

Comprehensive Annual Financial Report

For the year ended December 31, 2008



City of Colorado Springs, Colorado

**Comprehensive Annual
Financial Report**

of the

**City of Colorado Springs,
Colorado**

**For the fiscal year ended
December 31, 2008**

Finance Office

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



CITY OF COLORADO SPRINGS

TABLE OF CONTENTS

	Exhibit	Page
I. INTRODUCTORY SECTION		
Letter of Transmittal		i-iv
GFOA Certificate of Achievement		vi
Organization Chart		vii
City Officials		viii-x
 II. FINANCIAL SECTION		
Report of Independent Certified Public Accountants		1-3
A. Management's Discussion and Analysis (MD&A)		5-20
B. Basic Financial Statements		
Government-wide Financial Statements		
Statement of Net Assets	1	22
Statement of Activities	2	23
Fund Financial Statements		
Governmental Fund Financial Statements		
Balance Sheet	3	24
Statement of Revenues, Expenditures and Changes in Fund Balances	4	25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	26
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	6	28-31
Proprietary Fund Financial Statements		
Balance Sheet	7	32-35
Statement of Revenues, Expenses and Changes in Fund Net Assets	8	36-37
Statement of Cash Flows	9	38-41
Fiduciary Fund Financial Statements		
Statement of Fiduciary Net Assets	10	42
Statement of Changes in Fiduciary Net Assets	11	43
Component Unit Financial Statements		
Combining Statement of Net Assets – Governmental Fund Component Units	12	44-45
Combining Statement of Activities – Governmental Fund Component Units	13	46-47
Balance Sheet – Proprietary Fund Component Units	14	48-51
Combining Statement of Activities – Proprietary Fund Component Units	15	52-53
Notes to Financial Statements		56-117
C. Required Supplementary Information Other than MD&A		
Schedule of Funding Progress	16	120
Schedule of Employer Contributions	17	121
D. Combining and Individual Fund Statements and Schedules		
General Fund		
Balance Sheet	A-1	124
Statement of Revenues, Expenditures and Changes in Fund Balance	A-2	125
Non-Major Governmental Funds		
Combining Balance Sheet	B-1	128
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	B-2	129

	Exhibit	Page
Special Revenue Funds		
Combining Balance Sheet – All Special Revenue Funds	C-1	134-135
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All Special Revenue Funds	C-2	136-137
Combining Balance Sheet - Intergovernmental Grant Special Revenue Funds	C-3	138
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Intergovernmental Grant Special Revenue Funds	C-4	139
Combining Balance Sheet - Capital Improvement Special Revenue Funds	C-5	140-141
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Capital Improvement Special Revenue Funds	C-6	142-143
Combining Balance Sheet - Improvement and Maintenance District Special Revenue Funds	C-7	144-145
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Improvement and Maintenance District Special Revenue Funds	C-8	146-147
Combining Balance Sheet - Public Improvements Special Revenue Funds	C-9	148
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Public Improvements Special Revenue Funds	C-10	149
Combining Balance Sheet – Other Public Improvements Special Revenue Funds	C-11	150
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Other Public Improvements Special Revenue Funds	C-12	151
Combining Balance Sheet - Other Special Revenue Funds	C-13	152-153
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Other Special Revenue Funds	C-14	154-155
Schedule of Revenues and Expenditures – Budget and Actual – All Special Revenue Funds	C-15	156-157
Capital Projects Funds		
Combining Balance Sheet	D-1	160
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	D-2	161
Permanent Funds		
Combining Balance Sheet	E-1	164-165
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	E-2	166-167
Schedule of Revenues and Expenditures – Budget and Actual	E-3	168
Non-Major Proprietary Funds - Enterprise Funds		
Combining Balance Sheet	F-1	170-173
Combining Statement of Revenues, Expenses and Changes in Net Assets	F-2	174-175
Combining Statement of Cash Flows	F-3	176-179
Non-Major Proprietary Funds - Internal Service Funds		
Combining Balance Sheet	G-1	182-183
Combining Statement of Revenues, Expenses and Changes in Net Assets	G-2	184-185
Combining Statement of Cash Flows	G-3	186-189
Fiduciary Funds		
Combining Statement of Plan Net Assets – Fiduciary Funds	H-1	192
Combining Statement of Changes in Plan Net Assets – Fiduciary Funds	H-2	193
Balance Sheet - Agency Fund	H-3	194
Statement of Changes in Assets and Liabilities - Agency Fund	H-4	195

III. STATISTICAL SECTION

Net Assets by Component	Table 1	200
Changes in Net Assets	Table 2	201-202
Fund Balances of Governmental Funds	Table 3	203
Changes in Fund Balances of Governmental Funds	Table 4	204
Sales and Use Tax Revenue	Table 5	205
Direct and Overlapping Sales and Use Tax Rates	Table 6	206
Principal Sales and Use Taxpayers by Industry	Table 7	207
Ratios of Outstanding Debt by Type	Table 8	208
Ratios of General Bonded Debt Outstanding	Table 9	209

	Exhibit	Page
Direct and Overlapping Governmental Activities Debt	Table 10	210
Legal Debt Margin Information	Table 11	211
Pledged Revenue Coverage	Table 12	212
Demographic and Economic Statistics	Table 13	213
Principal Employers	Table 14	214
Full-time Equivalent City Government Employees by Function/Program	Table 15	215
Operating Indicators by Function/Program	Table 16	216-217
Capital Asset Statistics by Function/Program	Table 17	218
Sales and Use Tax Revenue Collection Costs and Required Refunds	Table 18	219
Assessed Valuations, Property Tax Levies and Collections	Table 19	220
Direct and Overlapping Mill Levy Rates – Within City Limits	Table 20	221
Municipal Solid Waste Landfill Closure and Postclosure Care Cost	Table 21	222
Annual Statement of Receipts and Expenditures for Roads, Bridges and Streets	Table 22	223-224

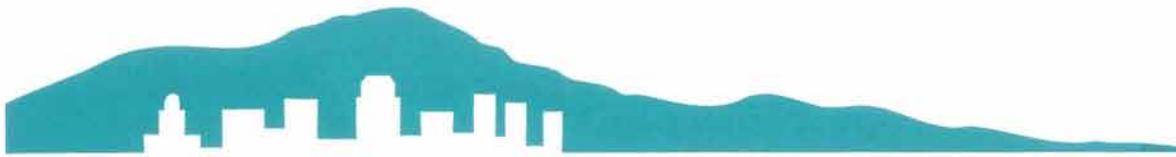


CITY OF COLORADO SPRINGS

INTRODUCTORY SECTION



CITY OF COLORADO SPRINGS



CITY OF COLORADO SPRINGS

June 10, 2009

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, 2008 is hereby presented. State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that 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 that it has 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, 2008. The independent auditor's report is located at the front of the financial section of this report.

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

PROFILE OF THE CITY OF COLORADO SPRINGS

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

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

The City provides a full range of municipal government services to approximately 401,000 residents. These services include, but are not limited to, police and fire protection, traffic and street construction and maintenance, parks, recreation, cultural affairs, courts, planning and zoning, building and code enforcement, mass transit, health and welfare, and economic development.

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

The Council also has significant control over several legally separate entities. These entities have been judged as component units of the City and, accordingly, their financial data have been included in this report. Those entities are the Colorado Springs Urban Renewal Authority, Colorado Springs Downtown Development Authority and Greater Downtown Colorado Springs, Briargate Center, Barnes & Powers North, Barnes & Powers South, First & Main, First & Main North, 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, NORAD and Schriever Air Force Base located within or in close proximity to the City.

Unemployment in the City increased during 2008 due to national and local financial concerns. During the past few years, unemployment has been between 4%-6%, but in 2008, unemployment increased at the end of the year to 5.8%. It is expected that unemployment will continue to increase during the current economic crisis but may be more stable in Colorado Springs due to possible increases in military employment, resulting in residual employment in service areas.

LONG-TERM FINANCIAL PLANNING

Annually, Council engages in a process to update the City's Strategic Action Plan (the Plan). The current Plan was approved in 2008 and encompasses the years 2008 through 2012. The Plan provides for 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 approved by the City Council.
- The City is limited by City Charter Amendment #3, "Taxpayers Bill of Rights" and similar statewide constitutional amendments. These provisions limit the amount that "fiscal year spending" as defined in the amendments can increase year to

year. These amendments also do not allow debt issuance for the general fund without voter approval.

- A new Strategic Plan was developed for 2008. A part of this strategic plan includes a long-term fiscal sustainability study. (The study will be completed in 2009.)
- A Sustainable Funding Committee consisting of citizens of Colorado Springs was formed and is looking at options to sustain the funding level of services citizens' desire.

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, 2007. This was the eighteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, 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 we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

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

Sincerely,


Terri L. Velasquez
Chief Financial Officer


Kara Skinner
Financial Services Manager



CITY OF COLORADO SPRINGS

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Colorado Springs
Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

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



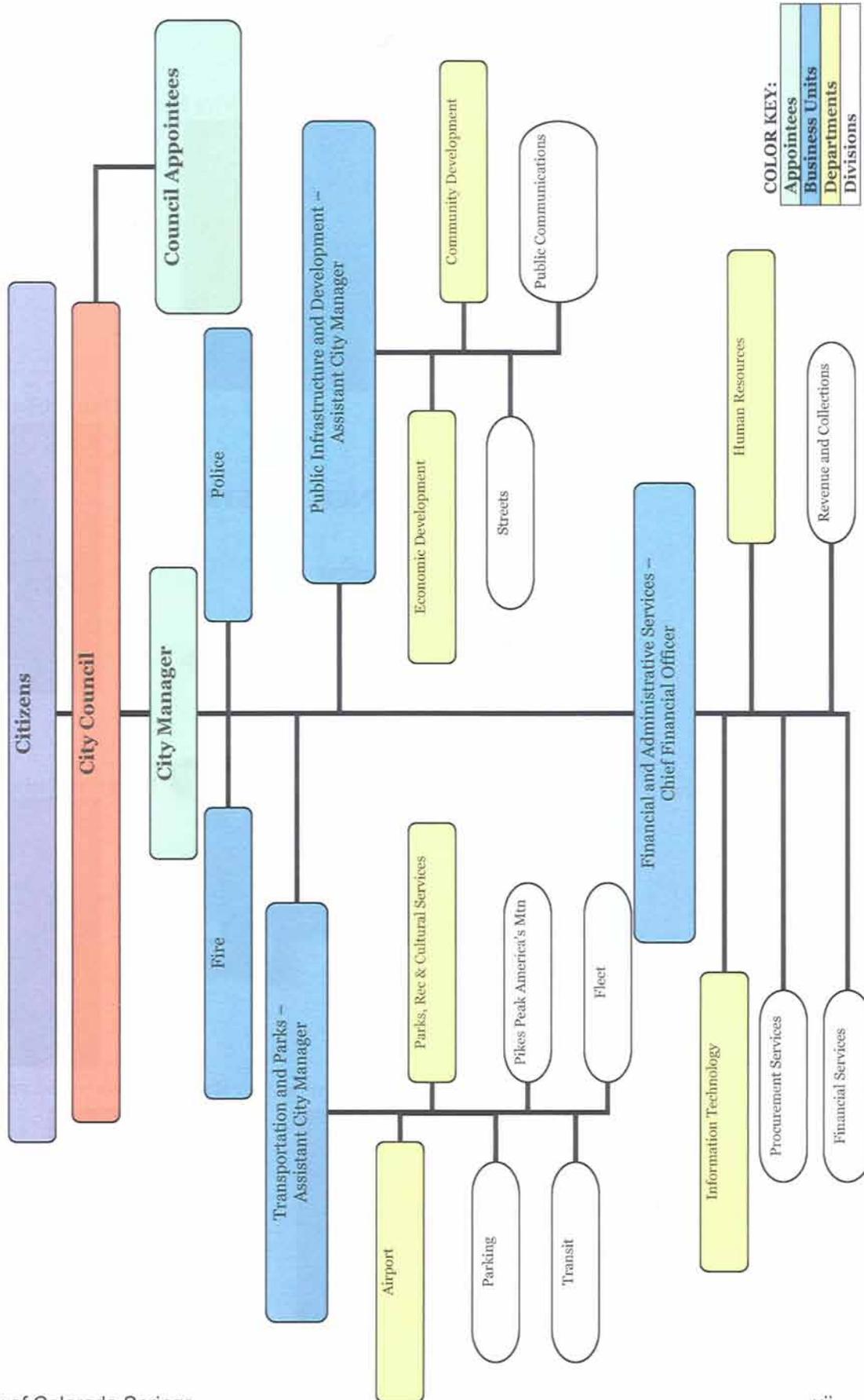
A handwritten signature in black ink, appearing to read "M. L. R. R. T.", positioned above the title "President".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", positioned above the title "Executive Director".

Executive Director

City of Colorado Springs Organizational Chart



CITY OF COLORADO SPRINGS, COLORADO

City Council

Lionel Rivera – Mayor



Larry Small – Vice Mayor



Scott Hente – District 1



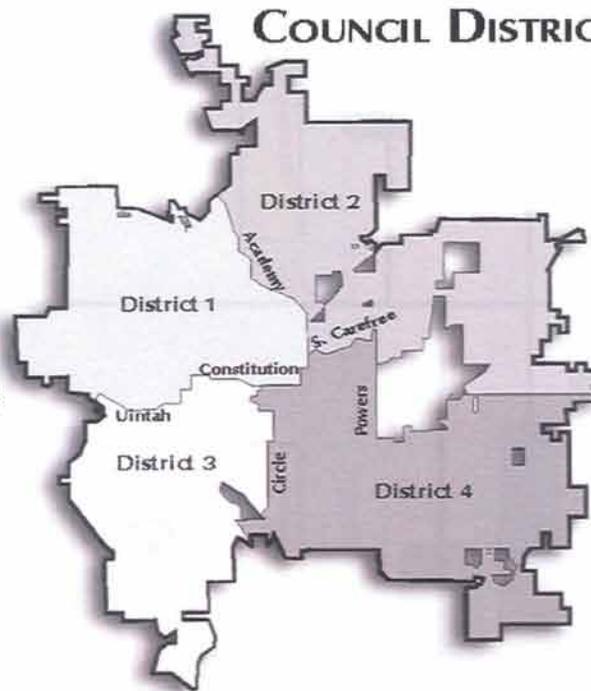
Darryl Glenn – District 2



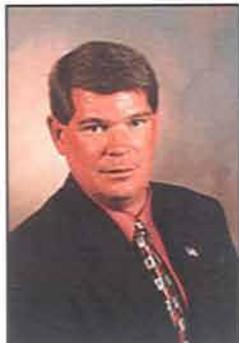
Jerry Heimlicher – District 3



Margaret Radford – District 4



Tom Gallagher – At-Large



Jan Martin – At-Large



Randy Purvis – At-Large



CITY OF COLORADO SPRINGS, COLORADO

City Manager

Penelope Culbreth-Graft, DPA

Utilities Director

Jerry Forte

Hospital Director

Dr. Larry McEvoy

Executive Team

Michael L. Anderson, Assistant City Manager

Steven Cox, Fire Chief

Nancy Johnson, Assistant City Manager

Richard Myers, Police Chief

Terri L. Velasquez, Chief Financial Officer

City Department Directors

Lisa Bigelow, Economic Development

Paul D. Butcher, Parks, Recreation and Cultural Services

Ann M. Crossey, Human Resources

Mark Earle, Airport Director

Curlie O. Matthews, Chief Information Officer

Council Appointees

HayDen W. Kane II, Municipal Presiding Judge

Patricia K. Kelly, City Attorney

Jeff Litchfield, City Auditor

Kathryn M. Young, City Clerk

CITY OF COLORADO SPRINGS, COLORADO

Memorial Health Systems Board of Trustees

Michael L. Edmonds, PhD., Chair

Kailash Jaitly, PhD.

Arlene Patterson Stein, Vice Chair

Lance W. Lord, General (Ret.)

G. Jeff Murrell

Donald P. Gazibara, M.D.

Vic Andrews

Linda Fay Halbouty

Paul Johnson

Curtis C. Brown

James P. Moore, Secretary

Marijane Axtell Paulsen, PhD.

Yolanda Fennick

Ex-Officio Members

Dan Balch, MD
Chief of Staff

Gloria Hall
Auxiliary President

FINANCIAL SECTION



CITY OF COLORADO SPRINGS



BONDI & Co. LLC

CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

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ENGLEWOOD, COLORADO 80112

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**Honorable Mayor and Members
of the City Council and 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, 2008, 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 91 percent of the assets, 83 percent of the net assets, and 96 percent of the revenues for the City's business-type activities, nor did we audit the financial statements of the seven joint utility projects, described in Note 1, which represent 99 percent of the assets, 99 percent of the net assets, and 89 percent of the revenues of the City's discretely presented proprietary fund component units. We also did not audit the Colorado Springs Urban Renewal Authority, the Colorado Springs Downtown Development Authority and the nine 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 nine business improvement districts is based solely on the reports of the other auditors.

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



Affiliate Offices Worldwide

Honorable Mayor and Members
of the City Council and City Manager
City of Colorado Springs
Page 2

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 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, 2008, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 10, 2009, 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, and the Schedule of Employer Contribution are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

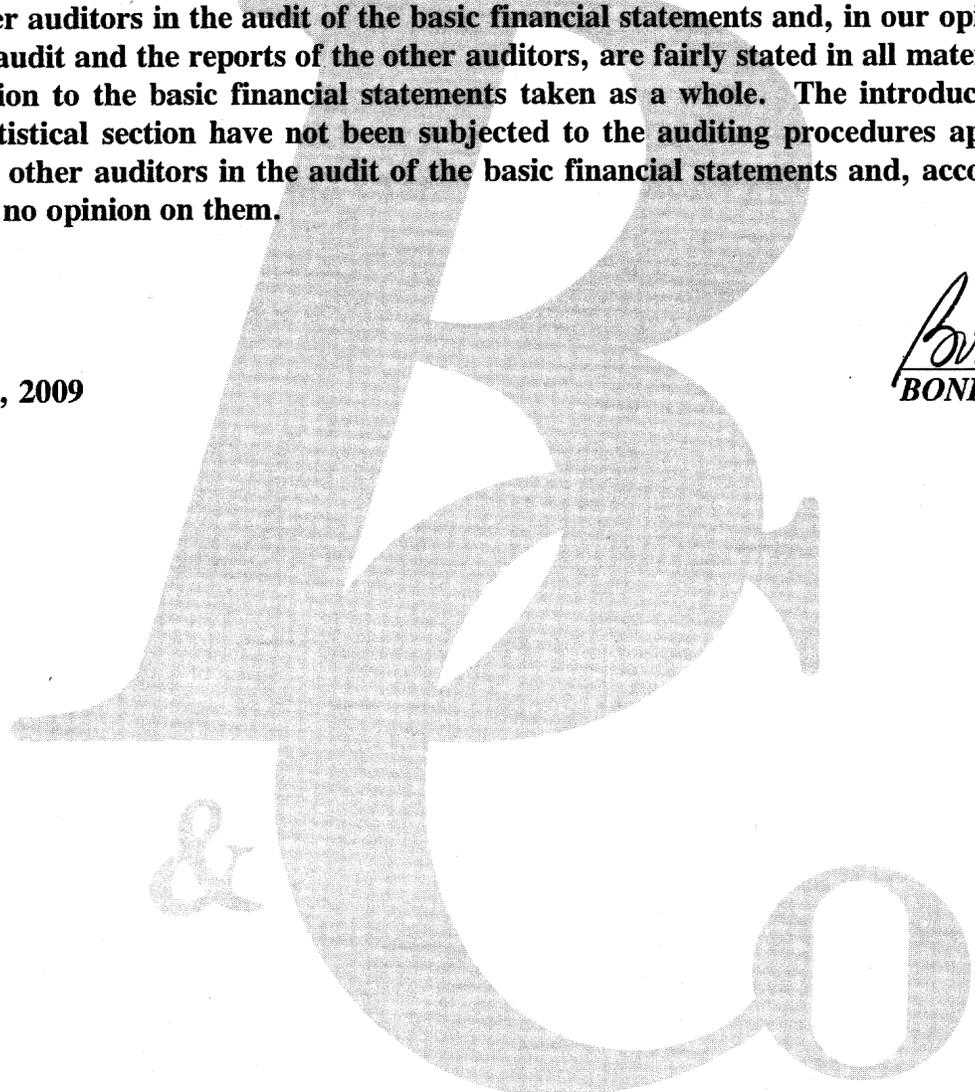
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, and the statistical section are presented for purposes of additional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

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

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 10, 2009

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, 2008. 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, 2008 by \$2,710,068,824 (net assets). Of this amount, \$358,765,155 is unrestricted net assets that may be used to meet the government's ongoing obligations to citizens and creditors.
- At December 31, 2008, the City's governmental funds reported combined ending fund balances of \$80,029,966. Approximately 77.5% of this total amount or \$62,013,381 is unreserved.
- The general fund, presented on a current financial resources basis, reports a fund balance of \$32,017,052 or 14.0% of total 2008 general fund expenditures.
- The City's total debt outstanding was \$2,072,434,730 at December 31, 2008. The key factor for this 3.7% increase over 2007 was the \$91,975,000 issuance of new debt and the \$31,306,643 in refunding revenue bonds for 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 2008. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods.

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

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

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

The government-wide financial statements include not only the City itself, but also other legally separate entities for which the City is financially accountable. The component units of the City include several separate legal entities: Public Authority for Colorado Energy, Fountain Valley Authority, Aurora-Colorado Springs Joint Water Authority and several canal and reservoir companies: Twin Lakes, Lake Meredith, Colorado and Lake Henry; and the Pikes Peak Regional Communications Network and several business improvement districts: Colorado Springs Urban Renewal Authority, Colorado Springs Downtown Development Authority, Greater Downtown Colorado Springs, Briargate Center, Barnes & Powers North, Barnes & Powers South, First & Main, First & Main North, 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 that is 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 \$2.7 billion at the close of 2008 as compared to \$2.9 billion at the close of 2007.

By far the largest portion of the City's net assets (84.39%) 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 2008 with comparative information for 2007:

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

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$180,027	\$206,481	\$938,270	\$939,219	\$1,118,297	\$1,145,700
Capital assets	1,089,936	1,048,699	3,185,319	3,119,121	4,275,255	4,167,820
Total assets	<u>1,269,963</u>	<u>1,255,180</u>	<u>4,123,589</u>	<u>4,058,340</u>	<u>5,393,552</u>	<u>5,313,520</u>
Long-term liabilities	139,046	135,842	2,026,500	1,946,436	2,165,546	2,082,278
Other liabilities	76,589	82,424	441,349	226,785	517,938	309,209
Total liabilities	<u>215,635</u>	<u>218,266</u>	<u>2,467,849</u>	<u>2,173,221</u>	<u>2,683,484</u>	<u>2,391,487</u>
Net assets:						
Invested in capital assets, net of related debt	987,792	943,952	1,299,159	1,327,315	2,286,951	2,271,267
Restricted	18,017	19,960	46,335	66,202	64,352	86,162
Unrestricted	48,519	73,002	310,246	491,602	358,765	564,604
Total net assets	<u>\$1,054,328</u>	<u>\$1,036,914</u>	<u>\$1,655,740</u>	<u>\$1,885,119</u>	<u>\$2,710,068</u>	<u>\$2,922,033</u>

The City's combined net assets were \$2.7 billion at December 31, 2008, of which \$358 million was unrestricted. However, certain of these unrestricted funds are designated for specific, future purposes such as encumbrances and subsequent year expenditures.

The net assets of our business-type activities were \$1.7 billion at December 31, 2008. 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 2008 with comparative information for 2007:

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

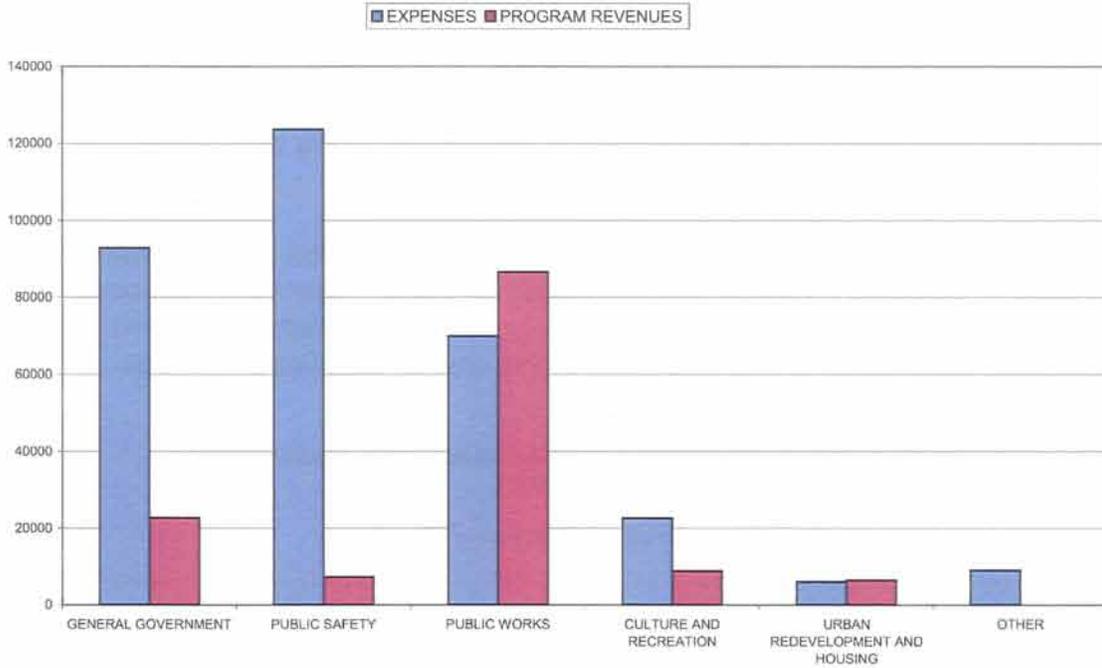
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$38,883	\$36,454	\$1,364,325	\$1,282,770	\$1,403,208	\$1,319,224
Operating grants and contributions	15,004	22,918	-	-	15,004	22,918
Capital grants and contributions	78,131	198,295	44,400	64,979	122,531	263,274
General revenues:						
Property taxes	25,741	22,696	-	-	25,741	22,696
Other taxes	153,881	167,678	-	-	153,881	167,678
Investment earnings	3,810	7,515	(8,689)	39,371	(4,879)	46,886
Gain on sale of capital assets	275	87	-	-	275	87
Contributions to endowments	95	99	-	-	95	99
Total revenues	315,820	455,742	1,400,036	1,387,120	1,715,856	1,842,862
Expenses:						
General government	92,817	79,498	-	-	92,817	79,498
Public safety	123,712	126,768	-	-	123,712	126,768
Public works	69,909	79,445	-	-	69,909	79,445
Health and welfare	1,181	1,147	-	-	1,181	1,147
Culture and recreation	22,674	25,899	-	-	22,674	25,899
Urban redevelopment and housing	6,034	4,917	-	-	6,034	4,917
Economic development	2,815	2,895	-	-	2,815	2,895
Economic opportunities	3	74	-	-	3	74
Interest on long-term debt	5,059	4,758	-	-	5,059	4,758
Utilities	-	-	999,878	737,871	999,878	737,871
MHS	-	-	556,297	500,198	556,297	500,198
Airport	-	-	26,371	26,044	26,371	26,044
Parking	-	-	3,939	3,064	3,939	3,064
Non-major Enterprises	-	-	17,131	14,015	17,131	14,015
Total expenses	324,204	325,401	1,603,616	1,281,192	1,927,820	1,606,593
Increase in net assets before transfers	(8,384)	130,341	(203,580)	105,928	(211,964)	236,269
Transfers	25,799	24,979	(25,799)	(24,979)	-	-
Increase in net assets	17,415	155,320	(229,379)	80,949	(211,964)	236,269
Net assets - beginning	1,036,913	881,593	1,885,119	1,804,170	2,922,032	2,685,763
Net assets - ending	\$1,054,328	\$1,036,913	\$1,655,740	\$1,885,119	\$2,710,068	\$2,922,032

Overall, the City's net assets decreased during 2008 by \$211.9 million. The overall decrease is due primarily to the business-type activities decrease of \$229.3 million offset slightly by an increase of \$17.4 million for governmental activities. The business-type activities' net assets decreased \$229.3 million due mainly to an increase in Utilities expenditures offset slightly by MHS's increase in user revenue. Additional analysis of these activities is included below.

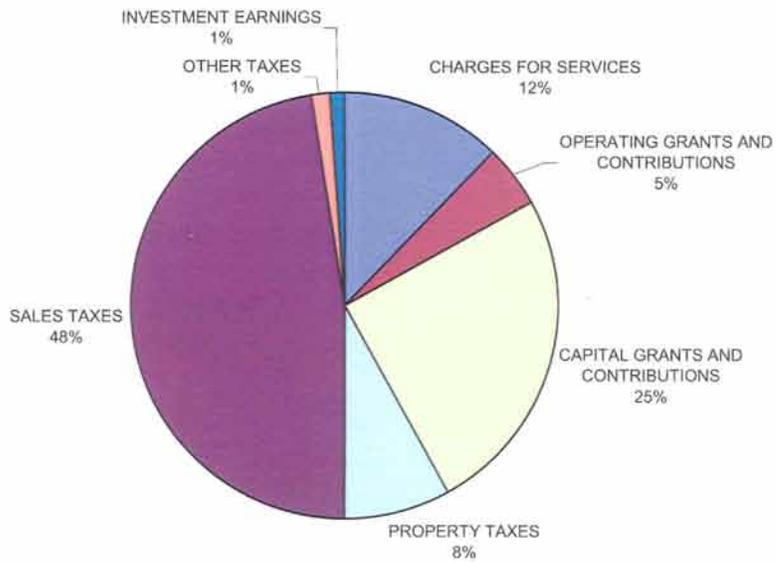
Governmental Activities

Revenue of the governmental activities was down from 2007 by \$139.9 million due primarily to decreases in capital grants and contributions and decreases related to sales and use tax due to the downturn in the economy during 2008. Expenses of the governmental activities were down from 2007 by \$6.4 million due primarily to lower public works expenses relating to grants received for capital projects.

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



Revenues by Source - Governmental Activities

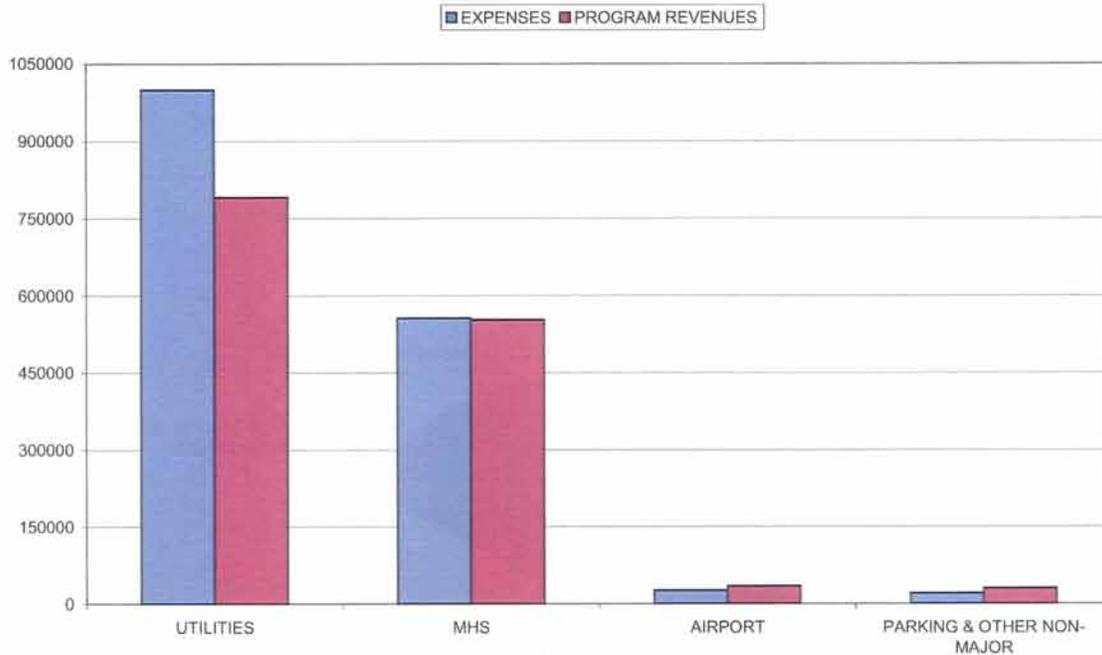


Business-type Activities

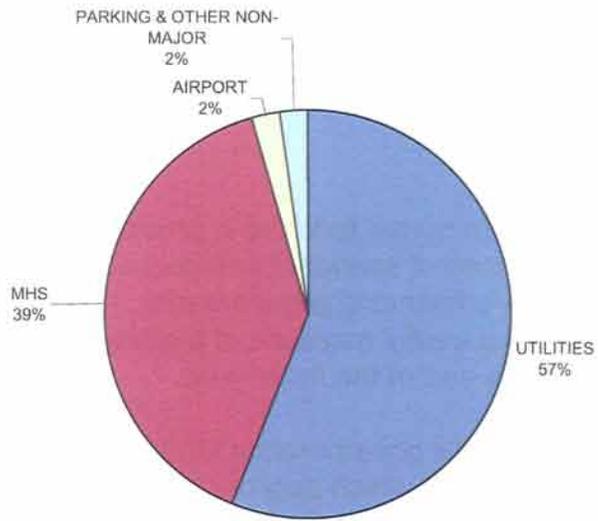
For business-type activities, Utilities shows an increase in operating revenues of \$15.8 million or 2.0% primarily due to increases in gas revenues of \$28.7 million offset by a decrease in electric of \$8.7 million. Additionally, Utilities shows an increase in operating expenses of \$262.0 million or 35.5%. The increase was primarily due to loss on swaps and hedge derivatives along with higher fuel expenses.

MHS had an increase in operating revenues of \$45.3 million or 8.9% due to an increase in outpatient volume and increased charges. Operating expenses for MHS increased by \$56.0 million or 11.2%, primarily as a result of patient volume increases, staff raises and an increase in the cost of supplies and drugs.

