

Comprehensive Annual Financial Report

For the year ended December 31, 2002



City of Colorado Springs,
Colorado

Comprehensive Annual
Financial Report

of the

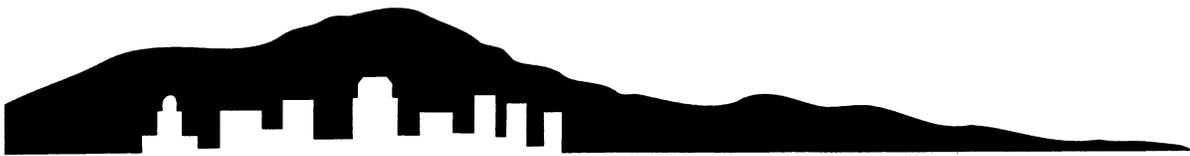
City of Colorado Springs,
Colorado

For the fiscal year ended
December 31, 2002

Finance Office

Steve Hilfers, Finance Director

Terri Velasquez, Accounting/Payroll Manager



CITY OF COLORADO SPRINGS

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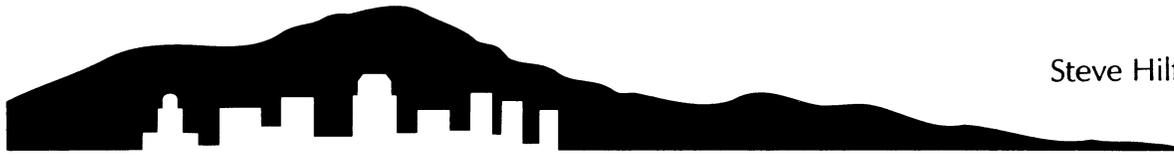


CITY OF COLORADO SPRINGS

INTRODUCTORY SECTION



CITY OF COLORADO SPRINGS



CITY OF COLORADO SPRINGS

FINANCE OFFICE
Steve Hilfers, Finance Director

July 28, 2003

The Honorable Mayor and Members of City Council
City of Colorado Springs, Colorado
30 South Nevada Avenue
Colorado Springs, Colorado 80903

Dear Mayor and Members of City Council:

The Comprehensive Annual Financial Report of the City of Colorado Springs for the fiscal year ended December 31, 2002 is hereby presented. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

INTRODUCTION

The City of Colorado Springs is a home-rule city, organized under provisions of the Colorado constitution, and having a council/manager form of government. The City provides a full range of municipal government services to approximately 370,000 residents.

These services include police and fire protection, traffic and street construction and maintenance, parks, recreation, cultural affairs, courts, planning and zoning, building and code enforcement, mass transit, health and welfare, and economic development.

Additionally, the City owns and operates major enterprise activities that include electric generation and distribution, natural gas distribution, waterworks, sewerage collection and treatment, municipal airport, hospital, downtown parking facilities, golf courses, the Pikes Peak highway, cemeteries and development review.

The City Council 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 Cottonwood and Spring Creek General Improvement Districts, the Colorado Springs Urban Renewal Authority, the Greater Downtown Colorado Springs Business Improvement

District, and the Briargate Center Business Improvement District, all included as Governmental-type activities. The Fountain Valley Authority, the Aurora-Colorado Springs Joint Water Authority and the Twin Lakes, Lake Meredith, Lake Henry, the Colorado Canal and Reservoir companies, and the Pikes Peak Regional Communications Network are included as Business-type activities.

ECONOMIC OUTLOOK

The outlook for 2003 remains guarded. Although the national economic recovery is expected to gain some momentum by the second half of 2003, the strength of the recovery remains questionable. Much of the recent economic data regarding the national economy has been mixed, the performance of financial markets continues to be weak and consumer confidence appears to be eroding. Adding to the uncertainty is the impact of another terrorist event in the United States which could also serve to further dampen consumer confidence and spending in 2003. Additionally, in the face of continued economic and geopolitical uncertainty, investment spending and hiring activity at businesses will likely continue to be anemic.

It is unclear as to whether the Colorado Springs economy has bottomed out. While the impact of most of the 4,760 layoffs announced in 2001 may already be reflected in the current economic statistics, it is less clear whether the full impact of the 3,700 announced in 2002 has been felt. The decline in the advanced technology and telecommunications sectors of the U.S. economy and the related drop in new business investment were key contributors to the national recession and have clearly had an adverse impact on the Colorado Springs economy. Roughly one-third of the local economic base is concentrated advanced technology and manufacturing. Most of the announced layoffs over the last 18 months have been in advanced technology. The key to the recovery of the local economy will be closely linked to a rebound in advanced technology, which has yet to materialize.

Some slowing in local residential construction activity, a principal buoy of the local economy over the last two years, is anticipated in 2003. Current rates of homebuilding do not appear to be sustainable through 2003. Much of the recent surge in new homebuilding is attributable to historically low home mortgage interest rates that have made ownership of lower priced homes less expensive than renting. Additionally, the declining stock market has also helped fuel the market, as housing has been viewed as a safer investment. Yet, much of the pent-up demand for new housing may soon be satisfied and home mortgage rates are not likely to drop much further from their current 40-year lows. The declining stock market combined with the disappearance of many high-paying jobs in the community will likely result in a reverse "wealth effect" on local consumer confidence that may not yet have been fully realized. Further, the in-migration of new households appears to have slowed considerably and is not likely to rebound until prospects for the local job market improve. These factors are likely to exert downward pressure on local homebuilding activity in 2003.

A cautious forecast is, therefore, merited for 2003. Employment growth of just 1.0 percent is anticipated for 2003 with the local jobless rate expected to remain in the 5.5–6.0 percent range as the full impact of the layoffs announced thus far in 2002 are

reflected in the statistics. New homebuilding is expected to fall by over one-third in 2003 to approximately 4,000 new units. The faltering stock market and little improvement in labor market conditions will continue to impact local consumer confidence and City Sales and Use Tax collections.

KEY ECONOMIC INDICATORS								
<i>Colorado Springs Area</i>								
	1996	1997	1998	1999	2000	2001	ESTIMATE 2002	FORECAST 2003
EMPLOYMENT								
Unemployment Rate (%)	4.6	3.6	4.5	3.3	3.2	4.4	6.0	5.8
Actual Change	0.0	(1.0)	0.9	(1.2)	(0.1)	1.2	1.6	(0.3)
Wage & Salary Employment	208,200	217,500	224,100	234,400	242,575	246,452	244,400	246,844
Percent Change	5.47%	4.47%	3.03%	4.60%	3.49%	1.60%	-0.83%	1.00%
Manufacturing Employment	25,100	26,300	27,000	27,700	28,883	28,850	26,300	26,432
Percent Change	1.21%	4.78%	2.66%	2.59%	4.27%	-0.11%	-8.84%	.50%
REAL ESTATE MARKET CONDITIONS								
Residential Building Permits	5,326	4,807	5,214	5,941	6,286	7,117	6,813	4,000
Percent Change	11.94%	-9.74%	8.47%	13.94%	5.81%	13.22%	-4.27%	-41.29%
Total New Const. Spending (\$ millions)	663.9	589.4	702.6	848.8	1,063.2	990.1	--	--
Percent Change	35.30%	-11.2%	19.21%	20.81%	25.26%	-6.88%	--	--
SALES TAX COLLECTIONS								
2% City Sales & Use Tax Rev. (\$ millions)	\$85.5	\$88.5	\$94.0	\$100.8	\$111.4	\$111.8	\$108.2	\$112.3
Percent Change	13.06%	2.66%	6.05%	7.29%	10.52%	.36%	-3.22%	3.79%
POPULATION								
Total Population – City of Colorado Springs (thousands)	331.6	338.0	344.7	350.2	360.9	369.9	376.0	380.9
Percent Change	1.85%	1.93%	1.98%	1.58%	3.06%	2.48%	1.66%	1.30%
COST OF LIVING								
Denver-Boulder CPI-U (1982-84 = 100)	153.1	158.1	161.9	166.7	173.3	181.3	186.7	192.7
Percent Change	3.48%	3.27%	2.40%	2.96%	3.96%	4.62%	3.00%	3.20%

OTHER INFORMATION

The City Charter requires an annual audit of the financial records of the City by an independent certified public accountant. The audit must be completed no later than six months after the end of the fiscal year unless extended by the Colorado State Auditor. The audit for the year ended December 31, 2002, was performed by the firm of Grant Thornton LLP for all operations except Memorial Hospital, which utilized the firm of Stockman, Kast, Ryan & Co., P.C. Some component units were also audited by Grant Thornton LLP while others were audited by other auditors.

The City employs an Internal Auditor who reports directly to the City Council. That office has the responsibility to examine and audit accounts and financial transactions of all City departments, offices and agencies. Examinations are conducted in order to ensure that financial records fairly and accurately reflect actual operations, that adequate controls are maintained to safeguard assets and that each department, office and agency complies with established plans, policies and procedures. The Internal Auditor also provides assistance to the external auditors in conducting the annual audit. However, due to reporting relationships, the internal auditor is not considered independent and, therefore, cannot issue the required independent annual audit report.

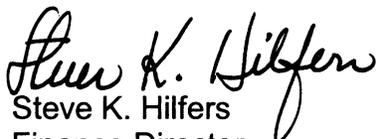
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Colorado Springs for its comprehensive annual financial report for the fiscal year ended December 31, 2001, the twelfth year the City has received the award. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements.

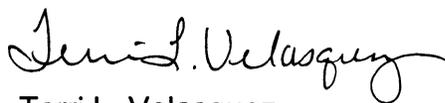
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

ACKNOWLEDGMENTS

The preparation of this report is due to the effective and dedicated efforts of the staff of the Finance department. 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,


Steve K. Hilfers
Finance Director


Terri L. Velasquez
Accounting/Payroll Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Colorado Springs,
Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2001

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 "William Patrick Costa".

President

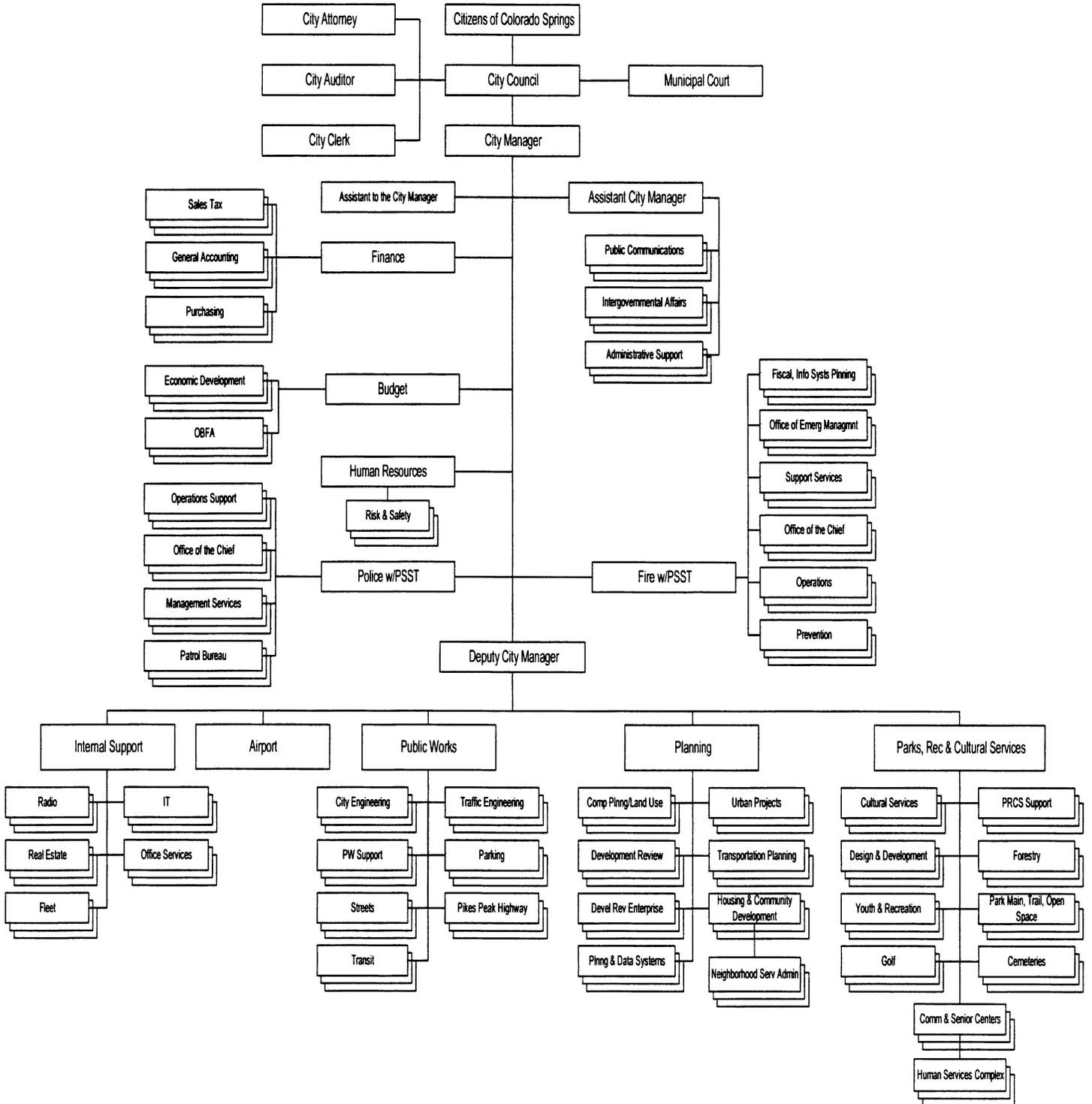
A handwritten signature in black ink, appearing to read "Jeffrey R. Enser".

Executive Director



2003 City Organizational Structure

June 2, 2003



CITY OF COLORADO SPRINGS, COLORADO

Officials

City Council

Lionel Rivera, Mayor

Richard Skorman
Tom Gallagher
Jerry Heimlicher
Scott Hente

Margaret Radford
Randy Purvis
Larry Small
Darryl Glenn

City Manager

Lorne C. Kramer

Deputy City Manager

David D. Nickerson

Assistant City Manager

Mary S. Collins

Luis Velez
Police Chief

Steve K. Hilfers
Finance

Ronald Cousar
Internal Support Services

Ronald L. Mitchell
Public Works

Manuel Navarro
Fire Chief

William T. Healy
City Planning

Michael L. Anderson
Budget

Ann M. Crossey
Human Resources

Paul D. Butcher
Parks, Recreation and Cultural Services

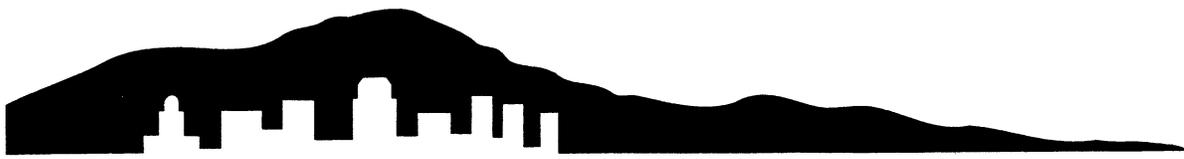
Council Appointees

Kathryn M. Young, City Clerk
Patricia K. Kelly, City Attorney
Michael D. Hall, City Auditor



CITY OF COLORADO SPRINGS

FINANCIAL SECTION



CITY OF COLORADO SPRINGS

Report of Independent Certified Public Accountants

The Honorable Mayor
and Members of City Council
City of Colorado Springs, Colorado

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 (the City), as of and for the year ended December 31, 2002, 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 Hospital Fund, a major enterprise fund, which represent 18 percent and 35 percent, respectively, of the assets and revenues of the reporting entity's business-type activities nor did we audit the financial statements of seven joint utility projects which represent 99 percent and 92 percent, respectively, of the assets and revenues of the reporting entity's discretely presented proprietary fund component units. We also did not audit the Colorado Springs Urban Renewal Authority, the Downtown Colorado Springs Business Improvement District, and the Briargate Center Business Improvement District which are reported as, and comprise in their entirety, discretely presented governmental fund component units. 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 Hospital Fund, the seven joint utility projects, the Colorado Springs Urban Renewal Authority, the Downtown Colorado Springs Business Improvement District, and the Briargate Center Business Improvement District 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 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 other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Colorado Springs, Colorado, as of December 31, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in note V.J., the City of Colorado Springs has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* and GASB Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*, as of January 1, 2002.

The management’s discussion and analysis and budget comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Colorado Springs’ basic financial statements. The combining and individual nonmajor fund financial statements, schedules and supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information, except for the data included in the financial statements of the Memorial Hospital Fund, the seven joint utility projects, the Colorado Springs Urban Renewal Authority, the Downtown Colorado Springs Business Improvement District, and the Briargate Center Business Improvement District referred to above, which financial statements have been audited by other auditors and their reports thereon provided to us, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based upon our audit and the aforementioned reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The combining and

individual nonmajor fund financial statements, schedules and supplementary information listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Hart Shanton LLP

Colorado Springs, Colorado

March 7, 2003

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, 2002. Please read it in conjunction with the transmittal letter, located at the front of this report, and the City's financial statements, which follow this section. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

FINANCIAL HIGHLIGHTS

- The assets of the City exceed its liabilities at the close of 2002 by \$1,838,611,926 (net assets). Of this amount, \$506,371,683 is unrestricted net assets.
- As of the close of 2002, the City's governmental funds reported combined ending fund balances of \$109,833,544. Approximately (72.3%) of this total amount, \$79,370,181 is unreserved.
- The general fund, reflected on a current financial resources basis, reports a fund balance of \$38,955,306 or 18.6% of total general fund expenditures.
- The City's total debt was \$1,484,446,253 at the close of 2002.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve 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. This report also contains other supplementary information to the basic financial statements themselves.

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 2002. 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 are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

The governmental activities of the City include 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.

The business-type activities of the City include the City's water, sewer, gas, and electricity system, hospital, airport, golf courses, downtown parking facilities, cemeteries, highway, human services complex, and development review program.

The component units of the City include several separate legal entities: General Improvement Districts, Pension plans, Colorado Springs Urban Renewal Authority, Greater Downtown Colorado Springs Business Improvement District, Briargate Center Business Improvement District, Fountain Valley Authority, Aurora-Colorado Springs Joint Water Authority, Canal and Reservoir Companies and Pikes Peak Regional Communications Network. Although legally separate, these "component units" are important because the City is financially accountable for them.

The government-wide financial statements can be found within this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is 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 financials 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 balance 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 general fund. A budgetary comparison has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found within this report.

Proprietary funds – The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for 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 statement of net assets. 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, only in more detail. The proprietary fund financial statements provide separate information for Colorado Springs Utilities (Utilities), Memorial Hospital (Hospital), Colorado Springs Airport (Airport) and Colorado Springs Parking System (Parking) which are 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 services funds is 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 can be found 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 financials 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 later 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 \$1,838,611,926 at the close of 2002.

By far the largest portion of the City’s net assets (67.57%) 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:

City of Colorado Springs			
Net Assets (in 000's)			
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Current and other assets	\$ 192,402	\$ 813,232	\$ 1,005,634
Capital assets	<u>280,093</u>	<u>2,216,364</u>	<u>2,496,457</u>
Total assets	<u>472,495</u>	<u>3,029,596</u>	<u>3,502,091</u>
Long-term liabilities	141,108	1,401,540	1,542,648
Other liabilities	<u>35,927</u>	<u>84,904</u>	<u>120,831</u>
Total liabilities	<u>177,035</u>	<u>1,486,444</u>	<u>1,663,479</u>
Net assets:			
Invested in capital assets, net of related debt	173,535	1,068,858	1,242,393
Restricted	15,263	74,584	89,847
Unrestricted	<u>106,662</u>	<u>399,710</u>	<u>506,372</u>
Total net assets	<u>\$ 295,460</u>	<u>\$ 1,543,152</u>	<u>\$ 1,838,612</u>

The City's combined net assets were \$1,838,611,926 for 2002. The City's unrestricted net assets were \$506,371,683 at the end of 2002.

However, certain of these unrestricted funds are designated for specific purposes within the City's funds. The designations are disclosed in the notes to the financial statements.

The net assets of our business-type activities were \$1,543,151,872 in 2002. The City can only use these net assets to finance the continuing operations of the utilities, hospital, airport, golf courses, downtown parking facilities, cemeteries, highway, human services complex, and development review. This amount cannot be used to make up for any decrease reported in governmental activities.

The following table shows the revenues and expenses for 2002:

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

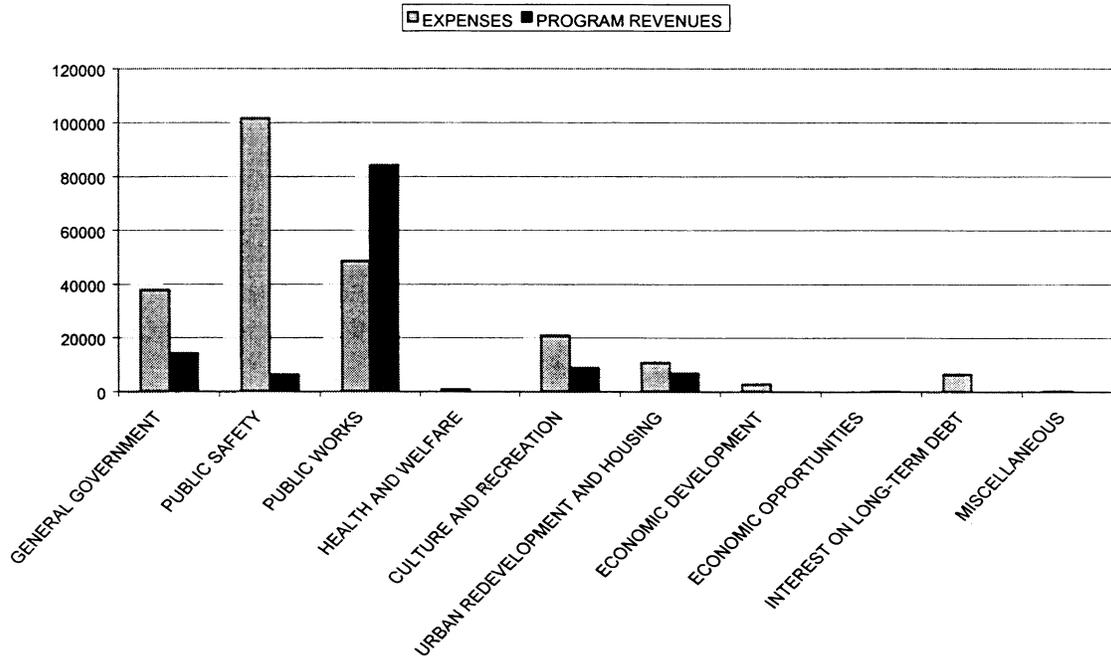
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$30,219	\$824,067	\$854,286
Operating grants and contributions	19,778	171	19,949
Capital grants and contributions	70,969	49,371	120,340
General revenues:			
Property taxes	21,011		21,011
Other taxes	142,407		142,407
Investment earnings	4,433	4,126	8,559
Loss on disposal of assets	<u>(3,580)</u>		<u>(3,580)</u>
Total revenues	285,237	877,735	1,162,972
Expenses:			
General government	37,858		37,858
Public safety	101,745		101,745
Public works	48,661		48,661
Health and welfare	901		901
Culture and recreation	20,958		20,958
Urban redevelopment	10,830		10,830
Economic development	2,878		2,878
Economic opportunities	16		16
Interest on long-term debt	6,518		6,518
Miscellaneous	334		334
Utilities		458,822	458,822
Hospital		302,379	302,379
Airport		25,270	25,270
Parking		2,964	2,964
Non-major Enterprises		<u>8,196</u>	<u>8,196</u>
Total expenses	<u>230,699</u>	<u>797,631</u>	<u>1,028,330</u>
Increase in net assets before transfers	54,538	80,104	134,642
Transfers	<u>24,137</u>	<u>(24,137)</u>	<u>0</u>
Increase in net assets	78,675	55,967	134,642
Net assets – beginning	<u>216,785</u>	<u>1,487,185</u>	<u>1,703,970</u>
Net assets - ending	<u><u>\$295,460</u></u>	<u><u>\$1,543,152</u></u>	<u><u>\$1,838,612</u></u>

The City's total revenues were \$1.163 billion. The total cost of all programs and services totaled \$1.028 billion.

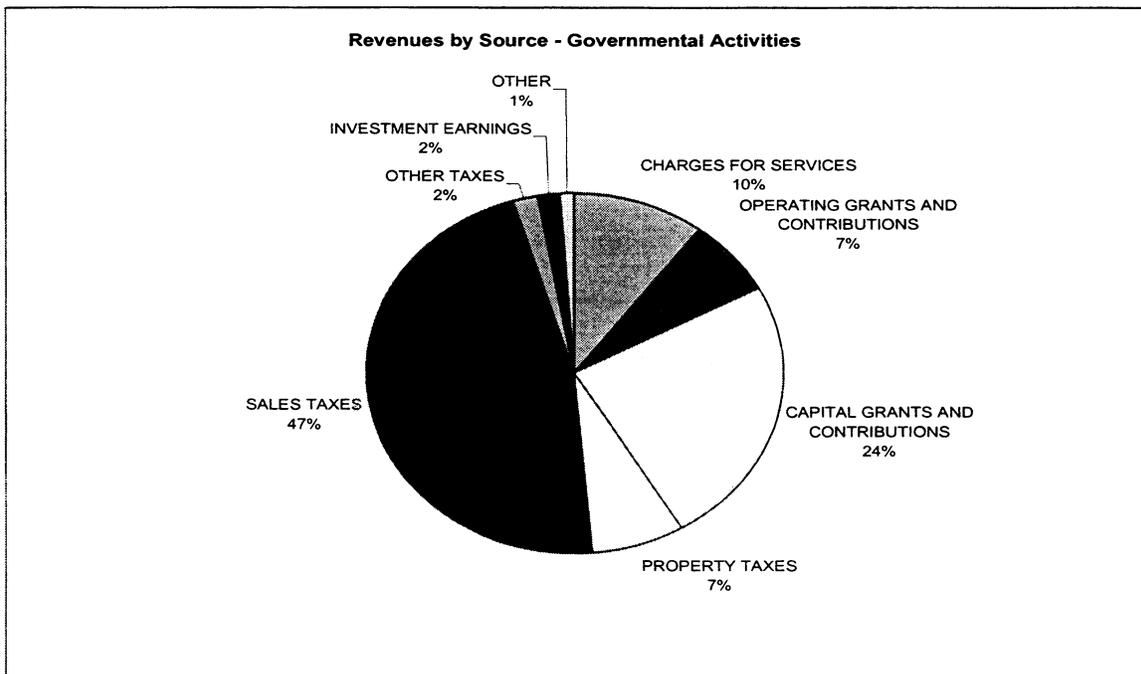
Governmental Activities

Revenue of the governmental funds was up from 2001 by \$23.3 million due primarily to the collection of licenses and permits, and fines and forfeits. Expenditures of the governmental funds had little change from 2001 expenditures.

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



Revenues by Source - Governmental Activities

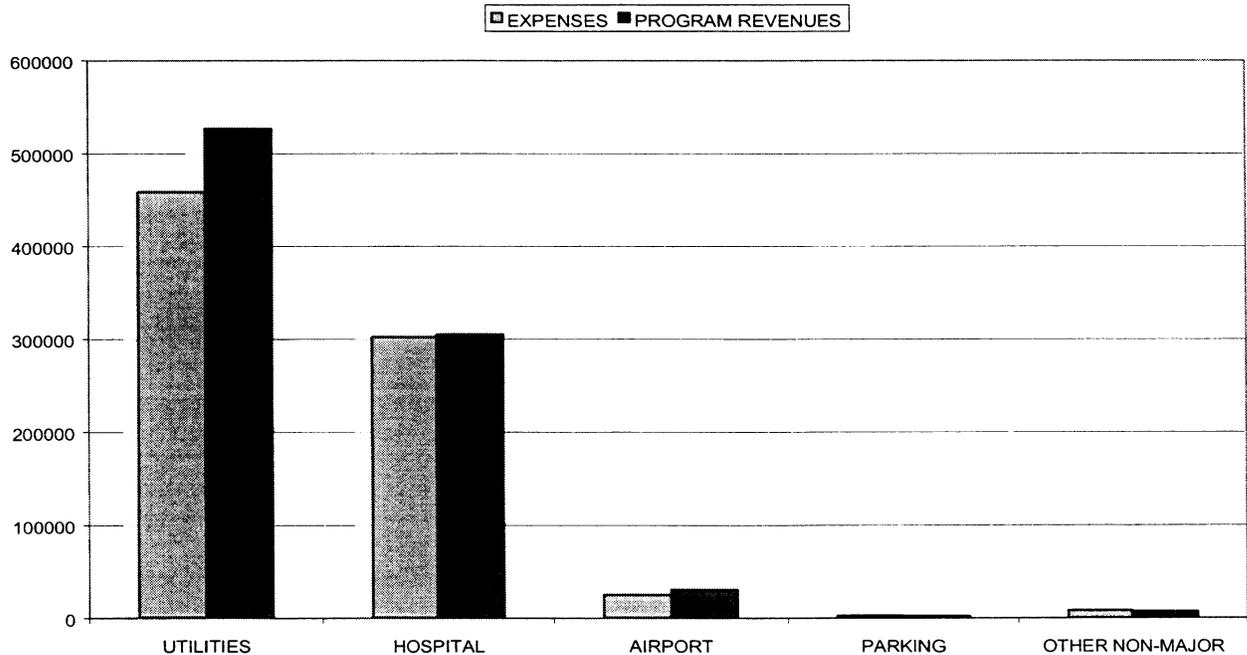


Business-type Activities

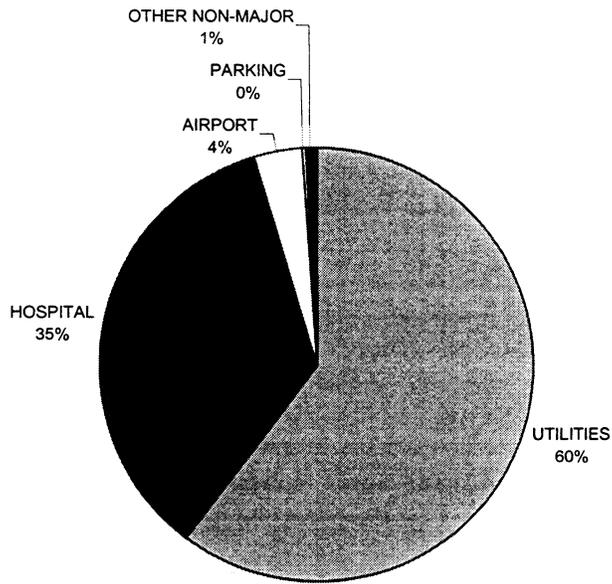
For the business-type activities, Utilities shows a decrease in operating revenues of \$69.8 million primarily due to decreases in energy prices included in the rates charged to electric and gas customers. Additionally, Utilities shows a decrease in operating expenses of \$59.3 million, largely due to a decrease in purchased gas expense.

The Hospital had an increase in operating revenues of \$28.3 million due to an increase in patient volume. Operating expenses for the Hospital increased by \$35.4 million, primarily as a result of a 9% increase in patient volume and general cost increases.

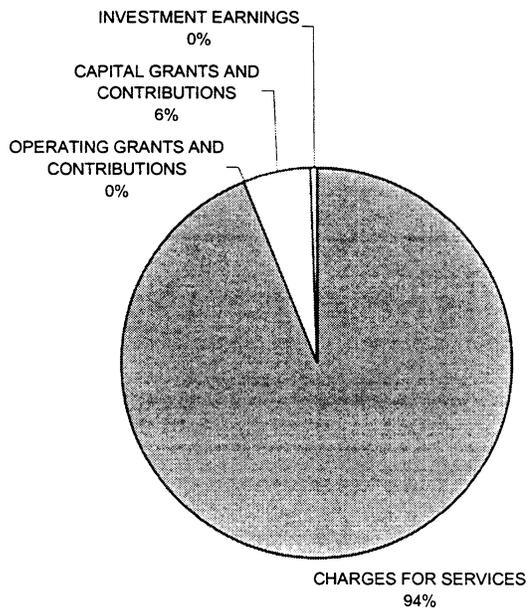
Expenses and Program Revenues - Business-type Activities
(in 000's)



Revenues by Activity - Business-type Activities



Revenues by Source - Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

As of the end of 2002, the City's governmental funds reported combined fund balances of \$109,833,544. Approximately 72.3% of this total amount (\$79,370,181) constitutes unreserved fund balance. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to encumbrances for \$15,200,511, debt service for \$1,932,913, endowments for \$7,456,918 and emergency reserve for \$5,873,021.

The general fund is the chief operating fund of the City. At the end of 2002, unreserved fund balance of the general fund was \$29,018,235, while total fund balance was \$38,955,306. 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 13.9% of total general fund expenditures, while total fund balance represents 18.6% of that same amount.

The fund balance of the City's general fund decreased by \$7,608,523 during 2002. Key factors in this reduction are as follows:

The collection of sales tax was less than previous years due to the slowing of local economic activity. Capital outlay amounting to \$15,895,953 included the purchase of the administration building and the Police parking garage.

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 at the end of 2002 for the proprietary funds were as follows:

	<u>Amount</u>
Utilities	\$171,855,195
Hospital	192,498,000
Airport	25,652,682
Parking	4,933,800
Non-major	
enterprise funds	3,053,289
Internal service	5,720,769

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:

- \$7.7 million in miscellaneous increases in general government activities
- \$5.2 million increase allocated to the police department
- \$844 thousand increase allocated to the fire department
- \$5.5 million increase allocated to public works.
- \$335 thousand increase allocated to culture and recreation
- \$237 thousand increase allocated to urban redevelopment

Supplementary appropriation ordinances totaled \$4.2 million and capital outlay budgets increased \$6.3 million. Carryover of capital project budgets from the previous year totaled \$11 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of 2002, the City had \$3.659 million invested in a broad range of capital assets and infrastructure. This amount represents a net increase (including additions and deletions) of \$270 million. The infrastructure category includes only assets capitalized in 2002. Prior years are not yet included.

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$57,650	\$22,403	\$80,053
Buildings	124,392	107,410	231,802
Improvements other than buildings	18,174	124,800	142,974
Machinery and equipment	92,316	12,935	105,251
Infrastructure	53,090	1,754	54,844
Utilities plant		2,565,311	2,565,311
Hospital plant		316,465	316,465
Construction in progress	<u>18,546</u>	<u>143,439</u>	<u>161,985</u>
Total	<u><u>\$364,168</u></u>	<u><u>\$3,294,517</u></u>	<u><u>\$3,658,685</u></u>

Major changes to capital assets for 2002 include:

The Utilities had a total capital outlay of \$81.703 million. This includes approximately \$35.1 million to provide sufficient electric system infrastructure in supply, transmission, and distribution to meet the reliability and consumption needs of customers. Water system major projects totaled approximately \$55.3 million in 2002.

