

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



FORT COLLINS, COLORADO YEAR ENDED DECEMBER 31, 2008



# **City of Fort Collins, Colorado**

Comprehensive Annual Financial Report  
For the fiscal year ended  
December 31, 2008

*Prepared by the Finance Department:*

*Charles M. Seest, Finance Director*  
*John Voss, Accounting and Financial Reporting Manager*  
*Mindy Pfeiger, Accountant*  
*Michael J. Skoff, Accountant*  
*Becky Sullivan, Accountant*  
*Karen Tracy, CPA, Accountant*  
*Kathy Neith, Accountant*  
*Lawrence Pollack, Business Systems Analyst*

### ***About our cover and section tabs...***

The cover picture was taken at City Park. Every year on the Fourth of July members of the local ballooning community come together at City Park to help kick-off a full day of Fourth of July festivities. There are many great free activities in Fort Collins to enjoy with the annual balloon launch being one of them. During the summer months residents are treated to balloons floating over the City almost every morning.

The “Introductory Section” tab photo features the autumn sunshine over Hazaleus Natural Area. Home to diverse grasslands and wetlands habitats, Hazaleus boasts an impressive spectrum of native wildlife including bald eagles, red-tailed hawks, ferruginous hawks, Swainson’s hawks, prairie dogs and coyotes. The site will soon become a featured destination of the planned Fort Collins/Loveland bike trail.

The “Financial Section” tab shows how Downtown Fort Collins sparkles during the holiday season. The LED lights that cover the trees in Old Town Square and the surrounding blocks are beautiful, cost-effective and environmentally-friendly.

The “Statistical Section” tab shows a City Ranger along the Poudre River Trail at Butterfly Woods Natural Area. The Poudre River Trail meanders along the Poudre River for more than 10 miles between Overland Trail at Lyons Park and the Environmental Learning Center on East Drake. A host of City Parks and Natural Areas along the Trail offer the visitor a spectrum of recreational activities.

The “Other Schedules” tab captures a group of Canada Geese in flight over Fossil Creek Reservoir Natural Area. In 2001, the National Audubon Society designated this site, along with its neighbor to the west, Fossil Creek Wetlands Natural Area, as part of an “Important Bird Area.” The 163 species of birds observed here include great blue herons, bald eagles, red-tailed hawks, ferruginous hawks, peregrine falcons, sandhill cranes, American avocets, and great horned owls.

The sectional tabs are a collage of Art in Public Places. The Art in Public Places Program has begun its fourth year of beautifying Fort Collins’ utility transformer cabinets with murals painted by local artists. As a collaborative effort with Utilities, Light and Power and the Art in Public Places Program, the Art in the Alleys Project helps to mitigate graffiti, reduce maintenance costs and add art to the Fort Collins community. This summer, eleven downtown cabinet locations are being transformed into such unexpected images as marbles, caterpillars, and abstract modern art.

City of Fort Collins, Colorado  
Comprehensive Annual Financial Report  
For the fiscal year ended December 31, 2008

Table of Contents

	Page
<b>INTRODUCTORY SECTION .....</b>	<b>1</b>
Letter of Transmittal .....	3
Certificate of Achievement for Excellence in Financial Reporting .....	11
Organizational Chart .....	12
Elected and Appointed Officials .....	13
<b>FINANCIAL SECTION .....</b>	<b>15</b>
Independent Auditors' Report .....	17
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS.....</b>	<b>19</b>
<b>BASIC FINANCIAL STATEMENTS .....</b>	<b>31</b>
Government-wide Financial Statements	
Statement of Net Assets .....	33
Statement of Activities .....	34
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet .....	36
Reconciliation of the Balance Sheet of Governmental Funds to the	
Statement of Net Assets .....	37
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	38
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities .....	39
Statement of Revenues, Expenditures, and Changes in Fund Balances	
Actual and Budget - General Fund .....	40
Statement of Revenues, Expenditures, and Changes in Fund Balances	
Actual and Budget - Sales and Use Tax Fund .....	41
Statement of Revenues, Expenditures, and Changes in Fund Balances Actual	
and Budget (Non-GAAP budgetary basis) - Transportation Services Fund .....	42
Proprietary Fund Financial Statements	
Statement of Net Assets .....	44
Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	46
Statement of Cash Flows .....	48
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Assets .....	50
Statement of Changes in Fiduciary Net Assets .....	51
Notes to the Basic Financial Statements .....	53
Required Supplementary Information Other Than MD&A	
Modified Approach for City Streets Infrastructure Capital Assets .....	91
Pension and Other Postemployment Benefits Plan Schedule .....	93
<b>COMBINING FINANCIAL STATEMENTS .....</b>	
Non-Major Governmental Funds .....	95
Balance Sheet .....	96
Statement of Revenues, Expenditures and Changes in Fund Balance .....	100



Schedule of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget	
Community Development Block Grant (Non-GAAP budgetary basis) .....	104
Home Program Fund (Non-GAAP budgetary basis) .....	105
Capital Expansion .....	106
Natural Areas .....	107
Neighborhood Parkland (Non-GAAP budgetary basis) .....	108
Conservation Trust (Non-GAAP budgetary basis) .....	109
Cultural Services and Facilities .....	110
Recreation .....	111
Cemeteries .....	112
Perpetual Care .....	113
Transit Services (Non-GAAP budgetary basis) .....	114
Street Oversizing .....	115
General Improvement District No. 1 .....	116
Urban Renewal Authority Operations .....	117
Timberline/Prospect SID #94 .....	118
Debt Service .....	119
Special Assessments .....	120
Fort Collins Leasing Corporation .....	121
URA Debt Service .....	122
Capital Project Fund .....	123
Schedule of Revenues, Expenditures, and Changes in	
Fund Balance Actual and Budget (Non-GAAP budgetary basis) .....	124
Enterprise Funds .....	127
Schedule of Revenues, Expenditures, and Changes in Net Assets	
Actual and Budget (Non-GAAP budgetary basis)	
Light and Power .....	128
Water .....	129
Wastewater .....	130
Storm Drainage .....	131
Golf .....	132
Internal Service Funds .....	133
Statement of Net Assets .....	134
Statement of Revenues, Expenses and Changes in Net Assets .....	136
Statement of Cash Flows .....	138
Schedule of Revenues, Expenses, and Changes in Net Assets	
Actual and Budget — Internal Service Funds	
Benefits .....	140
Data and Communications (Non-GAAP budgetary basis) .....	141
Equipment (Non-GAAP budgetary basis) .....	142
Self-Insurance .....	143
Utility Customer Service and Administrative (Non-GAAP budgetary basis) .....	144
Fiduciary Funds .....	145
Statement of Fiduciary Net Assets .....	146
Statement of Changes in Fiduciary Net Assets .....	147
Schedule of Changes in Net Assets Held in Trust for	
Pension Benefits—Actual and Budget .....	148
Statement of Agency Funds Assets and Liabilities .....	149
Statement of Changes in Agency Funds Assets and Liabilities .....	150
Component Unit Funds .....	151
Reconciliation of the Balance Sheet to the Statement of Net Assets .....	152
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances to the Statement of Activities .....	153
Balance Sheet .....	154
Statement of Revenues, Expenditures, and Changes in Fund Balance .....	155

Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund .....	156
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Debt Service .....	157

## **STATISTICAL SECTION..... 159**

Net Assets by Component – Last Seven Years.....	161
Changes in Net Assets – Last Seven Years .....	162
Fund Balances, Governmental Funds – Last Ten Years.....	163
Changes in Fund Balances, Governmental Funds – Last Ten Years .....	164
Taxable Sales by Category – Last Ten Years .....	165
Direct and Overlapping Sales Tax Rates – Last Ten Years.....	166
Sales Tax Revenue Taxpayers by Industry.....	167
Ratios of Outstanding Debt by Type – Last Ten Years.....	168
Ratios of General Bonded Debt Outstanding – Last Ten Years .....	169
Direct and Overlapping Governmental Activities Debt.....	170
Legal Debt Margin Information – Last Ten Years .....	171
Pledged Revenue Coverage – Last Ten Years .....	172
Demographic and Economic Statistics .....	173
Principal Employers.....	174
Full-time Equivalent City Employees by Function/Program – Last Eight Years.....	175
Operating Indicators by Function/Program – Last Ten Years .....	176
Capital Asset Statistics by Function/Program – Last Ten Years .....	177

## **OTHER SCHEDULES**

Wastewater Utility Enterprise SEC Rule 15c2-12 Information.....	179
Storm Drainage Utility Enterprise SEC Rule 15c2-12 Information .....	184
Water Utility Enterprise SEC Rule 15c-12 Information.....	186
DDA Tax Increment Revenue and Refunding Bonds SEC Rule 15c2-12 Information.....	191
Local Highway Finance Report Form FHWA-536 .....	192

THIS PAGE INTENTIONALLY LEFT BLANK.



# INTRODUCTORY SECTION

# **INTRODUCTORY SECTION**

THIS PAGE INTENTIONALLY LEFT BLANK.





215 N. Mason Street  
2<sup>nd</sup> Floor  
PO Box 580  
Fort Collins, CO 80522  
**970.221.6788**  
970.221.6782 - fax  
[fcgov.com](http://fcgov.com)

July 15, 2009

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 2008. In reviewing the past year, two significant themes stand out: a difficult national economy and increased regional retail competition. The Colorado and the Fort Collins regional economies were adversely impacted by the national recession that began in the fourth quarter of 2007, but deepened severely during the past nine months as a result of an unprecedented collapse in the capital and financial markets that required intervention by the Federal government. Fort Collins continues to face strong regional retail and employment competition; consequently, retail activity declined significantly and unemployment increased in response to the recession. Historically, Fort Collins has served as the regional retail center for Northern Colorado. Over the past decade, 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.

The region's overall job growth has cooled after four years of growth with unemployment standing at 5.00% as of year-end 2008. While 5.00% is markedly better than the State of Colorado and the Nation, which had unemployment rates of 6.10% and 7.20%, respectively, it was still a significant jump from 3.40% at the end of 2007. A similar story unfolded in retail activity where a strong 2007 netted the City an additional \$2.5 million of sales tax over prior year; retail sales for 2008 in Fort Collins were virtually flat. In response to the ongoing recession, retail activity has declined in 2009 resulting in 4.60% decline and a loss of \$1 million in sales tax collections during the first five months of 2009. The City maintained its financial position with over \$301.1 million of unrestricted net assets overall and \$33.6 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, 2008.

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 McGladrey and Pullen LLP, a firm of licensed certified public accountants, to audit the financial statements. As the independent auditor, McGladrey and Pullen's goal was to provide reasonable assurance that the financial statements for the fiscal year ended December 31, 2008, 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 2008, 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 McGladrey and Pullen'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 134,169 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 Poudre River Public 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 Poudre River Public 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.

Following is additional economic and financial information on the City.

Local economy. 2008 was a mixed year in regards to employment. Overall, City employment grew less than 1%, but there were gains in key industries including clean energy, biosciences, and arts and culture.

The City experienced a decline in revenues in 2008 as compared to 2007. Combined sales and use tax collections decreased 2.8% or approximately \$2.1 million. Retail sales would have declined further in 2008 if the opening of Front Range Village, a new 910,000 square foot shopping center had not occurred. The City is projecting an overall revenue decrease in the General Fund of 5.4% in 2009.

The following table includes key indicators of the City's financial and economic health. Employment growth in the county stalled in the second half of 2008 in response to the recession. In the third-quarter of 2008 (the latest data available), total jobs in Larimer County increased by 646 or 0.48%. Total wages were up 2.87% and average wages increased by 2.39% for 2008.

Manufacturing jobs, a primary driver of personal income, decreased by approximately 0.76%. Total wages in the manufacturing category were down by 3.18%. For those workers employed in manufacturing, average wages

decreased by 2.45%. Government jobs increased by 2.18%; total wages increased by 7.92% and average wages increased by 5.62%.

The unemployment rate in the table is an annual average. Unemployment in Colorado has risen in response to the recession. During the last recession, it reached a high of 6.5% (March 2003). As of the end of 2008, the rate stood at 6.1%. However, by the end of May 2009, unemployment stood at 7.6% statewide.

<b>Key Economic Indicators for Fort Collins</b>					
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>County Employment Data</b>					
Annual Unemployment Rate in Percentage	5.16	4.09	3.90	3.4	5.0
Actual Change	(1.07)	(1.07)	(0.19)	(0.50)	1.6
Total Employment (ES202) 3-Quarter Average	122,150	124,726	130,081	133,548	134,194
Percentage Change	(2.02%)	2.10%	4.29%	2.67%	.48%
<b>City Building and Construction</b>					
Residential Building Permits	1,295	979	585	506	385
Percentage Change	(7.36%)	(24.40%)	(40.25%)	(13.50%)	(23.9%)
New Construction Valuation – Total	\$450,351,863	\$309,292,508	\$328,689,446	\$271,994,794	\$251,439,973
Percentage Change	54.01%	(31.30%)	6.27%	(17.25%)	(7.6%)
<b>City Sales &amp; Use Tax Collections</b>					
City Sales and Use Tax Collections	\$70,724,861	\$72,371,625	\$74,850,552	\$77,645,025	\$75,509,265
Percentage Change	(4.48%)	2.32%	3.40%	3.73%	(2.8%)
Sales Tax Collections	58,185,755	59,616,916	63,385,570	64,402,853	64,656,447
Percentage Change	(3.32%)	2.45%	6.30%	1.60%	0.4%
Use Tax Collections	12,539,106	12,754,709	11,464,982	13,242,173	10,852,819
Percentage Change	(10.18%)	1.72%	(10.10%)	15.50%	(18.0%)
Use Tax from Business	4,704,865	6,167,282	4,570,237	6,652,641	5,741,469
Percentage Change	(1.21%)	31.08%	(25.90%)	45.6%	(13.7%)
<b>City Population</b>					
Population	126,903	127,686	129,511	131,200	134,169
Percentage Change	1.15%	0.62%	1.43%	1.30%	2.3%
<b>Regional Consumer Price Index</b>					
Denver-Boulder-Greeley CPI-U (1982-84=100)	187.00	190.90	199.10	202.80	211.07
Percentage Change	0.20%	2.09%	4.30%	1.86%	4.08%

The essential economic indicators for the City were all weaker in 2008, except for a flat performance in sales tax collections. Even though the population grew at 2.3%, residential building permits declined. Growth in inflation, as measured by the Denver-Boulder-Greeley Consumer Price Index was about 4.08% as a result of food and fuel prices in 2008. However, the decline in overall business activity will likely result in inflation being flat for 2009.

Despite a national recession, the City's financial health remained stable through 2008. At year-end, the City held \$301.1 million in unrestricted net assets, approximately \$9.9 million less than 2007. Please see page 22 for more information about the City's total assets.

Outlook for 2009-2010. The weakened national and local economy will likely continue to be an issue throughout 2009 and may persist through the first half of 2010. 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 less than 0.25% as of January 2009 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 and world-wide economic slowdown.

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 sales taxes. Another risk is leakage of sales taxes to adjacent communities as retail outlets that are not within the region or are currently located only in the City decide to open their first store or another location elsewhere in the region and thereby diminish the City's share of regional retail sales.

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 that opened in summer 2008 continues to grow and generate economic activity. Other key retail projects are the redevelopment of the College/Harmony and College/Prospect intersections through the assistance of the City's Urban Renewal Authority. The City continues to work aggressively with various stakeholders on developing these sites as well as the Foothills Mall. 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 have experienced significant decrease in response to a dramatic decline in gas taxes and fees related to new vehicle registrations. 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 thirty 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 plan 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 plan 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 2008, the City maintained one defined benefit pension trust fund to account for the General Employees’ Retirement Plan. During 2008, the Plan produced a (26.17)% 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 \$32.8 million, a decrease of \$12.8 million from the prior year. The decrease in assets is due to dramatic fall in the equity markets during 2008. The actuarial value of the plan assets covers 79% of the projected benefits, a decline from the 88% funding level at the end of 2007. To fully fund the Plan, the City will need the markets to improve and likely an increase in 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 follows:

Fort Collins Bond Issue Credit Ratings			
Issue	Ratings		
	Moody's	Standard & Poor's	Fitch
Sales & Use Tax Revenue	Aa2	No Rating	AAA
Highway Users Tax Revenue	Aa2	No Rating	AAA
Sewer Revenue	Aa3	No Rating	AA-
General Obligation Water	Aa1	AA	No Rating
Water Revenue	Aaa	AAA	AAA
Storm Drainage Revenue	A1	No Rating	No Rating
Lease Certificates of Participation	Aa2	AA-	No Rating

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 stormwater utilities as well as last year’s affirmation of the City’s certificate of participation rating.

In upgrading the City’s Water and Stormwater ratings, Standard & Poor’s stated:

“The upgrade to ‘AA-’ rating from ‘A+’ on Fort Collins’ water utility and stormwater 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 2008, the City earned approximately \$13 million on its fixed income investments. The yield on the City's fixed income investments (excluding the General Employees' Retirement Plan) was 3.91%.

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 2008 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, 2008. 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 2008 fiscal year, the Consumer Price Index component was 4.08% and the local-growth component rose by 2.3%. When the combination of these two factors is applied to the 2007 revenue base, the revenue limit for 2008 was approximately \$145 million. The revenue subject to the limit in 2008 totaled approximately \$137.6 million. This amount is below the limit by \$7.4 million. The Section has a separate, but overlapping, revenue limit for property tax. The City exceeded the property tax limit in 2008. 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 remain flat or possibly trend slightly lower and the local growth component will remain unchanged in 2009.

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 2008 Report, the required emergency reserve is included in the reserved fund balance of the General Fund on page 36.

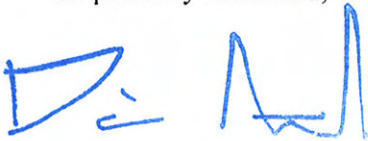
#### Awards and Acknowledgements

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 McGladrey and Pullen to fulfill the requirement. McGladrey and Pullen provided an unqualified opinion on the 2008 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, 2007. This was the 21st 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 2008 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 McGladrey and Pullen 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  
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, 2007

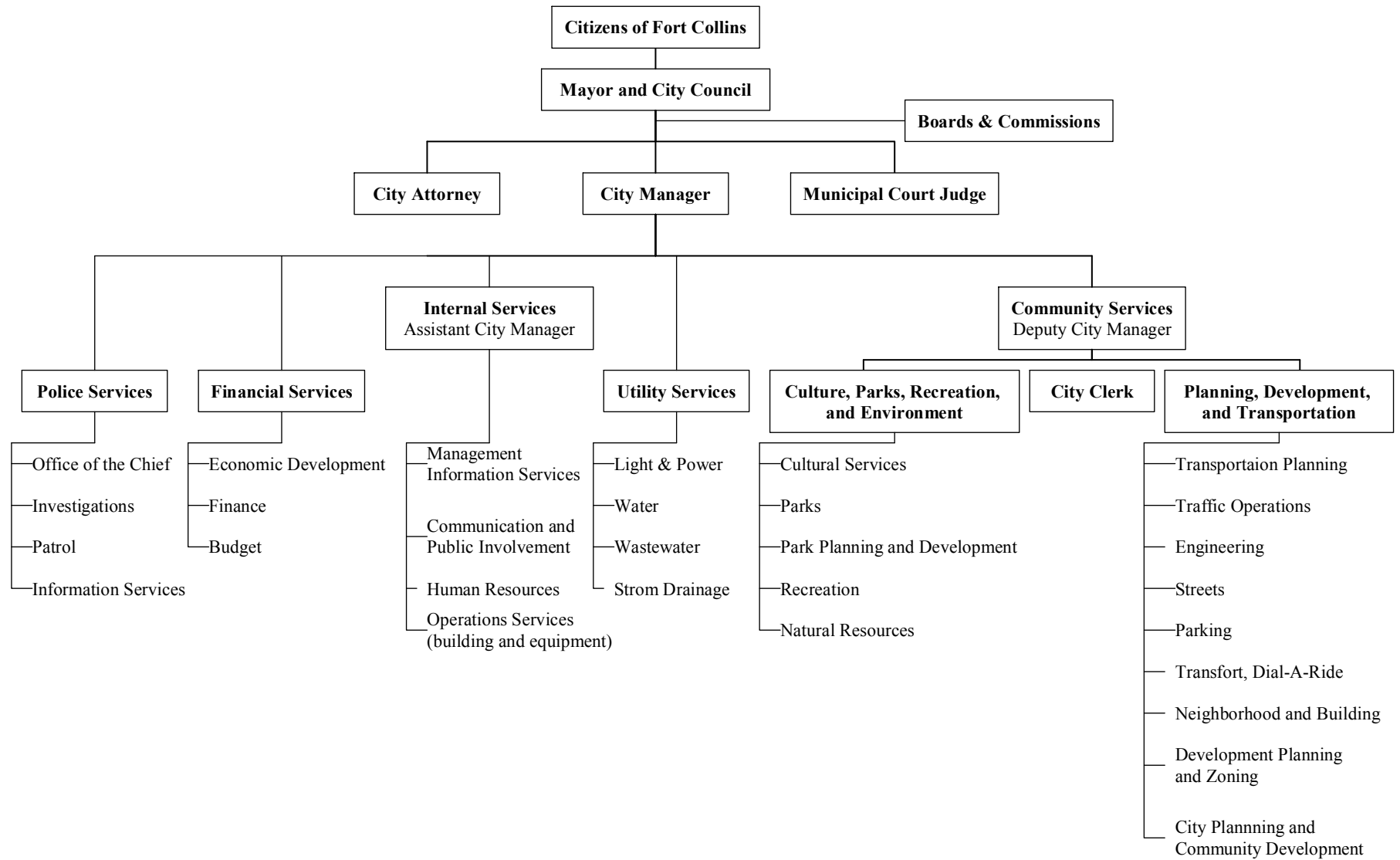
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# City of Fort Collins Organization Chart 2008



City of Fort Collins, Colorado  
List of Elected and Appointed Officials  
As of December 31, 2008

**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 Executive Director
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 .....	Finance Director
Tom Vosburg .....	Chief Information Officer
Wendy Williams .....	Assistant City Manager/Internal Services

**Finance Department**

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





# FINANCIAL SECTION



THIS PAGE INTENTIONALLY LEFT BLANK.

## **FINANCIAL SECTION**

THIS PAGE INTENTIONALLY LEFT BLANK.

## Independent Auditor's Report

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

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, 2008, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fort Collins, Colorado as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund, Sales and Use Tax Fund, and Transportation Services Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained in Note IVC to the basic financial statements, the City changed its method of accounting for other postemployment benefits.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2009 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, the modified approach for City Streets Infrastructure capital assets on pages 91 through 92, the Pension Plan Schedules of Funding Progress and Schedules of Employer Contributions on page 93 and Other Postemployment Benefits Plan Schedule of Funding Progress on page 94 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fort Collins, Colorado's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on them.

*McGladrey & Pullen, LLP*

Denver, Colorado  
July 7, 2009

# 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, 2008. 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, 2008 by \$1.3 billion (net assets). Of the net asset balance, \$301.1 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 \$47.6 million (3.7%). The governmental net assets increased by \$22.9 million (3.3%) and the business-type assets increased by \$24.7 million (4.3%).

The General Fund, the City's primary operating fund, reported a decrease of \$2.8 million (5.8%) on a current financial resource basis.

As of December 31, 2008, unreserved fund balance for the General Fund was \$33.6 million or 39.9% of total General Fund expenditures of \$84.3 million.

The City's total long-term debt decreased by \$15.7 million (9.5%) during the current fiscal year. Within that activity, the City's governmental debt decreased by \$4.1 million and business-type debt decreased by \$11.6 million. There were 2 debt issues in 2008:

There were \$9,645,000 Water Utility Refunding Bonds issued since long-term interest rates were favorable. The net present value savings was \$743,827.

The City of Fort Collins' Downtown Development Authority (DDA) is a component unit of the City. \$10,488,000 of DDA Taxable Subordinate Tax Increment Revenue Bonds were issued to finance various DDA capital improvements and projects.

## 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, library service provided under an intergovernmental agreement, cultural, parks recreation and environmental services, planning and development 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 53-90 of this report.

Other Information. The City has elected to use the modified approach to account for and report its street infrastructure capital assets and the pension and other postemployment benefits plan. 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 91-94 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.

<b>Statement of Net Assets</b> as of December 31 (amounts expressed in thousands, totals may not add due to rounding)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 254,533	\$ 394,009	\$ 237,247	\$ 187,405	\$ 491,780	\$ 581,414
Capital assets	<u>610,620</u>	<u>594,361</u>	<u>516,746</u>	<u>497,767</u>	<u>1,127,366</u>	<u>1,092,128</u>
Total assets	<u>865,153</u>	<u>988,370</u>	<u>753,993</u>	<u>685,172</u>	<u>1,619,146</u>	<u>1,673,542</u>
Other liabilities	82,779	223,859	78,780	22,795	161,559	246,654
Long-term liabilities	<u>60,299</u>	<u>65,339</u>	<u>75,213</u>	<u>87,024</u>	<u>135,512</u>	<u>152,363</u>
Total liabilities	<u>143,079</u>	<u>289,198</u>	<u>153,992</u>	<u>109,819</u>	<u>297,071</u>	<u>399,017</u>
Net assets:						
Invested in capital assets, net of related debt	551,853	526,367	429,392	398,946	981,245	925,314
Restricted	38,126	37,074	1,642	1,130	39,769	38,205
Unrestricted	<u>132,095</u>	<u>135,731</u>	<u>168,966</u>	<u>175,277</u>	<u>301,061</u>	<u>311,006</u>
Total net assets	<u>\$ 722,074</u>	<u>\$ 699,172</u>	<u>\$ 600,000</u>	<u>\$ 575,353</u>	<u>\$ 1,322,075</u>	<u>\$ 1,274,525</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, \$981.2 million (74.2%) 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, \$39.8 million (3%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$301.1 million (22.8 %), may be used to meet the City's ongoing obligations to its citizens and creditors.

The City's total net assets increased by \$47.6 million during the current fiscal year. This is due to growth in the governmental and business type activities of \$22.9 million and \$24.7 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 2008, street infrastructure capital assets increased by \$7.7 million and utilities' infrastructure increased by \$13.6 million. The increases in net assets in the Utilities are being accumulated for significant future capital purchases.

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)

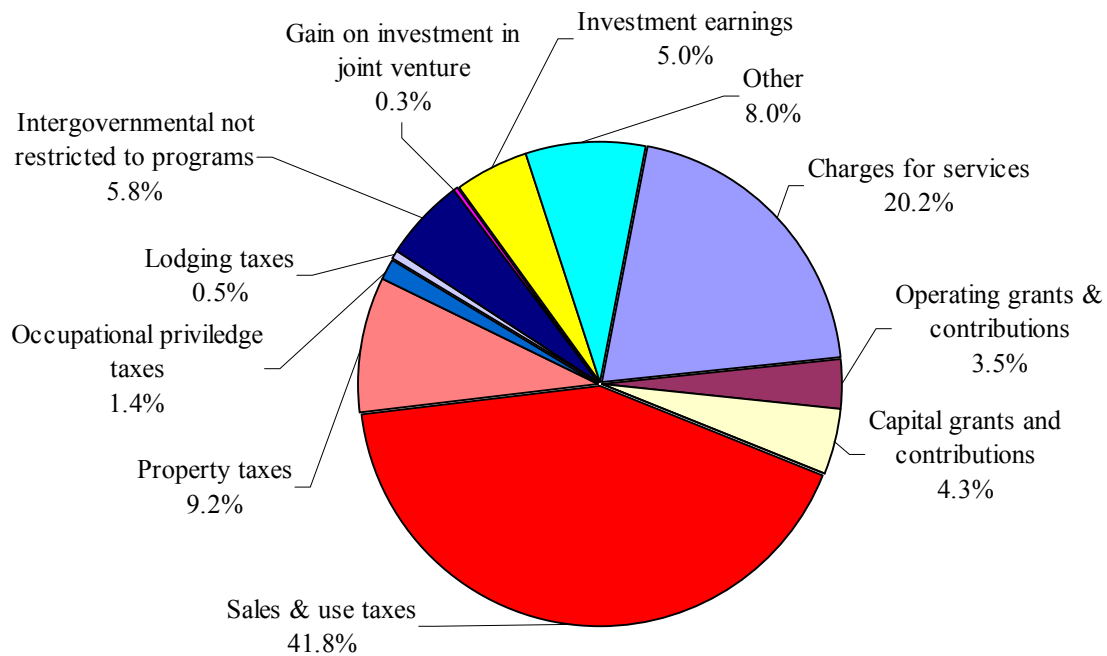
	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 36,502	\$ 32,387	\$ 140,512	\$ 139,458	\$ 177,014	\$ 171,845
Operating grants & contributions	6,412	10,988	24	20	6,436	11,008
Capital grants and contributions	7,775	30,932	12,233	16,651	20,009	47,583
General revenues:						
Sales & use taxes	75,865	78,445	-	-	75,865	78,445
Property taxes	16,683	16,298	-	-	16,683	16,298
Occupational privilege taxes	2,494	2,359	-	-	2,494	2,359
Lodging taxes	833	838	-	-	833	838
Intergovernmental not restricted to programs	10,420	541	-	10	10,420	551
Gain on investment in joint venture	505	-	-	-	505	-
Investment earnings	9,043	14,546	9,583	15,279	18,626	29,826
Other	14,400	3,261	1,839	787	16,240	4,048
Total Revenues	180,934	190,594	164,191	172,206	345,124	362,800
Expenses:						
General government	33,535	27,867	-	-	33,535	27,867
Public safety	46,521	45,080	-	-	46,521	45,080
Cultural, parks, recreation and environment	35,490	33,150	-	-	35,490	33,150
Planning and development	6,585	7,593	-	-	6,585	7,593
Transportation	44,659	42,495	-	-	44,659	42,495
Library	-	3,900	-	-	-	3,900
Interest on long-term debt	3,063	3,113	-	-	3,063	3,113
Light & power	-	-	81,620	80,479	81,620	80,479
Water	-	-	21,205	23,272	21,205	23,272
Wastewater	-	-	13,370	14,240	13,370	14,240
Storm drainage	-	-	9,021	9,132	9,021	9,132
Golf	-	-	2,507	2,697	2,507	2,697
Total expenses	169,852	163,199	127,723	129,820	297,575	293,019
Increase in net assets before transfers	11,082	27,395	36,468	42,386	47,549	69,781
Transfers	11,820	6,900	( 11,820 )	( 6,900 )	-	-
Increase in net assets	22,902	34,295	24,648	35,486	47,549	69,781
Net assets - beginning	699,172	664,877	575,353	539,867	1,274,525	1,204,744
Net assets - ending	\$ 722,074	\$ 699,172	\$ 600,000	\$ 575,353	\$ 1,322,075	\$ 1,274,525

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

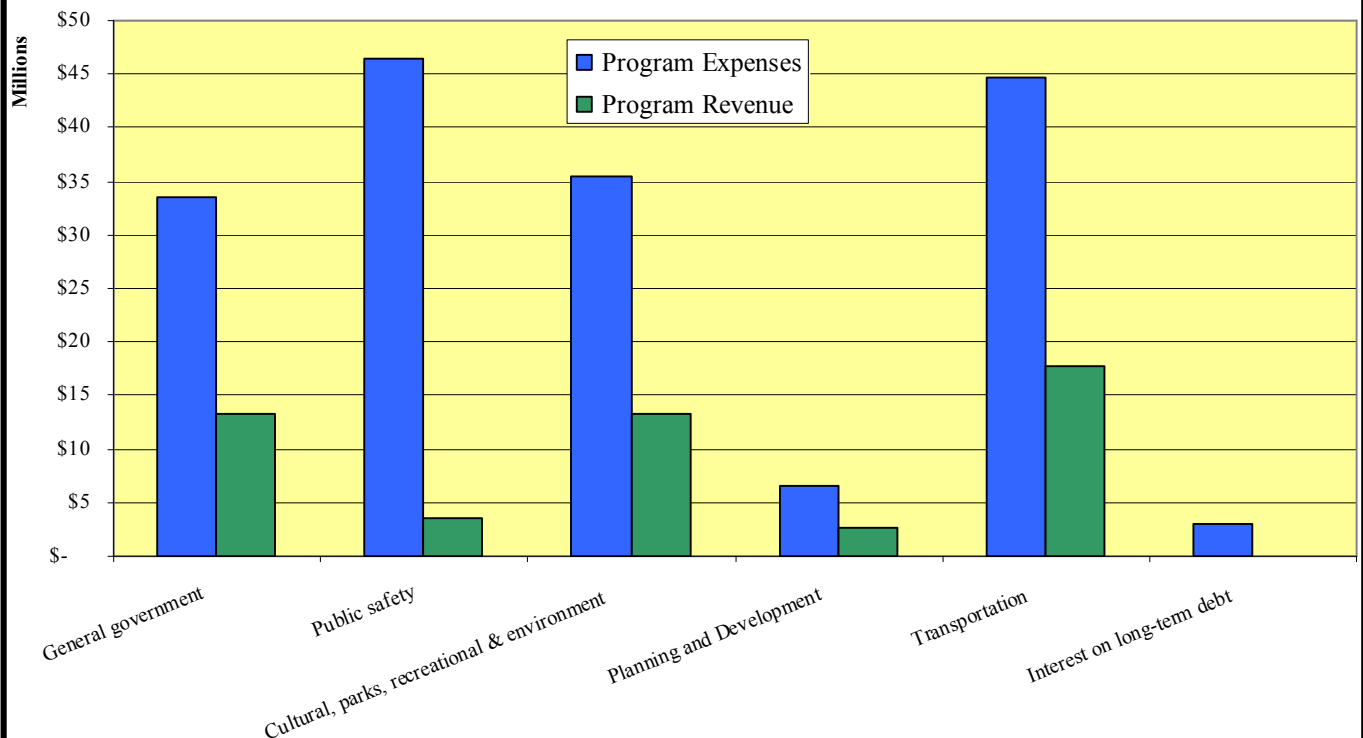
The above condensed summary of the City's governmental and business type activities for the period ended December 31, 2008 reflects net assets increasing by \$47.6 million (3.7%). The prior period is also included for comparative purposes. In addition, revenue and expense graphs have been presented on pages 24-25 to enhance the reader's understanding of the current year activities.

## Governmental Activities:

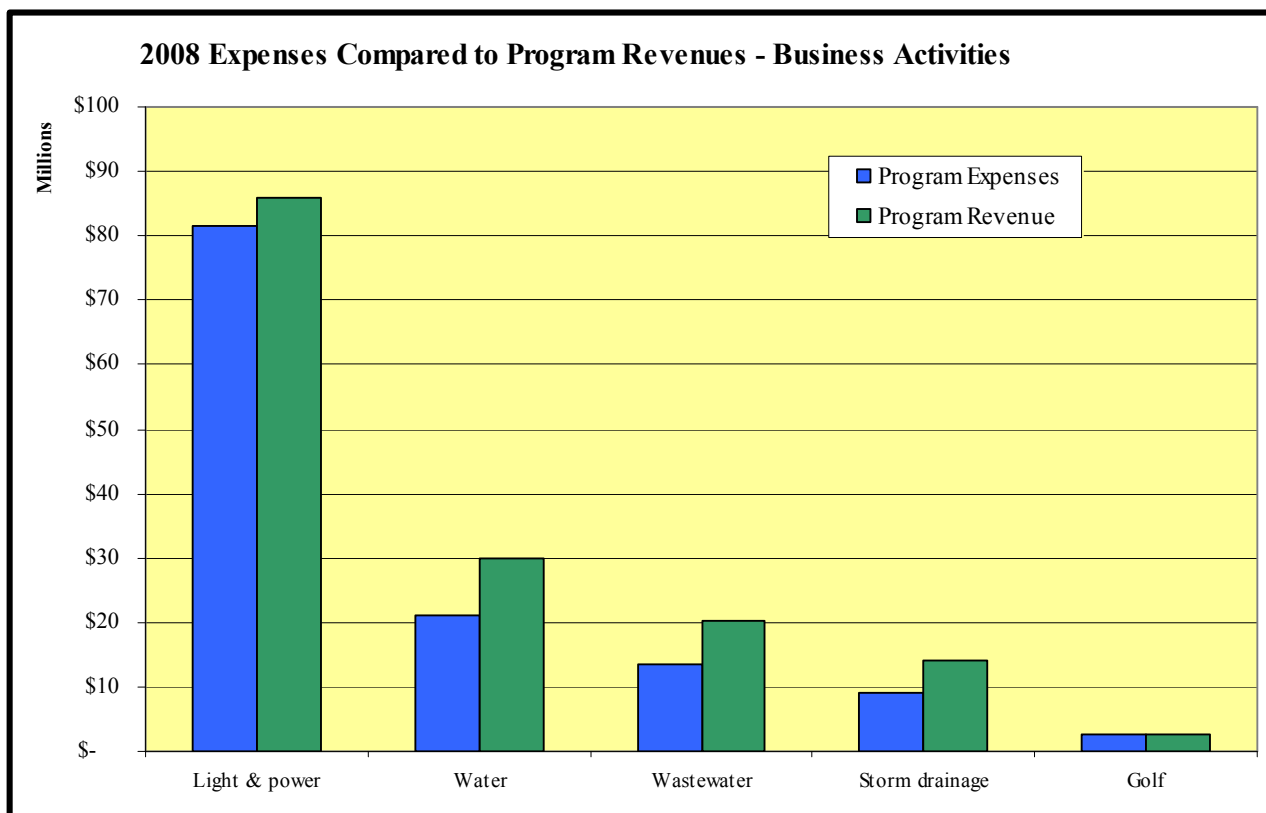
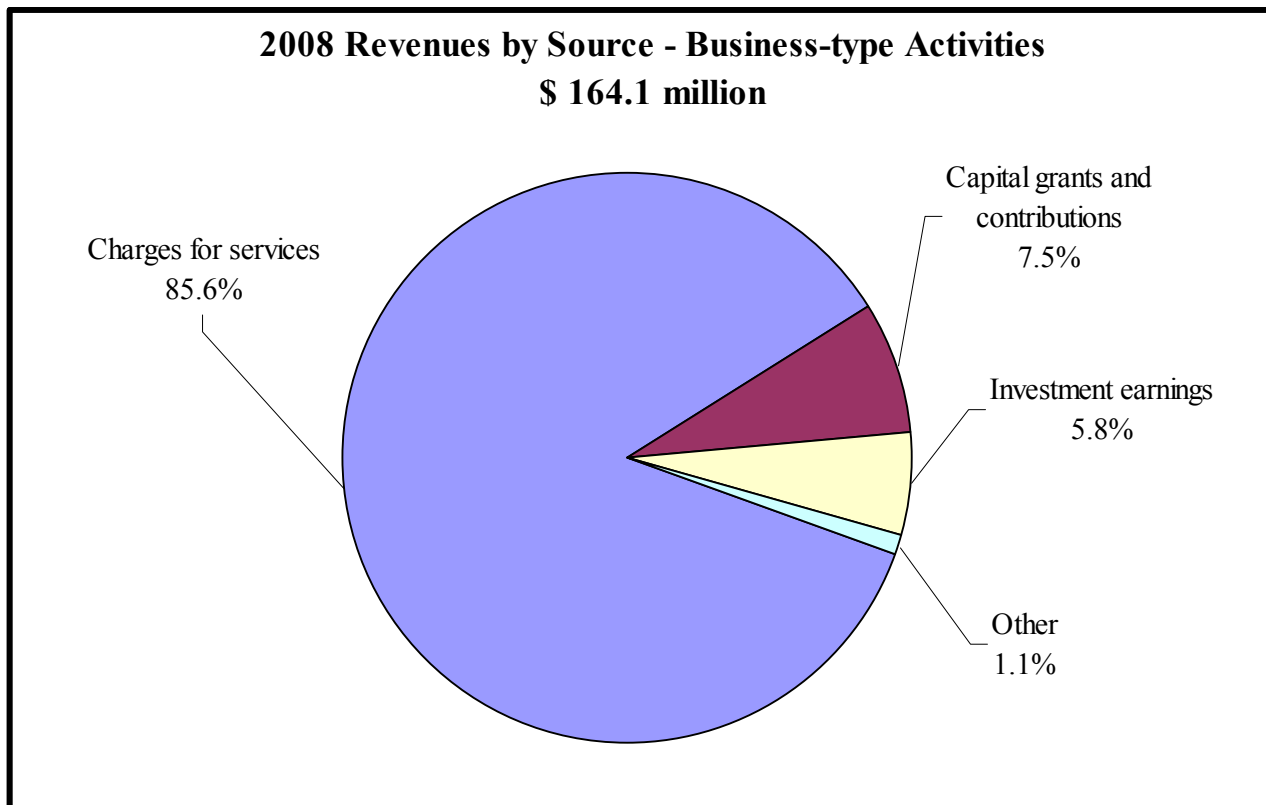
### 2008 Revenues by Source - Governmental Activities \$180.9 million



### 2008 Expenses Compared to Program Revenues - Governmental Activities



Business-type Activities:



Governmental activities. Governmental activities increased the City's net assets by \$22.9 million, accounting for 48.1% of the City's \$47.6 million overall increase in net assets. Major variations are due to the following:

Miscellaneous revenues increased \$11.1 million. This was primarily due to revenue realized for prior years capital outlay set up as 2008 capital assets including land parcels and donated capital assets consisting of streets, the trolley car, and land.

Combined sales and use tax collections were \$2.1 million (2.8%) lower than 2007 collections. The overall decrease in 2008 was influenced by several categories with negative growth. The Manufacturing & Wholesale Trade decreased 9.6%, Auto Dealers & Service Stations decreased 6.9%, General Merchandise Stores category decreased 6%, and Apparel & Accessory Stores decreased 4.8%.

Business-type activities. Business-type activities in the utility funds increased the City's net assets by \$24.7 million, accounting for 51.9% of the City's overall \$47.6 million increase in net assets. Major variations are due to the following:

Charges for services in business activities increased \$1.9 million (1.4%) during the year. Wastewater fund rates were increased 11% for all customers. The net impact of the rate increase to total wastewater revenues resulted in \$1.5 million, a 10.4% overall increase. Water fund operating revenues declined 2.2% due to a normal year of precipitation, additional conservation efforts, and a downward economy. Storm water fund revenues remained stable experiencing a 2.9% increase in total revenues as a result of slow growth in new development.

