Funds	Improvement and Maintenance District Funds	Public Improvements Funds
<b>Revenues</b>				
Taxes	\$ -	\$29,462,794	\$1,975,204	\$ -
Intergovernmental	61,814,343	3,493,949	-	-
Charges for services	-	1,241,302	-	1,317,719
Donations	-	-	-	-
Other revenue	464,801	-	-	-
Investment earnings	3,391	209,798	20,679	80,988
<b>Total revenues</b>	<b>62,282,535</b>	<b>34,407,843</b>	<b>1,995,883</b>	<b>1,398,707</b>
<b>Expenditures</b>				
Current				
General government	-	1,040,811	-	-
Public safety	5,631,033	22,442,555	-	-
Public works	13,232,214	-	1,886,158	1,830,560
Culture and recreation	3,041,483	7,766,828	-	-
Urban redevelopment and housing	5,825,462	-	-	-
Economic development	152,157	-	-	-
Miscellaneous	1,061,104	-	-	-
Debt service				
Principal	-	1,160,000	-	-
Interest	-	541,645	-	-
Issuance expense	-	-	-	-
Capital outlay	33,339,082	1,407,014	-	-
<b>Total expenditures</b>	<b>62,282,535</b>	<b>34,358,853</b>	<b>1,886,158</b>	<b>1,830,560</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>48,990</b>	<b>109,725</b>	<b>(431,853)</b>
<b>Other financing sources (uses)</b>				
Transfers - out	-	-	-	-
Issuance of debt	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Premium on bonds issued	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>48,990</b>	<b>109,725</b>	<b>(431,853)</b>
<b>Fund balances - January 1</b>	<b>-</b>	<b>17,561,847</b>	<b>716,545</b>	<b>6,583,406</b>
<b>Fund balances - December 31</b>	<b>\$ -</b>	<b>\$17,610,837</b>	<b>\$826,270</b>	<b>\$6,151,553</b>

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

Other Public Improvements Funds	Special Assessment District Fund	Other Special Revenue Funds	Totals
\$2,112,781	\$ -	\$3,731,313	\$37,282,092
-	-	-	65,308,292
-	114,568	82,244	2,755,833
-	-	1,601,661	1,601,661
-	-	-	464,801
36,144	-	38,470	389,470
2,148,925	114,568	5,453,688	107,802,149
-	-	6,718	1,047,529
-	-	-	28,073,588
-	-	-	16,948,932
-	-	2,034,513	12,842,824
-	-	-	5,825,462
-	-	1,904,808	2,056,965
14,904	1,307	-	1,077,315
820,000	111,395	-	2,091,395
1,189,031	8,300	-	1,738,976
77,358	-	-	77,358
-	-	-	34,746,096
2,101,293	121,002	3,946,039	106,526,440
47,632	(6,434)	1,507,649	1,275,709
-	(246,338)	(1,826,807)	(2,073,145)
3,900,000	-	-	3,900,000
(4,221,551)	-	-	(4,221,551)
201,552	-	-	201,552
(119,999)	(246,338)	(1,826,807)	(2,193,144)
(72,367)	(252,772)	(319,158)	(917,435)
824,029	252,772	4,547,530	30,486,129
\$751,662	\$ -	\$4,228,372	\$29,568,694

INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 December 31, 2010

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>				
Accounts receivable (net of allowance for uncollectibles)	\$525,234	\$343,525	\$11,215,959	\$12,084,718
Loans receivable	6,764,373	12,524,370	197,148	19,485,891
<b>Total assets</b>	<b>7,289,607</b>	<b>12,867,895</b>	<b>11,413,107</b>	<b>31,570,609</b>
<b><u>LIABILITIES</u></b>				
Accounts payable	8,831	32,935	2,605,566	2,647,332
Accrued salaries and benefits	14,557	-	56,906	71,463
Due to other funds	501,846	310,590	2,609,221	3,421,657
Deferred revenue				
Loans	6,764,373	12,524,370	197,148	19,485,891
Grants	-	-	5,944,266	5,944,266
<b>Total liabilities</b>	<b>\$7,289,607</b>	<b>\$12,867,895</b>	<b>\$11,413,107</b>	<b>\$31,570,609</b>

**INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 For the year ended December 31, 2010**

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

	Community Development Block Grant Fund	Home Investment Partnership Fund	Grants Fund	Total
<b>Revenues</b>				
Intergovernmental	\$1,865,511	\$970,509	\$58,978,323	\$61,814,343
Other revenue	175,052	289,509	240	464,801
Investment earnings	2,677	-	714	3,391
<b>Total revenues</b>	<b>2,043,240</b>	<b>1,260,018</b>	<b>58,979,277</b>	<b>62,282,535</b>
<b>Expenditures</b>				
Current				
Public safety	-	-	5,631,033	5,631,033
Public works	-	-	13,232,214	13,232,214
Culture and recreation	-	-	3,041,483	3,041,483
Urban redevelopment and housing	2,043,240	1,260,018	2,522,204	5,825,462
Economic development	-	-	152,157	152,157
Miscellaneous	-	-	1,061,104	1,061,104
Capital outlay	-	-	33,339,082	33,339,082
<b>Total expenditures</b>	<b>2,043,240</b>	<b>1,260,018</b>	<b>58,979,277</b>	<b>62,282,535</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, 2010**

	<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	\$255,561	\$281,928	\$7,173,719	\$1,107,396
Accounts receivable (net of allowance for uncollectibles)	-	13,896	-	-
Sales tax receivable	-	-	624,417	-
<b>Total assets</b>	<b>255,561</b>	<b>295,824</b>	<b>7,798,136</b>	<b>1,107,396</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>Liabilities</b>				
Accounts payable	-	-	66,050	7,330
Accrued salaries and benefits	-	40	12,552	45,604
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>40</b>	<b>78,602</b>	<b>52,934</b>
<b>Fund balances</b>				
Unreserved				
Encumbrances	-	3,200	492,831	92,606
Designated - subsequent year expenditures	21,403	275,919	5,350,233	961,856
Undesignated	234,158	16,665	1,876,470	-
<b>Total fund balances</b>	<b>255,561</b>	<b>295,784</b>	<b>7,719,534</b>	<b>1,054,462</b>
<b>Total liabilities and fund balances</b>	<b>\$255,561</b>	<b>\$295,824</b>	<b>\$7,798,136</b>	<b>\$1,107,396</b>

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

<b>Cable Franchise Fund</b>	<b>Public Safety Sales Tax Fund</b>	<b>Total</b>
\$571,653	\$5,707,177	\$15,097,434
281,333	7,373	302,602
-	2,497,668	3,122,085
<u>852,986</u>	<u>8,212,218</u>	<u>18,522,121</u>
56,158	322,878	452,416
6,666	376,042	440,904
-	17,964	17,964
<u>62,824</u>	<u>716,884</u>	<u>911,284</u>
-	389,844	978,481
445,597	2,920,187	9,975,195
<u>344,565</u>	<u>4,185,303</u>	<u>6,657,161</u>
<u>790,162</u>	<u>7,495,334</u>	<u>17,610,837</u>
<u>\$852,986</u>	<u>\$8,212,218</u>	<u>\$18,522,121</u>

**CAPITAL IMPROVEMENT SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the year ended December 31, 2010**

	<b>Ballfield Capital Improvements Fund</b>	<b>Bicycle Tax Fund</b>	<b>Trails/Open Space Fund</b>	<b>Conservation Trust Fund</b>
<b>Revenues</b>				
Taxes	\$ -	\$95,547	\$5,872,720	\$ -
Intergovernmental	-	-	-	3,493,949
Charges for services	98,705	-	-	-
Investment earnings	3,390	3,826	110,230	13,588
<b>Total revenues</b>	<b>102,095</b>	<b>99,373</b>	<b>5,982,950</b>	<b>3,507,537</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	70,491	3,567,610	4,128,727
Debt service				
Principal	-	-	950,000	210,000
Interest	116,903	-	260,268	164,474
Capital outlay	-	-	985,139	31,312
<b>Total expenditures</b>	<b>116,903</b>	<b>70,491</b>	<b>5,763,017</b>	<b>4,534,513</b>
<b>Net change in fund balances</b>	<b>(14,808)</b>	<b>28,882</b>	<b>219,933</b>	<b>(1,026,976)</b>
<b>Fund balances - January 1</b>	<b>270,369</b>	<b>266,902</b>	<b>7,499,601</b>	<b>2,081,438</b>
<b>Fund balances - December 31</b>	<b>\$255,561</b>	<b>\$295,784</b>	<b>\$7,719,534</b>	<b>\$1,054,462</b>

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

<b>Cable Franchise Fund</b>	<b>Public Safety Sales Tax Fund</b>	<b>Total</b>
\$ -	\$23,494,527	\$29,462,794
-	-	3,493,949
1,142,597	-	1,241,302
8,963	69,801	209,798
<u>1,151,560</u>	<u>23,564,328</u>	<u>34,407,843</u>
1,040,811	-	1,040,811
-	22,442,555	22,442,555
-	-	7,766,828
-	-	1,160,000
-	-	541,645
12,566	377,997	1,407,014
<u>1,053,377</u>	<u>22,820,552</u>	<u>34,358,853</u>
98,183	743,776	48,990
691,979	6,751,558	17,561,847
<u>\$790,162</u>	<u>\$7,495,334</u>	<u>\$17,610,837</u>

IMPROVEMENT AND MAINTENANCE DISTRICT  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2010

	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
<b><u>ASSETS</u></b>				
Cash and investments	\$58,283	\$245,709	\$177,278	\$161,697
Accounts receivable (net of allowance for uncollectibles)	695	4,638	6,119	2,022
Property taxes receivable	91,264	611,019	800,093	267,526
<b>Total assets</b>	<b>150,242</b>	<b>861,366</b>	<b>983,490</b>	<b>431,245</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>Liabilities</b>				
Accounts payable	1,094	89	261	536
Accrued salaries and benefits	1,292	5,347	7,298	1,291
Deferred revenue - property taxes	91,264	611,019	800,093	267,526
<b>Total liabilities</b>	<b>93,650</b>	<b>616,455</b>	<b>807,652</b>	<b>269,353</b>
<b>Fund balances</b>				
Unreserved				
Undesignated	56,592	244,911	175,838	161,892
<b>Total fund balances</b>	<b>56,592</b>	<b>244,911</b>	<b>175,838</b>	<b>161,892</b>
<b>Total liabilities and fund balances</b>	<b>\$150,242</b>	<b>\$861,366</b>	<b>\$983,490</b>	<b>\$431,245</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
\$105,852	\$8,363	\$72,815	\$829,997
130	26	-	13,630
17,190	2,746	-	1,789,838
123,172	11,135	72,815	2,633,465
53	96	-	2,129
-	-	-	15,228
17,190	2,746	-	1,789,838
17,243	2,842	-	1,807,195
105,929	8,293	72,815	826,270
105,929	8,293	72,815	826,270
\$123,172	\$11,135	\$72,815	\$2,633,465

**IMPROVEMENT AND MAINTENANCE DISTRICT  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
For the year ended December 31, 2010**

