

**City of
Colorado Springs,
Colorado**



2011



**Comprehensive Annual Financial Report
For the year ended December 31, 2011**

Comprehensive Annual Financial Report

City of Colorado Springs
Colorado

For the fiscal year ended
December 31, 2011

Finance Department

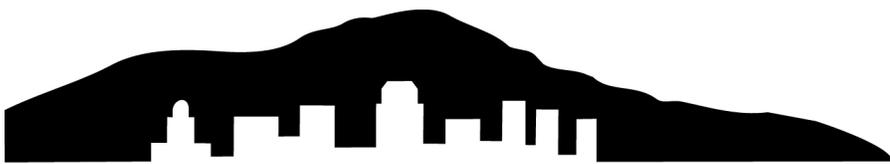
Kara Skinner, Chief Financial Officer
Candice Bridgers, CPA, Controller

Accounting Staff

Michael Fagan, Senior Accountant
Erin Garcia, Accountant I
Mary Murray, Senior Accountant
Tracy Peters, Senior Accountant
Margie Tantanella, Senior Accountant
Debbie Wutt, Chief Accountant

A special thanks to:

Marti Purdy, Accounting Technician



CITY OF COLORADO SPRINGS

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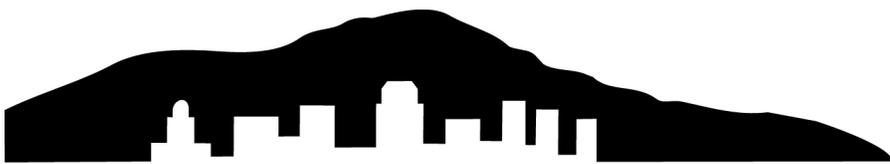
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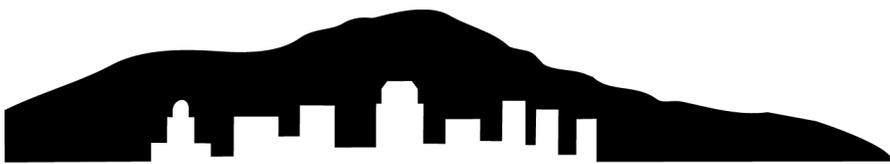
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CITY OF COLORADO SPRINGS

INTRODUCTORY SECTION



CITY OF COLORADO SPRINGS



June 18, 2012

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

Dear Honorable Mayor and Members of City Council:

The Comprehensive Annual Financial Report of the City of Colorado Springs for the fiscal year ended December 31, 2011, is hereby presented. State law requires that every general-purpose local government publish a complete set of audited financial statements within six months of the close of each fiscal year. This report fulfills this requirement.

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

RubinBrown, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Colorado Springs' financial statements for the year ended December 31, 2011. The independent auditor's report is located at the front of the financial section of this report.

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

PROFILE OF THE CITY OF COLORADO SPRINGS

Founded on July 31, 1871, the City of Colorado Springs (the City) became a home-rule city, organized under provisions of the Colorado constitution on May 11, 1909. With a

population of approximately 423,000, the City is the second most populated city in Colorado and covers approximately 194.68 square miles.

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

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

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

Policy-making and legislative authority are vested in the governing council (Council) consisting of nine members, all elected on a non-partisan basis. Council members serve four-year terms and are term limited to two terms. Five council members are elected at large; the remaining council members are elected from four equally-populated districts. Biennially, council members elect a President from among themselves to preside over the meetings and a President Pro Tempore to fill in when the President is absent. On April 19, 2011, Council elected Scott Hente to serve as the first Council President and Jan Martin to serve as the first President Pro Tem.

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

LOCAL ECONOMY

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

Unemployment in the City decreased during 2011 as it did throughout the nation. Prior to the recent recession, unemployment was between 4%-6%. In 2011, Colorado Springs unemployment at the end of the year was 9.2%. It is expected that unemployment will slowly decline as the economy continues to recover.

LONG-TERM FINANCIAL PLANNING

Each year, City Council updates and approves the City's Strategic Plan (the Plan). The current Plan was approved in 2009 and encompasses the years 2010 through 2013. The Plan details five strategic prioritized goals:

Goal 1: City Services

Develop and implement fiscal sustainability policies to support core services that proactively ensure the health, safety and welfare of our citizens; attract, develop and retain a high performing municipal workforce; and fund internal infrastructure needs.

Goal 2: Sustainable Growth

Encourage and make effective use of infill, mix-use, traditional neighborhood development and redevelopment as well as employment centers to take advantage of infrastructure and transportation systems, maximize efficiencies in providing City services, and retain retail services within City limits.

Goal 3: Economic Vitality

Through collaboration and partnership with City enterprises, other public entities, private entities, and the military, support economic development efforts that attract, retain and create quality jobs to ensure a diverse economic base, a resilient and growing City tax base, and thriving neighborhoods.

Goal 4: Quality of Life

Maximize resources that provide quality of life City services and programs, including adherence to the aforementioned City Services, Sustainable Growth and Economic Vitality Goals; enhancing conveniences for our citizens; preserving environmental resources including our natural landscape; and providing the art, cultural and recreational amenities befitting the size and geographic location of Colorado Springs.

Goal 5: Civic Engagement

Fully realize the talents and positive contributions of non-profits, private and public entities, the military, civic leaders, political leaders, and engaged citizens to develop a shared sense of community and help achieve City Council's vision.

FINANCIAL POLICIES

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

- The City annually prepares a five-year capital improvement plan that is now contained in the annual budget document.
- The City is limited by City Charter Amendment #3, "Taxpayers Bill of Rights" and similar statewide constitutional amendments. These provisions limit the growth of "fiscal year spending" as defined in the amendments. These amendments also require voter approval for the issuance of general fund debt.

AWARDS AND ACKNOWLEDGEMENTS

The Government Financial Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2010. This was the 21st consecutive year that the City has received this prestigious award. To receive this Certificate of Achievement award, the City must publish an easily readable and effectively organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Sincerely,



Kara Skinner
Chief Financial Officer



Candice Bridgers, CPA
Controller

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, 2010

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.



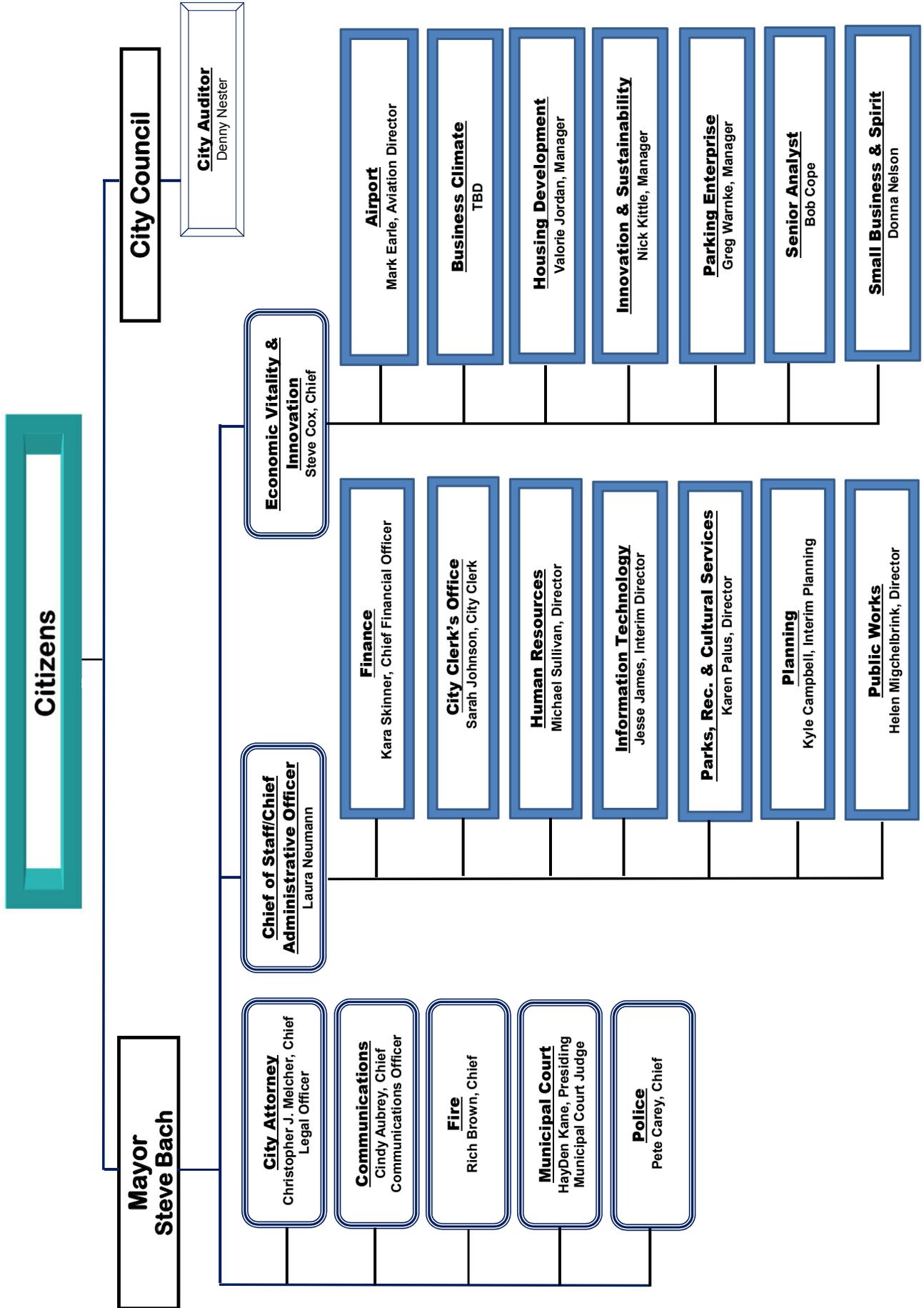
Linda C. Davison

President

Jeffrey R. Emer

Executive Director

CITY OF COLORADO SPRINGS
 MUNICIPAL GOVERNMENT
 ORGANIZATIONAL CHART



CITY OF COLORADO SPRINGS, COLORADO

Steve Bach – Mayor



City Council



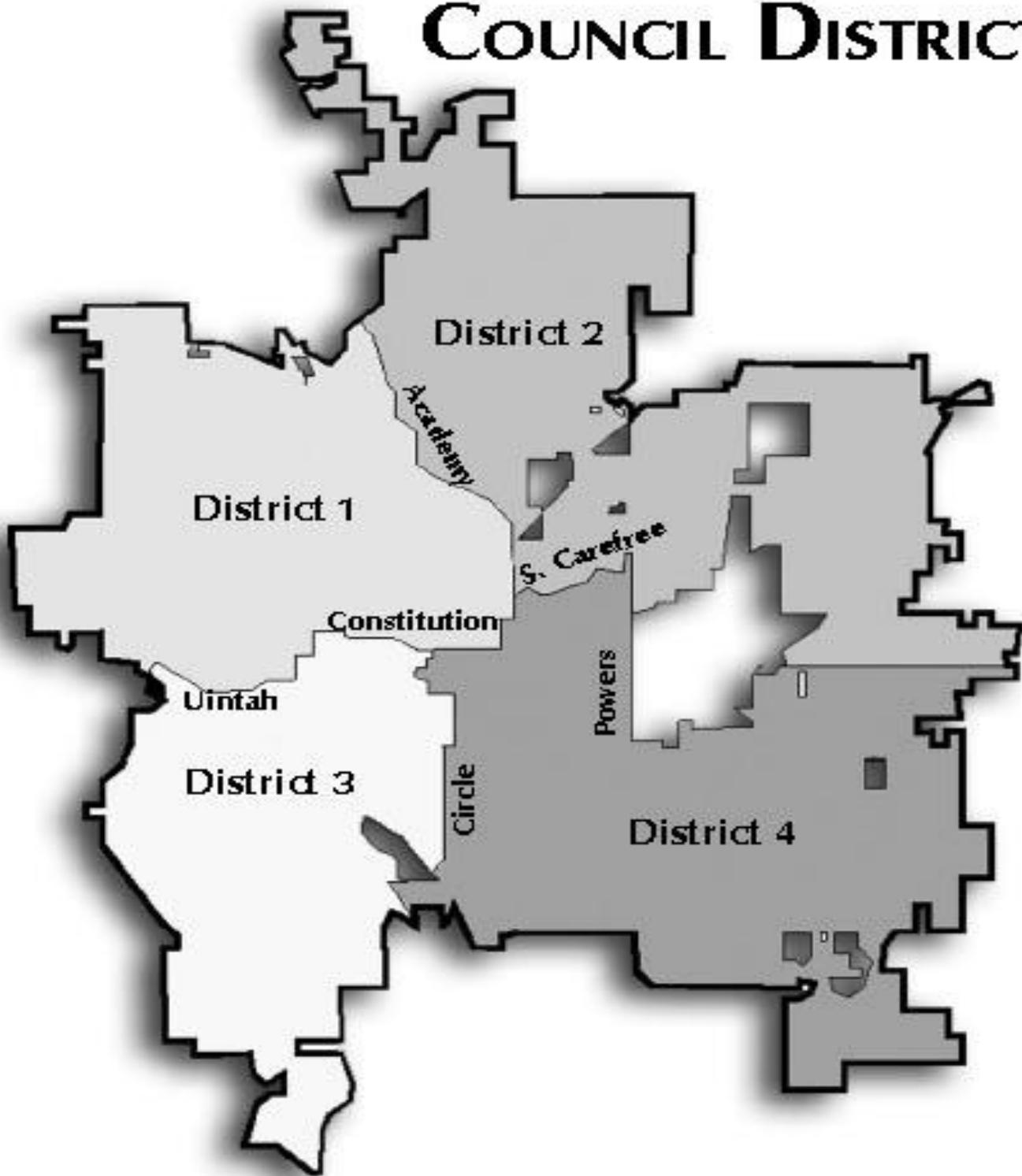
Top Row (left to right)

Brandy Williams – Councilmember At-Large
Scott Hente – Council President, District 1
Bernie Herpin – Councilmember District 4
Angela Dougan – Councilmember District 2

Bottom Row (left to right)

Val Snider – Councilmember At-Large
Lisa Czelatdko – Councilmember District 3
Merv Bennett – Councilmember At-Large
Jan Martin – Council President Pro Tem, At-Large
Tim Leigh – Councilmember At-Large

COUNCIL DISTRICTS



CITY OF COLORADO SPRINGS, COLORADO

Mayor

Steve Bach

Utilities Director

Jerry Forte

Hospital Director

Mike Scialdone, Interim

Chief Communications Officer

Cindy Aubrey

Chief of Economic Vitality & Innovation

Steve Cox

Chief Legal Officer

Christopher J. Melcher

Chief of Staff/Chief Administrative Officer

Laura Neumann

City Department Directors

Rich Brown, Fire Chief

Pete Carey, Police Chief

Kyle Campbell, Interim Planning

Sarah Johnson, City Clerk

Mark Earle, Aviation

Kara Skinner, Chief Financial Officer

Jesse James, Interim Information Technology

HayDen W. Kane II, Municipal Presiding Judge

Helen Migchelbrink, Public Works/City Engineer

Karen Palus, Parks, Recreation and Cultural Services

Michael Sullivan, Human Resources

Council Appointee

Denny Nester, City Auditor

CITY OF COLORADO SPRINGS, COLORADO

Memorial Health Systems Board of Trustees

Marcy Morrison

Dirk Draper

Debbie Chandler

Jim Johnson

Steven Gold

Jan Weiland

Curtis Brown

Alternate:

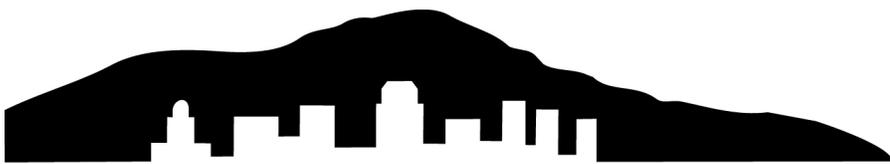
Doug Stimple

Ex-Officio Members:

Karen Anthony, MD
Chief of Staff

Dar Larson
Auxiliary President

FINANCIAL SECTION



CITY OF COLORADO SPRINGS

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Colorado Springs, Colorado (the City), as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Memorial Health Systems Fund or the Colorado Springs Utilities Fund, major enterprise funds that represent 93% of the assets, 85% of the net assets and 97% of the revenues for the City's business-type activities, nor did we audit the financial statements of the seven joint utility projects, described in Note 1, which represent substantially 100% of the assets, 98% of the net assets and 98% of the program revenues of the City's discretely presented proprietary fund component units. We also did not audit the Colorado Springs Urban Renewal Authority, the Colorado Springs Downtown Development Authority and the ten business improvement districts, which are reported as and comprise in their entirety, discretely presented governmental fund component units, as described in Note 1. Those financial statements, except for the Interquest South Business Improvement District (which comprises less than 1% of the assets, net assets, and revenues of the discretely presented governmental fund component units), 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 Health Systems Fund, the Colorado Springs Utilities Fund, the seven joint utility projects, the Colorado Springs Urban Renewal Authority, the Colorado Springs Downtown Development Authority and the nine business improvement districts are based on the reports of the other auditors. The financial statements of the Interquest South Business Improvement District were not audited by us or by the other auditors, and we express no opinion or provide any assurance on them.

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. The financial statements of the Memorial Health Systems Fund, the seven joint utilities projects, the Colorado Springs Urban Renewal Authority, the Colorado Springs Downtown Development Authority and the ten business improvement districts (except for the Interquest South Business Improvement District, which was not audited, as discussed previously) were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to previously, except for those of the Interquest South Business Improvement District as discussed above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note V.J, Colorado Springs has adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions* effective January 1, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Funding Progress - Fire and Police Pension Plans, the Schedule of Employer Contributions - Fire and Police Pension Plans and the Schedule of Funding Progress - Other Post-Employment Benefits on pages 5 through 20, 138, 139 and 140, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we and the other auditors obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us or the other auditors with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section; combining and individual fund statements and schedules; annual statement of receipts and expenditures for roads, bridges and streets; and the statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The combining and individual fund statements and schedules listed in the table of contents and the annual statement of receipts and expenditures for roads, bridges and streets have been subjected to the auditing procedures applied by us and the other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of the other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

RubinBrown LLP

June 18, 2012

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, 2011. Please read the information presented here in conjunction with the transmittal letter, located at the front of this report, and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- On the government-wide financial statements, the assets of the City exceed its liabilities at December 31, 2011, by \$3,316,153,292 (net assets). Of this amount, \$678,186,303 was unrestricted net assets that may be used to meet the government's ongoing obligations to citizens and creditors.
- At December 31, 2011, the City's governmental funds reported combined ending fund balances of \$98,434,906. Approximately 39% of this total amount or \$37,994,759 was unassigned.
- The general fund, presented on a current financial resources basis, reported a fund balance of \$50,797,435 or 25% of total 2011 general fund expenditures and an unassigned fund balance of \$37,994,759 or 18% of general fund expenditures.
- The City's total debt outstanding was \$2,687,198,000 at December 31, 2011. This is a \$66,534,000 or 2.4% reduction from 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended 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. In addition to the basic 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 2011. 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 transfers of surplus revenue, 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, and economic development. Taxes, intergovernmental revenues, and transfers of surplus revenue finance most of these activities.

Expenditures for *business-type activities* of the City support the City's water, sewer, gas, and electricity system, health system, airport, downtown parking facilities, golf courses, cemeteries, tourist highway, human services complex, and development review program. User fees and charges finance most of these activities.

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

FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, but with more detail. The proprietary fund financial statements provide separate information for Colorado Springs Utilities (Utilities), Memorial Health Systems (MHS), 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 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 \$3.3 billion at the close of 2011 as compared to \$3.1 billion at the close of 2010.

By far the largest portion of the City’s net assets (75%) 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 2011 with comparative information for 2010:

City of Colorado Springs						
Net Assets (in 000's)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Current and other assets	\$183,402	\$184,281	\$1,479,577	\$1,487,849	\$1,662,979	\$1,672,131
Capital assets	1,297,257	1,159,630	3,693,369	3,605,176	4,990,626	4,764,805
Total assets	1,480,659	1,343,911	5,172,946	5,093,025	6,653,605	6,436,936
Long-term liabilities	124,024	143,343	2,832,933	2,769,630	2,956,957	2,912,973
Other liabilities	78,249	83,405	302,245	302,590	380,494	385,995
Total liabilities	202,273	226,748	3,135,178	3,072,220	3,337,451	3,298,968
Net assets						
Invested in capital assets, net of related debt	1,189,010	1,036,479	1,302,977	1,302,422	2,491,987	2,338,902
Restricted	18,374	22,532	127,607	89,960	145,981	112,492
Unrestricted	71,002	58,152	607,184	628,423	678,186	686,574
Total net assets	\$1,278,386	\$1,117,163	\$2,037,768	\$2,020,805	\$3,316,154	\$3,137,968

*immaterial differences may occur due to rounding

The City's combined net assets were \$3.3 billion at December 31, 2011, of which \$678 million was unrestricted. However, certain of these unrestricted funds are designated for specific, future purposes such as encumbrances and subsequent year expenditures.

The net assets of our business-type activities were \$2 billion at December 31, 2011. However, these net assets can only be used to finance the continuing operations of the utilities, health system, airport, downtown parking facilities, golf courses, cemeteries, tourist highway, human services complex, development review program, 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 2011 with comparative information for 2010:

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

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$29,247	\$31,006	\$1,416,034	\$1,380,371	\$1,445,281	\$1,411,377
Operating grants and contributions	25,378	24,111	-	-	25,378	24,111
Capital grants and contributions	176,593	105,822	46,543	50,431	223,136	156,253
General revenues:						
Property taxes	24,474	24,326	-	-	24,474	24,326
Other taxes	158,530	151,936	-	-	158,530	151,936
Investment earnings	1,292	1,735	3,492	30,445	4,784	32,180
Gain on sale of capital assets	748	573	-	-	748	573
Contributions to endowments	73	79	-	-	73	79
Special item	-	-	(1,015)	-	(1,015)	-
Total revenues	<u>416,335</u>	<u>339,587</u>	<u>1,465,054</u>	<u>1,461,247</u>	<u>1,881,389</u>	<u>1,800,835</u>
Expenses:						
General government	48,067	46,363	-	-	48,067	46,363
Public safety	149,931	150,429	-	-	149,931	150,429
Public works	67,068	61,480	-	-	67,068	61,480
Health and welfare	1,214	1,206	-	-	1,214	1,206
Culture and recreation	21,789	21,616	-	-	21,789	21,616
Urban redevelopment and housing	5,033	6,161	-	-	5,033	6,161
Economic development	2,619	2,042	-	-	2,619	2,042
Interest on long-term debt	5,021	5,631	-	-	5,021	5,631
Utilities	-	-	818,668	796,132	818,668	796,132
MHS	-	-	560,894	540,440	560,894	540,440
Airport	-	-	24,875	25,342	24,875	25,342
Parking	-	-	3,844	3,089	3,844	3,089
Non-major Enterprises	-	-	12,391	16,213	12,391	16,213
Total expenses	<u>300,742</u>	<u>294,928</u>	<u>1,420,672</u>	<u>1,381,216</u>	<u>1,721,414</u>	<u>1,676,144</u>
Increase in net assets before transfers	115,593	44,659	44,382	80,031	159,975	124,691
Transfers	<u>30,235</u>	<u>30,727</u>	<u>(30,235)</u>	<u>(30,727)</u>	<u>-</u>	<u>-</u>
Increase in net assets	145,828	75,386	14,147	49,304	159,975	124,691
Net assets - beginning	1,117,163	1,041,777	2,020,805	1,963,431	3,137,968	3,005,207
Prior period adjustment	<u>15,394</u>	<u>-</u>	<u>2,815</u>	<u>8,070</u>	<u>18,209</u>	<u>8,070</u>
Net assets - ending	<u>\$1,278,385</u>	<u>\$1,117,163</u>	<u>\$2,037,767</u>	<u>\$2,020,805</u>	<u>\$3,316,152</u>	<u>\$3,137,968</u>

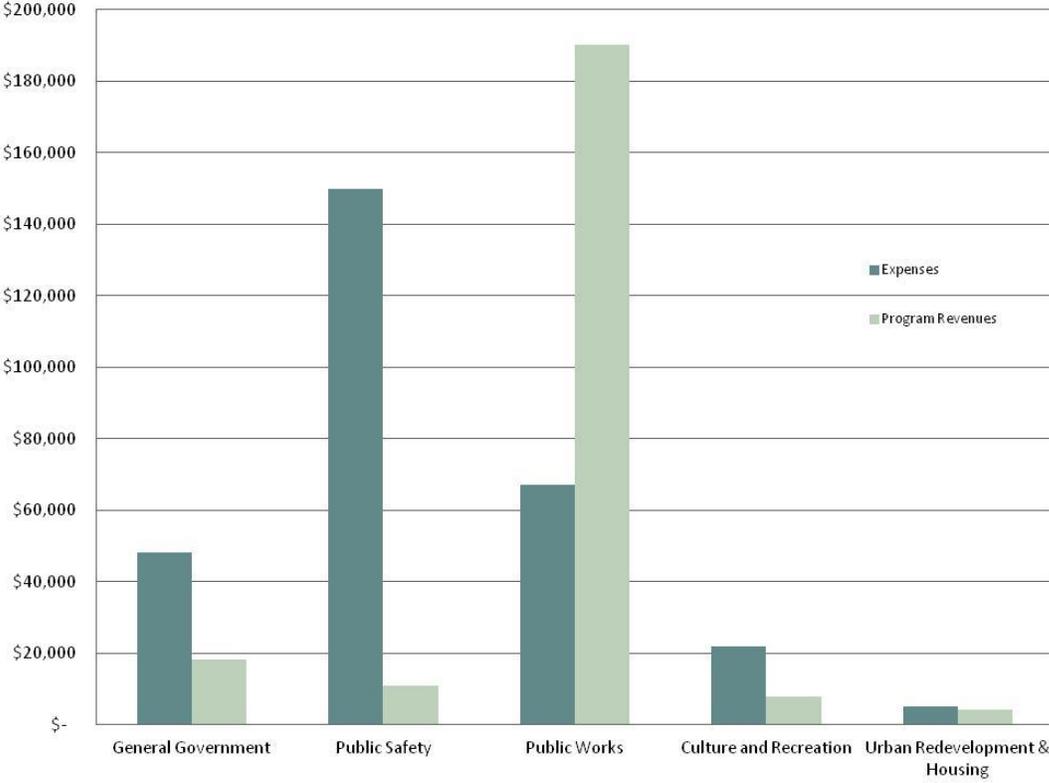
*immaterial differences may occur due to rounding

Overall, the City's net assets increased during 2011 by \$178 million. The overall increase is due primarily to increased capital grant revenue for the governmental activities. For the business-type activities, there was an increase of \$35.7 million for charges for service.

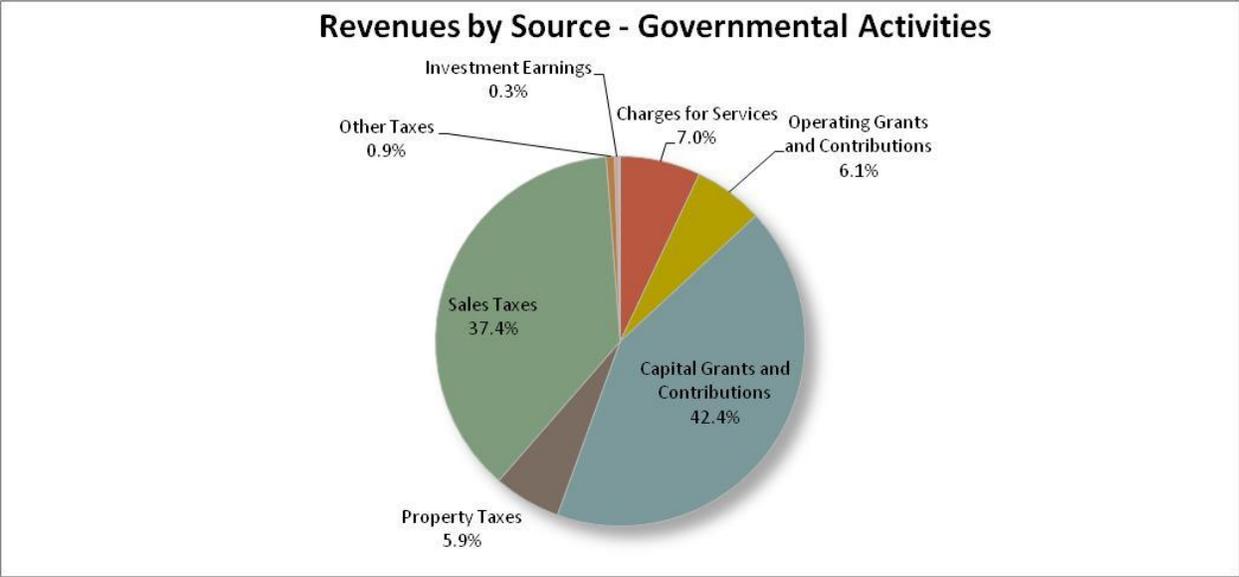
Governmental Activities

Revenue of the governmental activities was up from 2010 by \$77 million due primarily to increases in capital grants and contributions, which fluctuate greatly from year to year. Expenses of the governmental activities were up \$6 million from 2010.

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



Revenues by Source - Governmental Activities



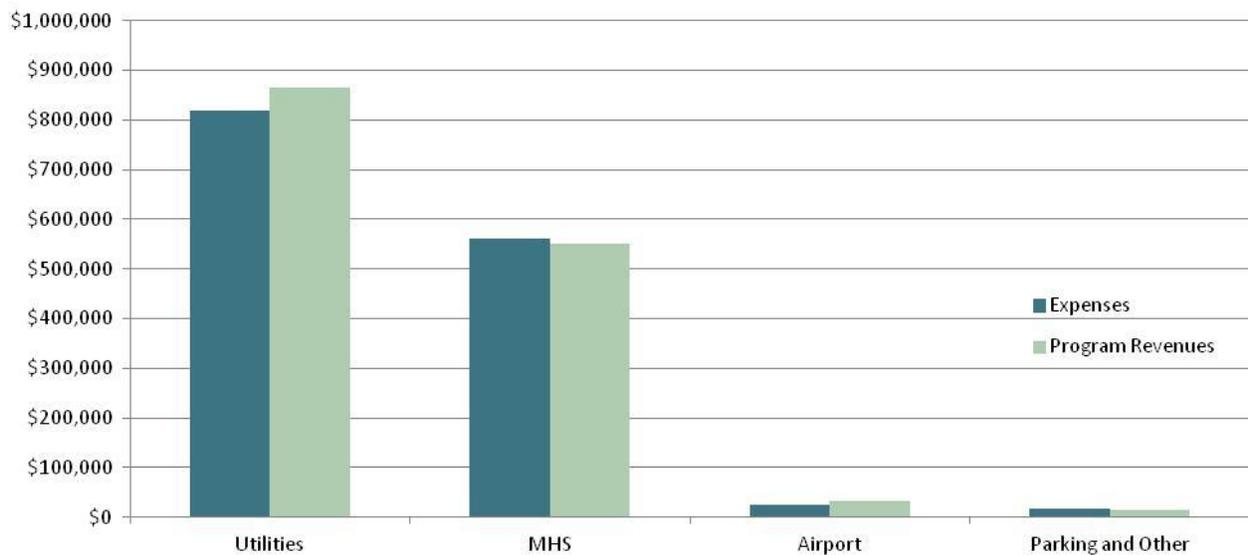
Business-type Activities

Utilities operating revenues in 2011 increased \$33.0 million or 4.1% from 2010 due primarily to increases in water, electric and wastewater revenue of \$20.8 million, \$10.1 million and \$7.3 million, respectively, offset partially by a decrease in natural gas of \$5.9 million. Operating expenses in 2011 increased \$20.6 million or 2.9% from 2010 primarily due to higher production and treatment expenses and depreciation and amortization; offset by lower purchased power, gas and water.

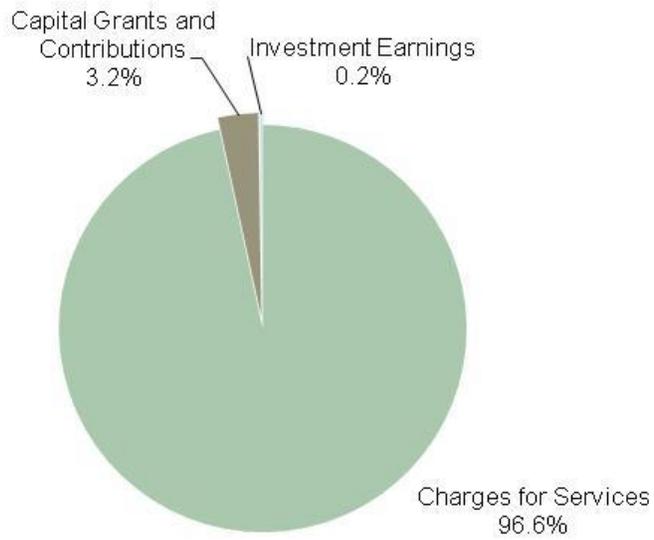
MHS income from operations decreased in 2011 compared to 2010 by \$21.5 million. The decrease was a result of total operating revenues increasing by .3% and operating expenses increasing by 4.5%.

Total MHS operating revenues increased \$1.6 million over 2010. Net patient service revenue increased .3% in 2011 compared to 2010. Overall, volume was down during 2011 with adjusted admissions of 52,550 compared with 53,734 in 2010. Net revenue per adjusted admission increased in 2011, which offset the lower volume for the year and resulted in the overall increase.

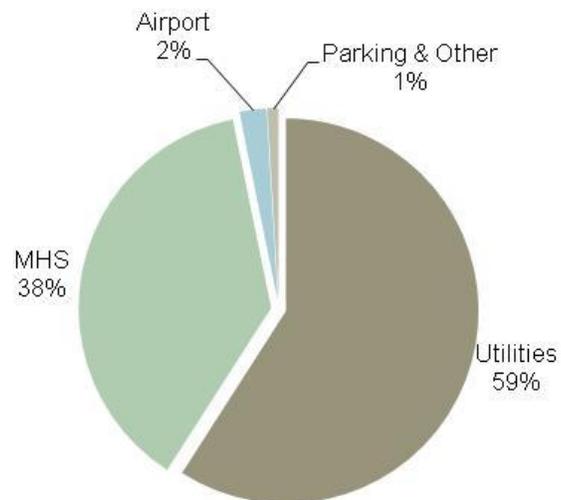
Expenses and Program Revenues - Business-type Activities
(in 000's)



Revenues by Source - Business-type Activities



Revenues by Activity - 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, *unassigned fund balance* serves as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of 2011, the City's governmental funds reported total combined fund balances of \$98,434,906, of which approximately 39% (\$37,994,759) is unassigned. The nonspendable and restricted portions of fund balance are primarily comprised of endowments (\$9,906,275), the fund balances of non-major governmental funds (\$26,050,544), and the TABOR emergency reserve (\$7,545,241).

The general fund is the principal operating fund of the City. At the end of 2011, the general fund's total fund balance was \$50,797,435. The unassigned fund balance of the general fund was \$37,994,759. As a measure of the general fund's liquidity, it is useful to compare both total fund balance and unassigned fund balance to total fund expenditures. Total fund balance represents 25% of total general fund expenditures while unassigned fund balance represents 18% of total general fund expenditures.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets as of December 31, 2011 and 2010 for the proprietary funds, in thousands, were as follows:

	Unrestricted Net Assets (in 000s)		
	2011	2010	Variance
Utilities	\$229,065	\$245,828	(\$16,763)
MHS	340,045	342,736	(2,691)
Airport	27,109	25,220	1,889
Parking	7,084	7,923	(839)
Non-major enterprise funds	8,203	10,052	(1,849)
Internal service	(3,920)	(104)	(3,816)

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:

- \$16.7 million increase due to refinancing COPs.
- \$968,196 for pothole repair and street equipment and vehicles.
- \$581,168 for property tax revenue collections in excess of TABOR property tax limits which was approved by the voters for repair of the North Nevada bridge.
- Other supplemental appropriations including carryover of project budgets and encumbrances from the previous year totaling \$4.36 million.

Total revenues, excluding other financing sources, were \$3.2 million higher than the final budget due to revenue coming in stronger than anticipated. More specifically, sales and use tax revenue was \$3.77 million higher than projected. Business licenses and permits were \$921,901 lower than projected. Total expenditures were \$6.7 million less than the final budget due to conservative spending by City departments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of 2011, the City had \$5 billion invested in a broad range of capital assets and infrastructure (net of depreciation). This investment in capital assets includes land, buildings and improvements, equipment and other vehicles, infrastructure (including streets, alleys, traffic signals and signs, bridges and drainage systems), enterprise plants, construction in process and intangible capital assets. This amount represents a net increase (including additions and deletions) of \$226 million.

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

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$308,876	\$265,271	\$193,414	\$191,745	\$502,290	\$457,016
Buildings	116,157	96,478	71,718	76,463	187,875	172,941
Improvements other than buildings	37,382	39,156	132,131	126,124	169,512	165,280
Machinery and equipment	35,951	42,711	9,977	10,929	45,928	53,639
Infrastructure	632,863	557,899	35,927	25,496	668,790	583,395
Utilities plant	-	-	2,548,784	2,529,539	2,548,784	2,529,539
MHS plant	-	-	310,698	324,463	310,698	324,463
Construction in progress	151,645	158,115	363,914	298,594	515,559	456,710
Intangible Capital Assets	14,383	-	26,806	21,823	41,189	21,823
Total	\$1,297,257	\$1,159,630	\$3,693,369	\$3,605,176	\$4,990,625	\$4,764,806

*immaterial differences may occur due to rounding

Major changes to capital assets for 2011 include:

In 2011, Utilities capital expenditures totaled \$203.3 million. Capital expenditures included approximately \$50.5 million for the electric system; \$12.2 million for the natural gas system; \$111.1 million for the water system which included the Southern Delivery System and \$14.7 million for the wastewater system. In addition, approximately \$14.8 million was spent on facilities, technology additions and enhancements to telecommunications, computing and applications infrastructure.

MHS capital asset acquisitions totaled \$16.5 million and \$9.6 million during 2011 and 2010, respectively, consisting primarily of upgrades to medical equipment.

In 2011, donated assets from Pikes Peak Rural Transportation Authority were included in the asset information in the amount of \$37.2 million as well as developer donated infrastructure of \$108 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 2011 and 2010:

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

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$16,145	\$16,980	\$ -	\$ -	\$16,145	\$16,980
Sales tax revenue bonds	30,750	37,280	-	-	30,750	37,280
Certificates of participation	43,440	47,575	-	-	43,440	47,575
Special assessment bonds and notes	-	-	-	-	-	-
Revenue bonds	-	-	\$2,501,884	\$2,550,918	2,501,884	2,550,918
Notes payable	-	-	94,979	100,979	94,979	100,979
Total	<u>\$90,335</u>	<u>\$101,835</u>	<u>\$2,596,863</u>	<u>\$2,651,897</u>	<u>\$2,687,198</u>	<u>\$2,753,732</u>

During 2011, the City issued new debt to finance capital projects or to refinance current debt for lower interest rates and reduced debt service payments. The key events in the City's debt include the following:

During 2011, the City issued \$13,485,000 in refunding certificates of participation, Series 2011, to refund the remaining certificates of participation, Series 1999, 2000, and 2003. The reacquisition price exceeded the net carrying amount of the old debt by \$351,171. This amount is being netted against the new debt and amortized over the life of the refunded bonds, which is the same as the life of the new debt issued. The advance refunding decreased total debt service payments by \$4,382,932 and resulted in net present value savings of \$1,206,225. This advance refunding was undertaken to reduce the interest rate.

During 2011, Utilities issued \$167,490,000 Utilities System Refunding Revenue Bonds, Series 2011A. Net portions of the Series 2011A bonds were used to refund some of the Series 2001A and Series 2003A outstanding bonds. The reacquisition price of the refunded bonds exceeded the net carrying amount of the old debt by \$3,907,631. The refunding transaction resulted in a total present value savings of \$16,333,241.