This year, the business activities participated in the Security Lending investment program. The securities lending program enables the City's investments held by its custodian to be used on a temporary basis in transactions by an approved list of broker/dealers. The lending is collateralized at 102% of the security's value plus accrued interest. Investment Earnings decreased \$5.7 million due to 20% lower average yields compared to 2007 as well as a 3% decrease in the average balances invested.

### 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 12/31/08, the City's total governmental fund balances were \$151.2 million, a decrease of \$7.3 million compared to the prior year. \$116.3 million (76.9%) constitutes unreserved fund balance, which is available for spending at the government's discretion. The \$34.9 million (23.1%) 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 (\$14.2 million), to fund a state constitution mandated emergency reserve (\$4 million) and for a variety of other restricted purposes (\$16.7 million).

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. The largest capital project expenditures were on the Council Tree Library and the Street Oversizing Projects. No major capital assets completed in 2008. The Capital Projects fund experienced a net increase of \$3.3 million which resulted in a 12/31/08 fund balance of \$32.9 million.

The General Fund is the chief operating fund of the City. At 12/31/08, the unreserved fund balance of the General Fund was \$33.6 million. The total fund balance was \$45.5 million. The General Fund experienced a decrease of \$2.8 million in 2008 primarily due to the lower sales and use tax revenues.

The Transportation Services Special Revenue Fund is another major governmental fund of the City. At 12/31/08, the unreserved fund balance was \$0.9 million while the total fund balance equaled \$13 million. The fund balance experienced a decrease of \$2.8 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. The road and bridge levy shared revenues from Larimer County decreased by \$0.5 million. There were also \$0.9 million lower revenues in Planning and Development and Traffic Construction.

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 12/31/08	Change in Net Assets for Yr Ended 12/31/08
Light & Power	\$ 58,954	\$ 2,292
Water	72,114	10,509
Wastewater	19,800	6,476
Storm Drainage	16,419	5,684
Total of Major Enterprise Funds	167,287	24,961
Other Enterprise Fund	644	20
Total Enterprise Funds	167,932	24,981
Internal Service Funds	21,068	3,810
Total Proprietary Funds	<u>\$ 188,999</u>	<u>\$ 28,791</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 for these facades on behalf of the DDA. As a result, the DDA has a \$13 million deficit in unrestricted net assets. The total change in net assets for the DDA was an increase of \$1.8 million. See the component unit columns on the government-wide financial statements on pages 33-35, or for more detail see pages 151-157.

#### General Fund Budgetary Highlights

The original budget appropriations decreased by \$0.5 million to the final budget appropriations and are summarized below:

The General Fund transferred \$6.5 million in appropriations and related revenue to the new Internal Service Data and Communications Fund. This includes \$0.5 million in General Fund reserves for Data Tracking Systems and Geographical Information Systems.

The Administrative Service Area increased appropriations \$3.6 million. They were primarily due to land purchases on Maple Street, efficiency lighting upgrades, various equipment replacements at City Hall, Mulberry Pool, and EPIC and payment to Larimer County for the Civic Center Parking Structure.

Cultural, Parks, Recreation and Environment increased appropriations by \$0.6 million. They were primarily due to the Natural Areas Draft Environmental Impact Statement and the Library Donation Reserve transferred to Poudre River Public Library District.



Executive, Legislative, and Judicial increased appropriations by \$0.6 million. This was primarily due to the purchase and maintenance of equipment related to Public, Education, Government (PEG) programming, evaluation study connected to the Northern Integrated Supply Project, Pay for Performance Consultant, and the expansion of the Municipal Court waiting room.

Police Protection increased appropriations by \$0.7 million. They were primarily due to various grants received and new ordinances for the Police Restorative Justice, Police Seizure, and E911 Dispatch Funds for Larimer Emergency Telephone Authority (LETA). There were additional appropriations from the Drug Task Force and Traffic Surcharge Prior Year Reserves.

The variance between actual expenditures and the final budget amounted to \$9 million in unspent appropriations and is summarized below:

Executive, Legislative, and Judicial Services had unspent appropriations of \$1.4 million. These savings were primarily due to salary savings, planned employee training classes, and the ITMS service contract was not completed. There were also Fort Fund grants awarded in 2008 but not paid until 2009.

Planning and Development Services had unspent appropriations of \$2.3 million. There were various reasons which included the ProjectDox system that was not implemented, the in-house DMS system was not converted to Accela, and there was labor savings due to vacant positions. 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 9/30/09, there was unspent money at 12/31/08.

Cultural, Parks, Recreation, and Environment Services had unspent appropriations of \$0.7 million. This was primarily due to lower expenditures in the Parks Department for some lifecycle and forestry projects. In Natural Areas there were lower expenditures in the Northern Integrated Supply Project, hazardous waste study, recycling projects, and environmental projects and equipment.

Administrative Services had unspent appropriations of \$0.7 million. This was primarily due to utility cost savings realized in the work for others program and the lighting equipment upgrade for energy conversation.

The Police Department had unspent appropriations of \$2.6 million. This was due primarily to lower expenditures on Camera Radar equipment, new radio equipment, fleet service maintenance and repairs, contract security services, and labor savings from vacant positions during the year in Patrol Services and Dispatch Services.

### 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, 2008 amounted to \$1.1 billion (net of accumulated depreciation). This was an increase of \$35.2 million (3.2%). 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 a good (Level of Service B) rating. For 2008, the City spent \$8.7 million on its street maintenance program as compared to \$9.7 million, the estimate provided by the asset management system. For more detailed information see the Required Supplementary Information on pages 91-92 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>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land, water rights, intangibles	\$ 114,803	\$ 106,629	\$ 61,454	\$ 58,224	\$ 176,257	\$ 164,853
Street system infrastructure	312,569	304,894	-	-	312,569	304,894
Construction in progress	12,799	5,268	46,496	25,131	59,295	30,399
Buildings and improvements	115,266	116,766	150,963	155,251	266,229	272,017
Improvements other than buildings	29,032	37,049	246,540	248,202	275,572	285,251
Machinery and equipment	26,152	23,755	11,293	10,959	37,445	34,714
Total capital assets	<u>\$ 610,621</u>	<u>\$ 594,361</u>	<u>\$ 516,746</u>	<u>\$ 497,767</u>	<u>\$1,127,367</u>	<u>\$ 1,092,128</u>

Major capital improvements during this fiscal year included the following:

**Governmental Activities**

Completed in 2008:

Natural Areas completed Primrose Studio Remodel and Bobcat House Remodel - \$884,139  
Police Facility further additions completed - \$428,289

Other new capital assets in 2008:

Additions to Street Infrastructure - \$7.7 million  
Reservoir Ridge Land – 27.4 acres - \$405,159  
Old Fort Collins Heritage Park – accumulated costs to date - \$575,637  
New Branch Library – accumulated costs to date - \$4.1 million  
Soapstone Public Improvement Project – accumulated costs to date - \$3.9 million  
Maple Street Land Purchase - \$1.4 million  
Soapstone Land – 1,150 acres - \$901,366

**Proprietary Activities**

Completed in 2008:

Halligan Reservoir Enlargement Project – accumulated costs to date - \$7.1 million  
Canal Importation Basin Improvements - \$8.1 million  
Various underground conduits & conductors - \$5.5 million  
Drake Water Reclamation Facility Improvements - \$3.5 million  
Acquired additional dedicated Water Rights - \$2.7 million  
Mulberry Water Reclamation Facility Improvements – accumulated costs to date - \$2.6 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 \$149.3 million (bonds, certificates of participation, capital leases, etc.). Of this amount, \$83.9 million represents bonds secured by specified revenue sources (i.e., revenue bonds). In addition, there is \$2.5 million of general obligation water bonds, which historically have been supported by water revenue and not property taxes. The remaining \$62.9 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	
	2008	2007	2008	2007	2008	2007
Revenue bonds	\$ 2,250	\$ 3,342	\$ 81,618	\$ 90,603	\$ 83,868	\$ 93,945
General obligation bonds (water)	-	-	2,535	5,000	2,535	5,000
Certificates of participation	55,340	58,345	1,595	1,715	56,935	60,060
Assignment of lease payments	666	702	2,117	2,234	2,783	2,936
Capital leases	2,636	2,602	544	489	3,180	3,091
Total outstanding debt	<u>\$ 60,892</u>	<u>\$ 64,991</u>	<u>\$ 88,409</u>	<u>\$ 100,041</u>	<u>\$ 149,301</u>	<u>\$ 165,032</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 68-76 of this report.

#### Economic Factors and Next Year's Budgets and Rates

In 2008, the average unemployment rate for the Fort Collins/Loveland regional area was 5.0% of the labor force. In 2007, this average rate was 3.4%. The Larimer County average unemployment rate was 4.3% and the State of Colorado average unemployment rate was 4.9%. The national average unemployment rate was 7.2%.

Combined sales and use tax collections were 2.8% lower than 2007 collections. 2009 sales taxes are projected to decrease by 2-4% over 2008 actual collections. This decrease is primarily due to the national recession and uncertainty it creates for consumers. As a result, purchases of big ticket items such as vehicles, furniture, and consumer electronics will be deferred until the economy improves and consumers gain confidence.

The Federal Government has responded to the national downturn in the economy by enacting the American Recovery and Reinvestment Act of 2009. This \$787 billion allocates federal funds for education, healthcare and infrastructure in order to create jobs and address public needs. The action by the Federal Government will provide funding of transit projects in the City as well as the region. The economic impact to the Front Range of Colorado and Fort Collins in particular is not fully known.

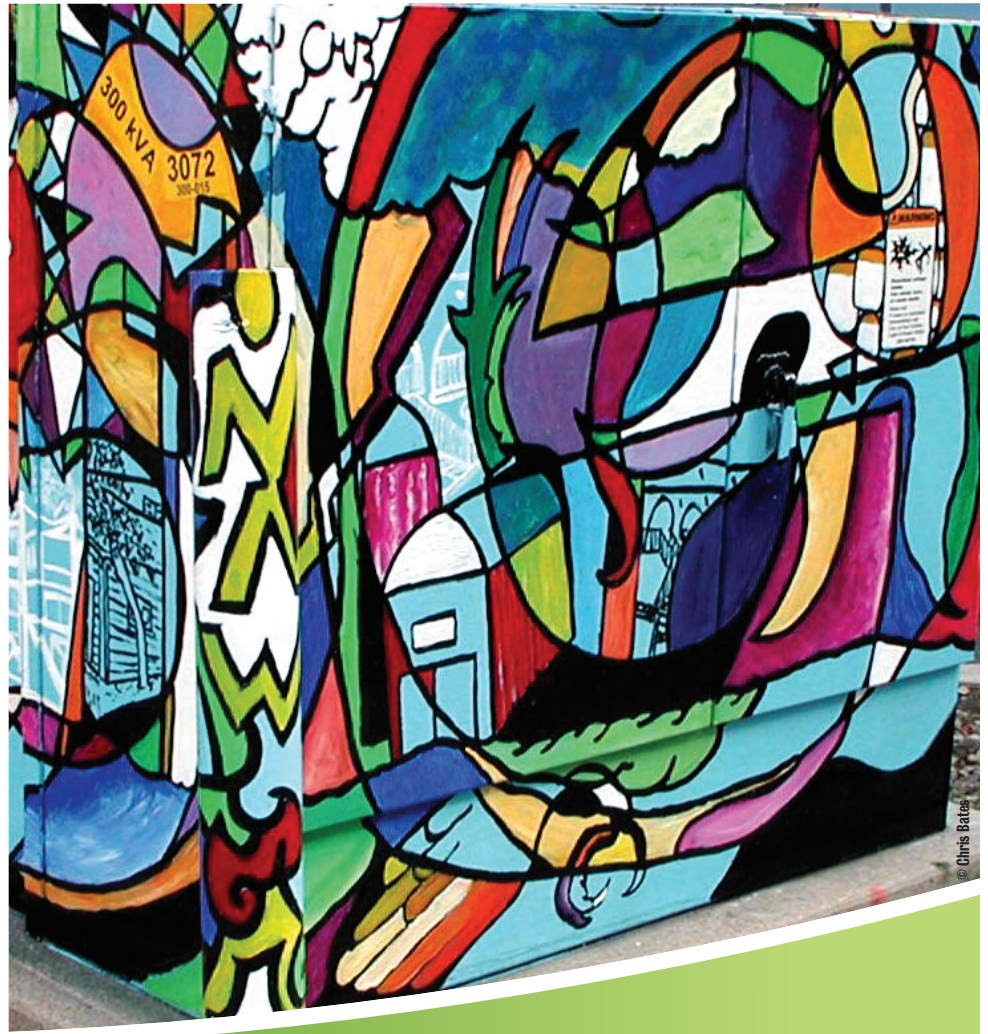
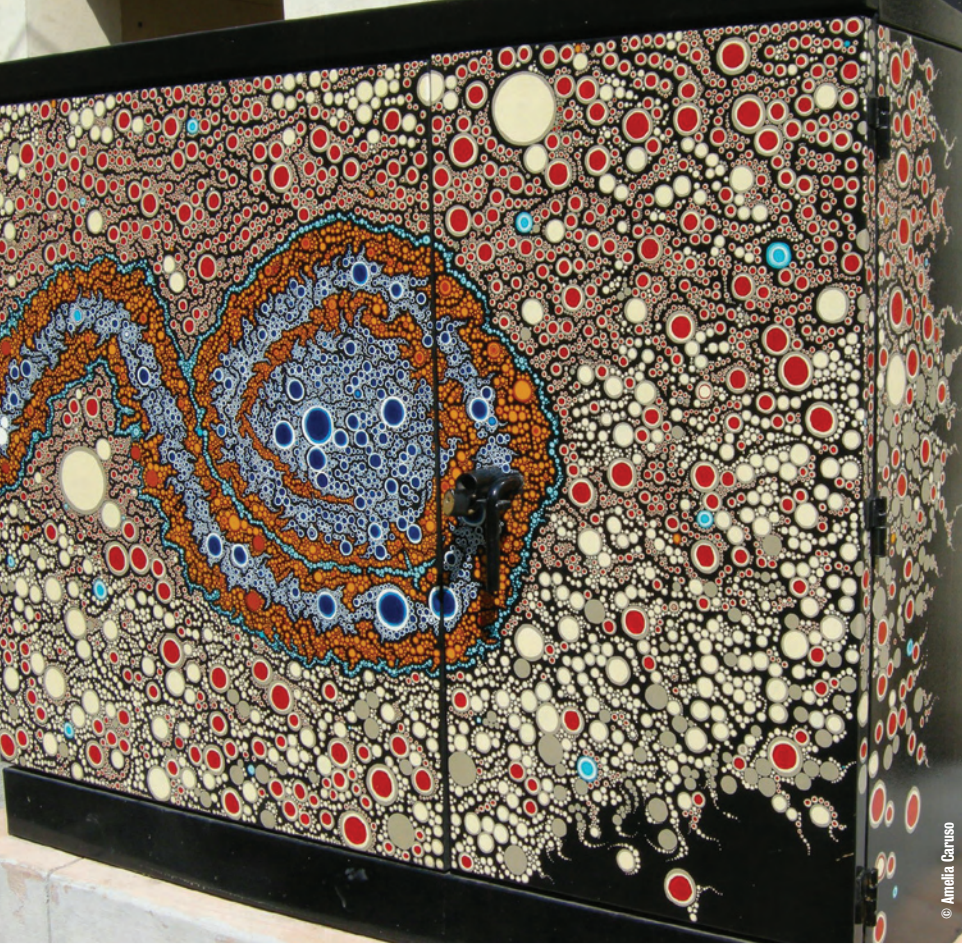
Compared to the previous five year average, 2008 building activity was below average in both number of building permits (down 23.3%), and the value of the building permits (down 23.9%). In 2008, a total of 5,152 building permits were issued (a decrease of 5.0%) with a construction value of \$251,439,973 (a decrease of 7.6%) compared to 2007 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 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**

THIS PAGE INTENTIONALLY LEFT BLANK.

**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2008**

	Primary Government -- City of Fort Collins			
	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Cash and cash equivalents	\$ 29,031,281	\$ 28,255,922	\$ 57,287,203	\$ 2,987,168
Investments	135,136,393	132,811,921	267,948,314	13,558,789
Cash held by fiscal agent	3,479,928	471,357	3,951,285	-
Securities lending collateral	40,152,840	52,061,814	92,214,654	-
Receivables:				
Property taxes	17,276,848	-	17,276,848	5,863,532
Sales and use taxes	7,781,722	-	7,781,722	-
Accounts	5,995,664	16,276,145	22,271,809	-
Notes	1,379,483	533,215	1,912,698	-
Interest	1,184,768	1,343,491	2,528,259	65,258
Prepaid	173,669	3,509	177,178	96,950
Internal Balances	850,986	(850,986)	-	-
Due from other governments	437,316	-	437,316	-
Inventories of materials and supplies	514,749	4,287,949	4,802,698	-
Inventory of real property held for resale	2,896,665	-	2,896,665	135,464
Restricted cash and cash equivalents	112,706	1,170,968	1,283,674	-
Investment in joint venture	7,393,914	-	7,393,914	-
Capital assets (non-depreciable)	440,172,019	107,949,484	548,121,503	2,401,197
Capital assets (net of accumulated depreciation)	170,448,251	408,796,284	579,244,535	3,290,565
Unamortized bond issuance costs	733,613	881,747	1,615,360	13,670
Total Assets	865,152,815	753,992,820	1,619,145,635	28,412,593
LIABILITIES				
Accounts payable	6,359,582	9,813,729	16,173,311	27,643
Interest payable	294,536	472,207	766,743	29,821
Wages payable	3,549,193	1,521,350	5,070,543	52,254
Compensated absences	4,232,597	1,790,492	6,023,089	40,943
Due to other governments	53,647	-	53,647	2,792
Unearned revenue	17,681,190	-	17,681,190	5,860,408
Obligations under securities lending	40,697,617	52,768,164	93,465,781	-
Deposits held in escrow	331,883	-	331,883	-
Net pension obligation	896,979	-	896,979	-
Postemployment healthcare obligation	648,448	273,031	921,479	-
Non-Current liabilities				
Due within one year	8,033,791	12,140,593	20,174,384	5,871,000
Due in more than one year	60,299,042	75,212,840	135,511,882	12,037,000
Total Liabilities	143,078,505	153,992,406	297,070,911	23,921,861
NET ASSETS				
Invested in capital assets, net of related debt	551,852,607	429,392,335	981,244,942	4,476,364
Restricted for:				
Debt service	237,253	1,170,968	1,408,221	13,009,918
Capital projects	32,897,237	-	32,897,237	(12,995,550)
Gifts and grants	440,882	-	440,882	-
Agreements	543,879	471,336	1,015,215	-
Emergencies	4,007,033	-	4,007,033	-
Unrestricted (deficit)	132,095,419	168,965,775	301,061,194	-
Total Net Assets	\$ 722,074,310	\$ 600,000,414	\$ 1,322,074,724	\$ 4,490,732

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

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
<b><u>FUNCTIONS/ PROGRAM ACTIVITIES:</u></b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 33,534,743	\$ 12,962,142	\$ 116,144	\$ 280,429
Public safety	46,520,791	1,822,973	1,235,652	560,709
Culture, parks, recreation and environment	35,489,870	8,064,996	331,579	4,966,207
Planning and development	6,585,282	1,648,794	1,042,691	-
Transportation	44,658,726	12,003,298	3,686,277	1,967,878
Interest on long-term debt	3,062,621	-	-	-
<b>Total Governmental Activities</b>	<b>169,852,033</b>	<b>36,502,202</b>	<b>6,412,344</b>	<b>7,775,223</b>
<b>Business-type Activities:</b>				
Light & Power	81,620,225	83,521,007	23,023	2,346,547
Water	21,205,006	24,499,157	-	5,367,029
Wastewater	13,369,884	16,271,590	-	4,064,444
Storm Drainage	9,020,680	13,575,759	498	455,330
Golf	2,506,834	2,644,106	-	-
<b>Total Business-type Activities</b>	<b>127,722,629</b>	<b>140,511,619</b>	<b>23,521</b>	<b>12,233,350</b>
<b>Total Primary Government</b>	<b>297,574,662</b>	<b>177,013,821</b>	<b>6,435,865</b>	<b>20,008,573</b>
<b>Component Unit:</b>				
Downtown Development Authority	\$ 4,447,406	\$ 410,227	\$ 75,801	\$ -

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



<b>Net (Expense) Revenue and Changes in Net Assets</b>				
<b>Primary Government - City of Fort Collins</b>				
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Unit</b>
	\$ (20,176,028)	\$	\$ (20,176,028)	\$
	(42,901,457)		(42,901,457)	
	(22,127,088)		(22,127,088)	
	(3,893,797)		(3,893,797)	
	(27,001,274)		(27,001,274)	
	(3,062,621)		(3,062,621)	
	<u>(119,162,264)</u>		<u>(119,162,264)</u>	
		4,270,352	4,270,352	
		8,661,180	8,661,180	
		6,966,150	6,966,150	
		5,010,907	5,010,907	
		137,272	137,272	
	<u>-</u>	<u>25,045,861</u>	<u>25,045,861</u>	
	<u>(119,162,264)</u>	<u>25,045,861</u>	<u>(94,116,403)</u>	
				<u>(3,961,378)</u>
General Revenues				
Sales & use taxes	75,865,014	-	75,865,014	-
Property taxes	16,682,832	-	16,682,832	5,244,121
Occupational privilege taxes	2,493,933	-	2,493,933	-
Lodging taxes	833,468	-	833,468	-
Intergovernmental not restricted to programs	10,420,033	-	10,420,033	-
Gain on investment in joint venture	504,578	-	504,578	-
Investment earnings	9,043,421	9,582,770	18,626,191	401,425
Miscellaneous	14,400,496	1,839,357	16,239,853	117,392
Transfers	11,820,309	(11,820,309)	-	-
Total general revenues and transfers	<u>142,064,084</u>	<u>(398,182)</u>	<u>141,665,902</u>	<u>5,762,938</u>
Changes in Net Assets	22,901,820	24,647,679	47,549,499	1,801,560
Net Assets--January 1	699,172,490	575,352,735	1,274,525,225	2,689,172
Net Assets--December 31	<u>\$ 722,074,310</u>	<u>\$ 600,000,414</u>	<u>\$ 1,322,074,724</u>	<u>\$ 4,490,732</u>

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
DECEMBER 31, 2008**

	Primary Government					
	General	Sales and Use Tax	Trans- portation Services	Capital Projects	Total Other Governmental	Total Governmental
<b>ASSETS</b>						
Cash and cash equivalents	\$ 7,348,792	\$ 638,713	\$ 2,175,714	\$ 5,277,422	\$ 8,480,167	\$ 23,920,808
Investments	36,845,224	2,942,702	9,816,021	26,081,472	40,011,358	115,696,777
Cash held by fiscal agent	8,148	-	800	3,197,939	273,041	3,479,928
Securities lending collateral	12,840,103	1,530,786	1,048,548	-	16,202,322	31,621,759
Receivables						
Property taxes	16,618,630	-	140,945	-	517,273	17,276,848
Sales and use taxes	-	7,781,722	-	-	-	7,781,722
Accounts	2,041,770	5,784	2,196,387	50,498	578,144	4,872,583
Notes and loans	125,000	-	-	-	1,254,483	1,379,483
Interest	307,235	35,680	25,059	223,698	388,968	980,640
Due from other governments	8,077	-	201,402	12,120	215,717	437,316
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	-	83,030	29,676	-	-	112,706
Total Assets	79,043,972	13,018,417	15,634,552	34,843,149	67,921,473	210,461,563
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable, accruals, and other	1,874,783	2,585	1,111,504	1,945,870	918,383	5,853,125
Wages payable	2,011,983	-	424,544	42	776,606	3,213,175
Due to other governments	51,952	-	1,695	-	-	53,647
Deferred revenue	16,634,823	557	-	-	1,022,468	17,657,848
Advance from other funds	-	-	-	-	90,000	90,000
Obligations under securities lending	13,014,312	1,551,555	1,062,775	-	16,422,149	32,050,791
Deposits held in escrow	-	331,883	-	-	-	331,883
Total Liabilities	33,587,853	1,886,580	2,600,518	1,945,912	19,229,606	59,250,469
<b>Fund Balances</b>						
<i>Reserved</i>						
Encumbrances	3,913,712	-	1,715,069	4,316,634	4,265,996	14,211,411
Long-term notes receivable	125,000	-	-	-	1,254,483	1,379,483
Inventory of real property held for resale	2,896,665	-	-	-	-	2,896,665
Debt service	-	83,030	29,676	-	124,547	237,253
Emergency reserve	4,007,033	-	-	-	-	4,007,033
Contractual and other	913,652	-	10,414,596	-	820,716	12,148,964
<i>Unreserved</i>						
<i>Designated</i>						
General Fund	9,698,158	-	-	-	-	9,698,158
Special revenue funds	-	9,243,344	874,693	-	20,595,572	30,713,609
Capital projects funds	-	-	-	28,580,603	-	28,580,603
<i>Undesignated</i>						
General fund	23,901,899	-	-	-	-	23,901,899
Special revenue funds	-	1,805,463	-	-	21,630,553	23,436,016
Total Fund Balances	45,456,119	11,131,837	13,034,034	32,897,237	48,691,867	151,211,094
Total Liabilities and Fund Balances	\$ 79,043,972	\$ 13,018,417	\$ 15,634,552	\$ 34,843,149	\$ 67,921,473	\$ 210,461,563

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  
DECEMBER 31, 2008**

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

Total fund balances - governmental funds (page 36)	<b>\$ 151,211,094</b>
Capital assets of \$690,407,000 net of accumulated depreciation of \$84,468,000 used in governmental activities are not financial resources, therefore, are not reported in the funds.	605,939,078
City's joint venture equity interest in Fort Collins/Loveland Airport.	7,393,914
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	733,613
Internal service fund allocated to business type activities	940,986
Long-term liabilities are not due and payable in the current period and therefore are not reported in funds:	
Interest payable	(286,119)
Bonds payable	(2,250,000)
COPS	(55,340,000)
Assignment of lease	(665,825)
Premium & deferral, net	(1,355,269)
Capital lease	(1,816,743)
Compensated absences	(3,838,956)
Net pension obligation	(896,979)
Postemployment healthcare obligation	(648,448)
	<u>(67,098,339)</u>
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>22,953,964</u>
Net assets of governmental activities (page 33)	<b><u>\$ 722,074,310</u></b>

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, 2008**

	Primary Government					Total Governmental
	General	Sales and Use Tax	Trans- portation Services	Capital Projects	Total Other Governmental	
<b>REVENUES</b>						
Taxes	\$ 19,479,146	\$ 75,865,014	\$ -	\$ -	\$ 531,087	\$ 95,875,247
Licenses and permits	1,329,349	-	163,202	-	-	1,492,551
Intergovernmental	8,652,645	-	7,124,409	170,332	11,050,373	26,997,759
Fees and charges for services	7,871,427	-	8,198,095	-	13,943,830	30,013,352
Fines and forfeitures	2,749,297	-	-	-	-	2,749,297
Earnings on investments	2,005,391	226,561	360,884	1,104,567	2,163,352	5,860,755
Interest on security lending income	713,106	91,706	105,259	-	898,757	1,808,828
Miscellaneous revenue	647,387	994,412	285,664	-	2,480,211	4,407,674
Total Revenues	43,447,748	77,177,693	16,237,513	1,274,899	31,067,610	169,205,463
<b>EXPENDITURES</b>						
Current operating						
Executive, legislative, and judicial	10,822,645	-	-	-	-	10,822,645
Facility Operations	8,153,023	-	-	-	-	8,153,023
Cultural, parks, recreation and environment	8,841,686	-	-	-	16,913,223	25,754,909
Communication & technology	75,000	-	-	-	-	75,000
Planning and Development	5,291,333	-	-	-	1,382,955	6,674,288
Police protection	28,316,013	-	-	-	-	28,316,013
Transportation	-	-	29,091,675	-	9,071,786	38,163,461
Other	1,394,924	1,219,250	55,499	-	609,847	3,279,520
Security lending interest expense	615,909	79,214	93,118	-	774,474	1,562,715
Security lending agent fees	22,522	2,894	2,823	-	28,790	57,029
Intergovernmental						
Fire protection	16,383,100	-	-	-	-	16,383,100
Capital outlay	3,968,252	-	1,298,567	15,611,178	6,500,937	27,378,934
Debt service						
Principal	349,126	-	73,982	-	4,202,473	4,625,581
Interest	81,806	-	10,672	-	2,862,328	2,954,806
Total Expenditures	84,315,339	1,301,358	30,626,336	15,611,178	42,346,813	174,201,024
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	(40,867,591)	75,876,335	(14,388,823)	(14,336,279)	(11,279,203)	(4,995,561)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	60,599,314	-	12,295,999	18,437,585	22,904,078	114,236,976
Transfers out	(23,324,373)	(75,899,271)	(832,778)	(788,855)	(16,923,467)	(117,768,744)
Capital leases	790,652	-	157,001	-	-	947,653
Loan issuance	-	-	-	-	250,000	250,000
Total Other Financing Sources (Uses)	38,065,593	(75,899,271)	11,620,222	17,648,730	6,230,611	(2,334,115)
Net Changes in Fund Balances	(2,801,998)	(22,936)	(2,768,601)	3,312,451	(5,048,592)	(7,329,676)
Fund Balances-January 1	48,258,117	11,154,773	15,802,635	29,584,786	53,740,459	158,540,770
Fund Balances-December 31	\$ 45,456,119	\$ 11,131,837	\$ 13,034,034	\$ 32,897,237	\$ 48,691,867	\$ 151,211,094

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, 2008**

---

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)	<b>\$ (7,329,676)</b>
--	-----------------------

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, \$34,259,898, exceeded depreciation, \$9,016,934, in the current period.	25,242,964
---	------------

The net effect of various miscellaneous transactions involving capital assets:

Donations	4,136,770	
Disposal	(13,831,765)	
Transfer of assets	<u>(1,508,183)</u>	(11,203,178)

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.

Transfer of capital lease to internal service fund	1,288,266	
Principal payments	4,568,292	
Issuance of capital lease	(947,653)	
Change in net pension obligation	546,796	
Change in postemployment healthcare benefits	(648,448)	
Change in compensated absences	(111,024)	
Amortization of premium, discount, deferred amount of refunding	82,644	
Interest expense	20,776	
Loan issuance	<u>120,000</u>	4,919,649

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.	(73,068)
---	----------

Expenses in Statement of Activities related to City's Equity in Joint Venture	
Change in Non-Capital Equity position in Fort Collins/Loveland Airport	7,201,598

Transfer of internal service fund net assets from business type activities	1,423,023
--	-----------

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.	<u>2,720,508</u>
---	------------------

Change in net assets of governmental activities (pages 34-35)	<b><u>\$ 22,901,820</u></b>
---	-----------------------------

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, 2008**

	<b>Actual</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Variance- Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 19,479,146	\$ 18,471,275	\$ 18,971,275	\$ 507,871
Licenses and permits	1,329,349	1,417,000	1,417,000	(87,651)
Intergovernmental	8,652,645	9,277,325	9,449,953	(797,308)
Fees and charges for services	7,871,427	10,180,831	7,565,993	305,434
Fines and forfeitures	2,749,297	2,425,352	2,775,352	(26,055)
Earnings on investments	2,005,391	2,113,865	1,863,865	141,526
Interest on security lending income	713,106	-	-	713,106
Miscellaneous revenue	647,387	785,368	805,110	(157,723)
Total Revenues	<u>43,447,748</u>	<u>44,671,016</u>	<u>42,848,548</u>	<u>599,200</u>
<b>EXPENDITURES</b>				
Current operating				
Executive, legislative, and judicial	10,822,645	11,672,633	12,240,401	1,417,756
Administrative	8,153,023	5,252,810	8,870,713	717,690
Cultural, parks, recreation and environment	8,841,686	8,964,745	9,551,757	710,071
Communication & technology	75,000	6,571,252	75,000	-
Planning and Development	5,291,333	7,458,125	7,554,345	2,263,012
Police protection	28,316,013	30,228,808	30,920,158	2,604,145
Other	1,394,924	1,239,923	1,546,185	151,261
Security lending interest expense	615,909	-	-	(615,909)
Security lending agent fees	22,522	-	-	(22,522)
Intergovernmental				
Fire protection	16,383,100	16,383,100	16,383,100	-
Capital Outlay	3,968,252	5,672,279	5,672,279	1,704,027
Debt Service				
Principal	349,126	298,052	403,502	54,376
Interest	81,806	61,118	82,118	312
Total Expenditures	<u>84,315,339</u>	<u>93,802,845</u>	<u>93,299,558</u>	<u>8,984,219</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(40,867,591)</u>	<u>(49,131,829)</u>	<u>(50,451,010)</u>	<u>9,583,419</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital Leases	790,652	-	790,652	-
Transfers in	60,599,314	59,496,052	62,007,673	(1,408,359)
Transfers out	(23,324,373)	(19,532,125)	(28,478,544)	5,154,171
Total Other Financing Sources and Uses	<u>38,065,593</u>	<u>39,963,927</u>	<u>34,319,781</u>	<u>3,745,812</u>
Net Changes in Fund Balances	(2,801,998)	<u>\$ (9,167,902)</u>	<u>\$ (16,131,229)</u>	<u>\$ 13,329,231</u>
Fund Balances-January 1	<u>48,258,117</u>			
Fund Balances-December 31	<u>\$ 45,456,119</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, 2008**

	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 75,865,014	\$ 75,396,940	\$ 78,452,888	\$ (2,587,874)
Earnings on investments	226,561	146,100	146,100	80,461
Interest on security lending income	91,706	-	-	91,706
Miscellaneous revenue	994,412	994,413	994,413	(1)
	<u>77,177,693</u>	<u>76,537,453</u>	<u>79,593,401</u>	<u>(2,415,708)</u>
<b>EXPENDITURES</b>				
Current operating				
Other	1,219,250	1,300,000	2,044,000	824,750
Security lending interest expense	79,214	-	-	(79,214)
Security lending agent fees	2,894	-	-	(2,894)
	<u>1,301,358</u>	<u>1,300,000</u>	<u>2,044,000</u>	<u>742,642</u>
Excess of Revenues Over Expenditures	<u>75,876,335</u>	<u>75,237,453</u>	<u>77,549,401</u>	<u>(1,673,066)</u>
<b>OTHER FINANCING USES</b>				
Transfers out				
General Fund	(58,921,885)	(58,487,340)	(60,216,985)	1,295,100
Natural Areas Fund	(5,529,128)	(5,424,900)	(5,867,001)	337,873
Transit Services Fund	(160,684)	(160,684)	(160,684)	-
Transportation Services Fund	(5,567,128)	(5,462,900)	(5,905,001)	337,873
Debt Service Fund	(994,412)	(994,413)	(994,413)	1
Capital Projects Fund	(4,726,034)	(6,307,216)	(6,279,422)	1,553,388
	<u>(75,899,271)</u>	<u>(76,837,453)</u>	<u>(79,423,506)</u>	<u>3,524,235</u>
Net Changes in Fund Balances	(22,936)	<u>\$ (1,600,000)</u>	<u>\$ (1,874,105)</u>	<u>\$ 1,851,169</u>
Fund Balances--January 1	<u>11,154,773</u>			
Fund Balances--December 31	<u>\$ 11,131,837</u>			

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, 2008**

	Actual	Prior Year Actual	Cummulative Actual	Original Budget	Final Budget	Variance- Positive (Negative)
<b>REVENUES</b>						
Licenses and permits	\$ 163,202	\$ -	\$ 163,202	\$ 112,560	\$ 112,560	\$ 50,642
Intergovernmental	7,124,409	-	7,124,409	14,474,511	6,619,741	504,668
Fees and charges for services	8,198,095	-	8,198,095	7,840,468	8,540,468	(342,373)
Earnings on investments	360,884	-	360,884	649,237	649,237	(288,353)
Interest on security lending income	105,259	-	105,259	-	-	105,259
Miscellaneous revenue	285,664	-	285,664	59,881	206,950	78,714
Total Revenues	16,237,513	-	16,237,513	23,136,657	16,128,956	108,557
<b>EXPENDITURES</b>						
Programs (fund level of budgetary control)						
Transportation services administration	347,944	-	347,944	420,476	471,108	123,164
Harmony road	976,795	-	976,795	2,060	1,448,945	472,150
Pavement management	10,628,879	-	10,628,879	8,683,296	10,716,378	87,499
Streets	10,212,358	-	10,212,358	9,357,375	10,107,794	(104,564)
Engineering	2,016,482	-	2,016,482	2,283,170	2,453,225	436,743
Traffic	3,493,421	-	3,493,421	3,367,467	3,699,401	205,980
Parking	1,521,444	-	1,521,444	1,735,123	2,084,679	563,235
Planning	689,514	-	689,514	813,004	1,028,122	338,608
Total Programs	29,886,837	-	29,886,837	26,661,971	32,009,652	2,122,815
Projects (level of budgetary control)						
South College Bikelanes	324,219	364,292	688,511	-	750,000	61,489
East Mtn Trolley	116,849	112	116,961	-	134,550	17,589
2008 FC Bikes	121,051	-	121,051	129,602	129,602	8,551
Jefferson St./ SH 14 Roundabout	-	-	-	500,000	500,000	500,000
Bike Library	65,261	-	65,261	73,500	80,951	15,690
Safe Route to School	11,070	11,138	22,208	-	22,208	-
CMAQ Web Page	-	464,471	464,471	-	500,000	35,529
Harmony Rd Traffic Responsive	-	-	-	350,000	350,000	350,000
Comprehensive Signal Timing	-	-	-	300,000	300,000	300,000
Bike Camp Program	5,108	-	5,108	-	5,200	92
Total Grants	643,558	840,013	1,483,571	1,353,102	2,772,511	1,288,940
Security lending interest expense	93,118	-	93,118	-	-	(93,118)
Security lending agent fees	2,823	-	2,823	-	-	(2,823)
Total Expenditures	30,626,336	840,013	31,466,349	28,015,073	34,782,163	3,315,814
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,388,823)	(840,013)	(15,228,836)	(4,878,416)	(18,653,207)	3,424,371
<b>OTHER FINANCING SOURCES (USES)</b>						
Capital lease	157,001	-	157,001	-	157,001	-
Transfers in:						
Sales and Use Tax Fund	5,529,128	-	5,529,128	5,424,900	5,867,001	(337,873)
General Fund	4,988,871	-	4,988,871	4,946,981	5,004,979	(16,108)
Sales & Use Tax- BOB	38,000	-	38,000	38,000	38,000	-
Street Oversizing	1,625,000	-	1,625,000	1,400,000	1,625,000	-
Storm Water	115,000	-	115,000	115,000	115,000	-
Transfers out:						
Debt Service Fund	(488,669)	-	(488,669)	(488,669)	(488,669)	-
Capital Projects Fund	(344,109)	-	(344,109)	-	(345,998)	1,889
Total Other Financing Sources (Uses)	11,620,222	-	11,620,222	11,436,212	11,972,314	(352,092)
Net Changes in Fund Balances	(2,768,601)	\$ (840,013)	(3,608,614)	\$ 6,557,796	\$ (6,680,893)	\$ 3,072,279
Less Prior Years' Grant Revenues			-			
Plus Prior Years' Grant Expenditures			840,013			
Fund Balances--December 31	\$ 13,034,034		\$ 13,034,034			

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



THIS PAGE INTENTIONALLY LEFT BLANK.

**PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2008**

	<b>Light and Power</b>	<b>Water</b>	<b>Wastewater</b>	<b>Storm Drainage</b>
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 9,105,396	\$ 12,673,960	\$ 3,446,797	\$ 2,328,355
Investments	41,595,243	58,123,765	15,694,676	14,522,276
Cash held by fiscal agent	-	-	471,336	-
Securities lending collateral	16,983,768	23,252,534	6,508,258	4,265,306
Receivables				
Accounts	10,415,722	2,131,322	1,965,620	1,746,996
Note receivable	65,489	-	-	-
Interest	407,898	555,999	252,210	102,064
Prepaid expense	-	-	-	-
Inventories of materials and supplies	4,287,949	-	-	-
Total Current Assets	<u>82,861,465</u>	<u>96,737,580</u>	<u>28,338,897</u>	<u>22,964,997</u>
Non-Current Assets				
Advance to other funds	-	-	-	90,000
Restricted Assets - cash & cash equivalents	-	340,091	421,412	409,465
Land, water rights, other	1,512,515	47,897,926	3,217,675	5,959,506
Buildings, improvements and equipment	199,500,980	225,179,846	152,474,293	99,094,147
Accumulated depreciation	(106,115,536)	(87,741,229)	(59,417,804)	(20,530,732)
Construction in progress	7,298,312	10,894,766	18,407,447	9,419,923
Note receivable	467,726	-	-	-
Unamortized bond issuance costs	-	254,567	354,083	227,539
Total Non-Current Assets	<u>102,663,997</u>	<u>196,825,967</u>	<u>115,457,106</u>	<u>94,669,848</u>
Total Assets	<u>185,525,462</u>	<u>293,563,547</u>	<u>143,796,003</u>	<u>117,634,845</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	6,185,053	367,684	1,069,688	2,105,779
Interest payable	-	149,618	82,544	196,514
Wages payable	430,129	308,172	254,065	114,443
Compensated absences	443,634	405,312	361,480	100,671
Bonds payable	-	5,069,579	4,129,879	2,528,600
Claims payable	-	-	-	-
Capital lease obligations	-	-	-	-
Deferred revenue	-	-	-	-
Obligations under securities lending	17,214,196	23,568,013	6,596,558	4,323,176
Total Current Liabilities	<u>24,273,012</u>	<u>29,868,378</u>	<u>12,494,214</u>	<u>9,369,183</u>
Non-Current Liabilities				
Postemployment healthcare benefits	102,387	79,634	56,881	22,753
Bonds payable	-	25,964,169	11,499,030	33,876,660
Claims payable	-	-	-	-
Capital lease obligations	-	-	-	-
Total Non-Current Liabilities	<u>102,387</u>	<u>26,043,803</u>	<u>11,555,911</u>	<u>33,899,413</u>
Total Liabilities	<u>24,375,399</u>	<u>55,912,181</u>	<u>24,050,125</u>	<u>43,268,596</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	102,196,271	165,197,561	99,052,702	57,537,585
Restricted: debt service	-	340,091	421,412	409,465
Restricted: fiscal agent	-	-	471,336	-
Unrestricted	58,953,792	72,113,714	19,800,428	16,419,199
Total Net Assets	<u>\$ 161,150,063</u>	<u>\$ 237,651,366</u>	<u>\$ 119,745,878</u>	<u>\$ 74,366,249</u>

Adjustment to reflect the consolidation of internal service fund net assets related to enterprise funds:

Allocation of governmental activities related to internal service fund net assets:

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

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

<b>Non Major</b>		
<b>Enterprise Fund</b>	<b>Enterprise</b>	<b>Internal</b>
<b>Golf</b>	<b>Funds</b>	<b>Service Funds</b>
\$ 148,111	\$ 27,702,619	\$ 5,663,776
619,003	130,554,963	21,696,574
21	471,357	-
236,401	51,246,267	9,346,628
16,425	16,276,085	1,123,141
-	65,489	-
5,743	1,323,914	223,705
3,509	3,509	173,669
-	4,287,949	510,421
<u>1,029,213</u>	<u>231,932,152</u>	<u>38,737,914</u>
-	90,000	-
-	1,170,968	-
2,865,976	61,453,598	70,564
8,269,105	684,518,371	13,953,957
(2,936,018)	(276,741,319)	(8,388,901)
-	46,020,448	540,242
-	467,726	-
45,558	881,747	-
<u>8,244,621</u>	<u>517,861,539</u>	<u>6,175,862</u>
<u>9,273,834</u>	<u>749,793,691</u>	<u>44,913,776</u>
13,250	9,741,454	578,732
43,531	472,207	8,418
49,205	1,156,014	701,354
73,312	1,384,409	799,724
249,817	11,977,875	-
-	-	2,634,617
162,718	162,718	386,217
-	-	23,342
239,609	51,941,552	9,473,438
<u>831,442</u>	<u>76,836,229</u>	<u>14,605,842</u>
11,376	273,031	-
3,491,791	74,831,650	-
-	-	3,450,624
381,190	381,190	433,537
<u>3,884,357</u>	<u>75,485,871</u>	<u>3,884,161</u>
<u>4,715,799</u>	<u>152,322,100</u>	<u>18,490,003</u>
3,913,546	427,897,665	5,356,108
-	1,170,968	-
-	471,336	-
644,489	167,931,622	21,067,665
<u>\$ 4,558,035</u>	<u>597,471,591</u>	<u>\$ 26,423,773</u>
	3,469,809	
	(940,986)	
	<u>\$ 600,000,414</u>	

**PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Light and Power</b>	<b>Water</b>	<b>Wastewater</b>	<b>Storm Drainage</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 82,448,756	\$ 24,283,914	\$ 16,170,810	\$ 13,568,245
Total Operating Revenues	82,448,756	24,283,914	16,170,810	13,568,245
<b>OPERATING EXPENSES</b>				
Personal services	6,175,762	5,562,836	4,980,499	1,900,729
Contractual services	1,377,483	2,877,169	1,727,161	700,272
Commodities	60,144,749	1,378,148	921,094	124,169
Customer service and administrative charges	11,187,498	3,859,087	1,429,551	2,139,649
Other	380,956	2,146,013	1,375,430	-
Depreciation	6,915,742	4,823,679	3,188,873	2,315,268
Total Operating Expenses	86,182,190	20,646,932	13,622,608	7,180,087
Operating Income (loss)	(3,733,434)	3,636,982	2,548,202	6,388,158
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Earnings on investments	2,072,014	2,790,750	1,116,257	794,172
Interest on security lending income	875,577	1,150,339	371,323	269,043
Security lending interest expense	(753,265)	(988,162)	(320,863)	(232,672)
Security lending agent fees	(28,335)	(37,570)	(11,694)	(8,428)
Intergovernmental	23,023	-	-	498
Other revenue	4,056,622	312,898	106,201	51,222
Gain (Loss) on sale of capital assets	22,599	16,585	15,151	(3,159)
Interest expense	-	(1,434,719)	(1,104,836)	(1,696,561)
Other nonoperating expenses	-	(121,096)	(154,442)	(155,411)
Total Nonoperating Revenues (Expenses)	6,268,235	1,689,025	17,097	(981,296)
Income Before Contributions and Transfers	2,534,801	5,326,007	2,565,299	5,406,862
Capital contributions	-	5,367,029	4,064,444	455,330
Assumption of capital lease liability	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(243,067)	(183,940)	(153,490)	(178,062)
Change in Net Assets	2,291,734	10,509,096	6,476,253	5,684,130
Net Assets--January 1	158,858,329	227,142,270	113,269,625	68,682,119
Net Assets--December 31	\$ 161,150,063	\$ 237,651,366	\$ 119,745,878	\$ 74,366,249

Adjustment to reflect the consolidation of internal service fund net assets related to enterprise funds:

Allocation of governmental activities related to internal service fund net assets:

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

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

<b>Non Major</b>		
<b>Enterprise</b>		
<b>Fund</b>	<b>Enterprise</b>	<b>Internal</b>
<b>Golf</b>	<b>Funds</b>	<b>Service Funds</b>
<u>\$2,633,306</u>	<u>\$ 139,105,031</u>	<u>\$ 45,080,119</u>
<u>2,633,306</u>	<u>139,105,031</u>	<u>45,080,119</u>
1,182,573	19,802,399	13,972,630
546,841	7,228,926	26,824,019
259,082	62,827,242	5,981,282
132,581	18,748,366	-
38,425	3,940,824	80,620
<u>314,465</u>	<u>17,558,027</u>	<u>1,151,301</u>
<u>2,473,967</u>	<u>130,105,784</u>	<u>48,009,852</u>
<u>159,339</u>	<u>8,999,247</u>	<u>(2,929,733)</u>
14,840	6,788,033	1,076,701
6,691	2,672,973	418,898
(5,802)	(2,300,764)	(358,859)
(207)	(86,234)	(13,909)
-	23,521	-
46,508	4,573,451	1,245,830
(12,342)	38,834	(82,746)
(190,211)	(4,426,327)	(56,532)
<u>1,286</u>	<u>(429,663)</u>	<u>-</u>
<u>(139,237)</u>	<u>6,853,824</u>	<u>2,229,383</u>
20,102	15,853,071	(700,350)
-	9,886,803	512,395
-	-	(292,477)
-	-	4,856,842
<u>-</u>	<u>(758,559)</u>	<u>(566,515)</u>
20,102	24,981,315	3,809,895
<u>4,537,933</u>		<u>22,613,878</u>
<u>\$4,558,035</u>		<u>\$ 26,423,773</u>
	1,089,387	
	<u>(1,423,023)</u>	
	<u>\$ 24,647,679</u>	

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Light and Power</u>	<u>Water</u>	<u>Wastewater</u>	<u>Storm Drainage</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers and users	\$ 82,787,096	\$ 24,777,526	\$ 16,039,835	\$ 14,811,149
Receipts from interfund services provided	-	-	-	498
Cash paid to employees for services	(5,869,464)	(5,362,425)	(4,758,542)	(1,875,436)
Cash paid to other suppliers of goods & services	(61,409,949)	(6,220,038)	(3,064,705)	580,019
Payments for interfund services used	(11,660,128)	(4,123,133)	(1,739,615)	(2,298,442)
Other receipts	4,079,644	312,898	106,201	(17,490)
Net cash provided (used) by operating activities	7,927,199	9,384,828	6,583,174	11,200,298
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	-	-	-
Transfers to other funds	(243,067)	(183,940)	(153,490)	(178,062)
Net cash provided (used) by noncapital financing activities	(243,067)	(183,940)	(153,490)	(148,062)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from capital debt	-	-	-	-
Capital contributions	-	2,664,583	4,064,444	455,330
Purchases of capital assets	(10,225,021)	(4,012,009)	(8,551,076)	(10,676,270)
Principal paid on capital debt	-	(4,868,800)	(4,081,122)	(2,610,000)
Interest paid on capital debt	-	(1,434,720)	(1,104,836)	(1,652,853)
Proceeds from sales of capital assets	22,599	16,587	15,151	4,341
Net cash used by capital and related financing activities	(10,202,422)	(7,634,359)	(9,657,439)	(14,479,452)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales and maturities of investments	3,053,637	4,095,800	-	806,182
Purchase of investments	(8,667,209)	(15,274,215)	(1,112,117)	(379,561)
Earnings received on investments	2,054,477	2,709,833	1,147,978	815,038
Interest on security lending income	875,577	1,150,339	371,323	269,043
Security lending interest expense	(753,265)	(988,162)	(320,863)	(232,672)
Security lending agent fees	(28,335)	(37,570)	(11,694)	(8,428)
Net cash used by investing activities	(3,465,118)	(8,343,975)	74,627	1,269,602
Net increase (decrease) in cash and cash equivalents	(5,983,408)	(6,777,446)	(3,153,128)	(2,157,614)
Cash and cash equivalents, January 1 (cash & cash equivalents includes cash held by fiscal agent and restricted assets - cash & cash equivalents)	15,088,804	19,791,497	7,492,673	4,895,434
Cash and cash equivalents, December 31 (cash & cash equivalents includes cash held by fiscal agent and restricted assets - cash & cash equivalents)	9,105,396	13,014,051	4,339,545	2,737,820
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	(3,733,434)	3,636,982	2,548,202	6,388,158
Other receipts	4,079,644	312,898	106,201	(16,992)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	6,915,742	4,823,679	3,188,873	2,315,268
(Increase) decrease in accounts receivable	338,340	493,612	(130,975)	1,242,904
Increase in inventories	(55,152)	-	-	-
Increase (decrease) in prepaid expense	-	-	-	-
Increase (decrease) in accounts payable	75,761	(82,754)	648,916	1,245,667
Increase in compensated absences payable	138,828	76,996	127,859	(10,199)
Increase (decrease) in wages payable	167,470	123,415	94,098	35,492
Increase in claims payable	-	-	-	-
Increase in deferred revenue	-	-	-	-
Net cash provided (used) by operating activities	7,927,199	9,384,828	6,583,174	11,200,298
<b>Noncash investing, capital, and financing activities:</b>				
Transfer of assets from governmental activities	-	-	-	-
Capital contributions	-	2,702,446	-	-
Issuance of \$9,645,000 of refunding bonds placed in escrow for advanced refunding of \$9,535,000 of the 1998 Water Revenue bonds, net of related debt issue costs of \$72,535 and \$15,978 of other costs.	-	9,571,485	-	-
Assumption of capital lease liability from governmental activities	-	-	-	-

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

<b>Golf</b>	<b>Total Enterprise Funds</b>	<b>Total Internal Service Funds</b>
\$ 2,619,592	\$ 141,035,198	\$ 649,251
-	498	43,442,362
(1,155,609)	(19,021,476)	(13,337,839)
(810,963)	(70,925,636)	(32,736,009)
(213,077)	(20,034,395)	(196,581)
46,508	4,527,761	1,245,630
486,451	35,581,950	(933,186)
-	-	4,856,842
-	(758,559)	(566,515)
-	(728,559)	4,290,327
195,264	195,264	-
-	7,184,357	-
(174,432)	(33,638,808)	(2,217,604)
(377,022)	(11,936,944)	(478,502)
(190,185)	(4,382,594)	(48,231)
1,458	60,136	55,217
(544,917)	(42,518,589)	(2,689,120)
-	7,955,619	4,710,161
(49,682)	(25,482,784)	(8,675,486)
16,490	6,743,816	1,014,950
6,691	2,672,973	418,898
(5,802)	(2,300,764)	(358,859)
(207)	(86,234)	(13,908)
(32,510)	(10,497,374)	(2,904,244)
(90,976)	(18,162,572)	(2,236,223)
239,108	47,507,516	7,899,799
148,132	29,344,944	5,663,576
159,339	8,999,247	(2,929,733)
46,508	4,528,259	1,245,630
314,465	17,558,027	1,151,301
(13,714)	1,930,167	(988,506)
-	(55,152)	139,314
(3,509)	(3,509)	79,526
(43,602)	1,843,988	111,179
7,187	340,671	257,758
19,777	440,252	377,033
-	-	(371,099)
-	-	(5,589)
\$ 486,451	\$ 35,581,950	\$ (933,186)
-	-	1,508,184
-	2,702,446	-
-	9,571,485	-
-	-	(1,288,266)



**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**DECEMBER 31, 2008**

	<b>Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	<u>\$ 6,956,449</u>	<u>\$ 3,263,025</u>
Receivables		
Interest	176,999	138,900
Notes and loans	<u>3,014,107</u>	<u>-</u>
Total Receivables	<u>3,191,106</u>	<u>138,900</u>
Investments, at fair value		
U S Government securities	8,191,408	13,287,245
Corporate bonds	-	1,529,854
Mutual funds	<u>99,258,910</u>	<u>-</u>
Total Investments, at fair value	<u>107,450,318</u>	<u>14,817,099</u>
Total Assets	<u>117,597,873</u>	<u>18,219,024</u>
<b>LIABILITIES</b>		
Amounts held for other governments	<u>1,535</u>	<u>18,219,024</u>
Total Liabilities	<u>1,535</u>	<u>\$ 18,219,024</u>
<b>NET ASSETS</b>		
Held in trust for pension benefits	<u>117,596,338</u>	
Total Plan Net Assets	<u>\$ 117,596,338</u>	

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, 2008**

	<u><b>Trust Funds</b></u>
<b>ADDITIONS</b>	
Contributions	
Employer contributions	\$ 6,005,968
Employee contributions	2,617,291
Pension conversion & roll-overs	1,473,854
Loan repayments	1,013,326
Other	1,432,584
Total Contributions	<u>12,543,023</u>
Investment income	
Interest	2,481,119
Interest related to employee loans	355,138
Net change in fair value of investments	(44,579,123)
Total Investment Income	<u>(41,742,866)</u>
Securities lending income	190,476
Less securities lending expenses	(173,286)
Net income from securities lending activities	<u>17,190</u>
Net Investment Income	<u>(41,725,676)</u>
Total Additions	<u>(29,182,653)</u>
<b>DEDUCTIONS</b>	
Benefit payments	12,710,003
Administration expense	43,439
Total Deductions	<u>12,753,442</u>
Net Increase in Plan Net Assets	(41,936,095)
Net Assets	
Beginning of year	<u>159,532,433</u>
End of year	<u><u>\$ 117,596,338</u></u>

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

THIS PAGE INTENTIONALLY LEFT BLANK.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### **I. Summary of Significant Accounting Policies**

A. Reporting Entity.....	54
B. Joint Ventures .....	54
C. Jointly Governed Organization .....	55
D. Government-wide and Fund Financial Statements .....	55
E. Measurement Focus and Basis for Accounting.....	56
F. Financial Statement Presentation .....	56
G. Assets, Liabilities and Fund Equity .....	57

### **II. Stewardship, Compliance and Accountability**

A. Budgetary Information.....	60
-------------------------------	----

### **III. Detailed Notes on all Funds**

A. Deposits and Investments .....	62
B. Notes Receivable.....	65
C. Capital Assets.....	66
D. Inter-fund Transfers .....	68
E. Long-term Obligations .....	68

### **IV. Other Information**

A. Risk Management .....	76
B. Employee Retirement Systems and Pension Plans .....	78
C. Other Postemployment Benefits .....	85
D. Commitments and Contingencies .....	84
E. Legal Matters.....	85
F. Related Party Transactions .....	85
G. Subsequent Events .....	87

## 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 issue their 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.

### 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. It is shown as a major fund for public interest purposes.

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 River Public Library District.

Private sector standards of accounting 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. The City has elected not to follow subsequent private sector guidance.

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.



### 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 Fund has an allowance of \$20,000 and Storm Drainage Fund 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 .....	5-50 years
Machinery and equipment .....	5-20 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/Net Assets

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.

In the government-wide and proprietary fund financial statements, net assets are restricted for amounts that are legally restricted by outside parties for specific purposes or through enabling legislation that is a legally enforceable restriction on the use of revenues. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net assets invested in capital assets, net of related debt, excludes unspent bond proceeds as a December 31, 2008 in the governmental activities were \$3,479,928.

### 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 recognized as revenue.

## 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. Proprietary 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, 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 Utilities Customer Service and Administration 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).....	March 2
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 6% of total property taxes collected in 2008. This company is also a major customer of the City's Light and Power, Water and Wastewater major enterprise funds.

### NOTE III. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments

##### Deposits

Colorado State Statutes govern the City's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least 102% of the aggregate uninsured deposits. All deposits in 2008 were in eligible public depositories, as defined by the Public Deposit Protection Act of 1989.

##### Primary Government

The carrying amount of the City's deposit accounts as of December 31, 2008, was \$72,741,636. The bank balance was \$74,664,267 of which none was subject to custodial credit risk.

##### Component Unit

The Downtown Development Authority's undivided share of the City's deposits as of December 31, 2008 was a carrying amount of \$30,296. The bank balance was \$119,509.

##### 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 (including CDARS).
- 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.
- Equity Investments
- Domestic mutual funds.
- International mutual.

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

The City's investment policy limits its exposure to fair value losses arising from rising interest rates by:

- Whenever possible, holding investments to their stated maturity dates.
- Investing a portion of the operating funds in shorter-term securities, money market mutual funds, or local government investment pools.

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 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 maximum limits on the amount the City may invest in any one issuer. Limits vary by investment type. More than 5% of the City's investments are in Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), and in Federal Farm Credit Bank (FFCB) agency securities. These investments are 41.45%, 8.1%, 22.72%, and 17.39%, 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, 2008, 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, 2008, the local government investment pools (ColoTrust & Colorado Diversified Trust) in which the City had invested, were rated AAAm by Standard & Poor's.

As of December 31, 2008, 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
U.S. Agencies (GNMA)		116,593	-	-	116,593
Instrumentality					
Federal Farm Credit Bank (FFCB)	AAA	49,830,660	-	49,830,660	-
Federal Home Loan Bank (FHLB)	AAA	105,249,556	16,039,322	82,934,847	6,275,387
Federal Home Loan Mortgage Corporation (FHLMC)	AAA	23,209,897	-	23,209,897	-
Federal National Mortgage Association (FNMA)	AAA	65,111,665	2,001,260	63,110,405	-
Corporate bonds		29,530,450	4,984,050	24,546,400	-
Component unit bonds held by City		17,908,000	-	17,908,000	-
Total Investments Controlled by the City		\$ 290,956,821	\$ 23,024,632	\$ 261,540,209	\$ 6,391,980
Percent of Total			8%	90%	2%

### Component Unit

Investment Type	Credit Risk Rating	Fair Value	Investment Maturities		
			Up to 120 days	121 days to 5 years	More than 5 years
Instrumentality					
Federal Home Loan Bank (FHLB)	AAA	13,558,789	2,033,818	10,711,443	813,528
Total Investments Controlled by the City		\$ 13,558,789	\$ 2,033,818	\$ 10,711,443	\$ 813,528
Percent of Total			15%	79%	6%

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, 2008, 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 \$93,465,781 and the collateral received by the City is valued at \$92,214,654 for governmental activities.

As of December 31, 2008, no market risk resulted from the City's securities lending program for the General Employees Retirement Plan.

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. As a result, \$1,251,127 was recorded as a loss from the securities lending transaction.

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 2008, the City received net income of \$521,187 from security lending activity for its operating and pension portfolios for governmental activities and \$17,190 for General Employees' Retirement Plan.

#### Restrictions on Cash and Investments

Cash and investments of \$83,030 and \$29,676, respectively in the Sales and Use Tax and Transportation Services funds and \$340,091, \$421,412 and \$409,465, 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. In 2008, the City did receive an interest payment of \$10,431. The outstanding balance as of December 31, 2008 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, 2008 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 (CDBG) special revenue fund and filed deed of trusts' against the properties. There are two outstanding loans as of December 31, 2008 and are set to mature in 2012. The outstanding balance of these loans as of December 31, 2008 is \$16,483.

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 2008, the City did receive an interest payment of \$13,750. The outstanding balance as of December 31, 2008 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, 2008 is \$533,215.



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, 2008 follows:

	Balance, Beginning of Year	Additions	Transfers	Deletions	Balance, End of Year
	(amounts expressed in thousands)				
<b>Primary Government:</b>					
<b>Governmental activities</b>					
Capital assets, not being depreciated:					
Land, water rights, other	\$ 106,629	\$ 13,521	\$ 169	\$ ( 5,515 )	\$ 114,804
Street system infrastructure	304,894	3,351	4,324	-	312,569
Construction in progress	5,268	16,828	( 7,821 )	( 1,476 )	12,799
Total capital assets, not being depreciated	416,791	33,700	( 3,328 )	( 6,991 )	440,172
Capital assets, being depreciated:					
Buildings and improvements	140,768	331	1,028	-	142,127
Improvements other than buildings	69,643	412	950	( 11,200 )	59,805
Machinery and equipment	55,232	5,606	1,359	( 2,056 )	60,141
Total capital assets being depreciated	265,643	6,349	3,337	( 13,256 )	262,073
Less accumulated depreciation for:					
Buildings and improvements	( 24,002 )	( 2,860 )	-	-	( 26,862 )
Improvements other than buildings	( 32,594 )	( 2,635 )	-	4,456	( 30,773 )
Machinery and equipment	( 31,477 )	( 4,434 )	( 9 )	1,930	( 33,990 )
Total accumulated depreciatiion	( 88,073 )	( 9,929 )	( 9 )	6,386	( 91,625 )
Total capital assets being depreciated, net	177,570	( 3,580 )	3,328	( 6,870 )	170,448
Governmental activities capital assets, net	\$ 594,361	\$ 30,120	\$ -	( 13,861 )	\$ 610,620
<b>Business-type activities</b>					
Capital assets, not being depreciated:					
Land, water rights, other	\$ 58,224	\$ 2,720	\$ 510	\$ -	\$ 61,454
Construction in progress	25,131	26,939	( 5,574 )	-	46,496
Total capital assets, not being depreciated	83,355	29,659	( 5,064 )	-	107,950
Capital assets, being depreciated:					
Buildings and improvements	221,143	114	-	-	221,257
Improvements other than buildings	404,489	4,599	5,061	( 262 )	413,887
Machinery and equipment	49,779	2,534	16	( 706 )	51,623
Total capital assets being depreciated	675,411	7,247	5,077	( 968 )	686,767
Less accumulated depreciation for:					
Buildings and improvements	( 65,892 )	( 4,402 )	-	-	( 70,294 )
Improvements other than buildings	( 156,287 )	( 11,322 )	-	262	( 167,347 )
Machinery and equipment	( 38,820 )	( 2,073 )	( 13 )	576	( 40,330 )
Total accumulated depreciation	( 260,999 )	( 17,797 )	( 13 )	838	( 277,971 )
Total capital assets being depreciated, net	414,412	( 10,550 )	5,064	( 130 )	408,796
Business-type activities capital assets, net	\$ 497,767	\$ 19,109	\$ -	( 130 )	\$ 516,746

	Beginning of Year	Additions	Deletions	End of Year
	(amounts expressed in thousands)			
<b>Component Unit:</b>				
Capital Assets; not being depreciated:				
Land	\$ 1,002	\$ 1,400	\$ -	\$ 2,402
Capital assets being depreciated:				
Buildings and improvements	3,087	1,514	-	4,601
Improvements other than buildings	33	-	(16)	17
Total capital assets being depreciated	3,120	1,514	(16)	4,618
Less accumulated depreciation for:				
Buildings and improvements	(1,235)	(77)	-	(1,312)
Improvements other than buildings	(27)	(2)	13	(16)
Total accumulated depreciation	(1,262)	(79)	13	(1,328)
Total capital assets being depreciated, net	1,858	1,435	(3)	3,290
Component unit capital assets, net	\$ 2,860	\$ 2,835	\$ (3)	\$ 5,692

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

	Governmental Activities	Business-Type Activities
	(amounts expressed in thousands)	
General government	\$ 706	\$ -
Public safety - police & judicial	1,258	-
Cultural, library, & recreation services	3,631	-
Community planning & environmental services	6	-
Transportation services	3,415	-
Capital assets held by the City's internal service funds used for governmental activities	913	-
Light & Power	-	6,916
Water	-	4,824
Wastewater	-	3,189
Storm Drainage	-	2,315
Non-major Enterprise funds - Golf	-	314
Capital assets held by the City's internal service fund used for business-type activities	-	239
Total depreciation expense	\$ 9,929	\$ 17,797
Less capital assets held by the City's internal service funds	913	239
Depreciation expense excluding internal service funds	\$ 9,016	\$ 17,558

D. Interfund Transfers and Advances:

<b>Transfers In:</b>						
	<u>General</u>	<u>Trans- portation Services</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Internal Service</u>	<u>Total</u>
<b>Transfer out:</b>						
<b>Governmental Funds</b>						
General	\$ -	\$ 4,988,871	\$ 780,662	\$ 13,011,205	\$ 4,543,635	\$ 23,324,373
Sales and Use Tax	58,921,884	5,567,128	4,726,034	6,684,225	-	75,899,271
Transportation Services	-	-	344,109	488,669	-	832,778
Capital Projects	-	-	-	788,855	-	788,855
Nonmajor Governmental	780,563	1,625,000	12,586,780	1,931,124	-	16,923,467
<b>Proprietary Funds</b>						
Light & Power	243,067	-	-	-	-	243,067
Water	183,940	-	-	-	-	183,940
Wastewater	153,490	-	-	-	-	153,490
Storm Drainage	63,062	115,000	-	-	-	178,062
Internal Service	253,308	-	-	-	313,207	566,515
Total transfers in	<u>\$ 60,599,314</u>	<u>\$ 12,295,999</u>	<u>\$ 18,437,585</u>	<u>\$ 22,904,078</u>	<u>\$ 4,856,842</u>	<u>\$ 119,093,818</u>

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.

URA Advance: The advance agreement between the Fort Collins Urban Renewal Authority and the Storm Drainage fund for funding projects in the North College Urban Renewal Plan Area was entered into in 2006. The Storm Drainage fund 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, 2008 is \$90,000.

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, 2008, only the business-type general obligation bonds for the Water fund in the amount of \$2,535,000 were outstanding.

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, 2008, the City had \$56,005,825 and \$3,712,176 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 \$2,636,497 and \$543,908 of capital leases outstanding as of December 31, 2008, for governmental and business-type activities, respectively.

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

	<b>Governmental Activities</b>	<b>Business Type Activities</b>
	<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>8,325,829</u>	<u>1,298,041</u>
	<u><u>\$ 9,197,168</u></u>	<u><u>\$ 1,298,041</u></u>

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, 2007, and 2008, and will mature in 2011. The Downtown Development Authority had \$17,908,000 of tax increment revenue bonds outstanding as of December 31, 2008.

PLEDGED REVENUES

<u>Date Issued</u>	<u>Description</u>	<u>Revenue Pledged</u>	<u>Amount of Revenue Pledged</u>	<u>Purpose of Debt</u>	<u>Term of Commitment</u>
1998	Highway Users Tax Revenue Refunding Bonds	Highway Users Tax Revenues	\$ 1,429,600	Street Maintenance Building	through 2012
2003	Sales and Use Tax Revenue Refunding Bonds	Sales and Use Tax Revenues	996,363	Capital Acquisitions	through 2009
1997	Water Revenue Bond	Water Revenues	6,548,578	Water Capital Projects	through 2017
1998	Water Revenue Refunding and Improvement Bonds	Water Revenues	22,191,525	Water Capital Projects	through 2018
1999	Water Revenue Bonds	Water Revenues	3,856,446	Water Capital Projects	through 2019
2003	Subordinate Water Revenue Bonds	Water Revenues	3,209,664	Water Capital Projects	through 2030
2008	Water Revenue Bonds	Water Revenues	12,303,282	Water Capital Projects	through 2018
1999	Storm Drainage Revenue Bonds	Storm Drainage Revenues	1,602,468	Storm Drainage Improvements	through 2009
2001	Storm Drainage Revenue Bonds	Storm Drainage Revenues	10,365,535	Storm Drainage Improvements	through 2021
2002	Storm Drainage Revenue Refunding Bonds	Storm Drainage Revenues	13,480,535	Storm Drainage Improvements	through 2022
2007	Storm Drainage Revenue Refunding Bonds	Storm Drainage Revenues	20,076,838	Storm Drainage Improvements	through 2019
2007	Storm Drainage Revenue Refunding Bonds	Storm Drainage Revenues	4,084,244	Storm Drainage Improvements	through 2017
1992	Sewer Revenue Bonds	Sewer Revenues	9,180,478	Sewer Capital Projects	through 2014
2000	Sewer Revenue Bonds	Sewer Revenues	5,632,886	Sewer Capital Projects	through 2020
2005	Sewer Revenue Refunding Bonds	Sewer Revenues	4,532,100	Sewer Capital Projects	through 2010

<u>Date Issued</u>	<u>Description</u>	<u>% Revenue Pledged</u>	<u>P &amp; I for 2008</u>	<u>Recognized for 2008</u>
1998	Highway Users Tax Revenue Refunding Bonds	<10%	\$ 357,625	\$ 3,655,796
2003	Sales and Use Tax Revenue Refunding Bonds	<2%	994,413	58,630,538
1997	Water Revenue Bond	1-15%	769,193	18,177,896
1998	Water Revenue Refunding and Improvement Bonds	1-15%	2,564,685	18,177,896
1999	Water Revenue Bonds	1-15%	368,374	18,177,896
2003	Subordinate Water Revenue Bonds	1-15%	188,224	18,177,896
2008	Water Revenue Bonds	1-15%	-	18,177,896
1999	Storm Drainage Revenue Bonds	1-15%	1,467,275	10,296,444
2001	Storm Drainage Revenue Bonds	1-15%	901,360	10,296,444
2002	Storm Drainage Revenue Refunding Bonds	1-15%	946,750	10,296,444
2007	Storm Drainage Revenue Refunding Bonds	1-15%	721,513	10,296,444
2007	Storm Drainage Revenue Refunding Bonds	1-15%	170,468	10,296,444
1992	Sewer Revenue Bonds	1-25%	1,894,595	11,313,842
2000	Sewer Revenue Bonds	1-25%	461,589	11,313,842
2005	Sewer Revenue Refunding Bonds	1-25%	2,730,400	11,313,842

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	
2009	-	-	2,535	70	2,605
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,535</u>	<u>\$ 70</u>	<u>\$ 2,605</u>

Revenue Bonds

Year Ending December 31	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2009	1,265	88	9,497	4,534	15,384
2010	315	43	8,857	3,473	12,688
2011	330	30	7,379	3,177	10,916
2012	340	15	7,693	2,938	10,986
2013	-	-	7,674	2,770	10,444
2014-2018	-	-	31,799	6,696	38,495
2019-2023	-	-	8,388	1,054	9,442
2024-2028	-	-	293	54	347
2029-2033	-	-	38	2	40
	<u>\$ 2,250</u>	<u>\$ 176</u>	<u>\$ 81,618</u>	<u>\$ 24,698</u>	<u>\$ 108,742</u>

Certificates of Participation Payments

Year Ending December 31	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2009	3,115	2,533	125	59	5,832
2010	3,125	2,405	110	55	5,695
2011	3,230	2,271	130	50	5,681
2012	3,390	2,121	135	45	5,691
2013	3,555	1,972	145	39	5,711
2014-2018	20,070	7,356	950	98	28,474
2019-2023	11,575	3,381	-	-	14,956
2024-2028	7,280	569	-	-	7,849
	<u>\$ 55,340</u>	<u>\$ 22,608</u>	<u>\$ 1,595</u>	<u>\$ 346</u>	<u>\$ 79,889</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	
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	46	24	146	75	291
2014-2018	265	83	841	265	1,454
2019-2023	191	18	606	57	872
	<u>\$ 666</u>	<u>\$ 239</u>	<u>\$ 2,117</u>	<u>\$ 760</u>	<u>\$ 3,782</u>

Capital Lease Payments

Year Ending December 31	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2009	898	111	162	20	1,191
2010	723	72	154	13	962
2011	661	39	119	7	826
2012	283	9	76	3	371
2013	71	1	32	1	105
	<u>\$ 2,636</u>	<u>\$ 232</u>	<u>\$ 543</u>	<u>\$ 44</u>	<u>\$ 3,455</u>

Component Unit

Year Ending December 31	DDA - Tax Increment Bonds		Total
	Principal	Interest	
2009	5,871	459	6,330
2010	5,976	319	6,295
2011	6,061	163	6,224
	<u>\$ 17,908</u>	<u>\$ 941</u>	<u>\$ 18,849</u>

General long - term obligations of the primary government at December 31, 2008 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>
<b>Bonds Service by Transportation Services Fund through the City Debt Service Fund</b> (secured by highway users tax revenues and reserves)				
1998	Highway Users Tax Revenue Refunding Bonds (3.2-4.50%)	2012	\$ 3,399,729	\$ 1,285,000
<b>Bonds Serviced by Sales and Use Tax Fund through the City Debt Service Fund</b> (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	965,000
<b>COPs / ALPs serviced by General Fund and General Improvement District No. 1 Fund through the Fort Collins Capital Leasing Corporation Debt Service Fund</b>				
2004	Lease Certificates of Participation (3.00 - 5.375%)	2026	48,650,000	43,545,000
2007	Lease Certificates of Participation (3.860%)	2018	14,595,000	11,795,000
2001	Assignment of Lease Payments - Police (4.70%)	2021	890,000	665,825
Unamortized premium on bonds				1,335,570
Amortized loss on bond refunding				19,699
<b>Other Obligations of Governmental Funds</b>				
N/A	Capital lease obligations (secured by leased equipment)	2013	N/A	1,816,743
N/A	Accrued compensated absences	N/A	N/A	3,838,957
<b>Other Obligations of Internal Service Fund used by Governmental Activities</b>				
N/A	Capital lease obligations (secured by leased equipment)	2012	N/A	819,754
N/A	Accrued compensated absences	N/A	N/A	393,640
N/A	Net pension obligation	N/A	N/A	896,979
N/A	Net Post Employment Health Care Obligation	N/A	N/A	648,448
N/A	Claims Payable	N/A	N/A	<u>6,085,242</u>
Total				<b><u>\$ 74,110,857</u></b>

Component unit long - term debt at December 31, 2008, is comprised of the following obligations:

<b>Bonds Serviced by Downtown Development Authority Debt Service Fund</b>				
2004	Subordinate Tax Increment Revenue Bonds (3.35-4.40%) (secured by tax increment property taxes)	2011	\$ 6,235,000	\$ 3,880,000
2007	Subordinate Tax Increment Revenue Bonds (5.268-5.554%) (secured by tax increment property taxes)	2011	5,700,000	3,540,000
2008	Subordinate Tax Increment Revenue Bonds (5.268-5.554%) (secured by tax increment property taxes)	2011	10,488,000	10,488,000
Unamortized premium on bonds		N/A	N/A	-
<b>Other Obligations – Component Unit</b>				
N/A	Accrued compensated absences	N/A	N/A	<u>40,943</u>
Total				<b><u>\$ 17,948,943</u></b>

(Continued)



Business-type long-term obligations at December 31, 2008 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>
<b>Bonds, COPs, and ALPs, serviced by Enterprise Funds</b>				
<b>Water Fund</b>				
(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	\$ 5,178,085
1998	Water Revenue Refunding and Improvement Bonds (3.00-4.75%)	2018	31,580,000	8,990,000
1999	Water Revenue Bond (3.28-5.25%)	2019	4,998,395	2,964,228
2002	General Obligation Water Refunding Bonds (2.25-2.75%)	2009	19,255,000	2,535,000
2003	Subordinate Water Revenue Bonds (5.025% )	2030	2,476,446	2,200,391
2008	Water Revenue Bond (3.46%)	2018	9,645,000	9,645,000
<b>Storm Drainage Fund</b>				
(secured by storm drainage revenues)				
1999	Storm Drainage Revenue Bonds (4.50-5.25%)	2019	19,980,000	935,000
2001	Storm Drainage Revenue Bond (4.50-5.25%)	2021	9,845,000	6,830,000
2002	Storm Drainage Revenue Bonds (4.38-5.00%)	2022	12,300,000	9,655,000
2007	Storm Drainage Revenue Refunding Bonds (4.086%)	2019	15,945,000	15,875,000
2007	Storm Drainage Revenue Refunding Bonds (4.086%)	2017	3,360,000	3,360,000
<b>Wastewater Fund</b>				
(secured by sewer revenue)				
1992	Sewer Revenue Bond (5.0-6.0%)	2014	24,540,580	7,594,864
2000	Sewer Revenue Bonds (4.5-5.5%)	2020	5,665,000	4,070,000
2005	Sewer Revenue Refunding Bonds (3.5 - 4.0%)	2010	11,415,000	4,320,000
Unamortized premium on bonds				319,455
Unamortized loss on bond refundings				(1,256,206)
Unamortized discount on bonds				(118,468)
<b>Golf Fund</b>				
(secured by golf revenue)				
2007	Lease Certificates of Participation (3.860%)	2018	1,715,000	1,595,000
2001	Assignment of Lease Payments (4.70%)	2021	2,830,000	2,117,176
<b>Other Obligations of Enterprise Funds</b>				
N/A	Capital lease obligations (secured by leased equipment)	2012	N/A	543,908
N/A	Net Post Employment Health Care Obligation	N/A	N/A	273,031
N/A	Accrued compensated absences	N/A	N/A	1,384,409
<b>Other Obligations of the Internal Service Fund used by Business-type Activities</b>				
N/A	Accrued compensated absences	N/A	N/A	406,083
	Total			<u><u>\$ 89,416,956</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, 2008, \$12,265,000 of storm drainage refunding bonds is considered defeased.

### Refunding of Debt

On November 26, 2008, the City issued \$9,645,000 of Series 2008 Water Revenue Refunding bonds with an average interest rate of 3.46 percent, to refund \$9,535,000 relating to outstanding Series 1998 Water bonds, with an average interest rate of 4.75 percent. The net proceeds of \$9,571,485 along with \$226,456 of additional City funds were used to purchase the new 2008 bonds (after payment of \$88,513 in underwriting fees, insurance, and other issuance costs). Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1998 Series bonds. The 1998 bonds were redeemed in full on December 30, 2008.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$247,943. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations in 2010.

The City completed the refunding to reduce its total debt service payments of the next 10 years by \$898,243 and to obtain an economic gain (difference between the present values of the old debt and new debt service payments) of \$743,827.

### 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, 2008, there were 20 series of Industrial Development Revenue Bonds outstanding, with an estimated aggregate principal amount payable of \$65.4 million.

### Operating Leases

The City leases various facilities under operating leases, which are cancelable within one year. Costs for these leases in 2008 were \$185,388.

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2008 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b><u>Primary Government:</u></b>					
<b>Governmental Activities</b>					
Bonds, COPS, and ALPs:					
Tax revenue bonds	\$ 3,341,863	\$ -	\$ (1,091,863)	\$ 2,250,000	\$ 1,265,000
Fort Collins Leasing Corporation					
Certificates of participation	58,345,000	-	(3,005,000)	55,340,000	3,115,000
Assignment of lease payments	702,430	-	(36,605)	665,825	38,280
Total bonds, COPS and ALPS	62,389,293	-	(4,133,468)	58,255,825	4,418,280
Add other financing sources (bond premium)	1,442,418	-	(106,848)	1,335,570	106,848
Less other financing uses (bond discount and deferred loss on refundings)	(4,505)	-	24,204	19,699	(24,204)
Total bonds, COPS and ALPs	63,827,206	-	(4,216,112)	59,611,094	4,500,924
Other Liabilities:					
Capital leases	2,602,170	947,653	(913,326)	2,636,497	898,250
Compensated absences	3,916,638	4,072,954	(3,756,995)	4,232,597	4,232,597
Claims payable	6,456,340	13,299,279	(13,670,377)	6,085,242	2,634,617
Net pension obligation	1,443,775	-	(546,796)	896,979	-
Net post employment health care obligation	-	648,448	-	648,448	-
Total other liabilities	14,418,923	18,968,334	(18,887,494)	14,499,762	7,765,464
Governmental activities long-term liabilities	\$ 78,246,129	\$ 18,968,334	\$ (23,103,606)	\$ 74,110,856	\$ 12,266,388
<b><u>Business-Type Activities</u></b>					
Bonds, COPS, and ALPs:					
G.O. & revenue bonds	\$ 95,602,490	\$ 9,645,000	\$ (21,094,922)	\$ 84,152,568	\$ 12,032,250
Fort Collins Leasing Corporation					
Certificates of participation	1,715,000	-	(120,000)	1,595,000	125,000
Assignment of lease payments	2,233,570	-	(116,394)	2,117,176	121,720
	99,551,060	9,645,000	(21,331,316)	87,864,744	12,278,970
Add bond premium	374,597	-	(55,142)	319,455	55,142
Less bond discount and deferred loss on refundings	(1,593,935)	(247,943)	467,204	(1,374,674)	(356,237)
Total bonds, COPS and ALPs	98,331,722	9,397,057	(20,919,254)	86,809,525	11,977,875
Other Liabilities:					
Capital leases	489,272	195,264	(140,628)	543,908	162,718
Compensated absences	1,670,029	2,051,482	(1,931,019)	1,790,492	1,790,492
Net Post Employment Health Care Obligation	-	273,031	-	273,031	-
Total other liabilities	2,159,301	2,519,777	(2,071,647)	2,607,431	1,953,210
Business-type activities long-term liabilities	\$100,491,023	\$ 11,916,834	\$ (22,990,901)	\$ 89,416,956	\$ 13,931,085
<b><u>Component Unit:</u></b>					
Bonds:					
Tax revenue bonds	\$ 9,690,000	\$ 10,488,000	\$ (2,270,000)	\$ 17,908,000	\$ 5,871,000
Add other financing sources (bond premium)	-	-	-	-	-
Total bonds	9,690,000	10,488,000	(2,270,000)	17,908,000	5,871,000
Compensated absences	29,355	41,427	(29,839)	40,943	40,943
Component unit long-term liabilities	\$ 9,719,355	\$ 10,529,427	\$ (2,299,839)	\$ 17,948,943	\$ 5,911,943

Changes in short-term obligations**Urban Renewal Authority**

Short Term Obligation	\$ -	\$ 250,000	\$ (250,000)	\$ -	\$ -
Total Short Term Obligation	\$ -	\$ 250,000	\$ (250,000)	\$ -	\$ -

### 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, 2008

	General	Sales and Use Tax	Transportation Services	Capital Projects	Other Governmental
Capital Projects	\$ 5,095,207	\$ 1,215,515	\$ -	\$ 28,580,603	\$ 5,492,568
Buildings and Improvements	1,175,000	-	-	-	-
Operations and Maintenance	-	8,027,829	874,693	-	815,732
Public Safety Equipment Replacement	1,702,943	-	-	-	-
Traffic Calming	555,998	-	-	-	-
Camera Radar	840,270	-	-	-	-
Affordable Housing	98,993	-	-	-	-
Convention & Visitors	13,313	-	-	-	-
Maintenance, Mitigation & Improvement	54,704	-	-	-	-
Police Department	48,249	-	-	-	-
Cultural Development & Planning	78,574	-	-	-	-
Horticulture	34,907	-	-	-	-
Capital Expansion	-	-	-	-	14,287,272
Total designations	<u>\$ 9,698,158</u>	<u>\$ 9,243,344</u>	<u>\$ 874,693</u>	<u>\$ 28,580,603</u>	<u>\$ 20,595,572</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 2008, 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 & Wrongful Acts 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 2008, 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 – \$1,000,000/occurrence, \$2,000,000 million aggregate  
Public Official Liability - \$500,000/occurrence, \$500,000 aggregate.