	<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	\$99,426	\$664,646	\$887,458	\$293,200
Investment earnings	1,368	4,402	5,089	5,651
<b>Total revenues</b>	<b>100,794</b>	<b>669,048</b>	<b>892,547</b>	<b>298,851</b>
<b>Expenditures</b>				
Current				
Public works	88,059	640,944	841,079	304,444
<b>Total expenditures</b>	<b>88,059</b>	<b>640,944</b>	<b>841,079</b>	<b>304,444</b>
<b>Net change in fund balances</b>	<b>12,735</b>	<b>28,104</b>	<b>51,468</b>	<b>(5,593)</b>
<b>Fund balances - January 1</b>	<b>43,857</b>	<b>216,807</b>	<b>124,370</b>	<b>167,485</b>
<b>Fund balances - December 31</b>	<b>\$56,592</b>	<b>\$244,911</b>	<b>\$175,838</b>	<b>\$161,892</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
\$18,899	\$3,014	\$8,561	\$1,975,204
2,332	171	1,666	20,679
21,231	3,185	10,227	1,995,883
5,352	927	5,353	1,886,158
5,352	927	5,353	1,886,158
15,879	2,258	4,874	109,725
90,050	6,035	67,941	716,545
\$105,929	\$8,293	\$72,815	\$826,270

**PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 December 31, 2010**

**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	\$2,560,270	\$1,627,913	\$1,194,807	\$165,221	\$464,623	\$6,012,834
Accounts receivable (net of allowance for uncollectibles)	-	138,719	-	-	-	138,719
<b>Total assets</b>	<b>2,560,270</b>	<b>1,766,632</b>	<b>1,194,807</b>	<b>165,221</b>	<b>464,623</b>	<b>6,151,553</b>
<b><u>FUND BALANCE</u></b>						
<b>Fund balances</b>						
Unreserved						
Undesignated	2,560,270	1,766,632	1,194,807	165,221	464,623	6,151,553
<b>Total fund balance</b>	<b>2,560,270</b>	<b>1,766,632</b>	<b>1,194,807</b>	<b>165,221</b>	<b>464,623</b>	<b>6,151,553</b>
<b>Total fund balances</b>	<b>\$2,560,270</b>	<b>\$1,766,632</b>	<b>\$1,194,807</b>	<b>\$165,221</b>	<b>\$464,623</b>	<b>\$6,151,553</b>

**PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 For the year ended December 31, 2010**

**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	\$529,863	\$595,229	\$22,205	\$ -	\$170,422	\$1,317,719
Investment earnings	29,613	24,376	14,325	3,755	8,919	80,988
<b>Total revenues</b>	<b>559,476</b>	<b>619,605</b>	<b>36,530</b>	<b>3,755</b>	<b>179,341</b>	<b>1,398,707</b>
<b>Expenditures</b>						
Current						
Public works	13,555	1,813,491	-	-	3,514	1,830,560
<b>Total expenditures</b>	<b>13,555</b>	<b>1,813,491</b>	<b>-</b>	<b>-</b>	<b>3,514</b>	<b>1,830,560</b>
<b>Net change in fund balances</b>	<b>545,921</b>	<b>(1,193,886)</b>	<b>36,530</b>	<b>3,755</b>	<b>175,827</b>	<b>(431,853)</b>
<b>Fund balances - January 1</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>Fund balances - December 31</b>	<b>\$2,560,270</b>	<b>\$1,766,632</b>	<b>\$1,194,807</b>	<b>\$165,221</b>	<b>\$464,623</b>	<b>\$6,151,553</b>

OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 December 31, 2010

CITY OF COLORADO SPRINGS  
 COLORADO  
 Exhibit C-11

	Cottonwood General Improvement District	Spring Creek General Improvement District	Briargate General Improvement District	MAB General Improvement District	Total
<b><u>ASSETS</u></b>					
Cash and investments	\$468,203	\$151,010	\$13,580	\$107,407	\$740,200
Accounts receivable (net of allowance for uncollectibles)	6,014	1,733	4,914	1,392	14,053
Property taxes receivable	736,038	312,015	729,202	222,420	1,999,675
<b>Total assets</b>	<b>1,210,255</b>	<b>464,758</b>	<b>747,696</b>	<b>331,219</b>	<b>2,753,928</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>Liabilities</b>					
Accounts payable	902	552	886	251	2,591
Deferred revenue - property taxes	736,038	312,015	729,202	222,420	1,999,675
<b>Total liabilities</b>	<b>736,940</b>	<b>312,567</b>	<b>730,088</b>	<b>222,671</b>	<b>2,002,266</b>
<b>Fund balances</b>					
Reserved for debt service	473,315	152,191	17,608	108,548	751,662
<b>Total fund balances</b>	<b>473,315</b>	<b>152,191</b>	<b>17,608</b>	<b>108,548</b>	<b>751,662</b>
<b>Total liabilities and fund balances</b>	<b>\$1,210,255</b>	<b>\$464,758</b>	<b>\$747,696</b>	<b>\$331,219</b>	<b>\$2,753,928</b>

**OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 For the year ended December 31, 2010**

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

	<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	\$857,735	\$337,373	\$715,736	\$201,937	\$2,112,781
Investment earnings	20,011	5,074	6,819	4,240	36,144
<b>Total revenues</b>	<b>877,746</b>	<b>342,447</b>	<b>722,555</b>	<b>206,177</b>	<b>2,148,925</b>
<b>Expenditures</b>					
Current					
Miscellaneous	4,419	4,036	5,198	1,251	14,904
Debt service					
Principal	615,000	155,000	-	50,000	820,000
Interest	105,390	136,290	766,001	181,350	1,189,031
Issuance expense	77,358	-	-	-	77,358
<b>Total expenditures</b>	<b>802,167</b>	<b>295,326</b>	<b>771,199</b>	<b>232,601</b>	<b>2,101,293</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>75,579</b>	<b>47,121</b>	<b>(48,644)</b>	<b>(26,424)</b>	<b>47,632</b>
<b>Other financing sources (uses)</b>					
Issuance of debt	3,900,000	-	-	-	3,900,000
Payment to refunded bond escrow agent	(4,221,551)	-	-	-	(4,221,551)
Premium on bonds issued	201,552	-	-	-	201,552
<b>Total other financing uses</b>	<b>(119,999)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(119,999)</b>
<b>Net change in fund balances</b>	<b>(44,420)</b>	<b>47,121</b>	<b>(48,644)</b>	<b>(26,424)</b>	<b>(72,367)</b>
<b>Fund balances - January 1</b>	<b>517,735</b>	<b>105,070</b>	<b>66,252</b>	<b>134,972</b>	<b>824,029</b>
<b>Fund balances - December 31</b>	<b>\$473,315</b>	<b>\$152,191</b>	<b>\$17,608</b>	<b>\$108,548</b>	<b>\$751,662</b>

**OTHER SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2010**

	<b>Lodgers and Auto Rental Tax Fund</b>	<b>Street Tree Fund</b>	<b>Gift Trust Fund</b>	<b>Senior Programs Fund</b>	<b>Therapeutic Recreation Fund</b>
<b><u>ASSETS</u></b>					
Cash and investments	\$13,836	\$105,074	\$3,440,902	\$575,730	\$4,177
Accounts receivable (net of allowances for uncollectibles)	-	-	84,827	-	-
Sales tax receivable	185,772	-	-	-	-
<b>Total assets</b>	<b>199,608</b>	<b>105,074</b>	<b>3,525,729</b>	<b>575,730</b>	<b>4,177</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>Liabilities</b>					
Accounts payable	82,466	-	14,658	2,380	-
Accrued salaries and benefits	-	-	-	2	-
Due to other funds	82,440	-	-	-	-
<b>Total liabilities</b>	<b>164,906</b>	<b>-</b>	<b>14,658</b>	<b>2,382</b>	<b>-</b>
<b>Fund balances</b>					
Unreserved					
Encumbrances	-	-	15,835	-	-
Designated - subsequent year expenditures	-	19,585	-	-	-
Undesignated	34,702	85,489	3,495,236	573,348	4,177
<b>Total fund balances</b>	<b>34,702</b>	<b>105,074</b>	<b>3,511,071</b>	<b>573,348</b>	<b>4,177</b>
<b>Total liabilities and fund balances</b>	<b>\$199,608</b>	<b>\$105,074</b>	<b>\$3,525,729</b>	<b>\$575,730</b>	<b>\$4,177</b>

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

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	<b>Cultural Affairs Fund</b>	<b>Total</b>
	-	\$4,139,719
	-	84,827
	-	185,772
	-	<u>4,410,318</u>
	-	99,504
	-	2
	-	<u>82,440</u>
	-	<u>181,946</u>
	-	15,835
	-	19,585
	-	<u>4,192,952</u>
	-	<u>4,228,372</u>
	-	<u>\$4,410,318</u>

**OTHER SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**For the year ended December 31, 2010**

	<b>Lodgers and Auto Rental Tax Fund</b>	<b>Street Tree Fund</b>	<b>Gift Trust Fund</b>	<b>Senior Programs Fund</b>	<b>Therapeutic Recreation Fund</b>
<b>Revenues</b>					
Taxes	\$3,731,313	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	82,244
Donations	-	-	1,158,987	442,674	-
Investment earnings	7,020	1,434	23,180	5,975	853
<b>Total revenues</b>	<b>3,738,333</b>	<b>1,434</b>	<b>1,182,167</b>	<b>448,649</b>	<b>83,097</b>
<b>Expenditures</b>					
Current					
General government	6,718	-	-	-	-
Culture and recreation	-	29,665	1,535,995	366,666	101,524
Economic development	1,904,808	-	-	-	-
<b>Total expenditures</b>	<b>1,911,526</b>	<b>29,665</b>	<b>1,535,995</b>	<b>366,666</b>	<b>101,524</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,826,807</b>	<b>(28,231)</b>	<b>(353,828)</b>	<b>81,983</b>	<b>(18,427)</b>
<b>Other financing (uses)</b>					
Transfers - out	(1,826,807)	-	-	-	-
<b>Net change in fund balances</b>	<b>-</b>	<b>(28,231)</b>	<b>(353,828)</b>	<b>81,983</b>	<b>(18,427)</b>
<b>Fund balances - January 1</b>	<b>34,702</b>	<b>133,305</b>	<b>3,864,899</b>	<b>491,365</b>	<b>22,604</b>
<b>Fund balances - December 31</b>	<b>\$34,702</b>	<b>\$105,074</b>	<b>\$3,511,071</b>	<b>\$573,348</b>	<b>\$4,177</b>

CITY OF COLORADO SPRINGS  
 COLORADO  
 Exhibit C-14

<hr/>		
	Cultural Affairs Fund	Total
<hr/>		
\$	-	\$3,731,313
	-	82,244
	-	1,601,661
	8	38,470
<hr/>		
	8	5,453,688
<hr/>		
	-	6,718
	663	2,034,513
	-	1,904,808
<hr/>		
	663	3,946,039
<hr/>		
	(655)	1,507,649
<hr/>		
	-	(1,826,807)
	(655)	(319,158)
	655	4,547,530
<hr/>		
\$	-	\$4,228,372
<hr/> <hr/>		

**SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES-BUDGET AND ACTUAL  
For the year ended December 31, 2010**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Community Development Block Grant	\$2,043,240	\$2,043,240	\$ -
Home Investment Partnership Fund	1,260,018	1,260,018	-
Grants Fund	58,979,277	58,979,277	-
Ballfield Capital Improvements Fund	119,000	102,095	(16,905)
Bicycle Tax Fund	118,000	99,373	(18,627)
Trails/Open Space Fund	5,419,515	5,982,950	563,435
Conservation Trust Fund	3,796,556	3,507,537	(289,019)
Cable Franchise Fund	1,108,800	1,151,560	42,760
Public Safety Sales Tax Fund	21,253,062	23,564,328	2,311,266
Old Colorado City Maintenance and Security District Fund	105,887	100,794	(5,093)
Norwood Special Improvement Maintenance District Fund	697,715	669,048	(28,667)
Briargate Special Improvement Maintenance District Fund	926,284	892,547	(33,737)
Stetson Hills Improvement Maintenance District Fund	310,459	298,851	(11,608)
Woodstone Improvement Maintenance District Fund	21,607	21,231	(376)
Gateway Improvement Maintenance District Fund	3,235	3,185	(50)
Platte Avenue Improvement Maintenance District Fund	10,220	10,227	7
Public Space and Development Fund	800,000	559,476	(240,524)
Subdivision Drainage Fund	2,000,000	619,605	(1,380,395)
Arterial Roadway Fund	250,000	36,530	(213,470)
Park Developer Easement Fund	-	3,755	3,755
Banning Lewis Ranch Fund	145,000	179,341	34,341
Cottonwood General Improvement District	4,996,193	4,979,298	(16,895)
Spring Creek General Improvement District	344,320	342,447	(1,873)
Briargate General Improvement District	747,742	722,555	(25,187)
MAB General Improvement District	205,376	206,177	801
Lodgers and Auto Rental Tax Fund	3,566,735	3,738,333	171,598
Street Tree Fund	12,000	1,434	(10,566)
Gift Trust Fund	1,900,000	1,182,167	(717,833)
Senior Programs Fund	17,000	448,649	431,649
Therapeutic Recreation Fund	33,824	83,097	49,273
Cultural Affairs Fund	-	8	8
Special Assessment District Fund	155,000	114,568	(40,432)
<b>Total revenues</b>	<b>\$111,346,065</b>	<b>\$111,903,701</b>	<b>\$557,636</b>

(continued)

**SPECIAL REVENUE FUNDS  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
For the year ended December 31, 2010**

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

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Expenditures</b>			
Community Development Block Grant	\$2,043,240	\$2,043,240	\$ -
Home Investment Partnership Fund	1,260,018	1,260,018	-
Grants Fund	58,979,277	58,979,277	-
Ballfield Capital Improvements Fund	116,903	116,903	-
Bicycle Tax Fund	348,908	70,491	278,417
Trails/Open Space Fund	11,674,212	5,763,017	5,911,195
Conservation Trust Fund	5,852,995	4,534,513	1,318,482
Cable Franchise Fund	1,492,818	1,053,377	439,441
Public Safety Sales Tax Fund	26,488,667	22,820,552	3,668,115
Old Colorado City Maintenance and Security District Fund	120,887	88,059	32,828
Norwood Special Improvement Maintenance District Fund	763,385	640,944	122,441
Briargate Special Improvement Maintenance District Fund	926,284	841,079	85,205
Stetson Hills Improvement Maintenance District Fund	360,459	304,444	56,015
Woodstone Improvement Maintenance District Fund	21,607	5,352	16,255
Gateway Improvement Maintenance District Fund	5,235	927	4,308
Platte Avenue Improvement Maintenance District Fund	30,220	5,353	24,867
Public Space and Development Fund	975,048	13,555	961,493
Subdivision Drainage Fund	2,000,000	1,813,491	186,509
Banning Lewis Ranch Fund	3,250	3,514	(264)
Cottonwood General Improvement District	5,114,088	5,023,718	90,370
Spring Creek General Improvement District	298,790	295,326	3,464
Briargate General Improvement District	804,000	771,199	32,801
MAB General Improvement District	238,850	232,601	6,249
Lodgers and Auto Rental Tax Fund	3,566,735	3,738,333	(171,598)
Street Tree Fund	49,250	29,665	19,585
Gift Trust Fund	1,943,251	1,535,995	407,256
Senior Programs Fund	386,410	366,666	19,744
Therapeutic Recreation Fund	101,524	101,524	-
Cultural Affairs Fund	-	663	(663)
Special Assessment District Fund	155,000	367,340	(212,340)
<b>Total expenditures</b>	<b>\$126,121,311</b>	<b>\$112,821,136</b>	<b>\$13,300,175</b>

Note: Includes transfers.



CITY OF COLORADO SPRINGS

# CAPITAL PROJECTS FUNDS

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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***

***USOC EDA fund***

**CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
December 31, 2010**

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

	SCIP Construction Fund	City Funded CIP Construction Fund	USOC EDA Fund	Total
<b><u>ASSETS</u></b>				
Cash and investments	\$ -	\$10,528,585	\$ -	\$10,528,585
Accounts receivable (net of allowance for uncollectibles)	-	36,010	-	36,010
Due from other funds	-	2,193	-	2,193
<b>Total assets</b>	-	10,566,788	-	10,566,788
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>Liabilities</b>				
Accounts payable	-	253,623	-	253,623
Due to other funds	-	3,291,904	-	3,291,904
Escrow deposits	-	481,319	-	481,319
<b>Total liabilities</b>	-	4,026,846	-	4,026,846
<b>Fund balances</b>				
Reserved for				
Encumbrances	-	403,069	-	403,069
Unreserved				
Designated - subsequent year expenditures	-	6,136,873	-	6,136,873
<b>Total fund balances</b>	-	6,539,942	-	6,539,942
<b>Total liabilities and fund balances</b>	\$ -	\$10,566,788	\$ -	\$10,566,788

**CAPITAL PROJECTS FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 For the year ended December 31, 2010**

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

	SCIP Construction Fund	City Funded CIP Construction Fund	USOC EDA Fund	Total
<b>Revenues</b>				
Other revenue	\$ -	\$884,666	\$ -	\$884,666
Investment earnings	-	401,635	-	401,635
<b>Total revenues</b>	<b>-</b>	<b>1,286,301</b>	<b>-</b>	<b>1,286,301</b>
<b>Expenditures</b>				
Debt service				
Principal	-	8,552,551	-	8,552,551
Interest	-	1,803,002	1,266	1,804,268
Capital outlay	39,552	1,666,974	1,850,798	3,557,324
<b>Total expenditures</b>	<b>39,552</b>	<b>12,022,527</b>	<b>1,852,064</b>	<b>13,914,143</b>
<b>Deficiency of revenues under expenditures</b>	<b>(39,552)</b>	<b>(10,736,226)</b>	<b>(1,852,064)</b>	<b>(12,627,842)</b>
<b>Other financing sources (uses)</b>				
Transfers - in	986	14,053,706	-	14,054,692
<b>Total other financing sources (uses)</b>	<b>986</b>	<b>14,053,706</b>	<b>-</b>	<b>14,054,692</b>
<b>Net change in fund balances</b>	<b>(38,566)</b>	<b>3,317,480</b>	<b>(1,852,064)</b>	<b>1,426,850</b>
<b>Fund balances - January 1</b>	<b>38,566</b>	<b>3,222,462</b>	<b>1,852,064</b>	<b>5,113,092</b>
<b>Fund balances - December 31</b>	<b>\$ -</b>	<b>\$6,539,942</b>	<b>\$ -</b>	<b>\$6,539,942</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 2010
This Information From The Records Of City of Colorado Springs:	Prepared By: Phone:	Financial Services Department (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)	39,285,798
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	13,568,472
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	537,749
2. General fund appropriations	15,695,561	b. Snow and ice removal	830,569
3. Other local imposts (from page 2)	38,998,722	c. Other	
4. Miscellaneous local receipts (from page 2)	4,377,409	d. Total (a. through c.)	1,368,318
5. Transfers from toll facilities		4. General administration & miscellaneous	2,371,991
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	17,868,855
a. Bonds - Original Issues		6. Total (1 through 5)	74,463,434
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	684,000
7. Total (1 through 6)	59,071,692	b. Redemption	2,866,499
<b>B. Private Contributions</b>	518,681	c. Total (a. + b.)	3,550,499
<b>C. Receipts from State government (from page 2)</b>	17,827,460	2. Notes:	
<b>D. Receipts from Federal Government (from page 2)</b>	835,083	a. Interest	0
<b>E. Total receipts (A.7 + B + C + D)</b>	78,252,916	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	3,550,499
		<b>C. Payments to State for highways</b>	281,486
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	78,295,419

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	19,735,177	0	2,866,499	16,868,678
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>	0	0	0	0

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	42,503	78,252,916	78,295,419	0	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)**

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2010	
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	173,157
b. Other local imposts:		b. Traffic Fines & Penalties	4,204,252
1. Sales Taxes	36,238,487	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	799,536	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	1,960,699	g. Other Misc. Receipts	
6. Total (1. through 5.)	38,998,722	h. Other	
c. Total (a. + b.)	38,998,722	i. Total (a. through h.)	4,377,409
	(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	16,458,697	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	835,083
c. Motor Vehicle Registrations	1,368,763	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	1,368,763	g. Total (a. through f.)	835,083
4. Total (1. + 2. + 3.f)	17,827,460	3. Total (1. + 2.g)	
			(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs		2,735,877	2,735,877
b. Engineering Costs		2,010,833	2,010,833
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements		21,216,868	21,216,868
(3). System Preservation	1,542,079	9,925,385	11,467,464
(4). System Enhancement & Operation		1,854,756	1,854,756
(5). Total Construction (1) + (2) + (3) + (4)	1,542,079	32,997,009	34,539,088
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	1,542,079	37,743,719	39,285,798
			(Carry forward to page 1)
<b>Notes and Comments:</b>			



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.

	C.D. Smith Trust Fund	Cemetery Endowment Fund	TOPS Maintenance Trust Fund	Total
<b><u>ASSETS</u></b>				
Cash and investments	\$194,206	\$14,955	\$818,862	\$1,028,023
Accounts receivable (net of allowance for uncollectibles)	-	585	-	585
Restricted investments	574,948	8,518,157	-	9,093,105
<b>Total assets</b>	<b>769,154</b>	<b>8,533,697</b>	<b>818,862</b>	<b>10,121,713</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>Liabilities</b>				
Accounts payable	21	-	-	21
<b>Total liabilities</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>21</b>
<b>Fund balances</b>				
Reserved for endowments	769,133	8,533,697	818,862	10,121,692
<b>Total fund balances</b>	<b>769,133</b>	<b>8,533,697</b>	<b>818,862</b>	<b>10,121,692</b>
<b>Total liabilities and fund balances</b>	<b>\$769,154</b>	<b>\$8,533,697</b>	<b>\$818,862</b>	<b>\$10,121,713</b>

**PERMANENT FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 For the year ended December 31, 2010**

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

	<b>C.D. Smith Trust Fund</b>	<b>Cemetery Endowment Fund</b>	<b>TOPS Maintenance Trust Fund</b>	<b>Total</b>
<b>Revenues</b>				
Endowments	\$ -	\$78,543	\$ -	\$78,543
Investment earnings	78,351	532,132	18,612	629,095
<b>Total revenues</b>	<b>78,351</b>	<b>610,675</b>	<b>18,612</b>	<b>707,638</b>
<b>Expenditures</b>				
Current				
Culture and recreation	72,640	-	-	72,640
<b>Total expenditures</b>	<b>72,640</b>	<b>-</b>	<b>-</b>	<b>72,640</b>
<b>Excess of revenues over expenditures</b>	<b>5,711</b>	<b>610,675</b>	<b>18,612</b>	<b>634,998</b>
<b>Fund balances - January 1</b>	<b>763,422</b>	<b>7,923,022</b>	<b>800,250</b>	<b>9,486,694</b>
<b>Fund balances - December 31</b>	<b>\$769,133</b>	<b>\$8,533,697</b>	<b>\$818,862</b>	<b>\$10,121,692</b>

