

# Comprehensive Annual Financial Report

For the year ended December 31, 2003



City of Colorado Springs,  
Colorado

Comprehensive Annual  
Financial Report

of the

City of Colorado Springs,  
Colorado

For the fiscal year ended  
December 31, 2003

Finance Office

Steve Hilfers, Finance Director

Terri Velasquez, Accounting/Payroll Manager



CITY OF COLORADO SPRINGS

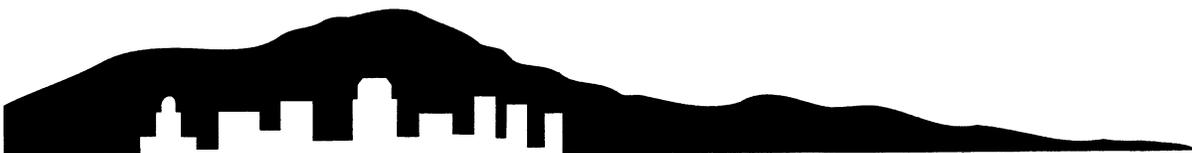
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CITY OF COLORADO SPRINGS

# INTRODUCTORY SECTION



CITY OF COLORADO SPRINGS



June 25, 2004

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, 2003 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.

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

## **INTRODUCTION**

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 a full range of municipal government services to approximately 373,000 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 a development review activity.

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, the Regional Water Infrastructure 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.

## **LONG-TERM FINANCIAL PLANNING**

Beginning in the fall of 2003, City Council engaged in a process to update the City's Strategic Action Plan (the Plan). The Plan encompasses the years 2004 through 2009, with annual adjustments to be made by City Council as conditions warrant. Generally, the Plan provides for six specific focus areas:

### **Transportation**

Provide an effective, efficient, affordable and sustainable transportation network.

### **Public Safety**

Proactively safeguard our community as our family by providing principled police and fire services.

### **Infrastructure**

Improve and maintain existing infrastructure and leverage opportunities for new infrastructure.

### **Economic Development**

Foster an environment that makes Colorado Springs an attractive location for quality jobs and businesses for generations to come.

### **Community Development and Growth**

Preserve sustainable and affordable quality of life while protecting the environment to foster pride in vibrant neighborhoods and promote identification with the larger community.

### **Citizen Services and City Workforce**

Provide an environment that supports a diverse, high-performing workforce that delivers superior, cost-effective city services to the public.

## **CASH MANAGEMENT**

The City attempts to remain abreast of current developments and procedures in cash management to ensure the safe, efficient, and profitable use of its idle cash resources. Idle funds are invested primarily in United States Treasury and Instrumentality

obligations and repurchase agreements collateralized by these securities. The City investment policy is designed to provide liquidity sufficient to cover normal cash operating requirements.

In accordance with Colorado State Statute, eligible public depositories are required to collateralize all public deposits with securities having a market value of at least 102% of the deposit. At December 31, 2003, all City deposits were held in eligible public depositories and were properly collateralized. All United States securities were purchased as "payment upon delivery" and are held in safekeeping at the City's designated safe-keeping institution. Similarly, the City's agent takes possession of underlying collateral in the City's name for all repurchase agreements.

At December 31, 2003, the City is invested primarily in US Treasury and Instrumentality securities and repurchase agreements collateralized by these securities. The pension fund is invested in real estate, equities and other securities. The notes to the financial statements provide further detail regarding investments of the City at year end.

The City's cash management portfolio of approximately \$122.9 million (fair value) is rated as 'AAAV1+' by Fitch IBCA. This is the highest rating that Fitch assigns and affirms the high credit quality and low volatility of the City's investment securities.

## **RISK MANAGEMENT**

The City has established a risk management division to coordinate and administer a workers compensation, property and general liability insurance program for all its activities and operations. For workers compensation coverage, except for Memorial Hospital (the Hospital), the City has purchased commercial insurance to cover losses in excess of \$500,000 per occurrence. The City pays losses less than this amount through its Workers Compensation Self-Insurance fund. The Hospital purchases workers compensation coverage from the State Workers Compensation Insurance fund.

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.

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

## **PENSION AND POST-EMPLOYMENT BENEFITS**

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). Bi-annually, an independent actuary, engaged by each pension plan, calculates the amount of annual contribution that the City must make to the pension plans to ensure that the plans will be able to fully meet their obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plan as determined by the actuary. As a result of the conservative funding policy, the City has succeeded, as of December 31, 2003, in adequately funding the present value of the projected benefits earned by employees. The actuary information for the pension funds is available on Exhibits 16 and 17 of this report.

The City also provides pension benefits for its non-public safety employees. 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). The City has no obligation in connection with the employee benefits offered through this plan beyond its annual contractual payment to PERA.

The City also provides postretirement health care benefits for certain retirees and their dependents. These benefits are financed on a pay-as-you-go basis. GAAP do not require governments to report a liability on the financial statements in connection with an employer's obligation to provide these benefits.

Additional information on the City's pension arrangements and post-employment benefits can be found in the notes to the financial statements.

## **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, 2003, 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.

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, 2002, the thirteenth 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.

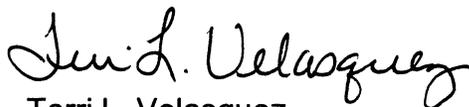
## **ACKNOWLEDGMENTS**

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, 2002

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



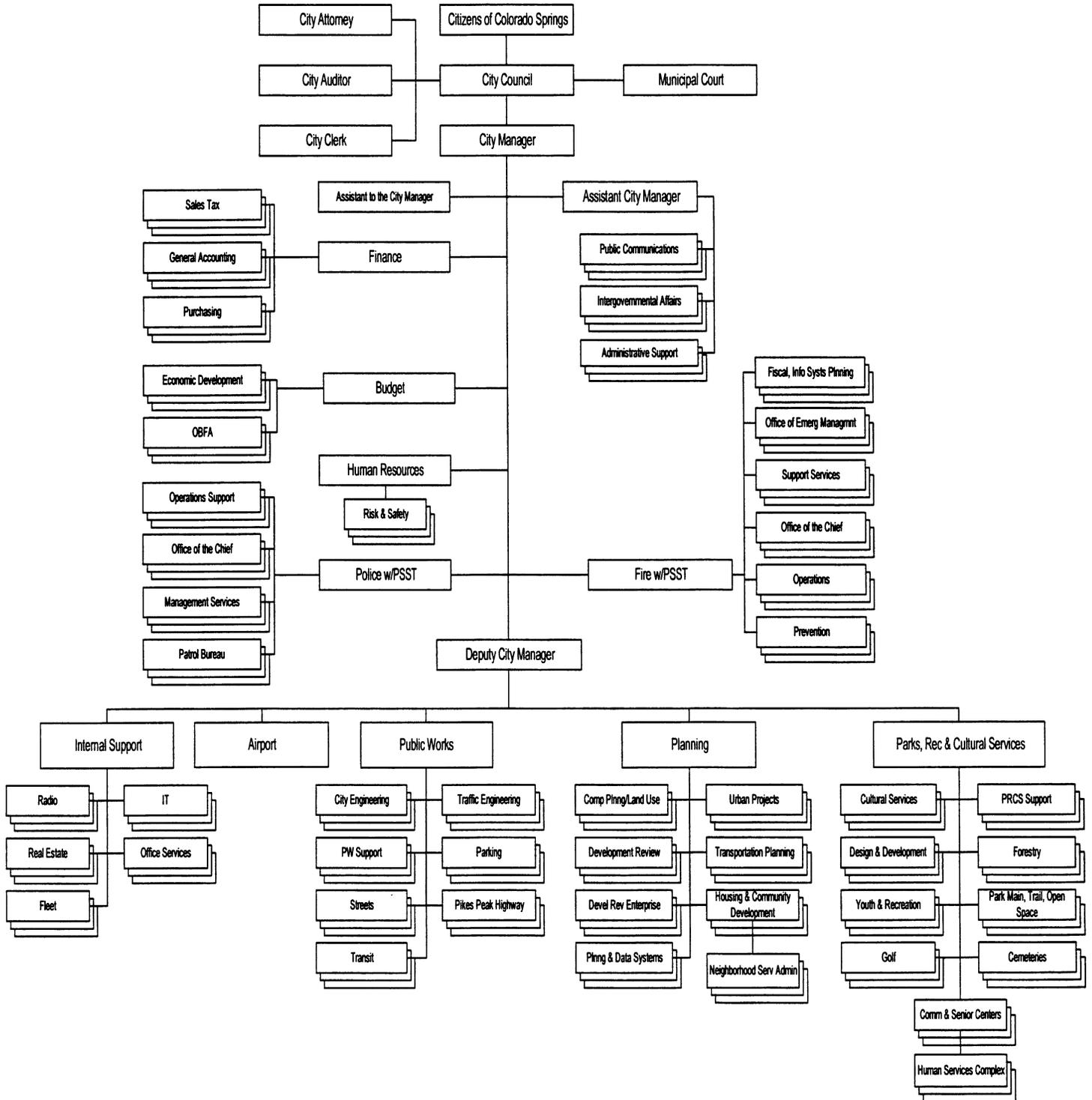
President

Executive Director



# 2003 City Organizational Structure

June 2, 2003



# CITY OF COLORADO SPRINGS, COLORADO

## Officials

### City Council

Lionel Rivera, Mayor

Richard Skorman

Margaret Radford

Tom Gallagher

Randy Purvis

Jerry Heimlicher

Larry Small

Scott Hente

Darryl Glenn

#### Utilities Director

Phillip Tollefson

#### City Manager

Lorne C. Kramer

#### Hospital Director

Richard Eitel

#### Deputy City Manager

David D. Nickerson

#### Assistant City Manager

Mary S. Collins

### City Department Directors

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

Patricia K. Kelly, City Attorney

Michael D. Hall, City Auditor

Kathryn M. Young, City Clerk

Stephen F. Wheeler, Municipal Court Administrator

# **CITY OF COLORADO SPRINGS, COLORADO**

## **Officials (continued)**

### **Memorial Hospital Board of Trustees**

Huey P. Allen	Curtis C. Brown, Chair
Caroline T. Davis	Michael L. Edmonds, Secretary
Lena B. Farmer	Yolanda Fennick
Juan G. Garcia	Steve Goldstone
Thomas R. Hathaway, M.D.	Ellen R. May
James E. Miller	James P. Moore
Marcy Morrison	Robert L. Spears, M.D.
Janice M. Weiland, Vice Chair	Mark C. Duster, M.D., Chief of Staff
Earline Thorpe	



CITY OF COLORADO SPRINGS

# FINANCIAL SECTION

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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, 2003, 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 38 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 91 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 the 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, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in note V.J., the City of Colorado Springs has adjusted beginning net assets for the effect of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The management's discussion and analysis, schedule of funding progress, and schedule of employer contributions 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 May 7, 2004, on our consideration of the City of Colorado Springs, Colorado'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, Colorado's 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 introductory section

and statistical tables 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.

A handwritten signature in black ink that reads "Grant Thornton LLP". The signature is written in a cursive, professional style.

Colorado Springs, Colorado  
May 7, 2004 (except for note V.I., as to  
which the date is May 25, 2004)

## 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, 2003. 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.

### FINANCIAL HIGHLIGHTS

- The assets of the City exceed its liabilities at December 31, 2003 by \$1,893,212,952 (net assets). Of this amount, \$487,321,597 is unrestricted net assets that may be used to meet the government's ongoing obligations to citizens and creditors.
- At December 31, 2003, the City's governmental funds reported combined ending fund balances of \$102,059,246. Approximately (70.1%) of this total amount or \$71,533,294 is unreserved.
- The general fund, presented on a current financial resources basis, reports a fund balance of \$40,952,030 or 20.1% of total 2003 general fund expenditures.
- The City's total debt outstanding was \$1,631,951,857 at December 31, 2003. The key factor for this 9.9% increase over 2002 was the issuance of \$158,310,000 in revenue bonds for Colorado Springs Utilities.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is 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 certain other supplementary information.

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during 2003. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods.

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

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

Expenditures for *business-type activities* of the City support the City's water, sewer, gas, and electricity system, hospital, airport, golf courses, downtown parking facilities, cemeteries, Pikes Peak tourist highway, the Human Services Complex, and the Development Review Program. User fees and charges finance most of these activities.

The component units of the City include several separate legal entities: the Cottonwood and Spring Creek General Improvement Districts, Police and Fire 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, the Regional Water Infrastructure Authority and the Twin Lakes, Lake Meredith, Lake Henry, the Colorado Canal and Reservoir companies and the Pikes Peak Regional Communications Network. Although legally separate, these "component units" are important because the City is financially accountable for them.

## **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 financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

The City adopts an annual appropriated budget for its general fund and a budgetary comparison has been provided to demonstrate compliance with this budget.

***Proprietary funds*** – The City maintains two different types of proprietary funds; *Enterprise funds*, used to report the same functions presented as *business-type activities* in the government-wide financial statements, and *Internal service funds*, used as an accounting device to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet, printing, self-insurance and various other activities of the City. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the 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, but with 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 all considered to be major funds of the City. Conversely, both non-major enterprise funds and internal

service funds are combined into single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds and the internal service funds are provided in the form of *combining statements* elsewhere in this report.

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

The basic fiduciary fund financial statements are presented later in this report.

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

**Other information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and other information concerning the City’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found later in this report. In addition combining and individual fund statements and schedules as well as statistical and other information can be found 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 \$1,893,212,952 at the close of 2003 as compared to \$1,817,357,227 at the close of 2002.

By far the largest portion of the City’s net assets (69.38%) 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’s 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 at December 31, 2003:

<b>City of Colorado Springs</b>						
<b>Net Assets (in 000's)</b>						
	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Total</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
		<b>(as restated)</b>				<b>(as restated)</b>
Current and other assets	\$192,803	\$192,402	\$863,816	\$813,232	\$1,056,619	\$1,005,634
Capital assets	<u>349,348</u>	<u>280,093</u>	<u>2,363,791</u>	<u>2,216,364</u>	<u>2,713,139</u>	<u>2,496,457</u>
<b>Total assets</b>	<u>542,151</u>	<u>472,495</u>	<u>3,227,607</u>	<u>3,029,596</u>	<u>3,769,758</u>	<u>3,502,091</u>
Long-term liabilities	151,808	141,108	1,544,339	1,401,540	1,696,147	1,542,648
Other liabilities	<u>65,830</u>	<u>57,182</u>	<u>114,568</u>	<u>84,904</u>	<u>180,398</u>	<u>142,086</u>
<b>Total liabilities</b>	<u>217,638</u>	<u>198,290</u>	<u>1,658,907</u>	<u>1,486,444</u>	<u>1,876,545</u>	<u>1,684,734</u>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	217,276	173,535	1,096,293	1,068,858	1,313,569	1,242,393
Restricted	16,172	15,263	76,150	74,584	92,322	89,847
Unrestricted	<u>91,065</u>	<u>85,407</u>	<u>396,257</u>	<u>399,710</u>	<u>487,322</u>	<u>485,117</u>
<b>Total net assets</b>	<u>\$324,513</u>	<u>\$274,205</u>	<u>\$1,568,700</u>	<u>\$1,543,152</u>	<u>\$1,893,213</u>	<u>\$1,817,357</u>

The City's combined net assets were \$1,893,212,952 at December 31 2003, of which \$487,321,597 were unrestricted. However, certain of these unrestricted funds are designated for specific, future purposes. All such designations are disclosed in the notes to the financial statements.

The net assets of our business-type activities were \$1,568,699,981 at December 31, 2003. However, these net assets can only be used 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 revenues and expenses for both governmental and business-type activities for 2003:

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

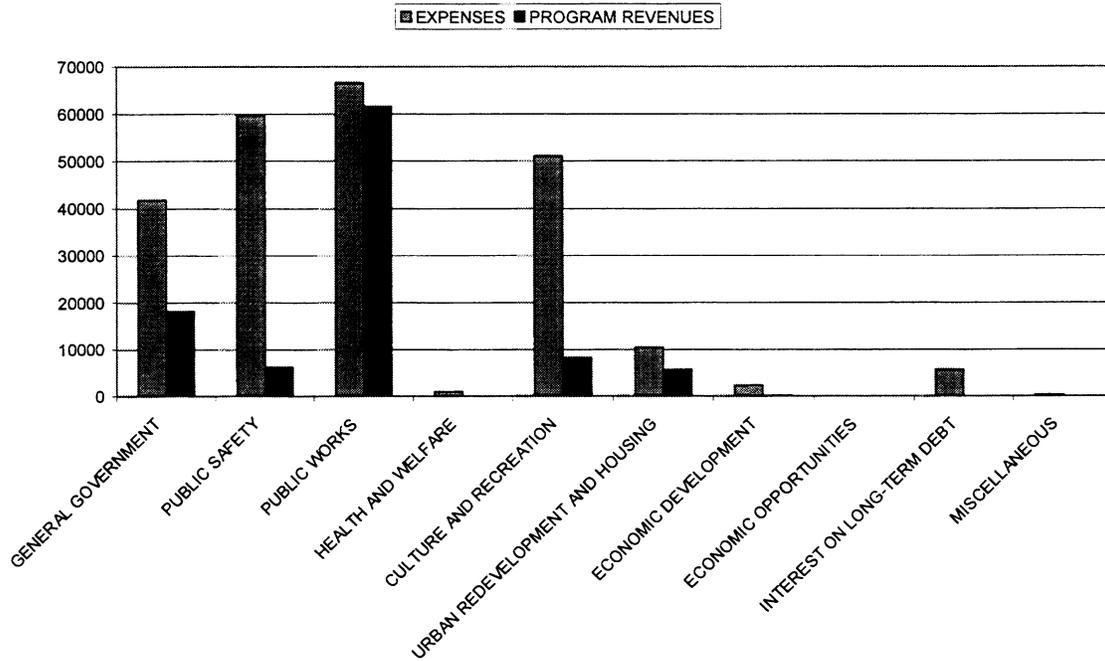
	Governmental Activities		Business-type Activities		Total	
	2003	2002 (as restated)	2003	2002	2003	2002 (as restated)
Revenues:						
Program revenues:						
Charges for services	\$36,572	\$30,219	\$903,217	\$824,067	\$939,789	\$854,286
Operating grants and contributions	15,345	19,778	-	171	15,345	19,949
Capital grants and contributions	48,326	70,969	39,234	49,371	87,560	120,340
General revenues:						
Property taxes	20,444	18,152	-	-	20,444	18,152
Other taxes	142,195	142,407	-	-	142,195	142,407
Contributions to endowments	74	-	-	-	74	-
Investment earnings	4,231	4,433	10,021	4,126	14,252	8,559
Total revenues	<u>267,187</u>	<u>285,958</u>	<u>952,472</u>	<u>877,735</u>	<u>1,219,659</u>	<u>1,163,693</u>
Expenses:						
General government	41,824	38,308	-	-	41,824	38,308
Public safety	59,741	102,030	-	-	59,741	102,030
Public works	66,599	51,340	-	-	66,599	51,340
Health and welfare	965	901	-	-	965	901
Culture and recreation	51,066	21,101	-	-	51,066	21,101
Urban redevelopment	10,446	10,853	-	-	10,446	10,853
Economic development	2,385	2,878	-	-	2,385	2,878
Economic opportunities	13	16	-	-	13	16
Interest on long-term debt	5,743	6,518	-	-	5,743	6,518
Miscellaneous	321	334	-	-	321	334
Utilities	-	-	552,191	458,822	552,191	458,822
Hospital	-	-	320,294	302,379	320,294	302,379
Airport	-	-	22,645	25,270	22,645	25,270
Parking	-	-	2,134	2,964	2,134	2,964
Non-major Enterprises	-	-	7,436	8,196	7,436	8,196
Total expenses	<u>239,103</u>	<u>234,279</u>	<u>904,700</u>	<u>797,631</u>	<u>1,143,803</u>	<u>1,031,910</u>
Increase in net assets before transfers	28,084	51,679	47,772	80,104	75,856	131,783
Transfers	22,224	24,137	(22,224)	(24,137)	-	-
Increase in net assets	<u>50,308</u>	<u>75,816</u>	<u>25,548</u>	<u>55,967</u>	<u>75,856</u>	<u>131,783</u>
Net assets - beginning	<u>274,205</u>	<u>198,389</u>	<u>1,543,152</u>	<u>1,487,185</u>	<u>1,817,357</u>	<u>1,685,574</u>
Net assets - ending	<u>\$324,513</u>	<u>\$274,205</u>	<u>\$1,568,700</u>	<u>\$1,543,152</u>	<u>\$1,893,213</u>	<u>\$1,817,357</u>

Total City revenue was \$1.220 billion and the total cost of all programs and services was \$1.144 billion.

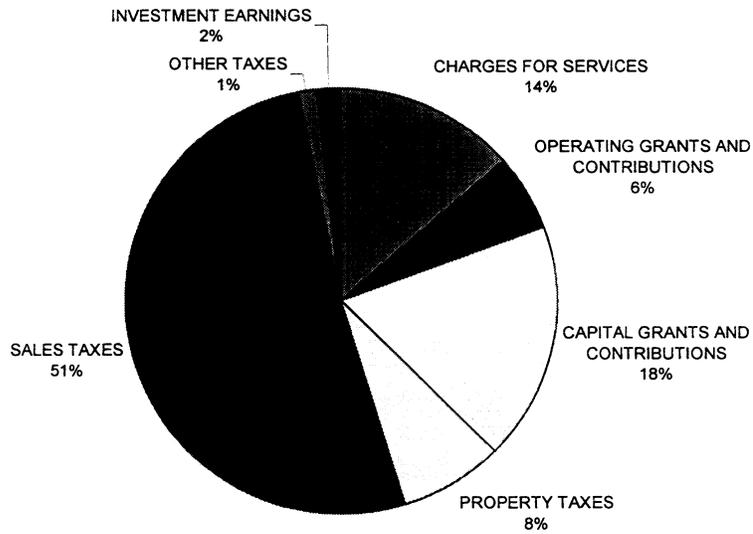
### Governmental Activities

Revenue for the governmental activities was down from 2002 by \$18.8 million due primarily to reduced infrastructure contributions. Expenditures for the governmental activities were up from 2002 expenditures by \$4.8 million.

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



**Revenues by Source - Governmental Activities**

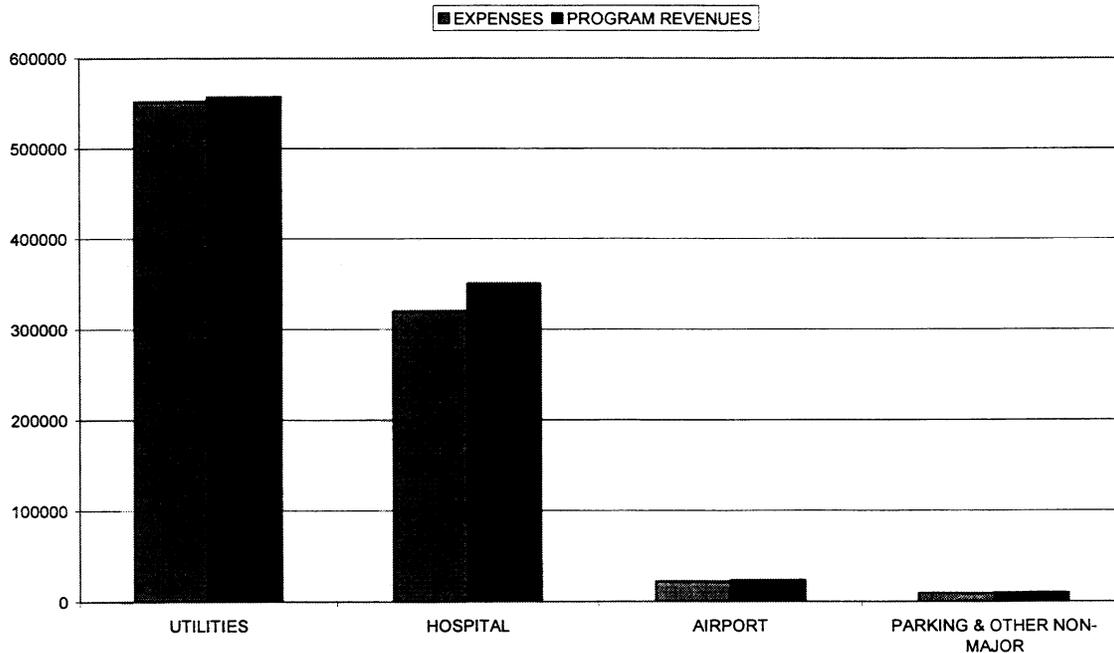


## Business-type Activities

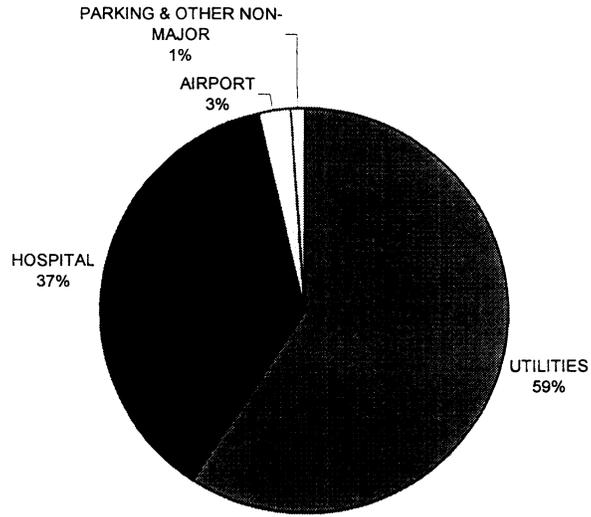
For business-type activities, Utilities shows an increase in operating revenues of \$34.6 million or 7% primarily due to increases in non-regulated revenues of \$26.3 million. Additionally, Utilities shows an increase in operating expenses of \$80.3 million or 19%. The increase was due primarily to increased purchased gas and power expenses of \$47.5 million, increased non-regulated expenses of \$21.3 million, and increased labor and benefits expenses of \$8.2 million.

The Hospital had an increase in operating revenues of \$41.9 million or 14% due to an increase in patient volume. Operating expenses for the Hospital increased by \$18.5 million or 6%, primarily as a result of a 9% increase in patient volume and the effects of inflationary cost increases. Costs were controlled in 2003 by controlling staffing levels and concentration on all controllable costs.

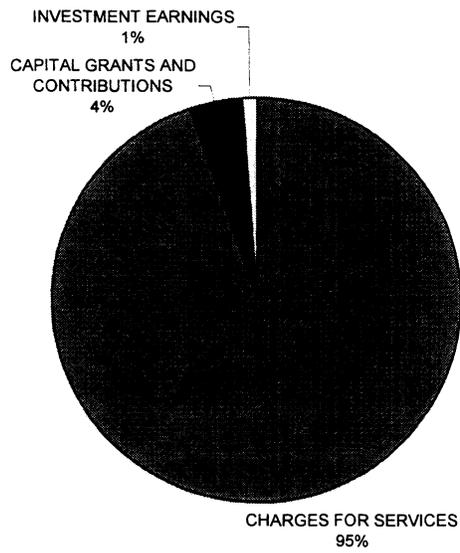
Expenses and Program Revenues - Business-type Activities  
(in 000's)



**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 2003, the City's governmental funds reported total combined fund balances of \$102,059,246, of which approximately 29.9% (\$30,525,952) is reserved. The reservation of fund balance is committed to encumbrances, \$13,901,880, debt service, \$1,733,638, prepaid, \$451,927, endowments, \$8,643,630 and the TABOR emergency reserve, \$5,794,877.

The general fund is the chief operating fund of the City. At the end of 2003, unreserved fund balance of the general fund was \$29,966,862, while total fund balance was \$40,952,030. 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 14.7% of total general fund expenditures, while total fund balance represents 20.1% of that same amount.

The fund balance of the City's general fund increased by \$1,996,724 during 2003. A key factor was an increase in the collection of fines due to speeding enforcement. In addition, there was an increase in pavement degradation fees.

### Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets as of December 31, 2003 and 2002 for the proprietary funds were as follows:

	<u>2003</u>	<u>2002</u>	<u>Variance</u>
Utilities	\$123,830,489	\$171,855,195	(\$48,024,706)
Hospital	237,632,000	192,498,000	45,134,000
Airport	23,573,371	25,652,682	(2,079,311)
Parking	5,931,229	4,933,800	997,429
Non-major			
enterprise funds	3,053,752	3,053,289	463
Internal service	6,987,398	5,720,769	1,266,629

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

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

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

- \$1.7 million in various increases in general government activities
- \$946 thousand increase allocated to public works

Supplementary appropriation ordinances totaled \$499 thousand. Capital project budgets of \$1.4 million and encumbrance budgets of \$1.5 million were carried forward from 2002.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **CAPITAL ASSETS**

At the end of 2003, the City had \$2.713 billion (net of accumulated depreciation) in a broad range of capital assets and infrastructure. This amount represents a net increase (including additions and deletions) of \$216.7 million. The infrastructure category includes only assets capitalized in 2002 and 2003. Prior years of infrastructure are not yet included.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
Land	\$83,480	\$57,650	\$28,437	\$22,403	\$111,917	\$80,053
Buildings	94,135	93,200	82,620	80,440	176,755	173,640
Improvements other than buildings	16,023	13,901	88,816	90,954	104,839	104,855
Machinery and equipment	41,239	44,730	4,039	4,442	45,278	49,172
Infrastructure	82,918	52,065	1,677	1,724	84,595	53,789
Utilities plant	-	-	1,805,418	1,695,918	1,805,418	1,695,918
Hospital plant	-	-	206,821	177,043	206,821	177,043
Construction in progress	<u>31,553</u>	<u>18,546</u>	<u>145,963</u>	<u>143,439</u>	<u>177,516</u>	<u>161,985</u>
<b>Total</b>	<b><u>\$349,348</u></b>	<b><u>\$280,092</u></b>	<b><u>\$2,363,791</u></b>	<b><u>\$2,216,363</u></b>	<b><u>\$2,713,139</u></b>	<b><u>\$2,496,455</u></b>

Major changes to capital assets for 2003 include:

The Utilities had a total capital outlay of \$154.1 million. This includes approximately \$24.6 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 \$65.5 million in 2003. Approximately \$24.3 million was spent on wastewater capital outlay. In addition, approximately \$25.8 million was spent on facilities, technology additions and enhancements to the telecommunications, computing and applications infrastructure.

The Hospital acquired \$48.5 million of capital assets during 2003. Major items included the ongoing construction of a new parking garage on the hospital grounds, the Briargate Office Building, the remodel of the Memorial Administrative Center, and the new Hospital Tower.

The City entered into lease purchase agreements for Confluence Park in the amount of \$7.7 million and Red Rock Canyon for \$15.1 million.

In 2003, infrastructure was included in assets reported in the amount of \$30.8 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 2003:

City of Colorado Springs Outstanding Debt (in 000's)						
	Governmental Activities		Business-type Activities		Totals	
	2003	2002	2003	2002	2003	2002
General obligation bonds	\$27,345	\$30,360	\$ -	\$ -	\$27,345	\$30,360
Sales tax revenue bonds	69,115	73,550	-	-	69,115	73,550
Certificates of participation	26,590	12,025	-	-	26,590	12,025
Special assessment bonds and notes	784	924	-	-	784	924
Revenue bonds	-	-	1,487,635	1,347,490	1,487,635	1,347,490
Notes payable	-	-	20,483	20,096	20,483	20,096
<b>Total</b>	<b>\$123,834</b>	<b>\$116,859</b>	<b>\$1,508,118</b>	<b>\$1,367,586</b>	<b>\$1,631,952</b>	<b>\$1,484,445</b>

During 2003 the City issued new debt to finance capital projects. The key events in the City's debt include the following:

- New debt resulted from Utilities completing two bond issues. The 2003A \$113,310,000 revenue bonds and the 2003B \$45,000,000 revenue bonds were issued to finance capital improvements.
- The City issued \$15,070,000 of Certificates of Participation to finance the acquisition of approximately 732 acres of land known as Red Rock Canyon to be used for open space for the City's inhabitants and visitors.

The City's latest bond ratings are as follows:

	<u>Moody's</u>	<u>Standard &amp; Poor's</u>	<u>Fitch</u>
General Obligation Bonds	Aa3	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
Utilities Variable Rate Demand Obligation Bonds	VMIG 1	A-1+	n/a
Hospital Revenue Bonds	A3	A-	AAA
Airport Revenue Bonds	A3	A-	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
2003 Certificates of Participation	A2	n/a	n/a

The current debt limitation for the City is \$387,511,106, or 10% of the assessed property valuation. The City's outstanding general obligation debt is significantly less than this amount.

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

## ECONOMIC FACTORS

The national economy is beginning to show some signs of strengthening. Gross Domestic Product (GDP) growth is accelerating, business investment is climbing, consumer confidence appears to have been buoyed, new homebuilding continues to be robust and there appears to be improving corporate profitability. However, the local economy in 2003 did not reflect any substantial improvement as it continued to work through the impact of over 9,000 layoffs since mid-2001 and the deployment of nearly 11,000 Ft. Carson troops to Iraq. Indeed, most key indicators of local economic activity posted over-the-year losses during 2003.

<b>LOCAL ECONOMIC SCORECARD</b>				
Colorado Springs Area				
(Percent Change Over Prior Year)				
2003 - 2002				
Economic Indicator	2003	2002	Direction	Assessment *
Unemployment Rate **	5.9	6.3	↑	Better
Total Nonag Employment	(1.3)	(1.6)	↓	Worse
Manufacturing Employment	(5.8)	(11.2)	↓	Worse
City Sales & Use Tax Revenue ***	(3.0)	(3.9)	↓	Worse
Total New Const. Spending	(5.3)	(4.0)	↓	Worse
Residential Building Permits	(22.4)	(4.2)	↓	Worse
* Is Colorado Springs better off or worse off than a year ago?				
** Actual rate for December.				
*** Data through November.				

↳ Total non-agricultural wage and salary employment during 2003 was down 1.3 percent from a year earlier. 2003 marked the second consecutive year of net annual employment decline. The two-year consecutive drop is the first ever recorded for the Colorado Springs area. After reaching a record high 249,600 in June of 2001, total non-agricultural wage and salary employment dropped by 13,500 to 236,100 by December 2003. The employment loss over that 30-month period comprised over 5.4 percent of the local employment base.

The decline in employment is clearly the result of the slowdown in the advanced technology and telecommunications sectors of the U.S. economy and the incipient drop in new business investment which have had an

adverse impact on the Colorado Springs economy. Roughly one-third of the local economic base was concentrated in advanced technology and manufacturing. Most of the announced layoffs in Colorado Springs since late 2001 have been in advanced technology. Yet, it appears that the continued weakness in local employment is being affected by the same factors prompting the “jobless recovery” phenomenon that is restraining the national economic recovery. Strong growth in productivity and efficiency improvements made by U.S. businesses during the recession have allowed them to meet increased demand for goods and services without the addition of new jobs. Additionally, since 2001, many manufacturing and service industry jobs are being relocated overseas allowing businesses to take advantage of lower wage and operating costs. As a result, many of the job losses in advanced technology and manufacturing since 2001 are permanent. Total manufacturing jobs in Colorado Springs as of December 2003 were down 9.3 percent from the same month in 2002. Since January 2001, a total of 6,000 jobs at area manufacturers have been lost (-22.7 percent) with little prospect of those jobs returning in the near-term future.

