

Comprehensive Annual Financial Report

For the year ended December 31, 2004



City of Colorado Springs,
Colorado

Comprehensive Annual
Financial Report

of the

City of Colorado Springs,
Colorado

For the fiscal year ended
December 31, 2004

Finance Office

Terri Velasquez, Finance Director
Vicki Phillips, Accounting/Payroll Manager



CITY OF COLORADO SPRINGS

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CITY OF COLORADO SPRINGS

INTRODUCTORY SECTION



CITY OF COLORADO SPRINGS



June 24, 2005

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

Dear Mayor and Members of City Council:

The Comprehensive Annual Financial Report of the City of Colorado Springs for the fiscal year ended December 31, 2004 is hereby presented. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

INTRODUCTION

The City of Colorado Springs (the City) is a home-rule city, organized under provisions of the Colorado constitution, and having a council/manager form of government. The City provides a full range of municipal government services to approximately 377,000 residents.

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

Additionally, the City owns and operates major enterprise activities that include electric generation and distribution, natural gas distribution, waterworks, sewerage collection

and treatment, municipal airport, hospital, downtown parking facilities, golf courses, the Pikes Peak highway, cemeteries, a human services complex and a development review activity.

The City Council has significant control over several legally separate entities. These entities have been judged as component units of the City and, accordingly, their financial data have been included in this report. Those entities are the Cottonwood, Briargate and Spring Creek General Improvement Districts, the Colorado Springs Urban Renewal Authority, the Greater Downtown Colorado Springs Business Improvement District, and the Briargate Center Business Improvement District, all included as Governmental-type activities. The Fountain Valley Authority, the Aurora-Colorado Springs Joint Water Authority, the Regional Water Infrastructure Authority and the Twin Lakes, Lake Meredith, Lake Henry, the Colorado Canal and Reservoir companies, and the Pikes Peak Regional Communications Network are included as Business-type activities. The Police and Fire Pension plans are included as fiduciary activities. In addition, several business improvement districts were formed in 2004, but did not have any financial activity so are not reported in this report. These entities include Barnes & Powers North, Barnes & Powers South, First & Main, First & Main North, Interquest North, Interquest South, and Powers & Woodmen Commercial business improvement districts.

LONG-TERM FINANCIAL PLANNING

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

Transportation

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

Public Safety

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

Infrastructure

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

Economic Development

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

Community Development and Growth

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

Citizen Services and City Workforce

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

CASH MANAGEMENT

The City attempts to remain abreast of current developments and procedures in cash management to ensure the safe, efficient, and profitable use of its idle cash resources. Idle funds are invested primarily in United States Treasury and Instrumentality obligations and repurchase agreements collateralized by these securities. The City investment policy is designed to provide liquidity sufficient to cover normal cash operating requirements.

In accordance with Colorado State Statute, eligible public depositories are required to collateralize all public deposits with securities having a market value of at least 102% of the deposit. At December 31, 2004, all City deposits were held in eligible public depositories and were properly collateralized. All United States securities were purchased as "payment upon delivery" and are held in safekeeping at the City's designated safe-keeping institution. Similarly, the City's agent takes possession of underlying collateral in the City's name for all repurchase agreements.

At December 31, 2004, the City is invested primarily in US Treasury and Instrumentality securities and repurchase agreements collateralized by these securities. The pension fund is invested in real estate, equities and other securities. The notes to the financial statements provide further detail regarding investments of the City at year end.

The City's cash management portfolio of approximately \$130.7 million (fair value) is rated as 'AAA/V1+' by Fitch IBCA. This is the highest rating that Fitch assigns and affirms the high credit quality and low volatility of the City's investment securities.

RISK MANAGEMENT

The City has established a risk management division to coordinate and administer a workers compensation, property and general liability insurance program for all its activities and operations. For workers compensation coverage, except for Memorial Hospital (the Hospital), the City has purchased commercial insurance to cover losses in excess of \$750,000 per occurrence. The City pays losses less than this amount through its Workers Compensation Self-Insurance fund. The Hospital purchases workers compensation coverage from the State Workers Compensation Insurance fund.

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

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

PENSION AND POST-EMPLOYMENT BENEFITS

All fire and police officers of the City participate in one of four agent, multiple employer, defined benefit pension plans, depending upon their status as a police or fire officer and their hire date (Old Hire/New Hire), administered jointly by the City and the Colorado Fire and Police Pension Association (FPPA). Annually beginning in 2004, an independent actuary, engaged by each pension plan, calculates the amount of annual contribution that the City must make to the pension plans to ensure that the plans will be able to fully meet their obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plan as determined by the actuary. As a result of the conservative funding policy, the City has succeeded, as of December 31, 2004, in adequately funding the present value of the projected benefits earned by employees. The actuary information for the pension funds is available on Exhibits 16 and 17 of this report.

The City also provides pension benefits for its non-public safety employees. The City contributes to the Municipal Division Trust Fund (MDTF), a cost sharing multiple employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The City has no obligation in connection with the employee benefits offered through this plan beyond its annual contractual payment to PERA.

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

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

OTHER INFORMATION

The City Charter requires an annual audit of the financial records of the City by an independent certified public accountant. The audit must be completed no later than six months after the end of the fiscal year unless extended by the Colorado State Auditor. The audit for the year ended December 31, 2004, was performed by the firm of Grant Thornton LLP for all operations except Memorial Hospital, which utilized the firm of Stockman, Kast, Ryan & Co., P.C. Some component units were also audited by Grant Thornton LLP while others were audited by other auditors.

The City employs an Internal Auditor who reports directly to the City Council. That office has the responsibility to examine and audit accounts and financial transactions of all City departments, offices and agencies. Examinations are conducted in order to ensure that financial records fairly and accurately reflect actual operations, that adequate controls are maintained to safeguard assets and that each department, office and agency complies with established plans, policies and procedures. The Internal Auditor also provides assistance to the external auditors in conducting the annual audit.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Colorado Springs for its comprehensive annual financial report for the fiscal year ended December 31, 2003. This was the fourteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. 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 this comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

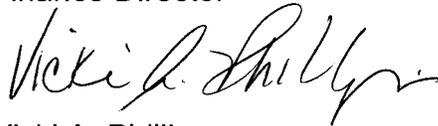
ACKNOWLEDGMENTS

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

Sincerely,



Terri L. Velasquez
Finance Director



Vicki A. Phillips
Accounting/Payroll Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Colorado Springs,
Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

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



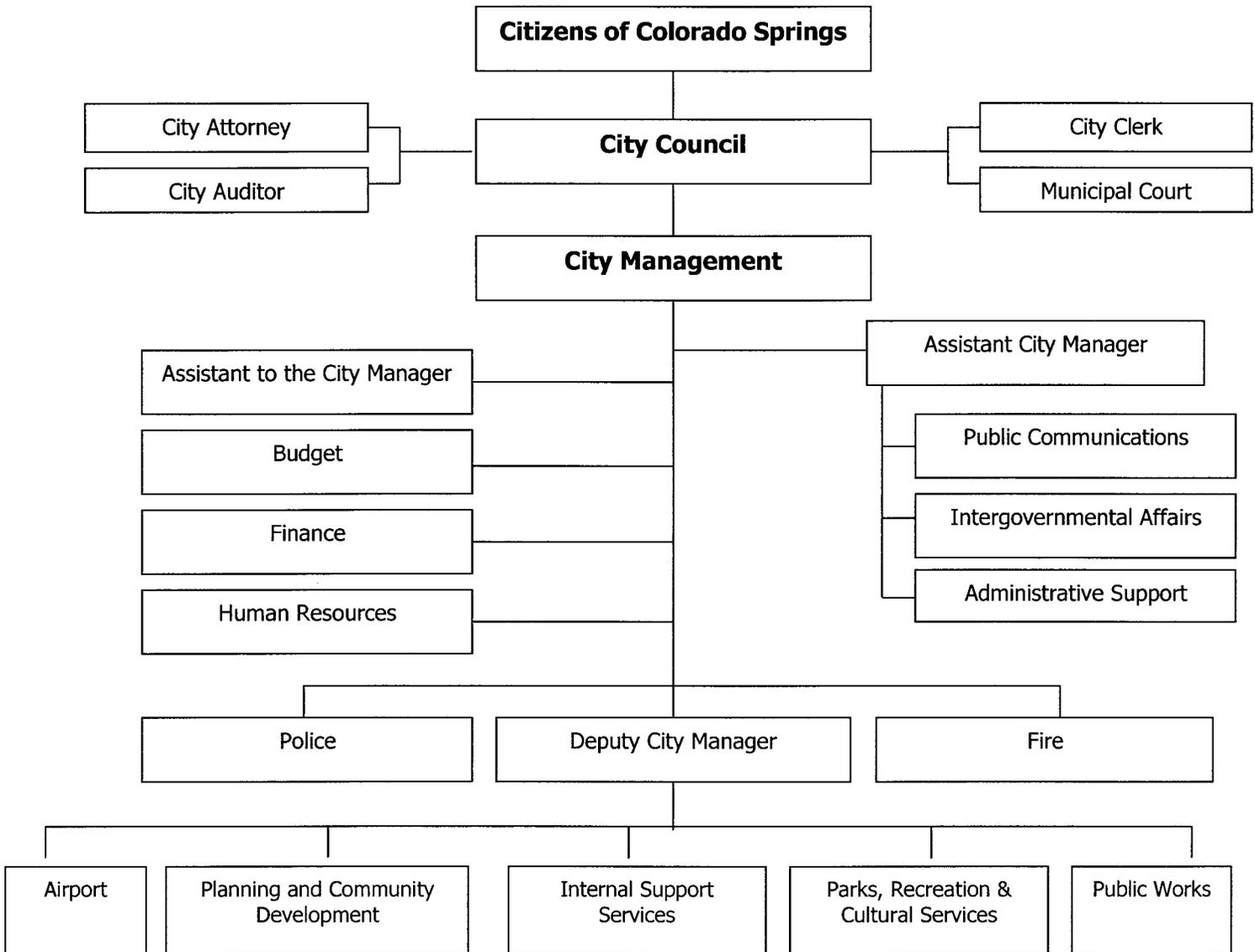
Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director

City of Colorado Springs Organizational Chart



CITY OF COLORADO SPRINGS, COLORADO

Officials

City Council

Lionel Rivera, Mayor

Richard Skorman

Margaret Radford

Tom Gallagher

Randy Purvis

Jerry Heimlicher

Larry Small

Scott Hente

Darryl Glenn

Utilities Director

Phillip Tollefson

City Manager

Lorne C. Kramer

Hospital Director

Richard Eitel

Deputy City Manager

David D. Nickerson

Assistant City Manager

Mary S. Collins

City Department Directors

Luis Velez
Police Chief

Terri L. Velasquez
Finance

Ronald Cousar
Internal Support Services

Ronald L. Mitchell
Public Works

Manuel Navarro
Fire Chief

William T. Healy
City Planning

Michael L. Anderson
Budget

Ann M. Crossey
Human Resources

Paul D. Butcher
Parks, Recreation and Cultural Services

Council Appointees

Patricia K. Kelly, City Attorney

Jeff Litchfield, City Auditor

Kathryn M. Young, City Clerk

Stephen F. Wheeler, Municipal Court Administrator

CITY OF COLORADO SPRINGS, COLORADO

Officials (continued)

Memorial Hospital Board of Trustees

Curtis C. Brown, Chair	Caroline T. Davis
Michael L. Edmonds, Secretary	Lena B. Farmer
Yolanda Fennick	Juan G. Garcia
Donald P. Gazibara, M.D.	Steve Goldstone
Linda Fay Halbouty	James E. Miller
James P. Moore	Marcy Morrison
S. Jerrard Smith	Arlene Patterson Stein
Janice M. Weiland, Vice Chair	Jeffrey Ferguson, M.D., Chief of Staff
Janet Wilcox	



CITY OF COLORADO SPRINGS

FINANCIAL SECTION



CITY OF COLORADO SPRINGS

Report of Independent Certified Public Accountants

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Colorado Springs, Colorado (the City), as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Memorial Hospital Fund, a major enterprise fund, which represent 19 percent and 37 percent, respectively, of the assets and revenues of the reporting entity's business-type activities nor did we audit the financial statements of seven joint utility projects which represent 99 percent and 91 percent, respectively, of the assets and revenues of the reporting entity's discretely presented proprietary fund component units. We also did not audit the Colorado Springs Urban Renewal Authority, the Greater Downtown Colorado Springs Business Improvement District, and the Briargate Center Business Improvement District which are reported as, and comprise in their entirety, discretely presented governmental fund component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Memorial Hospital Fund, the seven joint utility projects, the Colorado Springs Urban Renewal Authority, the Greater Downtown Colorado Springs Business Improvement District, and the Briargate Center Business Improvement District is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Colorado Springs, Colorado, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in note V.J., during 2004 the City adopted Statement No. 40 of the Governmental Accounting Standards Board (GASB), *Deposit and Investment Risk Disclosures*, increased net assets of the governmental activities on the government-wide financial statements as of January 1, 2004 for the retroactive phase-in of infrastructure in accordance with GASB 34 and increased net assets held in trust for pension benefits as of January 1, 2004 to include 2003 current period information not previously available.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2005, on our consideration of the City of Colorado Springs, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, schedule of funding progress, and schedule of employer contributions as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Colorado Springs, Colorado's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedules, supplementary information and statistical tables listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information, except for the data included in the financial statements of the Memorial Hospital Fund, the seven joint utility projects, the Colorado Springs Urban Renewal Authority, the Greater Downtown Colorado Springs Business Improvement District, and the Briargate Center Business Improvement District referred to above, which financial statements have been audited by other auditors and their reports thereon provided to us, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based upon our audit and the aforementioned reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Grant Thornton LLP". The signature is written in a cursive, flowing style. To the left of the signature is a square box, which appears to be a placeholder for a stamp or seal.

Colorado Springs, Colorado
May 10, 2005

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, 2004. Please read it in conjunction with the transmittal letter, located at the front of this report, and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City exceed its liabilities at December 31, 2004 by \$2,265,969,175 (net assets). Of this amount, \$638,940,987 is unrestricted net assets that may be used to meet the government's ongoing obligations to citizens and creditors.
- At December 31, 2004, the City's governmental funds reported combined ending fund balances of \$99,601,655. Approximately 68.8% of this total amount or \$68,549,203 is unreserved.
- The general fund, presented on a current financial resources basis, reports a fund balance of \$44,246,175 or 19.4% of total 2004 general fund expenditures.
- The City's total debt outstanding was \$1,806,996,951 at December 31, 2004. The key factor for this 10.7% increase over 2003 was the issuance of \$122,810,000 in revenue bonds for Colorado Springs Utilities (Utilities).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains certain other supplementary information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

The *statement of activities* presents information showing how the City's net assets changed during 2004. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods.

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

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

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

The component units of the City include several separate legal entities: the Cottonwood, Spring Creek and Briargate General Improvement Districts, Police and Fire Pension plans, Fountain Valley Authority, Aurora-Colorado Springs Joint Water Authority, the Regional Water Infrastructure Authority and the Twin Lakes, Lake Meredith, Lake Henry, the Colorado Canal and Reservoir companies, the Pikes Peak Regional Communications Network, and several business improvement districts: Colorado Springs Urban Renewal Authority, Greater Downtown Colorado Springs, Briargate Center, Barnes & Powers North, Barnes & Powers South, First & Main, First & Main North, Interquest North, Interquest South, and Powers & Woodmen Commercial. Although legally separate, these "component units" are important because the City is financially accountable for them.

FUND FINANCIAL STATEMENTS

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

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

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

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

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

Proprietary funds – The City maintains two different types of proprietary funds; *Enterprise funds*, used to report the same functions presented as *business-type activities* in the government-wide financial statements, and *Internal service funds*, used as an accounting device to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet, printing, self-insurance and various other activities of the City. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the statement of net assets. However, the change in net assets for internal service funds has been allocated between governmental activities and business-type activities on the statement of activities.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, but with more detail. The proprietary fund financial statements provide separate information for Utilities, Memorial Hospital (Hospital), Colorado Springs Airport (Airport) and Colorado Springs Parking

System (Parking) which are all considered to be major funds of the City. Conversely, both non-major enterprise funds and internal service funds are combined into single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds and the internal service funds are provided in the form of *combining statements* elsewhere in this report.

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the government’s financial position. In the case of the City, assets exceeded liabilities by \$2,265,969,175 at the close of 2004 as compared to \$1,893,212,952 at the close of 2003.

By far the largest portion of the City’s net assets (68.15%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed Statement of Net Assets as of December 31, 2004 with comparative information as of December 31, 2003:

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

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$202,424	\$192,803	\$931,955	\$863,816	\$1,134,379	\$1,056,619
Capital assets	656,418	349,348	2,562,061	2,363,791	3,218,479	2,713,139
Total assets	858,842	542,151	3,494,016	3,227,607	4,352,858	3,769,758
Long-term liabilities	152,149	151,808	1,715,707	1,544,339	1,867,856	1,696,147
Other liabilities	75,972	65,830	143,061	114,568	219,033	180,398
Total liabilities	228,121	217,638	1,858,768	1,658,907	2,086,889	1,876,545
Net assets:						
Invested in capital assets, net of related debt	473,415	217,276	1,070,923	1,096,293	1,544,338	1,313,569
Restricted	20,008	16,172	62,683	76,150	82,691	92,322
Unrestricted	137,298	91,065	501,642	396,257	638,940	487,322
Total net assets	\$630,721	\$324,513	\$1,635,248	\$1,568,700	\$2,265,969	\$1,893,213

The City's combined net assets were \$2,265,969,175 at December 31 2004, of which \$638,940,987 were unrestricted. However, certain of these unrestricted funds are designated for specific, future purposes. All such designations are disclosed in the notes to the financial statements.

The net assets of our business-type activities were \$1,635,248,084 at December 31, 2004. However, these net assets can only be used to finance the continuing operations of the utilities, hospital, airport, golf courses, downtown parking facilities, cemeteries, highway, human services complex, and development review. This amount cannot be used to make up for any decrease reported in governmental activities.

The following table shows revenues and expenses for both governmental and business-type activities for 2004 with comparative information for 2003:

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

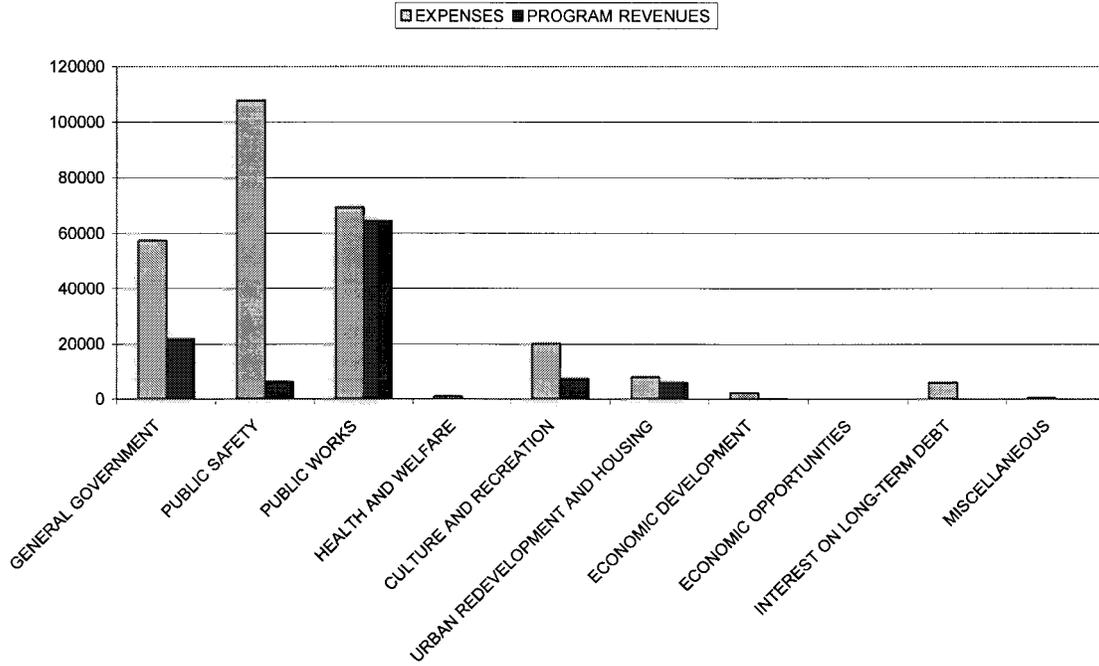
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program revenues:						
Charges for services	\$39,147	\$36,572	\$993,589	\$903,217	\$1,032,736	\$939,789
Operating grants and contributions	14,940	15,345	-	-	14,940	15,345
Capital grants and contributions	52,223	48,326	64,672	39,234	116,895	87,560
General revenues:						
Property taxes	19,783	20,444	-	-	19,783	20,444
Other taxes	153,323	142,195	-	-	153,323	142,195
Contributions to endowments	87	74	-	-	87	74
Investment earnings	2,857	4,231	26,130	10,021	28,987	14,252
Total revenues	<u>282,360</u>	<u>267,187</u>	<u>1,084,391</u>	<u>952,472</u>	<u>1,366,751</u>	<u>1,219,659</u>
Expenses:						
General government	57,537	43,418	-	-	57,537	43,418
Public safety	107,890	107,011	-	-	107,890	107,011
Public works	69,387	48,232	-	-	69,387	48,232
Health and welfare	1,025	965	-	-	1,025	965
Culture and recreation	20,255	20,842	-	-	20,255	20,842
Urban redevelopment	8,274	10,173	-	-	8,274	10,173
Economic development	2,357	2,385	-	-	2,357	2,385
Economic opportunities	11	13	-	-	11	13
Interest on long-term debt	6,106	5,743	-	-	6,106	5,743
Miscellaneous	448	321	-	-	448	321
Utilities	-	-	621,609	552,191	621,609	552,191
Hospital	-	-	339,519	320,294	339,519	320,294
Airport	-	-	24,293	22,645	24,293	22,645
Parking	-	-	2,176	2,134	2,176	2,134
Non-major Enterprises	-	-	7,856	7,436	7,856	7,436
Total expenses	<u>273,290</u>	<u>239,103</u>	<u>995,453</u>	<u>904,700</u>	<u>1,268,743</u>	<u>1,143,803</u>
Increase in net assets before transfers	9,070	28,084	88,938	47,772	98,008	75,856
Transfers	<u>22,390</u>	<u>22,224</u>	<u>(22,390)</u>	<u>(22,224)</u>	-	-
Increase in net assets	31,460	50,308	66,548	25,548	98,008	75,856
Net assets - beginning	<u>599,261</u>	<u>274,205</u>	<u>1,568,700</u>	<u>1,543,152</u>	<u>2,167,961</u>	<u>1,817,357</u>
Net assets - ending	<u>\$630,721</u>	<u>\$324,513</u>	<u>\$1,635,248</u>	<u>\$1,568,700</u>	<u>\$2,265,969</u>	<u>\$1,893,213</u>

Total City revenue was \$1.367 billion and the total cost of all programs and services was \$1.269 billion.

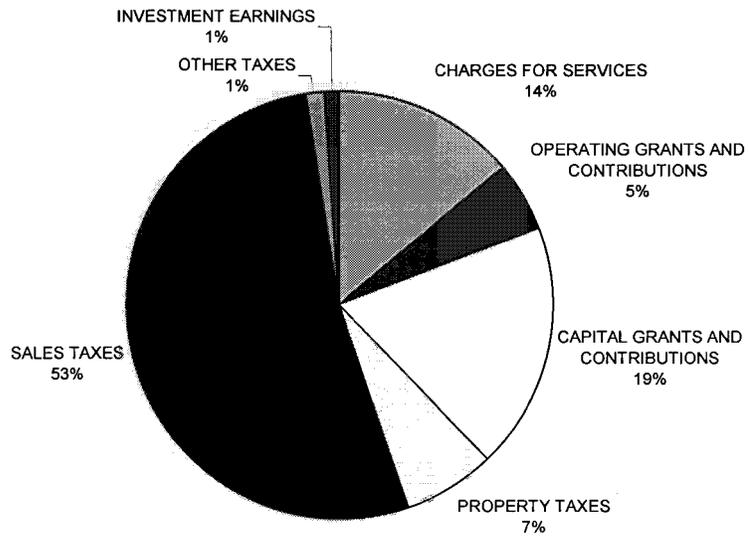
Governmental Activities

Revenue of the governmental activities was up from 2003 by \$15.2 million due primarily to increased sales taxes due to military troops returning from Iraq and improved economic conditions within the City and the nation. Expenditures of the governmental activities were up from 2003 expenditures by \$34.2 million due primarily to an increase in public works expenditures related to additional repair projects not capitalized and an increase in depreciation expense related to the additional infrastructure recorded in 2004, and an increase in general government expenses due to additional expenditures in the public safety sales tax fund for capital projects.

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



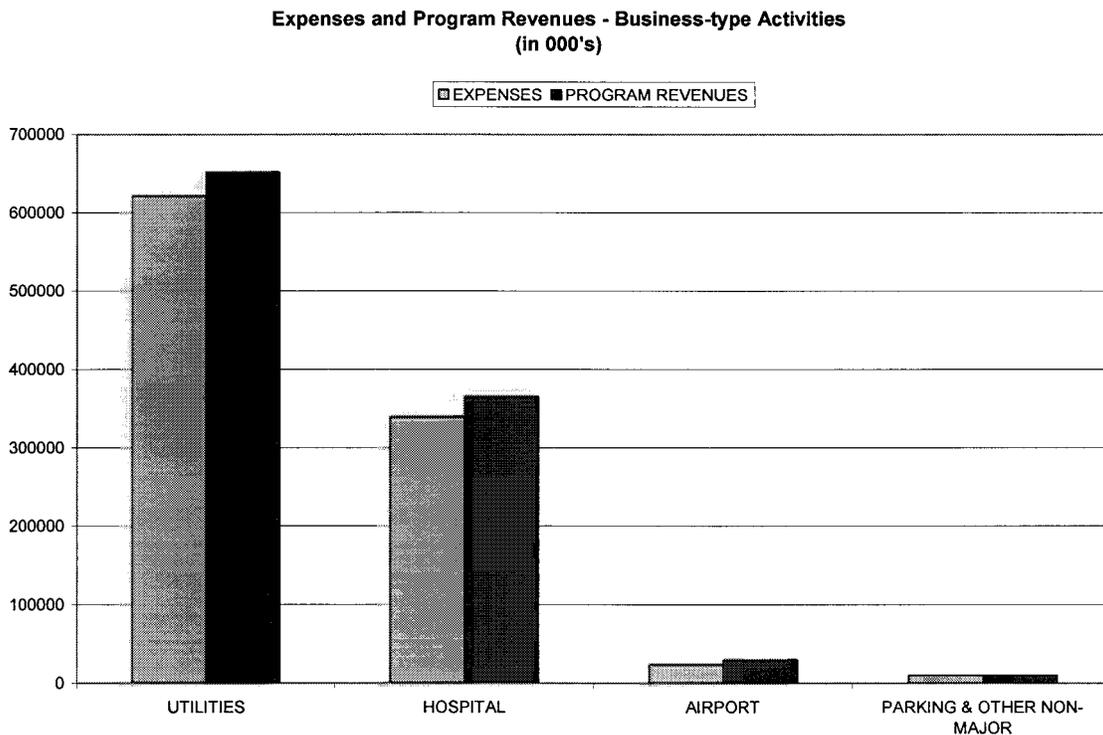
Revenues by Source - Governmental Activities



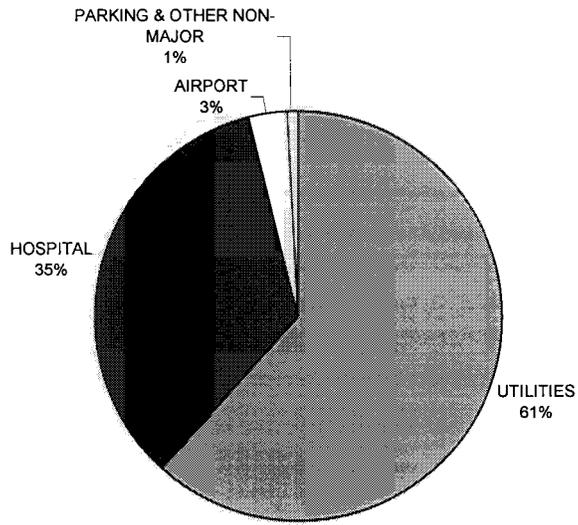
Business-type Activities

For business-type activities, Utilities shows an increase in operating revenues of \$71.7 million or 13.8% primarily due to increases in gas, electric and water revenues of \$67.7 million. Additionally, Utilities shows an increase in operating expenses of \$52.2 million or 10.5%. The increase was due primarily to increased purchased gas and power expenses of \$38.3 million.

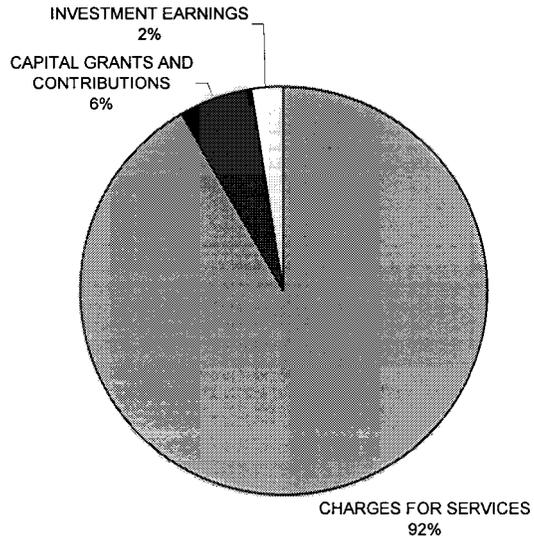
The Hospital had an increase in operating revenues of \$14 million or 4% due to a shift of patient volume from inpatient to outpatient. Outpatient reimbursement is typically higher than inpatient reimbursement. Operating expenses for the Hospital increased by \$20.1 million or 6.5%, primarily as a result of the effects of inflationary cost increases. Supplies were one of the areas hit hardest by inflationary increases, especially on the costs of implantable devices.



Revenues by Activity - Business-type Activities



Revenues by Source - Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

As of the end of 2004, the City's governmental funds reported total combined fund balances of \$99,601,655, of which approximately 31.2% (\$31,052,452) is reserved. The reservation of fund balance is committed to encumbrances (\$11,044,244), debt service (\$4,838,069), prepaid (\$495), endowments (\$8,999,907) and the TABOR emergency reserve (\$6,169,737).

The general fund is the principal operating fund of the City. At the end of 2004, unreserved fund balance of the general fund was \$33,310,291, while total fund balance was \$44,246,175. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 14.6% of total general fund expenditures, while total fund balance represents 19.4% of that same amount.

The fund balance of the City's general fund increased by \$3,294,145 during 2004. A key factor was an increase in sales tax collections in 2004 due to improved economic conditions and the return of military troops from Iraq.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets as of December 31, 2004 and 2003 for the proprietary funds were as follows:

	<u>2004</u>	<u>2003</u>	<u>Variance</u>
Utilities	\$182,112,371	\$123,830,489	\$58,281,882
Hospital	279,251,000	237,632,000	41,619,000
Airport	25,677,335	23,573,371	2,103,964
Parking	6,797,621	5,931,229	866,392
Non-major			
enterprise funds	3,786,851	3,053,752	733,099
Internal service	10,764,327	6,987,398	3,776,929

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:

- \$4.8 million of salary increases took place in the middle of 2004
- \$17.5 million of general obligation refunding bonds were issued in 2004
- \$213,000 was approved for FTA grant match
- \$100,000 was appropriated for seasonal salary and operating for community and senior centers

Supplementary appropriation ordinances totaled \$22.7 million. Carryover of capital project budgets from the previous year totaled \$2.1 million. Carryover of encumbrance budget from the previous year was \$3.8 million.

Total actual revenues were \$11 million higher than the final budget primarily due to increases in sales and use tax revenue received. Total actual expenditures were \$7.4 million less than the final budget due to less public safety salaries and benefits expenses than budgeted and lower project and lease expenditures in other general government expenses.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of 2004, the City had \$3.2 billion invested in a broad range of capital assets and infrastructure (net of depreciation). This amount represents a net increase (including additions and deletions) of \$505 million. The infrastructure category includes additions in 2002, 2003, 2004, and infrastructure that was retroactively capitalized to 1980 for streets, storm sewers, drainage channels and drainage detention basins. The City has not capitalized infrastructure for pedestrian ramps, sidewalks and bridges.

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

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$85,231	\$83,480	\$45,719	\$28,437	\$130,950	\$111,917
Buildings	101,032	94,135	80,399	82,620	181,431	176,755
Improvements other than buildings	17,691	16,023	83,904	88,816	101,595	104,839
Machinery and equipment	43,746	41,239	4,033	4,039	47,779	45,278
Infrastructure	404,111	82,918	16,314	1,677	420,425	84,595
Utilities plant	-	-	1,983,109	1,805,418	1,983,109	1,805,418
Hospital plant	-	-	200,817	206,821	200,817	206,821
Construction in progress	4,607	31,553	147,767	145,963	152,374	177,516
Total	<u>\$656,418</u>	<u>\$349,348</u>	<u>\$2,562,062</u>	<u>\$2,363,791</u>	<u>\$3,218,480</u>	<u>\$2,713,139</u>

Major changes to capital assets for 2004 include:

Utilities had a total capital outlay of \$214 million. This includes approximately \$35.6 million to provide sufficient electric system infrastructure to meet the reliability and consumption needs of customers. Water system major projects totaled approximately \$78.5 million in 2004. Approximately \$60.9 million was spent on wastewater capital outlay. In addition, approximately \$25.2 million was spent on facilities, technology additions and enhancements to the telecommunications, computing and applications infrastructure.

The Hospital acquired \$61.1 million of capital assets during 2004. Major items included the North Hospital land purchase, construction on the North Hospital, ongoing construction of a new tower on the main campus that will house the new Colorado Springs Children's Hospital at Memorial Hospital and allow for expansion of the Emergency Department, and the remodel of the Memorial Administrative Center Building.

In 2004, the retroactive infrastructure was included in the asset information in the amount of \$424.3 million.

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

LONG-TERM DEBT

The following schedule provides the debt outstanding at the end of 2004 and 2003:

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

	Governmental Activities		Business-type Activities		Totals	
	2004	2003	2004	2003	2004	2003
General obligation bonds	\$32,445	\$27,345	\$ -	\$ -	\$32,445	\$27,345
Sales tax revenue bonds	64,490	69,115	-	-	64,490	69,115
Certificates of participation	25,305	26,590	-	-	25,305	26,590
Special assessment bonds and notes	644	784	-	-	644	784
Revenue bonds	-	-	1,664,306	1,487,635	1,664,306	1,487,635
Notes payable	-	-	19,807	20,483	19,807	20,483
Total	<u>\$122,884</u>	<u>\$123,834</u>	<u>\$1,684,113</u>	<u>\$1,508,118</u>	<u>\$1,806,997</u>	<u>\$1,631,952</u>

During 2004 the City issued new debt to finance capital projects. The key events in the City's debt include the following:

- New debt resulted from Utilities completing three bond issues. The 2004A \$117,450,000 refunding revenue bonds were issued to refund the 1994A revenue bonds. The 2004B \$107,115,000 revenue bonds and the 2004C \$15,695,000 revenue bonds were issued to finance capital improvements.
- The Hospital completed four bond issues in 2004. The Series 2004 \$176,575,000 revenue bonds were to refund the Series 1995 and 2000 revenue bonds and to partially fund the North Hospital.
- The City issued \$17,115,000 of General Obligation Refunding Bonds to refund the 1993 General Obligation Refunding Bonds.

The City's latest bond ratings are as follows:

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

*Variable Rate Demand

The current debt limitation for the City is \$373,473,130, or 10% of the assessed property valuation. The City's outstanding general obligation debt is significantly less than this amount.

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

ECONOMIC FACTORS

The local economy has endured several significant setbacks over the last three years including the aftermath of the tragic events of 9/11 and its chilling effect on local tourism and travel, the meltdown in advanced technology, and the deployment of nearly 11,000 Fort Carson troops to Iraq. Those events resulted in considerable adverse economic consequences for Colorado Springs including the layoff of over 9,000 local residents. However, spurred by growth in the national economy, modest improvement in the advanced technology sector, and the return of Fort Carson troops from Iraq last spring, the local economy has begun to show signs of strengthening. Most key indicators of local economic activity posted positive gains in 2004. Some improvement in local labor market conditions has occurred, retail sales are up, and new construction activity continued at a healthy clip.

LOCAL ECONOMIC SCORECARD				
Colorado Springs Area				
(Percent Change Over Prior Year)				
2004 - 2003				
Economic Indicator	2004	2003	Direction	Assessment *
Unemployment Rate **	5.4	5.9	↓	Better
Total Nonag Employment 1/	0.6	(1.0)	↑	Better
Manufacturing Employment 1/	(1.5)	(7.4)	↑	Better
City Sales & Use Tax Revenue 1	9.6	(3.0)	↑	Better
Total New Const. Spending	23.8	(5.3)	↑	Better
Residential Building Permits	22.3	(22.2)	↑	Better

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

↳ Total non-agricultural wage and salary employment during 2004 was up 0.6 percent from the same period of 2003. Net gains in local employment, albeit modest, have been posted in every month since December 2003. These job gains

come on the heels of 29 consecutive months of year-over-year employment losses. Indeed, a total of 12,400 jobs were lost between the summer of 2001 and December 2003. Those job losses represented over 5 percent of local employment. The gains in employment are primarily in retail trade, professional and technical services (defense-related contracting), and local school districts.

