

JOURNEY TO PERFORMANCE EXCELLENCE

PEOPLE'S ANNUAL FINANCIAL REPORT

2017



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ABOUT THIS REPORT

The purpose of this report is to provide an overview of the financial position and operations of the City of Fort Collins, as reported in the City's Comprehensive Annual Financial Report (CAFR), along with other information of interest. The financial information presented is unaudited and in a summarized and condensed form, and does not substitute for the City's CAFR. The City's CAFR is prepared in conformity with generally accepted accounting principles (GAAP). Included in the CAFR is the Independent Auditor's Report by RSM US LLP on the general purpose financial statements of the City. This report summarizes more than 200 pages of the CAFR's financial and statistical data. The financial statements condense information of all funds included in the "Total Primary Government."

GAAP requires certain financial presentation and disclosures which are omitted in this report. As a result, the Balance Sheet and Income Statement presented here are not in strict conformity with GAAP. The City's CAFR has received awards for outstanding financial reporting from the Government Finance Officers Association. The CAFR and the City Manager's Budget are available on the City's website, fcgov.com/finance.

Letter from the City Manager & CFO

Fort Collins Residents,

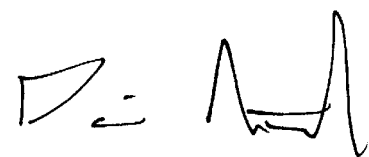
Perhaps the highest duty entrusted to your local government is the stewardship and custody of the public's resources, in particular its financial resources. With this spirit of trust and transparency in mind, we consider it vital that s are kept informed and updated on the status of the City's finances. We're proud to report that our strong local economy, prudent fiscal management, and healthy fund balances all position us well for the challenges that the future holds. We maintain an Aaa credit rating with Moody's, a designation that only 4 percent of governments receive.

It is thus our privilege to present to you the City of Fort Collins 2017 People's Annual Financial Report for the fiscal year. This report is one part of the City organization's collective focus on accountability, transparency and responsiveness to the individuals and populations we serve. We hope this report provides you an opportunity to learn and participate in the City's financial activities in an easy-to-understand, concise manner.

This report includes condensed and simplified information from the 2017 Comprehensive Annual Financial Report (CAFR). It is important to note that this report is unaudited and is presented on a non-Generally Accepted Accounting Principles (GAAP) basis. It contains condensed financial information and does not provide all of the necessary financial statements and note disclosures required by GAAP. This document includes information on the Fort Collins Urban Renewal Authority, a legally separate, blended component unit of the City which is therefore included in the City's governmental activity figures. It excludes discrete component units and fiduciary fund information. The CAFR is a more detailed and complete financial presentation which is prepared in conformity with GAAP and is audited by the City's independent auditors.

This year's theme is Journey to Performance Excellence. Excellence is one of the six core values adopted by the City's professional staff. In 2017, the City received the Malcolm Baldrige National Quality Award, recognizing its systems-based approaches, measurement tools, customer focus and more. While receiving the award was a tremendous honor and recognizes all the progress we've made, we look forward to continuing our excellence journey and serving the Fort Collins community in high-performing and innovative ways.

We would like to thank the hard-working staff of the Accounting and Treasury department, the team responsible for producing this report and the CAFR. Their commitment to accountability and integrity provides a great service to the Fort Collins community. We invite you to seek more in-depth information online. The CAFR, Biennial Budget, and other detailed reporting are available online at fcgov.com/finance. The City's website also includes information about departmental operations, job opportunities, City Council agendas, meetings and much more.



Darin Atteberry
City Manager



Mike Beckstead
Chief Financial Officer

Meet Fort Collins

Fort Collins is recognized by various national organizations and magazines as one of the best places to live in the nation. Incorporated in 1873 and located in Northern Colorado, Fort Collins is home to Colorado State University (CSU) and an outstanding public school system, several large high-tech employers and leading businesses in the craft brewing industry. The community offers exciting recreational opportunities, unique cultural offerings and amenities, and is a regional center for employment and commerce.

As with many cities that house a large university, the economy and culture of Fort Collins are closely tied with CSU. Both the university and the city have grown considerably in population in recent history. With 7,829 employees, CSU was the largest employer in Fort Collins in 2017.

Despite the vibrancy and economic stability the community enjoys, City leadership has several challenges to navigate in coming years. The City is launching City Plan to help shape the community's vision for Fort Collins in the next 20 years. City Plan will address land use, transportation and transit, and many other

topics. The Keep Fort Collins Great sales tax, which is 0.85 percent of taxable sales, or \$27.6 million of 2017 revenues, is scheduled to expire December 31, 2020. Finally, the community has set ambitious goals around Climate Action Planning that will require thoughtful planning in order to achieve while still maintaining economic vitality and social health.