The City's latest bond ratings are as follows:

City of Colorado Springs

Bond and Certificate Ratings

As of April 16, 2012

Bond / COP Issue Type	Insurer	Moody's		S&P		Fitch	
		Insurer Rating	Underlying Rating	Insurer Rating	Underlying Rating	Insurer Rating	Underlying Rating
Utility System Revenue Bonds	N/A	N/A	Aa2	N/A	AA	N/A	AA
Sales and Use Tax Revenue Bonds							
Series 2007	MBIA	B3	Aa3	BB+	AA+	N/A	N/A
Series 2009	Assured Guaranty	Aa3	Aa3	AA-	AA+	N/A	N/A
Certificates of Participation							
Series 2009	Assured Guaranty	Aa3	A1	AA-	AA-	N/A	N/A
Series 2011	N/A	N/A	Aa3	N/A	AA-	N/A	N/A
Parking System Revenue Bonds							
Series 1999	Ambac	N/A	N/A	N/A	N/A	N/A	N/A
Series 2006	Ambac	N/A	N/A	N/A	N/A	N/A	N/A
Memorial Health System Bonds							
Series 2000	N/A	N/A	A3	N/A	A-	N/A	N/A
Series 2002	FSA	Aa3	A3	AA-	A-	N/A	N/A
Series 2004B	Ambac	N/A	A3	N/A	A-	N/A	N/A
Series 2009	N/A	N/A	A3	N/A	A-	N/A	N/A
Airport Revenue Bonds							
Series 1992C	N/A	N/A	N/A	N/A	A-	N/A	A-
Series 2002A	FSA	Aa3	A3	AA-	A-	AA	A-
Series 2007B	FSA	Aa3	A3	AA-	A-	AA	A-
Series 2007A	FSA	Aa3	A3	AA-	A-	AA	A-

The current debt limitation for the City is \$460.2 million or 10% of the assessed property valuation. The City has no outstanding general obligation debt as it relates to this debt limit. The general obligation debt shown in the financial statements relate to the City's blended component units.

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

ECONOMIC FACTORS

LOCAL ECONOMIC INDICATORS

During 2011, the City experienced some improvements in the local economy. The local unemployment rate declined 5.2% from 2010 and foreclosures declined by approximately 38.8%. However, the 2011 average and median home sales prices for the region decreased by 9.6% and 6.8%, respectively. The number of single family permits and commercial permits issued also declined by 1.57% and 8.8%, respectively.

	<u>2011</u>	<u>2010</u>	<u>Change</u>	
Annual MSA Unemployment Rate (NSA)	9.2%	9.7%*	- 5.2%	↑
Annual MSA Employment (NSA)	284,373	284,103*	0.10%	↑
Single Family Permits	813	826	-1.57%	↓
Commercial Permits	477	523	-8.8%	↓
Avg. Sales Price (Pikes Peak Region)	\$210,688	\$232,939	-9.6%	↓
Median Sales Price (Pikes Peak Region)	\$185,000	\$198,500	-6.8%	↓
Foreclosures	2,953	4,828	-38.8%	↑

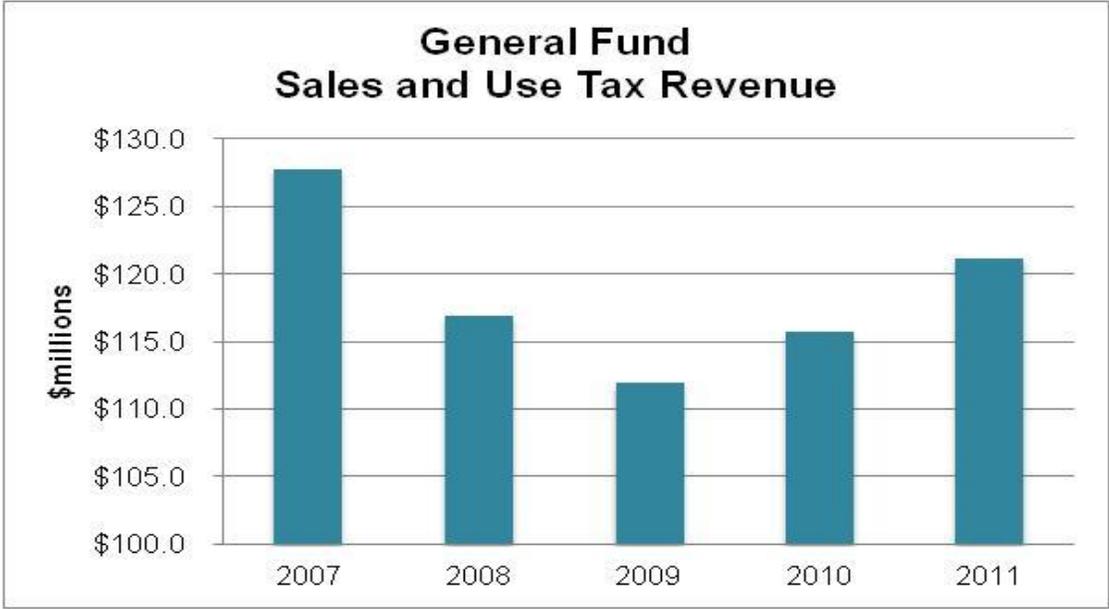
Note: ↑ Indicates favorable change ↓ Indicates unfavorable

* 2010 figures have been revised

SALES AND USE TAX REVENUE

The City's general fund sales and use tax revenue was up \$5.6 million or 4.8% from the same period in 2010 due primarily to a rebound in consumer spending. While we are seeing an improvement, sales and use tax revenue is \$6.5 million or 5.1% lower than 2007.

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



REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS
December 31, 2011

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	\$100,224,097	\$453,066,743	\$553,290,840	\$1,903,441	\$2,907,203
Receivables (net of allowance for uncollectibles)	70,975,412	206,209,220	277,184,632	12,111,583	7,747,675
Due from primary government	-	-	-	-	1,433,424
Inventories	920,180	64,919,767	65,839,947	-	73,188
Prepays	565,707	17,383,239	17,948,946	11,057	555,363,620
Derivative instruments	-	359,000	359,000	-	-
Deferred outflows on interest rate swaps	-	6,441,000	6,441,000	-	-
Deferred cash flow hedges - unrealized loss on derivative instruments	-	259,129,000	259,129,000	-	-
Other	-	100,563,323	100,563,323	-	332,022
Restricted assets (temporarily):					
Cash and investments	9,102,256	337,925,728	347,027,984	4,037,814	8,493,487
Investment in joint ventures	-	8,944,000	8,944,000	-	-
Capital assets nondepreciable:					
Land	308,876,234	193,413,763	502,289,997	-	-
Intangibles	-	11,949,000	11,949,000	-	-
Construction in progress	151,644,935	363,914,382	515,559,317	11,677,449	110,684
Capital assets (net of accumulated depreciation):					
Buildings	116,156,731	71,718,483	187,875,214	-	-
Improvements other than buildings	37,381,657	132,130,559	169,512,216	2,348,018	-
Machinery and equipment	35,951,153	9,976,602	45,927,755	46,850	-
Infrastructure	632,863,143	35,926,962	668,790,105	20,889,329	-
Utility plant	-	2,548,784,000	2,548,784,000	-	70,283,088
MHS plant	-	310,698,177	310,698,177	-	-
Intangibles	14,382,942	14,857,000	29,239,942	-	-
Unamortized bond issuance costs	1,614,715	24,635,895	26,250,610	2,287,537	4,793,710
Total assets	1,480,659,162	5,172,945,843	6,653,605,005	55,313,078	651,538,101
LIABILITIES					
Accounts payable and other liabilities	29,848,815	160,165,752	190,014,567	135,944	613,923
Funds held for others	2,949,130	-	2,949,130	-	-
Accrued interest payable	724,956	13,700,582	14,425,538	516,026	5,283,179
Internal balances	(3,615,610)	3,615,610	-	-	-
Unearned revenue	32,938,682	5,632,930	38,571,612	5,099,796	5,352,751
Noncurrent liabilities:					
Due within one year	15,403,313	119,130,585	134,533,898	1,775,000	9,852,273
Due in more than one year	124,024,108	2,832,932,860	2,956,956,968	85,690,154	680,330,559
Total liabilities	202,273,394	3,135,178,319	3,337,451,713	93,216,920	701,432,685
NET ASSETS					
Invested in capital assets, net of related debt	1,189,009,759	1,302,975,565	2,491,985,324	(47,769,050)	3,540,599
Restricted for:					
Debt service	922,655	127,547,494	128,470,149	8,907,449	3,312,757
Endowments:					
Expendable	185,057	-	185,057	-	-
Nonexpendable	9,721,218	-	9,721,218	-	-
Emergency reserve (TABOR)	7,545,241	-	7,545,241	39,809	-
Other	-	60,000	60,000	252,030	-
Unrestricted	71,001,838	607,184,465	678,186,303	665,920	(56,747,940)
Total net assets (deficit)	\$1,278,385,768	\$2,037,767,524	\$3,316,153,292	(\$37,903,842)	(\$49,894,584)

STATEMENT OF ACTIVITIES
For the year ended December 31, 2011

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	\$48,067,151	\$16,781,325	\$1,559,091	\$ -	(\$29,726,735)	\$ -	\$ -	\$ -
Public safety	149,930,831	4,585,702	4,615,476	1,707,224	(139,022,429)	-	-	-
Public works	67,067,654	4,681,309	14,442,502	170,936,245	122,992,402	-	-	-
Health and welfare	1,214,081	-	-	-	(1,214,081)	-	-	-
Culture and recreation	21,789,448	2,901,620	996,829	3,949,901	(13,941,098)	-	-	-
Urban redevelopment and housing	5,032,806	297,530	3,763,778	-	(971,498)	-	-	-
Economic development	2,619,256	-	-	-	(2,619,256)	-	-	-
Interest on long-term debt	5,020,740	-	-	-	(5,020,740)	-	-	-
Total governmental activities	300,741,967	29,247,486	25,377,676	176,593,370	(69,523,435)	-	-	(69,523,435)
Business-type activities								
Utilities	818,668,053	830,522,000	-	33,635,000	-	45,488,947	-	45,488,947
MHS	560,894,000	551,709,000	-	-	-	(9,185,000)	-	(9,185,000)
Airport	24,874,856	20,360,155	-	12,630,322	-	8,115,621	-	8,115,621
Parking	3,843,908	3,831,263	-	-	-	(12,645)	-	(12,645)
Other	12,391,209	9,612,131	-	277,897	-	(2,501,181)	-	(2,501,181)
Total business-type activities	1,420,672,026	1,416,034,549	-	46,543,219	-	41,905,742	-	41,905,742
Total primary government	\$1,721,413,993	\$1,445,282,035	\$25,377,676	\$223,136,589	(\$69,523,435)	\$41,905,742	\$ -	(\$27,617,693)
Component units								
Improvement districts	\$9,322,373	\$388,294	\$31,894	\$ -	\$ -	\$ -	\$ -	(\$9,902,185)
Utilities	71,612,313	61,384,231	-	-	-	-	-	(10,228,082)
Total component units	\$80,934,686	\$61,772,525	\$31,894	\$ -	\$ -	\$ -	\$ -	(\$10,228,082)
General revenues								
Property taxes					\$24,473,652	\$ -	\$24,473,652	\$ -
Sales taxes					155,546,936	-	155,546,936	-
Specific ownership taxes					2,190,174	-	2,190,174	-
Occupational liquor taxes					257,561	-	257,561	-
Admissions tax					449,533	-	449,533	-
Bicycle excise tax					86,091	-	86,091	-
Miscellaneous					1,291,703	-	1,291,703	-
Investment earnings					748,077	3,492,224	4,783,927	856,862
Gain on sale of capital assets					-	(1,015,237)	-	-
Special item - conveyance of assets					73,080	-	73,080	-
Contributions to endowments					30,235,004	(30,235,004)	-	-
Total general revenues and transfers					215,351,811	(27,758,017)	187,593,794	856,862
Change in net assets					145,828,376	14,147,725	159,976,101	(9,371,250)
Net assets (deficit) - January 1					1,117,163,013	2,020,804,799	3,137,967,812	(40,523,364)
Prior period adjustment					15,394,379	2,815,000	18,209,379	-
Net assets (deficit) - January 1, restated					1,132,557,392	2,023,619,799	3,156,177,191	(40,523,364)
Net assets (deficit) - December 31					\$1,278,985,768	\$2,037,767,524	\$3,316,153,292	(\$49,894,584)

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

**GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2011**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 3**

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and investments	\$49,793,879	\$42,795,789	\$92,589,668
Accounts receivable (net of allowance for uncollectibles)	3,319,207	7,470,910	10,790,117
Sales tax receivable	13,375,969	3,529,244	16,905,213
Loans receivable (net of allowance for uncollectibles)	854,981	18,827,876	19,682,857
Assessments receivable	18,101	-	18,101
Property taxes receivable			
Current	19,296,524	3,630,508	22,927,032
Delinquent	105,906	-	105,906
Due from other funds	3,496,879	481,502	3,978,381
Prepays	503,337	-	503,337
Restricted investments	92,404	9,009,852	9,102,256
Total assets	90,857,187	85,745,681	176,602,868
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	4,776,246	2,287,673	7,063,919
Funds held for others	2,949,130	-	2,949,130
Accrued salaries and benefits	2,952,842	538,706	3,491,548
Due to other funds	2,054,056	3,757,661	5,811,717
Escrow deposits	6,243,193	-	6,243,193
Deferred revenue			
Loans (net of allowance for uncollectibles)	854,981	18,827,876	19,682,857
Assessments	18,101	-	18,101
Property taxes	19,296,524	3,630,508	22,927,032
Grants	-	9,065,786	9,065,786
Unearned revenue	914,679	-	914,679
Total liabilities	40,059,752	38,108,210	78,167,962
Fund balances			
Nonspendable	609,243	9,721,218	10,330,461
Restricted	7,547,034	26,971,406	34,518,440
Committed	1,231,321	10,824,498	12,055,819
Assigned	3,415,078	120,349	3,535,427
Unassigned	37,994,759	-	37,994,759
Total fund balances	50,797,435	47,637,471	98,434,906
Total liabilities and fund balances	\$90,857,187	\$85,745,681	

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.	1,296,678,770
Loans and assessments - certain long-term receivables are not available to pay for current-period expenditures because they are not collected within the prescribed time period after year-end and, therefore, are deferred in the funds.	19,700,958
Interest on investments that is not available to pay for current-period expenditures is not reported in the funds.	454,973
Internal service funds are used by management to charge the costs of fleet, support services, and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	972,127
Long-term liabilities, including bonds payable, are not due and payable in current period and, therefore, are not reported in the funds.	(137,855,966)
Net assets of governmental activities	<u>\$1,278,385,768</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, 2011**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 4**

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$144,466,461	\$38,537,486	\$183,003,947
Licenses and permits	870,688	-	870,688
Intergovernmental	19,921,957	42,565,658	62,487,615
Charges for services	19,038,286	2,701,376	21,739,662
Endowments and donations	-	1,315,079	1,315,079
Other revenue	3,120,395	1,348,352	4,468,747
Investment earnings	790,378	537,612	1,327,990
Rental income	605,115	-	605,115
Total revenues	188,813,280	87,005,563	275,818,843
Expenditures			
Current			
General government	45,605,696	1,784,858	47,390,554
Public safety	114,503,144	27,373,977	141,877,121
Public works	18,915,362	12,900,974	31,816,336
Health and welfare	1,209,861	-	1,209,861
Culture and recreation	10,848,844	7,367,347	18,216,191
Urban development and housing	248,276	4,629,456	4,877,732
Economic development	-	2,610,152	2,610,152
Miscellaneous	-	3,374,694	3,374,694
Debt service			
Principal	8,451,171	3,773,936	12,225,107
Interest	3,427,298	1,831,518	5,258,816
Issuance expense	188,001	-	188,001
Capital outlay	3,335,963	25,671,015	29,006,978
Total expenditures	206,733,616	91,317,927	298,051,543
Deficiency of revenues under expenditures	(17,920,336)	(4,312,364)	(22,232,700)
Other financing sources (uses)			
Transfers - in	32,654,417	7,138,924	39,793,341
Transfers - out	(6,457,920)	(1,419,417)	(7,877,337)
Proceeds from issuance of debt	13,485,000	-	13,485,000
Payment to bond escrow agent	(16,262,864)	-	(16,262,864)
Premium on bonds issued	563,751	-	563,751
Sale of capital assets	748,075	-	748,075
Total other financing sources	24,730,459	5,719,507	30,449,966
Net change in fund balances	6,810,123	1,407,143	8,217,266
Fund balances - January 1	43,987,312	46,230,328	90,217,640
Fund balances - December 31	\$50,797,435	\$47,637,471	\$98,434,906

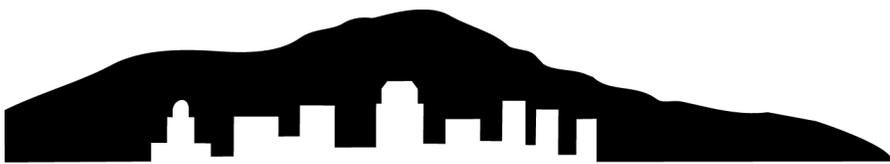
The notes to the financial statements are an integral part of this statement.

**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, 2011**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 5**

Net change in fund balances - total governmental funds	\$8,217,266
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(22,148,351)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	144,677,684
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.	16,484,624
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.	1,938,886
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(843,248)
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.	(2,498,485)
Change in net assets of governmental activities	<u>\$145,828,376</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, 2011**

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

	Budgeted Amounts		2011 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
General property taxes				
Current	\$20,780,000	\$20,780,000	\$20,617,424	(\$162,576)
Penalty and interest	-	-	41,012	41,012
	20,780,000	20,780,000	20,658,436	(121,564)
Sales and use taxes	117,477,525	117,477,525	121,249,546	3,772,021
Specific ownership taxes	1,936,339	1,936,339	1,851,385	(84,954)
Occupational liquor taxes	274,500	274,500	257,561	(16,939)
Gross receipts business taxes				
Admissions tax	497,739	497,739	449,533	(48,206)
Total taxes	140,966,103	140,966,103	144,466,461	3,500,358
Licenses and permits				
Business licenses and permits	1,792,589	1,792,589	870,688	(921,901)
Intergovernmental				
State shared revenue				
Cigarette tax	1,127,296	1,127,296	1,097,592	(29,704)
Highway users tax-regular	17,062,043	17,062,043	16,415,586	(646,457)
Highway users tax-added fees	1,366,705	1,366,705	1,374,144	7,439
Severance tax	20,000	20,000	44,620	24,620
	19,576,044	19,576,044	18,931,942	(644,102)
Other governmental units				
El Paso County road and bridge	787,669	787,669	796,917	9,248
El Paso County shared fines	95,630	95,630	193,098	97,468
	883,299	883,299	990,015	106,716
Total intergovernmental	\$20,459,343	\$20,459,343	\$19,921,957	(\$537,386)

(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, 2011**

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

	<u>Budgeted Amounts</u>		<u>2011 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	\$6,052,240	\$6,052,240	\$6,273,960	\$221,720
Planning, zoning, and subdivision fees	348,625	348,625	415,074	66,449
Other fees	2,483,858	2,483,858	2,410,252	(73,606)
	<u>8,884,723</u>	<u>8,884,723</u>	<u>9,099,286</u>	<u>214,563</u>
Public safety				
Police	3,439,635	3,439,635	3,776,665	337,030
Fire	513,300	513,300	801,177	287,877
	<u>3,952,935</u>	<u>3,952,935</u>	<u>4,577,842</u>	<u>624,907</u>
Highways and streets				
Permits and fees	3,635,092	3,635,092	2,425,755	(1,209,337)
Signal maintenance	740,637	740,637	661,978	(78,659)
	<u>4,375,729</u>	<u>4,375,729</u>	<u>3,087,733</u>	<u>(1,287,996)</u>
Culture and recreation				
Sports programs	1,067,076	1,067,076	920,452	(146,624)
Swimming pool fees	435,000	435,000	397,925	(37,075)
Ice center fees	352,087	352,087	305,902	(46,185)
Community centers	321,416	321,416	258,494	(62,922)
Other fees	492,842	492,842	390,652	(102,190)
	<u>2,668,421</u>	<u>2,668,421</u>	<u>2,273,425</u>	<u>(394,996)</u>
Total charges for services	<u>19,881,808</u>	<u>19,881,808</u>	<u>19,038,286</u>	<u>(843,522)</u>
Miscellaneous				
Other revenue	834,258	1,272,632	3,120,395	1,847,763
Investment earnings	340,000	340,000	790,378	450,378
Rental income	900,696	900,696	605,115	(295,581)
	<u>2,074,954</u>	<u>2,513,328</u>	<u>4,515,888</u>	<u>2,002,560</u>
Total revenues	<u>\$185,174,797</u>	<u>\$185,613,171</u>	<u>\$188,813,280</u>	<u>\$3,200,109</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, 2011**

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

	<u>Budgeted Amounts</u>		<u>2011 Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current expenditures				
General government				
Legislative				
City council	\$178,221	\$98,221	\$86,929	\$11,292
Clerk of the council	452,373	448,992	424,835	24,157
	<u>630,594</u>	<u>547,213</u>	<u>511,764</u>	<u>35,449</u>
Judicial	3,514,224	3,507,530	3,302,897	204,633
Executive - mayor's office	216,923	296,923	459,810	(162,887)
Financial	4,109,599	4,088,722	3,709,585	379,137
Law	2,441,328	2,423,387	1,868,027	555,360
Personnel	777,015	786,326	790,357	(4,031)
Planning and zoning	1,630,831	1,716,281	1,516,861	199,420
Support services	16,371,681	16,762,834	16,585,095	177,739
Other	17,370,350	17,552,910	16,861,300	691,610
	<u>47,062,545</u>	<u>47,682,126</u>	<u>45,605,696</u>	<u>2,076,430</u>
Public safety				
Police	77,606,158	76,538,741	74,514,734	2,024,007
Fire	41,528,999	41,497,245	39,988,410	1,508,835
	<u>119,135,157</u>	<u>118,035,986</u>	<u>114,503,144</u>	<u>3,532,842</u>
Public works				
Highways and streets				
Maintenance of condition	9,427,886	9,690,721	8,691,339	999,382
Traffic services	3,911,837	3,962,405	3,907,770	54,635
Engineering	3,196,092	3,085,237	2,703,310	381,927
	<u>16,535,815</u>	<u>16,738,363</u>	<u>15,302,419</u>	<u>1,435,944</u>
Transit	3,137,560	3,895,783	3,612,943	282,840
	<u>19,673,375</u>	<u>20,634,146</u>	<u>18,915,362</u>	<u>1,718,784</u>
Health and welfare				
Communicable disease	1,228,586	1,228,586	1,209,861	18,725
	<u>1,228,586</u>	<u>1,228,586</u>	<u>1,209,861</u>	<u>18,725</u>
Culture and recreation				
	<u>\$10,728,558</u>	<u>\$11,608,844</u>	<u>\$10,848,844</u>	<u>\$760,000</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, 2011**

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

	<u>Budgeted Amounts</u>		<u>2011 Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Urban redevelopment and housing				
Community development	\$248,615	\$248,901	\$248,276	\$625
Debt service expenditures				
Principal payments	2,018,579	8,623,557	8,451,171	172,386
Interest payments	2,279,450	3,525,472	3,427,298	98,174
Bond issuance expense	-	188,001	188,001	-
Total debt service	4,298,029	12,337,030	12,066,470	270,560
Capital outlay	2,323,452	1,674,732	3,335,963	(1,661,231)
Total expenditures	204,698,317	213,450,351	206,733,616	6,716,735
Deficiency of revenues over expenditures	(19,523,520)	(27,837,180)	(17,920,336)	9,916,844
Other financing sources (uses)				
Transfers - in				
Utilities surplus	31,582,355	31,582,355	31,663,000	80,645
Other funds	1,050,088	1,050,088	991,417	(58,671)
Transfers - out				
City funded capital improvement projects	(13,308,923)	(5,457,924)	(5,457,924)	-
Other funds	-	-	(999,996)	(999,996)
Refunding bonds issued	-	13,485,000	13,485,000	-
Payment to refunded bond escrow agent	-	(16,511,172)	(16,262,864)	248,308
Premium on refunding bonds issued	-	563,751	563,751	-
Sale of capital assets	200,000	778,176	748,075	(30,101)
Total other financing sources (uses)	19,523,520	25,490,274	24,730,459	(759,815)
Net change in fund balance	-	(2,346,906)	6,810,123	9,157,029
Fund balance - January 1	43,897,312	43,987,312	43,987,312	-
Fund balance - December 31	\$43,897,312	\$41,640,406	\$50,797,435	\$9,157,029

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

**PROPRIETARY FUNDS
BALANCE SHEET
December 31, 2011**

	Business-type Activities Enterprise Funds			
	Utilities	MHS	Airport	Parking
<u>ASSETS</u>				
Current assets				
Cash and investments - unrestricted	\$97,303,000	\$300,197,000	\$40,970,913	\$5,098,915
Cash and investments - restricted	17,052,000	-	-	-
Accounts receivable (net of allowance for uncollectibles)	108,636,477	91,496,912	3,362,271	9,298
Interest receivable	221,000	9,438	-	-
Due from other funds	3,947,523	88	-	76,533
Inventories	54,438,000	10,305,000	130,747	-
Prepays	8,578,000	8,805,239	-	-
Derivative instruments	103,000	-	-	-
Deferred cash flow hedges - unrealized loss on derivatives	44,447,000	-	-	-
Other	-	4,642,323	-	-
Unamortized bond issuance costs	661,407	432,940	-	30,947
Total current assets	335,387,407	415,888,940	44,463,931	5,215,693
Noncurrent assets				
Cash and investments - restricted	290,384,000	24,159,000	5,468,053	862,675
Note receivable	-	-	1,984,060	-
Due from other funds	-	-	-	1,841,796
Investment in joint ventures	1,176,000	7,768,000	-	-
Fair value of derivative instruments	256,000	-	-	-
Deferred outflows on interest rate swap	-	6,441,000	-	-
Deferred cash flow hedges - unrealized loss on derivatives	214,682,000	-	-	-
Other	94,637,000	1,284,000	-	-
Capital assets nondepreciable:				
Land	150,372,000	21,419,823	18,423,581	2,072,246
Intangibles	11,949,000	-	-	-
Depreciable capital assets:				
Buildings	-	-	94,081,479	24,992,516
Improvements other than buildings	-	-	173,167,137	7,292,952
Machinery and equipment	-	-	15,022,641	377,610
Infrastructure	-	-	27,218,569	-
Utility plant	4,198,243,000	-	-	-
MHS plant	-	614,257,177	-	-
Construction in progress	335,831,000	2,604,000	24,880,583	16,700
Intangibles	29,018,000	-	-	-
Less accumulated depreciation and amortization	(1,663,620,000)	(303,559,000)	(109,416,940)	(11,743,534)
Unamortized bond issuance costs	14,893,593	7,844,060	530,044	242,904
Total noncurrent assets	3,677,821,593	382,218,060	251,359,207	25,955,865
Total assets	\$4,013,209,000	\$798,107,000	\$295,823,138	\$31,171,558

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>
\$9,496,915	\$453,066,743	\$7,634,429
-	17,052,000	-
489,764	203,994,722	91,213
-	230,438	-
8,079	4,032,223	1,174,757
46,020	64,919,767	920,180
-	17,383,239	62,370
-	103,000	-
-	44,447,000	-
-	4,642,323	-
-	1,125,294	-
10,040,778	810,996,749	9,882,949
-	320,873,728	-
-	1,984,060	-
-	1,841,796	-
-	8,944,000	-
-	256,000	-
-	6,441,000	-
-	214,682,000	-
-	95,921,000	-
1,126,113	193,413,763	13,000
-	11,949,000	-
7,279,993	126,353,988	370,956
15,338,626	195,798,715	396,917
7,927,776	23,328,027	3,162,181
13,858,782	41,077,351	-
-	4,198,243,000	-
-	614,257,177	-
582,099	363,914,382	-
-	29,018,000	34,891
(15,645,001)	(2,103,984,475)	(3,399,921)
-	23,510,601	-
30,468,388	4,367,823,113	578,024
\$40,509,166	\$5,178,819,862	\$10,460,973

(continued)

**PROPRIETARY FUNDS
BALANCE SHEET
December 31, 2011**

	Business-type Activities Enterprise Funds			
	Utilities	MHS	Airport	Parking
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities				
Accounts payable	\$75,397,709	\$50,818,277	\$3,065,033	\$93,465
Accrued liabilities	258,000	7,622,000	-	-
Accrued salaries and benefits	6,244,000	12,087,000	193,731	13,263
Compensated absences	7,296,000	649,550	27,974	2,519
Due to other funds	4,689,291	423,847	27,005	16,663
Deferred revenue	3,724,306	-	1,078,524	-
Accrued interest payable	13,658,000	-	-	42,582
Matured bonds payable	45,149,000	4,235,000	3,180,000	545,000
Notes payable	1,412,000	3,917,250	649,106	-
Capital lease payable	-	136,048	141,464	-
Derivative instruments	51,337,000	-	-	-
Other liabilities	134,000	-	-	-
Other	3,538,694	-	-	-
Total current liabilities	212,838,000	79,888,972	8,362,837	713,492
Noncurrent liabilities				
Accrued liabilities	-	522,000	-	-
Compensated absences	5,300,000	12,341,450	531,511	47,857
Customer deposits	1,995,000	-	-	-
Revenue bonds payable, net of deferrals	2,186,249,000	226,821,000	39,204,809	11,123,690
Notes payable	19,678,000	65,287,500	3,422,939	-
Customer advances for construction	10,330,000	-	-	-
Capital lease payable	-	23,078	191,296	-
Municipal solid waste landfill closure and postclosure care	3,874,000	-	-	-
Derivative instruments	231,853,000	-	-	-
Deferred cash flow hedges - unrealized gain on derivatives	4,983,000	6,441,000	-	-
Other long term liabilities	1,675,000	-	-	-
Total noncurrent liabilities	2,465,937,000	311,436,028	43,350,555	11,171,547
Total liabilities	2,678,775,000	391,325,000	51,713,392	11,885,039
Net assets				
Invested in capital assets, net of related debt	1,017,414,000	42,578,000	202,686,807	11,339,800
Restricted				
Debt service	87,955,000	24,099,000	14,313,819	862,675
Other	-	60,000	-	-
Unrestricted	229,065,000	340,045,000	27,109,120	7,084,044
Total net assets (deficit)	1,334,434,000	406,782,000	244,109,746	19,286,519
Total liabilities and net assets	\$4,013,209,000	\$798,107,000	\$295,823,138	\$31,171,558

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>
\$226,440	\$129,600,924	\$12,878,411
-	7,880,000	-
86,140	18,624,134	172,742
18,348	7,994,391	33,658
11,394	5,168,200	47,240
830,100	5,632,930	31,185
-	13,700,582	-
-	53,109,000	-
57,731	6,036,087	-
242,595	520,107	2,485
-	51,337,000	-
-	134,000	-
-	3,538,694	-
1,472,748	303,276,049	13,165,721
-	522,000	-
348,625	18,569,443	639,497
-	1,995,000	-
-	2,463,398,499	-
554,224	88,942,663	-
-	10,330,000	-
656,881	871,255	5,057
-	3,874,000	-
-	231,853,000	-
-	11,424,000	-
-	1,675,000	-
1,559,730	2,833,454,860	644,554
3,032,478	3,136,730,909	13,810,275
28,956,958	1,302,975,565	570,482
317,000	127,547,494	-
-	60,000	-
8,202,730	611,505,894	(3,919,784)
37,476,688	2,042,088,953	(3,349,302)
\$40,509,166		\$10,460,973
	(4,321,429)	
	\$2,037,767,524	

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Business-type Activities Enterprise Funds			
	Utilities	MHS	Airport	Parking
Operating revenues				
Charges for services	\$830,522,000	\$538,516,000	\$20,360,155	\$3,831,263
Miscellaneous	-	13,193,000	-	-
Total operating revenues	830,522,000	551,709,000	20,360,155	3,831,263
Operating expenses				
Salaries and benefits	147,926,190	292,883,000	8,227,876	491,101
Other operating expenses	484,123,810	222,476,000	6,172,027	1,055,698
Depreciation and amortization	109,557,000	28,201,000	10,851,764	925,862
Total operating expenses	741,607,000	543,560,000	25,251,667	2,472,661
Operating income (loss)	88,915,000	8,149,000	(4,891,512)	1,358,602
Nonoperating revenues (expenses)				
Investment earnings	3,054,000	(1,005,000)	775,234	167,276
Interest expense	(95,011,000)	(18,347,000)	(2,451,783)	(531,274)
Passenger facility charges	-	-	2,168,845	-
Customer facility charges	-	-	812,873	-
Amortization expense	-	-	-	(30,947)
Loss on disposal of capital assets	-	-	(262,167)	(280,629)
Economic incentive	-	-	-	(526,397)
Miscellaneous	18,860,000	1,013,000	156,546	-
Total nonoperating revenues (expenses)	(73,097,000)	(18,339,000)	1,199,548	(1,201,971)
Income (loss) before contributions and transfers	15,818,000	(10,190,000)	(3,691,964)	156,631
Capital contributions	33,635,000	-	12,630,322	-
Transfers - in	-	-	-	-
Transfers - out	(31,663,000)	-	-	-
Special item - conveyance of assets	-	-	-	-
Change in net assets	17,790,000	(10,190,000)	8,938,358	156,631
Total net assets - January 1	1,316,644,000	414,157,000	235,171,388	19,129,888
Prior period adjustment	-	2,815,000	-	-
Total net assets - January 1 as restated	1,316,644,000	416,972,000	235,171,388	19,129,888
Total net assets - December 31	\$1,334,434,000	\$406,782,000	\$244,109,746	\$19,286,519

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>
\$9,612,131	\$1,402,841,549	\$53,833,333
-	13,193,000	-
<u>9,612,131</u>	<u>1,416,034,549</u>	<u>53,833,333</u>
4,909,765	454,437,932	7,614,292
4,015,665	717,843,200	48,089,620
1,577,564	151,113,190	77,536
<u>10,502,994</u>	<u>1,323,394,322</u>	<u>55,781,448</u>
(890,863)	92,640,227	(1,948,115)
500,714	3,492,224	145,602
(51,753)	(116,392,810)	(529)
-	2,168,845	-
-	812,873	-
-	(30,947)	-
(1,810,460)	(2,353,256)	-
-	(526,397)	-
-	20,029,546	-
<u>(1,361,499)</u>	<u>(92,799,922)</u>	<u>145,073</u>
(2,252,362)	(159,695)	(1,803,042)
277,897	46,543,219	-
1,427,996	1,427,996	-
-	(31,663,000)	(1,681,000)
<u>(1,015,237)</u>	<u>(1,015,237)</u>	<u>-</u>
<u>(1,561,706)</u>	<u>15,133,283</u>	<u>(3,484,042)</u>
39,038,394		134,740
-		-
<u>39,038,394</u>		<u>134,740</u>
<u>\$37,476,688</u>		<u>(\$3,349,302)</u>
	<u>(985,558)</u>	
	<u>\$14,147,725</u>	

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the year ended December 31, 2011

	Business-type Activities			
	Enterprise Funds			
	Utilities	MHS	Airport	Parking
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$830,086,000	\$548,521,249	\$20,209,257	\$3,503,852
Receipts from interfund services provided	18,097,000	7,992,751	69,794	324,238
Payments to suppliers	(533,182,000)	(218,386,910)	(6,321,341)	(736,202)
Payments to employees	(83,564,000)	(290,417,000)	(8,268,292)	(489,967)
Payments for interfund services used	(17,466,000)	(4,454,090)	(820,426)	(311,648)
Net cash provided (used) by operating activities	213,971,000	43,256,000	4,868,992	2,290,273
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers to other funds	(31,285,000)	-	-	-
Intergovernmental non-operating revenues provided	-	-	-	-
Transfers in from other funds	(165,000)	-	-	-
Transfers out to other funds	-	-	-	-
Principal received from interfund loan	-	-	-	55,966
Interest received from interfund loan	-	-	-	77,222
Operating grant	-	-	159,751	-
Economic incentive	-	-	-	(526,397)
Net cash provided (used) by noncapital financing activities	(31,450,000)	-	159,751	(393,209)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital debt	167,490,000	1,653,000	-	-
Capital contributions and advances	17,531,000	-	-	-
Bond issuance costs	17,547,000	-	-	-
Purchases of capital assets	(198,989,000)	(16,481,000)	(10,935,184)	(820,457)
Transfers in from other funds	-	-	-	-
Payments from accounts payable incurred for capital asset additions	-	-	(417,016)	-
Repayment of capital lease obligations	-	-	-	-
Principal paid on capital debt	(210,517,000)	(9,967,000)	(3,645,715)	(525,000)
Interest paid on capital debt	(104,383,000)	(16,922,000)	(2,478,569)	(533,119)
Interest paid - other	-	-	-	-
Proceeds from the sale of capital assets	1,164,000	51,000	-	-
Purchase of Goodwill	-	(114,000)	-	-
Capital grant	-	-	15,616,748	-
Passenger facility charges	-	-	2,160,850	-
Customer facility charges	-	-	771,140	-
Net cash used by capital and related financing activities	(310,157,000)	(41,780,000)	1,072,254	(1,878,576)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	39,380,000	283,999,000	30,533,671	3,943,166
Purchases of investments	(20,417,000)	(320,922,000)	(38,739,932)	(4,239,665)
Interest and dividends received	3,609,000	7,388,000	649,222	68,771
Distributions from joint ventures	10,000	-	-	-
Other investing activities	-	(1,012,000)	-	-
Net cash provided (used) by investing activities	22,582,000	(30,547,000)	(7,557,039)	(227,728)
Net decrease in cash and cash equivalents	(105,054,000)	(29,071,000)	(1,456,042)	(209,240)
Cash and cash equivalents - January 1	466,158,000	90,458,000	3,356,310	1,307,645
Cash and cash equivalents - December 31	361,104,000	61,387,000	1,900,268	1,098,405
Cash and cash equivalents	361,104,000	61,387,000	1,900,268	1,098,405
Investments	43,635,000	262,969,000	44,538,698	4,863,185
Total cash and investments	\$404,739,000	\$324,356,000	\$46,438,966	\$5,961,590

**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>
\$10,261,536	\$1,412,581,894	\$6,021,398
-	26,483,783	47,364,106
(2,502,848)	(761,129,301)	(37,086,201)
(4,999,846)	(387,739,105)	(7,702,783)
(1,583,017)	(24,635,181)	(9,241,083)
<u>1,175,825</u>	<u>265,562,090</u>	<u>(644,563)</u>
-	(31,285,000)	-
(1,015,237)	(1,015,237)	-
-	(165,000)	-
-	-	(1,681,000)
-	55,966	-
-	77,222	-
-	159,751	-
-	(526,397)	-
<u>(1,015,237)</u>	<u>(32,698,695)</u>	<u>(1,681,000)</u>
-	169,143,000	-
277,897	17,808,897	-
-	17,547,000	-
(3,263,886)	(230,489,527)	(406,642)
1,427,996	1,427,996	-
(73,843)	(490,859)	-
(299,826)	(299,826)	(2,797)
(55,489)	(224,710,204)	-
(26,148)	(124,342,836)	-
(25,605)	(25,605)	(529)
16,464	1,231,464	-
-	(114,000)	-
-	15,616,748	-
-	2,160,850	-
-	771,140	-
<u>(2,022,440)</u>	<u>(354,765,762)</u>	<u>(409,968)</u>
8,756,216	366,612,053	8,401,093
(7,896,531)	(392,215,128)	(6,347,902)
476,379	12,191,372	126,756
-	10,000	-
-	(1,012,000)	-
<u>1,336,064</u>	<u>(14,413,703)</u>	<u>2,179,947</u>
(525,788)	(136,316,070)	(555,584)
<u>964,843</u>	<u>562,244,798</u>	<u>908,537</u>
<u>439,055</u>	<u>425,928,728</u>	<u>352,953</u>
439,055	425,928,728	352,953
9,057,860	365,063,743	7,281,476
<u>\$9,496,915</u>	<u>\$790,992,471</u>	<u>\$7,634,429</u>

(continued)

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the year ended December 31, 2011

	Business-type Activities Enterprise Funds			
	Utilities	MHS	Airport	Parking
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$88,915,000	\$8,149,000	(\$4,891,512)	\$1,358,602
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation and amortization expense	111,552,000	28,201,000	10,851,764	925,862
Other expense	47,570,000	-	-	-
(Increase) decrease in accounts receivable	(12,147,000)	4,410,105	(12,459)	(1,903)
(Increase) decrease in due from other funds	-	42,895	124	(1,270)
(Increase) decrease in inventories	(6,000)	(2,093,000)	-	-
(Increase) decrease in prepaids	1,580,000	-	-	-
Increase in deferred revenue	-	-	-	-
(Increase) decrease in other assets	(17,092,000)	130,000	-	-
Increase (decrease) in accounts and other payables	11,687,000	367,431	(898,171)	6,673
Increase (decrease) in accrued expenses	415,000	3,463,000	(40,416)	1,134
Increase (decrease) in due to other funds	-	(3,431)	(71,710)	1,175
Increase (decrease) in other liabilities	(18,503,000)	589,000	(68,628)	-
Net cash provided (used) by operating activities	\$213,971,000	\$43,256,000	\$4,868,992	\$2,290,273
Noncash investing, capital and financing activities				
Amortization, charge-off of debt discount and expense	\$2,235,000	\$	-	\$30,947
Noncash acquisition of capital assets				
(incurrence of payable/capital lease obligation)	27,211,000	-	2,412,303	-
Noncash contributions in aid of construction	3,939,000	-	-	-
Increase (decrease) in fair value of investments	(2,821,000)	-	127,441	15,860

