

Comprehensive Annual Financial Report

For the year ended December 31, 2007



City of Colorado Springs, Colorado

Comprehensive Annual
Financial Report

of the

City of Colorado Springs,
Colorado

For the fiscal year ended
December 31, 2007

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



CITY OF COLORADO SPRINGS

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CITY OF COLORADO SPRINGS

INTRODUCTORY SECTION



CITY OF COLORADO SPRINGS



June 20, 2008

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

Dear Mayor and Members of City Council:

The Comprehensive Annual Financial Report of the City of Colorado Springs for the fiscal year ended December 31, 2007 is hereby presented. State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement.

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

Bondi and Company, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Colorado Springs' financial statements for the year ended December 31, 2007. The independent auditor's report is located at the front of the financial section of this report.

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

PROFILE OF THE CITY OF COLORADO SPRINGS

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

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

The City provides a full range of municipal government services to approximately 390,000 residents. These services include, but are not limited to, police and fire protection, traffic and street construction and maintenance, parks, recreation, cultural affairs, courts, planning and zoning, building and code enforcement, mass transit, health and welfare, and economic development.

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

The Council also has significant control over several legally separate entities. These entities have been judged as component units of the City and, accordingly, their financial data have been included in this report. Those entities are the Cottonwood, Briargate, Market Place at Austin Bluffs and Spring Creek General Improvement Districts, the Colorado Springs Urban Renewal Authority, Downtown Development Authority and the Greater Downtown Colorado Springs, the Briargate Center, Barnes & Powers North, Barnes & Powers South, First & Main, First & Main North, Interquest North, Interquest South, and Powers & Woodmen Commercial Business Improvement Districts, all included as Governmental-type activities. The Fountain Valley Authority, the Aurora-Colorado Springs Joint Water Authority, the Regional Water Infrastructure Authority and the Twin Lakes, Lake Meredith, Lake Henry, the Colorado Canal and Reservoir companies, and the Pikes Peak Regional Communications Network are included as Business-type activities. The Old Hire Police and Fire Pension plans are included as fiduciary activities.

LOCAL ECONOMY

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

Unemployment in the City is relatively stable. During the past few years, unemployment has been between 4%-6%, but in the past two years has declined to a current unemployment rate of 4.3%. It is expected that unemployment will remain stable or possibly increase in the next few years due to an increase in military

employment, resulting in residual employment in service areas, but partially offset by national economic issues.

LONG-TERM FINANCIAL PLANNING

Annually, Council engages in a process to update the City's Strategic Action Plan (the Plan). The current Plan encompasses the years 2006 through 2010. Generally, the Plan provides for six specific focus areas:

Economic Development

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

Public Safety

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

Infrastructure

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

Transportation

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

Citizen Services and City Workforce

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

Community Development and Growth

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

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 approved by the City Council.
- The City is limited by City Charter Amendment #3, "Taxpayers Bill of Rights" and similar statewide constitutional amendments. These provisions limit the amount that "fiscal year spending" as defined in the amendments can increase year to year. These amendments also do not allow debt issuance for the general fund without voter approval.
- At the end of 2007, the City Council approved a new Strategic Plan for 2008. A part of this strategic plan includes a fiscal sustainability study to assist in future planning of the City. This study will be completed in 2009. The new Strategic Plan objectives will be outlined in next year's CAFR.

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, 2006. This was the seventeenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and effectively organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENTS

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

Sincerely,



Terri L. Velasquez
Finance Director



Vicki A. Phillips
Accounting/Payroll Manager



CITY OF COLORADO SPRINGS

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Colorado Springs
Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

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.



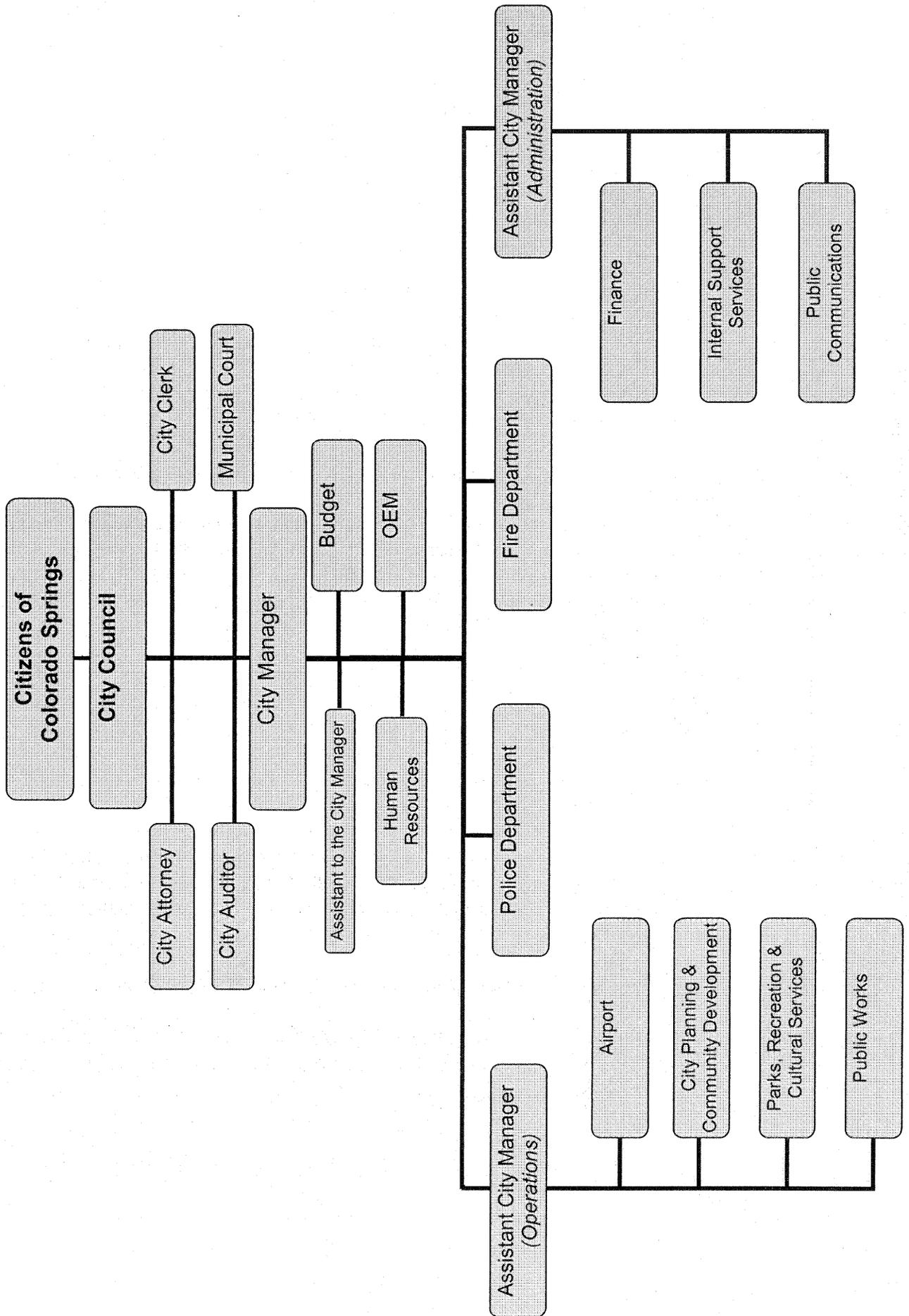
Oliver S. Cox

President

Jeffrey R. Emery

Executive Director

City of Colorado Springs Organizational Chart



CITY OF COLORADO SPRINGS, COLORADO

Officials

City Council

Lionel Rivera, Mayor
Larry Small, Vice Mayor

Jan Martin

Margaret Radford

Tom Gallagher

Randy Purvis

Jerry Heimlicher

Darryl Glenn

Scott Hente

Utilities Director

Jerry Forte

City Manager

Penelope Culbreth-Graft, DPA

Hospital Director

Richard Eitel

Assistant City Managers

Gregory Nyhoff
Michael L. Anderson

City Department Directors

Richard Meyers
Police Chief

Terri L. Velasquez
Finance

Ronald Cousar
Internal Support Services

Ronald L. Mitchell
Public Works

Manuel Navarro
Fire Chief

William T. Healy
City Planning

Lisa Bigelow
Budget

Ann M. Crossey
Human Resources

Paul D. Butcher
Parks, Recreation and Cultural Services

Sue Skiffington-Blumberg
Public Communications

Council Appointees

Patricia K. Kelly, City Attorney
Jeff Litchfield, City Auditor
Kathryn M. Young, City Clerk
Richard Lewis, Municipal Court Administrator

CITY OF COLORADO SPRINGS, COLORADO

Officials (continued)

Memorial Health Systems Board of Trustees

Michael L. Edmonds, PhD., Chair

Kailash Jaitly, PhD.

Arlene Patterson Stein, Vice Chair

Lance W. Lord, General (Ret.)

G. Jeff Murrell

Donald P. Gazibara, M.D.

Stephen K. Goldstone

Linda Fay Halbouty

Paul Johnson

James E. Miller

James P. Moore, Secretary

Marijane Axtell Paulsen, PhD.

Allen Roth

Yolanda Fennick

Curtis C. Brown

Ex-Officio Members

Dan Balch, MD
Chief of Staff

Ann Long
Auxiliary President



CITY OF COLORADO SPRINGS

FINANCIAL SECTION



CITY OF COLORADO SPRINGS



BONDI & Co. LLC

CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

44 INVERNESS DRIVE EAST
ENGLEWOOD, COLORADO 80112

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(303) 799-6926 FAX

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

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Colorado Springs, Colorado (City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Colorado Springs, Colorado's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Memorial Health Systems Fund or the Colorado Springs Utilities Fund, major enterprise funds that represent 92 percent of the assets, 86 percent of the net assets, and 67 percent of the revenues for the City's business-type activities, nor did we audit the financial statements of seven joint utility projects, which represent 99 percent of the assets, 86 percent of the net assets, and 91 percent of the revenues of the City's discretely presented proprietary fund component units. We also did not audit the Colorado Springs Urban Renewal Authority, the Greater Downtown Colorado Springs Business Improvement District, the Briargate Center Business Improvement District, the Barnes and Powers North Business Improvement District, the Barnes and Powers South Business Improvement District, the First and Main Business Improvement District, the First and Main North Business Improvement District, the Interquest North Business Improvement District, the Interquest South Business Improvement District, and the Powers and Woodmen Commercial Business Improvement District, which are reported as and comprise in their entirety, discretely presented governmental fund component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Memorial Health Systems Fund, Colorado Springs Utilities fund, the seven joint utility projects, the Colorado Springs Urban Renewal Authority, the Greater Downtown Colorado Springs Business Improvement District, the Briargate Center Business Improvement District, the Barnes and Powers North Business Improvement District, the Barnes and Powers South



Affiliate Offices Worldwide

**Honorable Mayor and Members
Of the City Council and City Manager
City of Colorado Springs
Colorado Springs, Colorado
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Business Improvement District, the First and Main Business Improvement District, the First and Main North Business Improvement District, the Interquest North Business Improvement District, the Interquest South Business Improvement District, and the Powers and Woodmen Commercial Business Improvement District is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Colorado Springs, Colorado, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 5, 2008, on our consideration of the City of Colorado Springs, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

**Honorable Mayor and Members
of the City Council and City Manager
City of Colorado Springs
Colorado Springs, Colorado
Page 3**

The Management's Discussion and Analysis, the Schedule of Funding Progress, and the Schedule of Employer Contribution are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Colorado Springs, Colorado's basic financial statements. The introductory section, combining and individual fund statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules listed in the table of contents have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

June 5, 2008


BONDI & Co. LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the City of Colorado Springs' (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2007. 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, 2007 by \$2,922,032,358 (net assets). Of this amount, \$564,604,316 is unrestricted net assets that may be used to meet the government's ongoing obligations to citizens and creditors.
- At December 31, 2007, the City's governmental funds reported combined ending fund balances of \$98,432,912. Approximately 79.7% of this total amount or \$78,473,148 is unreserved.
- The general fund, presented on a current financial resources basis, reports a fund balance of \$40,486,836 or 18.6% of total 2007 general fund expenditures.
- The City's total debt outstanding was \$1,999,441,350 at December 31, 2007. The key factor for this 2.20% increase over 2006 was the issuance of \$111,690,000 in refunding revenue bonds and \$75,000,000 in new debt for Colorado Springs Utilities (Utilities).

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 2007. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods.

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

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

Expenditures for *business-type activities* of the City support the City's water, sewer, gas, and electricity system, health system, airport, downtown parking facilities, golf courses, cemeteries, tourist highway, the human services complex, the development review program, and stormwater. 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. These components of the City include several separate legal entities: the Cottonwood, Spring Creek, Briargate and Marketplace at Austin Bluffs (MAB) General Improvement Districts, Old Hire Police and Old Hire Fire Pension plans, Fountain Valley Authority, Aurora-Colorado Springs Joint Water Authority, and the Twin Lakes, Lake Meredith, Lake Henry, the Colorado Canal and Reservoir companies, the Pikes Peak Regional Communications Network, and several business improvement districts: Colorado Springs Urban Renewal Authority, Colorado Springs Downtown Development Authority, Greater Downtown Colorado Springs, Briargate Center, Barnes & Powers North, Barnes & Powers South, First & Main, First & Main North, Interquest North, Interquest South, and Powers & Woodmen Commercial.

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 general fund and a budgetary comparison has been provided to demonstrate compliance with this budget.

Proprietary funds – The City maintains two different types of proprietary funds; *Enterprise funds*, used to report the same functions presented as *business-type activities* in the government-wide financial statements, and *Internal service funds*, used as an accounting device to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet, printing, self-insurance and various other activities of the City. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the 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 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 that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found later in this report.

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the government’s financial position. In the case of the City, assets exceeded liabilities by \$2.9 billion at the close of 2007 as compared to \$2.7 billion at the close of 2006.

By far the largest portion of the City’s net assets (77.73%) 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 2007 with comparative information for 2006:

City of Colorado Springs Net Assets (in 000's)						
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$206,481	\$195,863	\$939,219	\$895,213	\$1,145,700	\$1,091,076
Capital assets	1,048,699	898,101	3,119,121	2,997,815	4,167,820	3,895,916
Total assets	1,255,180	1,093,964	4,058,340	3,893,028	5,313,520	4,986,992
Long-term liabilities	135,842	132,832	1,946,436	1,890,033	2,082,278	2,022,865
Other liabilities	82,424	79,539	226,785	198,825	309,209	278,364
Total liabilities	218,266	212,371	2,173,221	2,088,858	2,391,487	2,301,229
Net assets:						
Invested in capital assets, net of related debt	943,952	792,112	1,327,315	1,282,204	2,271,267	2,074,316
Restricted	19,960	19,626	66,202	57,715	86,162	77,341
Unrestricted	73,002	69,855	491,602	464,251	564,604	534,106
Total net assets	\$1,036,914	\$881,593	\$1,885,119	\$1,804,170	\$2,922,033	\$2,685,763

The City's combined net assets were \$2.9 billion at December 31, 2007, of which \$565 million was unrestricted. However, certain of these unrestricted funds are designated for specific, future purposes. All such designations are presented in Note IV. L. in the notes to the financial statements.

The net assets of our business-type activities were \$1.9 billion at December 31, 2007. 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 2007 with comparative information for 2006:

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

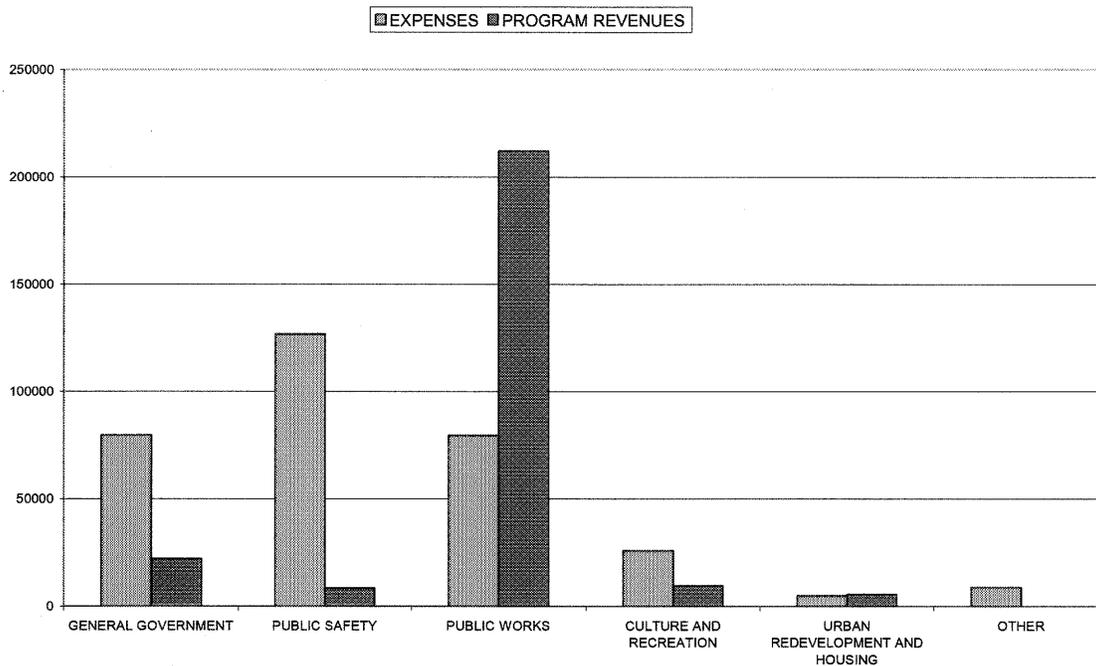
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$36,454	\$41,888	\$1,282,770	\$1,140,966	\$1,319,224	\$1,182,854
Operating grants and contributions	22,918	13,807	-	-	22,918	13,807
Capital grants and contributions	198,295	93,664	64,979	91,230	263,274	184,894
General revenues:						
Property taxes	22,696	21,906	-	-	22,696	21,906
Other taxes	167,678	162,364	-	-	167,678	162,364
Investment earnings	7,515	6,638	39,371	35,910	46,886	42,548
Gain on sale of capital assets	87	51	-	-	87	51
Contributions to endowments	99	91	-	-	99	91
Total revenues	455,742	340,409	1,387,120	1,268,106	1,842,862	1,608,515
Expenses:						
General government	79,498	72,427	-	-	79,498	72,427
Public safety	126,768	127,124	-	-	126,768	127,124
Public works	79,445	70,720	-	-	79,445	70,720
Health and welfare	1,147	1,061	-	-	1,147	1,061
Culture and recreation	25,899	23,337	-	-	25,899	23,337
Urban redevelopment and housing	4,917	6,505	-	-	4,917	6,505
Economic development	2,895	2,862	-	-	2,895	2,862
Economic opportunities	74	24	-	-	74	24
Interest on long-term debt	4,758	6,065	-	-	4,758	6,065
Miscellaneous	-	480	-	-	-	480
Utilities	-	-	737,871	794,958	737,871	794,958
MHS	-	-	500,198	412,148	500,198	412,148
Airport	-	-	26,044	45,455	26,044	45,455
Parking	-	-	3,064	2,518	3,064	2,518
Non-major Enterprises	-	-	14,015	10,457	14,015	10,457
Total expenses	325,401	310,605	1,281,192	1,265,536	1,606,593	1,576,141
Increase in net assets before transfers	130,341	29,804	105,928	2,570	236,269	32,374
Transfers	24,979	24,559	(24,979)	(24,559)	-	-
Increase in net assets	155,320	54,363	80,949	(21,989)	236,269	32,374
Net assets - beginning	881,593	832,165	1,804,170	1,820,842	2,685,763	2,653,007
Prior period adjustment	-	(4,935)	-	5,317	-	382
Net assets - ending	\$1,036,913	\$881,593	\$1,885,119	\$1,804,170	\$2,922,032	\$2,685,763

Overall, the City's net assets increased during 2007 by \$236.3 million. The governmental activities' net assets increased \$155.3 million due primarily to increases in capital grants and contributions partially offset by the grant expenditures related to the capital grants. The business-type activities' net assets increased \$80.9 million due to increases in user revenue, primarily related to Utilities and MHS offset by increases in expenditures related to MHS's operation. Additional analysis of these activities is included below.

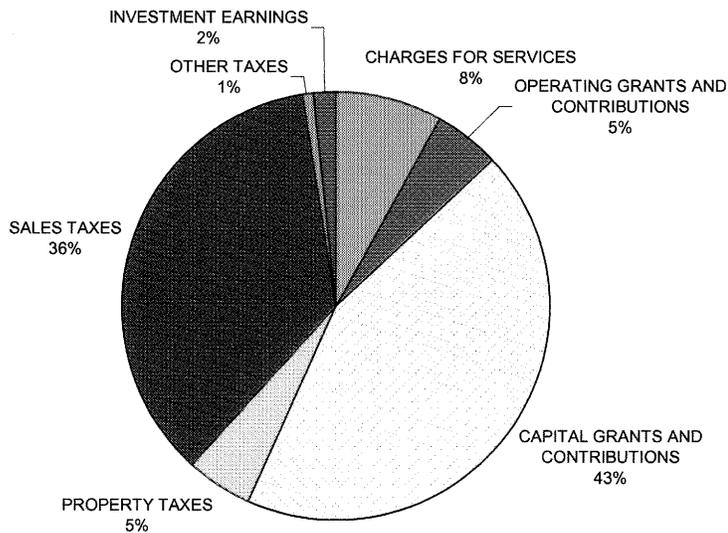
Governmental Activities

Revenue of the governmental activities was up from 2006 by \$115.3 million due primarily to increased capital grants and contributions, and increases related to higher highway user and cigarette taxes received by the City. Expenses of the governmental activities were up from 2006 by \$14.8 million due primarily to higher public works expenses related to grants received for capital projects and equipment.

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



Revenues by Source - Governmental Activities

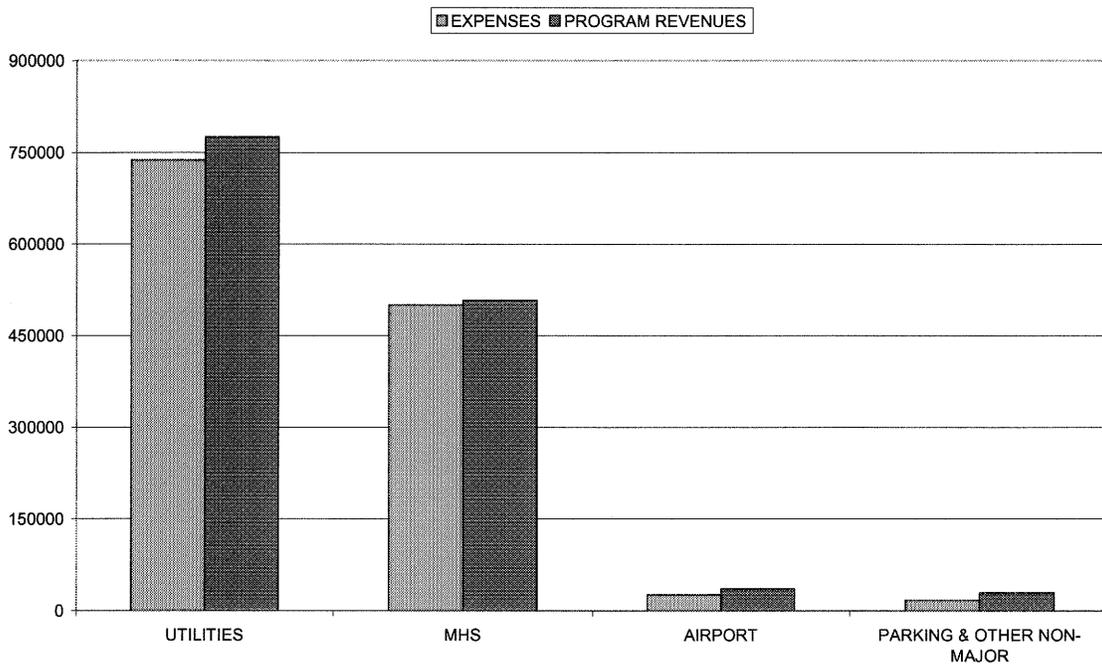


Business-type Activities

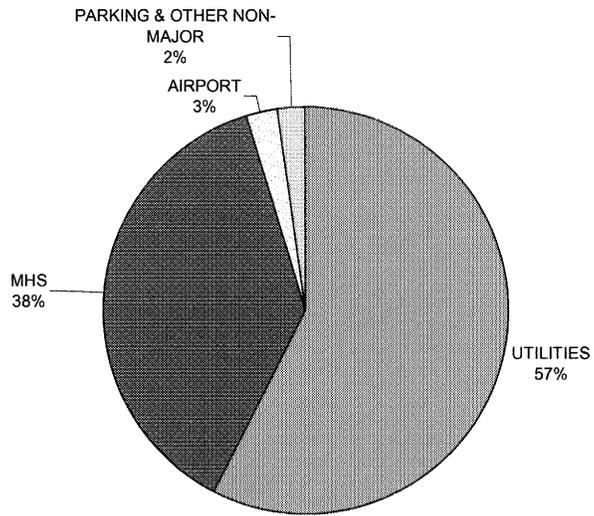
For business-type activities, Utilities shows an increase in operating revenues of \$40.9 million or 5.6% primarily due to increases in electric, gas and wastewater revenues of \$83.4 million partially offset by decreases in other operating revenues of approximately \$41.3 million. Additionally, Utilities shows a decrease in operating expenses of \$57.1 million or 7.2%. The decrease was due primarily to losses from hedge derivatives in 2006.

MHS had an increase in operating revenues of \$82.6 million or 19.4% due to an increase of patient volume and patient rate charges. Operating expenses for the MHS increased by \$88.1 million or 21.4%, primarily as a result of the increased patient volume, staff raises and increases in costs of supplies and drugs.

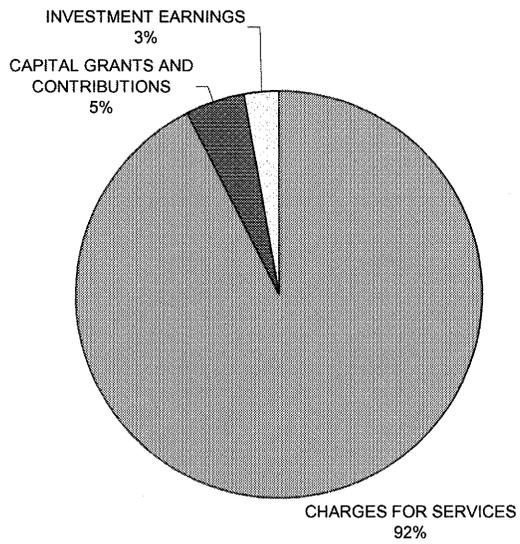
Expenses and Program Revenues - Business-type Activities
(in 000's)



Revenues by Activity - Business-type Activities



Revenues by Source - Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

As of the end of 2007, the City's governmental funds reported total combined fund balances of \$98,432,912, of which approximately 20.3% (\$19,959,764) is reserved. The reservation of fund balance is committed to debt service, (\$1,627,610), endowments (\$10,786,913), and the TABOR emergency reserve (\$7,545,241).

The general fund is the principal operating fund of the City. At the end of 2007, unreserved, both designated and undesignated, fund balance of the general fund was \$31,775,420, while total fund balance was \$40,486,836. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 14.6% of total general fund expenditures, while total fund balance represents 18.6% of that same amount.

The fund balance of the City's general fund increased by \$7,660,359 during 2007. This increase primarily relates to a lease transaction between the City and Utilities that was moved to a third party lessee during 2007.

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, 2007 and 2006 for the proprietary funds, in thousands, were as follows:

	<u>2007</u>	<u>2006</u>	<u>Variance</u>
Utilities	\$196,755	\$210,072	(\$13,317)
MHS	258,538	228,493	30,045
Airport	17,733	16,213	1,520
Parking	8,167	7,460	707
Non-major			
enterprise funds	13,473	2,328	11,145
Internal service	(513)	2,252	(2,765)

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:

- \$5.0 million in increased capital project budgets
- \$1.5 million increase in budget related to developer reimbursements for capital projects offset by the same amount transferred to City funded Capital Improvement Projects

Supplementary appropriation ordinances totaled \$14.0 million, \$11.0 million of which related to the refunding of the Sales and Use Tax bonds. Carryover of capital project budgets from the previous year totaled \$3.0 million. Carryover of encumbrance budget from the previous year was \$1.0 million.

Total revenues were \$4.8 million lower than the final budget primarily due to sales and use tax revenue being \$5.0 million lower than projected and charges for services being \$3.3 million lower due to fewer traffic tickets issued and lower permit usage. This was partially offset by higher than expected revenues in state shared revenues and increased investment earnings. Total expenditures were \$11.2 million less than the final budget due to decreases in expenditures for public safety, public works, capital outlay and other general government expenditures. This was due primarily to fiscal actions taken during the year in expectation of lower sales tax revenues. The actions included additional review and potential postponement of hiring for vacant positions and limitations on spending in various operating and capital accounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of 2007, the City had \$4.2 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, and infrastructure (including streets, alleys, traffic signals and signs, bridges and drainage systems). This amount represents a net increase (including additions and deletions) of \$271.9 million.

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

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$233,352	\$181,834	\$186,517	\$187,950	\$419,869	\$369,784
Buildings	102,011	101,247	85,586	79,432	187,597	180,679
Improvements other than buildings	29,587	25,015	65,231	68,726	94,818	93,741
Machinery and equipment	54,976	52,400	6,633	5,033	61,609	57,433
Infrastructure	581,765	512,383	14,876	15,356	596,641	527,739
Utilities plant	-	-	2,207,879	2,002,542	2,207,879	2,002,542
MHS plant	-	-	369,621	207,670	369,621	207,670
Construction in progress	47,008	25,222	182,777	431,106	229,785	456,328
Total	<u>\$1,048,699</u>	<u>\$898,101</u>	<u>\$3,119,120</u>	<u>\$2,997,815</u>	<u>\$4,167,819</u>	<u>\$3,895,916</u>

Major changes to capital assets for 2007 include:

In 2007, Utilities had a total capital outlay of \$188.0 million. This includes approximately \$70.2 million for electric infrastructure to meet the reliability and consumption needs of customers. Approximately \$19.3 million was spent to provide increased gas system capacity for increased customer demand. Water system major projects totaled approximately \$38.4 million in 2007.

Approximately \$45.5 million was spent on wastewater capital outlay. In addition, approximately \$14.7 million was spent on facilities, technology additions and enhancements to the telecommunications, computing and applications infrastructure, including implementation of the new Customer Care and Billing System.

MHS acquired \$74.8 million of capital assets during 2007. Major items included completion of construction on the North Hospital and construction of the East Tower on the main campus.

In 2007, donated assets from Pikes Peak Rural Transportation Authority were included in the asset information in the amount of \$24.1 million as well as developer donated infrastructure of \$137.0 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 2007 and 2006:

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$22,490	\$25,935	\$ -	\$ -	\$22,490	\$25,935
Sales tax revenue bonds	50,830	54,645	-	-	50,830	54,645
Certificates of participation	20,995	22,475	-	-	20,995	22,475
Special assessment bonds and notes	364	405	-	-	364	405
Revenue bonds	-	-	1,881,485	1,833,365	1,881,485	1,833,365
Notes payable	-	-	23,277	19,651	23,277	19,651
Total	<u>\$94,679</u>	<u>\$103,460</u>	<u>\$1,904,762</u>	<u>\$1,853,016</u>	<u>\$1,999,441</u>	<u>\$1,956,476</u>

During 2007, 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 includes the following:

- Utilities issued \$75,000,000 Variable Rate Demand Utilities System Improvement Revenue Bonds Series 2007A, \$87,275,000 Variable Rate Demand Utilities System Improvement and Refunding Revenue Bonds Series 2007B and \$24,415,000 Utilities System Refunding Revenue Bonds Series 2007C to finance a variety of capital improvements to the system.
- Airport issued \$3,725,000 and \$8,500,000 in Airport System Refunding Revenue Bonds, Series 2007A and 2007B for the current refunding of outstanding Airport System Revenue Bonds, Series 1996A and 1996B.
- The City issued \$10,405,000 in Sales and Use Tax Revenue Refunding Bonds, Series 2007, to partially refund the Sales and Use Tax Revenue Bonds, Series 1999.

The City's latest bond ratings are as follows:

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

*Variable Rate Demand

The current debt limitation for the City is \$473,822,587, or 10% of the assessed property valuation. The City's outstanding general obligation debt is significantly less than this amount.

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

ECONOMIC FACTORS

During 2007, there has been considerable uncertainty for the national and local economy. While the local economy grew modestly through much of 2007 with small gains in employment and a decreasing unemployment rate through July, that trend reversed itself in the latter months of the year. The unemployment rate has begun to inch upward; growth in employment has slowed considerably; and manufacturing employment, new construction spending, and the number of residential building permits issued have continued to fall. As such, sales and use tax revenue growth has slowed.

Local Economic Scorecard
Colorado Springs Area
(Percent Change Over Prior Year)
2006– 2007

Economic Indicator	2007^{1/}	2006	Direction	Assessment *
Unemployment **	4.50	4.30	↑	Worse
Total Nonag Employment	0.72	2.25	↓	Worse
Manufacturing Employment	(4.99)	(2.84)	↓	Worse
Total New Construction Spending	(15.34)	(12.90)	↓	Worse
Residential Building Permits	(34.55)	(32.48)	↓	Worse
City Sales & Use Tax Revenue	1.53	4.78	↓	Worse

* Is Colorado Springs better off or worse off than a year ago?