The Hospital acquired \$30.7 million of capital assets during 2002. Major items included the ongoing construction of a new parking garage on the hospital grounds, the remodel of the Neonatal Intensive Care Unit and new construction on the Briargate property.

The City entered into a lease purchase agreement for the administration building for \$7.4 million. Also, a parking garage was constructed at the Police Operation Center for \$3.7 million, and a fire training tower was constructed for \$1.6 million. Parks and recreation buildings were constructed for over \$9.7 million.

In 2002, infrastructure was included in the asset information in the amount of \$54.8 million.

Additional information on the City's capital assets can be found in the notes to the financial statements of this report.

LONG-TERM DEBT

The following schedule provides the debt outstanding at the end of 2002:

City of Colorado Springs			
Outstanding Debt (in 000's)			
	Governmental	Business-type	Totals
	Activities	Activities	
General obligation bonds	\$ 30,360		\$ 30,360
Sales tax revenue bonds	73,550		73,550
Certificates of participation	12,025		12,025
Special assessment bonds and notes	924		924
Revenue bonds		\$ 1,347,490	1,347,490
Notes payable		20,096	20,096
Total	\$ 116,859	\$ 1,367,586	\$ 1,484,445

During 2002 the City refinanced some of its existing debt to take advantage of favorable interest rates. The key events in the City's debt include the following:

- New debt resulted from Utilities completing three bond issues. The 2002A \$74,695,000 revenue bonds were issued to refund the 1992A bonds. The 2002B \$110,000,000 revenue bonds were issued to finance capital improvements. The 2002C \$27,055,000 revenue bonds were issued to reimburse Utilities for its equity contribution to Front Range Power.
- The Hospital issued \$112,360,000 million in revenue bonds. These bonds were issued to fund several capital projects listed above.
- The Airport issued \$43,005,000 in revenue bonds to refund the 1992A revenue bonds.

The City's latest bond ratings are as follows:

	<u>Moody's</u>	<u>Standard & Poors</u>	<u>Fitch</u>
General Obligation Bonds	Aa3	AA	n/a
1997 Certificates of Participation	A2	n/a	n/a
1999 Certificates of Participation	A2	AA-	n/a
2000 Certificates of Participation	A1	AA-	n/a
Sales/Use Tax Revenue Bonds	A1	AA	n/a
Parking Revenue Bonds (*insured)	Aaa*	n/a	n/a
Utilities Revenue Bonds	Aa2	AA	n/a
Hospital Revenue Bonds	n/a	A-	AAA
Airport Revenue Bonds	A3	A-	A

The current debt limitation for the City is \$387,486,502, or 10% of the assessed property valuation. This amount is significantly in excess of the City's outstanding general obligation debt.

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

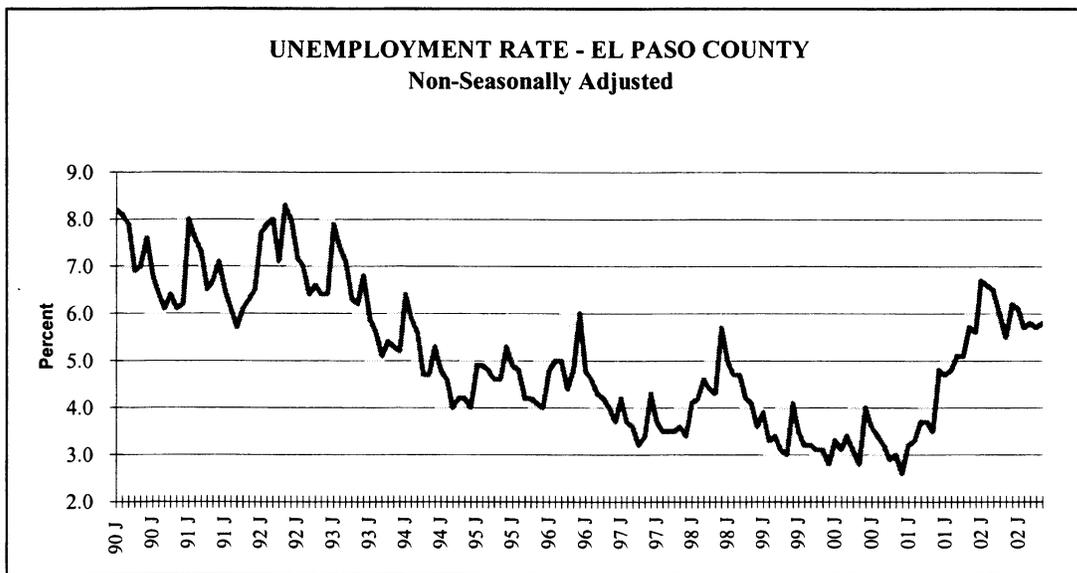
ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

It appears that 2002 will end a decade of remarkable growth for the Colorado Springs economy. Economic data for 2002 reflected a continued economic downturn that began during the last half of 2001. The tragic events of September 11, 2001, combined with a national economic recession and an industry-wide decline in advanced technology and telecommunications have taken a toll on the local economy. All key indicators of local economic activity posted over-the-year losses in 2002.

LOCAL ECONOMIC SCORECARD				
Colorado Springs Area				
(Percent Change Over Prior Year)				
2002 - 2001				
Economic Indicator	2002	2001	Direction	Assessment *
Unemployment Rate **	5.8	5.7	↑	Worse
Total Nonag Employment 1/	(0.8)	1.7	↓	Worse
Manufacturing Employment 1/	(9.3)	0.9	↓	Worse
City Sales & Use Tax Revenue 1	(3.9)	2.2	↓	Worse
Total New Const. Spending	(4.0)	(6.9)	↓	Worse
Residential Building Permits	(4.2)	13.4	↓	Worse

* Is Colorado Springs better off or worse off than a year ago?
 ** Actual rate for November.
 1/ Data through November.

Total nonagricultural wage and salary employment for 2002 was down .75 percent from 2001. The decline in employment is a stark contrast in historical growth rates. Over the last 16 years (and 2 business cycles), annual employment growth in the Pikes Peak region has averaged 4.3 percent. Layoffs of over 8,500 area workers over the last eighteen months are clearly impacting the labor force data. Of those announced layoffs, just over 4,300 were at area manufacturing firms. Total manufacturing jobs through November were down 9.3 percent from the same period one year ago. Employment growth is generally considered to be the best indicator of local economic performance as it is a good proxy of local income growth. If recent trends continue, 2002 could be the worst for the region in over a decade. Nevertheless, the local labor market seems to be showing remarkable resiliency. Total non-farm jobs in the Colorado Springs area during November were only down an estimated 2,000 from November of 2001 in spite of the substantial layoffs that occurred.



Through the first eleven months of 2002, the local unemployment rate averaged 6.1 percent. As of November, the non-seasonally adjusted rate stood at 5.8 percent which is up only slightly from the 5.7 percent posted one year ago. However, the November 2002 rate was nearly double the 3.0 percent rate posted in November 2000. The increases have been quite rapid, as the local unemployment rate had fallen to a new record-low of 2.6 percent by the end of 2000. The local rate continues to be slightly higher than the State rate (which was at 5.2 percent in November), and slightly below the 6.0 percent posted for the nation as a whole.

Remarkably, local homebuilding activity continued at a strong pace through much of 2002, which was the second best year for area homebuilders since 1984. Just over 6,800 new dwelling units were permitted during the year with just over 4,900 of that total being for single family units. The continued strength in new

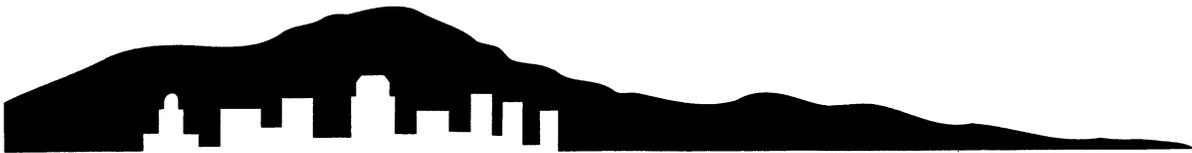
homebuilding appears to be spurred primarily by the lowest home mortgage interest rates in nearly 40 years. However, it appears that with a lagging stock market, many area residents have been viewing housing as a better investment alternative. The surge in demand for new homes does not appear to be unique to Colorado Springs as new home sales nationally continue to be strong.

However, total new construction spending in 2002 was down 4 percent from 2001. Residential spending was down 3.5 percent over the year and nonresidential spending was down 5.9 percent as the number of new office and industrial projects has slowed considerably over the year in response to rising vacancy rates in those market segments.

City Sales and Use Tax collections are primarily dependent upon the level of local economic activity, consumer confidence, and tourist activity. Sales and use tax collections have declined in eight of the twelve months of 2002 due to a number of factors. Consumer spending has slowed considerably in response to the national economic recession and local layoffs over the last year. The fires in neighboring forests adversely impacted summer tourism in the region, and local nonresidential construction activity has slowed considerably. Additionally, local business investment in new plant and equipment has dropped substantially as a result of corporate cutbacks at many area manufacturers. As a result, Sales and Use Tax collections for 2002 were down 4.1 percent when compared to 2001.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and 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 City Finance Office, at City of Colorado Springs, 30 S. Nevada Avenue, Suite 202, Colorado Springs, Colorado, 80903.



CITY OF COLORADO SPRINGS

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS
December 31, 2002

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities
<u>ASSETS</u>					
Cash and investments	\$102,461,003	\$324,121,918	\$426,582,921	\$7,283,725	\$1,438,793
Receivables (net of allowance for uncollectibles)	66,763,962	121,902,372	188,666,334	474,092	4,227,018
Inventories	885,301	29,831,963	30,717,264		45,913
Prepays		11,378,950	11,378,950	1,620	226,177
Other		511,936	511,936		332,022
Restricted assets (temporarily):					
Investments	22,291,834	277,423,042	299,714,876	621,090	1,532,808
Investment in joint venture		29,312,205	29,312,205		
Capital assets (net of accumulated depreciation):					
Land	57,649,892	22,402,844	80,052,736		
Buildings	93,200,043	80,439,757	173,639,800		
Improvements other than buildings	13,901,259	90,954,377	104,855,636		
Machinery and equipment	44,730,066	4,442,280	49,172,346	18,323	
Infrastructure	52,065,011	1,723,995	53,789,006		
Utility plant		1,695,917,937	1,695,917,937		80,526,013
Hospital plant		177,043,000	177,043,000		
Construction in progress	18,546,285	143,439,450	161,985,735	3,723,602	953,282
Unamortized bond issuance costs		18,749,451	18,749,451	173,706	277,689
Total assets	472,494,656	3,029,595,477	3,502,090,133	12,296,158	89,559,715
<u>LIABILITIES</u>					
Accounts payable and other current liabilities	28,661,265	83,893,869	112,555,134	1,504,064	853,890
Accrued interest payable	734,616	5,679,208	6,413,824	59,880	160,391
Internal balances	5,062,891	(5,062,891)	0		
Due to general government			0		54,833
Due to component unit		(644,500)	(644,500)		
Unearned revenue	1,468,249	1,038,082	2,506,331		3,058,243
Noncurrent liabilities:					
Due within one year	11,513,551	29,915,949	41,429,500		1,709,170
Due in more than one year	129,594,030	1,371,623,888	1,501,217,918	10,616,988	98,211,149
Total liabilities	177,034,602	1,486,443,605	1,663,478,207	12,180,932	104,047,676
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	173,534,935	1,068,858,457	1,242,393,392	772,787	(18,441,024)
Restricted for:					
Debt service	1,932,913	74,583,999	76,516,912	621,090	1,532,808
Endowments:					
Expendable	7,018,072		7,018,072		
Nonexpendable	438,846		438,846		
Emergency reserve (TABOR)	5,873,021		5,873,021	8,622	
Capital improvements			0	7,524	
Unrestricted	106,662,267	399,709,416	506,371,683	(1,294,797)	2,420,255
Total net assets	\$295,460,054	\$1,543,151,872	\$1,838,611,926	\$115,226	(\$14,487,961)

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

STATEMENT OF ACTIVITIES
 For the year ended December 31, 2002

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	Primary Government		Governmental Activities	Business-type Activities
					Governmental Activities	Business-type Activities		
Primary government								
Governmental activities								
General government	\$37,857,983	\$12,577,048	\$1,608,107	\$86,795	(\$23,586,033)			
Public safety	101,744,389	2,802,961	2,666,821	892,389	(95,382,218)			
Public works	48,661,328	10,603,871	4,855,425	68,821,796	35,619,764			
Health and welfare	900,745				(900,745)			
Culture and recreation	20,958,219	2,990,651	4,860,442	1,168,221	(11,938,905)			
Urban redevelopment and housing	10,830,340	1,064,089	5,787,638		(3,978,613)			
Economic development	2,877,692				(2,877,692)			
Economic opportunities	16,241	180,853			164,612			
Interest on long-term debt	6,518,058				(6,518,058)			
Miscellaneous	334,317				(334,317)			
Total governmental activities	230,699,312	30,219,473	19,778,433	70,969,201	(109,732,205)			(109,732,205)
Business-type activities								
Utilities	458,822,295	485,658,771		41,370,380	\$68,206,856			68,206,856
Memorial Hospital	302,379,000	305,642,000			\$3,263,000			3,263,000
Airport	25,269,898	22,763,619	171,140	8,000,330	\$5,665,191			5,665,191
Parking System	2,964,608	2,601,750			(\$362,858)			(362,858)
Other	8,195,943	7,401,488			(\$794,455)			(794,455)
Total business-type activities	797,631,744	824,067,628	171,140	49,370,710	75,977,734			75,977,734
Total primary government	\$1,028,331,056	\$854,287,101	\$19,949,573	\$120,339,911	(109,732,205)			(33,754,471)
Component units								
Improvement districts	\$400,805	\$84,118						(\$316,687)
Utilities	8,975,931	11,594,497						
Total component units	\$9,376,736	\$11,678,615						\$2,618,566
General revenues								
Property taxes					21,010,517			522,532
Sales taxes					136,939,555			
Franchise taxes					1,598,838			
Specific ownership taxes					3,143,447			
Occupational liquor taxes					232,070			
Admissions tax					387,840			
Bicycle excise tax					105,096			
Investment earnings					4,433,102			37,498
Gain (loss) on disposal of assets					(3,579,949)			5,000
Transfers					24,136,998			
Total general revenues and transfers					188,407,514	(20,010,780)		565,030
Change in net assets					78,675,309	55,966,954		248,343
Net assets - January 1					216,784,745	1,487,184,918		(133,117)
Net assets - December 31					\$295,460,054	\$1,543,151,872		\$115,226
								(17,234,188)
								\$14,487,961

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

**GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 3**

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and investments	\$18,683,913	\$67,069,541	\$85,753,454
Accounts receivable (net of allowance for uncollectibles)	1,387,959	7,586,293	8,974,252
Sales tax receivable	10,787,463	2,805,589	13,593,052
Loans receivable	1,955,216	17,252,415	19,207,631
Assessments receivable		1,037,966	1,037,966
Property taxes receivable - current	19,108,356	2,146,343	21,254,699
Property taxes receivable - delinquent	206,742		206,742
Due from other funds	25,275,405	102,311	25,377,716
Restricted investments	1,275,350	21,016,484	22,291,834
Total assets	\$78,680,404	\$119,016,942	\$197,697,346
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	2,785,774	6,493,215	9,278,989
Accrued salaries and benefits	3,627,976	230,528	3,858,504
Due to other funds	6,942,569	19,509,988	26,452,557
Escrow deposits	5,305,207		5,305,207
Deferred revenue			
Loans	1,955,216	17,252,415	19,207,631
Assessments		1,037,966	1,037,966
Property taxes	19,108,356	2,146,343	21,254,699
Grants		1,468,249	1,468,249
Total liabilities	39,725,098	48,138,704	87,863,802
Fund balances			
Reserved for			
Encumbrances	2,759,296	12,441,215	15,200,511
Debt service	1,304,754	628,159	1,932,913
Endowments		7,456,918	7,456,918
Emergency reserve	5,873,021		5,873,021
Unreserved, reported in:			
General fund	29,018,235		29,018,235
Special revenue funds		25,479,321	25,479,321
Capital projects funds		24,872,625	24,872,625
Total fund balances	38,955,306	70,878,238	109,833,544
Total liabilities and fund balances	\$78,680,404	\$119,016,942	

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.	277,723,278
Loans, assessments and property taxes - current receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	41,500,296
Interest on investments that is not available to pay for current-period expenditures is not reported in the funds.	612,408
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.	5,611,816
Long-term liabilities, including bonds payable, are not due and payable in current period and, therefore, are not reported in the funds.	(139,821,288)
Net assets of governmental activities	<u>\$295,460,054</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, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 4**

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$129,316,013	\$33,295,426	\$162,611,439
Licenses and permits	557,105		557,105
Intergovernmental	21,095,841	29,820,287	50,916,128
Charges for services	15,288,599	4,383,320	19,671,919
Fines and forfeits	5,222,506		5,222,506
Endowments and donations		855,244	855,244
Other revenue	1,280,729	1,222,281	2,503,010
Investment earnings	740,191	3,198,061	3,938,252
Rental income	175,601	66,521	242,122
Total revenues	173,676,585	72,841,140	246,517,725
Expenditures			
Current			
General government	34,103,423		34,103,423
Public safety	93,085,009	3,549,697	96,634,706
Public works	30,454,099	13,131,326	43,585,425
Health and welfare	909,016		909,016
Culture and recreation	16,162,874	2,536,267	18,699,141
Urban development and housing	4,098,803	6,747,968	10,846,771
Economic development		2,903,944	2,903,944
Economic opportunity		16,601	16,601
Miscellaneous		337,194	337,194
Debt service			
Principal	3,226,253	6,247,366	9,473,619
Interest	1,356,834	5,144,136	6,500,970
Capital outlay	15,895,953	47,496,712	63,392,665
Total expenditures	199,292,264	88,111,211	287,403,475
Excess (deficiency) of revenues over expenditures	(25,615,679)	(15,270,071)	(40,885,750)
OTHER FINANCING SOURCES (USES)			
Capital lease financing	1,085,603		1,085,603
Sale of capital assets	323,972		323,972
Transfers in	26,721,383	11,438,802	38,160,185
Transfers out	(10,123,802)	(3,291,526)	(13,415,328)
Total other financing sources (uses)	18,007,156	8,147,276	26,154,432
Net change in fund balances	(7,608,523)	(7,122,795)	(14,731,318)
Fund balances - January 1	46,563,829	78,001,033	124,564,862
Fund balances - December 31	\$38,955,306	\$70,878,238	\$109,833,544

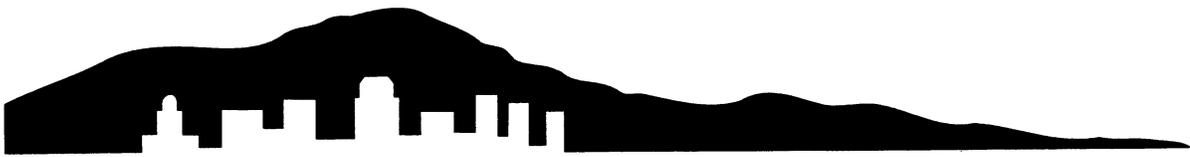
The notes to the financial statements are an integral part of this statement.

**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, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 5**

Net change in fund balances - total governmental funds	(\$14,731,318)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>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.</p>	48,565,891
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.</p>	34,992,667
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	711,288
<p>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. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	8,341,907
<p>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.</p>	(1,186,941)
<p>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.</p>	<u>1,981,815</u>
Change in net assets of governmental activities	<u><u>\$78,675,309</u></u>

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



CITY OF COLORADO SPRINGS

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended December 31, 2002**

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

	<u>Budgeted Amounts</u>		2002 Actual	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
General property taxes				
Current	\$17,802,885	\$17,802,885	\$18,069,749	\$266,864
Delinquent			32,984	32,984
Penalty and interest			30,036	30,036
	17,802,885	17,802,885	18,132,769	329,884
Sales and use taxes	117,411,000	117,411,000	107,735,252	(9,675,748)
Specific ownership taxes	3,013,630	3,013,630	2,828,082	(185,548)
Occupational liquor taxes	253,950	253,950	232,070	(21,880)
Gross receipts business taxes				
Admissions tax	352,291	352,291	387,840	35,549
Total taxes	138,833,756	138,833,756	129,316,013	(9,517,743)
Licenses and permits				
Business licenses and permits	505,606	505,606	557,105	51,499
Intergovernmental				
Federal operating grants				
Police federal share		94,300	47,371	(46,929)
DOT-FTA grant, subsidies	1,322,120	1,801,967	1,628,001	(173,966)
	1,322,120	1,896,267	1,675,372	(220,895)
State shared revenue				
Cigarette tax	1,488,112	1,488,112	1,433,606	(54,506)
Highway users tax-regular	13,718,048	13,718,048	13,353,997	(364,051)
Highway users tax-added fees	1,201,024	1,201,024	1,214,467	13,443
Severance tax	811	811	608	(203)
	16,407,995	16,407,995	16,002,678	(405,317)
Other governmental units				
El Paso County Road & Bridge	4,134,091	4,134,091	3,369,677	(764,414)
El Paso County shared fines			48,114	48,114
	4,134,091	4,134,091	3,417,791	(716,300)
Total intergovernmental	\$21,864,206	\$22,438,353	\$21,095,841	(\$1,342,512)

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, 2002**

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

	Budgeted Amounts		2002 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Charges for services				
General government				
Court costs and charges	\$790,750.00	\$790,750.00	\$750,642.00	(\$40,108.00)
Planning, zoning, subdivision fees	804,373	804,373	578,621	(225,752)
Other fees	1,573,074	1,842,988	1,751,086	(91,902)
	<u>3,168,197</u>	<u>3,438,111</u>	<u>3,080,349</u>	<u>(357,762)</u>
Public safety				
Police services	2,920,255	3,002,341	1,988,503	(1,013,838)
Fire services	1,286,060	1,286,060	814,459	(471,601)
	<u>4,206,315</u>	<u>4,288,401</u>	<u>2,802,962</u>	<u>(1,485,439)</u>
Highways and streets				
Highway/street permits and fees	2,735,145	3,023,211	2,798,700	(224,511)
Signal maintenance	518,509	668,239	448,057	(220,182)
Transit system	2,918,913	3,330,454	3,215,186	(115,268)
	<u>6,172,567</u>	<u>7,021,904</u>	<u>6,461,943</u>	<u>(559,961)</u>
Culture and recreation				
Sports programs	756,155	756,155	851,515	95,360
Swimming pool fees	1,050,248	1,050,248	1,052,685	2,437
Ice Center fees	414,900	414,900	438,557	23,657
Community Centers	147,900	282,400	337,368	54,968
Other fees	331,065	331,065	263,220	(67,845)
	<u>2,700,268</u>	<u>2,834,768</u>	<u>2,943,345</u>	<u>108,577</u>
Total charges for services	<u>16,247,347</u>	<u>17,583,184</u>	<u>15,288,599</u>	<u>(2,294,585)</u>
Fines and forfeits	<u>6,060,000</u>	<u>6,060,000</u>	<u>5,222,506</u>	<u>(837,494)</u>
Miscellaneous				
Investment earnings	2,250,000	2,250,000	740,191	(1,509,809)
Rental income	1,173,270	1,173,270	175,601	(997,669)
Other revenue	1,244,525	1,252,850	1,280,729	27,879
Total miscellaneous	<u>4,667,795</u>	<u>4,676,120</u>	<u>2,196,521</u>	<u>(2,479,599)</u>
Total revenues	<u>\$188,178,710</u>	<u>\$190,097,019</u>	<u>\$173,676,585</u>	<u>(\$16,420,434)</u>

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, 2002**

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

	Budgeted Amounts		2002 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current expenditures				
General government				
Legislative				
City Council	\$56,267	\$67,517	\$67,341	\$176
Clerk of the Council	524,237	524,882	420,536	104,346
	580,504	592,399	487,877	104,522
Judicial				
Executive-City Manager	3,508,986	3,533,464	3,222,003	311,461
Financial	694,492	917,003	907,186	9,817
Law	4,080,766	4,143,800	3,748,781	395,019
Personnel	2,749,063	2,749,333	2,420,719	328,614
Planning and Zoning	1,655,129	1,695,088	1,605,197	89,891
Support Services	3,263,900	3,354,067	3,194,548	159,519
Other	10,652,233	10,647,455	10,037,246	610,209
	6,789,545	10,702,057	8,479,866	2,222,191
Total general government	33,974,618	38,334,666	34,103,423	4,231,243
Public safety				
Police	61,549,157	62,434,599	58,433,235	4,001,364
Fire	35,563,654	35,780,188	34,651,774	1,128,414
Total public safety	97,112,811	98,214,787	93,085,009	5,129,778
Public works				
Highways and streets				
Maintenance of condition	8,008,524	8,163,111	7,808,063	355,048
Traffic services	4,710,916	7,470,564	7,435,785	34,779
Engineering	3,877,526	4,211,510	3,718,133	493,377
Street lighting	4,221,675	1,621,675	1,397,774	223,901
	20,818,641	21,466,860	20,359,755	1,107,105
Transit	9,369,567	10,497,159	10,094,344	402,815
Total public works	30,188,208	31,964,019	30,454,099	1,509,920
Health and welfare				
Communicable disease	941,688	896,022	909,016	(12,994)
Culture and recreation	\$16,713,721	\$16,985,575	\$16,162,874	\$822,701

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, 2002**

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

	<u>Budgeted Amounts</u>		<u>2002 Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Urban redevelopment and housing				
Community development	\$4,150,431	\$4,368,633	\$4,098,803	\$269,830
Debt service expenditures				
Principal payments	7,210,191	7,228,191	3,226,253	4,001,938
Interest payments	4,940,173	4,940,173	1,356,834	3,583,339
Total debt service	12,150,364	12,168,364	4,583,087	7,585,277
Capital outlay	5,905,194	19,667,156	15,895,953	3,771,203
Total expenditures	201,137,035	222,599,222	199,292,264	23,306,958
Excess (deficiency) of revenues over expenditures	(12,958,325)	(32,502,203)	(25,615,679)	6,886,524
Other financing sources (uses)				
Capital lease financing			1,085,603	1,085,603
Sale of capital assets			323,972	323,972
Transfers - in				
Payments in lieu of taxes	24,027,961	24,027,961	24,744,857	716,896
Other funds	1,033,486	1,033,486	1,976,526	943,040
Transfers - out				
City funded CIP	(14,566,799)	(14,566,795)	(10,123,802)	4,442,993
Total other financing sources (uses)	10,494,648	10,494,652	18,007,156	7,512,504
Net change in fund balance	(2,463,677)	(22,007,551)	(7,608,523)	14,399,028
Fund balance - January 1	46,563,829	46,563,829	46,563,829	0
Fund balance - December 31	\$44,100,152	\$24,556,278	\$38,955,306	\$14,399,028

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

**PROPRIETARY FUNDS
BALANCE SHEET
December 31, 2002**

	Business-type Activities Enterprise Funds			
	Utilities	Memorial Hospital	Airport	Parking
ASSETS				
Current assets				
Cash and investments	\$114,843,254	\$163,501,000	\$38,908,413	\$3,486,572
Accounts receivable (net of allowance for uncollectibles)	60,369,795	55,549,342	2,805,045	14,542
Interest receivable	767,872			
Inventories	27,003,937	2,779,000		
Due from other funds	852,539	91,658	17,740	61,477
Due from component units	2,657,157			
Prepaid expenses	7,645,950	3,733,000		
Total current assets	214,140,504	225,654,000	41,731,198	3,562,591
Noncurrent assets				
Restricted cash and investments	163,596,144	107,277,000	5,834,682	715,216
Note receivable		2,124,000		
Due from other funds	3,861,962			2,291,003
Investment in joint ventures	28,277,205	1,035,000		
Capital assets:				
Land			18,660,890	2,072,246
Buildings			82,440,311	15,396,017
Improvements other than buildings			113,826,690	6,102,302
Machinery and equipment			7,882,619	55,927
Infrastructure			1,754,159	
Utility plant	2,565,311,026			
Hospital plant		316,465,000		
Construction in progress	106,987,108	20,083,000	16,369,342	
Less accumulated depreciation	(869,393,089)	(139,422,000)	(53,898,080)	(4,667,857)
Total noncurrent assets	1,998,640,356	307,562,000	192,870,613	21,964,854
Other assets				
Unamortized bond issuance costs	9,976,963	7,612,000	922,587	237,901
Other	511,936			
Total other assets	10,488,899	7,612,000	922,587	237,901
Total assets	\$2,223,269,759	\$540,828,000	\$235,524,398	\$25,765,346

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

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

<u>Other Non-Major Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$3,382,679	\$324,121,918	\$16,707,549
271,776	119,010,500	1,877,212
	767,872	
49,026	29,831,963	885,301
22,117	1,045,531	1,112,598
	2,657,157	
	11,378,950	
<u>3,725,598</u>	<u>488,813,891</u>	<u>20,582,660</u>
	277,423,042	
	2,124,000	
	6,152,965	
	29,312,205	
1,669,708	22,402,844	25,720
9,573,362	107,409,690	263,909
4,870,882	124,799,874	396,917
4,996,063	12,934,609	6,022,754
	1,754,159	
	2,565,311,026	
	316,465,000	
	143,439,450	
(10,771,986)	(1,078,153,012)	(4,340,022)
<u>10,338,029</u>	<u>2,531,375,852</u>	<u>2,369,278</u>
	18,749,451	
	511,936	
<u>0</u>	<u>19,261,387</u>	<u>0</u>
<u>\$14,063,627</u>	<u>\$3,039,451,130</u>	<u>\$22,951,938</u>

**PROPRIETARY FUNDS
BALANCE SHEET
December 31, 2002**

	Business-type Activities Enterprise Funds			
	Utilities	Memorial Hospital	Airport	Parking
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities				
Accounts payable	\$46,899,459	\$21,674,588	\$3,575,059	\$823,097
Accrued salaries and benefits	3,567,416	6,517,000	176,118	9,626
Compensated absences - current	474,927	380,700	25,468	2,158
Due to other funds	3,447,535	48,412	201,053	15,127
Due to component unit	2,012,657			
Deferred revenue			1,038,082	
Accrued interest payable	5,481,050		169,380	28,778
Matured bonds payable	13,620,000	1,865,000	2,820,664	360,000
Notes payable - current	613,525			
Capital lease payable - current	1,034,571	1,569,000		
Fair value of derivative instruments	480,790			
Customer deposits	373,260			
Current portion estimated claims, settlements	500,000	5,982,000		
Customer advances for construction	82,611			
Other	45,890			
Total current liabilities	78,633,691	38,036,700	8,005,824	1,238,786
Noncurrent liabilities				
Compensated absences	9,023,622	7,233,300	483,886	41,008
Customer deposits	770,258			
Claims and judgments	1,045,742	2,091,000		
Revenue bonds payable	999,927,728	247,498,000	63,923,953	7,620,000
Notes payable	19,483,420			
Customer advances for construction	8,172,293			
Capital lease payable	1,008,031	321,000		
Municipal solid waste landfill closure and postclosure care	1,215,054			
Other liabilities	1,320,812			
Total noncurrent liabilities	1,041,966,960	257,143,300	64,407,839	7,661,008
Total liabilities	1,120,600,651	295,180,000	72,413,663	8,899,794
Net assets				
Invested in capital assets, net of related debt	897,077,066	28,547,000	121,213,901	11,931,752
Restricted for debt service	33,736,847	24,603,000	16,244,152	
Unrestricted	171,855,195	192,498,000	25,652,682	4,933,800
Total net assets	1,102,669,108	245,648,000	163,110,735	16,865,552
Total liabilities and net assets	\$2,223,269,759	\$540,828,000	\$235,524,398	\$25,765,346

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
 (continued)
 (PAGE 2 OF 2)**

<u>Other Non-Major Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
	\$44,567	\$9,958,111
	80,259	260,451
	20,377	62,957
	139,928	3,384,198
	2,012,657	
	1,038,082	
	5,679,208	
	18,665,664	
	613,525	
112,350	2,715,921	236,053
	480,790	
	373,260	
	6,482,000	
	82,611	
	45,890	
<u>397,481</u>	<u>126,312,482</u>	<u>13,901,770</u>
	387,178	1,196,174
	17,168,994	
	770,258	
	3,136,742	
	1,318,969,681	
	19,483,420	
	8,172,293	
136,941	1,465,972	525,728
	1,215,054	
	1,320,812	
<u>524,119</u>	<u>1,371,703,226</u>	<u>1,721,902</u>
<u>921,600</u>	<u>1,498,015,708</u>	<u>15,623,672</u>
	10,088,738	1,607,497
	1,068,858,457	
	74,583,999	
3,053,289	397,992,966	5,720,769
<u>13,142,027</u>	<u>1,541,435,422</u>	<u>7,328,266</u>
<u>\$14,063,627</u>		<u>\$22,951,938</u>
	<u>1,716,450</u>	
	<u>\$1,543,151,872</u>	

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Business-type Activities Enterprise Funds			
	Utilities	Memorial Hospital	Airport	Parking
Operating revenues				
Charges for services	\$484,976,910	\$298,851,000	\$19,810,704	\$2,601,750
Miscellaneous		6,791,000		
Total operating revenues	484,976,910	305,642,000	19,810,704	2,601,750
Operating expenses				
Personal services	98,848,385	167,507,000	6,219,745	358,124
Other operating expenses	247,898,912	106,613,000	5,820,546	873,630
Depreciation	71,906,809	18,668,000	8,860,754	948,459
Total operating expenses	418,654,106	292,788,000	20,901,045	2,180,213
Operating income (loss)	66,322,804	12,854,000	(1,090,341)	421,537
Nonoperating revenues (expenses)				
Investment earnings	(1,715,104)	3,580,000	1,751,259	143,334
Interest expense	(41,755,184)	(8,978,000)	(4,262,084)	(387,917)
Passenger facility charges			2,952,915	
Operating grants			171,140	
Amortization expense				(14,715)
Loss on disposal of fixed assets			(194,152)	(387,873)
Miscellaneous revenue (expense)	681,861	(613,000)		
Total nonoperating revenue (expenses)	(42,788,427)	(6,011,000)	419,078	(647,171)
Income (loss) before contributions and transfers	23,534,377	6,843,000	(671,263)	(225,634)
Capital contributions	41,370,380		8,000,330	
Transfers in				
Transfers out	(24,744,857)			
Change in net assets	40,159,900	6,843,000	7,329,067	(225,634)
Total net assets - January 1	1,062,509,208	238,805,000	155,781,668	17,091,186
Total net assets - December 31	\$1,102,669,108	\$245,648,000	\$163,110,735	\$16,865,552