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>
(\$890,863)	\$92,640,227	(\$1,948,115)
1,577,564	153,108,190	77,536
-	47,570,000	-
(146,443)	(7,897,700)	28,705
(3,184)	38,565	(437,680)
25,107	(2,073,893)	92,150
-	1,580,000	(3,483)
-	-	(38,854)
-	(16,962,000)	-
(93,783)	11,069,150	1,710,512
(92,482)	3,746,236	(88,491)
(1,336)	(75,302)	(36,843)
801,245	(17,181,383)	-
<u>\$1,175,825</u>	<u>\$265,562,090</u>	<u>(\$644,563)</u>
\$ -	\$2,265,947	\$ -
51,587	29,674,890	-
-	3,939,000	-
24,337	(2,653,362)	9,434

**FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
December 31, 2011**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 10**

	Pension Trust Funds	Agency Fund
<u>ASSETS</u>		
Cash and investments	\$ -	\$2,199,845
Accounts receivable (net of allowances for uncollectibles)	-	43,338
Pension assets held in trust by Fire and Police Pension Association	135,381,889	-
Total assets	135,381,889	2,243,183
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable	-	809,759
Due to component unit	-	1,433,424
Total liabilities	-	2,243,183
Net assets - held in trust for pension benefits	135,381,889	-
Total liabilities and net assets	\$135,381,889	\$2,243,183

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, 2011**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 11**

	<u>Pension Trust Funds</u>
Additions	
City contributions	\$3,087,197
Participant contributions	<u>10,797</u>
Total contributions	3,097,994
Investment earnings	
Interest and dividend income	3,153,237
Rental income	22
Net decrease in fair value of investments	<u>(1,066,770)</u>
Total investment gain	2,086,489
Less investment expenses	<u>1,103,940</u>
Net investment gain	<u>982,549</u>
Total additions	<u>4,080,543</u>
Deductions	
Benefits	(14,786,971)
Total deductions	<u>(14,786,971)</u>
Change in net assets	(10,706,428)
Net assets held in trust for pension benefits - January 1	<u>146,088,317</u>
Net assets held in trust for pension benefits - December 31	<u><u>\$135,381,889</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, 2011**

	Colorado Springs Urban Renewal Authority	Colorado Springs Downtown Development Authority	Greater Downtown Colorado Springs Business Improvement District	Briargate Center Business Improvement District	Barnes & Powers North Business Improvement District
<u>ASSETS</u>					
Cash and investments - unrestricted	\$111,886	\$1,351,636	\$340,781	\$6,737	\$26,146
Cash and investments - restricted	1,764,560	-	-	802,523	244,086
Accounts receivable (net of allowance for uncollectibles)	193,412	6,947	3,942	1,614	1,818
Due from component units	-	-	-	-	5,529
Note receivable	-	531,129	-	-	-
Assessments receivable	-	-	-	6,205,641	-
Property taxes receivable	1,586,624	748,932	502,843	289,039	268,441
Prepays	-	2,951	8,106	-	-
Deferred asset:					
Bond issue costs, net of amortization	1,406,510	-	-	659,243	27,363
Capital assets, not being depreciated:					
Construction in progress	11,677,449	-	-	-	-
Capital assets, net of accumulated depreciation					
Machinery and equipment	-	-	46,850	-	-
Improvements	-	-	-	-	1,316,657
Infrastructure	-	-	-	6,446,067	341,767
Total assets	16,740,441	2,641,595	902,522	14,410,864	2,231,807
<u>LIABILITIES</u>					
Accounts payable	27,939	-	14,198	4,162	21,015
Due to component units	-	-	-	-	-
Deferred revenue	1,586,624	757,794	502,843	289,039	268,441
Grants payable	-	20,000	-	-	-
Accrued interest payable	293,201	-	-	41,224	20,990
Noncurrent liabilities:					
Due within one year	1,250,000	-	-	325,000	55,000
Due in more than one year	56,412,018	-	-	8,470,000	3,820,000
Total liabilities	59,569,782	777,794	517,041	9,129,425	4,185,446
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	(44,578,059)	-	46,850	(1,689,690)	(440,276)
Restricted for:					
Debt service	371,534	-	-	7,008,164	242,886
Emergency reserve	3,500	12,012	16,614	783	1,200
Capital improvement	252,030	-	-	-	-
Unrestricted	1,121,654	1,851,789	322,017	(37,818)	(1,757,449)
Total net assets (deficit)	(\$42,829,341)	\$1,863,801	\$385,481	\$5,281,439	(\$1,953,639)

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

Barnes & Powers South Business Improvement District	First & Main Business Improvement District	First & Main Business Improvement District No 2	First & Main North Business Improvement District	Interquest North Business Improvement District	(Unaudited) Interquest South Business Improvement District	Powers & Woodmen Commercial Business Improvement District	Total
\$7,899	\$1,860	\$32,754	\$6,277	\$6,021	\$145	\$11,299	\$1,903,441
50,145	12,828	587,078	20,001	483,360	-	73,233	4,037,814
743	1,318	56,740	1,258	14,456	78	1,553	283,879
-	90	-	-	-	-	-	5,619
-	-	-	-	-	-	-	531,129
-	-	-	-	-	-	-	6,205,641
98,221	175,782	376,445	167,722	638,975	11,249	226,661	5,090,934
-	-	-	-	-	-	-	11,057
26,197	22,228	54,949	18,049	42,885	-	30,113	2,287,537
-	-	-	-	-	-	-	11,677,449
-	-	-	-	-	-	-	46,850
-	-	-	1,031,361	-	-	-	2,348,018
106,186	1,465,152	4,295,285	419,185	6,109,958	-	1,705,729	20,889,329
289,391	1,679,258	5,403,251	1,663,853	7,295,655	11,472	2,048,588	55,318,697
3,113	5,206	8,200	4,314	6,094	16,019	5,684	115,944
5,529	-	90	-	-	-	-	5,619
98,221	175,782	376,445	167,722	638,975	11,249	226,661	5,099,796
-	-	-	-	-	-	-	20,000
4,090	11,121	30,813	55,547	46,042	-	12,998	516,026
30,000	15,000	55,000	-	25,000	-	20,000	1,775,000
725,000	1,555,000	4,295,000	1,879,896	6,543,246	93,484	1,896,510	85,690,154
865,953	1,762,109	4,765,548	2,107,479	7,259,357	120,752	2,161,853	93,222,539
(27,978)	(104,848)	(54,715)	(401,021)	(390,042)	-	(129,271)	(47,769,050)
50,145	12,228	639,216	19,301	491,642	-	72,333	8,907,449
-	600	1,500	700	2,000	-	900	39,809
-	-	-	-	-	-	-	252,030
(598,729)	9,169	51,702	(62,606)	(67,302)	(109,280)	(57,227)	665,920
(\$576,562)	(\$82,851)	\$637,703	(\$443,626)	\$36,298	(\$109,280)	(\$113,265)	(\$37,903,842)

GOVERNMENTAL FUND COMPONENT UNITS
 COMBINING STATEMENT OF ACTIVITIES
 For the year ended December 31, 2011

	Program Revenues			Changes in Net						
	Expenses	Charges for Services	Operating Grants and Contributions	Colorado Springs Urban Renewal Authority	Colorado Springs Downtown Development Authority	Greater Downtown Colorado Springs Business Improvement District	Briargate Center Business Improvement District	Barnes & Powers North Business Improvement District	Barnes & Powers South Business Improvement District	First & Main Business Improvement District
Colorado Springs Urban Renewal Authority										
General government	\$918,141	\$56,000	\$25,715	(\$836,426)						
Interest on long-term debt	4,035,015	-	-	(4,035,015)						
Total	4,953,156	56,000	25,715	(4,871,441)						
Colorado Springs Downtown Development Authority										
General government	400,387	-	650		(\$399,737)					
Greater Downtown Colorado Springs Business Improvement District										
General government	522,484	13,373	-			(\$509,111)				
Public works	43,326	-	-			(43,326)				
Total	565,810	13,373	-			(552,437)				
Briargate Center Business Improvement District										
General government	331,576	318,921	-				(\$12,655)			
Interest on long-term debt	507,727	-	-				(507,727)			
Total	839,303	318,921	-				(520,382)			
Barnes & Powers North Business Improvement District										
General government	107,855	-	5,529					(\$102,326)		
Interest on long-term debt	256,258	-	-					(256,258)		
Total	364,113	-	5,529					(358,584)		
Barnes & Powers South Business Improvement District										
General government	30,549	-	-						(\$30,549)	
Interest on long-term debt	60,151	-	-						(60,151)	
Total	90,700	-	-						(90,700)	
First & Main Business Improvement District										
General government	89,599	-	-							(\$89,599)
Interest on long-term debt	146,321	-	-							(146,321)
Total	235,920	-	-							(235,920)
First & Main Business Improvement District No. 2										
General government	162,505	-	-							
Interest on long-term debt	371,479	-	-							
Total	533,984	-	-							
First & Main North Business Improvement District										
General government	103,314	-	-							
Interest on long-term debt	120,883	-	-							
Total	224,197	-	-							
Interquest North Business Improvement District										
General government	259,043	-	-							
Interest on long-term debt	563,129	-	-							
Total	822,172	-	-							
Interquest South Business Improvement District										
General government	25,852	-	-							
Interest on long-term debt	5,117	-	-							
Total	30,969	-	-							
Powers & Woodmen Commercial Business Improvement District										
General government	95,144	-	-							
Interest on long-term debt	166,518	-	-							
Total	261,662	-	-							
Total component units	\$9,322,373	\$388,294	\$31,894							
General revenues:										
Property taxes				1,472,067	805,573	542,367	230,073	269,143	104,866	185,957
Specific ownership taxes				-	71,726	47,814	19,954	22,471	9,188	16,292
Miscellaneous				1,999,697	260,852	12,000	-	-	-	-
Investment earnings				4,204	4,724	2,005	471	510	141	167
Total general revenues				3,475,968	1,142,875	604,186	250,498	292,124	114,195	202,416
Change in net assets				(1,395,473)	743,138	51,749	(269,884)	(66,460)	23,495	(33,504)
Net assets (deficit) - January 1				(41,350,077)	1,120,663	333,732	5,551,323	(1,887,179)	(600,057)	(49,347)
Prior Period Adjustment				(83,791)	-	-	-	-	-	-
Net assets (deficit) - January 1 as restated				(41,433,868)	1,120,663	333,732	5,551,323	(1,887,179)	(600,057)	(49,347)
Net assets (deficit) - December 31				(\$42,829,341)	\$1,863,801	\$385,481	\$5,281,439	(\$1,953,639)	(\$576,562)	(\$82,851)

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

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit 13

Assets					
First & Main Business Improvement District No. 2	First & Main North Business Improvement District	Interquest North Business Improvement District	(Unaudited) Interquest South Business Improvement District	Powers & Woodmen Commercial Business Improvement District	Totals
					(\$836,426)
					(4,035,015)
					(399,737)
					(509,111)
					(43,326)
					(12,655)
					(507,727)
					(102,326)
					(256,258)
					(30,549)
					(60,151)
					(89,599)
					(146,321)
(\$162,505)					(162,505)
(371,479)					(371,479)
(533,984)					
	(\$103,314)				(103,314)
	(120,883)				(120,883)
	(224,197)				
		(\$259,043)			(259,043)
		(563,129)			(563,129)
		(822,172)			
			(\$25,852)		(25,852)
			(5,117)		(5,117)
			(30,969)		
				(\$95,144)	(95,144)
				(166,518)	(166,518)
				(261,662)	
					(8,902,185)
436,517	177,469	598,462	8,694	219,132	5,050,320
38,341	15,549	51,595	961	19,199	313,090
255,970	-	92,751	-	-	2,621,270
754	94	555	2	148	13,775
731,582	193,112	743,363	9,657	238,479	7,998,455
197,598	(31,085)	(78,809)	(21,312)	(23,183)	(903,730)
440,105	(412,541)	115,107	(87,968)	(90,082)	(36,916,321)
-	-	-	-	-	(83,791)
440,105	(412,541)	115,107	(87,968)	(90,082)	(37,000,112)
\$637,703	(\$443,626)	\$36,298	(\$109,280)	(\$113,265)	(\$37,903,842)

**PROPRIETARY FUND COMPONENT UNITS
BALANCE SHEET
December 31, 2011**

	Public Authority for Colorado Energy	Fountain Valley Authority	Aurora - Colorado Springs Joint Water Authority	The Twin Lakes Reservoir and Canal Company
<u>ASSETS</u>				
Current assets				
Cash and investments	\$77,000	\$823,959	\$7,627	\$1,570,633
Accounts receivable (net of allowance for uncollectibles)	6,622,000	1,013,622	-	9,593
Inventories	-	73,188	-	-
Due from primary government	-	-	-	-
Prepays	18,039,000	5,412,761	500	11,142
Total current assets	24,738,000	7,323,530	8,127	1,591,368
Noncurrent assets				
Restricted cash and cash equivalents	6,247,000	2,180,757	-	-
Prepays	531,870,000	-	-	-
Other	-	-	-	274,279
Capital assets:				
Utility plant	-	88,666,840	9,499,247	14,030,603
Construction in progress	-	28,866	-	81,818
Less accumulated depreciation	-	(37,491,053)	(2,373,665)	(6,284,262)
Unamortized debt issuance costs	4,598,000	184,140	-	-
Total noncurrent assets	542,715,000	53,569,550	7,125,582	8,102,438
Total assets	\$567,453,000	\$60,893,080	\$7,133,709	\$9,693,806

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
\$91,159	\$287,100	\$49,725	\$ -	\$2,907,203
380	64,110	-	37,970	7,747,675
-	-	-	-	73,188
-	-	-	1,433,424	1,433,424
4,031	24,252	1,934	-	23,493,620
95,570	375,462	51,659	1,471,394	35,655,110
59,568	-	6,162	-	8,493,487
-	-	-	-	531,870,000
-	25,334	32,409	-	332,022
3,271,173	2,381,504	1,275,012	-	119,124,379
-	-	-	-	110,684
(739,135)	(1,519,076)	(434,100)	-	(48,841,291)
11,570	-	-	-	4,793,710
2,603,176	887,762	879,483	-	615,882,991
\$2,698,746	\$1,263,224	\$931,142	\$1,471,394	\$651,538,101

(continued)

PROPRIETARY FUND COMPONENT UNITS
BALANCE SHEET
December 31, 2011

	Public Authority for Colorado Energy	Fountain Valley Authority	Aurora - Colorado Springs Joint Water Authority	The Twin Lakes Reservoir and Canal Company
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities				
Accounts payable	\$ -	\$482,375	\$ -	\$19,652
Deferred revenue	-	5,352,751	-	-
Accrued interest payable	5,115,000	139,827	-	-
Matured bonds payable	4,875,000	685,000	-	-
Notes payable	-	529,371	-	-
Capital lease payable	-	3,684,676	-	-
Total current liabilities	9,990,000	10,874,000	-	19,652
Noncurrent liabilities				
Revenue bonds payable, net of deferrals	617,024,000	5,324,755	-	-
Notes payable	-	5,551,226	-	-
Capital lease payable	-	51,078,145	-	-
Total noncurrent liabilities	617,024,000	61,954,126	-	-
Total liabilities	627,014,000	72,828,126	-	19,652
Net assets				
Invested in capital assets, net of related debt	-	(15,648,520)	7,125,582	7,828,159
Restricted				
Debt service	1,132,000	2,180,757	-	-
Unrestricted	(60,693,000)	1,532,717	8,127	1,845,995
Total net assets (deficit)	(59,561,000)	(11,935,046)	7,133,709	9,674,154
Total liabilities and net assets	\$567,453,000	\$60,893,080	\$7,133,709	\$9,693,806

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

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

The Lake Meredith Reservoir Company	The Colorado Canal Company	The Lake Henry Reservoir Company	Pikes Peak Regional Communications Network	Total
\$31,302	\$23,306	\$27,190	\$30,098	\$613,923
-	-	-	-	5,352,751
24,860	-	3,492	-	5,283,179
-	-	-	-	5,560,000
35,513	38,674	4,039	-	607,597
-	-	-	-	3,684,676
91,675	61,980	34,721	30,098	21,102,126
-	-	-	-	622,348,755
1,204,094	40,297	108,042	-	6,903,659
-	-	-	-	51,078,145
1,204,094	40,297	108,042	-	680,330,559
1,295,769	102,277	142,763	30,098	701,432,685
2,532,038	862,428	840,912	-	3,540,599
-	-	-	-	3,312,757
(1,129,061)	298,519	(52,533)	1,441,296	(56,747,940)
1,402,977	1,160,947	788,379	1,441,296	(49,894,584)
\$2,698,746	\$1,263,224	\$931,142	\$1,471,394	\$651,538,101

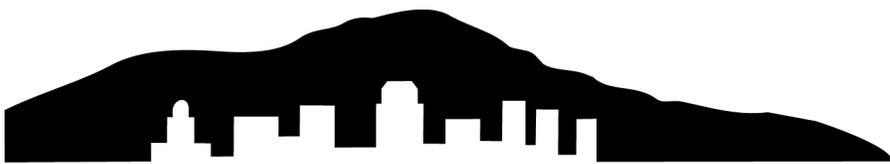
**PROPRIETARY FUND COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the year ended December 31, 2011**

	<u>Program Revenues</u>		<u>Public Authority for Colorado Energy</u>	<u>Fountain Valley Authority</u>	<u>Aurora - Colorado Springs Joint Water Authority</u>
	<u>Expenses</u>	<u>Charges for Services</u>			
Public Authority for Colorado Energy					
General government	\$61,218,000	\$45,805,000	(\$15,413,000)		
Fountain Valley Authority					
General government	7,287,422	12,682,449		\$5,395,027	
Aurora-Colorado Springs Joint Water Authority					
General government	113,508	19,500			(\$94,008)
The Twin Lakes Reservoir and Canal Company					
General government	859,755	900,678			
The Lake Meredith Reservoir Company					
General government	202,421	207,190			
The Colorado Canal Company					
General government	554,064	594,251			
The Lake Henry Reservoir Company					
General government	110,297	85,813			
Pikes Peak Regional Communications Network					
General government	1,266,846	1,089,350			
Total component units	\$71,612,313	\$61,384,231			
General Revenues:					
Investment earnings			829,000	915	6
Total general revenues			829,000	915	6
Change in net assets			(14,584,000)	5,395,942	(94,002)
Net assets (deficit) - January 1			(44,977,000)	(17,330,988)	7,227,711
Net assets (deficit) - December 31			(\$59,561,000)	(\$11,935,046)	\$7,133,709

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

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 15

Net (Expense) Revenue and Changes in Net Assets					
The Twin Lakes Reservoir and Canal Company	The Lake Meredith Reservoir Company	The Colorado Canal Company	The Lake Henry Reservoir Company	Pikes Peak Regional Communications Network	Total
					(\$15,413,000)
					5,395,027
					(94,008)
<u>\$40,923</u>					40,923
	<u>\$4,769</u>				4,769
		<u>\$40,187</u>			40,187
			<u>(\$24,484)</u>		(24,484)
				<u>(\$177,496)</u>	<u>(177,496)</u>
					<u>(10,228,082)</u>
<u>6,005</u>	<u>357</u>	<u>1,242</u>	<u>59</u>	<u>19,278</u>	<u>856,862</u>
<u>6,005</u>	<u>357</u>	<u>1,242</u>	<u>59</u>	<u>19,278</u>	<u>856,862</u>
46,928	5,126	41,429	(24,425)	(158,218)	(9,371,220)
<u>9,627,226</u>	<u>1,397,851</u>	<u>1,119,518</u>	<u>812,804</u>	<u>1,599,514</u>	<u>(40,523,364)</u>
<u>\$9,674,154</u>	<u>\$1,402,977</u>	<u>\$1,160,947</u>	<u>\$788,379</u>	<u>\$1,441,296</u>	<u>(\$49,894,584)</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. In 2011, the City transitioned to a “council-mayor” form of government as the result of the November 2, 2010, local election. Historically, the City had been managed by a council/manager form of government. The City provides services, as authorized by its Charter, to advance the welfare and safety of the City and its residents.

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

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, except for Colorado Springs Utilities (Utilities), and Memorial Health System (MHS) have elected to not apply 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 District 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, Briargate and Market Place at Austin Bluffs.

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

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.

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

Business Improvement Districts - Greater Downtown, Briargate Center, Barnes & Powers North, Barnes & Powers South, First & Main, First & Main No. 2, First & Main North, Interquest North, Interquest South, Powers and Woodmen Commercial.

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

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

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

2. Proprietary Fund Type Component Units

The following Proprietary fund type component units are reported as discretely presented component units. They are legally separate from the City. The City Council and the Boards of Directors of the component units are not substantively the same, and the component units do not provide services exclusively to the City.

Public Authority for Colorado Energy

Public Authority for Colorado Energy (PACE), a nonprofit corporation organized by the City in June 2008, was established to assist with the acquisition, finance, and supply of natural gas to Utilities. PACE is governed by a board of directors comprised of three members of Utilities' management. In June 2008, the City purchased approximately 20% of Utilities' gas supply needs for 30 years through a gas prepayment transaction with Merrill Lynch Commodities, Inc. and Merrill Lynch and Co., Inc. which is financed by the PACE non-recourse revenue bond. PACE is obligated to pay the principal and interest on the Bond. Utilities is obligated to purchase and pay for gas tendered for delivery by PACE at index minus a predetermined discount and is not obligated to make payments in respect to debt service on the Bonds.

Fountain Valley Authority

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 District, Stratmoor Hills Water District and Widefield Water and Sanitation District are the other participants and customers.

Aurora-Colorado Springs Joint Water Authority

Utilities owns 66.7% 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.

Canal and Reservoir Companies

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

CSHCO, Inc.

In November 2010, the City created CSHCO, a Colorado for profit corporation, in order to facilitate the Front Range purchase and receive a contributed 0.01% membership interest in Front Range Power Company, L.L.C. from Utilities. This entity was completely liquidated and dissolved effective April 1, 2011.

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

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

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

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

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

3. Fiduciary Fund Type Component Units

Pension Trust 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 Pension Plan, the Statewide Pension Plan and the New Hire Pension Plan (CSNHPP). FPPA is the plan administrator for the CSNHPP and performs certain administrative tasks in accordance with an agreement with the City in regards to the Old Hire Pension Plans. The City retains responsibility for the administration of the Old Hire plans only. These component units are reported separately in exhibits H-1 and H-2 and are blended with the City's financial statements.

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

Fire and Police Pension Association
Two DTC
5290 DTC Parkway, Suite 100
Greenwood Village, 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 the cities of Manitou Springs, Green Mountain Falls, Fountain, and the Towns of Monument and Palmer Lake. A three-member commission appointed by the City, the County and a member selected by the remaining municipalities, governs the PPRBD. The City has not invested money in the PPRBD and the commission is required to set its fees so as to fully recover operating expenses. Since the City has only a residual equity interest, the equity method is not considered appropriate for this joint venture.

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

The City has joined with the County and cities of Manitou Springs and Green Mountain Falls, and the town of Ramah, Colorado, in a joint venture to provide infrastructure improvements for their various municipalities. The joint venture, Pikes Peak 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 nine-member board appointed by the various municipalities.

The City of Colorado Springs, along with 38 agencies within El Paso and Teller Counties, has entered into a joint venture to provide the technical infrastructure necessary to connect emergency 9-1-1 telephone callers with the proper communication center. The joint venture of the El Paso - Teller County Emergency Telephone Service Authority (E911 Authority), in which the City participates, is not considered a component unit and is, therefore, not included in the City's reporting entity. The E911 Authority was formed by an intergovernmental agreement in 1989 and is governed by a 9-member board appointed by the City (3 members), El Paso County (2 members), Teller County (1 member), and the Board itself (3 members) from a list of qualified nominees. The E911 Authority is funded entirely by a 70¢ per phone line tariff applied to every wire line and wireless telephone with a subscriber address within the 2-county area. The funds are used to maintain the emergency telephone system infrastructure, call-answering and processing equipment, back-up power supplies, and furnishings at each of the communication centers in the 2-county service area.

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

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

Memorial Health System (MHS), as of December 31, 2010, had an 81% interest in The Surgery Center at Printers Park, (SCPP), an entity that manages and operates a surgical center in Colorado Springs. MHS' 2010 financial statements reflected its interest in the members' equity and net income of SCPP. As of December 31, 2010, MHS' investment in SCPP totaled approximately \$1.4 million. During 2011, Memorial Health Corporation transferred its ownership in SCPP to MHS, and SCPP was dissolved. Pursuant to the Dissolution Plan, the minority owners received cash payments for their membership interests. In lieu of receiving a cash payment, MHS received the tangible assets of SCPP which are being used to provide outpatient surgical services at Memorial Health System Outpatient Surgery at Printers Park (MHS Outpatient Surgery). MHS Outpatient Surgery is a department of MHS. MHS also assumed certain note and lease obligations of SCPP.

MHS has a 13% equity interest in Mountain States Healthcare Reciprocal Risk Retention Group (MSH), a multi-provider captive insurance provider through which it is insured. MHS records its interest in MSH calculated in accordance with the subscriber agreement. As of December 31, 2011 and 2010, MHS' investment in MSH was \$7,768,000 and \$4,355,000, respectively, which is recorded within Other Assets in the accompanying balance sheets. MHS recorded income from its investment in MSH of \$3,413,000 and \$173,000 for the years ended December 31, 2011 and 2010, respectively, which is recorded within Other Income in the accompanying statements of revenues, expenses and changes in net assets. As of December 31, 2010, the most recent audited financial statements available, MSH reported total assets of \$81,976,000 and total liabilities of \$50,134,000.

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

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

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

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

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

Memorial Health System
Chief Financial Officer
1400 East Boulder Street
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. Interfund activity has been eliminated, in the process of consolidating the government-wide financial statements, except for the interfund services provided and used. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

C. Basis of Accounting

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

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

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

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

MHS fund provides medical treatment to the Colorado Springs community.

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.

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

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

Proprietary funds distinguish operating revenues and expenses from 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 invests in real property, venture capital, equities, securities, and other investments.

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

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

2. Receivables and Payables

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

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

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

3. Inventories and Prepaid Items

MHS 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 considered nonspendable as the amount is not available for general appropriation.

4. Restricted Assets

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

5. Capital Assets

Capital outlays are recorded as expenditures of governmental funds in the fund financial statements and as assets in the government-wide financial statements to the extent the City's capitalization thresholds, \$5,000 for general assets and \$500,000 for infrastructure assets, are met. Depreciation is recorded on capital assets on a government-wide basis using the straight-

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

Infrastructure	35 years
Buildings	10 - 40 years
Utility plant	25 - 100 years
Improvements other than buildings	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 2011 AFUDC rate of 4.6% is comprised of an interest rate on borrowed funds component and is applied to all major capital projects. Per Utilities' capitalization policy, the cost of additions to plant and replacement units of property in excess of \$5,000 is capitalized. Maintenance costs and replacement of minor items of property are charged to expense as incurred. Depreciation of utility plant for Utilities is provided by using the straight-line method based on the estimated service lives of the assets. Estimated service lives for major assets are as follows:

Electric boiler plant/station equipment	25
Underground conduit	29
Gas mains and services	80
Water source of supply	100
Water treatment plant	25
Transmission & distribution mains	50
Sewer mains and laterals	100
Wastewater preliminary treatment facility	45
General structures and improvements	57

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, MHS and Utilities enter into interest rate swap agreements to modify its interest rates on outstanding debt.

In the government-wide and proprietary fund financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. 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 Balance

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

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

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

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

Assigned fund balance is the portion of fund balance that reflects the City's intended use of resources. This authority rests with the Mayor and is delegated to staff through the use of encumbrances. Interest earned on fund balances is assigned to be used by that fund unless otherwise specified through Council or voter documentation.

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

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

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

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

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 2011, the Utilities fund recognized a liability of \$3,874,114 for closure and postclosure care costs based upon landfill capacity used to date. The estimated total current cost of closure and postclosure care to be recognized for the Utilities fund landfills is \$7,529,455. The average landfill capacity used to date is 60.8%. The estimated remaining landfill lives vary from 18 to 88 years. In 2011, the governmental activities recognized a liability of \$359,570 for closure and postclosure care costs in the government-wide financial statements. There are no financial assurance requirements or restricted assets for the payment of closure and postclosure care costs. Estimates are stated in current dollars and shall be adjusted annually for inflation and changes in laws and regulations. A study is done every 5 years to verify this cost. Based on the five-year study adjusted by inflation, the total closure and postclosure costs are \$7,889,025.

10. Derivative Instruments

Utilities uses financial derivative instruments to manage its exposure to fluctuating natural gas prices through the use of natural gas hedge contracts as well as its exposure to changing interest rates through the use of interest rate swaps. MHS also enters into interest rate swaps agreements to limit the exposure of its variable rate debt to changes in market interest rates. See Note IV.M. for further discussion related to derivatives and interest rate swaps.

All financial derivatives are stated on the balance sheet at fair value as of December 31, 2011, based on quoted market prices, current market conditions, or other estimates obtained from third-party broker dealers or valuation services.

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

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	\$1,848,515,863
Accumulated depreciation	<u>(551,837,093)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$1,296,678,770</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>\$19,700,958</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$19,700,958</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.

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2011**

Interest on investments \$454,973

Net adjustment to increase *fund balance - total governmental funds* to arrive at *net assets - governmental activities* \$454,973

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 \$972,127

Net adjustment to increase *fund balance - total governmental funds* to arrive at *net assets - governmental activities* \$972,127

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	(\$91,539,930)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	1,614,715
Accrued interest payable	(724,956)
Capital lease payable	(17,905,495)
Drainage fees payable	(2,908,300)
Compensated absences	(13,082,506)
Municipal solid waste landfill	(359,570)
Pension obligation	(1,712,414)
Other post employment benefit obligation	<u>(11,237,510)</u>

Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities* (\$137,855,966)

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

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

Capital outlay	\$20,294,705
Depreciation expense	<u>(42,443,056)</u>
Net adjustments 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>(\$22,148,351)</u>

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

In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.	(\$510,114)
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>145,187,798</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>\$144,677,684</u>

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

Debt incurred:	
Issuance of bonds	(\$13,485,000)
Principal repayments:	
Bond premium	(153,401)
Bond discount	(4,492)
Bond issuance costs	(7,590)
General obligation debt	835,000
Sales tax revenue bonds	6,530,000
Certificates of participation	17,620,000
Capital leases	3,400,107
Claims and Judgements	<u>1,750,000</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>\$16,484,624</u>
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Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this difference are as follows:

Accrued interest	\$238,605
Compensated absences	2,429,187
Landfill closing costs	(8,770)
Net pension obligation	35,431
Net other post employment benefit obligation	<u>(755,567)</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>\$1,938,886</u>
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Another element of that reconciliation states that “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this difference are as follows:

Unavailable revenue	<u>(\$843,248)</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>(\$843,248)</u></u>

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

Internal service fund activities	<u>(\$2,498,485)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>(\$2,498,485)</u></u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with State Statute, the Mayor is required to submit a balanced budget to City Council no later than October 15 each year. The budget is reviewed and modified as appropriate and an appropriation ordinance prepared to adopt the budget. According to City Charter, the appropriation ordinance is to be adopted no later than December 31 each year. City budgeting and accounting systems provide for program planning of expenditures by function and activity within the funds. Amendments to the original budget were material in relation to the initial appropriation.

The City prepares annual budgets and maintains budgetary controls for all funds in order to ensure compliance with the annual appropriation ordinance as approved by City Council. The legal level of budgetary control for all funds is at the fund level. Transfer of appropriation within the budget of a department may be authorized by approval of the affected department head. Such transfers are filed with the Chief Financial Officer but require no City Council action. Any net increase of appropriation to the fund requires City Council action. The budget is prepared 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 grants, capital improvements and special assessments. All budgets are prepared on the modified accrual basis and are reported as such.

B. Excess of Expenditures over Appropriations

During 2011, expenditures exceeded appropriations for the Lodgers and Auto Rental Tax fund (LART) by \$3,988. LART revenues are shared with the local convention and visitor's bureau to attract visitors and enhance the economy of the City and region. As revenues were higher than anticipated, expenditures were greater due to the additional payment to the bureau. Additionally, the Claims Reserve fund expenditures were over appropriations by \$759,634. This overage was due to an increase in reserves as well as an unappropriated separation of two non-City entities at year-end.

C. Deficit Fund Equity

The Workers Compensation Self-Insurance fund had an accumulated deficit in net assets of \$4,046,386, as of December 31, 2011. This internal service fund deficit is the result of incurred but not reported claims. Additionally, the Employee Benefits Self-Insurance fund had an accumulated deficit in net assets of \$2,983,521. This internal service fund deficit increased from the prior year and is the result of significant costs for hospital visits and surgeries, and a number of large claims paid in prior years. The proprietary fund component units with deficit fund equity include Public Authority for Colorado Energy and Fountain Valley Authority. These deficits of \$59,561,000 and \$11,935,046, respectively, relate to bonds issued for prepaid natural gas contracts and capital assets. Additionally, the following governmental fund component units have deficit fund equity at year end: CSURA \$42,829,341, Barnes & Powers North BID \$1,953,639, Barnes & Powers South BID \$576,562, First & Main BID \$82,851, First & Main North BID \$443,626, Interquest South BID \$109,280, and Powers & Woodmen Commercial BID \$113,265. These deficits also relate to bonds that have been issued for capital assets. The deficits will decrease over time as the entities collect the dedicated general property taxes to make payments on the bonds. Additional information about the component units can be found in their respective financial statements.

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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, 2011:

	Unrestricted Assets	Restricted Assets
Demand accounts (incl petty cash of \$39,454)	\$99,110,102	\$145,811,128
Money market mutual funds	673,092	30,437,775
Colorado Statewide Investment Program (CSIP)	20,633,516	-
Colorado Liquid Asset Trust (COLOTRUST)	13	1,793
Colorado Surplus Asset Fund (CSAFE)	-	90,000
Repurchase agreements	-	161,541,000
Commercial paper	1,999,678	3,265,960
US Treasury securities	101,167,240	876,425
US Instrumentality securities	111,634,519	4,395,540
Domestic corporate fixed-income securities	98,017,525	37,665
International corporate fixed-income securities	8,721,000	-
Municipal bonds	1,918,000	-
Domestic equities	57,006,000	551,132
International equities	54,610,000	-
Mortgages pooled	-	19,566
Total	\$555,490,685	\$347,027,984

Reconciliation of total deposits and investments to the financial statements at December 31, 2011:

	Governmental Activities	Business-type Activities	Fiduciary	Total
Unrestricted	\$100,224,097	\$453,066,743	\$2,199,845	\$555,490,685
Restricted	9,102,256	337,925,728	-	347,027,984
Total	\$109,326,353	\$790,992,471	\$2,199,845	\$902,518,669

1. Deposits

The carrying amount of the City's deposits at December 31, 2011, was \$244,881,776 and the bank balances were \$257,434,929. Of the bank balances, \$45,369,952 was covered by federal deposit insurance and \$212,064,977 was uninsured but collateralized in accordance with provisions of the Colorado Public Deposit Protection Act (CPDPA). The collateral is pooled and held in trust for all uninsured deposits as a group. The Federal Deposit Insurance Corporation (FDIC) covers \$250,000 per depositor, per insured bank, for each account ownership category. Additionally, from December 31, 2010, through December 31, 2012, all noninterest-bearing transaction accounts are fully insured by the FDIC, regardless of the balance of the account.

2. Investments

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

Interest Rate Risk: Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an instrument. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits investment maturities to less than five years. The Utilities investment policy further defines this requirement by limiting investments of their income fund to maturities of two years or less. MHS manages its exposure to interest rate risk by maintaining the average duration of its portfolio to plus or minus 20% of the duration of the Lehman Aggregate Bond Index.

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

Custodial Credit Risk: Custodial risk is the risk, that in the event of the failure of a depository financial institution, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. A designated portfolio manager places the City's investments during the fiscal year. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name and are held by either the counterparty to the investment purchase or held by the counter party's trust department or agent but not held in the City's name. None of the City's investments owned at December 31, 2011, were subject to custodial risk.

As of December 31, 2011, Utilities invested \$161,541,000 in repurchase agreements. Underlying investments related to the repurchase agreements were in US Agency securities and other Government Sponsored Enterprises which carry an implied AAA credit rating.

As of December 31, 2011, the City had the following investment maturities and credit quality distribution:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Money market mutual funds	\$31,110,867	0.00
Colorado Statewide Investment Program (CSIP)	20,633,516	0.00
Colorado Liquid Asset Trust (COLOTRUST)	1,806	0.00
Colorado Surplus Asset Fund (CSAFE)	90,000	0.00
Repurchase agreements	161,541,000	0.00
Commercial paper	5,265,638	0.34
US Treasury securities	102,043,665	5.29
US Instrumentality securities	116,030,059	1.93
Domestic corporate fixed-income securities	98,055,190	9.42
International corporate fixed-income securities	8,721,000	7.37
Municipal bonds	1,918,000	0.14
Domestic equities	57,557,132	0.00
International equities	54,610,000	0.00
Mortgages pooled	19,566	0.00
Total	657,597,439	
Portfolio weighted average maturity		2.67
Reconciliation to total cash and investments		
Add:		
Cash on hand and in banks	244,921,230	
	\$902,518,669	

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

	<u>S&P Rating</u>	<u>% of Total</u>
Money market mutual funds	AAA	6.64%
Money market mutual funds	BBB	0.33%
Money market mutual funds	B	0.15%
Money market mutual funds	unrated	0.75%
Local investment pools	AAAm	0.01%
Repurchase agreements	unrated	24.57%
Commercial paper	A	0.80%
US Treasury securities	AA	15.52%
US Instrumentality securities	AA	17.64%
Domestic corporate fixed-income securities	AAA	3.54%
Domestic corporate fixed-income securities	AA	1.82%
Domestic corporate fixed-income securities	A	3.56%
Domestic corporate fixed-income securities	BBB	3.39%
Domestic corporate fixed-income securities	BB	0.01%
Domestic corporate fixed-income securities	B	0.94%
Domestic corporate fixed-income securities	CCC	0.04%
Domestic corporate fixed-income securities	unrated	1.61%
International corporate fixed-income securities	A	0.43%
International corporate fixed-income securities	BBB	0.72%
International corporate fixed-income securities	B	0.07%
International corporate fixed-income securities	unrated	0.11%
Municipal bonds	AAA	0.18%
Municipal bonds	A	0.11%
Domestic equities	unrated	8.75%
International equities	unrated	8.30%
Mortgages pooled	AAA	0.01%
		<u>100.00%</u>

As of December 31, 2011, the City has invested \$1,806 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. Utilities has invested \$90,000 in the Colorado Surplus Asset Fund Trust (CSAFE) as of December 31, 2011. CSAFE is a Local Government Investment Pool (LGIP) that operates similarly to COLOTRUST. Investments of the pool consist of securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements and Colorado Depositories (with short term ratings of A1 or better) in which the deposits are

collateralized at 102% of market value under the provisions of the Public Depository Protection Act.

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

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

CSAFE
1600 Broadway, Suite 1100
Denver, CO 80202
www.csafe.org

During 2011, the City invested in the PFM Funds Prime Series, Colorado Investors Class, a money market mutual fund (marketed as the Colorado Statewide Investment Program or CSIP). The Prime Series is a separate investment portfolio of PFM Funds (the Trust). The Trust is an open-end, diversified, management investment company registered under the Investment Company Act of 1940. The PFM Funds Prime Series invests in obligations of the United States Government and its agencies, high quality debt obligations of U.S. companies and obligations of financial institutions and is rated AAAM by Standard & Poor's. PFM Asset Management, LLC serves as the investment advisor, administrator and transfer agent. Shares of the Fund are distributed by PFM Fund Distributors, Inc., member Financial Industry Regulatory Authority (FINRA). U.S. Bank N.A. serves as the custodian and acts as safekeeping agent. As of December 31, 2011, the City had \$20,633,516 invested in the PFM Funds Prime Series.

