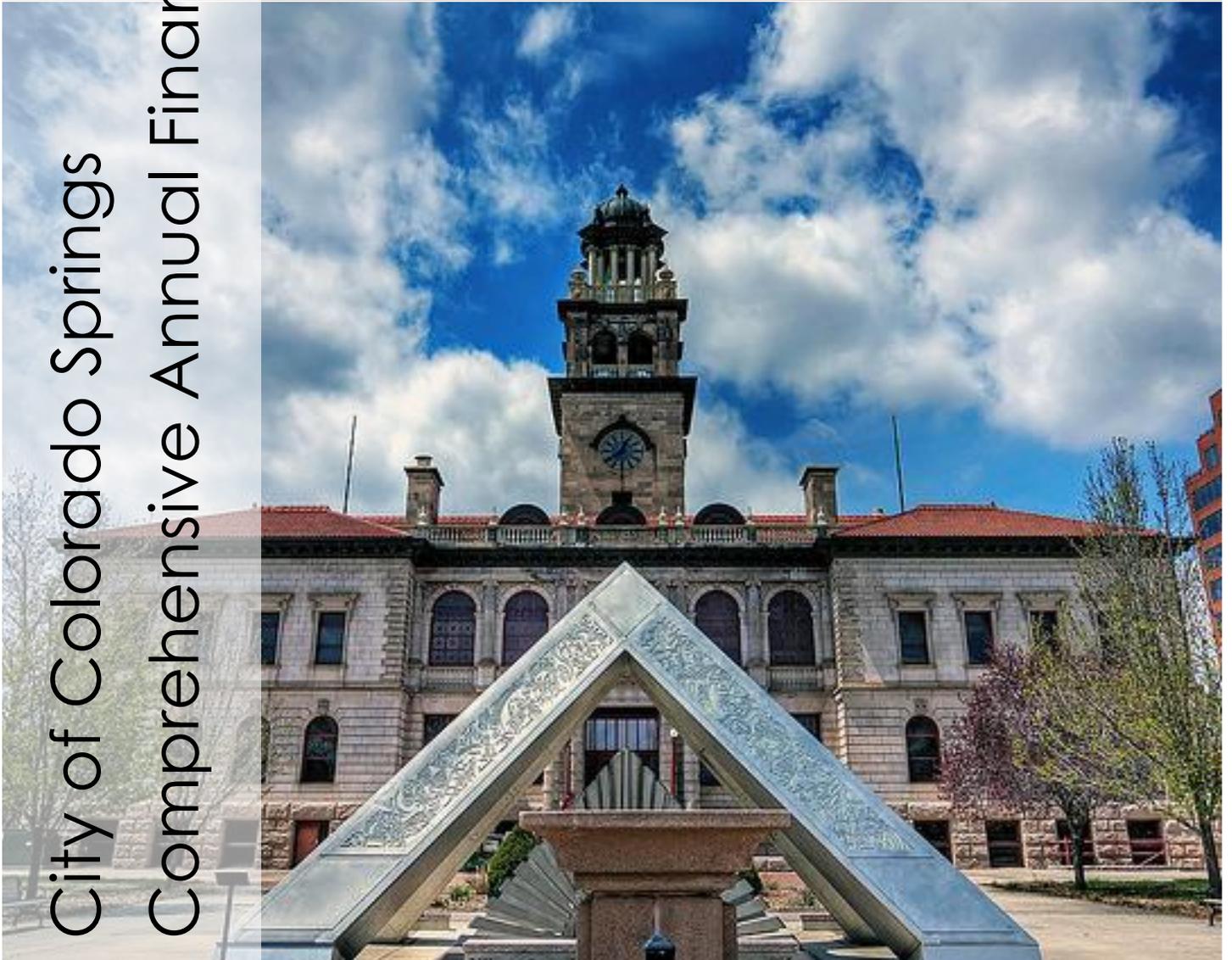


City of Colorado Springs
Comprehensive Annual Financial Report

2013

For the year ended December 31, 2013



Comprehensive Annual Financial Report

City of Colorado Springs
Colorado

For the fiscal year ended
December 31, 2013

Finance Department

Kara Skinner, Chief Financial Officer
Tracy Peters, Accounting Manager

Accounting Staff

Michael Fagan, Senior Accountant
Erin Garcia, Accountant II
Mary Murray, Senior Accountant
Rochelle Poell, Senior Accountant
Margie Tantanella, Senior Accountant

A special thanks to:

Marti Purdy, Accounting Technician



CITY OF COLORADO SPRINGS

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CITY OF COLORADO SPRINGS

INTRODUCTORY SECTION



CITY OF COLORADO SPRINGS



FINANCE OFFICE

June 20, 2014

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

Dear Honorable Mayor and Members of City Council:

The Comprehensive Annual Financial Report of the City of Colorado Springs for the fiscal year ended December 31, 2013, is hereby presented. State law requires that every general-purpose local government publish a complete set of audited financial statements within six months of the close of each fiscal year. This report fulfills this requirement.

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

RubinBrown, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Colorado Springs' financial statements for the year ended December 31, 2013. The independent auditor's report is located at the front of the financial section of this report.

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

PROFILE OF THE CITY OF COLORADO SPRINGS

Founded on July 31, 1871, the City of Colorado Springs (the City) became a home-rule city, organized under provisions of the Colorado constitution on May 11, 1909. With a population of approximately 450,000, the City is the second most populated city in Colorado and covers approximately 195 square miles.

The City provides a full range of municipal government services. These services include, but are not limited to, police and fire protection, traffic and street construction and maintenance, parks, recreation, cultural services, 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, health system, municipal airport, parking facilities, golf courses, tourist highway, cemeteries, and a development review activity.

Effective October 1, 2012, the Memorial Health System (Health System) leased its facilities and transferred its operations to Poudre Valley Health Care, Inc., an affiliate of University of Colorado Health. Subsequent to September 30, 2012, the Health System continued to exist as an enterprise fund of the City for the purposes of carrying out its rights and duties under the Lease Agreement, including without limitation collecting lease payments, satisfying ongoing obligations and remitting funds to the Colorado Springs Health Foundation to be used for the purpose of addressing health issues in the City and Health System service area, and reviewing the Lessee's performance of its obligations under the Lease Agreement.

On November 2, 2010, the eligible electors of the City voted to amend the Charter to establish a strong mayor-council form of government having as its elective officers a Mayor and City Council. Pursuant to this form of government, the Mayor of the City is the chief executive, exercising all administrative and executive powers granted to the City, except as otherwise delegated by the City Charter. The Mayor is elected every four years and is limited to two consecutive terms. The Mayor is to be elected by a majority, and not a plurality, of votes cast for the office of Mayor according to a run-off election. Steve Bach was elected as Colorado Springs' first strong mayor in a run-off election on May 17, 2011. His term expires in 2015.

Policy-making and legislative authority are vested in the governing council (Council) consisting of nine members, all elected on a non-partisan basis. Council members serve four-year terms and are term limited to two terms. Three council members are elected at large; the remaining council members are elected from six equally-populated districts. Biennially, council members elect a President from among themselves to preside over the meetings and a President Pro Tempore to fill in when the President is absent. In April 2013, Council elected Keith King to serve as Council President and Merv Bennett to serve as President Pro Tem.

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

LOCAL ECONOMY

Major industries located within the government’s boundaries or in close proximity include aerospace, defense, homeland security, life sciences, sports and related organizations. The City also has a significant military presence with Peterson Air Force Base, the Air Force Academy, Fort Carson, and Schriever Air Force Base located within or in close proximity to the City.

The City relies most heavily on sales and use tax revenue which has increased steadily for the past 48 straight months. This increase in funding coupled with other strategic measures to find efficiencies have allowed the City to enhance critical core services, particularly public safety services. During 2013, the City opened its 21st fire station and strategically increased public safety staffing.

The economy showed other signs of improvement, unemployment slowly declined during 2013 from 8.6% to 7.1% and foreclosures decreased significantly – by over 44%. Providing business friendly environment to encourage private sector job growth is the one of the primary goals of the Executive Branch.

LONG-TERM STRATEGIC AND FINANCIAL PLANNING

As stated in the City Charter, the Mayor maintains a Strategic Plan (the Plan) that prioritizes goals for the City and establishes measurable outcomes. The current Plan was approved for 2014 and encompasses the years 2014 through 2018. The Plan details three primary goals, five objectives for each goal, and five key strategies to achieve each objective. The Strategic Plan and departmental breakthrough strategies incorporate the City’s fervent commitment to delivering “best in class” municipal government and offer game-changing new ideas with real measurable outcomes.

Jobs - Support an increase in private sector civilians employed by an average of 6,000 per year by being the most business and citizen friendly city of our size in the United States of America.

Transforming City Government - Transform City Government to be fiscally sustainable within limited resources while delivering consistent quality core services.

Building Community - Build community through on-going dialog with our citizens and local, regional and state leaders; and by encouraging private sector and non-profit initiatives to improve the well-being of everyone.

In addition, the City uses a multi-year financial forecast model to have a longer term focus on financial issues and better plan for the future. The forecast is incorporated in the annual budget process and the budget document.

FINANCIAL POLICIES

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

- The City has a General Fund unrestricted fund balance goal of 25%. This goal was developed by the Government Finance Officers Association and is based upon an analysis of the City's specific risks.
- The City annually prepares a five-year capital improvement plan included in the annual budget document.
- The City is limited by City Charter Amendment #3, "Taxpayers Bill of Rights" and similar statewide constitutional amendments. These provisions limit the growth of "fiscal year spending" as defined in the amendments. These amendments also require voter approval for the issuance of general fund debt.

AWARDS AND ACKNOWLEDGEMENTS

The Government Financial Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2012. This was the 23rd consecutive year that the City has received this prestigious award. To receive this Certificate of Achievement award, the City must publish an easily readable and effectively organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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



Kara Skinner
Chief Financial Officer



Tracy Peters
Accounting Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Colorado Springs
Colorado**

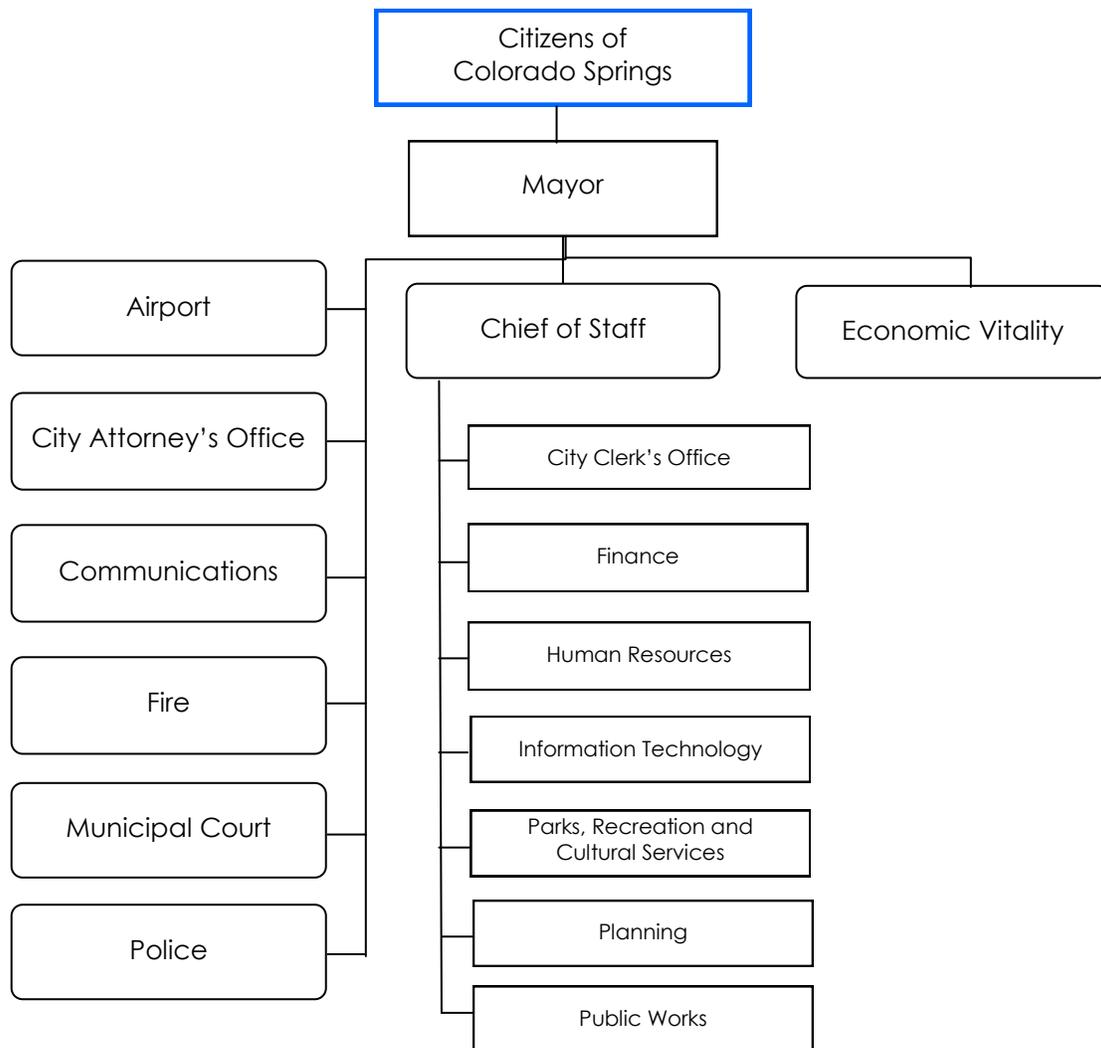
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

CITY OF COLORADO SPRINGS, COLORADO

Municipal Government Organizational Chart



CITY OF COLORADO SPRINGS, COLORADO

Executive Branch City Leadership

(as of December 31, 2013)

Mayor's Office

Bach, Steve Mayor

Mayor's Executive Team

Bach, Steve	Chief Economic Vitality Officer
Riley, Christopher P.	Fire Chief
Carey, Peter	Police Chief
Melcher, Christopher J.	City Attorney
Neumann, Laura	Chief of Staff



Steve Bach
Mayor

Department Heads

Aubrey, Cindy	Communications Officer
Gallagher, Daniel	Interim Aviation Director
Johnson, Sarah B.	City Clerk
Kane II, HayDen W.	Presiding Municipal Court Judge
Lethbridge, Dave	Interim Public Works Director
Palmer, Joe	Chief Information Officer
Palus, Karen	Parks, Recreation and Cultural Services Director
Skinner, Kara	Chief Financial Officer
Sullivan, Michael	Human Resources Director
Wysocki, Peter	Planning Director

CITY OF COLORADO SPRINGS, COLORADO

Legislative Branch City Council



Colorado Springs City Council

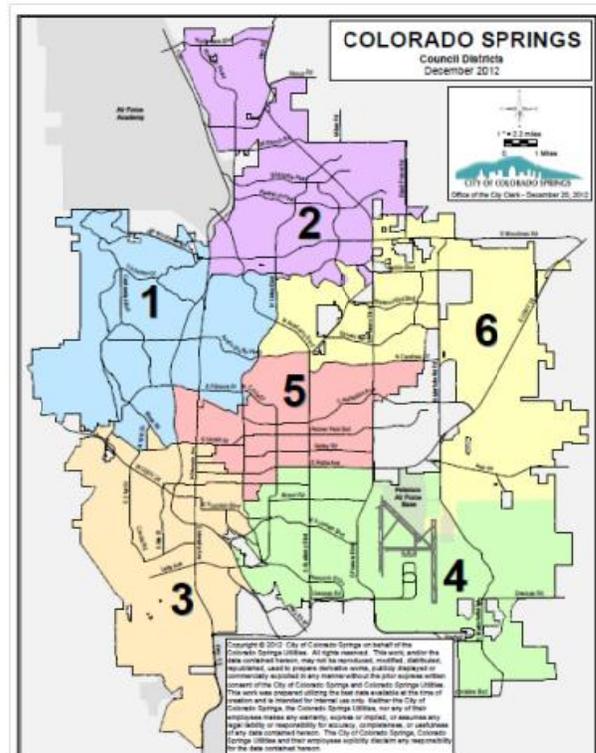
Front Row (from left to right):
Council Member Joel Miller, District 2
Council Member Helen Collins, District 4
Council President Pro-Tem Merv Bennett, At-Large
Council Member Jan Martin, At-Large
Council Member Val Snider, At-Large

Back Row (from left to right):
Council President Keith King, District 3
Council Member Don Knight, District 1
Council Member Jill Gaebler, District 5
Council Member Andy Pico, District 6

City Council's Direct Reports

Denny Nester, City Auditor
Jerry Forte, Utilities Chief Executive Officer

Council District Map



FINANCIAL SECTION



CITY OF COLORADO SPRINGS



Independent Auditors' Report

RubinBrown LLP
Certified Public Accountants
& Business Consultants

1900 16th Street
Suite 300
Denver, CO 80202

T 303.698.1883
F 303.777.4458

W rubinbrown.com
E info@rubinbrown.com

Honorable Mayor, Members of the
City Council and City Auditor
City of Colorado Springs, Colorado

Report On The Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Memorial Health Systems Fund, the Public Authority for Colorado Energy Fund or the Colorado Springs Utilities Fund, major enterprise funds, which statements reflect total assets constituting 93% of total assets and constituting 82% of net position of the business-type activities at December 31, 2013 and total operating revenues constituting 96% of total operating revenues of the business-type activities for the year then ended. We also did not audit the financial statements of the 6 joint utility projects, described in Note I.A., which statements reflect total assets constituting 98% of the total assets and constituting 91% of the net position of the City's discretely presented proprietary fund component units at December 31, 2013, and total revenues constituting 93% of total revenues of the City's discretely presented proprietary fund component units for the year then ended. We also did not audit the Colorado Springs Urban Renewal Authority, the Colorado Springs Downtown Development Authority and the 10 business improvement districts, which are reported as and comprise in their entirety the discretely presented governmental fund component units, as described in Note I.A. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Memorial Health Systems Fund, the Public Authority for Colorado Energy Fund, the Colorado Springs Utilities Fund, the 6 joint utility projects, the Colorado Springs Urban Renewal Authority, the Colorado Springs Downtown Development Authority and the 10 business improvement districts, described in Note I.A., 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. The financial statements of the Memorial Health Systems Fund, the Public Authority for Colorado Energy Fund, the 6 joint utilities projects, the Colorado Springs Urban Renewal Authority, the Colorado Springs Downtown Development Authority and the 10 business improvement districts were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis Of Matter

As discussed in Note V.J, the City adopted the provisions of the Governmental Accounting Standards Board (GASB) Statements No. 61, *The Financial Reporting Entity*; No. 65, *Items Previously Reported as Assets and Liabilities* and No. 66, *Technical Corrections*, effective January 1, 2013. Our opinion on the financial statements is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress - Fire and Police Pension Plans, the schedule of employer contributions and the schedule of funding progress - other post employment benefits on pages 5 - 19, 142, 143 and 144, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we, and the other auditors, obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual fund statements and schedules, as listed in the table of contents, and the annual statement of receipts and expenditures for roads, bridges and streets are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, as listed in the table of contents, and the annual statement of receipts and expenditures for roads, bridges and streets are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

RubinBrown LLP

June 13, 2014



CITY OF COLORADO SPRINGS

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, 2013. Please read the information presented here in conjunction with the transmittal letter, located at the front of this report, and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- On the government-wide financial statements, the City's assets and deferred outflow of resources exceed its liabilities and deferred inflow of resources at December 31, 2013, by \$3.0 billion (net position). Of the net position, \$299.2 million is unrestricted and available to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$32.4 million or 1.1%¹. The governmental net position increased by \$10.2 million or 0.8%, and the business-type position increased by \$22.2 million or 1.3%.
- The City's governmental funds report combined ending fund balances of \$113.6 million.
- The General Fund, the City's primary operating fund, presented on a current financial resources basis, ended 2013 with a fund balance of \$57.1 million or 23.9% of 2013 total General Fund expenditures and uses of other financing sources. Of this, \$48.8 million is "unrestricted" which the Government Finance Officers Association (GFOA) defines as the sum of committed, assigned and unassigned fund balances. GFOA maintains a recommended best practice to maintain an unrestricted fund balance of at least 16.7% of expenditures and for the City of Colorado Springs recommends an unrestricted fund balance of 25% of expenditures. For 2013, the \$48.8 million in unrestricted fund balance represents 20.4% of 2013 total General Fund expenditures and uses of other financing sources.
- The City's total long-term debt is \$3,084.7 million. This is a \$48.8 million or 1.6% increase from 2012. The City's governmental activity debt decreased by \$9.7 million and business-type activity debt increased \$58.5 million. Colorado Springs

¹ For 2013, the City adopted GASB Statement No. 61, *The Financial Reporting Entity*. This resulted in a change in the presentation of the Public Authority for Colorado Energy (PACE). Previously a discretely presented component unit, this entity is now a blended component unit in the proprietary fund financial statements. Therefore, to isolate the true financial changes from 2013 to 2012 in the Management Discussion & Analysis, we have incorporated PACE into the 2012 figures as if it had been blended then as well.

Utilities (Utilities) issued Series 2013A refunding bonds to achieve debt service savings and issued Series 2013B bonds to fund a portion of the Southern Delivery System (SDS) project and a portion of general system capital improvements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is 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
- 3) Notes to the financial statements

In addition to the basic financial statements, this report also contains certain other supplementary information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, using the accrual basis of accounting, the basis of accounting used by most private-sector businesses.

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

Statement of activities presents information showing how the City's net position changed during 2013. All changes in net position 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.

The government-wide financial statements distinguish *governmental activities* that are functions of the City principally supported by taxes and intergovernmental revenues and surplus revenue transfers, 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.

Governmental activities – general government, public safety, public works, health and welfare, culture and recreation, urban redevelopment and housing, and economic development.

Business-type activities – water, sewer, gas, and electricity system, health system, airport, downtown parking facilities, golf courses, cemeteries, tourist highway, and development review program.

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

FUND FINANCIAL STATEMENTS

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

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

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

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General

Fund which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

Proprietary funds – The City maintains two different types of proprietary funds: *Enterprise funds*, used to report the same functions presented as *business-type activities* in the government-wide financial statements, and *Internal Service funds*, used as an accounting device to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet, printing, self-insurance and various other activities of the City. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. However, the change in net position 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 Utilities, Public Authority for Colorado Energy (PACE), and Memorial Health System (MHS) which are considered to be major proprietary funds of the City. 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.

The City adopts an annual appropriated budget for Utilities and MHS, however, budgetary comparisons are not provided as these funds are separately audited and such comparisons are not included in their audit reports.

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.

The City does not adopt an annual appropriated budget for its fiduciary funds.

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the City, assets and deferred outflow of resources exceed liabilities and deferred inflow of resources by \$3.0 billion at the close of 2013 which is \$32.4 million more than at the close of 2012.

By far the largest portion of the City's net position, 88.0%, reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed Statement of Net Position for 2013 with comparative information for 2012:

City of Colorado Springs Net Position (in 000's)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 200,223	\$ 200,439	\$ 1,699,043	\$ 1,729,418	\$ 1,899,267	\$ 1,929,857
Capital assets	1,299,654	1,302,655	3,683,532	3,499,057	4,983,185	4,801,712
Deferred outflows of resources	650	-	78,407	273,619	79,057	273,619
Total assets & deferred outflows of resources	1,500,527	1,503,094	5,460,982	5,502,094	6,961,509	7,005,188
Long-term liabilities	111,177	116,516	3,252,689	3,172,149	3,363,866	3,288,665
Other liabilities	37,640	78,507	516,040	601,621	553,680	680,128
Deferred inflows of resources	33,437	-	2,375	60,645	35,812	60,645
Total liabilities & deferred inflows of resources	182,254	195,023	3,771,104	3,834,415	3,953,357	4,029,438
Net position						
Net investment in capital assets	1,222,445	1,204,660	1,423,336	1,313,949	2,645,781	2,518,609
Restricted	20,966	19,197	42,190	83,038	63,157	102,235
Unrestricted	74,862	84,214	224,351	270,692	299,213	354,906
Total net position	\$ 1,318,274	\$ 1,308,071	\$ 1,689,878	\$ 1,667,679	\$ 3,008,152	\$ 2,975,750

Note: Immaterial differences may occur due to rounding.

The City's combined net position is \$3.0 billion, of which \$299.2 million is unrestricted. However, certain of these unrestricted funds are designated for specific, future purposes such as encumbrances and subsequent year expenses.

The net position of our business-type activities is \$1.7 billion. However, this net position can only be used to the continuing operations of the utilities, airport, downtown parking facilities, golf courses, cemeteries, tourist highway and development review program.

This amount cannot be used to make up for any decrease reported in governmental activities.

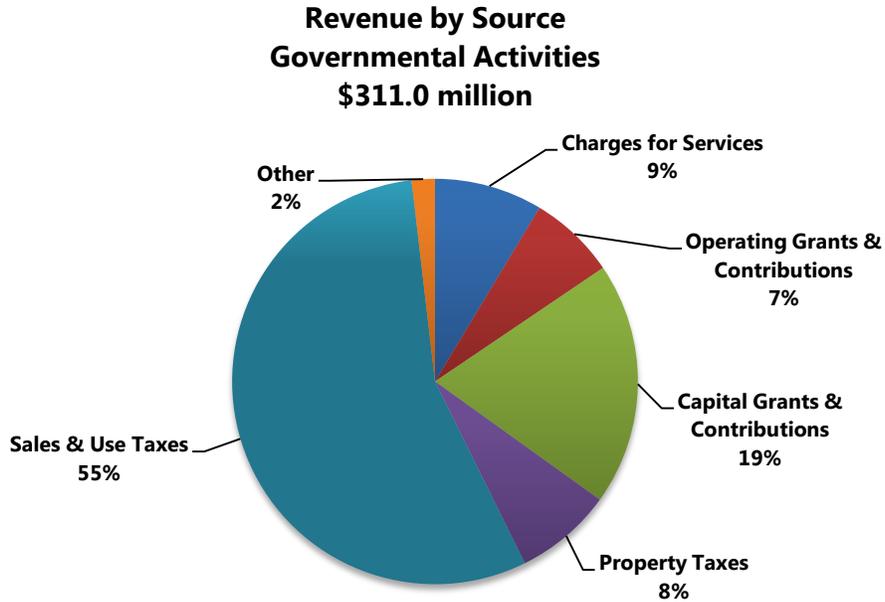
The following table shows revenues and expenses for both governmental and business-type activities for 2013 with comparative information for 2012:

City of Colorado Springs						
Changes in Net Position (in 000's)						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 26,857	\$ 28,976	\$ 906,545	\$ 1,345,936	\$ 933,402	\$ 1,374,912
Operating grants and contributions	21,515	20,122	-	-	21,515	20,122
Capital grants and contributions	60,360	77,975	57,956	68,939	118,316	146,914
General revenues:						
Property taxes	24,284	22,897	-	-	24,284	22,897
Other taxes	175,825	167,025	-	-	175,825	167,025
Investment earnings	1,102	1,784	4,071	19,272	5,173	21,055
Gain on sale of capital assets	996	-	-	-	996	-
Loss on defeasance of LT debt	-	-	-	(47,903)	-	(47,903)
Extraordinary item	-	-	(507)	(372,359)	(507)	(372,359)
Contributions to endowments	71	79	-	-	71	79
Total revenues	311,010	318,858	968,065	1,013,886	1,279,075	1,332,743
Expenses:						
General government	57,777	58,618	-	-	57,777	58,618
Public safety	158,518	149,169	-	-	158,518	149,169
Public works	80,476	74,046	-	-	80,476	74,046
Health and welfare	1,058	1,274	-	-	1,058	1,274
Culture and recreation	22,344	22,238	-	-	22,344	22,238
Urban redevelopment and housing	4,775	6,804	-	-	4,775	6,804
Economic development	3,293	2,711	-	-	3,293	2,711
Interest on long-term debt	4,683	4,867	-	-	4,683	4,867
Utilities	-	-	805,233	749,375	805,233	749,375
PACE	-	-	61,041	61,242	61,041	61,242
MHS	-	-	431	431,645	431	431,645
Non-major Enterprises	-	-	47,045	43,356	47,045	43,356
Total expenses	332,924	319,727	913,750	1,285,619	1,246,674	1,605,346
Increase in net position before transfers	(21,914)	(870)	54,315	(271,733)	32,401	(272,603)
Transfers	32,117	33,145	(32,117)	(33,145)	-	-
Change in net position	10,203	32,276	22,199	(304,879)	32,401	(272,603)
Net position - beginning	1,309,120	1,278,386	1,673,328	1,978,207	2,982,448	3,256,592
Prior period adjustment	(1,049)	(1,542)	(5,649)	-	(6,698)	(1,542)
Net position - ending	\$ 1,318,274	\$ 1,309,120	\$ 1,689,878	\$ 1,673,328	\$ 3,008,152	\$ 2,982,448

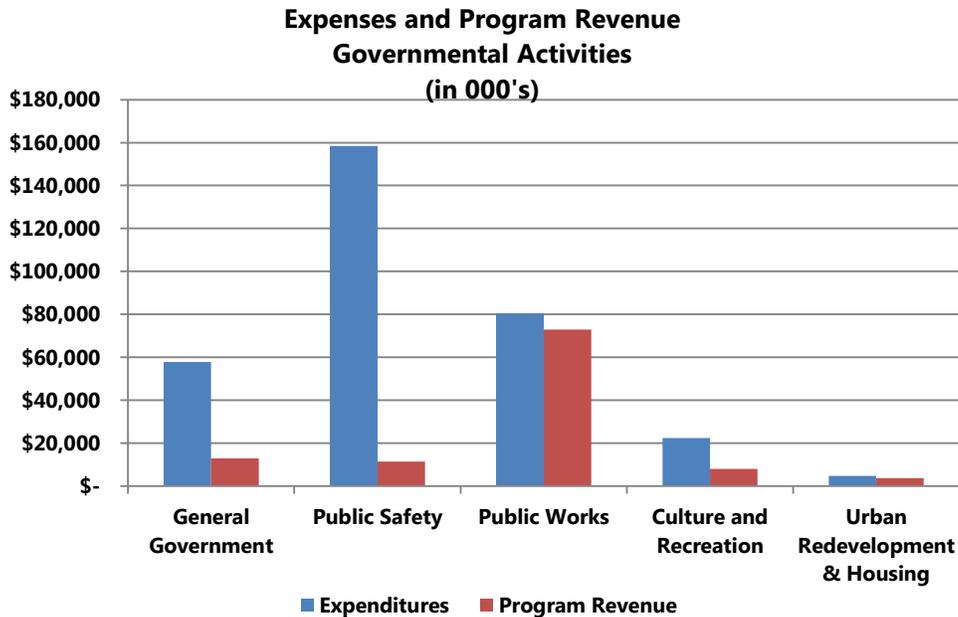
Note: Immaterial differences may occur due to rounding.

Overall, the City's net position increased during 2013 by \$32.4 million. The increase is due to increases in both the governmental activities and the business-type activities.

Governmental activities – Governmental activities increased the City’s net position by \$10.2 million or 0.8%, which accounts for 32% of the City’s overall increase in net position. While revenue was down and expenditures were up, net position still increased, albeit less than it increased in 2012. Revenue of the governmental activities was down from 2012 by \$7.8 million due primarily to decreases in capital grants and contributions, which fluctuate greatly from year to year. Expenditures of the governmental activities were up \$13.2 million from 2012. The largest increases were for public safety and public works activities.

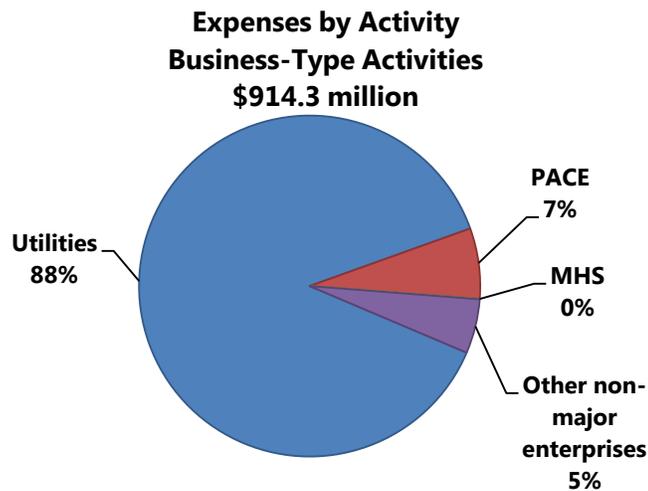
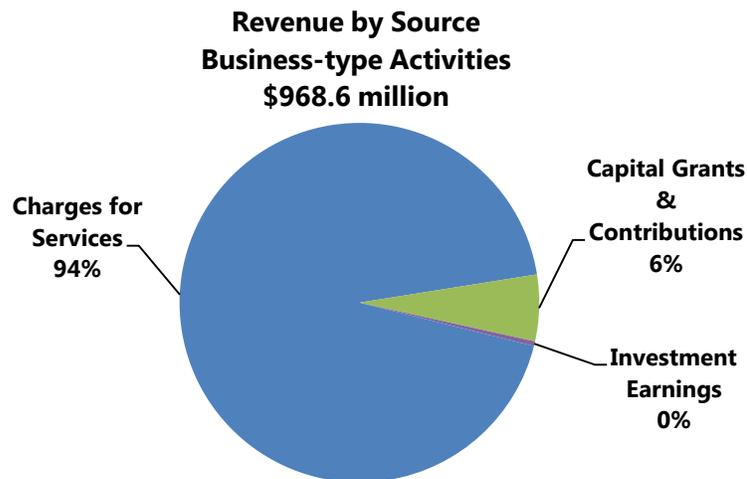


Note: Exclusive of transfers.



Business-type activities – Business-type activities increased the City’s net position by \$22.2 million or 1.3%, which accounts for 68% of the City’s overall increase in net position. The increase is significantly due to the increase in net position for Utilities. While in 2013, Utilities’ operating revenues decreased \$26.0 million or 3.1% from 2012 and expenses only decreased \$7.2 million, the change to net position was still positive – a \$32.6 million increase. In 2013, Utilities’ revenues decreased primarily due to decreases in water and wastewater revenue of \$30.2 million and \$1.3 million, respectively, which were partially offset by increases in electric and natural gas revenues of \$10.5 million and \$1.1 million, respectively. Utilities’ operating expenses decreased \$7.2 million or 1.1% from 2012 primarily due to decreased commodity prices for natural gas and fuels used in electric generation.

In 2013, PACE revenue increased 1.3% over 2012. With the transfer of MHS operations effective October 1, 2012, there were no operating revenues for 2013.



Note: Exclusive of transfers.

GOVERNMENT'S FUNDS FINANCIAL ANALYSIS

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, *unassigned fund balance* serves 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 2013, the City's governmental funds reported total combined fund balances of \$113.6 million of which \$35.1 million or approximately 31%, is unassigned. The nonspendable portion of fund balance, \$11.2 million, is primarily comprised of \$11.0 million in endowments; and the restricted portion of fund balance, \$38.8 million, is primarily comprised of \$30.1 million in special revenue funds restricted balances and the \$7.5 million TABOR emergency reserve.

The General Fund is the principal operating fund of the City. At the end of 2013, the General Fund's total fund balance was \$57.1 million. The unrestricted fund balance of the General Fund was \$48.8 million. As a measure of the General Fund's liquidity, it is useful to compare both total fund balance and unrestricted fund balance to total fund expenditures including uses of other financing sources. Total fund balance represents 23.9% of 2013 total General Fund expenditures while unrestricted fund balance represents 20.4% of 2013 total General Fund expenditures.

Proprietary funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position as of December 31, 2013 and 2012 for the proprietary funds, in thousands, are as follows:

Unrestricted Net Position (in 000's)

	2013	2012	Variance
Utilities	\$ 284,728	\$ 317,287	\$ (32,559)
PACE	(92,362)	(79,178)	(13,184)
Non-major enterprise funds	37	39	(1,528)
Internal service	(11,178)	(6,478)	(4,700)

Note: Immaterial differences may occur due to rounding.

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:

- \$8.0 million increase due to a supplemental appropriation for a payment per a litigation settlement agreement
- \$10.0 million increase due to a supplemental appropriation for fire and flood safety improvements
- \$1.7 million increase due to two supplemental appropriations to implement phase I and phase II of the total compensation study recommendations
- \$1.0 million increase due to supplemental appropriations for the purchase of police motorcycles, legislative management software, security measures, a study related to a regional tourism project, Black Forest Fire response costs, and funding for the Stormwater Task Force
- \$2.0 million increase due to a supplemental appropriation for the response and repairs required after the September 2013 flooding
- Other supplemental appropriations including carryover of project budgets and encumbrances from the previous year totaling \$7.1 million

Total revenues, excluding other financing sources, are \$4.4 million higher than the final budget due to a number of revenues coming in stronger than anticipated. Primarily, sales and use tax revenue (including penalty and interest) exceeded expectations by \$5.4 million and intergovernmental revenue exceeded budget by \$489,000, while charges for services are \$655,000 below budget and miscellaneous revenue are \$1.1 million below budget.

Total expenditures are \$16.9 million less than the final budget as a substantial portion of the 2013 supplemental appropriations were for projects which take time to complete; with vacancies across the organization there were salary and benefit savings; and conservative spending by City departments.

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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets – At the end of 2013, the City has \$5.0 billion invested in a broad range of capital assets and infrastructure (net of depreciation). This investment in capital assets includes land, buildings and improvements, equipment and other vehicles, infrastructure (including streets, alleys, traffic signals and signs, bridges, and drainage systems), enterprise plants, construction in process and intangible capital assets. This amount represents a net increase (including additions and deletions) of \$181.5 million.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 327,519	\$ 322,498	\$ 171,835	\$ 172,053	\$ 499,354	\$ 494,551
Buildings	108,664	115,657	51,752	69,563	160,416	185,220
Improvements other than buildings	35,408	35,605	175,583	147,878	210,991	183,483
Machinery and equipment	38,737	41,287	16,659	21,929	55,396	63,216
Infrastructure	735,375	754,519	28,904	29,190	764,279	783,709
Utilities plant	-	-	2,559,891	2,564,064	2,559,891	2,564,064
Construction in progress	38,284	16,447	648,505	465,008	686,789	481,455
Intangible capital assets	15,666	16,642	30,404	29,371	46,070	46,013
Total	<u>\$ 1,299,653</u>	<u>\$ 1,302,655</u>	<u>\$ 3,683,533</u>	<u>\$ 3,499,056</u>	<u>\$ 4,983,186</u>	<u>\$ 4,801,711</u>

Note: Immaterial differences may occur due to rounding.

The most significant changes to capital assets for 2013 were for business-type activities. Specifically, in 2013, Utilities' capital assets, net increased \$184.2 million or 5.8%. The increase is due primarily to capital improvements that are required to maintain and rehabilitate aging infrastructure in order to provide safe and reliable services to customers, to prepare for future demand and to meet environmental and regulatory requirements.

In 2013, Pikes Peak Rural Transportation Authority donated \$15.2 million of infrastructure and developers donated of \$14.3 million of infrastructure to governmental activities.

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

Long-term debt – The following schedule provides the debt outstanding at the end of 2013 and 2012:

**City of Colorado Springs
Outstanding Debt (in 000's)**

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 14,205	\$ 15,270	\$ -	\$ -	\$ 14,205	\$ 15,270
Sales tax revenue bonds	17,105	24,030	-	-	17,105	24,030
Certificates of participation	40,105	41,805	-	-	40,105	41,805
Revenue bonds	-	-	2,991,854	2,924,205	2,991,854	2,924,205
Notes payable	-	-	21,417	30,558	21,417	30,558
Total	\$ 71,415	\$ 81,105	\$ 3,013,271	\$ 2,954,763	\$ 3,084,686	\$ 3,035,868

Note: Immaterial differences may occur due to rounding.

Total long-term debt outstanding is \$3.1 billion. During 2013, long-term debt for the governmental activities decreased \$9.7 million and for business-type activities increased \$58.5 million. Utilities issued debt to fund projects or to refund current debt for lower interest rates and present value savings. Specifically, during 2013 Utilities issued \$97.6 million Utilities System Refunding Revenue Bonds providing present value savings of 9.2% or \$9.0 million, and \$127.6 million in Utilities System Revenue Bonds. The City's latest bond ratings are as follows:

Description	Moody's Rating	Standard & Poor's Rating	Fitch Rating
Sales & Use Tax Revenue Bonds			
Series 2007 – SCIP	Aa3	AA+	N/A
Series 2009 – SCIP	Aa3	AA+	N/A
Certificates of Participation			
Series 2009 – USOC	Aa3	AA-	N/A
Series 2011 – Old City Hall, Red Rock Canyon, Skyview	Aa3	AA-	N/A
Parking Revenue Bonds	not rated	not rated	not rated
Airport Revenue Bonds	Baa1	BBB+	BBB+
Utilities Revenue Bonds	Aa2	AA	AA

The current debt limitation for the City is \$460.8 million or 10% of the assessed property valuation. The City has no outstanding general obligation debt as it relates to this debt limit. The general obligation debt shown in the financial statements relate to the City's blended component units.

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

ECONOMIC FACTORS

Local economic indicators – During 2013, the local economy improved as indicated by the following: the local unemployment rate declined from 8.6% to 7.1%, and foreclosures declined 44.7%, the number of single family housing permits issued increased 28.2%, and while the average sales price of single family/patio homes grew to a two year high of nearly \$257,000 in July 2013, the year ended fairly flat, resulting in a 2% decrease from December of 2012.

Unemployment	2012	2013	% change
	8.6	7.1	-1.5%
Unemployment rate for Colorado Springs Source: Bureau of Labor Statistics Series Id # LAUCT08160000000003 Reported for the month of December			



At a rate of 7.1% for December 2013, the City of Colorado Springs unemployment rate is down just one and a half points from 2012. However, the Colorado Statewide unemployment rate of 6.2% for December 2013 continues to track just under one point below that of the City.

Foreclosures	2012	2013	% change
	3,364	1,861	-44.7%
Number of foreclosures opened in El Paso County Source: El Paso County Public Trustee Cumulative number of Foreclosures opened as of December			



As 2013 comes to a close, the number of foreclosures opened in El Paso County has dropped by nearly 45% from 2012. At the Federal level foreclosures were also down 28.6% from 2012. (Sources: RealtyTrac, Year End 2013 U.S. Foreclosure and Market Report)

Single Family Permits	2012	2013	% change
	1,202	1,541	28.2%
Number of Single Family Permits Source: Pikes Peak Regional Building Department "Single Family: Number of Permits, By Year, Colorado Springs"			



The number of single family housing permits increased substantially in 2013, resulting in a 28% increase in permits issued over 2012, according to data from the PPRBD.

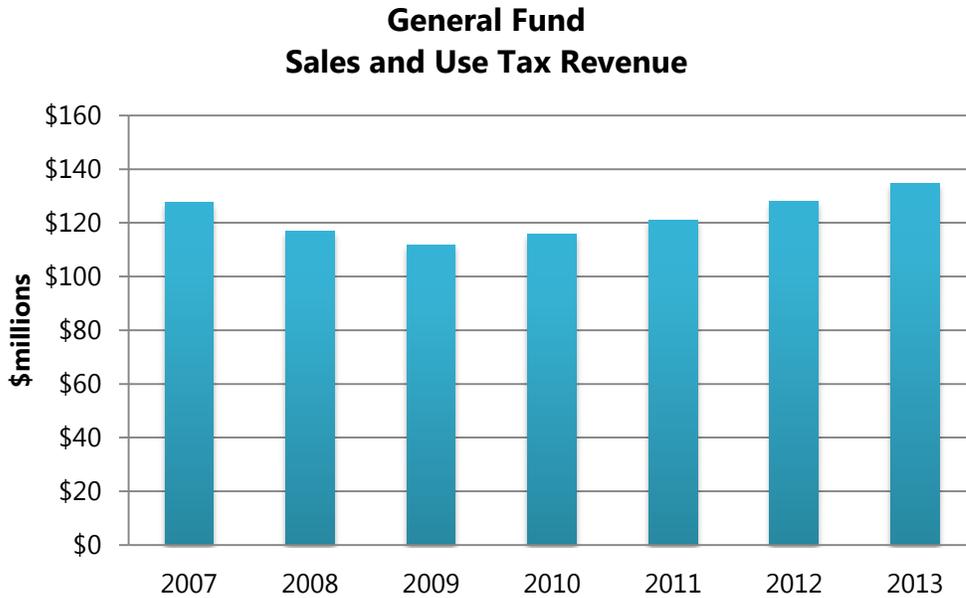
Average Sales Price	2012	2013	% change
	\$243,180	\$238,273	-2.02%
Average Sales Price Single Family/Patio Homes Source: PPAR Housing Statistics Average Sales Price Single Family/Patio Homes as of December			



While the average sales price of single family/patio homes grew to a two year high of nearly \$257,000 in July 2013, the year ended fairly flat, resulting in a 2% decrease from December of 2012.

Sales and use tax revenue – The City’s General Fund sales and use tax revenue was up \$8.0 million or 6.3% from the same period in 2012 due to a rebound in nearly every retail category except commercial machines and department and discount stores.

City sales and use tax collections are primarily dependent upon the level of local economic activity, consumer confidence, and tourist activity.



REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department at City of Colorado Springs, 30 S. Nevada Avenue, Suite 202, Colorado Springs, Colorado, 80903, www.coloradosprings.gov, or 719-385-5903.