During 2008, policies were taken out for Beet Street, a 501c(3), with a private insurance company. The same coverage limits listed above for the Downtown Development Authority apply to Beet Street.

#### 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 \$150,000 per occurrence is retained as excess risk coverage. During the past three years, there have been 24 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, 2008, amount to \$4,473,847 and \$1,611,394 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 \$4,473,847 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 2006, 2007 and 2008 are as follows:

	Self-Insurance	Benefits
Claims payable - December 31, 2006	\$ 4,830,985	\$ 1,475,939
Claims & changes in estimates	2,193,630	12,172,360
Claim payments	(1,980,557)	(12,236,017)
Claims payable - December 31, 2007	5,044,058	1,412,282
Claims & changes in estimates	647,655	12,651,624
Claim payments	(1,217,865)	(12,452,512)
Claims payable - December 31, 2008	<u>\$ 4,473,848</u>	<u>\$ 1,611,394</u>

## Insurance Recoveries

The City of Fort Collins recovered \$40,971 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, 2008, employee membership data related to the Plan was as follows: Retirees and beneficiaries currently receiving benefits--163; vested terminated employees--115; active plan participants--229

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 by 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.

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)

<b>Plan Year</b>	<b>Annual Required Contribution (ARC)</b>	<b>Net Pension Obligation (NPO) as of January 1</b>	<b>Interest on NPO to End of Year</b>	<b>Amortization Factor</b>	<b>ARC Adjustment</b>	<b>Annual Pension Cost (APC)</b>	<b>Actual Employer Contribution</b>	<b>Net Pension Obligation at End of Year</b>	<b>Increase (Decrease) Net Pension Obligation</b>
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
2008	1,325,710	1,443,775	108,283	8	172,955	1,261,038	1,807,834	896,979	(546,796)

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Plan Year</b>	<b>Annual Pension Cost</b>	<b>Employer Contribution</b>	<b>% of Annual Pension Cost</b>
2006	1,781,081	909,179	51%
2007	1,666,933	866,694	52%
2008	1,261,038	1,807,834	143%

**SCHEDULE OF FUNDING PROGRESS \***

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (b)</b>	<b>Unfunded Actuarial Liability (UAL) (b) - (a)</b>	<b>Funded Ratio (a) / (b)</b>	<b>Covered Payroll (c)</b>	<b>UAL as a Percentage of Covered Payroll [(b) - (a)] / (c)</b>
1/1/2008	42,339,892	47,789,676	5,449,784	88.6%	13,851,399	39.3%
1/1/2009	39,568,446	49,707,694	10,139,248	79.6%	13,958,960	72.6%

\* Note: Prior to January 1, 2008, the Plan utilized the aggregate cost method. A schedule of funding progress is not required for the aggregate cost method.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

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

**ASSETS**

Current Assets

Cash and cash equivalents	\$ 6,956,449
Receivables	
Interest	176,999
Notes and loans	30,181
Total Receivables	<u>207,180</u>

Investments, at fair value

U S Government securities	8,191,408
Mutual funds	17,620,203
Total Investments, at fair value	<u>25,811,611</u>

Securtiy lending collateral	-
Total Assets	<u>32,975,240</u>

**LIABILITIES**

Current Liabilities

Accrued expenses	1,535
Obligations under security lending	-
Total Liabilities	<u>1,535</u>

**NET ASSETS**

Held in trust for pension benefits	<u>32,973,705</u>
Total Net Assets	<u><u>\$ 32,973,705</u></u>

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

**ADDITIONS**

Contributions

Employer contributions	\$ 1,807,834
Employee contributions	-
Other	-
Total Contributions	<u>1,807,834</u>

Investment income

Interest related to plan investments	1,467,388
Interest related to employee loans	-
Net change in fair value of investments	<u>(13,467,717)</u>
Total Investment Income	<u>(12,000,329)</u>

Securities lending income	190,476
Less securities lending expenses	<u>(173,286)</u>
Net income from securities lending activities	17,190
Net Investment Income	<u>(11,983,139)</u>

Total Additions	<u><u>\$(10,175,305)</u></u>
-----------------	------------------------------

**DEDUCTIONS**

Benefit payments	2,597,244
Administration	24,493
Total Deductions	<u>2,621,737</u>

Net Increase	(12,797,042)
--------------	--------------

Net Assets Held In Trust for Retirement Benefits

Beginning of year	<u>45,770,747</u>
End of Year	<u><u>\$ 32,973,705</u></u>



Actuarial plan assumptions:	
Valuation date:	January 01, 2009
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 4.5% at age 30 to 3.6% at age 65+ (including inflation at 2.5%)

### Contributions and Reserves

The Plan's funding policy provides for actuarially determined periodic rates determined by the entry age normal cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age. Contributions are based on the actuarially determined rates. For 2008, the City contributed 4.50% of covered pay to the Plan as well as the supplemental contributions; this amounted to \$1,807,834. 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, 2008, is \$32,973,705 all of which is reserved for benefits of employees and beneficiaries.

### Concentration of Credit Risk

Investment in mutual funds exceeding 5% of the net assets of the plan are as follows: American Amcap Fund - 5.16%, Meridian Value Fund - 5.43%, and Mutual Shares Fund - 5.56%.

### 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 \$4,198,134 and \$2,617,291, respectively during 2008.

### 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

	<b>Money Purchase Plan</b>	<b>Retirement Health Savings Plan</b>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ -	\$ -
Receivables		
Notes and loans	2,983,926	-
Investments, at fair value		
U S Government securities	-	-
Mutual funds	81,183,419	455,288
Total Investments, at fair value	81,183,419	455,288
Security lending collateral	-	-
Total Assets	84,167,345	455,288
<b>LIABILITIES</b>		
Current Liabilities		
Accrued expenses	-	-
Obligations under security lending	-	-
Total Liabilities	-	-
<b>NET ASSETS</b>		
Held in trust for pension benefits	84,167,345	455,288
Total Net Assets	\$ 84,167,345	\$ 455,288

### Statement of Changes in Net Assets

	<b>Money Purchase Plan</b>	<b>Retirement Health Savings Plan</b>
<b>ADDITIONS</b>		
Contributions		
Employer contributions	\$ 4,198,134	\$ -
Employee contributions	2,617,291	-
Pension conversion & roll-overs	1,473,854	-
Loan repayments	1,013,326	-
Other	1,432,514	70
Total Contributions	10,735,119	70
Investment income		
Interest related to plan investments	1,009,572	4,159
Interest related to employee loans	355,138	-
Net change in fair value of investments	(30,998,519)	(112,887)
Total Investment Income	(29,633,809)	(108,728)
Net Investment Income	(29,633,809)	(108,728)
Total Additions	\$ (18,898,690)	\$ (108,658)
<b>DEDUCTIONS</b>		
Benefit payments	10,073,379	39,380
Administration	16,946	2,000
Total Deductions	10,090,325	41,380
Net Increase	(28,989,015)	(150,038)
Net Assets Held In Trust for Retirement Benefits		
Beginning of year	113,156,360	605,326
End of Year	\$ 84,167,345	\$ 455,288

## 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 2008, 2007, and 2006, the City's employer and employee contributions were \$177,990, \$155,810, and \$140,011, respectively. 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. Other Postemployment Benefits

### Plan Description

The City sponsors a single-employer health care plan that provides medical, vision, dental and prescription drug benefits to all active and retired employees and their eligible dependents. To be eligible an employee must have at least 10 or more years of service. Qualifying employees have the option to receive the benefit when discontinuing City employment. City administrative policy authorizes this benefit. The plan does not issue a stand-alone financial report.

### Funding Policy and City Contributions

Employees pay the full premium. The current funding policy of the City is to pay health claims as they occur through internal allocated funds.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2008, the City contributed \$72,847. Retiree and active members receiving benefits contribute monthly premiums as outlined:

	Core Non-Medicare		Advantage Non-Medicare		Advantage Medicare	Dental Basic	Dental Compre.	Vision
Employee:	\$ 791	\$ 317	\$ 890	\$ 356	\$ 21	\$ 33	\$ 9	
Employee +1:	\$ 1,583	\$ 633	\$ 1,781	\$ 712	\$ 37	\$ 59	\$ 16	
Employee +Family:	\$ 1,899	\$ 950	\$ 2,137	\$ 1,068	\$ 62	\$ 98	\$ 26	

#### Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance to the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actuarially contributed to the plan and changes in the City's annual OPEB obligation:

Annual required contribution	\$ 994,326
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	994,326
Contributions and payments made	72,847
Increase in net OPEB obligation	921,479
Net OPEB obligation - January 1, 2008	-
Net OPEB obligation - December 31, 2008	\$ 921,479

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for 2008 and the two preceding years follows. This is the transition year of GASB Statement No. 45.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2006	N/A	N/A	N/A
December 31, 2007	N/A	N/A	N/A
December 31, 2008	\$ 994,326	7.3%	\$ 921,479

### Funded status and funding progress

Post Employment Benefit Obligations under GASB Statement No. 45 calculated as of December 31, 2008, the most recent valuation date is as follows:

	Total	Members
Actuarial Accrued Liability		
Current retirees, beneficiaries and dependents	\$ 2,159,396	28
Current active members	8,773,560	1,146
Total Actuarial Accrued Liability (AAL)	10,932,956	
OPEB Plan Assets	-	
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 10,932,956</u>	

The covered payroll (annual payroll of active employees covered by the plan) was \$67,913,847 and the ratio of the UAAL to the covered payroll was 16.1 percent.

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

### Actuarial methods and assumptions

Projections and benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included in the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2008 actuarial valuation date, projected unit credit method was used. The actuarial assumptions included a 4 percent discount rate (net of administrative expenses) and an annual health care cost trend rate of 8.5 percent per year, grading down to 4.5 percent over 57 years. Trends for dental and vision benefits begin at 5 percent, grading to 4.5 percent over 57 years. All three rates include a 3 percent salary growth assumption. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008, was 30 years.

### D. Commitments/Contingencies

#### Construction Commitments

The City had commitments of \$488,345 for capital projects in governmental fund types and \$3,738,673 in proprietary fund types at December 31, 2008. 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, 2008 (excluding those relating to capital projects) amounted to \$26,881,889.

#### 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.

#### E. 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 2008, 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.

#### F. 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 2008:

##### 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 \$85,000 in 2008 and \$60,000 in 2007.

### 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, 2008

Total current assets	\$ 1,274,358
Total capital assets (net of accumulated depreciation)	13,822,915
Total Assets	<u>15,097,273</u>
Total current liabilities	<u>(309,442)</u>
Total Net Assets	<u>14,787,831</u>
Net assets invested in capital assets	13,822,915
Restricted capital	109,135
Unrestricted net assets	855,781
Total Net Assets	<u>\$ 14,787,831</u>

For year ending December 31, 2008

Total operating revenue	\$ 849,792
Total operating expenses	(1,757,443)
Interest Income	38,561
Nonoperating revenue	305,650
Capital contributions	1,572,596
Change in Net Assets	<u>\$ 1,009,156</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 2008, such funding amounted to \$16,335,800. 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 2008, these purchases amounted to \$59,084,869 of which \$5,210,761 is included in accounts payable at December 31, 2008.

### 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 2008, billings for benefits and services amounted to \$85,512.

### 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 2008, billings for benefits and services amounted to \$642,495.

### G. Subsequent Events

On January 20, 2009, the City issued \$30,655,000 Wastewater Revenue Bonds. The bonds will be used to construct the new Treatment Plant. The bonds have interest rates ranging from 2.0% to 5.0% and payments of principal and interest ranging from \$996,941 to \$2,643,850 through 2028.

On May 12, 2009, the City issued \$7,815,000 Water Revenue Refunding Bonds. The bonds refunded the 1998 Series. The bonds have interest rates ranging from 2.25% to 4.0% and payments of principal and interest ranging from \$1,017,085 to \$1,999,213 through 2013.

## 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 April 2008, the City's street system is at a **PCI of 77**, well within the LOS of "B". The City's street system was at a PCI of 79 in 2007, 77 in 2006, and 75.5 in 2005. The average detail condition is as follows:

Level of service.....	PCI Range.....	Percent of Roads
LOS A (best).....	100 to 85.....	33%
LOS B (good) .....	85 to 70.....	40%
LOS C (fair).....	70 to 55.....	18%
LOS D (poor).....	55 to 40.....	8%
LOS F (worst).....	40 to 0.....	1%

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

## REQUIRED SUPPLEMENTARY INFORMATION (continued)

### MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS (continued)

The City's streets are constantly deteriorating resulting from the following five factors; (1) traffic loads; (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 short-term maintenance expenditures delay deterioration; however, the overall network condition is not improved through these maintenance expenditures. The City has estimated the amount of annual expenditures required to maintain the City's streets at a Level of Service B. 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>
2008	\$ 9,736,502	\$ 8,683,296
2007	\$ 8,777,961	\$ 8,352,132
2006	\$ 8,435,993	\$ 7,735,993
2005	\$ 8,044,290	\$ 7,744,290
2004	\$ 7,556,980	\$ 7,528,891

## REQUIRED SUPPLEMENTARY INFORMATION (continued)

### Pension

#### SCHEDULE OF FUNDING PROGRESS \*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Liability (UAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
1/1/2008	42,339,892	47,789,676	5,449,784	88.6%	13,851,399	39.3%
1/1/2009	39,568,446	49,707,694	10,139,248	79.6%	13,958,960	72.6%

\* Note: Prior to January 1, 2008, the Plan utilized the aggregate cost method. A schedule of funding progress is not required for the aggregate cost method.

#### SCHEDULE OF EMPLOYER CONTRIBUTIONS

Plan Year	Annual Required Contribution ARC	Employer Contribution	% of ARC Contributed
2003	1,008,352	1,063,786	105%
2004	1,107,920	1,080,346	98%
2005	1,397,352	739,281	53%
2006	1,761,893	909,179	52%
2007	1,725,108	866,694	50%
2008	1,325,710	1,807,834	136%

The information presented in the required supplementary schedule was determined as part of the actuarial valuation as of January 1, 2009. Additional information follows:

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 4.5% at age 30 to 3.6% at age 65+ (including inflation at 2.5%)

## REQUIRED SUPPLEMENTARY INFORMATION (continued)

### Other Postemployment Benefits Plan

#### SCHEDULE OF FUNDING PROGRESS

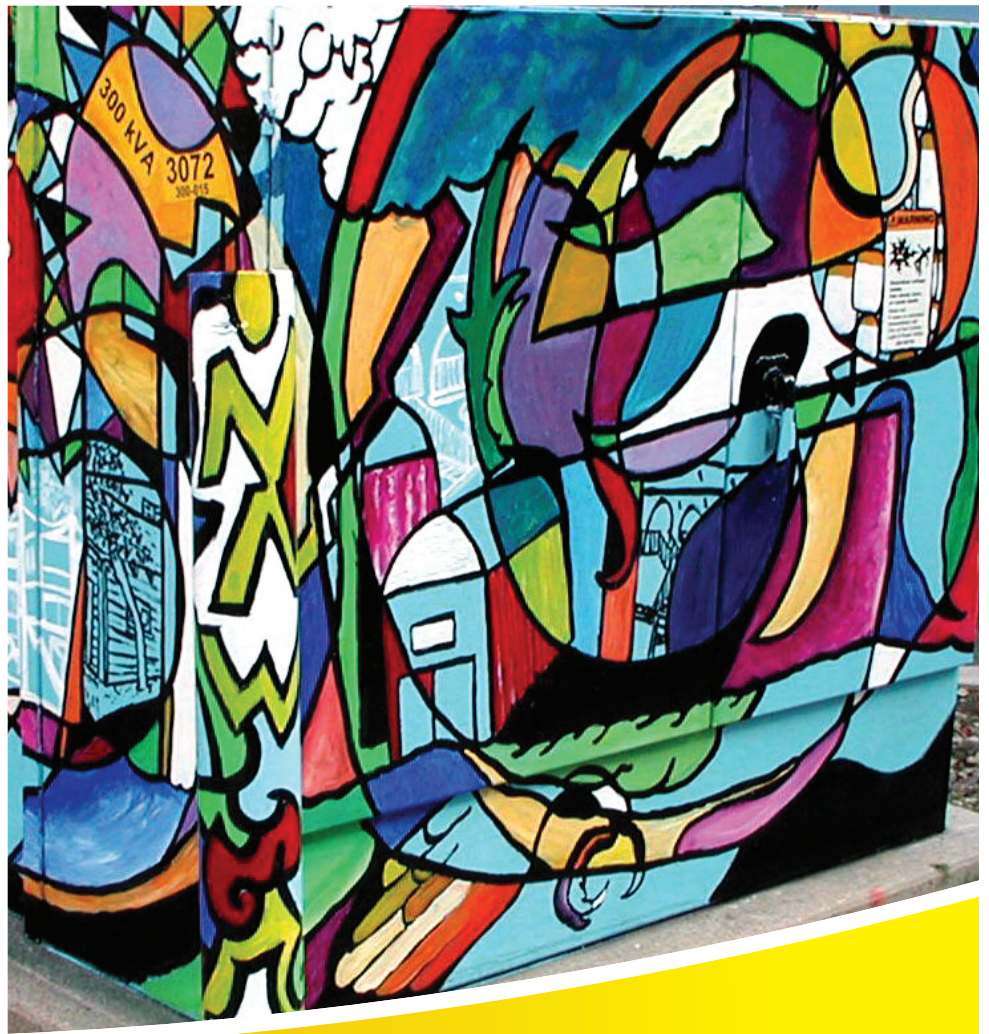
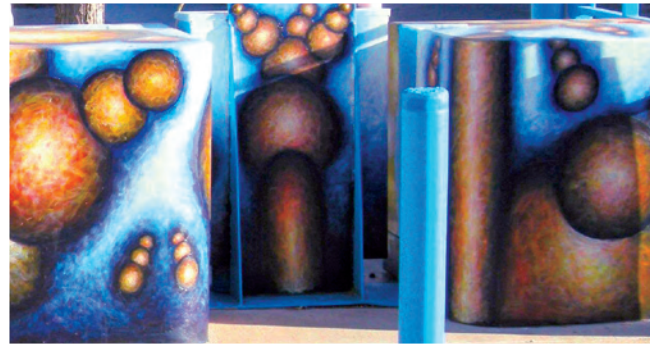
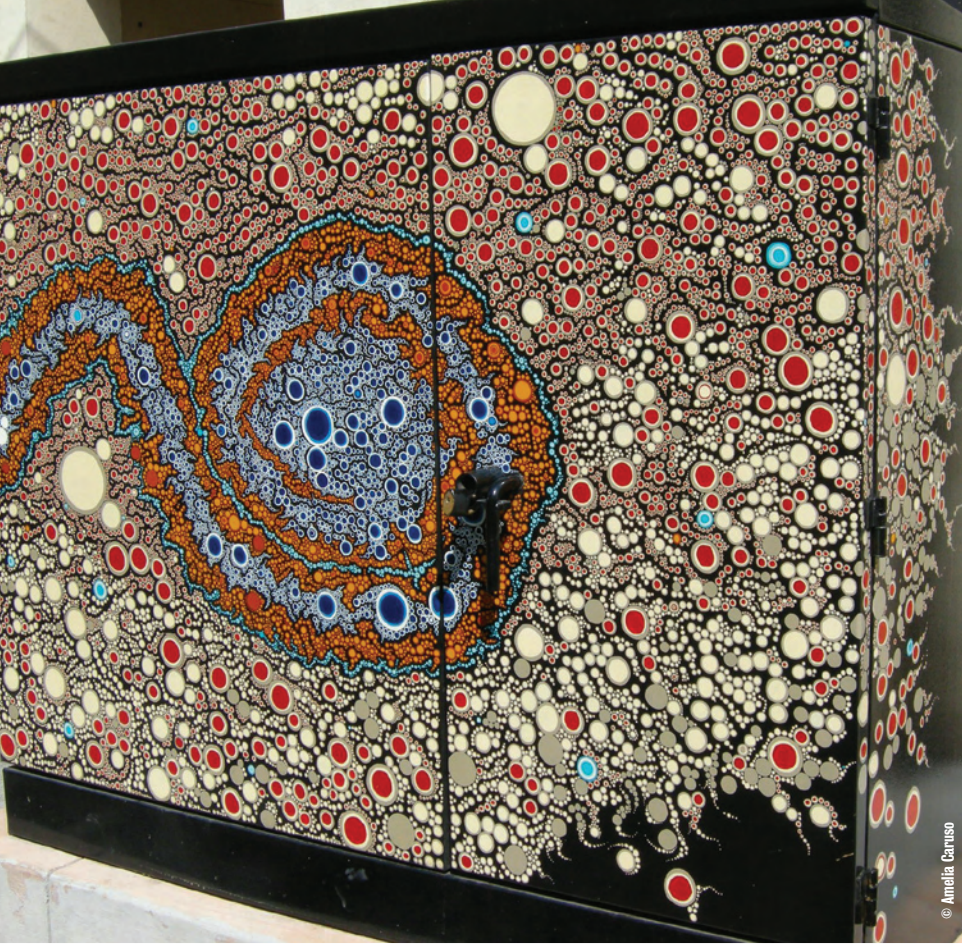
Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2008	12/31/08	\$ -	\$ 10,932,956	\$ 10,932,956	- %	\$ 67,913,847	16.1%

Note: Fiscal year 2008 is the transition year for GASB Statement No. 45

The information presented in the required supplementary schedule was determined as part of the actuarial valuation date as of December 31, 2008. Additional information follows:

Actuarial cost method:	Projected Unit Credit Method
Amortization method:	30 years, as a level percent of pay.
Remaining amortization period:	30 years
Asset valuation method:	An expected actuarial value is determined equal to a 4% discount rate per year, and a health care cost trend rate of 8.5% per year, grading down to 4.5% over 57 years. Trends for dental and vision benefits being at 5%, grading to 4.5% over 57 years. All rates include a 3% salary growth assumption.
Discount rate:	4%
Projected pay increases:	3%







**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**

**Timberline/Prospect SID** -- to account for assessments used to pay for public improvements

**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, 2008**

<b>Special Revenue Funds</b>					
	<b>CDBG</b>	<b>Home Program</b>	<b>Natural Areas</b>	<b>Capital Expansion</b>	<b>Neighborhood Parkland</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ (204,212)	\$ 47,053	\$ 1,115,522	\$ 2,837,853	\$ 1,455,290
Investments	-	211,912	5,107,660	13,345,453	6,657,526
Cash held by fiscal agent	-	-	273,041	-	-
Securities lending collateral	-	-	2,152,472	5,678,246	2,662,949
Receivables					
Property taxes	-	-	-	-	-
Accounts	-	-	244,499	3,413	1,800
Notes and loans	216,483	1,038,000	-	-	-
Accrued interest	-	-	51,423	135,737	63,692
Due from other governments	-	-	-	-	-
Total Assets	12,271	1,296,965	8,944,617	22,000,702	10,841,257
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable, accruals, and other	10,167	50	122,586	117,772	6,217
Wages payable	7,355	3,171	121,402	-	15,550
Deferred revenue	-	-	-	-	-
Advance from other funds	-	-	-	-	-
Obligations under securities lending	-	-	2,181,676	5,755,286	2,699,079
Total Liabilities	17,522	3,221	2,425,664	5,873,058	2,720,846
<b>Fund Balances (Deficits)</b>					
<i>Reserved</i>					
Encumbrances	1,202,711	760,337	241,909	686,580	49,554
Long-term notes receivable	216,483	1,038,000	-	-	-
Debt service	-	-	-	-	-
Contractual and other	-	-	-	-	-
<i>Unreserved</i>					
Designated	-	-	1,670,843	15,297,799	29,121
Undesignated	(1,424,445)	(504,593)	4,606,201	143,265	8,041,736
Total Fund Balances (Deficits)	(5,251)	1,293,744	6,518,953	16,127,644	8,120,411
Total Liabilities and Fund Balances	\$ 12,271	\$ 1,296,965	\$ 8,944,617	\$22,000,702	\$ 10,841,257



Special Revenue Funds (continued)				
Conservation Trust	Cultural Services & Facilities	Recreation	Cemeteries	Perpetual Care
\$ 374,380	\$ 415,301	\$ 559,884	\$ 78,168	\$ 255,536
1,711,308	1,883,158	2,508,757	352,781	1,190,494
-	-	-	-	-
649,747	768,543	966,338	134,423	468,229
-	-	-	-	-
-	51,269	144,799	49,630	12,367
-	-	-	-	-
15,662	18,271	23,232	3,132	10,734
-	-	-	-	-
2,751,097	3,136,542	4,203,010	618,134	1,937,360
2,520	72,294	246,167	3,185	-
10,069	96,117	239,407	20,504	-
-	507,787	-	-	-
-	-	-	-	-
658,562	778,970	979,449	136,247	474,582
671,151	1,455,168	1,465,023	159,936	474,582
152,674	310,681	130,857	-	-
-	-	-	-	-
-	-	-	-	-
-	521,798	298,918	-	-
179,631	102,253	162,222	13,030	1,409
1,747,641	746,642	2,145,990	445,168	1,461,369
2,079,946	1,681,374	2,737,987	458,198	1,462,778
\$ 2,751,097	\$ 3,136,542	\$ 4,203,010	\$ 618,134	\$1,937,360

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (continued)  
DECEMBER 31, 2008**

	Special Revenue Funds (continued)				
	Transit Services	Street Oversizing	General Improvement District No. 1	URA Operations	Total Special Revenues
<b>ASSETS</b>					
Cash and cash equivalents	\$ 419,970	\$ 731,388	\$ 187,551	\$ (93,432)	\$ 8,180,252
Investments	1,915,163	3,354,347	857,961	119,654	39,216,174
Cash held by fiscal agent	-	-	-	-	273,041
Securities lending collateral	822,531	1,556,417	342,427	-	16,202,322
Receivables					
Property taxes	-	-	248,674	-	248,674
Accounts	67,617	2,750	-	-	578,144
Notes and loans	-	-	-	-	1,254,483
Accrued interest	19,577	37,328	8,092	-	386,880
Due from other governments	215,717	-	-	-	215,717
Total Assets	3,460,575	5,682,230	1,644,705	26,222	66,555,687
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable, accruals, and other	194,758	142,329	338	-	918,383
Accrued wages payable	238,047	19,198	-	5,786	776,606
Unearned revenue	-	-	246,082	-	753,869
Advance from primary government	-	-	-	-	-
Obligations under securities lending	833,691	1,577,534	347,073	-	16,422,149
Total Liabilities	1,266,496	1,739,061	593,493	5,786	18,871,007
Fund Balances (Deficits)					
<i>Reserved</i>					
Encumbrances	707,901	21,824	-	968	4,265,996
Long-term notes receivable	-	-	-	-	1,254,483
Debt service	-	-	-	-	-
Contractual and other	-	-	-	-	820,716
<i>Unreserved</i>					
Designated	222,312	2,911,910	1,842	3,200	20,595,572
Undesignated	1,263,866	1,009,435	1,049,370	16,268	20,747,913
Total Fund Balances (Deficits)	2,194,079	3,943,169	1,051,212	20,436	47,684,680
Total Liabilities and Fund Balances	\$ 3,460,575	\$ 5,682,230	\$ 1,644,705	\$ 26,222	\$66,555,687

Debt Service Funds							Total Non-major Governmental
Timberline/ Prospect SID #94	Debt Service	Special Assessments	Fort Collins Leasing Corporation	URA Debt Service	Total Debt Service		
\$ 5,289	\$ -	\$ 158,431	\$ -	\$ 136,195	\$ 299,915	\$ 8,480,167	
23,995	-	694,925	-	76,264	795,184	40,011,358	
-	-	-	-	-	-	273,041	
-	-	-	-	-	-	16,202,322	
-	-	-	-	268,599	268,599	517,273	
-	-	-	-	-	-	578,144	
-	-	-	-	-	-	1,254,483	
-	-	-	-	2,088	2,088	388,968	
-	-	-	-	-	-	215,717	
29,284	-	853,356	-	483,146	1,365,786	67,921,473	
-	-	-	-	-	-	918,383	
-	-	-	-	-	-	776,606	
-	-	-	-	268,599	268,599	1,022,468	
-	-	-	-	90,000	90,000	90,000	
-	-	-	-	-	-	16,422,149	
-	-	-	-	358,599	358,599	19,229,606	
-	-	-	-	-	-	4,265,996	
-	-	-	-	-	-	1,254,483	
-	-	-	-	124,547	124,547	124,547	
-	-	-	-	-	-	820,716	
-	-	-	-	-	-	20,595,572	
29,284	-	853,356	-	-	882,640	21,630,553	
29,284	-	853,356	-	124,547	1,007,187	48,691,867	
\$ 29,284	\$ -	\$ 853,356	\$ -	\$ 483,146	\$ 1,365,786	\$ 67,921,473	

**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Special Revenue Funds</b>				
	<b>CDBG</b>	<b>Home Program</b>	<b>Natural Areas</b>	<b>Capital Expansion</b>	<b>Neighborhood Parkland</b>
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	736,090	306,601	4,565,996	-	-
Fees and charges for services	-	-	25,639	2,009,508	875,791
Earnings on investments	983	37,794	251,125	730,137	315,175
Interest on security lending income	-	-	111,372	315,243	140,007
Miscellaneous revenue	46,639	47,858	657,226	-	12,160
Total Revenues	783,712	392,253	5,611,358	3,054,888	1,343,133
<b>EXPENDITURES</b>					
Current operating					
Cultural, parks, recreation and environment	-	-	4,431,556	-	406,070
Planning and Development	810,186	301,159	-	-	-
Transportation	-	-	-	-	-
Other	-	-	-	-	-
Security lending interest expense	-	-	95,846	271,978	120,723
Security lending agent fees	-	-	3,599	10,022	4,468
Capital outlay	-	-	2,086,901	523,174	830,906
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	810,186	301,159	6,617,902	805,174	1,362,167
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,474)	91,094	(1,006,544)	2,249,714	(19,034)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	5,529,128	-	-
Transfers out	-	-	(4,511,167)	(4,499,993)	(9,000)
Loan issuance	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	1,017,961	(4,499,993)	(9,000)
Net Changes in Fund Balances	(26,474)	91,094	11,417	(2,250,279)	(28,034)
Fund Balances-January 1	21,223	1,202,650	6,507,536	18,377,923	8,148,445
Fund Balances-December 31	\$ (5,251)	\$ 1,293,744	\$ 6,518,953	\$ 16,127,644	\$ 8,120,411

Special Revenue Funds (continued)					
Conservation Trust	Cultural Services & Facilities	Recreation	Cemeteries	Perpetual Care	Transit Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,321,672	100,902	57,574	-	-	3,929,142
-	2,249,006	4,800,246	344,871	56,080	672,033
79,263	89,633	109,974	15,683	56,590	91,585
33,623	40,357	45,729	30,659	-	24,964
-	120,004	2,448	12,381	-	112,677
1,434,558	2,599,902	5,015,971	403,594	112,670	4,830,401
229,835	4,032,214	7,230,992	582,556	-	-
-	-	-	-	-	-
-	-	-	-	-	8,376,676
-	-	-	-	437	-
29,159	34,910	39,254	26,403	-	20,632
1,035	1,262	1,500	986	-	1,001
187,142	283,446	74,918	15,271	-	1,826,028
-	-	-	11,716	-	-
-	-	-	690	-	-
447,171	4,351,832	7,346,664	637,622	437	10,224,337
987,387	(1,751,930)	(2,330,693)	(234,028)	112,233	(5,393,936)
-	1,734,871	2,644,334	277,829	-	5,578,746
(655,700)	-	-	-	(56,375)	(25,273)
-	-	-	-	-	-
(655,700)	1,734,871	2,644,334	277,829	(56,375)	5,553,473
331,687	(17,059)	313,641	43,801	55,858	159,537
1,748,259	1,698,433	2,424,346	414,397	1,406,920	2,034,542
\$ 2,079,946	\$ 1,681,374	\$ 2,737,987	\$ 458,198	\$ 1,462,778	\$ 2,194,079

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Special Revenue Funds (continued)</b>			
	<b>Street Oversizing</b>	<b>General Improvement District No. 1</b>	<b>URA Operations</b>	<b>Total Special Revenues</b>
<b>REVENUES</b>				
Taxes	\$ -	\$ 244,170	\$ -	\$ 244,170
Intergovernmental	-	32,396	-	11,050,373
Fees and charges for services	2,910,656	-	-	13,943,830
Earnings on investments	288,811	39,056	507	2,106,316
Securities lending income	140,267	16,536	-	898,757
Miscellaneous revenue	771,216	-	-	1,782,609
Total Revenues	4,110,950	332,158	507	30,026,055
<b>EXPENDITURES</b>				
Current operating				
Cultural, parks, recreation and environment	-	-	-	16,913,223
Planning and Development	-	-	271,610	1,382,955
Transportation	695,110	-	-	9,071,786
Other	-	9,064	-	9,501
Security lending interest expense	121,362	14,207	-	774,474
Security lending agent fees	4,377	540	-	28,790
Capital outlay	673,151	-	-	6,500,937
Debt service				
Principal	-	-	-	11,716
Interest	-	-	-	690
Total Expenditures	1,494,000	23,811	271,610	34,694,072
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,616,950	308,347	(271,103)	(4,668,017)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	413,050	-	-	16,177,958
Transfers out	(6,954,696)	(211,263)	-	(16,923,467)
Proceeds from short-term loan	-	-	250,000	250,000
Total Other Financing Sources (Uses)	(6,541,646)	(211,263)	250,000	(495,509)
Net Changes in Fund Balances	(3,924,696)	97,084	(21,103)	(5,163,526)
Fund Balances-January 1	7,867,865	954,128	41,539	52,848,206
Fund Balances-December 31	\$ 3,943,169	\$ 1,051,212	\$ 20,436	\$ 47,684,680

Debt Service Funds							Total Non-major Governmental
Timberline/ Prospect SID #94	Debt Service	Special Assessments	Fort Collins Leasing Corporation	URA Debt Service	Total Debt Service		
\$ -	\$ -	\$ -	\$ -	\$ 286,917	\$ 286,917	\$ 531,087	
-	-	-	-	-	-	11,050,373	
-	-	-	-	-	-	13,943,830	
1,647	-	36,419	-	18,970	57,036	2,163,352	
-	-	-	-	-	-	898,757	
627,983	-	-	69,619	-	697,602	2,480,211	
629,630	-	36,419	69,619	305,887	1,041,555	31,067,610	
-	-	-	-	-	-	16,913,223	
-	-	-	-	-	-	1,382,955	
-	-	-	-	-	-	9,071,786	
600,346	-	-	-	-	600,346	609,847	
-	-	-	-	-	-	774,474	
-	-	-	-	-	-	28,790	
-	-	-	-	-	-	6,500,937	
-	1,091,863	-	2,848,894	250,000	4,190,757	4,202,473	
-	260,174	-	2,594,808	6,656	2,861,638	2,862,328	
600,346	1,352,037	-	5,443,702	256,656	7,652,741	42,346,813	
29,284	(1,352,037)	36,419	(5,374,083)	49,231	(6,611,186)	(11,279,203)	
-	1,352,037	-	5,374,083	-	6,726,120	22,904,078	
-	-	-	-	-	-	(16,923,467)	
-	-	-	-	-	-	250,000	
-	1,352,037	-	5,374,083	-	6,726,120	6,230,611	
29,284	-	36,419	-	49,231	114,934	(5,048,592)	
-	-	816,937	-	75,316	892,253	53,740,459	
\$ 29,284	\$ -	\$ 853,356	\$ -	\$ 124,547	\$ 1,007,187	\$ 48,691,867	

**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, 2008**

	<b>Current Year Actual</b>	<b>Prior Year Actual</b>	<b>Cummulative Actual</b>	<b>Budget</b>	<b>Variance- Positive (Negative)</b>
<b>REVENUES</b>					
Intergovernmental	\$ 736,090	\$ 1,011,155	\$ 1,747,245	\$ 3,408,330	\$ (1,661,085)
Earnings on investments	983	-	983	82,596	(81,613)
Miscellaneous revenue	46,639	-	46,639	371,366	(324,727)
Total Revenues	783,712	1,011,155	1,794,867	3,862,292	(2,067,425)
<b>EXPENDITURES</b>					
2005-06 Grant	-	203,056	203,056	193,056	(10,000)
2006-07 Grant	16,982	273,125	290,107	292,355	2,248
2007-08 Grant	744,020	45,272	789,292	1,081,083	291,791
2008-09 Grant	49,184	-	49,184	1,429,711	1,380,527
Total Expenditures	810,186	521,453	1,331,639	2,996,205	1,664,566
Net Changes in Fund Balances	(26,474)	<u>\$ 489,702</u>	463,228	<u>\$ 866,087</u>	<u>\$ (402,859)</u>
Fund Balances -- January 1	21,223		21,223		
Less Prior Years' Project Revenues			(1,011,155)		
Plus Prior Years' Project Expenditures			521,453		
Fund Balances (Deficit)--December 31	<u>\$ (5,251)</u>		<u>\$ (5,251)</u>		



**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, 2008**

	<b>Current Year Actual</b>	<b>Prior Year Actual</b>	<b>Cummulative Actual</b>	<b>Budget</b>	<b>Variance- Positive (Negative)</b>
<b>REVENUES</b>					
Intergovernmental	\$ 306,601	\$ 590,398	\$ 896,999	\$ 2,721,660	\$ (1,824,661)
Earnings on investments	37,794	13,888	51,682	-	51,682
Miscellaneous revenue	47,858	176,616	224,474	50,000	174,474
Total Revenues	<u>392,253</u>	<u>780,902</u>	<u>1,173,155</u>	<u>2,771,660</u>	<u>(1,598,505)</u>
<b>EXPENDITURES</b>					
2005-06 Grant	59,945	570,360	630,305	675,169	44,864
2006-07 Grant	-	315,909	315,909	712,640	396,731
2007-08 Grant	193,211	14,310	207,521	506,144	298,623
2008-09 Grant	48,003	-	48,003	1,026,722	978,719
Total Expenditures	<u>301,159</u>	<u>900,579</u>	<u>1,201,738</u>	<u>2,920,675</u>	<u>1,718,937</u>
Net Changes in Fund Balances	91,094	<u>\$ (119,677)</u>	(28,583)	<u>\$ (149,015)</u>	<u>\$ 120,432</u>
Fund Balances--January 1	1,202,650		1,202,650		
Less Prior Years' Grant Revenues			(780,902)		
Plus Prior Years' Grant Expenditures			<u>900,579</u>		
Fund Balances--December 31	<u>\$ 1,293,744</u>		<u>\$ 1,293,744</u>		

**CAPITAL EXPANSION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES</b>			
Fees and charges for services	\$ 2,009,508	\$ 1,918,643	\$ 90,865
Earnings on investments	730,137	1,174,999	(444,862)
Interest on security lending income	<u>315,243</u>	<u>-</u>	<u>315,243</u>
Total Revenues	<u>3,054,888</u>	<u>3,093,642</u>	<u>(38,754)</u>
<b>EXPENDITURES</b>			
Community Parkland Capital	8,352	-	(8,352)
Library Capital Expansion	281,538	990,000	708,462
Fire Capital Expansion	233,284	233,284	-
Security lending interest expense	271,978	-	(271,978)
Security lending agent fees	<u>10,022</u>	<u>-</u>	<u>(10,022)</u>
Total Expenditures	<u>805,174</u>	<u>1,223,284</u>	<u>418,110</u>
Excess of Revenues Over Expenditures	<u>2,249,714</u>	<u>1,870,358</u>	<u>379,356</u>
<b>OTHER FINANCING USES</b>			
Transfers out			
General Fund	(50,041)	(127,800)	77,759
Capital Projects Fund	(4,117,771)	(5,123,611)	1,005,840
Debt Service - COPS	<u>(332,181)</u>	<u>(332,181)</u>	<u>-</u>
Total Other Financing Uses	<u>(4,499,993)</u>	<u>(5,583,592)</u>	<u>1,083,599</u>
Net Changes in Fund Balance	(2,250,279)	<u>\$ (3,713,234)</u>	<u>\$ 1,501,709</u>
Fund Balances--January 1	<u>18,377,923</u>		
Fund Balances--December 31	<u>\$ 16,127,644</u>		

**NATURAL AREAS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ 4,565,996	\$ 4,801,552	\$ (235,556)
Fees and charges for services	25,639	25,000	639
Earnings on investments	251,125	200,000	51,125
Interest on security lending income	111,372	-	111,372
Miscellaneous revenue	657,226	568,866	88,360
	<u>5,611,358</u>	<u>5,595,418</u>	<u>15,940</u>
<b>EXPENDITURES</b>			
Land Conservation	818,121	3,275,726	2,457,605
Enforcement	565,357	576,731	11,374
Education	393,232	449,204	55,972
Program Management	588,959	639,882	50,923
Resource Management	1,127,667	1,577,972	450,305
Public Improvements	975,662	2,321,121	1,345,459
Facility Operations	219,372	700,358	480,986
COPS Land Conservation	1,306,528	1,300,943	(5,585)
Land Management	523,560	654,154	130,594
Security lending interest expense	95,846	-	(95,846)
Security lending agent fees	3,599	-	(3,599)
	<u>6,617,903</u>	<u>11,496,091</u>	<u>4,878,188</u>
Deficiency of Revenues			
Under Expenditures	<u>(1,006,545)</u>	<u>(5,900,673)</u>	<u>4,894,128</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in			
Sales and Use Tax	5,529,128	5,867,001	(337,873)
Transfers out			
Debt Services - COPS	(1,391,831)	(1,391,831)	-
Capital Projects	(3,116,335)	(4,626,443)	1,510,108
Cultural Services	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>
	<u>1,017,962</u>	<u>(154,273)</u>	<u>1,172,235</u>
Net Changes in Fund Balances	11,417	<u>\$ (6,054,946)</u>	<u>\$ 6,066,363</u>
Fund Balances--January 1	<u>6,507,536</u>		
Fund Balances--December 31	<u>\$ 6,518,953</u>		