- ☞ The local unemployment rate during 2003 averaged 6.0 percent. As of December 2003, the non-seasonally adjusted rate stood at 5.9 percent which is down appreciably from the 6.3 percent posted in December of last year. However, it appears that all of that decline is due to a decline in the size of the local labor force and not the result of improving labor market conditions. The total Colorado Springs labor force (employed plus unemployed) as of December 2003 was down nearly 4,400 from December 2002. Total unemployment over that same period fell by only 1,350 persons. It appears that some unemployed workers became discouraged about local employment prospects and either dropped out of the labor force or moved away from the area seeking employment elsewhere.
- ☞ Local homebuilding activity continued at a strong pace through 2003. Although total units permitted fell by 22.1 percent (totaling 5,302 in 2003 vs. 6,813 in 2002) nearly all of the drop was in the multi-family segment (-75.4 percent) with single family permits down only 1.5 percent from the 2002 total. New multi-family construction appears to have dropped in response to soaring vacancy rates for apartments and other multi-family housing. Low mortgage rates have enabled many renters to become first-time homeowners, which has consequently prompted a jump in apartment vacancy rates. The strength in single family construction was evident in spite of the sagging labor market and little in-migration of new households. Near record-low home mortgage interest rates through much of the first half of the year spurred demand for new single-family homes. Sales of single family homes in the Pikes Peak Region reached a record high 10,204 during 2003, up 4.7 percent from the 2002 total.

↳ City Sales and Use Tax collections are primarily dependent upon the level of local economic activity, consumer confidence, and tourist activity. Collections have posted over-the-year declines in nineteen of the last 24 months through December 2003. Some improvement was noted in the last half of 2003, but uncertainties about the war in Iraq and the deployment of nearly 11,000 troops from Ft. Carson hurt collections through much of 2003. City Sales and Use Tax revenues were down 2 percent when compared to last year. Consumer spending has slowed considerably in response to the poor labor market and uncertainties over the prospects and strength of any local economic recovery. Additionally, local business investment in new plant and equipment continues to drop as a result of corporate cutbacks at many area manufacturers. City Use Tax collections are heavily dependent on local business investment.

## **OUTLOOK FOR 2004**

The Colorado Springs economy is anticipated to begin a recovery in 2004 albeit slowly. As a result, a cautiously optimistic forecast for 2004 is merited with modest improvement being anticipated in most key indicators of local economic activity. The return of Ft. Carson troops from Iraq by April 2004 will likely provide a much-needed stimulus to the local economy. Also, the recent revival in new business investment at the national level could provide a boost to Colorado Springs advanced technology firms given that much of the new investment will likely be for the replacement of information technology and software that is approaching the end of its typical life cycle. However, the likely boost to the local economy will be somewhat muted given that much of that new work will be done offshore.

Employment growth of just 1.0 percent is anticipated in 2004 for the Colorado Springs area with the local jobless rate expected to fall only slightly to within the 5.75 – 6.25% range. New homebuilding is expected to continue to edge down in 2004 as little new multi-family construction appears to be merited. Single family construction in 2004 is anticipated to be down slightly from the 4,833 units permitted in 2003, dropping to about 4,750 new units in 2004. Slightly higher home mortgage interest rates should be largely offset by some additional in-migration of new households resulting from employment growth anticipated later in the year.

The return of the Ft. Carson troops may lead to some improvement in City Sales Tax collections as many of those troops will increase their sales taxable consumption of autos, consumer electronics and furniture. Yet, continued weakness in local labor market conditions, somewhat slower homebuilding activity, and a lack of any rebound in business investment in new plant and equipment will serve to hold City Sales and Use Tax collections to an increase of just 2.53 percent in 2004. With the anticipated 1 percent reduction in the vendor

fee paid by the City to local retailers for their costs of collecting City sales tax, the total projected increase in revenue to the City climbs to 3.53 percent.

<b>KEY ECONOMIC INDICATORS</b>								
<b>Colorado Springs Area</b>								
	1997	1998	1999	2000	2001	2002	ESTIMATE 2003	FORECAST 2004
<b>EMPLOYMENT</b>								
Unemployment Rate (%)	3.6	4.5	3.3	3.2	4.5	6.6	6.0	5.8
Actual Change	(1.0)	0.9	(1.2)	(0.1)	1.3	2.1	(0.6)	(0.3)
Wage & Salary Employment	217,500	224,000	234,300	242,500	244,500	240,500	237,292	239,665
Percent Change	4.47%	2.99%	4.60%	3.50%	0.82%	-1.64%	-1.33%	1.00%
Manufacturing Employment	24,700	24,900	24,700	25,300	25,200	22,400	21,117	21,434
Percent Change	5.56%	0.81%	-0.80%	2.43%	-0.40%	-11.11%	-5.73%	1.50%
<b>REAL ESTATE MARKET CONDITIONS</b>								
Residential Building Permits	4,807	5,214	5,941	6,286	7,117	6,813	5,302	4,750
Percent Change	-9.74%	8.47%	13.94%	5.81%	13.22%	-4.27%	-22.18%	-10.41%
<b>SALES TAX COLLECTIONS</b>								
2% City Sales & Use Tax Rev. (\$ millions)	\$88.5	\$94.0	\$100.8	\$112.2	\$113.00	\$108.30	\$103.09	\$106.7
Percent Change	2.66%	6.05%	7.29%	11.31%	0.71%	-4.16%	-4.81%	3.53%
<b>POPULATION</b>								
Total Population - City of Colo Sprgs	338.0	344.7	350.2	360.9	369.9	376.0	380.9	386.0
Percent Change	1.93%	1.98%	1.58%	3.06%	2.50%	1.65%	1.30%	1.34%
<b>COST OF LIVING</b>								
Denver-Boulder CPI-U (1982-84 = 100)	158.1	161.9	166.7	173.3	181.3	184.8	188.7	193.5
Percent Change	3.27%	2.40%	2.96%	3.96%	4.62%	1.93%	2.11%	2.54%

## 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.

# BASIC FINANCIAL STATEMENTS

**STATEMENT OF NET ASSETS**  
December 31, 2003

**CITY OF COLORADO SPRINGS**  
**COLORADO**  
Exhibit 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities
<b>ASSETS</b>					
Cash and investments	\$116,378,071	\$331,559,055	\$447,937,126	\$900,337	\$1,738,746
Receivables (net of allowance for uncollectibles)	64,041,250	134,503,186	198,544,436	474,051	199,064
Due from primary government	-	-	-	-	1,361,047
Due from component unit	-	138,572	138,572	-	-
Inventories	867,377	32,870,634	33,738,011	-	59,045
Prepays	451,927	12,823,280	13,275,207	-	4,248,922
Other	-	4,807,149	4,807,149	-	332,022
Restricted assets (temporarily):					
Investments	11,064,116	299,277,277	310,341,393	621,090	3,173,267
Investment in joint ventures	-	29,387,029	29,387,029	-	-
Capital assets (net of accumulated depreciation):					
Land	83,479,771	28,436,721	111,916,492	-	-
Buildings	94,134,726	82,620,055	176,754,781	-	-
Improvements other than buildings	16,022,854	88,816,409	104,839,263	-	-
Machinery and equipment	41,239,418	4,039,264	45,278,682	9,097	-
Infrastructure	82,917,706	1,676,601	84,594,307	-	-
Utility plant	-	1,805,417,894	1,805,417,894	-	82,600,364
Hospital plant	-	206,821,119	206,821,119	-	-
Construction in progress	31,553,671	145,963,214	177,516,885	7,913,363	6,952
Unamortized bond issuance costs	-	18,449,945	18,449,945	166,975	313,886
<b>Total assets</b>	<b>542,150,887</b>	<b>3,227,607,404</b>	<b>3,769,758,291</b>	<b>10,084,913</b>	<b>94,033,315</b>
<b>LIABILITIES</b>					
Accounts payable and other current liabilities	33,523,785	116,736,048	150,259,833	47,295	679,167
Accrued interest payable	630,656	6,640,321	7,270,977	55,910	203,967
Internal balances	9,820,397	(9,820,397)	-	-	-
Due to primary government	-	-	-	-	138,572
Due to component unit	-	271,721	271,721	-	-
Unearned revenue	21,855,410	740,382	22,595,792	474,051	4,018,766
Noncurrent liabilities:					
Due within one year	11,733,426	36,639,461	48,372,887	115,000	2,876,458
Due in more than one year	140,074,242	1,507,699,887	1,647,774,129	10,501,988	100,056,093
<b>Total liabilities</b>	<b>217,637,916</b>	<b>1,658,907,423</b>	<b>1,876,545,339</b>	<b>11,194,244</b>	<b>107,973,023</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	217,276,297	1,096,293,319	1,313,569,616	(1,454,271)	(18,981,776)
Restricted for:					
Debt service	1,733,638	76,149,594	77,883,232	621,090	1,798,376
Endowments:					
Expendable	481,048	-	481,048	-	-
Nonexpendable	8,162,582	-	8,162,582	-	-
Emergency reserve (TABOR)	5,794,877	-	5,794,877	16,023	-
Capital improvements	-	-	-	182,964	-
Unrestricted	91,064,529	396,257,068	487,321,597	(475,137)	3,243,692
<b>Total net assets</b>	<b>\$324,512,971</b>	<b>\$1,568,699,981</b>	<b>\$1,893,212,952</b>	<b>(\$1,109,331)</b>	<b>(\$13,939,708)</b>

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

CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 2

STATEMENT OF ACTIVITIES  
For the year ended December 31, 2003

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Primary Government Business-type Activities	Total	Governmental Activities	Business-type Activities
			Operating Grants and Contributions	Capital Grants and Contributions					
<b>Primary government</b>									
Governmental activities									
General government	\$41,823,969	\$16,576,340	\$1,490,055	\$26,455	(\$23,731,119)	\$	-\$		
Public safety	59,741,269	2,950,931	3,271,777	71,508	(53,447,053)				
Public works	66,599,122	12,156,539	1,601,129	47,868,195	(4,973,259)				
Health and welfare	964,844	-	-	-	(964,844)				
Culture and recreation	51,066,216	3,029,537	4,946,143	359,446	(42,731,090)				
Urban redevelopment and housing	10,446,365	1,734,672	4,036,452	-	(4,675,241)				
Economic development	2,384,770	124,299	-	-	(2,260,471)				
Economic opportunities	12,536	-	-	-	(12,536)				
- Interest on long-term debt	5,743,426	-	-	-	(5,743,426)				
Miscellaneous	320,608	-	-	-	(320,608)				
<b>Total governmental activities</b>	<b>239,103,125</b>	<b>36,572,318</b>	<b>15,345,556</b>	<b>48,325,604</b>	<b>(138,859,647)</b>				
<b>Business-type activities</b>									
Utilities	552,190,622	519,269,460	-	38,139,242	-	5,218,080	-	-	-
Memorial Hospital	320,294,000	350,867,000	-	-	-	30,573,000	-	-	-
Airport	22,644,913	22,941,627	-	1,094,727	-	1,391,441	-	-	-
Parking System	2,134,017	2,688,034	-	-	-	554,017	-	-	-
Other	7,436,249	7,450,748	-	-	-	14,499	-	-	-
<b>Total business-type activities</b>	<b>904,699,801</b>	<b>903,216,869</b>	<b>-</b>	<b>39,233,969</b>	<b>-</b>	<b>37,751,037</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$1,143,802,926</b>	<b>\$939,789,187</b>	<b>\$15,345,556</b>	<b>\$87,559,573</b>	<b>(138,859,647)</b>	<b>37,751,037</b>	<b>(101,108,610)</b>	<b>-</b>	<b>-</b>
<b>Component units</b>									
Improvement districts	1,301,266	219,475	-	-	-	-	-	(1,081,791)	485,836
Utilities	9,909,484	10,395,320	-	-	-	-	-	(1,081,791)	485,836
<b>Total component units</b>	<b>\$11,210,750</b>	<b>\$10,614,795</b>	<b>\$</b>	<b>\$</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,081,791)</b>	<b>485,836</b>
General revenues									
Property taxes					20,443,870			48,852	
Sales taxes					138,347,621				
Specific ownership taxes					3,141,358				
Occupational liquor taxes					242,462				
Admissions tax					362,858				
Bicycle excise tax					101,100				
Contributions to endowments					73,705				
Investment earnings					4,230,670	10,020,691	14,251,361	48,014	62,417
Transfers					22,223,619	(22,223,619)	-		
<b>Total general revenues and transfers</b>					<b>189,167,263</b>	<b>(12,202,928)</b>	<b>176,964,335</b>	<b>96,866</b>	<b>62,417</b>
Change in net assets					50,307,616	25,548,109	75,855,725	(984,925)	548,253
Net assets - January 1, as previously reported					295,460,054	1,543,151,872	1,838,611,926	115,226	(14,487,961)
Prior period adjustments					(21,254,699)	-	(21,254,699)	(239,632)	-
Net assets - January 1, as restated					274,205,355	1,543,151,872	1,817,357,227	(124,406)	(14,487,961)
Net assets - December 31					\$324,512,971	\$1,568,699,981	\$1,893,212,952	(\$1,109,331)	(\$13,939,708)

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

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 3**

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>			
Cash and investments	\$42,278,131	\$55,630,301	\$97,908,432
Accounts receivable (net of allowance for uncollectibles)	2,596,381	5,967,542	8,563,923
Sales tax receivable	11,558,359	3,018,366	14,576,725
Loans receivable	846,988	16,918,470	17,765,458
Assessments receivable	-	893,142	893,142
Property taxes receivable			
Current	18,414,391	2,191,795	20,606,186
Delinquent	398,269	-	398,269
Due from other funds	10,772,198	6,512,720	17,284,918
Prepaid items	200,000	251,927	451,927
Restricted investments	1,247,015	9,817,101	11,064,116
<b>Total assets</b>	<b>88,311,732</b>	<b>101,201,364</b>	<b>189,513,096</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities			
Accounts payable	4,853,599	7,177,024	12,030,623
Accrued salaries and benefits	4,134,182	361,637	4,495,819
Due to other funds	12,791,102	11,302,857	24,093,959
Escrow deposits	6,319,440	-	6,319,440
Deferred revenue			
Loans	846,988	16,918,470	17,765,458
Assessments	-	893,142	893,142
Property taxes	18,414,391	2,191,795	20,606,186
Grants	-	1,249,223	1,249,223
<b>Total liabilities</b>	<b>47,359,702</b>	<b>40,094,148</b>	<b>87,453,850</b>
Fund balances			
Reserved for			
Encumbrances	3,830,087	10,071,793	13,901,880
Debt service	1,160,204	573,434	1,733,638
Prepaid items	200,000	251,927	451,927
Endowments	-	8,643,630	8,643,630
Emergency reserve	5,794,877	-	5,794,877
Unreserved, reported in:			
General fund	29,966,862	-	29,966,862
Special revenue funds	-	26,014,189	26,014,189
Capital projects funds	-	15,552,243	15,552,243
<b>Total fund balances</b>	<b>40,952,030</b>	<b>61,107,216</b>	<b>102,059,246</b>
<b>Total liabilities and fund balances</b>	<b>\$88,311,732</b>	<b>\$101,201,364</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	347,402,858
Loans, assessments and property taxes - current receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	18,658,599
Interest on investments that is not available to pay for current-period expenditures is not reported in the funds.	892,812
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.	6,155,685
Long-term liabilities, including bonds payable, are not due and payable in current period and, therefore, are not reported in the funds.	(150,656,229)
Net assets of governmental activities	<u>\$324,512,971</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, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 4**

	<b>General Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Taxes	\$130,183,938	\$32,692,905	\$162,876,843
Licenses and permits	620,800	-	620,800
Intergovernmental	20,404,422	23,285,266	43,689,688
Charges for services	17,398,315	4,743,577	22,141,892
Fines and forfeits	7,767,606	-	7,767,606
Endowments and donations	-	1,103,146	1,103,146
Other revenue	1,294,607	3,761,386	5,055,993
Investment earnings	1,260,077	2,451,612	3,711,689
Rental income	260,034	22,000	282,034
<b>Total revenues</b>	<b>179,189,799</b>	<b>68,059,892</b>	<b>247,249,691</b>
<b>Expenditures</b>			
<b>Current</b>			
General government	36,886,767	791,653	37,678,420
Public safety	96,088,611	3,819,892	99,908,503
Public works	27,745,959	14,322,034	42,067,993
Health and welfare	964,844	-	964,844
Culture and recreation	15,829,747	2,521,231	18,350,978
Urban development and housing	3,843,444	6,274,773	10,118,217
Economic development	-	2,390,999	2,390,999
Economic opportunity	-	12,569	12,569
Miscellaneous	-	321,445	321,445
<b>Debt service</b>			
Principal	8,035,455	3,080,830	11,116,285
Interest	2,313,119	3,471,951	5,785,070
Issuance expense	-	217,132	217,132
Capital outlay	5,683,798	61,545,988	67,229,786
<b>Total expenditures</b>	<b>197,391,744</b>	<b>98,770,497</b>	<b>296,162,241</b>
<b>Deficiency of revenues over expenditures</b>	<b>(18,201,945)</b>	<b>(30,710,605)</b>	<b>(48,912,550)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital lease financing	3,276,269	-	3,276,269
Sale of capital assets	92,345	432,793	525,138
Transfers in	23,319,309	6,489,254	29,808,563
Transfers out	(6,489,254)	(1,052,464)	(7,541,718)
Proceeds from issuance of certificates of participation	-	15,070,000	15,070,000
<b>Total other financing sources (uses)</b>	<b>20,198,669</b>	<b>20,939,583</b>	<b>41,138,252</b>
<b>Net change in fund balances</b>	<b>1,996,724</b>	<b>(9,771,022)</b>	<b>(7,774,298)</b>
<b>Fund balances - January 1</b>	<b>38,955,306</b>	<b>70,878,238</b>	<b>109,833,544</b>
<b>Fund balances - December 31</b>	<b>\$40,952,030</b>	<b>\$61,107,216</b>	<b>\$102,059,246</b>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the year ended December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 5**

Net change in fund balances - total governmental funds	(\$7,774,298)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	49,136,291
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	17,046,141
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.	(7,229,984)
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.	(107,807)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,306,595)
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.	543,868
Change in net assets of governmental activities	<u>\$50,307,616</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, 2003**

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

	<u>Budgeted Amounts</u>		<u>2003 Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
<b>Taxes</b>				
General property taxes				
Current	\$18,639,562	\$18,639,562	\$18,276,035	(\$363,527)
Delinquent	-	-	213,426	213,426
Penalty and interest	-	-	29,376	29,376
	<u>18,639,562</u>	<u>18,639,562</u>	<u>18,518,837</u>	<u>(120,725)</u>
Sales and use taxes	112,283,985	112,283,985	108,235,624	(4,048,361)
Specific ownership taxes	3,158,333	3,158,333	2,824,157	(334,176)
Occupational liquor taxes	242,250	242,250	242,462	212
Gross receipts business taxes				
Admissions tax	417,592	417,592	362,858	(54,734)
	<u>134,741,722</u>	<u>134,741,722</u>	<u>130,183,938</u>	<u>(4,557,784)</u>
<b>Licenses and permits</b>				
Business licenses and permits	533,912	533,912	620,800	86,888
<b>Intergovernmental</b>				
Federal operating grants				
Police federal share	-	-	69,305	69,305
DOT-FTA grant, subsidies	1,696,000	1,741,600	1,809,599	67,999
	<u>1,696,000</u>	<u>1,741,600</u>	<u>1,878,904</u>	<u>137,304</u>
State shared revenue				
Cigarette tax	1,380,000	1,380,000	1,387,364	7,364
Highway users tax-regular	13,729,312	13,729,312	12,922,706	(806,606)
Highway users tax-added fees	1,308,480	1,308,480	1,199,457	(109,023)
Severance tax	811	811	2,698	1,887
	<u>16,418,603</u>	<u>16,418,603</u>	<u>15,512,225</u>	<u>(906,378)</u>
Other governmental units				
El Paso County Road & Bridge	3,574,579	3,070,579	2,987,005	(83,574)
El Paso County shared fines	-	-	26,288	26,288
	<u>3,574,579</u>	<u>3,070,579</u>	<u>3,013,293</u>	<u>(57,286)</u>
<b>Total intergovernmental</b>	<u>\$21,689,182</u>	<u>\$21,230,782</u>	<u>\$20,404,422</u>	<u>(\$826,360)</u>

(continued)

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

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the year ended December 31, 2003**

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

	Budgeted Amounts		2003 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Charges for services</b>				
General government				
Court costs and charges	\$755,500	\$755,500	\$1,146,963	\$391,463
Planning, zoning, subdivision fees	790,594	790,594	802,385	11,791
Other fees	3,347,229	3,347,229	2,785,969	(561,260)
	<u>4,893,323</u>	<u>4,893,323</u>	<u>4,735,317</u>	<u>(158,006)</u>
Public safety				
Police services	2,538,222	2,538,222	1,983,008	(555,214)
Fire services	641,800	641,800	967,923	326,123
	<u>3,180,022</u>	<u>3,180,022</u>	<u>2,950,931</u>	<u>(229,091)</u>
Highways and streets				
Highway/street permits and fees	4,292,404	4,292,404	3,477,795	(814,609)
Signal maintenance	387,479	387,479	486,238	98,759
Transit system	3,481,211	3,469,611	3,105,328	(364,283)
	<u>8,161,094</u>	<u>8,149,494</u>	<u>7,069,361</u>	<u>(1,080,133)</u>
Culture and recreation				
Sports programs	777,123	785,123	806,769	21,646
Swimming pool fees	1,128,438	1,128,438	934,479	(193,959)
Ice Center fees	423,800	423,800	415,567	(8,233)
Community Centers	147,700	247,700	272,674	24,974
Other fees	176,935	168,935	213,217	44,282
	<u>2,653,996</u>	<u>2,753,996</u>	<u>2,642,706</u>	<u>(111,290)</u>
<b>Total charges for services</b>	<u>18,888,435</u>	<u>18,976,835</u>	<u>17,398,315</u>	<u>(1,578,520)</u>
<b>Fines and forfeits</b>	<u>5,560,000</u>	<u>5,560,000</u>	<u>7,767,606</u>	<u>2,207,606</u>
<b>Miscellaneous</b>				
Other revenue	1,344,084	1,344,084	1,294,607	(49,477)
Investment earnings	1,975,000	1,975,000	1,260,077	(714,923)
Rental income	222,150	222,150	260,034	37,884
	<u>3,541,234</u>	<u>3,541,234</u>	<u>2,814,718</u>	<u>(726,516)</u>
<b>Total revenues</b>	<u>\$184,954,485</u>	<u>\$184,584,485</u>	<u>\$179,189,799</u>	<u>(\$5,394,686)</u>

(continued)

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

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the year ended December 31, 2003**

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

	<b>Budgeted Amounts</b>		<b>2003 Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Expenditures</b>				
<b>Current expenditures</b>				
<b>General government</b>				
Legislative				
City Council	\$49,361	\$49,111	\$48,365	\$746
Clerk of the Council	530,815	532,660	521,829	10,831
	580,176	581,771	570,194	11,577
Judicial	3,624,196	3,666,967	3,322,366	344,601
Executive-City Manager	885,921	885,921	770,154	115,767
Financial	3,864,270	3,865,832	3,729,259	136,573
Law	2,821,388	2,753,338	2,396,839	356,499
Personnel	1,734,704	1,649,951	1,477,024	172,927
Planning and Zoning	3,165,486	3,346,923	2,952,080	394,843
Support Services	12,482,722	12,482,722	12,314,364	168,358
Vendor Fees	-	-	2,837,599	(2,837,599)
Other	7,443,016	9,170,445	6,516,888	2,653,557
<b>Total general government</b>	<b>36,601,879</b>	<b>38,403,870</b>	<b>36,886,767</b>	<b>1,517,103</b>
<b>Public safety</b>				
Police	64,173,049	64,463,787	61,380,097	3,083,690
Fire	36,967,116	37,006,716	34,708,514	2,298,202
<b>Total public safety</b>	<b>101,140,165</b>	<b>101,470,503</b>	<b>96,088,611</b>	<b>5,381,892</b>
<b>Public works</b>				
Highways and streets				
Maintenance of condition	7,842,931	8,570,142	8,054,105	516,037
Traffic services	5,411,077	5,452,634	5,283,609	169,025
Engineering	3,996,877	4,173,692	3,848,520	325,172
	17,250,885	18,196,468	17,186,234	1,010,234
Transit	10,301,544	10,968,599	10,559,725	408,874
<b>Total public works</b>	<b>27,552,429</b>	<b>29,165,067</b>	<b>27,745,959</b>	<b>1,419,108</b>
<b>Health and welfare</b>				
Communicable disease	819,414	819,414	964,844	(145,430)
<b>Culture and recreation</b>	<b>\$17,542,506</b>	<b>\$17,125,672</b>	<b>\$15,829,747</b>	<b>\$1,295,925</b>

(continued)

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

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the year ended December 31, 2003**

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

	<u>Budgeted Amounts</u>		<b>2003 Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Urban redevelopment and housing</b>				
Community development	\$4,015,965	\$4,257,310	\$3,843,444	\$413,866
<b>Debt service expenditures</b>				
Principal payments	8,198,747	8,528,228	8,035,455	492,773
Interest payments	2,444,486	2,175,682	2,313,119	(137,437)
<b>Total debt service</b>	<b>10,643,233</b>	<b>10,703,910</b>	<b>10,348,574</b>	<b>355,336</b>
<b>Capital outlay</b>	<b>10,524,201</b>	<b>9,363,480</b>	<b>5,683,798</b>	<b>3,679,682</b>
<b>Total expenditures</b>	<b>208,839,792</b>	<b>211,309,226</b>	<b>197,391,744</b>	<b>13,917,482</b>
<b>Deficiency of revenues over expenditures</b>	<b>(23,885,307)</b>	<b>(26,724,741)</b>	<b>(18,201,945)</b>	<b>(8,522,796)</b>
<b>Other financing sources (uses)</b>				
Capital lease financing	-	-	3,276,269	3,276,269
Sale of capital assets	-	-	92,345	92,345
Transfers - in				
Payments in lieu of taxes	23,720,000	23,720,000	22,204,752	(1,515,248)
Other funds	864,909	864,909	1,114,557	249,648
Transfers - out				
City funded CIP	(6,489,254)	(6,489,254)	(6,489,254)	-
<b>Total other financing sources (uses)</b>	<b>18,095,655</b>	<b>18,095,655</b>	<b>20,198,669</b>	<b>2,103,014</b>
<b>Net change in fund balance</b>	<b>(5,789,652)</b>	<b>(8,629,086)</b>	<b>1,996,724</b>	<b>(10,625,810)</b>
<b>Fund balance - January 1</b>	<b>38,955,306</b>	<b>38,955,306</b>	<b>38,955,306</b>	<b>-</b>
<b>Fund balance - December 31</b>	<b>\$33,165,654</b>	<b>\$30,326,220</b>	<b>\$40,952,030</b>	<b>(\$10,625,810)</b>

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

**PROPRIETARY FUNDS  
BALANCE SHEET  
December 31, 2003**

	<b>Business-type Activities Enterprise Funds</b>			
	<b>Utilities</b>	<b>Memorial Hospital</b>	<b>Airport</b>	<b>Parking</b>
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and investments	\$71,288,271	\$213,084,000	\$39,230,623	\$3,791,378
Accounts receivable (net of allowance for uncollectibles)	75,903,709	53,958,275	1,086,311	8,059
Interest receivable	462,957	-	-	-
Inventories	29,804,834	3,016,000	-	-
Due from other funds	5,037,341	159,725	-	50,839
Due from component units	138,572	-	-	-
Prepaid expenses	8,797,280	4,026,000	-	-
Fair value of derivative instruments	2,808,330	-	-	-
<b>Total current assets</b>	<b>194,241,294</b>	<b>274,244,000</b>	<b>40,316,934</b>	<b>3,850,276</b>
<b>Noncurrent assets</b>				
Restricted cash and investments	220,897,595	72,545,000	5,834,682	-
Note receivable	-	2,650,000	-	-
Due from other funds	3,775,803	-	-	2,248,685
Investment in joint ventures	28,497,029	890,000	-	-
Capital assets:				
Land	-	6,296,881	18,397,886	2,072,246
Buildings	-	-	87,845,715	15,517,269
Improvements other than buildings	-	-	114,089,694	6,472,495
Machinery and equipment	-	-	8,252,565	63,359
Infrastructure	-	-	1,754,159	-
Utility plant	2,739,961,996	-	-	-
Hospital plant	-	363,104,119	-	-
Construction in progress	116,844,427	12,189,000	16,118,762	-
Less accumulated depreciation	(934,544,102)	(156,283,000)	(59,998,615)	(5,277,245)
<b>Total noncurrent assets</b>	<b>2,175,432,748</b>	<b>301,392,000</b>	<b>192,294,848</b>	<b>21,096,809</b>
<b>Other assets</b>				
Unamortized bond issuance costs	10,001,805	7,396,000	828,955	223,185
Other	1,998,819	-	-	-
<b>Total other assets</b>	<b>12,000,624</b>	<b>7,396,000</b>	<b>828,955</b>	<b>223,185</b>
<b>Total assets</b>	<b>\$2,381,674,666</b>	<b>\$583,032,000</b>	<b>\$233,440,737</b>	<b>\$25,170,270</b>

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

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

<u>Other Non-Major Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$4,164,783	\$331,559,055	\$18,469,639
433,875	131,390,229	344,735
-	462,957	-
49,800	32,870,634	867,377
13,020	5,260,925	527,894
-	138,572	-
-	12,823,280	-
-	2,808,330	-
<u>4,661,478</u>	<u>517,313,982</u>	<u>20,209,645</u>
-	299,277,277	-
-	2,650,000	-
-	6,024,488	-
-	29,387,029	-
1,669,708	28,436,721	13,000
9,575,317	112,938,301	213,909
5,358,520	125,920,709	396,917
4,825,675	13,141,599	5,810,499
-	1,754,159	-
-	2,739,961,996	-
-	363,104,119	-
811,025	145,963,214	-
<u>(11,326,579)</u>	<u>(1,167,429,541)</u>	<u>(4,489,037)</u>
<u>10,913,666</u>	<u>2,701,130,071</u>	<u>1,945,288</u>
-	18,449,945	-
-	1,998,819	-
-	20,448,764	-
<u>\$15,575,144</u>	<u>\$3,238,892,817</u>	<u>\$22,154,933</u>

(continued)

**PROPRIETARY FUNDS  
BALANCE SHEET  
December 31, 2003**

	<b>Business-type Activities Enterprise Funds</b>			
	<b>Utilities</b>	<b>Memorial Hospital</b>	<b>Airport</b>	<b>Parking</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b>Current liabilities</b>				
Accounts payable	\$67,838,796	\$21,562,826	\$2,291,279	\$82,701
Accrued salaries and benefits	4,321,826	9,141,000	216,000	11,714
Compensated absences - current	475,795	403,350	26,127	1,856
Due to other funds	3,380,333	248,174	-	8,623
Due to component unit	271,721	-	-	-
Deferred revenue	-	-	740,382	-
Accrued interest payable	6,612,743	-	-	27,578
Matured bonds payable	16,360,000	4,080,000	3,120,000	375,000
Notes payable - current	634,865	-	-	-
Capital lease payable - current	1,002,296	91,000	-	-
Fair value of derivative instruments	1,039,807	-	-	-
Current portion estimated claims, settlements	101,078	6,842,000	-	-
Customer advances for construction	2,966,710	-	-	-
Other	720,074	-	-	-
<b>Total current liabilities</b>	<b>105,726,044</b>	<b>42,368,350</b>	<b>6,393,788</b>	<b>507,472</b>
<b>Noncurrent liabilities</b>				
Compensated absences	9,040,102	7,663,650	496,405	35,260
Customer deposits	1,050,959	-	-	-
Claims and judgments	25,269	1,687,000	-	-
Revenue bonds payable	1,147,083,104	243,601,000	61,410,866	7,245,000
Notes payable	18,848,555	-	-	-
Customer advances for construction	5,679,696	-	-	-
Capital lease payable	-	235,000	-	-
Fair value of derivative instruments	9,166,046	-	-	-
Municipal solid waste landfill closure and postclosure care	1,305,580	-	-	-
Other liabilities	913,583	-	-	-
<b>Total noncurrent liabilities</b>	<b>1,193,112,894</b>	<b>253,186,650</b>	<b>61,907,271</b>	<b>7,280,260</b>
<b>Total liabilities</b>	<b>1,298,838,938</b>	<b>295,555,000</b>	<b>68,301,059</b>	<b>7,787,732</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	924,850,216	25,086,000	124,940,094	11,451,309
Restricted for debt service	34,155,023	24,759,000	16,626,213	-
Unrestricted	123,830,489	237,632,000	23,573,371	5,931,229
<b>Total net assets</b>	<b>1,082,835,728</b>	<b>287,477,000</b>	<b>165,139,678</b>	<b>17,382,538</b>
<b>Total liabilities and net assets</b>	<b>\$2,381,674,666</b>	<b>\$583,032,000</b>	<b>\$233,440,737</b>	<b>\$25,170,270</b>

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

Net assets of business-type activities

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

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

Other Non-Major Enterprise Funds	Totals	Governmental Activities Internal Service Funds
\$244,501	\$92,020,103	\$10,372,186
99,478	13,790,018	305,717
20,065	927,193	62,066
64,113	3,701,243	1,303,023
-	271,721	-
-	740,382	-
-	6,640,321	-
-	23,935,000	-
42,054	676,919	-
97,265	1,190,561	256,527
-	1,039,807	-
-	6,943,078	-
-	2,966,710	-
-	720,074	-
567,476	155,563,130	12,299,519
381,236	17,616,653	1,179,255
-	1,050,959	-
-	1,712,269	-
-	1,459,339,970	-
957,946	19,806,501	-
-	5,679,696	-
39,676	274,676	284,247
-	9,166,046	-
-	1,305,580	-
-	913,583	-
1,378,858	1,516,865,933	1,463,502
1,946,334	1,672,429,063	13,763,021
9,965,700	1,096,293,319	1,404,514
609,358	76,149,594	-
3,053,752	394,020,841	6,987,398
13,628,810	1,566,463,754	8,391,912
\$15,575,144		\$22,154,933
	2,236,227	
	\$1,568,699,981	

**PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>Business-type Activities Enterprise Funds</b>			
	<b>Utilities</b>	<b>Memorial Hospital</b>	<b>Airport</b>	<b>Parking</b>
<b>Operating revenues</b>				
Charges for services	\$519,269,460	\$340,781,000	\$20,343,900	\$2,688,034
Miscellaneous	-	9,901,000	-	-
<b>Total operating revenues</b>	<b>519,269,460</b>	<b>350,682,000</b>	<b>20,343,900</b>	<b>2,688,034</b>
<b>Operating expenses</b>				
Personal services	113,516,000	176,958,791	6,612,203	370,399
Other operating expenses	310,608,932	114,573,209	6,400,031	747,054
Depreciation	75,007,007	19,792,000	6,126,517	653,698
<b>Total operating expenses</b>	<b>499,131,939</b>	<b>311,324,000</b>	<b>19,138,751</b>	<b>1,771,151</b>
<b>Operating income</b>	<b>20,137,521</b>	<b>39,358,000</b>	<b>1,205,149</b>	<b>916,883</b>
<b>Nonoperating revenues (expenses)</b>				
Investment earnings	(2,366,722)	11,256,000	664,780	172,262
Interest expense	(47,647,883)	(8,970,000)	(3,533,440)	(344,139)
Passenger facility charges	-	-	2,595,632	-
Amortization expense	-	-	-	(14,716)
Gain (loss) on disposal of assets	-	-	2,095	(5,763)
Miscellaneous revenue (expense)	(5,890,786)	185,000	-	-
<b>Total nonoperating revenue (expenses)</b>	<b>(55,905,391)</b>	<b>2,471,000</b>	<b>(270,933)</b>	<b>(192,356)</b>
Income (loss) before contributions and transfers	(35,767,870)	41,829,000	934,216	724,527
Capital contributions	38,139,242	-	1,094,727	-
Transfers in	-	-	-	-
Transfers out	(22,204,752)	-	-	(207,541)
<b>Change in net assets</b>	<b>(19,833,380)</b>	<b>41,829,000</b>	<b>2,028,943</b>	<b>516,986</b>
<b>Total net assets - January 1</b>	<b>1,102,669,108</b>	<b>245,648,000</b>	<b>163,110,735</b>	<b>16,865,552</b>
<b>Total net assets - December 31</b>	<b>\$1,082,835,728</b>	<b>\$287,477,000</b>	<b>\$165,139,678</b>	<b>\$17,382,538</b>

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

Change in net assets of business-type activities

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

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 8**

<u>Other Non-Major Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$7,450,748	\$890,533,142	\$59,582,952
-	9,901,000	-
<u>7,450,748</u>	<u>900,434,142</u>	<u>59,582,952</u>
3,427,125	300,884,518	9,769,827
3,114,394	435,443,620	48,132,567
889,007	102,468,229	591,635
<u>7,430,526</u>	<u>838,796,367</u>	<u>58,494,029</u>
<u>20,222</u>	<u>61,637,775</u>	<u>1,088,923</u>
294,371	10,020,691	238,577
(14,384)	(60,509,846)	(62,316)
-	2,595,632	-
-	(14,716)	-
(2,100)	(5,768)	(34,962)
<u>-</u>	<u>(5,705,786)</u>	<u>33,713</u>
<u>277,887</u>	<u>(53,619,793)</u>	<u>175,012</u>
298,109	8,017,982	1,263,935
-	39,233,969	-
200,000	200,000	74,525
(11,326)	(22,423,619)	(274,814)
<u>486,783</u>	<u>25,028,332</u>	<u>1,063,646</u>
<u>13,142,027</u>		<u>7,328,266</u>
<u>\$13,628,810</u>		<u>\$8,391,912</u>
	<u>519,777</u>	
	<u>\$25,548,109</u>	

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
For the year ended December 31, 2003**

	Business-type Activities Enterprise Funds			
	Utilities	Memorial Hospital	Airport	Parking
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$492,525,026	\$342,103,819	\$21,100,160	\$2,416,863
Receipts from interfund services provided	9,630,461	8,360,181	37,467	296,613
Payments to suppliers	(268,393,762)	(111,728,457)	(5,218,869)	(406,620)
Payments to employees	(116,147,949)	(173,882,000)	(6,559,142)	(374,361)
Payments for interfund services used	(37,652,535)	(1,036,543)	(2,491,234)	(307,785)
<b>Net cash provided by operating activities</b>	<b>79,961,241</b>	<b>63,817,000</b>	<b>6,868,382</b>	<b>1,624,710</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating subsidies and transfers to other funds	(21,736,367)	-	-	-
Transfers in from other funds	-	-	-	-
Repayment of advance from other funds	-	-	-	-
Advance from other funds	-	-	-	-
Principal received from interfund loan	-	-	-	33,997
Interest received from interfund loan	-	-	-	76,993
Customer deposits	(92,559)	-	-	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(21,828,926)</b>	<b>-</b>	<b>-</b>	<b>110,990</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from capital debt	163,091,966	-	-	-
Capital contributions	22,468,899	-	-	-
Use of bond funds and escrow funds	(435,000)	-	-	(715,216)
Purchases of capital assets	(152,591,959)	(48,475,000)	(4,047,859)	(41,275)
Payments from accounts payable incurred for capital asset additions	(12,960,874)	-	(1,677,655)	(730,048)
Repayment of capital lease obligations	(1,040,306)	-	-	-
Principal paid on capital debt	(14,233,525)	(3,429,000)	(2,900,000)	(360,000)
Interest paid on capital debt	(48,239,032)	(8,522,000)	(2,922,939)	(345,339)
Interest paid - other	(200,013)	-	-	-
Proceeds from the sale of capital assets	1,644,124	-	-	-
Capital grant	-	-	1,739,774	-
Passenger facility charges	-	-	2,595,632	-
Advances for construction	391,502	-	-	-
<b>Net cash used by capital and related financing activities</b>	<b>(42,104,218)</b>	<b>(60,426,000)</b>	<b>(7,213,047)</b>	<b>(2,191,878)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales and maturities of investments	97,584,369	167,266,000	37,322,402	4,066,509
Purchases of investments	(99,803,129)	(159,094,000)	(37,228,279)	(3,604,537)
Payments for investments in joint ventures	(6,475,467)	-	-	-
Interest and dividends received	5,202,992	6,857,000	1,219,170	94,935
Distributions from joint ventures	60,532	-	-	-
Other	-	200,000	-	-
<b>Net cash provided (used) by investing activities</b>	<b>(3,430,703)</b>	<b>15,229,000</b>	<b>1,313,293</b>	<b>556,907</b>
<b>Net increase in cash and cash equivalents</b>	<b>12,597,394</b>	<b>18,620,000</b>	<b>968,628</b>	<b>100,729</b>
<b>Cash and cash equivalents - January 1</b>	<b>204,929,554</b>	<b>39,270,000</b>	<b>1,012,018</b>	<b>90,687</b>
<b>Cash and cash equivalents - December 31</b>	<b>217,526,948</b>	<b>57,890,000</b>	<b>1,980,646</b>	<b>191,416</b>
Cash	217,526,948	57,890,000	1,980,646	191,416
Investments	74,658,918	227,739,000	37,249,977	3,599,962
<b>Total cash and investments</b>	<b>\$292,185,866</b>	<b>\$285,629,000</b>	<b>\$39,230,623</b>	<b>\$3,791,378</b>

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

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

Other Non-Major Enterprise Funds	Totals	Governmental Activities Internal Service Funds
\$7,437,836	\$865,583,704	\$8,495,307
74,484	18,399,206	53,209,814
(1,822,563)	(387,570,271)	(36,983,017)
(3,405,758)	(300,369,210)	(9,740,639)
(1,228,841)	(42,716,938)	(10,537,918)
<u>1,055,158</u>	<u>153,326,491</u>	<u>4,443,547</u>
-	(21,736,367)	-
200,000	200,000	-
(8,700)	(8,700)	(3,532,413)
-	-	1,002,791
-	33,997	-
-	76,993	-
-	(92,559)	-
<u>191,300</u>	<u>(21,526,636)</u>	<u>(2,529,622)</u>
779,872	163,871,838	-
-	22,468,899	-
-	(1,150,216)	-
(1,414,646)	(206,570,739)	(122,877)
(5,964)	(15,374,541)	-
(112,350)	(1,152,656)	(239,707)
-	(20,922,525)	-
-	(60,029,310)	-
(14,384)	(214,397)	(62,316)
8,749	1,652,873	34,489
-	1,739,774	-
-	2,595,632	-
-	391,502	-
<u>(758,723)</u>	<u>(112,693,866)</u>	<u>(390,411)</u>
3,252,922	309,492,202	16,060,222
(3,959,544)	(303,689,489)	(17,559,449)
-	(6,475,467)	-
341,171	13,715,268	473,626
-	60,532	-
-	200,000	-
<u>(365,451)</u>	<u>13,303,046</u>	<u>(1,025,601)</u>
122,284	32,409,035	497,913
87,985	245,390,244	434,568
<u>210,269</u>	<u>277,799,279</u>	<u>932,481</u>
210,269	277,799,279	932,481
<u>3,954,514</u>	<u>347,202,371</u>	<u>17,537,158</u>
<u>\$4,164,783</u>	<u>\$625,001,650</u>	<u>\$18,469,639</u>

(continued)

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
For the year ended December 31, 2003**

	<b>Business-type Activities Enterprise Funds</b>			
	<b>Utilities</b>	<b>Memorial Hospital</b>	<b>Airport</b>	<b>Parking</b>
<b>Reconciliation of operating income to net cash provided by operating activities</b>				
Operating income	\$20,137,521	\$39,358,000	\$1,205,149	\$916,883
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation expense	75,007,007	19,792,000	6,126,517	653,698
Provision for loss on accounts receivable and injuries and damages	445,685	-	-	-
Change in fair value of derivative instruments	(3,289,120)	-	-	-
Other revenue	2,767,824	-	-	-
(Increase) decrease in accounts receivable	(17,083,914)	1,578,565	1,073,687	6,483
(Increase) decrease in inventories	(2,800,898)	(237,000)	-	-
(Increase) decrease in due from other funds	994,096	(2,565)	17,740	18,959
Decrease in due from component units	2,518,585	-	-	-
Increase in prepaid expenses	(1,151,330)	(293,000)	-	-
Increase in other assets	(1,486,883)	-	-	-
Increase (decrease) in accounts and other payables	5,365,032	(23,313)	(1,109,018)	39,153
Increase (decrease) in accrued expenses	771,759	3,077,000	53,060	(3,962)
Increase (decrease) in due to other funds	(535,587)	111,313	(201,053)	(6,504)
Decrease in due to component units	(1,740,936)	-	-	-
Increase (decrease) in other liabilities	42,400	456,000	(297,700)	-
<b>Net cash provided by operating activities</b>	<b>\$79,961,241</b>	<b>\$63,817,000</b>	<b>\$6,868,382</b>	<b>\$1,624,710</b>
<b>Noncash investing, capital and financing activities</b>				
Amortization, charge-off of debt discount and expense	\$770,546	\$ -	-	\$14,716
Noncash acquisition of capital assets				
(incurrence of payable/capital lease obligation)	28,535,179	3,442,000	1,502,893	-
Noncash contributions in aid of construction	15,670,343	-	-	-
Noncash sale of capital assets				
(incurrence of due to/(due from) other funds)	5,092,740	-	-	(207,541)
Increase (decrease) in fair value of investments	10,205,853	-	(554,390)	(49,167)

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

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

Other Non-Major Enterprise Funds	Totals	Governmental Activities Internal Service Funds
\$20,222	\$61,637,775	\$1,088,923
889,007	102,468,229	591,635
-	445,685	-
-	(3,289,120)	-
-	2,767,824	-
58,029	(14,367,150)	1,532,477
(774)	(3,038,672)	17,924
9,099	1,037,329	584,704
-	2,518,585	-
-	(1,444,330)	-
-	(1,486,883)	-
133,725	4,405,579	414,074
12,965	3,910,822	27,457
(67,115)	(698,946)	186,353
-	(1,740,936)	-
-	200,700	-
<b>\$1,055,158</b>	<b>\$153,326,491</b>	<b>\$4,443,547</b>
\$ -	\$785,262	\$ -
72,171	33,552,243	18,700
-	15,670,343	-
(11,326)	4,873,873	61,805
(46,801)	9,555,495	(235,049)

**FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 10**

	Pension* Trust Funds	Agency Fund	Totals
<b><u>ASSETS</u></b>			
Cash and investments	\$ -	\$1,858,380	\$1,858,380
Accounts receivable (net of allowances for uncollectibles)	-	100,650	100,650
Interest receivable	1,282,054	-	1,282,054
Other assets	15,170	-	15,170
Restricted investment:			
Short term investment	4,834,255	-	4,834,255
US bonds and agency issues	24,962,545	-	24,962,545
Corporate bonds	56,939,819	-	56,939,819
Corporate stocks	110,331,912	-	110,331,912
Real estate	15,905,766	-	15,905,766
Venture capital	17,530,968	-	17,530,968
International equities	49,436,838	-	49,436,838
International fixed securities	2,810,980	-	2,810,980
457 Def. comp.-outside mgr. funds	2,050,726	-	2,050,726
Money purchase-outside mgr. funds	1,936,556	-	1,936,556
<b>Total assets</b>	<b>288,037,589</b>	<b>1,959,030</b>	<b>289,996,619</b>
<b><u>LIABILITIES</u></b>			
Accounts payable	159,195	869,704	1,028,899
Due to component unit	-	1,089,326	1,089,326
Other liabilities	18,029	-	18,029
<b>Total liabilities</b>	<b>177,224</b>	<b>1,959,030</b>	<b>2,136,254</b>
<b>Net assets - held in trust for pension benefits</b>	<b>\$287,860,365</b>	<b>\$ -</b>	<b>\$287,860,365</b>

\*Note: 2002 data is presented as of December 31, 2003  
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, 2003**

**CITY OF COLORADO SPRINGS**  
**COLORADO**  
**Exhibit 11**

	<u>Pension Trust Funds</u>
<b>Additions</b>	
City and participant contributions	<u>\$9,142,086</u>
Other income	<u>404,280</u>
Investment earnings:	
Interest and dividend income	8,015,666
Rental income	1,392,736
Net decrease in fair value of investments	<u>(36,919,234)</u>
Total investment loss	(27,510,832)
Less investment expenses	<u>1,234,773</u>
Net investment loss	<u>(28,745,605)</u>
<b>Total additions, net</b>	<u>(19,199,239)</u>
<b>Deductions</b>	
Benefits	(13,730,804)
Refund	(903,560)
Administrative expenses	<u>(7,995)</u>
<b>Total deductions</b>	<u>(14,642,359)</u>
Change in net assets	(33,841,598)
<b>Net assets held in trust for pension benefits - January 1</b>	<u>321,701,963</u>
<b>Net assets held in trust for pension benefits - December 31</b>	<u><u>\$287,860,365</u></u>

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

GOVERNMENTAL FUND COMPONENT UNITS  
 COMBINING STATEMENT OF NET ASSETS  
 December 31, 2003

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
<b><u>ASSETS</u></b>				
Cash and investments	\$158,962	\$515,081	\$226,294	\$900,337
Property taxes receivable	-	448,257	25,794	474,051
Unamortized loan costs, net of amortization	-	-	166,975	166,975
Restricted assets:				
Cash-bonds	-	-	621,090	621,090
Capital assets (net of accumulated depreciation):				
Machinery and equipment	-	9,097	-	9,097
Construction in progress	-	-	7,913,363	7,913,363
<b>Total assets</b>	<b>158,962</b>	<b>972,435</b>	<b>8,953,516</b>	<b>10,084,913</b>
<b><u>LIABILITIES</u></b>				
Accounts payable	32,920	8,127	6,248	47,295
Deferred revenue	-	448,257	25,794	474,051
Accrued interest payable	-	-	55,910	55,910
Noncurrent liabilities:				
Due within one year	-	-	115,000	115,000
Due in more than one year	846,988	-	9,655,000	10,501,988
<b>Total liabilities</b>	<b>879,908</b>	<b>456,384</b>	<b>9,857,952</b>	<b>11,194,244</b>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	-	9,097	(1,463,368)	(1,454,271)
Restricted for:				
Debt service	-	-	621,090	621,090
Emergency reserve (TABOR)	-	15,323	700	16,023
Capital improvement	-	182,964	-	182,964
Unrestricted	(720,946)	308,667	(62,858)	(475,137)
<b>Total net assets (deficit)</b>	<b>(\$720,946)</b>	<b>\$516,051</b>	<b>(\$904,436)</b>	<b>(\$1,109,331)</b>

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, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 13**

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Colorado Springs Urban Renewal Authority</u>	<u>Greater Downtown Colorado Springs Business Improvement District</u>	<u>Briargate Center Business Improvement District</u>	<u>Totals</u>
<b>Colorado Springs Urban Renewal Authority</b>						
General government	\$270,440	\$218,438	(\$52,002)			(\$52,002)
<b>Greater Downtown Colorado Springs Business Improvement District</b>						
General government	121,527	1,037		(\$120,490)		(120,490)
Public works	168,331	-		(168,331)		(168,331)
Total	289,858	1,037		(288,821)		
<b>Briargate Center Business Improvement District</b>						
General government	740,968	-			(\$740,968)	(740,968)
<b>Total component units</b>	<b>\$1,301,266</b>	<b>\$219,475</b>				<b>(1,081,791)</b>
General revenues:						
Property taxes			-	45,910	2,942	48,852
Investment earnings			660	4,745	42,609	48,014
Total general revenues			660	50,655	45,551	96,866
Change in net assets			(51,342)	(238,166)	(695,417)	(984,925)
Net assets (deficit) - January 1, as previously reported			(669,604)	754,217	30,613	115,226
Prior period adjustment			-	-	(239,632)	(239,632)
Net assets (deficit) - January 1, as restated			(669,604)	754,217	(209,019)	(124,406)
Net assets (deficit) - December 31			(\$720,946)	\$516,051	(\$904,436)	(\$1,109,331)

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

**PROPRIETARY FUND COMPONENT UNITS  
COMBINING STATEMENT OF NET ASSETS  
December 31, 2003**

	<b>Fountain Valley Authority</b>	<b>Aurora - Colorado Springs Joint Water Authority</b>	<b>Regional Water Infrastructure Authority</b>	<b>The Twin Lakes Reservoir and Canal Company</b>
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and investments	\$558,275	\$43,045	\$3,010	\$530,084
Accounts receivable (net of allowance for uncollectibles)	137,350	-	6,000	5,400
Inventories	59,045	-	-	-
Due from primary government	271,721	-	-	-
Prepaid expenses	4,084,473	2,842	-	133,705
<b>Total current assets</b>	<b>5,110,864</b>	<b>45,887</b>	<b>9,010</b>	<b>669,189</b>
<b>Noncurrent assets</b>				
Restricted cash and cash equivalents	3,141,835	-	-	-
Capital assets:				
Utility plant	86,962,222	9,499,247	-	13,515,763
Construction in progress	-	-	-	6,952
Less accumulated depreciation	(25,057,760)	(1,613,838)	-	(4,655,034)
<b>Total noncurrent assets</b>	<b>65,046,297</b>	<b>7,885,409</b>	<b>-</b>	<b>8,867,681</b>
<b>Other assets</b>				
Unamortized bond issuance costs	299,316	-	-	-
Other	-	-	-	274,279
<b>Total other assets</b>	<b>299,316</b>	<b>-</b>	<b>-</b>	<b>274,279</b>
<b>Total assets</b>	<b>\$70,456,477</b>	<b>\$7,931,296</b>	<b>\$9,010</b>	<b>\$9,811,149</b>

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
\$202,028	\$323,271	\$79,033	\$ -	\$1,738,746
-	37,357	-	12,957	199,064
-	-	-	-	59,045
-	-	-	1,089,326	1,361,047
5,961	19,135	2,806	-	4,248,922
207,989	379,763	81,839	1,102,283	7,606,824
-	31,432	-	-	3,173,267
2,573,413	2,075,010	1,086,874	-	115,712,529
-	-	-	-	6,952
(479,016)	(993,172)	(313,345)	-	(33,112,165)
2,094,397	1,113,270	773,529	-	85,780,583
14,570	-	-	-	313,886
-	25,334	32,409	-	332,022
14,570	25,334	32,409	-	645,908
\$2,316,956	\$1,518,367	\$887,777	\$1,102,283	\$94,033,315

(continued)

**PROPRIETARY FUND COMPONENT UNITS  
COMBINING STATEMENT OF NET ASSETS  
December 31, 2003**

	<b>Fountain Valley Authority</b>	<b>Aurora - Colorado Springs Joint Water Authority</b>	<b>Regional Water Infrastructure Authority</b>	<b>The Twin Lakes Reservoir and Canal Company</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b>Current liabilities</b>				
Accounts payable	\$473,918	\$2,577	\$ -	\$18,196
Due to primary government	138,572	-	-	-
Deferred revenue	4,018,766	-	-	-
Accrued interest payable	177,205	-	-	-
Matured bonds payable	435,000	-	-	-
Notes payable - current	452,512	-	-	373,325
Capital lease payable - current	1,574,148	-	-	-
Other	-	-	9,000	-
<b>Total current liabilities</b>	<b>7,270,121</b>	<b>2,577</b>	<b>9,000</b>	<b>391,521</b>
<b>Noncurrent liabilities</b>				
Revenue bonds payable	9,566,112	-	-	-
Notes payable	9,483,873	-	-	853,398
Capital lease payable	78,682,514	-	-	-
Other	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>97,732,499</b>	<b>-</b>	<b>-</b>	<b>853,398</b>
<b>Total liabilities</b>	<b>105,002,620</b>	<b>2,577</b>	<b>9,000</b>	<b>1,244,919</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	(36,946,238)	7,885,409	-	7,640,958
Restricted for debt service	1,798,376	-	-	-
Unrestricted	601,719	43,310	10	925,272
<b>Total net assets (deficit)</b>	<b>(34,546,143)</b>	<b>7,928,719</b>	<b>10</b>	<b>8,566,230</b>
<b>Total liabilities and net assets</b>	<b>\$70,456,477</b>	<b>\$7,931,296</b>	<b>\$9,010</b>	<b>\$9,811,149</b>

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

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

The Lake Meredith Reservoir Company	The Colorado Canal Company	The Lake Henry Reservoir Company	Pikes Peak Regional Communications Network	Total
\$82,919	\$25,723	\$9,989	\$25,413	\$638,735
-	-	-	-	138,572
-	-	-	-	4,018,766
26,762	-	-	-	203,967
-	-	-	-	435,000
-	41,473	-	-	867,310
-	-	-	-	1,574,148
-	-	-	-	9,000
109,681	67,196	9,989	25,413	7,885,498
-	-	-	-	9,566,112
1,311,888	10,607	147,701	-	11,807,467
-	-	-	-	78,682,514
-	31,432	-	-	31,432
1,311,888	42,039	147,701	-	100,087,525
1,421,569	109,235	157,690	25,413	107,973,023
782,509	1,029,758	625,828	-	(18,981,776)
-	-	-	-	1,798,376
112,878	379,374	104,259	1,076,870	3,243,692
895,387	1,409,132	730,087	1,076,870	(13,939,708)
\$2,316,956	\$1,518,367	\$887,777	\$1,102,283	\$94,033,315

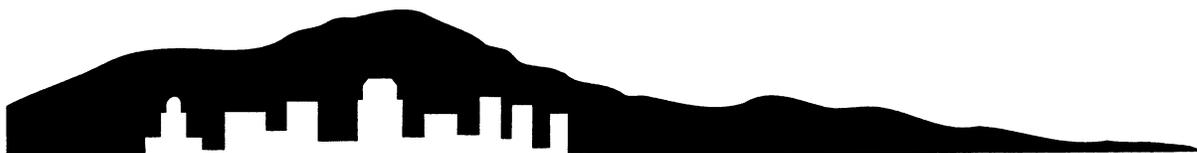
**PROPRIETARY FUND COMPONENT UNITS  
COMBINING STATEMENT OF ACTIVITIES  
For the year ended December 31, 2003**

	Program Revenues				
	Expenses	Charges for Services	Fountain Valley Authority	Aurora - Colorado Springs Joint Water Authority	Regional Water Infrastructure Authority
<b>Fountain Valley Authority</b>					
General government	\$7,751,855	\$7,912,108	\$160,253		
<b>Aurora-Colorado Springs Joint Water Authority</b>					
General government	107,019	21,000		(\$86,019)	
<b>Regional Water Infrastructure Authority</b>					
General government	9,699	-			(\$9,699)
<b>The Twin Lakes Reservoir and Canal Company</b>					
General government	750,540	892,483			
<b>The Lake Meredith Reservoir Company</b>					
General government	33,569	223,419			
<b>The Colorado Canal Company</b>					
General government	249,118	343,706			
<b>The Lake Henry Reservoir Company</b>					
General government	35,832	71,741			
<b>Pikes Peak Regional Communications Network</b>					
General government	971,852	930,863			
<b>Total component units</b>	<b>\$9,909,484</b>	<b>\$10,395,320</b>			
	General Revenues:				
	Investment earnings		18,658	363	22
	Change in net assets		178,911	(85,656)	(9,677)
	Net assets (deficit) - January 1		(34,725,054)	8,014,375	9,687
	Net assets (deficit) - December 31		(\$34,546,143)	\$7,928,719	\$10

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

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

<b>Net (Expense) Revenue and Changes in Net Assets</b>					
<b>The Twin Lakes Reservoir and Canal Company</b>	<b>The Lake Meredith Reservoir Company</b>	<b>The Colorado Canal Company</b>	<b>The Lake Henry Reservoir Company</b>	<b>Pikes Peak Regional Communications Network</b>	<b>Total</b>
					\$160,253
					(86,019)
					(9,699)
<u>\$141,943</u>					141,943
	<u>\$189,850</u>				189,850
		<u>\$94,588</u>			94,588
			<u>\$35,909</u>		35,909
				<u>(\$40,989)</u>	(40,989)
					<u>485,836</u>
7,021	580	2,994	429	32,350	62,417
<b>148,964</b>	<b>190,430</b>	<b>97,582</b>	<b>36,338</b>	<b>(8,639)</b>	<b>548,253</b>
<b>8,417,266</b>	<b>704,957</b>	<b>1,311,550</b>	<b>693,749</b>	<b>1,085,509</b>	<b>(14,487,961)</b>
<b><u>\$8,566,230</u></b>	<b><u>\$895,387</u></b>	<b><u>\$1,409,132</u></b>	<b><u>\$730,087</u></b>	<b><u>\$1,076,870</u></b>	<b><u>(\$13,939,708)</u></b>



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 - 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 the 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 the 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 substantively the same, and the component units do not provide services exclusively to the City.

**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 of which two members are appointed by the City and one is appointed by Utilities. PPRCN was established to provide a modern, trunked radio system, available to the participating public safety and public service activities, throughout the City and 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, 2003, the cities had approved one project, the acquisition and construction of a pipeline to transport raw water. The Authority, in which Utilities has a 66.66 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

Utilities is a member of the Regional Water Infrastructure Authority (RWIA) along with the City, and the City of Fountain. 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, and the City of Fountain has three voting members. The RWIA was formed to construct, finance and operate projects for water, wastewater and storm water projects that have regional features in which other local entities may elect to participate.

In 2002, RWIA approved the Southern Delivery System project. The project was planned to include a water delivery system from the Pueblo Reservoir to a future water treatment complex and two new reservoirs. On August 1, 2003 the three members of RWIA ratified an intergovernmental agreement which terminated the Southern Delivery System as a project of RWIA, retroactive to the start of the project in 2002. Additionally, on August 1, 2003, the members signed another intergovernmental agreement approving the continued construction of the Southern Delivery System project by Utilities, the City of Fountain, and Security Water District outside RWIA. Subsequent to August 31, 2003, and throughout the construction period, Utilities will report its share of the construction cost and related debt in its financial statements, and will be using joint venture accounting for the Southern Delivery System.

There were no projects within RWIA as of December 31, 2003.

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

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 also has equity interests in Allied Utility Network, LLC., Front Range Power, LLC. (FRP), and Young Gas Storage Company Ltd.

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 61% 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. Memorial Hospital's financial statements reflect its interest in the members' equity and net income of SCPP.

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 Allied Utility Network, LLC., FRP, and Young Gas Storage Company Ltd. may be obtained at the following address:

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

The financial statements of the 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 the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

The 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 restricted legally or by regulation.

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

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

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

Pension trust funds account for the activities of the City's fire and police pension plans that accumulate resources for pension benefit payments 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 funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

The 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, 2003, 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 plant is stated at cost. For constructed plant, cost includes contracted services, direct labor and materials, indirect charges for engineering, supervision, general and administrative costs, and an allowance for funds used during construction (AFUDC). The 2003 AFUDC rate of 3.08% 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.

Depreciation of plant for Colorado Springs Utilities is provided for using the straight-line method based on the estimated service lives of the assets. Estimated service lives for major assets are as follows:

Electric boiler plant/station equipment	25
Electric conduit	29
Gas mains and services	80
Water source of supply	100
Water mains/services	50
Sewer mains and laterals	100
General structures and improvements	57

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 sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**8. Fund Equity**

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

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

The City is subject to the Colorado Department of Public Health and Environment regulations which require the City to incur closure and postclosure care costs for landfills. In 2003, the Utilities fund recognized a liability of \$1,305,580 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 \$3,430,566. The average landfill capacity used to date is 37.84%. The estimated remaining landfill lives vary from 18 to 88 years. In 2003, the Governmental activities recognized a liability of \$512,594 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.

**10. Derivative Instruments**

Utilities uses derivative instruments to manage its exposure to fluctuating natural gas prices through the use of natural gas hedge contracts. These instruments mature over the next twelve months. To the extent that these instruments are effective in hedging Utilities' exposure to price changes, changes in the fair values of the hedge contracts are recognized in purchased gas expense in the period in which the hedged transaction occurs. The fair value of these contracts

was an asset of \$2,808,330 as of December 31, 2003. Changes in the fair value of gas hedge contracts credited to other operating expenses as of December 31, 2003 total \$3,137,020.

Utilities also uses derivative instruments to hedge its exposure to changing interest rates through the use of interest rate swaps. Utilities entered into two interest rate swap agreements that qualify as cash flow hedges under SFAS No. 133, as amended. The interest rate swaps are reflected on the balance sheet as liabilities at fair value. The fair value represents the estimated amount at which the instruments could be liquidated based on quoted market prices, current market conditions, or other estimates obtained from third-party brokers or dealers. See Note IV.M. for further discussion related to our interest rate swaps.

Utilities records all derivative instruments on the balance sheet as Fair Value of Derivative Instruments at their fair value under the provisions of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended. For those instruments entered into to hedge risk and that qualify as hedges, we apply the provisions of SFAS No. 133 and its related amendments and interpretations, and the accounting treatment depends on each instrument's intended use and how it is designated. Derivative instruments that qualify as hedges may be designated as fair value hedges, cash flow hedges or net investment hedges as defined in SFAS No. 133, as amended.

In accordance with the provisions of SFAS No. 133, as amended, changes in the fair value of a cash flow hedge are recognized in earnings in the period in which the hedged transaction occurs. Classification in the statement of revenues, expenses, and changes in fund net assets is based on the income classification of the item being hedged.

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

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

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

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

Capital assets, at historical cost	\$437,266,282
Accumulated depreciation	<u>(89,863,424)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$347,402,858</u>

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

Deferred revenue	<u>\$18,658,599</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$18,658,599</u>

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

Interest on investments	<u>\$892,812</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$892,812</u>

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

Internal service fund allocation	<u>\$6,155,685</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$6,155,685</u>

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

Bonds payable	(\$123,833,886)
Accrued interest payable	(630,656)
Capital lease payable	(4,763,234)
Drainage fees payable	(3,497,146)
Compensated absences	(17,418,713)
Municipal solid waste landfill	<u>(512,594)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>(\$150,656,229)</u>

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

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

Capital Outlay	\$64,681,427
Depreciation Expense	<u>(15,545,136)</u>
Net adjustments to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$49,136,291</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:

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In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold. (\$2,108,261)

In the statement of activities, transfers of capital assets from proprietary funds are reported. However, in the governmental funds, transfers of capital assets are not reported. 157,062

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. 18,997,340

Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities* \$17,046,141

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

Debt incurred:	
Capital lease financing	(\$3,276,269)
Issuance of certificates of participation	(15,070,000)
Principal repayments:	
General obligation debt	3,015,000
Sales tax revenue bonds	4,435,000
Certificates of participation	505,568
Special assessment bonds and notes	139,642
Capital leases	<u>3,021,075</u>

Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities* (\$7,229,984)

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	\$103,960
Compensated absences	(202,209)
Landfill closing costs	<u>(9,558)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>(\$107,807)</u>

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

Unavailable revenue	<u>(\$1,306,595)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>(\$1,306,595)</u>

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

Internal service fund activities	<u>\$543,868</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>\$543,868</u>

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

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

The City prepares annual budgets and maintains budgetary controls for all funds in order to ensure compliance with the annual appropriation ordinance as approved by City Council. The legal level of budgetary control for all funds is at the fund level. Transfer of appropriation within the budget of a department may be authorized by approval of the affected department head. Such transfers are filed with the 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 2003, expenditures exceeded appropriations for the Workers Compensation Self Insurance fund by \$910,489, the Employee Benefits Self Insurance fund by \$516,976, the Arterial Roadway fund by \$123,007, the Gift Trust fund by \$38,250, the Lodgers and Auto Rental Tax fund by \$52,321, and the Subdivision Drainage fund by \$51,028.

**C. Deficit Fund Equity**

Three primary government funds, Workers Compensation Self Insurance fund, Support Services fund, and Trails and Open Space fund, had accumulated deficits in net assets of \$1,082,144, \$175,314 and \$57,147, respectively, as of December 31, 2003. The Workers Compensation Self Insurance fund deficit can be attributed to increasing claims, increasing medical costs, and increasing insurance rates. The Support Services fund deficit is due to expenses exceeding billings. The rates have been evaluated and adjusted to capture previous under billings. The Trails and Open Space fund deficit is due to an interfund loan with the general fund. This loan will be repaid to the general fund over the next three 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, 2003:

	<u>Current Assets</u>	<u>Restricted Assets</u>
Demand accounts (incl petty cash of \$31,787)	\$60,781,646	\$475,412
Money market mutual funds	21,701,777	53,309,232
Repurchase agreements	10,445,226	171,181,999
U.S. Treasury securities	212,101,083	59,383,383
U.S. Instrumentality securities	90,379,160	5,337,895
Corporate securities	47,657,902	174,425,787
Guaranteed investment contract	-	4,654,055
Real Estate	-	15,905,766
Mortgages pooled	6,728,712	-
Venture capital	-	17,530,968
International equities	-	49,436,838
International fixed securities	-	2,810,980
457 Deferred compensation - outside manager	-	2,050,726
Money purchase - outside manager funds	-	1,936,556
Colorado Liquid Asset Trust	-	38,566,902
Colorado Surplus Asset Fund Trust	-	75,259
<b>Total</b>	<b><u>\$449,795,506</u></b>	<b><u>\$597,081,758</u></b>

Reconciliation of total deposits and investments to the government-wide financial statements at December 31, 2003:

	<u>Unrestricted</u>	<u>Restricted</u>
<b>Governmental Activities</b>	\$116,378,071	\$11,064,116
<b>Business-type Activities</b>	331,559,055	299,277,277
<b>Fiduciary</b>	<u>1,858,380</u>	<u>286,740,365</u>
<b>Total</b>	<b><u>\$449,795,506</u></b>	<b><u>\$597,081,758</u></b>

**1. Deposits**

The carrying amount of the City's deposits at December 31, 2003 was \$61,225,271 and the bank balances were \$66,611,884. Of the bank balances, \$382,876 was covered by federal deposit insurance and \$66,229,008 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.

<b><u>Category 1</u></b>			
	Repurchase agreements		\$181,627,225
	US Treasury securities		271,484,466
	U S Instrumentality securities		95,717,055
	Corporate securities		<u>222,083,689</u>
	Category 1	Total	<b><u>\$770,912,435</u></b>
<b><u>Noncategorized</u></b>			
	Money market mutual funds		\$75,011,009
	Colorado Liquid Asset Trust (COLOTRUST)		38,566,902
	Colorado Surplus Asset Fund (CSAFE)		75,259
	Guaranteed investment contract		4,654,055
	Mortgages pooled		6,728,712
	Real estate		15,905,766
	International equities		49,436,838
	International fixed securities		2,810,980
	Venture capital		17,530,968
	457 Deferred compensation - outside manager funds		2,050,726
	Money purchase - outside manager funds		<u>1,936,556</u>
	Noncategorized	Total	<b><u>\$214,707,771</u></b>

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

As of December 31, 2003, the City has invested \$38,566,902 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pool. Investments of the pool consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury Notes.

