

Comprehensive Annual
Financial Report

of the

City of Colorado Springs,
Colorado

For the fiscal year ended
December 31, 2005

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

CITY OF COLORADO SPRINGS

June 23, 2006

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, 2005 is hereby presented. State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement.

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

Bondi and Company, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Colorado Springs' financial statements for the year ended December 31, 2005. The independent auditor's report is located at the front of the financial section of this report.

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

PROFILE OF THE CITY OF COLORADO SPRINGS

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

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

The City provides a full range of municipal government services to approximately 380,000 residents. These services include, but are not limited to, police and fire protection, traffic and street construction and maintenance, parks, recreation, cultural affairs, courts, planning and zoning, building and code enforcement, mass transit, health and welfare, and economic development.

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

The Council also has significant control over several legally separate entities. These entities have been judged as component units of the City and, accordingly, their financial data have been included in this report. Those entities are the Cottonwood, Briargate and Spring Creek General Improvement Districts, the Colorado Springs Urban Renewal Authority, and the Greater Downtown Colorado Springs, the Briargate Center, Barnes & Powers North, Barnes & Powers South, First & Main, First & Main North, Interquest North, Interquest South, and Powers & Woodmen Commercial Business Improvement Districts, all included as Governmental-type 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.

LOCAL ECONOMY

Major industries located within the government's boundaries or in close proximity include manufacturers of computer hardware, computer software, insurance companies, telecommunication providers, and several non-profit organizations. The City also has a significant military presence with Peterson Air Force Base, the Air Force Academy, Fort Carson Army Base and Schriever Air Force Base located within or in close proximity to the City.

Unemployment in the City is relatively stable. During the past few years, unemployment has been around 6%, but in the past two years has declined to a current unemployment rate of 5.3%. It is expected that unemployment will remain stable or be reduced in the next few years due to an increase in military employment, resulting in residual employment in service areas.

LONG-TERM FINANCIAL PLANNING

Annually, Council engages in a process to update the City's Strategic Action Plan (the Plan). The current Plan encompasses the years 2005 through 2010. 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.

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.

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.

MAJOR INITIATIVES

In 2005, the Council voted to establish a stormwater enterprise to resolve several drainage and stormwater issues within the City. This enterprise will assess a fee on each property holder based on their impervious space. These fees will be used to begin maintenance of existing drainage and stormwater facilities as well as pay for new capital projects to improve the drainage within the City. It is anticipated that billing of this new fee will take place during the first part of 2007.

AWARDS AND ACKNOWLEDGEMENTS

The Government Financial Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2004. This was the fifteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and effectively organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe 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



CITY OF COLORADO SPRINGS

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Colorado Springs,
Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

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.



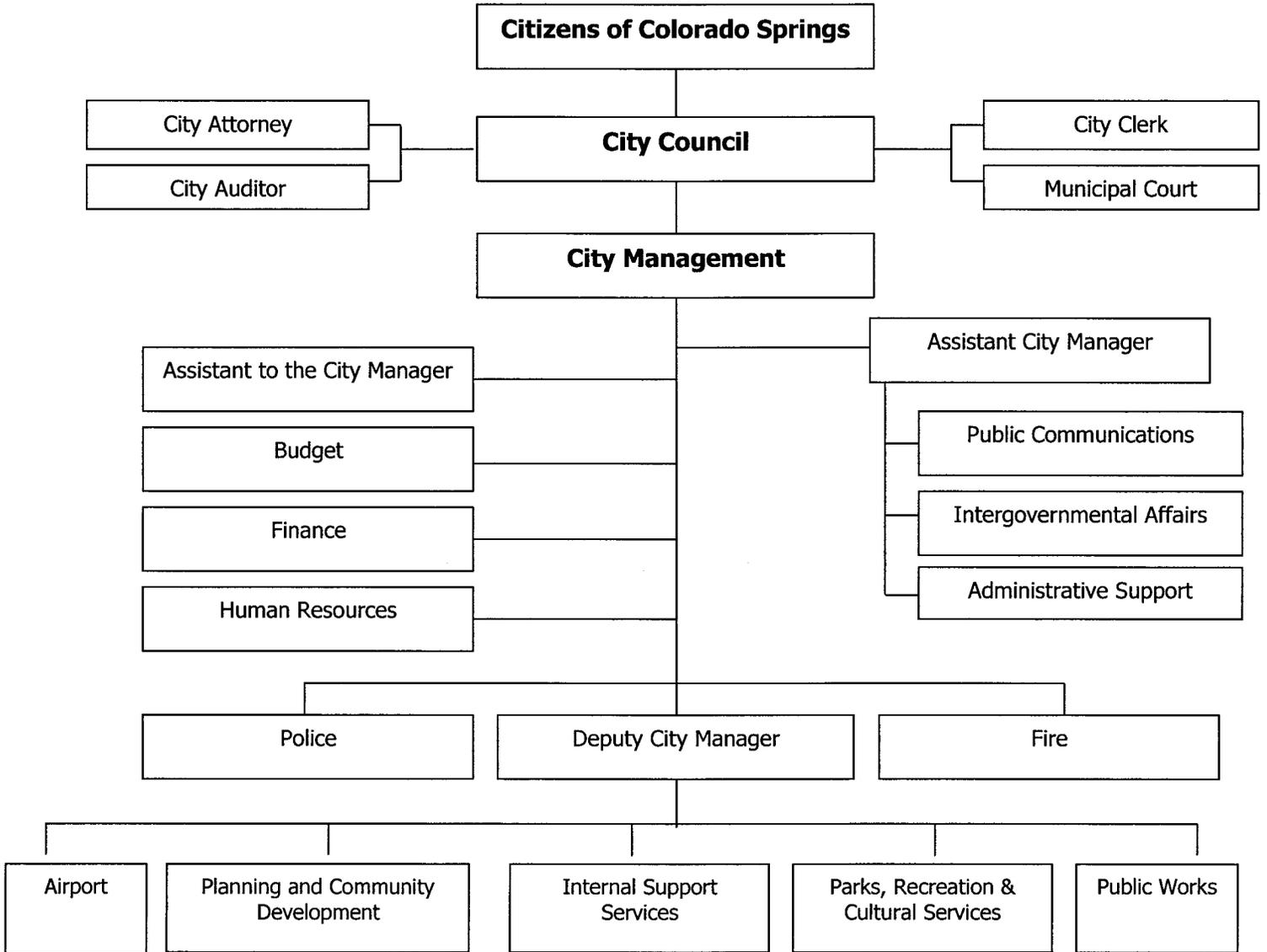
Cara E. Fudge

President

Jeffrey R. Emer

Executive Director

City of Colorado Springs Organizational Chart



CITY OF COLORADO SPRINGS, COLORADO

Officials

City Council

Lionel Rivera, Mayor
Larry Small, Vice Mayor

Bernie Herpin	Margaret Radford
Tom Gallagher	Randy Purvis
Jerry Heimlicher	Darryl Glenn
Scott Hente	

Utilities Director

Jerry Forte

City Manager

Lorne C. Kramer

Hospital Director

Richard Eitel

Assistant City Manager

Michael L. Anderson

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
Steven E. Reed 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
Richard Lewis, Municipal Court Administrator

CITY OF COLORADO SPRINGS, COLORADO

Officials (continued)

Memorial Hospital Board of Trustees

Curtis C. Brown	Caroline T. Davis
Michael L. Edmonds, Vice Chair	Yolanda Fennick
Juan G. Garcia	Donald P. Gazibara, M.D.
Stephen K. Goldstone, Secretary	Linda Fay Halbouty
Doug Landolfi	James E. Miller
James P. Moore	Marcy Morrison
S. Jerrard Smith	Arlene Patterson Stein
Janice M. Weiland, Chair	



CITY OF COLORADO SPRINGS

FINANCIAL SECTION



CITY OF COLORADO SPRINGS



BONDI & Co. LLC

CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

44 INVERNESS DRIVE EAST
ENGLEWOOD, COLORADO 80112

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(303) 799-6826 PHONE
(800) 250-9083 TOLL-FREE

(303) 799-6926 FAX

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

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Colorado Springs, Colorado, as of and for the year ended December 31, 2005, 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 of Colorado Springs, Colorado'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 or the Colorado Springs Utilities Fund, major enterprise funds that represent 98 percent of the assets and 98 percent of the reporting entity's business-type entities, nor did we audit the financial statements of seven joint utility projects, which are reported as and compromise in their entirety, 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, the Briargate Center Business Improvement District, the Barnes and Powers North Business Improvement District, the Barnes and Powers South Business Improvement District, the First and Main Business Improvement District, the First and Main North Business Improvement District, the Interquest North Business Improvement District, the Interquest South Business Improvement District, and the Powers and Woodmen Commercial 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, Colorado Springs Utilities fund, the seven joint utility projects, the Colorado Springs Urban Renewal Authority, the Greater Downtown Colorado Springs Business Improvement District, the Briargate Center Business Improvement District, the Barnes and Powers North Business Improvement District, the Barnes and Powers South Business Improvement District, the First and Main Business Improvement District, the First and Main North Business



Affiliate Offices Worldwide

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

Improvement District, the Interquest North Business Improvement District, the Interquest South Business Improvement District, and the Powers and Woodmen Commercial Business Improvement District is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, 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, 2005, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparisons for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

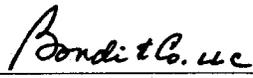
In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2006 on our consideration of the City of Colorado Springs, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

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

The Management's Discussion and Analysis on pages 4 through 18, the Schedule of Funding Progress, and Schedule of Employer Contribution on pages 112-113, 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 and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, schedules, supplementary information and statistical tables listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements. Such information, except for the data included in the financial statements of the Memorial Hospital Fund, Colorado Springs Utilities 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, the Barnes and Powers North Business Improvement District, the Barnes and Powers South Business Improvement District, the First and Main Business Improvement District, the First and Main North Business Improvement District, the Interquest North Business Improvement District, the Interquest South Business Improvement District, and the Powers and Woodmen Commercial Business Improvement District referred to above, which financial statements have been audited by other auditors and their reports thereon provided to us, is, in our opinion, fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

May 25, 2006


BONDI & Co. LLC

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, 2005. 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, 2005 by \$2,653,006,755 (net assets). Of this amount, \$696,545,923 is unrestricted net assets that may be used to meet the government's ongoing obligations to citizens and creditors.
- At December 31, 2005, the City's governmental funds reported combined ending fund balances of \$96,026,774. Approximately 81.1% of this total amount or \$77,916,014 is unreserved.
- The general fund, presented on a current financial resources basis, reports a fund balance of \$39,216,524 or 17.3% of total 2005 general fund expenditures.
- The City's total debt outstanding was \$1,907,442,456 at December 31, 2005. The key factor for this 5.56% increase over 2004 was the issuance of \$135,290,000 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 2005. 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, the Development Review Program, and Stormwater. 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 \$2,653,006,755 at the close of 2005 as compared to \$2,265,969,175 at the close of 2004.

By far the largest portion of the City's net assets (70.64%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed Statement of Net Assets for 2005 with comparative information for 2004:

City of Colorado Springs						
Net Assets (in 000's)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2005	2004	2005	2004	2005	2004
Current and other assets	\$196,321	\$202,424	\$1,098,862	\$931,955	\$1,295,183	\$1,134,379
Capital assets	854,897	656,418	2,735,677	2,562,061	3,590,574	3,218,479
Total assets	<u>1,051,218</u>	<u>858,842</u>	<u>3,834,539</u>	<u>3,494,016</u>	<u>4,885,757</u>	<u>4,352,858</u>
Long-term liabilities	143,577	152,149	1,827,329	1,715,707	1,970,906	1,867,856
Other liabilities	75,476	75,972	186,368	143,061	261,844	219,033
Total liabilities	<u>219,053</u>	<u>228,121</u>	<u>2,013,697</u>	<u>1,858,768</u>	<u>2,232,750</u>	<u>2,086,889</u>
Net assets:						
Invested in capital assets,						
net of related debt	737,918	473,415	1,136,185	1,070,923	1,874,103	1,544,338
Restricted	18,111	20,008	64,247	62,683	82,358	82,691
Unrestricted	76,136	137,298	620,410	501,642	696,546	638,940
Total net assets	<u>\$832,165</u>	<u>\$630,721</u>	<u>\$1,820,842</u>	<u>\$1,635,248</u>	<u>\$2,653,007</u>	<u>\$2,265,969</u>

The City's combined net assets were \$2,653,006,755 at December 31 2005, of which \$696,545,923 were unrestricted. However, certain of these unrestricted funds are designated for specific, future purposes. All such designations are presented in Note IV. L. in the notes to the financial statements.

The net assets of our business-type activities were \$1,820,841,745 at December 31, 2005. 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, development review, and stormwater. This amount cannot be used to make up for any decrease reported in governmental activities.

The following table shows revenues and expenses for both governmental and business-type activities for 2005 with comparative information for 2004:

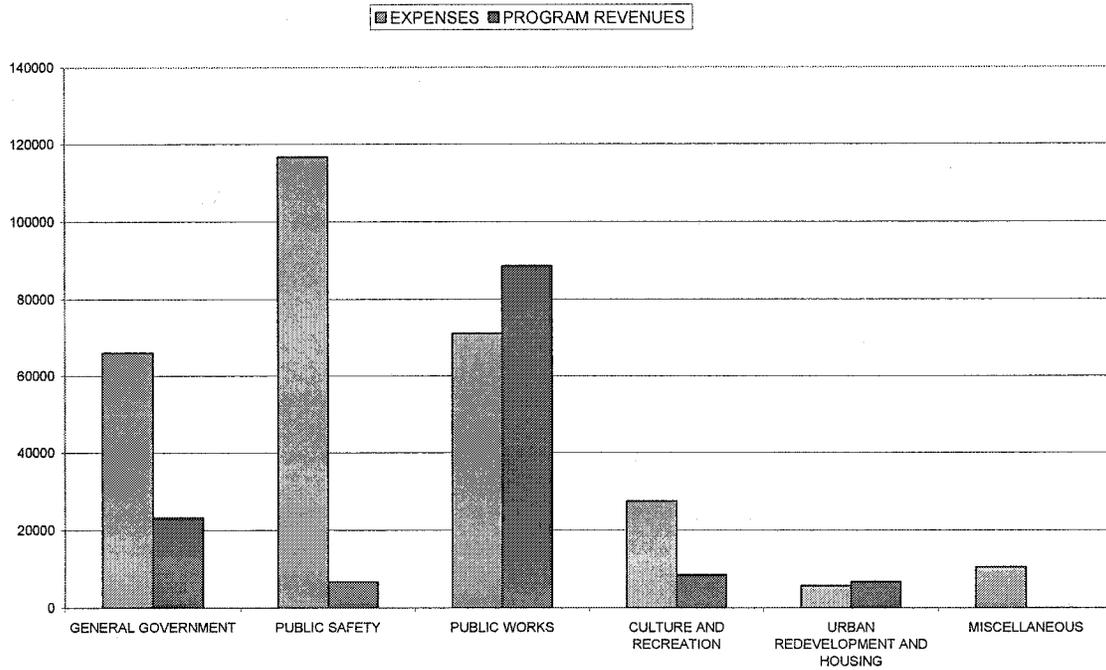
City of Colorado Springs
Changes in Net Assets (in 000's)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$39,103	\$39,147	\$1,105,831	\$993,589	\$1,144,934	\$1,032,736
Operating grants and contributions	60,462	14,940	-	-	60,462	14,940
Capital grants and contributions	34,264	52,223	57,521	64,672	91,785	116,895
General revenues:						
Property taxes	20,485	19,783	-	-	20,485	19,783
Other taxes	157,739	153,323	-	-	157,739	153,323
Contributions to endowments	84	87	-	-	84	87
Investment earnings	3,657	2,857	25,000	26,130	28,657	28,987
Gain on sale of capital assets	17	-	-	-	17	-
Total revenues	315,811	282,360	1,188,352	1,084,391	1,504,163	1,366,751
Expenses:						
General government	66,069	57,537	-	-	66,069	57,537
Public safety	116,674	107,890	-	-	116,674	107,890
Public works	71,137	69,387	-	-	71,137	69,387
Health and welfare	897	1,025	-	-	897	1,025
Culture and recreation	27,455	20,255	-	-	27,455	20,255
Urban redevelopment	5,615	8,274	-	-	5,615	8,274
Economic development	2,578	2,357	-	-	2,578	2,357
Economic opportunities	12	11	-	-	12	11
Interest on long-term debt	6,411	6,106	-	-	6,411	6,106
Miscellaneous	574	448	-	-	574	448
Utilities	-	-	567,772	621,609	567,772	621,609
Hospital	-	-	374,257	339,519	374,257	339,519
Airport	-	-	24,708	24,293	24,708	24,293
Parking	-	-	2,483	2,176	2,483	2,176
Non-major Enterprises	-	-	9,178	7,856	9,178	7,856
Total expenses	297,422	273,290	978,398	995,453	1,275,820	1,268,743
Increase in net assets before transfers	18,389	9,070	209,954	88,938	228,343	98,008
Transfers	24,360	22,390	(24,360)	(22,390)	-	-
Increase in net assets	42,749	31,460	185,594	66,548	228,343	98,008
Net assets - beginning	789,416	599,261	1,635,248	1,568,700	2,424,664	2,167,961
Net assets - ending	\$832,165	\$630,721	\$1,820,842	\$1,635,248	\$2,653,007	\$2,265,969

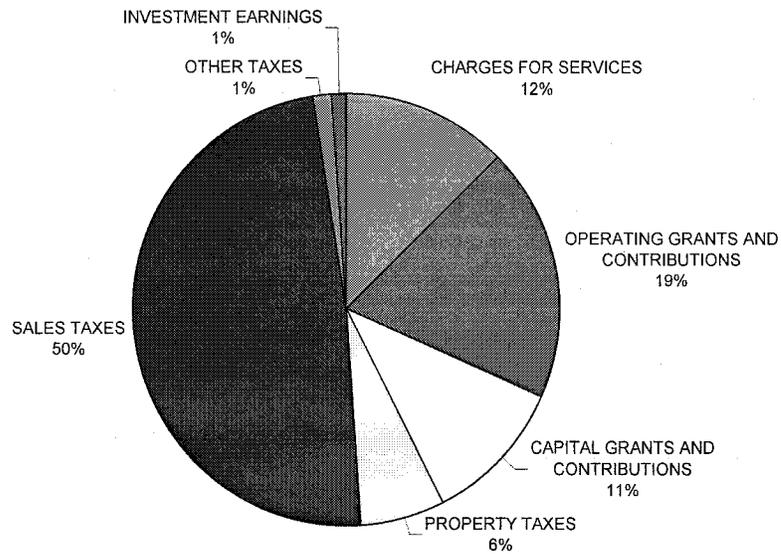
Governmental Activities

Revenue of the governmental activities was up from 2004 by \$33.5 million due primarily to increased grants and contributions, and increases related to improved economic conditions within the City. Expenses of the governmental activities were up from 2004 expenses by \$24.1 million due to additional general government expenses in public safety sales tax fund for capital projects, and public works and culture and recreation expenses related to repair projects not capitalized.

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



Revenues by Source - Governmental Activities

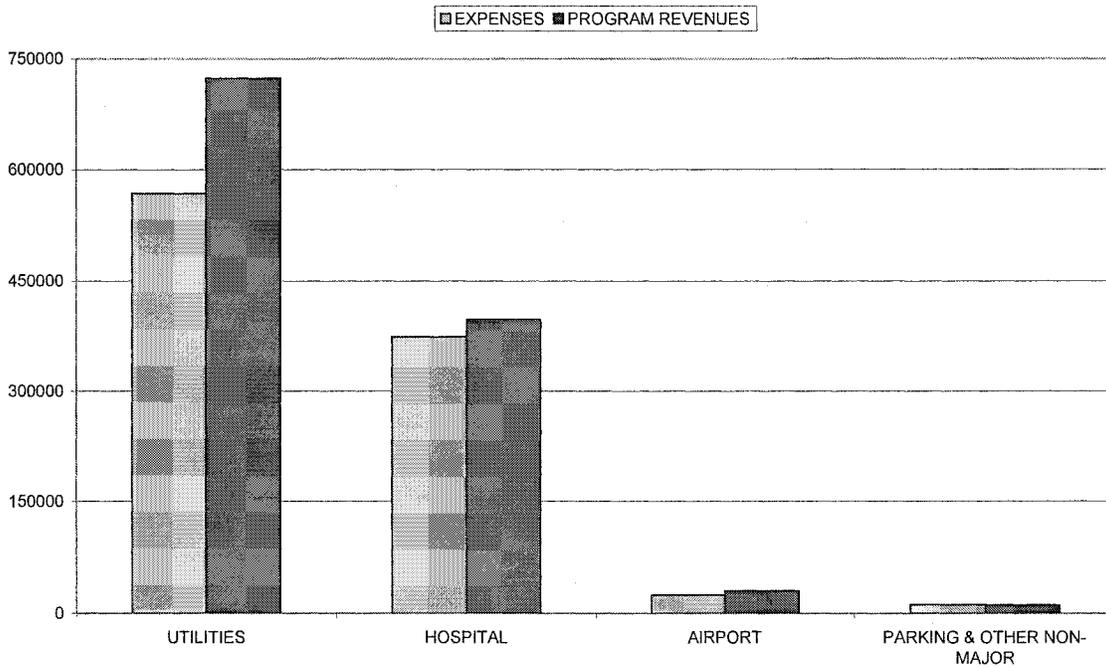


Business-type Activities

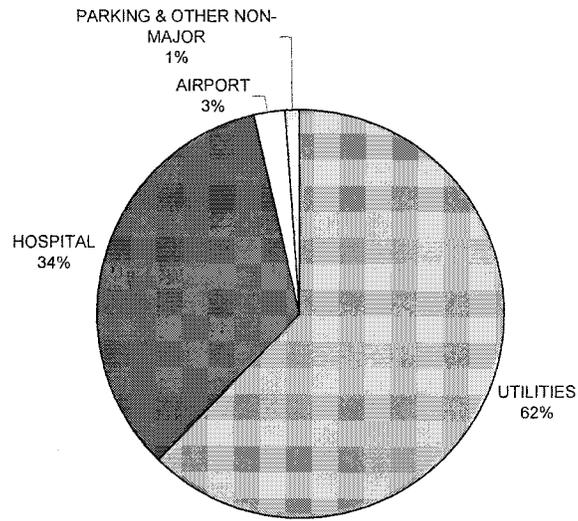
For business-type activities, Utilities shows an increase in operating revenues of \$80.9 million or 13.7% primarily due to increases in gas, electric and water revenues of \$58.3 million. Additionally, Utilities shows a decrease in operating expenses of \$48.3 million or 8.8%. The decrease was due primarily to increases in gas hedge valuations of \$96.3 million.

Hospital had an increase in operating revenues of \$31.4 million or 8.6% due to an increase of patient volume. Operating expenses for the Hospital increased by \$33.9 million or 10.2%, primarily as a result of the increased patient volume and increased inflationary costs.

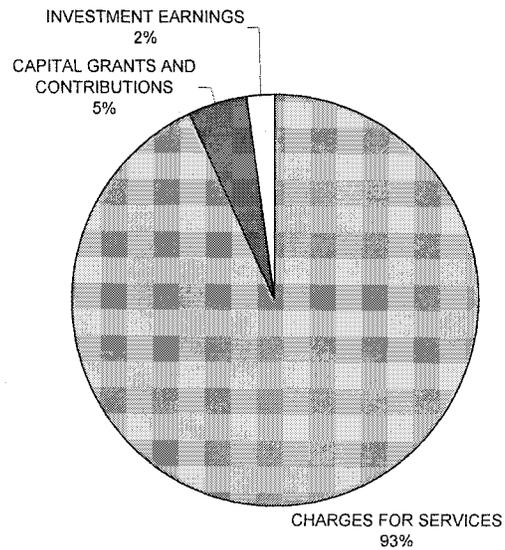
Expenses and Program Revenues - Business-type Activities
(in 000's)



Revenues by Activity - Business-type Activities



Revenues by Source - Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

As of the end of 2005, the City's governmental funds reported total combined fund balances of \$96,026,774, of which approximately 18.9% (\$18,110,760) is reserved. The reservation of fund balance is committed to debt service, (\$2,167,569), endowments, (\$9,513,569) and the TABOR emergency reserve, (\$6,429,622).

The general fund is the principal operating fund of the City. At the end of 2005, unreserved, both designated and undesignated, fund balance of the general fund was \$31,626,013, while total fund balance was \$39,216,524. 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 14.0% of total general fund expenditures, while total fund balance represents 17.3% of that same amount.

The fund balance of the City's general fund decreased by \$5,029,651 during 2005. Public safety spending had the greatest increase in expenditures between 2005 and 2004.

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, 2005 and 2004 for the proprietary funds were as follows:

	<u>2005</u>	<u>2004</u>	<u>Variance</u>
Utilities	\$321,592,236	\$182,112,371	\$139,479,865
Hospital	263,978,000	279,251,000	(15,273,000)
Airport	22,614,573	25,677,335	(3,062,762)
Parking	7,416,032	6,797,621	618,411
Non-major enterprise funds	2,493,163	3,786,851	(1,293,688)
Internal service	7,216,280	10,764,327	(3,548,047)

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:

- \$3.9 million in increased capital project budgets
- \$2.5 million of vendor fee revenue and expense not originally budgeted
- \$2.1 million in budget carryovers from previous year
- \$723,052 was approved for Federal Transit Administration grant match

Supplementary appropriation ordinances totaled \$4.3 million. Carryover of capital project budgets from the previous year totaled \$0.9 million. Carryover of encumbrance budget from the previous year was \$3.2 million.

Total revenues were \$1.8 million lower than the final budget primarily due to sales and use tax revenue being lower than estimated. Total expenditures were \$10.6 million less than the final budget due to decreases in expenditures for public safety, capital outlay and other expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of 2005, the City had \$3.6 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 \$372 million. The infrastructure category includes additions since 2002 and infrastructure that was retroactively capitalized to 1980.

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

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$166,776	\$85,231	\$45,719	\$45,719	\$212,495	\$130,950
Buildings	98,647	101,032	77,388	80,399	176,035	181,431
Improvements other than buildings	21,377	17,691	92,756	83,904	114,133	101,595
Machinery and equipment	47,655	43,746	3,732	4,033	51,387	47,779
Infrastructure	505,224	404,111	15,835	16,314	521,059	420,425
Utilities plant	-	-	2,059,516	1,983,109	2,059,516	1,983,109
Hospital plant	-	-	205,328	200,817	205,328	200,817
Construction in progress	15,218	4,607	235,403	147,767	250,621	152,374
Total	<u>\$854,897</u>	<u>\$656,418</u>	<u>\$2,735,677</u>	<u>\$2,562,062</u>	<u>\$3,590,574</u>	<u>\$3,218,480</u>

Major changes to capital assets for 2005 include:

Utilities had a total capital outlay of \$181.6 million. This includes approximately \$43.2 million to provide sufficient electric system infrastructure to meet the reliability and consumption needs of customers. Approximately \$11.8 million was spent to provide increased gas system capacity for increased customer demand. Water system major projects totaled approximately \$42.6 million in 2005. Approximately \$61.8 million was spent on wastewater capital outlay. In addition, approximately \$21 million was spent on facilities, technology additions and enhancements to the telecommunications, computing and applications infrastructure.

Hospital acquired \$73.3 million of capital assets during 2005. Major items included construction on the North Hospital, ongoing construction of a new tower on the main campus and E-Clips, the hospital's new electronic clinical documentation system. The new tower on the main campus will house the Colorado Springs Children's Hospital, allow for expansion of the Emergency Department, and provide new women's services.

In 2005, donated assets from Pikes Peak Rural Transportation Authority were included in the asset information in the amount of \$46.9 million as well as developer donated infrastructure of \$124.9 million.

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

LONG-TERM DEBT

The following schedule provides the debt outstanding at the end of 2005 and 2004:

City of Colorado Springs Outstanding Debt (in 000's)						
	Governmental Activities		Business-type Activities		Totals	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$29,195	\$32,445	\$ -	\$ -	\$29,195	\$32,445
Sales tax revenue bonds	59,670	64,490	-	-	59,670	64,490
Certificates of participation	23,915	25,305	-	-	23,915	25,305
Special assessment bonds and notes	536	644	-	-	536	644
Revenue bonds	-	-	1,775,026	1,664,306	1,775,026	1,664,306
Notes payable	-	-	19,101	19,807	19,101	19,807
Total	\$113,316	\$122,884	\$1,794,127	\$1,684,113	\$1,907,443	\$1,806,997

During 2005 the City issued new debt to finance capital projects. The key event in the City's debt included the following:

- New debt resulted from Utilities completing three bond issues. The 2005A \$100,000,000 and 2005B \$19,240,000 revenue bonds were issued to finance a variety of capital improvements. The 2005C \$16,050,000 revenue bonds were issued to finance a portion of the Southern Delivery System.

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 \$410,386,307, or 10% of the assessed property valuation. The City's outstanding general obligation debt is significantly less than this amount.

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

ECONOMIC FACTORS

Recent events such as Hurricanes Katrina and Rita, in addition to events over the past few years including the aftermath of 9/11 and its effect on local tourism and travel, the meltdown in advanced technology, and the deployment of Fort Carson troops to Iraq, have contributed to the challenges facing our local economy. Yet, the local economy has shown remarkable resiliency in that it has largely worked through those economic dislocations and appears to be moving back onto a growth track with growth in jobs in 2005. Although most key indicators of local economic activity posted declines in 2005, some improvement in local labor market conditions has occurred and retail sales are up, which moderates the impact of the declines.