QUICK FACTS

- **Estimated Population: 171,100**
City of Fort Collins, March 1, 2018
- **Unemployment Rate: 2.5%**
Bureau of Labor Statistics Occupational Employment and Wage Estimates, December 2017
- **Median Age: 29.3**
American Community Survey 5-Year Estimates, 2011-2015
- **Median Household Income: \$55,647**
American Community Survey 5-Year Estimates, 2011-2015
- **Education Level (approximate percentage of population with completion of 4 or more years of college education): 52.5%**
American Community Survey 5-Year Estimates, 2011-2015

TOP TEN EMPLOYERS BY HEADCOUNT

Colorado State University	Education	7,829
Poudre R-1 School District	Education	4,394
UC Health: Poudre Valley Hospital	Healthcare	4,288
City Of Fort Collins	Government	1,992
Larimer County	Government	1,855
Broadcom (Avago)	Analog Electronics	1,244
Woodward Inc.	Aerospace	1,201
Employment Solutions Personnel	Staffing	868
Otter Products, LLC	Electronics Accessories	826
Department Of Agriculture	Government	789



About the City Government Organization

CITY LEADERSHIP

Fort Collins is a home rule city with a Council/Manager form of government. The Council is made up of six district councilmembers who are elected on a non-partisan basis for a four-year term and a Mayor who is elected at-large on a non-partisan basis for a two-year term. The Council appoints the City Manager, the City Attorney and the Municipal Judge, who in turn manage the professional municipal organization.

CITY SERVICES

The Fort Collins municipal organization provides a full range of services, including:

- Police
- Fire Protection through a local Authority
- Four utilities: Light & Power, Water, Wastewater, and Stormwater
- Streets, Transportation, and Transit infrastructure
- Parks, Recreation, Natural Areas, and Cultural facilities
- Planning, Engineering, and Community services
- Sustainability services, including Economic Health, Environmental Services, and Social Sustainability

To contact a department, the full department directory can be found at fcgov.com/cityservices.

KEY OUTCOME AREAS

The City's entire strategic planning, budgeting, execution, and performance measurement revolves around seven outcome areas. Our strategic plan is located at fcgov.com/strategicplan; the City budget can be reviewed at fcgov.com/budget.

-  Neighborhood Livability and Social Health
-  Culture and Recreation
-  Economic Health
-  Environmental Health
-  Safe Community
-  Transportation
-  High Performing Government

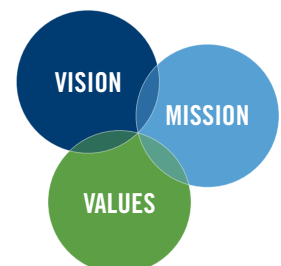
VISION, MISSION, & VALUES

Vision: To provide world-class municipal services through operational excellence and a culture of innovation.

Mission: Exceptional service for an exceptional community.

Values:

- Collaboration
- Excellence
- Integrity
- Outstanding Service
- Safety & Well-being
- Stewardship



IT'S OUR CITY

Customer-focused Excellence

INTERACTING WITH THE CITY

People have more avenues than ever to keep up to speed on initiatives, news, programs, or requests for City services:

Access Fort Collins - An easy way to reach the City with questions, comments, or service requests.
fcgov.com/accessfortcollins

Open Book - An online tool designed to disclose expenses in a simple-to-use format for those interested in how the local government spends its revenues.
fcgov.com/openbook

FCTV - Regularly updated video content, available on basic cable, which provides several programming options designed to inform, educate, and inspire.
fcgov.com/fctv

Social Media - People can also stay current and provide feedback via social media platforms such as Facebook, Twitter, or Instagram.
fcgov.com

OpenCity - A new initiative to take transparency to the next level. The goal of OpenCity is to create a web portal to host data sets that are available to the public in a format that people can easily search, filter, or use in innovative and creative ways.
fcgov.com/opencity

Our City - This is your chance to get involved in the City's biggest projects! Engagement and feedback opportunities on this site mirror what is happening on the ground so everyone can join.
ourcity.fcgov.com

THERE'S AN APP FOR THAT

To stay just one tap away from the City, consider downloading these handy applications to your smart phone.

- Access Fort Collins
- Ride Transfort
- FC Parking
- Pace Bike Share





DATA-DRIVEN DECISION MAKING

The City of Fort Collins has deliberately moved from a “trust us” model to being a data-driven organization. We are using data to improve efficiency and accountability.

Community Dashboard – An online tool that measures the community’s progress in attaining the City’s Key Outcome Areas. Important metrics such as voluntary code compliance, unemployment rate, community energy use, number of local traffic crashes and transit passengers per revenue hour are measured and monitored so the City can adapt certain programs to ensure targets are met and improve performance where necessary. The Community Dashboard can be viewed at fcgov.com/dashboard.