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>
\$7,401,488	\$813,641,852 6,791,000	\$59,559,274
<u>7,401,488</u>	<u>820,432,852</u>	<u>59,559,274</u>
3,217,371	276,150,625	10,691,969
2,985,087	364,191,175	44,336,848
1,896,281	102,280,303	807,092
<u>8,098,739</u>	<u>742,622,103</u>	<u>55,835,909</u>
<u>(697,251)</u>	<u>77,810,749</u>	<u>3,723,365</u>
366,729	4,126,218	577,707
(18,374)	(55,401,559)	(74,622)
	2,952,915	
	171,140	
	(14,715)	
(114,792)	(696,817)	(502,492)
	68,861	(317)
<u>233,563</u>	<u>(48,793,957)</u>	<u>276</u>
(463,688)	29,016,792	3,723,641
	49,370,710	
607,859	607,859	
	(24,744,857)	(25,376)
144,171	54,250,504	3,698,265
<u>12,997,856</u>		<u>3,630,001</u>
<u>\$13,142,027</u>		<u>\$7,328,266</u>
	<u>1,716,450</u>	
	<u>\$55,966,954</u>	

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the year ended December 31, 2002**

	Business-type Activities Enterprise Funds			
	Utilities	Memorial Hospital	Airport	Parking
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$486,163,644	\$309,182,970	\$20,348,874	\$2,334,797
Receipts from interfund services provided	12,146,442	567,030	34,017	266,429
Payments to suppliers	(216,696,314)	(92,501,635)	(2,616,388)	(641,792)
Payments to employees	(105,832,861)	(166,476,000)	(6,264,737)	(362,637)
Payments for interfund services used	(29,341,975)	(7,099,365)	(2,348,816)	(207,497)
Net cash provided by operating activities	146,438,936	43,673,000	9,152,950	1,389,300
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers to other funds	(22,362,802)			(2,325,000)
Repayment of advance from other funds				
Advance from other funds				
Operating grant			171,140	
Customer deposits	146,905			
Net cash provided (used) by noncapital financing activities	(22,215,897)	0	171,140	(2,325,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital debt	137,758,375	112,360,000	42,484,362	
Capital contributions	26,732,838			
Bond issuance costs		(5,403,000)		
Use of bond funds and escrow funds	(1,260,302)		(44,329,185)	
Purchases of capital assets	(131,857,677)	(27,284,000)	(10,004,510)	(3,582,759)
Payments from accounts payable incurred for capital asset additions	(11,250,122)		(379,166)	(225,459)
Repayment of capital lease obligations	(848,921)			
Principal paid on capital debt	(13,655,510)	(3,822,000)	(2,105,000)	(345,000)
Interest paid on capital debt	(42,762,277)	(8,586,000)	(2,193,414)	(359,139)
Interest paid - other	(287,081)			
Proceeds from the sale of capital assets	5,128,294			
Capital grant			7,377,474	
Passenger facility charges			2,952,915	
Advances for construction	(19,230)			
Net cash provided (used) by capital and related financing activities	(32,321,613)	67,265,000	(6,196,524)	(4,512,357)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	242,614,070	78,172,000	10,388,718	6,589,956
Purchases of investments	(161,261,452)	(174,445,000)	(16,404,808)	(1,470,030)
Payments for investments in joint ventures	(4,048,271)			
Interest and dividends received	3,469,326	7,114,000	1,940,099	159,283
Distributions from joint ventures	10,074,097			
Other		(631,000)		
Net cash provided (used) by investing activities	90,847,770	(89,790,000)	(4,075,991)	5,279,209
Net (decrease) increase in cash and cash equivalents	182,749,196	21,148,000	(948,425)	(168,848)
Cash and cash equivalents - January 1	10,046,887	25,520,000	1,581,277	259,535
Cash and cash equivalents - December 31	192,796,083	46,668,000	632,852	90,687
Cash	192,796,083	46,668,000	632,852	90,687
Investments	85,643,315	224,110,000	44,110,243	4,111,101
Total cash and investments	\$278,439,398	\$270,778,000	\$44,743,095	\$4,201,788

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>
\$7,297,845	\$825,328,130	\$7,276,473
72,324	13,086,242	50,527,677
(1,854,054)	(314,310,183)	(36,182,265)
(3,216,149)	(282,152,384)	(10,800,561)
<u>(1,009,942)</u>	<u>(40,007,595)</u>	<u>(8,924,191)</u>
1,290,024	201,944,210	1,897,133
	(24,687,802)	
(241,183)	(241,183)	(2,210,955)
	0	3,270,319
	171,140	
	<u>146,905</u>	
<u>(241,183)</u>	<u>(24,610,940)</u>	<u>1,059,364</u>
	292,602,737	
	26,732,838	
	(5,403,000)	
	(45,589,487)	
(583,918)	(173,312,864)	(192,050)
(98,342)	(11,953,089)	(66,019)
(108,362)	(957,283)	(219,051)
	(19,927,510)	
	(53,900,830)	
(18,374)	(305,455)	(74,622)
20,856	5,149,150	
	7,377,474	
	2,952,915	
	<u>(19,230)</u>	
<u>(788,140)</u>	<u>23,446,366</u>	<u>(551,742)</u>
1,026,584	338,791,328	4,084,928
(1,768,350)	(355,349,640)	(7,860,432)
	(4,048,271)	
348,611	13,031,319	634,746
	10,074,097	
	<u>(631,000)</u>	
<u>(393,155)</u>	<u>1,867,833</u>	<u>(3,140,758)</u>
(132,454)	202,647,469	(736,003)
220,439	37,628,138	1,170,571
<u>87,985</u>	<u>240,275,607</u>	<u>434,568</u>
87,985	240,275,607	434,568
<u>3,294,694</u>	<u>361,269,353</u>	<u>16,272,981</u>
<u>\$3,382,679</u>	<u>\$601,544,960</u>	<u>\$16,707,549</u>

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the year ended December 31, 2002

	Business-type Activities			
	Enterprise Funds			
	Utilities	Memorial Hospital	Airport	Parking
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$66,322,804	\$12,854,000	(\$1,090,341)	\$421,537
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation expense	71,906,809	18,668,000	8,860,754	948,459
Provision for loss on accounts receivable and injuries and damages	2,377,152			
Change in fair value of derivative instruments	(13,807,067)			
Other revenue (expense)	(132,084)			
(Increase) decrease in accounts receivable	9,618,020	4,106,763	120,939	14,996
(Increase) decrease in inventories	4,220,792	(625,000)		
(Increase) decrease in due from other funds	163,402	69,237	(381,432)	(17,729)
(Increase) in due from component units	(2,657,157)			
(Increase) in prepaid expenses	(2,215,520)	(1,125,000)		
Decrease in other assets	191,067	174,000		
Increase (decrease) in accounts and other payables	9,580,517	8,569,334	1,159,907	18,486
Increase (decrease) in accrued expenses	868,209	1,031,000	(44,991)	(3,955)
Increase (decrease) in due to other funds	237,944	18,666	94,426	7,506
Increase in due to component units	2,012,657			
Increase in (decrease) in other liabilities	(2,248,609)	(68,000)	433,690	
Net cash provided by operating activities	\$146,438,936	\$43,673,000	\$9,152,952	\$1,389,300
Noncash investing, capital and financing activities				
Amortization, charge-off of debt discount and expense	984,578			14,715
Noncash acquisition of capital assets (incurrence of payable/capital lease obligation)	12,963,499	3,442,000	1,677,655	730,048
Noncash contributions in aid of construction	14,637,542			
Noncash sale of plant in service (incurrence of due from other funds)	3,957,915		(188,840)	
Increase (decrease) in fair value of investments				(77,782)

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

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

<u>Other Non-Major Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
(\$697,251)	\$77,810,749	\$3,723,365
1,896,281	102,280,303	807,092
	2,377,152	
	(13,807,067)	
	(132,084)	(317)
(60,918)	13,799,800	(960,641)
16,427	3,612,219	(160,949)
101,736	(64,786)	(802,004)
	(2,657,157)	
	(3,340,520)	
	365,067	
(20,524)	19,307,720	(398,127)
(2,544)	1,847,719	(101,071)
58,817	417,359	(210,215)
	2,012,657	
(2,000)	(1,884,919)	
<u>\$1,290,024</u>	<u>\$201,944,212</u>	<u>\$1,897,133</u>

	999,293	
5,964	18,819,166	
	14,637,542	
	3,769,075	
(11,537)	(89,319)	(57,038)

**FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 10**

	Pension Trust Funds	Agency Fund	Totals
<u>ASSETS</u>			
Cash and investments		\$1,914,723	\$1,914,723
Accounts receivable - net		705,582	705,582
Interest receivable	\$1,534,360		1,534,360
Other assets	15,832		15,832
Restricted investments	320,396,546		320,396,546
Total assets	321,946,738	2,620,305	324,567,043
<u>LIABILITIES</u>			
Accounts payable	173,466	2,030,638	2,204,104
Due to component unit		589,667	589,667
Other liabilities	71,309		71,309
Total liabilities	244,775	2,620,305	2,865,080
Net assets - held in trust for pension benefits	\$321,701,963	\$0	\$321,701,963

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

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the year ended December 31, 2002

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 11

	<u>Pension Trust Funds</u>
Additions	
City and participant contributions	<u>\$8,279,638</u>
Other income	<u>324,948</u>
Investment earnings:	
Interest and dividend income	8,098,321
Rental income	1,239,285
Net decrease in fair value of investments	<u>(31,831,390)</u>
Total investment loss	(22,493,784)
Less investment expenses	<u>1,154,026</u>
Net investment loss	<u>(23,647,810)</u>
Total additions, net	<u>(15,043,224)</u>
Deductions	
Benefits	14,055,895
Refund	1,089,033
Administrative expenses	<u>39,263</u>
Total deductions	<u>15,184,191</u>
Change in net assets	(30,227,415)
Net assets held in trust for pension benefits - January 1	<u>351,929,378</u>
Net assets held in trust for pension benefits - December 31	<u>\$321,701,963</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, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 12**

	Colorado Springs Urban Renewal Authority	Greater Downtown Colorado Springs Business Improvement District	Briargate Center Business Improvement District	Total
<u>ASSETS</u>				
Cash and investments	\$181,045	\$301,818	\$6,800,862	\$7,283,725
Taxes receivable		460,092	14,000	474,092
Prepays, other assets	1,620			1,620
Unamortized loan costs, net of amortization			173,706	173,706
Restricted assets:				
Cash-bonds			621,090	621,090
Capital assets (net of accumulated depreciation):				
Equipment		18,323		18,323
Construction in progress			3,723,602	3,723,602
Total assets	182,665	780,233	11,333,260	12,296,158
<u>LIABILITIES</u>				
Liabilities				
Accounts payable	5,281	26,016	1,472,767	1,504,064
Interest payable			59,880	59,880
Noncurrent liabilities:				
Due in more than one year	846,988		9,770,000	10,616,988
Total liabilities	852,269	26,016	11,302,647	12,180,932
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt		18,323	754,464	772,787
Restricted for:				
Debt service			621,090	621,090
Emergency reserve (TABOR)		7,922	700	8,622
Capital improvement		7,524		7,524
Unrestricted	(669,604)	720,448	(1,345,641)	(1,294,797)
Total net assets (deficit)	(\$669,604)	\$754,217	\$30,613	\$115,226

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

GOVERNMENTAL FUND COMPONENT UNITS
 COMBINING STATEMENT OF ACTIVITIES
 For the year ended December 31, 2002

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Colorado Springs Urban Renewal Authority	Greater Downtown Colorado Springs Business Improvement District	Briargate Center Business Improvement District	Totals
Colorado Springs Urban Renewal Authority						
General government	\$110,781	\$82,125	(\$28,656)			(\$28,656)
Greater Downtown Colorado Springs Business Improvement District						
General government	89,661	1,993		(\$87,668)		(87,668)
Public works	184,681			(184,681)		(184,681)
Total	274,342	1,993		(272,349)		
Briargate Center Business Improvement District						
General government	15,682				(\$15,682)	(15,682)
Total component units	\$400,805	\$84,118				(316,687)
General revenues:						
Property taxes				508,532	14,000	522,532
Investment earnings			1,559	3,644	32,295	37,498
Gain on sale of capital assets			5,000			5,000
Total general revenues			6,559	512,176	46,295	565,030
Change in net assets			(22,097)	239,827	30,613	248,343
Net assets (deficit) - January 1			(647,507)	514,390	0	(133,117)
Net assets (deficit) - December 31			(\$669,604)	\$754,217	\$30,613	\$115,226

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

101,981
 + 100,000
 - 25,000
 = 176,981

**PROPRIETARY FUND COMPONENT UNITS
COMBINING BALANCE SHEET
December 31, 2002**

	Fountain Valley Authority	Aurora - Colorado Springs Joint Water Authority	Regional Water Infrastructure Authority	The Twin Lakes Reservoir and Canal Company
<u>ASSETS</u>				
Current assets				
Cash and investments	\$372,917	\$32,863	\$81,972	\$616,083
Accounts receivable (net of allowance for uncollectibles)	213,189		287,637	8,395
Interest receivable	3,058,243			
Inventories	45,913			
Due from primary government	299,394		1,713,263	
Prepaid expenses	86,060	1,125		115,062
Total current assets	4,075,716	33,988	2,082,872	739,540
Noncurrent assets				
Restricted cash and cash equivalents	1,532,808			
Capital assets:				
Utility plant	84,651,161	9,499,247		13,436,066
Construction in progress			934,870	18,412
Less accumulated depreciation	(23,564,729)	(1,518,860)		(4,452,260)
Total noncurrent assets	62,619,240	7,980,387	934,870	9,002,218
Other assets				
Unamortized bond issuance costs	277,689			
Other				274,279
Total other assets	277,689	0	0	274,279
Total assets	\$66,972,645	\$8,014,375	\$3,017,742	\$10,016,037

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
\$61,485	\$208,913	\$64,560		\$1,438,793
	112,404		\$547,150	1,168,775
				3,058,243
				45,913
			589,667	2,602,324
4,769	17,381	1,780		226,177
66,254	338,698	66,340	1,136,817	8,540,225
				1,532,808
1,178,167	2,018,053	965,187		111,747,881
				953,282
(467,694)	(916,978)	(301,347)		(31,221,868)
710,473	1,101,075	663,840	0	83,012,103
				277,689
	25,334	32,409		332,022
0	25,334	32,409	0	609,711
\$776,727	\$1,465,107	\$762,589	\$1,136,817	\$92,162,039

**PROPRIETARY FUND COMPONENT UNITS
COMBINING BALANCE SHEET
December 31, 2002**

	Fountain Valley Authority	Aurora - Colorado Springs Joint Water Authority	Regional Water Infrastructure Authority	The Twin Lakes Reservoir and Canal Company
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities				
Accounts payable	\$145,574		\$434,234	\$20,202
Due to primary government	83,336		2,573,821	
Deferred revenue	3,058,243			
Accrued interest	160,391			
Matured bonds payable	415,000			
Notes payable - current	306,950			352,064
Capital lease payable - current	595,604			
Total current liabilities	4,765,098	\$0	3,008,055	372,266
Noncurrent liabilities				
Revenue bonds payable	9,965,370			
Notes payable	6,714,523			1,226,505
Capital lease payable	80,252,708			
Total noncurrent liabilities	96,932,601	0	0	1,226,505
Total liabilities	101,697,699	0	3,008,055	1,598,771
Net assets				
Invested in capital assets, net of related debt	(37,163,723)	7,980,387	934,870	7,423,649
Restricted for debt service	1,532,808			
Unrestricted	905,861	33,988	(925,183)	993,617
Total net assets (deficit)	(34,725,054)	8,014,375	9,687	8,417,266
Total liabilities and net assets	\$66,972,645	\$8,014,375	\$3,017,742	\$10,016,037

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

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

The Lake Meredith Reservoir Company	The Colorado Canal Company	The Lake Henry Reservoir Company	Pikes Peak Regional Communications Network	Total
\$71,770	\$61,962	\$68,840	\$51,308	\$853,890
				2,657,157
				3,058,243
				160,391
				415,000
	39,552			698,566
				595,604
71,770	101,514	68,840	51,308	8,438,851
				9,965,370
	52,043			7,993,071
				80,252,708
0	52,043	0	0	98,211,149
71,770	153,557	68,840	51,308	106,650,000
710,473	1,009,480	663,840		(18,441,024)
(5,516)	302,070	29,909	1,085,509	1,532,808
704,957	1,311,550	693,749	1,085,509	(14,487,961)
\$776,727	\$1,465,107	\$762,589	\$1,136,817	\$92,162,039

**PROPRIETARY FUND COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the year ended December 31, 2002**

	<u>Program Revenues</u>			
	<u>Charges for Services</u>	<u>Fountain Valley Authority</u>	<u>Aurora - Colorado Springs Joint Water Authority</u>	<u>Regional Water Infrastructure Authority</u>
	<u>Expenses</u>			
Fountain Valley Authority				
General government	\$7,421,131	\$8,316,094	\$894,963	
Aurora-Colorado Springs Joint Water Authority				
General government	202,550	1,054,558	\$852,008	
Regional Water Infrastructure Authority				
General government	5,308			(\$5,308)
The Twin Lakes Reservoir and Canal Company				
General government	682,650	892,675		
The Lake Meredith Reservoir Company				
General government	244,854	121,863		
The Colorado Canal Company				
General government	227,096	262,918		
The Lake Henry Reservoir Company				
General government	56,709	72,239		
Pikes Peak Regional Communications Network				
General government	135,633	874,150		
Total component units	<u>\$8,975,931</u>	<u>\$11,594,497</u>		
	General Revenues:			
	Investment earnings	50,484	26,845	14,995
	Change in net assets	945,447	878,853	9,687
	Net assets - January 1	(35,670,501)	7,135,522	
	Net assets - December 31	<u>(\$34,725,054)</u>	<u>\$8,014,375</u>	<u>\$9,687</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
					\$894,963
					852,008
					(5,308)
<u>\$210,025</u>					210,025
	<u>(\$122,991)</u>				(122,991)
		<u>\$35,822</u>			35,822
			<u>\$15,530</u>		15,530
				<u>\$738,517</u>	738,517
					<u><u>\$2,618,566</u></u>
10,168	1,956	3,476	854	18,883	127,661
<u>220,193</u>	<u>(121,035)</u>	<u>39,298</u>	<u>16,384</u>	<u>757,400</u>	<u>2,746,227</u>
<u>8,197,073</u>	<u>825,992</u>	<u>1,272,252</u>	<u>677,365</u>	<u>328,109</u>	<u>(17,234,188)</u>
<u><u>\$8,417,266</u></u>	<u><u>\$704,957</u></u>	<u><u>\$1,311,550</u></u>	<u><u>\$693,749</u></u>	<u><u>\$1,085,509</u></u>	<u><u>(\$14,487,961)</u></u>

**PROPRIETARY FUND COMPONENT UNITS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2002**

	Fountain Valley Authority	Aurora - Colorado Springs Joint Water Authority	Regional Water Infrastructure Authority
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$9,337,891	\$1,054,558	
Payments to suppliers	(2,520,265)	(10,356)	(\$3,184)
Net cash provided (used) by operating activities	6,817,626	1,044,202	(3,184)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Issuance of note payable			
Purchases of capital assets	(353,067)		(921,590)
Repayment of capital lease obligations	(1,748,520)		
Principal paid on capital debt	(685,987)	(1,930,000)	
Interest paid on capital debt	(893,972)	(100,258)	
Proceeds from the sale of capital assets			
Other receipts (payments)	(3,058,243)		1,005,031
Net cash provided (used) by capital and related financing activities	(6,739,789)	(2,030,258)	83,441
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	20,082	924,627	
Purchases of investments	(18,555)		
Interest and dividends received	50,484	58,406	1,715
Payments to other governments			
Net cash provided (used) by investing activities	52,011	983,033	1,715
Net increase (decrease) in cash and cash equivalents	129,848	(3,023)	81,972
Cash and cash equivalents - January 1	714,371	35,886	
Cash and cash equivalents - December 31	844,219	32,863	81,972
Cash and cash equivalents	372,917	32,863	81,972
Investments	471,302	0	0
Total cash and investments	\$844,219	\$32,863	\$81,972

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

CITY OF COLORADO SPRINGS
COLORADO
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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
\$898,905 (512,101)	\$125,995 (219,868)	\$426,378 (382,607)	\$77,789 (46,533)	\$562,282 (97,091)	\$12,483,798 (3,792,005)
386,804	(93,873)	43,771	31,256	465,191	8,691,793
(38,951)	(3,556)	120,000 (212,540)	(34,612)		120,000 (1,564,316) (1,748,520)
(329,272) (108,592) 3,600		(28,405) (3,881)			(2,973,664) (1,106,703) 3,600 (2,053,212)
(473,215)	(3,556)	(124,826)	(34,612)	0	(9,322,815)
1,702,733 (1,503,004) 10,168	85,000 1,956	120,000 (120,384) 3,476	854	18,883 (484,074)	2,852,442 (1,641,943) 145,942 (484,074)
209,897	86,956	3,092	854	(465,191)	872,367
123,486	(10,473)	(77,963)	(2,502)	0	241,345
192,597	71,958	286,876	67,062		1,368,750
316,083	61,485	208,913	64,560	0	1,610,095
316,083 0	61,485 0	208,913 0	64,560 0	0 0	1,138,793 471,302
\$316,083	\$61,485	\$208,913	\$64,560	\$0	\$1,610,095

PROPRIETARY FUND COMPONENT UNITS
STATEMENT OF CASH FLOWS
For the year ended December 31, 2002

	Fountain Valley Authority	Aurora - Colorado Springs Joint Water Authority	Regional Water Infrastructure Authority
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$4,491,151	\$950,524	(\$5,308)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation expense	1,264,163	94,978	
Other revenue	15,414		
(Increase) decrease in accounts receivable	83,161		
(Increase) in inventories	(8,033)		
(Increase) in prepaid expenses	(15,067)	(1,125)	
Increase (decrease) in accounts and other payables	63,615	(175)	2,124
Increase in other liabilities	923,222		
Net cash provided by operating activities	\$6,817,626	\$1,044,202	(\$3,184)
Noncash investing, capital and financing activities			
Amortization, charge-off of debt discount and expense	16,189	7,828	
Noncash acquisition of capital assets (incurrence of payable/capital lease obligation)			

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

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
\$304,328	(\$127,123)	\$36,745	\$9,980	\$738,517	\$6,398,814
203,900	11,322	88,826	8,136		1,671,325
6,230	4,132	2,958	5,550		34,284
5,683		(68,297)	480	(311,868)	(290,841)
					(8,033)
(103,854)	(969)	(7,119)			(128,134)
(29,483)	18,765	(9,342)	7,110	38,542	91,156
					923,222
\$386,804	(\$93,873)	\$43,771	\$31,256	\$465,191	\$8,691,793

24,017

12,510

61,694

74,204



CITY OF COLORADO SPRINGS

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. 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.

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. 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.

Governmental Fund Type Component Units

General Improvement Districts - Peregrine, Cottonwood, and Spring Creek.

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.

Colorado Springs Urban Renewal Authority

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 of Colorado Springs 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.

Greater Downtown Colorado Springs Business Improvement District

The Greater Downtown Colorado Springs Business Improvement District (BID) was created under provisions of Colorado state statute. The BID 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. The BID is discretely presented in the City's financial statements. The BID is a legally separate entity from the City. The City does, however, appoint a voting majority of the BID's board and is able to impose its will on the BID. The City's board and the BID's board are not substantively the same. Services provided by BID are entirely for the benefit of the business community in the District. The fiscal year-end for the BID is December 31.

Briargate Center Business Improvement District

The Briargate Center Business Improvement District (BID) was created under provisions of Colorado state statute. The BID 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. The BID is discretely presented in the City's financial statements. The BID is a legally separate entity from the City. The City does, however, approve the budget and is able to impose its will on the BID. The City's board and the BID's board are not substantively the same. Services provided by BID are entirely for the benefit of the business community in the District. The fiscal year-end for the BID is December 31.

The financial statements of each of these entities and their complete individual financial statements may be obtained at the following address:

City of Colorado Springs Finance Office
City Administration Bldg., Suite 202
30 South Nevada Avenue
Colorado Springs, CO 80903

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 Council's discretion. The City Council and the Boards of Directors of the component units are not substantially the same, and the component units do not provide services exclusively to the City. These component units are discretely presented.

Pikes Peak Regional Communications Network

The Pikes Peak Regional Communications Network (PPRCN) was established by an intergovernmental agreement between the City and El Paso County on December 1, 1999. PPRCN commenced operations during 2001 and is governed by a five-member Board of Directors. PPRCN was established to provide a modern, trunked radio system, available to the participating public safety and public service activities, throughout the City and El Paso County.

Fountain Valley Authority

The Fountain Valley Authority (FVA) is a political subdivision of the state of Colorado formed in 1979 for the purpose of constructing and operating a water treatment plant for its five customers, each of which owns and operates a water system. The FVA, in which the Colorado Springs Utilities fund (Utilities) has a 71.41 percent share, has entered into a water treatment and delivery contract with its five customers in which each customer agrees to pay FVA its proportionate share of all costs, including bonded indebtedness, whether or not such customer requests or receives any treated water. In addition, as part of the FVA project, the U.S. Department of Interior constructed a conduit from the Pueblo Reservoir to the site of the water treatment plant. These construction costs will be reimbursed to the Department of Interior (through the Southeastern Colorado Water Conservancy District), with interest, over a 40 year period by conveyance service rates assessed to each customer based upon scheduled acre feet of water to be conveyed.

Aurora-Colorado Springs Joint Water Authority

The Aurora-Colorado Springs Joint Water Authority (the Authority) is a political subdivision of the state of Colorado formed in 1983 for the purpose of developing water resources, systems or facilities for the benefit of the City of Aurora and the City of Colorado Springs. As of December 31, 2002, the cities had approved one project, the acquisition and construction of a pipeline to transport raw water. The Authority, in which Utilities has a 66.67 percent participating share, agrees to furnish water transmission services and to charge each city a transmission charge sufficient to cover annual project costs, including bonded indebtedness.

Regional Water Infrastructure Authority

The Utilities is a member of the Regional Water Infrastructure Authority (RWIA) along with the City, the City of Fountain and Security Water District. The authority is under the direction of a board of directors consisting of seven voting members and one non-voting member. The City has two voting members, Utilities has two voting members, the City of Fountain has three voting members and the Security Water District has one non-voting member. The RWIA was formed to finance and operate projects for water, wastewater and storm water projects that have regional features in which other local entities may elect to participate. The RWIA has approved the Southern Delivery System project. The project includes a planned water delivery system from the Pueblo Reservoir to a future water treatment complex in Colorado Springs and two new reservoirs. The Utilities owns an 85.625% participation share in the project.

Canal and Reservoir Companies

Utilities owns from 51.9 percent to 77.2 percent of the Colorado Canal, Twin Lakes, Lake Meredith and Lake Henry canal and reservoir companies. These companies have been formed for the purpose of acquiring and storing water. Due to the amount of ownership, the Utilities has significant influence over the operations of these companies.

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

Colorado Springs Utilities
Director of Finance & Management Services
121 S. Tejon Street, Suite 200
Colorado Springs, CO 80903

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

City of Colorado Springs Finance Office
City Administration Bldg., Suite 202
30 South Nevada Avenue
Colorado Springs, CO 80903

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 Fire Pension Plan, the Old Hire Police Pension Plan, the New Hire Fire Pension Plan and the New Hire Police Pension Plan. Although FPPA manages the pension plans in accordance with relevant operating agreements, the City retains responsibility for the administration of the plans. These component units 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
Englewood, Colorado 80111-2721
(303) 770-3772

Joint Ventures

The City has joined with other governmental entities in a joint venture to provide for building and construction code inspection and enforcement. The joint venture, Pikes Peak Regional Building Department (PPRBD), in which the City participates, is not considered as 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 of Colorado Springs, El Paso County and cities of Manitou Springs, Green Mountain Falls, Fountain, 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. It is intended that the PPRBD administer its fees so as to fully recover all expenses. 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 El Paso County have entered into a joint venture to administer a contract for ambulance services. The joint venture of the El Paso County Emergency Services Agency (ESA) in which the City participates is not considered a component unit and is, therefore, not included in the City's reporting entity. The ESA was formed in accordance with an intergovernmental agreement and is governed by a five-member board appointed by the City and 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.

Utilities is involved in a joint venture, Front Range Power Company (FRP), whose purpose is to develop, finance, construct, and operate a new combined cycle natural gas fired electric generation facility to sell electric power generated by the facility on the wholesale power market. The Utilities has an ongoing financial interest in FRP because it has a 50 percent sharing ratio in the distributable cash of FRP. The Utilities also has an ongoing financial responsibility to FRP. Utilities and El Paso Energy have jointly and severally guaranteed the timely payments of the contracts FRP has entered into. This guarantee is supplemented by a Contribution Agreement between the FRP members which clarifies that the intent of the guarantee is for each member to cover 50% of the guaranteed payments, if required. The Utilities has recorded its investment in FRP using the equity method in investment in joint ventures on the statement of net assets.

Memorial Hospital Corporation (MHC) is a non-profit corporation that is controlled by the Memorial Hospital (the Hospital), an enterprise fund of the City. The Hospital has a 51% 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. The Hospital financial statements reflect its interest in the member's equity and net loss of SCPP as investment in joint ventures on the statement of net assets.

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

City of Colorado Springs Finance Office
City Administration Bldg., Suite 202
30 South Nevada Avenue
Colorado Springs, CO 80903

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

Colorado Springs Utilities
Director of Finance & Management Services
121 S. Tejon Street, Suite 200
Colorado Springs, CO 80903

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

Memorial Hospital
Director of Finance
427 E. Colorado, Suite 208
Colorado Springs, CO 80903

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. 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.

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. 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 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.

Property taxes, 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 Hospital 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 legally or regulatory restricted.

Capital project 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.

Pension trust funds account for the activities of the City's fire and police pension plans that accumulate resources for pension benefit payment to qualified public safety employees.

The agency fund accounts for the resources that are held by the City in a purely custodial capacity.

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 Governmental Accounting Standards Board. 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 the Hospital which has elected to not follow subsequent private-sector guidance.

As a general rule the effect of inter-fund 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 also invest in real property, venture capital, equities, securities, and other investments. Investments are reported at fair value.

For purposes of the statements of cash flows, cash includes 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 fund". 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 El Paso 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 El Paso 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

The Hospital 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.

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. The City meets the requirements of phase I implementation of GASB Statement No. 34. For the period beginning after June 15, 2005, GASB 34 requires infrastructure to be capitalized retroactively to 1980. As of December 31, 2002, the City has not retroactively capitalized its infrastructure. Depreciation is recorded on fixed 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 fixed 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	25 years
Furniture and equipment	5-25 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 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 2002 AFUDC rate of 4.24% is comprised of an interest rate on borrowed funds component and a return on equity funds component and is applied to all major capital projects. The cost of additions to plant and replacement units of property is capitalized. Maintenance costs and replacement of minor items of property are charged to expense as incurred.

Estimated service lives for major assets of Utilities are as follows:

Electric boiler plant/station equipment	25 years
Electric conduit	28.5 years
Gas mains and services	80 years
Water source of supply	100 years
Water mains/services	50 years
Sewer mains and laterals	100 years
General structures and improvements	57 years

Estimated useful lives of the Hospital assets are 40 years for buildings, 10 to 20 years for land improvements and 3 to 25 years for equipment.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sales or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

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 financial statements. For certain debt issues, the Hospital enters 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.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest 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 uses. 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 2002, the Utilities fund recognized a liability of \$1,215,054 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 \$3,366,601. The average landfill capacity used to date is 35.81%. The estimated remaining landfill lives vary from 18 to 88 years. In 2002, the governmental activities recognized a liability of \$503,036 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.

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 funds 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 government activities are not included in the governmental funds balance sheet. Such assets must be included in the government-wide statements. The details of this difference are as follows:

Capital assets, at historical cost	\$357,457,977
Accumulated depreciation	<u>(79,734,699)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$277,723,278</u>

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2002

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 the funds.” The details of this difference are as follows:

Bonds payable	\$116,859,096
Accrued interest payable	734,616
Capital leases payable	4,508,076
Compensated absences	17,216,464
Municipal solid waste landfill	<u>503,036</u>
 Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	 <u>\$139,821,288</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 funds 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	\$62,155,229
Depreciation expense	<u>(13,589,338)</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>\$48,565,891</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 cost of the capital assets sold.	\$(3,401,112)
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In the statement of activities, transfers of capital assets to proprietary funds are reported. However, in the governmental funds, transfers of capital assets are not reported. (582,483)

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. 38,976,262

Net adjustment to increase *net changes in fund balances – total governmental funds* to arrive at *changes in net assets of governmental activities* \$34,992,667

Another element of that reconciliation states that “the issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference are as follows:

Debt incurred:	
Capital lease financing	\$(1,085,603)
Interest accretion	(46,109)
Principal repayments:	
General obligation debt	2,984,000
Sales tax revenue bonds	4,255,000
Certificates of participation	480,000
Special assessment bonds and notes	158,429
Capital leases	<u>1,596,190</u>

Net adjustment to increase *net changes in fund balances – total governmental funds* to arrive at *changes in net assets of governmental activities* \$8,341,907

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	\$29,021
Compensated absences	<u>(1,215,962)</u>

Net adjustment to decrease *net changes in fund balances – total governmental funds* to arrive at *changes in net assets of governmental activities* \$(1,186,941)

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 Finance Director but require no City Council action. Any net increase of appropriation, to the fund, requires City Council action.

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 2002, expenditures exceeded appropriations for the Workers Compensation Self Insurance fund by \$323,481, and the Public Space and Development fund by \$63,362.

C. Deficit Fund Equity

The Support Services fund and the Trails and Open Space (TOPS) fund had accumulated deficits in net assets of \$758,001 and \$767,612, respectively, as of December 31, 2002. The Support Services fund deficit is due to expenses exceeding billings. The rates have been evaluated and adjusted to capture previous under billings. The TOPS fund deficit is based upon a \$4,588,392 interfund loan from the General fund. The loan will be repaid to the General fund over the next four years.

