

07 COMPREHENSIVE ANNUAL Financial Report



Fort Collins, Colorado **Year ended December 31, 2007**

City of Fort Collins, Colorado

Comprehensive Annual Financial Report
For the fiscal year ended
December 31, 2007

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About our cover and section tabs...

During the past year, the City of Fort Collins has completed and participated in several significant projects to address the needs of our vibrant growing community.

The cover picture is of the new police headquarters. Clad in Colorado red sandstone, the three story structure covers approximately 98,000 square-feet, providing a "state-of-the-art" police facility. The building design enhances police operations, community policing services and is home to the Fort Collins Police Museum. It also contains an enhanced crime laboratory, evidence processing and storage, a communications center, an Emergency Operations Center, training facilities and a detention center with eight cells. For the employees of Police Services, the building interior provides a very secure yet "human" environment. From the outside, the soft geometry of the covered walkway and open interface of the Community Room, with the public art work interwoven between, provide a clear and welcoming entry to the public.

The "Introductory Section" tab photo is Bobcat Ridge Natural Area. Mountain bikers enjoy the new Ginny Trail, the first regional natural area purchased by the City. The natural area boasts 16 miles of trails through foothill and mountainous terrain, creating a new haven for bikers, equestrians and hikers alike. While there, one can take a look into our past with a stop at the historic cabin and get a lesson in fire ecology with a trip through the forest that burned in the 2000 Bobcat Gulch wildfire.

The "Financial Section" tab is of the Northside Aztlan Community Center. It is the City's newest recreation facility. The 50,000 square foot recreation center is the City's first building to receive the Gold LEED certification as an environmentally responsible green building. Featuring three gymnasiums, a large cardio and weight training area, an inter-generational lounge, computer lab, classrooms, meeting areas, and more, the Northside Aztlan Community Center offers programs and services for the entire Fort Collins community.

The "Statistical Section" tab is of the Inspiration Playground at the new Spring Canyon Community Park. It allows for children of all abilities to play side-by-side on this fully accessible playground. The community raised over \$720,000 to make it a reality; the first of its kind in Colorado. It contains The Sleeping Giant (nearly 100 feet long and 10 feet high) which contains interactive sensors that activate snoring and heartbeat sounds to the delight of children. It is modeled after the legend of the "Giant of the White Stone" in which the giant guarded the "Valley of Contentment" denying access to the ancient people.

The "Other Schedules" tab is of Spring Canyon Community Park. It is a 100 acre park that contains landscaped canyon walls, ball fields, soccer fields, turf areas for passive recreation, walking paths, trails, picnic shelters, restrooms, Inspiration Playground, a dog park, tennis, basketball and volleyball courts, a bike trials course and a skate park. The City plans a community park to serve about 20,000 people. We currently have six community parks strategically placed around the community. These parks provide space for the community to recreate, gather for social events and detach themselves from the urban environment.

City of Fort Collins, Colorado
Comprehensive Annual Financial Report
For the fiscal year ended December 31, 2007

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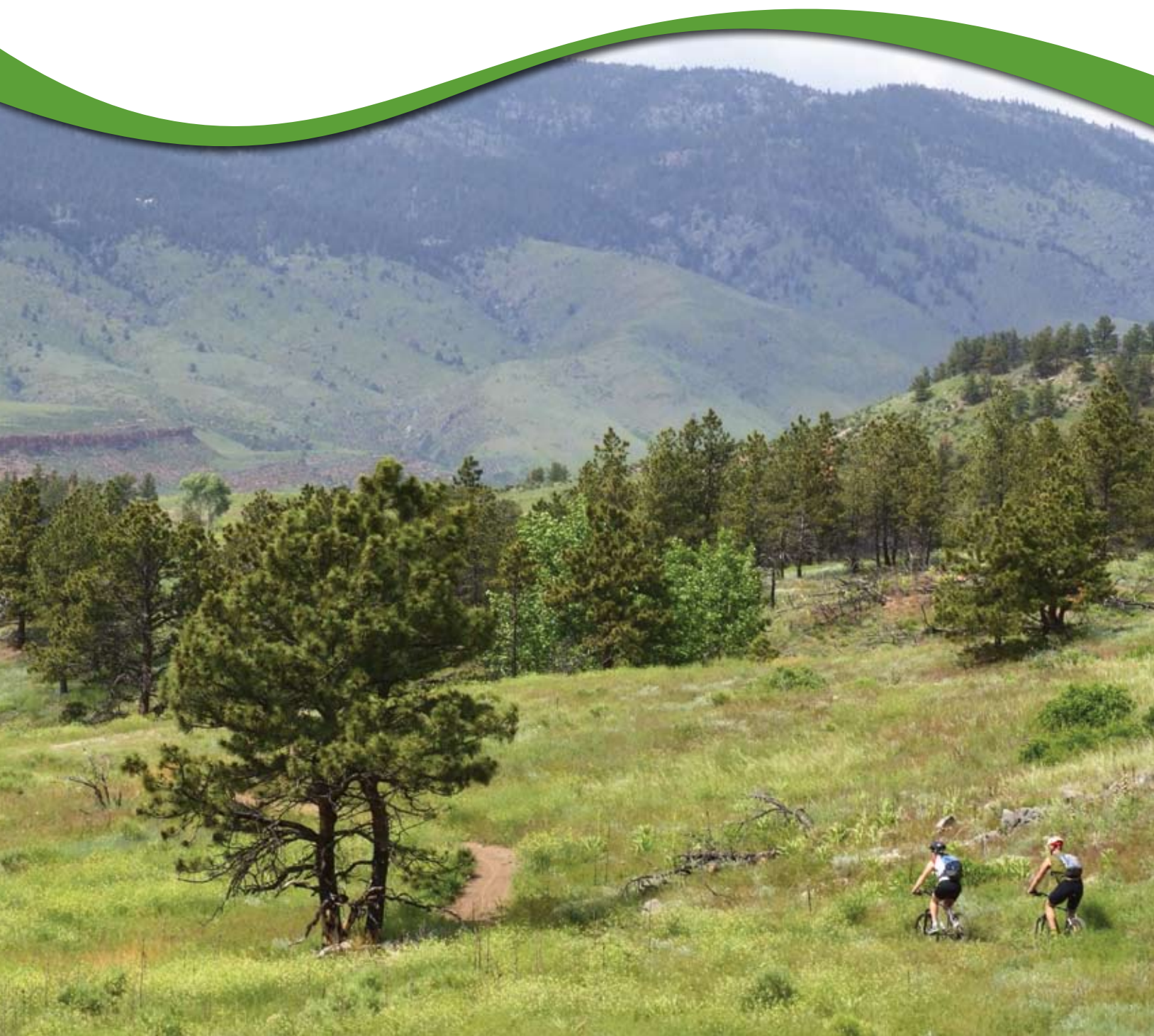
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Introductory **Section**



INTRODUCTORY SECTION

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May 9, 2008

Honorable Mayor and Members of Council and Residents and Customers of the City of Fort Collins:

We are pleased to present the City's Comprehensive Financial Audit for 2007. In reviewing the past year, several significant themes stand out. The Colorado and the Fort Collins regional economies continued a slow but steady expansion following a national and regional economic slowdown following the year 2000. Fort Collins continues to face strong regional retail and employment competition. Historically, Fort Collins has served as the regional retail center for Northern Colorado. In the past seven years, surrounding communities have gained a critical mass to attract national retailers and have developed major new shopping centers. This has heightened the competition for retail sales, which fuel the City's major revenue source – the sales tax. However, the region's overall job growth remains strong and after excluding a one time transaction in 2006 that resulted in \$2.8 million of sales tax, retail sales in Fort Collins experienced a strong rebound of 6.3% in 2007. As a result, the City was able to maintain a stable financial position in 2007. The City maintained its financial position with over \$310 million of unrestricted net assets overall and \$33 million of unreserved fund balance in the General Fund. In this context, we transmit the Comprehensive Annual Financial Report.

Legal Requirements. The Charter of the City of Fort Collins and State law require the City to publish the results of its annual audit and a comprehensive report of financial statements. The City's Finance Department completed this report following generally accepted accounting principles (GAAP). The external auditor, a firm of licensed certified public accountants, audited the financial records in accordance with generally accepted auditing standards. To meet the requirements and to provide a clear summary of the City's financial activities, we present this comprehensive annual financial report of the City of Fort Collins, Colorado for the fiscal year ended December 31, 2007.

Responsibility and Internal Control. This report consists of management's representations concerning the finances of the City of Fort Collins. As management, we retain full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Fort Collins' financial statements in conformity with generally accepted accounting principles. The cost of internal controls should not outweigh their benefits. Management has designed the City of Fort Collins' framework of internal controls to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Independent Audit. The City Council selected BONDI & Co. LLC, a firm of licensed certified public accountants, to audit the financial statements. As the independent auditor, BONDI's goal was to provide reasonable assurance that the financial statements for the fiscal year ended December 31, 2007, are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year 2007, are fairly presented in conformity with generally accepted accounting principles.

The independent audit of the financial statements of the City of Fort Collins was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with

special emphasis on the administration of federal awards. The reports are available in the separately issued Single Audit Report of the City of Fort Collins.

Management's Discussion & Analysis. Generally accepted accounting principles 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"). Management has designed this transmittal letter to coordinate with the MD&A. Users of this report should read this letter and the MD&A. The MD&A begins on page 19, immediately following BONDI's independent audit report.

Profile of the City of Fort Collins

The City of Fort Collins, incorporated in 1872, is located in north central Colorado, east of the continental divide. It is the fifth largest city in Colorado in terms of population. The City's corporate limits encompass 51 square miles of land. The City has been growing rapidly over the last 20 years and traditionally possessed one of the strongest local economies in the nation. The City is the county seat of Larimer County. It is also home to Colorado State University with an enrollment of over 25,000 students and many Federal and state agencies. Public entities own about 30% of the land within the City's corporate limits.

The City is a home rule city, organized under provisions of the Colorado Constitution. The City Charter, adopted in 1953, provides for the council-manager form of local government. The voters directly elect the mayor to serve a two-year term. Within districts, voters elect six Council members on a non-partisan basis, to staggered four-year terms. The financial statements, schedules, and statistical tables contained in this report include all funds and account groups under the control of City Council. The Council is responsible for passing ordinances, adopting the two-year budget and annual appropriations ordinance, appointing advisory board and commission members, and hiring the City Manager, City Attorney, and Municipal Judge. The City Manager is responsible for implementing the policies and ordinances of Council, overseeing the day-to-day operations, and appointing service area directors and other staff members.

The City provides a full range of municipal government services to approximately 131,200 residents. These services include all general purpose municipal services authorized by its Charter, including general government, public safety, streets and highways, health and welfare, culture and recreation, transportation, public works, development, and public utilities. The City's utilities include electric distribution, water treatment, wastewater treatment, and storm drainage.

Management includes component units in the reporting entity to conform to Governmental Accounting Standards Board Statement No. 14. The financial statements include all funds, capital assets and long-term obligations that make up the legal entity of the "primary government", namely the City, as well as organizations for which the City is financially accountable. The City's reporting entity includes the Downtown Development Authority, General Improvement District No. 1, Fort Collins Capital Leasing Corporation, and the Urban Renewal Authority. Management has designed the financial statements to allow financial statement users to distinguish between the primary government and its component units.

The Poudre Fire Authority provides fire protection services to the region around and including the City and its residents. The City and Poudre Valley Fire Protection District created the Authority in 1982 to provide consolidated fire and emergency services within the territorial limits of both entities. The Authority was created as an independent governmental authority under Colorado law and is governed by its own board. The City accounts for the Authority as a joint venture. The formation of the Poudre Fire Authority has improved insurance ratings, lowered costs to taxpayers, enhanced ability to respond to major fires, and eliminated duplicate support services. In addition to fire protection, the Authority provides emergency medical services, hazardous materials response, inspection, public education, and investigation services. The Finance Department prepares separate financial statements for the Poudre Fire Authority.

The Fort Collins Regional Library District (the District) began operations in 2007 after a successful election in 2006 to authorize the District formation. The District is administered by a governing board of seven members who

are appointed by the City of Fort Collins and Larimer County. The Fort Collins Regional Library District prepares separate financial statements.

The City's annual appropriations ordinance, adopted before the end of November of each year, sets the foundation for the financial planning and control. Council adopts the budget every two years, following a multi-month process of revenue estimation, spending requests from service areas, study sessions, and internal meetings. The City Manager provides the two-year budget to Council in September of odd-numbered years. The Council is required to hold public hearings on the budget and adopt it by the end of November. The appropriations ordinance is prepared and adopted by fund and in the case of capital projects and grants, by project and grant.

The Charter requires balanced annual appropriations in which expenditures may not exceed revenues and fund balances, with some exceptions for emergencies. During a fiscal year, the Council, by recommendation from the City Manager, may approve supplemental budget appropriations. Within a fund, the City Manager may transfer appropriations between programs. Between funds and capital projects, the Council may approve transfers based on City Manager recommendations.

In this report, management has provided budget to actual comparisons for each individual governmental fund for which the Council has made appropriations. For the General Fund, this comparison is presented on page 40 as part of the basic financial statements for the governmental funds. For governmental funds, other than the General Fund, this comparison is presented in the governmental fund section of this report, which starts on page 41. Also included in the governmental fund section are project-length budget-to-actual comparisons for each governmental fund for which a project-length budget has been adopted.

Factors Affecting Economic and Financial Condition

For additional context to readers of the Comprehensive Annual Financial Report, management provides the following comments about the economy and financial status.

Local economy. 2007 was a good year in terms of employment growth in Fort Collins. As a result of a target industry study completed in October 2006, the City identified five key industries that are the focus of the City's employment strategies. These industries are Bioscience, Clean Energy, Chip Design and R&D, Software, and Uniquely Fort Collins. Employment gains were experienced in all of these sectors. Arts, culture and tourism also contributed to employment opportunities. Finally, Colorado State University plays a vital role in the region and continues to fuel economic activity related to nearly \$300 million of sponsored research conducted by the university.

The City experienced moderate revenue growth in 2007. Combined sales and use tax collections increased 7.8% over 2006. This growth resulted in approximately \$4.1 million in collections above the amount budgeted for combined general sales and use tax collections. The increase in sales tax collections across the City was influenced by several categories with excellent growth. The Food Stores category ended up 9.1% over 2006, Miscellaneous Retail increased 8.2%, Eating & Drinking Places rose 6.6% and Home Furnishings & Consumer Electronics were up 13.8%. Ongoing inflation fueled growth in 2007, but will likely have a mixed impact on 2008 retail sales as consumers react to higher energy and food costs. Retail sales will be assisted later this year by the opening of Front Range Village, a new 910,000 square foot shopping center. Sales tax revenue in 2008 is projected to increase by less than 2% as compared to 2007 collections.

In the following table, management displays important indicators of the City's local economy. Employment growth in the county stalled in the last half of 2001 and did not regain momentum until midway through 2004. In the third-quarter of 2007 (the latest data available), total jobs in Larimer County increased by 6,216 or 4.88%. Total wages were down 0.04% and average wages decreased by 3.95% for 2007.

Manufacturing jobs, a primary driver of personal income, increased by approximately 1.13%. Total wages in the manufacturing category were down by 2.52%. For those workers employed in manufacturing, average wages decreased by 4.60%. Government jobs increased by 3.29%; total wages increased by 12.29% and average wages increased by 9.28%.

The unemployment rate in the table is an annual average. Unemployment in Colorado has fallen in conjunction with an improving economy. During 2003 it reached a high of 6.5% (March 2003) and by the end of 2003 the rate fell back to 5.6%. As of the end of 2007, the rate stood at 3.4%.

Key Economic Indicators for Fort Collins					
	2003	2004	2005	2006	2007
County Employment Data					
Annual Unemployment Rate in Percentage	5.69	5.16	4.09	3.90	3.4
Actual Change	0.54	(0.53)	(1.07)	(0.19)	(0.50)
Total Employment (ES202) 3-Quarter Average	119,720	122,150	124,726	130,081	133,548
Percentage Change	(1.50%)	(2.02%)	2.10%	4.29%	2.67%
City Building and Construction					
Residential Building Permits	1,398	1,295	979	585	506
Percentage Change	(9.22%)	(7.36%)	(24.40%)	(40.25%)	(13.50%)
New Construction Valuation – Total	\$292,412,644	\$450,351,863	\$309,292,508	\$328,689,446	\$271,994,794
Percentage Change	4.20%	54.01%	(31.30%)	6.27%	(17.25%)
City Sales & Use Tax Collections					
City Sales and Use Tax Collections	\$67,694,302	\$70,724,861	\$72,371,625	\$74,850,552	\$77,645,025
Percentage Change	(0.74%)	4.48%	2.32%	3.40%	3.73%
Sales Tax Collections	56,313,789	58,185,755	59,616,916	63,385,570	64,402,853
Percentage Change	(0.44%)	3.32%	2.45%	6.30%	1.60%
Use Tax Collections	11,380,513	12,539,106	12,754,709	11,464,982	13,242,173
Percentage Change	(2.19%)	10.18%	1.72%	(10.10%)	15.50%
Use Tax from Business	4,762,606	4,704,865	6,167,282	4,570,237	6,652,641
Percentage Change	(9.91%)	(1.21%)	31.08%	(25.90%)	45.6%
City Population					
Population	125,461	126,903	127,686	129,511	131,200
Percentage Change	0.83%	1.15%	0.62%	1.43%	1.30%
Regional Consumer Price Index					
Denver-Boulder-Greeley CPI-U (1982-84=100)	186.75	187.00	190.90	199.10	202.80
Percentage Change	1.06%	0.20%	2.09%	4.30%	1.86%

The essential economic indicators for the City were reasonably strong in 2007, except for building permits and new construction valuations. Even though the population grew at 1.30%, residential building permits declined. Sales tax collections and use tax collections were up 1.60% and 15.50% respectively. In addition, use tax from business was up strongly as a result of capital investment. Growth in inflation, as measured by the Denver-Boulder-Greeley Consumer Price Index was about 1.86%.

In conjunction with the improving economy, the City's financial health remained stable through 2007. At year-end, the City held \$310.2 million in unrestricted net assets, approximately \$24 million more than 2006. Please see page 22 for more information about the City's total assets.

Outlook for 2008-2009. The national economy experienced some weakness in 2007 as evidenced by a reduction in consumer confidence and an increase in unemployment from 4.6% to 5.0%. The weakening economy will likely continue to be an issue throughout 2008 and may persist through the first half of 2009. Energy prices continue to rise due to supply concerns and increased demand from flourishing markets in Asia. The Federal Reserve in an attempt to stimulate the economy and inject liquidity into the capital markets has lowered the fed funds rate from 5.25% in August 2007 to 2.00% as of April 2008 and emphasized downside risks to growth. This change in stance by the Fed from being a watchdog for inflation to fueling economic activity was brought about by the continuing slump in the housing market and the meltdown of credit markets resulting from increasing exposure to sub-prime loan defaults.

The City's economy and corresponding revenue structure faces several risks. One significant risk is the underlying change from a goods based economy to a service based economy. As consumers spend a higher proportionate share of their income on services (healthcare, maintenance of capital goods, and leisure), the effectiveness of a sales tax on the purchase of goods to fund general government services begins to diminish. Another risk is the erosion of the sales tax base due to transactions that occur over the Internet. As this method of commerce grows and if it retains preferential tax treatment, states and cities will lose more and more sales taxes.

In light of all these risks, the City will need to persevere in its efforts to manage its resources while responding to demand for services. Significant focus of the City will be on ensuring that the Front Range Village retail center opens in the summer of 2008. Another key retail project is the redevelopment of the Foothills Mall through the assistance of the City's Urban Renewal Authority. The City continues to work aggressively with the owners of the mall on developing the site. The continued implementation of the targeted industries is proving successful in retaining jobs and encouraging existing companies to expand. All these actions of course take place in an increasingly complex regional economy where Fort Collins is no longer the sole major economic player.

In addition to economic health initiatives the City has launched, there are several other key initiatives underway that will help with managing the City's longer-term fiscal position, these include:

Long-term financial planning. Council and management are working on several long-term plans that will affect the City's financial position. Through financial management policies, Council has set priorities among the services it provides. For the past few years and into the immediate future, these policies put the highest priority on basic services. Below, management has highlighted a few of the services for which long-term planning is underway.

Transportation. Transportation programs are supported primarily by two funds: Transportation Fund and General Fund. Revenues from non-General Fund sources are projected to remain relatively stable. Revenues from the General Fund are expected to be reduced which translates into some service reductions. The community does appear to recognize the need for ongoing funding for street infrastructure. In April 2005, voters passed a City sponsored ballot initiative that extended the City's existing dedicated .25% sales & use tax levy for streets maintenance for an additional 10 years beyond the expiration date of December 31, 2005.

Police. During 2007, the City completed construction of a new police services building. This building was planned to accommodate future expansion of the police department to keep pace with the growing community for the next 30 years. A police services study was presented to City Council during the year that recommended the hiring of an additional 40 officers to maintain the level of service consistent with community expectations. City management will pursue a community dialogue on this topic in preparation for the 2010-11 budget process.

Wastewater. The Mulberry Wastewater Reclamation Facility was built in 1946. The plant has received capacity upgrades in 1958 and 1975. In the past two years, the treatment performance of the plant's 60-year old trickling filter, which provides first-stage secondary treatment for the plant flow, has degraded several times requiring it to be taken off-line, cleaned and restarted. Failure of the trickling filter creates a significant increase in odors until it has been cleaned. Even after restarting, the trickling filter's effectiveness has not recovered to its past efficiency. An engineering study indicated that upgrading the plant's secondary treatment processes by removing the trickling filter and its associated facilities and installing a new aeration basin and associated facilities is the most cost effective solution and would also allow the Utility to prepare for future regulation-based improvements. The improvements will be paid for with approximately \$30 million in revenue bonds.

Open Space and Natural Area Preservation. In 2002, Council completed a review and adopted a funding strategy for acquisition and maintenance of natural areas, community separators and open space. Proceeds from Larimer County's sales tax for open space will provide the City with over \$100 million through 2018. City voters extended the City's dedicated sales tax levy for open space and natural areas to 2030.

Capital Projects. Finally, the voters approved extension of a quarter cent sales tax dedicated to funding community capital projects to 2015. The list of projects presented to the voters emphasized basic services and was titled "Building on Basics". It included such projects as the widening of intersections and high traffic sections of specific

arterial streets, construction of a joint City Museum/Science Center, and expansion of the City Senior Center. The City has successfully used this strategy to fund tax-supported capital needs since the 1970s.

Pension Fund Summary. In 2007, the City maintained one defined benefit pension trust fund to account for the General Employees' Retirement Plan. During 2007, the Plan produced a 13.63% rate of total return compared to the actuarial investment assumption of 7.5%. At year-end, the Plan held assets with a market value of \$45.6 million, an increase of \$3.4 million from the prior year. The increase in assets is due to good investment results. The actuarial value of the plan assets covers 88% of the projected benefits. The City will need to increase the rate at which it is contributing to the Plan.

Credit Ratings. To attain the lowest possible interest rates and to be sure it has the widest markets for its bonds, the City obtains credit ratings from the major rating services. Stronger ratings lower interest rates and the cost to taxpayers and users of City services. In some cases, the City may also purchase insurance when the economic analysis shows more benefit than cost. Bond insurance provides additional support for the creditworthiness of the bonds and improves (lowers) the interest costs. The City's most recent bond ratings are as follow:

Fort Collins Bond Issue Credit Ratings		
<u>Issue</u>	Ratings	
	<u>Moody's</u>	<u>Standard & Poor's</u>
Sales & Use Tax Revenue*	Aa2	No rating
Highway Users Tax Revenue	Aa2	No rating
Sewer Revenue*	A1	No rating
General Obligation Water	Aa1	AA
Water Revenue	A2	AA-
Storm Drainage Revenue	A1	AA-
Lease Certificates of Participation	Aa2	No rating
*Fitch has rated the City's Sales & Use Tax Revenue Bond "AA" and the City's Sewer Revenue Bonds "AA-"		

Credit rating agencies base their ratings of the City's general government debt on a combination of factors. These key factors include debt burden, economic characteristics, government organization, and financial performance. The agencies do not view any one factor as most important. They weigh strengths and weaknesses in each area within the context of potential impact on issuer's ability and willingness to repay the debt. The statements below summarize rating upgrades the City achieved on the water and storm water utilities as well as last year's affirmation of the City's certificate of participation rating.

In upgrading the City's Water and Storm water ratings, Standard & Poor's stated:

"The upgrade to 'AA-' rating from 'A+' on Fort Collins' water utility and storm water utility revenue bonds reflects the ongoing expansion of each system's customer and revenue bases, along with greater diversification among their leading customers. The 'AA-' rating also reflects the systems' strong and diverse service area economy, good long-term water supply and diversity of supply sources, sound financial performance with adequate debt service coverage levels and excellent liquidity, and manageable future capital improvement programs for both the water and storm water utilities. The Rating Outlook is stable." [Water and Storm Water Revenue Bonds Ratings Upgrade Summary April, 2005]

In affirming the City's lease certificate of participation rating in 2007, Moody's stated:

"Financial operations at Fort Collins are characterized by ample reserves and prudent fiscal management despite the pressures of slowing growth in its primary revenue source, local sales and use taxes. The rating also incorporated the strength of the City as an Aa1 general obligation bond credit including a stable economy, favorable debt levels, and sound fiscal operations despite slowing revenue growth." [2007 Refunding Certificate of Participation Rating]

Cash Management. Through a treasury and investment management program, the Finance Department maximizes investment earnings on temporarily idle cash while ensuring that adequate moneys are available to make full and timely payments to vendors. The Department invests for periods ranging from overnight to several years, based on need. In making investment decisions, staff considers the legality, security, and yield of the investment. In 2007, the City earned approximately \$15.6 million on its fixed income investments. The yield on the City's fixed income investments (excluding the General Employees' Retirement Plan) was 4.9%.

Risk Management. During the mid-1980s, the City instituted a risk management program. The activities of the program are accounted for in the Self-Insurance Fund. The purpose of the program is to analyze and provide for the City's insurance needs and accumulate adequate reserves for self-insurance. The City began self-insuring for workers compensation in 1989. The annual actuarial study performed in early 2007 shows that the recorded liability for workers compensation and liability claims payable is reasonably adequate to cover all known claims and incurred-but-not-reported claims as of December 31, 2007. The City also has a large retention (deductible) for all liability claims.

State Constitutional Growth Limit. In 1992, the voters of the State approved an amendment to the Colorado State Constitution. Now codified as Section 20 of Article X (the "Section"), the amendment imposes annual revenue and spending growth limitations on all governments in the State. In addition to the revenue and spending growth limitations, the Section requires voter approval before the imposition of new taxes, tax rate increases, mill levy increases, or other changes in policy that increases tax revenues. In the absence of voter approval, the Section prohibits the creation of any multiple fiscal year debt or other financial obligation (except refinancing at a lower rate). The Section requires that revenues that exceed the limit be returned to taxpayers during the next calendar year. If revenues decrease in any fiscal year, the lower amount becomes the new base for computing the next year's limits.

The Section provides for two components in setting the revenue and expenditure growth limits. The first is the percentage change in the annual Denver-Boulder-Greeley Consumer Price Index for Urban Consumers. The second component is percentage change in the actual value of all real property within the City, due to construction of taxable improvements and annexation. For the 2007 fiscal year, the Consumer Price Index component was 3.6% and the local-growth component rose by 2.6%. When the combination of these two factors is applied to the 2006 revenue base, the revenue limit for 2007 was approximately \$138.5 million. The revenue subject to the limit in 2007 totaled approximately \$134.5 million. This amount is below the limit by \$3.9 million. The Section has a separate, but overlapping, revenue limit for property tax. The City did not exceed the property tax limit in 2007. The City will use revenue over the limit for transportation and public safety projects. For projection purposes, the City anticipates that the Consumer Price Index will trend slightly higher and the local growth component will remain unchanged in 2008.

In 1993, the City's voters approved an amendment to the City Charter to classify the utilities as enterprises. Therefore, they are not subject to the provisions of the Section. All other funds of the City are subject to the Section. Certain revenue, for example, proceeds from property sales and federal grants, is exempt from the limit. In 1997, voters approved multi-year retention and use of revenue over the growth limit. The City may use the retained revenue only for spending in four categories: public health and safety (including environmental monitoring and mitigation), growth management, transportation services, and maintaining and repairing public facilities.

In accordance with the Section, the City has established an emergency reserve equal to three percent of governmental revenue to use for declared emergencies. In the opinion of the City's management, the City complies with all provisions of the Section. In the 2007 Report, the required emergency reserve is included in the reserved fund balance of the General Fund on page 36.

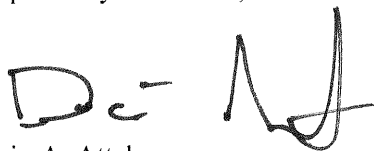
Awards and Acknowledgements

Independent Audit. Colorado law and the City Charter require the City to have its financial statements audited by an independent firm of certified public accountants. The Council selected BONDI & Co. LLC to fulfill the requirement. BONDI provided an unqualified opinion on the 2007 financial statements.

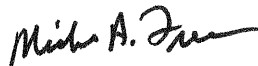
Certificate of Achievement for Excellence in Financial Reporting. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fort Collins for its comprehensive annual financial report for the year ended December 31, 2006. This was the twentieth consecutive year that the City has achieved this prestigious award. In order to earn a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. We have included a reproduction of the Certificate of Achievement at the end of the introductory section of the comprehensive annual financial report. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the requirements of the Certificate of Achievement Program and we will submit it to the GFOA to determine its eligibility for another certificate.

Acknowledgments. We recognize the dedicated efforts of all officials and staff involved in managing and accounting for the City's financial operations. The process of financial planning, management, and accounting requires a team effort by City Council and City staff to be successful. The preparation of this 2007 Comprehensive Annual Financial Report was made possible by the dedicated service of the entire Finance Department. We would like to recognize the members of the Accounting Division who worked many extra hours to ensure the completion of this document and fulfill other financial responsibilities over the past few months. We also thank BONDI & Co. LLC, the firm that serves as the City's external auditor. Through the challenges, we are resolved to deliver the best possible services to the Fort Collins community.

Respectfully submitted,



Darin A. Atteberry
City Manager



Michael A. Freeman
Chief Financial Officer



Charles M. Seest, CPA
Finance Director



John W. Voss
Accounting & Financial
Reporting Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fort Collins
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.



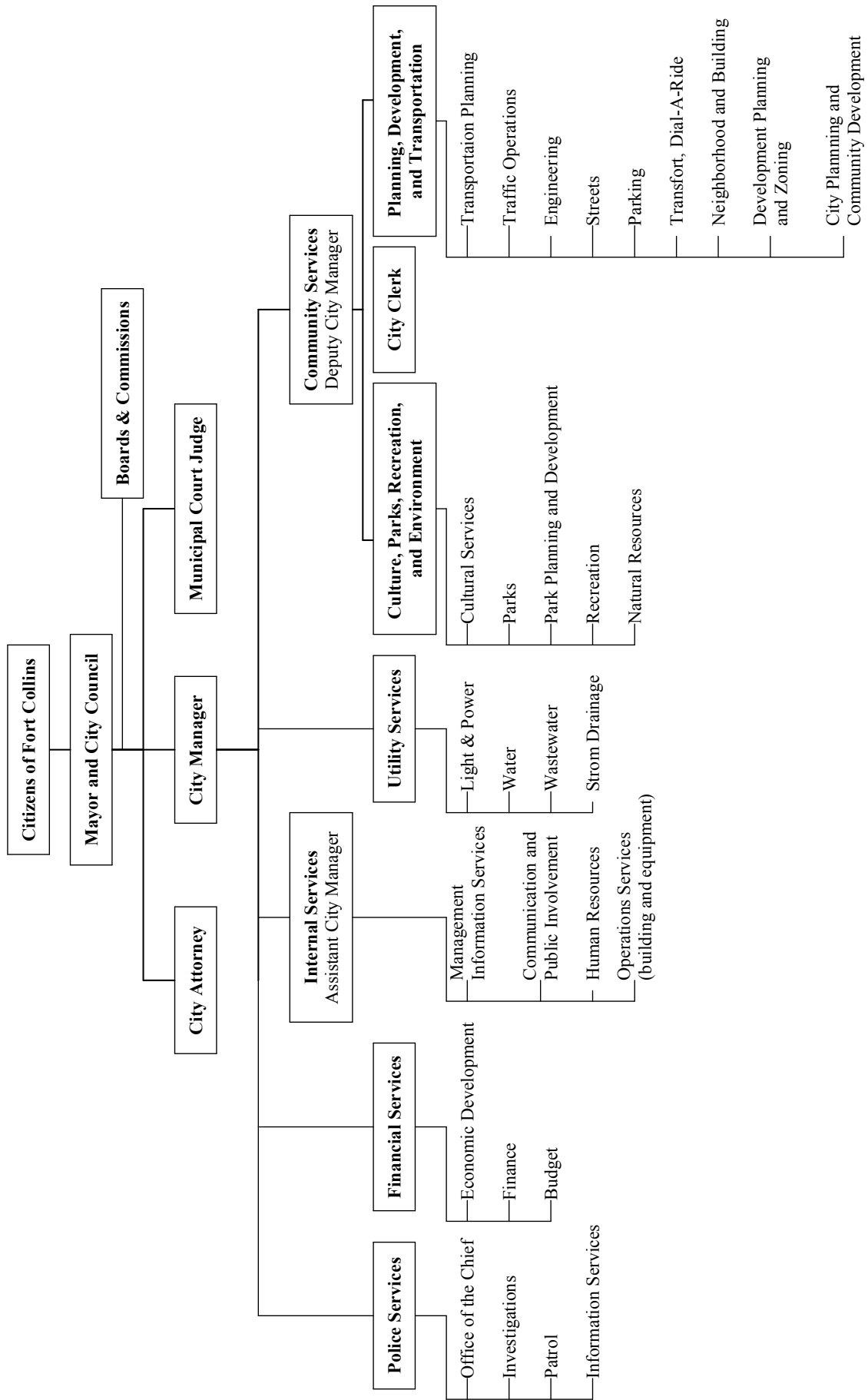
Chloe S. Cox

President

Jeffrey R. Emer

Executive Director

City of Fort Collins Organization Chart 2007



City of Fort Collins, Colorado
List of Elected and Appointed Officials
As of December 31, 2007

Elected Officials: Mayor and City Council

Doug Hutchinson	Mayor
Bob D Brown	District 3 Council Member
Ben Manvel	District 1 Council Member
Kelly Ohlson	Mayor Pro Tem, District 5 Council Member
Lisa Poppaw	District 2 Council Member
David Roy	District 6 Council Member
Wade Troxell	District 4 Council Member

Council Appointed Officials

Darin Atteberry	City Manager
Wanda Krajicek	City Clerk*
Stephen J. Roy	City Attorney
Kathleen Lane	Municipal Judge

*City Manager appointed, City Council approved

Strategic Issues Team

Darin Atteberry	City Manager
Julie Brewen	Housing Authority
Kelly DiMartino	Communications and Public Involvement Director
Mike Freeman	Chief Financial Officer
Dennis Harrison	Chief of Police
Martin J. Heffernan	Director of Cultural, Parks, Recreation and Environmental Services
Brian Janonis	Utilities General Manager
Diane Jones	Deputy City Manager
Kathleen Lane	Municipal Court Judge
Janet Miller	Human Resources Director
John Mulligan	Poudre Fire Authority Chief
Steve Roy	City Attorney
Jeff Scheick	Planning, Development and Transportation Director
Charles M. Seest, CPA	Finance Director
Tom Vosburg	MIS Director
Wendy Williams	Assistant City Manager/Internal Services

Finance Department

Mike Freeman	Chief Financial Officer
Charles M. Seest, CPA	Finance Director
James B. O'Neill II, CPPO	Director of Purchasing and Risk Management

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Financial **Section**



FINANCIAL SECTION

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BONDI & Co. LLC

**CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS**

44 INVERNESS DRIVE EAST
ENGLEWOOD, COLORADO 80112

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

(303) 799-6926 FAX

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

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fort Collins, Colorado, 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 Fort Collins, Colorado's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fort Collins, Colorado, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparisons for the General, Sales and Use Tax and Transportation Services funds thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Honorable Mayor and Members
of the City Council and City Manager
City of Fort Collins
Fort Collins, Colorado

In accordance with *Government Auditing Standards*, we have also issued our report, dated May 9, 2008, on our consideration of the City of Fort Collins, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, on pages 19 through 30, and the Modified Approach for City Streets Infrastructure Capital Assets, on pages 88 through 89, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the 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 Fort Collins, Colorado's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, statistical tables and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, pages 91 through 151, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, statistical tables, and other schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

May 9, 2008


BONDI & Co. LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Fort Collins (the City) offers the readers of the City's financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2007. In addition to this overview and analysis based on currently known facts, decisions and conditions, the City would encourage readers to consider the information presented in the City's letter of transmittal and the City's financial statements, which begin on pages 3 and 31 of this report, respectively.

Financial Highlights

The assets of the City exceeded its liabilities at December 31, 2007 by \$1,274.5 million (net assets). Of the net asset balance, \$311.0 million is unrestricted and is available to meet the government's ongoing obligations in accordance with the City's fund designations and fiscal policies.

The City's net assets increased by \$69.8 million (5.8%). The governmental net assets increased by \$34.3 million (5.2%) and the business-type assets increased by \$35.5 million (6.6%).

The General Fund, the City's primary operating fund, reported an increase of \$5.3 million (12.2%) on a current financial resource basis.

As of December 31, 2007, unreserved fund balance for the General Fund was \$33.2 million or 39% of total General Fund expenditures of \$85.1 million.

The City's total long-term debt decreased by \$14.1 million (7.9%) during the current fiscal year. Within that activity, the City's governmental debt decreased by \$3.4 million and business-type debt decreased by \$10.7 million.

There were 2 debt issues refinanced in 2007 since long-term interest rates were favorable. The net present value savings was \$1.6 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of the following three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements and 3) Notes to the Financial Statements. Other supplementary information is also included at the end of the report.

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

The statement of net assets presents information on all of the City's assets and liabilities. The difference between assets and liabilities is reported as net assets. Over time, increases and decreases in net assets may provide an indication of whether the City's financial position is improving or deteriorating.

The statement of activities presents information reflecting how the City's net assets have changed during the fiscal year just ended. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

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

activities of the City include general government, public safety - police and judicial, public safety - fire service provided under an intergovernmental agreement, library service provided under an intergovernmental agreement, cultural and recreational services, community planning and environmental services, and transportation. The business-type activities of the City include light and power, water, wastewater, storm drainage, and golf.

The government-wide financial statements also include the City of Fort Collins' Downtown Development Authority (DDA) as a discretely presented component unit of the City. See Note 1 in the notes to the City's financial statements (page 54) for more details regarding the DDA and its relationship to the City.

Fund Financial Statements. Traditional users of the City's financial statements will find the fund financial statement presentation more familiar. The focus is now on major funds rather than fund types.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. A major fund should generally meet both of the following criteria: 1) total assets, liabilities, revenues, or expenditures/expenses are at least 10% of the corresponding total (assets, liabilities, etc.) for that fund type (i.e., governmental or enterprise funds) and 2) total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

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 report those same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, the fund financial statements are prepared on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred, with the exception of long-term debt and similar long-term items which are recorded when due. Therefore, the focus of the governmental fund financial statements is on near-term inflows and outflows of spendable resources as well as on the balance of spendable resources available at the end of the fiscal year.

Since the focus of the governmental funds is on near-term resources, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. To facilitate this comparison, reconciliations are provided for both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances.

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, Sales & Use Tax Special Revenue Fund, the Transportation Special Revenue Fund and the Capital Projects Fund. These four funds are considered to be major funds. Data from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements located within the supplementary information following the notes to the financial statements.

The City adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 36-42 of this report.

Proprietary funds. The City maintains two different types of proprietary funds, enterprise and internal service funds. The proprietary fund financial statements are prepared on the accrual basis of accounting. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its light & power, water, wastewater, storm drainage and golf operations. Internal service funds are accounting devices used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for employee benefits provided

by the City, its communications system, its fleet of vehicles and its self-insurance programs. Aside from the fleet of vehicles, these services predominantly benefit the governmental rather than business-type functions. As such, they have been included within the governmental activities in the government-wide financial statements. The activity in the Equipment Fund used for monitoring the fleet of vehicles is allocated between the governmental and business-type activities based upon actual usage. In addition, the utilities use an internal service fund to account for customer and administrative services. Because this fund is used solely by the utilities, it is included within the business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Light & Power, Water, Wastewater and Storm Drainage enterprise funds are considered to be major funds and are therefore presented separately within the proprietary fund financial statements. The Golf Fund is presented as a non-major enterprise fund. All internal service funds are considered to be non-major funds and therefore are combined into a single, aggregated presentation in the proprietary fund statements. Individual fund data for each of the non-major proprietary funds is provided in the form of combining statements located within the supplementary information following the notes to the financial statements.

The City adopts an annual appropriated budget for all of its proprietary funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The basic proprietary fund financial statements can be found on pages 44-49 of this report.

Fiduciary funds. The City maintains two different types of fiduciary funds, trust and agency funds. The fiduciary fund financial statements are prepared on the accrual basis of accounting.

The fiduciary funds are used to account for resources held by the City in a trustee capacity or as an agent 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 funds underlying each of the fiduciary fund types are combined into a single, aggregated presentation in the fiduciary fund statements. Individual fund data for each of the fiduciary funds is provided in the form of combining statements located within the supplementary information following the notes to the financial statements.

Aside from the General Employees' Retirement Plan Trust fund, the City does not adopt an annual appropriated budget for its fiduciary funds. A budgetary comparison statement for the General Employees' Retirement Plan Trust fund has been provided to demonstrate compliance with the budget.

The basic fiduciary fund financial statements can be found on pages 50-51 of this report.

Notes to the Financial Statements. The notes to the financial statements are considered an integral part of the basic financial statements since they provide additional information needed to gain a full understanding of the data provided in both the government-wide and fund financial statements. The notes to the financial statements can be found on pages 53-87 of this report.

Other Information. The City has elected to use the modified approach to account for and report its street infrastructure capital assets. The City has included required supplementary information that explains the modified approach and recent assessments that have been performed using the related asset management system. These schedules can be found on pages 88-89 of this report.

Combining Statements. The combining statements referred to earlier in connection with the non-major governmental funds, non-major enterprise fund, internal service funds, fiduciary funds, and the component unit funds are presented following the required supplementary information. In addition, budget statements for the Capital Projects Fund and the major enterprise funds are also presented following the required supplementary information.

Government-wide Financial Analysis

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets.

Statement of Net Assets as of December 31 (amounts expressed in thousands, totals may not add due to rounding)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 394,009	\$ 394,617	\$ 187,405	\$ 174,813	\$ 581,414	\$ 569,430
Capital assets	594,361	551,646	497,767	485,246	1,092,128	1,036,892
Total assets	<u>988,370</u>	<u>946,263</u>	<u>685,172</u>	<u>660,059</u>	<u>1,673,542</u>	<u>1,606,322</u>
Other liabilities	223,859	211,999	22,795	22,020	246,654	234,019
Long-term liabilities	65,339	69,387	87,024	98,172	152,363	167,559
Total liabilities	<u>289,198</u>	<u>281,386</u>	<u>109,819</u>	<u>120,192</u>	<u>399,017</u>	<u>401,578</u>
Net assets:						
Invested in capital assets, net of related debt	526,367	482,512	398,946	376,929	925,314	859,441
Restricted	37,074	58,068	1,130	1,091	38,205	59,159
Unrestricted	135,731	124,297	175,277	161,847	311,006	286,144
Total net assets	<u>\$ 699,172</u>	<u>\$ 664,877</u>	<u>\$ 575,353</u>	<u>\$ 539,867</u>	<u>\$ 1,274,525</u>	<u>\$ 1,204,744</u>

For more detailed information see the Statement of Net Assets on page 33 of this report.

By far the largest portion of the City's net assets, \$925.3 million (72.6%) is invested in capital assets (e.g., land, buildings, machinery and equipment), less any 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's investment in its 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 the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets, \$38.2 million (3.0%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$311.0 million (24.4%), may be used to meet the City's ongoing obligations to its citizens and creditors.

The City's total net assets increased by \$69.8 million during the current fiscal year. This is due to growth in the governmental and business type activities of \$34.3 million and \$35.5 million, respectively. This is primarily due to expansion of both the City's streets' and utilities' infrastructure, which are funded by dedicated revenue sources as well as contributed capital. During 2007, street infrastructure capital assets increased by \$10.3 million and utilities' infrastructure increased by \$9.3 million. The increases in net assets in the Utilities are being accumulated for significant future capital purchases.

Finally, the City's capital land and water rights that are used in governmental operations increased by \$4.3 million due to the ongoing acquisition of open space under the Natural Areas program.