Local Economic Scorecard				
Colorado Springs Area				
(Percent Change Over Prior Year)				
2004 - 2005				
Economic Indicator	2005 1/	2004	Direction	Assessment *
Unemployment **	4.90	5.20	↓	Better
Total Nonag Employment	2.00	1.95	↑	Better
Manufacturing Employment	(7.69)	(2.99)	↓	Worse
Total New Construction Spending	12.31	28.49	↓	Worse
Residential Building Permits	11.75	16.02	↓	Worse
City Sales & Use Tax Revenue	1.10	7.94	↓	Worse

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

During 2005, the local unemployment rate averaged 5.2 percent. During 2005, the non-seasonally adjusted rate stood at 4.9 percent which is down from the 5.2 percent posted in the same period of 2004. The average local rate continues to be slightly higher than both the state rate of 4.6 percent and the national rate of 5.0 percent.

Total non-agricultural wage and salary employment during 2005 was down slightly by 1.9 percent from 2004. The Colorado Springs MSA increased by 10,200 jobs, which brings the average quarterly nonfarm employment to 252,400. Gains in local non-agricultural employment have been posted in 9 of

the past 12 months. These job gains come from the leisure and hospitality sector and the professional and business services industry.

The decline in manufacturing industry employment continues with decreases in 2005. Manufacturing employment has decreased markedly in the same period for the past year, with the loss of 1,500 jobs.

Local homebuilding continues to be a source of strength in the local economy. The City's housing market was strong in 2004, and that trend continued in 2005. As of 2005, there were 6,293 new dwelling units permitted in the Pikes Peak Region, with 4,980 for single-family units. This is a 12 percent increase over 2004; however, it is not as strong as the 16 percent increase in 2004 from the same period in 2003.

City sales and use tax revenue is up 1.87 percent from the same period in 2004 due to improved year end consumer purchasing. City sales and use tax collections are primarily dependent upon the level of local economic activity, consumer confidence, and tourist activity.

Growth in the sales and use tax collections has slowed over the past year. Declining collections are likely in response to rising consumer debt, surging oil and energy prices in the wake of recent natural disasters, and rising interest rates.

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, 2005

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities
ASSETS					
Cash and investments	\$115,901,451	\$444,638,380	\$560,539,831	\$431,329	\$1,076,787
Receivables (net of allowance for uncollectibles)	67,773,419	172,588,394	240,361,813	773,697	176,693
Due from primary government	-	-	-	-	1,680,662
Due from component unit	-	120,134	120,134	-	-
Inventories	868,283	50,400,114	51,268,397	-	79,502
Prepays	-	21,070,036	21,070,036	6,767	5,637,539
Other	-	105,614,634	105,614,634	-	332,022
Restricted assets (temporarily):					
Cash and investments	11,777,736	238,534,561	250,312,297	623,176	2,337,099
Investment in joint ventures	-	43,928,227	43,928,227	-	-
Capital assets (net of accumulated depreciation):					
Land	166,775,959	45,718,535	212,494,494	-	-
Buildings	98,647,042	77,387,840	176,034,882	-	-
Improvements other than buildings	21,377,460	92,756,500	114,133,960	1,297,593	-
Machinery and equipment	47,654,948	3,731,639	51,386,587	5,722	-
Infrastructure	505,223,787	15,835,112	521,058,899	8,163,502	-
Utility plant	-	2,059,515,846	2,059,515,846	-	79,957,924
Hospital plant	-	205,328,000	205,328,000	-	-
Construction in progress	15,217,642	235,403,437	250,621,079	-	69,955
Unamortized bond issuance costs	-	21,967,850	21,967,850	179,258	277,833
Total assets	1,051,217,727	3,834,539,239	4,885,756,966	11,481,044	91,626,016
LIABILITIES					
Accounts payable and other current liabilities	32,711,063	186,960,256	219,671,319	68,289	126,341
Funds held for others	8,749,760	-	8,749,760	-	-
Accrued interest payable	571,597	6,796,996	7,368,593	68,786	211,816
Internal balances	8,807,289	(8,807,289)	-	-	-
Due to primary government	-	-	-	-	120,134
Due to component unit	-	265,414	265,414	-	-
Unearned revenue	24,635,917	1,152,840	25,788,757	760,859	5,352,752
Noncurrent liabilities:					
Due within one year	12,076,996	36,183,208	48,260,204	145,000	4,501,893
Due in more than one year	131,500,095	1,791,146,069	1,922,646,164	11,327,000	91,701,843
Total liabilities	219,052,717	2,013,697,494	2,232,750,211	12,369,934	102,014,779
NET ASSETS					
Invested in capital assets, net of related debt	737,918,070	1,136,184,516	1,874,102,586	1,521,257	(15,812,737)
Restricted for:					
Debt service	2,167,569	64,247,486	66,415,055	623,176	1,965,469
Endowments:					
Expendable	393,812	-	393,812	-	-
Nonexpendable	9,119,757	-	9,119,757	-	-
Emergency reserve (TABOR)	6,429,622	-	6,429,622	19,508	-
Unrestricted	76,136,180	620,409,743	696,545,923	(3,052,831)	3,458,505
Total net assets (deficit)	\$832,165,010	\$1,820,841,745	\$2,653,006,755	(\$888,890)	(\$10,388,763)

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 2

STATEMENT OF ACTIVITIES
For the year ended December 31, 2005

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Governmental Activities	Business-type Activities
					Governmental Activities	Business-type Activities		
Primary government								
Governmental activities								
General government	\$66,069,123	\$21,090,902	\$1,443,222	\$643,226	(\$42,891,773)	\$	\$	\$
Public safety	116,674,354	3,665,390	2,459,128	561,511	(109,988,325)	-	-	-
Public works	71,137,000	10,337,995	51,271,301	27,052,678	17,524,974	-	-	-
Health and welfare	896,675	-	-	-	(896,675)	-	-	-
Culture and recreation	27,454,595	3,181,267	859,246	4,437,853	(18,976,229)	-	-	-
Urban redevelopment and housing	5,615,284	791,692	4,428,934	1,568,359	1,173,701	-	-	-
Economic development	2,577,708	36,278	-	-	(2,541,430)	-	-	-
Economic opportunities	12,163	-	-	-	(12,163)	-	-	-
Interest on long-term debt	6,411,059	-	-	-	(6,411,059)	-	-	-
Miscellaneous	574,337	-	-	-	(574,337)	-	-	-
Total governmental activities	297,422,298	39,103,524	60,461,831	34,263,627	(163,593,316)	-	-	(163,593,316)
Business-type activities								
Utilities	567,771,779	671,846,586	-	51,873,007	-	155,947,814	-	155,947,814
Memorial Hospital	374,257,000	397,996,000	-	-	-	23,699,000	-	23,699,000
Airport	24,707,950	24,714,030	-	5,648,091	-	5,654,171	-	5,654,171
Parking System	2,483,200	2,785,403	-	-	-	302,203	-	302,203
Other	9,178,016	8,528,184	-	-	-	(649,832)	-	(649,832)
Total business-type activities	978,397,945	1,105,830,203	-	57,521,098	-	184,953,356	-	184,953,356
Total primary government	\$1,275,820,243	\$1,144,933,727	\$60,461,831	\$91,784,725	(\$163,593,316)	\$184,953,356	\$21,360,040	\$21,360,040
Component units								
Improvement districts	1,996,817	833,029	133,772	-	-	-	(1,030,016)	2,019,308
Utilities	10,011,307	12,030,615	-	-	-	-	-	-
Total component units	\$12,008,124	\$12,863,644	\$133,772	\$	\$	\$	(\$1,030,016)	\$2,019,308
General revenues								
Property taxes								
Sales taxes								
Specific ownership taxes								
Occupational/liquor taxes								
Admissions tax								
Bicycle excise tax								
Investment earnings								
Gain on sale of capital assets								
Contributions to endowments								
Transfers								
Total general revenues and transfers								
Change in net assets								
Net assets - January 1, as previously reported								
Adjustment for infrastructure phase-in under GASB 34 and prior period adjustments								
Net assets (deficit) - January 1, as restated								
Net assets (deficit) - December 31								

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

GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2005

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 3

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$44,659,110	\$51,129,494	\$95,788,604
Accounts receivable (net of allowance for uncollectibles)	3,897,990	6,054,671	9,952,661
Sales tax receivable	12,797,382	3,324,395	16,121,777
Loans receivable	846,988	16,577,516	17,424,504
Assessments receivable	-	595,308	595,308
Property taxes receivable			
Current	19,878,481	2,414,468	22,292,949
Delinquent	204,446	-	204,446
Due from other funds	7,515,940	1,517,147	9,033,087
Restricted investments	1,249,645	10,528,091	11,777,736
Total assets	91,049,982	92,141,090	183,191,072
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	3,151,907	3,567,475	6,719,382
Funds held for others	8,749,760	-	8,749,760
Accrued salaries and benefits	5,330,799	767,061	6,097,860
Due to other funds	6,456,110	9,634,496	16,090,606
Escrow deposits	6,850,961	-	6,850,961
Deferred revenue			
Loans	846,988	16,577,516	17,424,504
Assessments	-	595,308	595,308
Property taxes	19,878,481	2,414,468	22,292,949
Grants	-	1,774,516	1,774,516
Unearned revenue	568,452	-	568,452
Total liabilities	51,833,458	35,330,840	87,164,298
Fund balances			
Reserved for			
Debt service	1,160,889	1,006,680	2,167,569
Endowments	-	9,513,569	9,513,569
Emergency reserve	6,429,622	-	6,429,622
Unreserved, designated for, reported in:			
Encumbrances	4,906,757	-	4,906,757
Subsequent year expenditures	2,567,454	-	2,567,454
Special revenue funds	-	14,498,947	14,498,947
Capital projects funds	-	14,262,602	14,262,602
Unreserved, undesignated, reported in:			
General fund	24,151,802	-	24,151,802
Special revenue funds	-	17,528,452	17,528,452
Total fund balances	39,216,524	56,810,250	96,026,774
Total liabilities and fund balances	\$91,049,982	\$92,141,090	

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.	853,451,930
Loans and assessments - current receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	18,019,812
Interest on investments that is not available to pay for current-period expenditures is not reported in the funds.	1,032,028
Internal service funds are used by management to charge the costs of fleet, information systems management, and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	6,127,323
Long-term liabilities, including bonds payable, are not due and payable in current period and, therefore, are not reported in the funds.	(142,492,857)
Net assets of governmental activities	<u>\$832,165,010</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, 2005**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 4**

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$141,888,115	\$36,489,964	\$178,378,079
Licenses and permits	667,337	-	667,337
Intergovernmental	19,792,868	23,365,854	43,158,722
Charges for services	18,791,049	4,805,557	23,596,606
Fines and forfeits	9,224,906	-	9,224,906
Endowments and donations	-	3,634,011	3,634,011
Other revenue	1,762,271	962,814	2,725,085
Investment earnings	828,091	2,282,971	3,111,062
Rental income	637,378	23,100	660,478
Total revenues	193,592,015	71,564,271	265,156,286
Expenditures			
Current			
General government	38,071,448	19,105,844	57,177,292
Public safety	106,383,742	3,756,476	110,140,218
Public works	29,363,565	8,826,558	38,190,123
Health and welfare	896,675	-	896,675
Culture and recreation	18,402,281	1,702,218	20,104,499
Urban development and housing	176,509	5,611,406	5,787,915
Economic development	-	2,557,373	2,557,373
Economic opportunity	-	12,067	12,067
Miscellaneous	-	569,806	569,806
Debt service			
Principal	4,153,501	9,616,223	13,769,724
Interest	1,295,347	5,085,750	6,381,097
Issuance expense	250	90,425	90,675
Capital outlay	8,847,561	33,448,539	42,296,100
Total expenditures	207,590,879	90,382,685	297,973,564
Deficiency of revenues over expenditures	(13,998,864)	(18,818,414)	(32,817,278)
OTHER FINANCING SOURCES (USES)			
Capital lease financing	1,218,293	-	1,218,293
Sale of capital assets	646,863	-	646,863
Transfers in	25,977,065	19,195,620	45,172,685
Transfers out	(18,873,008)	(1,617,436)	(20,490,444)
Proceeds from issuance of bond	-	2,695,000	2,695,000
Total other financing sources (uses)	8,969,213	20,273,184	29,242,397
Net change in fund balances	(5,029,651)	1,454,770	(3,574,881)
Fund balances - January 1	44,246,175	55,355,480	99,601,655
Fund balances - December 31	\$39,216,524	\$56,810,250	\$96,026,774

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, 2005**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 5**

Net change in fund balances - total governmental funds	(\$3,574,881)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(5,600,758)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	45,700,868
The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	10,051,110
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(1,711,627)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(206,527)
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.	(1,908,970)
Change in net assets of governmental activities	<u>\$42,749,215</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, 2005**

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

	Budgeted Amounts		2005 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
General property taxes				
Current	\$17,782,004	\$17,782,004	\$18,172,673	\$390,669
Delinquent	-	-	30,720	30,720
Penalty and interest	-	-	29,324	29,324
	17,782,004	17,782,004	18,232,717	450,713
Sales and use taxes	120,284,336	122,739,118	120,215,439	(2,523,679)
Specific ownership taxes	2,615,805	2,615,805	2,781,276	165,471
Occupational liquor taxes	275,800	275,800	253,228	(22,572)
Gross receipts business taxes				
Admissions tax	447,151	447,151	405,455	(41,696)
Total taxes	141,405,096	143,859,878	141,888,115	(1,971,763)
Licenses and permits				
Business licenses and permits	620,438	620,438	667,337	46,899
Intergovernmental				
Federal operating grants				
Police federal share	-	-	1,035	1,035
DOT-FTA grant, subsidies	1,809,600	1,809,600	1,833,735	24,135
	1,809,600	1,809,600	1,834,770	25,170
State shared revenue				
Cigarette tax	1,348,642	1,348,642	1,304,164	(44,478)
Highway users tax-regular	13,095,378	13,095,378	12,346,251	(749,127)
Highway users tax-added fees	1,215,049	1,215,049	1,253,587	38,538
Severance tax	1,000	1,000	3,998	2,998
	15,660,069	15,660,069	14,908,000	(752,069)
Other governmental units				
El Paso County road and bridge	2,993,114	2,993,114	2,983,420	(9,694)
El Paso County shared fines	41,724	41,724	66,678	24,954
	3,034,838	3,034,838	3,050,098	15,260
Total intergovernmental	\$20,504,507	\$20,504,507	\$19,792,868	(\$711,639)

(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, 2005**

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

	<u>Budgeted Amounts</u>		<u>2005 Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges for services				
General government				
Court costs and charges	\$1,172,500	\$1,172,500	\$1,012,358	(\$160,142)
Planning, zoning, subdivision fees	1,180,520	1,180,520	1,215,438	34,918
Other fees	3,425,733	3,425,733	3,651,543	225,810
	<u>5,778,753</u>	<u>5,778,753</u>	<u>5,879,339</u>	<u>100,586</u>
Public safety				
Police services	3,466,698	3,466,698	2,673,102	(793,596)
Fire services	387,331	387,331	964,788	577,457
	<u>3,854,029</u>	<u>3,854,029</u>	<u>3,637,890</u>	<u>(216,139)</u>
Highways and streets				
Highway and street permits and fees	3,248,660	3,248,660	2,765,576	(483,084)
Signal maintenance	850,019	850,019	898,124	48,105
Transit system	2,264,476	2,987,528	3,164,718	177,190
	<u>6,363,155</u>	<u>7,086,207</u>	<u>6,828,418</u>	<u>(257,789)</u>
Culture and recreation				
Sports programs	795,920	795,920	773,673	(22,247)
Swimming pool fees	986,000	986,000	964,744	(21,256)
Ice center fees	207,220	207,220	204,839	(2,381)
Community centers	174,800	274,800	287,207	12,407
Other fees	198,204	198,204	214,939	16,735
	<u>2,362,144</u>	<u>2,462,144</u>	<u>2,445,402</u>	<u>(16,742)</u>
Total charges for services	<u>18,358,081</u>	<u>19,181,133</u>	<u>18,791,049</u>	<u>(390,084)</u>
Fines and forfeits	<u>8,990,000</u>	<u>8,990,000</u>	<u>9,224,906</u>	<u>234,906</u>
Miscellaneous				
Other revenue	548,678	548,678	1,762,271	1,213,593
Investment earnings	1,050,000	1,050,000	828,091	(221,909)
Rental income	716,686	716,686	637,378	(79,308)
Total miscellaneous	<u>2,315,364</u>	<u>2,315,364</u>	<u>3,227,740</u>	<u>912,376</u>
Total revenues	<u>\$192,193,486</u>	<u>\$195,471,320</u>	<u>\$193,592,015</u>	<u>(\$1,879,305)</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, 2005**

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

	Budgeted Amounts		2005 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current expenditures				
General government				
Legislative				
City Council	\$21,180	\$23,525	\$11,031	\$12,494
Clerk of the Council	560,676	561,054	518,403	42,651
	581,856	584,579	529,434	55,145
Judicial				
Executive-City Manager	3,788,974	3,838,293	3,443,007	395,286
Financial	834,306	834,306	771,508	62,798
Law	3,554,634	3,313,605	3,747,943	(434,338)
Personnel	2,896,834	3,068,426	2,411,993	656,433
Planning and Zoning	1,554,682	1,590,680	1,562,745	27,935
Support Services	4,117,089	4,165,613	3,891,012	274,601
Vendor Fees	13,371,242	13,311,242	13,711,169	(399,927)
Other	-	2,454,782	2,102,833	351,949
	10,087,630	10,700,990	5,899,804	4,801,186
Total general government	40,787,247	43,862,516	38,071,448	5,791,068
Public safety				
Police	68,874,094	69,751,188	67,734,667	2,016,521
Fire	39,497,485	39,689,637	38,649,075	1,040,562
Total public safety	108,371,579	109,440,825	106,383,742	3,057,083
Public works				
Highways and streets				
Maintenance of condition	8,800,988	8,799,552	8,706,878	92,674
Traffic services	4,869,712	4,842,294	4,952,404	(110,110)
Engineering	3,821,022	4,083,272	3,701,717	381,555
	17,491,722	17,725,118	17,360,999	364,119
Transit	11,007,483	12,007,817	12,002,566	5,251
Total public works	28,499,205	29,732,935	29,363,565	369,370
Health and welfare				
Communicable disease	729,000	729,000	896,675	(167,675)
Culture and recreation	\$18,320,511	\$18,546,415	\$18,402,281	\$144,134

(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, 2005**

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

	Budgeted Amounts		2005 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Urban redevelopment and housing				
Community development	\$168,104	\$171,404	\$176,509	(\$5,105)
Debt service expenditures				
Principal payments	3,709,254	4,089,254	4,153,501	(64,247)
Interest payments	421,658	622,063	1,295,347	(673,284)
Issuance expense	-	-	250	(250)
Total debt service	4,130,912	4,711,317	5,449,098	(737,781)
Capital outlay	7,088,774	10,948,829	8,847,561	2,101,268
Total expenditures	208,095,332	218,143,241	207,590,879	10,552,362
Deficiency of revenues over expenditures	(15,901,846)	(22,671,921)	(13,998,864)	8,673,057
Other financing sources (uses)				
Capital lease financing	-	-	1,218,293	1,218,293
Sale of capital assets	-	-	646,863	646,863
Transfers - in				
Payments in lieu of taxes	24,679,520	24,679,520	25,104,704	425,184
Other funds	717,436	1,080,647	872,361	(208,286)
Transfers - out				
City funded CIP	(17,481,165)	(17,647,008)	(18,873,008)	(1,226,000)
Total other financing sources (uses)	7,915,791	8,113,159	8,969,213	856,054
Net change in fund balance	(7,986,055)	(14,558,762)	(5,029,651)	9,529,111
Fund balance - January 1	44,246,175	44,246,175	44,246,175	-
Fund balance - December 31	\$36,260,120	\$29,687,413	\$39,216,524	\$9,529,111

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

**PROPRIETARY FUNDS
BALANCE SHEET
December 31, 2005**

	Business-type Activities Enterprise Funds			
	Utilities	Memorial Hospital	Airport	Parking
<u>ASSETS</u>				
Current assets				
Cash and investments - unrestricted	\$163,027,324	\$232,478,000	\$39,118,726	\$5,438,752
Cash and investments - restricted	13,107,439	-	-	-
Accounts receivable (net of allowance for uncollectibles)	97,523,513	68,557,536	2,174,933	11,377
Interest receivable	898,291	-	-	-
Due from other funds	4,807,647	89,464	13,940	52,933
Due from component units	120,134	-	-	-
Inventories	46,873,607	3,459,000	-	-
Prepaid expenses	9,799,036	11,271,000	-	-
Fair value of derivative instruments	48,310,331	-	-	-
Total current assets	384,467,322	315,855,000	41,307,599	5,503,062
Noncurrent assets				
Restricted cash and investments	156,092,439	63,500,000	5,834,683	-
Note receivable	-	3,220,000	-	-
Due from other funds	3,589,301	-	-	2,158,806
Investment in joint ventures	43,641,227	287,000	-	-
Fair value of derivative instruments	53,274,634	-	-	-
Other	4,029,669	-	-	-
Capital assets:				
Land	-	23,553,000	18,423,581	2,072,246
Buildings	-	-	88,460,646	15,517,269
Improvements other than buildings	-	-	125,506,949	6,472,495
Machinery and equipment	-	-	8,697,463	194,834
Infrastructure	-	-	16,795,306	-
Utility plant	3,143,401,015	-	-	-
Hospital plant	-	395,747,000	-	-
Construction in progress	135,948,436	84,918,000	14,482,496	54,505
Less accumulated depreciation	(1,083,885,169)	(190,419,000)	(76,051,576)	(6,632,147)
Total noncurrent assets	2,456,091,552	380,806,000	202,149,548	19,838,008
Other assets				
Unamortized bond issuance costs	9,157,832	11,946,000	670,264	193,754
Total other assets	9,157,832	11,946,000	670,264	193,754
Total assets	\$2,849,716,706	\$708,607,000	\$244,127,411	\$25,534,824

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>
\$4,575,578	\$444,638,380	\$20,112,847
-	13,107,439	-
202,744	168,470,103	149,746
-	898,291	-
677	4,964,661	1,035,015
-	120,134	-
67,507	50,400,114	868,283
-	21,070,036	-
-	48,310,331	-
4,846,506	751,979,489	22,165,891
-	225,427,122	-
-	3,220,000	-
-	5,748,107	-
-	43,928,227	-
-	53,274,634	-
-	4,029,669	-
1,669,708	45,718,535	13,000
9,750,380	113,728,295	387,817
8,314,914	140,294,358	396,917
5,409,890	14,302,187	5,990,308
-	16,795,306	-
-	3,143,401,015	-
-	395,747,000	-
-	235,403,437	-
(12,725,332)	(1,369,713,224)	(5,343,134)
12,419,560	3,071,304,668	1,444,908
-	21,967,850	-
-	21,967,850	-
\$17,266,066	\$3,845,252,007	\$23,610,799

(continued)

**PROPRIETARY FUNDS
BALANCE SHEET
December 31, 2005**

	Business-type Activities Enterprise Funds			
	Utilities	Memorial Hospital	Airport	Parking
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities				
Accounts payable	\$90,732,724	\$29,339,780	\$3,808,187	\$39,022
Accrued salaries and benefits	6,827,535	5,697,000	273,710	14,895
Compensated absences - current	447,214	538,850	28,805	2,500
Due to other funds	3,281,355	306,220	109,066	116,878
Due to component unit	265,414	-	-	-
Deferred revenue	-	-	1,152,840	-
Accrued interest payable	6,771,951	-	-	25,045
Matured bonds payable	17,610,000	5,095,000	3,230,000	400,000
Notes payable - current	688,215	-	-	-
Capital lease payable - current	-	60,000	-	-
Fair value of derivative instruments	2,600,965	-	-	-
Current portion estimated claims, settlements	-	7,914,000	-	-
Other	857,431	-	-	-
Total current liabilities	130,082,804	48,950,850	8,602,608	598,340
Noncurrent liabilities				
Compensated absences	8,497,059	10,238,150	547,302	47,495
Customer deposits	1,544,308	-	-	-
Claims and judgments	205,607	1,350,000	-	-
Revenue bonds payable	1,376,894,568	297,534,000	56,115,431	6,460,000
Notes payable	17,498,800	-	-	-
Customer advances for construction	9,722,389	-	-	-
Capital lease payable	-	87,000	-	-
Fair value of derivative instruments	46,542,497	-	-	-
Municipal solid waste landfill closure and postclosure care	1,524,456	-	-	-
Other liabilities	1,057,398	-	-	-
Total noncurrent liabilities	1,463,487,082	309,209,150	56,662,733	6,507,495
Total liabilities	1,593,569,886	358,160,000	65,265,341	7,105,835
Net assets				
Invested in capital assets, net of related debt	907,390,160	68,921,000	136,969,435	11,012,957
Restricted for debt service	27,164,424	17,548,000	19,278,062	-
Unrestricted	321,592,236	263,978,000	22,614,573	7,416,032
Total net assets	1,256,146,820	350,447,000	178,862,070	18,428,989
Total liabilities and net assets	\$2,849,716,706	\$708,607,000	\$244,127,411	\$25,534,824

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>
		\$12,620,033
\$66,469	\$123,986,182	
160,041	12,973,181	422,827
27,395	1,044,764	71,885
407,699	4,221,218	469,046
-	265,414	-
-	1,152,840	-
-	6,796,996	-
-	26,335,000	-
45,520	733,735	-
95,709	155,709	99,970
-	2,600,965	-
-	7,914,000	-
-	857,431	-
802,833	189,037,435	13,683,761
520,545	19,850,551	1,365,820
-	1,544,308	-
-	1,555,607	-
-	1,737,003,999	-
868,674	18,367,474	-
-	9,722,389	-
432,887	519,887	118,156
-	46,542,497	-
-	1,524,456	-
-	1,057,398	-
1,822,106	1,837,688,566	1,483,976
2,624,939	2,026,726,001	15,167,737
11,890,964	1,136,184,516	1,226,782
257,000	64,247,486	-
2,493,163	618,094,004	7,216,280
14,641,127	1,818,526,006	8,443,062
\$17,266,066		\$23,610,799
	2,315,739	
	\$1,820,841,745	

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Business-type Activities Enterprise Funds			
	Utilities	Memorial Hospital	Airport	Parking
Operating revenues				
Charges for services	\$671,846,586	\$383,248,000	\$20,719,348	\$2,785,403
Miscellaneous	-	12,781,000	-	-
Total operating revenues	671,846,586	396,029,000	20,719,348	2,785,403
Operating expenses				
Salaries and benefits	128,930,875	199,080,000	7,088,325	396,266
Other operating expenses	291,178,548	144,594,000	6,128,459	1,066,216
Depreciation	82,849,117	21,631,000	8,157,208	685,704
Total operating expenses	502,958,540	365,305,000	21,373,992	2,148,186
Operating income (loss)	168,888,046	30,724,000	(654,644)	637,217
Nonoperating revenues (expenses)				
Investment earnings	17,884,678	5,670,000	1,077,834	188,601
Interest expense	(59,190,266)	(8,952,000)	(3,244,482)	(314,655)
Passenger facility charges	-	-	2,836,904	-
Customer facility charges	-	-	991,420	-
Amortization expense	-	-	-	(14,716)
Gain on disposal of assets	-	-	9,656	-
Miscellaneous	(4,067,225)	1,927,000	156,702	-
Total nonoperating revenue (expenses)	(45,372,813)	(1,355,000)	1,828,034	(140,770)
Income (loss) before contributions and transfers	123,515,233	29,369,000	1,173,390	496,447
Capital contributions	51,873,007	-	5,648,091	-
Transfers in	-	-	-	-
Transfers out	(25,106,636)	-	-	(52,993)
Change in net assets	150,281,604	29,369,000	6,821,481	443,454
Total net assets - January 1	1,105,865,216	321,078,000	172,040,589	17,985,535
Total net assets - December 31	\$1,256,146,820	\$350,447,000	\$178,862,070	\$18,428,989

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>
\$8,517,671	\$1,087,117,008	\$65,246,190
-	12,781,000	-
<u>8,517,671</u>	<u>1,099,898,008</u>	<u>65,246,190</u>
4,392,953	339,888,419	10,489,003
3,760,700	446,727,923	58,047,845
929,795	114,252,824	578,222
<u>9,083,448</u>	<u>900,869,166</u>	<u>69,115,070</u>
(565,777)	199,028,842	(3,868,880)
178,821	24,999,934	441,788
(43,785)	(71,745,188)	(26,870)
-	2,836,904	-
-	991,420	-
-	(14,716)	-
10,513	20,169	4,748
-	(1,983,523)	1,206
<u>145,549</u>	<u>(44,895,000)</u>	<u>420,872</u>
(420,228)	154,133,842	(3,448,008)
-	57,521,098	160,000
800,000	800,000	-
-	(25,159,629)	(322,612)
379,772	187,295,311	(3,610,620)
<u>14,261,355</u>		<u>12,053,682</u>
<u>\$14,641,127</u>		<u>\$8,443,062</u>
	<u>(1,701,650)</u>	
	<u>\$185,593,661</u>	

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the year ended December 31, 2005**