Utilities has invested \$75,259 in the Colorado Surplus Asset Fund Trust (CSAFE) as of December 31, 2003. CSAFE operates similarly to COLOTRUST whereby Utilities acquires and redeems shares of the common law trusts as authorized by state statute.

**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, 2003:

	<u>Demand Accounts</u>	<u>Money Market</u>
<b>Governmental Activities:</b>		
Urban Renewal Authority	\$53,211	\$105,751
Downtown Colorado Springs BID	7,803	507,278
Briargate Center BID	<u>16,609</u>	<u>830,775</u>
<b>Sub-total</b>	<b>\$77,623</b>	<b>\$1,443,804</b>
<b>Business-type Activities:</b>		
Fountain Valley Authority	\$1,300,640	\$2,399,470
Aurora-Colorado Springs Joint Water Authority	43,045	-
Various Canal & Reservoir Companies	<u>1,168,858</u>	<u>-</u>
<b>Sub-total</b>	<b><u>\$2,512,543</u></b>	<b><u>\$2,399,470</u></b>
<b>Total</b>	<b><u><u>\$2,590,166</u></u></b>	<b><u><u>\$3,843,274</u></u></b>

**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2003**

Reconciliation of total deposits and investments to the government-wide financial statements at December 31, 2003:

	<u>Unrestricted</u>	<u>Restricted</u>
<b>Governmental Activities</b>	\$900,337	\$621,090
<b>Business-type Activities</b>	<u>1,738,746</u>	<u>3,173,267</u>
<b>Total</b>	<b><u>\$2,639,083</u></b>	<b><u>\$3,794,357</u></b>

The carrying amount of the deposits of the component units of the City at December 31, 2003, was \$2,590,166 and the bank balances were \$2,634,249. Of the bank balances, \$863,641 was covered by federal deposit insurance and \$1,770,608 was collateralized in accordance with provisions of the Colorado Public Deposit Protection Act.

**B. Receivables**

Receivables for governmental funds, proprietary funds, fiduciary funds and component units at December 31, 2003 include the following in (000's):

	General	Hospital	Utilities	Airport	Parking	Non-Major & Other	Total
Interest	\$ -	\$ -	\$463	\$ -	\$ -	\$1,282	\$1,745
Taxes	30,371	-	-	-	-	5,684	36,055
Accounts	2,596	72,903	77,351	1,086	8	7,046	160,990
Assessments	-	-	-	-	-	893	893
Intergovernmental loans	-	-	-	-	-	16,707	16,707
Notes and loans	847	2,650	-	-	-	211	3,708
Gross Receivables	33,814	75,553	77,814	1,086	8	31,823	220,098
Less: Allowances For Uncollectibles	-	(18,945)	(1,447)	-	-	-	(20,392)
Net Receivables	<u>\$33,814</u>	<u>\$56,608</u>	<u>\$76,367</u>	<u>\$1,086</u>	<u>\$8</u>	<u>\$31,823</u>	<u>\$199,706</u>

Loans receivable of \$17,765,458 is included in receivables - net in the statement of net assets as of December 31, 2003. Of the loans receivable, Community Development Department (CDD) has loans receivable of \$16,154,879 as of December 31, 2003. 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, 2003 were:

**Due to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Colorado Springs Utilities	\$2,864,418
	Memorial Hospital	65,084
	Non-major Governmental Funds	6,767,881
	Non-major Enterprise Funds	40,700
	Internal Service Fund	<u>1,034,115</u>
	<b>Sub-Total</b>	<b>10,772,198</b>
Colorado Springs Utilities	General Fund	3,982,406
	Memorial Hospital	153,951
	Colorado Springs Parking System	8,623
	Non-major Governmental Funds	4,534,976
	Non-major Enterprise Funds	23,413
	Internal Service Fund	<u>109,775</u>
	<b>Sub-Total</b>	<b>8,813,144</b>
Memorial Hospital	General Fund	592
	Internal Service Fund	<u>159,133</u>
	<b>Sub-Total</b>	<b>159,725</b>
Colorado Springs Parking System	General Fund	2,291,003
	Colorado Springs Utilities	<u>8,521</u>
	<b>Sub-Total</b>	<b>2,299,524</b>

**NOTES TO FINANCIAL STATEMENTS** **DECEMBER 31, 2003**

Non-major Governmental Funds	General Fund	6,506,812
	Colorado Springs Utilities	<u>5,908</u>
	<b>Sub-Total</b>	<b><u>6,512,720</u></b>
Non-major Enterprise Funds	General Fund	10,289
	Colorado Springs Utilities	<u>2,731</u>
	<b>Sub-Total</b>	<b><u>13,020</u></b>
Internal Service Funds	Colorado Springs Utilities	498,755
	Memorial Hospital	<u>29,139</u>
	<b>Sub-Total</b>	<b><u>527,894</u></b>
<b>Total</b>		<b><u><u>\$29,098,225</u></u></b>

The balance of \$3,982,406 due to Colorado Springs Utilities from the general fund resulted from the sale of a building between the funds in 2002; \$3,775,803 of the balance is not scheduled to be collected in the subsequent year. The balance of \$2,291,003 due to the Colorado Springs Parking System from the general fund resulted from the Colorado Springs Parking System's construction of the parking facility for the general fund's use; \$2,248,685 of the balance is not scheduled to be collected in the subsequent year.

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

**Interfund transfers:**

	Transfers In:			
	General Fund	Non-major Governmental	Non-major Enterprise Funds	
<b>Transfers Out:</b>				
General Fund	\$ -	\$6,489,254	\$ -	\$6,489,254
Utilities	22,204,752	-	-	22,204,752
Internal Service Funds	262,093	-	-	262,093
Non-major governmental funds	852,464	-	200,000	1,052,464
	<u>\$23,319,309</u>	<u>\$6,489,254</u>	<u>\$200,000</u>	<u>30,008,563</u>

Transfer in of governmental capital assets:

To internal service funds from existing governmental capital assets 74,525

Transfer in of proprietary capital assets:

To governmental fund from internal service funds capital assets 12,720

To governmental fund from existing proprietary capital assets 218,867

Total transfers in \$30,314,675

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

**D. Payments In Lieu Of Taxes**

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 2003, the amount paid was \$22.2 million.

**E. Deferred Revenue**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of 2003, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Loans	\$ -	\$17,765,458
Property taxes	20,606,186	-
Special assessments	893,142	-
Grant drawdowns prior to meeting all eligibility requirements	-	1,249,223
	<u>                    </u>	<u>                    </u>
Total deferred/unearned revenue for governmental funds	<u>\$21,499,328</u>	<u>\$19,014,681</u>

**F. Inventories**

Inventories, exclusive of component units, are stated at average cost, except the Hospital inventories, which are carried at the lower of cost or market. Proprietary fund inventories consist of the following at December 31, 2003 (in 000's):

Materials and Supplies	\$15,284,887
Fuel	<u>18,453,124</u>
<b>Total</b>	<b><u>\$33,738,011</u></b>

**G. Changes in Capital Assets**

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

**Primary Government**

	<u>Balance 01-01-03</u>	<u>Increases*</u>	<u>Decreases*</u>	<u>Balance 12-31-03</u>
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$57,650	\$26,315	(\$485)	\$83,480
Construction in progress	18,546	16,269	(3,261)	31,554
<b>Total Capital Assets Not Being Depreciated</b>	<u>76,196</u>	<u>42,584</u>	<u>(3,746)</u>	<u>115,034</u>
Capital Assets Being Depreciated:				
Building	124,392	4,256	(303)	128,345
Improvements other than buildings	18,174	2,960	(15)	21,119
Machinery and Equipment	92,316	7,635	(7,033)	92,918
Infrastructure	53,090	33,200	(5)	86,285
<b>Total Capital Assets Being Depreciated</b>	<u>287,972</u>	<u>48,051</u>	<u>(7,356)</u>	<u>328,667</u>
Less Accumulated Depreciation for:				
Building	(31,192)	(3,183)	165	(34,210)
Improvements other than buildings	(4,273)	(834)	11	(5,096)
Machinery and Equipment	(47,586)	(9,833)	5,740	(51,679)
Infrastructure	(1,025)	(2,343)	-	(3,368)
<b>Total Accumulated Depreciation</b>	<u>(84,076)</u>	<u>(16,193)</u>	<u>5,916</u>	<u>(94,353)</u>
<b>Capital Assets Being Depreciated, Net</b>	<u>203,896</u>	<u>31,858</u>	<u>(1,440)</u>	<u>234,314</u>
<b>Total Governmental Activities Capital Assets, Net</b>	<u>\$280,092</u>	<u>\$74,442</u>	<u>(\$5,186)</u>	<u>\$349,348</u>

\* Includes transfers between categories.

**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2003**

	<u>Balance</u> <u>01-01-03</u>	<u>Increases*</u>	<u>Decreases*</u>	<u>Balance</u> <u>12-31-03</u>
<b>Business-type Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$22,403	\$6,297	(\$263)	\$28,437
Construction in progress	143,439	220,025	(217,501)	145,963
Total Capital Assets Not Being Depreciated	<u>165,842</u>	<u>226,322</u>	<u>(217,764)</u>	<u>174,400</u>
Capital Assets Being Depreciated:				
Building	107,410	5,566	(38)	112,938
Improvements other than buildings	124,800	1,371	(250)	125,921
Machinery and Equipment	12,935	560	(353)	13,142
Infrastructure	1,754	-	-	1,754
Utilities Plant	2,565,311	217,661	(43,010)	2,739,962
Hospital Plant	316,465	56,121	(9,482)	363,104
Total Capital Assets Being Depreciated	<u>3,128,675</u>	<u>281,279</u>	<u>(53,133)</u>	<u>3,356,821</u>
Less Accumulated Depreciation for:				
Building	(26,970)	(3,372)	24	(30,318)
Improvements other than buildings	(33,846)	(3,301)	42	(37,105)
Machinery and Equipment	(8,493)	(948)	338	(9,103)
Infrastructure	(30)	(47)	-	(77)
Utilities Plant	(869,393)	(88,419)	23,268	(934,544)
Hospital Plant	(139,422)	(19,792)	2,931	(156,283)
Total Accumulated Depreciation	<u>(1,078,154)</u>	<u>(115,879)</u>	<u>26,603</u>	<u>(1,167,430)</u>
Capital Assets Being Depreciated, Net	<u>2,050,521</u>	<u>165,400</u>	<u>(26,530)</u>	<u>2,189,391</u>
Total Business-type Activities Capital Assets, Net	<u>\$2,216,363</u>	<u>\$391,722</u>	<u>(\$244,294)</u>	<u>\$2,363,791</u>

\* Includes transfers between categories.

Depreciation expense was charged to governmental functions as follows:

**Governmental Activities:**

General Government	\$1,715
Public Safety	5,137
Public Works	6,112
Culture and Recreation	2,500
Urban Redevelopment	81
Internal Service Funds	<u>592</u>
 Total Depreciation expense governmental activities	 <u><u>\$16,137</u></u>

**Business-type Activities:**

Utilities	\$75,007
Hospital	19,792
Airport	6,127
Parking	654
Non-major enterprise funds	<u>889</u>
 Total Depreciation expense business-type activities	 <u><u>\$102,469</u></u>

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

	<u>Balance</u> <u>01-01-03</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12-31-03</u>
<b>Governmental Activities:</b>				
<b>Discretely Presented Component Units:</b>				
Capital Assets Not Being Depreciated:				
Construction in progress	\$3,724	\$4,189	\$ -	\$7,913
Capital Assets Being Depreciated:				
Machinery and Equipment	48	-	(2)	46
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(30)</u>	<u>(9)</u>	<u>2</u>	<u>(37)</u>
Capital Assets Being Depreciated, Net	<u>18</u>	<u>(9)</u>	<u>-</u>	<u>9</u>
 Governmental Activities				
Discretely Presented Component Unit				
Capital Assets, Net	<u>\$3,742</u>	<u>\$4,180</u>	<u>\$ -</u>	<u>\$7,922</u>

	<u>Balance</u> <u>01-01-03</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12-31-03</u>
<b>Business-type Activities:</b>				
<b>Discretely Presented Component Units:</b>				
Capital Assets Not Being Depreciated:				
Construction in progress	\$953	\$ -	(\$946)	\$7
Capital Assets Being Depreciated:				
Utilities Plant	111,748	4,037	(72)	115,713
Less Accumulated Depreciation for:				
Utilities Plant	<u>(31,222)</u>	<u>(1,899)</u>	<u>8</u>	<u>(33,113)</u>
Capital Assets Being Depreciated, Net	<u>80,526</u>	<u>2,138</u>	<u>(64)</u>	<u>82,600</u>
Business-type Activities				
Discretely Presented Component Unit				
Capital Assets, Net	<u>\$81,479</u>	<u>\$2,138</u>	<u>(\$1,010)</u>	<u>\$82,607</u>

**H. Leases**

**Operating Leases**

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

<u>Year</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
2004	\$326,990	\$1,142,000
2005	313,313	666,000
2006	313,313	497,000
2007	313,313	451,000
2008	275,505	299,000
2009	<u>74,592</u>	<u>84,000</u>
Total	<u>\$1,617,026</u>	<u>\$3,139,000</u>

Total rental payments for the year ended December 31, 2003 were \$549,914 for governmental activities and \$1,286,000 for business-type activities.

**Operating Leases (Component Units)**

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

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2004	\$20,373	\$33,216
2005	-	28,308
2006	-	8,436
2007	-	8,436
2008	-	8,436
2009-2013	-	42,182
2014-2018	-	42,182
2019-2022	-	18,681
<b>Total</b>	<b>\$20,373</b>	<b>\$189,877</b>

Total rental payments for the year ended December 31, 2003 were \$18,846 for governmental activities component units and \$32,186 for business-type activities component units.

**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, 2003, exclusive of component units, are as follows (in 000's):

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2004	\$1,890	\$1,272
2005	1,475	141
2006	788	77
2007	716	83
2008	389	-
2009-2012	664	-
Future minimum lease payments	5,922	1,573
Amount representing interest	(618)	(108)
<b>Present value of net minimum payments</b>	<b>\$5,304</b>	<b>\$1,465</b>

**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2003**

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

<b>Assets:</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Machinery and equipment	\$9,169	\$1,105
Building	857	-
Utilities plant	-	4,144
Accumulated depreciation	(4,307)	(3,660)
Net capitalized lease property	<u>\$5,719</u>	<u>\$1,589</u>

Amortization of the leased property is included in depreciation expense.

**Capital Lease (Component Units)**

Fountain Valley Authority leases various plant assets under a capital lease agreement expiring December 31, 2025. As of December 31, 2003, future minimum payments under the capital lease consisted of the following (in 000's):

<b>Year</b>	<b>Business-type Activities</b>
2004	\$4,019
2005	4,905
2006	5,382
2007	5,382
2008	5,383
2009-2013	26,913
2014-2018	26,913
2019-2023	26,913
2024-2025	<u>4,268</u>
Future minimum lease payments	110,078
Amount representing interest	<u>(29,821)</u>
Present value of net minimum payments	<u>\$80,257</u>

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

<b>Assets:</b>	<b>Business-type Activities</b>
Utilities plant	\$70,803
Accumulated depreciation	(15,717)
Net capitalized lease property	<u>\$55,086</u>

Amortization of the plant cost has been included in depreciation expense and amounted to \$895 for 2003.

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

On January 1, 2002, Colorado Springs Utilities entered into a \$15,000,000 revolving loan agreement with a bank, with interest at 90% of the bank's prime rate (3.6% as of December 31, 2003). The agreement expired on December 31, 2002, but was extended to March 1, 2003. The proceeds from draws on the original agreement were to be used by Utilities for the purchase of energy on the open market in the event of a forced outage of the system. 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. No draws were made in 2003 on the second extension agreement. A third extension agreement was completed in March 2004, extending the agreement date to March 1, 2005 and includes provisions to increase the amount of the credit line to \$25,000,000. The agreement is collateralized by the net pledged revenues of Utilities.

Memorial Hospital maintains a line of credit agreement in the amount of \$3,000,000, which expires on July 15, 2005 and bears interest at the bank's prime rate less .75%. No amounts were outstanding under the line of credit at December 31, 2003.

#### **J. Long-Term Debt**

During 2003, Colorado Springs Utilities issued \$113,310,000 Utilities System Subordinate Lien Improvement Revenue Bonds, Series 2003A to finance a variety of capital improvements to the system, and \$45,000,000 Colorado Springs Utilities System Subordinate Lien Improvement Revenue Bonds, Series 2003B to finance the initial costs of a major water delivery system known as the Southern Delivery System.

During 2003, the City issued \$15,070,000 of Certificates of Participation to finance the acquisition of approximately 732 acres of land known as Red Rock Canyon to be used for open space for the City's inhabitants and visitors. The funds are also to be used to relocate current tenants on the property and to demolish certain structures on the property. The 2003 certificates bear interest from 2.5% to 4.5%. The certificates mature in specified series beginning 2004 through 2018. Revenue used to repay principal and interest of the certificates is derived solely from annually appropriated base rentals.

During 2003, the Pikes Peak Highway fund entered into a \$1,000,000 loan agreement. The funds are to be used for water pollution reduction measures along a portion of the unpaved roadway that access Pikes Peak. The loan has a 4.0% interest rate and a repayment period beginning 2004 through 2020.

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

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

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

The following table summarizes significant facts about the long-term debt outstanding at December 31, 2003:

Debt Types	Date Issued	Original Issue Amount \$	Outstanding Principal Amount \$	Future Aggregate Interest Requirements \$	Interest Rates of Debt Outstanding %	Maturity Dates of Serial Debt
<b>Governmental Activities*</b>						
<b>General Obligation Bonds</b>						
Series 1993	November, 1993	23,830,000	16,970,000	3,169,700	2.800 - 5.250	1994 - 2009
Cottonwood GID Series 1998	November, 1998	9,525,000	7,385,000	2,258,498	3.100 - 4.550	1999 - 2015
Spring Creek GID Series 1995	April, 1995	5,090,000	2,990,000	1,595,000	6.500 - 9.000	1996 - 2013
<b>Sales Tax Revenue Bonds</b>						
Series 1999	June, 1999	87,975,000	69,115,000	22,903,381	4.000 - 5.000	1999 - 2015
<b>Certificates of Participation</b>						
Hillside Recreation Center Series 1997	May, 1997	1,615,000	965,000	205,835	4.000 - 5.300	1997 - 2009
Skyview Softball Complex Series 1999	September, 1999	4,205,000	3,770,000	1,954,700	4.200 - 5.500	2001 - 2015
Old City Hall Project Series 2000	July, 2000	7,265,000	6,785,000	3,710,147	4.500 - 5.500	2002 - 2020
Red Rock Canyon Series 2003	November, 2003	15,070,000	15,070,000	5,083,650	2.500 - 4.500	2004 - 2018
<b>Special Assessments Obligations</b>						
Woodmen Valley	November, 1995	1,730,254	665,114	198,784	7.000	1995 - 2010
Garden of the Gods	August, 1996	127,285	5,260	700	8.750	1996 - 2005
Carmel ID	August, 1999	191,214	78,393	28,345	8.370	1999 - 2010
Uintah Street ID	September, 1999	14,416	4,806	1,777	8.550	1999 - 2010
15th & Spring	March, 2000	23,006	12,193	5,534	9.160	2000 - 2011
Broadmoor West	January, 2000	34,930	18,120	8,148	9.080	2000 - 2011
<b>Notes Payable</b>						
Urban Renewal Authority	July, 1990	1,250,000	846,988	0	0.000	N/A
<b>Business-type Activities **</b>						
<b>Revenue Bonds - Utilities</b>						
Series 1994A	January, 1994	118,470,000	115,130,000	90,297,609	4.500 - 5.125	1996 - 2023
Series 1996A	September, 1996	66,675,000	59,680,000	69,528,475	5.500 - 5.750	1997 - 2025
Series 1996B	September, 1996	3,500,000	1,300,000	194,675	6.600 - 7.350	1997 - 2006
Series 1997A	September, 1997	121,455,000	113,300,000	116,174,156	5.000 - 5.375	1998 - 2026
Series 1998A	October, 1998	94,965,000	38,385,000	32,799,788	4.625 - 5.000	2002 - 2027
Series 1999A	September, 1999	65,500,000	64,905,000	83,503,900	4.125 - 5.750	2002 - 2028
Series 2000A	November, 2000	110,000,000	110,000,000	34,320,000	1.200	2029
Series 2000B	November, 2000	15,000,000	13,815,000	11,014,875	7.500	2001 - 2020
Series 2001A	August, 2001	300,790,000	279,310,000	171,464,198	3.250 - 5.375	2001 - 2029
Series 2002A	August, 2002	74,695,000	74,695,000	59,613,162	5.250 - 5.375	2009 - 2020
Series 2002B	December, 2002	110,000,000	110,000,000	118,515,660	4.000 - 5.000	2006 - 2030
Series 2002C	December, 2002	27,055,000	27,055,000	7,467,180	1.150	2027
Series 2003A	November, 2003	113,310,000	113,310,000	68,044,655	2.000 - 5.000	2004 - 2033
Series 2003B	November, 2003	45,000,000	45,000,000	60,368,630	3.000 - 5.000	2009 - 2043

# NOTES TO FINANCIAL STATEMENTS

# DECEMBER 31, 2003

The following table summarizes significant facts about the long-term debt outstanding at December 31, 2003:

Debt Types	Date Issued	Original Issue Amount	Outstanding Principal Amount	Future Aggregate Interest Requirements	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
		\$	\$	\$	%	
<b>Business-type Activities **</b>						
Continued						
<b>Revenue Bonds - Memorial Hospital</b>						
Project Series 1995	May, 1995	61,025,000	60,975,000	56,059,856	4.100 - 6.000	1995 - 2024
Refunding Series 1995	May, 1995	29,265,000	15,505,000	3,631,866	4.100 - 6.000	1995 - 2010
Series 2000	August, 2000	59,825,000	59,825,000	94,124,651	6.375	2025 - 2030
Series 2002	July, 2002	112,360,000	112,360,000	26,433,883	1.330	2003 - 2032
<b>Revenue Bonds - Airport</b>						
Series 1992C	September, 1992	6,582,687	9,759,950	1,955,050	6.800 - 7.200	2002 - 2011
Series 1996A	December, 1996	12,450,000	10,520,000	5,949,740	4.000 - 5.250	1999 - 2021
Series 1996B	December, 1996	3,485,000	2,955,000	1,749,469	4.150 - 5.500	1999 - 2021
Series 2002	December, 2002	43,005,000	42,230,000	24,785,975	3.000 - 5.000	2003 - 2021
<b>Revenue Bonds - Parking System</b>						
Series 1999	March, 1999	9,300,000	7,620,000	3,012,163	3.000 - 4.750	1999 - 2018
<b>Notes Payable</b>						
Wastewater Facility - Utilities	May, 1998	22,204,270	19,483,420	8,750,709	4.060	1998 - 2019
Water Pollution Control - Pikes Peak	July, 2003	1,000,000	1,000,000	387,835	4.000	2004 - 2020
<b>Component Units ***</b>						
<b>Special Assessment Revenue Bonds</b>						
Briargate Center BID - Series 2002	2002	6,875,000	6,875,000	7,972,240	7.000 - 7.400	2003 - 2027
<b>Limited Tax General Obligation Bonds</b>						
Briargate Center BID - Series 2002	2002	2,895,000	2,895,000	4,449,515	7.450	2003 - 2032
<b>Revenue Bonds</b>						
Fountain Valley Authority	April, 1996	12,225,000	10,570,000	5,652,591	5.200 - 5.625	1996 - 2019
<b>Notes Payable and Lines of Credit</b>						
The Twin Lakes Reservoir and Canal Company	1996	2,451,830	1,226,723	118,201	5.850	1996 - 2007
Fountain Valley Authority	2000	7,607,966	6,714,524	2,968,766	3.400	2001 - 2020
Fountain Valley Authority	2003	3,221,861	3,221,861	1,116,694	3.030	2004 - 2024
The Colorado Canal Company	2002	120,000	52,080	1,729	4.750	2002 - 2005
The Lake Henry Reservoir Company	2003	147,701	147,701	120,780	4.250	2004 - 2034
The Lake Meredith Reservoir Company	2003	906,888	906,888	691,516	4.000	2004 - 2034
The Lake Meredith Reservoir Company	2003	405,000	405,000	155,196	6.000	2005 - 2013

\*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, 2003 (in 000's):

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2003**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One year</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and notes payable:					
General obligation bonds	\$30,360	\$ -	\$3,015	\$27,345	\$3,145
Sales tax revenue bonds	73,550	-	4,435	69,115	4,625
Certificates of participation	12,025	15,070	505	26,590	1,285
Special assessment bonds and notes	924	-	140	784	91
Capital leases	5,270	3,295	3,261	5,304	1,654
Total bonds and notes payable	<u>122,129</u>	<u>18,365</u>	<u>11,356</u>	<u>129,138</u>	<u>10,800</u>
Other liabilities:					
Municipal solid waste landfill	503	10	-	513	-
Compensated absences	18,476	12,535	12,351	18,660	933
Developer reimbursements	-	3,497	-	3,497	-
Total other liabilities	<u>18,979</u>	<u>16,042</u>	<u>12,351</u>	<u>22,670</u>	<u>933</u>
Governmental activities long-term liabilities	<u>\$141,108</u>	<u>\$34,407</u>	<u>\$23,707</u>	<u>\$151,808</u>	<u>\$11,733</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and notes payable:					
Revenue bonds	\$1,347,490	\$158,310	\$18,165	\$1,487,635	\$23,935
Notes payable	20,096	1,000	613	20,483	677
Capital leases	4,182	-	2,717	1,465	1,190
Total bonds and notes payable	<u>1,371,768</u>	<u>159,310</u>	<u>21,495</u>	<u>1,509,583</u>	<u>25,802</u>
Less deferred amounts:					
For issuance discounts and premiums	11,606	4,862	469	15,999	-
On refundings	(21,460)	-	(1,101)	(20,359)	-
	<u>(9,854)</u>	<u>4,862</u>	<u>(632)</u>	<u>(4,360)</u>	<u>-</u>
Total bonds and notes payable	<u>1,361,914</u>	<u>164,172</u>	<u>20,863</u>	<u>1,505,223</u>	<u>25,802</u>
Other liabilities:					
Municipal solid waste landfill	1,215	91	-	1,306	-
Compensated absences	18,073	13,388	12,917	18,544	927
Claims and judgments	9,617	25,416	26,378	8,655	6,943
Customer deposits	1,144	174	267	1,051	-
Customer advances for construction	8,255	3,242	2,851	8,646	2,967
Other	1,321	4	411	914	-
Total other liabilities	<u>39,625</u>	<u>42,315</u>	<u>42,824</u>	<u>39,116</u>	<u>10,837</u>
Business-type activities long-term liabilities	<u>\$1,401,539</u>	<u>\$206,487</u>	<u>\$63,687</u>	<u>\$1,544,339</u>	<u>\$36,639</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, municipal solid waste landfill and compensated absences are generally liquidated by the general fund.

**Component Units**

The following is a summary of long-term debt transactions for component units of the City for the year ended December 31, 2003 (in 000's):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One year</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
Limited tax general obligation bonds	\$2,895	\$ -	\$ -	\$2,895	\$ -
Special assessment revenue bonds	6,875	-	-	6,875	115
Notes payable	847	-	-	847	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Governmental activities long-term liabilities	<u>\$10,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$10,617</u>	<u>\$115</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Revenue bonds	\$10,985	\$ -	\$415	\$10,570	\$435
Less deferred amounts on refundings	(604)	-	(36)	(568)	-
Notes payable	8,691	4,681	698	12,674	867
Capital leases	80,848	-	592	80,256	1,574
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Business-type activities long-term liabilities	<u>\$99,920</u>	<u>\$4,681</u>	<u>\$669</u>	<u>\$102,932</u>	<u>\$2,876</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, 2003 (in 000's):

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2003**

<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>
2004	\$3,145	\$1,367	\$ -	\$216
2005	3,305	1,232	5	216
2006	3,455	1,097	15	215
2007	3,630	924	15	214
2008	3,835	740	25	213
2009-2013	8,470	1,559	230	1,028
2014-2018	1,505	104	385	918
2019-2023	-	-	555	750
2024-2028	-	-	790	511
2029-2032	-	-	875	169
	<u>\$27,345</u>	<u>\$7,023</u>	<u>\$2,895</u>	<u>\$4,450</u>

The following is a summary of scheduled maturities on revenue bonds as of December 31, 2003 (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>
2004	\$4,625	\$3,224	\$23,935	\$66,911	\$435	\$580
2005	4,820	3,028	24,950	66,349	455	557
2006	5,025	2,823	26,270	65,372	480	533
2007	5,240	2,609	27,490	64,293	505	508
2008	5,460	2,387	39,600	63,144	530	482
2009-2013	31,305	7,929	204,065	289,569	3,115	1,953
2014-2018	12,640	903	231,965	236,909	4,090	986
2019-2023	-	-	300,950	171,862	960	54
2024-2028	-	-	345,925	92,678	-	-
2029-2033	-	-	241,550	17,748	-	-
2034-2038	-	-	9,200	4,359	-	-
2039-2043	-	-	11,735	1,816	-	-
	<u>\$69,115</u>	<u>\$22,903</u>	<u>\$1,487,635</u>	<u>\$1,141,010</u>	<u>\$10,570</u>	<u>\$5,653</u>

The following is a summary of scheduled maturities on certificates of participation as of December 31, 2003 (in 000's):

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2004	\$1,285	\$1,173
2005	1,390	1,085
2006	1,440	1,039
2007	1,480	989
2008	1,545	939
2009-2013	8,190	3,754
2014-2018	9,765	1,860
2019-2023	1,495	115
	<u>\$26,590</u>	<u>\$10,954</u>

The following is a summary of scheduled maturities on special assessment bonds as of December 31, 2003 (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>
2004	\$91	\$57	\$115	\$503
2005	98	50	125	495
2006	102	43	130	486
2007	109	36	140	477
2008	117	28	150	468
2009-2013	267	29	930	2,164
2014-2018	-	-	1,320	1,774
2019-2023	-	-	1,890	1,208
2024-2027	-	-	2,075	397
	<u>\$784</u>	<u>\$243</u>	<u>\$6,875</u>	<u>\$7,972</u>

**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2003**

The following is a summary of scheduled maturities on notes payable as of December 31, 2003 (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>
2004	\$677	\$820	\$867	\$448
2005	705	802	925	422
2006	734	783	946	387
2007	768	763	578	359
2008	802	740	548	347
2009-2013	5,704	3,142	2,959	1,523
2014-2018	8,725	2,001	3,080	1,113
2019-2023	2,368	88	2,050	427
2024-2028	-	-	407	100
2029-2033	-	-	257	44
2034-2038	-	-	57	3
	<u>\$20,483</u>	<u>\$9,139</u>	<u>\$12,674</u>	<u>\$5,173</u>

Urban Renewal Authority has a note payable in the amount of \$846,988. This note is non-interest bearing. It is to be repaid exclusively from specified revenues, and therefore has no predetermined payback period. As such, this note is not listed in the above schedule.

**K. 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 2003, there were no industrial development revenue bonds issued.

**L. Net Assets/Fund Balances**

Fund balances of the governmental funds at December 31, 2003 include the following:

<b>Reserves:</b>	<u>General Fund</u>	<u>Governmental Funds</u>	<u>Total</u>
Encumbrances	\$3,830,087	\$10,071,793	\$13,901,880
Debt service	1,160,204	573,434	1,733,638
Prepaid	200,000	251,927	451,927
Endowments	-	8,643,630	8,643,630
Emergency reserve	5,794,877	-	5,794,877
Total	<u>\$10,985,168</u>	<u>\$19,540,784</u>	<u>\$30,525,952</u>

<b>Designated and Undesignated:</b>	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Designated for subsequent expenditures	\$5,405,347	\$26,127,994	\$31,533,341
Undesignated	<u>24,561,515</u>	<u>15,438,438</u>	<u>39,999,953</u>
Total	<u><u>\$29,966,862</u></u>	<u><u>\$41,566,432</u></u>	<u><u>\$71,533,294</u></u>

**M. Interest Rate Swaps**

On August 25, 2003, Utilities entered into two interest rate swap agreements with a counterparty. These interest rate swaps effectively convert the variable portion of the interest rate on the debt to a fixed rate, and are recorded on the balance sheet in accordance with hedge accounting requirements pursuant to SFAS No. 133, as amended (see Note I.D.10).

The first agreement will become effective on August 18, 2004, and is a forward synthetic refunding of the Series 1994A Bonds. Utilities will pay the counterparty monthly a fixed rate, and in return receive monthly payments at a floating rate equal to the BMA Municipal Swap Index (published weekly by the Bond Market Association). The notional amount of the transaction is \$117,450,000, and the fixed rate payment is based upon an annual rate of 4.112%. The counterparty has the option to terminate the agreement if the BMA Municipal Swap Index daily weighted average for the preceding 180 calendar day period is greater than 7.0%.

The second agreement will become effective on August 24, 2006, and is a forward synthetic refunding of the Series 1996A Bonds. Utilities will pay the counterparty monthly a fixed rate, and in return receive monthly payments at a floating rate equal to 68% of the London Interbank bank rate for deposits in U.S. dollars (LIBOR). The notional amount of the transaction is \$60,625,000, and the fixed rate payment is based upon an annual rate of 4.481%.

Fair value of interest rate swaps liability for the year ended December 31, 2003 was as follows:

Current portion	\$1,039,807
Non-current portion	<u>9,166,046</u>
Total fair value of interest rate swaps	<u><u>\$10,205,853</u></u>

Change in fair value of interest rate swaps charged to miscellaneous expense as of December 31, 2003, was \$10,205,853.

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

The City has established a risk management division to coordinate and administer workers compensation, property and general liability insurance programs for all its activities and operations. For workers compensation coverage, except for Memorial Hospital, the City has purchased commercial insurance to cover losses in excess of \$750,000 per occurrence. The City pays losses less than this amount through its Workers Compensation Self-Insurance fund. Memorial Hospital is self-insured for workers' compensation claims up to \$500,000 per claim and maintains reinsurance covering claims in excess of \$500,000. The Hospital is also self-insured for the medical claims of its employees and their families. During 2003, the Hospital obtained insurance covering medical claims in excess of \$250,000. The Hospital has recorded a liability for unpaid workers' compensation and medical claims and an estimate of claims incurred but not reported.

The Hospital maintains malpractice insurance through a claims-made type of commercial insurance policy. The policy has a \$25,000 deductible per occurrence and provides coverage up to \$1.75 million per occurrence up to an aggregate of \$4.5 million 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 claims liability for estimated deductible amounts to be paid on claims incurred and estimated claims incurred that are not expected to be filed during the applicable insurance policy periods.

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.