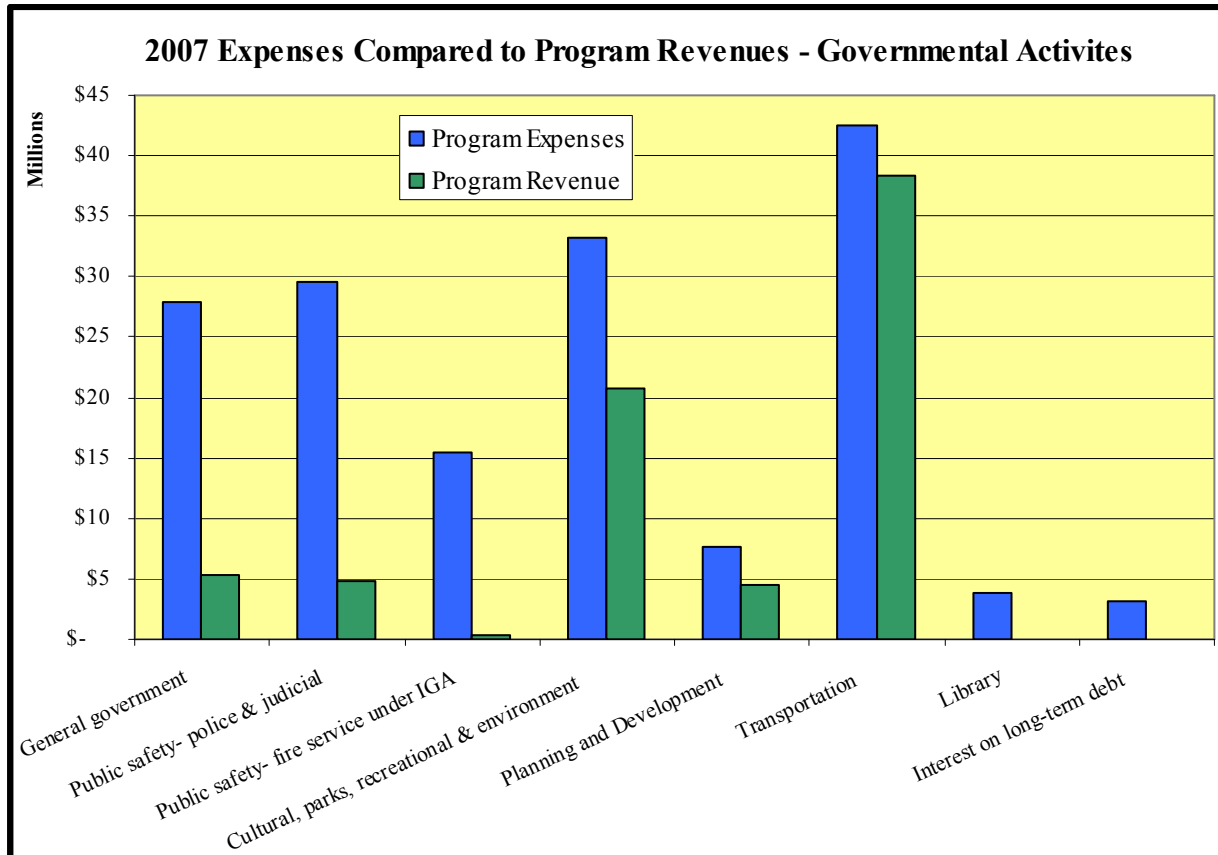
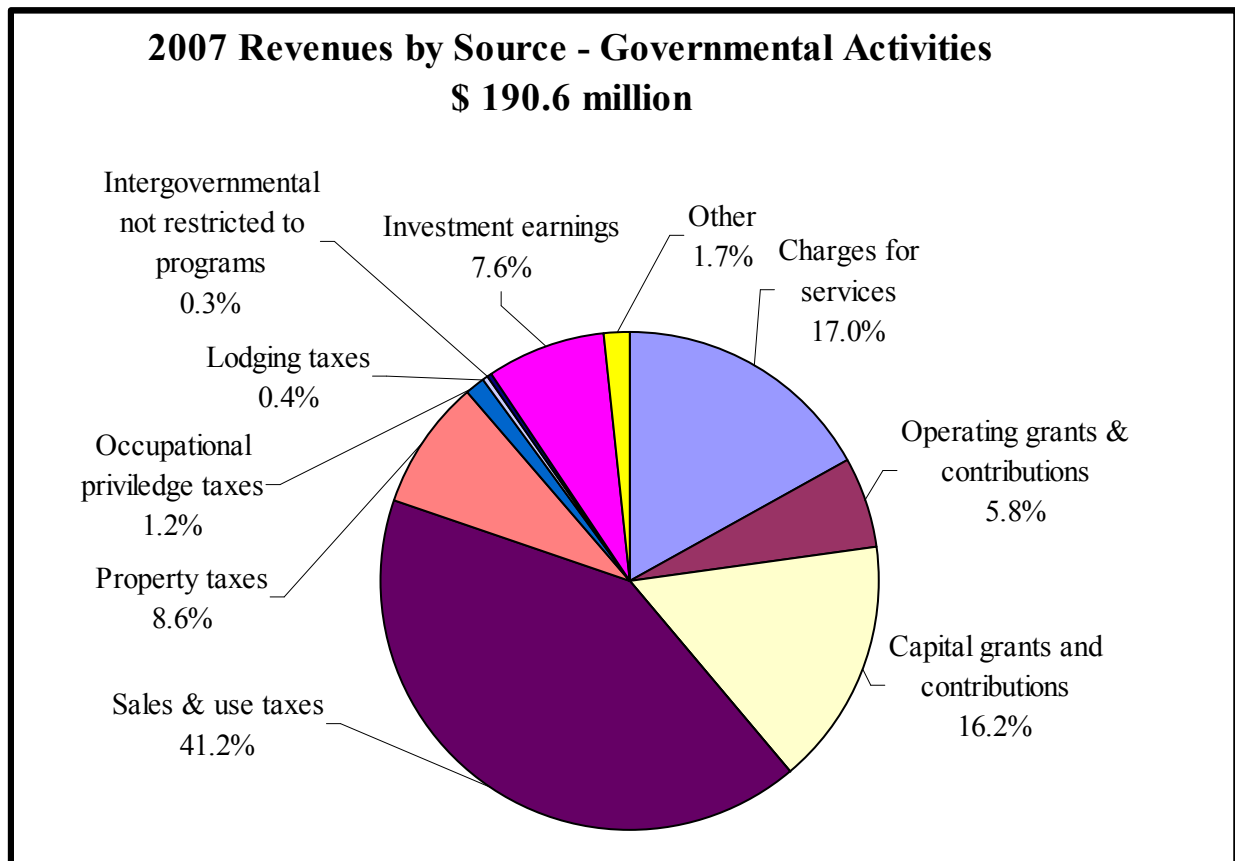
Changes in Net Assets. The following table reflects a condensed summary of activities and changes in net assets.

Statement of Activities & Changes in Net Assets as of December 31 (amounts expressed in thousands, totals may not add due to rounding)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 32,387	\$ 26,523	\$ 139,458	\$ 137,696	\$ 171,845	\$ 164,219
Operating grants & contributions	10,988	10,684	20	13	11,008	10,697
Capital grants and contributions	30,932	31,530	16,651	16,151	47,583	47,680
General revenues:						
Sales & use taxes	78,445	75,631	-	-	78,445	75,631
Property taxes	16,298	15,898	-	-	16,298	15,898
Occupational privilege taxes	2,359	2,424	-	-	2,359	2,424
Lodging taxes	838	842	-	-	838	842
Intergovernmental not restricted to programs	541	486	10	-	551	486
Investment earnings	14,546	17,231	15,279	7,072	29,826	24,304
Other	3,261	3,540	787	2,130	4,048	5,670
Total Revenues	190,594	184,788	172,206	163,062	362,800	347,850
Expenses:						
General government	27,867	26,470	-	-	27,867	26,470
Public safety- police & judicial	29,575	27,352	-	-	29,575	27,352
Public safety- fire service under IGA	15,505	16,561	-	-	15,505	16,561
Cultural, parks, recreation and environment	33,150	32,004	-	-	33,150	32,004
Planning and development	7,593	5,525	-	-	7,593	5,525
Transportation	42,495	44,644	-	-	42,495	44,644
Library	3,900	3,729	-	-	3,900	3,729
Interest on long-term debt	3,113	3,100	-	-	3,113	3,100
Light & power	-	-	80,479	73,793	80,479	73,793
Water	-	-	23,272	19,790	23,272	19,790
Wastewater	-	-	14,240	13,187	14,240	13,187
Storm drainage	-	-	9,132	7,493	9,132	7,493
Golf	-	-	2,697	2,469	2,697	2,469
Total expenses	163,199	159,386	129,820	116,732	293,019	276,118
Increase in net assets before transfers	27,395	25,402	42,386	46,330	69,781	71,732
Transfers	6,900	6,670	(6,900)	(6,670)	-	-
Increase in net assets	34,295	32,072	35,486	39,660	69,781	71,732
Net assets - beginning	664,877	632,805	539,867	500,207	1,204,744	1,133,012
Net assets - ending	\$ 699,172	\$ 664,877	\$ 575,353	\$ 539,867	\$ 1,274,525	\$ 1,204,744

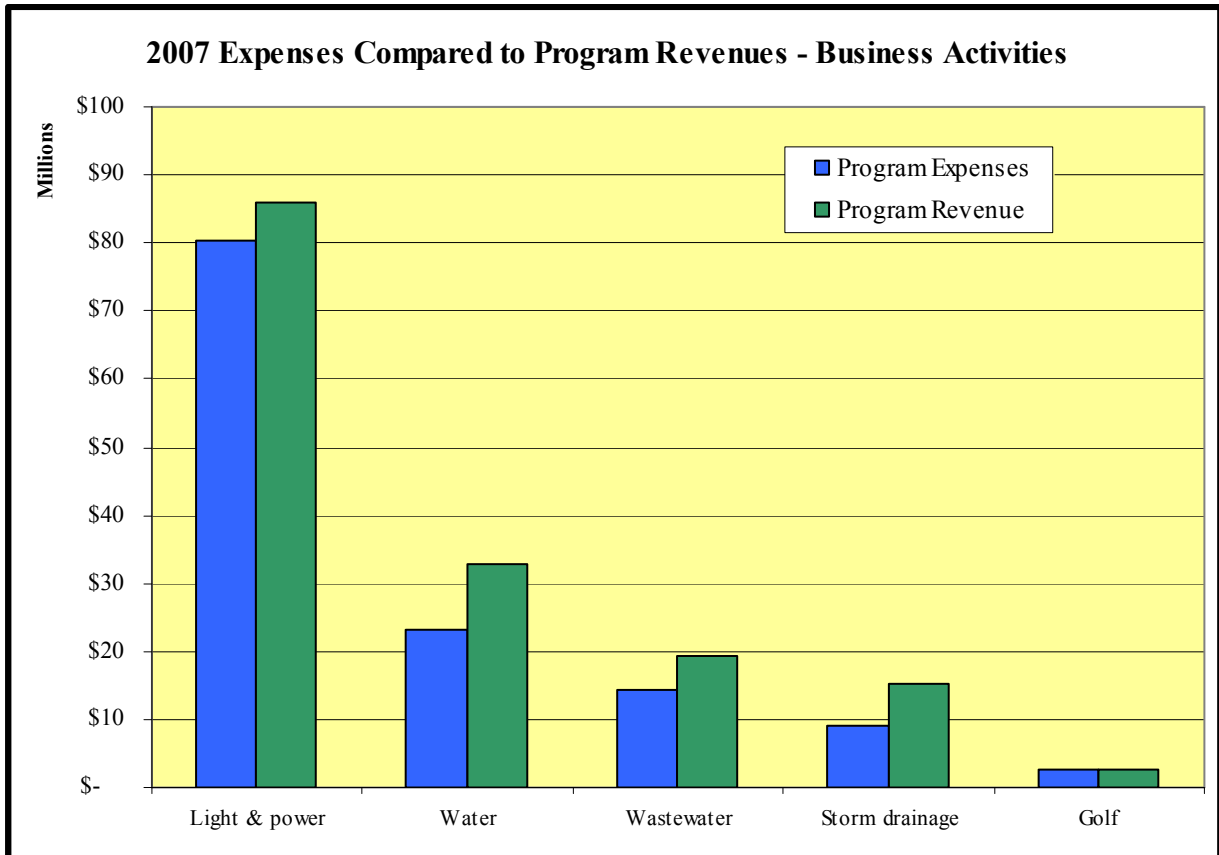
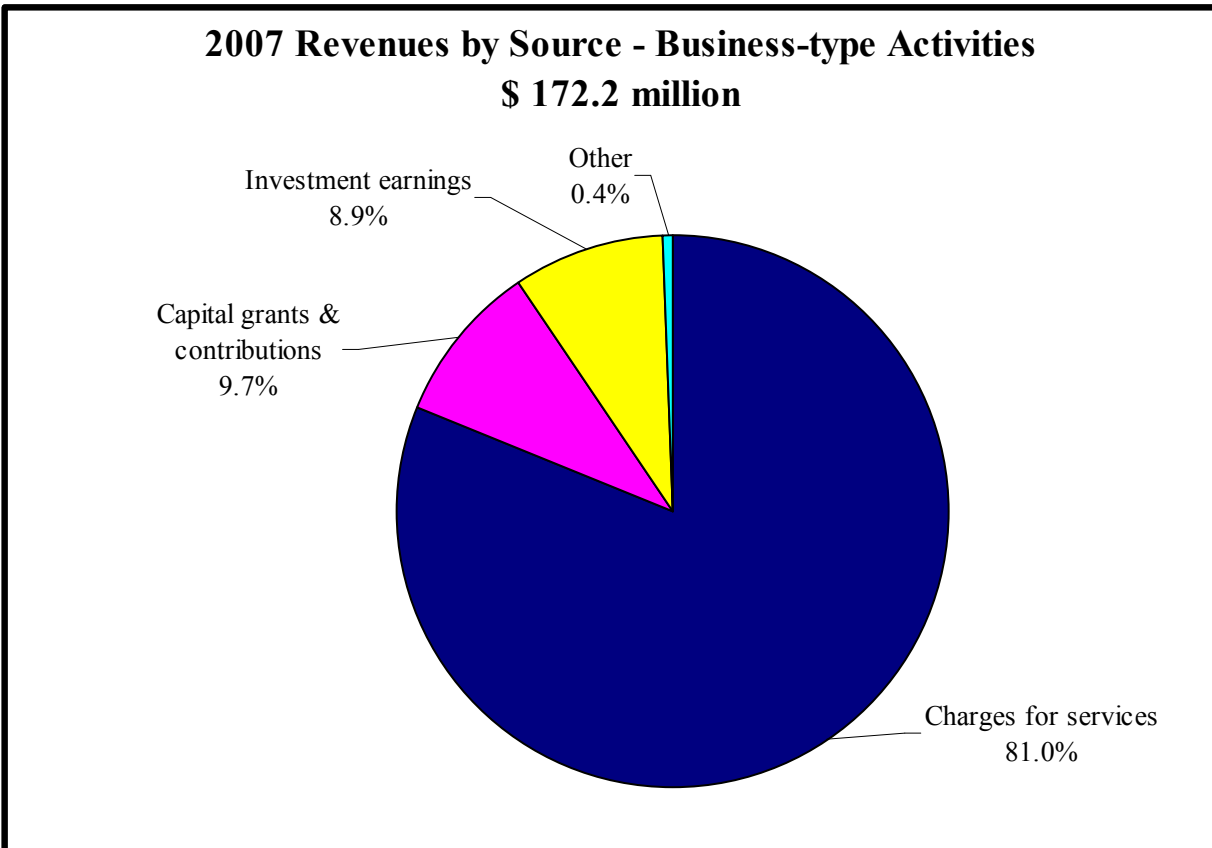
For more detailed information see the Statement of Activities on pages 34-35 of this report.

The above condensed summary of the City's governmental and business type activities for the period ended December 31, 2007 reflects net assets increasing by \$69.8 million (5.8%). The prior period is also included for comparative purposes. In addition, revenue and expense graphs have been presented on pages 24-25 to enhance the reader's understanding of the current year activities.

Governmental Activities:



Business-type Activities:



Governmental activities. Governmental activities increased the City's net assets by \$34.3 million, accounting for 49.1% of the City's overall increase in net assets. Major variations are due to the following:

Charges for services increased \$5.9 million. This was due to \$4.2 million of Library reimbursement fees and \$1.4 million of expanded camera radar/red light program charges.

Combined sales and use tax collections were \$2.8 million (3.7%) higher than 2006 collections. The overall increase in 2007 was influenced by several categories with positive growth. The Food Stores category increased 9.1%, Miscellaneous Retail increased 8.2%, Eating and Drinking Places increased 6.6%, and Home Furnishings and Consumer Electronics increased 13.8%.

Business-type activities. Business-type activities increased the City's net assets by \$35.5 million, accounting for 50.9% of the City's overall increase in net assets. Major variations are due to the following:

Charges for services in business activities increased \$1.8 million (1.3%) during the year. Light and Power fund charges for services increased \$1.7 million. This 2.1% increase is attributed to a small increase in the number of electric customers and increased energy use by existing customers. Wastewater fund rates were increased 5% for all customers. The net impact of the rate increase to total revenues is \$.6 million, less than 3.1% overall. Water fund operating revenues declined 1.2% due to a normal year of precipitation. Storm water fund revenues remained stable experiencing a .77% increase to total revenues.

This year, the Business Activities participated in the Security Lending investment program. As a result, Investment Earnings increased \$8.2 million of which \$5.6 million is from security lending income before security lending expenses. The remaining increase is due to higher average yields and a 9% increase in average amount invested.

Water Fund expenses increased by \$3.3 million which is primarily due to participating in the Security Lending Program.

Financial Analysis of the City's Funds

As noted previously, 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.

At 12/31/07, the City's total governmental fund balances were \$158.5 million, a decrease of \$15.4 million compared to the prior year. \$120.2 million (75.8%) constitutes unreserved fund balance, which is available for spending at the government's discretion. The \$38.3 million (24.2%) remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period - \$15.1 million, to pay debt service - \$1 million, to fund a state constitution mandated emergency reserve - \$3.9 million and for a variety of other restricted purposes - \$18.3 million.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. There were 4 major capital assets completed (New Police Facility, Spring Canyon Park, Northside Aztlan Center Replacement, and CSU Transit Center) that had total accumulated costs to date of \$58.1 million. The Capital Projects fund experienced a net decrease of \$19.5 million which resulted in a 12/31/07 fund balance of \$29.6 million.

The General Fund is the chief operating fund of the City. At 12/31/07, the unreserved fund balance of the General Fund was \$33.2 million. The total fund balance was \$48.3 million. The General Fund experienced an increase of \$5.3 million in 2007 primarily due to the Library reimbursement fees.

The Transportation Services Special Revenue Fund is another major governmental fund of the City. At 12/31/07, the unreserved fund balance of the Transportation Services Special Revenue Fund was \$2.2 million while the total fund balance equaled \$15.8 million. The fund balance experienced a decrease of \$2.5 million due to continued expenditures to the Harmony Road Improvement project. In 2005, the City received State money for the long term improvements of Harmony Road. There will be expenditures over several years to pay for the required improvements before the project is completed. Finally, there were additional costs for snow removal in the beginning of 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.

The unrestricted net asset balances and the growth in net assets of the City's proprietary funds (including the major enterprise funds) are reflected in the following table.

Change in Net Assets - Proprietary Funds
(amounts expressed in thousands, totals may not add due to rounding)

<u>Proprietary Funds</u>	Unrestricted Net Assets at 12/31/07	Change in Net Assets for Yr Ended 12/31/07
Light & Power	\$ 59,971	\$ 6,274
Water	68,264	14,666
Wastewater	23,143	7,136
Storm Drainage	21,658	7,495
Total of Major Enterprise Funds	173,036	35,571
Other Enterprise Fund	656	(46)
Total Enterprise Funds	173,692	35,525
Internal Service Funds	18,885	4,435
Total Proprietary Funds	<u>\$ 192,577</u>	<u>\$ 39,960</u>

Component Unit. The DDA uses governmental fund accounting. The DDA receives a tax increment to service bonds issued for improvements within the downtown area. A majority of these improvements relate to building facades in the downtown area; however, no assets are recorded on behalf of the DDA. As a result, the DDA has a \$6 million deficit in unrestricted net assets. The total change in net assets for the DDA was an increase of \$2 million. See the component unit columns on the government-wide financial statements on pages 33-35, or for more detail see pages 145-151.

General Fund Budgetary Highlights

The increase from the original budget to the final budget amounted to \$11.2 million and can be summarized as follows:

Cultural, Parks, Recreation and Environment had increased appropriations by \$4.16 million which was primarily due to the Library (\$3.8 million).

Prior Year Reserves were transferred to the Internal Service-Equipment Fund (\$2.35 million) and to Internal Service-Communications and Data Fund (\$1.5 million).

Police Protection had additional appropriations of \$1.37 million. This included the Larimer County Drug Task Force (\$.1 million), Lease Purchase vehicles (\$.6 million) and grants (\$.4 million).

The variance between actual expenditures and the final budget amounted to \$9.64 million and can be summarized as follows:

Executive, Legislative, and Judicial Services had unspent appropriations of \$1.5 million. These savings were partially due to salary savings in the Human Resources department reorganization, wellness and in-house classes which were partnered with Larimer County reduced some class costs, 28% fewer ordinances which resulted in lower codification costs and legal advertising costs, and reduced April election expenses and no November election.

Communication and Technology Services had unspent appropriations of \$.9 million. These savings were primarily due to two significant MIS “E-Government” projects, two Enterprise Resource Planning projects (including development of the Budget Analysis and Reporting Tool), and the Development Tracking System that were not completed in 2007.

Planning and Development Services had unspent appropriations of \$2.1 million. The affordable housing trust had unspent funds since awards are made via the “competitive process” during the spring and fall award cycles. The Human Services Program provides necessary assistance to various community organizations that help citizens in need. Due to their fiscal year ending 9/30/08, there was unspent money at 12/31/07. Some City Planning & Community Development multi-year planning projects were not completed. There was labor savings due to three vacant positions (including the director) during 2007.

Cultural, Parks, Recreation, and Environment Services had unspent appropriations of \$2.0 million. This was primarily due to lower expenditures in the library district. These postponed library appropriations for the new southeast library should be expended in 2008 or 2009 (new library opens March 2009).

Administrative Services had unspent appropriations of \$1.6 million. This was primarily due to 2007 operations services projects that were postponed in 2007 due to weather, scheduling and staff workload. These projects included the various equipment replacements at City Hall, Mulberry Pool, and EPIC. There were several maintenance and repairs projects that were completed around the city in early 2008. In addition, there was savings realized in utility costs.

Other Non-Departmental Activity had unspent appropriations of \$1.65 million. This was primarily due to contingency funds (\$.6 million) and frozen appropriations (\$.8 million).

Police Department had unspent appropriations of \$1.6 million. This was due to lower expenditures in tools and other commodities, labor savings due to vacant positions during the year in Patrol Services and Traffic Unit Services, contract renegotiations allowed the city the addition of another red light camera radar at Harmony and Timberline at no extra monthly charge that was budgeted, and some capital outlay money was not spent.

Capital Asset and Debt Administration

Capital Assets. The City’s investment in capital assets for its governmental and business-type activities as of December 31, 2007 amounted to \$1,092.1 million (net of accumulated depreciation). This was an increase of \$55.2 million (5.3%). This investment in capital assets includes land, water rights, buildings and improvements, machinery, equipment, and light & power, water, wastewater and storm drainage infrastructure as well as street system infrastructure.

The City has elected to use the modified approach for infrastructure reporting of its street system infrastructure. The City completes assessments of its entire street system on a 3 year cycle. The most recent 3 year assessment was completed as of December 31, 2006. It resulted in a rating of 77 and also met the City’s policy of achieving an average rating of 75, which is a fair rating. For 2007, the City spent \$8.4 million on its street maintenance program as compared to \$8.8 million, the estimate provided by the asset management system. For more detailed information see the Required Supplementary Information on pages 88-89 of this report.

Capital Assets Net of Depreciation
as of December 31
(amounts expressed in thousands, totals may not add due to rounding)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Land, water rights, intangibles	\$ 106,629	\$ 102,354	\$ 58,224	\$ 55,374	\$ 164,853	\$ 157,728
Street system infrastructure	304,894	294,552	-	-	304,894	294,552
Construction in progress	5,268	36,195	25,131	22,143	30,399	58,338
Buildings and improvements	116,766	60,942	155,251	164,471	272,017	225,413
Improvements other than buildings	37,049	36,522	248,202	233,137	285,251	269,659
Machinery and equipment	23,755	21,083	10,959	10,120	34,714	31,203
Total capital assets	<u>\$ 594,361</u>	<u>\$ 551,648</u>	<u>\$ 497,767</u>	<u>\$ 485,245</u>	<u>\$1,092,128</u>	<u>\$ 1,036,893</u>

Major capital improvements during this fiscal year included the following:

Governmental Activities

Completed in 2007:

- New Police Facility – accumulated costs to date - \$28.6 million
- Spring Canyon Park – accumulated costs to date - \$12.3 million
- Northside Aztlan Center Replacement – accumulated costs to date - \$9.7 million
- CSU Transit Center – accumulated costs to date - \$8.2 million

Other new capital assets in 2007:

- Additions to Street Infrastructure - \$10.3 million
- Reservoir Ridge Land – purchased 2.7 acres - \$4.0 million
- New Sand and Salt Building - \$3.0 million
- Bobcat Ridge-Pulliam Land – 385.5 acres added \$1.1 million
- Coyote Ridge Land – purchased 75 acres - \$1.1 million

Proprietary Activities

Completed in 2007:

- Various basin improvement projects in the Storm Drainage fund - \$5.2 million
- Various underground conduits & conductors - \$4.1 million
- Drake Water Reclamation Facility Improvements - \$2.7 million
- Acquired additional dedicated Water Rights - \$2.2 million
- Mulberry Water Reclamation Facility Improvements - \$1.5 million

Additional information on the City's capital assets can be found in Note III.C. on pages 66-67 of this report.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$165.0 million (bonds, certificates of participation, capital leases, etc.). Of this amount, \$93.9 million represents bonds secured by specified revenue sources (i.e., revenue bonds). In addition, there is \$5.0 million of general obligation water bonds, which historically have been supported by water revenue and not property taxes. The remaining \$66.1 million represents debt primarily secured by the new facilities or equipment being financed by certificates of participation, assignment of lease payments or capital leases.

Outstanding Debt
as of December 31
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenue bonds	\$ 3,342	\$ 4,579	\$ 90,603	\$ 99,031	\$ 93,945	\$ 103,610
General obligation bonds (water)	-	-	5,000	7,395	5,000	7,395
Certificates of participation	58,345	60,190	1,715	1,715	60,060	61,905
Assignment of lease payments	702	737	2,234	2,345	2,936	3,082
Capital leases	2,602	2,815	489	300	3,091	3,115
Total outstanding debt	<u>\$ 64,991</u>	<u>\$ 68,321</u>	<u>\$ 100,041</u>	<u>\$ 110,786</u>	<u>\$ 165,032</u>	<u>\$ 179,107</u>

While the City currently has no outstanding general obligation (G.O.) debt that isn't being serviced by enterprise revenue, the City has obtained a comparable rating for the City's G.O. pledge in the Aa1/AA category, the second highest rating available. For a complete discussion of the City's most recent bond ratings, please see the Schedule on page 8 of the transmittal letter.

Additional information on the City's long-term obligations can be found in Note III.E on pages 68-75 of this report.

Economic Factors and Next Year's Budgets and Rates

In 2007, the average unemployment rate for the Fort Collins/Loveland regional area was 3.4% of the labor force. (In 2006, this average rate was 3.9%). The Larimer County average unemployment rate was 3.9% and the State of Colorado average unemployment rate was 3.8%. The national average unemployment rate was 4.6%.

Combined sales and use tax collections were 3.7% higher than 2006 collections. 2008 sales taxes are projected to increase by 1.4% over 2007 actual collections. The increase is primarily due to vendor fee adjustment, building and construction retail sales, and restaurant sales.

Compared to the previous five year average, 2007 building activity was below average in both number of building permits (down 19.3%), and the value of the building permits (down 17.7%). In 2007, a total of 5,425 building permits were issued (a decrease of 4.3%) with a construction value of \$271,994,794 (a decrease of 17.3%) from 2006 amounts.

See also the schedule of key economic indicators on page 5 of the transmittal letter.

Requests for Information

The City's financial statements are designed to provide users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning any of the information presented in this report or requesting additional information should be sent to the Finance Director's attention at the following address:

Director of Finance
215 North Mason Street 2nd Floor
PO Box 580
Fort Collins, CO 80522-0580.



BASIC FINANCIAL STATEMENTS

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STATEMENT OF NET ASSETS
DECEMBER 31, 2007

	Primary Government -- City of Fort Collins			
	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Cash and cash equivalents	\$ 45,366,112	\$ 47,418,983	\$ 92,785,095	\$ 2,989,635
Investments	115,212,685	112,969,964	228,182,649	6,488,789
Cash held by fiscal agent	14,242,367	419,846	14,662,213	-
Securities lending collateral	181,610,916	-	181,610,916	-
Receivables:				
Property taxes	16,763,173	-	16,763,173	5,349,573
Sales and use taxes	7,763,356	-	7,763,356	-
Accounts	5,855,128	16,973,828	22,828,956	112,468
Interest	1,206,473	1,321,468	2,527,941	72,166
Due from other governments	134,600	1,235,602	1,370,202	2,561
Inventories of materials and supplies	654,063	4,232,797	4,886,860	-
Inventory of real property held for resale	2,896,665	-	2,896,665	135,464
Restricted cash and cash equivalents	112,669	1,160,327	1,272,996	-
Notes	1,384,500	715,586	2,100,086	-
Capital assets (non-depreciable):	416,791,450	83,355,049	500,146,499	1,001,197
Capital assets (net of accumulated depreciation):	177,569,027	414,412,276	591,981,303	1,858,417
Unamortized bond issuance costs	806,681	955,911	1,762,592	18,231
Total Assets	988,369,865	685,171,637	1,673,541,502	18,028,501
LIABILITIES				
Accounts payable	8,995,471	7,984,255	16,979,726	131,608
Interest payable	307,012	415,805	722,817	37,780
Wages payable	2,305,312	927,819	3,233,131	24,413
Due to other governments	1,184	-	1,184	-
Unearned revenue	17,468,729	-	17,468,729	5,426,173
Obligations under securities lending	181,610,916	-	181,610,916	-
Compensated absences	3,916,638	1,670,029	5,586,667	29,355
Deposits held in escrow	142,622	-	142,622	-
Non-Current liabilities				
Due within one year	9,110,206	11,796,606	20,906,812	2,270,000
Due in more than one year	65,339,285	87,024,388	152,363,673	7,420,000
Total Liabilities	289,197,375	109,818,902	399,016,277	15,339,329
NET ASSETS				
Invested in capital assets, net of related debt	526,367,326	398,946,331	925,313,657	624,900
Restricted for:				
Debt service	1,004,929	1,130,328	2,135,257	2,522,493
Capital projects	29,584,786	-	29,584,786	5,585,193
Gifts and grants	1,879,932	-	1,879,932	-
Agreements	700,016	-	700,016	-
Emergencies	3,904,687	-	3,904,687	-
Unrestricted (deficit)	135,730,814	175,276,076	311,006,890	(6,043,414)
Total Net Assets	\$ 699,172,490	\$ 575,352,735	\$ 1,274,525,225	\$ 2,689,172

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

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007**

		Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/ PROGRAM ACTIVITIES:	Expenses			
Primary Government:				
Governmental Activities:				
General government	\$ 27,866,850	\$ 4,889,707	\$ 82,382	\$ 411,536
Public safety - police & judicial	29,575,118	3,719,375	906,904	242,766
Public safety - fire service under IGA	15,505,340	-	-	351,371
Culture, parks, recreation and environment	37,050,226	11,867,562	601,112	8,310,968
Planning and development	7,592,991	2,617,068	1,906,974	-
Transportation	42,495,285	9,293,000	7,490,702	21,614,984
Interest on long-term debt	3,112,906	-	-	-
Total Governmental Activities	163,198,716	32,386,712	10,988,074	30,931,625
Business-type Activities:				
Light & Power	80,479,078	83,325,503	19,411	2,677,647
Water	23,272,388	25,243,152	-	7,720,138
Wastewater	14,239,803	15,114,423	-	4,319,720
Storm Drainage	9,132,090	13,196,697	-	1,933,511
Golf	2,696,698	2,578,555	350	-
Total Business-type Activities	129,820,057	139,458,330	19,761	16,651,016
Total Primary Government	293,018,773	171,845,042	11,007,835	47,582,641
Component Unit:				
Downtown Development Authority	\$ 4,099,061	\$ 143,437	\$ -	\$ -

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

Net (Expense) Revenue and Changes in Net Assets				
Primary Government - City of Fort Collins				Component Unit
Governmental Activities	Business-type Activities	Total		
\$ (22,483,225)	\$	\$ (22,483,225)	\$	
(24,706,073)		(24,706,073)		
(15,153,969)		(15,153,969)		
(16,270,584)		(16,270,584)		
(3,068,949)		(3,068,949)		
(4,096,599)		(4,096,599)		
(3,112,906)		(3,112,906)		
<u>(88,892,305)</u>		<u>(88,892,305)</u>		
	-	5,543,483	5,543,483	
	-	9,690,902	9,690,902	
	-	5,194,340	5,194,340	
	-	5,998,118	5,998,118	
	-	(117,793)	(117,793)	
	-	26,309,050	26,309,050	
<u>(88,892,305)</u>	<u>26,309,050</u>	<u>(62,583,255)</u>		
				<u>(3,955,624)</u>
General Revenues				
Sales & use taxes	78,444,572	-	78,444,572	-
Property taxes	16,297,997	-	16,297,997	4,144,752
Occupational privilege taxes	2,358,803	-	2,358,803	-
Lodging taxes	837,773	-	837,773	-
Intergovernmental not restricted to programs	540,947	10,010	550,957	-
Investment earnings	14,546,406	15,279,459	29,825,865	649,858
Miscellaneous	3,261,060	787,184	4,048,244	1,166,885
Transfers	<u>6,900,111</u>	<u>(6,900,111)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>123,187,669</u>	<u>9,176,542</u>	<u>132,364,211</u>	<u>5,961,495</u>
Changes in Net Assets	34,295,364	35,485,592	69,780,956	2,005,871
Net Assets--January 1	664,877,126	539,867,143	1,204,744,269	683,301
Net Assets--December 31	<u>\$ 699,172,490</u>	<u>\$ 575,352,735</u>	<u>\$ 1,274,525,225</u>	<u>\$ 2,689,172</u>

**GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2007**

	Primary Government					
	General	Sales and Use Tax	Trans- portation Services	Capital Projects	Total Other Governmental	Total Governmental
ASSETS						
Cash and cash equivalents	\$ 13,834,364	\$ 1,133,597	\$ 4,979,938	\$ 3,781,711	\$ 15,036,027	\$ 38,765,637
Investments	33,580,020	2,299,165	9,712,666	15,612,704	37,177,482	98,382,037
Cash held by fiscal agent	5,091	-	145,909	13,823,910	267,457	14,242,367
Securities lending collateral	181,610,916	-	-	-	-	181,610,916
Receivables						
Property taxes	16,224,120	-	-	-	539,053	16,763,173
Sales and use taxes	-	7,763,356	-	-	-	7,763,356
Accounts	996,745	-	1,731,451	374,893	2,364,269	5,467,358
Notes and loans	125,000	-	-	-	1,259,500	1,384,500
Accrued interest	322,278	24,761	111,092	145,469	411,839	1,015,439
Due from other governments	-	-	132,723	-	1,877	134,600
Inventory of materials and supplies	4,328	-	-	-	-	4,328
Inventory of real property held for resale	2,896,665	-	-	-	-	2,896,665
Restricted assets - cash and cash equivalents	-	82,868	29,801	-	-	112,669
Total Assets	<u>249,599,527</u>	<u>11,303,747</u>	<u>16,843,580</u>	<u>33,738,687</u>	<u>57,057,504</u>	<u>368,543,045</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable, accruals, and other	2,029,622	2,585	783,982	4,133,186	1,665,332	8,614,707
Accrued wages payable	1,464,442	-	255,779	20,715	452,112	2,193,048
Due to other governments	-	-	1,184	-	-	1,184
Deferred revenue	16,236,430	3,767	-	-	1,199,601	17,439,798
Obligations under securities lending	181,610,916	-	-	-	-	181,610,916
Deposits held in escrow	-	142,622	-	-	-	142,622
Total Liabilities	<u>201,341,410</u>	<u>148,974</u>	<u>1,040,945</u>	<u>4,153,901</u>	<u>3,317,045</u>	<u>210,002,275</u>
Fund Balances						
<i>Reserved</i>						
Encumbrances	4,624,992	-	3,815,805	3,775,851	2,891,469	15,108,117
Long-term notes receivable	125,000	-	-	-	1,259,479	1,384,479
Inventory of real property held for resale	2,901,474	-	-	-	-	2,901,474
Debt service	-	82,868	29,802	-	892,253	1,004,923
Emergency reserve	3,904,687	-	-	-	-	3,904,687
Contractual and other	3,515,799	-	9,749,477	-	730,973	13,996,249
<i>Unreserved</i>						
<i>Designated</i>						
General Fund	10,701,242	-	-	-	-	10,701,242
Special revenue funds	-	8,333,694	1,085,219	-	28,198,914	37,617,827
Capital projects funds	-	-	-	25,808,935	-	25,808,935
<i>Undesignated</i>						
General fund	22,484,923	-	-	-	-	22,484,923
Special revenue funds	-	2,738,211	1,122,332	-	19,767,371	23,627,914
Total Fund Balances	<u>48,258,117</u>	<u>11,154,773</u>	<u>15,802,635</u>	<u>29,584,786</u>	<u>53,740,459</u>	<u>158,540,770</u>
Total Liabilities and Fund Balances	<u>\$ 249,599,527</u>	<u>\$ 11,303,747</u>	<u>\$ 16,843,580</u>	<u>\$ 33,738,687</u>	<u>\$ 57,057,504</u>	<u>\$ 368,543,045</u>

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

**RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Amounts reported for governmental activities in the statement of net assets (page 33) are different because:

Total fund balances - governmental funds (page 36)	\$ 158,540,770
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Capital assets net of accumulated depreciation used in governmental activities are not current financial resources. Therefore they are not reported in the funds.

Primary governmental capital assets	\$ 666,777,173	
Less accumulated depreciation	(81,574,901)	
City joint venture equity interest in capital assets of Fort Collins/Loveland Airport (net of depreciation)	<u>6,697,020</u>	591,899,292

City's joint venture equity interest in non-capital assets of Fort Collins/Loveland Airport	192,316
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Other long-term obligations resulting from actuarial calculations and related to the payment of benefits outside of the current period are not included in the funds.	(1,443,775)
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Bonds issuance costs, net of accumulated amortization.	806,681
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Long-term liabilities, including bonds payable, the related unamortized issuance costs and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable	\$ (3,341,863)	
Certificates of participation	(58,345,000)	
Assignment of lease payments	(702,430)	
Advance between Urban Renewal Authority and Storm Drainage	(120,000)	
Premium & deferral amount, net of accumulated amortization	(1,437,913)	
Compensated absences	(3,727,932)	
Capital leases payable	(2,592,180)	
Interest payable	<u>(306,895)</u>	(70,574,213)

Internal service funds are used by management to charge the costs of certain activities to individual funds. Except for the utility customer service and administrative fund, the assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.

<u>19,751,419</u>

Net assets of governmental activities (page 33)	<u>\$ 699,172,490</u>
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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

	Primary Government					Total Governmental
	General	Sales and Use Tax	Trans- portation Services	Capital Projects	Total Other Governmental	
REVENUES						
Taxes	\$ 17,086,608	\$ 78,444,572	\$ 1,408,213	\$ -	\$ 338,710	\$ 97,278,103
Licenses and permits	1,536,626	-	119,879	-	-	1,656,505
Intergovernmental	1,422,259	-	5,835,265	562,065	10,236,937	18,056,526
Fees and charges for services	19,733,858	-	3,050,262	-	17,162,588	39,946,708
Fines and forfeitures	2,824,814	-	-	-	-	2,824,814
Earnings on investments	2,657,470	286,640	821,448	1,784,339	3,248,222	8,798,119
Interest on security lending income	1,715,711	208,413	182,245	-	1,808,321	3,914,690
Miscellaneous revenue	3,375,393	995,647	4,848,509	1,405,894	2,020,065	12,645,508
Total Revenues	50,352,739	79,935,272	16,265,821	3,752,298	34,814,843	185,120,973
EXPENDITURES						
Current operating						
Executive, legislative, and judicial	9,609,283	-	-	-	-	9,609,283
Facility Operations	5,738,299	-	-	-	-	5,738,299
Cultural, parks, recreation and environment	10,795,007	-	-	-	17,280,055	28,075,062
Communication & technology	3,765,399	-	-	-	-	3,765,399
Planning and Development	6,024,543	-	-	-	2,168,061	8,192,604
Police protection	28,463,454	-	-	-	-	28,463,454
Transportation	-	-	22,817,650	-	8,877,630	31,695,280
Other	1,131,000	926,307	-	-	360,185	2,417,492
Security lending interest expense	1,661,051	202,237	176,673	-	1,814,092	3,854,053
Security lending agent fees	16,397	1,852	1,672	-	17,347	37,268
Intergovernmental						
Fire protection	15,505,340	-	-	-	-	15,505,340
Capital outlay	2,431,932	-	1,427,198	40,604,828	9,600,934	54,064,892
Debt service						
Principal	-	-	-	-	2,987,796	2,987,796
Interest	-	-	-	-	3,128,024	3,128,024
Total Expenditures	85,141,705	1,130,396	24,423,193	40,604,828	46,234,124	197,534,246
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	(34,788,966)	78,804,876	(8,157,372)	(36,852,530)	(11,419,281)	(12,413,273)
OTHER FINANCING SOURCES (USES)						
Transfers in	59,777,500	-	10,281,490	18,917,570	23,869,015	112,845,575
Transfers out	(20,332,874)	(77,729,091)	(4,811,002)	(1,591,842)	(12,118,355)	(116,583,164)
Certificates of Participation						
COPS issued	-	-	-	-	12,880,000	12,880,000
Capital leases	597,873	-	144,972	-	-	742,845
Payments to refunded bond escrow agent	-	-	-	-	(12,860,000)	(12,860,000)
Total Other Financing Sources (Uses)	40,042,499	(77,729,091)	5,615,460	17,325,728	11,770,660	(2,974,744)
Net Changes in Fund Balances	5,253,533	1,075,785	(2,541,912)	(19,526,802)	351,379	(15,388,017)
Fund Balances-January 1	43,004,584	10,078,988	18,344,547	49,111,588	53,389,080	173,928,787
Fund Balances-December 31	\$ 48,258,117	\$ 11,154,773	\$ 15,802,635	\$ 29,584,786	\$ 53,740,459	\$ 158,540,770

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**

Amounts reported for governmental activities in the statement of activities (pages 34-35) are different because:

Net change in fund balances - total governmental funds (page 38) **\$ (15,388,017)**

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.

Expenditures for capital assets	\$ 56,949,585	
Less current year depreciation	(9,318,165)	
Less current year dispositions, net accumulated depreciation	<u>(4,842,432)</u>	
		42,788,988

Repayment of bond and lease principal is reported as an expenditure in the governmental funds. However, the repayment reduces long-term liabilities on the statement of net assets, so this transaction has no effect on net assets.

Repayment of bond and lease principal	\$ 3,167,531	
Repayment of capital lease principal	923,973	
Payment to escrow agent on bond refunding	<u>12,860,000</u>	
		16,951,504

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to the governmental funds. However, issuing debt increases long-term liabilities on the statement of net assets, so this transaction has no effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items as expenditures in the period when the debt is created. However, these amounts are deferred and amortized in the statement of activities.

Issuance of refunding debt	\$ (12,880,000)	
Issuance of capital leases	<u>(742,845)</u>	
		(13,622,845)

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 the governmental funds.

Change in net pension obligation	\$ (800,239)	
Current year amortization of bond cost	7,140	
Current year amortization of premium/(discount) & deferred amount	23,186	
Change in accrued interest payable	31,759	
Change in compensated absences	<u>(194,520)</u>	
		(932,674)

Expenses in Statement of Activities related to City's Equity in Joint Venture
Change in Non-Capital Equity position in Fort Collins/Loveland Airport

23,704

Internal service funds are used by management to charge the costs of certain activities to individual funds. Except for the utility customer service and administrative fund, the net revenue of the internal service funds is reported with the governmental activities.