Strategy Maps – The City created Strategy Maps to enhance metrics and track the City’s progress. Strategy Maps tie to each of the 54 Strategic Objectives within the 2018 Strategic Plan. This provides insight into the City’s progress in achieving the Strategic Objectives, which will then help meet the Outcomes. See more about the strategy maps in the 2018 Strategic Plan at fcgov.com/strategicplan.

Monthly Financial Reports – An internal report prepared monthly by managers and reviewed by City executives. Management uses this report to closely analyze their department’s budget expenditures and revenues. The report also communicates departments’ projects, goals and needs to other departments.

Community Survey – A statistically valid survey is conducted every two years to poll the public on their perceptions and satisfaction with local government. The information gained from this survey is an important step in the Strategic Plan and the Budgeting for Outcomes processes. Learn more at fcgov.com/communitysurvey.

Malcolm Baldrige National Quality Award

On November 16, 2017, U.S. Commerce Secretary Wilbur Ross named the City of Fort Collins and four other organizations as the 2017 recipients of the Malcolm Baldrige National Quality Award. This Presidential-level honor recognizes exemplary practices among American organizations and businesses including a drive for radical innovation, thoughtful leadership, and administrative improvement. Receiving the award was the culmination of a rigorous, multi-year pursuit for the City of Fort Collins, as only the third city to win in the prestigious award’s 30-year history. Fort Collins began applying at the state level in 2011 with the Rocky Mountain Performance Excellence (RMPEX) program. After receiving the highest level “Peak status” from RMPEX in 2014, the City began applying to the national Baldrige program in 2015. Additional information on the Baldrige Performance Excellence Program is located at nist.gov/baldrige.





2017 Snapshot EXCELLENCE IN ACTION

The City's adoption of the Baldrige Excellence Framework is widely considered international best practice, and is one of the best, most cost-effective performance assessments an organization can find. Below, several marquee City projects are highlighted as examples of applying the principles of continuous improvement, collaboration, customer focus, and long-term planning. Each of these projects was conceived as part of intentional multi-year planning efforts such as the 10-year City Plan, Trails Master Plan, Parks and Recreation Policy Plan, Downtown Plan and Master Street Plan.

TWIN SILO PARK

A new jewel in the Fort Collins parks system, Twin Silo park opened in November 2017. This one-of-a-kind 54-acre park carries agriculturally-themed features such as an orchard, large community garden, and hops trestles. The park includes traditional fields such as ballfields, as well as less common features such as pickleball courts and a BMX track. Finally, the park's centerpiece and namesake: two 48-foot tall former grain silos relocated from city property. The silos are connected by a tall slide and stand over a play area cleverly designed as a barn.

LINCOLN CORRIDOR

In 2017, the City completed construction of a community-supported vision for one of its critical connections from Downtown Fort Collins to the eastern side of the community. The area has a strong, diverse, and "uniquely Fort Collins" mix of retail, industry, offices, recreation, and neighborhoods with rich history and culture. The finished project created a multi-modal design along the corridor and replaced the Poudre River Bridge, thereby improving mobility, safety, and flood control, all while enhancing the appearance and creating a street with a unique identity.

BROADBAND INTERNET SERVICE

In November 2017, Fort Collins voters approved a Utility Charter amendment to add telecommunication services and, with subsequent Council direction, issue bonds of up to \$150 million. Fort Collins began prioritizing broadband after community outreach in the 2014 budgeting process. In 2015, voters first indicated their support for Broadband by approving a home-rule exception to SB152, which restricts local government participation in telecommunications. After considerable analysis of alternatives, third-party consulting, community outreach, and due diligence, in 2018 the City Council directed staff to issue bonds and begin construction of a municipally-owned, retail network with the objective of servicing its first customers in late 2019.

FIREHOUSE ALLEY PARKING STRUCTURE

An excellent example of collaboration, it was built in conjunction with the new Elizabeth Hotel in downtown Fort Collins. In partnering on the parking structure with the hotel's developers, the City is simultaneously supporting its Council-adopted Parking Plan and a longstanding economic and cultural goal of having a boutique hotel in the downtown area.

MULTIMODAL INFRASTRUCTURE IMPROVEMENTS

The City's vision has long embraced safe facilities for pedestrians, bicycles, motorized vehicles and public transit. The City completed four projects in 2017 supporting that vision.