PERMANENT FUNDS  
 SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL  
 For the year ended December 31, 2010

CITY OF COLORADO SPRINGS  
 COLORADO  
 Exhibit E-3

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
C.D. Smith Trust Fund	\$85,600	\$78,351	(\$7,249)
Cemetery Endowment Fund	250,000	610,675	360,675
TOPS Maintenance Trust Fund	11,500	18,612	7,112
<b>Total revenues</b>	<b>\$347,100</b>	<b>\$707,638</b>	<b>\$360,538</b>
<b>Expenditures</b>			
C.D. Smith Trust Fund	100,000	72,640	27,360
Cemetery Endowment Fund	250,000	-	250,000
TOPS Maintenance Trust Fund	11,500	-	11,500
<b>Total expenditures</b>	<b>\$361,500</b>	<b>\$72,640</b>	<b>\$288,860</b>

# NON-MAJOR PROPRIETARY FUNDS

## ENTERPRISE FUNDS

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

***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, 2010**

	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	\$514,211	\$394,985	\$3,664,933	\$997,981
Accounts receivable (net of allowance for uncollectibles)	9,271	2,525	39,011	19,624
Due from other funds	-	-	4,895	-
Inventories	-	-	71,127	-
<b>Total current assets</b>	<b>523,482</b>	<b>397,510</b>	<b>3,779,966</b>	<b>1,017,605</b>
<b>Noncurrent assets</b>				
Capital assets:				
Land	60,000	931,200	667	537,000
Buildings	1,989,941	282,508	4,432,941	2,553,590
Improvements other than buildings	2,057,447	1,510,289	8,339,494	553,006
Machinery and equipment	2,255,202	1,044,677	2,117,801	-
Infrastructure	-	-	-	-
Construction in progress	-	-	-	-
Less accumulated depreciation	(4,165,368)	(1,872,873)	(6,283,425)	(1,744,140)
<b>Total noncurrent assets</b>	<b>2,197,222</b>	<b>1,895,801</b>	<b>8,607,478</b>	<b>1,899,456</b>
<b>Total assets</b>	<b>\$2,720,704</b>	<b>\$2,293,311</b>	<b>\$12,387,444</b>	<b>\$2,917,061</b>

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$65,873	\$175,986	\$5,044,082	\$10,858,051
237,638	-	35,254	343,323
-	-	-	4,895
-	-	-	71,127
303,511	175,986	5,079,336	11,277,396
81,379	-	-	1,610,246
514,720	80,173	-	9,853,873
1,649,014	80,289	-	14,189,539
366,021	127,459	1,609,202	7,520,362
-	-	2,977,974	2,977,974
-	-	10,492,925	10,492,925
(1,341,457)	(153,330)	(521,922)	(16,082,515)
1,269,677	134,591	14,558,179	30,562,404
<b>\$1,573,188</b>	<b>\$310,577</b>	<b>\$19,637,515</b>	<b>\$41,839,800</b>

(continued)

**NON-MAJOR ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2010**

	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	\$15,664	\$33,177	\$3,716	\$735
Accrued salaries and benefits	11,590	4,949	21,341	154
Compensated absences	3,381	1,270	5,348	-
Due to other funds	1,854	6,280	2,698	-
Deferred revenue	17,575	11,280	-	-
Notes payable	-	-	55,489	-
Capital lease payable	60,200	85,892	158,734	-
<b>Total current liabilities</b>	<b>110,264</b>	<b>142,848</b>	<b>247,326</b>	<b>889</b>
<b>Noncurrent liabilities</b>				
Compensated absences	64,229	24,131	101,613	-
Notes payable	-	-	611,955	-
Capital lease payable	-	330,312	569,164	-
<b>Total noncurrent liabilities</b>	<b>64,229</b>	<b>354,443</b>	<b>1,282,732</b>	<b>-</b>
<b>Total liabilities</b>	<b>174,493</b>	<b>497,291</b>	<b>1,530,058</b>	<b>889</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	2,137,021	1,479,597	7,212,137	1,899,456
Restricted for debt service	-	-	296,000	-
Unrestricted	409,190	316,423	3,349,249	1,016,716
<b>Total net assets</b>	<b>2,546,211</b>	<b>1,796,020</b>	<b>10,857,386</b>	<b>2,916,172</b>
<b>Total liabilities and net assets</b>	<b>\$2,720,704</b>	<b>\$2,293,311</b>	<b>\$12,387,444</b>	<b>\$2,917,061</b>

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$6,458	\$600	\$282,127	\$342,477
9,581	14,425	31,243	93,283
3,748	3,815	5,055	22,617
1,900	-	-	12,732
-	-	-	28,855
-	-	-	55,489
-	-	-	304,826
21,687	18,840	318,425	860,279
71,203	72,478	96,042	429,696
-	-	-	611,955
-	-	-	899,476
71,203	72,478	96,042	1,941,127
92,890	91,318	414,467	2,801,406
1,269,677	134,591	14,558,179	28,690,658
-	-	-	296,000
210,621	84,668	4,664,869	10,051,736
1,480,298	219,259	19,223,048	39,038,394
<b>\$1,573,188</b>	<b>\$310,577</b>	<b>\$19,637,515</b>	<b>\$41,839,800</b>

**NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET ASSETS  
For the year ended December 31, 2010**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
<b>Operating revenues</b>				
Charges for services	\$2,043,567	\$1,117,043	\$4,055,230	\$390,725
<b>Operating expenses</b>				
Salaries and benefits	742,831	339,357	1,219,548	86,127
Other operating expenses	1,194,409	697,036	913,719	166,051
Depreciation	328,551	110,333	539,230	85,023
<b>Total operating expenses</b>	2,265,791	1,146,726	2,672,497	337,201
<b>Operating income (loss)</b>	(222,224)	(29,683)	1,382,733	53,524
<b>Nonoperating revenues (expenses)</b>				
Investment earnings	57	4,787	50,639	12,056
Interest expense	(4,652)	(2,955)	(50,287)	-
Gain (loss) on disposal of capital assets	173	(28,410)	37,537	-
<b>Total nonoperating revenues (expenses)</b>	(4,422)	(26,578)	37,889	12,056
Income (loss) before contributions and transfers	(226,646)	(56,261)	1,420,622	65,580
Capital contributions	-	-	-	-
Transfers in	-	-	425,500	-
<b>Change in net assets</b>	(226,646)	(56,261)	1,846,122	65,580
<b>Total net assets - January 1</b>	2,772,857	1,852,281	9,011,264	2,850,592
<b>Total net assets - December 31</b>	\$2,546,211	\$1,796,020	\$10,857,386	\$2,916,172

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$1,031,748	\$1,170,630	\$17,841	\$9,826,784
495,957	939,307	1,932,315	5,755,442
688,922	386,293	4,611,351	8,657,781
85,056	16,792	221,770	1,386,755
1,269,935	1,342,392	6,765,436	15,799,978
(238,187)	(171,762)	(6,747,595)	(5,973,194)
192,864	2,475	72,500	335,378
-	-	(1,559)	(59,453)
6,990	-	(426,907)	(410,617)
199,854	2,475	(355,966)	(134,692)
(38,333)	(169,287)	(7,103,561)	(6,107,886)
-	-	2,962,023	2,962,023
-	-	-	425,500
(38,333)	(169,287)	(4,141,538)	(2,720,363)
1,518,631	388,546	23,364,586	41,758,757
\$1,480,298	\$219,259	\$19,223,048	\$39,038,394

**NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the year ended December 31, 2010**

	<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	\$2,042,611	\$1,121,391	\$4,042,417	\$293,691
Receipts from interfund services provided	-	-	-	78,410
Payments to suppliers	(487,284)	(319,081)	(43,495)	(128,189)
Payments to employees	(745,718)	(340,370)	(1,242,440)	(89,631)
Payments for interfund services used	(705,277)	(346,286)	(871,000)	(38,475)
<b>Net cash provided (used) by operating activities</b>	<b>104,332</b>	<b>115,654</b>	<b>1,885,482</b>	<b>115,806</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in from other funds	-	-	425,500	-
<b>Net cash provided by noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>425,500</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	(728,957)	(92,800)	(1,288,292)	-
Capital contributions	-	-	-	-
Payments from accounts payable incurred for capital asset additions	-	-	-	-
Principal paid on capital debt	-	-	(53,334)	-
Interest paid on capital debt	-	-	(28,303)	-
Repayment of capital lease obligations	(57,919)	(66,695)	(159,810)	-
Interest paid - other	(4,652)	(2,955)	(21,984)	-
Proceeds from sale of capital assets	173	54	37,538	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(791,355)</b>	<b>(162,396)</b>	<b>(1,514,185)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales and maturities of investments	1,087,268	373,038	2,284,641	720,021
Purchases of investments	(412,713)	(317,020)	(2,941,521)	(800,992)
Interest and dividends received	13,398	9,540	80,753	21,420
<b>Net cash provided (used) by investing activities</b>	<b>687,953</b>	<b>65,558</b>	<b>(576,127)</b>	<b>(59,551)</b>
<b>Net increase in cash and cash equivalents</b>	<b>930</b>	<b>18,816</b>	<b>220,670</b>	<b>56,255</b>
<b>Cash and cash equivalents - January 1</b>	<b>44,763</b>	<b>16,282</b>	<b>104,995</b>	<b>32,425</b>
<b>Cash and cash equivalents - December 31</b>	<b>45,693</b>	<b>35,098</b>	<b>325,665</b>	<b>88,680</b>
Cash and cash equivalents	45,693	35,098	325,665	88,680
Investments	468,518	359,887	3,339,268	909,301
<b>Total cash and investments</b>	<b>\$514,211</b>	<b>\$394,985</b>	<b>\$3,664,933</b>	<b>\$997,981</b>

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$987,909	\$1,171,226	\$1,423,176	\$11,082,421
-	1,864	-	80,274
(336,935)	(254,389)	(4,509,850)	(6,079,223)
(521,735)	(964,739)	(1,991,639)	(5,896,272)
(358,218)	(136,520)	(1,376,724)	(3,832,500)
(228,979)	(182,558)	(6,455,037)	(4,645,300)
-	-	-	425,500
-	-	-	425,500
-	-	(2,712,796)	(4,822,845)
-	-	3,438,363	3,438,363
-	-	(326,709)	(326,709)
-	-	(102,480)	(155,814)
-	-	(5,855)	(34,158)
-	-	-	(284,424)
-	-	-	(29,591)
7,523	-	-	45,288
7,523	-	290,523	(2,169,890)
82,758	319,758	10,050,133	14,917,617
(52,870)	(141,249)	(4,048,443)	(8,714,808)
193,901	6,418	196,050	521,480
223,789	184,927	6,197,740	6,724,289
2,333	2,369	33,226	334,599
3,520	13,269	414,990	630,244
5,853	15,638	448,216	964,843
5,853	15,638	448,216	964,843
60,020	160,348	4,595,866	9,893,208
\$65,873	\$175,986	\$5,044,082	\$10,858,051

(continued)

**NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the year ended December 31, 2010**

	<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)	(\$222,224)	(\$29,683)	\$1,382,733	\$53,524
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	328,551	110,333	539,230	85,023
Change in assets and liabilities				
(Increase) decrease in accounts receivable	(57)	(112)	(12,812)	(18,624)
Increase in due from other funds	-	-	(4,895)	-
Decrease in inventories	-	-	3,097	-
Decrease in prepaids	-	-	-	-
Increase (decrease) in accounts and other payables	120	25,578	334	(614)
Decrease in accrued expenses	(2,886)	(1,014)	(22,893)	(3,503)
Increase in due to other funds	1,728	6,092	688	-
Increase (decrease) in other liabilities	(900)	4,460	-	-
<b>Net cash provided (used) by operating activities</b>	<b>\$104,332</b>	<b>\$115,654</b>	<b>\$1,885,482</b>	<b>\$115,806</b>
<b>Noncash investing, capital and financing activities</b>				
Noncash acquisition of capital assets				
(incurrence of payable/capital lease obligation)	\$ -	\$ 416,204	\$197,721	\$ -
Decrease in fair value of investments	(13,341)	(4,753)	(30,114)	(9,364)

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
(\$238,187)	(\$171,762)	(\$6,747,595)	(\$5,973,194)
85,056	16,792	221,770	1,386,755
(43,840)	2,459	1,405,334	1,332,348
-	-	-	(4,895)
-	-	-	3,097
5,760	540	-	6,300
(6,611)	(4,616)	(1,270,363)	(1,256,172)
(31,538)	(25,971)	(64,183)	(151,988)
381	-	-	8,889
-	-	-	3,560
<u>(\$228,979)</u>	<u>(\$182,558)</u>	<u>(\$6,455,037)</u>	<u>(\$4,645,300)</u>

\$	-	\$	-	\$72,256	\$686,181
	(1,037)		(3,943)	(123,550)	(186,102)



CITY OF COLORADO SPRINGS

# NON-MAJOR PROPRIETARY FUNDS

## INTERNAL SERVICE FUNDS

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

***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, 2010**

<u>ASSETS</u>	<u>Support Services Fund</u>	<u>Claims Reserve Self-Insurance Fund</u>	<u>Workers Compensation Self-Insurance Fund</u>
<b>Current assets</b>			
Cash and investments	\$4,155,968	\$1,562,143	\$2,306,566
Accounts receivable (net of allowance for uncollectibles)	58,261	-	20,463
Inventories	1,012,330	-	-
Prepays	27,702	-	31,185
Due from other funds	709,483	-	25,283
<b>Total current assets</b>	<b>5,963,744</b>	<b>1,562,143</b>	<b>2,383,497</b>
<b>Noncurrent assets</b>			
Capital assets			
Land	13,000	-	-
Buildings	364,106	-	6,850
Improvements other than buildings	396,917	-	-
Machinery and equipment	3,016,997	-	49,850
Less accumulated depreciation	(3,562,956)	-	(35,846)
<b>Total noncurrent assets</b>	<b>228,064</b>	<b>-</b>	<b>20,854</b>
<b>Total assets</b>	<b>6,191,808</b>	<b>1,562,143</b>	<b>2,404,351</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>			
<b>Current liabilities</b>			
Accounts payable	674,052	398,456	6,678,695
Accrued salaries and benefits	133,571	1,593	12,711
Compensated absences	35,877	672	1,953
Deferred revenue	70,039	-	-
Due to other funds	17,436	-	66,647
Capital lease payable	2,405	-	-
<b>Total current liabilities</b>	<b>933,380</b>	<b>400,721</b>	<b>6,760,006</b>
<b>Noncurrent liabilities</b>			
Compensated absences	681,661	12,782	37,098
Capital lease obligations	7,935	-	-
<b>Total noncurrent liabilities</b>	<b>689,596</b>	<b>12,782</b>	<b>37,098</b>
<b>Total liabilities</b>	<b>1,622,976</b>	<b>413,503</b>	<b>6,797,104</b>
<b>Net assets (deficit)</b>			
Invested in capital assets, net of related debt	217,724	-	20,854
Unrestricted	4,351,108	1,148,640	(4,413,607)
<b>Total net assets (deficit)</b>	<b>4,568,832</b>	<b>1,148,640</b>	<b>(4,392,753)</b>
<b>Total liabilities and net assets</b>	<b>\$6,191,808</b>	<b>\$1,562,143</b>	<b>\$2,404,351</b>

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

<b>Employee Benefits Self-Insurance Fund</b>	<b>Total</b>
\$2,199,683	\$10,224,360
41,194	119,918
-	1,012,330
-	58,887
2,311	737,077
<u>2,243,188</u>	<u>12,152,572</u>
-	13,000
-	370,956
-	396,917
-	3,066,847
-	(3,598,802)
-	248,918
<u>2,243,188</u>	<u>12,401,490</u>
3,416,696	11,167,899
4,455	152,330
601	39,103
-	70,039
-	84,083
-	2,405
<u>3,421,752</u>	<u>11,515,859</u>
11,415	742,956
-	7,935
<u>11,415</u>	<u>750,891</u>
<u>3,433,167</u>	<u>12,266,750</u>
-	238,578
(1,189,979)	(103,838)
<u>(1,189,979)</u>	<u>134,740</u>
<u>\$2,243,188</u>	<u>\$12,401,490</u>

**INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN NET ASSETS  
 For the year ended December 31, 2010**

	<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	\$21,763,111	\$591,504	\$6,206,980
<b>Operating expenses</b>			
Salaries and benefits	7,279,447	81,230	632,190
Other operating expenses	11,553,214	146,620	5,503,221
Depreciation	55,936	-	3,500
<b>Total operating expenses</b>	<b>18,888,597</b>	<b>227,850</b>	<b>6,138,911</b>
<b>Operating income</b>	<b>2,874,514</b>	<b>363,654</b>	<b>68,069</b>
<b>Nonoperating revenues (expenses)</b>			
Investment earnings	41,180	18,168	28,069
Interest expense	(416)	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>40,764</b>	<b>18,168</b>	<b>28,069</b>
<b>Change in net assets</b>	<b>2,915,278</b>	<b>381,822</b>	<b>96,138</b>
<b>Total net assets (deficit) - January 1</b>	<b>1,653,554</b>	<b>766,818</b>	<b>(4,488,891)</b>
<b>Total net assets (deficit) - December 31</b>	<b>\$4,568,832</b>	<b>\$1,148,640</b>	<b>(\$4,392,753)</b>

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

<b>Employee Benefits Self-Insurance Fund</b>	<b>Total</b>
\$27,288,398	\$55,849,993
232,992	8,225,859
26,483,620	43,686,675
-	59,436
26,716,612	51,971,970
571,786	3,878,023
143,777	231,194
-	(416)
143,777	230,778
715,563	4,108,801
(1,905,542)	(3,974,061)
(\$1,189,979)	\$134,740

**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2010

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers' Compensation Self-Insurance Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$837,031	\$ -	\$ -
Receipts from interfund services provided	21,593,456	591,504	6,195,076
Payments to suppliers	(9,565,129)	(747,806)	(4,453,426)
Payments to employees	(7,417,544)	(82,638)	(635,046)
Payments for interfund services used	(1,850,447)	-	(580,426)
<b>Net cash provided (used) by operating activities</b>	<b>3,597,367</b>	<b>(238,940)</b>	<b>526,178</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	(69,378)	-	-
Repayment of capital lease obligations	(2,327)	-	-
Interest paid - other	(416)	-	-
<b>Net cash used by capital and related financing activities</b>	<b>(72,121)</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sales and maturities of investments	111,859	1,527,520	1,417,977
Purchases of investments	(3,335,632)	(1,253,795)	(1,851,279)
Interest and dividends received	45,856	37,587	46,785
<b>Net cash provided (used) by investing activities</b>	<b>(3,177,917)</b>	<b>311,312</b>	<b>(386,517)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>347,329</b>	<b>72,372</b>	<b>139,661</b>
<b>Cash and cash equivalents - January 1</b>	<b>21,970</b>	<b>66,440</b>	<b>65,301</b>
<b>Cash and cash equivalents - December 31</b>	<b>369,299</b>	<b>138,812</b>	<b>204,962</b>
Cash and cash equivalents	369,299	138,812	204,962
Investments	3,786,669	1,423,331	2,101,604
<b>Total cash and investments</b>	<b>\$4,155,968</b>	<b>\$1,562,143</b>	<b>\$2,306,566</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>			
Operating income	\$2,874,514	\$363,654	\$68,069
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation expense	55,935	-	3,500
Change in assets and liabilities			
(Increase) decrease in accounts receivable	12,754	-	(19,582)
Increase in inventories	157,206	-	-
Increase in prepaids	(13,806)	-	(31,185)
Decrease in due from other funds	587,163	-	7,678
Increase (decrease) in accounts and other payables	35,143	(601,186)	474,440
Increase (decrease) in accrued expenses	(138,097)	(1,408)	(2,856)
Increase (decrease) in deferred revenue	67,459	-	-
Increase (decrease) in due to other funds	(40,904)	-	26,114
<b>Net cash provided (used) by operating activities</b>	<b>\$3,597,367</b>	<b>(\$238,940)</b>	<b>\$526,178</b>
<b>Noncash investing, capital and financing activities</b>			
Increase (decrease) in fair value of investments	\$4,676	(\$19,419)	(\$18,716)

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

<b>Employee Benefits Self-Insurance Fund</b>	<b>Total</b>
\$5,181,293	\$6,018,324
21,907,385	50,287,421
(19,419,472)	(34,185,833)
(230,489)	(8,365,717)
(7,084,044)	(9,514,917)
<u>354,673</u>	<u>4,239,278</u>
-	(69,378)
-	(2,327)
-	(416)
<u>-</u>	<u>(72,121)</u>
1,380,920	4,438,276
(1,765,493)	(8,206,199)
161,966	292,194
<u>(222,607)</u>	<u>(3,475,729)</u>
132,066	691,428
<u>63,398</u>	<u>217,109</u>
<u>195,464</u>	<u>908,537</u>
195,464	908,537
<u>2,004,219</u>	<u>9,315,823</u>
<u>\$2,199,683</u>	<u>\$10,224,360</u>
\$571,786	\$3,878,023
-	59,435
97,472	90,644
-	157,206
-	(44,991)
154	594,995
(4,162)	(95,765)
2,503	(139,858)
(297,346)	(229,887)
(15,734)	(30,524)
<u>\$354,673</u>	<u>\$4,239,278</u>
(\$18,189)	(\$51,648)



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, 2010**

**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>\$79,534,214</u>	<u>\$66,554,103</u>	<u>\$146,088,317</u>
<b>Net assets - held in trust for pension benefits</b>	<u>\$79,534,214</u>	<u>\$66,554,103</u>	<u>\$146,088,317</u>