4,474,704

Change in net assets of governmental activities (pages 34-35)

\$ 34,295,364

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

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance- Positive (Negative)</u>
REVENUES				
Taxes	\$ 17,086,608	\$ 16,563,358	\$ 16,788,358	\$ 298,250
Licenses and permits	1,536,626	1,317,321	1,417,321	119,305
Intergovernmental	1,422,259	1,387,556	1,863,881	(441,622)
Fees and charges for services	19,733,858	14,607,030	18,787,471	946,387
Fines and forfeitures	2,824,814	2,359,926	2,274,926	549,888
Earnings on investments	2,657,470	1,200,000	2,144,491	512,979
Interest on security lending income	1,715,711	-	-	1,715,711
Miscellaneous revenue	3,375,393	659,891	3,325,917	49,476
Total Revenues	<u>50,352,739</u>	<u>38,095,082</u>	<u>46,602,365</u>	<u>3,750,374</u>
EXPENDITURES				
Current operating				
Executive, legislative, and judicial	9,609,283	10,691,381	11,148,119	1,538,836
Administrative	5,738,299	7,432,111	7,338,570	1,600,271
Cultural, parks, recreation and environment	10,795,007	8,590,732	12,751,092	1,956,085
Communication & technology	3,765,399	4,544,106	4,623,356	857,957
Planning and Development	6,024,543	8,036,432	8,154,047	2,129,504
Police protection	28,463,454	28,674,960	30,044,673	1,581,219
Other	1,131,000	2,457,177	2,785,250	1,654,250
Security lending interest expense	1,661,051	-	-	(1,661,051)
Security lending agent fees	16,397	-	-	(16,397)
Total Expenditures	<u>85,141,705</u>	<u>88,364,175</u>	<u>94,782,383</u>	<u>9,640,678</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(34,788,966)</u>	<u>(50,269,093)</u>	<u>(48,180,018)</u>	<u>13,391,052</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of general				
long-term debt	597,873	-	597,873	-
Transfers in	59,777,500	56,885,910	60,834,871	(1,057,371)
Transfers out	(20,332,874)	(20,370,151)	(25,144,234)	4,811,360
Total Other Financing Sources and Uses	<u>40,042,499</u>	<u>36,515,759</u>	<u>36,288,510</u>	<u>3,753,989</u>
Net Changes in Fund Balances	5,253,533	<u><u>\$(13,753,334)</u></u>	<u><u>\$ (11,891,508)</u></u>	<u><u>\$ 17,145,041</u></u>
Fund Balances-January 1	<u>43,004,584</u>			
Fund Balances-December 31	<u><u>\$ 48,258,117</u></u>			

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

**SALES AND USE TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Actual	Original Budget	Final Budget	Variance- Positive (Negative)
REVENUES				
Taxes	\$ 78,444,572	\$ 74,854,976	\$ 77,521,976	\$ 922,596
Earnings on investments	286,640	45,946	245,946	40,694
Interest on security lending income	208,413	-	-	208,413
Miscellaneous revenue	995,647	994,438	994,438	1,209
Total Revenues	79,935,272	75,895,360	78,762,360	1,172,912
EXPENDITURES				
Current operating				
Other	926,307	1,280,118	1,176,931	250,624
Security lending interest expense	202,237	-	-	(202,237)
Security lending agent fees	1,852	-	-	(1,852)
Total Expenditures	1,130,396	1,280,118	1,176,931	46,535
Excess of Revenues Over Expenditures	78,804,876	74,615,242	77,585,429	1,219,447
OTHER FINANCING USES				
Transfers out				
Transportation Services Fund	(5,798,943)	(5,877,189)	(5,814,265)	15,322
Debt Service Fund	(994,438)	(994,438)	(994,438)	-
Capital Projects Fund	(5,969,830)	(5,658,451)	(6,259,258)	289,428
Natural Areas Fund	(5,767,199)	(5,845,445)	(5,782,520)	15,321
Transit Services Fund	(155,250)	(155,250)	(155,250)	-
General -Economic Vitality Fee	(388,444)	-	(388,444)	-
General Fund	(58,654,987)	(56,084,471)	(58,654,987)	-
Total Other Financing Uses	(77,729,091)	(74,615,244)	(78,049,162)	320,071
Net Changes in Fund Balances	1,075,785	\$ (2)	\$ (463,733)	\$ 1,539,518
Fund Balances--January 1	10,078,988			
Fund Balances--December 31	\$ 11,154,773			

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

TRANSPORTATION SERVICES FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Prior Year Actual</u>	<u>Cummulative Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance- Positive (Negative)</u>
REVENUES						
Taxes	\$ 1,408,213	\$ -	\$ 1,408,213	\$ 1,511,302	\$ 1,511,302	\$ (103,089)
Licenses and permits	119,879	-	119,879	138,850	138,850	(18,971)
Intergovernmental	5,835,265	529,326	6,364,591	7,200,707	6,783,067	(418,476)
Fees and charges for services	3,050,262	-	3,050,262	3,087,262	3,111,262	(61,000)
Earnings on investments	821,448	-	821,448	-	660,000	161,448
Interest on security lending income	182,245	-	182,245	-	-	182,245
Miscellaneous revenue	4,848,509	-	4,848,509	4,766,306	4,802,190	46,319
Total Revenues	<u>16,265,821</u>	<u>529,326</u>	<u>16,795,147</u>	<u>16,704,427</u>	<u>17,006,671</u>	<u>(211,524)</u>
EXPENDITURES						
Programs (fund level of budgetary control)						
Transportation services administration	406,498	-	406,498	536,393	536,394	129,896
Harmony road	191,371	-	191,371	920,258	1,526,460	1,335,089
Pavement management	7,141,789	-	7,141,789	8,868,832	8,953,832	1,812,043
Streets	9,243,124	-	9,243,124	9,388,537	10,058,586	815,462
Engineering	1,692,966	-	1,692,966	2,477,361	2,477,361	784,395
Traffic	3,209,685	-	3,209,685	3,184,583	3,381,084	171,399
Parking	1,603,092	-	1,603,092	2,234,038	2,185,168	582,076
Planning	671,276	-	671,276	997,766	997,766	326,490
Total Programs	<u>24,159,801</u>	<u>-</u>	<u>24,159,801</u>	<u>28,607,768</u>	<u>30,116,651</u>	<u>5,956,850</u>
Federal Grants (level of budgetary control)						
CMAQ Web Page	95,465	369,006	464,471	500,000	500,000	35,529
South College Bikelanes	90,590	273,702	364,292	750,000	750,000	385,708
Downtown River Dist Improve	66,086	133,914	200,000	200,000	200,000	-
East Mtn Trolley	112	-	112	134,550	134,550	134,438
Safe Route to School	11,138	-	11,138	22,208	22,208	11,070
Total Grants	<u>263,391</u>	<u>776,622</u>	<u>1,040,013</u>	<u>1,606,758</u>	<u>1,606,758</u>	<u>566,745</u>
Total Expenditures	<u>24,423,192</u>	<u>776,622</u>	<u>25,199,814</u>	<u>30,214,526</u>	<u>31,723,409</u>	<u>6,523,595</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,157,371)</u>	<u>(247,296)</u>	<u>(8,404,667)</u>	<u>(13,510,099)</u>	<u>(14,716,738)</u>	<u>6,312,071</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from Lease Purchase	144,972	-	144,972	-	144,972	-
Transfers in:						
Sales and Use Tax Fund	5,767,199	-	5,767,199	5,845,445	5,782,521	(15,322)
Communications	37,861	-	37,861	-	37,861	-
General Fund	4,328,746	80,670	4,409,416	3,723,776	4,543,339	(133,923)
Sales & Use Tax- BOB	31,744	-	31,744	-	31,744	-
Storm Water	115,940	-	115,940	115,940	115,940	-
Transfers out:						
Debt Service Fund	(486,474)	-	(486,474)	(490,318)	(486,474)	-
Street Oversizing	(1,400,000)	-	(1,400,000)	-	(1,400,000)	-
Capital Projects Fund	<u>(2,924,529)</u>	<u>-</u>	<u>(2,924,529)</u>	<u>(166,390)</u>	<u>(3,166,390)</u>	<u>241,861</u>
Total Other Financing Sources (Uses)	<u>5,615,459</u>	<u>80,670</u>	<u>5,696,129</u>	<u>9,028,453</u>	<u>5,603,513</u>	<u>92,616</u>
Net Changes in Fund Balances	(2,541,912)	<u>\$(166,626)</u>	(2,708,538)	<u>\$ (4,481,646)</u>	<u>\$ (9,113,225)</u>	<u>\$ 6,404,687</u>
Fund Balances--January 1	18,344,547		18,344,547			
Less Prior Years' Grant Revenues			(609,996)			
Plus Prior Years' Grant Expenditures			776,622			
Fund Balances--December 31	<u>\$ 15,802,635</u>		<u>\$15,802,635</u>			

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

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**PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

	Light and Power	Water	Wastewater	Storm Drainage
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 15,088,804	\$ 19,482,976	\$ 6,645,230	\$ 4,483,870
Investments	35,671,791	46,581,287	14,508,825	14,904,416
Cash held by fiscal agent	-	-	407,201	-
Receivables				
Accounts	10,757,180	2,624,934	1,834,645	1,754,298
Note receivable	62,371	-	-	-
Interest	404,324	523,665	269,364	109,541
Due from other governments	-	-	-	1,235,602
Inventories of materials and supplies	4,232,797	-	-	-
Total Current Assets	66,217,267	69,212,862	23,665,265	22,487,727
Non-Current Assets				
Restricted Assets - cash & cash equivalents	-	308,521	440,242	411,564
Land, water rights, other	1,512,515	45,195,479	3,217,675	5,432,047
Buildings, improvements and equipment	191,451,194	223,993,738	151,583,843	98,070,912
Accumulated depreciation	(99,620,702)	(82,955,592)	(56,289,504)	(18,224,629)
Construction in progress	5,543,984	8,106,910	10,807,394	311,012
Note receivable	533,215	-	-	120,000
Unamortized bond issuance costs	-	223,879	421,007	261,219
Total Non-Current Assets	99,420,206	194,872,935	110,180,657	86,382,125
Total Assets	165,637,473	264,085,797	133,845,922	108,869,852
LIABILITIES				
Current Liabilities				
Accounts payable	6,109,292	450,438	420,772	860,112
Interest payable	-	129,493	101,682	138,687
Wages payable	262,659	184,757	159,967	78,951
Compensated absences	407,193	407,950	290,502	133,623
Bonds payable	-	4,790,429	4,063,847	2,571,144
Claims payable	-	-	-	-
Capital lease obligations	-	-	-	-
Deferred revenue	-	-	-	-
Total Current Liabilities	6,779,144	5,963,067	5,036,770	3,782,517
Non-Current Liabilities				
Bonds payable	-	30,980,460	15,539,527	36,405,216
Claims payable	-	-	-	-
Capital lease obligations	-	-	-	-
Total Non-Current Liabilities	-	30,980,460	15,539,527	36,405,216
Total Liabilities	6,779,144	36,943,527	20,576,297	40,187,733
NET ASSETS				
Invested in capital assets, net of related debt	98,886,992	158,569,646	89,716,033	46,612,982
Restricted: debt service	-	308,521	410,243	411,564
Unrestricted	59,971,337	68,264,103	23,143,349	21,657,573
Total Net Assets	\$ 158,858,329	\$ 227,142,270	\$ 113,269,625	\$ 68,682,119

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

Net assets of business-type activities (page 33).

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

Golf	Enterprise Funds	Internal Service Funds
\$ 226,463	\$ 45,927,343	\$ 7,899,799
567,160	112,233,479	17,567,133
12,645	419,846	-
2,711	16,973,768	387,830
-	62,371	-
6,347	1,313,241	199,261
-	1,235,602	-
-	4,232,797	649,735
815,326	182,398,447	26,703,758
-	1,160,327	-
2,865,976	58,223,692	70,564
8,176,939	673,276,626	6,519,619
(2,690,019)	(259,780,446)	(3,271,841)
-	24,769,300	420,996
-	653,215	-
49,806	955,911	-
8,402,702	499,258,625	3,739,338
9,218,028	681,657,072	30,443,096
56,852	7,897,466	467,553
45,943	415,805	117
29,428	715,762	324,321
77,501	1,316,769	541,966
239,492	11,664,912	-
-	-	2,651,250
131,694	131,694	5,619
-	-	28,931
580,910	22,142,408	4,019,757
3,741,607	86,666,810	-
-	-	3,805,090
357,578	357,578	4,371
4,099,185	87,024,388	3,809,461
4,680,095	109,166,796	7,829,218
3,882,525	397,668,178	3,729,348
-	1,130,328	-
655,408	173,691,770	18,884,530
\$ 4,537,933	572,490,276	\$ 22,613,878
	2,862,459	
	\$ 575,352,735	

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

	Light and Power	Water	Wastewater	Storm Drainage
OPERATING REVENUES				
Charges for services	\$ 81,912,180	\$ 24,820,432	\$ 14,640,171	\$ 13,173,911
Total Operating Revenues	81,912,180	24,820,432	14,640,171	13,173,911
OPERATING EXPENSES				
Personal services	5,423,330	5,211,431	4,734,126	1,830,103
Contractual services	1,621,718	2,745,034	1,568,996	997,658
Commodities	59,192,429	1,431,683	813,869	111,465
Customer service and administrative charges	4,324,672	2,901,642	1,308,645	1,311,235
Other	5,799,989	2,341,976	1,505,754	364,148
Depreciation	6,462,805	5,600,347	2,817,929	2,260,571
Total Operating Expenses	82,824,943	20,232,113	12,749,319	6,875,180
Operating Income	(912,763)	4,588,319	1,890,852	6,298,731
NONOPERATING REVENUES (EXPENSES)				
Earnings on investments	3,051,848	3,661,554	1,724,569	1,117,364
Interest on security lending income	1,867,580	2,378,684	849,502	450,675
Security lending interest expense	(1,810,114)	(2,303,501)	(823,870)	(436,220)
Security lending agent fees	(17,239)	(22,554)	(7,689)	(4,336)
Intergovernmental	-	-	-	1,235,602
Other revenue	1,467,115	429,613	432,558	50,021
Gain (Loss) on sale of capital assets	(75,198)	(26,158)	39,216	(96,405)
Interest expense	-	(1,712,813)	(1,286,471)	(1,642,746)
Other nonoperating expenses	-	(46,751)	(44,858)	(32,066)
Total Nonoperating Revenues (Expenses)	4,483,992	2,358,074	882,957	641,889
Income Before Contributions and Transfers	3,571,229	6,946,393	2,773,809	6,940,620
Capital contributions	2,677,647	7,720,137	4,361,811	670,674
Transfers in	25,000	-	-	-
Transfers out	-	-	-	(115,940)
Change in Net Assets	6,273,876	14,666,530	7,135,620	7,495,354
Net Assets--January 1	152,584,453	212,475,740	106,134,005	61,186,765
Net Assets--December 31	\$ 158,858,329	\$ 227,142,270	\$ 113,269,625	\$ 68,682,119

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

Change in net assets of business-type activities (pages 34-35)

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

Golf	Enterprise Funds	Internal Service Funds
<u>\$ 2,577,205</u>	<u>\$ 137,123,899</u>	<u>\$ 38,631,353</u>
<u>2,577,205</u>	<u>137,123,899</u>	<u>38,631,353</u>
1,114,661	18,313,651	10,418,554
588,601	7,522,007	24,165,094
256,297	61,805,743	4,738,459
-	9,846,194	348
175,008	10,186,875	590,827
313,788	17,455,440	451,168
<u>2,448,355</u>	<u>125,129,910</u>	<u>40,364,450</u>
<u>128,850</u>	<u>11,993,989</u>	<u>(1,733,097)</u>
40,872	9,596,207	1,258,957
25,002	5,571,443	686,587
(23,997)	(5,397,702)	(665,709)
(301)	(52,119)	(6,263)
-	1,235,602	57,993
2,506	2,381,813	955,519
3,006	(155,539)	52,813
(218,397)	(4,860,427)	(791)
(3,164)	(126,839)	-
<u>(174,473)</u>	<u>8,192,439</u>	<u>2,339,106</u>
<u>(45,623)</u>	<u>20,186,428</u>	<u>606,009</u>
-	15,430,269	-
-	25,000	3,893,344
<u>-</u>	<u>(115,940)</u>	<u>(64,815)</u>
(45,623)	35,525,757	4,434,538
<u>4,583,556</u>		<u>18,179,340</u>
<u>\$ 4,537,933</u>		<u>\$ 22,613,878</u>
	<u>(40,166)</u>	
	<u>\$ 35,485,592</u>	

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Light and Power</u>	<u>Water</u>	<u>Wastewater</u>	<u>Storm Drainage</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 84,705,650	\$ 25,104,052	\$ 14,797,512	\$ 13,339,846
Receipts from interfund services provided	-	-	-	-
Cash paid to employees for services	(5,317,236)	(5,150,685)	(4,676,328)	(1,803,291)
Cash paid to other suppliers of goods & services	(65,586,342)	(6,036,076)	(3,785,085)	(1,574,317)
Payments for interfund services used	(4,776,355)	(3,159,231)	(1,581,992)	(1,474,942)
Other receipts	1,467,115	429,613	116,456	50,021
Net cash provided (used) by operating activities	<u>10,492,832</u>	<u>11,187,673</u>	<u>4,870,563</u>	<u>8,537,317</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	25,000	-	-	-
Transfers to other funds	-	-	-	(115,940)
Subsidy from federal grants	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>(115,940)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital debt	-	-	-	-
Payment to escrow agent	-	-	-	-
Capital contributions	2,677,647	5,502,597	4,361,811	670,674
Purchases of capital assets	(9,803,438)	(3,806,113)	(8,070,826)	(5,743,490)
Principal paid on capital debt	-	(4,796,656)	(3,921,558)	(2,150,000)
Interest paid on capital debt	-	(1,579,501)	(1,285,405)	(1,649,972)
Proceeds from sales of capital assets	24,947	15,944	52,934	9,302
Net cash used by capital and related financing activities	<u>(7,100,844)</u>	<u>(4,663,729)</u>	<u>(8,863,044)</u>	<u>(8,863,486)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	8,059,846	9,096,068	8,395,208	6,258,859
Purchase of investments	(13,909,673)	(18,709,224)	(5,941,834)	(5,458,503)
Earnings received on investments	2,396,049	2,801,901	1,430,077	852,143
Interest on security lending income	1,867,580	2,378,685	849,502	450,675
Security lending interest expense	(1,810,114)	(2,303,501)	(823,870)	(436,219)
Security lending agent fees	(17,239)	(22,554)	(7,689)	(4,336)
Net cash used by investing activities	<u>(3,413,551)</u>	<u>(6,758,625)</u>	<u>3,901,394</u>	<u>1,662,619</u>
Net increase (decrease) in cash and cash equivalents	3,437	(234,681)	(91,087)	1,220,510
Cash and cash equivalents, January 1 (cash & cash equivalents includes cash held by fiscal agent and restricted assets - cash & cash equivalents)	<u>15,085,367</u>	<u>20,026,178</u>	<u>7,583,760</u>	<u>3,674,924</u>
Cash and cash equivalents, December 31 (cash & cash equivalents includes cash held by fiscal agent and restricted assets - cash & cash equivalents)	<u>15,088,804</u>	<u>19,791,497</u>	<u>7,492,673</u>	<u>4,895,434</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(912,763)	4,588,319	1,890,852	6,298,731
Other receipts	1,467,115	429,613	116,456	50,021
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	6,462,805	5,600,347	2,817,929	2,260,571
(Increase) decrease in accounts receivable	2,734,069	283,620	157,341	165,935
Decrease in intergovernmental receivables	59,401	-	-	-
Increase in inventories	294,193	-	-	-
Increase (decrease) in accounts payable	281,918	225,028	(169,813)	(264,753)
Increase in accrued compensated absences payable	64,229	35,508	37,404	9,108
Increase (decrease) in accrued wages	41,865	25,238	20,394	17,704
Increase in claims payable	-	-	-	-
Increase in deferred revenue	-	-	-	-
Net cash provided (used) by operating activities	<u>\$ 10,492,832</u>	<u>\$ 11,187,673</u>	<u>\$ 4,870,563</u>	<u>\$ 8,537,317</u>
Noncash investing, capital, and financing activities:				
Capital contributions	-	2,217,540	-	-

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

Golf	Total Enterprise Funds	Total Internal Service Funds
\$ 2,574,775	\$ 140,521,835	\$ 553,640
-	-	38,019,665
(1,091,983)	(18,039,523)	(10,373,853)
(906,370)	(77,888,190)	(29,362,611)
(66,293)	(11,058,813)	(166,155)
2,506	2,065,711	955,519
512,635	35,601,020	(373,795)
-	25,000	3,893,344
-	(115,940)	(64,815)
-	-	57,993
-	(90,940)	3,886,522
2,095,796	2,095,796	-
(1,771,056)	(1,771,056)	-
-	13,212,729	-
(284,834)	(27,708,701)	(418,823)
(246,833)	(11,115,047)	(7,451)
(216,218)	(4,731,096)	(852)
3,006	106,133	74,065
(420,139)	(29,911,242)	(353,061)
-	31,809,981	2,645,624
(199,304)	(44,218,538)	(7,069,685)
31,457	7,511,627	1,008,217
25,002	5,571,444	686,587
(23,997)	(5,397,701)	(665,709)
(301)	(52,119)	(6,263)
(167,143)	(4,775,306)	(3,401,229)
(74,647)	823,532	(241,563)
313,755	46,683,984	8,141,362
239,108	47,507,516	7,899,799
128,850	11,993,989	(1,733,097)
2,506	2,065,711	955,519
313,788	17,455,440	451,168
(2,430)	3,338,535	(156,634)
-	59,401	-
-	294,193	(96,451)
47,243	119,623	4,766
18,487	164,736	47,592
4,191	109,392	(2,891)
-	-	149,416
-	-	6,817
\$ 512,635	\$ 35,601,020	\$ (373,795)
-	2,217,540	-

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2007

	Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 3,923,873	\$ 5,885,480
Receivables		
Interest	170,447	66,087
Notes and loans	2,837,516	-
Total Receivables	3,007,963	66,087
Investments, at fair value		
U S Government securities	16,423,970	4,810,870
Corporate bonds	-	1,127,263
Mutual funds	136,178,162	-
Total Investments, at fair value	152,602,132	5,938,133
Security lending collateral	9,676,107	-
Total Assets	169,210,075	11,889,700
LIABILITIES		
Amounts held for other governments	1,535	11,889,700
Obligations under securtiy lending	9,676,107	-
Total Liabilities	9,677,642	\$ 11,889,700
NET ASSETS		
Held in trust for pension benefits	159,532,433	
Total Plan Net Assets	\$ 159,532,433	

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

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Trust Funds</u>
ADDITIONS	
Contributions	
Employer contributions	\$ 4,873,032
Employee contributions	2,948,303
Pension conversion & roll-overs	741,329
Loan repayments	956,008
Other	923,839
Total Contributions	<u>10,442,511</u>
Investment income	
Interest	1,700,621
Interest related to employee loans	597,924
Net change in fair value of investments	10,839,491
Total Investment Income	<u>13,138,036</u>
Securities lending income	441,594
Less securities lending expenses	<u>(431,053)</u>
Net income from securities lending activities	10,541
Net Investment Income	<u>13,148,577</u>
Total Additions	<u>23,591,088</u>
DEDUCTIONS	
Benefit payments	11,155,930
Administration expense	<u>38,965</u>
Total Deductions	<u>11,194,895</u>
Net Increase in Plan Net Assets	12,396,193
Net Assets	
Beginning of year	<u>147,136,240</u>
End of year	<u><u>\$ 159,532,433</u></u>

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Fort Collins, Colorado (the City) was incorporated in 1873 and adopted its Home Rule charter in 1913. In 1954, the citizens adopted the Council-Manager form of government. The more significant accounting policies reflected in the financial statements are summarized as follows:

A. Reporting Entity

These financial statements include those of the City (primary government) and organizations for which the City is financially accountable (component units). The following component units are included in the reporting entity: City of Fort Collins Downtown Development Authority (DDA), City of Fort Collins General Improvement District No. 1 (GID No. 1), the Fort Collins Capital Leasing Corporation (Corporation), and the Urban Renewal Authority (URA). None of the component units issues its own financial statements.

The DDA was created in 1981 by City Council and the electorate. The purpose of the DDA is to promote the public health, safety, prosperity, security, and welfare of its inhabitants. The City appoints and removes all members of the DDA's governing board in addition to issuing debt, adopting budgets, and levying taxes on its behalf. The financial statements of the Downtown Development Authority are included in the reporting entity by discrete presentation.

GID No. 1 was created in 1976 for the construction and installation of parking facilities and street and sidewalk beautification improvements. GID No. 1 is, in substance, the same as the primary government since the City Council serves as the board of directors. As such, it levies all taxes, approves all budgets, and issues all debt on behalf of GID No. 1. Accordingly, its transactions and balances are blended with those of the City. GID No. 1 is presented as a special revenue fund.

The Corporation was created in June 1998 and operates under the provisions of the Nonprofit Corporation Law of the State of Colorado. The Corporation's primary purpose is to provide financing assistance by obtaining land, property and equipment on behalf of the City. The directors are appointed by the City Council and receive no compensation. Its transactions and balances are blended with those of the City. The Corporation is presented as a debt service fund.

The URA was established in 2006. The URA is, in substance, the same as the primary government since the City Council serves as the board of directors. Its transactions and balances are blended with those of the City. The URA is presented in two fund types; one a special revenue fund and the other a debt service fund.

The Fort Collins Regional Library District (the District) was created in 2007 after a successful election in 2006 to authorize the District formation. The District and City entered into an Intergovernmental Agreement whereby the City provides administrative services to the District. The District is not a component unit of the City and is not included in the reporting entity. The District is administered by a governing board of seven members who are appointed by the City of Fort Collins and Larimer County. Financial information for the District can be obtained by contacting the District Finance Officer, 201 Peterson Street, Fort Collins, CO 80524-2990.

B. Joint Ventures

The City has joined with other governmental units to form the following joint ventures:

Block 31 Joint Venture was created by the City and Larimer County for the purpose of acquiring and managing parking space and government facilities on Block 31. The City issued sales and use tax bonds to finance the acquisition of the property and is responsible for the debt service on the bonds. Larimer County reimburses the City for its half of the debt service on a semi-annual basis. The City is responsible for providing half of the on-going upkeep and maintenance of the property. The City and the County each retain a 50% ownership interest in the property. Separate financial statements are not issued for this joint venture.

Fort Collins-Loveland Airport was created for the purpose of operating a municipal airport for the benefit of the citizens of Loveland and Fort Collins. The City provides a small amount of funding for on-going airport construction projects. The City and Loveland each retain a 50% ownership interest in the airport. Separately issued financial statements are available upon request from the Airport Manager.

North Front Range Transportation and Air Quality Planning Council (NFRTAQPC) is an association of local governments that was formed in 1987 in response to local needs and federal transportation and air quality planning requirements. Local government membership consists of elected officials representing Fort Collins, Greeley, Loveland, Evans, Berthoud, Windsor, Timnath, Garden City, LaSalle, Johnstown, and Weld and Larimer Counties. Membership is also extended to the Colorado Transportation Commission and the Colorado Air Quality Control Commission. The NFRTAQPC Board appoints its own management and approves its own budget. The City has an agreement with the NFRTAQPC that allows for NFRTAQPC to participate in the City's benefit plans and other City services on a reimbursable basis. Separately issued financial statements are available upon request from the Planning Council.

Poudre Fire Authority (PFA) was created by an intergovernmental agreement between the City of Fort Collins and the Poudre Valley Fire Protection District. The PFA Board consists of five members--two appointed by City Council, two appointed by the District's Board of Directors and a fifth member appointed by the other four members. The PFA Board appoints its own management and approves its own budget. PFA's continuing existence depends, in part, on funding provided by the City. Separately issued financial statements for PFA are available from its administrative office.

Platte River Power Authority (PRPA) was created by an intergovernmental agreement between the Cities of Fort Collins, Estes Park, Loveland, and Longmont to supply their wholesale electric power and energy requirements. The governing Board of PRPA consists of two members from each municipality. Under Colorado law, PRPA's Board of Directors has the exclusive authority to establish electric rates. The City has contracted for its total electric energy supply from PRPA through December 31, 2040. Separately issued financial statements for PRPA are available from its corporate headquarters.

Aside from the Fort Collins-Loveland Airport, the City does not have an equity interest in any of the joint ventures in which it participates. None of the joint ventures are accumulating financial resources or are experiencing fiscal stress that are expected to create a significant financial benefit or burden on the City in the foreseeable future.

C. Jointly Governed Organization

The City and various governmental entities throughout Larimer County have jointly agreed to establish the Larimer Emergency Telephone Authority (LETA). LETA is a separate legal entity established to provide E-911 telephone service to the citizens of Larimer County. The City does not retain an on-going financial interest or responsibility in LETA.

D. 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 non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely primarily on fees and charges for support. Also, the primary government is reported separately from the DDA, a legally separate component unit 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 are offset by program revenues. Direct expenses are those that are clearly associated 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.

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.

E. Measurement Focus and 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 funds and the pension trust funds. The agency funds have 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 and become an enforceable lien on the property. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. An allowance for doubtful accounts is maintained for the utility receivables.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. As under accrual accounting, expenditures are generally recorded when a liability is incurred. However, debt service expenditures, as well as those related to compensated absences and incurred claims and judgments, are recorded only when payment is due. With regard to self-insurance claims and judgments, an additional expenditure may be recorded based on actuarial information.

Property taxes, special assessments, sales taxes, franchise taxes, charges for services, amounts due from other governments and interest associated with the current fiscal period are all considered to be susceptible to accrual. Other revenue items such as licenses, fines and permits are considered to be measurable and available only when the cash is received by the government, as a result they are not susceptible to accrual.

F. Financial Statement Presentation

The accounts of the City are organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate. The various funds are summarized by type within the financial statements.

The City reports the following major governmental funds:

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 Sales & Use Tax special revenue fund is used to account for collections of the City's 3.0% sales and use tax which is used to provide reserves and fund payments for sales and use tax revenue debt.

The Transportation Services special revenue fund is used to account for taxes, federal and state grants and other revenues utilized to operate and maintain the City's transportation system.

The Capital Projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The City reports the following major proprietary funds:

The Light and Power fund is used to account for the operations of the City's electric utility.

The Water fund is used to account for the operation of the City's water utility.

The Wastewater fund is used to account for the operation of the City's wastewater utility.

The Storm Drainage fund is used to account for the operations of the City's storm water utility.

Additionally, the City reports the following fund types:

Internal Service funds are used to account for the City's fleet maintenance services, phone equipment and services, self-insurance of employee health care and other employee benefits, and a risk management insurance program. There is also an internal service fund to account for the customer and administrative services provided exclusively to the City's utility enterprise funds.

Pension Trust funds are used to account for the City's defined benefit and defined contribution pension trusts to provide retirement benefits for its employees/retirees.

Agency funds are used to account for cash and investments held by the City on behalf of Poudre Fire Authority and Poudre Fire Authority's pension fund.

Pronouncements issued on or before November 30, 1989 generally are followed in both the government-wide and proprietary fund financial statements, unless those pronouncements conflict with or contradict GASB pronouncements.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are the charges between the City's utility functions and various other functions.

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The water and storm drainage funds also recognize as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

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

G. Assets, Liabilities and Fund Equity

Cash and Investments

The City has stated certain investments at fair value in accordance with GASB No. 31. Fair value is determined utilizing the third party custodian's statements, Wall Street Journal, Bloomberg, and other recognized pricing services.

Whenever possible, cash is pooled from the various City funds to enhance investment capabilities and maximize investment income. Investments are made taking into consideration cash flow needs, market conditions, and contingency plans. The City's investment policies prescribe eligible investments, investment diversification, and maturity and liquidity guidance, which are utilized in managing the investment portfolio.

For purposes of the combined statement of cash flows, the City considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The City invests in derivatives and similar securities. Derivatives are generally defined as contracts, whose value depends on, or derives from, the value of an underlying asset, reference rate, or index. The City holds bonds with floating interest rates, which are considered derivatives, and similar mortgage-backed securities.

Cash held by Fiscal Agent

Certain proceeds of Capital Leasing Corporation's Certificates of Participation (COP) and Enterprise Fund revenue bonds are classified as cash held by fiscal agent on the balance sheet because they are held in third party escrow accounts and their use is limited by applicable COP and bond covenants.

Restricted Cash and Cash Equivalents

Certain proceeds of Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet since their use is limited by applicable bond covenants.

Receivables

Accounts receivable are expressed net of allowances for doubtful accounts. Allowances for doubtful accounts are based on historical collection trends for the related receivables. Light and Power Fund maintains an allowance of \$250,000, Water Fund maintains an allowance of \$25,000, Wastewater has an allowance of \$20,000 and Storm Drainage has an allowance of \$10,000.

Long-term portions of receivables in the governmental fund financial statements are reported and then offset by fund balance reserve accounts in order to indicate that they are not available, spendable resources except for long-term portions of special assessments receivable which are offset by deferred revenue.

Inventories

Inventories are stated at cost using the first-in, first-out method. The costs of inventory items are recognized as expenditures in governmental funds when purchased and as expenses in proprietary funds when used. Where appropriate, inventory has been adjusted downward to market value to reflect what is considered a permanent market decline.

Inventory of Real Property Held for Resale

Inventory of real property held for resale generally reflects the cost of raw land held by the City's Land Bank Program in the General Fund, for development of affordable housing. These assets are carried at cost until an event occurs to indicate a low net realizable value.

Capital Assets

Capital assets, which are acquired or constructed, are reported at historical cost or estimated historical cost in the applicable governmental or business-type activities' columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of five years or greater. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets other than land, water rights, fiber optics, and some intangible property are depreciated. Depreciation is computed using the straight-line method with estimated useful lives as follows:

Buildings.....	10-50 years
Improvements other than buildings	25 years
Machinery and equipment	5-15 years

GASB Statement No. 34 provides for an alternative approach to depreciation for measuring the value of infrastructure assets and the related costs incurred to maintain their service life at a locally established minimum standard. In order to adopt this alternative method, the City has developed an asset management system, which will determine if the minimum standards are being maintained. This measurement would occur every three years at a minimum. The City has elected to use this alternative method for reporting its street infrastructure capital assets.

Compensated Absences

The City allows employees to accumulate unused vacation pay and to defer overtime pay by accumulating compensatory leave up to maximum limits. Unused sick pay is not recognized as a liability because it does not meet the criteria for accrual. The liability associated with these benefits is reported in the government-wide financial statements. Proprietary fund types accrue such benefits in the period in which they are earned.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related bond.

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 issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Claims and Judgments Payable

Claims and judgments payable are recognized when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Such claims, including an estimate for claims incurred but not reported at year end, are reflected as claims payable in the financial statements.

Fund Equity

In the fund financial statements, fund equity of the City's governmental funds are classified either as reserved or unreserved. The unreserved portion may be further classified as either designated or undesignated. Designated fund balances represent amounts identified by management for the future use of current resources.

Reserved fund balances indicate that portion of fund equity which has been segregated for future use and is not an available, spendable resource or amounts which are legally required to be segregated in accordance with legal and contractual provisions.

Inter-fund Transactions

Inter-fund transactions are treated and classified as revenues, expenditures, or expenses (the same as if these same transactions involved external organizations). These include payments in lieu of taxes and billings from one fund to another for purchased goods or services. In the government-wide statement of activities, transactions, which constitute reimbursements, are eliminated in the reimbursed fund and accounted for as expenditures or expenses in the fund to which the transaction is applicable.

Deferred and Unearned Revenues

Governmental funds report deferred revenue on their balance sheets. Deferred revenues arise in governmental funds when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized.

In the government-wide financial statements, deferred revenue not meeting the “measurable” and “available” criteria has been eliminated.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Specifically, the City has made certain estimates and assumptions relating to its collections of receivables, the valuation of property held for resale, and the ultimate outcome of claims and judgments. Accordingly, actual results could differ from those estimates.

Discretely Presented Component Units

The significant accounting policies for the City's discretely presented component units are substantially the same as the primary government. Additional disclosures follow.

The discretely presented component unit data presented in the government-wide statements includes total data for all fund types of the Downtown Development Authority (DDA), including its General Fund, Debt Service Fund and its non-current assets and liabilities.

The Board of Directors of the DDA approves their respective budget by resolution. The budget is then submitted to City Council for approval. Budgetary matters with respect to basis of accounting and legal level of budgetary control are generally the same for the DDA as those of the City.

NOTE II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budgetary Accounting and Control

Appropriated budgets are established for all funds of the City except agency funds, which do not measure results of operations.

General, Special Revenue, Debt Service and Trust Funds

Budgets for general, special revenue, debt service and trust funds are adopted on a basis which is consistent with generally accepted accounting principles (GAAP) except that appropriations for certain special revenue funds do not lapse on an annual basis as further explained below.

Capital Projects Fund

The Capital Projects Fund budget is not consistent with GAAP because appropriations do not lapse at year end.

Proprietary Funds

Proprietary funds are budgeted on a basis that includes capital items such as amounts for capital outlay and principal reduction of debt. Such budgets exclude depreciation. Propriety Funds recognize gain on inter-fund sales of capital assets for budgetary purposes only. Capital project budgets for certain enterprise funds are non-lapsing.

Legal Level of Control

The legal level of budgetary control is at the individual fund level, except for capital projects and federal and state grants for which the legal level of control is at the project or grant level. For budgetary purposes, operating transfers are considered expenditures.

Lapsing Appropriations

All appropriations unexpended or unencumbered lapse at the end of the year to the applicable fund, except capital project and federal and state grant appropriations which lapse when the project or grant activity is completed. Appropriations which are encumbered at year end are carried over to the ensuing year at which time they are matched with their corresponding expenditures.

Budgets for the Capital Projects Fund, special revenue funds with expenditures of a capital or project nature and special revenue funds where the primary source of revenue is project-length federal or state grants are non-lapsing. Included are the Capital Projects Fund, Capital Expansion Fund, Neighborhood Parkland Fund, Conservation Trust Fund, Community Development Block Grant Fund, Home Program Fund, Transit Services Fund, and grant portion of Transportation Services. Budgets are non-lapsing for capital projects in all the enterprise funds, and for two of the internal services funds - Equipment Fund and Communications Fund.

Property Taxes

Property taxes levied in a particular year are collected in the subsequent year. The property tax calendar is as follows:

Tax Year

Tax levy certified to County Commissioners	December 15
County Commissioners certify levy to County Assessor	December 22

Ensuing Collection Year

Taxes attach as an enforceable lien on property	January 1
First installment due date (one-half of taxes due).....	February 29
Taxes due in full (unless installments elected by taxpayer)	April 30
Second installment due date (second half due).....	June 15

Taxes are collected by the Larimer County Treasurer on behalf of the City and are remitted by the 10th day of the month following collection. A 2% collection fee is retained by the County as compensation for collecting the taxes.

Economic Dependency

Anheuser Busch contributed 4% of total property taxes collected in 2007. This company is also a major customer of the City's electric, water and wastewater funds.

NOTE III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

Primary Government

The carrying amount of the City's eleven deposit accounts as of December 31, 2007, was \$5,720,242. The bank balance was \$7,570,603 of which \$1,100,000 was covered by federal deposit insurance.

Component Unit

The Downtown Development Authority's undivided share of the City's deposits as of December 31, 2007 was a carrying amount of \$175,880. The bank balance was \$233,677.

Custodial Credit Risk – Deposits

For deposits, custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be returned. Due to the federal deposit insurance and the collateral no deposits for the City or the component unit were exposed to custodial credit risk.

Investments

Investment policies are governed by the City's own investment policies and procedures. Investments of the City and its discretely presented component unit may include:

- Legal investments for municipalities under state statutes.
- Interest-bearing accounts or certificates of deposit at banks or savings and loans in Colorado which are eligible public depositories.
- Obligations of the United States Government, its agencies or instrumentalities.
- Common or preferred stock or debt of U.S. corporations.
- Obligations issued by or on behalf of the City.
- State or local government obligations having an investment grade rating.
- Prime rated banker's acceptances.
- Prime rated commercial paper.
- Guaranteed investment contracts.
- Repurchase and reverse repurchase agreements of any marketable security described above which afford the City a perfected security interest in such security.
- Local government investment pools authorized under the laws of the State of Colorado.
- Shares in any money market fund or account, unit investment trust or open or close-end investment company, all of the net assets of which are invested in securities described above.
- Mutual funds that include eligible investments found above.
- For bond reserve funds, treasury securities with a put option used to control and minimize arbitrage rebates.

In addition to the above, investments of the General Employees' Retirement Plan may include:

- Equipment trust certificates.
- Real property and loans secured by first mortgages or deeds of trust.
- Participation guarantee agreements with domestically regulated life insurance companies.
- Tax certificates issued by any county treasurer of Colorado upon any real property located within the state.

- International mutual funds that have a five star rating for the past five years from Morningstar Mutual Funds.

Investments of the Money Purchase Plan 401(a) are determined contractually with the third party custodian. The plan currently contains a wide range of money market and mutual funds.

In accordance with GASB Statement No. 40, the City's and its discretely presented component unit's investments are subject to interest rate and credit risk as described below:

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits at least 80% of the City's investment portfolio to maturities of less than five years and at least five percent of the City's operating investment portfolio to maturities of 120 days or less. Based on the current rate environment, the City assumes that all callable securities may be called on the first call date.

The City invests in various mortgage-backed securities and bonds with floating interest rates in order to maximize yields. Mortgage-backed securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. If interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. More than 5% of the City's investments are in Federal Home Loan bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), and in Federal National Mortgage Association (FNMA) agency securities. These investments are 28.9%, 13.1% and 15.2%, respectively, of the City's total investment. All of these investments were rated AAA.

Custodial Credit Risk for Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy restricts holding of securities by counterparties.

Credit Risk

The City's investment policy limits investments in corporate bonds to the top three ratings issued by nationally recognized statistical rating organizations (NRSROs). As of December 31, 2007, the City's investment in corporate bonds was rated AA or better by Standard & Poor's and Aa3 or better by Moody's Investors Service. The City's investment policy also allows for the City to invest in local government investment pools. As of December 31, 2007, the local government investment pools (CSAFE & Colorado Diversified Trust) in which the City had invested, were rated AAAM by Standard & Poor's.

As of December 31, 2007, the City had the following investments and maturities:

Primary Government (including Fiduciary Funds)

Investment Type	Credit Risk Rating	Fair Value	Investment Maturities		
			Up to 120 days	121 days to 5 years	More than 5 years
Repurchase agreement		\$ 57,186,245	\$ 57,186,245	\$ -	\$ -
U.S. Agencies (GNMA)		128,928	-	-	128,928
Instrumentality					
Federal Farm Credit Bank (FFCB)	AAA	-	-	-	-
Federal Home Loan Bank (FHLB)	AAA	94,711,806	3,643,543	86,813,952	4,254,311
Federal Home Loan Mortgage Corporation (FHLMC)	AAA	45,356,953	2,001,100	33,330,522	10,025,330
Federal National Mortgage Association (FNMA)	AAA	52,567,638	1,999,380	47,812,715	2,755,543
Corporate bonds		43,364,175	10,994,640	32,369,535	-
Component unit bonds held by City		9,690,000	-	9,690,000	-
Total Investments Controlled by the City		\$ 303,005,745	\$ 75,824,908	\$ 210,016,724	\$ 17,164,112
Percent of Total			25%	69%	6%

Component Unit

Investment Type	Credit Risk Rating	Fair Value	Investment Maturities		
			Up to 120 days	121 days to 5 years	More than 5 years
Repurchase agreement		\$ 2,813,755	\$ 2,813,755	\$ -	\$ -
Instrumentality					
Federal Home Loan Bank (FHLB)	AAA	6,488,789	1,751,973	4,412,377	324,439
Total Investments Controlled by the City		\$ 9,302,544	\$ 4,565,728	\$ 4,412,377	\$ 324,439
Percent of Total			49%	47%	4%

The City's investments in repurchase agreements are for a period of one month or less. As a result they are sensitive to the short-term interest rate environment.

The market for securities lending developed to provide temporary access to a large portfolio of securities for broker/dealers who might have a need to borrow specific instruments. At the time of the transaction, the broker/dealer collateralizes their borrowing (in cash or with securities) to 102% of the security value plus accrued interest and in the event that the fair value of the collateral falls below 100%. If the broker/dealer fails to return the security, upon request, then the custodian, acting as agent, will utilize the collateral to replace the security borrowed. The transaction establishes a rebate interest rate (assuming cash collateral), which is due back to the broker/dealer upon return of the security. The cash is then invested short-term and the City and the custodian share the incremental return available above the rebate rate. The commingled short-term fixed income accounts can be invested in repurchase agreements, master notes, U.S. treasuries and agencies, U.S. certificates of deposit and time deposits, bankers' acceptances, commercial paper, and other short term money market instruments. The securities loaned are on a rolling daily basis and the cash collateral can be deposited and/or withdrawn from the commingled investment on a daily basis.

The City authorizes the lending of fixed income securities, except those held in reserve for the Self Insurance Fund. The City, as a program participant, assumes the risk that (a) the overnight investment will not equal or exceed the rebate rate, (b) a loss of the principal in the overnight investment and (c) the collateral will not be sufficient, if called upon to repurchase the lost security. The City would have credit risk if at any time the above-mentioned 102% daily adjusted collateral falls below 100%. As of December 31, 2007, no market risk had been incurred from the City's securities lending program as the market value of the securities that the City loaned to the financial institution was \$178,278,747 and the collateral received by the City was \$181,610,916 for governmental activities. On January 8, 2008, an enforcement action was declared on collateral assigned to the City with a par value of \$5.5 million (see Note IV F. Subsequent Event).

As of December 31, 2007, no market risk resulted from the City's securities lending program since the market value of the securities that the City loaned to the financial institution was \$9,509,877 and the collateral received by the City was \$9,676,107 for General Employees' Retirement Plan.

The City periodically reviews the custodian's practices to insure fair distribution of lending opportunities as well as risk evaluation of prospective broker/dealer borrowers. For the year 2007, the City received net income of

\$225,190 from security lending activity for its operating and pension portfolios for governmental activities and \$10,541 for General Employees' Retirement Plan. The City has not incurred a loss through its participation in this program.

Restrictions on Cash and Investments

Cash and investments of \$82,868 and \$29,801, respectively in the Sales and Use Tax and Transportation Services funds and \$308,521, \$440,242 and \$411,564, respectively, in the Water, Wastewater and Storm Drainage funds are contractually restricted for debt service through bond ordinances.

B. Notes Receivable

In March 1996, the City entered into an agreement with a developer for the construction of low income apartment units. Under the agreement, the City loaned \$913,000 to the developer from the HOME Program special revenue fund and received a deed of trust against the property. The loan is to be repaid from 50% of the net available cash flow generated by the project as calculated annually. The loan bears interest at 9% per annum. There is no set payment schedule or due date on the loan. Based upon a review of project income statements, the project did not have a net available cash flow. The outstanding balance as of December 31, 2007 is \$913,000.

In May 2000, the City entered into an agreement with a developer for the construction of low income senior apartment units. Under the agreement, the City loaned \$200,000 to the developer from the Community Development Block Grant special revenue fund and received a deed of trust against the property. The loan is to be repaid from the net available cash flow generated by the project as calculated annually. The loan bears interest at 7% per annum. There is no set payment schedule on the loan. The loan has a term of 20 years. The outstanding balance as of December 31, 2007 is \$200,000.

In the mid-1980's, the City loaned money to various individuals that qualified in a low income housing program. The City loaned various amounts from the Community Development Block Grant special revenue fund and filed deed of trusts' against the properties. There are two outstanding loans as of December 31, 2007. They are both set to mature in 2012. The outstanding balance of these loans as of December 31, 2007 is \$21,501.

In December 2001, the City entered into an agreement with a developer for the construction of low income senior apartment units. Under the agreement, the City loaned \$250,000 to the developer. 50% of the loan proceeds are from the HOME Program special revenue fund and 50% of the loan proceeds are from the General Fund. The City received a deed of trust against the property. The loan is to be repaid from the net available cash flow generated by the project as calculated annually. The loan bears interest at 5.5% per annum. There is no set payment schedule on the loan. The loan has a term of 20 years. In 2007, the City did receive an interest payment of \$13,750. The outstanding balance as of December 31, 2007 is \$250,000.

In May 2006, the City entered an agreement with Platte River Power Authority for the purchase of two V42 Vestes. Under the agreement, the City loaned \$747,137. Platte River Power Authority will make annual payments of \$92,150 over a ten-year period. The loan bears a fixed interest rate at 5%. The outstanding balance as of December 31, 2007 is \$595,586.

In 2006, a loan agreement between the Fort Collins Urban Renewal Authority and the City for funding projects in the North College Urban Renewal Plan Area was entered into. The City loaned the URA \$150,000 with a 5.547% interest rate. All principal and accrued interest is due to the City in 10 years. URA may pay all or any portion of the loan at any time without penalty. The loan amount outstanding as of December 31, 2007 is \$120,000.

Accrued interest on the above loans has not been recorded since it is uncertain as to the frequency of when the projects will be able to make payments against the note.

C. Capital Assets

A summary of changes in capital asset activity for the year ended December 31, 2007 follows:

	Balance, Beginning of Year	Additions	Transfers	Deletions	Balance, End of Year
	(amounts expressed in thousands)				
Primary Government:					
Governmental activities					
Capital assets, not being depreciated:					
Land, water rights, other	\$ 102,354	\$ 7,780	\$ 84	(3,589)	\$ 106,629
Street system infrastructure	294,552	10,342	-	-	304,894
Construction in progress	36,195	32,931	(63,119)	(739)	5,268
Total capital assets, not being depreciated	433,101	51,053	(63,035)	(4,328)	416,791
Capital assets, being depreciated:					
Buildings and improvements	82,968	253	58,021	(474)	140,768
Improvements other than buildings	66,090	2,972	581	-	69,643
Machinery and equipment	50,582	2,858	4,433	(2,641)	55,232
Total capital assets being depreciated	199,640	6,083	63,035	(3,115)	265,643
Less accumulated depreciation for:					
Buildings and improvements	(22,027)	(2,279)	-	304	(24,002)
Improvements other than buildings	(29,569)	(3,025)	-	-	(32,594)
Machinery and equipment	(29,499)	(4,236)	-	2,258	(31,477)
Total accumulated depreciation	(81,095)	(9,540)	-	2,562	(88,073)
Total capital assets being depreciated, net	118,545	(3,457)	63,035	(553)	177,570
Governmental activities capital assets, net	551,646	47,596	-	(4,881)	594,361
Business-type activities					
Capital assets, not being depreciated:					
Land, water rights, other	55,374	2,363	501	(14)	58,224
Construction in progress	22,143	14,179	(11,189)	(2)	25,131
Total capital assets, not being depreciated	77,517	16,542	(10,688)	(16)	83,355
Capital assets, being depreciated:					
Buildings and improvements	238,939	229	(17,467)	(558)	221,143
Improvements other than buildings	367,329	12,034	26,023	(897)	404,489
Machinery and equipment	49,879	1,671	2,132	(3,903)	49,779
Total capital assets being depreciated	656,147	13,934	10,688	(5,358)	675,411
Less accumulated depreciation for:					
Buildings and improvements	(74,467)	(3,918)	11,997	496	(65,892)
Improvements other than buildings	(134,192)	(11,342)	(11,518)	765	(156,287)
Machinery and equipment	(39,759)	(2,424)	(479)	3,842	(38,820)
Total accumulated depreciation	(248,418)	(17,684)	-	5,103	(260,999)
Total capital assets being depreciated, net	407,729	(3,750)	10,688	(255)	414,412
Business-type activities capital assets, net	\$ 485,246	\$ 12,792	\$ -	\$ (271)	\$ 497,767

	Beginning of Year	Additions	Deletions	End of Year
	(amounts expressed in thousands)			
<u>Component Unit:</u>				
Capital Assets; not being depreciated:				
Land	\$ 802	\$ 200	\$ -	\$ 1,002
Capital assets being depreciated:				
Buildings and improvements	2,337	750	-	3,087
Improvements other than buildings	33	-	-	33
Total capital assets being depreciated	2,370	750	-	3,120
Less accumulated depreciation for:				
Buildings and improvements	(925)	(310)	-	(1,235)
Improvements other than buildings	(25)	(2)	-	(27)
Total accumulated depreciation	(950)	(312)	-	(1,262)
Total capital assets being depreciated, net	1,420	438	-	1,858
Component unit capital assets, net	\$ 2,222	\$ 638	\$ -	\$ 2,860

Depreciation expense was charged to functions / programs of the primary government as follows:

	Governmental Activities	Business-Type Activities
	(amounts expressed in thousands)	
General government	\$ 941	\$ -
Public safety - police & judicial	1,358	-
Cultural, library, & recreation services	3,426	-
Transportation services	3,592	-
Capital assets held by the City's internal service funds used for governmental activities	223	-
Light & Power	-	6,463
Water	-	5,600
Wastewater	-	2,818
Storm Drainage	-	2,261
Non-major Enterprise funds - Golf	-	314
Capital assets held by the City's internal service fund used for business-type activities	-	228
Total depreciation expense	9,540	17,684
Less capital assets held by the City's internal service funds	223	228
Depreciation expense excluding internal service funds	\$ 9,317	\$ 17,456

D. Interfund Transfers:

	Transfers In:						
	<u>General</u>	<u>Trans- portation Services</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Light and Power</u>	<u>Internal Service</u>	<u>Total</u>
Transfer out:							
Governmental Funds							
General	\$ -	\$ 4,328,746	\$ 577,981	\$ 11,507,803	\$ 25,000	\$ 3,893,344	\$ 20,332,874
Sales and Use Tax	59,043,431	5,798,943	5,859,829	7,026,888	-	-	77,729,091
Transportation Services	-	-	2,924,529	1,886,473	-	-	4,811,002
Capital Projects	-	-	-	1,591,842	-	-	1,591,842
Nonmajor Governmental	707,115	-	9,555,231	1,856,009	-	-	12,118,355
Proprietary Funds							
Storm Drainage	-	115,940	-	-	-	-	115,940
Internal Service	26,954	37,861	-	-	-	-	64,815
Total transfers in	\$ 59,777,500	\$ 10,281,490	\$ 18,917,570	\$ 23,869,015	\$ 25,000	\$ 3,893,344	\$ 116,763,919

Transfers are primarily used to 1) move revenues from the fund with collection authorization (e.g. Sales and Use Tax Fund) to the General Fund for overall operating expenditures and the Transportation Services, Capital Projects and Natural Areas Fund for dedicated voter approved programs and projects, and 2) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

E. Long-term Obligations

The City utilizes various types of debt and other long-term obligations in conducting its business. The following describes the various bonds and other types of financing used by the City and its component unit.