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

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3. Component Unit Deposits and Investments

Cash and investments of the component units of the City are reported at fair value and consist of the following at December 31, 2011:

	<u>Demand Accounts</u>	<u>Money Market</u>	<u>COLOTRUST</u>	<u>Guaranteed Investment Contract</u>	<u>Total</u>
Governmental Activities:					
Urban Renewal Authority	\$117,652	\$ -	\$1,758,794	\$ -	\$1,876,446
Downtown Development Authority	1,351,636	-	-	-	1,351,636
Greater Downtown Colorado Springs BID	340,781	-	-	-	340,781
Briargate Center BID	2,375	802,523	4,362	-	809,260
Barnes & Powers North BID	14,971	-	255,261	-	270,232
Barnes & Powers South BID	27,295	-	30,749	-	58,044
First & Main BID	3,088	-	11,600	-	14,688
First & Main BID No. 2	86,246	-	533,586	-	619,832
First & Main North BID	9,162	-	17,116	-	26,278
Interquest North BID	19,655	-	469,726	-	489,381
Interquest South BID	145	-	-	-	145
Powers & Woodmen Commercial BID	12,200	-	72,332	-	84,532
Sub-total	<u>1,985,206</u>	<u>802,523</u>	<u>3,153,526</u>	<u>-</u>	<u>5,941,255</u>
Business-type Activities:					
Public Authority for Colorado Energy	77,000	-	-	6,247,000	6,324,000
Fountain Valley Authority	1,816,254	1,188,462	-	-	3,004,716
Aurora-Colorado Springs Joint Water Authority	7,627	-	-	-	7,627
Various Canal & Reservoir Companies	2,064,347	-	-	-	2,064,347
Sub-total	<u>3,965,228</u>	<u>1,188,462</u>	<u>-</u>	<u>6,247,000</u>	<u>11,400,690</u>
Total	<u>\$5,950,434</u>	<u>\$1,990,985</u>	<u>\$3,153,526</u>	<u>\$6,247,000</u>	<u>\$17,341,945</u>

Reconciliation of total deposits and investments to the government-wide financial statements at December 31, 2011:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Unrestricted	\$1,903,441	\$2,907,203	\$4,810,644
Restricted	<u>4,037,814</u>	<u>8,493,487</u>	<u>12,531,301</u>
Total	<u>\$5,941,255</u>	<u>\$11,400,690</u>	<u>\$17,341,945</u>

The carrying amount of the deposits of the component units of the City at December 31, 2011, was \$5,950,434, and the bank balances were \$6,168,103. Of the bank balances, \$3,506,475 was covered by federal deposit insurance, and \$2,661,628 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 are not covered by the CPDPA.

B. Receivables

Receivables for governmental funds, proprietary funds, fiduciary funds and component units at December 31, 2011, include the following (in 000's):

	General	Utilities	MHS	Airport	Parking	Non-Major & Other	Total
Interest	\$ -	\$221	\$9	\$ -	\$ -	\$ -	\$230
Taxes	32,778	-	-	-	-	12,251	45,029
Accounts	3,369	110,650	152,752	3,385	9	17,223	287,388
Assessments	18	-	-	-	-	6,206	6,224
Intergovernmental loans	-	-	-	-	-	19,299	19,299
Notes and loans	855	-	-	1,984	-	531	3,370
Gross Receivables	37,020	110,871	152,761	5,369	9	55,510	361,540
Less: allowances for uncollectibles	(50)	(2,013)	(61,255)	(23)	-	(1,568)	(64,909)
Net Receivables	\$36,970	\$108,858	\$91,506	\$5,346	\$9	\$53,942	\$296,631

Loans receivable of \$19,268,247 is included in receivables - net in the statement of net assets as of December 31, 2011. Of the loans receivable, Community Development Department (CDD) has loans receivable of \$19,191,875 as of December 31, 2011. 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 \$76,372 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.

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C. Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances as of December 31, 2011 were:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Utilities	\$3,131,928
	MHS	15,321
	Airport	10,000
	Non-major Governmental Funds	339,630
	Sub-Total	<u>3,496,879</u>
Utilities	MHS	386,282
	General Fund	148,576
	Airport	17,005
	Parking	16,663
	Non-major Governmental Funds	3,326,720
	Non-major Business-type Funds	11,394
	Internal Services	40,883
Sub-Total	<u>3,947,523</u>	
MHS	General Fund	88
Parking	General Fund	1,900,043
	Utilities	18,286
	Sub-Total	<u>1,918,329</u>
Non-major Governmental Funds	Utilities	383,834
	Internal Services	6,357
	Sub-Total	<u>390,191</u>
Non-major Business-type Funds	Utilities	8,079
Internal Service Funds	General Fund	5,349
	Utilities	1,147,164
	MHS	22,244
	Sub-Total	<u>1,174,757</u>
Component Unit	Fiduciary	<u>1,433,424</u>
Total		<u><u>\$12,369,270</u></u>

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

The balance of \$1,900,043 due to Parking from the General Fund resulted from Parking's construction of the parking facility for the General Fund's use; \$1,841,796 of the balance is due beyond one year.

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

Interfund transfers:

	Transfers In:			Total
	General Fund	Non-major Governmental Funds	Non-major Enterprise Funds	
Transfers Out:				
General fund	\$ -	\$5,457,924	\$999,996	\$6,457,920
Non-major governmental funds	991,417	-	428,000	1,419,417
Utilities	31,663,000	-	-	31,663,000
Parking	-	-	-	-
Internal Service funds	-	1,681,000	-	1,681,000
	<u>\$32,654,417</u>	<u>\$7,138,924</u>	<u>\$1,427,996</u>	<u>41,221,337</u>
Total transfers in				<u>\$41,221,337</u>

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

D. Transfer of Surplus

Utilities provides transfers of surplus to the City. These amounts are based on actual sales inside the City, and rates are fixed per kilowatt hour and thousand cubic feet of electricity and natural gas. The money is transferred every month from Utilities to the General Fund of the City as they become available. Payments are recorded as transfers out on the statement of revenues. In 2011, the amount paid was \$31.6 million.

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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 2011, the various components of deferred revenue and unearned revenue reported in the government funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Loans	\$ -	\$19,682,857
Property taxes	22,927,032	-
Special assessment	18,101	-
Grant drawdowns prior to meeting all eligibility requirements	-	9,065,786
Other unearned revenue	-	914,679
	<u> </u>	<u> </u>
Total deferred/unearned revenue for governmental funds	<u>\$22,945,133</u>	<u>\$29,663,322</u>

F. Inventories

Inventories, exclusive of component units, are stated at average cost, except the MHS inventories, which are carried at the lower of cost or market. Proprietary fund inventories consist of the following at December 31, 2011:

Materials and Supplies	\$38,727,707
Fuel	<u>27,112,240</u>
Total	<u>\$65,839,947</u>

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G. Changes in Capital Assets

The following schedule reflects the changes in capital assets, exclusive of discretely presented component units, for the year ended December 31, 2011 (in 000's):

	Beginning Balance	Increases*	Decreases*	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated:				
Land	\$265,271	\$43,605	\$ -	\$308,876
Construction in progress**	158,292	50,921	(57,568)	151,645
Total capital assets not being depreciated	<u>423,563</u>	<u>94,526</u>	<u>(57,568)</u>	<u>460,521</u>
Capital assets being depreciated:				
Building**	155,331	23,868	-	179,199
Improvements other than buildings	54,468	430	-	54,898
Machinery and equipment**	129,003	2,368	(2,260)	129,111
Intangibles**	15,000	270	-	15,270
Infrastructure	911,498	101,998	-	1,013,496
Total capital assets being depreciated	<u>1,265,300</u>	<u>128,934</u>	<u>(2,260)</u>	<u>1,391,974</u>
Less accumulated depreciation for:				
Building**	(58,859)	(4,184)	-	(63,043)
Improvements other than buildings	(15,312)	(2,204)	-	(17,516)
Machinery and equipment**	(86,321)	(8,589)	1,751	(93,159)
Intangibles**	(375)	(512)	-	(887)
Infrastructure	(353,599)	(27,034)	-	(380,633)
Total accumulated depreciation	<u>(514,466)</u>	<u>(42,523)</u>	<u>1,751</u>	<u>(555,238)</u>
Total capital assets being depreciated, net	<u>750,834</u>	<u>86,411</u>	<u>(509)</u>	<u>836,736</u>
Governmental activities capital assets, net	<u>\$1,174,397</u>	<u>\$180,937</u>	<u>(\$58,077)</u>	<u>\$1,297,257</u>

* Includes transfers between categories.

** As restated

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

	<u>Beginning Balance</u>	<u>Increases*</u>	<u>Decreases*</u>	<u>Ending Balance</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated:				
Land	\$191,745	\$2,206	(\$537)	\$193,414
Intangible	11,164	785	-	11,949
Construction in progress	<u>298,594</u>	<u>223,442</u>	<u>(158,122)</u>	<u>363,914</u>
Total capital assets not being depreciated	<u>501,503</u>	<u>226,433</u>	<u>(158,659)</u>	<u>569,277</u>
Capital assets being depreciated:				
Building	129,386	-	(3,032)	126,354
Improvements other than buildings	182,654	13,730	(585)	195,799
Machinery and equipment	22,963	662	(297)	23,328
Infrastructure	29,775	11,302	-	41,077
Utilities plant	4,077,654	126,288	(5,698)	4,198,244
Utilities intangible	21,325	7,692	-	29,017
MHS plant	<u>605,051</u>	<u>14,516</u>	<u>(5,310)</u>	<u>614,257</u>
Total capital assets being depreciated	<u>5,068,808</u>	<u>174,190</u>	<u>(14,922)</u>	<u>5,228,076</u>
Less accumulated depreciation for:				
Building	(52,923)	(3,507)	1,794	(54,636)
Improvements other than buildings	(56,530)	(7,405)	267	(63,668)
Machinery and equipment	(12,034)	(1,572)	255	(13,351)
Infrastructure	(4,279)	(871)	-	(5,150)
Utilities plant	(1,548,115)	(106,062)	4,718	(1,649,459)
Utilities intangible	(10,666)	(3,495)	-	(14,161)
MHS plant	<u>(280,588)</u>	<u>(28,201)</u>	<u>5,230</u>	<u>(303,559)</u>
Total accumulated depreciation	<u>(1,965,135)</u>	<u>(151,113)</u>	<u>12,264</u>	<u>(2,103,984)</u>
Total capital assets being depreciated, net	<u>3,103,673</u>	<u>23,077</u>	<u>(2,658)</u>	<u>3,124,092</u>
Business-type activities capital assets, net	<u>\$3,605,176</u>	<u>\$249,510</u>	<u>(\$161,317)</u>	<u>\$3,693,369</u>

* Includes transfers between categories.

Depreciation expense was charged to governmental activities and business-type activities as of December 31, 2011, as follows (in 000's):

Governmental Activities:

General government	\$1,716
Public safety	5,768
Public works	31,362
Culture and recreation	3,458
Urban redevelopment and housing	141
Internal service funds	<u>78</u>

Total depreciation expense governmental activities	<u>\$42,523</u>
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Business-type Activities:

Utilities	\$109,557
MHS	28,201
Airport	10,851
Parking	926
Non-major enterprise funds	<u>1,578</u>

Total depreciation expense business-type activities	<u>\$151,113</u>
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The following schedule reflects the changes in discretely presented component unit capital assets for the year ended December 31, 2011 (in 000's):

	<u>Beginning Balance</u>	<u>Increases*</u>	<u>Decreases*</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated:				
Construction in progress	\$11,294	\$383	\$ -	\$11,677
Capital assets being depreciated:				
Improvements	2,881	-	-	2,881
Machinery and equipment	179	14	-	193
Infrastructure	21,448	1,967	-	23,415
Total capital assets being depreciated	<u>24,508</u>	<u>1,981</u>	<u>-</u>	<u>26,489</u>
Less accumulated depreciation for:				
Improvements	(437)	(96)	-	(533)
Machinery and equipment	(125)	(21)	-	(146)
Infrastructure	(1,844)	(681)	-	(2,525)
Total accumulated depreciation	<u>(2,406)</u>	<u>(798)</u>	<u>-</u>	<u>(3,204)</u>
Total capital assets being depreciated, net	<u>22,102</u>	<u>1,183</u>	<u>-</u>	<u>23,285</u>
Governmental activities capital assets, net	<u>\$33,396</u>	<u>\$1,566</u>	<u>\$ -</u>	<u>\$34,962</u>

* Includes transfers between categories.

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	Beginning Balance	Increases*	Decreases*	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated:				
Construction in progress	\$76	\$35	\$ -	\$111
Capital assets being depreciated:				
Utilities plant	118,223	960	(59)	119,124
Less accumulated depreciation for:				
Utilities plant	(47,275)	(1,638)	72	(48,841)
Total capital assets being depreciated, net	70,948	(678)	13	70,283
Business-type activities				
Discretely presented component unit capital assets, net	\$71,024	(\$643)	\$13	\$70,394

* Includes transfers between categories.

H. Leases

1. Operating Leases

The following is a schedule of the minimum rental payments for MHS' operating lease for succeeding years ending December 31 (in 000's):

Year	Business-type Activities
2012	\$5,648
2013	5,307
2014	4,743
2015	4,509
2016	4,456
2017-2021	4,450
2022-2026	4,450
Total	<u>\$33,563</u>

Total rental expense on all operating leases, including month to month leases, for the year ended December 31, 2011, was \$333,790 for governmental activities and \$5,744,771 for business-type activities.

2. Operating Leases (Component Units)

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

Year	Business-type Activities
2012	\$41,000
2013	10,670
2014	10,670
2015	10,670
2016	10,670
2017-2021	45,257
Total	\$128,937

Total rental expense on all operating leases, including month to month leases, for the year ended December 31, 2011, was \$13,470 for governmental activities and \$48,142 for business-type activities.

3. Capital Leases

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

Future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2011, exclusive of component units, are as follows (in 000's):

Year	Governmental Activities	Business-type Activities
2012	\$4,295	\$570
2013	3,945	437
2014	3,595	294
2015	902	189
2016	901	-
2017-2021	4,508	-
2022-2026	3,414	-
2027	471	-
Future minimum lease payments	22,031	1,490
Amount representing interest	(4,118)	(99)
Present value of net minimum payments	\$17,913	\$1,391

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

	Governmental Activities	Business-type Activities
Machinery and equipment	\$19,549	\$2,373
Building	8,461	-
Accumulated depreciation	<u>(8,624)</u>	<u>(632)</u>
Net capitalized lease property	<u><u>\$19,386</u></u>	<u><u>\$1,741</u></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, 2011, future minimum payments under the capital lease consisted of the following (in 000's):

Year	Business-type Activities
2012	\$5,353
2013	5,353
2014	5,353
2015	5,353
2016	5,353
2017-2021	26,763
2022-2025	<u>13,118</u>
Future minimum lease payments	66,646
Amount representing interest	<u>(11,883)</u>
Present value of net minimum payments	<u><u>\$54,763</u></u>

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

	Business-type Activities
Assets:	
Utilities plant	\$71,203
Accumulated depreciation	<u>(22,803)</u>
Net capitalized lease property	<u><u>\$48,400</u></u>

Amortization of the plant cost has been included in depreciation expense for 2011.

I. Revolving Loan Agreement/Line of Credit

In 2008 and 2009, Utilities entered into two revolving loan agreements with U.S. Bank National Association. The 2008 agreement allowed advances up to \$50,000,000 and expired on December 20, 2011. The 2009 agreement allows advances up to \$25,000,000 and is scheduled to expire on June 1, 2012. Utilities also entered into a revolving loan agreement with KeyBank National Association in 2010. This agreement allows for advances up to \$25,000,000 and is scheduled to expire on July 6, 2012. The proceeds from any draws on these agreements can be used by Utilities to fund operating needs and normal expenditures, including, without limitation, regularly scheduled capital expenses. Utilities' repayment obligations under these agreements are limited to the net pledged revenues, on a subordinate basis to the parity bonds and certain related obligations. To date, Utilities has not borrowed money under these loan agreements or any predecessor agreement.

MHS maintains one line of credit agreement with a bank totaling \$1,000,000, which expires on July 15, 2012 and bears interest at the bank's prime rate less 0.75%. No amounts were outstanding under this line of credit at December 31, 2011.

J. Long-Term Debt

During 2011, the City issued \$13,485,000 in refunding certificates of participation, Series 2011, to refund the remaining certificates of participation, Series 1999, 2000, and 2003. The reacquisition price exceeded the net carrying amount of the old debt by \$351,171. This amount is being netted against the new debt and amortized over the life of the refunded bonds, which is the same as the life of the new debt issued. The advance refunding decreased total debt service payments by \$4,382,932 and resulted in net present value savings of \$1,206,225. This advance refunding was undertaken to reduce the interest rate.

During 2011, Utilities issued \$167,490,000 Utilities System Refunding Revenue Bonds, Series 2011A. Net portions of the Series 2011A bonds were used to refund some of the Series 2001A and Series 2003A outstanding bonds. The reacquisition price of the refunded bonds exceeded the net carrying amount of the old debt by \$3,907,631. The refunding transaction resulted in a total present value savings of \$16,333,241.

During 2007, 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 is estimated to total \$98.8 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, 2011, \$1,991,973 has 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.

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1. Summary of Long-term Debt

The following table summarizes significant facts about the long-term debt outstanding at December 31, 2011:

Debt Types	Date Issued	Original Issue Amount (in 000's)	Outstanding Principal Amount (in 000's)	Future Aggregate Interest Requirements (in 000's)	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
Governmental Activities¹						
General Obligation Bonds						
Spring Creek GID Series 2005	August, 2005	\$2,695	\$1,990	\$631	5.900%	2007 - 2020
Briargate GID Series 2004	January, 2004	8,800	8,800	1,593	7.000	2012 - 2015
Marketplace at Austin Bluffs GID Series 2008	November, 2008	2,790	2,685	2,438	6.500	2010 - 2033
Cottonwood GID Series 2010	October, 2010	3,900	2,670	221	2.500 - 4.000	2010 - 2015
Sales Tax Revenue Bonds						
Series 2007	November, 2007	10,405	10,210	2,146	4.000 - 5.000	2009 - 2016
Series 2009	May, 2009	34,460	20,540	1,244	3.000	2009 - 2014
Certificates of Participation						
United States Olympic Committee Series 2009	October, 2009	31,470	31,320	30,137	2.000 - 5.000	2010 - 2039
Refunding COP Series 2011	May, 2011	13,485	12,120	2,063	1.000 - 5.000	2011 - 2020
Total Governmental Activities		\$108,005	\$90,335	\$40,473		
Business-type Activities²						
Revenue Bonds - Utilities						
Series 2000A	November, 2000	\$110,000	\$110,000	\$74,632	0.230%	2029
Series 2000B	November, 2000	15,000	9,265	3,806	7.500	2001 - 2020
Series 2002A	August, 2002	74,695	73,780	27,557	5.250 - 5.375	2009 - 2020
Series 2002B	December, 2002	110,000	56,480	46,745	4.000 - 5.000	2006 - 2030
Series 2002C	December, 2002	27,055	27,055	19,866	0.220	2027
Series 2003A	November, 2003	113,310	32,105	25,758	2.000 - 5.000	2004 - 2033
Series 2003B	November, 2003	45,000	43,235	43,453	3.000 - 5.000	2009 - 2043
Series 2004A	August, 2004	117,450	113,925	36,206	4.112	2010 - 2023
Series 2004B	September, 2004	107,115	98,710	67,712	4.500 - 5.500	2008 - 2034
Series 2004C	September, 2004	15,695	14,925	14,879	4.000 - 5.000	2008 - 2044
Series 2005A	September, 2005	100,000	96,645	67,859	4.710	2010 - 2035
Series 2005B	October, 2005	19,240	17,975	12,269	3.500 - 5.000	2009 - 2035
Series 2005C	October, 2005	16,050	16,050	16,636	3.750 - 5.125	2012 - 2045
Series 2006A	August, 2006	60,625	60,625	34,513	4.481	2015 - 2025
Series 2006B	September, 2006	75,000	74,125	48,454	4.119	2011 - 2036
Series 2007A	September, 2007	75,000	71,245	36,036	3.198	2008 - 2037
Series 2007B	October, 2007	87,275	87,275	59,612	5.125	2023 - 2026
Series 2007C	October, 2007	24,415	19,250	5,061	4.000 - 5.000	2008 - 2022
Series 2008A	September, 2008	50,000	47,470	33,602	4.269	2009 - 2038
Series 2008B	October, 2008	27,935	25,710	16,649	3.000 - 5.400	2009 - 2033
Series 2008C	November, 2008	41,975	41,975	54,815	4.500 - 5.500	2013 - 2048
Series 2008D	2008	3,631	2,594	193	1.350	2008 - 2021
Series 2009A	2009	60,750	57,870	33,496	2.250 - 5.000	2010 - 2033
Series 2009B	2009	82,000	79,465	72,512	4.000 - 5.545	2010 - 2039
Series 2009C	2009	66,455	65,505	53,887	5.450	2010 - 2028
Series 2009D	2009	56,750	56,750	87,213	4.164 - 6.313	2016 - 2049
Series 2010A	2010	139,835	138,755	74,185	0.600 - 5.467	2011 - 2040
Series 2010B	2010	180,000	180,000	253,519	3.397 - 5.738	2016 - 2050
Series 2010C	2010	50,000	49,115	33,625	3.845	2011 - 2040
Series 2010D	2010	273,855	267,840	288,182	1.324 - 6.615	2011 - 2040
Series 2011A	2011	167,490	167,490	75,673	2.000 - 5.000	2012 - 2033
Revenue Bonds - Airport						
Series 2002	December, 2002	43,005	33,050	9,615	3.000 - 5.500	2003 - 2021
Series 2007A	May, 2007	3,725	2,700	602	4.000 - 4.500	2007 - 2021
Series 2007B	May, 2007	8,500	7,250	2,433	4.000 - 5.000	2007 - 2023

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

The following table summarizes significant facts about the long-term debt outstanding at December 31, 2011:

Debt Types	Date Issued	Original Issue Amount (in 000's)	Outstanding Principal Amount (in 000's)	Future Aggregate Interest Requirements (in 000's)	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
Business-type Activities²						
Continued						
Revenue Bonds - MHS						
Series 2000	August, 2000	\$59,825	\$30,175	\$32,087	6.375%	2025 - 2030
Series 2002	July, 2002	112,360	92,820	56,432	4.000 - 5.250	2003 - 2032
Series 2004B	June, 2004	24,975	18,975	1,925	1.340	2005 - 2024
Series 2009	July, 2009	101,945	101,945	108,734	3.125 - 6.250	2012 - 2033
Revenue Bonds - Parking System						
Series 1999	March, 1999	9,300	4,180	817	3.000 - 4.750	1999 - 2018
Series 2006	February, 2006	7,665	7,580	3,832	3.375 - 4.500	2009 - 2027
Notes Payable						
Airport	June, 2006	3,048	2,125	2,089	8.500	2006 - 2036
Airport	November, 2007	3,500	1,589	96	3.000	2008 - 2014
Airport	July, 2008	600	358	27	3.000	2009 - 2015
Wastewater Facility - Utilities	May, 1998	22,204	12,826	2,400	3.700 - 5.500	1999 - 2019
Drinking Water - Utilities	2009	8,600	8,264	2,168	2.500	2011 - 2030
MHS	July, 2009	78,345	69,205	30,319	4.912	2010 - 2019
Water Pollution Control - Pikes Peak	July, 2003	1,000	612	123	4.000	2004 - 2020
Total Business-type Activities		\$2,882,198	\$2,596,863	\$1,972,304		
Component Units³						
Special Assessment Revenue Bonds						
Briargate Center BID - Series 2006	2006	\$7,360	\$6,070	\$2,802	4.500 - 4.900%	2006 - 2027
Urban Renewal Authority - Series 2008A	2008	47,125	46,280	38,127	7.000	2011 - 2029
Urban Renewal Authority - Series 2008B	2008	7,505	7,435	6,588	7.500	2011 - 2029
Limited Tax General Obligation Bonds						
Briargate Center BID - Series 2002	2002	2,895	2,725	2,749	7.450	2003 - 2032
Barnes & Powers North BID	2007	4,000	3,875	4,099	6.500	2009 - 2036
Barnes & Powers South BID	2007	835	755	447	6.500	2009 - 2026
First & Main BID - Series 2009	2009	1,650	1,570	2,482	8.500	2009 - 2038
⁴ First & Main North BID - Series 2005	2005	1,927	1,852	-	6.000	N/A
First & Main No. 2 BID - Series 2009	2009	2,400	2,375	3,757	8.500	2011 - 2038
Interquest North BID	2010	6,500	6,500	10,943	8.500	2012 - 2040
Powers & Woodment Commercial BID	2010	1,850	1,835	3,018	8.500	2011 - 2039
Revenue Bonds						
First & Main No. 2 BID - Series 2011	2011	2,000	1,975	2,709	8.500	2011 - 2035
Fountain Valley Authority	2006	9,540	6,320	1,253	4.000 - 4.250	2006 - 2019
Public Authority for Colorado Energy	2008	653,210	643,770	775,454	5.750 - 6.500	2010 - 2038
Notes Payable and Lines of Credit						
Urban Renewal Authority	July, 1990	1,250	847	-	0.000	N/A
⁴ Urban Renewal Authority	2008	158	158	-	5.000	N/A
⁴ Urban Renewal Authority	2009	3,400	2,625	-	4.500	N/A
⁴ First & Main North BID	2006	28	21	-	7.000	N/A
⁴ Interquest North BID	2006	71	64	-	7.000	N/A
⁴ Interquest South BID	2006	79	79	-	7.000	N/A
⁴ Powers & Woodment Commercial BID	2006	67	67	-	7.000	N/A
Fountain Valley Authority	2003	3,222	2,101	589	3.030	2004 - 2024
Fountain Valley Authority	2000	7,608	3,979	1,034	3.400	2001 - 2020
Colorado Canal Company	2008	185	79	4	4.200	2009 - 2013
The Lake Henry Reservoir Company	2003	148	112	53	4.250	2006 - 2030
The Lake Meredith Reservoir Company	2003	1,472	1,240	657	4.000	2005 - 2034
Total Component Units		\$766,485	\$744,709	\$856,765		

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

²Exclusive of capital leases and other liabilities

³Exclusive of capital leases and deferred losses

⁴These items have no repayment schedule and therefore it is not possible to determine future aggregate interest requirements.

2. Changes in Long-term Liabilities

The City has issued and has long-term debt in various instruments. The following is a summary of transactions of the long-term liabilities, exclusive of discretely presented component units, for the year ended December 31, 2011 (in 000's):

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One year
GOVERNMENTAL ACTIVITIES					
Bonds and notes payable:					
General obligation bonds	\$16,980	\$ -	\$835	\$16,145	\$2,855
Sales tax revenue bonds	37,280	-	6,530	30,750	6,720
Certificates of participation	47,575	13,485	17,620	43,440	1,635
Capital leases	21,316	-	3,403	17,913	3,505
	<u>123,151</u>	<u>13,485</u>	<u>28,388</u>	<u>108,248</u>	<u>14,715</u>
Less deferred amounts:					
For issuance premium	2,549	564	456	2,657	-
On refundings	(1,502)	(351)	(401)	(1,452)	-
	<u>1,047</u>	<u>213</u>	<u>55</u>	<u>1,205</u>	<u>-</u>
Total bonds and notes payable	<u>124,198</u>	<u>13,698</u>	<u>28,443</u>	<u>109,453</u>	<u>14,715</u>
Other liabilities:					
Municipal solid waste landfill	351	9	-	360	-
Compensated absences	16,294	5,249	7,787	13,756	688
Claims and judgments	1,750	-	1,750	-	-
Net pension obligation	1,748 *	3,040	3,076	1,712	-
Net OPEB obligation	10,482 *	2,309	1,553	11,238	-
Developer reimbursements	2,908	-	-	2,908	-
Total other liabilities	<u>33,533</u>	<u>10,607</u>	<u>14,166</u>	<u>29,974</u>	<u>688</u>
Governmental activities long-term liabilities	<u>\$157,731</u>	<u>\$24,305</u>	<u>\$42,609</u>	<u>\$139,427</u>	<u>\$15,403</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and notes payable:					
Revenue bonds	\$2,550,918	\$167,490	\$216,524	\$2,501,884	\$53,109
Notes payable	100,979	-	6,000	94,979	6,036
Capital leases	2,360	-	969	1,391	520
	<u>2,654,257</u>	<u>167,490</u>	<u>223,493</u>	<u>2,598,254</u>	<u>59,665</u>
Less deferred amounts:					
For issuance discounts and premiums	35,067	22,130	7,622	49,575	-
On refundings	(38,825)	(9,395)	(13,268)	(34,952)	-
	<u>(3,758)</u>	<u>12,735</u>	<u>(5,646)</u>	<u>14,623</u>	<u>-</u>
Total bonds and notes payable	<u>2,650,499</u>	<u>180,225</u>	<u>217,847</u>	<u>2,612,877</u>	<u>59,665</u>
Other liabilities:					
Municipal solid waste landfill	3,496	378	-	3,874	-
Compensated absences	25,868	38,503	37,807	26,564	7,995
Claims and judgments	210	-	210	-	-
Customer deposits	1,566	1,021	592	1,995	-
Customer advances for construction	9,831	1,727	1,228	10,330	-
Net OPEB obligation	794	1,586	1,312	1,068	-
Derivative instruments	197,403	85,787	-	283,190	51,337
Deferred cash flow hedges - unrealized gains on derivatives	3,480	7,944	-	11,424	-
Other	397	352	8	741	134
Total other liabilities	<u>243,045</u>	<u>137,298</u>	<u>41,157</u>	<u>339,186</u>	<u>59,466</u>
Business-type activities long-term liabilities	<u>\$2,893,544</u>	<u>\$317,523</u>	<u>\$259,004</u>	<u>\$2,952,063</u>	<u>\$119,131</u>

* As restated

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

Component Units

The following is a summary of long-term debt transactions for component units of the City for the year ended December 31, 2011 (in 000's):

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One year
GOVERNMENTAL ACTIVITIES					
Limited tax general obligation bonds	\$21,690	\$130	\$333	\$21,487	\$230
Special assessment revenue bonds	60,950	-	1,165	59,785	1,515
Revenue bonds	-	2,000	25	1,975	30
Notes payable	3,703	288	129	3,862	-
Other	217 *	170	30	357	-
Governmental activities long-term liabilities	<u>\$86,560</u>	<u>\$2,588</u>	<u>\$1,682</u>	<u>\$87,466</u>	<u>\$1,775</u>
BUSINESS-TYPE ACTIVITIES					
Revenue bonds	\$654,685	\$ -	\$4,595	\$650,090	\$5,560
Less deferred amounts:					
For issuance premium and discounts	(22,632)	-	(814)	(21,818)	-
On refundings	(409)	-	(46)	(363)	-
Notes payable	8,105	-	594	7,511	608
Capital leases	59,200	-	4,437	54,763	3,685
Business-type activities long-term liabilities	<u>\$698,949</u>	<u>\$ -</u>	<u>\$8,766</u>	<u>\$690,183</u>	<u>\$9,853</u>

* As restated

3. Annual Debt Service Requirements of Long-term Debt

The following is a summary of general obligation bond scheduled maturities as of December 31, 2011 (in 000's):

Year	Governmental Activities		Component Units	
	Principal	Interest	Principal	Interest
2012	\$2,855	\$992	\$230	\$1,548
2013	3,025	820	285	1,530
2014	3,205	636	315	1,509
2015	3,400	445	340	1,485
2016	295	231	370	1,459
2017-2021	1,465	863	2,330	6,824
2022-2026	620	542	3,350	5,790
2027-2031	855	312	4,390	4,348
2032-2036	425	42	5,180	2,454
2037-2041	-	-	2,845	548
	<u>\$16,145</u>	<u>\$4,883</u>	<u>\$19,635</u>	<u>\$27,495</u>

First & Main North BID issued \$1,927,000 in General Obligation Bonds in 2005. The outstanding balance at year-end was \$1,851,567. These bonds are to be repaid with future pledged revenues of the district which cannot be predicted with certainty. As a result, they are not listed above.

The following is a summary of revenue bond scheduled maturities as of December 31, 2011 (in 000's):

Year	Governmental Activities				Business-type Activities			
	Governmental Activities		Component Units		Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$6,720	\$1,124	\$30	\$168	\$53,109	\$116,899	\$5,560	\$41,161
2013	6,925	922	30	165	58,164	118,888	6,505	40,852
2014	7,130	713	30	163	61,489	116,642	7,430	40,488
2015	7,340	499	35	160	65,779	114,199	8,370	40,074
2016	2,635	132	40	157	73,900	111,250	9,335	39,606
2017-2021	-	-	250	731	437,977	502,548	61,390	188,838
2022-2026	-	-	370	605	519,640	390,601	93,615	166,730
2027-2031	-	-	555	419	630,300	250,591	143,560	131,370
2032-2036	-	-	635	141	322,255	124,230	207,900	77,090
2037-2041	-	-	-	-	164,135	57,894	106,425	10,498
2042-2046	-	-	-	-	68,380	24,968	-	-
2047-2051	-	-	-	-	46,756	6,372	-	-
	<u>\$30,750</u>	<u>\$3,390</u>	<u>\$1,975</u>	<u>\$2,709</u>	<u>\$2,501,884</u>	<u>\$1,935,082</u>	<u>\$650,090</u>	<u>\$776,707</u>

The following is a summary of certificates of participation scheduled maturities as of December 31, 2011 (in 000's):

<u>Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$1,635	\$1,898
2013	1,700	1,866
2014	1,780	1,832
2015	1,875	1,779
2016	1,990	1,711
2017-2021	6,705	7,455
2022-2026	4,270	6,397
2027-2031	6,665	5,252
2032-2036	9,710	3,288
2037-2041	<u>7,110</u>	<u>722</u>
	<u>\$43,440</u>	<u>\$32,200</u>

The following is a summary of special assessment bond scheduled maturities as of December 31, 2011 (in 000's):

<u>Year</u>	<u>Governmental Activities Component Units</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$1,515	\$4,089
2013	1,600	3,988
2014	1,770	3,883
2015	1,930	3,765
2016	2,120	3,636
2017-2021	13,870	15,753
2022-2026	20,975	10,130
2027-2031	<u>16,005</u>	<u>2,273</u>
	<u>\$59,785</u>	<u>\$47,517</u>

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2011**

The following is a summary of notes payable scheduled maturities as of December 31, 2011 (in 000's):

<u>Year</u>	<u>Business-type Activities</u>		<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$6,036	\$4,283	\$608	\$293
2013	6,160	4,009	622	275
2014	6,205	3,743	599	259
2015	5,642	3,474	618	245
2016	6,458	3,216	630	224
2017-2021	28,671	11,731	3,003	734
2022-2026	22,604	5,870	873	212
2027-2031	13,203	896	376	82
2032-2036	-	-	182	13
	<u>\$94,979</u>	<u>\$37,222</u>	<u>\$7,511</u>	<u>\$2,337</u>

The governmental activities component units have a combined notes payable in the amount of \$3,861,541. These notes 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.

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

	<u>Amount Pledged</u> <u>(in 000's)</u>	<u>Term of</u> <u>Commitment</u>
Governmental Activities:		
Sales Tax Revenue Bonds	\$34,140	2009 - 2016
Business-type Activities:		
Utilities Revenue Bonds	3,921,814	2001 - 2050
MHS Revenue Bonds	443,093	2003 - 2033
Airport Revenue Bonds	55,650	2003 - 2023
Parking Revenue Bonds	16,409	1999 - 2027

The total pledged revenue is not estimable in comparison to pledged debt in that revenues are uncertain as to future amounts. However, the debt coverage requirement for each issue must be met or the bonds will be in default. This provides sufficient coverage each year for the pledged debt. The debt service coverage, or comparison of pledged revenues net of specific operating expenses, for each pledged debt is provided in Table 12.

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

The City has lent its name to various industrial development revenue bond issues over the course of several years. Proceeds of these bond issues were used to finance various private activities relating to business expansion, construction and development. In addition, Private Activity Bonds (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 were authorized to allow counties and municipalities to promote industry and develop trade or other economic activity by inducing profit or nonprofit enterprises to locate, expand or remain in their communities. The advantage to nonprofit entities that borrow through the City is that they borrow funds at lower interest rates because the bonds are exempt from federal and state income tax.

The City is not liable for the repayment of principal or interest on these bonds and related financial activity is not shown in the financial statements. The original issue amount of these bonds, in the aggregate, was \$316 million. There were no PAB's or industrial revenue bonds issued during 2011.

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L. Restatement of Net Assets

The December 31, 2010, net assets for governmental activity have been restated for changes in capital assets and liabilities. It was discovered in 2011 that the use of the United States Olympic Committee Rings had been omitted during the asset capitalization process in a prior year and that two assets written up in 2010 were incorrectly classified. The OPEB and pension adjustment is due to a bi-yearly actuarial valuation. Lastly, the adjustment of the loan balance was due to an oversight during the 2010 year-end closing. The following shows the effect of these adjustments:

Beginning net assets as previously reported:	\$1,117,163,013
Restatement for asset transactions	14,767,968
Restatement for OPEB adjustment	604,966
Restatement for loan beginning balance	21,445
Beginning net assets, as restated	<u>\$1,132,557,392</u>

The December 31, 2010, net assets for business type activities have been restated for changes in current assets. It was discovered in 2011 that the 2010 financial statements did not reflect the cost of certain surgical supplies as inventory. Accordingly, MHS made an adjustment to record the inventory as of the beginning of the year ended December 31, 2010. The effect of the adjustment on the 2010 financial statements was to increase assets and unrestricted net assets by \$2,815,000. The adjustment had no impact on the excess of revenue over expenses. The following shows the effect of these adjustments:

Beginning net assets as previously reported:	\$414,157,000
Restatement for asset transactions	2,815,000
Beginning net assets, as restated	<u>\$416,972,000</u>

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M. Fund Balance

Fund balances of the governmental funds at December 31, 2011, include the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:			
Prepays	\$503,337	\$ -	\$503,337
Delinquent property taxes receivable	105,906	-	105,906
Endowments	-	9,721,218	9,721,218
Total Nonspendable	<u>609,243</u>	<u>9,721,218</u>	<u>10,330,461</u>
Restricted:			
Debt service	1,793	920,862	922,655
Emergency reserve - TABOR	7,545,241	-	7,545,241
General government	-	630,003	630,003
Public safety	-	8,326,861	8,326,861
Public works	-	1,460,319	1,460,319
Culture and recreation	-	15,598,659	15,598,659
Economic development	-	34,702	34,702
Total Restricted	<u>7,547,034</u>	<u>26,971,406</u>	<u>34,518,440</u>
Committed:			
Public works	-	6,155,872	6,155,872
Culture and recreation	-	338,315	338,315
Capital outlay - General government	1,897	4,330,311	4,332,208
Capital outlay - Public safety	318,425	-	318,425
Capital outlay - Public works	910,999	-	910,999
Total Committed	<u>1,231,321</u>	<u>10,824,498</u>	<u>12,055,819</u>
Assigned:			
General government	904,353	-	904,353
Public safety	1,334,090	-	1,334,090
Public works	1,132,717	118,849	1,251,566
Culture and recreation	43,918	1,500	45,418
Total Assigned	<u>3,415,078</u>	<u>120,349</u>	<u>3,535,427</u>
Unassigned	<u>37,994,759</u>	-	<u>37,994,759</u>
Total fund balance	<u>\$50,797,435</u>	<u>\$47,637,471</u>	<u>\$98,434,906</u>

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

While all financial derivatives are acquired with the objective of effectively hedging expected cash flows, some financial derivatives do not meet the criteria for effectiveness pursuant to GASB Statement 53, *Accounting and Financial Reporting for Derivative Instruments* ("Statement 53"). Interest rate and natural gas hedges that are deemed effective, by applying methods of evaluating effectiveness pursuant to GASB Statement 53, are recognized as cash flow hedges. Change in the fair value of cash flow hedge derivative instruments are reported as either a deferred cash flow hedge asset or liability on the Statements of Net Assets. Interest rate and natural gas hedges that are deemed ineffective are recognized as stand alone investment derivatives. The change in the fair value of investment derivatives is recognized in Nonoperating Revenue and (Expense) – Net on the Statements of Revenues, Expenses and Changes in Net Assets.