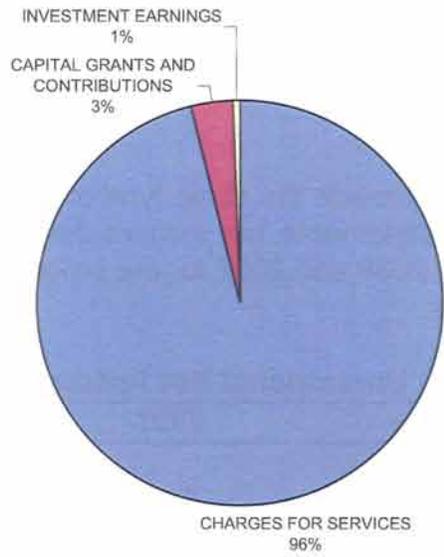
Expenses and Program Revenues - Business-type Activities
(in 000's)



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 2008, the City's governmental funds reported total combined fund balances of \$80,029,966, of which approximately 22.5% (\$18,016,585) is reserved. The reservation of fund balance is committed to debt service, (\$2,042,029), endowments (\$8,006,744), TABOR emergency reserve (\$7,545,241) and the contingency for property tax refund (\$422,571).

The general fund is the principal operating fund of the City. At the end of 2008, unreserved, both designated and undesignated, fund balance of the general fund was \$22,864,229, while total fund balance was \$32,017,052. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 10.0% of total general fund expenditures, while total fund balance represents 14.0% of that same amount.

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, 2008 and 2007 for the proprietary funds, in thousands, were as follows:

	Unrestricted Net Assets (in 000s)		
	2008	2007	Variance
Utilities	\$29,802	\$196,755	(\$166,953)
MHS	236,561	258,538	(21,977)
Airport	21,553	17,733	3,820
Parking	8,392	8,167	225
Non-major			
enterprise funds	18,439	13,473	4,966
Internal service	(4,683)	(513)	(4,170)

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:

- \$5.0 million in increased capital project budgets
- \$3.5 million increase in expenditure budget related to a capital project related to United States Olympic Committee (USOC) partially offset by \$2.0 million of reimbursement grant from a non-profit

Supplementary appropriation ordinances totaled \$5.0 million. Carryover of capital project budgets from the previous year totaled \$1.1 million. Carryover of encumbrance budget from the previous year was \$3.1 million.

Total revenues were \$10.2 million lower than the final budget primarily due to sales and use tax revenue being \$10.5 million lower than projected and charges for services being \$1.8 million lower due to fewer traffic tickets issued and lower permit usage. This was partially offset by higher than expected miscellaneous revenues. Total expenditures were \$5.1 million less than the final budget due to decreases in expenditures for public safety, public works, and general government expenditures. This was due primarily to fiscal actions taken during the year in expectation of lower sales tax revenues. The actions included postponement of hiring for vacant positions, freezing of various expenditure lines and other reductions required to meet the reduced revenue expectations.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of 2008, the City had \$4.3 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 \$107.4 million.

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

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$244,959	\$233,352	\$186,292	\$186,517	\$431,251	\$419,869
Buildings	104,780	102,011	82,406	85,586	187,186	187,597
Improvements other than buildings	34,930	29,587	105,419	65,231	140,349	94,818
Machinery and equipment	53,883	54,976	7,749	6,633	61,632	61,609
Infrastructure	584,792	581,765	19,861	14,876	604,653	596,641
Utilities plant	-	-	2,249,692	2,207,879	2,249,692	2,207,879
MHS plant	-	-	369,175	369,621	369,175	369,621
Construction in progress	66,592	47,008	164,725	182,777	231,317	229,785
Total	<u>\$1,089,936</u>	<u>\$1,048,699</u>	<u>\$3,185,319</u>	<u>\$3,119,120</u>	<u>\$4,275,255</u>	<u>\$4,167,819</u>

Major changes to capital assets for 2008 include:

In 2008, Utilities had a total capital outlay of \$153.5 million. This includes approximately \$55.2 for electric infrastructure to meet the reliability and consumption needs of customers, \$18.7 million for the gas system to provide capacity for increased demand, \$67.9 million for the water system which included funding for the Southern Delivery System and several other expansion projects and \$11.5 million was spent on facilities, technology additions and enhancements to telecommunications and computing infrastructure.

MHS acquired \$25 million of capital assets during 2008. Major items included cardiac cath lab equipment and various remodeling projects.

In 2008, donated assets from Pikes Peak Rural Transportation Authority were included in the asset information in the amount of \$31,425,543 as well as developer donated infrastructure of \$15,995,112.

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 2008 and 2007:

City of Colorado Springs Outstanding Debt (in 000's)						
	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$21,725	\$22,490	\$ -	\$ -	\$21,725	\$22,490
Sales tax revenue bonds	47,370	50,830	-	-	47,370	50,830
Certificates of participation	19,450	20,995	-	-	19,450	20,995
Special assessment bonds and notes	222	364	-	-	222	364
Revenue bonds	-	-	1,960,981	1,881,485	1,960,981	1,881,485
Notes payable	-	-	22,686	23,277	22,686	23,277
Total	<u>\$88,767</u>	<u>\$94,679</u>	<u>\$1,983,667</u>	<u>\$1,904,762</u>	<u>\$2,072,434</u>	<u>\$1,999,441</u>

During 2008, the City issued new debt to finance capital projects or to refinance current debt for lower interest rates and reduced debt service payments. The key events in the City's debt includes the following:

- Utilities issued \$50,000,000 Variable Rate Demand Utilities Improvement Revenue Bonds Series 2008A, \$27,935,000 Utilities System Refunding Revenue Bonds Series 2008B, \$41,975,000 Utilities System Improvement Revenue Bonds Series 2008C and \$3,631,000 Utilities System Improvement and Refunding Clean Renewable Energy Bonds Series 2008D to finance various capital improvements to the system.
- MHS converted the Series 2002 Bonds which were previously auction rate bonds, to fixed rate bonds pursuant to a re-offering.
- The Market Place at Austin Bluffs General Improvement District (MAB) issued \$2,790,000 in Limited Tax General Obligation Bonds.
- The Public Authority for Colorado Energy (PACE), a discretely presented component unit of the City, issued \$653,210,000 in Natural Gas Purchase Revenue Bonds, Series 2008.

The City's latest bond ratings are as follows:

The City's latest bond ratings are as follows:

Bond / COP Issue	Moody's		Standard & Poor's		Fitch	
	Insured	Underlying	Insured	Underlying	Insured	Underlying
General Obligation Bonds	n/a	Aa3	n/a	AA	n/a	n/a
Sales/Use Tax Revenue Bonds	n/a	A1	n/a	AA	n/a	n/a
Parking Revenue Bonds	Aaa	n/a	n/a	n/a	n/a	n/a
Utilities Revenue Bonds	n/a	Aa2	n/a	AA	n/a	AA
Utilities VRD* Revenue Bonds	n/a	VMIG1	n/a	A-1+	n/a	F1+
MHS Revenue Bonds	Aaa	A3	AAA	A-	n/a	n/a
Airport Revenue Bonds	Aaa	A3	AAA	A-	AAA	A-
1997 Certificates of Participation	n/a	A2	n/a	n/a	n/a	n/a
1999 Certificates of Participation	Aaa	A2	AAA	A	n/a	n/a
2000 Certificates of Participation	Aaa	A1	AAA	A	n/a	n/a
2003 Certificates of Participation	n/a	A2	n/a	n/a	n/a	n/a

*Variable Rate Demand

The current debt limitation for the City is \$477,374,953, or 10% of the assessed property valuation. The City's outstanding general obligation debt is significantly less than this amount.

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

ECONOMIC FACTORS

During 2008, the local economy has slowed along with the rest of the nation. The local home building industry has significantly declined, the unemployment rate has risen, total employment is down and consumer spending has decreased. The credit crisis has continued to escalate, world financial markets have been in turmoil and the federal government has passed historic legislation to intervene. Because of all these issues, sales and use tax revenue has decreased significantly in 2008.

Local Employment Indicators

	YTD <u>2008</u>	YTD <u>2007</u>	<u>Change</u>	
Unemployment Rate	5.8	4.3	45.5%	↓
Employment	203,679	209,733	-2.9%	↓
Manufacturing Employment	15,900	16,600	-4.2%	↓

Local Housing Industry Indicators

	YTD <u>2008</u>	YTD <u>2007</u>	Change
<u>Construction:</u>			
Single Family Permits	1,486	2,563	-42.0% ↓
Single Family Valuation	\$278,728,285	\$460,380,974	-39.5% ↓
Multi-Family & Condo Units Permits	20	58	-65.5% ↓
Commercial Permits	1,840	2,323	-20.8% ↓
Commercial Valuation	\$531,509,121	\$493,610,967	7.7% ↑
<u>Home Sales:</u>			
Sales	7,844	9,351	-16.1% ↓
Average Sales Price	\$239,951	\$260,019	-7.7% ↓
Nov. Median Sale Price	\$187,000	\$207,500	-9.9% ↓
Nov. Total Active Listings	5,547	5,967	-7.0% ↑
<u>Foreclosure Starts*:</u>			
El Paso County	4,624	3,280	41.0% ↓

*Previous 12 month total

Note: ↑ Indicates favorable change ↓ Indicates unfavorable change

During 2008, all employment indicators for the city reflect a weak employment market. The city unemployment rate has risen significantly over the past year as it has for the entire nation. It is slightly lower than the national unemployment rate of 6.8% while slightly higher than the Colorado unemployment rate of 5.8%. Total employment is struggling and 700 manufacturing jobs have been lost over the past 12 months.

Average employment within the Colorado Springs Metropolitan Statistical Area (MSA) grew very slightly, largely due to year-over-year increases in employment during the first eight months of 2008. Those increases steadily declined each month. The 2008 average non-farm employment is 262,100. Job gains earlier in the year were largely in the services industry, including professional and business services and health and educational services and the government sector. The only sectors to continue to show gains are health and education services and government.

Most key indicators of the local housing industry posted declines during 2008, with the exception of commercial valuation and the number of total active listings. Commercial valuation is up from the same period last year largely due to major construction projects on the north side of the city. Total active listings are down,

creating less of a glut in the market. More homes are now selling closer to the asking price, suggesting the market may begin to stabilize.

City sales and use tax revenue were down 7.72 percent from the same period in 2007 due primarily to the economic indicators previously discussed. City sales and use tax collections are primarily dependent upon the level of local economic activity, consumer confidence, and tourist activity.

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS
December 31, 2008

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities
ASSETS					
Cash and investments	\$88,203,779	\$389,524,933	\$477,728,712	\$872,305	\$1,699,192
Receivables (net of allowance for uncollectibles)	74,163,166	192,401,886	266,565,052	3,834,641	6,582,468
Due from primary government	-	-	-	-	1,397,967
Due from component unit	-	77,000	77,000	-	-
Inventories	1,106,925	50,083,837	51,190,762	-	68,686
Prepays	-	22,563,000	22,563,000	3,714	607,987,382
Other	-	10,809,518	10,809,518	-	332,022
Restricted assets (temporarily):					
Cash and investments	16,297,493	214,960,411	231,257,904	21,202,827	8,572,710
Investment in joint ventures	-	36,127,482	36,127,482	-	-
Capital assets (net of accumulated depreciation):					
Land	244,959,348	186,292,073	431,251,421	-	-
Buildings	104,779,533	82,405,983	187,185,516	-	-
Improvements other than buildings	34,930,489	105,418,552	140,349,041	2,636,129	-
Machinery and equipment	53,883,011	7,748,862	61,631,873	299,180	-
Infrastructure	584,792,065	19,861,474	604,653,539	8,015,061	-
Utility plant	-	2,249,692,000	2,249,692,000	-	74,763,005
MHS plant	-	369,175,000	369,175,000	-	-
Construction in progress	66,592,221	164,725,101	231,317,322	6,042,233	89,361
Unamortized bond issuance costs	255,511	21,722,748	21,978,259	2,454,351	5,377,388
Total assets	1,269,963,541	4,123,589,860	5,393,553,401	45,360,441	706,870,181
LIABILITIES					
Accounts payable and other current liabilities	35,051,636	427,998,545	463,050,181	461,827	143,076
Funds held for others	12,651,457	-	12,651,457	-	-
Accrued interest payable	536,511	8,458,828	8,995,339	453,836	5,347,128
Internal balances	(2,442,037)	2,442,037	-	-	-
Due to primary government	-	-	-	-	77,246
Due to component unit	-	298,000	298,000	-	-
Unearned revenue	30,791,932	2,151,566	32,943,498	3,507,435	-
Noncurrent liabilities:					
Due within one year	15,489,278	65,595,968	81,085,246	379,491	12,393,595
Due in more than one year	123,556,396	1,960,904,460	2,084,460,856	72,303,932	704,961,592
Total liabilities	215,635,173	2,467,849,404	2,683,484,577	77,106,521	722,922,637
NET ASSETS					
Invested in capital assets, net of related debt	987,792,618	1,299,158,955	2,286,951,573	(3,163,973)	(8,217,150)
Restricted for:					
Debt service	2,042,029	46,129,511	48,171,540	1,331,484	3,300,954
Endowments:					
Expendable	1,035,757	-	1,035,757	-	-
Nonexpendable	6,970,987	-	6,970,987	-	-
Emergency reserve (TABOR)	7,545,241	-	7,545,241	103,737	-
Other	422,571	206,000	628,571	161,103	-
Unrestricted	48,519,165	310,245,990	358,765,155	(30,178,431)	(11,136,260)
Total net assets (deficit)	\$1,054,328,368	\$1,655,740,456	\$2,710,068,824	(\$31,746,080)	(\$16,052,456)

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

STATEMENT OF ACTIVITIES
 For the year ended December 31, 2008

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	Total	Primary Government		Governmental Activities	Business-type Activities	Total
						Governmental Activities	Business-type Activities			
Primary government										
Governmental activities										
General government	\$92,816,914	\$20,985,541	\$1,791,504	\$ -	(\$70,039,869)	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	123,712,015	3,760,245	2,673,471	898,589	(116,379,710)	-	-	-	-	-
Public works	69,909,340	8,598,594	4,744,092	73,289,804	16,723,150	-	-	-	-	-
Health and welfare	1,181,013	-	-	-	(1,181,013)	-	-	-	-	-
Culture and recreation	22,674,396	3,460,517	1,443,985	3,942,581	(13,827,313)	-	-	-	-	-
Urban redevelopment and housing	6,034,237	2,071,374	4,351,391	-	388,528	-	-	-	-	-
Economic development	2,814,646	6,841	-	-	(2,807,805)	-	-	-	-	-
Economic opportunities	3,242	-	-	-	(3,242)	-	-	-	-	-
Interest on long-term debt	5,058,419	-	-	-	(5,058,419)	-	-	-	-	-
Total governmental activities	324,204,222	38,883,112	15,004,443	78,130,974	(192,185,693)	-	(192,185,693)	-	-	-
Business-type activities										
Utilities	999,877,783	756,774,000	-	34,347,000	(208,756,783)	-	-	-	-	-
MHS	556,297,000	553,072,000	-	-	(3,225,000)	-	-	-	-	-
Airport	26,371,427	25,607,276	-	8,783,006	8,018,855	-	-	-	-	-
Parking	3,938,954	3,733,694	-	-	(205,260)	-	-	-	-	-
Other	17,131,141	25,138,274	-	1,271,581	9,278,714	-	-	-	-	-
Total business-type activities	1,603,616,305	1,364,325,244	-	44,401,587	(194,889,474)	-	(194,889,474)	-	-	-
Total primary government	\$1,927,820,527	\$1,403,208,356	\$15,004,443	\$122,532,561	(\$192,185,693)	(\$194,889,474)	(\$387,075,167)	\$ -	\$ -	\$ -
Component units										
Improvement districts	\$33,257,143	\$948,077	\$23,060	\$146,722	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utilities	36,669,279	25,682,328	-	-	(32,455,395)	-	-	(32,455,395)	-	(10,986,951)
Total component units	\$69,926,422	\$28,630,405	\$23,060	\$146,722	(\$2,455,395)	\$ -	(\$2,455,395)	\$ -	\$ -	(\$10,986,951)
General revenues										
Property taxes					\$25,741,077	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes					150,111,070	-	-	-	-	-
Specific ownership taxes					3,024,451	-	-	-	-	-
Occupational liquor taxes					254,711	-	-	-	-	-
Admissions tax					398,694	-	-	-	-	-
Bicycle excise tax					91,074	-	-	-	-	-
Miscellaneous					-	-	-	-	-	-
Investment earnings					3,809,609	(8,689,259)	(4,879,650)	66,000	712,885	382,047
Gain on sale of capital assets					275,399	-	-	-	-	-
Contributions to endowments					94,795	-	-	-	-	-
Transfers					25,799,417	(25,799,417)	-	-	-	-
Total general revenues and transfers					209,600,297	(34,488,676)	175,111,621	3,453,029	382,047	382,047
Change in net assets										
Net assets (deficit) - January 1					17,414,604	(229,378,150)	(211,963,546)	(28,686,255)	(10,604,904)	(10,604,904)
Prior period adjustment					1,036,913,764	1,885,118,606	2,922,032,370	(2,054,366)	(5,504,876)	(5,504,876)
Net assets (deficit) - January 1, restated					1,036,913,764	1,885,118,606	2,922,032,370	(2,054,366)	(5,504,876)	(5,504,876)
Net assets (deficit) - December 31					\$1,054,328,368	\$1,655,740,456	\$2,710,068,824	(1,005,459)	57,324	(\$16,052,456)

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

GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2008

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 3

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$36,564,677	\$44,186,754	\$80,751,431
Accounts receivable (net of allowance for uncollectibles)	3,597,379	7,310,085	10,907,464
Sales tax receivable	11,156,656	2,932,714	14,089,370
Loans receivable	846,988	19,866,206	20,713,194
Assessments receivable	-	248,081	248,081
Property taxes receivable			
Current	23,129,393	3,331,169	26,460,562
Delinquent	138,455	-	138,455
Due from other funds	8,470,477	321,175	8,791,652
Restricted investments	7,759,810	8,537,683	16,297,493
Total assets	91,663,835	86,733,867	178,397,702
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	2,963,901	3,080,819	6,044,720
Funds held for others	12,651,457	-	12,651,457
Accrued salaries and benefits	7,778,296	1,299,967	9,078,263
Due to other funds	3,412,150	7,669,327	11,081,477
Escrow deposits	7,758,612	-	7,758,612
Deferred revenue			
Loans	846,988	19,866,206	20,713,194
Assessments	-	248,081	248,081
Property taxes	23,129,394	3,331,169	26,460,563
Grants	-	3,225,384	3,225,384
Unearned revenue	1,105,985	-	1,105,985
Total liabilities	59,646,783	38,720,953	98,367,736
Fund balances			
Reserved for			
Debt service	1,185,011	857,018	2,042,029
Endowments	-	8,006,744	8,006,744
Emergency reserve	7,545,241	-	7,545,241
Contingency for property tax	422,571	-	422,571
Unreserved, designated for, reported in:			
Encumbrances	2,130,552	3,793,689	5,924,241
Subsequent year expenditures	2,170,379	-	2,170,379
Special revenue funds	-	10,748,875	10,748,875
Capital projects funds	-	6,649,522	6,649,522
Unreserved, undesignated, reported in:			
General fund	18,563,298	-	18,563,298
Special revenue funds	-	17,957,066	17,957,066
Total fund balances	32,017,052	48,012,914	80,029,966
Total liabilities and fund balances	\$91,663,835	\$86,733,867	

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.	1,089,138,575
Loans and assessments - current receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	20,961,275
Interest on investments that is not available to pay for current-period expenditures is not reported in the funds.	1,253,685
Internal service funds are used by management to charge the costs of fleet, information systems management, 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.	574,865
Long-term liabilities, including bonds payable, are not due and payable in current period and, therefore, are not reported in the funds.	(137,629,998)
Net assets of governmental activities	<u>\$1,054,328,368</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, 2008**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 4**

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$143,048,593	\$36,742,100	\$179,790,693
Licenses and permits	650,977	-	650,977
Intergovernmental	19,282,282	34,069,020	53,351,302
Charges for services	26,061,584	3,262,209	29,323,793
Endowments and donations	-	1,699,147	1,699,147
Other revenue	3,466,321	949,654	4,415,975
Investment earnings	2,331,007	1,000,453	3,331,460
Rental income	764,689	3,300	767,989
Total revenues	195,605,453	77,725,883	273,331,336
Expenditures			
Current			
General government	52,920,174	29,433,627	82,353,801
Public safety	110,076,565	3,647,592	113,724,157
Public works	28,651,901	8,536,893	37,188,794
Health and welfare	1,173,833	-	1,173,833
Culture and recreation	19,389,555	2,221,662	21,611,217
Urban redevelopment and housing	711,612	5,245,717	5,957,329
Economic development	-	2,797,534	2,797,534
Economic opportunities	-	3,222	3,222
Miscellaneous	-	738,063	738,063
Debt service			
Principal	4,426,765	5,625,129	10,051,894
Interest	998,889	3,910,634	4,909,523
Issuance expense	-	77,625	77,625
Capital outlay	9,627,811	37,045,334	46,673,145
Total expenditures	227,977,105	99,283,032	327,260,137
Deficiency of revenues under expenditures	(32,371,652)	(21,557,149)	(53,928,801)
Other financing sources (uses)			
Transfers - in	28,673,635	10,346,307	39,019,942
Transfers - out	(10,208,205)	(1,512,320)	(11,720,525)
Proceeds from issuance of debt	-	2,790,000	2,790,000
Capital lease financing	5,158,766	-	5,158,766
Sale of capital assets	277,672	-	277,672
Total other financing sources	23,901,868	11,623,987	35,525,855
Net change in fund balances	(8,469,784)	(9,933,162)	(18,402,946)
Fund balances - January 1	40,486,836	57,946,076	98,432,912
Fund balances - December 31	\$32,017,052	\$48,012,914	\$80,029,966

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, 2008**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 5**

Net change in fund balances - total governmental funds	(\$18,402,946)
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.	(5,507,785)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	46,919,171
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.	(3,014,340)
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.	(652,480)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	947,502
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.	(2,874,518)
Change in net assets of governmental activities	<u><u>\$17,414,604</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, 2008**

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

	Budgeted Amounts		2008 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
General property taxes				
Current	\$22,449,484	\$22,449,484	\$22,750,839	\$301,355
Penalty and interest	-	-	43,268	43,268
	22,449,484	22,449,484	22,794,107	344,623
Sales and use taxes	127,228,694	127,428,694	116,933,775	(10,494,919)
Specific ownership taxes	2,823,784	2,823,784	2,667,306	(156,478)
Occupational liquor taxes	281,700	281,700	254,711	(26,989)
Gross receipts business taxes				
Admissions tax	460,833	460,833	398,694	(62,139)
Total taxes	153,244,495	153,444,495	143,048,593	(10,395,902)
Licenses and permits				
Business licenses and permits	692,096	692,096	650,977	(41,119)
Intergovernmental				
Federal revenue				
Federal assistance	-	-	188,259	188,259
	-	-	188,259	188,259
State shared revenue				
Cigarette tax	1,400,000	1,400,000	1,222,982	(177,018)
Highway users tax-regular	13,034,211	13,034,211	13,327,083	292,872
Highway users tax-added fees	1,281,560	1,281,560	1,344,925	63,365
Severance tax	2,000	2,000	89,409	87,409
	15,717,771	15,717,771	15,984,399	266,628
Other governmental units				
El Paso County road and bridge	3,402,144	3,402,144	2,966,743	(435,401)
El Paso County shared fines	95,630	95,630	142,881	47,251
	3,497,774	3,497,774	3,109,624	(388,150)
Total intergovernmental	\$19,215,545	\$19,215,545	\$19,282,282	\$66,737

(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, 2008**

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

	<u>Budgeted Amounts</u>		<u>2008 Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges for services				
General government				
Court costs and charges	\$8,536,159	\$8,536,159	\$8,026,819	(\$509,340)
Planning, zoning, subdivision fees	1,260,586	1,260,586	601,103	(659,483)
Other fees	4,552,603	4,552,603	4,512,081	(40,522)
	<u>14,349,348</u>	<u>14,349,348</u>	<u>13,140,003</u>	<u>(1,209,345)</u>
Public safety				
Police services	3,265,162	3,265,162	2,983,292	(281,870)
Fire services	609,087	912,007	642,619	(269,388)
	<u>3,874,249</u>	<u>4,177,169</u>	<u>3,625,911</u>	<u>(551,258)</u>
Highways and streets				
Highway and street permits and fees	2,519,456	2,519,456	3,034,846	515,390
Signal maintenance	1,054,549	1,054,549	840,004	(214,545)
Transit system	2,786,159	3,166,863	2,784,889	(381,974)
	<u>6,360,164</u>	<u>6,740,868</u>	<u>6,659,739</u>	<u>(81,129)</u>
Culture and recreation				
Sports programs	841,720	841,720	833,194	(8,526)
Swimming pool fees	1,025,769	1,025,769	1,025,667	(102)
Ice center fees	222,440	222,440	249,710	27,270
Community centers	232,788	307,788	314,147	6,359
Other fees	176,822	176,822	213,213	36,391
	<u>2,499,539</u>	<u>2,574,539</u>	<u>2,635,931</u>	<u>61,392</u>
Total charges for services	<u>27,083,300</u>	<u>27,841,924</u>	<u>26,061,584</u>	<u>(1,780,340)</u>
Miscellaneous				
Other revenue	628,280	2,628,280	3,466,321	838,041
Investment earnings	1,135,722	1,135,722	2,331,007	1,195,285
Rental income	814,676	814,676	764,689	(49,987)
Total miscellaneous	<u>2,578,678</u>	<u>4,578,678</u>	<u>6,562,017</u>	<u>1,983,339</u>
Total revenues	<u>\$202,814,114</u>	<u>\$205,772,738</u>	<u>\$195,605,453</u>	<u>(\$10,167,285)</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, 2008**

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

	<u>Budgeted Amounts</u>		<u>2008 Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current expenditures				
General government				
Legislative				
City council	\$35,415	\$35,415	\$28,749	\$6,666
Clerk of the council	550,916	554,512	687,469	(132,957)
	<u>586,331</u>	<u>589,927</u>	<u>716,218</u>	<u>(126,291)</u>
Judicial	4,153,356	4,250,472	4,043,654	206,818
Executive-city manager	919,435	919,435	807,114	112,321
Financial	5,175,360	5,204,747	4,913,255	291,492
Law	3,939,894	3,930,870	3,498,979	431,891
Personnel	1,312,841	1,322,485	1,243,663	78,822
Planning and zoning	3,052,121	3,087,274	2,889,204	198,070
Support services	19,085,293	19,036,529	19,716,460	(679,931)
Vendor fees	2,139,729	2,139,729	2,266,785	(127,056)
Other	10,743,590	14,425,827	12,824,842	1,600,985
	<u>51,107,950</u>	<u>54,907,295</u>	<u>52,920,174</u>	<u>1,987,121</u>
Total general government				
Public safety				
Police	71,701,629	72,059,179	71,793,625	265,554
Fire	39,147,672	39,316,735	38,282,940	1,033,795
	<u>110,849,301</u>	<u>111,375,914</u>	<u>110,076,565</u>	<u>1,299,349</u>
Total public safety				
Public works				
Highways and streets				
Maintenance of condition	10,512,704	10,758,940	8,728,898	2,030,042
Traffic services	5,701,315	5,470,387	5,040,668	429,719
Engineering	3,599,239	3,876,598	3,413,685	462,913
	<u>19,813,258</u>	<u>20,105,925</u>	<u>17,183,251</u>	<u>2,922,674</u>
Transit	11,805,135	11,837,876	11,468,650	369,226
	<u>31,618,393</u>	<u>31,943,801</u>	<u>28,651,901</u>	<u>3,291,900</u>
Total public works				
Health and welfare				
Communicable disease	1,184,793	1,184,793	1,173,833	10,960
	<u>1,184,793</u>	<u>1,184,793</u>	<u>1,173,833</u>	<u>10,960</u>
Culture and recreation				
	<u>\$19,588,871</u>	<u>\$19,704,594</u>	<u>\$19,389,555</u>	<u>\$315,039</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, 2008**

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

	<u>Budgeted Amounts</u>		<u>2008 Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Urban redevelopment and housing				
Community development	\$722,112	\$723,112	\$711,612	\$11,500
Debt service expenditures				
Principal payments	3,807,668	4,122,668	4,426,765	(304,097)
Interest payments	1,323,370	1,008,370	998,889	9,481
Total debt service	<u>5,131,038</u>	<u>5,131,038</u>	<u>5,425,654</u>	<u>(294,616)</u>
Capital outlay	<u>2,903,583</u>	<u>8,136,289</u>	<u>9,627,811</u>	<u>(1,491,522)</u>
Total expenditures	<u>223,106,041</u>	<u>233,106,836</u>	<u>227,977,105</u>	<u>5,129,731</u>
Deficiency of revenues over expenditures	<u>(20,291,927)</u>	<u>(27,334,098)</u>	<u>(32,371,652)</u>	<u>(5,037,554)</u>
Other financing sources (uses)				
Transfers - in				
Payments in lieu of taxes	26,846,000	26,846,000	25,758,000	(1,088,000)
Other funds	1,175,634	1,178,056	2,915,635	1,737,579
Transfers - out				
City funded capital improvement projects	(11,259,109)	(11,259,109)	(10,192,205)	1,066,904
Other funds	-	-	(16,000)	(16,000)
Capital lease financing	-	-	5,158,766	5,158,766
Sale of capital assets	200,000	200,000	277,672	77,672
Total other financing sources (uses)	<u>16,962,525</u>	<u>16,964,947</u>	<u>23,901,868</u>	<u>6,936,921</u>
Net change in fund balance	<u>(3,329,402)</u>	<u>(10,369,151)</u>	<u>(8,469,784)</u>	<u>1,899,367</u>
Fund balance - January 1	<u>40,486,836</u>	<u>40,486,836</u>	<u>40,486,836</u>	<u>-</u>
Fund balance - December 31	<u>\$37,157,434</u>	<u>\$30,117,685</u>	<u>\$32,017,052</u>	<u>\$1,899,367</u>

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

**PROPRIETARY FUNDS
BALANCE SHEET
December 31, 2008**

	Business-type Activities Enterprise Funds			
	Utilities	MHS	Airport	Parking
<u>ASSETS</u>				
Current assets				
Cash and investments - unrestricted	\$138,068,000	\$183,762,000	\$41,474,702	\$5,953,560
Cash and investments - restricted	14,888,000	-	-	-
Note receivable	256,000	-	-	-
Accounts receivable (net of allowance for uncollectibles)	78,391,427	104,795,932	2,836,072	39,461
Interest receivable	671,000	-	-	-
Due from other funds	5,515,573	17,068	-	60,094
Due from component units	77,000	-	-	-
Inventories	44,549,000	5,454,000	-	-
Prepaid expenses	10,899,000	11,664,000	-	-
Unamortized bond issuance costs	905,000	451,000	83,512	30,947
Total current assets	294,220,000	306,144,000	44,394,286	6,084,062
Noncurrent assets				
Restricted cash and investments	180,425,000	12,939,000	5,843,951	864,460
Note receivable	-	-	2,104,165	-
Due from other funds	-	-	-	2,009,784
Investment in joint ventures	34,663,000	1,464,482	-	-
Other	6,574,000	4,235,518	-	-
Unamortized bond issuance costs	8,648,000	10,607,000	678,666	318,623
Capital assets:				
Land	142,766,000	21,420,000	18,423,581	2,072,246
Buildings	-	-	93,684,799	24,864,969
Improvements other than buildings	-	-	131,089,774	6,472,495
Machinery and equipment	-	-	11,739,895	325,057
Infrastructure	-	-	22,164,329	-
Utility plant	3,560,666,000	-	-	-
MHS plant	-	607,524,000	-	-
Construction in progress	123,898,000	3,039,000	31,910,762	9,723
Less accumulated depreciation	(1,310,974,000)	(238,349,000)	(79,526,191)	(8,963,325)
Total noncurrent assets	2,746,666,000	422,880,000	238,113,731	27,974,032
Total assets	\$3,040,886,000	\$729,024,000	\$282,508,017	\$34,058,094

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>
\$20,266,671	\$389,524,933	\$7,452,348
-	14,888,000	-
-	256,000	-
3,307,829	189,370,721	352,355
-	671,000	-
288,152	5,880,887	1,790,033
-	77,000	-
80,837	50,083,837	1,106,925
-	22,563,000	-
-	1,470,459	-
23,943,489	674,785,837	10,701,661
-	200,072,411	-
-	2,104,165	-
-	2,009,784	-
-	36,127,482	-
-	10,809,518	-
-	20,252,289	-
1,610,246	186,292,073	13,000
9,738,251	128,288,019	387,817
11,776,993	149,339,262	396,917
6,316,570	18,381,522	5,255,214
103,308	22,267,637	-
-	3,560,666,000	-
-	607,524,000	-
5,867,616	164,725,101	-
(14,352,053)	(1,652,164,569)	(5,254,856)
21,060,931	3,456,694,694	798,092
\$45,004,420	\$4,131,480,531	\$11,499,753

(continued)

**PROPRIETARY FUNDS
BALANCE SHEET
December 31, 2008**

	Business-type Activities Enterprise Funds			
	Utilities	MHS	Airport	Parking
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities				
Accounts payable	\$54,931,094	\$43,074,809	\$4,097,214	\$341,726
Accrued salaries and benefits	12,138,000	8,151,000	426,695	23,143
Compensated absences	5,567,000	756,250	34,119	3,496
Due to other funds	3,484,906	213,191	29,143	787
Due to component unit	298,000	-	-	-
Deferred revenue	-	-	1,321,086	-
Accrued interest payable	8,361,000	-	8,765	47,748
Matured bonds payable	37,304,000	7,205,000	2,878,094	480,000
Notes payable	1,067,000	-	571,471	-
Capital lease payable	-	524,000	-	-
Fair value of derivative instruments	63,633,000	-	-	-
Claims and judgments	1,107,000	7,768,000	-	-
Other	11,662,000	-	-	-
Total current liabilities	199,553,000	67,692,250	9,366,587	896,900
Noncurrent liabilities				
Compensated absences	4,789,000	14,368,750	648,256	66,431
Customer deposits	1,737,000	-	-	-
Claims and judgments	-	500,000	-	-
Due to other funds	-	-	-	-
Revenue bonds payable, net of deferrals	1,561,103,000	278,381,000	47,951,475	12,681,569
Notes payable	14,959,000	-	5,316,900	-
Customer advances for construction	11,631,000	-	-	-
Capital lease payable	-	1,219,000	-	-
Fair value of derivative instruments	228,084,000	-	-	-
Municipal solid waste landfill closure and postclosure care	3,085,000	-	-	-
Other liabilities	577,000	-	-	52,129
Total noncurrent liabilities	1,825,965,000	294,468,750	53,916,631	12,800,129
Total liabilities	2,025,518,000	362,161,000	63,283,218	13,697,029
Net assets				
Invested in capital assets, net of related debt	969,023,000	117,363,000	182,016,400	11,104,706
Restricted				
Debt service	16,543,000	12,733,000	15,655,051	864,460
Other	-	206,000	-	-
Unrestricted	29,802,000	236,561,000	21,553,348	8,391,899
Total net assets (deficit)	1,015,368,000	366,863,000	219,224,799	20,361,065
Total liabilities and net assets	\$3,040,886,000	\$729,024,000	\$282,508,017	\$34,058,094