** Actual rate for November.

^{1/} Data through November.

During 2007, the local unemployment rate averaged 4.2 percent. During 2007, the non-seasonally adjusted rate stood at 4.5 percent which is up from the 4.3 percent posted in the same period of 2006. The average local rate continues to be slightly higher than both the state rate of 3.8 percent but is now slightly lower than the national rate of 4.6 percent.

Total non-farm wage and salary employment during 2007 increased slightly by 0.7 percent from 2006. The Colorado Springs MSA increased by 7,463 jobs, which brings the average quarterly non-farm employment to 300,218. Gains in local non-farm employment have been posted in each of the past 12 months over the same month in the previous year. These job gains come from the service industry, health and educational services and government sector.

The decline in manufacturing industry employment has continued during 2007. Overall, 1,000 manufacturing jobs have been lost during this year.

While local homebuilding was a significant source of strength in the local economy through 2005 and into 2006, in late 2006 and throughout 2007, the housing market markedly slowed along with the rest of the nation. Existing home and new home inventories have now increased to recent history record levels. As a result, homebuilders are slowing new construction. During 2007, there were 2,930 new residential dwelling units permitted in the Pikes Peak Region, which is a decline of 30.6 percent over the same period in 2006. Of these, 2,053 permits were for single-family units, which is a decline of 37.7 percent over 2006. During 2007, 8,335 existing single-family homes were sold in the Pikes Peak Region. This total is down 14.2 percent over the same period of 2006.

City sales and use tax revenue were up 3.21 percent from the same period in 2006 due to improved year end consumer purchasing. City sales and use tax collections are primarily dependent upon the level of local economic activity, consumer confidence, and tourist activity.

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 City Finance Director's Office, at City of Colorado Springs, 30 S. Nevada Avenue, Suite 205, Colorado Springs, Colorado, 80903.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS
December 31, 2007

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities
ASSETS					
Cash and investments	\$108,096,142	\$458,561,693	\$566,657,835	\$376,287	\$1,523,262
Receivables (net of allowance for uncollectibles)	76,243,360	196,693,603	272,936,963	1,765,619	83,467
Due from primary government	-	-	-	-	973,920
Due from component unit	-	79,471	79,471	-	-
Inventories	1,141,145	43,842,803	44,983,948	-	263,684
Prepays	-	24,021,346	24,021,346	2,418	5,668,282
Other	-	14,165,749	14,165,749	72,887	332,022
Restricted assets (temporarily):					
Cash and investments	20,808,700	142,425,731	163,234,431	1,060,324	2,210,945
Investment in joint ventures	-	38,808,077	38,808,077	-	-
Capital assets (net of accumulated depreciation):					
Land	233,352,009	186,516,591	419,868,600	-	-
Buildings	102,010,533	85,585,717	187,596,250	-	-
Improvements other than buildings	29,587,205	65,231,483	94,818,688	2,732,167	-
Machinery and equipment	54,976,311	6,633,264	61,609,575	33,716	-
Infrastructure	581,765,227	14,876,438	596,641,665	8,249,012	-
Utility plant	-	2,207,878,941	2,207,878,941	-	76,092,574
MHS plant	-	369,621,000	369,621,000	-	-
Construction in progress	47,007,631	182,777,319	229,784,950	2,230,807	336,915
Unamortized bond issuance costs	191,571	20,620,886	20,812,457	842,833	284,487
Total assets	1,255,179,834	4,058,340,112	5,313,519,946	17,366,070	87,769,558
LIABILITIES					
Accounts payable and other current liabilities	35,304,609	218,634,769	253,939,378	181,154	271,244
Funds held for others	16,759,390	-	16,759,390	-	-
Accrued interest payable	393,980	5,407,459	5,801,439	98,884	180,230
Internal balances	(518,944)	518,944	-	-	-
Due to primary government	-	-	-	-	79,471
Due to component unit	-	197,009	197,009	-	-
Unearned revenue	30,484,689	2,027,355	32,512,044	1,762,454	5,352,751
Noncurrent liabilities:					
Due within one year	10,930,525	55,588,920	66,519,445	511,000	4,429,460
Due in more than one year	124,911,821	1,890,847,062	2,015,758,883	16,866,944	82,961,278
Total liabilities	218,266,070	2,173,221,518	2,391,487,588	19,420,436	93,274,434
NET ASSETS					
Invested in capital assets, net of related debt	943,951,873	1,327,314,557	2,271,266,430	(272,732)	(10,883,351)
Restricted for:					
Debt service	1,627,610	54,322,845	55,950,455	747,805	2,104,876
Endowments:					
Expendable	461,435	-	461,435	-	-
Nonexpendable	10,325,478	-	10,325,478	-	-
Emergency reserve (TABOR)	7,545,241	-	7,545,241	27,089	-
Other	-	11,879,003	11,879,003	-	-
Unrestricted	73,002,127	491,602,189	564,604,316	(2,556,528)	3,273,599
Total net assets (deficit)	\$1,036,913,764	\$1,885,118,594	\$2,922,032,358	(\$2,054,366)	(\$5,504,876)

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

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 2

STATEMENT OF ACTIVITIES
For the year ended December 31, 2007

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	\$79,497,564	\$20,396,377	\$1,623,305	\$ -	(\$57,477,882)	\$ -	\$ -	\$ -
Public safety	126,767,912	3,733,389	3,304,598	1,362,857	(118,367,068)	-	-	-
Public works	79,445,004	7,876,596	11,560,800	192,683,840	132,676,232	-	-	-
Health and welfare	1,146,634	-	-	-	(1,146,634)	-	-	-
Culture and recreation	25,899,084	3,298,029	2,024,543	4,248,486	(16,328,026)	-	-	-
Urban redevelopment and housing	4,917,290	1,121,879	4,404,524	-	609,113	-	-	-
Economic development	2,894,876	27,748	-	-	(2,867,128)	-	-	-
Economic opportunities	73,758	-	-	-	(73,758)	-	-	-
Interest on long-term debt	4,758,426	-	-	-	(4,758,426)	-	-	-
Total governmental activities	325,400,548	36,454,018	22,917,770	198,295,183	(67,733,577)	-	-	(67,733,577)
Business-type activities								
Utilities	737,871,365	721,355,652	-	53,944,621	-	37,428,908	-	37,428,908
MHS	500,198,000	507,694,000	-	-	-	7,496,000	-	7,496,000
Airport	26,044,121	25,532,810	-	10,138,009	-	9,626,698	-	9,626,698
Parking	3,064,208	3,504,273	-	-	-	440,065	-	440,065
Other	14,015,113	24,683,395	-	896,639	-	11,564,921	-	11,564,921
Total business-type activities	1,281,192,807	1,282,770,130	-	64,979,269	-	66,556,592	-	66,556,592
Total primary government	\$1,606,593,355	\$1,319,224,148	\$22,917,770	\$263,274,452	(\$67,733,577)	\$66,556,592	\$ -	(\$1,176,985)
Component units								
Improvement districts	3,039,488	1,138,219	21,248	-	-	-	-	-
Utilities	10,305,386	13,388,260	-	-	-	-	-	-
Total component units	\$13,344,874	\$14,526,479	\$21,248	\$ -	\$ -	\$ -	(\$1,880,021)	\$3,082,874
General revenues								
Property taxes								
Sales taxes								
Specific ownership taxes								
Occupational liquor taxes								
Admissions tax								
Bicycle excise tax								
Investment earnings								
Gain on sale of capital assets								
Contributions to endowments								
Transfers								
Total general revenues and transfers								
Change in net assets								
Net assets (deficit) - January 1								
Net assets (deficit) - December 31								

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

GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2007

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 3

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$47,275,560	\$49,973,849	\$97,249,409
Accounts receivable (net of allowance for uncollectibles)	3,465,413	8,340,054	11,805,467
Sales tax receivable	13,275,207	3,479,867	16,755,074
Loans receivable	1,112,988	18,572,128	19,685,116
Assessments receivable	-	411,514	411,514
Property taxes receivable			
Current	22,957,294	3,073,916	26,031,210
Delinquent	175,434	-	175,434
Due from other funds	7,575,009	325,362	7,900,371
Restricted investments	9,728,805	11,079,895	20,808,700
Total assets	105,565,710	95,256,585	200,822,295
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	5,066,836	3,367,692	8,434,528
Funds held for others	16,759,390	-	16,759,390
Accrued salaries and benefits	6,311,070	970,676	7,281,746
Due to other funds	3,450,764	7,684,771	11,135,535
Escrow deposits	8,257,367	-	8,257,367
Deferred revenue			
Loans	1,112,988	18,572,128	19,685,116
Assessments	-	411,514	411,514
Property taxes	22,957,294	3,073,916	26,031,210
Grants	-	3,229,812	3,229,812
Unearned revenue	1,163,165	-	1,163,165
Total liabilities	65,078,874	37,310,509	102,389,383
Fund balances			
Reserved for			
Debt service	1,166,175	461,435	1,627,610
Endowments	-	10,786,913	10,786,913
Emergency reserve	7,545,241	-	7,545,241
Unreserved, designated for, reported in:			
Encumbrances	3,562,470	6,544,788	10,107,258
Subsequent year expenditures	4,749,101	-	4,749,101
Special revenue funds	-	9,952,692	9,952,692
Capital projects funds	-	8,954,919	8,954,919
Unreserved, undesignated, reported in:			
General fund	23,463,849	-	23,463,849
Special revenue funds	-	21,245,329	21,245,329
Total fund balances	40,486,836	57,946,076	98,432,912
Total liabilities and fund balances	\$105,565,710	\$95,256,585	

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.	1,047,727,189
Loans and assessments - current receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	20,096,630
Interest on investments that is not available to pay for current-period expenditures is not reported in the funds.	1,170,828
Internal service funds are used by management to charge the costs of fleet, information systems management, and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	3,449,383
Long-term liabilities, including bonds payable, are not due and payable in current period and, therefore, are not reported in the funds.	(133,963,178)
Net assets of governmental activities	<u>\$1,036,913,764</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, 2007**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 4**

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$151,254,459	\$39,155,009	\$190,409,468
Licenses and permits	701,441	-	701,441
Intergovernmental	21,854,859	38,746,470	60,601,329
Charges for services	25,815,814	3,243,156	29,058,970
Endowments and donations	-	1,326,375	1,326,375
Other revenue	2,669,075	932,589	3,601,664
Investment earnings	2,602,591	4,357,579	6,960,170
Rental income	684,717	13,200	697,917
Total revenues	205,582,956	87,774,378	293,357,334
Expenditures			
Current			
General government	45,567,187	26,664,456	72,231,643
Public safety	110,533,532	5,812,162	116,345,694
Public works	30,561,426	11,437,152	41,998,578
Health and welfare	1,134,100	-	1,134,100
Culture and recreation	19,465,531	2,837,511	22,303,042
Urban development and housing	175,177	5,495,093	5,670,270
Economic development	-	2,863,231	2,863,231
Economic opportunity	-	72,952	72,952
Miscellaneous	-	602,980	602,980
Debt service			
Principal	4,145,771	4,626,971	8,772,742
Interest	1,120,335	3,703,688	4,824,023
Capital outlay	4,726,492	36,513,973	41,240,465
Total expenditures	217,429,551	100,630,169	318,059,720
Deficiency of revenues under expenditures	(11,846,595)	(12,855,791)	(24,702,386)
OTHER FINANCING SOURCES (USES)			
Transfers- in	26,207,615	13,424,006	39,631,621
Transfers - out	(15,395,670)	(1,502,102)	(16,897,772)
Proceeds from issuance of debt	10,405,000	71,900	10,476,900
Payment on refunding bonds	(11,161,225)	-	(11,161,225)
Premium on refunding bonds issued	953,410	-	953,410
Debt issuance costs	(256,106)	-	(256,106)
Capital lease financing	8,540,289	-	8,540,289
Sale of capital assets	213,641	-	213,641
Total other financing sources	19,506,954	11,993,804	31,500,758
Net change in fund balances	7,660,359	(861,987)	6,798,372
Fund balances - January 1	32,826,477	58,808,064	91,634,541
Fund balances - December 31	\$40,486,836	\$57,946,077	\$98,432,913

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, 2007**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 5**

Net change in fund balances - total governmental funds	\$6,798,372
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(7,622,919)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	158,461,922
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.	1,158,511
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.	(3,464,312)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	200,299
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.	(210,959)
Change in net assets of governmental activities	<u>\$155,320,914</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, 2007**

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

	Budgeted Amounts		2007 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
General property taxes				
Current	\$19,872,406	\$19,872,406	\$20,022,230	\$149,824
Delinquent	-	-	5,070	5,070
Penalty and interest	-	-	40,716	40,716
	19,872,406	19,872,406	20,068,016	195,610
Sales and use taxes	132,784,190	132,784,190	127,794,303	(4,989,887)
Specific ownership taxes	2,770,589	2,770,589	2,819,812	49,223
Occupational liquor taxes	267,464	267,464	259,320	(8,144)
Gross receipts business taxes				
Admissions tax	460,833	460,833	313,008	(147,825)
Total taxes	156,155,482	156,155,482	151,254,459	(4,901,023)
Licenses and permits				
Business licenses and permits	666,384	666,384	701,441	35,057
Intergovernmental				
Federal operating grants				
DOT-FTA grant, subsidies	1,843,732	1,843,732	2,023,500	179,768
	1,843,732	1,843,732	2,023,500	179,768
State shared revenue				
Cigarette tax	1,348,642	1,348,642	1,343,293	(5,349)
Highway users tax-regular	12,733,753	12,733,753	13,737,589	1,003,836
Highway users tax-added fees	1,281,560	1,281,560	1,342,919	61,359
Severance tax	1,000	1,000	30,877	29,877
	15,364,955	15,364,955	16,454,678	1,089,723
Other governmental units				
El Paso County road and bridge	3,157,735	3,157,735	3,248,384	90,649
El Paso County shared fines	42,350	42,350	128,297	85,947
	3,200,085	3,200,085	3,376,681	176,596
Total intergovernmental	\$20,408,772	\$20,408,772	\$21,854,859	\$1,446,087 (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, 2007**

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

	<u>Budgeted Amounts</u>		<u>2007 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	\$10,692,611	\$10,692,611	\$8,390,654	(\$2,301,957)
Planning, zoning, subdivision fees	1,290,338	1,290,338	963,438	(326,900)
Other fees	3,793,106	3,793,106	4,313,142	520,036
	<u>15,776,055</u>	<u>15,776,055</u>	<u>13,667,234</u>	<u>(2,108,821)</u>
Public safety				
Police services	2,746,279	2,746,279	3,052,914	306,635
Fire services	775,830	775,830	560,122	(215,708)
	<u>3,522,109</u>	<u>3,522,109</u>	<u>3,613,036</u>	<u>90,927</u>
Highways and streets				
Highway and street permits and fees	3,051,612	3,156,049	2,594,572	(561,477)
Signal maintenance	1,177,756	1,177,756	976,881	(200,875)
Transit system	2,976,106	2,976,106	2,350,060	(626,046)
	<u>7,205,474</u>	<u>7,309,911</u>	<u>5,921,513</u>	<u>(1,388,398)</u>
Culture and recreation				
Sports programs	826,720	826,720	795,066	(31,654)
Swimming pool fees	1,022,000	1,022,000	1,078,216	56,216
Ice center fees	211,685	211,685	239,352	27,667
Community centers	177,750	252,750	302,550	49,800
Other fees	168,960	168,960	198,847	29,887
	<u>2,407,115</u>	<u>2,482,115</u>	<u>2,614,031</u>	<u>131,916</u>
Total charges for services	<u>28,910,753</u>	<u>29,090,190</u>	<u>25,815,814</u>	<u>(3,274,376)</u>
Miscellaneous				
Other revenue	625,551	2,175,551	2,669,075	493,524
Investment earnings	1,122,455	1,122,455	2,602,591	1,480,136
Rental income	734,736	734,736	684,717	(50,019)
	<u>2,482,742</u>	<u>4,032,742</u>	<u>5,956,383</u>	<u>1,923,641</u>
Total revenues	<u>\$208,624,133</u>	<u>\$210,353,570</u>	<u>\$205,582,956</u>	<u>(\$4,770,614)</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, 2007**

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

	<u>Budgeted Amounts</u>		<u>2007 Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current expenditures				
General government				
Legislative				
City council	\$41,162	\$41,162	\$37,864	\$3,298
Clerk of the council	620,136	622,547	613,846	8,701
	<u>661,298</u>	<u>663,709</u>	<u>651,710</u>	<u>11,999</u>
Judicial	4,068,141	4,074,214	3,837,308	236,906
Executive-city manager	844,636	845,601	800,813	44,788
Financial	4,864,308	4,905,197	4,365,631	539,566
Law	3,796,785	3,742,785	3,260,560	482,225
Personnel	1,409,358	1,361,917	1,269,706	92,211
Planning and zoning	4,105,326	3,449,744	3,226,263	223,481
Support services	14,968,836	14,804,174	15,363,909	(559,735)
Vendor fees	2,627,240	2,627,240	2,382,311	244,929
Other	10,899,780	11,264,900	10,408,976	855,924
	<u>48,245,708</u>	<u>47,739,481</u>	<u>45,567,187</u>	<u>2,172,294</u>
Public safety				
Police	72,567,519	71,935,464	71,031,533	903,931
Fire	41,396,312	41,018,112	39,501,999	1,516,113
	<u>113,963,831</u>	<u>112,953,576</u>	<u>110,533,532</u>	<u>2,420,044</u>
Public works				
Highways and streets				
Maintenance of condition	9,488,056	10,693,900	8,864,429	1,829,471
Traffic services	5,286,258	5,357,738	5,225,929	131,809
Engineering	4,570,211	3,697,051	3,020,464	676,587
	<u>19,344,525</u>	<u>19,748,689</u>	<u>17,110,822</u>	<u>2,637,867</u>
Transit	13,720,179	13,982,464	13,450,604	531,860
	<u>33,064,704</u>	<u>33,731,153</u>	<u>30,561,426</u>	<u>3,169,727</u>
Health and welfare				
Communicable disease	1,145,060	1,145,060	1,134,100	10,960
	<u>1,145,060</u>	<u>1,145,060</u>	<u>1,134,100</u>	<u>10,960</u>
Culture and recreation				
	<u>\$19,452,093</u>	<u>\$19,535,239</u>	<u>\$19,465,531</u>	<u>\$69,708</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, 2007**

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

	Budgeted Amounts		2007 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Urban redevelopment and housing				
Community development	\$182,884	\$182,884	\$175,177	\$7,707
Debt service expenditures				
Principal payments	4,147,463	4,147,463	4,145,771	1,692
Interest payments	808,805	807,304	1,120,335	(313,031)
Total debt service	4,956,268	4,954,767	5,266,106	(311,339)
Capital outlay	3,364,402	8,361,452	4,726,492	3,634,960
Total expenditures	224,374,950	228,603,612	217,429,551	11,174,061
Deficiency of revenues over (under) expenditures	(15,750,817)	(18,250,042)	(11,846,595)	6,403,447
Other financing sources (uses)				
Transfers - in				
Payments in lieu of taxes	26,089,757	26,089,757	25,759,499	(330,258)
Other funds	448,116	448,116	448,116	-
Transfers - out				
City funded capital improvement projects	(15,180,277)	(17,596,927)	(15,395,670)	2,201,257
Proceeds from issuance of bond	-	10,405,000	10,405,000	-
Payment on refunding bonds	-	(11,161,225)	(11,161,225)	-
Premium on refunding bonds issued	-	953,411	953,410	(1)
Debt issuance costs	-	(197,186)	(256,106)	(58,920)
Capital lease financing	-	-	8,540,289	8,540,289
Sale of capital assets	41,000	41,000	213,641	172,641
Total other financing sources	11,398,596	8,981,946	19,506,954	10,525,008
Net change in fund balance	(4,352,221)	(9,268,096)	7,660,359	16,928,455
Fund balance - January 1	38,150,399	29,530,169	32,826,477	3,296,308
Fund balance - December 31	\$33,798,178	\$20,262,073	\$40,486,836	\$20,224,763

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

**PROPRIETARY FUNDS
BALANCE SHEET
December 31, 2007**

	Business-type Activities Enterprise Funds			
	Utilities	MHS	Airport	Parking
<u>ASSETS</u>				
Current assets				
Cash and investments - unrestricted	\$198,245,997	\$205,165,000	\$35,459,909	\$5,928,228
Cash and investments - restricted	13,517,985	-	-	-
Note receivable	336,144	-	-	-
Accounts receivable (net of allowance for uncollectibles)	82,740,724	103,815,827	2,745,261	21,176
Interest receivable	1,389,099	-	-	-
Due from other funds	1,220,786	1,173	-	58,037
Due from component units	79,471	-	-	-
Inventories	38,143,756	5,630,000	-	-
Prepaid expenses	10,420,346	13,601,000	-	-
Unamortized bond issuance costs	401,717	450,712	87,208	25,240
Total current assets	346,496,025	328,663,712	38,292,378	6,032,681
Noncurrent assets				
Restricted cash and investments	105,380,453	17,095,000	5,604,162	828,131
Note receivable	-	-	2,138,585	-
Due from other funds	4,070,620	-	-	2,061,455
Investment in joint ventures	38,258,077	550,000	-	-
Other	9,820,749	4,345,000	-	-
Unamortized bond issuance costs	7,948,105	10,593,288	765,046	349,570
Capital assets:				
Land	142,990,518	21,420,000	18,423,581	2,072,246
Buildings	-	-	93,383,200	24,862,310
Improvements other than buildings	-	-	86,235,567	6,472,495
Machinery and equipment	-	-	11,136,989	297,130
Infrastructure	-	-	16,795,306	-
Utility plant	3,447,623,892	-	-	-
MHS plant	-	590,486,000	-	-
Construction in progress	96,833,856	13,135,000	71,635,022	-
Less accumulated depreciation	(1,239,744,951)	(220,865,000)	(70,938,076)	(8,047,294)
Total noncurrent assets	2,613,181,319	436,759,288	235,179,382	28,896,043
Total assets	\$2,959,677,344	\$765,423,000	\$273,471,760	\$34,928,724

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>
\$13,762,559	\$458,561,693	\$10,846,733
-	13,517,985	-
-	336,144	-
3,506,787	192,829,775	208,717
-	1,389,099	-
398,209	1,678,205	794,730
-	79,471	-
69,047	43,842,803	1,141,145
-	24,021,346	-
-	964,877	-
17,736,602	737,221,398	12,991,325
-	128,907,746	-
-	2,138,585	-
-	6,132,075	-
-	38,808,077	-
-	14,165,749	-
-	19,656,009	-
1,610,246	186,516,591	13,000
9,794,055	128,039,565	387,817
10,535,793	103,243,855	396,917
5,634,954	17,069,073	5,155,172
-	16,795,306	-
-	3,447,623,892	-
-	590,486,000	-
1,173,441	182,777,319	72,913
(13,835,527)	(1,553,430,848)	(5,054,091)
14,912,962	3,328,928,994	971,728
\$32,649,564	\$4,066,150,392	\$13,963,053

(continued)

**PROPRIETARY FUNDS
BALANCE SHEET
December 31, 2007**

	Business-type Activities Enterprise Funds			
	Utilities	MHS	Airport	Parking
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities				
Accounts payable	\$69,260,452	\$41,375,933	\$3,337,685	\$530,127
Accrued salaries and benefits	10,022,167	8,556,000	330,643	18,572
Compensated absences	534,762	741,300	35,486	3,350
Due to other funds	3,209,721	255,953	-	12,983
Due to component unit	197,009	-	-	-
Deferred revenue	-	-	1,339,027	-
Accrued interest payable	5,349,496	-	8,765	49,198
Matured bonds payable	32,930,000	6,955,000	3,068,236	435,000
Notes payable	752,235	-	477,037	-
Capital lease payable	-	26,114	-	-
Fair value of derivative instruments	8,933,088	-	-	-
Current portion estimated claims, settlements	383,336	9,056,000	-	-
Other	1,227,030	-	-	-
Total current liabilities	132,799,296	66,966,300	8,596,879	1,049,230
Noncurrent liabilities				
Compensated absences	10,160,471	14,084,700	674,238	63,646
Customer deposits	1,998,156	-	-	-
Claims and judgments	-	500,000	-	-
Due to other funds	-	-	-	-
Revenue bonds payable, net of deferrals	1,475,387,315	285,022,000	50,695,243	13,155,862
Notes payable	16,026,340	-	5,200,405	-
Customer advances for construction	11,651,840	-	-	-
Capital lease payable	-	-	-	-
Fair value of derivative instruments	74,456,659	-	-	-
Municipal solid waste landfill closure and postclosure care	2,745,715	-	-	-
Other liabilities	1,425,564	-	-	52,129
Total noncurrent liabilities	1,593,852,060	299,606,700	56,569,886	13,271,637
Total liabilities	1,726,651,356	366,573,000	65,166,765	14,320,867
Net assets				
Invested in capital assets, net of related debt	1,002,504,522	123,217,000	176,326,065	11,612,704
Restricted				
Debt service	33,766,552	13,858,000	5,604,162	828,131
Other	-	3,237,000	8,642,003	-
Unrestricted	196,754,914	258,538,000	17,732,765	8,167,022
Total net assets	1,233,025,988	398,850,000	208,304,995	20,607,857
Total liabilities and net assets	\$2,959,677,344	\$765,423,000	\$273,471,760	\$34,928,724

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>
\$295,638	\$114,799,835	\$10,672,537
290,775	19,218,157	658,431
46,791	1,361,689	100,408
515,491	3,994,148	104,501
-	197,009	-
688,328	2,027,355	60,502
-	5,407,459	-
-	43,388,236	-
49,273	1,278,545	-
95,002	121,116	47,181
-	8,933,088	-
-	9,439,336	-
-	1,227,030	-
<u>1,981,298</u>	<u>211,393,003</u>	<u>11,643,560</u>
889,015	25,872,070	1,907,761
-	1,998,156	-
-	500,000	-
1,271,198	1,271,198	-
-	1,824,260,420	-
772,041	21,998,786	-
-	11,651,840	-
342,380	342,380	26,227
-	74,456,659	-
-	2,745,715	-
-	1,477,693	-
<u>3,274,634</u>	<u>1,966,574,917</u>	<u>1,933,988</u>
<u>5,255,932</u>	<u>2,177,967,920</u>	<u>13,577,548</u>
13,654,266	1,327,314,557	898,320
266,000	54,322,845	-
-	11,879,003	-
13,473,366	494,666,067	(512,815)
<u>27,393,632</u>	<u>1,888,182,472</u>	<u>385,505</u>
<u>\$32,649,564</u>		<u>\$13,963,053</u>
	(3,063,878)	
	<u>\$1,885,118,594</u>	

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Business-type Activities Enterprise Funds			
	Utilities	MHS	Airport	Parking
Operating revenues				
Charges for services	\$721,355,652	\$487,541,000	\$21,536,567	\$3,504,273
Miscellaneous	-	15,661,000	-	-
Total operating revenues	721,355,652	503,202,000	21,536,567	3,504,273
Operating expenses				
Salaries and benefits	140,569,714	267,285,000	7,762,583	445,190
Other operating expenses	424,476,971	189,824,000	6,959,709	1,238,028
Depreciation	89,473,930	31,508,000	7,152,731	735,174
Total operating expenses	654,520,615	488,617,000	21,875,023	2,418,392
Operating income (loss)	66,835,037	14,585,000	(338,456)	1,085,881
Nonoperating revenues (expenses)				
Investment earnings	24,382,714	11,249,000	2,375,506	601,400
Interest expense	(60,980,122)	(11,581,000)	(2,625,880)	(605,773)
Passenger facility charges	-	-	2,833,167	-
Customer facility charges	-	-	996,495	-
Amortization expense	-	-	-	(30,947)
Equity payment	-	-	-	-
Gain (loss) on disposal of capital assets	-	-	(1,401,577)	-
Miscellaneous	(19,887,367)	4,492,000	166,581	-
Total nonoperating revenue (expenses)	(56,484,775)	4,160,000	2,344,292	(35,320)
Income (loss) before contributions and transfers	10,350,262	18,745,000	2,005,836	1,050,561
Capital contributions	53,944,621	-	10,138,009	-
Transfers - in	-	-	-	-
Transfers - out	(25,759,499)	-	-	-
Change in net assets	38,535,384	18,745,000	12,143,845	1,050,561
Total net assets - January 1	1,194,490,604	380,105,000	196,161,150	19,557,296
Total net assets - December 31	\$1,233,025,988	\$398,850,000	\$208,304,995	\$20,607,857

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>
\$24,551,456	\$1,258,488,948	\$57,591,991
-	15,661,000	-
<u>24,551,456</u>	<u>1,274,149,948</u>	<u>57,591,991</u>
7,231,521	423,294,008	14,154,379
5,484,298	627,983,006	45,474,630
978,803	129,848,638	299,360
<u>13,694,622</u>	<u>1,181,125,652</u>	<u>59,928,369</u>
<u>10,856,834</u>	<u>93,024,296</u>	<u>(2,336,378)</u>
762,812	39,371,432	693,457
(204,839)	(75,997,614)	(18,779)
-	2,833,167	-
-	996,495	-
-	(30,947)	-
-	-	(3,537,653)
131,939	(1,269,638)	(6,906)
-	(15,228,786)	-
<u>689,912</u>	<u>(49,325,891)</u>	<u>(2,869,881)</u>
11,546,746	43,698,405	(5,206,259)
896,639	64,979,269	-
780,000	780,000	2,245,650
-	(25,759,499)	-
<u>13,223,385</u>	<u>83,698,175</u>	<u>(2,960,609)</u>
<u>14,170,247</u>		<u>3,346,114</u>
<u>\$27,393,632</u>		<u>\$385,505</u>
	<u>(2,749,650)</u>	
	<u>\$80,948,525</u>	

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the year ended December 31, 2007**

	Business-type Activities Enterprise Funds			
	Utilities	MHS	Airport	Parking
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$718,672,580	\$464,065,000	\$21,853,280	\$3,279,635
Receipts from interfund services provided	20,560,362	6,705,000	31,536	223,046
Payments to suppliers	(487,141,258)	(180,006,000)	(5,383,966)	(734,452)
Payments to employees	(84,186,463)	(262,670,000)	(7,719,649)	(431,522)
Payments for interfund services used	(17,969,462)	(4,766,000)	(1,668,906)	(438,232)
Net cash provided (used) by operating activities	149,935,759	23,328,000	7,112,295	1,898,475
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers to other funds	(25,509,045)	-	-	-
Transfers in from other funds	-	-	-	-
Equity payment	-	-	-	-
Repayment of advance from other funds	-	-	-	-
Principal received from interfund loan	-	-	-	47,704
Interest received from interfund loan	-	-	-	85,484
Operating grant	-	-	156,627	-
Net cash provided (used) by noncapital financing activities	(25,509,045)	-	156,627	133,188
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital debt	75,738,935	-	5,092,402	-
Capital contributions and advances	28,816,381	-	-	-
Purchases of capital assets	(163,415,475)	(74,827,000)	(13,603,086)	(7,597,790)
Payments from accounts payable incurred for capital asset additions	-	-	6,886,471	(901,684)
Repayment of capital lease obligations	-	-	-	-
Principal paid on capital debt	(20,737,231)	(6,746,000)	(3,896,822)	(420,000)
Interest paid on capital debt	(68,987,421)	(10,622,000)	(2,577,055)	(607,173)
Interest paid - other	-	-	-	-
Proceeds from the sale of capital assets	624,270	62,621,000	-	-
Capital grant	-	-	13,496,146	-
Passenger facility charges	-	-	2,784,916	-
Customer facility charges	-	-	996,495	-
Net cash provided (used) by capital and related financing activities	(147,960,541)	(29,574,000)	9,179,467	(9,526,647)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	126,277,243	384,475,000	4,193,295	4,216,927
Purchases of investments	(104,485,326)	(349,438,000)	(21,851,238)	(3,618,867)
Interest and dividends received	12,741,542	13,209,000	1,739,132	400,837
Distributions from joint ventures	7,359,394	-	-	-
Other investing activities	-	1,657,000	-	-
Net cash provided (used) by investing activities	41,892,853	49,903,000	(15,918,811)	998,897
Net increase (decrease) in cash and cash equivalents	18,359,026	43,657,000	529,578	(6,496,087)
Cash and cash equivalents - January 1	125,015,828	30,177,000	1,549,640	7,671,824
Cash and cash equivalents - December 31	143,374,854	73,834,000	2,079,218	1,175,737
Cash and cash equivalents	143,374,854	73,834,000	2,079,218	1,175,737
Investments	173,769,581	148,426,000	38,984,853	5,580,622
Total cash and investments	\$317,144,435	\$222,260,000	\$41,064,071	\$6,756,359