General Obligation Bonds: The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. As of December 31, 2007, only the business-type general obligation bonds for the Water fund in the amount of \$5,000,000 were outstanding.

Revenue Bonds: When issuing revenue bonds for the construction of capital assets, the City pledges specific revenue that is generally derived from operations related to the acquired/constructed asset to pay the debt service. The City issues revenue bonds for both governmental and business-type activities. As of December 31, 2007, the City had \$3,341,863 of tax revenue bonds outstanding for governmental activities and \$90,602,490 of revenue bonds outstanding for business-type activities. Sales and use tax and highway users tax revenues and reserves are pledged for the governmental debt. The business-type debt is secured by operating revenues of the related enterprise funds.

Certificates of Participation and Assignment of Lease Payments: Through the Fort Collins Leasing Corporation, the City issues certificates of participation (COPs) and assignments of lease payments (ALPs) for the acquisition and construction of major capital facilities and improvements. The debt is secured by the constructed facilities and improvements. Debt service payments are made from the rents collected by the Leasing Corporation based upon lease agreements between the City and the Leasing Corporation. As of December 31, 2007, the City had \$59,047,430 and \$3,948,570 of COPs/ALPs outstanding for governmental and business-type activities, respectively.

Capital Leases: The City also enters into lease agreements as a lessee for financing the acquisition of land, various machinery and equipment for both governmental and business-type activities. The capital assets acquired from the lease agreements are included with capital assets and the amortization of leased equipment is included with depreciation in the financial statements. These lease agreements qualify as capital leases for accounting purposes and therefore, have been reflected at the present value of their future minimum lease payments as of the inception

date. The City had \$2,602,170 and \$489,272 of capital leases outstanding as of December 31, 2007, for governmental and business-type activities, respectively.

Cost of all capital assets holding at year end that have been acquired under capital leases.

	Governmental Activities	Business Type Activities
	<u>Balance, End of Year</u>	<u>Balance, End of Year</u>
Land, water rights, other	\$ 519,409	\$ -
Buildings and Improvemts	351,930	-
Machinery and equipment	<u>8,634,548</u>	<u>1,126,896</u>
	<u><u>\$ 9,505,887</u></u>	<u><u>\$ 1,126,896</u></u>

URA Loan Payments: A loan agreement between the Fort Collins Urban Renewal Authority and the City of Fort Collins for funding projects in the North College Urban Renewal Plan Area was entered into in 2006. The City loaned the URA \$150,000 with a 5.547% interest rate. All principal and accrued interest is due to the City in 10 years. URA may pay all or any portion of the loan at any time without penalty. The loan amount outstanding as of December 31, 2007 is \$120,000.

DDA Tax Increment Revenue Bonds: The tax increment bonds are serviced by the component unit, Downtown Development Authority, and are secured by tax increment property taxes. The bonds were issued in 2004 and 2007, and will mature in 2011. The Downtown Development Authority had \$9,690,000 of tax increment revenue bonds outstanding as of December 31, 2007.

The following tables display the debt service requirements to maturity for the obligations described:
(amounts expressed in thousands)

General Obligation Bonds

Year Ending December 31	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2008	\$ -	\$ -	\$ 2,465	\$ 136	\$ 2,601
2009	-	-	2,535	70	2,605
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 206</u>	<u>\$ 5,206</u>

Revenue Bonds

Year Ending December 31	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2008	\$ 1,092	\$ 260	\$ 9,173	\$ 4,543	\$ 15,068
2009	1,265	88	9,379	4,137	14,869
2010	315	43	8,811	3,442	12,611
2011	330	30	7,334	2,767	10,461
2012	340	15	7,643	2,458	10,456
2013-2017	-	-	33,796	7,569	41,365
2018-2022	-	-	13,970	1,469	15,439
2023-2027	-	-	425	71	496
2028-2032	-	-	72	7	79
	<u>\$ 3,342</u>	<u>\$ 436</u>	<u>\$ 90,603</u>	<u>\$ 26,463</u>	<u>\$ 120,844</u>

Certificates of Participation Payments

Year Ending December 31	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2008	\$ 3,005	\$ 2,688	\$ 120	\$ 64	\$ 5,877
2009	3,115	2,578	125	59	5,877
2010	3,125	2,446	110	55	5,736
2011	3,230	2,323	130	50	5,733
2012	3,390	2,178	135	45	5,748
2013-2017	19,265	8,531	870	133	28,799
2018-2022	13,660	4,361	225	4	18,250
2023-2027	9,555	1,265	-	-	10,820
	<u>\$ 58,345</u>	<u>\$ 26,370</u>	<u>\$ 1,715</u>	<u>\$ 410</u>	<u>\$ 86,840</u>

The following tables display the debt service requirements to maturity for the obligations described:
(amounts expressed in thousands)

Assignment of Lease Payments

Year Ending December 31	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2008	\$ 37	\$ 33	\$ 116	\$ 105	\$ 291
2009	38	31	122	100	291
2010	40	29	128	94	291
2011	42	28	134	88	292
2012	44	26	140	81	291
2013-2017	253	95	803	302	1,453
2018-2022	248	30	791	95	1,164
	<u>\$ 702</u>	<u>\$ 272</u>	<u>\$ 2,234</u>	<u>\$ 865</u>	<u>\$ 4,073</u>

Capital Lease Payments

Year Ending December 31	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2008	\$ 799	\$ 119	\$ 132	\$ 20	\$ 1,070
2009	718	83	126	14	941
2010	537	51	116	8	712
2011	467	25	79	3	574
2012	81	1	36	1	119
	<u>\$ 2,602</u>	<u>\$ 279</u>	<u>\$ 489</u>	<u>\$ 46</u>	<u>\$ 3,416</u>

URA Loan Payments

Year Ending December 31	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2008	\$ 30	\$ 7	\$ -	\$ -	\$ 37
2009	30	5	-	-	35
2010	30	3	-	-	33
2011	30	2	-	-	32
	<u>\$ 120</u>	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137</u>

Component Unit

Year Ending December 31	DDA - Tax Increment Bonds		Total
	Principal	Interest	
2008	\$ 2,270	\$ 453	\$ 2,723
2009	2,375	350	2,725
2010	2,480	240	2,720
2011	2,565	124	2,689
	<u>\$ 9,690</u>	<u>\$ 1,167</u>	<u>\$ 10,857</u>

General long - term obligations of the primary government at December 31, 2007 is comprised of the following:

<u>Date Issued</u>	<u>Description/Interest Rates</u>	<u>Maturity Dates</u>	<u>Original Balance</u>	<u>Outstanding Balance</u>
Bonds Service by Transportation Services Fund through the City Debt Service Fund (secured by highway users tax revenues and reserves)				
1998	Highway Users Tax Revenue Refunding Bonds (3.2-4.50%)	2012	\$ 3,399,729	\$ 1,441,863
Bonds Serviced by Sales and Use Tax Fund through the City Debt Service Fund (secured by sales and use tax revenues and reserves)				
2003	Sales and Use Tax Revenue Refunding Bonds (2.0-3.25%)	2009	5,730,000	1,900,000
COPs / ALPs serviced by General Fund and General Improvement District No. 1 Fund through the Fort Collins Capital Leasing Corporation Debt Service Fund				
2004	Lease Certificates of Participation (3.00 - 5.375%)	2026	48,650,000	45,465,000
2007	Lease Certificates of Participation (3.860%)	2018	14,595,000	12,880,000
2001	Assignment of Lease Payments - Police (4.70%)	2021	890,000	702,430
Unamortized premium on bonds				1,442,418
Amortized loss on bond refunding				(4,505)
Other Obligations of Governmental Funds				
2006	Advance from Storm Drainage to URA (5.547%)	2016	150,000	120,000
N/A	Capital lease obligations (secured by leased equipment)	2012	N/A	2,592,180
N/A	Accrued compensated absences	N/A	N/A	3,727,932
Other Obligations of Internal Service Fund used by Governmental Activities				
N/A	Capital lease obligations (secured by leased equipment)	2009	N/A	9,990
N/A	Accrued compensated absences	N/A	N/A	188,706
N/A	Net pension obligation	N/A	N/A	1,443,775
N/A	Claims Payable	N/A	N/A	<u>6,456,340</u>
Total				<u>\$ 78,366,129</u>

Component unit long - term debt at December 31, 2007, is comprised of the following obligations:

Bonds Serviced by Downtown Development Authority Debt Service Fund				
2004	Subordinate Tax Increment Revenue Bonds (3.35-4.40%) (secured by tax increment property taxes)	2011	\$ 6,235,000	\$ 5,075,000
2007	Subordinate Tax Increment Revenue Bonds (5.268-5.554%) (secured by tax increment property taxes)	2011	5,700,000	4,615,000
Unamortized premium on bonds		N/A	N/A	-
Other Obligations – Component Unit				
N/A	Accrued compensated absences	N/A	N/A	<u>29,355</u>
Total				<u>\$ 9,719,355</u>

Business-type long-term obligations at December 31, 2007 consists of the following:

<u>Date Issued</u>	<u>Description/Interest Rates</u>	<u>Maturity Dates</u>	<u>Original Balance</u>	<u>Outstanding Balance</u>
Bonds, COPs, and ALPs, serviced by Enterprise Funds				
Water Fund				
(general obligation water bonds secured by full faith and credit of the City)				
1997	Water Revenue Bond (3.80-5.30%)	2017	\$ 10,125,300	\$ 5,700,291
1998	Water Revenue Refunding and Improvement Bonds (3.00-4.75%)	2018	31,580,000	20,170,000
1999	Water Revenue Bond (3.28-5.25%)	2019	4,998,395	3,200,822
2002	General Obligation Water Refunding Bonds (2.25-2.75%)	2009	19,255,000	5,000,000
2003	Subordinate Water Revenue Bonds (5.025%)	2030	2,476,446	2,200,391
Storm Drainage Fund				
(secured by storm drainage revenues)				
1999	Storm Drainage Revenue Bonds (4.50-5.25%)	2019	19,980,000	1,700,000
2001	Storm Drainage Revenue Bond (4.50-5.25%)	2021	9,845,000	7,265,000
2002	Storm Drainage Revenue Refunding Bonds (2.25-3.00%)	2008	2,765,000	860,000
2002	Storm Drainage Revenue Bonds (4.38-5.00%)	2022	12,300,000	10,135,000
2007	Storm Drainage Revenue Refunding Bonds (4.086%)	2019	15,945,000	15,945,000
2007	Storm Drainage Revenue Refunding Bonds (4.086%)	2017	3,360,000	3,360,000
Golf Fund				
(secured by golf revenue)				
2007	Lease Certificates of Participation (3.860%)	2018	1,715,000	1,715,000
2001	Assignment of Lease Payments (4.70%)	2021	2,830,000	2,233,570
Wastewater Fund				
(secured by sewer revenue)				
1992	Sewer Revenue Bond (5.0-6.0%)	2014	24,540,580	8,960,986
2000	Sewer Revenue Bonds (4.5-5.5%)	2020	5,665,000	4,305,000
2005	Sewer Revenue Refunding Bonds (3.5 - 4.0%)	2010	11,415,000	6,800,000
Unamortized premium on bonds				374,597
Unamortized loss on bond refundings				(1,420,156)
Unamortized discount on bonds				(173,779)
Other Obligations of Enterprise Funds				
N/A	Capital lease obligations (secured by leased equipment)	2012	N/A	489,272
N/A	Accrued compensated absences	N/A	N/A	1,316,769
Other Obligations of the Internal Service Fund used by Business-type Activities				
N/A	Accrued compensated absences	N/A	N/A	353,260
	Total			<u><u>\$ 100,491,023</u></u>

The City is in compliance with all significant limitations and restrictions. The City is maintaining all reserves required by ordinances and agreements with other third parties. Within the governmental funds, these reserves are being maintained in debt service and special revenue funds as required by ordinances or agreements.

Certificates of participation issued by the Fort Collins Capital Leasing Corporation are payable from rents collected under a lease agreement between the City and the Leasing Corporation. General obligation water bonds, payable from revenues of the Water Fund are secured by the full faith and credit of the City.

Defeasance of Debt

The City has defeased certain bonds in the prior years by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the defeased bonds. The trust accounts' assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2007, \$2,400,000 of sales & use tax bonds, and \$12,265,000 of storm drainage refunding bonds are considered defeased. The net present value benefit of the sales & use tax bond refunding is \$578,005 and \$875,125 on the storm drainage refunding. The net change in cash flows is \$58,791 and \$398,104 the sales & use tax bond refunding and storm drainage refunding respectively.

Conduit Debt Obligations

From time to time, the City has issued Industrial Development Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by sources external to the City and are payable solely from payments received from outside parties. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2007, there were 20 series of Industrial Development Revenue Bonds outstanding, with an estimated aggregate principal amount payable of \$63.4 million.

Operating Leases

The City leases various facilities under operating leases, which are cancelable within one year. Costs for these leases in 2007 were \$185,471.

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2007 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Primary Government:</u>					
Governmental Activities					
Bonds, COPS, and ALPs:					
Tax revenue bonds	\$ 4,579,464	\$ -	\$ (1,237,601)	\$ 3,341,863	\$ 1,091,863
Fort Collins Leasing Corporation					
Certificates of participation	60,190,000	12,880,000	(14,725,000)	58,345,000	3,005,000
Assignment of lease payments	737,360	-	(34,930)	702,430	36,605
Total bonds, COPS and ALPS	65,506,824	12,880,000	(15,997,531)	62,389,293	4,133,468
Add other financing sources (bond premium)	1,549,266	-	(106,848)	1,442,418	106,848
Less other financing uses (bond discount and deferred loss on refundings)	(88,167)	57,303	26,359	(4,505)	(24,204)
Total bonds, COPS and ALPS	66,967,923	12,937,303	(16,078,020)	63,827,206	4,216,112
Other Liabilities:					
Advance from Storm Drainage to URA	150,000	-	(30,000)	120,000	-
Capital leases	2,814,989	742,845	(955,664)	2,602,170	799,069
Compensated absences	3,671,855	3,458,142	(3,213,359)	3,916,638	3,916,638
Claims payable	6,306,924	14,365,990	(14,216,574)	6,456,340	2,651,250
Net pension obligation	643,536	800,239	-	1,443,775	1,443,775
Total other liabilities	13,587,304	19,367,216	(18,415,597)	14,538,923	8,810,732
Governmental activities long-term liabilities	\$ 80,555,227	\$ 32,304,519	\$ (34,493,617)	\$ 78,366,129	\$ 13,026,844
Business-Type Activities					
Bonds, COPS, and ALPs:					
G.O. & revenue bonds	\$ 106,425,703	\$ 19,305,000	\$ (30,128,213)	\$ 95,602,490	\$ 11,568,031
Fort Collins Leasing Corporation					
Certificates of participation	1,715,000	1,715,000	(1,715,000)	1,715,000	120,000
Assignment of lease payments	2,344,640	-	(111,070)	2,233,570	116,395
	110,485,343	21,020,000	(31,954,283)	99,551,060	11,804,426
Add bond premium	409,001	-	(34,404)	374,597	34,404
Less bond discount and deferred loss on refundings	(1,717,974)	(357,160)	481,199	(1,593,935)	(255,006)
Total bonds, COPS and ALPS	109,176,370	20,662,840	(31,507,488)	98,331,722	11,583,824
Other Liabilities:					
Capital leases	300,295	324,740	(135,763)	489,272	131,694
Compensated absences	1,507,965	1,938,939	(1,776,875)	1,670,029	1,670,029
Total other liabilities	1,808,260	2,263,679	(1,912,638)	2,159,301	1,801,723
Business-type activities long-term liabilities	\$ 110,984,630	\$ 22,926,519	\$ (33,420,126)	\$ 100,491,023	\$ 13,385,547
<u>Component Unit:</u>					
Bonds:					
Tax revenue bonds	\$ 6,235,000	\$ 5,700,000	\$ (2,245,000)	\$ 9,690,000	\$ 2,270,000
Total bonds	6,235,000	5,700,000	(2,245,000)	9,690,000	2,270,000
Compensated absences	14,298	35,817	(20,760)	29,355	29,355
Component unit long-term liabilities	\$ 6,249,298	\$ 5,735,817	\$ (2,265,760)	\$ 9,719,355	\$ 2,299,355

Compensated Absences for Governmental Activities

The General Fund is primarily used to liquidate the liability for compensated absences.

Internal service funds, except for the Utility Customer Service and Administration Fund, predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. Long-term liabilities of the Utility Customer Service and Administration internal service fund are included as part of the totals for the business-type activities on the proceeding page.

Designated Fund Balances

Designations of fund balances represent the City's intent to use assets for specific future purposes. These designations are eliminated for citywide reporting.

Designations by Fund and Type
December 31, 2007

	General	Sales and Use Tax	Transportation Services	Capital Projects	Other Governmental
Capital Projects	\$ 4,392,179	\$ 274,105	\$ 241,861	\$ 25,808,935	\$ 13,098,858
Buildings and Improvements	2,350,000	8,059,589	-	-	160,000
Operations and Maintenance	-	-	843,358	-	288,295
Public Safety Equipment Replacement	980,000	-	-	-	-
MIS Equipment Replacement	517,000	-	-	-	-
Affordable Housing	98,993	-	-	-	-
Economic Vitality	363,070	-	-	-	-
Civic Center Development	2,000,000	-	-	-	-
Capital Expansion	-	-	-	-	13,117,506
Equipment Replacement	-	-	-	-	1,534,255
Total designations	<u>\$ 10,701,242</u>	<u>\$ 8,333,694</u>	<u>\$ 1,085,219</u>	<u>\$ 25,808,935</u>	<u>\$ 28,198,914</u>

NOTE IV. OTHER INFORMATION

A. Risk Management

Property, Liability, and Workers Compensation

The City self-insures a portion of its comprehensive automobile liability, general liability, police liability, and public official liability exposures as well as damage or destruction of property. The City utilizes the Self-Insurance Fund (an internal service fund) to finance and account for risks of property and liability loss.

The City purchases property insurance that has a \$50,000 deductible for most causes of loss including earthquake and flood. Special flood hazard areas of 100 year flooding, as defined by FEMA have a deductible of 5% of the total insurable value at each location, subject to a minimum of \$500,000 at any one occurrence. Crime and boiler & machinery coverage has a \$10,000 deductible. Vehicles have a \$100,000 deductible.

In 2007, the City purchased liability insurance through an insurance broker, Arthur J. Gallagher. This policy has a \$500,000 deductible for all types of liability claims. Coverage limits are as follows:

General, Auto, & Law Enforcement Liability – \$3 million/occurrence, \$6 million aggregate
Public Official Liability - \$3 million/each wrongful act, \$6 million aggregate.

Workers' Compensation losses are self-insured up to \$400,000 per occurrence. Employees in the Electrical Utility function are self-insured up to \$750,000 per occurrence. An excess policy providing limits mandated by the State of Colorado provides coverage above the self-insured retention.

In 2007, the Downtown Development Authority, a component unit, purchased general and public official liability insurance policies from private insurance companies. The general liability policy has no deductible, the public official liability policy has a \$2,500 deductible and the employment related practice claims have a \$1,000 deductible. Coverage limits are as follows:

General Liability – \$500,000/occurrence, \$1 million aggregate
Public Official Liability - \$500,000/occurrence, \$500,000 aggregate.

During 2007, there were no changes in insurance coverage from the prior year.

During 2007, Poudre Fire Authority, a joint venture, also insured itself against workers' compensation losses by purchasing a policy with statutory limits from a private insurance company.

Employee Health and Illness

The City and the component unit self-fund their employees for comprehensive major medical benefits under two health plan options, up to an aggregate lifetime benefit maximum of \$2 million per participant. The two options include one low Preferred Provider Options (PPO) and one high Preferred Provider Options (PPO). The Benefits Fund (an internal service fund) is utilized to finance and account for medical risks of loss. Stop-loss coverage of \$120,000 per occurrence is retained as excess risk coverage. During the past three years, there have been 22 claims that have exceeded the stop-loss limit.

Funding and Claims Liabilities

All funds or employees of the City, as applicable, participate in the above risk management programs. Charges to City funds for these services are based on estimates of the amounts needed to pay claims and establish reserves for catastrophic losses.

Claims liabilities for the Self-Insurance and Benefits Funds as of December, 31, 2007, amount to \$5,044,058 and \$1,412,282 respectively. These claims were determined on an actuarial basis, and reflect the Governmental Accounting Standards Board (GASB) Statement No. 10 requirement that a liability for claims be reported, if information prior to the issuance of the City's financial statements indicates that it is probable that a liability has been incurred at December 31, and the amount of the loss can be reasonably estimated. The liability of \$5,044,058 for the Self Insurance Fund is discounted at 4% and reflects an 80% confidence level factor. The discount refers to the full or undiscounted amount reduced for future investment earnings that can be generated on funds held between the date of valuation and the date of the final payment of claims. Changes in claims liabilities amounts for 2005, 2006 and 2007 are as follows:

	<u>Self-Insurance Fund</u>	<u>Benefits Fund</u>
Claims payable--		
December 31, 2005	\$ 5,973,385	\$ 1,263,333
Claims & changes		
in estimates	391,108	12,633,032
Claim payments	<u>(1,533,508)</u>	<u>(12,420,426)</u>
Claims payable--		
December 31, 2006	4,830,985	1,475,939
Claims & changes		
in estimates	2,193,630	12,172,360
Claim payments	<u>(1,980,557)</u>	<u>(12,236,017)</u>
Claims payable--		
December 31, 2007	<u><u>\$ 5,044,058</u></u>	<u><u>\$ 1,412,282</u></u>

Insurance Recoveries

The City of Fort Collins recovered \$67,117 from 3rd party sources for damages caused to city owned property.

B. Employee Retirement Systems and Pension Plans

General Employees' Retirement Plan

Plan Description

All permanent, classified, non-uniformed employees hired before January 1, 1999 are eligible to be members of the General Employees' Retirement Plan (the Plan), a single-employer defined benefit plan. Employees hired after January 1, 1999 are only eligible to participate in the Money Purchase Plan explained on page 81. The benefits and refunds of the General Employees' Retirement Plan are recognized when due and payable in accordance with the terms of the plan.

The Plan is accounted for in the General Employees' Retirement Plan Pension Fund (a pension trust fund). Separate financial statements are not issued for the Plan. As of January 1, 2007, employee membership data related to the Plan was as follows: Retirees and beneficiaries currently receiving benefits--159; vested terminated employees--131; active plan participants--235

Benefits vest 40% after 2 years of credited service and 20% for each year thereafter until 100% is attained after 5 years. Employees who retire at or after age 65 with 5 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-1/2% of final average monthly compensation multiplied by years of credited service. Final average monthly compensation is the highest average of the considered compensation during 60 consecutive full calendar months out of the last 120 calendar months of credited service. A member is eligible for an early retirement benefit after age 55 and completion of 2 years of credited service. The monthly benefit, payable for life, is equal to the vested portion of the normal retirement benefit based on credited service and compensation at early retirement, reduced by 1/180th for each of the first 60 months and 1/360th for each additional month by which payments commence prior to normal retirement date. The Plan also provides for death and disability benefits. The entire cost of the Plan is paid by the City as established or amended by City Council.

A death benefit of approximately 50% of the member's vested accrued benefit at the date of death is payable to the employee's spouse for life beginning on the first day of the month following the later of the date of death or the date the member would have been age 55. The spouse may elect to receive the actuarial equivalent lump-sum payment. If the member was not married, the beneficiary or estate would receive the actuarial single-sum payment of the benefit.

A change in the plan assumptions was approved the General Employees Retirement Plan Board. The actuarial cost method changed from the Aggregate cost method to the Entry Age Normal method.

Annual Pension Cost

The costs of the Plan are derived by making certain specific assumptions as to the rates of interest and mortality, which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the Plan.

A schedule of Funding Progress for the General Employees' Retirement Plan is not required because it uses the aggregate actuarial cost method, where actuarial accrued liabilities are not identified or separately amortized. They are amortized through normal cost.

Three year historical information of the General Employees' Retirement Plan is presented to help users assess the plan's status on a going concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

CALCULATION OF NET PENSION OBLIGATION AND PENSION COST
(As required by GASB No. 27)

Plan Year	Annual Required Contribution (ARC)	Net Pension Obligation (NPO) as of January 1	Interest on NPO to End of Year	Amorti- zation Factor	ARC Adjustment	Annual Pension Cost (APC)	Actual Employer Contribution	Net Pension Obligation at End of Year	Increase (Decrease) Net Pension Obligation
2005	\$ 1,397,352	\$ (959,840)	\$ (71,988)	7	\$ (145,391)	\$ 1,470,755	\$ 739,281	\$ (228,366)	\$ 731,474
2006	1,761,893	(228,366)	(17,127)	6	(36,315)	1,781,081	909,179	643,536	871,902
2007	1,725,108	643,536	48,265	6	106,440	1,666,933	866,694	1,443,775	800,239

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Plan Year	Annual Pension Cost	Employer Contribution	% of Annual Pension Cost
2005	\$ 1,470,755	\$ 739,281	50%
2006	1,781,081	909,179	51%
2007	1,666,933	866,694	52%

(*) Unaudited.

**General Employees Retirement Plan
Statement of Net Assets**

ASSETS

Current Assets	
Cash and cash equivalents	\$ 3,923,873
Receivables	
Interest	170,447
Investments, at fair value	
U S Government securities	16,423,970
Mutual funds	25,253,992
Total Investments, at fair value	41,677,962
Securtiy lending collateral	9,676,107
Total Assets	55,448,389

LIABILITIES

Current Liabilities	
Accrued expenses	1,535
Obligations under security lending	9,676,107
Total Liabilities	9,677,642

NET ASSETS

Held in trust for pension benefits	45,770,747
Total Net Assets	\$ 45,770,747

**General Employees Retirement Plan
Statement of Changes in Net Assets**

ADDITIONS

Contributions	
Employer contributions	\$ 866,694
Employee contributions	-
Other	206
Total Contributions	866,900
Investment income	
Interest related to plan investments	706,649
Interest related to employee loans	-
Net change in fair value of investments	4,371,272
Total Investment Income	5,077,921
Securities lending income	441,594
Less securities lending expenses	431,053
Net income from securities lending activities	10,541
Net Investment Income	5,088,462
Total Additions	\$ 5,955,362

DEDUCTIONS

Benefit payments	2,483,503
Administration	23,297
Total Deductions	2,506,800

Net Increase	3,448,562
Net Assets Held In Trust for Retirement Benefits	
Beginning of year	42,322,185
End of Year	\$ 45,770,747

Actuarial plan assumptions:	
Valuation date:	January 01, 2008
Actuarial cost method:	Entry Age Normal
Amortization method:	10 years, as a level percent of pay.
Remaining amortization period:	10 years
Asset valuation method:	An expected actuarial value is determined equal to the prior year's actuarial value of assets plus cash flow (excluding realized and unrealized gains or losses) for the year ended on the valuation date and assuming a 7.5% interest return. The unrecognized gain or loss is then added to the expected value. Any difference between this amount and the market value of the assets is set up as a gain or loss base and amortized over 5 years. The result is constrained to a value of 80% to 120% of the market value of assets at the valuation date in order to determine the final actuarial value of assets.
Investment rate of return:	7.5% (including inflation at 2.5%)
Projected pay increases:	Ranges from 8.2% at age 25 to 3.5% at age 64 (including inflation at 2.5%)

Contributions and Reserves

The Plan's funding policy provides for actuarially determined periodic rates determined by the aggregate actuarial cost method. Under this method, the entire cost of an employee's projected benefits are assigned to past, present and future periods. Contributions are based on the actuarially determined rates. For 2007, the City contributed 4.50% of covered pay to the Plan; this amounted to \$866,694. The authority for establishing or amending the obligation to make contributions rests with City Council.

Costs of administering the Plan are all financed from contributions and earnings of the Plan. The entire balance of the Plan's net assets available for benefits as of December 31, 2007, is \$45,770,541 all of which is reserved for benefits of employees and beneficiaries.

Concentrations

Investment in mutual funds exceeding 5% of the net assets of the plan are as follows: American Amcap Fund - 5.95%, Brandywine - 5.99%, Fidelity Value Fund - 7.31%, Julius Bear International - 5.96%, Meridian Value Fund - 5.73%, Mutual Shares Fund - 6.43%, T. Rowe Price International - 7.30%, and T. Rowe Price New Asia - 7.36%.

Money Purchase Plan 401(a)

The City offers its employees a defined contribution money purchase plan. Classified employees were offered the plan for the first time in 1995. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate six months from the date of employment. The plan requires both employer and employees to contribute amounts ranging from 3% to 10% (depending on job classification) of base salary each pay period. Contributions made by the City are not taxable to the employee until they are withdrawn. Employee contributions are made with pre-tax dollars, and the earnings on City and employee contributions are not taxed until withdrawn. Except for certain categories of police personnel, employees are fully vested upon initial participation in the plan. Sworn police officers and emergency service dispatchers, who receive higher contribution rates, are fully vested upon completion of three years of service. Plan provisions and contribution requirements are established and may be amended by City Council. City and employee contributions to the plan were \$4,006,338 and \$2,564,612, respectively during 2007.

Retirement Health Savings Plan (RHS)

In 2006 and 2007, the City offered to classified and unclassified management employees the employer-sponsored health benefits savings vehicle that allowed the employee to accumulate assets to pay for medical expenses in retirement on a tax-free basis. As of 12/31/07, that plan has been frozen. There can no longer be any money withheld for this plan. Police Services, through the Collective Bargaining Agreement (CBU), continue to offer a

mandatory RHS plan to collective bargaining unit members only. Both the frozen City plan and the current CBU plan are administered by ICMA-RC.

The RHS plan offers triple tax advantage to employees. Employee contributions are made through pre-tax payroll deductions, are invested in ICMA-RC funds and grow tax-free, and monies can be withdrawn tax-free for qualifying expenses. No federal, state or FICA tax will be withheld. Employees cannot change their elections after their initial enrollment. The CBU RHS plan requires a mandatory 1% contribution to be made by all qualifying participants. Once the participant becomes eligible to get reimbursed from their own RHS account, they can turn in receipts to a 3rd party administrator and be reimbursed with tax-free monies. If the employee passes away, the employee's spouse and dependents are automatically eligible to use the account and are reimbursed on a tax-free basis.

Statement of Net Assets

	Money Purchase Plan	Retirement Health Savings Plan
ASSETS		
Current Assets		
Cash and cash equivalents	\$ -	\$ -
Receivables		
Notes and loans	2,837,516	-
Investments, at fair value		
U S Government securities	-	-
Mutual funds	110,318,844	605,326
Total Investments, at fair value	110,318,844	605,326
Securitiy lending collateral	-	-
Total Assets	113,156,360	605,326
LIABILITIES		
Current Liabilities		
Accrued expenses	-	-
Obligations under security lending	-	-
Total Liabilities	-	-
NET ASSETS		
Held in trust for pension benefits	113,156,360	605,326
Total Net Assets	\$ 113,156,360	\$ 605,326

Statement of Changes in Net Assets

	Money Purchase Plan	Retirement Health Savings Plan
ADDITIONS		
Contributions		
Employer contributions	\$ 4,006,338	\$ -
Employee contributions	2,564,612	383,691
Pension conversion & roll-overs	741,329	-
Loan repayments	956,008	-
Other	923,633	-
Total Contributions	9,191,920	383,691
Investment income		
Interest related to plan investments	984,903	9,069
Interest related to employee loans	597,924	-
Net change in fair value of investments	6,458,053	10,166
Total Investment Income	8,040,880	19,235
Net Investment Income	8,040,880	19,235
Total Additions	\$ 17,232,800	\$ 402,926
DEDUCTIONS		
Benefit payments	8,651,965	20,462
Administration	14,348	1,320
Total Deductions	8,666,313	21,782
Net Increase	8,566,487	381,144
Net Assets Held In Trust for Retirement Benefits		
Beginning of year	104,589,873	224,182
End of Year	\$ 113,156,360	\$ 605,326

Statewide Death and Disability Plan

Plan Description

The City contributes to the Fire & Police Pension Association (the Plan), a multi-employer cost sharing defined benefit plan covering full-time employees of substantially all fire and police departments in Colorado. Contributions to the Plan are used solely for the payment of death and disability benefits. The Plan was established in 1980 pursuant to Colorado Revised Statutes. All uniformed employees are eligible to be members of the Fire & Police Pension Association.

Funding Policy and City Contributions

Prior to 1997, the State of Colorado, whose contributions were established by Colorado statute, primarily funded the Plan. The State made a one-time contribution in 1997 of \$39,000,000 to fund the past and future service costs for all firefighters and police officers hired prior to January 1, 1997. No further State contributions are anticipated.

Members hired on or after January 1, 1997, contribute 2.30% of payroll to this fund. During 2007, the City's employer and employee contributions were \$155,810. This contribution rate increased to 2.6% effective January 1, 2007. It should be noted that this percentage can vary depending on actuarial experience.

Benefits

Benefits are established by Colorado statute.

If a member dies prior to retirement, the surviving spouse is entitled to a benefit equal to 40% of the member's monthly base salary with an additional 10% of base salary if a surviving spouse has two or more dependent children, or if there are three or more dependent children without a surviving spouse. Benefit entitlement continues until death of the spouse and death, marriage, or other termination of dependency of children.

A member who becomes disabled prior to retirement shall be eligible for disability benefits. The benefit is 70% of base salary for cases of total disability. Effective October 1, 2002, the benefit is 50% of base salary for a permanent occupational disability and 40% of base pay for a temporary occupation disability.

Benefits paid to members are evaluated and may be re-determined on October 1 of each year. Any increase in the level of benefits cannot increase by more than 3% for any one year. Totally disabled members and their beneficiaries receive an automatic cost of living adjustment each year of 3%.

Separately issued financial statements and the related actuarial valuation may be obtained from the Fire & Police Pension Association.

C. Commitments/Contingencies

Construction Commitments

The City had commitments of \$5,537,254 for capital projects in governmental fund types and \$2,231,754 in proprietary fund types at December 31, 2007. Future expenditures related to these commitments are expected to be financed through available resources and future revenues.

Encumbrance Commitments for Proprietary Fund Types

The financial statements do not include encumbrances for proprietary fund types. However, encumbrances for these funds are recorded by the City for management and budgetary control purposes. Outstanding encumbrance commitments for the enterprise funds at December 31, 2007 (excluding those relating to capital projects) amounted to \$13,649,649.

Street Oversizing Liability

The City has contractual liabilities for street oversizing costs with various developers. The developers are required to install certain oversized streets as a condition of subdivision approval. Once the streets are installed and inspected by the City, a liability is recorded for the difference between a normal sized street and the oversized street installed.

Because the City has no control over when subdivisions will be developed and the related oversized street completed, the liability for uncompleted oversizing costs has not been reflected in the financial statements.

D. Legal Matters

Pending Litigation and Grants

Various claims and lawsuits are pending against the City. After consideration of applicable insurance policy coverage, and the relative merits of each claim or lawsuit, it is the opinion of the City Attorney and City management that the potential ultimate liability resulting from these actions, if any, will not have a material adverse financial effect on the City.

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. City management believes disallowances, if any, resulting from any such audits would be immaterial. There currently are no material disallowed or questioned costs.

Tax, Spending, and Debt Limitations

Article X, Section 20, of the State Constitution has several limitations, including those for revenue, expenditures, property taxes, and issuance of debt. These provisions of the Constitution are complex and subject to judicial interpretation. In the opinion of management, the City is in compliance with such provisions. In 1997, the City's electorate approved the ongoing retention of excess revenue by the City, requiring the excess revenue be spent for specified purposes. This alleviated the need by the City to seek annual approval to retain excess revenue and excess property tax. The City did not exceed the revenue limitation in 2007, and exceeded the property tax limit by \$601,490.

The excess revenue will be used for the purposes of public health and safety (including, but not limited to environmental monitoring and mitigation), growth management, transportation services, and maintaining and repairing City facilities.

E. Related Party Transactions

Due to the nature of the relationships, the City has related party transactions with various entities. The following transactions have occurred during 2007:

Fort Collins-Loveland Airport

Intergovernmental Agreement

The Airport is jointly operated under an Intergovernmental Agreement between the City of Fort Collins, Colorado and the City of Loveland, Colorado. Pursuant to the agreement, any needed contributions for annual operating budgets or capital improvements are shared equally by both cities. Also, either City may invest additional funds in the Airport as it sees fit.

Since July 3, 1979, ownership of assets vests equally with each City. Assets acquired prior to July 3, 1979 vested one-third with the City of Loveland and two-thirds with the City of Fort Collins.

The agreement provides that if either City does not pay its one-half of agreed expenses in a given year, it will convey to the other City ten percent of its total Airport ownership. Each City contributed \$60,000 in 2007 and 2006.

Financial Information

The Fort Collins-Loveland Municipal Airport is accounted for as a proprietary joint venture. A summary of financial information is as follows:

As of December 31, 2007

Total current assets	\$ 1,363,957
Total capital assets (net of accumulated depreciation)	13,394,043
Total Assets	14,758,000
Total current liabilities	(979,325)
Total Net Assets	<u>\$ 13,778,675</u>
Net assets invested in capital assets	\$ 13,394,043
Unrestricted net assets	384,632
Total Net Assets	<u>\$ 13,778,675</u>

As of December 31, 2007

Total operating revenue	\$ 877,530
Total operating expenses	(1,225,915)
Interest Income	32,567
Nonoperating revenue	120,000
Capital contributions	3,115,991
Change in Net Assets	<u>\$ 2,920,173</u>

City Share of Net Assets

The City's annual contribution is reflected as another expenditure of the General Fund. The City's share of Fort Collins-Loveland Airport's Net Assets and Change in Net Assets are reflected in the City's Statement of Net Assets and Statement of Activities, respectively.

Stand-Alone Financial Statements

The stand-alone financial statements for the Fort Collins-Loveland Airport can be obtained from the City of Loveland Finance Department at 500 East Third Street, Loveland, Colorado, 80537.

Poudre Fire Authority

As mentioned in the summary of significant accounting policies, the City provides funding for PFA. During 2007, such funding amounted to \$15,458,040. In addition, the City provided accounting and administrative services to PFA at no charge.

Platte River Power Authority

The Light and Power Fund purchases all of its electrical power from PRPA. During 2007, these purchases amounted to \$57,116,913 of which \$4,769,556 is included in accounts payable at December 31, 2007.

Harmony Library

The City provides funding for Harmony Library. During 2007, such funding amounted to \$711,286.

Fort Collins Housing Authority

The City allows the Fort Collins Housing Authority (FCHA) to participate in its employee benefit plans and bills the Fort Collins Housing Authority for this coverage. In addition, FCHA also uses the City's fleet services for vehicle maintenance. During 2007, billings for benefits and services amounted to \$72,758.

North Front Range Transportation and Air Quality Planning Council

The City allows the North Front Range Transportation and Air Quality Planning Council (NFRTAQPC) to participate in its employee benefit plans and bills NFRTAQPC for this coverage. In addition, NFRTAQPC also used the City's fleet services for vehicle maintenance. During 2007, billings for benefits and services amounted to \$598,665.

F. Subsequent Event

Enforcement Event for an Investment of the Collateral Assigned to the City's Securities Lending Program.

The City authorizes its participation in a securities lending program operated by its custodian, Wells Fargo Bank. The custodian invests the collateral received from the ongoing investment of the City's securities into short-term investments held by a pool with other public entity clients in accordance with the terms set forth by the contract, City investment policy and the State of Colorado statutes. See Note III, Item A. Deposits and Investments for more background.

On January 8, 2008, an enforcement action was declared against Victoria Finance, a structured investment vehicle held by the pool for defaulting on a maturity of a commercial paper investment. The City and four other public entities participate in this pool. The City's exposure within the pool to this investment is \$5.5 million. A collateral agent and creditor's committee has been assigned to approve an amendment to the underlying financial arrangement for Victoria Finance and complete a restructuring process resulting in a new investment. Market valuations of the assets related to Victoria Finance that are held in the pool are not readily available. In addition, full realization of the principle value of these assets is not readily determinable. The restructuring and valuation of the new investment should be completed by the end of fiscal year 2008.

REQUIRED SUPPLEMENTARY INFORMATION

MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS

In accordance with GASB Statement No. 34, the City is required to account for and report infrastructure capital assets. The City has several major infrastructure systems including the street system and various systems that distribute utility services. Each major infrastructure system can be divided into subsystems. For example, the street system can be divided into concrete and asphalt pavements, concrete curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

The City has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its Streets Pavement System. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

The City manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory; (2) perform condition assessments and summarize the results using a measurement scale; and (3) estimate annual amount to maintain and preserve at the established condition assessment level.

The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level. The City's Pavement Management Program conducts condition assessment surveys on a three year cycle assuring that all data is updated within three year period. City owned streets are classified based on land use, access and traffic utilization into the following three classifications: arterial, collector and local. Each street was assigned a physical condition based on potential defects. A Pavement Condition Index (PCI), a nationally recognized index, was assigned to each street and expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned to the physical characteristics of a new street.

The City of Fort Collins is changing its focus from specifying a targeted average condition value to setting a specified Level of Service (LOS). Setting a LOS will allow for a range of funding needs to be determined to assess what funding level best suits the needs of the City in terms of desired LOS and available funding.

LOS is a customer-driven measurement of condition. The City of Fort Collins' goal is to maintain a LOS of "B". LOS B is a high level of service in which pavements are in good condition, few deficiencies are present, the roads are providing good ride quality, low vehicle operating costs, minor signs of deterioration, and with few safety-related issues. Preventive and corrective maintenance activities can be used to keep the average network condition maintained. As of December 2007 the City's street system is at a PCI of 79 well within the LOS of "B". The average detail condition is as follows:

Level of service.....	PCI Range.....	Average Condition
LOS A (best).....	100 to 85.....	Best 34%
LOS B (good)	85 to 70.....	Good 46%
LOS C (fair).....	70 to 55.....	Fair 17%
LOS D (poor).....	55 to 40.....	Poor 2%
LOS F (worst).....	40 to 0.....	Worst 1%

The City's next full 3 year assessment cycle will be completed as of December 31, 2009.

REQUIRED SUPPLEMENTARY INFORMATION

MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS (continued)

The City's streets are constantly deteriorating resulting from the following five factors; (1) traffic using the streets; (2) the sun's ultra-violet rays drying out and breaking down the top layer of pavement; (3) utility company/private development interests trenching operations; (4) winter freeze/thaw condition and water damage from both natural and other urban runoff; and (5) growth of the existing street system. The City is continuously taking actions to arrest the deterioration through short-term maintenance activities such as crack sealing, pothole patching, street sweeping, and sidewalk repair.

The City's expenditures delayed deterioration; however, the overall conditions of the streets were not improved through these maintenance expenditures. The City has estimated that the amount of annual expenditures required to maintain the City's streets at an average PCI rating of 75. A schedule of estimated annual amount calculated to maintain and preserve its streets at the current level compared to actual expenditures for the street maintenance for the last three years is presented below.

<u>Year</u>	<u>Maintenance Estimate</u>	<u>Actual Expenditure</u>
2007	\$ 8,777,961	\$ 8,352,132
2006	8,435,993	7,735,993
2005	8,044,290	7,744,290

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**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

Special Revenue Funds

Community Development Block Grant (CDBG) -- to account for revenues received from the federal government which are restricted to financing the City's Community Development Block Grant Program.

Home Program -- to account for revenues received from the federal government restricted to financing the City's Home Program.

Natural Areas -- to account for dedicated financial resources to be used for the acquisition of natural areas and trails. In addition, some of the fund is used for long-term management of existing natural areas and trails.

Capital Expansion -- to account for capital expansion fees collected by the City and various projects funded by those fees.

Neighborhood Parkland -- to account for parkland fees used to fund the acquisition, development and administration of neighborhood park and capital improvements.

Conservation Trust Fund -- to account for revenues received from the Colorado State Lottery through the State Conservation Trust Fund which are restricted to financing capital projects which relate to the acquisition and development of open space and trails.

Cultural Services and Facilities -- to account for revenues received from the Lincoln Center facility, the Fort Collins Museum, performing and visual arts and General Fund subsidies used to promote cultural activities.

Recreation -- to account for recreation fees and General Fund subsidies used to provide recreational programs for citizens.

Cemeteries -- to account for revenues collected from the sale of burial plots.

Perpetual Care -- to account for monies set aside for the maintenance costs of burial plots.

Transit Services -- to account for federal grants and other revenues utilized to operate and maintain the City's bus system.

Street Oversizing -- to account for street oversizing fees used to pay the City's portion of street oversizing costs.

General Improvement District No. 1 -- to account for property taxes and investment earnings used to fund debt service and other activities of the General Improvement District No. 1, a blended component unit.

URA operations -- to account for the operations of the Urban Renewal Authority.

Debt Service Funds

Debt Service -- to account for property taxes and transfers from other funds used to pay general obligation bonds, sales and use tax revenue bonds, and highway users tax revenue bonds.

Special Assessments -- to account for amounts received from special assessments used to pay special assessment bond and general obligation bonds payable from special assessments.

Fort Collins Leasing Corporation -- to account for rental amounts received from lease payments between the City and the Corporation on municipal buildings and other structures. Monies used to pay certificates of participation issued by the Corporation.