**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, 2008**

	<u>Actual</u>	<u>Prior Year Actual</u>	<u>Cumulative Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES</b>					
Intergovernmental	\$ -	\$ 508,223	\$ 508,223	\$ 257,203	\$ 251,020
Fees and charges for services	875,791	15,023,977	15,899,768	13,702,803	2,196,965
Earnings on investments	315,175	1,613,909	1,929,084	1,479,282	449,802
Interest on security lending income	140,007	268,668	408,675	-	408,675
Miscellaneous revenue	12,160	495,710	507,870	512,072	(4,202)
Total Revenues	<u>1,343,133</u>	<u>17,910,487</u>	<u>19,253,620</u>	<u>15,951,360</u>	<u>3,302,260</u>
<b>EXPENDITURES</b>					
New Site Acquisition	244	1,956,826	1,957,070	2,538,423	581,353
New Park Site Development	18,916	1,240,470	1,259,386	2,180,230	920,844
Trailhead Park	9,052	200,516	209,568	330,000	120,432
Stewart Case Park	7,888	1,270,320	1,278,208	1,278,208	-
Cottonwood Glen Park	147,903	826,057	973,960	1,085,316	111,356
Lee Martinez Park Addition	2,267	149,287	151,554	439,462	287,908
Huidekoper Park	15,000	137,640	152,640	372,000	219,360
Lilac Park	28,278	112,105	140,383	177,000	36,617
Iron Horse	-	21,200	21,200	21,200	-
Registry Rigde Park	976	34,962	35,938	636,700	600,762
Provincetowne Park	4,016	12,249	16,265	1,308,567	1,292,302
Dry Creek	-	-	-	150,000	150,000
Richards Lake	-	138,027	138,027	644,506	506,479
Staley Neighborhood Park	3,103	227,652	230,755	375,000	144,245
Avery Park Improvements	-	39	39	200,000	199,961
Maple Hill Park	-	461,198	461,198	675,000	213,802
Rosborough Park Improvements	-	3,932	3,932	175,000	171,068
Oak Street Plaza Park	4,595	1,306,604	1,311,199	1,311,199	-
Golden Meadows Park	42,961	107,627	150,588	350,000	199,412
Old Ft Coll Heritage Park	536,983	38,654	575,637	541,050	(34,587)
Parkland Administration	401,891	-	401,891	419,963	18,072
Park Equipment Replacement	12,902	-	12,902	22,581	9,679
Security lending interest expense	120,723	256,444	377,167	-	(377,167)
Security lending agent fees	4,469	2,621	7,090	-	(7,090)
Total Expenditures	<u>1,362,167</u>	<u>8,504,430</u>	<u>9,866,597</u>	<u>15,231,405</u>	<u>5,364,808</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(19,034)</u>	<u>9,406,057</u>	<u>9,387,023</u>	<u>719,955</u>	<u>8,667,068</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in					
General Fund	-	82,162	82,162	82,162	-
GID #1	-	312,575	312,575	312,575	-
COPS Debt Service	-	121,165	121,165	121,165	-
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	(9,000)	(60,250)	(69,250)	(69,250)	-
Capital Projects Fund	-	(488,220)	(488,220)	(488,220)	-
Total Other Financing Sources (Uses)	<u>(9,000)</u>	<u>82,977</u>	<u>73,977</u>	<u>73,977</u>	<u>-</u>
Net Changes in Fund Balances	<u>(28,034)</u>	<u>\$9,489,034</u>	<u>9,461,000</u>	<u>\$ 793,932</u>	<u>\$ 8,667,068</u>
Fund Balances--January 1	8,148,445		8,148,445		
Less Prior Years' Project Revenues			(18,541,934)		
Plus Prior Years' Project Expenditures			9,052,900		
Fund Balances--December 31	<u>\$ 8,120,411</u>		<u>\$ 8,120,411</u>		

**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, 2008**

	<u>Actual</u>	<u>Prior Year Actual</u>	<u>Cumulative Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES</b>					
Intergovernmental	\$ 1,321,672	\$17,131,310	\$18,452,982	\$17,303,601	\$1,149,381
Earnings on investments	79,263	329,297	408,560	588,422	(179,862)
Interest on security lending income	33,623	80,950	114,573	-	114,573
Miscellaneous revenue	-	313,899	313,899	262,225	51,674
Total Revenues	<u>1,434,558</u>	<u>17,855,456</u>	<u>19,290,014</u>	<u>18,154,248</u>	<u>1,135,766</u>
<b>EXPENDITURES</b>					
Open space acquisition	10,975	1,093,017	1,103,992	1,122,403	18,411
Trail acquisition/development	130,298	6,587,552	6,717,850	7,635,820	917,970
Open space and trail maintenance	-	853,768	853,768	854,475	707
Fossil Creek Trail	35,559	3,471,280	3,506,839	3,606,350	99,511
Tri-City trails	9,199	655,975	665,174	723,200	58,026
Pickle Plant	1,111	14,275	15,386	-	(15,386)
Administration	229,835	-	229,835	277,891	48,056
Security lending interest expense	29,159	77,121	106,280	-	(106,280)
Security lending agent fees	1,035	770	1,805	-	(1,805)
Total Expenditures	<u>447,171</u>	<u>12,753,758</u>	<u>13,200,929</u>	<u>14,220,139</u>	<u>1,019,210</u>
Excess of Revenues Over Expenditures	<u>987,387</u>	<u>5,101,698</u>	<u>6,089,085</u>	<u>3,934,109</u>	<u>116,556</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in					
Capital Projects Fund	-	235,000	235,000	235,000	-
Transfers out					
General Fund	(651,996)	(1,025,880)	(1,677,876)	(1,677,876)	-
Cultural Services Fund	(6,000)	(82,050)	(88,050)	(88,050)	-
Capital Projects Fund	2,296	(853,807)	(851,511)	(1,017,618)	166,107
Total Other Financing Sources and Uses	<u>(655,700)</u>	<u>(1,726,737)</u>	<u>(2,382,437)</u>	<u>(2,548,544)</u>	<u>166,107</u>
Net Changes in Fund Balances	331,687	<u>\$ 3,374,961</u>	3,706,648	<u>\$ 1,385,565</u>	<u>\$ 282,663</u>
Fund Balances--January 1	1,748,259		1,748,259		
Less Prior Years' Project Revenues			(18,090,456)		
Plus Prior Years' Project Expenditures			14,715,495		
Fund Balances--December 31	<u>\$ 2,079,946</u>		<u>\$ 2,079,946</u>		

**CULTURAL SERVICES AND FACILITIES FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ 100,902	\$ 346,845	\$ (245,943)
Fees and charges for services	2,249,006	2,184,263	64,743
Earnings on investments	89,633	102,932	(13,299)
Interest on security lending income	40,357	-	40,357
Miscellaneous revenue	120,004	270,379	(150,375)
	<u>2,599,902</u>	<u>2,904,419</u>	<u>(304,517)</u>
Total Revenues			
	<u>2,599,902</u>	<u>2,904,419</u>	<u>(304,517)</u>
<b>EXPENDITURES</b>			
Administration	700,023	794,254	94,231
Lincoln Center	891,292	922,093	30,801
Security lending interest expense	34,910	-	(34,910)
Security lending agent fees	1,262	-	(1,262)
Museum	945,643	1,503,311	557,668
Art in Public Places	92,268	452,799	360,531
Performing and visual arts	1,686,434	1,929,582	243,148
	<u>4,351,832</u>	<u>5,602,039</u>	<u>1,250,207</u>
Total Expenditures			
	<u>4,351,832</u>	<u>5,602,039</u>	<u>1,250,207</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,751,930)</u>	<u>(2,697,620)</u>	<u>945,690</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in			
General Fund	1,602,445	1,602,445	-
Capital Projects Fund	114,426	114,426	-
Neighborhood Parkland Fund	9,000	9,000	-
Conservation Trust Fund	6,000	6,000	-
Natural Areas Fund	3,000	3,000	-
	<u>1,734,871</u>	<u>1,734,871</u>	<u>-</u>
Total Other Financing Sources			
	<u>1,734,871</u>	<u>1,734,871</u>	<u>-</u>
Net Changes in Fund Balances	(17,059)	<u>\$ (962,749)</u>	<u>\$ 945,690</u>
Fund Balances--January 1	<u>1,698,433</u>		
Fund Balances--December 31	<u>\$ 1,681,374</u>		

**RECREATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ 57,574	\$ 303,315	\$ (245,741)
Fees and charges for services	4,800,246	4,581,162	219,084
Earnings on investments	109,974	100,000	9,974
Interest on security lending income	45,729	-	45,729
Miscellaneous revenue	2,448	7,500	(5,052)
	<u>5,015,971</u>	<u>4,991,977</u>	<u>23,994</u>
<b>EXPENDITURES</b>			
Recreation administration	3,456,242	3,949,926	493,684
Ice/aquatics programming	1,573,357	1,767,832	194,475
Adult programming	1,144,718	1,180,034	35,316
Youth programming	468,199	530,257	62,058
Sports programming	463,689	476,277	12,588
Special reserves	146,154	222,895	76,741
Security lending interest expense	39,254	-	(39,254)
Security lending agent fees	1,500	-	(1,500)
Grants/miscellaneous	53,551	303,315	249,764
	<u>7,346,664</u>	<u>8,430,536</u>	<u>1,083,872</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,330,693)</u>	<u>(3,438,559)</u>	<u>1,107,866</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in General Fund	<u>2,644,334</u>	<u>2,644,334</u>	<u>-</u>
Total Other Financing Sources	<u>2,644,334</u>	<u>2,644,334</u>	<u>-</u>
Net Changes in Fund Balances	313,641	<u>\$ (794,225)</u>	<u>\$ 1,107,866</u>
Fund Balances--January 1	<u>2,424,346</u>		
Fund Balances--December 31	<u><u>\$2,737,987</u></u>		

**CEMETERIES FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES</b>			
Fees and charges for services	\$ 344,871	\$ 311,500	\$ 33,371
Earnings on investments	15,683	15,000	683
Interest on security lending income	30,659	-	30,659
Miscellaneous revenue	12,381	11,900	481
	<u>403,594</u>	<u>338,400</u>	<u>65,194</u>
<b>EXPENDITURES</b>			
Cemetery services	594,962	629,884	34,922
Capital outlay	15,271	14,735	(536)
Security lending interest expense	26,403	-	(26,403)
Security lending agent fees	986	-	(986)
	<u>637,622</u>	<u>644,619</u>	<u>6,997</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(234,028)</u>	<u>(306,219)</u>	<u>72,191</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers In:			
General Fund	221,454	221,454	-
Perpetual Care Fund	56,375	70,000	(13,625)
	<u>277,829</u>	<u>291,454</u>	<u>(13,625)</u>
Net Changes in Fund Balances	43,801	<u>\$ (14,765)</u>	<u>\$ 58,566</u>
Fund Balances--January 1	<u>414,397</u>		
Fund Balances--December 31	<u>\$ 458,198</u>		



**PERPETUAL CARE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES</b>			
Fees and charges for services	\$ 56,080	\$ 47,200	\$ 8,880
Earnings on investments	56,590	70,000	(13,410)
Total Revenues	<u>112,670</u>	<u>117,200</u>	<u>(4,530)</u>
<b>EXPENDITURES</b>			
Other	<u>437</u>	<u>438</u>	<u>1</u>
Total Expenditures	<u>437</u>	<u>438</u>	<u>1</u>
Excess of Revenues Over Expenditures	<u>112,233</u>	<u>116,762</u>	<u>(4,529)</u>
<b>OTHER FINANCING USES</b>			
Transfers out: Cemeteries Fund	<u>(56,375)</u>	<u>(70,000)</u>	<u>13,625</u>
Net Changes in Fund Balances	55,858	<u>\$ 46,762</u>	<u>\$ 9,096</u>
Fund Balances--January 1	<u>1,406,920</u>		
Fund Balances--December 31	<u>\$ 1,462,778</u>		

**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, 2008**

	<b>Current Year Actual</b>	<b>Prior Year Actual</b>	<b>Cumulative Actual</b>	<b>Budget</b>	<b>Variance- Positive (Negative)</b>
<b>REVENUES</b>					
Intergovernmental	\$3,929,142	\$ 4,454,423	\$ 8,383,565	\$ 8,703,746	\$ (320,181)
Fees and charges for services	672,033	596,501	1,268,534	1,297,989	(29,455)
Earnings on investments	94,916	51,396	146,312	69,769	76,543
Miscellaneous revenue	112,677	23,768	136,445	61,048	75,397
<b>Total Revenues</b>	<b>4,808,768</b>	<b>5,126,088</b>	<b>9,934,856</b>	<b>10,132,552</b>	<b>(197,696)</b>
<b>EXPENDITURES</b>					
FTA Grants					
2006 Operating	22	168,666	168,688	167,381	(1,307)
2007 Operating	242,299	7,695,469	7,937,768	8,476,588	538,820
2008 Operating	7,982,689	259	7,982,948	9,169,080	1,186,132
2006 CMAQ Projects	3,539	53,474	57,013	57,013	-
2007 CMAQ Projects	148,126	190,825	338,951	339,066	115
2006 Capital	125,468	24,532	150,000	150,000	-
2007 Capital	659,774	8,251	668,025	1,280,250	612,225
2008 Capital	1,040,787	-	1,040,787	1,921,997	881,210
<b>Total Expenditures</b>	<b>10,202,704</b>	<b>8,141,476</b>	<b>18,344,180</b>	<b>21,561,375</b>	<b>3,217,195</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,393,936)</u>	<u>(3,015,388)</u>	<u>(8,409,324)</u>	<u>(11,428,823)</u>	<u>3,019,499</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in					
General Fund	5,418,062	83,680	5,501,742	5,502,883	(1,141)
S&U Tax - BOB	160,684	-	160,684	160,684	-
Transfers out					
Capital Projects Fund	<u>(25,273)</u>	<u>(1,510,650)</u>	<u>(1,535,923)</u>	<u>(2,393,440)</u>	<u>857,517</u>
<b>Total Other Financing Sources and Uses</b>	<b>5,553,473</b>	<b>(1,426,970)</b>	<b>4,126,503</b>	<b>3,270,127</b>	<b>856,376</b>
<b>Net Changes in Fund Balances</b>	<b>159,537</b>	<b><u>\$ (4,442,358)</u></b>	<b>(4,282,821)</b>	<b><u>\$ (8,158,696)</u></b>	<b><u>\$ 3,875,875</u></b>
Fund Balances--January 1	2,034,542		2,034,542		
Less Prior Years' Grant Revenues			(5,209,768)		
Plus Prior Years' Grant Expenditures			<u>9,652,126</u>		
<b>Fund Balances--December 31</b>	<b><u>\$2,194,079</u></b>		<b><u>\$ 2,194,079</u></b>		

**STREET OVERSIZING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES</b>			
Fees and charges for services	\$ 2,910,656	\$ 3,125,526	\$ (214,870)
Earnings on investments	288,811	385,246	(96,435)
Interest on security lending income	140,267	-	140,267
Miscellaneous revenue	<u>771,216</u>	<u>664,870</u>	<u>106,346</u>
Total Revenues	<u>4,110,950</u>	<u>4,175,642</u>	<u>(64,692)</u>
<b>EXPENDITURES</b>			
Oversizing costs	1,368,261	3,812,755	(2,444,494)
Security lending interest expense	121,362	-	121,362
Security lending agent fees	<u>4,377</u>	<u>-</u>	<u>4,377</u>
Excess of revenues over expenditures	<u>2,616,950</u>	<u>362,887</u>	<u>2,254,063</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in			
General Fund	413,050	413,050	-
Transfers out			
Capital Projects Fund	(5,329,696)	(8,135,396)	2,805,700
Transportation	<u>(1,625,000)</u>	<u>(1,625,000)</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>(6,541,646)</u>	<u>(9,347,346)</u>	<u>2,805,700</u>
Net Change in Fund Balances	(3,924,696)	<u><u>\$ (8,984,459)</u></u>	<u><u>\$ 5,059,763</u></u>
Fund Balances--January 1	<u>7,867,865</u>		
Fund Balances--December 31	<u><u>\$ 3,943,169</u></u>		

**GENERAL IMPROVEMENT DISTRICT NO. 1 FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES</b>			
Taxes	\$ 244,170	\$ 240,000	\$ 4,170
Intergovernmental	32,396	30,000	2,396
Earnings on investments	39,056	30,000	9,056
Interest on security lending income	16,536	-	16,536
Total Revenues	<u>332,158</u>	<u>300,000</u>	<u>32,158</u>
<b>EXPENDITURES</b>			
Other	9,064	76,355	67,291
Security lending interest expense	14,207	-	(14,207)
Security lending agent fees	540	-	(540)
Total Expenditures	<u>23,811</u>	<u>76,355</u>	<u>52,544</u>
Excess of Revenues Over Expenditures	<u>308,347</u>	<u>223,645</u>	<u>84,702</u>
<b>OTHER FINANCING USES</b>			
Transfers out			
General Fund	(78,525)	(78,525)	-
Debt Service Fund - COPS	<u>(132,738)</u>	<u>(145,120)</u>	<u>12,382</u>
Total Other Financing Uses	<u>(211,263)</u>	<u>(223,645)</u>	<u>12,382</u>
Net Changes in Fund Balances	97,084	<u>\$ -</u>	<u>\$ 97,084</u>
Fund Balances--January 1	<u>954,128</u>		
Fund Balances--December 31	<u>\$ 1,051,212</u>		

**URBAN RENEWAL AUTHORITY OPERATIONS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

---

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES</b>			
Taxes	\$ -	\$ 365,000	\$ (365,000)
Earnings on investments	<u>507</u>	<u>-</u>	<u>507</u>
Total Revenues	<u>507</u>	<u>365,000</u>	<u>(364,493)</u>
<b>EXPENDITURES</b>			
Other	<u>271,610</u>	<u>375,000</u>	<u>103,390</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(271,103)</u>	<u>(10,000)</u>	<u>(261,103)</u>
<b>OTHER FINANCING SOURCES</b>			
Proceeds from loan	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Total Other Financing Sources	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Net Changes in Fund Balances	(21,103)	<u>\$ 240,000</u>	<u>\$ (261,103)</u>
Fund Balances--January 1	<u>41,539</u>		
Fund Balances--December 31	<u>\$ 20,436</u>		

**TIMBERLINE/PROSPECT SID #94**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES</b>			
Earnings on investments	\$ 1,647	\$ -	\$ 1,647
Miscellaneous revenue	<u>627,983</u>	<u>-</u>	<u>627,983</u>
Total Revenues	<u>629,630</u>	<u>-</u>	<u>629,630</u>
<b>EXPENDITURES</b>			
Other	<u>600,346</u>	<u>-</u>	<u>(600,346)</u>
Total Expenditures	<u>600,346</u>	<u>-</u>	<u>(600,346)</u>
Excess of Revenues Over Expenditures	<u>29,284</u>	<u>-</u>	<u>29,284</u>
Net Changes in Fund Balances	29,284	<u>\$ -</u>	<u>\$ 29,284</u>
Fund Balances--January 1	<u>-</u>		
Fund Balances--December 31	<u>\$ 29,284</u>		

**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
<b>EXPENDITURES</b>			
Principal	\$ 1,091,863	\$ 1,091,863	\$ -
Interest	260,174	260,175	1
Total Expenditures	<u>1,352,037</u>	<u>1,352,038</u>	<u>1</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in			
Sales and Use Tax Fund	994,412	994,413	(1)
Transportation Services Fund	<u>357,625</u>	<u>357,625</u>	<u>-</u>
Total Other Financing Sources	<u>1,352,037</u>	<u>1,352,038</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>		

**SPECIAL ASSESSMENTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--  
ACTUAL AND BUDGET  
FOR THE YEAR ENDED DECEMBER 31, 2008**

---

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES</b>			
Earnings on investments	<u>\$ 36,419</u>	<u>\$ 31,000</u>	<u>\$ 5,419</u>
Total Revenues	36,419	<u><u>\$ 31,000</u></u>	<u><u>\$ 5,419</u></u>
 Fund Balances--January 1	 <u>816,937</u>		
Fund Balances--December 31	<u><u>\$ 853,356</u></u>		



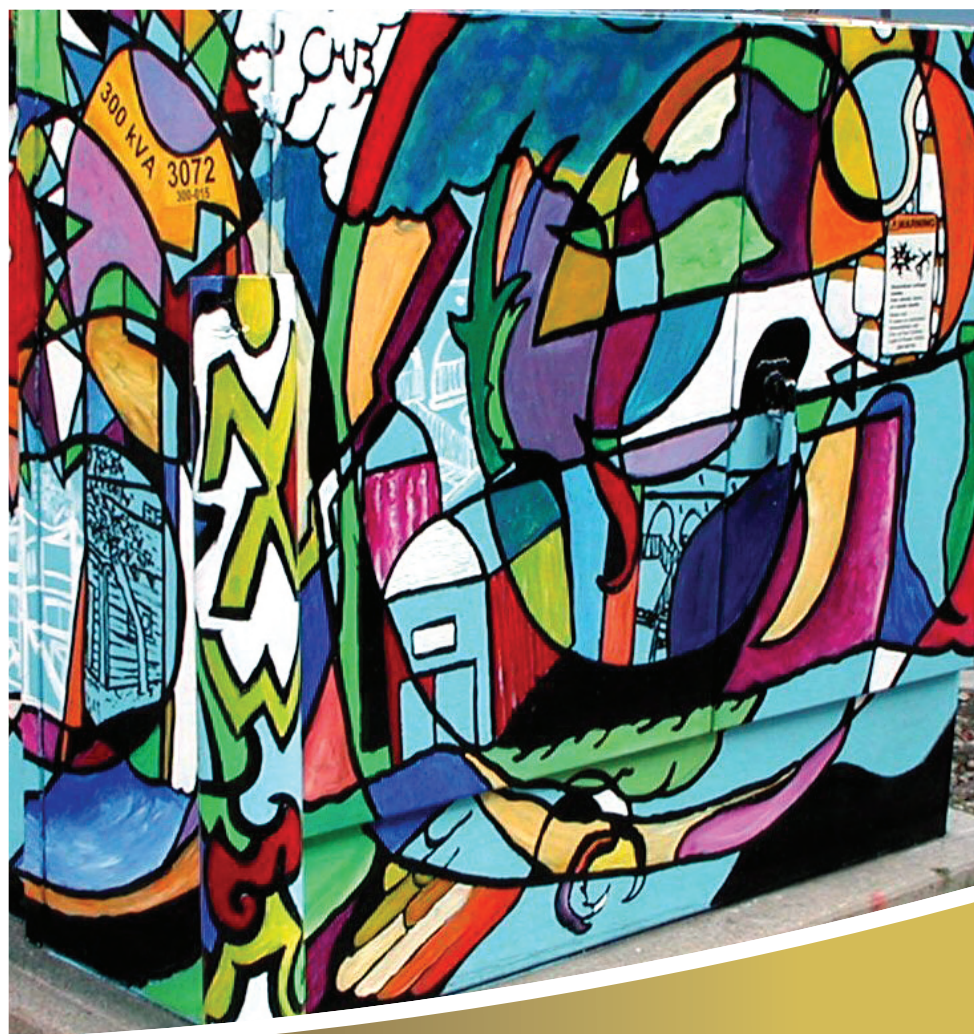
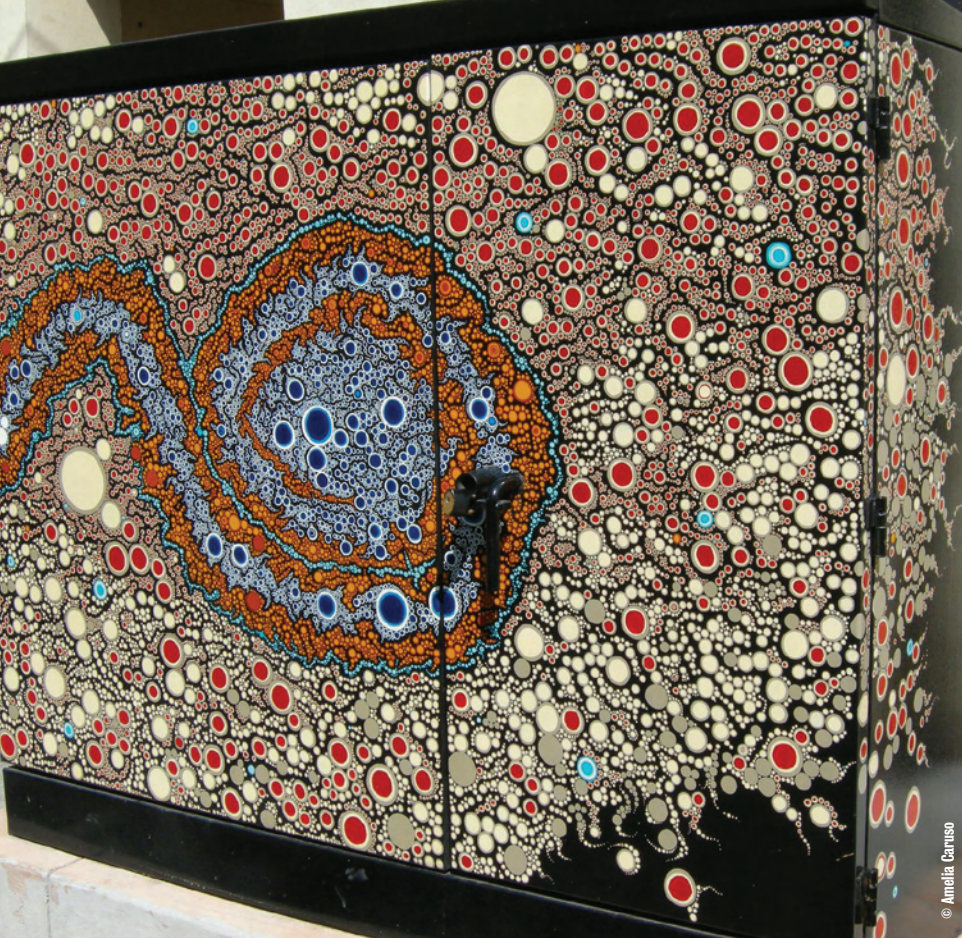
**FORT COLLINS LEASING CORPORATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES</b>			
Earnings on investments	\$ -	\$ 285,269	\$ (285,269)
Miscellaneous revenue	69,619	69,619	-
Total Revenues	<u>69,619</u>	<u>354,888</u>	<u>(285,269)</u>
<b>EXPENDITURES</b>			
Principal	2,848,894	3,041,605	192,711
Interest	2,594,808	2,687,367	92,559
Other contractual costs	-	2,200	2,200
Total Expenditures	<u>5,443,702</u>	<u>5,731,172</u>	<u>287,470</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,374,083)</u>	<u>(5,376,284)</u>	<u>2,201</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in:			
General Fund	2,711,860	2,714,061	(2,201)
Capital Projects Fund	674,429	674,429	-
Capital Expansion Fund	332,181	332,181	-
Natural Areas Fund	1,391,831	1,391,831	-
General Improvement District #1 Fund	132,738	132,738	-
Transportation Fund	131,044	131,044	-
Total Other Financing Sources	<u>5,374,083</u>	<u>5,376,284</u>	<u>(2,201)</u>
Net Changes in Fund Balances	-	<u>\$ -</u>	<u>\$ -</u>
Fund Balances--January 1	<u>-</u>		
Fund Balances--December 31	<u>\$ -</u>		

**DEBT SERVICE - URA FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES</b>			
Taxes	\$ 286,917	\$ 38,000	\$ 248,917
Earnings on investments	18,970	-	18,970
Total Revenues	<u>305,887</u>	<u>38,000</u>	<u>267,887</u>
<b>EXPENDITURES</b>			
Principal	250,000	286,000	36,000
Interest	6,656	2,000	(4,656)
Total Expenditures	<u>256,656</u>	<u>288,000</u>	<u>31,344</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>49,231</u>	<u>(250,000)</u>	<u>299,231</u>
Net Changes in Fund Balances	49,231	<u>\$ (250,000)</u>	<u>\$ 299,231</u>
Fund Balances--January 1	<u>75,316</u>		
Fund Balances--December 31	<u>\$ 124,547</u>		







**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, 2008**

	<b>Current Year Actual</b>	<b>Prior Year Actual</b>	<b>Cumulative Actual</b>	<b>Budget</b>	<b>Variance- Positive (Negative)</b>
<b>REVENUES</b>					
Intergovernmental	\$ 170,332	\$ 5,820,391	\$ 5,990,723	\$ 70,232,379	\$ (64,241,656)
Fees and charges for services	-	717,747	717,747	658,023	59,724
Earnings on investments	1,104,567	12,077,912	13,182,479	2,230,903	10,951,576
Miscellaneous revenue	-	8,386,206	8,386,206	9,443,721	(1,057,515)
Total Revenues	1,274,899	27,002,256	28,277,155	82,565,026	(54,287,871)
<b>EXPENDITURES</b>					
Library Technology	144,302	3,647,761	3,792,063	3,792,063	-
Major Repairs and Maintenance	13,245	313,688	326,933	886,744	559,811
Major Building Maintenance	431,768	3,787,233	4,219,001	4,574,986	355,985
Operation Services Facility	-	44,276	44,276	339,174	294,898
Children's Garden	116	427,236	427,352	434,500	7,148
FC Museum / DSC Fac Design	135,454	3,926	139,380	6,121,912	5,982,532
Streets Facility Expansion	11,775	3,418,867	3,430,642	3,609,748	179,106
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
Police Facility	676,160	30,445,342	31,121,502	35,434,182	4,312,680
Offsite Police Facility	1,260	887,709	888,969	881,100	(7,869)
N. Side Aztlan Ctr Replacement	96,839	9,812,349	9,909,188	9,954,674	45,486
Env Site Mitigation - 112 E. Willow	16,299	166,691	182,990	200,000	17,010
City Hall Admin Bldg Construction	-	-	-	195,000	195,000
CSU Transit Center	25,273	5,709,596	5,734,869	5,729,683	(5,186)
New Branch Library-Beyer Site	4,117,771	158,470	4,276,241	5,544,000	1,267,759
Garden's on Spring Creek	63,531	2,723,958	2,787,489	2,789,829	2,340
City Park S. Ballfield Redevelpmt	223,143	-	223,143	245,706	22,563
Nix Barn Stable / Restore	1,361	162,272	163,633	171,206	7,573
Soapstone Public Improvement	2,974,261	954,763	3,929,024	4,946,000	1,016,976
Robert Benson Dam	51,624	49,245	100,869	594,000	493,131
Coventry Dev Wildlife Habitat	-	-	-	9,000	9,000
City/School District Community Proj.	27,996	89,157	117,153	117,153	-
Gateway Park	-	1,387,704	1,387,704	1,390,000	2,296
Fossil Creek Community Park	10,253	9,447,274	9,457,527	9,859,425	401,898
Soft Gold Park	-	954,784	954,784	1,007,400	52,616
BCC Community Park Improvements	2,344	462,698	465,042	467,693	2,651
Regional Trails	-	1,550,900	1,550,900	1,988,718	437,818
Southeast Community Park	-	3,391,559	3,391,559	3,750,026	358,467
Spring Canyon Park	(164,523)	13,105,346	12,940,823	13,055,003	114,180
Water Craft Course	7,063	27,969	35,032	150,000	114,968
The Garden of Eatin'	2,918	-	2,918	200,000	197,082
Taft Hill Rd-Horsetooth / Harmony	72,056	1,447,749	1,519,805	1,519,805	-
Pedestrian Accessibility	15,579	409,030	424,609	447,090	22,481
Prospect, Poudre River/Summitview	117,943	5,727,207	5,845,150	6,568,801	723,651
Taft Hill, Drake Road to Derby	-	5,059,147	5,059,147	5,254,804	195,657
Street Oversizing Projects	5,587,107	23,516,459	29,103,566	36,893,961	7,790,395
BOB Int Imp & Traffic Signals	108,974	98,776	207,750	4,173,241	3,965,491
I-25 & SH 392 Interchg & Imprv	37,190	-	37,190	161,070	123,880
Minor Street Capital Projects	64,162	246,541	310,703	383,934	73,231

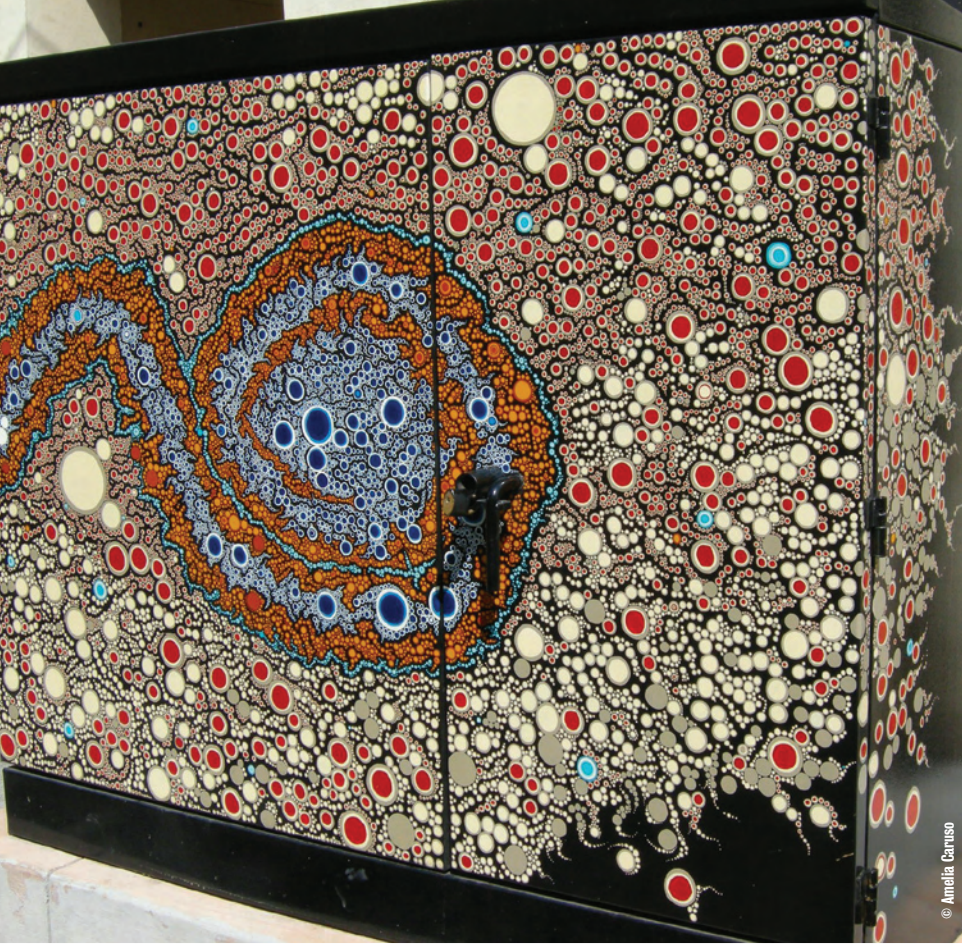
(Continued on Next Page)

**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, 2008**

	<b>Current Year Actual</b>	<b>Prior Year Actual</b>	<b>Cumulative Actual</b>	<b>Budget</b>	<b>Variance-- Positive (Negative)</b>
City Bridge Program	\$ 56,507	\$ 185,723	\$ 242,230	\$ 908,500	\$ 666,270
Rairoad Crossing Replacement	27,689	-	27,689	100,000	72,311
Mason Street Transportation Corridor	409,859	8,207,374	8,617,233	72,917,426	64,300,193
Pedestrian Plan (BCC)	20,551	592,835	613,386	654,828	41,442
State Highway 14 Truck Route Relocation	-	1,185,335	1,185,335	3,016,279	1,830,944
BOB Ped Plan & ADA Improvements	108,106	41,182	149,288	913,400	764,112
Bicycle Plan Implementation	55,794	-	55,794	125,000	69,206
BOB-N. College Ave Improvements	-	-	-	1,052,855	1,052,855
North College Corridor	521	5,564,702	5,565,223	5,635,820	70,597
Administrative Charges	58,907	-	58,907	58,889	(18)
Total Expenditures	<u>15,611,178</u>	<u>150,243,335</u>	<u>165,854,513</u>	<u>264,361,315</u>	<u>98,506,802</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(14,336,279)</u>	<u>(123,241,079)</u>	<u>(137,577,358)</u>	<u>(181,796,289)</u>	<u>44,218,931</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from issuance of long term debt	-	36,013,836	36,013,836	36,011,091	2,745
Transfers in					
General Fund	780,662	5,984,138	6,764,800	11,860,007	(5,095,207)
Capital Expansion Fund	4,117,771	15,817,267	19,935,038	20,940,878	(1,005,840)
Sales and Use Tax Fund	4,726,034	72,063,736	76,789,770	77,249,261	(459,491)
Neighborhood Parkland Fund	-	414,400	414,400	414,400	-
Conservation Trust Fund	-	843,893	843,893	1,010,000	(166,107)
Natural Areas Fund	3,114,039	1,221,059	4,335,098	5,845,206	(1,510,108)
Recreation Fund	-	60,000	60,000	60,000	-
Transit Services Fund	25,274	5,699,595	5,724,869	5,729,684	(4,815)
Street Oversizing Fund	5,329,696	13,131,132	18,460,828	21,266,528	(2,805,700)
Transportation Services Fund	344,109	3,999,321	4,343,430	4,345,318	(1,888)
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	(674,429)	(1,479,862)	(2,154,291)	(2,154,291)	-
Neighborhood Parkland	-	(5,545)	(5,545)	(5,545)	-
Conservation Trust Fund	-	(200,000)	(200,000)	-	(200,000)
Cultural Services and Facilities Fund	<u>(114,426)</u>	<u>(1,049,510)</u>	<u>(1,163,936)</u>	<u>(1,163,936)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>17,648,730</u>	<u>152,603,849</u>	<u>170,252,579</u>	<u>181,796,289</u>	<u>(11,543,710)</u>
Net Changes in Fund Balance	<u>3,312,451</u>	<u>\$ 29,362,770</u>	<u>32,675,221</u>	<u>\$ -</u>	<u>\$ 32,675,221</u>
Fund Balances--January 1	29,584,786		29,584,786		
Less Prior Years' Project Revenues			(182,341,022)		
Plus Prior Years' Project Expenditures			152,978,252		
Fund Balances--December 31	<u>\$ 32,897,237</u>		<u>\$ 32,897,237</u>		

THIS PAGE INTENTIONALLY LEFT BLANK.