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>
		\$11,409,803
\$1,080,434	\$103,525,277	
355,430	21,094,268	760,237
37,970	6,398,835	82,796
1,261,005	4,989,032	1,559,150
-	298,000	-
830,480	2,151,566	-
41,315	8,458,828	-
-	47,867,094	-
51,263	1,689,734	-
241,305	765,305	28,480
-	63,633,000	-
-	8,875,000	-
-	11,662,000	-
3,899,202	281,407,939	13,840,466
721,436	20,593,873	1,573,128
-	1,737,000	-
-	500,000	-
842,697	842,697	-
-	1,900,117,044	-
720,778	20,996,678	-
-	11,631,000	-
395,736	1,614,736	12,273
-	228,084,000	-
-	3,085,000	-
-	629,129	-
2,680,647	2,189,831,157	1,585,401
6,579,849	2,471,239,096	15,425,867
19,651,849	1,299,158,955	757,339
334,000	46,129,511	-
-	206,000	-
18,438,722	314,746,969	(4,683,453)
38,424,571	1,660,241,435	(3,926,114)
\$45,004,420		\$11,499,753
	(4,500,979)	
	\$1,655,740,456	

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Business-type Activities Enterprise Funds			
	Utilities	MHS	Airport	Parking
Operating revenues				
Charges for services	\$756,774,000	\$540,377,000	\$21,952,902	\$3,733,694
Miscellaneous	-	11,407,000	-	-
Total operating revenues	756,774,000	551,784,000	21,952,902	3,733,694
Operating expenses				
Salaries and benefits	147,156,000	292,312,000	7,859,201	460,855
Other operating expenses	480,640,000	207,134,000	6,678,275	1,924,797
Depreciation	94,133,000	34,254,000	8,865,801	928,479
Total operating expenses	721,929,000	533,700,000	23,403,277	3,314,131
Operating income (loss)	34,845,000	18,084,000	(1,450,375)	419,563
Nonoperating revenues (expenses)				
Investment earnings (loss)	15,536,000	(28,762,000)	2,819,577	456,471
Interest expense	(66,420,000)	(22,597,000)	(2,886,778)	(588,923)
Passenger facility charges	-	-	2,600,846	-
Customer facility charges	-	-	865,928	-
Amortization expense	-	-	-	(30,947)
Gain (loss) on disposal of capital assets	-	-	11,803	-
Miscellaneous	(210,224,000)	1,288,000	175,797	-
Total nonoperating revenues (expenses)	(261,108,000)	(50,071,000)	3,587,173	(163,399)
Income (loss) before contributions and transfers	(226,263,000)	(31,987,000)	2,136,798	256,164
Capital contributions	34,347,000	-	8,783,006	-
Transfers - in	16,000	-	-	-
Transfers - out	(25,758,000)	-	-	(502,956)
Change in net assets	(217,658,000)	(31,987,000)	10,919,804	(246,792)
Total net assets - January 1	1,233,026,000	398,850,000	208,304,995	20,607,857
Total net assets - December 31	\$1,015,368,000	\$366,863,000	\$219,224,799	\$20,361,065

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>
\$25,138,274	\$1,347,975,870	\$65,220,292
-	11,407,000	-
<u>25,138,274</u>	<u>1,359,382,870</u>	<u>65,220,292</u>
7,694,179	455,482,235	14,646,589
8,005,932	704,383,004	53,542,975
1,079,263	139,260,543	229,001
<u>16,779,374</u>	<u>1,299,125,782</u>	<u>68,418,565</u>
<u>8,358,900</u>	<u>60,257,088</u>	<u>(3,198,273)</u>
1,260,693	(8,689,259)	395,292
(184,413)	(92,677,114)	(6,365)
-	2,600,846	-
-	865,928	-
-	(30,947)	-
(121,361)	(109,558)	(2,273)
-	(208,760,203)	-
<u>954,919</u>	<u>(306,800,307)</u>	<u>386,654</u>
9,313,819	(246,543,219)	(2,811,619)
1,271,581	44,401,587	-
445,539	461,539	-
-	(26,260,956)	(1,500,000)
<u>11,030,939</u>	<u>(227,941,049)</u>	<u>(4,311,619)</u>
<u>27,393,632</u>		385,505
<u>\$38,424,571</u>		<u>(\$3,926,114)</u>
	<u>(1,437,101)</u>	
	<u>(\$229,378,150)</u>	

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the year ended December 31, 2008**

	Business-type Activities Enterprise Funds			
	Utilities	MHS	Airport	Parking
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$777,471,000	\$539,781,887	\$21,835,290	\$3,474,841
Receipts from interfund services provided	18,988,000	14,219,113	31,813	240,535
Payments to suppliers	(578,357,000)	(208,065,778)	(3,268,308)	(1,310,866)
Payments to employees	(87,118,000)	(292,417,000)	(7,790,498)	(453,353)
Payments for interfund services used	(18,523,000)	(223,222)	(2,523,948)	(354,678)
Net cash provided (used) by operating activities	112,461,000	53,295,000	8,284,349	1,596,479
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers to other funds	(25,896,000)	-	-	-
Transfers in from other funds	-	-	-	(502,956)
Transfers out to other funds	-	-	-	-
Repayment of advance from other funds	-	-	-	-
Principal received from interfund loan	-	-	-	49,648
Interest received from interfund loan	-	-	-	83,540
Operating grant	-	-	150,186	-
Net cash provided (used) by noncapital financing activities	(25,896,000)	-	150,186	(369,768)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital debt	95,882,000	-	702,121	-
Capital contributions and advances	20,330,000	-	-	-
Bond issuance costs	(902,000)	(474,000)	-	-
Purchases of capital assets	(128,610,000)	(22,479,000)	(3,137,395)	(512,608)
Payments from accounts payable incurred for capital asset additions	-	-	(6,983,817)	-
Repayment of capital lease obligations	-	-	-	-
Principal paid on capital debt	(6,437,000)	(7,736,000)	(3,731,192)	(435,000)
Interest paid on capital debt	(71,019,000)	(21,149,000)	(2,684,889)	(590,373)
Interest paid - other	-	-	-	-
Proceeds from the sale of capital assets	1,584,000	919,000	-	-
Capital grant	-	-	8,598,659	-
Passenger facility charges	-	-	2,943,785	-
Customer facility charges	-	-	856,964	-
Net cash used by capital and related financing activities	(89,172,000)	(50,919,000)	(3,435,764)	(1,537,981)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	110,511,000	186,774,000	22,611,918	4,206,433
Purchases of investments	(52,858,000)	(197,265,000)	(26,496,491)	(3,758,505)
Interest and dividends received	9,154,000	1,351,000	1,926,184	286,967
Distributions from joint ventures	8,666,000	-	-	-
Other investing activities	-	827,000	-	-
Net cash provided (used) by investing activities	75,473,000	(8,313,000)	(1,958,389)	734,895
Net increase (decrease) in cash and cash equivalents	72,866,000	(5,937,000)	3,040,382	423,625
Cash and cash equivalents - January 1	143,375,000	73,834,000	2,079,218	1,175,737
Cash and cash equivalents - December 31	216,241,000	67,897,000	5,119,600	1,599,362
Cash and cash equivalents	216,241,000	53,535,000	5,119,600	1,599,362
Investments	117,140,000	14,362,000	42,199,053	5,218,658
Total cash and investments	\$333,381,000	\$67,897,000	\$47,318,653	\$6,818,020

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

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

<u>Other Non-Major Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$25,011,347	\$1,367,574,365	\$5,601,004
13,346	33,492,807	58,419,845
(4,489,788)	(795,491,740)	(39,580,543)
(7,591,094)	(395,369,945)	(14,897,026)
(2,526,857)	(24,151,705)	(11,715,943)
<u>10,416,954</u>	<u>186,053,782</u>	<u>(2,172,663)</u>
-	(25,896,000)	-
445,539	(57,417)	-
-	-	(1,500,000)
(4,700)	(4,700)	-
-	49,648	-
-	83,540	-
-	150,186	-
<u>440,839</u>	<u>(25,674,743)</u>	<u>(1,500,000)</u>
-	96,584,121	-
1,440,034	21,770,034	-
-	(1,376,000)	-
(6,206,039)	(160,945,042)	(57,638)
(80,856)	(7,064,673)	(20,354)
(179,290)	(179,290)	(32,655)
(456,320)	(18,795,512)	-
(121,027)	(95,564,289)	-
(22,071)	(22,071)	(6,365)
11,197	2,514,197	-
-	8,598,659	-
-	2,943,785	-
-	856,964	-
<u>(5,614,372)</u>	<u>(150,679,117)</u>	<u>(117,012)</u>
8,337,848	332,441,199	7,537,795
(12,794,423)	(293,172,419)	(3,784,029)
907,879	13,626,030	319,813
-	8,666,000	-
-	827,000	-
<u>(3,548,696)</u>	<u>62,387,810</u>	<u>4,073,579</u>
1,694,725	72,087,732	283,904
<u>806,978</u>	<u>221,270,933</u>	<u>636,006</u>
<u>2,501,703</u>	<u>293,358,665</u>	<u>919,910</u>
2,501,703	278,996,665	919,910
17,764,968	196,684,679	6,532,438
<u>\$20,266,671</u>	<u>\$475,681,344</u>	<u>\$7,452,348</u>

(continued)

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the year ended December 31, 2008**

	Business-type Activities Enterprise Funds			
	Utilities	MHS	Airport	Parking
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$34,845,000	\$18,084,000	(\$1,450,375)	\$419,563
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation expense	94,133,000	34,254,000	8,865,801	928,479
Other expense	(22,878,000)	-	-	-
(Increase) decrease in accounts receivable	4,431,157	(980,104)	(67,858)	(18,286)
Decrease in deferred revenue	-	-	-	-
(Increase) decrease in inventories	(6,405,000)	176,000	-	-
(Increase) decrease in due from other funds	(224,157)	(15,896)	-	(33)
Increase in prepaid expenses	(478,000)	-	-	-
Decrease in other assets	3,247,000	1,937,000	-	-
Increase (decrease) in accounts and other payables	(8,467,185)	1,276,763	856,876	271,450
Increase (decrease) in accrued expenses	1,776,000	(106,000)	68,703	7,502
Increase (decrease) in due to other funds	275,185	(42,763)	29,143	(12,196)
Increase (decrease) in other liabilities	12,206,000	(1,288,000)	(17,941)	-
Net cash provided (used) by operating activities	\$112,461,000	\$53,295,000	\$8,284,349	\$1,596,479
Noncash investing, capital and financing activities				
Amortization, charge-off of debt discount and expense	\$1,680,000	\$-	-	\$30,947
Noncash acquisition of capital assets				
(incurrence of payable/capital lease obligation)	8,183,000	2,498,000	2,116,979	-
Noncash contributions in aid of construction	9,846,000	-	-	-
Increase (decrease) in fair value of investments	(208,327,000)	-	1,225,897	141,553

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>
\$8,358,900	\$60,257,088	(\$3,198,271)
1,079,263	139,260,543	229,001
-	(22,878,000)	-
(257,648)	3,107,261	(143,639)
-	-	(60,502)
(11,790)	(6,240,790)	34,220
398,209	158,123	(995,303)
-	(478,000)	-
-	5,184,000	-
90,853	(5,971,243)	758,422
(111,744)	1,634,461	(250,438)
728,759	978,128	1,453,847
142,152	11,042,211	-
<u>\$10,416,954</u>	<u>\$186,053,782</u>	<u>(\$2,172,663)</u>
\$ -	\$1,710,947	\$ -
1,153,751	13,951,730	-
-	9,846,000	-
352,813	(206,606,737)	75,479

**FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
December 31, 2008**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 10**

	Pension Trust Funds	Agency Fund
<u>ASSETS</u>		
Cash and investments	\$ -	\$1,898,045
Accounts receivable (net of allowances for uncollectibles)	-	976
Pension assets held in trust by Fire and Police Pension Association	132,529,806	-
Total assets	132,529,806	1,899,021
<u>LIABILITIES</u>		
Accounts payable	-	799,456
Due to component unit	-	1,099,565
Total liabilities	-	1,899,021
Net assets - held in trust for pension benefits	\$132,529,806	\$ -

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, 2008**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 11**

	<u>Pension Trust Funds</u>
Additions	
City contributions	\$38,182
Participant contributions	38,182
Refunds	<u>(3,745)</u>
Total contributions	72,619
Investment earnings:	
Interest and dividend income	1,850,480
Rental income	41,371
Net decrease in fair value of investments	<u>(57,504,024)</u>
Total investment loss	(55,612,173)
Less investment expenses	<u>(1,399,443)</u>
Net investment loss	<u>(57,011,616)</u>
Total additions	<u>(56,938,997)</u>
Deductions	
Benefits	(14,993,570)
Total deductions	<u>(14,993,570)</u>
Change in net assets	(71,932,567)
Net assets held in trust for pension benefits - January 1	<u>204,462,373</u>
Net assets held in trust for pension benefits - December 31	<u><u>\$132,529,806</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, 2008**

	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
<u>ASSETS</u>					
Cash and investments	\$371,720	\$208,664	\$167,655	\$96,908	\$16,855
Cash and investments - restricted	20,104,745	6,325	4,325	772,279	248,655
Accounts receivable (net of allowance for uncollectibles)	15,000	-	27,969	-	2,407
Note receivable	-	280,000	-	-	-
Property taxes receivable	606,130	738,775	507,000	237,743	370,073
Prepaid expenditures	-	-	3,714	-	-
Deferred asset:					
Bond issue costs, net of amortization	1,586,020	-	-	778,312	32,522
Capital assets, not being depreciated:					
Construction in Progress	3,811,426	-	-	-	1,652,242
Capital assets, net of accumulated depreciation					
Machinery and equipment	-	-	20,008	-	-
Vehicles	-	-	279,172	-	-
Improvements	-	-	-	-	1,471,652
Infrastructure	-	-	-	7,041,090	381,997
Total assets	26,495,041	1,233,764	1,009,843	8,926,332	4,176,403
<u>LIABILITIES</u>					
Accounts payable	10,979	7,742	10,746	8,710	2,447
Deferred revenue	606,130	738,775	507,000	237,743	370,073
Grants payable	-	148,000	-	-	-
Note payable	-	250,000	-	-	-
Accrued interest payable	321,802	-	-	44,625	21,667
Noncurrent liabilities:					
Due within one year	-	-	59,491	260,000	35,000
Due in more than one year	55,635,462	-	229,032	9,370,000	3,999,141
Total liabilities	56,574,373	1,144,517	806,269	9,921,078	4,428,328
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	-	-	10,657	(2,588,910)	(295,137)
Restricted for:					
Debt service	245,952	-	-	772,279	247,555
Emergency reserve	31,100	25,460	19,513	25,764	1,100
Capital improvement	161,103	-	-	-	-
Unrestricted	(30,517,487)	63,787	173,404	796,121	(205,443)
Total net assets (deficit)	(\$30,079,332)	\$89,247	\$203,574	(\$994,746)	(\$251,925)

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 North Business Improvement District	Interquest North Business Improvement District	Interquest South Business Improvement District	Powers & Woodmen Commercial Business Improvement District	Total
\$495	\$246	\$9,383	\$203	\$46	\$130	\$872,305
22,914	-	43,584	-	-	-	21,202,827
116	110	1,547	19	15	23	47,206
-	-	-	-	-	-	280,000
112,240	740,459	183,706	3,083	1,721	6,505	3,507,435
-	-	-	-	-	-	3,714
35,449	-	22,048	-	-	-	2,454,351
578,565	-	-	-	-	-	6,042,233
-	-	-	-	-	-	20,008
-	-	-	-	-	-	279,172
-	-	1,164,477	-	-	-	2,636,129
118,687	-	473,287	-	-	-	8,015,061
868,466	740,815	1,898,032	3,305	1,782	6,658	45,360,441
2,309	4,829	2,174	1,932	9,950	2,009	63,827
112,240	740,459	183,706	3,083	1,721	6,505	3,507,435
-	-	-	-	-	-	148,000
-	-	-	-	-	-	250,000
4,522	-	61,220	-	-	-	453,836
25,000	-	-	-	-	-	379,491
856,230	51,807	2,053,120	41,480	39,100	28,560	72,303,932
1,000,301	797,095	2,300,220	46,495	50,771	37,074	77,106,521
(23,395)	-	(267,188)	-	-	-	(3,163,973)
22,914	-	42,784	-	-	-	1,331,484
-	-	800	-	-	-	103,737
-	-	-	-	-	-	161,103
(131,354)	(56,280)	(178,584)	(43,190)	(48,989)	(30,416)	(30,178,431)
(\$131,835)	(\$56,280)	(\$402,188)	(\$43,190)	(\$48,989)	(\$30,416)	(\$31,746,080)

GOVERNMENTAL FUND COMPONENT UNITS
 COMBINING STATEMENT OF ACTIVITIES
 For the year ended December 31, 2008

	Program Revenues				Colorado Springs Urban Renewal Authority	Colorado Springs Downtown Development Authority	Greater Downtown Colorado Springs Business Improvement District	Briargate Center Business Improvement District	Barnes & Powers North Business Improvement District
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions					
Colorado Springs Urban Renewal Authority									
General government	\$27,065,164	\$366,250	\$ -	\$146,722	(\$26,552,192)				
Interest on long-term debt	3,469,287	-	-	-	(3,469,287)				
Total	30,534,451	366,250	-	146,722	(30,021,479)				
Colorado Springs Downtown Development Authority									
General government	578,605	-	-	-	(\$578,605)				
Greater Downtown Colorado Springs Business Improvement District									
General government	514,079	9,665	23,060	-		(\$481,354)			
Public works	69,775	-	-	-		(69,775)			
Total	583,854	9,665	23,060	-		(551,129)			
Briargate Center Business Improvement District									
General government	263,100	572,162	-	-			\$309,062		
Interest on long-term debt	545,404	-	-	-			(545,404)		
Total	808,504	572,162	-	-			(236,342)		
Barnes & Powers North Business Improvement District									
General government	88,725	-	-	-				(\$88,725)	
Interest on long-term debt	264,126	-	-	-				(264,126)	
Total	352,851	-	-	-				(352,851)	
Barnes & Powers South Business Improvement District									
General government	23,146	-	-	-					
Interest on long-term debt	59,887	-	-	-					
Total	83,033	-	-	-					
First & Main Business Improvement District									
General government	39,567	-	-	-					
Interest on long-term debt	2,022	-	-	-					
Total	41,589	-	-	-					
First & Main North Business Improvement District									
General government	83,738	-	-	-					
Interest on long-term debt	124,971	-	-	-					
Total	208,709	-	-	-					
Interquest North Business Improvement District									
General government	19,862	-	-	-					
Interest on long-term debt	1,682	-	-	-					
Total	21,544	-	-	-					
Interquest South Business Improvement District									
General government	27,555	-	-	-					
Interest on long-term debt	1,402	-	-	-					
Total	28,957	-	-	-					
Powers & Woodmen Commercial Business Improvement District									
General government	13,784	-	-	-					
Interest on long-term debt	1,262	-	-	-					
Total	15,046	-	-	-					
Total component units	\$33,257,143	\$948,077	\$23,060	\$146,722					
General revenues:									
Property taxes					501,733	725,204	504,456	269,609	256,843
Specific ownership taxes					-	104,530	57,732	-	32,135
Miscellaneous					66,000	-	-	-	-
Investment earnings					658,374	21,813	2,434	17,026	10,859
Total general revenues					1,226,107	851,547	564,622	286,635	299,837
Change in net assets					(28,795,372)	272,942	13,493	50,293	(53,014)
Net assets (deficit) - January 1					(278,498)	(183,695)	190,081	(1,045,039)	(198,911)
Prior Period Adjustment					(1,005,462)	-	-	-	-
Net assets (deficit) - January 1 as restated					(1,283,960)	(183,695)	190,081	(1,045,039)	(198,911)
Net assets (deficit) - December 31					(\$30,079,332)	\$89,247	\$203,574	(\$994,746)	(\$251,925)

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

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 13

Changes in Net Assets							
Barnes & Powers South Business Improvement District	First & Main Business Improvement District	First & Main North Business Improvement District	Interquest North Business Improvement District	Interquest South Business Improvement District	Powers & Woodmen Commercial Business Improvement District		Totals
							(\$26,552,192)
							(3,469,287)
							(578,605)
							(481,354)
							(69,775)
							309,062
							(545,404)
							(88,725)
							(264,126)
(\$23,146)							(23,146)
(59,887)							(59,887)
(83,033)							
	(\$39,567)						(39,567)
	(2,022)						(2,022)
	(41,589)						
		(\$83,738)					(83,738)
		(124,971)					(124,971)
		(208,709)					
			(\$19,862)				(19,862)
			(1,682)				(1,682)
			(21,544)				
				(\$27,555)			(27,555)
				(1,402)			(1,402)
				(28,957)			
					(\$13,784)		(13,784)
					(1,262)		(1,262)
					(15,046)		
							(32,139,284)
13,633	12,329	165,013	2,208	1,722	2,645		2,455,395
1,552	1,407	20,645	251	196	301		218,749
-	-	-	-	-	-		66,000
1,444	8	917	3	2	5		712,885
16,629	13,744	186,575	2,462	1,920	2,951		3,453,029
(66,404)	(27,845)	(22,134)	(19,082)	(27,037)	(12,095)		(28,686,255)
(65,431)	(28,435)	(380,054)	(24,108)	(21,952)	(18,321)		(2,054,363)
-	-	-	-	-	-		(1,005,462)
(65,431)	(28,435)	(380,054)	(24,108)	(21,952)	(18,321)		(3,059,825)
(\$131,835)	(\$56,280)	(\$402,188)	(\$43,190)	(\$48,989)	(\$30,416)		(\$31,746,080)

**PROPRIETARY FUND COMPONENT UNITS
BALANCE SHEET
December 31, 2008**

	Public Authority for Colorado Energy	Fountain Valley Authority	Aurora - Colorado Springs Joint Water Authority	The Twin Lakes Reservoir and Canal Company
<u>ASSETS</u>				
Current assets				
Cash and investments	\$9,948	\$867,286	\$6,319	\$639,340
Accounts receivable (net of allowance for uncollectibles)	6,339,794	195,369	37	8,020
Inventories	-	68,686	-	-
Due from primary government	-	298,402	-	-
Prepaid expenses	17,190,028	5,417,050	416	187,244
Unamortized bond issuance costs	173,089	21,695	-	-
Total current assets	23,712,859	6,868,488	6,772	834,604
Noncurrent assets				
Restricted cash and cash equivalents	6,344,444	2,165,522	-	-
Unamortized debt issuance costs	4,942,006	227,528	-	-
Prepaid Expenses	585,162,206	-	-	-
Other	-	-	-	274,279
Capital assets:				
Utility plant	-	87,618,315	9,499,247	13,979,121
Construction in progress	-	70,000	-	10,786
Less accumulated depreciation	-	(33,109,195)	(2,088,730)	(5,676,282)
Total noncurrent assets	596,448,656	56,972,170	7,410,517	8,587,904
Total assets	\$620,161,515	\$63,840,658	\$7,417,289	\$9,422,508

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

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit 14
 (PAGE 1 OF 2)

The Lake Meredith Reservoir Company	The Colorado Canal Company	The Lake Henry Reservoir Company	Pikes Peak Regional Communications Network	Total
\$39,371	\$76,573	\$60,355	\$ -	\$1,699,192
-	8,051	-	31,197	6,582,468
-	-	-	-	68,686
-	-	-	1,099,565	1,397,967
5,020	23,484	1,934	-	22,825,176
500	-	-	-	195,284
44,891	108,108	62,289	1,130,762	32,768,773
34,040	25,183	3,521	-	8,572,710
12,570	-	-	-	5,182,104
-	-	-	-	585,162,206
-	25,334	32,409	-	332,022
3,271,173	2,437,724	1,200,714	-	118,006,294
-	-	8,575	-	89,361
(619,711)	(1,362,454)	(386,917)	-	(43,243,289)
2,698,072	1,125,787	858,302	-	674,101,408
\$2,742,963	\$1,233,895	\$920,591	\$1,130,762	\$706,870,181

(continued)

**PROPRIETARY FUND COMPONENT UNITS
BALANCE SHEET
December 31, 2008**

	Public Authority for Colorado Energy	Fountain Valley Authority	Aurora - Colorado Springs Joint Water Authority	The Twin Lakes Reservoir and Canal Company
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities				
Accounts payable	\$6,561	\$77,170	\$ -	\$10,999
Due to primary government	-	77,246	-	-
Accrued interest payable	5,179,844	161,281	-	-
Matured bonds payable	2,490,000	600,000	-	-
Notes payable	-	496,362	-	-
Capital lease payable	-	3,342,043	-	-
Other	-	5,352,751	-	-
Total current liabilities	7,676,405	10,106,853	-	10,999
Noncurrent liabilities				
Revenue bonds payable	626,388,569	7,172,188	-	-
Notes payable	-	7,106,208	-	-
Capital lease payable	-	62,669,397	-	-
Other	-	-	-	-
Total noncurrent liabilities	626,388,569	76,947,793	-	-
Total liabilities	634,064,974	87,054,646	-	10,999
Net assets				
Invested in capital assets, net of related debt	-	(26,777,910)	7,410,517	8,313,625
Restricted				
Debt service	1,164,600	2,136,354	-	-
Unrestricted	(15,068,059)	1,427,568	6,772	1,097,884
Total net assets (deficit)	(13,903,459)	(23,213,988)	7,417,289	9,411,509
Total liabilities and net assets	\$620,161,515	\$63,840,658	\$7,417,289	\$9,422,508

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
\$4,053	\$10,221	\$9,130	\$24,942	\$143,076
-	-	-	-	77,246
6,003	-	-	-	5,347,128
-	-	-	-	3,090,000
74,856	34,018	3,565	-	608,801
-	-	-	-	3,342,043
-	-	-	-	5,352,751
84,912	44,239	12,695	24,942	17,961,045
-	-	-	-	633,560,757
1,329,392	150,982	119,673	-	8,706,255
-	-	-	-	62,669,397
-	25,183	-	-	25,183
1,329,392	176,165	119,673	-	704,961,592
1,414,304	220,404	132,368	24,942	722,922,637
1,247,214	890,270	699,134	-	(8,217,150)
-	-	-	-	3,300,954
81,445	123,221	89,089	1,105,820	(11,136,260)
1,328,659	1,013,491	788,223	1,105,820	(16,052,456)
\$2,742,963	\$1,233,895	\$920,591	\$1,130,762	\$706,870,181

**PROPRIETARY FUND COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the year ended December 31, 2008**

	<u>Program Revenues</u>				
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Public Authority for Colorado Energy</u>	<u>Fountain Valley Authority</u>	<u>Aurora - Colorado Springs Joint Water Authority</u>
Public Authority for Colorado Energy					
General government	<u>\$26,556,324</u>	<u>\$12,350,851</u>	<u>(\$14,205,473)</u>		
Fountain Valley Authority					
General government	<u>7,512,026</u>	<u>10,428,596</u>		<u>\$2,916,570</u>	
Aurora-Colorado Springs Joint Water Authority					
General government	<u>102,779</u>	<u>6,750</u>			<u>(\$96,029)</u>
The Twin Lakes Reservoir and Canal Company					
General government	<u>842,171</u>	<u>902,117</u>			
The Lake Meredith Reservoir Company					
General government	<u>154,465</u>	<u>206,344</u>			
The Colorado Canal Company					
General government	<u>597,725</u>	<u>572,829</u>			
The Lake Henry Reservoir Company					
General government	<u>75,203</u>	<u>74,965</u>			
Pikes Peak Regional Communications Network					
General government	<u>828,586</u>	<u>1,139,876</u>			
Total component units	<u><u>\$36,669,279</u></u>	<u><u>\$25,682,328</u></u>			

General Revenues:			
Investment earnings		<u>302,014</u>	<u>35,308</u>
			<u>5</u>
Total general revenues		<u>302,014</u>	<u>35,308</u>
			<u>5</u>
Change in net assets		<u>(13,903,459)</u>	<u>2,951,878</u>
			<u>(96,024)</u>
Net assets (deficit) - January 1		<u>-</u>	<u>(26,223,190)</u>
Prior period adjustment		<u>-</u>	<u>57,324</u>
Net assets (deficit) - January 1 restated		<u>-</u>	<u>(26,165,866)</u>
			<u>7,513,313</u>
Net assets (deficit) - December 31		<u>(\$13,903,459)</u>	<u>(\$23,213,988)</u>
			<u>\$7,417,289</u>

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

CITY OF COLORADO SPRINGS
COLORADO
 Exhibit 15

Net (Expense) Revenue and Changes in Net Assets					
The Twin Lakes Reservoir and Canal Company	The Lake Meredith Reservoir Company	The Colorado Canal Company	The Lake Henry Reservoir Company	Pikes Peak Regional Communications Network	Total
					(\$14,205,473)
					2,916,570
					(96,029)
<u>\$59,946</u>					59,946
	<u>\$51,879</u>				51,879
		<u>(\$24,896)</u>			(24,896)
			<u>(\$238)</u>		(238)
				<u>\$311,290</u>	<u>311,290</u>
					<u>(10,986,951)</u>
2,502	438	780	249	40,751	382,047
<u>2,502</u>	<u>438</u>	<u>780</u>	<u>249</u>	<u>40,751</u>	<u>382,047</u>
62,448	52,317	(24,116)	11	352,041	(10,604,904)
9,349,061	1,276,342	1,037,607	788,212	753,779	(5,504,876)
-	-	-	-	-	57,324
<u>9,349,061</u>	<u>1,276,342</u>	<u>1,037,607</u>	<u>788,212</u>	<u>753,779</u>	<u>(5,447,552)</u>
<u>\$9,411,509</u>	<u>\$1,328,659</u>	<u>\$1,013,491</u>	<u>\$788,223</u>	<u>\$1,105,820</u>	<u>(\$16,052,456)</u>



CITY OF COLORADO SPRINGS

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

1. Governmental Fund Type Component Units

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

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

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

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

Business Improvement Districts - Greater Downtown, Briargate Center, Barnes & Powers North, Barnes & Powers South, First & Main, First & Main North, Interquest North, Interquest South, Powers and Woodmen Commercial

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

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

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

2. Proprietary Fund Type Component Units

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

Public Authority for Colorado Energy

Public Authority for Colorado Energy (PACE), a nonprofit corporation organized by the City in June 2008, was established to assist with the acquisition, finance, and supply of natural gas to Colorado Springs Utilities (Utilities). PACE is governed by a board of directors comprised of three members of Utilities' management. In June 2008, the City purchased approximately 20% of Utilities' gas supply, excluding gas used for generation, needs for 30 years through a gas prepayment transaction with Merrill Lynch Commodities, Inc. and Merrill Lynch and Co., Inc. which is financed by Public Authority for Colorado Energy ("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 Bond.

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 and Sanitation Districts, 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% in four canal and reservoir companies which include The Twin Lakes Reservoir and Canal Company, The Lake Meredith Reservoir Company, The Colorado Canal Company and The Lake Henry Reservoir Company. These companies have been formed for the purpose of acquiring and storing water.

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

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

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

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

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

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

3. Fiduciary Fund Type Component Units

Pension Trust Fund

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

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

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

4. Joint Ventures

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

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

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

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

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

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

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

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

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

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

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

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

B. Government-wide and Fund Financial Statements

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

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

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

C. Basis of Accounting

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

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

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

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

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

The MHS fund provides medical treatment to the Colorado Springs community.

The 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.

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

Additionally, the City reports the following fund types:

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

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

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

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the General fund and Utilities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

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

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

2. Receivables and Payables

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

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

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Capital Assets

Capital outlays are recorded as expenditures of governmental funds in the fund financial statements and as assets in the government-wide financial statements to the extent the City's capitalization threshold of \$5,000 is met. Depreciation is recorded on capital assets on a government-wide basis using the straight-line method. To the extent the City's capitalization threshold of \$5,000 is 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	10 -100 years
Improvements other than buildings	10 - 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 2008 AFUDC rate of 4.76% 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	28.5
Gas mains and services	80
Water source of supply	100
Water treatment plant	25
Transmission & distribution mains	50
Sewer mains and laterals	100
Wastewater preliminary treatment facility	45
General structures and improvements	57

6. Compensated Absences

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

7. Long-term Obligations

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

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

8. Fund Equity

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

9. Municipal Solid Waste Landfill Closure and Postclosure Care Costs

The City is subject to the Colorado Department of Public Health and Environment regulations which require the City to incur closure and postclosure care costs for landfills. In 2008, the Utilities fund recognized a liability of \$3,085,000 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 \$6,977,307. The average landfill capacity used to date is 51.20%. The estimated remaining landfill lives vary from 18 to 88 years. In 2008, the governmental activities recognized a liability of \$343,449 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 of closure and postclosure costs 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.

10. Derivative Instruments

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

Utilities also uses derivative instruments to hedge its exposure to changing interest rates through the use of interest rate swaps. In 2008, Utilities did not enter into any new interest rate swap agreements that qualify for derivative accounting under Statement of Financial Accounting Standards (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended. See Note IV.M. for further discussion related to interest rate swaps.

Utilities records all derivative instruments on the balance sheet as Fair Value of Derivative Instruments at their fair value under the provisions of GASB 31 and SFAS No. 133, as amended.

In accordance with the provisions of GASB 31 and SFAS No. 133, as amended, changes in the fair value of a hedging instrument are recognized as a change in net assets in the period of the change for entities that do not report earnings as a separate caption in a statement of financial performance. Classification in the statement of revenues, expenses, and changes in fund net assets is based on the income classification of the item being hedged.