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 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, 2003. During 2003, there were no significant reductions in insurance coverage from coverage as compared to 2002. 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 2002 and 2003 (in 000's):

	<u>2003</u>	<u>2002</u>
Claims liabilities, beginning of year	\$16,742	\$16,824
Increases	58,569	48,919
Decreases	<u>(57,212)</u>	<u>(49,001)</u>
Claims liabilities, end of year	<u>\$18,099</u>	<u>\$16,742</u>

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

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

C.D. Smith Trust has \$436,409 available for expenditure from fund balance of \$994,219. Perkins Trust has \$66 available for expenditure from fund balance of \$3,031. Woods Trust has \$28 available for expenditure from fund balance of \$3,486. Sabine Trust has \$11 available for expenditure from fund balance of \$1,411. Cemetery Endowment has \$6,159 available for expenditure from fund balance of \$6,916,408. TOPS Maintenance Trust has \$38,375 available for expenditure from fund balance of \$725,075.

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. 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 2003, these benefits were provided to <sup>Wiana</sup>906 retired employees at a cost of \$2,207,400.

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

**D. Commitments and Contingent Liabilities**

**1. Construction and Purchase Commitments**

At December 31, 2003:

The General fund had construction contracts and commitments of approximately \$3.8 million.

The SCIP fund had construction contracts and commitments of approximately \$3.6 million related to the Series 1999 SCIP Revenue Bonds for the construction of various capital projects.

The Public Safety Sales Tax fund had construction contracts and commitments of approximately \$4.6 million.

The Hospital fund had commitments of approximately \$43.7 million for the purchase and construction of hospital facilities and for the purchase of land and medical equipment.

The Utilities fund had construction contracts and commitments of approximately \$110.2 million.

**2. Coal Purchase Commitments**

During 1987, the City Council approved Utilities' renegotiated reduced long-term contract commitments with Colowyo Coal Company for the purchase of coal. In 1994, Colorado Springs 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. Utilities is required to make minimum annual payments for coal at current prices (excluding freight charges) of \$12,325,000 in 2004 under the terms of the 1987 and 1994 contracts, whether or not it is able to take delivery.

**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, 2003, 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 \$1,108,228 during the year 2003 leaving an outstanding liability of \$0 at December 31, 2003.

#### **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, 2003, the City remains contingently liable for the outstanding principal balance of \$176,220,000 in refunding bonds.

In 2002, the Colorado Springs Airport issued revenue bonds to refund the original 1992A issue. At December 31, 2003, the Airport remains contingently liable for the outstanding principal balance of the refunded bonds in the amount of \$40,870,000.

In 1997, the City issued certificates of participation to refund the original 1989 issue. At December 31, 2003, the City remains contingently liable for the outstanding principal balance of the refunded certificates in the amount of \$955,000.

In 1993, the City issued general obligation bonds to refund an earlier bond issue. At December 31, 2003, the City remains contingently liable for the outstanding principal balance of the refunded bonds in the amount of \$16,495,000.

#### **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 2003 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.

### **E. 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, 2003 total \$39,599,082.

### **F. Disclosures about Fair Value of Financial Instruments**

Estimated fair values of proprietary fund financial instruments are as follows as of December 31, 2003:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and investments	\$350,028,694	\$350,028,694
Restricted cash and investments	299,277,277	299,277,277
Interest receivable	462,957	462,957
Revenue bonds (including current maturities)	1,487,634,950	1,552,646,608
Accrued interest	6,640,321	6,640,321
Customer advances for construction	8,646,406	8,646,406

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.

**G. Joint Venture – Utilities**

Utilities has equity interests in Allied Utility Network LLC. (Allied), Young Gas Storage Company Ltd. (Young) and Front Range Power, LLC (FRP) of 2.12%, 5% and 50%, respectively. Allied is a Delaware limited liability company formed on January 29, 1998. Allied provides marketing management services, management operations services, product marketing and advertising materials and certain intellectual property and other rights to investor-owned and consumer-owned utilities located throughout the United States and Canada. Young is a Colorado Limited Partnership organized on June 30, 1993 to develop and operate a natural gas storage system near Fort Morgan, Colorado. Young's gas storage system consists of 36 natural gas storage facility wells, a 6,000 horsepower compressor station, a gas processing plant, eleven miles of 20-inch transmission line and four miles of storage gathering line. Front Range is a Colorado limited liability company formed in August 1998 for the purpose of developing, designing, constructing, financing, and operating and maintaining a 480-megawatt natural gas-fired, combined cycle generation facility near Colorado Springs, Colorado. Front Range began commercial operations in April 2003. The following table lists the amounts invested, equity in the entities' undistributed net earnings (losses), and Utilities' net investment in Joint Ventures recorded on the balance sheet as of December 31, 2003:

Entity	Amounts Invested	Undistributed Net Earnings (Losses)	Utilities Investment
Young Gas Storage Company Ltd.	\$500,383	\$148,736	\$649,119
Allied Utility Network LLC.	1,500,000	(1,500,000)	-
Front Range Power, LLC.	40,267,467	(12,419,557)	27,847,910
Total	<u>\$42,267,850</u>	<u>(\$13,770,821)</u>	<u>\$28,497,029</u>

There were no advances or loans outstanding to these entities as of December 31, 2003. Utilities has a 50 percent sharing ratio in the distributable cash of FRP. Utilities also has an ongoing financial responsibility to FRP.

- ◆ Subsequent to December 31, 2000, Utilities guaranteed another of FRP's contracts not to exceed \$20 million. The contract terminated 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 Utilities has executed an agreement to purchase power from FRP, terminates its Purchased Power Agreement (PPA) to purchase power from the FRP project.

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. 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 \$321,468,000, accounts payable of \$1,575,000, long-term debt of \$240,797,000 and capital of \$55,696,000. FRP had operating revenues of \$35,794,000 and \$25,518,000 of operating expenses for 2003. Utilities has recorded its investment in FRP of \$27,848,000, using the equity method, in investment in joint ventures on the balance sheet. 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 funded equally. 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.

In January 2004, El Paso Corporation announced the sale of its collective interest in 25 domestic power plants to Northern Star Generation, LLC., an indirect subsidiary of American International Group, Inc. This sale includes El Paso's indirect interest in Front Range Power Company, LLC.

## **H. 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 of Colorado Springs 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 of Colorado Springs is 9.6% of covered salary. A portion of the City of Colorado Springs' contribution (1.69% of covered salary) is allocated for the Health Care Trust Fund (See Note V.H.1.B.). Also, beginning in 2001, a portion of the City of Colorado Springs' contribution (2% in 2003 of covered salaries of PERA 401(k) Plan participants) is allocated to the Matchmaker Program (see note V.H.1.C.). The

contribution requirements of Plan members and The City of Colorado Springs are established and may be amended by the PERA Board of Trustees. The City of Colorado Springs contributions to CSMDTF for the years ending December 31, 2003, 2002, 2001, were \$26,118,366, \$25,194,065, \$24,403,163, 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 of Colorado Springs is required to contribute at a rate of 1.69%, as a part of the total contribution of 9.6%, of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the City of Colorado Springs 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 of Colorado Springs' contributions to HCTF for the years ending December 31, 2003, 2002, and 2001 were \$441,440, \$581,983, and \$478,302, 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 (\$12,000 in 2003), and employer matching contributions (2% 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 (see note V.H.1.A.). The City of Colorado Springs' contributions to the Matchmaker Program for the year ended December 31, 2003, 2002 and 2001 were \$3,865,423, \$5,198,049, and \$3,011,408, respectively. The PERA 401(k) member contributions from the City of Colorado Springs' contributions for the years ended December 31, 2003, 2002 and 2001, were \$13,038,827, \$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, 2002 (latest audited information available) has been presented herein. Information sufficient to prepare financial statements using 2003 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 352 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, 2003 membership in the plans was as follows: 994 active participants, 439 retirees and beneficiaries and 22 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. Actuarial analysis is undertaken bi-annually for the Old Hire Fire and Old Hire Police plans and annually for the New Hire Fire and New Hire Police plans. 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. The Old Hire Fire and Old Hire Police Plans have an actuarially determined annual required contribution of 0% of payroll, but statute requires a 10% contribution.

**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 an open period of the longer of the years remaining until 2022, or 10 years from the valuation date; but in no case longer than the average remaining life expectancy of the covered group.

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

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 an open period of 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**

The City's annual pension cost and net pension obligation for the plans for 2003 were as follows:

	<u>Old Hire Fire</u>	<u>Old Hire Police</u>	<u>New Hire Fire</u>	<u>New Hire Police</u>
<b>Annual Required Contribution</b>	\$36,673	\$11,783	\$1,694,894	\$2,749,917
<b>Interest on Net Pension Obligation</b>	32,436	10,422	-	-
<b>Adjustment to Annual Required Contribution</b>	<u>(33,957)</u>	<u>(10,911)</u>	<u>-</u>	<u>-</u>
<b>Annual Pension Cost</b>	35,152	11,294	1,694,894	2,749,917
<b>Contributions Made</b>	<u>(155,327)</u>	<u>(123,324)</u>	<u>(1,694,894)</u>	<u>(2,749,917)</u>
<b>Decrease in Net Pension Obligation</b>	(120,175)	(112,030)	-	-
<b>Net Pension Obligation - Beginning of Year</b>	<u>405,444</u>	<u>130,273</u>	<u>-</u>	<u>-</u>
<b>Net Pension Obligation - End of Year</b>	<u><u>\$285,269</u></u>	<u><u>\$18,243</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Other Information**

**Employees hired before April 1978:**

<u>Old Hire Fire (closed to new employees)</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Annual Pension Cost (APC)	\$ -	\$ -	\$35,152
Percentage of APC Contributed	100%	100%	442%
Net Pension Obligation	n/a	\$405,444	\$285,269

<u>Old Hire Police (closed to new employees)</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Annual Pension Cost (APC)	\$ -	\$ -	\$11,294
Percentage of APC Contributed	100%	100%	1,092%
Net Pension Obligation	n/a	\$130,273	\$18,243

**Employees hired on or after April 1978:**

<b><u>New Hire Fire (open to new employees)</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>
Annual Pension Cost (APC)	\$1,481,154	\$1,551,252	\$1,694,894 X
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	n/a	\$ -	\$ -

<b><u>New Hire Police (open to new employees)</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>
Annual Pension Cost (APC)	\$2,331,015	\$2,492,270	\$2,749,917 X
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	n/a	\$ -	\$ -

**I. Subsequent Events**

On January 29, 2004, the City refunded the outstanding general obligation refunding bonds series 1993, for \$17,115,000 with a variable interest rate of 2.0% to 3.0%. The new series 2004 bonds will be repaid over the next six years, with a final maturity in 2009. The net present value savings is \$1,571,861. A portion of the City's property tax mill levy is dedicated to the payment of debt service on the general obligation bonds series 1993. Due to the TABOR provisions of City Code and State Constitution, all savings related to this refinancing will be used to lower the mill levy in future years. Thus, the refunding will not result in expenditure savings to the general fund that could be utilized elsewhere.

On January 9, 2004, the Briargate General Improvement District, a blended component unit of the City, issued limited tax general obligation bonds in the amount of \$8,800,000 with an interest rate of 7.0%. These bonds will be repaid by the District with a limited tax mill levy on property within the District over the next twelve years, with a final maturity in 2015. The District was created for the purpose of providing certain street and water improvements within the boundaries of the District.

On May 25, 2004, City Council approved an emergency ordinance authorizing the issuance and sale of Hospital revenue and refunding bonds, Series 2004A, 2004B, and 2004C in an aggregate principal amount not to exceed \$114,400,000 to refund previously issued bonds. Additionally, this ordinance authorized the issuance and sale of Hospital revenue bonds, Series 2004D, in an aggregate amount not to exceed \$68,000,000 to finance hospital and healthcare facilities.

**J. Accounting Change**

The City has restated net assets as of January 1, 2003 for the effect of Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The restatement for GASB Statement No. 33 decreased net

**NOTES TO FINANCIAL STATEMENTS      DECEMBER 31, 2003**

assets of the governmental activities on the government-wide statements as of January 1, 2003 by \$21,254,699.

Briargate Center Business Improvement District decreased its net assets by \$239,632 as of January 1, 2003 to recognize bond interest expense that should not have been capitalized in 2002.

# REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF FUNDING PROGRESS  
FIRE AND POLICE PENSION PLANS  
December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit 16**

	2000	2002	2003
<b><u>Old Hire Fire Pension Plan</u></b>			
Date of actuarial valuation	01/01/2000	01/01/2002	01/01/2003
Actuarial value of plan assets	\$115,586,329	\$113,648,719	n/a
Actuarial accrued liability (AAL)	\$99,060,906	\$111,776,935	n/a
Excess of assets over AAL	\$16,525,423	\$1,871,784	n/a
Funded ratio	116.7%	101.7%	n/a
Covered payroll	\$3,228,340	\$1,957,448	\$1,553,272
Excess/(unfunded liability) as a percentage of covered payroll	511.9%	95.6%	n/a
<b><u>Old Hire Police Pension Plan</u></b>			
Date of actuarial valuation	01/01/2000	01/01/2002	01/01/2003
Actuarial value of plan assets	\$96,859,462	\$95,362,858	n/a
Actuarial accrued liability (AAL)	\$87,860,037	\$93,404,945	n/a
Excess of assets over AAL	\$8,999,425	\$1,957,913	n/a
Funded ratio	110.2%	102.1%	n/a
Covered payroll	\$1,964,120	\$1,402,613	\$1,233,240
Excess/(unfunded liability) as a percentage of covered payroll	458.2%	139.6%	n/a
<b><u>New Hire Fire Pension Plan *</u></b>			
Date of actuarial valuation	01/01/2000	01/01/2002	01/01/2003
Actuarial value of plan assets	\$50,722,513	\$57,728,219	\$56,594,030
Actuarial accrued liability (AAL)	\$40,520,761	\$52,687,510	\$56,913,008
Excess of assets over AAL (unfunded liability)	\$10,201,752	\$5,040,709	(\$318,978)
Funded ratio	125.2%	109.6%	99.4%
Covered payroll	\$16,787,413	\$19,390,652	\$21,186,170
Excess/(unfunded liability) as a percentage of covered payroll	60.8%	26.0%	-1.5%
<b><u>New Hire Police Pension Plan *</u></b>			
Date of actuarial valuation	01/01/2000	01/01/2002	01/01/2003
Actuarial value of plan assets	\$86,139,093	\$97,169,645	\$94,959,427
Actuarial accrued liability (AAL)	\$72,268,663	\$91,016,905	\$99,261,998
Excess of assets over AAL (unfunded liability)	\$13,870,430	\$6,152,740	(\$4,302,571)
Funded ratio	119.2%	106.8%	95.7%
Covered payroll	\$26,379,225	\$31,153,370	\$34,373,964
Excess/(unfunded liability) as a percentage of covered payroll	52.6%	19.7%	-12.5%

\* Actuarial data only available for 2003-New Hire Fire and Police Pension Plans.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FIRE AND POLICE PENSION PLANS  
December 31, 2003**

	Years ended December 31,					
	1998	1999	2000	2001	2002	2003
<b>Old Hire Fire Pension Plan</b>						
Annual required contribution (ARC)	\$ -	\$ -	\$ -	\$ -	\$ -	\$36,673
Actual contributions as percentage of ARC	100%	100%	100%	100%	100%	424%
<b>Old Hire Police Pension Plan</b>						
Annual required contribution (ARC)	\$ -	\$ -	\$ -	\$ -	\$ -	\$11,783
Actual contributions as percentage of ARC	100%	100%	100%	100%	100%	1,047%
<b>New Hire Fire Pension Plan *</b>						
Annual required contribution (ARC)	\$1,037,683	\$1,201,046	\$1,342,993	\$1,481,154	\$1,551,252	\$1,694,894
Actual contributions as percentage of ARC	100%	100%	100%	100%	100%	100%
<b>New Hire Police Pension Plan *</b>						
Annual required contribution (ARC)	\$1,727,080	\$1,924,319	\$2,110,338	\$2,331,015	\$2,492,270	\$2,749,917
Actual contributions as percentage of ARC	100%	100%	100%	100%	100%	100%

*ties to p. 102*

\* Actuarial data only available for 2003-New Hire Fire and Police Pension Plans.

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

	Old Hire Fire	Old Hire Police	New Hire Fire	New Hire Police
<b>Valuation Date</b>	01/01/2002	01/01/2002	01/01/2003	01/01/2003
<b>Actuarial Cost Method</b>	Entry Age	Entry Age	Entry Age	Entry Age
<b>Amortization Method</b>	Level Percent Open	Level Percent Open	Level Percent Open	Level Percent Open
<b>Remaining Amortization Period</b>	20 Years	20 Years	30 Years	30 Years
<b>Asset Valuation Method</b>	3-Year Smoothed Market	3-Year Smoothed Market	3-Year Smoothed Market	3-Year Smoothed Market
<b>Actuarial Assumptions:</b>				
<b>Investment Rate of Return</b>	8%	8%	8%	8%
<b>Projected Salary Increases</b>	.5% - 9.0%	.5% - 9.0%	.5% - 9.0%	.5% - 9.0%
<b>Inflation Rate</b>	4%	4%	4%	4%
<b>Post Retirement Benefit Increases</b>	3% - 4%	3% - 4%	3% - 4%	3% - 4%



CITY OF COLORADO SPRINGS

# COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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**GENERAL FUND  
BALANCE SHEET  
December 31, 2003**

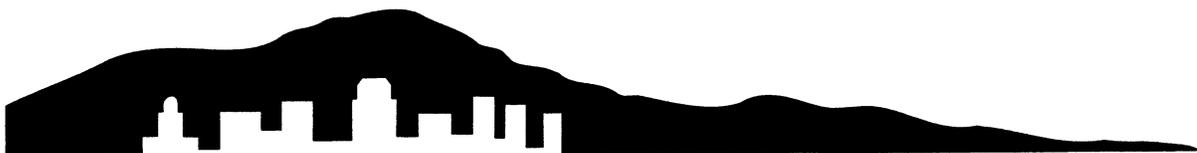
**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit A-1**

	<u>TOTAL</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$42,278,131
Accounts receivable (net of allowance for uncollectibles)	2,596,381
Sales tax receivable	11,558,359
Loans receivable	846,988
Property taxes receivable	
Current	18,414,391
Delinquent	398,269
Due from other funds	10,772,198
Prepaid expenditures	200,000
Restricted investments	1,247,015
	<hr/>
<b>Total assets</b>	<b>88,311,732</b>
	<hr/> <hr/>
<b><u>LIABILITIES AND FUND BALANCE</u></b>	
<b>Liabilities</b>	
Accounts payable	4,853,599
Accrued salaries and benefits	4,134,182
Due to other funds	12,791,102
Escrow deposits	6,319,440
Deferred revenue	
Loans	846,988
Property taxes	18,414,391
	<hr/>
<b>Total liabilities</b>	<b>47,359,702</b>
	<hr/>
<b>Fund balance</b>	
Reserved for	
Encumbrances	3,830,087
Debt service	1,160,204
Prepaid	200,000
Emergency reserve	5,794,877
Unreserved	
Designated - subsequent year expenditures	5,405,347
Undesignated	24,561,515
	<hr/>
<b>Total fund balance</b>	<b>40,952,030</b>
	<hr/>
<b>Total liabilities and fund balance</b>	<b>\$88,311,732</b>
	<hr/> <hr/>

**GENERAL FUND  
STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
For the year ended December 31, 2003**

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

	<u>TOTAL</u>
<b>Revenues</b>	
Taxes	\$130,183,938
Licenses and permits	620,800
Intergovernmental	20,404,422
Charges for services	17,398,315
Fines and forfeits	7,767,606
Other income	1,294,607
Investment earnings	1,260,077
Rental revenue	260,034
	<hr/>
<b>Total revenues</b>	<b>179,189,799</b>
	<hr/>
<b>Expenditures</b>	
Current	
General government	36,886,767
Public safety	96,088,611
Public works	27,745,959
Health and welfare	964,844
Culture and recreation	15,829,747
Urban redevelopment and housing	3,843,444
Debt service	
Principal	8,035,455
Interest	2,313,119
Capital outlay	5,683,798
	<hr/>
<b>Total expenditures</b>	<b>197,391,744</b>
	<hr/>
<b>Deficiency of revenues over expenditures</b>	<b>(18,201,945)</b>
	<hr/>
<b>Other financing sources (uses)</b>	
Capital lease financing	3,276,269
Sale of capital assets	92,345
Transfers - in	23,319,309
Transfers - out	(6,489,254)
	<hr/>
<b>Total other financing sources (uses)</b>	<b>20,198,669</b>
	<hr/>
<b>Net change in fund balance</b>	<b>1,996,724</b>
	<hr/>
<b>Fund balance - January 1</b>	<b>38,955,306</b>
	<hr/>
<b>Fund balance - December 31</b>	<b>\$40,952,030</b>
	<hr/> <hr/>



CITY OF COLORADO SPRINGS

# NON-MAJOR GOVERNMENTAL FUNDS

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
December 31, 2003**

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
<b><u>ASSETS</u></b>				
Cash and investments	\$35,796,984	\$18,654,710	\$1,178,607	\$55,630,301
Accounts receivable (net of allowance for uncollectibles)	5,961,950	5,352	240	5,967,542
Sales tax receivable	3,018,366	-	-	3,018,366
Loans receivable	16,918,470	-	-	16,918,470
Assessments receivable	893,142	-	-	893,142
Property taxes receivable	2,191,795	-	-	2,191,795
Due from other funds	23,466	6,489,254	-	6,512,720
Prepaid expenditures	251,927	-	-	251,927
Restricted investments	-	2,349,258	7,467,843	9,817,101
<b>Total assets</b>	<b>65,056,100</b>	<b>27,498,574</b>	<b>8,646,690</b>	<b>101,201,364</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>Liabilities</b>				
Accounts payable	4,583,951	2,590,013	3,060	7,177,024
Accrued salaries and benefits	361,637	-	-	361,637
Due to other funds	6,625,337	4,677,520	-	11,302,857
Deferred revenue				
Loans	16,918,470	-	-	16,918,470
Assessments	893,142	-	-	893,142
Property taxes	2,191,795	-	-	2,191,795
Grants	1,249,223	-	-	1,249,223
<b>Total liabilities</b>	<b>32,823,555</b>	<b>7,267,533</b>	<b>3,060</b>	<b>40,094,148</b>
<b>Fund balances</b>				
Reserved for				
Encumbrances	5,392,995	4,678,798	-	10,071,793
Debt service	573,434	-	-	573,434
Prepaid	251,927	-	-	251,927
Endowments	-	-	8,643,630	8,643,630
Unreserved				
Designated - subsequent year expenditures	10,575,751	15,552,243	-	26,127,994
Undesignated	15,438,438	-	-	15,438,438
<b>Total fund balances</b>	<b>32,232,545</b>	<b>20,231,041</b>	<b>8,643,630</b>	<b>61,107,216</b>
<b>Total liabilities and fund balances</b>	<b>\$65,056,100</b>	<b>\$27,498,574</b>	<b>\$8,646,690</b>	<b>\$101,201,364</b>

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
For the year ended December 31, 2003**

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
<b>Revenues</b>				
Taxes	\$32,692,905	\$ -	\$ -	\$32,692,905
Intergovernmental	23,285,266	-	-	23,285,266
Charges for services	4,743,577	-	-	4,743,577
Endowments and donations	1,029,441	-	73,705	1,103,146
Other revenue	2,031,903	1,729,483	-	3,761,386
Investment earnings	416,643	901,568	1,133,401	2,451,612
Rental income	22,000	-	-	22,000
<b>Total revenues</b>	<b>64,221,735</b>	<b>2,631,051</b>	<b>1,207,106</b>	<b>68,059,892</b>
<b>Expenditures</b>				
Current:				
General government	791,653	-	-	791,653
Public safety	3,819,892	-	-	3,819,892
Public works	14,322,034	-	-	14,322,034
Culture and recreation	2,500,837	-	20,394	2,521,231
Urban development and housing	6,274,773	-	-	6,274,773
Economic development	2,390,999	-	-	2,390,999
Economic opportunity	12,569	-	-	12,569
Miscellaneous	321,445	-	-	321,445
Debt service:				
Principal	3,080,830	-	-	3,080,830
Interest	881,163	2,590,788	-	3,471,951
Issuance expense	-	217,132	-	217,132
Capital outlay	26,460,374	35,085,614	-	61,545,988
<b>Total expenditures</b>	<b>60,856,569</b>	<b>37,893,534</b>	<b>20,394</b>	<b>98,770,497</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>3,365,166</b>	<b>(35,262,483)</b>	<b>1,186,712</b>	<b>(30,710,605)</b>
<b>Other financing sources (uses)</b>				
Sale of capital assets	-	432,793	-	432,793
Transfers - in	-	6,489,254	-	6,489,254
Transfers - out	(1,052,464)	-	-	(1,052,464)
Proceeds from issuance of certificates of participation	-	15,070,000	-	15,070,000
<b>Total other financing sources (uses)</b>	<b>(1,052,464)</b>	<b>21,992,047</b>	<b>-</b>	<b>20,939,583</b>
<b>Net change in fund balances</b>	<b>2,312,702</b>	<b>(13,270,436)</b>	<b>1,186,712</b>	<b>(9,771,022)</b>
<b>Fund balances - January 1</b>	<b>29,919,843</b>	<b>33,501,477</b>	<b>7,456,918</b>	<b>70,878,238</b>
<b>Fund balances - December 31</b>	<b>\$32,232,545</b>	<b>\$20,231,041</b>	<b>\$8,643,630</b>	<b>\$61,107,216</b>



CITY OF COLORADO SPRINGS

# SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

# SPECIAL REVENUE FUNDS CONT'D.

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

**Cottonwood General Improvement District  
Spring Creek General Improvement District**

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  
Economic Development Fund  
Gift Trust Fund  
City Manager Contract Fund  
Senior Programs Fund  
Therapeutic Recreation Fund  
Cultural Affairs Fund**

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



CITY OF COLORADO SPRINGS

**ALL SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2003**

	Intergovernmental Grant Funds	Capital Improvement Funds	Improvement and Maintenance District Funds	Public Improvements Funds
<b><u>ASSETS</u></b>				
Cash and investments	\$ -	\$22,280,626	\$1,356,497	\$6,043,646
Accounts receivable (net of allowance for uncollectibles)	5,580,483	320,184	16,503	-
Sales tax receivable	-	2,863,322	-	-
Loans receivable	16,707,330	-	-	-
Assessments receivable	-	-	-	-
Property taxes receivable	-	-	1,260,897	-
Due from other funds	3,908	-	-	-
Prepaid expenditures	-	251,927	-	-
<b>Total assets</b>	<b>22,291,721</b>	<b>25,716,059</b>	<b>2,633,897</b>	<b>6,043,646</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>Liabilities</b>				
Accounts payable	1,601,325	2,807,549	42,914	17,403
Accrued salaries and benefits	80,181	265,618	15,838	-
Due to other funds	2,653,662	3,728,298	2,026	-
Deferred revenue				
Loans	16,707,330	-	-	-
Assessments	-	-	-	-
Property taxes	-	-	1,260,897	-
Grants	1,249,223	-	-	-
<b>Total liabilities</b>	<b>22,291,721</b>	<b>6,801,465</b>	<b>1,321,675</b>	<b>17,403</b>
<b>Fund balances</b>				
Reserved for				
Encumbrances	-	5,048,400	167,177	-
Debt service	-	-	-	-
Prepaid	-	251,927	-	-
Unreserved				
Designated - subsequent year expenditure	-	9,833,034	-	-
Undesignated	-	3,781,233	1,145,045	6,026,243
<b>Total fund balances</b>	<b>-</b>	<b>18,914,594</b>	<b>1,312,222</b>	<b>6,026,243</b>
<b>Total liabilities and fund balances</b>	<b>\$22,291,721</b>	<b>\$25,716,059</b>	<b>\$2,633,897</b>	<b>\$6,043,646</b>

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

Other Public Improvements Funds	Special Assessment District Funds	Other Special Revenue Funds	Totals
\$562,049	\$418,502	\$5,135,664	\$35,796,984
11,515	-	33,265	5,961,950
-	-	155,044	3,018,366
-	-	211,140	16,918,470
-	893,142	-	893,142
930,898	-	-	2,191,795
-	-	19,558	23,466
-	-	-	251,927
<b>1,504,462</b>	<b>1,311,644</b>	<b>5,554,671</b>	<b>65,056,100</b>
130	-	114,630	4,583,951
-	-	-	361,637
-	-	241,351	6,625,337
-	-	211,140	16,918,470
-	893,142	-	893,142
930,898	-	-	2,191,795
-	-	-	1,249,223
<b>931,028</b>	<b>893,142</b>	<b>567,121</b>	<b>32,823,555</b>
-	-	177,418	5,392,995
573,434	-	-	573,434
-	-	-	251,927
-	-	742,717	10,575,751
-	418,502	4,067,415	15,438,438
<b>573,434</b>	<b>418,502</b>	<b>4,987,550</b>	<b>32,232,545</b>
<b>\$1,504,462</b>	<b>\$1,311,644</b>	<b>\$5,554,671</b>	<b>\$65,056,100</b>

**ALL SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
For the year ended December 31, 2003**

	Intergovernmental Grant Funds	Capital Improvement Funds	Improvement and Maintenance District Funds	Public Improvements Funds
<b>Revenues</b>				
Taxes	\$ -	\$26,966,014	\$1,462,893	\$ -
Intergovernmental	19,485,987	3,799,279	-	-
Charges for services	-	1,364,216	-	\$2,921,413
Donations	-	-	-	-
Other revenue	1,929,604	-	-	-
Investment earnings	22,626	229,877	27,390	54,378
Rental income	-	-	-	-
<b>Total revenues</b>	<b>21,438,217</b>	<b>32,359,386</b>	<b>1,490,283</b>	<b>2,975,791</b>
<b>Expenditures</b>				
Current				
General government	-	701,079	-	-
Public safety	3,819,892	-	-	-
Public works	6,994,823	-	1,571,017	5,756,194
Culture and recreation	1,358,532	-	-	-
Urban redevelopment and housing	6,274,773	-	-	-
Economic development	-	-	-	-
Economic opportunity	-	-	-	-
Miscellaneous	310,709	-	-	-
Debt service				
Principal	-	2,311,188	-	-
Interest	-	264,696	-	-
Capital outlay	2,679,488	23,780,886	-	-
<b>Total expenditures</b>	<b>21,438,217</b>	<b>27,057,849</b>	<b>1,571,017</b>	<b>5,756,194</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>5,301,537</b>	<b>(80,734)</b>	<b>(2,780,403)</b>
<b>Other financing uses</b>				
Transfers - out	-	-	-	-
<b>Total other financing uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>5,301,537</b>	<b>(80,734)</b>	<b>(2,780,403)</b>
<b>Fund balances - January 1</b>	<b>-</b>	<b>13,613,057</b>	<b>1,392,956</b>	<b>8,806,646</b>
<b>Fund balances - December 31</b>	<b>\$ -</b>	<b>\$18,914,594</b>	<b>\$1,312,222</b>	<b>\$6,026,243</b>

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

<b>Other Public Improvements Funds</b>	<b>Special Assessment District Fund</b>	<b>Other Special Revenue Funds</b>	<b>Totals</b>
\$1,016,915	\$ -	\$3,247,083	\$32,692,905
-	-	-	23,285,266
81,645	235,623	140,680	4,743,577
-	-	1,029,441	1,029,441
-	-	102,299	2,031,903
25,040	-	57,332	416,643
-	-	22,000	22,000
1,123,600	235,623	4,598,835	64,221,735
-	-	90,574	791,653
-	-	-	3,819,892
-	-	-	14,322,034
-	-	1,142,305	2,500,837
-	-	-	6,274,773
-	-	2,390,999	2,390,999
-	-	12,569	12,569
10,280	456	-	321,445
630,000	139,642	-	3,080,830
538,045	78,422	-	881,163
-	-	-	26,460,374
1,178,325	218,520	3,636,447	60,856,569
(54,725)	17,103	962,388	3,365,166
-	-	(1,052,464)	(1,052,464)
-	-	(1,052,464)	(1,052,464)
(54,725)	17,103	(90,076)	2,312,702
628,159	401,399	5,077,626	29,919,843
\$573,434	\$418,502	\$4,987,550	\$32,232,545

**INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2003**

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

	<b>Community Development Block Grant Fund</b>	<b>Home Investment Partnership Fund</b>	<b>Grants Fund</b>	<b>Total</b>
<b><u>ASSETS</u></b>				
Accounts receivable (net of allowance for uncollectibles)	\$756,954	\$122,009	\$4,701,520	\$5,580,483
Loans receivable	9,024,301	7,652,036	30,993	16,707,330
Due from other funds	-	-	3,908	3,908
<b>Total assets</b>	<b>9,781,255</b>	<b>7,774,045</b>	<b>4,736,421</b>	<b>22,291,721</b>
<b><u>LIABILITIES</u></b>				
Accounts payable	190,856	97,509	1,312,960	1,601,325
Accrued salaries and benefits	35,651	-	44,530	80,181
Due to other funds	530,447	24,500	2,098,715	2,653,662
Deferred revenue				
Loans	9,024,301	7,652,036	30,993	16,707,330
Grants	-	-	1,249,223	1,249,223
<b>Total liabilities</b>	<b>\$9,781,255</b>	<b>\$7,774,045</b>	<b>\$4,736,421</b>	<b>\$22,291,721</b>

**INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 For the year ended December 31, 2003**

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

	<b>Community Development Block Grant Fund</b>	<b>Home Investment Partnership Fund</b>	<b>Grants Fund</b>	<b>Total</b>
<b>Revenues</b>				
Intergovernmental	\$2,982,093	\$935,109	\$15,568,785	\$19,485,987
Other revenue	962,895	670,346	296,363	1,929,604
Investment earnings	2,009	-	20,617	22,626
<b>Total revenues</b>	<b>3,946,997</b>	<b>1,605,455</b>	<b>15,885,765</b>	<b>21,438,217</b>
<b>Expenditures</b>				
Current				
Public safety	-	-	3,819,892	3,819,892
Public works	-	-	6,994,823	6,994,823
Culture and recreation	-	-	1,358,532	1,358,532
Urban redevelopment and housing	3,946,997	1,605,455	722,321	6,274,773
Miscellaneous	-	-	310,709	310,709
Capital Outlay	-	-	2,679,488	2,679,488
<b>Total expenditures</b>	<b>3,946,997</b>	<b>1,605,455</b>	<b>15,885,765</b>	<b>21,438,217</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances - January 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances - December 31</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CAPITAL IMPROVEMENT SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2003**

	<b>Ballfield Capital Improvements Fund</b>	<b>Bicycle Tax Fund</b>	<b>Trails/Open Space Fund</b>	<b>Conservation Trust Fund</b>
<b><u>ASSETS</u></b>				
Cash and investments	\$325,382	\$233,479	\$3,148,910	\$2,890,145
Accounts receivable (net of allowance for uncollectibles)	3,146	-	-	-
Sales tax receivable	-	-	573,743	-
Prepaid expenditures	-	-	116,927	-
<b>Total assets</b>	<b>328,528</b>	<b>233,479</b>	<b>3,839,580</b>	<b>2,890,145</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>Liabilities</b>				
Accounts payable	-	-	215,612	169,330
Accrued salaries and benefits	-	-	2,817	9,428
Due to other funds	-	-	3,678,298	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>3,896,727</b>	<b>178,758</b>
<b>Fund balances (deficit)</b>				
Reserved for				
Encumbrances	-	15,674	133,659	250,767
Prepaid	-	-	116,927	-
Unreserved				
Designated - subsequent year expenditures	-	119,879	-	2,017,743
Undesignated	328,528	97,926	(307,733)	442,877
<b>Total fund balances (deficit)</b>	<b>328,528</b>	<b>233,479</b>	<b>(57,147)</b>	<b>2,711,387</b>
<b>Total liabilities and fund balances</b>	<b>\$328,528</b>	<b>\$233,479</b>	<b>\$3,839,580</b>	<b>\$2,890,145</b>