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

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

<u>Other Non-Major Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$22,237,659	\$1,230,108,154	\$5,718,220
180,495	27,700,439	52,362,974
(3,528,714)	(676,794,390)	(38,133,031)
(6,760,031)	(361,767,665)	(13,445,048)
(2,143,986)	(26,986,586)	(9,367,544)
<u>9,985,423</u>	<u>192,259,952</u>	<u>(2,864,429)</u>
-	(25,509,045)	-
780,000	780,000	2,245,650
-	-	(3,537,653)
(9,100)	(9,100)	-
-	47,704	-
-	85,484	-
-	156,627	-
<u>770,900</u>	<u>(24,448,330)</u>	<u>(1,292,003)</u>
-	80,831,337	-
440,034	29,256,415	-
(2,887,933)	(262,331,284)	(45,211)
(3,225)	5,981,562	(58,608)
(111,686)	(111,686)	(44,748)
(499,115)	(32,299,168)	-
(162,319)	(82,955,968)	-
(42,520)	(42,520)	(18,779)
199,447	63,444,717	-
-	13,496,146	-
-	2,784,916	-
-	996,495	-
<u>(3,067,317)</u>	<u>(180,949,038)</u>	<u>(167,346)</u>
2,325,392	521,487,857	10,965,026
(10,044,615)	(489,438,046)	(7,151,552)
584,139	28,674,650	456,479
-	7,359,394	-
-	1,657,000	-
<u>(7,135,084)</u>	<u>69,740,855</u>	<u>4,269,953</u>
553,922	56,603,439	(53,825)
253,056	164,667,348	689,831
<u>806,978</u>	<u>221,270,787</u>	<u>636,006</u>
806,978	221,270,787	636,006
12,955,581	379,716,637	10,210,727
<u>\$13,762,559</u>	<u>\$600,987,424</u>	<u>\$10,846,733</u>

(continued)

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the year ended December 31, 2007

	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)	\$66,835,037	\$14,585,000	(\$338,456)	\$1,085,881
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation expense	89,473,930	31,508,000	7,152,731	735,174
Other expense	(10,564,165)	-	-	-
(Increase) decrease in accounts receivable	(2,723,667)	(32,195,828)	119,942	(4,480)
Increase in deferred revenue	-	-	-	-
(Increase) decrease in inventories	4,200,250	(1,078,000)	-	-
(Increase) decrease in due from other funds	3,437,665	74,828	50	2,886
Increase in prepaid expenses	(612,393)	-	-	-
Increase in other assets	(4,999,940)	(1,803,000)	-	-
Increase (decrease) in accounts and other payables	1,633,576	8,276,999	19,480	13,544
Increase in accrued expenses	3,729,966	4,615,000	42,934	13,669
Increase (decrease) in due to other funds	(31,547)	(208,999)	(112,642)	(328)
Increase (decrease) in other liabilities	(442,953)	(446,000)	228,256	52,129
Net cash provided (used) by operating activities	\$149,935,759	\$23,328,000	\$7,112,295	\$1,898,475
Noncash investing, capital and financing activities				
Amortization, charge-off of debt discount and expense	\$1,568,999	\$ -	-	\$30,947
Noncash acquisition of capital assets				
(incurrence of payable/capital lease obligation)	13,115,470	-	2,214,328	459,851
Noncash contributions in aid of construction	23,180,987	-	-	-
Increase (decrease) in fair value of investments	(13,876,706)	-	332,504	115,080

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>
\$10,856,834	\$93,024,296	(\$2,336,378)
978,803	129,848,638	299,360
-	(10,564,165)	-
(2,796,475)	(37,600,508)	74,664
-	-	60,502
17,233	3,139,483	(91,163)
(395,596)	3,119,833	354,037
-	(612,393)	-
-	(6,802,940)	-
121,141	10,064,740	(1,899,770)
469,850	8,871,419	709,331
71,170	(282,346)	(35,012)
662,463	53,895	-
<u>\$9,985,423</u>	<u>\$192,259,952</u>	<u>(\$2,864,429)</u>
\$ -	\$1,599,946	\$ -
80,856	15,870,505	20,354
-	23,180,987	-
178,672	(13,250,450)	236,978

**FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
December 31, 2007**

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 10**

	Pension Trust Funds	Agency Fund
<u>ASSETS</u>		
Accounts receivable (net of allowances for uncollectibles)	\$ -	\$776,911
Pension assets held in trust by Fire and Police Pension Association	204,462,373	-
Total assets	204,462,373	776,911
<u>LIABILITIES</u>		
Due to component unit	-	776,911
Total liabilities	-	776,911
Net assets - held in trust for pension benefits	\$204,462,373	\$ -

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, 2007

CITY OF COLORADO SPRINGS
COLORADO
Exhibit 11

	<u>Pension Trust Funds</u>
Additions	
City contributions	\$3,166,509
Participant contributions	<u>52,208</u>
Total contributions	3,218,717
Investment earnings:	
Interest and dividend income	8,480,833
Rental income	483,766
Net increase in fair value of investments	<u>10,198,199</u>
Total investment gain	19,162,798
Less investment expenses	<u>(1,424,394)</u>
Net investment gain	<u>17,738,404</u>
Total additions	<u>20,957,121</u>
Deductions	
Benefits	(14,799,373)
Administrative expenses	<u>(14,000)</u>
Total deductions	<u>(14,813,373)</u>
Change in net assets	6,143,748
Net assets held in trust for pension benefits - January 1	<u>198,318,625</u>
Net assets held in trust for pension benefits - December 31	<u>\$204,462,373</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, 2007**

	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	\$72,514	\$41,483	\$168,771	\$74,173	\$2,375
Cash and investments - restricted	-	-	2,698	743,804	249,420
Accounts receivable (net of allowance for uncollectibles)	-	-	2,213	-	11
Property taxes receivable	-	759,972	506,582	-	282,200
Deferred charges and other assets	-	-	-	-	34,258
Prepaid expenditures	-	-	2,418	-	-
Deferred asset:					
Bond issue costs, net of amortization	-	-	-	819,031	-
Capital assets, not being depreciated:					
Construction in Progress	-	-	-	-	1,652,242
Capital assets, net of accumulated depreciation					
Machinery and equipment	-	-	33,716	-	-
Improvements	-	-	-	-	1,523,317
Infrastructure	-	-	-	7,239,431	395,407
Total assets	72,514	801,455	716,398	8,876,439	4,139,230
<u>LIABILITIES</u>					
Accounts payable	73,344	25,178	19,738	46,478	2,323
Deferred revenue	-	759,972	506,582	-	282,200
Accrued interest payable	11,668	-	-	-	21,667
Noncurrent liabilities:					
Due within one year	266,000	-	-	245,000	-
Due in more than one year	-	200,000	-	9,630,000	4,031,951
Total liabilities	351,012	985,150	526,320	9,921,478	4,338,141
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	-	-	33,716	-	(95,892)
Restricted for:					
Debt service	-	-	-	743,804	3,226
Emergency reserve (TABOR)	-	5,566	19,513	800	100
Unrestricted	(278,498)	(189,261)	136,849	(1,789,643)	(106,345)
Total net assets (deficit)	(\$278,498)	(\$183,695)	\$190,078	(\$1,045,039)	(\$198,911)

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 North Business Improvement District	Interquest North Business Improvement District	Interquest South Business Improvement District	Powers & Woodmen Commercial Business Improvement District	Total
\$2,704	\$3,429	\$3,483	\$2,466	\$2,740	\$2,149	\$376,287
63,289	400	513	100	-	100	1,060,324
3	100	789	15	15	19	3,165
13,600	12,300	181,300	2,200	1,700	2,600	1,762,454
38,629	-	-	-	-	-	72,887
-	-	-	-	-	-	2,418
-	-	23,802	-	-	-	842,833
578,565	-	-	-	-	-	2,230,807
-	-	-	-	-	-	33,716
-	-	1,208,850	-	-	-	2,732,167
122,854	-	491,320	-	-	-	8,249,012
819,644	16,229	1,910,057	4,781	4,455	4,868	17,366,070
2,255	2,079	1,868	1,991	4,009	1,891	181,154
13,600	12,300	181,300	2,200	1,700	2,600	1,762,454
4,522	-	61,027	-	-	-	98,884
-	-	-	-	-	-	511,000
864,698	30,285	2,045,916	24,698	20,698	18,698	16,866,944
885,075	44,664	2,290,111	28,889	26,407	23,189	19,420,436
(7,528)	-	(203,028)	-	-	-	(272,732)
762	-	13	-	-	-	747,805
10	400	500	100	-	100	27,089
(58,675)	(28,835)	(177,539)	(24,208)	(21,952)	(18,421)	(2,556,528)
(\$65,431)	(\$28,435)	(\$380,054)	(\$24,108)	(\$21,952)	(\$18,321)	(\$2,054,366)

GOVERNMENTAL FUND COMPONENT UNITS
 COMBINING STATEMENT OF ACTIVITIES
 For the year ended December 31, 2007

	Program Revenues			Colorado Springs Urban Renewal Authority	Colorado Springs Downtown Development Authority	Greater Downtown Colorado Springs Business Improvement District	Briargate Center Business Improvement District	Barnes & Powers North Business Improvement District
	Expenses	Charges for Services	Operating Grants and Contributions					
Colorado Springs Urban Renewal Authority								
General government	\$800,738	\$563,599	\$ -					
				(\$237,139)				
Colorado Springs Downtown Development Authority								
General government	185,533	-	-					
					(\$185,533)			
Greater Downtown Colorado Springs Business Improvement District								
General government	561,920	2,458	21,248					
Public works	127,153	-	-					
Total	689,073	2,458	21,248			(\$538,214)		
						(127,153)		
						(665,367)		
Briargate Center Business Improvement District								
General government	252,787	572,162	-					\$319,375
Interest on long-term debt	563,895	-	-					(563,895)
Total	816,682	572,162	-					(244,520)
Barnes & Powers North Business Improvement District								
General government	56,327	-	-					(\$56,327)
Interest on long-term debt	134,529	-	-					(134,529)
Total	190,856	-	-					(190,856)
Barnes & Powers South Business Improvement District								
General government	26,080	-	-					
Interest on long-term debt	30,010	-	-					
Total	56,090	-	-					
First & Main Business Improvement District								
General government	16,977	-	-					
Interest on long-term debt	1,454	-	-					
Total	18,431	-	-					
First & Main North Business Improvement District								
General government	80,134	-	-					
Interest on long-term debt	159,718	-	-					
Total	239,852	-	-					
Interquest North Business Improvement District								
General government	13,962	-	-					
Interest on long-term debt	698	-	-					
Total	14,660	-	-					
Interquest South Business Improvement District								
General government	14,297	-	-					
Interest on long-term debt	698	-	-					
Total	14,995	-	-					
Powers & Woodmen Commercial Business Improvement District								
General government	11,880	-	-					
Interest on long-term debt	698	-	-					
Total	12,578	-	-					
Total component units	\$3,039,488	\$1,138,219	\$21,248					
General revenues:								
Property taxes	-	-	-	473,625	259,016	1,229		
Specific ownership taxes	-	-	-	64,162	-	166		
Investment earnings	363	1,838		12,550	37,734	3,256		
Total general revenues	363	1,838		550,337	296,750	4,651		
Change in net assets	(236,776)	(183,695)		(115,030)	52,230	(186,205)		
Net assets (deficit) - January 1	(41,722)	-		305,108	(1,097,269)	(12,706)		
Net assets (deficit) - December 31	(\$278,498)	(\$183,695)		\$190,078	(\$1,045,039)	(\$198,911)		

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

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit 13

Changes in Net Assets							
Barnes & Powers South Business Improvement District	First & Main Business Improvement District	First & Main North Business Improvement District	Interquest North Business Improvement District	Interquest South Business Improvement District	Powers & Woodmen Commercial Business Improvement District		Totals
							(\$237,139)
							(185,533)
							(538,214)
							(127,153)
							319,375
							(563,895)
							(56,327)
							(134,529)
							(26,080)
							(30,010)
							(56,090)
							(16,977)
							(1,454)
							(18,431)
							(80,134)
							(159,718)
							(239,852)
							(13,962)
							(698)
							(14,660)
							(14,297)
							(698)
							(14,995)
							(11,880)
							(698)
							(12,578)
							(1,880,021)
299	11,330	89,242	1,712	1,641	2,123		840,217
40	1,533	12,075	233	222	287		78,718
791	7	47	1	2	3		56,592
1,130	12,870	101,364	1,946	1,865	2,413		975,527
(54,960)	(5,561)	(138,488)	(12,714)	(13,130)	(10,165)		(904,494)
(10,471)	(22,874)	(241,566)	(11,394)	(8,822)	(8,156)		(1,149,872)
(\$65,431)	(\$28,435)	(\$380,054)	(\$24,108)	(\$21,952)	(\$18,321)		(\$2,054,366)

**PROPRIETARY FUND COMPONENT UNITS
BALANCE SHEET
December 31, 2007**

	Fountain Valley Authority	Aurora - Colorado Springs Joint Water Authority	Regional Water Infrastructure Authority	The Twin Lakes Reservoir and Canal Company
<u>ASSETS</u>				
Current assets				
Cash and investments	\$878,878	\$7,438	\$ -	\$447,019
Note receivable	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	216,143	-	-	8,137
Inventories	83,467	-	-	-
Due from primary government	197,009	-	-	-
Prepaid expenses	5,442,343	417	-	183,084
Unamortized bond issuance costs	21,695	-	-	-
Total current assets	6,839,535	7,855	-	638,240
Noncurrent assets				
Restricted cash and cash equivalents	2,149,188	-	-	-
Unamortized bond issuance costs	249,222	-	-	-
Capital assets:				
Utility plant	87,199,812	9,499,247	-	13,935,239
Construction in progress	331,398	-	-	-
Less accumulated depreciation	(31,532,557)	(1,993,752)	-	(5,462,418)
Total noncurrent assets	58,397,063	7,505,495	-	8,472,821
Other assets				
Other	-	-	-	274,279
Total other assets	-	-	-	274,279
Total assets	\$65,236,598	\$7,513,350	\$ -	\$9,385,340

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
\$78,788	\$56,841	\$54,298	\$ -	\$1,523,262
-	-	-	-	-
1,055	28,448	-	9,901	263,684
-	-	-	-	83,467
-	-	-	776,911	973,920
5,795	33,612	3,031	-	5,668,282
500	-	-	-	22,195
86,138	118,901	57,329	786,812	8,534,810
25,530	33,586	2,641	-	2,210,945
13,070	-	-	-	262,292
3,250,429	2,203,278	1,200,714	-	117,288,719
-	-	5,517	-	336,915
(580,287)	(1,255,597)	(371,534)	-	(41,196,145)
2,708,742	981,267	837,338	-	78,902,726
-	25,334	32,409	-	332,022
-	25,334	32,409	-	332,022
\$2,794,880	\$1,125,502	\$927,076	\$786,812	\$87,769,558

(continued)

**PROPRIETARY FUND COMPONENT UNITS
BALANCE SHEET
December 31, 2007**

	Fountain Valley Authority	Aurora - Colorado Springs Joint Water Authority	Regional Water Infrastructure Authority	The Twin Lakes Reservoir and Canal Company
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities				
Accounts payable	\$124,351	\$37	\$	\$36,279
Due to primary government	79,471	-	-	-
Deferred revenue	5,352,751	-	-	-
Accrued interest payable	168,299	-	-	-
Matured bonds payable	575,000	-	-	-
Notes payable - current	485,399	-	-	-
Capital lease payable - current	3,240,687	-	-	-
Other	-	-	-	-
Total current liabilities	10,025,958	37	-	36,279
Noncurrent liabilities				
Revenue bonds payable	7,732,999	-	-	-
Notes payable	7,602,570	-	-	-
Capital lease payable	66,098,261	-	-	-
Total noncurrent liabilities	81,433,830	-	-	-
Total liabilities	91,459,788	37	-	36,279
Net assets				
Invested in capital assets, net of related debt	(29,691,951)	7,505,495	-	8,472,821
Restricted				
Debt service	2,104,876	-	-	-
Unrestricted	1,363,885	7,818	-	876,240
Total net assets (deficit)	(26,223,190)	7,513,313	-	9,349,061
Total liabilities and net assets	\$65,236,598	\$7,513,350	\$	\$9,385,340

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
\$14,720	\$54,309	\$8,515	\$33,033	\$271,244
-	-	-	-	79,471
-	-	-	-	5,352,751
8,240	-	3,691	-	180,230
-	-	-	-	575,000
91,368	-	3,420	-	580,187
-	-	-	-	3,240,687
-	33,586	-	-	33,586
114,328	87,895	15,626	33,033	10,313,156
-	-	-	-	7,732,999
1,404,210	-	123,238	-	9,130,018
-	-	-	-	66,098,261
1,404,210	-	123,238	-	82,961,278
1,518,538	87,895	138,864	33,033	93,274,434
1,174,564	947,681	708,039	-	(10,883,351)
-	-	-	-	2,104,876
101,778	89,926	80,173	753,779	3,273,599
1,276,342	1,037,607	788,212	753,779	(5,504,876)
\$2,794,880	\$1,125,502	\$927,076	\$786,812	\$87,769,558

**PROPRIETARY FUND COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the year ended December 31, 2007**

	Program Revenues		Fountain Valley Authority	Aurora - Colorado Springs Joint Water Authority	Regional Water Infrastructure Authority
	Expenses	Charges for Services			
Fountain Valley Authority					
General government	\$7,671,866	\$10,339,250	\$2,667,384		
Aurora-Colorado Springs Joint Water Authority					
General government	104,874	4,500		(\$100,374)	
Regional Water Infrastructure Authority					
General government	1,784	-			(\$1,784)
The Twin Lakes Reservoir and Canal Company					
General government	784,311	998,393			
The Lake Meredith Reservoir Company					
General government	144,631	255,221			
The Colorado Canal Company					
General government	560,351	465,955			
The Lake Henry Reservoir Company					
General government	57,745	72,952			
Pikes Peak Regional Communications Network					
General government	979,824	1,251,989			
Total component units	<u>\$10,305,386</u>	<u>\$13,388,260</u>			
	General Revenues:				
		Investment earnings	124,597	189	-
		Total general revenues	<u>124,597</u>	<u>189</u>	<u>-</u>
		Change in net assets	2,791,981	(100,185)	(1,784)
		Net assets (deficit) - January 1	(29,015,171)	7,613,498	1,784
		Net assets (deficit) - December 31	<u>(\$26,223,190)</u>	<u>\$7,513,313</u>	<u>\$ -</u>

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
					\$2,667,384
					(100,374)
					(1,784)
<u>\$214,082</u>					214,082
	<u>\$110,590</u>				110,590
		<u>(\$94,396)</u>			(94,396)
			<u>\$15,207</u>		15,207
				<u>\$272,165</u>	272,165
					<u>3,082,874</u>
8,051	245	723	224	31,509	165,538
<u>8,051</u>	<u>245</u>	<u>723</u>	<u>224</u>	<u>31,509</u>	<u>165,538</u>
222,133	110,835	(93,673)	15,431	303,674	3,248,412
<u>9,126,928</u>	<u>1,165,507</u>	<u>1,131,280</u>	<u>772,781</u>	<u>450,105</u>	<u>(8,753,288)</u>
<u>\$9,349,061</u>	<u>\$1,276,342</u>	<u>\$1,037,607</u>	<u>\$788,212</u>	<u>\$753,779</u>	<u>(\$5,504,876)</u>



CITY OF COLORADO SPRINGS

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. Reporting Entity

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

1. Governmental Fund Type Component Units

General Improvement Districts – Cottonwood, Spring Creek, Briargate and Market Place at Austin Bluffs

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

Colorado Springs Urban Renewal Authority

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

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 North, Interquest North, Interquest South, Powers and Woodmen Commercial

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

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

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

2. Proprietary Fund Type Component Units

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

Pikes Peak Regional Communications Network

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

Fountain Valley Authority

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

Aurora-Colorado Springs Joint Water Authority

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

Regional Water Infrastructure Authority

Effective October 31, 2006, the Regional Water Infrastructure Authority (RWIA) was dissolved, and on January 25, 2007 all remaining assets were distributed to its members. The members of the RWIA were Utilities, the City, and the City of Fountain.

Canal and Reservoir Companies

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

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

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

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

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

3. Fiduciary Fund Type Component Units

Pension Trust Fund

The Fire and Police Pension plans are agent, multiple employer defined benefit plans for fire and police uniform employees. The plans are managed by the Fire and Police Pension Association (FPPA) and include the Old Hire 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 cities of Manitou Springs, Green Mountain Falls, Fountain, and the Towns of Monument and Palmer Lake. A three-member commission appointed by the City, the County and a member selected by the remaining municipalities, governs the PPRBD. The City has not invested money in the PPRBD and the commission is required to set its fees so as to fully recover operating expenses. Since the City has only a residual equity interest, the equity method is not considered appropriate for this joint venture.

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

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

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

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

Memorial Hospital Corporation (MHC) is a non-profit corporation that is controlled by MHS. MHS has a 70% interest in The Surgery Center at Printers Park, L.L.C (SCPP), an entity that was formed to develop, manage and operate a surgical center in Colorado Springs. SCPP commenced operations during 2001. MHS's financial statements reflect its interest in the members' equity and net income of SCPP.

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

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

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

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

The financial statements of the MHS, 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 to 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:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

Fiduciary funds include 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 payments-in-lieu of taxes and other charges between the General fund and Utilities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

In accordance with City Code and Colorado State Statutes, the City is authorized to invest in obligations of the United States and certain of its instrumentalities; certain international agency securities; general obligation or revenue bonds of any state or local government of the U.S.; bankers acceptances of certain banks; certain commercial paper; local government investment pools; written repurchase agreements properly collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts. The City's Fire and Police Pension Plans are invested in an external investment pool through the FPPA. This investment pool also 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 reserved as the amount is not available for general appropriation.

4. Restricted Assets

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

5. Capital Assets

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

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

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

Utilities plant is stated at cost. For constructed plant, cost includes contracted services, direct labor and materials, indirect charges for engineering, supervision, general and administrative costs, and an allowance for funds used during construction (AFUDC). The 2007 AFUDC rate of 4.87% is comprised of an interest rate on borrowed funds component and a return on equity funds component and is applied to all major capital projects. The cost of additions to plant and

replacement units of property is capitalized. Per Utilities' capitalization policy, the cost of additions to plant and replacement units of property in excess of \$5,000 is capitalized. Depreciation of utility plant for Utilities is provided by using the straight-line method based on the estimated service lives of the assets. Estimated service lives for major assets are as follows:

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

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. Other than the net interest expenditures resulting from these agreements, no amounts are recorded in the financial statements.

In the government-wide and proprietary fund financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the 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 Equity

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

9. Municipal Solid Waste Landfill Closure and Postclosure Care Costs

The City is subject to the Colorado Department of Public Health and Environment regulations which require the City to incur closure and postclosure care costs for landfills. In 2007, the Utilities fund recognized a liability of \$2,745,715 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 \$6,833,798. The average landfill capacity used to date is 45.85%. The estimated remaining landfill lives vary from 18 to 88 years. In 2007, the governmental activities recognized a liability of \$336,385 for closure and postclosure care costs in the government-wide financial statements. There are no financial assurance requirements or restricted assets for the payment of closure and postclosure care costs. Estimates of closure and postclosure costs are stated in current dollars and shall be adjusted annually for inflation and changes in laws and regulations. A study is done every 5 years to verify this cost.

10. Derivative Instruments

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

Utilities also uses derivative instruments to hedge its exposure to changing interest rates through the use of interest rate swaps. In 2007, Utilities entered into two interest rate swap agreements that qualify for derivative accounting under Statement of Financial Accounting Standards (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended. The fair value represents the estimated amount at which the instruments could be liquidated based on quoted market prices, current market conditions, or other estimates obtained from third-party brokers or dealers. See Note IV.M. for further discussion related to interest rate swaps.

Utilities records all derivative instruments on the balance sheet as Fair Value of Derivative Instruments at their fair value under the provisions of GASB 31 and SFAS No. 133, as amended.

In accordance with the provisions of GASB 31 and SFAS No. 133, as amended, changes in the fair value of a hedging instrument are recognized as a change in net assets in the period of the change for entities that do not report earnings as a separate caption in a statement of financial performance. Classification in the statement of revenues, expenses, and changes in fund net assets is based on the income classification of the item being hedged.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

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

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

Capital assets, at historical cost	\$1,449,195,600
Accumulated depreciation	<u>(401,468,411)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$1,047,727,189</u></u>

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

Deferred revenue	<u>\$20,096,630</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$20,096,630</u></u>

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

Interest on investments	<u>\$1,170,828</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$1,170,828</u></u>

Another element of that reconciliation explains that any internal service funds that primarily serve governmental funds are included as part of governmental activities for purposes of

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2007**

government-wide financial reporting. The details of this difference are as follows:

Internal service fund allocation	<u>\$3,449,383</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$3,449,383</u></u>

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

The details of this difference are as follows:

Bonds payable	(\$95,011,062)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	191,571
Accrued interest payable	(393,980)
Capital lease payable	(9,854,145)
Drainage fees payable	(3,108,300)
Compensated absences	(23,321,042)
Municipal solid waste landfill	(336,386)
Pension obligation	(567,747)
Other post employment benefit obligation	<u>(1,562,087)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>(\$133,963,178)</u></u>

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

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

Capital outlay	\$31,608,010
Depreciation expense	<u>(39,230,929)</u>
Net adjustments to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>(\$7,622,919)</u></u>

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2007**

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

In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold. (\$2,603,282)

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. 161,065,204

Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities* \$158,461,922

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

Debt incurred:

Capital lease financing	(\$8,460,889)
Issuance of notes	(71,900)
Issuance of refunding bonds	(10,405,000)

Principal repayments:

Refunding on general obligation bonds	10,755,000
Plus loss on refunding	406,225
Bond premium	192,023
Bond discount	(1,057,372)
Bond issuance costs	152,682
General obligation debt	2,790,000
Sales tax revenue bonds	3,465,000
Certificates of participation	1,480,000
Special assessment bonds and notes	768,160
Capital leases	<u>1,144,582</u>

Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities* \$1,158,511

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	\$84,376
Drainage fees	100,000
Compensated absences	(2,327,750)
Landfill closing costs	222,077
Net pension obligation	19,072
Othe post employment benefit obligation	<u>(1,562,087)</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>(\$3,464,312)</u></u>

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

Unavailable revenue	<u>\$200,299</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>\$200,299</u></u>

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

Internal service fund activities	<u>(\$210,959)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>(\$210,959)</u></u>

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

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

The City prepares annual budgets and maintains budgetary controls for all funds in order to ensure compliance with the annual appropriation ordinance as approved by City Council. The legal level of budgetary control for all funds is at the fund level. Transfer of appropriation within the budget of a department may be authorized by approval of the affected department head. Such transfers are filed with the Finance Director but require no City Council action. Any net increase of appropriation, to the fund, requires City Council action. The budget is prepared on GAAP basis.

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

B. Excess of Expenditures over Appropriations

During 2007, expenditures exceeded appropriations for the Employee Benefits Self-Insurance fund by \$1,832,080. During 2007, Utilities began administrating their own health insurance fund. As a result, their portion of the fund balance was transferred to their organization. Additionally, two trust funds, Perkins and Sabine, had expenditures exceeding appropriations by \$9 and \$12, respectively.

C. Deficit Fund Equity

The Workers Compensation Self Insurance fund had an accumulated deficit in net assets of \$4,248,260, as of December 31, 2007. This internal service fund deficit is the result of incurred but not reported claims.

IV. DETAILED NOTES ON ALL FUNDS

A. Unrestricted and Restricted Cash and Investments

The City's restricted and unrestricted cash and investments, exclusive of component units, consist of the following on December 31, 2007:

	<u>Unrestricted Assets</u>	<u>Restricted Assets</u>
Demand accounts (incl petty cash of \$36,736)	\$123,212,148	\$36,736,325
Money market mutual funds	1,251,387	727,098
Colorado Liquid Asset Trust (COLOTRUST)	-	165,656
Colorado Surplus Asset Fund (CSAFE)	-	86,819
Repurchase agreements	12,974,042	80,093,147
Commercial paper	5,181,077	17,920,332
US Treasury securities	194,438,075	3,787,175
US Instrumentality securities	123,996,358	15,022,555
Domestic corporate fixed-income securities	40,205,267	1,562,560
International corporate fixed-income securities	613,000	-
Domestic equities	43,041,000	7,080,764
International equities	19,949,000	52,000
Mortgages pooled	1,796,481	-
Total	<u>\$566,657,835</u>	<u>\$163,234,431</u>

Reconciliation of total deposits and investments to the government-wide financial statements at December 31, 2007:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Unrestricted	\$108,096,142	\$458,561,693	\$566,657,835
Restricted	<u>20,808,700</u>	<u>142,425,731</u>	<u>163,234,431</u>
Total	<u>\$128,904,842</u>	<u>\$600,987,424</u>	<u>\$729,892,266</u>

1. Deposits

The carrying amount of the City's deposits at December 31, 2007 was \$159,948,472 and the bank balances were \$163,185,716. Of the bank balances, \$373,932 was covered by federal deposit insurance and \$162,811,784 was uninsured but collateralized in accordance with provisions of the Colorado Public Deposit Protection Act (CPDPA). The collateral is pooled and held in trust for all uninsured deposits as a group.

2. Investments

The City's investments are subject to interest rate risk, credit risk and custodial credit risk.

The City as a home rule municipality operating under its City Charter is allowed under Colorado State Statutes to promulgate and implement local standards for cash and investment management operations. The adopted Investment Policy for the City authorizes all investments shall be made in accordance with Colorado Revised Statutes. The provisions of the City's Investment Policy apply to all investable funds of the City to include Trust funds, Bond Ordinance accounts and Reserve accounts. The Reserve and Trust funds accounts are further defined with additional investment guidelines. Excluded from the City Investment Policy are Utilities and MHS funds and money held in bank checking accounts for operating purposes. MHS and Utilities (both major enterprise funds) have adopted individual investment policies to manage their investment portfolios. The investments of the City are reported in aggregate to include investments of money related to governmental and business-type activities, individual major funds and non-major funds. The City's investments are subject to interest rate, 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: 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, banker's 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, 2007 were subject to custodial risk.

In accordance with the City's investment policy, all of the City's repurchase agreements are collateralized at 102% of the market value of the portfolio by U.S. Agency Securities at the time of purchase. Collateral valuation is calculated and adjusted daily. Collateral for all investments, including repurchase agreements, are held in the City's name by the City's custodian bank.

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2007**

As of December 31, 2007, the City had the following investments and credit quality distribution:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Money market mutual funds	\$1,978,485	0.00
Colorado Liquid Asset Trust (COLOTRUST)	165,656	0.00
Colorado Surplus Asset Fund (CSAFE)	86,819	0.00
Repurchase agreements	93,067,189	0.00
Commercial paper	23,101,409	0.04
US Treasury securities	198,225,250	4.08
US Instrumentality securities	139,018,913	2.59
Domestic corporate fixed-income securities	41,767,827	14.78
International corporate fixed-income securities	613,000	6.67
Domestic equities	50,121,764	0.00
International equities	20,001,000	0.00
Mortgages pooled	1,796,481	0.37
Total	569,943,793	
Portfolio weighted average maturity		3.14
Reconciliation to total cash and investments		
Add:		
Cash on hand and in banks	159,948,473	
	569,943,793	
	729,892,266	

Credit Quality Distribution for Securities as a Percentage of Total Investments

	<u>S&P Rating</u>	<u>% of Total</u>
Money market mutual funds	AAAm	0.35%
Local investment pools	AAAm	0.05%
Repurchase agreements	-	16.33%
Commercial paper	A	4.05%
US Treasury securities	n/a	34.77%
US Instrumentality securities	n/a	24.39%
Domestic corporate fixed-income securities	AAA	4.71%
Domestic corporate fixed-income securities	AA	1.30%
Domestic corporate fixed-income securities	A	0.78%
Domestic corporate fixed-income securities	BBB	0.45%
Domestic corporate fixed-income securities	BB	0.07%
Domestic corporate fixed-income securities	B	0.02%
International corporate fixed-income securities	AA	0.03%
International corporate fixed-income securities	A	0.02%
International corporate fixed-income securities	BBB	0.05%
International corporate fixed-income securities	B	0.01%
Domestic equities	-	8.79%
International equities	-	3.51%
Mortgages pooled	AAA	0.32%
		100.00%

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

As of December 31, 2007, the City has invested \$165,656 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pool. Investments of the pool consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury Notes. Utilities has invested \$86,819 in the Colorado Surplus Asset Fund Trust (CSAFE) as of December 31, 2007. CSAFE operates similarly to COLOTRUST whereby Utilities acquires and redeems shares of the common law trusts as authorized by state statute.

The City's investment in COLOTRUST is rated AAAM by Standard and Poor's and AAA by both Fitch's and Moody's. CSAFE investments 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.

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, 2007:

	<u>Demand Accounts</u>	<u>Money Market</u>	<u>COLOTRUST</u>	<u>Total</u>
Governmental Activities:				
Urban Renewal Authority	\$72,514	\$ -	\$ -	\$72,514
Downtown Colorado Springs BID	2,698	168,771	-	171,469
Downtown Development Authority	41,483	-	-	41,483
Briargate Center BID	74,173	743,804	-	817,977
Barnes & Powers North BID	2,515	249,280	-	251,795
Barnes & Powers South BID	2,714	63,279	-	65,993
First & Main BID	3,829	-	-	3,829
First & Main North BID	3,754	242	-	3,996
Interquest North BID	2,566	-	-	2,566
Interquest South BID	2,740	-	-	2,740
Powers & Woodmen Commercial BID	2,249	-	-	2,249
Sub-total	211,235	1,225,376	-	1,436,611
Business-type Activities:				
Fountain Valley Authority	1,809,295	1,174,459	44,312	3,028,066
Aurora-Colorado Springs Joint Water Authority	7,438	-	-	7,438
Various Canal & Reservoir Companies	698,703	-	-	698,703
Sub-total	2,515,436	1,174,459	44,312	3,734,207
Total	\$2,726,671	\$2,399,835	\$44,312	\$5,170,818

Reconciliation of total deposits and investments to the government-wide financial statements at December 31, 2007:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Unrestricted	\$376,287	\$1,523,262	\$1,899,549
Restricted	1,060,324	2,210,945	3,271,269
Total	\$1,436,611	\$3,734,207	\$5,170,818

The carrying amount of the deposits of the component units of the City at December 31, 2007, was \$2,726,671 and the bank balances were \$2,727,241. Of the bank balances, \$666,039 was covered by federal deposit insurance and \$1,709,865 was collateralized in accordance with provisions of the CPDPA. The various canal companies are publicly traded and not a public entity. The excess balances above federal deposit insurance in the amount of \$351,337 are not covered by the CPDPA.