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CITY OF COLORADO SPRINGS

BASIC FINANCIAL STATEMENTS



CITY OF COLORADO SPRINGS

STATEMENT OF NET POSITION
December 31, 2013

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities
ASSETS					
Cash and investments	\$ 108,901,986	\$ 288,683,744	\$ 397,585,730	\$ 2,723,507	\$ 2,417,716
Receivables (net of allowance for uncollectibles)	78,213,259	125,791,761	204,005,020	12,712,195	867,619
Lease receivable	-	106,885,000	106,885,000	-	-
Due from other governments	-	-	-	-	1,643,096
Inventories	826,272	49,806,059	50,632,331	-	122,287
Prepays	175,127	522,440,000	522,615,127	303,139	5,750,269
Derivative instruments	-	-	-	253,678	-
Other	-	117,059,000	117,059,000	-	342,592
Restricted assets (temporarily):					
Cash and investments	11,776,683	486,894,306	498,670,989	3,346,288	2,289,978
Investment in joint ventures	-	1,198,000	1,198,000	-	-
Capital assets nondepreciable:					
Land	327,519,041	171,835,285	499,354,326	-	65,147
Intangibles	-	14,920,000	14,920,000	-	-
Construction in progress	38,284,161	648,505,258	686,789,419	13,433,109	1,486,264
Capital assets (net of accumulated depreciation):					
Buildings	108,663,713	51,751,216	160,414,929	-	-
Improvements other than buildings	35,408,355	175,581,901	210,990,256	2,155,944	-
Machinery and equipment	38,737,507	16,658,992	55,396,499	21,670	-
Infrastructure	735,374,926	28,904,206	764,279,132	20,248,404	-
Utility plant	-	2,559,891,000	2,559,891,000	-	67,307,098
Intangibles	15,665,990	15,483,797	31,149,787	-	-
Unamortized bond insurance premium	330,028	285,519	615,547	-	-
Total assets	1,499,877,048	5,382,575,044	6,882,452,092	55,197,934	82,292,066
DEFERRED OUTFLOWS OF RESOURCES					
Deferred cash flow hedges - unrealized loss on derivative instruments	-	47,237,000	47,237,000	16,322	400,881
Loss on debt refundings	650,381	31,169,570	31,819,951	-	-
Total deferred outflows of resources	650,381	78,406,570	79,056,951	16,322	400,881
LIABILITIES					
Accounts payable and other liabilities	34,855,515	108,121,184	142,976,699	329,966	1,239,246
Contingent liabilities and promise to CSHF	-	387,039,000	387,039,000	-	-
Deposits payable	1,304,910	-	1,304,910	-	-
Funds held for others	1,290,411	-	1,290,411	-	-
Accrued interest payable	391,712	17,648,573	18,040,285	1,609,919	138,528
Internal balances	(985,334)	985,334	-	-	-
Unearned revenue					
Grants	10,431,264	-	10,431,264	-	-
Other	782,937	2,245,678	3,028,615	-	5,352,751
Noncurrent liabilities:					
Due within one year	14,380,198	77,008,811	91,389,009	2,286,840	5,331,006
Due in more than one year	96,796,467	3,175,680,080	3,272,476,547	85,571,638	52,296,538
Total liabilities	159,248,080	3,768,728,660	3,927,976,740	89,798,363	64,358,069
DEFERRED INFLOWS OF RESOURCES					
Gain on debt refundings	-	2,375,000	2,375,000	-	-
Unavailable revenue - property taxes	23,005,726	-	23,005,726	5,950,029	-
Total deferred inflows of resources	23,005,726	2,375,000	25,380,726	5,950,029	-
NET POSITION					
Net investment in capital assets	1,222,445,299	1,423,336,171	2,645,781,470	(4,640,477)	12,902,838
Restricted for:					
Debt service	1,256,769	42,190,406	43,447,175	9,437,657	2,205,469
Endowments:					
Expendable	431,579	-	431,579	-	-
Nonexpendable	11,095,705	-	11,095,705	-	-
Emergency reserve (TABOR)	7,545,241	-	7,545,241	54,187	-
Other	637,177	-	637,177	180,150	-
Unrestricted	74,861,853	224,351,377	299,213,230	(45,565,653)	3,226,571
Total net position	\$ 1,318,273,623	\$ 1,689,877,954	\$ 3,008,151,577	\$ (40,534,136)	\$ 18,334,878

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

STATEMENT OF ACTIVITIES
 For the year ended December 31, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities
Primary government									
Governmental activities									
General government	\$ 57,776,797	\$ 11,468,448	\$ 1,327,066	\$ -	\$ (44,981,283)	\$ -	\$ (44,981,283)	\$ -	\$ -
Public safety	158,517,649	4,796,826	6,575,565	16,707	(147,128,551)	-	(147,128,551)	-	-
Public works	80,476,208	7,647,033	9,514,893	55,759,826	(7,554,456)	-	(7,554,456)	-	-
Health and welfare	1,057,832	-	-	-	(1,057,832)	-	(1,057,832)	-	-
Culture and recreation	22,344,456	2,394,630	936,466	4,583,478	(14,429,882)	-	(14,429,882)	-	-
Urban redevelopment and housing	4,775,034	550,014	3,160,707	-	(1,064,313)	-	(1,064,313)	-	-
Economic development	3,292,753	-	-	-	(3,292,753)	-	(3,292,753)	-	-
Interest on long-term debt	4,683,225	-	-	-	(4,683,225)	-	(4,683,225)	-	-
Total governmental activities	332,923,954	26,856,951	21,514,697	60,360,011	(224,192,295)	-	(224,192,295)	-	-
Business-type activities									
Utilities	805,232,795	823,760,000	-	44,490,000	-	63,017,205	63,017,205	-	-
Public Authority for Colorado Energy	61,041,000	47,085,000	-	-	-	(13,956,000)	(13,956,000)	-	-
MHS	431,000	-	-	-	-	(431,000)	(431,000)	-	-
Other	47,044,893	35,699,603	-	13,466,449	-	2,121,159	2,121,159	-	-
Total business-type activities	913,749,688	906,544,603	-	57,956,449	-	50,751,364	50,751,364	-	-
Total primary government	\$ 1,246,673,642	\$ 933,401,554	\$ 21,514,697	\$ 118,316,460	\$ (224,192,295)	\$ 50,751,364	\$ (173,440,931)	\$ -	\$ -
Component units									
Improvement districts	\$ 9,478,109	\$ 230,481	\$ 354,346	\$ -	\$ -	\$ -	\$ -	\$ (8,893,282)	\$ -
Utilities	12,132,854	15,803,875	-	-	-	-	-	-	3,671,021
Total component units	\$ 21,610,963	\$ 16,034,356	\$ 354,346	\$ -	\$ -	\$ -	\$ -	\$ (8,893,282)	\$ 3,671,021
General revenues									
Property taxes					\$ 24,283,843	\$ -	\$ 24,283,843	\$ 5,354,715	\$ -
Sales taxes					172,706,230	-	172,706,230	-	-
Specific ownership taxes					2,343,653	-	2,343,653	536,535	-
Occupational liquor taxes					264,539	-	264,539	-	-
Admissions tax					432,317	-	432,317	-	-
Bicycle excise tax					78,760	-	78,760	-	-
Miscellaneous					-	-	-	3,437,467	-
Investment earnings					1,102,409	4,070,731	5,173,140	11,150	15,279
Gain on sale of capital assets					995,844	-	995,844	-	-
Extraordinary item					-	(507,000)	(507,000)	-	-
Contributions to endowments					70,965	-	70,965	-	-
Transfers					32,116,530	(32,116,530)	-	-	-
Total general revenues and transfers					234,395,090	(28,552,799)	205,842,291	9,339,867	15,279
Change in net position					10,202,795	22,198,565	32,401,360	446,585	3,686,300
Net position - January 1					1,309,119,870	1,673,328,002	2,982,447,872	(39,041,500)	14,811,024
Prior period adjustment					(1,049,042)	(5,648,613)	(6,697,655)	(1,939,221)	(162,446)
Net position - January 1, restated					1,308,070,828	1,667,679,389	2,975,750,217	(40,980,721)	14,648,578
Net position - December 31					\$ 1,318,273,623	\$ 1,689,877,954	\$ 3,008,151,577	\$ (40,534,136)	\$ 18,334,878

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

**GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2013**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 3**

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and investments	\$ 50,705,692	\$ 53,884,885	\$ 104,590,577
Accounts receivable (net of allowance for uncollectibles)	3,762,603	11,729,377	15,491,980
Sales tax receivable	14,413,566	3,691,076	18,104,642
Loans receivable (net of allowance for uncollectibles)	854,981	19,852,595	20,707,576
Assessments receivable	9,979	-	9,979
Property taxes receivable			
Current	19,324,166	3,681,560	23,005,726
Delinquent	133,289	-	133,289
Due from other funds	6,176,033	3,046	6,179,079
Restricted investments	727,436	11,049,247	11,776,683
Total assets	96,107,745	103,891,786	199,999,531
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	5,300,702	4,117,577	9,418,279
Funds held for others	1,290,411	-	1,290,411
Accrued salaries and benefits	4,451,191	750,875	5,202,066
Due to other funds	1,828,617	7,241,518	9,070,135
Deposits payable	-	1,304,910	1,304,910
Escrow deposits	5,197,339	-	5,197,339
Unearned revenue			
Loans (net of allowance for uncollectibles)	854,981	19,852,595	20,707,576
Grants	-	10,431,264	10,431,264
Other	782,937	-	782,937
Total liabilities	19,706,178	43,698,739	63,404,917
Deferred inflows of resources			
Unavailable revenue - property taxes	19,324,166	3,681,560	23,005,726
Unavailable revenue - assessments	9,979	-	9,979
Total deferred inflows of resources	19,334,145	3,681,560	23,015,705
Fund balances			
Nonspendable	133,289	11,049,247	11,182,536
Restricted	8,182,418	30,599,345	38,781,763
Committed	5,565,912	14,015,208	19,581,120
Assigned	8,070,526	847,687	8,918,213
Unassigned	35,115,277	-	35,115,277
Total fund balances	57,067,422	56,511,487	113,578,909
Total liabilities, deferred inflows of resources and fund balances	\$ 96,107,745	\$ 103,891,786	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,299,219,500
Loans and assessments - certain long-term receivables are not available to pay for current-period expenditures because they are not collected within the prescribed time period after year-end and, therefore, are unearned or unavailable in the funds.	20,717,555
Interest on investments that is not available to pay for current-period expenditures is not reported in the funds.	400,960
Internal service funds are used by management to charge the costs of fleet, support services, and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	(5,277,426)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(110,365,875)
Net position of governmental activities	<u>\$ 1,318,273,623</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, 2013**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 4**

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 157,956,850	\$ 42,152,492	\$ 200,109,342
Licenses and permits	1,940,283	-	1,940,283
Intergovernmental	20,283,145	29,165,203	49,448,348
Charges for services	16,334,918	5,845,143	22,180,061
Endowments and donations	-	1,282,267	1,282,267
Other revenue	1,319,663	1,090,473	2,410,136
Investment earnings	83,057	1,032,361	1,115,418
Rental income	589,610	-	589,610
Total revenues	198,507,526	80,567,939	279,075,465
Expenditures			
Current			
General government	54,924,250	1,174,481	56,098,731
Public safety	119,433,569	30,456,985	149,890,554
Public works	21,850,835	16,808,589	38,659,424
Health and welfare	1,040,000	-	1,040,000
Culture and recreation	11,281,049	6,763,342	18,044,391
Urban development and housing	241,646	4,161,193	4,402,839
Economic development	-	3,237,248	3,237,248
Miscellaneous	-	670,525	670,525
Debt service			
Principal	9,464,033	4,933,150	14,397,183
Interest	3,189,260	1,613,935	4,803,195
Capital outlay	8,207,379	16,375,185	24,582,564
Total expenditures	229,632,021	86,194,633	315,826,654
Deficiency of revenues over expenditures	(31,124,495)	(5,626,694)	(36,751,189)
Other financing sources (uses)			
Transfers - in	33,081,866	9,325,133	42,406,999
Transfers - out	(9,618,131)	(1,004,147)	(10,622,278)
Capital lease proceeds	1,776,674	-	1,776,674
Sale of capital assets	1,007,534	-	1,007,534
Total other financing sources	26,247,943	8,320,986	34,568,929
Net change in fund balances	(4,876,552)	2,694,292	(2,182,260)
Fund balances - January 1	61,943,974	53,817,195	115,761,169
Fund balances - December 31	\$ 57,067,422	\$ 56,511,487	\$ 113,578,909

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, 2013**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 5**

Net change in fund balances - total governmental funds	\$ (2,182,260)
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 depreciation exceeded capital outlays in the current period.	(30,907,249)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	28,004,521
The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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.	21,270,460
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.	(1,180,451)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(312,346)
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.	(4,489,880)
Change in net position of governmental activities	<u>\$ 10,202,795</u>

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

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended December 31, 2013**

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

	Budgeted Amounts		2013 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
General property taxes				
Current	\$ 19,314,000	\$ 19,314,000	\$ 19,226,023	\$ (87,977)
Penalty and interest	-	-	33,070	33,070
	19,314,000	19,314,000	19,259,093	(54,907)
Sales and use taxes	130,600,000	130,600,000	136,035,592	5,435,592
Specific ownership taxes	1,821,339	1,821,339	1,965,309	143,970
Occupational liquor taxes	257,200	257,200	264,539	7,339
Gross receipts business taxes				
Admissions tax	462,739	462,739	432,317	(30,422)
Total taxes	152,455,278	152,455,278	157,956,850	5,501,572
Licenses and permits				
Business licenses and permits	1,772,490	1,772,490	1,940,283	167,793
Intergovernmental				
State shared revenue				
Cigarette tax	1,059,796	1,059,796	1,045,355	(14,441)
Highway users tax-regular	16,488,429	16,488,429	16,818,798	330,369
Highway users tax-added fees	1,366,700	1,366,700	1,414,341	47,641
Severance tax	20,000	20,000	86,110	66,110
	18,934,925	18,934,925	19,364,604	429,679
Other governmental units				
El Paso County road and bridge	759,262	759,262	742,763	(16,499)
El Paso County shared fines	100,000	100,000	175,778	75,778
	859,262	859,262	918,541	59,279
Total intergovernmental	\$ 19,794,187	\$ 19,794,187	\$ 20,283,145	\$ 488,958

(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, 2013**

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

	Budgeted Amounts		2013 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Charges for services				
General government				
Court costs and charges	\$ 6,061,005	\$ 6,061,005	\$ 4,381,583	\$ (1,679,422)
Planning, zoning, subdivision fees	227,199	227,199	390,083	162,884
Other fees	1,700,418	1,700,418	2,146,129	445,711
	<u>7,988,622</u>	<u>7,988,622</u>	<u>6,917,795</u>	<u>(1,070,827)</u>
Public safety				
Police services	3,607,750	3,610,863	3,787,768	176,905
Fire services	526,300	689,082	1,007,093	318,011
	<u>4,134,050</u>	<u>4,299,945</u>	<u>4,794,861</u>	<u>494,916</u>
Highways and streets				
Highway and street permits and fees	2,119,166	2,119,166	2,059,220	(59,946)
Signal maintenance	681,800	681,800	744,402	62,602
	<u>2,800,966</u>	<u>2,800,966</u>	<u>2,803,622</u>	<u>2,656</u>
Culture and recreation				
Sports programs	982,143	982,143	814,574	(167,569)
Ice center fees	349,698	349,698	329,073	(20,625)
Community centers	306,224	306,224	356,386	50,162
Other fees	262,375	262,375	318,607	56,232
	<u>1,900,440</u>	<u>1,900,440</u>	<u>1,818,640</u>	<u>(81,800)</u>
Total charges for services	<u>16,824,078</u>	<u>16,989,973</u>	<u>16,334,918</u>	<u>(655,055)</u>
Miscellaneous				
Other revenue	2,040,598	2,040,598	1,319,663	(720,935)
Investment earnings	390,000	390,000	83,057	(306,943)
Rental income	646,525	646,525	589,610	(56,915)
	<u>3,077,123</u>	<u>3,077,123</u>	<u>1,992,330</u>	<u>(1,084,793)</u>
Total revenues	<u>\$ 193,923,156</u>	<u>\$ 194,089,051</u>	<u>\$ 198,507,526</u>	<u>\$ 4,418,475</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, 2013**

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

	Budgeted Amounts		2013 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current expenditures				
General government				
Legislative				
City council	\$ 750,272	\$ 790,169	\$ 602,213	\$ 187,956
Clerk of the council	421,609	423,913	424,387	(474)
	<u>1,171,881</u>	<u>1,214,082</u>	<u>1,026,600</u>	<u>187,482</u>
Judicial	3,590,415	3,668,299	3,315,723	352,576
Executive	1,462,735	1,558,502	1,342,765	215,737
Financial	3,687,026	3,742,052	3,176,601	565,451
Law	2,123,996	2,219,378	3,209,007	(989,629)
Personnel	1,034,814	1,040,859	1,071,655	(30,796)
Planning and zoning	1,295,624	1,350,260	1,370,294	(20,034)
Support services	16,674,176	17,052,932	17,334,528	(281,596)
Other	16,864,525	22,620,634	23,077,077	(456,443)
	<u>47,905,192</u>	<u>54,466,998</u>	<u>54,924,250</u>	<u>(457,252)</u>
Total general government				
Public safety				
Police	76,945,191	79,010,582	78,066,126	944,456
Fire	40,559,439	42,359,139	41,367,443	991,696
	<u>117,504,630</u>	<u>121,369,721</u>	<u>119,433,569</u>	<u>1,936,152</u>
Total public safety				
Public works				
Highways and streets				
Maintenance of condition	9,629,803	10,018,380	9,565,788	452,592
Traffic services	3,833,718	3,940,332	3,665,890	274,442
Engineering	5,314,339	5,255,684	4,898,329	357,355
	<u>18,777,860</u>	<u>19,214,396</u>	<u>18,130,007</u>	<u>1,084,389</u>
Transit	3,740,449	4,077,292	3,720,828	356,464
	<u>22,518,309</u>	<u>23,291,688</u>	<u>21,850,835</u>	<u>1,440,853</u>
Total public works				
Health and welfare				
Communicable disease	1,040,000	1,040,000	1,040,000	-
	<u>1,040,000</u>	<u>1,040,000</u>	<u>1,040,000</u>	<u>-</u>
Health and welfare				
Culture and recreation	\$ 12,677,072	\$ 12,858,764	\$ 11,281,049	\$ 1,577,715
	<u>12,677,072</u>	<u>12,858,764</u>	<u>11,281,049</u>	<u>1,577,715</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, 2013**

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

	Budgeted Amounts		2013 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Urban redevelopment and housing				
Community development	\$ 248,615	\$ 248,827	\$ 241,646	\$ 7,181
Debt service expenditures				
Principal payments	1,917,169	1,917,169	9,464,033	(7,546,864)
Interest payments	3,189,261	3,189,261	3,189,260	1
Total debt service	5,106,430	5,106,430	12,653,293	(7,546,863)
Capital outlay	9,601,178	28,100,279	8,207,379	19,892,900
Total expenditures	216,601,426	246,482,707	229,632,021	16,850,686
Deficiency of revenues over expenditures	(22,678,270)	(52,393,656)	(31,124,495)	21,269,161
Other financing sources (uses)				
Transfers - in				
Utilities surplus	31,170,401	31,170,401	32,153,000	982,599
Other funds	866,000	866,000	928,866	62,866
Transfers - out				
City funded capital improvement projects	(9,618,131)	(9,573,131)	(9,618,131)	(45,000)
Capital lease financing	-	-	1,776,674	1,776,674
Sale of capital assets	260,000	260,000	1,007,534	747,534
Total other financing sources (uses)	22,678,270	22,723,270	26,247,943	3,524,673
Net change in fund balance	-	(29,670,386)	(4,876,552)	24,793,834
Fund balance - January 1	61,943,974	61,943,974	61,943,974	-
Fund balance - December 31	\$ 61,943,974	\$ 32,273,588	\$ 57,067,422	\$ 24,793,834

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

	Business-type Activities Enterprise Funds					Governmental Activities
	Public Authority for Colorado Energy		MHS	Other Non-Major Enterprise Funds	Total	Internal Service Funds
	Utilities					
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Current assets						
Cash and investments - unrestricted	\$ 225,818,000	\$ 110,000	\$ 14,317,000	\$ 48,438,744	\$ 288,683,744	\$ 4,311,409
Cash and investments - restricted	32,038,000	-	-	-	32,038,000	-
Accounts receivable (net of allowance for uncollectibles)	104,479,112	6,800,000	-	4,784,104	116,063,216	359,107
Lease receivable	-	-	2,347,000	-	2,347,000	-
Interest receivable	140,000	-	-	-	140,000	-
Due from other funds	6,985,888	-	-	103,615	7,089,503	823,427
Inventories	49,612,000	-	-	194,059	49,806,059	826,272
Prepays	8,844,000	18,491,000	-	-	27,335,000	175,127
Other	21,000	-	972,000	-	993,000	-
Total current assets	427,938,000	25,401,000	17,636,000	53,520,522	524,495,522	6,495,342
Noncurrent assets						
Cash and investments - restricted	182,557,000	6,438,000	259,581,000	6,280,306	454,856,306	-
Lease receivable - net	-	-	104,538,000	-	104,538,000	-
Note receivable	-	-	-	1,885,545	1,885,545	-
Receivable from insurance provider, net	-	-	7,703,000	-	7,703,000	-
Due from other funds	-	-	-	1,718,088	1,718,088	-
Investment in joint ventures	1,198,000	-	-	-	1,198,000	-
Prepays	-	495,105,000	-	-	495,105,000	-
Other	116,066,000	-	-	-	116,066,000	-
Capital assets nondepreciable:						
Land	150,273,000	-	-	21,562,285	171,835,285	13,000
Intangibles	14,920,000	-	-	-	14,920,000	-
Construction in progress	648,178,000	-	-	327,257	648,505,257	-
Depreciable capital assets:						
Buildings	-	-	-	99,601,607	99,601,607	343,556
Improvements other than buildings	-	-	-	278,861,725	278,861,725	396,917
Machinery and equipment	-	-	-	32,923,495	32,923,495	2,999,877
Infrastructure	-	-	-	35,865,017	35,865,017	-
Utility plant	4,414,651,000	-	-	-	4,414,651,000	-
Intangibles	41,612,000	-	-	566,164	42,178,164	34,891
Less accumulated depreciation and amortization	(1,881,433,000)	-	-	(174,376,895)	(2,055,809,895)	(3,354,049)
Unamortized bond insurance premium	-	-	-	285,519	285,519	-
Total noncurrent assets	3,688,022,000	501,543,000	371,822,000	305,500,113	4,866,887,113	434,192
Deferred outflows of resources						
Deferred cash flow hedges - unrealized loss on derivatives	47,237,000	-	-	-	47,237,000	-
Loss on debt refundings	30,798,000	-	-	371,570	31,169,570	-
Total deferred outflows of resources	78,035,000	-	-	371,570	78,406,570	-
Total assets and deferred outflows of resources	\$ 4,193,995,000	\$ 526,944,000	\$ 389,458,000	\$ 359,392,205	\$ 5,469,789,205	\$ 6,929,534

(continued)

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

	Business-type Activities Enterprise Funds					Governmental Activities
	Public Authority for Colorado Energy		MHS	Other Non-Major Enterprise Funds	Total	Internal
	Utilities					Service Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION						
Current liabilities						
Accounts payable	\$ 84,082,000	\$ 1,000	\$ 713,000	\$ 4,496,313	\$ 89,292,313	\$ 14,462,395
Accrued liabilities	15,000	-	1,706,000	-	1,721,000	-
Accrued salaries and benefits	8,421,000	-	-	296,871	8,717,871	552,572
Compensated absences	7,536,000	-	-	47,438	7,583,438	10,979
Due to other funds	4,152,000	-	-	171,698	4,323,698	2,439,131
Unearned revenue	-	-	-	2,245,678	2,245,678	-
Accrued interest payable	12,572,000	5,038,000	-	38,573	17,648,573	-
Matured bonds payable	55,764,000	6,690,000	-	4,115,000	66,569,000	-
Notes payable	1,531,000	-	-	754,924	2,285,924	-
Capital lease payable	-	-	-	376,449	376,449	2,488
Derivative instruments	194,000	-	-	-	194,000	-
Other	8,390,000	-	-	-	8,390,000	-
Total current liabilities	182,657,000	11,729,000	2,419,000	12,542,944	209,347,944	17,467,565
Noncurrent liabilities						
Contingent liabilities and promise to CSHF	-	-	387,039,000	-	387,039,000	-
Compensated absences	5,754,000	-	-	901,338	6,655,338	208,622
Customer deposits	2,174,000	-	-	-	2,174,000	-
Revenue bonds payable, net	2,345,644,000	606,177,000	-	42,869,197	2,994,690,197	-
Notes payable	16,636,000	-	-	2,495,445	19,131,445	-
Customer advances for construction	8,508,000	-	-	-	8,508,000	-
Capital lease payable	-	-	-	272,100	272,100	-
Municipal solid waste landfill closure and postclosure care	4,107,000	-	-	-	4,107,000	-
Derivative instruments	137,485,000	-	-	-	137,485,000	-
Other long term liabilities	2,657,000	-	-	-	2,657,000	-
Total noncurrent liabilities	2,522,965,000	606,177,000	387,039,000	46,538,080	3,562,719,080	208,622
Deferred inflows of resources						
Gain on debt refundings	2,375,000	-	-	-	2,375,000	-
Total deferred inflows of resources	2,375,000	-	-	-	2,375,000	-
Net position						
Net investment in capital assets	1,173,004,000	-	-	250,332,171	1,423,336,171	431,704
Restricted for passenger facility charges	-	-	-	181,087	181,087	-
Restricted for debt service	28,266,000	1,400,000	-	12,343,319	42,009,319	-
Unrestricted	284,728,000	(92,362,000)	-	37,454,604	229,820,604	(11,178,357)
Total net position	1,485,998,000	(90,962,000)	-	300,311,181	1,695,347,181	(10,746,653)
Total liabilities, deferred inflows of resources and net position	\$ 4,193,995,000	\$ 526,944,000	\$ 389,458,000	\$ 359,392,205		\$ 6,929,534

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. (5,469,227)

Net position of business-type activities \$ 1,689,877,954

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

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2013

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 8

	Business-type Activities Enterprise Funds					Governmental Activities
	Public Authority for Colorado Energy		MHS	Other Non- Major Enterprise Funds	Total	Internal Service Funds
	Utilities					
Operating revenues						
Charges for services	\$ 823,760,000	\$ 47,085,000	\$ -	\$ 35,699,603	\$ 906,544,603	\$ 48,506,927
Total operating revenues	<u>823,760,000</u>	<u>47,085,000</u>	<u>-</u>	<u>35,699,603</u>	<u>906,544,603</u>	<u>48,506,927</u>
Operating expenses						
Salaries and benefits	160,721,631	-	-	11,681,963	172,403,594	6,173,197
Other operating expenses	390,020,369	18,370,000	-	11,371,012	419,761,381	47,362,710
Depreciation and amortization	116,526,000	-	-	21,282,987	137,808,987	86,987
Total operating expenses	<u>667,268,000</u>	<u>18,370,000</u>	<u>-</u>	<u>44,335,962</u>	<u>729,973,962</u>	<u>53,622,894</u>
Operating income (loss)	<u>156,492,000</u>	<u>28,715,000</u>	<u>-</u>	<u>(8,636,359)</u>	<u>176,570,641</u>	<u>(5,115,967)</u>
Nonoperating revenues (expenses)						
Derivative instruments (loss)	(67,936,000)	-	-	-	(67,936,000)	-
Investment earnings	2,322,000	889,000	431,000	428,731	4,070,731	(745)
Lease interest income	-	-	3,337,000	-	3,337,000	-
Interest expense	(81,469,000)	(38,245,000)	-	(2,698,455)	(122,412,455)	(175)
Passenger facility charges	-	-	-	1,745,205	1,745,205	-
Customer facility charges	-	-	-	695,489	695,489	-
Amortization expense	-	(4,426,000)	-	(17,744)	(4,443,744)	-
Loss on disposal of capital assets	-	-	-	(2,284,065)	(2,284,065)	(11,690)
Increase in contingent liabilities	-	-	(5,189,000)	-	(5,189,000)	-
Miscellaneous	11,403,000	-	1,421,000	194,732	13,018,732	-
Total nonoperating revenues (expenses)	<u>(135,680,000)</u>	<u>(41,782,000)</u>	<u>-</u>	<u>(1,936,107)</u>	<u>(179,398,107)</u>	<u>(12,610)</u>
Income (loss) before contributions, transfers, and extraordinary item	20,812,000	(13,067,000)	-	(10,572,466)	(2,827,466)	(5,128,577)
Capital contributions	44,490,000	-	-	13,466,449	57,956,449	-
Transfers - in	-	-	-	36,470	36,470	331,809
Transfers - out	(32,153,000)	-	-	-	(32,153,000)	-
Extraordinary item	(507,000)	-	-	-	(507,000)	-
Change in net position	<u>32,642,000</u>	<u>(13,067,000)</u>	<u>-</u>	<u>2,930,453</u>	<u>22,505,453</u>	<u>(4,796,768)</u>
Total net position - January 1	<u>1,454,174,000</u>	<u>(73,469,000)</u>	<u>-</u>	<u>297,785,341</u>		<u>(5,949,885)</u>
Prior period adjustment	(818,000)	(4,426,000)	-	(404,613)		-
Net position - January 1 as restated	<u>1,453,356,000</u>	<u>(77,895,000)</u>	<u>-</u>	<u>297,380,728</u>		<u>(5,949,885)</u>
Total net position - December 31	<u>\$ 1,485,998,000</u>	<u>\$ (90,962,000)</u>	<u>\$ -</u>	<u>\$ 300,311,181</u>		<u>\$ (10,746,653)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(306,888)	
Change in net position of business-type activities					\$ 22,198,565	

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

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the year ended December 31, 2013**

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

	Business-type Activities Enterprise Funds					Governmental Activities
	Utilities	Public Authority for	MHS	Other Non-Major	Total	Internal Service Funds
		Colorado Energy		Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 819,091,000	\$ 47,002,000	\$ -	\$ 34,493,299	\$ 900,586,299	\$ 8,901,013
Receipts from interfund services provided	13,724,000	-	-	385,869	14,109,869	39,837,177
Receipts from lease receivable	-	-	5,612,000	-	5,612,000	-
Payments to suppliers	(399,466,000)	(94,000)	(6,798,000)	(8,360,406)	(414,718,406)	(44,019,843)
Payments to employees	(170,955,000)	-	-	(11,789,209)	(182,744,209)	(6,259,972)
Payments for interfund services used	(10,132,000)	-	-	(3,908,802)	(14,040,802)	(4,009,676)
Other receipts, net	-	-	(39,000)	-	(39,000)	-
Net cash provided (used) by operating activities	252,262,000	46,908,000	(1,225,000)	10,820,751	308,765,751	(5,551,301)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Intergovernmental non-operating revenues provided	(31,568,000)	-	-	-	(31,568,000)	-
Transfers out to other funds	(308,000)	-	-	-	(308,000)	331,809
Advance from other funds	-	-	-	-	-	2,371,617
Repayment of long-term debt	-	(5,795,000)	-	-	(5,795,000)	-
Interest payments on long-term debt	-	(40,616,000)	-	-	(40,616,000)	-
Interest payments - other	-	(1,280,000)	-	-	(1,280,000)	-
Operating grant	292,000	-	-	194,732	486,732	-
Net cash provided (used) by noncapital financing activities	(31,584,000)	(47,691,000)	-	194,732	(79,080,268)	2,703,426
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from capital debt	225,140,000	-	-	-	225,140,000	-
Capital contributions and advances	33,814,000	-	-	-	33,814,000	-
Bond issuance costs and other related costs	8,206,000	-	-	-	8,206,000	-
Purchases of capital assets	(237,442,000)	-	-	(24,462,144)	(261,904,144)	-
Transfers in from other funds	-	-	-	36,470	36,470	-
Repayment of capital lease obligations	-	-	-	(559,434)	(559,434)	(2,569)
Principal paid on capital debt	(149,285,000)	-	-	(4,649,345)	(153,934,345)	-
Interest paid on capital debt	(101,901,000)	-	-	(2,613,450)	(104,514,450)	-
Interest paid - other	(15,000)	-	-	(27,577)	(42,577)	(175)
Proceeds from the sale of capital assets	1,506,000	-	-	39,986	1,545,986	-
Capital grant	8,815,000	-	-	13,698,893	22,513,893	-
Passenger facility charges	-	-	-	1,771,259	1,771,259	-
Customer facility charges	-	-	-	680,529	680,529	-
Net cash used by capital and related financing activities	(211,162,000)	-	-	(16,084,813)	(227,246,813)	(2,744)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sales and maturities of investments	14,000,000	-	-	33,947,451	47,947,451	5,204,993
Purchases of investments	(62,803,000)	(75,000)	(14,034,000)	(31,334,761)	(108,246,761)	(2,643,263)
Interest and dividends received	2,329,000	889,000	431,000	696,512	4,345,512	37,864
Payment of working capital liability to lessee	-	-	(12,385,000)	-	(12,385,000)	-
Distributions from joint ventures	193,000	-	-	-	193,000	-
Principal received from interfund loan	-	-	-	60,619	60,619	-
Interest received from interfund loan	-	-	-	72,569	72,569	-
Net cash provided (used) by investing activities	(46,281,000)	814,000	(25,988,000)	3,442,390	(68,012,610)	2,599,594
Net increase (decrease) in cash and cash equivalents	(36,765,000)	31,000	(27,213,000)	(1,626,940)	(65,573,940)	(251,025)
Cash and cash equivalents - January 1	360,968,000	79,000	27,927,000	3,593,925	392,567,925	330,676
Cash and cash equivalents - December 31	324,203,000	110,000	714,000	1,966,985	326,993,985	79,651
Cash and cash equivalents	324,203,000	110,000	714,000	1,966,985	326,993,985	79,651
Investments	117,408,000	6,438,000	273,184,000	52,752,065	449,782,065	4,231,758
Total cash and investments	\$ 441,611,000	\$ 6,548,000	\$ 273,898,000	\$ 54,719,050	\$ 776,776,050	\$ 4,311,409

(continued)

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

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the year ended December 31, 2013

	Business-type Activities Enterprise Funds					Governmental
	Utilities	Public	MHS	Other	Total	Activities
		Authority for		Non-Major		Internal
		Colorado Energy		Enterprise Funds		Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ 156,492,000	\$ 28,715,000	\$ -	\$ (8,636,359)	\$ 176,570,641	\$ (5,115,967)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation and amortization expense	118,430,000	-	-	21,282,987	139,712,987	86,987
Other expense	(29,400,000)	-	-	-	(29,400,000)	-
(Increase) decrease in accounts receivable	(211,000)	(83,000)	-	(1,565,226)	(1,859,226)	(38,647)
Decrease in lease receivable	-	-	5,612,000	-	5,612,000	-
(Increase) decrease in due from other funds	-	-	-	(15,439)	(15,439)	269,910
(Increase) decrease in inventories	(1,179,000)	-	-	(1,496)	(1,180,496)	183,756
(Increase) decrease in prepaids	4,928,000	18,275,000	-	-	23,203,000	(175,127)
(Increase) decrease in other assets	(2,201,000)	-	81,000	-	(2,120,000)	-
Increase (decrease) in accounts and other payables	4,355,000	1,000	(1,846,000)	(913,353)	1,596,647	724,961
Increase (decrease) in accrued expenses	748,000	-	(4,952,000)	(107,249)	(4,311,249)	(86,775)
Increase (decrease) in due to other funds	-	-	-	16,652	16,652	(1,400,399)
Increase (decrease) in other liabilities	300,000	-	(120,000)	760,234	940,234	-
Net cash provided by operating activities	\$ 252,262,000	\$ 46,908,000	\$ (1,225,000)	\$ 10,820,751	\$ 308,765,751	\$ (5,551,301)
Noncash investing, capital and financing activities						
Amortization, charge-off of debt discount and expense	\$ 1,640,000	\$ 817,000	\$ -	\$ -	\$ 2,457,000	\$ -
Noncash acquisition of capital assets						
(incurrence of payable/capital lease obligation)	37,523,000	-	-	3,573,933	41,096,933	-
Noncash contributions in aid of construction	13,723,000	-	-	-	13,723,000	-
Decrease in fair value of investments	(67,936,000)	-	-	(317,351)	(68,253,351)	(38,610)
Interest earned due to decrease in lease rec discount period	-	-	3,337,000	-	3,337,000	-
Interest earned due to decrease in ins provider rec discount period	-	-	225,000	-	225,000	-
Reduction of estimated claims liabilities due to revision of estimates	-	-	1,316,000	-	1,316,000	-
Increase in contingent liabilities	-	-	5,189,000	-	5,189,000	-

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

**FIDUCIARY FUNDS
STATEMENT OF NET POSITION
December 31, 2013**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 10**

	Pension Trust Funds	Agency Fund
<u>ASSETS</u>		
Cash and investments	\$ -	\$ 733,620
Accounts receivable (net of allowances for uncollectibles)	-	884,726
Pension assets held in trust by Fire and Police Pension Association		
Cash and short term investments	14,286,993	-
Fixed income	19,865,350	-
Global equity	70,371,794	-
Real assets	2,119,708	-
Real estate	6,846,736	-
Absolute return	14,607,554	-
Private equity	13,892,054	-
Private debt	1,361,041	-
Securities lending collateral	4,781,772	-
Receivables	5,682,382	-
Other assets	187,517	-
Total assets	<u>154,002,901</u>	<u>1,618,346</u>
<u>LIABILITIES</u>		
Payables	6,787,313	-
Due to component unit	-	1,618,346
Total liabilities	<u>6,787,313</u>	<u>1,618,346</u>
<u>NET POSITION</u>		
Net position held in trust for pension benefits	<u>\$ 147,215,588</u>	<u>\$ -</u>

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

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the fiscal year ended December 31, 2013

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 11

	Pension Trust Funds
Additions	
City contributions	\$ 3,011,296
Participant contributions	9,010
Total contributions	<u>3,020,306</u>
Investment earnings	
Interest and dividend income	2,257,882
Rental income	7
Net increase in fair value of investments	<u>19,195,486</u>
Total investment gain	21,453,375
Less investment expenses	<u>1,265,872</u>
Net investment gain	<u>20,187,503</u>
Total additions	<u>23,207,809</u>
Deductions	
Benefits	<u>(14,899,191)</u>
Total deductions	<u>(14,899,191)</u>
Change in net position	8,308,618
Net position held in trust for pension benefits - January 1	<u>138,906,970</u>
Net position held in trust for pension benefits - December 31	<u><u>\$ 147,215,588</u></u>

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



CITY OF COLORADO SPRINGS

**GOVERNMENTAL FUND COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
December 31, 2013**

	Colorado Springs Urban Renewal Authority	Colorado Springs Downtown Development Authority	Greater Downtown Colorado Springs Business Improvement District	Briargate Center Business Improvement District	Barnes & Powers North Business Improvement District
ASSETS					
Cash and investments - unrestricted	\$ 90,835	\$ 1,997,829	\$ 367,932	\$ 81,413	\$ 18,908
Cash and investments - restricted	435,876	-	-	714,889	152,263
Accounts receivable (net of allowance for uncollectibles)	321,802	146,693	10,024	3,472	2,649
Due from component units	-	-	-	-	2,327
Note receivable	-	531,129	-	-	-
Assessments receivable	-	-	-	5,661,717	-
Property taxes receivable	2,088,215	976,351	507,010	362,125	293,730
Prepays	500	1,744	8,921	291,974	-
Interest rate cap	-	-	-	253,678	-
Capital assets nondepreciable:					
Construction in progress	13,372,852	-	-	60,257	-
Capital assets (net of accumulated depreciation):					
Machinery and equipment	-	-	21,670	-	-
Improvements	-	-	-	-	1,213,327
Infrastructure	-	-	-	6,837,195	314,947
Total assets	16,310,080	3,653,746	915,557	14,266,720	1,998,151
DEFERRED OUTFLOWS OF RESOURCES					
Accum dechr in fair value of hedging derivative	-	-	-	16,322	-
Total deferred outflows of resources	-	-	-	16,322	-
LIABILITIES					
Accounts payable	48,012	-	9,591	62,378	6,472
Tax escrow	-	10,192	-	-	-
Due to component units	-	-	-	-	-
Grants payable	-	169,442	-	-	-
Accrued interest payable	1,398,258	-	-	35,290	20,367
Noncurrent liabilities:					
Due within one year	1,665,000	-	-	300,000	70,000
Due in more than one year	56,184,066	-	-	9,205,000	3,690,000
Total liabilities	59,295,336	179,634	9,591	9,602,668	3,786,839
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	2,088,215	976,351	507,010	362,125	293,730
Total deferred inflows of resources	2,088,215	976,351	507,010	362,125	293,730
NET POSITION					
Net investment in capital assets	-	-	21,670	(2,315,574)	(508,142)
Restricted for:					
Debt service	536,750	-	-	6,646,606	150,763
Emergency reserve	7,000	19,044	16,391	3,032	1,500
Capital improvement	180,150	-	-	-	-
Unrestricted	(45,797,371)	2,478,717	360,895	(15,815)	(1,726,539)
Total net position	\$ (45,073,471)	\$ 2,497,761	\$ 398,956	\$ 4,318,249	\$ (2,082,418)

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

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 12

Barnes & Powers South Business Improvement District	First & Main Business Improvement District	First & Main Business Improvement District No 2	First & Main North Business Improvement District	Interquest North Business Improvement District	Interquest South Business Improvement District	Powers & Woodmen Commercial Business Improvement District	Total
\$ 1,417	\$ 930	\$ 51,810	\$ 5,380	\$ 61,486	\$ 9,227	\$ 36,340	\$ 2,723,507
70,950	48,003	974,122	29,621	718,169	400	201,995	3,346,288
910	1,634	45,323	1,599	32,454	110	2,650	569,320
-	-	-	-	-	-	-	2,327
-	-	-	-	-	-	-	531,129
-	-	-	-	-	-	-	5,661,717
93,936	169,839	327,407	165,499	680,476	11,182	274,259	5,950,029
-	-	-	-	-	-	-	303,139
-	-	-	-	-	-	-	253,678
-	-	-	-	-	-	-	13,433,109
-	-	-	-	-	-	-	21,670
-	-	-	942,617	-	-	-	2,155,944
97,852	1,356,918	3,989,733	383,117	5,683,687	-	1,584,955	20,248,404
265,065	1,577,324	5,388,395	1,527,833	7,176,272	20,919	2,100,199	55,200,261
-	-	-	-	-	-	-	16,322
-	-	-	-	-	-	-	16,322
-	3,175	5,923	2,909	3,333	5,450	3,089	150,332
-	-	-	-	-	-	-	10,192
2,327	-	-	-	-	-	-	2,327
-	-	-	-	-	-	-	169,442
3,738	10,873	30,033	53,241	45,404	-	12,715	1,609,919
35,000	20,000	60,000	41,840	75,000	-	20,000	2,286,840
655,000	1,520,310	4,180,000	1,764,103	6,370,901	136,350	1,865,908	85,571,638
696,065	1,554,358	4,275,956	1,862,093	6,494,638	141,800	1,901,712	89,800,690
93,936	169,839	327,407	165,499	680,476	11,182	274,259	5,950,029
93,936	169,839	327,407	165,499	680,476	11,182	274,259	5,950,029
(24,762)	(178,082)	(250,267)	(448,962)	(726,313)	-	(210,045)	(4,640,477)
70,950	47,383	1,014,740	28,921	740,749	-	200,795	9,437,657
-	620	1,300	700	3,000	400	1,200	54,187
-	-	-	-	-	-	-	180,150
(571,124)	(16,794)	19,259	(80,418)	(16,278)	(132,463)	(67,722)	(45,565,653)
\$ (524,936)	\$ (146,873)	\$ 785,032	\$ (499,759)	\$ 1,158	\$ (132,063)	\$ (75,772)	\$ (40,534,136)

GOVERNMENTAL FUND COMPONENT UNITS
 COMBINING STATEMENT OF ACTIVITIES
 For the year ended December 31, 2013

	Program Revenues				Colorado Springs Urban Renewal Authority	Colorado Springs Downtown Development Authority	Greater Downtown Colorado Springs Business Improvement District	Briargate Center Business Improvement District	Barnes & Powers North Business Improvement District	Barnes & Powers South Business Improvement District	First & Main Business Improvement District	First & Main Business Improvement District No. 2	First & Main North Business Improvement District	Interquest North Business Improvement District	Interquest South Business Improvement District	Powers & Woodmen Commercial Business Improvement District	Total component units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions													
Colorado Springs Urban Renewal Authority																	
General government	\$ 1,006,578	\$ 230,481	\$ 22,086	\$ -	\$ (754,011)												
Interest on long-term debt	3,982,016	-	-	-	(3,982,016)												
Total	4,988,594	230,481	22,086	-	(4,736,027)												
Colorado Springs Downtown Development Authority																	
General government	634,785	-	25,000	-		\$ (609,785)											
Greater Downtown Colorado Springs Business Improvement District																	
General government	565,362	-	-	-		\$ (565,362)											
Public works	3,798	-	-	-		(3,798)											
Total	569,160	-	-	-		(569,160)											
Briargate Center Business Improvement District																	
General government	353,185	-	293,761	-			\$ (59,424)										
Interest on long-term debt	444,348	-	-	-			(444,348)										
Total	797,533	-	293,761	-			(503,772)										
Barnes & Powers North Business Improvement District																	
General government	111,163	-	13,499	-				\$ (97,664)									
Interest on long-term debt	252,034	-	-	-				(252,034)									
Total	363,197	-	13,499	-				(349,698)									
Barnes & Powers South Business Improvement District																	
General government	19,622	-	-	-													
Interest on long-term debt	46,936	-	-	-													
Total	66,558	-	-	-													
First & Main Business Improvement District																	
General government	78,746	-	-	-													
Interest on long-term debt	134,763	-	-	-													
Total	213,509	-	-	-													
First & Main Business Improvement District No. 2																	
General government	186,216	-	-	-													
Interest on long-term debt	369,938	-	-	-													
Total	556,154	-	-	-													
First & Main North Business Improvement District																	
General government	84,013	-	-	-													
Interest on long-term debt	127,606	-	-	-													
Total	211,619	-	-	-													
Interquest North Business Improvement District																	
General government	243,420	-	-	-													
Interest on long-term debt	562,793	-	-	-													
Total	806,213	-	-	-													
Interquest South Business Improvement District																	
General government	18,400	-	-	-													
Interest on long-term debt	7,308	-	-	-													
Total	25,708	-	-	-													
Powers & Woodmen Commercial Business Improvement District																	
General government	82,236	-	-	-													
Interest on long-term debt	162,843	-	-	-													
Total	245,079	-	-	-													
Total component units	\$ 9,478,109	\$ 230,481	\$ 354,346	\$ -													
General revenues:																	
Property taxes					1,665,259	748,002	511,524	364,237	277,057								
Specific ownership taxes					-	241,094	51,860	36,366	27,743								
Miscellaneous					2,975,619	52,582	23,645	-	-								
Investment earnings					3,100	3,887	1,063	176	509								
Total general revenues					4,643,978	1,045,565	588,092	400,779	305,309								
Change in net position					(92,049)	435,780	18,932	(102,993)	(44,389)								
Net position - January 1					(43,646,232)	2,061,981	380,024	4,817,382	(2,012,347)								
Prior Period Adjustment					(1,335,190)	-	-	(396,140)	(25,682)								
Net position - January 1 as restated					(44,981,422)	2,061,981	380,024	4,421,242	(2,038,029)								
Net position - December 31					\$ (45,073,471)	\$ 2,497,761	\$ 398,956	\$ 4,318,249	\$ (2,082,418)								