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

<b>Cable Franchise Fund</b>	<b>Public Safety Sales Tax Fund</b>	<b>Total</b>
\$389,135	\$15,293,575	\$22,280,626
313,144	3,894	320,184
-	2,289,579	2,863,322
-	135,000	251,927
<b>702,279</b>	<b>17,722,048</b>	<b>25,716,059</b>
<hr/>		
254,978	2,167,629	2,807,549
3,093	250,280	265,618
-	50,000	3,728,298
<b>258,071</b>	<b>2,467,909</b>	<b>6,801,465</b>
<hr/>		
25,343	4,622,957	5,048,400
-	135,000	251,927
418,823	7,276,589	9,833,034
42	3,219,593	3,781,233
<b>444,208</b>	<b>15,254,139</b>	<b>18,914,594</b>
<hr/>		
<b>\$702,279</b>	<b>\$17,722,048</b>	<b>\$25,716,059</b>

**CAPITAL IMPROVEMENT SPECIAL REVENUE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 For the year ended December 31, 2003**

	<b>Ballfield Capital Improvements Fund</b>	<b>Bicycle Tax Fund</b>	<b>Trails/Open Space Fund</b>	<b>Conservation Trust Fund</b>
<b>Revenues</b>				
Taxes	\$ -	\$101,100	\$5,407,112	\$ -
Intergovernmental	-	-	275,000	3,524,279
Charges for services	101,964	-	4,125	-
Investment earnings	4,653	(726)	19,390	38,812
<b>Total revenues</b>	<b>106,617</b>	<b>100,374</b>	<b>5,705,627</b>	<b>3,563,091</b>
<b>Expenditures</b>				
General government	-	-	141,300	-
Debt service				
Principal	118,252	-	1,631,000	141,653
Interest	91,635	-	89,705	26,866
Capital outlay	72,922	346,697	3,133,157	2,473,753
<b>Total expenditures</b>	<b>282,809</b>	<b>346,697</b>	<b>4,995,162</b>	<b>2,642,272</b>
<b>Net change in fund balances</b>	<b>(176,192)</b>	<b>(246,323)</b>	<b>710,465</b>	<b>920,819</b>
<b>Fund balances (deficit) - January 1</b>	<b>504,720</b>	<b>479,802</b>	<b>(767,612)</b>	<b>1,790,568</b>
<b>Fund balances (deficit) - December 31</b>	<b>\$328,528</b>	<b>\$233,479</b>	<b>(\$57,147)</b>	<b>\$2,711,387</b>

*11/27/03 By: [Signature]  
 -Int. includes [Signature]*

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

<b>Cable Franchise Fund</b>	<b>Public Safety Sales Tax Fund</b>	<b>Total</b>
\$ -	\$21,457,802	\$26,966,014
-	-	3,799,279
1,258,127	-	1,364,216
860	166,888	229,877
1,258,987	21,624,690	32,359,386
-	559,779	701,079
420,283	-	2,311,188
56,490	-	264,696
1,032,212	16,722,145	23,780,886
1,508,985	17,281,924	27,057,849
(249,998)	4,342,766	5,301,537
694,206	10,911,373	13,613,057
\$444,208	\$15,254,139	\$18,914,594

IMPROVEMENT AND MAINTENANCE DISTRICT  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2003

	Old Colorado City Maintenance and Security District Fund	Norwood Special Improvement Maintenance District Fund	Briargate Special Improvement Maintenance District Fund	Stetson Hills Improvement Maintenance District Fund
<b><u>ASSETS</u></b>				
Cash and investments	\$159,373	\$356,162	\$505,386	\$173,528
Accounts receivable (net of allowance for uncollectibles)	997	5,340	8,183	1,765
Property taxes receivable	77,995	422,700	600,884	144,159
<b>Total assets</b>	<b>238,365</b>	<b>784,202</b>	<b>1,114,453</b>	<b>319,452</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>Liabilities</b>				
Accounts payable	12	3,138	17,097	19,389
Accrued salaries and benefits	1,526	5,270	9,042	-
Due to other funds	-	-	2,026	-
Deferred revenue - property taxes	77,995	422,700	600,884	144,159
<b>Total liabilities</b>	<b>79,533</b>	<b>431,108</b>	<b>629,049</b>	<b>163,548</b>
<b>Fund balances</b>				
Reserved for Encumbrances	-	26,692	140,485	-
Unreserved Undesignated	158,832	326,402	344,919	155,904
<b>Total fund balances</b>	<b>158,832</b>	<b>353,094</b>	<b>485,404</b>	<b>155,904</b>
<b>Total liabilities and fund balances</b>	<b>\$238,365</b>	<b>\$784,202</b>	<b>\$1,114,453</b>	<b>\$319,452</b>

**CITY OF COLORADO SPRINGS  
COLORADO  
Exhibit C-7**

<b>Woodstone Improvement Maintenance District Fund</b>	<b>Gateway Improvement Maintenance District Fund</b>	<b>Platte Avenue Improvement Maintenance District Fund</b>	<b>Total</b>
\$103,810	\$9,869	\$48,369	\$1,356,497
184	34	-	16,503
12,531	2,628	-	1,260,897
<u>116,525</u>	<u>12,531</u>	<u>48,369</u>	<u>2,633,897</u>
3,140	138	-	42,914
-	-	-	15,838
-	-	-	2,026
12,531	2,628	-	1,260,897
<u>15,671</u>	<u>2,766</u>	<u>-</u>	<u>1,321,675</u>
-	-	-	167,177
<u>100,854</u>	<u>9,765</u>	<u>48,369</u>	<u>1,145,045</u>
<u>100,854</u>	<u>9,765</u>	<u>48,369</u>	<u>1,312,222</u>
<u>\$116,525</u>	<u>\$12,531</u>	<u>\$48,369</u>	<u>\$2,633,897</u>

**IMPROVEMENT AND MAINTENANCE DISTRICT  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
For the year ended December 31, 2003**

	<b>Old Colorado City Maintenance and Security District Fund</b>	<b>Norwood Special Improvement Maintenance District Fund</b>	<b>Briargate Special Improvement Maintenance District Fund</b>	<b>Stetson Hills Improvement Maintenance District Fund</b>
<b>Revenues</b>				
Taxes	\$88,653	\$471,374	\$719,517	\$155,502
Investment earnings	4,424	5,442	8,571	4,921
<b>Total revenues</b>	<b>93,077</b>	<b>476,816</b>	<b>728,088</b>	<b>160,423</b>
<b>Expenditures</b>				
Current				
Public works	106,727	506,365	803,552	139,278
<b>Total expenditures</b>	<b>106,727</b>	<b>506,365</b>	<b>803,552</b>	<b>139,278</b>
<b>Net change in fund balances</b>	<b>(13,650)</b>	<b>(29,549)</b>	<b>(75,464)</b>	<b>21,145</b>
<b>Fund balances - January 1</b>	<b>172,482</b>	<b>382,643</b>	<b>560,868</b>	<b>134,759</b>
<b>Fund balances - December 31</b>	<b>\$158,832</b>	<b>\$353,094</b>	<b>\$485,404</b>	<b>\$155,904</b>

CITY OF COLORADO SPRINGS  
 COLORADO  
 Exhibit C-8

Woodstone Improvement Maintenance District Fund	Gateway Improvement Maintenance District Fund	Platte Avenue Improvement Maintenance District Fund	Total
\$16,270	\$2,985	\$8,592	\$1,462,893
2,579	252	1,201	27,390
18,849	3,237	9,793	1,490,283
8,872	2,759	3,464	1,571,017
8,872	2,759	3,464	1,571,017
9,977	478	6,329	(80,734)
90,877	9,287	42,040	1,392,956
\$100,854	\$9,765	\$48,369	\$1,312,222

**PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2003**

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

	<b>Public Space and Development Fund</b>	<b>Subdivision Drainage Fund</b>	<b>Arterial Roadway Fund</b>	<b>Park Developer Easement Fund</b>	<b>Total</b>
<b><u>ASSETS</u></b>					
Cash and investments	\$2,301,067	\$2,818,289	\$900,357	\$23,933	\$6,043,646
<b>Total assets</b>	<b>2,301,067</b>	<b>2,818,289</b>	<b>900,357</b>	<b>23,933</b>	<b>6,043,646</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>Liabilities</b>					
Accounts payable	-	17,403	-	-	17,403
<b>Total liabilities</b>	<b>-</b>	<b>17,403</b>	<b>-</b>	<b>-</b>	<b>17,403</b>
<b>Fund balances</b>					
Unreserved					
Undesignated	2,301,067	2,800,886	900,357	23,933	6,026,243
<b>Total fund balances</b>	<b>2,301,067</b>	<b>2,800,886</b>	<b>900,357</b>	<b>23,933</b>	<b>6,026,243</b>
<b>Total liabilities and fund balances</b>	<b>\$2,301,067</b>	<b>\$2,818,289</b>	<b>\$900,357</b>	<b>\$23,933</b>	<b>\$6,043,646</b>

**PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 For the year ended December 31, 2003**

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

	<i>151</i> Public Space and Development Fund	<i>152</i> Subdivision Drainage Fund	<i>153</i> Arterial Roadway Fund	<i>150</i> Park Developer Easement Fund	Total
<b>Revenues</b>					
Charges for services	\$1,057,099	\$1,623,807	\$240,507	\$ -	\$2,921,413
Investment earnings	7,581	31,970	14,223	604	54,378
<b>Total revenues</b>	<u>1,064,680</u>	<u>1,655,777</u>	<u>254,730</u>	<u>604</u>	<u>2,975,791</u>
<b>Expenditures</b>					
Current					
Public works	2,657,159	2,751,028	348,007	-	5,756,194
<b>Total expenditures</b>	<u>2,657,159</u>	<u>2,751,028</u>	<u>348,007</u>	<u>-</u>	<u>5,756,194</u>
<b>Net change in fund balances</b>	(1,592,479)	(1,095,251)	(93,277)	604	(2,780,403)
<b>Fund balances - January 1</b>	<u>3,893,546</u>	<u>3,896,137</u>	<u>993,634</u>	<u>23,329</u>	<u>8,806,646</u>
<b>Fund balances - December 31</b>	<u><u>\$2,301,067</u></u>	<u><u>\$2,800,886</u></u>	<u><u>\$900,357</u></u>	<u><u>\$23,933</u></u>	<u><u>\$6,026,243</u></u>

**OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2003**

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

	<b>Cottonwood General Improvement District</b>	<b>Spring Creek General Improvement District</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Cash and investments	\$451,671	\$110,378	\$562,049
Accounts receivable (net of allowance for uncollectibles)	7,878	3,637	11,515
Property taxes receivable	634,084	296,814	930,898
<b>Total assets</b>	<b>1,093,633</b>	<b>410,829</b>	<b>1,504,462</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>Liabilities</b>			
Accounts payable	65	65	130
Deferred revenue - property taxes	634,084	296,814	930,898
<b>Total liabilities</b>	<b>634,149</b>	<b>296,879</b>	<b>931,028</b>
<b>Fund balances</b>			
Reserved for debt service	459,484	113,950	573,434
<b>Total fund balances</b>	<b>459,484</b>	<b>113,950</b>	<b>573,434</b>
<b>Total liabilities and fund balances</b>	<b>\$1,093,633</b>	<b>\$410,829</b>	<b>\$1,504,462</b>

**OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 For the year ended December 31, 2003**

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

	<b>Cottonwood General Improvement District</b>	<b>Spring Creek General Improvement District</b>	<b>Total</b>
<b>Revenues</b>			
Taxes	\$695,115	\$321,800	\$1,016,915
Charges for services	-	81,645	81,645
Investment earnings	20,501	4,539	25,040
<b>Total revenues</b>	<b>715,616</b>	<b>407,984</b>	<b>1,123,600</b>
<b>Expenditures</b>			
Current			
Miscellaneous	4,715	5,565	10,280
Debt Service			
Principal	470,000	160,000	630,000
Interest	333,295	204,750	538,045
<b>Total expenditures</b>	<b>808,010</b>	<b>370,315</b>	<b>1,178,325</b>
<b>Net change in fund balances</b>	<b>(92,394)</b>	<b>37,669</b>	<b>(54,725)</b>
<b>Fund balances - January 1</b>	<b>551,878</b>	<b>76,281</b>	<b>628,159</b>
<b>Fund balances - December 31</b>	<b>\$459,484</b>	<b>\$113,950</b>	<b>\$573,434</b>

**OTHER SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2003**

	<b>Lodgers and Auto Rental Tax Fund</b>	<b>Tree City U.S.A. Fund</b>	<b>Street Tree Fund</b>	<b>Garfield School Maintenance Fund</b>	<b>Economic Development Fund</b>
<b><u>ASSETS</u></b>					
Cash and investments	\$186,088	\$7,610	\$783,508	\$52,444	\$862,821
Accounts receivable (net of allowances for uncollectibles)	24,906	4,222	100	-	-
Sales tax receivable	155,044	-	-	-	-
Loans receivable	-	-	-	-	211,140
Due from other funds	12,457	-	-	5,101	-
<b>Total assets</b>	<b>378,495</b>	<b>11,832</b>	<b>783,608</b>	<b>57,545</b>	<b>1,073,961</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>Liabilities</b>					
Accounts payable	2,690	-	10,400	38	21
Due to other funds	230,921	-	-	5,430	-
Deferred revenue - loans	-	-	-	-	211,140
<b>Total liabilities</b>	<b>233,611</b>	<b>-</b>	<b>10,400</b>	<b>5,468</b>	<b>211,161</b>
<b>Fund balances</b>					
Reserved for Encumbrances	-	-	-	-	150,000
Unreserved					
Designated - subsequent year expenditures	74,131	-	168,468	-	500,118
Undesignated	70,753	11,832	604,740	52,077	212,682
<b>Total fund balances</b>	<b>144,884</b>	<b>11,832</b>	<b>773,208</b>	<b>52,077</b>	<b>862,800</b>
<b>Total liabilities and fund balances</b>	<b>\$378,495</b>	<b>\$11,832</b>	<b>\$783,608</b>	<b>\$57,545</b>	<b>\$1,073,961</b>

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

<b>Gift Trust Fund</b>	<b>City Manager Contract Fund</b>	<b>Senior Programs Fund</b>	<b>Therapeutic Recreation Fund</b>	<b>Cultural Affairs Fund</b>	<b>Total</b>
\$2,623,377	\$60,622	\$539,998	\$18,664	\$532	\$5,135,664
4,037	-	-	-	-	33,265
-	-	-	-	-	155,044
-	-	-	-	-	211,140
2,000	-	-	-	-	19,558
<b>2,629,414</b>	<b>60,622</b>	<b>539,998</b>	<b>18,664</b>	<b>532</b>	<b>5,554,671</b>
101,481	-	-	-	-	114,630
5,000	-	-	-	-	241,351
-	-	-	-	-	211,140
<b>106,481</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>567,121</b>
27,418	-	-	-	-	177,418
-	-	-	-	-	742,717
<b>2,495,515</b>	<b>60,622</b>	<b>539,998</b>	<b>18,664</b>	<b>532</b>	<b>4,067,415</b>
<b>2,522,933</b>	<b>60,622</b>	<b>539,998</b>	<b>18,664</b>	<b>532</b>	<b>4,987,550</b>
<b>\$2,629,414</b>	<b>\$60,622</b>	<b>\$539,998</b>	<b>\$18,664</b>	<b>\$532</b>	<b>\$5,554,671</b>

**OTHER SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**For the year ended December 31, 2003**

	<b>Lodgers and Auto Rental Tax Fund</b>	<b>Tree City U.S.A Fund</b>	<b>Street Tree Fund</b>	<b>Garfield School Maintenance Fund</b>	<b>Economic Development Fund</b>
<b>Revenues</b>					
Taxes	\$3,247,083	\$ -	\$ -	\$ -	\$ -
Charges for services	-	10,454	130,226	-	-
Donations	-	-	-	-	-
Other revenue	-	-	-	-	102,299
Investment earnings	885	74	9,612	1,192	8,792
Rental income	-	-	-	22,000	-
<b>Total revenues</b>	<b>3,247,968</b>	<b>10,528</b>	<b>139,838</b>	<b>23,192</b>	<b>111,091</b>
<b>Expenditures</b>					
General government	90,574	-	-	-	-
Culture and recreation	-	100	73,932	-	-
Economic development	2,216,467	-	-	-	174,532
Economic opportunity	-	-	-	12,569	-
<b>Total expenditures</b>	<b>2,307,041</b>	<b>100</b>	<b>73,932</b>	<b>12,569</b>	<b>174,532</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>940,927</b>	<b>10,428</b>	<b>65,906</b>	<b>10,623</b>	<b>(63,441)</b>
<b>Other financing uses</b>					
Transfers - out	(1,052,464)	-	-	-	-
<b>Net change in fund balances</b>	<b>(111,537)</b>	<b>10,428</b>	<b>65,906</b>	<b>10,623</b>	<b>(63,441)</b>
<b>Fund balances - January 1</b>	<b>256,421</b>	<b>1,404</b>	<b>707,302</b>	<b>41,454</b>	<b>926,241</b>
<b>Fund balances - December 31</b>	<b>\$144,884</b>	<b>\$11,832</b>	<b>\$773,208</b>	<b>\$52,077</b>	<b>\$862,800</b>

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

<b>Gift Trust Fund</b>	<b>City Manager Contract Fund</b>	<b>Senior Programs Fund</b>	<b>Therapeutic Recreation Fund</b>	<b>Cultural Affairs Fund</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$3,247,083
-	-	-	-	-	140,680
1,007,090	-	22,351	-	-	1,029,441
-	-	-	-	-	102,299
30,140	-	6,153	471	13	57,332
-	-	-	-	-	22,000
<b>1,037,230</b>	<b>-</b>	<b>28,504</b>	<b>471</b>	<b>13</b>	<b>4,598,835</b>
-	-	-	-	-	90,574
1,064,962	-	3,311	-	-	1,142,305
-	-	-	-	-	2,390,999
-	-	-	-	-	12,569
<b>1,064,962</b>	<b>-</b>	<b>3,311</b>	<b>-</b>	<b>-</b>	<b>3,636,447</b>
<b>(27,732)</b>	<b>-</b>	<b>25,193</b>	<b>471</b>	<b>13</b>	<b>962,388</b>
-	-	-	-	-	(1,052,464)
<b>(27,732)</b>	<b>-</b>	<b>25,193</b>	<b>471</b>	<b>13</b>	<b>(90,076)</b>
<b>2,550,665</b>	<b>60,622</b>	<b>514,805</b>	<b>18,193</b>	<b>519</b>	<b>5,077,626</b>
<b>\$2,522,933</b>	<b>\$60,622</b>	<b>\$539,998</b>	<b>\$18,664</b>	<b>\$532</b>	<b>\$4,987,550</b>

**SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES-BUDGET AND ACTUAL  
For the year ended December 31, 2003**

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

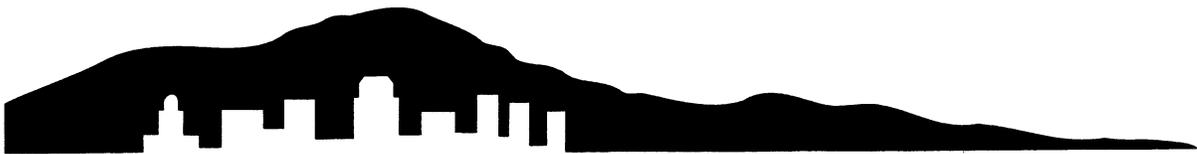
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Community Development Block Grant	\$3,946,997	\$3,946,997	\$ -
Home Investment Partnership Fund	1,605,455	1,605,455	-
Grants Fund	15,885,765	15,885,765	-
Ballfield Capital Improvements Fund	110,000	106,617	(3,383)
Bicycle Tax Fund	140,000	100,374	(39,626)
Trails/Open Space Fund	5,682,292	5,705,627	23,335
Conservation Trust Fund	3,006,452	3,563,091	556,639
Cable Franchise Fund	1,296,000	1,258,987	(37,013)
Public Safety Sales Tax Fund	22,523,467	21,624,690	(898,777)
Old Colorado City Maintenance and Security District Fund	93,334	93,077	(257)
Norwood Special Improvement Maintenance District Fund	488,286	476,816	(11,470)
Briargate Special Improvement Maintenance District Fund	749,331	728,088	(21,243)
Stetson Hills Improvement Maintenance District Fund	162,107	160,423	(1,684)
Woodstone Improvement Maintenance District Fund	18,646	18,849	203
Gateway Improvement Maintenance District Fund	3,211	3,237	26
Platte Avenue Improvement Maintenance District Fund	9,516	9,793	277
Public Space and Development Fund	700,000	1,064,680	364,680
Subdivision Drainage Fund	2,469,900	1,655,777	(814,123)
Arterial Roadway Fund	353,628	254,730	(98,898)
Park Developer Easement Fund	1,000	604	(396)
Cottonwood General Improvement District	700,140	715,616	15,476
Spring Creek General Improvement District	317,911	407,984	90,073
Lodgers and Auto Rental Tax Fund	3,194,758	3,247,968	53,210
Tree City U.S.A.	5,025	10,528	5,503
Street Tree Fund	160,000	139,838	(20,162)
Garfield School Maintenance Fund	23,500	23,192	(308)
Economic Development Fund	99,000	111,091	12,091
Gift Trust Fund	1,000,000	1,037,230	37,230
Senior Programs Fund	15,000	28,504	13,504
Therapeutic Recreation Fund	500	471	(29)
Cultural Affairs Fund	15	13	(2)
Special Assessment District Fund	235,623	235,623	-
<b>Total revenues</b>	<b>\$64,996,859</b>	<b>\$64,221,735</b>	<b>(\$775,124)</b>

(continued)

**SPECIAL REVENUE FUNDS  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
For the year ended December 31, 2003**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Expenditures</b>			
Community Development Block Grant	\$3,946,997	\$3,946,997	\$ -
Home Investment Partnership Fund	1,605,455	1,605,455	-
Grants Fund	15,885,765	15,885,765	-
Ballfield Capital Improvements Fund	282,809	282,809	-
Bicycle Tax Fund	471,035	346,697	124,338
Trails/Open Space Fund	8,459,989	4,995,162	3,464,827
Conservation Trust Fund	4,519,082	2,642,272	1,876,810
Cable Franchise Fund	1,953,939	1,508,985	444,954
Public Safety Sales Tax Fund	28,193,105	17,281,924	10,911,181
Old Colorado City Maintenance and Security District Fund	116,084	106,727	9,357
Norwood Special Improvement Maintenance District Fund	737,613	506,365	231,248
Briargate Special Improvement Maintenance District Fund	1,033,858	803,552	230,306
Stetson Hills Improvement Maintenance District Fund	162,107	139,278	22,829
Woodstone Improvement Maintenance District Fund	18,646	8,872	9,774
Gateway Improvement Maintenance District Fund	4,712	2,759	1,953
Platte Avenue Improvement Maintenance District Fund	9,516	3,464	6,052
Public Space and Development Fund	2,943,800	2,657,159	286,641
Subdivision Drainage Fund	2,700,000	2,751,028	(51,028)
Arterial Roadway Fund	225,000	348,007	(123,007)
Cottonwood General Improvement District	818,925	808,010	10,915
Spring Creek General Improvement District	372,250	370,315	1,935
Lodgers and Auto Rental Tax Fund	3,307,184	3,359,505	(52,321)
Tree City U.S.A.	5,000	100	4,900
Street Tree Fund	231,900	73,932	157,968
Garfield School Maintenance Fund	22,000	12,569	9,431
Economic Development Fund	602,031	174,532	427,499
Gift Trust Fund	1,026,712	1,064,962	(38,250)
Senior Programs Fund	50,000	3,311	46,689
Special Assessment District Fund	218,520	218,520	-
<b>Total expenditures</b>	<b>\$79,924,034</b>	<b>\$61,909,033</b>	<b>\$18,015,001</b>

Note: Includes transfers.



CITY OF COLORADO SPRINGS

# CAPITAL PROJECTS FUNDS

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

## ***Red Rock Canyon COP fund***

In 2003 the City issued \$15,070,000 of Certificates of Participation to finance the acquisition of approximately 732 acres of land known as Red Rock Canyon to be used for open space for the City's inhabitants and visitors. The Red Rock Canyon COP fund is used to account for the acquisition costs through the disposition of the certificate of participation proceeds.

CAPITAL PROJECTS FUNDS  
 COMBINING BALANCE SHEET  
 DECEMBER 31, 2003

CITY OF COLORADO SPRINGS  
 COLORADO  
 Exhibit D-1

	SCIP Construction Fund	City Funded CIP Construction Fund	Red Rock Canyon COP Fund	Totals
<b><u>ASSETS</u></b>				
Cash and investments	\$11,261,986	\$7,392,724	\$ -	\$18,654,710
Accounts receivable (net of allowances for uncollectibles)	5,252	100	-	5,352
Due from other funds	-	6,489,254	-	6,489,254
Restricted investments	-	-	2,349,258	2,349,258
<b>Total assets</b>	<b>11,267,238</b>	<b>13,882,078</b>	<b>2,349,258</b>	<b>27,498,574</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	1,549,225	1,005,500	35,288	2,590,013
Due to other funds	-	4,527,520	150,000	4,677,520
<b>Total liabilities</b>	<b>1,549,225</b>	<b>5,533,020</b>	<b>185,288</b>	<b>7,267,533</b>
Fund balances:				
Reserved for:				
Encumbrances	3,602,045	1,076,753	-	4,678,798
Unreserved				
Designated - subsequent year expenditures	6,115,968	7,272,305	2,163,970	15,552,243
<b>Total fund balances</b>	<b>9,718,013</b>	<b>8,349,058</b>	<b>2,163,970</b>	<b>20,231,041</b>
<b>Total liabilities and fund balances</b>	<b>\$11,267,238</b>	<b>\$13,882,078</b>	<b>\$2,349,258</b>	<b>\$27,498,574</b>

**CAPITAL PROJECTS FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 For The Year Ended December 31, 2003**

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

	SCIP Construction Fund	City Funded CIP Construction Fund	Red Rock Canyon COP Fund	Totals
<b>Revenues</b>				
Other income	\$ -	\$1,729,483	\$ -	\$1,729,483
Investment earnings	711,378	171,982	18,208	901,568
<b>Total revenues</b>	<b>711,378</b>	<b>1,901,465</b>	<b>18,208</b>	<b>2,631,051</b>
<b>Expenditures</b>				
Debt service:				
Interest and other charges	2,590,788	-	-	2,590,788
Issuance expense	-	-	217,132	217,132
Capital outlay	10,417,378	11,961,130	12,707,106	35,085,614
<b>Total Expenditures</b>	<b>13,008,166</b>	<b>11,961,130</b>	<b>12,924,238</b>	<b>37,893,534</b>
<b>Deficiency of revenues over expenditures</b>	<b>(12,296,788)</b>	<b>(10,059,665)</b>	<b>(12,906,030)</b>	<b>(35,262,483)</b>
<b>OTHER FINANCING SOURCES</b>				
Sale of capital assets	432,793	-	-	432,793
Transfers - in	-	6,489,254	-	6,489,254
Proceeds from issuance of certificates of participation	-	-	15,070,000	15,070,000
<b>Total other financing sources (uses)</b>	<b>432,793</b>	<b>6,489,254</b>	<b>15,070,000</b>	<b>21,992,047</b>
<b>Net change in fund balances</b>	<b>(11,863,995)</b>	<b>(3,570,411)</b>	<b>2,163,970</b>	<b>(13,270,436)</b>
<b>Fund balance - January 1</b>	<b>21,582,008</b>	<b>11,919,469</b>	<b>-</b>	<b>33,501,477</b>
<b>Fund balance - December 31</b>	<b>\$9,718,013</b>	<b>\$8,349,058</b>	<b>\$2,163,970</b>	<b>\$20,231,041</b>



CITY OF COLORADO SPRINGS

# PERMANENT FUNDS

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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, 2003**

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	<b>C.D. Smith Trust Fund</b>	<b>Perkins Trust Fund</b>	<b>Woods Trust Fund</b>	<b>Sabine Trust Fund</b>
<b><u>ASSETS</u></b>				
Cash and investments	\$439,685	\$3,031	\$3,486	\$1,411
Accounts receivable (net of allowances for uncollectibles)	-	-	-	-
Restricted investments	557,594	-	-	-
<b>Total assets</b>	<b>997,279</b>	<b>3,031</b>	<b>3,486</b>	<b>1,411</b>
<b><u>LIABILITIES</u></b>				
Accounts payable	3,060	-	-	-
<b>Total liabilities</b>	<b>3,060</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>FUND BALANCES</u></b>				
Reserved for: Endowments	994,219	3,031	3,486	1,411
<b>Total liabilities and fund balances</b>	<b>\$997,279</b>	<b>\$3,031</b>	<b>\$3,486</b>	<b>\$1,411</b>

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

<b>Cemetery Endowment Fund</b>	<b>TOPS Maintenance Trust Fund</b>	<b>Totals</b>
\$5,919	\$725,075	\$1,178,607
240	-	240
6,910,249	-	7,467,843
<u>6,916,408</u>	<u>725,075</u>	<u>8,646,690</u>
-	-	3,060
-	-	3,060
<u>6,916,408</u>	<u>725,075</u>	<u>8,643,630</u>
<u>\$6,916,408</u>	<u>\$725,075</u>	<u>\$8,646,690</u>

**PERMANENT FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 For the year ended December 31, 2003**

	<b>C.D. Smith Trust Fund</b>	<b>Perkins Trust Fund</b>	<b>Woods Trust Fund</b>
<b>Revenues</b>			
Endowments	\$ -	\$ -	\$ -
Investment earnings	95,338	77	89
<b>Total revenues</b>	<b>95,338</b>	<b>77</b>	<b>89</b>
<b>Expenditures</b>			
Current			
Culture and recreation	20,176	119	51
<b>Total expenditures</b>	<b>20,176</b>	<b>119</b>	<b>51</b>
Excess (deficiency) of revenues over expenditures	75,162	(42)	38
<b>Fund balances - January 1</b>	<b>919,057</b>	<b>3,073</b>	<b>3,448</b>
<b>Fund balances - December 31</b>	<b>\$994,219</b>	<b>\$3,031</b>	<b>\$3,486</b>

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

<b>Sabine Trust Fund</b>	<b>Cemetery Endowment Fund</b>	<b>TOPS Maintenance Trust Fund</b>	<b>Totals</b>
\$ -	\$73,705	\$ -	\$73,705
36	1,019,555	18,306	1,133,401
36	1,093,260	18,306	1,207,106
48	-	-	20,394
48	-	-	20,394
(12)	1,093,260	18,306	1,186,712
1,423	5,823,148	706,769	7,456,918
<b>\$1,411</b>	<b>\$6,916,408</b>	<b>\$725,075</b>	<b>\$8,643,630</b>



CITY OF COLORADO SPRINGS

# NON-MAJOR PROPRIETARY FUNDS



CITY OF COLORADO SPRINGS

# ENTERPRISE FUNDS

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

***Patty Jewett Golf fund*** - used to account for the activities of the City owned golf course.

***Valley Hi Golf fund*** – used to account for the activities of the City owned golf course.

***Pikes Peak Highway fund*** - used to account for the activities of the Pikes Peak Highway.

***Human Services Complex fund*** - used to account for the City owned Senior Citizen Center complex.

***Cemetery fund*** - used to account for the activities of the two City owned cemeteries.

***Development Review fund*** – used to account for certain activities related to development review.

**NON-MAJOR ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2003**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and investments	\$1,054,298	\$383,742	\$1,045,553	\$598,980
Accounts receivable (net of allowance for uncollectibles)	12,378	2,264	318,178	9,452
Inventories	-	-	49,800	-
Due from other funds	4,073	6,216	2,731	-
<b>Total current assets</b>	<b>1,070,749</b>	<b>392,222</b>	<b>1,416,262</b>	<b>608,432</b>
<b>Noncurrent assets</b>				
Capital assets:				
Land	60,000	931,200	667	537,000
Buildings	1,681,936	238,833	4,527,446	2,553,590
Improvements other than buildings	1,505,726	1,524,453	171,321	553,006
Machinery and equipment	1,447,933	811,232	2,080,831	-
Construction in progress	-	-	811,025	-
Less accumulated depreciation	(2,697,773)	(1,725,480)	(4,942,281)	(1,111,124)
<b>Total noncurrent assets</b>	<b>1,997,822</b>	<b>1,780,238</b>	<b>2,649,009</b>	<b>2,532,472</b>
<b>Total assets</b>	<b>\$3,068,571</b>	<b>\$2,172,460</b>	<b>\$4,065,271</b>	<b>\$3,140,904</b>

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

Cemetery Fund	Development Review Fund	Total
\$251,209	\$831,001	\$4,164,783
91,603	-	433,875
-	-	49,800
-	-	13,020
<u>342,812</u>	<u>831,001</u>	<u>4,661,478</u>
140,841	-	1,669,708
514,720	58,792	9,575,317
1,604,014	-	5,358,520
461,979	23,700	4,825,675
0	-	811,025
(847,849)	(2,072)	(11,326,579)
<u>1,873,705</u>	<u>80,420</u>	<u>10,913,666</u>
<u>\$2,216,517</u>	<u>\$911,421</u>	<u>\$15,575,144</u>

(continued)

**NON-MAJOR ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2003**

	<b>Patty Jewett Golf Fund</b>	<b>Valley Hi Golf Fund</b>	<b>Pikes Peak Highway Fund</b>	<b>Human Services Complex Fund</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b>Current liabilities</b>				
Accounts payable	\$31,389	\$7,606	\$168,213	\$576
Accrued salaries and benefits	15,741	7,203	36,352	1,210
Compensated absences - current	2,685	852	7,096	276
Due to other funds	5,781	48,132	7,460	-
Notes payable - current	-	-	42,054	-
Capital leases payable - current	-	37,660	59,605	-
<b>Total current liabilities</b>	<b>55,596</b>	<b>101,453</b>	<b>320,780</b>	<b>2,062</b>
<b>Noncurrent liabilities</b>				
Compensated absences	51,014	16,186	134,827	5,242
Notes payable	-	-	957,946	-
Capital lease payable	-	39,676	-	-
<b>Total noncurrent liabilities</b>	<b>51,014</b>	<b>55,862</b>	<b>1,092,773</b>	<b>5,242</b>
<b>Total liabilities</b>	<b>106,610</b>	<b>157,315</b>	<b>1,413,553</b>	<b>7,304</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	1,997,822	1,702,902	1,778,379	2,532,472
Restricted for debt service	-	-	609,358	-
Unrestricted	964,139	312,243	263,981	601,128
<b>Total net assets</b>	<b>2,961,961</b>	<b>2,015,145</b>	<b>2,651,718</b>	<b>3,133,600</b>
<b>Total liabilities and net assets</b>	<b>\$3,068,571</b>	<b>\$2,172,460</b>	<b>\$4,065,271</b>	<b>\$3,140,904</b>