B. Receivables

Receivables for governmental funds, proprietary funds, fiduciary funds and component units at December 31, 2007 include the following (in 000's):

Receivables

	General	MHS	Utilities	Airport	Parking	Non-Major & Other	Total
Interest	\$ -	\$ -	\$1,389	\$ -	\$ -	\$ -	\$1,389
Taxes	36,408	-	-	-	-	8,316	44,724
Accounts	3,465	156,843	84,299	2,745	21	13,099	260,472
Assessments	-	-	-	-	-	412	412
Intergovernmental loans	-	-	-	-	-	18,548	18,548
Notes and loans	1,113	-	336	2,139	-	24	3,612
Gross Receivables	40,986	156,843	86,024	4,884	21	40,399	329,157
Less: allowances for uncollectibles	-	(53,027)	(1,558)	-	-	-	(54,585)
Net Receivables	\$40,986	\$103,816	\$84,466	\$4,884	\$21	\$40,399	\$274,572

Loans receivable of \$19,685,116 is included in receivables - net in the statement of net assets as of December 31, 2007. Of the loans receivable, Community Development Department (CDD) has loans receivable of \$17,365,760 as of December 31, 2007. 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 \$224,951 of the portfolio is eligible for forgiveness of debt. CDD partners with local lending institutions to provide rehabilitation funds to low and moderate income homeowners. A portion of these loans is forgiven monthly. This encourages long-term home occupancy and local bank participation. All loans and grants are secured with the property as collateral.

C. Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances as of December 31, 2007 were:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Utilities	\$2,120,429
	MHS	63,760
	Non-major Governmental Funds	3,811,464
	Non-major Business-type Funds	1,579,357
	Sub-Total	7,575,010
Utilities	General Fund	942,636
	MHS	151,606
	Parking	12,983
	Non-major Governmental Funds	3,872,800
	Non-major Business-type Funds	207,332
	Internal Services	104,049
	Sub-Total	5,291,406
MHS	General Fund	721
	Internal Services	452
	Sub-Total	1,173
Parking	General Fund	2,111,102
	Utilities	8,390
	Sub-Total	2,119,492
Non-major Governmental Funds	Utilities	324,855
	Non-major Governmental Funds	507
	Sub-Total	325,362
Non-major Business-type Funds	General Fund	396,305
	Utilities	1,904
	Sub-Total	398,209
Internal Service Funds	Utilities	754,143
	MHS	40,587
	Sub-Total	794,730
Component Unit	Fiduciary	776,911
Total		<u><u>\$17,282,293</u></u>

A major portion of the total due to Utilities from Non-major Governmental funds (\$3,872,800) resulted from a 2002 sale of a gas building between the funds; the balance from the sale is anticipated to occur next year.

The balance of \$2,111,102 due to Parking from the General Fund resulted from Parking's construction of the parking facility for the General Fund's use; \$2,061,455 of the balance is due beyond one year.

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

Interfund transfers:

	Transfers In:				Total
	General Fund	Non-major Governmental	Non-major Enterprise Funds	Internal Service Funds	
Transfers Out:					
General fund	\$ -	\$13,150,020	\$ -	\$2,245,650	\$15,395,670
Utilities	25,759,499	-	-	-	25,759,499
Non-major governmental funds	448,116	273,986	780,000	-	1,502,102
	<u>\$26,207,615</u>	<u>\$13,424,006</u>	<u>\$780,000</u>	<u>\$2,245,650</u>	42,657,271
Total transfers in					<u>\$42,657,271</u>

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

D. Payments In Lieu Of Taxes

Utilities provides payment to the City, in lieu of taxes, amounts which are based on a fixed rate per kwh and ccf of electricity and natural gas delivered within the City limits, without exclusion for interdepartmental deliveries. The payments are recorded as transfers on the statement of activities. In 2007, the amount paid was \$25.8 million.

E. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of 2007, the various components of deferred revenue and unearned revenue reported in the government funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Loans	\$ -	\$19,685,116
Property taxes	26,031,210	-
Special assessment	411,514	-
Grant drawdowns prior to meeting all eligibility requirements	-	3,229,812
Other unearned revenue	-	<u>1,163,165</u>
Total deferred/unearned revenue for governmental funds	<u>\$26,442,724</u>	<u>\$24,078,093</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, 2007:

Materials and Supplies	\$25,285,901
Fuel	<u>19,698,047</u>
Total	<u>\$44,983,948</u>

G. Changes in Capital Assets

The following schedule reflects the changes in capital assets for the year ended December 31, 2007 (in 000's):

Primary Government

	<u>Beginning Balance</u>	<u>Increases*</u>	<u>Decreases*</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$181,834	\$51,518	\$ -	\$233,352
Construction in progress	25,222	26,918	(5,132)	47,008
Total capital assets not being depreciated	<u>207,056</u>	<u>78,436</u>	<u>(5,132)</u>	<u>280,360</u>
Capital assets being depreciated:				
Building	144,066	4,890	(513)	148,443
Improvements other than buildings	33,327	6,076	(286)	39,117
Machinery and equipment	121,555	15,353	(8,369)	128,539
Infrastructure	765,648	93,115	-	858,763
Total capital assets being depreciated	<u>1,064,596</u>	<u>119,434</u>	<u>(9,168)</u>	<u>1,174,862</u>
Less accumulated depreciation for:				
Building	(42,819)	(3,722)	109	(46,432)
Improvements other than buildings	(8,312)	(1,435)	217	(9,530)
Machinery and equipment	(69,155)	(10,641)	6,233	(73,563)
Infrastructure	<u>(253,265)</u>	<u>(23,733)</u>	<u>-</u>	<u>(276,998)</u>
Total accumulated depreciation	<u>(373,551)</u>	<u>(39,531)</u>	<u>6,559</u>	<u>(406,523)</u>
Capital assets being depreciated, net	<u>691,045</u>	<u>79,903</u>	<u>(2,609)</u>	<u>768,339</u>
Total governmental activities capital assets, net	<u><u>\$898,101</u></u>	<u><u>\$158,339</u></u>	<u><u>(\$7,741)</u></u>	<u><u>\$1,048,699</u></u>

* Includes transfers between categories.

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2007**

	<u>Beginning Balance</u>	<u>Increases*</u>	<u>Decreases*</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land**	\$187,275	\$1,434	(\$2,192)	\$186,517
Construction in progress	431,106	223,966	(472,295)	182,777
Total capital assets not being depreciated	<u>618,381</u>	<u>225,400</u>	<u>(474,487)</u>	<u>369,294</u>
Capital assets being depreciated:				
Building	118,621	9,419	-	128,040
Improvements other than buildings	103,123	2,133	(2,012)	103,244
Machinery and equipment	15,343	2,527	(801)	17,069
Infrastructure	16,795	-	-	16,795
Utilities plant**	3,161,463	307,523	(21,362)	3,447,624
MHS plant	417,838	251,065	(78,417)	590,486
Total capital assets being depreciated	<u>3,833,183</u>	<u>572,667</u>	<u>(102,592)</u>	<u>4,303,258</u>
Less accumulated depreciation for:				
Building	(39,189)	(3,265)	-	(42,454)
Improvements other than buildings	(34,397)	(4,207)	591	(38,013)
Machinery and equipment	(10,310)	(915)	789	(10,436)
Infrastructure	(1,439)	(480)	-	(1,919)
Utilities plant	(1,158,246)	(89,833)	8,334	(1,239,745)
MHS plant	(210,168)	(31,508)	20,811	(220,865)
Total accumulated depreciation	<u>(1,453,749)</u>	<u>(130,208)</u>	<u>30,525</u>	<u>(1,553,432)</u>
Capital assets being depreciated, net	<u>2,379,434</u>	<u>442,459</u>	<u>(72,067)</u>	<u>2,749,826</u>
Total business-type activities capital assets, net	<u>\$2,997,815</u>	<u>\$667,859</u>	<u>(\$546,554)</u>	<u>\$3,119,120</u>

* Includes transfers between categories.

** Depreciable and non-depreciable assets broken out and previous year beginning balance restated.

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2007**

Depreciation expense was charged to governmental activities and business-type activities as of December 31, 2007 as follows (in 000's):

Governmental Activities:

General government	\$1,076
Public safety	6,828
Public works	28,067
Culture and recreation	3,260
Internal service funds	<u>299</u>

Total depreciation expense governmental activities	<u>\$39,530</u>
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Business-type Activities:

Utilities	\$89,474
MHS	31,508
Airport	7,153
Parking	735
Non-major enterprise funds	<u>979</u>

Total depreciation expense business-type activities	<u>\$129,849</u>
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The following schedule reflects the changes in discretely presented component unit capital assets for the year ended December 31, 2007 (in 000's):

	<u>Beginning Balance</u>	<u>Increases*</u>	<u>Decreases*</u>	<u>Ending Balance</u>
Governmental Activities:				
Discretely Presented Component Units:				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$2,231	\$ -	\$2,231
Capital assets being depreciated:				
Machinery and equipment	90	5	-	95
Improvements	1,331	1,550	-	2,881
Infrastructure	8,475	527	-	9,002
Total capital assets being depreciated	<u>9,896</u>	<u>2,082</u>	<u>-</u>	<u>11,978</u>
Less accumulated depreciation for:				
Machinery and equipment	(39)	(22)	-	(61)
Improvements	(78)	(71)	-	(149)
Infrastructure	<u>(528)</u>	<u>(225)</u>	<u>-</u>	<u>(753)</u>
Total accumulated depreciation	<u>(645)</u>	<u>(318)</u>	<u>-</u>	<u>(963)</u>
Capital assets being depreciated, net	<u>9,251</u>	<u>1,764</u>	<u>-</u>	<u>11,015</u>
Governmental activities				
Discretely presented component unit capital assets, net	<u>\$9,251</u>	<u>\$3,995</u>	<u>\$ -</u>	<u>\$13,246</u>

* Includes transfers between categories.

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2007**

	<u>Beginning Balance</u>	<u>Increases*</u>	<u>Decreases*</u>	<u>Ending Balance</u>
Business-type Activities:				
Discretely Presented Component Units:				
Capital assets not being depreciated:				
Construction in progress	\$281	\$56	\$ -	\$337
Capital assets being depreciated:				
Utilities plant	117,037	252	-	117,289
Less accumulated depreciation for:				
Utilities plant	(39,128)	(2,068)	-	(41,196)
Capital assets being depreciated, net	77,909	(1,816)	-	76,093
Business-type activities				
Discretely presented component unit capital assets, net	\$78,190	(\$1,760)	\$ -	\$76,430

* Includes transfers between categories.

H. Leases**1. Operating Leases**

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

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2008	\$481,710	\$3,706,000
2009	377,518	3,446,000
2010	-	3,016,000
2011	-	2,864,000
2012	-	2,815,000
2013-2017	-	6,989,000
2018-2022	-	6,989,000
Total	<u>\$859,228</u>	<u>\$29,825,000</u>

Total rental expense on operating leases for the year ended December 31, 2007 was \$689,504 for governmental activities and \$2,153,483 for business-type activities.

2. Operating Leases (Component Units)

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

<u>Year</u>	<u>Business-type Activities</u>
2008	\$51,727
2009	43,705
2010	34,427
2011	9,901
2012	9,901
2013-2017	49,503
2018-2021	<u>32,092</u>
 Total	 <u><u>\$231,256</u></u>

Total rental expense on operating leases for the year ended December 31, 2007 was \$13,560 for governmental activities and \$140,999 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 of the fund financial statements. All related lease payments are subject to annual appropriation and made from the acquiring fund. Should the City not appropriate monies for these payments, the land, machinery or equipment would revert to the lessor.

Future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2007, exclusive of component units, are as follows (in 000's):

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2008	\$1,422	\$143
2009	1,366	184
2010	679	184
2011	679	-
2012	628	-
2013-2017	3,141	-
2018-2022	3,141	-
2023-2027	<u>2,983</u>	<u>-</u>
Future minimum lease payments	14,039	511
Amount representing interest	<u>(4,111)</u>	<u>(48)</u>
 Present value of net minimum payments	 <u><u>\$9,928</u></u>	 <u><u>\$463</u></u>

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

Assets:	Governmental Activities	Business-type Activities
Machinery and equipment	\$5,135	\$907
Building	9,318	-
Accumulated depreciation	<u>(2,467)</u>	<u>(189)</u>
Net capitalized lease property	<u>\$11,986</u>	<u>\$718</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, 2007, future minimum payments under the capital lease consisted of the following (in 000's):

Year	Business-type Activities
2008	\$5,353
2009	5,353
2010	5,353
2011	5,353
2012	5,353
2013-2017	26,763
2018-2022	26,763
2023-2025	<u>9,262</u>
Future minimum lease payments	89,553
Amount representing interest	<u>(20,214)</u>
Present value of net minimum payments	<u>\$69,339</u>

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

Assets:	Business-type Activities
Utilities plant	\$70,501
Accumulated depreciation	(19,288)
Net capitalized lease property	<u>\$51,213</u>

Amortization of the plant cost has been included in depreciation expense and amounted to \$892 (in thousands) for 2007.

I. Revolving Loan Agreement/Line of Credit

In July, 2007, Utilities entered into a \$25,000,000 revolving loan agreement with KeyBank National Association, with interest at the bank's prime rate less 2.6%. The proceeds from any draws on this agreement can be used by Utilities for any corporate purpose. Utilities' repayment obligations under this agreement is limited to the net pledged revenues, after provision has been made for all payments into the bond, reserve and rebate funds for the parity lien bonds, which include bonds, and any other parity securities payable from net pledged revenues which are issued in the future. To date, Utilities has never borrowed money under this loan agreement or any predecessor agreement.

MHS maintains two lines of credit agreements with a bank totaling \$5,000,000, which expire on July 15, 2012 and bear interest at the bank's prime rate less .75%. No amounts were outstanding under these lines of credit at December 31, 2007.

J. Long-Term Debt

During 2007, the City issued \$10,405,000 in Sales and Use Tax Revenue Refunding Bonds, Series 2007, to partially refund the Sales and Use Tax Revenue Bonds, Series 1999. The reacquisition price exceeded the net carrying amount of the old debt by \$406,225. This amount is being netted against the new debt and amortized over the life of the refunded bonds, which is shorter than the life of the new debt issued. The advance refunding increased total debt service payments over the next nine years by \$1,015,609 and resulted in net present value savings of \$237,197. This advance refunding was undertaken to reduce the interest rate.

During 2007, Utilities issued \$75,000,000 Variable Rate Demand Utilities System Improvement Revenue Bonds, Series 2007A, \$87,275,000 Variable Rate Demand Utilities System Improvement and Refunding Revenue Bonds, Series 2007B, and \$24,415,000 Utilities System Refunding Revenue Bonds, Series 2007C, to refund the outstanding Utilities System Refunding and Revenue Bonds, Series 1997A, and finance a variety of capital improvements to the system. The reacquisition price exceeded the net carrying amount of the old debt by \$3,851,683. For the 2007B bonds, the net difference is being amortized over the life of the refunded debt, which is the same life as the new debt issued. For the 2007C bonds, the net difference is being amortized over the life of the new bonds which is four years shorter than the refunded debt. At the time of the 2007B issue, an interest rate swaption was exercised by UBS AG. In January 2005, Utilities received \$5,178,000 from UBS as payment for the option on the

swap. This amount was deposited in the Financial Risk Mitigation Fund. This advance refunding and swap transaction was undertaken to reduce total debt service payments over the next 19 years by \$6,090,554 and resulted in net present value savings of \$6,492,128.

In April 2007, the Airport issued \$3,725,000 and \$8,500,000 in Airport System Refunding Revenue Bonds, Series 2007A and 2007B, for the current refunding of outstanding Airport System Revenue Bonds, Series 1996A and 1996B. The reacquisition price exceeded the net carrying amount of the old debt by \$211,363. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. The advance refunding was undertaken to reduce annual debt service payments over the next 16 years and resulted in net present value savings of \$727,008.

During 2006, the City approved an ordinance authorizing a loan to the Colorado Springs Urban Renewal Authority in the amount of \$266,000 to support 2006 operations. The loan is for a two year term, and accrues interest at 5.43%. As of December 31, 2007, all \$266,000 has been drawn on this loan.

During 2006, Airport entered into a note with US Bank N.A. to fund improvements to a parcel of land in the Airport's Business Park. The improvements consist of infrastructure development, including utility lines, roads, and general grading in order to prepare the property for development. The loan is collateralized by real property. The loan amount is not to exceed \$3,047,514, and the amount outstanding at December 31, 2007, is \$2,177,442. Loan payments will be made with funds derived from an additional surcharge collected from the tenant.

During 2005, the City approved a resolution authorizing the Colorado Springs Urban Renewal Authority to use 100% of the annual sales tax increments generated within the North Nevada Avenue corridor Urban Renewal area. The dedication of these sales tax increments shall be for a period not to exceed 23 years and will total \$79.1 million. The increment will be utilized to support a bond issue that will fund needed infrastructure improvements and administrative expenses within the renewal area. As of December 31, 2007, no increments have been provided.

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

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

1. Summary of Long-term Debt

The following table summarizes significant facts about the long-term debt outstanding at December 31, 2007:

Debt Types	Date Issued	Original Issue Amount	Outstanding Principal Amount	Future Aggregate Interest Requirements	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
Governmental Activities*						
General Obligation Bonds						
General Series 2004	January, 2004	\$17,115,000	\$5,785,000	\$261,600	3.000%	2004 - 2009
Cottonwood GID Series 1998	November, 1998	9,525,000	5,315,000	1,117,133	3.100 - 4.550	1999 - 2015
Spring Creek GID Series 2005	August, 2005	2,695,000	2,590,000	1,192,390	5.900	2007 - 2020
Briargate GID Series 2004	January, 2004	8,800,000	8,800,000	4,056,500	7.000	2012 - 2015
Sales Tax Revenue Bonds						
Series 1999	June, 1999	87,975,000	40,425,000	8,603,084	4.400 - 5.000	1999 - 2015
Series 2007	November, 2007	10,405,000	10,405,000	4,236,747	4.000 - 5.000	2009 - 2016
Certificates of Participation						
Hillside Recreation Center Series 1997	May, 1997	1,615,000	475,000	42,790	5.200 - 5.300	1997 - 2009
Skyview Softball Complex Series 1999	September, 1999	4,205,000	3,095,000	1,210,969	4.850 - 6.800	2001 - 2019
Old City Hall Project Series 2000	July, 2000	7,265,000	5,680,000	2,372,012	5.000 - 5.500	2002 - 2020
Red Rock Canyon Series 2003	November, 2003	15,070,000	11,745,000	3,042,395	2.650 - 4.500	2004 - 2018
Special Assessments Obligations						
Woodmen Valley	November, 1995	1,730,254	283,939	40,647	7.000	1995 - 2010
Carmel ID	August, 1999	191,214	4,929	603	8.370	1999 - 2010
Uintah Street ID	September, 1999	14,416	1,426	175	8.550	1999 - 2010
15th & Spring	March, 2000	23,006	2,370	366	9.160	2000 - 2011
Broadmoor West	January, 2000	34,930	5,021	775	9.080	2000 - 2011
Tejon Street ID	October, 2007	71,900	65,908	28,428	6.000	2007 - 2019
Total Governmental Activities		\$166,735,720	\$94,678,593	\$26,206,614		
Business-type Activities **						
Revenue Bonds - Utilities						
Series 1998A	October, 1998	\$94,965,000	\$35,340,000	\$25,655,306	4.625 - 5.000%	2002 - 2027
Series 1999A	September, 1999	65,500,000	63,465,000	68,938,249	4.125 - 5.750	2002 - 2028
Series 2000A	November, 2000	110,000,000	110,000,000	81,090,625	3.370	2029
Series 2000B	November, 2000	15,000,000	11,830,000	7,081,875	7.500	2001 - 2020
Series 2001A	August, 2001	300,790,000	231,390,000	117,935,430	3.250 - 5.375	2001 - 2029
Series 2002A	August, 2002	74,695,000	74,695,000	43,570,838	5.250 - 5.375	2009 - 2020
Series 2002B	December, 2002	110,000,000	109,215,000	96,792,140	4.000 - 5.000	2006 - 2030
Series 2002C	December, 2002	27,055,000	27,055,000	27,858,318	5.170	2027
Series 2003A	November, 2003	113,310,000	104,760,000	48,386,035	2.000 - 5.000	2004 - 2033
Series 2003B	November, 2003	45,000,000	45,000,000	51,938,331	3.000 - 5.000	2009 - 2043
Series 2004A	August, 2004	117,450,000	117,450,000	55,048,372	4.112	2010 - 2023
Series 2004B	September, 2004	107,115,000	107,115,000	88,248,063	4.500 - 5.500	2008 - 2034
Series 2004C	September, 2004	15,695,000	15,695,000	17,721,655	4.000 - 5.000	2008 - 2044
Series 2005A	September, 2005	100,000,000	100,000,000	86,714,362	4.710	2010 - 2035
Series 2005B	October, 2005	19,240,000	19,240,000	15,767,803	3.500 - 5.000	2009-2035
Series 2005C	October, 2005	16,050,000	16,050,000	19,650,591	3.750 - 5.125	2012 - 2045
Series 2006A	August, 2006	60,625,000	60,625,000	45,152,609	4.481	2015 - 2025
Series 2006B	September, 2006	75,000,000	75,000,000	60,549,157	4.119	2011 - 2036
Series 2007A	September, 2007	75,000,000	75,000,000	45,253,463	3.198	2008 - 2037
Series 2007B	October, 2007	87,275,000	87,275,000	77,130,186	5.125	2023 - 2026
Series 2007C	October, 2007	24,415,000	24,415,000	8,851,712	4.000 - 5.000	2008 - 2022
Revenue Bonds - Airport						
Series 1992C	September, 1992	6,582,687	4,620,426	404,574	6.800 - 7.200	2002 - 2011
Series 2002	December, 2002	43,005,000	38,170,000	16,926,924	3.000 - 5.000	2003 - 2021
Series 2007A	May, 2007	3,725,000	3,580,000	1,126,050	4.500 - 4.000	2007 - 2021
Series 2007B	May, 2007	8,500,000	8,365,000	3,796,125	4.500 - 4.000	2007 - 2023

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

The following table summarizes significant facts about the long-term debt outstanding at December 31, 2007:

Debt Types	Date Issued	Original Issue Amount	Outstanding Principal Amount	Future Aggregate Interest Requirements	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
Business-type Activities **						
Continued						
Revenue Bonds - MHS						
Series 2000	August, 2000	\$59,825,000	\$30,175,000	\$39,781,589	6.375%	2025 - 2030
Series 2002	July, 2002	112,360,000	103,355,000	63,751,656	3.205	2003 - 2032
Series 2004A	June, 2004	50,600,000	46,625,000	16,482,650	3.050	2024 - 2033
Series 2004B	June, 2004	24,975,000	23,025,000	8,277,300	3.100	2024 - 2033
Series 2004C	June, 2004	33,000,000	32,650,000	22,830,945	3.150	2024 - 2033
Series 2004D	June, 2004	68,000,000	66,600,000	38,361,504	3.100	2024 - 2033
Revenue Bonds - Parking System						
Series 1999	March, 1999	9,300,000	6,040,000	1,780,207	3.000 - 4.750	1999 - 2018
Series 2006	February, 2006	7,665,000	7,665,000	5,119,807	3.375 - 4.500	2009 - 2027
Notes Payable						
Airport	June, 2006	3,047,514	2,177,442	4,075,793	8.500	2006 - 2036
Airport	November, 2007	3,500,000	3,500,000	432,406	3.000	2008 - 2014
Wastewater Facility - Utilities	May, 1998	22,204,270	16,778,575	4,946,525	4.060	1998 - 2019
Water Pollution Control - Pikes Peak	July, 2003	1,000,000	821,314	239,972	4.000	2004 - 2020
Total Business-type Activities		\$2,111,469,471	\$1,904,762,757	\$1,317,669,147		
Component Units ***						
Special Assessment Revenue Bonds						
Briargate Center BID - Series 2006	2006	\$7,360,000	\$7,015,000	\$4,077,565	4.500%	2006 - 2027
Limited Tax General Obligation Bonds						
Briargate Center BID - Series 2002	2002	2,895,000	2,860,000	3,735,804	7.450	2003 - 2032
First & Main North BID - Series 2005	2005	1,927,000	1,927,000	-	0.000	N/A
Barnes & Powers North BID	2007	4,000,000	4,000,000	5,131,750	6.500	2009 - 2036
Barnes & Powers South BID	2007	835,000	835,000	659,425	6.500	2009 - 2026
Revenue Bonds						
Fountain Valley Authority	2006	9,540,000	8,775,000	2,583,669	4.000 - 4.500	2006 - 2019
Notes Payable and Lines of Credit						
Urban Renewal Authority	July, 1990	1,250,000	846,988	-	0.000	N/A
Urban Renewal Authority	April, 2006	266,000	266,000	14,359	5.430	2008
Downtown Development Authority	2007	200,000	200,000	-	0.000	N/A
Barnes & Powers North BID	2006	31,253	31,253	-	0.000	N/A
Barnes & Powers South BID	2006	29,000	29,000	-	0.000	N/A
First & Main BID	2006	28,831	28,831	-	0.000	N/A
First & Main North BID	2006	11,000	11,000	-	0.000	N/A
Interquest North BID	2006	24,000	24,000	-	0.000	N/A
Interquest South BID	2006	20,000	20,000	-	0.000	N/A
Powers & Woodment Commercial BID	2006	18,000	18,000	-	0.000	N/A
Fountain Valley Authority	2003	3,221,861	2,661,538	853,855	3.030	2004 - 2024
Fountain Valley Authority	2000	7,607,966	5,426,431	1,806,622	3.400	2001 - 2020
The Lake Henry Reservoir Company	2003	147,701	126,657	73,344	4.250	2006 - 2030
The Lake Meredith Reservoir Company	2003	1,471,500	1,389,599	908,020	4.000	2005 - 2034
The Lake Meredith Reservoir Company	2003	500,000	105,952	9,003	6.000	2004 - 2009
Total Component Units		\$41,384,112	\$36,597,249	\$19,853,416		

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

**Exclusive of capital leases and other liabilities

***Exclusive of capital leases and deferred losses

2. Changes in Long-term Liabilities

The City has issued and has long-term debt in various instruments. The following is a summary of transactions of the long-term liabilities, exclusive of discretely presented component units, for the year ended December 31, 2007 (in 000's):

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One year
GOVERNMENTAL ACTIVITIES					
Bonds and notes payable:					
General obligation bonds	\$25,935	\$ -	\$3,445	\$22,490	\$3,555
Sales tax revenue bonds	54,645	10,405	14,220	50,830	3,460
Certificates of participation	22,475	-	1,480	20,995	1,545
Special assessment bonds and notes	405	72	113	364	96
Capital leases	2,656	8,461	1,189	9,928	1,008
	<u>106,116</u>	<u>18,938</u>	<u>20,447</u>	<u>104,607</u>	<u>9,664</u>
Less deferred amounts:					
For issuance premium	172	953	192	933	-
On refundings	(299)	(406)	(104)	(601)	-
	<u>(127)</u>	<u>547</u>	<u>88</u>	<u>332</u>	<u>-</u>
Total bonds and notes payable	<u>105,989</u>	<u>19,485</u>	<u>20,535</u>	<u>104,939</u>	<u>9,664</u>
Other liabilities:					
Municipal solid waste landfill	558	-	222	336	-
Compensated absences	22,488	17,613	14,772	25,329	1,266
Net pension obligation	587	3,194	3,213	568	-
Net OPEB obligation	-	1,562	-	1,562	-
Developer reimbursements	3,208	-	100	3,108	-
Total other liabilities	<u>26,841</u>	<u>22,369</u>	<u>18,307</u>	<u>30,903</u>	<u>1,266</u>
Governmental activities long-term liabilities	<u>\$132,830</u>	<u>\$41,854</u>	<u>\$38,842</u>	<u>\$135,842</u>	<u>\$10,930</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and notes payable:					
Revenue bonds	\$1,833,365	\$198,915	\$150,795	\$1,881,485	\$43,388
Notes payable	19,651	5,092	1,466	23,277	1,279
Capital leases	637	-	174	463	121
	<u>1,853,653</u>	<u>204,007</u>	<u>152,435</u>	<u>1,905,225</u>	<u>44,788</u>
Less deferred amounts:					
For issuance discounts and premiums	17,658	358	744	17,272	-
On refundings	(30,152)	(5,962)	(5,005)	(31,109)	-
	<u>(12,494)</u>	<u>(5,604)</u>	<u>(4,261)</u>	<u>(13,837)</u>	<u>-</u>
Total bonds and notes payable	<u>1,841,159</u>	<u>198,403</u>	<u>148,174</u>	<u>1,891,388</u>	<u>44,788</u>
Other liabilities:					
Municipal solid waste landfill	1,686	1,060	-	2,746	-
Compensated absences	23,458	35,018	31,242	27,234	1,362
Claims and judgments	10,483	-	544	9,939	9,439
Customer deposits	1,795	1,070	866	1,999	-
Customer advances for construction	10,890	2,060	1,298	11,652	-
Other	563	1,319	404	1,478	-
Total other liabilities	<u>48,875</u>	<u>40,527</u>	<u>34,354</u>	<u>55,048</u>	<u>10,801</u>
Business-type activities long-term liabilities	<u>\$1,890,034</u>	<u>\$238,930</u>	<u>\$182,528</u>	<u>\$1,946,436</u>	<u>\$55,589</u>

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2007**

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

Component Units

The following is a summary of long-term debt transactions for component units of the City for the year ended December 31, 2007 (in 000's):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One year</u>
GOVERNMENTAL ACTIVITIES					
Limited tax general obligation bonds	\$4,802	\$4,835	\$15	\$9,622	\$25
Special assessment revenue bonds	7,360	-	345	7,015	220
Notes payable	196	565	20	741	266
Governmental activities long-term liabilities	<u>\$12,358</u>	<u>\$5,400</u>	<u>\$380</u>	<u>\$17,378</u>	<u>\$511</u>
BUSINESS-TYPE ACTIVITIES					
Revenue bonds	\$9,325	\$ -	\$550	\$8,775	\$575
Less deferred amounts:					
For issuance premium and discounts	86	-	7	79	-
On refundings	(592)	-	(46)	(546)	-
Notes payable	10,318	-	608	9,710	580
Capital leases	72,638	-	3,299	69,339	3,240
Other	31	3	-	34	34
Business-type activities long-term liabilities	<u>\$91,806</u>	<u>\$3</u>	<u>\$4,418</u>	<u>\$87,391</u>	<u>\$4,429</u>

3. Annual Debt Service Requirements of Long-term Debt

The following is a summary of scheduled maturities on general obligation bonds as of December 31, 2007 (in 000's):

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$3,555	\$1,175	\$25	\$527
2009	3,675	1,058	90	525
2010	775	936	110	520
2011	810	901	115	512
2012	2,830	863	145	504
2013-2017	10,065	1,600	845	2,366
2018-2022	780	94	1,295	1,999
2023-2027	-	-	1,710	1,484
2028-2032	-	-	2,260	907
2033-2037	-	-	1,100	183
	<u>\$22,490</u>	<u>\$6,627</u>	<u>\$7,695</u>	<u>\$9,527</u>

First & Main North BID issued \$1,927,000 in General Obligation Bonds in 2005. These bonds are to be repaid with future pledged revenues of the district and cannot be predicted with certainty. As a result, they are not listed above.

The following is a summary of scheduled maturities on revenue bonds as of December 31, 2007 (in 000's):

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$3,460	\$2,502	\$43,388	\$85,719	\$575	\$372
2009	5,535	2,315	46,150	83,794	600	346
2010	5,785	2,067	50,782	82,129	625	320
2011	6,055	1,799	55,655	79,507	655	293
2012	6,350	1,497	45,125	76,887	685	265
2013-2017	23,645	2,660	279,080	349,022	3,855	874
2018-2022	-	-	371,770	275,576	1,780	114
2023-2027	-	-	432,175	183,493	-	-
2028-2032	-	-	434,275	71,238	-	-
2033-2037	-	-	98,065	15,590	-	-
2038-2042	-	-	18,260	4,511	-	-
2043-2047	-	-	6,760	508	-	-
	<u>\$50,830</u>	<u>\$12,840</u>	<u>\$1,881,485</u>	<u>\$1,307,974</u>	<u>\$8,775</u>	<u>\$2,584</u>

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2007**

The following is a summary of scheduled maturities on certificates of participation as of December 31, 2007 (in 000's):

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$1,545	\$939
2009	1,785	882
2010	1,505	811
2011	1,565	753
2012	1,635	689
2013-2017	9,325	2,292
2018-2022	<u>3,635</u>	<u>302</u>
	<u>\$20,995</u>	<u>\$6,668</u>

The following is a summary of scheduled maturities on special assessment bonds as of December 31, 2007 (in 000's):

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$96	\$25	\$220	\$334
2009	103	18	230	324
2010	110	11	245	314
2011	7	3	250	303
2012	5	3	265	292
2013-2017	29	10	1,500	1,269
2018-2022	14	1	1,900	878
2023-2027	<u>-</u>	<u>-</u>	<u>2,405</u>	<u>364</u>
	<u>\$364</u>	<u>\$71</u>	<u>\$7,015</u>	<u>\$4,078</u>

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

The following is a summary of scheduled maturities on notes payable as of December 31, 2007 (in 000's):

<u>Year Ending December 31</u>	<u>Governmental Activities Component Units</u>		<u>Business-type Activities</u>		<u>Business-type Activities Component Units</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$266	\$14	\$1,279	\$1,054	\$580	\$342
2009	-	-	1,611	947	575	327
2010	-	-	1,630	851	543	313
2011	-	-	1,649	792	555	300
2012	-	-	1,668	737	568	291
2013-2017	-	-	9,071	2,897	3,079	1,214
2018-2022	-	-	4,800	1,165	2,574	599
2023-2027	-	-	449	694	704	178
2028-2032	-	-	690	453	372	77
2033-2037	-	-	430	105	160	10
	<u>\$266</u>	<u>\$14</u>	<u>\$23,277</u>	<u>\$9,695</u>	<u>\$9,710</u>	<u>\$3,651</u>

The governmental activities component units have a combined notes payable in the amount of \$1,321,932. These non-interest bearing 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>Term of Commitment</u>
Governmental Activities:		
Sales Tax Revenue Bonds	\$63,669,831	1999 - 2016
Business-type Activities:		
Utilities Revenue Bonds	2,599,950,120	2001 - 2045
MHS Revenue Bonds	491,915,644	2003 - 2033
Airport Revenue Bonds	76,989,099	2002 - 2023
Parking Revenue Bonds	20,605,014	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 are authorized to allow counties and municipalities to promote industry and develop trade or other economic activity by inducing profit or nonprofit enterprises to locate, expand or remain in their communities. The advantage to nonprofit entities that borrow through the City is that they borrow funds at lower interest rates because the bonds are exempt from federal and state income tax.