- College & Prospect Intersection
- Fossil Creek Trail Underpass
- Elizabeth and Shields Underpass
- Foothills Underpass at College Avenue





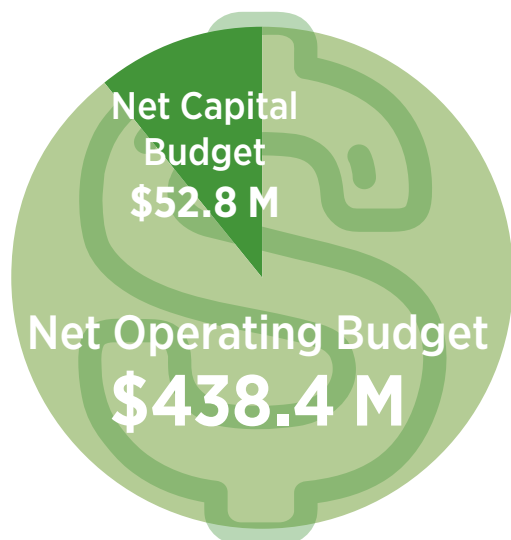
Fort Collins by the Numbers

OPERATING STATISTICS

STAFFING (FULL-TIME EQUIVALENTS,
SALARIED AND HOURLY)



**NET 2017 OPERATING &
CAPITAL BUDGET \$491.2 M (AS AMENDED)**



PUBLIC SAFETY



110,590
Police Incidents



22,778
Medical Calls



22,197
Fire Calls

CULTURE, PARKS, RECREATION & NATURAL AREAS



1.3 M
Recreation Facility
Attendance & Program
Participation



939
Parks Acreage
43
Trail Miles



44,579
Natural Areas
Acreage



377,531
Cultural Attendance
(Museum, Lincoln
Center, Gardens)

TRANSPORTATION



4.3 M
Transport & Dial-a-Ride
Passengers



1,957
Street Lane
Miles



230
Traffic
Signals



211
Bike Lane Miles
(approx.)

UTILITIES



542
Miles of
Water Mains



2,004
Miles of High
Voltage Circuits



99.99%
Reliability
Rate



119,000
Customer Calls
Responded to

SUSTAINABILITY



\$169,100
Targeted Industry
cluster funds



\$1.7 M
Dollars Awarded to
Human Services/
Housing Agencies



125
Homes Assessed
for Indoor
Air Quality



17%
Reduction in
Greenhouse Gases
(against 2005 levels)

“As Humbled

and honored as we are that Fort Collins is a Baldrige recipient, we do not consider this a finish line. We are in the middle of our journey, and this recognition is an indicator that we are headed in the right direction. It is a great privilege to serve this community, and I look forward to continuing to pursue excellence with you.”

Darin Atteberry, City of Fort Collins City Manager



Fort Collins Financial Results

NET POSITION

The net position, or net worth, of the City on December 31, 2017 was \$1.9 billion. Of the net position balance, \$310.2 million is unrestricted and is available to meet ongoing obligations in accordance with the City's fund designations and fiscal policies.

The City's net position increased by \$76.9 million (4.2 percent). The governmental net position increased by \$43.4 million (4.2 percent) and the business-type position increased by \$33.5 million (4.2 percent).

The City's total long-term liabilities decreased by \$9.9 million (8.3 percent) during the current year. Within that activity, the City's governmental long-term liabilities increased by \$2.3 million and business-type long-term liabilities decreased by \$12.2 million. The City issued new certificates of participation for the Firehouse Alley Parking Garage in 2017 resulting in an increase in governmental long-term debt while the decrease in business-type debt was driven by principal payments on existing amounts.

NET POSITION (at December 31 in thousands)	Governmental		Business-type		Total Primary Government	
	2016	2017	2016	2017	2016	2017
ASSETS						
Current and other assets	\$ 313,630	\$ 312,097	\$ 178,336	\$ 174,728	\$ 491,965	\$ 486,825
Capital assets	824,965	876,783	701,684	724,038	1,526,649	1,600,820
Total assets	1,138,595	1,188,879	880,020	898,766	2,018,615	2,087,645
Deferred outflows of resources	2,203	1,016	2,872	1,609	5,076	2,625
LIABILITIES						
Long-term liabilities	57,429	59,731	62,468	50,267	119,896	109,998
Other liabilities	28,915	25,764	25,369	20,533	54,284	46,297
Total liabilities	86,344	85,495	87,837	70,801	174,181	156,296
Deferred inflows of resources	25,216	31,772	5	969	25,221	32,741
NET POSITION						
Net investment in capital assets	781,421	829,571	646,367	679,667	1,427,789	1,509,238
Restricted	80,520	81,844	859		81,379	81,844
Unrestricted	167,297	161,214	147,824	148,938	315,121	310,152
TOTAL NET POSITION	\$ 1,029,238	\$ 1,072,629	\$ 795,050	\$ 828,605	\$ 1,824,289	\$ 1,901,234

Fort Collins Financial Results

SUMMARY OF ACTIVITIES

Governmental revenues increased substantially by \$23.7 million. Charges for services were \$4.3 million higher than last year. Operating and capital grants and contributions were \$10.3 million higher than last year. Property taxes were \$2.3 million higher than last year due to significant increase in assessed values.