	Business-type Activities Enterprise Funds			
	Utilities	Memorial Hospital	Airport	Parking
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$645,362,639	\$379,203,129	\$20,749,966	\$2,577,872
Receipts from interfund services provided	14,848,433	7,220,871	36,742	215,153
Payments to suppliers	(356,256,266)	(137,570,534)	(3,566,535)	(666,386)
Payments to employees	(131,173,696)	(196,529,000)	(7,093,600)	(391,639)
Payments for interfund services used	(16,687,833)	(3,893,466)	(2,546,885)	(386,477)
Net cash provided (used) by operating activities	156,093,277	48,431,000	7,579,688	1,348,523
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers to other funds	(24,977,045)	-	-	(52,993)
Transfers in from other funds	-	-	-	-
Repayment of advance from other funds	-	-	-	-
Principal received from interfund loan	-	-	-	44,042
Interest received from interfund loan	-	-	-	89,146
Operating grant	-	-	120,500	-
Customer deposits	244,376	-	-	-
Net cash provided (used) by noncapital financing activities	(24,732,669)	-	120,500	80,195
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital debt	147,839,000	-	-	-
Capital contributions and advances	35,563,325	-	-	-
Use of bond funds and escrow funds	(364,879)	-	-	-
Purchases of capital assets	(162,368,992)	(73,337,000)	(11,176,091)	(123,987)
Payments from accounts payable incurred for capital asset additions	(11,533,535)	-	(3,890,829)	-
Repayment of capital lease obligations	-	-	-	-
Principal paid on capital debt	(17,256,540)	(4,939,000)	(3,170,000)	(385,000)
Interest paid on capital debt	(63,524,157)	(7,846,000)	(2,658,348)	(315,939)
Interest paid - other	(54,866)	-	-	-
Proceeds from the sale of capital assets	832,331	-	-	-
Capital grant	-	-	6,847,500	-
Passenger facility charges	-	-	2,652,968	-
Customer facility charges	-	-	991,420	-
Advances for construction	(2,299,559)	-	-	-
Net cash used by capital and related financing activities	(73,167,872)	(86,122,000)	(10,403,380)	(824,926)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	161,291,321	452,802,000	40,197,360	3,011,752
Purchases of investments	(220,521,297)	(470,463,000)	(40,197,037)	(3,914,107)
Interest and dividends received	8,606,052	6,567,000	1,348,569	145,459
Distributions from joint ventures	4,181,761	-	-	-
Other	459,486	3,597,000	-	-
Net cash provided (used) by investing activities	(45,982,677)	(7,497,000)	1,348,892	(756,896)
Net increase (decrease) in cash and cash equivalents	12,210,059	(45,188,000)	(1,354,300)	(153,104)
Cash and cash equivalents - January 1	172,978,183	68,141,000	1,552,001	180,591
Cash and cash equivalents - December 31	185,188,242	22,953,000	197,701	27,487
Cash	185,188,242	22,953,000	197,701	27,487
Investments	147,038,960	273,025,000	44,755,708	5,411,265
Total cash and investments	\$332,227,202	\$295,978,000	\$44,953,409	\$5,438,752

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

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

<u>Other Non-Major Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$8,523,152	\$1,056,416,758	\$8,150,545
97,501	22,418,700	56,653,271
(2,392,981)	(500,452,702)	(45,968,983)
(4,328,728)	(339,516,663)	(10,442,207)
(1,473,568)	(24,988,229)	(10,165,688)
425,376	213,877,864	(1,773,062)
-	(25,030,038)	-
800,000	800,000	-
(9,100)	(9,100)	(540,522)
-	44,042	-
-	89,146	-
-	120,500	-
-	244,376	-
790,900	(23,741,074)	(540,522)
360,000	148,199,000	-
-	35,563,325	-
-	(364,879)	-
(1,520,721)	(248,526,791)	(83,500)
(9,311)	(15,433,675)	(27,679)
(110,828)	(110,828)	(253,814)
(43,753)	(25,794,293)	-
(37,885)	(74,382,329)	-
(5,900)	(60,766)	(26,870)
10,296	842,627	5,955
-	6,847,500	-
-	2,652,968	-
-	991,420	-
-	(2,299,559)	-
(1,358,102)	(171,876,280)	(385,908)
3,242,203	660,544,636	16,167,439
(3,456,953)	(738,552,394)	(14,787,290)
206,591	16,873,671	567,879
-	4,181,761	-
-	4,056,486	-
(8,159)	(52,895,840)	1,948,028
(149,985)	(34,635,330)	(751,464)
173,080	243,024,855	853,112
23,095	208,389,525	101,648
23,095	208,389,525	101,648
4,552,483	474,783,416	20,011,199
\$4,575,578	\$683,172,941	\$20,112,847

(continued)

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the year ended December 31, 2005

	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)	\$168,888,046	\$30,724,000	(\$654,644)	\$637,217
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation expense	82,849,117	21,631,000	8,157,208	685,704
Provision for loss on accounts receivable and injuries and damages	2,199,547	-	-	-
Change in fair value of derivative instruments	(96,259,735)	-	-	-
Other revenue	608,471	-	-	-
(Increase) decrease in accounts receivable	(14,319,338)	(8,943,091)	52,076	7,442
(Increase) decrease in inventories	(12,331,202)	264,000	-	-
(Increase) decrease in due from other funds	218,346	11,091	5,149	180
Increase in due from component units	(13,902)	-	-	-
Increase in prepaid expenses	(569,906)	(1,917,000)	-	-
Increase in other assets	(2,172,780)	-	-	-
Increase (decrease) in accounts and other payables	29,608,240	2,394,264	9,549	(65,783)
Increase (decrease) in accrued expenses	328,901	2,551,000	(5,275)	4,627
Increase (decrease) in due to other funds	85,745	67,736	5,490	79,136
Decrease in due to component units	(8,863)	-	-	-
Increase (decrease) in other liabilities	(3,017,410)	1,648,000	10,135	-
Net cash provided (used) by operating activities	\$156,093,277	\$48,431,000	\$7,579,688	\$1,348,523
Noncash investing, capital and financing activities				
Amortization, charge-off of debt discount and expense	\$773,702	\$ -	-	\$14,716
Noncash acquisition of capital assets (incurrence of payable/capital lease obligation)	13,234,589	-	2,939,201	16,475
Noncash contributions in aid of construction	19,515,563	-	-	-
Increase (decrease) in fair value of investments	5,595,739	-	(270,735)	(46,004)

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>
(\$565,777)	\$199,028,842	(\$3,868,880)
929,795	114,252,824	578,222
-	2,199,547	-
-	(96,259,735)	-
-	608,471	-
98,416	(23,104,495)	(59,309)
(1,057)	(12,068,259)	54,094
552	235,318	(383,065)
-	(13,902)	-
-	(2,486,906)	-
-	(2,172,780)	-
(78,251)	31,868,019	1,884,277
63,982	2,943,235	46,796
(22,284)	215,823	(25,197)
-	(8,863)	-
-	(1,359,275)	-
<u>\$425,376</u>	<u>\$213,877,864</u>	<u>(\$1,773,062)</u>

\$	-	\$788,418	\$	-
	213,351	16,403,616		18,336
	-	19,515,563		-
	(27,770)	5,251,230		(126,091)

**FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
December 31, 2005**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 10**

	Pension Trust Funds	Agency Fund
<u>ASSETS</u>		
Cash and investments	\$ -	\$2,105,106
Accounts receivable (net of allowances for uncollectibles)	-	47,079
Interest receivable	1,428,143	-
Other assets	25,811	-
Investment in external investment pool	408,755,309	-
Total assets	410,209,263	2,152,185
<u>LIABILITIES</u>		
Accounts payable	247,454	736,937
Due to component unit	-	1,415,248
Other liabilities	53,997	-
Total liabilities	301,451	2,152,185
Net assets - held in trust for pension benefits	\$409,907,812	\$ -

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

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the fiscal year ended December 31, 2005**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 11**

	<u>Pension Trust Funds</u>
Additions	
City contributions	\$9,216,948
Participant contributions	<u>5,734,921</u>
Total contributions	14,951,869
Investment earnings:	
Interest and dividend income	12,012,683
Rental income	1,873,421
Net increase in fair value of investments	<u>24,273,135</u>
Total investment gain	38,159,239
Less investment expenses	<u>2,548,977</u>
Net investment gain	<u>35,610,262</u>
Total additions	<u>50,562,131</u>
Deductions	
Benefits	(16,754,581)
Refund	(480,863)
Administrative expenses	<u>(197,722)</u>
Total deductions	<u>(17,433,166)</u>
Change in net assets	33,128,965
Net assets held in trust for pension benefits - January 1	<u>376,778,847</u>
Net assets held in trust for pension benefits - December 31	<u><u>\$409,907,812</u></u>

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

**GOVERNMENTAL FUND COMPONENT UNITS
COMBINING STATEMENT OF NET ASSETS
December 31, 2005**

	Colorado Springs Urban Renewal Authority	Greater Downtown Colorado Springs Business Improvement District	Briargate Center Business Improvement District	Barnes & Powers North Business Improvement District	Barnes & Powers South Business Improvement District
<u>ASSETS</u>					
Cash and investments	\$51,091	\$312,687	\$44,674	\$3,404	\$3,234
Accounts receivable (net of allowance for uncollectibles)	-	10,403	-	8	5
Property taxes receivable	-	470,745	231,219	795	300
Prepaid expenditures	2,300	4,467	-	-	-
Unamortized bond costs, net of amortization	-	-	153,514	-	-
Restricted assets:					
Cash-bonds	-	-	623,176	-	-
Capital assets (net of accumulated depreciation):					
Machinery and equipment	-	5,722	-	-	-
Improvements	-	-	-	-	-
Infrastructure	-	-	7,636,113	-	-
Total assets	53,391	804,024	8,688,696	4,207	3,539
<u>LIABILITIES</u>					
Liabilities					
Accounts payable	25,544	29,327	-	1,950	1,650
Deferred revenue	-	470,745	231,219	795	300
Accrued interest payable	-	-	58,478	-	-
Noncurrent liabilities:					
Due within one year	-	-	145,000	-	-
Due in more than one year	-	-	9,400,000	-	-
Total liabilities	25,544	500,072	9,834,697	2,745	1,950
<u>NET ASSETS</u>					
Invested in capital assets, net of related det	-	5,722	1,591,809	-	-
Restricted for:					
Debt service	-	-	623,176	-	-
Emergency reserve (TABOR)	-	16,708	700	300	300
Unrestricted	27,847	281,522	(3,361,686)	1,162	1,289
Total net assets (deficit)	\$27,847	\$303,952	(\$1,146,001)	\$1,462	\$1,589

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

CITY OF COLORADO SPRINGS
COLORADO
 Exhibit 12

First & Main Business Improvement District	First & Main North Business Improvement District	Interquest North Business Improvement District	Interquest South Business Improvement District	Powers & Woodmen Commercial Business Improvement District	Total
\$786	\$5,864	\$2,613	\$3,051	\$3,925	\$431,329
2,169	243	-	-	10	12,838
-	53,200	1,700	1,600	1,300	760,859
-	-	-	-	-	6,767
-	25,744	-	-	-	179,258
-	-	-	-	-	623,176
-	-	-	-	-	5,722
-	1,297,593	-	-	-	1,297,593
-	527,389	-	-	-	8,163,502
2,955	1,910,033	4,313	4,651	5,235	11,481,044
2,955	1,922	1,651	1,651	1,639	68,289
-	53,200	1,700	1,600	1,300	760,859
-	10,308	-	-	-	68,786
-	-	-	-	-	145,000
-	1,927,000	-	-	-	11,327,000
2,955	1,992,430	3,351	3,251	2,939	12,369,934
-	(76,274)	-	-	-	1,521,257
-	-	-	-	-	623,176
-	600	300	300	300	19,508
-	(6,723)	662	1,100	1,996	(3,052,831)
\$	(\$82,397)	\$962	\$1,400	\$2,296	(\$888,890)

GOVERNMENTAL FUND COMPONENT UNITS
 COMBINING STATEMENT OF ACTIVITIES
 For the year ended December 31, 2005

	Program Revenues			Colorado Springs Urban Renewal Authority	Greater Downtown Colorado Springs Business Improvement District	Briargate Center Business Improvement District	Barnes & Powers North Business Improvement District
	Expenses	Charges for Services	Operating Grants and Contributions				
Colorado Springs Urban Renewal Authority							
General government	\$283,895	\$193,555	\$9,916	(\$80,424)			
Greater Downtown Colorado Springs Business Improvement District							
General government	448,594	7,245	44,665		(\$396,684)		
Public works	149,834	-	-		(149,834)		
Total	598,428	7,245	44,665		(546,518)		
Briargate Center Business Improvement District							
General government	213,970	632,229	-			\$418,259	
Interest on long-term debt	718,148	-	-			(718,148)	
Total	932,118	632,229	-			(299,889)	
Barnes & Powers North Business Improvement District							
General government	9,353	-	10,000				\$647
Barnes & Powers South Business Improvement District							
General government	8,873	-	10,000				
First & Main Business Improvement District							
General government	12,170	-	12,169				
First & Main North Business Improvement District							
General government	95,055	-	17,022				
Interest on long-term debt	30,624	-	-				
Total	125,679	-	17,022				
Interquest North Business Improvement District							
General government	9,040	-	10,000				
Interquest South Business Improvement District							
General government	8,603	-	10,000				
Powers & Woodmen Commercial Business Improvement District							
General government	8,658	-	10,000				
Total component units	\$1,996,817	\$833,029	\$133,772				
General revenues:							
Property taxes				-	429,208	205,202	707
Specific ownership taxes				-	65,504	-	105
Investment earnings				1,253	5,514	17,591	3
Total general revenues				1,253	500,226	222,793	815
Change in net assets				(79,171)	(46,292)	(77,096)	1,462
Net assets (deficit) - January 1, as restated				107,018	350,244	(1,068,905)	-
Net assets (deficit) - December 31				\$27,847	\$303,952	(\$1,146,001)	\$1,462

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

Net (Expense) Revenue and
 Changes in Net Assets

Barnes & Powers South Business Improvement District	First & Main Business Improvement District	First & Main North Business Improvement District	Interquest North Business Improvement District	Interquest South Business Improvement District	Powers & Woodmen Commercial Business Improvement District	Totals
						(\$80,424)
						(396,684)
						(149,834)
						418,259
						(718,148)
						647
<u>\$1,127</u>						1,127
	<u>(\$1)</u>					(1)
		(\$78,033)				(78,033)
		<u>(30,624)</u>				(30,624)
		<u>(108,657)</u>				
			<u>\$960</u>			960
				<u>\$1,397</u>		1,397
					<u>\$1,342</u>	1,342
						<u>(1,030,016)</u>
398	-	21,093	-	-	828	657,436
59	-	3,136	-	-	123	68,927
5	1	2,031	2	3	3	26,406
<u>462</u>	<u>1</u>	<u>26,260</u>	<u>2</u>	<u>3</u>	<u>954</u>	<u>752,769</u>
1,589	-	(82,397)	962	1,400	2,296	(277,247)
-	-	-	-	-	-	(611,643)
<u>\$1,589</u>	<u>\$-</u>	<u>(\$82,397)</u>	<u>\$962</u>	<u>\$1,400</u>	<u>\$2,296</u>	<u>(\$888,890)</u>

**PROPRIETARY FUND COMPONENT UNITS
BALANCE SHEET
December 31, 2005**

	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	\$616,133	\$22,469	\$3,863	\$193,586
Accounts receivable (net of allowance for uncollectibles)	137,022	-	-	8,417
Inventories	79,502	-	-	-
Due from primary government	265,414	-	-	-
Prepaid expenses	5,466,979	3,073	-	148,833
Total current assets	6,565,050	25,542	3,863	350,836
Noncurrent assets				
Restricted cash and cash equivalents	2,296,839	-	-	-
Capital assets:				
Utility plant	87,199,812	9,499,247	-	13,757,143
Construction in progress	69,955	-	-	-
Less accumulated depreciation	(28,272,994)	(1,803,795)	-	(5,041,314)
Total noncurrent assets	61,293,612	7,695,452	-	8,715,829
Other assets				
Unamortized bond issuance costs	263,263	-	-	-
Other	-	-	-	274,279
Total other assets	263,263	-	-	274,279
Total assets	\$68,121,925	\$7,720,994	\$3,863	\$9,340,944

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
\$43,300	\$176,247	\$21,189	\$ -	\$1,076,787
-	10,266	-	20,988	176,693
-	-	-	-	79,502
-	-	-	1,415,248	1,680,662
6,438	9,185	3,031	-	5,637,539
49,738	195,698	24,220	1,436,236	8,651,183
8,510	31,750	-	-	2,337,099
3,238,255	2,165,002	1,200,714	-	117,060,173
-	-	-	-	69,955
(501,475)	(1,141,905)	(340,766)	-	(37,102,249)
2,745,290	1,054,847	859,948	-	82,364,978
14,570	-	-	-	277,833
-	25,334	32,409	-	332,022
14,570	25,334	32,409	-	609,855
\$2,809,598	\$1,275,879	\$916,577	\$1,436,236	\$91,626,016

(continued)

PROPRIETARY FUND COMPONENT UNITS
BALANCE SHEET
December 31, 2005

	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	\$21,269	\$46	\$ -	\$29,737
Due to primary government	120,134	-	-	-
Deferred revenue	5,352,752	-	-	-
Accrued interest payable	198,392	-	-	-
Matured bonds payable	480,000	-	-	-
Notes payable - current	468,955	-	-	420,432
Capital lease payable - current	3,046,995	-	-	-
Total current liabilities	9,688,497	46	-	450,169
Noncurrent liabilities				
Revenue bonds payable	8,702,596	-	-	-
Notes payable	8,567,887	-	-	37,126
Capital lease payable	72,650,853	-	-	-
Other	-	-	-	-
Total noncurrent liabilities	89,921,336	-	-	37,126
Total liabilities	99,609,833	46	-	487,295
Net assets				
Invested in capital assets, net of related debt	(34,589,143)	7,695,452	-	8,258,271
Restricted for debt service	1,965,469	-	-	-
Unrestricted	1,135,766	25,496	3,863	595,378
Total net assets (deficit)	(31,487,908)	7,720,948	3,863	8,853,649
Total liabilities and net assets	\$68,121,925	\$7,720,994	\$3,863	\$9,340,944

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

CITY OF COLORADO SPRINGS
 COLORADO
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The Lake Meredith Reservoir Company	The Colorado Canal Company	The Lake Henry Reservoir Company	Pikes Peak Regional Communications Network	Total
\$2,689	\$29,249	\$11,604	\$31,747	\$126,341
-	-	-	-	120,134
-	-	-	-	5,352,752
13,424	-	-	-	211,816
-	-	-	-	480,000
82,348	-	3,163	-	974,898
-	-	-	-	3,046,995
98,461	29,249	14,767	31,747	10,312,936
-	-	-	-	8,702,596
1,582,093	-	129,538	-	10,316,644
-	-	-	-	72,650,853
-	31,750	-	-	31,750
1,582,093	31,750	129,538	-	91,701,843
1,680,554	60,999	144,305	31,747	102,014,779
1,072,339	1,023,097	727,247	-	(15,812,737)
-	-	-	-	1,965,469
56,705	191,783	45,025	1,404,489	3,458,505
1,129,044	1,214,880	772,272	1,404,489	(10,388,763)
\$2,809,598	\$1,275,879	\$916,577	\$1,436,236	\$91,626,016

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
					\$1,806,474
					(104,904)
					1,228
<u>\$159,023</u>					159,023
	<u>\$47,580</u>				47,580
		<u>(\$138,736)</u>			(138,736)
			<u>\$16,634</u>		16,634
				<u>\$232,009</u>	232,009
					<u>2,019,308</u>
4,885	564	3,361	182	41,054	124,192
-	-	-	-	(37,819)	(37,819)
<u>4,885</u>	<u>564</u>	<u>3,361</u>	<u>182</u>	<u>3,235</u>	<u>86,373</u>
163,908	48,144	(135,375)	16,816	235,244	2,105,681
<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>
<u>\$8,853,649</u>	<u>\$1,129,044</u>	<u>\$1,214,880</u>	<u>\$772,272</u>	<u>\$1,404,489</u>	<u>(\$10,388,763)</u>



CITY OF COLORADO SPRINGS

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

City of Colorado Springs 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 71.4% participation share in Fountain Valley Authority (FVA) which is a political subdivision of the State of Colorado formed primarily to construct a water treatment plant, and operate the water treatment plant and water conveyance system for its five customers. Raw water is received through FVA Conduit pursuant to a conveyance service subcontract with the Southeastern Colorado Water Conservancy District. The City of Fountain, Security Water and Sanitation Districts, Stratmoor Hills Water District and Widefield Water and Sanitation District are the other participants and customers.

Aurora-Colorado Springs Joint Water Authority

Utilities owns 66.7% participation share in the Aurora-Colorado Springs Joint Water Authority (the Authority) which is a political subdivision of the State of Colorado formed for the purpose of developing water resources, systems or facilities for the benefit of Utilities and the City of Aurora, Colorado. The Authority has constructed and owns a pipeline to transport raw water from Twin Lakes Reservoir through a pipeline to Utilities' Otero Pumping Station.

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, 2005.

Canal and Reservoir Companies

Utilities owns from 51.9% to 77.2% 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 reported separately in exhibits H-1 and H-2 and are blended with the City's financial statements.

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

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

4. Joint Ventures

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

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

and the County. It is intended that the ESA administer its fees so as to fully recover all expenses and the City does not invest in the ESA. Since the City has only a residual equity interest, the equity method is not considered appropriate for this joint venture.

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

Utilities 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 67% 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, the ESA and the PPRTA 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
2420 E. Pikes Peak
Colorado Springs, CO 80909

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government

and its component units. 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. These funds 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. As of December 31, 2005, the City has fully implemented GASB 34 and has retroactively capitalized approximately \$549 million from 1980 through 2002 related to the infrastructure and land under the infrastructure. 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 2005 AFUDC rate of 3.28% 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 2005, the Utilities fund recognized a liability of \$1,524,456 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 \$3,664,264. The average landfill capacity used to date is 41.39%. The estimated remaining landfill lives vary from 18 to 88 years. In 2005, the governmental activities recognized a liability of \$547,512 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 2005, Utilities entered into two interest rate swap agreements that qualify for derivative accounting under Statement of Financial Accounting Standards (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended. 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, 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 for entities that do not report earnings as a separate caption in a statement of financial performance. Classification in the statement of revenues, expenses, and changes in fund net assets is based on the income classification of the item being hedged.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

Capital assets, at historical cost	\$1,188,333,785
Accumulated depreciation	<u>(334,881,855)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$853,451,930</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:

Deferred revenue	<u>\$18,019,812</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$18,019,812</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>\$1,032,028</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$1,032,028</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>\$6,127,323</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$6,127,323</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	(\$113,171,024)
Accrued interest payable	(571,597)
Capital lease payable	(3,589,619)
Drainage fees payable	(3,308,300)
Compensated absences	(20,722,582)
Municipal solid waste landfill	(547,512)
Pension obligation	<u>(582,223)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>(\$142,492,857)</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:

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2005**

Capital Outlay	\$28,480,699
Depreciation Expense	<u>(34,081,457)</u>

Net adjustments to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>(\$5,600,758)</u></u>
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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.	(\$4,096,647)
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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>49,797,515</u>
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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>\$45,700,868</u></u>
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Another element of that reconciliation states that “the issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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:

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2005**

Debt incurred:	
Capital lease financing	(\$1,218,293)
Issuance of General Obligation bond - Spring Creek GID	(2,695,000)
Principal repayments:	
Refunding on general obligation bonds	2,685,000
Plus loss on refunding	23,742
Bond Premium	86,089
Bond Discount	35,933
General Obligation debt	3,260,000
Sales tax revenue bonds	4,820,000
Certificates of participation	1,390,000
Special assessment bonds and notes	108,109
Capital leases	<u>1,555,530</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>\$10,051,110</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	(\$3,092)
Compensated absences	(1,574,461)
Landfill closing costs	(18,003)
Net pension obligation	<u>(116,071)</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>(\$1,711,627)</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>(\$206,527)</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>(\$206,527)</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>(\$1,908,970)</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>(\$1,908,970)</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. The budget is prepared on GAAP basis.

Appropriations for all funds that are not budgeted on a project-length basis lapse at year-end except for contractually encumbered and reserved appropriations. Project-length budgets are

those where appropriations are initially made to individual projects and do not lapse until such time as the project is complete. Project-length budgets are adopted for all capital projects as well as for intergovernmental grant, capital improvements and special assessments. All budgets are prepared on the modified accrual basis and are reported as such.

B. Excess of Expenditures over Appropriations

During 2005, expenditures exceeded appropriations for the Gift Trust fund by \$9,973 and the Employee Benefits Self-Insurance fund by \$5,378,790.

C. Deficit Fund Equity

The Workers Compensation Self Insurance fund had an accumulated deficit in net assets of \$1,606,245, as of December 31, 2005. This internal service fund deficit is the result of incurred but not reported claims.

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, 2005:

	Unrestricted Assets	Restricted Assets
Demand accounts (incl petty cash of \$42,187)	\$47,332,916	\$4,989,634
Money market mutual funds	7,757,823	61,030,791
Colorado Liquid Asset Trust (COLOTRUST)	-	772,353
Colorado Surplus Asset Fund (CSAFE)	-	78,647
Repurchase agreements	10,428,227	138,224,029
Commercial paper	157,227	-
US Treasury securities	317,129,388	27,784,543
US Instrumentality securities	116,672,873	5,486,467
Domestic corporate fixed-income securities	3,720,023	1,175,769
Domestic equities	43,058,000	6,016,001
International equities	13,334,000	-
Guaranteed investment contract	-	4,654,055
Mortgages pooled	3,054,460	100,008
Total	\$562,644,937	\$250,312,297

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2005**

Reconciliation of total deposits and investments to the government-wide financial statements at December 31, 2005:

	<u>Unrestricted</u>	<u>Restricted</u>
Governmental Activities	\$115,901,451	\$11,777,736
Business-type Activities	444,638,380	238,534,561
Fiduciary	<u>2,105,106</u>	<u>-</u>
Total	<u><u>\$562,644,937</u></u>	<u><u>\$250,312,297</u></u>

1. Deposits

The carrying amount of the City's deposits at December 31, 2005 was \$52,332,550 and the bank balances were \$55,473,368. Of the bank balances, \$359,281 was covered by federal deposit insurance and \$55,114,087 was uninsured but collateralized in accordance with provisions of the Colorado Public Deposit Protection Act (CPDPA). The collateral is pooled and held in trust for all uninsured deposits as a group.

2. Investments

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 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.

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2005**

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Money market mutual funds	\$68,788,614	0.00
Colorado Liquid Asset Trust (COLOTRUST)	772,353	0.00
Colorado Surplus Asset Fund (CSAFE)	78,647	0.00
Repurchase agreements	148,652,256	0.00
Commercial paper	157,227	0.38
US Treasury securities	344,913,931	1.92
US Instrumentality securities	122,159,340	1.74
Domestic corporate fixed-income securities	4,895,792	3.39
Domestic equities	49,074,001	0.00
International equities	13,334,000	0.00
Guaranteed investment contract	4,654,055	0.50
Mortgages pooled	3,154,468	2.28
Total investments controlled by City	760,634,684	
Portfolio weighted average maturity		1.18
Reconciliation to total cash and investments		
Add:		
Cash on hand and in banks	52,322,550	
	\$812,957,234	

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	9.04%
Local investment pools	AAAm	0.11%
Repurchase agreements	-	19.54%
Commercial paper	A	0.02%
US Treasury securities	AAA	45.35%
Federal Farm Credit Banks	AAA	1.45%
Federal Home Loan Bank System	AAA	5.60%
Freddie Mac (Federal Home Loan Mortgage Corporation)	AAA	5.24%
Fannie Mae (Federal National Mortgage Association)	AAA	3.78%
Domestic equities	-	6.47%
International equities	-	1.75%
Corporate bonds	AAA	0.20%
Corporate bonds	AA	0.25%
Corporate bonds	A	0.18%
Guaranteed investment contract	-	0.61%
Mortgage bonds	AAA	0.41%
		<u>100.00%</u>

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

As of December 31, 2005, the City has invested \$772,353 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 \$78,647 in the Colorado Surplus Asset Fund Trust (CSAFE) as of December 31, 2005. 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, 2005:

	<u>Demand Accounts</u>	<u>Money Market</u>	<u>COLOTRUST</u>	<u>Treasury Note</u>	<u>Total</u>
Governmental Activities:					
Urban Renewal Authority	\$18,984	\$32,107	\$ -	\$ -	\$51,091
Downtown Colorado Springs BID	5,077	307,610	-	-	312,687
Briargate Center BID	44,674	623,176	-	-	667,850
Barnes & Powers North BID	3,404	-	-	-	3,404
Barnes & Powers South BID	3,234	-	-	-	3,234
First & Main BID	786	-	-	-	786
First & Main North BID	5,864	-	-	-	5,864
Interquest North BID	2,613	-	-	-	2,613
Interquest South BID	3,051	-	-	-	3,051
Powers & Woodmen Commercial BID	3,925	-	-	-	3,925
Sub-total	91,612	962,893	-	-	1,054,505
Business-type Activities:					
Fountain Valley Authority	\$1,480,609	\$1,100,993	\$331,370	\$ -	\$2,912,972
Aurora-Colorado Springs Joint Water Authority	22,469	-	-	-	22,469
Various Canal & Reservoir Companies	376,023	-	-	102,422	478,445
Sub-total	1,879,101	1,100,993	331,370	102,422	3,413,886
Total	\$1,970,713	\$2,063,886	\$331,370	\$102,422	\$4,468,391

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2005**

Reconciliation of total deposits and investments to the government-wide financial statements at December 31, 2005:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Governmental Activities	\$431,329	\$1,076,787	\$1,508,116
Business-type Activities	<u>623,176</u>	<u>2,337,099</u>	<u>2,960,275</u>
Total	<u><u>\$1,054,505</u></u>	<u><u>\$3,413,886</u></u>	<u><u>\$4,468,391</u></u>

The carrying amount of the deposits of the component units of the City at December 31, 2005, was \$1,970,713 and the bank balances were \$1,987,406. Of the bank balances, \$490,943 was covered by federal deposit insurance and \$1,397,302 was collateralized in accordance with provisions of the CPDPA. The various canal companies are publicly traded and not a public entity. The excess balances above federal deposit insurance in the amount of \$99,161 are not covered by the CPDPA.