↳ Since July 2001, a total of 4,700 jobs at area manufacturers have been lost due to the decline in advanced technology and the relocation of jobs overseas allowing businesses to take advantage of lower wage and

operating costs. In 2004, however, total manufacturing employment in the Colorado Springs area was actually up 500 jobs from one year ago. Nevertheless, total employment in that industry has shrunk by over 18 percent since the middle of 2001.

- ↪ The local unemployment rate during 2004 averaged 5.5 percent. As of December 2004, the non-seasonally adjusted rate stood at 5.4 percent which is down from the 5.9 percent posted in the previous year. The local rate continues to be slightly higher than the State rate (which was at 5.0 percent) but matched the 5.4 percent posted for the nation as a whole.
- ↪ 2004 was the strongest year on record for area homebuilders. Nearly 6,500 new dwelling units were permitted during 2004 with 5,774 of that being for single family units. However, only 710 new multifamily units were permitted during the year. New apartment construction has slowed considerably in recent years in response to vacancy rates that have hovered in the low double-digit range. Low home mortgage interest rates, however, continue to spur demand for new single-family homes.
- ↪ City Sales and Use Tax collections are primarily dependent upon the level of local economic activity, consumer confidence, and tourist activity. City sales and use tax revenues were up 9.7 percent when compared to last year. However, after a late spring surge in collections, apparently due to returning Fort Carson troops, growth in the Sales Tax component appears to be moderating. Use Tax revenue was up a surprisingly strong 32.1 percent compared to last year as a result of a jump in local business investment in new plant and equipment at many area manufacturers.

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS
December 31, 2004

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities
<u>ASSETS</u>					
Cash and investments	\$120,438,815	\$390,696,910	\$511,135,725	\$593,114	\$1,052,153
Receivables (net of allowance for uncollectibles)	67,277,535	164,883,348	232,160,883	647,936	167,785
Due from primary government	-	-	-	-	1,450,122
Due from component unit	-	106,232	106,232	-	-
Inventories	922,376	38,331,855	39,254,231	-	64,416
Prepays	495	18,583,130	18,583,625	2,767	5,265,257
Other	-	7,297,378	7,297,378	-	332,022
Restricted assets (temporarily):					
Cash and investments	13,784,795	250,439,555	264,224,350	621,749	2,401,158
Investment in joint ventures	-	39,436,247	39,436,247	-	-
Capital assets (net of accumulated depreciation):					
Land	85,230,850	45,718,535	130,949,385	-	-
Buildings	101,032,210	80,399,194	181,431,404	-	-
Improvements other than buildings	17,690,833	83,903,993	101,594,826	-	-
Machinery and equipment	43,745,882	4,032,512	47,778,394	2,550	-
Infrastructure	404,111,507	16,314,449	420,425,956	7,834,454	-
Utility plant	-	1,983,108,998	1,983,108,998	-	81,913,009
Hospital plant	-	200,817,000	200,817,000	-	-
Construction in progress	4,607,127	147,766,660	152,373,787	-	-
Unamortized bond issuance costs	-	22,180,476	22,180,476	160,245	295,859
Total assets	858,842,425	3,494,016,472	4,352,858,897	9,862,815	92,941,781
<u>LIABILITIES</u>					
Accounts payable and other current liabilities	34,185,185	146,739,792	180,924,977	25,610	161,668
Funds held for others	7,183,368	-	7,183,368	-	-
Accrued interest payable	568,505	6,848,271	7,416,776	59,238	231,559
Internal balances	11,944,089	(11,944,089)	-	-	-
Due to primary government	-	-	-	-	106,232
Due to component unit	-	274,277	274,277	-	-
Unearned revenue	22,090,829	1,142,706	23,233,535	619,610	4,877,576
Noncurrent liabilities:					
Due within one year	12,224,571	33,046,929	45,271,500	245,000	3,874,040
Due in more than one year	139,924,787	1,682,660,502	1,822,585,289	10,371,988	96,185,150
Total liabilities	228,121,334	1,858,768,388	2,086,889,722	11,321,446	105,436,225
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	473,414,958	1,070,922,705	1,544,337,663	(1,629,187)	(17,637,540)
Restricted for:					
Debt service	4,838,069	62,682,812	67,520,881	621,749	1,892,517
Endowments:					
Expendable	430,035	-	430,035	-	-
Nonexpendable	8,569,872	-	8,569,872	-	-
Emergency reserve (TABOR)	6,169,737	-	6,169,737	21,161	-
Unrestricted	137,298,420	501,642,567	638,940,987	(472,354)	3,250,579
Total net assets (deficit)	\$630,721,091	\$1,635,248,084	\$2,265,969,175	(\$1,458,631)	(\$12,494,444)

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 2

STATEMENT OF ACTIVITIES
For the year ended December 31, 2004

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Governmental Activities	Business-type Activities
Primary government								
Governmental activities								
General government	\$57,537,266	\$19,743,456	\$1,960,196	\$145,893	(\$35,687,721)	\$	\$	-
Public safety	107,890,403	3,463,338	2,643,710	186,317	(101,597,038)	-	-	-
Public works	69,387,263	11,055,412	1,608,423	5,812,839	(4,910,589)	-	-	-
Health and welfare	1,025,059	-	-	-	(1,025,059)	-	-	-
Culture and recreation	20,254,797	2,771,570	4,736,505	17,255	(12,729,467)	-	-	-
Urban redevelopment and housing	8,274,058	2,035,112	3,991,405	61,274	(2,247,541)	-	-	-
Economic development	2,356,907	77,746	-	-	(2,217,887)	-	-	-
Economic opportunities	10,578	-	-	-	(10,578)	-	-	-
Interest on long-term debt	6,106,004	-	-	-	(6,106,004)	-	-	-
Miscellaneous	448,175	-	-	-	(448,175)	-	-	-
Total governmental activities	273,290,510	39,146,634	14,940,239	52,223,578	(166,980,059)	-	-	-
Business-type activities								
Utilities	621,608,910	590,990,827	-	61,069,296	-	30,451,513	-	-
Memorial Hospital	339,519,000	365,445,000	-	-	25,926,000	25,926,000	-	-
Airport	24,293,095	26,945,053	-	3,602,446	6,254,404	6,254,404	-	-
Parking System	2,176,488	2,775,362	-	-	598,874	598,874	-	-
Other	7,856,321	7,433,408	-	-	(422,913)	(422,913)	-	-
Total business-type activities	995,453,514	993,589,650	-	64,671,742	62,807,878	62,807,878	-	-
Total primary government	\$1,268,744,024	\$1,032,736,284	\$14,940,239	\$116,895,320	(\$166,980,059)	\$62,807,878	(\$104,172,181)	-
Component units								
Improvement districts	1,886,823	934,181	48,541	-	-	-	(904,101)	-
Utilities	9,687,541	11,071,858	-	-	-	-	-	1,384,317
Total component units	\$11,574,364	\$12,006,039	\$48,541	\$	\$	\$	(\$904,101)	\$1,384,317
General revenues								
Property taxes					19,782,761	-	541,236	-
Sales taxes					149,466,682	-	-	-
Specific ownership taxes					3,119,592	-	-	-
Occupational liquor taxes					246,664	-	-	-
Admissions tax					371,828	-	-	-
Bicycle excise tax					118,425	-	-	-
Contributions to endowments					86,892	-	-	-
Investment earnings					2,857,160	26,130,083	13,565	60,948
Transfers					22,389,858	(22,389,858)	-	-
Total general revenues and transfers					198,439,862	3,740,225	554,801	60,948
Change in net assets					31,459,803	66,548,103	(349,300)	1,445,265
Net assets - January 1, as previously reported					324,512,971	1,568,699,991	(1,109,331)	(13,939,709)
Adjustment for infrastructure phase-in under GASB 34					274,748,317	-	-	-
Net assets (deficit) - January 1, as restated					599,261,288	1,568,699,991	(1,109,331)	(13,939,709)
Net assets (deficit) - December 31					\$630,721,091	\$1,635,248,084	(\$1,458,631)	(\$12,494,444)

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

**GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2004**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 3**

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$48,597,294	\$49,470,969	\$98,068,263
Accounts receivable (net of allowance for uncollectibles)	2,062,618	8,863,424	10,926,042
Sales tax receivable	12,733,314	3,328,824	16,062,138
Loans receivable	846,988	16,748,957	17,595,945
Assessments receivable	-	734,993	734,993
Property taxes receivable			
Current	18,329,128	2,404,708	20,733,836
Delinquent	206,715	-	206,715
Due from other funds	11,144,642	36,435	11,181,077
Prepaid items	495	-	495
Restricted investments	1,265,199	12,519,596	13,784,795
Total assets	95,186,393	94,107,906	189,294,299
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	5,598,381	4,198,622	9,797,003
Funds held for others	7,183,368	-	7,183,368
Accrued salaries and benefits	5,419,556	676,876	6,096,432
Due to other funds	6,416,297	12,631,277	19,047,574
Escrow deposits	7,146,500	-	7,146,500
Deferred revenue			
Loans	846,988	16,748,957	17,595,945
Assessments	-	734,993	734,993
Property taxes	18,329,128	2,404,707	20,733,835
Grants	-	1,356,994	1,356,994
Total liabilities	50,940,218	38,752,426	89,692,644
Fund balances			
Reserved for			
Encumbrances	3,597,814	7,446,430	11,044,244
Debt service	1,167,838	3,670,231	4,838,069
Prepaid items	495	-	495
Endowments	-	8,999,907	8,999,907
Emergency reserve	6,169,737	-	6,169,737
Unreserved, reported in:			
General fund	33,310,291	-	33,310,291
Special revenue funds	-	26,413,825	26,413,825
Capital projects funds	-	8,825,087	8,825,087
Total fund balances	44,246,175	55,355,480	99,601,655
Total liabilities and fund balances	\$95,186,393	\$94,107,906	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	654,657,116
Loans, assessments and property taxes - current receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	18,330,938
Interest on investments that is not available to pay for current-period expenditures is not reported in the funds.	927,429
Internal service funds are used by management to charge the costs of fleet, information systems management, and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	8,036,293
Long-term liabilities, including bonds payable, are not due and payable in current period and, therefore, are not reported in the funds.	(150,832,340)
Net assets of governmental activities	<u>\$630,721,091</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, 2004**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 4**

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$138,323,249	\$35,113,696	\$173,436,945
Licenses and permits	642,912	-	642,912
Intergovernmental	20,799,462	19,383,963	40,183,425
Charges for services	18,054,455	4,813,195	22,867,650
Fines and forfeits	8,988,753	-	8,988,753
Endowments and donations	-	1,489,187	1,489,187
Other revenue	1,277,265	1,734,369	3,011,634
Investment earnings	607,741	1,974,066	2,581,807
Rental income	322,876	20,900	343,776
Total revenues	189,016,713	64,529,376	253,546,089
Expenditures			
Current			
General government	37,035,978	14,925,954	51,961,932
Public safety	99,130,607	2,661,602	101,792,209
Public works	27,315,695	9,632,991	36,948,686
Health and welfare	1,025,059	-	1,025,059
Culture and recreation	15,180,442	2,253,772	17,434,214
Urban development and housing	2,747,235	5,410,593	8,157,828
Economic development	-	2,377,006	2,377,006
Economic opportunity	-	10,668	10,668
Miscellaneous	-	451,997	451,997
Debt service			
Principal	4,255,523	7,037,245	11,292,768
Interest	702,905	5,419,854	6,122,759
Issuance expense	135,076	157,394	292,470
Capital outlay	9,314,679	41,261,470	50,576,149
Total expenditures	196,843,199	91,600,546	288,443,745
Deficiency of revenues over expenditures	(7,826,486)	(27,071,170)	(34,897,656)
OTHER FINANCING SOURCES (USES)			
Capital lease financing	561,191	-	561,191
Sale of capital assets	280,374	-	280,374
Transfers in	23,743,027	13,610,508	37,353,535
Transfers out	(13,610,508)	(1,091,074)	(14,701,582)
Proceeds from issuance of bond	17,115,000	8,800,000	25,915,000
Premium on refunding bonds issued	430,447	-	430,447
Payment on refunding bonds	(17,398,900)	-	(17,398,900)
Total other financing sources (uses)	11,120,631	21,319,434	32,440,065
Net change in fund balances	3,294,145	(5,751,736)	(2,457,591)
Fund balances - January 1	40,952,030	61,107,216	102,059,246
Fund balances - December 31	\$44,246,175	\$55,355,480	\$99,601,655

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, 2004**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 5**

Net change in fund balances - total governmental funds	(\$2,457,591)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,099,382
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	30,406,560
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,974,214
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.	(2,150,325)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(293,045)
Internal service funds are used by management to charge the costs of fleet management, insurance, and other services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>1,880,608</u>
Change in net assets of governmental activities	<u><u>\$31,459,803</u></u>

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



CITY OF COLORADO SPRINGS

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended December 31, 2004**

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

	<u>Budgeted Amounts</u>		<u>2004 Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
General property taxes				
Current	\$17,671,576	\$17,671,576	\$17,873,516	\$201,940
Delinquent	-	-	(22,650)	(22,650)
Penalty and interest	-	-	26,559	26,559
	<u>17,671,576</u>	<u>17,671,576</u>	<u>17,877,425</u>	<u>205,849</u>
Sales and use taxes	106,724,967	106,724,967	117,043,184	10,318,217
Specific ownership taxes	2,677,403	2,677,403	2,784,148	106,745
Occupational liquor taxes	250,250	250,250	246,664	(3,586)
Gross receipts business taxes				
Admissions tax	353,145	353,145	371,828	18,683
	<u>127,677,341</u>	<u>127,677,341</u>	<u>138,323,249</u>	<u>10,645,908</u>
Licenses and permits				
Business licenses and permits	570,922	570,922	642,912	71,990
Intergovernmental				
Federal operating grants				
Police federal share	-	-	(2,349)	(2,349)
DOT-FTA grant, subsidies	1,821,000	1,821,000	1,789,135	(31,865)
	<u>1,821,000</u>	<u>1,821,000</u>	<u>1,786,786</u>	<u>(34,214)</u>
State shared revenue				
Cigarette tax	1,363,827	1,363,827	1,519,097	155,270
Highway users tax-regular	13,296,867	13,296,867	13,301,040	4,173
Highway users tax-added fees	1,206,215	1,206,215	1,230,980	24,765
Severance tax	811	811	4,511	3,700
	<u>15,867,720</u>	<u>15,867,720</u>	<u>16,055,628</u>	<u>187,908</u>
Other governmental units				
El Paso County Road and Bridge	2,954,858	2,954,858	2,919,448	(35,410)
El Paso County shared fines	41,148	41,148	37,600	(3,548)
	<u>2,996,006</u>	<u>2,996,006</u>	<u>2,957,048</u>	<u>(38,958)</u>
Total intergovernmental	<u>\$20,684,726</u>	<u>\$20,684,726</u>	<u>\$20,799,462</u>	<u>\$114,736</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, 2004**

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

	Budgeted Amounts		2004 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Charges for services				
General government				
Court costs and charges	\$965,310	\$965,310	\$1,201,748	\$236,438
Planning, zoning, subdivision fees	871,190	871,190	1,043,105	171,915
Other fees	3,308,749	3,308,749	3,256,847	(51,902)
	<u>5,145,249</u>	<u>5,145,249</u>	<u>5,501,700</u>	<u>356,451</u>
Public safety				
Police services	2,944,134	2,944,134	2,358,504	(585,630)
Fire services	871,200	871,200	1,096,536	225,336
	<u>3,815,334</u>	<u>3,815,334</u>	<u>3,455,040</u>	<u>(360,294)</u>
Highways and streets				
Highway and street permits and fees	3,102,323	3,102,323	3,129,976	27,653
Signal maintenance	755,235	755,235	700,861	(54,374)
Transit system	2,714,534	2,927,844	2,578,717	(349,127)
	<u>6,572,092</u>	<u>6,785,402</u>	<u>6,409,554</u>	<u>(375,848)</u>
Culture and recreation				
Sports programs	795,920	795,920	816,154	20,234
Swimming pool fees	1,157,334	1,157,334	897,376	(259,958)
Ice center fees	487,606	487,606	483,895	(3,711)
Community centers	157,300	257,300	298,275	40,975
Other fees	195,500	195,500	192,461	(3,039)
	<u>2,793,660</u>	<u>2,893,660</u>	<u>2,688,161</u>	<u>(205,499)</u>
Total charges for services	<u>18,326,335</u>	<u>18,639,645</u>	<u>18,054,455</u>	<u>(585,190)</u>
Fines and forfeits	<u>8,665,000</u>	<u>8,665,000</u>	<u>8,988,753</u>	<u>323,753</u>
Miscellaneous				
Other revenue	718,739	718,739	1,277,265	558,526
Investment earnings	765,000	765,000	607,741	(157,259)
Rental income	304,450	304,450	322,876	18,426
Total miscellaneous	<u>1,788,189</u>	<u>1,788,189</u>	<u>2,207,882</u>	<u>419,693</u>
Total revenues	<u>\$177,712,513</u>	<u>\$178,025,823</u>	<u>\$189,016,713</u>	<u>\$10,990,890</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, 2004**

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

	Budgeted Amounts		2004 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current expenditures				
General government				
Legislative				
City Council	\$23,990	\$22,161	\$9,387	\$12,774
Clerk of the Council	524,529	535,722	554,545	(18,823)
	548,519	557,883	563,932	(6,049)
Judicial	3,661,401	3,719,129	3,574,754	144,375
Executive-City Manager	801,862	813,733	708,313	105,420
Financial	3,774,500	3,843,938	4,156,523	(312,585)
Law	2,815,682	2,807,323	2,477,854	329,469
Personnel	1,465,555	1,516,878	1,468,343	48,535
Planning and Zoning	3,905,512	3,975,400	3,702,314	273,086
Support Services	11,961,746	12,040,409	12,306,531	(266,122)
Vendor Fees	-	-	2,238,376	(2,238,376)
Other	7,100,988	9,120,882	5,839,038	3,281,844
Total general government	36,035,765	38,395,575	37,035,978	1,359,597
Public safety				
Police	63,853,010	65,247,581	63,758,826	1,488,755
Fire	36,037,473	36,927,463	35,371,781	1,555,682
Total public safety	99,890,483	102,175,044	99,130,607	3,044,437
Public works				
Highways and streets				
Maintenance of condition	8,363,218	8,531,300	8,308,827	222,473
Traffic services	4,676,938	4,697,243	4,846,512	(149,269)
Engineering	3,407,866	3,734,295	3,557,641	176,654
	16,448,022	16,962,838	16,712,980	249,858
Transit	10,253,348	10,799,247	10,602,715	196,532
Total public works	26,701,370	27,762,085	27,315,695	446,390
Health and welfare				
Communicable disease	696,714	1,017,000	1,025,059	(8,059)
Culture and recreation	\$14,647,146	\$15,342,288	\$15,180,442	\$161,846

(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, 2004**

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

	Budgeted Amounts		2004 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Urban redevelopment and housing				
Community development	\$2,683,261	\$2,913,378	\$2,747,235	\$166,143
Debt service expenditures				
Principal payments	3,123,072	4,260,138	4,255,523	4,615
Interest payments	1,440,486	708,046	702,905	5,141
Issuance expense	-	-	135,076	(135,076)
Total debt service	4,563,558	4,968,184	5,093,504	(125,320)
Capital outlay	7,640,102	11,622,034	9,314,679	2,307,355
Total expenditures	192,858,399	204,195,588	196,843,199	7,352,389
Deficiency of revenues over expenditures	(15,145,886)	(26,169,765)	(7,826,486)	18,343,279
Other financing sources (uses)				
Capital lease financing	-	-	561,191	561,191
Sale of capital assets	610,703	610,703	280,374	(330,329)
Transfers - in				
Payments in lieu of taxes	24,478,800	24,478,800	23,135,074	(1,343,726)
Other funds	394,708	394,708	607,953	213,245
Transfers - out				
City funded CIP	(13,610,508)	(13,610,508)	(13,610,508)	-
Proceeds from issuance of bond	-	17,115,000	17,115,000	-
Premium on refunding bonds issued	-	430,488	430,447	(41)
Payment on refunding bonds	-	(17,398,900)	(17,398,900)	-
Total other financing sources (uses)	11,873,703	12,020,291	11,120,631	(899,660)
Net change in fund balance	(3,272,183)	(14,149,474)	3,294,145	17,443,619
Fund balance - January 1	40,952,030	40,952,030	40,952,030	-
Fund balance - December 31	\$37,679,847	\$26,802,556	\$44,246,175	\$17,443,619

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

**PROPRIETARY FUNDS
BALANCE SHEET
December 31, 2004**

	Business-type Activities Enterprise Funds			
	Utilities	Memorial Hospital	Airport	Parking
<u>ASSETS</u>				
Current assets				
Cash and investments - unrestricted	\$101,609,814	\$239,116,000	\$40,697,003	\$4,735,504
Cash and investments - restricted	8,017,096	-	-	-
Accounts receivable (net of allowance for uncollectibles)	98,232,557	59,608,445	3,242,483	18,819
Interest receivable	404,885	-	-	-
Inventories	34,542,405	3,723,000	-	-
Due from other funds	5,389,900	100,555	19,063	51,318
Due from component units	106,232	-	-	-
Prepaid expenses	9,229,130	9,354,000	-	-
Fair value of derivative instruments	1,257,560	-	-	-
Total current assets	258,789,579	311,902,000	43,958,549	4,805,641
Noncurrent assets				
Restricted cash and investments	151,301,777	85,286,000	5,834,682	-
Note receivable	-	3,075,000	-	-
Due from other funds	3,684,879	-	-	2,204,643
Investment in joint ventures	38,896,247	540,000	-	-
Fair value of derivative instruments	4,182,930	-	-	-
Other	1,856,888	-	-	-
Capital assets:				
Land	-	23,553,000	18,423,581	2,072,246
Buildings	-	-	88,460,646	15,517,269
Improvements other than buildings	-	-	114,089,694	6,472,495
Machinery and equipment	-	-	8,660,109	108,877
Infrastructure	-	-	16,795,306	-
Utility plant	2,992,093,142	-	-	-
Hospital plant	-	372,893,000	-	-
Construction in progress	95,093,586	39,291,000	11,875,138	-
Less accumulated depreciation	(1,008,984,144)	(172,076,000)	(67,946,443)	(5,946,443)
Total noncurrent assets	2,278,125,305	352,562,000	196,192,713	20,429,087
Other assets				
Unamortized bond issuance costs	8,715,671	12,510,000	746,335	208,470
Total other assets	8,715,671	12,510,000	746,335	208,470
Total assets	\$2,545,630,555	\$676,974,000	\$240,897,597	\$25,443,198

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

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

<u>Other Non-Major Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$4,538,589	\$390,696,910	\$22,370,551
-	8,017,096	-
301,159	161,403,463	90,437
-	404,885	-
66,450	38,331,855	922,377
1,229	5,562,065	651,950
-	106,232	-
-	18,583,130	-
-	1,257,560	-
<u>4,907,427</u>	<u>624,363,196</u>	<u>24,035,315</u>
-	242,422,459	-
-	3,075,000	-
-	5,889,522	-
-	39,436,247	-
-	4,182,930	-
-	1,856,888	-
1,669,708	45,718,535	13,000
9,741,580	113,719,495	227,817
5,570,463	126,132,652	396,917
5,070,889	13,839,875	5,903,253
-	16,795,306	-
-	2,992,093,142	-
-	372,893,000	-
1,506,936	147,766,660	-
<u>(11,944,294)</u>	<u>(1,266,897,324)</u>	<u>(4,779,692)</u>
<u>11,615,282</u>	<u>2,858,924,387</u>	<u>1,761,295</u>
-	22,180,476	-
-	22,180,476	-
<u>\$16,522,709</u>	<u>\$3,505,468,059</u>	<u>\$25,796,610</u>

(continued)

PROPRIETARY FUNDS
BALANCE SHEET
December 31, 2004

	Business-type Activities Enterprise Funds			
	Utilities	Memorial Hospital	Airport	Parking
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	\$59,423,449	\$26,998,515	\$4,750,266	\$88,330
Accrued salaries and benefits	5,696,204	4,759,000	286,307	15,510
Compensated absences - current	487,335	458,200	28,439	2,238
Due to other funds	3,066,000	238,485	103,576	37,742
Due to component unit	274,277	-	-	-
Deferred revenue	-	-	1,142,706	-
Accrued interest payable	6,821,943	-	-	26,328
Matured bonds payable	16,595,000	4,845,000	3,170,000	385,000
Notes payable - current	661,540	-	-	-
Capital lease payable - current	-	79,000	-	-
Fair value of derivative instruments	2,465,773	-	-	-
Current portion estimated claims, settlements	-	6,207,000	-	-
Other	778,773	-	-	-
Total current liabilities	96,270,294	43,585,200	9,481,294	555,148
Noncurrent liabilities				
Compensated absences	9,259,368	8,705,800	540,346	42,515
Customer deposits	1,299,932	-	-	-
Claims and judgments	599,684	1,409,000	-	-
Revenue bonds payable	1,258,572,092	302,034,000	58,835,368	6,860,000
Notes payable	18,187,015	-	-	-
Customer advances for construction	8,816,067	-	-	-
Capital lease payable	-	162,000	-	-
Fair value of derivative instruments	41,197,210	-	-	-
Municipal solid waste landfill closure and postclosure care	1,418,524	-	-	-
Other liabilities	4,145,153	-	-	-
Total noncurrent liabilities	1,343,495,045	312,310,800	59,375,714	6,902,515
Total liabilities	1,439,765,339	355,896,000	68,857,008	7,457,663
Net assets				
Invested in capital assets, net of related debt	896,574,624	24,589,000	128,352,663	11,187,914
Restricted for debt service	27,178,221	17,238,000	18,010,591	-
Unrestricted	182,112,371	279,251,000	25,677,335	6,797,621
Total net assets	1,105,865,216	321,078,000	172,040,589	17,985,535
Total liabilities and net assets	\$2,545,630,555	\$676,974,000	\$240,897,597	\$25,443,198

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

Net assets of business-type activities

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

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

<u>Other Non-Major Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$141,493	\$91,402,053	\$10,745,099
138,962	10,895,983	400,152
25,252	1,001,464	70,679
79,084	3,524,887	712,153
-	274,277	-
-	1,142,706	-
-	6,848,271	-
-	24,995,000	-
43,753	705,293	-
59,172	138,172	253,814
-	2,465,773	-
-	6,207,000	-
-	778,773	-
<u>487,716</u>	<u>150,379,652</u>	<u>12,181,897</u>
479,785	19,027,814	1,342,905
-	1,299,932	-
-	2,008,684	-
-	1,626,301,460	-
914,193	19,101,208	-
-	8,816,067	-
379,660	541,660	218,126
-	41,197,210	-
-	1,418,524	-
-	4,145,153	-
<u>1,773,638</u>	<u>1,723,857,712</u>	<u>1,561,031</u>
<u>2,261,354</u>	<u>1,874,237,364</u>	<u>13,742,928</u>
10,218,504	1,070,922,705	1,289,355
256,000	62,682,812	-
<u>3,786,851</u>	<u>497,625,178</u>	<u>10,764,327</u>
<u>14,261,355</u>	<u>1,631,230,695</u>	<u>12,053,682</u>
<u>\$16,522,709</u>		<u>\$25,796,610</u>
	<u>4,017,389</u>	
	<u>\$1,635,248,084</u>	

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Business-type Activities Enterprise Funds			
	Utilities	Memorial Hospital	Airport	Parking
Operating revenues				
Charges for services	\$590,990,827	\$352,840,000	\$20,669,259	\$2,775,362
Miscellaneous	-	11,818,000	-	-
Total operating revenues	<u>590,990,827</u>	<u>364,658,000</u>	<u>20,669,259</u>	<u>2,775,362</u>
Operating expenses				
Salaries and benefits	120,677,396	183,431,000	6,832,347	377,211
Other operating expenses	351,089,575	127,473,000	6,207,467	791,431
Depreciation	79,528,117	20,517,000	7,955,285	669,198
Total operating expenses	<u>551,295,088</u>	<u>331,421,000</u>	<u>20,995,099</u>	<u>1,837,840</u>
Operating income (loss)	<u>39,695,739</u>	<u>33,237,000</u>	<u>(325,840)</u>	<u>937,522</u>
Nonoperating revenues (expenses)				
Investment earnings	17,364,592	7,675,000	735,318	56,131
Interest expense	(52,208,093)	(8,098,000)	(3,386,807)	(329,688)
Passenger facility charges	-	-	2,682,961	-
Customer facility charges	-	-	3,590,110	-
Amortization expense	-	-	-	(14,716)
Gain (loss) on disposal of assets	-	-	2,723	-
Miscellaneous	(19,748,440)	787,000	-	-
Total nonoperating revenue (expenses)	<u>(54,591,941)</u>	<u>364,000</u>	<u>3,624,305</u>	<u>(288,273)</u>
Income (loss) before contributions and transfers	(14,896,202)	33,601,000	3,298,465	649,249
Capital contributions	61,069,296	-	3,602,446	-
Transfers in	-	-	-	-
Transfers out	(23,143,606)	-	-	(46,252)
Change in net assets	<u>23,029,488</u>	<u>33,601,000</u>	<u>6,900,911</u>	<u>602,997</u>
Total net assets - January 1	<u>1,082,835,728</u>	<u>287,477,000</u>	<u>165,139,678</u>	<u>17,382,538</u>
Total net assets - December 31	<u>\$1,105,865,216</u>	<u>\$321,078,000</u>	<u>\$172,040,589</u>	<u>\$17,985,535</u>

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

Change in net assets of business-type activities

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

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 8**

<u>Other Non-Major Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$7,409,159	\$974,684,607	\$61,937,382
-	11,818,000	-
<u>7,409,159</u>	<u>986,502,607</u>	<u>61,937,382</u>
3,774,414	315,092,368	10,297,971
3,208,040	488,769,513	47,360,412
871,436	109,541,036	492,515
<u>7,853,890</u>	<u>913,402,917</u>	<u>58,150,898</u>
(444,731)	73,099,690	3,786,484
299,042	26,130,083	240,736
(46,015)	(64,068,603)	(45,396)
-	2,682,961	-
-	3,590,110	-
-	(14,716)	-
24,249	26,972	(55,897)
-	(18,961,440)	(2,063)
<u>277,276</u>	<u>(50,614,633)</u>	<u>137,380</u>
(167,455)	22,485,057	3,923,864
-	64,671,742	-
800,000	800,000	-
-	(23,189,858)	(262,094)
<u>632,545</u>	<u>64,766,941</u>	<u>3,661,770</u>
<u>13,628,810</u>		<u>8,391,912</u>
<u>\$14,261,355</u>		<u>\$12,053,682</u>
	<u>1,781,162</u>	
	<u>\$66,548,103</u>	

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the year ended December 31, 2004

	Business-type Activities Enterprise Funds			
	Utilities	Memorial Hospital	Airport	Parking
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$567,201,343	\$346,809,842	\$20,863,665	\$2,558,622
Receipts from interfund services provided	13,693,843	8,597,158	12,530	207,230
Payments to suppliers	(326,053,670)	(121,461,095)	(3,582,859)	(556,265)
Payments to employees	(121,985,028)	(186,716,000)	(6,715,787)	(365,778)
Payments for interfund services used	(16,918,104)	(3,881,905)	(2,449,981)	(200,418)
Net cash provided by operating activities	115,938,384	43,348,000	8,127,568	1,643,391
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers to other funds	(23,457,214)	-	-	(46,252)
Transfers in from other funds	-	-	-	-
Repayment of advance from other funds	-	-	-	-
Advance from other funds	-	-	-	-
Principal received from interfund loan	-	-	-	42,318
Interest received from interfund loan	-	-	-	90,870
Customer deposits	248,973	-	-	-
Net cash provided (used) by noncapital financing activities	(23,208,241)	-	-	86,936
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital debt	127,241,817	176,575,000	-	-
Capital contributions	39,768,781	-	-	-
Bond issuance costs	-	(7,647,000)	-	-
Defeasance of bonds	-	(111,568,000)	-	-
Use of bond funds and escrow funds	(720,246)	-	-	-
Purchases of capital assets	(197,897,549)	(61,073,000)	(7,965,264)	(45,518)
Payments from accounts payable incurred for capital asset additions	(28,535,179)	-	(1,502,893)	-
Repayment of capital lease obligations	(1,002,296)	-	-	-
Principal paid on capital debt	(16,489,865)	(4,165,000)	(3,119,999)	(375,000)
Interest paid on capital debt	(55,303,046)	(7,280,000)	(2,709,686)	(330,938)
Interest paid - other	(73,367)	-	-	-
Proceeds from the sale of capital assets	884,121	-	-	-
Capital grant	-	-	1,622,599	-
Passenger facility charges	-	-	2,682,961	-
Customer facility charges	-	-	3,590,110	-
Advances for construction	169,661	-	-	-
Net cash used by capital and related financing activities	(131,957,168)	(15,158,000)	(7,402,172)	(751,456)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	155,999,057	281,915,000	37,537,828	6,215,380
Purchases of investments	(169,286,139)	(310,404,000)	(39,868,784)	(7,220,287)
Interest and dividends received	4,819,081	7,642,000	1,176,915	15,211
Distributions from joint ventures	3,059,761	-	-	-
Other	86,500	2,908,000	-	-
Net cash used by investing activities	(5,321,740)	(17,939,000)	(1,154,041)	(989,696)
Net increase (decrease) in cash and cash equivalents	(44,548,765)	10,251,000	(428,645)	(10,825)
Cash and cash equivalents - January 1	217,526,948	57,890,000	1,980,646	191,416
Cash and cash equivalents - December 31	172,978,183	68,141,000	1,552,001	180,591
Cash	172,978,183	68,141,000	1,552,001	180,591
Investments	87,950,504	256,261,000	44,979,684	4,554,913
Total cash and investments	\$260,928,687	\$324,402,000	\$46,531,685	\$4,735,504

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

<u>Other Non-Major Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$7,251,567	\$944,685,039	\$7,430,069
71,740	22,582,501	54,637,555
(1,993,386)	(453,647,275)	(34,806,179)
(3,630,955)	(319,413,548)	(10,031,273)
<u>(1,237,730)</u>	<u>(24,688,138)</u>	<u>(12,392,600)</u>
461,236	169,518,579	4,837,572
-	(23,503,466)	-
800,000	800,000	-
(8,700)	(8,700)	(1,264,885)
-	-	540,522
-	42,318	-
-	90,870	-
-	248,973	-
<u>791,300</u>	<u>(22,330,005)</u>	<u>(724,363)</u>
220,128	304,036,945	-
-	39,768,781	-
-	(7,647,000)	-
-	(111,568,000)	-
-	(720,246)	-
<u>(1,147,677)</u>	<u>(268,129,008)</u>	<u>(133,960)</u>
(72,171)	(30,110,243)	-
(97,265)	(1,099,561)	(274,936)
(42,054)	(24,191,918)	-
(39,584)	(65,663,254)	-
(6,431)	(79,798)	(45,396)
7,282	891,403	1,259
-	1,622,599	-
-	2,682,961	-
-	3,590,110	-
-	169,661	-
<u>(1,177,772)</u>	<u>(156,446,568)</u>	<u>(453,033)</u>
6,460,197	488,127,462	29,891,399
(6,920,050)	(533,699,260)	(34,108,681)
347,900	14,001,107	477,737
-	3,059,761	-
-	2,994,500	-
<u>(111,953)</u>	<u>(25,516,430)</u>	<u>(3,739,545)</u>
(37,189)	(34,774,424)	(79,369)
210,269	277,799,279	932,481
<u>173,080</u>	<u>243,024,855</u>	<u>853,112</u>
173,080	243,024,855	853,112
<u>4,365,509</u>	<u>398,111,610</u>	<u>21,517,439</u>
<u>\$4,538,589</u>	<u>\$641,136,465</u>	<u>\$22,370,551</u>

(continued)

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the year ended December 31, 2004**

	Business-type Activities Enterprise Funds			
	Utilities	Memorial Hospital	Airport	Parking
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$39,695,739	\$33,237,000	(\$325,840)	\$937,522
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation expense	79,528,117	20,517,000	7,955,285	669,198
Provision for loss on accounts receivable and injuries and damages	2,239,437	-	-	-
Change in fair value of derivative instruments	(2,516,900)	-	-	-
Other revenue	284,697	-	-	-
(Increase) decrease in accounts receivable	(11,509,847)	(8,695,668)	(176,325)	(10,760)
Increase in inventories	(4,737,570)	(707,000)	-	-
(Increase) decrease in due from other funds	(348,134)	(6,332)	(19,063)	1,250
Decrease in due from component units	32,340	-	-	-
Increase in prepaid expenses	(431,850)	(2,211,000)	-	-
Decrease in other assets	141,930	-	-	-
Increase (decrease) in accounts and other payables	8,586,297	(1,601,760)	71,051	5,629
Increase in accrued expenses	1,605,184	3,650,000	116,560	11,433
Increase (decrease) in due to other funds	(726)	78,760	103,576	29,119
Increase in due to component units	2,556	-	-	-
Increase (decrease) in other liabilities	3,367,114	(913,000)	402,324	-
Net cash provided by operating activities	\$115,938,384	\$43,348,000	\$8,127,568	\$1,643,391
Noncash investing, capital and financing activities				
Amortization, charge-off of debt discount and expense	\$968,200	\$ -	-	\$14,716
Noncash acquisition of capital assets				
(incurrence of payable/capital lease obligation)	11,533,535	-	3,890,829	-
Noncash contributions in aid of construction	21,300,515	-	-	-
Increase (decrease) in fair value of investments	20,792,870	-	(441,597)	(49,950)