URA debt Service -- to account for the receipt of public improvement fees and the payments for the associate debt service

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

	Special Revenue Funds				
	CDBG	Home Program	Natural Areas	Capital Expansion	Neighborhood Parkland
ASSETS					
Cash and cash equivalents	\$ -	\$ 159,823	\$ 1,755,617	\$ 5,119,595	\$ 2,554,377
Investments	-	-	4,711,765	13,112,373	5,544,455
Cash held by fiscal agent	-	-	267,457	-	-
Receivables					
Property taxes	-	-	-	-	-
Accounts	42,405	6,831	153,950	3,409	1,892
Notes and loans	221,500	1,038,000	-	-	-
Accrued interest	-	-	52,420	142,546	61,823
Due from other governments	-	-	-	-	-
Total Assets	<u>263,905</u>	<u>1,204,654</u>	<u>6,941,209</u>	<u>18,377,923</u>	<u>8,162,547</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable, accruals, and other	238,474	50	362,065	-	4,093
Accrued wages payable	4,208	1,954	71,608	-	10,009
Deferred revenue	-	-	-	-	-
Total Liabilities	<u>242,682</u>	<u>2,004</u>	<u>433,673</u>	<u>-</u>	<u>14,102</u>
Fund Balances					
<i>Reserved</i>					
Encumbrances	280,880	101,174	481,271	-	157,198
Long-term notes receivable	221,479	1,038,000	-	-	-
Debt service	-	-	-	-	-
Contractual and other	-	-	5,000	-	-
<i>Unreserved</i>					
Designated	-	-	2,011,237	18,377,923	-
Undesignated	(481,136)	63,476	4,010,028	-	7,991,247
Total Fund Balances	<u>21,223</u>	<u>1,202,650</u>	<u>6,507,536</u>	<u>18,377,923</u>	<u>8,148,445</u>
Total Liabilities and Fund Balances	<u>\$ 263,905</u>	<u>\$ 1,204,654</u>	<u>\$ 6,941,209</u>	<u>\$ 18,377,923</u>	<u>\$ 8,162,547</u>

See the accompanying independent auditor's report.

Special Revenue Funds (continued)				
Conservation Trust	Cultural Services & Facilities	Recreation	Cemeteries	Perpetual Care
\$ 559,113	\$ 766,621	\$ 798,856	\$ 119,489	\$ 430,241
1,216,173	1,684,452	1,780,073	259,216	957,365
-	-	-	-	-
-	-	-	-	-
-	54,187	124,225	47,586	9,450
-	-	-	-	-
13,634	18,805	19,746	2,821	9,864
-	-	-	-	-
1,788,920	2,524,065	2,722,900	429,112	1,406,920
33,873	120,307	154,234	3,172	-
6,788	44,777	144,320	11,543	-
-	660,548	-	-	-
40,661	825,632	298,554	14,715	-
119,775	61,430	158,309	14,735	-
-	-	-	-	-
-	-	-	-	-
-	463,249	262,724	-	-
163,811	60,644	1,921,906	-	-
1,464,673	1,113,110	81,407	399,662	1,406,920
1,748,259	1,698,433	2,424,346	414,397	1,406,920
\$ 1,788,920	\$ 2,524,065	\$ 2,722,900	\$ 429,112	\$1,406,920

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (continued)
DECEMBER 31, 2007**

	Special Revenue Funds (continued)				
	Transit Services	Street Oversizing	General Improvement District No. 1	URA Operations	Total Special Revenues
ASSETS					
Cash and cash equivalents	\$ 193,885	\$ 1,938,935	\$ 298,138	\$ 10,259	\$14,704,949
Investments	418,708	6,259,584	647,210	31,045	36,622,419
Cash held by fiscal agent	-	-	-	-	267,457
Receivables					
Property taxes	-	-	246,280	-	246,280
Accounts	1,917,792	2,542	-	-	2,364,269
Notes and loans	-	-	-	-	1,259,500
Accrued interest	4,701	71,845	7,287	235	405,727
Due from other governments	-	-	1,877	-	1,877
Total Assets	<u>2,535,086</u>	<u>8,272,906</u>	<u>1,200,792</u>	<u>41,539</u>	<u>55,872,478</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable, accruals, and other	356,606	392,074	384	-	1,665,332
Accrued wages payable	143,938	12,967	-	-	452,112
Unearned revenue	-	-	246,280	-	906,828
Total Liabilities	<u>500,544</u>	<u>405,041</u>	<u>246,664</u>	<u>-</u>	<u>3,024,272</u>
Fund Balances					
<i>Reserved</i>					
Encumbrances	1,481,021	35,676	-	-	2,891,469
Long-term notes receivable	-	-	-	-	1,259,479
Debt service	-	-	-	-	-
Contractual and other	-	-	-	-	730,973
<i>Unreserved</i>					
Designated	30,088	5,633,305	-	-	28,198,914
Undesignated	523,433	2,198,884	954,128	41,539	19,767,371
Total Fund Balances	<u>2,034,542</u>	<u>7,867,865</u>	<u>954,128</u>	<u>41,539</u>	<u>52,848,206</u>
Total Liabilities and Fund Balances	<u>\$ 2,535,086</u>	<u>\$ 8,272,906</u>	<u>\$ 1,200,792</u>	<u>\$ 41,539</u>	<u>\$55,872,478</u>

See the accompanying independent auditor's report.

Debt Service Funds						
Debt Service	Special Assessments	Fort Collins Leasing Corporation	URA Debt Service	Total Debt Service	Total Non-major Governmental	
\$ -	\$ 255,762	\$ -	\$ 75,316	\$ 331,078	\$ 15,036,027	
-	555,063	-	-	555,063	37,177,482	
-	-	-	-	-	267,457	
-	-	-	292,773	292,773	539,053	
-	-	-	-	-	2,364,269	
-	-	-	-	-	1,259,500	
-	6,112	-	-	6,112	411,839	
-	-	-	-	-	1,877	
-	816,937	-	368,089	1,185,026	57,057,504	
-	-	-	-	-	1,665,332	
-	-	-	-	-	452,112	
-	-	-	292,773	292,773	1,199,601	
-	-	-	292,773	292,773	3,317,045	
-	-	-	-	-	2,891,469	
-	-	-	-	-	1,259,479	
-	816,937	-	75,316	892,253	892,253	
-	-	-	-	-	730,973	
-	-	-	-	-	28,198,914	
-	-	-	-	-	19,767,371	
-	816,937	-	75,316	892,253	53,740,459	
\$ -	\$ 816,937	\$ -	\$ 368,089	\$ 1,185,026	\$ 57,057,504	

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Special Revenue Funds			
	CDBG	Home Program	Natural Areas	Capital Expansion
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,008,055	897,918	3,968,410	-
Fees and charges for services	-	-	27,877	2,540,278
Earnings on investments	1,224	13,887	536,338	1,156,386
Interest on security lending income	-	-	362,127	675,328
Miscellaneous revenue	69,772	83,382	411,296	-
Total Revenues	1,079,051	995,187	5,306,048	4,371,992
EXPENDITURES				
Current operating				
Cultural, parks, recreation and environment	-	-	5,732,211	-
Planning and Development	1,076,004	1,092,057	-	-
Transportation	-	-	-	-
Other	-	-	-	-
Security lending interest expense	-	-	351,323	654,831
Security lending agent fees	-	-	3,241	6,148
Capital outlay	-	-	6,621,205	28,520
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	1,076,004	1,092,057	12,707,980	689,499
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,047	(96,870)	(7,401,932)	3,682,493
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	6,591,964	-
Transfers out	-	-	(2,409,189)	(5,412,037)
Certificates of Participation				
COPS issued	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Total Other Financing Sources (Uses)	-	-	4,182,775	(5,412,037)
Net Changes in Fund Balances	3,047	(96,870)	(3,219,157)	(1,729,544)
Fund Balances-January 1	18,176	1,299,520	9,726,693	20,107,467
Fund Balances-December 31	\$ 21,223	\$ 1,202,650	\$ 6,507,536	\$ 18,377,923

See the accompanying independent auditor's report.

Special Revenue Funds (continued)					
Neighborhood Parkland	Conservation Trust	Cultural Services & Facilities	Recreation	Cemeteries	Perpetual Care
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	1,401,363	45,476	73,718	-	-
1,013,160	-	1,926,685	4,525,914	373,105	51,857
480,362	107,560	136,302	148,483	85,351	80,782
265,183	79,689	103,445	111,886	-	3,698
60,045	904	227,355	125,302	15,633	-
1,818,750	1,589,516	2,439,263	4,985,303	474,089	136,337
376,850	243,911	3,533,648	6,802,591	590,232	612
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
256,443	77,121	100,290	108,573	61,700	3,458
2,622	770	946	994	571	72
832,444	227,333	428,754	184,191	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,468,359	549,135	4,063,638	7,096,349	652,503	4,142
350,391	1,040,381	(1,624,375)	(2,111,046)	(178,414)	132,195
115,545	-	1,477,838	2,408,305	252,833	-
(178,950)	(654,685)	-	-	-	(65,507)
-	-	-	-	-	-
-	-	-	-	-	-
(63,405)	(654,685)	1,477,838	2,408,305	252,833	(65,507)
286,986	385,696	(146,537)	297,259	74,419	66,688
7,861,459	1,362,563	1,844,970	2,127,087	339,978	1,340,232
\$ 8,148,445	\$ 1,748,259	\$ 1,698,433	\$ 2,424,346	\$ 414,397	\$ 1,406,920

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Special Revenue Funds (continued)			
	Transit Services	Street Oversizing	General Improvement District No. 1	URA Operations
REVENUES				
Taxes	\$ -	\$ -	\$ 228,480	\$ -
Intergovernmental	2,724,578	-	-	-
Fees and charges for services	867,865	5,835,847	-	-
Earnings on investments	49,922	346,379	52,529	2,322
Securities lending income	42,676	126,140	38,149	-
Miscellaneous revenue	278,874	677,916	-	-
Total Revenues	3,963,915	6,986,282	319,158	2,322
EXPENDITURES				
Current operating				
Cultural, parks, recreation and environment	-	-	-	-
Planning and Development	-	-	-	-
Transportation	8,097,561	780,069	-	-
Other	-	-	13,008	-
Security lending interest expense	41,695	121,690	36,968	-
Security lending agent fees	294	1,335	354	-
Capital outlay	358,972	919,515	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	8,498,522	1,822,609	50,330	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,534,607)	5,163,673	268,828	2,322
OTHER FINANCING SOURCES (USES)				
Transfers in	4,995,025	1,813,050	-	-
Transfers out	(53,964)	(3,312,418)	(31,605)	-
Certificates of Participation COPS issued	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Total Other Financing Sources (Uses)	4,941,061	(1,499,368)	(31,605)	-
Net Changes in Fund Balances	406,454	3,664,305	237,223	2,322
Fund Balances-January 1	1,628,088	4,203,560	716,905	39,217
Fund Balances-December 31	\$ 2,034,542	\$ 7,867,865	\$ 954,128	\$ 41,539

See the accompanying independent auditor's report.

Debt Service Funds						
Total Special Revenues	Debt Service	Special Assessments	Fort Collins Leasing Corporation	URA Debt Service	Total Debt Service	Total Non-major Governmental
\$ 228,480	\$ -	\$ -	\$ -	\$ 110,230	\$ 110,230	\$ 338,710
10,119,518	-	-	117,419	-	117,419	10,236,937
17,162,588	-	-	-	-	-	17,162,588
3,197,827	-	43,772	3,217	3,406	50,395	3,248,222
1,808,321	-	-	-	-	-	1,808,321
1,950,479	-	-	69,586	-	69,586	2,020,065
34,467,213	-	43,772	190,222	113,636	347,630	34,814,843
17,280,055	-	-	-	-	-	17,280,055
2,168,061	-	-	-	-	-	2,168,061
8,877,630	-	-	-	-	-	8,877,630
13,008	-	-	347,177	-	347,177	360,185
1,814,092	-	-	-	-	-	1,814,092
17,347	-	-	-	-	-	17,347
9,600,934	-	-	-	-	-	9,600,934
-	1,057,866	-	1,899,930	30,000	2,987,796	2,987,796
-	290,214	-	2,829,490	8,320	3,128,024	3,128,024
39,771,127	1,348,080	-	5,076,597	38,320	6,462,997	46,234,124
(5,303,914)	(1,348,080)	43,772	(4,886,375)	75,316	(6,115,367)	(11,419,281)
17,654,560	1,348,080	-	4,866,375	-	6,214,455	23,869,015
(12,118,355)	-	-	-	-	-	(12,118,355)
-	-	-	12,880,000	-	12,880,000	12,880,000
-	-	-	(12,860,000)	-	(12,860,000)	(12,860,000)
5,536,205	1,348,080	-	4,886,375	-	6,234,455	11,770,660
232,291	-	43,772	-	75,316	119,088	351,379
52,615,915	-	773,165	-	-	773,165	53,389,080
\$ 52,848,206	\$ -	\$ 816,937	\$ -	\$ 75,316	\$ 892,253	\$ 53,740,459

**COMMUNITY DEVELOPMENT BLOCK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Current Year Actual	Prior Year Actual	Cummulative Actual	Budget	Variance- Positive (Negative)
REVENUES					
Intergovernmental	\$ 1,008,055	\$ 1,711,167	\$ 2,719,222	\$ 4,180,592	\$ (1,461,370)
Earnings on investments	1,224	-	1,224	82,596	(81,372)
Miscellaneous revenue	69,772	-	69,772	322,776	(253,004)
Total Revenues	1,079,051	1,711,167	2,790,218	4,585,964	(1,795,746)
EXPENDITURES					
2004-05 Grant	43,634	555,051	598,685	598,685	-
2005-06 Grant	438,967	500,843	939,810	946,543	6,733
2006-07 Grant	548,132	168,618	716,750	735,979	19,229
2007-08 Grant	45,271	-	45,271	1,438,670	1,393,399
Total Expenditures	1,076,004	1,224,512	2,300,516	3,719,877	1,419,361
 Net Changes in Fund Balances	 3,047	 <u>\$ 486,655</u>	 489,702	 <u>\$ 866,087</u>	 <u>\$ (376,385)</u>
Fund Balances -- January 1	18,176		18,176		
Less Prior Years' Project Revenues			(1,711,167)		
Plus Prior Years' Project Expenditures			1,224,512		
Fund Balances--December 31	<u>\$ 21,223</u>		<u>\$ 21,223</u>		

See the accompanying independent auditor's report.

HOME PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Current Year Actual</u>	<u>Prior Year Actual</u>	<u>Cummulative Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
REVENUES					
Intergovernmental	\$ 897,918	\$ 469,347	\$ 1,367,265	\$ 2,745,099	\$ (1,377,834)
Earnings on investments	13,887	-	13,887	-	13,887
Miscellaneous revenue	83,382	93,235	176,617	335,000	(158,383)
	<u>995,187</u>	<u>562,582</u>	<u>1,557,769</u>	<u>3,080,099</u>	<u>(1,522,330)</u>
EXPENDITURES					
2003 Grant	15,000	561,742	576,742	580,926	4,184
2004 Grant	597,183	395,691	992,874	1,388,060	395,186
2005 Grant	465,564	13,844	479,408	876,140	396,732
2006 Grant	14,310	-	14,310	506,144	491,834
	<u>1,092,057</u>	<u>971,277</u>	<u>2,063,334</u>	<u>3,351,270</u>	<u>1,287,936</u>
Net Changes in Fund Balances	(96,870)	<u>\$ (408,695)</u>	(505,565)	<u>\$ (271,171)</u>	<u>\$ (234,394)</u>
Fund Balances--January 1	1,299,520		1,299,520		
Less Prior Years' Grant Revenues			(562,582)		
Plus Prior Years' Grant Expenditures			<u>971,277</u>		
Fund Balances--December 31	<u>\$ 1,202,650</u>		<u>\$ 1,202,650</u>		

See the accompanying independent auditor's report.

NATURAL AREAS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 3,968,410	\$ 4,433,760	\$ (465,350)
Fees and charges for services	27,877	-	27,877
Earnings on investments	536,338	500,000	36,338
Interest on security lending income	362,127	-	362,127
Miscellaneous revenue	411,296	420,000	(8,704)
	<u>5,306,048</u>	<u>5,353,760</u>	<u>(47,712)</u>
EXPENDITURES			
Program Management	729,725	804,491	74,766
Land Management	323,080	557,311	234,231
Education	257,357	374,518	117,161
Enforcement	517,804	526,173	8,369
Facility Operations	576,515	1,133,192	556,677
Public Improvements	2,073,804	2,827,462	753,658
Resource Management	1,636,446	2,442,799	806,353
Land Conservation	4,410,632	5,043,973	633,341
COPS Land Conservation	1,828,053	2,638,295	810,242
Security lending interest expense	351,323	-	(351,323)
Security lending agent fees	3,241	-	(3,241)
	<u>12,707,980</u>	<u>16,348,214</u>	<u>3,640,234</u>
Deficiency of Revenues			
Under Expenditures	<u>(7,401,932)</u>	<u>(10,994,454)</u>	<u>3,592,522</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			
Sales and Use Tax	5,767,199	5,782,520	(15,321)
General Fund	18,500	18,500	-
Capital Projects	806,265	806,265	-
Transfers out			
Debt Services - COPS	(1,393,106)	(1,393,107)	1
Capital Projects	(1,005,583)	(3,016,820)	2,011,237
Cultural Services	(10,500)	(10,500)	-
	<u>4,182,775</u>	<u>2,186,858</u>	<u>1,995,917</u>
Total Other Financing Sources (Uses)			
	<u>4,182,775</u>	<u>2,186,858</u>	<u>1,995,917</u>
Net Changes in Fund Balances	(3,219,157)	<u>\$ (8,807,596)</u>	<u>\$ 5,588,439</u>
Fund Balances--January 1	<u>9,726,693</u>		
Fund Balances--December 31	<u>\$ 6,507,536</u>		

See the accompanying independent auditor's report.

CAPITAL EXPANSION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2007

	Current Year Actual	Prior Year Actual	Cumulative Actual	Budget	Variance- Positive (Negative)
REVENUES					
Fees and charges for services	\$ 2,540,278	\$ 30,959,879	\$33,500,157	\$32,191,474	\$ 1,308,683
Earnings on investments	1,156,386	5,400,579	6,556,965	6,089,536	467,429
Interest on security lending income	675,328	7,616	682,944	-	682,944
Miscellaneous revenue	-	169,260	169,260	-	169,260
Total Revenues	<u>4,371,992</u>	<u>36,537,334</u>	<u>40,909,326</u>	<u>38,281,010</u>	<u>2,628,316</u>
EXPENDITURES					
Capital Expansion - General	-	-	-	396	396
Community Parkland Capital	10,656	48,374	59,030	296	(58,734)
Library Capital Expansion	17,864	210,724	228,588	250,000	21,412
General Government Capital	-	427	427	-	(427)
Police Capital Expansion	-	246	246	-	(246)
Fire Capital Expansion	-	3,337,871	3,337,871	3,337,519	(352)
Security lending interest expense	654,831	-	654,831	-	(654,831)
Security lending agent fees	6,148	-	6,148	-	(6,148)
Total Expenditures	<u>689,499</u>	<u>3,597,642</u>	<u>4,287,141</u>	<u>3,588,211</u>	<u>(698,930)</u>
Excess of Revenues Over Expenditures	<u>3,682,493</u>	<u>32,939,692</u>	<u>36,622,185</u>	<u>34,692,799</u>	<u>1,929,386</u>
OTHER FINANCING USES					
Transfers out					
General Fund	(60,430)	(1,212,718)	(1,273,148)	(2,330,519)	1,057,371
Capital Projects Fund	(5,008,266)	(12,336,190)	(17,344,456)	(22,468,066)	5,123,610
Cultural Services Fund	(10,000)	-	(10,000)	(10,000)	-
Debt Service - COPS	(333,341)	(401,489)	(734,830)	(734,830)	-
Total Other Financing Uses	<u>(5,412,037)</u>	<u>(13,950,397)</u>	<u>(19,362,434)</u>	<u>(25,543,415)</u>	<u>6,180,981</u>
Net Changes in Fund Balance	(1,729,544)	<u>\$ 18,989,295</u>	17,259,751	<u>\$ 9,149,384</u>	<u>\$ 8,110,367</u>
Fund Balances--January 1	20,107,467		20,107,467		
Less Prior Years' Project Revenues			(36,537,334)		
Plus Prior Years' Project Expenditures			<u>17,548,039</u>		
Fund Balances--December 31	<u>\$18,377,923</u>		<u>\$18,377,923</u>		

See the accompanying independent auditor's report.

NEIGHBORHOOD PARKLAND FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Prior Year Actual</u>	<u>Cumulative Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
REVENUES					
Intergovernmental	\$ -	\$ 508,224	\$ 508,224	\$ 257,203	\$ 251,021
Fees and charges for services	1,013,160	13,989,818	15,002,978	12,739,556	2,263,422
Earnings on investments	480,362	1,101,067	1,581,429	1,279,281	302,148
Interest on security lending income	265,183	3,484	268,667	-	268,667
Miscellaneous revenue	60,045	453,015	513,060	513,072	(12)
Total Revenues	<u>1,818,750</u>	<u>16,055,608</u>	<u>17,874,358</u>	<u>14,789,112</u>	<u>3,085,246</u>
EXPENDITURES					
New Site Acquisition	5,286	1,951,540	1,956,826	2,138,423	181,597
New Park Site Development	133,887	1,106,584	1,240,471	1,186,880	(53,591)
Trailhead Park	-	200,516	200,516	330,000	129,484
Stewart Case Park	241,608	1,028,712	1,270,320	1,284,957	14,637
Cottonwood Glen Park	6,599	819,459	826,058	935,316	109,258
Lee Martinez Park Addition	89	149,197	149,286	439,462	290,176
Huidekoper Park	-	137,640	137,640	372,000	234,360
Lilac Park	-	112,105	112,105	177,000	64,895
Iron Horse	-	21,200	21,200	899,000	877,800
Registry Rigde Park	34,962	-	34,962	445,700	410,738
Provincetowne Park	3,258	8,990	12,248	1,108,567	1,096,319
Dry Creek	-	-	-	150,000	150,000
Richards Lake	-	138,027	138,027	644,506	506,479
Staley Neighborhood Park	16,117	211,535	227,652	375,000	147,348
Avery Park Improvements	-	39	39	200,000	199,961
Maple Hill Park	204,817	256,381	461,198	525,000	63,802
Rosborough Park Improvements	-	3,932	3,932	175,000	171,068
Oak Street Plaza Park	46,449	1,260,156	1,306,605	1,320,000	13,395
Golden Meadows Park	94,915	12,711	107,626	175,000	67,374
Old Ft Coll Heritage Park	37,347	1,307	38,654	391,050	352,396
Parkland Administration	376,963	-	376,963	370,576	(6,387)
Park Equipment Replacement	6,997	-	6,997	15,000	8,003
Security lending interest expense	256,443	-	256,443	-	(256,443)
Security lending agent fees	2,622	-	2,622	-	(2,622)
Total Expenditures	<u>1,468,359</u>	<u>7,420,031</u>	<u>8,888,390</u>	<u>13,658,437</u>	<u>4,770,047</u>
Excess of Revenues Over Expenditures	<u>350,391</u>	<u>8,635,577</u>	<u>8,985,968</u>	<u>1,130,675</u>	<u>7,855,293</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					
General Fund	-	82,162	82,162	82,162	-
COPS Debt Service	-	121,165	121,165	121,165	-
GID #1	-	312,575	312,575	312,575	-
Capital Projects Fund	5,545	-	5,545	5,545	-
Sales & Use Tax Fund	110,000	-	110,000	110,000	-
Transfers out					
Cultural Services and Facilities Fund	(3,950)	(56,300)	(60,250)	(60,250)	-
Capital Projects Fund	(175,000)	(313,220)	(488,220)	(488,220)	-
Total Other Financing Sources (Uses)	<u>(63,405)</u>	<u>146,382</u>	<u>82,977</u>	<u>82,977</u>	<u>-</u>
Net Changes in Fund Balances	<u>286,986</u>	<u>\$8,781,959</u>	<u>9,068,945</u>	<u>\$ 1,213,652</u>	<u>\$ 7,855,293</u>
Fund Balances--January 1	7,861,459		7,861,459		
Less Prior Years' Project Revenues			(16,571,510)		
Plus Prior Years' Project Expenditures			7,789,551		
Fund Balances--December 31	<u>\$ 8,148,445</u>		<u>\$ 8,148,445</u>		

See the accompanying independent auditor's report.

CONSERVATION TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Prior Year Actual</u>	<u>Cumulative Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
REVENUES					
Intergovernmental	\$ 1,401,363	\$15,729,947	\$17,131,310	\$16,103,601	\$1,027,709
Earnings on investments	107,560	221,737	329,297	514,212	(184,915)
Interest on security lending income	79,689	1,261	80,950	-	80,950
Miscellaneous revenue	904	312,995	313,899	262,225	51,674
Total Revenues	<u>1,589,516</u>	<u>16,265,940</u>	<u>17,855,456</u>	<u>16,880,038</u>	<u>975,418</u>
EXPENDITURES					
Open space acquisition	31,581	1,061,436	1,093,017	1,112,403	19,386
Trail acquisition/development	95,850	6,491,703	6,587,553	7,291,820	704,267
Open space and trail maintenance	-	853,768	853,768	854,475	707
Fossil Creek Trail	95,232	3,376,048	3,471,280	3,556,350	85,070
Tri-City trails	-	655,976	655,976	693,200	37,224
Pickle Plant	4,670	9,605	14,275	-	(14,275)
Administration	243,911	-	243,911	290,612	46,701
Security lending interest expense	77,121	-	77,121	-	(77,121)
Security lending agent fees	770	-	770	-	(770)
Total Expenditures	<u>549,135</u>	<u>12,448,536</u>	<u>12,997,671</u>	<u>13,798,860</u>	<u>801,189</u>
Excess of Revenues Over Expenditures	<u>1,040,381</u>	<u>3,817,404</u>	<u>4,857,785</u>	<u>3,081,178</u>	<u>174,229</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					
Capital Projects Fund	-	235,000	235,000	235,000	-
Transfers out					
General Fund	(646,685)	(379,195)	(1,025,880)	(1,025,880)	-
Capital Projects Fund	-	(853,807)	(853,807)	(1,017,618)	163,811
Cultural Services Fund	(8,000)	(74,050)	(82,050)	(82,050)	-
Total Other Financing Sources and Uses	<u>(654,685)</u>	<u>(1,072,052)</u>	<u>(1,726,737)</u>	<u>(1,890,548)</u>	<u>163,811</u>
Net Changes in Fund Balances	385,696	<u>\$ 2,745,352</u>	3,131,048	<u>\$ 1,190,630</u>	<u>\$ 338,040</u>
Fund Balances--January 1	1,362,563		1,362,563		
Less Prior Years' Project Revenues			(16,500,940)		
Plus Prior Years' Project Expenditures			13,755,588		
Fund Balances--December 31	<u>\$ 1,748,259</u>		<u>\$ 1,748,259</u>		

See the accompanying independent auditor's report.

CULTURAL SERVICES AND FACILITIES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 45,476	\$ 325,262	\$ (279,786)
Fees and charges for services	1,926,685	1,769,515	157,170
Earnings on investments	136,302	99,670	36,632
Interest on security lending income	103,445	-	103,445
Miscellaneous revenue	227,355	383,607	(156,252)
	<u>2,439,263</u>	<u>2,578,054</u>	<u>(138,791)</u>
Total Revenues			
	<u>2,439,263</u>	<u>2,578,054</u>	<u>(138,791)</u>
EXPENDITURES			
Administration	724,934	760,315	35,381
Lincoln Center	822,453	957,192	134,739
Security lending interest expense	100,290	-	(100,290)
Security lending agent fees	946	-	(946)
Museum	645,962	975,454	329,492
Art in Public Places	404,771	940,909	536,138
Performing and visual arts	1,364,282	1,698,466	334,184
	<u>4,063,638</u>	<u>5,332,335</u>	<u>1,268,697</u>
Total Expenditures			
	<u>4,063,638</u>	<u>5,332,335</u>	<u>1,268,697</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,624,375)</u>	<u>(2,754,281)</u>	<u>1,129,906</u>
OTHER FINANCING SOURCES			
Transfers in			
General Fund	1,342,138	1,342,138	-
Capital Projects Fund	103,250	103,250	-
Capital Expansion	10,000	10,000	-
Neighborhood Parkland Fund	3,950	3,950	-
Conservation Trust Fund	8,000	8,000	-
Natural Areas Fund	10,500	10,500	-
	<u>1,477,838</u>	<u>1,477,838</u>	<u>-</u>
Total Other Financing Sources			
	<u>1,477,838</u>	<u>1,477,838</u>	<u>-</u>
Net Changes in Fund Balances	(146,537)	<u>\$ (1,276,443)</u>	<u>\$ 1,129,906</u>
Fund Balances--January 1	<u>1,844,970</u>		
Fund Balances--December 31	<u>\$ 1,698,433</u>		

See the accompanying independent auditor's report.

RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 73,718	\$ 211,960	\$ (138,242)
Fees and charges for services	4,525,914	4,411,003	114,911
Earnings on investments	148,483	95,000	53,483
Interest on security lending income	111,886	-	111,886
Miscellaneous revenue	<u>125,302</u>	<u>124,000</u>	<u>1,302</u>
Total Revenues	<u>4,985,303</u>	<u>4,841,963</u>	<u>143,340</u>
EXPENDITURES			
Recreation administration	3,440,269	4,196,758	756,489
Ice/aquatics programming	1,567,876	1,741,674	173,798
Adult programming	579,363	594,874	15,511
Youth programming	769,222	849,869	80,647
Sports programming	353,958	375,870	21,912
Special reserves	205,575	291,562	85,987
Security lending interest expense	108,573	-	(108,573)
Security lending agent fees	994	-	(994)
Grants/miscellaneous	<u>70,519</u>	<u>215,475</u>	<u>144,956</u>
Total Expenditures	<u>7,096,349</u>	<u>8,266,082</u>	<u>1,169,733</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,111,046)</u>	<u>(3,424,119)</u>	<u>1,313,073</u>
OTHER FINANCING SOURCES			
Transfers in General Fund	<u>2,408,305</u>	<u>2,408,305</u>	<u>-</u>
Total Other Financing Sources	<u>2,408,305</u>	<u>2,408,305</u>	<u>-</u>
Net Changes in Fund Balances	297,259	<u>\$ (1,015,814)</u>	<u>\$ 1,313,073</u>
Fund Balances--January 1	<u>2,127,087</u>		
Fund Balances--December 31	<u><u>\$2,424,346</u></u>		

See the accompanying independent auditor's report.

CEMETERIES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
REVENUES			
Fees and charges for services	\$ 373,105	\$ 350,446	\$ 22,659
Earnings on investments	85,351	9,000	76,351
Miscellaneous revenue	15,633	12,000	3,633
Total Revenues	<u>474,089</u>	<u>371,446</u>	<u>102,643</u>
EXPENDITURES			
Cemetery services	590,232	632,399	42,167
Security lending interest expense	61,700	-	(61,700)
Security lending agent fees	571	-	(571)
	<u>652,503</u>	<u>632,399</u>	<u>(20,104)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(178,414)</u>	<u>(260,953)</u>	<u>82,539</u>
OTHER FINANCING SOURCES			
Transfers In:			
General Fund	187,326	187,326	-
Perpetual Care Fund	65,507	73,000	(7,493)
Total Other Financing Sources	<u>252,833</u>	<u>260,326</u>	<u>(7,493)</u>
Net Changes in Fund Balances	74,419	<u><u>\$ (627)</u></u>	<u><u>\$ 75,046</u></u>
Fund Balances--January 1	<u>339,978</u>		
Fund Balances--December 31	<u><u>\$ 414,397</u></u>		

See the accompanying independent auditor's report.

PERPETUAL CARE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
REVENUES			
Fees and charges for services	\$ 51,857	\$ 51,000	\$ 857
Earnings on investments	80,782	73,000	7,782
Interest on security lending income	3,698	-	3,698
	<u>136,337</u>	<u>124,000</u>	<u>12,337</u>
EXPENDITURES			
Other	612	612	-
Security lending interest expense	3,458	-	(3,458)
Security lending agent fees	72	-	(72)
	<u>4,142</u>	<u>612</u>	<u>(3,530)</u>
Excess of Revenues Over Expenditures	<u>132,195</u>	<u>123,388</u>	<u>8,807</u>
OTHER FINANCING USES			
Transfers out:			
Cemeteries Fund	<u>(65,507)</u>	<u>(73,000)</u>	<u>7,493</u>
Net Changes in Fund Balances	66,688	<u>\$ 50,388</u>	<u>\$ 16,300</u>
Fund Balances--January 1	<u>1,340,232</u>		
Fund Balances--December 31	<u>\$ 1,406,920</u>		

See the accompanying independent auditor's report.

TRANSIT SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2007

	Current Year Actual	Prior Year Actual	Cumulative Actual	Budget	Variance- Positive (Negative)
REVENUES					
Intergovernmental	\$ 2,724,578	\$ 9,575,984	\$12,300,562	\$14,784,304	\$(2,483,742)
Fees and charges for services	867,865	2,252,663	3,120,528	3,184,175	(63,647)
Earnings on investments	50,609	83,843	134,452	79,930	54,522
Miscellaneous revenue	278,874	617,207	896,081	933,034	(36,953)
Total Revenues	3,921,926	12,529,697	16,451,623	18,981,443	(2,529,820)
EXPENDITURES					
FTA Grants					
2005 Operating	996	539,354	540,350	-	(540,350)
2006 Operating	308,051	6,838,770	7,146,821	7,634,007	487,186
2007 Operating	7,695,727	-	7,695,727	8,631,838	936,111
2006 CMAQ Projects	4,106	303,085	307,191	511,518	204,327
2007 CMAQ Projects	190,825	-	190,825	339,066	148,241
2006 Capital	248,575	214,425	463,000	2,020,166	1,557,166
2007 Capital	8,252	-	8,252	1,125,000	1,116,748
Total Expenditures	8,456,532	7,895,634	16,352,166	20,261,595	3,909,429
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,534,606)</u>	<u>4,634,063</u>	<u>99,457</u>	<u>(1,280,152)</u>	<u>1,379,609</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					
General Fund	4,839,774	7,490,552	12,330,326	14,050,009	(1,719,683)
S&U Tax - BOB	155,250	150,000	305,250	305,250	-
Transfers out					
Capital Projects Fund	<u>(53,964)</u>	<u>(7,788,647)</u>	<u>(7,842,611)</u>	<u>(8,695,118)</u>	<u>852,507</u>
Total Other Financing Sources and Uses	4,941,060	(148,095)	4,792,965	5,660,141	(867,176)
Net Changes in Fund Balances	406,454	\$ 4,485,968	4,892,422	\$ 4,379,989	\$ 512,433
Fund Balances--January 1	1,628,088		1,628,088		
Less Prior Years' Grant Revenues			(20,170,249)		
Plus Prior Years' Grant Expenditures			<u>15,684,281</u>		
Fund Balances--December 31	\$ 2,034,542		\$ 2,034,542		

See the accompanying independent auditor's report.

STREET OVERSIZING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
REVENUES			
Fees and charges for services	\$ 5,835,847	\$ 5,682,205	\$ 153,642
Earnings on investments	346,379	340,444	5,935
Interest on security lending income	126,140	-	126,140
Miscellaneous revenue	<u>677,916</u>	<u>650,000</u>	<u>27,916</u>
Total Revenues	<u>6,986,282</u>	<u>6,672,649</u>	<u>313,633</u>
EXPENDITURES			
Oversizing costs	1,699,584	6,574,465	4,874,881
Security lending interest expense	121,690	-	(121,690)
Security lending agent fees	<u>1,335</u>	<u>-</u>	<u>(1,335)</u>
Total Expenditures	<u>1,822,609</u>	<u>6,574,465</u>	<u>4,751,856</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,163,673</u>	<u>98,184</u>	<u>(4,438,223)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			
General Fund	1,813,050	1,813,050	-
Transfers out			
Capital Projects Fund	<u>(3,312,418)</u>	<u>(8,945,723)</u>	<u>5,633,305</u>
Total Other Financing Sources and Uses	<u>(1,499,368)</u>	<u>(7,132,673)</u>	<u>5,633,305</u>
Net Changes in Fund Balances	3,664,305	<u><u>\$ (7,034,489)</u></u>	<u><u>\$ 1,195,082</u></u>
Fund Balances--January 1	<u>4,203,560</u>		
Fund Balances--December 31	<u><u>\$ 7,867,865</u></u>		

See the accompanying independent auditor's report.

GENERAL IMPROVEMENT DISTRICT NO. 1 FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
REVENUES			
Taxes	\$ 228,480	\$ 227,883	\$ 597
Earnings on investments	52,529	12,117	40,412
Interest on security lending income	38,149	-	38,149
	<u>319,158</u>	<u>240,000</u>	<u>79,158</u>
EXPENDITURES			
Other	13,008	98,160	85,152
Security lending interest expense	36,968	-	(36,968)
Security lending agent fees	354	-	(354)
	<u>50,330</u>	<u>98,160</u>	<u>47,830</u>
Excess of Revenues Over Expenditures	<u>268,828</u>	<u>141,840</u>	<u>126,988</u>
OTHER FINANCING USES			
Transfers out			
Debt Service Fund - COPS	<u>(31,605)</u>	<u>(141,840)</u>	<u>110,235</u>
	<u>(31,605)</u>	<u>(141,840)</u>	<u>110,235</u>
Net Changes in Fund Balances	237,223	<u>\$ -</u>	<u>\$ 237,223</u>
Fund Balances--January 1	<u>716,905</u>		
Fund Balances--December 31	<u>\$ 954,128</u>		

See the accompanying independent auditor's report.

URBAN RENEWAL AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
REVENUES			
Earnings on investments	\$ 2,322	\$ -	\$ 2,322
Total Revenues	<u>2,322</u>	<u>-</u>	<u>2,322</u>
EXPENDITURES			
Other	<u>-</u>	<u>303,500</u>	<u>303,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,322</u>	<u>(303,500)</u>	<u>305,822</u>
Net Changes in Fund Balances	2,322	<u>\$ (303,500)</u>	<u>\$ 305,822</u>
Fund Balances--January 1	<u>39,217</u>		
Fund Balances--December 31	<u>\$ 41,539</u>		

See the accompanying independent auditor's report.

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
EXPENDITURES			
Principal	\$ 1,057,866	\$ 1,057,867	\$ (1)
Interest	<u>290,214</u>	<u>290,214</u>	<u>-</u>
Total Expenditures	<u>1,348,080</u>	<u>1,348,081</u>	<u>(1)</u>
OTHER FINANCING SOURCES			
Transfers in			
Sales and Use Tax Fund	994,438	994,438	-
Transportation Services Fund	<u>353,642</u>	<u>353,643</u>	<u>1</u>
Total Other Financing Sources	<u>1,348,080</u>	<u>1,348,081</u>	<u>1</u>
Net Changes in Fund Balances	-	<u>\$ -</u>	<u>\$ -</u>
Fund Balances--January 1	<u>-</u>		
Fund Balances--December 31	<u>\$ -</u>		

See the accompanying independent auditor's report.

SPECIAL ASSESSMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
REVENUES			
Earnings on investments	<u>\$ 43,772</u>	<u>\$ -</u>	<u>\$ 43,772</u>
Total Revenues	<u>43,772</u>	<u><u>\$ -</u></u>	<u><u>\$ 43,772</u></u>
 Fund Balances--January 1	 <u>773,165</u>		
Fund Balances--December 31	<u><u>\$ 816,937</u></u>		

See the accompanying independent auditor's report.

FORT COLLINS LEASING CORPORATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
REVENUES			
Earnings on investments	\$ 3,217	\$ -	\$ 3,217
Intergovernmental revenue	117,419	281,824	(164,405)
Miscellaneous revenue	69,586	69,586	-
Total Revenues	<u>190,222</u>	<u>351,410</u>	<u>(161,188)</u>
EXPENDITURES			
Principal	1,899,930	2,809,930	910,000
Interest	2,829,490	3,051,232	221,742
Other contractual costs	347,177	134,628	(212,549)
Total Expenditures	<u>5,076,597</u>	<u>5,995,790</u>	<u>919,193</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,886,375)</u>	<u>(5,644,380)</u>	<u>758,005</u>
OTHER FINANCING SOURCES			
Proceeds- Refunding Bonds	12,880,000	13,434,187	(554,187)
Payments to Escrow Agent	(12,860,000)	(13,169,331)	309,331
Transfers in:			
General Fund	2,298,710	2,701,623	(402,913)
Capital Projects Fund	676,782	676,782	-
Capital Expansion Fund	333,341	333,341	-
Natural Areas Fund	1,393,106	1,393,107	(1)
General Improvement District #1 Fund	31,605	141,840	(110,235)
Transportation Fund	132,831	132,831	-
Total Other Financing Sources	<u>4,886,375</u>	<u>5,644,380</u>	<u>(758,005)</u>
Net Changes in Fund Balances	-	<u>\$ -</u>	<u>\$ -</u>
Fund Balances--January 1	<u>-</u>		
Fund Balances--December 31	<u>\$ -</u>		

See the accompanying independent auditor's report.



**CAPITAL PROJECTS FUND
INDIVIDUAL FUND BUDGET SCHEDULE**

Capital Projects Fund -- to account for financial resources to be used for the acquisition or construction of major capital facilities. Revenues and other financing sources are primarily derived from issuance of debt or transfers from other funds.

CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2007

	Current Year Actual	Prior Year Actual	Cumulative Actual	Budget	Variance- Positive (Negative)
REVENUES					
Intergovernmental	\$ 562,065	\$ 5,160,552	\$ 5,722,617	\$ 7,697,398	\$ (1,974,781)
Fees and charges for services	-	139,953	139,953	138,183	1,770
Earnings on investments	1,784,339	10,879,406	12,663,745	1,874,351	10,789,394
Miscellaneous revenue	1,405,894	7,821,331	9,227,225	9,590,669	(363,444)
Total Revenues	3,752,298	24,001,242	27,753,540	19,300,601	8,452,939
EXPENDITURES					
Major Repairs and Maintenance	229,678	84,010	313,688	1,081,745	768,057
Major Building Maintenance	10,012	3,777,997	3,788,009	4,575,761	787,752
Operation Services Facility	-	44,276	44,276	339,174	294,898
Children's Garden	-	427,236	427,236	434,500	7,264
FC Museum / DSC Fac Design	702	3,224	3,926	6,176,250	6,172,324
Streets Facility Expansion	235,395	3,183,472	3,418,867	3,413,848	(5,019)
New Main Library/Land Acquisition	-	3,169,634	3,169,634	3,236,597	66,963
Performing Arts Center/Land Acq.	-	1,660,868	1,660,868	1,900,090	239,222
Parking Structure	-	62,801	62,801	189,143	126,342
Police Facility	14,681,057	15,764,285	30,445,342	35,025,818	4,580,476
Offsite Police Facility	9,354	878,354	887,708	881,100	(6,608)
N. Side Aztlan Ctr Replacement	8,073,769	1,905,270	9,979,039	10,154,674	175,635
CSU Transit Center	53,964	5,655,632	5,709,596	5,729,683	20,087
Taft Hill Rd-Horsetooth / Harmony	6,230	1,441,520	1,447,750	2,036,400	588,650
Pedestrian Accessibility	6,568	402,461	409,029	447,090	38,061
Prospect, Poudre River/Summitview	360,497	5,366,709	5,727,206	6,568,801	841,595
Taft Hill, Drake Road to Derby	1,892	5,057,254	5,059,146	5,254,804	195,658
Mason Street Transportation Corridor	809,196	7,398,178	8,207,374	9,683,406	1,476,032
Pedestrian Planning Bldg Comm Choices	170,306	422,530	592,836	691,799	98,963
North College Corridor	1,940	5,562,762	5,564,702	5,635,820	71,118
State Highway 14 Truck Route Relocation	-	1,185,335	1,185,335	3,016,279	1,830,944
BOB Ped Plan & ADA Improvements	41,182	-	41,182	607,500	566,318
Street Oversizing Projects	7,737,995	15,778,464	23,516,459	34,634,703	11,118,244
BOB INT IMP & Traffic Signals	98,777	-	98,777	272,250	173,473
Minor Street Capital Projects	229,275	202,989	432,264	992,434	560,170
North Lemay Redesign	-	-	-	16,350	16,350
Coventry Dev Wildlife Habitat	-	-	-	9,000	9,000
City/School District Community Proj.	61,018	28,139	89,157	117,153	27,996
Library Technology	513,759	3,134,002	3,647,761	3,792,063	144,302
Gateway Park	8,754	1,378,950	1,387,704	1,390,000	2,296
New Branch Library-Beyer Site	158,470	-	158,470	5,544,000	5,385,530
Nix Barn Stable / Restore	121,592	40,680	162,272	150,000	(12,272)
Soapstone Public Improvement	954,763	-	954,763	2,966,000	2,011,237
Robert Benson Dam	49,244	-	49,244	-	(49,244)
Garden's on Spring Creek	51,785	2,672,173	2,723,958	2,789,829	65,871
Fossil Creek Community Park	\$ 12,671	\$ 9,434,603	\$ 9,447,274	\$ 9,859,425	\$ 412,151

See the accompanying independent auditors' report.

(Continued on Next Page)

CAPITAL PROJECTS FUND (Continued)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE--
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2007

	Current Year Actual	Prior Year Actual	Cumulative Actual	Budget	Variance-- Positive (Negative)
Soft Gold Park	\$ -	\$ 954,784	\$ 954,784	\$ 1,007,400	\$ 52,616
BCC Community Park Improvements	351,699	122,564	474,263	479,258	4,995
Regional Trails	13,739	1,537,161	1,550,900	1,988,718	437,818
Sheldon Lake Improvements and Boardwal	-	215,000	215,000	340,000	125,000
Southeast Community Park	-	3,391,559	3,391,559	3,750,026	358,467
Spring Canyon Park	5,521,577	7,583,769	13,105,346	13,055,003	(50,343)
Water Craft Course	27,968	-	27,968	150,000	122,032
Administrative Charges	-	-	-	50,000	50,000
Total Expenditures	<u>40,604,828</u>	<u>109,928,645</u>	<u>150,533,473</u>	<u>190,433,894</u>	<u>39,900,421</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(36,852,530)</u>	<u>(85,927,403)</u>	<u>(122,779,933)</u>	<u>(171,133,293)</u>	<u>48,353,360</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of long term debt	-	36,203,340	36,203,340	36,200,235	3,105
Transfers in					
General Fund	577,981	5,406,932	5,984,913	10,377,092	(4,392,179)
Capital Expansion Fund	5,008,265	10,934,002	15,942,267	21,065,878	(5,123,611)
Neighborhood Parkland Fund	175,000	239,400	414,400	414,400	-
Conservation Trust Fund	-	846,189	846,189	1,010,000	(163,811)
Transit Services Fund	53,964	5,645,632	5,699,596	5,729,684	(30,088)
Natural Areas Fund	1,005,583	213,180	1,218,763	3,230,000	(2,011,237)
Street Oversizing Fund	3,312,418	9,818,715	13,131,133	18,764,437	(5,633,304)
Sales and Use Tax Fund	5,859,830	66,360,091	72,219,921	72,993,879	(773,958)
Transportation Services Fund	2,924,529	1,074,792	3,999,321	4,241,182	(241,861)
Recreation Fund	-	60,000	60,000	60,000	-
Equipment Fund	-	18,389	18,389	315,688	(297,299)
Communications Fund	-	62,000	62,000	62,000	-
Utilities Customer Service Admin Fund	-	10,000	10,000	10,000	-
Transfers out					
Debt Service Fund-Ft Collins Leasing	(676,782)	(803,080)	(1,479,862)	(1,479,862)	-
Natural Areas	(806,265)	-	(806,265)	(806,265)	-
Neighborhood Parkland	(5,545)	-	(5,545)	(5,545)	-
Conservation Trust Fund	-	(200,000)	(200,000)	-	(200,000)
Cultural Services and Facilities Fund	<u>(103,250)</u>	<u>(946,260)</u>	<u>(1,049,510)</u>	<u>(1,049,510)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>17,325,728</u>	<u>134,943,322</u>	<u>152,269,050</u>	<u>171,133,293</u>	<u>(18,864,243)</u>
Net Changes in Fund Balance	<u>(19,526,802)</u>	<u>\$ 49,015,919</u>	<u>29,489,117</u>	<u>\$ -</u>	<u>\$ 29,489,117</u>
Fund Balances--January 1	49,111,588		49,111,588		
Less Prior Years' Project Revenues			(160,893,904)		
Plus Prior Years' Project Expenditures			<u>111,877,985</u>		
Fund Balances--December 31	<u>\$ 29,584,786</u>		<u>\$ 29,584,786</u>		

See the accompanying independent auditor's report.