B. Receivables

Receivables for governmental funds, proprietary funds, fiduciary funds and component units at December 31, 2005 include the following (in 000's):

Receivables

	General	Hospital	Utilities	Airport	Parking	Non-Major & Other	Total
Interest	\$ -	\$ -	\$898	\$ -	\$ -	\$1,428	\$2,326
Taxes	32,880	-	-	-	-	6,500	39,380
Accounts	3,898	103,282	98,757	2,175	11	6,643	214,766
Assessments	-	-	-	-	-	595	595
Intergovernmental loans	-	-	-	-	-	16,553	16,553
Notes and loans	847	3,220	-	-	-	25	4,092
Gross Receivables	37,625	106,502	99,655	2,175	11	31,744	277,712
Less: Allowances For Uncollectibles	-	(34,724)	(1,234)	-	-	-	(35,958)
Net Receivables	<u><u>\$37,625</u></u>	<u><u>\$71,778</u></u>	<u><u>\$98,421</u></u>	<u><u>\$2,175</u></u>	<u><u>\$11</u></u>	<u><u>\$31,744</u></u>	<u><u>\$241,754</u></u>

Loans receivable of \$17,424,504 is included in receivables - net in the statement of net assets as of December 31, 2005. Of the loans receivable, Community Development Department (CDD) has loans receivable of \$15,958,869 as of December 31, 2005. 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 \$322,944 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, 2005 were:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Colorado Springs Utilities	\$2,367,722
	Memorial Hospital	90,064
	Non-major Governmental Funds	4,675,254
	Non-major Business-type Funds	382,900
	Sub-Total	7,515,940
Colorado Springs Utilities	General Fund	4,095,340
	Memorial Hospital	186,461
	Colorado Springs Airport	109,066
	Colorado Springs Parking System	16,878
	Non-major Governmental Funds	3,873,950
	Non-major Business-type Funds	24,799
	Internal Services	90,454
	Sub-Total	8,396,948
Memorial Hospital	General Fund	29,760
	Non-major Governmental Funds	3,750
	Internal Services	55,954
	Sub-Total	89,464
Colorado Springs Airport	General Fund	13,914
	Internal Services	26
	Sub-Total	13,940
Colorado Springs Parking System	General Fund	2,204,643
	Colorado Springs Utilities	7,096
	Sub-Total	2,211,739

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

Non-major Governmental Funds	General Fund	12,993
	Colorado Springs Parking System	100,000
	Non-major Governmental Funds	1,081,542
	Internal Services	322,612
	Sub-Total	1,517,147
Non-major Business-type Funds	Colorado Springs Utilities	677
Internal Service Funds	General Fund	98,783
	Colorado Springs Utilities	906,537
	Memorial Hospital	29,695
	Sub-Total	1,035,015
Component Unit	Fiduciary	1,415,248
Total		<u><u>\$22,196,118</u></u>

A major portion of the total due to Utilities from the general fund, \$4,095,340, resulted from a 2002 sale of a building between the funds; \$3,589,302 of the remaining balance from the sale is due beyond one year. The balance of \$2,204,643 due to Parking from the general fund resulted from Parking's construction of the parking facility for the general fund's use; \$2,158,806 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	Non-major Enterprise Funds	
Transfers Out:				
General fund	\$ -	\$18,873,008	\$ -	\$18,873,008
Utilities	25,106,636	-	-	25,106,636
Parking	52,993	-	-	52,993
Non-major governmental funds	817,436	-	800,000	1,617,436
Internal services funds	-	322,612	-	322,612
	<u>\$25,977,065</u>	<u>\$19,195,620</u>	<u>\$800,000</u>	
Total transfers in				<u><u>\$45,972,685</u></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 2005, the amount paid was \$25.1 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 not yet earned. At the end of 2005, the various components of deferred revenue and unearned revenue reported in the government funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Loans	\$ -	\$17,424,504
Property taxes	22,292,949	-
Special assessment	595,308	-
Grant drawdowns prior to meeting all eligibility requirements	-	1,774,516
Other unearned revenue	-	568,452
	<u> </u>	<u> </u>
Total deferred/unearned revenue for governmental funds	<u>\$22,888,257</u>	<u>\$19,767,472</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, 2005:

Materials and Supplies	\$20,099,258
Fuel	<u>31,169,139</u>
Total	<u>\$51,268,397</u>

G. Changes in Capital Assets

The following schedule reflects the changes in capital assets for the year ended December 31, 2005 (in 000's):

Primary Government

	<u>Beginning Balance</u>	<u>Increases*</u>	<u>Decreases*</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land**	\$160,485	\$8,863	(\$2,572)	\$166,776
Construction in progress	4,607	12,184	(1,573)	15,218
Total Capital Assets Not Being Depreciated	<u>165,092</u>	<u>21,047</u>	<u>(4,145)</u>	<u>181,994</u>
Capital Assets Being Depreciated:				
Building	138,304	1,974	(2,311)	137,967
Improvements other than buildings	23,624	4,788	-	28,412
Machinery and Equipment	99,423	13,805	(3,098)	110,130
Infrastructure**	698,067	38,552	-	736,619
Total Capital Assets Being Depreciated	<u>959,418</u>	<u>59,119</u>	<u>(5,409)</u>	<u>1,013,128</u>
Less Accumulated Depreciation for:				
Building	(37,272)	(3,611)	1,563	(39,320)
Improvements other than buildings	(5,933)	(1,102)	-	(7,035)
Machinery and Equipment	(55,677)	(9,120)	2,322	(62,475)
Infrastructure**	(210,516)	(20,879)	-	(231,395)
Total Accumulated Depreciation	<u>(309,398)</u>	<u>(34,712)</u>	<u>3,885</u>	<u>(340,225)</u>
Capital Assets Being Depreciated, Net	<u>650,020</u>	<u>24,407</u>	<u>(1,524)</u>	<u>672,903</u>
Total Governmental Activities Capital Assets, Net	<u><u>\$815,112</u></u>	<u><u>\$45,454</u></u>	<u><u>(\$5,669)</u></u>	<u><u>\$854,897</u></u>

* Includes transfers between categories.

** Beginning amounts include the retroactive infrastructure required by GASB 34 back to 1980 for pedestrian ramps, sidewalks, bridges and land under infrastructure. This is the final phase-in to complete the implementation of GASB 34. Adjustment to beginning balance (in thousands) was a \$124,914 increase to cost with a related \$41,474 increase in accumulated depreciation for a net increase of \$83,440.

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2005**

	<u>Beginning Balance</u>	<u>Increases*</u>	<u>Decreases*</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$45,718	\$ -	\$ -	\$45,718
Construction in progress	147,767	253,990	(166,354)	235,403
Total Capital Assets Not Being Depreciated	<u>193,485</u>	<u>253,990</u>	<u>(166,354)</u>	<u>281,121</u>
Capital Assets Being Depreciated:				
Building	113,719	9	-	113,728
Improvements other than buildings	126,132	14,162	-	140,294
Machinery and Equipment	13,840	664	(202)	14,302
Infrastructure	16,795	-	-	16,795
Utilities Plant	2,992,093	162,946	(11,638)	3,143,401
Hospital Plant	372,893	27,710	(4,856)	395,747
Total Capital Assets Being Depreciated	<u>3,635,472</u>	<u>205,491</u>	<u>(16,696)</u>	<u>3,824,267</u>
Less Accumulated Depreciation for:				
Building	(33,320)	(3,020)	-	(36,340)
Improvements other than buildings	(42,228)	(5,309)	-	(47,537)
Machinery and Equipment	(9,807)	(964)	201	(10,570)
Infrastructure	(481)	(479)	-	(960)
Utilities Plant	(1,008,984)	(83,201)	8,300	(1,083,885)
Hospital Plant	(172,076)	(21,631)	3,288	(190,419)
Total Accumulated Depreciation	<u>(1,266,896)</u>	<u>(114,604)</u>	<u>11,789</u>	<u>(1,369,711)</u>
Capital Assets Being Depreciated, Net	<u>2,368,576</u>	<u>90,887</u>	<u>(4,907)</u>	<u>2,454,556</u>
Total Business-type Activities Capital Assets, Net	<u>\$2,562,061</u>	<u>\$344,877</u>	<u>(\$171,261)</u>	<u>\$2,735,677</u>

* Includes transfers between categories.

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2005**

Depreciation expense was charged to governmental activities and business-type activities as of December 31, 2005 as follows (in 000's):

Governmental Activities:

General Government	\$1,096
Public Safety	5,620
Public Works	24,437
Culture and Recreation	2,919
Urban Redevelopment	1
Internal Service Funds	<u>578</u>
Total Depreciation expense governmental activities	<u>\$34,651</u>

Business-type Activities:

Utilities	\$82,849
Hospital	21,631
Airport	8,157
Parking	686
Non-major enterprise funds	<u>930</u>
Total Depreciation expense business-type activities	<u>\$114,253</u>

The following schedule reflects the changes in discretely presented component unit capital assets for the year ended December 31, 2005 (in 000's):

	<u>Beginning Balance</u>	<u>Increases*</u>	<u>Decreases*</u>	<u>Ending Balance</u>
Governmental Activities:				
Discretely Presented Component Units:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$46	\$5	(\$18)	\$33
Improvements	-	1,331	-	1,331
Infrastructure	<u>7,934</u>	<u>541</u>	<u>-</u>	<u>8,475</u>
Total Capital Assets Being Depreciated	<u>7,980</u>	<u>1,877</u>	<u>(18)</u>	<u>9,839</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(44)	(2)	18	(28)
Improvements	-	(34)	-	(34)
Infrastructure	<u>(99)</u>	<u>(212)</u>	<u>-</u>	<u>(311)</u>
Total Accumulated Depreciation	<u>(143)</u>	<u>(248)</u>	<u>18</u>	<u>(373)</u>
Capital Assets Being Depreciated, Net	<u>7,837</u>	<u>1,629</u>	<u>-</u>	<u>9,466</u>
Governmental Activities Discretely Presented Component Unit Capital Assets, Net	<u>\$7,837</u>	<u>\$1,629</u>	<u>\$ -</u>	<u>\$9,466</u>

* Includes transfers between categories.

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2005**

	<u>Beginning Balance</u>	<u>Increases*</u>	<u>Decreases*</u>	<u>Ending Balance</u>
Business-type Activities:				
Discretely Presented Component Units:				
Capital Assets Not Being Depreciated:				
Construction in progress	\$ -	\$70	\$ -	\$70
Capital Assets Being Depreciated:				
Utilities Plant	116,997	164	(101)	117,060
Less Accumulated Depreciation for:				
Utilities Plant	<u>(35,084)</u>	<u>(2,058)</u>	<u>40</u>	<u>(37,102)</u>
Capital Assets Being Depreciated, Net	<u>81,913</u>	<u>(1,894)</u>	<u>(61)</u>	<u>79,958</u>
Business-type Activities				
Discretely Presented Component Unit				
Capital Assets, Net	<u>\$81,913</u>	<u>(\$1,824)</u>	<u>(\$61)</u>	<u>\$80,028</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>
2006	\$435,417	\$1,046,000
2007	425,673	956,000
2008	319,065	785,000
2009	246,320	624,000
2010	-	296,000
2011-2014	<u>-</u>	<u>318,000</u>
Total	<u>\$1,426,475</u>	<u>\$4,025,000</u>

Total rental expense on operating leases for the year ended December 31, 2005 was \$862,794 for governmental activities and \$1,522,960 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>
2006	\$37,177
2007	37,439
2008	38,664
2009	39,942
2010	33,814
2011-2015	46,439
2016-2020	46,439
2021	<u>2,242</u>
Total	<u><u>\$282,156</u></u>

Total rental expense on operating leases for the year ended December 31, 2005 was \$42,056 for business-type activities component units. There were no operating leases for governmental activities component units for 2005.

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, 2005, exclusive of component units, are as follows (in 000's):

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2006	\$1,301	\$185
2007	1,227	190
2008	794	105
2009	738	151
2010	50	151
2011	50	-
Future minimum lease payments	4,160	782
Amount representing interest	(352)	(106)
Present value of net minimum payments	<u>\$3,808</u>	<u>\$676</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	\$6,144	\$1,190
Building	857	-
Accumulated depreciation	(2,581)	(388)
Net capitalized lease property	<u>\$4,420</u>	<u>\$802</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, 2005, future minimum payments under the capital lease consisted of the following (in 000's):

<u>Year</u>	<u>Business-type Activities</u>
2006	\$5,353
2007	5,353
2008	5,353
2009	5,353
2010	5,353
2011-2015	26,763
2016-2020	26,763
2021-2025	<u>20,261</u>
Future minimum lease payments	100,552
Amount representing interest	<u>(24,854)</u>
Present value of net minimum payments	<u><u>\$75,698</u></u>

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

Assets:	<u>Business-type Activities</u>
Utilities plant	<u>\$70,501</u>
Accumulated depreciation	<u>(17,504)</u>
Net capitalized lease property	<u><u>\$52,997</u></u>

Amortization of the plant cost has been included in depreciation expense and amounted to \$892 (in thousands) for 2005.

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 (7.25% as of December 31, 2005). The agreement expired in December 2002, but was extended to March 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 2004. A third extension agreement was completed in March 2004, extending the agreement date to March 1, 2005 and included provisions to increase the amount of the credit line to \$25,000,000. A fourth extension agreement was completed in February 2005, extending the agreement to March 2006. No draws were made in 2005 on the fourth extension agreement. 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, 2007 and bears interest at the bank's prime rate less .75%. No amounts were outstanding under the line of credit at December 31, 2005.

J. Long-Term Debt

During 2005, the Spring Creek GID, a blended component unit of the City, issued \$2,695,000 General Obligation Refunding Bonds, Series 2005 to refund the Series 2000 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 \$123,212. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce the mill levy rate over the next 15 years and resulted in an economic gain of \$186,962.

During 2005, Utilities issued \$100,000,000 Variable Rate Demand Utilities System Subordinate Lien Improvement Revenue Bonds, Series 2005A and \$19,240,000 Utilities System Subordinate Lien Improvement Revenue Bonds, Series 2005B to finance a variety of capital improvements to the system. Utilities also issued \$16,050,000 Utilities System Subordinate Lien Improvement Revenue Bonds, Series 2005C to finance a portion of the costs of the Southern Delivery System.

During 2005, the City approved a resolution authorizing the Colorado Springs Urban Renewal Authority to use 100% of the annual sales tax increments generated within the North Nevada Avenue corridor Urban Renewal area. The dedication of these sales tax increments shall be for a period not to exceed 23 years and will total \$79.1 million. The increment will be utilized to support a bond issue that will fund needed infrastructure improvements and administrative expenses within the renewal area. As of December 31, 2005, no increments have been provided.

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

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

1. Summary of Long-term Debt

The following table summarizes significant facts about the long-term debt outstanding at December 31, 2005:

Debt Types	Date Issued	Original Issue Amount	Outstanding Principal Amount	Future Aggregate Interest Requirements	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
Governmental Activities*						
General Obligation Bonds						
General Series 2004	January, 2004	\$17,115,000	\$11,310,000	\$788,950	2.000 - 3.000%	2004 - 2009
Cottonwood GID Series 1998	November, 1998	9,525,000	6,390,000	1,647,423	3.100 - 4.550	1999 - 2015
Spring Creek GID Series 2005	August, 2005	2,695,000	2,695,000	1,510,400	5.900	2007 - 2020
Briargate GID Series 2004	January, 2004	8,800,000	8,800,000	5,288,500	7.000	2015
Sales Tax Revenue Bonds						
Series 1999	June, 1999	87,975,000	59,670,000	16,651,276	4.000 - 5.000	1999 - 2015
Certificates of Participation						
Hillside Recreation Center Series 1997	May, 1997	1,615,000	730,000	112,370	4.000 - 5.300	1997 - 2009
Skyview Softball Complex Series 1999	September, 1999	4,205,000	3,450,000	1,567,974	4.200 - 5.500	2001 - 2015
Old City Hall Project Series 2000	July, 2000	7,265,000	6,260,000	3,015,961	4.500 - 5.500	2002 - 2020
Red Rock Canyon Series 2003	November, 2003	15,070,000	13,475,000	3,999,905	2.500 - 4.500	2004 - 2018
Special Assessments Obligations						
Woodmen Valley	November, 1995	1,730,254	472,368	103,664	7.000	1995 - 2010
Carmel ID	August, 1999	191,214	43,866	11,604	8.370	1999 - 2010
Uintah Street ID	September, 1999	14,416	2,984	807	8.550	1999 - 2010
15th & Spring	March, 2000	23,006	6,072	2,088	9.160	2000 - 2011
Broadmoor West	January, 2000	34,930	10,260	3,496	9.080	2000 - 2011
Total Governmental Activities		\$156,258,820	\$113,315,550	\$34,704,418		
Business-type Activities **						
Revenue Bonds - Utilities						
Series 1996A	September, 1996	\$66,675,000	\$59,215,000	\$62,682,825	5.500 - 5.750%	1997 - 2025
Series 1996B	September, 1996	3,500,000	465,000	34,177	6.250 - 7.350	1997 - 2006
Series 1997A	September, 1997	121,455,000	112,320,000	104,127,328	5.000 - 5.375	1998 - 2026
Series 1998A	October, 1998	94,965,000	36,875,000	29,157,363	4.625 - 5.000	2002 - 2027
Series 1999A	September, 1999	65,500,000	64,225,000	76,190,299	4.125 - 5.750	2002 - 2028
Series 2000A	November, 2000	110,000,000	110,000,000	88,504,625	3.370	2029
Series 2000B	November, 2000	15,000,000	12,885,000	8,976,375	7.500	2001 - 2020
Series 2001A	August, 2001	300,790,000	256,450,000	143,595,808	3.250 - 5.375	2001 - 2029
Series 2002A	August, 2002	74,695,000	74,695,000	51,592,000	5.250 - 5.375	2009 - 2020
Series 2002B	December, 2002	110,000,000	110,000,000	107,647,300	4.000 - 5.000	2006 - 2030
Series 2002C	December, 2002	27,055,000	27,055,000	25,734,265	4.340	2027
Series 2003A	November, 2003	113,310,000	109,120,000	58,256,663	2.000 - 5.000	2004 - 2033
Series 2003B	November, 2003	45,000,000	45,000,000	56,206,837	3.000 - 5.000	2009 - 2043
Series 2004A	August, 2004	117,450,000	117,450,000	64,707,460	4.112	2010 - 2023
Series 2004B	September, 2004	107,115,000	107,115,000	98,833,337	4.500 - 5.500	2008 - 2034
Series 2004C	September, 2004	15,695,000	15,695,000	19,165,393	4.000 - 5.000	2008 - 2044
Series 2005A	September, 2005	100,000,000	100,000,000	96,134,162	4.710	2010 - 2035
Series 2005B	October, 2005	19,240,000	19,240,000	17,602,704	3.500 - 5.000	2009 - 2035
Series 2005C	October, 2005	16,050,000	16,050,000	21,212,438	3.750 - 5.125	2012 - 2045

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

The following table summarizes significant facts about the long-term debt outstanding at December 31, 2005:

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						
Series 2000	August, 2000	59,825,000	30,175,000	43,628,901	6.375	2025 - 2030
Series 2002	July, 2002	112,360,000	108,035,000	56,558,306	3.205	2003 - 2032
Series 2004A	June, 2004	50,600,000	50,275,000	16,984,688	3.050	2024 - 2033
Series 2004B	June, 2004	24,975,000	24,825,000	8,551,350	3.100	2024 - 2033
Series 2004C	June, 2004	33,000,000	32,900,000	22,245,299	3.150	2024 - 2033
Series 2004D	June, 2004	68,000,000	68,000,000	36,797,000	3.100	2024 - 2033
Revenue Bonds - Airport						
Series 1992C	September, 1992	6,582,687	7,345,698	1,029,302	6.800 - 7.200	2002 - 2011
Series 1996A	December, 1996	12,450,000	9,755,000	4,883,426	4.000 - 5.250	1999 - 2021
Series 1996B	December, 1996	3,485,000	2,740,000	1,437,276	4.150 - 5.500	1999 - 2021
Series 2002	December, 2002	43,005,000	40,260,000	20,796,449	3.000 - 5.000	2003 - 2021
Revenue Bonds - Parking System						
Series 1999	March, 1999	9,300,000	6,860,000	2,365,285	3.000 - 4.750	1999 - 2018
Notes Payable						
Wastewater Facility - Utilities	May, 1998	22,204,270	18,187,015	6,422,894	4.060	1998 - 2019
Water Pollution Control - Pikes Peak	July, 2003	1,000,000	914,193	310,367	4.000	2004 - 2020
Total Business-type Activities		\$1,970,281,957	\$1,794,126,906	\$1,352,371,902		
Component Units ***						
Special Assessment Revenue Bonds						
Briargate Center BID - Series 2002	2002	\$6,875,000	\$6,635,000	\$6,973,830	7.000 - 7.400%	2003 - 2027
Limited Tax General Obligation Bonds						
Briargate Center BID - Series 2002	2002	2,895,000	2,890,000	4,018,157	7.450	2003 - 2032
First & Main North BID - Series 2005	2005	1,927,000	1,927,000	2,382,992	6.000	2009 - 2035
Revenue Bonds						
Fountain Valley Authority	April, 1996	12,225,000	9,680,000	4,516,356	5.200 - 5.625	1996 - 2019
Notes Payable and Lines of Credit						
Urban Renewal Authority	July, 1990	1,250,000	846,988	-	0.000	N/A
Briargate Center BID	2005	20,000	20,000	-	0.000	N/A
The Twin Lakes Reservoir and Canal Company	1996	2,451,830	457,558	15,942	5.850	1996 - 2007
Fountain Valley Authority	2000	7,607,966	6,095,143	2,234,460	3.400	2001 - 2020
Fountain Valley Authority	2003	3,221,861	2,941,700	988,713	3.030	2004 - 2024
The Lake Henry Reservoir Company	2003	147,701	132,700	84,906	4.250	2006 - 2035
The Lake Meredith Reservoir Company	2003	1,471,500	1,445,263	1,022,550	4.000	2005 - 2034
The Lake Meredith Reservoir Company	2003	500,000	219,178	31,976	6.000	2004 - 2013
Total Component Units		\$40,592,858	\$33,290,530	\$22,269,882		

*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, 2005 (in 000's):

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

	<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	\$32,445	\$2,695	\$5,945	\$29,195	\$3,260
Sales tax revenue bonds	64,490	-	4,820	59,670	5,025
Certificates of participation	25,305	-	1,390	23,915	1,440
Special assessment bonds and notes	644	-	108	536	92
Capital leases	4,399	1,218	1,809	3,808	1,152
	<u>127,283</u>	<u>3,913</u>	<u>14,072</u>	<u>117,124</u>	<u>10,969</u>
Less deferred amounts:					
For issuance premium	344	-	86	258	-
On refundings	(343)	(164)	(104)	(403)	-
	<u>1</u>	<u>(164)</u>	<u>(18)</u>	<u>(145)</u>	<u>-</u>
Total bonds and notes payable	<u>127,284</u>	<u>3,749</u>	<u>14,054</u>	<u>116,979</u>	<u>10,969</u>
Other liabilities:					
Municipal solid waste landfill	530	18	-	548	-
Compensated absences	20,561	14,794	13,195	22,160	1,108
Net pension obligation	466	116	-	582	-
Developer reimbursements	3,308	-	-	3,308	-
Total other liabilities	<u>24,865</u>	<u>14,928</u>	<u>13,195</u>	<u>26,598</u>	<u>1,108</u>
Governmental activities long-term liabilities	<u>\$152,149</u>	<u>\$18,677</u>	<u>\$27,249</u>	<u>\$143,577</u>	<u>\$12,077</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and notes payable:					
Revenue bonds	\$1,664,306	\$135,290	\$24,570	\$1,775,026	\$26,335
Notes payable	19,807	-	706	19,101	734
Capital leases	679	201	204	676	155
	<u>1,684,792</u>	<u>135,491</u>	<u>25,480</u>	<u>1,794,803</u>	<u>27,224</u>
Less deferred amounts:					
For issuance discounts and premiums	19,041	252	740	18,553	-
On refundings	(32,051)	-	(1,811)	(30,240)	-
	<u>(13,010)</u>	<u>252</u>	<u>(1,071)</u>	<u>(11,687)</u>	<u>-</u>
Total bonds and notes payable	<u>1,671,782</u>	<u>135,743</u>	<u>24,409</u>	<u>1,783,116</u>	<u>27,224</u>
Other liabilities:					
Municipal solid waste landfill	1,419	106	-	1,525	-
Compensated absences	20,029	24,769	23,903	20,895	1,045
Claims and judgments	8,216	31,967	30,713	9,470	7,914
Customer deposits	1,300	1,023	779	1,544	-
Customer advances for construction	8,816	3,206	2,300	9,722	-
Other	4,145	1,128	4,216	1,057	-
Total other liabilities	<u>43,925</u>	<u>62,199</u>	<u>61,911</u>	<u>44,213</u>	<u>8,959</u>
Business-type activities long-term liabilities	<u>\$1,715,707</u>	<u>\$197,942</u>	<u>\$86,320</u>	<u>\$1,827,329</u>	<u>\$36,183</u>

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2005**

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, 2005 (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	\$1,927	\$5	\$4,817	\$15
Special assessment revenue bonds	6,875	-	240	6,635	130
Notes payable *	-	20	-	20	-
Governmental activities long-term liabilities	<u>\$9,770</u>	<u>\$1,947</u>	<u>\$245</u>	<u>\$11,472</u>	<u>\$145</u>
BUSINESS-TYPE ACTIVITIES					
Revenue bonds	\$10,135	\$ -	\$455	\$9,680	\$480
Less deferred amounts on refundings	(533)	-	(36)	(497)	-
Notes payable	12,225	-	933	11,292	975
Capital leases	78,201	-	2,503	75,698	3,047
Other	31	-	-	31	-
Business-type activities long-term liabilities	<u>\$100,059</u>	<u>\$ -</u>	<u>\$3,855</u>	<u>\$96,204</u>	<u>\$4,502</u>

*Beginning balance, as restated.

3. Annual Debt Service Requirements of Long-term Debt

The following is a summary of scheduled maturities on general obligation bonds as of December 31, 2005 (in 000's):

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2005**

<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>
2006	\$3,260	\$1,342	\$15	\$236
2007	3,445	1,266	15	373
2008	3,555	1,175	25	375
2009	3,675	1,058	37	353
2010	775	936	73	324
2011-2015	13,255	3,232	493	1,535
2016-2020	1,230	226	714	1,335
2021-2025	-	-	987	1,051
2026-2030	-	-	1,385	658
2031-2035	-	-	1,073	161
	<u>\$29,195</u>	<u>\$9,235</u>	<u>\$4,817</u>	<u>\$6,401</u>

The following is a summary of scheduled maturities on revenue bonds as of December 31, 2005 (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>
2006	\$5,025	\$2,823	\$26,335	\$81,378	\$480	\$533
2007	5,240	2,609	28,910	80,197	505	508
2008	5,460	2,387	43,040	79,026	530	482
2009	5,700	2,146	45,545	77,185	560	454
2010	5,955	1,890	49,321	76,186	590	425
2011-2015	32,290	4,796	246,025	341,905	3,465	1,601
2016-2020	-	-	311,915	279,565	3,550	513
2021-2025	-	-	386,225	200,667	-	-
2026-2030	-	-	496,655	101,065	-	-
2031-2035	-	-	109,860	20,496	-	-
2036-2040	-	-	16,605	6,191	-	-
2041-2045	-	-	14,590	1,778	-	-
	<u>\$59,670</u>	<u>\$16,651</u>	<u>\$1,775,026</u>	<u>\$1,345,639</u>	<u>\$9,680</u>	<u>\$4,516</u>

The following is a summary of scheduled maturities on certificates of participation as of December 31, 2005 (in 000's):

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$1,440	\$1,039
2007	1,480	989
2008	1,545	939
2009	1,785	882
2010	1,505	811
2011-2015	8,535	3,069
2016-2020	7,625	967
	<u>\$23,915</u>	<u>\$8,696</u>

The following is a summary of scheduled maturities on special assessment bonds as of December 31, 2005 (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>
2006	\$92	\$38	\$130	\$486
2007	99	32	140	477
2008	106	25	150	468
2009	114	17	160	457
2010	122	9	175	446
2011-2015	3	1	1,070	2,026
2016-2020	-	-	1,520	1,571
2021-2025	-	-	2,180	918
2026-2027	-	-	1,110	125
	<u>\$536</u>	<u>\$122</u>	<u>\$6,635</u>	<u>\$6,974</u>

The following is a summary of scheduled maturities on notes payable as of December 31, 2005 (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>
2006	\$734	\$783	\$975	\$393
2007	768	763	607	356
2008	801	741	580	342
2009	1,118	650	575	327
2010	1,120	570	543	313
2011-2015	5,892	2,262	2,919	1,372
2016-2020	8,668	964	3,403	866
2021-2025	-	-	1,021	272
2026-2030	-	-	361	106
2031-2035	-	-	308	32
	<u>\$19,101</u>	<u>\$6,733</u>	<u>\$11,292</u>	<u>\$4,379</u>

Urban Renewal Authority and Briargate Center BID have notes payable in the amount of \$846,988 and \$20,000, respectively. These notes are non-interest bearing. They are to be repaid exclusively from specified revenues, and therefore have no predetermined payback period. As such, these notes are not listed in the above schedule.