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	\$1,527,151,229
Accumulated depreciation	<u>(438,012,654)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$1,089,138,575</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>\$20,961,275</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$20,961,275</u>

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

Interest on investments	<u>\$1,253,685</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$1,253,685</u>

Another element of that reconciliation explains that any internal service funds that primarily serve governmental funds are included as part of governmental activities for purposes of

government-wide financial reporting. The details of this difference are as follows:

Internal service fund allocation	<u>\$574,865</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$574,865</u></u>

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

The details of this difference are as follows:

Bonds payable	(\$89,101,521)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	255,511
Accrued interest payable	(536,511)
Capital lease payable	(13,591,966)
Drainage fees payable	(2,908,300)
Compensated absences	(22,583,311)
Municipal solid waste landfill	(343,449)
Claims and Judgements	(5,250,000)
Pension obligation	(446,277)
Other post employment benefit obligation	<u>(3,124,174)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>(\$137,629,998)</u></u>

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

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

Capital outlay	\$35,854,130
Depreciation expense	<u>(41,361,915)</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><u>(\$5,507,785)</u></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. (\$501,484)

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. 47,420,655

Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities* \$46,919,171

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 is as follows:

Debt incurred:	
Capital lease financing	(\$5,158,766)
Issuance of bonds	(2,790,000)
Claims and Judgements	(5,250,000)
Principal repayments:	
Bond premium	2,282
Bond discount	(4,492)
Bond issuance costs	63,940
General obligation debt	3,555,000
Sales tax revenue bonds	3,460,000
Certificates of participation	1,545,000
Special assessment bonds and notes	141,751
Capital leases	<u>1,420,945</u>

Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities* (\$3,014,340)

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	(\$142,531)
Drainage fees	200,000
Compensated absences	737,731
Landfill closing costs	(7,063)
Net pension obligation	121,470
Other post employment benefit obligation	<u>(1,562,087)</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>(\$652,480)</u></u>

Another element of that reconciliation states that “transactions or events occur in one period, but their financial impact is felt only in a subsequent period. The government-wide financial statements report the transaction in the year that it occurs, while the governmental funds defer recognition of the transaction until the period in which its financial impact is first felt.” The details of this difference are as follows:

Unavailable revenue	<u>\$947,502</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>\$947,502</u></u>

Another element of that reconciliation states that “internal service funds sometimes engage in activities involving outside parties that are not eliminated as part of the consolidation process. These activities must be included as part of governmental activities in the government –wide statement of activities.” The details of this difference are as follows:

Internal service fund activities	<u>(\$2,874,518)</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>(\$2,874,518)</u></u>

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

In accordance with City Charter, the City Manager is required to submit a balanced budget to City Council on or before the third Monday of November of each year. The budget is reviewed and modified as appropriate and an appropriation ordinance prepared to adopt the budget. City budgeting and accounting systems provide for program planning of expenditures by function and activity within the funds. Amendments to the original budget were not material in relation to the initial appropriation.

The City prepares annual budgets and maintains budgetary controls for all funds in order to ensure compliance with the annual appropriation ordinance as approved by City Council. The legal level of budgetary control for all funds is at the fund level. Transfer of appropriation within the budget of a department may be authorized by approval of the affected department head. Such transfers are filed with the Chief Financial Officer but require no City Council action. Any net increase of appropriation, to 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 2008, expenditures exceeded appropriations for the Employee Benefits Self-Insurance fund by \$2,768,950. This was the result of higher than anticipated claims being paid. Additionally, the City Manager Contract fund had expenditures exceeding appropriations by \$60,622. This fund was no longer needed and was closed to the general fund.

C. Deficit Fund Equity

The Workers Compensation Self Insurance fund had an accumulated deficit in net assets of \$3,664,194, as of December 31, 2008. 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 \$3,025,287. This internal service fund deficit is the result of significant increased costs in inpatient and outpatient hospital visits and surgeries, and an increase in the number of large claims being paid.

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, 2008:

	<u>Unrestricted Assets</u>	<u>Restricted Assets</u>
Demand accounts (incl petty cash of \$39,092.00)	\$115,058,658	\$159,658,273
Money market mutual funds	2,214,609	12,946,004
Colorado Liquid Asset Trust (COLOTRUST)	-	161,753
Colorado Surplus Asset Fund (CSAFE)	-	89,000
Repurchase agreements	-	34,382,000
Commercial paper	-	3,101,000
US Treasury securities	75,791,644	669,421
US Instrumentality securities	187,293,287	14,819,353
Domestic corporate fixed-income securities	49,564,410	1,231,294
International corporate fixed-income securities	3,395,000	-
Domestic equities	33,728,000	4,199,806
International equities	12,007,000	-
Mortgages pooled	574,149	-
Total	<u>\$479,626,757</u>	<u>\$231,257,904</u>

Reconciliation of total deposits and investments to the government-wide financial statements at December 31, 2008:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary</u>	<u>Total</u>
Unrestricted	\$88,203,779	\$389,524,933	\$1,898,045	\$479,626,757
Restricted	<u>16,297,493</u>	<u>214,960,411</u>	-	<u>231,257,904</u>
Total	<u>\$104,501,272</u>	<u>\$604,485,344</u>	<u>\$1,898,045</u>	<u>\$710,884,661</u>

1. Deposits

The carrying amount of the City's deposits at December 31, 2008 was \$274,716,931 and the bank balances were \$277,994,337. Of the bank balances, \$1,075,839 was covered by federal deposit insurance and \$276,918,498 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. On October 3, 2008 as part of the Economic Stabilization Act, Congress temporarily increased the FDIC insurance from \$100,000 to \$250,000 per depositor through December 31, 2009.

2. Investments

The City as 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 funds 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. MHS and Utilities (both major enterprise funds) have adopted individual investment policies to manage their investment portfolios. The investments of the City are reported in aggregate to include investments of money related to governmental and business-type activities, individual major funds and non-major funds. The City's investments are subject to interest rate risk, credit risk and custodial credit risk.

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

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

Custodial Credit Risk: Custodial risk is the risk that in the event of the failure of a depository financial institution the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. A designated portfolio manager places the City's investments during the fiscal year. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name and are held by either the counterparty to the investment purchase or held by the counter party's trust department or agent but not held in the City's name. None of the City's investments owned at December 31, 2008 were subject to custodial risk.

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

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2008**

As of December 31, 2008, 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	\$15,160,613	0.00
Colorado Liquid Asset Trust (COLOTRUST)	161,753	0.00
Colorado Surplus Asset Fund (CSAFE)	89,000	0.00
Repurchase agreements	34,382,000	0.00
Commercial paper	3,101,000	0.45
US Treasury securities	76,461,065	10.21
US Instrumentality securities	202,112,640	1.97
Domestic corporate fixed-income securities	50,795,704	15.32
International corporate fixed-income securities	3,395,000	15.29
Domestic equities	37,927,806	0.00
International equities	12,007,000	0.00
Mortgages pooled	574,149	0.16
Total	436,167,730	
Portfolio weighted average maturity		4.61
Reconciliation to total cash and investments		
Add:		
Cash on hand and in banks	274,716,931	
	\$710,884,661	

Credit Quality Distribution for Securities as a Percentage of Total Investments

	<u>S&P Rating</u>	<u>% of Total</u>
Money market mutual funds	AAAm	3.48%
Local investment pools	AAAm	0.06%
Repurchase agreements	-	7.89%
Commercial paper	A	0.71%
US Treasury securities	n/a	17.54%
US Instrumentality securities	n/a	46.31%
Domestic corporate fixed-income securities	AAA	5.18%
Domestic corporate fixed-income securities	AA	0.85%
Domestic corporate fixed-income securities	A	3.87%
Domestic corporate fixed-income securities	BBB	1.50%
Domestic corporate fixed-income securities	BB	0.11%
Domestic corporate fixed-income securities	B	0.15%
International corporate fixed-income securities	AA	0.03%
International corporate fixed-income securities	A	0.21%
International corporate fixed-income securities	BBB	0.51%
International corporate fixed-income securities	B	0.02%
Domestic equities	-	8.70%
International equities	-	2.75%
Mortgages pooled	AAA	0.13%
		<u>100.00%</u>

At year-end the City had entered into several repurchase agreements in order to temporarily invest excess cash. Underlying collateral for these agreements is composed of direct obligations of the U.S. Government or its instrumentality and fair value of this collateral exceeds 100% of carrying value.

As of December 31, 2008, the City has invested \$161,753 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 \$89,000 in the Colorado Surplus Asset Fund Trust (CSAFE) as of December 31, 2008. 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.

Effective September 20, 2008 CSAFE implemented temporary rules that divided each participant's ownership interest in all of CSAFE's assets into Liquid Assets and Illiquid Assets and placed certain restrictions on redemptions, new purchases and interest earnings.

On Feb 27, 2009, S&P placed the AAAM principal stability fund rating on CSAFE on credit watch with negative implications.

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

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

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

3. Component Unit Deposits and Investments

Cash and investments of the component units of the City are reported at fair value and consist of the following at December 31, 2008:

	<u>Demand Accounts</u>	<u>Money Market</u>	<u>COLOTRUST</u>	<u>Guaranteed Investment Contract</u>	<u>Total</u>
Governmental Activities:					
Urban Renewal Authority	\$127,776	\$ -	\$20,348,689	\$ -	\$20,476,465
Downtown Colorado Springs BID	171,980	-	-	-	171,980
Downtown Development Authority	214,989	-	-	-	214,989
Briargate Center BID	96,908	772,279	-	-	869,187
Barnes & Powers North BID	14,622	250,888	-	-	265,510
Barnes & Powers South BID	463	22,946	-	-	23,409
First & Main BID	246	-	-	-	246
First & Main North BID	2,794	50,173	-	-	52,967
Interquest North BID	203	-	-	-	203
Interquest South BID	46	-	-	-	46
Powers & Woodmen Commercial BID	130	-	-	-	130
Sub-total	630,157	1,096,286	20,348,689	-	22,075,132
Business-type Activities:					
Public Authority for Colorado Energy	9,948	-	-	6,344,444	6,354,392
Fountain Valley Authority	1,814,873	1,188,767	29,168	-	3,032,808
Aurora-Colorado Springs Joint Water Authority	6,319	-	-	-	6,319
Various Canal & Reservoir Companies	878,383	-	-	-	878,383
Sub-total	2,709,523	1,188,767	29,168	6,344,444	10,271,902
Total	\$3,339,680	\$2,285,053	\$20,377,857	\$6,344,444	\$32,347,034

Reconciliation of total deposits and investments to the government-wide financial statements at December 31, 2008:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Unrestricted	\$872,305	\$1,699,192	\$2,571,497
Restricted	21,202,827	8,572,710	29,775,537
Total	\$22,075,132	\$10,271,902	\$32,347,034

The carrying amount of the deposits of the component units of the City at December 31, 2008, was \$3,339,680 and the bank balances were \$3,636,359. Of the bank balances, \$1,497,743 was covered by federal deposit insurance and \$1,749,276 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 \$389,340 are not covered by the CPDPA.

B. Receivables

Receivables for governmental funds, proprietary funds, fiduciary funds and component units at December 31, 2008 include the following (in 000's):

Receivables

	General	Utilities	MHS	Airport	Parking	Non-Major & Other	Total
Interest	\$ -	\$671	\$ -	\$ -	\$ -	\$ -	\$671
Taxes	34,425	-	-	-	-	9,771	44,196
Accounts	3,597	79,891	158,378	2,836	39	17,602	262,343
Assessments	-	-	-	-	-	248	248
Intergovernmental loans	-	-	-	-	-	19,848	19,848
Notes and loans	847	256	-	2,104	-	298	3,505
Gross Receivables	38,869	80,818	158,378	4,940	39	47,767	330,811
Less: allowances for uncollectibles	-	(1,500)	(53,582)	-	-	-	(55,082)
Net Receivables	\$38,869	\$79,318	\$104,796	\$4,940	\$39	\$47,767	\$275,729

Loans receivable of \$18,611,192 is included in receivables - net in the statement of net assets as of December 31, 2008. Of the loans receivable, Community Development Department (CDD) has loans receivable of \$18,427,315 as of December 31, 2008. 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 \$183,877 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, 2008 were:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Utilities	\$1,301,537
	MHS	102,477
	Non-major Governmental Funds	3,697,911
	Non-major Business-type Funds	1,868,552
	Internal Services	1,500,000
	Sub-Total	8,470,477
Utilities	MHS	35,796
	General Fund	1,336,053
	Airport	29,143
	Parking	787
	Non-major Governmental Funds	3,896,385
	Non-major Business-type Funds	160,674
	Internal Services	56,735
	Sub-Total	5,515,573
MHS	General Fund	14,642
	Non-major Business-type Funds	11
	Internal Services	2,415
	Sub-Total	17,068
Parking	General Fund	2,061,455
	Utilities	8,423
	Sub-Total	2,069,878
Non-major Governmental Funds	Utilities	246,144
	Non-major Governmental Funds	75,031
	Sub-Total	321,175
Non-major Business-type Funds	Utilities	288,152
	Sub-Total	288,152
Internal Service Funds	Utilities	1,640,650
	MHS	74,918
	Non-major Business-type Funds	74,465
	Sub-Total	1,790,033
Component Unit	Fiduciary	1,099,565
Total		\$19,571,921

A major portion of the total due to Utilities from Non-major Governmental funds (\$3,896,385) resulted from a 2002 sale of a gas building between the funds; the balance from the sale is anticipated to occur next year due to a delay in issuance of Certificates of Participation.

The balance of \$2,061,455 due to Parking from the General Fund resulted from Parking's construction of the parking facility for the General Fund's use; \$2,009,784 of the balance is due beyond one year.

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

Interfund transfers:

	Transfers In:				Total
	General Fund	Non-major Governmental Funds	Utilities	Non-major Enterprise Funds	
Transfers Out:					
General fund	\$ -	\$10,192,205	\$16,000	\$ -	\$10,208,205
Utilities	25,758,000	-	-	-	25,758,000
Parking	502,956	-	-	-	502,956
Non-major governmental funds	912,679	154,102	-	445,539	1,512,320
Internal Service funds	1,500,000	-	-	-	1,500,000
	<u>\$28,673,635</u>	<u>\$10,346,307</u>	<u>\$16,000</u>	<u>\$445,539</u>	
Total transfers in					<u>\$39,481,481</u>

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

D. Payments In Lieu Of Taxes

Utilities provides payment to the City, in lieu of taxes, amounts which are based on a fixed rate per kwh and ccf of electricity and natural gas delivered within the City limits, without exclusion for interdepartmental deliveries. The payments are recorded as transfers on the statement of activities. In 2008, the amount paid was \$25.8 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 2008, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Loans	\$ -	\$20,713,194
Property taxes	26,460,563	-
Special assessment	248,081	-
Grant drawdowns prior to meeting all eligibility requirements	-	3,225,384
Other unearned revenue	-	<u>1,105,985</u>
Total deferred/unearned revenue for governmental funds	<u>\$26,708,644</u>	<u>\$25,044,563</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, 2008:

Materials and Supplies	\$25,084,762
Fuel	<u>26,106,000</u>
Total	<u>\$51,190,762</u>

G. Changes in Capital Assets

The following schedule reflects the changes in capital assets for the year ended December 31, 2008 (in 000's):

Primary Government

	<u>Beginning Balance</u>	<u>Increases*</u>	<u>Decreases*</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$233,352	\$11,607	\$ -	\$244,959
Construction in progress	47,008	40,449	(20,865)	66,592
Total capital assets not being depreciated	<u>280,360</u>	<u>52,056</u>	<u>(20,865)</u>	<u>311,551</u>
Capital assets being depreciated:				
Building	148,443	6,934	(44)	155,333
Improvements other than buildings	39,117	7,025	-	46,142
Machinery and equipment	128,539	9,559	(5,224)	132,874
Infrastructure	858,763	28,540	-	887,303
Total capital assets being depreciated	<u>1,174,862</u>	<u>52,058</u>	<u>(5,268)</u>	<u>1,221,652</u>
Less accumulated depreciation for:				
Building	(46,432)	(4,140)	19	(50,553)
Improvements other than buildings	(9,530)	(1,682)	-	(11,212)
Machinery and equipment	(73,563)	(10,256)	4,828	(78,991)
Infrastructure	(276,998)	(25,513)	-	(302,511)
Total accumulated depreciation	<u>(406,523)</u>	<u>(41,591)</u>	<u>4,847</u>	<u>(443,267)</u>
Total capital assets being depreciated, net	<u>768,339</u>	<u>10,467</u>	<u>(421)</u>	<u>778,385</u>
Total governmental activities capital assets, net	<u><u>\$1,048,699</u></u>	<u><u>\$62,523</u></u>	<u><u>(\$21,286)</u></u>	<u><u>\$1,089,936</u></u>

* Includes transfers between categories.

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2008**

	<u>Beginning Balance</u>	<u>Increases*</u>	<u>Decreases*</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$186,517	\$408	(\$633)	\$186,292
Construction in progress	182,777	180,959	(199,011)	164,725
Total capital assets not being depreciated	<u>369,294</u>	<u>181,367</u>	<u>(199,644)</u>	<u>351,017</u>
Capital assets being depreciated:				
Building	128,040	368	(120)	128,288
Improvements other than buildings	103,244	46,095	-	149,339
Machinery and equipment	17,069	2,226	(913)	18,382
Infrastructure	16,795	5,473	-	22,268
Utilities plant	3,447,624	140,504	(27,462)	3,560,666
MHS plant	590,486	35,073	(18,035)	607,524
Total capital assets being depreciated	<u>4,303,258</u>	<u>229,739</u>	<u>(46,530)</u>	<u>4,486,467</u>
Less accumulated depreciation for:				
Building	(42,454)	(3,457)	29	(45,882)
Improvements other than buildings	(38,013)	(5,907)	-	(43,920)
Machinery and equipment	(10,436)	(1,021)	824	(10,633)
Infrastructure	(1,919)	(488)	-	(2,407)
Utilities plant	(1,239,745)	(94,203)	22,974	(1,310,974)
MHS plant	(220,865)	(34,254)	16,770	(238,349)
Total accumulated depreciation	<u>(1,553,432)</u>	<u>(139,330)</u>	<u>40,597</u>	<u>(1,652,165)</u>
Total capital assets being depreciated, net	<u>2,749,826</u>	<u>90,409</u>	<u>(5,933)</u>	<u>2,834,302</u>
Total business-type activities capital assets, net	<u>\$3,119,120</u>	<u>\$271,776</u>	<u>(\$205,577)</u>	<u>\$3,185,319</u>

* Includes transfers between categories.

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2008**

Depreciation expense was charged to governmental activities and business-type activities as of December 31, 2008 as follows (in 000's):

Governmental Activities:

General government	\$956
Public safety	6,934
Public works	29,980
Culture and recreation	3,452
Urban redevelopment and housing	40
Internal service funds	229
	<u>229</u>

Total depreciation expense governmental activities	<u>\$41,591</u>
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Business-type Activities:

Utilities	\$94,133
MHS	34,254
Airport	8,866
Parking	928
Non-major enterprise funds	<u>1,079</u>

Total depreciation expense business-type activities	<u>\$139,260</u>
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The following schedule reflects the changes in discretely presented component unit capital assets for the year ended December 31, 2008 (in 000's):

	<u>Beginning Balance</u>	<u>Increases*</u>	<u>Decreases*</u>	<u>Ending Balance</u>
Governmental Activities:				
Discretely Presented Component Units:				
Capital assets not being depreciated:				
Construction in progress	<u>\$2,231</u>	<u>\$3,811</u>	<u>\$ -</u>	<u>\$6,042</u>
Capital assets being depreciated:				
Machinery and equipment	95	321	-	416
Improvements	2,881	-	-	2,881
Infrastructure	<u>9,002</u>	<u>-</u>	<u>-</u>	<u>9,002</u>
Total capital assets being depreciated	<u>11,978</u>	<u>321</u>	<u>-</u>	<u>12,299</u>
Less accumulated depreciation for:				
Machinery and equipment	(61)	(56)	-	(117)
Improvements	(149)	(96)	-	(245)
Infrastructure	<u>(753)</u>	<u>(234)</u>	<u>-</u>	<u>(987)</u>
Total accumulated depreciation	<u>(963)</u>	<u>(386)</u>	<u>-</u>	<u>(1,349)</u>
Total capital assets being depreciated, net	<u>11,015</u>	<u>(65)</u>	<u>-</u>	<u>10,950</u>
Governmental activities				
Discretely presented component unit capital assets, net	<u>\$13,246</u>	<u>\$3,746</u>	<u>\$ -</u>	<u>\$16,992</u>

* Includes transfers between categories.

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2008**

	<u>Beginning Balance</u>	<u>Increases*</u>	<u>Decreases*</u>	<u>Ending Balance</u>
Business-type Activities:				
Discretely Presented Component Units:				
Capital assets not being depreciated:				
Construction in progress	\$337	\$14	(\$262)	\$89
Capital assets being depreciated:				
Utilities plant	117,289	730	(13)	118,006
Less accumulated depreciation for:				
Utilities plant	(41,196)	(2,104)	57	(43,243)
Total capital assets being depreciated, net	76,093	(1,374)	44	74,763
Business-type activities				
Discretely presented component unit capital assets, net	<u>\$76,430</u>	<u>(\$1,360)</u>	<u>(\$218)</u>	<u>\$74,852</u>

* 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:

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2009	\$484,851	\$4,835
2010	124,345	4,471
2011	-	4,185
2012	-	4,213
2013	-	4,109
2014-2018	-	7,631
2019-2023	-	7,631
Total	<u>\$609,196</u>	<u>\$37,075</u>

Total rental expense on operating leases for the year ended December 31, 2008 was \$633,889 for governmental activities and \$5,043,950 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:

<u>Year</u>	<u>Business-type Activities</u>
2009	\$44,200
2010	42,384
2011	35,977
2012	10,396
2013	10,396
2014-2018	51,979
2019-2023	23,301
Total	<u><u>\$218,633</u></u>

Total rental expense on operating leases for the year ended December 31, 2008 was \$13,560 for governmental activities and \$127,258 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, 2008, exclusive of component units, are as follows (in 000's):

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2009	\$1,988	\$808
2010	1,304	808
2011	1,308	624
2012	1,260	162
2013	1,260	23
2014-2018	4,868	-
2019-2023	4,236	-
2024-2028	2,355	-
Future minimum lease payments	<u>18,579</u>	<u>2,425</u>
Amount representing interest	<u>(4,945)</u>	<u>(88)</u>
Present value of net minimum payments	<u><u>\$13,634</u></u>	<u><u>\$2,337</u></u>

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

Assets:	Governmental Activities	Business-type Activities
Machinery and equipment	\$8,449	\$1,180
Building	9,318	-
Accumulated depreciation	<u>(1,209)</u>	<u>(156)</u>
Net capitalized lease property	<u>\$16,558</u>	<u>\$1,024</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, 2008, future minimum payments under the capital lease consisted of the following (in 000's):

Year	Business-type Activities
2009	\$5,353
2010	5,353
2011	5,353
2012	5,353
2013	5,353
2014-2018	26,763
2019-2023	26,763
2024-2025	<u>3,771</u>
Future minimum lease payments	84,062
Amount representing interest	<u>(18,050)</u>
Present value of net minimum payments	<u>\$66,012</u>

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

Assets:	Business-type Activities
Utilities plant	\$70,501
Accumulated depreciation	(20,123)
Net capitalized lease property	<u>\$50,378</u>

Amortization of the plant cost has been included in depreciation expense and amounted to \$892 (in thousands) for 2008.

I. Revolving Loan Agreement/Line of Credit

In December, 2008, Utilities entered into a \$50,000,000 revolving loan agreement with U.S. Bank National Association, with interest at the one-month LIBOR rate plus 0.9%. The proceeds from any draws on this agreement can be used by Utilities for any corporate purpose. Utilities' repayment obligations under this agreement is limited to the net pledged revenues, after provision has been made for all payments into the bond, reserve and rebate funds for the parity lien bonds, and any other parity securities payable from net pledged revenues which are issued in the future. To date, Utilities has never borrowed money under this loan agreement 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 .75%. No amounts were outstanding under these lines of credit at December 31, 2008.

J. Long-Term Debt

During 2008, Utilities issued \$50,000,000 Variable Rate Demand Utilities System Improvement Revenue Bonds, Series 2008A, \$27,935,000 Utilities System Refunding Revenue Bonds, Series 2008B, \$41,975,000 Utilities System Improvement Revenue Bonds, Series 2008C, and \$3,631,000 Utilities System Improvement and Refunding Clean Renewable Energy Bond, Series 2008D. The 2008 principal maturities for the 2001A and 2003A bonds were refunded by the 2008B bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$514,953. For the 2008B bonds, the net difference is being amortized over the life of the refunded debt. The 2008B transaction was undertaken to reduce debt service payments during 2008 by a total of \$26,497,300 and resulted in a total present value cost of \$390,742.

During 2008, MHS converted its Series 2002 bonds to fixed rate bonds. Investor uncertainty in the auction rate bond market caused auction failures and significant increases in interest rates for auction rate bonds. As a result, MHS has incurred higher interest rates on its auction rate bonds throughout 2008, including a high of 12%, the maximum rate payable under the bond indentures. MHS continues to consider various options to mitigate the ramifications of the increase in the interest rates on its auction rate bonds.

During 2008, the Marketplace at Austin Bluffs GID, a blended component unit of the City, issued \$2,790,000 in limited tax general obligation bonds to finance the cost of public

improvements within the boundaries of the District. These bonds will be repaid by the District with a limited tax mill levy on the properties within the District.

During 2008, The Public Authority for Colorado Energy, a discretely presented component unit of the City, issued \$653,210,000 in natural gas purchase revenue bonds for the acquisition of the right to receive approximately 152,505,682 MMBtu of natural gas from Merrill Lynch Commodities, Inc. These bonds will be repaid with revenues generated by selling the natural gas to Utilities.

During 2008, the City was a part of a legal settlement involving sworn uniformed police officers relating to FLSA (Fair Labor Standards Act). \$5.25 million will be paid over 3 years beginning in 2009, 2010 and 2011 pursuant to the settlement agreement.

During 2005, 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 \$79.1 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, 2008, no increments have been provided.

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

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

1. Summary of Long-term Debt

The following table summarizes significant facts about the long-term debt outstanding at December 31, 2008:

Debt Types	Date Issued	Original Issue Amount	Outstanding Principal Amount	Future Aggregate Interest Requirements	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
Governmental Activities*						
General Obligation Bonds						
General Series 2004	January, 2004	\$17,115,000	\$2,935,000	\$88,050	3.000%	2004 - 2009
Cottonwood GID Series 1998	November, 1998	9,525,000	4,745,000	884,488	3.100 - 4.550	1999 - 2015
Spring Creek GID Series 2005	August, 2005	2,695,000	2,455,000	1,039,580	5.900	2007 - 2020
Briargate GID Series 2004	January, 2004	8,800,000	8,800,000	3,440,500	7.000	2012 - 2015
Marketplace at Austin Bluffs GID Series 2008	November, 2008	2,790,000	2,790,000	2,978,950	6.500	2010 - 2033
Sales Tax Revenue Bonds						
Series 1999	June, 1999	87,975,000	36,965,000	6,651,438	4.400 - 5.000	1999 - 2015
Series 2007	November, 2007	10,405,000	10,405,000	3,686,400	4.000 - 5.000	2009 - 2016
Certificates of Participation						
Hillside Recreation Center Series 1997	May, 1997	1,615,000	335,000	17,755	5.200 - 5.300	1997 - 2009
Skyview Softball Complex Series 1999	September, 1999	4,205,000	2,905,000	1,044,952	4.850 - 6.800	2001 - 2019
Old City Hall Project Series 2000	July, 2000	7,265,000	5,365,000	2,070,747	5.000 - 5.500	2002 - 2020
Red Rock Canyon Series 2003	November, 2003	15,070,000	10,845,000	2,596,203	2.650 - 4.500	2004 - 2018
Special Assessments Obligations						
Woodmen Valley	November, 1995	1,730,254	191,937	20,381	7.000	1995 - 2010
Carmel ID	August, 1999	191,214	1,372	124	8.370	1999 - 2010
Uintah Street ID	September, 1999	14,416	713	65	8.550	1999 - 2010
15th & Spring	March, 2000	23,006	1,024	125	9.160	2000 - 2011
Broadmoor West	January, 2000	34,930	2,400	294	9.080	2000 - 2011
Tejon Street ID	October, 2007	71,900	24,395	9,629	6.000	2007 - 2019
Total Governmental Activities		\$169,525,720	\$88,766,841	\$24,529,681		
Business-type Activities **						
Revenue Bonds - Utilities						
Series 1998A	October, 1998	\$94,965,000	\$34,540,000	\$23,957,581	4.625 - 5.000%	2002 - 2027
Series 1999A	September, 1999	65,500,000	63,060,000	65,338,586	4.125 - 5.750	2002 - 2028
Series 2000A	November, 2000	110,000,000	110,000,000	91,850,000	1.100	2029
Series 2000B	November, 2000	15,000,000	11,250,000	6,194,625	7.500	2001 - 2020
Series 2001A	August, 2001	300,790,000	217,960,000	106,063,360	3.250 - 5.375	2001 - 2029
Series 2002A	August, 2002	74,695,000	74,695,000	39,560,257	5.250 - 5.375	2009 - 2020
Series 2002B	December, 2002	110,000,000	108,615,000	91,389,360	4.000 - 5.000	2006 - 2030
Series 2002C	December, 2002	27,055,000	27,055,000	28,148,473	2.000	2027
Series 2003A	November, 2003	113,310,000	91,800,000	43,519,071	2.000 - 5.000	2004 - 2033
Series 2003B	November, 2003	45,000,000	45,000,000	49,804,078	3.000 - 5.000	2009 - 2043
Series 2004A	August, 2004	117,450,000	117,450,000	50,218,828	2.250	2010 - 2023
Series 2004B	September, 2004	107,115,000	105,170,000	82,955,425	4.500 - 5.500	2008 - 2034
Series 2004C	September, 2004	15,695,000	15,515,000	16,999,786	4.000 - 5.000	2008 - 2044
Series 2005A	September, 2005	100,000,000	99,570,000	81,461,018	0.095	2010 - 2035
Series 2005B	October, 2005	19,240,000	19,240,000	14,882,328	3.500 - 5.000	2009 - 2035
Series 2005C	October, 2005	16,050,000	16,050,000	18,896,885	3.750 - 5.125	2012 - 2045
Series 2006A	August, 2006	60,625,000	60,625,000	42,436,003	2.350	2015 - 2025
Series 2006B	September, 2006	75,000,000	75,000,000	57,459,565	1.150	2011 - 2036
Series 2007A	September, 2007	75,000,000	74,185,000	42,859,304	2.100	2008 - 2037
Series 2007B	October, 2007	87,275,000	87,275,000	72,657,342	3.400	2023 - 2026
Series 2007C	October, 2007	24,415,000	23,200,000	7,797,524	4.000 - 5.000	2008 - 2022
Series 2008A	September, 2008	50,000,000	50,000,000	39,713,421	1.050	2009 - 2038
Series 2008B	October, 2008	27,935,000	27,935,000	20,680,135	3.000 - 5.400	2009 - 2033
Series 2008C	November, 2008	41,975,000	41,975,000	61,323,427	4.500 - 5.500	2013 - 2048
Series 2008D	2008	3,631,000	3,371,643	318,621	1.350	2008 - 2021
Revenue Bonds - Airport						
Series 1992C	September, 1992	6,582,687	3,149,494	200,506	6.800 - 7.200	2002 - 2011
Series 2002	December, 2002	43,005,000	37,070,000	15,044,712	3.000 - 5.000	2003 - 2021
Series 2007A	May, 2007	3,725,000	3,375,000	981,437	4.500 - 4.000	2007 - 2021
Series 2007B	May, 2007	8,500,000	8,105,000	3,437,337	4.500 - 4.000	2007 - 2023

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

The following table summarizes significant facts about the long-term debt outstanding at December 31, 2008:

Debt Types	Date Issued	Original Issue Amount	Outstanding Principal Amount	Future Aggregate Interest Requirements	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
Business-type Activities **						
Continued						
Revenue Bonds - MHS						
Series 2000	August, 2000	\$59,825,000	\$30,175,000	\$37,857,933	6.375%	2025 - 2030
Series 2002	July, 2002	112,360,000	100,875,000	70,718,332	3.205	2003 - 2032
Series 2004A	June, 2004	50,600,000	44,675,000	50,121,000	12.000	2024 - 2033
Series 2004B	June, 2004	24,975,000	22,075,000	21,662,433	10.470	2024 - 2033
Series 2004C	June, 2004	33,000,000	32,525,000	72,951,770	11.950	2024 - 2033
Series 2004D	June, 2004	68,000,000	65,150,000	118,128,000	12.000	2024 - 2033
Revenue Bonds - Parking System						
Series 1999	March, 1999	9,300,000	5,605,000	1,512,468	3.000 - 4.750	1999 - 2018
Series 2006	February, 2006	7,665,000	7,665,000	4,797,173	3.375 - 4.500	2009 - 2027
Notes Payable						
Airport	June, 2006	3,047,514	2,245,143	3,869,391	8.500	2006 - 2036
Airport	November, 2007	3,500,000	3,043,228	327,406	3.000	2008 - 2014
Airport	July, 2008	600,000	600,000	74,126	3.000	2009 - 2015
Wastewater Facility - Utilities	May, 1998	22,204,270	16,026,340	4,238,415	4.060	1998 - 2019
Water Pollution Control - Pikes Peak	July, 2003	1,000,000	772,041	207,607	4.000	2004 - 2020
Total Business-type Activities			\$2,235,610,471	\$1,983,667,889	\$1,562,615,049	
Component Units ***						
Special Assessment Revenue Bonds						
Briargate Center BID - Series 2006	2006	\$7,360,000	\$6,795,000	\$3,743,370	4.500%	2006 - 2027
Urban Renewal Authority - Series 2008A	2008	47,125,000	47,125,000	48,023,150	7.000	2011 - 2029
Urban Renewal Authority - Series 2008B	2008	7,505,000	7,505,000	8,294,389	7.500	2011 - 2029
Limited Tax General Obligation Bonds						
Briargate Center BID - Series 2002	2002	2,895,000	2,835,000	3,375,598	7.450	2003 - 2032
First & Main North BID - Series 2005	2005	1,927,000	1,927,000	-	0.000	N/A
Barnes & Powers North BID	2007	4,000,000	4,000,000	4,871,750	6.500	2009 - 2036
Barnes & Powers South BID	2007	835,000	835,000	605,150	6.500	2009 - 2026
Revenue Bonds						
Fountain Valley Authority	2006	9,540,000	8,200,000	2,211,539	4.000 - 4.500	2006 - 2019
Public Authority for Colorado Energy	2008	653,210,000	653,210,000	899,313,000	5.750 - 6.500	2009 - 2038
Notes Payable and Lines of Credit						
Urban Renewal Authority	July, 1990	1,250,000	846,988	-	0.000	N/A
Urban Renewal Authority	2008	158,474	158,474	-	0.000	N/A
Downtown Development Authority	2007	250,000	250,000	-	0.000	N/A
Barnes & Powers North BID	2006	31,253	31,253	-	0.000	N/A
Barnes & Powers South BID	2006	43,500	43,500	-	0.000	N/A
First & Main BID	2006	48,331	48,331	-	0.000	N/A
First & Main North BID	2006	11,000	11,000	-	0.000	N/A
Interquest North BID	2006	39,100	39,100	-	0.000	N/A
Interquest South BID	2006	37,000	37,000	-	0.000	N/A
Powers & Woodment Commercial BID	2006	26,600	26,600	-	0.000	N/A
Fountain Valley Authority	2003	3,221,861	2,521,457	786,635	3.030	2004 - 2024
Fountain Valley Authority	2000	7,607,966	5,081,113	1,599,267	3.400	2001 - 2020
Colorado Canal Company	2008	185,000	185,000	23,942	4.200	2009 - 2013
The Lake Henry Reservoir Company	2003	147,701	123,238	67,961	4.250	2006 - 2030
The Lake Meredith Reservoir Company	2003	1,471,500	1,360,126	852,436	4.000	2005 - 2034
The Lake Meredith Reservoir Company	2003	500,000	44,162	2,745	6.000	2004 - 2009
Total Component Units			\$749,426,286	\$743,239,342	\$973,770,932	