© Amelia Caruso



© Ben Burke



© Crossroads Safehouse





**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, 2008**

	<u>Actual</u>	<u>Adjustment To Budgetary Basis</u>	<u>Actual On Budgetary Basis</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES</b>					
Charges for services	\$ 82,448,756	\$ -	\$ 82,448,756	\$ 84,139,713	\$ (1,690,957)
Other revenue	4,079,645	-	4,079,645	3,772,061	307,584
Earnings on investments	2,072,014	-	2,072,014	750,000	1,322,014
Interest on security lending income	875,577	-	875,577	-	875,577
Transfers	(243,067)	-	(243,067)	-	(243,067)
Gain on sale of capital assets	22,599	-	22,599	-	22,599
Total Revenues	<u>89,255,524</u>	<u>-</u>	<u>89,255,524</u>	<u>88,661,774</u>	<u>593,750</u>
<b>EXPENDITURES</b>					
Programs (fund level of budgetary control)					
Customer and administrative services	11,187,498	-	11,187,498	11,505,115	317,617
System additions	-	10,195,612	10,195,612	12,210,869	2,015,257
Light and Power operations	6,859,837	-	6,859,837	6,990,519	130,682
Fund transfers	547,310	-	547,310	400,013	(147,297)
Purchase of power	59,084,869	-	59,084,869	66,206,913	7,122,044
Energy services	1,586,934	-	1,586,934	2,382,540	795,606
Depreciation	6,915,742	(6,915,742)	-	-	-
Security lending interest expense	753,265	-	753,265	-	(753,265)
Security lending agent fees	28,335	-	28,335	-	(28,335)
Total Programs	<u>86,963,790</u>	<u>3,279,870</u>	<u>90,243,660</u>	<u>99,695,969</u>	<u>9,452,309</u>
Projects (project level of budgetary control)					
Substation Improvements	-	2,575,061	2,575,061	10,223,968	7,648,907
WiFi System	-	1,416	1,416	50,000	48,584
SW Enclave System Purchases	-	675,009	675,009	800,000	124,991
Underground Conversion Program	-	854,291	854,291	3,250,596	2,396,305
Service Center Additions	-	243,047	243,047	4,736,904	4,493,857
Total Projects	<u>-</u>	<u>4,348,824</u>	<u>4,348,824</u>	<u>19,061,468</u>	<u>14,712,644</u>
Total Expenditures	<u>86,963,790</u>	<u>7,628,694</u>	<u>94,592,484</u>	<u>118,757,437</u>	<u>24,164,953</u>
Changes in Net Assets	2,291,734	<u>\$ (7,628,694)</u>	(5,336,960)	<u>\$ (30,095,663)</u>	<u>\$24,758,703</u>
Net Assets--January 1	158,858,329		158,858,329		
Capital outlay--programs			10,195,612		
Current Year's Project Expenditures			2,886,302		
Prior Year's Project Expenditures			1,462,522		
Depreciation			(6,915,742)		
Net Assets--December 31	<u>\$ 161,150,063</u>		<u>\$ 161,150,063</u>		

**WATER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS**  
**ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Actual</b>	<b>Adjustment to Budgetary Basis</b>	<b>Actual On Budgetary Basis</b>	<b>Budget</b>	<b>Variance- Positive (Negative)</b>
<b>REVENUES</b>					
Charges for services	\$ 24,283,914	\$ -	\$ 24,283,914	\$ 26,789,947	\$ (2,506,033)
Other nonoperating income	312,898	-	312,898	361,141	(48,243)
Earnings on investments	2,790,750	-	2,790,750	1,500,000	1,290,750
Interest on security lending income	1,150,339	-	1,150,339	-	1,150,339
Gain on sale of capital assets	16,585	-	16,585	-	16,585
Contributed capital	5,367,029	-	5,367,029	3,803,151	1,563,878
Proceeds from issuance of long term debt	-	-	-	2,476,446	(2,476,446)
Total Revenues	33,921,515	-	33,921,515	34,930,685	(1,009,170)
<b>EXPENDITURES</b>					
Programs (fund level of budgetary control)					
Customer and administrative services	4,411,183	38,442	4,449,625	4,529,698	80,073
Transmission and distribution	2,227,699	165,453	2,393,152	2,542,691	149,539
Payments and transfers	4,095,406	5,080,943	9,176,349	9,849,473	673,124
Water production	4,357,844	371,295	4,729,139	6,761,130	2,031,991
Water engineering	89,384	-	89,384	86,287	(3,097)
Water quality	874,180	-	874,180	1,071,004	196,824
Water resources	1,386,216	-	1,386,216	1,990,899	604,683
Depreciation	4,823,679	(4,823,679)	-	-	-
Bond amortization	121,096	(121,096)	-	-	-
Security lending interest expense	988,162	-	988,162	-	(988,162)
Security lending agent fees	37,570	-	37,570	-	(37,570)
Total Programs	23,412,419	711,358	24,123,777	26,831,182	2,707,405
Projects (project level of budgetary control)					
Distribution System Replacement	-	1,428,781	1,428,781	1,989,155	560,374
Michigan Ditch improvements	-	132,408	132,408	800,000	667,592
Service Center Improvements	-	859,716	859,716	1,173,823	314,107
Meter Conversion Program	-	985,141	985,141	2,510,848	1,525,707
Water Supply Development	-	1,205,179	1,205,179	1,982,203	777,024
Southwest System Improvements	-	3,013,726	3,013,726	3,690,000	676,274
Master Plan Facilities	-	6,575,768	6,575,768	7,275,359	699,591
Water Quality Lab	-	171,187	171,187	190,000	18,813
Cathodic Protection	-	397,655	397,655	400,000	2,345
Halligan Reservoir Enlargement	-	7,140,635	7,140,635	27,462,446	20,321,811
Gravel Pit Storage Ponds	-	179,993	179,993	11,577,000	11,397,007
Treatment Facility Improvement	-	730,546	730,546	1,069,263	338,717
Poudre Pipeline	-	946,067	946,067	1,000,000	53,933
Water Production Replcmnt Program	-	353,731	353,731	1,897,524	1,543,793
Source of Supply Gen Replcmnt	-	195,892	195,892	211,476	-
Total Projects	-	24,316,425	24,316,425	63,229,097	38,897,088
Total Expenditures	23,412,419	25,027,783	48,440,202	90,060,279	41,604,493
Changes in Net Assets	10,509,096	<u>\$(25,027,783)</u>	(14,518,687)	<u>\$(55,129,594)</u>	<u>\$ 40,595,323</u>
Net Assets--January 1	227,142,270		227,142,270		
Capital Outlay--Programs			575,190		
Current Year's Project Expenditures			3,511,931		
Prior Years' Project Expenditures			20,804,494		
Principal Reduction--Long-Term Debt			5,080,943		
Depreciation			(4,823,679)		
Bond Amortization			(121,096)		
Net Assets--December 31	<u>\$ 237,651,366</u>		<u>\$ 237,651,366</u>		

**WASTEWATER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS**  
**ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Actual</u>	<u>Adjustment To Budgetary Basis</u>	<u>Actual On Budgetary Basis</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES</b>					
Charges for services	\$ 16,170,810	\$ -	\$ 16,170,810	\$ 16,305,707	\$ (134,897)
Other Non-Operating Income	106,201	-	106,201	455,879	(349,678)
Earnings on investments	1,116,257	-	1,116,257	750,000	366,257
Interest on security lending income	371,323	-	371,323	-	371,323
Gain on sale of capital asset	15,151	-	15,151	-	15,151
Capital Contributions	4,064,444	-	4,064,444	3,284,503	779,941
Total Revenues	<u>21,844,186</u>	<u>-</u>	<u>21,844,186</u>	<u>20,796,089</u>	<u>1,048,097</u>
<b>EXPENDITURES</b>					
Programs (fund level of budgetary control)					
Customer and administrative services	1,429,551	-	1,429,551	1,429,551	-
Trunk and collection	1,330,108	273,111	1,603,219	1,788,751	185,532
Payments and transfers	3,175,640	4,081,122	7,256,762	7,934,018	677,256
Water reclamation	4,566,688	242,072	4,808,760	5,476,866	668,106
Security lending interest expense	320,863	-	320,863	-	(320,863)
Security lending agent fees	11,694	-	11,694	-	(11,694)
Water engineering	105,571	-	105,571	96,884	(8,687)
Pollution control	1,084,503	-	1,084,503	1,177,311	92,808
Depreciation	3,188,873	(3,188,873)	-	-	-
Bond amortization	154,442	(154,442)	-	-	-
Total Programs	<u>15,367,933</u>	<u>1,252,990</u>	<u>16,620,923</u>	<u>17,903,381</u>	<u>1,282,458</u>
Projects (project level of budgetary control)					
Collection System Replacement	-	5,204,326	5,204,326	8,888,677	3,684,351
Harmony Lift Station	-	62,240	62,240	49,352	(12,888)
Service Center Improvements	-	2,017,843	2,017,843	2,209,827	191,984
Treatment Plant Expansion	-	35,013,587	35,013,587	36,333,960	1,320,373
Sludge Disposal Improvements	-	5,377,524	5,377,524	6,019,446	641,922
Collection System Study	-	403,102	403,102	600,000	196,898
Mulberry Water Reclamation Improvement	-	8,769,504	8,769,504	14,766,849	5,997,345
Flow Monitoring Stations	-	376,850	376,850	740,000	363,150
Total Projects	<u>-</u>	<u>57,224,976</u>	<u>57,224,976</u>	<u>69,608,111</u>	<u>12,383,135</u>
Total Expenditures	<u>15,367,933</u>	<u>58,477,966</u>	<u>73,845,899</u>	<u>87,511,492</u>	<u>13,665,593</u>
Changes in Net Assets	6,476,253	<u>\$ (58,477,966)</u>	(52,001,713)	<u>\$ (66,715,403)</u>	<u>\$ 14,713,690</u>
Net Assets--January 1	113,269,625		113,269,625		
Capital Outlay--Programs			515,183		
Current Year's Project Expenditures			7,989,643		
Prior Years' Project Expenditures			49,235,333		
Principal Reduction - Long Term Debt			4,081,122		
Depreciation			(3,188,873)		
Bond amortization			(154,442)		
Net Assets-December 31	<u>\$ 119,745,878</u>		<u>\$ 119,745,878</u>		

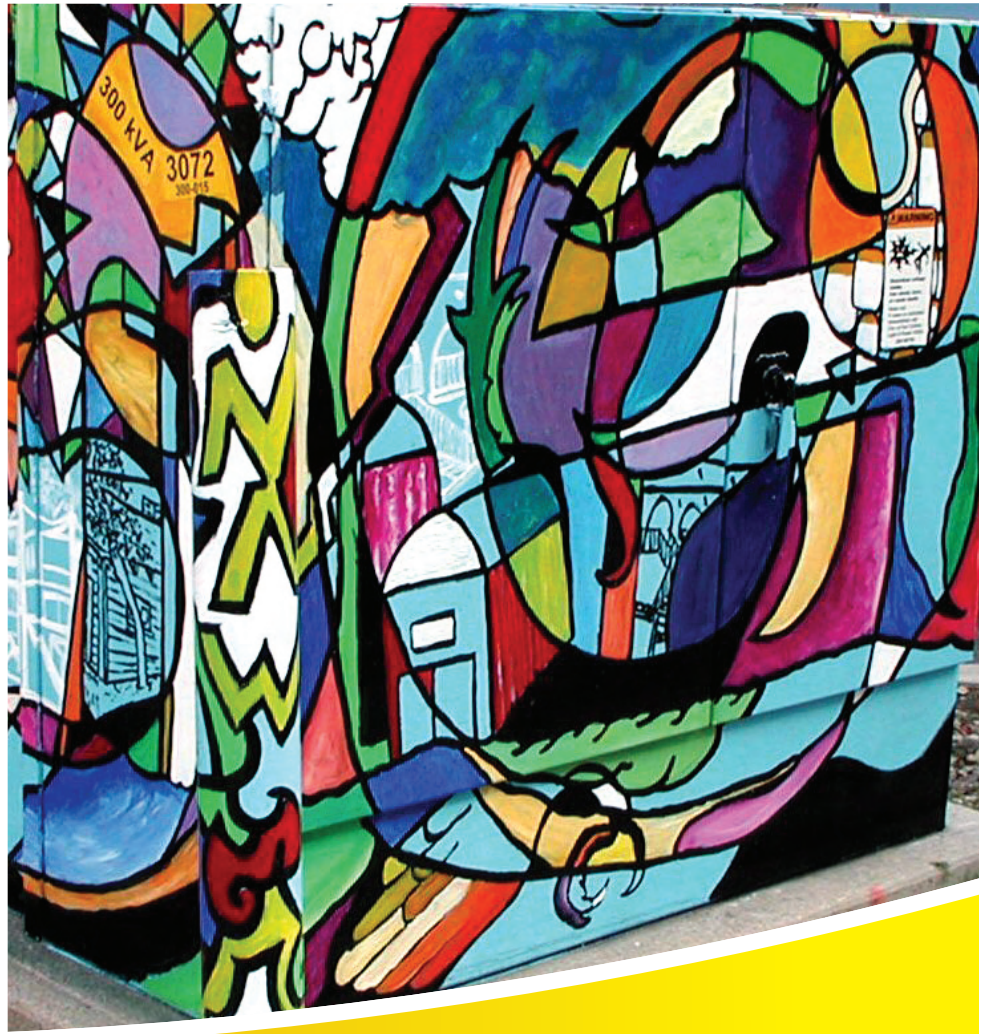
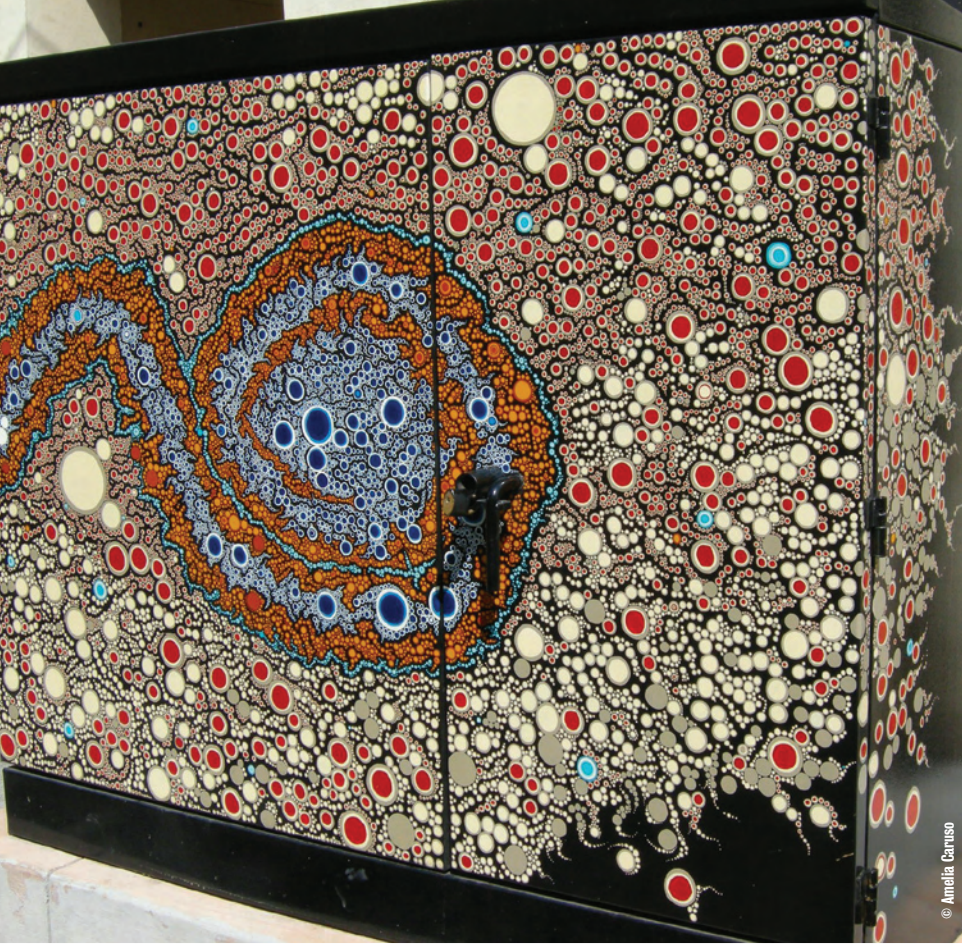
**STORM DRAINAGE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS**  
**ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	Actual	Adjustment To Budgetary Basis	Actual On Budgetary Basis	Budget	Variance- Positive (Negative)
<b>REVENUES</b>					
Charges for services	\$ 13,568,245	\$ -	\$ 13,568,245	\$ 13,328,099	\$ 240,146
Other nonoperating income	51,222	-	51,222	12,540	38,682
Intergovernmental	498	-	498	-	498
Earnings on investments	794,172	-	794,172	150,000	644,172
Interest on security lending income	269,043	-	269,043	-	269,043
Gain on sale of capital assets	(3,159)	-	(3,159)	-	(3,159)
Contributed capital	455,330	-	455,330	398,542	56,788
Total Revenues	15,135,351	-	15,135,351	13,889,181	1,246,170
<b>EXPENDITURES</b>					
Programs (fund level of budgetary control)					
Customer and administrative services	2,139,649	-	2,139,649	2,202,682	63,033
Drainage and detention	1,190,676	443,135	1,633,811	1,997,283	363,472
Storm drainage engineering	1,445,071	-	1,445,071	1,602,950	157,879
Drainage water quality	5,906	22,964	28,870	22,964	(5,906)
Payments and transfers	1,983,143	2,610,000	4,593,143	4,717,698	124,555
Depreciation	2,315,269	(2,315,269)	-	-	-
Bond amortization	130,407	(130,407)	-	-	-
Security lending interest expense	232,672	-	232,672	-	(232,672)
Security lending agent fees	8,428	-	8,428	-	(8,428)
Total Programs	9,451,221	630,423	10,081,644	10,543,577	461,933
Projects (project level of budgetary control)					
Drainage System Replacement	-	821,756	821,756	1,062,695	240,939
Old Town Basin	-	137,241	137,241	211,633	74,392
McClelland Mail Creek Basin	-	901,750	901,750	900,000	(1,750)
Spring Creek Basin	-	4,205,788	4,205,788	5,029,950	824,162
Dry Creek Basin	-	8,986,927	8,986,927	11,650,000	2,663,073
West Vine Channel	-	131,257	131,257	500,000	368,743
Foothills Basin	-	3,950	3,950	8,728	4,778
Canal Importation	-	14,166,160	14,166,160	16,445,508	2,279,348
Cooper Slough	-	479,959	479,959	900,000	420,041
Fossil Creek	-	2,173,336	2,173,336	2,500,000	326,664
Cache La Poudre Drainageway	-	868,593	868,593	1,282,137	413,544
Utility Service Center	-	195,098	195,098	368,775	173,677
Master Planning	-	4,161,080	4,161,080	4,266,990	105,910
Flood Mapping	-	429,594	429,594	581,913	152,319
Developer Repays	-	1,891,880	1,891,880	2,350,000	458,120
Total Projects	-	39,554,369	39,554,369	48,058,329	8,503,960
Total Expenditures	9,451,221	40,184,792	49,636,013	58,601,906	8,965,893
Changes in Net Assets	5,684,130	<u>\$ (40,184,792)</u>	<u>(34,500,662)</u>	<u>\$(44,712,725)</u>	<u>\$ 10,212,063</u>
Net Assets--January 1	68,682,119		68,682,119		
Capital Outlay--Programs			466,099		
Current Year's Project Expenditures			10,166,887		
Plus Prior Years' Project Expenditures			29,387,482		
Principal Reduction--Long-Term Debt			2,610,000		
Depreciation			(2,315,269)		
Bond Amortization			(130,407)		
Net Assets--December 31	<u>\$ 74,366,249</u>		<u>\$ 74,366,249</u>		

**GOLF FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS**  
**ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance -- Positive (Negative)</u>
<b>REVENUES</b>					
Charges for services	\$ 2,633,306	\$ -	\$ 2,633,306	\$ 2,633,000	\$ 306
Other nonoperating income	46,508	-	46,508	6,000	40,508
Earnings on investments	14,840	-	14,840	15,000	(160)
Interest on security lending income	6,691	-	6,691	-	6,691
Loss on sale of capital assets	(12,342)	-	(12,342)	-	(12,342)
Proceeds from lease obligations	-	192,849	192,849	196,732	(3,883)
Total Revenues	<u>2,689,003</u>	<u>192,849</u>	<u>2,881,852</u>	<u>2,850,732</u>	<u>31,120</u>
<b>EXPENDITURES</b>					
Programs (project level of budgetary control)					
Golf courses	2,349,713	551,454	2,901,167	2,923,745	22,578
Security lending interest expense	5,802	-	5,802	-	(5,802)
Security lending agent fees	207	-	207	-	(207)
Bond amortization	(1,286)	1,286	-	-	-
Depreciation	<u>314,465</u>	<u>(314,465)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Programs	<u>2,668,901</u>	<u>238,275</u>	<u>2,907,176</u>	<u>2,923,745</u>	<u>16,569</u>
Total Expenditures	<u>2,668,901</u>	<u>238,275</u>	<u>2,907,176</u>	<u>2,923,745</u>	<u>16,569</u>
Changes in Net Assets	20,102	<u>\$ (45,426)</u>	(25,324)	<u>\$ (73,013)</u>	<u>\$ 47,689</u>
Net Assets--January 1	4,537,933		4,537,933		
Current year's proceeds from lease			(192,849)		
Capital outlay			174,432		
Principal reduction--capital lease			140,627		
Principal reduction--bonds			236,395		
Bond amortization			1,286		
Depreciation			<u>(314,465)</u>		
Net Assets--December 31	<u>\$ 4,558,035</u>		<u>\$ 4,558,035</u>		







**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.

**Data and 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, 2008**

	<b>Benefits</b>	<b>Data and Communications</b>	<b>Equipment</b>
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 1,548,134	\$ 681,771	\$ 545,834
Investments	7,113,891	3,117,311	2,479,951
Securities lending collateral	3,648,107	1,206,454	941,616
Receivables			
Accounts	995,494	7,018	46,090
Accrued interest	87,185	28,975	22,449
Prepaid Expense	-	-	-
Inventories of materials and supplies	-	-	510,421
Total Current Assets	<u>13,392,811</u>	<u>5,041,529</u>	<u>4,546,361</u>
Non-Current Assets			
Land, water rights, other	-	23,952	46,612
Buildings, improvements and equipment	-	3,344,842	8,359,307
Accumulated depreciation	-	(2,308,635)	(4,849,690)
Construction in progress	-	-	64,804
Total Non-Current Assets	<u>-</u>	<u>1,060,159</u>	<u>3,621,033</u>
Total Assets	<u>13,392,811</u>	<u>6,101,688</u>	<u>8,167,394</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	31,518	263,684	187,528
Interest payable	-	-	8,418
Wages payable	27,204	173,520	110,436
Compensated absences	25,750	227,238	122,350
Claims payable	1,611,394	-	-
Capital lease obligations	-	-	386,217
Unearned revenue	-	-	-
Obligations under securities lending	3,697,603	1,222,822	954,391
Total Current Liabilities	<u>5,393,469</u>	<u>1,887,264</u>	<u>1,769,340</u>
Non-Current Liabilities			
Claims payable	-	-	-
Capital lease obligations	-	-	433,537
Total Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>433,537</u>
Total Liabilities	<u>5,393,469</u>	<u>1,887,264</u>	<u>2,202,877</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	-	1,060,159	2,801,279
Unrestricted	7,999,342	3,154,265	3,163,238
Total Net Assets	<u>\$ 7,999,342</u>	<u>\$ 4,214,424</u>	<u>\$ 5,964,517</u>

<b>Self Insurance</b>	<b>Utility Customer Service and Admin.</b>	<b>Total</b>
\$ 2,334,734	\$ 553,303	\$ 5,663,776
6,728,463	2,256,958	21,696,574
2,734,904	815,547	9,346,628
74,479	60	1,123,141
65,519	19,577	223,705
173,669	-	173,669
-	-	510,421
12,111,768	3,645,445	38,737,914
-	-	70,564
-	2,249,808	13,953,957
-	(1,230,576)	(8,388,901)
-	475,438	540,242
-	1,494,670	6,175,862
12,111,768	5,140,115	44,913,776
23,727	72,275	578,732
-	-	8,418
24,858	365,336	701,354
18,303	406,083	799,724
1,023,223	-	2,634,617
-	-	386,217
23,342	-	23,342
2,772,010	826,612	9,473,438
3,885,463	1,670,306	14,605,842
3,450,624	-	3,450,624
-	-	433,537
3,450,624	-	3,884,161
7,336,087	1,670,306	18,490,003
-	1,494,670	5,356,108
4,775,681	1,975,139	21,067,665
\$ 4,775,681	\$ 3,469,809	\$ 26,423,773

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

		<b>Data and</b>	
	<b>Benefits</b>	<b>Communications</b>	<b>Equipment</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 18,723,298	\$ 3,152,406	\$ 7,674,778
Total Operating Revenues	18,723,298	3,152,406	7,674,778
<b>OPERATING EXPENSES</b>			
Personal services	553,201	3,605,887	2,197,780
Contractual services	17,109,842	2,344,471	1,302,467
Commodities	88,219	1,032,619	4,278,553
Other	-	3,410	4,268
Depreciation	-	252,305	660,236
Total Operating Expenses	17,751,262	7,238,692	8,443,304
Operating Income (Loss)	972,036	(4,086,286)	(768,526)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Earnings on investments	428,430	112,591	148,356
Interest on security lending income	152,001	34,827	61,592
Security lending interest expense	(129,321)	(29,238)	(53,558)
Security lending agent fees	(5,250)	(1,295)	(1,863)
Other revenue	40,000	141	209,653
Gain (Loss) on sale of capital assets	-	(23,067)	49,161
Interest expense	-	-	(56,532)
Total Nonoperating Revenues (Expenses)	485,860	93,959	356,809
Income Before Contributions and Transfers	1,457,896	(3,992,327)	(411,717)
Capital contributions	-	512,395	-
Assumption of capital lease	-	-	(292,477)
Transfers in	-	4,827,092	-
Transfers out	-	-	-
Changes in Net Assets	1,457,896	1,347,160	(704,194)
Net Assets--January 1	6,541,446	2,867,264	6,668,711
Net Assets--December 31	\$ 7,999,342	\$ 4,214,424	\$ 5,964,517

<b>Self Insurance</b>	<b>Utility Customer Service and Admin.</b>	<b>Total</b>
\$ 2,589,120	\$ 12,940,517	\$ 45,080,119
2,589,120	12,940,517	45,080,119
435,382	7,180,380	13,972,630
1,778,847	4,288,392	26,824,019
109,670	472,221	5,981,282
-	72,942	80,620
-	238,760	1,151,301
2,323,899	12,252,695	48,009,852
265,221	687,822	(2,929,733)
293,682	93,642	1,076,701
142,355	28,123	418,898
(122,878)	(23,864)	(358,859)
(4,514)	(987)	(13,909)
16,030	980,006	1,245,830
-	(108,840)	(82,746)
-	-	(56,532)
324,675	968,080	2,229,383
589,896	1,655,902	(700,350)
-	-	512,395
-	-	(292,477)
29,750	-	4,856,842
-	(566,515)	(566,515)
619,646	1,089,387	3,809,895
4,156,035	2,380,422	22,613,878
\$ 4,775,681	\$ 3,469,809	\$ 26,423,773

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Data and</b>		
	<b>Benefits</b>	<b>Communications</b>	<b>Equipment</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers and users	\$ -	\$ -	\$ 649,251
Receipts from interfund services provided	17,730,720	3,145,388	7,082,072
Cash paid to employees for services	(540,597)	(3,259,169)	(2,145,462)
Cash paid to other suppliers of goods & services	(16,968,656)	(3,235,585)	(5,402,528)
Payments for interfund services used	(257)	(2,080)	(88,278)
Other receipts	40,000	141	209,653
Net cash provided (used) by operating activities	261,210	(3,351,305)	304,708
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	-	4,827,092	-
Transfers to other funds	-	-	-
Net cash provided (used) by noncapital financing activities	-	4,827,092	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	-	(513,260)	(1,140,227)
Principal paid on capital debt	-	-	(478,502)
Interest paid on capital debt	-	-	(48,231)
Proceeds from sales of capital assets	-	-	55,217
Net cash used by capital and related financing activities	-	(513,260)	(1,611,743)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sales and maturities of investments	1,000,000	498,448	2,816,450
Purchase of investments	(2,286,101)	(1,578,116)	(2,432,421)
Earnings received on investments	369,675	98,797	157,641
Interest on security lending income	152,001	34,827	61,592
Security lending interest expense	(129,321)	(29,238)	(53,558)
Security lending agent fees	(5,250)	(1,295)	(1,863)
Net cash used by investing activities	(898,996)	(976,577)	547,841
Net increase (decrease) in cash and cash equivalents	(637,786)	(14,050)	(759,194)
Cash and cash equivalents, January 1	2,185,920	695,821	1,305,028
Cash and cash equivalents, December 31	\$ 1,548,134	\$ 681,771	\$ 545,834
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 972,036	\$ (4,086,286)	\$ (768,526)
Other receipts	40,000	141	209,653
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	-	252,305	660,236
(Increase) decrease in accounts receivable	(992,578)	(7,018)	56,545
Increase in inventories	-	-	139,314
Increase (decrease) in prepaid expense	-	-	-
Increase (decrease) in accounts payable	30,037	142,835	(44,832)
Increase (decrease) in compensated absences payable	1,555	191,081	8,572
Increase (decrease) in wages payable	11,049	155,637	43,746
Increase (decrease) in claims payable	199,111	-	-
Increase in deferred revenue	-	-	-
Net cash provided (used) by operating activities	\$ 261,210	\$ (3,351,305)	\$ 304,708
<b>Noncash investing, capital, and financing activities:</b>			
Transfer of assets from governmental activities	-	512,395	995,789
Assumption of capital lease liability from governmental activities	-	-	(1,288,266)

<b>Self Insurance</b>	<b>Utility Customer Service and Admin.</b>	<b>Total</b>
\$ -	\$ -	\$ 649,251
2,543,665	12,940,517	43,442,362
(418,333)	(6,974,278)	(13,337,839)
(2,386,924)	(4,742,316)	(32,736,009)
(213)	(105,753)	(196,581)
16,030	979,806	1,245,630
(245,775)	2,097,976	(933,186)
29,750	-	4,856,842
-	(566,515)	(566,515)
29,750	(566,515)	4,290,327
-	(564,117)	(2,217,604)
-	-	(478,502)
-	-	(48,231)
-	-	55,217
-	(564,117)	(2,689,120)
395,263	-	4,710,161
(869,440)	(1,509,408)	(8,675,486)
306,545	82,292	1,014,950
142,355	28,123	418,898
(122,878)	(23,864)	(358,859)
(4,513)	(987)	(13,908)
(152,668)	(1,423,844)	(2,904,244)
(368,693)	(456,500)	(2,236,223)
2,703,427	1,009,603	7,899,799
\$ 2,334,734	\$ 553,103	\$ 5,663,576
\$ 265,221	\$ 687,822	\$ (2,929,733)
16,030	979,806	1,245,630
-	238,760	1,151,301
(45,455)	-	(988,506)
-	-	139,314
79,526	-	79,526
(2,347)	(14,514)	111,179
3,727	52,823	257,758
13,322	153,279	377,033
(570,210)	-	(371,099)
(5,589)	-	(5,589)
\$ (245,775)	\$ 2,097,976	\$ (933,186)
-	-	1,508,184
-	-	(1,288,266)

**BENEFITS FUND**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES</b>			
Charges for services	\$ 18,723,298	\$ 19,562,807	\$ (839,509)
Other nonoperating income	40,000	2,500	37,500
Earnings on investments	428,430	130,000	298,430
Interest on security lending income	<u>152,001</u>	<u>-</u>	<u>152,001</u>
Total Revenues	<u>19,343,729</u>	<u>19,695,307</u>	<u>(351,578)</u>
<b>EXPENSES</b>			
Benefits	17,751,262	20,841,986	3,090,724
Security lending interest expense	129,321	-	(129,321)
Security lending agent fees	<u>5,250</u>	<u>-</u>	<u>(5,250)</u>
Total Expenses	<u>17,885,833</u>	<u>20,841,986</u>	<u>2,956,153</u>
Changes in Net Assets	1,457,896	<u>\$ (1,146,679)</u>	<u>\$ 2,604,575</u>
Net Assets--January 1	<u>6,541,446</u>		
Net Assets--December 31	<u>\$ 7,999,342</u>		

**DATA AND COMMUNICATIONS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS**  
**ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Actual</u>	<u>Adjustment To Budgetary Basis</u>	<u>Actual On Budgetary Basis</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES</b>					
Charges for services	\$ 3,152,406	\$ -	\$ 3,152,406	\$ 3,546,288	\$ (393,882)
Other nonoperating income	141	-	141	-	141
Earnings on investments	112,591	-	112,591	30,000	82,591
Transfers	4,827,092	-	4,827,092	4,513,885	313,207
Total Revenues	<u>8,092,230</u>	<u>-</u>	<u>8,092,230</u>	<u>8,090,173</u>	<u>2,057</u>
<b>EXPENSES</b>					
Programs (fund level of budgetary control)					
CITEL	6,492,765	497,954	6,990,719	8,989,217	1,998,498
Depreciation	<u>252,305</u>	<u>(252,305)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>6,745,070</u>	<u>245,649</u>	<u>6,990,719</u>	<u>8,989,217</u>	<u>1,998,498</u>
Changes in Net Assets	1,347,160	<u>\$ (245,649)</u>	1,101,511	<u>\$ (899,044)</u>	<u>\$ 2,000,555</u>
Net Assets--January 1	2,867,264		2,867,264		
Capital outlay--program			497,954		
Depreciation			<u>(252,305)</u>		
Net Assets--December 31	<u>\$ 4,214,424</u>		<u>\$ 4,214,424</u>		



**EQUIPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS**  
**ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Actual</b>	<b>Adjustment To Budgetary Basis</b>	<b>Actual On Budgetary Basis</b>	<b>Budget</b>	<b>Variance- Positive (Negative)</b>
<b>REVENUES</b>					
Charges for services	\$ 7,674,778	\$ -	\$ 7,674,778	\$ 9,256,262	\$ (1,581,484)
Other nonoperating income	209,653	30,000	239,653	213,300	26,353
Earnings on investments	148,356	-	148,356	61,442	86,914
Interest on security lending income	61,592	-	61,592	-	61,592
Intergovernmental	-	57,993	57,993	58,400	(407)
Transfers	-	35,000	35,000	35,000	-
Gain on sale of capital assets	49,161	-	49,161	5,000	44,161
Total Revenues	8,143,540	122,993	8,266,533	9,629,404	(1,362,871)
<b>EXPENSES</b>					
Programs (fund level of budgetary control)					
Fleet services	7,839,600	1,247,307	9,086,907	11,557,934	2,471,027
Transfers	-	-	-	297,299	297,299
Depreciation	660,236	(660,236)	-	-	-
Security lending interest expense	53,558	-	53,558	-	(53,558)
Security lending agent fees	1,863	-	1,863	-	(1,863)
Assumpiton of capital lease	292,477	-	292,477	-	(292,477)
Total Expenses	8,847,734	587,071	9,434,805	11,855,233	2,420,428
Changes in Net Assets	(704,194)	<u>\$ (464,078)</u>	(1,168,272)	<u>\$ (2,225,829)</u>	<u>\$ 1,057,557</u>
Net Assets--January 1	6,668,711		6,668,711		
Capital outlay--program			1,241,688		
Less Prior Year Project Revenue			(87,993)		
Less Prior Year Project Transfer In			(35,000)		
Net Assets--December 31	<u>\$ 5,964,517</u>		<u>\$ 5,964,517</u>		

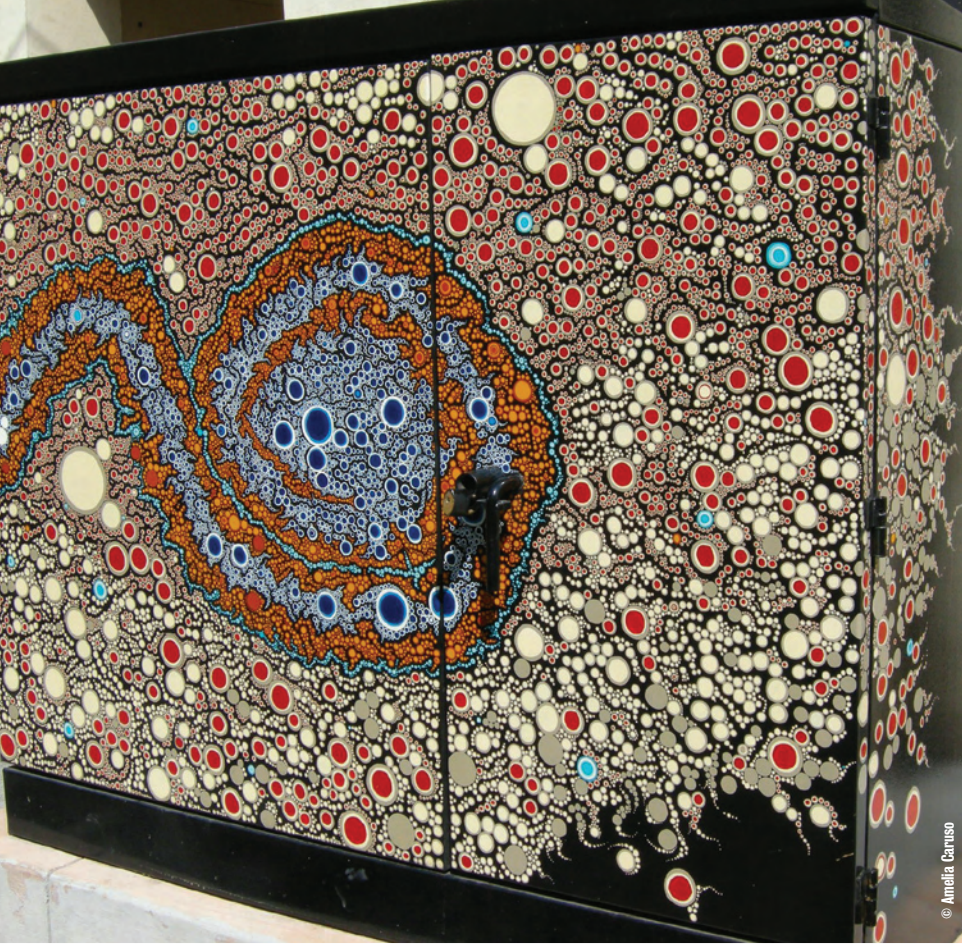
**SELF-INSURANCE FUND**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES</b>			
Charges for services	\$ 2,589,120	\$ 2,364,507	\$ 224,613
Other nonoperating income	16,030	-	16,030
Earnings on investments	293,682	350,000	(56,318)
Interest on security lending income	142,355	-	142,355
Transfers In	29,750	29,750	-
	<u>3,070,937</u>	<u>2,744,257</u>	<u>326,680</u>
Total Revenues			
<b>EXPENSES</b>			
Risk management	2,323,899	3,383,474	1,059,575
Security lending interest expense	122,878	-	(122,878)
Security lending agent fees	4,514	-	(4,514)
	<u>2,451,291</u>	<u>3,383,474</u>	<u>932,183</u>
Total Expenses			
Changes in Net Assets	619,646	<u>\$ (639,217)</u>	<u>\$ 1,258,863</u>
Net Assets--January 1	<u>4,156,035</u>		
Net Assets--December 31	<u>\$ 4,775,681</u>		

**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, 2008**

	<u>Actual</u>	<u>Adjustment To Budgetary Basis</u>	<u>Actual On Budgetary Basis</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES</b>					
Charges for services	\$ 12,940,517	\$ -	\$ 12,940,517	\$ 13,239,580	\$ (299,063)
Other nonoperating income	980,206	-	980,206	899,450	80,756
Earnings on investments	121,765	-	121,765	40,000	81,765
Loss on sale of capital assets	<u>(108,840)</u>	<u>-</u>	<u>(108,840)</u>	<u>-</u>	<u>(108,840)</u>
Total Revenues	<u>13,933,648</u>	<u>-</u>	<u>13,933,648</u>	<u>14,179,030</u>	<u>(245,382)</u>
<b>EXPENSES</b>					
Programs (fund level of budgetary control)					
Customer and administrative services	12,038,986	564,117	12,603,103	15,481,059	2,877,956
Transfers	566,515	-	566,515	-	(566,515)
Depreciation	<u>238,760</u>	<u>(238,760)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>12,844,261</u>	<u>325,357</u>	<u>13,169,618</u>	<u>15,481,059</u>	<u>2,311,441</u>
Changes in Net Assets	1,089,387	<u>\$ (325,357)</u>	764,030	<u>\$ (1,302,029)</u>	<u>\$ 2,066,059</u>
Net Assets--January 1	2,380,422		2,380,422		
Capital outlay--program			564,117		
Depreciation	<u></u>		<u>(238,760)</u>		
Net Assets--December 31	<u>\$ 3,469,809</u>		<u>\$ 3,469,809</u>		





© Amelia Caruso



© Kristin Savage



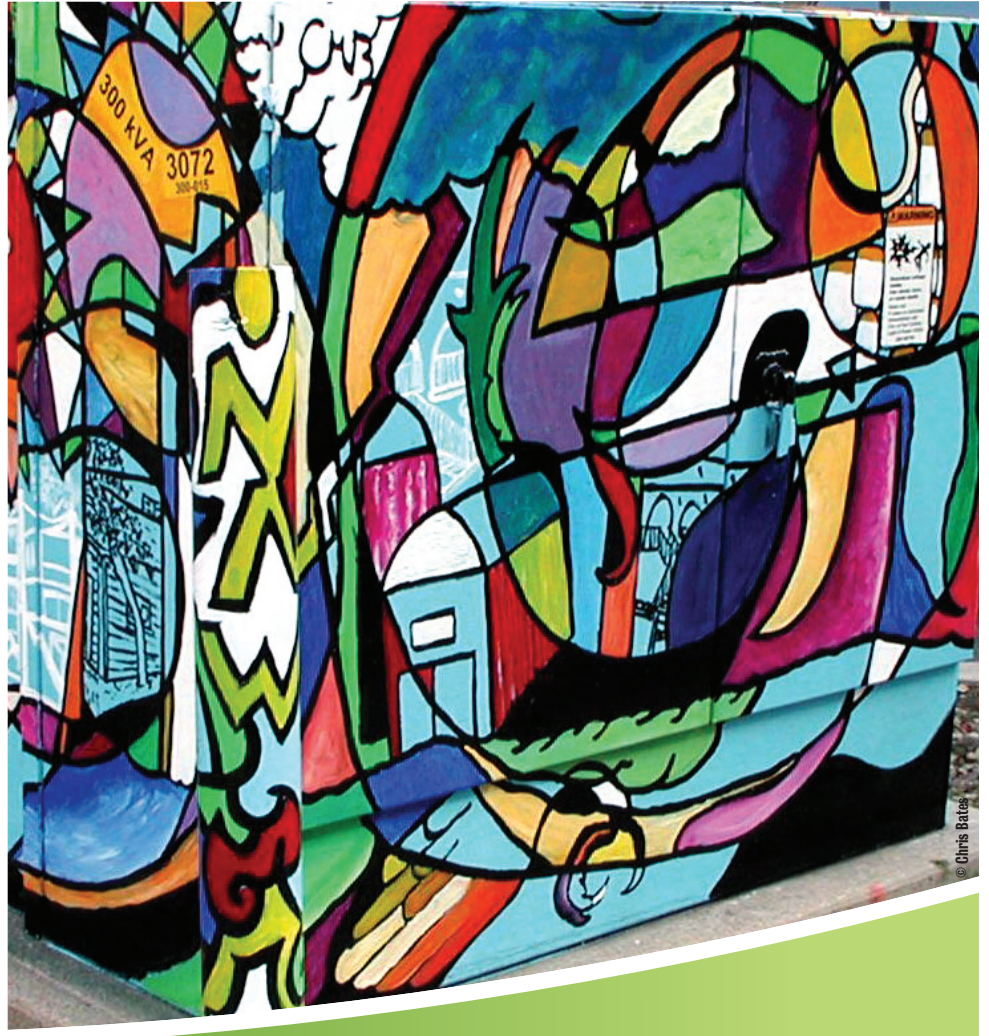
© Michael Allison



© Ben Burke



© Crossroads Safehouse



© Chris Bates



**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 Funds:**

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

**Poudre River Public Library District** -- to account for cash and investments held by the City on behalf  
of Poudre River Public Library District.