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 \$257 million. There was \$28 million in PAB's issued during 2005, and no industrial revenue bonds.

L. Net Assets/Fund Balances

Fund balances of the governmental funds at December 31, 2005 include the following:

Reserves:	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Debt service	\$1,160,889	\$1,006,680	\$2,167,569
Endowments	-	9,513,287	9,513,287
Emergency reserve	6,429,622	-	6,429,622
Total	<u><u>\$7,590,511</u></u>	<u><u>\$10,519,967</u></u>	<u><u>\$18,110,478</u></u>

Unreserved and designated:	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Encumbrances	\$4,906,757	\$ -	\$4,906,757
Subsequent year expenditures	2,567,454	-	2,567,454
Special revenue funds	-	14,498,947	14,498,947
Capital funds	-	14,262,602	14,262,602
Total	<u><u>\$7,474,211</u></u>	<u><u>\$28,761,549</u></u>	<u><u>\$36,235,760</u></u>

Unreserved and Undesignated:	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
General fund	\$24,151,802	\$ -	\$24,151,802
Special revenue	-	17,528,452	17,528,452
Total	<u><u>\$24,151,802</u></u>	<u><u>\$17,528,452</u></u>	<u><u>\$41,680,254</u></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, 2005, the fair value of these contracts was \$101,584,965, of which, \$48,310,331 is classified as a current asset and the remainder as a long-term asset. The aggregate change in the fair value of gas hedge contracts credited to purchased gas expense for the year ended December 31, 2005 was \$96,259,735.

Swap agreement related to refunding of 1994 Bonds:

In August 2003, Utilities entered into a swap agreement with JP Morgan Chase Bank (JP Morgan) which became effective on August 18, 2004 and will terminate on November 1, 2023. Pursuant to this agreement, JP Morgan will pay Utilities a variable interest rate on the notional amount of \$117,450,000 equal to the Bond Market Association Municipal Swap Index (BMA), and Utilities will pay JP Morgan 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, August 18, 2004, was the date on which Utilities issued its Variable Rate Demand Utilities System Subordinate Lien Refunding Revenue Bonds, Series 2004A in the aggregate principal amount of \$117,450,000 to refund all of Utilities' outstanding Utilities System Improvement and Refunding Revenue Bonds, Series 1994A.

Swap agreement related to refunding of 1996 Bonds:

In August 2003, Utilities entered into a second swap transaction with JP Morgan which will be effective on August 24, 2006 and will terminate on November 1, 2025. JP Morgan will pay Utilities a variable interest rate on the notional amount of \$60,625,000 equal to 68% of the 1-month London Interbank Offer Rate (LIBOR) for deposits in U.S. Dollars, and Utilities will pay JP Morgan a fixed interest rate on the same notional amount equal to 4.481% per annum. The effective date of the agreement 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. (Merrill Lynch) and J. Aron & Company (J. Aron) as counterparties which became effective on September 15, 2005 and will terminate on November 1, 2035. The counterparties will pay Utilities a variable interest rate on the notional amount of \$100 million (\$75 million of which is attributable to Merrill Lynch's agreement with Utilities, and \$25 million of which is attributable to J. Aron's agreement with Utilities) equal to 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' 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 and Morgan Stanley Capital Group Inc. (Morgan Stanley) as counterparties which will become effective on September 14, 2006 and will terminate on November 1, 2036. The counterparties will pay Utilities a variable interest rate on the notional amount of \$75 million (\$45 million of which is attributable to Morgan Stanley's agreement with Utilities, and \$30 million of which is attributable to JP Morgan's agreement with Utilities) equal to 68% 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.

In June 2005, Utilities entered into a swap agreement with Morgan Stanley as counterparty which will become effective on October 4, 2006 and will terminate on November 1, 2036. The counterparty will pay Utilities a variable interest rate on the notional amount of \$50 million equal to BMA, and Utilities will pay the counterparty a fixed interest rate on the same notional amount equal to 3.909% per annum. The agreement is designed to lock in the interest rate for a portion of Utilities' estimated 2006 new money bond issuance.

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

In June 2005, Utilities entered into swap agreements with J. Aron and Morgan Stanley as counterparties which will become effective on September 13, 2007 and will terminate on November 1, 2037. The counterparties will pay Utilities a variable interest rate on the notional amount of \$75 million (\$45 million of which is attributable to J. Aron's agreement with Utilities, and \$30 million of which is attributable to Morgan Stanley's agreement with Utilities) equal to 68% the of 1-month LIBOR, and Utilities will pay the counterparties a fixed interest rate on the same notional amount equal to 3.198% per annum. The agreements are designed to lock in the interest rate for a portion of Utilities' estimated 2007 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 AG as payment for the option on the swap. If the option is exercised by UBS AG, the swap agreement would become effective on October 1, 2007 and would terminate on November 1, 2026. Pursuant to the agreement, UBS AG will pay Utilities a variable interest rate on the notional amount of \$87,275,200 equal to BMA. Utilities will pay UBS AG a fixed interest rate on the same notional amount equal to 5.125% per annum. The effective date of the agreement 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 AG in which Utilities sold UBS AG the European option to start a swap agreement with Utilities. In January 2005, Utilities received \$7,371,000 from UBS AG as payment for the option on the swap.

If the option is exercised by UBS AG, the swap agreement would become effective on October 1, 2009 and would terminate on November 1, 2028. Pursuant to the agreement, UBS AG will pay Utilities a variable interest rate on the notional amount of \$63,250,000 equal to 68% of the 1-month LIBOR. Utilities will pay UBS AG a fixed interest rate on the same notional amount equal to 5.45% per annum. The effective date of the agreement is October 1, 2009, the date on which Utilities anticipates issuing revenue bonds to refund a portion 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, 2005 was as follows:

Current portion	\$2,600,965
Noncurrent portion	<u>46,542,497</u>
Total fair value of interest rate swaps	<u><u>\$49,143,462</u></u>

Change in fair value of interest rate swaps charged to miscellaneous expense as of December 31, 2005, was \$5,595,739.

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.

During 2005, the Hospital entered into a fixed annuity basis swap agreement with respect to its Series 2002 Bonds. Under the agreement, the Hospital pays the BMA rate and receives the enhanced LIBOR rate plus a fixed annual annuity of .59%. By entering into this swap, the Hospital has hedged or partially offset the cost of rising variable interest rates on the Series 2002 Bonds.

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The table below includes the details, terms and fair values of the Hospital's swap transactions as of December 31, 2005 (in 000's):

Counter-party	Effective Date	Notional Amount	Termination Date	Associated Auction Rate Series	Fixed Rate	Floating Rate Receipt (See Above)	Fair Values at 12/31/05
GSCM*	06/17/2004	\$50,275	12/15/2024	Series 2004A	3.798%	% of LIBOR	(\$1,986)
GSCM*	06/17/2004	24,825	12/15/2024	Series 2004B	3.904%	% of LIBOR	(1,201)
GSCM*	06/17/2004	32,900	12/15/2030	Series 2004C	4.002%	% of LIBOR	(2,692)
GSCM*	06/17/2004	68,000	12/15/2033	Series 2004D	3.913%	% of LIBOR	(4,245)
GSCM*	05/09/2005	<u>108,035</u>	12/15/2032	Series 2002	BMA rate	% of LIBOR + .59%	<u>(1,409)</u>
		<u>\$284,035</u>					<u>(\$11,533)</u>

*Goldman Sachs Capital Market

Fair Value

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

Discussion of Risks

Counterparty Risk is the risk that the counterparty will potentially default or not be able to fulfill its role as a swap counterparty. Counterparty risk is mitigated by using a highly rated swap counterparty, Goldman Sachs Capital Markets (GSCM) which is rated Aa3 by Moody's Investors Service and A+ by Standards & Poor's. If GSCM's credit deteriorates substantially, 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 payments do not equal the 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 counterparty for a payment equal to the swap's fair value.

V. OTHER INFORMATION

A. Risk Management

The City has established a risk management division to coordinate and administer workers compensation, property and general liability insurance and self-insurance programs for all its activities and operations. For workers compensation coverage, except for 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 and the City are self-insured for the medical claims of its employees and their families. During 2005, the Hospital obtained insurance covering medical claims in excess of \$250,000 and the City obtained an insurance policy for claims in excess of \$350,000. 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 \$5.5 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, 2005. During 2005, there were no significant reductions in insurance coverage from coverage as compared to 2004. 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 2005 and 2004 (in 000's):

	<u>2005</u>	<u>2004</u>
Claims liabilities, beginning of year	\$17,057	\$18,099
Increases	72,495	61,734
Decreases	<u>(69,396)</u>	<u>(62,776)</u>
Claims liabilities, end of year	<u>\$20,156</u>	<u>\$17,057</u>

B. Donor-restricted Endowments

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

	<u>Fund Balance</u>	<u>Available for Spending</u>
C.D. Smith Trust	\$933,778	\$322,295
Perkins Trust	3,047	59
Woods Trust	3,621	-
Sabine Trust	1,414	14
Cemetery Endowment	7,855,017	6,170
TOPS Maintenance Trust	716,692	64,992

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

C. Post-Retirement Health Care Benefits

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 2005, these benefits were provided to 1,913 retired employees at a cost of \$2,520,313.

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, 2005:

The General fund had construction contracts and commitments of approximately \$5.9 million.

The Public Safety Sales Tax fund had construction contracts and commitments of approximately \$1.6 million.

The Airport fund had construction contracts and commitments of approximately \$26.2 million.

The Hospital fund had commitments of approximately \$29.3 million for the purchase and construction of hospital facilities and medical equipment.

The Utilities fund had construction contracts and commitments of approximately \$44.5 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, 2005, Utilities remains contingently liable for the outstanding principal balance of \$110,120,000 in refunded bonds.

In 2004, the Hospital issued revenue bonds to refund the original 2000 issue. As of December 31, 2005, the Hospital remains contingently liable for the outstanding principal balance of the refunded bonds in the amount of \$29,650,000.

3. Charter Amendment

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

Based upon the City's interpretation of the amendments, FYS for the year 2005 was less than the revenue limit.

4. Litigation

The City is involved as a defendant in various legal actions involving claims and litigation arising from contracts, personal injury, property damage, and other matters. It is the practice of the

City to expense and record as a liability those claims where a liability has been incurred and the amount of ultimate settlement can be reasonably estimated. The City has provided for these estimated probable losses in the financial statements and, in the opinion of management, such claims and litigation will not have a material, adverse effect on the operations of the City.

5. Environmental Matters

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

Air Quality – It is reasonably possible that, after 2005, Utilities could experience significant costs associated with complying with existing and pending air quality requirements at its coal-fired power plants.

These include: the Federal Regional Haze Rule and federal guidance and pending Colorado State Implementation Plans to implement the rule, which will control sulfur dioxide, nitrogen oxides and other parameters; pending Colorado State regulations to implement the Federal Clean Air Mercury Rule; and proposed multi-pollutant federal legislation which may address greenhouse gases, as well. The capital cost of additional controls could be as high as \$100 million depending on which specific units within the plants would be controlled and for what parameters. The type of regulatory control and any associated implementation costs for greenhouse gases is unknown. Since 1999, the United States Environmental Protection Agency continues its national enforcement efforts against power plants under the New Source Review requirements. Utilities has not received a request for information regarding its plants or any enforcement notice or order regarding New Source Review requirements.

Water Quality – It is reasonably possible that, after 2012, Utilities could be required to add controls for discharges from wastewater treatment plants to address selenium. Monument Creek and Fountain Creek, to which the wastewater treatment plants discharge or will discharge when constructed, are listed as impaired for selenium and E. coli, respectively. Utilities is participating in state-wide efforts to develop a more appropriate standard because selenium leaches from existing geologic formations throughout the state.

Compliance Order on Consent (COC) – Utilities is subject to a 2004 COC with the State of Colorado (State) to resolve sanitary sewer overflows (SSO's). The order includes requirements to evaluate and repair lines greater than ten inches in diameter and other portions of the wastewater collection system. The COC was amended in December 2005, (known as "Amendment One") to include new requirements for lines crossing creeks and a civil penalty of \$130,300. Costs for systematic evaluation, assessment, repairs and rehabilitation are estimated to be \$70 million over a 12-year period which began in 2000. Enforcement for future SSO's is reasonably possible.

Notice of Violation/Cease and Desist Order (NOV/CDO) – On October 7, 2005, Utilities received a NOV/CDO from the State relating to releases of chlorinated reclaimed water. The NOV/CDO requires Utilities to evaluate all reclaimed water releases and develop a plan and implementation schedule to prevent or minimize similar events in the future. Costs for compliance with the NOV/CDO are estimated to be approximately \$25,000, and the anticipated

penalty is not known at this time. It is reasonably possible that there will be regulatory enforcement actions for future reclaimed water releases.

Notice of Violation/Cease and Desist Order/Penalty Order (NOV/CDO/PO) – On January 25, 2006, Utilities received a NOV/CDO/PO from the State for a single-event sanitary sewer overflow that occurred on January 5, 2006. The NOV/CDO/PO required Utilities to evaluate its sewer by-pass operations and to pay a civil penalty of \$10,000.

Drinking Water Quality – After 2005, Utilities will have additional monitoring expenses to address new drinking water regulations including a Long-Term 2 Enhanced Surface Water Treatment Rule, the Stage 2 Disinfection By-product Rule, Groundwater Rule and the Unregulated Contaminant Monitoring Regulation for Public Water Systems.

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

E. Passenger Facility Charges

The Federal Aviation Administration (FAA) authorized the Airport to impose a Passenger Facility Charge (PFC) per qualifying passenger commencing March 1, 1993. Net receipts from these charges are restricted for use on FAA approved PFC projects. The City has been authorized to collect PFC revenues in the aggregate amount of \$55,591,159 or until November 1, 2009 whichever occurs first. PFC revenues are recognized when earned. Aggregate collections through December 31, 2005 total \$47,269,540.

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, 2005 total \$1,248,374.

G. Disclosures about Fair Value of Financial Instruments

Estimated fair values of proprietary fund financial instruments are as follows as of December 31, 2005:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Unrestricted cash and investments	\$451,307,848	\$451,307,848
Restricted cash and investments	251,977,940	251,977,940
Interest receivable	898,291	898,291
Revenue bonds (including current maturities)	1,775,025,698	1,827,909,852
Accrued interest	6,796,996	6,796,996
Customer advances for construction	9,722,389	9,722,389

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-

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2005**

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, 2005:

<u>Entity</u>	<u>Amounts Invested</u>	<u>Undistributed Net Earnings (Losses)</u>	<u>Utilities Investment</u>
Young Gas Storage Company Ltd.	\$500,383	\$393,514	\$893,897
Allied Utility Network LLC.	1,500,000	(1,500,000)	-
Front Range Power, LLC.	40,267,467	2,479,863	42,747,330
Total	<u>\$42,267,850</u>	<u>\$1,373,377</u>	<u>\$43,641,227</u>

There were no advances or loans outstanding to these entities as of December 31, 2005. 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, 2005, FRP has total assets of \$317,440,000, long-term debt of \$229,081,000, other liabilities of \$2,966,000 and member's capital of \$85,393,000. FRP had operating revenues of \$53,150,000 and \$27,132,000 of operating expenses for 2005. Utilities has recorded its equity in FRP earnings of \$8,777,561, using the equity method, in investment income on the statement of revenues, expenses and changes in fund net assets for the year ended December 31, 2005. Separate audited financial statements for FRP can be obtained from Edward Easterlin, Chief Planning and Financial Officer, Colorado Springs Utilities, P.O. Box 1103, Mail Code 950, Colorado Springs, CO 80947-0950.

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 North Star Generation Holding II LLC.

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 1.02% of covered salary is allocated for the Health Care Trust Fund (See Note V.I.1. Postemployment Healthcare Benefits). 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, 2005, 2004, and 2003, were \$35,539,457, \$32,395,139 and \$29,961,848, 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 forward 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, 2005, 2004, and 2003 were \$362,502, \$343,388, and \$506,355 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 (\$14,000 in 2005). There is a catch-up provision that allows participants 50 and older who are contributing the maximum to contribute an additional \$4,000 annually to their account. The 401(k) Plan member contributions from the City for the years ended December 31, 2005, 2004 and 2003, were \$13,801,095, \$14,393,204 and \$12,740,863, 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. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information. That report can be obtained by writing to: Fire and Police Pension Association, Two DTC, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111-2721 or by calling FPPA at 303-770-3772.

The FPPA performs certain administrative tasks in accordance with an agreement with the City. There are approximately 369 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, 2005 membership in the plans was as follows: 1,074 active participants, 478 retirees and beneficiaries and 24 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, 2005****Annual Pension Cost**

The City's annual pension cost and net pension obligation for the plans for 2005 were as follows:

	Old Hire Fire	Old Hire Police	New Hire Fire	New Hire Police
Annual Required Contribution	\$68,110	\$59,806	\$2,116,367	\$3,245,724
Interest on Net Pension Obligation	37,780	11,386	-	-
Adjustment to Annual Required Contribution	<u>(39,552)</u>	<u>(11,920)</u>	<u>-</u>	<u>-</u>
Annual Pension Cost	66,338	59,272	2,116,367	3,245,724
Contributions Made	<u>(74,272)</u>	<u>(83,688)</u>	<u>(2,116,367)</u>	<u>(3,245,724)</u>
Decrease in Net Pension Obligation	(7,934)	(24,416)	-	-
Net Pension Obligation - Beginning of Year	<u>472,252</u>	<u>142,321</u>	<u>-</u>	<u>-</u>
Net Pension Obligation - End of Year	<u><u>\$464,318</u></u>	<u><u>\$117,905</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

<u>Old Hire Fire (closed to new employees)</u>	<u>2003</u>	<u>2004 *</u>	<u>2005</u>
Annual Pension Cost (APC)	\$177,514	\$171,183	\$66,338
Percentage of APC Contributed	88%	74%	112%
Net Pension Obligation	\$427,631	\$472,252	\$464,318
<u>Old Hire Police (closed to new employees)</u>	<u>2003</u>	<u>2004 *</u>	<u>2005</u>
Annual Pension Cost (APC)	\$119,353	\$130,361	\$59,272
Percentage of APC Contributed	103%	88%	141%
Net Pension Obligation	\$126,302	\$142,321	\$117,905

*Restated

Employees hired on or after April 1978:

<u>New Hire Fire (open to new employees)</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Annual Pension Cost (APC)	\$1,694,894	\$1,849,549	\$2,116,367
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	\$ -	\$ -	\$ -

<u>New Hire Police (open to new employees)</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Annual Pension Cost (APC)	\$2,749,917	\$2,913,382	\$3,245,724
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. As of 2005, the City has retroactively capitalized all its infrastructure. The restatement for GASB Statement No. 34 increased net assets of the governmental activities on the government-wide statements as of December 31, 2005 by \$443,443,021.

The City adopted GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* during 2004. Adoption of GASB 42 had no effect on beginning net assets or changes in net assets.

The City also adopted GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section* during 2005. GASB 44 modifies disclosure requirements related to the statistical section. Adoption of GASB 44 had no effect on beginning net assets or changes in net assets.

K. Subsequent events

On February 23, 2006, the Parking System issued a revenue bond in the amount of \$7,665,000 with a variable rate of 3.375% to 4.400%. These bonds will be repaid by revenues of the Parking System over the next twenty one years, with a final maturity in 2027.



CITY OF COLORADO SPRINGS

REQUIRED SUPPLEMENTARY INFORMATION

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

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 16**

	2003	2004	2005
<u>Old Hire Fire Pension Plan</u>			
Date of actuarial valuation	1/1/2003	1/1/2004	1/1/2005
Actuarial value of plan assets	n/a	\$91,221,695	\$90,182,979
Actuarial accrued liability (AAL)	n/a	\$111,993,869	\$114,918,800
Excess of assets over AAL (unfunded liability)	n/a	(\$20,772,174)	(\$24,735,821)
Funded ratio	n/a	81.5%	78.5%
Covered payroll	\$1,553,272	\$1,265,624	\$742,723
Excess/(unfunded liability) as a percentage of covered payroll	n/a	-1641.3%	-3330.4%
<u>Old Hire Police Pension Plan</u>			
Date of actuarial valuation	1/1/2003	1/1/2004	1/1/2005
Actuarial value of plan assets	n/a	\$76,736,018	\$76,028,443
Actuarial accrued liability (AAL)	n/a	\$92,830,564	\$95,855,877
Excess of assets over AAL (unfunded liability)	n/a	(\$16,094,546)	(\$19,827,434)
Funded ratio	n/a	82.7%	79.3%
Covered payroll	\$1,233,240	\$1,143,421	\$836,877
Excess/(unfunded liability) as a percentage of covered payroll	n/a	-1407.6%	-2369.2%
<u>New Hire Fire Pension Plan *</u>			
Date of actuarial valuation	1/1/2003	1/1/2004	1/1/2005
Actuarial value of plan assets	\$56,594,030	\$62,859,916	\$71,474,295
Actuarial accrued liability (AAL)	\$56,913,008	\$66,756,828	\$81,608,422
Excess of assets over AAL (unfunded liability)	(\$318,978)	(\$3,896,912)	(\$10,134,127)
Funded ratio	99.4%	94.2%	87.6%
Covered payroll	\$21,186,170	\$23,119,368	\$26,454,593
Excess/(unfunded liability) as a percentage of covered payroll	-1.5%	-16.9%	-38.3%
<u>New Hire Police Pension Plan *</u>			
Date of actuarial valuation	1/1/2003	1/1/2004	1/1/2005
Actuarial value of plan assets	\$94,959,427	\$105,649,541	\$117,965,939
Actuarial accrued liability (AAL)	\$99,261,998	\$117,092,862	\$122,896,108
Excess of assets over AAL (unfunded liability)	(\$4,302,571)	(\$11,443,321)	(\$4,930,169)
Funded ratio	95.7%	90.2%	96.0%
Covered payroll	\$34,373,964	\$36,417,275	\$40,571,545
Excess/(unfunded liability) as a percentage of covered payroll	-12.5%	-31.4%	-12.2%

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

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

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 17**

	Years ended December 31,		
	2003	2004	2005
Old Hire Fire Pension Plan			
Annual required contribution (ARC)	\$179,035	\$172,788 *	\$68,110
Actual contributions as percentage of ARC	87%	73%	109%
Old Hire Police Pension Plan			
Annual required contribution (ARC)	\$119,842	\$130,835 *	\$59,806
Actual contributions as percentage of ARC	103%	87%	140%
New Hire Fire Pension Plan			
Annual required contribution (ARC)	\$1,694,894	\$1,849,549	\$2,116,367
Actual contributions as percentage of ARC	100%	100%	100%
New Hire Police Pension Plan			
Annual required contribution (ARC)	\$2,749,917	\$2,913,382	\$3,245,724
Actual contributions as percentage of ARC	100%	100%	100%

* 2004 restated

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	1/1/2005	1/1/2005	1/1/2005	1/1/2005
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	17 Years	17 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, 2005**

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

	<u>TOTAL</u>
<u>ASSETS</u>	
Cash and investments	\$44,659,110
Accounts receivable (net of allowance for uncollectibles)	3,897,990
Sales tax receivable	12,797,382
Loans receivable	846,988
Property taxes receivable	
Current	19,878,481
Delinquent	204,446
Due from other funds	7,515,940
Restricted investments	1,249,645
Total assets	<u><u>91,049,982</u></u>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities	
Accounts payable	3,151,907
Funds held for others	8,749,760
Accrued salaries and benefits	5,330,799
Due to other funds	6,456,110
Escrow deposits	6,850,961
Deferred revenue	
Loans	846,988
Property taxes	19,878,481
Unearned revenue	568,452
Total liabilities	<u>51,833,458</u>
Fund balance	
Reserved for	
Debt service	1,160,889
Emergency reserve	6,429,622
Unreserved	
Encumbrances	4,906,757
Designated - subsequent year expenditures	2,567,454
Undesignated	24,151,802
Total fund balance	<u>39,216,524</u>
Total liabilities and fund balance	<u><u>\$91,049,982</u></u>

**GENERAL FUND
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended December 31, 2005**

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

	<u>TOTAL</u>
Revenues	
Taxes	\$141,888,115
Licenses and permits	667,337
Intergovernmental	19,792,868
Charges for services	18,791,049
Fines and forfeits	9,224,906
Other revenue	1,762,271
Investment earnings	828,091
Rental income	637,378
	<u>193,592,015</u>
Total revenues	
Expenditures	
Current	
General government	38,071,448
Public safety	106,383,742
Public works	29,363,565
Health and welfare	896,675
Culture and recreation	18,402,281
Urban redevelopment and housing	176,509
Debt service	
Principal	4,153,501
Interest	1,295,347
Issuance expense	250
Capital outlay	8,847,561
	<u>207,590,879</u>
Total expenditures	
Deficiency of revenues over expenditures	<u>(13,998,864)</u>
Other financing sources (uses)	
Capital lease financing	1,218,293
Sale of capital assets	646,863
Transfers - in	25,977,065
Transfers - out	(18,873,008)
	<u>8,969,213</u>
Total other financing sources (uses)	
Net change in fund balance	(5,029,651)
Fund balance - January 1	<u>44,246,175</u>
Fund balance - December 31	<u><u>\$39,216,524</u></u>



CITY OF COLORADO SPRINGS

NON-MAJOR GOVERNMENTAL FUNDS

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2005**

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
<u>ASSETS</u>				
Cash and investments	\$32,888,729	\$17,139,758	\$1,101,007	\$51,129,494
Accounts receivable (net of allowance for uncollectibles)	6,030,342	24,029	300	6,054,671
Sales tax receivable	3,324,395	-	-	3,324,395
Loans receivable	16,577,516	-	-	16,577,516
Assessments receivable	595,308	-	-	595,308
Property taxes receivable	2,414,468	-	-	2,414,468
Due from other funds	418,865	1,098,282	-	1,517,147
Restricted investments	752,111	1,362,702	8,413,278	10,528,091
Total assets	63,001,734	19,624,771	9,514,585	92,141,090
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	3,139,168	427,291	1,016	3,567,475
Accrued salaries and benefits	767,061	-	-	767,061
Due to other funds	4,699,618	4,934,878	-	9,634,496
Deferred revenue				
Loans	16,577,516	-	-	16,577,516
Assessments	595,308	-	-	595,308
Property taxes	2,414,468	-	-	2,414,468
Grants	1,774,516	-	-	1,774,516
Total liabilities	29,967,655	5,362,169	1,016	35,330,840
Fund balances				
Reserved for				
Debt service	1,006,680	-	-	1,006,680
Endowments	-	-	9,513,569	9,513,569
Unreserved				
Encumbrances	2,145,017	4,003,497	-	6,148,514
Designated - subsequent year expenditures	12,353,930	10,259,105	-	22,613,035
Undesignated	17,528,452	-	-	17,528,452
Total fund balances	33,034,079	14,262,602	9,513,569	56,810,250
Total liabilities and fund balances	\$63,001,734	\$19,624,771	\$9,514,585	\$92,141,090

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2005**

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
Revenues				
Taxes	\$36,489,964	\$ -	\$ -	\$36,489,964
Intergovernmental	23,365,854	-	-	23,365,854
Charges for services	4,805,557	-	-	4,805,557
Endowments and donations	931,805	2,618,226	83,980	3,634,011
Other revenue	962,814	-	-	962,814
Investment earnings	775,517	996,195	511,259	2,282,971
Rental income	23,100	-	-	23,100
Total revenues	67,354,611	3,614,421	595,239	71,564,271
Expenditures				
Current:				
General government	19,105,844	-	-	19,105,844
Public safety	3,756,476	-	-	3,756,476
Public works	8,826,558	-	-	8,826,558
Culture and recreation	1,620,641	-	81,577	1,702,218
Urban development and housing	5,611,406	-	-	5,611,406
Economic development	2,557,373	-	-	2,557,373
Economic opportunity	12,067	-	-	12,067
Miscellaneous	569,806	-	-	569,806
Debt service:				
Principal	4,796,223	4,820,000	-	9,616,223
Interest	2,057,979	3,027,771	-	5,085,750
Issuance expense	90,425	-	-	90,425
Capital outlay	22,269,175	11,179,364	-	33,448,539
Total expenditures	71,273,973	19,027,135	81,577	90,382,685
Excess (deficiency) of revenues over expenditures	(3,919,362)	(15,412,714)	513,662	(18,818,414)
Other financing sources (uses)				
Transfers - in	1,391,843	17,803,777	-	19,195,620
Transfers - out	(1,517,436)	(100,000)	-	(1,617,436)
Proceeds from issuance of bonds	2,695,000	-	-	2,695,000
Total other financing sources (uses)	2,569,407	17,703,777	-	20,273,184
Net change in fund balances	(1,349,955)	2,291,063	513,662	1,454,770
Fund balances - January 1	34,384,034	11,971,539	8,999,907	55,355,480
Fund balances - December 31	\$33,034,079	\$14,262,602	\$9,513,569	\$56,810,250