On the business-type side, program revenues experienced a net increase of \$6.7 million. This 3 percent increase was driven primarily by rate increases to the utilities.

Expenses are described in greater detail in the following pages.

CONDENSED SUMMARY OF ACTIVITIES (at December 31 in thousands)	Governmental		Business-type		Total Primary Government	
	2016	2017	2016	2017	2016	2017
REVENUES						
Program revenues, primarily service charges	\$ 70,683	\$ 85,296	\$ 222,379	\$ 227,515	\$ 293,062	\$ 312,811
Sales & use taxes	136,087	135,621	-	-	136,087	135,621
Other general revenues	53,356	62,880	1,780	3,333	55,136	66,213
TOTAL REVENUES	260,126	283,797	224,159	230,848	484,285	514,645
Expenses	225,695	243,912	191,481	193,789	417,177	437,700
Transfers	2,236	3,505	(2,236)	(3,505)	-	-
CHANGE IN NET POSITION	36,666	43,390	30,441	33,555	67,108	76,945
Net position, beginning of year	992,572	1,029,238	764,609	795,050	1,757,181	1,824,289
NET POSITION, END OF YEAR	\$ 1,029,238	\$ 1,072,629	\$ 795,050	\$ 828,605	\$ 1,824,289	\$ 1,901,234

Revenues

HOW IS FUNDING RAISED?

SALES & USE TAX

Many City services are funded through service charges, such as our Utility or Recreation services. However, the City assesses a 3.85 percent tax upon sales, purchases, and certain services in order to fund other services that are not charged based on volume or usage.

Base Rate

2.25%.

Funds government services like police, transportation, and administration.

Streets and Transportation

0.25%, EXPIRES DECEMBER 31, 2025.

Streets maintenance taxes were first approved in 1984 and were renewed in 1989, 1998, 2006, and 2016. The Street Maintenance Program focuses on extending the lifespan of roadways and minimizing the cost of maintaining a viable road surface. Good roads cost less to maintain than those in poor condition, and this tax allows the City to maintain the current level of service.

Community Capital Improvement Program (CCIP)

0.25%, RENEWED APRIL 2015 AND EXPIRES DEC. 31, 2025

CCIP taxes were initiated in 1985 and were renewed in 1990, 1998, 2006, and 2016. Project highlights using this funding for 2016-2025 include City Park train and Club Tico renovations, Downtown Poudre River White Water Park, a Visitor's Center at the Gardens on Spring Creek, Willow and Linden Street improvements, Lincoln Avenue bridge, and a Southeast Community Center.

Natural Areas

0.25%, EXPIRES DECEMBER 31, 2030.

Open Space Yes!, originally passed in 1992 and renewed in 1998 and 2006, is a key component in the conservation and management of natural areas and trails. Expenditures from this tax include land acquisition, resource and land management, public improvements, and educational programming.

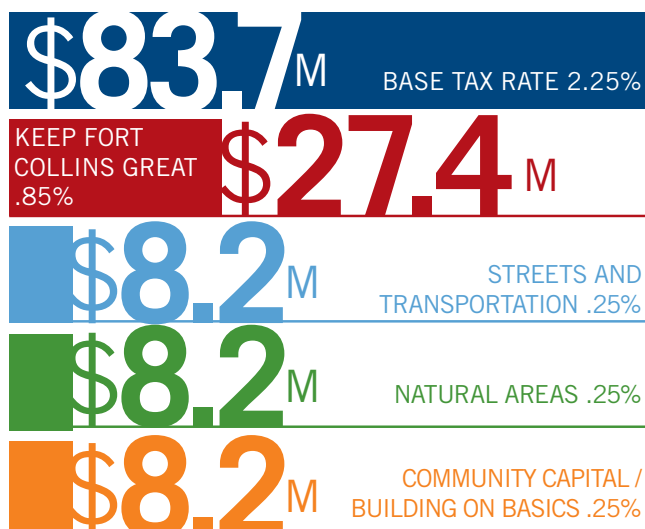
Keep Fort Collins Great

0.85%, EXPIRES DECEMBER 31, 2020.

This tax was passed by Fort Collins voters in November 2010 to fund services and programs that community values. The tax is used for road improvement projects, increased staffing and facilities for emergency responders, parks maintenance, and other priorities.

Sales & Use Tax

Dollar amounts in millions and reflect 2017 revenue



Expenses

WHERE DOES THE MONEY GO?