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

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

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The fair values and notional amounts of derivative instruments outstanding at December 31, 2011, classified by type, and changes in fair value of such derivative instruments for the year then ended:

	2011 Changes in Fair Value		Fair Value at December 31, 2011		Notional
	Classification	Amount	Classification	Amount	
<u>Cash flow hedges</u>					
Interest Rate Swaps	Deferred outflow	\$ (85,254)	Derivative instruments	\$ (201,448)	\$ 599,455
Commodity Derivatives:					
Swap contracts	Deferred outflow	(90)	Derivative instruments	(52,605)	25,750 MMBtu
Option Structures	Deferred outflow	(216)	Derivative instruments	(93)	4,126 MMBtu
Total Cash Flow Hedges		<u>\$ (85,560)</u>		<u>\$ (254,146)</u>	
<u>Investment derivative</u>					
Interest Rate Swaps	Derivative Gain/(Loss)	\$ (6,844)	Derivative instruments	\$ (21,897)	\$ 113,925
Commodity Derivatives:					
Swap contracts	Derivative Gain/(Loss)	(1,902)	Derivative instruments	76	63 MMBtu
Option Structures	Derivative Gain/(Loss)	(563)	Derivative instruments	-	-
Coal contract	Derivative Gain/(Loss)	6,488	Derivative instruments	(6,862)	600,000 tons
Total Investment Derivative		<u>\$ (2,821)</u>		<u>\$ (28,683)</u>	

Note: Immaterial differences may occur due to rounding.

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

Two primary types of commodity derivative instruments are utilized in Utilities' natural gas hedging program: fixed price forward swaps and option structures. These derivative agreements are designed to stabilize cash flow due to market price fluctuations related to expected purchases of natural gas. Utilities entered into option structures to manage natural gas price exposure above or below a designated strike price.

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Summary of scheduled projected future cash flows for hedging derivatives as of December 31, 2011:

<u>Year ending December 31,</u>	<u>Projected Future Cash Flows In/(Out) for Hedging Derivatives</u> <small>(thousands of dollars)</small>
2012	\$ (25,100)
2013	(25,119)
2014	(24,802)
2015	(24,455)
2016	(24,057)
2017-2021	(113,209)
2022-2026	(87,569)
2027-2031	(41,067)
2032-2036	(17,374)
2037-2041	(2,792)
	<u>\$ (385,544)</u>

Note: Immaterial differences may occur due to rounding.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

Summary of Utilities' pay-fixed interest rate swap agreements outstanding as of December 31, 2011:

	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty
	(thousands of dollars)				
<u>Cash flow hedges</u>					
2005 SIFMA Swap	\$ 72,806	09/15/05	11/01/35	Pay 4.7099%; receive SIFMA index	Merrill Lynch Capital Services, Inc.
2005 SIFMA Swap	24,269	09/15/05	11/01/35	Pay 4.7099%; receive SIFMA index	J. Aron & Co.
2006 Refunding LIBOR Swap	60,625	08/24/06	11/01/25	Pay 4.4810%; receive 68% of LIBOR	JP Morgan Chase Bank
2006 New Money LIBOR Swap	44,475	09/14/06	11/01/36	Pay 4.1185%; receive 68% of LIBOR	Morgan Stanley Capital Group Inc.
2006 New Money LIBOR Swap	29,650	09/14/06	11/01/36	Pay 4.1185%; receive 68% of LIBOR	JP Morgan Chase Bank
2007 New Money LIBOR Swap	42,747	09/13/07	11/01/37	Pay 3.198%; receive 68% of LIBOR	J. Aron & Co.
2007 New Money LIBOR Swap	28,498	09/13/07	11/01/37	Pay 3.198%; receive 68% of LIBOR	Morgan Stanley Capital Group Inc.
2007 Refunding SIFMA Swap	87,275	10/01/07	11/01/26	Pay 5.125%; receive SIFMA index	UBS AG
2008 SIFMA Swap	47,470	09/12/08	11/01/38	Pay 4.2686%; receive SIFMA index	Merrill Lynch Capital Services, Inc.
2009 LIBOR Swap	62,525	10/01/09	11/01/28	Pay 5.450%; receive 68% of LIBOR	UBS AG
2010 LIBOR Swap	49,115	09/16/10	11/01/40	Pay 3.845%; receive 68% of LIBOR	Morgan Stanley Capital Group Inc.
2012 LIBOR Swap	50,000	03/15/12	11/01/41	Pay 4.0242%; receive 68% of LIBOR	Morgan Stanley Capital Group Inc.
<u>Investment derivative</u>					
2004 SIFMA Swap	113,925	08/18/04	11/01/23	Pay 4.1120%; receive SIFMA index	JP Morgan Chase Bank
Total Notional Amount for Interest Rate Swaps	\$ 713,380				

Note: Immaterial differences may occur due to rounding.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

Summary of Utilities' fixed price natural gas swap agreements outstanding as of December 31, 2011:

	Notional Amount MMBtu	Effective date	Maturity date	Terms
<u>Cash flow hedges</u>				
J. Aron & Co.	3,784	Dec-11	Dec-13	Pay Average \$4.84/MMBtu; settlement based on Cheyenne Daily pricing point at expiration date.
J. Aron & Co.	8,258	Jan-12	Dec-13	Pay Average \$4.87/MMBtu; settlement based on CIG FOM pricing point at expiration date.
JP Morgan Chase Bank	1,860	Dec-11	Dec-12	Pay Average \$6.20/MMBtu; settlement based on Cheyenne Daily pricing point at expiration date.
BP Energy Company	3,925	Dec-11	Dec-13	Pay Average \$4.92/MMBtu; settlement based on Cheyenne Daily pricing point at expiration date.
BP Energy Company	4,043	Jan-12	Dec-13	Pay Average \$5.80/MMBtu; settlement based on CIG FOM pricing point at expiration date.
ConocoPhillips	912	Nov-12	Mar-13	Pay Average \$4.80/MMBtu; settlement based on CIG FOM pricing point at expiration date.
Morgan Stanley Capital Group Inc.	2,968	Jan-12	Dec-12	Pay Average \$6.04/MMBtu; settlement based on CIG FOM pricing point at expiration date.
<u>Investment derivative</u>				
J. Aron & Co.	63	Mar-12	Nov-12	Receive Average \$4.07/MMBtu; settlement based on Cheyenne Daily pricing point at expiration date.
Total Notional Amount for Commodity Swaps	<u>25,813</u>			

Note: Immaterial differences may occur due to rounding.

Summary of Utilities’ option structures outstanding as of December 31, 2011:

	Notional Amount MMBtu	Effective Date	Maturity Date	Terms
<u>Cash flow hedges</u>				
J. Aron & Co.	758	Nov-12	Oct-13	Cap portion (purchased call) of a collar position. Average Strike \$4.85/MMBtu; settlement based on Cheyenne Daily pricing point at expiration date.
J. Aron & Co.	758	Nov-12	Oct-13	Floor portion (sold put) of a collar position. Average Strike \$3.32/MMBtu; settlement based on Cheyenne Daily pricing point at expiration date.
Morgan Stanley Capital Group Inc.	1,305	Nov-12	Oct-13	Cap portion (purchased call) of a collar position. Average Strike \$4.79/MMBtu; settlement based on CIG FOM pricing point at expiration date.
Morgan Stanley Capital Group Inc.	1,305	Nov-12	Oct-13	Floor portion (sold put) of a collar position. Average Strike \$2.79/MMBtu; settlement based on CIG FOM pricing point at expiration date.
Total Notional Amount for Commodity Swaps	4,126			

Note: Immaterial differences may occur due to rounding.

In August 2003, Utilities entered into a forward starting interest rate swap for refunding debt in 2004. The swap commenced October 2004 and matures in 2023. The fixed price leg of the swap agreement is 4.112% and the floating rate is the SIFMA weekly index. At the time of swap inception, the 30 year Municipal Market Data rate for AA rate municipal bonds averaged 5.13%. There is a Knock-Out Termination provision to this swap. If the daily weighted average SIFMA index for the preceding 180 days is greater than 7%, the swap terminates. If this swap terminates, the net interest rate on the 2004A series bonds will increase to the prevailing SIFMA rates.

In September 2011, Utilities revised the start date of a \$50,000,000 LIBOR swap with Morgan Stanley Capital Group Inc. to March 2012. This revised date keeps the swap terms in alignment with the Utilities’ debt issuance forecasts. The swap is considered a cash flow hedge.

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

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

Counterparty credit rating at December 31:

Counterparty	Credit Rating	
	2011	2010
BP Energy Company	A/A2	A/A2
ConocoPhillips	A/A1	A/A1
J. Aron & Co.	A-/A1	A/A1
JP Morgan Chase Bank	A/Aa3	A+/Aa3
Bank of America, N.A.	A/A2	A/A2
Morgan Stanley Capital Group Inc.	A-/A2	A/A2
UBS AG	A/Aa3	A+/Aa3

The Energy Risk Management Plan requires that Utilities’ counterparties to energy transactions be on an approved counterparty list. To be on this list, counterparties must have a minimum rating of BBB issued by Standard & Poor’s, a minimum rating of Baa2 issued by Moody’s Investor Service, a minimum rating of BBB issued by Fitch Ratings, or be specifically approved by Utilities’ Risk Management Committee. The Energy Risk Management Policy limits the amount of counterparty credit exposure according to the counterparty’s credit rating.

To be on the interest rate counterparty transaction list, at the time of transaction execution, counterparties must have a minimum credit rating of AA category by at least one of the major credit rating agencies previously listed at the time of transaction, or a counterparty shall provide a guarantee, swap surety, or other form of credit enhancement such that its creditworthiness is of a AA category equivalent. Each counterparty must also have a demonstrated record of successfully executing swap transactions and shall have a minimum capitalization of at least \$250,000,000.

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

As of December 31, 2011, Utilities has posted \$82,275,000 in collateral with the various counterparties to the swap agreements. Utilities’ aggregate fair value of derivative instruments as of that date was (\$282,830,000).

The combined fair value of all derivative instruments, net of collateral postings, as of December 31, 2011, was (\$200,555,000).

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

The impact of a future credit default on Utilities is dependent on market conditions that exist at the time of the event. As a result, the impact on Utilities' cash and liquidity position could be negative or positive. In consideration of this uncertainty and to minimize the impact of such an event on liquidity, as of December 31, 2011, Utilities has total credit lines available in the amount of \$50,000,000. Utilities also closely monitors the creditworthiness of all existing counterparties and awards future business based on creditworthiness and collateral positions existing at the time of the transaction.

Interest rate risk - Interest rate risk is the risk that changes in market interest rates will adversely affect Utilities anticipated cash flows. Utilities is exposed to interest rate risk on its variable rate debt. Utilities utilizes fixed price swaps to offset cash flow exposures to variable rate debt. Utilities receives fixed rate swap payments against VRDOs based on LIBOR or the Securities Industry and Financial Markets Association ("SIFMA") swap index.

Basis risk - Basis risk is the risk that arises when variable rates or prices of a derivative instrument and a hedged item are based on different reference rates. Utilities is exposed to basis risk on its pay-fixed interest rate swap hedging derivative instruments because the variable rate payments received by Utilities on these hedging derivative instruments are based on a rate or index other than interest rates. Utilities pays on its hedged variable rate debt, which is generally remarketed every 7 days. As of December 31, 2011, the weighted average interest rate on Utilities' hedged variable rate debt was 0.14%, the SIFMA swap index rate was 0.10%, while 68.0% of LIBOR was 0.2008%.

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

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

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

Market access risk - Market access risk is the risk that Utilities will not be able to enter credit markets or that credit will become more costly. A strong credit rating tends to broaden an entity’s credit market access and bond-holder base while achieving lower cost funding. As of December 2011, Utilities’ long-term bond rating is AA with each of the major credit rating agencies.

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

2. MHS Interest Rate Swaps

Bank Note Interest Rate Swap — Concurrent with the issuance of the bank note in July 2009, MHS entered into a fixed-payer interest rate swap in a notional amount equal to the principal amount of the note. Under the swap agreement, MHS pays a fixed rate of 4.912% and receives 65% of the one-month LIBOR rate plus 2.37%. The notional amounts and fair value information relating to the interest rate swap are as follows as of December 31, 2011 (in 000s):

Notional amount	\$69,205
Fair value – positive (negative)	(6,441)
Change in fair value	(2,961)

The negative fair value of the interest rate swap has been recorded as a liability in the balance sheet as of December 31, 2011. A corresponding asset for the deferred cash outflows has been recorded as of December 31, 2011 since the interest rate swap has been determined to be an effective hedge.

The fair value is based on information received from the counterparty to the swap agreement and represents an estimate of the mid-market value of the interest rate swap using a discounted future cash flows approach.

Objective and Terms — Under the swap agreement, MHS pays the swap counterparty a fixed interest rate payment and receives a variable rate interest rate payment that effectively changes MHS’s variable interest rate bank note to a synthetic fixed rate note.

MHS has determined the interest rate swap is a hedging derivative that hedges future cash flows. The notional amount of the swap matches the principal amount of the bank note. MHS' swap agreement contains scheduled reductions to outstanding notional amounts that match scheduled reductions in the variable-rate note.

Discussion of Risks — Below is a listing of certain risks inherent in the bank note interest rate swap:

Basis Risk is the risk that the swap receipts may not perfectly offset the interest rate payments on the bank note. To the extent these receipts do not equal the payments on the bank note, there will be a net loss or net benefit to MHS. The variable interest rate paid on the note is equivalent to the variable interest rate received under the interest rate swap.

Credit Risk is the risk that the counterparty fails to perform according to the terms of the swap agreement. MHS' maximum potential loss relating to credit risk is limited to the fair value of the swap. As of December 31, 2011, MHS is not exposed to credit risk because the bank rate swap has a negative fair value.

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. The counterparty to MHS' interest rate swap is Compass Bank. Compass Bank has limited rights to terminate the swap transactions with MHS. However, MHS understands that, under certain credit events, the swaps may be terminated at market value which may be at a gain or cost to MHS. If, at the time of termination, the swap has a negative fair value, MHS 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 MHS, the City has purchased commercial insurance to cover losses in excess of \$750,000 per occurrence. The City pays losses less than this amount through the Workers' Compensation Self-Insurance fund and records a liability for unpaid workers' compensation claims. MHS is self-insured for workers' compensation claims up to \$750,000 per claim and maintains reinsurance covering claims in excess of \$750,000. A liability is recorded for unpaid workers' compensation claims.

MHS 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. MHS also has \$15 million of umbrella insurance coverage. MHS has recorded a claims liability for estimated deductible amounts to be paid on claims incurred.

General liability coverage for the operations of Utilities is purchased from commercial carriers for losses in excess of \$500,000 with a policy aggregate limit of \$35,000,000. General liability coverage for the Airport is purchased from commercial carriers with varying deductibles. The City and its enterprises are self-insured for general liability coverage. The Colorado Governmental Immunity Act generally provides that the maximum amount that may be recovered against entities such as the City is \$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 affected department.

For medical claims coverage, the City has a reinsurance policy that provides coverage for claims in excess of \$500,000. The City pays claims less than \$500,000 through its Employee Benefits Self-Insurance fund. Utilities is self-insured up to \$350,000 per claim and maintains a reinsurance policy for claims exceeding \$350,000. MHS is self-insured for the medical claims of its employees and their families up to \$250,000 per claim. The City, Utilities and MHS have recorded a liability for medical claims and an estimate of claims incurred but not reported. Incurred but not reported claims have been accrued for the City Employee Benefits Self-Insurance fund based upon an actuarial estimate at December 31, 2011.

The following is a summary of changes in outstanding reserves for MHS, Claims Reserve, Workers' Compensation, and Employee Benefits Self-Insurance funds for 2011 (in 000's). The City's liability is included in accounts payable in the respective Internal Service Funds.

	<u>2011</u>	<u>2010</u>
Claims liabilities, beginning of year	\$20,715	\$21,423
Increases	93,218	81,793
Decreases	<u>(91,399)</u>	<u>(82,501)</u>
Claims liabilities, end of year	<u><u>\$22,534</u></u>	<u><u>\$20,715</u></u>

B. Donor-restricted Endowments

As of the end of 2011, the City maintained three donor-restricted endowment funds as follows:

	<u>Fund Balance</u>	<u>Available for Spending</u>
C.D. Smith Trust	\$614,266	\$11
Cemetery Endowment	8,463,050	4,245
TOPS Maintenance Trust	828,959	180,801

State law does not restrict the ability to spend net appreciation on these funds. Terms of the donation, however, restrict spending to investment earnings only. The policy for authorizing and spending investment income states that all investment earnings are available for expenditure. The amount available for spending is reported as expendable under net assets restricted for endowments.

C. Post-Retirement Health Care Benefits Other than Pensions

In accordance with the City Code, the City offers a health care plan to retirees with a City contribution determined by City Council. Employees eligible to retire prior to January 1, 1979, receive this health care plan without cost to the employee. Those eligible to retire after January 1, 1979, and hired prior to August 1, 1988, receive a limited City contribution not to exceed \$91.40 per month. Beginning January 1, 2011, medical plan coverage beyond Medicare eligibility age was eliminated except for 15 “Grandfathered” retirees. Those eligible to have their full premium paid for by the City will have the premium paid under the Extend Health Plan. Those eligible for the \$91.40 subsidy will continue to receive the subsidy. During 2011, these benefits were provided to 2,568 retired employees at a cost of \$2,857,896. During 2010, these benefits were provided to 2,504 retired employees at a cost of \$2,867,464. All employees hired after August 1, 1988, receive no contribution from the City for this health care plan.

In addition, the City provides to uniformed employees who retire from active service with the City regardless of enrollment in current medical plan and who begin immediately receiving pension benefit payments to continue existing medical coverage as a retiree. There is no additional cost to the City since the employee is responsible for the premium payment, however, due to the retirees’ participation in the City’s health plan, an implied subsidy does exist under GASB 45.

Retiree life insurance premiums were paid on behalf of 2,584 retirees for a total cost in 2011 of \$13,283. During 2010, 2,510 premiums were paid on behalf of retirees for a total cost of \$13,512. All amounts paid are equal to required contributions

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

Because the City’s health plan is self-funded, the plan does not release a separate report. However, the health benefits are accounted for under the Employee Benefits Self-Insurance Fund under the City’s Internal Service Funds.

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

The following table shows the components of the City’s annual OPEB cost for 2011, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation:

Annual required contribution	\$2,221,100
Interest on net OPEB obligation	471,687
Adjustment to annual required contribution	<u>(384,513)</u>
Annual OPEB cost (expense)	2,308,274
Contributions made	<u>(1,552,707)</u>
Increase in net OPEB obligation	755,567
Net OPEB obligation - previously reported	<u>10,761,350</u>
Prior year adjustment *	<u>(279,407)</u>
Net OPEB obligation - beginning of year as restated	<u>10,481,943</u>
Net OPEB obligation - end of year	<u><u>\$11,237,510</u></u>

* Adjustment due to biennial actuarial reporting

The following table shows the components of Utilities’ annual OPEB cost for 2011, the amount actually contributed to the plan, and changes in Utilities’ net OPEB obligation:

Annual required contribution	\$1,615,000
Interest on net OPEB obligation	36,000
Adjustment to annual required contribution	<u>(65,000)</u>
Annual OPEB cost (expense)	1,586,000
Contributions made	<u>(1,312,000)</u>
Increase in net OPEB obligation	274,000
Net OPEB obligation - beginning of the year	<u>794,000</u>
Net OPEB obligation - end of year	<u><u>\$1,068,000</u></u>

The City's and Utilities' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2011 and the two preceding years were as follows:

	<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
City	12/31/2009	\$4,630,039	32.6%	\$7,406,943
	* 12/31/2010	4,655,991	34.0	10,481,943
	12/31/2011	2,308,274	67.3	11,237,510
Utilities	12/31/2009	\$1,545,000	83.6%	\$562,000
	12/31/2010	1,527,000	84.8	794,000
	12/31/2011	1,586,000	82.7	1,068,000

* Restated

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the City's post-retirement benefit plan as of January 1, 2011. The retiree benefits included in the actuarial valuation are the medical benefits offered to a closed group of retirees, medical benefits provided to the City's sworn employees and the life benefits offered to retirees and current active employees, the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the January 1, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% annual discount rate based on the expected rate of return for investments on employer assets, which generally consist of short-term liquid investments. The Unfunded Actuarial Accrued Liability is amortized over the maximum acceptable period of 30 years for the life benefit and average remaining lifetime of retirees (17 years) for the medical benefit on an open basis. The amortization is calculated assuming a level percentage of projected payroll. CPI of 2.8% per annum is used. The assumed salary growth rate used was 3.8%. The medical trend rate used beginning in 2011 was 7.7 % per year, grading to 4.7% over 72 years. Utilities used a cost trend rate applied on a select and ultimate basis of 10.0% and 5.0% respectively.

Funding Status and Funding Progress - The funded status of the plan as of January 1, 2011, the most recent actuarial valuation date was as follows:

	<u>City OPEB Obligation</u>	<u>Utilities OPEB Obligation</u>
Actuarial Accrued Liability (AAL)	\$39,410,869	\$18,602,000
Actuarial Value of Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$39,410,869</u>	<u>\$18,602,000</u>
Funded Ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll (active plan members)	\$76,284,715	\$1,615,000
UAAL as percentage of covered payroll	51.7%	1151.8%

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

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The schedule of funding progress as of December 31, 2011, is as follows:

City of Colorado Springs

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ([b-a]/c)
1/1/2007	\$ -	\$57,797,257	\$57,797,257	0.0%	\$87,989,734	65.7%
1/1/2009	-	74,052,320	74,052,320	0.0	87,346,062	84.8
1/1/2011	-	39,410,869	39,410,869	0.0	76,284,715	51.7

Colorado Springs Utilities

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ([b-a]/c)
1/1/2007	\$ -	\$16,786,000	\$16,786,000	0.0%	\$1,429,000	1174.7%
1/1/2009	-	17,074,000	17,074,000	0.0	1,549,000	1102.3
1/1/2011	-	18,602,000	18,602,000	0.0	1,615,000	1151.8

D. Commitments and Contingent Liabilities

1. Construction and Purchase Commitments

Significant construction and purchase commitments of the City, as of December 31, 2011, are as follows (in millions):

General fund	\$3.4
Non-major governmental funds	5.2
Utilities fund	91.7
MHS fund	3.3
Airport fund	20.4

2. Refunded Bonds

At various dates in prior years, Utilities has placed proceeds from refunding bond issues in irrevocable refunding escrow accounts. As of December 31, 2011, Utilities remains contingently liable for the outstanding principal balance of \$133,320,000 in refunded bonds.

During 2009 and 2004, MHS placed proceeds from refunding bond issues in irrevocable refunding escrow accounts. As of December 31, 2011, MHS remains contingently liable for the outstanding principal balance of \$160,550,000 in refunded bonds.

3. Charter Amendment

In April 1991, voters approved City Charter Amendment #3, entitled the "Taxpayers Bill of Rights." In November 1992, voters adopted a similar statewide constitutional amendment. Both contain provisions which limit the amount of revenue the City may retain in any given year. TABOR permits a maximum annual percentage change in "fiscal year spending" (FYS) equivalent to the sum of inflation in the prior calendar year and annual local growth. Should FYS increase at a rate greater than that which the formula allows, the City must refund the "excess" in the ensuing year or seek voter approval to retain the "excess." Based upon the City's interpretation of the amendments, FYS for 2011 was less than the revenue limit.

The state TABOR also establishes a separate requirement for local governments that limits the increase in property tax revenue from year to year. For 2011, the City does not anticipate that it will exceed this limit, and thus no refund nor corresponding liability has been reported.

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

Policy-making and legislative authority are vested in the governing council (Council) consisting of nine members, all elected on a non-partisan basis. Council members serve four-year terms and are term limited to two terms. Five council members are elected at large; the remaining council members are elected from four equally-populated districts. Biennially, council members elect a President from among themselves to preside over the meetings and a President Pro Tempore to fill in when the President is absent. On April 19, 2011, Council elected Scott Hente to serve as the first Council President and Jan Martin to serve as the first President Pro Tem.

4. Litigation

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

5. Contingent Liabilities

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grant. Such audits could lead to reimbursements to the grantor agencies. The amount, if any, of expenditures

which may be disallowed by the grantor cannot be determined at this time. Management believes disallowances, if any, resulting from any such audits would be immaterial.

6. Environmental Matters

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

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

Drake Units 5, 6 and 7 (all coal-fired) and Nixon Units 1 (coal-fired), 2 and 3 (both gas-fired) are subject to the Clean Air Act Title IV Phase 2 Acid Rain Requirements. Utilities has purchased emission allowances for approximately \$1,500,000 that it believes will satisfy its sulfur dioxide allowance obligations into 2015. Thereafter, Utilities expects to have pollution control technology in operation to remain in compliance with the sulfur dioxide requirements for these units.

The Federal Clean Air Act requires that states develop "State Implementation Plans" or "SIPs" that address how each state will control air pollution, including visibility impacts to Class I federal areas. The EPA's Regional Haze Rule requires that certain emission sources, such as power plants, that may reasonably be anticipated to cause or contribute to visibility impairment in Class I areas to install Best Available Retrofit Technology ("BART"). The BART determination for the Drake Power Plant was re-analyzed by the Colorado Department of Public Health and Environment ("CDPHE") during 2010. BART requirements proposed by the CDPHE for the Drake Power Plant were approved by the Colorado Air Quality Control Commission in November 2010. The BART controls for nitrogen oxides ("NOx") for the Drake Power Plant include over fire air and ultra low NOx burners on units 5, 6, and 7. The BART controls for sulfur dioxide ("SO₂") for the Drake Power Plant include scrubbers for units 6 and 7 and dry sorbent injection for unit 5. The estimated cost of these controls is as high as \$160,000,000. It is anticipated that such controls would be required by 2016.

Additionally, the CDPHE has proposed pollution controls for other stationary sources in Colorado, such as the Ray Nixon Power Plant, as part of "Reasonable Progress" under the Regional Haze Rule. The CDPHE proposed, and the Colorado Air Quality Control Commission approved the application of over fire air and ultra low-NOx burners for NOx control and an SO₂ scrubber for the Ray Nixon Power Plant. The cost of these controls could be as high as \$125,000,000. It is anticipated that these controls would be required by 2016 or 2017. The Regional Haze Rules requirements for the Drake Power Plant and the Ray Nixon Power Plant were approved by the State legislature in May 2011. The EPA approval of the SIP may occur in late 2012.

In addition to the EPA's ongoing scrutiny of the State SIP, additional regulations such as the proposed lowering of the federal ozone standard may necessitate the installation of additional pollution controls beyond those described above. While it is uncertain the extent to which these

regulations will affect Utilities' power plants or operations, additional future pollution controls for NOx, i.e., post-combustion controls such as Selective Catalytic Reduction and mercury, as well as mercury emissions monitors, could potentially cost Utilities an additional \$100,000,000 to \$150,000,000 by 2017.

There are a number of federal and state legislative and regulatory efforts underway which seek to limit and/or control emissions of greenhouse gases. In September 2009, the EPA proposed the "Prevention of Significant Deterioration and Title V Greenhouse Gas Tailoring Rule" as a precursor to promulgating regulations under the Clean Air Act to control greenhouse gases emissions. In May 2010, the EPA issued its final "tailoring" rule for regulating greenhouse gas emissions, and the rule has been adopted by Colorado. Beginning January 2011, existing facilities that must already obtain New Source Review permits for other pollutants will be required to include greenhouse gases in their permits if they increase their emissions of the gases by at least 75,000 tons of carbon dioxide equivalent per year. On July 1, 2011, the EPA extended the requirements to new construction projects that emit at least 100,000 tons of greenhouse gases and existing facilities that increase their emissions by at least 75,000 tons per year, even if they do not exceed thresholds for other pollutants. New and upgraded facilities that are subject to the requirements will be required to install Best Available Control Technology to control their greenhouse gas emissions. At the State level, the Governor's 2007 "Colorado Climate Action Plan" establishes a goal for major electric utilities to reduce greenhouse gases emissions by 20% by 2020. The impact and cost of such proposed legislative and regulatory initiatives on Utilities is under evaluation as part of Utilities' 2011 Electric Integrated Resource Plan. Utilities is voluntarily reporting its greenhouse gases emissions under the climate registry and preparing to begin mandatory reporting in 2011 under new EPA reporting regulations.

In 2010, the EPA promulgated regulations addressing greenhouse gases under the Prevention of Significant Deterioration program and is in the process of developing greenhouse gas regulations under the New Source Performance Standard program. Utilities routinely evaluates the impact of Prevention of Significant Deterioration regulations on proposed projects and, at this time, there are no planned projects which would be subject to increased cost or operational restrictions due to the greenhouse gas Prevention of Significant Deterioration regulations.

Utilities is addressing the risk of greenhouse gas regulation and the community interest in a balanced approach to rates, reliability and environmental stewardship through its 2011 update to Utilities' Electric Integrated Resource Plan. At this time, the future capital costs of compliance with greenhouse gas regulations cannot be estimated.

In June 2010, the EPA issued a proposed rule regarding Coal Combustion Residuals (also referred to as coal combustion byproducts or coal ash). The proposed rule considered two approaches for disposal of Coal Combustion Residuals. One proposed approach would regulate Coal Combustion Residuals under subtitle C of the Resource Conservation and Recovery Act as a special waste and the second under subtitle D of the Resource Conservation and Recovery Act as a non-hazardous waste. Either approach will increase costs to Utilities for the ongoing disposal of these materials, although at this time Utilities cannot predict the level of increased costs. It is estimated that the EPA will establish a final rule with regards to disposal of Coal Combustion Residuals in 2012.

Except as described in the preceding section, Utilities believes that the air and water pollution control facilities at its electric generating units are sufficient so that those facilities will remain in compliance with all present air and water pollution laws and regulations. Utilities also believes it has sufficient generation capacity in existing assets to meet its long-term power needs.

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

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

The CDPS permits for the facilities require that when peak monthly throughput and treatment reach 80.0% of facility design capacity, Utilities must initiate engineering and financial planning for additional treatment capacity, and that construction must be commenced when peak monthly throughput and treatment is at 95.0% capacity. For both facilities, the throughput and treatment are currently below these capacity standards. In 2011, annual organic and hydraulic throughputs for the Las Vegas Street Wastewater Treatment Plant reached 53.1% and 43.8%, respectively. Annual organic and hydraulic throughputs in 2011 for the J.D. Phillips Water Reclamation Facility reached 41.9% and 39.8%, respectively.

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

The CDPHE has also proposed regulations for reducing nutrients (nitrogen and phosphorus) in state waters through 2022. Additional capital investment may be required to meet these standards, which could be adopted by the State as early as March 2012. Based on a February 2011 draft of the proposed regulation, approximately \$1.8 million capital investment would be required at the Las Vegas Street Wastewater Treatment Plant between 2014 and 2022. The J.D. Phillips Water Reclamation Facility would be able to meet the proposed standards with a \$1.5 million process improvement project currently in design and planned for construction in 2012. However, some nutrient regulatory scenarios could result in much greater capital

investment in this time period or after 2022, including scenarios which drive installation of reverse osmosis treatment technology.

As required by discharge permits, Utilities has reported both sanitary sewer overflows (“SSOs”) and reclaimed wastewater releases to regulatory agencies. SSOs can be caused by blockages in the sewer lines due to debris, tree roots and grease or can be caused by vandalism, construction damage, pump or pipeline failures, and severe flooding. In 2004, the CDPHE and Utilities entered into a Compliance Order on Consent (“Consent Order”) which addresses capacity and condition evaluations, along with the systematic repair, rehabilitation, and replacement of portions of the wastewater collection system through the year 2012. The Consent Order has been reviewed and approved by the EPA. Utilities continues to perform ongoing work as prescribed in the Consent Order and will meet the schedule to meet the 2012 completion date. The Consent Order was subsequently amended in 2005, 2006, and 2010 to resolve SSOs that occurred through December 2009.

The Clear Spring Ranch Solids Handling and Disposal Facility, which processes sludge from the Las Vegas Street Wastewater Treatment Plant and the J.D. Phillips Water Reclamation Facility, is currently regulated under a federal sludge disposal permit, a County solid waste disposal authorization known as a “Certificate of Designation” and State air quality permits. Under these permits and related regulations, Utilities is required to frequently monitor sludge and ground water quality. In 2007, the EPA issued a new general permit for sludge disposal which expires October 19, 2012. The solid waste disposal Certificate of Designation has no expiration date. Utilities has submitted and received approval for an amendment to the solid waste disposal Certificate of Designation to expand the disposal area, to accept additional waste streams (including third-party sludge), and to combine all solid waste disposal activities at the site (including ash from coal combustion) under a single Certificate of Designation. This amendment was approved by the Board of County Commissioners of the County and the CDPHE.

In 2008, a Wastewater Integrated Master plan was drafted and internally reviewed. The Wastewater Integrated Master plan addresses the 10-year Capital Improvement Projects needed for the wastewater collection system, wastewater treatment facilities and Clear Spring Ranch Solids Handling and Disposal Facility. It analyzes current capacity and future growth needs for all wastewater system components. The Wastewater Integrated Master plan also addresses the impacts of new regulations and plans for capital improvements necessary to keep the facilities in compliance with the new regulations.

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

The Federal Safe Drinking Water Act authorizes the EPA to establish national health-based standards for the protection of drinking water from both naturally occurring and man-made contaminants. Additionally, the EPA maintains a list of unregulated contaminants that are not currently subject to any proposed or promulgated national primary drinking water regulation, but that are known or anticipated to occur in public water systems and may become subject to

regulation in the future. As such, there is always the potential for new and/or more stringent standards that may impose additional costs to Utilities, either to existing infrastructure or operations or to new water project development. Utilities' current long-term capital improvements forecast for the Water System addresses normal repairs and replacements in the treatment and distribution facilities to maintain both operational reliability and compliance with the Federal Safe Drinking Water Act and applicable regulations. Currently, the most significant of these improvements are forecasted for Utilities' Mesa Water Treatment Plant. These improvements may occur or continue beyond 2015 in order to maintain the plant's treatment capabilities and compliance with drinking water standards. The current estimated cost of these improvements, if needed, is \$50,000,000.

Utilities is required to provide a sufficient capacity and level of water treatment and disinfection necessary to meet EPA-established "maximum contaminant levels" for regulated contaminants as well as provide regular monitoring for these contaminants in its treatment plants and distribution systems. Utilities' laboratory performs chemical, physical, and biological analyses of its finished water supplies, and is certified by the CDPHE for the analysis of drinking water. The CDPHE and the EPA have the authority to enforce drinking water quality standards for the water supplied by the Water System. The CDPHE periodically conducts compliance inspections of the water treatment processes and laboratory monitoring provided by Utilities. The laboratory is capable of meeting future analytical demands in response to system capacity additions and increased regulatory requirements. As part of the "consumer awareness" provisions of the Federal Safe Drinking Water Act, Utilities is required to submit annual "consumer confidence reports" to its customers addressing the sources of its drinking water and the levels of regulated contaminants found in the drinking water through its monitoring programs. Utilities' annual Water Quality Report to its customers consistently notes that the water treated and supplied by Utilities meets applicable primary drinking water quality standards. Other provisions of the Federal Safe Drinking Water Act require Utilities to maintain operator certifications and to submit a Source Water Assessment report to the CDPHE.

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

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

- The Federal Land Policy and Management Act authorizes the federal government to grant easements or issue special use permits for rights-of-way for water facilities crossing or located upon federal property. The Federal Land Policy and Management Act requires that special use permits include conditions necessary to protect the environment. All rights-of-way issued under the Federal Land Policy and Management Act are for a limited period of time and frequently contain reopener provisions. Upon renewal or reopening of the various special use permits that Utilities currently holds for the Water System additional conditions, such as minimum stream flows or bypass requirements, might be imposed that could reduce the yield of related parts of the Water System in the future.
- The federal government has designated large parcels of federally owned mountain land as controlled land use areas pending an evaluation for possible inclusion within the national wilderness preservation system. The inclusion of land within a wilderness area can render a water source unusable due to access restrictions and federal reserved water rights claims, or force a change to a less desirable, more expensive alternative development or operation plan.
- The United States Forest Service is pursuing, or may pursue in the future, legal action in which it claims vested federal reserved water rights to water flowing in and through National Forests and other federally owned lands. Some of these claimed federal reserved water rights are or would be superior to some of the water rights owned by the City within Colorado's water allocation system. The areas of primary concern to the City are the Arapaho and White River National Forests, both of which were reserved in 1905. These forests, located within the Colorado River and Arkansas River drainages, encompass the sources of the City-owned rights and entitlements connected with the Homestake Project, the Blue River Project, the Twin Lakes Project and the Fryingpan-Arkansas Project.
- The Federal Wild and Scenic Rivers Act is designed to protect certain free-flowing rivers identified by federal agencies. This Act authorizes Congress to designate segments of a river as wild, scenic, or recreational depending upon the presence of valued characteristics, such as recreational access, and other detracting factors, such as the degree of existing encroachment. Designation of a segment requires federal agencies to manage the river and adjacent lands to protect the identified valued characteristics and provides legal support for the appropriation of new federal water rights. Both of these effects present potential issues that could restrict the operations and development of the Water System.

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- The Federal Clean Water Act, as amended in 1987 and currently enforced by federal and state entities with responsibility over water quality protection, creates some potential for additional constraints on water operations and development activities. For example, in a United States Supreme Court case the Court considered hydrologic modifications as “pollution” under the Federal Clean Water Act, and stated that instream flow requirements as special use permit conditions may be appropriate to protect designated stream uses. Similarly, recent federal courts of appeals decisions (outside Utilities’ jurisdiction) raise the issue of whether a permit is necessary to transfer raw water from one water body to another. Such conditions, along with those imposed under Section 404 of the Federal Clean Water Act (relating to dredge and fill permits), Section 401 (relating to state certification of water quality conditions), Section 303(d) (relating to impaired water bodies and wasteload allocations), and those which may be necessary to meet Section 319 (non-point source best management practices) as well as new watershed-based requirements may increase the costs of future operations of the Water System and development of water resources. The EPA’s emphasis on watershed planning and proposed modifications to the water quality standards program involve such issues as biological criteria, antidegradation review of permitted activities, and standards for clean sediment and nutrients, which could further impact water project construction and operation.
- The Federal Endangered Species Act requires consultation with the U.S. Fish and Wildlife Service by a federal agency before the agency issues any authorization or permit for an activity. If the U.S. Fish and Wildlife Service determines that the proposed activity will have a detrimental impact on threatened or endangered species or their habitat, it must identify a reasonable and prudent alternative which would not jeopardize the species or result in the destruction of its habitat. This process can result in decreased project yields, increased project costs, or both. For example, in June 1998 the Preble’s Meadow Jumping Mouse, whose habitat includes some riparian areas in and around the City, was designated as a threatened species. This designation affects construction activities in those areas by requiring special permits, development of conservation plans, and consultation with the U.S. Fish and Wildlife Service. In response to this, Utilities initiated a collaborative process, which includes other regional stakeholders, to develop an appropriate local conservation plan that will allow continued construction activities without unreasonable additional regulatory requirements. In 2008, the U.S. Fish and Wildlife Service proposed critical habitat designation for the Preble’s Meadow Jumping Mouse in a small portion of Utilities’ service area. This proposal is not expected to have significant impact on Utilities’ projects or operations.

E. Passenger Facility Charges

The Federal Aviation Administration (FAA) authorized the Airport to impose a Passenger Facility Charge (PFC) per qualifying passenger commencing March 1, 1993. Net receipts from these charges are restricted for use on FAA approved PFC projects. The City has been authorized to collect PFC revenues in the aggregate amount of \$68,549,248 or until January 1, 2014 whichever occurs first. PFC revenues are recognized when earned. Aggregate collections through December 31, 2011, total \$60,104,703.

F. Customer Facility Charges

An ordinance (04-32) was approved by the City Council on March 23, 2004, allowing the Airport to continue to collect the CFC's for the purpose of funding the rental car improvement projects. The collection rate of \$1.50 per rental car contract date will remain until changed by City Council ordinance. The rate cannot exceed \$2.50 per rental car contract day without City Council approval. Aggregate collections through December 31, 2011, totaled \$10,017,201.

G. Disclosures about Fair Value of Financial Instruments

Estimated fair values of Utilities financial instruments are as follows as of December 31, 2011 (in 000's):

	<u>Carrying Amount</u>	<u>Fair Value</u>
Unrestricted cash and investments	\$97,303	\$97,303
Restricted cash and investments	307,436	307,436
Interest receivable	221	221
Revenue bonds (including current maturities)	2,203,209	2,345,393
Accrued interest	13,658	13,658
Customer advances for construction	10,330	10,330

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

The following table lists the amount invested, equity in the entities’ undistributed net earnings, and Utilities’ net investment in joint ventures recorded on the balance sheet as of December 31, 2011 (in 000’s):

<u>Entity</u>	<u>Amount Invested</u>	<u>Undistributed Net Earnings</u>	<u>Utilities Investment</u>
Young Gas Storage Company Ltd.	\$500	\$676	\$1,176

There were no advances or loans outstanding to this entity as of December 31, 2011.