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

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

<u>Other Non-Major Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
(\$444,731)	\$73,099,690	\$3,786,484
871,436	109,541,036	492,515
-	2,239,437	-
-	(2,516,900)	-
-	284,697	-
(87,413)	(20,480,013)	254,298
(16,649)	(5,461,219)	(55,000)
11,790	(360,489)	(124,056)
-	32,340	-
-	(2,642,850)	-
-	141,930	-
(40,087)	7,021,130	345,234
143,219	5,526,396	266,698
23,671	234,400	(128,601)
-	2,556	-
-	2,856,438	-
<u>\$461,236</u>	<u>\$169,518,579</u>	<u>\$4,837,572</u>
\$ -	\$982,916	\$ -
568,467	15,992,831	233,781
-	21,300,515	-
(48,857)	20,252,466	(237,001)

**FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
December 31, 2004**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 10**

	Pension Trust Funds	Agency Fund
<u>ASSETS</u>		
Cash and investments	\$ -	\$1,523,619
Accounts receivable (net of allowances for uncollectibles)	-	80,473
Interest receivable	1,346,042	-
Other assets	30,845	-
Investment in external investment pool	375,678,118	-
Total assets	377,055,005	1,604,092
<u>LIABILITIES</u>		
Accounts payable	254,669	428,247
Due to component unit	-	1,175,845
Other liabilities	21,489	-
Total liabilities	276,158	1,604,092
Net assets - held in trust for pension benefits	\$376,778,847	\$ -

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

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
December 31, 2004**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 11**

	<u>Pension Trust Funds</u>
Additions	
City and participant contributions	<u>\$10,100,082</u>
Investment earnings:	
Interest and dividend income	8,834,832
Rental income	1,814,393
Net increase in fair value of investments	<u>30,926,229</u>
Total investment gain	41,575,454
Less investment expenses	<u>1,359,783</u>
Net investment gain	<u>40,215,671</u>
Total additions	<u>50,315,753</u>
Deductions	
Benefits	(15,413,054)
Refund	(1,692,852)
Administrative expenses	<u>(91,463)</u>
Total deductions	<u>(17,197,369)</u>
Change in net assets	33,118,384
Net assets held in trust for pension benefits, as previously reported - January 1	287,860,365
Adjustment to include 2003 current period information previously not available	<u>55,800,098</u>
Net assets held in trust for pension benefits as adjusted - January 1	<u>343,660,463</u>
Net assets held in trust for pension benefits - December 31	<u>\$ 376,778,847</u>

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

**GOVERNMENTAL FUND COMPONENT UNITS
COMBINING STATEMENT OF NET ASSETS
December 31, 2004**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 12**

	Colorado Springs Urban Renewal Authority	Greater Downtown Colorado Springs Business Improvement District	Briargate Center Business Improvement District	Total
<u>ASSETS</u>				
Cash and investments	\$86,824	\$362,405	\$143,885	\$593,114
Accounts receivable (net of allowance for uncollectibles)	28,100	226	-	28,326
Property taxes receivable	-	440,267	179,343	619,610
Prepaid expenditures	2,300	467	-	2,767
Unamortized loan costs, net of amortization	-	-	160,245	160,245
Restricted assets:				
Cash-bonds	-	-	621,749	621,749
Capital assets (net of accumulated depreciation):				
Machinery and equipment	-	2,550	-	2,550
Infrastructure	-	-	7,834,454	7,834,454
Total assets	117,224	805,915	8,939,676	9,862,815
<u>LIABILITIES</u>				
Liabilities				
Accounts payable	10,206	15,404	-	25,610
Deferred revenue	-	440,267	179,343	619,610
Accrued interest payable	-	-	59,238	59,238
Noncurrent liabilities:				
Due within one year	-	-	245,000	245,000
Due in more than one year	846,988	-	9,525,000	10,371,988
Total liabilities	857,194	455,671	10,008,581	11,321,446
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	2,550	(1,631,737)	(1,629,187)
Restricted for:				
Debt service	-	-	621,749	621,749
Emergency reserve (TABOR)	-	20,461	700	21,161
Unrestricted	(739,970)	327,233	(59,617)	(472,354)
Total net assets (deficit)	(\$739,970)	\$350,244	(\$1,068,905)	(\$1,458,631)

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

GOVERNMENTAL FUND COMPONENT UNITS
 COMBINING STATEMENT OF ACTIVITIES
 For the year ended December 31, 2004

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit 13

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Colorado Springs Urban Renewal Authority	Greater Downtown Colorado Springs Business Improvement District	Briargate Center Business Improvement District	
Colorado Springs Urban Renewal Authority							
General government	\$315,803	\$296,485	\$ -	(\$19,318)			(\$19,318)
Greater Downtown Colorado Springs Business Improvement District							
General government	501,428	5,467	48,541		(\$447,420)		(447,420)
Public works	235,704	-	-		(235,704)		(235,704)
Total	737,132	5,467	48,541		(683,124)		
Briargate Center Business Improvement District							
General government	111,653	632,229	-			\$520,576	520,576
Interest on long-term debt	722,235	-	-			(722,235)	(722,235)
Total	833,888	632,229	-			(201,659)	
Total component units	\$1,886,823	\$934,181	\$48,541				(904,101)
General revenues:							
Property taxes				-	511,371	29,865	541,236
Investment earnings				294	5,946	7,325	13,565
Total general revenues				294	517,317	37,190	554,801
Change in net assets				(19,024)	(165,807)	(164,469)	(349,300)
Net assets (deficit) - January 1				(720,946)	516,051	(904,436)	(1,109,331)
Net assets (deficit) - December 31				(\$739,970)	\$350,244	(\$1,068,905)	(\$1,458,631)

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

**PROPRIETARY FUND COMPONENT UNITS
COMBINING STATEMENT OF NET ASSETS
December 31, 2004**

	Fountain Valley Authority	Aurora - Colorado Springs Joint Water Authority	Regional Water Infrastructure Authority	The Twin Lakes Reservoir and Canal Company
<u>ASSETS</u>				
Current assets				
Cash and investments	\$493,271	\$31,781	\$2,596	\$139,690
Accounts receivable (net of allowance for uncollectibles)	157,835	-	-	950
Inventories	64,416	-	-	-
Due from primary government	274,277	-	-	-
Prepaid expenses	4,994,656	3,073	-	235,986
Total current assets	5,984,455	34,854	2,596	376,626
Noncurrent assets				
Restricted cash and cash equivalents	2,370,000	-	-	-
Capital assets:				
Utility plant	87,196,076	9,499,247	-	13,754,373
Less accumulated depreciation	(26,640,985)	(1,708,817)	-	(4,845,928)
Total noncurrent assets	62,925,091	7,790,430	-	8,908,445
Other assets				
Unamortized bond issuance costs	281,289	-	-	-
Other	-	-	-	274,279
Total other assets	281,289	-	-	274,279
Total assets	\$69,190,835	\$7,825,284	\$2,596	\$9,559,350

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

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

The Lake Meredith Reservoir Company	The Colorado Canal Company	The Lake Henry Reservoir Company	Pikes Peak Regional Communications Network	Total
\$72,477	\$275,162	\$37,176	\$ -	\$1,052,153
-	-	-	9,000	167,785
-	-	-	-	64,416
-	-	-	1,175,845	1,450,122
6,438	22,073	3,031	-	5,265,257
78,915	297,235	40,207	1,184,845	7,999,733
-	31,158	-	-	2,401,158
3,238,255	2,131,054	1,177,789	-	116,996,794
(490,153)	(1,071,683)	(326,219)	-	(35,083,785)
2,748,102	1,090,529	851,570	-	84,314,167
14,570	-	-	-	295,859
-	25,334	32,409	-	332,022
14,570	25,334	32,409	-	627,881
\$2,841,587	\$1,413,098	\$924,186	\$1,184,845	\$92,941,781

(continued)

**PROPRIETARY FUND COMPONENT UNITS
COMBINING STATEMENT OF NET ASSETS
December 31, 2004**

	Fountain Valley Authority	Aurora - Colorado Springs Joint Water Authority	Regional Water Infrastructure Authority	The Twin Lakes Reservoir and Canal Company
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities				
Accounts payable	\$84,056	\$ -	\$ -	\$16,030
Due to primary government	106,232	-	-	-
Deferred revenue	4,877,576	-	-	-
Accrued interest payable	204,273	-	-	-
Matured bonds payable	455,000	-	-	-
Notes payable - current	447,031	-	-	396,784
Capital lease payable - current	2,495,577	-	-	-
Total current liabilities	8,669,745	-	-	412,814
Noncurrent liabilities				
Revenue bonds payable	9,146,854	-	-	-
Notes payable	9,036,843	-	-	456,795
Capital lease payable	75,705,314	-	-	-
Other	-	-	-	-
Total noncurrent liabilities	93,889,011	-	-	456,795
Total liabilities	102,558,756	-	-	869,609
Net assets				
Invested in capital assets, net of related debt	(36,254,045)	7,790,430	-	8,054,866
Restricted for debt service	1,892,517	-	-	-
Unrestricted	993,607	34,854	2,596	634,875
Total net assets (deficit)	(33,367,921)	7,825,284	2,596	8,689,741
Total liabilities and net assets	\$69,190,835	\$7,825,284	\$2,596	\$9,559,350

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

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

The Lake Meredith Reservoir Company	The Colorado Canal Company	The Lake Henry Reservoir Company	Pikes Peak Regional Communications Network	Total
\$3,901	\$21,052	\$21,029	\$15,600	\$161,668
-	-	-	-	106,232
-	-	-	-	4,877,576
27,286	-	-	-	231,559
-	-	-	-	455,000
69,015	10,633	-	-	923,463
-	-	-	-	2,495,577
100,202	31,685	21,029	15,600	9,251,075
-	-	-	-	9,146,854
1,660,485	-	147,701	-	11,301,824
-	-	-	-	75,705,314
-	31,158	-	-	31,158
1,660,485	31,158	147,701	-	96,185,150
1,760,687	62,843	168,730	15,600	105,436,225
1,018,602	1,048,738	703,869	-	(17,637,540)
-	-	-	-	1,892,517
62,298	301,517	51,587	1,169,245	3,250,579
1,080,900	1,350,255	755,456	1,169,245	(12,494,444)
\$2,841,587	\$1,413,098	\$924,186	\$1,184,845	\$92,941,781

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 15

Net (Expense) Revenue and Changes in Net Assets					
The Twin Lakes Reservoir and Canal Company	The Lake Meredith Reservoir Company	The Colorado Canal Company	The Lake Henry Reservoir Company	Pikes Peak Regional Communications Network	Total
					\$1,154,001
					(103,696)
					2,556
<u>\$116,958</u>					116,958
	<u>\$184,730</u>				184,730
		<u>(\$62,779)</u>			(62,779)
			<u>\$24,953</u>		24,953
				<u>\$67,594</u>	67,594
					<u>1,384,317</u>
6,553	783	3,902	416	24,782	60,948
123,511	185,513	(58,877)	25,369	92,376	1,445,265
8,566,230	895,387	1,409,132	730,087	1,076,869	(13,939,709)
<u>\$8,689,741</u>	<u>\$1,080,900</u>	<u>\$1,350,255</u>	<u>\$755,456</u>	<u>\$1,169,245</u>	<u>(\$12,494,444)</u>



CITY OF COLORADO SPRINGS

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the primary government and its component units, those entities for which the City is considered to be financially accountable. Blended component units are those entities, which while legally separate, are, in substance, part of the City's operation and the financial data for which are combined with that of the City and reported in both the government-wide and fund financial reporting level. Discretely presented component units are legally separate entities for which the financial data are presented separately from the financial data of the City. The City has blended the General Improvement Districts' component units and the Pension Trust fund. All other component units are discretely presented.

1. Governmental Fund Type Component Units

General Improvement Districts – Cottonwood, Spring Creek and Briargate

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

Colorado Springs Urban Renewal Authority

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

Greater Downtown Colorado Springs Business Improvement District

The Greater Downtown Colorado Springs Business Improvement District (BID) was created under provisions of Colorado state statute. The BID has the power to acquire, construct or install public improvements within its own boundaries and to finance such improvements by levying a general property tax upon the benefiting property. The BID is discretely presented in the City's financial statements. The BID is a legally separate entity from the City. The City does, however, appoint a voting majority of the BID's board and is able to impose its will on the BID. The City's board and the BID's board are not substantively the same. Services provided by the BID are entirely for the benefit of the business community in the District. The fiscal year-end for the BID is December 31.

Briargate Center Business Improvement District

The Briargate Center BID was created under provisions of Colorado state statute. The BID has the power to acquire, construct or install public improvements within its own boundaries and to finance such improvements by levying a general property tax upon the benefiting property. The BID is discretely presented in the City's financial statements. The BID is a legally separate entity from the City. The City does, however, approve the budget and is able to impose its will on the BID. The City's board and the BID's board are not substantively the same. Services provided by the BID are entirely for the benefit of the business community in the District. The fiscal year-end for the BID is December 31.

Other Business Improvement Districts

The following BIDs were created under provisions of Colorado state statute: Barnes & Powers North, Barnes & Powers South, First & Main, First & Main North, Interquest North, Interquest South and Powers & Woodmen Commercial. The BIDs have the power to acquire, construct or install public improvements within its own boundaries and to finance such improvements by levying a general property tax upon the benefiting property. Formation of the districts occurred with no financial activity for 2004. In subsequent years, the BIDs will be discretely presented in the City's financial statements. The BIDs will be 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 Finance Director's Office
30 South Nevada Avenue, Suite 205
Colorado Springs, CO 80903

2. Proprietary Fund Type Component Units

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

Pikes Peak Regional Communications Network

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

Fountain Valley Authority

Colorado Springs Utilities (Utilities) owns a 71.41 percent participation share in Fountain Valley Authority (FVA) which is a political subdivision of the state of Colorado formed primarily to construct a water treatment plant, and operate the water treatment plant and water conveyance system for its five customers. Raw water is received through FVA Conduit pursuant to a conveyance service subcontract with the Southeastern Colorado Water Conservancy District. The City of Fountain, Security Water District, Stratmoor Hills Water District and Widefield Water and Sanitation District are the other participants and customers.

Aurora-Colorado Springs Joint Water Authority

Utilities owns 66.66 percent participation share in the Aurora-Colorado Springs Joint Water Authority (the Authority) which is a political subdivision of the state of Colorado formed for the purpose of developing water resources, systems or facilities for the benefit of Utilities and the City of Aurora, Colorado. The Authority has constructed and owns a pipeline to transport raw water from Twin Lakes Reservoir through a pipeline to Utilities' Otero Pumping Station.

Regional Water Infrastructure Authority

Utilities is a member of the Regional Water Infrastructure Authority (RWIA) along with the City and the City of Fountain. The authority is under the direction of a board of directors consisting of seven voting members. The City has two voting members, Utilities has two voting members, and the City of Fountain has three voting members. The RWIA was formed to construct,

finance and operate projects for water, wastewater and storm water projects that have regional features in which other local entities may elect to participate. There were no projects within RWIA as of December 31, 2004.

Canal and Reservoir Companies

Utilities owns from 51.9 percent to 77.2 percent in four canal and reservoir companies which include the Colorado Canal Company, Twin Lakes Reservoir and Canal Company, Lake Meredith Reservoir Company and Lake Henry Reservoir Company. These companies have been formed for the purpose of acquiring and storing water.

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

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

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

City of Colorado Springs Finance Director's Office
30 South Nevada Avenue, Suite 205
Colorado Springs, CO 80903

3. Fiduciary Fund Type Component Units

Pension Trust Fund

The Fire and Police Pension plans are agent, multiple employer defined benefit plans for fire and police uniform employees. The plans are managed by the Fire and Police Pension Association (FPPA) and include the Old Hire Fire Pension Plan, the Old Hire Police Pension Plan, the New Hire Fire Pension Plan and the New Hire Police Pension Plan. Although FPPA manages the pension plans in accordance with relevant operating agreements, the City retains responsibility for the administration of the plans. These component units are blended with the City's financial statements.

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

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

4. Joint Ventures

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

The City and the County have entered into a joint venture to administer a contract for ambulance services. The joint venture of the El Paso County Emergency Services Agency (ESA) in which the City participates is not considered a component unit and is, therefore, not included in the City's reporting entity. The ESA was formed in accordance with an 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.

In November 2004, the City joined with the County and cities of Manitou Springs and Green Mountain Falls, Colorado, in a joint venture to provide infrastructure improvements for their various municipalities. The joint venture, Pikes Peak Regional Transportation Authority (PPRTA), is not considered a component unit of the City and is, therefore, not included in the City's reporting entity. PPRTA is funded with a 1% sales tax approved by voters in November 2004. These funds are allocated to the various municipalities and are to be used for capital projects, maintenance programs and transit services. The collection of the sales tax began January 1, 2005.

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

Memorial Hospital Corporation (MHC), is a non-profit corporation that is controlled by the Hospital. The Hospital has a 62% interest in The Surgery Center at Printers Park, L.L.C (SCPP), an entity that was formed to develop, manage and operate a surgical center in Colorado Springs. SCPP commenced operations during 2001. The Hospital's financial statements reflect its interest in the members' equity and net income of SCPP.

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

City of Colorado Springs Finance Director's Office
30 South Nevada Avenue, Suite 205
Colorado Springs, CO 80903

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

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

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

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

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar

items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

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

The Utilities fund provides water and wastewater collection, treatment, and distribution system; electric generation, transmission, distribution and street light system; and gas distribution system.

Colorado Springs Airport fund (Airport) provides air transportation services to the Colorado Springs community.

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

Additionally, the City reports the following fund types:

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

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

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

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

Fiduciary funds include pension trust funds which account for the activities of the City's fire and police pension plans. This fund accumulate resources for pension benefit payments to qualified public safety employees. Also in the fiduciary funds is the agency fund which accounts for the resources that are held by the City in a purely custodial capacity.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

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

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

4. Restricted Assets

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

5. Capital Assets

Capital outlays are recorded as expenditures of governmental funds in the fund financial statements and as assets in the government-wide financial statements to the extent the City's capitalization threshold of \$5,000 is met. The City meets the requirements of Phase I implementation of GASB Statement No. 34. For the period beginning after June 15, 2005, GASB 34 requires infrastructure to be capitalized retroactively to 1980. As of December 31, 2004, the City has retroactively capitalized approximately \$424 million from 1980 through 2002 related to streets, storm sewers, drainage channels and drainage detention basins. The City has not capitalized infrastructure for pedestrian ramps, sidewalks, and bridges. Depreciation is recorded on capital assets on a government-wide basis using the straight-line method. To the extent the City's capitalization threshold of \$5,000 is met, capital outlays of the proprietary funds are recorded as capital assets and depreciated over their useful lives using the straight-line method of depreciation on both the fund basis and the government-wide basis of

accounting. The following are the estimated useful lives used for the straight-line method of depreciation:

Infrastructure	35 years
Buildings	10 - 40 years
Utility plant	10 -100 years
Improvements other than buildings	10 - 25 years
Furniture and equipment	3 - 25 years

Donated assets are valued at their estimated fair value on the date of receipt. The City does not capitalize historical treasure or works of art. It is the City's policy to capitalize interest costs that are incurred during construction of the assets of business-type activities.

Utilities plant is stated at cost. For constructed plant, cost includes contracted services, direct labor and materials, indirect charges for engineering, supervision, general and administrative costs, and an allowance for funds used during construction (AFUDC). The 2004 AFUDC rate of 2.81% is comprised of an interest rate on borrowed funds component and a return on equity funds component and is applied to all major capital projects. The cost of additions to plant and replacement units of property is capitalized. Maintenance costs and replacement of minor items of property are charged to expense as incurred.

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

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

6. Compensated Absences

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

7. Long-term Obligations

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

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

8. Fund Equity

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

9. Municipal Solid Waste Landfill Closure and Postclosure Care Costs

The City is subject to the Colorado Department of Public Health and Environment regulations which require the City to incur closure and postclosure care costs for landfills. In 2004, the Utilities fund recognized a liability of \$1,418,524 for closure and postclosure care costs based upon landfill capacity used to date. The estimated total current cost of closure and postclosure care to be recognized for the Utilities fund landfills is \$3,543,775. The average landfill capacity used to date is 39.83%. The estimated remaining landfill lives vary from 18 to 88 years. In 2004, the governmental activities recognized a liability of \$529,509 for closure and postclosure care costs in the government-wide financial statements. There are no financial assurance requirements or restricted assets for the payment of closure and postclosure care costs. Estimates of closure and postclosure costs are stated in current dollars and shall be adjusted annually for inflation and changes in laws and regulations. A study is done every 5 years to verify this cost.

10. Derivative Instruments

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

Utilities also uses derivative instruments to hedge its exposure to changing interest rates through the use of interest rate swaps. In 2004, Utilities entered into four interest rate swap agreements and two swaption agreements (giving the counterparty the option to enter Utilities into swap agreements) that qualify for derivative accounting under SFAS No. 133, as amended. The fair value represents the estimated amount at which the instruments could be liquidated based on quoted market prices, current market conditions, or other estimates obtained from third-party brokers or dealers. See Note IV.M. for further discussion related to interest rate swaps.

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

In accordance with the provisions of SFAS No. 133, as amended, changes in the fair value of a hedging instrument are recognized as a change in net assets in the period of the change. Classification in the statement of revenues, expenses, and changes in fund net assets is based on the income classification of the item being hedged.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

Capital assets, at historical cost	\$917,801,090
Accumulated depreciation	<u>(263,143,974)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$654,657,116</u></u>

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

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2004

Deferred revenue	<u>\$18,330,938</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$18,330,938</u></u>

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

Interest on investments	<u>\$927,429</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$927,429</u></u>

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

Internal service fund allocation	<u>\$8,036,293</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$8,036,293</u></u>

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

Bonds payable	(\$122,884,897)
Accrued interest payable	(568,505)
Capital lease payable	(3,926,855)
Drainage fees payable	(3,308,300)
Compensated absences	(19,148,121)
Municipal solid waste landfill	(529,510)
Pension obligation	<u>(466,152)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>(\$150,832,340)</u></u>

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

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

Capital Outlay	\$30,872,108
Depreciation Expense	<u>(28,772,726)</u>
Net adjustments to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$2,099,382</u></u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net assets.” The details of this difference are as follows:

In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.	\$2,699,270
In the statement of activities, transfers of capital assets from proprietary funds are reported. However, in the governmental funds, transfers of capital assets are not reported.	(50,445)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>27,757,735</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$30,406,560</u></u>

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

Debt incurred:	
Capital lease financing	(\$561,191)
Issuance of General Obligation bond - Briargate GID	(8,800,000)
Issuance of General Obligation refunding bond	(17,115,000)
Plus premiums	(344,358)
Principal repayments:	
Refunding on general obligation bonds	16,970,000
Plus loss on refunding	343,120
General Obligation debt	3,845,000
Sales tax revenue bonds	4,625,000
Certificates of participation	1,285,000
Special assessment bonds and notes	140,228
Capital leases	1,397,569
Payment of developer fees	<u>188,846</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$1,974,214</u></u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this difference are as follows:

Accrued interest	\$62,151
Compensated absences	(1,729,408)
Landfill closing costs	(16,916)
Net pension obligation	<u>(466,152)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>(\$2,150,325)</u></u>

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

Unavailable revenue	<u>(\$293,045)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>(\$293,045)</u></u>

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

Internal service fund activities	<u>\$1,880,608</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$1,880,608</u></u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The City prepares annual budgets and maintains budgetary controls for all funds in order to ensure compliance with the annual appropriation ordinance as approved by City Council. The legal level of budgetary control for all funds is at the fund level. Transfer of appropriation within

the budget of a department may be authorized by approval of the affected department head. Such transfers are filed with the Finance Director but require no City Council action. Any net increase of appropriation, to the fund, requires City Council action.

Appropriations for all funds that are not budgeted on a project-length basis lapse at year-end except for contractually encumbered and reserved appropriations. Project-length budgets are those where appropriations are initially made to individual projects and do not lapse until such time as the project is complete. Project-length budgets are adopted for all capital projects as well as for intergovernmental grant, capital improvements and special assessments. All budgets are prepared on the modified accrual basis and are reported as such.

B. Excess of Expenditures over Appropriations

During 2004, expenditures exceeded appropriations for the Woodstone Improvement District fund by \$50, the Lodgers and Auto Rental Tax fund by \$71,265, and the Subdivision Drainage fund by \$67,732.

C. Deficit Fund Equity

Two primary government funds, Workers Compensation Self Insurance fund and Support Services fund, had accumulated deficits in net assets of \$656,298 and \$231,516, respectively, as of December 31, 2004. The Workers Compensation Self Insurance fund deficit was reduced from the prior year end deficit by \$425,846, and is the result of incurred but not reported claims. The Support Services fund deficit is due to expenses exceeding billings. Rates charged are reviewed and adjusted annually as needed. Both funds are internal service funds of the City.

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, 2004:

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2004**

	<u>Unrestricted Assets</u>	<u>Restricted Assets</u>
Demand accounts (incl petty cash of \$31,737)	\$84,678,564	\$3,931
Money market mutual funds	18,794,574	82,445,325
Colorado Liquid Asset Trust (COLOTRUST)	-	3,405,461
Colorado Surplus Asset Fund (CSAFE)	-	76,247
Repurchase agreements	6,087,507	133,586,033
Commercial paper	8,656,662	-
US Treasury securities	151,256,189	25,409,317
US Instrumentality securities	187,033,131	7,508,185
Domestic corporate fixed-income securities	1,736,673	1,254,748
Domestic equities	45,174,000	5,710,175
International equities	4,776,000	39,000
Guaranteed investment contract	-	4,654,055
Mortgages pooled	4,466,044	131,873
Total	<u>\$512,659,344</u>	<u>\$264,224,350</u>

Reconciliation of total deposits and investments to the government-wide financial statements at December 31, 2004:

	<u>Unrestricted</u>	<u>Restricted</u>
Governmental Activities	\$120,438,815	\$13,784,795
Business-type Activities	390,696,910	250,439,555
Fiduciary	<u>1,523,619</u>	<u>-</u>
Total	<u>\$512,659,344</u>	<u>\$264,224,350</u>

1. Deposits

The carrying amount of the City's deposits at December 31, 2004 was \$84,682,495 and the bank balances were \$91,604,078. Of the bank balances, \$407,529 was covered by federal deposit insurance and \$91,196,549 was uninsured but collateralized in accordance with provisions of the Colorado Public Deposit Protection Act (PDPA). The collateral is pooled and held in trust for all uninsured deposits as a group.

2. Investments

The City adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures* during the fiscal year ended December 31, 2004. The City's investments are subject to interest rate, credit risk and concentration of credit risk. As a means of limiting its exposure to fair value

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

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.

The City as a home rule municipality operating under its City Charter is allowed under Colorado State Statutes to promulgate and implement local standards for cash and investment management operations. The adopted Investment Policy for the City authorizes all investments shall be made in accordance with Colorado Revised Statutes. The provisions of the City’s Investment Policy apply to all investable funds of the City to include Trust funds, Bond Ordinance accounts and Reserve accounts. The Reserve and Trust funds accounts are further defined with additional investment guidelines. Excluded from the City Investment Policy are Utilities and Hospital funds and money held in bank checking accounts for operating purposes. The Hospital and Utilities (both major enterprise funds) have adopted individual investment policies to manage their investment portfolios. The investments of the City are reported in aggregate to include investments of money related to governmental and business-type activities, individual major funds and non-major funds.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Money market mutual funds	\$101,239,899	0.00
Colorado Liquid Asset Trust (COLOTRUST)	3,405,461	0.00
Colorado Surplus Asset Fund (CSAFE)	76,247	0.00
Repurchase agreements	139,673,540	0.14
Commercial paper	8,656,662	0.03
US Treasury securities	176,665,506	1.57
US Instrumentality securities	194,541,316	2.16
Domestic corporate fixed-income securities	2,991,421	2.32
Domestic equities	50,884,175	0.00
International equities	4,815,000	0.00
Guaranteed investment contract	4,654,055	1.50
Mortgages pooled	4,597,917	3.66
Total investments controlled by City	692,201,199	
Portfolio weighted average maturity		1.08
Reconciliation to total cash and investments		
Add:		
Cash on hand and in banks	84,682,495	
	<u>\$776,883,694</u>	

Credit Quality Distribution for Securities as a Percentage of Total Investments

	<u>S&P Rating</u>	<u>% of Total</u>
Money market mutual funds	AAAm	14.63%
Local investment pools	AAAm	0.50%
Repurchase agreements	-	20.18%
Commercial paper	A	1.25%
US Treasury securities	AAA	25.52%
Federal Farm Credit Banks	AAA	0.79%
Federal Home Loan Bank System	AAA	8.79%
Freddie Mac (Federal Home Loan Mortgage Corporation)	AAA	7.07%
Freddie Mac (Federal Home Loan Mortgage Corporation)	A	0.13%
Fannie Mae (Federal National Mortgage Association)	AAA	11.28%
Fannie Mae (Federal National Mortgage Association)	A	0.05%
Equities	-	8.05%
Corporate bonds	AAA	0.09%
Corporate bonds	AA	0.16%
Corporate bonds	A	0.14%
Corporate bonds	BBB	0.04%
Guaranteed investment contract	-	0.67%
Mortgage bonds	AAA	0.66%
		100.00%

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

As of December 31, 2004, the City has invested \$3,405,461 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pool. Investments of the pool consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury Notes.

Utilities has invested \$76,247 in the Colorado Surplus Asset Fund Trust (CSAFE) as of December 31, 2004. CSAFE operates similarly to COLOTRUST whereby Utilities acquires and redeems shares of the common law trusts as authorized by state statute.

3. Component Unit Deposits and Investments

Cash and investments of the component units of the City are reported at fair value and consist of the following at December 31, 2004:

	<u>Demand Accounts</u>	<u>Money Market</u>	<u>Treasury Note</u>	<u>Total</u>
Governmental Activities:				
Urban Renewal Authority	\$65,837	\$20,987	\$ -	\$86,824
Downtown Colorado Springs BID	5,599	356,806	-	362,405
Briargate Center BID	320	765,314	-	765,634
Sub-total	71,756	1,143,107	-	1,214,863
Business-type Activities:				
Fountain Valley Authority	\$1,796,489	\$1,066,782	\$ -	\$2,863,271
Aurora-Colorado Springs Joint Water Authority	31,781	-	-	31,781
Various Canal & Reservoir Companies	458,259	-	100,000	558,259
Sub-total	2,286,529	1,066,782	100,000	3,453,311
Total	<u>\$2,358,285</u>	<u>\$2,209,889</u>	<u>\$100,000</u>	<u>\$4,668,174</u>

Reconciliation of total deposits and investments to the government-wide financial statements at December 31, 2004:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Governmental Activities	\$593,114	\$621,749	\$1,214,863
Business-type Activities	1,052,153	2,401,158	3,453,311
Total	<u>\$1,645,267</u>	<u>\$3,022,907</u>	<u>\$4,668,174</u>

The carrying amount of the deposits of the component units of the City at December 31, 2004, was \$2,358,285 and the bank balances were \$2,520,647. Of the bank balances, \$744,030 was covered by federal deposit insurance and \$1,776,617 was collateralized in accordance with provisions of the Colorado Public Deposit Protection Act.

B. Receivables

Receivables for governmental funds, proprietary funds, fiduciary funds and component units at December 31, 2004 include the following (in 000's):

Receivables

	General	Hospital	Utilities	Airport	Parking	Non-Major & Other	Total
Interest	\$ -	\$ -	\$405	\$ -	\$ -	\$ 1,346	\$1,751
Taxes	31,269	-	-	-	-	6,353	37,622
Accounts	2,063	82,990	99,335	3,242	19	9,532	197,181
Assessments	-	-	-	-	-	735	735
Intergovernmental loans	-	-	-	-	-	16,711	16,711
Notes and loans	847	3,075	-	-	-	38	3,960
Gross Receivables	34,179	86,065	99,740	3,242	19	34,715	257,960
Less: Allowances For Uncollectibles	-	(23,382)	(1,102)	-	-	-	(24,484)
Net Receivables	<u>\$34,179</u>	<u>\$62,683</u>	<u>\$98,638</u>	<u>\$3,242</u>	<u>\$19</u>	<u>\$34,715</u>	<u>\$233,476</u>

Loans receivable of \$17,595,945 is included in receivables - net in the statement of net assets as of December 31, 2004. Of the loans receivable, Community Development Department (CDD) has loans receivable of \$16,110,972 as of December 31, 2004. These loans were funded with HOME (Federal Home Investment Partnership Act), CDBG (Community Development Block Grant), CHFA (Colorado Housing Finance Authority), and HOPE III (Homeownership Opportunity Program) funds. The majority of the loans require full repayment. Some loans carry monthly amortization and other loans are paid in full when the property is sold, the borrower moves from the property or the borrower dies. Only \$266,345 of the portfolio is eligible for forgiveness of debt. CDD partners with local lending institutions to provide rehabilitation funds to low and moderate income homeowners. A portion of these loans is forgiven monthly. This encourages long-term home occupancy and local bank participation. All loans and grants are secured with the property as collateral.

C. Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances as of December 31, 2004 were:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Colorado Springs Utilities	\$2,426,659
	Memorial Hospital	13,222
	Colorado Springs Parking System	18,073
	Non-major Governmental Funds	8,090,513
	Non-major Business-type Funds	55,493
	Internal Services	540,682
	Sub-Total	11,144,642
Colorado Springs Utilities	General Fund	4,126,714
	Memorial Hospital	189,499
	Colorado Springs Airport	103,576
	Colorado Springs Parking System	19,669
	Non-major Governmental Funds	4,540,764
	Non-major Business-type Funds	23,591
	Internal Services	70,966
Sub-Total	9,074,779	
Memorial Hospital	General Fund	50
	Internal Services	100,505
	Sub-Total	100,555
Colorado Springs Airport	General Fund	19,063
Colorado Springs Parking System	General Fund	2,248,685
	Colorado Springs Utilities	7,276
	Sub-Total	2,255,961
Non-major Governmental Funds	General Fund	21,785
	Colorado Springs Utilities	14,650
	Sub-Total	36,435
Non-major Business-type Funds	Colorado Springs Utilities	1,229
Internal Service Funds	Colorado Springs Utilities	616,186
	Memorial Hospital	35,764
	Sub-Total	651,950
Component Unit	Fiduciary	1,175,845
Total		<u><u>\$24,460,459</u></u>

A major portion of the total due to Utilities from the general fund, (\$4,126,714), resulted from a 2002 sale of a building between the funds; \$3,684,880 of the remaining balance from the sale is due beyond one year. The balance of \$2,248,685 due to Parking from the general fund resulted from Parking's construction of the parking facility for the general fund's use; \$2,204,643 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	
Transfers Out:				
General Fund	\$ -	\$13,610,508	\$ -	\$13,610,508
Utilities	23,143,606	-	-	23,143,606
Parking	46,252	-	-	46,252
Internal Service Funds	262,094	-	-	262,094
Non-major governmental funds	<u>291,075</u>	<u>-</u>	<u>800,000</u>	<u>1,091,075</u>
	<u>\$23,743,027</u>	<u>\$13,610,508</u>	<u>\$800,000</u>	<u>38,153,535</u>
Total transfers in				<u>\$38,153,535</u>

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

D. Payments In Lieu Of Taxes

The Utilities provides payment to the City, in lieu of taxes, amounts which are based on a fixed rate per kwh and ccf of electricity and natural gas delivered within the City limits, without exclusion for interdepartmental deliveries. The payments are recorded as transfers on the statement of activities. In 2004, the amount paid was \$23.1 million.

E. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2004**

not yet earned. At the end of 2004, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Loans	\$ -	\$17,595,945
Property taxes	20,733,835	-
Special assessment	734,993	-
Grant drawdowns prior to meeting all eligibility requirements	-	1,356,994
	<hr/>	<hr/>
Total deferred/unearned revenue for governmental funds	<u>\$21,468,828</u>	<u>\$18,952,939</u>

F. Inventories

Inventories, exclusive of component units, are stated at average cost, except the Hospital inventories, which are carried at the lower of cost or market. Proprietary fund inventories consist of the following at December 31, 2004:

Materials and Supplies	\$18,078,721
Fuel	<u>21,175,511</u>
Total	<u>\$39,254,232</u>

G. Changes in Capital Assets

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

Primary Government

	Balance 01-01-04	Increases*	Decreases*	Balance 12-31-04
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$83,480	\$1,751	\$ -	\$85,231
Construction in progress	31,554	11,367	(38,314)	4,607
Total Capital Assets Not Being Depreciated	<u>115,034</u>	<u>13,118</u>	<u>(38,314)</u>	<u>89,838</u>
Capital Assets Being Depreciated:				
Building	128,345	10,453	(494)	138,304
Improvements other than buildings	21,119	2,575	(70)	23,624
Machinery and Equipment	92,918	11,826	(5,321)	99,423
Infrastructure**	510,605	62,548	-	573,153
Total Capital Assets Being Depreciated	<u>752,987</u>	<u>87,402</u>	<u>(5,885)</u>	<u>834,504</u>
Less Accumulated Depreciation for:				
Building	(34,210)	(3,421)	359	(37,272)
Improvements other than buildings	(5,096)	(901)	64	(5,933)
Machinery and Equipment	(51,679)	(8,842)	4,844	(55,677)
Infrastructure**	(152,940)	(16,102)	-	(169,042)
Total Accumulated Depreciation	<u>(243,925)</u>	<u>(29,266)</u>	<u>5,267</u>	<u>(267,924)</u>
Capital Assets Being Depreciated, Net	<u>509,062</u>	<u>58,136</u>	<u>(618)</u>	<u>566,580</u>
Total Governmental Activities Capital Assets, Net	<u>\$624,096</u>	<u>\$71,254</u>	<u>(\$38,932)</u>	<u>\$656,418</u>

* Includes transfers between categories.