**TRUST FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**DECEMBER 31, 2008**

	<b>General Employees Retirement Plan</b>	<b>Money Purchase Plan</b>	<b>Retirement Health Savings Plan</b>	<b>Total Trust Funds</b>
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 6,956,449	\$ -	\$ -	\$ 6,956,449
Receivables				
Interest	176,999	-	-	176,999
Notes and loans	30,181	2,983,926	-	3,014,107
Total Receivables	207,180	2,983,926	-	3,191,106
Investments, at fair value				
U S Government securities	8,191,408	-	-	8,191,408
Mutual funds	17,620,203	81,183,419	455,288	99,258,910
Total Investments, at fair value	25,811,611	81,183,419	455,288	107,450,318
Total Assets	32,975,240	84,167,345	455,288	117,597,873
<b>LIABILITIES</b>				
Current Liabilities				
Accrued expenses	1,535	-	-	1,535
Total Liabilities	1,535	-	-	1,535
<b>NET ASSETS</b>				
Held in trust for pension benefits	32,973,705	84,167,345	455,288	117,596,338
Total Net Assets	\$ 32,973,705	\$ 84,167,345	\$ 455,288	\$ 117,596,338

**TRUST FUNDS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>General Employees Retirement Plan</b>	<b>Money Purchase Plan</b>	<b>Retirement Health Savings Plan</b>	<b>Total</b>
<b>ADDITIONS</b>				
Contributions				
Employer contributions	\$ 1,807,834	\$ 4,198,134	\$ -	\$ 6,005,968
Employee contributions	-	2,617,291	-	2,617,291
Pension conversion & roll-overs	-	1,473,854	-	1,473,854
Loan repayments	-	1,013,326	-	1,013,326
Other	-	1,432,514	70	1,432,584
Total Contributions	<u>1,807,834</u>	<u>10,735,119</u>	<u>70</u>	<u>12,543,023</u>
Investment income				
Interest related to plan investments	1,467,388	1,009,572	4,159	2,481,119
Interest related to employee loans	-	355,138	-	355,138
Net change in fair value of investments	<u>(13,467,717)</u>	<u>(30,998,519)</u>	<u>(112,887)</u>	<u>(44,579,123)</u>
Total Investment Income	<u>(12,000,329)</u>	<u>(29,633,809)</u>	<u>(108,728)</u>	<u>(41,742,866)</u>
Securities lending income	190,476	-	-	190,476
Securities lending expenses	<u>(173,286)</u>	<u>-</u>	<u>-</u>	<u>(173,286)</u>
Net income from securities lending activities	<u>17,190</u>	<u>-</u>	<u>-</u>	<u>17,190</u>
Net Investment Income	<u>(11,983,139)</u>	<u>(29,633,809)</u>	<u>(108,728)</u>	<u>(41,725,676)</u>
Total Additions	<u>(10,175,305)</u>	<u>(18,898,690)</u>	<u>(108,658)</u>	<u>(29,182,653)</u>
<b>DEDUCTIONS</b>				
Benefit payments	2,597,244	10,073,379	39,380	12,710,003
Administration	<u>24,493</u>	<u>16,946</u>	<u>2,000</u>	<u>43,439</u>
Total Deductions	<u>2,621,737</u>	<u>10,090,325</u>	<u>41,380</u>	<u>12,753,442</u>
Net Increase (Decrease)	<u>(12,797,042)</u>	<u>(28,989,015)</u>	<u>(150,038)</u>	<u>(41,936,095)</u>
Net Assets Held In Trust for Retirement Benefits				
Beginning of year	<u>45,770,747</u>	<u>113,156,360</u>	<u>605,326</u>	<u>159,532,433</u>
End of Year	<u>\$32,973,705</u>	<u>\$ 84,167,345</u>	<u>\$ 455,288</u>	<u>\$117,596,338</u>

**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, 2008**

	<u>Actual</u>	<u>Budget</u>	<u>Variance With Actual Positive (Negative)</u>
<b>OPERATING REVENUES</b>			
Contributions	\$ 1,807,834	\$ 1,400,000	\$ 407,834
Earnings on investments	1,467,388	627,000	840,388
Net income from securities lending activities	17,190	-	17,190
Net decrease in the fair value of investments	<u>(13,467,717)</u>	<u>-</u>	<u>(13,467,717)</u>
Total Operating Revenues	<u>(10,175,305)</u>	<u>2,027,000</u>	<u>(12,202,305)</u>
<b>OPERATING EXPENSES</b>			
Benefit payments	2,597,244	2,680,174	82,930
Administration	<u>24,493</u>	<u>11,413</u>	<u>(13,080)</u>
Total Operating Expenses	<u>2,621,737</u>	<u>2,691,587</u>	<u>69,850</u>
Changes in Net Assets	(12,797,042)	<u>\$ (664,587)</u>	<u>\$ (12,132,455)</u>
Net Assets Held in Trust for Retirement Benefits--January 1	<u>45,770,747</u>		
Net Assets Held in Trust for Retirement Benefits--December 31	<u>\$ 32,973,705</u>		



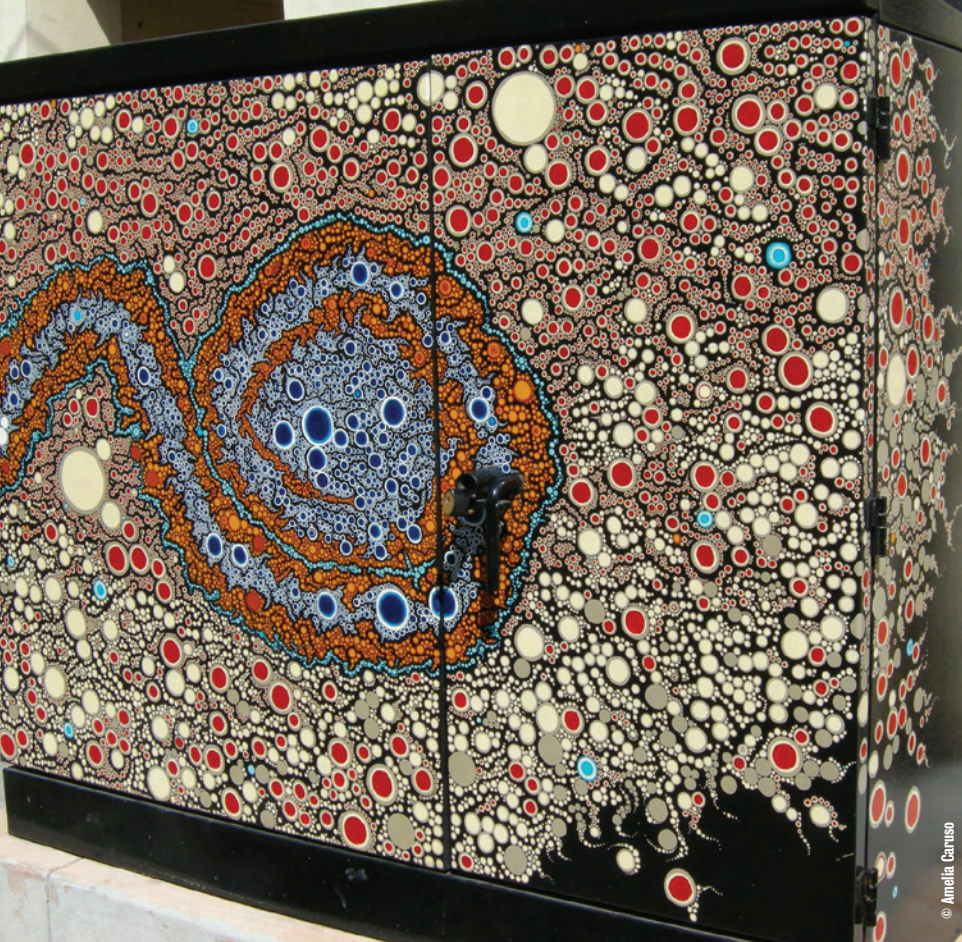
**AGENCY FUNDS**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**DECEMBER 31, 2008**

	<b><u>Poudre Fire Authority</u></b>	<b><u>Poudre River Public Library District</u></b>	<b><u>Total Agency Funds</u></b>
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 2,315,229	\$ 947,796	\$ 3,263,025
Receivables			
Interest	98,701	40,199	138,900
Investments, at fair value			
U S Government securities	9,506,418	3,780,827	13,287,245
Corporate bonds	<u>1,094,381</u>	<u>435,473</u>	<u>1,529,854</u>
Total Investments, at fair value	<u>10,600,799</u>	<u>4,216,300</u>	<u>14,817,099</u>
Total Assets	<u><u>13,014,729</u></u>	<u><u>5,204,295</u></u>	<u><u>18,219,024</u></u>
<b>LIABILITIES</b>			
Current Liabilities			
Amounts held for other governments	<u>13,014,729</u>	<u>5,204,295</u>	<u>18,219,024</u>
Total Liabilities	<u><u>\$13,014,729</u></u>	<u><u>\$5,204,295</u></u>	<u><u>\$18,219,024</u></u>

**AGENCY FUNDS  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

<b>POUDRE FIRE AUTHORITY</b>	<b>Balance-- Dec. 31, 2007</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance-- Dec. 31, 2008</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,885,480	\$ 1,330	\$ 3,571,581	\$ 2,315,229
Receivables - interest	66,087	38,348	5,734	98,701
Investments, at fair value				
U S Government securities	4,810,870	4,695,997	449	9,506,418
Corporate bonds	1,127,263	165,778	198,660	1,094,381
Total Investments, at fair value	5,938,133	4,861,775	199,109	10,600,799
Total Assets	11,889,700	4,901,453	3,776,424	13,014,729
<b>LIABILITIES</b>				
Amounts held for other governments	\$ 11,889,700	\$ 4,901,453	\$ 3,776,424	\$ 13,014,729
<b>POUDRE RIVER PUBLIC LIBRARY DISTRICT</b>	<b>Balance-- Dec. 31, 2007</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance-- Dec. 31, 2008</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 829,281	\$ 11,056,082	\$ 10,937,567	\$ 947,796
Receivables - interest	19,981	20,218	-	40,199
Investments, at fair value				
U S Government securities	1,800,783	1,980,044	-	3,780,827
Corporate bonds	-	435,473	-	435,473
Total Investments, at fair value	1,800,783	2,415,517	-	4,216,300
Total Assets	2,650,045	13,491,817	10,937,567	5,204,295
<b>LIABILITIES</b>				
Amounts held for other governments	\$ 2,650,045	\$ 13,491,817	\$ 10,937,567	\$ 5,204,295
<b>TOTAL - ALL FUNDS</b>	<b>Balance-- Dec. 31, 2007</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance-- Dec. 31, 2008</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,714,761	\$ 11,057,412	\$ 14,509,148	\$ 3,263,025
Receivables - interest	86,068	58,566	5,734	138,900
Investments, at fair value				
U S Government securities	6,611,653	6,676,041	449	13,287,245
Corporate bonds	1,127,263	601,251	198,660	1,529,854
Total Investments, at fair value	7,738,916	7,277,292	199,109	14,817,099
Total Assets	14,539,745	18,393,270	14,713,991	18,219,024
<b>LIABILITIES</b>				
Amounts held for other governments	\$ 14,539,745	\$ 18,393,270	\$ 14,713,991	\$ 18,219,024





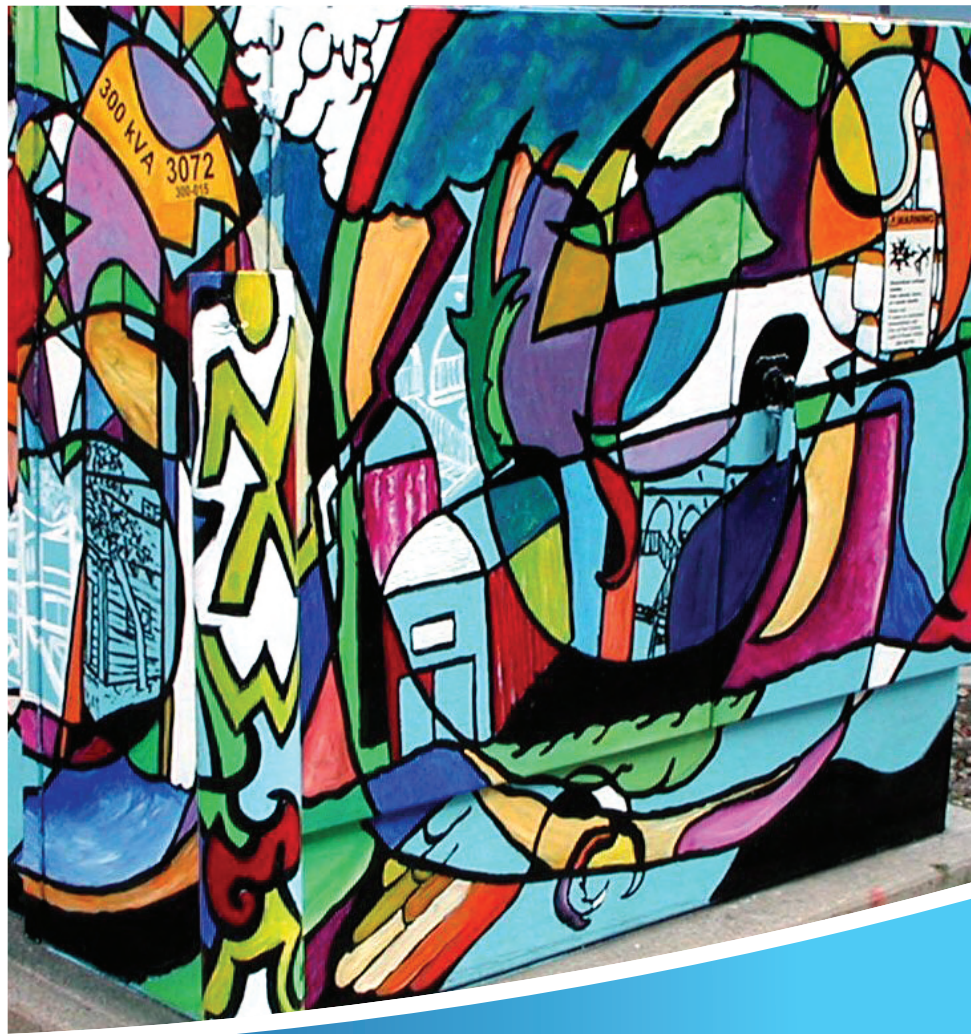
© Amelia Caruso



© Ben Burke



© Crossroads Safehouse





**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, 2008**

	<b>Total</b>	<b>Adjustments</b>	<b>Statement of Net Assets</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,987,168	\$ -	\$ 2,987,168
Investments	13,558,789	-	13,558,789
Receivables			
Property taxes	5,863,532	-	5,863,532
Accrued interest	65,258	-	65,258
Prepaid	96,950	-	96,950
Inventory of real property held for resale	135,464	-	135,464
Capital assets (non-depreciable)	-	2,401,197	1 2,401,197
Capital assets (net of accumulated depreciation)	-	3,290,565	1 3,290,565
Unamortized bond issuance costs	-	13,670	2 13,670
Total Assets	<u>22,707,161</u>	<u>5,705,432</u>	<u>28,412,593</u>
<b>LIABILITIES</b>			
Accounts payable	27,643	-	27,643
Accrued wages payable	52,254	-	52,254
Accrued interest payable	-	29,821	3 29,821
Unearned revenue	5,860,408	-	5,860,408
Due to other governments	2,792	-	2,792
Compensated absences	-	40,943	40,943
Non-Current liabilities			
Due within one year	-	5,871,000	3 5,871,000
Due after one year	-	12,037,000	3 12,037,000
Total Liabilities	<u>5,943,097</u>	<u>17,978,764</u>	<u>23,921,861</u>
<b>FUND BALANCES/NET ASSETS</b>			
Fund balances			
Reserved for:			
Encumbrances	12,912,968	(12,912,968)	-
Inventory of real property held for resale	4,611,828	(4,611,828)	-
Prepaid	96,950	(96,950)	-
Unreserved, reported in:			
Undesignated	(857,682)	857,682	-
Total Fund Balances	<u>16,764,064</u>	<u>(16,764,064)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 22,707,161</u>		
Net Assets:			
Invested in capital assets, net of related debt		-	-
Reserved for debt service		4,476,364	4,476,364
Reserved for capital projects		13,009,918	13,009,918
Unrestricted (deficit)		(12,995,550)	4 (12,995,550)
Total Net Assets of Component Unit (page 33)		<u>\$ 4,490,732</u>	<u>\$ 4,490,732</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, 2008**

	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Expenditures/Expenses (including transfers):			
Expenditures/expenses	\$ 9,544,114	\$ (5,096,708) <sup>1</sup>	\$ 4,447,406
Program Revenues			
Charges for services	410,227	-	410,227
Operating grants and contributions	75,801	-	75,801
Net Program Revenues	<u>486,028</u>	<u>-</u>	<u>486,028</u>
Net Program Expense	<u>9,058,086</u>	<u>(5,096,708)</u>	<u>3,961,378</u>
General Revenues			
Property taxes	5,244,121	-	5,244,121
Investment earnings	401,425	-	401,425
Miscellaneous	10,608,142	(10,490,750) <sup>2</sup>	117,392
Total General Revenues	<u>16,253,688</u>	<u>(10,490,750)</u>	<u>5,762,938</u>
Change in Net Assets (pages 34-35)	7,195,602	(5,394,042)	1,801,560
Fund Balance/Net Assets			
Beginning of the year	9,568,462	(6,879,290)	2,689,172
End of the year	<u>\$ 16,764,064</u>	<u>\$ (12,273,332)</u>	<u>\$ 4,490,732</u>

- <sup>1</sup> 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 decrease in accrued interest related to last debt service payment | (7,959)               |
| Net increase in compensated absences                                  | 11,587                |
| Debt Payment  | (2,270,000)           |
| Net decrease in current year amortization of bond cost                | 4,561                 |
| Current year depreciation   | 79,136                |
| Current year capital asset additions                                  | (2,914,033)           |
|   | <u>\$ (5,096,708)</u> |
- <sup>2</sup> Proceeds from issuance of long term debt are not reported as revenues
- |   |                        |
|---|------------------------|
| Loss on capital assets  | (2,750)                |
| Proceeds from issuance of long term debt are not reported as revenues | (10,488,000)           |
|   | <u>\$ (10,490,750)</u> |

**DOWNTOWN DEVELOPMENT AUTHORITY  
COMBINING BALANCE SHEET  
DECEMBER 31, 2008**

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,191,875	\$ 795,293	\$ 2,987,168
Investments	9,915,568	3,643,221	13,558,789
Receivables			
Property taxes	576,667	5,286,865	5,863,532
Interest	27,408	37,850	65,258
Inventory of real property held for resale	135,464	-	135,464
Prepaid Expenses	96,950	-	96,950
Total Assets	<u>12,943,932</u>	<u>9,763,229</u>	<u>22,707,161</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable, accruals, and other	27,643	-	27,643
Accrued wages payable	52,254	-	52,254
Due to other governments	2,792	-	2,792
Unearned revenue	573,543	5,286,865	5,860,408
Total Liabilities	<u>656,232</u>	<u>5,286,865</u>	<u>5,943,097</u>
Fund Balances			
Reserved for:			
Prepaid	96,950	-	96,950
Encumbrances	12,912,968	-	12,912,968
Inventory of real property held for resale	135,464	4,476,364	4,611,828
Unreserved, undesignated, reported in:			
Undesignated	(857,682)	-	(857,682)
Total Fund Balances	<u>12,287,700</u>	<u>4,476,364</u>	<u>16,764,064</u>
Total Liabilities and Fund Balances	<u>\$ 12,943,932</u>	<u>\$ 9,763,229</u>	<u>\$ 22,707,161</u>

**DOWNTOWN DEVELOPMENT AUTHORITY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
<b>REVENUES</b>			
Taxes	\$ 530,315	\$ 4,713,806	\$ 5,244,121
Licenses and permits	1,800	-	1,800
Intergovernmental	75,801	-	75,801
Fees and charges for services	408,427	-	408,427
Earnings on investments	152,265	249,160	401,425
Miscellaneous revenue	120,142	-	120,142
Total Revenues	<u>1,288,750</u>	<u>4,962,966</u>	<u>6,251,716</u>
<b>EXPENDITURES</b>			
Current operating			
Administrative	6,515,986	466	6,516,452
Capital outlay	11,533	-	11,533
Bond issue costs	7,500	-	7,500
Debt service			
Principal	-	2,462,710	2,462,710
Interest	-	545,919	545,919
Total Expenditures	<u>6,535,019</u>	<u>3,009,095</u>	<u>9,544,114</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,246,269)</u>	<u>1,953,871</u>	<u>(3,292,398)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from issuance of long term debt	10,488,000	-	10,488,000
Capital leases	-	-	-
Net Change in Fund Balances	5,241,731	1,953,871	7,195,602
Fund Balances-January 1	<u>7,045,969</u>	<u>2,522,493</u>	<u>9,568,462</u>
Fund Balances-December 31	<u>\$ 12,287,700</u>	<u>\$ 4,476,364</u>	<u>\$ 16,764,064</u>



**DOWNTOWN DEVELOPMENT AUTHORITY  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--  
ACTUAL AND BUDGET  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES</b>			
Taxes	\$ 530,315	\$ 430,000	\$ 100,315
Earnings on investments	152,265	221,864	(69,599)
Licenses and permits	1,800	1,800	-
Intergovernmental	75,801	42,000	33,801
Fees and charges for services	408,427	150,540	257,887
Miscellaneous revenue	120,142	60,000	60,142
	<u>1,288,750</u>	<u>906,204</u>	<u>382,546</u>
<b>EXPENDITURES</b>			
Administration	6,515,986	19,530,641	13,014,655
Capital outlay	11,533	62,000	50,467
Bond issue costs	7,500	-	(7,500)
	<u>6,535,019</u>	<u>19,592,641</u>	<u>13,057,622</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,246,269)</u>	<u>(18,686,437)</u>	<u>13,440,168</u>
Excess of Revenues and Other Sources Over (Under) Expenditures	5,241,731	<u>\$ (7,898,437)</u>	<u>\$ 13,140,168</u>
Net Assets--January 1	<u>7,045,969</u>		
Net Assets--December 31	<u>\$ 12,287,700</u>		

**DOWNTOWN DEVELOPMENT AUTHORITY  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--  
ACTUAL AND BUDGET  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES</b>			
Taxes	\$ 4,713,806	\$ 3,938,410	\$ 775,396
Earnings on investments	249,160	60,000	189,160
Total Revenues	<u>4,962,966</u>	<u>3,998,410</u>	<u>964,556</u>
<b>EXPENDITURES</b>			
Admininstration	466	-	(466)
Principal	2,462,710	2,459,520	(3,190)
Interest	<u>545,919</u>	<u>545,919</u>	<u>-</u>
Total Expenditures	<u>3,009,095</u>	<u>3,005,439</u>	<u>(3,656)</u>
Excess of Revenues Over Expenditures	1,953,871	<u>\$ 992,971</u>	<u>\$ 960,900</u>
Net Assets--January 1	<u>2,522,493</u>		
Net Assets--December 31	<u>\$ 4,476,364</u>		

THIS PAGE INTENTIONALLY LEFT BLANK.





# 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 .....	161
Changes in Net Assets .....	Exh. A-2 .....	162
Fund Balances, Governmental Funds .....	Exh. A-3 .....	163
Changes in Fund Balances, Governmental Funds .....	Exh. A-4 .....	164

**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 .....	165
Direct and Overlapping Sales Tax Rates .....	Exh. A-6 .....	166
Sales Tax Revenue Taxpayers by Industry .....	Exh. A-7 .....	167

**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 .....	168
Ratios of General Bonded Debt Outstanding .....	Exh. A-9 .....	169
Direct & Overlapping Governmental Act. Debt .....	Exh. A-10 .....	170
Legal Debt Margin Information .....	Exh. A-11 .....	171
Pledged Revenue Coverage .....	Exh. A-12 .....	172

**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 .....	173
Principal Employers .....	Exh. A-14 .....	174
Full-time Equivalent City Emp. By Function/Program .....	Exh. A-15 .....	175

**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 .....	176
Capital Asset Statistics by Function/Program .....	Exh. A-17 .....	177

**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.

THIS PAGE INTENTIONALLY LEFT BLANK.

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

Exhibit A-1

	Fiscal Year							
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</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	\$ 551,852,607
Restricted	46,405,827	47,125,993	42,592,683	72,289,200	77,744,835	58,068,181	37,074,350	38,126,284
Unrestricted	120,196,845	94,755,679	91,586,872	111,295,394	126,586,076	125,096,333	135,730,814	132,095,419
Total governmental activities net assets	<u>285,064,486</u>	<u>336,501,190</u>	<u>553,321,928</u>	<u>576,059,555</u>	<u>632,804,919</u>	<u>664,877,126</u>	<u>699,172,490</u>	<u>722,074,310</u>
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	429,392,335
Restricted	13,512,367	19,012,337	7,116,699	4,546,368	1,117,982	1,090,814	1,130,328	1,642,304
Unrestricted	110,192,514	109,482,223	109,284,221	123,724,366	141,009,608	161,846,962	175,272,980	168,965,775
Total business-type activities net assets	<u>385,175,181</u>	<u>419,542,984</u>	<u>444,194,491</u>	<u>468,824,450</u>	<u>500,207,026</u>	<u>539,867,143</u>	<u>575,352,735</u>	<u>600,000,414</u>
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	981,244,942
Restricted	59,918,194	66,138,330	49,709,382	76,835,568	78,862,817	59,158,995	38,204,678	39,768,588
Unrestricted	230,389,359	204,237,902	200,871,093	235,019,760	267,595,684	286,943,295	311,003,794	301,061,194
Total Primary government net assets	<u>\$ 670,239,667</u>	<u>\$ 756,044,174</u>	<u>\$ 997,516,419</u>	<u>\$ 1,044,884,005</u>	<u>\$ 1,133,011,945</u>	<u>\$ 1,204,744,269</u>	<u>\$ 1,274,525,225</u>	<u>\$ 1,322,074,724</u>

**Changes in Net Assets**

Last Eight Fiscal Years

(accrual basis of accounting)

Exhibit A-2

Expenses	2001	2002	2003	2004	2005	2006	2007	2008
Governmental activities								
General government	\$ 14,197,822	\$ 20,885,118	\$ 22,942,909	\$ 13,358,344	\$ 19,382,367	\$ 27,084,873	\$ 26,552,506	\$ 33,534,743
Public safety	31,768,224	34,467,269	34,661,849	35,766,265	38,702,786	43,298,761	44,412,337	46,520,791
Culture, parks, recreation & environment	33,560,789	25,219,524	22,699,165	31,412,377	34,028,772	32,003,627	34,789,561	35,489,870
Planning and development	1,110,178	11,112,799	9,746,908	11,729,941	5,751,845	5,524,775	7,592,991	6,585,282
Transportation	46,422,427	42,134,542	35,261,512	43,124,513	41,073,637	44,644,423	42,838,644	44,658,726
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	3,062,621
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	169,852,033
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	81,620,225
Water	17,809,885	17,972,057	18,990,881	19,644,348	19,786,700	19,789,796	23,272,388	21,205,006
Wastewater	13,644,763	13,664,776	13,079,274	14,105,019	13,865,899	13,187,287	14,239,803	13,369,884
Storm drainage	5,215,756	6,498,658	6,826,042	8,237,107	8,186,997	7,492,902	9,132,090	9,020,680
Golf	2,166,112	2,302,690	2,348,717	2,297,149	2,528,846	2,469,437	2,696,698	2,506,834
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	127,722,629
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	297,574,662
<b>Program revenues</b>								
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	12,962,142
Public safety	1,632,831	1,562,334	2,997,990	2,768,110	2,371,137	2,436,387	3,719,375	1,822,973
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	8,064,996
Planning and development	2,811,602	4,582,049	3,109,977	3,588,457	3,062,568	2,828,152	2,617,068	1,648,793
Transportation	9,970,837	8,252,211	8,548,508	9,216,297	8,805,105	9,295,808	9,293,000	12,003,298
Operating grants & contributions	9,701,817	11,715,273	10,194,032	10,453,738	23,639,767	10,683,640	10,988,074	6,412,344
Capital grants & contributions	23,640,849	45,930,841	25,086,437	28,275,058	46,701,699	31,529,551	30,931,625	7,775,223
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	50,689,769
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	83,521,007
Water	21,556,073	22,565,427	23,614,722	22,798,497	24,544,153	26,365,645	25,243,152	24,499,157
Wastewater	13,314,475	13,394,679	12,993,746	13,414,864	13,908,038	14,235,334	15,114,423	16,271,590
Storm drainage	6,697,137	10,782,162	11,962,505	13,234,248	13,504,920	13,073,526	13,196,697	13,575,759
Golf	2,278,472	2,355,856	2,206,936	2,215,351	2,415,275	2,540,073	2,578,555	2,644,106
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	23,521
Capital grants & contributions	18,249,677	12,152,180	12,696,133	12,983,817	16,591,023	16,150,933	16,651,016	12,233,350
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	152,768,490
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	203,458,259
<b>Net (expenses) revenue</b>								
Governmental activities	(75,646,725)	(57,789,125)	(70,460,487)	(76,304,416)	(50,072,843)	(90,649,474)	(88,892,305)	(119,162,264)
Business-type activities	28,258,562	25,270,122	26,328,067	25,972,902	32,802,236	37,127,850	26,309,050	25,045,861
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)	(94,116,403)
<b>General revenues and other changes in net assets</b>								
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	75,865,014
Property taxes	13,052,072	13,503,342	13,902,709	14,443,612	14,954,882	15,898,094	16,297,997	16,682,832
Occupational privilege taxes	2,103,813	2,093,644	2,340,669	2,252,672	2,227,562	2,423,657	2,358,803	2,493,933
Lodging tax	565,323	574,134	581,636	601,144	668,499	841,586	837,773	833,468
Intergovernmental not restricted to programs	520,833	526,581	504,296	527,020	493,989	486,121	540,947	10,420,033
Gain on investment in joint venture	-	-	-	-	-	-	-	504,578
Investment earnings	9,266,053	5,683,844	2,819,956	2,955,230	8,940,850	17,231,464	14,546,406	9,043,421
Miscellaneous	908,502	3,334,954	511,846	278,050	392,002	3,539,882	3,261,060	14,400,496
Transfers	6,688,092	5,776,705	4,881,246	5,926,822	6,405,086	6,670,009	6,900,111	11,820,309
Total governmental activities	103,695,358	101,012,196	93,918,228	99,042,043	106,818,207	122,721,681	123,187,669	142,064,084
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	9,582,770
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	1,839,357
Transfers	(5,872,559)	(5,776,705)	(4,881,246)	(5,926,822)	(6,405,086)	(6,670,009)	(6,900,111)	(11,820,309)
Total business-type activities	2,080,586	(82,478)	(1,676,559)	(855,311)	(1,419,660)	2,532,267	9,176,542	(398,182)
Total primary government	105,775,944	100,929,718	92,241,669	98,186,732	105,398,547	125,253,948	132,364,211	141,665,902
<b>Change in net assets</b>								
Governmental activities	28,048,633	43,223,071	23,457,741	22,737,628	56,745,364	32,072,207	34,295,364	22,901,820
Business-type activities	30,339,148	25,187,644	24,651,508	25,117,591	31,382,576	39,660,117	35,485,592	24,647,679
Total primary government	\$ 58,387,781	\$ 68,410,715	\$ 48,109,249	\$ 47,855,219	\$ 88,127,940	\$ 71,732,324	\$ 69,780,956	\$ 47,549,499



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

Exhibit A-3

	<u>1999</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>	<u>2008</u>
General Fund										
Reserved	\$ 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	\$ 11,856,062
Unreserved	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	33,600,057
Total general fund	<u>25,909,910</u>	<u>30,164,582</u>	<u>34,813,823</u>	<u>31,635,034</u>	<u>36,796,708</u>	<u>34,154,992</u>	<u>37,396,800</u>	<u>43,004,584</u>	<u>48,258,117</u>	<u>45,456,119</u>
All Other Governmental Funds										
Reserved	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	23,024,747
Unreserved, reported in:										
Special revenue funds	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	54,149,625
Capital projects funds	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	28,580,603
Total all other governmental funds	<u>\$ 93,965,536</u>	<u>\$ 107,353,215</u>	<u>\$ 110,137,432</u>	<u>\$ 100,295,007</u>	<u>\$ 90,194,610</u>	<u>\$ 141,661,438</u>	<u>\$ 157,207,152</u>	<u>\$ 130,924,203</u>	<u>\$ 110,282,653</u>	<u>\$ 105,754,975</u>

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

Exhibit A-4

	<u>1999</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>	<u>2008</u>
<b>Revenues</b>										
Taxes	\$ 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	\$ 95,875,247
Licences & permits	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	1,492,551
Intergovernmental	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	26,997,759
Fees and charges for services	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	30,013,352
Fines & forfeitures	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	2,749,297
Earnings on investments	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	5,860,755
Securities lending income	-	-	-	313,622	183,250	274,776	3,076,855	7,807,487	3,914,689	1,808,828
Miscellaneous revenue	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	4,407,674
<b>Total Revenues</b>	<b>144,357,007</b>	<b>150,787,997</b>	<b>161,642,742</b>	<b>164,000,601</b>	<b>151,748,087</b>	<b>165,250,808</b>	<b>179,910,990</b>	<b>183,361,527</b>	<b>185,120,973</b>	<b>169,205,463</b>
<b>Expenditures</b>										
Executive, legislative and judicial	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	10,822,645
Facility operations	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	8,153,023
Culture, parks, recreation & environment	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	25,754,909
Library	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	75,000
Planning and development	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	6,674,288
Police protection	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	28,316,013
Transportation	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	38,163,461
Emergency recovery	-	-	-	-	601,940	-	-	-	-	-
Other	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	3,279,521
Securities lending										
Interest	-	-	-	277,793	147,123	254,967	3,055,554	7,694,589	3,854,053	1,562,715
Agent fees	-	-	-	14,331	14,451	19,809	21,302	45,159	37,268	57,029
Intergovernmental										
Fire protection	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	16,383,100
Flood recovery	1,246,529	370,480	-	-	-	-	-	-	-	-
Capital outlay	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	27,378,934
Debt service										
Principal	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	4,625,581
Interest	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	2,954,806
<b>Total expenditures</b>	<b>126,789,935</b>	<b>135,709,158</b>	<b>157,361,496</b>	<b>177,745,583</b>	<b>157,382,469</b>	<b>167,715,944</b>	<b>161,236,763</b>	<b>204,896,741</b>	<b>197,534,246</b>	<b>174,201,025</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>17,567,072</b>	<b>15,078,839</b>	<b>4,281,246</b>	<b>(13,744,982)</b>	<b>(5,634,382)</b>	<b>(2,465,136)</b>	<b>18,674,227</b>	<b>(21,535,214)</b>	<b>(12,413,273)</b>	<b>(4,995,562)</b>
<b>Other Financing Sources (Uses)</b>										
Proceeds from issuance of long term debt	2,696,192	1,309,171	1,966,262	380,739	173,185	51,402,049	162,295	608,269	762,845	1,197,653
Transfers in	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	114,236,976
Transfers in from component unit	1,497,927	1,690,949	815,533	-	-	-	-	-	-	-
Transfers out	(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)	(117,768,744)
<b>Total other financing sources (uses)</b>	<b>4,622,631</b>	<b>3,179,606</b>	<b>3,137,639</b>	<b>725,753</b>	<b>288,911</b>	<b>51,290,248</b>	<b>113,295</b>	<b>860,049</b>	<b>(2,974,744)</b>	<b>(2,334,115)</b>
<b>Net change in fund balances</b>	<b>\$ 22,189,703</b>	<b>\$ 18,258,445</b>	<b>\$ 7,418,885</b>	<b>\$ (13,019,229)</b>	<b>\$ (5,345,471)</b>	<b>\$ 48,825,112</b>	<b>\$ 18,787,522</b>	<b>\$ (20,675,165)</b>	<b>\$ (15,388,017)</b>	<b>\$ (7,329,676)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>6.67%</b>	<b>6.69%</b>	<b>4.34%</b>	<b>4.87%</b>	<b>3.64%</b>	<b>3.17%</b>	<b>6.67%</b>	<b>5.13%</b>	<b>4.35%</b>	<b>5.06%</b>

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

Exhibit A-5

<b><u>Sales Tax Category</u></b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Miscellaneous Retail	\$ 213,023	\$ 227,760	\$ 229,868	\$ 223,347	\$ 217,429	\$ 218,425	\$ 221,132	\$ 225,023	\$ 243,737	\$ 243,736
General Merchandise Stores	231,598	258,345	271,604	323,486	332,573	335,480	339,708	334,855	336,227	318,277
Apparel & Accessory Stores	89,734	98,045	83,690	84,281	84,749	94,914	96,150	87,785	84,994	79,598
Food Stores	203,234	216,476	300,241	264,516	273,672	281,450	298,150	319,965	348,228	360,818
Eating & Dining Places	181,606	199,016	214,198	221,738	227,153	238,346	248,914	255,924	272,889	284,409
Hotel & Other Lodging Places	22,848	24,838	23,473	23,599	23,201	25,009	27,199	31,716	34,258	33,909
Furniture & Home Furnishings	82,194	89,372	114,955	120,329	123,297	132,208	144,843	155,212	172,831	169,513
Building & Construction	121,114	127,690	125,830	119,727	113,000	121,801	128,455	129,668	132,825	139,052
Auto Dealers & Service Stations	115,162	135,046	151,298	160,089	155,064	149,347	143,264	141,449	155,473	144,027
Garages & Misc Repairs	40,432	42,814	17,042	17,230	17,664	18,215	17,526	18,546	21,741	20,285
Transportation & Public Utilities	153,307	166,947	192,492	185,596	191,610	203,274	196,728	201,430	212,697	217,250
Manuf & Wholesale Trade	73,721	88,046	80,470	67,721	70,493	74,503	82,145	174,376	98,230	87,812
Business Services	62,933	62,029	116,166	103,258	90,809	84,968	82,965	83,220	84,189	82,397
Personal Services	25,864	26,270	18,796	20,615	17,674	15,714	15,397	15,307	15,619	16,700
Services Industries	27,649	31,238	36,629	28,027	28,453	28,359	28,966	29,216	31,968	34,454
Amuse & Recreation Services	3,276	3,749	2,270	2,240	2,367	2,670	2,556	2,373	2,615	3,023
<b>Total</b>	<b>\$ 1,647,695</b>	<b>\$ 1,797,681</b>	<b>\$ 1,979,022</b>	<b>\$ 1,965,799</b>	<b>\$ 1,969,208</b>	<b>\$ 2,024,683</b>	<b>\$ 2,074,098</b>	<b>\$ 2,206,065</b>	<b>\$ 2,248,521</b>	<b>\$ 2,235,260</b>
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>
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%
2008	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

	<b>Fiscal Year 2008</b>				<b>Fiscal Year 2001</b>			
	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Tax Liability</u>	<u>Percentage of Total</u>	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Tax Liability</u>	<u>Percentage of Total</u>
Food Stores	160	1.62%	\$ 9,057,007	14.01%	76	1.43%	\$ 7,484,159	13.16%
General Merchandise Stores	25	0.25%	8,883,324	13.74%	10	0.19%	7,805,470	13.73%
Eating & Dining Places	400	4.05%	8,456,027	13.08%	217	4.08%	6,311,514	11.10%
Miscellaneous Retail	1,537	15.55%	7,299,993	11.29%	726	13.66%	6,771,484	11.91%
Transportation & Public Utilities	306	3.10%	6,505,011	10.06%	160	3.01%	5,735,966	10.09%
Furniture & Home Furnishings	451	4.56%	5,208,598	8.06%	191	3.59%	3,394,319	5.97%
Auto Dealers & Service Stations	156	1.58%	4,297,305	6.65%	96	1.81%	4,475,588	7.87%
Building & Construction	2,137	21.62%	4,131,542	6.39%	948	17.84%	3,765,688	6.62%
Business Services	2,111	21.36%	2,604,390	4.03%	1,246	23.44%	3,387,916	5.96%
Manufacturing & Wholesale Trade	726	7.34%	2,596,416	4.02%	580	10.91%	2,374,589	4.18%
Apparel & Accessory Stores	224	2.27%	2,379,570	3.68%	110	2.07%	2,464,059	4.33%
Services Industries	547	5.53%	1,033,091	1.60%	324	6.10%	1,083,407	1.91%
Hotel & Other Lodging Places	23	0.23%	1,013,699	1.57%	10	0.19%	697,182	1.23%
Garages & Misc Repairs	231	2.34%	608,244	0.94%	134	2.52%	491,756	0.86%
Personal Services	737	7.46%	492,447	0.76%	421	7.92%	545,920	0.96%
Amusement & Recreation Services	114	1.15%	89,784	0.14%	66	1.24%	68,407	0.12%
Total	9,885	100.00%	\$ 64,656,448	100.00%	5,315	100.00%	\$ 56,857,422	100.00%

**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	Revenue	Certificates of	Assignment of Lease	Capital	General Obligation	Revenue	Certificates of	Assignment of Lease	Capital			
	<u>Bonds</u>	<u>Bonds</u>	<u>Participation</u>	<u>Payments</u>	<u>Leases</u>	<u>Bonds</u>	<u>Bonds</u>	<u>Participation</u>	<u>Payments</u>	<u>Leases</u>			
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	190,780,132	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	184,621,965	5.1%	1,556
2001	-	12,804,464	16,865,000	890,000	4,226,557	22,280,000	122,326,648	2,115,000	2,830,000	721,364	185,059,033	4.8%	1,510
2002	-	10,204,464	16,135,000	862,247	5,019,065	19,255,000	128,110,894	2,045,000	2,741,753	555,941	184,929,364	4.7%	1,486
2003	-	7,989,464	15,370,000	833,059	4,920,921	16,410,000	118,474,753	1,970,000	2,648,941	465,866	169,083,004	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	208,719,705	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	194,317,402	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	-	178,807,156	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	165,031,795	3.3%	1,230
2008	-	2,250,000	55,340,000	665,825	2,636,497	2,535,000	81,617,568	1,595,000	2,117,175	543,909	149,300,974	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>	Percentage of Actual Taxable Value of <u>Property</u>	Per <u>Capita</u>
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%	37
2008	2,535,000	0.02%	n/a

**Direct and Overlapping Governmental Activities Debt**  
As of December 31, 2008

Exhibit A-10

	Outstanding General Obligation Debt <sup>1</sup>	Percentage Applicable to the City <sup>2</sup>	Share of Debt Applicable to the City
City of Fort Collins	\$ -	0.00%	\$ -
<u>Overlapping Debt</u>			
Poudre R-1 School District <sup>3</sup>	208,314,466	73.34%	152,770,788
Poudre Health Services District <sup>3</sup>	-	71.85%	-
Fort Collins Regional Library <sup>3</sup>	-	74.80%	-
	208,314,466		152,770,788
Totals	<u>\$ 208,314,466</u>		<u>\$ 152,770,788</u>

**ASSESSED VALUATION, DEBT, AND DEBT RATIO  
DECEMBER 31, 2008**

Estimated actual valuation . . . . .	\$ 13,915,507,484
Assessed valuation . . . . .	\$ 1,758,807,267
Net general obligation direct debt . . . . .	\$ -
Estimated overlapping debt . . . . .	\$ 152,770,788
Net direct and estimated overlapping debt . . . . .	\$ 152,770,788
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 <sup>4</sup> . . . . .	\$ -
Ratio of net direct and estimated overlapping debt to estimated actual valuation . . . . .	0.0110
Ratio of net direct and estimated overlapping debt to assessed valuation . . . . .	0.0869
Net direct and estimated overlapping debt per capita <sup>4</sup> . . . . .	\$ 1,139
Estimated actual valuation per capita <sup>4</sup> . . . . .	\$ 103,716
Assessed valuation per capita <sup>4</sup> . . . . .	\$ 13,109

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> Source: Governmental entity.