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, 2005**

	Inter- governmental Grant Funds	Capital Improvement Funds	Improvement and Maintenance District Funds	Public Improvements Funds
<u>ASSETS</u>				
Cash and investments	\$ -	\$19,454,471	\$992,498	\$7,149,207
Accounts receivable (net of allowance for uncollectibles)	5,699,455	293,274	15,376	-
Sales tax receivable	-	3,167,443	-	-
Loans receivable	16,552,716	-	-	-
Assessments receivable	-	-	-	-
Property taxes receivable	-	-	1,471,873	-
Due from other funds	405,872	12,993	-	-
Restricted investments	-	-	-	-
Total assets	22,658,043	22,928,181	2,479,747	7,149,207
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	1,035,303	2,092,118	9,247	-
Accrued salaries and benefits	105,836	639,827	21,310	-
Due to other funds	3,189,672	1,326,227	1,294	-
Deferred revenue				
Loans	16,552,716	-	-	-
Assessments	-	-	-	-
Property taxes	-	-	1,471,873	-
Grants	1,774,516	-	-	-
Total liabilities	22,658,043	4,058,172	1,503,724	-
Fund balances				
Reserved for				
Debt service	-	-	-	-
Unreserved				
Encumbrances	-	2,135,912	300	-
Designated - subsequent year expenditure	-	11,350,295	-	-
Undesignated	-	5,383,802	975,723	7,149,207
Total fund balances	-	18,870,009	976,023	7,149,207
Total liabilities and fund balances	\$22,658,043	\$22,928,181	\$2,479,747	\$7,149,207

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

Other Public Improvements Funds	Special Assessment District Funds	Other Special Revenue Funds	Totals
\$422,843	\$183,481	\$4,686,229	\$32,888,729
12,829	1,078	8,330	6,030,342
-	-	156,952	3,324,395
-	-	24,800	16,577,516
-	595,308	-	595,308
942,595	-	-	2,414,468
-	-	-	418,865
752,111	-	-	752,111
<u>2,130,378</u>	<u>779,867</u>	<u>4,876,311</u>	<u>63,001,734</u>
184	-	2,316	3,139,168
-	-	88	767,061
180,919	-	1,506	4,699,618
-	-	24,800	16,577,516
-	595,308	-	595,308
942,595	-	-	2,414,468
-	-	-	1,774,516
<u>1,123,698</u>	<u>595,308</u>	<u>28,710</u>	<u>29,967,655</u>
1,006,680	-	-	1,006,680
-	-	8,805	2,145,017
-	-	1,003,635	12,353,930
-	184,559	3,835,161	17,528,452
<u>1,006,680</u>	<u>184,559</u>	<u>4,847,601</u>	<u>33,034,079</u>
<u>\$2,130,378</u>	<u>\$779,867</u>	<u>\$4,876,311</u>	<u>\$63,001,734</u>

**ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2005**

	Inter- governmental Grant Funds	Capital Improvement Funds	Improvement and Maintenance District Funds	Public Improvements Funds
Revenues				
Taxes	\$ -	\$30,117,028	\$1,525,565	\$ -
Intergovernmental	19,727,721	3,638,133	-	-
Charges for services	-	1,275,683	-	\$3,308,369
Donations	-	-	-	-
Other revenue	949,636	-	-	-
Investment earnings	14,658	433,860	32,850	94,974
Rental income	-	-	-	-
Total revenues	20,692,015	35,464,704	1,558,415	3,403,343
Expenditures				
Current				
General government	-	19,037,340	-	-
Public safety	3,756,476	-	-	-
Public works	5,711,831	-	1,776,754	1,337,973
Culture and recreation	269,506	-	-	-
Urban redevelopment and housing	5,611,406	-	-	-
Economic development	-	-	-	-
Economic opportunity	-	-	-	-
Miscellaneous	542,496	-	-	-
Debt service				
Principal	-	1,427,678	-	-
Interest	-	900,130	-	-
Issuance expense	-	-	-	-
Capital outlay	4,800,300	15,264,288	-	-
Total expenditures	20,692,015	36,629,436	1,776,754	1,337,973
Excess (deficiency) of revenues over expenditures	-	(1,164,732)	(218,339)	2,065,370
Other financing sources (uses)				
Transfers - in	-	1,391,843	-	-
Transfers - out	-	-	-	-
Proceeds from issuance of bonds	-	-	-	-
Total other financing sources (uses)	-	1,391,843	-	-
Net change in fund balances	-	227,111	(218,339)	2,065,370
Fund balances - January 1	-	18,642,898	1,194,362	5,083,837
Fund balances - December 31	\$ -	\$18,870,009	\$976,023	\$7,149,207

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

Other Public Improvements Funds	Special Assessment District Fund	Other Special Revenue Funds	Totals
\$1,244,741	\$ -	\$3,602,630	\$36,489,964
-	-	-	23,365,854
-	201,208	20,297	4,805,557
-	-	931,805	931,805
-	-	13,178	962,814
82,906	-	116,269	775,517
-	-	23,100	23,100
1,327,647	201,208	4,707,279	67,354,611
-	-	68,504	19,105,844
-	-	-	3,756,476
-	-	-	8,826,558
-	-	1,351,135	1,620,641
-	-	-	5,611,406
-	-	2,557,373	2,557,373
-	-	12,067	12,067
27,044	266	-	569,806
3,260,000	108,545	-	4,796,223
1,104,142	53,707	-	2,057,979
90,425	-	-	90,425
2,204,587	-	-	22,269,175
6,686,198	162,518	3,989,079	71,273,973
(5,358,551)	38,690	718,200	(3,919,362)
-	-	-	1,391,843
-	(300,000)	(1,217,436)	(1,517,436)
2,695,000	-	-	2,695,000
2,695,000	(300,000)	(1,217,436)	2,569,407
(2,663,551)	(261,310)	(499,236)	(1,349,955)
3,670,231	445,869	5,346,837	34,384,034
\$1,006,680	\$184,559	\$4,847,601	\$33,034,079

INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 December 31, 2005

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)	\$645,419	\$297,840	\$4,756,196	\$5,699,455
Loans receivable	8,258,010	8,282,670	12,036	16,552,716
Due from other funds	1,845	-	404,027	405,872
Total assets	8,905,274	8,580,510	5,172,259	22,658,043
<u>LIABILITIES</u>				
Accounts payable	111,855	127,123	796,325	1,035,303
Accrued salaries and benefits	44,020	-	61,816	105,836
Due to other funds	491,389	170,717	2,527,566	3,189,672
Deferred revenue				
Loans	8,258,010	8,282,670	12,036	16,552,716
Grants	-	-	1,774,516	1,774,516
Total liabilities	\$8,905,274	\$8,580,510	\$5,172,259	\$22,658,043

**INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2005**

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

	Community Development Block Grant Fund	Home Investment Partnership Fund	Grants Fund	Total
Revenues				
Intergovernmental	\$2,809,181	\$1,644,752	\$15,273,788	\$19,727,721
Other revenue	617,061	234,628	97,947	949,636
Investment earnings	1,102	-	13,556	14,658
Total revenues	3,427,344	1,879,380	15,385,291	20,692,015
Expenditures				
Current				
Public safety	-	-	3,756,476	3,756,476
Public works	-	-	5,711,831	5,711,831
Culture and recreation	-	-	269,506	269,506
Urban redevelopment and housing	3,427,344	1,879,380	304,682	5,611,406
Miscellaneous	-	-	542,496	542,496
Capital outlay	-	-	4,800,300	4,800,300
Total expenditures	3,427,344	1,879,380	15,385,291	20,692,015
Net change in fund balances	-	-	-	-
Fund balances - January 1	-	-	-	-
Fund balances - December 31	\$ -	\$ -	\$ -	\$ -

CAPITAL IMPROVEMENT SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2005

	Ballfield Capital Improvements Fund	Bicycle Tax Fund	Trails/Open Space Fund	Conservation Trust Fund
<u>ASSETS</u>				
Cash and investments	\$303,645	\$281,970	\$3,751,566	\$2,325,769
Accounts receivable (net of allowance for uncollectibles)	-	-	-	225
Sales tax receivable	-	-	633,489	-
Due from other funds	-	-	-	12,993
Total assets	303,645	281,970	4,385,055	2,338,987
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	-	-	195,094	66,433
Accrued salaries and benefits	-	-	4,345	25,759
Due to other funds	-	-	1,307,537	-
Total liabilities	-	-	1,506,976	92,192
Fund balances				
Unreserved				
Encumbrances	-	-	502,101	43,892
Subsequent year expenditures	-	197,933	2,375,978	1,938,065
Undesignated	303,645	84,037	-	264,838
Total fund balances	303,645	281,970	2,878,079	2,246,795
Total liabilities and fund balances	\$303,645	\$281,970	\$4,385,055	\$2,338,987

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

Cable Franchise Fund	Public Safety Sales Tax Fund	Total
\$25,119	\$12,766,402	\$19,454,471
293,049	-	293,274
-	2,533,954	3,167,443
-	-	12,993
<u>318,168</u>	<u>15,300,356</u>	<u>22,928,181</u>
58,567	1,772,024	2,092,118
11,783	597,940	639,827
-	18,690	1,326,227
<u>70,350</u>	<u>2,388,654</u>	<u>4,058,172</u>
10,408	1,579,511	2,135,912
224,173	6,614,146	11,350,295
13,237	4,718,045	5,383,802
<u>247,818</u>	<u>12,911,702</u>	<u>18,870,009</u>
<u>\$318,168</u>	<u>\$15,300,356</u>	<u>\$22,928,181</u>

**CAPITAL IMPROVEMENT SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2005**

	Ballfield Capital Improvements Fund	Bicycle Tax Fund	Trails/Open Space Fund	Conservation Trust Fund
Revenues				
Taxes	\$ -	\$122,757	\$6,032,482	\$ -
Intergovernmental	-	-	-	3,638,133
Charges for services	92,015	-	17,525	-
Investment earnings	6,374	6,311	87,318	52,640
Total revenues	98,389	129,068	6,137,325	3,690,773
Expenditures				
General government	1,000	-	116,126	800
Debt service				
Principal	-	-	835,000	360,885
Interest	109,000	-	682,113	102,424
Capital outlay	-	202,410	3,089,473	4,972,211
Total expenditures	110,000	202,410	4,722,712	5,436,320
Excess (deficiency) of revenues over expenditures	(11,611)	(73,342)	1,414,613	(1,745,547)
Other financing sources				
Transfers - in	-	-	-	1,391,843
Net change in fund balances	(11,611)	(73,342)	1,414,613	(353,704)
Fund balances - January 1	315,256	355,312	1,463,466	2,600,499
Fund balances - December 31	\$303,645	\$281,970	\$2,878,079	\$2,246,795

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

Cable Franchise Fund	Public Safety Sales Tax Fund	Total
\$ -	\$23,961,789	\$30,117,028
-	-	3,638,133
1,166,143	-	1,275,683
5	281,212	433,860
1,166,148	24,243,001	35,464,704
-	18,919,414	19,037,340
231,793	-	1,427,678
6,593	-	900,130
922,927	6,077,267	15,264,288
1,161,313	24,996,681	36,629,436
4,835	(753,680)	(1,164,732)
-	-	1,391,843
4,835	(753,680)	227,111
242,983	13,665,382	18,642,898
\$247,818	\$12,911,702	\$18,870,009

IMPROVEMENT AND MAINTENANCE DISTRICT
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2005

	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	\$86,338	\$360,292	\$173,778	\$201,095
Accounts receivable (net of allowance for uncollectibles)	916	5,257	7,178	1,845
Property taxes receivable	89,991	511,473	666,047	187,640
Total assets	177,245	877,022	847,003	390,580
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	798	5,055	856	2,322
Accrued salaries and benefits	2,110	7,628	11,572	-
Due to other funds	-	-	1,294	-
Deferred revenue - property taxes	89,991	511,473	666,047	187,640
Total liabilities	92,899	524,156	679,769	189,962
Fund balances				
Unreserved				
Encumbrances	-	-	300	-
Undesignated	84,346	352,866	166,934	200,618
Total fund balances	84,346	352,866	167,234	200,618
Total liabilities and fund balances	\$177,245	\$877,022	\$847,003	\$390,580

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
\$112,358	\$7,615	\$51,022	\$992,498
149	31	-	15,376
14,047	2,675	-	1,471,873
126,554	10,321	51,022	2,479,747
110	106	-	9,247
-	-	-	21,310
-	-	-	1,294
14,047	2,675	-	1,471,873
14,157	2,781	-	1,503,724
-	-	-	300
112,397	7,540	51,022	975,723
112,397	7,540	51,022	976,023
\$126,554	\$10,321	\$51,022	\$2,479,747

**IMPROVEMENT AND MAINTENANCE DISTRICT
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2005**

	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	\$90,997	\$518,159	\$708,392	\$181,878
Investment earnings	2,714	8,251	10,354	6,758
Total revenues	93,711	526,410	718,746	188,636
Expenditures				
Current				
Public works	97,391	565,200	909,084	179,630
Total expenditures	97,391	565,200	909,084	179,630
Net change in fund balances	(3,680)	(38,790)	(190,338)	9,006
Fund balances - January 1	88,026	391,656	357,572	191,612
Fund balances - December 31	\$84,346	\$352,866	\$167,234	\$200,618

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
\$14,560	\$3,013	\$8,566	\$1,525,565
2,951	295	1,527	32,850
17,511	3,308	10,093	1,558,415
6,129	6,160	13,160	1,776,754
6,129	6,160	13,160	1,776,754
11,382	(2,852)	(3,067)	(218,339)
101,015	10,392	54,089	1,194,362
\$112,397	\$7,540	\$51,022	\$976,023

**PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 December 31, 2005**

**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	\$3,844,051	\$2,429,998	\$740,797	\$134,361	\$7,149,207
Total assets	3,844,051	2,429,998	740,797	134,361	7,149,207
<u>FUND BALANCE</u>					
Unreserved Undesignated	3,844,051	2,429,998	740,797	134,361	7,149,207
Total fund balance	\$3,844,051	\$2,429,998	\$740,797	\$134,361	\$7,149,207

**PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2005**

**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	\$1,037,418	\$2,004,211	\$221,300	\$45,440	\$3,308,369
Investment earnings	55,944	21,612	14,682	2,736	94,974
Total revenues	1,093,362	2,025,823	235,982	48,176	3,403,343
Expenditures					
Current					
Public works	62,029	1,111,881	164,063	-	1,337,973
Total expenditures	62,029	1,111,881	164,063	-	1,337,973
Net change in fund balances	1,031,333	913,942	71,919	48,176	2,065,370
Fund balances - January 1	2,812,718	1,516,056	668,878	86,185	5,083,837
Fund balances - December 31	\$3,844,051	\$2,429,998	\$740,797	\$134,361	\$7,149,207

OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 December 31, 2005

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	\$375,874	\$46,969	\$ -	\$422,843
Accounts receivable (net of allowance for uncollectibles)	7,942	3,844	1,043	12,829
Property taxes receivable	678,886	144,489	119,220	942,595
Restricted investments	-	-	752,111	752,111
Total assets	1,062,702	195,302	872,374	2,130,378
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	61	61	62	184
Due to other funds	-	-	180,919	180,919
Deferred revenue - property taxes	678,886	144,489	119,220	942,595
Total liabilities	678,947	144,550	300,201	1,123,698
Fund balances				
Reserved for debt service	383,755	50,752	572,173	1,006,680
Total fund balances	383,755	50,752	572,173	1,006,680
Total liabilities and fund balances	\$1,062,702	\$195,302	\$872,374	\$2,130,378

**OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2005**

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

	Cottonwood General Improvement District	Spring Creek General Improvement District	Briargate General Improvement District	Total
Revenues				
Taxes	\$783,558	\$358,094	\$103,089	\$1,244,741
Investment earnings	18,127	2,806	61,973	82,906
Total revenues	801,685	360,900	165,062	1,327,647
Expenditures				
Current				
Miscellaneous	13,661	5,921	7,462	27,044
Debt Service				
Principal	505,000	2,755,000	-	3,260,000
Interest	295,845	192,297	616,000	1,104,142
Issuance expense	-	90,425	-	90,425
Capital outlay	-	-	2,204,587	2,204,587
Total expenditures	814,506	3,043,643	2,828,049	6,686,198
Deficiency of revenues over expenditures	(12,821)	(2,682,743)	(2,662,987)	(5,358,551)
Other financing sources				
Proceeds from issuance of bonds	-	2,695,000	-	2,695,000
Net change in fund balances	(12,821)	12,257	(2,662,987)	(2,663,551)
Fund balances - January 1	396,576	38,495	3,235,160	3,670,231
Fund balances - December 31	\$383,755	\$50,752	\$572,173	\$1,006,680

**OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2005**

	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	\$3,415	\$29,069	\$490,704	\$78,492	\$641,755
Accounts receivable (net of allowances for uncollectibles)	-	6,921	-	-	-
Sales tax receivable	156,952	-	-	-	-
Loans receivable	-	-	-	-	24,800
Total assets	160,367	35,990	490,704	78,492	666,555
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	-	-	-	325	-
Accrued salaries and benefits	-	-	-	-	-
Due to other funds	-	-	-	1,506	-
Deferred revenue - loans	-	-	-	-	24,800
Total liabilities	-	-	-	1,831	24,800
Fund balances					
Unreserved					
Encumbrances	-	2,299	-	-	-
Designated - subsequent year expenditures	77,824	10,597	296,932	-	618,282
Undesignated	82,543	23,094	193,772	76,661	23,473
Total fund balances	160,367	35,990	490,704	76,661	641,755
Total liabilities and fund balances	\$160,367	\$35,990	\$490,704	\$78,492	\$666,555

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit C-13

Gift Trust Fund	City Manager Contract Fund	Senior Programs Fund	Therapeutic Recreation Fund	Cultural Affairs Fund	Total
\$2,863,116	\$60,622	\$498,862	\$19,634	\$560	\$4,686,229
366	-	1,043	-	-	8,330
-	-	-	-	-	156,952
-	-	-	-	-	24,800
<u>2,863,482</u>	<u>60,622</u>	<u>499,905</u>	<u>19,634</u>	<u>560</u>	<u>4,876,311</u>
1,326	-	665	-	-	2,316
-	-	88	-	-	88
-	-	-	-	-	1,506
-	-	-	-	-	24,800
<u>1,326</u>	<u>-</u>	<u>753</u>	<u>-</u>	<u>-</u>	<u>28,710</u>
6,506	-	-	-	-	8,805
-	-	-	-	-	1,003,635
<u>2,855,650</u>	<u>60,622</u>	<u>499,152</u>	<u>19,634</u>	<u>560</u>	<u>3,835,161</u>
<u>2,862,156</u>	<u>60,622</u>	<u>499,152</u>	<u>19,634</u>	<u>560</u>	<u>4,847,601</u>
<u>\$2,863,482</u>	<u>\$60,622</u>	<u>\$499,905</u>	<u>\$19,634</u>	<u>\$560</u>	<u>\$4,876,311</u>

OTHER SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2005

	Lodgers and Auto Rental Tax Fund	Tree City U.S.A Fund	Street Tree Fund	Garfield School Maintenance Fund	Economic Development Fund
Revenues					
Taxes	\$3,602,630	\$ -	\$ -	\$ -	\$ -
Charges for services	-	20,297	-	-	-
Donations	-	-	-	-	-
Other revenue	-	-	-	-	13,178
Investment earnings	5,119	389	14,476	1,985	14,581
Rental income	-	-	-	23,100	-
Total revenues	3,607,749	20,686	14,476	25,085	27,759
Expenditures					
General government	68,504	-	-	-	-
Culture and recreation	-	7,294	191,068	-	-
Economic development	2,434,873	-	-	-	122,500
Economic opportunity	-	-	-	12,067	-
Total expenditures	2,503,377	7,294	191,068	12,067	122,500
Excess (deficiency) of revenues over expenditures	1,104,372	13,392	(176,592)	13,018	(94,741)
Other financing uses					
Transfers - out	(1,217,436)	-	-	-	-
Net change in fund balances	(113,064)	13,392	(176,592)	13,018	(94,741)
Fund balances - January 1	273,431	22,598	667,296	63,643	736,496
Fund balances - December 31	\$160,367	\$35,990	\$490,704	\$76,661	\$641,755

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$3,602,630
-	-	-	-	-	20,297
916,832	-	14,973	-	-	931,805
-	-	-	-	-	13,178
68,867	-	10,316	521	15	116,269
-	-	-	-	-	23,100
985,699	-	25,289	521	15	4,707,279
-	-	-	-	-	68,504
1,109,973	-	42,800	-	-	1,351,135
-	-	-	-	-	2,557,373
-	-	-	-	-	12,067
1,109,973	-	42,800	-	-	3,989,079
(124,274)	-	(17,511)	521	15	718,200
-	-	-	-	-	(1,217,436)
(124,274)	-	(17,511)	521	15	(499,236)
2,986,430	60,622	516,663	19,113	545	5,346,837
\$2,862,156	\$60,622	\$499,152	\$19,634	\$560	\$4,847,601

**SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES-BUDGET AND ACTUAL
For the year ended December 31, 2005**

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Community Development Block Grant	\$3,427,344	\$3,427,344	\$ -
Home Investment Partnership Fund	1,879,380	1,879,380	-
Grants Fund	15,385,291	15,385,291	-
Ballfield Capital Improvements Fund	110,000	98,389	(11,611)
Bicycle Tax Fund	113,000	129,068	16,068
Trails/Open Space Fund	6,677,177	6,137,325	(539,852)
Conservation Trust Fund	4,542,375	5,082,616	540,241
Cable Franchise Fund	1,232,640	1,166,148	(66,492)
Public Safety Sales Tax Fund	24,618,679	24,243,001	(375,678)
Old Colorado City Maintenance and Security District Fund	95,845	93,711	(2,134)
Norwood Special Improvement Maintenance District Fund	536,523	526,410	(10,113)
Briargate Special Improvement Maintenance District Fund	728,896	718,746	(10,150)
Stetson Hills Improvement Maintenance District Fund	189,992	188,636	(1,356)
Woodstone Improvement Maintenance District Fund	17,406	17,511	105
Gateway Improvement Maintenance District Fund	3,340	3,308	(32)
Platte Avenue Improvement Maintenance District Fund	9,961	10,093	132
Public Space and Development Fund	700,000	1,093,362	393,362
Subdivision Drainage Fund	1,570,000	2,025,823	455,823
Arterial Roadway Fund	225,000	235,982	10,982
Park Developer Easement Fund	-	48,176	48,176
Cottonwood General Improvement District	772,391	801,685	29,294
Spring Creek General Improvement District	3,059,258	3,055,900	(3,358)
Briargate General Improvement District	99,769	165,062	65,293
Lodgers and Auto Rental Tax Fund	3,527,145	3,607,749	80,604
Tree City U.S.A.	-	20,686	20,686
Street Tree Fund	140,000	14,476	(125,524)
Garfield School Maintenance Fund	26,650	25,085	(1,565)
Economic Development Fund	4,286	27,759	23,473
Gift Trust Fund	1,100,000	985,699	(114,301)
Senior Programs Fund	15,000	25,289	10,289
Therapeutic Recreation Fund	500	521	21
Cultural Affairs Fund	-	15	15
Special Assessment District Fund	219,800	201,208	(18,592)
Total revenues	\$71,027,648	\$71,441,454	\$413,806

(continued)

Note: Includes bond proceeds.

**SPECIAL REVENUE FUNDS
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL
For the year ended December 31, 2005**

	Final Budget	Actual	Variance Positive (Negative)
Expenditures			
Community Development Block Grant	\$3,427,344	\$3,427,344	\$ -
Home Investment Partnership Fund	1,879,380	1,879,380	-
Grants Fund	15,385,291	15,385,291	-
Ballfield Capital Improvements Fund	110,000	110,000	-
Bicycle Tax Fund	353,343	202,410	150,933
Trails/Open Space Fund	9,012,233	4,722,712	4,289,521
Conservation Trust Fund	7,418,276	5,436,320	1,981,956
Cable Franchise Fund	1,500,362	1,161,313	339,049
Public Safety Sales Tax Fund	34,748,154	24,996,681	9,751,473
Old Colorado City Maintenance and Security District Fund	125,845	97,391	28,454
Norwood Special Improvement Maintenance District Fund	786,112	565,200	220,912
Briargate Special Improvement Maintenance District Fund	945,971	909,084	36,887
Stetson Hills Improvement Maintenance District Fund	280,852	179,630	101,222
Woodstone Improvement Maintenance District Fund	17,406	6,129	11,277
Gateway Improvement Maintenance District Fund	8,340	6,160	2,180
Platte Avenue Improvement Maintenance District Fund	25,961	13,160	12,801
Public Space and Development Fund	1,248,444	62,029	1,186,415
Subdivision Drainage Fund	2,000,000	1,111,881	888,119
Arterial Roadway Fund	400,000	164,063	235,937
Cottonwood General Improvement District	815,845	814,506	1,339
Spring Creek General Improvement District	3,080,350	3,043,643	36,707
Briargate General Improvement District	2,831,278	2,828,049	3,229
Lodgers and Auto Rental Tax Fund	3,723,019	3,720,813	2,206
Tree City U.S.A.	12,000	7,294	4,706
Street Tree Fund	250,000	191,068	58,932
Garfield School Maintenance Fund	25,150	12,067	13,083
Economic Development Fund	660,124	122,500	537,624
Gift Trust Fund	1,100,000	1,109,973	(9,973)
Senior Programs Fund	50,000	42,800	7,200
Therapeutic Recreation Fund	1,000	-	1,000
Special Assessment District Fund	519,900	462,518	57,382
Total expenditures	\$92,741,980	\$72,791,409	\$19,950,571

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, 2005**

**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	\$2,572,946	\$14,465,041	\$101,771	\$17,139,758
Accounts receivable (net of allowances for uncollectibles)	2,429	21,600	-	24,029
Due from other funds	675,670	422,612	-	1,098,282
Restricted investments	-	-	1,362,702	1,362,702
Total assets	3,251,045	14,909,253	1,464,473	19,624,771
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	23,226	403,982	83	427,291
Due to other funds	-	4,934,878	-	4,934,878
Total liabilities	23,226	5,338,860	83	5,362,169
Fund balances:				
Reserved for:				
Encumbrances	642,074	3,359,673	1,750	4,003,497
Unreserved				
Designated - subsequent year expenditures	2,585,745	6,210,720	1,462,640	10,259,105
Total fund balances	3,227,819	9,570,393	1,464,390	14,262,602
Total liabilities and fund balances	\$3,251,045	\$14,909,253	\$1,464,473	\$19,624,771

**CAPITAL PROJECTS FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 For The Year Ended December 31, 2005**

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

	SCIP Construction Fund	City Funded CIP Construction Fund	Red Rock Canyon COP Fund	Totals
Revenues				
Donations	\$ -	\$2,618,226	\$ -	\$2,618,226
Investment earnings (losses)	(25,215)	979,076	42,334	996,195
Total revenues	(25,215)	3,597,302	42,334	3,614,421
Expenditures				
Debt service:				
Principal payment	-	4,820,000	-	4,820,000
Interest and other charges	1,050,331	1,977,440	-	3,027,771
Capital outlay	872,107	10,276,360	30,897	11,179,364
Total Expenditures	1,922,438	17,073,800	30,897	19,027,135
Excess (deficiency) of revenues over expenditures	(1,947,653)	(13,476,498)	11,437	(15,412,714)
Other financing sources (uses)				
Transfers - in	-	17,803,777	-	17,803,777
Transfers - out	-	(100,000)	-	(100,000)
Total other financing sources (uses)	-	17,703,777	-	17,703,777
Net change in fund balances	(1,947,653)	4,227,279	11,437	2,291,063
Fund balance - January 1	5,175,472	5,343,114	1,452,953	11,971,539
Fund balance - December 31	\$3,227,819	\$9,570,393	\$1,464,390	\$14,262,602



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, 2005**

	C.D. Smith Trust Fund	Perkins Trust Fund	Woods Trust Fund	Sabine Trust Fund
<u>ASSETS</u>				
Cash and investments	\$370,363	\$3,047	\$3,621	\$1,414
Accounts receivable (net of allowances for uncollectibles)	-	-	-	-
Restricted investments	564,431	-	-	-
Total assets	934,794	3,047	3,621	1,414
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	1,016	-	-	-
Total liabilities	1,016	-	-	-
Fund Balances				
Reserved for: Endowments	933,778	3,047	3,621	1,414
Total liabilities and fund balances	\$934,794	\$3,047	\$3,621	\$1,414

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

Cemetery Endowment Fund	TOPS Maintenance Trust Fund	Totals
\$5,870	\$716,692	\$1,101,007
300	-	300
7,848,847	-	8,413,278
7,855,017	716,692	9,514,585
-	-	1,016
-	-	1,016
7,855,017	716,692	9,513,569
\$7,855,017	\$716,692	\$9,514,585

**PERMANENT FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2005**

	C.D. Smith Trust Fund	Perkins Trust Fund	Woods Trust Fund
Revenues			
Endowments	\$ -	\$ -	\$ -
Investment earnings	1,514	82	96
Total revenues	1,514	82	96
Expenditures			
Current			
Culture and recreation	69,961	59	23
Total expenditures	69,961	59	23
Excess (deficiency) of revenues over expenditures	(68,447)	23	73
Fund balances - January 1	1,002,225	3,024	3,548
Fund balances - December 31	\$933,778	\$3,047	\$3,621

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

Sabine Trust Fund	Cemetery Endowment Fund	TOPS Maintenance Trust Fund	Totals
\$ -	\$83,980	\$ -	\$83,980
38	490,275	19,254	511,259
38	574,255	19,254	595,239
34	-	11,500	81,577
34	-	11,500	81,577
4	574,255	7,754	513,662
1,410	7,280,762	708,938	8,999,907
<u>\$1,414</u>	<u>\$7,855,017</u>	<u>\$716,692</u>	<u>\$9,513,569</u>

PERMANENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL
For the year ended December 31, 2005

CITY OF COLORADO SPRINGS
COLORADO
Exhibit E-3

	Budget	Actual	Variance Positive (Negative)
Revenues			
C.D. Smith Trust Fund	\$85,600	\$1,514	(\$84,086)
Perkins Trust Fund	150	82	(68)
Woods Trust Fund	200	96	(104)
Sabine Trust Fund	100	38	(62)
Cemetery Endowment Fund*	-	574,255	574,255
TOPS Maintenance Trust Fund	11,500	19,254	7,754
Total revenues	\$97,550	\$595,239	\$497,689

	Budget	Actual	Variance Positive (Negative)
Expenditures			
C.D. Smith Trust Fund	\$103,438	\$69,961	\$33,477
Perkins Trust Fund	150	59	91
Woods Trust Fund	200	23	177
Sabine Trust Fund	100	34	66
Cemetery Endowment Fund*	-	-	-
TOPS Maintenance Trust Fund	11,500	11,500	-
Total expenditures	\$115,388	\$81,577	\$33,811

* 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.