** Beginning amounts include the retroactive infrastructure required by GASB 34 back to 1980 for streets, storm sewer, drainage channels and drainage detention basins. It does not include pedestrian ramps, sidewalks and bridges. Adjustment to beginning balance was a \$424,320 increase to cost with a related \$149,572 increase in accumulated depreciation for a net increase of \$274,748.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

	<u>Balance 01-01-04</u>	<u>Increases*</u>	<u>Decreases*</u>	<u>Balance 12-31-04</u>
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$28,437	\$17,281	\$ -	\$45,718
Construction in progress	145,963	260,027	(258,223)	147,767
Total Capital Assets Not Being Depreciated	<u>174,400</u>	<u>277,308</u>	<u>(258,223)</u>	<u>193,485</u>
Capital Assets Being Depreciated:				
Building	112,938	783	(2)	113,719
Improvements other than buildings	125,921	211	-	126,132
Machinery and Equipment	13,142	1,185	(487)	13,840
Infrastructure	1,754	15,041	-	16,795
Utilities Plant	2,739,962	267,184	(15,053)	2,992,093
Hospital Plant	363,104	16,715	(6,926)	372,893
Total Capital Assets Being Depreciated	<u>3,356,821</u>	<u>301,119</u>	<u>(22,468)</u>	<u>3,635,472</u>
Less Accumulated Depreciation for:				
Building	(30,318)	(3,004)	2	(33,320)
Improvements other than buildings	(37,105)	(5,123)	-	(42,228)
Machinery and Equipment	(9,103)	(1,045)	341	(9,807)
Infrastructure	(77)	(404)	-	(481)
Utilities Plant	(934,544)	(84,376)	9,936	(1,008,984)
Hospital Plant	(156,283)	(20,517)	4,724	(172,076)
Total Accumulated Depreciation	<u>(1,167,430)</u>	<u>(114,469)</u>	<u>15,003</u>	<u>(1,266,896)</u>
Capital Assets Being Depreciated, Net	<u>2,189,391</u>	<u>186,650</u>	<u>(7,465)</u>	<u>2,368,576</u>
Total Business-type Activities Capital Assets, Net	<u>\$2,363,791</u>	<u>\$463,958</u>	<u>(\$265,688)</u>	<u>\$2,562,061</u>

* Includes transfers between categories.

Depreciation expense was charged to governmental functions as follows (in 000's):

Governmental Activities:

General Government	\$1,285
Public Safety	5,179
Public Works	19,503
Culture and Recreation	2,756
Urban Redevelopment	51
Internal Service Funds	493
	<u>493</u>

Total Depreciation expense governmental activities	<u>\$29,267</u>
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Business-type Activities:

Utilities	\$79,528
Hospital	20,517
Airport	7,955
Parking	669
Non-major enterprise funds	871
	<u>871</u>

Total Depreciation expense business-type activities	<u>\$109,540</u>
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The following schedule reflects the changes in Discretely Presented Component Unit capital assets for the reporting period (in 000's):

	<u>Balance 01-01-04</u>	<u>Increases*</u>	<u>Decreases*</u>	<u>Balance 12-31-04</u>
Governmental Activities:				
Discretely Presented Component Units:				
Capital Assets Not Being Depreciated:				
Construction in progress	<u>\$7,913</u>	<u>\$ -</u>	<u>(\$7,913)</u>	<u>\$ -</u>
Capital Assets Being Depreciated:				
Machinery and Equipment	46	-	-	46
Infrastructure	-	7,934	-	7,934
Total Capital Assets Being Depreciated	<u>46</u>	<u>7,934</u>	<u>-</u>	<u>7,980</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(37)	(7)	-	(44)
Infrastructure	-	(99)	-	(99)
Total Accumulated Depreciation	<u>(37)</u>	<u>(106)</u>	<u>-</u>	<u>(143)</u>
Capital Assets Being Depreciated, Net	<u>9</u>	<u>7,828</u>	<u>-</u>	<u>7,837</u>
Governmental Activities				
Discretely Presented Component Unit				
Capital Assets, Net	<u>\$7,922</u>	<u>\$7,828</u>	<u>(\$7,913)</u>	<u>\$7,837</u>

* Includes transfers between categories.

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2004**

	<u>Balance 01-01-04</u>	<u>Increases*</u>	<u>Decreases*</u>	<u>Balance 12-31-04</u>
Business-type Activities:				
Discretely Presented Component Units:				
Capital Assets Not Being Depreciated:				
Construction in progress	<u>\$7</u>	<u>\$ -</u>	<u>(\$7)</u>	<u>\$ -</u>
Capital Assets Being Depreciated:				
Utilities Plant	115,713	1,634	(350)	116,997
Less Accumulated Depreciation for:				
Utilities Plant	<u>(33,113)</u>	<u>(2,019)</u>	<u>48</u>	<u>(35,084)</u>
Capital Assets Being Depreciated, Net	<u>82,600</u>	<u>(385)</u>	<u>(302)</u>	<u>81,913</u>
Business-type Activities				
Discretely Presented Component Unit				
Capital Assets, Net	<u>\$82,607</u>	<u>(\$385)</u>	<u>(\$309)</u>	<u>\$81,913</u>

* Includes transfers between categories.

H. Leases**1. Operating Leases**

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

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2005	\$413,881	\$1,210,000
2006	418,832	893,000
2007	423,689	828,000
2008	317,081	368,000
2009	244,336	23,000
2010	<u>-</u>	<u>550,000</u>
Total	<u>\$1,817,819</u>	<u>\$3,872,000</u>

Total rental expense on operating leases for the year ended December 31, 2004 was \$667,330 for governmental activities and \$1,541,000 for business-type activities.

2. Operating Leases (Component Units)

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

<u>Year</u>	<u>Business-type Activities</u>
2005	\$28,872
2006	9,000
2007	9,000
2008	9,000
2009	9,000
2010-2014	45,000
2015-2019	45,000
2020-2022	<u>11,172</u>
 Total	 <u><u>\$166,044</u></u>

Total rental expense on operating leases for the year ended December 31, 2004 was \$20,373 for governmental activities component units and \$37,677 for business-type activities component units. Governmental activities operating lease ended in 2004.

3. Capital Leases

The City has entered into various capital lease commitments in order to acquire land, machinery and equipment. Land, machinery and equipment so acquired are capitalized in the government-wide financial statements and in the business-type activities of the fund financial statements. All related lease payments are subject to annual appropriation and made from the acquiring fund. Should the City not appropriate monies for these payments, the land, machinery or equipment would revert to the lessor.

Future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2004, exclusive of component units, are as follows (in 000's):

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2005	\$1,701	\$165
2006	1,014	148
2007	941	153
2008	506	84
2009	688	114
2010	-	114
Future minimum lease payments	4,850	778
Amount representing interest	(451)	(99)
Present value of net minimum payments	<u>\$4,399</u>	<u>\$679</u>

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

Assets:	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Machinery and equipment	\$9,355	\$1,319
Building	857	-
Accumulated depreciation	(5,310)	(518)
Net capitalized lease property	<u>\$4,902</u>	<u>\$801</u>

Amortization of the leased property is included in depreciation expense.

4. Capital Leases (Component Units)

Fountain Valley Authority leases various plant assets under a capital lease agreement expiring December 31, 2025. As of December 31, 2004, future minimum payments under the capital lease consisted of the following (in 000's):

<u>Year</u>	<u>Business-type Activities</u>
2005	\$4,878
2006	5,353
2007	5,353
2008	5,353
2009	5,353
2010-2014	26,764
2015-2019	26,763
2020-2024	24,875
2025	<u>752</u>
Future minimum lease payments	105,444
Amount representing interest	<u>(27,243)</u>
Present value of net minimum payments	<u><u>\$78,201</u></u>

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

Assets:	<u>Business-type Activities</u>
Utilities plant	\$70,501
Accumulated depreciation	<u>(16,611)</u>
Net capitalized lease property	<u><u>\$53,890</u></u>

Amortization of the plant cost has been included in depreciation expense and amounted to \$895 for 2004.

I. Revolving Loan Agreement/Line of Credit

On January 1, 2002, Utilities entered into a \$15,000,000 revolving loan agreement with a bank, with interest at 90% of the bank's prime rate (5.25% as of December 31, 2004). The agreement expired on December 31, 2002, but was extended to March 1, 2003. The proceeds from draws on the original agreement were to be used by Utilities for the purchase of energy on the open market in the event of a forced outage of the system. A second extension agreement was completed on March 1, 2003 which expanded the use of funds for any corporate purpose and extended the agreement date to March 1, 2004. No draws were made in 2003 on the second extension agreement. A third extension agreement was completed in March 2004, extending the agreement date to March 1, 2005 and includes provisions to increase the amount of the credit line to \$25,000,000. No draws were made in 2004 on the third extension agreement. A fourth extension agreement was completed in February 2005, extending the

agreement to March 1, 2006. There were no changes to the terms of the agreement. The agreement is collateralized by the net pledged revenues of Utilities.

The Hospital maintains a line of credit agreement in the amount of \$3,000,000, which expires on July 15, 2006 and bears interest at the bank's prime rate less .75%. No amounts were outstanding under the line of credit at December 31, 2004.

J. Long-Term Debt

During 2004, the City issued \$17,115,000 General Obligation Refunding Bonds, Series 2004 to refund the Series 1993 General Obligation Refunding Bonds and to pay costs of issuance of the bonds. Cost savings on this refunding will be used to lower the mill levy rate in future years, per the TABOR provisions of the City Code and State Constitution. The reacquisition price exceeded the net carrying amount of the old debt by \$428,900. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 5 years by \$1,635,441 and resulted in an economic gain of \$1,571,861.

During 2004, Utilities issued \$117,450,000 Variable Rate Demand Utilities System Subordinate Lien Refunding Revenue Bonds, Series 2004A to current refund the 1994A Utilities System Improvement and Refunding Revenue Bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$2,731,776. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. At the time of issue, an interest rate swap was executed with JP Morgan. This advance refunding and swap transaction was undertaken to reduce total debt service payments over the next 20 years by \$7,191,820 and resulted in an economic gain of \$5,979,673. Utilities also issued \$107,115,000 Utilities System Subordinate Lien Improvement Revenue Bonds, Series 2004B to finance a variety of capital improvements to the system, and \$15,695,000 Utilities System Subordinate Lien Improvement Revenue Bonds, Series 2004C to finance a portion of the costs of the Southern Delivery System.

During 2004, the Hospital issued \$176,575,000 Hospital Revenue Bonds, Series 2004 to defease, in substance, \$102,105,000 of the Series 2000 and 1995 bonds and to provide additional funds for the expansion of the Hospital's facilities. The reacquisition price on the refunded bonds exceeded the net carrying amount of the old debt by \$12,449,607. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 25 years by \$32,007,552 and resulted in an economic gain of \$17,826,332.

During 2004, the Briargate GID, a blended component unit of the City, issued \$8,800,000 in limited tax general obligation bonds to finance certain street and water improvements within the boundaries of the District. These bonds will be repaid by the District with a limited tax mill levy on the properties within the District.

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, 2004:

Debt Types	Date Issued	Original Issue Amount	Outstanding Principal Amount	Future Aggregate Interest Requirements	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
Governmental Activities*						
General Obligation Bonds						
Series 2004 Cottonwood GID	January, 2004	\$17,115,000	\$13,995,000	\$1,133,675	2.000 - 3.000%	2004 - 2009
Series 1998 Spring Creek GID	November, 1998	9,525,000	6,895,000	1,943,268	3.100 - 4.550	1999 - 2015
Series 1995 Briargate GID	April, 1995	5,090,000	2,755,000	1,339,850	6.500 - 9.000	1996 - 2013
Series 2004	January, 2004	8,800,000	8,800,000	5,904,500	7.000	2015
Sales Tax Revenue Bonds						
Series 1999	June, 1999	87,975,000	64,490,000	19,679,047	4.000 - 5.000	1999 - 2015
Certificates of Participation						
Hillside Recreation Center Series 1997	May, 1997	1,615,000	850,000	156,285	4.000 - 5.300	1997 - 2009
Skyview Softball Complex Series 1999	September, 1999	4,205,000	3,615,000	1,757,927	4.200 - 5.500	2001 - 2015
Old City Hall Project Series 2000	July, 2000	7,265,000	6,530,000	3,357,189	4.500 - 5.500	2002 - 2020
Red Rock Canyon Series 2003	November, 2003	15,070,000	14,310,000	4,510,222	2.500 - 4.500	2004 - 2018
Special Assessments Obligations						
Woodmen Valley	November, 1995	1,730,254	563,090	145,714	7.000	1995 - 2010
Carmel ID	August, 1999	191,214	55,724	17,413	8.370	1999 - 2010
Uintah Street ID	September, 1999	14,416	3,895	1,245	8.550	1999 - 2010
15th & Spring	March, 2000	23,006	8,507	3,388	9.160	2000 - 2011
Broadmoor West	January, 2000	34,930	12,880	5,082	9.080	2000 - 2011
Total Governmental Activities		\$158,653,820	\$122,884,096	\$39,954,805		
Business-type Activities **						
Revenue Bonds - Utilities						
Series 1996A	September, 1996	\$66,675,000	\$59,450,000	\$66,099,325	5.500 - 5.750%	1997 - 2025
Series 1996B	September, 1996	3,500,000	895,000	99,745	6.250 - 7.350	1997 - 2006
Series 1997A	September, 1997	121,455,000	112,820,000	110,138,742	5.000 - 5.375	1998 - 2026
Series 1998A	October, 1998	94,965,000	37,635,000	30,961,232	4.625 - 5.000	2002 - 2027
Series 1999A	September, 1999	65,500,000	64,580,000	79,840,181	4.125 - 5.750	2002 - 2028
Series 2000A	November, 2000	110,000,000	110,000,000	53,625,000	1.950	2029
Series 2000B	November, 2000	15,000,000	13,365,000	9,978,750	7.500	2001 - 2020
Series 2001A	August, 2001	300,790,000	268,165,000	157,274,653	3.250 - 5.375	2001 - 2029
Series 2002A	August, 2002	74,695,000	74,695,000	55,602,581	5.250 - 5.375	2009 - 2020
Series 2002B	December, 2002	110,000,000	110,000,000	113,081,480	4.000 - 5.000	2006 - 2030
Series 2002C	December, 2002	27,055,000	27,055,000	14,934,360	2.400	2027
Series 2003A	November, 2003	113,310,000	111,240,000	63,255,977	2.000 - 5.000	2004 - 2033
Series 2003B	November, 2003	45,000,000	45,000,000	58,341,090	3.000 - 5.000	2009 - 2043
Series 2004A	August, 2004	117,450,000	117,450,000	69,939,466	4.112	2010 - 2023
Series 2004B	September, 2004	107,115,000	107,115,000	104,802,256	4.500 - 5.500	2008 - 2034
Series 2004C	September, 2004	15,695,000	15,695,000	19,979,495	4.000 - 5.000	2008 - 2044

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

The following table summarizes significant facts about the long-term debt outstanding at December 31, 2004:

Debt Types	Date Issued	Original Issue Amount	Outstanding Principal Amount	Future Aggregate Interest Requirements	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
Business-type Activities **						
Continued						
Revenue Bonds - Memorial Hospital						
Project Series 1995	May, 1995	61,025,000	5,000	265	4.100 - 6.000	1995 - 2024
Refunding Series 1995	May, 1995	29,265,000	2,060,000	111,245	4.100 - 6.000	1995 - 2010
Series 2000	August, 2000	59,825,000	30,175,000	45,552,557	6.375	2025 - 2030
Series 2002	July, 2002	112,360,000	110,240,000	41,253,300	2.200	2003 - 2032
Series 2004A	June, 2004	50,600,000	50,600,000	9,204,750	1.500	2024 - 2033
Series 2004B	June, 2004	24,975,000	24,975,000	6,680,850	2.200	2024 - 2033
Series 2004C	June, 2004	33,000,000	33,000,000	12,239,708	1.650	2024 - 2033
Series 2004D	June, 2004	68,000,000	68,000,000	21,837,000	1.740	2024 - 2033
Revenue Bonds - Airport						
Series 1992C	September, 1992	6,582,687	8,591,354	1,453,646	6.800 - 7.200	2002 - 2011
Series 1996A	December, 1996	12,450,000	10,145,000	5,407,958	4.000 - 5.250	1999 - 2021
Series 1996B	December, 1996	3,485,000	2,850,000	1,590,879	4.150 - 5.500	1999 - 2021
Series 2002	December, 2002	43,005,000	41,260,000	22,776,662	3.000 - 5.000	2003 - 2021
Revenue Bonds - Parking System						
Series 1999	March, 1999	9,300,000	7,245,000	2,681,224	3.000 - 4.750	1999 - 2018
Notes Payable						
Wastewater Facility - Utilities	May, 1998	22,204,270	18,848,555	7,970,763	4.060	1998 - 2019
Water Pollution Control - Pikes Peak	July, 2003	1,000,000	957,946	348,252	4.000	2004 - 2020
Total Business-type Activities		\$1,925,281,957	\$1,684,112,855	\$1,187,063,392		
Component Units ***						
Special Assessment Revenue Bonds						
Briargate Center BID - Series 2002	2002	\$6,875,000	\$6,875,000	\$7,469,010	7.000 - 7.400%	2003 - 2027
Limited Tax General Obligation Bonds						
Briargate Center BID - Series 2002	2002	2,895,000	2,895,000	4,233,835	7.450	2003 - 2032
Revenue Bonds						
Fountain Valley Authority	April, 1996	12,225,000	10,135,000	5,073,164	5.200 - 5.625	1996 - 2019
Notes Payable and Lines of Credit						
Urban Renewal Authority	July, 1990	1,250,000	846,988	0	0.000	N/A
The Twin Lakes Reservoir and Canal Company	1996	2,451,830	853,579	55,154	5.850	1996 - 2007
Fountain Valley Authority	2000	7,607,966	6,402,093	2,712,270	3.400	2001 - 2020
Fountain Valley Authority	2003	3,221,861	3,081,781	1,056,351	3.030	2004 - 2024
The Colorado Canal Company	2002	120,000	10,633	86	4.750	2002 - 2005
The Lake Henry Reservoir Company	2003	147,701	147,701	116,381	4.250	2006 - 2035
The Lake Meredith Reservoir Company	2003	1,471,500	1,471,500	1,081,410	4.000	2005 - 2034
The Lake Meredith Reservoir Company	2003	500,000	258,000	56,371	6.000	2004 - 2013
Total Component Units		\$38,765,858	\$32,977,275	\$21,854,032		

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

**Exclusive of capital leases and other liabilities

***Exclusive of capital leases and deferred losses

2. Changes in Long-term Liabilities

The City has issued and has long-term debt in various instruments. The following is a summary of transactions of the long-term liabilities, exclusive of discretely presented component units, for the year ended December 31, 2004 (in 000's):

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One year</u>
GOVERNMENTAL ACTIVITIES					
Bonds and notes payable:					
General obligation bonds	\$27,345	\$25,915	\$20,815	\$32,445	\$3,370
Sales tax revenue bonds	69,115	-	4,625	64,490	4,820
Certificates of participation	26,590	-	1,285	25,305	1,390
Special assessment bonds and notes	784	-	140	644	89
Capital leases	5,304	767	1,672	4,399	1,527
	<u>129,138</u>	<u>26,682</u>	<u>28,537</u>	<u>127,283</u>	<u>11,196</u>
Less deferred amounts:					
For issuance premium	-	430	86	344	-
On refundings	-	(429)	(86)	(343)	-
	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
Total bonds and notes payable	<u>129,138</u>	<u>26,683</u>	<u>28,537</u>	<u>127,284</u>	<u>11,196</u>
Other liabilities:					
Municipal solid waste landfill	513	17	-	530	-
Compensated absences	18,660	14,309	12,408	20,561	1,029
Net pension obligation	-	466	-	466	-
Developer reimbursements	3,497	-	189	3,308	-
Total other liabilities	<u>22,670</u>	<u>14,792</u>	<u>12,597</u>	<u>24,865</u>	<u>1,029</u>
Governmental activities long-term liabilities	<u>\$151,808</u>	<u>\$41,475</u>	<u>\$41,134</u>	<u>\$152,149</u>	<u>\$12,225</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and notes payable:					
Revenue bonds	\$1,487,635	\$301,705	\$125,034	\$1,664,306	\$24,995
Notes payable	20,483	-	676	19,807	705
Capital leases	1,465	559	1,345	679	138
	<u>1,509,583</u>	<u>302,264</u>	<u>127,055</u>	<u>1,684,792</u>	<u>25,838</u>
Less deferred amounts:					
For issuance discounts and premiums	15,999	3,691	649	19,041	-
On refundings	(20,359)	(15,182)	(3,490)	(32,051)	-
	<u>(4,360)</u>	<u>(11,491)</u>	<u>(2,841)</u>	<u>(13,010)</u>	<u>-</u>
Total bonds and notes payable	<u>1,505,223</u>	<u>290,773</u>	<u>124,214</u>	<u>1,671,782</u>	<u>25,838</u>
Other liabilities:					
Municipal solid waste landfill	1,306	113	-	1,419	-
Compensated absences	18,544	26,691	25,206	20,029	1,002
Claims and judgments	8,655	30,749	31,188	8,216	6,207
Customer deposits	1,051	835	586	1,300	-
Customer advances for construction	8,646	3,148	2,978	8,816	-
Other	914	3,431	200	4,145	-
Total other liabilities	<u>39,116</u>	<u>64,967</u>	<u>60,158</u>	<u>43,925</u>	<u>7,209</u>
Business-type activities long-term liabilities	<u>\$1,544,339</u>	<u>\$355,740</u>	<u>\$184,372</u>	<u>\$1,715,707</u>	<u>\$33,047</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the totals for governmental activities. Also, for the governmental activities, municipal solid waste landfill, compensated absences, net pension obligation, and developer reimbursements are generally liquidated by the general fund.

Component Units

The following is a summary of long-term debt transactions for component units of the City for the year ended December 31, 2004 (in 000's):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One year</u>
GOVERNMENTAL ACTIVITIES					
Limited tax general obligation bonds	\$2,895	\$ -	\$ -	\$2,895	\$5
Special assessment revenue bonds	6,875	-	-	6,875	240
Notes payable	847	-	-	847	-
Governmental activities long-term liabilities	<u>\$10,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$10,617</u>	<u>\$245</u>
BUSINESS-TYPE ACTIVITIES					
Revenue bonds	\$10,570	\$ -	\$435	\$10,135	\$455
Less deferred amounts on refundings	(568)	-	(35)	(533)	-
Notes payable	12,674	660	1,109	12,225	923
Capital leases	80,256	-	2,055	78,201	2,496
Other	31	-	-	31	-
Business-type activities long-term liabilities	<u>\$102,963</u>	<u>\$660</u>	<u>\$3,564</u>	<u>\$100,059</u>	<u>\$3,874</u>

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

The following is a summary of scheduled maturities on general obligation bonds as of December 31, 2004 (in 000's):

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2004**

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$3,370	\$1,449	\$5	\$216
2006	3,445	1,389	15	215
2007	3,535	1,298	15	214
2008	3,655	1,198	25	213
2009	3,815	1,090	30	211
2010-2014	11,425	3,692	265	1,011
2015-2019	3,200	205	415	889
2020-2024	-	-	595	709
2025-2029	-	-	850	452
2030-2032	-	-	680	104
	<u>\$32,445</u>	<u>\$10,321</u>	<u>\$2,895</u>	<u>\$4,234</u>

The following is a summary of scheduled maturities on revenue bonds as of December 31, 2004 (in 000's):

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$4,820	\$3,028	\$24,995	\$70,682	\$455	\$557
2006	5,025	2,823	26,335	69,335	480	533
2007	5,240	2,609	28,910	68,333	505	508
2008	5,460	2,387	43,040	67,244	530	482
2009	5,700	2,146	44,900	65,728	560	454
2010-2014	32,820	6,415	230,881	298,499	3,285	1,783
2015-2019	5,425	271	276,605	243,586	4,320	756
2020-2024	-	-	348,760	176,312	-	-
2025-2029	-	-	483,625	93,855	-	-
2030-2034	-	-	129,990	18,005	-	-
2035-2039	-	-	12,745	5,329	-	-
2040-2044	-	-	13,520	1,836	-	-
	<u>\$64,490</u>	<u>\$19,679</u>	<u>\$1,664,306</u>	<u>\$1,178,744</u>	<u>\$10,135</u>	<u>\$5,073</u>

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2004**

The following is a summary of scheduled maturities on certificates of participation as of December 31, 2004 (in 000's):

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$1,390	\$1,085
2006	1,440	1,039
2007	1,480	989
2008	1,545	939
2009	1,785	882
2010-2014	8,180	3,416
2015-2019	8,890	1,399
2020	595	33
	<u>\$25,305</u>	<u>\$9,782</u>

The following is a summary of scheduled maturities on special assessment bonds as of December 31, 2004 (in 000's):

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$89	\$46	\$240	\$495
2006	95	40	130	486
2007	102	33	140	477
2008	110	26	150	468
2009	118	18	160	457
2010-2014	130	10	1,000	2,098
2015-2019	-	-	1,415	1,676
2020-2024	-	-	2,030	1,068
2025-2027	-	-	1,610	244
	<u>\$644</u>	<u>\$173</u>	<u>\$6,875</u>	<u>\$7,469</u>

The following is a summary of scheduled maturities on notes payable as of December 31, 2004 (in 000's):

<u>Year Ending December 31</u>	<u>Business-type Activities</u>		<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$705	\$803	\$923	\$440
2006	734	783	975	400
2007	767	763	606	372
2008	801	740	580	358
2009	1,118	707	569	343
2010-2014	5,816	2,945	2,841	1,513
2015-2019	9,785	1,576	3,267	1,097
2020-2024	81	2	1,698	373
2025-2029	-	-	342	128
2030-2034	-	-	416	53
2035-2039	-	-	8	1
	<u>\$19,807</u>	<u>\$8,319</u>	<u>\$12,225</u>	<u>\$5,078</u>

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

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

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

The City is not liable for the repayment of principal or interest on these bonds and related financial activity is not shown in the financial statements. The original issue amount of these bonds, in the aggregate, was \$229 million. There was \$15 million in PAB's issued during 2004, and no industrial revenue bonds.

L. Net Assets/Fund Balances

Fund balances of the governmental funds at December 31, 2004 include the following:

Reserves:	General Fund	Non-Major Governmental Funds	Total
Encumbrances	\$3,597,814	\$7,446,430	\$11,044,244
Debt service	1,167,838	3,670,231	4,838,069
Prepaid	495	-	495
Endowments	-	8,999,907	8,999,907
Emergency reserve	6,169,737	-	6,169,737
Total	<u>\$10,935,884</u>	<u>\$20,116,568</u>	<u>\$31,052,452</u>

Designated and Undesignated:	General Fund	Non-Major Governmental Funds	Total
Designated for subsequent expenditures	\$9,364,612	\$20,392,608	\$29,757,220
Undesignated	23,945,679	14,846,304	38,791,983
Total	<u>\$33,310,291</u>	<u>\$35,238,912</u>	<u>\$68,549,203</u>

M. Interest Rate Swaps

1. Utilities Interest Rate Swaps

Gains and losses on gas hedging instruments are recognized in purchased gas expense in the period in which they occur. As of December 31, 2004, the fair value of these contracts was an asset of \$5,440,490, of which, \$1,257,560 is classified as current and the remainder as long-term. The military hedge was a liability of \$115,260 as of December 31, 2004. The aggregate change in the fair value of gas hedge contracts credited to purchased gas expense for the year ended December 31, 2004 was \$2,516,900.

Swap agreement related to refunding of 1994 Bonds:

In August 2003, Utilities entered into a swap agreement with JP Morgan Chase Bank which became effective on August 18, 2004 and will terminate on November 15, 2023. Pursuant to this agreement, JP Morgan Chase Bank will pay Utilities a variable interest rate on the notional amount of \$117,450,000 equal to the Bond Market Association Municipal Swap Index (BMA), and Utilities will pay JP Morgan Chase Bank a fixed interest rate on the same notional amount equal to 4.112% per annum. If BMA averages more than 7% for 180 consecutive calendar days during the term of the agreement, the agreement will terminate by its terms and no payments by either party will be due. The effective date of the agreement was the date on

which Utilities issued its Variable Rate Demand Utilities System Subordinate Lien Refunding Revenue Bonds, Series 2004A in the aggregate principal amount of \$117,450,000 to refund all of Utilities' outstanding Utilities System Improvement and Refunding Revenue Bonds, Series 1994A.

Swap agreement related to refunding of 1996 Bonds:

In August 2003, Utilities entered into a second swap transaction with JP Morgan Chase Bank which will be effective on August 24, 2006 and will terminate on November 15, 2025. JP Morgan Chase Bank will pay Utilities a variable interest rate on the notional amount of \$60,625,000 equal to 68% of the 1-month London Interbank Offer Rate for deposits in U.S. Dollars (LIBOR), and Utilities will pay JP Morgan Chase Bank a fixed interest rate on the same notional amount equal to 4.481% per annum. The effective date of the agreement is intended to be the date on which Utilities will issue utilities revenue bonds to refund all of its Utilities System Revenue Bonds, Series 1996A. The agreement is designed to modify Utilities' risk of interest rate change on the proposed refunding bonds.

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

In June 2004, Utilities entered into swap agreements with Merrill Lynch Capital Services, Inc. and J. Aron & Company as counterparties which will become effective on September 15, 2005 and will terminate on November 1, 2035. The counterparties will pay Utilities a variable interest rate on the notional amount of \$100,000,000 (\$75,000,000 of which is attributable to Merrill Lynch's agreement with Utilities, and \$25,000,000 of which is attributable to J. Aron's agreement with Utilities) equal to BMA, and Utilities will pay the counterparties a fixed interest rate on the same notional amount equal to 4.7099% per annum. The agreements are designed to lock in the interest rate for a portion of Utilities' estimated 2005 new money bond issuance.

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

In June 2004, Utilities entered into swap agreements with JP Morgan Chase Bank and Morgan Stanley Capital Group Inc. as counterparties which will become effective on September 15, 2006 and will terminate on November 1, 2036. The counterparties will pay Utilities a variable interest rate on the notional amount of \$75,000,000 (\$45,000,000 of which is attributable to Morgan Stanley's agreement with Utilities, and \$30,000,000 of which is attributable to JP Morgan's agreement with Utilities) equal to 68% the of 1-month LIBOR, and Utilities will pay the counterparties a fixed interest rate on the same notional amount equal to 4.1185% per annum. The agreements are designed to lock in the interest rate for a portion of Utilities' estimated 2006 new money bond issuance.

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

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

If the option is exercised by UBS, the swap agreement would become effective on October 1, 2007 and would terminate on November 1, 2026. Pursuant to the agreement, UBS will pay Utilities a variable interest rate on the notional amount of \$87,275,200 equal to BMA. Utilities will pay UBS a fixed interest rate on the same notional amount equal to 5.125% per annum. The effective date of the agreement is October 1, 2007, the date on which Utilities anticipates issuing revenue bonds to refund all of its Utilities System Improvement and Refunding Revenue Bonds, Series 1997A. The agreement is designed to modify Utilities' risk of interest rate change on the proposed refunding bonds.

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

In September 2004, Utilities entered into a swaption agreement with UBS in which Utilities sold UBS the European option to start a swap agreement with Utilities. In January 2005, Utilities received \$7,371,000 from UBS as payment for the option on the swap.

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

Fair value of interest rate swaps liability for the year ended December 31, 2004 was as follows:

Current portion	\$2,350,513
Noncurrent portion	<u>41,197,210</u>
Total fair value of interest rate swaps	<u>\$43,547,723</u>

Change in fair value of interest rate swaps charged to miscellaneous expense as of December 31, 2004, was \$20,792,870.

2. Hospital Interest Rate Swaps**Details of Existing Swaps**

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

or through a BMA fixed payer swap. The table below includes the details, terms and fair values of the Hospital's swap transactions as of December 31, 2004:

Counterparty	Effective Date	Notional Amount	Termination Date	Associated Auction Rate Series	Fixed Rate	Floating Rate Receipt (See Above)	Fair Values at 12/31/04
GSCM*	06/17/2004	\$50,600,000	12/15/2024	Series 2004A	3.798%	% of LIBOR	(\$2,541,987)
GSCM*	06/17/2004	24,975,000	12/15/2024	Series 2004B	3.904%	% of LIBOR	(2,500,230)
GSCM*	06/17/2004	33,000,000	12/15/2030	Series 2004C	4.002%	% of LIBOR	(4,392,764)
GSCM*	06/17/2004	<u>68,000,000</u>	12/15/2033	Series 2004D	3.913%	% of LIBOR	<u>(1,341,403)</u>
		<u>\$176,575,000</u>					<u>(\$10,776,384)</u>

*Goldman Sachs Capital Market

Fair Value

Because the fixed interest rates being paid by the Hospital exceed the variable LIBOR rates being received under the swaps, all of the swaps had a negative fair value as of December 31, 2004. The fair values were based on information received from the counterparty to the swaps and represent an estimate of the mid-market value of the swaps using a discounted future cash flows approach.

Discussion of Risks

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

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

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

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

liable to the counterpart for a payment equal to the swap's fair value. If any of the Hospital's swap agreements are terminated, the associated variable rate bonds would no longer be hedged with a synthetic fixed interest rate.

V. OTHER INFORMATION

A. Risk Management

The City has established a risk management division to coordinate and administer workers compensation, property and general liability insurance programs for all its activities and operations. For workers compensation coverage, except for the Hospital, the City has purchased commercial insurance to cover losses in excess of \$750,000 per occurrence. The City pays losses less than this amount through its Workers Compensation Self-Insurance fund. The Hospital is self-insured for workers' compensation claims up to \$500,000 per claim and maintains reinsurance covering claims in excess of \$500,000. The Hospital is also self-insured for the medical claims of its employees and their families. During 2004, the Hospital obtained insurance covering medical claims in excess of \$250,000. The Hospital has recorded a liability for unpaid workers' compensation and medical claims and an estimate of claims incurred but not reported.

The Hospital maintains malpractice insurance through a claims-made type of commercial insurance policy. The policy has a \$25,000 deductible per occurrence and provides coverage up to \$1.75 million per occurrence up to an aggregate of \$4.5 million for claims filed within the period of the policy term. The Hospital also has \$10 million of umbrella insurance coverage. The Hospital has recorded a claims liability for estimated deductible amounts to be paid on claims incurred and estimated claims incurred.

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

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

Incurred but not reported claims have been accrued for the Employee Benefits Self-Insurance fund based upon an actuarial estimate at December 31, 2004. During 2004, there were no significant reductions in insurance coverage from coverage as compared to 2003. Settlements have not exceeded insurance coverage for the past three fiscal years.

The following is a summary of changes in outstanding reserves for the Hospital, Claims Reserve, Workers Compensation, and Employee Benefits Self-Insurance funds for 2004 and 2003 (in 000's):

	<u>2004</u>	<u>2003</u>
Claims liabilities, beginning of year	\$18,099	\$16,742
Increases	61,734	58,569
Decreases	<u>(62,776)</u>	<u>(57,212)</u>
Claims liabilities, end of year	<u>\$17,057</u>	<u>\$18,099</u>

B. Donor-restricted Endowments

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

C.D. Smith Trust has \$350,641 available for expenditure from fund balance of \$1,002,225. Perkins Trust has \$22 available for expenditure from fund balance of \$3,024. Woods Trust has \$0 available for expenditure from fund balance of \$3,548. Sabine Trust has \$10 available for expenditure from fund balance of \$1,410. Cemetery Endowment has \$22,124 available for expenditure from fund balance of \$7,280,762. TOPS Maintenance Trust has \$57,238 available for expenditure from fund balance of \$708,938.

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

C. Post-Retirement Health Care Benefits

In accordance with the City Personnel Policy, the City offers a post-retirement health care benefit to retirees with a City contribution determined by City Council. Employees retiring prior to 1979 receive this benefit without cost to the employee. Those retiring on or after 1979 and hired prior to August 1, 1988 receive a limited City contribution not to exceed \$91.40 per month. During 2004, these benefits were provided to 1,819 retired employees at a cost of \$2,386,949.

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

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

At December 31, 2004:

The General fund had construction contracts and commitments of approximately \$4.8 million.

The Public Safety Sales Tax fund had construction contracts and commitments of approximately \$3.3 million.

The Airport fund had construction contracts and commitments of approximately \$4 million.

The Hospital fund had commitments of approximately \$10 million for the purchase and construction of hospital facilities and for the purchase of land and medical equipment.

The Utilities fund had construction contracts and commitments of approximately \$62 million.

2. Refunded Bonds

At various dates in prior years, the Utilities fund has placed proceeds from refunding bond issues in irrevocable refunding escrow accounts. As of December 31, 2004, the City remains contingently liable for the outstanding principal balance of \$167,045,000 in refunding bonds.

In 2004, the Hospital issued revenue bonds to refund the original 1995 and 2000 issues. As of December 31, 2004, the Hospital remains contingently liable for the outstanding principal balance of the refunded bonds in the amount of \$72,455,000 and \$29,650,000, respectively.

3. Charter Amendment

In April 1991, voters approved City Charter Amendment #3, entitled the "Taxpayers Bill of Rights." A similar statewide constitutional amendment was passed in November 1992. One of the provisions of both measures is a limitation on the amount that "fiscal year spending" (FYS) can increase from year to year. The formula for computing the increase takes into consideration inflation and net growth in assessed valuation. Should FYS increase at a rate greater than that which the formula allows, the City must refund the "excess" in the ensuing year or seek voter approval to retain the "excess."