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

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 13

Changes in Net Position							
Barnes & Powers South Business Improvement District	First & Main Business Improvement District	First & Main Business Improvement District No. 2	First & Main North Business Improvement District	Interquest North Business Improvement District	Interquest South Business Improvement District	Powers & Woodmen Commercial Business Improvement District	Total
							\$ (754,011)
							(3,982,016)
							(609,785)
							(565,362)
							(3,798)
							(59,424)
							(444,348)
							(97,664)
							(252,034)
\$ (19,622)							(19,622)
(46,936)							(46,936)
<u>(66,558)</u>							
	\$ (78,746)						(78,746)
	(134,763)						(134,763)
	<u>(213,509)</u>						
		\$ (186,216)					(186,216)
		(369,938)					(369,938)
		<u>(556,154)</u>					
			\$ (84,013)				(84,013)
			(127,606)				(127,606)
			<u>(211,619)</u>				
				\$ (243,420)			(243,420)
				(562,793)			(562,793)
				<u>(806,213)</u>			
					\$ (18,400)		(18,400)
					(7,308)		(7,308)
					<u>(25,708)</u>		
						\$ (82,236)	(82,236)
						(162,843)	(162,843)
						<u>(245,079)</u>	
							<u>(8,893,282)</u>
95,514	171,365	357,174	167,744	707,280	11,519	278,040	5,354,715
9,536	17,109	35,661	16,748	71,510	1,148	27,760	536,535
-	-	242,586	-	143,035	-	-	3,437,467
130	210	1,536	152	4	6	377	11,150
<u>105,180</u>	<u>188,684</u>	<u>636,957</u>	<u>184,644</u>	<u>921,829</u>	<u>12,673</u>	<u>306,177</u>	<u>9,339,867</u>
38,622	(24,825)	80,803	(26,975)	115,616	(13,035)	61,098	446,585
(540,236)	(101,015)	755,957	(455,935)	(73,738)	(119,028)	(108,313)	(39,041,500)
(23,322)	(21,033)	(51,728)	(16,849)	(40,720)	-	(28,557)	(1,939,221)
(563,558)	(122,048)	704,229	(472,784)	(114,458)	(119,028)	(136,870)	(40,980,721)
<u>\$ (524,936)</u>	<u>\$ (146,873)</u>	<u>\$ 785,032</u>	<u>\$ (499,759)</u>	<u>\$ 1,158</u>	<u>\$ (132,063)</u>	<u>\$ (75,772)</u>	<u>\$ (40,534,136)</u>

PROPRIETARY FUND COMPONENT UNITS
 COMBINING BALANCE SHEET
 December 31, 2013

	Fountain Valley Authority	Aurora - Colorado Springs Joint Water Authority	The Twin Lakes Reservoir and Canal Company	The Lake Meredith Reservoir Company
ASSETS				
Current assets				
Cash and investments	\$ 867,543	\$ 704	\$ 890,594	\$ 296,526
Accounts receivable (net of allowance for uncollectibles)	738,055	-	867	42
Inventories	122,287	-	-	-
Due from other governments	-	-	-	-
Prepays	5,451,614	-	265,296	4,363
Total current assets	7,179,499	704	1,156,757	300,931
Noncurrent assets				
Restricted cash and cash equivalents	2,205,469	-	-	76,587
Other	-	-	274,279	10,570
Capital assets nondepreciable:				
Land	65,147	-	-	-
Construction in progress	1,049,237	-	350,595	86,432
Depreciable capital assets				
Utility plant	88,756,189	9,499,247	14,034,238	3,271,173
Less accumulated depreciation	(39,742,178)	(2,563,622)	(6,686,278)	(818,751)
Total noncurrent assets	52,333,864	6,935,625	7,972,834	2,626,011
Total assets	59,513,363	6,936,329	9,129,591	2,926,942
DEFERRED OUTFLOWS OF RESOURCES				
Loss on debt refunding	400,881	-	-	-
Total deferred outflows of resources	400,881	-	-	-
Total assets and deferred outflows of resources	59,914,244	6,936,329	9,129,591	2,926,942
LIABILITIES AND NET POSITION				
Current liabilities				
Accounts payable	211,510	-	870,099	100,837
Unearned revenue	5,352,751	-	-	-
Accrued interest payable	111,818	-	-	23,535
Matured bonds payable	785,000	-	-	-
Notes payable	556,777	-	-	38,411
Capital lease payable	3,946,428	-	-	-
Total current liabilities	10,964,284	-	870,099	162,783
Noncurrent liabilities				
Revenue bonds, net of unamortized premiums	4,391,129	-	-	-
Notes payable	4,454,115	-	-	1,128,750
Capital lease payable	42,223,103	-	-	-
Total noncurrent liabilities	51,068,347	-	-	1,128,750
Total liabilities	62,032,631	-	870,099	1,291,533
Net position				
Net investment in capital assets	(5,827,276)	6,935,625	7,698,555	2,538,854
Restricted				
Debt service	2,205,469	-	-	-
Unrestricted	1,503,420	704	560,937	(903,445)
Total net position	(2,118,387)	6,936,329	8,259,492	1,635,409
Total liabilities and net position	\$ 59,914,244	\$ 6,936,329	\$ 9,129,591	\$ 2,926,942

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

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 14**

The Colorado Canal Company	The Lake Henry Reservoir Company	Pikes Peak Regional Communications Network	Total
\$ 289,947	\$ 72,402	\$ -	\$ 2,417,716
38,948	2,721	86,986	867,619
-	-	-	122,287
-	-	1,643,096	1,643,096
27,062	1,934	-	5,750,269
355,957	77,057	1,730,082	10,800,987
-	7,922	-	2,289,978
25,334	32,409	-	342,592
-	-	-	65,147
-	-	-	1,486,264
2,444,182	1,275,012	-	119,280,041
(1,695,182)	(466,932)	-	(51,972,943)
774,334	848,411	-	71,491,079
1,130,291	925,468	1,730,082	82,292,066
-	-	-	400,881
-	-	-	400,881
1,130,291	925,468	1,730,082	82,692,947
24,490	3,366	28,944	1,239,246
-	-	-	5,352,751
-	3,175	-	138,528
-	-	-	785,000
-	4,390	-	599,578
-	-	-	3,946,428
24,490	10,931	28,944	12,061,531
-	-	-	4,391,129
-	99,441	-	5,682,306
-	-	-	42,223,103
-	99,441	-	52,296,538
24,490	110,372	28,944	64,358,069
749,000	808,080	-	12,902,838
-	-	-	2,205,469
356,801	7,016	1,701,138	3,226,571
1,105,801	815,096	1,701,138	18,334,878
\$ 1,130,291	\$ 925,468	\$ 1,730,082	\$ 82,692,947

**PROPRIETARY FUND COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the year ended December 31, 2013**

	Expenses	Program Revenues	Charges for Services	Fountain Valley Authority	Aurora - Colorado Springs Joint Water Authority	The Twin Lakes Reservoir and Canal Company	The Lake Meredith Reservoir Company
Fountain Valley Authority							
General government	\$ 7,601,673	\$ 12,755,103		\$ 5,153,430			
Aurora-Colorado Springs Joint Water Authority							
General government	143,144	42,256			\$ (100,888)		
The Twin Lakes Reservoir and Canal Company							
General government	2,450,172	949,798				\$ (1,500,374)	
The Lake Meredith Reservoir Company							
General government	141,071	245,059					\$ 103,988
The Colorado Canal Company							
General government	650,402	601,446					
The Lake Henry Reservoir Company							
General government	66,077	71,913					
Pikes Peak Regional Communications Network							
General government	1,080,315	1,138,300					
Total component units	<u>\$ 12,132,854</u>	<u>\$ 15,803,875</u>					
General revenues				834	3	1,056	230
Investment earnings							
Total general revenues				834	3	1,056	230
Change in net position				5,154,264	(100,885)	(1,499,318)	104,218
Net position - January 1				(7,110,205)	7,037,214	9,758,810	1,531,191
Prior period adjustment				(162,446)	-	-	-
Net position - January 1 restated				(7,272,651)	7,037,214	9,758,810	1,531,191
Net position - December 31				<u>\$ (2,118,387)</u>	<u>\$ 6,936,329</u>	<u>\$ 8,259,492</u>	<u>\$ 1,635,409</u>

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

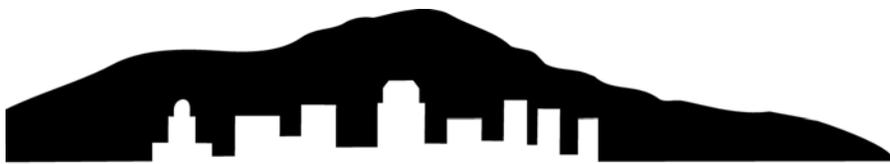
CITY OF COLORADO SPRINGS
COLORADO
Exhibit 15

The Colorado Canal Company	The Lake Henry Reservoir Company	Pikes Peak Regional Communications Network	Total
			\$ 5,153,430
			(100,888)
			(1,500,374)
			103,988
\$ (48,956)			(48,956)
	\$ 5,836		5,836
		\$ 57,985	57,985
			3,671,021
524	42	12,590	15,279
524	42	12,590	15,279
(48,432)	5,878	70,575	3,686,300
1,154,233	809,218	1,630,563	14,811,024
-	-	-	(162,446)
1,154,233	809,218	1,630,563	14,648,578
\$ 1,105,801	\$ 815,096	\$ 1,701,138	\$ 18,334,878



CITY OF COLORADO SPRINGS

NOTES TO FINANCIAL STATEMENTS



CITY OF COLORADO SPRINGS

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Colorado Springs (City) is a home-rule city, organized under provisions of the Colorado constitution. In 2011, the City transitioned to a "council-mayor" form of government as the result of the November 2, 2010, local election. Historically, the City had been managed by 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 and reported in both the government-wide and fund financial reporting level. Discretely presented component units are legally separate entities for which the financial data are presented separately from the financial data of the City. The City has blended the General Improvement Districts, the Public Authority for Colorado Energy, and the Pension Trust fund. All other component units are discretely presented.

1. Governmental Fund Type Component Units

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

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 and fund improvements. CSURA is discretely presented in the City's financial statements. CSURA is a legally separate entity from the City. The City does, however, appoint a voting majority of CSURA's board and is able to impose its will on CSURA. The City's board and CSURA's

board are not substantively the same. Services provided by CSURA are entirely for the benefit of the citizens. The fiscal year-end for CSURA is December 31.

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

Business Improvement Districts – Greater Downtown, Briargate Center, Barnes & Powers North, Barnes & Powers South, First & Main, First & Main No. 2, First & Main North, Interquest North, Interquest South, Powers and Woodmen Commercial. Business Improvement Districts (BIDs) were created under provisions of Colorado state statute. The BIDs have the power to acquire, construct or install public improvements within their own boundaries and to finance such improvements by levying a general property tax upon the benefiting property. The BIDs are discretely presented in the City's financial statements. The BIDs are legally separate entities from the City. The City does, however, approve the budgets and is able to impose its will on the BIDs. The City's board and the BID boards are not substantively the same. Services provided by the BIDs are entirely for the benefit of the business communities in the Districts. The fiscal year-end for the BIDs is December 31.

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

City of Colorado Springs
Chief Financial Officer
30 South Nevada Avenue, Suite 202
Colorado Springs, CO 80903

2. Proprietary Fund Type Component Units

Public Authority for Colorado Energy – In June 2008, the City contracted to purchase approximately 20.0% of Utilities' natural gas supply needs for 30 years through a natural gas prepayment transaction with Merrill Lynch Commodities, Inc. and Merrill Lynch and Co., Inc. which is financed by PACE non-recourse revenue bonds. PACE is obligated to pay the principal and interest on the PACE Bonds. Utilities is obligated to purchase and pay for natural gas tendered for delivery by PACE at an index minus a predetermined discount and is not obligated to make payments in respect to debt service on the PACE Bonds. PACE is a legally separate entity; however due to the extent of its operational and financial

relationship with Colorado Springs Utilities (Utilities), an enterprise fund of the City, it is considered a blended component unit.

The following Proprietary fund type component units are reported as discretely presented component units. They are legally separate from the City. 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.

Fountain Valley Authority – The Fountain Valley Authority constructed a water treatment plant with 18,000,000 gpd capacity approximately 17 miles south of the City. Utilities acts as operator of the plant under contract with the Fountain Valley Authority. Utilities is entitled to receive approximately 71.4% of the water treated at the Fountain Valley Authority plant. The remaining water is available to the other Fountain Valley Authority participants, which include the City of Fountain, the Security Water District, the Stratmoor Hills Water District and the Widefield Water and Sanitation District, each of which owns and operates a water distribution system.

Under the applicable long-term contracts relating to the Fountain Valley Authority, Utilities is obligated to pay water treatment service charges to the Fountain Valley Authority and water conveyance service charges to the U.S. Bureau of Reclamation (“Bureau”) for conveyance of its water through the Bureau’s Fountain Valley Conduit, which conveys raw water from the Pueblo Reservoir to the Fountain Valley Authority’s treatment plant and treated water from the treatment plant to distribution reservoirs of the Fountain Valley Authority participants.

Aurora-Colorado Springs Joint Water Authority – The Aurora-Colorado Springs Joint Water Authority has constructed a 66-inch diameter pipeline from the Twin Lakes Dam, which is located approximately 12 miles south of Leadville, Colorado, to connect with the Otero Pumping Station intake pipeline located approximately 10 miles north of Buena Vista, Colorado. Utilities has a 66.7% participation share in the Aurora-Colorado Springs Joint Water Authority’s project. This share was determined by the parties on the basis of their projected pumping demands, but no provision is made in the Aurora-Colorado Springs Joint Water Authority contracts for adjustments in participation shares if actual pumping demands differ from these projections. Therefore, it is possible that the transmission service charges to be paid by Utilities will be disproportionate to the water transmission service that Utilities is using during a particular time period.

Canal and Reservoir Companies – Utilities owns from 51.9% to 77.2% in four canal and reservoir companies which include The Twin Lakes Reservoir and Canal Company, The Lake Meredith Reservoir Company, The Colorado Canal Company and The Lake Henry Reservoir Company. This ownership interest represents proportionate ownership and control of the companies’ facilities and water rights. The water rights add significant physical water to the water supply portfolio in addition to allowing for exchange, storage, staging, and delivery of Utilities’ water supply.

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

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

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

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

City of Colorado Springs
Chief Financial Officer
30 South Nevada Avenue, Suite 202
Colorado Springs, CO 80903

3. Fiduciary Fund Type Component Units

Pension Trust Funds

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

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

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

4. Joint Ventures

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

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

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

The City of Colorado Springs, along with 38 agencies within El Paso and Teller Counties, has entered into a joint venture to provide the technical infrastructure necessary to connect emergency 9-1-1 telephone callers with the proper communication center. The joint

venture of the El Paso-Teller County Emergency Telephone Service Authority (E911 Authority), in which the City participates, is not considered a component unit and is, therefore, not included in the City's reporting entity. The E911 Authority was formed by an intergovernmental agreement in 1989 and is governed by a nine-member board appointed by the City (3 members), El Paso County (2 members), Teller County (1 member), and the Board itself (3 members) from a list of qualified nominees. The E911 Authority is funded entirely by a 70¢ per phone line tariff applied to every wire line and wireless telephone with a subscriber address within the two-county area. The funds are used to maintain the emergency telephone system infrastructure, call-answering and processing equipment, back-up power supplies, and furnishings at each of the communication centers in the two-county service area.

The City of Colorado Springs Fire Department is a member of the Colorado Metropolitan Certification Board (CMCB), a joint venture along with the Denver Fire Department, Aurora Fire Department, the West Metro Fire Protection District, and Poudre Fire Authority that provides certification of fire training to its member fire departments. The CMCB is accredited by the National Board on Fire Service Professional Qualifications (ProBoard) for Fire Service Certification. The joint venture of the CMCB in which the City participates is not considered a component unit and is, therefore, not included in the City's reporting entity. The CMCB was formed in accordance with an intergovernmental agreement in 1996 and is governed by the four original charter members (departments) and a fifth voting seat determined by the Board annually. The five-member board is comprised of Training Chiefs appointed by each Department's Fire Chief. It is intended that each of the CMCB member governments cover one-fifth of the operational expenses associated with the CMCB.

Utilities has an equity interest of 5.0% in Young Gas Storage Company Ltd. (Young). Young is a Colorado Limited Partnership organized on June 30, 1993, to develop and operate a natural gas storage system near Fort Morgan, Colorado.

The financial statements of the PPRBD, the ESA, the PPRTA, the E-911 Authority and the CMCB may be obtained at the following address:

City of Colorado Springs
Chief Financial Officer
30 South Nevada Avenue, Suite 202
Colorado Springs, CO 80903

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

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

B. Government-wide and Fund Financial Statements

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

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

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

C. Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are

recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

- Utilities fund provides water and wastewater collection, treatment, and distribution system; electric generation, transmission, distribution and street light system; and gas distribution system.
- PACE fund provides natural gas to Utilities.
- MHS fund carries out its rights and duties under the Lease Agreement as described in Note IV.H.5.

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, general liability insurance, workers’ compensation insurance, health insurance, printing and mailing services, and radio services provided to other departments or agencies of the City on a cost-reimbursement basis.

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

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

Proprietary funds distinguish operating revenues and expenses from 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, Deferred Inflows/Outflows of Resources, and Net Position or Equity

1. Deposits and Investments

In accordance with City Code and Colorado State Statutes, the City maintains an Investment Policy approved by City Council. Per the Investment Policy, 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.

Also in accordance with City Code, the City maintains a separate Cemetery Endowment Fund (CEF) Investment Policy approved by City Council. Per the CEF Investment Policy, the City is authorized to invest in a more broad class of assets including fixed income instruments, domestic and global equities, special opportunities and commodities. The investment vehicles used to gain exposure to the asset classes may include mutual funds,

commingle trust funds, separate accounts, limited partnerships, and offshore exempted companies.

The City's Fire and Police Pension Plans are invested in an external investment pool through the FPPA. This investment pool also invests in real property, venture capital, equities, securities, and other investments.

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

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

2. Receivables and Payables

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

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

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

3. Inventories and Prepaid Items

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

4. Restricted Assets

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

5. Capital Assets

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

Infrastructure	35 years
Buildings	10 - 40 years
Utility plant	25 - 100 years
Improvements other than buildings	15 - 25 years
Furniture and equipment	5 - 25 years
Intangibles	5 - infinite

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 2013 AFUDC rate of 4.13% is comprised of an interest rate on borrowed funds component and is applied to all major capital projects. Per Utilities' capitalization policy, the cost of additions to plant and replacement units of property in excess of \$5,000 is capitalized. Maintenance costs and replacement of minor items of property are charged to expense as incurred. Depreciation of utility plant for Utilities is provided by using the straight-line method based on the estimated service lives of the assets. Estimated service lives for major assets are as follows:

Electric boiler plant/station equipment	25 years
Underground conduit	28.5 years
Gas mains and services	80 years
Water source of supply	100 years
Water treatment plant	25 years
Transmission & distribution mains	50 years
Sewer mains and laterals	100 years
Wastewater preliminary treatment facility	45 years
General structures and improvements	57 years

6. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City only has two items that qualify for reporting in this category. The first item is *deferred cash flow hedges – unrealized loss on derivative instruments* reported in the government-wide statement of net position and the proprietary funds balance sheet. This amount is recognized when the interest rate cap is exercised. The second item, *loss on debt refundings*, is reported in the government-wide statement of net position and the proprietary funds balance sheet. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only two types of items, which arise only under a modified accrual basis of accounting, that qualifies for reporting in this category. The first item, *unavailable revenue*, is reported in the governmental funds balance sheets and statements of net position. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item, *gain on debt refundings*, is reported in both the government-wide statement of net position and proprietary funds balance sheet. Gains on debt refunding are deferred and amortized over the shorter of the life of the refunded or refunding debt.

7. 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.

8. Long-term Obligations

In the fund financial statements, long-term debt is recognized as a liability of the governmental funds when due. For other long-term obligations, only that portion financed from expendable available financial resources is reported as a fund liability. The current and non-current portions are recorded in the government-wide and the proprietary fund financial statements. For certain debt issues, Utilities enters into interest rate swap agreements to modify its interest rates on outstanding debt.

In the government-wide and proprietary fund financial statements, bond premiums and discounts, as well as prepaid insurance costs related to issuance, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Prepaid insurance costs related to bond issuance are amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as prepaid insurance costs related to bond issuance, 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. Prepaid insurance costs related to bond issuance, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Fund Balance

In the fund financial statements, fund balance of the City's governmental funds are classified as nonspendable, restricted, committed, assigned, or unassigned. A governmental fund other than the General Fund, may not necessarily have all five components of fund balance.

Nonspendable fund balances indicate amounts that cannot be spent either 1) due to form, for example, prepaid items and inventories, or 2) due to legal or contractual requirements to be maintained intact, for example, the principal of an endowment or the capital of a revolving loan fund. It also includes assets that will not convert to cash soon enough to affect the current period such as the long-term portion of loans and notes receivable as well as property held for resale.

Restricted fund balances indicate amounts subject to externally enforceable legal restrictions. Such restrictions are typically imposed by parties altogether outside the City such as creditors, grantors, contributors, or other governments.

Committed fund balances indicate amounts constrained by limitations that the City by resolution imposes on itself by City Council (highest decision making level). It requires the same level of resolution by the City Council to remove or change the constraints placed on the resources. The action that imposed the limitation would need to occur no later than the close of the reporting period.

Assigned fund balance is the portion of fund balance that reflects the City's intended use of resources but does not meet the criteria to be classified as committed. The City's Charter authorizes the Mayor or Mayor's designee to assign fund balance through the use of encumbrances. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken

for the removal of an assignment. Interest earned on fund balances is assigned to be used by that fund unless otherwise specified through Council or voter documentation.

Unassigned fund balances indicate amounts in the General Fund that are not classified as non-spendable, restricted, committed, or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Negative fund balances in other governmental funds are reported as unassigned once other purposes of that fund were reduced. For the General Fund, a negative fund balance would be eliminated by reducing unassigned fund balance first.

For the General Fund, in the event that an expenditure can be considered restricted or unrestricted (committed, assigned, or unassigned) and both funds have available amounts, the funds will be first applied against the most restrictive fund balance classification.

The order of use of funds for special revenue funds and other (permanent) funds, will be from the least constrained to most constrained (i.e., unassigned, assigned, committed, restricted, and then non-spendable).

In the City's Financial Policies effective January 1, 2011, the City's goal target range for the General Fund reserve – unrestricted fund balance is 16.67% to 25% of the following year's expenditure budget. The target for the unrestricted General Fund balance would exclude the TABOR emergency reserves but include other categories of fund balance that are committed, assigned or unassigned.

10. 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 2013, the Utilities fund recognized a liability of \$4,106,994 for closure and postclosure care costs based upon landfill capacity used to date. The estimated total current cost of closure and postclosure care to be recognized for the Utilities fund landfills is \$7,563,652. The average landfill capacity used to date is 63.1%. The estimated remaining landfill lives vary from 18 to 88 years. In 2013, the governmental activities recognized a liability of \$265,872 for closure and postclosure care costs in the government-wide financial statements. There are no financial assurance requirements or restricted assets for the payment of closure and postclosure care costs. Estimates are stated in current dollars and shall be adjusted annually for inflation and changes in laws and regulations. An independent assessment is done every five years to verify this cost. Based on the last five year independent assessment adjusted for inflation, the total closure and postclosure costs are \$7,829,524. The last independent assessment was performed in 2012.

11. Derivative Instruments

Utilities uses financial derivative instruments to manage its exposure to fluctuating natural gas prices through the use of natural gas hedge contracts as well as its exposure to changing interest rates through the use of interest rate swaps. See Note IV.N. for further discussion related to derivatives and interest rate swaps.

All financial derivatives are stated on the balance sheet at fair value as of December 31, 2013, based on quoted market prices, current market conditions, or other estimates obtained from third-party broker dealers or valuation services.

Derivative instruments deemed effective by applying methods of evaluating effectiveness pursuant to GASB Statement 53, Accounting and Financial Reporting for Derivative Instruments, are recognized as cash flow hedges. Changes in the fair value of cash flow hedge derivative instruments are reported as either a deferred cash flow hedge outflow or inflow on the Statements of Net Position.

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 Position

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

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

Capital assets, at historical cost	\$ 1,931,490,427
Accumulated depreciation	<u>(632,270,927)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 1,299,219,500</u>

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

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2013**

Unavailable revenue	<u>\$ 20,717,555</u>
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Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 20,717,555</u>
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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 position for revenue relating to prior periods.

Interest on investments	<u>\$ 400,960</u>
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Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 400,960</u>
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Another element of that reconciliation explains that any internal service funds that primarily serve governmental funds are included as part of governmental activities for purposes of government-wide financial reporting. The details of this difference are as follows:

Internal service fund allocation	<u>\$ (5,277,426)</u>
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Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (5,277,426)</u>
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Another element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in funds. The details of this difference are as follows:

Bonds payable	\$ (72,510,558)
Less: Unamortized bond insurance premium (to be amortized over life of debt)	330,028
Accrued interest payable	(391,712)
Capital lease payable	(4,619,166)
Drainage fees payable	(3,174,607)
Compensated absences	(15,296,745)
Municipal solid waste landfill	(265,870)
Pension obligation	(1,611,987)
Other post employment benefit obligation	<u>(12,825,258)</u>

Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (110,365,875)</u>
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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 position 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	\$ 18,296,359
Depreciation expense	<u>(49,203,608)</u>
Net adjustments to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ (30,907,249)</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 position. The details of this difference are as follows:

In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.	\$ (3,680,191)
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Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>31,684,712</u>
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Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 28,004,521</u>
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Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of bond insurance premiums, premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. The details of this difference are as follows:

Debt incurred:	
Capital lease financing	\$ (1,776,674)
Principal repayments:	
Bond premium	59,178
Bond discount	(4,492)
Bond insurance premiums	(40,055)
General obligation debt	1,065,000
Sales tax revenue bonds	6,925,000
Certificates of participation	1,700,000
Capital leases	<u>13,342,503</u>

Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 21,270,460</u>
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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	\$ 120,145
Drainage fees	(266,307)
Compensated absences	(196,927)
Landfill closing costs	(4,701)
Net pension obligation	36,106
Net other post employment benefit obligation	<u>(868,767)</u>

Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ (1,180,451)</u>
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Another element of that reconciliation states that revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. The details of this difference are as follows:

Unavailable revenue	<u>\$ (312,346)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ (312,346)</u>

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

Internal service fund activities	<u>\$ (4,489,880)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ (4,489,880)</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with City Charter, the Mayor is required to submit a balanced budget to City Council on or before the first Monday in October each year. The budget is reviewed and modified if supported by a majority of City Council and an appropriation ordinance prepared to adopt the budget. According to City Charter, the appropriation ordinance is to be adopted no later than December 31 each year. City budgeting and accounting systems provide for program planning of expenditures by function and activity within the funds. Amendments to the original budget were material in relation to the initial appropriation.

The City prepares annual budgets and maintains budgetary controls for all funds in order to ensure compliance with the annual appropriation ordinance as approved by City Council. The legal level of budgetary control for all funds is at the fund level. Transfer of appropriation within the budget of a department may be authorized by approval of the affected department head. Such transfers are filed with the Chief Financial Officer but require no City Council action. Any net increase of appropriation to the fund requires City Council action. The budget is prepared in a manner consistent with the Colorado Revised Statutes. However, unlike the financial basis of reporting, the City's budget is prepared completely on a modified accrual basis.

Appropriations for all funds that are not budgeted on a project-length basis lapse at year-end except for contractually encumbered and reserved appropriations. Project-length budgets are those where appropriations are initially made to individual projects and do not lapse until such time as the project is complete. Project-length budgets are adopted for all capital projects as well as for intergovernmental grants, 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 2013, expenditures exceeded appropriations for the Lodgers and Auto Rental Tax fund (LART) by \$127,116. LART revenues are shared with the local convention and visitor's bureau to attract visitors and enhance the economy of the City and region according to a formula as approved by City Council and incorporated into the annual contract. As revenues were higher than anticipated, expenditures were greater due to the additional payment to the bureau per the contract. The Subdivision Storm Drainage fund and the Banning Lewis Ranch fund expenditures exceeded appropriations by \$467,531 and \$7,109, respectively. Revenues were higher than anticipated, and as a result, expenditures were greater. The Ballfield Capital Improvement fund, the Park Developer Easement fund, and the Therapeutic Recreation fund expenditures were over appropriations by \$185, \$179, and \$5, respectively, as a result of unanticipated expenditures. Furthermore, the Briargate General Improvement District fund expenditures were over appropriations by \$15,814. Revenues were higher than expected, allowing for pay down of additional outstanding debt.

C. Deficit Fund Equity

The Claims Reserve Self-Insurance fund and the Workers' Compensation Self-Insurance fund each had deficit fund equity as of December 31, 2013. The deficits in these internal service funds, \$767,556 and \$6,034,238, respectively, are the result of incurred but not reported claims. The Employee Benefits Self-Insurance fund had an accumulated deficit of \$7,086,528. This internal service fund deficit increased from the prior year and is the result of significant costs for hospital visits and surgeries, and a number of large claims paid. Public Authority for Colorado Energy, a proprietary fund, and Fountain Valley Authority, a proprietary fund component unit, each had deficit fund equity as of December 31, 2013. These deficits of \$90,962,000 and \$2,118,387, respectively, relate to bonds issued for prepaid natural gas contracts and capital assets. The following governmental fund component units have deficit fund equity at year end: CSURA \$45,073,471, Barnes & Powers North BID \$2,082,418, Barnes & Powers South BID \$524,936, First & Main BID \$146,873, First & Main North BID \$499,759, Interquest South BID \$132,063, and Powers & Woodmen Commercial BID \$75,772. These deficits also relate to bonds that have been issued for capital assets. The deficits will decrease over time as the entities collect the dedicated general property taxes to make payments on the bonds. Additional information about the component units can be found in their respective financial statements.

IV. DETAILED NOTES ON ALL FUNDS

A. Unrestricted and Restricted Cash and Investments

The City’s restricted and unrestricted cash and investments, exclusive of component units, consist of the following on December 31, 2013 (in 000’s):

	Unrestricted Assets	Restricted Assets
Demand accounts (incl petty cash of \$25,000)	\$ 114,197	\$ 205,095
Money market mutual funds	66	10,820
Colorado Statewide Investment Program (CSIP)	5,702	-
Colorado Liquid Asset Trust (COLOTRUST)	-	637
Repurchase agreements	-	10,313
Commercial paper	15,992	-
US Treasury securities	69,989	209,254
US Instrumentality securities	157,209	54,507
Domestic corporate fixed-income securities	29,508	689
Municipal bonds	5,656	375
Domestic equities	-	529
Guarantee investment contract	-	6,438
Mortgages pooled	-	14
Total	\$ 398,319	\$ 498,671

Reconciliation of total deposits and investments to the financial statements at December 31, 2013 (in 000’s):

	Governmental Activities	Business-type Activities	Fiduciary	Total
Unrestricted	\$ 108,902	\$ 288,684	\$ 733	\$ 398,319
Restricted	11,777	486,894	-	498,671
Total	\$ 120,679	\$ 775,578	\$ 733	\$ 896,990

1. Deposits

The carrying amount of the City’s deposits at December 31, 2013, was \$319,268,000 and the bank balances were \$350,681,000. Of the bank balances, \$963,000 was covered by federal deposit insurance and \$349,718,000 was uninsured but collateralized in accordance with provisions of the Colorado Public Deposit Protection Act (CPDPA). The collateral is pooled and held in trust for all uninsured deposits as a group. The Federal Deposit

Insurance Corporation (FDIC) covers \$250,000 per depositor, per insured bank, for each account ownership category.

2. Investments

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

Interest rate risk: Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an instrument. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits investment maturities to less than five years. The Utilities investment policy further defines this requirement by limiting investments of their income fund to maturities of two years or less.

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

Custodial credit risk: Custodial risk is the risk, that in the event of the failure of a depository financial institution, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. A designated portfolio manager places the City's investments during the fiscal year. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name and are held by either the counterparty to the investment purchase or held by the counterparty's trust department or agent but not held in the City's name. None of the City's investments owned at December 31, 2013, were subject to custodial risk.

As of December 31, 2013, Utilities invested \$10,313,000 in repurchase agreements. Underlying investments related to the repurchase agreements were in US Agency securities and other Government Sponsored Enterprises which carry an implied AAA credit rating. As of December 31, 2013, the City had the following investment maturities and credit quality distribution:

<u>Investment Type</u>	<u>Fair Value (in 000's)</u>	<u>Weighted Average Maturity (Years)</u>
Money market mutual funds	\$ 10,886	0.00
Colorado Statewide Investment Program (CSIP)	5,702	0.00
Colorado Liquid Asset Trust (COLOTRUST)	637	0.00
Repurchase agreements	10,313	0.00
Commercial paper	15,992	0.25
US Treasury securities	279,243	1.03
US Instrumentality securities	211,716	1.97
Domestic corporate fixed-income securities	30,197	1.45
Municipal bonds	6,031	1.51
Domestic equities	529	0.00
Guarantee investment contract	6,438	24.88
Mortgages pooled	14	0.01
Total	<u>577,698</u>	
Portfolio weighted average maturity		1.60
Reconciliation to total cash and investments		
Add:		
Cash on hand and in banks	<u>319,292</u>	
	<u>\$ 896,990</u>	

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Credit Quality Distribution for Securities as a Percentage of Total Investments:

	<u>S&P Rating</u>	<u>% of Total</u>
Money market mutual funds	AAA	1.22%
Money market mutual funds	BBB	0.69%
Money market mutual funds	B	0.19%
Money market mutual funds	unrated	0.77%
Local investment pools	AAAm	0.11%
Repurchase agreements	unrated	1.79%
Commercial paper	A	2.77%
US Treasury securities	AA	48.33%
US Instrumentality securities	AA	36.64%
Domestic corporate fixed-income securities	AAA	0.14%
Domestic corporate fixed-income securities	AA	5.04%
Domestic corporate fixed-income securities	A	0.05%
Domestic corporate fixed-income securities	BB	0.01%
Municipal bonds	AAA	0.30%
Municipal bonds	AA	0.74%
Domestic equities	unrated	0.09%
Mortgages pooled	BB	0.01%
Guarantee investment contract	AA	0.55%
Guarantee investment contract	A	0.56%
		100.00%

As of December 31, 2013, the City has invested \$637,000 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.

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The City's investment in COLOTRUST is rated AAAM by Standard and Poor's. COLOTRUST is routinely monitored by the Colorado Division of Securities with regard to operations and investments. Separately issued financial statements may be obtained at the following address:

COLOTRUST
999 18th Street, Suite 1230
Denver, CO 80202
www.colotruster.com

During 2013, the City invested in the PFM Funds Prime Series, Colorado Investors Class, a money market mutual fund (marketed as the Colorado Statewide Investment Program or CSIP). The Prime Series is a separate investment portfolio of PFM Funds (the Trust). The Trust is an open-end, diversified, management investment company registered under the Investment Company Act of 1940. The PFM Funds Prime Series invests in obligations of the United States Government and its agencies, high quality debt obligations of U.S. companies and obligations of financial institutions and is rated AAAM by Standard & Poor's. PFM Asset Management, LLC serves as the investment advisor, administrator and transfer agent. Shares of the Fund are distributed by PFM Fund Distributors, Inc., member Financial Industry Regulatory Authority (FINRA). U.S. Bank N.A. serves as the custodian and acts as safekeeping agent. As of December 31, 2013, the City had \$5,702,000 invested in the PFM Funds Prime Series.

To obtain financial statements for PFM Funds Prime Series, Colorado Investors Class, you may visit its website at www.csipinvest.com.

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3. Component Unit Deposits and Investments

Cash and investments of the component units of the City are reported at fair value and consist of the following at December 31, 2013 (in 000's):

	Demand Accounts	Money Market	COLOTRUST	Total
Governmental Activities:				
Urban Renewal Authority	\$ 263	\$ -	\$ 263	\$ 526
Downtown Development Authority	1,998	-	-	1,998
Greater Downtown Colorado Springs BI	368	-	-	368
Briargate Center BID	-	715	81	796
Barnes & Powers North BID	17	-	154	171
Barnes & Powers South BID	42	-	31	73
First & Main BID	1	-	47	48
First & Main BID No. 2	39	-	987	1,026
First & Main North BID	6	-	29	35
Interquest North BID	60	-	720	780
Interquest South BID	10	-	-	10
Powers & Woodmen Commercial BID	29	-	209	238
Sub-total	<u>2,833</u>	<u>715</u>	<u>2,521</u>	<u>6,069</u>
Business-type Activities:				
Fountain Valley Authority	1,889	1,184	-	3,073
Aurora-Colorado Springs Joint Water Authority	1	-	-	1
Various Canal & Reservoir Companies	1,634	-	-	1,634
Sub-total	<u>3,524</u>	<u>1,184</u>	<u>-</u>	<u>4,708</u>
Total	<u>\$ 6,357</u>	<u>\$ 1,899</u>	<u>\$ 2,521</u>	<u>\$ 10,777</u>

Note: Immaterial differences may occur due to rounding.

Reconciliation of total deposits and investments to the government-wide financial statements at December 31, 2013 (in 000's):

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Unrestricted	\$ 2,723	\$ 2,418	\$ 5,141
Restricted	<u>3,346</u>	<u>2,290</u>	<u>5,636</u>
Total	<u>\$ 6,069</u>	<u>\$ 4,708</u>	<u>\$ 10,777</u>

The carrying amount of the deposits of the component units of the City at December 31, 2013, was \$6,357,000, and the bank balances were \$6,374,000. Of the bank balances, \$2,046,000 was covered by federal deposit insurance, and \$3,524,000 was collateralized in accordance with provisions of the CPDPA. The various canal companies are publicly traded

and not a public entity. Their excess balances above federal deposit insurance are not covered by the CPDPA.

B. Receivables

Receivables for governmental funds, proprietary funds, fiduciary funds and component units at December 31, 2013, include the following (in 000's):

	General	Utilities	PACE	MHS	Non-Major & Other	Total
Interest	\$ -	\$ 140	\$ -	\$ -	\$ -	\$ 140
Taxes	33,871	-	-	-	13,323	47,194
Accounts	3,813	107,404	6,800	7,703	19,204	144,924
Lease	-	-	-	106,885	-	106,885
Assessments	10	-	-	-	5,662	5,672
Intergovernmental loans	-	-	-	-	20,323	20,323
Notes and loans	855	-	-	-	2,417	3,272
Gross Receivables	38,549	107,544	6,800	114,588	60,929	328,410
Less: allowances for uncollectibles	(50)	(2,925)	-	-	(481)	(3,456)
Net Receivables	\$ 38,499	\$ 104,619	\$ 6,800	\$ 114,588	\$ 60,448	\$ 324,954

Note: Immaterial differences may occur due to rounding.

Loans receivable of \$20,323,595 is included in receivables - net in the statement of net position as of December 31, 2013 for Community Development Department (CDD). These loans were funded with HOME (Federal Home Investment Partnership Act), CDBG (Community Development Block Grant), CHFA (Colorado Housing Finance Authority), and HOPE III (Homeownership Opportunity Program) funds.

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C. Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances as of December 31, 2013, were:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Utilities	\$ 3,361,197
	Non-major Governmental Funds	443,219
	Internal Services	2,371,617
	Sub-Total	<u>6,176,033</u>
Utilities	Non-major Governmental Funds	6,788,878
	Non-major Business-type Funds	129,048
	Internal Services	66,434
	Component Unit	1,528
	Sub-Total	<u>6,985,888</u>
Non-major Governmental Funds	Utilities	1,984
	Sub-Total	<u>1,984</u>
Non-major Business-type Funds	General Fund	1,781,177
	Utilities	40,526
	Sub-Total	<u>1,821,703</u>
Internal Service Funds	General Fund	47,440
	Utilities	748,647
	Non-major Governmental Funds	8,360
	Non-major Business-type Funds	17,900
	Sub-Total	<u>822,347</u>
Component Unit	Non-major Business-type Funds	24,750
	Fiduciary	1,618,346
	Sub-Total	<u>1,643,096</u>
Total		<u>\$ 17,451,051</u>

A major portion of the total due to Utilities from Non-major Governmental funds resulted from a 2002 sale of a gas operations building between the funds.

The balance of \$1,781,177 due to Non-major Business-type Funds from the General Fund resulted from construction of the parking facility for the General Fund's use; \$1,718,088 of the balance is due beyond one year.

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

Interfund transfers:

	Transfers In:				Total
	General Fund	Non-major Governmental Funds	Non-major Enterprise Funds	Internal Service Funds	
Transfers Out:					
General fund	\$ -	\$ 9,325,133	\$ -	\$ 292,998	\$ 9,618,131
Non-major governmental funds	928,866	-	36,470	38,811	1,004,147
Utilities	32,153,000	-	-	-	32,153,000
	<u>\$ 33,081,866</u>	<u>\$ 9,325,133</u>	<u>\$ 36,470</u>	<u>\$ 331,809</u>	<u>\$ 42,775,278</u>
Total transfers in					<u>\$ 42,775,278</u>

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

D. Transfer of Surplus

Utilities provides transfers of surplus to the City. These amounts are based on actual sales inside the City, and rates are fixed per kilowatt hour and thousand cubic feet of electricity and natural gas. The money is transferred every month from Utilities to the General Fund of the City as they become available. Payments are recorded as transfers out on the statement of revenues. In 2013, the amount paid was \$31.8 million.

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E. Unavailable/Unearned Revenue

Governmental funds report unavailable 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 2013, the various components of unavailable revenue and unearned revenue reported in the government funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Loans	\$ -	\$ 20,707,576
Property taxes	23,005,726	-
Special assessment	9,979	-
Grant drawdowns prior to meeting all eligibility requirements	-	10,431,264
Other unearned revenue	-	<u>782,937</u>
Total unavailable/unearned revenue for governmental funds	<u>\$ 23,015,705</u>	<u>\$ 31,921,777</u>

F. Inventories

Inventories, exclusive of component units, are stated at average cost. Proprietary fund inventories consist of the following at December 31, 2013:

Materials and Supplies	\$ 29,366,005
Fuel	<u>21,266,326</u>
Total	<u>\$ 50,632,331</u>

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G. Changes in Capital Assets

The following schedule reflects the changes in capital assets, exclusive of discretely presented component units, for the year ended December 31, 2013 (in 000's):

	Beginning Balance	Increases*	Decreases*	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated:				
Land	\$ 322,498	\$ 5,021	\$ -	\$ 327,519
Construction in progress	16,447	24,395	(2,558)	38,284
Total capital assets not being depreciated	<u>338,945</u>	<u>29,416</u>	<u>(2,558)</u>	<u>365,803</u>
Capital assets being depreciated:				
Buildings	183,542	747	(10,272)	174,017
Improvements other than buildings	55,329	2,019	(10)	57,338
Machinery and equipment	135,918	5,765	(4,577)	137,106
Intangibles	18,560	300	-	18,860
Infrastructure	1,168,024	14,291	(160)	1,182,155
Total capital assets being depreciated	<u>1,561,373</u>	<u>23,122</u>	<u>(15,019)</u>	<u>1,569,476</u>
Less accumulated depreciation for:				
Buildings	(67,885)	(4,829)	7,361	(65,353)
Improvements other than buildings	(19,724)	(2,216)	10	(21,930)
Machinery and equipment	(94,631)	(7,648)	3,910	(98,369)
Intangibles	(1,918)	(1,276)	-	(3,194)
Infrastructure	(413,505)	(33,322)	47	(446,780)
Total accumulated depreciation	<u>(597,663)</u>	<u>(49,291)</u>	<u>11,328</u>	<u>(635,626)</u>
Total capital assets being depreciated, net	<u>963,710</u>	<u>(26,169)</u>	<u>(3,691)</u>	<u>933,850</u>
Governmental activities capital assets, net	<u>\$ 1,302,655</u>	<u>\$ 3,247</u>	<u>\$ (6,249)</u>	<u>\$ 1,299,653</u>

* Includes transfers between categories.

Note: Immaterial differences may occur due to rounding.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

	Beginning Balance	Increases*	Decreases*	Transfers	Ending Balance
BUSINESS-TYPE ACTIVITIES					
Capital assets not being depreciated:					
Land	\$ 172,053	\$ -	\$ (218)	\$ -	\$ 171,835
Intangible	13,321	1,599	-	-	14,920
Construction in progress	<u>465,008</u>	<u>310,758</u>	<u>(104,049)</u>	<u>(23,212)</u>	<u>648,505</u>
Total capital assets not being depreciated	<u>650,382</u>	<u>312,357</u>	<u>(104,267)</u>	<u>(23,212)</u>	<u>835,260</u>
Capital assets being depreciated:					
Building	127,545	9	(56)	(27,896)	99,602
Improvements other than buildings	224,817	2,267	(2)	51,780	278,862
Machinery and equipment	35,744	1,510	(2,055)	(2,276)	32,923
Infrastructure	34,868	20	(66)	1,043	35,865
Utilities plant	4,314,764	111,095	(11,208)	-	4,414,651
Intangible	<u>36,159</u>	<u>5,462</u>	<u>(4)</u>	<u>561</u>	<u>42,178</u>
Total capital assets being depreciated	<u>4,773,897</u>	<u>120,363</u>	<u>(13,391)</u>	<u>23,212</u>	<u>4,904,081</u>
Less accumulated depreciation for:					
Building	(57,982)	(3,965)	57	14,040	(47,850)
Improvements other than buildings	(76,939)	(12,297)	-	(14,043)	(103,279)
Machinery and equipment	(13,815)	(3,751)	1,264	37	(16,265)
Infrastructure	(5,678)	(1,249)	-	(34)	(6,961)
Utilities plant	(1,750,700)	(109,962)	5,902	-	(1,854,760)
Intangible	<u>(20,109)</u>	<u>(6,585)</u>	<u>-</u>	<u>-</u>	<u>(26,694)</u>
Total accumulated depreciation	<u>(1,925,223)</u>	<u>(137,809)</u>	<u>7,223</u>	<u>-</u>	<u>(2,055,809)</u>
Total capital assets being depreciated, net	<u>2,848,674</u>	<u>(17,446)</u>	<u>(6,168)</u>	<u>23,212</u>	<u>2,848,272</u>
Business-type activities capital assets, net	<u>\$3,499,056</u>	<u>\$ 294,911</u>	<u>\$ (110,435)</u>	<u>\$ -</u>	<u>\$3,683,532</u>

* Includes transfers between categories other than for Airport, which are reflected in the transfers column.