*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, 2008 (in 000's):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One year</u>
GOVERNMENTAL ACTIVITIES					
Bonds and notes payable:					
General obligation bonds	\$22,490	\$2,790	\$3,555	\$21,725	\$3,675
Sales tax revenue bonds	50,830	-	3,460	47,370	5,535
Certificates of participation	20,995	-	1,545	19,450	1,785
Special assessment bonds and notes	364	-	142	222	96
Capital leases	9,928	5,176	1,471	13,633	1,436
	<u>104,607</u>	<u>7,966</u>	<u>10,173</u>	<u>102,400</u>	<u>12,527</u>
Less deferred amounts:					
For issuance premium	933	-	192	741	-
On refundings	(601)	-	(194)	(407)	-
	<u>332</u>	<u>-</u>	<u>(2)</u>	<u>334</u>	<u>-</u>
Total bonds and notes payable	<u>104,939</u>	<u>7,966</u>	<u>10,171</u>	<u>102,734</u>	<u>12,527</u>
Other liabilities:					
Municipal solid waste landfill	336	7	-	343	-
Compensated absences	25,329	13,647	14,737	24,239	1,212
Claims and judgments	-	5,250	-	5,250	1,750
Net pension obligation	463	2,236	2,254	445	-
Net OPEB obligation	1,562	3,595	2,033	3,124	-
Developer reimbursements	3,108	-	200	2,908	-
Total other liabilities	<u>30,798</u>	<u>24,735</u>	<u>19,224</u>	<u>36,309</u>	<u>2,962</u>
Governmental activities long-term liabilities	<u>\$135,737</u>	<u>\$32,701</u>	<u>\$29,395</u>	<u>\$139,043</u>	<u>\$15,489</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and notes payable:					
Revenue bonds	\$1,881,485	\$123,541	\$44,045	\$1,960,981	\$47,899
Notes payable	23,277	702	1,293	22,686	1,690
Capital leases	463	2,877	960	2,380	766
	<u>1,905,225</u>	<u>127,120</u>	<u>46,298</u>	<u>1,986,047</u>	<u>50,355</u>
Less deferred amounts:					
For issuance discounts and premiums	17,272	(566)	762	15,944	-
On refundings	(31,109)	(116)	(2,283)	(28,942)	-
	<u>(13,837)</u>	<u>(682)</u>	<u>(1,521)</u>	<u>(12,998)</u>	<u>-</u>
Total bonds and notes payable	<u>1,891,388</u>	<u>126,438</u>	<u>44,777</u>	<u>1,973,049</u>	<u>50,355</u>
Other liabilities:					
Municipal solid waste landfill	2,746	339	-	3,085	-
Compensated absences	27,234	36,198	36,440	26,992	1,350
Claims and judgments	9,939	7,768	8,332	9,375	8,875
Customer deposits	1,999	538	800	1,737	-
Customer advances for construction	11,652	711	732	11,631	-
Other	1,478	1,072	1,921	629	-
Total other liabilities	<u>55,048</u>	<u>46,626</u>	<u>48,225</u>	<u>53,449</u>	<u>10,225</u>
Business-type activities long-term liabilities	<u>\$1,946,436</u>	<u>\$173,064</u>	<u>\$93,002</u>	<u>\$2,026,498</u>	<u>\$60,580</u>

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2008**

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the totals for governmental activities. Also, for the governmental activities, municipal solid waste landfill, compensated absences, net pension obligation, net OPEB obligation, and developer reimbursements 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, 2008 (in 000's):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One year</u>
GOVERNMENTAL ACTIVITIES					
Limited tax general obligation bonds	\$9,622	\$ -	\$25	\$9,597	\$90
Special assessment revenue bonds	7,015	54,630	220	61,425	230
Notes payable	741	1,459	289	1,911	250
Governmental activities long-term liabilities	<u>\$17,378</u>	<u>\$56,089</u>	<u>\$534</u>	<u>\$72,933</u>	<u>\$570</u>
BUSINESS-TYPE ACTIVITIES					
Revenue bonds	\$8,775	\$ 653,210	\$575	\$661,410	\$3,090
Less deferred amounts:					
For issuance premium and discounts	79	(24,331)	7	(24,259)	-
On refundings	(546)	-	(46)	(500)	-
Notes payable	9,710	185	580	9,315	609
Capital leases	69,339	-	3,328	66,011	3,342
Other	34	5,378	34	5,378	5,353
Business-type activities long-term liabilities	<u>\$87,391</u>	<u>\$634,442</u>	<u>\$4,478</u>	<u>\$717,355</u>	<u>\$12,394</u>

3. Annual Debt Service Requirements of Long-term Debt

The following is a summary of scheduled maturities on general obligation bonds as of December 31, 2008 (in 000's):

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$3,675	\$1,240	\$90	\$525
2010	825	1,118	110	520
2011	865	1,079	115	512
2012	2,890	1,038	145	504
2013	3,070	855	155	494
2014-2018	7,675	1,750	1,005	2,289
2019-2023	1,050	697	1,420	1,889
2024-2028	705	459	1,800	1,337
2029-2033	970	197	1,980	670
2034-2038	-	-	850	113
	<u>\$21,725</u>	<u>\$8,433</u>	<u>\$7,670</u>	<u>\$8,853</u>

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

The following is a summary of scheduled maturities on revenue bonds as of December 31, 2008 (in 000's):

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$5,535	\$2,315	\$47,899	\$104,474	\$3,090	\$41,785
2010	5,785	2,067	52,674	102,151	3,635	41,616
2011	6,055	1,799	57,579	99,253	4,595	41,416
2012	6,350	1,497	47,114	96,134	5,560	41,161
2013	6,670	1,181	51,069	93,413	6,505	40,852
2014-2018	16,975	1,478	311,197	420,729	46,955	197,746
2019-2023	-	-	405,463	325,841	72,000	181,204
2024-2028	-	-	469,940	209,608	112,175	154,528
2029-2033	-	-	387,625	72,513	166,775	112,168
2034-2038	-	-	88,870	19,579	240,120	49,049
2039-2043	-	-	27,765	8,115	-	-
2044-2048	-	-	13,786	2,088	-	-
	<u>\$47,370</u>	<u>\$10,337</u>	<u>\$1,960,981</u>	<u>\$1,553,898</u>	<u>\$661,410</u>	<u>\$901,525</u>

The following is a summary of scheduled maturities on certificates of participation as of December 31, 2008 (in 000's):

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$1,785	\$882
2010	1,505	811
2011	1,565	753
2012	1,635	689
2013	1,700	619
2014-2018	9,765	1,860
2019-2023	1,495	115
	<u>\$19,450</u>	<u>\$5,729</u>

The following is a summary of scheduled maturities on special assessment bonds as of December 31, 2008 (in 000's):

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$96	\$15	\$230	\$4,186
2010	103	9	245	4,176
2011	3	1	1,220	4,165
2012	2	1	1,460	4,085
2013	2	1	1,600	3,989
2014-2018	12	3	10,665	18,115
2019-2023	3	1	16,430	13,784
2024-2028	1	1	24,000	7,145
2029-2033	-	-	5,575	394
	<u>\$222</u>	<u>\$32</u>	<u>\$61,425</u>	<u>\$60,039</u>

The following is a summary of scheduled maturities on notes payable as of December 31, 2008 (in 000's):

<u>Year Ending December 31</u>	<u>Business-type Activities</u>		<u>Business-type Activities Component Units</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$1,690	\$965	\$609	\$332
2010	1,710	867	578	319
2011	1,732	805	592	305
2012	1,753	748	606	294
2013	1,867	687	621	276
2014-2018	9,663	2,633	3,164	1,130
2019-2023	2,688	912	2,152	464
2024-2028	489	654	532	144
2029-2033	753	391	379	62
2034-2038	341	55	82	3
	<u>\$22,686</u>	<u>\$8,717</u>	<u>\$9,315</u>	<u>\$3,329</u>

The governmental activities component units have a combined notes payable in the amount of \$1,911,423. These non-interest bearing 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.

	<u>Amount Pledged</u>	<u>Term of Commitment</u>
Governmental Activities:		
Sales Tax Revenue Bonds	\$57,707,838	1999 - 2016
Business-type Activities:		
Utilities Revenue Bonds	2,757,021,646	2001 - 2048
MHS Revenue Bonds	666,914,468	2003 - 2033
Airport Revenue Bonds	71,363,486	2002 - 2023
Parking Revenue Bonds	19,579,641	1999 - 2027

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

pledged debt. The debt service coverage, or comparison of pledged revenues net of specific operating expenses, for each pledged debt is provided in Table 12.

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

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

The City is not liable for the repayment of principal or interest on these bonds and related financial activity is not shown in the financial statements. The original issue amount of these bonds, in the aggregate, was \$316 million. There were no PAB's or industrial revenue bonds issued during 2008.

L. Net Assets/Fund Balances

Fund balances of the governmental funds at December 31, 2008 include the following:

Reserves:	General Fund	Non-Major Governmental Funds	Total
	<u> </u>	<u> </u>	<u> </u>
Debt service	\$1,185,011	\$857,018	\$2,042,029
Endowments	-	8,006,744	8,006,744
Emergency reserve	7,545,241	-	7,545,241
Contingency for property tax	422,571	-	422,571
Total	<u>\$9,152,823</u>	<u>\$8,863,762</u>	<u>\$18,016,585</u>

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2008**

Unreserved and designated:	General Fund	Non-Major Governmental Funds	Total
Encumbrances	\$2,130,552	\$3,793,689	\$5,924,241
Subsequent year expenditures	2,170,379	-	2,170,379
Special revenue funds	-	10,748,875	10,748,875
Capital funds	-	6,649,522	6,649,522
Total	\$4,300,931	\$21,192,086	\$25,493,017

Unreserved and undesignated:	General Fund	Non-Major Governmental Funds	Total
General fund	\$18,563,298	\$ -	\$18,563,298
Special revenue funds	-	17,957,066	17,957,066
Total	\$18,563,298	\$17,957,066	\$36,520,364

M. Interest Rate Swaps**1. Utilities Interest Rate Swaps**

Gains and losses on gas hedging instruments are recognized in Nonoperating Revenue in the period in which they occur. As of December 31, 2008, the fair value of these contracts was \$87,647,000, of which \$63,633,000 is classified as a current liability and the remainder as a long-term liability. The aggregate change in the fair value of gas hedge contacts debited to Nonoperating Revenue for the year ended December 31, 2008 was \$77,598,000.

Swap agreement related to refunding of 1994 Bonds:

In August 2003, Utilities entered into a swap agreement with JP Morgan Chase Bank (JP Morgan) which became effective on August 18, 2004 and will terminate on November 1, 2023. Pursuant to this agreement, JP Morgan will pay Utilities a variable interest rate on the notional amount of \$117,450,000 equal to the Securities Industry and Financials Markets Association Municipal Swap Index (SIFMA), and Utilities will pay JP Morgan a fixed interest rate on the same notional amount equal to 4.112% per annum. If SIFMA averages more than 7% for 180 consecutive calendar days during the term of the agreement, the agreement will terminate by its terms and no payments by either party will be due. The effective date of the agreement, August 18, 2004, was the date on which Utilities issued its Variable Rate Demand Utilities System Subordinate Lien Refunding Revenue Bonds, Series 2004A in the aggregate principal amount of \$117,450,000 to refund all of Utilities' outstanding Utilities System Improvement and Refunding Revenue Bonds, Series 1994A.

Swap agreement related to refunding of 1996 Bonds:

In August 2003, Utilities entered into a second swap transaction with JP Morgan which became effective on August 24, 2006 and will terminate on November 1, 2025. JP Morgan will pay Utilities a variable interest rate on the notional amount of \$60,625,000 equal to 68% of the 1-month London Interbank Offer Rate (LIBOR) for deposits in U.S. Dollars, and Utilities will pay JP Morgan a fixed interest rate on the same notional amount equal to 4.481% per annum. The effective date of the agreement, August 24, 2006, was the date on which Utilities issued its Variable Rate Demand Utilities System Subordinate Lien Improvement and Refunding Revenue Bonds, Series 2006A in the aggregate principal amount of \$60,625,000 refund all of Utilities' outstanding Utilities System Revenue Bonds, Series 1996A.

Swap agreement related to a portion of Utilities' 2005 new money bond issuance:

In June 2004, Utilities entered into swap agreements with Merrill Lynch Capital Services, Inc. (Merrill Lynch) and J. Aron & Company (J. Aron) as counterparties which became effective on September 15, 2005 and will terminate on November 1, 2035. The counterparties will pay Utilities a variable interest rate on the notional amount of \$100 million (\$75 million of which is attributable to Merrill Lynch's agreement with Utilities, and \$25 million of which is attributable to J. Aron's agreement with Utilities) equal to SIFMA, and Utilities will pay the counterparties a fixed interest rate on the same notional amount equal to 4.7099% per annum. The effective date of the agreement, September 15, 2005, was the date on which the Utilities issued its Variable Rate Demand Utilities System Subordinate Lien Improvement Revenue Bonds, Series

2005A in the aggregate amount of \$100 million to finance a number of general capital improvements.

Swap agreement related to a portion of Utilities' 2006 new money bond issuance:

In June 2004, Utilities entered into swap agreements with JP Morgan and Morgan Stanley Capital Group Inc. (Morgan Stanley) as counterparties which became effective on September 13, 2006 and will terminate on November 1, 2036. The counterparties will pay Utilities a variable interest rate on the notional amount of \$75 million (\$45 million of which is attributable to Morgan Stanley's agreement with Utilities, and \$30 million of which is attributable to JP Morgan's agreement with Utilities) equal to 68% of the 1-month LIBOR, and Utilities will pay the counterparties a fixed interest rate on the same notional amount equal to 4.1185% per annum. The effective date of the agreement, September 13, 2006, was the date on which the Utilities issued its Variable Rate Demand Utilities System Subordinate Lien Improvement Revenue Bonds, Series 2006B in the aggregate amount of \$75 million to finance a number of general capital improvements.

Swap agreement related to a portion of Utilities' 2007 new money bond issuance:

In June 2005, Utilities entered into swap agreements with J. Aron and Morgan Stanley as counterparties which became effective on September 13, 2007 and will terminate on November 1, 2037. The counterparties will pay Utilities a variable interest rate on the notional amount of \$75 million (\$45 million of which is attributable to J. Aron's agreement with Utilities, and \$30 million of which is attributable to Morgan Stanley's agreement with Utilities) equal to 68% of the 1-month LIBOR, and Utilities will pay the counterparties a fixed interest rate on the same notional amount equal to 3.198% per annum. The effective date of the agreement, September 13, 2007, was the date on which the Utilities issued its Variable Rate Demand Utilities System Improvement Revenue Bonds, Series 2007A in the aggregate amount of \$75 million to finance a number of general capital improvements.

Swap agreement related to refunding of Utilities' 1997A Bonds:

In September 2004, Utilities entered into a swaption agreement with UBS AG in which Utilities sold UBS AG a one-time option to start a swap agreement with Utilities. In January 2005, Utilities received \$5,178,000 from UBS AG as payment for the option on the swap.

On October 1, 2007 the swap became effective with termination set for November 1, 2026. UBS AG will pay Utilities a variable interest rate on the notional amount of \$87,275,200 equal to SIFMA, and Utilities will pay UBS AG a fixed interest rate on the same notional amount equal to 5.125% per annum. The effective date of the agreement, October 1, 2007, was the date on which Utilities issued revenue bonds to refund a portion of its Utilities System Improvement and Refunding Revenue Bonds, Series 1997A.

Swap agreement related to possible refunding of Utilities' 1999A Bonds:

In September 2004, Utilities entered into a swaption agreement with UBS AG in which Utilities sold UBS AG the European option to start a swap agreement with Utilities. In January 2005, Utilities received \$7,371,000 from UBS AG as payment for the option on the swap. If the option is exercised by UBS AG, the swap agreement would become effective on October 1, 2009 and

would terminate on November 1, 2028. Pursuant to the agreement, UBS AG will pay Utilities a variable interest rate on the notional amount of \$63,250,000 equal to 68% of the 1-month LIBOR. Utilities will pay UBS AG a fixed interest rate on the same notional amount equal to 5.45% per annum. The effective date of the agreement is October 1, 2009, the date on which Utilities anticipates issuing revenue bonds to refund all of its Utilities System Subordinate Lien Improvement Revenue Bonds, Series 1999A. The agreement is designed to modify Utilities' risk of interest rate change on the proposed refunding bonds.

Swap agreement related to Utilities' 2008A Bonds:

In August 2006, Utilities entered into a swap agreement with Merrill Lynch as counterparty which became effective on September 12, 2008 and will terminate on November 1, 2038. The counterparty will pay Utilities a variable interest rate on the notional amount of \$50,000,000 equal to the SIFMA, and Utilities will pay the counterparty a fixed interest rate on the same notional amount equal to 4.2686% per annum. The effective date of the agreement, September 12, 2008, was the date on which the Utilities issued its Variable Rate Demand Utilities System Improvement Revenue Bonds, Series 2008A in the aggregate principal amount of \$50 million to finance a number of general capital improvements.

Swap agreement related to a portion of Utilities' estimated 2009 bond issuance:

In August 2006, Utilities entered into a swap agreement with J. Aron as counterparty which will become effective on September 10, 2009 and will terminate on November 1, 2039. The counterparty will pay Utilities a variable interest rate on the notional amount of \$50,000,000 equal to the SIFMA, and Utilities will pay the counterparty a fixed interest rate on the same notional amount equal to 4.3369% per annum. The agreement is designed to lock in the interest rate for a portion of Utilities' estimated 2009 new money bond issuance.

Swap agreement related to Utilities' estimated 2010 new money bond issuance:

In August 2007, Utilities entered into a swap agreement with Morgan Stanley as counterparty which will become effective on September 16, 2010 and will terminate on November 1, 2040. The counterparty will pay Utilities a variable interest rate on the notional amount of \$50,000,000 equal to 68% of the 1-month LIBOR, and Utilities will pay the counterparty a fixed interest rate on the same notional amount equal to 3.845% per annum. The agreement is designed to lock in the interest rate for a portion of Utilities' estimated 2010 new money bond issuance.

Swap agreement related to Utilities' estimated 2011 new money bond issuance:

In August 2007, Utilities entered into a swap agreement with Morgan Stanley as counterparty which will become effective on September 15, 2011 and will terminate on November 1, 2041. The counterparty will pay Utilities a variable interest rate on the notional amount of \$50,000,000 equal to 68% of LIBOR, and Utilities will pay the counterparty a fixed interest rate on the same notional amount equal to 3.883% per annum. The agreement is designed to lock in the interest rate for a portion of Utilities' estimated 2011 new money bond issuance.

Fair value of interest rate swaps liability for the year ended December 31, 2008 was as follows:

Current portion	\$63,633,000
Noncurrent portion	<u>228,084,000</u>
Total fair value of interest rate swaps	<u>\$291,717,000</u>

Change in fair value of interest rate swaps debited to other revenue as of December 31, 2008, was \$130,728,707.

2. MHS Interest Rate Swaps

Details of Existing Swaps

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

During 2006, MHS modified its existing fixed payor rate swaps related to its Series 2004B and Series 2004D Bonds by changing the variable rate received from the enhanced 1-month LIBOR rate discussed above to 60% of the 5-year LIBOR swap rate. During 2007, MHS terminated this agreement at which time the variable rate received reverted back to the enhanced 1-month LIBOR rate.

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

The table below includes the details, terms and fair values of MHS's swap transactions as of December 31, 2008 (in 000's):

<u>Counter-party</u>	<u>Effective Date</u>	<u>Notional Amount</u>	<u>Termination Date</u>	<u>Associated Auction Rate Series</u>	<u>Fixed Rate</u>	<u>Floating Rate Receipt (See Above)</u>	<u>Fair Values at 12/31/08</u>
GSCM*	06/17/2004	\$44,675	12/15/2024	Series 2004A	3.798%	% of LIBOR	(\$7,134)
GSCM*	06/17/2004	22,075	12/15/2024	Series 2004B	3.904%	% of LIBOR	(3,720)
GSCM*	06/17/2004	32,525	12/15/2030	Series 2004C	4.002%	% of LIBOR	(9,612)
GSCM*	06/17/2004	65,150	12/15/2033	Series 2004D	3.913%	% of LIBOR	(15,526)
Total		<u>\$164,425</u>					<u>(\$35,992)</u>

*Goldman Sachs Capital Market

Fair Value

The negative fair values are the result of fluctuating interest rates and changes in the SIFMA and LIBOR long-term swap ratios. The fair values were based on information received from the counterparty to the swaps and represent an estimate of the mid-market value of the swaps using a discounted future cash flows approach.

Discussion of Risks

Counterparty Risk is the risk that the counterparty will potentially default or not be able to fulfill its role as a swap counterparty. Counterparty risk is mitigated by using a highly rated swap counterparty, Goldman Sachs Capital Markets (GSCM) which is rated Aa3 by Moody's Investors Service and A+ by Standards & Poor's. If GSCM's credit deteriorates substantially, MHS can enter into various strategies to mitigate its counterparty exposure such as receiving collateral based on a ratings schedule, terminating the swaps if the counterparty credit ratings fall below investment grade, and entering into a replacement swap with another highly rated swap counterparty.

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

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

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

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

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

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

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

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

For medical claims coverage the City has obtained an insurance policy for claims in excess of \$500,000. The City pays claims less than this through its Employee Benefits Self-Insurance fund. Utilities is self-insured up to \$350,000 per claim and maintains a reinsurance policy for claims exceeding \$350,000. MHS is self-insured for the medical claims of its employees and their families up to \$250,000 per claim. The City, Utilities and MHS have recorded a liability for medical claims and an estimate of claims incurred but not reported. Incurred but not reported claims have been accrued for the City Employee Benefits Self-Insurance fund based upon an actuarial estimate at December 31, 2008.

During 2008, there were no significant reductions in insurance coverage from coverage as compared to 2007. 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 2008 and 2007 (in 000's):

	<u>2008</u>	<u>2007</u>
Claims liabilities, beginning of year	\$21,086	\$21,234
Increases	90,559	78,642
Decreases	<u>(87,965)</u>	<u>(78,790)</u>
Claims liabilities, end of year	<u>\$23,680</u>	<u>\$21,086</u>

B. Donor-restricted Endowments

As of the end of 2008, the City maintained three donor-restricted endowment funds as follows

	<u>Fund Balance</u>	<u>Available for Spending</u>
C.D. Smith Trust	\$700,826	\$220,959
Cemetery Endowment	6,533,463	6,917
TOPS Maintenance Trust	772,455	124,296

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 investments earnings are available for expenditure.

C. Post-Retirement Health Care Benefits Other than Pensions

In accordance with the City Code, the City offers a health care plan to retirees with a City contribution determined by City Council. Employees eligible to retire prior to January 1, 1979, receive this health care plan without cost to the employee. Those eligible to retire after January 1, 1979, and hired prior to August 1, 1988, receive a limited City contribution not to exceed \$91.40 per month. During 2008, these benefits were provided to 2,229 retired employees at a cost of \$2,706,934. 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 2,229 retirees for a total cost in 2008 of \$17,209. 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.

The following table shows the components of the City's annual OPEB cost for 2008, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$3,595,087
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost (expense)	3,595,087
Contributions made	<u>2,033,000</u>
Increase in net OPEB obligation	1,562,087
Net OPEB obligation - as of January 1, 2008	<u>1,562,087</u>
Net OPEB obligation - as of December 31, 2008	<u><u>\$3,124,174</u></u>

The following table shows the components of Utilities' annual OPEB cost for 2008, the amount actually contributed to the plan, and changes in Utilities' net OPEB obligation:

Annual required contribution	\$1,421,000
Interest on net OPEB obligation	8,000
Adjustment to annual required contribution	<u>(9,000)</u>
Annual OPEB cost (expense)	1,420,000
Contributions made	<u>1,277,000</u>
Increase in net OPEB obligation	143,000
Net OPEB obligation - as of January 1, 2008	<u>166,000</u>
Net OPEB obligation - as of December 31, 2008	<u><u>\$309,000</u></u>

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2008**

The City's and Utilities' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2008 is as follows:

	<u>Annual OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
City	\$3,595,087	56.5%	\$3,124,174
Utilities	1,420,000	89.9%	309,000

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, 2008. 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, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% (5.0% for Utilities) 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 (20 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, 2007, the most recent actuarial valuation date was as follows:

	<u>City OPEB Obligation</u>	<u>Utilities OPEB Obligation</u>
Actuarial Accrued Liability (AAL)	\$57,797,257	\$16,786,000
Actuarial Value of Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>57,797,257</u>	<u>16,786,000</u>
Funded Ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll (active plan members)	N/A	N/A
UAAL as percentage of covered payroll	N/A	N/A

D. Commitments and Contingent Liabilities**1. Construction and Purchase Commitments**

Significant construction and purchase commitments of the City, as of December 31, 2008 are as follows (in millions):

General fund	\$2.1
Public Safety Sales Tax fund	1.0
City Funded CIP Construction fund	2.3
Utilities fund	25.9
MHS fund	2.8
Airport fund	3.5
Stormwater fund	4.2

2. Refunded Bonds

In 2007, the City issued sales tax bonds to partially refund the original 1999 issue. As of December 31, 2008, the City remains contingently liable for the outstanding principal balance of the refunded bonds in the amount of \$6,980,000.

At various dates in prior years, the Utilities fund has placed proceeds from refunding bond issues in irrevocable refunding escrow accounts. As of December 31, 2008, Utilities remains contingently liable for the outstanding principal balance of \$90,735,000 in refunded bonds.

In 2004, MHS issued revenue bonds to refund the original 2000 issue. As of December 31, 2008, MHS remains contingently liable for the outstanding principal balance of the refunded bonds in the amount of \$29,650,000.

3. Charter Amendment

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 both measures is a limitation on the amount that "fiscal year spending" (FYS) can increase from year to year. The formula for computing the increase takes into consideration inflation and net growth in assessed valuation. 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 the year 2008 was greater than the revenue limit for property taxes by \$1.6 million. Voters approved retaining the excess of up to \$1.2 million in the April 2009 election. Voters may be asked to retain the additional \$422,571 in November 2009 however, if not approved the excess will be refunded.

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 \$1,900,000 of sulfur dioxide allowances that it believes will satisfy its Clean Air Act, Title IV Phase 2, Acid Rain Program allowance requirements through 2012. 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 2014.

Additional regulations such as the Regional Haze Rule (RHR), the new federal ozone standard, pending federal legislation and, at the state level, the Colorado Climate Action Plan (CCAP) may necessitate the installation of further pollution controls. The costs for addressing these are currently unknown. However, the capital cost of additional pollution controls to address sulfur dioxide, nitrogen oxides, and mercury, as well as, mercury emission monitors, could potentially be an additional \$100 - \$150 million depending on which specific units within the plants would be controlled and for what parameters. The State's decision on any additional sulfur dioxide and nitrogen oxides controls under the Regional Haze Rule (RHR) is expected in 2009. For mercury control, it is assumed that no controls will be required to comply with the Clean Air Mercury Rule (CAMR) but that mercury control will need to be added in conjunction with sulfur dioxide scrubbers. Other proposed regulations that may force the application of additional pollution controls have been reflected in this capital cost estimate. The cost of complying with proposed greenhouse gas legislation and the CCAP is currently under evaluation.

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

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

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

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

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

E. Passenger Facility Charges

The Federal Aviation Administration (FAA) authorized the Airport to impose a Passenger Facility Charge (PFC) per qualifying passenger commencing March 1, 1993. Net receipts from these charges are restricted for use on FAA approved PFC projects. The City has been authorized to collect PFC revenues in the aggregate amount of \$68,549,248 or until January 1, 2014 whichever occurs first. PFC revenues are recognized when earned. Aggregate collections through December 31, 2008 total \$55,273,026.

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. Thereafter the rate cannot exceed \$2.50 per rental car contract day without City Council approval. Aggregate collections through December 31, 2008 totaled \$7,563,301.

G. Disclosures about Fair Value of Financial Instruments

Estimated fair values of proprietary fund financial instruments are as follows as of December 31, 2008:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Unrestricted cash and investments	\$396,977,281	\$396,977,281
Restricted cash and investments	214,720,622	214,720,622
Interest receivable	671,000	671,000
Revenue bonds (including current maturities)	1,960,981,137	1,979,567,441
Accrued interest	8,458,828	8,458,828
Customer advances for construction	11,631,000	11,631,000

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. Cash and investments, restricted cash and investments, and interest receivable

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

2. Revenue bonds (including current maturities)

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

3. Accrued interest and customer advances for construction

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

H. Joint Venture – Utilities

Utilities has equity interests in Young and FRP of 5% and 50%, respectively. Young is a Colorado limited partnership organized on June 30, 1993 to develop and operate a natural gas storage system near Fort Morgan, Colorado. Young's gas storage system consists of 36

natural gas storage facility wells, a 6,000 horsepower compressor station, a gas processing plant, eleven miles of 20-inch transmission line and four miles of storage gathering line. FRP is a Colorado Limited Liability Company formed in 1999 for the purpose of developing, designing, constructing, financing, operating and maintaining a 480-megawatt natural gas-fired, combined cycle generation facility near Colorado Springs, Colorado. FRP began commercial operations in April 2003. The following table lists the amounts invested, equity in the entities' undistributed net earnings (losses), and Utilities' net investment in Joint Ventures recorded on the balance sheet as of December 31, 2008:

Entity	Amounts Invested (In Thousands)	Undistributed Net Earnings (Losses) (In Thousands)	Utilities Investment (In Thousands)
Young Gas Storage Company Ltd.	\$500	\$451	\$951
Front Range Power, LLC.	40,267	(6,555)	33,712
Total	<u>\$40,767</u>	<u>(\$6,104)</u>	<u>\$34,663</u>

There were no advances or loans outstanding to these entities as of December 31, 2008.

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

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

Utilities and FRP have entered into an agreement for Utilities to operate and maintain the FRP interconnection and power generation facilities. Under the agreement, FRP pays Utilities management fees of \$852,000 per year (subject to adjustment) in addition to cost reimbursements. In addition, Utilities may earn incentives or be obligated to pay liquidated damages of up to \$213,000 for meeting or failing to meet a number of targeted operating parameters. Utilities is also liable for any damages to the Facility caused by Utilities' negligence, subject to an annual cap of \$1,000,000.

FRP and Utilities have also entered into a 20-year power purchase agreement. This agreement, signed in 2000, requires Utilities to purchase a contracted amount of the generated output of FRP, with purchases nearing FRP's capacity by 2013, on a "take or pay" basis. This requires that Utilities pay for the contracted capacity irrespective of whether it is used or not. Currently Utilities is purchasing 308 mega watts (MW) for the winter season and 357 MW for the summer season. Utilities estimates that its exposure for the capacity charges under this agreement ranges from \$38,127,424 in 2009 to approximately \$54,640,425 in 2015 (adjusted for capacity increases). Utilities also has exposure to CIG for firm gas transportation costs, which Utilities estimates will range from \$6,035,541 in 2009 to approximately \$8,954,612 in 2015 (adjusted for capacity increases).

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

As of December 31, 2008, FRP has total assets of \$281.6 million, long-term debt of \$203.6 million, other liabilities of \$10.6 million, and member's capital of \$67.4 million. FRP had operating revenues of \$59.6 million and \$33.3 million of operating expenses for 2008. Utilities has recorded its equity in FRP earnings of \$4.94 million, using the equity method, in investment income on the statement of revenues, expenses and changes in fund net assets for the year ended December 31, 2008.

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

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

I. Retirement Plans

1. Non-Uniformed Employees

Defined Benefit Pension Plan

Plan Description: The City contributes to the Local Government Division Trust Fund (LGDTF), a cost sharing multiple employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). Prior to January 1, 2006, the LGDTF was known as the Municipal Division Trust Fund (MDTF). LGDTF provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All permanent employees, except uniformed police and fire of the City are members of the LGDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for LGDTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1300 Logan 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 11.90% 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). Beginning July 1, 2005, if the City rehired a PERA retiree as an employee or under any other work arrangement, it was required to report and pay employer contributions on the amounts paid for the retiree, however no member contributions are required. Beginning January 1, 2006, the City was required to pay an amortization equalization

disbursement equal to 1.0% of the total payroll which is included in the contribution rate of 11.90% of covered salary. The City contributions to LGDTF for the years ending December 31, 2008, 2007, and 2006, were \$51,616,922, \$43,716,994, and \$38,306,124, respectively, equal to their required contributions for each year.

Postemployment Healthcare Benefits

Plan Description: The City contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare 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 or by writing to PERA of Colorado, 1300 Logan 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 which is included in the contribution rate of 11.90% of covered salary. 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, 2008, 2007, and 2006 were \$526,493, \$445,913, and \$390,702, 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 (\$15,500 for 2007 and 2008 calendar years). There is a catch-up provision that allows participants 50 and older who are contributing the maximum to contribute an additional \$5,500 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 457 plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$15,500 for 2007 and 2008 calendar years). There is a catch-up provision that allows participants 50 or older who are contributing the maximum to contribute an additional \$5,500 annually to their account or \$16,500 if participating in "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. An annual employer contribution amount of \$126,387 was contributed to this account in 2008.

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.

The FPPA performs certain administrative tasks in accordance with an agreement with the City in regards to the Old Hire plans. There are approximately 374 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, 2007 membership in the plans was as follows: 5 active participants and 368 retirees and beneficiaries. Disability benefits to fire and police officers and death benefits to their survivors are provided by the State of Colorado through a Death and Disability Plan administered by the FPPA. Benefits are established by state statute and are available for all fire and police officers in accordance with plan provisions.

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

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

The contributions and funding ratios for these plans are shown in Required Supplemental Information.

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

1) The valuation method states that the unfunded actuarial liability and the present value of future normal costs under the Entry Age Normal actuarial cost method are amortized over an open period of the longer of the years remaining until 2022, or 10 years from the valuation date; but in no case longer than the average remaining life expectancy of the covered group. The amortization method and amortization period are outlined in the Required Supplemental Information.