<sup>4</sup> Based on 2007 Population estimate per Colorado State Demography Office --134,169



**Legal Debt Margin Information**  
Last Ten Fiscal Years

Exhibit A-11

Assessed Valuation <sup>1</sup>	\$ 1,758,807,267
Debt limit - 10% of assessed value	175,880,727
Amount of debt applicable to limit:	
Total bonded debt (including special assessments)	104,310,570
Less:	
Assets in debt service funds available for payment of general obligation debt	-
Other deductions allowed by law:	
Downtown Development Authority tax increment bonds	(17,908,000)
Sales and use tax revenue bonds	(965,000)
General obligation water bonds	(2,535,000)
Water revenue bonds	(28,977,704)
Sewer revenue bonds	(15,984,866)
Storm drainage revenue bonds	(36,655,000)
Highway users tax revenue bonds	(1,285,000)
Net amount of debt applicable to debt limit	-
Legal debt margin	<u><u>\$ 175,880,727</u></u>

	<u>1999</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>	<u>2008</u>
Debt Limit	\$ 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	\$ 175,880,727
Total net debt applicable to limit	<u>2,330,000</u>	<u>920,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u><u>\$ 172,755,072</u></u>	<u><u>\$ 109,980,198</u></u>	<u><u>\$ 124,863,557</u></u>	<u><u>\$ 163,033,358</u></u>	<u><u>\$ 136,426,233</u></u>	<u><u>\$ 139,079,994</u></u>	<u><u>\$ 149,791,485</u></u>	<u><u>\$ 152,957,699</u></u>	<u><u>\$ 171,317,079</u></u>	<u><u>\$ 175,880,727</u></u>
Total net debt applicable to the limit as a percentage of debt limit	1.33%	0.83%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

SEWER REVENUE BONDS							
	Gross		Net Revenue		Debt Service Requirements		
			Available for		Principal	Interest	Total
	Revenues	Expenses	Debt Service	Debt Service			Coverage
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
2008	21,844,186	10,433,735	11,410,451	4,081,122	1,005,461	5,086,583	2.24

STORM DRAINAGE REVENUE BONDS							
	Gross		Net Revenue		Debt Service Requirements		
			Available for		Principal	Interest	Total
	Revenues	Expenses	Debt Service	Debt Service			Coverage
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
2008	15,138,510	4,864,819	10,273,691	2,610,000	2,483,166	5,093,166	2.02

WATER REVENUE BONDS							
	Gross		Net Revenue		Debt Service Requirements		
			Available for		Principal	Interest	Total
	Revenues	Expenses	Debt Service	Debt Service			Coverage
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
2008	33,921,515	15,823,253	18,098,262	2,481,909	1,408,566	3,890,475	4.65

HIGHWAY USERS TAX REVENUE BONDS <sup>1</sup>							
	Gross		Net Revenue		Debt Service Requirements		
			Available for		Principal	Interest	Total
	Revenues	Expenses	Debt Service	Debt Service			Coverage
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
2008	3,655,796	-	3,655,796	156,863	200,762	357,625	10.22

SALES AND USE TAX REVENUE BONDS <sup>2</sup>							
	Gross		Net Revenue		Debt Service Requirements		
			Available for		Principal	Interest	Total
	Revenues	Expenses	Debt Service	Debt Service			Coverage
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
2008	58,630,538	-	58,630,538	935,000	59,413	994,413	58.96

<sup>1</sup> Gross revenues are reported as part of intergovernmental revenues in the Transportation Fund.

<sup>2</sup> 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>
2008	n/a	n/a	n/a	5.0%
2007	134,169	\$10,541,856	\$36,766	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

**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

<b><u>Employer</u></b>	<b>Fiscal Year 2006</b>			<b>Fiscal Year 1997</b>		
	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 Nine 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>	<u>2008</u>
<b>General government</b>									
City Attorney's Office	9.9	9.3	9.7	10.3	10.2	9.8	10.6	10.9	11.1
City Clerk's Office	6.5	7.1	6.8	6.6	6.2	6.5	5.8	5.9	5.8
City Council	7.0	7.2	6.9	7.0	7.0	7.3	7.0	7.2	6.8
City Manager's Office	12.7	13.9	14.9	14.1	13.4	13.0	10.4	11.5	10.7
Municipal Court	7.2	7.4	7.3	6.9	7.0	7.0	6.5	6.3	7.1
Comm & Public Involvement	6.1	6.8	8.0	8.4	9.2	8.9	7.5	7.6	8.1
Economic Development	-	-	-	-	0.8	0.2	0.7	1.0	1.9
Finance	37.5	37.8	39.1	38.6	38.4	34.9	33.0	35.9	36.8
Human Resources	15.1	15.4	18.8	19.4	18.4	17.7	16.1	14.9	18.7
Management Information Service	29.8	31.9	32.5	31.1	30.8	31.7	32.5	32.6	40.9
Operations Services	64.6	68.0	71.1	69.0	67.2	61.1	58.7	61.7	64.9
<b>Public safety</b>									
Investigation	46.9	49.6	51.9	54.0	53.4	54.8	54.0	54.5	54.5
Patrol	109.2	111.0	111.7	116.6	112.7	114.7	117.1	118.7	123.1
Police Admin	9.8	11.0	14.1	14.4	16.3	15.1	13.7	14.1	14.3
Police Information Services	47.3	51.5	56.2	58.5	62.4	60.2	56.8	55.8	57.3
<b>Culture, parks, recreation &amp; environment</b>									
CPRE- Admin	4.0	4.2	4.8	5.9	5.5	5.0	4.9	4.0	4.0
Cultural Services	30.9	32.3	32.3	32.8	32.5	32.2	32.0	34.3	38.5
Natural Resources	24.4	27.8	29.5	32.4	36.8	42.0	43.1	46.4	48.9
Parks & Recreation	230.7	231.0	224.9	222.9	231.8	230.9	226.9	222.8	240.8
<b>Planning and development</b>									
Advance Planning	14.1	14.1	14.3	14.1	14.1	13.3	13.4	12.8	14.1
Current Planning	11.8	11.8	12.0	11.2	10.7	9.6	10.3	9.5	9.3
Neighborhood & Building Services	29.0	25.9	27.3	27.8	28.2	27.3	27.2	28.4	29.5
<b>Transportation</b>									
Engineering	33.7	34.2	37.6	37.8	44.5	41.9	40.1	34.9	35.9
Streets	49.8	50.9	52.0	48.8	50.1	48.3	47.5	49.0	48.7
Traffic Operations	21.5	24.1	27.5	27.5	28.3	28.7	28.7	28.3	29.3
Transfort	77.6	81.1	91.5	93.0	90.7	82.1	72.9	75.1	78.1
PDT Administration	8.3	7.3	8.0	6.9	5.7	4.3	3.1	2.0	3.6
Transportation Parking	17.5	18.1	20.0	21.2	22.8	21.1	20.1	19.9	18.4
Transportation Planning	30.9	34.6	22.9	16.3	5.5	5.4	5.9	6.7	6.6
<b>Light &amp; Power</b>									
Customer Service	46.1	43.6	46.0	47.0	47.0	46.0	47.4	48.2	49.9
Electric Field Services	94.8	99.5	99.5	97.9	97.7	90.9	88.7	88.0	66.4
Electric Plng & Eng Services	3.0	1.0	-	-	-	-	0.0	0.0	20.5
<b>Water</b>									
Customer Service	25.0	28.0	36.5	42.2	42.0	41.9	39.8	40.2	32.9
Water Eng & Field Services	9.6	10.9	11.2	11.2	11.2	12.5	15.0	33.6	37.1
Water Resources & Treatment	67.9	66.5	65.8	63.4	61.3	60.3	55.6	38.4	40.1
<b>Wastewater</b>									
Customer Service	12.0	13.0	14.0	14.0	14.0	14.0	13.0	13.0	13.0
Water Eng & Field Services	29.5	29.0	24.4	23.9	23.3	24.9	23.0	22.1	27.6
Water Resources & Treatment	38.9	33.2	33.7	33.7	34.1	33.5	32.1	32.7	32.3
<b>Storm drainage</b>									
Customer Service	11.0	13.0	14.0	14.0	14.0	14.0	13.0	12.0	13.0
Water Eng & Field Services	3.8	2.6	2.0	2.3	2.4	2.0	2.3	3.6	8.8
Water Resources & Treatment	22.3	21.8	22.9	24.2	23.6	22.3	22.4	21.1	15.9
<b>Golf</b>									
Courses and administration	20.1	21.5	22.2	21.3	21.2	21.4	21.0	20.7	21.5
<b>Total City of Fort Collins</b>	<b>1,377.8</b>	<b>1,408.9</b>	<b>1,445.8</b>	<b>1,448.6</b>	<b>1,452.4</b>	<b>1,418.7</b>	<b>1,379.8</b>	<b>1,386.3</b>	<b>1,446.7</b>
Downtown Development Authority	2.0	2.0	1.7	2.0	2.0	2.0	2.8	6.1	8.3
Library	65.0	68.1	66.4	64.5	64.5	65.0	63.0	63.9	75.7
Poudre Fire Authority	192.1	197.1	203.2	204.6	201.9	217.7	222.5	225.7	225.7
<b>TOTAL</b>	<b>1,636.9</b>	<b>1,676.1</b>	<b>1,717.1</b>	<b>1,719.7</b>	<b>1,720.8</b>	<b>1,703.4</b>	<b>1,668.1</b>	<b>1,682.0</b>	<b>1,756.4</b>

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

<b>Function/Program</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>General Government</b>										
Job applications processed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	12,823	8,907	9,209
Warrants issued	n/a	n/a	n/a	n/a	n/a	n/a	n/a	972	918	1,010
Camera Radar completed cases	n/a	n/a	n/a	n/a	n/a	n/a	n/a	9,761	19,026	21,239
<b>Public Safety</b>										
Adult arrests	6,144	6,622	4,979	5,793	6,588	6,313	4,202	4,663	5,188	4,373
Juvenile arrests	1,620	1,515	1,437	1,508	1,293	1,306	914	963	958	809
Traffic violations	13,057	10,489	10,247	12,250	12,644	12,744	13,334	13,838	15,341	18,890
Number of fires per 1000 population	3.50	3.94	3.55	3.89	3.31	2.85	3.89	2.75	2.16	2.64
Total inspections per 1000 population	18.38	17.69	17.59	18.12	25.53	17.57	1.80	1.99	3.76	9.83
Average calls per week	177.56	191.00	206.20	100.00	100.00	99.99	99.99	99.99	246	258
Average response time	4:43	4:56	4:29	4:27	4:39	4:29	4:17	4:15	4:20	4:14
<b>Culture, parks, recreation &amp; environment</b>										
Epic Pool & Ice attendance	351,885	347,979	343,967	451,620	368,353	494,577	405,660	424,313	323,183	373,809
City Park Pool attendance	52,685	43,636	39,495	5,100	69,954	64,413	63,376	70,851	71,608	91,444
Mulberry Pool attendance	71,957	73,739	75,471	86,029	93,280	89,358	73,909	87,351	92,322	98,640
Senior Center Pool attendance	39,563	37,658	35,986	25,124	44,498	23,754	35,931	25,338	37,888	32,980
Youth Activity Center attendance	89,330	101,415	86,387	26,575	24,511	45,921	23,686	3,578	7,729	712
North Aztlan Center attendance	86,738	125,574	156,779	132,910	125,135	156,697	167,136	187,728	135,203	105,362
Farm attendance	98,628	103,226	96,209	90,749	99,367	91,204	91,139	60,215	62,161	79,730
Museum attendance	n/a	n/a	25,934	19,860	21,337	34,057	40,107	40,607	32,000	18,142
Scheduled Park events	n/a	n/a	n/a	n/a	n/a	n/a	n/a	7,212	8,515	9,214
<b>Planning and development</b>										
Construction permits- single family units	1,111	933	1,050	1,159	860	893	674	394	385	254
Construction permits- Multi family units	103	76	56	53	92	63	44	24	24	37
<b>Transportation</b>										
Transfort										
Passengers	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	1,884,194
Revenue Miles	n/a	801,125	793,358	705,886	729,639	703,081	686,030	640,677	774,545	798,849
Revenue Hours	n/a	60,000	59,747	56,616	57,165	58,516	57,782	54,665	66,647	68,356
Dial a Ride										
Passengers	n/a	73,853	74,884	77,300	73,607	82,276	87,725	85,735	51,779	44,135
Revenue Miles	n/a	363,623	385,467	432,087	419,127	439,771	450,047	560,053	348,952	282,257
Revenue Hours	n/a	32,149	34,843	35,921	31,628	34,883	38,399	47,188	31,678	25,092
<b>Light &amp; Power</b>										
Customers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	62,548	62,991	63,913
Electric Use- megawatt hours	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,404,784	1,442,861	1,429,797
Peak demand- megawatts	n/a	n/a	n/a	n/a	n/a	n/a	n/a	279	296	285
Interruption Index- minutes/year	n/a	n/a	n/a	n/a	n/a	n/a	n/a	25.63	18.00	10.00
<b>Water</b>										
Customers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	33,312	32,780	33,082
Treated water delivered- acre feet	n/a	n/a	n/a	n/a	n/a	n/a	n/a	29,133	27,192	25,633
Peak day water use- million gallons/day	n/a	n/a	n/a	n/a	n/a	n/a	n/a	49.0	47.5	44.3
Water main breaks	n/a	n/a	n/a	n/a	n/a	n/a	n/a	100	67	59
<b>Wastewater</b>										
Customers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	33,120	32,992	32,847
Average flow wastewater treated- million gallons/day	n/a	n/a	n/a	n/a	n/a	n/a	n/a	14.5	15.1	15.7
Recycled processed wastewater biosolids- dry tons	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,764	1,709	1,738
Industrial discharge permits	n/a	n/a	n/a	n/a	n/a	n/a	n/a	13	13	15
<b>Storm Drainage</b>										
Customers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	39,938	40,272	40,554
<b>Golf</b>										
Rounds played	155,778	147,742	150,829	139,583	124,327	118,781	123,313	124,609	117,133	115,031

**Capital Asset Statistics by Function/Program**  
Last Ten Fiscal Years

Exhibit A-17

<b>Function/Program</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>General Government</b>										
Administrative buildings	2	2	3	3	3	3	3	3	3	3
Municipal court	1	1	1	1	1	1	1	1	1	1
<b>Public Safety</b>										
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	198	220	224
Fire stations	12	12	12	12	13	13	13	13	13	13
<b>Culture, parks, recreation &amp; environmental</b>										
Swimming pools	4	4	4	4	4	4	4	4	4	4
Number of parks	37	38	39	40	41	42	43	43	45	45
Acreage of parks	562	586	592	616	722	728	735	735	821	821
Miles of hard surface trails	16.30	18.20	18.87	19.37	19.87	22.52	23.62	24.87	28.67	28.67
<b>Planning and development</b>										
Land Bank program- acres*	n/a	n/a	n/a	n/a	n/a	n/a	n/a	51	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	513	513	513
<b>Transportation</b>										
Transit buses	n/a	n/a	n/a	n/a	n/a	n/a	n/a	23	27	27
Lane miles	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,756	1,793	1,796
<b>Light &amp; Power</b>										
Underground distribution lines- miles	n/a	n/a	n/a	n/a	n/a	n/a	n/a	766.0	788.0	801.4
Overhead distribution lines- miles	n/a	n/a	n/a	n/a	n/a	n/a	n/a	11.0	9.0	6.7
Distribution substations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5	5	5
Distribution transformers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	7,525	7,982	8,060
<b>Water</b>										
Water mains and distribution lines- miles of pipe	n/a	n/a	n/a	n/a	n/a	n/a	n/a	532	539	540
Hydrants	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3,411	3,464	3,487
Plant capacity- millions gallons/day	n/a	n/a	n/a	n/a	n/a	n/a	n/a	87	87	87
Raw water storage- acre feet	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6,500	7,161	7,161
Treated water storage- million gallons	n/a	n/a	n/a	n/a	n/a	n/a	n/a	36.3	36.0	35.5
Water rights owned- avg yield in acre feet/year	n/a	n/a	n/a	n/a	n/a	n/a	n/a	73,000	73,700	74,120
<b>Wastewater</b>										
Trunk and collection- miles of pipe	n/a	n/a	n/a	n/a	n/a	n/a	n/a	434	435	437
Plants- treatment capacity	n/a	n/a	n/a	n/a	n/a	n/a	n/a	29	29	29
Biosolids facility- acres	n/a	n/a	n/a	n/a	n/a	n/a	n/a	26,200	26,000	26,350
<b>Storm Drainage</b>										
City owned detention basins	n/a	n/a	n/a	n/a	n/a	n/a	n/a	90	90	90
City owned detention basins- acres	n/a	n/a	n/a	n/a	n/a	n/a	n/a	320	320	320
Regional drainage channels	n/a	n/a	n/a	n/a	n/a	n/a	n/a	63	67	69
Storm sewer manholes	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2,676	2,765	2,968
Storm sewer pipeline- miles	n/a	n/a	n/a	n/a	n/a	n/a	n/a	175.0	190.2	197.2
<b>Golf</b>										
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.

THIS PAGE INTENTIONALLY LEFT BLANK.





# 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 1999 to 2008:

<u>Years (at December 31)</u>	<u>Wastewater Customers</u>
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
2008	32,847

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 2008, amounts paid by an industrial customer comprised 10.7% of wastewater revenues (\$1,735,720) with a total flow representing 4.8% of total system usage; and amounts paid by the university comprised 4.9% of wastewater system revenues (\$791,124), with a total usage representing 2.9% of total system usage.

**Rate Structure**

User Charges. The following tables show the City's monthly wastewater user charges in effect on January 1, 2009. 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, 5% in 2004, 2005, 2006 and 2007, 12% in 2008. An increase of 11% has been projected for 2009. The minimum winter quarter average consumption (WQA) is 3,000 gallons for single family customers (4,000 gallons for duplexes).

**Monthly User Charges <sup>1</sup>**

<u>Residential Metered <sup>2</sup></u>	<u>Wastewater Rates</u>
Single family	\$11.33 plus \$2.262 per 1,000 gallons of WQC
Duplex	\$15.13 plus \$2.262 per 1,000 gallons of WQC
Multi-family	\$1.79 per living unit plus \$2.262 per 1,000 gallons of WQC
<u>Commercial Metered <sup>3</sup></u>	
<sup>3</sup> / <sub>4</sub> " metered	\$ 7.64 plus \$2.262 per 1,000 gallons
1"	\$17.44 plus \$2.262 per 1,000 gallons
1 1/2"	\$35.31 plus \$2.262 per 1,000 gallons
2"	\$59.09 plus \$2.262 per 1,000 gallons
3"	\$98.19 plus \$2.262 per 1,000 gallons
4"	\$164.90 plus \$2.262 per 1,000 gallons
6"	\$808.46 plus \$2.262 per 1,000 gallons
8"	\$877.88 plus \$2.262 per 1,000 gallons

Footnotes:

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

<sup>2</sup> Average monthly amount of water billed during January, February, and March.

<sup>3</sup> The usage charge of \$2.262 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, 2009. 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)

3/4"	\$6,206
1"	\$16,361
1 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:

	2004	2005	2006	2007	2008
User rates	\$ 12,638,568	\$ 13,169,469	\$ 14,202,846	\$ 14,640,171	\$ 16,170,810
Plant investment fees	897,658	2,208,885	3,707,540	4,319,720	4,064,444
Other fees & charges	2,267,082	872,669	2,055,187	513,865	121,352
Investment earnings	1,175,278	888,505	1,249,792	2,574,071	1,155,023
Total Sewer System Revenue	<u>\$ 16,978,586</u>	<u>\$ 17,139,528</u>	<u>\$ 21,215,365</u>	<u>\$ 22,047,827</u>	<u>\$ 21,511,629</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, 2008. The following sets forth the operating history of the Wastewater Fund for the years ended December 31, 2004 through 2008:

	2004	2005	2006	2007	2008
<b>Operating Revenues</b>					
Charges for services	\$ 12,638,568	\$ 13,169,469	\$ 14,202,846	\$ 14,640,171	\$ 16,170,810
<b>Operating Expenses</b>					
Administrative charge	1,560,904	1,493,622	1,278,792	1,308,645	1,429,551
Personal services	4,395,401	4,354,206	4,358,196	4,734,126	4,980,499
Contractual services	1,451,335	1,406,350	1,512,154	1,568,996	1,727,161
Commodities	722,160	765,488	833,385	813,869	921,094
Other	1,331,690	1,467,899	1,400,755	1,505,754	1,375,430
Depreciation	3,034,841	3,088,557	3,064,185	2,817,929	3,188,873
Total Operating Expenses	<u>12,496,331</u>	<u>12,576,122</u>	<u>12,447,467</u>	<u>12,749,319</u>	<u>13,622,608</u>
Operating Income	<u>142,237</u>	<u>593,347</u>	<u>1,755,379</u>	<u>1,890,852</u>	<u>2,548,202</u>
<b>Nonoperating Revenues (Expenses)</b>					
Other revenue	748,556	707,544	-	432,558	106,201
Earnings on investments	1,175,278	888,505	1,249,792	2,574,071	1,155,023
Net increase (decrease) in the fair value of investments	(266,013)	(83,638)	176,072	-	-
Gain on sale of capital assets	1,489,319	7,043	2,019,312	39,216	15,151
Interest expense	(2,102,697)	(1,783,853)	(1,488,769)	(2,118,030)	(1,104,836)
Other expenses	(96,131)	(72,429)	(44,858)	(44,858)	(154,442)
Total Nonoperating Revenues (Expenses)	<u>948,312</u>	<u>(336,828)</u>	<u>1,911,549</u>	<u>882,957</u>	<u>17,097</u>
Income Before Contributions and Transfers	<u>1,090,549</u>	<u>256,519</u>	<u>3,666,928</u>	<u>2,773,809</u>	<u>2,565,299</u>
Capital contributed	926,865	2,366,967	3,743,415	4,361,811	4,064,444
Operating transfers in	121,700	-	-	-	-
Operating transfers out	(69,000)	-	-	-	(153,490)
Income After Contributions and Transfers	<u>979,565</u>	<u>2,366,967</u>	<u>3,743,415</u>	<u>4,361,811</u>	<u>3,910,954</u>
Change in Net Assets	2,070,114	2,623,486	7,410,343	7,135,620	6,476,253
Fund Equity--Jan. 1	94,030,062	96,100,176	98,723,662	106,134,005	113,269,625
Fund Equity--Dec. 31	<u>\$ 96,100,176</u>	<u>\$ 98,723,662</u>	<u>\$ 106,134,005</u>	<u>\$ 113,269,625</u>	<u>\$ 119,745,878</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--1999 TO 2008 <sup>1</sup>**

	<b>Gross Revenues <sup>2</sup></b>	<b>Expenses <sup>3</sup></b>	<b>Net Pledged Revenues</b>	<b>Debt Service Requirements</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
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
2008	21,844,186	10,433,735	11,410,451	4,081,122	1,005,461	5,086,583	2.24

<sup>1</sup> Includes debt service on all bonds secured by sewer system revenues.

<sup>2</sup> Includes all income of the Wastewater Fund pledged for the payment of bonds.

<sup>3</sup> 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, 2008 is \$908,029.**

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, 2008 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, 2008 was \$421,412.**

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 an 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 \$18,922,155 as of December 31, 2008. This amount satisfies the 17% requirement indicated above for fiscal year 2008.**

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, 2008 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 2004 through 2008.

	2004	2005	2006	2007	2008
Storm drainage utility fee (operation & maintenance component)	\$ 12,534,750	\$ 12,809,579	\$ 13,073,526	\$ 13,173,911	\$ 13,568,245
Storm drainage utility fee (capital component)	-	-	-	-	-
Storm drainage basin fees	709,420	665,252	464,531	670,674	455,330
Total Storm Drainage Fund Fee Revenues	<u>\$ 13,244,170</u>	<u>\$ 13,474,831</u>	<u>\$ 13,538,057</u>	<u>\$ 13,844,585</u>	<u>\$ 14,023,575</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, 2008. The following sets forth the operating history of the Storm Drainage Fund for the years ended December 31, 2004 through 2008:

	2004	2005	2006	2007	2008
<b>Operating Revenues</b>					
Charges for services	\$ 12,534,750	\$ 12,809,579	\$ 13,073,526	\$ 13,173,911	\$ 13,568,245
<b>Operating Expenses</b>					
Administrative charge	1,211,509	1,187,595	1,246,408	1,311,235	2,139,649
Personal services	1,775,207	1,709,932	1,750,595	1,830,103	1,900,729
Contractual services	443,323	451,921	328,098	997,658	700,272
Commodities	65,378	80,250	93,920	111,465	124,169
Other	286,512	311,678	359,787	364,148	-
Depreciation	2,089,391	2,131,167	1,613,837	2,260,571	2,315,268
Total Operating Expenses	<u>5,871,320</u>	<u>5,872,543</u>	<u>5,392,645</u>	<u>6,875,180</u>	<u>7,180,087</u>
Operating Income	<u>6,663,430</u>	<u>6,937,036</u>	<u>7,680,881</u>	<u>6,298,731</u>	<u>6,388,158</u>
<b>Nonoperating Revenues (Expenses)</b>					
Other revenue	1,940	30,370	-	50,021	51,222
Earnings on investments	509,975	720,667	823,768	1,568,039	822,115
Net increase (decrease) in the fair value of investments	(62,152)	(106,970)	54,995	-	-
Intergovernmental	-	622,279	-	1,235,602	498
Gain/loss on sale of capital assets	5,994	-	-	(96,405)	(3,159)
Interest expense	(2,223,165)	(2,130,030)	(2,044,372)	(2,083,302)	(1,696,561)
Other expenses	(52,103)	(52,101)	(52,373)	(32,066)	(155,411)
Total Nonoperating Revenues (Expenses)	<u>(1,819,511)</u>	<u>(915,785)</u>	<u>(1,217,982)</u>	<u>641,889</u>	<u>(981,296)</u>
Income Before Contributions and Transfers	<u>4,843,919</u>	<u>6,021,251</u>	<u>6,462,899</u>	<u>6,940,620</u>	<u>5,406,862</u>
Capital contributions	709,420	665,252	1,444,047	670,674	455,330
Operating transfers In	-	-	-	-	-
Operating transfers out	(57,500)	-	(112,000)	(115,940)	(178,062)
Income After Contributions and Transfers	<u>651,920</u>	<u>665,252</u>	<u>1,332,047</u>	<u>554,734</u>	<u>277,268</u>
Change in Net Assets	5,495,839	6,686,503	7,794,946	7,495,354	5,684,130
Net Assets--Jan. 1	41,209,477	46,705,316	53,391,819	61,186,765	68,682,119
Net Assets--December 31	<u>\$ 46,705,316</u>	<u>\$ 53,391,819</u>	<u>\$ 61,186,765</u>	<u>\$ 68,682,119</u>	<u>\$ 74,366,249</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 2008 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 2009.

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 82.8% of storm drainage utility billing accounts and 45.4% of storm drainage revenues are attributable to single family residential customers. 17.2% of accounts and 54.6% 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 4.3% of total revenue and the City municipal government at 2.5%. Historically, the City collects over 99% of its billed monthly utility charges for storm drainage.

**Historic Net Pledged Revenues**

Based on the 2008 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 2008 would have covered the combined average annual debt service requirements of the bonds approximately 2.68 times and would have covered the combined maximum debt service of the bonds approximately 2.83 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>
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
1996	0	2002	45	2008	0

Stormwater fees have not been increased since 2004. No increase is planned for 2009.

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 1999-2008:

<u>Years</u> <u>(at December 31)</u>	<u>Total Water</u> <u>Accounts</u>
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
2008	33,082

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, 2008 is set forth below:

<u>Classification</u>	<u>Number of Accounts</u>	<u>Accounts</u>
Residential	30,932	93.5%
Commercial & Industrial	2,150	6.5%
Total	33,082	100.00%

The following table sets forth the ten largest customers of the water system, which in the aggregate accounted for approximately 28.2% of total water usage during 2008:

<u>Customer</u>	<u>Water Usage</u> <u>Millions of</u> <u>Gallons</u>	<u>Percent of</u> <u>Total Water</u> <u>Use</u>
Industrial	1,184.84	14.8%
University	328.54	4.1%
Industrial	188.92	2.4%
Water District	178.41	2.2%
City Government	124.00	1.6%
School District	90.21	1.1%
Industrial	60.78	0.8%
Hospital	35.12	0.4%
Mobile Home Park	33.75	0.4%
Industrial	31.33	0.4%

**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. A 3% rate increase is proposed for 2009.

(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, 2009. 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, 2009**

(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>
¾	\$ 11.62
1	32.41
1 ½	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>
¾	100,000
1	300,000
1 ½	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.

<u>Dwelling Category</u>	<u>Residential 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

<u>Water Meter Size (inches)</u>	<u>Nonresidential 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:

<u>Year</u>	<u>Contributions In Aid of Construction</u>	<u>Cash Contributed In Lieu of Water Rights</u>	<u>Anheuser- Busch Water Rights Payments</u>	<u>Plant Investment Fees</u>	<u>Anheuser-Busch Master Agreement Payments</u>	<u>Anheuser-Busch Capacity Payments</u>	<u>Total Contributed Capital</u>
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
2008	50,135	3,232,624	-	1,355,507	698,468	30,296	5,367,029

**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:

	2004	2005	2006	2007	2008
User charges for services	\$ 21,525,416	\$ 22,945,856	\$ 26,378,921	\$ 24,820,432	\$ 24,283,914
Plant investment fees	3,067,154	2,813,765	2,393,080	2,631,513	5,367,029
Other fees & charges	6,678,029	9,067,665	4,175,007	5,518,237	329,483
Investment earnings	869,287	1,707,545	2,288,629	3,714,183	2,915,357
Total Water System Revenue	<u>\$ 32,139,886</u>	<u>\$ 36,534,831</u>	<u>\$ 35,235,637</u>	<u>\$ 36,684,365</u>	<u>\$ 32,895,783</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, 2008. The following sets forth the operating history of the Water Fund for the years ended December 31, 2004 through 2008:

	2004	2005	2006	2007	2008
<b>Operating Revenues</b>					
Charges for services	\$ 21,525,416	\$ 22,945,856	\$ 26,378,921	\$ 24,820,432	\$ 24,283,914
<b>Operating Expenses</b>					
Administrative charge	2,478,211	2,528,019	2,835,917	2,901,642	3,859,087
Personal services	5,047,626	4,848,778	4,883,709	5,211,431	5,562,836
Contractual services	2,376,937	2,388,507	2,721,466	2,745,034	2,877,169
Commodities	968,092	1,224,960	1,327,094	1,431,683	1,378,148
Other	2,091,188	2,297,947	2,159,018	2,341,976	2,146,013
Depreciation	5,374,100	5,423,858	5,230,243	5,600,347	4,823,679
Total Operating Expense	18,336,154	18,712,069	19,157,447	20,232,113	20,646,932
Operating Income	3,189,262	4,233,787	7,221,474	4,588,319	3,636,982
<b>Nonoperating Revenues (Expenses)</b>					
Other revenue	597,024	795,590	-	429,613	312,898
Earnings on investments	869,287	1,707,545	2,288,629	3,714,183	2,915,357
Net increase (decrease) in the fair value of investments	(309,008)	(497,829)	285,873	-	-
Gain(loss)on fixed asset sales	8,177	4,734	8,864	(26,158)	16,585
Interest expense	(2,277,744)	(2,006,014)	(1,853,961)	(1,712,813)	(1,434,719)
Other expenses	(46,751)	(46,750)	(46,751)	(46,751)	(121,096)
Total Nonoperating Revenues (Expenses)	(1,159,015)	(42,724)	682,654	2,358,074	1,689,025
Income Before Contributions and Transfers	2,030,247	4,191,063	7,904,128	6,946,393	5,326,007
Capital contributions	9,139,982	11,081,106	6,559,722	7,720,137	5,367,029
Operating transfers out	(69,000)	-	-	-	(183,940)
Income After Contributions and Transfers	9,070,982	11,081,106	6,559,722	7,720,137	5,183,089
Change in Net Assets	11,101,229	15,272,169	14,463,850	14,666,530	10,509,096
Net Assets--Jan. 1	171,638,492	182,739,721	198,011,890	212,475,740	227,142,270
Net Assets--Dec. 31	<u>\$ 182,739,721</u>	<u>\$ 198,011,890</u>	<u>\$ 212,475,740</u>	<u>\$ 227,142,270</u>	<u>\$ 237,651,366</u>

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

---

As of December 31, 2008, 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	\$ 2,535,000
Water Revenue Bond, Series 1997	10,125,300	5,178,085
Water Revenue Refunding and Improvement Bonds, Series 1998	31,580,000	8,990,000
Water Revenue Bond, Series 1999	4,998,395	2,964,228
Water Subordinate, 2004	2,476,446	2,200,391
Water Revenue Refunding Series 2008	<u>9,645,000</u>	<u>9,645,000</u>
<b>Total</b>	<u>\$ 78,080,141</u>	<u>\$ 31,512,704</u>

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

Tax Year	Budget Year	Base Valuation			Collection Rate		
		Total Assessed Valuation	Base Valuation <sup>1</sup>	Incremental Valuation <sup>2</sup>	Incremental Ad Valorem Taxes Levied	Tax Increment Revenues Collected	Collection Rate <sup>4</sup>
1999	2000	56,193,740	34,920,370	21,273,370	1,834,913	1,800,013	98.10 %
2000	2001	55,704,050 <sup>3</sup>	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	3,682,571	98.00
2007	2008	107,913,360	54,165,745	53,747,615	4,810,006	4,713,806	98.00
2008	2009	114,636,610	55,093,165	59,543,445	5,286,865	3,030,960	57.33 <sup>5</sup>

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

<sup>2</sup> Taxes generated from the incremental valuation are collected in the following year.

<sup>3</sup> Decrease in assessed valuation primarily attributable to one business relocating outside of District.

<sup>4</sup> 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.

<sup>5</sup> Collections through May 15, 2009.

Source: County Assessor's Office

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

Year	Tax Increment Revenues	Debt Service Requirements			Coverage <sup>1</sup>
		Principal	Interest	Total	
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	2,074,822	1,005,000	336,160	1,341,160	1.55
2003	2,643,643	1,080,000	292,800	1,372,800	1.93
2004	2,736,509	1,150,000	364,137	1,514,137	1.81
2005	2,711,952	1,260,000	421,593	1,681,593	1.61
2006	3,320,341	-	247,430	247,430	13.42
2007	3,682,571	2,245,000	485,539	2,730,539	1.35
2008	4,713,806	2,270,000	453,360	2,723,360	1.73

<sup>1</sup> 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.

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: City of Fort Collins			
		YEAR ENDING : December 2008			
This Information From The Records Of (example - City of _ or County of _ City of Fort Collins		Prepared By: Phone:	Karen Tracy *(970)416-2426		
<b>I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE</b>					
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					
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES</b>		<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES</b>			
ITEM	AMOUNT	ITEM	AMOUNT		
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>			
1. Local highway-user taxes		1. Capital outlay (from page 2)	7,025,002		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	20,363,529		
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations	3,038,769		
2. General fund appropriations	5,330,643	b. Snow and ice removal	1,185,892		
3. Other local imposts (from page 2)	16,250,897	c. Other	4,974,805		
4. Miscellaneous local receipts (from page 2)	11,553,809	d. Total (a. through c.)	9,199,465		
5. Transfers from toll facilities	0	4. General administration & miscellaneous	347,944		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	0		
a. Bonds - Original Issues	0	6. Total (1 through 5)	36,935,941		
b. Bonds - Refunding Issues	0	<b>B. Debt service on local obligations:</b>			
c. Notes	0	1. Bonds:			
d. Total (a. + b. + c.)	0	a. Interest	260,174		
7. Total (1 through 6)	33,135,349	b. Redemption	0		
<b>B. Private Contributions</b>	0	c. Total (a. + b.)	260,174		
<b>C. Receipts from State government</b> (from page 2)	4,060,766	2. Notes:			
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	0		
<b>E. Total receipts (A.7 + B + C + D)</b>	37,196,115	b. Redemption	0		
		c. Total (a. + b.)	0		
		3. Total (1.c + 2.c)	260,174		
		<b>C. Payments to State for highways</b>	0		
		<b>D. Payments to toll facilities</b>	0		
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	37,196,115		
<b>IV. LOCAL HIGHWAY DEBT STATUS</b> (Show all entries at par)					
	Opening Debt	Amount Issued	Redemptions	Closing Debt	
<b>A. Bonds (Total)</b>	1,441,863		156,863	1,285,000	
1. Bonds (Refunding Portion)					
<b>B. Notes (Total)</b>				0	
<b>V. LOCAL ROAD AND STREET FUND BALANCE</b>					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		37,196,115	37,196,115		0
<b>Notes and Comments:</b>					

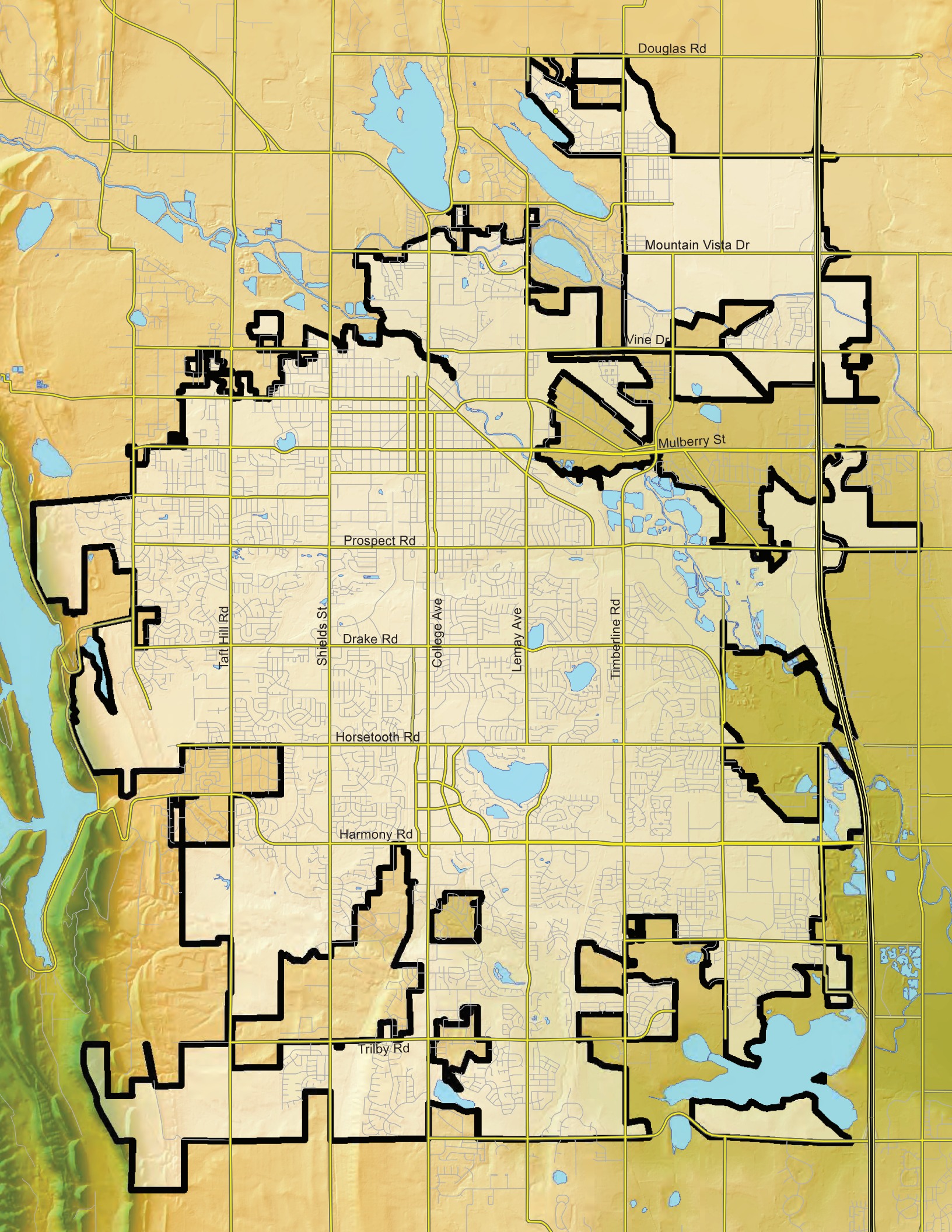
FORM FHWA-536 (Rev. 1-05)

PREVIOUS EDITIONS OBSOLETE

(Next Page)

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: Colorado YEAR ENDING (mm/yy): December 2008	
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	673	a. Interest on investments	730,320
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes	13,143,469	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	163,202	f. Charges for Services	10,670,489
5. Specific Ownership &/or Other	2,943,553	g. Other Misc. Receipts	0
6. Total (1. through 5.)	16,250,224	h. Other	153,000
c. Total (a. + b.)	16,250,897	i. Total (a. through h.)	11,553,809
(Carry forward to page 1)		(Carry forward to page 1)	
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	3,655,796	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	404,971	d. Federal Transit Admin	0
d. Other (Specify)	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	404,971	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	4,060,766	3. Total (1. + 2.g)	
		(Carry forward to page 1)	
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs	0	3,977	3,977
b. Engineering Costs	0	0	0
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	7,021,025	7,021,025
(3). System Preservation	0	0	0
(4). System Enhancement & Operation	0	0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	7,021,025	7,021,025
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	7,025,002	7,025,002
		(Carry forward to page 1)	
Notes and Comments:			





Douglas Rd

Mountain Vista Dr

Vine Dr

Mulberry St

Prospect Rd

Taft Hill Rd

Shields St

Drake Rd

College Ave

Lemay Ave

Timberline Rd

Horsetooth Rd

Harmony Rd

Trilby Rd