Based upon the City's interpretation of the amendments, FYS for the year 2004 exceeded the amount allowed by \$691,947. Voter approval was received in April 2005 to allow the City to retain the excess.

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.

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 \$48,153,171 or until October 1, 2005 whichever occurs first. PFC revenues are recognized when received. Aggregate collections through December 31, 2004 total \$42,278,072.

F. Customer Facility Charges

In 1994, the City issued \$6,093,000 aggregate principal amount of its Special Facility Bonds to finance the construction of service and storage facilities for rental car companies located on the Airport. The Customer Facility Charge (CFC) was originally established to pay the debt service and expire on September 1, 2004. When the bonds were retired, there was an excess held by the bond trustee of \$3,576,541. Per the bond documents, these funds were returned to the Airport where \$250,000 was set aside as reserved funds as required under the rental car concession agreement and the remaining was recorded as CFC revenue on the financial statements.

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 in effect for the first year of the ordinance. Thereafter the rate cannot exceed \$2.50 per rental car contract day without City Council approval. Aggregate collections through December 31, 2004 total \$13,569.

G. Disclosures about Fair Value of Financial Instruments

Estimated fair values of proprietary fund financial instruments are as follows as of December 31, 2004:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and investments	\$421,084,557	\$421,084,557
Restricted cash and investments	242,422,459	242,422,459
Interest receivable	404,885	404,885
Revenue bonds (including current maturities)	1,664,306,354	1,725,258,396
Accrued interest	6,848,271	6,848,271
Customer advances for construction	8,816,067	8,816,067

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value.

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

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

2. Revenue bonds (including current maturities)

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

3. Accrued interest and customer advances for construction

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

H. Joint Venture – Utilities

Utilities has equity interests in Allied, Young and FRP of 2.12%, 5% and 50%, respectively. Allied is a Delaware limited liability company formed on January 29, 1998. Allied provides marketing management services, management operations services, product marketing and advertising materials and certain intellectual property and other rights to investor-owned and consumer-owned utilities located throughout the United States and Canada. Young is a Colorado limited partnership organized on June 30, 1993 to develop and operate a natural gas storage system near Fort Morgan, Colorado. Young's gas storage system consists of 36 natural gas storage facility wells, a 6,000 horsepower compressor station, a gas processing plant, eleven miles of 20-inch transmission line and four miles of storage gathering line. FRP is a Colorado limited liability company formed in August 1998 for the purpose of developing, designing, constructing, financing, and operating and maintaining a 480-megawatt natural gas-fired, combined cycle generation facility near Colorado Springs, Colorado. FRP began commercial operations in April 2003. The following table lists the amounts invested, equity in the entities' undistributed net earnings (losses), and Utilities' net investment in Joint Ventures recorded on the balance sheet as of December 31, 2004:

<u>Entity</u>	<u>Amounts Invested</u>	<u>Undistributed Net Earnings (Losses)</u>	<u>Utilities Investment</u>
Young Gas Storage Company Ltd.	\$500,383	\$244,333	\$744,716
Allied Utility Network LLC.	1,500,000	(1,500,000)	-
Front Range Power, LLC.	40,267,467	(2,115,936)	38,151,531
Total	<u>\$42,267,850</u>	<u>(\$3,371,603)</u>	<u>\$38,896,247</u>

There were no advances or loans outstanding to these entities as of December 31, 2004.

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

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

FRP has signed a long-term service agreement with General Electric to perform all major repairs. This contract will provide a net present value savings of approximately \$25 million over the first twenty years of the project as a third party operator.

Utilities and FRP have entered into an agreement for Utilities to operate and maintain the project. Utilities has entered into a guarantee agreement with General Electric, guaranteeing payments to General Electric if FRP is unable to make payments when due.

As of December 31, 2004, FRP has total assets of \$318,890,000, long-term debt of \$229,081,000, other liabilities of \$13,549,000 and member's capital of \$76,260,000. FRP had operating revenues of \$54,816,000 and \$29,006,000 of operating expenses for 2004. Utilities has recorded its equity in FRP earnings of \$13,363,000, using the equity method, in investment in joint ventures on the balance sheet. Separate audited financial statements for FRP can be obtained from Richard Comerford, Chief Planning and Financial Officer, Colorado Springs Utilities, P.O. Box 1103, Mail Code 950, Colorado Springs, CO 80947-0950.

In December 2004, North Star Generation Holding II LLC, a wholly-owned, indirect subsidiary of Northern Star Generation LLC, acquired 100 percent of Mesquite Colorado Holdco LLC from a subsidiary of El Paso Corporation. Utilities owns equal shares of the joint venture with Mesquite Colorado Holdco.

I. Retirement Plans

1. Non-Uniformed Employees

Defined Benefit Pension Plan

Plan Description: The City contributes to the Municipal Division Trust Fund (MDTF), a cost sharing multiple employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). MDTF provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All permanent employees, except uniformed police and fire of the City are members of the MDTF. 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 MDTF. That report may be obtained by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy: Plan members and the City are required to contribute to the MDTF 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 (1.10% of covered salary January 1, 2004 through June 30, 2004, 1.02% of covered salary July 1, 2004 through December 31, 2004) is allocated for the Health Care Trust Fund (See Note V.I.1.Postemployment Healthcare Benefits). Also, beginning in 2001 and ending May 31, 2004, a portion of the City's contribution (1% of covered salaries of PERA 401(k) Plan participants) is allocated to the Matchmaker Program (see note V.I.1.Defined Contribution Plan). The contribution requirements of Plan members and the City are established and may be amended by the PERA Board of Trustees. The City contributions to MDTF (including Matchmaker) for the years ending December 31, 2004, 2003, and 2002, were \$32,756,167, \$29,961,848, and \$26,718,572, respectively, equal to their required contributions for each year.

Postemployment Healthcare Benefits

Plan Description: The City contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained by writing to PERA of Colorado, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy: The City is required to contribute at a rate of 1.10% of covered salary from January 1, 2004 through June 30, 2004 and 1.02% from July 1, 2004 through December 31, 2004, 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, 2004, 2003, and 2002 were \$347,215, \$506,355, and \$617,199 respectively, equal to their required contributions for each year.

Defined Contribution Plan

Plan Description: The (MDTF) 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 (\$13,000 in 2004). There is a catch-up provision that allows participants 50 and older who are contributing the maximum to contribute an additional \$3,000 annually to their account. The Matchmaker Program was established on January 1, 2001 and

allows the PERA Board of Trustees to set a matching contribution annually based on the actuarial funding required by the defined benefit pension plan (see note V.I.1. Defined Benefit Pension Plan). The Matchmaker Program was suspended effective June 1, 2004. For the year ended December 31, 2004, 2003, and 2002, the City's portion of PERA contributions allocated to the Matchmaker Program was \$866,752, \$3,784,142 and \$5,090,936, respectively. The 401(k) Plan member contributions from the City for the years ended December 31, 2004, 2003 and 2002, were \$14,396,803, \$12,740,863 and \$11,847,016, respectively.

2. Uniformed Employees

Plan Description

All fire and police officers of the City participate in one of four agent, multiple employer, defined benefit pension plans, depending upon their status as a police or fire officer and their hire date (Old Hire/New Hire), administered jointly by the City and the FPPA. The plans are included as pension trust funds.

The FPPA performs certain administrative tasks in accordance with an agreement with the City. There are approximately 358 participating employers in the FPPA agent multiple-employer plan. Provisions of the plans are established and amended by City Council in accordance with relevant state statute. The plans provide benefits to members upon retirement based upon the provisions unique to that plan. As of January 1, 2004 membership in the plans was as follows: 1,052 active participants, 464 retirees and beneficiaries and 23 vested terminated employees. Disability benefits to police and fire officers and death benefits to their survivors are provided by the State of Colorado through a Death and Disability Plan administered by the FPPA. Benefits are established by state statute and are available for all fire and police officers in accordance with plan provisions.

Summary of Significant Accounting Policies

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

Funding Policy

The funding policy of each of the plans provides for actuarially determined rates of contribution based upon an actuarial analysis. Actuarial analysis is undertaken annually for all plans. City Council has the authority to establish and amend contribution rates in accordance with the actuarial analysis. The employer contribution current rates are 10% of annual covered payroll for the Old Hire Fire and Old Hire Police plans and 8% for the New Hire Fire and New Hire Police plans.

Valuation and Actuarial Basis

The following methods of valuation and actuarial basis were used:

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

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

(a) At the beginning of each plan year, an expected market asset value is calculated as the sum of the previous year's market value increased with a year's interest at the Plan valuation rate plus net cash flow (excluding expenses) adjusted for interest (at the same rate) to the end of the previous plan year.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2004****Annual Pension Cost**

The City's annual pension cost and net pension obligation for the plans for 2004 were as follows:

	<u>Old Hire Fire</u>	<u>Old Hire Police</u>	<u>New Hire Fire</u>	<u>New Hire Police</u>
Annual Required Contribution	\$78,254	\$76,948	\$1,849,549	\$2,913,382
Interest on Net Pension Obligation	34,210	10,104	-	-
Adjustment to Annual Required Contribution	<u>(35,815)</u>	<u>(10,578)</u>	<u>-</u>	<u>-</u>
Annual Pension Cost	76,649	76,474	1,849,549	2,913,382
Contributions Made	<u>(126,562)</u>	<u>(114,342)</u>	<u>(1,849,549)</u>	<u>(2,913,382)</u>
Increase (decrease) in Net Pension Obligation	(49,913)	(37,868)	-	-
Net Pension Obligation - Beginning of Year	<u>427,631</u>	<u>126,302</u>	<u>-</u>	<u>-</u>
Net Pension Obligation - End of Year	<u>\$377,718</u>	<u>\$88,434</u>	<u>\$ -</u>	<u>\$ -</u>

Other Information**Employees hired before April 1978:**

<u>Old Hire Fire (closed to new employees)</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Annual Pension Cost (APC)	\$ -	\$177,514	\$76,649
Percentage of APC Contributed	100%	88%	165%
Net Pension Obligation	\$405,444	\$427,631	\$377,718
<u>Old Hire Police (closed to new employees)</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Annual Pension Cost (APC)	\$ -	\$119,353	\$76,474
Percentage of APC Contributed	100%	103%	150%
Net Pension Obligation	\$130,273	\$126,302	\$88,434

Employees hired on or after April 1978:

<u>New Hire Fire (open to new employees)</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Annual Pension Cost (APC)	\$1,551,252	\$1,694,894	\$1,849,549
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	\$ -	\$ -	\$ -

<u>New Hire Police (open to new employees)</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Annual Pension Cost (APC)	\$2,492,270	\$2,749,917	\$2,913,382
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	\$ -	\$ -	\$ -

J. Accounting Changes

The City meets the requirements of Phase I implementation of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis*. For the period beginning after June 15, 2005, GASB 34 requires infrastructure to be capitalized retroactively to 1980. The City has retroactively capitalized its infrastructure with the exception of pedestrian ramps, sidewalks, and bridges in 2004. The restatement for GASB Statement No. 34 increased net assets of the governmental activities on the government-wide statements as of January 1, 2004 by \$274,748,317.

The City also adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures* during 2004. GASB 40 establishes and modifies disclosure requirements related to investment risks. Adoption of GASB 40 had no effect on beginning net assets or changes in net assets.

Additionally, the City increased net assets held in trust for pension benefits as of January 1, 2004 by \$55,800,098 to include current period information not previously available.



CITY OF COLORADO SPRINGS

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF FUNDING PROGRESS
FIRE AND POLICE PENSION PLANS
December 31, 2004**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 16**

	2002	2003	2004
<u>Old Hire Fire Pension Plan</u>			
Date of actuarial valuation	01/01/2002	01/01/2003	01/01/2004
Actuarial value of plan assets	\$113,648,719	n/a	\$91,221,695
Actuarial accrued liability (AAL)	\$111,776,935	n/a	\$111,993,869
Excess of assets over AAL (unfunded liability)	\$1,871,784	n/a	(\$20,772,174)
Funded ratio	101.7%	n/a	81.5%
Covered payroll	\$1,957,448	\$1,553,272	\$1,265,624
Excess/(unfunded liability) as a percentage of covered payroll	95.6%	n/a	-1641.3%
<u>Old Hire Police Pension Plan</u>			
Date of actuarial valuation	01/01/2002	01/01/2003	01/01/2004
Actuarial value of plan assets	\$95,362,858	n/a	\$76,736,018
Actuarial accrued liability (AAL)	\$93,404,945	n/a	\$92,830,564
Excess of assets over AAL (unfunded liability)	\$1,957,913	n/a	(\$16,094,546)
Funded ratio	102.1%	n/a	82.7%
Covered payroll	\$1,402,613	\$1,233,240	\$1,143,421
Excess/(unfunded liability) as a percentage of covered payroll	139.6%	n/a	-1407.6%
<u>New Hire Fire Pension Plan *</u>			
Date of actuarial valuation	01/01/2002	01/01/2003	01/01/2004
Actuarial value of plan assets	\$57,728,219	\$56,594,030	\$62,859,916
Actuarial accrued liability (AAL)	\$52,687,510	\$56,913,008	\$66,756,828
Excess of assets over AAL (unfunded liability)	\$5,040,709	(\$318,978)	(\$3,896,912)
Funded ratio	109.6%	99.4%	94.2%
Covered payroll	\$19,390,652	\$21,186,170	\$23,119,368
Excess/(unfunded liability) as a percentage of covered payroll	26.0%	-1.5%	-16.9%
<u>New Hire Police Pension Plan *</u>			
Date of actuarial valuation	01/01/2002	01/01/2003	01/01/2004
Actuarial value of plan assets	\$97,169,645	\$94,959,427	\$105,649,541
Actuarial accrued liability (AAL)	\$91,016,905	\$99,261,998	\$117,092,862
Excess of assets over AAL (unfunded liability)	\$6,152,740	(\$4,302,571)	(\$11,443,321)
Funded ratio	106.8%	95.7%	90.2%
Covered payroll	\$31,153,370	\$34,373,964	\$36,417,275
Excess/(unfunded liability) as a percentage of covered payroll	19.7%	-12.5%	-31.4%

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIRE AND POLICE PENSION PLANS
December 31, 2004**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 17**

	Years ended December 31,		
	2002	2003	2004
Old Hire Fire Pension Plan			
Annual required contribution (ARC)	\$ -	\$ 179,035	\$ 78,254
Actual contributions as percentage of ARC	100%	87%	162%
Old Hire Police Pension Plan			
Annual required contribution (ARC)	\$ -	\$ 119,842	\$ 76,948
Actual contributions as percentage of ARC	100%	103%	149%
New Hire Fire Pension Plan			
Annual required contribution (ARC)	\$1,551,252	\$1,694,894	\$1,849,549
Actual contributions as percentage of ARC	100%	100%	100%
New Hire Police Pension Plan			
Annual required contribution (ARC)	\$2,492,270	\$2,749,917	\$2,913,382
Actual contributions as percentage of ARC	100%	100%	100%

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

	Old Hire Fire	Old Hire Police	New Hire Fire	New Hire Police
Valuation Date	01/01/2004	01/01/2004	01/01/2004	01/01/2004
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	Level Percent Open	Level Percent Open	Level Percent Open	Level Percent Open
Remaining Amortization Period	18 Years	18 Years	30 Years	30 Years
Asset Valuation Method	3-Year Smoothed Market	3-Year Smoothed Market	3-Year Smoothed Market	3-Year Smoothed Market
Actuarial Assumptions:				
Investment Rate of Return	8%	8%	8%	8%
Projected Salary Increases	.5% - 9.0%	.5% - 9.0%	.5% - 9.0%	.5% - 9.0%
Inflation Rate	4%	4%	4%	4%
Post Retirement Benefit Increases	3% - 4%	3% - 4%	3% - 4%	3% - 4%



CITY OF COLORADO SPRINGS

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

**GENERAL FUND
BALANCE SHEET
December 31, 2004**

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

	<u>TOTAL</u>
<u>ASSETS</u>	
Cash and investments	\$48,597,294
Accounts receivable (net of allowance for uncollectibles)	2,062,618
Sales tax receivable	12,733,314
Loans receivable	846,988
Property taxes receivable	
Current	18,329,128
Delinquent	206,715
Due from other funds	11,144,642
Prepaid expenditures	495
Restricted investments	1,265,199
	<hr/>
Total assets	95,186,393
	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities	
Accounts payable	5,598,381
Funds held for others	7,183,368
Accrued salaries and benefits	5,419,556
Due to other funds	6,416,297
Escrow deposits	7,146,500
Deferred revenue	
Loans	846,988
Property taxes	18,329,128
	<hr/>
Total liabilities	50,940,218
	<hr/>
Fund balance	
Reserved for	
Encumbrances	3,597,814
Debt service	1,167,838
Prepaid	495
Emergency reserve	6,169,737
Unreserved	
Designated - subsequent year expenditures	9,364,612
Undesignated	23,945,679
	<hr/>
Total fund balance	44,246,175
	<hr/>
Total liabilities and fund balance	\$95,186,393
	<hr/> <hr/>

**GENERAL FUND
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended December 31, 2004**

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

	<u>TOTAL</u>
Revenues	
Taxes	\$138,323,249
Licenses and permits	642,912
Intergovernmental	20,799,462
Charges for services	18,054,455
Fines and forfeits	8,988,753
Other income	1,277,265
Investment earnings	607,741
Rental income	<u>322,876</u>
Total revenues	<u>189,016,713</u>
Expenditures	
Current	
General government	37,035,978
Public safety	99,130,607
Public works	27,315,695
Health and welfare	1,025,059
Culture and recreation	15,180,442
Urban redevelopment and housing	2,747,235
Debt service	
Principal	4,255,523
Interest	702,905
Issuance expense	135,076
Capital outlay	<u>9,314,679</u>
Total expenditures	<u>196,843,199</u>
Deficiency of revenues over expenditures	<u>(7,826,486)</u>
Other financing sources (uses)	
Capital lease financing	561,191
Sale of capital assets	280,374
Transfers - in	23,743,027
Transfers - out	(13,610,508)
Proceeds from issuance of bond	17,115,000
Premium on refunding bonds issued	430,447
Payment on refunding bonds	<u>(17,398,900)</u>
Total other financing sources (uses)	<u>11,120,631</u>
Net change in fund balance	3,294,145
Fund balance - January 1	<u>40,952,030</u>
Fund balance - December 31	<u><u>\$44,246,175</u></u>



CITY OF COLORADO SPRINGS

NON-MAJOR GOVERNMENTAL FUNDS

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2004**

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
<u>ASSETS</u>				
Cash and investments	\$32,515,741	\$15,726,273	\$1,228,955	\$49,470,969
Accounts receivable (net of allowance for uncollectibles)	8,857,936	5,278	210	8,863,424
Sales tax receivable	3,328,824	-	-	3,328,824
Loans receivable	16,748,957	-	-	16,748,957
Assessments receivable	734,993	-	-	734,993
Property taxes receivable	2,404,708	-	-	2,404,708
Due from other funds	36,435	-	-	36,435
Restricted investments	3,309,390	1,439,057	7,771,149	12,519,596
Total assets	67,936,984	17,170,608	9,000,314	94,107,906
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	3,526,666	671,549	407	4,198,622
Accrued salaries and benefits	676,876	-	-	676,876
Due to other funds	8,103,757	4,527,520	-	12,631,277
Deferred revenue				
Loans	16,748,957	-	-	16,748,957
Assessments	734,993	-	-	734,993
Property taxes	2,404,707	-	-	2,404,707
Grants	1,356,994	-	-	1,356,994
Total liabilities	33,552,950	5,199,069	407	38,752,426
Fund balances				
Reserved for				
Encumbrances	4,299,978	3,146,452	-	7,446,430
Debt service	3,670,231	-	-	3,670,231
Endowments	-	-	8,999,907	8,999,907
Unreserved				
Designated - subsequent year expenditures	11,567,521	8,825,087	-	20,392,608
Undesignated	14,846,304	-	-	14,846,304
Total fund balances	34,384,034	11,971,539	8,999,907	55,355,480
Total liabilities and fund balances	\$67,936,984	\$17,170,608	\$9,000,314	\$94,107,906

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2004**

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
Revenues				
Taxes	\$35,113,696	\$ -	\$ -	\$35,113,696
Intergovernmental	19,383,963	-	-	19,383,963
Charges for services	4,813,195	-	-	4,813,195
Endowments and donations	1,402,295	-	86,892	1,489,187
Other revenue	1,734,369	-	-	1,734,369
Investment earnings	636,284	989,855	347,927	1,974,066
Rental income	20,900	-	-	20,900
Total revenues	63,104,702	989,855	434,819	64,529,376
Expenditures				
Current:				
General government	14,925,954	-	-	14,925,954
Public safety	2,661,602	-	-	2,661,602
Public works	9,632,991	-	-	9,632,991
Culture and recreation	2,175,230	-	78,542	2,253,772
Urban development and housing	5,410,593	-	-	5,410,593
Economic development	2,377,006	-	-	2,377,006
Economic opportunity	10,668	-	-	10,668
Miscellaneous	451,997	-	-	451,997
Debt service:				
Principal	2,412,245	4,625,000	-	7,037,245
Interest	2,195,520	3,224,334	-	5,419,854
Issuance expense	136,360	21,034	-	157,394
Capital outlay	26,271,973	14,989,497	-	41,261,470
Total expenditures	68,662,139	22,859,865	78,542	91,600,546
Excess (deficiency) of revenues over expenditures	(5,557,437)	(21,870,010)	356,277	(27,071,170)
Other financing sources (uses)				
Transfers - in	-	13,610,508	-	13,610,508
Transfers - out	(1,091,074)	-	-	(1,091,074)
Proceeds from issuance of bonds	8,800,000	-	-	8,800,000
Total other financing sources (uses)	7,708,926	13,610,508	-	21,319,434
Net change in fund balances	2,151,489	(8,259,502)	356,277	(5,751,736)
Fund balances - January 1	32,232,545	20,231,041	8,643,630	61,107,216
Fund balances - December 31	\$34,384,034	\$11,971,539	\$8,999,907	\$55,355,480



CITY OF COLORADO SPRINGS

SPECIAL REVENUE FUNDS

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

Intergovernmental Grant Funds:

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

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

Capital Improvement Funds:

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

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

Improvement and Maintenance District Funds:

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

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

Public Improvements Funds:

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

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

SPECIAL REVENUE FUNDS CONT'D.

Other Public Improvements Funds:

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

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

Special Assessment District Fund:

The Special Assessment District Fund is used to account for the activities of Special Assessment districts created to finance neighborhood improvements where revenues are derived from assessments placed upon the benefiting property.

Other Special Revenue Funds:

**Lodgers and Auto Rental Tax Fund
Tree City U.S.A. Fund
Street Tree Fund
Garfield School Maintenance Fund
Economic Development Fund
Gift Trust Fund
City Manager Contract Fund
Senior Programs Fund
Therapeutic Recreation Fund
Cultural Affairs Fund**

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



CITY OF COLORADO SPRINGS

**ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2004**

	Inter- governmental Grant Funds	Capital Improvement Funds	Improvement and Maintenance District Funds	Public Improvements Funds
<u>ASSETS</u>				
Cash and investments	\$ -	\$20,151,547	\$1,206,415	\$5,050,144
Accounts receivable (net of allowance for uncollectibles)	8,425,653	294,192	15,939	\$83,070
Sales tax receivable	-	3,168,831	-	-
Loans receivable	16,710,660	-	-	-
Assessments receivable	-	-	-	-
Property taxes receivable	-	-	1,311,932	-
Due from other funds	-	32,680	-	-
Restricted investments	-	-	-	-
Total assets	25,136,313	23,647,250	2,534,286	5,133,214
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	1,508,945	1,811,666	4,760	49,377
Accrued salaries and benefits	99,752	556,137	20,987	-
Due to other funds	5,459,962	2,636,549	2,246	-
Deferred revenue	-	-	-	-
Loans	16,710,660	-	-	-
Assessments	-	-	-	-
Property taxes	-	-	1,311,931	-
Grants	1,356,994	-	-	-
Total liabilities	25,136,313	5,004,352	1,339,924	49,377
Fund balances				
Reserved for	-	-	-	-
Encumbrances	-	4,055,468	125,523	37,102
Debt service	-	-	-	-
Unreserved	-	-	-	-
Designated - subsequent year expenditures	-	10,653,309	-	-
Undesignated	-	3,934,121	1,068,839	5,046,735
Total fund balances	-	18,642,898	1,194,362	5,083,837
Total liabilities and fund balances	\$25,136,313	\$23,647,250	\$2,534,286	\$5,133,214

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

Other Public Improvements Funds	Special Assessment District Funds	Other Special Revenue Funds	Totals
\$453,871	\$445,234	\$5,208,530	\$32,515,741
12,112	635	26,335	8,857,936
-	-	159,993	3,328,824
-	-	38,297	16,748,957
-	734,993	-	734,993
1,092,776	-	-	2,404,708
-	-	3,755	36,435
3,309,390	-	-	3,309,390
<u>4,868,149</u>	<u>1,180,862</u>	<u>5,436,910</u>	<u>67,936,984</u>
105,142	-	46,776	3,526,666
-	-	-	676,876
-	-	5,000	8,103,757
-	-	38,297	16,748,957
-	734,993	-	734,993
1,092,776	-	-	2,404,707
-	-	-	1,356,994
<u>1,197,918</u>	<u>734,993</u>	<u>90,073</u>	<u>33,552,950</u>
-	-	81,885	4,299,978
3,670,231	-	-	3,670,231
-	-	914,212	11,567,521
-	445,869	4,350,740	14,846,304
<u>3,670,231</u>	<u>445,869</u>	<u>5,346,837</u>	<u>34,384,034</u>
<u>\$4,868,149</u>	<u>\$1,180,862</u>	<u>\$5,436,910</u>	<u>\$67,936,984</u>

**ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2004**

	Inter- governmental Grant Funds	Capital Improvement Funds	Improvement and Maintenance District Funds	Public Improvements Funds
Revenues				
Taxes	\$ -	\$29,070,932	\$1,465,431	\$ -
Intergovernmental	16,037,612	3,346,351	-	-
Charges for services	-	1,311,748	-	\$3,241,359
Donations	-	-	-	-
Other revenue	1,677,523	-	-	-
Investment earnings	23,169	281,688	26,057	86,966
Rental income	-	-	-	-
Total revenues	17,738,304	34,010,719	1,491,488	3,328,325
Expenditures				
Current				
General government	-	14,854,422	-	-
Public safety	2,661,602	-	-	-
Public works	3,752,912	-	1,609,348	4,270,731
Culture and recreation	1,014,452	-	-	-
Urban redevelopment and housing	5,410,593	-	-	-
Economic development	-	-	-	-
Economic opportunity	-	-	-	-
Miscellaneous	440,083	-	-	-
Debt service				
Principal	-	1,546,886	-	-
Interest	-	1,045,832	-	-
Issuance expense	-	-	-	-
Capital outlay	4,458,662	16,835,275	-	-
Total expenditures	17,738,304	34,282,415	1,609,348	4,270,731
Excess (deficiency) of revenues over expenditures	-	(271,696)	(117,860)	(942,406)
Other financing sources (uses)				
Transfers - out	-	-	-	-
Proceeds from issuance of bonds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	(271,696)	(117,860)	(942,406)
Fund balances - January 1	-	18,914,594	1,312,222	6,026,243
Fund balances - December 31	\$ -	\$18,642,898	\$1,194,362	\$5,083,837

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

Other Public Improvements Funds	Special Assessment District Fund	Other Special Revenue Funds	Totals
\$1,106,341	\$ -	\$3,470,992	\$35,113,696
-	-	-	19,383,963
9,668	233,501	16,919	4,813,195
-	-	1,402,295	1,402,295
-	-	56,846	1,734,369
116,011	-	102,393	636,284
-	-	20,900	20,900
1,232,020	233,501	5,070,345	63,104,702
-	-	71,532	14,925,954
-	-	-	2,661,602
-	-	-	9,632,991
-	-	1,160,778	2,175,230
-	-	-	5,410,593
-	-	2,377,006	2,377,006
-	-	10,668	10,668
11,344	570	-	451,997
725,000	140,359	-	2,412,245
1,084,483	65,205	-	2,195,520
136,360	-	-	136,360
4,978,036	-	-	26,271,973
6,935,223	206,134	3,619,984	68,662,139
(5,703,203)	27,367	1,450,361	(5,557,437)
-	-	(1,091,074)	(1,091,074)
8,800,000	-	-	8,800,000
8,800,000	-	(1,091,074)	7,708,926
3,096,797	27,367	359,287	2,151,489
573,434	418,502	4,987,550	32,232,545
\$3,670,231	\$445,869	\$5,346,837	\$34,384,034

INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 December 31, 2004

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit C-3

	Community Development Block Grant Fund	Home Investment Partnership Fund	Grants Fund	Total
<u>ASSETS</u>				
Accounts receivable (net of allowance for uncollectibles)	\$595,907	\$223,975	\$7,605,771	\$8,425,653
Loans receivable	9,044,352	7,647,404	18,904	16,710,660
Total assets	9,640,259	7,871,379	7,624,675	25,136,313
<u>LIABILITIES</u>				
Accounts payable	181,539	103,638	1,223,768	1,508,945
Accrued salaries and benefits	42,008	-	57,744	99,752
Due to other funds	372,360	120,337	4,967,265	5,459,962
Deferred revenue				
Loans	9,044,352	7,647,404	18,904	16,710,660
Grants	-	-	1,356,994	1,356,994
Total liabilities	\$9,640,259	\$7,871,379	\$7,624,675	\$25,136,313

**INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2004**

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

	Community Development Block Grant Fund	Home Investment Partnership Fund	Grants Fund	Total
Revenues				
Intergovernmental	\$2,990,710	\$766,696	\$12,280,206	\$16,037,612
Other revenue	558,465	624,269	494,789	1,677,523
Investment earnings	5,629	-	17,540	23,169
Total revenues	3,554,804	1,390,965	12,792,535	17,738,304
Expenditures				
Current				
Public safety	-	-	2,661,602	2,661,602
Public works	-	-	3,752,912	3,752,912
Culture and recreation	-	-	1,014,452	1,014,452
Urban redevelopment and housing	3,554,804	1,390,965	464,824	5,410,593
Miscellaneous	-	-	440,083	440,083
Capital outlay	-	-	4,458,662	4,458,662
Total expenditures	3,554,804	1,390,965	12,792,535	17,738,304
Net change in fund balances	-	-	-	-
Fund balances - January 1	-	-	-	-
Fund balances - December 31	\$ -	\$ -	\$ -	\$ -

CAPITAL IMPROVEMENT SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2004

	Ballfield Capital Improvements Fund	Bicycle Tax Fund	Trails/Open Space Fund	Conservation Trust Fund
<u>ASSETS</u>				
Cash and investments	\$315,256	\$355,312	\$3,623,372	\$2,704,055
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-
Sales tax receivable	-	-	633,766	-
Due from other funds			16,082	
Total assets	315,256	355,312	4,273,220	2,704,055
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	-	-	270,792	78,319
Accrued salaries and benefits	-	-	6,597	22,700
Due to other funds	-	-	2,532,365	2,537
Total liabilities	-	-	2,809,754	103,556
Fund balances				
Reserved for Encumbrances	-	15,674	672,980	83,128
Unreserved				
Designated - subsequent year expenditures	-	256,727	790,486	2,517,371
Undesignated	315,256	82,911	-	-
Total fund balances	315,256	355,312	1,463,466	2,600,499
Total liabilities and fund balances	\$315,256	\$355,312	\$4,273,220	\$2,704,055

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

Cable Franchise Fund	Public Safety Sales Tax Fund	Total
\$ -	\$13,153,552	\$20,151,547
294,192	-	294,192
-	2,535,065	3,168,831
	16,598	32,680
294,192	15,705,215	23,647,250
<hr/>		
89	1,462,466	1,811,666
9,464	517,376	556,137
41,656	59,991	2,636,549
51,209	2,039,833	5,004,352
<hr/>		
25,263	3,258,423	4,055,468
217,720	6,871,005	10,653,309
-	3,535,954	3,934,121
242,983	13,665,382	18,642,898
<hr/>		
\$294,192	\$15,705,215	\$23,647,250

CAPITAL IMPROVEMENT SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2004

	Ballfield Capital Improvements Fund	Bicycle Tax Fund	Trails/Open Space Fund	Conservation Trust Fund
Revenues				
Taxes	\$ -	\$118,426	\$5,807,903	\$ -
Intergovernmental	-	-		3,346,351
Charges for services	92,491	-	9,232	-
Investment earnings (loss)	4,237	3,407	54,357	34,713
Total revenues	96,728	121,833	5,871,492	3,381,064
Expenditures				
General government	-	-	111,539	-
Debt service				
Principal	20,601	-	684,000	397,753
Interest	88,399	-	734,477	190,715
Capital outlay	1,000	-	2,820,863	2,903,484
Total expenditures	110,000	-	4,350,879	3,491,952
Net change in fund balances	(13,272)	121,833	1,520,613	(110,888)
Fund balances - January 1	328,528	233,479	(57,147)	2,711,387
Fund balances - December 31	\$315,256	\$355,312	\$1,463,466	\$2,600,499

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

Cable Franchise Fund	Public Safety Sales Tax Fund	Total
\$ -	\$23,144,603	\$29,070,932
-	-	3,346,351
1,209,807	218	1,311,748
(712)	185,686	281,688
<u>1,209,095</u>	<u>23,330,507</u>	<u>34,010,719</u>
-	14,742,883	14,854,422
444,532	-	1,546,886
32,241	-	1,045,832
933,547	10,176,381	16,835,275
<u>1,410,320</u>	<u>24,919,264</u>	<u>34,282,415</u>
(201,225)	(1,588,757)	(271,696)
444,208	15,254,139	18,914,594
<u>\$242,983</u>	<u>\$13,665,382</u>	<u>\$18,642,898</u>

**IMPROVEMENT AND MAINTENANCE DISTRICT
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2004**

	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	\$90,234	\$395,247	\$362,558	\$191,937
Accounts receivable (net of allowance for uncollectibles)	985	5,344	7,596	1,823
Property taxes receivable	78,078	447,781	613,706	157,175
Total assets	169,297	848,372	983,860	350,935
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	89	960	429	2,148
Accrued salaries and benefits	1,971	7,975	11,041	-
Due to other funds	1,134	-	1,112	-
Deferred revenue - property taxes	78,077	447,781	613,706	157,175
Total liabilities	81,271	456,716	626,288	159,323
Fund balances				
Reserved for Encumbrances	-	124,589	74	860
Unreserved Undesignated	88,026	267,067	357,498	190,752
Total fund balances	88,026	391,656	357,572	191,612
Total liabilities and fund balances	\$169,297	\$848,372	\$983,860	\$350,935

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
\$100,953	\$11,397	\$54,089	\$1,206,415
158	33	-	15,939
12,583	2,609	-	1,311,932
113,694	14,039	54,089	2,534,286
96	1,038	-	4,760
-	-	-	20,987
-	-	-	2,246
12,583	2,609	-	1,311,931
12,679	3,647	-	1,339,924
-	-	-	125,523
101,015	10,392	54,089	1,068,839
101,015	10,392	54,089	1,194,362
\$113,694	\$14,039	\$54,089	\$2,534,286

**IMPROVEMENT AND MAINTENANCE DISTRICT
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2004**

	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	\$90,898	\$487,533	\$694,497	\$166,342
Investment earnings	3,531	6,508	7,105	5,046
Total revenues	94,429	494,041	701,602	171,388
Expenditures				
Current				
Public works	165,235	455,479	829,434	135,680
Total expenditures	165,235	455,479	829,434	135,680
Net change in fund balances	(70,806)	38,562	(127,832)	35,708
Fund balances - January 1	158,832	353,094	485,404	155,904
Fund balances - December 31	\$88,026	\$391,656	\$357,572	\$191,612

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
\$14,499	\$3,056	\$8,606	\$1,465,431
2,358	258	1,251	26,057
16,857	3,314	9,857	1,491,488
16,696	2,687	4,137	1,609,348
16,696	2,687	4,137	1,609,348
161	627	5,720	(117,860)
100,854	9,765	48,369	1,312,222
\$101,015	\$10,392	\$54,089	\$1,194,362

**PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2004**

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

	Public Space and Development Fund	Subdivision Drainage Fund	Arterial Roadway Fund	Park Developer Easement Fund	Total
<u>ASSETS</u>					
Cash and investments	\$2,766,225	\$1,528,856	\$668,878	\$86,185	\$5,050,144
Accounts receivable (net of allowance for uncollectibles)	74,270	8,800	-	-	83,070
Total assets	2,840,495	1,537,656	668,878	86,185	5,133,214
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	27,777	21,600	-	-	49,377
Total liabilities	27,777	21,600	-	-	49,377
Fund balances					
Reserved for Encumbrances	37,102	-	-	-	37,102
Unreserved Undesignated	2,775,616	1,516,056	668,878	86,185	5,046,735
Total fund balances	2,812,718	1,516,056	668,878	86,185	5,083,837
Total liabilities and fund balances	\$2,840,495	\$1,537,656	\$668,878	\$86,185	\$5,133,214

**PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2004**

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

	Public Space and Development Fund	Subdivision Drainage Fund	Arterial Roadway Fund	Park Developer Easement Fund	Total
Revenues					
Charges for services	\$1,286,782	\$1,639,546	\$254,110	\$60,921	\$3,241,359
Investment earnings	30,089	43,356	12,190	1,331	86,966
Total revenues	1,316,871	1,682,902	266,300	62,252	3,328,325
Expenditures					
Current					
Public works	805,220	2,967,732	497,779	-	4,270,731
Total expenditures	805,220	2,967,732	497,779	-	4,270,731
Net change in fund balances	511,651	(1,284,830)	(231,479)	62,252	(942,406)
Fund balances - January 1	2,301,067	2,800,886	900,357	23,933	6,026,243
Fund balances - December 31	\$2,812,718	\$1,516,056	\$668,878	\$86,185	\$5,083,837

OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 December 31, 2004

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit C-11

	Cottonwood General Improvement District	Spring Creek General Improvement District	Briargate General Improvement District	Total
<u>ASSETS</u>				
Cash and investments	\$388,560	\$34,743	\$30,568	\$453,871
Accounts receivable (net of allowance for uncollectibles)	8,016	3,752	344	12,112
Property taxes receivable	676,457	327,486	88,833	1,092,776
Restricted investments	-	-	3,309,390	3,309,390
Total assets	1,073,033	365,981	3,429,135	4,868,149
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	-	-	105,142	105,142
Deferred revenue - property taxes	676,457	327,486	88,833	1,092,776
Total liabilities	676,457	327,486	193,975	1,197,918
Fund balances				
Reserved for debt service	396,576	38,495	3,235,160	3,670,231
Total fund balances	396,576	38,495	3,235,160	3,670,231
Total liabilities and fund balances	\$1,073,033	\$365,981	\$3,429,135	\$4,868,149

**OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2004**

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

	Cottonwood General Improvement District	Spring Creek General Improvement District	Briargate General Improvement District	Total
Revenues				
Taxes	\$730,486	\$344,201	\$31,654	\$1,106,341
Charges for services	-	9,668	-	9,668
Investment earnings	16,708	4,778	94,525	116,011
Total revenues	747,194	358,647	126,179	1,232,020
Expenditures				
Current				
Miscellaneous	4,902	4,752	1,690	11,344
Debt service				
Principal	490,000	235,000	-	725,000
Interest	315,200	194,350	574,933	1,084,483
Issuance expense	-	-	136,360	136,360
Capital outlay	-	-	4,978,036	4,978,036
Total expenditures	810,102	434,102	5,691,019	6,935,223
Deficiency of revenues over expenditures	(62,908)	(75,455)	(5,564,840)	(5,703,203)
Other financing sources				
Proceeds from issuance of bonds	-	-	8,800,000	8,800,000
Net change in fund balances	(62,908)	(75,455)	3,235,160	3,096,797
Fund balances - January 1	459,484	113,950	-	573,434
Fund balances - December 31	\$396,576	\$38,495	\$3,235,160	\$3,670,231

**OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2004**

	Lodgers and Auto Rental Tax Fund	Tree City U.S.A. Fund	Street Tree Fund	Garfield School Maintenance Fund	Economic Development Fund
<u>ASSETS</u>					
Cash and investments	\$113,438	\$21,653	\$672,084	\$64,192	\$736,496
Accounts receivable (net of allowances for uncollectibles)	-	1,495	-	-	-
Sales tax receivable	159,993	-	-	-	-
Loans receivable	-	-	-	-	38,297
Due from other funds	-	-	-	-	-
Total assets	273,431	23,148	672,084	64,192	774,793
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	-	550	4,788	549	-
Due to other funds	-	-	-	-	-
Deferred revenue - loans	-	-	-	-	38,297
Total liabilities	-	550	4,788	549	38,297
Fund balances					
Reserved for Encumbrances	-	-	-	-	59,500
Unreserved					
Designated - subsequent year expenditures	195,874	12,000	110,000	-	596,338
Undesignated	77,557	10,598	557,296	63,643	80,658
Total fund balances	273,431	22,598	667,296	63,643	736,496
Total liabilities and fund balances	\$273,431	\$23,148	\$672,084	\$64,192	\$774,793

CITY OF COLORADO SPRINGS
COLORADO
Exhibit C-13

Gift Trust Fund	City Manager Contract Fund	Senior Programs Fund	Therapeutic Recreation Fund	Cultural Affairs Fund	Total
\$3,003,724	\$60,622	\$516,663	\$19,113	\$545	\$5,208,530
24,840	-	-	-	-	26,335
-	-	-	-	-	159,993
-	-	-	-	-	38,297
3,755	-	-	-	-	3,755
<u>3,032,319</u>	<u>60,622</u>	<u>516,663</u>	<u>19,113</u>	<u>545</u>	<u>5,436,910</u>
40,889	-	-	-	-	46,776
5,000	-	-	-	-	5,000
-	-	-	-	-	38,297
<u>45,889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,073</u>
22,385	-	-	-	-	81,885
-	-	-	-	-	914,212
<u>2,964,045</u>	<u>60,622</u>	<u>516,663</u>	<u>19,113</u>	<u>545</u>	<u>4,350,740</u>
<u>2,986,430</u>	<u>60,622</u>	<u>516,663</u>	<u>19,113</u>	<u>545</u>	<u>5,346,837</u>
<u>\$3,032,319</u>	<u>\$60,622</u>	<u>\$516,663</u>	<u>\$19,113</u>	<u>\$545</u>	<u>\$5,436,910</u>

OTHER SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2004

	Lodgers and Auto Rental Tax Fund	Tree City U.S.A Fund	Street Tree Fund	Garfield School Maintenance Fund	Economic Development Fund
Revenues					
Taxes	\$3,470,992	\$ -	\$ -	\$ -	\$ -
Charges for services	-	16,919	-	-	-
Donations	-	-	-	-	-
Other revenue	-	-	-	-	56,846
Investment earnings	2,931	228	10,089	1,334	11,086
Rental income	-	-	-	20,900	-
Total revenues	3,473,923	17,147	10,089	22,234	67,932
Expenditures					
General government	71,532	-	-	-	-
Culture and recreation	-	6,381	116,001	-	-
Economic development	2,182,770	-	-	-	194,236
Economic opportunity	-	-	-	10,668	-
Total expenditures	2,254,302	6,381	116,001	10,668	194,236
Excess (deficiency) of revenues over expenditures	1,219,621	10,766	(105,912)	11,566	(126,304)
Other financing uses					
Transfers - out	(1,091,074)	-	-	-	-
Net change in fund balances	128,547	10,766	(105,912)	11,566	(126,304)
Fund balances - January 1	144,884	11,832	773,208	52,077	862,800
Fund balances - December 31	\$273,431	\$22,598	\$667,296	\$63,643	\$736,496

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit C-14

Gift Trust Fund	City Manager Contract Fund	Senior Programs Fund	Therapeutic Recreation Fund	Cultural Affairs Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$3,470,992
-	-	-	-	-	16,919
1,387,976	-	14,319	-	-	1,402,295
-	-	-	-	-	56,846
69,237	-	7,026	449	13	102,393
-	-	-	-	-	20,900
1,457,213	-	21,345	449	13	5,070,345
-	-	-	-	-	71,532
993,716	-	44,680	-	-	1,160,778
-	-	-	-	-	2,377,006
-	-	-	-	-	10,668
993,716	-	44,680	-	-	3,619,984
463,497	-	(23,335)	449	13	1,450,361
-	-	-	-	-	(1,091,074)
463,497	-	(23,335)	449	13	359,287
2,522,933	60,622	539,998	18,664	532	4,987,550
\$2,986,430	\$60,622	\$516,663	\$19,113	\$545	\$5,346,837

**SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES-BUDGET AND ACTUAL
For the year ended December 31, 2004**

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

	Budget	Actual	Variance Positive (Negative)
Revenues			
Community Development Block Grant	\$3,554,804	\$3,554,804	\$ -
Home Investment Partnership Fund	1,390,965	1,390,965	-
Grants Fund	12,792,535	12,792,535	-
Ballfield Capital Improvements Fund	110,000	96,728	(13,272)
Bicycle Tax Fund	113,000	121,833	8,833
Trails/Open Space Fund	5,438,777	5,871,492	432,715
Conservation Trust Fund	3,207,857	3,381,064	173,207
Cable Franchise Fund	1,260,000	1,209,095	(50,905)
Public Safety Sales Tax Fund	21,457,112	23,330,507	1,873,395
Old Colorado City Maintenance and Security District Fund	94,191	94,429	238
Norwood Special Improvement Maintenance District Fund	498,424	494,041	(4,383)
Briargate Special Improvement Maintenance District Fund	711,001	701,602	(9,399)
Stetson Hills Improvement Maintenance District Fund	173,491	171,388	(2,103)
Woodstone Improvement Maintenance District Fund	16,646	16,857	211
Gateway Improvement Maintenance District Fund	3,344	3,314	(30)
Platte Avenue Improvement Maintenance District Fund	9,470	9,857	387
Public Space and Development Fund	700,000	1,316,871	616,871
Subdivision Drainage Fund	723,000	1,682,902	959,902
Arterial Roadway Fund	75,000	266,300	191,300
Park Developer Easement Fund	-	62,252	62,252
Cottonwood General Improvement District	730,081	747,194	17,113
Spring Creek General Improvement District	339,280	358,647	19,367
Briargate General Improvement District	8,880,000	8,926,179	46,179
Lodgers and Auto Rental Tax Fund	3,199,979	3,473,923	273,944
Tree City U.S.A.	10,000	17,147	7,147
Street Tree Fund	139,500	10,089	(129,411)
Garfield School Maintenance Fund	24,300	22,234	(2,066)
Economic Development Fund	7,743	67,932	60,189
Gift Trust Fund	1,000,000	1,457,213	457,213
Senior Programs Fund	15,000	21,345	6,345
Therapeutic Recreation Fund	500	449	(51)
Cultural Affairs Fund	-	13	13
Special Assessment District Fund	233,800	233,501	(299)
Total revenues	\$66,909,800	\$71,904,702	\$4,994,902

(continued)

Note: Includes bond proceeds.

**SPECIAL REVENUE FUNDS
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL
For the year ended December 31, 2004**

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

	Budget	Actual	Variance Positive (Negative)
Expenditures			
Community Development Block Grant	\$3,554,804	\$3,554,804	\$ -
Home Investment Partnership Fund	1,390,965	1,390,965	-
Grants Fund	12,792,535	12,792,535	-
Ballfield Capital Improvements Fund	110,000	110,000	-
Trails/Open Space Fund	8,385,570	4,350,879	4,034,691
Conservation Trust Fund	5,576,365	3,491,952	2,084,413
Cable Franchise Fund	1,704,171	1,410,320	293,851
Public Safety Sales Tax Fund	33,491,688	24,919,264	8,572,424
Old Colorado City Maintenance and Security District Fund	215,425	165,235	50,190
Norwood Special Improvement Maintenance District Fund	746,016	455,479	290,537
Briargate Special Improvement Maintenance District Fund	992,487	829,434	163,053
Stetson Hills Improvement Maintenance District Fund	228,491	135,680	92,811
Woodstone Improvement Maintenance District Fund	16,646	16,696	(50)
Gateway Improvement Maintenance District Fund	3,344	2,687	657
Platte Avenue Improvement Maintenance District Fund	9,470	4,137	5,333
Public Space and Development Fund	1,687,000	805,220	881,780
Subdivision Drainage Fund	2,900,000	2,967,732	(67,732)
Arterial Roadway Fund	600,000	497,779	102,221
Cottonwood General Improvement District	820,200	810,102	10,098
Spring Creek General Improvement District	436,850	434,102	2,748
Briargate General Improvement District	8,806,000	5,691,019	3,114,981
Lodgers and Auto Rental Tax Fund	3,274,111	3,345,376	(71,265)
Tree City U.S.A.	10,000	6,381	3,619
Street Tree Fund	307,968	116,001	191,967
Garfield School Maintenance Fund	22,000	10,668	11,332
Economic Development Fund	607,861	194,236	413,625
Gift Trust Fund	1,027,419	993,716	33,703
Senior Programs Fund	50,000	44,680	5,320
Special Assessment District Fund	233,800	206,134	27,666
Total expenditures	\$90,001,186	\$69,753,213	\$20,247,973

Note: Includes transfers.



CITY OF COLORADO SPRINGS

CAPITAL PROJECTS FUNDS

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

SCIP Construction fund

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

City Funded CIP Construction fund

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

Red Rock Canyon COP fund

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

**CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2004**

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

	SCIP Construction Fund	City Funded CIP Construction Fund	Red Rock Canyon COP Fund	Totals
<u>ASSETS</u>				
Cash and investments	\$5,369,575	\$10,312,790	\$43,908	\$15,726,273
Accounts receivable (net of allowances for uncollectibles)	1,939	3,339	-	5,278
Restricted investments	-	-	1,439,057	1,439,057
Total assets	5,371,514	10,316,129	1,482,965	17,170,608
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	196,042	445,495	30,012	671,549
Due to other funds	-	4,527,520	-	4,527,520
Total liabilities	196,042	4,973,015	30,012	5,199,069
Fund balances:				
Reserved for:				
Encumbrances	921,550	2,222,102	2,800	3,146,452
Unreserved				
Designated - subsequent year expenditures	4,253,922	3,121,012	1,450,153	8,825,087
Total fund balances	5,175,472	5,343,114	1,452,953	11,971,539
Total liabilities and fund balances	\$5,371,514	\$10,316,129	\$1,482,965	\$17,170,608

**CAPITAL PROJECTS FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 For The Year Ended December 31, 2004**

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

	SCIP Construction Fund	City Funded CIP Construction Fund	Red Rock Canyon COP Fund	Totals
Revenues				
Investment earnings	\$398,086	\$546,671	\$45,098	\$989,855
Total revenues	398,086	546,671	45,098	989,855
Expenditures				
Debt service:				
Principal payment	-	4,625,000	-	4,625,000
Interest and other charges	600,000	2,624,334	-	3,224,334
Issuance expense	-	-	21,034	21,034
Capital outlay	4,340,627	9,913,789	735,081	14,989,497
Total Expenditures	4,940,627	17,163,123	756,115	22,859,865
Deficiency of revenues over expenditures	(4,542,541)	(16,616,452)	(711,017)	(21,870,010)
OTHER FINANCING SOURCES				
Transfers - in	-	13,610,508	-	13,610,508
Total other financing sources	-	13,610,508	-	13,610,508
Net change in fund balances	(4,542,541)	(3,005,944)	(711,017)	(8,259,502)
Fund balance - January 1	9,718,013	8,349,058	2,163,970	20,231,041
Fund balance - December 31	\$5,175,472	\$5,343,114	\$1,452,953	\$11,971,539



CITY OF COLORADO SPRINGS

PERMANENT FUNDS

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

Cemetery Endowment fund

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

C.D. Smith, Perkins, Sabin, Woods, and TOPS Maintenance Trust funds

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

**PERMANENT FUNDS
COMBINING BALANCE SHEET
December 31, 2004**

	C.D. Smith Trust Fund	Perkins Trust Fund	Woods Trust Fund	Sabine Trust Fund
<u>ASSETS</u>				
Cash and investments	\$490,121	\$3,024	\$3,548	\$1,410
Accounts receivable (net of allowances for uncollectibles)	-	-	-	-
Restricted investments	512,511	-	-	-
Total assets	1,002,632	3,024	3,548	1,410
<u>LIABILITIES</u>				
Accounts payable	407	-	-	-
Total liabilities	407	-	-	-
<u>FUND BALANCES</u>				
Reserved for: Endowments	1,002,225	3,024	3,548	1,410
Total liabilities and fund balances	\$1,002,632	\$3,024	\$3,548	\$1,410

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

Cemetery Endowment Fund	TOPS Maintenance Trust Fund	Totals
\$21,914	\$708,938	\$1,228,955
210	-	210
7,258,638	-	7,771,149
<u>7,280,762</u>	<u>708,938</u>	<u>9,000,314</u>
-	-	407
-	-	407
<u>7,280,762</u>	<u>708,938</u>	<u>8,999,907</u>
<u>\$7,280,762</u>	<u>\$708,938</u>	<u>\$9,000,314</u>

**PERMANENT FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2004**

	C.D. Smith Trust Fund	Perkins Trust Fund	Woods Trust Fund
Revenues			
Endowments	\$ -	\$ -	\$ -
Investment earnings	52,947	71	84
Total revenues	52,947	71	84
Expenditures			
Current			
Culture and recreation	44,941	78	22
Total expenditures	44,941	78	22
Excess (deficiency) of revenues over expenditures	8,006	(7)	62
Fund balances - January 1	994,219	3,031	3,486
Fund balances - December 31	\$1,002,225	\$3,024	\$3,548

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

Sabine Trust Fund	Cemetery Endowment Fund	TOPS Maintenance Trust Fund	Totals
\$ -	\$86,892	\$ -	\$86,892
34	277,462	17,329	347,927
34	364,354	17,329	434,819
35	-	33,466	78,542
35	-	33,466	78,542
(1)	364,354	(16,137)	356,277
1,411	6,916,408	725,075	8,643,630
\$1,410	\$7,280,762	\$708,938	\$8,999,907

PERMANENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL
For the year ended December 31, 2004

CITY OF COLORADO SPRINGS
COLORADO
Exhibit E-3

	Budget	Actual	Variance Positive (Negative)
Revenues			
C.D. Smith Trust Fund	\$85,000	\$52,947	(\$32,053)
Perkins Trust Fund	150	71	(79)
Woods Trust Fund	200	84	(116)
Sabine Trust Fund	100	34	(66)
Cemetery Endowment Fund*	-	364,354	364,354
TOPS Maintenance Trust Fund	11,500	17,329	5,829
Total revenues	\$96,950	\$434,819	\$337,869

	Budget	Actual	Variance Positive (Negative)
Expenditures			
C.D. Smith Trust Fund	\$85,000	\$44,941	\$40,059
Perkins Trust Fund	150	78	72
Woods Trust Fund	200	22	178
Sabine Trust Fund	100	35	65
Cemetery Endowment Fund*	-	-	-
TOPS Maintenance Trust Fund	33,466	33,466	-
Total expenditures	\$118,916	\$78,542	\$40,374

Note: No budget approved for Cemetery Endowment Fund.

NON-MAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

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

Patty Jewett Golf fund

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

Valley Hi Golf fund

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

Pikes Peak Highway fund

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

Human Services Complex fund

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

Cemetery fund

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

Development Review fund

Used to account for certain activities related to development review.

**NON-MAJOR ENTERPRISE FUNDS
COMBINING BALANCE SHEET
December 31, 2004**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
ASSETS				
Current assets				
Cash and investments	\$756,391	\$368,904	\$1,364,460	\$639,752
Accounts receivable (net of allowance for uncollectibles)	13,775	7,165	185,805	9,413
Inventories	-	-	66,450	-
Due from other funds	-	-	1,229	-
Total current assets	770,166	376,069	1,617,944	649,165
Noncurrent assets				
Capital assets:				
Land	60,000	931,200	667	537,000
Buildings	1,848,199	238,833	4,527,446	2,553,590
Improvements other than buildings	1,717,669	1,524,453	171,321	553,006
Machinery and equipment	1,299,779	823,696	2,364,392	-
Construction in progress	-	-	1,506,936	-
Less accumulated depreciation	(2,782,222)	(1,867,214)	(5,043,655)	(1,207,285)
Total noncurrent assets	2,143,425	1,650,968	3,527,107	2,436,311
Total assets	\$2,913,591	\$2,027,037	\$5,145,051	\$3,085,476

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

Cemetery Fund	Development Review Fund	Total
\$328,489	\$1,080,593	\$4,538,589
80,355	4,646	301,159
-	-	66,450
-	-	1,229
408,844	1,085,239	4,907,427
140,841	-	1,669,708
514,720	58,792	9,741,580
1,604,014	-	5,570,463
471,339	111,683	5,070,889
-	-	1,506,936
(949,175)	(94,743)	(11,944,294)
1,781,739	75,732	11,615,282
\$2,190,583	\$1,160,971	\$16,522,709

(continued)

**NON-MAJOR ENTERPRISE FUNDS
COMBINING BALANCE SHEET
December 31, 2004**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities				
Accounts payable	\$9,601	\$6,576	\$118,866	\$ -
Accrued salaries and benefits	21,326	8,902	47,205	2,584
Compensated absences - current	3,275	735	8,387	317
Due to other funds	12,010	43,454	10,964	8,080
Notes payable - current	-	-	43,753	-
Capital leases payable - current	-	39,676	19,496	-
Total current liabilities	46,212	99,343	248,671	10,981
Noncurrent liabilities				
Compensated absences	62,225	13,966	159,344	6,027
Notes payable	-	-	914,193	-
Capital lease payable	-	-	379,660	-
Total noncurrent liabilities	62,225	13,966	1,453,197	6,027
Total liabilities	108,437	113,309	1,701,868	17,008
Net assets				
Invested in capital assets, net of related debt	2,143,425	1,611,292	2,170,005	2,436,311
Restricted for debt service	-	-	256,000	-
Unrestricted	661,729	302,436	1,017,178	632,157
Total net assets	2,805,154	1,913,728	3,443,183	3,068,468
Total liabilities and net assets	\$2,913,591	\$2,027,037	\$5,145,051	\$3,085,476

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

Cemetery Fund	Development Review Fund	Total
\$5,948	\$502	\$141,493
28,465	30,480	138,962
7,328	5,210	25,252
4,388	188	79,084
-	-	43,753
-	-	59,172
46,129	36,380	487,716
139,237	98,986	479,785
-	-	914,193
-	-	379,660
139,237	98,986	1,773,638
185,366	135,366	2,261,354
1,781,739	75,732	10,218,504
-	-	256,000
223,478	949,873	3,786,851
2,005,217	1,025,605	14,261,355
\$2,190,583	\$1,160,971	\$16,522,709

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the year ended December 31, 2004**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
Operating revenues				
Charges for services	\$1,672,105	\$991,512	\$2,314,521	\$247,579
Operating expenses				
Salaries and benefits	647,161	274,749	1,294,743	75,724
Other operating expenses	958,632	677,233	725,777	148,919
Depreciation	234,902	141,734	286,781	96,161
Total operating expenses	1,840,695	1,093,716	2,307,301	320,804
Operating income (loss)	(168,590)	(102,204)	7,220	(73,225)
Nonoperating revenues (expenses)				
Investment earnings	11,759	4,924	8,979	8,093
Interest expense	-	(4,137)	(41,878)	-
Gain on disposal of capital assets	24	-	17,144	-
Total nonoperating revenues (expenses)	11,783	787	(15,755)	8,093
Income (loss) before contributions and transfers	(156,807)	(101,417)	(8,535)	(65,132)
Transfers in	-	-	800,000	-
Change in net assets	(156,807)	(101,417)	791,465	(65,132)
Total net assets - January 1	2,961,961	2,015,145	2,651,718	3,133,600
Total net assets - December 31	\$2,805,154	\$1,913,728	\$3,443,183	\$3,068,468

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

Cemetery Fund	Development Review Fund	Total
\$1,007,284	\$1,176,158	\$7,409,159
762,977	719,060	3,774,414
456,464	241,015	3,208,040
101,326	10,532	871,436
1,320,767	970,607	7,853,890
(313,483)	205,551	(444,731)
254,616	10,671	299,042
-	-	(46,015)
-	7,081	24,249
254,616	17,752	277,276
(58,867)	223,303	(167,455)
-	-	800,000
(58,867)	223,303	632,545
2,064,084	802,302	13,628,810
<u>\$2,005,217</u>	<u>\$1,025,605</u>	<u>\$14,261,355</u>

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2004**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$1,670,706	\$986,612	\$2,228,326	\$175,878
Receipts from interfund services provided	-	-	-	71,740
Payments to suppliers	(605,574)	(393,935)	(450,942)	(74,517)
Payments to employees	(629,775)	(275,387)	(1,258,083)	(73,524)
Payments for interfund services used	(350,153)	(274,091)	(320,806)	(66,897)
Net cash provided (used) by operating activities	85,204	43,199	198,495	32,680
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayment of advance from other funds	-	(8,700)	-	-
Transfers in from other City funds	-	-	800,000	-
Net cash provided (used) by noncapital financing activities	-	(8,700)	800,000	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital debt	-	-	220,128	-
Purchases of capital assets	(380,505)	(12,464)	(739,503)	-
Payments from accounts payable incurred for capital asset additions	(14,390)	-	(25,831)	-
Principal paid on capital debt	-	-	(42,054)	-
Interest paid on capital debt	-	-	(39,584)	-
Repayment of capital lease obligations	-	(37,660)	(59,605)	-
Interest paid - other	-	(4,137)	(2,294)	-
Proceeds from sales of capital assets	24	-	177	-
Net cash used by capital and related financing activities	(394,871)	(54,261)	(688,566)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	1,417,993	567,951	1,746,446	921,913
Purchase of investments	(1,153,280)	(562,474)	(2,080,412)	(975,439)
Interest and dividends received	20,570	8,979	23,284	15,002
Net cash provided (used) by investing activities	285,283	14,456	(310,682)	(38,524)
Net decrease in cash and cash equivalents	(24,384)	(5,306)	(753)	(5,844)
Cash and cash equivalents - January 1	53,229	19,374	52,787	30,241
Cash and cash equivalents - December 31	28,845	14,068	52,034	24,397
Cash and cash equivalents	28,845	14,068	52,034	24,397
Investments	727,546	354,836	1,312,426	615,355
Total cash and investments	\$756,391	\$368,904	\$1,364,460	\$639,752

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

Cemetery Fund	Development Review Fund	Total
\$1,018,532	\$1,171,513	\$7,251,567
-	-	71,740
(264,622)	(203,796)	(1,993,386)
(733,961)	(660,225)	(3,630,955)
(187,926)	(37,857)	(1,237,730)
(167,977)	269,635	461,236
-	-	(8,700)
-	-	800,000
-	-	791,300
-	-	220,128
(9,360)	(5,845)	(1,147,677)
-	(31,950)	(72,171)
-	-	(42,054)
-	-	(39,584)
-	-	(97,265)
-	-	(6,431)
-	7,081	7,282
(9,360)	(30,714)	(1,177,772)
419,973	1,385,921	6,460,197
(500,851)	(1,647,594)	(6,920,050)
258,059	22,006	347,900
177,181	(239,667)	(111,953)
(156)	(746)	(37,189)
12,683	41,955	210,269
12,527	41,209	173,080
12,527	41,209	173,080
315,962	1,039,384	4,365,509
\$328,489	\$1,080,593	\$4,538,589

(continued)

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2004**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	(\$168,590)	(\$102,204)	\$7,220	(\$73,225)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	234,902	141,734	286,781	96,161
(Increase) decrease in accounts receivable	(1,398)	(4,901)	(87,754)	39
Increase in inventories	-	-	(16,649)	-
Decrease in due from other funds	4,073	6,215	1,502	-
Increase (decrease) in accounts and other payables	(7,398)	(1,029)	(32,769)	(575)
Increase (decrease) in accrued expenses	17,386	(638)	36,660	2,200
Increase in due to other funds	6,229	4,022	3,504	8,080
Net cash provided (used) by operating activities	\$85,204	\$43,199	\$198,495	\$32,680
Noncash investing, capital and financing activities				
Noncash acquisition of capital assets				
(incurrence of payable/capital lease obligation)	\$ -	\$ -	\$568,467	\$ -
Decrease in fair value of investments	(8,810)	(4,055)	(14,305)	(6,909)

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

Cemetery Fund	Development Review Fund	Total
(\$313,483)	\$205,551	(\$444,731)
101,326	10,532	871,436
11,247	(4,646)	(87,413)
-	-	(16,649)
-	-	11,790
2,269	(585)	(40,087)
29,016	58,595	143,219
1,648	188	23,671
(\$167,977)	\$269,635	\$461,236
\$ -	\$ -	\$568,467
(3,443)	(11,335)	(48,857)



CITY OF COLORADO SPRINGS

NON-MAJOR PROPRIETARY FUNDS

INTERNAL SERVICE FUNDS

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

Support Services fund

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

Claims Reserve Self-Insurance fund

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

Workers Compensation Self-Insurance fund

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

Employee Benefits Self-Insurance fund

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

INTERNAL SERVICE FUNDS
 COMBINING BALANCE SHEET
 December 31, 2004

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers Compensation Self-Insurance Fund
<u>ASSETS</u>			
Current assets			
Cash and investments	\$ -	\$2,524,860	\$4,709,379
Accounts receivable (net of allowance for uncollectibles)	32,527	-	20,702
Inventories	922,377	-	-
Due from other funds	602,756	-	35,306
Total current assets	1,557,660	2,524,860	4,765,387
Noncurrent assets			
Capital assets			
Land	13,000	-	-
Buildings	220,967	-	6,850
Improvements other than buildings	396,917	-	-
Machinery and equipment	5,596,580	-	306,673
Less accumulated depreciation	(4,564,305)	-	(215,387)
Total noncurrent assets	1,663,159	-	98,136
Total assets	3,220,819	2,524,860	4,863,523
<u>LIABILITIES AND NET ASSETS</u>			
Current liabilities			
Accounts payable	646,285	855,834	5,361,428
Accrued salaries and benefits	375,473	-	24,679
Compensated absences - current	69,006	-	1,673
Due to other funds	578,518	2,653	100,249
Capital lease payable - current	253,814	-	-
Total current liabilities	1,923,096	858,487	5,488,029
Noncurrent liabilities			
Compensated absences	1,311,113	-	31,792
Capital lease obligations	218,126	-	-
Total noncurrent liabilities	1,529,239	-	31,792
Total liabilities	3,452,335	858,487	5,519,821
Net assets (deficit)			
Invested in capital assets, net of related debt	1,191,219	-	98,136
Unrestricted	(1,422,735)	1,666,373	(754,434)
Total net assets (deficit)	(231,516)	1,666,373	(656,298)
Total liabilities and net assets	\$3,220,819	\$2,524,860	\$4,863,523

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit G-1

Employee Benefits Self-Insurance Fund	Total
\$15,136,312	\$22,370,551
37,208	90,437
-	922,377
13,888	651,950
<u>15,187,408</u>	<u>24,035,315</u>
-	13,000
-	227,817
-	396,917
-	5,903,253
-	<u>(4,779,692)</u>
-	<u>1,761,295</u>
<u>15,187,408</u>	<u>25,796,610</u>
3,881,552	10,745,099
-	400,152
-	70,679
30,733	712,153
-	<u>253,814</u>
<u>3,912,285</u>	<u>12,181,897</u>
-	1,342,905
-	218,126
-	<u>1,561,031</u>
<u>3,912,285</u>	<u>13,742,928</u>
-	1,289,355
<u>11,275,123</u>	<u>10,764,327</u>
<u>11,275,123</u>	<u>12,053,682</u>
<u>\$15,187,408</u>	<u>\$25,796,610</u>

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the year ended December 31, 2004**

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers Compensation Self-Insurance Fund
Operating revenues			
Charges for services	\$22,402,873	\$545,004	\$5,474,732
Operating expenses			
Salaries and benefits	9,665,159	-	632,812
Other operating expenses	12,246,038	1,015,848	4,420,229
Depreciation	444,522	-	47,993
Total operating expenses	22,355,719	1,015,848	5,101,034
Operating income (loss)	47,154	(470,844)	373,698
Nonoperating revenues (expenses)			
Investment earnings	-	33,855	52,148
Interest expense	(45,396)	-	-
Loss on disposal of fixed assets	(55,897)	-	-
Miscellaneous	(2,063)	-	-
Total nonoperating revenues (expenses)	(103,356)	33,855	52,148
Income (loss) before transfers	(56,202)	(436,989)	425,846
Transfers - out	-	-	-
Change in net assets	(56,202)	(436,989)	425,846
Total net assets (deficit) - January 1	(175,314)	2,103,362	(1,082,144)
Total net assets (deficit) - December 31	(\$231,516)	\$1,666,373	(\$656,298)

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

Employee Benefits Self-Insurance Fund	Total
\$33,514,773	\$61,937,382
-	10,297,971
29,678,297	47,360,412
-	492,515
29,678,297	58,150,898
3,836,476	3,786,484
154,733	240,736
-	(45,396)
-	(55,897)
-	(2,063)
154,733	137,380
3,991,209	3,923,864
(262,094)	(262,094)
3,729,115	3,661,770
7,546,008	8,391,912
\$11,275,123	\$12,053,682

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2004**

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers Compensation Self-Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$837,350	\$ -	\$29,875
Receipts from interfund services provided	21,758,867	551,723	5,388,849
Payments to suppliers	(9,223,137)	(741,062)	(3,659,341)
Payments to employees	(9,423,837)	-	(607,436)
Payment for interfund services used	(3,046,936)	(8,852)	(631,117)
Net cash provided (used) by operating activities	902,307	(198,191)	520,830
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Repayment of advance from other funds	(1,002,791)	-	-
Advance from other funds	540,522	-	-
Net cash used by noncapital financing activities	(462,269)	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(120,965)	-	(12,995)
Repayment of capital lease obligations	(274,936)	-	-
Interest paid - other	(45,396)	-	-
Proceeds from sales of capital assets	1,259	-	-
Net cash used by capital and related financing activities	(440,038)	-	(12,995)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	-	3,946,671	6,540,197
Purchases of investments	-	(3,849,688)	(7,180,454)
Interest and dividends received	-	61,725	102,525
Net cash provided (used) by investing activities	-	158,708	(537,732)
Net decrease in cash and cash equivalents	-	(39,483)	(29,897)
Cash and cash equivalents - January 1	-	135,770	209,492
Cash and cash equivalents - December 31	-	96,287	179,595
Cash and cash equivalents	-	96,287	179,595
Investments	-	2,428,573	4,529,784
Total cash and investments	\$ -	\$2,524,860	\$4,709,379

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

Employee Benefits Self-Insurance Fund	Total
\$6,562,844	\$7,430,069
26,938,116	54,637,555
(21,182,639)	(34,806,179)
-	(10,031,273)
(8,705,695)	(12,392,600)
<u>3,612,626</u>	<u>4,837,572</u>
(262,094)	(1,264,885)
-	540,522
<u>(262,094)</u>	<u>(724,363)</u>
-	(133,960)
-	(274,936)
-	(45,396)
-	1,259
<u>-</u>	<u>(453,033)</u>
19,404,531	29,891,399
(23,078,539)	(34,108,681)
313,487	477,737
<u>(3,360,521)</u>	<u>(3,739,545)</u>
(9,989)	(79,369)
<u>587,219</u>	<u>932,481</u>
<u>577,230</u>	<u>853,112</u>
577,230	853,112
<u>14,559,082</u>	<u>21,517,439</u>
<u>\$15,136,312</u>	<u>\$22,370,551</u>

(continued)

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2004**

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers Compensation Self-Insurance Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$47,154	(\$470,844)	\$373,698
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation expense	444,522	-	47,993
(Increase) decrease in accounts receivable	269,775	6,719	(20,702)
Increase in inventories	(55,000)	-	-
Increase in due from other funds	(76,431)	-	(35,306)
Increase (decrease) in accounts and other payables	71,106	263,281	183,109
Increase in accrued expenses	241,322	-	25,376
Increase (decrease) in due to other funds	(40,141)	2,653	(53,338)
Net cash provided (used) by operating activities	\$902,307	(\$198,191)	\$520,830
Noncash investing, capital and financing activities			
Noncash acquisition of capital assets (incurrence of payable/capital lease obligation)	\$ 233,781	\$ -	-
Decrease in fair value of investments	-	(27,870)	(50,377)

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

Employee Benefits Self-Insurance Fund	Total
\$3,836,476	\$3,786,484
-	492,515
(1,494)	254,298
-	(55,000)
(12,319)	(124,056)
(172,262)	345,234
-	266,698
(37,775)	(128,601)
<u>\$3,612,626</u>	<u>\$4,837,572</u>

\$	-	\$233,781
	(158,754)	(237,001)



CITY OF COLORADO SPRINGS

FIDUCIARY FUNDS

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

Pension Trust:

Fire and Police Pension Trust funds

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

Agency:

Miscellaneous Depository Agency fund

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

**FIDUCIARY FUNDS
COMBINING STATEMENT OF PLAN NET ASSETS
December 31, 2004**

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

	Old Hire Fire Pension Trust Fund	Old Hire Police Pension Trust Fund	New Hire Fire Pension Trust Fund	New Hire Police Pension Trust Fund	Totals
<u>ASSETS</u>					
Interest receivable	\$342,346	\$288,620	\$269,052	\$446,024	\$1,346,042
Other assets	7,845	6,614	6,165	10,221	30,845
Investment in external investment pool	95,547,651	80,553,849	75,091,696	124,484,922	375,678,118
Total assets	95,897,842	80,849,083	75,366,913	124,941,167	377,055,005
<u>LIABILITIES</u>					
Accounts payable	64,771	54,607	50,904	84,387	254,669
Other liabilities	5,465	4,608	4,295	7,121	21,489
Total liabilities	70,236	59,215	55,199	91,508	276,158
Net assets - held in trust for pension benefits	\$95,827,606	\$80,789,868	\$75,311,714	\$124,849,659	\$376,778,847

FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
For the year ended December 31, 2004