2) The asset valuation method is based on three year moving average of expected and actual market values determined as follows:

(a) At the beginning of each plan year, an expected market asset value is calculated as the sum of the previous year's market value increased with a year's interest at the Plan valuation rate plus net cash flow (excluding expenses) adjusted for interest (at the same rate) to the end of the previous plan year. The interest rate of return, salary projection rate, inflation rate and post retirement benefit increase assumptions are outlined in the Required Supplemental Information.

(b) The difference between the expected market asset value and the actual market value is the investment gain or loss for the previous plan year; and

(c) The final actuarial asset value is the actual market value less the deferred actual investment gains and losses for each of the three previous plan years, but in no case more than 120% of the actual market value or less than 80% of the actual market value.

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

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

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

Defined Contribution Plan

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

Funding Policy: The ICMA and FPPA 457 plans are funded by voluntary member contributions of up to a maximum limit set by the IRS (\$15,500 for 2007 and 2008 calendar years). There is a catch-up provision that allows participants 50 or older who are contributing the maximum to contribute an additional \$5,500 annually to their account or \$16,500 if participating in “pre-retirement” catch-up provision.

Annual Pension Cost

The City’s annual pension cost and net pension obligation for the plans for 2008 were as follows:

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



CITY OF COLORADO SPRINGS

REQUIRED SUPPLEMENTARY INFORMATION

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

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 16**

	2008	2007	2006
<u>Old Hire Fire Pension Plan</u>			
Date of actuarial valuation	1/1/2008	1/1/2007	1/1/2006
Actuarial value of plan assets	\$108,187,805	\$103,241,532	\$97,088,773
Actuarial accrued liability (AAL)	\$110,925,746	\$113,041,110	\$112,369,267
Excess of assets over AAL (unfunded liability)	(\$2,737,941)	(\$9,799,578)	(\$15,280,494)
Funded ratio	97.5%	91.3%	86.4%
Covered payroll	\$293,235	\$365,666	\$467,054
Unfunded liability as a percentage of covered payroll	-933.7%	-2679.9%	-3271.7%
<u>Old Hire Police Pension Plan</u>			
Date of actuarial valuation	1/1/2008	1/1/2007	1/1/2006
Actuarial value of plan assets	\$90,849,707	\$86,540,306	\$81,724,172
Actuarial accrued liability (AAL)	\$94,847,078	\$96,730,240	\$95,598,712
Excess of assets over AAL (unfunded liability)	(\$3,997,371)	(\$10,189,934)	(\$13,874,540)
Funded ratio	95.8%	89.5%	85.5%
Covered payroll	\$508,175	\$620,355	\$634,873
Unfunded liability as a percentage of covered payroll	-786.6%	-1642.6%	-2185.4%

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

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 17**

	Years ended December 31,		
	2008	2007	2006
<u>Old Hire Fire Pension Plan</u>			
Annual required contribution (ARC)	\$1,096,275	\$1,638,921	\$2,573,821
Actual contributions as percentage of ARC	100%	101%	100%
<u>Old Hire Police Pension Plan</u>			
Annual required contribution (ARC)	\$1,157,227	\$1,557,111	\$2,093,272
Actual contributions as percentage of ARC	100%	100%	100%

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:

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



CITY OF COLORADO SPRINGS

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

**GENERAL FUND
BALANCE SHEET
December 31, 2008**

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

	<u>TOTAL</u>
<u>ASSETS</u>	
Cash and investments	\$36,564,677
Accounts receivable (net of allowance for uncollectibles)	3,597,379
Sales tax receivable	11,156,656
Loans receivable	846,988
Property taxes receivable	
Current	23,129,393
Delinquent	138,455
Due from other funds	8,470,477
Restricted investments	7,759,810
	<hr/>
Total assets	91,663,835
	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities	
Accounts payable	2,963,901
Funds held for others	12,651,457
Accrued salaries and benefits	7,778,296
Due to other funds	3,412,150
Escrow deposits	7,758,612
Deferred revenue	
Loans	846,988
Property taxes	23,129,394
Unearned revenue	1,105,985
	<hr/>
Total liabilities	59,646,783
	<hr/>
Fund balance	
Reserved for	
Debt service	1,185,011
Emergency reserve	7,545,241
Contingency for property tax	422,571
Unreserved	
Encumbrances	2,130,552
Designated - subsequent year expenditures	2,170,379
Undesignated	18,563,298
	<hr/>
Total fund balance	32,017,052
	<hr/>
Total liabilities and fund balance	\$91,663,835
	<hr/> <hr/>

**GENERAL FUND
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended December 31, 2008**

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

	<u>TOTAL</u>
Revenues	
Taxes	\$143,048,593
Licenses and permits	650,977
Intergovernmental	19,282,282
Charges for services	26,061,584
Other revenue	3,466,321
Investment earnings	2,331,007
Rental income	<u>764,689</u>
Total revenues	<u>195,605,453</u>
Expenditures	
Current	
General government	52,920,174
Public safety	110,076,565
Public works	28,651,901
Health and welfare	1,173,833
Culture and recreation	19,389,555
Urban redevelopment and housing	711,612
Debt service	
Principal	4,426,765
Interest	998,889
Capital outlay	<u>9,627,811</u>
Total expenditures	227,977,105
Deficiency of revenues over expenditures	<u>(32,371,652)</u>
Other financing sources (uses)	
Transfers - in	28,673,635
Transfers - out	(10,208,205)
Capital lease financing	5,158,766
Sale of capital assets	<u>277,672</u>
Total other financing sources (uses)	<u>23,901,868</u>
Net change in fund balance	(8,469,784)
Fund balance - January 1	<u>40,486,836</u>
Fund balance - December 31	<u><u>\$32,017,052</u></u>



CITY OF COLORADO SPRINGS

NON-MAJOR GOVERNMENTAL FUNDS

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2008**

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
<u>ASSETS</u>				
Cash and investments	\$30,491,035	\$12,659,480	\$1,036,239	\$44,186,754
Accounts receivable (net of allowance for uncollectibles)	7,255,389	54,696	-	7,310,085
Sales tax receivable	2,932,714	-	-	2,932,714
Loans receivable	19,866,206	-	-	19,866,206
Assessments receivable	248,081	-	-	248,081
Property taxes receivable	3,331,169	-	-	3,331,169
Due from other funds	75,031	246,144	-	321,175
Restricted investments	196,590	1,370,106	6,970,987	8,537,683
Total assets	64,396,215	14,330,426	8,007,226	86,733,867
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	2,724,874	355,463	482	3,080,819
Accrued salaries and benefits	1,299,967	-	-	1,299,967
Due to other funds	2,735,222	4,934,105	-	7,669,327
Deferred revenue				
Loans	19,866,206	-	-	19,866,206
Assessments	248,081	-	-	248,081
Property taxes	3,331,169	-	-	3,331,169
Grants	3,225,384	-	-	3,225,384
Total liabilities	33,430,903	5,289,568	482	38,720,953
Fund balances				
Reserved for				
Debt service	857,018	-	-	857,018
Endowments	-	-	8,006,744	8,006,744
Unreserved				
Encumbrances	1,402,353	2,391,336	-	3,793,689
Designated - subsequent year expenditures	10,748,875	6,649,522	-	17,398,397
Undesignated	17,957,066	-	-	17,957,066
Total fund balances	30,965,312	9,040,858	8,006,744	48,012,914
Total liabilities and fund balances	\$64,396,215	\$14,330,426	\$8,007,226	\$86,733,867

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2008**

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
Revenues				
Taxes	\$36,742,100	\$ -	\$ -	\$36,742,100
Intergovernmental	34,069,020	-	-	34,069,020
Charges for services	3,262,209	-	-	3,262,209
Endowments and donations	1,604,352	-	94,795	1,699,147
Other revenue	774,654	175,000	-	949,654
Investment earnings	1,650,368	2,102,349	(2,752,264)	1,000,453
Rental income	3,300	-	-	3,300
Total revenues	78,106,003	2,277,349	(2,657,469)	77,725,883
Expenditures				
Current:				
General government	29,433,627	-	-	29,433,627
Public safety	3,647,592	-	-	3,647,592
Public works	8,536,893	-	-	8,536,893
Culture and recreation	2,098,962	-	122,700	2,221,662
Urban development and housing	5,245,717	-	-	5,245,717
Economic development	2,797,534	-	-	2,797,534
Economic opportunity	3,222	-	-	3,222
Miscellaneous	738,063	-	-	738,063
Debt service:				
Principal	2,165,129	3,460,000	-	5,625,129
Interest	1,408,642	2,501,992	-	3,910,634
Issuance expense	77,625	-	-	77,625
Capital outlay	27,128,316	9,917,018	-	37,045,334
Total expenditures	83,281,322	15,879,010	122,700	99,283,032
Deficiency of revenues over expenditures	(5,175,319)	(13,601,661)	(2,780,169)	(21,557,149)
Other financing sources (uses)				
Transfers - in	-	10,346,307	-	10,346,307
Transfers - out	(1,358,218)	(154,102)	-	(1,512,320)
Proceeds from issuance of bonds	2,790,000	-	-	2,790,000
Total other financing sources (uses)	1,431,782	10,192,205	-	11,623,987
Net change in fund balances	(3,743,537)	(3,409,456)	(2,780,169)	(9,933,162)
Fund balances - January 1	34,708,849	12,450,314	10,786,913	57,946,076
Fund balances - December 31	\$30,965,312	\$9,040,858	\$8,006,744	\$48,012,914



CITY OF COLORADO SPRINGS

SPECIAL REVENUE FUNDS

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
Garfield School Maintenance Fund
Economic Development Fund
Gift Trust Fund
City Manager Contract 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, 2008**

	Inter- governmental Grant Funds	Capital Improvement Funds	Improvement and Maintenance District Funds	Public Improvements Funds
<u>ASSETS</u>				
Cash and investments	\$ -	\$17,690,498	\$633,913	\$6,544,312
Accounts receivable (net of allowance for uncollectibles)	6,908,921	9,178	14,677	-
Sales tax receivable	-	2,773,971	-	-
Loans receivable	19,848,213	-	-	-
Assessments receivable	-	-	-	-
Property taxes receivable	-	-	1,722,390	-
Due from other funds	-	-	75,031	-
Restricted investments	-	-	-	-
Total assets	26,757,134	20,473,647	2,446,011	6,544,312
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	1,215,278	1,278,685	698	209,860
Accrued salaries and benefits	204,278	1,055,577	37,728	-
Due to other funds	2,263,981	29,184	75,031	-
Deferred revenue				
Loans	19,848,213	-	-	-
Assessments	-	-	-	-
Property taxes	-	-	1,722,390	-
Grants	3,225,384	-	-	-
Total liabilities	26,757,134	2,363,446	1,835,847	209,860
Fund balances				
Reserved for				
Debt service	-	-	-	-
Unreserved				
Encumbrances	-	1,201,727	45,421	127,375
Designated - subsequent year expenditures	-	10,492,742	-	-
Undesignated	-	6,415,732	564,743	6,207,077
Total fund balances	-	18,110,201	610,164	6,334,452
Total liabilities and fund balances	\$26,757,134	\$20,473,647	\$2,446,011	\$6,544,312

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

Other Public Improvements Funds	Special Assessment District Funds	Other Special Revenue Funds	Totals
\$648,988	\$232,514	\$4,740,810	\$30,491,035
12,110	3,710	306,793	7,255,389
-	-	158,743	2,932,714
-	-	17,993	19,866,206
-	248,081	-	248,081
1,608,779	-	-	3,331,169
-	-	-	75,031
196,590	-	-	196,590
<u>2,466,467</u>	<u>484,305</u>	<u>5,224,339</u>	<u>64,396,215</u>
670	-	19,683	2,724,874
-	-	2,384	1,299,967
-	-	367,026	2,735,222
-	-	17,993	19,866,206
-	248,081	-	248,081
1,608,779	-	-	3,331,169
-	-	-	3,225,384
<u>1,609,449</u>	<u>248,081</u>	<u>407,086</u>	<u>33,430,903</u>
857,018	-	-	857,018
-	-	27,830	1,402,353
-	-	256,133	10,748,875
-	236,224	4,533,290	17,957,066
<u>857,018</u>	<u>236,224</u>	<u>4,817,253</u>	<u>30,965,312</u>
<u>\$2,466,467</u>	<u>\$484,305</u>	<u>\$5,224,339</u>	<u>\$64,396,215</u>

**ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2008**

	Inter- governmental Grant Funds	Capital Improvement Funds	Improvement and Maintenance District Funds	Public Improvements Funds
Revenues				
Taxes	\$ -	\$29,287,167	\$1,891,329	\$ -
Intergovernmental	29,996,155	4,072,865	-	-
Charges for services	-	1,343,948	-	1,724,246
Donations	-	-	-	-
Other revenue	771,113	-	-	-
Investment earnings	20,237	1,018,185	42,814	362,456
Rental income	-	-	-	-
Total revenues	30,787,505	35,722,165	1,934,143	2,086,702
Expenditures				
Current				
General government	-	29,351,394	-	-
Public safety	3,647,592	-	-	-
Public works	3,204,209	-	2,080,000	3,252,684
Culture and recreation	412,604	-	-	-
Urban redevelopment and housing	5,245,717	-	-	-
Economic development	-	-	-	-
Economic opportunity	-	-	-	-
Miscellaneous	721,996	-	-	-
Debt service				
Principal	-	1,317,994	-	-
Interest	-	657,691	-	-
Issuance expense	-	-	-	-
Capital outlay	17,555,387	7,072,929	-	-
Total expenditures	30,787,505	38,400,008	2,080,000	3,252,684
Excess (deficiency) of revenues over expenditures	-	(2,677,843)	(145,857)	(1,165,982)
Other financing sources (uses)				
Transfers - out	-	-	-	-
Proceeds from issuance of bonds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	(2,677,843)	(145,857)	(1,165,982)
Fund balances - January 1	-	20,788,044	756,021	7,500,434
Fund balances - December 31	\$ -	\$18,110,201	\$610,164	\$6,334,452

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

Other Public Improvements Funds	Special Assessment District Fund	Other Special Revenue Funds	Totals
\$1,582,402	\$ -	\$3,981,202	\$36,742,100
-	-	-	34,069,020
-	194,015	-	3,262,209
-	-	1,604,352	1,604,352
-	-	3,541	774,654
45,329	-	161,347	1,650,368
-	-	3,300	3,300
1,627,731	194,015	5,753,742	78,106,003
-	-	82,233	29,433,627
-	-	-	3,647,592
-	-	-	8,536,893
-	-	1,686,358	2,098,962
-	-	-	5,245,717
-	-	2,797,534	2,797,534
-	-	3,222	3,222
16,000	67	-	738,063
705,000	142,135	-	2,165,129
723,523	27,428	-	1,408,642
77,625	-	-	77,625
2,500,000	-	-	27,128,316
4,022,148	169,630	4,569,347	83,281,322
(2,394,417)	24,385	1,184,395	(5,175,319)
-	-	(1,358,218)	(1,358,218)
2,790,000	-	-	2,790,000
2,790,000	-	(1,358,218)	1,431,782
395,583	24,385	(173,823)	(3,743,537)
461,435	211,839	4,991,076	34,708,849
\$857,018	\$236,224	\$4,817,253	\$30,965,312

INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 December 31, 2008

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit C-3

	Community Development Block Grant Fund	Home Investment Partnership Fund	Grants Fund	Total
<u>ASSETS</u>				
Accounts receivable (net of allowance for uncollectibles)	\$379,277	\$285,629	\$6,244,015	\$6,908,921
Loans receivable	7,450,310	12,249,414	148,489	19,848,213
Total assets	7,829,587	12,535,043	6,392,504	26,757,134
<u>LIABILITIES</u>				
Accounts payable	112,249	19,900	1,083,129	1,215,278
Accrued salaries and benefits	47,749	-	156,529	204,278
Due to other funds	219,279	265,729	1,778,973	2,263,981
Deferred revenue				
Loans	7,450,310	12,249,414	148,489	19,848,213
Grants	-	-	3,225,384	3,225,384
Total liabilities	\$7,829,587	\$12,535,043	\$6,392,504	\$26,757,134

**INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2008**

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

	Community Development Block Grant Fund	Home Investment Partnership Fund	Grants Fund	Total
Revenues				
Intergovernmental	\$2,139,273	\$2,123,497	\$25,733,385	\$29,996,155
Other revenue	336,641	285,142	149,330	771,113
Investment earnings	19,244	-	993	20,237
Total revenues	2,495,158	2,408,639	25,883,708	30,787,505
Expenditures				
Current				
Public safety	-	-	3,647,592	3,647,592
Public works	-	-	3,204,209	3,204,209
Culture and recreation	-	-	412,604	412,604
Urban redevelopment and housing	2,495,158	2,408,639	341,920	5,245,717
Miscellaneous	-	-	721,996	721,996
Capital outlay	-	-	17,555,387	17,555,387
Total expenditures	2,495,158	2,408,639	25,883,708	30,787,505
Net change in fund balances	-	-	-	-
Fund balances - January 1	-	-	-	-
Fund balances - December 31	\$ -	\$ -	\$ -	\$ -

**CAPITAL IMPROVEMENT SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 December 31, 2008**

	Ballfield Capital Improvements Fund	Bicycle Tax Fund	Trails/Open Space Fund	Conservation Trust Fund
<u>ASSETS</u>				
Cash and investments	\$314,920	\$285,711	\$7,220,903	\$2,572,299
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-
Sales tax receivable	-	-	554,794	-
Total assets	314,920	285,711	7,775,697	2,572,299
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	-	-	723,490	5,306
Accrued salaries and benefits	-	22	22,151	22,543
Due to other funds	-	-	-	-
Total liabilities	-	22	745,641	27,849
Fund balances				
Unreserved				
Encumbrances	-	-	125,586	73,082
Subsequent year expenditures	12,803	245,362	5,487,860	1,896,567
Undesignated	302,117	40,327	1,416,610	574,801
Total fund balances	314,920	285,689	7,030,056	2,544,450
Total liabilities and fund balances	\$314,920	\$285,711	\$7,775,697	\$2,572,299

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

Cable Franchise Fund	Public Safety Sales Tax Fund	Total
\$720,701	\$6,575,964	\$17,690,498
250	8,928	9,178
-	2,219,177	2,773,971
<u>720,951</u>	<u>8,804,069</u>	<u>20,473,647</u>
55,718	494,171	1,278,685
17,167	993,694	1,055,577
-	29,184	29,184
<u>72,885</u>	<u>1,517,049</u>	<u>2,363,446</u>
-	1,003,059	1,201,727
424,876	2,425,274	10,492,742
223,190	3,858,687	6,415,732
<u>648,066</u>	<u>7,287,020</u>	<u>18,110,201</u>
<u>\$720,951</u>	<u>\$8,804,069</u>	<u>\$20,473,647</u>

**CAPITAL IMPROVEMENT SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2008**

	Ballfield Capital Improvements Fund	Bicycle Tax Fund	Trails/Open Space Fund	Conservation Trust Fund
Revenues				
Taxes	\$ -	\$91,074	\$5,839,592	\$ -
Intergovernmental	-	-	120,000	3,952,865
Charges for services	98,366	-	129,611	120
Investment earnings	17,890	19,123	421,659	142,705
Total revenues	116,256	110,197	6,510,862	4,095,690
Expenditures				
General government	-	36,775	688,093	3,305,032
Debt service				
Principal	-	-	765,381	552,613
Interest	119,000	-	446,193	92,498
Capital outlay	-	147,396	4,261,505	284,444
Total expenditures	119,000	184,171	6,161,172	4,234,587
Net change in fund balances	(2,744)	(73,974)	349,690	(138,897)
Fund balances - January 1	317,664	359,663	6,680,366	2,683,347
Fund balances - December 31	\$314,920	\$285,689	\$7,030,056	\$2,544,450

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

Cable Franchise Fund	Public Safety Sales Tax Fund	Total
\$ -	\$23,356,501	\$29,287,167
-	-	4,072,865
1,115,141	710	1,343,948
27,321	389,487	1,018,185
1,142,462	23,746,698	35,722,165
951,669	24,369,825	29,351,394
-	-	1,317,994
-	-	657,691
48,315	2,331,269	7,072,929
999,984	26,701,094	38,400,008
142,478	(2,954,396)	(2,677,843)
505,588	10,241,416	20,788,044
\$648,066	\$7,287,020	\$18,110,201

IMPROVEMENT AND MAINTENANCE DISTRICT
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2008

	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
<u>ASSETS</u>				
Cash and investments	\$54,663	\$98,226	\$83,533	\$252,587
Accounts receivable (net of allowance for uncollectibles)	776	4,925	6,730	2,083
Property taxes receivable	86,901	585,419	778,433	253,052
Due from other funds	-	75,031	-	-
Total assets	142,340	763,601	868,696	507,722
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	36	81	150	315
Accrued salaries and benefits	3,255	12,787	18,395	3,291
Due to other funds	-	-	18,657	56,374
Deferred revenue - property taxes	86,901	585,419	778,433	253,052
Total liabilities	90,192	598,287	815,635	313,032
Fund balances				
Unreserved				
Encumbrances	-	45,421	-	-
Undesignated	52,148	119,893	53,061	194,690
Total fund balances	52,148	165,314	53,061	194,690
Total liabilities and fund balances	\$142,340	\$763,601	\$868,696	\$507,722

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
\$78,454	\$5,002	\$61,448	\$633,913
138	25	-	14,677
15,806	2,779	-	1,722,390
-	-	-	75,031
94,398	7,806	61,448	2,446,011
60	56	-	698
-	-	-	37,728
-	-	-	75,031
15,806	2,779	-	1,722,390
15,866	2,835	-	1,835,847
-	-	-	45,421
78,532	4,971	61,448	564,743
78,532	4,971	61,448	610,164
\$94,398	\$7,806	\$61,448	\$2,446,011

**IMPROVEMENT AND MAINTENANCE DISTRICT
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2008**

	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
Revenues				
Taxes	\$100,390	\$634,498	\$860,291	\$266,654
Investment earnings	3,021	12,882	9,005	11,348
Total revenues	103,411	647,380	869,296	278,002
Expenditures				
Current				
Public works	128,086	737,865	864,275	301,131
Total expenditures	128,086	737,865	864,275	301,131
Net change in fund balances	(24,675)	(90,485)	5,021	(23,129)
Fund balances - January 1	76,823	255,799	48,040	217,819
Fund balances - December 31	\$52,148	\$165,314	\$53,061	\$194,690

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit C-8

Woodstone Improvement Maintenance District Fund	Gateway Improvement Maintenance District Fund	Platte Avenue Improvement Maintenance District Fund	Total
\$17,735	\$3,195	\$8,566	\$1,891,329
3,582	314	2,662	42,814
21,317	3,509	11,228	1,934,143
32,448	6,147	10,048	2,080,000
32,448	6,147	10,048	2,080,000
(11,131)	(2,638)	1,180	(145,857)
89,663	7,609	60,268	756,021
\$78,532	\$4,971	\$61,448	\$610,164

PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 December 31, 2008

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit C-9

	Public Space and Development Fund	Subdivision Drainage Fund	Arterial Roadway Fund	Park Developer Easement Fund	Banning Lewis Ranch Fund	Total
<u>ASSETS</u>						
Cash and investments	\$1,898,800	\$3,178,573	\$1,114,939	\$155,858	\$196,142	\$6,544,312
Total assets	1,898,800	3,178,573	1,114,939	155,858	196,142	6,544,312
<u>FUND BALANCE</u>						
Liabilities						
Accounts payable	34,794	175,066	-	-	-	209,860
Total liabilities	34,794	175,066	-	-	-	209,860
Fund balances						
Unreserved						
Encumbrances	127,375	-	-	-	-	127,375
Undesignated	1,736,631	3,003,507	1,114,939	155,858	196,142	6,207,077
Total fund balance	1,864,006	3,003,507	1,114,939	155,858	196,142	6,334,452
Total liabilities and fund balances	\$1,898,800	\$3,178,573	\$1,114,939	\$155,858	\$196,142	\$6,544,312

**PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2008**

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

	Public Space and Development Fund	Subdivision Drainage Fund	Arterial Roadway Fund	Park Developer Easement Fund	Banning Lewis Ranch Fund	Total
Revenues						
Charges for services	\$530,524	\$950,392	\$122,862	\$ -	\$120,468	\$1,724,246
Investment earnings	105,048	183,385	61,386	6,405	6,232	362,456
Total revenues	635,572	1,133,777	184,248	6,405	126,700	2,086,702
Expenditures						
Current						
Public works	951,554	2,277,356	19,110	-	4,664	3,252,684
Total expenditures	951,554	2,277,356	19,110	-	4,664	3,252,684
Net change in fund balances	(315,982)	(1,143,579)	165,138	6,405	122,036	(1,165,982)
Fund balances - January 1	2,179,988	4,147,086	949,801	149,453	74,106	7,500,434
Fund balances - December 31	\$1,864,006	\$3,003,507	\$1,114,939	\$155,858	\$196,142	\$6,334,452

OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 December 31, 2008

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
<u>ASSETS</u>					
Cash and investments	\$448,953	\$66,529	\$86,932	\$46,574	\$648,988
Accounts receivable (net of allowance for uncollectibles)	6,534	2,334	3,027	215	12,110
Property taxes receivable	757,974	291,404	496,558	62,843	1,608,779
Restricted investments	-	-	-	196,590	196,590
Total assets	1,213,461	360,267	586,517	306,222	2,466,467
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	201	201	268	-	670
Deferred revenue - property taxes	757,974	291,404	496,558	62,843	1,608,779
Total liabilities	758,175	291,605	496,826	62,843	1,609,449
Fund balances					
Reserved for debt service	455,286	68,662	89,691	243,379	857,018
Total fund balances	455,286	68,662	89,691	243,379	857,018
Total liabilities and fund balances	\$1,213,461	\$360,267	\$586,517	\$306,222	\$2,466,467

**OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2008**

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

	Cottonwood General Improvement District	Spring Creek General Improvement District	Briargate General Improvement District	MAB General Improvement District	Total
Revenues					
Taxes	\$841,312	\$300,534	\$412,816	\$27,740	\$1,582,402
Investment earnings	30,875	5,978	6,644	1,832	45,329
Total revenues	872,187	306,512	419,460	29,572	1,627,731
Expenditures					
Current					
Miscellaneous	4,054	4,052	6,558	1,336	16,000
Debt service					
Principal	570,000	135,000	-	-	705,000
Interest	232,645	152,810	329,000	9,068	723,523
Issuance expense	-	-	-	77,625	77,625
Capital outlay	-	-	-	2,500,000	2,500,000
Total expenditures	806,699	291,862	335,558	2,588,029	4,022,148
Excess (deficiency) of revenues over expenditures	65,488	14,650	83,902	(2,558,457)	(2,394,417)
Other financing sources					
Proceeds from issuance of bonds	-	-	-	2,790,000	2,790,000
Net change in fund balances	65,488	14,650	83,902	231,543	395,583
Fund balances - January 1	389,798	54,012	5,789	11,836	461,435
Fund balances - December 31	\$455,286	\$68,662	\$89,691	\$243,379	\$857,018

**OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2008**

	Lodgers and Auto Rental Tax Fund	Street Tree Fund	Garfield School Maintenance Fund	Economic Development Fund	Gift Trust Fund
<u>ASSETS</u>					
Cash and investments	\$5,848	\$151,666	\$ -	\$290,903	\$3,774,633
Accounts receivable (net of allowances for uncollectibles)	225,793	-	-	-	81,000
Sales tax receivable	158,743	-	-	-	-
Loans receivable	-	-	-	17,993	-
Total assets	390,384	151,666	-	308,896	3,855,633
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	-	2,080	-	-	17,454
Accrued salaries and benefits	-	-	-	-	-
Due to other funds	355,626	-	-	-	11,400
Deferred revenue - loans	-	-	-	17,993	-
Total liabilities	355,626	2,080	-	17,993	28,854
Fund balances					
Unreserved					
Encumbrances	-	-	-	-	27,830
Designated - subsequent year expenditures	-	44,419	-	211,714	-
Undesignated	34,758	105,167	-	79,189	3,798,949
Total fund balances	34,758	149,586	-	290,903	3,826,779
Total liabilities and fund balances	\$390,384	\$151,666	\$ -	\$308,896	\$3,855,633

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit C-13

City Manager Contract Fund	Senior Programs Fund	Therapeutic Recreation Fund	Cultural Affairs Fund	Total
\$ -	\$494,968	\$22,160	\$632	\$4,740,810
-	-	-	-	306,793
-	-	-	-	158,743
-	-	-	-	17,993
-	494,968	22,160	632	5,224,339
-	149	-	-	19,683
-	2,384	-	-	2,384
-	-	-	-	367,026
-	-	-	-	17,993
-	2,533	-	-	407,086
-	-	-	-	27,830
-	-	-	-	256,133
-	492,435	22,160	632	4,533,290
-	492,435	22,160	632	4,817,253
\$ -	\$494,968	\$22,160	\$632	\$5,224,339

**OTHER SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2008**

	Lodgers and Auto Rental Tax Fund	Street Tree Fund	Garfield School Maintenance Fund	Economic Development Fund	Gift Trust Fund
Revenues					
Taxes	\$3,981,202	\$ -	\$ -	\$ -	\$ -
Donations	-	-	-	-	1,587,434
Other revenue	-	-	-	3,541	-
Investment earnings	9,767	9,379	182	16,776	96,868
Rental income	-	-	3,300	-	-
Total revenues	3,990,969	9,379	3,482	20,317	1,684,302
Expenditures					
General government	82,233	-	-	-	-
Culture and recreation	-	88,029	-	-	1,555,206
Economic development	2,765,819	-	-	31,715	-
Economic opportunity	-	-	3,222	-	-
Total expenditures	2,848,052	88,029	3,222	31,715	1,555,206
Excess (deficiency) of revenues over expenditures	1,142,917	(78,650)	260	(11,398)	129,096
Other financing uses					
Transfers - out	(1,276,048)	-	(21,548)	-	-
Net change in fund balances	(133,131)	(78,650)	(21,288)	(11,398)	129,096
Fund balances - January 1	167,889	228,236	21,288	302,301	3,697,683
Fund balances - December 31	\$34,758	\$149,586	\$ -	\$290,903	\$3,826,779

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit C-14

City Manager Contract Fund	Senior Programs Fund	Therapeutic Recreation Fund	Cultural Affairs Fund	Total
\$ -	\$ -	\$ -	\$ -	\$3,981,202
-	16,918	-	-	1,604,352
-	-	-	-	3,541
-	27,439	910	26	161,347
-	-	-	-	3,300
-	44,357	910	26	5,753,742
-	-	-	-	82,233
-	43,123	-	-	1,686,358
-	-	-	-	2,797,534
-	-	-	-	3,222
-	43,123	-	-	4,569,347
-	1,234	910	26	1,184,395
(60,622)	-	-	-	(1,358,218)
(60,622)	1,234	910	26	(173,823)
60,622	491,201	21,250	606	4,991,076
\$ -	\$492,435	\$22,160	\$632	\$4,817,253

**SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES-BUDGET AND ACTUAL
For the year ended December 31, 2008**

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Community Development Block Grant	\$2,495,158	\$2,495,158	\$ -
Home Investment Partnership Fund	2,408,639	2,408,639	-
Grants Fund	25,883,708	25,883,708	-
Ballfield Capital Improvements Fund	119,000	116,256	(2,744)
Bicycle Tax Fund	118,000	110,197	(7,803)
Trails/Open Space Fund	6,580,634	6,510,862	(69,772)
Conservation Trust Fund	3,818,453	4,095,690	277,237
Cable Franchise Fund	1,047,600	1,142,462	94,862
Public Safety Sales Tax Fund	26,755,585	23,746,698	(3,008,887)
Old Colorado City Maintenance and Security District Fund	108,517	103,411	(5,106)
Norwood Special Improvement Maintenance District Fund	675,814	647,380	(28,434)
Briargate Special Improvement Maintenance District Fund	904,593	869,296	(35,297)
Stetson Hills Improvement Maintenance District Fund	293,250	278,002	(15,248)
Woodstone Improvement Maintenance District Fund	24,610	21,317	(3,293)
Gateway Improvement Maintenance District Fund	3,670	3,509	(161)
Platte Avenue Improvement Maintenance District Fund	11,442	11,228	(214)
Public Space and Development Fund	866,313	635,572	(230,741)
Subdivision Drainage Fund	2,500,000	1,133,777	(1,366,223)
Arterial Roadway Fund	250,000	184,248	(65,752)
Park Developer Easement Fund	-	6,405	6,405
Banning Lewis Ranch Fund	145,000	126,700	(18,300)
Cottonwood General Improvement District	864,748	872,187	7,439
Spring Creek General Improvement District	302,584	306,512	3,928
Briargate General Improvement District	385,438	419,460	34,022
MAB General Improvement District	2,824,204	2,819,572	(4,632)
Lodgers and Auto Rental Tax Fund	4,402,045	3,990,969	(411,076)
Street Tree Fund	12,000	9,379	(2,621)
Garfield School Maintenance Fund	25,500	3,482	(22,018)
Economic Development Fund	9,413	20,317	10,904
Gift Trust Fund	1,600,000	1,684,302	84,302
Senior Programs Fund	15,000	44,357	29,357
Therapeutic Recreation Fund	500	910	410
Cultural Affairs Fund	-	26	26
Special Assessment District Fund	247,700	194,015	(53,685)
Total revenues	\$85,699,118	\$80,896,003	(\$4,803,115)

(continued)

**SPECIAL REVENUE FUNDS
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL
For the year ended December 31, 2008**

	Final Budget	Actual	Variance Positive (Negative)
Expenditures			
Community Development Block Grant	\$2,495,158	\$2,495,158	\$ -
Home Investment Partnership Fund	2,408,639	2,408,639	-
Grants Fund	25,883,708	25,883,708	-
Ballfield Capital Improvements Fund	119,000	119,000	-
Bicycle Tax Fund	422,533	184,171	238,362
Trails/Open Space Fund	11,981,445	6,161,172	5,820,273
Conservation Trust Fund	5,456,272	4,234,587	1,221,685
Cable Franchise Fund	1,411,541	999,984	411,557
Public Safety Sales Tax Fund	32,332,360	26,701,094	5,631,266
Old Colorado City Maintenance and Security District Fund	150,990	128,086	22,904
Norwood Special Improvement Maintenance District Fund	886,268	737,866	148,402
Briargate Special Improvement Maintenance District Fund	956,178	864,274	91,904
Stetson Hills Improvement Maintenance District Fund	372,053	301,131	70,922
Woodstone Improvement Maintenance District Fund	44,610	32,448	12,162
Gateway Improvement Maintenance District Fund	6,486	6,147	339
Platte Avenue Improvement Maintenance District Fund	31,443	10,048	21,395
Public Space and Development Fund	2,329,611	951,554	1,378,057
Subdivision Drainage Fund	2,500,000	2,277,356	222,644
Arterial Roadway Fund	400,000	19,110	380,890
Banning Lewis Ranch Fund	145,000	4,664	140,336
Cottonwood General Improvement District	810,145	806,699	3,446
Spring Creek General Improvement District	295,310	291,862	3,448
Briargate General Improvement District	406,500	335,558	70,942
MAB General Improvement District	2,797,500	2,588,029	209,471
Lodgers and Auto Rental Tax Fund	4,468,531	4,124,100	344,431
Street Tree Fund	132,448	88,029	44,419
Garfield School Maintenance Fund	50,467	24,770	25,697
Economic Development Fund	315,000	31,715	283,285
Gift Trust Fund	1,600,000	1,555,206	44,794
City Manager Contract Fund	-	60,622	(60,622)
Senior Programs Fund	85,850	43,123	42,727
Therapeutic Recreation Fund	1,000	-	1,000
Special Assessment District Fund	247,700	169,630	78,070
Total expenditures	\$101,543,746	\$84,639,540	\$16,904,206

Note: Includes transfers.