The City is not liable for the repayment of principal or interest on these bonds and related financial activity is not shown in the financial statements. The original issue amount of these bonds, in the aggregate, was \$316 million. There were \$5 million in PAB's issued during 2007 and no industrial revenue bonds.

L. Net Assets/Fund Balances

Fund balances of the governmental funds at December 31, 2007 include the following:

Reserves:	General Fund	Non-Major Governmental Funds	Total
	<u> </u>	<u> </u>	<u> </u>
Debt service	\$1,166,175	\$461,435	\$1,627,610
Endowments	-	10,786,913	10,786,913
Emergency reserve	<u>7,545,241</u>	<u>-</u>	<u>7,545,241</u>
Total	<u><u>\$8,711,416</u></u>	<u><u>\$11,248,348</u></u>	<u><u>\$19,959,764</u></u>

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2007**

Unreserved and designated:	General Fund	Non-Major Governmental Funds	Total
Encumbrances	\$3,562,470	\$6,544,788	\$10,107,258
Subsequent year expenditures	4,749,101	-	4,749,101
Special revenue funds	-	9,952,692	9,952,692
Capital funds	-	8,954,919	8,954,919
Total	\$8,311,571	\$25,452,399	\$33,763,970

Unreserved and undesignated:	General Fund	Non-Major Governmental Funds	Total
General fund	\$23,463,849	\$ -	\$23,463,849
Special revenue funds	-	21,245,329	21,245,329
Total	\$23,463,849	\$21,245,329	\$44,709,178

M. Interest Rate Swaps**1. Utilities Interest Rate Swaps**

Gains and losses on gas hedging instruments are recognized in Other Revenue in the period in which they occur. As of December 31, 2007, the fair value of these contracts was \$10,049,473, of which \$8,933,088 is classified as a current liability and the remainder as a long-term liability. The aggregate change in the fair value of gas hedge contracts credited to Other Revenue for the year ended December 31, 2007 was \$9,591,387.

Swap agreement related to refunding of 1994 Bonds:

In August 2003, Utilities entered into a swap agreement with JP Morgan Chase Bank (JP Morgan) which became effective on August 18, 2004 and will terminate on November 1, 2023. Pursuant to this agreement, JP Morgan will pay Utilities a variable interest rate on the notional amount of \$117,450,000 equal to the Securities Industry and Financials Markets Association Municipal Swap Index (SIFMA), and Utilities will pay JP Morgan a fixed interest rate on the same notional amount equal to 4.112% per annum. If SIFMA averages more than 7% for 180 consecutive calendar days during the term of the agreement, the agreement will terminate by its terms and no payments by either party will be due. The effective date of the agreement, August 18, 2004, was the date on which Utilities issued its Variable Rate Demand Utilities System Subordinate Lien Refunding Revenue Bonds, Series 2004A in the aggregate principal amount of \$117,450,000 to refund all of Utilities' outstanding Utilities System Improvement and Refunding Revenue Bonds, Series 1994A.

Swap agreement related to refunding of 1996 Bonds:

In August 2003, Utilities entered into a second swap transaction with JP Morgan which became effective on August 24, 2006 and will terminate on November 1, 2025. JP Morgan will pay Utilities a variable interest rate on the notional amount of \$60,625,000 equal to 68% of the 1-month London Interbank Offer Rate (LIBOR) for deposits in U.S. Dollars, and Utilities will pay JP Morgan a fixed interest rate on the same notional amount equal to 4.481% per annum. The effective date of the agreement, August 24, 2006, was the date on which Utilities issued its Variable Rate Demand Utilities System Subordinate Lien Improvement and Refunding Revenue Bonds, Series 2006A in the aggregate principal amount of \$60,625,000 refund all of Utilities' outstanding Utilities System Revenue Bonds, Series 1996A.

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

In June 2004, Utilities entered into swap agreements with Merrill Lynch Capital Services, Inc. (Merrill Lynch) and J. Aron & Company (J. Aron) as counterparties which became effective on September 15, 2005 and will terminate on November 1, 2035. The counterparties will pay Utilities a variable interest rate on the notional amount of \$100 million (\$75 million of which is attributable to Merrill Lynch's agreement with Utilities, and \$25 million of which is attributable to J. Aron's agreement with Utilities) equal to SIFMA, and Utilities will pay the counterparties a fixed interest rate on the same notional amount equal to 4.7099% per annum. The effective date of the agreement, September 15, 2005, was the date on which the Utilities issued its Variable Rate Demand Utilities System Subordinate Lien Improvement Revenue Bonds, Series

2005A in the aggregate amount of \$100 million to finance a number of general capital improvements.

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

In June 2004, Utilities entered into swap agreements with JP Morgan and Morgan Stanley Capital Group Inc. (Morgan Stanley) as counterparties which became effective on September 13, 2006 and will terminate on November 1, 2036. The counterparties will pay Utilities a variable interest rate on the notional amount of \$75 million (\$45 million of which is attributable to Morgan Stanley's agreement with Utilities, and \$30 million of which is attributable to JP Morgan's agreement with Utilities) equal to 68% of the 1-month LIBOR, and Utilities will pay the counterparties a fixed interest rate on the same notional amount equal to 4.1185% per annum. The effective date of the agreement, September 13, 2006, was the date on which the Utilities issued its Variable Rate Demand Utilities System Subordinate Lien Improvement Revenue Bonds, Series 2006B in the aggregate amount of \$75 million to finance a number of general capital improvements.

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

In June 2005, Utilities entered into swap agreements with J. Aron and Morgan Stanley as counterparties which became effective on September 13, 2007 and will terminate on November 1, 2037. The counterparties will pay Utilities a variable interest rate on the notional amount of \$75 million (\$45 million of which is attributable to J. Aron's agreement with Utilities, and \$30 million of which is attributable to Morgan Stanley's agreement with Utilities) equal to 68% of the 1-month LIBOR, and Utilities will pay the counterparties a fixed interest rate on the same notional amount equal to 3.198% per annum. The effective date of the agreement, September 13, 2007, was the date on which the Utilities issued its Variable Rate Demand Utilities System Improvement Revenue Bonds, Series 2007A in the aggregate amount of \$75 million to finance a number of general capital improvements.

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

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

On October 1, 2007 the swap became effective with termination set for November 1, 2026. UBS AG will pay Utilities a variable interest rate on the notional amount of \$87,275,200 equal to SIFMA, and Utilities will pay UBS AG a fixed interest rate on the same notional amount equal to 5.125% per annum. The effective date of the agreement, October 1, 2007, was the date on which Utilities issued revenue bonds to refund a portion of its Utilities System Improvement and Refunding Revenue Bonds, Series 1997A.

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

In September 2004, Utilities entered into a swaption agreement with UBS AG in which Utilities sold UBS AG the European option to start a swap agreement with Utilities. In January 2005, Utilities received \$7,371,000 from UBS AG as payment for the option on the swap. If the option is exercised by UBS AG, the swap agreement would become effective on October 1, 2009 and

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

Swap agreement related to a portion of Utilities' estimated 2008 bond issuance:

In August 2006, Utilities entered into a swap agreement with Merrill Lynch as counterparty which will become effective on September 12, 2008 and will terminate on November 1, 2038. The counterparty will pay Utilities a variable interest rate on the notional amount of \$50,000,000 equal to the SIFMA, and Utilities will pay the counterparty a fixed interest rate on the same notional amount equal to 4.2686% per annum. The agreement is designed to lock in the interest rate for a portion of Utilities' estimated 2008 new money bond issuance.

Swap agreement related to a portion of Utilities' estimated 2009 bond issuance:

In August 2006, Utilities entered into a swap agreement with J. Aron as counterparty which will become effective on September 10, 2009 and will terminate on November 1, 2039. The counterparty will pay Utilities a variable interest rate on the notional amount of \$50,000,000 equal to the SIFMA, and Utilities will pay the counterparty a fixed interest rate on the same notional amount equal to 4.3369% per annum. The agreement is designed to lock in the interest rate for a portion of Utilities' estimated 2009 new money bond issuance.

Swap agreement related to Utilities' estimated 2010 new money bond issuance:

In August 2007, Utilities entered into a swap agreement with Morgan Stanley as counterparty which will become effective on September 16, 2010 and will terminate on November 1, 2040. The counterparty will pay Utilities a variable interest rate on the notional amount of \$50,000,000 equal to 68% of the 1-month LIBOR, and Utilities will pay the counterparty a fixed interest rate on the same notional amount equal to 3.845% per annum. The agreement is designed to lock in the interest rate for a portion of Utilities' estimated 2010 new money bond issuance.

Swap agreement related to Utilities' estimated 2011 new money bond issuance:

In August 2007, Utilities entered into a swap agreement with Morgan Stanley as counterparty which will become effective on September 15, 2011 and will terminate on November 1, 2041. The counterparty will pay Utilities a variable interest rate on the notional amount of \$50,000,000 equal to 68% of LIBOR, and Utilities will pay the counterparty a fixed interest rate on the same notional amount equal to 3.883% per annum. The agreement is designed to lock in the interest rate for a portion of Utilities' estimated 2011 new money bond issuance.

Fair value of interest rate swaps liability for the year ended December 31, 2007 was as follows:

Current portion	\$8,933,088
Noncurrent portion	<u>74,456,659</u>
Total fair value of interest rate swaps	<u><u>\$83,389,747</u></u>

Change in fair value of interest rate swaps credited to other revenue as of December 31, 2007, was \$23,486,092.

2. MHS Interest Rate Swaps

Details of Existing Swaps

MHS completed an advanced refunding transaction in June 2004 for \$176,575,000 on its Series 1995 and Series 2000 bonds. In the refunding, MHS issued variable rate bonds (Series 2004 Bonds) which were swapped to fixed interest rates through percentage of LIBOR swaps. Under the synthetic fixed rate swaps, MHS pays a fixed interest rate and receives a varying percentage of 1-month LIBOR. When 1-month LIBOR is below 4.89%, MHS receives 56% of LIBOR + 44 basis points capped at 100% of 1-month LIBOR, and when 1-month LIBOR is above 4.89%, MHS receives 65% of 1-month LIBOR. By entering into these swaps, MHS was able to lock in a lower fixed interest rate than it could achieve through a traditional fixed rate refunding or through a SIFMA fixed payer swap.

During 2006, MHS modified its existing fixed payor rate swaps related to its Series 2004B and Series 2004D Bonds by changing the variable rate received from the enhanced 1-month LIBOR rate discussed above to 60% of the 5-year LIBOR swap rate. During 2007, MHS terminated this agreement at which time the variable rate received reverted back to the enhanced 1-month LIBOR rate.

During 2005, MHS entered into a fixed annuity basis swap agreement with respect to its Series 2002 Bonds. Under the agreement, MHS pays the SIFMA rate and receives the enhanced 1-month LIBOR rate plus a fixed annual annuity of .59%. By entering into this swap, MHS has hedged or partially offset the potential cost of rising variable interest rates on the Series 2002 Bonds.

The table below includes the details, terms and fair values of MHS's swap transactions as of December 31, 2007 (in 000's):

Counter-party	Effective Date	Notional Amount	Termination Date	Associated Auction Rate Series	Fixed Rate	Floating Rate Receipt (See Above)	Fair Values at 12/31/07
GSCM*	06/17/2004	\$46,625	12/15/2024	Series 2004A	3.798%	% of LIBOR	(\$2,359)
GSCM*	06/17/2004	23,025	12/15/2024	Series 2004B	3.904%	LIBOR Swap	(1,346)
GSCM*	06/17/2004	32,650	12/15/2030	Series 2004C	4.002%	% of LIBOR	(2,782)
GSCM*	06/17/2004	66,600	12/15/2033	Series 2004D	3.913%	LIBOR Swap	(4,542)
GSCM*	05/09/2005	<u>103,355</u>	12/15/2032	Series 2002	BMA rate	% of LIBOR + .59%	<u>1,163</u>
		<u>\$272,255</u>					<u>(\$9,866)</u>

*Goldman Sachs Capital Market

Fair Value

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

Discussion of Risks

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

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

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

Termination Risk is the risk that a counterparty may terminate a swap if the other party fails to perform under the terms of the contract. GSCM has limited rights to terminate the swap transaction with MHS. However, MHS understands that under certain credit events, the swap 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 \$600,000 per claim and maintains reinsurance covering claims in excess of \$600,000. 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 but not recorded.

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

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

For medical claims coverage the City has obtained an insurance policy for claims in excess of \$500,000. The City pays claims less than this 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, 2007.

During 2007, there were no significant reductions in insurance coverage from coverage as compared to 2006. Funding has been adequate to pay claims; settlements have not exceeded insurance coverage for the past three fiscal years.

The following is a summary of changes in outstanding reserves for MHS, Claims Reserve, Workers' Compensation, and Employee Benefits Self-Insurance funds for 2007 and 2006 (in 000's):

	<u>2007</u>	<u>2006</u>
Claims liabilities, beginning of year	\$21,234	\$20,156
Increases	78,642	74,953
Decreases	<u>(78,790)</u>	<u>(73,875)</u>
Claims liabilities, end of year	<u>\$21,086</u>	<u>\$21,234</u>

B. Donor-restricted Endowments

The City maintains six donor-restricted endowment funds as follows

	<u>Fund Balance</u>	<u>Available for Spending</u>
C.D. Smith Trust	\$901,569	\$286,107
Perkins Trust	3,105	101
Woods Trust	3,767	-
Sabine Trust	1,419	19
Cemetery Endowment	9,125,118	3,525
TOPS Maintenance Trust	751,935	103,776

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

C. Post-Retirement Health Care Benefits 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. During 2007, these benefits were provided to 2,122 retired employees at a cost of \$2,623,257. All employees hired after August 1, 1988, receive no contribution from the City for this health care plan. Retiree life insurance premiums were paid on behalf of 2,122 retirees for a total cost in 2007 of \$19,494. 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).

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 2007, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation:

Annual required contribution	\$3,595,087
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
	<hr/>
Annual OPEB cost (expense)	3,595,087
Contributions made	2,033,000
Increase in net OPEB obligation	1,562,087
Net OPEB obligation - as of January 1, 2007	-
	<hr/>
Net OPEB obligation - as of December 31, 2007	<u>\$1,562,087</u>

The following table shows the components of Utilities’ annual OPEB cost for 2007, the amount actually contributed to the plan, and changes in Utilities’ net OPEB obligation:

Annual required contribution	\$1,429,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
	<hr/>
Annual OPEB cost (expense)	1,429,000
Contributions made	1,263,062
Increase in net OPEB obligation	165,938
Net OPEB obligation - as of January 1, 2007	-
	<hr/>
Net OPEB obligation - as of December 31, 2007	<u>\$165,938</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 2007 is 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	\$3,595,087	56.5%	\$1,562,087
Utilities	1,429,000	88.4%	165,938

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, 2007. 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, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% (5.0% for Utilities) 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 (20 years) for the medical benefit. The amortization is calculated assuming a level percentage of projected payroll. The assumed salary growth rate used was 3.5%.

D. Commitments and Contingent Liabilities

1. Construction and Purchase Commitments

At December 31, 2007:

The General fund had construction contracts and commitments of approximately \$3.6 million.

The Public Safety Sales Tax fund had construction contracts and commitments of approximately \$2.5 million.

The City Funded CIP Construction fund had construction contracts and commitments of approximately \$3.4 million.

The Airport fund had construction contracts and commitments of approximately \$1.3 million.

The Stormwater fund had construction contracts and commitments of approximately \$1.8 million.

The MHS fund had commitments of approximately \$3.4 million for the purchase and construction of hospital facilities and medical equipment.

The Utilities fund had construction contracts and commitments of approximately \$24.1 million.

2. Refunded Bonds

In 2007, the City issued sales tax bonds to partially refund the original 1999 issue. As of December 31, 2007, the City remains contingently liable for the outstanding principal balance of the refunded bonds in the amount of \$8,980,000.

At various dates in prior years, the Utilities fund has placed proceeds from refunding bond issues in irrevocable refunding escrow accounts. As of December 31, 2007, Utilities remains contingently liable for the outstanding principal balance of \$97,585,000 in refunded bonds.

In 2004, MHS issued revenue bonds to refund the original 2000 issue. As of December 31, 2007, MSH remains contingently liable for the outstanding principal balance of the refunded bonds in the amount of \$29,650,000.

3. Charter Amendment

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

Based upon the City's interpretation of the amendments, FYS for the year 2007 was less than the revenue limit.

4. Litigation

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

5. Environmental Matters

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

Air Quality – Utilities' has purchased \$2,300,000 of sulfur dioxide allowances that it believes will satisfy its Clean Air Act, Title IV, Acid Rain Program allowance requirements through 2009.

Additional regulations such as the Regional Haze Rule (RHR), pending federal legislation and, at the state level, the Colorado Climate Action Plan (CCAP) may necessitate the installation of pollution controls. The costs for addressing these are currently unknown. However, the capital cost of additional pollution controls to address sulfur dioxide, nitrogen oxides, and mercury, as well as mercury emission monitors, could potentially be as high as \$160 million depending on which specific units within the plants would be controlled and for what parameters. It is assumed that the RHR would require the application of a Best Available Retrofit Technology (BART) level of control for both sulfur dioxides and nitrogen oxides for half of the coal fired generating units in the 2010-2012 time frame, while the remainder of the units would require similar controls approximately five years later. For mercury control, it is assumed that no controls will be required to comply with the Clean Air Mercury Rule (CAMR) but that mercury control will need to be added in conjunction with sulfur dioxide scrubbers. Other proposed regulations that may force the application of additional pollution controls have been reflected in this capital cost estimate. The cost of complying with proposed greenhouse gas legislation and the CCAP is currently under evaluation.

Except as described in the preceding paragraphs, it is believed that the air and water pollution facilities currently in place are sufficient for Utilities to remain in compliance with all present air and water pollution laws and regulations.

Water Quality – It is reasonably possible that after 2007, Utilities could be required to add controls for discharges from wastewater treatment plants to address selenium. Monument Creek, to which the wastewater treatment plant will discharge when constructed, is listed as impaired for selenium. Utilities believes that recent data indicates that selenium standards can be met in Monument Creek, and that it will be removed from the list of impaired waters. Utilities is continuing to participate in state-wide efforts to develop a more appropriate standard because selenium leaches from existing geologic formations throughout the state.

Compliance Order on Consent (COC) – Utilities is subject to a 2004 COC with the State of Colorado (State) to resolve sanitary sewer overflows (SSOs). The order includes requirements to evaluate and repair lines greater than ten inches in diameter and other portions of the wastewater collection system. The COC was amended in December 2005, (known as "Amendment One") to include new requirements for lines crossing creeks and a civil penalty of \$130,300 which was paid in 2006. In December 2006, Utilities entered into a second amendment to the COC (known as "Amendment Two") to resolve SSOs in 2006. Amendment Two was finalized and resolved, including the payment of a civil penalty of \$65,542, in the first quarter of 2007. Costs for systematic evaluation, assessment, repairs and rehabilitation are estimated to be \$90 million over a 12-year period which began in 2000. Enforcement for future SSOs is reasonably possible.

Notice of Violation/Cease and Desist Order (NOV/CDO) – On October 7, 2005, Utilities received a NOV/CDO from the State relating to releases of chlorinated reclaimed water. In December 2006, Utilities entered into a Compliance Order on Consent (COC) with the State to resolve these releases. The COC was finalized and resolved, including the payment of a civil penalty of \$61,462, in the first quarter of 2007. Utilities is currently awaiting closure on this matter. It is reasonably possible that there will be regulatory enforcement actions for future reclaimed water releases.

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

Drinking Water Quality – Utilities performs chemical, physical, and biological analyses of the City's entire source and finished water supplies. In 2005, Utilities completed construction of a new laboratory to meet future analytical demands in response to system capacity additions and increased regulatory requirements including the Stage 2 Disinfectants and Disinfection Byproducts Rule and the Long-Term 2 Enhanced Surface Water Treatment Rule.

Water Supply – It is reasonably possible that existing and pending environmental and land use laws and regulations may interfere with, delay or increase the costs of the delivery of water to the City. In 2008, Utilities plans to participate in voluntary site clean-up discussions related to property owned by the City. It is reasonably possible that Utilities may financially contribute to clean-up costs. Costs for compliance with laws and regulations and clean-up cannot be reasonably estimated.

E. Passenger Facility Charges

The Federal Aviation Administration (FAA) authorized the Airport to impose a Passenger Facility Charge (PFC) per qualifying passenger commencing March 1, 1993. Net receipts from these charges are restricted for use on FAA approved PFC projects. The City has been authorized to collect PFC revenues in the aggregate amount of \$56,495,293 or until May 1, 2009 whichever occurs first. PFC revenues are recognized when earned. Aggregate collections through December 31, 2007 total \$50,478,984.

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. Thereafter the rate cannot exceed \$2.50 per rental car contract day without City Council approval. Aggregate collections through December 31, 2007 totaled \$6,706,338.

G. Disclosures about Fair Value of Financial Instruments

Estimated fair values of proprietary fund financial instruments are as follows as of December 31, 2007:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Unrestricted cash and investments	\$469,408,426	\$469,408,426
Restricted cash and investments	142,425,731	142,425,731
Interest receivable	1,389,099	1,389,099
Revenue bonds (including current maturities)	1,881,485,426	1,931,872,318
Accrued interest	5,407,459	5,407,459
Customer advances for construction	11,651,840	11,651,840

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

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

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

2. Revenue bonds (including current maturities)

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

3. Accrued interest and customer advances for construction

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

H. Joint Venture – Utilities

Utilities has equity interests in Young and FRP of 5% and 50%, respectively. Young is a Colorado limited partnership organized on June 30, 1993 to develop and operate a natural gas storage system near Fort Morgan, Colorado. Young's gas storage system consists of 36 natural gas storage facility wells, a 6,000 horsepower compressor station, a gas processing plant, eleven miles of 20-inch transmission line and four miles of storage gathering line. FRP is a Colorado Limited Liability Company formed in 1999 for the purpose of developing, designing, constructing, financing, operating and maintaining a 480-megawatt natural gas-fired, combined cycle generation facility near Colorado Springs, Colorado. FRP began commercial operations in April 2003. The following table lists the amounts invested, equity in the entities' undistributed

NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2007**

net earnings (losses), and Utilities' net investment in Joint Ventures recorded on the balance sheet as of December 31, 2007:

<u>Entity</u>	<u>Amounts Invested</u>	<u>Undistributed Net Earnings (Losses)</u>	<u>Utilities Investment</u>
Young Gas Storage Company Ltd.	\$500,383	\$394,243	\$894,626
Front Range Power, LLC.	40,267,467	(2,904,016)	37,363,451
Total	<u>\$40,767,850</u>	<u>(\$2,509,773)</u>	<u>\$38,258,077</u>

There were no advances or loans outstanding to these entities as of December 31, 2007.

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

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

Utilities and FRP have entered into an agreement for Utilities to operate and maintain the FRP interconnection facilities. Under the agreement, FRP pays Utilities management fees of \$804,804 per year (subject to adjustment) in addition to cost reimbursements.

FRP and Utilities have also entered into a 20-year power purchase agreement. This agreement, signed in 2000, requires Utilities to purchase a contracted amount of the generated output of FRP, with purchases nearing FRP's capacity by 2013, on a "take or pay" basis. This requires that Utilities pay for the contracted capacity irrespective of whether it is used or not. Currently Utilities is purchasing 251 mega watts (MW) for the winter season and 299 MW for the summer season. Utilities estimates that its exposure for the capacity charges under this agreement ranges from \$30,917,000 in 2007 to approximately \$50,000,000 in 2014 (adjusted for capacity increases). Utilities also has exposure to CIG for firm gas transportation costs, which Utilities estimates will range from \$5,913,187 in 2007 to approximately \$8,000,000 in 2014 (adjusted for capacity increases).

FRP has entered into a power purchase agreement with the Public Service Company of Colorado (PSCC), under which PSCC will purchase substantially all of the remaining capacity of FRP that Utilities does not purchase through March 31, 2010.

As of December 31, 2007, FRP has total assets of \$269,482,619, long-term debt of \$211,708,075, other liabilities of \$10,047,641 and member's capital of \$74,726,903. FRP had operating revenues of \$59,878,448 and \$27,569,500 of operating expenses for 2007. Utilities has recorded its equity in FRP earnings of \$7,097,945, using the equity method, in investment income on the statement of revenues, expenses and changes in fund net assets for the year ended December 31, 2007. Separate audited financial statements for FRP can be obtained

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

Subsequent to the formation of FRP, Mesquite Colorado Holdco, LLC (Mesquite) acquired 100 percent of El Paso Corporation's stake. Mesquite was jointly owned, through intermediary LLCs, by the Ontario Teacher's Pension Plan Board and AIG Highstar, LLC, an affiliate of AIG, Inc. Subsequently, AIG Highstar, LLC's interest in Mesquite was transferred to affiliates of UBS Americas, Inc. Utilities owns equal shares of the FRP joint venture with Mesquite.

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). Prior to January 1, 2006, the LGDTF was known as the Municipal Division Trust Fund (MDTF). LGDTF provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All permanent employees, except uniformed police and fire of the City are members of the LGDTF. 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, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy: Plan members and the City are required to contribute to the 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 11% of covered salary. A portion of the City's contribution (1.02% of covered salary) is allocated for the Health Care Trust Fund (See Note V.I.1. Postemployment Healthcare Benefits). Beginning July 1, 2005, if the City rehired a PERA retiree as an employee or under any other work arrangement, it was required to report and pay employer contributions on the amounts paid for the retiree, however no member contributions are required. Beginning January 1, 2006, the City was required to pay an amortization equalization disbursement equal to 1.0% of the total payroll which is included in the contribution rate of 11.0% of covered salary. The City contributions to LGDTF for the years ending December 31, 2007, 2006, and 2005, were \$43,716,994, \$38,306,124 and \$35,539,457, respectively, equal to their required contributions for each year.

Postemployment Healthcare Benefits

Plan Description: The City contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available

annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at www.copera.org or by writing to PERA of Colorado, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy: The City is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute which is included in contribution rate of 11.0% of covered salary. 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, 2007, 2006, and 2005 were \$445,913, \$390,702 and \$362,502, respectively, equal to their 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 (\$15,000 in 2006 and \$15,500 in the 2007 calendar year). There is a catch-up provision that allows participants 50 and older who are contributing the maximum to contribute an additional \$5,000 annually to their account.

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 457 plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$15,000 in 2006, and \$15,500 in the 2007 calendar year). There is a catch-up provision that allows participants 50 or older who are contributing the maximum to contribute an additional \$5,000 annually to their account.

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. An annual employer contribution amount of \$69,225 was contributed to this account in 2007.

2. Uniformed Employees**Plan Description**

All fire and police officers of the City participate in one of five agents, multiple employers, defined benefit pension plans, depending upon their status as a police or fire officer and their hire date (Old Hire/Alternate/Statewide). The Alternate Fire and Alternate Police plans were merged into the FPPA Defined Benefit System known as the Colorado Springs New Hire Pension Plan (CSNHPP) on October 1, 2006. As a function of the merger, FPPA is the plan administrator for the CSNHPP. FPPA Board of Directors shall function as the trustee and pension board for CSNHPP and shall administer the benefits under the CSNHPP plan as well as the Statewide plan. The Old Hire plans will continue to be administered jointly by the City and FPPA. The plans are included as pension trust funds. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information. That report can be obtained by writing to: Fire and Police Pension Association, Two DTC, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111-2721 or by calling FPPA at 303-770-3772.

The FPPA performs certain administrative tasks in accordance with an agreement with the City in regards to the Old Hire plans. There are approximately 357 participating employers in the FPPA agent multiple-employer plan. Provisions of the plans are established and amended by City Council in accordance with relevant state statute. The plans provide benefits to members based upon the provisions unique to that plan. As of January 1, 2007 membership in the plans was as follows: 8 active participants and 370 retirees and beneficiaries. Disability benefits to fire and police officers and death benefits to their survivors are provided by the State of Colorado through a Death and Disability Plan administered by the FPPA. Benefits are established by state statute and are available for all fire and police officers in accordance with plan provisions.

Summary of Significant Accounting Policies

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

Funding Policy

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

Valuation and Actuarial Basis

The following methods of valuation and actuarial basis were used:

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

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

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

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

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

4) (a) The Schedule of Funding Progress in the Required Supplemental Information presents multi year 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.

Annual Pension Cost

The City's annual pension cost and net pension obligation for the plans for 2007 were as follows:

	<u>Old Hire Fire</u>	<u>Old Hire Police</u>
Annual required contribution	\$1,638,921	\$1,557,111
Interest on net pension obligation	36,074	10,872
Adjustment to annual required contribution	<u>(37,766)</u>	<u>(11,381)</u>
Annual pension cost	1,637,229	1,556,602
Contributions made	<u>(1,651,886)</u>	<u>(1,561,017)</u>
Decrease in net pension obligation	(14,657)	(4,415)
Net pension obligation - beginning of year	<u>450,925</u>	<u>135,894</u>
Net pension obligation - end of year	<u><u>\$436,268</u></u>	<u><u>\$131,479</u></u>

Other Information

Employees hired before April 1978:

<u>Old Hire Fire (closed to new employees)</u>	<u>2005</u> *	<u>2006</u>	<u>2007</u>
Annual pension cost (APC)	\$2,149,300	\$2,572,088	\$1,637,229
Percentage of APC contributed	100%	100%	101%
Net pension obligation	\$462,094	\$450,925	\$436,268

<u>Old Hire Police (closed to new employees)</u>	<u>2005</u> *	<u>2006</u>	<u>2007</u>
Annual pension cost (APC)	\$1,699,492	\$2,092,750	\$1,556,602
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$139,260	\$135,894	\$131,479

*Restated

J. Accounting Changes

The City adopted GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans* during 2007. Adoption of GASB 43 had no effect on beginning net assets or changes in net assets.

The City also adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employees for Postemployment Benefits other than Pensions* during 2007. Adoption of GASB 45 resulted in a net OPEB obligation of \$1,562,087 reflected in the government-wide financial statement for government funds and \$165,938 net OPEB obligation in Utilities fund. The adoption of GASB 45 also resulted in additional note disclosures related to postemployment benefits other than pensions.

The City also adopted GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* during 2007. Adoption of GASB 48 had no effect on beginning net assets or changes in net assets, but resulted in additional note disclosures related to revenue bonds.

The City also adopted GASB Statement No. 49, *Accounting and Financial reporting for Pollution Remediation Obligations* during 2007. Adoption of GASB 49 had no effect on beginning net assets or changes in net assets related to closure and postdisclosure care costs which were previously included in the government-wide financial statements.

The City also adopted GASB Statement No. 50, *Pension Disclosures* during 2007. Adoption of GASB 50 had no effect on beginning net assets or changes in net assets, but resulted in additional note disclosures related to pension benefits.

K. Subsequent events

As of December 31, 2007, MHS had \$168.9 million of Series 2004 bonds and \$103 million of Series 2002 bonds outstanding which bear interest at variable rates as determined by periodic auctions (auction rate bonds). Subsequent to year end, the insurer of the Series 2004 bonds was downgraded by a rating agency from AAA to AA. This downgrading along with investor uncertainty in the auction rate bond market has caused auction failures and significant increases in interest rates for auction rate bonds. As a result, MHS has incurred higher interest rates on its auction rate bonds, including a high of 12%, the maximum rate under the bond indentures. As of December 31, 2007, the interest rates on the MHS's auction rate bonds varied from 3.55% to 3.85%. As of March 12, 2008, the interest rates on the MHS's auction rate bonds varied from 6.9% to 9.95%.

MHS is considering various options to mitigate the ramifications of the increase in rates, including a potential refinancing of the auction rate bonds. Higher interest rates will likely continue to be incurred until a potential refinancing is accomplished. Furthermore, MHS may be required to terminate its Series 2004 interest rate swap agreements pursuant to a refinancing. Declining interest rates since entering into the Series 2004 swaps have resulted in the swaps having a negative fair value of approximately \$11 million as of December 31, 2007. Accordingly, any potential termination of the Series 2004 swaps pursuant to a refinancing would likely result in a significant loss to MHS.