CITY OF COLORADO SPRINGS
COLORADO
Exhibit H-2

	Old Hire Fire Pension Trust Fund	Old Hire Police Pension Trust Fund	New Hire Fire Pension Trust Fund	New Hire Police Pension Trust Fund	Totals
Additions					
City and participant contributions	\$97,223	\$134,197	\$3,711,978	\$6,156,684	\$10,100,082
Investment earnings:					
Interest and dividend income	2,304,950	1,941,792	1,720,062	2,868,028	8,834,832
Rental income	470,002	396,026	355,827	592,538	1,814,393
Net increase in fair value of investments	7,960,345	6,708,557	6,106,949	10,150,378	30,926,229
Total investment gain	10,735,297	9,046,375	8,182,838	13,610,944	41,575,454
Less investment expenses	353,874	298,143	265,484	442,282	1,359,783
Net investment gain	10,381,423	8,748,232	7,917,354	13,168,662	40,215,671
Total additions	10,478,646	8,882,429	11,629,332	19,325,346	50,315,753
Deductions					
Benefits	(7,475,377)	(6,194,500)	(109,071)	(1,634,106)	(15,413,054)
Refund	-	-	(402,600)	(1,290,252)	(1,692,852)
Administrative expenses	(8,298)	(8,298)	(39,320)	(35,547)	(91,463)
Total deductions	(7,483,675)	(6,202,798)	(550,991)	(2,959,905)	(17,197,369)
Change in net assets	2,994,971	2,679,631	11,078,341	16,365,441	33,118,384
Net assets held in trust for pension benefits, as previously reported - January 1	83,211,408	69,823,774	50,280,264	84,544,919	287,860,365
Adjustment to include 2003 current period information previously not available	9,621,227	8,286,463	13,953,109	23,939,299	55,800,098
Net assets held in trust for pension benefits as adjusted - January 1	92,832,635	78,110,237	64,233,373	108,484,218	343,660,463
Net assets held in trust for pension benefits - December 31	\$95,827,606	\$80,789,868	\$75,311,714	\$124,849,659	\$376,778,847

**AGENCY FUND
BALANCE SHEET
December 31, 2004**

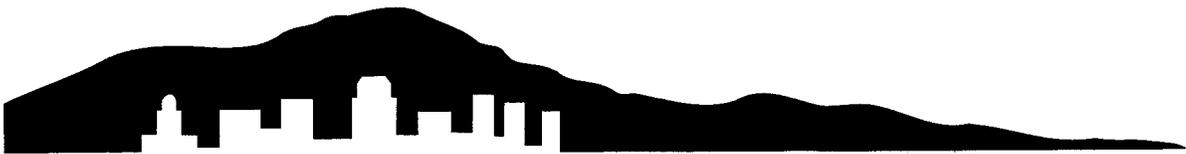
**CITY OF COLORADO SPRINGS
COLORADO
Exhibit H-3**

	<u>Miscellaneous Depository Fund</u>
 <u>ASSETS</u>	
Cash and investments	\$1,523,619
Accounts receivable - (net of allowance for uncollectibles)	<u>80,473</u>
Total assets	<u><u>1,604,092</u></u>
 <u>LIABILITIES</u>	
Accounts payable	428,247
Due to component unit	<u>1,175,845</u>
Total liabilities	<u><u>\$1,604,092</u></u>

**AGENCY FUND
STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES
For the year ended December 31, 2004**

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

	Beginning balance	Debits	Credits	Ending balance
<u>ASSETS</u>				
Miscellaneous depository fund				
Cash and investments	\$1,858,380	\$176,636,512	\$176,971,273	\$1,523,619
Accounts receivable (net of allowance for uncollectibles)	100,650	1,006,447	1,026,624	80,473
Total assets	1,959,030	177,642,959	177,997,897	1,604,092
<u>LIABILITIES</u>				
Miscellaneous depository fund				
Accounts payable	869,704	6,427,904	5,986,447	428,247
Due to component unit	1,089,326	1,089,326	1,175,845	1,175,845
Total liabilities	\$1,959,030	\$7,517,230	\$7,162,292	\$1,604,092



CITY OF COLORADO SPRINGS

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

**COMPARATIVE SCHEDULE OF
GENERAL CAPITAL ASSETS BY SOURCE
December 31, 2004**

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

	<u>2004</u>
General capital assets	
Land	\$85,217,850
Buildings	138,076,502
Improvements other than buildings	23,226,953
Machinery and equipment	93,519,466
Construction in progress	4,607,127
Infrastructure	<u>573,153,192</u>
Total general capital assets	<u><u>917,801,090</u></u>
Investment in general capital assets by source	
General fund	179,964,536
Special revenue funds	76,696,908
Gifts	86,658,094
Grants	80,737,565
Other contributions	44,501,163
Other long term debt	21,425,255
Retroactive infrastructure	<u>427,817,569</u>
Total investment in general capital assets by source	<u><u>\$917,801,090</u></u>

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

**SCHEDULE OF GENERAL CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
December 31, 2004**

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

Function and Activity	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Construction in Progress	Infrastructure	Total
General Government:							
Legislative	\$ -	\$ -	\$ -	\$33,434	\$ -	\$ -	\$33,434
Judicial	-	10,101,371	-	1,475,714	-	-	11,577,085
Executive	536,716	10,011,062	-	24,604	-	-	10,572,382
Finance	8,462,900	7,537,084	-	3,520,641	-	-	19,520,625
Law	-	30,276	-	247,541	-	-	277,817
Human Resources	-	38,497	-	-	-	-	38,497
Planning and Development	-	-	-	147,233	-	-	147,233
Other	-	-	88,823	306,350	-	-	395,173
Total General Government	8,999,616	27,718,290	88,823	5,755,517	-	-	42,562,246
Public Safety:							
Police	6,645,469	29,727,775	80,428	17,636,679	152,059	-	54,242,410
Fire	7,340,950	23,363,059	7,401,385	20,095,199	581,121	-	58,781,714
Total Public Safety	13,986,419	53,090,834	7,481,813	37,731,878	733,180	-	113,024,124
Public Works:							
Highways and streets	1,440,885	14,878,655	369,282	38,851,577	3,739,512	563,229,402	622,509,313
Culture and Recreation:	60,615,463	40,901,822	15,287,035	11,052,612	134,435	9,923,790	137,915,157
Urban Redevelopment and Housing:							
Community development	175,467	1,486,901	-	127,882	-	-	1,790,250
Total General Capital Assets	\$85,217,850	\$138,076,502	\$23,226,953	\$93,519,466	\$4,607,127	\$573,153,192	\$917,801,090

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

**SCHEDULE OF CHANGES IN GENERAL
CAPITAL ASSETS
For the year ended December 31, 2004**

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

	Balance 01/01/2004	Additions	Deletions	Balance 12/31/2004
Land				
General government	\$8,999,616	\$ -	\$ -	\$8,999,616
Public safety	13,093,749	892,670	-	13,986,419
Public works	920,280	520,605	-	1,440,885
Culture and recreation	60,277,659	337,804	-	60,615,463
Urban redevelopment and housing	175,467	-	-	175,467
Sub-total land	83,466,771	1,751,079	-	85,217,850
Buildings				
General government	27,514,134	204,156	-	27,718,290
Public safety	42,975,856	10,124,647	9,669	53,090,834
Public works	14,857,866	20,789	-	14,878,655
Culture and recreation	41,296,938	89,848	484,964	40,901,822
Urban redevelopment and housing	1,486,901	-	-	1,486,901
Sub-total buildings	128,131,695	10,439,440	494,633	138,076,502
Improvements other than buildings				
General government	88,823	-	-	88,823
Public safety	7,469,213	12,600	-	7,481,813
Public works	369,282	-	-	369,282
Culture and recreation	12,794,171	2,562,883	70,019	15,287,035
Sub-total improvements other than buildings	20,721,489	2,575,483	70,019	23,226,935
Machinery and equipment				
General government	5,367,275	592,224	203,982	5,755,517
Public safety	34,912,889	4,216,976	1,397,987	37,731,878
Public works	35,870,569	5,151,932	2,170,924	38,851,577
Culture and recreation	10,801,575	1,550,055	1,299,018	11,052,612
Urban redevelopment and housing	155,300	-	27,418	127,882
Sub-total machinery and equipment	87,107,608	11,511,187	5,099,329	93,519,466
Construction in progress				
General government	149,342	-	149,342	-
Public safety	3,583,523	655,454	3,505,797	733,180
Public works	22,181,388	1,536,267	19,978,143	3,739,512
Culture and recreation	5,639,418	134,436	5,639,419	134,435
Sub-total construction in progress	31,553,671	2,326,157	29,272,701	4,607,127
Infrastructure*				
Public works	509,575,429	53,653,973	-	563,229,402
Culture and recreation	1,030,042	8,893,748	-	9,923,790
Sub-total infrastructure	510,605,471	62,547,721	-	573,153,192
Total General Capital Assets	\$861,586,705	\$91,151,067	\$34,936,682	\$917,801,090

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

*Beginning amounts include the retroactive infrastructure required by GASB 34 back to 1980 for streets, storm sewers, drainage channels and drainage detention basins. It does not include pedestrian ramps, sidewalks and bridges.

STATISTICAL SECTION

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

**CITY OF COLORADO SPRINGS
COLORADO**
Table 1

Fiscal Year	Taxes	Licenses and Permits	Intergovern- mental	Charges for Services	Fines and Forfeits	Other	Total
1995	\$90,453,606	\$256,213	\$15,430,242	\$7,072,333	\$1,693,146	\$23,525,050	\$138,430,590
1996	102,645,973	268,198	16,506,362	7,605,685	2,842,550	21,943,216	151,811,984
1997	103,461,077	268,068	17,490,001	6,992,799	2,980,450	31,372,772	162,565,167
1998	110,931,933	387,932	20,775,551	7,773,892	2,766,577	30,112,041	172,747,926
1999	119,361,794	405,904	20,567,255	9,086,377	3,198,674	27,205,328	179,825,332
2000	131,290,950	402,523	21,194,449	9,475,020	3,444,419	33,603,011	199,410,372
2001	132,361,209	445,352	21,517,264	10,719,891	3,992,880	32,512,117	201,548,713
2002	129,316,013	557,105	21,095,841	15,288,599	5,222,506	30,327,479	201,807,543
2003	130,183,938	620,800	20,404,422	17,398,315	7,767,606	29,502,641	205,877,722
2004	138,323,249	642,912	20,799,462	18,054,455	8,988,753	44,337,921	231,146,752

Note: Includes General Fund revenues and other sources only.

**GENERAL FUND EXPENDITURES AND
OTHER USES BY FUNCTION**
Last ten fiscal years

**CITY OF COLORADO SPRINGS
COLORADO**
Table 2

Fiscal Year	General Government	Public Safety	Public Works	Culture and Recreation	Debt Service	Other	Total
1995	\$14,071,739	\$64,256,923	\$15,965,408	\$11,740,457	\$3,362,909	\$25,110,482	\$134,507,918
1996	15,094,130	70,460,527	16,445,526	12,577,233	3,361,749	32,829,054	150,768,219
1997	26,104,069	72,616,860	23,440,850	12,618,318	3,403,988	16,922,261	155,106,346
1998	28,677,419	75,955,634	25,415,070	13,241,179	3,360,207	29,683,304	176,332,813
1999	31,867,855	80,185,341	27,211,602	13,546,852	7,452,641	32,402,601	192,666,892
2000	31,021,293	83,877,836	25,984,598	14,173,845	11,202,906	21,219,387	187,479,865
2001	33,530,288	88,978,576	29,649,501	15,873,911	11,255,682	28,138,168	207,426,126
2002	34,103,423	93,085,009	30,454,099	16,162,874	4,583,087	31,027,574	209,416,066
2003	36,886,767	96,088,611	27,745,959	15,829,747	10,348,574	16,981,340	203,880,998
2004	37,035,978	99,130,607	27,315,695	15,180,442	5,093,504	44,096,381	227,852,607

Note: Includes General Fund expenditures and other uses only.

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 3**

Fiscal Year	Current Property Taxes	Delinquent Property Taxes	Penalty and Interest on Taxes	Specific Ownership Taxes	Other Business Taxes	Sales and Use Taxes	Total Taxes
1995	\$12,582,110	\$42,950	\$26,128	\$1,736,475	\$382,724	\$75,683,219	\$90,453,606
1996	13,630,055	(1,833)	26,938	1,918,160	399,202	86,673,451	102,645,973
1997	13,906,466	1,038	20,108	2,172,767	423,663	86,937,035	103,461,077
1998	14,826,651	100,092	21,386	2,174,795	486,610	93,322,399	110,931,933
1999	15,285,626	102,940	21,421	2,470,627	509,838	100,971,342	119,361,794
2000	16,657,336	(59,235)	26,328	2,762,144	510,851	111,393,526	131,290,950
2001	16,991,029	40,872	25,533	2,910,209	567,055	111,826,511	132,361,209
2002	18,069,749	32,984	30,036	2,828,082	619,910	107,735,252	129,316,013
2003	18,276,035	213,426	29,376	2,824,157	605,320	108,235,624	130,183,938
2004	17,873,516	(22,650)	26,559	2,784,148	618,492	117,043,184	138,323,249

Note: Includes General Fund tax revenues only.

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

**CITY OF COLORADO SPRINGS
COLORADO**
Table 4

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
1995	\$1,877,999	\$12,900,036	\$12,582,110	97.5%	\$63,127	\$145,177	1.1%
1996	2,128,294	14,025,519	13,630,055	97.2%	26,883	78,270	0.6%
1997	2,245,461	14,458,582	13,906,466	96.2%	29,442	86,965	0.6%
1998	2,793,988	15,665,948	14,826,651	94.6%	105,514	161,193	1.0%
1999	2,889,454	16,201,255	15,285,626	94.3%	113,319	255,250	1.6%
2000	3,255,179	17,327,379	16,657,336	96.1%	35,478	169,643	1.0%
2001	3,322,468	17,685,563	16,991,029	96.1%	54,864	195,455	1.1%
2002	3,730,306	18,770,958	18,069,749	96.3%	55,647	206,742	1.1%
2003	3,875,111	19,499,562	18,276,035	93.7%	225,021	398,269	2.0%
2004	3,734,731	18,793,169	17,873,516	95.1%	61,249	206,715	1.1%

Notes: Collections are net of positive and negative abatements.
Fiscal year is the year of collection.
Certification of assessed valuation and mill levies is done in the year prior to the year of collection.

**DIRECT AND OVERLAPPING MILL LEVY
RATES - WITHIN CITY LIMITS
Last ten fiscal years**

**CITY OF COLORADO SPRINGS
COLORADO
Table 5**

Fiscal Year	City	County Government	School District No 11	Library District	Water Conservancy District	Total
1995	6.869	12.000	40.930	4.431	0.969	65.199
1996	6.590	11.405	38.865	4.107	0.944	61.911
1997	6.439	11.405	45.975	4.059	0.954	68.832
1998	5.607	9.430	39.808	3.493	0.812	59.150
1999	5.607	9.430	39.895	3.548	0.848	59.328
2000	5.323	8.339	36.630	3.336	0.826	54.454
2001	5.323	8.339	40.061	3.446	0.865	58.034
2002	5.032	7.821	39.744	3.216	0.855	56.668
2003	5.032	7.880	39.812	3.271	0.897	56.892
2004	5.032	7.947	41.698	3.434	0.947	59.058

Notes: Fiscal year is the year of collection.
 Certification of assessed valuation and mill levies is done in the year prior to the year of collection.
 Rates include levies for operations and debt service.

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 6**

Fiscal Year	Assessed Valuation (in 000's)	Estimated Actual Valuation (in 000's)	Ratio of Total Assessed to Total Estimated Value
1995	\$1,877,999	\$10,598,258	17.7%
1996	2,128,294	13,926,138	15.3%
1997	2,245,461	14,530,272	15.5%
1998	2,793,988	18,219,145	15.3%
1999	2,889,454	18,866,756	15.3%
2000	3,255,179	21,402,262	15.2%
2001	3,322,468	22,007,456	15.1%
2002	3,730,306	26,689,250	14.0%
2003	3,875,111	28,635,140	13.5%
2004	3,734,731	28,344,847	13.2%

Notes:

Fiscal year is the year of collection.

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

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 7**

Fiscal Year	Population (1)	Assessed Valuation (in 000's)(2)	General Bonded Debt (3)	Ratio of Bonded Debt To Assessed Valuation	Bonded Debt Per Capita
1995	323,502	\$1,877,999	\$33,329,517	1.8%	\$103.03
1996	330,300	2,128,294	31,652,071	1.5%	95.83
1997	334,300	2,245,461	29,879,624	1.3%	89.38
1998	340,800	2,793,988	42,029,624	1.5%	123.33
1999	351,269	2,889,454	38,739,710	1.3%	110.29
2000	358,400	3,255,179	36,093,443	1.1%	100.71
2001	366,000	3,322,468	33,297,893	1.0%	90.98
2002	369,853	3,730,306	30,360,000	0.8%	82.09
2003	373,328	3,875,111	27,345,000	0.7%	73.25
2004	377,006	3,734,731	32,445,000	0.9%	86.06

Notes:

Fiscal year is the year of collection

Certification of assessed valuation and mill levies is done in the year prior to the year of collection.

Sources:

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

(2) Abstract of Assessment for 2003

(3) Includes General Obligation Refunding Series 2004 Bonds, Cottonwood GID and Spring Creek GID debt

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

**CITY OF COLORADO SPRINGS
COLORADO**
Table 8

Fiscal Year	Principal	Interest	Total Debt Service	Total Expenditures And Other Uses of General Fund	Ratio of Debt Service to General Fund Expenditures
1995	\$1,785,000	\$1,577,909	\$3,362,909	\$134,507,918	2.5%
1996	1,880,000	1,481,749	3,361,749	150,768,219	2.2%
1997	1,975,000	1,428,988	3,403,988	155,106,346	2.2%
1998	2,075,000	1,285,207	3,360,207	176,332,813	1.9%
1999	4,365,000	3,087,641	7,452,641	192,666,891	3.9%
2000	6,227,000	4,975,906	11,202,906	187,479,865	6.0%
2001	6,415,000	4,840,682	11,255,682	207,426,126	5.4%
2002	2,938,000	1,209,942	4,147,942	209,416,066	2.0%
2003	3,145,000	1,367,350	4,512,350	203,880,998	2.2%
2004	3,370,000	1,449,420	4,819,420	227,852,607	2.1%

**COMPUTATION OF
LEGAL DEBT MARGIN
December 31, 2004**

**CITY OF COLORADO SPRINGS
COLORADO
Table 9**

Assessed valuation - 2004 for 2005 taxes \$3,734,731,300

Debt limit 10 percent of assessed valuation 373,473,130

Amount of debt:

Bonded debt	1,762,199,300
Special assessment debt	644,096
Certificates of participation	<u>25,305,000</u>
	<u>1,788,148,396</u>

Less: Deductions allowed by City charter

Revenue bonds	1,729,754,300
Special assessment debt	644,096
Certificates of participation	<u>25,305,000</u>
	<u>1,755,703,396</u>

Total debt applicable to limit 32,445,000

Legal debt margin \$341,028,130

**COMPUTATION OF DIRECT AND
OVERLAPPING DEBT
December 31, 2004**

**CITY OF COLORADO SPRINGS
COLORADO
Table 10**

	Assessed Valuation(1)	Outstanding General Obligation Debt(2)	Applicable to City:	
			Percent(3)	Amount
City of Colorado Springs	\$3,734,731,300	\$13,995,000	100.00%	\$13,995,000
Overlapping Debt:				
El Paso County	4,905,766,170	-	100.00%	-
Pikes Peak Library District	4,653,912,300	-	79.92%	-
Harrison School District #2	483,521,130	82,235,000	92.01%	75,664,424
Widefield School District #3	207,259,240	14,755,704	3.48%	513,498
Colorado Springs School District #11	2,125,576,030	83,110,000	93.28%	77,525,008
Cheyenne Mtn. School District #12	272,758,730	39,075,474	96.80%	37,825,059
Manitou School District #14	82,415,270	9,790,000	9.83%	962,357
Air Academy School District #20	915,102,190	14,751,411	83.25%	12,280,550
Falcon School District #49	315,635,430	62,428,514	42.80%	26,719,404
Metex Metropolitan District	191,675,320	8,550,000	61.45%	5,253,975
Colorado Springs Cottonwood General Improvement District	80,878,040	6,895,000	100.00%	6,895,000
Colorado Springs Spring Creek General Improvement District	4,659,560	2,755,000	100.00%	2,755,000
Total Overlapping Debt				<u>246,394,275</u>
Total Direct General Obligation and Overlapping Debt				<u><u>\$260,389,275</u></u>

Sources:

- (1) El Paso County Colorado Abstract of Assessment for 2003 (2003 taxes due in 2004)
- (2) Outstanding General Obligation Debt as of 12/31/04 provided verbally from individual taxing entity. Does not include Spring Creek GID and Cottonwood GID debt.
- (3) Percent applicable to City is based on the November 25, 2003 final certification letter from the El Paso County Assessor

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

**CITY OF COLORADO SPRINGS
COLORADO**
Table 11

Fiscal Year	Commercial Construction		Residential Construction	
	Permits	Value (\$000'S)	Dwelling Units Gained	Value (\$000'S)
1995	946	\$140,383	4,758	\$352,256
1996	1,139	207,965	5,325	431,682
1997	1,145	155,526	4,807	433,922
1998	1,238	180,776	5,214	521,857
1999	1,219	249,129	5,941	599,679
2000	1,341	365,955	6,270	694,178
2001	1,322	217,539	7,111	772,572
2002	1,207	197,011	6,823	753,770
2003	1,369	236,351	5,303	661,410
2004	1,282	222,445	6,484	892,807

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

**PRINCIPAL
TAXPAYERS
December 31, 2004**

**CITY OF COLORADO SPRINGS
COLORADO
Table 12**

Taxpayer	Type of Business	2005 Assessed Valuation	Percentage of Total Assessed Value
Intel Corporation	Semiconductor Manufacturer	\$77,372,830	2.072%
Atmel Corporation	Semiconductor Manufacturer	50,925,410	1.364%
Qwest	Telecommunications	47,503,300	1.272%
M.C.I. Inc.	Telecommunications	24,461,160	0.655%
Broadmoor Hotel	Resort Hotel	25,010,590	0.670%
Wal-mart Real Estate	Retail	20,644,840	0.553%
Chapel Hills Mall	Retail	13,574,620	0.363%
Agilent Technologies Inc	Computer Manufacturer	18,496,470	0.495%
Oracle Corporation	Computer Manufacturer	10,674,670	0.286%
Progressive Casualty Insurance	Insurance	9,560,560	0.256%
Palmer Center Ltd	Real Estate Company	12,163,630	0.326%
Macerich Citadel LP	Real Estate Developer	12,298,510	0.329%
Digital Equipment Corp.	Semiconductor Manufacturer	8,973,270	0.240%
Hewlett-Packard Co	Computer Manufacturer	8,980,970	0.240%
Total		\$340,640,830	9.121%

Note:

Based on City's assessed valuation of \$3,734,731,300 upon which 2004 taxes were levied and collected.

Source:

El Paso County Treasurer's Office for 2004 assessments

**DEMOGRAPHIC
STATISTICS**
Last ten fiscal years

**CITY OF COLORADO SPRINGS
COLORADO**
Table 13

Fiscal Year	Population(1)	Total Unemployment Rate(2)	Average Household Size(3)	Median Household Income(4)	Per Capita Income(5)
1995	323,502	4.60%	2.58	\$39,180	\$21,532
1996	330,300	4.60%	2.58	40,602	22,895
1997	334,300	3.60%	2.58	42,023	24,006
1998	340,800	4.50%	2.57	44,124	25,874
1999	351,269	3.30%	2.50	46,110	27,267
2000	358,400	3.20%	2.50	48,185	29,388
2001	366,000	4.19%	2.50	50,353	29,280
2002	369,853	6.30%	2.50	51,754	30,772
2003	373,328	6.03%	2.50	51,114	32,340
2004	377,006	5.80%	2.50	54,589	33,984

Sources:

- (1) Colorado Department of Local Affairs, Demography Section, last modified 1/2/2004
- (2) U.S. Department of Labor, Bureau of Labor Statistics for Colorado Springs, Annual 2004
- (3) Department of Local Affairs, Demography section, Housing
- (4) Colorado Division of Housing, Department of Local Affairs, Region 4 updated 9/2004
- (5) Department of Commerce, Bureau for Economic Analysis

**SPECIAL ASSESSMENT
COLLECTIONS**
Last ten fiscal years

**CITY OF COLORADO SPRINGS
COLORADO**
Table 14

Fiscal Year	Assessments Receivable Beginning of Year	Assessments Certified During Year	Assessments Collected During Year	Assessments Receivable End of Year
1995	\$472,386	\$1,972,986	\$744,238	\$1,701,134
1996	1,701,134	138,327	275,842	1,563,619
1997	1,563,619	(2,706)	172,142	1,388,771
1998	1,388,771	3,382	150,398	1,241,755
1999	1,241,755	425,146	314,616	1,352,285
2000	1,352,285	130,421	200,159	1,282,547
2001	1,282,547	140,861	191,947	1,231,461
2002	1,231,461	(11,065)	182,430	1,037,966
2003	1,037,966	-	144,824	893,142
2004	893,142	-	158,149	734,993

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 15**

Fiscal Year	Sales and Use Tax Collections	Percentage Increase Over Prior Year
1995	\$75,683,219	10.42%
1996	86,673,451	14.52%
1997	86,937,035	0.30%
1998	93,322,399	7.34%
1999	100,971,342	8.20%
2000	111,393,526	10.32%
2001	111,826,511	0.39%
2002	107,735,252	-3.66%
2003	108,235,624	0.46%
2004	117,043,184	8.14%

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 16**

Fiscal Year	Collection Cost	Required Refunds
1995	\$2,032,639	\$809,686
1996	2,319,236	1,621,315
1997	2,401,931	1,842,984
1998	2,575,208	638,490
1999	2,786,155	1,110,831
2000	3,088,355	773,330
2001	3,146,904	1,098,357
2002	3,044,827	582,183
2003	3,045,962	562,868
2004	2,170,329	590,059

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 17**

Month	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
January	7.09%	6.86%	6.69%	7.30%	6.66%	6.45%	7.02%	6.89%	6.94%	6.78%
February	6.57%	6.66%	6.83%	7.32%	6.95%	6.81%	7.17%	6.96%	6.73%	6.30%
March	8.82%	8.27%	8.61%	8.89%	8.15%	8.61%	8.43%	8.90%	8.65%	8.04%
April	7.61%	7.46%	7.83%	7.77%	7.25%	7.07%	7.65%	7.19%	7.59%	7.10%
May	8.05%	8.15%	8.09%	7.90%	7.88%	7.83%	7.95%	8.00%	8.60%	8.03%
June	9.47%	9.17%	9.69%	10.73%	9.58%	9.48%	9.60%	9.45%	9.26%	9.02%
July	8.42%	8.47%	8.63%	8.09%	8.21%	8.30%	8.44%	8.31%	8.02%	8.49%
August	8.34%	8.89%	8.69%	7.85%	8.34%	8.39%	8.40%	8.41%	8.64%	8.97%
September	9.08%	9.11%	9.16%	9.09%	8.70%	9.30%	9.24%	9.59%	8.77%	9.53%
October	7.88%	8.01%	8.26%	7.74%	9.13%	7.94%	7.51%	7.70%	8.14%	8.24%
November	7.79%	8.15%	7.62%	7.20%	7.69%	8.38%	8.17%	7.58%	7.64%	8.20%
December	10.88%	10.80%	9.90%	10.12%	11.46%	11.44%	10.42%	11.02%	11.02%	11.30%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 18**

Fiscal Year	Applicable Revenues	Operating Expenses	Net Revenue Available for Debt Service	Required Annual Debt Service	Debt Service Coverage
1995	\$336,631,482	\$226,049,308	\$110,582,174	\$37,594,236	2.94
1996	370,957,991	249,119,902	121,838,089	41,927,713	2.91
1997	389,440,747	276,016,154	113,424,593	46,030,681	2.46
1998	416,531,223	292,415,168	124,116,055	52,916,465	2.35
1999	403,721,143	287,512,452	116,208,691	56,788,496	2.05
2000	501,593,208	383,850,513	117,742,695	57,616,059	2.04
2001	616,750,161	429,695,488	187,054,673	59,488,971	3.14
2002	513,370,775	360,738,821	152,631,954	57,122,855	2.67
2003	545,620,366	427,414,052	118,206,314	62,490,538	1.89
2004	633,739,434	474,551,233	159,188,201	71,721,654	2.22

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

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 19**

Fiscal Year	Applicable Revenues	Operating Expenses	Net Revenue Available for Debt Service	Required Annual Debt Service	Debt Service Coverage
1995	\$189,531,000	\$153,241,000	\$36,290,000	\$4,337,000	8.37
1996	188,461,000	152,096,000	36,365,000	7,542,000	4.82
1997	207,855,000	166,164,000	41,691,000	7,231,000	5.77
1998	223,395,930	188,605,852	34,790,078	6,486,943	5.36
1999	244,183,612	215,475,788	28,707,824	6,486,943	4.43
2000	271,549,474	237,585,151	33,964,323	12,312,288	2.76
2001	313,661,744	267,639,911	46,021,833	12,312,288	3.74
2002	336,672,993	301,853,566	34,819,427	18,930,688	1.84
2003	427,373,003	356,865,392	70,507,611	18,930,688	3.72
2004	433,790,077	371,616,042	62,174,035	22,761,706	2.73

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

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 20**

Fiscal Year	Net Revenues (a)	Other Available Funds	Total	Debt Service Requirements on Parity Bonds (b)	Annual Debt Service Coverage
1996	\$11,306,879	\$1,253,154	\$12,560,033	\$3,321,103	3.78
1997	9,570,653	1,534,476	11,105,129	4,041,031	2.75
1998	9,486,246	1,534,476	11,020,722	6,135,122	1.80
1999	8,312,887	1,534,476	9,847,363	6,126,268	1.61
2000	8,530,052	1,534,476	10,064,528	6,132,798	1.64
2001	9,350,176	1,534,476	10,884,652	6,132,998	1.77
2002	9,122,898	1,458,671	10,581,569	6,053,771	1.75
2003	7,863,631	1,458,671	9,322,302	5,653,560	1.65
2004	7,791,323	1,458,671	9,249,994	5,829,685	1.59

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

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

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 21**

Fiscal Year	Sales and Use Tax Collections	Required Annual Debt Service	Debt Service Coverage
1999	\$100,971,342	\$4,363,910	23.14%
2000	111,393,526	7,848,446	14.19%
2001	111,826,511	7,847,059	14.25%
2002	107,735,252	7,848,659	13.73%
2003	108,235,624	7,847,821	13.79%
2004	117,043,184	7,849,334	14.91%

**SUMMARY OF DEBT SERVICE
REQUIREMENTS TO MATURITY
December 31, 2004**

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

Fiscal Year	General Obligation Bonds	Sales Tax Revenue Bond	Certificates of Participation	Special Assessment Bonds and Notes
2005	\$4,819,420	\$7,847,771	\$2,475,413	\$217,084
2006	4,833,670	7,847,921	2,478,557	217,081
2007	4,833,170	7,849,359	2,469,487	217,083
2008	4,852,795	7,846,659	2,483,509	217,084
2009	4,904,725	7,846,419	2,667,415	217,083
2010	1,940,737	7,844,918	2,315,659	217,081
2011	1,926,088	7,849,500	2,317,511	85,903
2012	3,873,252	7,847,750	2,324,230	81,638
2013	3,974,853	7,845,500	2,319,119	81,637
2014	3,402,448	7,847,000	2,319,325	81,638
2015	3,405,135	5,696,250	2,324,030	81,637
2016	-	-	2,328,295	81,638
2017	-	-	2,326,043	81,637
2018	-	-	2,327,740	81,638
2019	-	-	982,565	81,637
2020	-	-	627,725	81,637
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
Total	\$42,766,293	\$84,169,047	\$35,086,623	\$2,123,136

(continued)

**SUMMARY OF DEBT SERVICE
REQUIREMENTS TO MATURITY
December 31, 2004**

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

Fiscal Year	Revenue Bonds	Total
2005	\$104,837,406	\$120,197,094
2006	104,375,617	119,752,846
2007	105,848,648	121,217,747
2008	118,755,146	134,155,193
2009	118,959,293	134,594,935
2010	120,324,356	132,642,751
2011	121,712,918	133,891,920
2012	108,062,944	122,189,814
2013	109,009,034	123,230,143
2014	109,613,953	123,264,364
2015	110,230,393	121,737,445
2016	110,943,679	113,353,612
2017	111,293,163	113,700,843
2018	111,521,930	113,931,308
2019	111,063,984	112,128,186
2020	113,504,392	114,213,754
2021	113,936,254	113,936,254
2022	108,730,171	108,730,171
2023	109,030,830	109,030,830
2024	109,252,515	109,252,515
2025	110,117,131	110,117,131
2026	90,077,693	90,077,693
2027	104,684,676	104,684,676
2028	107,824,946	107,824,946
2029	186,341,120	186,341,120
2030	69,089,944	69,089,944
2031	25,422,725	25,422,725
2032	25,452,322	25,452,322
2033	18,832,591	18,832,591
2034	10,852,425	10,852,425
2035	3,615,538	3,615,538
2036	3,616,438	3,616,438
2037	3,611,663	3,611,663
2038	3,616,200	3,616,200
2039	3,614,313	3,614,313
2040	3,611,000	3,611,000
2041	3,619,250	3,619,250
2042	3,614,750	3,614,750
2043	3,607,759	3,607,759
2044	903,000	903,000
Total	\$3,013,132,110	\$3,177,277,209

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

**GENERAL OBLIGATION BONDS
DEBT SERVICE REQUIREMENTS
TO MATURITY
December 31, 2004**

**CITY OF COLORADO SPRINGS
COLORADO
Table 23**

Fiscal Year	General refunding Series 2004		Cottonwood General Improvement District 1998 Refunding	
	Principal	Interest	Principal	Interest
2005	\$2,685,000	\$344,725	\$505,000	\$295,845
2006	2,735,000	291,025	525,000	275,645
2007	2,790,000	236,325	550,000	254,645
2008	2,850,000	173,550	570,000	232,645
2009	2,935,000	88,050	595,000	209,275
2010	-	-	620,000	183,987
2011	-	-	645,000	157,638
2012	-	-	675,000	129,902
2013	-	-	705,000	100,203
2014	-	-	735,000	68,448
2015	-	-	770,000	35,035
Total	\$13,995,000	\$1,133,675	\$6,895,000	\$1,943,268

Fiscal Year	Spring Creek General Improvement District Plan Bond Series 1995		Briargate General Improvement District Series 2004		Total General Obligation Bond Requirements
	Principal	Interest	Principal	Interest	
2005	\$180,000	\$192,850	\$ -	\$616,000	\$4,819,420
2006	185,000	206,000	-	616,000	4,833,670
2007	195,000	191,200	-	616,000	4,833,170
2008	235,000	175,600	-	616,000	4,852,795
2009	285,000	176,400	-	616,000	4,904,725
2010	370,000	150,750	-	616,000	1,940,737
2011	390,000	117,450	-	616,000	1,926,088
2012	390,000	82,350	1,980,000	616,000	3,873,252
2013	525,000	47,250	2,120,000	477,400	3,974,853
2014	-	-	2,270,000	329,000	3,402,448
2015	-	-	2,430,000	170,100	3,405,135
Total	\$2,755,000	\$1,339,850	\$8,800,000	\$5,904,500	\$42,766,293

**SALES TAX REVENUE BOND
DEBT SERVICE REQUIREMENTS
TO MATURITY
December 31, 2004**

**CITY OF COLORADO SPRINGS
COLORADO
Table 24**

Sales Tax Revenue Bond Series 1999			
Fiscal Year	Principal	Interest	Total Requirements
2005	\$4,820,000	\$3,027,771	\$7,847,771
2006	5,025,000	2,822,921	7,847,921
2007	5,240,000	2,609,359	7,849,359
2008	5,460,000	2,386,659	7,846,659
2009	5,700,000	2,146,419	7,846,419
2010	5,955,000	1,889,918	7,844,918
2011	6,235,000	1,614,500	7,849,500
2012	6,545,000	1,302,750	7,847,750
2013	6,870,000	975,500	7,845,500
2014	7,215,000	632,000	7,847,000
2015	5,425,000	271,250	5,696,250
Total	\$64,490,000	\$19,679,047	\$84,169,047

**CERTIFICATES OF PARTICIPATION
DEBT SERVICE REQUIREMENTS
TO MATURITY
December 31, 2004**

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

Fiscal Year	Hillside Recreation Center Series 1997		Skyview Softball Complex Series 1999		Old City Hall Project Series 2000	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$120,000	\$43,915	\$165,000	\$189,953	\$270,000	\$341,228
2006	125,000	37,915	175,000	182,528	285,000	328,672
2007	130,000	31,665	180,000	174,477	295,000	315,277
2008	140,000	25,035	190,000	166,017	315,000	301,265
2009	335,000	17,755	200,000	156,802	330,000	285,515
2010	-	-	210,000	146,902	345,000	269,015
2011	-	-	220,000	136,403	365,000	251,765
2012	-	-	235,000	125,183	385,000	233,515
2013	-	-	245,000	112,962	405,000	213,687
2014	-	-	260,000	99,855	425,000	192,425
2015	-	-	275,000	85,685	450,000	169,900
2016	-	-	290,000	70,560	475,000	145,825
2017	-	-	305,000	54,320	500,000	120,175
2018	-	-	325,000	37,240	530,000	92,675
2019	-	-	340,000	19,040	560,000	63,525
2020	-	-	-	-	595,000	32,725
Total	\$850,000	\$156,285	\$3,615,000	\$1,757,927	\$6,530,000	\$3,357,189

(continued)

**CERTIFICATES OF PARTICIPATION
DEBT SERVICE REQUIREMENTS
TO MATURITY
December 31, 2004**

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

Fiscal Year	Red Rock Canyon Series 2003		Total Certificate of Participation Requirements
	Principal	Interest	
2005	\$835,000	\$510,317	\$2,475,413
2006	855,000	489,442	2,478,557
2007	875,000	468,068	2,469,487
2008	900,000	446,192	2,483,509
2009	920,000	422,343	2,667,415
2010	950,000	394,742	2,315,659
2011	980,000	364,343	2,317,511
2012	1,015,000	330,532	2,324,230
2013	1,050,000	292,470	2,319,119
2014	1,090,000	252,045	2,319,325
2015	1,135,000	208,445	2,324,030
2016	1,185,000	161,910	2,328,295
2017	1,235,000	111,548	2,326,043
2018	1,285,000	57,825	2,327,740
2019	-	-	982,565
2020	-	-	627,725
Total	\$14,310,000	\$4,510,222	\$35,086,623