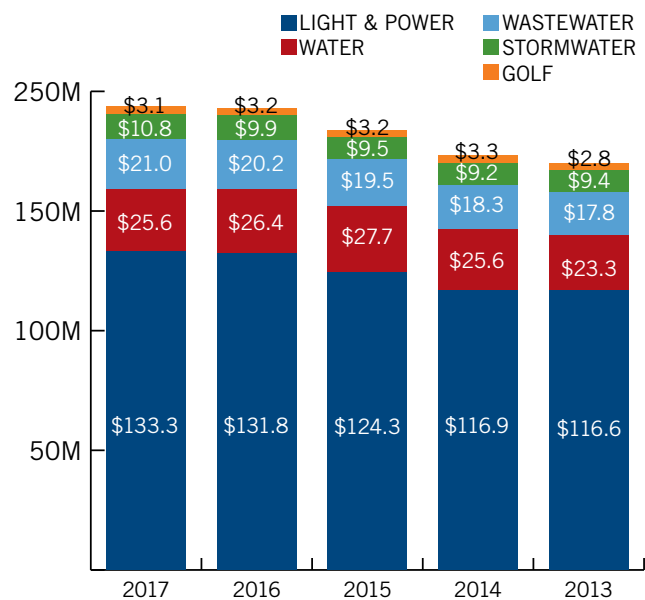
Every two years, the City Manager submits a budget for City Council's adoption. The proposed budget cannot include expenditures that exceed estimated reserve balances and anticipated income. The budget represents six months of input from community members, City staff and City management, and serves as the two-year blueprint for advancing results in the seven key outcome areas.

Fort Collins uses Budgeting for Outcomes (BFO) for its budget. The process focuses on results and priorities, not on cost. The process shifts from paying for costs to buying results. Service providers, or "sellers," make offers to results teams aligned behind one of the seven outcomes. Teams evaluate effectively purchasing these offers from the seller based on their priority. These purchase decisions put people and their priorities first. For more information, please visit fcgov.com/bfo.

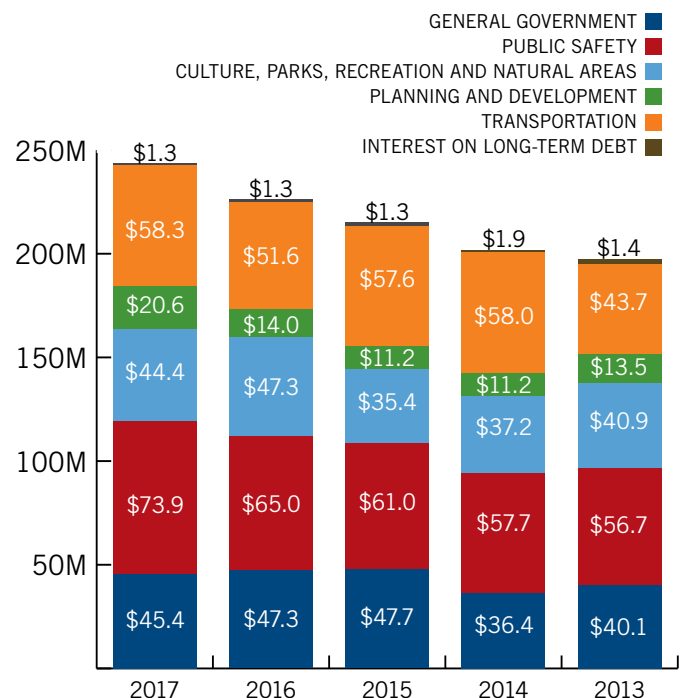
In 2017, governmental expenditures increased by \$18.2 million, or 8.1 percent, compared to 2016. Included in this increase was \$9.1 million in public safety where the City spent \$4.5 million more on police services and \$4.9 million more on Poudre Fire Authority services. Transportation spent \$6.7 million more than last year, and planning and development spent \$6.6 million more than last year.

Business-type Expenses totaled \$193.7 million in 2017, an increase of \$2.3 million, or 1.2 percent, when compared to 2016. Light and Power accounted for \$133.3 million of the increase primarily due to purchased power costs from Platte River Power Authority, the area electricity generation and transmission provider. Water expenses decreased \$0.8 million (3.0 percent). Wastewater expenses increased \$0.8 million (3.8 percent). Storm drainage expenses increased \$0.9 million (9 percent).

Business-type Expenses BY SERVICE



Government Expenses BY SERVICE



Expenses (CONTINUED) – WHERE DOES THE MONEY GO?

Many of the City's expenditures are segregated from other expenditures by a dedicated revenue source. Below is a breakdown by department of how proceeds from the various dedicated tax components are spent. Dedicated revenues, such as Keep Fort Collins Great, are contained to specified areas of spending by ballot language. Figures are in thousands and on a non-GAAP Budgetary Basis.