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

<b>Cemetery Fund</b>	<b>Development Review Fund</b>	<b>Total</b>
\$3,679	\$33,038	\$244,501
21,974	16,998	99,478
6,202	2,954	20,065
2,740	-	64,113
-	-	42,054
-	-	97,265
<b>34,595</b>	<b>52,990</b>	<b>567,476</b>
117,838	56,129	381,236
-	-	957,946
-	-	39,676
<b>117,838</b>	<b>56,129</b>	<b>1,378,858</b>
<b>152,433</b>	<b>109,119</b>	<b>1,946,334</b>
1,873,705	80,420	9,965,700
-	-	609,358
190,379	721,882	3,053,752
<b>2,064,084</b>	<b>802,302</b>	<b>13,628,810</b>
<b>\$2,216,517</b>	<b>\$911,421</b>	<b>\$15,575,144</b>

**NON-MAJOR ENTERPRISE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN NET ASSETS  
 For the year ended December 31, 2003**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
<b>Operating revenues</b>				
Charges for services	\$1,831,418	\$1,026,173	\$2,431,599	\$314,408
<b>Operating expenses</b>				
Personal services	604,542	344,190	1,233,330	41,419
Other operating expenses	922,905	664,780	883,758	168,434
Depreciation	218,633	154,744	305,460	96,529
<b>Total operating expenses</b>	1,746,080	1,163,714	2,422,548	306,382
<b>Operating income (loss)</b>	85,338	(137,541)	9,051	8,026
<b>Nonoperating revenues (expenses)</b>				
Investment earnings	11,456	2,525	7,219	7,345
Interest expense	-	(6,050)	(8,334)	-
Gain (loss) on disposal of fixed assets	(1,665)	-	5,960	(7,994)
<b>Total nonoperating revenues (expenses)</b>	9,791	(3,525)	4,845	(649)
Income (loss) before contributions and transfers	95,129	(141,066)	13,896	7,377
Transfers in	-	-	200,000	-
Transfers out	-	(11,326)	-	-
<b>Change in net assets</b>	95,129	(152,392)	213,896	7,377
<b>Total net assets - January 1</b>	2,866,832	2,167,537	2,437,822	3,126,223
<b>Total net assets - December 31</b>	\$2,961,961	\$2,015,145	\$2,651,718	\$3,133,600

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

<b>Cemetery Fund</b>	<b>Development Review Fund</b>	<b>Total</b>
\$942,259	\$904,891	\$7,450,748
717,386	486,258	3,427,125
371,763	102,754	3,114,394
112,271	1,370	889,007
1,201,420	590,382	7,430,526
(259,161)	314,509	20,222
254,376	11,450	294,371
-	-	(14,384)
1,599	-	(2,100)
255,975	11,450	277,887
(3,186)	325,959	298,109
-	-	200,000
-	-	(11,326)
(3,186)	325,959	486,783
2,067,270	476,343	13,142,027
<b>\$2,064,084</b>	<b>\$802,302</b>	<b>\$13,628,810</b>

**NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the year ended December 31, 2003**

	<b>Patty Jewett Golf Fund</b>	<b>Valley Hi Golf Fund</b>	<b>Pikes Peak Highway Fund</b>	<b>Human Services Complex Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$1,829,908	\$1,026,777	\$2,451,359	\$247,119
Receipts from interfund services provided	-	-	-	74,484
Payments to suppliers	(581,214)	(432,037)	(406,143)	(129,724)
Payments to employees	(606,705)	(339,005)	(1,239,757)	(40,699)
Payments for interfund services used	(384,541)	(236,129)	(356,637)	(44,020)
<b>Net cash provided (used) by operating activities</b>	<b>257,448</b>	<b>19,606</b>	<b>448,822</b>	<b>107,160</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Repayment of advance from other funds	-	(8,700)	-	-
Transfers in from other City funds	-	-	200,000	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>-</b>	<b>(8,700)</b>	<b>200,000</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from capital debt	-	-	779,872	-
Purchases of capital assets	(276,247)	(84,935)	(802,343)	-
Payments from accounts payable incurred for capital asset additions	-	(5,964)	-	-
Repayment of capital lease obligations	-	(35,748)	(76,602)	-
Interest paid - other	-	(6,050)	(8,334)	-
Proceeds from sales of capital assets	1,190	-	5,960	-
<b>Net cash used by capital and related financing activities</b>	<b>(275,057)</b>	<b>(132,697)</b>	<b>(101,447)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales and maturities of investments	1,019,005	482,991	473,476	465,900
Purchase of investments	(1,002,344)	(364,830)	(994,028)	(569,463)
Interest and dividends received	26,594	9,921	13,194	14,043
<b>Net cash provided (used) by investing activities</b>	<b>43,255</b>	<b>128,082</b>	<b>(507,358)</b>	<b>(89,520)</b>
<b>Net increase in cash and cash equivalents</b>	<b>25,646</b>	<b>6,291</b>	<b>40,017</b>	<b>17,640</b>
<b>Cash and cash equivalents - January 1</b>	<b>27,583</b>	<b>13,083</b>	<b>12,770</b>	<b>12,601</b>
<b>Cash and cash equivalents - December 31</b>	<b>53,229</b>	<b>19,374</b>	<b>52,787</b>	<b>30,241</b>
Cash and cash equivalents	53,229	19,374	52,787	30,241
Investments	1,001,069	364,368	992,766	568,739
<b>Total cash and investments</b>	<b>\$1,054,298</b>	<b>\$383,742</b>	<b>\$1,045,553</b>	<b>\$598,980</b>

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

Cemetery Fund	Development Review Fund	Total
\$977,782	\$904,891	\$7,437,836
-	-	74,484
(214,450)	(58,995)	(1,822,563)
(713,609)	(465,983)	(3,405,758)
(159,763)	(47,751)	(1,228,841)
(110,040)	332,162	1,055,158
-	-	(8,700)
-	-	200,000
-	-	191,300
-	-	779,872
(227,421)	(23,700)	(1,414,646)
-	-	(5,964)
-	-	(112,350)
-	-	(14,384)
1,599	-	8,749
(225,822)	(23,700)	(758,723)
319,449	492,101	3,252,922
(238,830)	(790,049)	(3,959,544)
259,272	18,147	341,171
339,891	(279,801)	(365,451)
4,029	28,661	122,284
8,654	13,294	87,985
12,683	41,955	210,269
12,683	41,955	210,269
238,526	789,046	3,954,514
\$251,209	\$831,001	\$4,164,783

(continued)

**NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the year ended December 31, 2003**

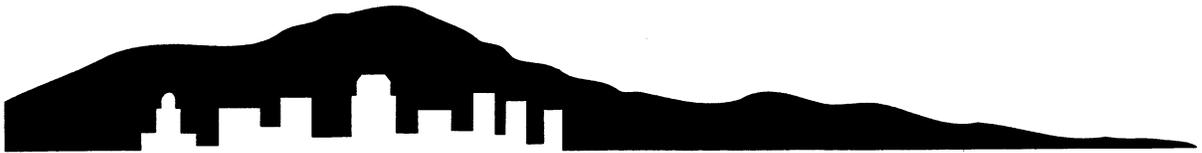
	<b>Patty Jewett Golf Fund</b>	<b>Valley Hi Golf Fund</b>	<b>Pikes Peak Highway Fund</b>	<b>Human Services Complex Fund</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$85,338	(\$137,541)	\$9,051	\$8,026
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	218,633	154,744	305,460	96,529
(Increase) decrease in accounts receivable	(1,510)	605	16,216	7,195
Increase in inventories	-	-	(774)	-
(Increase) decrease in due from other funds	(1,280)	(3,993)	10,648	118
Increase (decrease) in accounts and other payables	5,420	2,219	127,616	333
Increase (decrease) in accrued expenses	(2,918)	4,319	(10,771)	720
Decrease in due to other funds	(46,235)	(747)	(8,624)	(5,761)
<b>Net cash provided (used) by operating activities</b>	<b>\$257,448</b>	<b>\$19,606</b>	<b>\$448,822</b>	<b>\$107,160</b>
<b>Noncash investing, capital and financing activities</b>				
Noncash acquisition of capital assets (incurrence of payable)	\$14,390	\$ -	\$25,831	\$ -
Noncash sale of capital assets (incurrence of due from other funds)	-	(11,326)	-	-
Decrease in fair value of investments	(15,138)	(7,396)	(5,975)	(6,698)

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

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Cemetery Fund	Development Review Fund	Total
(\$259,161)	\$314,509	\$20,222
112,271	1,370	889,007
35,523	-	58,029
-	-	(774)
1,169	2,437	9,099
(2,951)	1,088	133,725
3,778	17,837	12,965
(669)	(5,079)	(67,115)
<u>(\$110,040)</u>	<u>\$332,162</u>	<u>\$1,055,158</u>

\$	-	\$31,950	\$72,171
	-	-	(11,326)
	(4,897)	(6,697)	(46,801)



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, 2003

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers Compensation Self-Insurance Fund
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Cash and investments	\$ -	\$2,689,196	\$4,149,396
Accounts receivable (net of allowance for uncollectibles)	302,302	6,719	-
Inventories	867,377	-	-
Due from other funds	526,325	-	-
<b>Total current assets</b>	<b>1,696,004</b>	<b>2,695,915</b>	<b>4,149,396</b>
<b>Noncurrent assets</b>			
Capital assets			
Land	13,000	-	-
Buildings	207,059	-	6,850
Improvements other than buildings	396,917	-	-
Machinery and equipment	5,516,821	-	293,678
Less accumulated depreciation	(4,321,643)	-	(167,394)
<b>Total noncurrent assets</b>	<b>1,812,154</b>	<b>-</b>	<b>133,134</b>
<b>Total assets</b>	<b>3,508,158</b>	<b>2,695,915</b>	<b>4,282,530</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>			
<b>Current liabilities</b>			
Accounts payable	547,500	592,553	5,178,319
Accrued salaries and benefits	292,434	-	13,283
Compensated absences - current	61,092	-	974
Due to other funds	1,080,928	-	153,587
Capital lease payable - current	256,527	-	-
<b>Total current liabilities</b>	<b>2,238,481</b>	<b>592,553</b>	<b>5,346,163</b>
<b>Noncurrent liabilities</b>			
Compensated absences	1,160,744	-	18,511
Capital lease obligations	284,247	-	-
<b>Total noncurrent liabilities</b>	<b>1,444,991</b>	<b>-</b>	<b>18,511</b>
<b>Total liabilities</b>	<b>3,683,472</b>	<b>592,553</b>	<b>5,364,674</b>
<b>Net assets (deficit)</b>			
Invested in capital assets, net of related debt	1,271,380	-	133,134
Unrestricted	(1,446,694)	2,103,362	(1,215,278)
<b>Total net assets (deficit)</b>	<b>(175,314)</b>	<b>2,103,362</b>	<b>(1,082,144)</b>
<b>Total liabilities and net assets</b>	<b>\$3,508,158</b>	<b>\$2,695,915</b>	<b>\$4,282,530</b>

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

<b>Employee Benefits Self-Insurance Fund</b>	<b>Total</b>
\$11,631,047	\$18,469,639
35,714	344,735
-	867,377
1,569	527,894
<u>11,668,330</u>	<u>20,209,645</u>
-	13,000
-	213,909
-	396,917
-	5,810,499
-	(4,489,037)
<u>-</u>	<u>1,945,288</u>
<u>11,668,330</u>	<u>22,154,933</u>
4,053,814	10,372,186
-	305,717
-	62,066
68,508	1,303,023
-	256,527
<u>4,122,322</u>	<u>12,299,519</u>
-	1,179,255
-	284,247
<u>-</u>	<u>1,463,502</u>
<u>4,122,322</u>	<u>13,763,021</u>
-	1,404,514
<u>7,546,008</u>	<u>6,987,398</u>
<u>7,546,008</u>	<u>8,391,912</u>
<u>\$11,668,330</u>	<u>\$22,154,933</u>

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET ASSETS  
For the year ended December 31, 2003**

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers Compensation Self-Insurance Fund
<b>Operating revenues</b>			
Charges for services	\$21,887,764	\$653,317	\$5,036,308
<b>Operating expenses</b>			
Personal services	9,471,078	-	298,749
Other operating expenses	11,284,072	545,807	6,120,899
Depreciation	548,167	-	43,468
<b>Total operating expenses</b>	<b>21,303,317</b>	<b>545,807</b>	<b>6,463,116</b>
<b>Operating income (loss)</b>	<b>584,447</b>	<b>107,510</b>	<b>(1,426,808)</b>
<b>Nonoperating revenues (expenses)</b>			
Investment earnings	-	30,155	38,782
Interest expense	(62,316)	-	-
Loss on disposal of fixed assets	(34,962)	-	-
Miscellaneous revenue	33,713	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>(63,565)</b>	<b>30,155</b>	<b>38,782</b>
Income (loss) before transfers	520,882	137,665	(1,388,026)
Transfers - in	74,525	-	-
Transfers - out	(12,720)	-	-
<b>Change in net assets</b>	<b>582,687</b>	<b>137,665</b>	<b>(1,388,026)</b>
<b>Total net assets (deficit) - January 1</b>	<b>(758,001)</b>	<b>1,965,697</b>	<b>305,882</b>
<b>Total net assets (deficit) - December 31</b>	<b>(\$175,314)</b>	<b>\$2,103,362</b>	<b>(\$1,082,144)</b>

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

<b>Employee Benefits Self-Insurance Fund</b>	<b>Total</b>
\$32,005,563	\$59,582,952
-	9,769,827
30,181,789	48,132,567
-	591,635
30,181,789	58,494,029
1,823,774	1,088,923
169,640	238,577
-	(62,316)
-	(34,962)
-	33,713
169,640	175,012
1,993,414	1,263,935
-	74,525
(262,094)	(274,814)
1,731,320	1,063,646
5,814,688	7,328,266
<b>\$7,546,008</b>	<b>\$8,391,912</b>

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the year ended December 31, 2003**

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers Compensation Self-Insurance Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$1,942,715	\$ -	\$10,024
Receipts from interfund services provided	21,965,443	764,345	5,029,140
Payments to suppliers	(9,976,527)	(703,311)	(5,047,290)
Payments to employees	(9,455,678)	-	(284,961)
Payment for interfund services used	(1,826,431)	(35,207)	(641,598)
<b>Net cash provided (used) by operating activities</b>	<b>2,649,522</b>	<b>25,827</b>	<b>(934,685)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Repayment of advance from other funds	(3,270,319)	-	-
Advance from other funds	1,002,791	-	-
<b>Net cash used by noncapital financing activities</b>	<b>(2,267,528)</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	(114,460)	-	(8,417)
Repayment of capital lease obligations	(239,707)	-	-
Interest paid - other	(62,316)	-	-
Proceeds from sales of capital assets	34,489	-	-
<b>Net cash used by capital and related financing activities</b>	<b>(381,994)</b>	<b>-</b>	<b>(8,417)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sales and maturities of investments	-	2,530,512	4,853,514
Purchases of investments	-	(2,556,671)	(3,944,913)
Interest and dividends received	-	67,611	112,545
<b>Net cash provided (used) by investing activities</b>	<b>-</b>	<b>41,452</b>	<b>1,021,146</b>
<b>Net increase in cash and cash equivalents</b>	<b>-</b>	<b>67,279</b>	<b>78,044</b>
<b>Cash and cash equivalents, January 1</b>	<b>-</b>	<b>68,491</b>	<b>131,448</b>
<b>Cash and cash equivalents, December 31</b>	<b>-</b>	<b>135,770</b>	<b>209,492</b>
Cash and cash equivalents	-	135,770	209,492
Investments	-	2,553,426	3,939,904
<b>Total cash and investments</b>	<b>\$ -</b>	<b>\$2,689,196</b>	<b>\$4,149,396</b>

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

Employee Benefits Self-Insurance Fund	Total
\$6,542,568	\$8,495,307
25,450,886	53,209,814
(21,255,889)	(36,983,017)
-	(9,740,639)
(8,034,682)	(10,537,918)
<u>2,702,883</u>	<u>4,443,547</u>
(262,094)	(3,532,413)
-	1,002,791
<u>(262,094)</u>	<u>(2,529,622)</u>
-	(122,877)
-	(239,707)
-	(62,316)
-	34,489
<u>-</u>	<u>(390,411)</u>
8,676,196	16,060,222
(11,057,865)	(17,559,449)
293,470	473,626
<u>(2,088,199)</u>	<u>(1,025,601)</u>
352,590	497,913
<u>234,629</u>	<u>434,568</u>
<u>587,219</u>	<u>932,481</u>
587,219	932,481
<u>11,043,828</u>	<u>17,537,158</u>
<u>\$11,631,047</u>	<u>\$18,469,639</u>

(continued)

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the year ended December 31, 2003**

	<b>Support Services Fund</b>	<b>Claims Reserve Self-Insurance Fund</b>	<b>Workers Compensation Self-Insurance Fund</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$584,447	\$107,510	(\$1,426,808)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation expense	548,167	-	43,468
(Increase) decrease in accounts receivable	1,546,938	(6,719)	2,856
Decrease in inventories	17,924	-	-
(Increase) decrease in due from other funds	473,456	111,028	1,731
Increase (decrease) in accounts and other payables	(522,303)	(185,992)	289,414
Increase in accrued expenses	15,400	-	12,057
Increase (decrease) in due to other funds	(14,507)	-	142,597
<b>Net cash provided (used) by operating activities</b>	<b>\$2,649,522</b>	<b>\$25,827</b>	<b>(\$934,685)</b>
<b>Noncash investing, capital and financing activities</b>			
Noncash acquisition of capital assets (incurrence of capital lease obligation)	\$18,700	\$ -	-
Noncash sale of capital asset (incurrence of due to other funds)	61,805	-	-
Decrease in fair value of investments	-	(37,456)	(73,763)

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

Employee Benefits Self-Insurance Fund	Total
\$1,823,774	\$1,088,923
-	591,635
(10,598)	1,532,477
-	17,924
(1,511)	584,704
832,955	414,074
-	27,457
58,263	186,353
<u>\$2,702,883</u>	<u>\$4,443,547</u>

\$	-	\$18,700
	-	61,805
	(123,830)	(235,049)



CITY OF COLORADO SPRINGS

# FIDUCIARY FUNDS

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Fiduciary funds are used to account for the assets held by the City in a trustee capacity or as an agent for other agencies, individuals, private organizations or governmental units and cannot be used to support 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, 2003**

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

	<b>Old Hire Fire Pension Trust Fund</b>	<b>Old Hire Police Pension Trust Fund</b>	<b>New Hire Fire Pension Trust Fund</b>	<b>New Hire Police Pension Trust Fund</b>	<b>Totals</b>
<b><u>ASSETS</u></b>					
Interest receivable	\$370,602	\$310,976	\$223,935	\$376,541	\$1,282,054
Other assets	4,385	3,680	2,650	4,455	15,170
Restricted investments:					
Short term investment	1,397,432	1,172,603	844,394	1,419,826	4,834,255
US bonds and agency issues	7,215,889	6,054,946	4,360,181	7,331,529	24,962,545
Corporate bonds	16,459,517	13,811,394	9,945,618	16,723,290	56,939,819
Corporate stocks	31,893,497	26,762,248	19,271,558	32,404,609	110,331,912
Real estate	4,597,858	3,858,123	2,778,243	4,671,542	15,905,766
Venture capital	5,067,653	4,252,334	3,062,116	5,148,865	17,530,968
International equities	14,290,640	11,991,462	8,635,080	14,519,656	49,436,838
International fixed securities	812,566	681,835	490,991	825,588	2,810,980
457 Def. comp.-outside mgr. funds	592,801	497,427	358,198	602,300	2,050,726
Money purchase-outside mgr. funds	559,798	469,733	338,256	568,769	1,936,556
<b>Total assets</b>	<b>83,262,638</b>	<b>69,866,761</b>	<b>50,311,220</b>	<b>84,596,970</b>	<b>288,037,589</b>
<b><u>LIABILITIES</u></b>					
Accounts payable	46,018	38,614	27,807	46,756	159,195
Other liabilities	5,212	4,373	3,149	5,295	18,029
<b>Total liabilities</b>	<b>51,230</b>	<b>42,987</b>	<b>30,956</b>	<b>52,051</b>	<b>177,224</b>
<b>Net assets - held in trust for pension benefits</b>	<b>\$83,211,408</b>	<b>\$69,823,774</b>	<b>\$50,280,264</b>	<b>\$84,544,919</b>	<b>\$287,860,365</b>

\*Note: 2002 data is presented as of December 31, 2003.

**FIDUCIARY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS**  
**For the year ended December 31, 2003**

**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
<b>Additions</b>					
City and participant contributions	\$132,176	\$188,556	\$3,102,504	\$5,718,850	\$9,142,086
Other income	119,271	100,015	69,244	115,750	404,280
Investment earnings:					
Interest and dividend income	2,384,653	1,999,074	1,356,694	2,275,245	8,015,666
Rental income	411,665	345,178	237,580	398,313	1,392,736
Net decrease in fair value of investments	(11,015,183)	(9,233,202)	(6,235,994)	(10,434,855)	(36,919,234)
Total investment loss	(8,218,865)	(6,888,950)	(4,641,720)	(7,761,297)	(27,510,832)
Less investment expenses	366,926	307,609	209,294	350,944	1,234,773
Net investment loss	(8,585,791)	(7,196,559)	(4,851,014)	(8,112,241)	(28,745,605)
<b>Total additions</b>	<b>(8,334,344)</b>	<b>(6,907,988)</b>	<b>(1,679,266)</b>	<b>(2,277,641)</b>	<b>(19,199,239)</b>
<b>Deductions</b>					
Benefits	(7,120,707)	(5,894,639)	(139,367)	(576,091)	(13,730,804)
Refund	-	-	(159,964)	(743,596)	(903,560)
Administrative expenses	(756)	(756)	(4,800)	(1,683)	(7,995)
<b>Total deductions</b>	<b>(7,121,463)</b>	<b>(5,895,395)</b>	<b>(304,131)</b>	<b>(1,321,370)</b>	<b>(14,642,359)</b>
Change in net assets	(15,455,807)	(12,803,383)	(1,983,397)	(3,599,011)	(33,841,598)
<b>Net assets held in trust for pension benefits - January 1</b>	<b>98,667,215</b>	<b>82,627,157</b>	<b>52,263,661</b>	<b>88,143,930</b>	<b>321,701,963</b>
<b>Net assets held in trust for pension benefits - December 31</b>	<b>\$83,211,408</b>	<b>\$69,823,774</b>	<b>\$50,280,264</b>	<b>\$84,544,919</b>	<b>\$287,860,365</b>

\*Note: 2002 data is presented as of December 31, 2003.

**AGENCY FUND  
BALANCE SHEET  
December 31, 2003**

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

**Miscellaneous  
Depository  
Fund**

**ASSETS**

Cash and investments	\$1,858,380
Accounts receivable - (net of allowance for uncollectibles)	<u>100,650</u>
<b>Total assets</b>	<b><u><u>1,959,030</u></u></b>

**LIABILITIES**

Accounts payable	869,704
Due to component unit	<u>1,089,326</u>
<b>Total liabilities</b>	<b><u><u>\$1,959,030</u></u></b>

**AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS  
AND LIABILITIES  
For the year ended December 31, 2003**

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

	<b>Beginning balance</b>	<b>Debits</b>	<b>Credits</b>	<b>Ending balance</b>
<b><u>ASSETS</u></b>				
Miscellaneous depository fund				
Cash and investments	\$1,914,723	\$168,281,196	\$168,337,539	\$1,858,380
Accounts receivable (net of allowance for uncollectibles)	705,582	438,062	1,042,994	100,650
<b>Total assets</b>	<b>2,620,305</b>	<b>168,719,258</b>	<b>169,380,533</b>	<b>1,959,030</b>
<b><u>LIABILITIES</u></b>				
Miscellaneous depository fund				
Accounts payable	2,030,638	7,878,825	6,717,891	869,704
Due to component unit	589,667	589,667	1,089,326	1,089,326
<b>Total liabilities</b>	<b>\$2,620,305</b>	<b>\$8,468,492</b>	<b>\$7,807,217</b>	<b>\$1,959,030</b>



CITY OF COLORADO SPRINGS

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

**COMPARATIVE SCHEDULE OF  
GENERAL FIXED ASSETS BY SOURCE  
December 31, 2003**

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

	<u>2003</u>
<b>General fixed assets</b>	
Land	\$83,466,771
Buildings	128,131,695
Improvements other than buildings	20,721,489
Machinery and equipment	87,107,608
Construction in progress	31,553,671
Infrastructure	<u>89,782,194</u>
<b>Total general fixed assets</b>	<u><u>440,763,428</u></u>
 <b>Investment in general fixed assets by source</b>	
General fund	181,786,664
Special revenue funds	64,571,026
Gifts	58,900,358
Grants	61,318,968
Other contributions	47,864,077
Other long term debt	<u>22,825,189</u>
<b>Total investment in general fixed assets by source</b>	<u><u>\$437,266,282</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 GENERAL FIXED ASSETS  
BY FUNCTION AND ACTIVITY  
December 31, 2003**

**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
<b>General Government:</b>							
Legislative	\$ -	\$ -	\$ -	\$82,352	\$ -	\$ -	\$82,352
Judicial	-	9,915,375	-	1,475,714	-	-	11,391,089
Executive	536,716	10,011,062	-	24,604	-	-	10,572,382
Finance	8,462,900	7,537,084	-	3,205,526	-	-	19,205,510
Law	-	12,116	-	198,205	-	-	210,321
Human Resources	-	38,497	-	6,295	-	-	44,792
Planning and Development	-	-	-	235,624	-	-	235,624
Other	-	-	88,823	138,955	149,342	-	377,120
<b>Total General Government</b>	<b>8,999,616</b>	<b>27,514,134</b>	<b>88,823</b>	<b>5,367,275</b>	<b>149,342</b>	<b>-</b>	<b>42,119,190</b>
<b>Public Safety:</b>							
Police	5,863,713	24,012,427	67,828	16,205,178	1,929,091	-	48,078,237
Fire	7,230,036	18,963,429	7,401,385	18,707,711	1,654,432	-	53,956,993
<b>Total Public Safety</b>	<b>13,093,749</b>	<b>42,975,856</b>	<b>7,469,213</b>	<b>34,912,889</b>	<b>3,583,523</b>	<b>-</b>	<b>102,035,230</b>
<b>Public Works:</b>							
Highways and streets	920,280	14,857,866	369,282	35,870,569	22,181,388	85,255,006	159,454,391
<b>Culture and Recreation:</b>	<b>60,277,659</b>	<b>41,296,938</b>	<b>12,794,171</b>	<b>10,801,575</b>	<b>5,639,418</b>	<b>1,030,042</b>	<b>131,839,803</b>
<b>Urban Redevelopment and Housing:</b>							
Community development	175,467	1,486,901	-	155,300	-	-	1,817,668
<b>Total General Fixed Assets</b>	<b>\$83,466,771</b>	<b>\$128,131,695</b>	<b>\$20,721,489</b>	<b>\$87,107,608</b>	<b>\$31,553,671</b>	<b>\$86,285,048</b>	<b>\$437,266,282</b>

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 GENERAL  
FIXED ASSETS  
For the year ended December 31, 2003**

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

	Balance 01/01/2003	Additions	Deletions	Balance 12/31/2003
<b>Land</b>				
General government	\$8,999,616	\$ -	\$ -	\$8,999,616
Public safety	11,447,015	1,646,734	-	13,093,749
Public works	907,560	12,720	-	920,280
Culture and recreation	36,047,582	24,702,077	472,000	60,277,659
Urban redevelopment and housing	222,399	175,467	222,399	175,467
<b>Sub-total land</b>	<b>57,624,172</b>	<b>26,536,998</b>	<b>694,399</b>	<b>83,466,771</b>
<b>Buildings</b>				
General government	27,454,768	78,656	19,290	27,514,134
Public safety	40,453,718	2,701,093	178,955	42,975,856
Public works	13,850,646	1,007,220	-	14,857,866
Culture and recreation	40,513,949	782,989	-	41,296,938
Urban redevelopment and housing	1,855,075	-	368,174	1,486,901
<b>Sub-total buildings</b>	<b>124,128,156</b>	<b>4,569,958</b>	<b>566,419</b>	<b>128,131,695</b>
<b>Improvements other than buildings</b>				
General government	88,823	-	-	88,823
Public safety	7,483,890	-	14,677	7,469,213
Public works	107,287	261,995	-	369,282
Culture and recreation	9,979,392	2,814,779	-	12,794,171
Urban redevelopment and housing	117,018	-	117,018	-
<b>Sub-total improvements other than buildings</b>	<b>17,776,410</b>	<b>3,076,774</b>	<b>131,695</b>	<b>20,721,489</b>
<b>Machinery and equipment</b>				
General government	4,267,657	1,506,821	407,203	5,367,275
Public safety	37,742,976	2,885,143	5,715,230	34,912,889
Public works	33,742,659	2,418,690	290,780	35,870,569
Culture and recreation	10,317,675	639,850	155,950	10,801,575
Urban redevelopment and housing	222,279	108,711	175,690	155,300
<b>Sub-total machinery and equipment</b>	<b>86,293,246</b>	<b>7,559,215</b>	<b>6,744,853</b>	<b>87,107,608</b>
<b>Construction in progress</b>				
General government	-	149,342	-	149,342
Public safety	1,255,623	3,446,725	1,118,825	3,583,523
Public works	13,358,191	9,256,593	433,396	22,181,388
Culture and recreation	3,923,633	3,380,160	1,664,375	5,639,418
Urban redevelopment and housing	8,839	-	8,839	-
<b>Sub-total construction in progress</b>	<b>18,546,286</b>	<b>16,232,820</b>	<b>3,225,435</b>	<b>31,553,671</b>
<b>Infrastructure</b>				
Public works	52,743,276	32,516,930	5,200	85,255,006
Culture and recreation	346,431	683,611	-	1,030,042
<b>Sub-total infrastructure</b>	<b>53,089,707</b>	<b>33,200,541</b>	<b>5,200</b>	<b>86,285,048</b>
<b>Total General Fixed Assets</b>	<b>\$357,457,977</b>	<b>\$91,176,306</b>	<b>\$11,368,001</b>	<b>\$437,266,282</b>

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

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

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 1**

<b>Fiscal Year</b>	<b>Taxes</b>	<b>Licenses and Permits</b>	<b>Intergovern- mental</b>	<b>Charges for Services</b>	<b>Fines and Forfeits</b>	<b>Other</b>	<b>Total</b>
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
2003	130,183,938	620,800	20,404,422	17,398,315	7,767,606	29,501,978	205,877,059

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**

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Culture and Recreation</b>	<b>Debt Service</b>	<b>Other</b>	<b>Total</b>
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
2003	36,886,767	96,088,611	27,745,959	15,829,747	10,347,911	16,981,340	203,880,335

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**

<b>Fiscal Year</b>	<b>Current Property Taxes</b>	<b>Delinquent Property Taxes</b>	<b>Penalty and Interest on Taxes</b>	<b>Specific Ownership Taxes</b>	<b>Other Business Taxes</b>	<b>Sales and Use Taxes</b>	<b>Total Taxes</b>
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
2003	18,276,035	213,426	29,376	2,824,157	605,320	108,235,624	130,183,938

Note: Includes General Fund tax revenues only.