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**ENTERPRISE FUNDS
INDIVIDUAL FUND BUDGET SCHEDULES**

Light and Power -- to account for operation of the City's electric utility.

Water -- to account for the operation of the City's water utility.

Wastewater -- to account for the operation of the City's wastewater utility.

Storm Drainage -- to account for the City's storm drainage utility.

Golf -- to account for operations of all City golf courses.

LIGHT AND POWER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Adjustment To Budgetary Basis</u>	<u>Actual On Budgetary Basis</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
REVENUES					
Charges for services	\$ 81,912,180	\$ -	\$ 81,912,180	\$ 81,749,020	\$ 163,160
Other revenue	1,467,115	-	1,467,115	1,404,272	62,843
Earnings on investments	3,051,848	-	3,051,848	2,250,000	801,848
Interest on security lending income	1,867,580	-	1,867,580	-	1,867,580
Transfers	25,000	-	25,000	25,000	-
Gain on sale of capital assets	(75,198)	-	(75,198)	-	(75,198)
Contributed capital	2,677,647	-	2,677,647	2,604,862	72,785
Total Revenues	90,926,172	-	90,926,172	88,033,154	2,893,018
EXPENDITURES					
Programs (fund level of budgetary control)					
Customer and administrative services	4,324,672	-	4,324,672	4,767,615	442,943
System additions	27,326	9,454,024	9,481,350	13,216,851	3,735,501
Light and Power operations	6,350,380	-	6,350,380	6,321,045	(29,335)
Fund transfers	5,982,470	-	5,982,470	5,866,766	(115,704)
Purchase of power	58,232,914	-	58,232,914	65,280,645	7,047,731
Energy supply policy	1,444,376	-	1,444,376	2,047,895	603,519
Depreciation	6,462,805	(6,462,805)	-	-	-
Security lending interest expense	1,810,114	-	1,810,114	-	(1,810,114)
Security lending agent fees	17,239	-	17,239	-	(17,239)
Total Programs	84,652,296	2,991,219	87,643,515	97,500,817	9,857,302
Projects (project level of budgetary control)					
Substation Improvements	-	851,805	851,805	1,138,376	286,571
Underground Conversion Program	-	1,120,442	1,120,442	3,859,689	2,739,247
Service Center Additions	-	220,980	220,980	254,000	33,020
Total Projects	-	2,193,227	2,193,227	5,252,065	3,058,838
Total Expenditures	84,652,296	5,184,446	89,836,742	102,752,882	12,916,140
Changes in Net Assets	6,273,876	<u>\$ (5,184,446)</u>	1,089,430	<u>\$ (14,719,728)</u>	<u>\$ 15,809,158</u>
Net Assets--January 1	152,584,453		152,584,453		
Capital outlay--programs			9,454,024		
Current Year's Project Expenditures			376,895		
Prior Year's Project Expenditures			1,816,332		
Depreciation			(6,462,805)		
Net Assets--December 31	<u>\$ 158,858,329</u>		<u>\$ 158,858,329</u>		

See the accompanying independent auditor's report.

WATER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2007

	Actual	Adjustment to Budgetary Basis	Actual On Budgetary Basis	Budget	Variance- Positive (Negative)
REVENUES					
Charges for services pledged for debt service	\$ 24,820,432	\$ -	\$ 24,820,432	\$ 24,585,846	\$ 234,586
Other nonoperating income	429,613	-	429,613	313,681	115,932
Earnings on investments	3,661,554	23,005	3,684,559	3,000,000	684,559
Interest on security lending income	2,378,684	-	2,378,684	-	2,378,684
Loss on sale of capital assets	(26,158)	-	(26,158)	-	(26,158)
Contributed capital	7,720,137	-	7,720,137	5,309,283	2,410,854
Proceeds from issuance of long term debt	-	-	-	2,476,446	(2,476,446)
Total Revenues	<u>38,984,262</u>	<u>23,005</u>	<u>39,007,267</u>	<u>35,685,256</u>	<u>3,322,011</u>
EXPENDITURES					
Programs (fund level of budgetary control)					
Customer and administrative services	3,386,361	-	3,386,361	3,737,878	351,517
Transmission and distribution	2,086,308	47,901	2,134,209	2,297,138	162,929
Payments and transfers	4,262,320	4,934,510	9,196,830	10,345,974	1,149,144
Water production	4,194,496	517,624	4,712,120	6,374,577	1,662,457
Water engineering	81,551	-	81,551	130,808	49,257
Water quality	940,117	-	940,117	1,028,429	88,312
Water resources	1,393,426	-	1,393,426	1,967,515	574,089
Depreciation	5,600,347	(5,600,347)	-	-	-
Bond amortization	46,751	(46,751)	-	-	-
Security lending interest expense	2,303,501	-	2,303,501	-	(2,303,501)
Security lending agent fees	22,554	-	22,554	-	(22,554)
Total Programs	<u>24,317,732</u>	<u>(147,063)</u>	<u>24,170,669</u>	<u>25,882,319</u>	<u>1,711,650</u>
Projects (project level of budgetary control)					
Land Purchase-Gateway, Old Water	-	848,400	848,400	848,400	-
Distribution System Replacement	-	1,058,776	1,058,776	1,867,966	809,190
Michigan Ditch improvements	-	132,408	132,408	800,000	667,592
Service Center Improvements	-	3,837,819	3,837,819	4,046,366	208,547
Meter Conversion Program	-	707,970	707,970	1,923,255	1,215,285
Water Supply Development	-	917,392	917,392	1,882,203	964,811
Southwest System Improvements	-	2,989,503	2,989,503	3,640,000	650,497
Master Plan Facilities	-	6,719,551	6,719,551	6,775,359	55,808
Water Quality Lab	-	171,187	171,187	190,000	18,813
Cathodic Protection	-	329,700	329,700	350,000	20,300
Halligan Reservoir Enlargement	-	6,552,269	6,552,269	27,272,446	20,720,177
Gravel Pit Storage Ponds	-	175,500	175,500	11,577,000	11,401,500
Treatment Facility Improvement	-	836,398	836,398	1,174,264	337,866
Poudre Pipeline	-	815,561	815,561	1,000,000	184,439
Water Production Replcmnt Program	-	62,201	62,201	824,000	761,799
Source of Supply Gen Replcmnt	-	13,140	13,140	125,000	-
Total Projects	<u>-</u>	<u>26,167,775</u>	<u>26,167,775</u>	<u>64,296,259</u>	<u>38,016,624</u>
Total Expenditures	<u>24,317,732</u>	<u>26,020,712</u>	<u>50,338,444</u>	<u>90,178,578</u>	<u>39,728,274</u>
Changes in Net Assets	14,666,530	<u>\$ (25,997,707)</u>	(11,331,177)	<u>\$ (54,493,322)</u>	<u>\$ 43,050,285</u>
Net Assets--January 1	212,475,740		212,475,740		
Capital Outlay--Programs			565,525		
Current Year's Project Expenditures			3,240,588		
Prior Years' Project Expenditures			22,927,187		
Prior Years' Project Revenues			(23,005)		
Principal Reduction--Long-Term Debt			4,934,510		
Depreciation			(5,600,347)		
Bond Amortization			(46,751)		
Net Assets--December 31	<u>\$ 227,142,270</u>		<u>\$ 227,142,270</u>		

See the accompanying independent auditor's report

WASTEWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2007

	Actual	Adjustment To Budgetary Basis	Actual On Budgetary Basis	Budget	Variance- Positive (Negative)
REVENUES					
Charges for services	\$ 14,640,171	\$ -	\$ 14,640,171	\$ 14,522,376	\$ 117,795
Other Non-Operating Income	432,558	-	432,558	568,156	(135,598)
Earnings on investments	1,724,569	-	1,724,569	1,420,000	304,569
Interest on security lending income	849,502	-	849,502	-	849,502
Gain on sale of capital asset	39,216	-	39,216	-	39,216
Capital Contributions	4,361,811	-	4,361,811	4,192,023	169,788
Total Revenues	<u>22,047,827</u>	<u>-</u>	<u>22,047,827</u>	<u>20,702,555</u>	<u>1,345,272</u>
EXPENDITURES					
Programs (fund level of budgetary control)					
Customer and administrative services	1,308,645	-	1,308,645	1,388,989	80,344
Trunk and collection	1,254,934	19,696	1,274,630	1,535,462	260,832
Payments and transfers	3,041,547	3,934,811	6,976,358	8,014,777	1,038,419
Water reclamation	4,429,867	284,268	4,714,135	5,332,673	618,538
Security lending interest expense	823,870	-	823,870	-	(823,870)
Security lending agent fees	7,689	-	7,689	-	(7,689)
Water engineering	80,247	-	80,247	132,308	52,061
Pollution control	1,102,621	-	1,102,621	1,328,165	225,544
Depreciation	2,817,929	(2,817,929)	-	-	-
Bond amortization	44,858	(44,858)	-	-	-
Total Programs	<u>14,912,207</u>	<u>1,375,988</u>	<u>16,288,195</u>	<u>17,732,374</u>	<u>1,444,179</u>
Projects (project level of budgetary control)					
Collection System Replacement	-	2,422,243	2,422,243	3,745,014	1,322,771
Harmony Lift Station	-	41,098	41,098	49,352	8,254
Service Center Improvements	-	3,210,720	3,210,720	3,333,132	122,412
Treatment Plant Expansion	-	31,370,320	31,370,320	33,333,960	1,963,640
Sludge Disposal Improvements	-	5,359,627	5,359,627	5,869,446	509,819
Collection System Study	-	403,102	403,102	550,000	146,898
Mulberry Water Reclamation Improvement	-	4,882,396	4,882,396	5,374,849	492,453
DWRF General Replacement Program	-	134,911	134,911	369,285	234,374
Biotower Odor Control Replacement	-	-	-	250,000	250,000
Flow Monitoring Stations	-	342,010	342,010	740,000	397,990
North College Sewer	-	185,973	185,973	400,000	214,027
Locust Street and Riverside	-	2,434,789	2,434,789	2,775,000	340,211
Water Reclam Replacement Program	-	782,357	782,357	1,078,716	296,359
Total Projects	<u>-</u>	<u>51,569,546</u>	<u>51,569,546</u>	<u>57,868,754</u>	<u>6,299,208</u>
Total Expenditures	<u>14,912,207</u>	<u>52,945,534</u>	<u>67,857,741</u>	<u>75,601,128</u>	<u>7,743,387</u>
Changes in Net Assets	7,135,620	<u>\$ (52,945,534)</u>	(45,809,914)	<u>\$ (54,898,573)</u>	<u>\$ 9,088,659</u>
Net Assets--January 1	106,134,005		106,134,005		
Capital Outlay--Programs			317,217		
Current Year's Project Expenditures			7,753,600		
Prior Years' Project Expenditures			43,815,946		
Principal Reduction - Long Term Debt			3,921,558		
Depreciation			(2,817,929)		
Bond amortization			(44,858)		
Net Assets-December 31	<u>\$ 113,269,625</u>		<u>\$ 113,269,625</u>		

See the accompanying independent auditor's report.

STORM DRAINAGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2007

	Actual	Adjustment To Budgetary Basis	Actual On Budgetary Basis	Budget	Variance- Positive (Negative)
REVENUES					
Charges for services	\$ 13,173,911	\$ -	\$ 13,173,911	\$ 13,165,932	\$ 7,979
Other nonoperating income	50,021	-	50,021	12,175	37,846
Intergovernmental	1,235,602	1,669,207	2,904,809	3,992,790	(1,087,981)
Earnings on investments	1,117,364	-	1,117,364	900,000	217,364
Interest on security lending income	450,675	-	450,675	-	450,675
Gain on sale of capital assets	(96,405)	-	(96,405)	-	(96,405)
Contributed capital	670,674	-	670,674	542,430	128,244
Total Revenues	16,601,842	1,669,207	18,271,049	18,613,327	(342,278)
EXPENDITURES					
Programs (fund level of budgetary control)					
Customer and administrative services	1,311,235	-	1,311,235	1,426,721	115,486
Drainage and detention	1,649,207	137,141	1,786,348	1,805,642	19,294
Storm drainage engineering	1,057,329	-	1,057,329	1,173,701	116,372
Drainage water quality	187,593	-	187,593	303,089	115,496
Payments and transfers	2,167,931	2,150,000	4,317,931	5,136,459	818,528
Depreciation	2,260,571	(2,260,571)	-	-	-
Bond amortization	32,066	(32,066)	-	-	-
Security lending interest expense	436,220	-	436,220	-	(436,220)
Security lending agent fees	4,336	-	4,336	-	(4,336)
Total Programs	9,106,488	(5,496)	9,100,992	9,845,612	744,620
Projects (project level of budgetary control)					
Drainage System Replacement	-	614,997	614,997	814,849	199,852
Old Town Basin	-	707,648	707,648	957,677	250,029
McClelland Mail Creek Basin	-	892,964	892,964	900,000	7,036
Spring Creek Basin	-	3,961,059	3,961,059	5,029,950	1,068,891
Dry Creek Basin	-	8,839,103	8,839,103	10,469,681	1,630,578
West Vine Channel	-	65,932	65,932	80,319	14,387
Foothills Basin	-	-	-	8,728	8,728
Canal Importation	-	6,016,546	6,016,546	11,445,509	5,428,963
Cooper Slough	-	28,992	28,992	522,546	493,554
Fossil Creek	-	2,088,714	2,088,714	2,477,454	388,740
Cache La Poudre Drainageway	-	1,529,234	1,529,234	1,983,051	453,817
Utility Service Center	-	189,957	189,957	287,000	97,043
Master Planning	-	4,100,789	4,100,789	4,176,990	76,201
Flood Mapping	-	412,280	412,280	581,913	169,633
Developer Repays	-	1,268,165	1,268,165	1,722,465	454,300
Trailhead Detention	-	14,034	14,034	2,535	(11,499)
West Vine Outfall	-	201,090	201,090	200,000	(1,090)
Boxelder	-	20,089	20,089	30,000	9,911
Rigden Farms	-	-	-	320,000	320,000
Total Projects	-	30,951,593	30,951,593	42,010,667	11,059,074
Total Expenditures	9,106,488	30,946,097	40,052,585	51,856,279	11,803,694
Changes in Net Assets	7,495,354	<u>\$ (29,276,890)</u>	<u>(21,781,536)</u>	<u>\$ (33,242,952)</u>	<u>\$ 11,461,416</u>
Net Assets--January 1	61,186,765		61,186,765		
Capital Outlay--Programs			137,141		
Current Year's Project Expenditures			5,607,808		
Plus Prior Years' Project Expenditures			25,343,785		
Less Prior Years' Grant/Project Revenue			(1,669,207)		
Principal Reduction--Long-Term Debt			2,150,000		
Depreciation			(2,260,571)		
Bond Amortization			(32,066)		
Net Assets--December 31	<u>\$ 68,682,119</u>		<u>\$ 68,682,119</u>		

See the accompanying independent auditor's report.

GOLF FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2007

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance -- Positive (Negative)
REVENUES					
Charges for services	\$ 2,577,205	\$ -	\$ 2,577,205	\$ 2,595,300	\$ (18,095)
Other nonoperating income	2,506	-	2,506	-	2,506
Earnings on investments	40,872	-	40,872	10,000	30,872
Interest on security lending income	25,002	-	25,002	-	25,002
Proceeds from issuance of bonds	-	1,771,056	1,771,056	-	1,771,056
Gain on sale of capital asset	3,006	-	3,006	-	3,006
Proceeds from lease obligations	-	324,740	324,740	327,155	(2,415)
Total Revenues	<u>2,648,591</u>	<u>2,095,796</u>	<u>4,744,387</u>	<u>2,932,455</u>	<u>1,811,932</u>
EXPENDITURES					
Programs (project level of budgetary control)					
Golf courses	2,352,964	531,667	2,884,631	2,840,890	(43,741)
Transfers	-	-	-	119,751	119,751
Security lending interest expense	23,997	-	23,997	-	(23,997)
Security lending agent fees	301	-	301	-	(301)
Payment to escrow agent	-	1,771,056	1,771,056	-	(1,771,056)
Bond amortization	3,164	(3,164)	-	-	-
Depreciation	<u>313,788</u>	<u>(313,788)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Programs	<u>2,694,214</u>	<u>1,985,771</u>	<u>4,679,985</u>	<u>2,960,641</u>	<u>(1,719,344)</u>
Total Expenditures	<u>2,694,214</u>	<u>1,985,771</u>	<u>4,679,985</u>	<u>2,960,641</u>	<u>(1,719,344)</u>
Changes in Net Assets	(45,623)	<u>\$ 110,025</u>	64,402	<u>\$ (28,186)</u>	<u>\$ 92,588</u>
Net Assets--January 1	4,583,556		4,583,556		
Current year's proceeds from lease			(324,740)		
Capital outlay			284,834		
Proceeds from Issuance of Bonds			1,771,056		
Payment to Escrow Agent			(1,771,056)		
Principal reduction--capital lease			135,763		
Principal reduction--bonds			111,070		
Bond amortization			(3,164)		
Depreciation			<u>(313,788)</u>		
Net Assets--December 31	<u>\$ 4,537,933</u>		<u>\$ 4,537,933</u>		

See the accompanying independent auditor's report.



**INTERNAL SERVICE FUNDS
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

Benefits -- to account for the self-insurance of employee health care benefits and other benefits provided to City employees.

Communications -- to account for the acquisition, operation, and maintenance of the City's telephone system, office automation system, and network backbone, as well as computer application services.

Equipment -- to account for the fleet services provided to other funds of the City.

Self-Insurance -- to account for self-insurance of property and liability claims.

Utility Customer Service and Administration -- to account for customer and administrative services provided to the City's utility funds.

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

	Benefits	Communications	Equipment
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 2,185,920	\$ 695,821	\$ 1,305,028
Investments	5,744,056	2,010,928	2,851,205
Receivables			
Accounts	2,916	-	102,635
Accrued interest	62,668	25,528	31,734
Inventories of materials and supplies	-	-	649,735
Total Current Assets	<u>7,995,560</u>	<u>2,732,277</u>	<u>4,940,337</u>
Non-Current Assets			
Land, water rights, other	-	23,952	46,612
Buildings, improvements and equipment	-	1,009,801	3,375,042
Accumulated depreciation	-	(723,877)	(1,329,284)
Construction in progress	-	-	58,939
Total Non-Current Assets	<u>-</u>	<u>309,876</u>	<u>2,151,309</u>
Total Assets	<u>7,995,560</u>	<u>3,042,153</u>	<u>7,091,646</u>
LIABILITIES			
Current Liabilities			
Accounts payable	1,481	120,849	232,360
Accrued interest payable	-	-	117
Accrued wages payable	16,155	17,883	66,690
Accrued compensated absences	24,195	36,157	113,778
Claims payable	1,412,283	-	-
Capital lease obligations	-	-	5,619
Unearned revenue	-	-	-
Total Current Liabilities	<u>1,454,114</u>	<u>174,889</u>	<u>418,564</u>
Non-Current Liabilities			
Claims payable	-	-	-
Capital lease obligations	-	-	4,371
Total Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>4,371</u>
Total Liabilities	<u>1,454,114</u>	<u>174,889</u>	<u>422,935</u>
NET ASSETS			
Invested in Capital Assets, net of related debt	-	309,876	2,141,319
Unrestricted	6,541,446	2,557,388	4,527,392
Total Net Assets	<u>\$ 6,541,446</u>	<u>\$ 2,867,264</u>	<u>\$ 6,668,711</u>

See the accompanying independent auditor's report.

Self Insurance	Utility Customer Service and Admin.	Total
\$ 2,703,427	\$ 1,009,603	\$ 7,899,799
6,224,459	736,485	17,567,133
282,219	60	387,830
71,104	8,227	199,261
-	-	649,735
9,281,209	1,754,375	26,703,758
-	-	70,564
-	2,134,776	6,519,619
-	(1,218,680)	(3,271,841)
-	362,057	420,996
-	1,278,153	3,739,338
9,281,209	3,032,528	30,443,096
26,074	86,789	467,553
-	-	117
11,536	212,057	324,321
14,576	353,260	541,966
1,238,967	-	2,651,250
-	-	5,619
28,931	-	28,931
1,320,084	652,106	4,019,757
3,805,090	-	3,805,090
-	-	4,371
3,805,090	-	3,809,461
5,125,174	652,106	7,829,218
-	1,278,153	3,729,348
4,156,035	1,102,269	18,884,530
\$ 4,156,035	\$ 2,380,422	\$ 22,613,878

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Benefits</u>	<u>Communications</u>	<u>Equipment</u>
OPERATING REVENUES			
Charges for services	\$ 17,869,427	\$ 1,292,988	\$ 7,188,729
Total Operating Revenues	<u>17,869,427</u>	<u>1,292,988</u>	<u>7,188,729</u>
OPERATING EXPENSES			
Personal services	492,730	587,621	2,179,932
Contractual services	16,124,277	740,042	1,376,401
Commodities	44,440	498,493	3,581,789
Customer service and administrative charges	-	348	-
Other	433	98,877	67,369
Depreciation	-	62,452	160,261
Total Operating Expenses	<u>16,661,880</u>	<u>1,987,833</u>	<u>7,365,752</u>
Operating Income (Loss)	<u>1,207,547</u>	<u>(694,845)</u>	<u>(177,023)</u>
NONOPERATING REVENUES (EXPENSES)			
Earnings on investments	434,280	97,493	121,294
Interest on security lending income	281,671	-	60,813
Security lending interest expense	(273,221)	-	(58,993)
Security lending agent fees	(2,535)	-	(546)
Intergovernmental	-	-	57,993
Other revenue	4,397	2,838	7,723
Gain (Loss) on sale of capital assets	-	-	58,483
Interest expense	-	-	(791)
Total Nonoperating Revenues (Expenses)	<u>444,592</u>	<u>100,331</u>	<u>245,976</u>
Income Before Contributions and Transfers	<u>1,652,139</u>	<u>(594,514)</u>	<u>68,953</u>
Transfers in	-	1,500,000	2,350,000
Transfers out	-	(37,861)	-
Changes in Net Assets	<u>1,652,139</u>	<u>867,625</u>	<u>2,418,953</u>
Net Assets--January 1	<u>4,889,307</u>	<u>1,999,639</u>	<u>4,249,758</u>
Net Assets--December 31	<u>\$ 6,541,446</u>	<u>\$ 2,867,264</u>	<u>\$ 6,668,711</u>

See the accompanying independent auditor's report.

Self Insurance	Utility Customer Service and Admin.	Total
\$ 2,400,763	\$ 9,879,446	\$ 38,631,353
2,400,763	9,879,446	38,631,353
351,103	6,807,168	10,418,554
3,014,053	2,910,321	24,165,094
87,501	526,236	4,738,459
-	-	348
259	423,889	590,827
-	228,455	451,168
3,452,916	10,896,069	40,364,450
(1,052,153)	(1,016,623)	(1,733,097)
525,375	80,515	1,258,957
344,103	-	686,587
(333,495)	-	(665,709)
(3,182)	-	(6,263)
-	-	57,993
46,072	894,489	955,519
-	(5,670)	52,813
-	-	(791)
578,873	969,334	2,339,106
(473,280)	(47,289)	606,009
43,344	-	3,893,344
-	(26,954)	(64,815)
(429,936)	(74,243)	4,434,538
4,585,971	2,454,665	18,179,340
\$ 4,156,035	\$ 2,380,422	\$ 22,613,878

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Benefits</u>	<u>Communications</u>	<u>Equipment</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and users	\$ -	\$ -	\$ 553,640
Receipts from interfund services provided	17,866,511	1,293,033	6,544,077
Cash paid to employees for services	(500,971)	(581,339)	(2,154,026)
Cash paid to other suppliers of goods & services	(16,361,476)	(1,225,474)	(4,993,682)
Payments for interfund services used	(28)	1,465	(68,242)
Other receipts	4,397	2,838	7,723
Net cash provided (used) by operating activities	<u>1,008,433</u>	<u>(509,477)</u>	<u>(110,510)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	1,500,000	2,350,000
Transfers to other funds	-	(37,861)	-
Subsidy from federal grants	-	-	57,993
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>1,462,139</u>	<u>2,407,993</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	-	(97,665)	(89,188)
Principal paid on capital debt	-	-	(7,451)
Interest paid on capital debt	-	-	(852)
Proceeds from sales of capital assets	-	-	72,417
Net cash used by capital and related financing activities	<u>-</u>	<u>(97,665)</u>	<u>(25,074)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	-	-	-
Purchase of investments	(1,730,643)	(837,046)	(1,860,252)
Earnings received on investments	346,481	88,312	65,026
Interest on security lending income	281,671	-	60,813
Security lending interest expense	(273,221)	-	(58,993)
Security lending agent fees	(2,535)	-	(546)
Net cash used by investing activities	<u>(1,378,247)</u>	<u>(748,734)</u>	<u>(1,793,952)</u>
Net increase (decrease) in cash and cash equivalents	<u>(369,814)</u>	<u>106,263</u>	<u>478,457</u>
Cash and cash equivalents, January 1	<u>2,555,734</u>	<u>589,558</u>	<u>826,571</u>
Cash and cash equivalents, December 31	<u>\$ 2,185,920</u>	<u>\$ 695,821</u>	<u>\$ 1,305,028</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 1,207,547	\$ (694,845)	\$ (177,023)
Other receipts	4,397	2,838	7,723
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	-	62,452	160,261
(Increase) decrease in accounts receivable	(2,916)	45	(91,012)
Increase in inventories	-	-	(96,451)
Increase (decrease) in accounts payable	(128,698)	113,751	60,086
Increase (decrease) in accrued compensated absences payable	4,531	16,273	28,349
Increase (decrease) in accrued wages	(12,772)	(9,991)	(2,443)
Increase (decrease) in claims payable	(63,656)	-	-
Increase in deferred revenue	-	-	-
Net cash provided (used) by operating activities	<u>\$ 1,008,433</u>	<u>\$ (509,477)</u>	<u>\$ (110,510)</u>

See the accompanying independent auditor's report.

Self Insurance	Utility Customer Service and Admin.	Total
\$ -	\$ -	\$ 553,640
2,335,877	9,980,167	38,019,665
(346,576)	(6,790,941)	(10,373,853)
(2,877,094)	(3,904,885)	(29,362,611)
(764)	(98,586)	(166,155)
46,072	894,489	955,519
(842,485)	80,244	(373,795)
43,344	-	3,893,344
-	(26,954)	(64,815)
-	-	57,993
43,344	(26,954)	3,886,522
-	(231,970)	(418,823)
-	-	(7,451)
-	-	(852)
-	1,648	74,065
-	(230,322)	(353,061)
2,645,624	-	2,645,624
(2,418,037)	(223,707)	(7,069,685)
429,890	78,508	1,008,217
344,103	-	686,587
(333,495)	-	(665,709)
(3,182)	-	(6,263)
664,903	(145,199)	(3,401,229)
(134,238)	(322,231)	(241,563)
2,837,665	1,331,834	8,141,362
\$ 2,703,427	\$ 1,009,603	\$ 7,899,799
\$ (1,052,153)	\$ (1,016,623)	\$ (1,733,097)
46,072	894,489	955,519
-	228,455	451,168
(64,886)	2,135	(156,634)
-	-	(96,451)
4,066	(44,439)	4,766
1,111	(2,672)	47,592
3,416	18,899	(2,891)
213,072	-	149,416
6,817	-	6,817
\$ (842,485)	\$ 80,244	\$ (373,795)

BENEFITS FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
REVENUES			
Charges for services	\$ 17,869,427	\$ 17,778,652	\$ 90,775
Other nonoperating income	4,397	2,702	1,695
Earnings on investments	434,280	332,088	102,192
Interest on security lending income	<u>281,671</u>	<u>-</u>	<u>281,671</u>
Total Revenues	<u>18,589,775</u>	<u>18,113,442</u>	<u>476,333</u>
EXPENSES			
Benefits	16,661,880	26,028,491	9,366,611
Security lending interest expense	273,221	-	(273,221)
Security lending agent fees	<u>2,535</u>	<u>-</u>	<u>(2,535)</u>
Total Expenses	<u>16,937,636</u>	<u>26,028,491</u>	<u>9,090,855</u>
Changes in Net Assets	1,652,139	<u>\$ (7,915,049)</u>	<u>\$ 9,567,188</u>
Net Assets--January 1	<u>4,889,307</u>		
Net Assets--December 31	<u>\$ 6,541,446</u>		

See the accompanying independent auditor's report.

COMMUNICATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Adjustment To Budgetary Basis</u>	<u>Actual On Budgetary Basis</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
REVENUES					
Charges for services	\$ 1,292,988	\$ -	\$ 1,292,988	\$ 700,000	\$ 592,988
Other nonoperating income	2,838	-	2,838	-	2,838
Earnings on investments	97,493	-	97,493	-	97,493
Transfers	<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>
Total Revenues	<u>2,893,319</u>	<u>-</u>	<u>2,893,319</u>	<u>2,200,000</u>	<u>693,319</u>
EXPENSES					
Programs (fund level of budgetary control)					
CITEL	1,925,381	97,665	2,023,046	2,817,129	794,083
Transfers	37,861	-	37,861	37,861	-
Depreciation	<u>62,452</u>	<u>(62,452)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>2,025,694</u>	<u>35,213</u>	<u>2,060,907</u>	<u>2,854,990</u>	<u>794,083</u>
Changes in Net Assets	867,625	<u>\$ (35,213)</u>	832,412	<u>\$ (654,990)</u>	<u>\$ 1,487,402</u>
Net Assets--January 1	1,999,639		1,999,639		
Capital outlay--program			97,665		
Depreciation	<u>-</u>		<u>(62,452)</u>		
Net Assets--December 31	<u>\$ 2,867,264</u>		<u>\$ 2,867,264</u>		

See the accompanying independent auditor's report.

EQUIPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Adjustment To Budgetary Basis</u>	<u>Actual On Budgetary Basis</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
REVENUES					
Charges for services	\$ 7,188,729	\$ -	\$ 7,188,729	\$ 7,113,046	\$ 75,683
Other nonoperating income	7,723	30,000	37,723	220,500	(182,777)
Earnings on investments	121,294	-	121,294	112,591	8,703
Interest on security lending income	60,813	-	60,813	-	60,813
Intergovernmental	57,993	-	57,993	58,400	(407)
Transfers	2,350,000	35,000	2,385,000	2,385,000	-
Gain on sale of capital assets	58,483	-	58,483	-	58,483
Total Revenues	<u>9,845,035</u>	<u>65,000</u>	<u>9,910,035</u>	<u>9,889,537</u>	<u>20,498</u>
EXPENSES					
Programs (fund level of budgetary control)					
Fleet services	7,206,282	225,820	7,432,102	7,665,329	233,227
Transfers	-	-	-	297,299	297,299
Depreciation	160,261	(160,261)	-	-	-
Security lending interest expense	58,993	-	58,993	-	(58,993)
Security lending agent fees	546	-	546	-	(546)
Total Expenses	<u>7,426,082</u>	<u>65,559</u>	<u>7,491,641</u>	<u>7,962,628</u>	<u>470,987</u>
Changes in Net Assets	2,418,953	<u>\$ (559)</u>	2,418,394	<u>\$ 1,926,909</u>	<u>\$ 491,485</u>
Net Assets--January 1	4,249,758		4,249,758		
Capital outlay--program			218,369		
Principal reduction--capital lease			7,451		
Depreciation			(160,261)		
Less Prior Year Project Transfer In			(35,000)		
Net Assets--December 31	<u>\$ 6,668,711</u>		<u>\$ 6,698,711</u>		

See the accompanying independent auditor's report.

SELF-INSURANCE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
REVENUES			
Charges for services	\$ 2,400,763	\$ 2,399,522	\$ 1,241
Other nonoperating income	46,072	-	46,072
Earnings on investments	525,375	425,000	100,375
Interest on security lending income	344,103	-	344,103
Transfers In	43,344	43,344	-
	<u>3,359,657</u>	<u>2,867,866</u>	<u>491,791</u>
EXPENSES			
Risk management	3,452,916	3,980,514	527,598
Security lending interest expense	333,495	-	(333,495)
Security lending agent fees	3,182	-	(3,182)
	<u>3,789,593</u>	<u>3,980,514</u>	<u>190,921</u>
Changes in Net Assets	(429,936)	<u>\$ (1,112,648)</u>	<u>\$ 682,712</u>
Net Assets--January 1	<u>4,585,971</u>		
Net Assets--December 31	<u>\$ 4,156,035</u>		

See the accompanying independent auditor's report.

UTILITY CUSTOMER SERVICE AND ADMINISTRATIVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Actual</u>	<u>Adjustment To Budgetary Basis</u>	<u>Actual On Budgetary Basis</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
REVENUES					
Charges for services	\$ 9,879,446	\$ -	\$ 9,879,446	\$ 10,045,548	\$ (166,102)
Other nonoperating income	894,489	-	894,489	899,147	(4,658)
Earnings on investments	80,515	-	80,515	20,000	60,515
Gain on sale of capital assets	<u>(5,670)</u>	<u>-</u>	<u>(5,670)</u>	<u>-</u>	<u>(5,670)</u>
Total Revenues	<u>10,848,780</u>	<u>-</u>	<u>10,848,780</u>	<u>10,964,695</u>	<u>(115,915)</u>
EXPENSES					
Programs (fund level of budgetary control)					
Customer and administrative services	10,667,614	231,970	10,899,584	12,639,875	1,740,291
Transfers	26,954	-	26,954	26,954	-
Depreciation	<u>228,455</u>	<u>(228,455)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>10,923,023</u>	<u>3,515</u>	<u>10,926,538</u>	<u>12,666,829</u>	<u>1,740,291</u>
Changes in Net Assets	(74,243)	<u>\$ (3,515)</u>	(77,758)	<u>\$ (1,702,134)</u>	<u>\$ 1,624,376</u>
Net Assets--January 1	2,454,665		2,454,665		
Capital outlay--program			231,970		
Depreciation			<u>(228,455)</u>		
Net Assets--December 31	<u>\$ 2,380,422</u>		<u>\$ 2,380,422</u>		

See the accompanying independent auditor's report.



**FIDUCIARY FUNDS
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

Trust Funds:

General Employees' Retirement Plan -- to account for the general employees' retirement plan.
Closed to new hires as of 1/1/1999.

Money Purchase Plan -- to account for City employees' defined contribution retirement plan.

Retirement Health Savings Plan -- to account for City employees' retirement health savings plan.

Agency Fund:

Poudre Fire Authority -- to account for cash and investments held by the City on behalf of Poudre Fire Authority

TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2007

	General Employees Retirement Plan	Money Purchase Plan	Retirement Health Savings Plan	Total Trust Funds
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 3,923,873	\$ -	\$ -	\$ 3,923,873
Receivables				
Interest	170,447	-	-	170,447
Notes and loans	-	2,837,516	-	2,837,516
Total Receivables	170,447	2,837,516	-	3,007,963
Investments, at fair value				
U S Government securities	16,423,970	-	-	16,423,970
Mutual funds	25,253,992	110,318,844	605,326	136,178,162
Total Investments, at fair value	41,677,962	110,318,844	605,326	152,602,132
Security lending collateral	9,676,107	-	-	9,676,107
Total Assets	55,448,389	113,156,360	605,326	169,210,075
LIABILITIES				
Current Liabilities				
Accrued expenses	1,535	-	-	1,535
Obligations under security lending	9,676,107	-	-	9,676,107
Total Liabilities	9,677,642	-	-	9,677,642
NET ASSETS				
Held in trust for pension benefits	45,770,747	113,156,360	605,326	159,532,433
Total Net Assets	\$ 45,770,747	\$ 113,156,360	\$ 605,326	\$ 159,532,433

See the accompanying independent auditor's report.

TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007

	General Employees Retirement Plan	Money Purchase Plan	Retirement Health Savings Plan	Total
ADDITIONS				
Contributions				
Employer contributions	\$ 866,694	\$ 4,006,338	\$ -	\$ 4,873,032
Employee contributions	-	2,564,612	383,691	2,948,303
Pension conversion & roll-overs	-	741,329	-	741,329
Loan repayments	-	956,008	-	956,008
Other	206	923,633	-	923,839
Total Contributions	<u>866,900</u>	<u>9,191,920</u>	<u>383,691</u>	<u>10,442,511</u>
Investment income				
Interest related to plan investments	706,649	984,903	9,069	1,700,621
Interest related to employee loans	-	597,924	-	597,924
Net change in fair value of investments	<u>4,371,272</u>	<u>6,458,053</u>	<u>10,166</u>	<u>10,839,491</u>
Total Investment Income	<u>5,077,921</u>	<u>8,040,880</u>	<u>19,235</u>	<u>13,138,036</u>
Securities lending income	441,594	-	-	441,594
Securities lending expenses	<u>(431,053)</u>	<u>-</u>	<u>-</u>	<u>(431,053)</u>
Net income from securities lending activities	<u>10,541</u>	<u>-</u>	<u>-</u>	<u>10,541</u>
Net Investment Income	<u>5,088,462</u>	<u>8,040,880</u>	<u>19,235</u>	<u>13,148,577</u>
Total Additions	<u>5,955,362</u>	<u>17,232,800</u>	<u>402,926</u>	<u>23,591,088</u>
DEDUCTIONS				
Benefit payments	2,483,503	8,651,965	20,462	11,155,930
Administration	<u>23,297</u>	<u>14,348</u>	<u>1,320</u>	<u>38,965</u>
Total Deductions	<u>2,506,800</u>	<u>8,666,313</u>	<u>21,782</u>	<u>11,194,895</u>
Net Increase	3,448,562	8,566,487	381,144	12,396,193
Net Assets Held In Trust for Retirement Benefits				
Beginning of year	<u>42,322,185</u>	<u>104,589,873</u>	<u>224,182</u>	<u>147,136,240</u>
End of Year	<u>\$45,770,747</u>	<u>\$113,156,360</u>	<u>\$ 605,326</u>	<u>\$159,532,433</u>

See the accompanying independent auditor's report.

**GENERAL EMPLOYEES' RETIREMENT PLAN TRUST FUND
SCHEDULE OF CHANGES IN NET ASSETS HELD IN TRUST FOR
PENSION BENEFITS - ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Actual</u>	<u>Budget</u>	<u>Variance With Actual Positive (Negative)</u>
OPERATING REVENUES			
Contributions	\$ 866,900	\$ 900,000	\$ (33,100)
Earnings on investments	706,649	647,100	59,549
Net income from securities lending activities	10,541	-	10,541
Net increase in the fair value of investments	<u>4,371,272</u>	<u>4,000,000</u>	<u>371,272</u>
Total Operating Revenues	<u>5,955,362</u>	<u>5,547,100</u>	<u>408,262</u>
OPERATING EXPENSES			
Benefit payments	2,483,503	2,576,000	92,497
Administration	<u>23,297</u>	<u>28,995</u>	<u>5,698</u>
Total Operating Expenses	<u>2,506,800</u>	<u>2,604,995</u>	<u>98,195</u>
Changes in Net Assets	3,448,562	<u>\$ 2,942,105</u>	<u>\$ 506,457</u>
Net Assets Held in Trust for Retirement Benefits--January 1	<u>42,322,185</u>		
Net Assets Held in Trust for Retirement Benefits--December 31	<u>\$ 45,770,747</u>		

See the accompanying independent auditors' report.

**AGENCY FUND
STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2007**

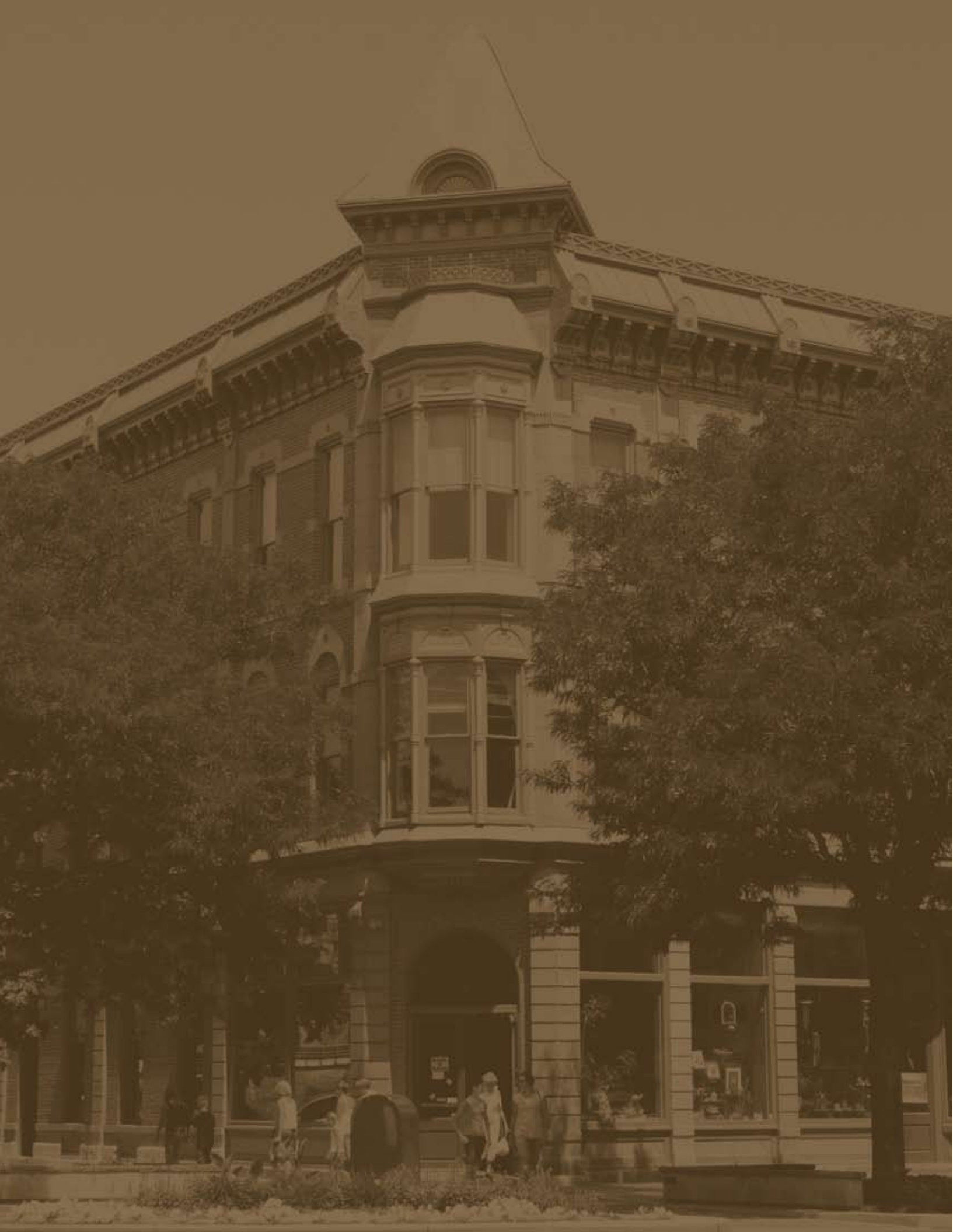
	<u>Poudre Fire Authority</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 5,885,480
Receivables	
Interest	66,087
Investments, at fair value	
U S Government securities	4,810,870
Corporate bonds	<u>1,127,263</u>
Total Investments, at fair value	<u>5,938,133</u>
Total Assets	<u><u>11,889,700</u></u>
 LIABILITIES	
Current Liabilities	
Amounts held for other governments	<u>11,889,700</u>
Total Liabilities	<u><u>\$11,889,700</u></u>

See the accompanying independent auditors' report.

**AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2007**

POUDRE FIRE AUTHORITY	Balance-- Dec. 31, 2006	Additions	Deletions	Balance-- Dec. 31, 2007
ASSETS				
Cash and cash equivalents	\$ 3,349,538	\$ 2,765,053	\$ 229,111	\$ 5,885,480
Receivables - interest	52,828	21,535	8,276	66,087
Investments, at fair value				
U S Government securities	4,766,435	1,554,052	1,509,617	4,810,870
Corporate bonds	619,536	507,727	-	1,127,263
Total Investments, at fair value	5,385,971	2,061,779	1,509,617	5,938,133
Total Assets	8,788,337	4,848,367	1,747,004	11,889,700
LIABILITIES				
Amounts held for other governments	\$ 8,788,337	\$ 4,848,367	\$ 1,747,004	\$ 11,889,700

See the accompanying independent auditors' report.



**COMPONENT UNIT FUNDS
RECONCILIATIONS
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

DOWNTOWN DEVELOPMENT AUTHORITY

Reconciliations:

Reconciliation of the Balance Sheet to the Statement of Net Assets

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities

Funds:

General -- to account for all general operations of the DDA except those required to be accounted for in another fund.

Debt Service -- to account for tax increment revenues received from property taxes and used to service the DDA's tax increment bonds.