CITY OF COLORADO SPRINGS

CAPITAL PROJECTS FUNDS

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

SCIP Construction fund

City Funded CIP Construction fund

Red Rock Canyon COP fund

**CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
December 31, 2008**

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

	SCIP Construction Fund	City Funded CIP Construction Fund	Red Rock Canyon COP Fund	Total
<u>ASSETS</u>				
Cash and investments	\$1,420,691	\$10,978,778	\$260,011	\$12,659,480
Accounts receivable (net of allowance for uncollectibles)	123	54,573	-	54,696
Due from other funds	-	246,144	-	246,144
Restricted investments	-	-	1,370,106	1,370,106
Total assets	1,420,814	11,279,495	1,630,117	14,330,426
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	-	339,463	16,000	355,463
Due to other funds	-	4,934,105	-	4,934,105
Total liabilities	-	5,273,568	16,000	5,289,568
Fund balances				
Reserved for Encumbrances	19,205	2,339,112	33,019	2,391,336
Unreserved Designated - subsequent year expenditures	1,401,609	3,666,815	1,581,098	6,649,522
Total fund balances	1,420,814	6,005,927	1,614,117	9,040,858
Total liabilities and fund balances	\$1,420,814	\$11,279,495	\$1,630,117	\$14,330,426

**CAPITAL PROJECTS FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2008**

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

	SCIP Construction Fund	City Funded CIP Construction Fund	Red Rock Canyon COP Fund	Total
Revenues				
Investment earnings	\$85,186	\$1,960,246	\$56,917	\$2,102,349
Other revenue	175,000	-	-	175,000
Total revenues	260,186	1,960,246	56,917	2,277,349
Expenditures				
Debt Service:				
Principal payment	-	3,460,000	-	3,460,000
Interest and other charges	1,062,610	1,439,382	-	2,501,992
Capital outlay	64,758	9,852,185	75	9,917,018
Total expenditures	1,127,368	14,751,567	75	15,879,010
Excess (deficiency) of revenues over expenditures	(867,182)	(12,791,321)	56,842	(13,601,661)
Other financing sources (uses)				
Transfers - in	-	10,346,307	-	10,346,307
Transfers - out	(154,102)	-	-	(154,102)
Total other financing sources (uses)	(154,102)	10,346,307	-	10,192,205
Net change in fund balances	(1,021,284)	(2,445,014)	56,842	(3,409,456)
Fund balances - January 1	2,442,098	8,450,941	1,557,275	12,450,314
Fund balances - December 31	\$1,420,814	\$6,005,927	\$1,614,117	\$9,040,858



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, Perkins, Woods, Sabine and TOPS Maintenance Trust funds

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

PERMANENT FUNDS
 COMBINING BALANCE SHEET
 December 31, 2008

	C.D. Smith Trust Fund	Perkins Trust Fund	Woods Trust Fund
<u>ASSETS</u>			
Cash and investments	\$256,867	\$ -	-
Restricted investments	444,441	-	-
Total assets	701,308	-	-
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	482	-	-
Total liabilities	482	-	-
Fund balances			
Reserved for endowments	700,826	-	-
Total fund balances	700,826	-	-
Total liabilities and fund balances	\$701,308	\$ -	-

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit E-1

Sabine Trust Fund	Cemetery Endowment Fund	TOPS Maintenance Trust Fund	Total
\$ -	\$6,917	\$772,455	\$1,036,239
-	6,526,546	-	6,970,987
-	6,533,463	772,455	8,007,226
-	-	-	482
-	-	-	482
-	6,533,463	772,455	8,006,744
-	6,533,463	772,455	8,006,744
\$ -	\$6,533,463	\$772,455	\$8,007,226

**PERMANENT FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2008**

	C.D. Smith Trust Fund	Perkins Trust Fund	Woods Trust Fund
Revenues			
Endowments	\$ -	\$ -	\$ -
Investment earnings	(97,834)	-	-
Total revenues	(97,834)	-	-
Expenditures			
Current			
Culture and recreation	102,909	3,105	3,767
Total expenditures	102,909	3,105	3,767
Excess (deficiency) of revenues over expenditures	(200,743)	(3,105)	(3,767)
Fund balances - January 1	901,569	3,105	3,767
Fund balances - December 31	\$700,826	\$ -	\$ -

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit E-2

Sabine Trust Fund	Cemetery Endowment Fund	TOPS Maintenance Trust Fund	Total
\$ -	\$94,795	\$ -	\$ 94,795
-	(2,686,450)	32,020	(2,752,264)
-	(2,591,655)	32,020	(2,657,469)
1,419	-	11,500	122,700
1,419	-	11,500	122,700
(1,419)	(2,591,655)	20,520	(2,780,169)
1,419	9,125,118	751,935	10,786,913
\$ -	\$6,533,463	\$772,455	\$8,006,744

PERMANENT FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL
For the year ended December 31, 2008

CITY OF COLORADO SPRINGS
COLORADO
Exhibit E-3

	Budget	Actual	Variance Positive (Negative)
Revenues			
C.D. Smith Trust Fund	\$85,600	(\$97,834)	(\$183,434)
Perkins Trust Fund	-	-	-
Woods Trust Fund	-	-	-
Sabine Trust Fund	-	-	-
Cemetery Endowment Fund	250,000	(2,591,655)	(2,841,655)
TOPS Maintenance Trust Fund	11,500	32,020	20,520
Total revenues	\$347,100	(\$2,657,469)	(\$3,004,569)
Expenditures			
C.D. Smith Trust Fund	\$105,600	\$102,909	\$2,691
Perkins Trust Fund	4,000	3,105	895
Woods Trust Fund	4,000	3,767	233
Sabine Trust Fund	2,000	1,419	581
Cemetery Endowment Fund	250,000	-	250,000
TOPS Maintenance Trust Fund	11,500	11,500	-
Total expenditures	\$377,100	\$122,700	\$254,400

NON-MAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

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

Patty Jewett Golf fund

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

Valley Hi Golf fund

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

Pikes Peak Highway fund

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

Human Services Complex fund

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

Cemetery fund

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

Development Review fund

Used to account for certain activities related to development review.

Stormwater fund

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

**NON-MAJOR ENTERPRISE FUNDS
COMBINING BALANCE SHEET
December 31, 2008**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
<u>ASSETS</u>				
Current assets				
Cash and investments	\$1,012,607	\$497,655	\$2,304,955	\$870,923
Accounts receivable (net of allowance for uncollectibles)	9,957	6,935	56,060	1,000
Inventories	-	-	80,837	-
Due from other funds	288,152	-	-	-
Total current assets	1,310,716	504,590	2,441,852	871,923
Noncurrent assets				
Capital assets:				
Land	60,000	931,200	667	537,000
Buildings	1,874,319	282,508	4,432,941	2,553,590
Improvements other than buildings	1,758,729	1,510,289	6,225,666	553,006
Machinery and equipment	1,997,729	815,153	1,768,817	-
Infrastructure	-	-	-	-
Construction in progress	-	-	-	-
Less accumulated depreciation	(3,650,094)	(1,919,325)	(5,707,962)	(1,574,094)
Total noncurrent assets	2,040,683	1,619,825	6,720,129	2,069,502
Total assets	\$3,351,399	\$2,124,415	\$9,161,981	\$2,941,425

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$189,196	\$929,293	\$14,462,042	\$20,266,671
189,815	-	3,044,062	3,307,829
-	-	-	80,837
-	-	-	288,152
379,011	929,293	17,506,104	23,943,489
81,379	-	-	1,610,246
514,720	80,173	-	9,738,251
1,649,014	80,289	-	11,776,993
478,372	127,459	1,129,040	6,316,570
-	-	103,308	103,308
-	-	5,867,616	5,867,616
(1,283,029)	(119,109)	(98,440)	(14,352,053)
1,440,456	168,812	7,001,524	21,060,931
\$1,819,467	\$1,098,105	\$24,507,628	\$45,004,420

(continued)

**NON-MAJOR ENTERPRISE FUNDS
COMBINING BALANCE SHEET
December 31, 2008**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities				
Accounts payable	\$29,858	\$34,288	\$1,126	\$95
Accrued salaries and benefits	31,086	14,749	56,405	3,762
Compensated absences	3,687	1,442	6,913	60
Due to other funds	967	5,403	2,691	261
Deferred revenue	17,375	11,235	-	-
Accrued interest payable	-	-	-	-
Notes payable	-	-	51,263	-
Capital lease payable	55,725	63,866	121,714	-
Total current liabilities	138,698	130,983	240,112	4,178
Noncurrent liabilities				
Compensated absences	70,047	27,400	131,354	1,135
Due to other funds	-	-	-	-
Notes payable	-	-	720,778	-
Capital lease payable	118,120	66,695	210,921	-
Total noncurrent liabilities	188,167	94,095	1,063,053	1,135
Total liabilities	326,865	225,078	1,303,165	5,313
Net assets				
Invested in capital assets, net of related debt	1,866,838	1,489,264	5,615,453	2,069,502
Restricted for debt service	-	-	334,000	-
Unrestricted	1,157,696	410,073	1,909,363	866,610
Total net assets	3,024,534	1,899,337	7,858,816	2,936,112
Total liabilities and net assets	\$3,351,399	\$2,124,415	\$9,161,981	\$2,941,425

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$6,049	\$2,235	\$1,006,783	\$1,080,434
37,925	79,451	132,052	355,430
9,148	7,531	9,189	37,970
968	-	1,250,715	1,261,005
-	-	801,870	830,480
-	-	41,315	41,315
-	-	-	51,263
-	-	-	241,305
54,090	89,217	3,241,924	3,899,202
173,817	143,095	174,588	721,436
-	-	842,697	842,697
-	-	-	720,778
-	-	-	395,736
173,817	143,095	1,017,285	2,680,647
227,907	232,312	4,259,209	6,579,849
1,440,456	168,812	7,001,524	19,651,849
-	-	-	334,000
151,104	696,981	13,246,895	18,438,722
1,591,560	865,793	20,248,419	38,424,571
\$1,819,467	\$1,098,105	\$24,507,628	\$45,004,420

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the year ended December 31, 2008**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
Operating revenues				
Charges for services	\$2,068,665	\$1,258,297	\$3,514,850	\$266,677
Operating expenses				
Salaries and benefits	711,465	342,028	1,283,634	88,410
Other operating expenses	1,141,353	804,298	1,206,524	159,678
Depreciation	265,266	106,178	435,916	85,023
Total operating expenses	2,118,084	1,252,504	2,926,074	333,111
Operating income (loss)	(49,419)	5,793	588,776	(66,434)
Nonoperating revenues (expenses)				
Investment earnings	53,124	26,449	114,302	47,213
Interest expense	(281)	(8,494)	(45,661)	-
Gain (loss) on disposal of capital assets	(55,717)	-	(67,269)	-
Total nonoperating revenues (expenses)	(2,874)	17,955	1,372	47,213
Income (loss) before contributions and transfers	(52,293)	23,748	590,148	(19,221)
Capital contributions	288,152	-	1,000,000	-
Transfers in	-	-	445,539	-
Change in net assets	235,859	23,748	2,035,687	(19,221)
Total net assets - January 1	2,788,675	1,875,589	5,823,129	2,955,333
Total net assets - December 31	\$3,024,534	\$1,899,337	\$7,858,816	\$2,936,112

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$1,072,050	\$1,684,018	\$15,273,717	\$25,138,274
768,341	1,529,566	2,970,735	7,694,179
629,376	485,770	3,578,933	8,005,932
85,859	21,977	79,044	1,079,263
1,483,576	2,037,313	6,628,712	16,779,374
(411,526)	(353,295)	8,645,005	8,358,900
171,330	54,013	794,262	1,260,693
-	-	(129,977)	(184,413)
1,481	-	144	(121,361)
172,811	54,013	664,429	954,919
(238,715)	(299,282)	9,309,434	9,313,819
-	-	(16,571)	1,271,581
-	-	-	445,539
(238,715)	(299,282)	9,292,863	11,030,939
1,830,275	1,165,075	10,955,556	27,393,632
\$1,591,560	\$865,793	\$20,248,419	\$38,424,571

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2008**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$2,064,920	\$1,260,475	\$3,486,465	\$203,598
Receipts from interfund services provided	-	-	-	73,896
Payments to suppliers	(760,891)	(463,774)	(778,242)	(110,356)
Payments to employees	(701,236)	(339,702)	(1,319,744)	(87,230)
Payments for interfund services used	(359,980)	(310,066)	(452,938)	(49,673)
Net cash provided (used) by operating activities	242,813	146,933	935,541	30,235
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayment of advance from other funds	-	(4,700)	-	-
Transfers in from other funds	-	-	445,539	-
Net cash provided (used) by noncapital financing activities	-	(4,700)	445,539	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(160,020)	(20,500)	(1,307,302)	-
Capital contributions	-	-	1,000,000	-
Payments from accounts payable incurred for capital asset additions	-	(5,656)	(67,606)	-
Principal paid on capital debt	-	-	(49,273)	-
Interest paid on capital debt	-	-	(32,365)	-
Repayment of capital lease obligations	(62,132)	(61,157)	(56,001)	-
Interest paid - other	(281)	(8,494)	(13,296)	-
Proceeds from sale of capital assets	-	-	9,572	-
Net cash provided (used) by capital and related financing activities	(222,433)	(95,807)	(516,271)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	650,959	285,669	725,167	546,616
Purchases of investments	(639,263)	(314,172)	(1,455,126)	(549,816)
Interest and dividends received	37,854	18,600	71,931	33,946
Net cash provided (used) by investing activities	49,550	(9,903)	(658,028)	30,746
Net increase in cash and cash equivalents	69,930	36,523	206,781	60,981
Cash and cash equivalents - January 1	55,065	24,907	77,742	46,526
Cash and cash equivalents - December 31	124,995	61,430	284,523	107,507
Cash and cash equivalents	124,995	61,430	284,523	107,507
Investments	887,612	436,225	2,020,432	763,416
Total cash and investments	\$1,012,607	\$497,655	\$2,304,955	\$870,923

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$1,074,850	\$1,744,569	\$15,176,470	\$25,011,347
-	(60,550)	-	13,346
(348,801)	(318,464)	(1,709,260)	(4,489,788)
(755,122)	(1,507,281)	(2,880,779)	(7,591,094)
(283,329)	(167,127)	(903,744)	(2,526,857)
(312,402)	(308,853)	9,682,687	10,416,954
-	-	-	(4,700)
-	-	-	445,539
-	-	-	440,839
-	(41,321)	(4,676,896)	(6,206,039)
-	-	440,034	1,440,034
-	-	(7,594)	(80,856)
-	-	(407,047)	(456,320)
-	-	(88,662)	(121,027)
-	-	-	(179,290)
-	-	-	(22,071)
1,481	-	144	11,197
1,481	(41,321)	(4,740,021)	(5,614,372)
264,521	936,288	4,928,628	8,337,848
(119,440)	(586,665)	(9,129,941)	(12,794,423)
169,915	43,408	532,225	907,879
314,996	393,031	(3,669,088)	(3,548,696)
4,075	42,857	1,273,578	1,694,725
19,279	71,855	511,604	806,978
23,354	114,712	1,785,182	2,501,703
23,354	114,712	1,785,182	2,501,703
165,842	814,581	12,676,860	17,764,968
\$189,196	\$929,293	\$14,462,042	\$20,266,671

(continued)

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2008**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	(\$49,419)	\$5,793	\$588,776	(\$66,434)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	265,266	106,178	435,916	85,023
Change in assets and liabilities				
(Increase) decrease in accounts receivable	(2,920)	(3,937)	(30,289)	10,817
Increase in inventories	-	-	(11,790)	-
Decrease in due from other funds	-	-	1,904	-
Increase (decrease) in accounts and other payables	22,180	25,056	(8,828)	(613)
Increase (decrease) in accrued expenses	10,228	2,325	(36,109)	1,181
Increase (decrease) in due to other funds	(1,697)	5,403	(4,039)	261
Increase (decrease) in other liabilities	(825)	6,115	-	-
Net cash provided (used) by operating activities	\$242,813	\$146,933	\$935,541	\$30,235
Noncash investing, capital and financing activities				
Noncash acquisition of capital assets				
(incurrence of payable/capital lease obligation)	\$235,977	\$ -	\$142,972	\$ -
Increase in fair value of investments	15,270	7,849	42,371	13,267

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
(\$411,526)	(\$353,295)	\$8,645,005	\$8,358,900
85,859	21,977	79,044	1,079,263
2,800	-	(234,119)	(257,648)
-	-	-	(11,790)
-	-	396,305	398,209
(1,979)	180	54,857	90,853
13,221	22,285	(124,875)	(111,744)
(777)	-	729,608	728,759
-	-	136,862	142,152
<u>(\$312,402)</u>	<u>(\$308,853)</u>	<u>\$9,682,687</u>	<u>\$10,416,954</u>

\$	-	\$	-	\$774,802	\$1,153,751
	1,415		10,604	262,037	352,813



CITY OF COLORADO SPRINGS

NON-MAJOR PROPRIETARY FUNDS

INTERNAL SERVICE FUNDS

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

Support Services fund

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

Claims Reserve Self-Insurance fund

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

Workers Compensation Self-Insurance fund

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

Employee Benefits Self-Insurance fund

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

**INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
December 31, 2008**

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers Compensation Self-Insurance Fund
<u>ASSETS</u>			
Current assets			
Cash and investments	\$2,893,009	\$1,946,984	\$1,836,317
Accounts receivable (net of allowance for uncollectibles)	219,856	150	820
Inventories	1,106,925	-	-
Due from other funds	1,474,974	-	315,059
Total current assets	5,694,764	1,947,134	2,152,196
Noncurrent assets			
Capital assets			
Land	13,000	-	-
Buildings	380,967	-	6,850
Improvements other than buildings	396,917	-	-
Machinery and equipment	5,205,364	-	49,850
Less accumulated depreciation	(5,226,010)	-	(28,846)
Total noncurrent assets	770,238	-	27,854
Total assets	6,465,002	1,947,134	2,180,050
<u>LIABILITIES AND NET ASSETS</u>			
Current liabilities			
Accounts payable	439,429	1,318,738	5,736,902
Accrued salaries and benefits	712,636	-	39,233
Compensated absences	79,113	-	3,405
Due to other funds	1,554,157	802	-
Capital lease payable	28,480	-	-
Total current liabilities	2,813,815	1,319,540	5,779,540
Noncurrent liabilities			
Compensated absences	1,503,141	-	64,704
Capital lease obligations	12,273	-	-
Total noncurrent liabilities	1,515,414	-	64,704
Total liabilities	4,329,229	1,319,540	5,844,244
Net assets (deficit)			
Invested in capital assets, net of related debt	729,485	-	27,854
Unrestricted	1,406,288	627,594	(3,692,048)
Total net assets (deficit)	2,135,773	627,594	(3,664,194)
Total liabilities and net assets	\$6,465,002	\$1,947,134	\$2,180,050

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

Employee Benefits Self-Insurance Fund	Total
\$776,038	\$7,452,348
131,529	352,355
-	1,106,925
-	1,790,033
<u>907,567</u>	<u>10,701,661</u>
-	13,000
-	387,817
-	396,917
-	5,255,214
-	(5,254,856)
<u>-</u>	<u>798,092</u>
<u>907,567</u>	<u>11,499,753</u>
3,914,734	11,409,803
8,368	760,237
278	82,796
4,191	1,559,150
-	28,480
<u>3,927,571</u>	<u>13,840,466</u>
5,283	1,573,128
-	12,273
<u>5,283</u>	<u>1,585,401</u>
<u>3,932,854</u>	<u>15,425,867</u>
-	757,339
<u>(3,025,287)</u>	<u>(4,683,453)</u>
<u>(3,025,287)</u>	<u>(3,926,114)</u>
<u>\$907,567</u>	<u>\$11,499,753</u>

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the year ended December 31, 2008

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers Compensation Self-Insurance Fund
Operating revenues			
Charges for services	\$35,193,744	\$606,520	\$5,749,055
Operating expenses			
Salaries and benefits	13,784,304	20,188	718,779
Other operating expenses	19,165,334	637,871	4,539,364
Depreciation	227,125	-	1,876
Total operating expenses	33,176,763	658,059	5,260,019
Operating income (loss)	2,016,981	(51,539)	489,036
Nonoperating revenues (expenses)			
Investment earnings	129,346	103,496	95,030
Interest expense	(6,365)	-	-
Loss on disposal of fixed assets	(2,273)	-	-
Total nonoperating revenues	120,708	103,496	95,030
Income (loss) before contributions and transfers	2,137,689	51,957	584,066
Transfers - out	(1,500,000)	-	-
Change in net assets	637,689	51,957	584,066
Total net assets (deficit) - January 1	1,498,084	575,637	(4,248,260)
Total net assets (deficit) - December 31	\$2,135,773	\$627,594	(\$3,664,194)

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

Employee Benefits Self-Insurance Fund	Total
\$23,670,973	\$65,220,292
123,318	14,646,589
29,200,406	53,542,975
-	229,001
29,323,724	68,418,565
(5,652,751)	(3,198,273)
67,420	395,292
-	(6,365)
-	(2,273)
67,420	386,654
(5,585,331)	(2,811,619)
-	(1,500,000)
(5,585,331)	(4,311,619)
2,560,044	385,505
(\$3,025,287)	(\$3,926,114)

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2008

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers Compensation Self-Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$988,583	\$ -	\$35,247
Receipts from interfund services provided	33,394,127	606,370	5,456,818
Payments to suppliers	(14,779,908)	(446,360)	(4,557,870)
Payments to employees	(14,052,022)	(20,187)	(705,223)
Payments for interfund services used	(2,873,462)	(204)	(803,667)
Net cash provided (used) by operating activities	2,677,318	139,619	(574,695)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer out to other funds	(1,500,000)	-	-
Net cash used by noncapital financing activities	(1,500,000)	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(29,638)	-	(28,000)
Payments from accounts payable incurred for capital asset additions	(20,354)	-	-
Repayment of capital lease obligations	(32,655)	-	-
Interest paid - other	(6,365)	-	-
Net cash used by capital and related financing activities	(89,012)	-	(28,000)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	-	1,156,764	1,777,851
Purchases of investments	(905,703)	(1,229,138)	(1,159,273)
Interest and dividends received	76,271	73,181	73,349
Net cash provided (used) by investing activities	(829,432)	807	691,927
Net increase (decrease) in cash and cash equivalents	258,874	140,426	89,232
Cash and cash equivalents - January 1	98,236	99,907	137,441
Cash and cash equivalents - December 31	357,110	240,333	226,673
Cash and cash equivalents	357,110	240,333	226,673
Investments	2,535,899	1,706,651	1,609,644
Total cash and investments	\$2,893,009	\$1,946,984	\$1,836,317

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

Employee Benefits Self-Insurance Fund	Total
\$4,577,174	\$5,601,004
18,962,530	58,419,845
(19,796,405)	(39,580,543)
(119,594)	(14,897,026)
(8,038,610)	(11,715,943)
(4,414,905)	(2,172,663)
-	(1,500,000)
-	(1,500,000)
-	(57,638)
-	(20,354)
-	(32,655)
-	(6,365)
-	(117,012)
4,603,180	7,537,795
(489,915)	(3,784,029)
97,012	319,813
4,210,277	4,073,579
(204,628)	283,904
300,422	636,006
95,794	919,910
95,794	919,910
680,244	6,532,438
\$776,038	\$7,452,348

(continued)

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2008

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers Compensation Self-Insurance Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$2,016,981	(\$51,538)	\$489,037
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation expense	227,125	-	1,876
Change in assets and liabilities			
Increase in accounts receivable	(11,399)	(150)	(821)
Decrease in inventories	34,220	-	-
Increase in due from other funds	(739,133)	-	(256,170)
Increase (decrease) in accounts and other payables	(22,761)	191,307	(771,776)
Increase (decrease) in accrued expenses	(267,718)	-	13,556
Decrease in deferred revenue	(60,502)	-	-
Increase (decrease) in due to other funds	1,500,505	-	(50,397)
Net cash provided (used) by operating activities	<u>\$2,677,318</u>	<u>\$139,619</u>	<u>(\$574,695)</u>
Noncash investing, capital and financing activities			
Increase (decrease) in fair value of investments	\$53,075	\$30,315	\$21,681

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

Employee Benefits Self-Insurance Fund	Total
(\$5,652,751)	(\$3,198,271)
-	229,001
(131,269)	(143,639)
-	34,220
-	(995,303)
1,361,652	758,422
3,724	(250,438)
-	(60,502)
3,739	1,453,847
(\$4,414,905)	(\$2,172,663)
(\$29,592)	\$75,479



CITY OF COLORADO SPRINGS

FIDUCIARY FUNDS

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, 2008**

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

	Old Hire Fire Pension Trust Fund	Old Hire Police Pension Trust Fund	Totals
Pension assets held in trust by Fire and Police Pension Association	<u>\$72,131,323</u>	<u>\$60,398,483</u>	<u>\$132,529,806</u>
Net assets - held in trust for pension benefits	<u>\$72,131,323</u>	<u>\$60,398,483</u>	<u>\$132,529,806</u>

FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
For the year ended December 31, 2008

CITY OF COLORADO SPRINGS
COLORADO
Exhibit H-2

	Old Hire Fire Pension Trust Fund	Old Hire Police Pension Trust Fund	Totals
Additions			
City contributions	\$21,754	\$16,428	\$38,182
Participant contributions	21,754	16,428	38,182
Refunds	-	(3,745)	(3,745)
Total contributions	43,508	29,111	72,619
Investment earnings:			
Interest and dividend income	1,005,500	844,980	1,850,480
Rental income	22,497	18,874	41,371
Net decrease in fair value of investments	(31,280,808)	(26,223,216)	(57,504,024)
Total investment loss	(30,252,811)	(25,359,362)	(55,612,173)
Less investment expenses	761,218	638,225	1,399,443
Net investment loss	(31,014,029)	(25,997,587)	(57,011,616)
Total additions	(30,970,521)	(25,968,476)	(56,938,997)
Deductions			
Benefits	(8,030,904)	(6,962,666)	(14,993,570)
Total deductions	(8,030,904)	(6,962,666)	(14,993,570)
Change in net assets	(39,001,425)	(32,931,142)	(71,932,567)
Net assets held in trust for pension benefits - January 1	111,132,748	93,329,625	204,462,373
Net assets held in trust for pension benefits - December 31	\$72,131,323	\$60,398,483	\$132,529,806

**Miscellaneous
Depository
Fund**

ASSETS

Cash and investments	\$1,898,045
Accounts receivable (net of allowance for uncollectibles)	<u>976</u>
Total assets	<u><u>1,899,021</u></u>

LIABILITIES

Accounts payable	799,456
Due to component unit	<u>1,099,565</u>
Total liabilities	<u><u>\$1,899,021</u></u>

**AGENCY FUND
STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES
For the year ended December 31, 2008**

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

	Beginning balance	Debits	Credits	Ending balance
<u>ASSETS</u>				
Miscellaneous depository fund				
Cash and investments	\$ -	\$213,847,245	\$211,949,200	\$1,898,045
Accounts receivable (net of allowance for uncollectibles)	776,911	-	775,935	976
Total assets	776,911	213,847,245	212,725,135	1,899,021

<u>LIABILITIES</u>				
Miscellaneous depository fund				
Accounts payable	-	212,986,101	213,785,557	799,456
Due to component unit	776,911	-	322,654	1,099,565
Total liabilities	\$776,911	\$212,986,101	\$214,108,211	\$1,899,021



CITY OF COLORADO SPRINGS

STATISTICAL SECTION

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.

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 seven fiscal years

	Fiscal Year						
	2008	2007	2006	2005	2004	2003	2002
Governmental activities							
Invested in capital assets, net of related debt	\$987,792,618	\$943,951,873	\$792,111,419	\$737,918,070	\$473,414,958	\$217,276,297	\$173,534,935
Restricted	18,016,585	19,959,764	19,626,343	18,110,760	20,007,713	16,172,145	15,262,852
Unrestricted	48,519,165	73,002,127	69,855,088	76,136,180	137,298,420	91,064,529	106,662,267
Total governmental activities net assets	\$1,054,328,368	\$1,036,913,764	\$881,592,850	\$832,165,010	\$630,721,091	\$324,512,971	\$295,460,054
Business-type activities							
Invested in capital assets, net of related debt	\$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	46,335,511	66,201,848	57,715,492	64,247,486	62,682,812	76,149,594	74,583,999
Unrestricted	310,245,990	491,602,189	464,250,952	620,409,743	501,642,567	396,257,068	399,709,416
Total business-type activities net assets	\$1,655,740,456	\$1,885,118,594	\$1,804,170,069	\$1,820,841,745	\$1,635,248,084	\$1,568,699,981	\$1,543,151,872
Primary government							
Invested in capital assets, net of related debt	\$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	64,352,096	86,161,612	77,341,835	82,358,246	82,690,525	92,321,739	89,846,851
Unrestricted	358,765,155	564,604,316	534,106,040	696,545,923	638,940,987	487,321,597	506,371,663
Total primary government net assets	\$2,710,068,824	\$2,922,032,358	\$2,685,762,919	\$2,653,006,755	\$2,265,969,175	\$1,893,212,952	\$1,838,611,926

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

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

**CHANGES IN NET ASSETS
Last seven fiscal years**

	Fiscal Year						
	2008	2007	2006	2005	2004	2003	2002
Expenses							
Governmental activities:							
General government	\$92,816,914	\$79,497,564	\$72,426,781	\$66,069,123	\$57,537,266	\$41,823,969	\$41,437,932
Public safety	123,712,015	126,767,912	127,123,546	116,674,354	107,890,403	59,741,269	101,744,389
Public works	69,909,340	79,445,004	70,720,058	71,137,000	69,387,263	66,599,122	48,661,328
Health and welfare	1,181,013	1,146,634	1,061,100	896,675	1,025,059	964,844	900,745
Culture and recreation	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	6,034,237	4,917,290	6,505,047	5,615,284	8,274,058	10,446,365	10,830,340
Economic development	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	5,058,419	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	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	999,877,783	737,871,365	794,957,734	567,771,779	621,608,610	552,190,622	458,822,295
MHS	556,297,000	500,198,000	412,148,000	374,257,000	339,519,000	320,294,000	302,379,000
Airport	26,371,427	26,044,121	45,455,853	24,707,950	24,293,095	22,644,913	25,269,898
Parking	3,938,954	3,064,208	2,517,840	2,483,200	2,176,488	2,134,017	2,964,608
Other	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	1,603,616,305	1,281,192,807	1,265,536,585	978,397,945	995,453,514	904,699,801	797,631,744
Total primary government expenses	\$1,927,820,527	\$1,606,593,355	\$1,576,141,841	\$1,275,820,243	\$1,268,744,024	\$1,143,802,926	\$1,031,911,005
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$20,985,541	\$20,396,377	\$20,650,157	\$21,090,902	\$19,743,456	\$16,576,340	\$14,175,886
Public safety	3,760,245	3,733,389	4,639,941	3,665,390	3,463,338	2,950,931	2,802,961
Public works	8,598,594	7,876,596	10,389,741	10,337,995	11,055,412	12,156,539	10,603,871
Culture and recreation	3,460,517	3,298,029	3,287,652	3,181,267	2,771,570	3,029,537	2,990,651
Urban redevelopment and housing	2,071,374	1,121,879	2,800,362	791,692	2,035,112	1,734,672	1,064,089
Economic development	6,841	27,748	120,061	36,278	77,746	124,299	-
Economic opportunities	-	-	-	-	-	-	180,853
Operating grants and contributions	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	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	\$132,018,529	\$257,666,971	\$149,359,091	\$133,828,982	\$106,310,451	\$100,243,478	\$122,565,945

(continued)