Note: Immaterial differences may occur due to rounding.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

Depreciation expense was charged to governmental activities and business-type activities as of December 31, 2013, as follows (in 000's):

Governmental Activities:		Business-type Activities:	
General government	\$ 2,909	Utilities	\$ 116,547
Public safety	5,602	Non-major enterprise funds	<u>21,262</u>
Public works	37,070		
Culture and recreation	3,379		
Urban redevelopment and housing	243	Total depreciation expense	
Internal service funds	<u>88</u>	business-type activities	<u>\$ 137,809</u>
Total depreciation expense governmental activities			
	<u>\$ 49,291</u>		

The following schedules reflect the changes in discretely presented component unit capital assets for the year ended December 31, 2013 (in 000's):

	Beginning Balance	Increases*	Decreases*	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated:				
Construction in progress	\$ 12,983	\$ 450	\$ -	\$ 13,433
Capital assets being depreciated:				
Improvements	2,881	-	-	2,881
Machinery and equipment	198	5	(34)	169
Infrastructure	<u>24,448</u>	<u>-</u>	<u>-</u>	<u>24,448</u>
Total capital assets being depreciated	<u>27,527</u>	<u>5</u>	<u>(34)</u>	<u>27,498</u>
Less accumulated depreciation for:				
Improvements	(629)	(95)	-	(724)
Machinery and equipment	(156)	(24)	33	(147)
Infrastructure	<u>(3,459)</u>	<u>(742)</u>	<u>-</u>	<u>(4,201)</u>
Total accumulated depreciation	<u>(4,244)</u>	<u>(861)</u>	<u>33</u>	<u>(5,072)</u>
Total capital assets being depreciated, net	<u>23,283</u>	<u>(856)</u>	<u>(1)</u>	<u>22,426</u>
Governmental activities capital assets, net	<u>\$ 36,266</u>	<u>\$ (406)</u>	<u>\$ (1)</u>	<u>\$ 35,859</u>

* Includes transfers between categories.

Note: Immaterial differences may occur due to rounding.

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2013**

	Beginning Balance	Increases*	Decreases*	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated:				
Land	\$ 65	\$ -	\$ -	\$ 65
Construction in progress	609	901	(23)	1,487
Total capital assets not being depreciated	<u>674</u>	<u>901</u>	<u>(23)</u>	<u>1,552</u>
Capital assets being depreciated:				
Utilities plant	119,076	203	-	119,279
Less accumulated depreciation for:				
Utilities plant	<u>(50,428)</u>	<u>(1,544)</u>	<u>-</u>	<u>(51,972)</u>
Total capital assets being depreciated, net	<u>68,648</u>	<u>(1,341)</u>	<u>-</u>	<u>67,307</u>
Business-type activities				
Discretely presented component unit capital assets, net	<u>\$ 69,322</u>	<u>\$ (440)</u>	<u>\$ (23)</u>	<u>\$ 68,859</u>

* Includes transfers between categories.

Note: Immaterial differences may occur due to rounding.

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H. Leases

1. Operating Leases

Total rental expense on all operating leases, including month to month leases, for the year ended December 31, 2013, was \$557,779 for governmental activities and \$186,042 for business-type activities. The following is a schedule of the minimum rental payments for succeeding years ending December 31 (in 000's):

Year	Governmental Activities
2014	\$ 867,582
2015	867,582
2016	867,582
2017	867,582
2018	867,582
2019-2022	<u>2,060,120</u>
Total	<u>\$ 6,398,030</u>

2. Operating Leases (Component Units)

Total rental expense on all operating leases, including month-to-month leases, for the year ended December 31, 2013, was \$1,113 for governmental activities and \$52,244 for business-type activities.

The following is a schedule of the minimum rental payments for Pikes Peak Regional Communications Network for succeeding years ending December 31:

Year	Business-type Activities
2014	\$ 44,088
2015	11,036
2016	11,036
2017	11,036
2018	11,036
2019-2021	<u>24,736</u>
Total	<u>\$ 112,968</u>

3. Capital Leases

The City has entered into various capital lease commitments in order to acquire land, machinery and equipment. Land, machinery and equipment so acquired are capitalized in the government-wide financial statements and in the business-type activities/proprietary 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, 2013, exclusive of component units, are as follows (in 000's):

Year	Governmental Activities	Business-type Activities
2014	\$ 3,665	\$ 394
2015	349	279
2016	349	-
2017	196	-
2018	196	-
2019-2022	131	-
Future minimum lease payments	4,886	673
Amount representing interest	(264)	(24)
Present value of net minimum payments	<u>\$ 4,622</u>	<u>\$ 649</u>

Note: Immaterial differences may occur due to rounding.

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

	Governmental Activities	Business-type Activities
Machinery and equipment	\$ 19,865	\$ 2,441
Accumulated depreciation	(4,886)	(1,183)
Net capitalized lease property	<u>\$ 14,979</u>	<u>\$ 1,258</u>

Note: Immaterial differences may occur due to rounding.

Amortization of the leased property is included in depreciation expense.

4. Capital Leases (Component Units)

Fountain Valley Authority leases various plant assets under a capital lease agreement expiring December 31, 2025. As of December 31, 2013, future minimum payments under the capital lease consisted of the following (in 000's):

<u>Year</u>	<u>Business-type Activities</u>
2014	\$ 5,353
2015	5,353
2016	5,353
2017	5,353
2018	5,353
2019-2023	26,764
2024-2025	857
Future minimum lease payments	<u>54,386</u>
Amount representing interest	<u>(8,216)</u>
Present value of net minimum payments	<u>\$ 46,170</u>

Note: Immaterial differences may occur due to rounding.

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

	<u>Business-type Activities</u>
Assets:	
Utilities plant	\$ 71,232
Accumulated depreciation	<u>(24,633)</u>
Net capitalized lease property	<u>\$ 46,599</u>

Note: Immaterial differences may occur due to rounding.

Amortization of the plant cost has been included in depreciation expense for 2013.

5. Lease and Integration Agreements

As of July 2, 2012, a Health System Operating Lease Agreement (the Lease Agreement) was entered into between the City, UCH-MHS, a Colorado nonprofit corporation of which the University of Colorado Hospital Authority (UCH Authority) is the sole member, and Poudre Valley Health Care, Inc. (Poudre Valley). An Integration and Affiliation Agreement (the Integration Agreement) was also entered into as of July 2, 2012 between the City, University of Colorado Health (UC Health), and Poudre Valley. UC Health is a joint operating company of UCH Authority and Poudre Valley. On August 28, 2012, the City

held a special municipal election in which voters approved the Lease Agreement. The effective date of the Lease Agreement and the Integration Agreement was October 1, 2012.

Pursuant to the Lease Agreement, the City leased the Health System facilities and transferred the operations and the Acquired Assets and Assumed Liabilities, which relate to the operations of the Health System, as defined in the Lease Agreement, to the Lessee. The Lessee is initially Poudre Valley, until such time as UCH-MHS has received approval of its application for Internal Revenue Service Code Section 501(c)(3) status. The term of the Lease Agreement is initially 40 years, with the option in year nine upon mutual agreement of the parties to extend the term by additional one-year terms to be automatically added to the original term on each anniversary date of the effective date, commencing on the tenth anniversary of the effective date. The Lease Agreement is subject to earlier termination provisions.

As required under the Lease Agreement, on October 1, 2012, the Health System defeased all of its outstanding Hospital Revenue Bonds and repaid its note payable to bank.

Pursuant to the terms of the Lease Agreement, as of October 1, 2012, the Lessee paid an initial payment to the City of \$291,900,000. This initial payment is subject to certain adjustments based on the net working capital of the Health System as of the effective date, and included \$1,900,000 as an estimate of the working capital surplus calculated pursuant to the agreement at closing. The Lessee also forwarded \$5,000,000 to the Health System as a credit against any post-closing working capital adjustments.

As of December 31, 2012, the Health System recorded a liability to the Lessee of \$6,900,000, representing the return of the estimated working capital surplus initially paid of \$1,900,000 and the \$5,000,000 credit against any post-closing adjustments. During 2013, the Health System paid the lessee \$12,385,000, consisting of a return of the \$5,000,000 credit and \$7,385,000 as a settlement of the working capital adjustments.

The Lease Agreement also provides for various payments to the City over the term of the Lease Agreement, including fixed payments of \$467,676 per month for 30 years. UCH Authority has guaranteed the payment obligations of the Lessee under the Lease Agreement. As of October 1, 2012, the Health System recorded the present value of the future lease payments of \$110,000,000 as a lease receivable, using an imputed interest rate of approximately 3%. Lease payments receivable, net of imputed interest of \$54,464,000 total \$106,885,000, as of December 31, 2013.

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Required future lease principal payments to be received, net of imputed interest, are as follows as of December 31, 2013 (in 000's):

<u>Year</u>	<u>Amount</u>
2014	\$ 2,347
2015	2,420
2016	2,496
2017	2,574
2018	2,655
Thereafter	<u>94,393</u>
Total	<u>\$ 106,885</u>

The Lessee is required to make future Margin Sharing Payments to the City throughout the 40-year term of the Lease Agreement equal to 5% of the excess in any fiscal year of Operating EBITDA, as defined, over a baseline annual margin of 8%. No amounts have been recorded in the accompanying financial statements relating to these contingent future Margin Sharing Payments. The Lessee is also obligated to spend an annual average of \$28,000,000 for capital improvements during the term of the Lease Agreement and UCH Authority is obligated under the Integration Agreement to provide \$3 million annually for 40 years to fund the development of a branch of the University of Colorado School of Medicine in Colorado Springs.

Concurrent with the lease of facilities and transfer of operations under the Lease Agreement, the Health System derecognized all Acquired Assets and Assumed Liabilities relating to its operations and all leased property and equipment. Certain assets and liabilities were specifically excluded from the Lease Agreement and remain as assets and liabilities of the Health System.

Each of the UC Health Parties have agreed that they generally will not individually or collectively provide any service within the city limits of Colorado Springs that competes with the services or operations of the Health System hospitals as they existed as of October 1, 2012 for a period of two years beyond the expiration of the term of the Lease Agreement. The City has agreed that it generally will not provide any service within the city limits of Colorado Springs that competes with the services or operations of the Health System hospitals being operated by the Lessee throughout the term of the Lease Agreement.

The parties to the Lease Agreement may terminate the Lease Agreement at any time by mutual written agreement. The Lease Agreement may be terminated by either party in the event of certain default provisions, as defined. Upon the expiration or termination of the Lease Agreement the Lessee must convey to the City the facilities and expansions to the facilities of the Health System hospitals. The Lessee must also transfer all assets and assign all claims and liabilities relating to the Health System hospitals' operations at the time of

the expiration or termination. As a condition to the transfer of the assets and liabilities upon expiration or termination, the City must pay the Lessee an amount representing the fair market value of the Health System hospitals' operating businesses as of such date, as is more thoroughly defined in the Lease Agreement.

Contingent PERA Liability and Escrow Account - The City agreed in the Lease Agreement that it would indemnify and defend the UC Health Parties in the event of a claim by the Public Employees' Retirement Association of Colorado (PERA), and a certain portion of the purchase price was placed in an escrow account, as discussed below. PERA contends that the City and/or the Health System must comply with the termination of affiliation provisions (the Termination Provisions) found in the Colorado Revised Statutes with regard to the lease transaction. In addition, PERA contends that the Health System has been a separate PERA employer since 1952 and thus all of the PERA members at the Health System will be withdrawn from PERA as a result of the lease transaction. PERA contends the Termination Provisions provide that an entity that disaffiliates from PERA must pay certain amounts to account for any resulting underfunding of PERA's public pension system because of such disaffiliation.

The City denies that the Termination Provisions apply to or govern the lease transaction or the Health System owes PERA any sums resulting therefrom. The City contends, among other things, that the lease transaction is a lease of a public hospital system to a nonprofit corporation organized under the laws of the State of Colorado for the purpose of conducting a hospital and hospital-related activities, and therefore does not constitute a "termination of affiliation" from PERA. The City also states that the City will remain a participant in PERA. Accordingly, among other arguments, the City argues that the Termination Provisions do not apply.

During August of 2012, both PERA and the City filed separate lawsuits relating to this dispute. In September 2012 the City, PERA, and the UCH Parties, consisting of UC Health, UCH Authority, UCH-MHS and Poudre Valley, reached an agreement to resolve certain issues raised related to the lease transaction. Under the agreement, PERA agreed that it will not pursue any action or claim which seeks to invalidate the Lease Agreement or Integration Agreement and agreed to dismiss all claims against the UCH Parties.

Claims remain outstanding between the City, the Health System and PERA, including claims by PERA against the City and the Health System for payments PERA alleges are due as a result of the lease transaction. As of June 2013, PERA has claimed approximately \$190 million, plus prejudgment interest at a rate of 8%, compounded annually. In February 2014, the Court having jurisdiction in this matter granted summary judgment in PERA's favor and against the City, ruling that the Termination Provisions apply, although the Court has not determined the amount allegedly due, if any. The City is presently seeking an interlocutory appeal of that ruling and continues to contest the amount of the alleged liability.

Pursuant to the September 2012 agreement, the City agreed to establish a \$259 million escrow account relating to the PERA claims. Effective October 1, 2012, an Escrow Agreement was signed which required the Health System to deposit \$259 million of the initial payment under the Lease Agreement in an Escrow Account which is supervised by the Court pending the final resolution of the dispute between PERA and the City.

See the UCH Escrow Account section below regarding allocation of \$50 million of the Escrow Account balance to a subaccount for the benefit of the UCH Parties. Except for the funds in the UCH Escrow Account, which may be released as discussed below, the escrow agent may only release the Escrow Account funds upon (a) the entry of Final Judgment in the Denver County Lawsuit filed relating to the PERA claims, or (b) the execution of a final settlement agreement that resolves all claims between the City and PERA regarding the lease transaction. The amount of the Escrow Account does not limit the amount owed.

As of December 31, 2013, the Escrow Account, exclusive of the UCH Escrow Account, has a balance of \$209,469,000.

UCH Escrow Account - In order to fulfill certain indemnification obligations to the UCH Parties under the Lease Agreement and the Guaranty by the Health Foundation (the Guaranty), \$50 million of the \$259 million deposited into the Escrow Account was allocated to a subaccount (the UCH Escrow Account). Funds held in the UCH Escrow Account may not be used to discharge any liability to PERA in connection with the PERA claims unless such funds have been transferred to the Escrow Account as described below.

At any time before October 1, 2017, the UCH Parties may make claims on the UCH Escrow Account for indemnifiable losses pursuant to the Lease Agreement, the Integration Agreement or the Guaranty. Such claims are subject to a dispute resolution process. Upon a final settlement of the PERA claims, the Escrow Agent shall disburse the balance of the funds remaining in the UCH Escrow Account to the Health Foundation, except as described below.

If the final settlement of the PERA claims is not reached by October 1, 2015, the UCH Escrow Account shall be reduced to the lesser of (i) \$25 million plus any unresolved claims for indemnifiable losses by the UCH Parties or (ii) the remaining balance of the UCH Escrow funds. Funds no longer required to be held in the UCH Escrow Account shall be transferred to the Escrow Account. If the final settlement of the PERA claims is not reached by October 1, 2017, the UCH Escrow Account shall cease to exist and the balance of the UCH Escrow Account shall be transferred into the Escrow Account.

If the final settlement of the PERA claims is reached prior to October 1, 2017 and the amount payable to PERA is greater than the amount of the aggregate Escrow Account funds less the UCH Escrow Account funds, then the UCH Escrow Account shall remain in place and the transfers discussed in the preceding paragraph shall instead be paid to PERA

on October 1, 2015 or October 1, 2017, as applicable, as required to satisfy the final PERA claims settlement, with any surplus to be transferred to the Health Foundation.

As of December 31, 2013, the UCH Escrow Account has a balance of \$50,112,000.

Third Party Payer Settlements – Pursuant to the Lease Agreement, the recorded amounts of Medicare and Medicaid cost report liabilities, liabilities under the Medicare Recovery Audit Contractor Program and other accrued commercial payer liabilities were assumed by the Lessee.

However, the differences between the actual settlements under third party payer agreements and the estimated settlements included in the working capital calculations discussed above will result in net payments to or from the Health System. Laws that govern these payer systems, including Medicare and Medicaid, are extremely complex. As a result, the actual settlements could be materially different from the estimated settlement amounts used in the working capital calculations. As of December 31, 2013, no amount has been recorded for estimated differences from the settlement estimates used in the working capital calculations.

Recording of Contingent Liabilities - The ultimate amounts owed by the Health System relating to the above contingencies are not reasonably determinable. The Health System has recorded a liability which encompasses all contingent liabilities and a promise to give to the Health Foundation for all net proceeds of the lease transaction.

I. Revolving Loan Agreement/Line of Credit

Utilities entered into a Revolving Loan Agreement with U.S. Bank National Association ("U.S. Bank") dated as of September 4, 2013 (the "2013 U.S. Bank Line of Credit"), and a Revolving Loan Agreement with KeyBank National Association ("KeyBank") dated as of September 4, 2013 (the "2013 KeyBank Line of Credit") together referred to as the "Credit Lines." As of December 31, 2013, Utilities may receive advances up to \$25,000,000 under the 2013 U.S. Bank Line of Credit, and \$50,000,000 under the 2013 KeyBank Line of Credit, for a total of \$75,000,000 to fund Utilities' operating needs and normal expenditures including, without limitation, regularly scheduled capital expenses. Utilities' repayment obligations under the Credit Lines are limited to the Net Pledged Revenues on a subordinate basis to the Parity Bonds and certain related obligations. The 2013 Credit Lines expire on September 4, 2016. Utilities has entered into several agreements similar to the Credit Lines over the past several years, and to date, Utilities has not drawn on any such agreement.

J. Long-term Debt

During 2013, Utilities issued \$97,580,000 Utilities System Refunding Revenue Bonds, Series 2013A, \$58,915,000 Utilities System Improvement Revenue Bonds, Series 2013B-1 and \$68,645,000 Utilities System Improvement Revenue Bonds, Series 2013B-2. Proceeds of the

Series 2013A bonds were used to refund portions of outstanding Series 2004B, 2004C, 2005B, and 2005C bonds and to fund the debt service reserve fund. The reacquisition price of the refunded bonds exceeded the net carrying amount of the old debt by \$2,334,363. The refunding transaction resulted in a total present value savings of \$8,915,822.

During 2013, Fountain Valley Authority issued \$5,255,000 Refunding Revenue Bonds, Series 2013. Proceeds of the Series 2013 bonds were used to refund the outstanding Series 2006 bonds. The reacquisition price of the refunded bonds exceeded the net carrying amount of the old debt by \$423,466. The refunding transaction resulted in a total present value savings of \$244,502.

During 2007, the City approved a resolution authorizing the Colorado Springs Urban Renewal Authority to use 100% of the annual City general fund sales tax increments generated within the North Nevada Avenue corridor Urban Renewal area. The dedication of these sales tax increments shall be for a period not to exceed 23 years and is estimated to total \$98,800,000. The increment will be utilized to support a bond issue that will fund needed infrastructure improvements and administrative expenses within the renewal area. As of December 31, 2013, \$8,528,711 has been provided.

During 2012, the City approved a resolution authorizing the Colorado Springs Urban Renewal Authority to use 100% of the annual City general fund sales tax increments generated within the Ivywild Urban Renewal area. The dedication of these sales tax increments shall be for a period from January 24, 2012 through June 28, 2036. No amount has been provided as of December 31, 2013.

During 2013, the City approved a resolution authorizing the Colorado Springs Urban Renewal Authority to use 50% of the annual City general fund sales tax increments generated within the Copper Ridge Metropolitan District area. The dedication of these sales tax increments shall be for a period not to exceed 25 years. No amount has been provided as of December 31, 2013.

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, 2013:

Debt Types	Original Issue Amount (in 000's)	Outstanding Principal Amount (in 000's)	Future Aggregate Interest Requirements (in 000's)	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
Governmental Activities¹					
General Obligation Bonds					
Spring Creek GID Series 2005	\$ 2,695	\$ 1,630	\$ 407	5.900%	2007 - 2020
Briargate GID Series 2004	8,800	8,640	3,107	7.000	2012 - 2020
Marketplace at Austin Bluffs GID Series 2008	2,790	2,565	2,093	6.500	2010 - 2033
Cottonwood GID Series 2010	3,900	1,370	72	2.500 - 4.000	2010 - 2015
Sales Tax Revenue Bonds					
Series 2007	10,405	10,055	1,132	4.000 - 5.000	2009 - 2016
Series 2009	34,460	7,050	212	3.000	2009 - 2014
Certificates of Participation					
United States Olympic Committee Series 2009	31,470	31,000	27,176	2.000 - 5.000	2010 - 2039
Refunding COP Series 2011	13,485	9,105	1,260	1.000 - 5.000	2011 - 2020
Total Governmental Activities	\$ 108,005	\$ 71,415	\$ 35,459		
Business-type Activities²					
Revenue Bonds - Utilities					
Series 2000A	\$ 110,000	\$ 110,000	\$ 58,575	0.150%	2029
Series 2000B	15,000	7,690	2,473	7.500	2001 - 2020
Series 2002C	27,055	27,055	14,824	0.170	2027
Series 2003B	45,000	675	26	3.000 - 5.000	2009 - 2043
Series 2004A	117,450	103,725	26,959	4.112	2010 - 2023
Series 2004B	107,115	2,665	147	4.500 - 5.500	2008 - 2034
Series 2004C	15,695	230	9	4.000 - 5.000	2008 - 2044
Series 2005A	100,000	92,995	58,851	4.710	2010 - 2035
Series 2005B	19,240	1,005	72	3.500 - 5.000	2009 - 2035
Series 2005C	16,050	490	30	3.750 - 5.125	2012 - 2045
Series 2006A	60,625	60,625	29,079	4.481	2015 - 2025
Series 2006B	75,000	71,925	42,398	4.119	2011 - 2036
Series 2007A	75,000	68,800	31,523	3.198	2008 - 2037
Series 2007B	87,275	87,275	52,346	5.295	2023 - 2026
Series 2007C	24,415	16,285	3,507	4.000 - 5.000	2008 - 2022
Series 2008A	50,000	45,585	29,596	4.269	2009 - 2038
Series 2008B	27,935	24,065	14,122	3.000 - 5.400	2009 - 2033
Series 2008C	41,975	41,535	50,435	4.500 - 5.500	2013 - 2048
Series 2008D	3,631	2,075	126	1.350	2008 - 2021
Series 2009A	60,750	54,735	28,218	2.250 - 5.000	2010 - 2033
Series 2009B	82,000	76,210	64,193	4.000 - 5.545	2010 - 2039
Series 2009C	66,455	64,205	47,001	5.475	2010 - 2028
Series 2009D	56,750	56,750	80,425	4.164 - 6.313	2016 - 2049
Series 2010A	139,835	129,045	62,525	0.600 - 5.467	2011 - 2040
Series 2010B	180,000	180,000	234,276	3.397 - 5.738	2016 - 2050
Series 2010C	50,000	47,240	29,854	3.881	2011 - 2040
Series 2010D	273,855	258,165	258,938	1.324 - 6.615	2011 - 2040
Series 2011A	167,490	143,955	59,544	2.000 - 5.000	2012 - 2033
Series 2012A	50,000	48,205	32,932	4.0240	2012 - 2033
Series 2012B	108,015	107,830	64,187	3.000 - 5.000	2013 - 2043
Series 2012C	157,670	155,460	81,670	3.000 - 5.000	2013 - 2042
Series 2013A	97,580	97,580	73,566	1.500 - 5.000	2013 - 2045
Series 2013B-1	58,915	58,915	55,272	1.500 - 5.000	2014 - 2043
Series 2013B-2	68,644	68,644	65,556	2.000 - 5.000	2014 - 2043
Revenue Bonds - Public Authority for Colorado Energy					
Series 2008	653,210	633,100	693,942	5.750 - 6.500	2009 - 2038

(continued)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

The following table summarizes significant facts about the long-term debt outstanding at December 31, 2013:

Debt Types	Original Issue Amount (in 000's)	Outstanding Principal Amount (in 000's)	Future Aggregate Interest Requirements (in 000's)	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
Business-type Activities²					
(continued)					
Revenue Bonds - Airport					
Series 2002	43,005	27,655	6,478	3.000 - 5.500	2003 - 2021
Series 2007A	3,725	2,210	394	4.000 - 4.500	2007 - 2021
Series 2007B	8,500	6,605	1,835	4.000 - 5.000	2007 - 2023
Revenue Bonds - Parking System					
Series 1999	9,300	3,125	456	3.000 - 4.750	1999 - 2018
Series 2006	7,665	7,520	3,195	3.375 - 4.500	2009 - 2027
Notes Payable					
Airport, 2006	3,048	2,027	1,818	8.500	2006 - 2030
Airport, 2007	3,500	545	17	3.000	2008 - 2014
Airport, 2008	600	184	8	3.000	2009 - 2015
Wastewater Facility - Utilities, 1998	22,204	10,601	1,502	3.700 - 5.500	1999 - 2019
Drinking Water - Utilities, 2009	8,600	7,566	1,768	2.500	2011 - 2030
Water Pollution Control - Pikes Peak, 2003	1,000	494	77	4.000	2004 - 2020
Total Business-type Activities	\$ 3,400,777	\$ 3,013,271	\$ 2,364,745		
Component Units²					
Special Assessment Revenue Bonds					
Briargate Center BID - Series 2006	\$ 7,360	\$ 5,410	\$ 2,225	4.500 - 4.900%	2006 - 2027
Urban Renewal Authority - Series 2008A	47,125	44,470	31,747	7.000	2011 - 2029
³ Urban Renewal Authority - Series 2008B	7,505	7,435	-	7.500	N/A
Limited Tax General Obligation Bonds					
Barnes & Powers North BID - Series 2007	4,000	3,760	3,617	6.500	2009 - 2036
Barnes & Powers South BID - Series 2007	835	690	351	6.500	2009 - 2026
First & Main BID - Series 2009	1,650	1,535	2,216	8.500	2009 - 2038
First & Main North BID - Series 2005	1,927	1,775	1,451	6.000	2005 - 2035
First & Main No. 2 BID - Series 2009	2,400	2,325	3,355	8.500	2011 - 2038
Interquest North BID - Series 2010	6,500	6,410	9,840	8.500	2012 - 2040
Powers & Woodmen Commercial BID - Series 2010	1,850	1,795	2,708	8.500	2011 - 2039
Revenue Bonds					
First & Main No. 2 BID - Series 2011	2,000	1,915	2,376	8.500	2011 - 2035
Fountain Valley Authority - Series 2013	5,255	4,975	450	2.000 - 3.000	2013 - 2019
Notes Payable and Lines of Credit					
Briargate Center BID, 2012	4,335	4,095	835	3.890	2012 - 2019
³ Urban Renewal Authority, 1990	1,250	847	-	0.000	N/A
³ Urban Renewal Authority, 2008	3,420	3,395	-	4.500	N/A
³ Urban Renewal Authority, 2009	158	158	-	5.000	N/A
³ Urban Renewal Authority, 2012	778	778	-	7.000	2013 - 2028
³ First & Main BID, 2012	5	5	-	7.000	N/A
³ First & Main North BID, 2006	28	21	-	7.000	N/A
³ Interquest North BID, 2006	71	34	-	7.000	N/A
³ Interquest South BID, 2006	109	109	-	7.000	N/A
³ Powers & Woodmen Commercial BID, 2006	67	67	-	7.000	N/A
Fountain Valley Authority	10,830	5,011	1,096	3.030 - 3.400	2001 - 2024
The Lake Henry Reservoir Company, 2003	148	104	44	4.250	2006 - 2030
The Lake Meredith Reservoir Company, 2003	1,472	1,167	559	4.000	2005 - 2034
Total Component Units	\$ 111,078	\$ 98,286	\$ 62,870		

¹Exclusive of capital leases, municipal solid waste landfill and compensated absences

²Exclusive of capital leases and other liabilities

³These items have no repayment schedule and therefore it is not possible to determine future aggregate interest requirements.

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, 2013 (in 000's):

	Beginning Balance*	Additions	Reductions	Ending Balance	Amounts Due within One year
GOVERNMENTAL ACTIVITIES					
Bonds and notes payable:					
General obligation bonds	\$ 15,270	\$ -	\$ 1,065	\$ 14,205	\$ 1,205
Sales tax revenue bonds	24,030	-	6,925	17,105	7,130
Certificates of participation	41,805	-	1,700	40,105	1,780
Capital leases	16,190	1,777	13,345	4,622	3,489
	97,295	1,777	23,035	76,037	13,604
Add issuance premium	2,201	-	455	1,746	-
Total bonds and notes payable	99,496	1,777	23,490	77,783	13,604
Other liabilities:					
Municipal solid waste landfill	261	5	-	266	-
Compensated absences	15,811	15,234	15,529	15,516	776
Net pension obligation	1,648	2,966	3,002	1,612	-
Net OPEB obligation	11,956	2,534	1,665	12,825	-
Developer reimbursements	2,908	367	100	3,175	-
Total other liabilities	32,584	21,106	20,296	33,394	776
Governmental activities long-term liabilities	<u>\$ 132,080</u>	<u>\$ 22,883</u>	<u>\$ 43,786</u>	<u>\$ 111,177</u>	<u>\$ 14,380</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and notes payable:					
Revenue bonds	\$ 2,924,205	\$ 225,139	\$ 157,490	\$ 2,991,854	\$ 66,569
Notes payable	30,558	-	9,141	21,417	2,286
Capital leases	1,208	-	559	649	376
	2,955,971	225,139	167,190	3,013,920	69,231
Add issuance premiums/discounts	57,175	17,933	5,703	69,405	-
Total bonds and notes payable	3,013,146	243,072	172,893	3,083,325	69,231
Other liabilities:					
Municipal solid waste landfill	3,969	138	-	4,107	-
Compensated absences	14,106	17,206	17,074	14,238	7,583
Customer deposits	2,095	599	520	2,174	-
Customer advances for construction	10,475	897	2,864	8,508	-
Net OPEB obligation	1,337	1,536	1,315	1,558	-
Derivative instruments	235,512	-	97,833	137,679	194
Other	668	431	-	1,099	-
Total other liabilities	268,162	20,807	119,606	169,363	7,777
Business-type activities long-term liabilities	<u>\$ 3,281,308</u>	<u>\$ 263,879</u>	<u>\$ 292,499</u>	<u>\$ 3,252,688</u>	<u>\$ 77,008</u>

* As restated

Note: Immaterial differences may occur due to rounding.

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

Component Units

The following is a summary of long-term debt transactions for component units of the City for the year ended December 31, 2013 (in 000's):

	Beginning Balance*	Additions	Reductions	Ending Balance	Amounts Due within One year
GOVERNMENTAL ACTIVITIES					
Limited tax general obligation bonds	\$ 18,554	\$ -	\$ 264	\$ 18,290	\$ 292
Special assessment revenue bonds	58,480	-	1,165	57,315	1,835
Revenue bonds	1,945	-	30	1,915	30
Notes payable	9,608	27	126	9,509	130
Other	581	255	6	830	-
Governmental activities long-term liabilities	<u>\$ 89,168</u>	<u>\$ 282</u>	<u>\$ 1,591</u>	<u>\$ 87,859</u>	<u>\$ 2,287</u>
BUSINESS-TYPE ACTIVITIES					
Revenue bonds	\$ 5,635	\$ 5,255	\$ 5,915	\$ 4,975	\$ 785
Add issuance premiums	46	212	57	201	-
Notes payable	6,904	-	622	6,282	600
Capital leases	50,317	-	4,147	46,170	3,946
Business-type activities long-term liabilities	<u>\$ 62,902</u>	<u>\$ 5,467</u>	<u>\$ 10,741</u>	<u>\$ 57,628</u>	<u>\$ 5,331</u>

* As restated

Note: Immaterial differences may occur due to rounding.

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3. Annual Debt Service Requirements of Long-term Debt

The following is a summary of general obligation bond scheduled maturities as of December 31, 2013 (in 000's):

Year	Governmental Activities		Governmental Activities	
	Component Units		Component Units	
	Principal	Interest	Principal	Interest
2014	\$ 1,205	\$ 912	\$ 292	\$ 1,421
2015	1,937	861	314	1,400
2016	1,329	749	342	1,376
2017	1,417	658	370	1,351
2018	1,515	562	388	1,324
2019-2023	5,127	1,281	2,454	6,132
2024-2028	705	459	3,339	5,071
2029-2033	970	197	4,544	3,643
2034-2038	-	-	5,147	1,685
2039-2040	-	-	1,100	135
Total	\$ 14,205	\$ 5,679	\$ 18,290	\$ 23,538

The following is a summary of revenue bond scheduled maturities as of December 31, 2013 (in 000's):

Year	Governmental Activities		Governmental Activities		Business-type Activities		Business-type Activities	
	Component Units		Component Units		Component Units		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 7,130	\$ 713	\$ 30	\$ 163	\$ 66,569	\$ 147,828	\$ 785	\$ 117
2015	7,340	499	35	160	71,864	144,740	805	101
2016	2,635	132	40	157	79,389	142,828	820	85
2017	-	-	40	154	84,045	140,713	835	69
2018	-	-	45	150	89,135	138,774	850	52
2019-2023	-	-	295	687	533,943	624,711	880	26
2024-2028	-	-	435	539	649,800	480,835	-	-
2029-2033	-	-	650	321	637,910	310,268	-	-
2034-2038	-	-	345	45	520,785	161,451	-	-
2039-2043	-	-	-	-	170,185	48,260	-	-
2044-2048	-	-	-	-	67,970	17,462	-	-
2049-2050	-	-	-	-	20,259	1,685	-	-
Total	\$ 17,105	\$ 1,344	\$ 1,915	\$ 2,376	\$2,991,854	\$2,359,555	\$ 4,975	\$ 450

The following is a summary of certificates of participation scheduled maturities as of December 31, 2013 (in 000's):

<u>Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 1,780	\$ 1,832
2015	1,875	1,779
2016	1,990	1,711
2017	2,100	1,641
2018	2,225	1,561
2019-2023	3,840	6,921
2024-2028	5,135	6,012
2029-2033	7,905	4,566
2034-2038	10,770	2,289
2039	<u>2,485</u>	<u>124</u>
Total	<u>\$ 40,105</u>	<u>\$ 28,436</u>

The following is a summary of special assessment bond scheduled maturities as of December 31, 2013 (in 000's):

<u>Year</u>	<u>Governmental Activities</u>	
	<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 1,835	\$ 3,375
2015	1,715	3,251
2016	1,880	3,138
2017	2,045	3,014
2018	2,240	2,878
2019-2023	14,455	11,864
2024-2028	20,925	6,118
2029	<u>4,785</u>	<u>334</u>
Total	<u>\$ 49,880</u>	<u>\$ 33,972</u>

Urban Renewal Authority, a governmental component unit, issued special assessment bonds in 2008. These bonds are to be repaid exclusively from specified revenues, and therefore have no predetermined payback period. As such, these bonds are not listed in the above schedule. As of December 31, 2013, the outstanding principal balance is \$7,435,000.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

The following is a summary of notes payable scheduled maturities as of December 31, 2013 (in 000's):

Year	Governmental Activities		Business-type Activities		Business-type Activities	
	Component Units		Component Units		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 130	\$ 162	\$ 2,286	\$ 796	\$ 600	\$ 255
2015	135	156	1,722	722	618	238
2016	140	151	2,536	652	631	217
2017	145	146	2,534	572	655	202
2018	152	140	2,617	459	667	183
2019-2023	3,393	80	5,041	1,269	2,159	425
2024-2028	-	-	3,234	655	540	126
2029-2033	-	-	1,447	65	389	52
2034	-	-	-	-	23	1
Total	<u>\$ 4,095</u>	<u>\$ 835</u>	<u>\$ 21,417</u>	<u>\$ 5,190</u>	<u>\$ 6,282</u>	<u>\$ 1,699</u>

The governmental activities component units have additional combined notes payable and other long-term liabilities in the amount of \$6,243,782. These amounts are to be repaid exclusively from specified revenues, and therefore have no predetermined payback period. As such, these amounts are not listed in the above schedule.

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

	Amount Pledged (in 000's)	Term of Commitment
Governmental Activities:		
Sales Tax Revenue Bonds	\$ 18,449	2009 - 2016
Business-type Activities:		
Utilities Revenue Bonds	3,964,894	2001 - 2050
PACE Revenue Bonds	1,327,042	2009 - 2038
Airport Revenue Bonds	45,177	2003 - 2023
Parking Revenue Bonds	14,296	1999 - 2027

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

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

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

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

The City is not liable for the repayment of principal or interest on these bonds and related financial activity is not shown in the financial statements. The original issue amount of these bonds, in the aggregate, was \$316 million. There were no PABs or industrial revenue bonds issued during 2013.

L. Restatement of Net Position

The December 31, 2012, net positions have been restated due to the implementation of GASB 65 as follows:

	Primary Government		Component Units	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Beginning net position, as previously reported	\$ 1,309,119,870	\$ 1,673,328,002	\$ (39,041,500)	\$ 14,811,024
GASB 65 implementation	(1,049,042)	(5,648,613)	(1,939,221)	(162,446)
Beginning net position, as restated	<u>\$ 1,308,070,828</u>	<u>\$ 1,667,679,389</u>	<u>\$ (40,980,721)</u>	<u>\$ 14,648,578</u>

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M. Fund Balance

Fund balances of the governmental funds at December 31, 2013, include the following:

Fund Balances	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>Nonspendable:</u>			
Delinquent property taxes receivable	\$ 133,289	\$ -	\$ 133,289
Endowment - CS Smith trust fund	-	528,608	528,608
Endowment - Cemetery endowment fund	-	9,918,939	9,918,939
Endowment - TOPS maintenance trust fund	-	601,700	601,700
<u>Restricted:</u>			
Debt service	7	-	7
Emergency reserve - TABOR	7,545,241	-	7,545,241
Capital reserve - CAB	637,170	-	637,170
Bicycle Tax	-	371,696	371,696
Trails/Open Space	-	12,758,936	12,758,936
Conservation Trust	-	2,336,690	2,336,690
Cable Franchise	-	340,198	340,198
Public Safety Sales Tax	-	7,137,257	7,137,257
Special Improvement Maintenance Districts - ALL	-	1,129,688	1,129,688
Public Improvements - Banning Lewis Ranch	-	1,116,306	1,116,306
General Improvement Districts - ALL	-	1,123,480	1,123,480
Lodgers and Auto Rental Tax	-	31,104	31,104
Gift Trust - General Government	-	42,813	42,813
Gift Trust - Public Safety	-	541,059	541,059
Gift Trust - Public Works	-	1,161,386	1,161,386
Gift Trust - Culture and Recreation	-	2,030,695	2,030,695
Endowment - CS Smith trust fund	-	234,075	234,075
Endowment - Cemetery endowment fund	-	4,692	4,692
Endowment - TOPS maintenance trust fund	-	239,270	239,270
<u>Committed:</u>			
Public Improvements - Public Space and Development	-	4,783,640	4,783,640
Public Improvements - Subdivision Drainage	-	2,187,720	2,187,720
Public Improvements - Arterial Roadway	-	1,206,949	1,206,949
Public Improvements - Park Developer Easement	-	125,815	125,815
Ballfield Capital Improvements	-	133,306	133,306
Street Tree	-	105,074	105,074
Therapeutic Recreation	-	4,289	4,289
Capital outlay - General government	210,000	326,986	536,986
Capital outlay - Public safety	502,371	23,425	525,796
Capital outlay - Public works	4,622,257	5,040,055	9,662,312
Capital outlay - Parks and recreation	186,284	77,949	264,233
Capital outlay - Urban Redevelopment	45,000	-	45,000
<u>Assigned:</u>			
Public Improvements - Public Space and Development	-	87,267	87,267
Public Improvements - Park Developer Easement	-	43,867	43,867
Public Improvements - Banning Lewis Ranch	-	28,647	28,647
Street Tree	-	2,458	2,458
Encumbrances - General government	840,942	-	840,942
Encumbrances - Public safety	1,232,421	-	1,232,421
Encumbrances - Public works	4,959,603	-	4,959,603
Encumbrances - Urban Redevelopment	3,942	-	3,942
Encumbrances - Parks and recreation	1,033,618	-	1,033,618
Encumbrances - Capital projects	-	685,448	685,448
<u>Unassigned:</u>	<u>35,115,277</u>	<u>-</u>	<u>35,115,277</u>
Total Fund Balance	<u>\$ 57,067,422</u>	<u>\$ 56,511,487</u>	<u>\$ 113,578,909</u>

N. Derivatives and Interest Rate Swaps**1. Utilities Derivative Instruments**

Utilities' financial derivatives are acquired with the objective of effectively hedging expected cash flows. Interest rate and natural gas hedges that are deemed effective, by applying methods of evaluating effectiveness pursuant to GASB 53 are recognized as cash flow hedges. Some financial derivatives do not meet the criteria for effectiveness and therefore are classified as investment derivatives. Changes in the fair value of cash flow hedge derivative instruments are reported as either a deferred outflow or inflow of resources on the Statements of Net Position. Interest rate and natural gas hedges that are deemed ineffective are recognized as standalone investment derivatives. The change in the fair value of investment derivatives is recognized as non-operating revenue or expense on the Statements of Revenues, Expenses and Changes in Net Position.

Utilities has interest rate hedges based on both the Securities Industry and Financial Markets Association ("SIFMA") index and the London Interbank Offered Rate ("LIBOR") index. Utilities' interest rate derivatives based on 68% of 1-month LIBOR were classified as cash flow hedges. As of December 31, 2013, these derivatives are no longer effective pursuant to GASB 53 hedge effectiveness standards and are considered investment derivatives.

Utilities also evaluates physical supply contracts for compliance with the Normal Purchase and Sales Exemption pursuant to GASB 53. Utilities had a large physical supply contract for coal in which both the terms of this contract and Utilities' action regarding delivery of this contract met the criteria of a Normal Purchase and Sales Exemption from the contract inception date through year end 2009. During 2010, a significant amount of contractual volumes were net settled with the supplier at Utilities' initiative to allow for more economic consumption of coal from alternative sources, thereby reducing delivery of the coal to designated generation facilities under this contract. As a result, the Normal Purchase and Sales Exemption was no longer applicable. As of December 31, 2010, this contract was evaluated as a derivative instrument and deemed ineffective due to the classification of the underlying physical notional volume and price as a financial derivative, precluding the ability to perform hedge effectiveness testing against another derivative. The contract terminated in December 2012.

Utilities values interest rate derivatives based on valuations provided by DerivActiv, L.L.C., an independent third party valuation service provider. Natural gas swap derivatives are valued using published pricing benchmarks obtained through independent sources or financial institutions dealing in these markets. Natural gas option derivatives are valued based on monthly quoted prices from approved counterparties. The fair values of the interest rate and natural gas derivatives are based on present value of their estimated future cash flows.

INTEREST RATE SWAP NOVATIONS

In May 2012, Utilities replaced its swap counterparty on two bond issues totaling \$149.8 million. These swap novations resulted in \$39.3 million in collateral relief to Utilities, an increase in unrestricted cash balances, reduced counterparty exposure to European financial institutions and increased diversification of the swap portfolio.

SUMMARY OF DERIVATIVE INSTRUMENTS

The fair values and notional amounts of derivative instruments outstanding at December 31, 2013, classified by type and changes in fair value of such derivative instruments for the year then ended:

	2013 Changes in Fair Value		Fair Value at December 31, 2013		Notional
	Classification	Amount	Classification	Amount	
(in thousands)					
<u>Cash flow hedges</u>					
Interest Rate Swaps	Deferred outflows	\$ 153,637	Derivative instruments	\$ (47,042)	\$ 225,855
<u>Commodity Derivatives:</u>					
Swap contracts	Deferred outflows	11,866	Derivative instruments	(194)	116,000 MMBtu
Option Structures	Deferred outflows	235	Derivative instruments	-	
Total Cash Flow Hedges		<u>\$ 165,738</u>		<u>\$ (47,236)</u>	
<u>Investment derivative</u>					
Interest Rate Swaps	Derivative gain/(loss)	\$ (67,936)	Derivative instruments	\$ (90,443)	\$ 462,425
Total Investment Derivative		<u>\$ (67,936)</u>		<u>\$ (90,443)</u>	

Note: Immaterial differences may occur due to rounding.

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

Two primary types of commodity derivative instruments are utilized in Utilities' natural gas hedging program: fixed price forward swaps and option structures. These derivative agreements are designed to stabilize cash flow due to market price fluctuations related to expected purchases of natural gas. Utilities entered into option structures to manage natural gas price exposure above or below a designated strike price. As of December 31, 2013, Utilities has no natural gas derivatives in place to hedge 2014 natural gas exposures. Natural gas hedging activities for 2014 and beyond have been suspended pending results of an ongoing program evaluation.

Summary of scheduled projected future cash flows for interest rate derivatives as of December 31, 2013:

<u>December 31,</u>	<u>Projected Future Cash Flows In/(Out) for Hedging Derivatives (in thousands)</u>
2014	\$ (25,383)
2015	(25,030)
2016	(24,624)
2017	(24,183)
2018	(23,710)
2019-2023	(110,216)
2024-2028	(69,039)
2029-2033	(29,912)
2034-2038	(10,067)
2039-2041	(866)
	<u>\$ (343,030)</u>

Note: Immaterial differences may occur due to rounding.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

Summary of Utilities' pay-fixed interest rate swap agreements outstanding as of December 31, 2013:

	Notional Amount (in thousands)	Effective Date	Maturity Date	Terms	Counterparty
<u>Cash flow hedges</u>					
2005 SIFMA Swap	\$ 69,639	09/15/05	11/01/35	Pay 4.7099%; receive SIFMA index	Bank of America, N.A
2005 SIFMA Swap	23,356	09/15/05	11/01/35	Pay 4.7099%; receive SIFMA index	J. Aron & Co.
2007 Refunding SIFMA Swap (2012 Novation)	87,275	10/01/07	11/01/26	Pay 5.295%; receive SIFMA index	The Bank of New York Mellon
2008 SIFMA Swap	45,585	09/12/08	11/01/38	Pay 4.2686%; receive SIFMA index	Bank of America, N.A
<u>Investment derivative</u>					
2004 SIFMA Swap	103,725	08/18/04	11/01/23	Pay 4.1120%; receive SIFMA index	JP Morgan Chase Bank
2005 SIFMA Swap	430	09/15/05	11/01/35	Pay 4.7099%; receive SIFMA index	Bank of America, N.A
2006 Refunding LIBOR Swap	60,625	08/24/06	11/01/25	Pay 4.4810%; receive 68% of LIBOR	JP Morgan Chase Bank
2006 New Money LIBOR Swap	43,155	09/14/06	11/01/36	Pay 4.1185%; receive 68% of LIBOR	Morgan Stanley Capital Group Inc.
2006 New Money LIBOR Swap	28,770	09/14/06	11/01/36	Pay 4.1185%; receive 68% of LIBOR	JP Morgan Chase Bank
2007 New Money LIBOR Swap	41,280	09/13/07	11/01/37	Pay 3.198%; receive 68% of LIBOR	J. Aron & Co.
2007 New Money LIBOR Swap	27,520	09/13/07	11/01/37	Pay 3.198%; receive 68% of LIBOR	Morgan Stanley Capital Group Inc.
2009 LIBOR Swap (2012 Novation)	61,475	10/01/09	11/01/28	Pay 5.475%; receive 68% of LIBOR	Wells Fargo Bank, N.A.
2010 LIBOR Swap	47,240	10/26/10	11/01/40	Pay 3.8807%; receive 68% of LIBOR	Morgan Stanley Capital Group Inc.
2012 LIBOR Swap	48,205	03/15/12	11/01/41	Pay 4.0242%; receive 68% of LIBOR	Morgan Stanley Capital Group Inc.
Total Notional Amount for Interest Rate Swaps	\$ 688,280				

Note: Immaterial differences may occur due to rounding.