**SPECIAL ASSESSMENT BONDS AND NOTES
DEBT SERVICE REQUIREMENTS
TO MATURITY
December 31, 2004**

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

Fiscal Year	Woodmen Valley ID		Uintah Street ID	
	Principal	Interest	Principal	Interest
2005	\$78,717	\$39,417	\$524	\$333
2006	84,228	33,906	568	288
2007	90,124	28,010	617	240
2008	96,432	21,702	670	187
2009	103,183	14,951	727	130
2010	110,406	7,728	789	67
2011	-	-	-	-
Total	\$563,090	\$145,714	\$3,895	\$1,245

Fiscal Year	Carmel ID		15th & Spring ID	
	Principal	Interest	Principal	Interest
2005	\$7,526	\$4,664	\$920	\$779
2006	8,155	4,034	1,004	695
2007	8,838	3,352	1,096	603
2008	9,578	2,612	1,197	502
2009	10,379	1,810	1,307	393
2010	11,248	941	1,426	273
2011	-	-	1,557	143
Total	\$55,724	\$17,413	\$8,507	\$3,388

(continued)

**SPECIAL ASSESSMENT BONDS AND NOTES
DEBT SERVICE REQUIREMENTS
TO MATURITY
December 31, 2004**

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

Fiscal Year	Broadmoor West ID		Total Requirements
	Principal	Interest	
2005	\$1,397	\$1,169	\$135,446
2006	1,523	1,043	135,444
2007	1,662	904	135,446
2008	1,812	754	135,446
2009	1,977	589	135,446
2010	2,157	409	135,444
2011	2,352	214	4,266
Total	\$12,880	\$5,082	\$816,938

**HOSPITAL REVENUE BONDS
DEBT SERVICE REQUIREMENTS
TO MATURITY
December 31, 2004**

**CITY OF COLORADO SPRINGS
COLORADO
Table 27
(PAGE 1 OF 3)**

Fiscal Year	Project Bonds Series 1995		Refunding Bonds Series 1995		Refunding Bonds Series 2000	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$5,000	\$265	\$2,060,000	\$111,245	\$-	\$1,923,656
2006	-	-	-	-	-	1,923,656
2007	-	-	-	-	-	1,923,656
2008	-	-	-	-	-	1,923,656
2009	-	-	-	-	-	1,923,656
2010	-	-	-	-	-	1,923,656
2011	-	-	-	-	-	1,923,656
2012	-	-	-	-	-	1,923,656
2013	-	-	-	-	-	1,923,656
2014	-	-	-	-	-	1,923,656
2015	-	-	-	-	-	1,923,656
2016	-	-	-	-	-	1,923,656
2017	-	-	-	-	-	1,923,656
2018	-	-	-	-	-	1,923,656
2019	-	-	-	-	-	1,923,656
2020	-	-	-	-	-	1,923,656
2021	-	-	-	-	-	1,923,656
2022	-	-	-	-	-	1,923,656
2023	-	-	-	-	-	1,923,656
2024	-	-	-	-	-	1,923,656
2025	-	-	-	-	4,280,000	1,923,656
2026	-	-	-	-	4,560,000	1,650,806
2027	-	-	-	-	4,850,000	1,360,106
2028	-	-	-	-	5,160,000	1,050,919
2029	-	-	-	-	5,490,000	721,969
2030	-	-	-	-	5,835,000	371,981
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
Total	\$5,000	\$265	\$2,060,000	\$111,245	\$30,175,000	\$45,552,557

(continued)

**HOSPITAL REVENUE BONDS
DEBT SERVICE REQUIREMENTS
TO MATURITY
December 31, 2004**

**CITY OF COLORADO SPRINGS
COLORADO
Table 27
(PAGE 2 OF 3)**

Fiscal Year	Project Bonds Series 2002		Hospital Series 2004A		Hospital Series 2004B	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$2,205,000	\$4,409,600	\$325,000	\$1,921,788	\$150,000	\$975,024
2006	2,295,000	4,321,400	1,800,000	1,909,445	875,000	969,168
2007	2,385,000	4,229,600	1,850,000	1,841,081	925,000	935,008
2008	2,480,000	4,134,200	1,950,000	1,770,818	950,000	898,896
2009	2,580,000	4,035,000	2,025,000	1,696,757	975,000	861,808
2010	2,685,000	3,931,800	2,125,000	1,619,847	1,050,000	823,744
2011	2,790,000	3,824,400	2,200,000	1,539,140	1,075,000	782,752
2012	2,905,000	3,712,800	2,275,000	1,455,584	1,125,000	740,784
2013	3,020,000	3,596,600	2,400,000	1,369,179	1,175,000	696,864
2014	3,140,000	3,475,800	2,475,000	1,278,027	1,225,000	650,992
2015	3,265,000	3,350,200	2,575,000	1,184,027	1,275,000	603,168
2016	3,395,000	3,219,600	2,700,000	1,086,228	1,325,000	553,392
2017	3,530,000	3,083,800	2,800,000	983,682	1,400,000	501,664
2018	3,675,000	2,942,600	2,900,000	877,338	1,450,000	447,008
2019	3,820,000	2,795,600	3,050,000	767,196	1,500,000	390,400
2020	3,975,000	2,642,800	3,150,000	651,357	1,550,000	331,840
2021	4,130,000	2,483,800	3,300,000	531,720	1,625,000	271,328
2022	4,300,000	2,318,600	3,425,000	406,386	1,700,000	207,888
2023	4,470,000	2,146,600	3,575,000	276,305	1,775,000	141,520
2024	4,650,000	1,967,800	3,700,000	140,526	1,850,000	72,224
2025	4,835,000	1,781,800	-	-	-	-
2026	5,030,000	1,588,400	-	-	-	-
2027	5,230,000	1,387,200	-	-	-	-
2028	5,440,000	1,178,000	-	-	-	-
2029	5,655,000	960,400	-	-	-	-
2030	5,880,000	734,200	-	-	-	-
2031	6,115,000	499,000	-	-	-	-
2032	6,360,000	254,400	-	-	-	-
2033	-	-	-	-	-	-
Total	\$110,240,000	\$75,006,000	\$50,600,000	\$23,306,431	\$24,975,000	\$11,855,472

(continued)

Note: Series 2002 and 2004 have variable interest rates. The Series 2002 assumed rate listed is 4.00%. The Series 2004 assumed rates vary between 3.798% and 4.002%. For the current rates, see the Summary of Long-term Debt note.

**HOSPITAL REVENUE BONDS
DEBT SERVICE REQUIREMENTS
TO MATURITY
December 31, 2004**

**CITY OF COLORADO SPRINGS
COLORADO
Table 27
(PAGE 3 OF 3)**

Fiscal Year	Hospital Series 2004C		Hospital Series 2004D		Total Requirements
	Principal	Interest	Principal	Interest	
2005	\$100,000	\$1,320,660	\$ -	\$2,660,840	\$18,168,078
2006	125,000	1,316,658	-	2,660,840	18,196,167
2007	125,000	1,311,656	1,400,000	2,660,840	19,586,841
2008	125,000	1,306,653	1,450,000	2,606,058	19,595,281
2009	100,000	1,301,651	1,525,000	2,549,320	19,573,192
2010	125,000	1,297,649	1,575,000	2,489,646	19,646,342
2011	125,000	1,292,646	1,650,000	2,428,017	19,630,611
2012	150,000	1,287,644	1,725,000	2,363,452	19,663,920
2013	150,000	1,281,641	1,800,000	2,295,953	19,708,893
2014	150,000	1,275,638	1,875,000	2,225,519	19,694,632
2015	150,000	1,269,635	1,950,000	2,152,150	19,697,836
2016	175,000	1,263,632	2,025,000	2,075,847	19,742,355
2017	175,000	1,256,628	2,125,000	1,996,608	19,776,038
2018	175,000	1,249,625	2,200,000	1,913,457	19,753,684
2019	200,000	1,242,621	2,300,000	1,827,371	19,816,844
2020	175,000	1,234,617	2,400,000	1,737,372	19,771,642
2021	200,000	1,227,614	2,500,000	1,643,460	19,836,578
2022	225,000	1,219,610	2,600,000	1,545,635	19,871,775
2023	225,000	1,210,605	2,700,000	1,443,897	19,887,583
2024	225,000	1,201,601	2,825,000	1,338,246	19,894,053
2025	4,475,000	1,192,596	2,850,000	1,227,704	22,565,756
2026	4,650,000	1,013,507	3,075,000	1,116,183	22,683,896
2027	4,850,000	827,414	3,200,000	995,859	22,700,579
2028	5,050,000	633,317	3,325,000	870,643	22,707,879
2029	5,275,000	431,216	3,475,000	740,535	22,749,120
2030	5,500,000	220,110	3,625,000	604,559	22,770,850
2031	-	-	3,775,000	462,712	10,851,712
2032	-	-	3,950,000	314,997	10,879,397
2033	-	-	4,100,000	160,433	4,260,433
Total	\$33,000,000	\$29,686,844	\$68,000,000	\$49,108,153	\$553,681,967

Note: Series 2004 have variable interest rates. The Series 2004 assumed rates vary between 3.798% and 4.002%. For the current rates, see the Summary of Long-term Debt note.

**UTILITIES REVENUE BONDS
DEBT SERVICE REQUIREMENTS
TO MATURITY
December 31, 2004**

**CITY OF COLORADO SPRINGS
COLORADO
Table 28
(PAGE 1 OF 6)**

Fiscal Year	Utilities Series 1996A		Utilities Series 1996B		Utilities Series 1997A	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$235,000	\$3,416,500	\$430,000	\$65,568	\$500,000	\$6,011,414
2006	250,000	3,403,575	465,000	34,177	525,000	5,986,414
2007	265,000	3,389,825	-	-	1,070,000	5,960,164
2008	280,000	3,375,250	-	-	1,120,000	5,906,664
2009	290,000	3,359,150	-	-	1,175,000	5,850,664
2010	305,000	3,342,475	-	-	1,235,000	5,791,914
2011	325,000	3,324,938	-	-	1,300,000	5,730,164
2012	340,000	3,306,250	-	-	1,365,000	5,665,164
2013	360,000	3,286,700	-	-	1,485,000	5,595,208
2014	380,000	3,266,000	-	-	1,505,000	5,517,988
2015	400,000	3,244,150	-	-	1,590,000	5,438,975
2016	420,000	3,221,150	-	-	1,670,000	5,355,500
2017	445,000	3,197,000	-	-	1,760,000	5,267,825
2018	470,000	3,171,413	-	-	1,860,000	5,175,425
2019	495,000	3,144,388	-	-	1,950,000	5,077,775
2020	525,000	3,115,925	-	-	2,055,000	4,975,400
2021	555,000	3,085,738	-	-	2,020,000	4,867,513
2022	585,000	3,053,825	-	-	2,135,000	4,761,463
2023	615,000	3,020,188	-	-	32,720,000	4,649,375
2024	27,735,000	2,984,825	-	-	11,380,000	2,890,675
2025	24,175,000	1,390,060	-	-	16,650,000	2,279,000
2026	-	-	-	-	25,750,000	1,384,058
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
2043	-	-	-	-	-	-
2044	-	-	-	-	-	-
Total	\$59,450,000	\$66,099,325	\$895,000	\$99,745	\$112,820,000	\$110,138,742

(continued)

Note: Does not include revenue bonds of component units.

**UTILITIES REVENUE BONDS
DEBT SERVICE REQUIREMENTS
TO MATURITY
December 31, 2004**

**CITY OF COLORADO SPRINGS
COLORADO
Table 28
(PAGE 2 OF 6)**

Fiscal Year	Utilities Series 1998A		Utilities Series 1999A		Utilities Series 2000A	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$760,000	\$1,803,869	\$355,000	\$3,649,882	\$ -	\$4,400,000
2006	765,000	1,768,719	370,000	3,634,350	-	4,400,000
2007	770,000	1,733,338	390,000	3,617,700	-	4,400,000
2008	800,000	1,697,725	405,000	3,599,663	-	4,400,000
2009	555,000	1,660,725	425,000	3,580,425	-	4,400,000
2010	630,000	1,635,056	450,000	3,559,707	-	4,400,000
2011	670,000	1,605,919	470,000	3,537,207	-	4,400,000
2012	765,000	1,574,931	495,000	3,513,705	-	4,400,000
2013	740,000	1,539,550	525,000	3,488,363	-	4,400,000
2014	800,000	1,505,325	550,000	3,461,456	-	4,400,000
2015	880,000	1,468,325	600,000	3,432,581	-	4,400,000
2016	105,000	1,426,525	610,000	3,401,081	-	4,400,000
2017	180,000	1,421,538	650,000	3,369,056	-	4,400,000
2018	265,000	1,412,988	685,000	3,334,119	-	4,400,000
2019	265,000	1,400,400	725,000	3,297,300	-	4,400,000
2020	2,540,000	1,387,813	765,000	3,257,425	-	4,400,000
2021	2,665,000	1,267,163	795,000	3,215,350	-	4,400,000
2022	2,800,000	1,140,575	840,000	3,171,625	-	4,400,000
2023	3,350,000	1,007,575	870,000	3,125,425	-	4,400,000
2024	4,310,000	848,448	920,000	3,077,575	-	4,400,000
2025	2,910,000	643,725	965,000	3,026,975	-	4,400,000
2026	-	505,500	1,020,000	2,973,900	-	4,400,000
2027	10,110,000	505,500	5,485,000	2,915,250	-	4,400,000
2028	-	-	45,215,000	2,600,061	-	4,400,000
2029	-	-	-	-	110,000,000	4,400,000
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
2043	-	-	-	-	-	-
2044	-	-	-	-	-	-
Total	\$37,635,000	\$30,961,232	\$64,580,000	\$79,840,181	\$110,000,000	\$110,000,000

(continued)

Note: Does not include revenue bonds of component units.

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

**UTILITIES REVENUE BONDS
DEBT SERVICE REQUIREMENTS
TO MATURITY
December 31, 2004**

**CITY OF COLORADO SPRINGS
COLORADO
Table 28
(PAGE 3 OF 6)**

Fiscal Year	Utilities Series 2000B		Utilities Series 2001A		Utilities Series 2002A	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$480,000	\$1,002,375	\$11,715,000	\$13,678,845	\$ -	\$4,010,581
2006	510,000	966,375	12,235,000	13,134,945	-	4,010,581
2007	545,000	928,125	12,825,000	12,525,433	-	4,010,581
2008	580,000	887,250	13,430,000	11,872,070	-	4,010,581
2009	620,000	843,750	14,190,000	11,197,683	130,000	4,010,581
2010	660,000	797,250	14,350,000	10,481,676	285,000	4,003,757
2011	705,000	747,750	15,655,000	9,750,719	500,000	3,988,794
2012	760,000	694,875	16,650,000	8,951,394	580,000	3,962,544
2013	815,000	637,875	12,390,000	8,056,456	610,000	3,932,094
2014	875,000	576,750	19,825,000	7,390,494	640,000	3,900,069
2015	940,000	511,125	21,230,000	6,324,900	675,000	3,866,469
2016	1,010,000	440,625	2,085,000	5,183,788	12,790,000	3,831,031
2017	1,090,000	364,875	2,200,000	5,084,750	13,490,000	3,143,569
2018	1,170,000	283,125	2,320,000	4,969,250	14,220,000	2,418,481
2019	1,255,000	195,375	2,965,000	4,853,250	14,985,000	1,654,156
2020	1,350,000	101,250	11,195,000	4,705,000	15,790,000	848,712
2021	-	-	30,985,000	4,145,250	-	-
2022	-	-	3,705,000	2,596,000	-	-
2023	-	-	3,895,000	2,410,750	-	-
2024	-	-	4,085,000	2,216,000	-	-
2025	-	-	4,395,000	2,011,750	-	-
2026	-	-	4,655,000	1,792,000	-	-
2027	-	-	4,850,000	1,559,250	-	-
2028	-	-	5,010,000	1,316,750	-	-
2029	-	-	21,325,000	1,066,250	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
2043	-	-	-	-	-	-
2044	-	-	-	-	-	-
Total	\$13,365,000	\$9,978,750	\$268,165,000	\$157,274,653	\$74,695,000	\$55,602,581

(continued)

Note: Does not include revenue bonds of component units.

**UTILITIES REVENUE BONDS
DEBT SERVICE REQUIREMENTS
TO MATURITY
December 31, 2004**

**CITY OF COLORADO SPRINGS
COLORADO
Table 28
(PAGE 4 OF 6)**

Fiscal Year	Utilities Series 2002B		Utilities Series 2002C		Utilities Series 2003A	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ -	\$5,434,180	\$ -	\$1,325,695	\$2,120,000	\$4,999,314
2006	330,000	5,434,180	-	1,325,695	2,160,000	4,956,914
2007	455,000	5,420,980	-	1,325,695	2,200,000	4,913,714
2008	600,000	5,402,780	-	1,325,695	12,960,000	4,866,964
2009	755,000	5,378,780	-	1,325,695	13,520,000	4,305,464
2010	925,000	5,348,580	-	1,325,695	14,160,000	3,674,464
2011	1,100,000	5,311,580	-	1,325,695	14,755,000	3,083,504
2012	1,300,000	5,256,580	-	1,325,695	1,330,000	2,386,460
2013	1,510,000	5,191,580	-	1,325,695	1,380,000	2,338,248
2014	1,735,000	5,116,080	-	1,325,695	1,430,000	2,286,498
2015	1,980,000	5,046,680	-	1,325,695	1,505,000	2,214,998
2016	2,235,000	4,965,500	-	1,325,695	1,565,000	2,154,798
2017	2,510,000	4,853,750	-	1,325,695	1,640,000	2,078,298
2018	2,805,000	4,728,250	-	1,325,695	1,725,000	1,996,298
2019	3,115,000	4,588,000	-	1,325,695	1,810,000	1,910,048
2020	3,445,000	4,432,250	-	1,325,695	1,900,000	1,819,548
2021	3,795,000	4,260,000	-	1,325,695	1,995,000	1,724,548
2022	4,170,000	4,070,250	-	1,325,695	2,095,000	1,624,798
2023	4,565,000	3,861,750	-	1,325,695	2,200,000	1,520,048
2024	4,985,000	3,633,500	-	1,325,695	2,310,000	1,411,263
2025	5,430,000	3,384,250	-	1,325,695	2,415,000	1,301,538
2026	5,905,000	3,112,750	-	1,325,695	2,530,000	1,186,825
2027	6,395,000	2,817,500	27,055,000	1,325,695	2,650,000	1,066,642
2028	9,510,000	2,497,750	-	-	2,780,000	940,775
2029	10,210,000	2,022,250	-	-	2,915,000	805,250
2030	30,235,000	1,511,750	-	-	3,060,000	659,500
2031	-	-	-	-	3,215,000	506,500
2032	-	-	-	-	3,375,000	345,750
2033	-	-	-	-	3,540,000	177,008
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
2043	-	-	-	-	-	-
2044	-	-	-	-	-	-
Total	\$110,000,000	\$113,081,480	\$27,055,000	\$30,490,985	\$111,240,000	\$63,255,977

(continued)

Note: Does not include revenue bonds of component units.

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

**UTILITIES REVENUE BONDS
DEBT SERVICE REQUIREMENTS
TO MATURITY
December 31, 2004**

**CITY OF COLORADO SPRINGS
COLORADO
Table 28
(PAGE 5 OF 6)**

Fiscal Year	Utilities Series 2003B		Utilities Series 2004A		Utilities Series 2004B	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ -	\$2,134,253	\$ -	\$4,829,544	\$ -	\$5,968,919
2006	-	2,134,253	-	4,829,544	-	5,292,637
2007	-	2,134,253	-	4,829,544	-	5,292,637
2008	-	2,134,253	-	4,829,544	1,945,000	5,292,638
2009	565,000	2,134,253	-	4,829,544	2,040,000	5,195,387
2010	585,000	2,117,303	1,500,000	4,829,544	2,150,000	5,083,188
2011	615,000	2,099,168	2,025,000	4,767,864	2,270,000	4,964,937
2012	625,000	2,078,411	2,100,000	4,684,596	2,395,000	4,840,088
2013	655,000	2,055,755	8,100,000	4,598,244	2,525,000	4,708,362
2014	675,000	2,031,193	2,175,000	4,265,172	2,665,000	4,569,488
2015	700,000	2,005,036	2,275,000	4,175,736	2,815,000	4,422,912
2016	715,000	1,977,036	11,925,000	4,082,188	2,955,000	4,282,163
2017	755,000	1,947,543	12,450,000	3,591,832	3,100,000	4,134,412
2018	790,000	1,915,833	12,950,000	3,079,888	3,255,000	3,979,413
2019	825,000	1,881,863	13,000,000	2,547,384	3,405,000	3,832,937
2020	860,000	1,846,388	5,500,000	2,012,824	3,555,000	3,679,713
2021	900,000	1,808,548	4,925,000	1,786,664	3,715,000	3,519,737
2022	940,000	1,768,048	33,950,000	1,584,148	3,895,000	3,343,275
2023	980,000	1,725,748	4,575,000	188,124	4,075,000	3,158,263
2024	1,030,000	1,679,688	-	-	4,280,000	2,954,512
2025	1,080,000	1,630,763	-	-	4,485,000	2,751,213
2026	1,130,000	1,579,463	-	-	4,700,000	2,538,175
2027	1,185,000	1,525,779	-	-	4,920,000	2,314,925
2028	1,240,000	1,469,500	-	-	5,155,000	2,081,225
2029	1,305,000	1,407,500	-	-	5,410,000	1,823,475
2030	1,370,000	1,342,250	-	-	5,685,000	1,552,975
2031	1,440,000	1,273,750	-	-	5,965,000	1,268,725
2032	1,510,000	1,201,750	-	-	6,265,000	970,475
2033	1,590,000	1,126,250	-	-	6,580,000	657,225
2034	1,665,000	1,046,750	-	-	6,910,000	328,225
2035	1,750,000	963,500	-	-	-	-
2036	1,835,000	876,000	-	-	-	-
2037	1,925,000	784,250	-	-	-	-
2038	2,025,000	688,000	-	-	-	-
2039	2,125,000	586,750	-	-	-	-
2040	2,230,000	480,500	-	-	-	-
2041	2,345,000	369,000	-	-	-	-
2042	2,460,000	251,750	-	-	-	-
2043	2,575,000	128,759	-	-	-	-
2044	-	-	-	-	-	-
Total	\$45,000,000	\$58,341,090	\$117,450,000	\$70,341,928	\$107,115,000	\$104,802,256

Note: Does not include revenue bonds of component units.

Note: Series 2004A has a variable interest rate. The assumed rate listed is 4.112%. For current rate, see the Summary of Long-term Debt note.

**UTILITIES REVENUE BONDS
DEBT SERVICE REQUIREMENTS
TO MATURITY
December 31, 2004**

**CITY OF COLORADO SPRINGS
COLORADO
Table 28
(PAGE 6 OF 6)**

Fiscal Year	Utilities Series 2004C		Total Utilities Fund Revenue Bond Requirements
	Principal	Interest	
2005	\$ -	\$814,102	\$80,140,041
2006	-	721,869	79,644,228
2007	-	721,869	79,723,858
2008	180,000	721,869	92,622,946
2009	190,000	714,669	93,241,770
2010	195,000	707,069	94,527,678
2011	205,000	699,269	95,932,508
2012	210,000	691,069	82,246,762
2013	220,000	682,669	83,151,799
2014	230,000	673,869	83,771,077
2015	240,000	664,669	84,372,251
2016	250,000	655,069	85,037,149
2017	260,000	645,069	85,355,212
2018	270,000	634,669	85,609,847
2019	280,000	623,869	85,807,440
2020	290,000	612,669	88,290,612
2021	300,000	601,069	88,657,275
2022	315,000	588,694	88,858,396
2023	330,000	575,306	89,143,247
2024	340,000	561,281	89,358,462
2025	355,000	546,406	87,551,375
2026	375,000	530,431	67,393,797
2027	390,000	513,556	81,984,097
2028	405,000	496,006	85,117,067
2029	425,000	477,275	163,592,000
2030	445,000	457,619	46,319,094
2031	465,000	437,038	14,571,013
2032	490,000	414,950	14,572,925
2033	510,000	391,675	14,572,158
2034	535,000	367,450	10,852,425
2035	560,000	342,038	3,615,538
2036	590,000	315,438	3,616,438
2037	615,000	287,413	3,611,663
2038	645,000	258,200	3,616,200
2039	675,000	227,563	3,614,313
2040	705,000	195,500	3,611,000
2041	745,000	160,250	3,619,250
2042	780,000	123,000	3,614,750
2043	820,000	84,000	3,607,759
2044	860,000	43,000	903,000
Total	\$15,695,000	\$19,979,495	\$2,355,448,420

Note: Does not include revenue bonds of component units.

**AIRPORT GROSS INCOME FUND
DEBT SERVICE REQUIREMENTS
TO MATURITY
December 31, 2004**

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

Fiscal Year	Series 1992C		Series 1996A	
	Principal	Interest	Principal	Interest
2005	\$1,670,000	\$ -	\$390,000	\$524,532
2006	1,675,000	-	410,000	506,202
2007	1,675,000	-	430,000	486,522
2008	1,675,000	-	450,000	465,452
2009	1,435,243	239,757	470,000	442,952
2010	461,111	1,213,889	495,000	418,982
2011	-	-	520,000	393,490
2012	-	-	550,000	366,450
2013	-	-	575,000	337,575
2014	-	-	605,000	307,388
2015	-	-	640,000	275,625
2016	-	-	675,000	242,025
2017	-	-	710,000	206,588
2018	-	-	745,000	169,312
2019	-	-	785,000	130,200
2020	-	-	825,000	88,988
2021	-	-	870,000	45,675
Total	\$8,591,354	\$1,453,646	\$10,145,000	\$5,407,958

(continued)

**AIRPORT GROSS INCOME FUND
DEBT SERVICE REQUIREMENTS
TO MATURITY
December 31, 2004**

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

Fiscal Year	Series 1996B		Series 2002		Total Requirements
	Principal	Interest	Principal	Interest	
2005	\$110,000	\$153,603	\$1,000,000	\$1,980,213	\$5,828,348
2006	115,000	148,268	1,030,000	1,950,213	5,834,683
2007	120,000	142,576	1,060,000	1,919,312	5,833,410
2008	125,000	136,516	1,100,000	1,882,212	5,834,180
2009	130,000	130,078	750,000	1,840,962	5,438,992
2010	140,000	123,253	780,000	1,810,962	5,443,197
2011	145,000	115,833	2,490,000	1,777,812	5,442,135
2012	155,000	108,076	2,625,000	1,640,862	5,445,388
2013	160,000	99,550	2,770,000	1,496,488	5,438,613
2014	170,000	90,750	2,920,000	1,344,138	5,437,276
2015	180,000	81,400	3,055,000	1,212,738	5,444,763
2016	190,000	71,500	3,200,000	1,067,625	5,446,150
2017	200,000	61,050	3,350,000	915,625	5,443,263
2018	210,000	50,050	3,510,000	756,500	5,440,862
2019	220,000	38,500	3,685,000	581,000	5,439,700
2020	235,000	26,400	3,870,000	396,750	5,442,138
2021	245,000	13,476	4,065,000	203,250	5,442,401
Total	\$2,850,000	\$1,590,879	\$41,260,000	\$22,776,662	\$94,075,499

**PARKING SYSTEM REVENUE BONDS
DEBT SERVICE REQUIREMENTS
TO MATURITY
December 31, 2004**

**CITY OF COLORADO SPRINGS
COLORADO
Table 30**

Fiscal Year	Series 1999		Total
	Principal	Interest	Requirements
2005	\$385,000	\$315,939	\$700,939
2006	400,000	300,539	700,539
2007	420,000	284,539	704,539
2008	435,000	267,739	702,739
2009	455,000	250,339	705,339
2010	475,000	232,139	707,139
2011	495,000	212,664	707,664
2012	515,000	191,874	706,874
2013	540,000	169,729	709,729
2014	565,000	145,968	710,968
2015	595,000	120,543	715,543
2016	625,000	93,025	718,025
2017	655,000	63,650	718,650
2018	685,000	32,537	717,537
Total	\$7,245,000	\$2,681,224	\$9,926,224

**PIKES PEAK HIGHWAY EROSION CONTROL NOTE
DEBT SERVICE REQUIREMENTS
TO MATURITY
December 31, 2004**

**CITY OF COLORADO SPRINGS
COLORADO
Table 31**

Fiscal Year	Series 2003		Total
	Principal	Interest	Requirements
2005	\$43,753	\$37,885	\$81,638
2006	45,520	36,117	81,637
2007	47,359	34,278	81,637
2008	49,273	32,365	81,638
2009	51,263	30,374	81,637
2010	53,334	28,303	81,637
2011	55,489	26,148	81,637
2012	57,731	23,907	81,638
2013	60,063	21,574	81,637
2014	62,490	19,148	81,638
2015	65,014	16,623	81,637
2016	67,641	13,997	81,638
2017	70,373	11,264	81,637
2018	73,217	8,421	81,638
2019	76,174	5,463	81,637
2020	79,252	2,385	81,637
Total	\$957,946	\$348,252	\$1,306,198

CITY INVESTMENTS
AT MARKET VALUE
December 31, 2004

CITY OF COLORADO SPRINGS
COLORADO
Table 32

MANAGEMENT COMPANY	MARKET VALUE	WEIGHTED AVERAGE YIELD	WEIGHTED AVERAGE MATURITY (DAYS)
CASH MANAGEMENT INVESTMENTS:			
MBIA Municipal Investors			
Cash Management Account			
Repurchase agreements	\$6,087,507	1.60%	1
Commercial paper	8,656,662	2.20%	11
U.S. Treasury bills/notes	34,877,026	2.16%	444
U.S. Instrumentality obligations	81,110,098	2.87%	760
Sub-total	130,731,293		
MBIA Municipal Investors			
Reserve Account			
Cash and equivalents	6,203	1.56%	1
U.S. Treasury bills/notes	1,054,128	1.78%	183
U.S. Instrumentality obligations	11,540,830	3.25%	768
Corporate	1,032,100	3.28%	680
Sub-total	13,633,261		
PFM			
Reserve Account			
Cash and equivalents	24,370	1.56%	1
U.S. Treasury bills/notes	5,081,896	2.35%	723
U.S. Instrumentality obligations	10,733,203	2.86%	492
Corporate	704,573	3.95%	330
Mortgage	4,466,044	2.66%	1225
Sub-total	21,010,086		
DEBT SERVICE RESERVES:			
Bayerische Landesbank			
Airport 1996	1,180,628	5.52%	6211
Bayerische Landesbank			
Airport 2002A & 1992C Bond Reserve	4,654,055	2.51%	548
BONDS/CERTIFICATES OF PARTICIPATION PROCEEDS:			
COLOTRUST			
Briargate Bond Proceeds	3,308,975	2.00%	1
American National Bank			
COLOTRUST			
Federal Obligation Money Market	96,485	2.00%	1
U.S. Instrumentality obligations	162,307	*	n/a
	2,359,871	*	n/a
OTHER INVESTMENTS:			
Merrill Lynch			
C.D. Smith Trust	512,511	n/a	n/a
Oppenheimer Inc.			
Cemetery Endowment	7,258,638	n/a	n/a
Bank One			
BL Ranch	11,501	n/a	n/a
US Bank			
Colorado Center JV Agreement	35,134	n/a	n/a
A E Barnes Escrow	35,441	n/a	n/a
Sub-total	19,615,546		
Total Investments	\$184,990,186		

* Information is not available.

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

Excludes component units, pension external investment pool and Memorial Hospital.

COLORADO SPRINGS UTILITIES
SUMMARY OF SELECTED INVESTMENT STATISTICS
December 31, 2004

CITY OF COLORADO SPRINGS
COLORADO
Table 33

FUND AND SECURITY TYPE	PAR VALUE	WEIGHTED AVERAGE YIELD TO MATURITY	WEIGHTED AVERAGE DAYS TO MATURITY
UNRESTRICTED			
CASH:			
Operating and HBS Accounts - JP Morgan Chase	\$35,000,045	1.624%	1.00
Financial Risk Mitigation Fund	5,510,614	1.611%	1.00
COPE Fund - JP Morgan Chase	86,360	1.611%	1.00
Safekeeping - Wells Fargo	3,811	0.050%	1.00
Petty Cash	10,845	0.000%	1.00
Unrestricted Cash	40,611,675	1.621%	1.00
INVESTMENTS:			
Current Portfolio - T-Notes	57,870,000	2.285%	454.08
Financial Risk Mitigation Fund - T-Notes	3,570,000	2.361%	364.00
Unrestricted Investments	61,440,000	2.290%	448.85
Unrestricted Cash and Investments	102,051,675	1.941%	257.89
RESTRICTED			
CASH:			
2002C Acquisition Fund - CSAFE	76,247	2.040%	1.00
2003B Acquisition Fund - MSCO/BONY	5,448,370	1.222%	1.00
2003B Capitalized Interest Fund - MSCO/BONY	6,626,250	2.714%	1.00
2004B Acquisition Fund - JPM/WF	93,468,010	2.004%	1.00
2004B Interest Fund - MSCO/BONY	10,961,566	2.552%	1.00
2004C Acquisition Fund - JPM/WF	13,395,060	2.004%	1.00
2004C Capitalized Interest Fund - MSCO/BONY	2,165,150	2.552%	1.00
Restricted Cash	132,140,653	2.062%	1.00
INVESTMENTS:			
P&I and Rebate Funds - T-Bills, FPA	8,058,356	3.043%	131.82
2002C Reserve Fund - US Agency Securities	1,345,000	2.198%	231.00
Common Bond Reserve Fund - T-Notes	17,728,000	2.848%	337.00
Restricted Investments	27,131,356	2.874%	270.80
Restricted Cash and Investments	159,272,009	2.200%	46.96
TOTAL	\$261,323,684	2.099%	129.33

**MUNICIPAL SOLID WASTE LANDFILL
CLOSURE AND POSTCLOSURE CARE COSTS
December 31, 2004**

**CITY OF COLORADO SPRINGS
COLORADO
Table 34**

Facility	Closure Costs	Postclosure Costs	Total Cost	Percentage of Capacity Used
Hancock	\$226,160	\$303,349	\$529,509	n/a
Hanna Ranch - Gravel Pit #1	660,701	302,459	963,160	40.87%
Hanna Ranch - Ash Disposal	1,213,152	123,240	1,336,392	50.54%
Hanna Ranch - Solids Disposal	380,463	863,760	1,244,223	28.08%
Total Cost	\$2,480,476	\$1,592,808	\$4,073,284	

Note: Percentage of capacity used does not apply to the Hancock facility. The entire liability for this facility is recognized on the Government-wide Statement of Net Assets.

Liabilities for the Hanna Ranch facilities are recognized on a capacity used basis in the Utilities fund.

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 35
(PAGE 1 OF 2)**

Financial Planning 02/01
Form #350-050-36

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

LOCAL HIGHWAY FINANCE REPORT		City or County: City of Colorado Springs
		YEAR ENDING : December 2004
This Information From The Records Of (example - City of _ or County of _):	Prepared By: Phone:	Sallie M. Stokes (719) 385-5211

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	10,667,043
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	9,739,709
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	4,958,149
2. General fund appropriations		b. Snow and ice removal	610,030
3. Other local imposts (from page 2)	22,535,550	c. Other	
4. Miscellaneous local receipts (from page 2)	7,549,878	d. Total (a. through c.)	5,568,179
5. Transfers from toll facilities		4. General administration & miscellaneous	3,518,641
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	11,030,457
a. Bonds - Original Issues		6. Total (1 through 5)	40,524,029
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	1,611,519
7. Total (1 through 6)	30,085,428	b. Redemption	4,089,548
B. Private Contributions		c. Total (a. + b.)	5,701,067
C. Receipts from State government (from page 2)	14,532,020	2. Notes:	
D. Receipts from Federal Government (from page 2)	1,145,573	a. Interest	
E. Total receipts (A.7 + B + C + D)	45,763,021	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	5,701,067
		C. Payments to State for highways	748
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	46,225,844

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	42,134,370	92,800	4,089,548	38,137,622
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	19,559,559	45,763,021	46,225,844	19,096,736	0

Notes and Comments:

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

**CITY OF COLORADO SPRINGS
COLORADO**

**Table 35
(PAGE 2 OF 2)**

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2004	
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	16,749,514	a. Interest on investments	81,895
b. Other local imposts:		b. Traffic Fines & Penalties	7,467,983
1. Sales Taxes	2,784,148	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	2,919,448	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Other	82,440	g. Other Misc. Receipts	
6. Total (1. through 5.)	5,786,036	h. Other	
c. Total (a. + b.)	22,535,550	i. Total (a. through h.)	7,549,878
	(Carry forward to page 1)		(Carry forward to page 1)
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	13,301,040	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	1,145,573
c. Motor Vehicle	1,230,980	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	1,230,980	g. Total (a. through f.)	1,145,573
4. Total (1. + 2. + 3.f)	14,532,020	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		2,250	2,250
b. Engineering Costs		434,811	434,811
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		653,969	653,969
(3). System Preservation		6,488,281	6,488,281
(4). System Enhancement & Operation		3,087,732	3,087,732
(5). Total Construction (1) + (2) + (3) + (4)	0	10,229,982	10,229,982
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	10,667,043	10,667,043
			(Carry forward to page 1)
Notes and Comments:			