CITY OF COLORADO SPRINGS

REQUIRED SUPPLEMENTARY INFORMATION

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

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 16**

	2005	2006	2007
<u>Old Hire Fire Pension Plan</u>			
Date of actuarial valuation	1/1/2005	1/1/2006	1/1/2007
Actuarial value of plan assets	\$90,182,979	\$97,088,773	\$103,241,532
Actuarial accrued liability (AAL)	\$114,918,800	\$112,369,267	\$113,041,110
Excess of assets over AAL (unfunded liability)	(\$24,735,821)	(\$15,280,494)	(\$9,799,578)
Funded ratio	78.5%	86.4%	91.3%
Covered payroll	\$742,723	\$467,054	\$365,666
Excess/(unfunded liability) as a percentage of covered payroll	-3330.4%	-3271.7%	-2679.9%
<u>Old Hire Police Pension Plan</u>			
Date of actuarial valuation	1/1/2005	1/1/2006	1/1/2007
Actuarial value of plan assets	\$76,028,443	\$81,724,172	\$86,540,306
Actuarial accrued liability (AAL)	\$95,855,877	\$95,598,712	\$96,730,240
Excess of assets over AAL (unfunded liability)	(\$19,827,434)	(\$13,874,540)	(\$10,189,934)
Funded ratio	79.3%	85.5%	89.5%
Covered payroll	\$836,877	\$634,873	\$620,355
Excess/(unfunded liability) as a percentage of covered payroll	-2369.2%	-2185.4%	-1642.6%

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

**CITY OF COLORADO SPRINGS
COLORADO
Exhibit 17**

	Years ended December 31,		
	2005	2006	2007
Old Hire Fire Pension Plan			
Annual required contribution (ARC)	\$2,151,072 *	\$2,573,821	\$1,638,921
Actual contributions as percentage of ARC	100%	100%	101%
Old Hire Police Pension Plan			
Annual required contribution (ARC)	\$1,700,026 *	\$2,093,272	\$1,557,111
Actual contributions as percentage of ARC	100%	100%	100%

* 2005 restated

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

	Old Hire Fire	Old Hire Police
Valuation date	1/1/2007	1/1/2007
Actuarial cost method	Entry Age	Entry Age
Amortization method	Level dollar Open	Level dollar Open
Remaining amortization period	15 Years	15 Years
Asset valuation method	3-Year Smoothed Market	3-Year Smoothed Market
Actuarial assumptions:		
Investment rate of return	8%	8%
Projected salary increases	4.75% - 13.25%	4.75% - 13.25%
Inflation rate	3.5%	3.5%
Post retirement benefit increases	3% - 4%	3% - 4%



CITY OF COLORADO SPRINGS

COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

**GENERAL FUND
BALANCE SHEET
December 31, 2007**

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

	<u>TOTAL</u>
<u>ASSETS</u>	
Cash and investments	\$47,275,560
Accounts receivable (net of allowance for uncollectibles)	3,465,413
Sales tax receivable	13,275,207
Loans receivable	1,112,988
Property taxes receivable	
Current	22,957,294
Delinquent	175,434
Due from other funds	7,575,009
Restricted investments	9,728,805
Total assets	<u><u>105,565,710</u></u>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities	
Accounts payable	5,066,836
Funds held for others	16,759,390
Accrued salaries and benefits	6,311,070
Due to other funds	3,450,764
Escrow deposits	8,257,367
Deferred revenue	
Loans	1,112,988
Property taxes	22,957,294
Unearned revenue	1,163,165
Total liabilities	<u>65,078,874</u>
Fund balance	
Reserved for	
Debt service	1,166,175
Emergency reserve	7,545,241
Unreserved	
Encumbrances	3,562,470
Designated - subsequent year expenditures	4,749,101
Undesignated	23,463,849
Total fund balance	<u>40,486,836</u>
Total liabilities and fund balance	<u><u>\$105,565,710</u></u>

**GENERAL FUND
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended December 31, 2007**

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

	<u>TOTAL</u>
Revenues	
Taxes	\$151,254,459
Licenses and permits	701,441
Intergovernmental	21,854,859
Charges for services	25,815,814
Other revenue	2,669,075
Investment earnings	2,602,591
Rental income	<u>684,717</u>
 Total revenues	 <u>205,582,956</u>
 Expenditures	
Current	
General government	45,567,187
Public safety	110,533,532
Public works	30,561,426
Health and welfare	1,134,100
Culture and recreation	19,465,531
Urban redevelopment and housing	175,177
Debt service	
Principal	4,145,771
Interest	1,120,335
Capital outlay	<u>4,726,492</u>
 Total expenditures	 217,429,551
 Deficiency of revenues over expenditures	 <u>(11,846,595)</u>
 Other financing sources (uses)	
Transfers - in	26,207,615
Transfers - out	(15,395,670)
Proceeds from issuance of bonds	10,405,000
Payment on refunding bonds	(11,161,225)
Premium on refunding bonds issued	953,410
Debt issuance costs	(256,106)
Capital lease financing	8,540,289
Sale of capital assets	<u>213,641</u>
 Total other financing sources (uses)	 <u>19,506,954</u>
 Net change in fund balance	 7,660,359
 Fund balance - January 1	 32,826,477
 Fund balance - December 31	 <u><u>\$40,486,836</u></u>



CITY OF COLORADO SPRINGS

NON-MAJOR GOVERNMENTAL FUNDS

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2007**

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
<u>ASSETS</u>				
Cash and investments	\$33,663,705	\$15,227,918	\$1,082,226	\$49,973,849
Accounts receivable (net of allowance for uncollectibles)	8,325,580	14,474	-	8,340,054
Sales tax receivable	3,479,867	-	-	3,479,867
Loans receivable	18,572,128	-	-	18,572,128
Assessments receivable	411,514	-	-	411,514
Property taxes receivable	3,073,916	-	-	3,073,916
Due from other funds	507	324,855	-	325,362
Restricted investments	-	1,374,606	9,705,289	11,079,895
Total assets	67,527,217	16,941,853	10,787,515	95,256,585
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	2,730,399	636,691	602	3,367,692
Accrued salaries and benefits	970,676	-	-	970,676
Due to other funds	3,829,923	3,854,848	-	7,684,771
Deferred revenue				
Loans	18,572,128	-	-	18,572,128
Assessments	411,514	-	-	411,514
Property taxes	3,073,916	-	-	3,073,916
Grants	3,229,812	-	-	3,229,812
Total liabilities	32,818,368	4,491,539	602	37,310,509
Fund balances				
Reserved for				
Debt service	461,435	-	-	461,435
Endowments	-	-	10,786,913	10,786,913
Unreserved				
Encumbrances	3,049,393	3,495,395	-	6,544,788
Designated - subsequent year expenditures	9,952,692	8,954,919	-	18,907,611
Undesignated	21,245,329	-	-	21,245,329
Total fund balances	34,708,849	12,450,314	10,786,913	57,946,076
Total liabilities and fund balances	\$67,527,217	\$16,941,853	\$10,787,515	\$95,256,585

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2007**

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
Revenues				
Taxes	\$39,155,009	\$ -	\$ -	\$39,155,009
Intergovernmental	38,746,470	-	-	38,746,470
Charges for services	3,243,156	-	-	3,243,156
Endowments and donations	1,227,183	-	99,192	1,326,375
Other revenue	932,589	-	-	932,589
Investment earnings	2,154,483	1,824,170	378,926	4,357,579
Rental income	13,200	-	-	13,200
Total revenues	85,472,090	1,824,170	478,118	87,774,378
Expenditures				
Current:				
General government	26,664,456	-	-	26,664,456
Public safety	5,812,162	-	-	5,812,162
Public works	11,437,152	-	-	11,437,152
Culture and recreation	2,766,577	-	70,934	2,837,511
Urban development and housing	5,495,093	-	-	5,495,093
Economic development	2,863,231	-	-	2,863,231
Economic opportunity	72,952	-	-	72,952
Miscellaneous	602,980	-	-	602,980
Debt service:				
Principal	1,161,971	3,465,000	-	4,626,971
Interest	1,349,554	2,354,134	-	3,703,688
Capital outlay	28,206,462	8,307,511	-	36,513,973
Total expenditures	86,432,590	14,126,645	70,934	100,630,169
Excess (deficiency) of revenues over expenditures	(960,500)	(12,302,475)	407,184	(12,855,791)
Other financing sources (uses)				
Transfers - in	-	13,424,006	-	13,424,006
Transfers - out	(1,502,102)	-	-	(1,502,102)
Proceeds from loan	71,900	-	-	71,900
Total other financing sources (uses)	(1,430,202)	13,424,006	-	11,993,804
Net change in fund balances	(2,390,702)	1,121,531	407,184	(861,987)
Fund balances - January 1	37,099,551	11,328,784	10,379,729	58,808,064
Fund balances - December 31	\$34,708,849	\$12,450,315	\$10,786,913	\$57,946,077



CITY OF COLORADO SPRINGS

SPECIAL REVENUE FUNDS

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

Intergovernmental Grant Funds:

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

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

Capital Improvement Funds:

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

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

Improvement and Maintenance District Funds:

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

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

Public Improvements Funds:

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

Special Assessment District Fund:

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

Other Special Revenue Funds:

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

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



CITY OF COLORADO SPRINGS

**ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2007**

	Inter- governmental Grant Funds	Capital Improvement Funds	Improvement and Maintenance District Funds	Public Improvements Funds
<u>ASSETS</u>				
Cash and investments	\$ -	\$19,869,061	\$768,910	\$7,500,434
Accounts receivable (net of allowance for uncollectibles)	7,995,742	282,601	19,258	-
Sales tax receivable	-	3,295,156	-	-
Loans receivable	18,547,952	-	-	-
Assessments receivable	-	-	-	-
Property taxes receivable	-	-	1,682,755	-
Due from other funds	507	-	-	-
Total assets	26,544,201	23,446,818	2,470,923	7,500,434
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	852,065	1,825,152	3,800	-
Accrued salaries and benefits	123,117	818,031	28,347	-
Due to other funds	3,791,255	15,591	-	-
Deferred revenue				
Loans	18,547,952	-	-	-
Assessments	-	-	-	-
Property taxes	-	-	1,682,755	-
Grants	3,229,812	-	-	-
Total liabilities	26,544,201	2,658,774	1,714,902	-
Fund balances				
Reserved for				
Debt service	-	-	-	-
Unreserved				
Encumbrances	-	2,907,541	21,727	79,267
Designated - subsequent year expenditures	-	9,444,591	-	-
Undesignated	-	8,435,912	734,294	7,421,167
Total fund balances	-	20,788,044	756,021	7,500,434
Total liabilities and fund balances	\$26,544,201	\$23,446,818	\$2,470,923	\$7,500,434

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

Other Public Improvements Funds	Special Assessment District Funds	Other Special Revenue Funds	Totals
\$451,431	\$218,080	\$4,855,789	\$33,663,705
10,004	516	17,459	8,325,580
-	-	184,711	3,479,867
-	-	24,176	18,572,128
-	411,514	-	411,514
1,391,161	-	-	3,073,916
-	-	-	507
<u>1,852,596</u>	<u>630,110</u>	<u>5,082,135</u>	<u>67,527,217</u>
-	6,757	42,625	2,730,399
-	-	1,181	970,676
-	-	23,077	3,829,923
-	-	24,176	18,572,128
-	411,514	-	411,514
1,391,161	-	-	3,073,916
-	-	-	3,229,812
<u>1,391,161</u>	<u>418,271</u>	<u>91,059</u>	<u>32,818,368</u>
461,435	-	-	461,435
-	-	40,858	3,049,393
-	-	508,101	9,952,692
-	211,839	4,442,117	21,245,329
<u>461,435</u>	<u>211,839</u>	<u>4,991,076</u>	<u>34,708,849</u>
<u>\$1,852,596</u>	<u>\$630,110</u>	<u>\$5,082,135</u>	<u>\$67,527,217</u>

**ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2007**

	Inter- governmental Grant Funds	Capital Improvement Funds	Improvement and Maintenance District Funds	Public Improvements Funds
Revenues				
Taxes	\$ -	\$32,026,530	\$1,717,070	\$ -
Intergovernmental	34,827,985	3,918,485	-	-
Charges for services	-	1,320,906	-	1,770,159
Donations	-	-	-	-
Other revenue	918,041	-	-	-
Investment earnings	34,300	1,293,084	56,955	490,670
Rental income	-	-	-	-
Total revenues	35,780,326	38,559,005	1,774,025	2,260,829
Expenditures				
Current				
General government	-	26,581,169	-	-
Public safety	5,812,162	-	-	-
Public works	6,670,347	-	2,087,889	2,678,916
Culture and recreation	1,610,832	-	-	-
Urban redevelopment and housing	5,495,093	-	-	-
Economic development	-	-	-	-
Economic opportunity	-	-	-	-
Miscellaneous	568,921	-	-	-
Debt service				
Principal	-	393,811	-	-
Interest	-	574,338	-	-
Capital outlay	15,622,971	12,511,399	-	-
Total expenditures	35,780,326	40,060,717	2,087,889	2,678,916
Excess (deficiency) of revenues over expenditures	-	(1,501,712)	(313,864)	(418,087)
Other financing sources (uses)				
Transfers - out	-	-	-	(273,986)
Proceeds from loan	-	-	-	-
Total other financing sources (uses)	-	-	-	(273,986)
Net change in fund balances	-	(1,501,712)	(313,864)	(692,073)
Fund balances - January 1	-	22,289,756	1,069,885	8,192,507
Fund balances - December 31	\$ -	\$20,788,044	\$756,021	\$7,500,434

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

Other Public Improvements Funds	Special Assessment District Fund	Other Special Revenue Funds	Totals
\$1,306,596	\$ -	\$4,104,813	\$39,155,009
-	-	-	38,746,470
-	152,091	-	3,243,156
-	-	1,227,183	1,227,183
-	-	14,548	932,589
42,972	-	236,502	2,154,483
-	-	13,200	13,200
1,349,568	152,091	5,596,246	85,472,090
-	-	83,287	26,664,456
-	-	-	5,812,162
-	-	-	11,437,152
-	-	1,155,745	2,766,577
-	-	-	5,495,093
-	-	2,863,231	2,863,231
-	-	72,952	72,952
30,477	3,582	-	602,980
655,000	113,160	-	1,161,971
742,650	32,566	-	1,349,554
-	72,092	-	28,206,462
1,428,127	221,400	4,175,215	86,432,590
(78,559)	(69,309)	1,421,031	(960,500)
-	-	(1,228,116)	(1,502,102)
-	71,900	-	71,900
-	71,900	(1,228,116)	(1,430,202)
(78,559)	2,591	192,915	(2,390,702)
539,994	209,248	4,798,161	37,099,551
\$461,435	\$211,839	\$4,991,076	\$34,708,849

INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 December 31, 2007

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit C-3

	Community Development Block Grant Fund	Home Investment Partnership Fund	Grants Fund	Total
<u>ASSETS</u>				
Accounts receivable (net of allowance for uncollectibles)	\$456,665	\$459,584	\$7,079,493	\$7,995,742
Loans receivable	7,637,752	10,798,142	112,058	18,547,952
Due from other funds	99	408	-	507
Total assets	8,094,516	11,258,134	7,191,551	26,544,201
<u>LIABILITIES</u>				
Accounts payable	164,037	200,261	487,767	852,065
Accrued salaries and benefits	41,291	-	81,826	123,117
Due to other funds	251,436	259,731	3,280,088	3,791,255
Deferred revenue				
Loans	7,637,752	10,798,142	112,058	18,547,952
Grants	-	-	3,229,812	3,229,812
Total liabilities	\$8,094,516	\$11,258,134	\$7,191,551	\$26,544,201

**INTERGOVERNMENTAL GRANT SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2007**

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

	Community Development Block Grant Fund	Home Investment Partnership Fund	Grants Fund	Total
Revenues				
Intergovernmental	\$2,445,354	\$1,809,688	\$30,572,943	\$34,827,985
Other revenue	394,834	520,649	2,558	918,041
Investment earnings	19,807	-	14,493	34,300
Total revenues	2,859,995	2,330,337	30,589,994	35,780,326
Expenditures				
Current				
Public safety	-	-	5,812,162	5,812,162
Public works	-	-	6,670,347	6,670,347
Culture and recreation	-	-	1,610,832	1,610,832
Urban redevelopment and housing	2,859,995	2,330,337	304,761	5,495,093
Miscellaneous	-	-	568,921	568,921
Capital outlay	-	-	15,622,971	15,622,971
Total expenditures	2,859,995	2,330,337	30,589,994	35,780,326
Net change in fund balances	-	-	-	-
Fund balances - January 1	-	-	-	-
Fund balances - December 31	\$ -	\$ -	\$ -	\$ -

**CAPITAL IMPROVEMENT SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2007**

	Ballfield Capital Improvements Fund	Bicycle Tax Fund	Trails/Open Space Fund	Conservation Trust Fund
<u>ASSETS</u>				
Cash and investments	\$317,664	\$352,233	\$6,748,670	\$2,800,158
Accounts receivable (net of allowance for uncollectibles)	-	7,430	-	-
Sales tax receivable	-	-	659,031	-
Total assets	317,664	359,663	7,407,701	2,800,158
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	-	-	710,060	98,540
Accrued salaries and benefits	-	-	17,275	18,271
Due to other funds	-	-	-	-
Total liabilities	-	-	727,335	116,811
Fund balances				
Unreserved				
Encumbrances	-	-	201,082	179,907
Subsequent year expenditures	-	304,532	4,412,178	1,357,900
Undesignated	317,664	55,131	2,067,106	1,145,540
Total fund balances	317,664	359,663	6,680,366	2,683,347
Total liabilities and fund balances	\$317,664	\$359,663	\$7,407,701	\$2,800,158

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

Cable Franchise Fund	Public Safety Sales Tax Fund	Total
\$320,770	\$9,329,566	\$19,869,061
275,171	-	282,601
-	2,636,125	3,295,156
595,941	11,965,691	23,446,818
<hr/>		
76,395	940,157	1,825,152
13,958	768,527	818,031
-	15,591	15,591
90,353	1,724,275	2,658,774
<hr/>		
8,650	2,517,902	2,907,541
3,761	3,366,220	9,444,591
493,177	4,357,294	8,435,912
505,588	10,241,416	20,788,044
<hr/>		
\$595,941	\$11,965,691	\$23,446,818

CAPITAL IMPROVEMENT SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2007

	Ballfield Capital Improvements Fund	Bicycle Tax Fund	Trails/Open Space Fund	Conservation Trust Fund
Revenues				
Taxes	\$ -	\$109,226	\$6,383,656	\$ -
Intergovernmental	-	-	-	3,918,485
Charges for services	107,483	-	10,000	-
Investment earnings	19,799	21,870	378,257	185,550
Total revenues	127,282	131,096	6,771,913	4,104,035
Expenditures				
General government	-	31,673	321,910	3,203,180
Debt service				
Principal	-	-	-	393,811
Interest	119,000	-	293,850	161,488
Capital outlay	-	57,219	4,134,992	423,475
Total expenditures	119,000	88,892	4,750,752	4,181,954
Net change in fund balances	8,282	42,204	2,021,161	(77,919)
Fund balances - January 1	309,382	317,459	4,659,205	2,761,266
Fund balances - December 31	\$317,664	\$359,663	\$6,680,366	\$2,683,347

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

Cable Franchise Fund	Public Safety Sales Tax Fund	Total
\$ -	\$25,533,648	\$32,026,530
-	-	3,918,485
1,098,813	104,610	1,320,906
20,621	666,987	1,293,084
1,119,434	26,305,245	38,559,005
952,155	22,072,251	26,581,169
-	-	393,811
-	-	574,338
59,275	7,836,438	12,511,399
1,011,430	29,908,689	40,060,717
108,004	(3,603,444)	(1,501,712)
397,584	13,844,860	22,289,756
\$505,588	\$10,241,416	\$20,788,044

IMPROVEMENT AND MAINTENANCE DISTRICT
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2007

	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	\$80,398	\$261,494	\$50,844	\$218,646
Accounts receivable (net of allowance for uncollectibles)	1,258	4,662	11,399	1,789
Property taxes receivable	89,117	565,815	769,835	239,347
Total assets	170,773	831,971	832,078	459,782
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	2,272	282	984	124
Accrued salaries and benefits	2,561	10,075	13,219	2,492
Deferred revenue - property taxes	89,117	565,815	769,835	239,347
Total liabilities	93,950	576,172	784,038	241,963
Fund balances				
Unreserved				
Encumbrances	7,472	10,453	-	3,802
Undesignated	69,351	245,346	48,040	214,017
Total fund balances	76,823	255,799	48,040	217,819
Total liabilities and fund balances	\$170,773	\$831,971	\$832,078	\$459,782

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
\$89,571	\$7,689	\$60,268	\$768,910
126	24	-	19,258
15,806	2,835	-	1,682,755
105,503	10,548	60,268	2,470,923
34	104	-	3,800
-	-	-	28,347
15,806	2,835	-	1,682,755
15,840	2,939	-	1,714,902
-	-	-	21,727
89,663	7,609	60,268	734,294
89,663	7,609	60,268	756,021
\$105,503	\$10,548	\$60,268	\$2,470,923

**IMPROVEMENT AND MAINTENANCE DISTRICT
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2007**

	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	\$95,379	\$591,094	\$775,867	\$227,068
Investment earnings	4,116	21,742	9,909	12,849
Total revenues	99,495	612,836	785,776	239,917
Expenditures				
Current				
Public works	127,002	719,269	841,320	335,489
Total expenditures	127,002	719,269	841,320	335,489
Net change in fund balances	(27,507)	(106,433)	(55,544)	(95,572)
Fund balances - January 1	104,330	362,232	103,584	313,391
Fund balances - December 31	\$76,823	\$255,799	\$48,040	\$217,819

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit C-8

Woodstone Improvement Maintenance District Fund	Gateway Improvement Maintenance District Fund	Platte Avenue Improvement Maintenance District Fund	Total
\$16,075	\$2,991	\$8,596	\$1,717,070
5,406	342	2,591	56,955
21,481	3,333	11,187	1,774,025
52,984	3,040	8,785	2,087,889
52,984	3,040	8,785	2,087,889
(31,503)	293	2,402	(313,864)
121,166	7,316	57,866	1,069,885
\$89,663	\$7,609	\$60,268	\$756,021

PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 December 31, 2007

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	\$2,179,988	\$4,147,086	\$949,801	\$149,453	\$74,106	\$7,500,434
Total assets	2,179,988	4,147,086	949,801	149,453	74,106	7,500,434
<u>FUND BALANCE</u>						
Fund balances						
Unreserved						
Encumbrances	79,267	-	-	-	-	79,267
Undesignated	2,100,721	4,147,086	949,801	149,453	74,106	7,421,167
Total fund balance	2,179,988	4,147,086	949,801	149,453	74,106	7,500,434
Total liabilities and fund balances	\$2,179,988	\$4,147,086	\$949,801	\$149,453	\$74,106	\$7,500,434

**PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2007**

**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	\$538,111	\$1,045,858	\$113,210	\$0	\$72,980	\$1,770,159
Investment earnings	175,560	253,216	54,430	6,338	1,126	490,670
Total revenues	713,671	1,299,074	167,640	6,338	74,106	2,260,829
Expenditures						
Current						
Public works	1,825,564	832,422	20,930	-	-	2,678,916
Total expenditures	1,825,564	832,422	20,930	-	-	2,678,916
Excess (deficiency) of revenues over expenditures	(1,111,893)	466,652	146,710	6,338	74,106	(418,087)
Other financing uses						
Transfers - out	-	(273,986)	-	-	-	(273,986)
Net change in fund balances	(1,111,893)	192,666	146,710	6,338	74,106	(692,073)
Fund balances - January 1	3,291,881	3,954,420	803,091	143,115	-	8,192,507
Fund balances - December 31	\$2,179,988	\$4,147,086	\$949,801	\$149,453	\$74,106	\$7,500,434

OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 December 31, 2007

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	\$383,572	\$51,828	\$4,286	\$11,745	\$451,431
Accounts receivable (net of allowance for uncollectibles)	6,226	2,184	1,503	91	10,004
Property taxes receivable	750,686	268,001	347,739	24,735	1,391,161
Total assets	1,140,484	322,013	353,528	36,571	1,852,596
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Deferred revenue - property taxes	750,686	268,001	347,739	24,735	1,391,161
Total liabilities	750,686	268,001	347,739	24,735	1,391,161
Fund balances					
Reserved for debt service	389,798	54,012	5,789	11,836	461,435
Total fund balances	389,798	54,012	5,789	11,836	461,435
Total liabilities and fund balances	\$1,140,484	\$322,013	\$353,528	\$36,571	\$1,852,596

**OTHER PUBLIC IMPROVEMENTS SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2007**

**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	\$789,513	\$277,680	\$227,851	\$11,552	\$1,306,596
Investment earnings	30,483	5,734	6,400	355	42,972
Total revenues	819,996	283,414	234,251	11,907	1,349,568
Expenditures					
Current					
Miscellaneous	5,432	20,207	4,767	71	30,477
Debt service					
Principal	550,000	105,000	-	-	655,000
Interest	254,645	159,005	329,000	-	742,650
Total expenditures	810,077	284,212	333,767	71	1,428,127
Net change in fund balances	9,919	(798)	(99,516)	11,836	(78,559)
Fund balances - January 1	379,879	54,810	105,305	-	539,994
Fund balances - December 31	\$389,798	\$54,012	\$5,789	\$11,836	\$461,435

**OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2007**

	Lodgers and Auto Rental Tax Fund	Street Tree Fund	Garfield School Maintenance Fund	Economic Development Fund	Gift Trust Fund
<u>ASSETS</u>					
Cash and investments	\$3,895	\$228,236	\$22,847	\$302,301	\$3,723,650
Accounts receivable (net of allowances for uncollectibles)	-	-	1,100	-	16,359
Sales tax receivable	184,711	-	-	-	-
Loans receivable	-	-	-	24,176	-
Total assets	188,606	228,236	23,947	326,477	3,740,009
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	-	-	299	-	42,326
Accrued salaries and benefits	-	-	-	-	-
Due to other funds	20,717	-	2,360	-	-
Deferred revenue - loans	-	-	-	24,176	-
Total liabilities	20,717	-	2,659	24,176	42,326
Fund balances					
Unreserved					
Encumbrances	-	-	-	-	40,608
Designated - subsequent year expenditures	64,064	120,448	21,288	302,301	-
Undesignated	103,825	107,788	-	-	3,657,075
Total fund balances	167,889	228,236	21,288	302,301	3,697,683
Total liabilities and fund balances	\$188,606	\$228,236	\$23,947	\$326,477	\$3,740,009

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit C-13

City Manager Contract Fund	Senior Programs Fund	Therapeutic Recreation Fund	Cultural Affairs Fund	Total
\$60,622	\$492,382	\$21,250	\$606	\$4,855,789
-	-	-	-	17,459
-	-	-	-	184,711
-	-	-	-	24,176
60,622	492,382	21,250	606	5,082,135
-	-	-	-	42,625
-	1,181	-	-	1,181
-	-	-	-	23,077
-	-	-	-	24,176
-	1,181	-	-	91,059
-	250	-	-	40,858
-	-	-	-	508,101
60,622	490,951	21,250	606	4,442,117
60,622	491,201	21,250	606	4,991,076
\$60,622	\$492,382	\$21,250	\$606	\$5,082,135

OTHER SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2007

	Lodgers and Auto Rental Tax Fund	Street Tree Fund	Garfield School Maintenance Fund	Economic Development Fund	Gift Trust Fund
Revenues					
Taxes	\$4,104,813	\$ -	\$ -	\$ -	\$ -
Donations	-	-	-	-	1,204,032
Other revenue	-	-	-	14,548	-
Investment earnings	5,838	17,777	2,562	22,631	156,373
Rental income	-	-	13,200	-	-
Total revenues	4,110,651	17,777	15,762	37,179	1,360,405
Expenditures					
General government	83,287	-	-	-	-
Culture and recreation	-	117,250	-	-	990,044
Economic development	2,702,731	-	-	160,500	-
Economic opportunity	-	-	72,952	-	-
Total expenditures	2,786,018	117,250	72,952	160,500	990,044
Excess (deficiency) of revenues over expenditures	1,324,633	(99,473)	(57,190)	(123,321)	370,361
Other financing uses					
Transfers - out	(1,228,116)	-	-	-	-
Net change in fund balances	96,517	(99,473)	(57,190)	(123,321)	370,361
Fund balances - January 1	71,372	327,709	78,478	425,622	3,327,322
Fund balances - December 31	\$167,889	\$228,236	\$21,288	\$302,301	\$3,697,683

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

City Manager Contract Fund	Senior Programs Fund	Therapeutic Recreation Fund	Cultural Affairs Fund	Total
\$ -	\$ -	\$ -	\$ -	\$4,104,813
-	23,151	-	-	1,227,183
-	-	-	-	14,548
-	30,393	902	26	236,502
-	-	-	-	13,200
-	53,544	902	26	5,596,246
-	-	-	-	83,287
-	48,451	-	-	1,155,745
-	-	-	-	2,863,231
-	-	-	-	72,952
-	48,451	-	-	4,175,215
-	5,093	902	26	1,421,031
-	-	-	-	(1,228,116)
-	5,093	902	26	192,915
60,622	486,108	20,348	580	4,798,161
\$60,622	\$491,201	\$21,250	\$606	\$4,991,076

**SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES-BUDGET AND ACTUAL
For the year ended December 31, 2007**

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Community Development Block Grant	\$2,859,995	\$2,859,995	\$ -
Home Investment Partnership Fund	2,330,337	2,330,337	-
Grants Fund	30,589,994	30,589,994	-
Ballfield Capital Improvements Fund	119,000	127,282	8,282
Bicycle Tax Fund	113,000	131,096	18,096
Trails/Open Space Fund	6,699,210	6,771,913	72,703
Conservation Trust Fund	3,618,430	4,104,035	485,605
Cable Franchise Fund	1,080,000	1,119,434	39,434
Public Safety Sales Tax Fund	26,616,298	26,305,245	(311,053)
Old Colorado City Maintenance and Security District Fund	108,195	99,495	(8,700)
Norwood Special Improvement Maintenance District Fund	624,258	612,836	(11,422)
Briargate Special Improvement Maintenance District Fund	798,768	785,776	(12,992)
Stetson Hills Improvement Maintenance District Fund	244,150	239,917	(4,233)
Woodstone Improvement Maintenance District Fund	21,545	21,481	(64)
Gateway Improvement Maintenance District Fund	3,409	3,333	(76)
Platte Avenue Improvement Maintenance District Fund	11,065	11,187	122
Public Space and Development Fund	868,045	713,671	(154,374)
Subdivision Drainage Fund	2,000,000	1,299,074	(700,926)
Arterial Roadway Fund	250,000	167,640	(82,360)
Park Developer Easement Fund	-	6,338	6,338
Banning Lewis Ranch Fund	-	74,106	74,106
Cottonwood General Improvement District	787,694	819,996	32,302
Spring Creek General Improvement District	273,559	283,414	9,855
Briargate General Improvement District	199,011	234,251	35,240
MAB General Improvement District	5,140,631	11,907	(5,128,724)
Lodgers and Auto Rental Tax Fund	3,919,265	4,110,651	191,386
Street Tree Fund	12,000	17,777	5,777
Garfield School Maintenance Fund	-	15,762	15,762
Economic Development Fund	4,286	37,179	32,893
Gift Trust Fund	1,100,000	1,360,405	260,405
Senior Programs Fund	15,000	53,544	38,544
Therapeutic Recreation Fund	500	902	402
Cultural Affairs Fund	-	26	26
Special Assessment District Fund	271,030	223,991	(47,039)
Total revenues	\$90,678,675	\$85,543,990	(\$5,134,685)

(continued)

**SPECIAL REVENUE FUNDS
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL
For the year ended December 31, 2007**

	Final Budget	Actual	Variance Positive (Negative)
Expenditures			
Community Development Block Grant	\$2,859,995	\$2,859,995	\$ -
Home Investment Partnership Fund	2,330,337	2,330,337	-
Grants Fund	30,589,994	30,589,994	-
Ballfield Capital Improvements Fund	119,000	119,000	-
Bicycle Tax Fund	326,424	88,892	237,532
Trails/Open Space Fund	9,377,456	4,750,752	4,626,704
Conservation Trust Fund	5,547,052	4,181,954	1,365,098
Cable Franchise Fund	1,371,609	1,011,430	360,179
Public Safety Sales Tax Fund	37,792,174	29,908,689	7,883,485
Old Colorado City Maintenance and Security District Fund	142,195	127,002	15,193
Norwood Special Improvement Maintenance District Fund	737,706	719,269	18,437
Briargate Special Improvement Maintenance District Fund	850,767	841,320	9,447
Stetson Hills Improvement Maintenance District Fund	372,149	335,489	36,660
Woodstone Improvement Maintenance District Fund	98,546	52,984	45,562
Gateway Improvement Maintenance District Fund	7,909	3,040	4,869
Platte Avenue Improvement Maintenance District Fund	33,064	8,785	24,279
Public Space and Development Fund	2,382,770	1,825,564	557,206
Subdivision Drainage Fund	2,000,000	1,106,408	893,592
Arterial Roadway Fund	400,000	20,930	379,070
Cottonwood General Improvement District	812,145	810,077	2,068
Spring Creek General Improvement District	287,505	284,212	3,293
Briargate General Improvement District	472,161	333,767	138,394
MAB General Improvement District	4,752,475	71	4,752,404
Lodgers and Auto Rental Tax Fund	4,034,132	4,014,134	19,998
Street Tree Fund	137,698	117,250	20,448
Garfield School Maintenance Fund	79,011	72,952	6,059
Economic Development Fund	400,000	160,500	239,500
Gift Trust Fund	1,100,000	990,044	109,956
Senior Programs Fund	55,200	48,451	6,749
Therapeutic Recreation Fund	1,000	-	1,000
Special Assessment District Fund	274,530	221,400	53,130
Total expenditures	\$109,745,004	\$87,934,692	\$21,810,312

Note: Includes transfers.