2004 SIFMA Swap - If SIFMA averages more than 7% for 180 consecutive calendar days during the term of the 2004 SIFMA Swap, the 2004 SIFMA Swap will terminate by its terms and no payments by either party will be due.

2005 SIFMA Swap - During fourth quarter 2012, it was discovered that in 2008 Utilities redeemed a portion of its 2005A variable rate bond series through the issuance of the 2008D Clean Renewable Energy Bonds (CREBs). This transaction created an immaterial difference

between the notional size of the bond issuance and the interest rate swap hedge. The overhedged portion of the swap has therefore been declared an investment derivative. Summary of Utilities’ fixed price natural gas swap agreements outstanding as of December 31, 2013:

	Notional Amount MMBtu	Effective Date	Maturity Date	Terms
<u>Cash flow hedges</u>				
J. Aron & Co.	78,000	Dec-13	Dec-13	Pay Average \$6.067/MMBtu; settlement based on Cheyenne Daily pricing point at expiration date.
BP Energy Company	38,000	Dec-13	Dec-13	Pay Average \$6.465/MMBtu; settlement based on Cheyenne Daily pricing point at expiration date.
Total Notional Amount for Commodity Swaps	<u>116,000</u>			

Note: Immaterial differences may occur due to rounding.

Utilities’ has no option structures outstanding as of December 31, 2013.

RISK

Utilities routinely monitors and manages risks in the areas of Credit risk, Interest Rate risk and associated Basis risk, Natural Gas Price risk, Termination risk, Rollover risk, Market Access risk and Foreign Currency risk. These risks are discussed in detail below.

Credit Risk - Credit risk is the exposure resulting when the counterparty is unable or unwilling to fulfill its present and future financial obligations. Each of Utilities’ interest rate or natural gas cash flow and investment derivative instruments are held with various counterparties of high credit quality. Utilities views counterparty credit risks that may arise through interest rate and natural gas derivative transactions as similar between cash flow hedges and investment derivatives.

Counterparty credit rating at December 31:

Counterparty	Credit Rating	
	2013	2012
BP Corporation North America Inc.	Baa1/A	Baa1/A
J. Aron & Co.	Baa1/A-	A3/A-
JP Morgan Chase Bank	Aa3/A+	Aa3/A+
Bank of America, N.A.	A2/A	A3/A
Morgan Stanley Capital Group Inc.	Baa2/A-	Baa1/A-
Wells Fargo Bank, N.A.	Aa3/AA-	Aa3/AA-
The Bank of New York Mellon	Aa2/AA-	Aa1/AA-

The Energy Risk Management Policy requires that Utilities' counterparties to commodity transactions be on an approved counterparty list. To be on this list, counterparties must have a minimum rating of "Baa2" issued by Moody's, a minimum rating of "BBB" issued by S&P, a minimum rating of "BBB" issued by Fitch, or be specifically approved by Utilities' Risk Management Committee. The Energy Risk Management Policy limits the amount of counterparty credit exposure according to the counterparty's credit rating.

To be on the interest rate counterparty transaction list, at the time of transaction execution, counterparties must have a minimum credit rating of "A-" category by at least one of the major credit rating agencies previously listed at the time of transaction or a counterparty shall provide a guarantee, swap surety, or other form of credit enhancement such that its creditworthiness is of an "A-" category equivalent. Each counterparty must also have a demonstrated record of successfully executing swap transactions and shall have a minimum capitalization of at least \$250.0 million.

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

At December 31, 2013, Utilities has posted approximately \$6.6 million in collateral with the various counterparties to the swap agreements. As of December 31, 2012, Utilities' collateral posting with all counterparties was \$50.8 million. Utilities' aggregate fair value of derivative instruments as of December 31, 2013, was approximately (\$137.7) million compared to (\$235.5) million at the end of 2012.

The combined fair value of all derivative instruments, net of collateral postings, as of December 31, 2013 and 2012 was approximately (\$131.1) million and (\$184.7) million, respectively.

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

The impact of a future credit default on Utilities is dependent on market conditions that exist at the time of the event. As a result, the impact on Utilities' cash and liquidity position could be

negative or positive. In consideration of this uncertainty and to minimize the impact of such an event on liquidity, as of December 31, 2013, Utilities has total lines of credit available in the amount of \$75.0 million. Utilities also closely monitors the creditworthiness of all existing counterparties and awards future business based on creditworthiness and collateral positions existing at the time of the transaction.

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect Utilities' anticipated cash flows. Utilities is exposed to interest rate risk on its variable rate debt. Utilities utilizes fixed price swaps to offset cash flow exposures to variable rate debt. Utilities receives fixed rate swap payments against VRDOs based on SIFMA and LIBOR swap indices.

Basis Risk - Basis risk is the risk that arises when variable rates or prices of a derivative instrument and a hedged item are based on different reference rates. Utilities is exposed to basis risk on its pay-fixed interest rate swap hedging derivative instruments because the variable rate payments received by Utilities on these hedging derivative instruments are based on a rate or index other than interest rates. Utilities pays on its hedged variable rate debt, which is generally remarketed every 7 days. As of December 31, 2013, the weighted average interest rate on Utilities' variable rate debt was 0.077%, the SIFMA swap index rate was 0.06%, while 68% of the LIBOR was 0.114%. As of December 31, 2012, the weighted average interest rate on Utilities' variable rate debt was 0.167%, the SIFMA swap index rate was 0.13%, while 68.0% of LIBOR was 0.143%.

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

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

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

Market Access Risk - Market access risk is the risk that Utilities will not be able to enter credit markets or that credit will become more costly. A strong credit rating tends to broaden an entity's credit market access and bondholder base while achieving lower cost funding. As of December 2013 and 2012 Utilities' long-term credit rating is "Aa2/AA/AA" by Moody's, S&P and Fitch, respectively.

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

V. OTHER INFORMATION

A. Risk Management

The City's Risk Management division manages the insurance and self-insurance programs that have been established to respond to claims presented against City, Utilities and MHS. For workers' compensation coverage the City has purchased commercial insurance to cover losses in excess of \$750,000 per occurrence. The City pays losses less than this amount through the Workers' Compensation Self-Insurance fund and records a liability for unpaid workers' compensation claims and an estimate of claims incurred but not reported. MHS is self-insured for workers' compensation claims up to \$750,000 per claim and maintains reinsurance covering claims in excess of \$750,000. A liability is recorded for unpaid workers' compensation claims. MHS exposure to workers' compensation claims is limited to operations prior to the lease of the system on October 1, 2012. Since October 1, 2012, MHS has had no employees.

MHS maintains malpractice insurance through a claims-made type of commercial insurance. The policy has a \$25,000 deductible per occurrence and provides coverage up to \$1.75 million per occurrence up to an aggregate of \$5.5 million for claims filed within the period of the policy term. MHS also has \$15 million of umbrella insurance coverage.

General liability coverage for the operations of Utilities is purchased from commercial carriers for losses in excess of \$1,000,000 with a policy aggregate limit of \$35,000,000. General liability coverage for the Airport is purchased from commercial carriers with varying deductibles. The City and its enterprises are self-insured for general liability coverage. The Colorado Governmental Immunity Act generally provides that the maximum amount that may be recovered against entities such as the City is \$350,000 for any injury to one person in any single occurrence and \$990,000 for any injury to two or more persons in any single occurrence. A liability is recorded for claims for which City is legally obligated to pay.

City has purchased property coverage to insure against loss to City property. Deductibles are paid by the affected department.

For medical claims coverage, the City has a reinsurance policy that provides coverage for claims in excess of \$500,000. The City pays claims less than \$500,000 through its Employee

Benefits Self-Insurance fund. The City has recorded a liability for medical claims and an estimate of claims incurred but not reported. Incurred but not reported claims have been accrued for the City Employee Benefits Self-Insurance fund based upon an actuarial estimate at December 31, 2012. Utilities is self-insured up to \$400,000 per individual for medical and self-insured for a limited dental benefit, and is fully insured for the vision plan. Utilities pays claims and associated plan expenses through its Employee Benefits Self-Insurance fund. Utilities maintains a reinsurance policy should a covered medical claim exceed \$400,000 and has a fully funded reserve account for claims incurred but not recorded, Health Reimbursement Account (HRA) and catastrophic claims.

There were no significant reductions in insurance coverage in 2013 as compared to coverage in 2012. Additionally, there were no settlements in excess of insurance coverage in the past three fiscal years.

The following is a summary of changes in outstanding reserves for 2013. The City’s liability is included in accounts payable in the respective Internal Service Funds.

	2013 <u>(in 000's)</u>	2012 <u>(in 000's)</u>
Claims liabilities, beginning of year	\$ 21,174	\$ 22,534
Increases	51,383	78,185
Decreases	<u>(55,026)</u>	<u>(79,545)</u>
Claims liabilities, end of year	<u>\$ 17,531</u>	<u>\$ 21,174</u>

B. Donor-restricted Endowments

As of the end of 2013, the City maintained three donor-restricted endowment funds as follows:

	<u>Fund Balance</u>	<u>Available for Spending</u>
C.D. Smith Trust	\$ 762,683	\$ 234,075
Cemetery Endowment	9,923,631	4,692
TOPS Maintenance Trust	840,970	239,270

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

expenditure. The amount available for spending is reported as expendable under net position restricted for endowments.

C. Post-Employment Benefits Other than Pensions

In accordance with the City Code, the City provides retiree health care and life insurance benefits to current and future retirees of the City. Employees who terminate prior to retirement eligibility are not eligible to participate in the programs. The City provides both access to and/or subsidies for health care plans based upon the retiree's employee group, employment dates and retirement eligibility dates. Also, the level of retiree life insurance benefit coverage depends upon the retiree's final position within the City.

Retiree Health Care Benefits Program:*Access to Health Care Plans*

Uniformed employees who retire from active service with the City and who begin receiving pension benefit payments are eligible to participate in the City's medical benefits plan as a retiree until the retiree reaches Medicare-eligible age, currently 65. Beginning January 1, 2011, retirees who reach age 65 and are Medicare-eligible are no longer eligible to participate in the City's medical benefit plans, but have access to the One Health (formerly Extend Health) private medical plan exchange. "Grandfathered" retirees who have reached age 65 and are not Medicare-eligible are allowed to stay on the City's medical plans.

Civilian employees who retire from active service with the City and who begin receiving pension benefit payments are not eligible to participate in the City's medical benefits plan as they have access to PERA Care. There remain a few civilian retirees who have reached the Medicare-eligible age that have access to One Health (formerly Extend Health) medical plans as they are not eligible to participate on the PERA Care plans. Both uniformed and civilian retirees have access to the City's dental and vision benefits plans before and after they reach Medicare-eligible age.

Both uniformed and civilian retirees have access to the City's dental and vision benefits plans before and after they reach the Medicare-eligible age.

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City's Contribution to Retiree Health Care Premium Costs

Medical Plan - The City's contribution to a retiree's medical plan premium varies as follows:

Retirees that were:	City pays:
Eligible to retire prior to January 1, 1979	The retiree's medical plan premium in full.
Hired prior to August 1, 1988 and eligible to retire on or after January 1, 1979	\$91.40 per month toward the retiree medical plan premium costs, the retiree pays the balance of the premium costs.
Hired on or after August 1, 1988	Nothing toward the retiree's medical plan premium costs, retiree pays the full medical plan premium.

During 2013, these benefits were provided to 2,553 retired employees at a cost of \$2,967,771. During 2012, these benefits were provided to 2,498 retired employees at a cost of \$2,886,863.

There is no direct cost to the City for those uniformed retirees that participate in the City's medical benefits plan as the retirees are responsible for their full medical plan premium cost. Per GASB 45, there is a liability to the City because of an implied subsidy from active members and the City through the underwriting of the medical plan as a whole.

Dental and Vision Plan - All retirees are required to pay the full dental and vision plan premiums should they choose to participate in the City's plans. In addition, the vision plan is not self-funded but rather fully insured. Again, while there is no direct cost to the City for those retirees who participate, under GASB 45 there is a liability to the City because of an implied subsidy from active members and the City through the underwriting of the plans as a whole.

Retiree Life Insurance Benefits Program:

Upon retirement from employment with the City, the following life insurance benefits are available to the retiree:

- \$9,000 for Mayor and Mayoral Appointees
- \$6,000 for City Department Heads and other City Executives
- \$3,000 for all other City retirees

If the retirement is a disability retirement, the retiree applies for a waiver of premium through the City's carrier. If approved, the retiree receives a life insurance benefit in the amount of one and a half times his or hers salary until the retiree attains the age of 65, at which point the life insurance is reduced to the amounts listed above. The City does not pay for the carrier approved waivers.

Retiree life insurance premiums were paid on behalf of 2,565 retirees for a total cost in 2013 of \$12,108. During 2012, 2,539 premiums were paid on behalf of retirees for a total cost of \$12,951. All amounts paid are equal to required contributions.

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

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

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

The following table shows the components of the City's annual OPEB cost for 2013, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 2,434,682
Interest on net OPEB obligation	538,042
Adjustment to annual required contribution	<u>(438,604)</u>
Annual OPEB cost (expense)	2,534,120
Contributions made	<u>(1,665,353)</u>
Increase in net OPEB obligation	868,767
Net OPEB obligation - beginning of year	<u>11,956,491</u>
Net OPEB obligation - end of year	<u>\$ 12,825,258</u>

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The following table shows the components of Utilities’ annual OPEB cost for 2013, the amount actually contributed to the plan, and changes in Utilities’ net OPEB obligation:

Annual required contribution	\$ 1,555,000
Interest on net OPEB obligation	60,000
Adjustment to annual required contribution	<u>(79,000)</u>
Annual OPEB cost (expense)	1,536,000
Contributions made	<u>(1,315,000)</u>
Increase in net OPEB obligation	221,000
Net OPEB obligation - beginning of the year	<u>1,337,000</u>
Net OPEB obligation - end of year	<u><u>\$ 1,558,000</u></u>

The City’s and Utilities’ annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2013 and the two preceding years were as follows:

	Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
City	12/31/2011	2,308,274	67.3%	11,237,510
	12/31/2012	2,314,559	68.9	11,956,491
	12/31/2013	2,534,120	65.7	12,825,258
Utilities	12/31/2011	1,586,000	82.7%	1,068,000
	12/31/2012	1,566,000	82.8	1,337,000
	12/31/2013	1,536,000	85.6	1,558,000

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the City’s post-retirement benefit plan as of January 1, 2013. The retiree benefits included in the actuarial valuation are the medical benefits offered to a closed group of retirees, medical benefits provided to the City’s uniformed employees and the life benefits offered to retirees and current active employees, the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the January 1, 2013, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% annual discount rate based on the expected rate of return for investments on employer assets, which generally consist of short-term liquid investments. The Unfunded Actuarial Accrued Liability is amortized over the maximum

acceptable period of 30 years for the life benefit and average remaining lifetime of retirees for the medical benefit on an open basis. The amortization is calculated assuming a level percentage of projected payrolls. The assumed salary growth rate used was 3.8%, with 2.8% assumed for inflation. The medical trend rate used beginning in 2013 was 7.4% per year, grading to 4.7% over 71 years.

Utilities used a projected unit credit method. The assumptions included a 4.5% annual discount rate based on the expected rate of return for investments on employer assets, which generally consist of short-term liquid investments. The Unfunded Actuarial Accrued Liability is amortized over the maximum acceptable period of 30 years for the life benefit and average remaining lifetime of retirees (17 years) for the medical benefit on an open basis. The amortization is calculated assuming a level percentage of projected payrolls. The cost trend rate applied on a select and ultimate basis was 8.0% and 5.0%, respectively.

Funding Status and Funding Progress – The funded status of the plan as of January 1, 2013, the most recent actuarial valuation date was as follows:

	<u>City OPEB Obligation</u>	<u>Utilities OPEB Obligation</u>
Actuarial Accrued Liability (AAL)	\$ 40,554,203	\$ 18,000,000
Actuarial Value of Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 40,554,203</u>	<u>\$ 18,000,000</u>
Funded Ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll (active plan members)	\$ 72,814,000	\$ 1,555,000
UAAL as percentage of covered payroll	55.7%	1157.6%

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

The schedule of funding progress as of December 31, 2013, the most recent actuarial valuation date was as follows:

City of Colorado Springs

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
1/1/2009	\$ -	\$ 74,052,320	\$ 74,052,320	0.0%	\$ 87,346,062	84.8%
1/1/2011	-	39,410,869	39,410,869	0.0	76,284,715	51.7
1/1/2013	-	40,554,203	40,554,203	0.0	72,814,000	55.7

Colorado Springs Utilities

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
1/1/2009	\$ -	\$ 17,074,000	\$ 17,074,000	0.0%	\$ 1,549,000	1102.3%
1/1/2011	-	18,602,000	18,602,000	0.0	1,615,000	1151.8
1/1/2013	-	18,000,000	18,000,000	0.0	1,555,000	1157.6

D. Commitments and Contingent Liabilities

1. Construction and Purchase Commitments

Significant construction and purchase commitments of the City, as of December 31, 2013, are as follows (in millions):

General fund	\$ 8.1
Non-major governmental funds	9.7
Utilities fund	251.4
Airport fund	1.1

2. Refunded Bonds

At various dates in prior years, Utilities has placed proceeds from refunding bond issues in irrevocable refunding escrow accounts. As of December 31, 2013, Utilities remains contingently liable for the outstanding principal balance of \$186,880,000 in refunded bonds.

During 2012, MHS placed available funds in irrevocable refunding escrow accounts. As of December 31, 2013, MHS remains contingently liable for the outstanding principal balance of \$86,895,000 in refunded bonds.

3. Charter Amendment

In April 1991, voters approved City Charter Amendment #3, entitled Taxpayers Bill of Rights (TABOR). In November 1992, voters adopted a similar statewide constitutional amendment. Both contain provisions which limit the amount of revenue the City may retain in any given year. TABOR permits a maximum annual percentage change in "fiscal year spending" (FYS) equivalent to the sum of inflation in the prior calendar year and annual local growth. Should FYS increase at a rate greater than that which the formula allows, the City must refund the "excess" in the ensuing year or seek voter approval to retain the "excess." TABOR also establishes a separate requirement for local governments that limits the increase in property tax revenue from year to year. Based upon the City's interpretation of the amendments, 2013 FYS and property tax revenues were less than the revenue limits and therefore no refund nor corresponding liabilities have been reported.

On November 2, 2010, the eligible electors of the City voted to amend the Charter to establish a council-mayor form of government having as its elective officers a Mayor and City Council. Pursuant to this form of government, the Mayor of the City is the chief executive, exercising all administrative and executive powers granted to the City, except as otherwise delegated by the City Charter. The Mayor is elected every four years and is limited to two consecutive terms. The Mayor is to be elected by a majority, and not a plurality, of votes cast for the office of Mayor according to a run-off election. Steve Bach was elected as Colorado Springs' first strong mayor in a run-off election on May 17, 2011. His term expires in 2015.

Policy-making and legislative authority are vested in the governing council (Council) consisting of nine members, all elected on a non-partisan basis. Council members serve four-year terms and are term limited to two terms. Three council members are elected at large; the remaining council members are elected from six equally-populated districts. Biennially, council members elect a President from among themselves to preside over the meetings and a President Pro Tempore to fill in when the President is absent.

4. Litigation

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

5. Contingent Liabilities

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grant. Such audits could lead to reimbursements to the grantor agencies. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time. Management believes disallowances, if any, resulting from any such audits would be immaterial.

6. Environmental Matters

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

Air Quality - In operating the Electric System, Utilities is subject to environmental requirements, which affect operating and capital costs of the System. Ongoing promulgation of new regulations under the Clean Air Act Amendments of 1990 and the Colorado Air Quality Control Act will have the effect of imposing more stringent air emission requirements for the Electric System's generating facilities, particularly the Nixon and Drake coal-fired units.

Drake Units 5, 6 and 7 (all coal-fired), Nixon Units 1 (coal-fired), 2 and 3 (both gas-fired), and Front Range Power Plant Units 1 and 2 (both gas-fired) are subject to the Clean Air Act Title IV Phase 2 Acid Rain Requirements. Utilities has sufficient emission allowances that it believes will satisfy its sulfur dioxide ("SO₂") allowance obligations into 2018. Thereafter, Utilities expects to have pollution control technology in operation to remain in compliance with the sulfur dioxide requirements for these units.

The Federal Clean Air Act requires that states develop "State Implementation Plans" ("SIPs") that address how each state will control air pollution, including visibility impacts to Class I federal areas. The Environmental Protection Agency's ("EPA") Regional Haze Rule requires that certain emission sources, such as power plants that may reasonably be anticipated to cause or contribute to visibility impairment in Class I areas to install Best Available Retrofit Technology ("BART"). The BART emission limits for nitrogen oxides ("NO_x") for Drake will be met by the installation of over fire air and ultra low NO_x burners on Units 5, 6, and 7. The BART emission limits for SO₂ for Drake will be met by scrubbers for Units 6 and 7 and dry sorbent injection for unit 5. The estimated remaining cost of these controls is \$104.0 million. These controls must achieve compliance with emission limits no later than January 30, 2018.

Additionally, Colorado's Regional Haze SIP phases in emission limits for other stationary sources, such as Nixon, as part of "Reasonable Progress" towards natural levels of visibility under the Regional Haze Rule. The Reasonable Progress emission limits for NO_x for Nixon

will be met by the installation of over fire air and ultra low-NOx burners and the Reasonable Progress emission limits for SO₂ will be met by the installation of a scrubber. The estimated remaining cost of these controls is \$101.0 million. These controls must achieve compliance with the emission limits by December 31, 2017.

For particulate matter control, both Nixon and Drake have been equipped with fabric filter baghouses. Currently these baghouses achieve a removal efficiency of greater than 95%. Through its BART and Reasonable Progress analysis of Drake and Nixon, the State has determined that the existing baghouses represent the most stringent controls for particulate matter and will be sufficient to meet BART and Reasonable Progress limits.

The Regional Haze Rules requirements for Drake and Nixon were approved by the State legislature in May 2011. The EPA approval of the SIP had an effective date of January 30, 2013. Utilities submitted its required proposed Compliance Schedule to the Air Pollution Control Division ("APCD") of the Colorado Department of Public Health and Environment ("CDPHE") on March 28, 2013. The proposed compliance schedule was reviewed by the APCD and noticed to the public on June 17, 2013 for a 30-day comment period ending July 17, 2013. On August 21, 2013, Utilities submitted a proposed revision to its compliance schedule, which was again noticed to the public for a 30-day period ending October 4, 2013. On November 4, 2013, Utilities was notified by the APCD that the compliance schedule proposed by Utilities was approved.

Additional regulations, such as the ongoing review of the federal ozone standard, may necessitate the installation of additional pollution controls beyond those described above. While it is uncertain the extent to which these regulations will affect Utilities' power plants or operations, additional future pollution controls for NO_x, i.e., post-combustion controls such as Selective Catalytic Reduction, could potentially cost Utilities an additional \$100.0 million to \$150.0 million within the next ten years.

With regard to the EPA's final Maximum Achievable Control Technology rule, finalized in December 2011 as the Mercury and Air Toxics Standard, emissions testing performed in recent years indicate that Utilities is in compliance with the limits in the Mercury and Air Toxics Standard for all of the Nixon and Drake coal-fired boilers. It is expected that the combination of planned scrubbers and existing baghouses will also be adequate to meet these new standards. While additional monitoring, testing and reporting will be required (i.e., installation of continuous emissions monitoring systems for mercury) capital investment is estimated to be less than \$1.0 million for all coal-fired units combined.

In May 2010, the EPA issued its final "Prevention of Significant Deterioration and Title V Greenhouse Gas Tailoring Rule" for regulating greenhouse gas emissions, and the rule has been adopted by Colorado. New construction projects that emit at least 100,000 tons of greenhouse gases and existing facilities that increase their emissions by at least 75,000 tons per year must obtain a construction permit even if they do not exceed thresholds for other pollutants. New and upgraded facilities that are subject to the requirements will be

required to install BART to control their greenhouse gas emissions. Utilities routinely evaluates the impact of Prevention of Significant Deterioration regulations on proposed projects and, at this time, there are no planned projects which would be subject to increased cost or operational restrictions as a result of the greenhouse gas Prevention of Significant Deterioration regulations. On June 25, 2013, President Obama directed EPA to develop carbon pollution standards for new and existing power plants. Proposed standards for new plants are expected to be finalized after 2013, while proposed standards for existing plants are expected to be finalized by the end of 2015. At this time, the future capital costs of compliance with these future greenhouse gas regulations cannot be estimated. Utilities reports its greenhouse gas emissions under new EPA reporting regulations and voluntarily through the Climate Registry.

In June 2010, the EPA issued a proposed rule regarding "Coal Combustion Residuals" ("CCRs"), which are also referred to as "coal combustion byproducts" or "coal ash". The proposed rule considered two approaches for disposal of CCRs, one to regulate CCRs under subtitle C of the Resource Conservation and Recovery Act as a special waste and the second under subtitle D of the Resource Conservation and Recovery Act as a non-hazardous waste. Either approach will increase costs to Utilities for the ongoing disposal of these materials. The most significant increase would result from CCRs being regulated under subtitle C. It is estimated that this scenario could increase Utilities' annual disposal costs from \$1.0 million to \$10.0 million. It is anticipated that the EPA will establish a final rule with regards to disposal of CCRs in 2014. Utilities currently disposes of its CCRs at its Clear Spring Ranch Solids Handling and Disposal facility under a County solid waste disposal authorization known as a "Certificate of Designation."

In February 2012, the CDPHE adopted revisions to Section 9 (regarding waste impoundments) of its "Regulations Pertaining to Solid Waste Sites and Facilities." Additional capital investment in the range of \$1.0 million to \$9.0 million for existing impoundments at Drake and Nixon may be required to meet these revisions in the 2015-2017 timeframe. Utilities expects to receive clarity from the CDPHE in 2014 regarding the extent for impoundment related capital investment following their review of Utilities' preliminary impoundment classification submittals. The revised regulation will require both plants to obtain a "Certificate of Designation" from both the City and El Paso County and require that financial assurance be maintained for any future closure of these impoundments. Demonstration of adequate financial assurance will likely be required in 2014.

In June 2013, the EPA proposed Effluent Limit Guidelines for electric power generating stations. EPA proposed eight regulatory options and identified a middle option as its preferred alternative. Nixon is a zero discharge facility and is unlikely to be affected by the final version of the rule, regardless of the alternative selected. Some of the EPA's most stringent proposals could result in additional capital expenditures for improvements to Drake. The probability and extent of such costs is being assessed by Utilities. The proposed rule contemplates a compliance period between 2017 and 2022.

Wastewater Quality - Utilities operates the Las Vegas Street Wastewater Treatment Plant, which discharges treated wastewater to Fountain Creek, and the J.D. Phillips Water Reclamation Facility, which discharges treated wastewater to Monument Creek. Both facilities operate under the terms of Colorado Discharge Permit System ("CDPS") permits issued in 2006 pursuant to the Federal Clean Water Act. Under the CDPS permits, Utilities is required to monitor wastewater discharges and report on a monthly basis the results of that monitoring to the CDPHE. In 2010, permit renewal applications were submitted to the CDPHE as required for both facilities. The permits are expected to be renewed in 2014. Utilities continues to operate under administrative extension of the existing permits until such time that renewed permits are issued.

In accordance with the CDPHE regulations, Utilities is subject to public health protection limits for E. coli and turbidity applicable to the distribution system for reclaimed wastewater used for nonpotable purposes. Utilities does not expect that additional capital or other expenditures will be required to comply with these regulations in the next several years.

The CDPS permits for the facilities require that when peak monthly throughput and treatment reach 80.0% of facility design capacity, Utilities must initiate engineering and financial planning for additional treatment capacity, and that construction must be commenced when peak monthly throughput and treatment is at 95.0% capacity. For both facilities, the throughput and treatment are currently below these capacity standards. Peak monthly organic treatment and hydraulic throughputs in 2013 for the Las Vegas Street Wastewater Treatment Plant reached 44.5% and 44.9% of the respective capacities. Peak monthly organic treatment and hydraulic throughputs in 2013 for the J.D. Phillips Water Reclamation Facility reached 45.8% and 39.9% of the respective capacities.

Utilities is actively engaged in the State's water quality regulatory rulemaking processes. A new ultraviolet disinfection system for the Las Vegas Street Wastewater Treatment Plant came on-line in January 2011 to both enable the facility to meet more stringent future E. coli limits as well as reduce operational and regulatory risks associated with chlorine gas disinfection. The CDPHE changed Fountain and Monument Creeks' stream designations from "use-protected" to "reviewable" in July 2008. Utilities expects to see the first impact of this change in the discharge permit renewal negotiations anticipated in 2014. This change may ultimately result in more stringent effluent limits for pollutants that have been detected in the discharge but are not limited by the treatment facilities' current CDPS permits. Additionally, pollutants that are currently limited by the CDPS permits may undergo an "antidegradation" review that could result in more restrictive effluent limits. Reduced or additional permitted effluent limits may necessitate additional wastewater treatment facility controls.

The CDPHE adopted regulations for reducing nutrients (nitrogen and phosphorus) in state waters through 2022 which became effective in September 2012. Additional capital investment will be required to meet these standards. Based on these regulations,

approximately \$3.1 million in capital investment will be required at the Las Vegas Street Wastewater Treatment Plant between 2014 and 2022. In July 2013, Utilities was awarded a \$1.0 million construction grant from the State's Nutrient Grant Program to offset these costs. Current plans are for design in 2015 with construction of plant upgrades in 2016 and 2017. The J.D. Phillips Water Reclamation Facility will be able to meet the proposed standards with a \$1.5 million process improvement project currently in design and planned for construction in 2014. However, some nutrient regulatory scenarios could result in much greater capital investment being required after 2022.

As required by discharge permits, Utilities has reported both sanitary sewer overflows ("SSOs") and reclaimed wastewater releases to regulatory agencies. SSOs can be caused by blockages in the sewer lines due to debris, tree roots and grease or can be caused by vandalism, construction damage, pump or pipeline failures and severe flooding. In 2004, the CDPHE and Utilities entered into a Compliance Order on Consent ("Consent Order") which addresses capacity and condition evaluations, along with the systematic repair, rehabilitation and replacement of portions of the wastewater collection system through the year 2012. The Consent Order was reviewed and approved by the EPA. The Consent Order was subsequently amended in 2005, 2006 and 2010 to resolve SSOs that occurred through December 2009. On January 29, 2013, Utilities submitted a "Notice of Completion" to the CDPHE for the Consent Order and subsequent amendments. In a letter dated March 8, 2013, the CDPHE informed Utilities that the Notice of Completion ". . . was satisfactory and Colorado Springs has fully responded to and met its obligations pursuant to the Consent Order." As a result, the CDPHE formally closed the Consent Order and no further action is required from Utilities on this matter.

The Clear Spring Ranch Solids Handling and Disposal Facility, which processes sludge from the Las Vegas Street Wastewater Treatment Plant and the J.D. Phillips Water Reclamation Facility, is currently regulated under a federal sludge disposal permit, the CDPHE's solid waste regulations, a County solid waste disposal authorization known as a "Certificate of Designation" and State air quality permits. Under these permits and related regulations, Utilities is required to frequently monitor sludge and ground water quality. In May 2013, the EPA reauthorized the general permit for sludge disposal which expires on May 15, 2018. Utilities was notified by EPA on July 30, 2013 that it is now covered under this reauthorized permit. The solid waste disposal Certificate of Designation has no expiration date.

In February 2012, the CDPHE adopted revisions to Section 9 (regarding waste impoundments) of its "Regulations Pertaining to Solid Waste Sites and Facilities." Additional capital investment in the range of \$7.0 million to \$15.0 million for existing impoundments at the Clear Spring Ranch Solids Handling and Disposal Facility may be required to meet these revisions in the 2015-2017 timeframe. Utilities expects to receive clarity from the CDPHE in 2014 regarding the extent for impoundment-related capital investment following their review of Utilities' preliminary impoundment classification submittals. The revisions may require that the site's Certificate of Designation be amended

and will require that financial assurance be maintained for any future closure of the impoundments.

In 2009, a "Wastewater Integrated Master Plan" was drafted and internally reviewed. This plan addresses the 10-year capital improvement projects needed for the wastewater collection system, wastewater treatment facilities and Clear Spring Ranch Solids Handling and Disposal Facility. It analyzes current capacity and future growth needs for wastewater system components. The plan also addresses the impacts of new regulations and plans for capital improvements necessary to keep the facilities in compliance with the new regulations.

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

The Federal Safe Drinking Water Act authorizes the EPA to establish national health-based standards for the protection of drinking water from both naturally occurring and man-made contaminants. Additionally, the EPA maintains a list of unregulated contaminants that are not currently subject to any proposed or promulgated national primary drinking water regulation, but that are known or anticipated to occur in public water systems and may become subject to regulation in the future. As such, there is always the potential for new and/or more stringent standards that may impose additional costs to Utilities, either to existing infrastructure or operations or to new water project development. Utilities' current long-term capital improvements forecast for the Water System addresses normal repairs and replacements in the treatment and distribution facilities to maintain both operational reliability and compliance with the Federal Safe Drinking Water Act and applicable regulations. Utilities is required to provide a sufficient capacity and level of water treatment and disinfection necessary to meet EPA-established "maximum contaminant levels" for regulated contaminants as well as provide regular monitoring for these contaminants in its treatment plants and distribution systems. Utilities' laboratory performs chemical, physical and biological analyses of its finished water supplies, and is certified by the CDPHE for the analysis of drinking water. The CDPHE and the EPA have the authority to enforce drinking water quality standards for the water supplied by the Water System. The CDPHE periodically conducts compliance inspections of the water treatment processes and laboratory monitoring provided by Utilities. The laboratory is capable of meeting future analytical demands in response to system capacity additions and increased regulatory requirements. As part of the "consumer awareness" provisions of the Federal Safe Drinking Water Act, Utilities is required to submit annual "consumer confidence reports" to its customers addressing the sources of its drinking water and the levels of regulated contaminants found in the drinking water through its monitoring programs. Utilities' annual Water Quality Report to its customers consistently notes that the water

treated and supplied by Utilities meets applicable primary drinking water quality standards. Other provisions of the Federal Safe Drinking Water Act require Utilities to maintain operator certifications, submit a Source Water Assessment report to the CDPHE, and maintain a cross-connection program.

Water Supply - Federal and state legislation often influences Utilities' water development activities. Such legislation and regulations promulgated by federal and state agencies generally implement environmental policies concerned with land use, appropriation and allocation of water resources and water quality. The constraints imposed by environmental laws and regulations could potentially limit Utilities' current system yield or further expansion of existing water projects (particularly transmountain projects) as well as prohibit new project development. The following discussion summarizes some of the issues raised by existing laws and regulations.

The National Environmental Policy Act of 1969 requires the review of any project that includes a major federal action (usually the issuance of permits by federal agencies) to determine if the project will cause significant impacts on the environment, and if so to require appropriate mitigation measures. As part of this environmental assessment process, reasonable alternatives to the proposed project must also be evaluated and reviewed as part of the federal decision-making process. This requirement has had the effect of both delaying projects and increasing project costs.

The Federal Land Policy and Management Act authorizes the federal government to grant easements or issue special use permits for rights-of-way for water facilities crossing or located upon federal property. The Federal Land Policy and Management Act requires that special use permits include conditions necessary to protect the environment. All rights-of-way issued under the Federal Land Policy and Management Act are for a limited period of time and frequently contain reopener provisions. Upon renewal or reopening of the various special use permits that Utilities currently holds for the Water System, additional conditions, such as minimum stream flows or bypass requirements, might be imposed that could reduce the yield of related parts of the Water System in the future.

The federal government has designated large parcels of federally owned mountain land as controlled land use areas pending an evaluation for possible inclusion within the national wilderness preservation system. The inclusion of land within a wilderness area can render a water source unusable due to access restrictions and federal reserved water rights claims, or force a change to a less desirable, more expensive alternative development or operation plan.

The United States Forest Service is pursuing, or may pursue in the future, legal action in which it claims vested federal reserved water rights to water flowing in and through National Forests and other federally owned lands. Some of these claimed federal reserved water rights are or would be superior to some of the water rights owned by the City within Colorado's water allocation system. The areas of primary concern to the City are the

Arapaho and White River National Forests, both of which were reserved in 1905. These forests, located within the Colorado River and Arkansas River drainages, encompass the sources of the City-owned rights and entitlements connected with the Homestake Project, the Blue River Project, the Twin Lakes Project and the Fryingpan-Arkansas Project.

The Federal Wild and Scenic Rivers Act is designed to protect certain free-flowing rivers identified by federal agencies. This Act authorizes Congress to designate segments of a river as wild, scenic, or recreational depending upon the presence of valued characteristics, such as recreational access, and other detracting factors, such as the degree of existing encroachment. Designation of a segment requires federal agencies to manage the river and adjacent lands to protect the identified valued characteristics and provides legal support for the appropriation of a new federal water rights. Both of these effects present potential issues that could restrict the operations and development of the Water System.

The Federal Clean Water Act, as amended in 1987 and currently enforced by federal and state entities with responsibility over water quality protection, creates some potential for additional constraints on water operations and development activities. For example, in a United States Supreme Court case the Court considered hydrologic modifications as "pollution" under the Federal Clean Water Act, and stated that instream flow requirements as special use permit conditions may be appropriate to protect designated stream uses. Similarly, recent federal courts of appeals decisions (outside Utilities' jurisdiction) raise the issue of whether a permit is necessary to transfer raw water from one water body to another. Such conditions, along with those imposed under Section 404 of the Federal Clean Water Act (relating to dredge and fill permits), Section 401 (relating to state certification of water quality conditions), Section 303(d) (relating to impaired water bodies and wasteload allocations) and those which may be necessary to meet Section 319 (non-point source best management practices) as well as new watershed-based requirements may increase the costs of future operations of the Water System and development of water resources. The EPA's emphasis on watershed planning and proposed modifications to the water quality standards program involve such issues as biological criteria, antidegradation review of permitted activities and standards for clean sediment and nutrients that could further impact water project construction and operation.

The Federal Endangered Species Act requires consultation with the U.S. Fish and Wildlife Service by a federal agency before the agency issues any authorization or permit for an activity. If the U.S. Fish and Wildlife Service determines that the proposed activity will have a detrimental impact on threatened or endangered species or their habitat, it must identify a reasonable and prudent alternative which would not jeopardize the species or result in the destruction of its habitat. This process can result in decreased project yields, increased project costs or both. For example, in June 1998 the Preble's Meadow Jumping Mouse, whose habitat includes some riparian areas in and around the City, was designated as a threatened species. This designation affects construction activities in those areas by requiring special permits, development of conservation plans and consultation with the U.S. Fish and Wildlife Service. In response to this, Utilities initiated a collaborative process,

which includes other regional stakeholders, to develop an appropriate local conservation plan that will allow continued construction activities without unreasonable additional regulatory requirements. In 2008, the U.S. Fish and Wildlife Service proposed critical habitat designation for the Preble’s Meadow Jumping Mouse in a small portion of Utilities’ service area. This proposal is not expected to have significant impact on Utilities’ projects or operations.

E. Passenger Facility Charges

The Federal Aviation Administration (FAA) authorized the Airport to impose a Passenger Facility Charge (PFC) per qualifying passenger commencing March 1, 1993. Net receipts from these charges are restricted for use on FAA approved PFC projects. The City has been authorized to collect PFC revenues in the aggregate amount of \$70,152,689 or until November 1, 2015, whichever occurs first. PFC revenues are recognized when earned. Aggregate collections through December 31, 2013, total \$64,140,965.

F. Customer Facility Charges

An ordinance (04-32) was approved by the City Council on March 23, 2004, allowing the Airport to continue to collect the CFC’s for the purpose of funding the rental car improvement projects. The collection rate of \$1.50 per rental car contract date will remain until changed by City Council ordinance. The rate cannot exceed \$2.50 per rental car contract day without City Council approval. Aggregate collections through December 31, 2013, totaled \$11,546,162.

G. Joint Venture – Utilities

Utilities has equity interest in Young Gas Storage Company, Ltd. (“Young”) of 5%. Young is a Colorado limited partnership organized on June 30, 1993, to develop and operate a natural gas storage system near Fort Morgan, Colorado. Young’s gas storage system consists of 38 natural gas storage facility wells, a 6,000 horsepower compressor station, a gas processing plant, eleven miles of 20-inch transmission line and four miles of storage gathering line.

The following table lists the amount invested, equity in the entities’ undistributed net earnings, and Utilities’ net investment in joint ventures recorded on the balance sheet as of December 31, 2013 (in 000’s):

<u>Entity</u>	<u>Amount Invested</u>	<u>Undistributed Net Earnings</u>	<u>Utilities Investment</u>
Young Gas Storage Company Ltd.	\$500	\$698	\$1,198

There were no advances or loans outstanding to this entity as of December 31, 2013.

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

Plan Description: The City contributes to the Local Government Division Trust Fund (LGDTF), a cost sharing multiple employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). LGDTF provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All employees, except uniformed police and fire, are members of the LGDTF. The Mayor, direct reports of the Mayor, and elected officials of the City may exempt from membership. Title 24, Article 51, of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for LGDTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy: Plan members and the City are required to contribute to the LGDTF at a rate set by statute. The contribution requirements of plan members and the City are established under Title 24, Article 51, Part 4, of the CRS, as amended. The contribution rate for members is 8.0% and for the City is 10.0% of covered salary. A portion of the City's contribution (1.02% of covered salary) is allocated for the Health Care Trust Fund (HCTF) (See Postemployment Health Care Benefits). The City is also required to pay an amortization equalization disbursement (AED) equal to 2.2% of the total payroll for the calendar year 2013. Additionally, the City is required to pay a supplemental amortization equalization disbursement (SAED) equal to 1.5% of the total payroll for the calendar year 2013. If the City rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay the employer contribution rate, the AED and the SAED on the amounts paid for the retiree. Member contributions are required. The City contributions to LGDTF (including the amount contributed to the HCTF) for the years ending December 31, 2013, 2012, and 2011, were \$27,647,224, \$49,406,448, and \$56,154,685 respectively, equal to its required contributions for each year.

Postemployment Health Care Benefits

Plan Description: The City contributes to HCTF, a cost-sharing multiple-employer postemployment health care plan administered by PERA. The HCTF is funded by City contributions at a rate of 1.02% of covered salary. This 1.02% is a portion of the 10% the City already contributes to PERA on behalf of the employees not in addition to. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12, of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a

publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at www.copera.org or by writing to PERA of Colorado, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy: The City is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the City are established under Title 24, Article 51, Part 4, of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208, of the Colorado Revised Statutes, as amended. The City's contributions to HCTF for the years ending December 31, 2013, 2012, and 2011 were \$2,053,845, \$3,674,156, and \$4,466,459, respectively, equal to its required contributions for each year.

Defined Contribution Plan

Plan Description: The LGDTF members of the City may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Contributions are separate from others made to PERA. Title 24, Article 51, Part 14, of the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature.

Funding Policy: The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$17,500 annually for 2013 calendar year). There is a catch-up provision that allows participants 50 and older who are contributing the maximum to contribute an additional \$5,500 annually to their accounts.

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

Funding Policy: The ICMA and FPPA 457 plans are funded by voluntary member contributions of up to a maximum limit set by the IRS (\$17,500 annually for 2013 calendar year). In addition, employees are eligible to contribute an additional \$5,500 annually if they are age 50 or older. There is an additional "pre-retirement" catch-up provision that allows employees to double their 457 contributions by funding an additional \$17,500 if they are within three years of retirement. The City and Utilities provides, by authority of a City Council Resolution, an ICMA 401(a) Plan, a defined contribution plan, administered by ICMA Retirement Corporation, which defines eligibility and participation requirements. Employee contributions for December 31, 2013 were \$107,949. The annual employer contribution for the year ending December 31, 2013, was \$126,206.

2. Uniformed Employees**Defined Benefit Pension Plan**

Plan Description: All fire and police officers of the City participate in one of five defined benefit pension plans. Two of these plans (Old Hire Fire and Old Hire Police) are single employer, defined benefit pension plans. The remaining plans (Statewide, Alternate Fire, and Alternate Police) are cost-sharing multiple-employer, defined benefit pension plans. Membership in the various plans is dependent upon the classification of the employee (fire or police) and the start date of the employee. There are approximately 372 participating employers in the FPPA multiple-employer plans. On October 1, 2006, FPPA and the City entered into an agreement under which FPPA administers the Alternative Fire and Alternative Police plans, collectively referred to as the Colorado Springs New Hire Pension Plan (CSNHPP).

The Old Hire plans are administered jointly by the City and FPPA. FPPA performs certain administrative tasks in accordance with an agreement with the City in regards to the Old Hire plans. Provisions of these plans are established and amended by City Council in accordance with relevant state statute. The plans provide benefits to members based upon the provisions unique to that plan. Disability benefits to fire and police officers and death benefits to their survivors for all plans 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. The plans are included as pension trust funds.

FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information. That report can be obtained online at www.FPPAco.org or by writing to: Fire and Police Pension Association, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111-2721 or by calling FPPA at 303-770-3772 or 1-800-332-3772.

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 fair value.