IV. DETAILED NOTES ON ALL FUNDS**A. Unrestricted and Restricted Cash and Investments**

The City's restricted and unrestricted cash and investments, exclusive of component units, consist of the following on December 31, 2002:

	<u>Current Assets</u>	<u>Restricted Assets</u>
Demand accounts (incl. petty cash of \$25,692)	\$73,094,143	\$1,385,679
Money market mutual funds	83,246,891	22,639,997
Repurchase agreements	26,438,576	27,961,334
U.S. Treasury securities	111,739,123	157,311,646
U.S. Instrumentality securities	89,028,937	2,332,667
Corporate securities	25,407,418	173,557,809
Guarantee investment contract		4,654,055
Real estate		20,444,455
Mortgages pooled	3,457	
Venture capital		17,646,202
International equities		68,394,653
International fixed securities		1,008,657
457 Deferred compensation – outside manager funds		2,220,647
Money purchase – outside manager funds		2,042,006
Colorado Liquid Asset Trust	584,461	112,013,290
Colorado Surplus Asset Fund Trust	<u>18,954,638</u>	<u>6,498,325</u>
Total	<u>\$428,497,644</u>	<u>\$620,111,422</u>

Reconciliation of total deposits and investments to the government-wide financial statements at December 31, 2002:

	<u>Unrestricted</u>	<u>Restricted</u>
Governmental Activities	\$102,461,003	\$22,291,834
Business-type Activities	324,121,918	277,423,042
Fiduciary	<u>1,914,723</u>	<u>320,396,546</u>
Total	<u>\$428,497,644</u>	<u>\$620,111,422</u>

1. Deposits

The carrying amount of the City's deposits at December 31, 2002 was \$74,454,130 and the bank balances were \$91,625,718. Of the bank balances, \$426,703 was covered by federal deposit insurance and \$91,199,015 was uninsured but collateralized in accordance with provisions of the Colorado Public Deposit Protection Act (PDPA). The collateral is pooled and held in trust for all uninsured deposits as a group. Deposits are categorized to give an indication of credit risk. Credit risk category 1 includes deposits insured or collateralized with securities held by the City or its agent in the City's name. Category 2 includes deposits collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. Accordingly, deposits collateralized under the provisions of PDPA have been classified as credit risk Category 2, and balances insured by federal deposit insurance as Category 1.

2. Investments

The City's investments, exclusive of its component units, are categorized below to give an indication of the level of credit risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the City's name.

Category 1

Repurchase agreements	\$54,399,910
U.S. Treasury securities	269,050,769
U.S. Instrumentality securities	91,361,604
Corporate securities	198,965,227
Category 1 Total	<u>\$613,777,510</u>

Noncategorized

Money market mutual funds	\$105,886,888
Colorado Liquid Asset Trust (COLOTRUST)	112,597,751
Colorado Surplus Asset Fund Trust (CSAFE)	25,452,963
Guarantee investment contract	4,654,055
Mortgages pooled	3,457
Real estate	20,444,455
International equities	68,394,653
International fixed securities	1,008,657
Venture capital	17,646,202
457 Deferred compensation - outside manager funds	2,220,647
Money purchase – outside manager funds	<u>2,042,006</u>
Total	<u>\$360,351,734</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.

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, 2002:

	<u>Demand Accounts</u>	<u>Money Market</u>	<u>Bonds & Notes</u>
Governmental Activities:			
Urban Renewal Authority	\$25,878	\$155,167	\$ -
Downtown Colorado Springs BID	11,435	290,383	-
Briargate Center BID	<u>-</u>	<u>7,421,952</u>	<u>-</u>
Sub-total	<u>\$37,313</u>	<u>\$7,867,502</u>	<u>\$ -</u>
Business-type Activities:			
Fountain Valley Authority	\$844,219	\$1,061,506	\$ -
Aurora-Colorado Springs Joint Water Authority	22,393	10,470	-
Various Canal & Reservoir Companies	<u>701,231</u>	<u>-</u>	<u>331,782</u>
Sub-total	<u>\$1,567,843</u>	<u>\$1,071,976</u>	<u>\$331,782</u>
Total	<u>\$1,605,156</u>	<u>\$8,939,478</u>	<u>\$331,782</u>

Reconciliation of total deposits and investments to the government-wide financial statements at December 31, 2002:

	<u>Unrestricted</u>	<u>Restricted</u>
Governmental Activities	\$7,283,725	\$621,090
Business-type Activities	<u>1,438,793</u>	<u>1,532,808</u>
Total	<u>\$8,722,518</u>	<u>\$2,153,898</u>

The carrying amount of the deposits of the component units of the City at December 31, 2002, was \$1,605,156 and the bank balances were \$1,628,625. Of the bank balances, \$556,288 was covered by federal deposit insurance and \$1,072,337 was collateralized in accordance with provisions of the Colorado Public Deposit Protection Act.

In accordance with Colorado state statutes, the component units of the City are 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; guaranteed investment contracts. Investments are carried at fair value.

The investments of the component units are categorized below to give an indication of the level of credit risk assumed at year-end. All investments of the component units of the City are categorized as credit risk 1.

**Fair
Value**

U.S. Treasury Securities \$331,782

B. Receivables

Receivables at December 31, 2002 include the following (in 000's):

	General	Hospital	Utilities	Airport	Parking	Non-Major & Other	Total
Interest	\$ -	\$ -	\$768	\$ -	\$ -	\$4,593	\$5,361
Taxes	30,103	-	-	-	-	5,426	35,529
Accounts	1,388	71,981	61,548	2,805	15	11,610	149,347
Assessments	-	-	-	-	-	1,038	1,038
Intergovernmental loans	-	-	-	-	-	16,949	16,949
Notes and loans	1,955	2,124	-	-	-	304	4,383
Gross Receivables	33,446	74,105	62,316	2,805	15	39,920	212,607
Less: Allowances For Uncollectibles	-	(16,432)	(1,178)	-	-	-	(17,610)
Net Receivables	\$33,446	\$57,673	\$61,138	\$2,805	\$15	\$39,920	\$194,997

Loans receivable of \$19,207,631 is included in receivables - net in the statement of net assets as of December 31, 2002. Of the loans receivable, Community Development Department (CDD) has loans receivable of \$16,396,722 as of December 31, 2002.

These loans were funded with HOME (Federal Home Investment Partnership Act), FHLB (Federal Home Loan Bank), 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 \$453,162 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, 2002 were:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Utilities	\$2,455,378
	Hospital	3,174
	Airport	2,295
	Parking	15,127
	Non-major Governmental Funds	19,454,873
	Non-major Business-type Funds	74,239
	Internal Service Funds	3,270,319
Utilities	General Fund	4,431,620
	Airport	85,848
	Non-major Governmental Funds	50,527
	Non-major Business-type Funds	54,542
	Internal Service Funds	91,964
Hospital	General Fund	69,018
	Non-major Governmental Funds	3,228
	Internal Service Funds	19,412
Airport	General Fund	17,740
Parking	General Fund	2,329,480
	Utilities	17,170
	Airport	3,550
	Non-major Governmental Funds	1,360
	Non-major Business-type Funds	240
	Internal Service Funds	680

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2002**

Non-major Governmental Funds	General Fund	52,916
	Utilities	49,395
Non-major Business-type Funds	General Fund	11,231
	Utilities	1,526
	Airport	9,360
Internal Service Funds	General Fund	30,564
	Utilities	924,066
	Hospital	45,238
	Airport	100,000
	Non-major Business-type Funds	10,907
	Internal Service Funds	<u>1,823</u>
Total		<u>\$33,688,810</u>

Interfund transfers:**Transfer In:**

Transfer out:	General	Non-major Governmental	Total
General Fund	\$ -	\$11,438,802	\$11,438,802
Utilities	24,744,857	-	24,744,857
Non-major Funds	<u>3,291,526</u>	-	<u>3,291,526</u>
	<u>\$28,036,383</u>	<u>\$11,438,802</u>	39,475,185

Transfer in of governmental capital assets:

To proprietary funds from existing governmental capital assets	<u>607,859</u>
Total transfers in	<u>\$40,083,044</u>

Payments In Lieu Of Taxes

The Utilities provides for the 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 2002, the amount paid was \$24.74 million.

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 2002, the various

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2002**

components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Loans	\$ -	\$19,207,631
Property taxes	21,254,699	-
Special assessments	1,037,999	-
Grant drawdowns prior to meeting all eligibility requirements	<u>-</u>	<u>1,468,249</u>
Total deferred/unearned revenue for governmental funds	<u>\$22,292,698</u>	<u>\$20,675,880</u>

D. Inventories

Inventories, exclusive of component units, are stated at average cost, except the Hospital fund inventories, which are carried at the lower of cost or market. Proprietary fund inventories consist of the following at December 31, 2002 (in 000's):

Business-type Activities:

Materials and Supplies	\$14,739
Fuel	<u>15,978</u>
Total	<u>\$30,717</u>

E. Changes in Capital Assets

The following schedule reflects the changes in capital assets for the reporting period (in 000's):

Primary Government

	<u>Balance</u> <u>1-1-02</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12-31-02</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$54,078	\$3,572	\$ -	\$57,650
Construction in progress	<u>69,580</u>	<u>17,245</u>	<u>(68,279)</u>	<u>18,546</u>
Total Capital Assets Not Being Depreciated	<u>123,658</u>	<u>20,817</u>	<u>(68,279)</u>	<u>76,196</u>
Capital Assets Being Depreciated:				
Building	56,624	70,553	(2,785)	124,392
Improvements other than buildings	5,447	13,312	(585)	18,174

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2002**

Machinery and Equipment	97,025	13,813	(18,522)	92,316
Infrastructure	<u>-</u>	<u>53,090</u>	<u>-</u>	<u>53,090</u>
Total Capital Assets Being Depreciated	159,096	150,768	(21,892)	287,972
Less Accumulated Depreciation for:				
Building	(31,075)	(3,032)	2,915	(31,192)
Improvements other than buildings	(3,866)	(749)	342	(4,273)
Machinery and Equipment	(50,136)	(9,706)	12,256	(47,586)
Infrastructure	<u>-</u>	<u>(1,025)</u>	<u>-</u>	<u>(1,025)</u>
Total Accumulated Depreciation	<u>(85,077)</u>	<u>(14,512)</u>	<u>15,513</u>	<u>(84,076)</u>
Capital Assets Being Depreciated, Net	<u>74,019</u>	<u>136,256</u>	<u>(6,379)</u>	<u>203,896</u>
Total Governmental Activities Capital Assets, Net	<u>\$197,677</u>	<u>\$157,073</u>	<u>(\$74,658)</u>	<u>\$280,092</u>

	Balance			Balance
	<u>1-1-02</u>	<u>Increases</u>	<u>Decreases</u>	<u>12-31-02</u>
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$21,478	\$1,295	(\$370)	\$22,403
Construction in progress	<u>70,038</u>	<u>181,482</u>	<u>(108,081)</u>	<u>143,439</u>
Total Capital Assets Not Being Depreciated	<u>91,516</u>	<u>182,777</u>	<u>(108,451)</u>	<u>165,842</u>
Capital Assets Being Depreciated:				
Buildings	96,787	10,866	(243)	107,410
Improvements other than buildings	128,474	914	(4,588)	124,800
Machinery and Equipment	15,903	284	(3,252)	12,935
Infrastructure	-	1,754	-	1,754
Utilities Plant	2,466,910	119,736	(21,335)	2,565,311
Hospital Plant	<u>306,379</u>	<u>14,612</u>	<u>(4,526)</u>	<u>316,465</u>
Total Capital Assets Being Depreciated	<u>3,014,453</u>	<u>148,166</u>	<u>(33,944)</u>	<u>3,128,675</u>

Less Accumulated Depreciation for:

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2002**

Building	(22,221)	(4,853)	104	(26,970)
Improvements other than buildings	(27,314)	(6,654)	122	(33,846)
Machinery and Equipment	(8,936)	(1,421)	1,864	(8,493)
Infrastructure	-	(30)	-	(30)
Utilities Plant	(806,794)	(73,212)	10,613	(869,393)
Hospital Plant	<u>(123,432)</u>	<u>(18,668)</u>	<u>2,678</u>	<u>(139,422)</u>
Total Accumulated Depreciation	<u>(988,697)</u>	<u>(104,838)</u>	<u>15,381</u>	<u>(1,078,154)</u>
Capital Assets				
Being Depreciated, Net	<u>2,025,756</u>	<u>43,328</u>	<u>(18,563)</u>	<u>2,050,521</u>
Total Business-type Activities				
Capital Assets, Net	<u>\$2,117,272</u>	<u>\$226,105</u>	<u>\$(127,014)</u>	<u>\$2,216,363</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:

General Government	\$	1,414
Public Safety		4,885
Public Works		4,963
Culture and Recreation		2,269
Urban redevelopment		<u>58</u>
Total depreciation expense		
- governmental activities	\$	<u>13,589</u>

Business-type Activities:

Utilities	\$71,907
Hospital	18,668
Airport	8,861
Parking	948
Non-major Business-type Funds	<u>1,896</u>
Total depreciation expense	
- business-type activities	<u>\$102,280</u>

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2002**

The following schedule reflects the changes in Discretely Presented Component Unit capital assets for the reporting period (in 000's):

	Balance			Balance
	<u>1-1-02</u>	<u>Increases</u>	<u>Decreases</u>	<u>12-31-02</u>
Governmental Activities				
Discretely Presented Component Units:				
Capital Assets Not Being Depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	<u>-</u>	<u>3,724</u>	<u>-</u>	<u>3,724</u>
Total Capital Assets				
Not Being Depreciated	<u>-</u>	<u>3,724</u>	<u>-</u>	<u>3,724</u>
Capital Assets Being Depreciated:				
Building	100	-	(100)	-
Machinery and Equipment	<u>43</u>	<u>5</u>	<u>-</u>	<u>48</u>
Total Capital Assets				
Being Depreciated	<u>143</u>	<u>5</u>	<u>(100)</u>	<u>48</u>
Less Accumulated Depreciation for:				
Building	(10)	-	10	-
Improvements other than buildings	-	-	-	-
Machinery and Equipment	<u>(19)</u>	<u>(11)</u>	<u>-</u>	<u>(30)</u>
Total Accumulated Depreciation	(29)	(11)	10	(30)
Capital Assets				
Being Depreciated, Net	<u>114</u>	<u>(6)</u>	<u>(90)</u>	<u>18</u>
Governmental Activities				
Discretely Presented Component				
Units capital assets, net	<u>\$114</u>	<u>\$3,718</u>	<u>\$(90)</u>	<u>\$3,742</u>

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2002**

	Balance <u>1-1-02</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>12-31-02</u>
Business-type Activities				
Discretely Presented Component Units:				
Capital Assets Not Being Depreciated:				
Construction in Progress	<u>\$529</u>	<u>\$953</u>	<u>\$(529)</u>	<u>\$953</u>
Capital Assets Being Depreciated:				
Utilities Plant	110,915	1,180	(347)	111,748
Less Accumulated Depreciation for:				
Utilities Plant	<u>(29,718)</u>	<u>(1,671)</u>	<u>167</u>	<u>(31,222)</u>
Capital Assets				
Being Depreciated, Net	<u>81,197</u>	<u>(491)</u>	<u>(180)</u>	<u>80,526</u>
Business-type Activities				
Discretely Presented Component Units				
for capital assets, net	<u>\$81,726</u>	<u>\$462</u>	<u>\$(709)</u>	<u>\$81,479</u>

F. Leases**Operating Leases**

The following is a schedule of the minimum rental payments for succeeding years ending December 31, 2002:

<u>Year</u>	<u>Governmental</u> <u>Activities</u>
2003	\$229,085
2004	221,593
2005	214,408
2006	214,408
2007	214,408
2008	<u>192,808</u>
Total	<u>\$1,286,710</u>

Total rental payments for the year ending December 31, 2002 were \$458,938 for governmental activities.

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, 2002, exclusive of component units, are as follows (in 000's):

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2003	\$ 2,850	\$ 3,033
2004	1,129	1,278
2005	714	140
2006	311	77
2007	239	77
2008-2012	<u>688</u>	<u> </u>
Total minimum lease payments	5,931	4,605
Amount representing interest	<u>(661)</u>	<u>(423)</u>
Present value of minimum payments	<u>\$ 5,270</u>	<u>\$ 4,182</u>

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

Assets:	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Land	\$ 3,200	\$ -
Machinery and equipment	4,185	1,149
Building	857	3,442
Utilities plant		4,419
Accumulated depreciation	<u>(2,175)</u>	<u>(2,774)</u>
Net capitalized lease property	<u>\$ 6,067</u>	<u>\$ 6,236</u>

Capital Lease (Component Units)

Fountain Valley Authority leases various utilities plant under a capital lease agreement expiring December 31, 2025. As of December 31, 2002, future minimum payments under the capital lease consisted of the following (in 000's):

<u>Year</u>	
2003	\$3,058
2004	3,981
2005	4,905
2006	5,383
2007	5,383
2008-2012	26,913
2013-2017	26,913
2018-2022	26,913
2023-2025	<u>9,712</u>
Future minimum lease payments	113,161
Amount representing interest	<u>(32,313)</u>
Present value of net minimum lease payments	<u>\$80,848</u>

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

	<u>December 31, 2002</u>
Utilities plant	\$70,803
Accumulated amortization	<u>(15,144)</u>
Net capitalized leased Property	<u>\$55,659</u>

Amortization of the plant cost (in 000's) has been included in depreciation expense and amounted to \$895 for 2002.

G. Revolving Loan Agreement/Line of Credit

On January 1, 2002 Utilities entered into a \$15,000,000 revolving loan agreement with a bank, with interest at 90% of the bank's prime rate (3.825% as of December 31, 2002). The agreement expired on December 31, 2002, but was extended to March 1, 2003.

The agreement is collateralized by the net pledged revenues of the Springs Utilities. The proceeds from draws on this agreement are to be used by the Springs Utilities for the purchase of energy on the open market in the event of a forced outage of the system. No draws were made under this agreement in 2002. A second extension agreement was completed on March 1, 2003 which expanded the use of funds for any corporate purpose and extended the agreement date to March 1, 2004.

The Hospital maintains a line of credit agreement in the amount of \$3,000,000, which expires on July 15, 2003 and bears interest at the bank's prime rate less .75%. No amounts were outstanding under the line of credit at December 31, 2002.

H. Long-Term Debt

During 2002, the Utilities issued \$74,695,000 of subordinate lien refunding revenue bonds for a current refunding of \$74,655,000 of 1992A refunding revenue bonds. The refunding was undertaken to reduce total future debt service payments. The reacquisition price was above the net carrying amount of the old debt by \$3,099,376. This amount is being netted against the new debt and amortized over the old debt's life, which is shorter than the new debt. The transaction resulted in an economic gain of \$5,579,337 and a reduction of \$8,389,028 in future debt service payments.

Utilities also issued \$110,000,000 Utilities System Subordinate Lien Improvement Revenue Bonds, Series 2002B to finance a variety of capital improvements to the system and \$27,055,000 of Taxable Variable Rate Demand Utilities System Subordinate Lien Revenue Bonds, and Series 2002C to finance the Utilities' equity contribution in its Front Range Power joint venture.

The individual remarketing agents for the 2000A and 2002C variable rate bond issues calculate weekly the interest rate to be paid to bondholders by determining the interest rate that would enable the bonds to be remarketed at par, plus accrued interest (if any).

In 2002, the Hospital issued Hospital Revenue Bonds, Series 2002 totaling \$112,360,000. The Series 2002 Bonds were issued to fund the costs of acquiring, constructing and equipping certain hospital and other healthcare related facilities. The Series 2002 Bonds mature on December 15, 2032, have annual sinking fund requirements beginning in 2004, and are redeemable at any time. The Bonds have a variable interest rate.

In 2002, the Airport issued \$43,005,000 of Refunding Airport System Revenue Bonds, Series 2002A for a current refunding of \$41,650,000 of 1992A Airport System Revenue Bonds. The refunding was undertaken to reduce total future debt service payments. The reacquisition price was above the net carrying amount of the old debt by \$1,049,331. This amount is being netted against the new debt and amortized over the old debt's life, which is equal to the life of the new debt. The transaction resulted in an economic gain of \$6,406,035 and a reduction of \$12,628,592 in future debt service payments. The series 2002A serial bonds of \$21,620,000 mature from 2004 to 2018 and have interest rates ranging from 3.00% to 4.75%. Series 2002A term bonds of

\$6,255,000 and \$15,130,000 are due from 2006 to 2017 and 2019 and 2022, respectively and have interest rates of 4.75% and 5.00%, respectively.

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.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2002

1. Summary of Long-term Debt

The following table summarizes significant facts about the long-term debt outstanding at December 31, 2002:

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						
Series 1993	November, 1993	23,830,000	19,355,000	4,139,595	2.800 - 5.250	1994 - 2009
Cottonwood GID Series 1998	November, 1998	9,525,000	7,855,000	2,591,762	3.100 - 4.550	1999 - 2015
Spring Creek GID Series 1995	April, 1995	5,090,000	3,150,000	1,398,300	3.000 - 9.000	1996 - 2014
Sales Tax Revenue Bonds						
Series 1999	June, 1999	87,975,000	73,550,000	26,316,203	4.000-5.000	1999 - 2015
Certificates of Participation						
Hillside Recreation Center Series 1997	May, 1997	1,615,000	1,075,000	260,775	4.000 - 5.300	1997 - 2009
Skyview Softball Complex Series 1999	September, 1999	4,205,000	3,920,000	2,157,922	4.200-5.500	2001 - 2015
Old City Hall Project Series 2000	July, 2000	7,265,000	7,030,000	4,074,252	4.500-5.500	2002 - 2020
Special Assessments Obligations						
Woodmen Valley	November, 1995	1,730,254	759,237	257,945	7.000	1995 - 2010
Garden of the Gods	August, 1996	127,285	10,579	1,903	8.750	1996 - 2005
Carmel ID	August, 1999	191,214	112,333	46,250	8.370	1999 - 2010
Uintah Street ID	September, 1999	14,416	6,328	2,666	8.550	1999 - 2010
15th & Spring	March, 2000	23,006	14,225	7,269	9.160	2000 - 2011
Broadmoor West	January, 2000	34,930	21,394	10,827	9.080	2000 - 2011
Notes Payable						
Urban Renewal Authority	July, 1990	1,250,000	846,988	0	0.000	N/A
Business-type Activities **						
Revenue Bonds - Utilities						
Series 1994A	January, 1994	118,470,000	115,615,000	96,180,224	4.500 - 5.125	1996 - 2023
Series 1996A	September, 1996	66,675,000	59,895,000	72,969,450	5.500 - 5.750	1997 - 2025
Series 1996B	September, 1996	3,500,000	1,680,000	316,965	6.600 - 7.350	1997 - 2006
Series 1997A	September, 1997	121,455,000	113,755,000	122,232,320	5.000 - 5.375	1998 - 2026
Series 1998A	October, 1998	94,965,000	39,105,000	34,671,644	4.625 - 5.000	2002 - 2027
Series 1999A	September, 1999	65,500,000	65,210,000	87,180,334	4.125-5.750	2002 - 2008
Series 2000A	November, 2000	110,000,000	110,000,000	46,035,000	1.55	2029
Series 2000B	November, 2000	15,000,000	14,235,000	12,082,500	7.50	2001 - 2015
Series 2001A	August, 2001	300,790,000	289,950,000	186,165,867	3.250-5.375	2029
Series 2002A	August, 2002	74,695,000	74,695,000	63,623,744	5.25-5.37	2009-2020
Series 2002B	December, 2002	110,000,000	110,000,000	123,708,321	4.00-5.00	2006-2030
Series 2002C	December, 2002	27,055,000	27,055,000	10,966,068	1.50	2027

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2002

The following table summarizes significant facts about the long-term debt outstanding at December 31, 2002:

Debt Types	Date Issued	Original Issue Amount	Outstanding	Future Aggregate	Interest Rates	Maturity Dates of Serial Debt
			Principal Amount	Interest Requirements	of Debt Outstanding	
		\$	\$	\$	%	
Business-type Activities **						
Continued						
Revenue Bonds - Memorial Hospital						
Project Series 1995	May, 1995	61,025,000	60,980,000	59,716,682	4.100 - 6.000	1995 - 2024
Refunding Series 1995	May, 1995	29,265,000	17,365,000	4,594,148	4.100 - 6.000	1995 - 2010
Series 2000	August, 2000	59,825,000	59,825,000	97,938,495	6.375	2025 - 2030
Series 2002	July, 2002	112,360,000	112,360,000	27,298,310	1.30	2003 - 2032
Revenue Bonds - Airport						
Series 1992C	September, 1992	6,582,687	10,849,210	2,535,790	6.800 - 7.200	2002 - 2011
Series 1996A	December, 1996	12,450,000	10,875,000	6,507,498	4.000 - 5.250	1999 - 2021
Series 1996B	December, 1996	3,485,000	3,055,000	1,912,709	4.150 - 5.500	1999 - 2021
Series 2002	December, 2002	43,005,000	43,005,000	26,987,918	3.0-5.0	2003 - 2021
Revenue Bonds - Parking System						
Series 1999	March, 1999	9,300,000	7,980,000	3,357,502	3.000 - 4.750	1999 - 2018
Notes Payable - Utilities						
Wastewater Facility	May, 1998	22,204,270	20,096,945	9,545,330	4.06	1999 - 2019
Component Units ***						
Special Assessment Revenue Bonds						
Briargate Center BID - Series 2002	2002	6,875,000	6,875,000	8,651,153	7.50	2003 - 2027
Limited Tax General Obligation Bonds						
Briargate Center BID - Series 2002	2002	2,895,000	2,895,000	4,665,191	7.45	2003 - 2032
Revenue Bonds						
Fountain Valley Authority	April, 1996	12,225,000	10,985,000	6,253,598	5.200 - 5.625	1997 - 2019
Notes Payable						
The Twin Lakes Reservoir and Canal Company	1996	2,451,830	1,578,569	202,568	8.25	1996 - 2007
Fountain Valley Authority	2000	7,607,966	7,021,473	3,233,503	3.40	2001 - 2019
The Colorado Canal Company	2002	120,000	91,595	5,261	4.75	2002-2005

*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, 2002 (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	\$ 33,298	\$ 46	\$ 2,984	\$ 30,360	\$ 3,000
Sales tax revenue bonds	77,805		4,255	73,550	4,435
Certificates of participation	12,505		480	12,025	505
Special assessment bonds and notes	1,083		159	924	91
Capital leases	<u>5,999</u>	<u>1,086</u>	<u>1,815</u>	<u>5,270</u>	<u>2,559</u>
Total bonds and notes payable	130,690	1,132	9,693	122,129	10,590
Other liabilities:					
Municipal solid waste landfill	491	12		503	
Compensated absences	<u>17,307</u>	<u>12,486</u>	<u>11,317</u>	<u>18,476</u>	<u>924</u>
Total other liabilities	17,798	12,498	11,317	18,979	924
Governmental activities long-term liabilities	<u>\$ 148,488</u>	<u>\$ 13,630</u>	<u>\$ 21,010</u>	<u>\$ 141,108</u>	<u>\$ 11,514</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and notes payable:					
Revenue bonds	\$ 1,113,333	\$ 324,196	\$ 90,039	\$ 1,347,490	\$ 18,745
Notes payable	20,662		566	20,096	614
Capital leases	<u>3,744</u>	<u>3,442</u>	<u>3,004</u>	<u>4,182</u>	<u>2,716</u>
	1,137,739	327,638	93,609	1,371,768	22,075
Less deferred amounts:					
For issuance discounts and premiums	9,236	2,732	362	11,606	
On refundings	<u>(18,429)</u>	<u>(4,139)</u>	<u>(1,108)</u>	<u>(21,460)</u>	
	(9,193)	(1,407)	(746)	(9,854)	0
Total bonds and notes payable	1,128,546	326,231	92,863	1,361,914	22,075
Other liabilities:					
Municipal solid waste landfill	1,143	72		1,215	
Compensated absences	16,983	12,451	11,361	18,073	904
Claims and judgments	9,534	21,146	21,063	9,617	6,482
Customer deposits	997	517	370	1,144	373
Customer advances for construction	8,274	3,063	3,082	8,255	83
Other	<u>15</u>	<u>3,373</u>	<u>2,067</u>	<u>1,321</u>	
Total other liabilities	36,946	40,622	37,943	39,625	7,842
Business-type activities long-term liabilities	<u>\$ 1,165,492</u>	<u>\$ 366,853</u>	<u>\$ 130,806</u>	<u>\$ 1,401,539</u>	<u>\$ 29,917</u>

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, compensated absences are generally liquidated by the general fund.

Component Units

In 2002 the Briargate Center BID issued \$6,875,000 special assessment revenue bonds with interest rates ranging from 7.0 to 7.4%, maturing December 1, 2027. Also, in 2002 the BID issued \$2,895,000 Limited Tax General Obligation Bonds with a 7.45% interest rate, maturing December 1, 2025.

The following is a summary of long-term debt transactions for component units of the City for the year ended December 31, 2002 (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	\$	\$ 2,895	\$	2,895	\$
Special assessment revenue bonds		6,875		6,875	
Notes payable	847			847	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Governmental activities long-term liabilities	<u>\$ 847</u>	<u>\$ 9,770</u>	<u>\$</u>	<u>\$ 10,617</u>	<u>\$</u>
BUSINESS-TYPE ACTIVITIES					
Revenue bonds	\$ 13,305	\$	\$ 2,320	\$ 10,985	\$ 415
Less deferred amounts on refundings	(640)		(36)	(604)	
Notes payable	9,225	120	654	8,691	698
Capital leases	82,240		1,392	80,848	596
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Business-type activities long-term liabilities	<u>\$ 104,130</u>	<u>\$ 120</u>	<u>\$ 4,330</u>	<u>\$ 99,920</u>	<u>\$ 1,709</u>

3. Annual Debt Service Requirements of Long-term Debt of Primary Government

The following is a summary of scheduled maturities on general obligation bonds as of December 31, 2002 (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>
2003	\$ 3,000	\$ 1,492	\$	\$ 216
2004	3,145	1,353		216
2005	3,305	1,205	5	216
2006	3,455	1,045	15	215
2007	3,630	876	15	214
2008-2012	10,995	1,918	195	1,042
2013-2017	2,830	241	355	944
2018-2022			520	788
2023-2027			735	566
2028-2032			1,055	248
	<u>\$ 30,360</u>	<u>\$ 8,130</u>	<u>\$ 2,895</u>	<u>\$ 4,665</u>

The following is a summary of scheduled maturities on revenue bonds as of December 31, 2002 (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>
2003	\$ 4,435	\$ 3,413	\$ 18,745	\$ 62,118	\$ 415	\$ 601
2004	4,625	3,224	21,865	60,541	435	579
2005	4,820	3,028	22,830	59,662	455	557
2006	5,025	2,823	24,110	58,728	480	533
2007	5,240	2,609	25,290	57,693	505	508
2008-2012	29,895	9,340	145,694	273,058	2,955	2,113
2013-2017	19,510	1,879	207,290	228,940	3,870	1,203
2018-2022			275,050	170,199	1,870	159
2023-2027			312,985	96,188		
2028-2032			293,631	19,854		
	<u>\$ 73,550</u>	<u>\$ 26,316</u>	<u>\$ 1,347,490</u>	<u>\$ 1,086,981</u>	<u>\$ 10,985</u>	<u>\$ 6,253</u>

The following is a summary of scheduled maturities on certificates of participation as of December 31, 2002 (in 000's):

Year Ending December 31	Governmental Activities	
	Principal	Interest
2003	\$ 505	\$ 622
2004	525	600
2005	555	575
2006	585	549
2007	605	522
2008-2012	3,270	2,115
2013-2017	3,630	1,265
2018-2020	2,350	245
	<u>\$ 12,025</u>	<u>\$ 6,493</u>

The following is a summary of scheduled maturities on special assessment bonds and notes as of December 31, 2002 (in 000's):

Year Ending December 31	Governmental Activities		Component Units	
	Principal	Interest	Principal	Interest
2003	\$ 91	\$ 67	\$	\$ 503
2004	98	61	110	516
2005	105	53	119	507
2006	108	46	128	499
2007	116	38	137	489
2008-2012	406	62	1,067	2,688
2013-2017			1,321	1,809
2018-2022			1,896	1,233
2023-2027			2,097	407
	<u>\$ 924</u>	<u>\$ 327</u>	<u>\$ 6,875</u>	<u>\$ 8,651</u>

The following is a summary of scheduled maturities on notes payable as of December 31, 2002 (in 000's):

<u>Year Ending December 31</u>	<u>Business-type Activities</u>		<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 614	\$ 795	\$ 698	\$ 352
2004	635	780	727	321
2005	661	764	714	288
2006	688	747	749	256
2007	720	729	376	232
2008-2012	5,020	3,191	1,831	1,020
2013-2017	7,480	2,225	2,110	744
2018-2022	4,278	314	1,486	228
	<u>\$ 20,096</u>	<u>\$ 9,545</u>	<u>\$ 8,691</u>	<u>\$ 3,441</u>

I. Industrial Development Revenue Bonds

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. 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 \$176 million. During 2002, industrial development revenue bonds of \$8 million were issued.

J. Net Assets/Fund Balances

Reserves

Reserves of the governmental funds at December 31, 2002 include the following:

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Encumbrances	\$ 2,759,296	\$ 12,441,215	\$ 15,200,511
Debt service	1,304,754	628,159	1,932,913
Endowments		7,456,918	7,456,918
Emergency reserve	5,873,021		5,873,021
Total	<u>\$ 9,937,071</u>	<u>\$ 20,526,292</u>	<u>\$ 30,463,363</u>

Designations

Designations of the governmental funds at December 31, 2002 include the following:

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Designated for subsequent expenditures	\$ 8,331,501	\$ 33,981,009	\$ 42,312,510

V. OTHER INFORMATION

A. Risk Management

The City has established a risk management division to coordinate and administer workers compensation, employee health benefits, general liability and property insurance programs for all its activities and operations.

For workers compensation coverage, except for the Hospital, the City and Utilities have purchased commercial insurance to cover losses in excess of \$500,000 per occurrence. The City and Utilities pay losses less than this amount through the Workers Compensation Self-Insurance fund. Incurred but not reported claims have not been accrued for the Workers Compensation Self-Insurance fund. An actuarial valuation was performed in 1999 for the Workers Compensation fund and that valuation concluded that claims were asserted and recorded in a timely manner, making it unnecessary to accrue for incurred but not reported claims. The Hospital is self-insured for workers' compensation claims up to \$275,000 per claim and maintains reinsurance covering claims in excess of \$275,000. The Hospital has recorded an 'incurred but not reported' liability for unpaid workers' compensation claims.