I. Retirement Plans

1. Non-Uniformed Employees

Defined Benefit Pension Plan

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

Funding Policy: Plan members and the City are required to contribute to the LGDTF at a rate set by statute. The contribution requirements of plan members and the City are established under Title 24, Article 51, Part 4, of the CRS, as amended. The contribution rate for members is 8.0% and for the City is 10.0% of covered salary. A portion of the City’s contribution (1.02% of covered salary) is allocated for the Health Care Trust Fund (See Note V.I.1.Postemployment Health Care Benefits). The City is also required to pay an amortization equalization disbursement (AED) equal to 2.2% of the total payroll for the calendar year 2011 (2.2% for

2010 and 1.8% for 2009). Additionally, the City is required to pay a supplemental amortization equalization disbursement (SAED) equal to 1.5% of the total payroll for the calendar year 2011 (1.5% for 2010 and 1.0% for 2009). If the City rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay the employer contribution rate, the AED and the SAED on the amounts paid for the retiree. Member contributions are required. The City contributions to LGDTF for the years ending December 31, 2011, 2010, and 2009, were \$56,154,685, \$54,691,661, and \$54,088,259 respectively, equal to its required contributions for each year.

Postemployment Health Care Benefits

Plan Description: The City contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment health care 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 online at www.copera.org or by writing to PERA of Colorado, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy: The City is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the City are established under Title 24, Article 51, Part 4, of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208, of the Colorado Revised Statutes, as amended. The City's contributions to HCTF for the years ending December 31, 2011, 2010, and 2009 were \$4,466,459, \$4,069,742, and \$4,314,034, respectively, equal to its required contributions for each year.

Defined Contribution Plan

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

Funding Policy: The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$16,500 annually for 2009-2011 calendar years). There is a catch-up provision that allows participants 50 and older who are contributing the maximum to contribute an additional \$5,500 annually for 2009-2011 to their accounts.

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

Funding Policy: The ICMA and FPPA 457 plans are funded by voluntary member contributions of up to a maximum limit set by the IRS (\$16,500 annually for 2009-2011 calendar years). In addition, employees are eligible to contribute an additional \$5,500 annually for 2009-2011 if

they are age 50 or older or \$16,500 if they are participating in the “pre-retirement” catch-up provision.

The City and Utilities provides, by authority of a City Council Resolution, an ICMA 401(a) Plan, a defined contribution plan, administered by ICMA Retirement Corporation, which defines eligibility and participation requirements. Employee contributions for December 31, 2011 were \$26,192. The annual employer contribution for the years ending December 31, 2011, was \$26,319.

2. Uniformed Employees

Defined Benefit Pension Plan

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

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

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

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

Funding Policy - The funding policy of each of the plans provides for actuarially determined rates of contribution based upon an actuarial analysis. An actuarial analysis is undertaken annually for all plans. City Council has the authority to establish and amend contribution rates in accordance with the actuarial analysis for Old Hire Plans only. The contributions and funding ratios for these plans are shown in Required Supplemental Information. Employee and employer contribution rates for 2011 were as follows:

	Employee Rate	Employer Rate
Old Hire Police	10%	10%
Old Hire Fire	10%	10%
Alternate Police (hired prior to 1997)	8%	20.656%
Alternate Fire (hired prior to 1997)	10%	20.248%
Alternate Police (hired 1997 or after)	9.3%	21.956%
Alternate Fire (hired 1997 or after)	11.3%	21.548%
Statewide (Police and Fire)	9.3%	9.3%

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

1) The valuation method states that the unfunded actuarial liability and the present value of future normal costs under the Entry Age Normal actuarial cost method are amortized over the lesser of 20 years or the average remaining life expectancy of the group, which is currently 20.7 years. The amortization method and amortization period are outlined in the Required Supplemental Information. See Exhibit 17.

2) The asset valuation method is based on a comparison of expected and actual asset values determined as follows:

(a) At the beginning of each plan year, an expected actuarial asset value is calculated as the sum of the previous year’s actuarial value increased with a year’s interest at the Plan valuation rate plus net cash flow (excluding expenses) adjusted for interest (at the same rate) to the end of the previous plan year. The interest rate of return, salary projection rate, inflation rate and post-retirement benefit increase assumptions are outlined in the Required Supplemental Information.

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

(c) The final actuarial asset value is the expected actuarial value plus one third of the investment gain or loss for the previous plan year.

(d) The actuarial value of assets was initialized at market value as of January 1, 1999.

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

4) (a) The Schedule of Funding Progress in the Required Supplemental Information presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

(b)The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations, if applicable.

Defined Contribution Plan

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

Funding Policy: The ICMA and FPPA 457 plans are funded by voluntary member contributions of up to a maximum limit set by the IRS (\$16,500 annually for 2009-2011 calendar years). In addition, employees are eligible to contribute an additional \$5,500 annually for 2009-2011 if they are age 50 or older or \$16,500 if they are participating in the “pre-retirement” catch-up provision.

Annual Pension Cost

The City’s annual pension cost and net pension obligation for the plans for 2011 were as follows:

	Old Hire Fire	Old Hire Police	Total
Annual required contribution	\$1,570,446	\$1,505,955	\$3,076,401
Interest on net pension obligation	85,558	54,269	139,827
Adjustment to annual required contribution	<u>(107,238)</u>	<u>(68,020)</u>	<u>(175,258)</u>
Annual pension cost	1,548,766	1,492,204	3,040,970
Contributions made	<u>(1,570,446)</u>	<u>(1,505,955)</u>	<u>(3,076,401)</u>
Decrease in net pension obligation	(21,680)	(13,751)	(35,431)
Net pension obligation - beginning of year as previously reported	1,231,793	841,611	2,073,404
Prior year adjustment	(162,312)	(163,247)	(325,559)
Net pension obligation - beginning of year as restated	<u>1,069,481</u>	<u>678,364</u>	<u>1,747,845</u>
Net pension obligation - end of year	<u>\$1,047,801</u>	<u>\$664,613</u>	<u>\$1,712,414</u>

Other Information

Employees hired before April 1978:

<u>Old Hire Fire (closed to new employees)</u>	<u>2011</u>	<u>2010 *</u>	<u>2009</u>
Annual pension cost (APC)	\$1,548,766	\$159,549	\$157,324
Percentage of APC contributed	101%	240%	251%
Net pension obligation	\$1,047,801	\$1,069,481	\$1,293,602
<u>Old Hire Police (closed to new employees)</u>	<u>2011</u>	<u>2010 *</u>	<u>2009</u>
Annual pension cost (APC)	\$1,492,204	\$337,122	\$333,635
Percentage of APC contributed	101%	161%	163%
Net pension obligation	\$664,613	\$678,364	\$883,842

* As restated

Funding Status and Funding Progress - The funded status of the plan as of January 1, 2011, the most recent actuarial valuation date was as follows:

	<u>Old Hire Fire Pension Obligation</u>	<u>Old Hire Police Pension Obligation</u>
Actuarial Accrued Liability (AAL)	\$101,316,280	\$86,441,681
Actuarial Value of Plan Assets	<u>86,033,150</u>	<u>71,997,024</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$15,283,130</u>	<u>\$14,444,657</u>
Funded Ratio (actuarial value of plan assets/AAL)	84.9%	83.3%
Covered payroll (active plan members)	\$103,598	\$83,074
UAAL as percentage of covered payroll	14752.3%	17387.7%

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

The schedule of funding progress as of December 31, 2011, is as follows:

Old Hire Fire Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
1/1/2008	\$108,187,805	\$110,925,746	\$2,737,941	97.5%	\$261,984	1045.1%
1/1/2010	89,965,827	104,680,846	14,715,019	85.9	170,137	8648.9
1/1/2011	86,033,150	101,316,280	15,283,130	84.9	103,598	14752.3

Old Hire Police Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
1/1/2008	\$90,849,707	\$94,847,078	\$3,997,371	95.8%	\$176,894	2259.8%
1/1/2010	75,300,793	89,572,435	14,271,642	84.1	83,074	17179.4
1/1/2011	71,997,024	86,441,681	14,444,657	83.3	83,074	17387.7

Actuarial plan assumptions:

	Old Hire Fire Pension	Old Hire Police Pension
Valuation date	1/1/2011	1/1/2011
Actuarial cost method	Entry Age	Entry Age
Amortization method	Level dollar Closed	Level dollar Closed
Remaining amortization period	20 Years	20 Years
Asset valuation method	3-Year Smoothed Market	3-Year Smoothed Market
Investment rate of return	8%	8%
Projected salary increases	4.75%	4.75%
Inflation rate	3.5%	3.5%
Post retirement benefit increases	4%	4%

J. Special item

In 2011, the City transferred cash and property known as the Human Services Complex (Complex), an enterprise fund of the City, to the Housing Authority of the City of Colorado Springs (Housing Authority). The City determined that it was in the best interests of the public health, safety and welfare that the Housing Authority takeover ownership of the Complex and operation of the Colorado Springs Senior Center, located within the Complex. As a result of the conveyance, the Housing Authority now owns all assets of the Complex and will continue providing services at the current levels.

K. Accounting changes

The City adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions* during 2011.

L. Subsequent events

As a result of fluctuations in the SIFMA rate, LIBOR rate and other market rates since December 31, 2011, there may be a significant impact on SWAP valuation and investment valuation subsequent to the date of this report. The amount of these impacts is not known.

On May 11, 2010, City Council approved an increase to the water rates effective January 1, 2012. On December 13, 2011, the City Council approved an increase to the electric and gas rate changes also effective January 1, 2012. On January 24, 2012, Utilities proposed and City Council approved a decrease to the Gas Cost Adjustment that will be effective March 1, 2012.

Utilities' Risk Management Policy previously required an AA counterparty rating to enter into derivative transactions. As a result of changing financial conditions, Utilities' Risk Management Committee approved a change to the Risk Management Policy on January 11, 2012. The Policy's minimum credit rating decreased to A- from AA. This change served to broaden access and increase the diversity and number of financial partners. The change also aligned the Risk Management Policy with existing market conditions.

On December 13, 2011, City Council approved an emergency ordinance giving authorization to Utilities to establish a new \$25 million Union Bank Line of Credit. The agreement was executed on February 3, 2012.

Utilities entered into an extension to an existing \$50 million 2008 U.S. Bank Line of Credit that expired December 20, 2011. The extension was executed on January 30, 2012 and will end on May 1, 2012.

On March 27, 2012, City Council approved the issuance of the Utilities System Refunding Revenue Bonds, Series 2012B not to exceed \$250,000,000 to advance refund maturities of the City's outstanding Utilities System Subordinate Lien Improvement Revenue Bonds, Series 2003A; Series 2003B; Series 2004B; Series 2004C; Series 2005B; and Series 2005C.

On May 4, 2012, City Council appointed a new seven-member MHS board of trustees. The previous board was removed from office after it would not rescind a \$1.14 million severance agreement to the outgoing MHS CEO.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF FUNDING PROGRESS
FIRE AND POLICE PENSION PLANS
December 31, 2011**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 16**

Old Hire Fire Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
1/1/2008	\$108,187,805	\$110,925,746	\$2,737,941	97.5%	\$261,984	1045.1%
1/1/2010	89,965,827	104,680,846	14,715,019	85.9	170,137	8648.9
1/1/2011	86,033,150	101,316,280	15,283,130	84.9	103,598	14752.3

Old Hire Police Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
1/1/2008	\$90,849,707	\$94,847,078	\$3,997,371	95.8%	\$176,894	2259.8%
1/1/2010	75,300,793	89,572,435	14,271,642	84.1	83,074	17179.4
1/1/2011	71,997,024	86,441,681	14,444,657	83.3	83,074	17387.7

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

**CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit 17**

	Years ended December 31		
	2011	2010	2009
<u>Old Hire Fire Pension Plan</u>			
Annual required contribution (ARC)	\$1,570,446	\$221,358	\$221,358
Actual contributions as percentage of ARC	100%	100%	178%
<u>Old Hire Police Pension Plan</u>			
Annual required contribution (ARC)	\$1,505,955	\$379,353	\$379,353
Actual contributions as percentage of ARC	100%	100%	143%

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

**SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
December 31, 2011**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 18**

City of Colorado Springs

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
1/1/2007	\$ -	\$57,797,257	\$57,797,257	0.0%	\$87,989,734	65.7%
1/1/2009	-	74,052,320	74,052,320	0.0	87,346,062	84.8
1/1/2011	-	39,410,869	39,410,869	0.0	76,284,715	51.7

Colorado Springs Utilities

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
1/1/2007	\$ -	\$16,786,000	\$16,786,000	0.0%	\$1,429,000	1174.7%
1/1/2009	-	17,074,000	17,074,000	0.0	1,549,000	1102.3
1/1/2011	-	18,602,000	18,602,000	0.0	1,615,000	1151.8

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

**GENERAL FUND
BALANCE SHEET
December 31, 2011**

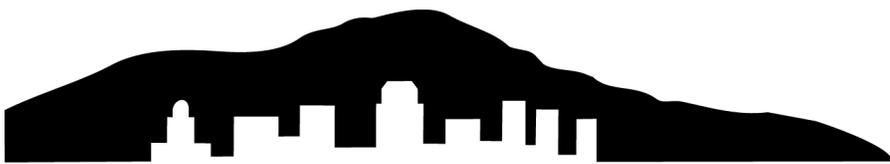
**CITY OF COLORADO SPRINGS
COLORADO
Exhibit A-1**

	<u>TOTAL</u>
<u>ASSETS</u>	
Cash and investments	\$49,793,879
Accounts receivable (net of allowance for uncollectibles)	3,319,207
Sales tax receivable	13,375,969
Loans receivable	854,981
Assessments receivable	18,101
Property taxes receivable	
Current	19,296,524
Delinquent	105,906
Due from other funds	3,496,879
Prepays	503,337
Restricted investments	92,404
Total assets	<u>90,857,187</u>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities	
Accounts payable	4,776,246
Funds held for others	2,949,130
Accrued salaries and benefits	2,952,842
Due to other funds	2,054,056
Escrow deposits	6,243,193
Deferred revenue	
Loans	854,981
Assessments	18,101
Property taxes	19,296,524
Unearned revenue	914,679
Total liabilities	<u>40,059,752</u>
Fund balance	
Nonspendable	609,243
Restricted	7,547,034
Committed	1,231,321
Assigned	3,415,078
Unassigned	37,994,759
Total fund balance	<u>50,797,435</u>
Total liabilities and fund balance	<u>\$90,857,187</u>

**GENERAL FUND
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended December 31, 2011**

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

	<u>TOTAL</u>
Revenues	
Taxes	\$144,466,461
Licenses and permits	870,688
Intergovernmental	19,921,957
Charges for services	19,038,286
Other revenue	3,120,395
Investment earnings	790,378
Rental income	<u>605,115</u>
Total revenues	<u>188,813,280</u>
 Expenditures	
Current	
General government	45,605,696
Public safety	114,503,144
Public works	18,915,362
Health and welfare	1,209,861
Culture and recreation	10,848,844
Urban redevelopment and housing	248,276
Debt service	
Principal	8,451,171
Interest	3,427,298
Debt Issuance	188,001
Capital outlay	<u>3,335,963</u>
Total expenditures	206,733,616
 Deficiency of revenues over expenditures	<u>(17,920,336)</u>
 Other financing sources (uses)	
Transfers - in	32,654,417
Transfers - out	(6,457,920)
Proceeds from issuance of bond	13,485,000
Payment on refunding bond	(16,262,864)
Premium on refunding bond	563,751
Sale of capital assets	<u>748,075</u>
Total other financing sources (uses)	<u>24,730,459</u>
 Net change in fund balance	6,810,123
 Fund balance - January 1	<u>43,987,312</u>
 Fund balance - December 31	<u><u>\$50,797,435</u></u>



CITY OF COLORADO SPRINGS

NON-MAJOR GOVERNMENTAL FUNDS

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2011**

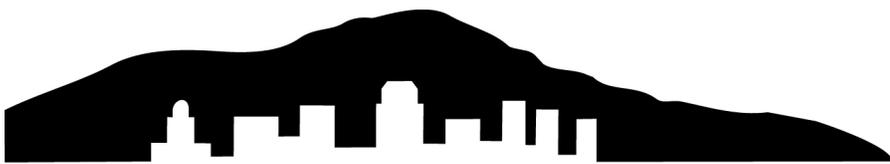
**CITY OF COLORADO SPRINGS
COLORADO
Exhibit B-1**

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
<u>ASSETS</u>				
Cash and investments	\$34,344,351	\$7,555,100	\$896,338	\$42,795,789
Accounts receivable (net of allowance for uncollectibles)	7,469,594	1,231	85	7,470,910
Sales tax receivable	3,529,244	-	-	3,529,244
Loans receivable (net of allowance for uncollectibles)	18,827,876	-	-	18,827,876
Property taxes receivable	3,630,508	-	-	3,630,508
Due from other funds	99,529	381,973	-	481,502
Restricted investments	-	-	9,009,852	9,009,852
Total assets	67,901,102	7,938,304	9,906,275	85,745,681
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	1,983,359	304,314	-	2,287,673
Accrued salaries and benefits	538,706	-	-	538,706
Due to other funds	453,982	3,303,679	-	3,757,661
Deferred revenue				
Loans (net of allowance for uncollectibles)	18,827,876	-	-	18,827,876
Property taxes	3,630,508	-	-	3,630,508
Grants	9,065,786	-	-	9,065,786
Total liabilities	34,500,217	3,607,993	-	38,108,210
Fund balances				
Nonspendable	-	-	9,721,218	9,721,218
Restricted	26,786,349	-	185,057	26,971,406
Committed	6,494,187	4,330,311	-	10,824,498
Assigned	120,349	-	-	120,349
Total fund balances	33,400,885	4,330,311	9,906,275	47,637,471
Total liabilities and fund balances	\$67,901,102	\$7,938,304	\$9,906,275	\$85,745,681

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2011**

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
Revenues				
Taxes	\$38,537,486	\$ -	\$ -	\$38,537,486
Intergovernmental	42,565,658	-	-	42,565,658
Charges for services	2,701,376	-	-	2,701,376
Endowments and donations	1,241,999	-	73,080	1,315,079
Other revenue	890,056	458,296	-	1,348,352
Investment earnings (loss)	398,483	244,323	(105,194)	537,612
Total revenues	86,335,058	702,619	(32,114)	87,005,563
Expenditures				
Current				
General government	1,784,858	-	-	1,784,858
Public safety	27,373,977	-	-	27,373,977
Public works	12,900,974	-	-	12,900,974
Culture and recreation	7,184,044	-	183,303	7,367,347
Urban development and housing	4,629,456	-	-	4,629,456
Economic development	2,610,152	-	-	2,610,152
Miscellaneous	3,374,694	-	-	3,374,694
Debt service				
Principal	1,755,000	2,018,936	-	3,773,936
Interest	1,332,322	499,196	-	1,831,518
Capital outlay	18,137,973	7,533,042	-	25,671,015
Total expenditures	81,083,450	10,051,174	183,303	91,317,927
Excess (deficiency) of revenues over expenditures	5,251,608	(9,348,555)	(215,417)	(4,312,364)
Other financing sources (uses)				
Transfers - in	-	7,138,924	-	7,138,924
Transfers - out	(1,419,417)	-	-	(1,419,417)
Total other financing sources (uses)	(1,419,417)	7,138,924	-	5,719,507
Net change in fund balances	3,832,191	(2,209,631)	(215,417)	1,407,143
Fund balances - January 1	29,568,694	6,539,942	10,121,692	46,230,328
Fund balances - December 31	\$33,400,885	\$4,330,311	\$9,906,275	\$47,637,471



CITY OF COLORADO SPRINGS

SPECIAL REVENUE FUNDS

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

Intergovernmental Grant Funds:

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

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

Capital, Operations and Maintenance Funds:

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

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

Improvement and Maintenance District Funds:

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

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

Public Improvements Funds:

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

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

SPECIAL REVENUE FUNDS CONT'D.

Other Public Improvements Funds:

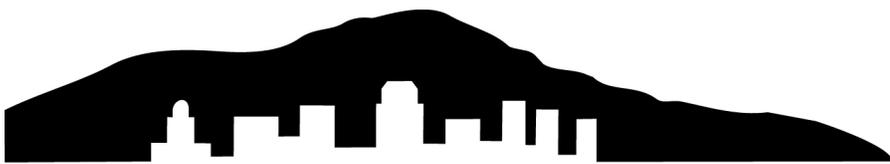
**Cottonwood General Improvement District
Spring Creek General Improvement District
Briargate General Improvement District
Market Place at Austin Bluffs (MAB) General Improvement District**

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

Other Special Revenue Funds:

**Lodgers and Auto Rental Tax Fund
Street Tree Fund
Gift Trust Fund
Senior Programs Fund
Therapeutic Recreation Fund**

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



CITY OF COLORADO SPRINGS

**ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2011**

	Inter- governmental Grant Funds	Capital Operations and Maintenance Funds	Improvement and Maintenance District Funds	Public Improvements Funds
<u>ASSETS</u>				
Cash and investments	\$3,312,034	\$19,021,223	\$875,005	\$6,826,185
Accounts receivable (net of allowance for uncollectibles)	7,109,133	274,522	12,813	44,052
Sales tax receivable	-	3,344,850	-	-
Loans receivable (net of allowance for uncollectibles)	18,827,876	-	-	-
Property taxes receivable	-	-	1,688,701	-
Due from other funds	91,311	6,357	-	-
Total assets	29,340,354	22,646,952	2,576,519	6,870,237
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	1,091,126	875,193	2,594	6,963
Accrued salaries and benefits	72,499	452,749	13,458	-
Due to other funds	283,067	23,042	-	-
Deferred revenue				
Loans (net of allowance for uncollectibles)	18,827,876	-	-	-
Property taxes	-	-	1,688,701	-
Grants	9,065,786	-	-	-
Total liabilities	29,340,354	1,350,984	1,704,753	6,963
Fund balances				
Restricted	-	21,066,955	871,766	588,553
Committed	-	229,013	-	6,155,872
Assigned	-	-	-	118,849
Total fund balances	-	21,295,968	871,766	6,863,274
Total liabilities and fund balances	\$29,340,354	\$22,646,952	\$2,576,519	\$6,870,237

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

Other Public Improvements Funds	Other Special Revenue Funds	Totals
\$906,400	\$3,403,504	\$34,344,351
14,462	14,612	7,469,594
-	184,394	3,529,244
-	-	18,827,876
1,941,807	-	3,630,508
-	1,861	99,529
<u>2,862,669</u>	<u>3,604,371</u>	<u>67,901,102</u>
-	7,483	1,983,359
-	-	538,706
-	147,873	453,982
-	-	18,827,876
1,941,807	-	3,630,508
-	-	9,065,786
<u>1,941,807</u>	<u>155,356</u>	<u>34,500,217</u>
920,862	3,338,213	26,786,349
-	109,302	6,494,187
-	1,500	120,349
<u>920,862</u>	<u>3,449,015</u>	<u>33,400,885</u>
<u>\$2,862,669</u>	<u>\$3,604,371</u>	<u>\$67,901,102</u>

**ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2011**

	Inter- governmental Grant Funds	Capital Operations and Maintenance Funds	Improvement and Maintenance District Funds	Public Improvements Funds
Revenues				
Taxes	\$ -	\$30,430,624	\$1,958,493	\$ -
Intergovernmental	38,905,256	3,660,402	-	-
Charges for services	-	1,191,370	-	1,510,006
Donations	-	-	-	-
Other revenue	890,056	-	-	-
Investment earnings	1,572	252,692	15,310	92,640
Total revenues	39,796,884	35,535,088	1,973,803	1,602,646
Expenditures				
Current				
General government	-	1,317,613	-	-
Public safety	4,782,770	22,431,976	-	-
Public works	10,070,953	-	1,928,307	890,925
Culture and recreation	1,840,424	3,945,324	-	-
Urban redevelopment and housing	4,629,456	-	-	-
Economic development	74,316	-	-	-
Miscellaneous	3,362,084	-	-	-
Debt service				
Principal	-	920,000	-	-
Interest	-	133,952	-	-
Capital outlay	15,036,881	3,101,092	-	-
Total expenditures	39,796,884	31,849,957	1,928,307	890,925
Excess of revenues over expenditures	-	3,685,131	45,496	711,721
Other financing uses				
Transfers - out	-	-	-	-
Total other financing uses	-	-	-	-
Net change in fund balances	-	3,685,131	45,496	711,721
Fund balances - January 1	-	17,610,837	826,270	6,151,553
Fund balances - December 31	\$ -	\$21,295,968	\$871,766	\$6,863,274

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

Other Public Improvements Funds	Other Special Revenue Funds	Totals
\$2,195,512	\$3,952,857	\$38,537,486
-	-	42,565,658
-	-	2,701,376
-	1,241,999	1,241,999
-	-	890,056
19,668	16,601	398,483
2,215,180	5,211,457	86,335,058
-	467,245	1,784,858
-	159,231	27,373,977
-	10,789	12,900,974
-	1,398,296	7,184,044
-	-	4,629,456
-	2,535,836	2,610,152
12,610	-	3,374,694
835,000	-	1,755,000
1,198,370	-	1,332,322
-	-	18,137,973
2,045,980	4,571,397	81,083,450
169,200	640,060	5,251,608
-	(1,419,417)	(1,419,417)
-	(1,419,417)	(1,419,417)
169,200	(779,357)	3,832,191
751,662	4,228,372	29,568,694
\$920,862	\$3,449,015	\$33,400,885

INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 December 31, 2011

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit C-3

	Community Development Block Grant Fund	Home Investment Partnership Fund	Grants Fund	Total
<u>ASSETS</u>				
Cash and investments	\$ -	\$91,480	\$3,220,554	\$3,312,034
Accounts receivable (net of allowance for uncollectibles)	218,896	95,305	6,794,932	7,109,133
Loans receivable (net of allowance for uncollectibles)	6,609,850	12,021,051	196,975	18,827,876
Due from other funds	-	-	91,311	91,311
Total assets	6,828,746	12,207,836	10,303,772	29,340,354
<u>LIABILITIES</u>				
Accounts payable	14,700	66,491	1,009,935	1,091,126
Accrued salaries and benefits	12,384	-	60,115	72,499
Due to other funds	191,756	91,311	-	283,067
Deferred revenue				
Loans (net of allowance for uncollectibles)	6,609,850	12,021,051	196,975	18,827,876
Grants	56	28,983	9,036,747	9,065,786
Total liabilities	\$6,828,746	\$12,207,836	\$10,303,772	\$29,340,354

**INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2011**

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

	Community Development Block Grant Fund	Home Investment Partnership Fund	Grants Fund	Total
Revenues				
Intergovernmental	\$1,688,285	\$1,184,578	\$36,032,393	\$38,905,256
Other revenue	124,505	765,311	240	890,056
Investment earnings	435	-	1,137	1,572
Total revenues	1,813,225	1,949,889	36,033,770	39,796,884
Expenditures				
Current				
Public safety	-	-	4,782,770	4,782,770
Public works	-	-	10,070,953	10,070,953
Culture and recreation	-	-	1,840,424	1,840,424
Urban redevelopment and housing	1,813,225	1,949,889	866,342	4,629,456
Economic development	-	-	74,316	74,316
Miscellaneous	-	-	3,362,084	3,362,084
Capital outlay	-	-	15,036,881	15,036,881
Total expenditures	1,813,225	1,949,889	36,033,770	39,796,884
Net change in fund balances	-	-	-	-
Fund balances - January 1	-	-	-	-
Fund balances - December 31	\$ -	\$ -	\$ -	\$ -

**CAPITAL, OPERATIONS AND MAINTENANCE
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2011**

	Ballfield Capital Improvements Fund	Bicycle Tax Fund	Trails/Open Space Fund	Conservation Trust Fund
<u>ASSETS</u>				
Cash and investments	\$229,013	\$343,573	\$10,035,375	\$1,534,981
Accounts receivable (net of allowance for uncollectibles)	-	-	30	-
Sales tax receivable	-	-	668,970	-
Due from other funds	-	-	-	-
Total assets	229,013	343,573	10,704,375	1,534,981
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	-	1,776	44,780	5,850
Accrued salaries and benefits	-	101	9,389	43,443
Due to other funds	-	-	-	-
Total liabilities	-	1,877	54,169	49,293
Fund balances				
Restricted	-	341,696	10,650,206	1,485,688
Committed	229,013	-	-	-
Total fund balances	229,013	341,696	10,650,206	1,485,688
Total liabilities and fund balances	\$229,013	\$343,573	\$10,704,375	\$1,534,981

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

Cable Franchise Fund	Public Safety Sales Tax Fund	Total
\$461,759	\$6,416,522	\$19,021,223
268,299	6,193	274,522
-	2,675,880	3,344,850
-	6,357	6,357
<u>730,058</u>	<u>9,104,952</u>	<u>22,646,952</u>

142,975	679,812	875,193
7,112	392,704	452,749
-	23,042	23,042
<u>150,087</u>	<u>1,095,558</u>	<u>1,350,984</u>

579,971	8,009,394	21,066,955
-	-	229,013
<u>579,971</u>	<u>8,009,394</u>	<u>21,295,968</u>
<u>\$730,058</u>	<u>\$9,104,952</u>	<u>\$22,646,952</u>

CAPITAL, OPERATIONS AND MAINTENANCE SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2011

	Ballfield Capital Improvements Fund	Bicycle Tax Fund	Trails/Open Space Fund	Conservation Trust Fund
Revenues				
Taxes	\$ -	\$86,091	\$6,069,557	\$ -
Intergovernmental	-	-	-	3,660,402
Charges for services	85,703	-	7,000	-
Investment earnings	4,152	4,824	126,991	15,461
Total revenues	89,855	90,915	6,203,548	3,675,863
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	45,003	900,766	2,999,555
Debt service				
Principal	86,859	-	598,500	234,641
Interest	29,544	-	93,967	10,441
Capital outlay	-	-	1,679,643	-
Total expenditures	116,403	45,003	3,272,876	3,244,637
Net change in fund balances	(26,548)	45,912	2,930,672	431,226
Fund balances - January 1	255,561	295,784	7,719,534	1,054,462
Fund balances - December 31	\$229,013	\$341,696	\$10,650,206	\$1,485,688

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

Cable Franchise Fund	Public Safety Sales Tax Fund	Total
\$ -	\$24,274,976	\$30,430,624
-	-	3,660,402
1,098,667	-	1,191,370
8,755	92,509	252,692
1,107,422	24,367,485	35,535,088
1,317,613	-	1,317,613
-	22,431,976	22,431,976
-	-	3,945,324
-	-	920,000
-	-	133,952
-	1,421,449	3,101,092
1,317,613	23,853,425	31,849,957
(210,191)	514,060	3,685,131
790,162	7,495,334	17,610,837
\$579,971	\$8,009,394	\$21,295,968

**IMPROVEMENT AND MAINTENANCE DISTRICT
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2011**

	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	\$68,538	\$194,052	\$258,087	\$152,964
Accounts receivable (net of allowance for uncollectibles)	524	4,419	5,791	1,935
Property taxes receivable	89,548	578,527	755,002	247,027
Total assets	158,610	776,998	1,018,880	401,926
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	799	96	273	1,327
Accrued salaries and benefits	1,130	5,195	5,838	1,295
Deferred revenue - property taxes	89,548	578,527	755,002	247,027
Total liabilities	91,477	583,818	761,113	249,649
Fund balances				
Restricted	67,133	193,180	257,767	152,277
Total fund balances	67,133	193,180	257,767	152,277
Total liabilities and fund balances	\$158,610	\$776,998	\$1,018,880	\$401,926

**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
\$116,093	\$8,462	\$76,809	\$875,005
124	20	-	12,813
15,884	2,713	-	1,688,701
<u>132,101</u>	<u>11,195</u>	<u>76,809</u>	<u>2,576,519</u>
57	42	-	2,594
-	-	-	13,458
15,884	2,713	-	1,688,701
<u>15,941</u>	<u>2,755</u>	<u>-</u>	<u>1,704,753</u>
116,160	8,440	76,809	871,766
116,160	8,440	76,809	871,766
<u>\$132,101</u>	<u>\$11,195</u>	<u>\$76,809</u>	<u>\$2,576,519</u>

**IMPROVEMENT AND MAINTENANCE DISTRICT
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2011**

	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	\$99,481	\$668,833	\$865,843	\$294,116
Investment earnings	897	3,969	5,033	2,982
Total revenues	100,378	672,802	870,876	297,098
Expenditures				
Current				
Public works	89,837	724,533	788,947	306,713
Total expenditures	89,837	724,533	788,947	306,713
Net change in fund balances	10,541	(51,731)	81,929	(9,615)
Fund balances - January 1	56,592	244,911	175,838	161,892
Fund balances - December 31	\$67,133	\$193,180	\$257,767	\$152,277

**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
\$18,637	\$3,021	\$8,562	\$1,958,493
1,378	109	942	15,310
20,015	3,130	9,504	1,973,803
9,784	2,983	5,510	1,928,307
9,784	2,983	5,510	1,928,307
10,231	147	3,994	45,496
105,929	8,293	72,815	826,270
\$116,160	\$8,440	\$76,809	\$871,766

**PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2011**

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

	Public Space and Development Fund	Subdivision Drainage Fund	Arterial Roadway Fund	Park Developer Easement Fund	Banning Lewis Ranch Fund	Total
<u>ASSETS</u>						
Cash and investments	\$3,390,499	\$1,560,820	\$1,099,933	\$167,259	\$607,674	\$6,826,185
Accounts receivable (net of allowance for uncollectibles)	44,052	-	-	-	-	44,052
Total assets	3,434,551	1,560,820	1,099,933	167,259	607,674	6,870,237
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	-	6,963	-	-	-	6,963
Total liabilities	-	6,963	-	-	-	6,963
Fund balances						
Restricted	-	-	-	-	588,553	588,553
Committed	3,376,267	1,553,857	1,099,933	125,815	-	6,155,872
Assigned	58,284	-	-	41,444	19,121	118,849
Total fund balances	3,434,551	1,553,857	1,099,933	167,259	607,674	6,863,274
Total liabilities and fund balances	\$3,434,551	\$1,560,820	\$1,099,933	\$167,259	\$607,674	\$6,870,237

**PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2011**

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

	Public Space and Development Fund	Subdivision Drainage Fund	Arterial Roadway Fund	Park Developer Easement Fund	Banning Lewis Ranch Fund	Total
Revenues						
Charges for services	\$832,055	\$522,097	\$16,896	\$ -	\$138,958	\$1,510,006
Investment earnings	46,285	21,641	16,109	2,038	6,567	92,640
Total revenues	878,340	543,738	33,005	2,038	145,525	1,602,646
Expenditures						
Current						
Public works	4,059	756,513	127,879	-	2,474	890,925
Total expenditures	4,059	756,513	127,879	-	2,474	890,925
Net change in fund balances	874,281	(212,775)	(94,874)	2,038	143,051	711,721
Fund balances - January 1	2,560,270	1,766,632	1,194,807	165,221	464,623	6,151,553
Fund balances - December 31	\$3,434,551	\$1,553,857	\$1,099,933	\$167,259	\$607,674	\$6,863,274

**OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2011**

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

	Cottonwood General Improvement District	Spring Creek General Improvement District	Briargate General Improvement District	MAB General Improvement District	Total
<u>ASSETS</u>					
Cash and investments	\$563,282	\$200,980	\$24,380	\$117,758	\$906,400
Accounts receivable (net of allowance for uncollectibles)	5,323	2,256	5,274	1,609	14,462
Property taxes receivable	698,976	292,777	742,516	207,538	1,941,807
Total assets	1,267,581	496,013	772,170	326,905	2,862,669
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Deferred revenue - property taxes	698,976	292,777	742,516	207,538	1,941,807
Total liabilities	698,976	292,777	742,516	207,538	1,941,807
Fund balances					
Restricted	568,605	203,236	29,654	119,367	920,862
Total fund balances	568,605	203,236	29,654	119,367	920,862
Total liabilities and fund balances	\$1,267,581	\$496,013	\$772,170	\$326,905	\$2,862,669

**OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2011**

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

	Cottonwood General Improvement District	Spring Creek General Improvement District	Briargate General Improvement District	MAB General Improvement District	Total
Revenues					
Taxes	\$805,501	\$343,297	\$803,601	\$243,113	\$2,195,512
Investment earnings	10,505	3,434	3,488	2,241	19,668
Total revenues	816,006	346,731	807,089	245,354	2,215,180
Expenditures					
Current					
Miscellaneous	3,591	3,541	4,043	1,435	12,610
Debt service					
Principal	615,000	165,000	-	55,000	835,000
Interest	102,125	127,145	791,000	178,100	1,198,370
Total expenditures	720,716	295,686	795,043	234,535	2,045,980
Net change in fund balances	95,290	51,045	12,046	10,819	169,200
Fund balances - January 1	473,315	152,191	17,608	108,548	751,662
Fund balances - December 31	\$568,605	\$203,236	\$29,654	\$119,367	\$920,862

**OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2011**

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

	Lodgers and Auto Rental Tax Fund	Street Tree Fund	Gift Trust Fund	Senior Programs Fund	Therapeutic Recreation Fund	Total
<u>ASSETS</u>						
Cash and investments	\$840	\$106,574	\$3,291,862	\$ -	\$4,228	\$3,403,504
Accounts receivable (net of allowances for uncollectibles)	-	-	14,612	-	-	14,612
Sales tax receivable	184,394	-	-	-	-	184,394
Due from other funds	-	-	1,861	-	-	1,861
Total assets	185,234	106,574	3,308,335	-	4,228	3,604,371
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	2,659	-	4,824	-	-	7,483
Due to other funds	147,873	-	-	-	-	147,873
Total liabilities	150,532	-	4,824	-	-	155,356
Fund balances						
Restricted	34,702	-	3,303,511	-	-	3,338,213
Committed	-	105,074	-	-	4,228	109,302
Assigned	-	1,500	-	-	-	1,500
Total fund balances	34,702	106,574	3,303,511	-	4,228	3,449,015
Total liabilities and fund balances	\$185,234	\$106,574	\$3,308,335	\$ -	\$4,228	\$3,604,371

**OTHER SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2011**

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

	Lodgers and Auto Rental Tax Fund	Street Tree Fund	Gift Trust Fund	Senior Programs Fund	Therapeutic Recreation Fund	Total
Revenues						
Taxes	\$3,952,857	\$ -	\$ -	\$ -	\$ -	\$3,952,857
Donations	-	-	1,241,999	-	-	1,241,999
Investment earnings	2,396	1,575	12,579	-	51	16,601
Total revenues	3,955,253	1,575	1,254,578	-	51	5,211,457
Expenditures						
Current						
General government	-	-	467,245	-	-	467,245
Public Safety	-	-	159,231	-	-	159,231
Public Works	-	-	10,789	-	-	10,789
Culture and recreation	-	75	824,873	573,348	-	1,398,296
Economic development	2,535,836	-	-	-	-	2,535,836
Total expenditures	2,535,836	75	1,462,138	573,348	-	4,571,397
Excess (deficiency) of revenues over expenditures	1,419,417	1,500	(207,560)	(573,348)	51	640,060
Other financing uses						
Transfers - out	(1,419,417)	-	-	-	-	(1,419,417)
Net change in fund balances	-	1,500	(207,560)	(573,348)	51	(779,357)
Fund balances - January 1	34,702	105,074	3,511,071	573,348	4,177	4,228,372
Fund balances - December 31	\$34,702	\$106,574	\$3,303,511	\$ -	\$4,228	\$3,449,015

**SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES-BUDGET AND ACTUAL
For the year ended December 31, 2011**

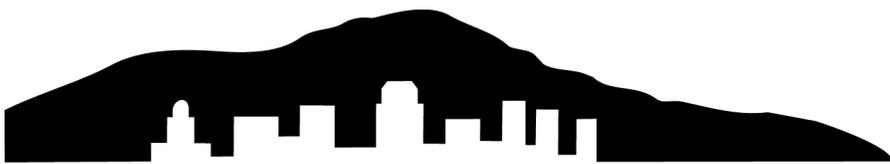
	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Community Development Block Grant	\$1,813,225	\$1,813,225	\$ -
Home Investment Partnership Fund	1,949,889	1,949,889	-
Grants Fund	36,033,770	36,033,770	-
Ballfield Capital Improvements Fund	95,000	89,855	(5,145)
Bicycle Tax Fund	112,000	90,915	(21,085)
Trails/Open Space Fund	5,990,000	6,203,548	213,548
Conservation Trust Fund	3,825,118	3,675,863	(149,255)
Cable Franchise Fund	1,301,000	1,107,422	(193,578)
Public Safety Sales Tax Fund	23,537,038	24,367,485	830,447
Old Colorado City Maintenance and Security District Fund	105,236	100,378	(4,858)
Norwood Special Improvement Maintenance District Fund	702,160	672,802	(29,358)
Briargate Special Improvement Maintenance District Fund	918,472	870,876	(47,596)
Stetson Hills Improvement Maintenance District Fund	308,881	297,098	(11,783)
Woodstone Improvement Maintenance District Fund	21,044	20,015	(1,029)
Gateway Improvement Maintenance District Fund	3,235	3,130	(105)
Platte Avenue Improvement Maintenance District Fund	9,676	9,504	(172)
Public Space and Development Fund	800,000	878,340	78,340
Subdivision Drainage Fund	2,000,000	543,738	(1,456,262)
Arterial Roadway Fund	250,000	33,005	(216,995)
Park Developer Easement Fund	-	2,038	2,038
Banning Lewis Ranch Fund	205,000	145,525	(59,475)
Cottonwood General Improvement District	831,768	816,006	(15,762)
Spring Creek General Improvement District	346,111	346,731	620
Briargate General Improvement District	805,259	807,089	1,830
MAB General Improvement District	247,664	245,354	(2,310)
Lodgers and Auto Rental Tax Fund	3,816,000	3,955,253	139,253
Street Tree Fund	12,000	1,575	(10,425)
Gift Trust Fund	1,900,000	1,254,578	(645,422)
Therapeutic Recreation Fund	300	51	(249)
Total revenues	\$87,939,846	\$86,335,058	(\$1,604,788)

(continued)

**SPECIAL REVENUE FUNDS
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL
For the year ended December 31, 2011**

	Final Budget	Actual	Variance Positive (Negative)
Expenditures			
Community Development Block Grant	\$1,813,225	\$1,813,225	\$ -
Home Investment Partnership Fund	1,949,889	1,949,889	-
Grants Fund	36,033,770	36,033,770	-
Ballfield Capital Improvements Fund	116,403	116,403	-
Bicycle Tax Fund	389,717	45,003	344,714
Trails/Open Space Fund	9,654,356	3,272,876	6,381,480
Conservation Trust Fund	4,708,486	3,244,637	1,463,849
Cable Franchise Fund	1,746,599	1,317,613	428,986
Public Safety Sales Tax Fund	27,972,558	23,853,425	4,119,133
Old Colorado City Maintenance and Security District Fund	120,236	89,837	30,399
Norwood Special Improvement Maintenance District Fund	852,160	724,533	127,627
Briargate Special Improvement Maintenance District Fund	918,472	788,947	129,525
Stetson Hills Improvement Maintenance District Fund	358,881	306,713	52,168
Woodstone Improvement Maintenance District Fund	21,044	9,784	11,260
Gateway Improvement Maintenance District Fund	5,235	2,983	2,252
Platte Avenue Improvement Maintenance District Fund	29,676	5,510	24,166
Public Space and Development Fund	961,495	4,059	957,436
Subdivision Drainage Fund	2,000,000	756,513	1,243,487
Arterial Roadway Fund	400,000	127,879	272,121
Banning Lewis Ranch Fund	4,200	2,474	1,726
Cottonwood General Improvement District	724,125	720,716	3,409
Spring Creek General Improvement District	299,145	295,686	3,459
Briargate General Improvement District	803,000	795,043	7,957
MAB General Improvement District	240,100	234,535	5,565
Lodgers and Auto Rental Tax Fund	3,951,265	3,955,253	(3,988)
Street Tree Fund	31,585	75	31,510
Gift Trust Fund	1,960,835	1,462,138	498,697
Senior Programs Fund	800,000	573,348	226,652
Total expenditures	\$98,866,457	\$82,502,867	\$16,363,590

Note: Includes transfers.