Funding Policy: The funding policy of each of the plans provides for actuarially determined rates of contribution based upon an actuarial analysis. An actuarial analysis is undertaken annually for all plans. City Council has the authority to establish and amend contribution rates in accordance with the actuarial analysis for Old Hire Plans only. The contributions and funding ratios for these plans are shown in Required Supplemental Information. Employee and employer contribution rates for 2013 were as follows:

	Employee Rate	Employer Rate
Old Hire Police	10%	10%
Old Hire Fire	10%	10%
Alternate Police (hired prior to 1997)	8%	21.02%
Alternate Fire (hired prior to 1997)	10%	18.31%
Alternate Police (hired 1997 or after)	9.3%	22.32%
Alternate Fire (hired 1997 or after)	11.3%	19.61%
Statewide (Police and Fire)	9.3%	9.3%

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

- 1) The valuation method states that the unfunded actuarial liability and the present value of future normal costs under the Entry Age Normal actuarial cost method are amortized over the lesser of 20 years or the average remaining life expectancy of the group, which is currently 20.7 years. The amortization method and amortization period are outlined in the Required Supplemental Information. See Exhibit 17.
- 2) The asset valuation method is based on a comparison of expected and actual asset values determined as follows:
 - (a) At the beginning of each plan year, an expected actuarial asset value is calculated as the sum of the previous year’s actuarial value increased with a year’s interest at the Plan valuation rate plus net cash flow (excluding expenses) adjusted for interest (at the same rate) to the end of the previous plan year. The interest rate of return, salary projection rate, inflation rate and post-retirement benefit increase assumptions are outlined in the Required Supplemental Information.
 - (b) The difference between the expected actuarial asset value and the actual market value is the investment gain or loss for the previous plan year.
 - (c) The final actuarial asset value is the expected actuarial value plus one third of the investment gain or loss for the previous plan year.
 - (d) The actuarial value of assets was initialized at market value as of January 1, 1999.

- 3) The reported compensation was annualized based on actual service credits for members who were credited with less than twelve months of service credits. Compensation is assumed to increase based on the salary scale assumption.
 - (a) The Schedule of Funding Progress in the Required Supplemental Information presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability.
 - (b) The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations, if applicable.

Defined Contribution Plan

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

Funding Policy: The ICMA and FPPA 457 plans are funded by voluntary member contributions of up to a maximum limit set by the IRS (\$17,500 annually for 2013 calendar year). In addition, employees are eligible to contribute an additional \$5,500 annually if they are age 50 or older. There is an additional "pre-retirement" catch-up provision that allows employees to double their 457 contributions by funding an additional \$17,500 if they are within three years of retirement.

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Annual Pension Cost

The City's annual pension cost and net pension obligation for the plans for 2013 were as follows:

	Old Hire Fire	Old Hire Police	Total
Annual required contribution	\$ 1,467,740	\$ 1,534,546	\$ 3,002,286
Interest on net pension obligation	76,235	47,372	123,607
Adjustment to annual required contribution	(98,504)	(61,209)	(159,713)
Annual pension cost	<u>1,445,471</u>	<u>1,520,709</u>	<u>2,966,180</u>
Contributions made	<u>(1,467,740)</u>	<u>(1,534,546)</u>	<u>(3,002,286)</u>
Decrease in net pension obligation	(22,269)	(13,837)	(36,106)
Net pension obligation - beginning of year	<u>1,016,470</u>	<u>631,623</u>	<u>1,648,093</u>
Net pension obligation - end of year	<u>\$ 994,201</u>	<u>\$ 617,786</u>	<u>\$ 1,611,987</u>

Other Information

Employees hired before April 1978:

<u>Old Hire Fire (closed to new employees)</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Annual pension cost (APC)	\$ 1,445,471	\$ 1,464,930	\$ 1,548,766
Percentage of APC contributed	102%	102%	101%
Net pension obligation	\$ 994,201	\$ 1,016,470	\$ 1,047,801
<u>Old Hire Police (closed to new employees)</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Annual pension cost (APC)	\$ 1,520,709	\$ 1,390,834	\$ 1,492,204
Percentage of APC contributed	101%	101%	101%
Net pension obligation	\$ 617,785	\$ 631,623	\$ 664,613

The City contributions to the Alternative Fire Pension Plan for the years ending December 31, 2013, 2012 and 2011 were \$3,622,883, \$3,686,358 and \$3,677,077 respectively. Contributions made to the Alternative Police Plan by the City for the years ending December 31, 2013, 2012 and 2011 were \$8,313,576, \$7,394,328 and \$7,886,280 respectively. The City contributed \$1,404,354, \$1,214,883, and \$671,729 to the Statewide Fire Pension Plan for the years ending December 31, 2013, 2012 and 2011 respectively. Finally, contributions made to the Statewide Police Pension Plan by the City for the year ending December 31, 2013, 2012 and 2011 were \$1,057,653, \$831,546 and \$658,771 respectively. For both the Alternative Police and Fire Pension plans as well as both the

Statewide Police and Fire Pension plans, contribution amounts are equal to their required contributions set for each year.

Funding Status and Funding Progress – The funded status of the plan as of January 1, 2012, the most recent actuarial valuation date was as follows:

	Old Hire Fire Pension <u>Obligation</u>	Old Hire Police Pension <u>Obligation</u>
Actuarial Accrued Liability (AAL)	\$ 97,604,971	\$ 84,825,362
Actuarial Value of Plan Assets	<u>82,076,708</u>	<u>68,736,969</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 15,528,263</u>	<u>\$ 16,088,393</u>
Funded Ratio (actuarial value of plan assets/AAL)	84.09%	81.03%
Covered payroll (active plan members)	\$ -	\$ 83,074
UAAL as percentage of covered payroll	0%	19366.3%

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

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The schedule of funding progress is as follows:

Old Hire Fire Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
1/1/2010	\$ 89,965,827	\$ 104,680,846	\$ 14,715,019	85.9	\$ 170,137	8648.9%
1/1/2011	86,033,150	101,316,280	15,283,130	84.9	103,598	14752.3
1/1/2012	82,076,708	97,604,971	15,528,263	84.1	-	0.0

Old Hire Police Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
1/1/2010	\$ 75,300,793	\$ 89,572,435	\$ 14,271,642	84.1	\$ 83,074	17179.4%
1/1/2011	71,997,024	86,441,681	14,444,657	83.3	83,074	17387.7
1/1/2012	68,736,969	84,825,362	16,088,393	81.0	83,074	19366.3

Actuarial plan assumptions:

	Old Hire Fire Pension	Old Hire Police Pension
Valuation date	1/1/2012	1/1/2012
Actuarial cost method	Entry Age	Entry Age
Amortization method	Level dollar Open	Level dollar Open
Remaining amortization period	20 Years	20 Years
Asset valuation method	3-Year Smoothed Market	3-Year Smoothed Market
Investment rate of return	7.5%	7.5%
Projected salary increases	4.0%	4.0%
Inflation rate	3.0%	3.0%
Post retirement benefit increases	3.5%	3.5%

I. Extraordinary Item

In September 2013, significant rainfall and flooding occurred in the City and surrounding areas. This rainfall and subsequent flooding were rare and unusual based upon historical rainfall patterns in the area. These events caused significant damage to some of the Utilities' infrastructure and assets, including some which were permanently impaired. These assets have a combined current value of \$507,000 and will not be repaired; an extraordinary expense in this amount has been recognized pursuant to GASB Statement No. 42 *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*.

J. Accounting Changes

The City adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* during 2013. This implementation resulted in a prior period adjustment for debt issuance costs previously capitalized that should now be reported as an expense in the period incurred. However, Council approved Resolution 26-13 establishing a regulatory asset for expenditures associated with Utilities debt issuance costs effective as of January 1, 2013. These costs have been reclassified as a regulatory asset and are being amortized over the life of the related debt in the Utilities fund.

The City adopted GASB Statement No. 66, *Technical Corrections – 2012*, during 2013. This statement amended certain sections of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* to improve accounting and financial reporting for government entities by resolving conflicting guidance.

The City adopted GASB Statement No. 61, *The Financial Reporting Entity* during 2013. This implementation resulted in a change in presentation of the Public Authority for Colorado Energy. Previously a discretely presented component unit, this entity is now a blended component unit in the proprietary fund financial statements.

K. Subsequent Events

As a result of fluctuations in the SIFMA rate, LIBOR rate and other market rates since December 31, 2013, there may be a significant impact on Utilities' SWAP valuation and investment valuation subsequent to the date of this report. The amount of these impacts is not known.

On June 25, 2013, Council approved Resolution No. 68-13 providing written notice of termination of the intergovernmental agreement concerning the ESA effective December 31, 2013. The City determined that it is in the best interests of the health, safety and welfare of the citizens to contract separately from the ESA for ground emergency ambulance services within

the City. On December 17, 2013, the City executed a contract with American Medical Response to provide such services beginning April 1, 2014.

On November 26, 2013, Council approved an increase to the electric and gas rates that took effect January 1, 2014.

The City entered into a Public-Private Partnership with Serco, Inc. to provide fleet maintenance services to the City and Utilities beginning January 1, 2014. The City's fleet consists of roughly 3,500 vehicles and equipment across all divisions: Utilities, Police, Fire, Public Works, Parks, and other Enterprises. The City shifted to a contract service delivery model for fleet services to realize near-term savings over the first five years and to reduce long-term pension liabilities associated with City employees.

On January 28, 2014, the Airport refunded \$16.5 million of outstanding Series 2002A revenue bonds and refinanced \$11.1 million with Airport Revenue Refunding Bonds, Series 2014. The present value savings of this refinancing is \$1.5 million and was undertaken to reduce annual debt service requirements from \$5.4 million to \$2.4 million.

On January 28, 2014, Council approved Resolution 6-14. This resolution reinstated limitations on judgments and rescinded Resolution No. 82-89 and 6-99 pertaining to damage limitations set forth in the Colorado Government Immunity Act, C.R.S. § 24-10-101, et seq. This change will bring the City in line with state statutory limits and reduce the City and enterprise exposure for judgments in tort cases brought under state law. These limits, or caps, are currently \$350,000 for an individual per single occurrence and \$990,000 for multiple persons per single occurrence.

On March 5, 2014, Allegiant Air announced the reinstatement of direct service to Phoenix, AZ and additional seasonal direct service to Las Vegas, NV. The estimated annual increase in enplanements for the additional service is close to 17,000.

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CITY OF COLORADO SPRINGS

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF FUNDING PROGRESS
FIRE AND POLICE PENSION PLANS
December 31, 2013**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 16**

Old Hire Fire Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
1/1/2010	\$ 89,965,827	\$ 104,680,846	\$ 14,715,019	85.9%	\$ 170,137	8648.9%
1/1/2011	86,033,150	101,316,280	15,283,130	84.9	103,598	14752.3
1/1/2012	82,076,708	97,604,971	15,528,263	84.1	-	-

Old Hire Police Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
1/1/2010	\$ 75,300,793	\$ 89,572,435	\$ 14,271,642	84.1%	\$ 83,074	17179.4%
1/1/2011	71,997,024	86,441,681	14,444,657	83.3	83,074	17387.7
1/1/2012	68,736,969	84,825,362	16,088,393	81.0	83,074	19366.3

* 1/1/2012 is the most recent actuarial valuation date

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

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 17**

Years ended December 31

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Old Hire Fire Pension Plan</u>			
Annual required contribution (ARC)	\$ 1,467,740	\$ 1,491,283	\$ 1,570,446
Actual contributions as percentage of ARC	100%	100%	100%
<u>Old Hire Police Pension Plan</u>			
Annual required contribution (ARC)	\$ 1,534,546	\$ 1,407,209	\$ 1,505,955
Actual contributions as percentage of ARC	100%	100%	100%

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

**SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
December 31, 2013**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 18**

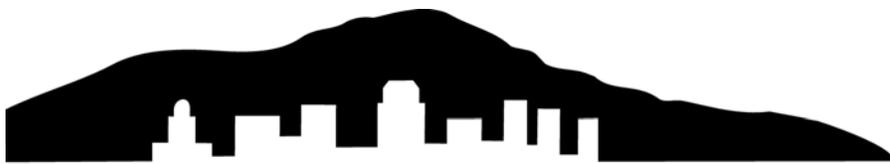
City of Colorado Springs

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
1/1/2009	\$ -	\$ 74,052,320	\$ 74,052,320	0.0	\$ 87,346,062	84.8%
1/1/2011	-	39,410,869	39,410,869	0.0	76,284,715	51.7
1/1/2013	-	40,554,203	40,554,203	0.0	72,814,000	55.7

Colorado Springs Utilities

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
1/1/2009	\$ -	\$ 17,074,000	\$ 17,074,000	0.0	\$ 1,549,000	1102.3%
1/1/2011	-	18,602,000	18,602,000	0.0	1,615,000	1151.8
1/1/2013	-	18,000,000	18,000,000	0.0	1,555,000	1157.6

COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES



CITY OF COLORADO SPRINGS

**GENERAL FUND
BALANCE SHEET
December 31, 2013**

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

	<u>TOTAL</u>
<u>ASSETS</u>	
Cash and investments	\$ 50,705,692
Accounts receivable (net of allowance for uncollectibles)	3,762,603
Sales tax receivable	14,413,566
Loans receivable	854,981
Assessments receivable	9,979
Property taxes receivable	
Current	19,324,166
Delinquent	133,289
Due from other funds	6,176,033
Restricted investments	727,436
Total assets	<u>96,107,745</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>	
Accounts payable	5,300,702
Funds held for others	1,290,411
Accrued salaries and benefits	4,451,191
Due to other funds	1,828,617
Escrow deposits	5,197,339
Unearned revenue	
Loans	854,981
Other	782,937
Total liabilities	<u>19,706,178</u>
Deferred inflows of resources	
Unavailable revenue - property taxes	19,324,166
Unavailable revenue - assessments	9,979
Total deferred inflows of resources	<u>19,334,145</u>
Fund balance	
Nonspendable	133,289
Restricted	8,182,418
Committed	5,565,912
Assigned	8,070,526
Unassigned	35,115,277
Total fund balance	<u>57,067,422</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 96,107,745</u>

**GENERAL FUND
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended December 31, 2013**

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

	<u>TOTAL</u>
Revenues	
Taxes	\$ 157,956,850
Licenses and permits	1,940,283
Intergovernmental	20,283,145
Charges for services	16,334,918
Other revenue	1,319,663
Investment earnings	83,057
Rental income	589,610
	<u>198,507,526</u>
Total revenues	<u>198,507,526</u>
Expenditures	
Current	
General government	54,924,250
Public safety	119,433,569
Public works	21,850,835
Health and welfare	1,040,000
Culture and recreation	11,281,049
Urban redevelopment and housing	241,646
Debt service	
Principal	9,464,033
Interest	3,189,260
Capital outlay	8,207,379
	<u>229,632,021</u>
Total expenditures	<u>229,632,021</u>
Deficiency of revenues over expenditures	<u>(31,124,495)</u>
Other financing sources (uses)	
Transfers - in	33,081,866
Transfers - out	(9,618,131)
Capital lease proceeds	1,776,674
Sale of capital assets	1,007,534
	<u>26,247,943</u>
Total other financing sources (uses)	<u>26,247,943</u>
Net change in fund balance	(4,876,552)
Fund balance - January 1	<u>61,943,974</u>
Fund balance - December 31	<u>\$ 57,067,422</u>

NON-MAJOR GOVERNMENTAL FUNDS

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2013**

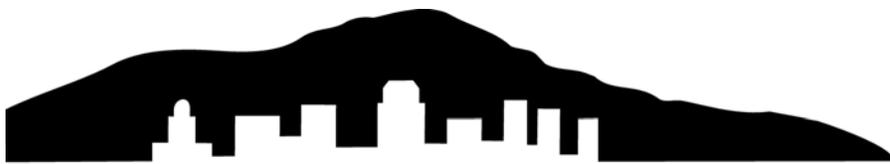
**CITY OF COLORADO SPRINGS
COLORADO
Exhibit B-1**

	Special Revenue Funds	Capital Projects Fund	Permanent Funds	Total
<u>ASSETS</u>				
Cash and investments	\$ 43,480,823	\$ 9,917,336	\$ 486,726	\$ 53,884,885
Accounts receivable (net of allowance for uncollectibles)	11,725,308	4,069	-	11,729,377
Sales tax receivable	3,691,076	-	-	3,691,076
Loans receivable (net of allowance for uncollectibles)	19,852,595	-	-	19,852,595
Property taxes receivable	3,681,560	-	-	3,681,560
Due from other funds	3,046	-	-	3,046
Restricted investments	-	-	11,049,247	11,049,247
Total assets	82,434,408	9,921,405	11,535,973	103,891,786
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	3,661,041	447,847	8,689	4,117,577
Accrued salaries and benefits	750,875	-	-	750,875
Deposits payable	1,304,910	-	-	1,304,910
Due to other funds	3,921,823	3,319,695	-	7,241,518
Unearned revenue				
Loans (net of allowance for uncollectibles)	19,852,595	-	-	19,852,595
Grants	10,431,264	-	-	10,431,264
Total liabilities	39,922,508	3,767,542	8,689	43,698,739
Deferred inflows of resources				
Unavailable revenue - property taxes	3,681,560	-	-	3,681,560
Total deferred inflows of resources	3,681,560	-	-	3,681,560
Fund balances				
Nonspendable	-	-	11,049,247	11,049,247
Restricted	30,121,308	-	478,037	30,599,345
Committed	8,546,793	5,468,415	-	14,015,208
Assigned	162,239	685,448	-	847,687
Total fund balances	38,830,340	6,153,863	11,527,284	56,511,487
Total liabilities, deferred inflows of resources and fund balances	\$ 82,434,408	\$ 9,921,405	\$ 11,535,973	\$ 103,891,786

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2013**

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

	Special Revenue Funds	Capital Projects Fund	Permanent Funds	Total
Revenues				
Taxes	\$ 42,152,492	\$ -	\$ -	\$ 42,152,492
Intergovernmental	29,165,203	-	-	29,165,203
Charges for services	5,845,143	-	-	5,845,143
Endowments and donations	1,211,302	-	70,965	1,282,267
Other revenue	776,247	314,226	-	1,090,473
Investment earnings	146,743	49,631	835,987	1,032,361
Total revenues	79,297,130	363,857	906,952	80,567,939
Expenditures				
Current				
General government	1,174,481	-	-	1,174,481
Public safety	30,456,985	-	-	30,456,985
Public works	16,808,589	-	-	16,808,589
Culture and recreation	6,737,728	-	25,614	6,763,342
Urban development and housing	4,161,193	-	-	4,161,193
Economic development	3,237,248	-	-	3,237,248
Miscellaneous	670,525	-	-	670,525
Debt service				
Principal	2,205,530	2,727,620	-	4,933,150
Interest	1,323,372	290,563	-	1,613,935
Capital outlay	11,866,880	4,508,305	-	16,375,185
Total expenditures	78,642,531	7,526,488	25,614	86,194,633
Excess (deficiency) of revenues over expenditures	654,599	(7,162,631)	881,338	(5,626,694)
Other financing sources (uses)				
Transfers - in	-	9,325,133	-	9,325,133
Transfers - out	(1,004,147)	-	-	(1,004,147)
Total other financing sources (uses)	(1,004,147)	9,325,133	-	8,320,986
Net change in fund balances	(349,548)	2,162,502	881,338	2,694,292
Fund balances - January 1	39,179,888	3,991,361	10,645,946	53,817,195
Fund balances - December 31	\$ 38,830,340	\$ 6,153,863	\$ 11,527,284	\$ 56,511,487



CITY OF COLORADO SPRINGS

SPECIAL REVENUE FUNDS

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

Intergovernmental Grant Funds:

Community Development Block Grant Fund
Home Investment Partnership Fund
Grants Fund

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

Capital, Operations and Maintenance Funds:

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

These funds are used to account for the activities of the fund where particular, ear-marked, on-going revenue sources are designated for various capital, operations and maintenance activities.

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.

SPECIAL REVENUE FUNDS CONT'D.

Public Improvements Funds:

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

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

Other Public Improvements Funds:

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

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

Other Special Revenue Funds:

Lodgers and Auto Rental Tax Fund
Street Tree Fund
Gift Trust Fund
Therapeutic Recreation 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, 2013**

	Inter- governmental Grant Funds	Capital Operations and Maintenance Funds	Improvement and Maintenance District Funds
<u>ASSETS</u>			
Cash and investments	\$ 4,270,371	\$ 22,135,682	\$ 1,135,161
Accounts receivable (net of allowance for uncollectibles)	11,399,899	273,874	16,552
Sales tax receivable	-	3,497,202	-
Loans receivable (net of allowance for uncollectibles)	19,852,595	-	-
Property taxes receivable	-	-	1,684,170
Due from other funds	1,062	-	-
Total assets	35,523,927	25,906,758	2,835,883
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	1,354,986	2,170,452	1,498
Accrued salaries and benefits	105,779	624,569	20,527
Deposits payable	-	-	-
Due to other funds	3,779,303	33,654	-
Unearned revenue			
Loans (net of allowance for uncollectibles)	19,852,595	-	-
Grants	10,431,264	-	-
Total liabilities	35,523,927	2,828,675	22,025
Deferred inflows of resources			
Unavailable revenue - property taxes	-	-	1,684,170
Total deferred inflows of resources	-	-	1,684,170
Fund balances			
Restricted	-	22,944,777	1,129,688
Committed	-	133,306	-
Assigned	-	-	-
Total fund balances	-	23,078,083	1,129,688
Total liabilities, deferred inflows of resources and fund balances	\$ 35,523,927	\$ 25,906,758	\$ 2,835,883

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

Public Improvements Funds	Other Public Improvements Funds	Other Special Revenue Funds	Total
\$ 10,885,121	\$ 1,105,663	\$ 3,948,825	\$ 43,480,823
-	19,645	15,338	11,725,308
-	-	193,874	3,691,076
-	-	-	19,852,595
-	1,997,390	-	3,681,560
-	-	1,984	3,046
10,885,121	3,122,698	4,160,021	82,434,408
-	1,828	132,277	3,661,041
-	-	-	750,875
1,304,910	-	-	1,304,910
-	-	108,866	3,921,823
-	-	-	19,852,595
-	-	-	10,431,264
1,304,910	1,828	241,143	39,922,508
-	1,997,390	-	3,681,560
-	1,997,390	-	3,681,560
1,116,306	1,123,480	3,807,057	30,121,308
8,304,124	-	109,363	8,546,793
159,781	-	2,458	162,239
9,580,211	1,123,480	3,918,878	38,830,340
\$ 10,885,121	\$ 3,122,698	\$ 4,160,021	\$ 82,434,408

**ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2013**

	Inter- governmental Grant Funds	Capital Operations and Maintenance Funds	Improvement and Maintenance District Funds
Revenues			
Taxes	\$ -	\$ 34,012,928	\$ 1,882,507
Intergovernmental	24,557,181	4,608,022	-
Charges for services	-	1,138,083	-
Donations	-	-	-
Other revenue	776,247	-	-
Investment earnings	2,679	69,905	7,925
Total revenues	25,336,107	39,828,938	1,890,432
Expenditures			
Current			
General government	-	1,150,510	-
Public safety	4,137,419	26,017,513	-
Public works	12,520,069	-	1,636,341
Culture and recreation	296,748	5,527,770	-
Urban redevelopment and housing	4,161,193	-	-
Economic development	174,872	-	-
Miscellaneous	657,196	-	-
Debt service			
Principal	-	1,140,530	-
Interest	-	269,187	-
Capital outlay	3,388,610	8,192,913	-
Total expenditures	25,336,107	42,298,423	1,636,341
Excess (deficiency) of revenues over expenditures	-	(2,469,485)	254,091
Other financing uses			
Transfers - out	-	(38,811)	-
Total other financing uses	-	(38,811)	-
Net change in fund balances	-	(2,508,296)	254,091
Fund balances - January 1	-	25,586,379	875,597
Fund balances - December 31	\$ -	\$ 23,078,083	\$ 1,129,688

CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-2

Public Improvements Funds	Other Public Improvements Funds	Other Special Revenue Funds	Total
\$ -	\$ 2,236,077	\$ 4,020,980	\$ 42,152,492
-	-	-	29,165,203
4,707,060	-	-	5,845,143
-	-	1,211,302	1,211,302
-	-	-	776,247
39,189	16,190	10,855	146,743
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4,746,249	2,252,267	5,243,137	79,297,130
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-	-	23,971	1,174,481
-	-	302,053	30,456,985
2,554,342	-	97,837	16,808,589
-	-	913,210	6,737,728
-	-	-	4,161,193
-	-	3,062,376	3,237,248
-	13,329	-	670,525
-	1,065,000	-	2,205,530
-	1,054,185	-	1,323,372
285,357	-	-	11,866,880
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2,839,699	2,132,514	4,399,447	78,642,531
<hr/>	<hr/>	<hr/>	<hr/>
1,906,550	119,753	843,690	654,599
<hr/>	<hr/>	<hr/>	<hr/>
-	-	(965,336)	(1,004,147)
<hr/>	<hr/>	<hr/>	<hr/>
-	-	(965,336)	(1,004,147)
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1,906,550	119,753	(121,646)	(349,548)
<hr/>	<hr/>	<hr/>	<hr/>
7,673,661	1,003,727	4,040,524	39,179,888
<hr/>	<hr/>	<hr/>	<hr/>
\$ 9,580,211	\$ 1,123,480	\$ 3,918,878	\$ 38,830,340

**INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2013**

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

	Community Development Block Grant Fund	Home Investment Partnership Fund	Grants Fund	Total
<u>ASSETS</u>				
Cash and investments	\$ -	\$ -	\$ 4,270,371	\$ 4,270,371
Accounts receivable (net of allowance for uncollectibles)	596,810	461,796	10,341,293	11,399,899
Loans receivable (net of allowance for uncollectibles)	6,964,313	12,798,664	89,618	19,852,595
Due from other funds	-	-	1,062	1,062
Total assets	7,561,123	13,260,460	14,702,344	35,523,927
<u>LIABILITIES</u>				
Accounts payable	317,136	45,330	992,520	1,354,986
Accrued salaries and benefits	16,426	-	89,353	105,779
Due to other funds	192,170	143,486	3,443,647	3,779,303
Unearned revenue				
Loans (net of allowance for uncollectibles)	6,964,313	12,798,664	89,618	19,852,595
Grants	71,078	272,980	10,087,206	10,431,264
Total liabilities	\$ 7,561,123	\$ 13,260,460	\$ 14,702,344	\$ 35,523,927

**INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2013**

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

	Community Development Block Grant Fund	Home Investment Partnership Fund	Grants Fund	Total
Revenues				
Intergovernmental	\$ 2,232,565	\$ 526,316	\$ 21,798,300	\$ 24,557,181
Other revenue	317,621	458,386	240	776,247
Investment earnings	114	-	2,565	2,679
Total revenues	2,550,300	984,702	21,801,105	25,336,107
Expenditures				
Current				
Public safety	-	-	4,137,419	4,137,419
Public works	-	-	12,520,069	12,520,069
Culture and recreation	-	-	296,748	296,748
Urban redevelopment and housing	2,550,300	984,702	626,191	4,161,193
Economic development	-	-	174,872	174,872
Miscellaneous	-	-	657,196	657,196
Capital outlay	-	-	3,388,610	3,388,610
Total expenditures	2,550,300	984,702	21,801,105	25,336,107
Net change in fund balances	-	-	-	-
Fund balances - January 1	-	-	-	-
Fund balances - December 31	\$ -	\$ -	\$ -	\$ -

**CAPITAL, OPERATIONS AND MAINTENANCE SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 December 31, 2013**

	Ballfield Capital Improvements Fund	Bicycle Tax Fund	Trails/Open Space Fund
<u>ASSETS</u>			
Cash and investments	\$ 133,306	\$ 375,770	\$ 13,557,448
Accounts receivable (net of allowance for uncollectibles)	-	-	645
Sales tax receivable	-	-	699,440
Total assets	133,306	375,770	14,257,533
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	-	4,074	1,486,023
Accrued salaries and benefits	-	-	12,114
Due to other funds	-	-	460
Total liabilities	-	4,074	1,498,597
Fund balances			
Restricted	-	371,696	12,758,936
Committed	133,306	-	-
Total fund balances	133,306	371,696	12,758,936
Total liabilities and fund balances	\$ 133,306	\$ 375,770	\$ 14,257,533

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

Conservation Trust Fund	Cable Franchise Fund	Public Safety Sales Tax Fund	Total
\$ 2,460,443	\$ 224,513	\$ 5,384,202	\$ 22,135,682
-	265,002	8,227	273,874
-	-	2,797,762	3,497,202
2,460,443	489,515	8,190,191	25,906,758
58,381	141,159	480,815	2,170,452
64,972	7,938	539,545	624,569
400	220	32,574	33,654
123,753	149,317	1,052,934	2,828,675
2,336,690	340,198	7,137,257	22,944,777
-	-	-	133,306
2,336,690	340,198	7,137,257	23,078,083
\$ 2,460,443	\$ 489,515	\$ 8,190,191	\$ 25,906,758

CAPITAL, OPERATIONS AND MAINTENANCE SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2013

	Ballfield Capital Improvements Fund	Bicycle Tax Fund	Trails/Open Space Fund
Revenues			
Taxes	\$ -	\$ 78,760	\$ 6,780,476
Intergovernmental	-	-	-
Charges for services	56,561	-	-
Investment earnings	450	880	37,289
Total revenues	57,011	79,640	6,817,765
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	-
Culture and recreation	185	29,495	1,559,516
Debt service			
Principal	40,900	-	808,566
Interest	59,100	-	198,241
Capital outlay	-	-	4,924,669
Total expenditures	100,185	29,495	7,490,992
Excess (deficiency) of revenues over expenditures	(43,174)	50,145	(673,227)
Other financing (uses)			
Transfers - out	-	-	-
Net change in fund balances	(43,174)	50,145	(673,227)
Fund balances - January 1	176,480	321,551	13,432,163
Fund balances - December 31	\$ 133,306	\$ 371,696	\$ 12,758,936

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

Conservation Trust Fund	Cable Franchise Fund	Public Safety Sales Tax Fund	Total
\$ -	\$ -	\$ 27,153,692	\$ 34,012,928
4,608,022	-	-	4,608,022
-	1,081,522	-	1,138,083
18,448	330	12,508	69,905
4,626,470	1,081,852	27,166,200	39,828,938
-	1,150,510	-	1,150,510
-	-	26,017,513	26,017,513
3,938,574	-	-	5,527,770
270,534	-	20,530	1,140,530
10,434	-	1,412	269,187
-	9,995	3,258,249	8,192,913
4,219,542	1,160,505	29,297,704	42,298,423
406,928	(78,653)	(2,131,504)	(2,469,485)
-	-	(38,811)	(38,811)
406,928	(78,653)	(2,170,315)	(2,508,296)
1,929,762	418,851	9,307,572	25,586,379
\$ 2,336,690	\$ 340,198	\$ 7,137,257	\$ 23,078,083

**IMPROVEMENT AND MAINTENANCE DISTRICT
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2013**

	Old Colorado City Maintenance and Security District Fund	Norwood Special Improvement Maintenance District Fund	Briargate Special Improvement Maintenance District Fund	Stetson Hills Improvement Maintenance District Fund
<u>ASSETS</u>				
Cash and investments	\$ 72,732	\$ 497,450	\$ 233,764	\$ 134,281
Accounts receivable (net of allowance for uncollectibles)	868	5,793	7,271	2,441
Property taxes receivable	90,200	593,607	732,801	249,160
Total assets	163,800	1,096,850	973,836	385,882
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	950	-	470	12
Accrued salaries and benefits	1,518	7,474	9,629	1,906
Total liabilities	2,468	7,474	10,099	1,918
Deferred inflows of resources				
Unavailable revenue - property taxes	90,200	593,607	732,801	249,160
Total deferred inflows of resources	90,200	593,607	732,801	249,160
Fund balances				
Restricted	71,132	495,769	230,936	134,804
Total fund balances	71,132	495,769	230,936	134,804
Total liabilities, deferred inflows of resources and fund balances	\$ 163,800	\$ 1,096,850	\$ 973,836	\$ 385,882

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

Woodstone Improvement Maintenance District Fund	Gateway Improvement Maintenance District Fund	Platte Avenue Improvement Maintenance District Fund	Total
\$ 105,034	\$ 10,340	\$ 81,560	\$ 1,135,161
154	25	-	16,552
15,815	2,587	-	1,684,170
121,003	12,952	81,560	2,835,883
43	23	-	1,498
-	-	-	20,527
43	23	-	22,025
15,815	2,587	-	1,684,170
15,815	2,587	-	1,684,170
105,145	10,342	81,560	1,129,688
105,145	10,342	81,560	1,129,688
\$ 121,003	\$ 12,952	\$ 81,560	\$ 2,835,883

**IMPROVEMENT AND MAINTENANCE DISTRICT
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2013**

	Old Colorado City Maintenance and Security District Fund	Norwood Special Improvement Maintenance District Fund	Briargate Special Improvement Maintenance District Fund	Stetson Hills Improvement Maintenance District Fund
Revenues				
Taxes	\$ 96,515	\$ 656,424	\$ 825,328	\$ 275,392
Investment earnings	705	1,976	1,919	1,625
Total revenues	97,220	658,400	827,247	277,017
Expenditures				
Current				
Public works	88,429	450,089	796,239	262,589
Total expenditures	88,429	450,089	796,239	262,589
Net change in fund balances	8,791	208,311	31,008	14,428
Fund balances - January 1	62,341	287,458	199,928	120,376
Fund balances - December 31	\$ 71,132	\$ 495,769	\$ 230,936	\$ 134,804

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-8**

Woodstone Improvement Maintenance District Fund	Gateway Improvement Maintenance District Fund	Platte Avenue Improvement Maintenance District Fund	Total
\$ 17,632	\$ 2,875	\$ 8,341	\$ 1,882,507
949	81	670	7,925
18,581	2,956	9,011	1,890,432
31,229	1,427	6,339	1,636,341
31,229	1,427	6,339	1,636,341
(12,648)	1,529	2,672	254,091
117,793	8,813	78,888	875,597
\$ 105,145	\$ 10,342	\$ 81,560	\$ 1,129,688

**PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2013**

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

	Public Space and Development Fund	Subdivision Drainage Fund	Arterial Roadway Fund	Park Developer Easement Fund	Banning Lewis Ranch Fund	Total
<u>ASSETS</u>						
Cash and investments	\$ 4,870,907	\$ 2,187,720	\$ 1,206,949	\$ 169,682	\$ 2,449,863	\$ 10,885,121
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Total assets	4,870,907	2,187,720	1,206,949	169,682	2,449,863	10,885,121
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Deposits payable	-	-	-	-	1,304,910	1,304,910
Total liabilities	-	-	-	-	1,304,910	1,304,910
Fund balances						
Restricted	-	-	-	-	1,116,306	1,116,306
Committed	4,783,640	2,187,720	1,206,949	125,815	-	8,304,124
Assigned	87,267	-	-	43,867	28,647	159,781
Total fund balance	4,870,907	2,187,720	1,206,949	169,682	1,144,953	9,580,211
Total liabilities and fund balances	\$ 4,870,907	\$ 2,187,720	\$ 1,206,949	\$ 169,682	\$ 2,449,863	\$ 10,885,121

**PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2013**

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

	Public Space and Development Fund	Subdivision Drainage Fund	Arterial Roadway Fund	Park Developer Easement Fund	Banning Lewis Ranch Fund	Total
Revenues						
Charges for services	\$ 1,181,012	\$ 3,070,478	\$ 133,765	\$ -	\$ 321,805	\$ 4,707,060
Investment earnings	11,578	5,026	2,817	1,367	18,401	39,189
Total revenues	1,192,590	3,075,504	136,582	1,367	340,206	4,746,249
Expenditures						
Current						
Public works	4,782	2,467,531	71,801	179	10,049	2,554,342
Capital Outlay	285,357	-	-	-	-	285,357
Total expenditures	290,139	2,467,531	71,801	179	10,049	2,839,699
Net change in fund balances	902,451	607,973	64,781	1,188	330,157	1,906,550
Fund balances - January 1	3,968,456	1,579,747	1,142,168	168,494	814,796	7,673,661
Fund balances - December 31	\$ 4,870,907	\$ 2,187,720	\$ 1,206,949	\$ 169,682	\$ 1,144,953	\$ 9,580,211

OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 December 31, 2013

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit C-11

	Cottonwood General Improvement District	Spring Creek General Improvement District	Briargate General Improvement District	MAB General Improvement District	Total
<u>ASSETS</u>					
Cash and investments	\$ 671,244	\$ 269,852	\$ 40,222	\$ 124,345	\$ 1,105,663
Accounts receivable (net of allowance for uncollectibles)	6,874	2,902	7,709	2,160	19,645
Property taxes receivable	694,152	273,261	809,693	220,284	1,997,390
Total assets	1,372,270	546,015	857,624	346,789	3,122,698
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	320	470	469	569	1,828
Total liabilities	320	470	469	569	1,828
Deferred inflows of resources					
Unavailable revenue - property taxes	694,152	273,261	809,693	220,284	1,997,390
Total deferred inflows of resources	694,152	273,261	809,693	220,284	1,997,390
Fund balances					
Restricted	677,798	272,284	47,462	125,936	1,123,480
Total fund balances	677,798	272,284	47,462	125,936	1,123,480
Total liabilities, deferred inflows of resources and fund balances	\$ 1,372,270	\$ 546,015	\$ 857,624	\$ 346,789	\$ 3,122,698

**OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2013**

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

	Cottonwood General Improvement District	Spring Creek General Improvement District	Briargate General Improvement District	MAB General Improvement District	Total
Revenues					
Taxes	\$ 780,080	\$ 330,743	\$ 878,866	\$ 246,388	\$ 2,236,077
Investment earnings	8,199	3,012	3,361	1,618	16,190
Total revenues	788,279	333,755	882,227	248,006	2,252,267
Expenditures					
Current					
Miscellaneous	3,886	3,156	3,214	3,073	13,329
Debt service					
Principal	660,000	185,000	160,000	60,000	1,065,000
Interest	64,475	107,085	712,000	170,625	1,054,185
Total expenditures	728,361	295,241	875,214	233,698	2,132,514
Net change in fund balances	59,918	38,514	7,013	14,308	119,753
Fund balances - January 1	617,880	233,770	40,449	111,628	1,003,727
Fund balances - December 31	\$ 677,798	\$ 272,284	\$ 47,462	\$ 125,936	\$ 1,123,480

**OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2013**

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

	Lodgers and Auto Rental Tax Fund	Street Tree Fund	Gift Trust Fund	Therapeutic Recreation Fund	Total
<u>ASSETS</u>					
Cash and investments	\$ 31,842	\$ 107,532	\$ 3,805,162	\$ 4,289	\$ 3,948,825
Accounts receivable (net of allowances for uncollectibles)	-	-	15,338	-	15,338
Sales tax receivable	193,874	-	-	-	193,874
Due from other funds	-	-	1,984	-	1,984
Total assets	225,716	107,532	3,822,484	4,289	4,160,021
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	85,746	-	46,531	-	132,277
Due to other funds	108,866	-	-	-	108,866
Total liabilities	194,612	-	46,531	-	241,143
Fund balances					
Restricted	31,104	-	3,775,953	-	3,807,057
Committed	-	105,074	-	4,289	109,363
Assigned	-	2,458	-	-	2,458
Total fund balances	31,104	107,532	3,775,953	4,289	3,918,878
Total liabilities and fund balances	\$ 225,716	\$ 107,532	\$ 3,822,484	\$ 4,289	\$ 4,160,021

**OTHER SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2013**

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

	Lodgers and Auto Rental Tax Fund	Street Tree Fund	Gift Trust Fund	Therapeutic Recreation Fund	Total
Revenues					
Taxes	\$ 4,020,980	\$ -	\$ -	\$ -	\$ 4,020,980
Donations	-	-	1,211,302	-	1,211,302
Investment earnings	2,146	235	8,439	35	10,855
Total revenues	4,023,126	235	1,219,741	35	5,243,137
Expenditures					
Current					
General government	-	-	23,971	-	23,971
Public safety	-	-	302,053	-	302,053
Public works	-	-	97,837	-	97,837
Culture and recreation	-	113	913,092	5	913,210
Economic development	3,062,376	-	-	-	3,062,376
Total expenditures	3,062,376	113	1,336,953	5	4,399,447
Excess (deficiency) of revenues over expenditures	960,750	122	(117,212)	30	843,690
Other financing (uses)					
Transfers - out	(965,336)	-	-	-	(965,336)
Net change in fund balances	(4,586)	122	(117,212)	30	(121,646)
Fund balances - January 1	35,690	107,410	3,893,165	4,259	4,040,524
Fund balances - December 31	\$ 31,104	\$ 107,532	\$ 3,775,953	\$ 4,289	\$ 3,918,878

**SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES-BUDGET AND ACTUAL
For the year ended December 31, 2013**

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

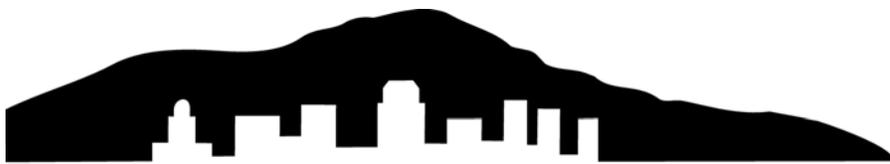
	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Community Development Block Grant	\$ 2,550,300	\$ 2,550,300	\$ -
Home Investment Partnership Fund	984,702	984,702	-
Grants Fund	21,801,105	21,801,105	-
Ballfield Capital Improvements Fund	100,000	57,011	(42,989)
Bicycle Tax Fund	100,000	79,640	(20,360)
Trails/Open Space Fund	6,655,000	6,817,765	162,765
Conservation Trust Fund	3,848,623	4,626,470	777,847
Cable Franchise Fund	1,006,812	1,081,852	75,040
Public Safety Sales Tax Fund	26,264,414	27,166,200	901,786
Old Colorado City Maintenance and Security District Fund	102,387	97,220	(5,167)
Norwood Special Improvement Maintenance District Fund	671,328	658,400	(12,928)
Briargate Special Improvement Maintenance District Fund	854,643	827,247	(27,396)
Stetson Hills Improvement Maintenance District Fund	285,849	277,017	(8,832)
Woodstone Improvement Maintenance District Fund	19,279	18,581	(698)
Gateway Improvement Maintenance District Fund	3,104	2,956	(148)
Platte Avenue Improvement Maintenance District Fund	9,204	9,011	(193)
Public Space and Development Fund	800,000	1,192,590	392,590
Subdivision Drainage Fund	2,000,000	3,075,504	1,075,504
Arterial Roadway Fund	250,000	136,582	(113,418)
Park Developer Easement Fund	-	1,367	1,367
Banning Lewis Ranch Fund	145,000	340,206	195,206
Cottonwood General Improvement District	783,154	788,279	5,125
Spring Creek General Improvement District	328,917	333,755	4,838
Briargate General Improvement District	862,112	882,227	20,115
MAB General Improvement District	244,317	248,006	3,689
Lodgers and Auto Rental Tax Fund	3,894,000	4,023,126	129,126
Street Tree Fund	12,000	235	(11,765)
Gift Trust Fund	1,900,000	1,219,741	(680,259)
Therapeutic Recreation Fund	300	35	(265)
Total revenues	\$ 76,476,550	\$ 79,297,130	\$ 2,820,580

(continued)

**SPECIAL REVENUE FUNDS
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL
For the year ended December 31, 2013**

	Final Budget	Actual	Variance Positive (Negative)
Expenditures			
Community Development Block Grant	\$ 2,550,300	\$ 2,550,300	\$ -
Home Investment Partnership Fund	984,702	984,702	-
Grants Fund	21,801,105	21,801,105	-
Ballfield Capital Improvements Fund	100,000	100,185	(185)
Bicycle Tax Fund	416,297	29,495	386,802
Trails/Open Space Fund	16,947,794	7,490,992	9,456,802
Conservation Trust Fund	5,841,436	4,219,542	1,621,894
Cable Franchise Fund	1,232,118	1,160,505	71,613
Public Safety Sales Tax Fund	31,482,636	29,336,515	2,146,121
Old Colorado City Maintenance and Security District Fund	117,895	88,429	29,466
Norwood Special Improvement Maintenance District Fund	718,625	450,089	268,536
Briargate Special Improvement Maintenance District Fund	929,643	796,239	133,404
Stetson Hills Improvement Maintenance District Fund	320,849	262,589	58,260
Woodstone Improvement Maintenance District Fund	54,279	31,229	23,050
Gateway Improvement Maintenance District Fund	8,100	1,427	6,673
Platte Avenue Improvement Maintenance District Fund	33,550	6,339	27,211
Public Space and Development Fund	1,210,323	290,139	920,184
Subdivision Drainage Fund	2,000,000	2,467,531	(467,531)
Arterial Roadway Fund	400,000	71,801	328,199
Park Developer Easement Fund	-	179	(179)
Banning Lewis Ranch Fund	2,940	10,049	(7,109)
Cottonwood General Improvement District	731,475	728,361	3,114
Spring Creek General Improvement District	299,085	295,241	3,844
Briargate General Improvement District	859,400	875,214	(15,814)
MAB General Improvement District	237,625	233,698	3,927
Lodgers and Auto Rental Tax Fund	3,900,596	4,027,712	(127,116)
Street Tree Fund	23,760	113	23,647
Gift Trust Fund	2,049,086	1,336,953	712,133
Therapeutic Recreation Fund	-	5	(5)
Total expenditures	\$ 95,253,619	\$ 79,646,678	\$ 15,606,941

Note: Includes transfers.



CITY OF COLORADO SPRINGS

CAPITAL PROJECTS FUND

The Capital Projects Fund is 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.