CHANGES IN NET ASSETS
 Last seven fiscal years

	Fiscal Year						
	2008	2007	2006	2005	2004	2003	2002
Business-type activities:							
Charges for services:							
Utilities	\$756,774,000	\$721,355,652	\$678,530,612	\$671,846,586	\$590,990,827	\$519,269,460	\$485,658,771
MHS	553,072,000	507,694,000	425,091,000	397,956,000	365,445,000	350,867,000	305,642,000
Airport	25,607,276	25,532,810	25,411,477	24,714,030	26,945,053	22,941,627	22,763,619
Parking	3,733,694	3,504,273	3,200,612	2,785,403	2,775,362	2,688,034	2,601,750
Other	25,138,274	24,683,395	8,732,533	8,528,184	7,433,408	7,450,748	7,401,488
Operating grants and contributions	-	-	-	-	-	-	171,140
Capital grants and contributions	44,401,587	64,979,269	91,230,189	57,521,098	64,671,742	39,233,969	49,370,710
Total business-type activities program revenues	1,408,726,831	1,347,749,399	1,232,196,423	1,163,351,301	1,058,261,392	942,450,838	873,609,478
Total primary government program revenues	\$1,540,745,360	\$1,605,416,370	\$1,381,555,514	\$1,297,180,283	\$1,164,571,843	\$1,042,694,316	\$996,175,423
Net (expense)/revenue	(\$192,185,693)	(\$67,733,577)	(\$161,246,165)	(\$163,593,316)	(\$166,980,059)	(\$138,859,647)	(\$111,713,316)
Governmental activities	(194,889,474)	66,556,592	(33,340,162)	184,953,356	62,807,878	37,751,037	75,977,734
Business-type activities	(\$387,075,167)	(\$1,176,985)	(\$194,586,327)	\$21,360,040	(\$104,172,181)	(\$101,108,610)	(\$35,735,582)
Total primary government net (expense) revenue							
General revenues and other changes in net assets							
Governmental activities:							
Taxes							
Property taxes	\$25,741,077	\$22,696,117	\$21,906,181	\$20,485,055	\$19,782,761	\$20,443,870	\$21,010,517
Sales taxes	150,111,070	163,816,420	156,461,159	153,812,340	149,466,682	138,347,621	136,939,555
Specific ownership taxes	3,024,451	3,179,212	3,094,339	3,146,062	3,119,592	3,141,358	3,143,447
Occupational liquor taxes	254,711	259,320	256,852	253,228	246,664	242,462	232,070
Admissions tax	398,694	313,008	440,766	405,455	371,828	362,858	387,840
Bicycle excise tax	91,074	109,226	111,463	122,757	118,425	101,100	105,096
Investment earnings	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	275,399	87,244	51,479	16,576	-	-	-
Contributions to endowments	94,795	99,192	90,505	83,980	86,892	73,705	-
Transfers	25,799,417	24,979,499	24,558,860	24,359,629	22,389,858	22,223,619	24,136,998
Total governmental activities	209,600,297	223,054,491	215,609,251	206,342,531	198,439,862	189,167,263	190,388,625
Business-type activities:							
Investment earnings	(8,689,259)	39,371,432	35,910,334	24,999,934	26,130,083	10,020,691	4,126,218
Transfers	(25,799,417)	(24,979,499)	(24,558,860)	(24,359,629)	(22,389,858)	(22,223,619)	(24,136,998)
Total business-type activities	(34,488,676)	14,391,933	11,351,474	640,305	3,740,225	(12,202,928)	(20,010,780)
Total primary government	\$175,111,621	\$237,446,424	\$226,960,725	\$206,982,836	\$202,180,087	\$176,964,335	\$170,377,845
Change in net assets							
Governmental activities	\$17,414,604	\$155,320,914	\$54,363,086	\$42,749,215	\$31,459,803	\$50,307,616	\$78,675,309
Business-type activities	(229,378,150)	80,948,525	(21,988,688)	185,593,661	66,548,103	25,548,109	55,966,954
Total primary government	(\$211,963,546)	\$236,269,439	\$32,374,398	\$228,342,876	\$98,007,906	\$75,855,725	\$134,642,263

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 3**

**FUND BALANCES OF GOVERNMENTAL FUNDS
Last seven fiscal years**

	Fiscal Year						
	2008	2007	2006	2005	2004	2003	2002
General fund							
Reserved	\$9,152,823	\$8,711,416	\$8,706,621	\$7,590,511	\$10,935,884	\$10,985,168	\$9,937,071
Unreserved	22,864,229	31,775,420	24,119,856	31,626,013	33,310,291	29,966,862	29,018,235
Total general fund	\$32,017,052	\$40,486,836	\$32,826,477	\$39,216,524	\$44,246,175	\$40,952,030	\$38,955,306
All other governmental funds							
Reserved	\$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	30,108,294	34,247,414	36,559,557	32,027,399	26,413,825	26,014,189	25,479,321
Capital projects funds	9,040,858	12,450,314	11,328,784	14,262,602	8,825,087	15,552,243	24,872,625
Total all other governmental funds	\$48,012,914	\$57,946,076	\$58,808,064	\$56,810,250	\$55,355,480	\$61,107,216	\$70,878,238

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 seven fiscal years**

**CITY OF COLORADO SPRINGS
COLORADO
Table 4**

	Fiscal Year						
	2008	2007	2006	2005	2004	2003	2002
Revenues							
Taxes	\$179,790,693	\$190,409,468	\$184,419,011	\$178,378,079	\$173,436,945	\$162,876,843	\$162,611,439
Licenses and permits	650,977	701,441	980,916	667,337	642,912	620,800	557,105
Intergovernmental	53,351,302	60,601,329	54,367,954	43,158,722	40,183,425	43,689,688	50,916,128
Charges for services	29,323,793	29,058,970	33,375,567	32,821,512	31,856,403	29,909,498	24,894,425
Endowments and donations	1,699,147	1,326,375	2,636,147	3,634,011	1,489,187	1,103,146	855,244
Other revenue	4,415,975	3,601,664	2,321,482	2,725,085	3,011,634	5,055,993	2,503,010
Investment earnings	3,331,460	6,960,170	5,572,923	3,111,062	2,581,807	3,711,689	3,938,252
Rental income	767,989	697,917	746,082	660,478	343,776	282,034	242,122
Total revenues	273,331,336	293,357,334	284,420,082	265,156,286	253,546,089	247,249,691	246,517,725
Expenditures							
General government	82,353,801	72,231,643	66,991,217	57,177,292	51,961,932	37,678,420	34,103,423
Public safety	113,724,157	116,345,694	119,126,698	110,140,218	101,792,209	99,908,503	96,634,706
Public works	37,188,794	41,998,578	40,554,899	38,190,123	36,948,686	42,067,993	43,585,425
Health and welfare	1,173,833	1,134,100	1,061,100	896,675	1,025,059	964,844	909,016
Culture and recreation	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	5,957,329	5,670,270	6,840,243	5,787,915	8,157,828	10,118,217	10,846,771
Economic development	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	815,688	602,980	514,049	660,481	744,467	538,577	337,194
Debt service							
Principal	10,051,894	8,772,742	10,904,822	13,769,724	11,292,768	11,116,285	9,473,619
Interest	4,909,523	5,080,129	6,127,357	6,381,097	6,122,759	5,785,070	6,500,970
Capital outlay	46,673,145	41,240,465	33,440,043	42,296,100	50,576,149	67,229,786	63,392,665
Total expenditures	327,260,137	318,315,826	308,805,014	297,973,564	288,443,745	296,162,241	287,403,475
Deficiency of revenues over expenditures	(53,928,801)	(24,958,492)	(24,384,932)	(32,817,278)	(34,897,656)	(48,912,550)	(40,885,750)
Other financing sources (uses)							
Transfers - in	39,019,942	39,631,621	42,599,569	45,172,685	37,353,535	29,808,563	38,160,185
Transfers - out	(11,720,525)	(16,897,772)	(18,040,709)	(20,490,444)	(14,701,582)	(7,541,718)	(13,415,328)
Proceeds from issuance of bond	2,790,000	10,476,900	-	2,695,000	25,915,000	15,070,000	-
Payment on refunding bonds	-	(11,161,225)	-	-	(17,398,900)	-	-
Premium on refunding bonds issued	-	953,410	-	-	430,447	-	-
Capital lease financing	5,158,766	8,540,289	-	1,218,293	561,191	3,276,269	1,085,603
Sale of capital assets	277,672	213,641	369,085	646,863	280,374	525,138	323,972
Total other financing sources (uses)	35,525,855	31,756,864	24,927,945	29,242,397	32,440,065	41,138,252	26,154,432
Net change in fund balances	(\$18,402,946)	\$6,798,372	\$543,013	(\$3,574,881)	(\$2,457,591)	(\$7,774,298)	(\$14,731,318)
Debt service as a percentage of noncapital expenditures	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

Fiscal Year	City Sales and Use Tax	Public Safety Sales and Use Tax	Trails, Open Space and Parks Sales and Use Tax	Total Direct Tax Rate
1999	\$100,806,260	\$ -	\$5,040,312	2.10%
2000	112,231,520	-	5,611,576	2.10%
2001	113,001,375	-	5,650,068	2.10%
2002	108,328,494	20,812,079	5,416,424	2.50%
2003	106,150,250	21,041,083	5,307,512	2.50%
2004	116,471,513	23,000,535	5,823,575	2.50%
2005	118,648,568	23,660,221	5,932,430	2.50%
2006	122,626,114	24,478,592	6,131,306	2.50%
2007	125,661,571	25,131,496	6,283,079	2.50%
2008	115,961,702	23,190,497	5,798,084	2.50%

Source: City Sales Tax Division

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	
1999	2.00%	-	0.10%	2.10%	1.00%	-	3.10%
2000	2.00%	-	0.10%	2.10%	1.00%	-	3.10%
2001	2.00%	-	0.10%	2.10%	1.00%	-	3.10%
2002	2.00%	0.40% ¹	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% ²	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%

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.

¹The Public Safety Sales and Use Tax was implemented January 1, 2002.

²In November 2004, voters in El Paso County, Colorado Springs, Manitou Springs, and Green Mountain Falls approved the new Pikes Peak Regional Transportation Authority 1% sales and use tax. The new tax was effective as of January 1, 2005.

**PRINCIPAL SALES AND USE
TAXPAYERS BY INDUSTRY
Current year and three years ago**

**CITY OF COLORADO SPRINGS
COLORADO
Table 7**

Industry	Fiscal Year 2008			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	\$19,958,854	1	13.22%	\$20,810,428	4	11.70%
Miscellaneous non-retail	19,773,597	2	13.09%	21,236,850	3	11.94%
Department and discount stores	18,814,404	3	12.46%	24,284,180	1	13.66%
Restaurants	18,237,086	4	12.08%	19,963,444	5	11.23%
Auto Dealers	15,409,638	5	10.20%	16,478,012	-	9.27%
Building Materials	13,204,878	-	8.74%	21,899,790	2	12.32%
	<u>\$105,398,457</u>		<u>69.79%</u>	<u>\$124,672,704</u>		<u>70.12%</u>

Source: Revenue and Collections Division

Note: Due to requirements under the City charter, the names of the ten largest revenue payers are confidential. The industry categories presented are intended to provide alternative information regarding the sources of the City's revenue.

Sales and use tax data not available by industry prior to 2002. Will compare 2005 to future years until nine years of data is available.

Fiscal Year	Governmental Activities										Business-Type Activities					Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹		
	General Obligation Bonds			Sales Tax Revenue Bonds			Certificates of Participation			Special Assessment Bonds & Notes	Capital Leases		Revenue Bonds		Notes Payable				Capital Leases	
1999	\$39,077,710	\$85,800,000	\$5,575,000	\$1,364,903	\$5,130,000	\$948,029,376	\$21,708,115	\$5,098,000										\$1,111,783,104	7.66%	\$3,121
2000	36,093,443	81,885,000	12,745,000	1,204,673	11,668,000	947,453,470	21,195,955	3,931,000										1,116,176,541	6.98%	3,090
2001	33,297,893	77,805,000	12,505,000	1,082,527	11,593,000	1,113,332,470	20,662,455	3,744,000										1,274,022,345	7.61%	3,441
2002	30,360,000	73,550,000	12,025,000	924,096	5,270,000	1,347,489,210	20,096,945	4,182,000										1,493,897,251	8.83%	3,996
2003	27,345,000	69,115,000	26,590,000	783,886	5,304,000	1,487,634,950	20,483,420	1,465,000										1,638,721,256	9.50%	4,343
2004	32,445,000	64,490,000	25,305,000	644,096	4,399,000	1,664,306,354	19,806,501	679,000										1,812,074,951	9.94%	4,763
2005	29,195,000	59,670,000	23,915,000	535,550	3,807,745	1,775,025,698	19,101,208	675,691										1,911,925,892	9.79%	4,962
2006	25,935,000	54,645,000	22,475,000	404,854	2,655,993	1,833,364,852	19,651,003	636,563										1,959,768,265	9.50%	5,014
2007	22,490,000	50,830,000	20,995,000	363,593	9,927,552	1,881,485,426	23,277,331	463,496										2,009,832,398	9.21%	5,099
2008	21,725,000	47,370,000	19,450,000	221,841	13,632,712	1,960,981,137	22,686,752	2,380,463										2,088,447,905	9.06%	5,203

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

¹Personal income and population data can be found on Table 13.

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

**CITY OF COLORADO SPRINGS
COLORADO**
Table 9

Fiscal Year	General Obligation Bonds	Less: Non-City Obligations	City General Obligation Bonds	Assessed Value of Property (in '000s)	Percentage of Assessed Value of Property	Per Capita ¹
1999	\$39,077,710	\$12,720,000	\$26,357,710	\$3,255,179	0.81%	\$74.00
2000	36,093,443	12,205,000	23,888,443	3,322,468	0.72%	66.13
2001	33,297,893	11,630,000	21,667,893	3,730,306	0.58%	58.53
2002	30,360,000	11,005,000	19,355,000	3,875,111	0.50%	51.77
2003	27,345,000	10,375,000	16,970,000	3,734,731	0.45%	44.98
2004	32,445,000	18,450,000	13,995,000	3,783,803	0.37%	36.78
2005	29,195,000	17,885,000	11,310,000	4,103,863	0.28%	29.35
2006	25,935,000	17,360,000	8,575,000	4,215,419	0.20%	21.94
2007	22,490,000	16,705,000	5,785,000	4,738,226	0.12%	14.68
2008	21,725,000	18,790,000	2,935,000	4,773,750	0.06%	7.31

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

¹Population data can be found in Table 13

**DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2008**

**CITY OF COLORADO SPRINGS
COLORADO
Table 10**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
El Paso County	\$124,480,545	70.40%	\$87,634,304
Harrison School District #2	70,831,480	92.14%	65,264,126
Widefield School District #3	14,670,820	4.85%	711,535
Fountain/Fort Carson School District #8	14,614,307	0.01%	1,461
Colorado Springs School District #11	239,129,970	93.35%	223,227,827
Cheyenne Mountain School District #12	27,859,897	97.10%	27,051,960
Manitou School District #14	7,580,000	9.31%	705,698
Air Academy School District #20	27,829,937	83.29%	23,179,555
Ellicott School District #22	5,639,541	0.34%	19,174
Falcon School District #49	50,630,000	46.98%	23,785,974
Colorado Springs Cottonwood General Improvement District	4,745,000	100.00%	4,745,000
Colorado Springs Spring Creek General Improvement District	2,455,000	100.00%	2,455,000
Colorado Springs Briargate General Improvement District	8,800,000	100.00%	8,800,000
Marketplace at Austin Bluffs General Improvement District	2,790,000	100.00%	2,790,000
Briargate Center Business Improvement District	9,630,000	100.00%	9,630,000
First & Main North Business Improvement District	1,927,000	100.00%	1,927,000
Barnes & Powers North Business Improvement District	4,000,000	100.00%	4,000,000
Barnes & Powers South Business Improvement District	835,000	100.00%	835,000
Colorado Springs Urban Renewal Authority	54,630,000	100.00%	<u>54,630,000</u>
Subtotal, overlapping debt			\$541,393,614
City direct debt			<u>83,609,553</u>
Total direct and overlapping debt			<u><u>\$625,003,167</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the El Paso County Assessor's office final certification letter dated November 24, 2008.

Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

LEGAL DEBT MARGIN INFORMATION
 Last ten fiscal years

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	\$325,517,916	\$332,246,757	\$373,030,578	\$387,511,106	\$373,473,130	\$378,380,271	\$410,386,307	\$421,541,959	\$473,822,587	\$477,374,953
Total net debt applicable to limit	26,357,710	23,888,443	21,667,893	19,355,000	16,970,000	13,995,000	11,310,000	8,575,000	5,785,000	2,935,000
Legal debt margin	\$299,160,206	\$308,358,314	\$351,362,685	\$368,156,106	\$356,503,130	\$364,385,271	\$399,076,307	\$412,966,959	\$468,037,587	\$474,439,953
Total net debt applicable to the limit as a percentage of debt limit	8.10%	7.19%	5.81%	4.99%	4.54%	3.70%	2.76%	2.03%	1.22%	0.61%

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value - 2008 for 2009 taxes	\$ 4,773,749,530
Debt limit (10% of assessed value)	477,374,953
Debt applicable to limit: General obligation bonds	<u>2,935,000</u>
Total net debt applicable to limit	2,935,000
Legal debt margin	<u>\$ 474,439,953</u>

PLEGGED REVENUE COVERAGE
Last ten fiscal years

Fiscal Year	MHS Revenue Bonds				Utilities Revenue Bonds				Coverage
	Applicable Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Principal ¹	Applicable Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	
1999	\$403,721,143	\$287,512,452	\$116,208,691	\$56,788,496	\$ -	\$ -	\$ -	\$ -	2.05
2000	501,593,208	383,850,513	117,742,695	11,382,160	46,233,899	46,233,899	11,382,160	46,233,899	2.04
2001	616,750,161	429,695,488	187,054,673	4,318,500	55,170,471	55,170,471	4,318,500	55,170,471	3.14
2002	513,370,775	360,738,821	152,631,954	13,655,510	43,467,345	43,467,345	13,655,510	43,467,345	2.67
2003	545,620,366	427,414,052	118,206,314	14,233,525	48,257,013	48,257,013	14,233,525	48,257,013	1.89
2004	633,739,434	474,551,233	159,188,201	16,603,572	55,118,082	55,118,082	16,603,572	55,118,082	2.22
2005	716,218,779	516,369,158	199,849,621	17,256,540	63,524,157	63,524,157	17,256,540	63,524,157	2.47
2006	718,507,863	531,512,370	186,995,493	18,298,215	68,756,629	68,756,629	18,298,215	68,756,629	2.15
2007	763,754,405	565,046,685	198,707,720	17,905,225	73,260,972	73,260,972	17,905,225	73,260,972	2.18
2008	788,601,365	627,795,505	160,805,860	7,551,582	71,836,148	71,836,148	7,551,582	71,836,148	2.03

Fiscal Year	Airport Revenue Bonds				Parking Revenue Bonds				Coverage
	Applicable Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Applicable Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	
1999	\$20,772,344	\$10,924,981	\$9,847,363	\$2,170,000	\$2,893,227	\$1,125,021	\$1,768,206	\$315,000	2.91
2000	21,157,418	11,092,890	10,064,528	2,305,000	3,190,273	970,930	2,219,343	325,000	3.15
2001	22,791,117	11,906,465	10,884,652	2,445,000	3,031,199	883,058	2,148,141	335,000	3.05
2002	22,621,860	12,040,291	10,581,569	2,453,334	2,745,084	1,231,754	1,513,330	345,000	2.15
2003	22,289,621	12,967,319	9,322,302	2,000,855	2,860,296	1,117,453	1,742,843	360,000	2.47
2004	22,571,575	13,039,813	9,531,762	2,169,586	2,831,493	1,168,642	1,662,851	375,000	2.36
2005	22,648,070	13,216,734	9,431,336	2,167,466	2,974,004	1,462,482	1,511,522	385,000	2.16
2006	23,602,795	13,804,532	9,798,263	2,175,370	3,200,612	1,224,171	1,976,441	400,000	2.08
2007	23,855,188	14,722,292	9,132,896	2,101,895	3,504,273	1,683,218	1,821,055	420,000	1.77
2008	24,147,143	14,537,476	9,609,667	2,385,612	3,733,694	2,385,652	1,348,042	435,000	1.31

Fiscal Year	Sales and Use Tax Revenue Bonds				Special Assessment Bonds				Coverage
	Use Tax Collections	Debt Service Principal	Interest	Coverage	Special Assessment Collections	Debt Service Principal	Interest	Coverage	
1999	\$100,971,342	\$2,175,000	\$2,188,910	23.14	\$163,540	\$80,595	\$87,857	0.97	
2000	111,393,526	3,915,000	3,933,446	14.19	272,008	164,693	101,442	1.02	
2001	111,826,511	4,080,000	3,767,059	14.25	269,901	141,261	99,643	1.12	
2002	107,735,252	4,255,000	3,593,659	13.73	257,317	177,544	90,974	0.96	
2003	108,235,624	4,435,000	3,412,821	13.79	221,888	178,932	78,423	0.86	
2004	117,043,184	4,625,000	3,224,334	14.91	223,355	156,592	65,205	1.01	
2005	120,215,439	4,820,000	3,027,771	15.32	193,015	138,769	53,707	1.00	
2006	123,813,924	5,025,000	2,822,921	15.78	192,999	143,432	43,155	1.03	
2007	127,794,303	3,465,000	2,354,133	21.96	147,986	125,895	32,566	0.93	
2008	116,933,775	3,460,000	2,501,993	19.61	186,850	154,600	27,704	1.02	

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

¹Details regarding the Utilities' breakout between principal and interest not available prior to 2000.

**DEMOGRAPHIC AND
ECONOMIC STATISTICS**
Last ten fiscal years

**CITY OF COLORADO SPRINGS
COLORADO**
Table 13

Fiscal Year	Population¹	Personal Income (in 000's)²	Per Capita Personal Income²	Unemployment Rate³
1999	356,208	\$14,508,109	\$27,408	3.5%
2000	361,215	15,990,257	29,606	2.8%
2001	370,208	16,742,057	30,073	4.1%
2002	373,832	16,915,548	29,871	6.0%
2003	377,308	17,256,850	30,131	6.1%
2004	380,477	18,221,258	31,389	5.6%
2005	385,312	19,528,369	33,131	5.3%
2006	390,895	20,638,583	34,255	4.6%
2007	394,177	21,811,914	35,417	4.3%
2008	401,431	23,051,951	36,619	5.8%

Sources:

¹Colorado Department of Local Affairs, Demography section. Prior years adjusted to reflect April 2007 report with a 2008 estimate.

²U.S. Department of Commerce, Bureau of Economic Analysis for Colorado Springs Metropolitan Statistical Area (MSA).

³U.S. Department of Labor, Bureau of Labor Statistics for city of Colorado Springs

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

CITY OF COLORADO SPRINGS
COLORADO
Table 14

Employer	2008		1999	
	Rank	Percentage of Total County Employment	Rank	Percentage of Total County Employment
Fort Carson Army Post	1	9.31%	1	7.61%
Peterson Air Force Base	2	4.73%	2	4.40%
City of Colorado Springs ¹	3	3.68%	3	2.87%
United States Air Force Academy	4	2.64%	4	2.50%
Schriever Air Force Base ²	5	2.43%	6	1.57%
Colorado Springs School District #11	6	1.58%	7	1.50%
Penrose-St. Francis Health Services	7	1.20%	8	0.97%
Academy School District #20	8	1.07%	-	-
El Paso County	9	0.90%	9	0.85%
Lockheed Martin Corporation	10	0.85%	-	-
MCI Network Services	-	-	5	1.72%
Atmel Corporation	-	-	10	0.83%
		<u>28.39%</u>		<u>24.82%</u>

Notes:

¹City of Colorado Springs figures include all primary government employees.

²Schriever 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 four fiscal years**

**CITY OF COLORADO SPRINGS
COLORADO
Table 15**

Function/Program	Fiscal year ended December 31			
	2008	2007	2006	2005
General government	671.05	643.00	595.00	625.00
Public safety	1,232.25	1,236.00	1,244.00	1,244.00
Public works	192.25	219.00	236.00	225.00
Culture and recreation	177.75	180.00	184.00	174.00
Urban redevelopment and housing	54.00	54.00	64.00	23.00
Utilities	1,848.00	1,929.75	1,956.75	1,930.00
MHS	4,075.40	4,075.00	3,333.00	3,050.00
Airport	121.00	118.00	118.00	118.00
Parking	8.00	8.00	8.00	8.00
Other non-major enterprise funds	114.00	107.00	70.00	70.00
Total	8,493.70	8,569.75	7,808.75	7,467.00

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last ten fiscal years

Function/Program	2008	2007	2006	2005
General government				
Internal audits completed	24	25	14	96
Summons filed	67,300	56,840	63,636	70,805
Contractual transactions	4,900	4,208	3,727	5,082
Workers compensation claims	480	530	539	565
Public safety				
Emergency response time - Police	9.9	11.6	11.2	11.8
Percent of emergency incident arrival within 8 minutes	90.5	89.8	90.0	90.0
Violent and property crime rates (per 1,000 population)	44	47	52	56
Emergency incidents (per 10,000 population)	1,124	1,133	1,155	1,160
Public works				
Miles resurfaced	55	112	144	144
Fixed route transit revenue hours of service	215,864	214,145	211,166	135,808
Painted lane miles	1,550	2,153	1,350	1,313
Culture and recreation				
Museum/archive attendance	125,000	124,911	138,646	85,939
Street and park trees	123,600	123,600	122,514	118,500
Acres of parks maintained	13,539	12,895	12,884	12,562
Program participants	1,111,000	1,106,296	1,012,360	1,110,609
Urban redevelopment and housing				
Projects managed	7	9	9	7
Affordable housing developed and rehabilitated	152	230	332	250
Clients assisted	401	180	192	401
Utilities				
Total metered customers ¹	526,421	524,000	517,884	508,655
Annual natural gas moved through pipes (thousands of mcf)	24,301	24,895	22,755	22,910
Electric use (thousands of MWh)	5,213	4,827	4,548	4,593
Water use (millions of gallons)	28,002	25,680	26,410	26,975
Wastewater treatment (millions of gallons)	13,550	12,902	12,810	13,262
MHS				
Admissions	30,357	30,096	27,805	27,774
Outpatient visits	393,251	360,528	322,983	309,173
Emergency visits	126,224	113,492	101,797	98,167
Births	4,876	4,884	4,546	4,430
Airport				
Passenger boardings (in thousands)	998	1,034	1,017	1,031
Airline revenue per enplaned passengers	7.48	6.71	6.51	6.98
Parking				
Revenues collected per space - on-street	1,090	879	816	619
Revenues collected per space - off-street	756	893	879	714
Other				
Cemetery - burial services	664	661	674	704
Development Review - plans reviewed	11,594	14,451	13,625	15,630
Golf courses - rounds played	202,305	201,070	203,530	201,909
Pikes Peak Highway - number of visitors	254,419	270,528	256,560	257,309

Note:

¹Some customers have multiple services and may be counted more than once

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

CITY OF COLORADO SPRINGS
COLORADO
Table 16

Fiscal Year					
2004	2003	2002	2001	2000	1999
61	56	83	84	70	98
72,135	59,537	59,537	59,680	55,839	51,434
4,756	3,767	3,760	4,252	4,847	4,497
521	582	607	741	650	632
11.3	11.2	12.5	13.3	12.2	11.2
88.8	89.0	88.2	87.9	89.0	90.2
58	56	58	53	N/A	N/A
1,131	1,092	1,161	1,143	1,023	942
95	80	91	111	91	76
134,736	139,229	143,598	135,438	139,520	136,681
1,300	1,800	1,900	2,700	1,900	2,500
73,841	72,090	107,771	105,900	83,654	60,888
118,500	119,000	122,000	103,400	103,000	95,200
12,562	11,724	11,770	11,620	9,433	9,230
1,017,471	1,041,601	N/A	N/A	N/A	N/A
5	6	5	7	8	8
282	445	438	316	364	348
662	N/A	N/A	N/A	N/A	N/A
617,981	603,081	586,828	569,195	551,530	537,316
23,309	23,416	26,534	24,494	23,128	21,238
4,558	4,493	4,685	4,588	4,388	4,110
23,816	24,819	27,314	30,487	30,601	27,142
12,703	12,876	13,527	16,253	16,926	17,119
25,552	25,643	24,652	22,696	N/A	N/A
295,979	268,996	213,264	203,319	N/A	N/A
93,261	97,761	99,656	97,854	N/A	N/A
4,150	4,505	4,395	3,664	N/A	N/A
1,035	1,010	1,068	1,066	1,220	1,243
7.54	7.87	6.12	6.34	4.99	5.29
560	565	581	566	549	542
693	737	724	795	783	890
647	661	709	693	613	684
17,927	7,091	6,922	4,894	4,606	4,231
205,970	220,264	222,475	227,896	216,420	235,249
241,688	252,552	246,363	288,325	285,002	292,870

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 17**

Function/Program	Fiscal year			
	2008	2007	2006	2005
Public safety				
Police				
Area commands (stations)	4	4	4	4
Patrol units	241	294	285	330
Fire				
Stations	20	20	20	20
Emergency units	69	90	73	69
Public works				
Streets (miles)	1,576	1,576	1,542	1,450
Major bridges	205	170	83	83
Signalized intersections	564	545	515	500
Transit buses	94	128	102	86
Culture and recreation				
Parks and open space locations	198	198	184	178
Sports complexes	7	7	6	6
Community centers	7	7	7	5
Utilities				
Electric distribution lines (miles)	3,451	3,432	3,319	2,892
Natural gas pipe (miles)	2,320	2,278	2,160	2,104
Water distribution lines (miles)	1,892	1,780	1,738	1,800
MHS				
Number of hospital beds	717	717	477	477
Health care facilities	15	15	15	15
Airport				
Number of runways	3	3	3	3
Parking				
Number of parking spaces - on-street	2,389	2,404	2,360	2,360
Number of parking spaces - off-street	2,703	2,136	2,136	2,136

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

**SALES AND USE TAX REVENUE
COLLECTION COSTS AND REQUIRED REFUNDS
Last ten fiscal years**

**CITY OF COLORADO SPRINGS
COLORADO
Table 18**

Fiscal Year	Collection Cost	Required Refunds
1999	\$2,786,155	\$1,110,831
2000	3,088,355	773,330
2001	3,146,904	1,098,357
2002	3,044,827	582,183
2003	2,837,599	562,868
2004	2,238,376	590,059
2005	2,102,833	1,476,970
2006	2,138,951	797,409
2007	2,382,311	297,007
2008	2,266,785	1,359,304

**ASSESSED VALUATIONS, PROPERTY TAX
LEVIES AND COLLECTIONS**
Last ten fiscal years

**CITY OF COLORADO SPRINGS
COLORADO**
Table 19

Fiscal Year	Assessed Valuation (in 000's)	Total Tax Levy	Total Current Collections	Collections as a Percent of Levy	Current Year Outstanding Delinquent Taxes	All Years Outstanding Delinquent Taxes	All Years Delinquent Taxes as a Percent of Levy
1999	\$2,889,454	\$16,201,255	\$15,285,626	94.3%	\$113,319	\$255,250	1.6%
2000	3,255,179	17,327,379	16,657,336	96.1%	35,478	169,643	1.0%
2001	3,322,468	17,685,563	16,991,029	96.1%	54,864	195,455	1.1%
2002	3,730,306	18,770,958	18,069,749	96.3%	55,647	206,742	1.1%
2003	3,875,111	19,499,562	18,276,035	93.7%	225,021	398,269	2.0%
2004	3,734,731	18,793,169	17,873,516	95.1%	61,249	206,715	1.1%
2005	3,783,803	18,707,124	18,172,673	97.1%	64,741	204,446	1.1%
2006	4,103,863	20,289,499	19,543,229	96.3%	64,551	214,833	1.1%
2007	4,215,420	20,841,035	20,022,230	96.1%	30,970	175,434	0.8%
2008	4,738,226	23,425,810	22,750,839	97.1%	56,121	138,455	0.6%

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**

Fiscal Year	City	County Government	School District No 11	Library District	Water Conservancy District	Total
1999	5.607	9.430	39.895	3.548	0.848	59.328
2000	5.323	8.339	36.630	3.336	0.826	54.454
2001	5.323	8.339	40.061	3.446	0.865	58.034
2002	5.032	7.821	39.744	3.216	0.855	56.668
2003	5.032	7.880	39.812	3.271	0.897	56.892
2004	5.032	7.947	41.698	3.434	0.947	59.058
2005	4.944	8.012	42.094	3.495	0.947	59.492
2006	4.944	7.673	43.813	3.296	0.943	60.669
2007	4.944	7.710	44.045	3.515	0.941	61.155
2008	4.944	7.514	44.045	3.325	0.915	60.743

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, 2008**

**CITY OF COLORADO SPRINGS
COLORADO
Table 21**

Facility	Closure Costs	Postclosure Costs	Total Cost	Percentage of Capacity Used
Hancock	\$278,986	\$64,463	\$343,449	n/a
Hanna Ranch - Gravel Pit #1	742,029	772,782	1,514,811	51.37%
Hanna Ranch - Ash Disposal	1,069,013	628,541	1,697,554	68.56%
Hanna Ranch - Solids Disposal	<u>2,440,327</u>	<u>1,324,615</u>	<u>3,764,942</u>	33.65%
Total Cost	<u>\$4,530,355</u>	<u>\$2,790,401</u>	<u>\$7,320,756</u>	

Note: 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 Hanna Ranch facilities are recognized on a capacity used basis in the Utilities fund.

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 22
(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.

LOCAL HIGHWAY FINANCE REPORT		City or County: City of Colorado Springs			
		YEAR ENDING : December 2008			
This Information From The Records Of: City of Colorado Springs		Prepared By: Margie Tantanella Phone: (719) 385-5109			
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		
A. Receipts from local sources:		A. Local highway disbursements:			
1. Local highway-user taxes		1. Capital outlay (from page 2)	39,181,003		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	11,015,154		
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations	351,671		
2. General fund appropriations	14,691,747	b. Snow and ice removal	1,276,245		
3. Other local imposts (from page 2)	36,742,135	c. Other			
4. Miscellaneous local receipts (from page 2)	5,553,347	d. Total (a. through c.)	1,627,916		
5. Transfers from toll facilities		4. General administration & miscellaneous	7,197,806		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	26,904,425		
a. Bonds - Original Issues		6. Total (1 through 5)	85,926,304		
b. Bonds - Refunding Issues		B. Debt service on local obligations:			
c. Notes		1. Bonds:			
d. Total (a. + b. + c.)	0	a. Interest	1,439,384		
7. Total (1 through 6)	56,987,229	b. Redemption	2,744,809		
B. Private Contributions		c. Total (a. + b.)	4,184,193		
C. Receipts from State government (from page 2)	14,672,008	2. Notes:			
D. Receipts from Federal Government (from page 2)	351,781	a. Interest			
E. Total receipts (A.7 + B + C + D)	72,011,018	b. Redemption			
		c. Total (a. + b.)	0		
		3. Total (1.c + 2.c)	4,184,193		
		C. Payments to State for highways			
		D. Payments to toll facilities			
		E. Total disbursements (A.6 + B.3 + C + D)	90,110,497		
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)					
	Opening Debt	Amount Issued	Redemptions	Closing Debt	
A. Bonds (Total)	26,057,471		2,744,809	23,312,662	
1. Bonds (Refunding Portion)					
B. Notes (Total)				0	
V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	18,487,885	72,011,018	90,110,497	388,406	0
Notes and Comments:					

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 22
(PAGE 2 OF 2)**

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2008	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	33,955
b. Other local imposts:		b. Traffic Fines & Penalties	5,519,392
1. Sales Taxes	31,108,086	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	2,966,743	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	2,667,306	g. Other Misc. Receipts	
6. Total (1. through 5.)	36,742,135	h. Other	
c. Total (a. + b.)	36,742,135	i. Total (a. through h.)	5,553,347
	(Carry forward to page 1)		(Carry forward to page 1)
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	13,327,083	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	351,781
c. Motor Vehicle Registrations	1,344,925	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	1,344,925	g. Total (a. through f.)	351,781
4. Total (1. + 2. + 3.f)	14,672,008	3. Total (1. + 2.g)	
			(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
			TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			4,796,782
b. Engineering Costs			4,229,112
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			14,585,178
(3). System Preservation			13,221,351
(4). System Enhancement & Operation			2,348,580
(5). Total Construction (1) + (2) + (3) + (4)	0	0	30,155,109
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	39,181,003
			(Carry forward to page 1)
Notes and Comments:			