Stormwater fund

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

**NON-MAJOR ENTERPRISE FUNDS
COMBINING BALANCE SHEET
December 31, 2005**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
<u>ASSETS</u>				
Current assets				
Cash and investments	\$797,394	\$315,574	\$1,248,619	\$667,694
Accounts receivable (net of allowance for uncollectibles)	14,571	6,977	60,605	1,000
Inventories	-	-	67,507	-
Due from other funds	-	-	-	-
Total current assets	811,965	322,551	1,376,731	668,694
Noncurrent assets				
Capital assets:				
Land	60,000	931,200	667	537,000
Buildings	1,856,999	238,833	4,527,446	2,553,590
Improvements other than buildings	1,717,669	1,524,453	2,835,483	553,006
Machinery and equipment	1,459,647	978,632	2,359,138	-
Less accumulated depreciation	(3,012,945)	(1,933,893)	(5,332,636)	(1,303,408)
Total noncurrent assets	2,081,370	1,739,225	4,390,098	2,340,188
Total assets	\$2,893,335	\$2,061,776	\$5,766,829	\$3,008,882

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$260,973	\$924,172	\$361,152	\$4,575,578
119,591	-	-	202,744
-	-	-	67,507
-	677	-	677
380,564	924,849	361,152	4,846,506
140,841	-	-	1,669,708
514,720	58,792	-	9,750,380
1,604,014	80,289	-	8,314,914
471,339	141,134	-	5,409,890
(1,043,398)	(99,052)	-	(12,725,332)
1,687,516	181,163	-	12,419,560
\$2,068,080	\$1,106,012	\$361,152	\$17,266,066

(continued)

**NON-MAJOR ENTERPRISE FUNDS
COMBINING BALANCE SHEET
December 31, 2005**

	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	\$21,012	\$14,806	\$24,962	\$45
Accrued salaries and benefits	21,341	8,297	50,848	3,245
Compensated absences - current	3,623	914	8,493	366
Due to other funds	7,285	28,532	6,060	2,716
Notes payable - current	-	-	45,520	-
Capital leases payable - current	-	30,217	65,492	-
Total current liabilities	53,261	82,766	201,375	6,372
Noncurrent liabilities				
Compensated absences	68,841	17,373	161,373	6,962
Due to other funds	-	-	-	-
Notes payable	-	-	868,674	-
Capital lease payable	-	134,101	298,786	-
Total noncurrent liabilities	68,841	151,474	1,328,833	6,962
Total liabilities	122,102	234,240	1,530,208	13,334
Net assets				
Invested in capital assets, net of related debt	2,081,370	1,574,908	4,025,819	2,340,188
Restricted for debt service	-	-	257,000	-
Unrestricted	689,863	252,628	(46,198)	655,360
Total net assets	2,771,233	1,827,536	4,236,621	2,995,548
Total liabilities and net assets	\$2,893,335	\$2,061,776	\$5,766,829	\$3,008,882

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$4,184	\$1,460	\$ -	\$66,469
28,666	47,644	-	160,041
8,102	5,897	-	27,395
3,106	-	65,086	112,785
-	-	-	45,520
-	-	-	95,709
44,058	55,001	65,086	507,919
153,947	112,049	-	520,545
-	-	294,914	294,914
-	-	-	868,674
-	-	-	432,887
153,947	112,049	294,914	2,117,020
198,005	167,050	360,000	2,624,939
1,687,516	181,163	-	11,890,964
-	-	-	257,000
182,559	757,799	1,152	2,493,163
1,870,075	938,962	1,152	14,641,127
\$2,068,080	\$1,106,012	\$361,152	\$17,266,066

**NON-MAJOR ENTERPRISE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN NET ASSETS
 For the year ended December 31, 2005**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
Operating revenues				
Charges for services	\$1,919,726	\$1,078,823	\$2,424,284	\$253,411
Operating expenses				
Salaries and benefits	648,038	277,715	1,373,606	87,419
Other operating expenses	1,066,969	744,257	721,596	155,779
Depreciation	255,041	146,425	324,235	96,123
Total operating expenses	1,970,048	1,168,397	2,419,437	339,321
Operating income (loss)	(50,322)	(89,574)	4,847	(85,910)
Nonoperating revenues (expenses)				
Investment earnings	15,048	6,347	20,668	12,990
Interest expense	-	(2,965)	(40,820)	-
Gain on disposal of capital assets	1,353	-	8,743	-
Total nonoperating revenues (expenses)	16,401	3,382	(11,409)	12,990
Income (loss) before contributions and transfers	(33,921)	(86,192)	(6,562)	(72,920)
Transfers in	-	-	800,000	-
Change in net assets	(33,921)	(86,192)	793,438	(72,920)
Total net assets - January 1	2,805,154	1,913,728	3,443,183	3,068,468
Total net assets - December 31	\$2,771,233	\$1,827,536	\$4,236,621	\$2,995,548

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$1,102,431	\$1,738,996	\$ -	\$8,517,671
768,550	1,237,625	-	4,392,953
476,936	595,163	-	3,760,700
94,223	13,748	-	929,795
1,339,709	1,846,536	-	9,083,448
(237,278)	(107,540)	-	(565,777)
102,136	20,480	1,152	178,821
-	-	-	(43,785)
-	417	-	10,513
102,136	20,897	1,152	145,549
(135,142)	(86,643)	1,152	(420,228)
-	-	-	800,000
(135,142)	(86,643)	1,152	379,772
2,005,217	1,025,605	-	14,261,355
\$1,870,075	\$938,962	\$1,152	\$14,641,127

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2005**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$1,918,930	\$1,079,011	\$2,550,931	\$194,516
Receipts from interfund services provided	-	-	-	67,308
Payments to suppliers	(692,106)	(452,787)	(545,903)	(115,148)
Payments to employees	(641,059)	(274,733)	(1,367,827)	(85,773)
Payments for interfund services used	(380,935)	(289,062)	(266,247)	(45,950)
Net cash provided (used) by operating activities	204,830	62,429	370,954	14,953
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayment of advance from other funds	-	(9,100)	-	-
Transfers in from other City funds	-	-	800,000	-
Net cash provided (used) by noncapital financing activities	-	(9,100)	800,000	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital debt	-	-	-	-
Purchases of capital assets	(180,227)	(34,090)	(1,187,226)	-
Payments from accounts payable incurred for capital asset additions	-	-	(9,311)	-
Principal paid on capital debt	-	-	(43,753)	-
Interest paid on capital debt	-	-	(37,885)	-
Repayment of capital lease obligations	-	(75,950)	(34,878)	-
Interest paid - other	-	(2,965)	(2,935)	-
Proceeds from sales of capital assets	1,353	-	8,526	-
Net cash provided (used) by capital and related financing activities	(178,874)	(113,005)	(1,307,462)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	514,082	270,987	979,801	436,670
Purchase of investments	(586,083)	(231,947)	(917,733)	(490,754)
Interest and dividends received	21,230	8,163	28,716	18,108
Net cash provided (used) by investing activities	(50,771)	47,203	90,784	(35,976)
Net increase (decrease) in cash and cash equivalents	(24,815)	(12,473)	(45,724)	(21,023)
Cash and cash equivalents - January 1	28,845	14,068	52,034	24,397
Cash and cash equivalents - December 31	4,030	1,595	6,310	3,374
Cash and cash equivalents	4,030	1,595	6,310	3,374
Investments	793,364	313,979	1,242,309	664,320
Total cash and investments	\$797,394	\$315,574	\$1,248,619	\$667,694

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$1,063,195	\$1,716,569	\$ -	\$8,523,152
-	30,193	-	97,501
(232,476)	(354,561)	-	(2,392,981)
(752,864)	(1,206,472)	-	(4,328,728)
(247,506)	(243,868)	-	(1,473,568)
(169,651)	(58,139)	-	425,376
-	-	-	(9,100)
-	-	-	800,000
-	-	-	790,900
-	-	360,000	360,000
-	(119,178)	-	(1,520,721)
-	-	-	(9,311)
-	-	-	(43,753)
-	-	-	(37,885)
-	-	-	(110,828)
-	-	-	(5,900)
-	417	-	10,296
-	(118,761)	360,000	(1,358,102)
246,832	793,831	-	3,242,203
(191,815)	(679,265)	(359,356)	(3,456,953)
103,426	25,796	1,152	206,591
158,443	140,362	(358,204)	(8,159)
(11,208)	(36,538)	1,796	(149,985)
12,527	41,209	-	173,080
1,319	4,671	1,796	23,095
1,319	4,671	1,796	23,095
259,654	919,501	359,356	4,552,483
\$260,973	\$924,172	\$361,152	\$4,575,578

(continued)

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2005**

	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)	(\$50,322)	(\$89,574)	\$4,847	(\$85,910)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	255,041	146,425	324,235	96,123
(Increase) decrease in accounts receivable	(795)	187	125,200	8,413
Increase in inventories	-	-	(1,057)	-
(Increase) decrease in due from other funds	-	-	1,229	-
Increase (decrease) in accounts and other payables	(1,348)	8,231	(84,374)	46
Increase in accrued expenses	6,979	2,981	5,778	1,645
Decrease in due to other funds	(4,725)	(5,821)	(4,904)	(5,364)
Net cash provided (used) by operating activities	\$204,830	\$62,429	\$370,954	\$14,953
Noncash investing, capital and financing activities				
Noncash acquisition of capital assets				
(incurrence of payable/capital lease obligation)	\$12,759	\$200,592	\$ -	\$ -
Decrease in fair value of investments	(6,182)	(1,816)	(8,048)	(5,118)

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
(\$237,278)	(\$107,540)	\$ -	(\$565,777)
94,223	13,748	-	929,795
(39,235)	4,646	-	98,416
-	-	-	(1,057)
-	(677)	-	552
(1,764)	958	-	(78,251)
15,685	30,914	-	63,982
(1,282)	(188)	-	(22,284)
<u>(\$169,651)</u>	<u>(\$58,139)</u>	<u>-</u>	<u>\$425,376</u>

\$ -	\$ -	-	\$213,351
(1,290)	(5,316)	-	(27,770)



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, 2005**

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers Compensation Self-Insurance Fund
<u>ASSETS</u>			
Current assets			
Cash and investments	\$15,932	\$2,271,566	\$3,723,246
Accounts receivable (net of allowance for uncollectibles)	82,006	-	200
Inventories	868,283	-	-
Due from other funds	888,755	-	130,165
Total current assets	1,854,976	2,271,566	3,853,611
Noncurrent assets			
Capital assets			
Land	13,000	-	-
Buildings	380,967	-	6,850
Improvements other than buildings	396,917	-	-
Machinery and equipment	5,683,635	-	306,673
Less accumulated depreciation	(5,081,953)	-	(261,181)
Total noncurrent assets	1,392,566	-	52,342
Total assets	3,247,542	2,271,566	3,905,953
<u>LIABILITIES AND NET ASSETS</u>			
Current liabilities			
Accounts payable	845,294	863,759	5,348,273
Accrued salaries and benefits	394,313	-	26,890
Compensated absences - current	69,642	-	2,243
Due to other funds	54,241	322,612	92,167
Capital lease payable - current	99,970	-	-
Total current liabilities	1,463,460	1,186,371	5,469,573
Noncurrent liabilities			
Compensated absences	1,323,195	-	42,625
Capital lease obligations	118,156	-	-
Total noncurrent liabilities	1,441,351	-	42,625
Total liabilities	2,904,811	1,186,371	5,512,198
Net assets (deficit)			
Invested in capital assets, net of related debt	1,174,440	-	52,342
Unrestricted	(831,709)	1,085,195	(1,658,587)
Total net assets (deficit)	342,731	1,085,195	(1,606,245)
Total liabilities and net assets	\$3,247,542	\$2,271,566	\$3,905,953

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

Employee Benefits Self-Insurance Fund	Total
\$14,102,103	\$20,112,847
67,540	149,746
-	868,283
16,095	1,035,015
<u>14,185,738</u>	<u>22,165,891</u>
-	13,000
-	387,817
-	396,917
-	5,990,308
-	(5,343,134)
<u>-</u>	<u>1,444,908</u>
<u>14,185,738</u>	<u>23,610,799</u>
5,562,707	12,620,033
1,624	422,827
-	71,885
26	469,046
-	99,970
<u>5,564,357</u>	<u>13,683,761</u>
-	1,365,820
-	118,156
<u>-</u>	<u>1,483,976</u>
<u>5,564,357</u>	<u>15,167,737</u>
-	1,226,782
<u>8,621,381</u>	<u>7,216,280</u>
<u>8,621,381</u>	<u>8,443,062</u>
<u>\$14,185,738</u>	<u>\$23,610,799</u>

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the year ended December 31, 2005**

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers Compensation Self-Insurance Fund
Operating revenues			
Charges for services	\$24,894,577	\$543,004	\$4,925,410
Operating expenses			
Salaries and benefits	9,803,905	-	674,670
Other operating expenses	14,122,872	853,073	5,248,245
Depreciation	532,428	-	45,794
Total operating expenses	24,459,205	853,073	5,968,709
Operating income (loss)	435,372	(310,069)	(1,043,299)
Nonoperating revenues (expenses)			
Investment earnings (loss)	(209)	51,503	93,352
Interest expense	(26,870)	-	-
Gain on disposal of fixed assets	4,748	-	-
Miscellaneous	1,206	-	-
Total nonoperating revenues (expenses)	(21,125)	51,503	93,352
Income (loss) before transfers	414,247	(258,566)	(949,947)
Capital contributions	160,000	-	-
Transfers - out	-	(322,612)	-
Change in net assets	574,247	(581,178)	(949,947)
Total net assets (deficit) - January 1	(231,516)	1,666,373	(656,298)
Total net assets (deficit) - December 31	\$342,731	\$1,085,195	(\$1,606,245)

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

Employee Benefits Self-Insurance Fund	Total
\$34,883,199	\$65,246,190
10,428	10,489,003
37,823,655	58,047,845
-	578,222
37,834,083	69,115,070
(2,950,884)	(3,868,880)
297,142	441,788
-	(26,870)
-	4,748
-	1,206
297,142	420,872
(2,653,742)	(3,448,008)
-	160,000
-	(322,612)
(2,653,742)	(3,610,620)
11,275,123	12,053,682
\$8,621,381	\$8,443,062

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2005

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers Compensation Self-Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$1,027,050	\$ -	\$194,084
Receipts from interfund services provided	23,532,049	543,004	4,656,969
Payments to suppliers	(10,885,991)	(845,108)	(4,610,931)
Payments to employees	(9,772,347)	-	(661,056)
Payment for interfund services used	(2,958,190)	(2,693)	(658,551)
Net cash provided (used) by operating activities	942,571	(304,797)	(1,079,485)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Repayment of advance from other funds	(540,522)	-	-
Net cash used by noncapital financing activities	(540,522)	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(83,500)	-	-
Payments from accounts payable incurred for capital asset additions	(27,679)	-	-
Repayment of capital lease obligations	(253,814)	-	-
Interest paid - other	(26,870)	-	-
Proceeds from sales of capital assets	5,955	-	-
Net cash used by capital and related financing activities	(385,908)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	-	1,823,826	3,543,738
Purchases of investments	(16,112)	(1,669,595)	(2,736,575)
Interest and dividends received	52	65,759	111,544
Net cash provided (used) by investing activities	(16,060)	219,990	918,707
Net increase (decrease) in cash and cash equivalents	81	(84,807)	(160,778)
Cash and cash equivalents - January 1	-	96,287	179,595
Cash and cash equivalents - December 31	81	11,480	18,817
Cash and cash equivalents	81	11,480	18,817
Investments	15,851	2,260,086	3,704,429
Total cash and investments	\$15,932	\$2,271,566	\$3,723,246

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

Employee Benefits Self-Insurance Fund	Total
\$6,929,411	\$8,150,545
27,921,249	56,653,271
(29,626,953)	(45,968,983)
(8,804)	(10,442,207)
(6,546,254)	(10,165,688)
<u>(1,331,351)</u>	<u>(1,773,062)</u>
-	(540,522)
-	<u>(540,522)</u>
-	(83,500)
-	(27,679)
-	(253,814)
-	(26,870)
-	5,955
-	<u>(385,908)</u>
10,799,875	16,167,439
(10,365,008)	(14,787,290)
390,524	567,879
<u>825,391</u>	<u>1,948,028</u>
(505,960)	(751,464)
<u>577,230</u>	<u>853,112</u>
<u>71,270</u>	<u>101,648</u>
71,270	101,648
<u>14,030,833</u>	<u>20,011,199</u>
<u>\$14,102,103</u>	<u>\$20,112,847</u>

(continued)

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2005

	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)	\$435,372	(\$310,069)	(\$1,043,299)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation expense	532,428	-	45,794
(Increase) decrease in accounts receivable	(49,479)	-	20,502
Decrease in inventories	54,094	-	-
Increase in due from other funds	(285,999)	-	(94,859)
Increase (decrease) in accounts and other payables	208,352	7,925	(13,155)
Increase in accrued expenses	31,558	-	13,614
Increase (decrease) in due to other funds	16,245	(2,653)	(8,082)
Net cash provided (used) by operating activities	\$942,571	(\$304,797)	(\$1,079,485)
Noncash investing, capital and financing activities			
Noncash acquisition of capital assets			
(incurrence of payable/capital lease obligation)	\$18,336	\$ -	-
Decrease in fair value of investments	(261)	(14,256)	(18,192)

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

Employee Benefits Self-Insurance Fund	Total
(\$2,950,884)	(\$3,868,880)
-	578,222
(30,332)	(59,309)
-	54,094
(2,207)	(383,065)
1,681,155	1,884,277
1,624	46,796
(30,707)	(25,197)
<u>(\$1,331,351)</u>	<u>(\$1,773,062)</u>

\$	-	\$18,336
	(93,382)	(126,091)



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, 2005**

**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	\$344,993	\$290,425	\$301,085	\$491,640	\$1,428,143
Other assets	6,235	5,249	5,442	8,885	25,811
Investment in external investment pool	98,742,081	83,123,847	86,174,796	140,714,585	408,755,309
Total assets	99,093,309	83,419,521	86,481,323	141,215,110	410,209,263
<u>LIABILITIES</u>					
Accounts payable	59,777	50,322	52,169	85,186	247,454
Other liabilities	13,044	10,981	11,384	18,588	53,997
Total liabilities	72,821	61,303	63,553	103,774	301,451
Net assets - held in trust for pension benefits	\$99,020,488	\$83,358,218	\$86,417,770	\$141,111,336	\$409,907,812

FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
For the year ended December 31, 2005

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 contributions	\$2,121,536	\$1,662,585	\$2,116,730	\$3,316,097	\$9,216,948
Participant contributions	36,350	43,721	2,129,791	3,525,059	5,734,921
Total contributions	2,157,886	1,706,306	4,246,521	6,841,156	14,951,869
Investment earnings:					
Interest and dividend income	2,983,247	2,512,568	2,466,008	4,050,860	12,012,683
Rental income	465,486	392,033	384,344	631,558	1,873,421
Net increase in fair value of investments	5,925,793	4,990,292	5,067,748	8,289,302	24,273,135
Total investment gain	9,374,526	7,894,893	7,918,100	12,971,720	38,159,239
Less investment expenses	630,827	531,180	525,170	861,800	2,548,977
Net investment gain	8,743,699	7,363,713	7,392,930	12,109,920	35,610,262
Total additions	10,901,585	9,070,019	11,639,451	18,951,076	50,562,131
Deductions					
Benefits	(7,689,899)	(6,482,865)	(380,387)	(2,201,430)	(16,754,581)
Refund	-	-	(68,585)	(412,278)	(480,863)
Administrative expenses	(18,804)	(18,804)	(84,423)	(75,691)	(197,722)
Total deductions	(7,708,703)	(6,501,669)	(533,395)	(2,689,399)	(17,433,166)
Change in net assets	3,192,882	2,568,350	11,106,056	16,261,677	33,128,965
Net assets held in trust for pension benefits - January 1	95,827,606	80,789,868	75,311,714	124,849,659	376,778,847
Net assets held in trust for pension benefits - December 31	\$99,020,488	\$83,358,218	\$86,417,770	\$141,111,336	\$409,907,812

**AGENCY FUND
BALANCE SHEET
December 31, 2005**

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

**Miscellaneous
Depository
Fund**

ASSETS

Cash and investments	\$2,105,106
Accounts receivable - (net of allowance for uncollectibles)	<u>47,079</u>
Total assets	<u><u>2,152,185</u></u>

LIABILITIES

Accounts payable	736,937
Due to component unit	<u>1,415,248</u>
Total liabilities	<u><u>\$2,152,185</u></u>

**AGENCY FUND
STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES
For the year ended December 31, 2005**

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

	Beginning balance	Debits	Credits	Ending balance
<u>ASSETS</u>				
Miscellaneous depository fund				
Cash and investments	\$1,523,619	\$200,214,876	\$199,633,389	\$2,105,106
Accounts receivable (net of allowance for uncollectibles)	80,473	206,943	240,337	47,079
Total assets	1,604,092	200,421,819	199,873,726	2,152,185
<u>LIABILITIES</u>				
Miscellaneous depository fund				
Accounts payable	428,247	5,066,179	5,374,869	736,937
Due to component unit	1,175,845	1,175,845	1,415,248	1,415,248
Total liabilities	\$1,604,092	\$6,242,024	\$6,790,117	\$2,152,185



CITY OF COLORADO SPRINGS

STATISTICAL SECTION

NET ASSETS BY COMPONENT
Last four fiscal years

CITY OF COLORADO SPRINGS
COLORADO
Table 1

	Fiscal Year			
	2005	2004	2003	2002
Governmental activities				
Invested in capital assets, net of related debt	\$737,918,070	\$473,414,958	\$217,276,297	\$173,534,935
Restricted	18,110,760	20,007,713	16,172,145	15,262,852
Unrestricted	76,136,180	137,298,420	91,064,529	106,662,267
Total governmental activities net assets	\$832,165,010	\$630,721,091	\$324,512,971	\$295,460,054
Business-type activities				
Invested in capital assets, net of related debt	\$1,136,184,516	\$1,070,922,705	\$1,096,293,319	\$1,068,858,457
Restricted	64,247,486	62,682,812	76,149,594	74,583,999
Unrestricted	620,409,743	501,642,567	396,257,068	399,709,416
Total business-type activities net assets	\$1,820,841,745	\$1,635,248,084	\$1,568,699,981	\$1,543,151,872
Primary government				
Invested in capital assets, net of related debt	\$1,874,102,586	\$1,544,337,663	\$1,313,569,616	\$1,242,393,392
Restricted	82,358,246	82,690,525	92,321,739	89,846,851
Unrestricted	696,545,923	638,940,987	487,321,597	506,371,683
Total primary government net assets	\$2,653,006,755	\$2,265,969,175	\$1,893,212,952	\$1,838,611,926

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

CHANGES IN NET ASSETS
Last four fiscal years

	Fiscal Year			
	2005	2004	2003	2002
Expenses				
Governmental activities:				
General government	\$66,069,123	\$57,537,266	\$41,823,969	\$41,437,932
Public safety	116,674,354	107,890,403	59,741,269	101,744,389
Public works	71,137,000	69,387,263	66,599,122	48,661,328
Health and welfare	896,675	1,025,059	964,844	900,745
Culture and recreation	27,454,595	20,254,797	51,066,216	20,958,219
Urban redevelopment and housing	5,615,284	8,274,058	10,446,365	10,830,340
Economic development	2,577,708	2,356,907	2,384,770	2,877,692
Economic opportunities	12,163	10,578	12,536	16,241
Interest on long-term debt	6,411,059	6,106,004	5,743,426	6,518,058
Miscellaneous	574,337	448,175	320,608	334,317
Total governmental activities expenses	297,422,298	273,290,510	239,103,125	234,279,261
Business-type activities:				
Utilities	567,771,779	621,608,610	552,190,622	458,822,295
Memorial hospital	374,257,000	339,519,000	320,294,000	302,379,000
Airport	24,707,950	24,293,095	22,644,913	25,269,898
Parking system	2,483,200	2,176,488	2,134,017	2,964,608
Other	9,178,016	7,856,321	7,436,249	8,195,943
Total business-type activities expenses	978,397,945	995,453,514	904,699,801	797,631,744
Total primary government expenses	\$1,275,820,243	\$1,268,744,024	\$1,143,802,926	\$1,031,911,005
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$21,090,902	\$19,743,456	\$16,576,340	\$14,175,886
Public safety	3,665,390	3,463,338	2,950,931	2,802,961
Public works	10,337,995	11,055,412	12,156,539	10,603,871
Culture and recreation	3,181,267	2,771,570	3,029,537	2,990,651
Urban redevelopment and housing	791,692	2,035,112	1,734,672	1,064,089
Economic development	36,278	77,746	124,299	-
Economic opportunities	-	-	-	180,853
Operating grants and contributions	60,461,831	14,940,239	15,345,556	19,778,433
Capital grants and contributions	34,263,627	52,223,578	48,325,604	70,969,201
Total governmental activities program revenues	\$133,828,982	\$106,310,451	\$100,243,478	\$122,565,945

**CITY OF COLORADO SPRINGS
COLORADO**

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

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

	Fiscal Year			
	2005	2004	2003	2002
Business-type activities:				
Charges for services:				
Utilities	\$671,846,586	\$590,990,827	\$519,269,460	\$485,658,771
Memorial hospital	397,956,000	365,445,000	350,867,000	305,642,000
Airport	24,714,030	26,945,053	22,941,627	22,763,619
Parking system	2,785,403	2,775,362	2,688,034	2,601,750
Other	8,528,184	7,433,408	7,450,748	7,401,488
Operating grants and contributions	-	-	-	171,140
Capital grants and contributions	57,521,098	64,671,742	39,233,969	49,370,710
Total business-type activities program revenues	1,163,351,301	1,058,261,392	942,450,838	873,609,478
Total primary government program revenues	\$1,297,180,283	\$1,164,571,843	\$1,042,694,316	\$996,175,423
Net (expense)/revenue				
Governmental activities	(\$163,593,316)	(\$166,980,059)	(\$138,859,647)	(\$111,713,316)
Business-type activities	184,953,356	62,807,878	37,751,037	75,977,734
Total primary government net expense	\$21,360,040	(\$104,172,181)	(\$101,108,610)	(\$35,735,582)
General revenues and other changes in net assets				
Governmental activities:				
Taxes				
Property taxes	\$20,485,055	\$19,782,761	\$20,443,870	\$21,010,517
Sales taxes	153,812,340	149,466,682	138,347,621	136,939,555
Specific ownership taxes	3,146,062	3,119,592	3,141,358	3,143,447
Occupational liquor taxes	253,228	246,664	242,462	232,070
Admissions tax	405,455	371,828	362,858	387,840
Bicycle excise tax	122,757	118,425	101,100	105,096
Gain on sale of capital assets	16,576	-	-	-
Contributions to endowments	83,980	86,892	73,705	-
Investment earnings	3,657,449	2,857,160	4,230,670	4,433,102
Transfers	24,359,629	22,389,858	22,223,619	24,136,998
Total governmental activities	206,342,531	198,439,862	189,167,263	190,388,625
Business-type activities:				
Investment earnings	24,999,934	26,130,083	10,020,691	4,126,218
Transfers	(24,359,629)	(22,389,858)	(22,223,619)	(24,136,998)
Total business-type activities	640,305	3,740,225	(12,202,928)	(20,010,780)
Total primary government	\$206,982,836	\$202,180,087	\$176,964,335	\$170,377,845
Change in net assets				
Governmental activities	\$42,749,215	\$31,459,803	\$50,307,616	\$78,675,309
Business-type activities	185,593,661	66,548,103	25,548,109	55,966,954
Total primary government	\$228,342,876	\$98,007,906	\$75,855,725	\$134,642,263