SERVICE AREA Department	General Fund	Keep Fort Collins Great Fund	Transportation Fund	Capital Projects Fund	Urban Renewal Authority	Other Gov. Funds	Grand Total
POLICE SERV. TOTAL	\$ 38,425	\$4,998					\$43,426
Investigations	6,102	1,510					7,444
Police Information Serv.	6,897	547					19,287
Patrol	17,772	1,515					4,758
Community & Special Serv.	3,365	1,393					4,324
Office of the Chief	4,290	32				2	3,097
FINANCIAL SERV. TOTAL	4,361						4,361
COMMUNITY & OPERATION SERV. TOTAL	25,309	4,936		8,838		28,648	67,731
Operation Services	12,034	29		330		6	12,399
Recreation		1,540		242		7,315	9,098
Community Serv. Admin.	351	49					400
Park Planning & Dev.				7,485		4,211	11,697
Cultural Services	2,267	111		188		4,294	6,860
Parks	10,515	2,542		16		580	13,654
Natural Areas	141	665		577		12,241	13,623
PLANNING, DEV. & TRANS.	9,982	14,757	27,319	24,681		47,668	124,407
PDT Administration	2,078		555				2,633
Transfort / Parking		2,611		8,597		45,056	56,264
Comm. Dev & Neighborhood Svcs.	7,895	170				55	8,120
FC Moves	8	844	707	636			2,196
Streets		9,646	19,286			1	28,933
Traffic		542	4,283			76	4,902
Engineering		944	2,488	15,448		2,480	21,359
EXECUTIVE SERVICES	3,690	16					3,706
JUDICIAL SERVICES TOTAL	894						894
LEGAL SERVICES TOTAL	2,232						2,232
INFORMATION & EMPLOYEE SVCS.	5,728	257					5,985
SUSTAINABILITY SERVICES TOTAL	6,875	2,027		318	5,797	3,242	18,258
Economic Health Office	2,433	313		283			3,030
Social Sustainability	1,549	1,035				3,242	5,826
Environmental Services	2,469	636		34			3,140
Administration	424	42					466
Urban Renewal Auth.					5,797		5,797
OTHER NON-DEPT. TOTAL	1,695					4,630	6,325
POUDRE FIRE AUTHORITY	24,012	3,362				1,631	29,006
GRAND TOTAL	\$123,203	\$30,354	\$27,319	\$33,837	\$5,797	\$85,821	\$306,330



Treasury Administration

WHERE'S THE MONEY KEPT?

CASH & INVESTMENT MANAGEMENT

Investment policies are governed by City Council adopted policy. The principal objective of the City's cash and investment strategy is preservation of investment principal. Thus, the policy allows for only fixed-income investments, such as state or local government debt, U.S. agency obligations, or U.S. corporate debt. Equity investments, such as common stock or mutual funds, are disallowed under the City's policy.

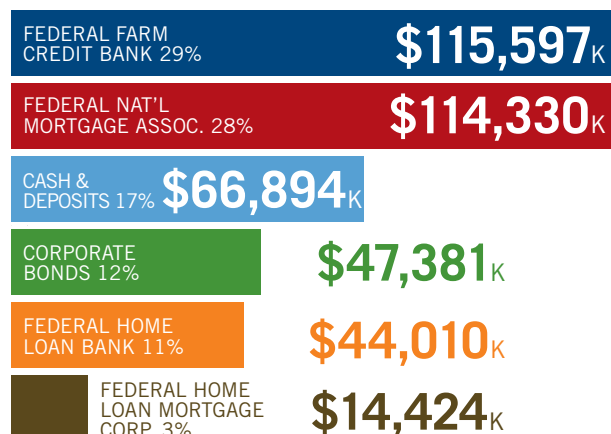
At Dec. 31, 2017, the fair market value of the City's cash and investments was \$402.6 million. The yield on market for the total assets in the portfolio for 2017 was 1.41 percent and total interest earnings were \$5.4 million.

BONDED DEBT OBLIGATIONS

The City's credit rating was Aaa by Moody's Investors Service at Dec. 31, 2017. This highly favorable investment rating, maintained by only 4 percent of governments, allows the city to pay less interest on its debt issuances. At Dec. 31, 2017, the city held total bonded debt of \$82.7 million. Of this amount, \$38.7 million was related to government activities and \$44.0 million was related to business-type activities. The debt service due within one year is \$14.5 million.