The City and Utilities provide for the payment of employee health benefits, and for eligible family members, through the Employee Benefits Self-Insurance fund. That fund records an estimated 'incurred but not reported' liability and additional fund balance reserves for 'Catastrophic Claims' and for 'Claims Fluctuation'. The Employee Benefits Self-Insurance fund does not purchase commercial, catastrophic insurance. The Hospital maintains malpractice insurance through a claims-made type of commercial insurance policy. The policy has a \$50,000 deductible per occurrence and provides coverage up to \$1 million per occurrence for claims filed within the period of the policy term. The Hospital also has \$10 million of umbrella insurance coverage. The Hospital has recorded a liability for estimated deductible amounts to be paid on claims incurred

and estimated incurred but not reported claims. During 2002, the Hospital obtained insurance covering medical claims in excess of \$250,000.

General liability coverage for the operations of the Utilities departments is purchased from commercial carriers for losses in excess of \$500,000. General liability coverage for the Hospital and the Airport is also purchased from commercial carriers with varying deductibles. All other general liability coverage is self-insured. 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.

Incurred but not reported claims have been accrued for the Employee Benefits Self-Insurance fund based upon an actuarial estimate at December 31, 2002. During 2002, there were no significant reductions in insurance coverage from coverage as compared to 2001 and settlements have not exceeded insurance coverage for the past three fiscal years.

The following is a summary of changes in outstanding reserves for the Hospital, Claims Reserve, Workers Compensation, and Employee Benefits Self-Insurance funds for 2001 and 2002 (in 000's):

	<u>2002</u>	<u>2001</u>
Claims liabilities, beginning of year	\$16,824	\$16,297
Increases	48,919	49,010
Decreases	<u>(49,001)</u>	<u>(48,483)</u>
Claims liabilities, end of year	<u>\$16,742</u>	<u>\$16,824</u>

B. Donor-restricted Endowments

The City maintains six donor-restricted endowment funds as follows:

C.D. Smith Trust fund has \$361,247 available for expenditure from fund balance of \$919,057. Perkins Trust fund has \$115 available for expenditure from fund balance of \$3,073. Woods Trust fund has \$55 available for expenditure from fund balance of \$3,448. Sabine Trust fund has \$23 available for expenditure from fund balance of \$1,423. Cemetery Endowment fund has \$32,920 available for expenditure from fund balance of \$5,823,148. TOPS Maintenance Trust fund has \$44,486 available for expenditure from fund balance of \$706,769.

State law does not restrict ability to spend net appreciation on these funds. Terms of the donation, however, restrict expenditure to only investment earnings. The policy for authorizing and spending investment income states that all investments earnings are available for expenditure except for Cemetery Endowment fund which is limited to \$250,000 per year.

C. Segment Information

The City has several business-type activities with outstanding debt at December 31, 2002. Revenue has been pledged to cover the outstanding debt for the following business-type activities. The Hospital provides medical treatment to the Colorado Springs community. The Utilities provides water and wastewater collection, treatment, and distribution system; electric generation, transmission, distribution and street light system; and gas distribution system. The Airport provides air transportation services to the Colorado Springs community. The Parking system provides parking to the Colorado Springs downtown area.

Life Ins.

D. Post-Retirement Health Care Benefits

In accordance with the City Personnel Policy, the City offers a post-retirement health care benefit to retirees with a City contribution determined by City Council. Employees retiring prior to 1979 receive this benefit without cost to the employee. Those retiring on or after 1979 and hired prior to August 1, 1988 receive a limited City contribution not to exceed \$91.40 per month. During 2002, these benefits were provided to 799 retired employees at a cost of \$1,091,762.

Post-retirement health care benefits are funded through current revenue sources appropriated and accounted for in the City's annual budget.

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

At December 31, 2002 the SCIP fund had construction contracts and commitments of approximately \$7.1 million related to the Series 1999 SCIP Revenue Bonds for the construction of various capital projects.

At December 31, 2002, the Hospital had commitments of approximately \$40 million for the purchase and construction of hospital facilities and for the purchase of medical equipment. The Utilities fund had construction contracts and commitments of approximately \$21.4 million. The Airport had construction contracts and commitments of approximately \$5.2 million.

2. Coal Purchase Commitments

During 1987, the City Council approved the Utilities' renegotiated reduced long-term contract commitments with Colowyo Coal Company for the purchase of coal. In 1994, Utilities entered into an additional ten-year coal supply agreement, commencing January 1, 1995, with another supplier to purchase a minimum of 600,000 tons of coal annually at a base price of \$14.65 per ton. Utilities also purchased spot coal at reduced prices. The following schedule sets forth the minimum annual payments for coal at current prices (excluding freight charges) which the Utilities is required to make under the terms of the 1987 and 1994 contracts, whether or not it is able to take delivery:

Year ended <u>December 31,</u>	
2003	\$22,000,000
2004	<u>18,000,000</u>
Total	<u>\$40,000,000</u>

3. Metex Metropolitan District

In 1991, the City was a party to an intergovernmental agreement between the City, El Paso County and the Metex Metropolitan district for the purpose of assisting Metex in its annual debt service payments to bondholders. Specifically, pursuant to that agreement, effective with property taxes collected in 1992, the County agreed to increase, up to .5 mills, its Road and Bridge fund mill levy and appropriate this revenue to Metex. Similarly, the City, effective at the same date, agreed to appropriate its share of this mill levy revenue to Metex. Metex, then, used these revenues to assist in its annual debt service payments. The agreement provided for this assistance until such time as the bonds were retired, the assessed valuation in the district had grown to such a level as to make the Metex mill levy sufficient to meet annual debt service costs without City or County assistance or one of the parties decided to terminate the agreement. The agreement further provided that such financial assistance from the City and County would constitute a liability on the part of Metex and that repayment would ultimately be made, if financially feasible, from the net revenue available after debt service payments and reasonable operating expenses of Metex. Such repayment would be made until such time as the total liability is satisfied or through the year 2016 (Termination Date). To the extent that the City and County are partially repaid by the Termination Date, it is understood that the amounts remaining unpaid represent a contribution to be made by the City and County.

During the life of the agreement, through December 31, 2002, the City had contributed the total amount of \$2,931,495 to Metex. Beginning with the calendar year 2000, Metex assessed valuation had grown sufficiently such that a partial repayment of the liability was possible. Accordingly, the City received the amount of \$888,796 during the year 2002, leaving an outstanding liability of \$1,108,228 at December 31, 2002.

4. Refunded Bonds

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, 2002, the City remains contingently liable for the outstanding principal balance of \$184,800,000 in refunding bonds.

In 2002, the Airport issued revenue bonds to refund the original 1992A issue. At December 31, 2002, the Airport remains contingently liable for the outstanding principal balance of the refunded bonds in the amount of \$41,270,000.

In 1997, the City issued certificates of participation to refund the original 1989 issue. At December 31, 2002, the City remains contingently liable for the outstanding principal balance of the refunded certificates in the amount of \$1,055,000.

In 1993, the City issued general obligation bonds to refund an earlier bond issue. At December 31, 2002, the City remains contingently liable for the outstanding principal balance of the refunded bonds in the amount of \$18,655,000.

5. 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 2002 was less than the revenue limit.

6. 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.

F. Passenger Facility Charges

The Federal Aviation Administration (FAA) authorized the City 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 \$48,153,171 or until April 1, 2004 whichever occurs first. PFC revenues are recognized when received. Aggregate collections through December 31, 2002 total \$37,003,450.

G. Disclosures about Fair Value of Financial Instruments

Estimated fair values of proprietary fund financial instruments are as follows as of December 31, 2002:

	Carrying Amount	Fair Value
Cash and investments	\$340,829,467	\$340,829,467
Restricted cash and investments	277,423,042	277,423,042
Interest receivable	767,872	767,872
Long-term debt (including current maturities)	1,367,586,155	1,423,574,195
Accrued interest	5,679,208	5,679,208
Customer advances for construction	8,254,904	8,254,904

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.

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.

Long-term debt (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.

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

The Utilities and El Paso Corporation (El Paso) have formed Front Range Power Company (FRP), whose purpose is to develop, finance, construct, and operate a new

combined cycle natural gas fired electric generation facility to sell electric power generated by the facility on the wholesale power market. The Utilities has a 50 percent sharing ratio in the distributable cash of FRP. The Utilities also has an ongoing financial responsibility to FRP.

- ◆ The Utilities and El Paso had jointly and severally guaranteed the timely payment of a \$64 million contract FRP entered into for the purchase of two gas turbine generators. This guarantee was assigned to the project's engineering, procurement and construction contractor in September 2001.
- ◆ Subsequent to December 31, 2000, the Utilities guaranteed another of FRP's contracts not to exceed \$20 million. The contract terminates on May 15, 2003.
- ◆ 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.
- ◆ The Equity Funding Agreement between the members and the primary commercial lenders for the FRP project also provides member guarantees in the event that Public Service Company of Colorado (PSCO), who along with the Utilities has executed an agreement to purchase power from FRP, terminates its Purchased Power Agreement (PPA) to purchase power from the FRP project.

The lenders approved acceptance of commercial operation as of April 15, 2003. FRP began selling power under long-term contracts to Utilities and PSCO as well as merchant power. Current estimates indicate the final punch list consisting of minor items will be completed by the end of May 2003. After final acceptance, the construction loan will be converted to a term loan. All parent guarantees are scheduled to be removed after 90 days of operation.

FRP has signed a long-term service agreement with General Electric to perform all major repairs. This contract will provide a net present value savings of approximately \$25 million over the first twenty years of the project compared to the original business case. Utilities and FRP have entered into an agreement for Utilities to operate and maintain the Project.

As of December 31, 2002, FRP has total assets of \$265,313,000, accounts payable of \$3,128,000, long-term debt of \$202,752,000 and capital of \$55,058,000. FRP had no revenue and \$3,973,000 of operating expenses for 2002. The City has recorded the investment in FRP of \$27,688,000, using the equity method, in investment in joint ventures on the statement of net assets. Under the terms of a Funding Agreement between the FRP members, El Paso disproportionately funded the members' equity contributions during the early months of the project. At financial close on the commercial loan for the project (October 31, 2001), Utilities funded 100% of the required equity. El Paso has made all subsequent equity contributions until the members'

contributions were equalized on July 15, 2002. Thereafter, all required equity contributions will be funded equally by the members until project completion. Separate audited financial statements for FRP can be obtained from Richard Comerford, Chief Planning and Financial Officer, Colorado Springs Utilities, P.O. Box 1103, Mail Code 950, Colorado Springs, CO 80947-0950.

I. Retirement Plans**1. Non-Uniformed Employees****A. Defined Benefit Pension Plan**

Plan Description: The City contributes to the Combined State and Municipal Division Trust Fund (CSMDTF), a cost sharing multiple employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). CSMDTF 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 CSMDTF. 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 CSMDTF. That report may be obtained 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: Plan members and the City are required to contribute at a rate set by statute. The contribution requirements of plan members and the City of Colorado Springs 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 9.19% of covered salary. A portion of the City contribution (2.31% of covered salary) is allocated for the Health Care Trust Fund. Also, beginning in 2001, a portion of the City contribution (3% in 2002) is allocated to the Matchmaker Program. The contribution requirements of Plan members and the City are established and may be amended by the PERA Board of Trustees. The City contributions to CSMDTF for the years ending December 31, 2002, 2001, 2000, were \$25,194,065, \$24,403,163, \$24,999,504, respectively, equal to their required contributions for each year.

B. 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 the 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 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 2.31%, as a part of the total contribution of 9.19%, of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the City are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the health care fund is established under Title 24, Article 51, Section 208 of the Colorado Revised Statutes, as amended. The City contributions to HCTF for the years ending December 31, 2002, 2001, and 2000 were \$581,983, \$478,302, and \$274,995, respectively, equal to their required contributions for each year.

C. Defined Contribution Plan

Plan Description: The (CSMDTF) members of the City may voluntarily contribute to PERA's 401(k) Plan, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and 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 plan provisions to the State Legislature.

The PERA 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$11,000 in 2002), and employer matching contributions (3% of covered salary) required by the Matchmaker Program. The Matchmaker Program was established on January 1, 2001 and allows the PERA Board of Trustees to set a matching contribution annually based on the actuarial funding required by the defined benefit pension plan. Matchmaker contributions may be made to the PERA 401(k) plan or to a separate IRC section 457 plan at members' option. The City's contributions to the Matchmaker Program for the year ended December 31, 2002 and 2001 were \$5,198,049 and \$3,011,408 respectively. The PERA 401(k) member contributions from the City for the years ended December 31, 2002 and 2001, were \$12,119,401 and \$9,849,474, respectively.

2. Uniformed Employees

Plan Description

All fire and police officers of the City participate in one of four agent, multiple employer, defined benefit pension plans, depending upon their status as a police or fire officer and their hire date (Old Hire/New Hire), administered jointly by the City and the Colorado Fire and Police Pension Association (FPPA). The plans are included as pension trust funds. Information for the year ended December 31, 2001 (latest audited information available) has been presented herein. Subsequently to December 31, 2002, FPPA has provided information to the City that the plans net assets decreased by approximately \$29 million during 2002. However, information sufficient to prepare financial statements using 2002 amounts has not yet been received by the City.

The FPPA performs certain administrative tasks in accordance with an agreement with the City. There are approximately 344 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 upon retirement based upon the provisions unique to that plan. As of January 1, 2002 membership in the plans was as follows: 973 active participants, 374 retirees and beneficiaries and 50 vested terminated employees. Disability benefits to police and fire 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 undertaken bi-annually. City Council has the authority to establish and amend contribution rates in accordance with the actuarial analysis. The employer contribution current rates are 10% of annual covered payroll for the Old Hire Fire and Old Hire Police plans and 8% for the New Hire Fire and New Hire Police plans.

Valuation and Actuarial Bases

The following methods of valuation and actuarial bases 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 a 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.

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.

(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 2001 compensation was annualized based on actual service credits for members who were credited with less than twelve months of service credits during 2001. 2001 compensation is assumed to increase based on the salary scale assumption.

For the New Hire Fire and New Hire Police plans the actuarial basis remains the same except for the valuation method 1) Entry Age Normal, where the unfunded actuarial accrued liability is amortized as a level percentage of pay over 30 years, with payroll assumed to increase 4% per year. Other assumptions include an inflation rate of 4%, investment return of 8%, projected salary increases of .5% - 9.0% and post retirement benefit increases of 3% – 4% per annum.

Annual Pension Cost

For 2002, the City’s annual pension cost of \$4,379,528 was equal to the government’s required and actual contributions. The required contribution was determined as part of the January 1, 2002, actuarial valuation.

Other Information

Employees hired before April 1978:

Old Hire Fire (closed to new employees)

	<u>2000</u>	<u>2001</u>	<u>2002</u>
Annual Payroll Cost (APC)	\$322,834	\$301,530	\$195,745
Employer’s Required Contribution Rate	10%	10%	10%
Estimated Employer Annual Required Contribution (ARC) for 2002	n/a	n/a	\$0
Estimated Net Pension Obligation as of January 1, 2002	n/a	n/a	\$405,444

Old Hire Police (closed to new employees)

	<u>2000</u>	<u>2001</u>	<u>2002</u>
Annual Payroll Cost (APC)	\$196,412	\$187,169	\$140,261
Employer’s Required Contribution Rate	10%	10%	10%
Estimated Employer Annual Required Contribution (ARC) for 2002	n/a	n/a	\$0
Estimated Net Pension Obligation as of January 1, 2002	n/a	n/a	\$130,273

Employees hired on or after April 1978:**New Hire Fire (open to new employees)**

	<u>2000</u>	<u>2001</u>	<u>2002</u>
Annual Payroll Cost (APC)	\$1,342,993	\$1,481,154	\$1,551,252
Employer's Required Contribution Rate	8%	8%	8%
Estimated Employer Annual Required Contribution (ARC) for 2002	n/a	n/a	\$1,508,241
Estimated Net Pension Obligation as of December 31, 2002	n/a	n/a	\$0
Percentage Contributed (estimated for 2002)	100%	n/a	100%

New Hire Police (open to new employees)

	<u>2000</u>	<u>2001</u>	<u>2002</u>
Annual Payroll Cost (APC)	\$2,110,338	\$2,331,015	\$2,492,270
Employer's Required Contribution Rate	8%	8%	8%
Estimated Employer Annual Required Contribution (ARC) for 2002	n/a	n/a	\$2,409,987
Estimated Net Pension Obligation as of December 31, 2002	n/a	n/a	\$0
Percentage Contributed (estimated for 2002)	100%	n/a	100%

J. Accounting changes

The City implemented GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", and Statement No. 37, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus", in 2002, which establishes a new financial reporting model for state and local governments. Changes to the City's financial reporting include:

Management's Discussion and Analysis – GASB Statement No. 34 requires that financial statements be accompanied by narrative introduction and analytical overview of

the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.

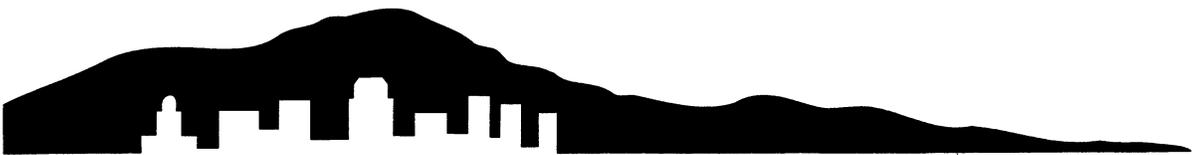
Government-wide Financial Statement – The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt.) Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Assets – The Statement of Net Assets is designed to display the financial position of the primary government (governmental and business-type activities) and its discretely presented component units. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Assets and report depreciation expense – the cost of "using up" capital assets – in the Statement of Activities. The net assets of a government are broken down into three categories – 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities – The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual function is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants.)

Budgetary Comparison Schedules – Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have an interest in following the actual financial progress of their governments over the course of the year. The City and many other governments revise their original budgets over the course of the year for a variety of reasons. Under the new reporting model, governments will continue to provide budgetary comparison information in their annual reports. An important change, however, is a requirement to add the government's original budget to the current comparison of final budget and actual results.

The effect of adopting GASB Statements No. 34 and 37 was to decrease beginning fund balance in the non-major governmental funds in the amount of \$5,588,241.



CITY OF COLORADO SPRINGS

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF FUNDING PROGRESS
FIRE AND POLICE PENSION PLANS
December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 17**

	2000	2002
<u>Old Hire Fire Pension Plan</u>		
Date of actuarial valuation	01/01/2000	01/01/2002
Actuarial value of plan assets	\$115,586,329	\$113,648,719
Actuarial accrued liability (AAL)	\$99,060,906	\$111,776,935
Excess of assets over AAL	\$16,525,423	\$1,871,784
Funded ratio	116.7%	101.7%
Covered payroll	\$3,228,340	\$1,957,448
Liability as percentage of covered payroll	n/a	n/a
<u>Old Hire Police Pension Plan</u>		
Date of actuarial valuation	01/01/2000	01/01/2002
Actuarial value of plan assets	\$96,859,462	\$95,362,858
Actuarial accrued liability (AAL)	\$87,860,037	\$93,404,945
Excess of assets over AAL	\$8,999,425	\$1,957,913
Funded ratio	110.2%	102.1%
Covered payroll	\$1,964,120	\$1,402,613
Liability as percentage of covered payroll	n/a	n/a
<u>New Hire Fire Pension Plan</u>		
Date of actuarial valuation	01/01/2000	01/01/2002
Actuarial value of plan assets	\$50,722,513	\$57,728,219
Actuarial accrued liability (AAL)	\$40,520,761	\$52,687,510
Excess of assets over AAL	\$10,201,752	\$5,040,709
Funded ratio	125.2%	109.6%
Covered payroll	\$16,787,413	\$19,390,652
Liability as percentage of covered payroll	n/a	n/a
<u>New Hire Police Pension Plan</u>		
Date of actuarial valuation	01/01/2000	01/01/2002
Actuarial value of plan assets	\$86,139,093	\$97,169,645
Actuarial accrued liability (AAL)	\$72,268,663	\$91,016,905
Excess of assets over AAL	\$13,870,430	\$6,152,740
Funded ratio	119.2%	106.8%
Covered payroll	\$26,379,225	\$31,153,370
Liability as percentage of covered payroll	n/a	n/a

* Actuarial data only available for 2002 and 2000.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIRE AND POLICE PENSION PLANS
December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 18**

	<u>2000</u>	<u>2002</u>
<u>Old Hire Fire Pension Plan</u>		
Annual required contribution (ARC)	\$0	\$0
Annual contributions	\$322,834	\$195,745
Actual contributions as percentage of ARC	n/a	n/a
<u>Old Hire Police Pension Plan</u>		
Annual required contribution (ARC)	\$0	\$0
Annual contributions	\$196,412	\$140,261
Actual contributions as percentage of ARC	n/a	n/a
<u>New Hire Fire Pension Plan</u>		
Annual required contribution (ARC)	\$1,198,196	\$1,508,241
Annual contributions	\$1,342,993	\$1,551,252
Actual contributions as percentage of ARC	112%	103%
<u>New Hire Police Pension Plan</u>		
Annual required contribution (ARC)	\$1,939,756	\$2,409,987
Annual contributions	\$2,110,338	\$2,492,270
Actual contributions as percentage of ARC	109%	103%

* Actuarial data only available for 2002 and 2000.



CITY OF COLORADO SPRINGS

COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

**GENERAL FUND
BALANCE SHEET
December 31, 2002**

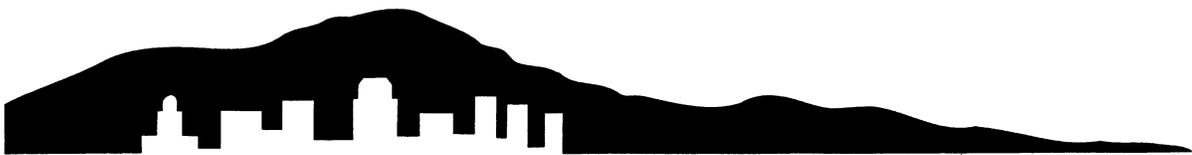
**CITY OF COLORADO SPRINGS
COLORADO
Exhibit A-1**

	<u>TOTAL</u>
<u>ASSETS</u>	
Cash and investments	\$18,683,913
Accounts receivable (net of allowance for uncollectibles)	1,387,959
Sales tax receivable	10,787,463
Loans receivable	1,955,216
Property taxes receivable	
Current	19,108,356
Delinquent	206,742
Due from other funds	25,275,405
Restricted investments	<u>1,275,350</u>
Total assets	<u><u>78,680,404</u></u>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities	
Accounts payable	2,785,774
Accrued salaries and benefits	3,627,976
Due to other funds	6,942,569
Escrow deposits	5,305,207
Deferred revenue	
Loans	1,955,216
Property taxes	<u>19,108,356</u>
Total liabilities	<u>39,725,098</u>
Fund balance	
Reserved for	
Encumbrances	2,759,296
Debt service	1,304,754
Emergency reserve	5,873,021
Unreserved	
Designated - subsequent year expenditures	8,331,501
Undesignated	<u>20,686,734</u>
Total fund balance	<u>38,955,306</u>
Total liabilities and fund balance	<u><u>\$78,680,404</u></u>

**GENERAL FUND
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended December 31, 2002**

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

	<u>TOTAL</u>
Revenues	
Taxes	\$129,316,013
Licenses and permits	557,105
Intergovernmental	21,095,841
Charges for services	15,288,599
Fines and forfeits	5,222,506
Other income	1,280,729
Investment earnings	740,191
Rental income	175,601
	<u>173,676,585</u>
Total revenues	<u>173,676,585</u>
Expenditures	
Current	
General government	34,103,423
Public safety	93,085,009
Public works	30,454,099
Health and welfare	909,016
Culture and recreation	16,162,874
Urban redevelopment and housing	4,098,803
Debt service	
Principal	3,226,253
Interest	1,356,834
Capital outlay	15,895,953
	<u>199,292,264</u>
Total expenditures	<u>199,292,264</u>
Excess (deficiency) of revenues over expenditures	<u>(25,615,679)</u>
Other financing sources (uses)	
Capital lease financing	1,085,603
Sale of capital assets	323,972
Transfers - in	26,721,383
Transfers - out	(10,123,802)
	<u>18,007,156</u>
Total other financing sources (uses)	<u>18,007,156</u>
Net change in fund balance	(7,608,523)
Fund balance - January 1	<u>46,563,829</u>
Fund balance - December 31	<u><u>\$38,955,306</u></u>



CITY OF COLORADO SPRINGS

NON-MAJOR GOVERNMENTAL FUNDS

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2002**

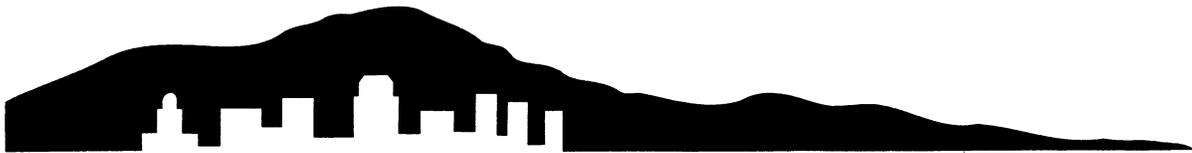
**CITY OF COLORADO SPRINGS
COLORADO
Exhibit B-1**

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
<u>ASSETS</u>				
Cash and investments	\$32,034,999	\$33,953,048	\$1,081,494	\$67,069,541
Accounts receivable (net of allowance for uncollectibles)	7,564,620	15,497	6,176	7,586,293
Sales tax receivable	2,805,589			2,805,589
Loans receivable	17,252,415			17,252,415
Assessments receivable	1,037,966			1,037,966
Taxes receivable	2,146,343			2,146,343
Due from other funds	91,844	10,467		102,311
Restricted investments		14,647,236	6,369,248	21,016,484
Total assets	62,933,776	48,626,248	7,456,918	119,016,942
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	3,188,700	3,304,515		6,493,215
Accrued salaries and benefits	230,528			230,528
Due to other funds	7,689,732	11,820,256		19,509,988
Deferred revenue				
Loans	17,252,415			17,252,415
Assessments	1,037,966			1,037,966
Property taxes	2,146,343			2,146,343
Grants	1,468,249			1,468,249
Total liabilities	33,013,933	15,124,771	0	48,138,704
Fund balances				
Reserved for				
Encumbrances	3,812,363	8,628,852		12,441,215
Debt service	628,159			628,159
Endowments			7,456,918	7,456,918
Unreserved				
Designated-subsequent year expenditures	9,108,384	24,872,625		33,981,009
Undesignated	16,370,937			16,370,937
Total fund balances	29,919,843	33,501,477	7,456,918	70,878,238
Total liabilities and fund balances	\$62,933,776	\$48,626,248	\$7,456,918	\$119,016,942

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2002**

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
Revenues				
Taxes	\$33,295,426			\$33,295,426
Intergovernmental	29,820,287			29,820,287
Charges for services	4,383,320			4,383,320
Endowments and donations	779,889		\$75,355	855,244
Other revenue	1,222,281			1,222,281
Investment earnings (loss)	1,213,506	\$3,204,453	(1,219,898)	3,198,061
Rental income	22,661	43,860		66,521
Total revenues	70,737,370	3,248,313	(1,144,543)	72,841,140
Expenditures				
Current:				
Public safety	3,549,697			3,549,697
Public works	13,131,326			13,131,326
Culture and recreation	2,507,421		28,846	2,536,267
Urban development and housing	6,747,968			6,747,968
Economic development	2,903,944			2,903,944
Economic opportunity	16,601			16,601
Miscellaneous	337,194			337,194
Debt service:				
Principal	1,757,366	4,490,000		6,247,366
Interest	1,175,797	3,968,339		5,144,136
Capital outlay	21,616,565	25,880,147		47,496,712
Total expenditures	53,743,879	34,338,486	28,846	88,111,211
Excess (deficiency) of revenues over expenditures	16,993,491	(31,090,173)	(1,173,389)	(15,270,071)
Other financing sources (uses)				
Transfers - in		11,023,802	415,000	11,438,802
Transfers - out	(2,320,060)	(971,466)		(3,291,526)
Total other financing sources (uses)	(2,320,060)	10,052,336	415,000	8,147,276
Net change in fund balances	14,673,431	(21,037,837)	(758,389)	(7,122,795)
Fund balances - January 1	15,246,412	54,539,314	8,215,307	78,001,033
Fund balances - December 31	\$29,919,843	\$33,501,477	\$7,456,918	\$70,878,238



CITY OF COLORADO SPRINGS

SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or 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
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**

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:

**Peregrine General Improvement District
Cottonwood General Improvement District
Spring Creek 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
Tree City U.S.A. Fund
Street Tree Fund
Garfield School Maintenance Fund
Business Development Revolving Loan 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, 2002**

	Intergovernmental Grant Funds	Capital Improvement Funds	Improvement and Maintenance District Funds	Public Improvements Funds
<u>ASSETS</u>				
Cash and investments		\$15,748,623	\$1,418,421	\$9,002,677
Accounts receivable (net of allowance for uncollectibles)	\$6,996,324	317,087	16,378	150,548
Sales tax receivable		2,661,285		
Loans receivable	16,948,529			
Assessments receivable				
Taxes receivable			1,264,508	
Due from other funds	55,680	5,664		
Total assets	24,000,533	18,732,659	2,699,307	9,153,225
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	2,395,344	406,849	25,876	346,579
Accrued salaries and benefits	98,632	119,773	12,123	
Due to other funds	3,089,779	4,592,980	3,844	
Deferred revenue				
Loans	16,948,529			
Assessments				
Property taxes			1,264,508	
Grants	1,468,249			
Total liabilities	24,000,533	5,119,602	1,306,351	346,579
Fund balances				
Reserved for				
Encumbrances		3,720,198	65,454	
Debt service				
Unreserved				
Designated-subsequent year expenditures		8,367,701		
Undesignated		1,525,158	1,327,502	8,806,646
Total fund balances	0	13,613,057	1,392,956	8,806,646
Total liabilities and fund balances	\$24,000,533	\$18,732,659	\$2,699,307	\$9,153,225

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

Other Public Improvements Funds	Special Assessment District Funds	Other Special Revenue Funds	Totals
\$616,310	\$400,685	\$4,848,283	\$32,034,999
11,928	714	71,641	7,564,620
		144,304	2,805,589
		303,886	17,252,415
	1,037,966		1,037,966
881,835			2,146,343
		30,500	91,844
<u>1,510,073</u>	<u>1,439,365</u>	<u>5,398,614</u>	<u>62,933,776</u>
79		13,973	3,188,700
			230,528
		3,129	7,689,732
		303,886	17,252,415
	1,037,966		1,037,966
881,835			2,146,343
			1,468,249
<u>881,914</u>	<u>1,037,966</u>	<u>320,988</u>	<u>33,013,933</u>
628,159		26,711	3,812,363
			628,159
		740,683	9,108,384
	401,399	4,310,232	16,370,937
<u>628,159</u>	<u>401,399</u>	<u>5,077,626</u>	<u>29,919,843</u>
<u>\$1,510,073</u>	<u>\$1,439,365</u>	<u>\$5,398,614</u>	<u>\$62,933,776</u>

**ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2002**

	Intergovernmental Grant Funds	Capital Improvement Funds	Improvement and Maintenance District Funds	Public Improvements Funds
Revenues				
Taxes		\$27,716,738	\$1,385,581	
Intergovernmental	\$26,274,738	3,545,549		
Charges for services		115,572		\$3,783,268
Donations				
Other revenue	1,064,089			
Investment earnings	1,308	598,123	59,481	348,253
Rental income				
Total revenues	27,340,135	31,975,982	1,445,062	4,131,521
Expenditures				
Current				
Public safety	3,549,697			
Public works	9,416,476		1,382,236	2,332,614
Culture and recreation	1,726,252			
Urban redevelopment and housing	6,747,968			
Economic development				
Economic opportunity				
Miscellaneous	267,560			
Debt service				
Principal		875,000	98,936	
Interest		528,898	6,368	
Capital outlay	5,632,182	15,984,383		
Total expenditures	27,340,135	17,388,281	1,487,540	2,332,614
Excess (deficiency) of revenues over expenditures	0	14,587,701	(42,478)	1,798,907
Other financing uses				
Transfers - out		(1,315,000)		
Total other financing uses	0	(1,315,000)	0	0
Net change in fund balances	0	13,272,701	(42,478)	1,798,907
Fund balances - January 1	0	340,356	1,435,434	7,007,739
Fund balances - December 31	\$0	\$13,613,057	\$1,392,956	\$8,806,646

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

Other Public Improvements Funds	Special Assessment District Fund	Other Special Revenue Funds	Totals
\$1,001,608		\$3,191,499	\$33,295,426
			29,820,287
69,493	\$289,167	125,820	4,383,320
		779,889	779,889
		158,192	1,222,281
46,783		159,558	1,213,506
		22,661	22,661
1,117,884	289,167	4,437,619	70,737,370
			3,549,697
			13,131,326
		781,169	2,507,421
			6,747,968
		2,903,944	2,903,944
		16,601	16,601
68,595	1,039		337,194
625,000	158,430		1,757,366
549,558	90,973		1,175,797
			21,616,565
1,243,153	250,442	3,701,714	53,743,879
(125,269)	38,725	735,905	16,993,491
		(1,005,060)	(2,320,060)
0	0	(1,005,060)	(2,320,060)
(125,269)	38,725	(269,155)	14,673,431
753,428	362,674	5,346,781	15,246,412
• \$628,159	\$401,399	\$5,077,626	\$29,919,843

INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 December 31, 2002

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)	\$587,167	\$159,205	\$6,249,952	\$6,996,324
Loans receivable	9,504,957	7,402,741	40,831	16,948,529
Due from other funds	1,447		54,233	55,680
Total assets	10,093,571	7,561,946	6,345,016	24,000,533
<u>LIABILITIES</u>				
Accounts payable	79,546	50,367	2,265,431	2,395,344
Accrued salaries and benefits	59,640		38,992	98,632
Due to other funds	449,428	108,838	2,531,513	3,089,779
Deferred revenue				
Loans	9,504,957	7,402,741	40,831	16,948,529
Grants			1,468,249	1,468,249
Total liabilities	\$10,093,571	\$7,561,946	\$6,345,016	\$24,000,533

**INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2002**

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

	Community Development Block Grant Fund	Home Investment Partnership Fund	Grants Fund	Total
Revenues				
Intergovernmental	\$3,259,069	\$2,251,952	\$20,763,717	\$26,274,738
Other revenue	679,860	274,764	109,465	1,064,089
Investment earnings	<i>with</i> 915		393	1,308
Total revenues	3,939,844	2,526,716	20,873,575	27,340,135
Expenditures				
Current				
Public safety			3,549,697	3,549,697
Public works			9,416,476	9,416,476
Culture and recreation			1,726,252	1,726,252
Urban redevelopment and housing	3,939,844	2,526,716	281,408	6,747,968
Miscellaneous			267,560	267,560
Capital Outlay			5,632,182	5,632,182
Total expenditures	3,939,844	2,526,716	20,873,575	27,340,135
Net change in fund balances	0	0	0	0
Fund balances - January 1	0	0	0	0
Fund balances - December 31	\$0	\$0	\$0	\$0

**CAPITAL IMPROVEMENT SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 December 31, 2002**

	Ballfield Capital Improvements Fund	Bicycle Tax Fund	Trails/Open Space Fund	Conservation Trust Fund
<u>ASSETS</u>				
Cash and investments	\$504,720	\$479,802	\$3,390,653	\$1,846,535
Accounts receivable (net of allowance for uncollectibles)				
Sales tax receivable			535,618	
Due from other funds				1,373
Total assets	504,720	479,802	3,926,271	1,847,908
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable			99,966	49,191
Accrued salaries and benefits			2,297	8,149
Due to other funds			4,591,620	
Total liabilities	0	0	4,693,883	57,340
Fund balances				
Reserved for Encumbrances		85,199	125,400	79,208
Unreserved				
Designated - subsequent year expenditures	172,808	245,834		1,430,345
Undesignated	331,912	148,769	(893,012)	281,015
Total fund balances	504,720	479,802	(767,612)	1,790,568
Total liabilities and fund balances	\$504,720	\$479,802	\$3,926,271	\$1,847,908

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

Cable Franchise Fund	Public Safety Sales Tax Fund	Total
\$390,086	\$9,136,827	\$15,748,623
317,087		317,087
	2,125,667	2,661,285
	4,291	5,664
<u>707,173</u>	<u>11,266,785</u>	<u>18,732,659</u>
7,786	249,906	406,849
5,181	104,146	119,773
	1,360	4,592,980
<u>12,967</u>	<u>355,412</u>	<u>5,119,602</u>
25,012	3,405,379	3,720,198
632,920	5,885,794	8,367,701
36,274	1,620,200	1,525,158
<u>694,206</u>	<u>10,911,373</u>	<u>13,613,057</u>
<u>\$707,173</u>	<u>\$11,266,785</u>	<u>\$18,732,659</u>

**CAPITAL IMPROVEMENT SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2002**

	Ballfield Capital Improvements Fund	Bicycle Tax Fund	Trails/Open Space Fund	Conservation Trust Fund
Revenues				
Taxes		\$105,096	\$5,385,286	
Intergovernmental				\$3,545,549
Charges for services	\$114,049		701	
Investment earnings	16,633	16,534	119,135	42,706
Total revenues	130,682	121,630	5,505,122	3,588,255
Expenditures				
Debt service				
Principal			875,000	
Interest			528,898	
Capital outlay	128,302	26,279	1,371,686	2,950,858
Total expenditures	128,302	26,279	2,775,584	2,950,858
Excess (deficiency) of revenues over expenditures	2,380	95,351	2,729,538	637,397
Other financing uses				
Transfers - out			(415,000)	(900,000)
Net change in fund balances	2,380	95,351	2,314,538	(262,603)
Fund balances - January 1	502,340	384,451	(3,082,150)	2,053,171
Fund balances - December 31	\$504,720	\$479,802	(\$767,612)	\$1,790,568

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

Cable Franchise Fund	Public Safety Sales Tax Fund	Total
\$1,598,838	\$20,627,518	\$27,716,738
		3,545,549
822		115,572
10,285	392,830	598,123
1,609,945	21,020,348	31,975,982
		875,000
		528,898
1,398,283	10,108,975	15,984,383
1,398,283	10,108,975	17,388,281
211,662	10,911,373	14,587,701
		(1,315,000)
211,662	10,911,373	13,272,701
482,544	0	340,356
\$694,206	\$10,911,373	\$13,613,057

**IMPROVEMENT AND MAINTENANCE DISTRICT
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2002**

	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	\$172,300	\$394,989	\$567,797	\$141,220
Accounts receivable (net of allowance for uncollectibles)	1,506	4,996	7,926	1,719
Taxes receivable	76,405	408,949	626,658	135,821
Total assets	250,211	808,934	1,202,381	278,760
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	39	15,074	3,934	6,687
Accrued salaries and benefits	1,285	2,268	8,570	
Due to other funds			2,351	1,493
Deferred revenue - property taxes	76,405	408,949	626,658	135,821
Total liabilities	77,729	426,291	641,513	144,001
Fund balances				
Reserved for Encumbrances		40,027	25,427	
Unreserved Undesignated	172,482	342,616	535,441	134,759
Total fund balances	172,482	382,643	560,868	134,759
Total liabilities and fund balances	\$250,211	\$808,934	\$1,202,381	\$278,760

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
\$90,816	\$9,259	\$42,040	\$1,418,421
194	37		16,378
14,103	2,572		1,264,508
105,113	11,868	42,040	2,699,307
133	9		25,876
			12,123
14,103	2,572		3,844
			1,264,508
14,236	2,581	0	1,306,351
			65,454
90,877	9,287	42,040	1,327,502
90,877	9,287	42,040	1,392,956
\$105,113	\$11,868	\$42,040	\$2,699,307

**IMPROVEMENT AND MAINTENANCE DISTRICT
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2002**

	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	\$88,440	\$421,633	\$703,875	\$143,547
Investment earnings	7,266	16,848	23,294	6,273
Total revenues	95,706	438,481	727,169	149,820
Expenditures				
Current				
Public works	79,792	421,131	759,892	108,311
Debt Service				
Principal		33,000	65,936	
Interest		2,101	4,267	
Total expenditures	79,792	456,232	830,095	108,311
Net change in fund balances	15,914	(17,751)	(102,926)	41,509
Fund balances - January 1	156,568	400,394	663,794	93,250
Fund balances - December 31	\$172,482	\$382,643	\$560,868	\$134,759

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
\$16,350	\$3,114	\$8,622	\$1,385,581
3,690	391	1,719	59,481
20,040	3,505	10,341	1,445,062
5,161	3,189	4,760	1,382,236
			98,936
			6,368
5,161	3,189	4,760	1,487,540
14,879	316	5,581	(42,478)
75,998	8,971	36,459	1,435,434
\$90,877	\$9,287	\$42,040	\$1,392,956

**PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2002**

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

	Public Space and Development Fund	Subdivision Drainage Fund	Arterial Roadway Fund	Park Developer Easement Fund	Total
<u>ASSETS</u>					
Cash and investments	\$4,089,577	\$3,896,137	\$993,634	\$23,329	\$9,002,677
Accounts receivable (net of allowance for uncollectibles)	150,548				150,548
Total assets	4,240,125	3,896,137	993,634	23,329	9,153,225
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	346,579				346,579
Total liabilities	346,579	0	0	0	346,579
Fund balances					
Unreserved Undesignated	3,893,546	3,896,137	993,634	23,329	8,806,646
Total fund balances	3,893,546	3,896,137	993,634	23,329	8,806,646
Total liabilities and fund balances	\$4,240,125	\$3,896,137	\$993,634	\$23,329	\$9,153,225

**PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2002**

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

	Public Space and Development Fund	Subdivision Drainage Fund	Arterial Roadway Fund	Park Developer Easement Fund	Total
Revenues					
Charges for services	\$1,547,252	\$1,970,343	\$265,673		\$3,783,268
Investment earnings	149,486	161,169	36,639	\$959	348,253
Total revenues	1,696,738	2,131,512	302,312	959	4,131,521
Expenditures					
Current					
Public works	526,625	1,805,989			2,332,614
Total expenditures	526,625	1,805,989	0	0	2,332,614
Net change in fund balances	1,170,113	325,523	302,312	959	1,798,907
Fund balances - January 1	2,723,433	3,570,614	691,322	22,370	7,007,739
Fund balances - December 31	\$3,893,546	\$3,896,137	\$993,634	\$23,329	\$8,806,646

**OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2002**

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

	Cottonwood General Improvement District	Spring Creek General Improvement District	Total
<u>ASSETS</u>			
Cash and investments	\$543,587	\$72,723	\$616,310
Accounts receivable (net of allowance for uncollectibles)	8,331	3,597	11,928
Taxes receivable	603,320	278,515	881,835
Total assets	1,155,238	354,835	1,510,073
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	40	39	79
Deferred revenue - property taxes	603,320	278,515	881,835
Total liabilities	603,360	278,554	881,914
Fund balances			
Reserved for debt service	551,878	76,281	628,159
Total fund balances	551,878	76,281	628,159
Total liabilities and fund balances	\$1,155,238	\$354,835	\$1,510,073

**OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2002**

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

	Peregrine General Improvement District	Cottonwood General Improvement District	Spring Creek General Improvement District	Total
Revenues				
Taxes		\$703,977	\$297,631	\$1,001,608
Charges for services		53,637	15,856	69,493
Investment earnings	\$1,500	36,654	8,629	46,783
Total revenues	1,500	794,268	322,116	1,117,884
Expenditures				
Current				
Miscellaneous	58,866	4,440	5,289	68,595
Debt Service				
Principal		455,000	170,000	625,000
Interest		350,358	199,200	549,558
Total expenditures	58,866	809,798	374,489	1,243,153
Net change in fund balances	(57,366)	(15,530)	(52,373)	(125,269)
Fund balances - January 1	57,366	567,408	128,654	753,428
Fund balances - December 31	\$0	\$551,878	\$76,281	\$628,159

**OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2002**

	Lodgers and Auto Rental Tax Fund	Tree City U.S.A. Fund	Street Tree Fund	Garfield School Maintenance Fund	Business Development Revolving Loan Fund
<u>ASSETS</u>					
Cash and investments	\$27,019		\$709,587	\$41,594	\$925,575
Accounts receivable (net of allowances for uncollectibles)	56,673	\$2,458			1,020
Sales tax receivable	144,304				
Loans receivable					303,886
Due from other funds	28,425	2,075			
Total assets	256,421	4,533	709,587	41,594	1,230,481
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable			2,285	140	354
Due to other funds		3,129			
Deferred revenue - loans					303,886
Total liabilities	0	3,129	2,285	140	304,240
Fund balances					
Reserved for Encumbrances					
Unreserved					
Designated - subsequent year expenditures	55,752		181,900		503,031
Undesignated	200,669	1,404	525,402	41,454	423,210
Total fund balances	256,421	1,404	707,302	41,454	926,241
Total liabilities and fund balances	\$256,421	\$4,533	\$709,587	\$41,594	\$1,230,481

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit C-13

Gift Trust Fund	City Manager Contract Fund	Senior Programs Fund	Therapeutic Recreation Fund	Cultural Affairs Fund	Total
\$2,550,369	\$60,622	\$514,805	\$18,193	\$519	\$4,848,283
11,490					71,641
					144,304
					303,886
					30,500
2,561,859	60,622	514,805	18,193	519	5,398,614
11,194					13,973
					3,129
					303,886
11,194	0	0	0	0	320,988
26,711					26,711
					740,683
2,523,954	60,622	514,805	18,193	519	4,310,232
2,550,665	60,622	514,805	18,193	519	5,077,626
\$2,561,859	\$60,622	\$514,805	\$18,193	\$519	\$5,398,614

**OTHER SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2002**

	Lodgers and Auto Rental Tax Fund	Tree City U.S.A Fund	Street Tree Fund	Garfield School Maintenance Fund	Business Development Revolving Loan Fund
Revenues					
Taxes	\$3,191,499				
Charges for services		\$3,120	\$122,700		
Donations					
Other revenue					\$158,192
Investment earnings	3,277		22,187	\$1,511	28,176
Rental income				22,661	
Total revenues	3,194,776	3,120	144,887	24,172	186,368
Expenditures					
Culture and recreation		2,883	66,836		
Economic development	2,197,286				706,658
Economic opportunity				16,601	
Total expenditures	2,197,286	2,883	66,836	16,601	706,658
Excess (deficiency) of revenues over expenditures	997,490	237	78,051	7,571	(520,290)
Other financing uses					
Transfers - out	(1,005,060)				
Net change in fund balances	(7,570)	237	78,051	7,571	(520,290)
Fund balances - January 1	263,991	1,167	629,251	33,883	1,446,531
Fund balances - December 31	\$256,421	\$1,404	\$707,302	\$41,454	\$926,241

CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-14

Gift Trust Fund	City Manager Contract Fund	Senior Programs Fund	Therapeutic Recreation Fund	Cultural Affairs Fund	Total
					\$3,191,499
					125,820
\$763,017		\$16,872			779,889
86,315		17,326	\$747	\$19	158,192
					159,558
					22,661
849,332	\$0	34,198	747	19	4,437,619
					781,169
711,450					2,903,944
					16,601
711,450	0	0	0	0	3,701,714
137,882	0	34,198	747	19	735,905
					(1,005,060)
137,882	0	34,198	747	19	(269,155)
2,412,783	60,622	480,607	17,446	500	5,346,781
\$2,550,665	\$60,622	\$514,805	\$18,193	\$519	\$5,077,626

**SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES-BUDGET AND ACTUAL
For the year ended December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-15
(PAGE 1 OF 2)**

	Budget	Actual	Variance Positive (Negative)
Revenues			
Community Development Block Grant	\$3,939,844	\$3,939,844	\$0
Home Investment Partnership Fund	2,526,716	2,526,716	0
Grants Fund	20,873,575	20,873,575	0
Ballfield Capital Improvements Fund	116,000	130,682	14,682
Bicycle Tax Fund	115,200	121,630	6,430
Trails/Open Space Fund	6,208,300	5,505,122	(703,178)
Conservation Trust Fund	2,999,892	3,588,255	588,363
Cable Franchise Fund	1,310,400	1,609,945	299,545
Public Safety Sales Tax Fund	22,318,278	21,020,348	(1,297,930)
Old Colorado City Maintenance and Security District Fund	91,999	95,706	3,707
Norwood Special Improvement Maintenance District Fund	410,868	438,481	27,613
Briargate Special Improvement Maintenance District Fund	697,430	727,169	29,739
Stetson Hills Improvement Maintenance District Fund	144,804	149,820	5,016
Woodstone Improvement Maintenance District Fund	16,948	20,040	3,092
Gateway Improvement Maintenance District Fund	3,201	3,505	304
Platte Avenue Improvement Maintenance District Fund	9,544	10,341	797
Public Space and Development Fund	860,000	1,696,738	836,738
Subdivision Drainage Fund	1,806,000	2,131,512	325,512
Arterial Roadway Fund	150,000	302,312	152,312
Park Developer Easement Fund	1,000	959	(41)
Peregrine General Improvement District	1,500	1,500	0
Cottonwood General Improvement District	810,733	794,268	(16,465)
Spring Creek General Improvement District	374,575	322,116	(52,459)
Lodgers and Auto Rental Tax Fund	3,279,874	3,194,776	(85,098)
Tree City U.S.A.	28,000	3,120	(24,880)
Street Tree Fund	131,000	144,887	13,887
Garfield School Maintenance Fund	22,000	24,172	2,172
Business Development Revolving Loan Fund	350,000	186,368	(163,632)
Gift Trust Fund	750,000	849,332	99,332
Senior Programs Fund	17,500	34,198	16,698
Therapeutic Recreation Fund	1,000	747	(253)
Cultural Affairs Fund	25	19	(6)
Special Assessment District Fund	289,167	289,167	0
Total revenues	\$70,655,373	\$70,737,370	\$81,997

**SPECIAL REVENUE FUNDS
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL
For the year ended December 31, 2002**

	Budget	Actual	Variance Positive (Negative)
Expenditures			
Community Development Block Grant	\$3,939,844	\$3,939,844	\$0
Home Investment Partnership Fund	2,526,716	2,526,716	0
Grants Fund	20,873,575	20,873,575	0
Ballfield Capital Improvements Fund	300,539	128,302	172,237
Bicycle Tax Fund	320,612	26,279	294,333
Trails/Open Space Fund	6,176,175	3,190,584	2,985,591
Conservation Trust Fund	4,968,589	3,850,858	1,117,731
Cable Franchise Fund	2,060,610	1,398,283	662,327
Public Safety Sales Tax Fund	22,318,278	10,108,975	12,209,303
Old Colorado City Maintenance and Security District Fund	114,749	79,792	34,957
Norwood Special Improvement Maintenance District Fund	626,620	456,232	170,388
Briargate Special Improvement Maintenance District Fund	892,233	830,095	62,138
Stetson Hills Improvement Maintenance District Fund	114,749	108,311	6,438
Woodstone Improvement Maintenance District Fund	16,948	5,161	11,787
Gateway Improvement Maintenance District Fund	3,201	3,189	12
Platte Avenue Improvement Maintenance District Fund	9,544	4,760	4,784
Public Space and Development Fund	463,263	526,625	(63,362)
Subdivision Drainage Fund	1,806,000	1,805,989	11
Peregrine General Improvement District	113,000	58,866	54,134
Cottonwood General Improvement District	810,733	809,798	935
Spring Creek General Improvement District	374,575	374,489	86
Lodgers and Auto Rental Tax Fund	3,343,197	3,202,346	140,851
Tree City U.S.A.	40,185	2,883	37,302
Street Tree Fund	248,735	66,836	181,899
Garfield School Maintenance Fund	30,784	16,601	14,183
Business Development Revolving Loan Fund	781,525	706,658	74,867
Gift Trust Fund	1,125,532	711,450	414,082
Special Assessment District Fund	250,442	250,442	0
Total expenditures	\$74,650,953	\$56,063,939	\$18,587,014

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 and trust funds.

SCIP Construction fund

In 1999 the City issued \$87,975,000 of Sales Tax Revenue bonds to finance various capital improvements. The SCIP Construction fund is used to account for the capital improvements acquired or constructed using these bond proceeds.

City Funded CIP Construction fund

In 1999 the City created a new fund to account for various City funded capital improvements. The City Funded CIP Construction fund receives annual transfers from the General fund.

Old City Hall Construction fund

In 2000 the City issued \$7,265,000 of certificates of participation to finance the Old City Hall facility renovation. The Old City Hall Construction fund is used to account for the facility renovation costs through the disposition of the certificate of participation proceeds.

**CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2002**

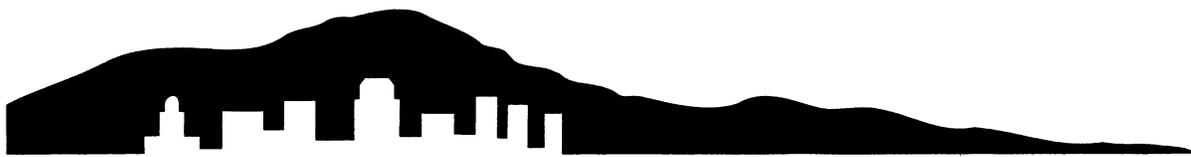
**CITY OF COLORADO SPRINGS
COLORADO
Exhibit D-1**

	SCIP Construction Fund	City Funded CIP Construction Fund	Totals
ASSETS			
Cash and investments	\$17,741,316	\$16,211,732	\$33,953,048
Accounts receivable (net of allowance for uncollectibles)	12,705	2,792	15,497
Due from other funds	9,200	1,267	10,467
Restricted investments	14,647,236		14,647,236
Total assets	32,410,457	16,215,791	48,626,248
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	2,979,790	324,725	3,304,515
Due to other funds	7,848,659	3,971,597	11,820,256
Total liabilities	10,828,449	4,296,322	15,124,771
Fund balances:			
Reserved for:			
Encumbrances	7,064,136	1,564,716	8,628,852
Unreserved			
Designated - subsequent year expenditures	14,517,872	10,354,753	24,872,625
Total fund balances	21,582,008	11,919,469	33,501,477
Total liabilities and fund balances	\$32,410,457	\$16,215,791	\$48,626,248

**CAPITAL PROJECTS FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 For The Year Ended December 31, 2002**

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

	SCIP Construction Fund	City Funded CIP Construction Fund	Old City Hall Construction Fund	Totals
Revenues				
Investment earnings	\$1,908,536	\$954,455	\$341,462	\$3,204,453
Rental income	43,860			43,860
Total revenues	1,952,396	954,455	341,462	3,248,313
Expenditures				
Debt service:				
Principal payment	4,255,000		235,000	4,490,000
Interest and other charges	3,593,659		374,680	3,968,339
Capital outlay	18,734,246	6,959,716	186,185	25,880,147
Total expenditures	26,582,905	6,959,716	795,865	34,338,486
Deficiency of revenues over expenditures	(24,630,509)	(6,005,261)	(454,403)	(31,090,173)
OTHER FINANCING SOURCES (USES)				
Transfers - in		11,023,802		11,023,802
Transfers - out	(267,954)		(703,512)	(971,466)
Total other financing sources (uses)	(267,954)	11,023,802	(703,512)	10,052,336
Net change in fund balances	(24,898,463)	5,018,541	(1,157,915)	(21,037,837)
Fund balances-January 1	46,480,471	6,900,928	1,157,915	54,539,314
Fund balances-December 31	\$21,582,008	\$11,919,469	\$0	\$33,501,477



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, Sabin, Woods, 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, 2002**

	C.D. Smith Trust Fund	Perkins Trust Fund	Woods Trust Fund	Sabine Trust Fund
<u>ASSETS</u>				
Cash and investments	\$356,781	\$3,073	\$3,448	\$1,423
Accounts receivable (net of allowance for uncollectibles)	4,466			
Restricted investments	557,810			
Total assets	919,057	3,073	3,448	1,423
<u>FUND BALANCES</u>				
Reserved for: Endowments	\$919,057	\$3,073	\$3,448	\$1,423

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

Cemetery Endowment Fund	TOPS Maintenance Trust Fund	Totals
\$10,000	\$706,769	\$1,081,494
1,710		6,176
5,811,438		6,369,248
<u>5,823,148</u>	<u>706,769</u>	<u>7,456,918</u>
<u>\$5,823,148</u>	<u>\$706,769</u>	<u>\$7,456,918</u>

**PERMANENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2002**

	C.D. Smith Trust Fund	Perkins Trust Fund	Woods Trust Fund	Sabine Trust Fund
Revenues				
Endowments				
Investment earnings (loss)	<u>(\$9,410)</u>	<u>\$129</u>	<u>\$148</u>	<u>\$61</u>
Total revenues	<u>(9,410)</u>	<u>129</u>	<u>148</u>	<u>61</u>
Expenditures				
Current				
Culture and recreation	<u>28,500</u>	<u>129</u>	<u>154</u>	<u>63</u>
Total expenditures	<u>28,500</u>	<u>129</u>	<u>154</u>	<u>63</u>
Excess (deficiency) of revenues over expenditures	<u>(37,910)</u>	<u>0</u>	<u>(6)</u>	<u>(2)</u>
Other Financing Sources:				
Transfers - in				
Net change in fund balances	<u>(37,910)</u>	<u>0</u>	<u>(6)</u>	<u>(2)</u>
Fund balances - January 1	<u>956,967</u>	<u>3,073</u>	<u>3,454</u>	<u>1,425</u>
Fund balances - December 31	<u><u>\$919,057</u></u>	<u><u>\$3,073</u></u>	<u><u>\$3,448</u></u>	<u><u>\$1,423</u></u>

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

Cemetery Endowment Fund	TOPS Maintenance Trust Fund	Totals
\$75,355		\$75,355
(1,239,861)	\$29,035	(1,219,898)
(1,164,506)	29,035	(1,144,543)
		28,846
0	0	28,846
(1,164,506)	29,035	(1,173,389)
	415,000	415,000
(1,164,506)	444,035	(758,389)
6,987,654	262,734	8,215,307
<u>\$5,823,148</u>	<u>\$706,769</u>	<u>\$7,456,918</u>



CITY OF COLORADO SPRINGS

NON-MAJOR PROPRIETARY FUNDS



CITY OF COLORADO SPRINGS

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.

**NON-MAJOR ENTERPRISE FUNDS
COMBINING BALANCE SHEET
December 31, 2002**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
<u>ASSETS</u>				
Current assets				
Cash and investments	\$1,060,452	\$503,007	\$490,959	\$484,476
Accounts receivable (net of allowance for uncollectibles)	10,868	2,869	114,267	16,647
Inventories			49,026	
Due from other funds - current	2,791	2,223	13,379	118
Total current assets	1,074,111	508,099	667,631	501,241
Noncurrent assets				
Capital assets:				
Land	60,000	931,200	667	537,000
Buildings	1,681,936	238,833	4,527,446	2,583,585
Improvements other than buildings	1,328,023	1,439,518	171,321	553,006
Machinery and equipment	1,580,855	827,995	2,113,682	6,257
Less accumulated depreciation	(2,722,141)	(1,576,173)	(4,686,822)	(1,042,854)
Total noncurrent assets	1,928,673	1,861,373	2,126,294	2,636,994
Total assets	\$3,002,784	\$2,369,472	\$2,793,925	\$3,138,235

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

Cemetery Fund	Development Review Fund	Total
\$332,696	\$511,089	\$3,382,679
127,125		271,776
1,169	2,437	49,026
460,990	513,526	22,117
140,841		1,669,708
514,720	26,842	9,573,362
1,379,014		4,870,882
467,274		4,996,063
(743,294)	(702)	(10,771,986)
1,758,555	26,140	10,338,029
\$2,219,545	\$539,666	\$14,063,627

(continued)

**NON-MAJOR ENTERPRISE FUNDS
COMBINING BALANCE SHEET
December 31, 2002**

	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	\$11,578	\$11,351	\$14,765	\$243
Accrued salaries and benefits	13,121	6,951	28,725	1,072
Compensated absences - current	2,962	648	8,016	247
Due to other funds	52,016	57,579	16,084	5,761
Capital leases payable - current		35,748	76,602	
Total current liabilities	79,677	112,277	144,192	7,323
Noncurrent liabilities				
Compensated absences	56,275	12,322	152,306	4,689
Capital lease payable		77,336	59,605	
Total noncurrent liabilities	56,275	89,658	211,911	4,689
Total liabilities	135,952	201,935	356,103	12,012
Net assets				
Invested in capital assets, net of related debt	1,928,673	1,748,289	1,990,087	2,636,994
Unrestricted	938,159	419,248	447,735	489,229
Total net assets	2,866,832	2,167,537	2,437,822	3,126,223
Total liabilities and net assets	\$3,002,784	\$2,369,472	\$2,793,925	\$3,138,235

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

Cemetery Fund	Development Review Fund	Total
\$6,630		\$44,567
18,729	\$11,661	80,259
6,175	2,329	20,377
3,409	5,079	139,928
		112,350
<u>34,943</u>	<u>19,069</u>	<u>397,481</u>
		387,178
117,332	44,254	136,941
<u>117,332</u>	<u>44,254</u>	<u>524,119</u>
152,275	63,323	921,600
		10,088,738
1,758,555	26,140	3,053,289
308,715	450,203	
<u>2,067,270</u>	<u>476,343</u>	<u>13,142,027</u>
<u>\$2,219,545</u>	<u>\$539,666</u>	<u>\$14,063,627</u>

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the year ended December 31, 2002**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
Operating revenues				
Charges for services	\$1,742,066	\$1,001,520	\$2,493,767	\$294,741
Operating expenses				
Personal services	628,457	291,043	1,136,229	39,968
Other operating expenses	985,257	656,815	682,606	114,283
Depreciation	500,792	387,791	728,558	220,192
Total operating expenses	2,114,506	1,335,649	2,547,393	374,443
Operating income (loss)	(372,440)	(334,129)	(53,626)	(79,702)
Nonoperating revenues (expenses)				
Investment earnings	32,013	14,836	21,425	13,973
Interest expense		(5,591)	(12,783)	
Loss on disposal of fixed assets	(4,108)	(11,884)	(22,320)	(60,684)
Total nonoperating revenues (expenses)	27,905	(2,639)	(13,678)	(46,711)
Income (loss) before transfers	(344,535)	(336,768)	(67,304)	(126,413)
Transfers in			607,859	
Change in net assets	(344,535)	(336,768)	540,555	(126,413)
Total net assets - January 1	3,211,367	2,504,305	1,897,267	3,252,636
Total net assets - December 31	\$2,866,832	\$2,167,537	\$2,437,822	\$3,126,223

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

Cemetery Fund	Development Review Fund	Total
\$1,009,380	\$860,014	\$7,401,488
699,426	422,248	3,217,371
450,077	96,049	2,985,087
34,846	24,102	1,896,281
1,184,349	542,399	8,098,739
(174,969)	317,615	(697,251)
263,531	20,951	366,729
(15,796)		(18,374)
247,735	20,951	(114,792)
72,766	338,566	233,563
		(463,688)
		607,859
72,766	338,566	144,171
1,994,504	137,777	12,997,856
<u>\$2,067,270</u>	<u>\$476,343</u>	<u>\$13,142,027</u>

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2002**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$1,762,611	\$1,012,362	\$2,488,016	\$211,268
Receipts from interfund services provided				72,324
Payments to suppliers	(647,027)	(420,532)	(369,912)	(100,242)
Payments to employees	(630,714)	(303,210)	(1,135,523)	(39,376)
Payments for interfund services used	(300,212)	(251,645)	(216,642)	(11,829)
Net cash provided (used) by operating activities	184,658	36,975	765,939	132,145
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayment of advance from other funds		(8,700)	(232,483)	
Net cash (used) by noncapital financing activities	0	(8,700)	(232,483)	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(261,710)	(114,623)		(161,697)
Payments from accounts payable incurred for capital asset additions	(60,834)	(15,754)		(1,434)
Repayment of capital lease obligations		(36,207)	(72,155)	
Interest paid - other		(5,591)	(12,783)	
Proceeds from sales of capital assets			20,856	
Net cash (used) by capital and related financing activities	(322,544)	(172,175)	(64,082)	(163,131)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	482,092	294,453		191,810
Purchase of investments	(447,112)	(206,117)	(470,116)	(204,268)
Interest and dividends received	29,900	14,633	13,512	12,860
Net cash provided (used) by investing activities	64,880	102,969	(456,604)	402
Net increase (decrease) in cash and cash equivalents	(73,006)	(40,931)	12,770	(30,584)
Cash and cash equivalents - January 1	100,589	54,014	0	43,185
Cash and cash equivalents - December 31	27,583	13,083	12,770	12,601
Cash and cash equivalents	27,583	13,083	12,770	12,601
Investments	1,032,869	489,924	478,189	471,875
Total cash and investments	\$1,060,452	\$503,007	\$490,959	\$484,476

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

Cemetery Fund	Development Review Fund	Total
\$963,574	\$860,014	\$7,297,845
		72,324
(253,768)	(62,573)	(1,854,054)
(685,252)	(422,074)	(3,216,149)
(196,733)	(32,881)	(1,009,942)
(172,179)	342,486	1,290,024
		(241,183)
0	0	(241,183)
		(583,918)
(22,488)	(23,400)	(98,342)
	(20,320)	(108,362)
		(18,374)
		20,856
(22,488)	(43,720)	(788,140)
58,229		1,026,584
(140,274)	(300,463)	(1,768,350)
262,715	14,991	348,611
180,670	(285,472)	(393,155)
(13,997)	13,294	(132,454)
22,651	0	220,439
8,654	13,294	87,985
8,654	13,294	87,985
324,042	497,795	3,294,694
\$332,696	\$511,089	\$3,382,679

(continued)

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2002**

	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)	(\$372,440)	(\$334,129)	(\$53,626)	(\$79,702)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	500,792	387,791	728,558	220,192
(Increase) decrease in accounts receivable	(2,310)	454	(2,107)	(11,149)
Decrease in inventories			16,427	
(Increase) decrease in due from other funds	21,905	9,662	70,811	(115)
Increase (decrease) in accounts and other payables	(3,156)	(13,568)	3,256	(1,845)
Increase (decrease) in accrued expenses	(2,199)	(12,000)	(3,086)	592
Increase (decrease) in due to other funds	42,066	(1,235)	5,706	4,172
(Decrease) in other liabilities				
Net cash provided (used) by operating activities	\$184,658	\$36,975	\$765,939	\$132,145
Noncash investing, capital and financing activities				
Noncash acquisition of capital assets (incurrence of payable)		5,964		
Increase (decrease) in fair value of investments	(10,950)	(6,951)	7,913	(4,230)

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

Cemetery Fund	Development Review Fund	Total
(\$174,969)	\$317,615	(\$697,251)
34,846	24,102	1,896,281
(45,806)		(60,918)
		16,427
(626)	99	101,736
(2,954)	(2,257)	(20,524)
14,174	(25)	(2,544)
3,156	4,952	58,817
	(2,000)	(2,000)
(\$172,179)	\$342,486	\$1,290,024

		5,964
(953)	3,634	(11,537)



CITY OF COLORADO SPRINGS

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 Hospital) 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 Hospital).

Employee Benefits Self-Insurance fund - used to account for self-insurance activities of the City employee benefit program (except Hospital).

**INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
December 31, 2002**

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers Compensation Self-Insurance Fund
<u>ASSETS</u>			
Current assets			
Cash and investments	\$0	\$2,633,214	\$5,053,717
Accounts receivable - net of allowance for uncollectibles	1,849,240		2,856
Inventories	885,301		
Due from other funds - current	999,781	111,028	1,731
Total current assets	3,734,322	2,744,242	5,058,304
Noncurrent assets			
Capital assets			
Land	25,720		
Buildings	257,059		6,850
Improvements other than buildings	396,917		
Machinery and equipment	5,737,493		285,261
Less accumulated depreciation	(4,216,095)		(123,927)
Total noncurrent assets	2,201,094	0	168,184
Total assets	5,935,416	2,744,242	5,226,488
<u>LIABILITIES AND NET ASSETS</u>			
Current liabilities			
Accounts payable	1,069,803	778,545	4,888,904
Accrued salaries and benefits	255,417		5,034
Compensated absences - current	62,173		784
Due to other funds	3,362,963		10,990
Capital lease payable - current	236,053		
Total current liabilities	4,986,409	778,545	4,905,712
Noncurrent liabilities			
Compensated absences	1,181,280		14,894
Capital lease obligations	525,728		
Total noncurrent liabilities	1,707,008	0	14,894
Total liabilities	6,693,417	778,545	4,920,606
Net assets (deficit)			
Invested in capital assets, net of related debt	1,439,313		168,184
Unrestricted	(2,197,314)	1,965,697	137,698
Total net assets (deficit)	(758,001)	1,965,697	305,882
Total liabilities and net assets	\$5,935,416	\$2,744,242	\$5,226,488

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

Employee Benefits Self-Insurance Fund	Total
\$9,020,618	\$16,707,549
25,116	1,877,212
	885,301
58	1,112,598
9,045,792	20,582,660
	25,720
	263,909
	396,917
	6,022,754
	(4,340,022)
0	2,369,278
9,045,792	22,951,938
3,220,859	9,958,111
	260,451
	62,957
10,245	3,384,198
	236,053
3,231,104	13,901,770
	1,196,174
	525,728
0	1,721,902
3,231,104	15,623,672
	1,607,497
5,814,688	5,720,769
5,814,688	7,328,266
\$9,045,792	\$22,951,938

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the year ended December 31, 2002**

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers Compensation Self-Insurance Fund
Operating revenues			
Charges for services	\$26,120,040	\$621,233	\$4,572,655
Operating expenses			
Personal services	10,507,383		184,586
Other operating expenses	14,200,628	364,428	5,742,495
Depreciation	759,395		47,697
Total operating expenses	25,467,406	364,428	5,974,778
Operating income (loss)	652,634	256,805	(1,402,123)
Nonoperating revenues (expenses)			
Investment earnings		86,472	146,830
Interest expense	(74,622)		
Loss on disposal of fixed assets	(502,492)		
Miscellaneous expense	(317)		
Total nonoperating revenues (expenses)	(577,431)	86,472	146,830
Income (loss) before transfers	75,203	343,277	(1,255,293)
Transfers out	(25,376)		
Change in net assets	49,827	343,277	(1,255,293)
Total net assets (deficit) - January 1	(807,828)	1,622,420	1,561,175
Total net assets (deficit) - December 31	(\$758,001)	\$1,965,697	\$305,882

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

Employee Benefits Self-Insurance Fund	Total
\$28,245,346	\$59,559,274
	10,691,969
24,029,297	44,336,848
	807,092
24,029,297	55,835,909
4,216,049	3,723,365
344,405	577,707
	(74,622)
	(502,492)
	(317)
344,405	276
4,560,454	3,723,641
	(25,376)
4,560,454	3,698,265
1,254,234	3,630,001
\$5,814,688	\$7,328,266

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2002**

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers Compensation Self-Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$414,815		\$129,840
Receipts from interfund services provided	23,959,541	\$510,205	4,445,937
Payments to suppliers	(12,534,680)	(562,925)	(5,207,322)
Payments to employees	(10,617,300)		(183,261)
Payment for interfund services used	(1,741,998)	(135,727)	(742,781)
Net cash provided (used) by operating activities	(519,622)	(188,447)	(1,557,587)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Repayment of advance from other funds	(2,210,955)		
Advance from other funds	3,270,319		
Net cash provided by noncapital financing activities	1,059,364	0	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(185,581)		(6,469)
Payments from accounts payable incurred for capital asset additions	(60,488)		(5,531)
Repayment of capital lease obligations	(219,051)		
Interest paid - other	(74,622)		
Net cash (used) by capital and related financing activities	(539,742)	0	(12,000)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments		1,024,832	3,060,096
Purchases of investments		(1,110,232)	(2,130,780)
Interest and dividends received		109,062	219,360
Net cash provided (used) by investing activities	0	23,662	1,148,676
Net decrease in cash and cash equivalents		(164,785)	(420,911)
Cash and cash equivalents, January 1		233,276	552,359
Cash and cash equivalents, December 31	0	68,491	131,448
Cash and cash equivalents		68,491	131,448
Investments		2,564,723	4,922,269
Total cash and investments	\$0	\$2,633,214	\$5,053,717

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

Employee Benefits Self-Insurance Fund	Total
\$6,731,818	\$7,276,473
21,611,994	50,527,677
(17,877,338)	(36,182,265)
(6,303,685)	(10,800,561)
(6,303,685)	(8,924,191)
<u>4,162,789</u>	<u>1,897,133</u>
	(2,210,955)
	<u>3,270,319</u>
<u>0</u>	<u>1,059,364</u>
	(192,050)
	(66,019)
	(219,051)
	(74,622)
<u>0</u>	<u>(551,742)</u>
	4,084,928
(4,619,420)	(7,860,432)
306,324	634,746
<u>(4,313,096)</u>	<u>(3,140,758)</u>
(150,307)	(736,003)
<u>384,936</u>	<u>1,170,571</u>
<u>234,629</u>	<u>434,568</u>
234,629	434,568
<u>8,785,989</u>	<u>16,272,981</u>
<u>\$9,020,618</u>	<u>\$16,707,549</u>

(continued)

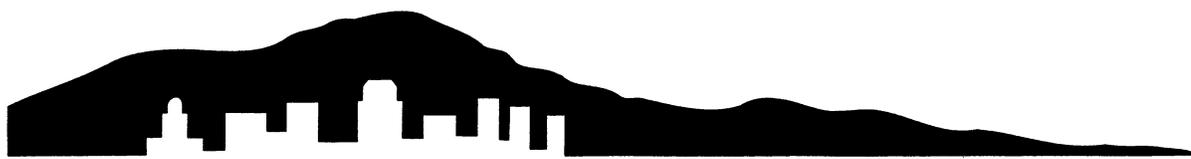
**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2002**

	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)	\$652,634	\$256,805	(\$1,402,123)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation expense	759,395		47,697
Miscellaneous expense	(317)		
(Increase) decrease in accounts receivable	(1,049,662)		3,122
(Increase) in inventories	(160,949)		
(Increase) decrease in due from other funds	(703,377)	(111,028)	(166)
Increase (decrease) in accounts and other payables	89,324	(230,542)	(137,312)
Increase (decrease) in accrued expenses	(102,562)		1,491
(Decrease) in due to other funds	(4,108)	(103,682)	(70,296)
Net cash provided (used) by operating activities	(\$519,622)	(\$188,447)	(\$1,557,587)
Noncash investing, capital and financing activities			
Increase (decrease) in fair value of investments		(22,590)	(72,530)

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

Employee Benefits Self-Insurance Fund	Total
\$4,216,049	\$3,723,365
	807,092
	(317)
85,899	(960,641)
	(160,949)
12,567	(802,004)
(119,597)	(398,127)
	(101,071)
(32,129)	(210,215)
<u>\$4,162,789</u>	<u>\$1,897,133</u>

38,082	(57,038)
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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 the City's program.

Pension Trust:

Fire and Police Pension Trust funds – used to account for assets of the Colorado Springs Fire and Police pension plans.

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, 2002**

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

	Old Hire Fire Pension Trust Fund	Old Hire Police Pension Trust Fund	New Hire Fire Pension Trust Fund	New Hire Police Pension Trust Fund	Totals
<u>ASSETS</u>					
Interest receivable	\$470,594	\$394,091	\$249,272	\$420,403	\$1,534,360
Other assets	4,856	4,066	2,572	4,338	15,832
Restricted investments	98,266,838	82,291,869	52,051,583	87,786,256	320,396,546
Total assets	98,742,288	82,690,026	52,303,427	88,210,997	321,946,738
<u>LIABILITIES</u>					
Accounts payable	53,202	44,554	28,181	47,529	173,466
Other liabilities	21,871	18,315	11,585	19,538	71,309
Total liabilities	75,073	62,869	39,766	67,067	244,775
Net assets - held in trust for pension benefits	\$98,667,215	\$82,627,157	\$52,263,661	\$88,143,930	\$321,701,963

FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
For the year ended December 31, 2002

CITY OF COLORADO SPRINGS
COLORADO
Exhibit H-2

	Old Hire Fire Pension Trust Fund	Old Hire Police Pension Trust Fund	New Hire Fire Pension Trust Fund	New Hire Police Pension Trust Fund	Totals
Additions					
City and participant contributions	\$240,097	\$226,103	\$2,962,063	\$4,851,375	\$8,279,638
Other income	102,884	84,945	50,995	86,124	324,948
Investment earnings:					
Interest and dividend income	2,556,012	2,127,932	1,270,732	2,143,645	8,098,321
Rental income	388,233	323,812	196,267	330,973	1,239,285
Net decrease in fair value of investments	(10,145,458)	(8,419,692)	(4,940,459)	(8,325,781)	(31,831,390)
Total investment loss	(7,201,213)	(5,967,948)	(3,473,460)	(5,851,163)	(22,493,784)
Less investment expenses	362,754	302,337	182,002	306,933	1,154,026
Net investment loss	(7,563,967)	(6,270,285)	(3,655,462)	(6,158,096)	(23,647,810)
Total additions	(7,220,986)	(5,959,237)	(642,404)	(1,220,597)	(15,043,224)
Deductions					
Benefits	7,558,472	5,992,545	117,351	387,527	14,055,895
Refund			385,108	703,925	1,089,033
Administrative expenses	10,194	10,194	8,681	10,194	39,263
Total deductions	7,568,666	6,002,739	511,140	1,101,646	15,184,191
Change in net assets	(14,789,652)	(11,961,976)	(1,153,544)	(2,322,243)	(30,227,415)
Net assets held in trust for pension benefits - January 1	113,456,867	94,589,133	53,417,205	90,466,173	351,929,378
Net assets held in trust for pension benefits - December 31	\$98,667,215	\$82,627,157	\$52,263,661	\$88,143,930	\$321,701,963

**AGENCY FUND
BALANCE SHEET
December 31, 2002**

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

**Miscellaneous
Depository
Fund**

ASSETS

Cash and investments	\$1,914,723
Accounts receivable - (net of allowance for uncollectibles)	<u>705,582</u>
Total assets	<u><u>2,620,305</u></u>

LIABILITIES

Accounts payable	2,030,638
Due to component unit	<u>589,667</u>
Total liabilities	<u><u>\$2,620,305</u></u>

**AGENCY FUND
STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES
For the year ended December 31, 2002**

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

	Beginning balance	Debits	Credits	Ending balance
<u>ASSETS</u>				
Miscellaneous depository fund				
Cash and investments	\$2,230,563	\$163,823,351	\$164,139,191	\$1,914,723
Accounts receivable (net of allowance for uncollectibles)	572,263	2,436,770	2,303,451	705,582
Total assets	2,802,826	166,260,121	166,442,642	2,620,305
<u>LIABILITIES</u>				
Miscellaneous depository fund				
Accounts payable	2,802,826	4,893,510	4,121,322	2,030,638
Due to component unit			589,667	589,667
Total liabilities	\$2,802,826	\$4,893,510	\$4,710,989	\$2,620,305



CITY OF COLORADO SPRINGS

**CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS**

**SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS
BY SOURCE
December 31, 2002**

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

	<u>TOTAL</u>
Governmental funds capital assets	
Land	\$57,624,172
Buildings	124,128,156
Improvements other than buildings	17,776,410
Machinery and equipment	86,293,246
Construction in progress	18,546,286
Infrastructure	<u>53,089,707</u>
Total governmental funds capital assets	<u><u>357,457,977</u></u>
Investments in governmental funds capital assets	
General fund	183,195,682
Special revenue funds	42,452,677
Gifts	39,942,768
Grants	48,135,309
Other contributions	2,512,777
Other long-term debt	<u>41,218,764</u>
Total investments in governmental funds capital assets	<u><u>\$357,457,977</u></u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS
BY FUNCTION AND ACTIVITY
December 31, 2002**

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

Function and Activity	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Construction in Progress	Infrastructure	Total
General government:							
Legislative		\$6,782,753		\$110,510			\$6,893,263
Judicial		9,915,375		175,714			10,091,089
Executive	\$536,716	7,557,543		2,687,399			10,781,658
Finance	8,462,900	3,153,400		882,734			12,499,034
Law				135,407			135,407
Human Resources		38,497		6,295			44,792
Planning and Development		7,200		156,543			163,743
Other			\$88,823	113,055			201,878
Total governmental funds capital	8,999,616	27,454,768	88,823	4,267,657	\$0	\$0	40,810,864
Public safety:							
Police	5,863,713	23,813,048	77,141	19,128,650	132,168		49,014,720
Fire	5,583,302	16,640,670	7,406,749	18,614,326	1,123,455		49,368,502
Total public safety	11,447,015	40,453,718	7,483,890	37,742,976	1,255,623		98,383,222
Public works:							
Highways and streets	907,560	13,850,646	107,287	33,742,659	13,358,191	52,743,276	114,709,619
Culture and recreation:	36,047,582	40,513,949	9,979,392	10,317,675	3,923,633	346,431	101,128,662
Urban redevelopment and housing:							
Community development	222,399	1,855,075	117,018	222,279	8,839		2,425,610
Total governmental funds capital assets	\$57,624,172	\$124,128,156	\$17,776,410	\$86,293,246	\$18,546,286	\$53,089,707	\$357,457,977

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**SCHEDULE OF CHANGES IN CAPITAL ASSETS
USED IN THE OPERATION OF GOVERNMENTAL FUNDS
BY FUNCTION AND ACTIVITY
For the year ended December 31, 2002**

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

	Balance 01/01/2002	Additions	Deletions	Balance 12/31/2002
Land				
General government	\$8,462,900	\$536,716		\$8,999,616
Public safety	9,845,736	1,601,279		11,447,015
Public works	907,560			907,560
Culture and recreation	34,613,454	1,434,128		36,047,582
Urban redevelopment and housing	222,399			222,399
Sub-total land	54,052,049	3,572,123	\$0	57,624,172
Buildings				
General government	22,998,390	4,700,073	243,695	27,454,768
Public safety	19,047,625	21,520,487	114,394	40,453,718
Public works	5,261,638	10,784,780	2,195,772	13,850,646
Culture and recreation	8,051,116	32,615,936	153,103	40,513,949
Urban redevelopment and housing	977,968	881,908	4,801	1,855,075
Sub-total buildings	56,336,737	70,503,184	2,711,765	124,128,156
Improvements other than buildings				
General government	68,875	21,223	1,275	88,823
Public safety	171,424	7,350,125	37,659	7,483,890
Public works	514,623		407,336	107,287
Culture and recreation	4,126,517	6,049,875	197,000	9,979,392
Urban redevelopment and housing	162,148		45,130	117,018
Sub-total improvements other than buildings	5,043,587	13,421,223	688,400	17,776,410
Machinery and equipment				
General government	4,912,807	25,206	670,356	4,267,657
Public safety	35,481,055	4,290,933	2,029,012	37,742,976
Public works	38,619,733	4,604,499	9,481,573	33,742,659
Culture and recreation	9,672,050	748,719	103,094	10,317,675
Urban redevelopment and housing	276,688		54,409	222,279
Sub-total machinery and equipment	88,962,333	9,669,357	12,338,444	86,293,246
Construction in progress				
General government	15,614,482		15,614,482	0
Public safety	17,742,371	1,663,278	18,150,026	1,255,623
Public works	9,463,467	13,358,191	9,463,467	13,358,191
Culture and recreation	26,684,686	2,214,562	24,975,615	3,923,633
Urban redevelopment and housing	0	8,839		8,839
Sub-total construction in progress	69,505,006	17,244,870	68,203,590	18,546,286
Infrastructure				
Public works	0	52,743,276		52,743,276
Culture and recreation	0	346,431		346,431
Sub-total infrastructure	0	53,089,707	0	53,089,707
Total governmental funds capital assets	\$273,899,712	\$167,500,464	\$83,942,199	\$357,457,977

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

STATISTICAL SECTION

**GENERAL FUND REVENUES AND
OTHER SOURCES BY TYPE**
Last ten fiscal years

**CITY OF COLORADO SPRINGS
COLORADO**
Table 1

Fiscal Year	Taxes	Licenses and Permits	Intergovern- mental	Charges for Services	Fines and Forfeits	Other	Total
1993	\$76,960,975	\$239,423	\$14,957,621	\$4,556,230	\$1,655,398	\$23,210,047	\$121,579,694
1994	82,971,199	257,610	15,145,852	6,518,814	1,675,972	22,684,420	129,253,867
1995	90,453,606	256,213	15,430,242	7,072,333	1,693,146	23,525,050	138,430,590
1996	102,645,973	268,198	16,506,362	7,605,685	2,842,550	21,943,216	151,811,984
1997	103,461,077	268,068	17,490,001	6,992,799	2,980,450	31,372,772	162,565,167
1998	110,931,933	387,932	20,775,551	7,773,892	2,766,577	30,112,041	172,747,926
1999	119,361,794	405,904	20,567,255	9,086,377	3,198,674	27,205,328	179,825,332
2000	131,290,950	402,523	21,194,449	9,475,020	3,444,419	33,603,011	199,410,372
2001	132,361,209	445,352	21,517,264	10,719,891	3,992,880	32,512,117	201,548,713
2002	129,316,013	557,105	21,095,841	15,288,599	5,222,506	30,327,479	201,807,543

Note: Includes General Fund revenues and other sources only.

**GENERAL FUND EXPENDITURES AND
OTHER USES BY FUNCTION
Last Ten Fiscal Years**

**CITY OF COLORADO SPRINGS
COLORADO
Table 2**

Fiscal Year	General Government	Public Safety	Public Works	Culture and Recreation	Debt Service	Other	Total
1993	\$12,840,842	\$56,467,368	\$14,305,914	\$12,605,692	\$2,884,755	\$20,911,869	\$120,016,440
1994	12,649,148	59,318,275	14,857,927	11,191,275	3,451,838	22,247,946	123,716,409
1995	14,071,739	64,256,923	15,965,408	11,740,457	3,362,909	25,110,482	134,507,918
1996	15,094,130	70,460,527	16,445,526	12,577,233	3,361,749	32,829,054	150,768,219
1997	26,104,069	72,616,860	23,440,850	12,618,318	3,403,988	16,922,261	155,106,346
1998	28,677,419	75,955,634	25,415,070	13,241,179	3,360,207	29,683,304	176,332,813
1999	31,867,855	80,185,341	27,211,602	13,546,852	7,452,641	32,402,601	192,666,892
2000	31,021,293	83,877,836	25,984,598	14,173,845	11,202,906	21,219,387	187,479,865
2001	33,530,288	88,978,576	29,649,501	15,873,911	11,255,682	28,138,168	207,426,126
2002	34,103,423	93,085,009	30,454,099	16,162,874	4,583,087	31,027,574	209,416,066

Note: Includes General Fund expenditures and other uses only.

**GENERAL FUND TAX REVENUES
BY SOURCE
Last ten fiscal years**

**CITY OF COLORADO SPRINGS
COLORADO
Table 3**

Fiscal Year	Current Property Taxes	Delinquent Property Taxes	Penalty and Interest on Taxes	Specific Ownership Taxes	Other Business Taxes	Sales and Use Taxes	Total Taxes
1993	\$13,161,508	\$58,971	\$47,175	\$1,419,838	\$1,047,261	\$61,226,222	\$76,960,975
1994	12,198,106	46,569	20,803	1,561,799	603,377	68,540,545	82,971,199
1995	12,582,110	42,950	26,128	1,736,475	382,724	75,683,219	90,453,606
1996	13,630,055	(1,833)	26,938	1,918,160	399,202	86,673,451	102,645,973
1997	13,906,466	1,038	20,108	2,172,767	423,663	86,937,035	103,461,077
1998	14,826,651	100,092	21,386	2,174,795	486,610	93,322,399	110,931,933
1999	15,285,626	102,940	21,421	2,470,627	509,838	100,971,342	119,361,794
2000	16,657,336	(59,235)	26,328	2,762,144	510,851	111,393,526	131,290,950
2001	16,991,029	40,872	25,533	2,910,209	567,055	111,826,511	132,361,209
2002	18,069,749	32,984	30,036	2,828,082	619,910	107,735,252	129,316,013

Note: Includes General Fund tax revenues only.

**GENERAL FUND SALES AND USE TAX
PERCENTAGE INCREASE
Last ten fiscal years**

**CITY OF COLORADO SPRINGS
COLORADO
Table 4**

Fiscal Year	Sales and Use Tax Collections	Percentage Increase Over Prior Year
1993	\$61,226,222	9.02%
1994	68,540,545	11.95%
1995	75,683,219	10.42%
1996	86,673,451	14.52%
1997	86,937,035	0.30%
1998	93,322,399	7.34%
1999	100,971,342	8.20%
2000	111,393,526	10.32%
2001	111,826,511	0.39%
2002	107,735,252	-3.66%

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 5**

Fiscal Year	Collection Cost	Required Refunds
1994	\$1,923,137	\$1,129,671
1995	2,032,639	809,686
1996	2,319,236	1,621,315
1997	2,401,931	1,842,984
1998	2,575,208	638,490
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

**PERCENTAGE OF SALES AND USE TAX
COLLECTED IN EACH MONTH
Last nine fiscal years**

**CITY OF COLORADO SPRINGS
COLORADO
Table 6**

Month	2002	2001	2000	1999	1998	1997	1996	1995	1994
January	6.69%	7.30%	6.66%	6.45%	7.02%	6.89%	6.94%	6.78%	6.77%
February	6.83%	7.32%	6.95%	6.81%	7.17%	6.96%	6.73%	6.30%	6.90%
March	8.61%	8.89%	8.15%	8.61%	8.43%	8.90%	8.65%	8.04%	8.46%
April	7.83%	7.77%	7.25%	7.07%	7.65%	7.19%	7.59%	7.10%	7.65%
May	8.09%	7.90%	7.88%	7.83%	7.95%	8.00%	8.60%	8.03%	8.11%
June	9.69%	10.73%	9.58%	9.48%	9.60%	9.45%	9.26%	9.02%	9.22%
July	8.63%	8.09%	8.21%	8.30%	8.44%	8.31%	8.02%	8.49%	8.18%
August	8.69%	7.85%	8.34%	8.39%	8.40%	8.41%	8.64%	8.97%	8.83%
September	9.16%	9.09%	8.70%	9.30%	9.24%	9.59%	8.77%	9.53%	8.82%
October	8.26%	7.74%	9.13%	7.94%	7.51%	7.70%	8.14%	8.24%	8.15%
November	7.62%	7.20%	7.69%	8.38%	8.17%	7.58%	7.64%	8.20%	8.04%
December	9.90%	10.12%	11.46%	11.44%	10.42%	11.02%	11.02%	11.30%	10.87%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

**CITY OF COLORADO SPRINGS
COLORADO**
Table 7

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
1993	\$1,938,256	\$13,567,851	\$13,161,508	97.0%	\$34,173	\$125,787	0.9%
1994	1,820,592	12,505,703	12,198,106	97.5%	49,796	132,667	1.1%
1995	1,877,999	12,900,036	12,582,110	97.5%	63,127	145,177	1.1%
1996	2,128,294	14,025,519	13,630,055	97.2%	26,883	78,270	0.6%
1997	2,245,461	14,458,582	13,906,466	96.2%	29,442	86,965	0.6%
1998	2,793,988	15,665,948	14,826,651	94.6%	105,514	161,193	1.0%
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%

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 8**

Fiscal Year	City	County Government	School District No 11	Library District	Water Conservancy District	Total
1993	7.000	12.000	41.033	4.167	0.969	65.169
1994	6.869	12.000	40.930	4.431	0.969	65.199
1995	6.869	12.000	40.930	4.431	0.969	65.199
1996	6.590	11.405	38.865	4.107	0.944	61.911
1997	6.439	11.405	45.975	4.059	0.954	68.832
1998	5.607	9.430	39.808	3.493	0.812	59.150
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

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.

**ASSESSED AND ESTIMATED ACTUAL
VALUE OF TAXABLE PROPERTY
Last ten fiscal years**

**CITY OF COLORADO SPRINGS
COLORADO
Table 9**

Fiscal Year	Assessed Valuation (in 000's)	Estimated Actual Valuation (in 000's)	Ratio of Total Assessed to Total Estimated Value
1993	\$1,938,256	\$10,223,895	19.0%
1994	1,820,592	10,224,837	17.8%
1995	1,877,999	10,598,258	17.7%
1996	2,128,294	13,926,138	15.3%
1997	2,245,461	14,530,272	15.5%
1998	2,793,988	18,219,145	15.3%
1999	2,889,454	18,866,756	15.3%
2000	3,255,179	21,402,262	15.2%
2001	3,322,468	22,007,456	15.1%
2002	3,730,306	26,689,250	14.0%

Notes:

Fiscal year is the year of collection.

Estimated Actual Valuation provided by data from El Paso County Assessor's Office.

**RATIO OF NET GENERAL OBLIGATION BONDED
DEBT TO ASSESSED VALUE AND NET GENERAL
OBLIGATION BONDED DEBT PER CAPITA
Last ten fiscal years**

**CITY OF COLORADO SPRINGS
COLORADO
Table 10**

Fiscal Year	Population	Assessed Valuation (in 000's)	General Bonded Debt	Ratio of Bonded Debt To Assessed Valuation	Bonded Debt Per Capita
1993	306,363	\$1,938,256	\$36,729,410	1.9%	\$119.89
1994	315,704	1,820,592	34,912,030	1.9%	110.58
1995	323,502	1,877,999	33,329,517	1.8%	103.03
1996	330,300	2,128,294	31,652,071	1.5%	95.83
1997	334,300	2,245,461	29,879,624	1.3%	89.38
1998	340,800	2,793,988	42,029,624	1.5%	123.33
1999	351,269	2,889,454	38,739,710	1.3%	110.29
2000	358,400	3,255,179	36,093,443	1.1%	100.71
2001	366,000	3,322,468	33,297,893	1.0%	90.98
2002	369,853	3,730,306	30,360,000	0.8%	82.09

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.

Sources:

Colorado Department of Local Affairs, Demography Section, last modified 12/18/2002

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL GENERAL
FUND EXPENDITURES**
Last ten fiscal years

**CITY OF COLORADO SPRINGS
COLORADO**
Table 11

Fiscal Year	Principal	Interest	Total Debt Service	Total Expenditures And Other Uses of General Fund	Ratio of Debt Service to General Fund Expenditures
1993	\$2,430,000	\$454,755	\$2,884,755	\$120,016,440	2.4%
1994	2,020,000	1,431,838	3,451,838	123,716,409	2.8%
1995	1,785,000	1,577,909	3,362,909	134,507,918	2.5%
1996	1,880,000	1,481,749	3,361,749	150,768,219	2.2%
1997	1,975,000	1,428,988	3,403,988	155,106,346	2.2%
1998	2,075,000	1,285,207	3,360,207	176,332,813	1.9%
1999	4,365,000	3,087,641	7,452,641	192,666,891	3.9%
2000	6,227,000	4,975,906	11,202,906	187,479,865	6.0%
2001	6,415,000	4,840,682	11,255,682	207,426,126	5.4%
2002	2,938,000	1,209,942	4,147,942	209,416,066	2.0%

**COMPUTATION OF LEGAL DEBT MARGIN
at December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Table 12**

Assessed valuation - 2002 for 2003 taxes		<u><u>\$3,874,865,018</u></u>
Debt limit 10 percent of assessed valuation		387,486,502
Amount of debt:		
	Bonded debt	1,451,399,210
	Special assessment debt	924,096
	Certificates of participation	<u>12,025,000</u>
		<u>1,464,348,306</u>
Less: Deductions allowed by City charter		
	Revenue bonds	1,421,039,210
	Special assessment debt	924,096
	Certificates of participation	<u>12,025,000</u>
		<u>1,433,988,306</u>
Total debt applicable to limit		<u>30,360,000</u>
Legal debt margin		<u><u>\$357,126,502</u></u>

**COMPUTATION OF DIRECT AND
OVERLAPPING DEBT
at December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Table 13**

	Assessed Valuation(1)	Outstanding General Obligation Debt(2)	Applicable to City:	
			Percent(3)	Amount
City of Colorado Springs	\$3,730,305,780	\$19,355,000	100.00%	\$19,355,000
Overlapping Debt:				
El Paso County	4,820,730,590	0	100.00%	0
Pikes Peak Library District	4,571,163,980	1,015,000	81.29%	825,094
Harrison School District #2	555,153,380	87,540,000	92.39%	80,878,206
Widefield School District #3	202,501,800	16,251,302	2.69%	437,160
Colorado Springs School District #11	2,107,558,880	88,525,000	88.37%	78,229,543
Cheyenne Mtn. School District #12	282,006,660	27,506,752	96.36%	26,505,506
Manitou School District #14	86,860,870	11,275,000	10.11%	1,139,903
Air Academy School District #20	910,433,150	251,282,180	82.85%	208,187,286
Falcon School District #49	241,704,580	64,315,366	35.65%	22,928,428
Metex Metropolitan District	126,082,150	9,320,000	59.79%	5,572,428
Colorado Springs Cottonwood General Improvement District	68,572,150	7,855,000	100.00%	7,855,000
Colorado Springs Spring Creek General Improvement District	4,440,900	3,150,000	100.00%	3,150,000
Total Overlapping Debt				<u>435,708,553</u>
Total Direct General Obligation and Overlapping Debt				<u>\$455,063,553</u>

Sources:

(1) El Paso County Colorado Abstract of Assessment for 2001 (2001 taxes due in 2002)

(2) Outstanding General Obligation Debt as of 12/31/02 provided verbally from individual taxing entity

(3) Percent applicable to City is based on the November 21, 2001 final certification letter from the El Paso County Assessor

VALUE OF NEW CONSTRUCTION
Last ten fiscal years

CITY OF COLORADO SPRINGS
COLORADO
Table 14

Fiscal Year	Commercial Construction		Residential Construction	
	Permits	Value (\$000'S)	Dwelling Units Gained	Value (\$000'S)
1993	793	\$94,438	3,710	\$299,774
1994	806	81,324	3,803	348,642
1995	946	140,383	4,758	352,256
1996	1,139	207,965	5,325	431,682
1997	1,145	155,526	4,807	433,922
1998	1,238	180,776	5,214	521,857
1999	1,219	249,129	5,941	599,679
2000	1,341	365,955	6,270	694,178
2001	1,322	217,539	7,111	772,572
2002	1,207	197,011	6,823	753,770

Source:

Pikes Peak Regional Building Department (PPRBD) Construction activity statistics provided for PPRBD's service area.

PRINCIPAL TAXPAYERS
December 31, 2002

CITY OF COLORADO SPRINGS
COLORADO
Table 15

Taxpayer	Type of Business	2003 Assessed Valuation	Percentage of Total Assessed Value
Qwest	Telecommunications	\$94,269,200	2.527%
Intel Corporation	Semiconductor Manufacturer	78,165,440	2.095%
Atmel Corporation	Semiconductor Manufacturer	67,331,350	1.805%
M.C.I. Inc.	Telecommunications	34,221,200	0.917%
Agilent Technologies Inc	Computer Manufacturer	23,284,680	0.624%
Broadmoor Hotel	Resort Hotel	18,940,880	0.508%
Vitesse Semiconductor Corporation	Semiconductor Manufacturer	14,675,720	0.393%
Palmer Center Ltd	Real Estate Company	12,146,690	0.326%
Macerich Citadel LP	Real Estate Developer	11,048,940	0.296%
Chapel Hills Mall	Retail	10,428,410	0.280%
Digital Equipment Corp.	Semiconductor Manufacturer	8,443,730	0.225%
Total		<u>\$372,956,240</u>	<u>9.997%</u>

Note:
Based on City's assessed valuation of \$3,730,305,780 upon which 2002 taxes were levied and collected.

Source:
El Paso County Treasurer's Office for 2003 assessments

DEMOGRAPHIC STATISTICS
Last ten fiscal years

CITY OF COLORADO SPRINGS
COLORADO
Table 16

Fiscal Year	Population(1)	Total Unemployment Rate(2)	Average Household Size(2)	Median Household Income(3)	Per Capita Income(4)
1993	306,363	6.20%	2.59	\$34,192	\$19,722
1994	315,704	4.80%	2.58	36,686	20,285
1995	323,502	4.60%	2.58	39,180	21,532
1996	330,300	4.60%	2.58	40,602	22,895
1997	334,300	3.60%	2.58	42,023	24,006
1998	340,800	4.50%	2.57	44,124	25,874
1999	351,269	3.30%	2.50	46,110	27,267
2000	358,400	3.20%	2.50	48,185	29,388
2001	366,000	4.19%	2.50	50,353	29,280
2002	369,853	6.30%	2.50	51,754	30,772

Sources:

(1) Colorado Department of Local Affairs, Demography Section, last modified 12/18/2002

(2) Colorado Department of Labor and Employment

(3) Pikes Peak Area Council of Governments Housing Market Analysis

(4) Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data

SPECIAL ASSESSMENT COLLECTIONS
Last ten fiscal years

CITY OF COLORADO SPRINGS
COLORADO
Table 17

Fiscal Year	Assessments Receivable Beginning of Year	Assessments Certified During Year	Assessments Collected During Year	Assessments Receivable End of Year
1993	\$781,942	\$54,082	\$291,157	\$544,867
1994	544,867	64,296	136,777	472,386
1995	472,386	1,972,986	744,238	1,701,134
1996	1,701,134	138,327	275,842	1,563,619
1997	1,563,619	(2,706)	172,142	1,388,771
1998	1,388,771	3,382	150,398	1,241,755
1999	1,241,755	425,146	314,616	1,352,285
2000	1,352,285	130,421	200,159	1,282,547
2001	1,282,547	140,861	191,947	1,231,461
2002	1,231,461	(11,065)	182,430	1,037,966

**SCHEDULE OF COVERAGE
UTILITIES REVENUE BONDS
Last ten fiscal years**

**CITY OF COLORADO SPRINGS
COLORADO
Table 18**

Fiscal Year	Applicable Revenues	Operating Expenses	Net Revenue Available for Debt Service	Required Annual Debt Service	Debt Service Coverage
1993	\$315,301,969	\$211,164,527	\$104,137,442	\$34,181,848	3.05
1994	332,352,118	224,547,485	107,804,633	34,504,628	3.12
1995	336,631,482	226,049,308	110,582,174	37,594,236	2.94
1996	370,957,991	249,119,902	121,838,089	41,927,713	2.91
1997	389,440,747	276,016,154	113,424,593	46,030,681	2.46
1998	416,531,223	292,415,168	124,116,055	52,916,465	2.35
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	57,616,059	2.04
2001	616,750,161	429,695,488	187,054,673	59,488,971	3.14
2002	513,370,775	360,738,821	152,631,954	57,122,855	2.67

Note: Net available for debt service determined in accordance with respective bond ordinances.

**SCHEDULE OF COVERAGE
HOSPITAL REVENUE BONDS
Last ten fiscal years**

**CITY OF COLORADO SPRINGS
COLORADO
Table 19**

Fiscal Year	Applicable Revenues	Operating Expenses	Net Revenue Available for Debt Service	Required Annual Debt Service	Debt Service Coverage
1993	\$155,016,000	\$130,525,000	\$24,491,000	\$2,828,000	8.66
1994	168,396,000	138,624,000	29,772,000	3,216,000	9.26
1995	189,531,000	153,241,000	36,290,000	4,337,000	8.37
1996	188,461,000	152,096,000	36,365,000	7,542,000	4.82
1997	207,855,000	166,164,000	41,691,000	7,231,000	5.77
1998	223,395,930	188,605,852	34,790,078	6,486,943	5.36
1999	244,183,612	215,475,788	28,707,824	6,486,943	4.43
2000	271,549,474	237,585,151	33,964,323	12,312,288	2.76
2001	313,661,744	267,639,911	46,021,833	12,312,288	3.74
2002	336,672,993	301,853,566	34,819,427	18,930,688	1.84

Note: Net available for debt service determined in accordance with respective bond ordinances.