CITY OF COLORADO SPRINGS

CAPITAL PROJECTS FUNDS

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

SCIP Construction fund

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

City Funded CIP Construction fund

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

Red Rock Canyon COP fund

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

**CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
December 31, 2007**

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

	SCIP Construction Fund	City Funded CIP Construction Fund	Red Rock Canyon COP Fund	Total
<u>ASSETS</u>				
Cash and investments	\$2,520,311	\$12,508,938	\$198,669	\$15,227,918
Accounts receivable (net of allowance for uncollectibles)	2,844	11,630	-	14,474
Due from other funds	-	324,855	-	324,855
Restricted investments	-	-	1,374,606	1,374,606
Total assets	2,523,155	12,845,423	1,573,275	16,941,853
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	81,057	539,634	16,000	636,691
Due to other funds	-	3,854,848	-	3,854,848
Total liabilities	81,057	4,394,482	16,000	4,491,539
Fund balances				
Reserved for Encumbrances	71,997	3,423,398	-	3,495,395
Unreserved Designated - subsequent year expenditures	2,370,101	5,027,543	1,557,275	8,954,919
Total fund balances	2,442,098	8,450,941	1,557,275	12,450,314
Total liabilities and fund balances	\$2,523,155	\$12,845,423	\$1,573,275	\$16,941,853

CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2007

CITY OF COLORADO SPRINGS
COLORADO
Exhibit D-2

	SCIP Construction Fund	City Funded CIP Construction Fund	Red Rock Canyon COP Fund	Total
Revenues				
Investment earnings	\$232,535	\$1,526,271	\$65,363	\$1,824,169
Total revenues	<u>232,535</u>	<u>1,526,271</u>	<u>65,363</u>	<u>1,824,169</u>
Expenditures				
Debt Service:				
Principal payment	-	3,465,000	-	3,465,000
Interest and other charges	350,000	2,004,134	-	2,354,134
Capital outlay	283,579	8,023,364	568	8,307,511
Total expenditures	<u>633,579</u>	<u>13,492,498</u>	<u>568</u>	<u>14,126,645</u>
Excess (deficiency) of revenues over expenditures	<u>(401,044)</u>	<u>(11,966,227)</u>	<u>64,795</u>	<u>(12,302,476)</u>
Other financing sources				
Transfers - in	-	13,424,006	-	13,424,006
Total other financing sources	<u>-</u>	<u>13,424,006</u>	<u>-</u>	<u>13,424,006</u>
Net change in fund balances	<u>(401,044)</u>	<u>1,457,779</u>	<u>64,795</u>	<u>1,121,530</u>
Fund balances - January 1	<u>2,843,142</u>	<u>6,993,162</u>	<u>1,492,480</u>	<u>11,328,784</u>
Fund balances - December 31	<u><u>\$2,442,098</u></u>	<u><u>\$8,450,941</u></u>	<u><u>\$1,557,275</u></u>	<u><u>\$12,450,314</u></u>



CITY OF COLORADO SPRINGS

PERMANENT FUNDS

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

Cemetery Endowment fund

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

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

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

PERMANENT FUNDS
 COMBINING BALANCE SHEET
 December 31, 2007

	C.D. Smith Trust Fund	Perkins Trust Fund	Woods Trust Fund	Sabine Trust Fund
<u>ASSETS</u>				
Cash and investments	\$318,475	\$3,105	\$3,767	\$1,419
Restricted investments	583,696	-	-	-
Total assets	902,171	3,105	3,767	1,419
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	602	-	-	-
Total liabilities	602	-	-	-
Fund balances				
Reserved for endowments	901,569	3,105	3,767	1,419
Total fund balances	901,569	3,105	3,767	1,419
Total liabilities and fund balances	\$902,171	\$3,105	\$3,767	\$1,419

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

Cemetery Endowment Fund	TOPS Maintenance Trust Fund	Total
\$3,525	\$751,935	\$1,082,226
9,121,593	-	9,705,289
<u>9,125,118</u>	<u>751,935</u>	<u>10,787,515</u>
-	-	602
-	-	602
<u>9,125,118</u>	<u>751,935</u>	<u>10,786,913</u>
<u>9,125,118</u>	<u>751,935</u>	<u>10,786,913</u>
<u>\$9,125,118</u>	<u>\$751,935</u>	<u>\$10,787,515</u>

**PERMANENT FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 For the year ended December 31, 2007**

	C.D. Smith Trust Fund	Perkins Trust Fund	Woods Trust Fund
Revenues			
Endowments	\$ -	\$ -	\$ -
Investment earnings	7,682	134	163
Total revenues	7,682	134	163
Expenditures			
Current			
Culture and recreation	59,168	109	95
Total expenditures	59,168	109	95
Excess (deficiency) of revenues over expenditures	(51,486)	25	68
Fund balances - January 1	953,055	3,080	3,699
Fund balances - December 31	\$901,569	\$3,105	\$3,767

CITY OF COLORADO SPRINGS
 COLORADO
 Exhibit E-2

Sabine Trust Fund	Cemetery Endowment Fund	TOPS Maintenance Trust Fund	Total
\$ -	\$99,192	\$ -	\$99,192
63	338,556	32,328	378,926
63	437,748	32,328	478,118
62	-	11,500	70,934
62	-	11,500	70,934
1	437,748	20,828	407,184
1,418	8,687,370	731,107	10,379,729
\$1,419	\$9,125,118	\$751,935	\$10,786,913

PERMANENT FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL
For the year ended December 31, 2007

CITY OF COLORADO SPRINGS
COLORADO
Exhibit E-3

	Budget	Actual	Variance Positive (Negative)
Revenues			
C.D. Smith Trust Fund	\$85,600	\$7,682	(\$77,918)
Perkins Trust Fund	100	133	33
Woods Trust Fund	100	163	63
Sabine Trust Fund	50	63	13
Cemetery Endowment Fund	250,000	437,748	187,748
TOPS Maintenance Trust Fund	11,500	32,328	20,828
Total revenues	\$347,350	\$478,117	\$130,767
Expenditures			
C.D. Smith Trust Fund	\$85,600	\$59,168	\$26,432
Perkins Trust Fund	100	109	(9)
Woods Trust Fund	100	95	5
Sabine Trust Fund	50	62	(12)
Cemetery Endowment Fund	250,000	-	250,000
TOPS Maintenance Trust Fund	11,500	11,500	-
Total expenditures	\$347,350	\$70,934	\$276,416

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, 2007**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
ASSETS				
Current assets				
Cash and investments	\$939,103	\$424,780	\$1,325,844	\$793,475
Accounts receivable (net of allowance for uncollectibles)	7,038	2,998	25,771	11,817
Inventories	-	-	69,047	-
Due from other funds	-	-	1,904	-
Total current assets	946,141	427,778	1,422,566	805,292
Noncurrent assets				
Capital assets:				
Land	60,000	931,200	667	537,000
Buildings	1,856,999	282,508	4,527,446	2,553,590
Improvements other than buildings	1,740,724	1,510,289	5,002,471	553,006
Machinery and equipment	1,789,635	809,653	1,974,950	-
Construction in progress	-	-	-	-
Less accumulated depreciation	(3,481,689)	(1,828,147)	(5,722,923)	(1,489,071)
Total noncurrent assets	1,965,669	1,705,503	5,782,611	2,154,525
Total assets	\$2,911,810	\$2,133,281	\$7,205,177	\$2,959,817

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$328,788	\$1,225,455	\$8,725,114	\$13,762,559
192,615	-	3,266,548	3,506,787
-	-	-	69,047
-	-	396,305	398,209
521,403	1,225,455	12,387,967	17,736,602
81,379	-	-	1,610,246
514,720	58,792	-	9,794,055
1,649,014	80,289	-	10,535,793
478,372	107,519	474,825	5,634,954
-	-	1,173,441	1,173,441
(1,197,170)	(97,132)	(19,395)	(13,835,527)
1,526,315	149,468	1,628,871	14,912,962
\$2,047,718	\$1,374,923	\$14,016,838	\$32,649,564

(continued)

**NON-MAJOR ENTERPRISE FUNDS
COMBINING BALANCE SHEET
December 31, 2007**

	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	\$7,680	\$14,888	\$77,559	\$708
Accrued salaries and benefits	23,898	11,508	54,980	2,802
Compensated absences	3,535	1,488	8,790	49
Due to other funds	2,663	4,700	6,730	-
Deferred revenue	18,200	5,120	-	-
Notes payable	-	-	49,273	-
Capital lease payable	-	61,157	33,845	-
Total current liabilities	55,976	98,861	231,177	3,559
Noncurrent liabilities				
Compensated absences	67,159	28,270	167,011	925
Due to other funds	-	-	-	-
Notes payable	-	-	772,041	-
Capital lease payable	-	130,561	211,819	-
Total noncurrent liabilities	67,159	158,831	1,150,871	925
Total liabilities	123,135	257,692	1,382,048	4,484
Net assets				
Invested in capital assets, net of related debt	1,965,669	1,513,785	4,715,634	2,154,525
Restricted for debt service	-	-	266,000	-
Unrestricted	823,006	361,804	841,495	800,808
Total net assets	2,788,675	1,875,589	5,823,129	2,955,333
Total liabilities and net assets	\$2,911,810	\$2,133,281	\$7,205,177	\$2,959,817

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$8,028	\$2,056	\$184,719	\$295,638
30,552	58,168	108,867	290,775
8,856	7,481	16,592	46,791
1,745	-	499,653	515,491
-	-	665,008	688,328
-	-	-	49,273
-	-	-	95,002
49,181	67,705	1,474,839	1,981,298
168,262	142,143	315,245	889,015
-	-	1,271,198	1,271,198
-	-	-	772,041
-	-	-	342,380
168,262	142,143	1,586,443	3,274,634
217,443	209,848	3,061,282	5,255,932
1,526,315	149,468	1,628,870	13,654,266
-	-	-	266,000
303,960	1,015,607	9,326,686	13,473,366
1,830,275	1,165,075	10,955,556	27,393,632
\$2,047,718	\$1,374,923	\$14,016,838	\$32,649,564

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the year ended December 31, 2007**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
Operating revenues				
Charges for services	\$2,074,211	\$1,240,901	\$2,640,604	\$325,495
Operating expenses				
Salaries and benefits	675,460	328,413	1,422,284	89,391
Other operating expenses	1,112,349	789,465	709,801	141,399
Depreciation	242,597	108,050	409,716	89,540
Total operating expenses	2,030,406	1,225,928	2,541,801	320,330
Operating income (loss)	43,805	14,973	98,803	5,165
Nonoperating revenues (expenses)				
Investment earnings	54,026	25,835	56,565	44,841
Interest expense	-	(11,088)	(65,710)	-
Gain (loss) on disposal of capital assets	-	(3,904)	2,596	-
Total nonoperating revenues (expenses)	54,026	10,843	(6,549)	44,841
Income (loss) before contributions and transfers	97,831	25,816	92,254	50,006
Capital contributions	-	-	-	-
Transfers - in	-	-	780,000	-
Change in net assets	97,831	25,816	872,254	50,006
Total net assets - January 1	2,690,844	1,849,773	4,950,875	2,905,327
Total net assets - December 31	\$2,788,675	\$1,875,589	\$5,823,129	\$2,955,333

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$1,112,286	\$2,067,842	\$15,090,117	\$24,551,456
734,785	1,375,867	2,605,321	7,231,521
601,343	479,428	1,650,513	5,484,298
88,112	21,393	19,395	978,803
1,424,240	1,876,688	4,275,229	13,694,622
(311,954)	191,154	10,814,888	10,856,834
170,731	67,029	343,785	762,812
-	-	(128,041)	(204,839)
133,247	-	-	131,939
303,978	67,029	215,744	689,912
(7,976)	258,183	11,030,632	11,546,746
-	-	896,639	896,639
-	-	-	780,000
(7,976)	258,183	11,927,271	13,223,385
1,838,251	906,892	(971,715)	14,170,247
<u>\$1,830,275</u>	<u>\$1,165,075</u>	<u>\$10,955,556</u>	<u>\$27,393,632</u>

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2007**

	Patty Jewett Golf Fund	Valley Hi Golf Fund	Pikes Peak Highway Fund	Human Services Complex Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$2,077,164	\$1,235,824	\$2,647,448	\$250,239
Receipts from interfund services provided	-	-	-	71,748
Payments to suppliers	(752,022)	(499,363)	(419,244)	(95,570)
Payments to employees	(662,396)	(319,969)	(1,420,508)	(97,347)
Payments for interfund services used	(376,120)	(296,929)	(277,281)	(51,978)
Net cash provided (used) by operating activities	286,626	119,563	530,415	77,092
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayment of advance from other funds	-	(9,100)	-	-
Transfers in from other funds	-	-	780,000	-
Net cash provided (used) by noncapital financing activities	-	(9,100)	780,000	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(244,926)	(38,019)	(934,794)	-
Capital contributions	-	-	-	-
Payments from accounts payable incurred for capital asset additions	-	(2,350)	-	-
Principal paid on capital debt	-	-	(47,359)	-
Interest paid on capital debt	-	-	(34,278)	-
Repayment of capital lease obligations	-	(58,563)	(53,123)	-
Interest paid - other	-	(11,088)	(31,432)	-
Proceeds from sale of capital assets	-	3,161	3,577	-
Net cash provided (used) by capital and related financing activities	(244,926)	(106,859)	(1,097,409)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	509,110	243,611	589,500	390,682
Purchases of investments	(573,271)	(259,305)	(809,357)	(484,373)
Interest and dividends received	37,339	18,158	34,263	31,126
Net cash provided (used) by investing activities	(26,822)	2,464	(185,594)	(62,565)
Net increase in cash and cash equivalents	14,878	6,068	27,412	14,527
Cash and cash equivalents - January 1	40,187	18,839	50,330	31,999
Cash and cash equivalents - December 31	55,065	24,907	77,742	46,526
Cash and cash equivalents	55,065	24,907	77,742	46,526
Investments	884,038	399,873	1,248,102	746,949
Total cash and investments	\$939,103	\$424,780	\$1,325,844	\$793,475

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
\$1,118,929	\$1,962,873	\$12,945,182	\$22,237,659
-	108,747	-	180,495
(348,991)	(270,513)	(1,143,011)	(3,528,714)
(718,744)	(1,370,314)	(2,170,753)	(6,760,031)
(255,177)	(208,387)	(678,114)	(2,143,986)
(203,983)	222,406	8,953,304	9,985,423
-	-	-	(9,100)
-	-	-	780,000
-	-	-	770,900
(29,523)	-	(1,640,671)	(2,887,933)
-	-	440,034	440,034
-	(875)	-	(3,225)
-	-	(451,756)	(499,115)
-	-	(128,041)	(162,319)
-	-	-	(111,686)
-	-	-	(42,520)
192,709	-	-	199,447
163,186	(875)	(1,780,434)	(3,067,317)
85,517	506,972	-	2,325,392
(200,706)	(748,075)	(6,969,528)	(10,044,615)
165,790	46,784	250,679	584,139
50,601	(194,319)	(6,718,849)	(7,135,084)
9,804	27,212	454,021	553,922
9,475	44,643	57,583	253,056
19,279	71,855	511,604	806,978
19,279	71,855	511,604	806,978
309,509	1,153,600	8,213,510	12,955,581
\$328,788	\$1,225,455	\$8,725,114	\$13,762,559

(continued)

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2007**

	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)	\$43,805	\$14,973	\$98,803	\$5,165
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	242,597	108,050	409,716	89,540
(Increase) decrease in accounts receivable	1,378	(957)	6,135	(3,508)
Decrease in inventories	-	-	17,233	-
(Increase) decrease in due from other funds	-	-	709	-
Increase (decrease) in accounts and other payables	(2,438)	(610)	(10,687)	354
Increase (decrease) in accrued expenses	13,064	8,443	1,776	(7,956)
Increase (decrease) in due to other funds	(13,355)	(6,216)	6,730	(6,503)
Increase (decrease) in other liabilities	1,575	(4,120)	-	-
Net cash provided (used) by operating activities	\$286,626	\$119,563	\$530,415	\$77,092
Noncash investing, capital and financing activities				
Noncash acquisition of capital assets				
(incurrence of payable/capital lease obligation)	\$ -	\$5,656	\$67,606	\$ -
Increase in fair value of investments	16,686	7,677	22,302	13,715

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

Cemetery Fund	Development Review Fund	Stormwater Fund	Total
(\$311,954)	\$191,154	\$10,814,888	\$10,856,834
88,112	21,393	19,395	978,803
6,644	3,776	(2,809,943)	(2,796,475)
-	-	-	17,233
-	-	(396,305)	(395,596)
(734)	529	134,727	121,141
16,041	5,554	432,928	469,850
(2,092)	-	92,606	71,170
-	-	665,008	662,463
<u>(\$203,983)</u>	<u>\$222,406</u>	<u>\$8,953,304</u>	<u>\$9,985,423</u>

\$	-	\$	-	\$7,594	\$80,856
4,941	20,245	93,106	178,672		



CITY OF COLORADO SPRINGS

NON-MAJOR PROPRIETARY FUNDS

INTERNAL SERVICE FUNDS

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

Support Services fund

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

Claims Reserve Self-Insurance fund

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

**INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
December 31, 2007**

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers Compensation Self-Insurance Fund
<u>ASSETS</u>			
Current assets			
Cash and investments	\$1,675,358	\$1,703,870	\$2,343,982
Accounts receivable (net of allowance for uncollectibles)	208,457	-	-
Inventories	1,141,145	-	-
Due from other funds	735,840	-	58,890
Total current assets	3,760,800	1,703,870	2,402,872
Noncurrent assets			
Capital assets			
Land	13,000	-	-
Buildings	380,967	-	6,850
Improvements other than buildings	396,917	-	-
Machinery and equipment	5,133,322	-	21,850
Construction in progress	72,913	-	-
Less accumulated depreciation	(5,027,121)	-	(26,970)
Total noncurrent assets	969,998	-	1,730
Total assets	4,730,798	1,703,870	2,404,602
<u>LIABILITIES AND NET ASSETS</u>			
Current liabilities			
Accounts payable	482,544	1,128,233	6,508,678
Accrued salaries and benefits	622,512	-	30,664
Compensated absences	97,005	-	3,156
Deferred revenue	60,502	-	-
Due to other funds	53,652	-	50,397
Capital lease payable	47,181	-	-
Total current liabilities	1,363,396	1,128,233	6,592,895
Noncurrent liabilities			
Compensated absences	1,843,091	-	59,967
Capital lease obligations	26,227	-	-
Total noncurrent liabilities	1,869,318	-	59,967
Total liabilities	3,232,714	1,128,233	6,652,862
Net assets (deficit)			
Invested in capital assets, net of related debt	896,590	-	1,730
Unrestricted	601,494	575,637	(4,249,990)
Total net assets (deficit)	1,498,084	575,637	(4,248,260)
Total liabilities and net assets	\$4,730,798	\$1,703,870	\$2,404,602

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

Employee Benefits Self-Insurance Fund	Total
\$5,123,523	\$10,846,733
260	208,717
-	1,141,145
-	794,730
<u>5,123,783</u>	<u>12,991,325</u>
-	13,000
-	387,817
-	396,917
-	5,155,172
-	72,913
-	(5,054,091)
-	<u>971,728</u>
<u>5,123,783</u>	<u>13,963,053</u>
2,553,082	10,672,537
5,255	658,431
247	100,408
-	60,502
452	104,501
-	47,181
<u>2,559,036</u>	<u>11,643,560</u>
4,703	1,907,761
-	26,227
<u>4,703</u>	<u>1,933,988</u>
<u>2,563,739</u>	<u>13,577,548</u>
-	898,320
<u>2,560,044</u>	<u>(512,815)</u>
<u>2,560,044</u>	<u>385,505</u>
<u>\$5,123,783</u>	<u>\$13,963,053</u>

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the year ended December 31, 2007

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers Compensation Self-Insurance Fund
Operating revenues			
Charges for services	\$29,223,904	\$588,004	\$5,497,573
Operating expenses			
Salaries and benefits	13,268,429	-	769,623
Other operating expenses	17,180,703	831,842	5,140,450
Depreciation	293,985	-	5,375
Total operating expenses	30,743,117	831,842	5,915,448
Operating loss	(1,519,213)	(243,838)	(417,875)
Nonoperating revenues (expenses)			
Investment earnings	48,692	105,844	147,076
Interest expense	(18,779)	-	-
Equity payment	-	-	-
Loss on disposal of fixed assets	(1,901)	-	(5,005)
Total nonoperating revenues (expenses)	28,012	105,844	142,071
Loss before contributions and transfers	(1,491,201)	(137,994)	(275,804)
Transfers - in	2,245,650	-	-
Change in net assets	754,449	(137,994)	(275,804)
Total net assets (deficit) - January 1	743,635	713,631	(3,972,456)
Total net assets (deficit) - December 31	\$1,498,084	\$575,637	(\$4,248,260)

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

Employee Benefits Self-Insurance Fund	Total
\$22,282,510	\$57,591,991
116,327	14,154,379
22,321,635	45,474,630
-	299,360
22,437,962	59,928,369
(155,452)	(2,336,378)
391,845	693,457
-	(18,779)
(3,537,653)	(3,537,653)
-	(6,906)
(3,145,808)	(2,869,881)
(3,301,260)	(5,206,259)
-	2,245,650
(3,301,260)	(2,960,609)
5,861,304	3,346,114
\$2,560,044	\$385,505

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2007

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers Compensation Self-Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$1,520,464	\$ -	\$167,008
Receipts from interfund services provided	28,138,012	588,004	5,385,325
Payments to suppliers	(14,442,556)	(690,813)	(4,421,432)
Payments to employees	(12,585,775)	-	(749,303)
Payments for interfund services used	(3,090,617)	(33,875)	(714,410)
Net cash used by operating activities	(460,472)	(136,684)	(332,812)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Equity payment	-	-	-
Transfer in from other City funds	2,245,650	-	-
Net cash provided (used) by noncapital financing activities	2,245,650	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(45,211)	-	-
Payments from accounts payable incurred for capital asset additions	(58,608)	-	-
Repayment of capital lease obligations	(44,748)	-	-
Interest paid - other	(18,779)	-	-
Net cash used by capital and related financing activities	(167,346)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	-	1,120,395	1,679,129
Purchases of investments	(1,552,916)	(1,040,122)	(1,430,877)
Interest and dividends received	32,899	73,659	101,460
Net cash provided (used) by investing activities	(1,520,017)	153,932	349,712
Net increase (decrease) in cash and cash equivalents	97,815	17,248	16,900
Cash and cash equivalents - January 1	421	82,659	120,541
Cash and cash equivalents - December 31	98,236	99,907	137,441
Cash and cash equivalents	98,236	99,907	137,441
Investments	1,577,122	1,603,963	2,206,541
Total cash and investments	\$1,675,358	\$1,703,870	\$2,343,982

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

Employee Benefits Self-Insurance Fund	Total
\$4,030,748	\$5,718,220
18,251,633	52,362,974
(18,578,230)	(38,133,031)
(109,970)	(13,445,048)
(5,528,642)	(9,367,544)
(1,934,461)	(2,864,429)
(3,537,653)	(3,537,653)
-	2,245,650
(3,537,653)	(1,292,003)
-	(45,211)
-	(58,608)
-	(44,748)
-	(18,779)
-	(167,346)
8,165,502	10,965,026
(3,127,637)	(7,151,552)
248,461	456,479
5,286,326	4,269,953
(185,788)	(53,825)
486,210	689,831
300,422	636,006
300,422	636,006
4,823,101	10,210,727
\$5,123,523	\$10,846,733

(continued)

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2007

	Support Services Fund	Claims Reserve Self-Insurance Fund	Workers Compensation Self-Insurance Fund
Reconciliation of operating loss to net cash used by operating activities			
Operating loss	(\$1,519,213)	(\$243,838)	(\$417,875)
Adjustments to reconcile operating loss to net cash used by operating activities			
Depreciation expense	293,985	-	5,375
(Increase) decrease in accounts receivable	27,430	-	47,363
Increase in inventories	(91,163)	-	-
Decrease in due from other funds	346,640	-	7,397
Increase (decrease) in accounts and other payables	(265,797)	139,251	(18,913)
Increase in accrued expenses	682,654	-	20,320
Increase in deferred revenue	60,502	-	-
Increase (decrease) in due to other funds	4,490	(32,097)	23,521
Net cash used by operating activities	(\$460,472)	(\$136,684)	(\$332,812)
Noncash investing, capital and financing activities			
Noncash acquisition of capital assets			
(incurrence of payable/capital lease obligation)	\$20,354	\$ -	-
Increase in fair value of investments	15,792	32,186	45,616

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

Employee Benefits Self-Insurance Fund	Total
(\$155,452)	(\$2,336,378)
-	299,360
(129)	74,664
-	60,502
-	(91,163)
-	354,037
(1,754,311)	(1,899,770)
6,357	709,331
(30,926)	(35,012)
<u>(\$1,934,461)</u>	<u>(\$2,864,429)</u>

\$	-	\$20,354
	143,384	236,978



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, 2007**

**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>\$111,132,748</u>	<u>\$93,329,625</u>	<u>\$204,462,373</u>
Net assets - held in trust for pension benefits	<u>\$111,132,748</u>	<u>\$93,329,625</u>	<u>\$204,462,373</u>

FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
For the year ended December 31, 2007

CITY OF COLORADO SPRINGS
COLORADO
Exhibit H-2

	Old Hire Fire Pension Trust Fund	Old Hire Police Pension Trust Fund	Totals
Additions			
City contributions	\$1,527,235	\$1,639,274	\$3,166,509
Participant contributions	28,253	23,955	52,208
Total contributions	1,555,488	1,663,229	3,218,717
Investment earnings:			
Interest and dividend income	4,608,711	3,872,122	8,480,833
Rental income	262,894	220,872	483,766
Net increase in fair value of investments	5,539,653	4,658,546	10,198,199
Total investment gain	10,411,258	8,751,540	19,162,798
Less investment expenses	774,044	650,350	1,424,394
Net investment gain	9,637,214	8,101,190	17,738,404
Total additions	11,192,702	9,764,419	20,957,121
Deductions			
Benefits	(7,937,366)	(6,862,007)	(14,799,373)
Administrative expenses	(7,000)	(7,000)	(14,000)
Total deductions	(7,944,366)	(6,869,007)	(14,813,373)
Change in net assets	3,248,336	2,895,412	6,143,748
Net assets held in trust for pension benefits - January 1	107,884,412	90,434,213	198,318,625
Net assets held in trust for pension benefits - December 31	\$111,132,748	\$93,329,625	\$204,462,373

Miscellaneous
Depository
Fund

ASSETS

Accounts receivable (net of allowance for uncollectibles)	<u>\$776,911</u>
Total assets	<u><u>776,911</u></u>

LIABILITIES

Due to component unit	<u>776,911</u>
Total liabilities	<u><u>\$776,911</u></u>

**AGENCY FUND
STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES
For the year ended December 31, 2007**

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

	Beginning balance	Debits	Credits	Ending balance
<u>ASSETS</u>				
Miscellaneous depository fund				
Cash and investments	\$3,075,129	\$215,142,664	\$218,217,793	\$ -
Accounts receivable (net of allowance for uncollectibles)	126,830	674,046	23,965	776,911
Total assets	3,201,959	215,816,710	218,241,758	776,911

<u>LIABILITIES</u>				
Miscellaneous depository fund				
Accounts payable	2,729,727	126,569,110	123,839,383	-
Due to component unit	472,232	472,232	776,911	776,911
Total liabilities	\$3,201,959	\$127,041,342	\$124,616,294	\$776,911



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 20 provide sales and use tax revenue collection costs and required refunds, landfill closure and postclosure costs, and annual statement of receipts and expenditures for roads, bridges and streets.



CITY OF COLORADO SPRINGS

**CITY OF COLORADO SPRINGS
COLORADO
Table 1**

**NET ASSETS BY COMPONENT
Last six fiscal years**

	Fiscal Year					
	2007	2006	2005	2004	2003	2002
Governmental activities						
Invested in capital assets, net of related debt	\$943,951,873	\$792,111,419	\$737,918,070	\$473,414,958	\$217,276,297	\$173,534,935
Restricted	19,959,764	19,626,343	18,110,760	20,007,713	16,172,145	15,262,852
Unrestricted	73,002,127	69,855,088	76,136,180	137,298,420	91,064,529	106,662,267
Total governmental activities net assets	\$1,036,913,764	\$881,592,850	\$832,165,010	\$630,721,091	\$324,512,971	\$295,460,054
Business-type activities						
Invested in capital assets, net of related debt	\$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	66,201,848	57,715,492	64,247,486	62,682,812	76,149,594	74,583,999
Unrestricted	491,602,189	464,250,952	620,409,743	501,642,567	396,257,068	399,709,416
Total business-type activities net assets	\$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	\$2,271,266,430	\$2,074,315,044	\$1,874,102,586	\$1,544,337,663	\$1,313,569,616	\$1,242,393,392
Restricted	86,161,612	77,341,835	82,358,246	82,690,525	92,321,739	89,846,851
Unrestricted	564,604,316	534,106,040	696,545,923	638,940,987	487,321,597	506,371,683
Total primary government net assets	\$2,922,032,358	\$2,685,762,919	\$2,653,006,755	\$2,265,969,175	\$1,893,212,952	\$1,838,611,926

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

CHANGES IN NET ASSETS
Last six fiscal years

	Fiscal Year					
	2007	2006	2005	2004	2003	2002
Expenses						
Governmental activities:						
General government	\$79,497,564	\$72,426,781	\$66,069,123	\$57,537,266	\$41,823,969	\$41,437,932
Public safety	126,767,912	127,123,546	116,674,354	107,890,403	59,741,269	101,744,389
Public works	79,445,004	70,720,058	71,137,000	69,387,263	66,599,122	48,661,328
Health and welfare	1,146,634	1,061,100	896,675	1,025,059	964,844	900,745
Culture and recreation	25,899,084	23,336,913	27,454,595	20,254,797	51,066,216	20,958,219
Urban redevelopment and housing	4,917,290	6,505,047	5,615,284	8,274,058	10,446,365	10,830,340
Economic development	2,894,876	2,862,511	2,577,708	2,356,907	2,384,770	2,877,692
Economic opportunities	73,758	24,045	12,163	10,578	12,536	16,241
Interest on long-term debt	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	325,400,548	310,605,256	297,422,298	273,290,510	239,103,125	234,279,261
Business-type activities:						
Utilities	737,871,365	794,957,734	567,771,779	621,608,610	552,190,622	458,822,295
MHS	500,198,000	412,148,000	374,257,000	339,519,000	320,294,000	302,379,000
Airport	26,044,121	45,455,853	24,707,950	24,293,095	22,644,913	25,269,898
Parking	3,064,208	2,517,840	2,483,200	2,176,488	2,134,017	2,964,608
Other	14,015,113	10,457,158	9,178,016	7,856,321	7,436,249	8,195,943
Total business-type activities expenses	1,281,192,807	1,265,536,585	978,397,945	995,453,514	904,699,801	797,631,744
Total primary government expenses	\$1,606,593,355	\$1,576,141,841	\$1,275,820,243	\$1,268,744,024	\$1,143,802,926	\$1,031,911,005
Program Revenues						
Governmental activities:						
Charges for services:						
General government	\$20,396,377	\$20,650,157	\$21,090,902	\$19,743,456	\$16,576,340	\$14,175,886
Public safety	3,733,389	4,639,941	3,665,390	3,463,338	2,950,931	2,802,961
Public works	7,876,596	10,389,741	10,337,995	11,055,412	12,156,539	10,603,871
Culture and recreation	3,298,029	3,287,652	3,181,267	2,771,570	3,029,537	2,990,651
Urban redevelopment and housing	1,121,879	2,800,362	791,692	2,035,112	1,734,672	1,064,089
Economic development	27,748	120,061	36,278	77,746	124,299	-
Economic opportunities	-	-	-	-	-	180,853
Operating grants and contributions	22,917,770	13,806,989	60,461,831	14,940,239	15,345,556	19,778,433
Capital grants and contributions	198,295,183	93,664,188	34,263,627	52,223,578	48,325,604	70,969,201
Total governmental activities program revenues	\$257,666,971	\$149,359,091	\$133,828,982	\$106,310,451	\$100,243,478	\$122,565,945

(continued)

CHANGES IN NET ASSETS
Last six fiscal years

	Fiscal Year					
	2007	2006	2005	2004	2003	2002
Business-type activities:						
Charges for services:						
Utilities	\$721,355,652	\$678,530,612	\$671,846,586	\$590,990,827	\$519,269,460	\$485,658,771
MHS	507,694,000	425,091,000	397,956,000	365,445,000	350,867,000	305,642,000
Airport	25,532,810	25,411,477	24,714,030	26,945,053	22,941,627	22,763,619
Parking	3,504,273	3,200,612	2,785,403	2,775,362	2,688,034	2,601,750
Other	24,683,395	8,732,533	8,528,184	7,433,408	7,450,748	7,401,488
Operating grants and contributions	-	-	-	-	-	171,140
Capital grants and contributions	64,979,269	91,230,189	57,521,098	64,671,742	39,233,969	49,370,710
Total business-type activities program revenues	1,347,749,399	1,232,196,423	1,163,351,301	1,058,261,392	942,450,838	873,609,478
Total primary government program revenues	\$1,605,416,370	\$1,381,555,514	\$1,297,180,283	\$1,164,571,843	\$1,042,694,316	\$996,175,423
Net (expense)/revenue						
Governmental activities	(\$67,733,577)	(\$161,246,165)	(\$163,593,316)	(\$166,980,059)	(\$138,859,647)	(\$111,713,316)
Business-type activities	66,556,592	(33,340,162)	184,953,356	62,807,878	37,751,037	75,977,734
Total primary government net (expense) revenue	(\$1,176,985)	(\$194,586,327)	\$21,360,040	(\$104,172,181)	(\$101,108,610)	(\$35,735,582)
General revenues and other changes in net assets						
Governmental activities:						
Taxes						
Property taxes	\$22,696,117	\$21,906,181	\$20,485,055	\$19,782,761	\$20,443,870	\$21,010,517
Sales taxes	163,816,420	158,461,159	153,812,340	149,466,682	138,347,621	136,939,555
Specific ownership taxes	3,179,212	3,094,339	3,146,062	3,119,592	3,141,358	3,143,447
Occupational liquor taxes	259,320	256,852	253,228	246,664	242,462	232,070
Admissions tax	313,008	440,766	405,455	371,828	362,858	387,840
Bicycle excise tax	109,226	111,463	122,757	118,425	101,100	105,096
Investment earnings	7,515,253	6,637,647	3,657,449	2,857,160	4,230,670	4,433,102
Gain on sale of capital assets	87,244	51,479	16,576	-	-	-
Contributions to endowments	99,192	90,505	83,980	86,892	73,705	-
Transfers	24,979,499	24,558,860	24,359,629	22,389,858	22,223,619	24,136,998
Total governmental activities	223,054,491	215,609,251	206,342,531	198,439,862	189,167,263	190,388,625
Business-type activities:						
Investment earnings	39,371,432	35,910,334	24,999,934	26,130,083	10,020,691	4,126,218
Transfers	(24,979,499)	(24,558,860)	(24,359,629)	(22,389,858)	(22,223,619)	(24,136,998)
Total business-type activities	14,391,933	11,351,474	640,305	3,740,225	(12,202,928)	(20,010,780)
Total primary government	\$237,446,424	\$226,960,725	\$206,982,836	\$202,180,087	\$176,964,335	\$170,377,845
Change in net assets						
Governmental activities	\$155,320,914	\$54,363,086	\$42,749,215	\$31,459,803	\$50,307,616	\$78,675,309
Business-type activities	80,948,525	(21,988,688)	185,593,661	66,548,103	25,548,109	55,966,954
Total primary government	\$236,269,439	\$32,374,398	\$228,342,876	\$98,007,906	\$75,855,725	\$134,642,263

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 3**

**FUND BALANCES OF GOVERNMENTAL FUNDS
Last six fiscal years**

	Fiscal Year					
	2007	2006	2005	2004	2003	2002
General fund						
Reserved	\$8,711,416	\$8,706,621	\$7,590,511	\$10,935,884	\$10,985,168	\$9,937,071
Unreserved	31,775,420	24,119,856	31,626,013	33,310,291	29,966,862	29,018,235
Total general fund	\$40,486,836	\$32,826,477	\$39,216,524	\$44,246,175	\$40,952,030	\$38,955,306
All other governmental funds						
Reserved	\$11,248,348	\$10,919,723	\$10,520,249	\$20,116,568	\$19,540,784	\$20,526,292
Unreserved, reported in:						
Special revenue funds	34,247,414	36,559,557	32,027,399	26,413,825	26,014,189	25,479,321
Capital projects funds	12,450,314	11,328,784	14,262,602	8,825,087	15,552,243	24,872,625
Total all other governmental funds	\$57,946,076	\$58,808,064	\$56,810,250	\$55,355,480	\$61,107,216	\$70,878,238

Note: The City has included data available since implementation of GASB Statement 34 in fiscal year 2002.