**FIDUCIARY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS**  
**For the year ended December 31, 2010**

**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	\$371,968	\$534,292	\$906,260
Participant contributions	11,702	8,308	20,010
<b>Total contributions</b>	<b>383,670</b>	<b>542,600</b>	<b>926,270</b>
Investment earnings:			
Interest and dividend income	1,745,829	1,462,518	3,208,347
Rental income	57	48	105
Net increase in fair value of investments	8,399,384	7,036,569	15,435,953
<b>Total investment gain</b>	<b>10,145,270</b>	<b>8,499,135</b>	<b>18,644,405</b>
Less investment expenses	577,578	483,939	1,061,517
<b>Net investment gain</b>	<b>9,567,692</b>	<b>8,015,196</b>	<b>17,582,888</b>
<b>Total additions</b>	<b>9,951,362</b>	<b>8,557,796</b>	<b>18,509,158</b>
<b>Deductions</b>			
Benefits	(7,961,051)	(6,894,881)	(14,855,932)
<b>Total deductions</b>	<b>(7,961,051)</b>	<b>(6,894,881)</b>	<b>(14,855,932)</b>
Change in net assets	1,990,311	1,662,915	3,653,226
<b>Net assets held in trust for pension benefits - January 1</b>	<b>77,543,903</b>	<b>64,891,188</b>	<b>142,435,091</b>
<b>Net assets held in trust for pension benefits - December 31</b>	<b>\$79,534,214</b>	<b>\$66,554,103</b>	<b>\$146,088,317</b>

	<u>Miscellaneous Depository Fund</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$1,474,959
Accounts receivable (net of allowance for uncollectibles)	<u>84,244</u>
<b>Total assets</b>	<b><u><u>1,559,203</u></u></b>
<b><u>LIABILITIES</u></b>	
Accounts payable	-
Due to component unit	<u>1,559,203</u>
<b>Total liabilities</b>	<b><u><u>\$1,559,203</u></u></b>

**AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS  
AND LIABILITIES  
For the year ended December 31, 2010**

**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	\$3,186,977	\$192,268,425	\$193,980,443	\$1,474,959
Accounts receivable (net of allowance for uncollectibles)	1,747	82,497	-	84,244
<b>Total assets</b>	<b>3,188,724</b>	<b>192,350,922</b>	<b>193,980,443</b>	<b>1,559,203</b>
<b><u>LIABILITIES</u></b>				
Miscellaneous depository fund				
Accounts payable	1,987,048	195,003,133	193,016,085	-
Due to component unit	1,201,676	-	357,527	1,559,203
<b>Total liabilities</b>	<b>\$3,188,724</b>	<b>\$195,003,133</b>	<b>\$193,373,612</b>	<b>\$1,559,203</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

NET ASSETS BY COMPONENT  
Last nine fiscal years

	Fiscal Year								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Governmental activities</b>									
Invested in capital assets, net of related debt	\$1,036,479,446	\$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	22,531,964	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	58,151,603	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>\$1,117,163,013</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	\$1,302,421,603	\$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	89,960,386	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	628,422,810	583,939,576	310,245,990	491,602,189	464,250,952	620,409,743	501,642,567	396,257,068	399,709,416
<b>Total business-type activities net assets</b>	<b>\$2,020,804,799</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	\$2,338,901,049	\$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	112,492,350	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	686,574,413	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>\$3,137,967,812</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.

CHANGES IN NET ASSETS  
 Last nine fiscal years

	Fiscal Year								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Expenses</b>									
Governmental activities:									
General government	\$46,363,125	\$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	150,429,316	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	61,479,834	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	1,205,744	1,230,831	1,181,013	1,146,634	1,061,100	896,675	1,025,059	964,844	900,745
Culture and recreation	21,616,273	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	6,160,987	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	2,042,321	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	5,630,651	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	294,928,251	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	796,131,627	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	540,440,000	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	25,341,755	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	3,089,064	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	16,213,845	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	1,381,216,291	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	\$1,676,144,542	\$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	\$16,515,016	\$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	4,909,599	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	6,357,708	6,812,214	8,598,594	7,876,596	10,337,995	10,337,995	11,055,412	12,156,539	10,603,871
Culture and recreation	3,124,277	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	98,933	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	24,110,968	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	105,822,052	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	\$160,938,553	\$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 nine fiscal years

	Fiscal Year								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Business-type activities:</b>									
Charges for services:									
Utilities	\$797,546,000	\$743,780,000	\$756,774,000	\$721,355,682	\$678,530,612	\$671,846,586	\$590,990,827	\$519,269,460	\$485,658,771
MHS	550,074,000	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	19,209,227	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	3,715,448	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	9,826,784	24,489,550	25,198,274	24,683,395	8,732,533	8,528,184	7,433,408	7,450,748	7,401,488
Operating grants and contributions									
Capital grants and contributions	50,430,938	42,733,907	44,401,587	64,979,269	91,230,189	57,521,098	64,671,742	39,233,969	49,370,710
<b>Total business-type activities program revenues</b>	<b>1,430,802,397</b>	<b>1,379,924,236</b>	<b>1,408,726,831</b>	<b>1,347,749,399</b>	<b>1,232,196,423</b>	<b>1,163,351,301</b>	<b>1,058,261,392</b>	<b>942,450,898</b>	<b>873,609,478</b>
<b>Total primary government program revenues</b>	<b>\$1,591,740,950</b>	<b>\$1,489,049,364</b>	<b>\$1,540,745,360</b>	<b>\$1,605,416,370</b>	<b>\$1,381,555,514</b>	<b>\$1,297,180,283</b>	<b>\$1,164,571,843</b>	<b>\$1,042,694,316</b>	<b>\$996,175,423</b>
<b>Net (expense)/revenue</b>	<b>(\$133,989,698)</b>	<b>(\$216,815,437)</b>	<b>(\$192,185,693)</b>	<b>(\$67,733,577)</b>	<b>(\$161,246,165)</b>	<b>(\$163,593,316)</b>	<b>(\$166,980,059)</b>	<b>(\$138,859,647)</b>	<b>(\$111,713,316)</b>
Governmental activities	49,586,106	46,794,436	(194,889,474)	66,556,592	(33,340,162)	184,953,356	62,807,878	37,751,037	75,977,794
Business-type activities	(\$84,403,592)	(\$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>Total primary government net (expense) revenue</b>									
<b>General revenues and other changes in net assets</b>									
Governmental activities:									
Taxes									
Property taxes	\$24,326,164	\$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	148,782,961	143,214,662	150,111,070	163,816,420	158,461,159	153,812,340	149,466,682	138,347,621	136,939,555
Specific ownership taxes	2,311,600	2,761,330	3,024,451	3,179,212	3,094,339	3,146,062	3,119,592	3,143,358	3,143,447
Occupational liquor taxes	256,153	253,747	254,711	259,320	256,882	253,228	246,664	242,462	232,070
Admissions tax	490,236	447,568	398,694	313,008	440,766	405,455	371,828	362,858	387,840
Bicycle excise tax	95,547	89,579	91,074	109,226	111,463	122,757	118,425	101,100	105,096
Investment earnings	1,734,681	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	572,920	1,516,412	275,389	87,244	51,479	16,576	-	-	-
Contributions to endowments	78,543	84,680	94,795	99,192	90,505	83,980	86,892	73,705	-
Transfers	30,727,161	26,109,574	25,799,417	24,979,499	24,558,860	24,359,629	22,389,858	22,223,619	24,136,998
<b>Total governmental activities</b>	<b>209,375,966</b>	<b>203,429,128</b>	<b>209,600,297</b>	<b>223,054,491</b>	<b>215,609,251</b>	<b>206,342,531</b>	<b>198,439,862</b>	<b>189,167,263</b>	<b>190,388,625</b>
Business-type activities:									
Investment earnings	30,445,172	44,279,364	(8,689,259)	39,371,432	35,910,384	24,999,984	26,130,083	10,020,691	4,126,218
Transfers	(30,727,161)	(26,109,574)	(25,799,417)	(24,979,499)	(24,558,860)	(24,359,629)	(22,389,858)	(22,223,619)	(24,136,998)
<b>Total business-type activities</b>	<b>(281,989)</b>	<b>18,169,790</b>	<b>(34,488,676)</b>	<b>14,391,933</b>	<b>11,351,474</b>	<b>640,305</b>	<b>3,740,225</b>	<b>(12,202,928)</b>	<b>(20,010,780)</b>
<b>Total primary government</b>	<b>\$209,093,977</b>	<b>\$221,598,918</b>	<b>\$175,111,621</b>	<b>\$237,446,424</b>	<b>\$226,960,725</b>	<b>\$206,982,836</b>	<b>\$202,180,087</b>	<b>\$176,964,335</b>	<b>\$170,377,845</b>
<b>Change in net assets</b>									
Governmental activities	\$75,386,268	(\$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	49,304,117	64,964,226	(229,378,150)	80,948,525	(21,988,688)	185,593,681	66,548,103	25,548,109	55,966,954
<b>Total primary government</b>	<b>\$124,690,385</b>	<b>\$51,577,917</b>	<b>(\$211,963,546)</b>	<b>\$236,269,439</b>	<b>\$32,374,398</b>	<b>\$228,342,876</b>	<b>\$98,007,906</b>	<b>\$75,855,725</b>	<b>\$134,642,263</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 3

FUND BALANCES OF GOVERNMENTAL FUNDS  
Last nine fiscal years

	Fiscal Year								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
General fund									
Reserved	\$9,908,610	\$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	34,078,702	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>\$43,987,312</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	\$10,873,354	\$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	28,817,032	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	6,539,942	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>\$46,230,328</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 nine fiscal years**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 4**

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	
<b>Revenues</b>										
Taxes	\$176,388,909	\$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	798,563	557,894	650,977	701,441	980,916	667,337	642,912	620,800	557,105	
Intergovernmental	85,204,897	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	24,779,523	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	1,680,204	1,614,763	1,699,147	1,326,375	2,636,147	3,634,011	1,489,187	1,103,146	855,244	
Other revenue	2,989,985	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	1,822,435	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	723,937	773,764	767,989	697,917	746,082	660,478	343,776	282,034	242,122	
<b>Total revenues</b>	<b>294,388,473</b>	<b>264,442,133</b>	<b>273,331,336</b>	<b>293,357,334</b>	<b>284,420,082</b>	<b>265,156,286</b>	<b>253,546,089</b>	<b>247,249,691</b>	<b>246,517,725</b>	
<b>Expenditures</b>										
General government	42,203,955	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	141,338,332	135,143,416	113,724,157	116,345,694	119,126,688	110,140,218	101,792,209	99,908,503	96,634,706	
Public works	33,423,255	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	1,214,390	1,227,493	1,173,833	1,134,100	1,061,100	896,675	1,025,059	964,844	909,016	
Culture and recreation	21,079,762	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	6,082,959	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	2,056,965	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	1,077,315	581,673	815,688	602,980	514,049	660,481	744,467	538,577	337,194	
Debt service										
Principal	12,435,183	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	5,811,077	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	77,358	1,028,220	-	-	-	-	-	-	-	
Capital outlay	41,390,901	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>	<b>308,191,452</b>	<b>341,047,072</b>	<b>327,260,137</b>	<b>318,315,826</b>	<b>308,805,014</b>	<b>297,973,564</b>	<b>288,443,745</b>	<b>296,162,241</b>	<b>287,403,475</b>	
Deficiency of revenues over expenditures	(13,802,979)	(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	46,854,998	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	(16,127,837)	(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	3,900,000	65,930,000	2,790,000	10,476,900	-	2,695,000	25,915,000	15,070,000	-	
Payment on refunding bonds	(4,221,551)	(38,707,635)	-	(11,161,225)	-	-	(17,398,900)	-	-	
Premium on bonds issued	201,552	2,370,180	-	953,410	-	-	430,447	-	-	
Debt issuance cost	-	(752,657)	-	(256,106)	-	-	-	-	-	
Capital lease financing	1,337,000	13,059,230	5,158,766	8,540,289	-	1,218,293	561,191	3,276,269	1,085,603	
Sale of capital assets	572,919	1,519,819	277,672	213,641	369,085	646,863	280,374	525,138	323,972	
<b>Total other financing sources (uses)</b>	<b>32,517,081</b>	<b>68,078,511</b>	<b>35,525,855</b>	<b>31,500,758</b>	<b>24,927,945</b>	<b>29,242,397</b>	<b>32,440,065</b>	<b>41,138,252</b>	<b>26,154,432</b>	
<b>Net change in fund balances</b>	<b>\$18,714,102</b>	<b>(\$8,526,428)</b>	<b>(\$18,402,946)</b>	<b>\$6,542,266</b>	<b>\$543,013</b>	<b>(\$3,574,881)</b>	<b>(\$2,457,591)</b>	<b>(\$7,774,299)</b>	<b>(\$14,731,318)</b>	
Debt service as a percentage of noncapital expenditures	6.9%	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**

**CITY OF COLORADO SPRINGS**  
**COLORADO**  
**Table 5**

<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>
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%
2010	117,428,817	23,485,755	5,871,441	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	
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%
2010	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 Rural Transportation Authority 1% sales and use tax. The new tax was effective as of January 1, 2005.

**PRINCIPAL TAXPAYERS**

**SALES AND USE TAXPAYERS BY INDUSTRY**

Current year and five years ago

Industry	Fiscal Year 2010			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
Miscellaneous retail	\$19,667,784	1	13.43%	\$24,284,180	1	13.66%
Restaurants	19,196,666	2	13.10%	19,963,444	5	11.23%
Department and discount stores	18,926,424	3	12.92%	20,810,428	4	11.70%
Miscellaneous non-retail	16,857,241	4	11.51%	21,236,850	3	11.94%
Auto Dealers	15,611,742	5	10.66%	16,478,012	-	9.27%
Building Materials	11,902,125	6	8.12%	21,899,790	2	12.32%
	<u>\$102,161,982</u>		<u>69.74%</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 listed 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.

**PROPERTY TAXPAYERS**

Current year

Taxpayer	Type of Business	Fiscal Year 2010	
		Assessed Valuation	Percentage of Total City Assessed Value
Qwest Corporation	Utility	\$55,977,900	1.13%
Atmel Corporation	Manufacturer	37,982,490	0.77%
Broadmoor Hotel Inc.	Resort hotel	30,238,550	0.61%
DPIX	Imaging solutions manufacturer	24,528,920	0.50%
MCI Communication Services	Telecommunications	16,242,100	0.33%
Wal-Mart Real Estate	Discount retail	16,232,650	0.33%
Chapel Hills Mall LLC	Retail	14,545,230	0.29%
Palmer Center Ltd.	Real estate company	13,689,830	0.28%
Progressive Direct Insurance Co.	Insurance	13,309,510	0.27%
MMP Citadel LLP	Real estate developer	12,528,190	0.25%
		<u>\$235,275,370</u>	<u>4.76%</u>

Source: El Paso County Treasurer's office.

Note: See Table 19 for the City's assessed value information.

**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			
2001	\$33,298	\$77,805	\$12,505	\$1,083	\$11,593	\$1,113,332	\$20,662	\$3,744	\$1,274,022	7.40%	\$3,437
2002	30,360	73,550	12,025	924	5,270	1,347,489	20,097	4,182	1,493,897	8.53%	3,975
2003	27,345	69,115	26,590	784	5,304	1,487,635	20,483	1,465	1,638,721	9.16%	4,368
2004	32,445	64,490	25,305	644	4,399	1,664,306	19,807	679	1,812,075	9.60%	4,784
2005	29,195	59,670	23,915	536	3,808	1,775,026	19,101	676	1,911,927	9.49%	4,991
2006	25,935	54,645	22,475	405	2,656	1,833,365	19,651	637	1,959,769	9.12%	5,001
2007	22,490	50,830	20,995	364	9,928	1,881,485	23,277	463	2,009,832	8.84%	5,090
2008	21,725	47,370	19,450	222	13,633	1,960,981	22,687	2,380	2,088,448	8.86%	5,206
2009	18,050	43,615	49,135	111	23,590	2,044,188	98,022	2,683	2,279,394	9.32%	5,590
2010	16,980	37,280	47,575	-	21,316	2,550,918	100,979	2,360	2,777,408	10.94%	6,670

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 was updated for prior years and can be found on Table 13.

**RATIOS OF GENERAL BONDED  
DEBT OUTSTANDING  
Last ten fiscal years**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 9**

<b>Fiscal Year</b>	<b>General Obligation Bonds (in '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>
2001	\$33,298	\$11,630	\$21,668	\$3,730,306	0.58%	\$58.45
2002	30,360	11,005	19,355	3,875,111	0.50	51.50
2003	27,345	10,375	16,970	3,734,731	0.45	45.23
2004	32,445	18,450	13,995	3,783,803	0.37	36.95
2005	29,195	17,885	11,310	4,103,863	0.28	29.52
2006	25,935	17,360	8,575	4,215,419	0.20	21.88
2007	22,490	16,705	5,785	4,738,226	0.12	14.65
2008	21,725	18,790	2,935	4,773,750	0.06	7.32
2009	18,050	18,050	-	4,948,368	-	-
2010	16,980	16,980	-	4,938,341	-	-

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

<sup>1</sup>Population data was updated for prior years and can be found on Table 13

**DIRECT AND OVERLAPPING  
GOVERNMENTAL ACTIVITIES DEBT  
As of December 31, 2010**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 10**

<b>Governmental Unit</b>	<b>Estimated Percentage Applicable</b>	<b>Debt Outstanding</b>	<b>Estimated Share of Overlapping Debt</b>	<b>Debt Outstanding (Excluding COPs)</b>	<b>Estimated Share of Overlapping Debt (Excluding COPs)</b>
El Paso County	72.30%	\$170,580,000	\$123,333,568	\$ -	\$ -
Harrison School District #2	92.54%	66,460,000	61,504,215	66,460,000	61,504,215
Widfield School District #3	5.25%	15,245,000	800,057	15,245,000	800,057
Fountain/Fort Carson School District #8	0.02%	12,945,000	3,152	-	-
Colorado Springs School District #11	93.02%	221,836,680	206,341,419	193,661,680	180,134,439
Cheyenne Mountain School District #12	97.03%	22,298,879	21,635,577	22,298,879	21,635,577
Manitou School District #14	10.38%	6,595,000	684,291	6,595,000	684,291
Air Academy School District #20	83.27%	161,745,226	134,685,397	161,745,226	134,685,397
Ellicott School District #22	0.36%	3,630,000	13,115	2,455,000	8,870
* Falcon School District #49	47.97%	135,770,000	65,133,549	47,935,000	22,996,072
Colorado Springs Briargate GID	100.00%	8,800,000	8,800,000	8,800,000	8,800,000
Colorado Springs Cottonwood GID	100.00%	3,607,750	3,607,750	3,607,750	3,607,750
Colorado Springs Spring Creek GID	100.00%	2,695,000	2,695,000	2,695,000	2,695,000
Marketplace at Austin Bluffs GID	100.00%	2,790,000	2,790,000	2,790,000	2,790,000
Barnes & Powers North BID	100.00%	3,920,000	3,920,000	3,920,000	3,920,000
Barnes & Powers South BID	100.00%	785,000	785,000	785,000	785,000
Briargate Center BID	100.00%	9,085,000	9,085,000	9,085,000	9,085,000
First & Main BID	100.00%	1,585,000	1,585,000	1,585,000	1,585,000
First & Main #2 BID	100.00%	2,400,000	2,400,000	2,400,000	2,400,000
First & Main North BID	100.00%	1,889,885	1,889,885	1,889,885	1,889,885
Interquest North BID	100.00%	6,500,000	6,500,000	6,500,000	6,500,000
Powers and Woodmen BID	100.00%	1,845,000	1,845,000	1,845,000	1,845,000
Colorado Springs Urban Renewal Authority	100.00%	54,630,000	54,630,000	54,630,000	54,630,000
Subtotal, overlapping debt			\$714,666,975		\$522,981,553
City direct debt			106,171,000		58,596,000
Total direct and overlapping debt			<u>\$820,837,975</u>		<u>\$581,577,553</u>

\* 2009 Outstanding Debt, unable to obtain 2010 data.

Outstanding Debt values include General Obligation bonds, Certificates of Participation (COP), Capital Leases, and other types of debt.

Sources: Assessed value data used to estimate applicable percentages is provided by the El Paso County Assessor's office final certification letter dated November 22, 2010. 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**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$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	\$493,834,140
Total net debt applicable to limit	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	\$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	\$493,834,140
Total net debt applicable to the limit as a percentage of debt limit	5.81%	4.99%	4.54%	3.70%	2.76%	2.03%	1.22%	0.61%	0.00%	0.00%
<b>Legal Debt Margin Calculation for Fiscal Year 2010</b>										
Assessed value - 2010 for 2011 taxes	\$4,938,341,400									
Debt limit (10% of assessed value)	493,834,140									
Debt applicable to limit: General obligation bonds	-									
Total net debt applicable to limit	-									
Legal debt margin	<u>\$493,834,140</u>									

PLEDGED 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	
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	593,636,333 <sup>2</sup>	175,499,028	9,681,357	71,763,387	2.15	589,191,456	527,057,252	62,134,204	7,652,250	17,429,644	2.48
2010	832,076,083	626,317,175	205,758,908	16,111,357	75,711,638	2.24	627,273,174	552,291,480	74,981,694	7,652,250	17,429,644	2.99

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	
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	2,790,574	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	1,476,778 <sup>2</sup>	2,356,944	420,000	607,173	2.29
2008	24,147,143	14,537,476	9,609,667	2,100,363	3,525,250	1.71	4,020,690	1,388,731 <sup>2</sup>	2,631,959	435,000	590,373	2.57
2009	23,444,173	14,914,375	8,529,798	1,729,912	3,503,526	1.63	3,790,011	1,443,133 <sup>2</sup>	2,346,878	480,000	572,973	2.23
2010	21,065,961	15,380,367	5,685,594	1,295,000	2,272,688	1.59	3,780,270	1,719,442	2,060,828	505,000	553,929	1.95

Fiscal Year	Sales and Use Tax Revenue Bonds						Special Assessment Bonds					
	Sales and Use Tax Collections	Debt Service	Interest	Coverage		Special Assessments Collections	Debt Service	Interest	Coverage			
				Principal	Interest				Principal	Interest		
2001	\$111,826,511	\$4,080,000	\$3,767,059	14.25	14.25	\$269,901	\$141,261	\$99,643	1.12	1.12		
2002	107,735,252	4,255,000	3,593,659	13.73	13.73	257,317	177,544	90,974	0.96	0.96		
2003	108,235,624	4,435,000	3,412,821	13.79	13.79	221,888	178,932	78,423	0.86	0.86		
2004	117,043,184	4,625,000	3,224,334	14.91	14.91	223,355	156,592	65,205	1.01	1.01		
2005	120,215,439	4,820,000	3,027,771	15.32	15.32	193,015	138,769	53,707	1.00	1.00		
2006	123,813,924	5,025,000	2,822,921	15.78	15.78	192,999	143,432	43,155	1.03	1.03		
2007	127,794,303	3,465,000	2,354,133	21.96	21.96	147,986	125,895	32,566	0.93	0.93		
2008	116,933,775	3,460,000	2,501,993	19.61	19.61	186,850	154,600	27,704	1.02	1.02		
2009	111,942,192	1,250,000	1,047,208	48.73 <sup>1</sup>	48.73	134,318	122,912	17,296	0.96	0.96		
2010	115,684,401	6,335,000	1,511,650	14.74	14.74	112,351	120,833	8,302	0.87	0.87		

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

<sup>1</sup>In 2009, the City refunded the remaining 1999 Sales and Use Tax Revenue Bonds. The refunding resulted in a one-time decrease in current year debt service and increase in the coverage rate.