**SCHEDULE OF COVERAGE
SALES AND USE TAX REVENUE BONDS
For December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Table 20**

Fiscal Year	Sales and Use Tax Collections	Required Annual Debt Service	Debt Service Coverage
1999	\$100,971,342	\$4,363,910	23.14%
2000	111,393,526	7,848,446	14.19%
2001	111,826,511	7,847,059	14.25%
2002	107,735,252	7,848,659	13.73%

**SUMMARY OF DEBT SERVICE
REQUIREMENTS TO MATURITY
at December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
TABLE 21**

Fiscal Year	General Obligation Bonds	Sales Tax Revenue Bond	Certificates of Participation	Special Assessment Bonds and Notes
2003	\$4,492,190	\$7,847,822	\$1,127,267	\$158,225
2004	4,498,300	7,849,334	1,124,281	158,225
2005	4,509,645	7,847,771	1,130,096	158,223
2006	4,500,265	7,847,921	1,134,115	154,063
2007	4,505,915	7,849,359	1,126,419	154,063
2008	4,530,080	7,846,659	1,137,317	154,061
2009	4,570,050	7,846,419	1,325,072	154,063
2010	1,280,187	7,844,918	970,917	154,064
2011	1,276,638	7,849,500	973,168	5,969
2012	1,255,502	7,847,750	978,698	
2013	1,462,403	7,845,500	976,649	
2014	803,477	7,847,000	977,280	
2015	805,035	5,696,250	980,585	
2016			981,385	
2017			979,495	
2018			984,915	
2019			982,565	
2020			627,725	
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
Total	\$38,489,687	\$99,866,203	\$18,517,949	\$1,250,956

**CITY OF COLORADO SPRINGS
COLORADO
TABLE 21
(Continued)**

**SUMMARY OF DEBT SERVICE
REQUIREMENTS TO MATURITY
at December 31, 2002**

Fiscal Year	Revenue Bonds	Total
2003	\$86,591,984	\$100,217,488
2004	89,054,656	102,684,796
2005	89,082,953	102,728,688
2006	89,369,901	103,006,265
2007	89,453,227	103,088,983
2008	89,506,574	103,174,691
2009	89,172,295	103,067,899
2010	89,700,150	99,950,236
2011	90,627,549	100,732,824
2012	91,075,334	101,157,284
2013	91,947,947	102,232,499
2014	92,554,135	102,181,892
2015	93,148,740	100,630,610
2016	93,841,804	94,823,189
2017	94,101,655	95,081,150
2018	94,320,764	95,305,679
2019	93,769,158	94,751,723
2020	96,221,209	96,848,934
2021	96,578,279	96,578,279
2022	91,332,246	91,332,246
2023	91,517,746	91,517,746
2024	91,705,262	91,705,262
2025	91,912,102	91,912,102
2026	71,754,596	71,754,596
2027	86,346,383	86,346,383
2028	89,475,394	89,475,394
2029	167,950,088	167,950,088
2030	50,668,538	50,668,538
2031	6,614,000	6,614,000
2032	6,614,400	6,614,400
Total	<u>\$2,586,009,069</u>	<u>\$2,744,133,864</u>

Note: Does not include long-term obligations of component units.

**GENERAL OBLIGATION BONDS
DEBT SERVICE REQUIREMENTS
TO MATURITY
at December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
TABLE 22**

Fiscal Year	General refunding Series 93		Cottonwood General Improvement District 1998 Refunding	
	Principal	Interest	Principal	Interest
2003	\$2,385,000	\$969,895	\$470,000	\$333,295
2004	2,500,000	857,800	490,000	315,200
2005	2,620,000	737,800	505,000	295,845
2006	2,745,000	609,420	525,000	275,645
2007	2,885,000	472,170	550,000	254,645
2008	3,030,000	325,035	570,000	232,645
2009	3,190,000	167,475	595,000	209,275
2010			620,000	183,987
2011			645,000	157,638
2012			675,000	129,902
2013			705,000	100,203
2014			735,000	68,477
2015			770,000	35,035
Total	\$19,355,000	\$4,139,595	\$7,855,000	\$2,591,792

Fiscal Year	Spring Creek General Improvement District Plan Bond Series 1995		Total General Obligation Bond Requirements
	Principal	Interest	
2003	\$145,000	\$189,000	\$4,492,190
2004	155,000	180,300	4,498,300
2005	180,000	171,000	4,509,645
2006	185,000	160,200	4,500,265
2007	195,000	149,100	4,505,915
2008	235,000	137,400	4,530,080
2009	285,000	123,300	4,570,050
2010	370,000	106,200	1,280,187
2011	390,000	84,000	1,276,638
2012	390,000	60,600	1,255,502
2013	620,000	37,200	1,462,403
2014			803,477
2015			805,035
Total	\$3,150,000	\$1,398,300	\$38,489,687

**SALES TAX REVENUE BOND
DEBT SERVICE REQUIREMENTS
TO MATURITY
at December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Table 23**

Sales Tax Revenue Bond Series 1999			
Fiscal Year	Principal	Interest	Total Requirements
2003	\$4,435,000	\$3,412,822	\$7,847,822
2004	4,625,000	3,224,334	7,849,334
2005	4,820,000	3,027,771	7,847,771
2006	5,025,000	2,822,921	7,847,921
2007	5,240,000	2,609,359	7,849,359
2008	5,460,000	2,386,659	7,846,659
2009	5,700,000	2,146,419	7,846,419
2010	5,955,000	1,889,918	7,844,918
2011	6,235,000	1,614,500	7,849,500
2012	6,545,000	1,302,750	7,847,750
2013	6,870,000	975,500	7,845,500
2014	7,215,000	632,000	7,847,000
2015	5,425,000	271,250	5,696,250
Total	\$73,550,000	\$26,316,203	\$99,866,203

**CERTIFICATES OF PARTICIPATION
DEBT SERVICE REQUIREMENTS
TO MATURITY
at December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Table 24**

Fiscal Year	Hillside Recreation Center Series 1997		Skyview Softball Complex Series 1999		Old City Hall Project Series 2000		Total Certificate of Participation Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	
2003	\$110,000	\$54,940	\$150,000	\$203,222	\$245,000	\$364,105	\$1,127,267
2004	115,000	49,550	155,000	196,773	255,000	352,958	1,124,281
2005	120,000	43,915	165,000	189,953	270,000	341,228	1,130,096
2006	125,000	37,915	175,000	182,528	285,000	328,672	1,134,115
2007	130,000	31,665	180,000	174,477	295,000	315,277	1,126,419
2008	140,000	25,035	190,000	166,017	315,000	301,265	1,137,317
2009	335,000	17,755	200,000	156,802	330,000	285,515	1,325,072
2010			210,000	146,902	345,000	269,015	970,917
2011			220,000	136,403	365,000	251,765	973,168
2012			235,000	125,183	385,000	233,515	978,698
2013			245,000	112,962	405,000	213,687	976,649
2014			260,000	99,855	425,000	192,425	977,280
2015			275,000	85,685	450,000	169,900	980,585
2016			290,000	70,560	475,000	145,825	981,385
2017			305,000	54,320	500,000	120,175	979,495
2018			325,000	37,240	530,000	92,675	984,915
2019			340,000	19,040	560,000	63,525	982,565
2020					595,000	32,725	627,725
Total	\$1,075,000	\$260,775	\$3,920,000	\$2,157,922	\$7,030,000	\$4,074,252	\$18,517,949

**SPECIAL ASSESSMENT BONDS AND NOTES
DEBT SERVICE REQUIREMENTS
TO MATURITY
at December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Table 25**

Fiscal Year	Woodmen Valley ID		Uintah Street ID	
	Principal	Interest	Principal	Interest
2003	\$74,001	\$53,147	\$583	\$541
2004	79,181	47,967	633	491
2005	84,724	42,424	687	437
2006	90,655	36,493	746	378
2007	97,000	30,147	810	315
2008	103,790	23,357	879	245
2009	111,056	16,092	954	170
2010	118,830	8,318	1,036	89
Total	\$759,237	\$257,945	\$6,328	\$2,666

Fiscal Year	Garden of the Gods ID		Carmel ID	
	Principal	Interest	Principal	Interest
2003	\$3,235	\$926	\$10,421	\$9,402
2004	3,518	643	11,293	8,530
2005	3,826	334	12,238	7,585
2006			13,262	6,561
2007			14,373	5,450
2008			15,575	4,247
2009			16,879	2,944
2010			18,292	1,531
Total	\$10,579	\$1,903	\$112,333	\$46,250

**SPECIAL ASSESSMENT BONDS AND NOTES
DEBT SERVICE REQUIREMENTS
TO MATURITY
at December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Table 25
(Continued)**

Fiscal Year	15th & Spring ID		Broadmoor West ID		Total Requirements
	Principal	Interest	Principal	Interest	
2003	\$1,085	\$1,303	\$1,638	\$1,943	\$158,225
2004	1,185	1,204	1,786	1,794	158,225
2005	1,293	1,095	1,948	1,632	158,223
2006	1,411	977	2,125	1,455	154,063
2007	1,541	847	2,318	1,262	154,063
2008	1,682	706	2,529	1,051	154,061
2009	1,836	552	2,759	821	154,063
2010	2,004	384	3,009	571	154,064
2011	2,188	201	3,282	298	5,969
Total	\$14,225	\$7,269	\$21,394	\$10,827	\$1,250,956

**HOSPITAL REVENUE BONDS
DEBT SERVICE REQUIREMENTS
TO MATURITY
at December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Table 26**

Fiscal Year	Project Bonds Series 1995		Refunding Bonds Series 1995		Refunding Bonds Series 2000	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$5,000	\$3,656,826	\$1,860,000	\$962,282		\$3,813,844
2004	5,000	3,656,566	1,955,000	865,562		3,813,844
2005	5,000	3,656,300	2,060,000	761,948		3,813,844
2006	10,000	3,656,030	2,170,000	650,708		3,813,844
2007	10,000	3,655,480	2,290,000	531,358		3,813,844
2008	210,000	3,654,920	2,215,000	403,118		3,813,844
2009	225,000	3,642,950	2,340,000	276,862		3,813,844
2010	235,000	3,630,010	2,475,000	142,310		3,813,844
2011	2,870,000	3,616,500				3,813,844
2012	3,040,000	3,444,300				3,813,844
2013	3,225,000	3,261,900				3,813,844
2014	3,415,000	3,068,400				3,813,844
2015	3,620,000	2,863,500				3,813,844
2016	3,840,000	2,646,300				3,813,844
2017	4,070,000	2,415,900				3,813,844
2018	4,315,000	2,171,700				3,813,844
2019	4,570,000	1,912,800				3,813,844
2020	4,845,000	1,638,600				3,813,844
2021	5,135,000	1,347,900				3,813,844
2022	5,445,000	1,039,800				3,813,844
2023	5,770,000	713,100				3,813,844
2024	6,115,000	366,900				3,813,844
2025					\$8,495,000	3,813,844
2026					9,040,000	3,272,288
2027					9,615,000	2,695,988
2028					10,225,000	2,083,031
2029					10,880,000	1,431,188
2030					11,570,000	737,588
2031						
2032						
Total	\$60,980,000	\$59,716,682	\$17,365,000	\$4,594,148	\$59,825,000	\$97,938,495

**HOSPITAL REVENUE BONDS
DEBT SERVICE REQUIREMENTS
TO MATURITY
at December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Table 26
(Continued)**

Fiscal Year	Project Bonds Series 2002		Total Requirements
	Principal	Interest	
2003	\$0	\$4,494,400	\$14,792,352
2004	2,120,000	4,494,400	16,910,372
2005	2,205,000	4,409,600	16,911,692
2006	2,295,000	4,321,400	16,916,982
2007	2,385,000	4,229,600	16,915,282
2008	2,480,000	4,134,200	16,911,082
2009	2,580,000	4,035,000	16,913,656
2010	2,685,000	3,931,800	16,912,964
2011	2,790,000	3,824,400	16,914,744
2012	2,905,000	3,712,800	16,915,944
2013	3,020,000	3,596,600	16,917,344
2014	3,140,000	3,475,800	16,913,044
2015	3,265,000	3,350,200	16,912,544
2016	3,395,000	3,219,600	16,914,744
2017	3,530,000	3,083,800	16,913,544
2018	3,675,000	2,942,600	16,918,144
2019	3,820,000	2,795,600	16,912,244
2020	3,975,000	2,642,800	16,915,244
2021	4,130,000	2,483,800	16,910,544
2022	4,300,000	2,318,600	16,917,244
2023	4,470,000	2,146,600	16,913,544
2024	4,650,000	1,967,800	16,913,544
2025	4,835,000	1,781,800	18,925,644
2026	5,030,000	1,588,400	18,930,688
2027	5,230,000	1,387,200	18,928,188
2028	5,440,000	1,178,000	18,926,031
2029	5,655,000	960,400	18,926,588
2030	5,880,000	734,200	18,921,788
2031	6,115,000	499,000	6,614,000
2032	6,360,000	254,400	6,614,400
Total	\$112,360,000	\$83,994,800	\$496,774,125

**UTILITIES REVENUE BONDS
DEBT SERVICE REQUIREMENTS
TO MATURITY
at December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Table 27**

Fiscal Year	Utilities Series 1994A		Utilities Series 1996A		Utilities Series 1996B	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$485,000	\$5,882,615	\$215,000	\$3,440,972	\$380,000	\$122,289
2004	505,000	5,860,790	230,000	3,429,150	405,000	94,930
2005	530,000	5,838,065	235,000	3,416,500	430,000	65,568
2006	555,000	5,813,685	250,000	3,403,575	465,000	34,178
2007	580,000	5,788,155	265,000	3,389,825		
2008	605,000	5,760,895	280,000	3,375,250		
2009	635,000	5,731,855	290,000	3,359,150		
2010	1,410,000	5,700,740	305,000	3,342,475		
2011	1,485,000	5,630,240	325,000	3,324,938		
2012	1,545,000	5,555,990	340,000	3,306,250		
2013	7,515,000	5,478,740	360,000	3,286,700		
2014	1,620,000	5,102,990	380,000	3,266,000		
2015	1,700,000	5,021,990	400,000	3,244,150		
2016	11,350,000	4,936,990	420,000	3,221,150		
2017	11,915,000	4,358,140	445,000	3,197,000		
2018	12,480,000	3,750,475	470,000	3,171,413		
2019	12,615,000	3,110,875	495,000	3,144,388		
2020	5,185,000	2,464,356	525,000	3,115,925		
2021	4,645,000	2,198,625	555,000	3,085,738		
2022	33,700,000	1,960,569	585,000	3,053,825		
2023	4,555,000	233,444	615,000	3,020,188		
2024			27,735,000	2,984,825		
2025			24,175,000	1,390,063		
2026						
2027						
2028						
2029						
2030						
Total	<u>\$115,615,000</u>	<u>\$96,180,224</u>	<u>\$59,895,000</u>	<u>\$72,969,450</u>	<u>\$1,680,000</u>	<u>\$316,965</u>

Note: Does not include revenue bonds of component units.

**UTILITIES REVENUE BONDS
DEBT SERVICE REQUIREMENTS
TO MATURITY
at December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Table 27
(Continued)**

Fiscal Year	Utilities Series 1997A		Utilities Series 1998A		Utilities Series 1999A	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$455,000	\$6,058,159	\$720,000	\$1,871,856	\$305,000	\$3,676,657
2004	480,000	6,035,414	750,000	1,838,556	325,000	3,663,694
2005	500,000	6,011,414	760,000	1,803,869	355,000	3,649,882
2006	525,000	5,986,414	765,000	1,768,719	370,000	3,634,350
2007	1,070,000	5,960,164	770,000	1,733,338	390,000	3,617,700
2008	1,120,000	5,906,664	800,000	1,697,725	405,000	3,599,663
2009	1,175,000	5,850,664	555,000	1,660,725	425,000	3,580,425
2010	1,235,000	5,791,914	630,000	1,635,056	450,000	3,559,707
2011	1,300,000	5,730,164	670,000	1,605,919	470,000	3,537,207
2012	1,365,000	5,665,164	765,000	1,574,931	495,000	3,513,705
2013	1,485,000	5,595,208	740,000	1,539,550	525,000	3,488,363
2014	1,505,000	5,517,988	800,000	1,505,325	550,000	3,461,456
2015	1,590,000	5,438,975	880,000	1,468,325	600,000	3,432,581
2016	1,670,000	5,355,500	105,000	1,426,525	610,000	3,401,081
2017	1,760,000	5,267,825	180,000	1,421,538	650,000	3,369,056
2018	1,860,000	5,175,425	265,000	1,412,988	685,000	3,334,119
2019	1,950,000	5,077,775	265,000	1,400,400	725,000	3,297,300
2020	2,055,000	4,975,400	2,540,000	1,387,813	765,000	3,257,425
2021	2,020,000	4,867,513	2,665,000	1,267,163	795,000	3,215,350
2022	2,135,000	4,761,463	2,800,000	1,140,575	840,000	3,171,625
2023	32,720,000	4,649,375	3,350,000	1,007,575	870,000	3,125,425
2024	11,380,000	2,890,675	4,310,000	848,448	920,000	3,077,575
2025	16,650,000	2,279,000	2,910,000	643,725	965,000	3,026,975
2026	25,750,000	1,384,063		505,500	1,020,000	2,973,900
2027			10,110,000	505,500	5,485,000	2,915,250
2028					45,215,000	2,599,863
2029						
2030						
Total	\$113,755,000	\$122,232,320	\$39,105,000	\$34,671,644	\$65,210,000	\$87,180,334

Note: Does not include revenue bonds of component units.

**UTILITIES REVENUE BONDS
DEBT SERVICE REQUIREMENTS
TO MATURITY
at December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Table 27
(Continued)**

Fiscal Year	Utilities Series 2000A		Utilities Series 2000B		Utilities Series 2001A	
	Principal	Interest	Principal	Interest	Principal	Interest
2003		\$4,400,000	\$420,000	\$1,067,625	\$10,640,000	\$14,701,669
2004		4,400,000	450,000	1,036,125	11,145,000	14,189,545
2005		4,400,000	480,000	1,002,375	11,715,000	13,678,845
2006		4,400,000	510,000	966,375	12,235,000	13,134,945
2007		4,400,000	545,000	928,125	12,825,000	12,525,433
2008		4,400,000	580,000	887,250	13,430,000	11,872,070
2009		4,400,000	620,000	843,750	14,190,000	11,197,683
2010		4,400,000	660,000	797,250	14,350,000	10,481,676
2011		4,400,000	705,000	747,750	15,655,000	9,750,719
2012		4,400,000	760,000	694,875	16,650,000	8,951,394
2013		4,400,000	815,000	637,875	12,390,000	8,056,456
2014		4,400,000	875,000	576,750	19,825,000	7,390,494
2015		4,400,000	940,000	511,125	21,230,000	6,324,900
2016		4,400,000	1,010,000	440,625	2,085,000	5,183,788
2017		4,400,000	1,090,000	364,875	2,200,000	5,084,750
2018		4,400,000	1,170,000	283,125	2,320,000	4,969,250
2019		4,400,000	1,255,000	195,375	2,965,000	4,853,250
2020		4,400,000	1,350,000	101,250	11,195,000	4,705,000
2021		4,400,000			30,985,000	4,145,250
2022		4,400,000			3,705,000	2,596,000
2023		4,400,000			3,895,000	2,410,750
2024		4,400,000			4,085,000	2,216,000
2025		4,400,000			4,395,000	2,011,750
2026		4,400,000			4,655,000	1,792,000
2027		4,400,000			4,850,000	1,559,250
2028		4,400,000			5,010,000	1,316,750
2029	\$110,000,000	4,400,000			21,325,000	1,066,250
2030						
Total	\$110,000,000	\$118,800,000	\$14,235,000	\$12,082,500	\$289,950,000	\$186,165,867

Note: Does not include revenue bonds of component units.

Note: Series 2000A has a variable interest rate. The assumed rate listed is 4.00%. For current rate, see the Summary of Long-term Debt note.

**UTILITIES REVENUE BONDS
DEBT SERVICE REQUIREMENTS
TO MATURITY
at December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Table 27
(Continued)**

Fiscal Year	Utilities Series 2002A		Utilities Series 2002B	
	Principal	Interest	Principal	Interest
2003		\$4,010,581		\$5,192,661
2004		4,010,581		5,434,180
2005		4,010,581		5,434,180
2006		4,010,581	\$330,000	5,434,180
2007		4,010,581	455,000	5,420,980
2008		4,010,581	600,000	5,402,780
2009	\$130,000	4,010,581	755,000	5,378,780
2010	285,000	4,003,757	925,000	5,348,580
2011	500,000	3,988,794	1,100,000	5,311,580
2012	580,000	3,962,544	1,300,000	5,256,580
2013	610,000	3,932,094	1,510,000	5,191,580
2014	640,000	3,900,069	1,735,000	5,116,080
2015	675,000	3,866,469	1,980,000	5,046,680
2016	12,790,000	3,831,031	2,235,000	4,965,500
2017	13,490,000	3,143,569	2,510,000	4,853,750
2018	14,220,000	2,418,481	2,805,000	4,728,250
2019	14,985,000	1,654,156	3,115,000	4,588,000
2020	15,790,000	848,713	3,445,000	4,432,250
2021			3,795,000	4,260,000
2022			4,170,000	4,070,250
2023			4,565,000	3,861,750
2024			4,985,000	3,633,500
2025			5,430,000	3,384,250
2026			5,905,000	3,112,750
2027			6,395,000	2,817,500
2028			9,510,000	2,497,750
2029			10,210,000	2,022,250
2030			30,235,000	1,511,750
Total	\$74,695,000	\$63,623,744	\$110,000,000	\$123,708,321

Note: Does not include revenue bonds of component units.

**UTILITIES REVENUE BONDS
DEBT SERVICE REQUIREMENTS
TO MATURITY
at December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Table 27
(Continued)**

Fiscal Year	Utilities Series 2002C		Total Utilities Fund Revenue Bond Requirements
	Principal	Interest	
2003		\$1,226,268	\$65,271,352
2004		1,325,695	65,608,660
2005		1,325,695	65,641,974
2006		1,325,695	65,917,697
2007		1,325,695	65,999,996
2008		1,325,695	66,058,573
2009		1,325,695	66,114,308
2010		1,325,695	66,636,850
2011		1,325,695	67,563,006
2012		1,325,695	68,007,128
2013		1,325,695	68,882,261
2014		1,325,695	69,492,847
2015		1,325,695	70,075,890
2016		1,325,695	70,762,885
2017		1,325,695	71,026,198
2018		1,325,695	71,244,221
2019		1,325,695	71,417,214
2020		1,325,695	73,863,827
2021		1,325,695	74,225,334
2022		1,325,695	74,415,002
2023		1,325,695	74,604,202
2024		1,325,695	74,791,718
2025		1,325,695	72,986,458
2026		1,325,695	52,823,908
2027	\$27,055,000	1,325,695	67,418,195
2028			70,549,363
2029			149,023,500
2030			31,746,750
Total	<u>\$27,055,000</u>	<u>\$33,042,948</u>	<u>\$1,972,169,317</u>

Note: Does not include revenue bonds of component units.

Note: Series 2002C has a variable interest rate. The assumed rate listed is 4.9%. For current rate, see the Summary of Long-term Debt note.

**AIRPORT GROSS INCOME FUND
DEBT SERVICE REQUIREMENTS
TO MATURITY
at December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Table 28**

Fiscal Year	Series 1992C		Series 1996A	
	Principal	Interest	Principal	Interest
2003	\$1,670,000		\$355,000	\$557,758
2004	1,670,000		375,000	541,782
2005	1,670,000		390,000	524,532
2006	1,675,000		410,000	506,202
2007	1,675,000		430,000	486,522
2008	1,533,187	\$141,813	450,000	465,452
2009	494,912	1,180,088	470,000	442,952
2010	461,111	1,213,889	495,000	418,982
2011			520,000	393,490
2012			550,000	366,450
2013			575,000	337,575
2014			605,000	307,388
2015			640,000	275,625
2016			675,000	242,025
2017			710,000	206,588
2018			745,000	169,312
2019			785,000	130,200
2020			825,000	88,988
2021			870,000	45,675
Total	\$10,849,210	\$2,535,790	\$10,875,000	\$6,507,498

**AIRPORT GROSS INCOME FUND
DEBT SERVICE REQUIREMENTS
TO MATURITY
at December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Table 28
(Continued)**

Fiscal Year	Series 1996B		Series 2002		Total Requirements
	Principal	Interest	Principal	Interest	
2003	\$100,000	\$163,240	\$775,000	\$2,201,943	\$5,822,941
2004	105,000	158,590	970,000	2,009,313	5,829,685
2005	110,000	153,603	1,000,000	1,980,213	5,828,348
2006	115,000	148,268	1,030,000	1,950,213	5,834,683
2007	120,000	142,576	1,060,000	1,919,312	5,833,410
2008	125,000	136,516	1,100,000	1,882,212	5,834,180
2009	130,000	130,078	750,000	1,840,962	5,438,992
2010	140,000	123,253	780,000	1,810,962	5,443,197
2011	145,000	115,833	2,490,000	1,777,812	5,442,135
2012	155,000	108,076	2,625,000	1,640,862	5,445,388
2013	160,000	99,550	2,770,000	1,496,488	5,438,613
2014	170,000	90,750	2,920,000	1,344,138	5,437,276
2015	180,000	81,400	3,055,000	1,212,738	5,444,763
2016	190,000	71,500	3,200,000	1,067,625	5,446,150
2017	200,000	61,050	3,350,000	915,625	5,443,263
2018	210,000	50,050	3,510,000	756,500	5,440,862
2019	220,000	38,500	3,685,000	581,000	5,439,700
2020	235,000	26,400	3,870,000	396,750	5,442,138
2021	245,000	13,476	4,065,000	203,250	5,442,401
Total	\$3,055,000	\$1,912,709	\$43,005,000	\$26,987,918	\$105,728,125

**PARKING SYSTEM REVENUE BONDS
DEBT SERVICE REQUIREMENTS
TO MATURITY
at December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Table 29**

Fiscal Year	Series 1999		Total Requirements
	Principal	Interest	
2003	\$360,000	\$345,339	\$705,339
2004	375,000	330,939	705,939
2005	385,000	315,939	700,939
2006	400,000	300,539	700,539
2007	420,000	284,539	704,539
2008	435,000	267,739	702,739
2009	455,000	250,339	705,339
2010	475,000	232,139	707,139
2011	495,000	212,664	707,664
2012	515,000	191,874	706,874
2013	540,000	169,729	709,729
2014	565,000	145,968	710,968
2015	595,000	120,543	715,543
2016	625,000	93,025	718,025
2017	655,000	63,650	718,650
2018	685,000	32,537	717,537
Total	\$7,980,000	\$3,357,502	\$11,337,502

**CITY INVESTMENTS
AT MARKET VALUE
at December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Table 30**

MANAGEMENT COMPANY	MARKET VALUE	WEIGHTED AVERAGE YIELD	WEIGHTED AVERAGE MATURITY (DAYS)
CASH MANAGEMENT INVESTMENTS:			
MBIA Municipal Investors			
Cash Management Account			
Repurchase agreements	\$19,951,575	1.08%	1
U.S. Treasury bills/notes	30,054,265	3.67%	257
U.S Instrumentality obligations	72,193,245	4.51%	584
Sub-total	122,199,085		
MBIA Municipal Investors			
Reserve Account			
COLOTRUST	584,461	1.28%	1
U.S. Treasury bills/notes	263,819	5.80%	120
U.S Instrumentality obligations	9,717,517	4.21%	902
Other	2,516,004	5.20%	270
Sub-total	13,081,801		
Stein Roe			
Reserve Account			
U.S. Treasury bills/notes	893,826	*	n/a
U.S Instrumentality obligations	6,880,985	*	n/a
Other	3,081,814	*	n/a
Sub-total	10,856,625		
DEBT SERVICE RESERVES:			
Bayerische Landesbank			
Airport 1996	1,180,628	5.52%	6941
Bayerische Landesbank			
Airport 2002A & 1992C Bond Reserve	4,654,055	2.51%	6941
BONDS/CERTIFICATES OF PARTICIPATION PROCEEDS:			
Morgan Stanley			
1999 Sales Tax Revenue	14,647,236	1.06%	1
COLOTRUST			
1999 Parking Bond	715,216	1.28%	1
Bank of Cherry Creek			
COLOTRUST	70,571	1.28%	1
Federal Obligation Money Market	161,500	*	n/a
U.S. Treasury bills/notes	370,255	*	n/a
U.S Instrumentality obligations	639,815	*	n/a
OTHER INVESTMENTS:			
Merrill Lynch			
C.D. Smith Trust	557,810	n/a	n/a
Oppenheimer Inc.			
Cemetery Endowment	5,811,438	n/a	n/a
Bank One			
BL Ranch	11,407	n/a	n/a
US Bank			
Colorado Center JV Agreement	34,569	n/a	n/a
Sub-total	28,854,500		
Total Investments	\$174,992,011		

* Information is not available.

Note: Investments of the Utilities fund are presented in Table T-31.

Excludes component units, pension investments and the Memorial Hospital.

**COLORADO SPRINGS UTILITIES
SUMMARY OF SELECTED INVESTMENT STATISTICS
December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
TABLE 31**

FUND AND SECURITY TYPE	PAR VALUE	WEIGHTED AVERAGE YIELD TO MATURITY	WEIGHTED AVERAGE DAYS TO MATURITY
CURRENT INVESTMENTS			
L.B. Managed T-BILLS, T-NOTES	\$40,189,000	2.6150%	334.00
US BANK OPERATING ACCOUNT	87,282	1.2400%	1.00
BANK ONE OPERATING ACCOUNT	73,570,855	1.3900%	1.00
WELLS FARGO - SAFEKEEPING	2,501	0.0400%	1.00
P&I AND REBATE FUNDS			
T-NOTES	7,554,092	2.0953%	133.48
2001A ACQUISITION FUND			
LEHMAN BROS			
REPURCHASE AGREEMENT	12,133,470	3.5070%	15.00
2002B ACQUISITION FUND			
COLOTRUST	111,227,502	1.3500%	1.00
2002C ACQUISITION FUND			
CSAFE	6,512,114	1.3600%	1.00
COPE T-NOTE - WELLS FARGO	157,000	2.2110%	119.00
COMMON BOND RESERVE FUND			
T-NOTES	23,644,000	5.4010%	509.00
CASH - BANK ONE	1,385,679	1.3900%	1.00
TOTAL	\$276,463,495	2.0069%	97.15

**MUNICIPAL SOLID WASTE LANDFILL
CLOSURE AND POSTCLOSURE CARE COSTS
at December 31, 2002**

**CITY OF COLORADO SPRINGS
COLORADO
Table 32**

Facility	Closure Costs	Postclosure Costs	Total Cost	Percentage of Capacity Used
Hancock	\$214,853	\$288,183	\$503,036	n/a
Hanna Ranch - Gravel Pit #1	627,669	287,337	915,006	35.43%
Hanna Ranch - Ash Disposal	1,152,499	117,079	1,269,578	45.38%
Hanna Ranch - Solids Disposal	361,441	820,575	1,182,016	26.63%
Total Cost	\$2,356,462	\$1,513,174	\$3,869,636	

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**

**CITY OF COLORADO SPRINGS
COLORADO
Table 33**

Form Approved
OMB No. 2125-0032

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 2002
This Information From The Records Of (example - City of _ or County of _):	Prepared By: Phone:	Sallie M. Stokes (719) 385-5211

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)	13,851,337
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	7,663,959
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	9,049,466
2. General fund appropriations	31,750,652	b. Snow and ice removal	1,300,000
3. Other local imposts (from page 2)	10,007,564	c. Other (ADA curb ramps/sidewalks)	525,939
4. Miscellaneous local receipts (from page 2)	1,905,458	d. Total (a. through c.)	10,875,405
5. Transfers from toll facilities		4. General administration & miscellaneous	6,477,288
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	23,742,599
a. Bonds - Original Issues		6. Total (1 through 5)	62,610,588
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	2,258,445
7. Total (1 through 6)	43,663,674	b. Redemption	3,435,088
B. Private Contributions		c. Total (a. + b.)	5,693,533
C. Receipts from State government (from page 2)	15,511,664	2. Notes:	
D. Receipts from Federal Government (from page 2)	232,336	a. Interest	
E. Total receipts (A.7 + B + C + D)	59,407,674	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	5,693,533
		C. Payments to State for highways	2,825
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	68,306,946

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	49,073,125	29,508	3,435,088	45,667,545
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
	33,101,550	59,407,674	68,306,946	24,202,278	0

Notes and Comments:

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

**CITY OF COLORADO SPRINGS
COLORADO**

**Table 33
(Continued)**

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2001	
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 Assesments		a. Interest on investments	905,267
b. Other local imposts:		b. Other	1,000,191
1. Sales Taxes		c. Transfers	
2. Traffic Fines	3,811,805	d. Capital Credits	
3. Specific Ownership Tax	2,826,082	e. Sale of Assets	
4. From Cities/Counties		f. Fees/Licenses/Permits	
5. From Cities/Counties	3,369,677	g. Service Performed	
6. Total (1. through 5.)	10,007,564	h. Refunds of Expenditures	
c. Total (a. + b.)	10,007,564	i. Total (a. through h.)	1,905,458
	(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	13,353,997	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registration	1,214,467	d. Mineral Leasing	
d. (Specify) CML	943,200	e. Pay Lieu of Tax	
e. (Specify)		f. Other Federal (CDBG)	232,336
f. Total (a. through e.)	2,157,667	g. Total (a. through f.)	232,336
4. Total (1. + 2. + 3.f)	15,511,664	3. Total (1. + 2.g)	232,336
			(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			519,480
b. Engineering Costs			1,546,705
c. Construction:			
(1). Capacity Improvements			6,025,190
(2). System Preservation			3,427,597
(3). Safety And Other			2,332,365
(4). Total Construction (1)+(2)+(3)		0	11,785,152
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)		0	13,851,337
			(Carry forward to page 1)
Notes and Comments:			



CITY OF COLORADO SPRINGS