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

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 4**

<b>Fiscal Year</b>	<b>Assessed Valuation (in 000's)</b>	<b>Total Tax Levy</b>	<b>Total Current Collections</b>	<b>Collections as a Percent of Levy</b>	<b>Current Year Outstanding Delinquent Taxes</b>	<b>All Years Outstanding Delinquent Taxes</b>	<b>All Years Delinquent Taxes as a Percent of Levy</b>
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%
2003	3,875,111	19,499,562	18,276,035	93.7%	225,021	398,269	2.0%

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 5**

<b>Fiscal Year</b>	<b>City</b>	<b>County Government</b>	<b>School District No 11</b>	<b>Library District</b>	<b>Water Conservancy District</b>	<b>Total</b>
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
2003	5.032	7.880	39.812	3.271	0.897	56.892

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 6**

<b>Fiscal Year</b>	<b>Assessed Valuation (in 000's)</b>	<b>Estimated Actual Valuation (in 000's)</b>	<b>Ratio of Total Assessed to Total Estimated Value</b>
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%
2003	3,875,111	28,635,140	13.5%

**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 7**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Assessed Valuation (in 000's)(2)</b>	<b>General Bonded Debt (3)</b>	<b>Ratio of Bonded Debt To Assessed Valuation</b>	<b>Bonded Debt Per Capita</b>
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
2003	373,328	3,875,111	27,345,000	0.7%	73.25

**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:**

(1) Colorado Department of Local Affairs, Demography Section, last modified 1/2/2004

(2) Abstract of Assessment for 2002

(3) Includes General Refunding Series 93 Bonds, Cottonwood GID and Spring Creek GID debt

**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 8**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total Expenditures And Other Uses of General Fund</b>	<b>Ratio of Debt Service to General Fund Expenditures</b>
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%
2003	3,145,000	1,367,350	4,512,350	203,880,335	2.2%

**COMPUTATION OF  
LEGAL DEBT MARGIN  
December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 9**

<b>Assessed valuation - 2003 for 2004 taxes</b>		<u><u>\$3,875,111,060</u></u>
Debt limit 10 percent of assessed valuation		387,511,106
Amount of debt:		
	Bonded debt	1,585,094,950
	Special assessment debt	783,886
	Certificates of participation	<u>26,590,000</u>
		<u>1,612,468,836</u>
Less: Deductions allowed by City charter		
	Revenue bonds	1,557,749,950
	Special assessment debt	783,886
	Certificates of participation	<u>26,590,000</u>
		<u>1,585,123,836</u>
<b>Total debt applicable to limit</b>		<u>27,345,000</u>
<b>Legal debt margin</b>		<u><u>\$360,166,106</u></u>

**COMPUTATION OF DIRECT AND  
OVERLAPPING DEBT  
December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 10**

	Assessed Valuation(1)	Outstanding General Obligation Debt(2)	Applicable to City:	
			Percent(3)	Amount
City of Colorado Springs	\$3,875,111,060	\$16,970,000	100.00%	\$16,970,000
Overlapping Debt:				
El Paso County	5,064,749,140	-	100.00%	-
Pikes Peak Library District	4,806,893,250	-	80.31%	-
Harrison School District #2	532,099,890	84,730,000	92.01%	77,960,073
Widefield School District #3	210,537,970	15,986,302	2.85%	455,610
Colorado Springs School District #11	2,225,883,250	85,880,000	92.58%	79,507,704
Cheyenne Mtn. School District #12	288,875,550	39,669,978	96.57%	38,309,298
Manitou School District #14	87,497,230	10,545,000	10.02%	1,056,609
Air Academy School District #20	940,712,390	12,331,359	82.79%	10,209,132
Falcon School District #49	274,881,510	63,813,169	37.72%	24,070,327
Metex Metropolitan District	153,174,940	8,970,000	52.85%	4,740,645
Colorado Springs Cottonwood General Improvement District	76,954,120	7,385,000	100.00%	7,385,000
Colorado Springs Spring Creek General Improvement District	4,736,650	2,990,000	100.00%	2,990,000
<b>Total Overlapping Debt</b>				<u>246,684,398</u>
<b>Total Direct General Obligation and Overlapping Debt</b>				<u><u>\$263,654,398</u></u>

Sources:

- (1) El Paso County Colorado Abstract of Assessment for 2002 (2002 taxes due in 2003)
- (2) Outstanding General Obligation Debt as of 12/31/03 provided verbally from individual taxing entity. Does not include Spring Creek GID and Cottonwood GID debt.
- (3) Percent applicable to City is based on the November 22, 2002 final certification letter from the El Paso County Assessor

**VALUE OF NEW  
CONSTRUCTION  
Last ten fiscal years**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 11**

Fiscal Year	Commercial Construction		Residential Construction	
	Permits	Value (\$000'S)	Dwelling Units Gained	Value (\$000'S)
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
2003	1,369	236,351	5,303	661,410

Source:

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

**PRINCIPAL  
TAXPAYERS  
December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 12**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>2004 Assessed Valuation</b>	<b>Percentage of Total Assessed Value</b>
Intel Corporation	Semiconductor Manufacturer	\$88,933,270	2.295%
Atmel Corporation	Semiconductor Manufacturer	52,001,630	1.342%
Qwest	Telecommunications	75,755,200	1.955%
Broadmoor Hotel	Resort Hotel	25,945,030	0.670%
Agilent Technologies Inc	Computer Manufacturer	21,660,220	0.559%
M.C.I. Inc.	Telecommunications	24,204,200	0.625%
Chapel Hills Mall	Retail	13,574,620	0.350%
Oracle Corporation	Computer Manufacturer	12,450,210	0.321%
Macerich Citadel LP	Real Estate Developer	14,811,420	0.382%
Palmer Center Ltd	Real Estate Company	12,165,750	0.314%
Digital Equipment Corp.	Semiconductor Manufacturer	8,973,270	0.232%
Hewlett-Packard Co	Computer Manufacturer	8,440,170	0.218%
<b>Total</b>		<b>\$358,914,990</b>	<b>9.262%</b>

Note:  
Based on City's assessed valuation of \$3,875,111,060 upon which 2003 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 13**

<b>Fiscal Year</b>	<b>Population(1)</b>	<b>Total Unemployment Rate(2)</b>	<b>Average Household Size(3)</b>	<b>Median Household Income(4)</b>	<b>Per Capita Income(5)</b>
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
2003	373,328	6.03%	2.50	51,114	32,340

Sources:

- (1) Regional Economic Information System, Bureau of Economic Analysis, May 2003
- (2) U.S. Department of Labor, Bureau of Labor Statistics for Colorado Springs January 2003-December 2003
- (3) Department of Local Affairs, demography, US Census Bureau
- (4) Colorado Division of Housing, Department of Local Affairs, Region 4 updated 9/2003
- (5) Department of Commerce, Bureau for Economic Analysis

**SPECIAL ASSESSMENT  
COLLECTIONS**  
Last ten fiscal years

**CITY OF COLORADO SPRINGS  
COLORADO**  
Table 14

<b>Fiscal Year</b>	<b>Assessments Receivable Beginning of Year</b>	<b>Assessments Certified During Year</b>	<b>Assessments Collected During Year</b>	<b>Assessments Receivable End of Year</b>
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
2003	1,037,966	-	144,824	893,142

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

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 15**

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<b>Fiscal Year</b>	<b>Sales and Use Tax Collections</b>	<b>Percentage Increase Over Prior Year</b>
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%
2003	108,235,624	0.46%

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

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 16**

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<b>Fiscal Year</b>	<b>Collection Cost</b>	<b>Required Refunds</b>
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
2003	3,045,962	562,868

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

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 17**

<b>Month</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>	<b>1995</b>	<b>1994</b>
January	6.86%	6.69%	7.30%	6.66%	6.45%	7.02%	6.89%	6.94%	6.78%	6.77%
February	6.66%	6.83%	7.32%	6.95%	6.81%	7.17%	6.96%	6.73%	6.30%	6.90%
March	8.27%	8.61%	8.89%	8.15%	8.61%	8.43%	8.90%	8.65%	8.04%	8.46%
April	7.46%	7.83%	7.77%	7.25%	7.07%	7.65%	7.19%	7.59%	7.10%	7.65%
May	8.15%	8.09%	7.90%	7.88%	7.83%	7.95%	8.00%	8.60%	8.03%	8.11%
June	9.17%	9.69%	10.73%	9.58%	9.48%	9.60%	9.45%	9.26%	9.02%	9.22%
July	8.47%	8.63%	8.09%	8.21%	8.30%	8.44%	8.31%	8.02%	8.49%	8.18%
August	8.89%	8.69%	7.85%	8.34%	8.39%	8.40%	8.41%	8.64%	8.97%	8.83%
September	9.11%	9.16%	9.09%	8.70%	9.30%	9.24%	9.59%	8.77%	9.53%	8.82%
October	8.01%	8.26%	7.74%	9.13%	7.94%	7.51%	7.70%	8.14%	8.24%	8.15%
November	8.15%	7.62%	7.20%	7.69%	8.38%	8.17%	7.58%	7.64%	8.20%	8.04%
December	10.80%	9.90%	10.12%	11.46%	11.44%	10.42%	11.02%	11.02%	11.30%	10.87%
<b>Total</b>	<b>100.0%</b>									

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

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 18**

<b>Fiscal Year</b>	<b>Applicable Revenues</b>	<b>Operating Expenses</b>	<b>Net Revenue Available for Debt Service</b>	<b>Required Annual Debt Service</b>	<b>Debt Service Coverage</b>
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
2003	545,620,366	427,414,052	118,206,314	62,490,538	1.89

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**

<b>Fiscal Year</b>	<b>Applicable Revenues</b>	<b>Operating Expenses</b>	<b>Net Revenue Available for Debt Service</b>	<b>Required Annual Debt Service</b>	<b>Debt Service Coverage</b>
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
2003	427,373,003	356,865,392	70,507,611	18,930,688	3.72

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

**SCHEDULE OF COVERAGE  
AIRPORT REVENUE BONDS  
Last five fiscal years**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 20**

<b>Fiscal Year</b>	<b>Net Revenues (a)</b>	<b>Other Available Funds</b>	<b>Total</b>	<b>Debt Service Requirements on Parity Bonds (b)</b>	<b>Annual Debt Service Coverage</b>
1999	\$8,312,887	\$1,534,476	\$9,847,363	\$6,126,268	1.61
2000	8,530,052	1,534,476	10,064,528	6,132,798	1.64
2001	9,350,176	1,534,476	10,884,652	6,132,998	1.77
2002	9,122,898	1,458,671	10,581,569	6,053,771	1.75
2003	7,745,631	1,458,671	9,204,302	5,653,560	1.63

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

- (a) Total operating revenue plus interest on investments defined as Gross Revenue less operating expenses excluding depreciation.
- (b) Debt Service expenses per Schedule of Financial Activity on the Various Bond Ordinance Created Funds and Accounts.

**SCHEDULE OF COVERAGE  
SALES AND USE TAX REVENUE BONDS  
Last five fiscal years**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 21**

<b>Fiscal Year</b>	<b>Sales and Use Tax Collections</b>	<b>Required Annual Debt Service</b>	<b>Debt Service Coverage</b>
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%
2003	108,235,624	7,847,821	13.79%

**SUMMARY OF DEBT SERVICE  
REQUIREMENTS TO MATURITY  
December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 22  
(PAGE 1 OF 2)**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Sales Tax Revenue Bond</b>	<b>Certificates of Participation</b>	<b>Special Assessment Bonds and Notes</b>
2004	\$4,512,350	\$7,849,334	\$2,457,709	\$229,719
2005	4,537,095	7,847,771	2,475,413	229,721
2006	4,552,465	7,847,921	2,478,557	226,740
2007	4,554,415	7,849,359	2,469,487	226,739
2008	4,574,680	7,846,659	2,483,509	226,739
2009	4,630,350	7,846,419	2,667,415	226,739
2010	1,331,937	7,844,918	2,315,659	226,740
2011	1,317,288	7,849,500	2,317,511	87,136
2012	1,284,452	7,847,750	2,324,230	81,638
2013	1,464,653	7,845,500	2,319,119	81,637
2014	803,477	7,847,000	2,319,325	81,638
2015	805,036	5,696,250	2,324,030	81,637
2016			2,328,295	81,638
2017			2,326,043	81,637
2018			2,327,740	81,638
2019			982,565	81,637
2020			627,725	81,637
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
<b>Total</b>	<b>\$34,368,198</b>	<b>\$92,018,381</b>	<b>\$37,544,332</b>	<b>\$2,415,010</b>

(continued)

**SUMMARY OF DEBT SERVICE  
REQUIREMENTS TO MATURITY  
December 31, 2003**

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

<b>Fiscal Year</b>	<b>Revenue Bonds</b>	<b>Total</b>
2004	\$97,940,874	\$112,989,986
2005	98,336,520	113,426,520
2006	98,621,067	113,726,750
2007	98,701,194	113,801,194
2008	109,467,791	124,599,378
2009	109,697,012	125,067,935
2010	110,236,917	121,956,171
2011	111,180,221	122,751,656
2012	97,495,205	109,033,275
2013	98,376,950	110,087,859
2014	98,976,826	110,028,266
2015	99,573,774	108,480,727
2016	100,253,638	102,663,571
2017	100,522,496	102,930,176
2018	100,747,895	103,157,273
2019	100,196,069	101,260,271
2020	102,647,144	103,356,506
2021	103,006,375	103,006,375
2022	97,760,092	97,760,092
2023	97,943,542	97,943,542
2024	98,136,213	98,136,213
2025	98,339,400	98,339,400
2026	78,180,879	78,180,879
2027	92,773,804	92,773,804
2028	95,905,892	95,905,892
2029	174,382,838	174,382,838
2030	57,100,288	57,100,288
2031	13,049,250	13,049,250
2032	13,046,900	13,046,900
2033	6,433,258	6,433,258
2034	2,711,750	2,711,750
2035	2,713,500	2,713,500
2036	2,711,000	2,711,000
2037	2,709,250	2,709,250
2038	2,713,000	2,713,000
2039	2,711,750	2,711,750
2040	2,710,500	2,710,500
2041	2,714,000	2,714,000
2042	2,711,750	2,711,750
2043	2,703,759	2,703,759
<b>Total</b>	<b>\$2,786,140,583</b>	<b>\$2,952,486,504</b>

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

**GENERAL OBLIGATION BONDS  
DEBT SERVICE REQUIREMENTS  
TO MATURITY  
December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 23**

Fiscal Year	General refunding Series 93		Cottonwood General Improvement District 1998 Refunding	
	Principal	Interest	Principal	Interest
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	35,036
<b>Total</b>	<b>\$16,970,000</b>	<b>\$3,169,700</b>	<b>\$7,385,000</b>	<b>\$2,258,498</b>

Fiscal Year	Spring Creek General Improvement District Plan Bond Series 1995		Total General Obligation Bond Requirements
	Principal	Interest	
2004	\$155,000	\$194,350	\$4,512,350
2005	180,000	198,450	4,537,095
2006	185,000	212,400	4,552,465
2007	195,000	197,600	4,554,415
2008	235,000	182,000	4,574,680
2009	285,000	183,600	4,630,350
2010	370,000	157,950	1,331,937
2011	390,000	124,650	1,317,288
2012	390,000	89,550	1,284,452
2013	605,000	54,450	1,464,653
2014			803,477
2015			805,036
<b>Total</b>	<b>\$2,990,000</b>	<b>\$1,595,000</b>	<b>\$34,368,198</b>

**SALES TAX REVENUE BOND  
DEBT SERVICE REQUIREMENTS  
TO MATURITY  
December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 24**

<b>Sales Tax Revenue Bond Series 1999</b>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
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
<b>Total</b>	<b>\$69,115,000</b>	<b>\$22,903,381</b>	<b>\$92,018,381</b>

**CERTIFICATES OF PARTICIPATION  
DEBT SERVICE REQUIREMENTS  
TO MATURITY  
December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 25  
(PAGE 1 OF 2)**

Fiscal Year	Hillside Recreation Center Series 1997		Skyview Softball Complex Series 1999		Old City Hall Project Series 2000	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$115,000	\$49,550	\$155,000	\$196,773	\$255,000	\$352,958
2005	120,000	43,915	165,000	189,953	270,000	341,228
2006	125,000	37,915	175,000	182,528	285,000	328,672
2007	130,000	31,665	180,000	174,477	295,000	315,277
2008	140,000	25,035	190,000	166,017	315,000	301,265
2009	335,000	17,755	200,000	156,802	330,000	285,515
2010			210,000	146,902	345,000	269,015
2011			220,000	136,403	365,000	251,765
2012			235,000	125,183	385,000	233,515
2013			245,000	112,962	405,000	213,687
2014			260,000	99,855	425,000	192,425
2015			275,000	85,685	450,000	169,900
2016			290,000	70,560	475,000	145,825
2017			305,000	54,320	500,000	120,175
2018			325,000	37,240	530,000	92,675
2019			340,000	19,040	560,000	63,525
2020					595,000	32,725
<b>Total</b>	<b>\$965,000</b>	<b>\$205,835</b>	<b>\$3,770,000</b>	<b>\$1,954,700</b>	<b>\$6,785,000</b>	<b>\$3,710,147</b>

(continued)

**CERTIFICATES OF PARTICIPATION  
DEBT SERVICE REQUIREMENTS  
TO MATURITY  
December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 25  
(PAGE 2 OF 2)**

<b>Fiscal Year</b>	<b>Red Rock Canyon Series 2003</b>		<b>Total Certificate of Participation Requirements</b>
	<b>Principal</b>	<b>Interest</b>	
2004	\$760,000	\$573,428	\$2,457,709
2005	835,000	510,317	2,475,413
2006	855,000	489,442	2,478,557
2007	875,000	468,068	2,469,487
2008	900,000	446,192	2,483,509
2009	920,000	422,343	2,667,415
2010	950,000	394,742	2,315,659
2011	980,000	364,343	2,317,511
2012	1,015,000	330,532	2,324,230
2013	1,050,000	292,470	2,319,119
2014	1,090,000	252,045	2,319,325
2015	1,135,000	208,445	2,324,030
2016	1,185,000	161,910	2,328,295
2017	1,235,000	111,548	2,326,043
2018	1,285,000	57,825	2,327,740
2019			982,565
2020			627,725
<b>Total</b>	<b>\$15,070,000</b>	<b>\$5,083,650</b>	<b>\$37,544,332</b>

**SPECIAL ASSESSMENT BONDS AND NOTES  
DEBT SERVICE REQUIREMENTS  
TO MATURITY  
December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 26  
(PAGE 1 OF 2)**

Fiscal Year	Woodmen Valley ID		Uintah Street ID	
	Principal	Interest	Principal	Interest
2004	\$76,855	\$46,558	\$531	\$411
2005	82,236	41,178	575	366
2006	87,993	35,422	624	316
2007	94,152	29,262	677	263
2008	100,743	22,671	735	205
2009	107,795	15,619	798	142
2010	115,340	8,074	866	74
<b>Total</b>	<b>\$665,114</b>	<b>\$198,784</b>	<b>\$4,806</b>	<b>\$1,777</b>

Fiscal Year	Garden of the Gods ID		Carmel ID	
	Principal	Interest	Principal	Interest
2004	\$2,520	\$460	\$8,685	\$6,562
2005	2,740	240	9,414	5,834
2006			10,202	5,047
2007			11,056	4,193
2008			11,981	3,267
2009			12,984	2,264
2010			14,071	1,178
<b>Total</b>	<b>\$5,260</b>	<b>\$700</b>	<b>\$78,393</b>	<b>\$28,345</b>

(continued)

**SPECIAL ASSESSMENT BONDS AND NOTES  
DEBT SERVICE REQUIREMENTS  
TO MATURITY  
December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 26  
(PAGE 2 OF 2)**

Fiscal Year	15th & Spring ID		Broadmoor West ID		Total Requirements
	Principal	Interest	Principal	Interest	
2004	\$1,098	\$1,117	\$1,639	\$1,645	\$148,081
2005	1,200	1,016	1,787	1,497	148,083
2006	1,310	906	1,949	1,334	145,103
2007	1,430	786	2,126	1,157	145,102
2008	1,561	655	2,319	964	145,101
2009	1,704	512	2,530	754	145,102
2010	1,860	356	2,760	524	145,103
2011	2,030	186	3,010	273	5,499
<b>Total</b>	<b>\$12,193</b>	<b>\$5,534</b>	<b>\$18,120</b>	<b>\$8,148</b>	<b>\$1,027,174</b>

**HOSPITAL REVENUE BONDS  
DEBT SERVICE REQUIREMENTS  
TO MATURITY  
December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 27  
(PAGE 1 OF 2)**

Fiscal Year	Project Bonds Series 1995		Refunding Bonds Series 1995		Refunding Bonds Series 2000	
	Principal	Interest	Principal	Interest	Principal	Interest
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						
<b>Total</b>	<b>\$60,975,000</b>	<b>\$56,059,856</b>	<b>\$15,505,000</b>	<b>\$3,631,866</b>	<b>\$59,825,000</b>	<b>\$94,124,651</b>

(continued)

**HOSPITAL REVENUE BONDS  
DEBT SERVICE REQUIREMENTS  
TO MATURITY  
December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 27  
(PAGE 2 OF 2)**

Fiscal Year	Project Bonds Series 2002		Total Requirements
	Principal	Interest	
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
<b>Total</b>	<b>\$112,360,000</b>	<b>\$79,500,400</b>	<b>\$481,981,773</b>

Note: Series 2002 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  
December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 28  
(PAGE 1 OF 5)**

Fiscal Year	Utilities Series 1994A		Utilities Series 1996A		Utilities Series 1996B	
	Principal	Interest	Principal	Interest	Principal	Interest
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	34,177
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	1,390,060		
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<b>Total</b>	<b>\$115,130,000</b>	<b>\$90,297,609</b>	<b>\$59,680,000</b>	<b>\$69,528,475</b>	<b>\$1,300,000</b>	<b>\$194,675</b>

(continued)

Note: Does not include revenue bonds of component units.

**UTILITIES REVENUE BONDS  
DEBT SERVICE REQUIREMENTS  
TO MATURITY  
December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 28  
(PAGE 2 OF 5)**

Fiscal Year	Utilities Series 1997A		Utilities Series 1998A		Utilities Series 1999A	
	Principal	Interest	Principal	Interest	Principal	Interest
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	1,384,058		505,500	1,020,000	2,973,900
2027			10,110,000	505,500	5,485,000	2,915,250
2028					45,215,000	2,600,086
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<b>Total</b>	<b>\$113,300,000</b>	<b>\$116,174,156</b>	<b>\$38,385,000</b>	<b>\$32,799,788</b>	<b>\$64,905,000</b>	<b>\$83,503,900</b>

(continued)

Note: Does not include revenue bonds of component units.

**UTILITIES REVENUE BONDS  
DEBT SERVICE REQUIREMENTS  
TO MATURITY  
December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 28  
(PAGE 3 OF 5)**

Fiscal Year	Utilities Series 2000A		Utilities Series 2000B		Utilities Series 2001A	
	Principal	Interest	Principal	Interest	Principal	Interest
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
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<b>Total</b>	<b>\$110,000,000</b>	<b>\$114,400,000</b>	<b>\$13,815,000</b>	<b>\$11,014,875</b>	<b>\$279,310,000</b>	<b>\$171,464,198</b>

(continued)

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  
December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 28  
(PAGE 4 OF 5)**

Fiscal Year	Utilities Series 2002A		Utilities Series 2002B		Utilities Series 2002C	
	Principal	Interest	Principal	Interest	Principal	Interest
2004		\$4,010,581		\$5,434,180		\$1,325,695
2005		4,010,581		5,434,180		1,325,695
2006		4,010,581	\$330,000	5,434,180		1,325,695
2007		4,010,581	455,000	5,420,980		1,325,695
2008		4,010,581	600,000	5,402,780		1,325,695
2009	\$130,000	4,010,581	755,000	5,378,780		1,325,695
2010	285,000	4,003,757	925,000	5,348,580		1,325,695
2011	500,000	3,988,794	1,100,000	5,311,580		1,325,695
2012	580,000	3,962,544	1,300,000	5,256,580		1,325,695
2013	610,000	3,932,094	1,510,000	5,191,580		1,325,695
2014	640,000	3,900,069	1,735,000	5,116,080		1,325,695
2015	675,000	3,866,469	1,980,000	5,046,680		1,325,695
2016	12,790,000	3,831,031	2,235,000	4,965,500		1,325,695
2017	13,490,000	3,143,569	2,510,000	4,853,750		1,325,695
2018	14,220,000	2,418,481	2,805,000	4,728,250		1,325,695
2019	14,985,000	1,654,156	3,115,000	4,588,000		1,325,695
2020	15,790,000	848,712	3,445,000	4,432,250		1,325,695
2021			3,795,000	4,260,000		1,325,695
2022			4,170,000	4,070,250		1,325,695
2023			4,565,000	3,861,750		1,325,695
2024			4,985,000	3,633,500		1,325,695
2025			5,430,000	3,384,250		1,325,695
2026			5,905,000	3,112,750		1,325,695
2027			6,395,000	2,817,500	\$27,055,000	1,325,695
2028			9,510,000	2,497,750		
2029			10,210,000	2,022,250		
2030			30,235,000	1,511,750		
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<b>Total</b>	<b>\$74,695,000</b>	<b>\$59,613,162</b>	<b>\$110,000,000</b>	<b>\$118,515,660</b>	<b>\$27,055,000</b>	<b>\$31,816,680</b>

(continued)

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.

**UTILITIES REVENUE BONDS  
DEBT SERVICE REQUIREMENTS  
TO MATURITY  
December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 28  
(PAGE 5 OF 5)**

Fiscal Year	Utilities Series 2003A		Utilities Series 2003B		Total Utilities Fund Revenue Bond Requirements
	Principal	Interest	Principal	Interest	
2004	\$2,070,000	\$4,788,678		\$2,027,540	\$74,494,878
2005	2,120,000	4,999,314		2,134,253	74,895,541
2006	2,160,000	4,956,914		2,134,253	75,168,863
2007	2,200,000	4,913,714		2,134,253	75,247,963
2008	12,960,000	4,866,964		2,134,253	86,019,790
2009	13,520,000	4,305,464	\$565,000	2,134,253	86,639,025
2010	14,160,000	3,674,464	585,000	2,117,303	87,173,617
2011	14,755,000	3,083,504	615,000	2,099,168	88,115,678
2012	1,330,000	2,386,460	625,000	2,078,411	74,426,999
2013	1,380,000	2,338,248	655,000	2,055,755	75,311,264
2014	1,430,000	2,286,498	675,000	2,031,193	75,915,538
2015	1,505,000	2,214,998	700,000	2,005,036	76,500,924
2016	1,565,000	2,154,798	715,000	1,977,036	77,174,719
2017	1,640,000	2,078,298	755,000	1,947,543	77,447,039
2018	1,725,000	1,996,298	790,000	1,915,833	77,671,352
2019	1,810,000	1,910,048	825,000	1,881,863	77,844,125
2020	1,900,000	1,819,548	860,000	1,846,388	80,289,762
2021	1,995,000	1,724,548	900,000	1,808,548	80,653,430
2022	2,095,000	1,624,798	940,000	1,768,048	80,842,848
2023	2,200,000	1,520,048	980,000	1,725,748	81,029,998
2024	2,310,000	1,411,263	1,030,000	1,679,688	81,222,669
2025	2,415,000	1,301,538	1,080,000	1,630,763	79,413,756
2026	2,530,000	1,186,825	1,130,000	1,579,463	59,250,191
2027	2,650,000	1,066,642	1,185,000	1,525,779	73,845,616
2028	2,780,000	940,775	1,240,000	1,469,500	76,979,861
2029	2,915,000	805,250	1,305,000	1,407,500	155,456,250
2030	3,060,000	659,500	1,370,000	1,342,250	38,178,500
2031	3,215,000	506,500	1,440,000	1,273,750	6,435,250
2032	3,375,000	345,750	1,510,000	1,201,750	6,432,500
2033	3,540,000	177,008	1,590,000	1,126,250	6,433,258
2034			1,665,000	1,046,750	2,711,750
2035			1,750,000	963,500	2,713,500
2036			1,835,000	876,000	2,711,000
2037			1,925,000	784,250	2,709,250
2038			2,025,000	688,000	2,713,000
2039			2,125,000	586,750	2,711,750
2040			2,230,000	480,500	2,710,500
2041			2,345,000	369,000	2,714,000
2042			2,460,000	251,750	2,711,750
2043			2,575,000	128,759	2,703,759
<b>Total</b>	<b>\$113,310,000</b>	<b>\$68,044,655</b>	<b>\$45,000,000</b>	<b>\$60,368,630</b>	<b>\$2,193,621,463</b>

Note: Does not include revenue bonds of component units.

**AIRPORT GROSS INCOME FUND  
DEBT SERVICE REQUIREMENTS  
TO MATURITY  
December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 29  
(PAGE 1 OF 2)**

Fiscal Year	Series 1992C		Series 1996A	
	Principal	Interest	Principal	Interest
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	1,675,000		450,000	465,452
2009	933,839	\$741,161	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
<b>Total</b>	<b>\$9,759,950</b>	<b>\$1,955,050</b>	<b>\$10,520,000</b>	<b>\$5,949,740</b>

(continued)

**AIRPORT GROSS INCOME FUND  
DEBT SERVICE REQUIREMENTS  
TO MATURITY  
December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 29  
(PAGE 2 OF 2)**

Fiscal Year	Series 1996B		Series 2002		Total Requirements
	Principal	Interest	Principal	Interest	
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
<b>Total</b>	<b>\$2,955,000</b>	<b>\$1,749,469</b>	<b>\$42,230,000</b>	<b>\$24,785,975</b>	<b>\$99,905,184</b>

**PARKING SYSTEM REVENUE BONDS  
DEBT SERVICE REQUIREMENTS  
TO MATURITY  
December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 30**

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Fiscal Year	Series 1999		Total Requirements
	Principal	Interest	
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
<b>Total</b>	<b>\$7,620,000</b>	<b>\$3,012,163</b>	<b>\$10,632,163</b>

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**PIKES PEAK HIGHWAY EROSION CONTROL NOTE  
DEBT SERVICE REQUIREMENTS  
TO MATURITY  
December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 31**

Fiscal Year	Series 2003		Total Requirements
	Principal	Interest	
2004	\$42,054	\$39,584	\$81,638
2005	43,753	37,885	81,638
2006	45,520	36,117	81,637
2007	47,359	34,278	81,637
2008	49,273	32,365	81,638
2009	51,263	30,374	81,637
2010	53,334	28,303	81,637
2011	55,489	26,148	81,637
2012	57,731	23,907	81,638
2013	60,063	21,574	81,637
2014	62,490	19,148	81,638
2015	65,014	16,623	81,637
2016	67,641	13,997	81,638
2017	70,373	11,264	81,637
2018	73,217	8,421	81,638
2019	76,174	5,463	81,637
2020	79,252	2,385	81,637
Total	<u>\$1,000,000</u>	<u>\$387,836</u>	<u>\$1,387,836</u>

MANAGEMENT COMPANY	MARKET VALUE	WEIGHTED AVERAGE YIELD	WEIGHTED AVERAGE MATURITY (DAYS)
<b>CASH MANAGEMENT INVESTMENTS:</b>			
<b>MBIA Municipal Investors</b>			
<b>Cash Management Account</b>			
Repurchase agreements	\$10,445,226	0.85%	1
U.S. Treasury bills/notes	42,549,130	1.92%	479
U.S Instrumentality obligations	69,987,426	2.90%	872
<b>Sub-total</b>	<b>122,981,782</b>		
<b>MBIA Municipal Investors</b>			
<b>Reserve Account</b>			
Cash and equivalents	210,717	0.52%	1
U.S. Treasury bills/notes	1,058,403	1.78%	549
U.S Instrumentality obligations	11,642,885	2.83%	996
Corporate	509,600	3.75%	245
<b>Sub-total</b>	<b>13,421,605</b>		
<b>PFM</b>			
<b>Reserve Account</b>			
Cash and equivalents	213,060	0.52%	1
U.S. Treasury bills/notes	3,073,570	*	n/a
U.S Instrumentality obligations	8,746,813	*	n/a
Other	8,680,050	*	n/a
<b>Sub-total</b>	<b>20,713,493</b>		
<b>DEBT SERVICE RESERVES:</b>			
<b>Bayerische Landesbank</b>			
Airport 1996	1,180,628	5.52%	6576
<b>Bayerische Landesbank</b>			
Airport 2002A & 1992C Bond Reserve	4,654,055	2.51%	913
<b>BONDS/CERTIFICATES OF PARTICIPATION PROCEEDS:</b>			
<b>Bank of Cherry Creek</b>			
COLOTRUST	991,725	0.92%	1
Federal Obligation Money Market	161,524	*	n/a
U.S. Treasury bills/notes	370,609	*	n/a
U.S Instrumentality obligations	1,991,019	*	n/a
<b>OTHER INVESTMENTS:</b>			
<b>Merrill Lynch</b>			
C.D. Smith Trust	557,594	n/a	n/a
<b>Oppenheimer Inc.</b>			
Cemetery Endowment	6,910,249	n/a	n/a
<b>Bank One</b>			
BL Ranch	11,454	n/a	n/a
<b>US Bank</b>			
Colorado Center JV Agreement	34,819	n/a	n/a
<b>A E Barnes Escrow</b>			
	35,122	n/a	n/a
<b>Sub-total</b>	<b>16,898,797</b>		
<b>Total Investments</b>	<b>\$174,015,677</b>		

\* Information is not available.

Note: Investments of the Utilities fund are presented in Table T-33.

Excludes component units, pension investments and the Hospital.

**COLORADO SPRINGS UTILITIES  
SUMMARY OF SELECTED INVESTMENT STATISTICS  
December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 33**

<b>FUND AND SECURITY TYPE</b>	<b>PAR VALUE</b>	<b>WEIGHTED AVERAGE YIELD TO MATURITY</b>	<b>WEIGHTED AVERAGE DAYS TO MATURITY</b>
<b>UNRESTRICTED</b>			
CASH:			
Operating and HBS Accounts - Bank One	\$30,615,169	0.989%	1.00
COPE Fund - Bank One	135,140	1.000%	1.00
Safekeeping - Wells Fargo	9,820	0.050%	1.00
Petty Cash	10,745	0.000%	1.00
<b>Unrestricted Cash</b>	<b>30,770,874</b>	<b>0.989%</b>	<b>1.00</b>
INVESTMENTS:			
Kirkpatrick Pettis Managed T-Notes	40,355,000	1.866%	308.00
<b>Unrestricted Cash and Investments</b>	<b>71,125,874</b>	<b>1.487%</b>	<b>175.18</b>
<b>RESTRICTED</b>			
CASH:			
2002B Acquisition Fund - COLOTRUST	37,575,177	0.920%	1.00
2002C Acquisition Fund - CSAFE	75,259	0.970%	1.00
2003A Acquisition Fund - MSCO/BONY	118,424,775	1.222%	1.00
2003B Acquisition Fund - MSCO/BONY	22,011,422	1.222%	1.00
2003B Capitalized Interest Fund - MSCO/BONY	8,443,587	2.714%	1.00
<b>Restricted Cash</b>	<b>186,530,219</b>	<b>1.229%</b>	<b>1.00</b>
INVESTMENTS:			
P&I and Rebate Funds	8,676,710	1.729%	130.42
2002C Reserve Fund - US Agencies	1,395,000	1.565%	340.00
Common Bond Reserve Fund	23,644,000	4.215%	407.00
<b>Restricted Investments</b>	<b>33,715,710</b>	<b>3.466%</b>	<b>333.05</b>
<b>Restricted Cash and Investments</b>	<b>220,245,930</b>	<b>1.571%</b>	<b>51.83</b>
<b>TOTAL</b>	<b>\$291,371,803</b>	<b>1.550%</b>	<b>81.94</b>

**MUNICIPAL SOLID WASTE LANDFILL  
CLOSURE AND POSTCLOSURE CARE COSTS  
December 31, 2003**

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 34**

<b>Facility</b>	<b>Closure Costs</b>	<b>Postclosure Costs</b>	<b>Total Cost</b>	<b>Percentage of Capacity Used</b>
Hancock	\$218,935	\$293,658	\$512,593	n/a
Hanna Ranch - Gravel Pit #1	639,595	292,796	932,391	38.41%
Hanna Ranch - Ash Disposal	1,174,396	119,304	1,293,700	48.02%
Hanna Ranch - Solids Disposal	368,309	836,166	1,204,475	27.09%
<b>Total Cost</b>	<b>\$2,401,235</b>	<b>\$1,541,924</b>	<b>\$3,943,159</b>	

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 35  
(PAGE 1 OF 2)**

Form Approved  
OMB No. 2125-0032

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: City of Colorado Springs
		YEAR ENDING : December 2003
This Information From The Records Of (example - City of _ or County of _): City of Colorado Springs	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
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	13,928,695
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	3,974,081
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	6,271,646
2. General fund appropriations	29,363,659	b. Snow and ice removal	1,021,130
3. Other local imposts (from page 2)	12,004,692	c. Other	
4. Miscellaneous local receipts (from page 2)	686,580	d. Total (a. through c.)	7,292,776
5. Transfers from toll facilities		4. General administration & miscellaneous	5,284,078
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	25,287,587
a. Bonds - Original Issues		6. Total (1 through 5)	55,767,217
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	1,789,439
7. Total (1 through 6)	42,054,931	b. Redemption	3,533,175
<b>B. Private Contributions</b>		c. Total (a. + b.)	5,322,614
<b>C. Receipts from State government</b> (from page 2)	14,122,163	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	272,122	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	56,449,216	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	5,322,614
		<b>C. Payments to State for highways</b>	2,104
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	61,091,935

**IV. LOCAL HIGHWAY DEBT STATUS**  
(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	45,667,545		3,533,175	42,134,370
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>				0

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	24,202,278	56,449,216	61,091,935	19,559,559	0

Notes and Comments:

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

**CITY OF COLORADO SPRINGS  
COLORADO  
Table 35  
(PAGE 2 OF 2)**

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2003	
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assesments		a. Interest on investments	461,672
b. Other local imposts:		b. Other	221,908
1. Sales Taxes		c. Transfers	
2. Traffic Fines	6,193,530	d. Capital Credits	
3. Specific Ownership Tax	2,824,157	e. Sale of Assets	
		f. Fees/Licenses/Permits	3,000
5. From Cities/Counties	2,987,005	g. Service Performed	
6. Total (1. through 5.)	12,004,692	h. Refunds of Expenditures	
c. Total (a. + b.)	12,004,692	i. Total (a. through h.)	686,580
	(Carry forward to page 1)		(Carry forward to page 1)
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	12,922,706	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	1,199,457	d. Mineral Leasing	
d. (Specify)		e. Pay Lieu of Tax	
e. (Specify)		f. Other Federal (CDBG)	272,122
f. Total (a. through e.)	1,199,457	g. Total (a. through f.)	272,122
4. Total (1. + 2. + 3.f)	14,122,163	3. Total (1. + 2.g)	
			(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs		195,392	195,392
b. Engineering Costs		2,668,782	2,668,782
c. Construction:			
(1). Capacity Improvements		4,907,864	4,907,864
(2). System Preservation		4,364,996	4,364,996
(3). Safety And Other		1,791,661	1,791,661
(4). Total Construction (1)+(2)+(3)	0	11,064,521	11,064,521
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	0	13,928,695	13,928,695
			(Carry forward to page 1)
<b>Notes and Comments:</b>			