<sup>2</sup>Restated

**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>
2001	370,729	\$17,212,548	\$30,924	4.1%
2002	375,834	17,523,470	30,955	6.0%
2003	375,189	17,888,676	31,252	6.1%
2004	378,793	18,879,089	32,561	5.6%
2005	383,071	20,148,078	34,243	5.2%
2006	391,846	21,480,204	35,732	4.6%
2007	394,858	22,728,931	37,428	4.3%
2008	401,186	23,581,285	38,221	5.5%
2009	407,733 *	24,465,603 *	39,031 *	8.1%
2010	416,427 ***	25,383,084 *	39,858 *	8.6% **

Sources:

<sup>1</sup>Colorado Department of Local Affairs, Demography section. Prior years adjusted to reflect July 2009 report.

<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. Prior years adjusted to reflect April 2010 report.

<sup>3</sup>U.S. Department of Labor, Bureau of Labor Statistics for City of Colorado Springs

\* estimate

\*\* preliminary

\*\*\* census

**PRINCIPAL EMPLOYERS**  
**Current Year and Nine Years Ago**

**CITY OF COLORADO SPRINGS**  
**COLORADO**  
**Table 14**

Employer	2010		2001	
	Rank	Percentage of Total County Employment	Rank	Percentage of Total County Employment
Fort Carson Army Post	1	10.49%	1	6.10%
Peterson Air Force Base	2	5.00%	3	2.26%
Schriever Air Force Base <sup>2</sup>	3	3.38%	-	-
United States Air Force Academy	4	2.79%	2	2.75%
Memorial Health Services	5	2.01%	6	1.29%
Colorado Springs School District #11	6	1.71%	5	1.43%
Penrose-St. Francis Health Services	7	1.27%	9	1.04%
Academy School District #20	8	1.16%	-	-
City of Colorado Springs <sup>1</sup>	9	0.98%	10	1.01%
El Paso County	10	0.86%	-	-
Atmel Corporation	-	-	8	1.08%
Worldcom	-	-	4	1.58%
		<u>29.65%</u>		<u>18.54%</u>

Notes:

<sup>1</sup>City of Colorado Springs includes the total of all full-time equivalent employees (FTE's) in all funds and enterprises except Colorado Springs Utilities and Memorial Health System.

<sup>2</sup>Schriever Air Force Base previously known as Falcon Air Force Base.

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 six fiscal years**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 15**

Function/Program	Fiscal year ended December 31					
	2010	2009	2008	2007	2006	2005
General government	263.80	263.30	314.55	278.25	270.50	271.00
Public safety	1,392.75	1,450.25	1,484.00	1,479.75	1,479.75	1,462.75
Public works	281.00	309.50	309.75	299.75	304.75	307.75
Culture and recreation	102.50	190.00	204.35	196.75	191.50	197.75
Urban redevelopment and housing	34.00	46.00	54.00	54.00	54.00	63.00
Utilities	1,856.00	1,911.00	1,848.00	1,929.75	1,956.75	1,930.00
MHS	3,487.50	3,812.00	4,075.40	4,075.00	3,333.00	3,050.00
Airport	121.00	121.00	121.00	118.00	118.00	117.00
Parking	7.50	8.00	8.00	8.00	8.00	8.00
Other non-major enterprise funds	99.50	102.50	113.50	108.00	70.50	70.50
<b>Total</b>	<b>7,645.55</b>	<b>8,213.55</b>	<b>8,532.55</b>	<b>8,547.25</b>	<b>7,786.75</b>	<b>7,477.75</b>

Note: Function/Program FTE count previously included all other non-Enterprise and non-General Fund positions in General Government. Historical full-time equivalent (FTE) count has been updated to reflect the department in which staff resides.

**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**Last ten fiscal years**

Function/Program	Fiscal Year			
	2010	2009	2008	2007
<b>General government</b>				
Internal audits completed	23	22	24	25
Summons filed	42,761	41,900	51,745	56,840
Contractual transactions	3,350	4,900	4,900	4,208
Workers compensation claims	417	480	493	530
<b>Public safety</b>				
Emergency response time - Police	10.6	10.3	9.9	11.6
Percent of emergency incident arrival within 8 minutes - Fire	89.5	89.8	90.6	89.9
Violent and property crime rates (per 1,000 population)	40.7	45.0	44.3	46.5
Emergency incidents (per 10,000 population)	1,179	1,120	1,129	1,133
<b>Public works</b>				
Miles resurfaced	50	37	55	112
Fixed route transit revenue hours of service	121,700	176,354	216,732	214,145
Painted lane miles	1,288	1,659	1,822	2,153
<b>Culture and recreation</b>				
Museum/archive attendance	176,883	182,500	191,400	124,911
Street and park trees	127,000	123,600	123,600	123,600
Acres of parks maintained	15,428	13,804	13,539	12,895
Program participants	971,711	973,147	1,111,000	1,106,296
<b>Urban redevelopment and housing</b>				
Projects managed	4	8	7	9
Affordable housing developed and rehabilitated	334	305	152	230
Clients assisted <sup>1</sup>	334	91	401	180
<b>Utilities</b>				
Total metered customers <sup>2</sup>	530,208	521,878	526,421	524,000
Annual natural gas moved through pipes (thousands of mcf)	24,026	29,200	24,301	24,895
Electric use (thousands of MWh)	4,630	4,400	5,213	4,827
Water use (millions of gallons)	23,700	24,100	28,002	25,680
Wastewater treatment (millions of gallons)	15,586	12,800	13,550	12,902
<b>MHS</b>				
Admissions	27,980	29,713	30,357	30,096
Outpatient visits	385,500	398,426	393,251	360,528
Emergency visits	132,175	130,513	126,224	113,492
Births	4,802	5,000	4,876	4,884
<b>Airport</b>				
Passenger boardings (in thousands)	869	892	998	1,034
Airline revenue per enplaned passengers	\$8.59	\$7.98	\$7.48	\$6.71
<b>Parking</b>				
Revenues collected per space - on-street	\$776	\$779	\$873	\$879
Revenues collected per space - off-street	\$727	\$722	\$779	\$893
<b>Other</b>				
Cemetery - burial services	615	624	664	661
Development Review - plans reviewed	8,802	8,957	11,594	14,451
Golf courses - rounds played	203,025	203,820	202,305	201,070
Pikes Peak Highway - number of visitors	255,000	267,500	254,419	270,528

Note:

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

<sup>1</sup> For 2009, number reported is the total households assisted rather than total individual clients.

222 <sup>2</sup> Some customers have multiple services and may be counted more than once.

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 16**

2006	2005	2004	2003	2002	2001
14	96	61	56	83	84
63,636	70,805	72,135	59,537	59,537	59,680
3,727	5,082	4,756	3,767	3,760	4,252
539	565	521	582	607	741
11.2	11.8	11.3	11.2	12.5	13.3
90.0	90.0	88.8	89.0	88.2	87.9
51.9	55.5	58.0	55.5	58.3	53.2
1,155	1,160	1,131	1,092	1,161	1,143
144	144	95	80	91	111
211,166	135,808	134,736	139,229	143,598	135,438
1,350	1,313	1,300	1,800	1,900	2,700
138,646	85,939	73,841	72,090	107,771	105,900
122,514	118,500	118,500	119,000	122,000	103,400
12,884	12,562	12,562	11,724	11,770	11,620
1,012,360	1,110,609	1,017,471	1,041,601	N/A	N/A
9	7	5	6	5	7
332	250	282	445	438	316
192	401	662	N/A	N/A	N/A
517,884	508,655	617,981	603,081	586,828	569,195
22,755	22,910	23,309	23,416	26,534	24,494
4,548	4,593	4,558	4,493	4,685	4,588
26,410	26,975	23,816	24,819	27,314	30,487
12,810	13,262	12,703	12,876	13,527	16,253
27,805	27,774	25,552	25,643	24,652	22,696
322,983	309,173	295,979	268,996	213,264	203,319
101,797	98,167	93,261	97,761	99,656	97,854
4,546	4,430	4,150	4,505	4,395	3,664
1,017	1,031	1,035	1,010	1,068	1,066
\$6.51	\$6.98	\$7.54	\$7.87	\$6.12	\$6.34
\$816	\$619	\$560	\$565	\$581	\$566
\$879	\$714	\$693	\$737	\$724	\$795
674	704	647	661	709	693
13,625	15,630	17,927	7,091	6,922	4,894
203,530	201,909	205,970	220,264	222,475	227,896
256,560	257,309	241,688	252,552	246,363	288,325

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

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 17**

<b>Function/Program</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Public safety						
Police						
Area commands (stations)	4	4	4	4	4	4
Patrol units	228	200	241	294	285	330
Fire						
Stations	20	20	20	20	20	20
Emergency units	74	75	69	90	73	69
Public works						
Streets (centerline miles)	NA	NA	1,576	1,576	1,542	1,450
Streets (lane miles) <sup>1</sup>	7,431	7,431	NA	NA	NA	NA
Major bridges	206	209	205	170	83	83
Signalized intersections	564	565	564	545	515	500
Transit buses	57	58	94	128	102	86
Culture and recreation						
Parks and open space locations	199	199	198	198	184	178
Sports complexes	5	5	7	7	6	6
Community centers	6	8	7	7	7	5
Utilities						
Electric distribution lines (miles)	3,451	3,451	3,451	3,432	3,319	2,892
Natural gas pipe (miles)	2,400	2,320	2,320	2,278	2,160	2,104
Water distribution lines (miles)	2,010	1,892	1,892	1,780	1,738	1,800
MHS						
Number of hospital beds	671	671	717	717	477	477
Health care facilities	17	16	15	15	15	15
Airport						
Number of runways	3	3	3	3	3	3
Parking						
Number of parking spaces - on-street	2,360	2,360	2,389	2,404	2,360	2,360
Number of parking spaces - off-street	2,703	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>
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
2010	197,192 *	1,866,153

Note: This table reflects values for the General Fund only.

\* Retailer fee temporarily not refunded. To resume after April 1, 2012.

**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>
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%
2010	4,948,368	21,174,070	20,666,136	97.6%	49,593	97,882	0.5%

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>
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
2010	4.279	7.531	42.183	3.468	0.940	58.401

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, 2010**

**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	\$284,957	\$65,843	\$350,800	n/a
Clear Spring Gravel Pit 1	757,911	789,322	1,547,233	
Clear Spring Gravel Pit 1 C&D SOLIDS				100.00%
Clear Spring Gravel Pit 1 MONOFILL				58.00%
Clear Spring Gravel Pit 2 C&D SOLIDS	136,678	55,755	192,433	25.04%
Clear Spring - Ash Disposal	1,091,893	641,994	1,733,887	63.87%
Clear Spring - BIOSOLIDS	2,492,557	1,352,966	3,845,523	36.12%
<b>Total Cost</b>	<b>\$4,763,996</b>	<b>\$2,905,880</b>	<b>\$7,669,876</b>	

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 \$7,281,871. 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.