City Funded CIP Construction fund

**CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the year ended December 31, 2013**

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

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Other revenue	\$ 425,500	\$ 314,226	\$ (111,274)
Investment earnings	54,000	49,631	(4,369)
Total revenues	479,500	363,857	(115,643)
Expenditures			
Debt service			
Principal	2,727,620	2,727,620	-
Interest	290,563	290,563	-
Capital outlay	11,051,262	4,508,305	6,542,957
Total expenditures	14,069,445	7,526,488	6,542,957
Deficiency of revenues over expenditures	(13,589,945)	(7,162,631)	6,427,314
Other financing sources (uses)			
Transfers - in	9,280,133	9,325,133	45,000
Total other financing sources (uses)	9,280,133	9,325,133	45,000
Net change in fund balance	(4,309,812)	2,162,502	6,472,314
Fund balance - January 1	3,991,361	3,991,361	-
Fund balance - December 31	\$ (318,451)	\$ 6,153,863	\$ 6,472,314

**ANNUAL STATEMENT OF RECEIPTS
AND EXPENDITURES FOR
ROADS, BRIDGES AND STREETS
2013**

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

LOCAL HIGHWAY FINANCE REPORT		City or County: City of Colorado Springs		
		YEAR ENDING : December 2013		
This Information From The Records of City of Colorado Springs:		Prepared By: City of Colorado Springs Finance Office Phone: (719) 385-5919		
I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE				
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway- User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				
II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES		
ITEM	AMOUNT	ITEM	AMOUNT	
A. Receipts from local sources:		A. Local highway disbursements:		
1. Local highway-user taxes		1. Capital outlay (from page 2)	25,561,833	
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	15,431,102	
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:		
c. Total (a.+b.)		a. Traffic control operations	561,327	
2. General fund appropriations	11,243,073	b. Snow and ice removal	1,625,528	
3. Other local imposts (from page 2)	34,014,982	c. Other		
4. Miscellaneous local receipts (from page 2)	2,831,745	d. Total (a. through c.)	2,186,855	
5. Transfers from toll facilities		4. General administration & miscellaneous	3,220,548	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	16,931,881	
a. Bonds - Original Issues		6. Total (1 through 5)	63,332,219	
b. Bonds - Refunding Issues		B. Debt service on local obligations:		
c. Notes		1. Bonds:		
d. Total (a. + b. + c.)	0	a. Interest	417,192	
7. Total (1 through 6)	48,089,800	b. Redemption	3,133,466	
B. Private Contributions		c. Total (a. + b.)	3,550,658	
C. Receipts from State government (from page 2)	18,233,139	2. Notes:		
D. Receipts from Federal Government (from page 2)	559,938	a. Interest		
E. Total receipts (A.7 + B + C + D)	66,882,877	b. Redemption		
		c. Total (a. + b.)	0	
		3. Total (1.c + 2.c)	3,550,658	
		C. Payments to State for highways		
		D. Payments to toll facilities		
		E. Total disbursements (A.6 + B.3 + C + D)	66,882,877	
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)				
	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	10,873,240		3,133,466	7,739,774
1. Bonds (Refunding Portion)				
B. Notes (Total)				0
V. LOCAL ROAD AND STREET FUND BALANCE				
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance
		66,882,877	66,882,877	0
Notes and Comments:				

**ANNUAL STATEMENT OF RECEIPTS
AND EXPENDITURES FOR
ROADS, BRIDGES AND STREETS
2013**

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

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING: December 2013

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	41,980
b. Other local imposts:		b. Traffic Fines & Penalties	2,789,765
1. Sales Taxes	31,306,910	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	742,763	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	1,965,309	g. Other Misc. Receipts	
6. Total (1. through 5.)	34,014,982	h. Other	
c. Total (a. + b.)	34,014,982	i. Total (a. through h.)	2,831,745
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	16,818,798	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	559,938
c. Motor Vehicle Registrations	1,414,341	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	1,414,341	g. Total (a. through f.)	559,938
4. Total (1. + 2. + 3.f)	18,233,139	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs		560,946	560,946
b. Engineering Costs		2,475,010	2,475,010
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		10,452,660	10,452,660
(3). System Preservation	113,790	8,477,765	8,591,555
(4). System Enhancement & Operation		3,481,662	3,481,662
(5). Total Construction (1) + (2) + (3) + (4)	113,790	22,412,087	22,525,877
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	113,790	25,448,043	25,561,833
			(Carry forward to page 1)

Notes and Comments:



CITY OF COLORADO SPRINGS

PERMANENT FUNDS

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

Cemetery Endowment fund

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

C.D. Smith and TOPS Maintenance Trust funds

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

PERMANENT FUNDS
 COMBINING BALANCE SHEET
 December 31, 2013

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit E-1

	C.D. Smith Trust Fund	Cemetery Endowment Fund	TOPS Maintenance Trust Fund	Total
<u>ASSETS</u>				
Cash and investments	\$ 242,764	\$ 4,692	\$ 239,270	\$ 486,726
Restricted investments	528,608	9,918,939	601,700	11,049,247
Total assets	771,372	9,923,631	840,970	11,535,973
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	8,689	-	-	8,689
Total liabilities	8,689	-	-	8,689
Fund balances				
Nonspendable	528,608	9,918,939	601,700	11,049,247
Restricted	234,075	4,692	239,270	478,037
Total fund balances	762,683	9,923,631	840,970	11,527,284
Total liabilities and fund balances	\$ 771,372	\$ 9,923,631	\$ 840,970	\$ 11,535,973

**PERMANENT FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2013**

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

	C.D. Smith Trust Fund	Cemetery Endowment Fund	TOPS Maintenance Trust Fund	Total
Revenues				
Endowments	\$ -	\$ 70,965	\$ -	\$ 70,965
Investment earnings	117,848	711,365	6,774	835,987
Total revenues	117,848	782,330	6,774	906,952
Expenditures				
Current				
Culture and recreation	24,728	-	886	25,614
Total expenditures	24,728	-	886	25,614
Excess of revenues over expenditures	93,120	782,330	5,888	881,338
Fund balances - January 1	669,563	9,141,301	835,082	10,645,946
Fund balances - December 31	\$ 762,683	\$ 9,923,631	\$ 840,970	\$ 11,527,284

PERMANENT FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL
For the year ended December 31, 2013

CITY OF COLORADO SPRINGS
COLORADO
Exhibit E-3

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
C.D. Smith Trust Fund	\$ 75,000	\$ 117,848	\$ 42,848
Cemetery Endowment Fund	250,000	782,330	532,330
TOPS Maintenance Trust Fund	11,500	6,774	(4,726)
Total revenues	\$ 336,500	\$ 906,952	\$ 570,452
Expenditures			
C.D. Smith Trust Fund	\$ 75,000	\$ 24,728	\$ 50,272
Cemetery Endowment Fund	250,000	-	250,000
TOPS Maintenance Trust Fund	11,500	886	10,614
Total expenditures	\$ 336,500	\$ 25,614	\$ 310,886

NON-MAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

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

Airport fund

Used to account for the activities of the City owned municipal airport.

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.

Parking fund

Used to account for the activities of the City owned parking system.

Cemetery fund

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

Development Review fund

Used to account for the final implementation of City land use regulations and fire codes.

**NON-MAJOR ENTERPRISE FUNDS
COMBINING BALANCE SHEET
December 31, 2013**

	Airport Fund	Patty Jewett Golf Fund	Valley Hi Golf Fund
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>			
Current assets			
Cash and investments	\$ 34,488,499	\$ 703,606	\$ 386,805
Accounts receivable (net of allowance for uncollectibles)	4,437,472	16,121	4,620
Due from other funds	-	-	-
Inventories	129,546	-	-
Total current assets	39,055,517	719,727	391,425
Noncurrent assets			
Cash and investments - restricted	5,419,455	-	-
Note receivable	1,885,545	-	-
Due from other funds	-	-	-
Capital assets:			
Land	18,416,793	60,000	931,200
Construction in progress	314,030	-	-
Buildings	67,385,240	1,969,651	282,508
Improvements other than buildings	251,160,462	2,025,918	1,510,289
Machinery and equipment	25,801,094	2,583,663	1,044,886
Infrastructure	35,865,017	-	-
Intangibles	566,164	-	-
Less accumulated depreciation	(144,001,394)	(4,672,862)	(2,287,220)
Unamortized bond insurance premium	174,389	-	-
Total noncurrent assets	262,986,795	1,966,370	1,481,663
Deferred outflows of resources			
Loss on debt refundings	371,570	-	-
Total deferred outflows of resources	371,570	-	-
Total assets and deferred outflows of resources	\$ 302,413,882	\$ 2,686,097	\$ 1,873,088

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

Pikes Peak Highway Fund	Parking Fund	Cemetery Fund	Development Review Fund	Total
\$ 6,332,161	\$ 4,179,042	\$ 180,469	\$ 2,168,162	\$ 48,438,744
58,493	14,492	252,906	-	4,784,104
4,224	99,391	-	-	103,615
64,513	-	-	-	194,059
6,459,391	4,292,925	433,375	2,168,162	53,520,522
-	860,851	-	-	6,280,306
-	-	-	-	1,885,545
-	1,718,088	-	-	1,718,088
667	2,072,246	81,379	-	21,562,285
13,227	-	-	-	327,257
4,376,799	24,992,516	514,720	80,173	99,601,607
11,444,991	10,990,762	1,649,014	80,289	278,861,725
2,647,688	384,769	373,021	88,374	32,923,495
-	-	-	-	35,865,017
-	-	-	-	566,164
(7,994,312)	(13,682,045)	(1,587,511)	(151,551)	(174,376,895)
-	111,130	-	-	285,519
10,489,060	27,448,317	1,030,623	97,285	305,500,113
-	-	-	-	371,570
-	-	-	-	371,570
\$ 16,948,451	\$ 31,741,242	\$ 1,463,998	\$ 2,265,447	\$ 359,392,205

(continued)

**NON-MAJOR ENTERPRISE FUNDS
COMBINING BALANCE SHEET
December 31, 2013**

	Airport Fund	Patty Jewett Golf Fund	Valley Hi Golf Fund
<u>LIABILITIES AND NET ASSETS</u>			
Current liabilities			
Accounts payable	\$ 4,130,850	\$ 54,557	\$ 7,655
Accrued salaries and benefits	195,263	14,458	5,999
Compensated absences	29,819	3,637	835
Due to other funds	132,377	12,383	5,269
Unearned revenue	1,457,536	19,200	5,425
Accrued interest payable	-	-	-
Matured bonds payable	3,520,000	-	-
Notes payable	692,434	-	-
Capital lease payable	39,606	86,971	83,801
Total current liabilities	10,197,885	191,206	108,984
Noncurrent liabilities			
Compensated absences	566,572	69,112	15,864
Revenue bonds payable, net	32,885,593	-	-
Notes payable	2,063,774	-	-
Capital lease payable	-	88,480	86,403
Total noncurrent liabilities	35,515,939	157,592	102,267
Total liabilities	45,713,824	348,798	211,251
Net position			
Net investment in capital assets	222,190,631	1,790,918	1,311,458
Restricted for passenger facility charges	181,087	-	-
Restricted for debt service	11,058,468	-	-
Unrestricted	23,269,872	546,381	350,379
Total net position	256,700,058	2,337,299	1,661,837
Total liabilities and net position	\$ 302,413,882	\$ 2,686,097	\$ 1,873,088

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

Pikes Peak Highway Fund	Parking Fund	Cemetery Fund	Development Review Fund	Total
\$ 62,275	\$ 222,003	\$ 11,538	\$ 7,435	\$ 4,496,313
31,244	14,778	13,321	21,808	296,871
4,429	3,791	2,866	2,061	47,438
6,938	8,825	3,846	2,060	171,698
-	-	-	763,517	2,245,678
-	38,573	-	-	38,573
-	595,000	-	-	4,115,000
62,490	-	-	-	754,924
166,071	-	-	-	376,449
333,447	882,970	31,571	796,881	12,542,944
84,154	72,026	54,457	39,153	901,338
-	9,983,604	-	-	42,869,197
431,671	-	-	-	2,495,445
97,217	-	-	-	272,100
613,042	10,055,630	54,457	39,153	46,538,080
946,489	10,938,600	86,028	836,034	59,081,024
9,731,611	14,179,645	1,030,623	97,285	250,332,171
-	-	-	-	181,087
424,000	860,851	-	-	12,343,319
5,846,351	5,762,146	347,347	1,332,128	37,454,604
16,001,962	20,802,642	1,377,970	1,429,413	300,311,181
\$ 16,948,451	\$ 31,741,242	\$ 1,463,998	\$ 2,265,447	\$ 359,392,205

NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the year ended December 31, 2013

	Airport Fund	Patty Jewett Golf Fund	Valley Hi Golf Fund
Operating revenues			
Charges for services	\$ 21,805,387	\$ 1,983,250	\$ 966,620
Operating expenses			
Salaries and benefits	7,735,934	673,105	291,694
Other operating expenses	5,577,688	1,096,681	638,381
Depreciation	19,075,135	282,513	156,471
Total operating expenses	32,388,757	2,052,299	1,086,546
Operating income (loss)	(10,583,370)	(69,049)	(119,926)
Nonoperating revenues (expenses)			
Investment earnings	95,730	1,133	402
Interest expense	(2,163,629)	(4,527)	(7,808)
Passenger facility charges	1,745,205	-	-
Customer facility charges	695,489	-	-
Amortization expense	-	-	-
Gain (loss) on disposal of capital assets	(2,286,020)	-	-
Miscellaneous	194,732	-	-
Total nonoperating revenues (expenses)	(1,718,493)	(3,394)	(7,406)
Income (loss) before contributions and transfers	(12,301,863)	(72,443)	(127,332)
Capital contributions	13,466,449	-	-
Transfers in	-	-	-
Change in net position	1,164,586	(72,443)	(127,332)
Total net position - January 1	255,801,142	2,409,742	1,789,169
Prior period adjustment	(265,670)	-	-
Total net position - January 1 restated	255,535,472	2,409,742	1,789,169
Total net position - December 31	\$ 256,700,058	\$ 2,337,299	\$ 1,661,837

CITY OF COLORADO SPRINGS
COLORADO
Exhibit F-2

Pikes Peak Highway Fund	Parking Fund	Cemetery Fund	Development Review Fund	Total
\$ 4,323,689	\$ 3,923,604	\$ 973,970	\$ 1,723,083	\$ 35,699,603
1,168,146	519,699	493,206	800,179	11,681,963
1,527,770	1,274,418	695,704	560,370	11,371,012
692,561	985,307	80,357	10,643	21,282,987
3,388,477	2,779,424	1,269,267	1,371,192	44,335,962
935,212	1,144,180	(295,297)	351,891	(8,636,359)
17,260	85,686	217,416	11,104	428,731
(36,817)	(485,674)	-	-	(2,698,455)
-	-	-	-	1,745,205
-	-	-	-	695,489
-	(17,744)	-	-	(17,744)
1,955	-	-	-	(2,284,065)
-	-	-	-	194,732
(17,602)	(417,732)	217,416	11,104	(1,936,107)
917,610	726,448	(77,881)	362,995	(10,572,466)
-	-	-	-	13,466,449
36,470	-	-	-	36,470
954,080	726,448	(77,881)	362,995	2,930,453
15,047,882	20,215,137	1,455,851	1,066,418	297,785,341
-	(138,943)	-	-	(404,613)
15,047,882	20,076,194	1,455,851	1,066,418	297,380,728
\$ 16,001,962	\$ 20,802,642	\$ 1,377,970	\$ 1,429,413	\$ 300,311,181

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2013**

	Airport Fund	Patty Jewett Golf Fund	Valley Hi Golf Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 20,999,888	\$ 1,983,823	\$ 965,084
Receipts from interfund services provided	70,719	-	-
Payments to suppliers	(4,587,715)	(611,259)	(365,196)
Payments to employees	(7,846,766)	(671,651)	(289,704)
Payments for interfund services used	(1,847,676)	(506,464)	(283,841)
Net cash provided (used) by operating activities	6,788,450	194,449	26,343
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grant	194,732	-	-
Net cash provided (used) by noncapital financing activities	194,732	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(22,018,766)	(63,963)	(33,385)
Transfers in from other funds	-	-	-
Repayment of capital lease obligations	(151,690)	(85,488)	(81,278)
Principal paid on capital debt	(4,019,282)	-	-
Interest paid on capital debt	(2,104,130)	-	-
Interest paid - other	-	(4,527)	(7,808)
Proceeds from sale of capital assets	38,031	-	-
Capital grant	13,698,893	-	-
Passenger facility charges	1,771,259	-	-
Customer facility charges	680,529	-	-
Net cash used by capital and related financing activities	(12,105,156)	(153,978)	(122,471)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	26,725,575	345,614	302,572
Purchases of investments	(23,231,077)	(408,727)	(224,696)
Interest and dividends received	361,447	5,079	3,122
Principal received from interfund loan	-	-	-
Interest received from interfund loan	-	-	-
Net cash provided (used) by investing activities	3,855,945	(58,034)	80,998
Net increase (decrease) in cash and cash equivalents	(1,266,029)	(17,563)	(15,130)
Cash and cash equivalents - January 1	2,114,602	30,562	22,276
Cash and cash equivalents - December 31	848,573	12,999	7,146
Cash and cash equivalents	848,573	12,999	7,146
Investments	39,059,381	690,607	379,659
Total cash and investments	\$ 39,907,954	\$ 703,606	\$ 386,805

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

Pikes Peak		Development			
Highway	Parking	Cemetery	Review		Total
Fund	Fund	Fund	Fund		
\$ 4,318,734	\$ 3,609,212	\$ 1,006,594	\$ 1,609,964	\$	34,493,299
-	315,150	-	-		385,869
(1,236,643)	(784,609)	(381,035)	(393,949)		(8,360,406)
(1,187,667)	(505,066)	(490,779)	(797,576)		(11,789,209)
(301,298)	(506,351)	(304,906)	(158,266)		(3,908,802)
<hr/>	<hr/>	<hr/>	<hr/>		<hr/>
1,593,126	2,128,336	(170,126)	260,173		10,820,751
<hr/>	<hr/>	<hr/>	<hr/>		<hr/>
-	-	-	-		194,732
<hr/>	<hr/>	<hr/>	<hr/>		<hr/>
-	-	-	-		194,732
<hr/>	<hr/>	<hr/>	<hr/>		<hr/>
(348,280)	(1,990,750)	(7,000)	-		(24,462,144)
36,470	-	-	-		36,470
(240,978)	-	-	-		(559,434)
(60,063)	(570,000)	-	-		(4,649,345)
(21,574)	(487,746)	-	-		(2,613,450)
(15,242)	-	-	-		(27,577)
1,955	-	-	-		39,986
-	-	-	-		13,698,893
-	-	-	-		1,771,259
-	-	-	-		680,529
<hr/>	<hr/>	<hr/>	<hr/>		<hr/>
(647,712)	(3,048,496)	(7,000)	-		(16,084,813)
<hr/>	<hr/>	<hr/>	<hr/>		<hr/>
2,552,015	3,023,963	66,353	931,359		33,947,451
(3,678,375)	(2,430,672)	(104,835)	(1,256,379)		(31,334,761)
50,045	41,294	218,291	17,234		696,512
-	60,619	-	-		60,619
-	72,569	-	-		72,569
<hr/>	<hr/>	<hr/>	<hr/>		<hr/>
(1,076,315)	767,773	179,809	(307,786)		3,442,390
<hr/>	<hr/>	<hr/>	<hr/>		<hr/>
(130,901)	(152,387)	2,683	(47,613)		(1,626,940)
<hr/>	<hr/>	<hr/>	<hr/>		<hr/>
247,887	1,090,376	651	87,571		3,593,925
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116,986	937,989	3,334	39,958		1,966,985
<hr/>	<hr/>	<hr/>	<hr/>		<hr/>
116,986	937,989	3,334	39,958		1,966,985
6,215,175	4,101,904	177,135	2,128,204		52,752,065
<hr/>	<hr/>	<hr/>	<hr/>		<hr/>
\$ 6,332,161	\$ 5,039,893	\$ 180,469	\$ 2,168,162	\$	54,719,050

(continued)

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2013**

	Airport Fund	Patty Jewett Golf Fund	Valley Hi Golf Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (10,583,370)	\$ (69,049)	\$ (119,926)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation expense	19,075,135	282,513	156,471
Change in assets and liabilities			
(Increase) decrease in accounts receivable	(1,602,797)	(4,200)	(2,096)
(Increase) decrease in due from other funds	-	-	-
(Increase) decrease in inventories	13,580	-	-
Increase (decrease) in accounts and other payables	(884,890)	(24,482)	(9,986)
Increase (decrease) in accrued expenses	(110,833)	1,453	1,989
Increase (decrease) in due to other funds	13,607	3,439	(669)
Increase (decrease) in other liabilities	868,018	4,775	560
Net cash provided (used) by operating activities	\$ 6,788,450	\$ 194,449	\$ 26,343
Noncash investing, capital and financing activities			
Noncash acquisition of capital assets			
(incurrence of payable/capital lease obligation)	3,544,900	29,033	-
Decrease in fair value of investments	(265,717)	(3,946)	(2,720)

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

Pikes Peak Highway Fund	Parking Fund	Cemetery Fund	Development Review Fund	Total
\$ 935,212	\$ 1,144,180	\$ (295,297)	\$ 351,891	\$ (8,636,359)
692,561	985,307	80,357	10,643	21,282,987
(5,877)	17,119	32,625	-	(1,565,226)
922	(16,361)	-	-	(15,439)
(15,076)	-	-	-	(1,496)
980	(9,568)	8,438	6,155	(913,353)
(19,521)	14,633	2,427	2,603	(107,249)
3,925	(6,974)	1,324	2,000	16,652
-	-	-	(113,119)	760,234
\$ 1,593,126	\$ 2,128,336	\$ (170,126)	\$ 260,173	\$ 10,820,751
-	-	-	-	3,573,933
(32,785)	(5,178)	(875)	(6,130)	(317,351)

NON-MAJOR ENTERPRISE FUNDS
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL-BUDGET BASIS
For the year ended December 31, 2013

CITY OF COLORADO SPRINGS
COLORADO
Exhibit F-4

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Airport Fund	\$ 21,500,057	\$ 38,268,709	\$ 16,768,652
Patty Jewett Golf Fund	2,071,381	1,988,329	(83,052)
Valley Hi Golf Fund	1,162,759	969,742	(193,017)
Pikes Peak Highway Fund	3,682,314	4,410,204	727,890
Parking Fund	4,235,167	4,014,468	(220,699)
Cemetery Fund	1,268,275	1,192,261	(76,014)
Development Review Fund	1,441,635	1,740,317	298,682
Total revenues	\$ 35,361,588	52,584,030	\$ 17,222,442

Reconciliation to GAAP:

Less: Decrease in fair value of investments	(317,351)
Less: Gain/(loss) on disposal of assets	(2,284,065)
Revenues (US GAAP basis)	<u>\$ 49,982,614</u>

	Final Budget	Actual	Variance Positive (Negative)
Expenses			
Airport Fund	\$ 52,299,098	\$ 39,012,428	\$ 13,286,670
Patty Jewett Golf Fund	2,127,040	1,951,150	175,890
Valley Hi Golf Fund	1,211,645	1,051,520	160,125
Pikes Peak Highway Fund	4,416,055	3,342,613	1,073,442
Parking Fund	6,387,212	4,840,541	1,546,671
Cemetery Fund	1,304,802	1,195,641	109,161
Development Review Fund	1,408,259	1,364,415	43,844
Total expenses	\$ 69,154,111	52,758,308	\$ 16,395,803

Reconciliation to GAAP:

Add: Depreciation expense	21,282,987
Add: Amortization expense	17,744
Less: Capital expenditures	(22,657,588)
Less: Capital lease principal payments	(328,139)
Less: Capital debt principal payments	(3,980,063)
Less: Other year-end accrual entries	(41,088)
Expenditures (US GAAP basis)	<u>\$ 47,052,161</u>

Note: Includes transfers

NON-MAJOR PROPRIETARY FUNDS

INTERNAL SERVICE FUNDS

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

Fleet Management fund

Used to account for centralized fleet management.

Claims Reserve Self-Insurance fund

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

Workers' Compensation Self-Insurance fund

Used to account for the self-insurance activities related to employee workers' compensation.

Employee Benefits Self-Insurance fund

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

Office Services fund

Used to account for printing and mailing services.

Radio Communications fund

Used to account for radio services.

**INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
December 31, 2013**

	Fleet Management Fund	Claims Reserve Self-Insurance Fund	Workers ' Compensation Self-Insurance Fund
<u>ASSETS</u>			
Current assets			
Cash and investments	\$ 1,528,781	\$ -	\$ 1,919,212
Accounts receivable (net of allowance for uncollectibles)	43,091	-	-
Inventories	765,527	-	-
Prepays	-	-	175,127
Due from other funds	505,242	11,500	183,323
Total current assets	2,842,641	11,500	2,277,662
Noncurrent assets			
Capital assets:			
Land	-	-	-
Buildings	142,306	-	-
Improvements other than buildings	396,917	-	-
Machinery and equipment	2,537,673	-	41,433
Intangibles	34,891	-	-
Less accumulated depreciation	(2,702,493)	-	(31,079)
Total noncurrent assets	409,294	-	10,354
Total assets	3,251,935	11,500	2,288,016
<u>LIABILITIES AND NET POSITION</u>			
Current liabilities			
Accounts payable	444,865	712,283	8,193,123
Accrued salaries and benefits	496,180	5,305	17,301
Compensated absences	-	1,071	2,737
Due to other funds	10,183	40,037	57,091
Capital lease payable	2,488	-	-
Total current liabilities	953,716	758,696	8,270,252
Noncurrent liabilities			
Compensated absences	-	20,360	52,002
Total noncurrent liabilities	-	20,360	52,002
Total liabilities	953,716	779,056	8,322,254
Net position			
Net investment in capital assets	406,806	-	10,354
Unrestricted	1,891,413	(767,556)	(6,044,592)
Total net position	2,298,219	(767,556)	(6,034,238)
Total liabilities and net position	\$ 3,251,935	\$ 11,500	\$ 2,288,016

CITY OF COLORADO SPRINGS
COLORADO
Exhibit G-1

Employee Benefits Self-Insurance Fund	Office Services Fund	Radio Communications Fund	Total
\$ -	\$ 185,113	\$ 678,303	\$ 4,311,409
232,241	41,072	42,703	359,107
-	57,622	3,123	826,272
-	-	-	175,127
76,441	46,088	833	823,427
308,682	329,895	724,962	6,495,342
-	-	13,000	13,000
-	-	201,250	343,556
-	-	-	396,917
-	225,791	194,980	2,999,877
-	-	-	34,891
-	(225,355)	(395,122)	(3,354,049)
-	436	14,108	434,192
308,682	330,331	739,070	6,929,534
5,035,441	9,487	67,196	14,462,395
7,181	15,285	11,320	552,572
1,050	4,773	1,348	10,979
2,331,580	-	240	2,439,131
-	-	-	2,488
7,375,252	29,545	80,104	17,467,565
19,958	90,684	25,618	208,622
19,958	90,684	25,618	208,622
7,395,210	120,229	105,722	17,676,187
-	436	14,108	431,704
(7,086,528)	209,666	619,240	(11,178,357)
(7,086,528)	210,102	633,348	(10,746,653)
\$ 308,682	\$ 330,331	\$ 739,070	\$ 6,929,534

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the year ended December 31, 2013

	Fleet Management Fund	Claims Reserve Self-Insurance Fund	Workers ' Compensation Self-Insurance Fund
Operating revenues			
Charges for services	\$ 14,644,330	\$ 536,151	\$ 5,611,560
Operating expenses			
Salaries and benefits	4,000,182	192,984	604,234
Other operating expenses	10,299,414	743,622	4,857,299
Depreciation	76,176	-	3,500
Total operating expenses	14,375,772	936,606	5,465,033
Operating income (loss)	268,558	(400,455)	146,527
Nonoperating revenues (expenses)			
Investment earnings	(662)	(1,411)	1,785
Interest expense	(175)	-	-
Loss on disposal of capital assets	-	-	-
Total nonoperating revenues (expenses)	(837)	(1,411)	1,785
Income (loss) before transfers	267,721	(401,866)	148,312
Transfers - in	-	-	-
Change in net position	267,721	(401,866)	148,312
Total net position - January 1	2,030,498	(365,690)	(6,182,550)
Total net position - December 31	\$ 2,298,219	\$ (767,556)	\$ (6,034,238)

CITY OF COLORADO SPRINGS
COLORADO
Exhibit G-2

Employee Benefits Self-Insurance Fund	Office Services Fund	Radio Communications Fund	Total
\$ 24,130,393	\$ 1,695,711	\$ 1,888,782	\$ 48,506,927
229,753	584,474	561,570	6,173,197
29,097,529	1,059,929	1,304,917	47,362,710
-	1,226	6,085	86,987
29,327,282	1,645,629	1,872,572	53,622,894
(5,196,889)	50,082	16,210	(5,115,967)
(2,807)	100	2,250	(745)
-	-	-	(175)
-	-	(11,690)	(11,690)
(2,807)	100	(9,440)	(12,610)
(5,199,696)	50,182	6,770	(5,128,577)
331,809	-	-	331,809
(4,867,887)	50,182	6,770	(4,796,768)
(2,218,641)	159,920	626,578	(5,949,885)
\$ (7,086,528)	\$ 210,102	\$ 633,348	\$ (10,746,653)

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2013**

	Fleet Management Fund	Claims Reserve Self-Insurance Fund	Workers' Compensation Self-Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 355,350	\$ -	\$ 715,491
Receipts from interfund services provided	14,286,298	582,527	4,723,706
Payments to suppliers	(9,527,894)	(907,469)	(4,844,257)
Payments to employees	(4,100,920)	(191,107)	(592,832)
Payments for interfund services used	(1,555,482)	(394,557)	(1,159,443)
Net cash provided (used) by operating activities	(542,648)	(910,606)	(1,157,335)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer from other funds	-	-	-
Advance from other funds	-	40,037	-
Net cash provided by noncapital financing activities	-	40,037	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Repayment of capital lease obligations	(2,569)	-	-
Interest paid - other	(175)	-	-
Net cash used by capital and related financing activities	(2,744)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	1,355,054	827,675	2,147,275
Purchases of investments	(888,075)	-	(1,114,877)
Interest and dividends received	10,869	2,638	18,444
Net cash provided (used) by investing activities	477,848	830,313	1,050,842
Net increase (decrease) in cash and cash equivalents	(67,544)	(40,256)	(106,493)
Cash and cash equivalents - January 1	95,786	40,256	141,949
Cash and cash equivalents - December 31	28,242	-	35,456
Cash and cash equivalents	28,242	-	35,456
Investments	1,500,539	-	1,883,756
Total cash and investments	\$ 1,528,781	\$ -	\$ 1,919,212

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

Employee Benefits Self-Insurance Fund	Office Services Fund	Radio Communications Fund	Total
\$ 6,679,481	\$ 178,535	\$ 972,156	\$ 8,901,013
17,363,504	1,492,582	1,388,560	39,837,177
(26,885,536)	(744,299)	(1,110,388)	(44,019,843)
(225,481)	(575,043)	(574,589)	(6,259,972)
(402,282)	(357,230)	(140,682)	(4,009,676)
(3,470,314)	(5,455)	535,057	(5,551,301)
331,809	-	-	331,809
2,331,580	-	-	2,371,617
2,663,389	-	-	2,703,426
-	-	-	(2,569)
-	-	-	(175)
-	-	-	(2,744)
768,588	106,401	-	5,204,993
-	(107,533)	(532,778)	(2,643,263)
954	1,214	3,745	37,864
769,542	82	(529,033)	2,599,594
(37,383)	(5,373)	6,024	(251,025)
37,383	8,793	6,509	330,676
-	3,420	12,533	79,651
-	3,420	12,533	79,651
-	181,693	665,770	4,231,758
\$ -	\$ 185,113	\$ 678,303	\$ 4,311,409

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2013

	Fleet Management Fund	Claims Reserve Self-Insurance Fund	Workers' Compensation Self-Insurance Fund
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income (loss)	\$ 268,558	\$ (400,455)	\$ 146,527
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation expense	76,176	-	3,500
Change in assets and liabilities			
(Increase) decrease in accounts receivable	(963)	-	-
(Increase) decrease in due from other funds	(1,719)	46,376	(172,363)
(Increase) decrease in inventories	193,974	-	-
Increase in prepaids	-	-	(175,127)
Increase (decrease) in accounts and other payables	22,407	(164,394)	(967,242)
Increase (decrease) in accrued expenses	(100,738)	1,877	11,402
Decrease in due to other funds	(1,000,343)	(394,010)	(4,032)
Net cash provided (used) by operating activities	\$ (542,648)	\$ (910,606)	\$ (1,157,335)
Noncash investing, capital and financing activities			
Decrease in fair value of investments	\$ (11,531)	\$ (4,050)	\$ (16,659)

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

Employee Benefits Self-Insurance Fund	Office Services Fund	Radio Communications Fund	Total
\$ (5,196,889)	\$ 50,082	\$ 16,210	\$ (5,115,967)
-	1,226	6,085	86,987
(89,269)	(26,339)	77,924	(38,647)
1,861	1,745	394,010	269,910
-	(13,753)	3,535	183,756
-	-	-	(175,127)
1,809,711	(27,847)	52,326	724,961
4,272	9,431	(13,019)	(86,775)
-	-	(2,014)	(1,400,399)
<hr/>			
\$ (3,470,314)	\$ (5,455)	\$ 535,057	\$ (5,551,301)
<hr/>			
\$ (3,761)	\$ (1,114)	\$ (1,495)	\$ (38,610)

INTERNAL SERVICES FUND
SCHEDULE OF REVENUES AND EXPENSES-BUDGET AND ACTUAL-BUDGET BASIS
For the year ended December 31, 2013

CITY OF COLORADO SPRINGS
COLORADO
Exhibit G-4

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Fleet Management Fund	\$ 16,230,273	\$ 14,655,199	\$ (1,575,074)
Claims Reserve Self-Insurance Fund	1,000,000	538,790	(461,210)
Workers' Compensation Self Insurance Fund	7,685,000	5,630,004	(2,054,996)
Employee Benefits Self-Insurance Fund	31,308,850	24,463,156	(6,845,694)
Office Services Fund	1,756,035	1,696,925	(59,110)
Radio Communications Fund	2,109,798	1,892,527	(217,271)
Total revenues	\$ 60,089,956	48,876,601	\$ (11,213,355)

Reconciliation to GAAP:

Less: Decrease in fair value of investments	(38,610)
Revenues (US GAAP basis)	<u>\$ 48,837,991</u>

	Final Budget	Actual	Variance Positive (Negative)
Expenses			
Fleet Management Fund	\$ 16,260,447	\$ 14,601,693	\$ 1,658,754
Claims Reserve Self-Insurance Fund	1,003,000	936,274	66,726
Workers' Compensation Self Insurance Fund	7,685,000	5,455,308	2,229,692
Employee Benefits Self-Insurance Fund	31,346,395	29,325,327	2,021,068
Office Services Fund	1,815,056	1,650,971	164,085
Radio Communications Fund	2,273,715	1,876,663	397,052
Total expenses	\$ 60,383,613	53,846,236	\$ 6,537,377

Reconciliation to GAAP:

Add: Depreciation expense	86,987
Add: Loss on disposal of capital assets	11,690
Less: Capital lease principal payments	(2,569)
Less: Other year-end accrual entries	(307,585)
Expenditures (US GAAP basis)	<u>\$ 53,634,759</u>

Note: Includes transfers

FIDUCIARY FUNDS

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

Pension Trust:

Fire and Police Pension Trust funds

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

Agency:

Miscellaneous Depository Agency fund

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

FIDUCIARY FUNDS
COMBINING STATEMENT OF PLAN NET POSITION
December 31, 2013

CITY OF COLORADO SPRINGS
COLORADO
Exhibit H-1

	Old Hire Fire Pension Trust Fund	Old Hire Police Pension Trust Fund	Total
<u>ASSETS</u>			
Pension assets held in trust by Fire and Police Pension Association			
Cash and short term investments	\$ 7,764,607	\$ 6,522,386	\$ 14,286,993
Fixed income	10,796,298	9,069,052	19,865,350
Global equity	38,245,231	32,126,563	70,371,794
Real assets	1,152,006	967,702	2,119,708
Real estate	3,721,022	3,125,714	6,846,736
Absolute return	7,938,824	6,668,730	14,607,554
Private equity	7,549,968	6,342,086	13,892,054
Private debt	739,690	621,351	1,361,041
Securities lending collateral	2,598,768	2,183,004	4,781,772
Receivables	3,088,226	2,594,156	5,682,382
Other assets	101,911	85,606	187,517
Total pension assets held in trust for pension benefits	<u>83,696,551</u>	<u>70,306,350</u>	<u>154,002,901</u>
<u>LIABILITES</u>			
Payables	3,688,727	3,098,586	6,787,313
Total liabilities	<u>3,688,727</u>	<u>3,098,586</u>	<u>6,787,313</u>
<u>NET POSITION</u>			
Net position held in trust for pension benefits	<u>\$ 80,007,824</u>	<u>\$ 67,207,764</u>	<u>\$ 147,215,588</u>

FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
For the year ended December 31, 2013

CITY OF COLORADO SPRINGS
COLORADO
Exhibit H-2

	Old Hire Fire Pension Trust Fund	Old Hire Police Pension Trust Fund	Total
Additions			
City contributions	\$ 1,467,740	\$ 1,543,556	\$ 3,011,296
Participant contributions	-	9,010	9,010
Total contributions	1,467,740	1,552,566	3,020,306
Investment earnings:			
Interest and dividend income	1,227,028	1,030,854	2,257,882
Rental income	4	3	7
Net increase in fair value of investments	10,431,170	8,764,316	19,195,486
Total investment gain	11,658,202	9,795,173	21,453,375
Less investment expenses	687,644	578,228	1,265,872
Net investment gain	10,970,558	9,216,945	20,187,503
Total additions	12,438,298	10,769,511	23,207,809
Deductions			
Benefits	(8,046,291)	(6,852,900)	(14,899,191)
Total deductions	(8,046,291)	(6,852,900)	(14,899,191)
Change in net position	4,392,007	3,916,611	8,308,618
Net position held in trust for pension benefits - January 1	75,615,817	63,291,153	138,906,970
Net position held in trust for pension benefits - December 31	\$ 80,007,824	\$ 67,207,764	\$ 147,215,588

**AGENCY FUND
BALANCE SHEET
December 31, 2013**

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

	<u>Miscellaneous Depository Fund</u>
<u>ASSETS</u>	
Cash and investments	\$ 733,620
Accounts receivable (net of allowance for uncollectibles)	<u>884,726</u>
Total assets	<u><u>1,618,346</u></u>
<u>LIABILITIES</u>	
Due to component unit	<u>1,618,346</u>
Total liabilities	<u><u>\$ 1,618,346</u></u>

**AGENCY FUND
STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES
For the year ended December 31, 2013**

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

	Beginning balance	Debits	Credits	Ending balance
<u>ASSETS</u>				
Miscellaneous depository fund				
Cash and investments	\$ 1,898,866	\$ 181,241,054	\$ 182,406,300	\$ 733,620
Accounts receivable (net of allowance for uncollectibles)	3,397	884,393	3,064	884,726
Total assets	1,902,263	182,125,447	182,409,364	1,618,346

<u>LIABILITIES</u>				
Miscellaneous depository fund				
Accounts payable	272,493	179,154,680	178,882,187	-
Due to component unit	1,629,770	11,424	-	1,618,346
Total liabilities	\$ 1,902,263	\$ 179,166,104	\$ 178,882,187	\$ 1,618,346



CITY OF COLORADO SPRINGS

STATISTICAL SECTION

The statistical section includes six categories of information:

Financial Trend Analysis:

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

Revenue Capacity Analysis:

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

Debt Capacity Analysis:

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

Demographic and Economic Analysis:

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

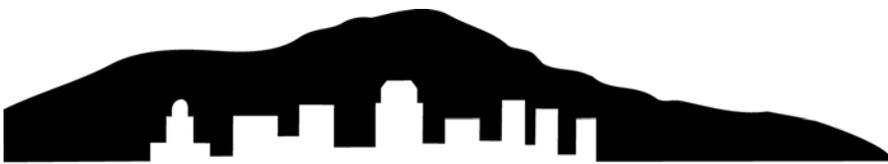
STATISTICAL SECTION CONT'D.

Operating Analysis:

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

Other Information:

Other tables required for disclosure are also included in this section. Tables 18 through 21 provide sales and use tax revenue collection costs and required refunds, assessed valuations, property tax levies and collections, direct and overlapping mill levy rates, landfill closure and postclosure costs.



CITY OF COLORADO SPRINGS

NET POSITION BY COMPONENT

Last ten fiscal years

Table 1

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities										
Net investment in capital assets	\$ 1,222,445,299	\$ 1,204,660,019	\$ 1,189,009,759	\$ 1,036,479,446	\$ 977,962,432	\$ 987,792,618	\$ 943,951,873	\$ 792,111,419	\$ 737,918,070	\$ 473,414,958
Restricted	20,966,471	19,196,709	18,374,171	22,531,964	22,552,285	18,016,585	19,959,764	19,626,343	18,110,760	20,007,713
Unrestricted	74,861,853	85,263,142	71,001,838	58,151,603	41,262,028	48,519,165	73,002,127	69,855,088	76,136,180	137,298,420
Total governmental activities net position	\$ 1,318,273,623	\$ 1,309,119,870	\$ 1,278,385,768	\$ 1,117,163,013	\$ 1,041,776,745	\$ 1,054,328,368	\$ 1,036,913,764	\$ 881,592,850	\$ 832,165,010	\$ 630,721,091
Business-type activities										
Net investment in capital assets	\$ 1,423,336,171	\$ 1,313,687,876	\$ 1,302,975,565	\$ 1,302,421,603	\$ 1,331,520,235	\$ 1,299,158,955	\$ 1,327,314,557	\$ 1,282,203,625	\$ 1,136,184,516	\$ 1,070,922,705
Restricted	42,190,406	81,754,874	127,607,494	89,960,386	47,970,871	46,335,511	66,201,848	57,715,492	64,247,486	62,682,812
Unrestricted	224,351,377	351,354,252	607,184,465	628,422,810	583,939,576	310,245,990	491,602,189	464,250,952	620,409,743	501,642,567
Total business-type activities net position	\$ 1,689,877,954	\$ 1,746,797,002	\$ 2,037,767,524	\$ 2,020,804,799	\$ 1,963,430,682	\$ 1,655,740,456	\$ 1,885,118,594	\$ 1,804,170,069	\$ 1,820,841,745	\$ 1,635,248,084
Primary government										
Net investment in capital assets	\$ 2,645,781,470	\$ 2,518,347,895	\$ 2,491,985,324	\$ 2,338,901,049	\$ 2,309,482,667	\$ 2,286,951,573	\$ 2,271,266,430	\$ 2,074,315,044	\$ 1,874,102,586	\$ 1,544,337,663
Restricted	63,156,877	100,951,583	145,981,665	112,492,350	70,523,156	64,352,096	86,161,612	77,341,835	82,358,246	82,690,525
Unrestricted	299,213,230	436,617,394	678,186,303	686,574,413	625,201,604	358,765,155	564,604,316	534,106,040	696,545,923	638,940,987
Total primary government net position	\$ 3,008,151,577	\$ 3,055,916,872	\$ 3,316,153,292	\$ 3,137,967,812	\$ 3,005,207,427	\$ 2,710,068,824	\$ 2,922,032,358	\$ 2,685,762,919	\$ 2,653,006,755	\$ 2,265,969,175

CHANGES IN NET POSITION

Last ten fiscal years

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses										
Governmental activities:										
General government	\$ 57,776,797	\$ 58,618,337	\$ 48,067,151	\$ 46,363,125	\$ 56,677,795	\$ 92,816,914	\$ 79,497,564	\$ 72,426,781	\$ 66,069,123	\$ 57,537,266
Public safety	158,517,649	149,168,556	149,930,831	150,429,316	145,663,748	123,712,015	126,767,912	127,123,546	116,674,354	107,890,403
Public works	80,476,208	74,045,666	67,067,654	61,479,834	83,647,759	69,909,340	79,445,004	70,720,058	71,137,000	69,387,263
Health and welfare	1,057,832	1,274,298	1,214,081	1,205,744	1,230,831	1,181,013	1,146,634	1,061,100	896,675	1,025,059
Culture and recreation	22,344,456	22,238,048	21,789,448	21,616,273	25,192,163	22,674,396	25,899,084	23,336,913	27,454,595	20,254,797
Urban redevelopment and housing	4,775,034	6,803,814	5,032,806	6,160,987	4,966,112	6,034,237	4,917,290	6,505,047	5,615,284	8,274,058
Economic development	3,292,753	2,711,136	2,619,256	2,042,321	3,170,529	2,814,646	2,894,876	2,862,511	2,577,708	2,356,907
Economic opportunities	-	-	-	-	-	3,242	73,758	24,045	12,163	10,578
Interest on long-term debt	4,683,225	4,867,183	5,020,740	5,630,651	5,391,628	5,058,419	4,758,426	6,064,813	6,411,059	6,106,004
Miscellaneous	-	-	-	-	-	-	-	480,442	574,337	448,175
Total governmental activities expenses	332,923,954	319,727,038	300,741,967	294,928,251	325,940,565	324,204,222	325,400,548	310,605,256	297,422,298	273,290,510
Business-type activities:										
Utilities	805,232,795	749,375,429	818,668,053	796,131,627	725,181,046	999,877,783	737,871,365	794,957,734	567,771,779	621,608,610
PACE	61,041,000	-	-	-	-	-	-	-	-	-
MHS	431,000	431,645,000	560,894,000	540,440,000	555,196,000	556,297,000	500,198,000	412,148,000	374,257,000	339,519,000
Airport	-	-	24,874,856	25,341,755	25,469,043	26,371,427	26,044,121	45,455,853	24,707,950	24,293,095
Parking	-	-	3,843,908	3,089,064	4,014,468	3,938,954	3,064,208	2,517,840	2,483,200	2,176,488
Other	47,044,893	43,356,373	12,391,209	16,213,845	23,269,243	17,131,141	14,015,113	10,457,158	9,178,016	7,856,321
Total business-type activities expenses	913,749,688	1,224,376,802	1,420,672,026	1,381,216,291	1,333,129,800	1,603,616,305	1,281,192,807	1,265,536,585	978,397,945	995,453,514
Total primary government expenses	\$ 1,246,673,642	\$ 1,544,103,840	\$ 1,721,413,993	\$ 1,676,144,542	\$ 1,659,070,365	\$ 1,927,820,527	\$ 1,606,593,355	\$ 1,576,141,841	\$ 1,275,820,243	\$ 1,268,744,024
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 11,468,448	\$ 14,284,808	\$ 16,781,325	\$ 16,515,016	\$ 15,631,509	\$ 20,985,541	\$ 20,396,377	\$ 20,650,157	\$ 21,090,902	\$ 19,743,456
Public safety	4,796,826	5,032,930	4,585,702	4,909,599	4,299,642	3,760,245	3,733,389	4,639,941	3,665,390	3,463,338
Public works	7,647,033	5,189,248	4,681,309	6,357,708	6,812,214	8,598,594	7,876,596	10,389,741	10,337,995	11,055,412
Culture and recreation	2,394,630	2,343,078	2,901,620	3,124,277	3,315,582	3,460,517	3,298,029	3,287,652	3,181,267	2,771,570
Urban redevelopment and housing	550,014	2,126,074	297,530	98,933	859,437	2,071,374	1,121,879	2,800,362	791,692	2,035,112
Economic development	-	-	-	-	36,996	6,841	27,748	120,061	36,278	77,746
Operating grants and contributions	21,514,697	20,121,901	25,377,676	24,110,968	19,289,013	15,004,443	22,917,770	13,806,989	60,461,831	14,940,239
Capital grants and contributions	60,360,011	77,975,257	176,593,370	105,822,052	58,880,735	78,130,974	198,295,183	93,664,188	34,263,627	52,223,578
Total governmental activities program revenues	\$ 108,731,659	\$ 127,073,296	\$ 231,218,532	\$ 160,938,553	\$ 109,125,128	\$ 132,018,529	\$ 257,666,971	\$ 149,359,091	\$ 133,828,982	\$ 106,310,451

(continued)

CHANGES IN NET POSITION

Last ten fiscal years

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Business-type activities:										
Charges for services:										
Utilities	\$ 823,760,000	\$ 849,746,000	\$ 830,522,000	\$ 797,546,000	\$ 743,780,000	\$ 756,774,000	\$ 721,355,652	\$ 678,530,612	\$ 671,846,586	\$ 590,990,827
PACE	47,085,000	-	-	-	-	-	-	-	-	-
MHS	-	415,872,000	551,709,000	550,074,000	543,987,000	553,072,000	507,694,000	425,091,000	397,956,000	365,445,000
Airport	-	-	20,360,155	19,209,227	21,302,693	25,607,276	25,532,810	25,411,477	24,714,030	26,945,053
Parking	-	-	3,831,263	3,715,448	3,631,086	3,733,694	3,504,273	3,200,612	2,785,403	2,775,362
Other	35,699,603	33,843,316	9,612,131	9,826,784	24,489,550	25,138,274	24,683,395	8,732,533	8,528,184	7,433,408
Capital grants and contributions	57,956,449	68,939,203	46,543,219	50,430,938	42,733,907	44,401,587	64,979,269	91,230,189	57,521,098	64,671,742
Total business-type activities program revenues	964,501,052	1,368,400,519	1,462,577,768	1,430,802,397	1,379,924,236	1,408,726,831	1,347,749,399	1,232,196,423	1,163,351,301	1,058,261,392
Total primary government program revenues	\$ 1,073,232,711	\$ 1,495,473,815	\$ 1,693,796,300	\$ 1,591,740,950	\$ 1,489,049,364	\$ 1,540,745,360	\$ 1,605,416,370	\$ 1,381,555,514	\$ 1,297,180,283	\$ 1,164,571,843
Net (expense)/revenue										
Governmental activities	\$ (224,192,295)	\$ (192,653,742)	\$ (69,523,435)	\$ (133,989,698)	\$ (216,815,437)	\$ (192,185,693)	\$ (67,733,577)	\$ (161,246,165)	\$ (163,593,316)	\$ (166,980,059)
Business-type activities	50,751,364	144,023,717	41,905,742	49,586,106	46,794,436	(194,889,474)	66,556,592	(33,340,162)	184,953,356	62,807,878
Total primary government net (expense) revenue	\$ (173,440,931)	\$ (48,630,025)	\$ 46,822,216	\$ (59,393,064)	\$ (135,281,753)	\$ (141,218,406)	\$ (448,052,599)	\$ (116,729,961)	\$ (263,431,449)	\$ (83,729,869)
General revenues and other changes in net position										
Governmental activities:										
Taxes:										
Property taxes	\$ 24,283,843	\$ 22,897,112	\$ 24,473,652	\$ 24,326,164	\$ 26,275,090	\$ 25,741,077	\$ 22,696,117	\$ 21,906,181	\$ 20,485,055	\$ 19,782,761
Sales taxes	172,706,230	163,975,846	155,546,936	148,782,961	143,214,662	150,111,070	163,816,420	158,461,159	153,812,340	149,466,682
Specific ownership taxes	2,343,653	2,222,285	2,190,174	2,311,600	2,761,330	3,024,451	3,179,212	3,094,339	3,146,062	3,119,592
Occupational liquor taxes	264,539	259,820	257,561	256,153	253,747	254,711	259,320	256,852	253,228	246,664
Admissions tax	432,317	476,030	449,533	490,236	447,568	398,694	313,008	440,766	405,455	371,828
Bicycle excise tax	78,760	90,536	86,091	95,547	89,579	91,074	109,226	111,463	122,757	118,425
Investment earnings	1,102,409	1,783,647	1,291,703	1,734,681	2,676,486	3,809,609	7,515,253	6,637,647	3,657,449	2,857,160
Gain on sale of capital assets	995,844	-	748,077	572,920	1,516,412	275,399	87,244	51,479	16,576	-
Contributions to endowments	70,965	78,943	73,080	78,543	84,680	94,795	99,192	90,505	83,980	86,892
Transfers	32,116,530	33,145,262	30,235,004	30,727,161	26,109,574	25,799,417	24,979,499	24,558,860	24,359,629	22,389,858
Total governmental activities	234,395,090	224,929,481	215,351,811	209,375,966	203,429,128	209,600,297	223,054,491	215,609,251	206,342,531	198,439,862
Business-type activities:										
Investment earnings	4,070,731	18,412,607	3,492,224	30,445,172	44,279,364	(8,689,259)	39,371,432	35,910,334	24,999,934	26,130,083
Loss on defeasance and repayment of long term debt	-	(47,903,000)	-	-	-	-	-	-	-	-
Extraordinary item	(507,000)	-	-	-	-	-	-	-	-	-
Special item - conveyance of assets	-	(372,358,584)	(1,015,237)	-	-	-	-	-	-	-
Transfers	(32,116,530)	(33,145,262)	(30,235,004)	(30,727,161)	(26,109,574)	(25,799,417)	(24,979,499)	(24,558,860)	(24,359,629)	(22,389,858)
Total business-type activities	(28,552,799)	(434,994,239)	(27,758,017)	(281,989)	18,169,790	(34,488,676)	14,391,933	11,351,474	640,305	3,740,225
Total primary government	\$ 205,842,291	\$ (210,064,758)	\$ 187,593,794	\$ 209,093,977	\$ 221,598,918	\$ 175,111,621	\$ 237,446,424	\$ 226,960,725	\$ 206,982,836	\$ 202,180,087
Change in net position										
Governmental activities	\$ 10,202,795	\$ 32,275,739	\$ 23,625,092	\$ 139,852,531	\$ 69,439,430	\$ (7,215,140)	\$ 30,868,798	\$ 147,875,674	\$ 45,096,366	\$ 34,846,546
Business-type activities	22,198,565	(290,970,522)	210,790,918	9,848,382	16,877,735	41,108,355	(241,474,973)	(37,644,910)	(101,544,979)	83,603,672
Total primary government	\$ 32,401,360	\$ (258,694,783)	\$ 234,416,010	\$ 149,700,913	\$ 86,317,165	\$ 33,893,215	\$ (210,606,175)	\$ 110,230,764	\$ (56,448,613)	\$ 118,450,218

Note: The city adopted GASB Statement No. 61 in 2013, which requires PACE to be presented as a blended component unit.