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

FUND BALANCES OF GOVERNMENTAL FUNDS
Last four fiscal years

CITY OF COLORADO SPRINGS
COLORADO
Table 3

	Fiscal Year			
	2005	2004	2003	2002
General fund				
Reserved	\$7,590,511	\$10,935,884	\$10,985,168	\$9,937,071
Unreserved	31,626,013	33,310,291	29,966,862	29,018,235
Total general fund	\$39,216,524	\$44,246,175	\$40,952,030	\$38,955,306
All other governmental funds				
Reserved	\$10,520,249	\$20,116,568	\$19,540,784	\$20,526,292
Unreserved, reported in:				
Special revenue funds	32,027,399	26,413,825	26,014,189	25,479,321
Capital projects funds	14,262,602	8,825,087	15,552,243	24,872,625
Total all other governmental funds	\$56,810,250	\$55,355,480	\$61,107,216	\$70,878,238

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 4**

	Fiscal Year			
	2005	2004	2003	2002
Revenues				
Taxes	\$178,378,079	\$173,436,945	\$162,876,843	\$162,611,439
Licenses and permits	667,337	642,912	620,800	557,105
Intergovernmental	43,158,722	40,183,425	43,689,688	50,916,128
Charges for services	23,596,606	22,867,650	22,141,892	19,671,919
Fines and forfeits	9,224,906	8,988,753	7,767,606	5,222,506
Endowments and donations	3,634,011	1,489,187	1,103,146	855,244
Other revenue	2,725,085	3,011,634	5,055,993	2,503,010
Investment earnings	3,111,062	2,581,807	3,711,689	3,938,252
Rental income	660,478	343,776	282,034	242,122
Total revenues	265,156,286	253,546,089	247,249,691	246,517,725
Expenditures				
General government	57,177,292	51,961,932	37,678,420	34,103,423
Public safety	110,140,218	101,792,209	99,908,503	96,634,706
Public works	38,190,123	36,948,686	42,067,993	43,585,425
Health and welfare	896,675	1,025,059	964,844	909,016
Culture and recreation	20,104,499	17,434,214	18,350,978	18,699,141
Urban redevelopment and housing	5,787,915	8,157,828	10,118,217	10,846,771
Economic development	2,557,373	2,377,006	2,390,999	2,903,944
Economic opportunities	12,067	10,668	12,569	16,601
Miscellaneous	660,481	744,467	538,577	337,194
Capital outlay	42,296,100	50,576,149	67,229,786	63,392,665
Debt service				
Principal	13,769,724	11,292,768	11,116,285	9,473,619
Interest	6,381,097	6,122,759	5,785,070	6,500,970
Total expenditures	297,973,564	288,443,745	296,162,241	287,403,475
Deficiency of revenues over expenditures	(32,817,278)	(34,897,656)	(48,912,550)	(40,885,750)
Other financing sources (uses)				
Capital lease financing	1,218,293	561,191	3,276,269	1,085,603
Sale of capital assets	646,863	280,374	525,138	323,972
Transfers in	45,172,685	37,353,535	29,808,563	38,160,185
Transfers out	(20,490,444)	(14,701,582)	(7,541,718)	(13,415,328)
Proceeds from issuance of bond	2,695,000	25,915,000	15,070,000	-
Premium on refunding bonds issued	-	430,447	-	-
Payment on refunding bonds	-	(17,398,900)	-	-
Total other financing sources (uses)	29,242,397	32,440,065	41,138,252	26,154,432
Net change in fund balances	(\$3,574,881)	(\$2,457,591)	(\$7,774,298)	(\$14,731,318)
Debt service as a percentage of noncapital expenditures	7.9%	7.3%	7.4%	7.1%

CITY OF COLORADO SPRINGS
SALES AND USE TAX REVENUE **COLORADO**
Last ten fiscal years **Table 5**

Fiscal Year	City Sales and Use Tax	Public Safety Sales and Use Tax	Trails, Open Space and Parks Sales and Use Tax	Total Direct Tax Rate
1996	\$86,516,627	\$ -	\$ -	2.10%
1997	88,780,019	-	2,337,875	2.10%
1998	93,966,591	-	4,698,337	2.10%
1999	100,806,260	-	5,040,312	2.10%
2000	112,231,520	-	5,611,576	2.10%
2001	113,001,375	-	5,650,068	2.10%
2002	108,328,494	20,812,079	5,416,424	2.50%
2003	106,150,250	21,041,083	5,307,512	2.50%
2004	116,471,513	23,000,535	5,823,575	2.50%
2005	118,648,568	23,660,221	5,932,430	2.50%

Source: City Sales Tax Division

The Public Safety Sales and Use Tax was implemented January 1, 2002.
The Trails, Open Space and Parks Sales and Use Tax was implemented July 1, 1997.

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

Fiscal Year	City Direct Rates				Overlapping Rates		Total Direct and Overlapping Rates
	City Sales and Use Tax	Public Safety Sales and Use Tax	Trails, Open Space and Parks Sales and Use Tax	Total Direct	El Paso County Sales Tax	Pikes Peak Rural Transportation Authority Tax	
1996	2.10%	-	-	2.10%	1.00%	-	3.10%
1997	2.00%	-	0.10% ²	2.00%	1.00%	-	3.00%
1998	2.00%	-	0.10%	2.10%	1.00%	-	3.10%
1999	2.00%	-	0.10%	2.10%	1.00%	-	3.10%
2000	2.00%	-	0.10%	2.10%	1.00%	-	3.10%
2001	2.00%	-	0.10%	2.10%	1.00%	-	3.10%
2002	2.00%	0.40% ¹	0.10%	2.10%	1.00%	-	3.10%
2003	2.00%	0.40%	0.10%	2.50%	1.00%	-	3.50%
2004	2.00%	0.40%	0.10%	2.50%	1.00%	-	3.50%
2005	2.00%	0.40%	0.10%	2.50%	1.00%	1.00% ³	4.50%

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

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

²The Trails, Open Space and Parks Sales and Use Tax was implemented July 1, 1997.

³In November 2004, voters in El Paso County, Colorado Springs, Manitou Springs, and Green Mountain Falls approved the new Pikes Peak Regional Transportation Authority 1% sales and use tax. The new tax was effective as of January 1, 2005.

**PRINCIPAL SALES AND USE
TAX PAYERS BY INDUSTRY**
Current year

**CITY OF COLORADO SPRINGS
COLORADO**
Table 7

Industry	Fiscal Year 2005		
	Sales and Use Tax Amount	Rank	Percentage of Total City Sales and Use Tax
Department and discount stores	\$24,284,180	1	13.66%
Building materials	21,899,790	2	12.32%
Miscellaneous non-retail	21,236,850	3	11.94%
Miscellaneous retail	20,810,428	4	11.70%
Restaurants	19,963,444	5	11.23%
	<u>\$108,194,692</u>		<u>60.85%</u>

Source: City Sales Tax Division

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

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

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

**CITY OF COLORADO SPRINGS
COLORADO**
Table 8

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Sales Tax Revenue	Certificates of Participation	Special Assessment Bonds & Notes	Capital Leases	Revenue Bonds	Notes Payable	Capital Leases			
1996	\$28,163,953	\$ -	\$1,520,000	\$1,651,159	\$1,849,000	\$740,847,094	\$ -	\$2,643,000	\$776,674,206	10.28%	\$2,351
1997	29,879,624	-	1,545,000	1,437,986	2,360,000	804,021,188	-	2,571,000	841,814,798	10.50%	2,518
1998	42,029,624	-	1,460,000	1,301,348	6,620,000	886,780,282	22,204,270	1,790,000	962,185,524	10.90%	2,823
1999	39,077,710	85,800,000	5,575,000	1,364,903	5,130,000	948,029,376	21,708,115	5,098,000	1,111,783,104	11.55%	3,165
2000	36,093,443	81,885,000	12,745,000	1,204,673	11,668,000	947,453,470	21,195,955	3,931,000	1,116,176,541	10.52%	3,114
2001	33,297,893	77,805,000	12,505,000	1,082,527	11,593,000	1,113,332,470	20,662,455	3,744,000	1,274,022,345	11.54%	3,481
2002	30,360,000	73,550,000	12,025,000	924,096	5,270,000	1,347,489,210	20,096,945	4,182,000	1,493,897,251	13.32%	4,039
2003	27,345,000	69,115,000	26,590,000	783,886	5,304,000	1,487,634,950	20,483,420	1,465,000	1,638,721,256	14.28%	4,389
2004	32,445,000	64,490,000	25,305,000	644,096	4,399,000	1,664,306,354	19,806,501	679,000	1,812,074,951	15.14%	4,806
2005	29,195,000	59,670,000	23,915,000	535,550	3,807,745	1,775,025,698	19,101,208	675,691	1,911,925,892	15.33%	5,030

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

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

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 9**

Fiscal Year	General Obligation Bonds	Less: Non-City Obligations	City General Obligation Bonds	Assessed Value of Property (in '000s)	Percentage of Assessed Value of Property	Per Capita ¹
1996	\$28,163,953	\$ -	\$28,163,953	\$2,245,461	1.25%	\$85.27
1997	29,879,624	-	29,879,624	2,793,988	1.07%	89.38
1998	42,029,624	14,225,000	27,804,624	2,889,454	0.96%	81.59
1999	39,077,710	12,720,000	26,357,710	3,255,179	0.81%	75.04
2000	36,093,443	12,205,000	23,888,443	3,322,468	0.72%	66.65
2001	33,297,893	11,630,000	21,667,893	3,730,306	0.58%	59.20
2002	30,360,000	11,005,000	19,355,000	3,875,111	0.50%	52.33
2003	27,345,000	10,375,000	16,970,000	3,734,731	0.45%	45.46
2004	32,445,000	18,450,000	13,995,000	3,783,803	0.37%	37.12
2005	29,195,000	17,885,000	11,310,000	4,103,863	0.28%	29.76

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

¹Population data can be found in Table 13

**DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2005**

**CITY OF COLORADO SPRINGS
COLORADO
Table 10**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
El Paso County	\$97,067,161	100.000%	\$97,067,161
Harrison School District #2	83,377,975	92.920%	77,474,814
Widefield School District #3	13,876,908	2.790%	387,166
Colorado Springs School District #11	131,956,373	94.180%	124,276,512
Cheyenne Mountain School District #12	36,764,890	97.210%	35,739,150
Manitou School District #14	9,005,000	10.040%	904,102
Air Academy School District #20	15,881,983	82.780%	13,147,106
Ellicott School District #22	5,420,923	0.620%	33,610
Falcon School District #49	69,634,003	45.950%	31,996,824
Metex Metropolitan District	8,070,000	89.940%	7,258,158
Colorado Springs Cottonwood General Improvement District	6,390,000	100.000%	6,390,000
Colorado Springs Spring Creek General Improvement District	2,695,000	100.000%	2,695,000
Colorado Springs Briargate General Improvement District	8,800,000	100.000%	8,800,000
Briargate Center Business Improvement District	9,525,000	100.000%	9,525,000
First & Main North Business Improvement District	1,927,000	100.000%	1,927,000
Subtotal, overlapping debt			417,621,603
City direct debt			117,028,006
Total direct and overlapping debt			<u>\$534,649,609</u>

Sources: Assessed value data used to estimate applicable percentages provided by the El Paso County Assessor's office final certification letter dated November 23, 2005.

Debt outstanding data provided by each governmental unit.

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

CITY OF COLORADO SPRINGS
 COLORADO
 Table 11

LEGAL DEBT MARGIN INFORMATION
 Last ten fiscal years

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Debt limit	\$224,546,149	\$279,398,775	\$288,945,375	\$325,517,916	\$332,246,757	\$373,030,578	\$387,511,106	\$373,473,130	\$378,380,271	\$410,386,307
Total net debt applicable to limit	31,652,071	29,879,624	42,029,624	39,077,710	36,093,443	21,667,893	30,360,000	27,345,000	32,445,000	27,965,000
Legal debt margin	\$192,894,078	\$249,519,151	\$246,915,751	\$286,440,206	\$296,153,314	\$351,362,685	\$357,151,106	\$346,128,130	\$345,935,271	\$382,421,307
Total net debt applicable to the limit as a percentage of debt limit	14.10%	10.69%	14.55%	12.00%	10.86%	5.81%	7.83%	7.32%	8.57%	6.81%
Legal Debt Margin Calculation for Fiscal Year 2005										
Assessed value - 2005 for 2006 taxes	\$4,103,863,070									
Debt limit (10% of assessed value)	410,386,307									
Debt applicable to limit: General obligation bonds	<u>27,965,000</u>									
Total net debt applicable to limit	27,965,000									
Legal debt margin	<u>\$382,421,307</u>									

PLEGGED-REVENUE COVERAGE
Last ten fiscal years

Fiscal Year	Utilities Revenue Bonds						Hospital Revenue Bonds					
	Applicable Revenues	Operating Expenses	Net Available Revenue		Debt Service		Applicable Revenues	Operating Expenses	Net Available Revenue		Debt Service	
			Principal ¹	Interest	Principal ¹	Interest			Principal	Interest	Principal	Interest
1996	\$370,957,991	\$249,119,902	\$121,838,089	\$41,927,713	\$	-	\$188,461,000	\$152,096,000	\$36,365,000	\$1,887,000	\$5,655,000	4.82
1997	389,440,747	276,016,154	113,424,593	46,030,681	-	-	207,855,000	166,164,000	41,691,000	1,945,000	5,286,000	5.77
1998	416,531,223	292,415,168	124,116,055	52,916,465	-	-	223,395,930	188,605,852	34,790,078	1,540,000	4,946,943	5.36
1999	403,721,143	287,512,452	116,208,691	56,788,496	-	-	244,183,612	215,475,788	28,707,824	1,540,000	4,946,943	4.43
2000	501,593,208	383,850,513	117,742,695	11,382,160	46,233,899	-	271,549,474	237,585,151	33,964,323	9,040,000	3,272,288	2.76
2001	616,750,161	429,695,488	187,054,673	4,318,500	55,170,471	3.14	313,661,744	267,639,911	46,021,833	9,040,000	3,272,288	3.74
2002	513,370,775	360,738,821	152,631,954	13,655,510	43,467,345	2.67	336,672,993	301,853,566	34,819,427	14,070,000	4,860,688	1.84
2003	545,620,366	427,414,052	118,206,314	14,233,525	48,257,013	1.89	427,373,003	366,865,392	70,507,611	14,070,000	4,860,688	3.72
2004	633,739,434	474,551,233	159,188,201	16,603,572	55,118,082	2.22	433,790,077	371,616,042	62,174,035	20,840,000	1,921,706	2.73
2005	716,218,779	516,369,158	199,849,621	17,256,540	63,524,157	2.47	435,369,989	375,481,034	59,888,955	20,840,000	1,921,706	2.63

Fiscal Year	Airport Revenue Bonds						Parking Revenue Bonds					
	Applicable Revenues	Operating Expenses	Net Available Revenue		Debt Service		Applicable Revenues	Operating Expenses	Net Available Revenue		Debt Service	
			Principal	Interest	Principal	Interest			Principal	Interest	Principal	Interest
1996	\$21,944,610	\$9,151,931	\$12,792,679	\$	\$3,321,103	3.85	\$	\$	\$	\$	\$	-
1997	19,046,046	8,992,384	10,053,662	-	4,041,031	2.49	-	-	-	-	-	-
1998	19,925,062	9,723,643	10,201,419	2,060,000	4,075,122	1.66	-	-	-	-	-	-
1999	20,772,344	10,924,981	9,847,363	2,170,000	3,966,267	1.61	2,893,227	1,125,021	1,768,206	315,000	291,920	2.91
2000	21,157,418	11,092,890	10,064,528	2,305,000	3,827,798	1.64	3,190,273	970,930	2,219,343	325,000	379,776	3.15
2001	22,791,117	11,906,465	10,884,652	2,445,000	3,687,998	1.77	3,031,199	883,058	2,148,141	335,000	370,026	3.05
2002	22,621,860	12,040,291	10,581,569	2,453,334	3,600,437	1.75	2,745,084	1,231,754	1,513,330	345,000	359,138	2.15
2003	22,289,621	12,967,319	9,322,302	2,000,855	3,652,705	1.65	2,860,296	1,117,453	1,742,843	360,000	345,338	2.47
2004	22,571,575	13,039,813	9,531,762	2,169,586	3,660,099	1.64	2,831,493	1,168,642	1,662,851	375,000	330,938	2.36
2005	22,648,070	13,216,734	9,431,336	2,167,466	3,660,882	1.62	2,974,004	1,548,439	1,425,565	385,000	315,938	2.03

Fiscal Year	Sales and Use Tax Revenue Bonds						Special Assessment Bonds					
	Use Tax Collections	Debt Service	Net Available Revenue		Debt Service		Special Assessment Collections	Debt Service	Net Available Revenue		Debt Service	
			Principal	Interest	Principal	Interest			Principal	Interest	Principal	Interest
1996	\$	\$	\$	\$	\$	\$	\$248,381	\$126,309	\$99,784	\$1,887,000	\$5,655,000	4.82
1997	-	-	-	-	-	-	204,716	98,389	98,704	1,945,000	5,286,000	5.77
1998	-	-	-	-	-	-	176,213	106,638	91,217	1,540,000	4,946,943	5.36
1999	100,971,342	2,175,000	2,188,910	23.14	3,933,446	14.19	163,540	80,595	87,857	1,540,000	4,946,943	4.43
2000	111,393,526	3,915,000	3,767,059	14.25	3,593,659	13.73	272,008	164,693	101,442	9,040,000	3,272,288	2.76
2001	111,826,511	4,080,000	3,412,821	13.79	3,412,821	13.79	269,901	141,261	99,643	9,040,000	3,272,288	3.74
2002	107,735,252	4,255,000	3,412,821	13.79	3,412,821	13.79	257,317	177,544	90,974	14,070,000	4,860,688	1.84
2003	108,235,624	4,435,000	3,412,821	14.91	3,224,334	14.91	221,888	178,932	78,423	14,070,000	4,860,688	3.72
2004	117,043,184	4,625,000	3,027,771	15.32	3,027,771	15.32	223,355	156,592	65,205	20,840,000	1,921,706	2.73
2005	120,215,439	4,820,000	3,027,771	15.32	3,027,771	15.32	193,015	138,769	53,707	20,840,000	1,921,706	2.63

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

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

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

**CITY OF COLORADO SPRINGS
COLORADO**
Table 13

Fiscal Year	Population¹	Personal Income (in 000's)	Per Capita Personal Income²	Unemployment Rate³
1996	330,300	\$7,553,961	\$22,870	4.70%
1997	334,300	8,016,180	23,979	3.80%
1998	340,800	8,827,061	25,901	4.10%
1999	351,269	9,627,581	27,408	3.50%
2000	358,400	10,612,941	29,612	2.80%
2001	366,000	11,035,998	30,153	4.40%
2002	369,853	11,217,272	30,329	6.30%
2003	373,328	11,474,609	30,736	6.40%
2004	377,006	11,971,826	31,755	5.70%
2005	380,073	12,469,435	32,808	5.30%

Sources:

¹Colorado Department of Local Affairs, Demography section, Housing & Households

²U.S. Department of Commerce, Bureau of Economic Analysis

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

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

CITY OF COLORADO SPRINGS
COLORADO
Table 14

Employer	2005			1996		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Fort Carson Army Post	15,854	1	6.69%	18,958	1	9.31%
City of Colorado Springs ¹	8,048	2	3.40%	6,364	3	2.94%
United States Air Force Academy	6,522	3	2.75%	5,515	4	2.71%
Peterson Air Force Base	5,965	4	2.52%	10,583	2	5.20%
Colorado Springs School District #11	3,793	5	1.60%	3,239	6	1.59%
Penrose-St. Francis Health Services	2,956	6	1.25%	-	-	-
Academy School District #20	2,563	7	1.08%	1,854	9	0.91%
Schriever Air Force Base ²	2,320	8	0.98%	4,470	5	2.20%
Lockheed Martin Corporation	2,100	9	0.89%	-	-	-
Hewlett-Packard Development Company	2,098	10	0.89%	-	-	-
MCI Network Services	-	-	-	3,000	7	1.47%
Current, Incorporated	-	-	-	2,600	8	1.28%
Atmel Corporation	-	-	-	1,800	10	0.88%
	<u>52,219</u>		<u>22.05%</u>	<u>58,383</u>		<u>28.49%</u>

Notes:

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

²Schriever Air Force Base previously known as Falcon Air Force Base.

Sources: Employer and employee information from the Colorado Springs Economic Development Corporation as well as local businesses. Total El Paso County employment information used to calculate the percentage of total county employment from the Colorado Department of Labor & Employment.

**FULL-TIME EQUIVALENT
CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
Current year**

**CITY OF COLORADO SPRINGS
COLORADO
Table 15**

Function/Program	As of December 31, 2005
General government	625
Public safety	1,244
Public works	225
Health and welfare	-
Culture and recreation	174
Urban redevelopment and housing	23
Economic development	-
Economic opportunities	-
Utilities	1,930
Memorial hospital	3,050
Airport	118
Parking system	8
Other non-major enterprise funds	70
Total	7,467

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last ten fiscal years

Function/Program	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General government										
Internal audits completed	N/A	96	93	98	70	84	83	56	61	105
Summons filed	64,847	65,019	54,184	51,434	55,839	59,680	59,537	59,537	72,135	67,714
Contractual transactions	N/A	N/A	4,538	4,497	4,847	4,252	3,760	3,767	4,756	4,600
Workers compensation claims	N/A	N/A	696	632	650	741	607	582	521	510
Public safety										
Emergency response time - Police	N/A	N/A	10.3	11.2	12.2	13.3	12.5	11.2	11.3	11.4
Percent of emergency incident arrival within 8 minutes	N/A	N/A	N/A	90.2	89.0	87.9	88.2	89.0	88.8	88.9
Violent and property crime rates (per 1,000 population)	N/A	N/A	N/A	N/A	N/A	53	58	56	59	55
Emergency incidents (per 10,000 population)	857	911	941	942	1,023	1,143	1,161	1,092	1,131	1,158
Public works										
Miles resurfaced	86	115	93	76	91	111	91	80	95	149
Fixed route transit revenue hours of service	N/A	132,372	138,868	136,681	139,520	135,438	143,598	128,000	130,000	145,000
Painted lane miles	N/A	N/A	2,609	2,500	1,900	2,700	1,900	1,800	1,300	2,700
Culture and recreation										
Museum/archive attendance	121,457	134,826	78,751	60,888	83,654	105,900	107,771	72,090	73,841	75,000
Street and park trees	N/A	N/A	86,500	95,200	103,000	103,400	122,000	119,000	118,500	108,300
Acres of parks maintained	N/A	N/A	N/A	9,230	9,433	11,620	11,770	11,724	12,562	12,720
Program participants	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,041,601	1,017,471	1,038,100
Urban redevelopment and housing										
Projects managed	N/A	N/A	8	8	8	7	5	6	5	7
Affordable housing developed and rehabilitated	N/A	N/A	N/A	348	364	316	438	445	282	344
Clients assisted	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	662	355
Utilities										
Total metered customers ¹	494,098	504,403	522,960	537,316	551,530	569,195	586,828	603,081	617,981	632,964
Annual natural gas moved through pipes (thousands of mcf)	19,083	21,047	22,510	21,238	23,128	24,494	26,534	23,416	23,309	22,910
Electric use (thousands of MWh)	3,690	3,866	4,054	4,110	4,388	4,588	4,685	4,583	4,558	4,593
Water use (millions of gallons)	25,660	24,579	27,757	27,142	30,601	30,487	27,314	24,819	23,816	26,975
Wastewater treatment (millions of gallons)	15,905	19,007	16,622	17,119	16,928	16,253	13,527	12,876	12,703	13,262
Hospital										
Admissions	N/A	N/A	N/A	N/A	N/A	22,696	24,652	25,643	25,552	27,774
Outpatient visits	N/A	N/A	N/A	N/A	N/A	203,319	213,264	268,996	295,979	309,173
Emergency visits	N/A	N/A	N/A	N/A	N/A	97,854	99,656	97,761	93,261	96,167
Births	N/A	N/A	N/A	N/A	N/A	3,664	4,395	4,505	4,150	4,430
Airport										
Passenger boardings (in thousands)	2,416	2,049	1,321	1,243	1,220	1,066	1,068	1,010	1,035	1,032
Revenue per enplaned passengers	1.90	1.71	4.15	5.29	4.99	6.34	6.12	7.87	7.54	7.51
Parking										
Revenues collected per space - on-street	326	486	543	542	549	566	581	565	560	559
Revenues collected per space - off-street	502	529	737	890	783	795	724	737	693	703
Other										
Cemetery - burial services	681	644	662	684	613	693	709	661	647	690
Development Review - plans reviewed	N/A	N/A	4,254	4,231	4,606	4,894	6,922	7,091	13,403	15,800
Golf courses - rounds played	237,195	227,678	246,929	235,249	216,420	227,896	222,475	220,264	205,970	201,548
Pikes Peak Highway - number of visitors	N/A	N/A	311,924	292,870	285,002	288,325	246,363	252,552	241,688	278,440

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

Sources: City budget reports, Memorial Annual Report, Utilities Fact Book

**CAPITAL ASSET STATISTICS
BY FUNCTION/PROGRAM
Current year**

**CITY OF COLORADO SPRINGS
COLORADO
Table 17**

Function/Program	Fiscal year 2005
Public safety	
Police	
Area commands (stations)	4
Patrol units	330
Fire	
Stations	20
Emergency units	69
Public works	
Streets (miles)	1,450
Major bridges	83
Signalized intersections	500
Transit buses	86
Culture and recreation	
Parks and open space locations	178
Sports complexes	6
Community centers	5
Utilities	
Electric distribution lines (miles)	2,892
Natural gas pipe (miles)	2,104
Water distribution lines (miles)	1,800
Hospital	
Number of hospital beds	477
Health care facilities	15
Airport	
Number of runways	3
Parking	
Number of parking spaces - on-street	2,360
Number of parking spaces - off-street	2,136

Source: City website, Memorial website, Utilities website

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 18**

Fiscal Year	Collection Cost	Required Refunds
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
2005	2,205,574	1,477,009

**MUNICIPAL SOLID WASTE LANDFILL
CLOSURE AND POSTCLOSURE CARE COSTS
December 31, 2005**

**CITY OF COLORADO SPRINGS
COLORADO
Table 19**

Facility	Closure Costs	Postclosure Costs	Total Cost	Percentage of Capacity Used
Hancock	\$233,849	\$313,663	\$547,512	n/a
Hanna Ranch - Gravel Pit #1	683,165	312,742	995,907	42.67%
Hanna Ranch - Ash Disposal	1,254,399	127,431	1,381,830	53.42%
Hanna Ranch - Solids Disposal	393,399	893,128	1,286,527	28.08%
Total Cost	\$2,564,812	\$1,646,964	\$4,211,776	

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

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

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 20
(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 2005
This Information From The Records Of the City of Colorado Springs	Prepared By: Phone:	Sallie M. Stokes (719) 385-5211

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	7,915,066
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	10,205,106
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	5,174,557
2. General fund appropriations		b. Snow and ice removal	781,588
3. Other local imposts (from page 2)	39,418,999	c. Other	
4. Miscellaneous local receipts (from page 2)	7,793,672	d. Total (a. through c.)	5,956,145
5. Transfers from toll facilities		4. General administration & miscellaneous	5,314,934
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	26,422,202
a. Bonds - Original Issues		6. Total (1 through 5)	55,813,453
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	1,846,607
7. Total (1 through 6)	47,212,671	b. Redemption	3,899,383
B. Private Contributions		c. Total (a. + b.)	5,745,990
C. Receipts from State government (from page 2)	13,599,838	2. Notes:	
D. Receipts from Federal Government (from page 2)	533,403	a. Interest	
E. Total receipts (A.7 + B + C + D)	61,345,912	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	5,745,990
		C. Payments to State for highways	2,070
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	61,561,513

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	38,137,622		3,899,382	34,238,240
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
	19,343,958	61,345,912	61,561,513	19,128,357	0

Notes and Comments:

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 20
(PAGE 2 OF 2)**

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2005	
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	31,679,303	a. Interest on investments	48,861
b. Other local imposts:		b. Traffic Fines & Penalties	7,744,811
1. Sales Taxes	2,781,276	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	4,958,420	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other		g. Other Misc. Receipts	
6. Total (1. through 5.)	7,739,696	h. Other	
c. Total (a. + b.)	39,418,999	i. Total (a. through h.)	7,793,672
	(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	12,346,251	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	533,403
c. Motor Vehicle Registrations	1,253,587	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	1,253,587	g. Total (a. through f.)	533,403
4. Total (1. + 2. + 3.f)	13,599,838	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		14,483	14,483
b. Engineering Costs		509,976	509,976
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		466,396	466,396
(3). System Preservation		5,173,906	5,173,906
(4). System Enhancement & Operation		1,750,305	1,750,305
(5). Total Construction (1) + (2) + (3) + (4)	0	7,390,607	7,390,607
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	7,915,066	7,915,066
			(Carry forward to page 1)
Notes and Comments:			

FORM FHWA-536 (Rev.1-05)

PREVIOUS EDITIONS OBSOLETE



CITY OF COLORADO SPRINGS