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 4**

	Fiscal Year					
	2007	2006	2005	2004	2003	2002
Revenues						
Taxes	\$190,409,468	\$184,419,011	\$178,378,079	\$173,436,945	\$162,876,843	\$162,611,439
Licenses and permits	701,441	980,916	667,337	642,912	620,800	557,105
Intergovernmental	60,601,329	54,367,954	43,158,722	40,183,425	43,689,688	50,916,128
Charges for services	29,058,970	33,375,567	32,821,512	31,856,403	29,909,498	24,894,425
Endowments and donations	1,326,375	2,636,147	3,634,011	1,489,187	1,103,146	855,244
Other revenue	3,601,664	2,321,482	2,725,085	3,011,634	5,055,993	2,503,010
Investment earnings	6,960,170	5,572,923	3,111,062	2,581,807	3,711,689	3,938,252
Rental income	697,917	746,082	660,478	343,776	282,034	242,122
Total revenues	293,357,334	284,420,082	265,156,286	253,546,089	247,249,691	246,517,725
Expenditures						
General government	72,231,643	66,991,217	57,177,292	51,961,932	37,678,420	34,103,423
Public safety	116,345,694	119,126,698	110,140,218	101,792,209	99,908,503	96,634,706
Public works	41,998,578	40,554,899	38,190,123	36,948,686	42,067,993	43,585,425
Health and welfare	1,134,100	1,061,100	896,675	1,025,059	964,844	909,016
Culture and recreation	22,303,042	20,390,415	20,104,499	17,434,214	18,350,978	18,699,141
Urban redevelopment and housing	5,670,270	6,840,243	5,787,915	8,157,828	10,118,217	10,846,771
Economic development	2,863,231	2,830,396	2,557,373	2,377,006	2,390,999	2,903,944
Economic opportunities	72,952	23,775	12,067	10,668	12,569	16,601
Miscellaneous	602,980	514,049	660,481	744,467	538,577	337,194
Debt service						
Principal	8,772,742	10,904,822	13,769,724	11,292,768	11,116,285	9,473,619
Interest	4,824,023	6,127,357	6,381,097	6,122,759	5,785,070	6,500,970
Capital outlay	41,240,465	33,440,043	42,296,100	50,576,149	67,229,786	63,392,665
Total expenditures	318,059,720	308,805,014	297,973,564	288,443,745	296,162,241	287,403,475
Deficiency of revenues over expenditures	(24,702,386)	(24,384,932)	(32,817,278)	(34,897,656)	(48,912,550)	(40,885,750)
Other financing sources (uses)						
Transfers - in	39,631,621	42,599,569	45,172,685	37,353,535	29,808,563	38,160,185
Transfers - out	(16,897,772)	(18,040,709)	(20,490,444)	(14,701,582)	(7,541,718)	(13,415,328)
Proceeds from issuance of bond	10,476,900	-	2,695,000	25,915,000	15,070,000	-
Payment on refunding bonds	(11,161,225)	-	-	(17,398,900)	-	-
Premium on refunding bonds issued	953,410	-	-	430,447	-	-
Debt issuance costs	(256,106)	-	-	-	-	-
Capital lease financing	8,540,289	-	1,218,293	561,191	3,276,269	1,085,603
Sale of capital assets	213,641	369,085	646,863	280,374	525,138	323,972
Total other financing sources (uses)	31,500,758	24,927,945	29,242,397	32,440,065	41,138,252	26,154,432
Net change in fund balances	\$6,798,372	\$543,013	(\$3,574,881)	(\$2,457,591)	(\$7,774,298)	(\$14,731,318)
Debt service as a percentage of noncapital expenditures	4.7%	6.1%	7.5%	6.8%	7.3%	7.1%

Note: The City has included data available since implementation of GASB Statement 34 in fiscal year 2002.

SALES AND USE TAX REVENUE
Last ten fiscal years

CITY OF COLORADO SPRINGS
COLORADO
Table 5

Fiscal Year	City Sales and Use Tax	Public Safety Sales and Use Tax	Trails, Open Space and Parks Sales and Use Tax	Total Direct Tax Rate
1998	\$93,966,591	\$ -	\$4,698,337	2.10%
1999	100,806,260	-	5,040,312	2.10%
2000	112,231,520	-	5,611,576	2.10%
2001	113,001,375	-	5,650,068	2.10%
2002	108,328,494	20,812,079	5,416,424	2.50%
2003	106,150,250	21,041,083	5,307,512	2.50%
2004	116,471,513	23,000,535	5,823,575	2.50%
2005	118,648,568	23,660,221	5,932,430	2.50%
2006	122,626,114	24,478,592	6,131,306	2.50%
2007	125,661,571	25,131,496	6,283,079	2.50%

Source: City Sales Tax Division

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

**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	
1998	2.00%	-	0.10%	2.10%	1.00%	-	3.10%
1999	2.00%	-	0.10%	2.10%	1.00%	-	3.10%
2000	2.00%	-	0.10%	2.10%	1.00%	-	3.10%
2001	2.00%	-	0.10%	2.10%	1.00%	-	3.10%
2002	2.00%	0.40% ¹	0.10%	2.10%	1.00%	-	3.10%
2003	2.00%	0.40%	0.10%	2.50%	1.00%	-	3.50%
2004	2.00%	0.40%	0.10%	2.50%	1.00%	-	3.50%
2005	2.00%	0.40%	0.10%	2.50%	1.00%	1.00% ²	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%

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

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

²In November 2004, voters in El Paso County, Colorado Springs, Manitou Springs, and Green Mountain Falls approved the new Pikes Peak Regional Transportation Authority 1% sales and use tax. The new tax was effective as of January 1, 2005.

**PRINCIPAL SALES AND USE
TAXPAYERS BY INDUSTRY**
Current year and two years ago

**CITY OF COLORADO SPRINGS
COLORADO**
Table 7

Industry	Fiscal Year 2007			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 non-retail	\$22,775,459	1	14.23%	\$21,236,850	3	11.94%
Department and discount stores	19,669,041	2	12.29%	24,284,180	1	13.66%
Miscellaneous retail	19,603,990	3	12.25%	20,810,428	4	11.70%
Restaurants	17,897,348	4	11.18%	19,963,444	5	11.23%
Auto Dealers	17,723,328	5	11.07%	16,478,012	-	9.27%
Building Materials	16,385,578	-	10.24%	21,899,790	2	12.32%
	<u>\$114,054,744</u>		<u>71.26%</u>	<u>\$124,672,704</u>		<u>70.12%</u>

Source: City Sales Tax Division

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

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

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

**CITY OF COLORADO SPRINGS
COLORADO**
Table 8

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Sales Tax Revenue	Certificates of Participation	Special Assessment Bonds & Notes	Capital Leases	Revenue Bonds	Notes Payable	Capital Leases			
1998	\$42,029,624	\$ -	\$1,460,000	\$1,301,348	\$6,620,000	\$886,780,282	\$22,204,270	\$1,790,000	\$962,185,524	10.90%	\$2,823
1999	39,077,710	85,800,000	5,575,000	1,364,903	5,130,000	948,029,376	21,708,115	5,098,000	1,111,783,104	11.55%	3,165
2000	36,093,443	81,885,000	12,745,000	1,204,673	11,668,000	947,453,470	21,195,955	3,931,000	1,116,176,541	10.52%	3,114
2001	33,297,893	77,805,000	12,505,000	1,082,527	11,593,000	1,113,332,470	20,662,455	3,744,000	1,274,022,345	11.54%	3,481
2002	30,360,000	73,550,000	12,025,000	924,096	5,270,000	1,347,489,210	20,096,945	4,182,000	1,493,897,251	13.32%	4,039
2003	27,345,000	69,115,000	26,590,000	783,886	5,304,000	1,487,634,950	20,483,420	1,465,000	1,638,721,256	14.28%	4,389
2004	32,445,000	64,490,000	25,305,000	644,096	4,399,000	1,664,306,354	19,806,501	679,000	1,812,074,951	15.02%	4,806
2005	29,195,000	59,670,000	23,915,000	535,550	3,807,745	1,775,025,698	19,101,208	675,691	1,911,925,892	15.37%	5,030
2006	25,935,000	54,645,000	22,475,000	404,854	2,655,993	1,833,364,852	19,651,003	636,563	1,959,768,265	15.21%	5,092
2007	22,490,000	50,830,000	20,995,000	363,593	9,927,552	1,881,485,426	23,277,331	463,496	2,009,832,398	15.25%	5,146

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

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

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

**CITY OF COLORADO SPRINGS
COLORADO**
Table 9

Fiscal Year	General Obligation Bonds	Less: Non-City Obligations	City General Obligation Bonds	Assessed Value of Property (in '000s)	Percentage of Assessed Value of Property	Per Capita ¹
1998	\$42,029,624	\$14,225,000	\$27,804,624	\$2,889,454	0.96%	\$81.59
1999	39,077,710	12,720,000	26,357,710	3,255,179	0.81%	75.04
2000	36,093,443	12,205,000	23,888,443	3,322,468	0.72%	66.65
2001	33,297,893	11,630,000	21,667,893	3,730,306	0.58%	59.20
2002	30,360,000	11,005,000	19,355,000	3,875,111	0.50%	52.33
2003	27,345,000	10,375,000	16,970,000	3,734,731	0.45%	45.46
2004	32,445,000	18,450,000	13,995,000	3,783,803	0.37%	37.12
2005	29,195,000	17,885,000	11,310,000	4,103,863	0.28%	29.76
2006	25,935,000	17,360,000	8,575,000	4,215,419	0.20%	22.28
2007	22,490,000	16,705,000	5,785,000	4,738,226	0.12%	14.81

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

¹Population data can be found in Table 13

**DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2007**

**CITY OF COLORADO SPRINGS
COLORADO
Table 10**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
El Paso County	\$125,629,052	100.00%	\$125,629,052
Pikes Peak Library District	1,025,604	74.78%	766,947
Harrison School District #2	78,300,186	92.44%	72,380,692
Widefield School District #3	12,827,194	3.30%	423,297
Fountain/Fort Carson School District #8	16,025,000	0.02%	3,205
Colorado Springs School District #11	249,420,859	93.62%	233,507,808
Cheyenne Mountain School District #12	31,848,000	97.06%	30,911,669
Manitou School District #14	8,040,000	9.41%	756,564
Air Academy School District #20	23,966,814	82.86%	19,858,902
Ellicott School District #22	4,752,500	0.34%	16,159
Falcon School District #49	53,150,000	46.18%	24,544,670
Colorado Springs Cottonwood General Improvement District	5,315,000	100.00%	5,315,000
Colorado Springs Spring Creek General Improvement District	2,590,000	100.00%	2,590,000
Colorado Springs Briargate General Improvement District	8,800,000	100.00%	8,800,000
Briargate Center Business Improvement District	9,875,000	100.00%	9,875,000
First & Main North Business Improvement District	1,927,000	100.00%	1,927,000
Barnes & Powers North Business Improvement District	4,000,000	100.00%	4,000,000
Barnes & Powers South Business Improvement District	835,000	100.00%	835,000
Subtotal, overlapping debt			542,140,965
City direct debt			87,901,145
Total direct and overlapping debt			<u>\$630,042,110</u>

Sources: Assessed value data used to estimate applicable percentages provided by the El Paso County Assessor's office final certification letter dated November 21, 2007.
Debt outstanding data provided by each governmental unit.

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 11**

LEGAL DEBT MARGIN INFORMATION
Last ten fiscal years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit	\$288,945,375	\$325,517,916	\$332,246,757	\$373,030,578	\$387,511,106	\$373,473,130	\$378,380,271	\$410,386,307	\$421,541,959	\$473,822,587
Total net debt applicable to limit	27,804,624	26,357,710	23,888,443	21,667,893	19,355,000	16,970,000	13,995,000	11,310,000	8,575,000	5,785,000
Legal debt margin	\$261,140,751	\$299,160,206	\$308,358,314	\$351,362,685	\$368,156,106	\$356,503,130	\$364,385,271	\$399,076,307	\$412,966,959	\$468,037,587
Total net debt applicable to the limit as a percentage of debt limit	9.62%	8.10%	7.19%	5.81%	4.99%	4.54%	3.70%	2.76%	2.03%	1.22%

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed value - 2007 for 2008 taxes	\$4,738,225,870
Debt limit (10% of assessed value)	473,822,587
Debt applicable to limit: General obligation bonds	<u>5,785,000</u>
Total net debt applicable to limit	5,785,000
Legal debt margin	<u>\$468,037,587</u>

PLEGGED REVENUE COVERAGE
Last ten fiscal years

Fiscal Year	Utilities Revenue Bonds						MHS Revenue Bonds					
	Applicable Revenues	Less: Operating Expenses	Net Available		Debt Service Principal ¹	Coverage	Applicable Revenues	Less: Operating Expenses	Net Available		Debt Service Principal	Coverage
			Revenue	Interest					Revenue	Interest		
1998	\$416,531,223	\$292,415,168	\$124,116,055	\$52,916,465	\$ -	2.35	\$223,395,930	\$188,605,852	\$34,790,078	\$1,540,000	\$4,946,943	5.36
1999	403,721,143	287,512,452	116,208,691	56,788,496	-	2.05	244,183,612	215,475,788	28,707,824	1,540,000	4,946,943	4.43
2000	501,593,208	383,850,513	117,742,695	11,382,160	46,233,899	2.04	271,549,474	237,585,151	33,964,323	9,040,000	3,272,288	2.76
2001	616,750,161	429,695,488	187,054,673	4,318,500	55,170,471	3.14	313,661,744	267,639,911	46,021,833	9,040,000	3,272,288	3.74
2002	513,370,775	360,738,821	152,631,954	13,655,510	43,467,345	2.67	336,672,993	301,853,566	34,819,427	14,070,000	4,860,688	1.84
2003	545,620,366	427,414,052	118,206,314	14,233,525	48,257,013	1.89	427,373,003	356,865,392	70,507,611	14,070,000	4,860,688	3.72
2004	633,739,434	474,551,233	159,188,201	16,603,572	55,118,082	2.22	433,790,077	371,616,042	62,174,035	20,840,000	1,921,706	2.73
2005	716,218,779	516,369,158	199,849,621	17,256,540	63,524,157	2.47	435,369,989	375,481,034	59,888,955	20,840,000	1,921,706	2.63
2006	718,507,863	531,512,370	186,995,493	18,298,215	68,756,629	2.15	479,344,468	417,945,851	61,399,617	20,840,000	1,921,706	2.70
2007	763,754,405	565,046,685	198,707,720	17,905,225	73,260,972	2.18	575,864,553	514,228,163	61,636,390	20,840,000	1,921,706	2.71

Fiscal Year	Airport Revenue Bonds						Parking Revenue Bonds					
	Applicable Revenues	Less: Operating Expenses	Net Available		Debt Service Principal	Coverage	Applicable Revenues	Less: Operating Expenses	Net Available		Debt Service Principal	Coverage
			Revenue	Interest					Revenue	Interest		
1998	\$19,925,062	\$9,723,643	\$10,201,419	\$2,060,000	\$4,075,122	1.66	\$ -	\$ -	\$ -	\$ -	\$ -	-
1999	20,772,344	10,924,981	9,847,363	2,170,000	3,956,267	1.61	2,893,227	1,125,021	1,768,206	315,000	291,920	2.91
2000	21,157,418	11,092,890	10,064,528	2,305,000	3,827,798	1.64	3,190,273	970,930	2,219,343	325,000	379,776	3.15
2001	22,791,117	11,906,465	10,884,652	2,445,000	3,687,998	1.77	3,031,199	883,058	2,148,141	335,000	370,026	3.05
2002	22,621,860	12,040,291	10,581,569	2,453,334	3,600,437	1.75	2,745,084	1,231,754	1,513,330	345,000	359,138	2.15
2003	22,289,621	12,967,319	9,322,302	2,000,855	3,652,705	1.65	2,860,296	1,117,453	1,742,843	360,000	345,338	2.47
2004	22,571,575	13,039,813	9,531,762	2,169,586	3,660,099	1.64	2,831,493	1,168,642	1,662,851	375,000	330,938	2.36
2005	22,648,070	13,216,734	9,431,336	2,167,466	3,660,882	1.62	2,974,004	1,462,482	1,511,522	385,000	315,938	2.16
2006	23,602,795	13,804,532	9,798,263	2,175,370	3,659,313	1.68	3,200,612	1,224,171	1,976,441	400,000	549,684	2.08
2007	23,855,188	13,286,631	10,568,557	2,101,895	3,546,516	1.87	3,504,273	1,683,218	1,821,055	420,000	607,173	1.77

Fiscal Year	Sales and Use Tax Revenue Bonds						Special Assessment Bonds					
	Sales and Use Tax Collections	Less: Debt Service Principal	Net Available		Debt Service Interest	Coverage	Special Assessment Collections	Less: Debt Service Principal	Net Available		Debt Service Interest	Coverage
			Principal	Interest					Principal	Interest		
1998	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$176,213	\$106,638	\$91,217	\$ -	\$ -	0.89
1999	100,971,342	2,175,000	2,188,910	23.14	3,956,267	1.61	163,540	80,595	87,957	315,000	291,920	2.91
2000	111,393,526	3,915,000	3,933,446	14.19	3,827,798	1.64	272,008	164,693	101,442	325,000	379,776	3.15
2001	111,826,511	4,080,000	3,767,059	14.25	3,687,998	1.77	269,901	141,261	99,643	335,000	370,026	3.05
2002	107,735,252	4,255,000	3,593,659	13.73	3,600,437	1.75	257,317	177,544	90,974	345,000	359,138	2.47
2003	108,235,624	4,435,000	3,412,821	13.79	3,652,705	1.65	221,888	178,932	78,423	360,000	345,338	2.47
2004	117,043,184	4,625,000	3,224,334	14.91	3,660,099	1.64	193,015	156,592	65,205	375,000	330,938	2.36
2005	120,215,439	4,820,000	3,027,771	15.32	3,660,882	1.62	189,015	138,769	53,707	385,000	315,938	2.16
2006	123,813,924	5,025,000	2,822,921	15.78	3,659,313	1.68	192,999	143,432	43,155	400,000	549,684	2.08
2007	127,794,303	3,465,000	2,354,133	21.96	3,546,516	1.87	147,986	125,895	32,566	420,000	607,173	1.77

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

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

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

**CITY OF COLORADO SPRINGS
COLORADO**
Table 13

Fiscal Year	Population¹	Personal Income (in 000's)	Per Capita Personal Income²	Unemployment Rate³
1998	340,800	\$8,827,061	\$25,901	4.1%
1999	351,269	9,627,581	27,408	3.5%
2000	358,400	10,612,941	29,612	2.8%
2001	366,000	11,035,998	30,153	4.4%
2002	369,853	11,217,272	30,329	6.3%
2003	373,328	11,474,609	30,736	6.4%
2004	377,006	12,060,799	31,991	5.7%
2005	380,073	12,439,409	32,729	5.3%
2006	384,876	12,886,803	33,483	4.6%
2007	390,581	13,178,984	33,742	4.3%

Sources:

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

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

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

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

CITY OF COLORADO SPRINGS
COLORADO
Table 14

Employer	2007		1998	
	Rank	Percentage of Total County Employment	Rank	Percentage of Total County Employment
Fort Carson Army Post	1	8.70%	1	9.05%
Peterson Air Force Base	2	4.75%	2	4.99%
City of Colorado Springs ¹	3	3.72%	4	2.82%
United States Air Force Academy	4	2.65%	3	4.62%
Schriever Air Force Base ²	5	2.44%	5	1.74%
Colorado Springs School District #11	6	1.54%	7	1.47%
Academy School District #20	7	1.21%	-	-
Penrose-St. Francis Health Services	8	1.20%	8	1.02%
El Paso County	9	0.91%	10	0.89%
Lockheed Martin Corporation	10	0.85%	-	-
MCI Network Services	-	-	6	1.72%
Atmel Corporation	-	-	9	0.92%
		<u>27.97%</u>		<u>29.24%</u>

Notes:

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

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

Sources: Employer and employee information from the Colorado Springs Economic Development Corporation as well as local businesses 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 three fiscal years**

**CITY OF COLORADO SPRINGS
COLORADO
Table 15**

Function/Program	Fiscal year ended December 31		
	2007	2006	2005
General government	643	595	625
Public safety	1,236	1,244	1,244
Public works	219	236	225
Culture and recreation	180	184	174
Urban redevelopment and housing	54	64	23
Utilities	1,911	1,916	1,930
MHS	4,075	3,333	3,050
Airport	118	118	118
Parking	8	8	8
Other non-major enterprise funds	107	70	70
Total	8,551	7,768	7,467

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last ten fiscal years

Function/Program	2007	2006	2005	2004
General government				
Internal audits completed	34	55	96	61
Summons filed	58,000	67,714	70,805	72,135
Contractual transactions	4,800	3,727	5,082	4,756
Workers compensation claims	530	510	565	521
Public safety				
Emergency response time - Police	11.2	11.1	11.5	11.3
Percent of emergency incident arrival within 8 minutes	89.8	89.8	90.0	88.8
Violent and property crime rates (per 1,000 population)	47	53	56	58
Emergency incidents (per 10,000 population)	1,119	1,163	1,160	1,131
Public works				
Miles resurfaced	112	144	144	95
Fixed route transit revenue hours of service	184,619	177,169	135,808	134,736
Painted lane miles	1,400	1,350	1,313	1,300
Culture and recreation				
Museum/archive attendance	90,000	138,646	85,939	73,841
Street and park trees	123,600	122,514	118,500	118,500
Acres of parks maintained	12,895	12,884	12,562	12,562
Program participants	1,020,000	1,012,360	1,110,609	1,017,471
Urban redevelopment and housing				
Projects managed	9	9	7	5
Affordable housing developed and rehabilitated	230	332	250	282
Clients assisted	180	192	401	662
Utilities				
Total metered customers ¹	524,000	517,884	508,655	617,981
Annual natural gas moved through pipes (thousands of mcf)	24,895	22,755	22,910	23,309
Electric use (thousands of MWh)	4,827	4,548	4,593	4,558
Water use (millions of gallons)	25,680	26,410	26,975	23,816
Wastewater treatment (millions of gallons)	12,902	12,810	13,262	12,703
MHS				
Admissions	34,284	27,805	27,774	25,552
Outpatient visits	360,528	322,983	309,173	295,979
Emergency visits	113,492	101,797	98,167	93,261
Births	4,436	4,546	4,430	4,150
Airport				
Passenger boardings (in thousands)	1,005	1,017	1,031	1,035
Airline revenue per enplaned passengers	6.89	6.52	6.98	7.54
Parking				
Revenues collected per space - on-street	1,036	816	619	560
Revenues collected per space - off-street	943	879	714	693
Other				
Cemetery - burial services	700	674	704	647
Development Review - plans reviewed	13,743	13,415	15,784	17,927
Golf courses - rounds played	203,887	203,530	201,909	205,970
Pikes Peak Highway - number of visitors	257,000	256,560	257,309	241,688

Note:

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

CITY OF COLORADO SPRINGS
COLORADO
Table 16

Fiscal Year					
2003	2002	2001	2000	1999	1998
56	83	84	70	98	93
59,537	59,537	59,680	55,839	51,434	54,184
3,767	3,760	4,252	4,847	4,497	4,538
582	607	741	650	632	696
11.2	12.5	13.3	12.2	11.2	10.3
89.0	88.2	87.9	89.0	90.2	N/A
56	58	53	N/A	N/A	N/A
1,092	1,161	1,143	1,023	942	941
80	91	111	91	76	93
139,229	143,598	135,438	139,520	136,681	138,868
1,800	1,900	2,700	1,900	2,500	2,609
72,090	107,771	105,900	83,654	60,888	78,751
119,000	122,000	103,400	103,000	95,200	86,500
11,724	11,770	11,620	9,433	9,230	N/A
1,041,601	N/A	N/A	N/A	N/A	N/A
6	5	7	8	8	8
445	438	316	364	348	N/A
N/A	N/A	N/A	N/A	N/A	N/A
603,081	586,828	569,195	551,530	537,316	522,960
23,416	26,534	24,494	23,128	21,238	22,510
4,493	4,685	4,588	4,388	4,110	4,054
24,819	27,314	30,487	30,601	27,142	27,757
12,876	13,527	16,253	16,926	17,119	16,622
25,643	24,652	22,696	N/A	N/A	N/A
268,996	213,264	203,319	N/A	N/A	N/A
97,761	99,656	97,854	N/A	N/A	N/A
4,505	4,395	3,664	N/A	N/A	N/A
1,010	1,068	1,066	1,220	1,243	1,321
7.87	6.12	6.34	4.99	5.29	4.15
565	581	566	549	542	543
737	724	795	783	890	737
661	709	693	613	684	662
7,091	6,922	4,894	4,606	4,231	4,254
220,264	222,475	227,896	216,420	235,249	246,929
252,552	246,363	288,325	285,002	292,870	311,924

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 17**

Function/Program	Fiscal year		
	2007	2006	2005
Public safety			
Police			
Area commands (stations)	4	4	4
Patrol units	294	285	330
Fire			
Stations	20	20	20
Emergency units	90	73	69
Public works			
Streets (miles)	1,576	1,542	1,450
Major bridges	83	83	83
Signalized intersections	533	546	500
Transit buses	128	102	86
Culture and recreation			
Parks and open space locations	198	184	178
Sports complexes	6	6	6
Community centers	5	5	5
Utilities			
Electric distribution lines (miles)	3,432	3,319	2,892
Natural gas pipe (miles)	2,278	2,160	2,104
Water distribution lines (miles)	1,780	1,738	1,800
MHS			
Number of hospital beds	717	477	477
Health care facilities	15	15	15
Airport			
Number of runways	3	3	3
Parking			
Number of parking spaces - on-street	2,360	2,360	2,360
Number of parking spaces - off-street	2,661	2,136	2,136

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

**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
1998	\$2,575,208	\$638,490
1999	2,786,155	1,110,831
2000	3,088,355	773,330
2001	3,146,904	1,098,357
2002	3,044,827	582,183
2003	3,045,962	562,868
2004	2,170,329	590,059
2005	2,205,574	1,477,009
2006	2,282,465	797,409
2007	2,340,715	297,007

**MUNICIPAL SOLID WASTE LANDFILL
CLOSURE AND POSTCLOSURE CARE COSTS
December 31, 2007**

**CITY OF COLORADO SPRINGS
COLORADO
Table 19**

Facility	Closure Costs	Postclosure Costs	Total Cost	Percentage of Capacity Used
Hancock	\$273,248	\$63,137	\$336,385	n/a
Hanna Ranch - Gravel Pit #1	726,767	756,888	1,483,655	48.57%
Hanna Ranch - Ash Disposal	1,047,025	615,614	1,662,639	58.40%
Hanna Ranch - Solids Disposal	2,390,134	1,297,370	3,687,504	30.60%
Total Cost	\$4,437,174	\$2,733,009	\$7,170,183	

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

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

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

**CITY OF COLORADO SPRINGS
COLORADO
Table 20
(PAGE 1 OF 2)**

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

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

LOCAL HIGHWAY FINANCE REPORT	City or County: City of Colorado Springs
	YEAR ENDING : December 2007
This Information From The Records Of: The City of Colorado Springs:	Prepared By: Margie Tantarella Phone: (719) 385-5109

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)	34,667,332
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	10,137,537
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	5,322,491
2. General fund appropriations	41,985,764	b. Snow and ice removal	1,543,535
3. Other local imposts (from page 2)	32,033,993	c. Other	
4. Miscellaneous local receipts (from page 2)	6,191,225	d. Total (a. through c.)	6,866,026
5. Transfers from toll facilities		4. General administration & miscellaneous	7,221,466
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	31,638,902
a. Bonds - Original Issues		6. Total (1 through 5)	90,531,263
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	1,331,072
7. Total (1 through 6)	80,210,982	b. Redemption	4,156,627
B. Private Contributions		c. Total (a. + b.)	5,487,699
C. Receipts from State government (from page 2)	15,080,508	2. Notes:	
D. Receipts from Federal Government (from page 2)	461,685	a. Interest	
E. Total receipts (A.7 + B + C + D)	95,753,175	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	5,487,699
		C. Payments to State for highways	20,899
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	96,039,861

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

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	30,214,098		4,156,627	26,057,471
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
	18,774,571	95,753,175	96,039,861	18,487,885	0

Notes and Comments:

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

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

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2007	
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	50,624
b. Other local imposts:		b. Traffic Fines & Penalties	6,140,601
1. Sales Taxes	25,965,797	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	3,248,384	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	2,819,812	g. Other Misc. Receipts	
6. Total (1. through 5.)	32,033,993	h. Other	
c. Total (a. + b.)	32,033,993	i. Total (a. through h.)	6,191,225
	(Carry forward to page 1)		(Carry forward to page 1)
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	13,737,589	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	461,685
c. Motor Vehicle Registrations		d. Federal Transit Admin	
d. Other (Specify)	1,342,919	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	1,342,919	g. Total (a. through f.)	461,685
4. Total (1. + 2. + 3.f)	15,080,508	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			1,773,190
b. Engineering Costs			3,094,381
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			16,584,106
(3). System Preservation			9,065,852
(4). System Enhancement & Operation			4,149,803
(5). Total Construction (1) + (2) + (3) + (4)	0	29,799,761	29,799,761
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	34,667,332	34,667,332
			(Carry forward to page 1)
Notes and Comments:			