CITY OF COLORADO SPRINGS

CAPITAL PROJECTS FUND

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

City Funded CIP Construction fund

	<u>City Funded CIP Construction Fund</u>
<u>ASSETS</u>	
Cash and investments	\$7,555,100
Accounts receivable (net of allowance for uncollectibles)	1,231
Due from other funds	<u>381,973</u>
Total assets	<u><u>7,938,304</u></u>
<u>LIABILITIES AND FUND BALANCES</u>	
Liabilities	
Accounts payable	304,314
Due to other funds	<u>3,303,679</u>
Total liabilities	<u>3,607,993</u>
Fund balances	
Committed	<u>4,330,311</u>
Total fund balances	<u>4,330,311</u>
Total liabilities and fund balances	<u><u>\$7,938,304</u></u>

**CAPITAL PROJECTS FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2011**

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

	Final Budget	City Funded CIP Construction Fund	Variance with Final Budget Positive (Negative)
Revenues			
Other revenue	\$325,000	\$458,296	\$133,296
Investment earnings	245,000	244,323	(677)
Total revenues	570,000	702,619	132,619
Expenditures			
Debt service			
Principal	2,018,936	2,018,936	-
Interest	499,196	499,196	-
Capital outlay	21,524,844	7,533,042	13,991,802
Total expenditures	24,042,976	10,051,174	13,991,802
Deficiency of revenues over expenditures	(23,472,976)	(9,348,555)	(14,124,421)
Other financing sources			
Transfers - in	14,989,923	7,138,924	7,850,999
Total other financing sources	14,989,923	7,138,924	7,850,999
Net change in fund balances	(8,483,053)	(2,209,631)	(6,273,422)
Fund balances - January 1	6,539,942	6,539,942	-
Fund balances - December 31	(\$1,943,111)	\$4,330,311	(\$6,273,422)

**ANNUAL STATEMENT OF RECEIPTS
AND EXPENDITURES FOR
ROADS, BRIDGES AND STREETS
2011**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit D-3
(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 2011
	This Information From The Records of the City of Colorado Springs : Prepared By: City of Colorado Springs Controller's Office Phone: (719) 385-5919

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	55,391,506
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	14,477,182
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	521,625
2. General fund appropriations	8,341,945	b. Snow and ice removal	864,705
3. Other local imposts (from page 2)	62,782,145	c. Other	
4. Miscellaneous local receipts (from page 2)	4,439,356	d. Total (a. through c.)	1,386,330
5. Transfers from toll facilities		4. General administration & miscellaneous	2,737,460
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	16,039,725
a. Bonds - Original Issues		6. Total (1 through 5)	90,032,203
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	597,734
7. Total (1 through 6)	75,563,446	b. Redemption	2,954,733
B. Private Contributions		c. Total (a. + b.)	3,552,467
C. Receipts from State government (from page 2)	17,789,730	2. Notes:	
D. Receipts from Federal Government (from page 2)	237,049	a. Interest	
E. Total receipts (A.7 + B + C + D)	93,590,225	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	3,552,467
		C. Payments to State for highways	5,555
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	93,590,225

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	16,868,678	0	2,954,733	13,913,945
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

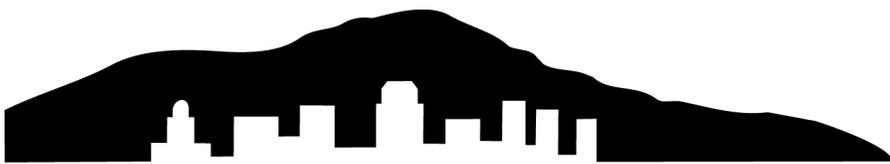
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	93,590,225	93,590,225	0	0

Notes and Comments:

**ANNUAL STATEMENT OF RECEIPTS
AND EXPENDITURES FOR
ROADS, BRIDGES AND STREETS
2011**

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

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING: December 2011	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	102,203
b. Other local imposts:		b. Traffic Fines & Penalties	4,337,153
1. Sales Taxes	60,133,843	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	796,917	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	1,851,385	g. Other Misc. Receipts	
6. Total (1. through 5.)	62,782,145	h. Other	
c. Total (a. + b.)	62,782,145	i. Total (a. through h.)	4,439,356
	(Carry forward to page 1)		(Carry forward to page 1)
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	16,415,586	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	237,049
c. Motor Vehicle Registrations	1,374,144	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	1,374,144	g. Total (a. through f.)	237,049
4. Total (1. + 2. + 3.f)	17,789,730	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		1,069,689	1,069,689
b. Engineering Costs		6,754,756	6,754,756
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements		29,813,937	29,813,937
(3). System Preservation	1,317,399	13,962,598	15,279,997
(4). System Enhancement & Operation		2,473,127	2,473,127
(5). Total Construction (1) + (2) + (3) + (4)	1,317,399	46,249,662	47,567,061
d. Total Capital Outlay (Lines I.a. + I.b. + I.c.5)	1,317,399	54,074,107	55,391,506
			(Carry forward to page 1)
Notes and Comments:			



CITY OF COLORADO SPRINGS

PERMANENT FUNDS

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

Cemetery Endowment fund

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

C.D. Smith and TOPS Maintenance Trust funds

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

	C.D. Smith Trust Fund	Cemetery Endowment Fund	TOPS Maintenance Trust Fund	Total
<u>ASSETS</u>				
Cash and investments	\$63,134	\$4,245	\$828,959	\$896,338
Accounts receivable (net of allowance for uncollectibles)	-	85	-	85
Restricted investments	551,132	8,458,720	-	9,009,852
Total assets	614,266	8,463,050	828,959	9,906,275
<u>LIABILITIES AND FUND BALANCES</u>				
Fund balances				
Nonspendable	614,255	8,458,805	648,158	9,721,218
Restricted	11	4,245	180,801	185,057
Total fund balances	614,266	8,463,050	828,959	9,906,275
Total liabilities and fund balances	\$614,266	\$8,463,050	\$828,959	\$9,906,275

**PERMANENT FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2011**

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

	C.D. Smith Trust Fund	Cemetery Endowment Fund	TOPS Maintenance Trust Fund	Total
Revenues				
Endowments	\$ -	\$73,080	\$ -	\$73,080
Investment earnings (loss)	28,436	(143,727)	10,097	(105,194)
Total revenues	28,436	(70,647)	10,097	(32,114)
Expenditures				
Current				
Culture and recreation	183,303	-	-	183,303
Total expenditures	183,303	-	-	183,303
Excess (deficiency) of revenues over expenditures	(154,867)	(70,647)	10,097	(215,417)
Fund balances - January 1	769,133	8,533,697	818,862	10,121,692
Fund balances - December 31	\$614,266	\$8,463,050	\$828,959	\$9,906,275

PERMANENT FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL
For the year ended December 31, 2011

CITY OF COLORADO SPRINGS
COLORADO
Exhibit E-3

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
C.D. Smith Trust Fund	\$ -	\$28,436	\$28,436
Cemetery Endowment Fund	250,000	(70,647)	(320,647)
TOPS Maintenance Trust Fund	11,500	10,097	(1,403)
Total revenues	\$261,500	(\$32,114)	(\$293,614)
Expenditures			
C.D. Smith Trust Fund	\$220,000	\$183,303	\$36,697
Cemetery Endowment Fund	250,000	-	250,000
TOPS Maintenance Trust Fund	11,500	-	11,500
Total expenditures	\$481,500	\$183,303	\$298,197

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 stormwater capital improvements and maintenance.

**NON-MAJOR ENTERPRISE FUNDS
COMBINING BALANCE SHEET
December 31, 2011**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
ASSETS				
Current assets				
Cash and investments	\$554,377	\$393,579	\$4,791,951	\$ -
Accounts receivable (net of allowance for uncollectibles)	8,500	2,211	18,099	-
Due from other funds	2,681	-	5,398	-
Inventories	-	-	46,020	-
Total current assets	565,558	395,790	4,861,468	-
Noncurrent assets				
Capital assets:				
Land	60,000	931,200	667	-
Buildings	1,969,651	282,508	4,432,941	-
Improvements other than buildings	2,025,918	1,510,289	10,073,116	-
Machinery and equipment	2,272,887	991,300	2,572,492	-
Infrastructure	-	-	-	-
Construction in progress	-	-	78,592	-
Less accumulated depreciation	(4,354,085)	(1,985,163)	(6,956,697)	-
Total noncurrent assets	1,974,371	1,730,134	10,201,111	-
Total assets	\$2,539,929	\$2,125,924	\$15,062,579	\$ -

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$19,885	\$1,293,497	\$2,443,626	\$9,496,915
392,408	820	67,726	489,764
-	-	-	8,079
-	-	-	46,020
412,293	1,294,317	2,511,352	10,040,778
81,379	-	52,867	1,126,113
514,720	80,173	-	7,279,993
1,649,014	80,289	-	15,338,626
366,021	127,459	1,597,617	7,927,776
-	-	13,858,782	13,858,782
-	-	503,507	582,099
(1,425,135)	(168,217)	(755,704)	(15,645,001)
1,185,999	119,704	15,257,069	30,468,388
\$1,598,292	\$1,414,021	\$17,768,421	\$40,509,166

(continued)

**NON-MAJOR ENTERPRISE FUNDS
COMBINING BALANCE SHEET
December 31, 2011**

	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	\$47,604	\$7,226	\$19,114	\$	-
Accrued salaries and benefits	11,331	4,047	21,801		-
Compensated absences	2,805	652	4,604		-
Due to other funds	-	6,976	2,199		-
Deferred revenue	15,125	3,555	-		-
Notes payable	-	-	57,731		-
Capital lease payable	-	78,830	163,765		-
Total current liabilities	76,865	101,286	269,214		-
Noncurrent liabilities					
Compensated absences	53,300	12,396	87,476		-
Notes payable	-	-	554,224		-
Capital lease payable	-	251,482	405,399		-
Total noncurrent liabilities	53,300	263,878	1,047,099		-
Total liabilities	130,165	365,164	1,316,313		-
Net assets					
Invested in capital assets, net of related debt	1,974,371	1,399,822	9,019,993		-
Restricted for debt service	-	-	317,000		-
Unrestricted	435,393	360,938	4,409,273		-
Total net assets	2,409,764	1,760,760	13,746,266		-
Total liabilities and net assets	\$2,539,929	\$2,125,924	\$15,062,579	\$	-

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$4,359	\$5,797	\$142,340	\$226,440
9,441	15,038	24,482	86,140
2,334	3,632	4,321	18,348
2,219	-	-	11,394
-	811,420	-	830,100
-	-	-	57,731
-	-	-	242,595
18,353	835,887	171,143	1,472,748
44,350	69,000	82,103	348,625
-	-	-	554,224
-	-	-	656,881
44,350	69,000	82,103	1,559,730
62,703	904,887	253,246	3,032,478
1,185,999	119,704	15,257,069	28,956,958
-	-	-	317,000
349,590	389,430	2,258,106	8,202,730
1,535,589	509,134	17,515,175	37,476,688
\$1,598,292	\$1,414,021	\$17,768,421	\$40,509,166

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
For the year ended December 31, 2011**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
Operating revenues				
Charges for services	\$1,933,850	\$1,127,430	\$3,914,074	\$ -
Operating expenses				
Salaries and benefits	679,480	331,373	1,226,255	-
Other operating expenses	1,100,671	676,550	557,412	1,000
Depreciation	293,648	165,667	693,222	81,481
Total operating expenses	2,073,799	1,173,590	2,476,889	82,481
Operating income (loss)	(139,949)	(46,160)	1,437,185	(82,481)
Nonoperating revenues (expenses)				
Investment earnings	8,127	5,563	68,263	(479)
Interest expense	(2,371)	(174)	(49,208)	-
Gain (loss) on disposal of capital assets	(2,254)	5,511	4,644	(1,817,975)
Total nonoperating revenues (expenses)	3,502	10,900	23,699	(1,818,454)
Income (loss) before contributions and transfers	(136,447)	(35,260)	1,460,884	(1,900,935)
Capital contributions	-	-	-	-
Transfers in	-	-	1,427,996	-
Special item - conveyance of assets	-	-	-	(1,015,237)
Change in net assets	(136,447)	(35,260)	2,888,880	(2,916,172)
Total net assets - January 1	2,546,211	1,796,020	10,857,386	2,916,172
Total net assets - December 31	\$2,409,764	\$1,760,760	\$13,746,266	\$ -

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$962,971	\$1,574,532	\$99,274	\$9,612,131
488,014	783,055	1,401,588	4,909,765
691,866	499,105	489,061	4,015,665
83,678	14,887	244,981	1,577,564
1,263,558	1,297,047	2,135,630	10,502,994
(300,587)	277,485	(2,036,356)	(890,863)
355,878	12,390	50,972	500,714
-	-	-	(51,753)
-	-	(386)	(1,810,460)
355,878	12,390	50,586	(1,361,499)
55,291	289,875	(1,985,770)	(2,252,362)
-	-	277,897	277,897
-	-	-	1,427,996
-	-	-	(1,015,237)
55,291	289,875	(1,707,873)	(1,561,706)
1,480,298	219,259	19,223,048	39,038,394
\$1,535,589	\$509,134	\$17,515,175	\$37,476,688

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2011**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$1,932,172	\$1,120,018	\$3,929,587	\$19,624
Payments to suppliers	(589,682)	(408,814)	(175,830)	(1,735)
Payments to employees	(691,244)	(344,627)	(1,240,676)	(154)
Payments for interfund services used	(483,583)	(292,991)	(339,338)	-
Net cash provided (used) by operating activities	167,663	73,586	2,173,743	17,735
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental non-operating revenues provided	-	-	-	(1,015,237)
Net cash provided by noncapital financing activities	-	-	-	(1,015,237)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(79,361)	-	(2,287,610)	-
Transfers in from other funds	-	-	1,427,996	-
Capital contributions	-	-	-	-
Payments from accounts payable incurred for capital asset additions	-	-	(1,587)	-
Principal paid on capital debt	-	-	(55,489)	-
Interest paid on capital debt	-	-	(26,148)	-
Repayment of capital lease obligations	(60,200)	(85,892)	(153,734)	-
Interest paid - other	(2,371)	(174)	(23,060)	-
Proceeds from sale of capital assets	6,309	5,511	4,644	-
Net cash used by capital and related financing activities	(135,623)	(80,555)	(1,114,988)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	402,204	312,794	2,766,433	908,822
Purchases of investments	(460,956)	(327,255)	(3,984,429)	-
Interest and dividends received	6,649	4,528	55,114	-
Net cash provided (used) by investing activities	(52,103)	(9,933)	(1,162,882)	908,822
Net increase in cash and cash equivalents	(20,063)	(16,902)	(104,127)	(88,680)
Cash and cash equivalents - January 1	45,693	35,098	325,665	88,680
Cash and cash equivalents - December 31	25,630	18,196	221,538	-
Cash and cash equivalents	25,630	18,196	221,538	-
Investments	528,747	375,383	4,570,413	-
Total cash and investments	\$554,377	\$393,579	\$4,791,951	\$ -

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$808,201	\$2,385,132	\$66,802	\$10,261,536
(330,002)	(398,747)	(598,038)	(2,502,848)
(516,421)	(786,103)	(1,420,621)	(4,999,846)
(363,645)	(95,162)	(8,298)	(1,583,017)
(401,867)	1,105,120	(1,960,155)	1,175,825
-	-	-	(1,015,237)
-	-	-	(1,015,237)
-	-	(896,915)	(3,263,886)
-	-	-	1,427,996
-	-	277,897	277,897
-	-	(72,256)	(73,843)
-	-	-	(55,489)
-	-	-	(26,148)
-	-	-	(299,826)
-	-	-	(25,605)
-	-	-	16,464
-	-	(691,274)	(2,022,440)
57,619	6,113	4,302,231	8,756,216
(16,534)	(1,075,522)	(2,031,835)	(7,896,531)
355,848	8,451	45,789	476,379
396,933	(1,060,958)	2,316,185	1,336,064
(4,934)	44,162	(335,244)	(525,788)
5,853	15,638	448,216	964,843
919	59,800	112,972	439,055
919	59,800	112,972	439,055
18,966	1,233,697	2,330,654	9,057,860
\$19,885	\$1,293,497	\$2,443,626	\$9,496,915

(continued)

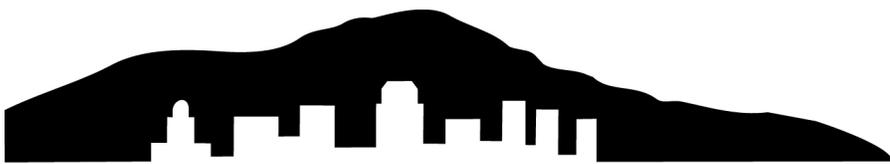
**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2011**

	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)	(\$139,949)	(\$46,160)	\$1,437,185	(\$82,481)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	293,648	165,667	693,222	81,481
Change in assets and liabilities				
(Increase) decrease in accounts receivable	772	314	20,911	19,624
Increase in due from other funds	(2,681)	-	(503)	-
Decrease in inventories	-	-	25,107	-
Increase (decrease) in accounts and other payables	31,940	(25,952)	12,741	(735)
Decrease in accrued expenses	(11,764)	(13,255)	(14,421)	(154)
Increase (decrease) in due to other funds	(1,853)	697	(499)	-
Increase (decrease) in other liabilities	(2,450)	(7,725)	-	-
Net cash provided (used) by operating activities	\$167,663	\$73,586	\$2,173,743	\$17,735
Noncash investing, capital and financing activities				
Noncash acquisition of capital assets				
(incurrence of payable/capital lease obligation)	\$ -	\$ -	\$4,245	\$ -
Increase (decrease) in fair value of investments	1,478	1,035	13,149	(478)

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
(\$300,587)	\$277,485	(\$2,036,356)	(\$890,863)
83,678	14,887	244,981	1,577,564
(154,771)	(821)	(32,472)	(146,443)
-	-	-	(3,184)
-	-	-	25,107
(2,099)	5,197	(114,875)	(93,783)
(28,407)	(3,048)	(21,433)	(92,482)
319	-	-	(1,336)
-	811,420	-	801,245
<u>(\$401,867)</u>	<u>\$1,105,120</u>	<u>(\$1,960,155)</u>	<u>\$1,175,825</u>

\$	-	\$	-	\$47,342	\$51,587
	30		3,939	5,184	24,337



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 and risk and safety administration activities.

Claims Reserve Self-Insurance fund

Used to account for self-insurance activities of the City (except Utilities and MHS) 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 MHS).

Employee Benefits Self-Insurance fund

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

**INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
December 31, 2011**

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers Compensation Self-Insurance Fund
<u>ASSETS</u>			
Current assets			
Cash and investments	\$2,153,349	\$1,279,942	\$3,328,291
Accounts receivable (net of allowance for uncollectibles)	90,731	-	22
Inventories	920,180	-	-
Prepays	-	-	62,370
Due from other funds	1,152,438	-	11,527
Total current assets	4,316,698	1,279,942	3,402,210
Noncurrent assets			
Capital assets:			
Land	13,000	-	-
Buildings	364,106	-	6,850
Improvements other than buildings	396,917	-	-
Machinery and equipment	3,120,748	-	41,433
Intangibles	34,891	-	-
Less accumulated depreciation	(3,368,993)	-	(30,928)
Total noncurrent assets	560,669	-	17,355
Total assets	4,877,367	1,279,942	3,419,565
<u>LIABILITIES AND NET ASSETS</u>			
Current liabilities			
Accounts payable	392,083	1,261,588	7,375,836
Accrued salaries and benefits	155,114	1,600	11,582
Compensated absences	29,757	820	2,367
Deferred revenue	-	-	31,185
Due to other funds	47,240	-	-
Capital lease payable	2,485	-	-
Total current liabilities	626,679	1,264,008	7,420,970
Noncurrent liabilities			
Compensated absences	565,373	15,587	44,981
Capital lease obligations	5,057	-	-
Total noncurrent liabilities	570,430	15,587	44,981
Total liabilities	1,197,109	1,279,595	7,465,951
Net assets (deficit)			
Invested in capital assets, net of related debt	553,127	-	17,355
Unrestricted	3,127,131	347	(4,063,741)
Total net assets (deficit)	3,680,258	347	(4,046,386)
Total liabilities and net assets	\$4,877,367	\$1,279,942	\$3,419,565

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

Employee Benefits Self-Insurance Fund	Total
\$872,847	\$7,634,429
460	91,213
-	920,180
-	62,370
10,792	1,174,757
884,099	9,882,949
-	13,000
-	370,956
-	396,917
-	3,162,181
-	34,891
-	(3,399,921)
-	578,024
884,099	10,460,973
3,848,904	12,878,411
4,446	172,742
714	33,658
-	31,185
-	47,240
-	2,485
3,854,064	13,165,721
13,556	639,497
-	5,057
13,556	644,554
3,867,620	13,810,275
-	570,482
(2,983,521)	(3,919,784)
(2,983,521)	(3,349,302)
\$884,099	\$10,460,973

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
For the year ended December 31, 2011**

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers Compensation Self-Insurance Fund
Operating revenues			
Charges for services	\$21,022,262	\$590,907	\$7,435,270
Operating expenses			
Salaries and benefits	6,673,690	85,156	633,206
Other operating expenses	13,520,647	1,677,431	6,495,259
Depreciation	74,036	-	3,500
Total operating expenses	20,268,373	1,762,587	7,131,965
Operating income (loss)	753,889	(1,171,680)	303,305
Nonoperating revenues (expenses)			
Investment earnings	39,066	23,387	43,062
Interest expense	(529)	-	-
Total nonoperating revenues (expenses)	38,537	23,387	43,062
Income (loss) before contributions and transfers	792,426	(1,148,293)	346,367
Transfers - out	(1,681,000)	-	-
Change in net assets	(888,574)	(1,148,293)	346,367
Total net assets (deficit) - January 1	4,568,832	1,148,640	(4,392,753)
Total net assets (deficit) - December 31	\$3,680,258	\$347	(\$4,046,386)

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

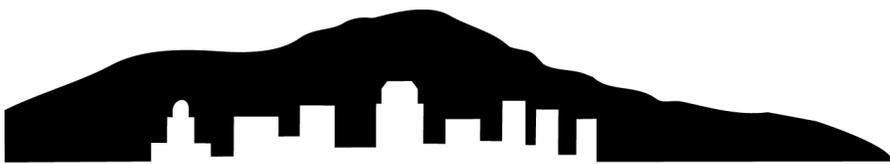
Employee Benefits Self-Insurance Fund	Total
\$24,784,894	\$53,833,333
222,240	7,614,292
26,396,283	48,089,620
-	77,536
26,618,523	55,781,448
(1,833,629)	(1,948,115)
40,087	145,602
-	(529)
40,087	145,073
(1,793,542)	(1,803,042)
-	(1,681,000)
(1,793,542)	(3,484,042)
(1,189,979)	134,740
(\$2,983,521)	(\$3,349,302)

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2011

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers' Compensation Self-Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$867,294	\$ -	\$ -
Receipts from interfund services provided	19,609,504	590,907	7,500,652
Payments to suppliers	(12,328,826)	(814,299)	(5,172,973)
Payments to employees	(6,774,555)	(82,196)	(626,038)
Payments for interfund services used	(1,324,134)	-	(722,977)
Net cash provided (used) by operating activities	49,283	(305,588)	978,664
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer to other funds	(1,681,000)	-	-
Net cash provided by noncapital financing activities	(1,681,000)	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(406,642)	-	-
Repayment of capital lease obligations	(2,797)	-	-
Interest paid - other	(529)	-	-
Net cash used by capital and related financing activities	(409,968)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	3,528,053	1,270,045	1,703,851
Purchases of investments	(1,790,474)	(1,064,251)	(2,767,419)
Interest and dividends received	34,360	20,154	33,815
Net cash provided (used) by investing activities	1,771,939	225,948	(1,029,753)
Net decrease in cash and cash equivalents	(269,746)	(79,640)	(51,089)
Cash and cash equivalents - January 1	369,299	138,812	204,962
Cash and cash equivalents - December 31	99,553	59,172	153,873
Cash and cash equivalents	99,553	59,172	153,873
Investments	2,053,796	1,220,770	3,174,418
Total cash and investments	\$2,153,349	\$1,279,942	\$3,328,291
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income (loss)	\$753,889	(\$1,171,680)	\$303,305
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation expense	74,036	-	3,500
Change in assets and liabilities			
(Increase) decrease in accounts receivable	(32,470)	-	20,441
Decrease in inventories	92,150	-	-
(Increase) decrease in prepaids	27,702	-	(31,185)
(Increase) decrease in due from other funds	(442,955)	-	13,756
Increase (decrease) in accounts and other payables	(281,969)	863,132	697,141
Increase (decrease) in accrued expenses	(100,865)	2,960	7,168
Increase (decrease) in deferred revenue	(70,039)	-	31,185
Increase (decrease) in due to other funds	29,804	-	(66,647)
Net cash provided (used) by operating activities	\$49,283	(\$305,588)	\$978,664
Noncash investing, capital and financing activities			
Increase (decrease) in fair value of investments	(\$4,706)	\$3,233	\$9,247

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

Employee Benefits Self-Insurance Fund	Total
\$5,154,104	\$6,021,398
19,663,043	47,364,106
(18,770,103)	(37,086,201)
(219,994)	(7,702,783)
(7,193,972)	(9,241,083)
<u>(1,366,922)</u>	<u>(644,563)</u>
-	(1,681,000)
-	<u>(1,681,000)</u>
-	(406,642)
-	(2,797)
-	(529)
-	<u>(409,968)</u>
1,899,144	8,401,093
(725,758)	(6,347,902)
38,427	126,756
<u>1,211,813</u>	<u>2,179,947</u>
(155,109)	(555,584)
195,464	908,537
<u>40,355</u>	<u>352,953</u>
40,355	352,953
832,492	7,281,476
<u>\$872,847</u>	<u>\$7,634,429</u>
(\$1,833,629)	(\$1,948,115)
-	77,536
40,734	28,705
-	92,150
-	(3,483)
(8,481)	(437,680)
432,208	1,710,512
2,246	(88,491)
-	(38,854)
-	(36,843)
<u>(\$1,366,922)</u>	<u>(\$644,563)</u>
\$1,660	\$9,434



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 City programs.

Pension Trust:

Fire and Police Pension Trust funds

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

Agency:

Miscellaneous Depository Agency fund

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

**FIDUCIARY FUNDS
 COMBINING STATEMENT OF PLAN NET ASSETS
 December 31, 2011**

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

	Old Hire Fire Pension Trust Fund	Old Hire Police Pension Trust Fund	Totals
Pension assets held in trust by Fire and Police Pension Association	<u>\$73,677,062</u>	<u>\$61,704,827</u>	<u>\$135,381,889</u>
Net assets - held in trust for pension benefits	<u>\$73,677,062</u>	<u>\$61,704,827</u>	<u>\$135,381,889</u>

**FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
For the year ended December 31, 2011**

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

	Old Hire Fire Pension Trust Fund	Old Hire Police Pension Trust Fund	Totals
Additions			
City contributions	\$1,572,935	\$1,514,262	\$3,087,197
Participant contributions	2,489	8,308	10,797
Total contributions	1,575,424	1,522,570	3,097,994
Investment earnings:			
Interest and dividend income	1,715,262	1,437,975	3,153,237
Rental income	12	10	22
Net decrease in fair value of investments	(581,472)	(485,298)	(1,066,770)
Total investment gain	1,133,802	952,687	2,086,489
Less investment expenses	600,540	503,400	1,103,940
Net investment gain	533,262	449,287	982,549
Total additions	2,108,686	1,971,857	4,080,543
Deductions			
Benefits	(7,965,838)	(6,821,133)	(14,786,971)
Total deductions	(7,965,838)	(6,821,133)	(14,786,971)
Change in net assets	(5,857,152)	(4,849,276)	(10,706,428)
Net assets held in trust for pension benefits - January 1	79,534,214	66,554,103	146,088,317
Net assets held in trust for pension benefits - December 31	\$73,677,062	\$61,704,827	\$135,381,889

**AGENCY FUND
BALANCE SHEET
December 31, 2011**

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

**Miscellaneous
Depository
Fund**

ASSETS

Cash and investments	\$2,199,845
Accounts receivable (net of allowance for uncollectibles)	<u>43,338</u>
Total assets	<u><u>2,243,183</u></u>

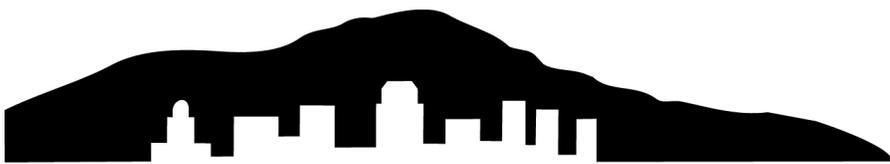
LIABILITIES

Accounts payable	809,759
Due to component unit	<u>1,433,424</u>
Total liabilities	<u><u>\$2,243,183</u></u>

**AGENCY FUND
STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES
For the year ended December 31, 2011**

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

	Beginning balance	Debits	Credits	Ending balance
<u>ASSETS</u>				
Miscellaneous depository fund				
Cash and investments	\$1,474,959	\$188,278,425	\$187,553,539	\$2,199,845
Accounts receivable (net of allowance for uncollectibles)	84,244	39,697	80,603	43,338
Total assets	1,559,203	188,318,122	187,634,142	2,243,183
<u>LIABILITIES</u>				
Miscellaneous depository fund				
Accounts payable	-	188,127,976	188,937,735	809,759
Due to component unit	1,559,203	125,779	-	1,433,424
Total liabilities	\$1,559,203	\$188,253,755	\$188,937,735	\$2,243,183



CITY OF COLORADO SPRINGS

STATISTICAL SECTION

The statistical section includes six categories of information:

Financial Trend Analysis:

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

Revenue Capacity Analysis:

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

Debt Capacity Analysis:

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

Demographic and Economic Analysis:

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

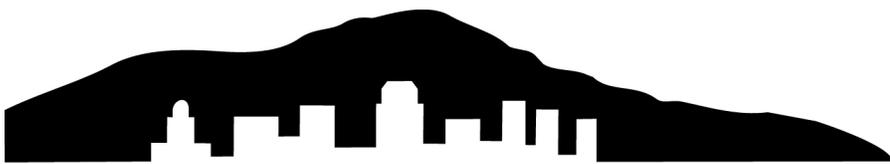
STATISTICAL SECTION CONT'D.

Operating Analysis:

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

Other Information:

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



CITY OF COLORADO SPRINGS

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental activities										
Invested in capital assets, net of related debt	\$1,189,009,759	\$1,036,479,446	\$977,962,432	\$987,792,618	\$943,951,873	\$792,111,419	\$737,918,070	\$473,414,958	\$217,276,297	\$173,534,935
Restricted	18,374,171	22,531,964	22,552,285	18,016,585	19,959,764	19,626,343	18,110,760	20,007,713	16,172,145	15,262,852
Unrestricted	71,001,838	58,151,603	41,262,028	48,519,165	73,002,127	69,855,088	76,136,180	137,298,420	91,064,529	106,662,267
Total governmental activities net assets	\$1,278,385,768	\$1,117,163,013	\$1,041,776,745	\$1,054,328,368	\$1,086,913,764	\$881,592,850	\$832,165,010	\$650,721,091	\$324,512,971	\$295,460,054
Business-type activities										
Invested in capital assets, net of related debt	\$1,302,975,565	\$1,302,421,603	\$1,331,520,235	\$1,299,158,955	\$1,327,314,557	\$1,282,203,625	\$1,136,184,516	\$1,070,922,705	\$1,096,293,319	\$1,068,858,457
Restricted	127,607,494	89,960,386	47,970,871	46,335,511	66,201,848	57,715,492	64,247,486	62,682,812	76,149,594	74,583,999
Unrestricted	607,184,465	628,422,810	583,939,576	310,245,990	491,602,189	464,250,952	620,409,743	501,642,567	396,257,068	399,709,416
Total business-type activities net assets	\$2,037,767,524	\$2,020,804,799	\$1,963,430,682	\$1,655,740,456	\$1,885,118,594	\$1,804,170,069	\$1,820,841,745	\$1,635,248,084	\$1,568,699,981	\$1,543,151,872
Primary government										
Invested in capital assets, net of related debt	\$2,491,985,324	\$2,338,901,049	\$2,309,482,667	\$2,286,951,573	\$2,271,266,430	\$2,074,315,044	\$1,874,102,586	\$1,544,337,663	\$1,313,569,616	\$1,242,393,392
Restricted	145,981,665	112,492,350	70,523,156	64,352,096	86,161,612	77,341,895	82,358,246	82,690,525	92,321,739	89,846,851
Unrestricted	678,186,303	686,574,413	625,201,604	358,765,155	584,604,316	534,106,040	696,545,923	638,940,987	487,321,597	506,371,683
Total primary government net assets	\$3,316,153,292	\$3,137,967,812	\$3,005,207,427	\$2,710,068,824	\$2,922,032,358	\$2,685,762,919	\$2,653,006,755	\$2,265,969,175	\$1,893,212,952	\$1,838,611,926

CHANGES IN NET ASSETS
 Last ten fiscal years

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Expenses										
Governmental activities:										
General government	\$48,067,151	\$46,363,125	\$56,677,795	\$92,816,914	\$79,497,564	\$72,426,781	\$66,069,123	\$57,537,266	\$41,823,969	\$41,437,932
Public safety	149,930,831	150,429,316	145,663,748	123,712,015	126,767,912	127,123,546	116,674,354	107,890,403	59,741,269	101,744,389
Public works	67,067,654	61,479,834	83,647,759	69,909,340	79,445,004	70,720,058	71,137,000	69,387,263	66,599,122	48,661,328
Health and welfare	1,214,081	1,205,744	1,230,831	1,181,013	1,146,634	1,061,100	896,675	1,025,059	964,844	900,745
Culture and recreation	21,789,448	21,616,273	25,192,163	22,674,396	25,899,084	23,336,913	27,454,595	20,254,797	51,066,216	20,958,219
Urban redevelopment and housing	5,032,806	6,160,987	4,966,112	6,034,237	4,917,290	6,505,047	5,615,284	8,274,058	10,446,365	10,830,340
Economic development	2,619,256	2,042,321	3,170,529	2,814,646	2,894,876	2,862,511	2,577,708	2,356,907	2,384,770	2,877,692
Economic opportunities	-	-	-	3,242	73,758	24,045	12,163	10,578	12,536	16,241
Interest on long-term debt	5,020,740	5,630,651	5,391,628	5,058,419	4,758,426	6,064,813	6,411,059	6,106,004	5,743,426	6,518,058
Miscellaneous	-	-	-	-	-	480,442	574,337	448,175	320,608	334,317
Total governmental activities expenses	300,741,967	294,928,251	325,940,565	324,204,222	325,400,548	310,605,256	297,422,298	273,290,510	239,103,125	234,279,261
Business-type activities:										
Utilities	818,668,053	796,131,627	725,181,046	999,877,783	737,871,365	794,957,734	567,771,779	621,608,610	552,190,622	458,822,295
MHS	560,894,000	540,440,000	555,196,000	556,297,000	500,198,000	412,148,000	374,257,000	339,519,000	320,294,000	302,379,000
Airport	24,874,856	25,341,755	25,469,043	26,371,427	26,044,121	45,455,853	24,707,950	24,293,095	22,644,913	25,268,898
Parking	3,843,908	3,089,064	4,014,468	3,938,954	3,064,208	2,517,840	2,483,200	2,176,488	2,134,017	2,964,608
Other	12,391,209	16,213,845	23,269,243	17,131,141	14,015,113	10,457,158	9,178,016	7,856,321	7,436,249	8,195,943
Total business-type activities expenses	1,420,672,026	1,381,216,291	1,333,129,800	1,603,616,305	1,281,192,807	1,265,536,585	978,397,945	995,453,514	904,699,801	797,631,744
Total primary government expenses	\$1,721,413,993	\$1,676,144,542	\$1,659,070,365	\$1,927,820,527	\$1,606,593,355	\$1,576,141,841	\$1,275,820,243	\$1,268,744,024	\$1,143,802,926	\$1,031,911,005
Program Revenues										
Charges for services:										
General government	\$16,781,325	\$16,515,016	\$15,631,509	\$20,985,541	\$20,396,377	\$20,650,157	\$21,090,902	\$19,743,456	\$16,576,340	\$14,175,886
Public safety	4,585,702	4,909,599	4,299,642	3,760,245	3,733,389	4,639,941	3,665,390	3,463,338	2,950,931	2,802,961
Public works	4,681,309	6,357,708	6,812,214	8,598,594	7,876,596	10,389,741	10,337,995	11,055,412	12,156,539	10,603,871
Culture and recreation	2,901,620	3,124,277	3,315,582	3,460,517	3,298,029	3,287,652	3,181,267	2,771,570	3,029,537	2,990,651
Urban redevelopment and housing	297,530	98,933	659,437	2,071,374	1,121,879	2,800,362	791,692	2,035,112	1,734,672	1,064,089
Economic development	-	-	36,996	6,841	27,748	120,061	36,278	77,746	124,299	-
Economic opportunities	-	-	-	-	-	-	-	-	-	180,853
Operating grants and contributions	25,377,676	24,110,968	19,289,013	15,004,443	22,917,770	13,806,989	60,461,831	14,940,239	15,345,556	19,778,433
Capital grants and contributions	176,593,370	105,822,052	58,880,735	78,130,974	198,295,193	93,664,188	34,263,627	52,223,578	48,325,604	70,969,201
Total governmental activities program revenues	\$231,218,532	\$160,938,553	\$109,125,128	\$132,018,529	\$257,666,971	\$149,359,091	\$133,828,982	\$106,310,451	\$100,243,478	\$122,565,945