In 2012, Airport and Parking were moved from major funds to non-major funds and are presented as Other.

FUND BALANCES OF GOVERNMENTAL FUNDS
Last ten fiscal years

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General fund										
Nonspendable	\$ 133,289	\$ 132,999	\$ 609,243	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	8,182,418	7,547,036	7,547,034	-	-	-	-	-	-	-
Committed	5,565,912	3,857,623	1,231,321	-	-	-	-	-	-	-
Assigned	8,070,526	3,212,142	3,415,078	-	-	-	-	-	-	-
Unassigned	35,115,277	47,194,174	37,994,759	-	-	-	-	-	-	-
Reserved	-	-	-	9,908,610	10,491,562	9,152,823	8,711,416	8,706,621	7,590,511	10,935,884
Unreserved	-	-	-	34,078,702	15,926,061	22,864,229	31,775,420	24,119,856	31,626,013	33,310,291
Total general fund	\$ 57,067,422	\$ 61,943,974	\$ 50,797,435	\$ 43,987,312	\$ 26,417,623	\$ 32,017,052	\$ 40,486,836	\$ 32,826,477	\$ 39,216,524	\$ 44,246,175
All other governmental funds										
Nonspendable	\$ 11,049,247	\$ 10,440,549	\$ 9,721,218	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	30,599,345	32,237,097	26,971,406	-	-	-	-	-	-	-
Committed	14,015,208	11,107,290	10,824,498	-	-	-	-	-	-	-
Assigned	847,687	32,259	120,349	-	-	-	-	-	-	-
Reserved	-	-	-	10,873,354	10,310,723	8,863,762	11,248,348	10,919,723	10,520,249	20,116,568
Unreserved, reported in:										
Special revenue funds	-	-	-	28,817,032	29,662,100	30,108,294	34,247,414	36,559,557	32,027,399	26,413,825
Capital projects funds	-	-	-	6,539,942	5,113,092	9,040,858	12,450,314	11,328,784	14,262,602	8,825,087
Total all other governmental funds	\$ 56,511,487	\$ 53,817,195	\$ 47,637,471	\$ 46,230,328	\$ 45,085,915	\$ 48,012,914	\$ 57,946,076	\$ 58,808,064	\$ 56,810,250	\$ 55,355,480

Note: The City adopted GASB Statement 54 in 2011 which requires new fund balance classifications for governmental funds

**CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS
Last ten fiscal years**

**CITY OF COLORADO SPRINGS
COLORADO
Table 4**

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues										
Taxes	\$ 200,109,342	\$ 189,921,630	\$ 183,003,947	\$ 176,388,909	\$ 173,181,802	\$ 179,790,693	\$ 190,409,468	\$ 184,419,011	\$ 178,378,079	\$ 173,436,945
Licenses and permits	1,940,283	1,761,529	870,688	798,583	557,894	650,977	701,441	980,916	667,337	642,912
Intergovernmental	49,448,348	51,689,187	62,487,615	85,204,897	57,833,164	53,351,302	60,601,329	54,367,954	43,158,722	40,183,425
Charges for services	22,180,061	20,532,487	21,739,662	24,779,523	25,266,767	29,323,793	29,058,970	33,375,567	32,821,512	31,856,403
Endowments and donations	1,282,267	1,584,805	1,315,079	1,680,204	1,614,763	1,699,147	1,326,375	2,636,147	3,634,011	1,489,187
Other revenue	2,410,136	4,742,492	4,468,747	2,989,985	2,311,184	4,415,975	3,601,664	2,321,482	2,725,085	3,011,634
Investment earnings	1,115,418	1,752,286	1,327,990	1,822,435	2,902,795	3,331,460	6,960,170	5,572,923	3,111,062	2,581,807
Rental income	589,610	570,703	605,115	723,937	773,764	767,989	697,917	746,082	660,478	343,776
Total revenues	279,075,465	272,555,119	275,818,843	294,388,473	264,442,133	273,331,336	293,357,334	284,420,082	265,156,286	253,546,089
Expenditures										
General government	56,098,731	48,772,398	47,390,554	42,203,955	50,559,017	82,353,801	72,231,643	66,991,217	57,177,292	51,961,932
Public safety	149,890,554	145,044,874	141,877,121	141,338,332	135,143,416	113,724,157	116,345,694	119,126,698	110,140,218	101,792,209
Public works	38,659,424	32,353,857	31,816,336	33,423,255	50,726,314	37,188,794	41,998,578	40,554,899	38,190,123	36,948,686
Health and welfare	1,040,000	1,270,179	1,209,861	1,214,390	1,227,493	1,173,833	1,134,100	1,061,100	896,675	1,025,059
Culture and recreation	18,044,391	18,718,313	18,216,191	21,079,762	22,621,993	21,611,217	22,303,042	20,390,415	20,104,499	17,434,214
Urban redevelopment and housing	4,402,839	6,531,559	4,877,732	6,082,959	4,922,150	5,957,329	5,670,270	6,840,243	5,787,915	8,157,828
Economic development	3,237,248	2,702,372	2,610,152	2,056,965	3,161,932	2,797,534	2,863,231	2,830,396	2,557,373	2,377,006
Economic opportunities	-	-	-	-	-	3,222	72,952	23,775	12,067	10,668
Miscellaneous	670,525	1,160,787	3,374,694	1,077,315	581,673	815,688	602,980	514,049	660,481	744,467
Debt service										
Principal	14,397,183	13,352,897	12,225,107	12,435,183	9,894,252	10,051,894	8,772,742	10,904,822	13,769,724	11,292,768
Interest	4,803,195	5,079,904	5,258,816	5,811,077	4,782,855	4,909,523	5,080,129	6,127,357	6,381,097	6,122,759
Issuance Expense	-	-	188,001	77,358	1,028,220	-	-	-	-	-
Capital outlay	24,582,564	16,958,479	29,006,978	41,390,901	56,397,757	46,673,145	41,240,465	33,440,043	42,296,100	50,576,149
Total expenditures	315,826,654	291,945,619	298,051,543	308,191,452	341,047,072	327,260,137	318,315,826	308,805,014	297,973,564	288,443,745
Deficiency of revenues under expenditures	(36,751,189)	(19,390,500)	(22,232,700)	(13,802,979)	(76,604,939)	(53,928,801)	(24,958,492)	(24,384,932)	(32,817,278)	(34,897,656)
Other financing sources (uses)										
Transfers - in	42,406,999	40,886,014	39,793,341	46,854,998	34,325,645	39,019,942	39,631,621	42,599,569	45,172,685	37,353,535
Transfers - out	(10,622,278)	(6,740,752)	(7,877,337)	(16,127,837)	(9,666,071)	(11,720,525)	(16,897,772)	(18,040,709)	(20,490,444)	(14,701,582)
Issuance of debt	-	-	13,485,000	3,900,000	65,930,000	2,790,000	10,476,900	-	2,695,000	25,915,000
Payment on refunding bonds	-	-	(16,262,864)	(4,221,551)	(38,707,635)	-	(11,161,225)	-	-	(17,398,900)
Premium on bonds issued	-	-	563,751	201,552	2,370,180	-	953,410	-	-	430,447
Debt issuance cost	-	-	-	-	(752,657)	-	(256,106)	-	-	-
Capital lease financing	1,776,674	2,402,394	-	1,337,000	13,059,230	5,158,766	8,540,289	-	1,218,293	561,191
Sale of capital assets	1,007,534	169,107	748,075	572,919	1,519,819	277,672	213,641	369,085	646,863	280,374
Total other financing sources (uses)	34,568,929	36,716,763	30,449,966	32,517,081	68,078,511	35,525,855	31,500,758	24,927,945	29,242,397	32,440,065
Net change in fund balances	\$ (2,182,260)	\$ 17,326,263	\$ 8,217,266	\$ 18,714,102	\$ (8,526,428)	\$ (18,402,946)	\$ 6,542,266	\$ 543,013	\$ (3,574,881)	\$ (2,457,591)
Debt service as a percentage of noncapital expenditures	6.5%	6.8%	6.9%	6.9%	4.8%	5.1%	4.8%	6.1%	7.5%	7.8%

SALES AND USE TAX REVENUE

Last ten fiscal years

Fiscal Year	City Sales and Use Tax	Public Safety Sales and Use Tax	Trails, Open Space and Parks Sales and Use Tax	Total Direct Tax Rate
2004	\$ 116,471,513	\$ 23,000,535	\$ 5,823,575	2.50%
2005	118,648,568	23,660,221	5,932,430	2.50%
2006	122,626,114	24,478,592	6,131,306	2.50%
2007	125,661,571	25,131,496	6,283,079	2.50%
2008	115,961,702	23,190,497	5,798,084	2.50%
2009	111,023,593	22,195,799	5,551,180	2.50%
2010	117,428,817	23,485,755	5,871,441	2.50%
2011	121,845,027	24,369,005	6,092,251	2.50%
2012	128,711,178	25,742,236	6,435,558	2.50%
2013	136,082,127	27,216,425	6,804,106	2.50%

Source: City Sales Tax Division Reports

**DIRECT AND OVERLAPPING
SALES AND USE TAX RATES**
Last ten fiscal years

**CITY OF COLORADO SPRINGS
COLORADO**
Table 6

Fiscal Year	City Direct Rates				Overlapping Rates		Total Direct and Overlapping Rates
	City Sales and Use Tax	Public Safety Sales and Use Tax	Trails, Open Space and Parks Sales and Use Tax	Total Direct	El Paso County Sales Tax	Pikes Peak Rural Transportation Authority Tax	
2004	2.00%	0.40%	0.10%	2.50%	1.00%	-	3.50%
2005	2.00%	0.40%	0.10%	2.50%	1.00%	1.00% ¹	4.50%
2006	2.00%	0.40%	0.10%	2.50%	1.00%	1.00%	4.50%
2007	2.00%	0.40%	0.10%	2.50%	1.00%	1.00%	4.50%
2008	2.00%	0.40%	0.10%	2.50%	1.00%	1.00%	4.50%
2009	2.00%	0.40%	0.10%	2.50%	1.00%	1.00%	4.50%
2010	2.00%	0.40%	0.10%	2.50%	1.00%	1.00%	4.50%
2011	2.00%	0.40%	0.10%	2.50%	1.00%	1.00%	4.50%
2012	2.00%	0.40%	0.10%	2.50%	1.00%	1.00% ²	4.50%
2013	2.00%	0.40%	0.10%	2.50%	1.00%	1.00%	4.50%

Note: In April 1991, voters approved City Charter Amendment #3, entitled the "Taxpayers Bill of Rights." A similar statewide constitutional amendment was passed in November 1992. One of the provisions of this amendment is that advance voter approval is necessary for any new tax or tax increase.

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

²In November 2012, voters in El Paso County, Colorado Springs, Manitou Springs, Green Mountain Falls, and Ramah approved an extension of the capital portion of PPRTA, which is 55% of the 1-cent sales and use tax. This extends the PPRTA tax through 2024.

PRINCIPAL TAXPAYERS

SALES AND USE TAXPAYERS BY INDUSTRY
Current year and eight years ago

Industry	Fiscal Year 2013			Fiscal Year 2005		
	Sales and Use Tax Amount	Rank	Percentage of Total City Sales and Use Tax	Sales and Use Tax Amount	Rank	Percentage of Total City Sales and Use Tax
Miscellaneous retail	\$ 21,942,045	1	14.20%	\$ 24,284,180	1	13.66%
Miscellaneous non-retail	21,084,928	2	13.65%	21,236,850	3	11.94%
Restaurants	19,707,635	3	12.76%	19,963,444	5	11.23%
Department and discount stores	17,515,820	4	11.34%	20,810,428	4	11.70%
Building materials	15,031,304	5	9.73%	21,899,790	2	12.32%
	<u>\$ 95,281,732</u>		<u>61.68%</u>	<u>\$ 108,194,692</u>		<u>60.85%</u>

Source: Sales Tax Division

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

Will compare 2005 to future years until nine years of data is available.

PROPERTY TAXPAYERS
Current year

Taxpayer	Type of Business	Fiscal Year 2013	
		Assessed Valuation	Percentage of Total City Assessed Value
Qwest Corporation	Utility	\$ 49,789,360	1.08%
Cellco Partnership (f/k/a Verizon Wireless)	Utility	36,898,940	0.80%
Wal-Mart Real Estate	Discount retail	35,485,790	0.77%
Broadmoor Hotel Inc.	Resort hotel	29,677,640	0.65%
DPIX	Imaging solutions manufacturer	30,045,560	0.65%
Federal Express Corp	Mail and Shipping	17,050,100	0.37%
Palmer Center Ltd.	Real estate company	13,688,640	0.30%
Citadel Drive Holdings LLC	Retail	12,721,970	0.28%
Agilent Technologies	Technology	12,566,760	0.27%
Progressive Direct Insurance Co.	Insurance	12,296,710	0.27%
		<u>\$ 250,221,470</u>	<u>5.44%</u>

Source: El Paso County Treasurer's office.

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

Property taxpayer information is included for continuing disclosure requirements on bonds. As such, only current year data is presented.

**RATIOS OF OUTSTANDING
DEBT BY TYPE**
Last ten fiscal years

**CITY OF COLORADO SPRINGS
COLORADO**
Table 8

Fiscal Year	Governmental Activities (in 000's)					Business-Type Activities (in 000's)			Total Primary Government (in 000's)	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Sales Tax Revenue Bonds	Certificates of Participation	Special Assessment Bonds & Notes	Capital Leases	Revenue Bonds	Notes Payable	Capital Leases			
2004	\$ 32,445	\$ 64,490	\$ 25,305	\$ 644	\$ 4,399	\$ 1,664,306	\$ 19,807	\$ 679	\$ 1,812,075	9.60%	\$ 4,784
2005	29,195	59,670	23,915	536	3,808	1,775,026	19,101	676	1,911,927	9.49%	4,991
2006	25,935	54,645	22,475	405	2,656	1,833,365	19,651	637	1,959,769	9.12%	5,001
2007	22,490	50,830	20,995	364	9,928	1,881,485	23,277	463	2,009,832	8.81%	5,090
2008	21,725	47,370	19,450	222	13,633	1,960,981	22,687	2,380	2,088,448	8.76%	5,206
2009	18,050	43,615	49,135	111	23,590	2,044,188	98,022	2,683	2,279,394	9.71%	5,590
2010	16,980	37,280	47,575	-	21,316	2,550,918	100,979	2,360	2,777,408	11.23%	6,655
2011	16,145	30,750	43,440	-	17,913	2,501,884	94,979	1,391	2,706,502	10.25%	6,340
2012	15,270	24,030	41,805	-	16,190	2,285,310	30,558	1,208	2,414,371	8.56%	5,619
2013	14,272	17,544	41,345	-	4,622	3,061,246	21,417	649	3,161,095	10.49%	7,212

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Beginning with 2013, debt amounts are net of related premiums, discounts, and adjustments.

¹Personal income and population data was updated for prior years and can be found on Table 13.

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 9**

Fiscal Year	General Obligation Bonds (in 000's)	Less: Non-City Obligations (in 000's) ²	City General Obligation Bonds (in 000's)	Assessed Value of Property (in 000's)	Percentage of Assessed Value of Property	Per Capita ¹
2004	\$ 32,445	\$ 18,450	\$ 13,995	\$ 3,783,803	0.37%	\$ 37
2005	29,195	17,885	11,310	4,103,863	0.28%	29.52
2006	25,935	17,360	8,575	4,215,419	0.20%	21.88
2007	22,490	16,705	5,785	4,738,226	0.12%	14.65
2008	21,725	18,790	2,935	4,773,750	0.06%	7.32
2009	18,050	18,050	-	4,948,368	-	-
2010	16,980	16,980	-	4,938,341	-	-
2011	16,145	16,145	-	4,601,619	-	-
2012	15,270	15,270	-	4,600,222	-	-
2013	14,272	14,272	-	4,608,210	-	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Beginning with 2013, debt amounts are net of related premiums, discounts, and adjustments.

¹Population data can be found on Table 13.

²Non-City Obligations represent general obligation bonds of the City's blended component units. These bonds are to be repaid solely by funds provided by the property owners within the geographical boundaries of the component units.

**DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2013**

**CITY OF COLORADO SPRINGS
COLORADO
Table 10**

Governmental Unit	Estimated Percentage Applicable	Debt Outstanding	Estimated Share of Overlapping Debt	Debt Outstanding (Excluding COPs)	Estimated Share of Overlapping Debt (Excluding COPs)
El Paso County	73.57%	\$ 166,481,345	\$ 122,478,763	\$ 1,256,345	\$ 924,281
Harrison School District #2	92.76%	46,890,000	43,494,901	46,890,000	43,494,901
Widefield School District #3	4.15%	11,245,000	466,814	11,245,000	466,814
Fountain/Fort Carson School District #8	0.03%	7,900,000	2,506	-	-
Colorado Springs School District #11	92.14%	211,787,090	195,148,965	190,042,090	175,112,265
Cheyenne Mountain School District #12	97.14%	18,128,749	17,609,880	18,128,749	17,609,880
Manitou School District #14	9.53%	4,685,000	446,528	4,685,000	446,528
Air Academy School District #20	83.33%	141,729,508	118,108,835	139,104,508	115,921,318
Ellicott School District #22	0.34%	4,893,191	16,401	4,243,191	14,222
Falcon School District #49	48.63%	124,353,010	60,467,802	42,183,010	20,511,879
Barnes & Powers North BID	100.00%	3,760,000	3,760,000	3,760,000	3,760,000
Barnes & Powers South BID	100.00%	690,000	690,000	690,000	690,000
Briargate Center BID	100.00%	9,505,000	9,505,000	9,505,000	9,505,000
First & Main BID	100.00%	1,540,310	1,540,310	1,540,310	1,540,310
First & Main #2 BID	100.00%	4,240,000	4,240,000	4,240,000	4,240,000
First & Main North BID	100.00%	1,805,943	1,805,943	1,805,943	1,805,943
Interquest North BID	100.00%	6,445,901	6,445,901	6,445,901	6,445,901
Interquest South BID	100.00%	136,350	136,350	136,350	136,350
Powers and Woodmen BID	100.00%	1,885,908	1,885,908	1,885,908	1,885,908
Colorado Springs Urban Renewal Authority	100.00%	57,849,066	57,849,066	57,849,066	57,849,066
Subtotal, overlapping debt			646,099,873		462,360,566
City direct debt			77,783,000		36,438,000
Total direct and overlapping debt			<u>\$ 723,882,873</u>		<u>\$ 498,798,566</u>

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

Sources: Assessed value data used to estimate applicable percentages is provided by the El Paso County Assessor's office final certification letter dated November 29, 2012. Debt outstanding data provided by each governmental unit.

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

LEGAL DEBT MARGIN INFORMATION
Last ten fiscal years

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt limit	\$ 460,821,039	\$ 460,022,289	\$ 460,161,902	\$ 493,834,140	\$ 494,836,820	\$ 477,374,953	\$ 473,822,587	\$ 421,541,959	\$ 410,386,307	\$ 378,380,271
Total net debt applicable to limit	-	-	-	-	-	2,935,000	5,785,000	8,575,000	11,310,000	13,995,000
Legal debt margin	\$ 460,821,039	\$ 460,022,289	\$ 460,161,902	\$ 493,834,140	\$ 494,836,820	\$ 474,439,953	\$ 468,037,587	\$ 412,966,959	\$ 399,076,307	\$ 364,385,271
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.61%	1.22%	2.03%	2.76%	3.70%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value - 2013 for 2014 taxes	\$ 4,608,210,390
Debt limit (10% of assessed value)	460,821,039
Debt applicable to limit:	
General obligation bonds	-
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 460,821,039</u>

PLEDGED REVENUE COVERAGE
Last ten fiscal years

Fiscal Year	Utilities Revenue Bonds						MHS Revenue Bonds					
	Applicable Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Applicable Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2004	\$ 633,739,434	\$ 474,551,233	\$ 159,188,201	\$ 16,603,572	\$ 55,118,082	2.22	\$ 433,790,077	\$ 371,616,042	\$ 62,174,035	\$ 20,840,000	\$ 1,921,706	2.73
2005	716,218,779	516,369,158	199,849,621	17,256,540	63,524,157	2.47	435,369,989	375,481,034	59,888,955	20,840,000	1,921,706	2.63
2006	718,507,863	531,512,370	186,995,493	18,298,215	68,756,629	2.15	479,344,468	417,945,851	61,398,617	20,840,000	1,921,706	2.70
2007	763,754,405	565,046,685	198,707,720	17,905,225	73,260,972	2.18	575,864,553	514,228,163	61,636,390	20,840,000	1,921,706	2.71
2008	788,601,365	627,795,505	160,805,860	7,551,592	71,836,148	2.03	594,401,435	551,705,616	42,695,819	20,840,000	3,355,759	1.76
2009	769,135,361	593,636,333	175,499,028	9,681,357	71,763,387	2.15	589,191,456	527,057,252	62,134,204	7,652,250	17,429,644	2.48
2010	832,076,083	626,317,175	205,758,908	16,111,357	75,711,638	2.24	627,273,174	552,291,480	74,981,694	7,652,250	17,429,644	2.99
2011	871,787,767	602,713,246	269,074,521	27,597,493	101,451,007	2.09	616,377,763	566,986,955	49,390,808	8,152,250	16,983,655	1.96
2012	896,096,459	558,294,875	337,801,584	47,440,949	103,701,547	2.23	-	-	-	-	-	-
2013	862,957,000	548,838,000	314,119,000	52,285,000	101,908,000	2.04	-	-	-	-	-	-

Fiscal Year	Airport Revenue Bonds						Parking Revenue Bonds					
	Applicable Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Applicable Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2004	\$ 22,571,575	\$ 13,039,813	\$ 9,531,762	\$ 2,169,586	\$ 3,660,099	1.64	\$ 2,790,574	\$ 1,168,642	\$ 1,621,932	\$ 375,000	\$ 330,938	2.30
2005	22,648,070	13,216,784	9,431,286	2,167,466	3,660,882	1.62	2,930,862	1,462,482	1,468,380	385,000	315,938	2.09
2006	23,602,795	13,804,532	9,798,263	2,175,370	3,659,313	1.68	3,445,591	1,224,171	2,221,420	400,000	549,684	2.34
2007	23,855,188	14,722,292	9,132,896	2,101,895	3,546,516	1.62	3,833,722	1,476,778	2,356,944	420,000	607,173	2.29
2008	24,147,143	14,537,476	9,609,667	3,525,250	2,100,363	1.71	4,020,690	1,388,731	2,631,959	435,000	590,373	2.57
2009	23,444,173	14,914,375	8,529,798	1,729,912	3,503,526	1.63	3,790,011	1,443,133	2,346,878	480,000	572,973	2.23
2010	21,065,961	15,380,368	5,685,593	1,295,000	2,272,688	1.59 ²	3,780,270	1,719,442	2,060,828	505,000	553,929	1.95
2011	21,995,280	14,399,903	7,595,377	3,020,000	2,217,513	1.45 ²	3,897,747	1,540,444	2,357,303	525,000	533,119	2.23
2012	21,305,660	14,342,230	6,963,430	3,180,000	2,056,363	1.33	3,868,184	1,518,912	2,349,272	545,000	510,979	2.22
2013	23,286,217	13,313,623	9,972,594	3,350,000	1,886,638	1.90	3,964,899	1,783,408	2,181,491	570,000	487,746	2.06

Fiscal Year	Public Authority for Colorado Energy Revenue Bonds				Sales and Use Tax Revenue Bonds				Special Assessment Bonds			
	Applicable Revenues	Debt Service		Coverage	Sales and Use Tax Collections	Debt Service		Coverage	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest			Principal	Interest			Principal	Interest	
2004	N/A	N/A	N/A	N/A	\$ 117,043,184	\$ 4,625,000	\$ 3,224,334	14.91	\$ 223,355	\$ 156,592	\$ 65,205	1.01
2005	N/A	N/A	N/A	N/A	120,215,439	4,820,000	3,027,771	15.32	193,015	138,769	53,707	1.00
2006	N/A	N/A	N/A	N/A	123,813,924	5,025,000	2,822,921	15.78	192,999	143,432	43,155	1
2007	N/A	N/A	N/A	N/A	127,794,303	3,465,000	2,354,133	21.96	147,986	125,895	32,566	-
2008	N/A	N/A	N/A	N/A	116,933,775	3,460,000	2,501,993	19.61	186,850	154,600	27,704	-
2009	N/A	N/A	N/A	N/A	111,942,192	1,250,000	1,047,208	48.73 ¹	134,318	122,912	17,296	-
2010	N/A	N/A	N/A	N/A	115,684,401	6,335,000	1,511,650	14.74	112,351	120,833	8,302	-
2011	N/A	N/A	N/A	N/A	121,249,546	6,530,000	1,321,000	15.44	-	-	-	-
2012	N/A	N/A	N/A	N/A	128,018,959	6,720,000	1,124,350	16.32	-	-	-	-
2013	29,604,567	5,795,000	40,615,637	0.64 ⁴	134,751,082	6,925,000	922,000	17.17	-	-	-	-

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

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

²Restated

³MHS revenue bonds defeased in 2012.

⁴The city adopted GASB Statement No. 61 in 2013, which requires PACE to be presented as a blended component unit.

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

**CITY OF COLORADO SPRINGS
COLORADO**
Table 13

Fiscal Year	Population¹	Personal Income (in 000's)²	Per Capita Personal Income²	Unemployment Rate³
2004	378,793	\$ 18,879,052	\$ 32,643	5.6%
2005	383,071	20,147,935	34,278	5.2%
2006	391,846	21,479,738	35,649	4.5%
2007	394,858	22,803,097	37,413	4.2%
2008	401,186	23,827,202	38,391	5.5%
2009	407,733	23,486,546	37,221	8.5%
2010	420,529 **	24,722,493	37,999	9.6%
2011	426,881 *	26,408,772	39,994	9.4%
2012	432,416 *	28,210,069 *	42,094 *	9.2%
2013	438,338 *	30,134,230 *	44,304 *	8.0% *

Sources:

¹Colorado Department of Local Affairs, Demography section. Prior years adjusted to reflect figures per the 2014 City of Colorado Springs budget.

²U.S. Department of Commerce, Bureau of Economic Analysis for Colorado Springs Metropolitan Statistical Area (MSA) per November 2012 report.

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

* Estimate

** Census

PRINCIPAL EMPLOYERS

COLORADO

Current Year and Nine Years Ago

Table 14

Employer	2013		2004	
	Rank	Percentage of Total County Employment	Rank	Percentage of Total County Employment
Fort Carson Army Post	1	12.33%	1	6.43%
Peterson Air Force Base	2	4.14%	3	2.35%
United States Air Force Academy	3	3.80%	2	2.72%
Schriever Air Force Base ²	4	3.18%	-	-
Memorial Health Services	5	1.82%	4	1.51%
Colorado Springs School District #11	6	1.54%	5	1.46%
Academy School District #20	7	1.07%	7	1.09%
Penrose-St. Francis Health Services	8	1.10%	6	1.25%
City of Colorado Springs ¹	9	0.89%	9	1.03%
El Paso County	10	0.81%	8	1.06%
Hewlett Packard (Compaq Computer Corporation)	-	-	10	0.93%
		30.68%		19.83%

Notes:

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

²Schriever Air Force Base previously known as Falcon Air Force Base.

Sources: Employer and employee information from the Colorado Springs Economic Development Corporation as well as local businesses based on prior year reported data. Total El Paso County employment information used to calculate the percentage of total county employment from the Colorado Department of Labor & Employment.

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
Last nine fiscal years**

**CITY OF COLORADO SPRINGS
COLORADO
Table 15**

Function/Program	Fiscal year ended December 31								
	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government	253.15	285.08	239.80	263.80	263.30	314.55	278.25	270.50	271.00
Public safety	1,382.75	1,366.75	1,421.75	1,392.75	1,450.25	1,484.00	1,479.75	1,479.75	1,462.75
Public works	274.00	281.00	267.00	281.00	309.50	309.75	299.75	304.75	307.75
Culture and recreation	112.75	111.50	119.25	102.50	190.00	204.35	196.75	191.50	197.75
Urban redevelopment and housing	31.00	34.00	41.00	34.00	46.00	54.00	54.00	54.00	63.00
Utilities	1,859.00	1,859.00	1,856.00	1,856.00	1,911.00	1,848.00	1,929.75	1,956.75	1,930.00
MHS ¹	-	-	3,555.00	3,487.50	3,812.00	4,075.40	4,075.00	3,333.00	3,050.00
Airport	121.00	122.00	121.00	121.00	121.00	121.00	118.00	118.00	117.00
Parking	7.50	7.50	7.50	7.50	8.00	8.00	8.00	8.00	8.00
Other non-major enterprise funds	47.00	49.00	68.50	99.50	102.50	113.50	108.00	70.50	70.50
Total	4,088.15	4,115.83	7,696.80	7,645.55	8,213.55	8,532.55	8,547.25	7,786.75	7,477.75

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

¹ Beginning in 2012, as a result of the MHS lease, MHS figures are no longer included.

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last ten fiscal years

Function/Program	2013	2012	2011	2010
General government				
Internal audits completed	26	26	26	23
Summons filed	29,066	34,499	36,678	42,761
Contractual transactions	2,726	2,897	2,636	3,350
Workers compensation claims	451	386	418	417
Public safety				
Emergency response time - Police	13.3	11.6	11.4	10.6
Percent of emergency incident arrival within 8 minutes - Fire	89.5	90	89.4	89.5
Violent and property crime rates (per 1,000 population) ³	46.1	40.0	42.0	40.7
Emergency incidents (per 10,000 population)	1,284	1,272	1,266	1,179
Public works				
Miles resurfaced	109	178	148	50
Fixed route transit revenue hours of service	108,441	112,877	124,011	121,700
Painted lane miles	862	914	1,449	1,288
Culture and recreation				
Museum/archive attendance	259,366	192,280	256,547	176,883
Street and park trees	214,670	218,000	126,602	127,000
Acres of parks maintained	16,277	16,184	16,143	15,428
Program participants	602,271	691,105	691,786	971,711
Urban redevelopment and housing⁶				
Projects managed	12	17	2	4
Affordable housing developed and rehabilitated	122	135	188	334
Clients assisted ¹	122	288	188	334
Utilities				
Total metered customers ²	537,096	537,096	530,208	530,208
Annual natural gas moved through pipes (thousands of mcf)	23,376	23,376	24,020	24,026
Electric use (thousands of MWh)	4,600	4,600	4,630	4,630
Water use (millions of gallons)	27,800	27,800	23,700	23,700
Wastewater treatment (millions of gallons)	15,586	15,586	15,586	15,586
MHS⁵				
Admissions	-	17,420	25,633	27,980
Outpatient visits	-	280,982	384,655	385,500
Emergency visits	-	101,550	135,517	132,175
Births	-	3,286	4,604	4,802
Airport				
Passenger boardings (in thousands)	650	822	814	869
Airline revenue per enplaned passengers	\$ 13.86	\$ 8.46	\$ 9.77	\$ 8.59
Parking				
Revenues collected per space - on-street	\$ 737	\$ 729	\$ 791	\$ 776
Revenues collected per space - off-street	\$ 862	\$ 767	\$ 793	\$ 727
Other				
Cemetery - burial services	603	601	698	615
Development Review - plans reviewed ⁴	5,555	10,535	9,645	8,802
Golf courses - rounds played	161,015	188,546	173,011	203,025
Pikes Peak Highway - number of visitors	284,879	265,332	265,124	255,000

Note:

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

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

² Some customers have multiple services and may be counted more than once.

³ For 2012, the Violent and Property crime rate reported is an estimate based on 2013 Budget.

⁴ For 2013, the Development Review Enterprise no longer reviews commercial plans.

⁵ Beginning in 2012, as a result of the MHS lease, MHS figures are no longer included.

⁶ The Housing Development Division experienced a reduction in funding in 2013 due to the sequestration and loss of key personnel.

CITY OF COLORADO SPRINGS

COLORADO

Table 16

Fiscal Year					
2009	2008	2007	2006	2005	2004
22	24	25	14	96	61
41,900	51,745	56,840	63,636	70,805	72,135
4,900	4,900	4,208	3,727	5,082	4,756
480	493	530	539	565	521
10.3	9.9	11.6	11.2	11.8	11.3
89.8	90.6	89.9	90.0	90.0	88.8
45.0	44.3	46.5	51.9	55.5	58.0
1,120	1,129	1,133	1,155	1,160	1,131
37	55	112	144	144	95
176,354	216,732	214,145	211,166	135,808	134,736
1,659	1,822	2,153	1,350	1,313	1,300
182,500	191,400	124,911	138,646	85,939	73,841
123,600	123,600	123,600	122,514	118,500	118,500
13,804	13,539	12,895	12,884	12,562	12,562
973,147	1,111,000	1,106,296	1,012,360	1,110,609	1,017,471
8	7	9	9	7	5
305	152	230	332	250	282
91	401	180	192	401	662
521,878	526,421	524,000	517,884	508,655	617,981
29,200	24,301	24,895	22,755	22,910	23,309
4,400	5,213	4,827	4,548	4,593	4,558
24,100	28,002	25,680	26,410	26,975	23,816
12,800	13,550	12,902	12,810	13,262	12,703
29,713	30,357	30,096	27,805	27,774	25,552
398,426	393,251	360,528	322,983	309,173	295,979
130,513	126,224	113,492	101,797	98,167	93,261
5,000	4,876	4,884	4,546	4,430	4,150
892	998	1,034	1,017	1,031	1,035
\$ 7.98	\$ 7.48	\$ 6.71	\$ 6.51	\$ 6.98	\$ 7.54
\$ 779	\$ 873	\$ 879	\$ 816	\$ 619	\$ 560
\$ 722	\$ 779	\$ 893	\$ 879	\$ 714	\$ 693
624	664	661	674	704	647
8,957	11,594	14,451	13,625	15,630	17,927
203,820	202,305	201,070	203,530	201,909	205,970
267,500	254,419	270,528	256,560	257,309	241,688

CAPITAL ASSET STATISTICS
BY FUNCTION/PROGRAM
Last nine fiscal years

CITY OF COLORADO SPRINGS
COLORADO
Table 17

Function/Program	Fiscal Year								
	2013	2012	2011	2010	2009	2008	2007	2006	2005
Public safety									
Police									
Area commands (stations)	4	4	4	4	4	4	4	4	4
Patrol units	181	185	205	228	200	241	294	285	330
Fire									
Stations	21	20	20	20	20	20	20	20	20
Emergency units	77	75	73	74	75	69	90	73	69
Public works									
Streets (centerline miles)	NA	NA	NA	NA	NA	1,576	1,576	1,542	1,450
Streets (lane miles) ¹	7,431	7,431	7,431	7,431	7,431	NA	NA	NA	NA
Major bridges	215	215	212	206	209	205	170	83	83
Signalized intersections	569	565	563	564	565	564	545	515	500
Transit buses	43	43	57	57	58	94	128	102	86
Culture and recreation									
Parks and open space locations	201	201	200	199	199	198	198	184	178
Sports complexes	5	5	5	5	5	7	7	6	6
Community centers	4	4	4	6	8	7	7	7	5
Utilities									
Electric distribution lines (miles)	3,316	3,316	3,451	3,451	3,451	3,451	3,432	3,319	2,892
Natural gas pipe (miles)	2,408	2,408	2,400	2,400	2,320	2,320	2,278	2,160	2,104
Water distribution lines (miles)	2,015	2,015	2,010	2,010	1,892	1,892	1,780	1,738	1,800
MHS ²									
Number of hospital beds	-	-	671	671	671	717	717	477	477
Health care facilities	-	-	16	17	16	15	15	15	15
Airport									
Number of runways	3	3	3	3	3	3	3	3	3
Parking									
Number of parking spaces - on-street	2,400	2,400	2,389	2,360	2,360	2,389	2,404	2,360	2,360
Number of parking spaces - off-street	2,703	2,703	2,703	2,703	2,703	2,703	2,136	2,136	2,136

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

¹ Streets Division began recording street miles as lane miles rather than centerline miles in 2008/2009.

² Beginning in 2012, as a result of the MHS lease, MHS figures are no longer included.

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 18**

Fiscal Year	Collection Cost	Required Refunds
2004	\$ 2,238,376	\$ 590,059
2005	2,102,833	1,476,970
2006	2,138,951	797,409
2007	2,382,311	297,007
2008	2,266,785	1,359,304
2009	1,317,980	633,732
2010	197,192 *	1,866,153
2011	- *	518,744
2012	- *	564,879
2013	- *	534,003

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

* Retailer fee was eliminated in 2010.

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

**CITY OF COLORADO SPRINGS
COLORADO**
Table 19

Fiscal Year	Assessed Valuation (in 000's)	Total Tax Levy	Total Current Collections	Collections as a Percent of Levy	Current Year Outstanding Delinquent Taxes	All Years Outstanding Delinquent Taxes	All Years Delinquent Taxes as a Percent of Levy
2004	\$ 3,734,731	\$ 18,793,169	\$ 17,873,516	95.1%	\$ 61,249	\$ 206,715	1.1%
2005	3,783,803	18,707,124	18,172,673	97.1%	64,741	204,446	1.1%
2006	4,103,863	20,289,499	19,543,229	96.3%	64,551	214,833	1.1%
2007	4,215,420	20,841,035	20,022,230	96.1%	30,970	175,434	0.8%
2008	4,738,226	23,425,810	22,750,839	97.1%	56,121	138,455	0.6%
2009	4,773,750	23,601,422	23,007,963	97.5%	77,498	146,802	0.6%
2010	4,948,368	21,174,070	20,666,136	97.6%	49,593	97,882	0.5%
2011	4,938,341	21,131,161	20,617,424	97.6%	50,327	105,906	0.5%
2012	4,601,619	19,690,330	19,208,455	97.6%	52,186	132,999	0.7%
2013	4,600,223	19,684,353	19,226,023	97.7%	50,149	133,289	0.7%

Notes: Collections are net of positive and negative abatements.
Fiscal year is the year of collection.
Certification of assessed valuation and mill levies is done in the year prior to the year of collection.

**DIRECT AND OVERLAPPING MILL LEVY
RATES - WITHIN CITY LIMITS
Last ten fiscal years**

**CITY OF COLORADO SPRINGS
COLORADO
Table 20**

Fiscal Year	City	County Government	School District No 11	Library District	Water Conservancy District	Total
2004	5.032	7.947	41.698	3.434	0.947	59.058
2005	4.944	8.012	42.094	3.495	0.947	59.492
2006	4.944	7.673	43.813	3.296	0.943	60.669
2007	4.944	7.710	44.045	3.515	0.941	61.155
2008	4.944	7.514	44.045	3.325	0.915	60.743
2009	4.944	7.748	44.054	3.540	0.943	61.229
2010	4.279	7.531	42.183	3.468	0.940	58.401
2011	4.279	7.717	42.493	3.556	0.947	58.992
2012	4.279	7.597	44.004	3.999	0.947	60.826
2013	4.279	7.663	43.445	4.000	0.944	60.331

Notes: Fiscal year is the year of collection.
 Certification of assessed valuation and mill levies is done in the year prior to the year of collection.
 Rates include levies for operations and debt service.
 Representative sample of overlapping districts, other overlapping district mill levies vary.

**MUNICIPAL SOLID WASTE LANDFILL
CLOSURE AND POSTCLOSURE CARE COSTS
December 31, 2013**

**CITY OF COLORADO SPRINGS
COLORADO
Table 21**

Facility	Closure Costs	Postclosure Costs	Total Cost	Percentage of Capacity Used
Hancock	\$ 261,537	\$ 4,335	\$ 265,872	n/a
Clear Spring Gravel Pit 1	76,317	864,450	940,767	
Clear Spring Gravel Pit 1 C&D Solids				100.00%
Clear Spring Gravel Pit 1 Monofill				70.71%
Clear Spring Gravel Pit 2 C&D Solids	135,552	34,691	170,243	55.47%
Clear Spring - Ash Disposal	1,732,932	1,040,329	2,773,261	67.73%
Clear Spring - Biosolids	2,625,119	1,054,262	3,679,381	39.73%
Total Cost	\$ 4,831,457	\$ 2,998,067	\$ 7,829,524	

Notes:

Percentage of capacity used does not apply to the Hancock facility. The entire liability for this facility is recognized on the Government-wide Statement of Net Position.

Liabilities for the Clear Spring (formerly Hanna Ranch) facilities are recognized on a capacity used basis in the Utilities fund; total costs for the Clear Spring facilities based on capacity used are estimated at \$7,563,652. The total costs from the above table are based on the last 5 year independent assessment adjusted by inflation.