**COMPONENT UNIT
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
ASSETS			
Cash and cash equivalents	\$ 2,989,635	\$ -	\$ 2,989,635
Investments	6,488,789	-	6,488,789
Receivables			
Property taxes	5,349,573	-	5,349,573
Accounts	112,468	-	112,468
Accrued interest	72,166	-	72,166
Due from other governments	2,561	-	2,561
Inventory of real property held for resale	135,464	-	135,464
Capital assets (non-depreciable)	-	1,001,197	1 1,001,197
Capital assets (net of accumulated depreciation)	-	1,858,417	1 1,858,417
Unamortized bond issuance costs	-	18,231	2 18,231
Total Assets	<u>15,150,656</u>	<u>2,877,845</u>	<u>18,028,501</u>
LIABILITIES			
Accounts payable	131,608	-	131,608
Accrued wages payable	24,413	-	24,413
Accrued interest payable	-	37,780	3 37,780
Unearned revenue	5,426,173	-	5,426,173
Compensated Absences	-	29,355	29,355
Non-Current liabilities			
Due within one year	-	2,270,000	3 2,270,000
Due after one year	-	7,420,000	3 7,420,000
Total Liabilities	<u>5,582,194</u>	<u>9,757,135</u>	<u>15,339,329</u>
FUND BALANCES/NET ASSETS			
Fund balances			
Reserved for inventory of real property held for resale	135,464	(135,464)	-
Reserved for debt service	2,522,493	(2,522,493)	-
Reserved for encumbrances	5,449,729	(5,449,729)	-
Unreserved, reported in:			
Undesignated	1,460,776	(1,460,776)	-
Total Fund Balances	<u>\$ 9,568,462</u>	<u>(9,568,462)</u>	<u>-</u>
Net Assets:			
Invested in capital assets, net of related debt		624,900	624,900
Reserved for debt service		2,522,493	2,522,493
Reserved for capital projects		5,585,193	5,585,193
Unrestricted (deficit)		(6,043,414)	4 (6,043,414)
Total Net Assets of Component Unit (page 33)		<u>\$ 2,689,172</u>	<u>\$ 2,689,172</u>

- 1 Capital assets net of accumulated depreciation used in governmental activities are not current financial resources. Therefore they are not reported in the funds.
- 2 Bond issuance costs are not financial resources and therefore not reported in the funds.
- 3 Long-term liabilities, including bonds payable, related accrued interest, and accrued compensated absences, are not due and payable in the current period and therefore not reported in the funds.
- 4 The component unit receives tax increment to service the bonds issued for improvements made within the downtown area. A majority of these improvements relate to building facades intended to preserve the historical architecture in the Old Town area of the City's downtown. Although the component unit may benefit over time from any increase in the assessed value of these properties related to these improvements, no assets are recorded in relation to these activities. As a result, the statement of net assets for the component unit reflects a deficit balance for unrestricted net assets.

See the accompanying independent auditors' report

**COMPONENT UNIT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Expenditures/Expenses (including transfers):			
Expenditures/expenses	\$ 5,995,829	\$ (1,896,768) ¹	\$ 4,099,061
Program Revenues			
Charges for services	143,437	-	143,437
Net Program Revenues	143,437	-	143,437
Net Program Expense	5,852,392	(1,896,768)	3,955,624
General Revenues			
Property taxes	4,144,752	-	4,144,752
Investment earnings	649,858	-	649,858
Miscellaneous	5,917,235	(4,750,350) ²	1,166,885
Total General Revenues	10,711,845	(4,750,350)	5,961,495
Change in Net Assets (pages 34-35)	4,859,453	(2,853,582)	2,005,871
Fund Balance/Net Assets			
Beginning of the year	4,709,009	(4,025,708)	683,301
End of the year	\$ 9,568,462	\$ (6,879,290)	\$ 2,689,172

- ¹ 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 the governmental funds

Net increase in accrued interest related to last debt service payment	17,161
Net increase in compensated absences	15,057
Debt Payment	(2,245,000)
Net decrease in current year amortization of bond cost	4,559
Current year depreciation	311,455
	<u>\$ (1,896,768)</u>

- ² Proceeds from issuance of long term debt are not reported as revenues
- | | |
|---|-----------------------|
| Gain from capital assets | 949,650 |
| Proceeds from issuance of long term debt are not reported as revenues | (5,700,000) |
| | <u>\$ (4,750,350)</u> |

See the accompanying independent auditors' report

**DOWNTOWN DEVELOPMENT AUTHORITY
COMBINING BALANCE SHEET
DECEMBER 31, 2007**

	General	Debt Service	Total
ASSETS			
Cash and cash equivalents	\$ 2,200,020	\$ 789,615	\$ 2,989,635
Investments	4,774,952	1,713,837	6,488,789
Receivables			
Property taxes	539,567	4,810,006	5,349,573
Accounts	112,468	-	112,468
Interest	53,125	19,041	72,166
Due from other governments	2,561	-	2,561
Inventory of real property held for resale	135,464	-	135,464
Total Assets	<u>7,818,157</u>	<u>7,332,499</u>	<u>15,150,656</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable, accruals, and other	131,608	-	131,608
Accrued wages payable	24,413	-	24,413
Unearned revenue	616,167	4,810,006	5,426,173
Total Liabilities	<u>772,188</u>	<u>4,810,006</u>	<u>5,582,194</u>
Fund Balances			
Reserved for:			
Encumbrances	5,449,729	-	5,449,729
Inventory of real property held for resale	135,464	-	135,464
Debt service	-	2,522,493	2,522,493
Unreserved, undesignated, reported in:			
Undesignated	1,460,776	-	1,460,776
Total Fund Balances	<u>7,045,969</u>	<u>2,522,493</u>	<u>9,568,462</u>
Total Liabilities and Fund Balances	<u>\$ 7,818,157</u>	<u>\$ 7,332,499</u>	<u>\$ 15,150,656</u>

See the accompanying independent auditor's report.

DOWNTOWN DEVELOPMENT AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
REVENUES			
Taxes	\$ 462,182	\$ 3,682,570	\$ 4,144,752
Licenses and permits	1,800	-	1,800
Fees and charges for services	141,637	-	141,637
Earnings on investments	442,746	207,112	649,858
Miscellaneous revenue	217,235	-	217,235
Total Revenues	<u>1,265,600</u>	<u>3,889,682</u>	<u>5,155,282</u>
EXPENDITURES			
Current operating			
Administrative	3,104,167	-	3,104,167
Capital outlay	11,204	-	11,204
Bond issue costs	32,500	-	32,500
Debt service			
Principal	-	2,245,000	2,245,000
Interest	-	602,958	602,958
Total Expenditures	<u>3,147,871</u>	<u>2,847,958</u>	<u>5,995,829</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,882,271)</u>	<u>1,041,724</u>	<u>(840,547)</u>
OTHER FINANCING SOURCES			
Proceeds from issuance of long term debt	<u>5,700,000</u>	<u>-</u>	<u>5,700,000</u>
Total Other Financing Sources	<u>5,700,000</u>	<u>-</u>	<u>5,700,000</u>
Net Change in Fund Balances	3,817,729	1,041,724	4,859,453
Fund Balances-January 1	3,228,240	1,480,769	4,709,009
Fund Balances-December 31	<u>\$ 7,045,969</u>	<u>\$ 2,522,493</u>	<u>\$ 9,568,462</u>

See the accompanying independent auditor's report.

**DOWNTOWN DEVELOPMENT AUTHORITY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
REVENUES			
Taxes	\$ 462,182	\$ 483,100	\$ (20,918)
Earnings on investments	442,746	150,000	292,746
Fees and charges for services	143,437	42,700	100,737
Miscellaneous revenue	<u>217,235</u>	<u>120,000</u>	<u>97,235</u>
Total Revenues	<u>1,265,600</u>	<u>795,800</u>	<u>469,800</u>
EXPENDITURES			
Administration	3,104,167	9,120,141	6,015,974
Capital outlay	11,204	105,000	93,796
Bond issue costs	<u>32,500</u>	<u>82,500</u>	<u>50,000</u>
Total Expenditures	<u>3,147,871</u>	<u>9,307,641</u>	<u>6,159,770</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,882,271)	(8,511,841)	6,629,570
OTHER FINANCING SOURCES			
Proceeds from issuance of long term debt	<u>5,700,000</u>	<u>5,700,000</u>	<u>-</u>
Changes in Fund Balances	3,817,729	<u>\$ (2,811,841)</u>	<u>\$ 6,629,570</u>
Net Assets--January 1	<u>3,228,240</u>		
Net Assets--December 31	<u>\$ 7,045,969</u>		

See the accompanying independent auditor's report

**DOWNTOWN DEVELOPMENT AUTHORITY
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
REVENUES			
Taxes	\$ 3,682,570	\$ 3,682,571	\$ (1)
Earnings on investments	207,112	178,413	28,699
Total Revenues	<u>3,889,682</u>	<u>3,860,984</u>	<u>28,698</u>
EXPENDITURES			
Principal	2,245,000	2,245,000	-
Interest	<u>602,958</u>	<u>761,854</u>	<u>158,896</u>
Total Expenditures	<u>2,847,958</u>	<u>3,006,854</u>	<u>158,896</u>
Excess of Revenues Over Expenditures	1,041,724	<u>\$ 854,130</u>	<u>\$ 187,594</u>
Net Assets--January 1	<u>1,480,769</u>		
Net Assets--December 31	<u>\$ 2,522,493</u>		

See the accompanying independent auditor's report

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Statistical Section



Statistical Section

This part of the City of Fort Collins comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the governments overall financial health.

Financial Trends - These schedules contain trend information to help the reader understand how the City of Fort Collins' financial performance and well-being have changed over time.

Net Assets by Component	Exh. A-1	155
Changes in Net Assets	Exh. A-2	156
Fund Balances, Governmental Funds	Exh. A-3	157
Changes in Fund Balances, Governmental Funds	Exh. A-4	158

Revenue Capacity - These schedules contain information to help the reader assess the City of Fort Collins' most significant local revenue sources - Sales and Use taxes.

Taxable Sales by Category	Exh. A-5	159
Direct and Overlapping Sales Tax Rates	Exh. A-6	160
Sales Tax Revenue Taxpayers by Industry	Exh. A-7	161

Debt Capacity - These schedules present information to help the reader assess the affordability of the City of Fort Collins' current levels of outstanding debt and its ability to issue additional debt in the future.

Ratios of Outstanding Debt by Type	Exh. A-8	162
Ratios of General Bonded Debt Outstanding	Exh. A-9	163
Direct & Overlapping Governmental Act. Debt	Exh. A-10	164
Legal Debt Margin Information	Exh. A-11	165
Pledged Revenue Coverage	Exh. A-12	166

Demographic and Economic Information - These schedules offer demographics and economic indicators to help the reader understand the environment within which the City of Fort Collins financial activities take place.

Demographic and Economic Statistics	Exh. A-13	167
Principal Employers	Exh. A-14	168
Full-time Equivalent City Emp. By Function/Program	Exh. A-15	169

Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in City of Fort Collins financial report relates to the services government provides and the activities it performs.

Operating Indicators by Function/Program	Exh. A-16	170
Capital Asset Statistics by Function/Program	Exh. A-17	171

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year and/or city departments. The city implemented Statement 34 in 2001; schedules presenting government-wide information include information begin in that year.

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Net Assets by Component
 Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 118,461,814	\$ 194,619,518	\$ 419,142,373	\$ 392,474,961	\$ 428,474,008	\$ 481,712,612	\$ 526,367,326
Restricted	46,405,827	47,125,993	42,592,683	72,289,200	77,744,835	58,068,181	37,074,350
Unrestricted	120,196,845	94,755,679	91,586,872	111,295,394	126,586,076	125,096,333	135,730,814
Total governmental activities net assets	285,064,486	336,501,190	553,321,928	576,059,555	632,804,919	664,877,126	699,172,490
Business-type activities							
Invested in capital assets, net of related debt	261,470,300	291,048,424	327,793,571	340,553,716	358,079,436	376,929,367	398,949,427
Restricted	13,512,367	19,012,337	7,116,699	4,546,368	1,117,982	1,090,814	1,130,328
Unrestricted	110,192,514	109,482,223	109,284,221	123,724,366	141,009,608	161,846,962	175,272,980
Total business-type activities net assets	385,175,181	419,542,984	444,194,491	468,824,450	500,207,026	539,867,143	575,352,735
Primary government							
Invested in capital assets, net of related debt	379,932,114	485,667,942	746,935,944	733,028,677	786,553,444	858,641,979	925,316,753
Restricted	59,918,194	66,138,330	49,709,382	76,835,568	78,862,817	59,158,995	38,204,678
Unrestricted	230,389,359	204,237,902	200,871,093	235,019,760	267,595,684	286,943,295	311,003,794
Total Primary government net assets	\$ 670,239,667	\$ 756,044,174	\$ 997,516,419	\$ 1,044,884,005	\$ 1,133,011,945	\$ 1,204,744,269	\$ 1,274,525,225

Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)

Exhibit A-2

Expenses	2001	2002	2003	2004	2005	2006	2007
Governmental activities							
General government	\$ 13,725,486	\$ 20,393,585	\$ 22,442,513	\$ 12,809,657	\$ 18,853,748	\$ 26,470,414	\$ 27,866,850
Public safety- police and judicial	20,544,179	22,338,974	22,479,641	23,689,655	24,716,250	27,352,275	29,575,118
Public safety- fire service under IGA	11,696,381	12,619,828	12,682,604	12,625,297	14,515,155	16,560,945	15,505,340
Culture, parks, recreation & environment	33,560,789	25,219,524	22,699,165	31,412,377	34,028,772	32,003,627	33,150,455
Planning and development	1,110,178	11,112,799	9,746,908	11,729,941	5,751,845	5,524,775	7,592,991
Transportation	46,422,427	42,134,542	35,261,512	43,124,513	41,073,637	44,644,423	42,495,285
Library	3,638,486	3,937,569	3,759,222	3,644,539	3,790,496	3,728,929	3,899,771
Interest on long-term debt	2,297,705	1,967,610	1,236,604	2,091,589	3,172,312	3,100,357	3,112,906
Total governmental activities expenses	132,995,631	139,724,431	130,308,169	141,127,569	145,902,215	159,385,746	163,198,716
Business-type activities							
Light & Power	62,480,541	65,180,204	67,103,368	69,013,750	73,898,381	73,792,864	80,479,078
Water	17,809,885	17,972,057	18,990,881	19,644,348	19,786,700	19,789,796	23,272,388
Wastewater	13,644,763	13,664,776	13,079,274	14,105,019	13,865,899	13,187,287	14,239,803
Storm drainage	5,215,756	6,498,658	6,826,042	8,237,107	8,186,997	7,492,902	9,132,090
Golf	2,166,112	2,302,690	2,348,717	2,297,149	2,528,846	2,469,437	2,696,698
Fort Collins Housing Authority	6,436,698	-	-	-	-	-	-
Total business-type activities expenses	107,753,755	105,618,385	108,348,282	113,297,373	118,266,823	116,732,286	129,820,057
Total primary government expenses	240,749,386	245,342,816	238,656,451	254,424,941	264,169,038	276,118,031	293,018,773
Program revenues							
Governmental activities							
General government	3,476,188	3,927,357	3,309,335	4,298,730	4,297,168	4,705,594	4,889,707
Public safety- police and judicial	1,632,831	1,562,334	2,997,990	2,768,110	2,371,137	2,436,387	3,719,375
Public safety- fire service under IGA	-	-	-	-	-	-	-
Culture, parks, recreation & environment	6,114,782	5,965,241	6,601,403	6,222,763	6,951,928	7,257,141	11,867,562
Planning and development	2,811,602	4,582,049	3,109,977	3,588,457	3,062,568	2,828,152	2,617,068
Transportation	9,970,837	8,252,211	8,548,508	9,216,297	8,805,105	9,295,808	9,293,000
Operating grants & contributions	9,701,817	11,715,273	10,194,032	10,453,738	23,639,767	10,683,640	10,988,074
Capital grants & contributions	23,640,849	45,930,841	25,086,437	28,275,058	46,701,699	31,529,551	30,931,625
Total governmental activities program revenues	57,348,906	81,935,306	59,847,682	64,823,153	95,829,372	68,736,272	74,306,411
Business-type activities							
Light & Power	67,103,925	69,580,799	71,019,850	74,571,140	80,049,080	81,481,709	83,325,503
Water	21,556,073	22,565,427	23,614,722	22,798,497	24,544,153	26,365,645	25,243,152
Wastewater	13,314,475	13,394,679	12,993,746	13,414,864	13,908,038	14,235,334	15,114,423
Storm drainage	6,697,137	10,782,162	11,962,505	13,234,248	13,504,920	13,073,526	13,196,697
Golf	2,278,472	2,355,856	2,206,936	2,215,351	2,415,275	2,540,073	2,578,555
Fort Collins Housing Authority	1,021,128	-	-	-	-	-	-
Operating grants & contributions	5,791,430	57,404	182,457	52,358	56,570	12,916	19,761
Capital grants & contributions	18,249,677	12,152,180	12,696,133	12,983,817	16,591,023	16,150,933	16,651,016
Total business-type activities program revenues	136,012,317	130,888,507	134,676,349	139,270,275	151,069,059	153,860,136	156,129,107
Total primary government program revenues	193,361,223	212,823,813	194,524,031	204,093,428	246,898,431	222,596,408	230,435,518
Net (expenses) revenue							
Governmental activities	(75,646,725)	(57,789,125)	(70,460,487)	(76,304,416)	(50,072,843)	(90,649,474)	(88,892,305)
Business-type activities	28,258,562	25,270,122	26,328,067	25,972,902	32,802,236	37,127,850	26,309,050
Total primary government net expenses	(47,388,163)	(32,519,003)	(44,132,420)	(50,331,513)	(17,270,607)	(53,521,624)	(62,583,255)
General revenues and other changes in net assets							
Governmental activities							
Taxes:							
Sales & use taxes	70,590,670	69,518,992	68,375,870	72,057,494	72,735,337	75,630,868	78,444,572
Property taxes	13,052,072	13,503,342	13,902,709	14,443,612	14,954,882	15,898,094	16,297,997
Occupational privilege taxes	2,103,813	2,093,644	2,340,669	2,252,672	2,227,562	2,423,657	2,358,803
Lodging tax	565,323	574,134	581,636	601,144	668,499	841,586	837,773
Intergovernmental not restricted to programs	520,833	526,581	504,296	527,020	493,989	486,121	540,947
Investment earnings	9,266,053	5,683,844	2,819,956	2,955,230	8,940,850	17,231,464	14,546,406
Miscellaneous	908,502	3,334,954	511,846	278,050	392,002	3,539,882	3,261,060
Transfers	6,688,092	5,776,705	4,881,246	5,926,822	6,405,086	6,670,009	6,900,111
Total governmental activities	103,695,358	101,012,196	93,918,228	99,042,043	106,818,207	122,721,681	123,187,669
Business-type activities							
Intergovernmental not restricted to programs	-	-	-	-	-	-	10,010
Investment earnings	6,780,920	4,718,642	3,041,127	2,434,292	3,718,902	7,072,274	15,279,459
Sale of land & equipment	869,060	768,109	(39,033)	1,534,885	244,283	-	-
Insurance recovery	117,119	163,387	72,768	-	-	-	-
Other miscellaneous	186,046	44,089	129,825	1,102,334	1,022,241	2,130,002	787,184
Transfers	(5,872,559)	(5,776,705)	(4,881,246)	(5,926,822)	(6,405,086)	(6,670,009)	(6,900,111)
Total business-type activities	2,080,586	(82,478)	(1,676,559)	(855,311)	(1,419,660)	2,532,267	9,176,542
Total primary government	105,775,944	100,929,718	92,241,669	98,186,732	105,398,547	125,253,948	132,364,211
Change in net assets							
Governmental activities	28,048,633	43,223,071	23,457,741	22,737,628	56,745,364	32,072,207	34,295,364
Business-type activities	30,339,148	25,187,644	24,651,508	25,117,591	31,382,576	39,660,117	35,485,592
Total primary government	\$ 58,387,781	\$ 68,410,715	\$ 48,109,249	\$ 47,855,219	\$ 88,127,940	\$ 71,732,324	\$ 69,780,956

Fund Balances, Governmental Funds
 Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$ 4,460,729	\$ 5,978,879	\$ 5,205,850	\$ 4,347,958	\$ 5,642,657	\$ 16,957,345	\$ 16,140,770	\$ 18,014,876	\$ 16,988,903	\$ 15,071,952
Unreserved	16,460,066	19,931,031	24,958,732	30,465,865	25,992,377	19,839,363	18,014,222	19,381,924	26,015,681	33,186,165
Total general fund	20,920,795	25,909,910	30,164,582	34,813,823	31,635,034	36,796,708	34,154,992	37,396,800	43,004,584	48,258,117
All Other Governmental Funds										
Reserved	26,867,298	27,246,844	28,334,088	28,209,832	20,048,514	12,572,821	9,931,468	59,724,336	46,909,568	23,227,977
Unreserved, reported in:										
Special revenue funds	31,925,374	43,151,969	49,525,370	17,594,241	23,772,222	47,487,142	70,574,504	32,640,561	21,677,280	61,245,741
Capital projects funds	18,644,760	23,566,723	29,493,757	64,333,359	56,474,271	30,134,647	61,155,466	64,842,255	62,337,355	25,808,935
Total all other governmental funds	\$ 77,437,432	\$ 93,965,536	\$ 107,353,215	\$ 110,137,432	\$ 100,295,007	\$ 90,194,610	\$ 141,661,438	\$ 157,207,152	\$ 130,924,203	\$ 110,282,653

Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Taxes	\$ 68,828,273	\$ 76,552,186	\$ 80,502,964	\$ 84,401,996	\$ 84,888,283	\$ 84,770,702	\$ 88,866,414	\$ 90,071,479	\$ 93,994,042	\$ 97,278,103
Licenses & permits	1,773,395	1,970,537	1,912,175	1,966,012	1,808,667	1,855,332	1,947,923	1,887,158	1,656,006	1,656,505
Intergovernmental	18,508,619	23,860,127	18,052,827	21,359,238	23,372,793	17,544,899	21,302,365	15,984,806	22,240,546	18,056,526
Fees and charges for services	28,408,917	29,121,175	28,972,969	31,459,431	28,912,284	30,394,985	33,975,149	31,381,641	31,681,498	39,946,708
Fines & forfeitures	1,180,399	1,125,615	1,196,768	1,224,963	1,306,502	1,844,921	2,287,262	1,928,786	2,266,293	2,824,814
Earnings on investments	4,306,837	4,561,377	8,359,859	8,372,837	4,798,315	2,291,160	2,421,546	5,381,259	8,514,736	8,798,119
Securities lending income	-	-	-	-	313,622	183,250	274,776	3,076,855	7,807,487	3,914,689
Miscellaneous revenue	4,166,521	7,165,990	11,790,435	12,858,265	18,600,135	12,862,838	14,175,373	30,199,006	15,200,919	12,645,509
Total Revenues	127,172,961	144,357,007	150,787,997	161,642,742	164,000,601	151,748,087	165,250,808	179,910,990	183,361,527	185,120,973
Expenditures										
Executive, legislative and judicial	4,095,038	4,955,594	5,026,476	5,375,613	9,689,141	5,402,331	5,335,248	8,770,182	8,116,764	9,609,283
Facility operations	7,657,170	8,493,974	8,591,638	9,534,343	6,860,834	7,477,404	8,090,302	3,872,877	5,449,028	5,738,299
Culture, parks, recreation & environment	14,405,701	15,089,125	16,062,572	17,041,257	16,806,369	18,663,900	18,385,004	17,886,794	23,590,848	24,175,291
Library	2,860,332	3,026,123	3,506,937	3,638,486	3,937,569	3,759,222	3,644,539	3,790,496	3,728,929	3,899,771
Communications & technology	-	-	-	-	-	3,642,143	3,572,708	3,751,322	4,022,650	3,765,399
Planning and development	3,728,713	4,204,878	4,534,122	5,068,231	7,586,270	4,961,304	27,198,181	11,383,196	7,089,060	8,192,604
Police protection	15,185,985	16,609,289	19,808,576	20,374,513	23,049,481	24,081,499	27,239,644	24,748,433	26,565,914	28,463,454
Transportation	18,054,662	18,893,093	25,193,213	29,130,620	26,212,368	24,601,620	33,388,348	32,029,219	32,048,536	31,695,280
Emergency recovery	-	-	-	-	-	601,940	-	-	-	-
Other	8,482,253	8,443,191	3,821,557	2,883,175	7,005,539	5,832,599	4,675,639	2,010,158	1,909,229	2,417,492
Securities lending	-	-	-	-	277,793	147,123	254,967	3,055,554	7,694,589	3,854,053
Interest	-	-	-	-	14,331	14,451	19,809	21,302	45,159	37,268
Agent fees	-	-	-	-	-	-	-	-	-	-
Intergovernmental	9,303,658	9,870,704	10,440,552	11,696,381	12,619,828	12,682,604	12,625,297	14,515,155	15,160,769	15,505,340
Fire protection	1,135,710	1,246,529	370,480	-	-	-	-	-	-	-
Flood recovery	27,085,089	29,468,401	31,369,703	46,375,158	57,542,325	41,144,709	18,922,346	27,362,892	61,964,472	54,064,892
Capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service	3,890,000	3,780,000	4,640,000	4,350,000	4,362,753	2,854,188	3,090,384	3,776,820	4,243,495	2,987,796
Principal	1,811,639	2,709,034	2,343,332	1,893,719	1,780,982	1,515,432	1,273,528	4,262,363	3,267,299	3,128,024
Interest	120,786	-	-	-	-	-	-	-	-	-
Bond insurance costs	-	-	-	-	-	-	-	-	-	-
Total expenditures	117,816,736	126,789,935	135,709,158	157,361,496	177,745,583	157,382,469	167,715,944	161,236,763	204,896,741	197,534,246
Excess of revenues over (under) expenditures	9,356,225	17,567,072	15,078,839	4,281,246	(13,744,982)	(5,634,382)	(2,465,136)	18,674,227	(21,535,214)	(12,413,273)
Other Financing Sources (Uses)										
Proceeds from issuance of long term debt	17,527,191	2,696,192	1,309,171	1,966,262	380,739	173,185	51,402,049	162,295	608,269	762,845
Transfers in	70,366,785	80,087,582	87,666,619	102,175,276	105,115,523	107,193,381	103,815,358	104,097,611	114,139,713	112,845,575
Transfers in from component unit	1,464,585	1,497,927	1,690,949	815,533	-	-	-	-	-	-
Transfers out	(69,926,186)	(79,659,070)	(87,487,133)	(101,819,432)	(104,770,509)	(107,077,655)	(103,927,159)	(104,146,611)	(113,887,933)	(116,583,164)
Total other financing sources (uses)	19,432,375	4,622,631	3,179,606	3,137,639	725,753	288,911	51,290,248	113,295	860,049	(2,974,744)
Net change in fund balances	\$ 28,788,600	\$ 22,189,703	\$ 18,258,445	\$ 7,418,885	\$ (13,019,229)	\$ (5,345,471)	\$ 48,825,112	\$ 18,787,522	\$ (20,675,165)	\$ (15,388,017)
Debt service as a percentage of noncapital expenditures	6.28%	6.67%	6.69%	4.34%	4.87%	3.64%	3.17%	6.67%	5.13%	4.35%

Taxable Sales by Category
Last Ten Fiscal Years
in thousands of dollars

Exhibit A-5

	Taxable Sales									
	Calendar Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<u>Sales Tax Category</u>										
Miscellaneous Retail	\$ 201,283	\$ 213,023	\$ 227,760	\$ 229,868	\$ 223,347	\$ 217,429	\$ 218,425	\$ 221,132	\$ 225,023	\$ 243,737
General Merchandise Stores	216,168	231,598	258,345	271,604	323,486	332,573	335,480	339,708	334,855	336,227
Apparel & Accessory Stores	78,270	89,734	98,045	83,690	84,281	84,749	94,914	96,150	87,785	84,994
Food Stores	185,587	203,234	216,476	300,241	264,516	273,672	281,450	298,150	319,965	348,228
Eating & Dining Places	169,336	181,606	199,016	214,198	221,738	227,153	238,346	248,914	255,924	272,889
Hotel & Other Lodging Places	22,574	22,848	24,838	23,473	23,599	23,201	25,009	27,199	31,716	34,258
Furniture & Home Furnishings	79,814	82,194	89,372	114,955	120,329	123,297	132,208	144,843	155,212	172,831
Building & Construction	88,925	121,114	127,690	125,830	119,727	113,000	121,801	128,455	129,668	132,825
Auto Dealers & Service Stations	101,391	115,162	135,046	151,298	160,089	155,064	149,347	143,264	141,449	155,473
Garages & Misc Repairs	37,322	40,432	42,814	17,042	17,230	17,664	18,215	17,526	18,546	21,741
Transportation & Public Utilities	139,966	153,307	166,947	192,492	185,596	191,610	203,274	196,728	201,430	212,697
Manuf & Wholesale Trade	75,668	73,721	88,046	80,470	67,721	70,493	74,503	82,145	174,376	98,230
Business Services	56,820	62,933	62,029	116,166	103,258	90,809	84,968	82,965	83,220	84,189
Personal Services	24,397	25,864	26,270	18,796	20,615	17,674	15,714	15,397	15,307	15,619
Services Industries	25,680	27,649	31,238	36,629	28,027	28,453	28,359	28,966	29,216	31,968
Amuse & Recreation Services	3,423	3,276	3,749	2,270	2,240	2,367	2,670	2,556	2,373	2,615
Total	\$ 1,506,624	\$ 1,647,695	\$ 1,797,681	\$ 1,979,022	\$ 1,965,799	\$ 1,969,208	\$ 2,024,683	\$ 2,074,098	\$ 2,206,065	\$ 2,248,521
City direct sales tax rate*	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

* Food sales city direct sales tax rate is 2.25%

Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

Exhibit A-6

<u>Fiscal Year</u>	<u>City Direct Rate*</u>	<u>Larimer County</u>	<u>Colorado State</u>
1998	3.00%	0.65%	3.00%
1999	3.00%	0.75%	3.00%
2000	3.00%	0.80%	3.00%
2001	3.00%	0.80%	2.90%
2002	3.00%	0.80%	2.90%
2003	3.00%	0.80%	2.90%
2004	3.00%	0.80%	2.90%
2005	3.00%	0.80%	2.90%
2006	3.00%	0.80%	2.90%
2007	3.00%	0.80%	2.90%

* Food sales direct rate is 2.25%

Sales Tax Revenue Taxpayers by Industry
Current Year and 2001

Exhibit A-7

	Fiscal Year 2007			Fiscal Year 2001		
	Number of Filers	Percentage of Total	Tax Liability	Number of Filers	Percentage of Total	Tax Liability
General Merchandise Stores	16	0.17%	\$ 9,426,402	10	0.19%	\$ 7,805,470
Food Stores	149	1.62%	7,989,126	76	1.43%	7,484,159
Eating & Dining Places	351	3.81%	7,513,532	217	4.08%	6,311,514
Miscellaneous Retail	1,350	14.67%	6,620,372	726	13.66%	6,771,484
Transportation & Public Utilities	287	3.12%	5,976,898	160	3.01%	5,735,966
Manufacturing & Wholesale Trade	727	7.90%	5,193,032	580	10.91%	2,374,589
Furniture & Home Furnishings	406	4.41%	4,609,636	191	3.59%	3,394,319
Auto Dealers & Service Stations	142	1.54%	4,203,752	96	1.81%	4,475,588
Building & Construction	1,913	20.79%	3,844,345	948	17.84%	3,765,688
Apparel & Accessory Stores	198	2.15%	2,581,570	110	2.07%	2,464,059
Business Services	2,092	22.73%	2,455,758	1,246	23.44%	3,387,916
Hotel & Other Lodging Places	19	0.21%	1,061,910	10	0.19%	697,182
Services Industries	503	5.47%	871,210	324	6.10%	1,083,407
Garages & Misc Repairs	220	2.39%	543,445	134	2.52%	491,756
Personal Services	727	7.90%	424,438	421	7.92%	545,920
Amusement & Recreation Services	103	1.12%	70,144	66	1.24%	68,407
Total	9,203	100.00%	\$ 63,385,570	5,315	100.00%	\$ 56,857,422

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the city's revenue.
Data not available before 2001.

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Exhibit A-8

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Revenue Bonds	Certificates of Completion	Assignment of Lease Payments	Special Assessment Bonds	Capital Leases	General Obligation Bonds	Revenue Bonds	Certificates of Completion	Assignment of Lease Payments	Capital Leases		
1998	\$ 2,635,000	\$ 19,794,464	\$ 17,210,000	\$ -	\$ 80,000	\$ 4,156,502	\$ 31,020,000	\$ 98,152,948	\$ -	\$ -	\$ 919,917	5.8%	\$ 1,525
1999	1,800,000	17,654,464	18,240,000	-	-	4,354,028	28,225,000	118,585,608	2,255,000	-	1,466,032	6.0%	1,646
2000	920,000	15,289,464	17,565,000	-	-	4,243,085	25,340,000	118,630,852	2,180,000	-	1,373,564	5.1%	1,556
2001	-	12,804,464	16,865,000	-	-	4,226,557	22,280,000	122,326,648	2,115,000	-	721,364	4.8%	1,510
2002	-	10,204,464	16,135,000	890,000	-	5,019,065	19,255,000	128,110,894	2,045,000	2,830,000	555,941	4.7%	1,486
2003	-	7,989,464	15,370,000	862,247	-	4,920,921	16,410,000	118,474,753	1,970,000	2,741,753	465,866	4.3%	1,348
2004	-	6,879,464	63,220,000	802,675	-	4,603,376	13,455,000	115,036,666	1,890,000	2,552,325	280,199	5.0%	1,645
2005	-	5,744,464	61,870,000	770,855	-	3,474,537	10,455,000	107,494,970	1,805,000	2,451,145	251,431	4.4%	1,522
2006	-	4,579,464	60,190,000	737,360	-	2,814,989	7,395,000	99,030,703	1,715,000	2,344,640	-	3.9%	1,381
2007	-	3,341,863	58,345,000	702,430	-	2,602,170	5,000,000	90,602,490	1,715,000	2,233,570	489,272	n/a	n/a

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Exhibit A-9

<u>Fiscal</u> <u>Year</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Percentage of</u> <u>Actual Taxable</u> <u>Value of</u> <u>Property</u>	<u>Per</u> <u>Capita</u>
1998	\$ 33,655,000	0.54%	\$ 300
1999	30,025,000	0.42%	259
2000	26,260,000	0.35%	221
2001	22,280,000	0.25%	182
2002	19,255,000	0.21%	155
2003	16,410,000	0.15%	131
2004	13,455,000	0.12%	106
2005	10,455,000	0.09%	82
2006	7,395,000	0.06%	57
2007	5,000,000	0.04%	n/a

Direct and Overlapping Governmental Activities Debt
As of December 31, 2007

Exhibit A-10

	Outstanding General Obligation Debt ¹	Percentage Applicable to the City ²	Share of Debt Applicable to the City
City of Fort Collins	\$ -	0.00%	\$ -
Overlapping Debt			
Poudre R-1 School District ³	224,369,466	73.51%	164,941,740
Poudre Health Services District ³	-	72.06%	-
Fort Collins Regional Library ³	-	74.87%	-
	224,369,466		164,941,740
Totals	<u>\$ 224,369,466</u>		<u>\$ 164,941,740</u>

ASSESSED VALUATION, DEBT, AND DEBT RATIO
DECEMBER 31, 2007

Estimated actual valuation	\$ 13,603,426,669
Assessed valuation	\$ 1,713,170,788
Net general obligation direct debt	\$ -
Estimated overlapping debt	\$ 164,941,740
Net direct and estimated overlapping debt	\$ 164,941,740
Ratio of net direct debt to estimated actual valuation	0.0000
Ratio of net direct debt to assessed valuation	0.0000
Net direct debt per capita ⁴	\$ -
Ratio of net direct and estimated overlapping debt to estimated actual valuation	0.0121
Ratio of net direct and estimated overlapping debt to assessed valuation	0.0963
Net direct and estimated overlapping debt per capita ⁴	\$ 1,274
Estimated actual valuation per capita ⁴	\$ 105,037
Assessed valuation per capita ⁴	\$ 13,228

¹ Includes only general obligation debt supported by general property taxes less available debt service monies. Does not include general obligation water bonds which have historically been supported by water revenue and not property taxes or general obligation bonds supported by special assessments.

² Determined by calculating ratio of assessed valuation of taxable property within the City to assessed valuation of the overlapping unit. Source for assessed valuations: Larimer County Assessor's Office.

³ Source: Governmental entity.

⁴ Based on 2006 Population estimate per Colorado State Demography Office --129,511

Assessed Valuation ¹	\$ 1,713,170,788
Debt limit - 10% of assessed value	171,317,079
Amount of debt applicable to limit:	
Total bonded debt (including special assessments)	108,634,353
Less:	
Assets in debt service funds available for payment of general obligation debt	-
Other deductions allowed by law:	
Downtown Development Authority tax increment bonds	(9,690,000)
Sales and use tax revenue bonds	(1,900,000)
General obligation water bonds	(5,000,000)
Water revenue bonds	(31,271,504)
Sewer revenue bonds	(20,065,986)
Storm drainage revenue bonds	(39,265,000)
Highway users tax revenue bonds	(1,441,863)
Net amount of debt applicable to debt limit	-
Legal debt margin	\$ 171,317,079

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit	\$ 91,515,931	\$ 175,085,072	\$ 110,900,198	\$ 124,863,557	\$ 163,033,358	\$ 136,426,233	\$ 139,079,994	\$ 149,791,485	\$ 152,957,699	\$ 171,317,079
Total net debt applicable to limit	2,635,000	2,330,000	920,000	-	-	-	-	-	-	-
Legal debt margin	\$ 88,880,931	\$ 172,755,072	\$ 109,980,198	\$ 124,863,557	\$ 163,033,358	\$ 136,426,233	\$ 139,079,994	\$ 149,791,485	\$ 152,957,699	\$ 171,317,079
Total net debt applicable to the limit as a percentage of debt limit	2.88%	1.33%	0.83%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

¹Source: Larimer County Assessor's Office.

SEWER REVENUE BONDS							
	Gross		Net Revenue	Debt Service Requirements			Coverage
	Revenues	Expenses	Available for Debt Service	Principal	Interest	Total	
1998	\$ 17,493,497	\$ 7,529,753	\$ 9,963,744	\$ 2,567,645	\$ 2,395,363	\$ 4,963,008	2.01
1999	17,357,616	8,076,117	9,281,499	2,599,075	2,281,244	4,880,319	1.90
2000	18,009,290	8,285,684	9,723,606	2,791,950	2,161,579	4,953,529	1.96
2001	19,267,404	8,733,170	10,534,234	3,040,433	2,057,455	5,097,888	2.07
2002	17,497,700	9,021,741	8,475,959	3,160,550	2,373,596	5,534,146	1.53
2003	16,498,459	8,767,456	7,731,003	3,172,004	2,220,133	5,392,137	1.43
2004	16,978,586	9,461,490	7,517,096	1,505,051	1,950,594	3,455,645	2.18
2005	17,139,528	9,487,565	7,651,963	2,969,994	1,873,686	4,843,680	1.58
2006	21,391,437	9,383,282	12,008,155	3,747,678	1,587,594	5,335,272	2.25
2007	22,047,827	9,931,390	12,116,437	3,921,558	1,183,713	5,105,271	2.37

STORM DRAINAGE REVENUE BONDS							
	Gross		Net Revenue	Debt Service Requirements			Coverage
	Revenues	Expenses	Available for Debt Service	Principal	Interest	Total	
1998	\$ 5,636,101	\$ 1,728,041	\$ 3,908,060	\$ 470,000	\$ 709,328	\$ 1,179,328	3.31
1999	6,883,868	1,861,037	5,022,831	500,000	1,174,146	1,674,146	3.00
2000	7,756,140	2,198,073	5,558,067	1,175,000	1,636,668	2,811,668	1.98
2001	8,289,000	2,256,919	6,032,081	1,410,000	1,644,566	3,054,566	1.97
2002	11,583,376	2,620,981	8,962,395	1,655,000	2,336,571	3,991,571	2.25
2003	12,910,089	2,574,203	10,335,886	2,162,500	2,284,237	4,446,737	2.32
2004	13,762,079	3,781,929	9,980,150	2,247,500	2,194,153	4,441,653	2.25
2005	14,848,147	3,741,376	11,106,771	2,325,000	2,114,130	4,439,130	2.50
2006	15,396,336	3,778,808	11,617,528	2,405,000	2,029,698	4,434,698	2.62
2007	16,698,247	4,614,609	12,083,638	2,150,000	1,642,746	3,792,746	3.19

WATER REVENUE BONDS							
	Gross		Net Revenue	Debt Service Requirements			Coverage
	Revenues	Expenses	Available for Debt Service	Principal	Interest	Total	
1998	\$ 23,360,903	\$ 8,906,404	\$ 14,454,499	\$ 211,631	\$ 278,521	\$ 490,152	29.49
1999	26,068,298	9,577,305	16,490,993	1,446,660	1,402,711	2,849,371	5.79
2000	29,043,170	10,554,011	18,489,159	1,652,806	1,831,861	3,484,667	5.31
2001	32,227,924	11,099,066	21,128,858	1,698,771	1,792,715	3,491,486	6.05
2002	29,504,446	11,886,658	17,617,788	1,760,204	1,736,749	3,496,953	5.04
2003	31,104,859	12,932,160	18,172,699	2,026,637	1,677,963	3,704,600	4.91
2004	32,139,886	12,962,054	19,177,832	2,161,982	1,732,555	3,894,537	4.92
2005	36,534,831	13,288,211	23,246,620	2,236,701	1,656,398	3,893,099	5.97
2006	35,522,009	13,927,204	21,594,805	2,311,590	1,578,021	3,889,611	5.55
2007	39,010,420	14,631,766	24,378,654	2,401,656	1,497,294	3,898,950	6.25

HIGHWAY USERS TAX REVENUE BONDS ¹							
	Gross		Net Revenue	Debt Service Requirements			Coverage
	Revenues	Expenses	Available for Debt Service	Principal	Interest	Total	
1998	\$ 2,889,902	\$ -	\$ 2,889,902	\$ -	\$ 102,207	\$ 102,207	28.27
1999	3,050,174	-	2,211,376	90,000	148,555	238,555	9.27
2000	3,182,852	-	2,148,377	220,000	134,248	354,248	6.06
2001	3,264,212	-	2,366,554	230,000	126,548	356,548	6.64
2002	3,282,312	-	2,366,397	235,000	118,268	353,268	6.70
2003	3,184,979	-	2,309,109	245,000	109,573	354,573	6.51
2004	3,461,882	-	3,461,882	255,000	100,263	355,263	9.74
2005	3,219,501	-	3,219,501	260,000	90,318	350,318	9.19
2006	3,640,804	-	3,640,804	275,000	79,918	354,918	10.26
2007	3,478,444	-	3,478,444	147,866	205,777	353,643	9.84

SALES AND USE TAX REVENUE BONDS ²							
	Gross		Net Revenue	Debt Service Requirements			Coverage
	Revenues	Expenses	Available for Debt Service	Principal	Interest	Total	
1998	\$ 45,325,646	\$ -	\$ 45,325,646	\$ 1,970,000	\$ 882,580	\$ 2,852,580	15.89
1999	50,699,053	-	50,699,053	2,050,000	794,035	2,844,035	17.83
2000	52,346,674	-	52,346,674	2,145,000	697,928	2,842,928	18.41
2001	56,643,203	-	56,643,203	2,255,000	594,043	2,849,043	19.88
2002	53,757,585	-	53,757,585	2,365,000	481,633	2,846,633	18.88
2003	54,125,730	-	54,125,730	735,000	294,045	1,029,045	52.60
2004	56,206,574	-	56,206,574	855,000	141,250	996,250	56.42
2005	57,616,625	-	57,616,625	875,000	124,150	999,150	57.67
2006	59,587,946	-	59,587,946	890,000	104,463	994,463	59.92
2007	60,624,595	-	60,624,595	910,000	84,438	994,438	60.96

¹ Gross revenues are reported as part of intergovernmental revenues in the Transportation Fund.

² Gross revenues are less sales tax restricted for specific purposes.

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2007	n/a	n/a	n/a	3.4%
2006	129,511	\$9,968,698	\$35,397	3.9%
2005	127,686	9,330,387	34,323	4.4%
2004	126,903	8,816,010	32,796	4.6%
2003	125,461	8,264,210	31,036	5.3%
2002	124,428	8,267,020	31,344	4.7%
2001	122,521	8,164,809	31,451	3.0%
2000	118,652	7,657,065	30,272	2.5%
1999	115,937	6,756,866	27,369	n/a
1998	112,335	6,282,235	26,093	n/a

Note: Information for personal income, per capita, and unemployment rate is based on the Fort Collins/Loveland regional area. Information not available prior to 2000 for unemployment rate.

Source: Personal income, and per capita personal income provided by the Bureau of Economic Analysis.

Unemployment rate provided by the Colorado Department of Labor and Employment.

Population provided by the Colorado State Demography Office.

Principal Employers
2006 and Nine Years Ago

Exhibit A-14

<u>Employer</u>	Fiscal Year 2006			Fiscal Year 1997		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Colorado State University	6,948	1	8.5%	6,694	1	8.2%
Hewlett Packard	3,182	2	3.9%	3,200	2	3.9%
Poudre Valley Health System	3,020	3	3.7%	1,800	4	2.2%
Poudre R-1 School District	3,014	4	3.7%	3,000	3	3.7%
Agilent Technologies	2,800	5	3.4%	-	-	0.0%
City of Fort Collins	1,864	6	2.3%	1,045	6	1.3%
Larimer County	1,467	7	1.8%	1,300	5	1.6%
Walmart Super Center	909	8	1.1%	-	-	0.0%
Advanced Energy	825	9	1.0%	600	10	0.7%
Anheuser- Busch	760	10	0.9%	721	8	0.9%
Teledyne Waterpik	-	-	-	682	9	0.8%
Symbios Logic	-	-	-	900	7	1.1%
Total	24,789		30.4%	19,942		24.4%

Source: City of Fort Collins Planning Department- most current information available is 2006.