(continued)

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

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

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Business-type activities:										
Charges for services:										
Utilities	\$830,522,000	\$797,546,000	\$743,780,000	\$756,774,000	\$721,355,652	\$678,530,612	\$671,846,586	\$590,990,827	\$519,269,460	\$485,658,771
MHS	551,709,000	550,074,000	543,987,000	553,072,000	507,694,000	425,091,000	397,956,000	365,445,000	350,867,000	305,642,000
Airport	20,860,155	19,209,227	21,302,683	25,607,276	25,532,810	25,411,477	24,714,030	26,945,053	22,941,627	22,763,619
Parking	3,831,263	3,715,448	3,631,086	3,733,694	3,504,273	3,200,612	2,785,403	2,775,362	2,688,034	2,601,750
Other	9,612,131	9,826,784	24,489,550	25,138,274	24,683,995	8,732,533	6,528,184	7,433,408	7,450,748	7,401,488
Operating grants and contributions	-	-	-	-	-	-	-	-	-	171,140
Capital grants and contributions	46,543,219	50,430,938	42,733,907	44,401,587	64,979,269	91,230,189	57,521,098	64,671,742	39,233,969	49,370,710
Total business-type activities program revenues	1,462,577,768	1,430,802,397	1,379,924,236	1,408,726,831	1,347,749,399	1,232,196,423	1,163,351,301	1,058,261,392	942,450,838	873,609,478
Total primary government program revenues	\$1,693,796,300	\$1,591,740,950	\$1,489,049,364	\$1,540,745,360	\$1,605,416,370	\$1,381,555,514	\$1,297,180,283	\$1,164,571,843	\$1,042,694,316	\$996,175,423
Net (expense)/revenue	(\$69,523,435)	(\$133,989,698)	(\$216,815,437)	(\$192,185,693)	(\$67,733,577)	(\$161,246,165)	(\$163,593,316)	(\$166,980,059)	(\$138,859,647)	(\$111,713,316)
Governmental activities	41,905,742	49,586,106	46,794,436	(194,889,474)	66,556,592	(33,340,162)	184,953,356	62,807,878	37,751,037	75,977,734
Business-type activities	(827,617,693)	(884,403,592)	(1,070,021,001)	(387,075,167)	(1,176,985)	(194,586,327)	\$21,360,040	(104,172,181)	(101,108,610)	(35,735,582)
Total primary government net (expense) revenue										
Governmental activities:										
Taxes										
Property taxes	\$24,473,652	\$24,326,164	\$26,275,090	\$25,741,077	\$22,696,117	\$21,906,181	\$20,485,055	\$19,782,761	\$20,443,870	\$21,010,517
Sales taxes	155,546,936	148,782,961	143,214,662	150,111,070	163,816,420	158,461,159	153,812,340	149,466,682	138,347,621	136,939,555
Specific ownership taxes	2,190,174	2,311,600	2,761,330	3,024,451	3,179,212	3,094,339	3,146,062	3,119,592	3,141,358	3,143,447
Occupational liquor taxes	257,561	256,153	253,747	254,711	259,320	256,852	253,228	246,664	242,462	232,070
Admissions tax	449,533	490,236	447,568	398,694	313,008	440,766	405,455	371,828	362,858	387,840
Bicycle excise tax	86,091	95,547	89,579	91,074	109,226	111,463	122,757	118,425	101,100	105,096
Investment earnings	1,291,703	1,734,681	2,676,486	3,809,609	7,515,253	6,637,647	3,657,449	2,857,160	4,230,670	4,433,102
Gain on sale of capital assets	748,077	572,920	1,516,412	275,399	87,244	51,479	16,576	-	-	-
Contributions to endowments	73,080	78,543	84,680	94,795	99,192	83,980	86,892	86,892	73,705	-
Transfers	30,235,004	30,727,161	26,109,574	25,799,417	24,979,499	24,558,860	24,359,629	22,389,858	22,223,619	24,136,998
Total governmental activities	215,951,811	209,375,966	203,429,128	209,600,297	223,054,491	215,609,251	206,342,531	198,439,862	189,167,263	190,388,625
Business-type activities:										
Investment earnings	3,492,224	30,445,172	44,279,364	(8,689,259)	39,371,432	35,910,334	24,999,934	26,130,083	10,020,691	4,126,218
Special item - conveyance of assets	(1,015,237)	-	-	-	-	-	-	-	-	-
Transfers	(30,235,004)	(30,727,161)	(26,109,574)	(25,799,417)	(24,979,499)	(24,558,860)	(24,359,629)	(22,389,858)	(22,223,619)	(24,136,998)
Total business-type activities	(27,758,017)	(281,989)	18,169,790	(34,488,676)	14,391,933	11,351,474	640,305	3,740,225	(12,202,928)	(20,010,780)
Total primary government	\$187,593,794	\$209,093,977	\$221,598,918	\$175,111,621	\$237,446,424	\$226,960,725	\$206,982,836	\$202,180,087	\$176,964,335	\$170,377,845
Change in net assets										
Governmental activities	\$145,828,376	\$75,386,268	(\$13,386,309)	\$17,414,604	\$155,320,914	\$54,363,086	\$42,749,215	\$31,459,803	\$50,307,616	\$78,675,309
Business-type activities	14,147,725	49,304,117	64,964,226	(229,378,150)	80,948,525	(21,988,688)	185,593,661	66,548,103	25,548,109	55,966,954
Total primary government	\$159,976,101	\$124,690,385	\$51,577,917	(\$211,963,546)	\$236,269,439	\$32,374,398	\$228,342,876	\$98,007,906	\$75,855,725	\$134,642,263

FUND BALANCES OF GOVERNMENTAL FUNDS
 Last ten fiscal years

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General fund										
Nonspendable	\$609,243	-	-	-	-	-	-	-	-	-
Restricted	7,547,034	-	-	-	-	-	-	-	-	-
Committed	1,231,321	-	-	-	-	-	-	-	-	-
Assigned	3,415,078	-	-	-	-	-	-	-	-	-
Unassigned	37,994,759	-	-	-	-	-	-	-	-	-
Reserved	-	9,908,610	10,491,562	9,152,823	8,711,416	8,706,621	7,590,511	10,935,884	10,985,168	9,937,071
Unreserved	-	34,078,702	15,926,061	22,864,229	31,775,420	24,119,856	31,626,013	33,310,291	29,966,862	29,018,235
Total general fund	\$50,797,435	\$43,987,312	\$26,417,623	\$32,017,052	\$40,486,836	\$32,826,477	\$39,216,524	\$44,246,175	\$40,952,030	\$38,955,306
All other governmental funds										
Nonspendable	\$9,721,218	-	-	-	-	-	-	-	-	-
Restricted	26,971,406	-	-	-	-	-	-	-	-	-
Committed	10,824,498	-	-	-	-	-	-	-	-	-
Assigned	120,349	-	-	-	-	-	-	-	-	-
Reserved	-	10,873,354	10,310,723	8,863,762	11,248,348	10,919,723	10,520,249	20,116,568	19,540,784	20,526,292
Unreserved, reported in:										
Special revenue funds	-	28,817,032	29,662,100	30,108,294	34,247,414	36,559,557	32,027,399	26,413,825	26,014,189	25,479,321
Capital projects funds	-	6,539,942	5,113,092	9,040,858	12,450,314	11,328,784	14,262,602	8,825,087	15,552,243	24,872,625
Total all other governmental funds	\$47,637,471	\$46,230,328	\$45,085,915	\$48,012,914	\$57,946,076	\$58,808,064	\$56,810,250	\$55,355,480	\$61,107,216	\$70,878,238

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

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 4**

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues										
Taxes	\$183,003,947	\$176,388,909	\$173,181,802	\$179,790,693	\$190,409,468	\$184,419,011	\$178,378,079	\$173,436,945	\$162,876,843	\$162,611,439
Licenses and permits	870,688	798,583	557,894	650,977	701,441	980,916	667,337	642,912	620,800	557,105
Intergovernmental	62,487,615	85,204,897	57,833,164	53,351,302	60,601,329	54,367,954	43,158,722	40,183,425	43,689,688	50,916,128
Charges for services	21,739,662	24,779,523	25,266,767	29,323,793	29,058,970	33,375,567	32,821,512	31,856,403	29,909,498	24,894,425
Endowments and donations	1,315,079	1,680,204	1,614,763	1,699,147	1,326,375	2,636,147	3,634,011	1,489,187	1,103,146	855,244
Other revenue	4,466,747	2,989,985	2,311,184	4,415,975	3,601,664	2,321,482	2,725,085	3,011,634	5,055,993	2,503,010
Investment earnings	1,327,990	1,822,435	2,902,795	3,331,460	6,960,170	5,572,923	3,111,062	2,581,807	3,711,689	3,938,252
Rental income	605,115	723,937	773,764	767,989	697,917	746,082	660,478	343,776	282,034	242,122
Total revenues	275,818,843	294,388,473	264,442,133	273,331,336	293,357,334	284,420,082	265,156,286	253,546,089	247,249,691	246,517,725
Expenditures										
General government	47,390,554	42,203,955	50,559,017	82,353,801	72,231,643	66,991,217	57,177,292	51,961,932	37,678,420	34,103,423
Public safety	141,877,121	141,338,332	135,143,416	113,724,157	116,345,694	119,126,698	110,140,218	101,792,209	99,908,503	96,634,706
Public works	31,816,336	33,423,255	50,726,314	37,188,794	41,998,578	40,554,899	38,190,123	36,948,686	42,067,993	43,585,425
Health and welfare	1,209,861	1,214,390	1,227,493	1,173,833	1,134,100	1,061,100	896,675	1,025,059	964,844	909,016
Culture and recreation	18,216,191	21,079,762	22,621,993	21,611,217	22,303,042	20,390,415	20,104,499	17,434,214	18,350,978	18,699,141
Urban redevelopment and housing	4,877,732	6,082,959	4,922,150	5,957,329	5,670,270	6,840,243	5,787,915	8,157,828	10,118,217	10,846,771
Economic development	2,610,152	2,056,965	3,161,932	2,797,534	2,863,231	2,830,396	2,557,373	2,377,006	2,390,999	2,903,944
Economic opportunities	-	-	-	3,222	72,952	23,775	12,067	10,668	12,569	16,601
Miscellaneous	3,374,694	1,077,315	581,673	815,688	602,980	514,049	660,481	744,467	538,577	337,194
Debt service										
Principal	12,225,107	12,435,183	9,694,252	10,051,894	8,772,742	10,904,822	13,769,724	11,292,768	11,116,285	9,473,619
Interest	5,258,816	5,811,077	4,782,855	4,909,523	5,080,129	6,127,357	6,381,097	6,122,759	5,785,070	6,500,970
Issuance Expense	188,001	77,358	1,028,220	-	-	-	-	-	-	-
Capital outlay	29,006,978	41,390,901	56,397,757	46,673,145	41,240,465	33,440,043	42,296,100	50,576,149	67,229,786	63,392,665
Total expenditures	298,051,543	308,191,452	341,047,072	327,260,137	318,315,826	308,805,014	297,973,564	288,443,745	296,162,241	287,403,475
Deficiency of revenues under expenditures	(22,232,700)	(13,802,979)	(76,604,939)	(53,928,801)	(24,958,492)	(24,384,932)	(32,817,278)	(34,897,656)	(48,912,550)	(40,885,750)
Other financing sources (uses)										
Transfers - in	39,793,341	46,854,998	34,325,645	39,019,942	39,631,621	42,599,569	45,172,685	37,353,535	29,808,563	38,160,185
Transfers - out	(7,877,337)	(16,127,837)	(9,666,071)	(11,720,525)	(16,897,772)	(18,040,709)	(20,490,444)	(14,701,582)	(7,541,718)	(13,415,328)
Issuance of debt	13,485,000	3,900,000	65,930,000	2,790,000	10,476,900	-	2,695,000	25,915,000	15,070,000	-
Payment on refunding bonds	(16,262,864)	(4,221,551)	(38,707,635)	-	(11,161,225)	-	-	(17,398,900)	-	-
Premium on bonds issued	563,751	201,552	2,370,180	-	953,410	-	-	430,447	-	-
Debt issuance cost	-	-	(752,657)	-	(256,106)	-	-	-	-	-
Capital lease financing	-	1,337,000	13,059,230	5,158,766	8,540,289	-	1,218,293	561,191	3,276,269	1,085,603
Sale of capital assets	748,075	572,919	1,519,819	277,672	213,641	369,085	646,863	280,374	525,138	323,972
Total other financing sources (uses)	30,449,966	32,517,081	68,078,511	35,525,855	31,500,758	24,927,945	29,242,397	32,440,065	41,138,252	26,154,432
Net change in fund balances	\$8,217,266	\$18,714,102	(\$8,526,428)	(\$18,402,946)	\$6,542,266	\$543,013	(\$3,574,861)	(\$2,457,591)	(\$7,774,298)	(\$14,731,318)
Debt service as a percentage of noncapital expenditures	6.3%	6.9%	4.9%	5.1%	4.8%	6.1%	7.5%	6.8%	7.3%	7.1%

SALES AND USE TAX REVENUE
Last ten fiscal years

Fiscal Year	City Sales and Use Tax	Public Safety Sales and Use Tax	Trails, Open Space and Parks Sales and Use Tax	Total Direct Tax Rate
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%
2006	122,626,114	24,478,592	6,131,306	2.50%
2007	125,661,571	25,131,496	6,283,079	2.50%
2008	115,961,702	23,190,497	5,798,084	2.50%
2009	111,023,593	22,195,799	5,551,180	2.50%
2010	117,428,817	23,485,755	5,871,441	2.50%
2011	121,845,027	24,369,005	6,092,251	2.50%

Source: City Sales Tax Division Reports

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 6**

Fiscal Year	City Direct Rates				Overlapping Rates		Total Direct and Overlapping Rates
	City Sales and Use Tax	Public Safety Sales and Use Tax	Trails, Open Space and Parks Sales and Use Tax	Total Direct	El Paso County Sales Tax	Pikes Peak Rural Transportation Authority Tax	
2002	2.00%	0.40%	0.10%	2.50%	1.00%	-	3.50%
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% ¹	4.50%
2006	2.00%	0.40%	0.10%	2.50%	1.00%	1.00%	4.50%
2007	2.00%	0.40%	0.10%	2.50%	1.00%	1.00%	4.50%
2008	2.00%	0.40%	0.10%	2.50%	1.00%	1.00%	4.50%
2009	2.00%	0.40%	0.10%	2.50%	1.00%	1.00%	4.50%
2010	2.00%	0.40%	0.10%	2.50%	1.00%	1.00%	4.50%
2011	2.00%	0.40%	0.10%	2.50%	1.00%	1.00%	4.50%

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

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

PRINCIPAL TAXPAYERS

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

Industry	Fiscal Year 2011			Fiscal Year 2005		
	Sales and Use Tax Amount	Rank	Percentage of Total City Sales and Use Tax	Sales and Use Tax Amount	Rank	Percentage of Total City Sales and Use Tax
Miscellaneous retail	\$20,093,282	1	13.33%	\$24,284,180	1	13.66%
Restaurants	19,659,573	2	13.05%	19,963,444	5	11.23%
Department and discount stores	19,381,285	3	12.86%	20,810,428	4	11.70%
Miscellaneous non-retail	17,145,560	4	11.38%	21,236,850	3	11.94%
Auto Dealers	16,879,835	5	11.20%	-	-	-
Building Materials	-	-	-	21,899,790	2	12.32%
	<u>\$93,159,535</u>		<u>61.82%</u>	<u>\$108,194,692</u>		<u>60.85%</u>

Source: Sales Tax Division

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

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

PROPERTY TAXPAYERS
 Current year

Taxpayer	Type of Business	Fiscal Year 2011	
		Assessed Valuation	Percentage of Total City Assessed Value
Qwest Corporation	Utility	\$51,780,530	1.05%
Broadmoor Hotel Inc.	Resort hotel	29,949,610	0.61%
DPIX	Imaging solutions manufacturer	26,407,220	0.53%
Wal-Mart Real Estate	Discount retail	21,675,920	0.44%
Atmel Corporation	Manufacturer	16,142,290	0.33%
Federal Express Corp	Mail and Shipping	15,619,930	0.32%
Chapel Hills Mall LLC	Retail	13,840,450	0.28%
Palmer Center Ltd.	Real estate company	13,689,830	0.28%
Progressive Direct Insurance Co.	Insurance	12,296,710	0.25%
T Rowe Price Assoc. Inc.	Investments	10,776,000	0.22%
		<u>\$212,178,490</u>	<u>4.31%</u>

Source: El Paso County Treasurer's office.

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

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 8**

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

Fiscal Year	Governmental Activities (in 000's)										Business-Type Activities (in 000's)				Total	
	General Obligation Bonds	Sales Tax Revenue Bonds	Certificates of Participation	Special Assessment Bonds & Notes	Capital Leases	Revenue Bonds	Notes Payable	Capital Leases	Revenue Bonds	Notes Payable	Capital Leases	Primary Government (in 000's)	Percentage of Personal Income ¹	Per Capita ¹	Total	
															Government	Percentage of Personal Income ¹
2002	\$30,360	\$73,550	\$12,025	\$924	\$5,270	\$1,347,489	\$20,097	\$4,182	\$1,493,897	8.53%	\$3,975					
2003	27,345	69,115	26,590	784	5,304	1,487,635	20,483	1,465	1,638,721	9.16%	4,368					
2004	32,445	64,490	25,305	644	4,399	1,664,306	19,807	679	1,812,075	9.60%	4,784					
2005	29,195	59,670	23,915	536	3,808	1,775,026	19,101	676	1,911,927	9.49%	4,991					
2006	25,935	54,645	22,475	405	2,656	1,833,365	19,651	637	1,959,769	9.12%	5,001					
2007	22,490	50,830	20,995	364	9,928	1,881,485	23,277	463	2,009,832	8.84%	5,090					
2008	21,725	47,370	19,450	222	13,633	1,960,981	22,687	2,380	2,088,448	8.79%	5,206					
2009	18,050	43,615	49,135	111	23,590	2,044,188	98,022	2,683	2,279,394	9.48%	5,590					
2010	16,980	37,280	47,575	-	21,316	2,550,918	100,979	2,360	2,777,408	11.05%	6,670					
2011	16,145	30,750	43,440	-	17,913	2,501,884	94,979	1,391	2,706,502	10.29%	6,401					

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

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

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 9**

Fiscal Year	General Obligation Bonds (in '000s)	Less: Non-City Obligations (in '000s) ²	City General Obligation Bonds (in '000s)	Assessed Value of Property (in '000s)	Percentage of Assessed Value of Property	Per Capita ¹
2002	\$30,360	\$11,005	\$19,355	\$3,875,111	0.50%	\$51.50
2003	27,345	10,375	16,970	3,734,731	0.45%	45.23
2004	32,445	18,450	13,995	3,783,803	0.37%	36.95
2005	29,195	17,885	11,310	4,103,863	0.28%	29.52
2006	25,935	17,360	8,575	4,215,419	0.20%	21.88
2007	22,490	16,705	5,785	4,738,226	0.12%	14.65
2008	21,725	18,790	2,935	4,773,750	0.06%	7.32
2009	18,050	18,050	-	4,948,368	-	-
2010	16,980	16,980	-	4,938,341	-	-
2011	16,145	16,145	-	4,601,619	-	-

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

¹Population data can be found on Table 13

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

**DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2011**

**CITY OF COLORADO SPRINGS
COLORADO
Table 10**

Governmental Unit	Estimated Percentage Applicable	Debt Outstanding	Estimated Share of Overlapping Debt	Debt Outstanding (Excluding COPs)	Estimated Share of Overlapping Debt (Excluding COPs)
El Paso County	72.30%	\$169,222,000	\$122,347,506	\$3,802,000	\$2,748,846
Harrison School District #2	92.54%	61,365,000	56,787,171	61,365,000	56,787,171
Widefield School District #3	5.25%	13,995,000	734,738	13,995,000	734,738
Fountain/Fort Carson School District #8	0.02%	11,310,000	2,262	-	-
Colorado Springs School District #11	93.02%	214,132,499	199,186,051	188,022,499	174,898,529
Cheyenne Mountain School District #12	97.03%	23,057,228	22,372,428	23,057,228	22,372,428
Manitou School District #14	10.38%	5,875,000	609,825	5,875,000	609,825
Air Academy School District #20	83.27%	149,660,405	124,622,219	149,660,405	124,622,219
Ellicott School District #22	0.36%	5,593,694	20,137	4,583,694	16,501
Falcon School District #49	47.97%	135,583,341	65,039,329	49,493,341	23,741,956
Barnes & Powers North BID	100.00%	3,875,000	3,875,000	3,875,000	3,875,000
Barnes & Powers South BID	100.00%	755,000	755,000	755,000	755,000
Briargate Center BID	100.00%	8,795,000	8,795,000	8,795,000	8,795,000
First & Main BID	100.00%	1,570,000	1,570,000	1,570,000	1,570,000
First & Main #2 BID	100.00%	2,375,000	2,375,000	2,375,000	2,375,000
First & Main North BID	100.00%	1,851,567	1,851,567	1,851,567	1,851,567
Interquest North BID	100.00%	6,500,000	6,500,000	6,500,000	6,500,000
Powers and Woodmen BID	100.00%	1,835,000	1,835,000	1,835,000	1,835,000
Colorado Springs Urban Renewal Authority	100.00%	53,660,000	53,660,000	53,660,000	53,660,000
Subtotal, overlapping debt			672,938,233		487,748,780
City direct debt			108,248,000		64,808,000
Total direct and overlapping debt			<u>\$781,186,233</u>		<u>\$552,556,780</u>

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

Sources: Assessed value data used to estimate applicable percentages is provided by the El Paso County Assessor's office final certification letter dated November 22, 2010. 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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$387,511,106	\$373,473,130	\$378,380,271	\$410,386,307	\$421,541,959	\$473,822,587	\$477,374,953	\$494,836,820	\$493,834,140	\$460,161,902
Total net debt applicable to limit	19,355,000	16,970,000	13,995,000	11,310,000	8,575,000	5,785,000	2,935,000	-	-	-
Legal debt margin	\$368,156,106	\$356,503,130	\$364,385,271	\$399,076,307	\$412,966,959	\$468,037,587	\$474,439,953	\$494,836,820	\$493,834,140	\$460,161,902
Total net debt applicable to the limit as a percentage of debt limit	4.99%	4.54%	3.70%	2.76%	2.03%	1.22%	0.61%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value - 2011 for 2012 taxes	\$4,601,619,020
Debt limit (10% of assessed value)	460,161,902
Debt applicable to limit: General obligation bonds	-
Total net debt applicable to limit	-
Legal debt margin	<u>\$460,161,902</u>

Fiscal Year	MHS Revenue Bonds						Coverage
	Applicable Revenues	Less: Operating Expenses	Net Available Revenue		Debt Service Principal	Debt Service Interest	
			Available Revenue	Interest			
2002	\$513,370,775	\$360,738,821	\$152,631,954	\$13,655,510	\$43,467,345	2.67	
2003	545,620,366	427,414,052	118,206,314	14,233,525	48,257,013	1.89	
2004	633,739,434	474,551,233	159,188,201	16,603,572	55,118,082	2.22	
2005	716,218,779	516,369,158	199,849,621	17,256,540	63,524,157	2.47	
2006	718,507,863	531,512,370	186,995,493	18,298,215	68,756,629	2.15	
2007	763,754,405	565,046,685	198,707,720	17,905,225	73,260,972	2.18	
2008	788,601,365	627,795,505	160,805,860	7,551,592	71,836,148	2.03	
2009	769,135,361	593,636,333	175,499,028	9,681,357	71,763,387	2.15	
2010	832,076,083	626,317,175	205,758,908	16,111,357	75,711,638	2.24	
2011	871,787,767	602,713,246	269,074,521	27,597,493	101,451,007	2.09	

Fiscal Year	Utilities Revenue Bonds						Coverage
	Applicable Revenues	Less: Operating Expenses	Net Available Revenue		Debt Service Principal	Debt Service Interest	
			Available Revenue	Interest			
2002	\$22,621,860	\$12,040,291	\$10,581,569	\$2,453,334	\$3,600,437	1.75	
2003	22,289,621	12,967,319	9,322,302	2,000,855	3,652,705	1.65	
2004	22,571,575	13,039,813	9,531,762	2,169,586	3,660,099	1.64	
2005	22,648,070	13,216,784	9,431,286	2,167,466	3,660,882	1.62	
2006	23,602,795	13,804,532	9,798,263	2,175,370	3,659,313	1.68	
2007	23,855,188	14,722,292	9,132,896	2,101,895	3,546,516	1.62	
2008	24,147,143	14,537,476	9,609,667	3,525,250	2,100,363	1.71 ²	
2009	23,444,173	14,914,375	8,529,798	1,729,912	3,503,526	1.63	
2010	21,090,127	15,380,368	5,709,759	1,295,000	2,272,688	1.60 ²	
2011	22,250,495	14,399,903	7,850,592	3,020,000	2,217,513	1.50	

Fiscal Year	Sales and Use Tax Revenue Bonds						Coverage
	Applicable Revenues	Less: Operating Expenses	Net Available Revenue		Debt Service Principal	Debt Service Interest	
			Available Revenue	Interest			
2002	\$107,735,252	\$4,255,000	\$3,593,659	\$3,412,821	13.73		
2003	108,235,624	4,435,000	3,412,821	3,224,334	14.91		
2004	117,043,184	4,625,000	3,224,334	3,027,771	15.32		
2005	120,215,439	4,820,000	2,822,921	2,354,133	21.96		
2006	123,813,924	5,025,000	3,465,000	3,460,000	19.61		
2007	127,794,303	3,465,000	2,501,993	1,047,208	48.73 ¹		
2008	116,933,775	3,460,000	1,511,650	1,321,000	15.44		
2009	111,942,192	1,250,000	6,530,000				
2010	115,684,401	6,335,000					
2011	121,249,546	6,530,000					

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

¹In 2009, the City refunded the remaining 1999 Sales and Use Tax Revenue Bonds. The refunding resulted in a one-time decrease in current year debt service and increase in the coverage rate.

²Restated

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

**CITY OF COLORADO SPRINGS
COLORADO**
Table 13

Fiscal Year	Population¹	Personal Income (in 000's)²	Per Capita Personal Income²	Unemployment Rate³
2002	375,834	\$17,523,470	\$30,955	6.0%
2003	375,189	17,888,676	31,252	6.1%
2004	378,793	18,879,089	32,561	5.6%
2005	383,071	20,148,078	34,243	5.2%
2006	391,846	21,480,204	35,732	4.6%
2007	394,858	22,728,931	37,428	4.3%
2008	401,186	23,758,135	38,507	5.5%
2009	407,733	24,047,682	38,401	8.7%
2010	416,427 ***	25,145,000 *	38,295 *	9.4%
2011	422,816 *	26,292,390 *	38,190 *	9.2% **

Sources:

¹Colorado Department of Local Affairs, Demography section.

²U.S. Department of Commerce, Bureau of Economic Analysis for Colorado Springs Metropolitan Statistical Area (MSA) with an estimate for 2010 and 2011. Prior years adjusted to reflect August 2011 report.

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

* estimate

** preliminary

*** census

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

CITY OF COLORADO SPRINGS
COLORADO
Table 14

Employer	2011		2002	
	Rank	Percentage of Total County Employment	Rank	Percentage of Total County Employment
Fort Carson Army Post	1	10.20%	1	6.23%
Peterson Air Force Base	2	4.11%	3	2.31%
Schriever Air Force Base ²	3	2.86%	10	0.97%
United States Air Force Academy	4	2.29%	2	2.81%
Memorial Health Services	5	1.65%	5	1.32%
Colorado Springs School District #11	6	1.40%	4	1.46%
Academy School District #20	7	0.97%	-	-
Penrose-St. Francis Health Services	8	0.93%	7	1.06%
City of Colorado Springs ¹	9	0.81%	9	1.03%
El Paso County	10	0.70%	-	-
Compaq Computer Corporation	-	-	6	1.18%
Worldcom	-	-	8	1.06%
		<u>25.92%</u>		<u>19.43%</u>

Notes:

¹City of Colorado Springs includes the total of all full-time equivalent employees (FTE's) in all funds and enterprises except Colorado Springs Utilities and Memorial Health System.

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

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

**FULL-TIME EQUIVALENT
CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
Last seven fiscal years**

**CITY OF COLORADO SPRINGS
COLORADO
Table 15**

Function/Program	Fiscal year ended December 31						
	2011	2010	2009	2008	2007	2006	2005
General government	239.80	263.80	263.30	314.55	278.25	270.50	271.00
Public safety	1,421.75	1,392.75	1,450.25	1,484.00	1,479.75	1,479.75	1,462.75
Public works	267.00	281.00	309.50	309.75	299.75	304.75	307.75
Culture and recreation	119.25	102.50	190.00	204.35	196.75	191.50	197.75
Urban redevelopment and housing	41.00	34.00	46.00	54.00	54.00	54.00	63.00
Utilities	1,856.00	1,856.00	1,911.00	1,848.00	1,929.75	1,956.75	1,930.00
MHS	3,555.00	3,487.50	3,812.00	4,075.40	4,075.00	3,333.00	3,050.00
Airport	121.00	121.00	121.00	121.00	118.00	118.00	117.00
Parking	7.50	7.50	8.00	8.00	8.00	8.00	8.00
Other non-major enterprise funds	68.50	99.50	102.50	113.50	108.00	70.50	70.50
Total	7,696.80	7,645.55	8,213.55	8,532.55	8,547.25	7,786.75	7,477.75

Note: Function/Program FTE count previously included all other non-Enterprise and non-General Fund positions in General Government. Historical full-time equivalent (FTE) count has been updated to reflect the department in which staff resides.

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last ten fiscal years

Function/Program	2011	2010	2009	2008
General government				
Internal audits completed	26	23	22	24
Summons filed	36,678	42,761	41,900	51,745
Contractual transactions	2,636	3,350	4,900	4,900
Workers compensation claims	418	417	480	493
Public safety				
Emergency response time - Police	11.4	10.6	10.3	9.9
Percent of emergency incident arrival within 8 minutes - Fire	89.4	89.5	89.8	90.6
Violent and property crime rates (per 1,000 population)	42.0	40.7	45.0	44.3
Emergency incidents (per 10,000 population)	1,266	1,179	1,120	1,129
Public works				
Miles resurfaced	148	50	37	55
Fixed route transit revenue hours of service	124,011	121,700	176,354	216,732
Painted lane miles	1,449	1,288	1,659	1,822
Culture and recreation				
Museum/archive attendance	256,547	176,883	182,500	191,400
Street and park trees	126,602	127,000	123,600	123,600
Acres of parks maintained	16,143	15,428	13,804	13,539
Program participants	691,786	971,711	973,147	1,111,000
Urban redevelopment and housing				
Projects managed	2	4	8	7
Affordable housing developed and rehabilitated	188	334	305	152
Clients assisted ¹	188	334	91	401
Utilities				
Total metered customers ²	530,208	530,208	521,878	526,421
Annual natural gas moved through pipes (thousands of mcf)	24,020	24,026	29,200	24,301
Electric use (thousands of MWh)	4,630	4,630	4,400	5,213
Water use (millions of gallons)	23,700	23,700	24,100	28,002
Wastewater treatment (millions of gallons)	15,586	15,586	12,800	13,550
MHS				
Admissions	25,633	27,980	29,713	30,357
Outpatient visits	384,655	385,500	398,426	393,251
Emergency visits	135,517	132,175	130,513	126,224
Births	4,604	4,802	5,000	4,876
Airport				
Passenger boardings (in thousands)	814	869	892	998
Airline revenue per enplaned passengers	\$9.77	\$8.59	\$7.98	\$7.48
Parking				
Revenues collected per space - on-street	\$791	\$776	\$779	\$873
Revenues collected per space - off-street	\$793	\$727	\$722	\$779
Other				
Cemetery - burial services	698	615	624	664
Development Review - plans reviewed	9,645	8,802	8,957	11,594
Golf courses - rounds played	173,011	203,025	203,820	202,305
Pikes Peak Highway - number of visitors	265,124	255,000	267,500	254,419

Note:

Sources: City, MHS and Utilities staff reports and websites.

¹ For 2009, number reported is the total households assisted rather than total individual clients.

230 ² Some customers have multiple services and may be counted more than once.

CITY OF COLORADO SPRINGS
COLORADO
Table 16

Fiscal Year					
2007	2006	2005	2004	2003	2002
25	14	96	61	56	83
56,840	63,636	70,805	72,135	59,537	59,537
4,208	3,727	5,082	4,756	3,767	3,760
530	539	565	521	582	607
11.6	11.2	11.8	11.3	11.2	12.5
89.9	90.0	90.0	88.8	89.0	88.2
46.5	51.9	55.5	58.0	55.5	58.3
1,133	1,155	1,160	1,131	1,092	1,161
112	144	144	95	80	91
214,145	211,166	135,808	134,736	139,229	143,598
2,153	1,350	1,313	1,300	1,800	1,900
124,911	138,646	85,939	73,841	72,090	107,771
123,600	122,514	118,500	118,500	119,000	122,000
12,895	12,884	12,562	12,562	11,724	11,770
1,106,296	1,012,360	1,110,609	1,017,471	1,041,601	N/A
9	9	7	5	6	5
230	332	250	282	445	438
180	192	401	662	N/A	N/A
524,000	517,884	508,655	617,981	603,081	586,828
24,895	22,755	22,910	23,309	23,416	26,534
4,827	4,548	4,593	4,558	4,493	4,685
25,680	26,410	26,975	23,816	24,819	27,314
12,902	12,810	13,262	12,703	12,876	13,527
30,096	27,805	27,774	25,552	25,643	24,652
360,528	322,983	309,173	295,979	268,996	213,264
113,492	101,797	98,167	93,261	97,761	99,656
4,884	4,546	4,430	4,150	4,505	4,395
1,034	1,017	1,031	1,035	1,010	1,068
\$6.71	\$6.51	\$6.98	\$7.54	\$7.87	\$6.12
\$879	\$816	\$619	\$560	\$565	\$581
\$893	\$879	\$714	\$693	\$737	\$724
661	674	704	647	661	709
14,451	13,625	15,630	17,927	7,091	6,922
201,070	203,530	201,909	205,970	220,264	222,475
270,528	256,560	257,309	241,688	252,552	246,363

**CAPITAL ASSET STATISTICS
BY FUNCTION/PROGRAM
Last seven fiscal years**

**CITY OF COLORADO SPRINGS
COLORADO
Table 17**

Function/Program	Fiscal Year						
	2011	2010	2009	2008	2007	2006	2005
Public safety							
Police							
Area commands (stations)	4	4	4	4	4	4	4
Patrol units	205	228	200	241	294	285	330
Fire							
Stations	20	20	20	20	20	20	20
Emergency units	73	74	75	69	90	73	69
Public works							
Streets (centerline miles)	NA	NA	NA	1,576	1,576	1,542	1,450
Streets (lane miles) ¹	7,431	7,431	7,431	NA	NA	NA	NA
Major bridges	212	206	209	205	170	83	83
Signalized intersections	563	564	565	564	545	515	500
Transit buses	57	57	58	94	128	102	86
Culture and recreation							
Parks and open space locations	200	199	199	198	198	184	178
Sports complexes	5	5	5	7	7	6	6
Community centers	4	6	8	7	7	7	5
Utilities							
Electric distribution lines (miles)	3,451	3,451	3,451	3,451	3,432	3,319	2,892
Natural gas pipe (miles)	2,400	2,400	2,320	2,320	2,278	2,160	2,104
Water distribution lines (miles)	2,010	2,010	1,892	1,892	1,780	1,738	1,800
MHS							
Number of hospital beds	671	671	671	717	717	477	477
Health care facilities	16	17	16	15	15	15	15
Airport							
Number of runways	3	3	3	3	3	3	3
Parking							
Number of parking spaces - on-street	2,389	2,360	2,360	2,389	2,404	2,360	2,360
Number of parking spaces - off-street	2,703	2,703	2,703	2,703	2,136	2,136	2,136

Sources: City, MHS and Utilities staff reports and websites.

¹ Streets Division began recording street miles as lane miles rather than centerline miles in 2008/2009.

**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
2002	\$3,044,827	\$582,183
2003	2,837,599	562,868
2004	2,238,376	590,059
2005	2,102,833	1,476,970
2006	2,138,951	797,409
2007	2,382,311	297,007
2008	2,266,785	1,359,304
2009	1,317,980	633,732
2010	197,192 *	1,866,153
2011	- *	518,744

Note: This table reflects values for the General Fund only.

* Retailer fee was eliminated in 2010.

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

**CITY OF COLORADO SPRINGS
COLORADO**
Table 19

Fiscal Year	Assessed Valuation (in 000's)	Total Tax Levy	Total Current Collections	Collections as a Percent of Levy	Current Year Outstanding Delinquent Taxes	All Years Outstanding Delinquent Taxes	All Years Delinquent Taxes as a Percent of Levy
2002	\$3,730,306	\$18,770,958	\$18,069,749	96.3%	\$55,647	\$206,742	1.1%
2003	3,875,111	19,499,562	18,276,035	93.7%	225,021	398,269	2.0%
2004	3,734,731	18,793,169	17,873,516	95.1%	61,249	206,715	1.1%
2005	3,783,803	18,707,124	18,172,673	97.1%	64,741	204,446	1.1%
2006	4,103,863	20,289,499	19,543,229	96.3%	64,551	214,833	1.1%
2007	4,215,420	20,841,035	20,022,230	96.1%	30,970	175,434	0.8%
2008	4,738,226	23,425,810	22,750,839	97.1%	56,121	138,455	0.6%
2009	4,773,750	23,601,422	23,007,963	97.5%	77,498	146,802	0.6%
2010	4,948,368	21,174,070	20,666,136	97.6%	49,593	97,882	0.5%
2011	4,938,341	21,131,161	20,617,424	97.6%	50,327	105,906	0.5%

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

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 20**

Fiscal Year	City	County Government	School District No 11	Library District	Water Conservancy District	Total
2002	5.032	7.821	39.744	3.216	0.855	56.668
2003	5.032	7.880	39.812	3.271	0.897	56.892
2004	5.032	7.947	41.698	3.434	0.947	59.058
2005	4.944	8.012	42.094	3.495	0.947	59.492
2006	4.944	7.673	43.813	3.296	0.943	60.669
2007	4.944	7.710	44.045	3.515	0.941	61.155
2008	4.944	7.514	44.045	3.325	0.915	60.743
2009	4.944	7.583	44.054	3.325	0.943	60.849
2010	4.279	7.531	42.183	3.468	0.940	58.401
2011	4.279	7.882	42.493	3.556	0.947	59.157

Notes: Fiscal year is the year of collection.
 Certification of assessed valuation and mill levies is done in the year prior to the year of collection.
 Rates include levies for operations and debt service.
 Representative sample of overlapping districts, other overlapping district mill levies vary.

**MUNICIPAL SOLID WASTE LANDFILL
CLOSURE AND POSTCLOSURE CARE COSTS
December 31, 2011**

**CITY OF COLORADO SPRINGS
COLORADO
Table 21**

Facility	Closure Costs	Postclosure Costs	Total Cost	Percentage of Capacity Used
Hancock	\$292,081	\$67,489	\$359,570	n/a
Clear Spring Gravel Pit 1	347,158	760,284	1,107,442	.
Clear Spring Gravel Pit 1 C&D SOLIDS				100.00%
Clear Spring Gravel Pit 1 MONOFILL				70.71%
Clear Spring Gravel Pit 2 C&D SOLIDS	141,325	57,650	198,975	43.83%
Clear Spring - Ash Disposal	1,733,526	637,904	2,371,430	65.57%
Clear Spring - BIOSOLIDS	<u>2,496,501</u>	<u>1,355,107</u>	<u>3,851,608</u>	37.31%
Total Cost	<u>\$5,010,591</u>	<u>\$2,878,434</u>	<u>\$7,889,025</u>	

Notes:

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

Liabilities for the Clear Spring (formerly Hanna Ranch) facilities are recognized on a capacity used basis in the Utilities fund; total costs for the Clear Spring facilities based on capacity used are estimated at \$7,529,455. The total costs from the above table are based on the 5 year study adjusted by inflation (excludes Gravel Pit 2 see below note).

Clear Spring Gravel Pit 2 C&D SOLIDS was opened in 2009 to replace Clear Spring Gravel Pit 1 C&D SOLIDS (at capacity). The costs listed on the table for closure and postclosure are based on capacity used.