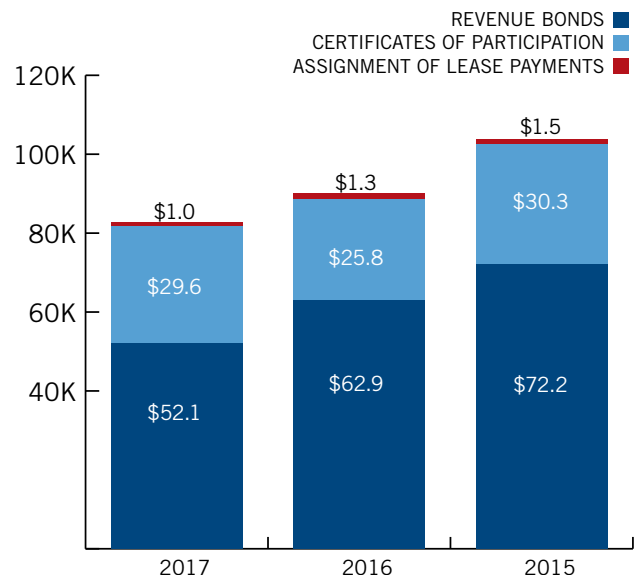
Cash & Investments

December 31, 2017 in thousands



City Debt Obligations

December 31, 2017 in thousands





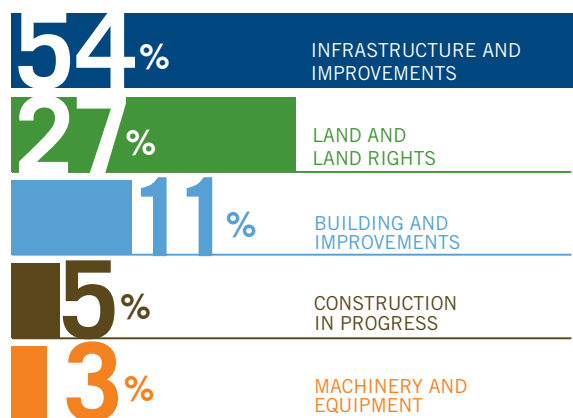
Capital Assets

WHAT DOES THE CITY OWN?

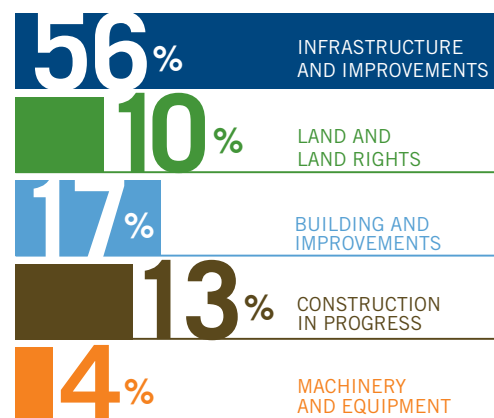
The book value, historical cost less depreciation, of the City's capital assets totaled \$1.6 billion at Dec. 31, 2017. This investment in capital assets includes buildings and improvements, infrastructure and other improvements, including streets, bridges, and the full utility delivery system, land and right of way, various equipment and construction in progress. Total investment in capital assets increased

\$74.2 million compared to 2016. While the City reports its assets at net book value based on acquisition cost and accumulated depreciation, estimated fair market value is \$3.9 billion for government-wide assets due to market appreciation of water rights, land and building values. This estimate is based on appraisal value, replacement cost, and/or insured values.

Government Capital Assets \$876.8M



Business-type Capital Assets \$724.0M





Glossary

Assets - what the City of Fort Collins owns.

Business-type activities - private sector-type operations, such as Utilities and Golf, where fees for services typically cover all or most of the cost of operations, including depreciation.

Capital assets - items such as City or Utility land, construction in progress, equipment, infrastructure and buildings, and improvements net of depreciation.

Component Unit - legally separate organizations for which the city is financially accountable. The Urban Renewal Authority, Downtown Development Authority, and General Improvement Districts #1 and #15 are the City's component units.

Current and other assets - items such as pooled cash and investments, cash and investments with fiscal agents, receivables, internal balances, inventories, deposits with others, prepaid items and deferred charges.

Deferred inflows - an acquisition of a net asset that is applicable to a future reporting period.

Deferred outflows - a consumption of a net asset that is applicable to a future reporting period.

Fiduciary fund - accounts for assets held on behalf of outside parties, including other governments.

Governmental activities - City basic services, including police, planning, economic development, and culture and recreation sales, use, and property taxes finance the majority of these services.

Invested in capital assets, net of related debt - amounts invested in capital assets less accumulated depreciation and any outstanding debt used to acquire these assets.

Liabilities - what the City of Fort Collins owes.

Long-term liabilities - items such as bonds, loans, compensated absences, and other City of Fort Collins obligations.

Net book value - represents the acquisition cost less accumulated depreciation for an asset.

Net Position - the difference between the City of Fort Collins assets and liabilities. It is the net worth of the City.

Other liabilities - items such as payables, payroll, accrued interest and unearned revenue.

PILOT - payment in lieu of taxes, made to compensate the primary government for some or all of the tax revenue lost due to the tax exempt status of the City's utilities.

Primary Government - all of the governmental and business-type activities belonging to the City of Fort Collins, but excludes the discretely presented component units and fiduciary funds.

Restricted - funds that are not available for use because they have been set aside for a specific purpose or project.

Unrestricted - one-time funds available to use for operations or capital.