Full-time Equivalent City Employees by Function/ Program
Last Eight Fiscal Years

Exhibit A-15

<u>Function/ Program</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General government								
Budget	4.0	4.0	4.0	3.9	4.0	3.8	2.0	2.0
City Attorney's Office	9.9	9.3	9.7	10.3	10.2	9.8	10.6	10.9
City Clerk's Office	6.5	7.1	6.8	6.6	6.2	6.5	5.8	6.1
City Council	7.0	7.2	7.0	7.0	7.0	7.3	7.0	7.2
City Manager's Office	11.2	12.0	12.8	12.5	12.8	11.8	11.1	12.5
Comm & Public Involvement	6.0	6.8	8.0	8.4	9.2	8.9	7.5	7.6
Finance	33.5	33.8	35.0	34.7	34.4	31.0	31.0	33.9
Geographic Information Service	13.8	14.7	15.8	14.9	14.4	14.4	16.0	15.3
Human Resources	15.1	15.4	18.8	19.4	18.4	17.7	16.1	14.9
Information Technology	16.2	17.1	16.7	16.2	16.4	17.3	16.5	17.3
Operations Services	64.6	68.0	71.1	69.1	67.2	61.1	58.7	61.7
Public safety- police and judicial								
Investigation	46.5	49.4	51.8	53.6	52.9	53.9	53.3	54.1
Municipal Court	7.2	7.4	7.3	6.9	7.0	7.0	6.6	6.3
Patrol	109.2	111.1	111.7	116.6	112.7	114.7	117.1	118.7
Police Admin	9.8	11.0	14.1	14.4	16.3	15.1	13.7	14.1
Police Information Services	47.7	51.7	56.3	58.9	62.8	61.1	57.5	56.2
Culture, parks, recreation & environment								
CLRS- Admin	4.0	4.2	4.8	5.9	5.5	5.0	4.9	4.0
Cultural Services	12.1	13.5	13.9	13.7	13.1	13.6	13.6	13.4
Lincoln Center	13.4	12.6	11.8	12.9	12.0	11.1	10.5	11.7
Museum	5.4	6.2	6.6	6.2	7.4	7.5	8.0	9.2
Natural Resources	24.4	27.8	29.6	32.4	36.8	42.0	43.1	46.4
Parks & Recreation	232.8	233.1	225.9	229.6	232.2	230.9	226.9	222.8
Library	63.2	66.1	65.4	64.5	64.5	65.0	63.0	63.9
Planning and development								
CPES	5.2	4.6	5.0	4.1	3.5	2.1	1.1	1.0
Advance Planning	16.1	16.1	16.0	16.1	16.1	15.3	13.4	12.8
Current Planning	8.9	8.9	9.0	8.2	7.7	6.6	7.4	9.5
Neighborhood & Building Services	24.0	25.3	30.2	38.2	25.9	28.1	30.1	28.4
Transportation								
Engineering	57.8	59.6	60.6	46.5	37.7	34.6	32.5	27.8
Pavement Management	-	-	-	-	7.1	7.3	7.6	7.1
Streets	53.3	57.3	56.4	53.8	55.4	50.5	47.5	49.0
Traffic Operations	21.5	24.1	27.5	27.5	28.3	28.8	28.3	30.1
Transfort	77.6	81.1	91.5	93.0	90.7	82.1	73.2	75.1
Transportation Administration	3.1	2.8	3.0	2.9	2.2	2.2	2.0	1.0
Transportation Parking	22.0	18.1	20.0	21.2	22.8	21.1	20.1	19.9
Transportation Planning	6.7	6.9	7.6	7.6	5.2	5.4	5.5	6.1
Light & Power								
Customer Service	43.8	43.2	49.7	53.0	52.6	52.2	51.0	51.0
Electric Field Services	75.3	70.7	69.1	68.0	67.3	60.8	58.0	57.1
Electric Plng & Eng Services	29.6	40.6	40.6	39.9	40.4	38.8	39.2	38.7
Water								
Customer Service	28.3	28.0	32.2	34.3	34.0	33.8	33.0	33.0
Water Eng & Field Services	42.9	42.8	25.3	23.1	22.1	22.4	22.9	24.6
Water Resources & Treatment	39.8	40.5	39.6	39.8	39.8	39.8	38.2	38.6
Wastewater								
Customer Service	13.0	12.9	14.8	15.8	15.6	15.5	15.1	15.1
Water Eng & Field Services	16.1	16.5	14.3	14.6	14.0	14.1	13.4	14.8
Water Resources & Treatment	52.7	45.7	43.7	43.0	43.4	44.3	41.8	40.0
Storm drainage								
Customer Service	12.9	12.7	14.6	15.6	15.5	15.4	15.0	15.0
Water Eng & Field Services	22.8	21.8	22.9	24.2	23.6	22.3	22.5	21.2
Water Resources & Treatment	3.9	2.6	2.0	2.3	2.5	2.0	2.4	3.6
Golf								
Collindale	7.0	7.3	7.4	7.4	7.4	7.3	7.5	7.0
City Park Nine	4.3	4.7	4.8	4.6	4.7	4.7	4.3	4.4
Southridge	7.8	8.6	8.0	7.4	7.5	7.7	7.5	7.5
Administration	1.0	1.0	2.0	1.8	1.6	1.8	1.8	1.8
Total City of Fort Collins	1,462.5	1,495.2	1,524.6	1,533.8	1,519.2	1,484.5	1,442.5	1,451.4
Public safety- fire service under IGA								
Poudre Fire Authority	192.1	197.1	203.2	204.6	201.9	217.7	222.5	225.7
TOTAL	1,654.6	1,692.3	1,727.7	1,738.4	1,721.2	1,702.1	1,665.1	1,677.1

Note: Data is not available before 2000. The full time equivalents are calculated using total hours worked, excluding overtime, but including vacation, sick and holiday time. This includes *all employees*, including exempt, not-exempt, with benefits, and without benefits. Vacancies are not included.

Operating Indicators by Function/Program
Last Ten Fiscal Years

Exhibit A-16

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
Job applications processed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	12,823	8,907
Warrants issued	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	972	918
Camera Radar completed cases	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	9,761	19,026
Public Safety-- police & judicial										
Adult arrests	7,361	6,144	6,622	4,979	5,793	6,588	6,313	4,202	4,663	5,188
Juvenile arrests	1,901	1,620	1,515	1,437	1,508	1,293	1,306	914	963	958
Traffic violations	10,359	13,057	10,489	10,247	12,250	12,644	12,744	13,334	13,838	15,341
Public Safety, fire service under IGA										
Number of fires per 1000 population	4.04	3.50	3.94	3.55	3.89	3.31	2.85	3.89	2.75	2.16
Total inspections per 1000 population	12.14	18.38	17.69	17.59	18.12	25.53	17.57	1.80	1.99	3.76
Average calls per week	165.70	177.56	191.00	206.20	100.00	100.00	99.99	99.99	99.99	246
Average response time	4:54	4:43	4:56	4:29	4:27	4:39	4:29	4:17	4:15	4:20
Culture, parks, recreation & environment										
Epic Pool & Ice attendance	371,568	351,885	347,979	343,967	451,620	368,353	494,577	405,660	424,313	323,183
City Park Pool attendance	59,485	52,685	43,636	39,495	5,100	69,954	64,413	63,376	70,851	71,608
Mulberry Pool attendance	69,067	71,957	73,739	75,471	86,029	93,280	89,358	73,909	87,351	92,322
Senior Center Pool attendance	32,032	39,563	37,658	35,986	25,124	44,498	23,754	35,931	25,338	37,888
Youth Activity Center attendance	102,504	89,330	101,415	86,387	26,575	24,511	45,921	23,686	3,578	7,729
North Aztlan Center attendance	82,176	86,738	125,574	156,779	132,910	125,135	156,697	167,136	187,728	135,203
Farm attendance	87,381	98,628	103,226	96,209	90,749	99,367	91,204	91,139	60,215	62,161
Museum attendance	n/a	n/a	n/a	25,934	19,860	21,337	34,057	40,107	40,607	32,000
Athletic field bookings	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	7,212	8,515
Planning and development										
Construction permits- single family units	1,162	1,144	985	1,114	1,224	973	987	735	458	408
Construction permits- Multi family units	64	103	76	56	53	92	63	44	24	24
Transportation										
Transfort										
Passengers	1,348,541	1,431,779	1,545,672	1,616,328	1,477,735	1,504,683	1,418,102	1,481,472	1,479,241	1,641,509
Revenue Miles	n/a	n/a	801,125	793,358	705,886	729,639	703,081	686,030	640,677	774,545
Revenue Hours	n/a	n/a	60,000	59,747	56,616	57,165	58,516	57,782	54,665	66,647
Dial a Ride										
Passengers	n/a	n/a	73,853	74,884	77,300	73,607	82,276	87,725	85,735	51,779
Revenue Miles	n/a	n/a	363,623	385,467	432,087	419,127	439,771	450,047	560,053	348,952
Revenue Hours	n/a	n/a	32,149	34,843	35,921	31,628	34,883	38,399	47,188	31,678
Light & Power										
Customers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	62,548	62,991
Electric Use- megawatt hours	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,404,784	1,442,861
Peak demand- megawatts	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	279	296
Interruption Index- minutes/year	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	25.63	18.00
Water										
Customers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	33,312	32,780
Treated water delivered- acre feet	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	29,133	27,192
Peak day water use- million gallons/day	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	49.0	47.5
Water main breaks	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	100	67
Wastewater										
Customers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	33,120	32,992
Average flow wastewater treated- million gallons/day	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	14,547	15,103
Recycled processed wastewater biosolids- dry tons	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,764	1,709
Industrial discharge permits	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	13	13
Storm Drainage										
Customers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	39,938	40,272
Golf										
Rounds played	154,416	155,778	147,742	150,829	139,583	124,327	118,781	123,313	124,609	117,133

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
Administrative buildings	2	2	2	3	3	3	3	3	3	3
Municipal court	1	1	1	1	1	1	1	1	1	1
Public Safety- police & judicial										
Police stations	1	1	1	1	1	1	1	1	1	1
Police cars	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	198	220
Public Safety, fire service under IGA										
Fire stations	12	12	12	12	12	13	13	13	13	13
Culture, parks, recreation & environmental										
Swimming pools	4	4	4	4	4	4	4	4	4	4
Number of parks	37	37	38	39	40	41	42	43	43	45
Acreage of parks	562	562	586	592	616	722	728	735	735	841
Miles of hard surface trails	15.80	16.30	18.20	18.87	19.37	19.87	22.52	23.62	24.87	28.67
Planning and development										
Land Bank program- acres*	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	51	51
Land Bank program- yield of future affordable housing units*	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	513	513
Transportation										
Transit buses	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	23	27
Lane miles	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,756	1,793
Light & Power										
Underground distribution lines- miles	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	766	788
Overhead distribution lines- miles	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	11	9
Distribution substations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5	5
Distribution transformers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	7,525	7,982
Water										
Water mains and distribution lines- miles of pipe	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	532	539
Hydrants	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3,411	3,464
Plant capacity- millions gallons/day	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	87	87
Raw water storage- acre feet	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6,500	7,161
Treated water storage- million gallons	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	36	36
Water rights owned- avg yield in acre feet/year	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	73,000	73,700
Wastewater										
Trunk and collection- miles of pipe	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	434	435
Plants- treatment capacity	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	29	29
Biosolids facility- acres	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	26,200	26,000
Storm Drainage										
City owned detention basins	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	90	90
City owned detention basins- acres	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	320	320
Regional drainage channels	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	63	67
Storm sewer manholes	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2,676	2,765
Storm sewer pipeline- miles	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	175.0	190.2
Golf										
Golf courses	3	3	3	3	3	3	3	3	3	3
City Park Nine- acres	56	56	56	56	56	56	56	56	56	56
Collindale- acres	167	167	167	167	167	167	167	167	167	167
SouthRidge-acres	128	128	128	128	128	128	128	128	128	128

* The Land Bank program acquires unimproved sites that are appropriate for affordable housing and holds them long-term (5 years minimum), which will ultimately be sold at discount to non-profit developers to build affordable housing projects.

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Other Schedules



**WASTEWATER UTILITY ENTERPRISE
SEWER REVENUE BONDS
SEC RULE 15c2-12 INFORMATION—CUSTOMER BASE, RATE STRUCTURE, AND ENFORCEMENT
(UNAUDITED)**

Customer Base

The sewer (wastewater) system serves a customer base which has grown as follows in the years 1998 to 2007:

<u>Years (at December 31)</u>	<u>Wastewater Customers</u>
1998	29,994
1999	30,748
2000	32,235
2001	32,564
2002	32,905
2003	32,865
2004	32,637
2005	32,757
2006	33,038
2007	32,992

Approximately 94% of the wastewater customers are residential, with the remaining 6% being industrial and commercial customers. Currently, only two customers represent more than 3% of wastewater system revenues. In 2007, amounts paid by an industrial customer comprised 12% of wastewater revenues (\$1,655,935) with a total flow representing 6.5% of total system usage; and amounts paid by the university comprised 4.4% of wastewater system revenues (\$640,923), with a total usage representing 2.8 of total system usage.

Rate Structure

User Charges. The following tables show the City's monthly wastewater user charges in effect on January 1, 2008. Historically, user charges increased 4.5% for residential rates and 7.5% for commercial rates in 1990, 8.6% for residential rates and 11.6% for commercial rates in 1991, 6.0% per year for all customer classes in 1992, 1993, 1994, and 1995, 3.0% in 1996, 0% in 1997, 2.0% in 1998, 1999, 2000, 2001, 2002 and 2003, and 5% in 2004, 2005, 2006 and 2007. An increase of 12% has been projected for 2008. The minimum winter quarter average consumption (WQA) is 3,000 gallons for single family customers (4,000 gallons for duplexes).

Monthly User Charges ¹

<u>Residential Metered ²</u>	<u>Wastewater Rates</u>
Single family	\$10.21 plus \$2.038 per 1,000 gallons of WQC
Duplex	\$13.63 plus \$2.038 per 1,000 gallons of WQC
Multi-family	\$1.61 per living unit plus \$2.038 per 1,000 gallons of WQC
<u>Commercial Metered ³</u>	
¾" metered	\$6.88 plus \$2.038 per 1,000 gallons
1"	\$15.71 plus \$2.038 per 1,000 gallons
1 ½"	\$31.81 plus \$2.038 per 1,000 gallons
2"	\$53.23 plus \$2.038 per 1,000 gallons
3"	\$88.46 plus \$2.038 per 1,000 gallons
4"	\$148.56 plus \$2.038 per 1,000 gallons
6"	\$728.34 plus \$2.038 per 1,000 gallons
8"	\$790.88 plus \$2.038 per 1,000 gallons

Footnotes:

¹ Excludes payments in lieu of taxes which are included as an additional 6% charge in the wastewater bill and remitted to the general fund.

² Average monthly amount of water billed during January, February, and March.

³ The usage charge of \$2.038 multiplied by each increment of 1,000 gallons either (a) actually consumed or (b) based on WQC, if customer is eligible.

WASTEWATER UTILITY ENTERPRISE

SEWER REVENUE BONDS

SEC RULE 15c2-12 INFORMATION-CUSTOMER BASE, RATE STRUCTURE, AND ENFORCEMENT (UNAUDITED) (Continued)

Plant Investment Fees. The plant investment fee is collected to pay for new development-related capital expansion costs of the City's wastewater treatment plants, collection system and sludge disposal facilities. This fee is paid at the time a building permit is issued. Set forth in the following table is the current plant investment fee schedule which becomes effective on January 1, 2008. Revenue generated by the plant investment fee generally is restricted for the purpose of capital improvements and expansion of the wastewater treatment plant.

Plant Investment Fees

Residential:

Single family residence	\$3,194
Duplex and Multi-family residence (per living unit)	\$2,069

Non-Residential: (based on water connection size)

$\frac{3}{4}$ "	\$6,206
1"	\$16,361
1 $\frac{1}{2}$ "	\$28,396
2"	\$50,963
3"	\$121,484
4"	Calculated on an individual basis, but not less than the 3" charge

Other Fees and Charges. The City also charges additional fees and charges related to the provision of sewer service, including wastewater strength surcharges, industrial wastewater discharge permit application and administration fees, wastewater monitoring and sampling charges, laboratory analysis and support service charges, a private sewage disposal system permit and inspection fee, and a building sewer permit and inspection fee.

Enforcement

The City's collections of wastewater charges historically have been in excess of 99%. Unpaid charges constitute a perpetual lien on the property to which service was delivered. Customers with delinquent active accounts are sent courtesy notices after 38 days. Wastewater service is not discontinued due to delinquency because of public health regulations. However, the City may discontinue water and electric service on delinquent accounts. Sometimes liens are filed while the delinquent customer is still an active account. Customers who have moved from the address where service was supplied and left the account owing to the City are typically assigned to a collection agency.

WASTEWATER UTILITY ENTERPRISE
SEWER REVENUE BONDS
SEC RULE 15c2-12 INFORMATION—COLLECTIONS AND OPERATING HISTORY (UNAUDITED)

Collections

The following table sets forth the historical Wastewater System user rates, plant investment fees, other fees and charges, and investment earnings:

	2003	2004	2005	2006	2007
User rates	\$ 12,221,993	\$ 12,638,568	\$ 13,169,469	\$ 14,202,846	\$ 14,640,171
Plant investment fees	2,429,509	897,658	2,208,885	3,707,540	4,319,720
Other fees & charges	792,373	2,267,082	872,669	2,055,187	513,865
Investment earnings	1,054,584	1,175,278	888,505	1,249,792	2,574,071
Total Sewer System Revenue	<u>\$ 16,498,459</u>	<u>\$ 16,978,586</u>	<u>\$ 17,139,528</u>	<u>\$ 21,215,365</u>	<u>\$ 22,047,827</u>

Operating History of the Wastewater Fund

The financial section of this Comprehensive Annual Financial Report contains financial statements of the City and the Wastewater Fund as of and for the year ended December 31, 2007. The following sets forth the operating history of the Wastewater Fund for the years ended December 31, 2003 through 2007:

	2003	2004	2005	2006	2007
Operating Revenues					
Charges for services	\$ 12,221,993	\$ 12,638,568	\$ 13,169,469	\$ 14,202,846	\$ 14,640,171
Operating Expenses					
Administrative charge	1,438,443	1,560,904	1,493,622	1,278,792	1,308,645
Personal services	4,015,500	4,395,401	4,354,206	4,358,196	4,734,126
Contractual services	1,297,264	1,451,335	1,406,350	1,512,154	1,568,996
Commodities	666,296	722,160	765,488	833,385	813,869
Other	1,349,953	1,331,690	1,467,899	1,400,755	1,505,754
Depreciation	2,564,767	3,034,841	3,088,557	3,064,185	2,817,929
Total Operating Expenses	<u>11,332,223</u>	<u>12,496,331</u>	<u>12,576,122</u>	<u>12,447,467</u>	<u>12,749,319</u>
Operating Income	<u>889,770</u>	<u>142,237</u>	<u>593,347</u>	<u>1,755,379</u>	<u>1,890,852</u>
Nonoperating Revenues (Expenses)					
Other revenue	746,568	748,556	707,544	-	432,558
Earnings on investments	1,054,584	1,175,278	888,505	1,249,792	2,574,071
Net increase (decrease) in the fair value of investments	(220,723)	(266,013)	(83,638)	176,072	-
Gain on sale of capital assets	19,855	1,489,319	7,043	2,019,312	39,216
Interest expense	(2,359,274)	(2,102,697)	(1,783,853)	(1,488,769)	(2,118,030)
Other expenses	(96,131)	(96,131)	(72,429)	(44,858)	(44,858)
Total Nonoperating Revenues (Expenses)	<u>(855,121)</u>	<u>948,312</u>	<u>(336,828)</u>	<u>1,911,549</u>	<u>882,957</u>
Income Before Contributions and Transfers	<u>34,649</u>	<u>1,090,549</u>	<u>256,519</u>	<u>3,666,928</u>	<u>2,773,809</u>
Capital contributed	2,455,459	926,865	2,366,967	3,743,415	4,361,811
Operating transfers in	830,830	121,700	-	-	-
Operating transfers out	(69,000)	(69,000)	-	-	-
Income After Contributions and Transfers	<u>3,217,289</u>	<u>979,565</u>	<u>2,366,967</u>	<u>3,743,415</u>	<u>4,361,811</u>
Change in Net Assets	3,251,938	2,070,114	2,623,486	7,410,343	7,135,620
Fund Equity--Jan. 1	90,778,124	94,030,062	96,100,176	98,723,662	106,134,005
Fund Equity--Dec. 31	<u>\$ 94,030,062</u>	<u>\$ 96,100,176</u>	<u>\$ 98,723,662</u>	<u>\$ 106,134,005</u>	<u>\$ 113,269,625</u>

**WASTEWATER UTILITY ENTERPRISE
SEWER REVENUE BONDS
SEC RULE 15c2-12 INFORMATION—HISTORIC DEBT SERVICE COVERAGE (UNAUDITED)**

The historic debt service coverage on obligations payable from net pledged revenues of the Wastewater Fund for the past ten years is as follows:

**SEWER REVENUE BONDS--COVERAGE OF DEBT SERVICE REQUIREMENTS BY
NET PLEDGED REVENUES OF THE SEWER SYSTEM--1998 TO 2007 ¹**

	Gross Revenues ²	Expenses ³	Net Pledged Revenues	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1998	\$ 17,493,497	\$ 7,529,753	\$ 9,963,744	\$ 2,567,645	\$ 2,395,363	\$ 4,963,008	2.01
1999	17,357,616	8,076,117	9,281,499	2,599,075	2,281,244	4,880,319	1.90
2000	18,009,290	8,285,684	9,723,606	2,791,950	2,161,579	4,953,529	1.96
2001	19,267,404	8,733,170	10,534,234	3,040,433	2,057,455	5,097,888	2.07
2002	17,497,700	9,021,741	8,475,959	3,160,550	2,373,596	5,534,146	1.53
2003	16,498,459	8,767,456	7,731,003	3,172,004	2,220,133	5,392,137	1.43
2004	16,978,586	9,461,490	7,517,096	1,505,051	1,950,594	3,455,645	2.18
2005	17,139,528	9,487,565	7,651,963	2,969,994	1,873,686	4,843,680	1.58
2006	21,391,437	9,383,282	12,008,155	3,747,678	1,587,594	5,335,272	2.25
2007	22,047,827	9,931,390	12,116,437	3,921,558	1,183,713	5,105,271	2.37

¹ Includes debt service on all bonds secured by sewer system revenues.

² Includes all income of the Wastewater Fund pledged for the payment of bonds.

³ Operating expenses less depreciation.

**WASTEWATER UTILITY ENTERPRISE
SEWER REVENUE BONDS
SEC RULE 15C2-12 INFORMATION – BALANCES ON DEPOSIT (UNAUDITED)**

The sewer revenue bonds are secured by an irrevocable pledge of a first lien upon net pledged revenues of the Wastewater Fund. The sewer revenue bond ordinances provide that all gross revenues pledged to the sewer revenue bonds will be set aside and credited to the Wastewater Fund and that such revenues will be deposited and applied in the following order of priority:

Operation and Maintenance Fund. As a first charge on the Wastewater Fund, the bond ordinances require the City to credit from time to time to the operation and maintenance fund revenue sufficient to pay the necessary and reasonable current expenses of operating, maintaining, and repairing the sewer system. **The balance on deposit in this fund as of December 31, 2007 is \$815,285.**

Principal and Interest Fund. The bond ordinances require the City, after making the payments required above, to apply monthly to the principal and interest fund moneys sufficient in the aggregate to pay the principal of and interest on the sewer revenue bonds. **The balance on deposit in this fund as of December 31, 2007 is \$0.**

Debt Service Reserve Fund. The bond ordinances require the City to retain certain amounts in the debt service reserve fund for the Series 1995, and Series 2000 Sewer Revenue Bonds. However, concurrently with the issuance of the 2000 Sewer Revenue Bonds, a debt service reserve insurance policy was issued that unconditionally guarantees the payment of principal and interest on these bonds (up to and including the amount provided for in the reserve policy) in the event of nonpayment by the City. **Accordingly, the amount on deposit in the Debt Service Reserve Fund as of December 31, 2007 was \$410,243.**

Wastewater Utility Capital Reserve. The City has covenanted, so long as any debt service requirements of the City's Sewer Revenue Bond, Series 1992, remain unpaid, to maintain in the Wastewater Utility Capital Reserve and amount equal to 17% of the necessary and reasonable operation and maintenance expenses budgeted for the then-current fiscal year. These amounts are to be maintained as a continuing reserve for payment of costs of necessary capital improvements to the sewer system. **The balance on deposit in this reserve was \$22,212,874 as of December 31, 2007. This amount satisfies the 17% requirement indicated above for fiscal year 2007.**

In addition to the above, the bond ordinance established the following funds:

Excess Investment Earnings Fund. This fund was established for the purpose of accumulating and paying rebatable arbitrage earnings to the federal government under Sections 103 and 148(f)(2) of the Internal Revenue Code. **As of December 31, 2007 the balance on deposit in this fund was \$0.**

Sewer Fund. The Sewer Fund, referred to in the bond ordinance, was established by Ordinance No. 67, 1974. Complete financial statements, which reflect all deposits and balances of this fund (herein referred to as the "Wastewater Fund") are included in the financial section of this report.

STORM DRAINAGE UTILITY ENTERPRISE
STORM DRAINAGE REVENUE BONDS
SEC RULE 15c2-12 INFORMATION—FEE REVENUES AND OPERATING HISTORY (UNAUDITED)

Collections

The following table sets forth the historical Storm Drainage Fund fee revenues for the years 2003 through 2007.

	2003	2004	2005	2006	2007
Storm drainage utility fee (operation & maintenance component)	\$ 11,197,803	\$ 12,534,750	\$ 12,809,579	\$ 13,073,526	\$ 13,173,911
Storm drainage utility fee (capital component)	-	-	-	-	-
Storm drainage basin fees	764,455	709,420	665,252	464,531	670,674
Total Storm Drainage Fund Fee Revenues	<u>\$ 11,962,258</u>	<u>\$ 13,244,170</u>	<u>\$ 13,474,831</u>	<u>\$ 13,538,057</u>	<u>\$ 13,844,585</u>

Operating History of the Storm Drainage Fund

The financial section of this Comprehensive Annual Financial Report contains financial statements of the City and the Storm Drainage Fund as of and for the year ended December 31, 2007. The following sets forth the operating history of the Storm Drainage Fund for the years ended December 31, 2003 through 2007:

	2003	2004	2005	2006	2007
Operating Revenues					
Charges for services	\$ 11,197,803	\$ 12,534,750	\$ 12,809,579	\$ 13,073,526	\$ 13,173,911
Operating Expenses					
Administrative charge	967,073	1,211,509	1,187,595	1,246,408	1,311,235
Personal services	939,727	1,775,207	1,709,932	1,750,595	1,830,103
Contractual services	334,595	443,323	451,921	328,098	997,658
Commodities	43,129	65,378	80,250	93,920	111,465
Other	289,679	286,512	311,678	359,787	364,148
Depreciation	1,915,677	2,089,391	2,131,167	1,613,837	2,260,571
Total Operating Expenses	<u>4,489,880</u>	<u>5,871,320</u>	<u>5,872,543</u>	<u>5,392,645</u>	<u>6,875,180</u>
Operating Income	<u>6,707,923</u>	<u>6,663,430</u>	<u>6,937,036</u>	<u>7,680,881</u>	<u>6,298,731</u>
Nonoperating Revenues (Expenses)					
Other revenue	11,720	1,940	30,370	-	50,021
Earnings on investments	936,111	509,975	720,667	823,768	1,568,039
Net increase (decrease) in the fair value of investments	(76,070)	(62,152)	(106,970)	54,995	-
Intergovernmental	-	-	622,279	-	1,235,602
Gain on sale of capital assets	-	5,994	-	-	(96,405)
Interest expense	(2,303,749)	(2,223,165)	(2,130,030)	(2,044,372)	(2,083,302)
Other expenses	<u>(52,103)</u>	<u>(52,103)</u>	<u>(52,101)</u>	<u>(52,373)</u>	<u>(32,066)</u>
Total Nonoperating Revenues (Expenses)	<u>(1,484,091)</u>	<u>(1,819,511)</u>	<u>(915,785)</u>	<u>(1,217,982)</u>	<u>641,889</u>
Income Before Contributions and Transfers	<u>5,223,832</u>	<u>4,843,919</u>	<u>6,021,251</u>	<u>6,462,899</u>	<u>6,940,620</u>
Capital contributions	764,455	709,420	665,252	1,444,047	670,674
Operating transfers In	104,020	-	-	-	-
Operating transfers out	<u>(57,500)</u>	<u>(57,500)</u>	<u>-</u>	<u>(112,000)</u>	<u>(115,940)</u>
Income After Contributions and Transfers	<u>810,975</u>	<u>651,920</u>	<u>665,252</u>	<u>1,332,047</u>	<u>554,734</u>
Change in Net Assets	6,034,807	5,495,839	6,686,503	7,794,946	7,495,354
Net Assets--Jan. 1	35,174,670	41,209,477	46,705,316	53,391,819	61,186,765
Net Assets--December 31	<u>\$ 41,209,477</u>	<u>\$ 46,705,316</u>	<u>\$ 53,391,819</u>	<u>\$ 61,186,765</u>	<u>\$ 68,682,119</u>

**STORM DRAINAGE UTILITY ENTERPRISE
STORM DRAINAGE REVENUE BONDS
SEC RULE 15C2-12 INFORMATION (UNAUDITED)**

Storm Drainage Utility Fee Structure

Storm drainage utility fees are imposed on every developed lot and parcel of land within the City and are payable monthly. The storm drainage utility fee is designed to pay for the operation and maintenance of the City's storm drainage system. The fee also pays for the design, right-of-way acquisition, and construction or reconstruction of storm drainage facilities through out the City. The monthly storm drainage utility fee in effect at the end of 2007 for a residential lot of approximately 8,600 square feet is \$14.26 and \$28.52 for a commercial lot of approximately 8,600 square feet. These amounts do not increase in 2008.

Storm drainage utility fees are billed through the City's consolidated monthly billing system, permitting the City to include storm drainage utility fees on a customer's regular utility bill. If a customer fails to pay any utility fees, the City has the authority to terminate utility service to the delinquent customer and to place a lien on the property for which the fees are delinquent.

Approximately 81.3 of storm drainage utility billing accounts and 45.5 of storm drainage revenues are attributable to single family residential customers. 17.2% of accounts and 53.8% of storm drainage revenues are attributable to multi-family residential, commercial and industrial customers. Two customers of the storm drainage utility contribute 2% or more of the storm drainage utility's total monthly revenue - the school district with 4.4% of total revenue and the City municipal government at 2.6%. Historically, the City collects over 99% of its billed monthly utility charges for storm drainage.

Historic Net Pledged Revenues

Based on the 2007 revenues and expenditures of the Storm Drainage Fund and using the combined actual debt service requirements of the City's outstanding storm drainage utility revenue bonds and the debt service requirements of the bonds, the net pledged revenues available for debt service in 2007 would have covered the combined average annual debt service requirements of the bonds approximately 3.38 times and would have covered the combined maximum debt service of the bonds approximately 3.34 times.

Changes in Storm Drainage Fees

Since 1987, the City has increased the overall storm drainage fees fifteen times. The average increase in the total fees is as follows:

<u>Year</u>	<u>Increase</u>	<u>Year</u>	<u>Increase</u>	<u>Year</u>	<u>Increase</u>
1990	19%	1996	0%	2002	45%
1991	16	1997	1	2003	10
1992	21	1998	2	2004	10
1993	8	1999	0	2005	0
1994	7	2000	10	2006	0
1995	21	2001	9	2007	0

No increase is planned for 2008.

Prior to November of 1998, storm drainage utility fees varied by basin depending on drainage problems and improvements needed in each basin. Beginning in November of 1998, the fees were assessed uniformly on a city-wide basis and improvements are to be prioritized and constructed based on the needs of the City as a whole.

**WATER UTILITY ENTERPRISE
WATER REVENUE BONDS
SEC RULE 15c2-12 INFORMATION – CUSTOMER BASE, RATE STRUCTURE, AND ENFORCEMENT (UNAUDITED)**

Customer Base

The water system serves a customer base that has grown as follows in the years 1998-2007:

<u>Years (at December 31)</u>	<u>Total Water Accounts</u>
1998	29,525
1999	30,387
2000	31,758
2001	32,101
2002	32,273
2003	32,726
2004	32,889
2005	33,057
2006	32,944
2007	32,780

The City classifies its water customers according to several classifications. A breakdown of the accounts based on such classifications being served as of December 31, 2007 is set forth below:

<u>Classification</u>	<u>Number of Accounts</u>	<u>Accounts</u>
Residential	30,469	92.95%
Commercial & Industrial	2,311	7.05%
Total	32,780	100.00%

The following table sets forth the ten largest customers of the water system, which in the aggregate accounted for approximately 27.4% of total water usage during 2007:

<u>Customer</u>	<u>Water Usage Millions of Gallons</u>	<u>Percent of Total Water Use</u>
Industrial	1400.98	17.1%
University	309.09	3.8%
City Government	133.99	1.6%
Industrial	192.68	2.4%
School District	92.86	1.1%
Water District	166.13	2.0%
Industrial	47.06	.6%
Industrial	20.94	.3%
Hospital	30.90	.4%
County Government	23.18	.3%

Water Rate Structure

The City's water rate structure is administered in substantial compliance with the "cost of service" method endorsed by the American Water Works Association. Under the cost of service method, an effort is made to establish equitable charges which reflect the true costs of serving various classes of customers.

The 2003 water rates were structured to provide stronger price incentives for conservation. A 5-tier rate structure was adopted for single family residential and duplex customers and seasonal rates were adopted for commercial and multi-family residential customers. The 2003 water rates were established to recover a 6% increase in revenue after an assumed 15% system wide reduction in water use. In 2004, City Council directed staff to develop a 4-tier rate that would reduce the severity of the cost impacts for larger, single-family, and duplex residential users due to the 2003 5-tier rates. The 4-tier rate structure was adopted by City Council and went into effect May 1, 2004 and remains in effect through April 30, 2006. On March 21, 2006 City Council passed a 3-tier water rate for single family and duplex customers that will be in effect for billings after May 1, 2006 and remain in effect January 1, 2008

(Continued)

**WATER UTILITY ENTERPRISE
WATER REVENUE BONDS
SEC RULE 15c2-12 INFORMATION – CUSTOMER BASE, RATE STRUCTURE, AND ENFORCEMENT (UNAUDITED)
(Continued)**

The following water rates remain in effect at January 1, 2008. In addition to these rates, a 6% payment in lieu of taxes (“PILOT”) is added to all charges and paid to the City’s general fund.

Monthly User Charges Effective January 1, 2008

(1) Residential customers with one dwelling unit.

- a. *Base Charges.* Residential customers with one dwelling unit shall pay a base monthly charge of \$12.72.
- b. *Quantity Charges.* Residential customers with one dwelling units shall pay a monthly quantity charge as follows:
 For the first 7,000 gallons used per month at \$1.97 per 1,000 gallons
 For the next 6,000 gallons used per month at \$2.26 per 1,000 gallon
 For all additional gallons used per month at \$2.60 per 1,000 gallons.

(2) Residential customers with two dwelling units.

- a. *Base Charges.* Residential customers with two dwelling units shall pay a base monthly charge of \$15.51.
- b. *Quantity Charges.* Residential customers with two dwelling units shall pay a monthly quantity charge as follows:
 For the next 9,000 gallons used per month at \$1.97 per 1,000 gallons
 For the next 4,000 gallons used per month at \$2.26 per 1,000 gallons
 For all additional gallons used per month at \$2.60 per 1,000 gallons.

Metered Rates – Nonresidential

(1) *Base Charges.* Nonresidential customers shall pay a base monthly charge based on meter size:

<u>Meter Size (inches)</u>	<u>Monthly Base Charge</u>
$\frac{3}{4}$	\$ 11.62
1	32.41
1 $\frac{1}{2}$	88.14
2	132.83
3	202.60
4	318.05
6	616.98
8	1089.97

(2) *Quantity Charges.* Nonresidential customers shall pay a monthly quantity charge of \$1.62 per 1,000 gallons used in the winter season months of November through April. They shall pay a monthly quantity charge of \$2.02 per 1,000 gallons used in the summer season months of May through October.

(3) *Charges for Excess Use.* Monthly water use in excess of the amounts specified in the following table shall be billed at \$2.32 per 1,000 gallons used in the winter season months of November through April. Monthly water use in excess of the amounts specified below shall be billed at \$2.90 per 1,000 gallons used in the summer season months of May through October.

<u>Meter Size inches)</u>	<u>Specified Amount (gallons per month)</u>
$\frac{3}{4}$	100,000
1	300,000
1 $\frac{1}{2}$	625,000
2	1,200,000
3	1,400,000
4	2,500,000

(continued)

WATER UTILITY ENTERPRISE**WATER REVENUE BONDS****SEC RULE 15c2-12 INFORMATION – CUSTOMER BASE, RATE STRUCTURE, AND ENFORCEMENT (UNAUDITED)****(Continued)**

Plant Investment Fees. The plant investment fee is a one-time charge assessed for the purpose of recovering the pro-rata portion of the capital cost of the water system attributable to the customer. The PILOT referred to previously is not assessed on plant investment fees. Proceeds of the plant investment fee are accounted for as contributed capital of the water system, rather than as operating revenue. The City Council adopted the following plant investment fee schedule, which took effect January 1, 2008.

Residential	
<u>Dwelling Category</u>	<u>Plant Investment Fee</u>
Single Family	\$730 plus \$0.36 per square foot of lot area
Duplex, Multi-Family, Mobile Home	\$490 per living unit plus \$0.27 per square foot of lot area

Nonresidential	
<u>Water Meter Size (inches)</u>	<u>Plant Investment Fee</u>
¾	\$6,970
1	\$20,590
1½	\$41,510
2	\$65,330
3	\$142,540
4" and above	Based on peak day demand

Enforcement

The City's collections of water charges historically have been in excess of 99%. Unpaid water charges constitute a perpetual lien on the property to which service was delivered. Customers with delinquent active accounts are sent delinquency notices after 38 days. The City may discontinue water and electric service on delinquent accounts. Sometimes liens are filed while the delinquent customer is still an active account. Customers who have moved from the address where service was supplied and left the account owing to the City are typically assigned to a collection agency.

Contributed Capital

Several significant categories of receipts of the Water Fund which are pledged to the payment of the Bonds are accounted for as contributed capital rather than as revenue. The following table presents receipts of major categories of contributed capital by the Water Fund for the past ten years:

Year	Contributions In Aid of Construction	Cash Contributed In Lieu of Water Rights	Anheuser- Busch Water Rights Payments	Plant Investment Fees	Anheuser-Busch Master Agreement Payments	Anheuser-Busch Capacity Payments	Total Contributed Capital
1998	\$ 63,502	\$ 515,881	\$ 195,789	\$ 2,831,789	\$ 422,605	\$ 111,825	\$ 4,141,391
1999	155,575	892,775	207,605	3,564,144	441,238	134,778	5,396,115
2000	749,706	1,937,344	222,553	2,684,818	467,579	144,482	6,206,482
2001	161,750	3,794,884	238,577	3,573,347	491,082	154,885	8,414,525
2002	100,014	2,248,992	255,754	2,754,287	524,211	166,037	6,049,295
2003	61,629	2,939,693	177,991	3,123,052	655,526	274,169	7,232,060
2004	47,288	4,832,672	293,909	3,098,205	677,102	190,806	9,139,982
2005	52,894	6,972,126	315,070	2,846,525	689,946	204,545	11,081,106
2006	51,107	2,821,127	337,756	2,426,836	703,623	219,272	6,559,722
2007	61,279	3,707,518	362,074	2,673,742	680,118	235,406	7,720,137

**WATER UTILITY ENTERPRISE
WATER REVENUE BONDS
SEC RULE 15c2-12 INFORMATION – COLLECTIONS AND OPERATING HISTORY (UNAUDITED)**

Collections

The following table sets forth the historical Water System user rates, plant investment fees, other fees and charges, and investment earnings:

	2003	2004	2005	2006	2007
User charges for services	\$ 22,307,739	\$ 21,525,416	\$ 22,945,856	\$ 26,378,921	\$ 24,820,432
Plant investment fees	2,729,645	3,067,154	2,813,765	2,393,080	2,631,513
Other fees & charges	5,107,257	6,678,029	9,067,665	4,175,007	5,518,237
Investment earnings	960,218	869,287	1,707,545	2,288,629	3,714,183
Total Water System Revenue	<u>\$ 31,104,859</u>	<u>\$ 32,139,886</u>	<u>\$ 36,534,831</u>	<u>\$ 35,235,637</u>	<u>\$ 36,684,365</u>

Operating History of the Water Fund

The financial section of this Comprehensive Annual Financial Report contains financial statements of the City and the Water Fund as of and for the year ended December 31, 2007. The following sets forth the operating history of the Water Fund for the years ended December 31, 2003 through 2007:

	2003	2004	2005	2006	2007
Operating Revenues					
Charges for services	\$ 22,307,739	\$ 21,525,416	\$ 22,945,856	\$ 26,378,921	\$ 24,820,432
Operating Expenses					
Administrative charge	2,359,878	2,478,211	2,528,019	2,835,917	2,901,642
Personal services	4,350,621	5,047,626	4,848,778	4,883,709	5,211,431
Contractual services	3,085,480	2,376,937	2,388,507	2,721,466	2,745,034
Commodities	941,356	968,092	1,224,960	1,327,094	1,431,683
Other	2,194,825	2,091,188	2,297,947	2,159,018	2,341,976
Depreciation	4,996,089	5,374,100	5,423,858	5,230,243	5,600,347
Total Operating Expense	17,928,249	18,336,154	18,712,069	19,157,447	20,232,113
Operating Income	4,379,490	3,189,262	4,233,787	7,221,474	4,588,319
Nonoperating Revenues (Expenses)					
Other revenue	598,670	597,024	795,590	-	429,613
Earnings on investments	960,218	869,287	1,707,545	2,288,629	3,714,183
Net increase (decrease) in the fair value of investments	(244,015)	(309,008)	(497,829)	285,873	-
Gain(loss)on fixed asset sales	6,172	8,177	4,734	8,864	(26,158)
Interest expense	(2,301,472)	(2,277,744)	(2,006,014)	(1,853,961)	(1,712,813)
Other expenses	(46,751)	(46,751)	(46,750)	(46,751)	(46,751)
Total Nonoperating Revenues (Expenses)	(1,027,178)	(1,159,015)	(42,724)	682,654	2,358,074
Income Before Contributions and Transfers	3,352,312	2,030,247	4,191,063	7,904,128	6,946,393
Capital contributions	7,232,060	9,139,982	11,081,106	6,559,722	7,720,137
Operating transfers out	(69,000)	(69,000)	-	-	-
Income After Contributions and Transfers	7,163,060	9,070,982	11,081,106	6,559,722	7,720,137
Change in Net Assets	10,515,372	11,101,229	15,272,169	14,463,850	14,666,530
Net Assets--Jan. 1	161,123,120	171,638,492	182,739,721	198,011,890	212,475,740
Net Assets--Dec. 31	<u>\$ 171,638,492</u>	<u>\$ 182,739,721</u>	<u>\$ 198,011,890</u>	<u>\$ 212,475,740</u>	<u>\$ 227,142,270</u>

**WATER UTILITY ENTERPRISE
WATER REVENUE BONDS
SEC RULE 15c2-12 INFORMATION – DEBT STRUCTURE OF THE WATER FUND (UNAUDITED)**

As of December 31, 2007, the Net Revenue of the Water Fund serviced the following obligations:

<u>Name of Issue</u>	<u>Originally Authorized</u>	<u>Outstanding Principal</u>
General Obligation Water Bonds, Series 2002A	\$ 19,255,000	\$ 5,000,000
Water Revenue Bond, Series 1997	10,125,300	5,700,291
Water Revenue Refunding and Improvement Bonds, Series 1998	31,580,000	20,170,000
Water Revenue Bond, Series 1999	4,998,395	3,200,822
Water Subordinate, 2004	<u>2,476,446</u>	<u>2,200,391</u>
Total	<u><u>\$ 68,435,141</u></u>	<u><u>\$ 36,271,504</u></u>

**DOWNTOWN DEVELOPMENT AUTHORITY
TAX INCREMENT REVENUE REFUNDING BONDS**

Tax Year	Budget Year	Base Valuation			Collection Rate		
		Total Assessed Valuation	Base Valuation ¹	Incremental Valuation ²	Incremental Ad Valorem Taxes Levied	Tax Increment Revenues Collected	Collection Rate ⁴
1998	1999	\$ 48,220,070	\$ 30,180,790	\$ 18,039,280	\$ 1,647,606	\$ 1,614,654	98.00 %
1999	2000	56,193,740	34,920,370	21,273,370	1,834,913	1,800,013	98.10
2000	2001	55,704,050 ³	34,895,490	20,808,560	1,920,014	1,881,614	98.00
2001	2002	62,451,390	39,107,570	23,343,820	2,111,614	2,074,822	98.26
2002	2003	68,941,400	38,944,210	29,997,190	2,702,941	2,643,643	97.81
2003	2004	70,187,630	39,450,390	30,737,240	2,792,356	2,736,509	98.00
2004	2005	69,859,780	39,450,390	30,409,390	2,764,553	2,711,952	98.10
2005	2006	82,035,250	43,975,233	38,060,017	3,390,246	3,320,341	97.94
2006	2007	84,831,050	43,975,233	40,855,817	3,757,725	2,589,215	68.90
2007	2008	107,913,360	54,165,745	53,747,615	4,810,006	2,800,943	58.23 ⁵

¹ The base valuation is recalculated by the County Assessor during any year in which there is a general reassessment of property.

² Taxes generated from the incremental valuation are collected in the following year.

³ Decrease in assessed valuation primarily attributable to one business relocating outside of District.

⁴ The County Treasurer generally allocates delinquencies to levies made against the base valuation rather than the incremental valuation and remits to the City for deposit in the Tax Increment Fund 100% of the taxes levied less the County Treasurer's 2% collection fee.

⁵ Collections through April 30, 2008.

Source: County Assessor's Office

**CALCULATION OF THE RATIO OF PLEDGED
REVENUES TO DEBT SERVICE REQUIREMENTS OF THE BONDS**

	Tax Increment Revenues	Debt Service Requirements			Coverage ¹
		Principal	Interest	Total	
1998	\$ 1,303,769	\$ 830,000	\$ 634,585	\$ 1,464,585	0.89 %
1999	1,614,654	650,000	589,048	1,239,048	1.30
2000	1,800,013	720,000	548,820	1,268,820	1.42
2001	1,881,614	640,000	450,450	1,090,450	1.73
2002	2,044,871	1,005,000	336,160	1,341,160	1.52
2003	2,438,656	1,080,000	292,800	1,372,800	1.78
2004	2,534,305	1,150,000	364,137	1,514,137	1.67
2005	2,489,567	1,260,000	421,593	1,681,593	1.48
2006	3,320,341	-	247,430	247,430	13.42
2007	3,682,571	1,085,000	485,539	1,570,539	2.34

¹ The Bonds are also secured by a contingent pledge of the Sales and Use Tax Revenues.

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Fort Collins			
		YEAR ENDING : 12/07			
This Information From The Records Of the City of Fort Collins		Prepared By: Phone:	Karen Tracy *(970)416-2426		
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)	3,753,351		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	12,617,891		
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations	3,006,946		
2. General fund appropriations	272,103	b. Snow and ice removal	2,156,406		
3. Other local imposts (from page 2)	8,273,543	c. Other			
4. Miscellaneous local receipts (from page 2)	13,126,092	d. Total (a. through c.)	5,163,352		
5. Transfers from toll facilities		4. General administration & miscellaneous	3,034,231		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety			
a. Bonds - Original Issues		6. Total (1 through 5)	24,568,825		
b. Bonds - Refunding Issues		B. Debt service on local obligations:			
c. Notes		1. Bonds:			
d. Total (a. + b. + c.)	0	a. Interest	84,438		
7. Total (1 through 6)	21,671,738	b. Redemption	910,000		
B. Private Contributions		c. Total (a. + b.)	994,438		
C. Receipts from State government (from page 2)	3,891,525	2. Notes:			
D. Receipts from Federal Government (from page 2)	0	a. Interest			
E. Total receipts (A.7 + B + C + D)	25,563,263	b. Redemption			
		c. Total (a. + b.)	0		
		3. Total (1.c + 2.c)	994,438		
		C. Payments to State for highways			
		D. Payments to toll facilities			
		E. Total disbursements (A.6 + B.3 + C + D)	25,563,263		
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)					
	Opening Debt	Amount Issued	Redemptions	Closing Debt	
A. Bonds (Total)	2,810,000		910,000	1,900,000	
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
		25,563,263	25,563,263		0
Notes and Comments:					

FORM FHWA-536 (Rev. 1-05)

PREVIOUS EDITIONS OBSOLETE

(Next Page)

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	294	a. Interest on investments	1,020,484
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	5,406,567	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	8,512,281
5. Specific Ownership &/or Other	2,866,682	g. Other Misc. Receipts	
6. Total (1. through 5.)	8,273,249	h. Other	3,593,327
c. Total (a. + b.)	8,273,543	i. Total (a. through h.)	13,126,092
(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	3,478,445	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	
c. Motor Vehicle Registrations	413,080	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	413,080	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	3,891,525	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			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		3,753,351	3,753,351
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	3,753,351	3,753,351
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	3,753,351	3,753,351
			(Carry forward to page 1)

Notes and Comments: