



2023 POPULAR ANNUAL
FINANCIAL REPORT

FORT COLLINS, COLORADO | YEAR ENDED DECEMBER 31, 2023



INTRODUCTION

The City of Fort Collins is a full-service municipal organization dedicated to providing exceptional service for an exceptional community of 173,000 residents, 8,000 businesses and numerous community partners.

Located in Northern Colorado, Fort Collins is home to Colorado State University (CSU), outstanding public school and healthcare systems, several large high-tech employers and leading businesses in the craft brewing industry. Fort Collins offers exciting recreational opportunities, unique cultural offerings and amenities, and is a regional center for employment and commerce. Both the City organization and community at large are frequently recognized for our quality of services and amenities, sustainable management practices, and a forward-thinking, innovative culture.

One of the City of Fort Collins' primary responsibilities is to steward taxpayer dollars to provide the programs and services the community expects and deserves from its local government. The Popular Annual Financial Report is part of this commitment to financial transparency.

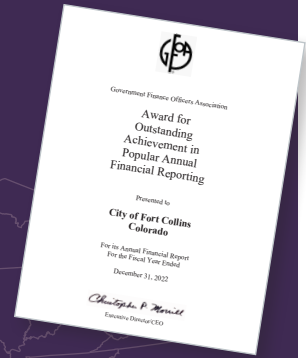
ABOUT THIS REPORT

This report provides a condensed and simplified overview of the City's financial position, based on information from the 2023 Annual Comprehensive Financial Report. This report is unaudited and is presented on a non-Generally Accepted Accounting Principles (GAAP) basis, as it does not provide all of the necessary financial statements and note disclosures required by GAAP. As a result, the Balance Sheet and Income Statement presented here are not in strict conformity with GAAP. The Annual Comprehensive Financial Report is a more detailed and complete financial presentation, which is prepared in conformity with GAAP and is audited by the City's independent auditors, Plante Moran, PLLC. This report summarizes more than 200 pages of the Annual Comprehensive Financial Report's financial and statistical data. The financial statements condense information of all funds included in the "Total Primary Government."

This report also 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 Annual Comprehensive Financial Report and the City Manager's Budget are available on the City's website, fcgov.com/finance.

Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Fort Collins for its Popular Annual Financial Report for the fiscal year ended December 31, 2022. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

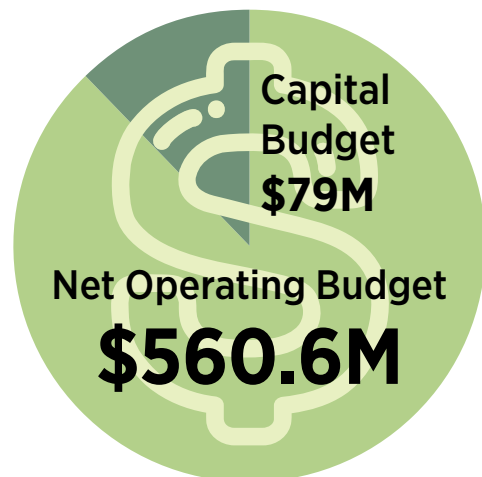
In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability and reader appeal.



DESIGN & ACCESSIBILITY

This year's Popular Annual Financial Report from the City of Fort Collins is streamlined and simplified from previous years. New Colorado law has raised the standard for digital accessibility, which mandates where and how fully designed PDF reports like this one can be posted or distributed online. Consequently, we have refocused the report's content to highlight the essential financial data, which will also be embedded directly on the City's website for full digital accessibility. This shift in approach enables us to adhere to state requirements while upholding our commitment to transparency and ensuring our financial data truly is readily accessible and easily understandable to the general public.

2023 OPERATING & CAPITAL BUDGET \$639.6M (AS AMENDED)



Fort Collins Financial Results

NET POSITION

The net position, or net worth, of the City at December 31, 2023 was \$2.19 billion. Of the net position balance, \$417.1 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 from the prior year by over \$66.9 million (3.2%). The governmental net position increased by \$47.1 million (3.9%) and the business-type position increased by \$19.7 million (2.2%).

The City's total long-term liabilities increased in 2023 by \$25.7 million (30.5%) during the current year. Within that activity, the City's governmental long-term liabilities increased by \$17.3 million (33.4%) and business-type long-term liabilities increased by \$8.4 million (25.9%).



NET POSITION (at December 31 in thousands*)	Governmental		Business-type		Total Primary Government	
	2022	2023	2022	2023	2022	2023
ASSETS						
Current and other assets	\$ 399,178	\$ 416,377	\$ 242,958	\$ 345,524	\$ 642,136	\$ 761,901
Capital assets	977,821	1,017,347	865,499	877,040	1,843,320	1894,387
Total assets	1,376,999	1,433,724	1,108,457	1,222,564	2,485,456	2,656,288
Deferred outflows of resources	2,353	694	2,500	911	4,853	1,605
LIABILITIES						
Long-term liabilities	80,451	65,289	172,988	257,402	253,439	322,691
Other liabilities	51,790	69,077	32,275	40,636	84,064	109,713
Total liabilities	132,240	134,366	205,263	298,038	337,503	432,404
Deferred inflows of resources	36,858	42,692	-	-	36,858	42,692
NET POSITION						
Net investment in capital assets	921,666	953,348	703,114	718,831	1,624,780	1,672,179
Restricted	77,766	93,562	-	-	77,766	93,562
Unrestricted	210,821	210,451	202,580	206,606	413,401	417,057
TOTAL NET POSITION	\$ 1,210,253	\$ 1,257,361	\$ 905,694	\$ 925,437	\$ 2,115,947	\$ 2,182,798

* Totals may not add due to rounding

Fort Collins Financial Results

SUMMARY OF ACTIVITIES

Governmental program revenues increased over 2022 by \$34.2 million, or 48.3%, while sales & use tax revenues increased by \$4.3 million, or 2.4%, while Governmental expenses increased by \$42.5 million over 2022. The increase in program revenue is attributed to operating grants and contributions through the Coronavirus Local Fiscal Recovery Fund – ARPA, which is federal awards relating to COVID-19 that fund a broad range of core governmental services and community programs. Other increases to program revenue include rising City investment gains over 2022, as well as increases to charges for services as demand for services continues to rise across a variety of programs and activities.

On the business-type side, program revenues and other general revenues increased in total by \$24.3 million with expenses increasing by only \$7.7 million over 2022. This 9.7% increase to revenues was largely driven by Electric & Telecommunication revenues for the build out of the Connexion internet service, and increased electric rates and consumption. Other increases include higher Wastewater revenues for commercial and industrial demand, as well as higher residential and commercial segment demands for increased Storm drainage utilities.

Expenses are described in greater detail in the following pages. For in-depth analysis and multi-year trends of revenues & expenses, see the 2023 Annual Comprehensive Financial Report.

CONDENSED SUMMARY OF ACTIVITIES (at December 31 in thousands*)	Governmental		Business-type		Total Primary Government	
	2022	2023	2022	2023	2022	2023
REVENUES						
Program revenues, primarily service charges	\$ 70,876	\$ 105,116	\$ 257,445	\$ 261,232	\$ 328,321	\$ 366,348
Sales & use taxes	173,971	178,229	-	-	173,971	178,229
Other general revenues	63,976	95,644	(6,456)	14,092	57,520	109,736
TOTAL REVENUES	308,822	378,989	250,989	275,324	559,811	654,313
Expenses	291,906	334,421	245,380	253,042	537,286	587,463
Transfers	1,580	2,540	(1,580)	(2,540)	-	-
CHANGE IN NET POSITION	18,496	47,108	4,029	19,742	22,525	66,850
Net position, beginning of year	1,191,757	1,210,253	901,666	905,694	2,093,423	2,115,947
NET POSITION, END OF YEAR	1,210,253	1,257,361	905,694	925,437	2,115,947	2,182,798

* Totals may not add due to rounding



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% tax on sales, purchases and certain services in order to fund other services that are not charged based on volume or usage.

Base Rate - 2.85%

Funds government services like police, transportation and administration.

General Fund Renewable - 0.25%

EXPIRES DECEMBER 31, 2030

This tax was passed by Fort Collins voters in April 2020 to continue funding services and programs residents value. This is also used in conjunction with the Base Rate to fund general government services.

Streets and Transportation - 0.25%

EXPIRES DECEMBER 31, 2025

Street 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. Well maintained roads require less upkeep than repairing roads in poor condition, and this tax allows the City to maintain the current level of service.

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.

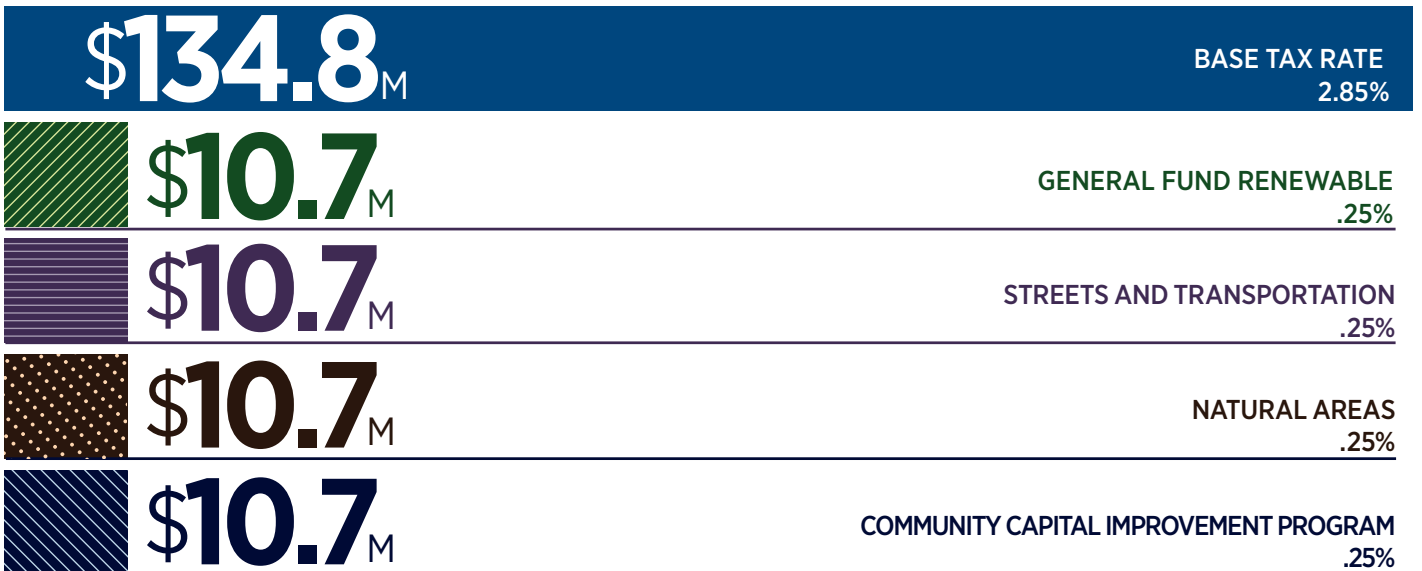
Community Capital Improvement Program (CCIP) - 0.25%

EXPIRES DECEMBER 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 Club Tico renovations, Downtown Poudre River Whitewater Park, a Visitors Center at the Gardens on Spring Creek, Willow and Linden Street improvements, Lincoln Avenue bridge, and a Southeast Community Center.

SALES & USE TAX

Dollar amounts in millions and reflect 2023 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 revenue. The budget represents six months of input from residents, City staff and City management, and serves as the two-year blueprint for advancing results in the seven key outcome areas.

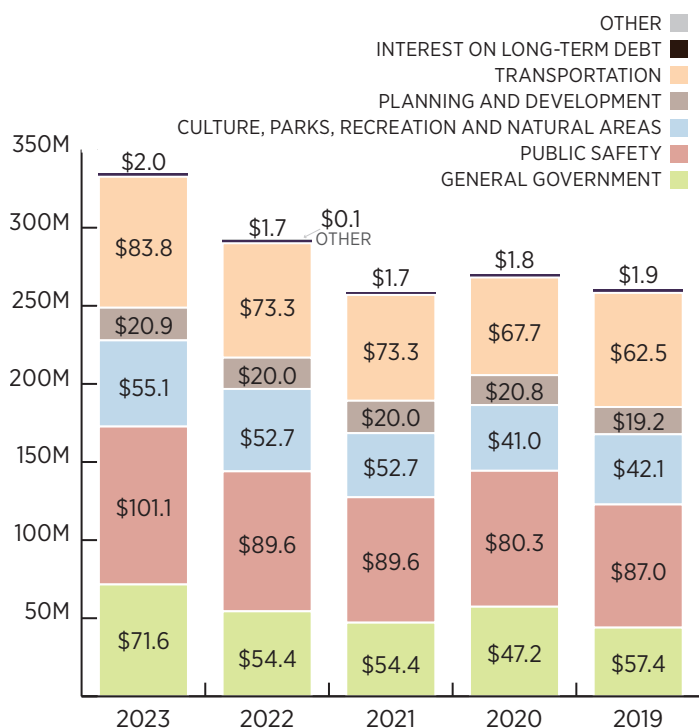
Fort Collins uses Budgeting for Outcomes (BFO) for its budget. The process focuses on results and priorities, not on cost. The process shifts from paying for costs to buying results. Service providers, or "sellers," make offers to results teams aligned behind one of the seven outcomes. Teams evaluate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

In 2023, governmental expenditures totaled \$334.4 million, an increase of \$42.5 million, or 14.6%, when compared to 2022. General Government, Public Safety and Transportation expenses increased over 2022 by \$17.2 million, \$11.4 million and \$10.5 million, respectively. These increases were largely due to expenses incurred

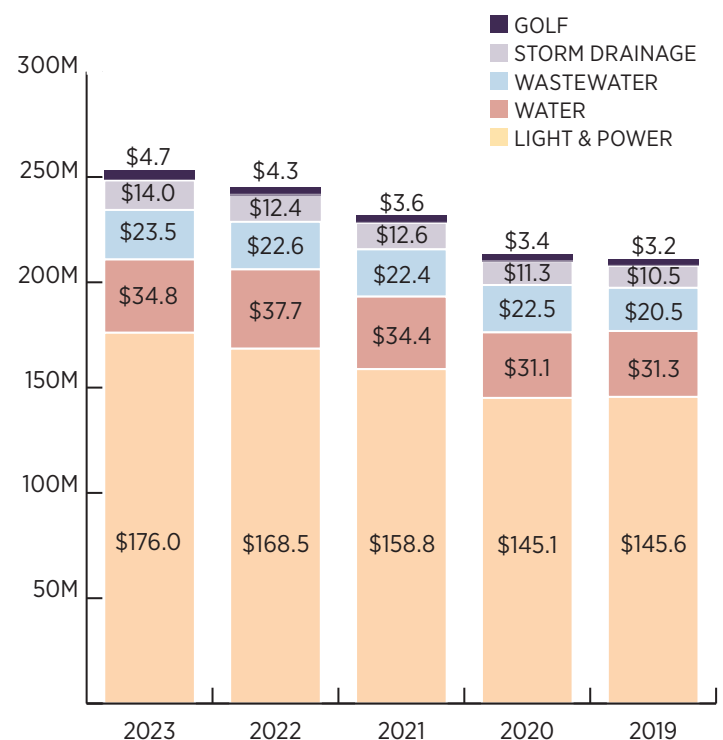
by services provided to the City, or in use from grant and contribution revenues, alongside other City improvements. Additionally, Culture, Parks, Recreation and Natural Areas expenses increased by \$2.4 million, also due to grant & contribution-related activity, as well as continuing economic growth seen in previous years. Meanwhile, Planning and Development and Interest on Long-Term Debt only increased by \$0.8 million and \$0.3 million, respectively, over the prior year.

Business-type expenditures totaled \$253.0 million in 2023, an increase of \$7.7 million, or 3.1%, when compared to 2022. Increases seen over 2022 and previous years largely occurred in Light & Power expenses, growing by \$7.6 million over the prior year, as expenses continue to rise for the Connexion internet service and other developments. While Storm Drainage, Wastewater and Golf-related expenditures only increased over 2022 by \$1.6 million, \$0.9 million, and \$0.5 million, respectively, with increases in Business-type services driven mostly by inflationary pressures in energy cost, labor, equipment and supplies. Meanwhile, Water was the only Business-type service to decrease expenses over 2022, declining \$2.9 million as consumption declined across all City customer segments.

GOVERNMENTAL EXPENSES BY SERVICE



BUSINESS-TYPE EXPENSES BY SERVICE



EXPENSES WHERE DOES THE MONEY GO? (CONTINUED)

Many expenditures of the City 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 presented are expressed in thousands; totals may not add due to rounding.

SERVICE AREA Department	General Fund	Transportation Fund	Capital Projects Fund	Urban Renewal Authority	Other Gov. Funds	Grand Total
POLICE SERVICES TOTAL	\$178,860	-	-	-	-	\$178,860
Investigations	30,994	-	-	-	-	30,994
Police Information Services	28,811	-	-	-	-	28,811
Patrol	59,575	-	-	-	-	59,575
Special Operations	36,398	-	-	-	-	36,398
Police Administration	23,081	-	-	-	-	23,081
FINANCIAL SERVICES TOTAL	48,853	-	-	-	-	48,853
COMMUNITY & OPERATION SERVICES TOTAL	57,336	-	9,452	-	138,546	205,333
Recreation	572	-	6	-	30,800	31,378
Community Services Admin.	1,756	-	-	-	-	1,756
Cultural Services	2,270	-	5,981	-	28,511	36,762
Parks	51,085	-	2,744	-	20,723	74,552
Natural Areas	1,652	-	720	-	58,513	60,885
PLANNING, DEV. & TRANSP. TOTAL	44,878	122,524	42,297	-	84,780	294,478
PDT Administration	3,704	464	-	-	-	4,168
Parking Services	-	-	-	-	9,285	9,285
Transfort	-	-	482	-	68,984	69,376
Comm. Dev. & Neighborhood Services	35,875	-	-	-	-	35,875
FC Moves	-	5,977	1,741	-	-	7,718
Streets	5,299	87,567	-	-	3	92,869
Traffic	-	18,654	-	-	-	18,654
Engineering	-	9,863	40,074	-	6,598	56,535
EXECUTIVE SERVICES TOTAL	15,672	-	-	-	-	15,672
JUDICIAL SERVICES TOTAL	5,414	-	-	-	-	5,414
LEGAL SERVICES TOTAL	10,958	-	-	-	-	10,958
INFO. & EMPLOYEE SERVICES TOTAL	73,503	-	1,538	-	-	75,042
SUSTAINABILITY SERVICES TOTAL	28,277	-	1,287	18,583	6,680	54,826
Economic Health Office	3,546	-	-	-	638	4,185
Social Sustainability	10,426	-	-	-	6,041	16,468
Environmental Services	12,187	-	1,287	-	-	13,474
Sustainability Services Admin.	2,117	-	-	-	-	2,117
Urban Renewal Auth.	-	-	-	18,583	-	18,583
OTHER NON DEPT. TOTAL	32,771	-	-	-	18,817	51,589
POUDRE FIRE AUTHORITY TOTAL	107,550	-	-	-	7,023	114,574
GRAND TOTAL	\$604,073	\$122,524	\$54,574	\$18,583	\$255,845	\$1,055,600



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 highly rated U.S. corporate debt. Equity investments, such as common stock or mutual funds, are disallowed under the City's policy.

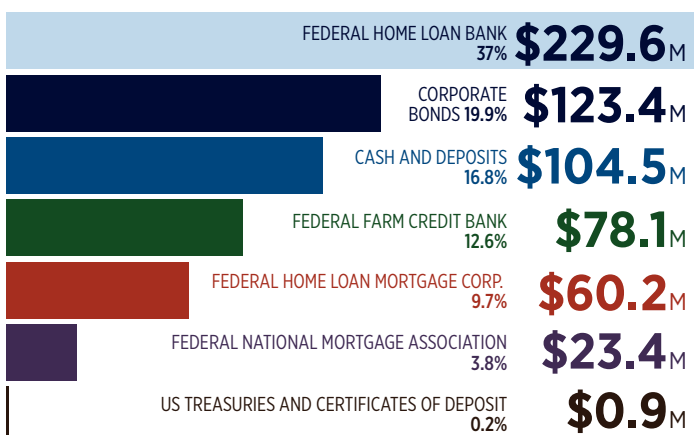
At Dec. 31, 2023, the fair market value of the City's cash and investments was \$620.1 million. The portfolio's overall market yield for 2023 was -4.12% and the realized and unrealized interest losses were \$25.5 million.

BONDED DEBT OBLIGATIONS

The City's credit rating was Aaa by Moody's Investors Service at Dec. 31, 2023. This highly favorable investment rating, maintained by less than 5% of governments, allows the City to pay less interest on its debt issuances. At Dec. 31, 2023, the City held total bonded debt of \$306.3 million. Of this amount, \$50.5 million was related to government activities and \$255.8 million was related to business-type activities. The debt service due within one year is \$32.5 million.

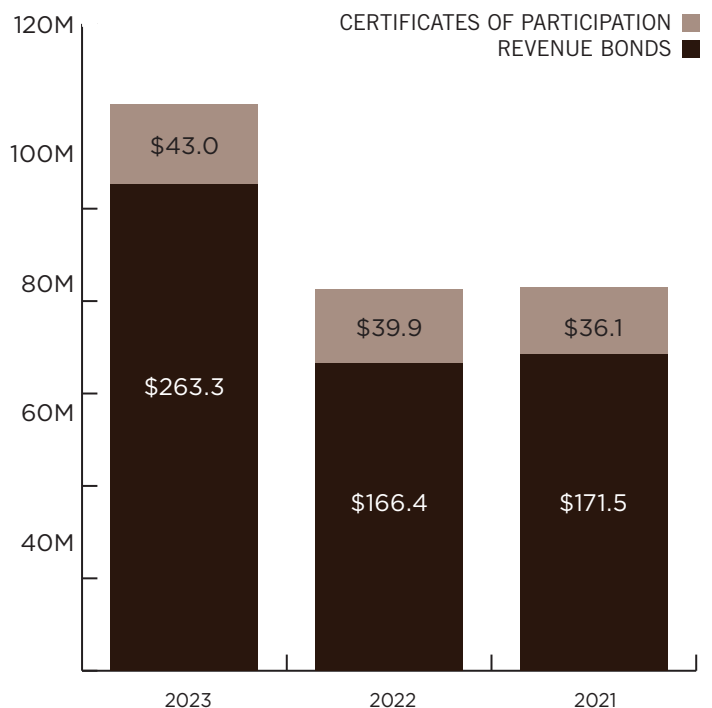
CASH & INVESTMENTS

December 31, 2023 in millions



CITY DEBT OBLIGATIONS

December 31, 2023 in millions

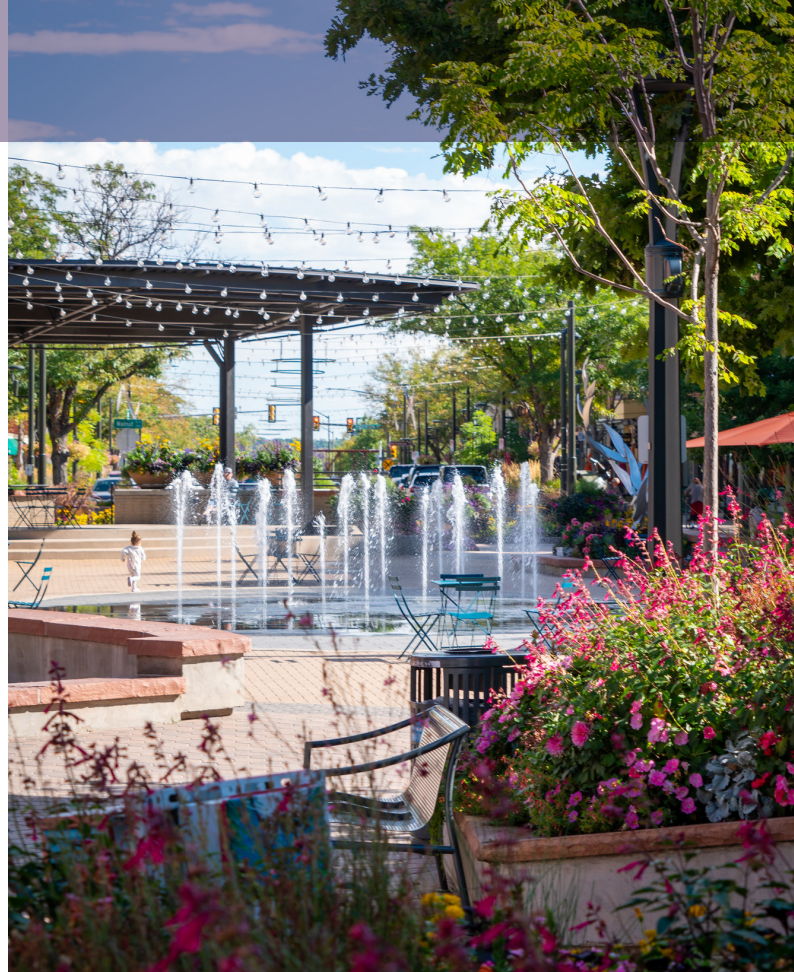


CAPITAL ASSETS

WHAT DOES THE CITY OWN?

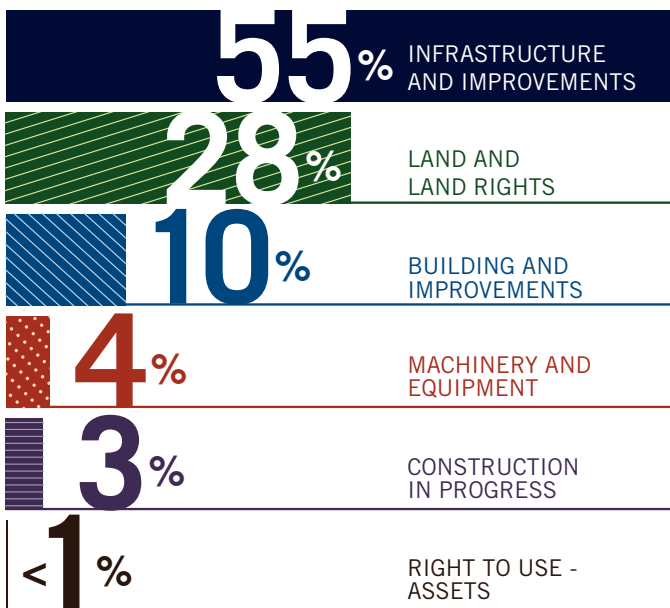
The book value, historical cost less depreciation, of the City's capital assets totaled \$1.9 billion at Dec. 31, 2023. This investment in capital assets includes buildings and improvements, infrastructure and other improvements, including streets, bridges, the full utility delivery system, land and right-of-way, various equipment and construction in progress. Total investment in capital assets increased \$51.1 million compared to 2022.

While the City reports its assets at net book value based on acquisition cost and accumulated depreciation, estimated fair market value is 2-3 times higher due to market appreciation of water rights, land and building values. This estimate is based on appraisal value, replacement cost and/or insured values.



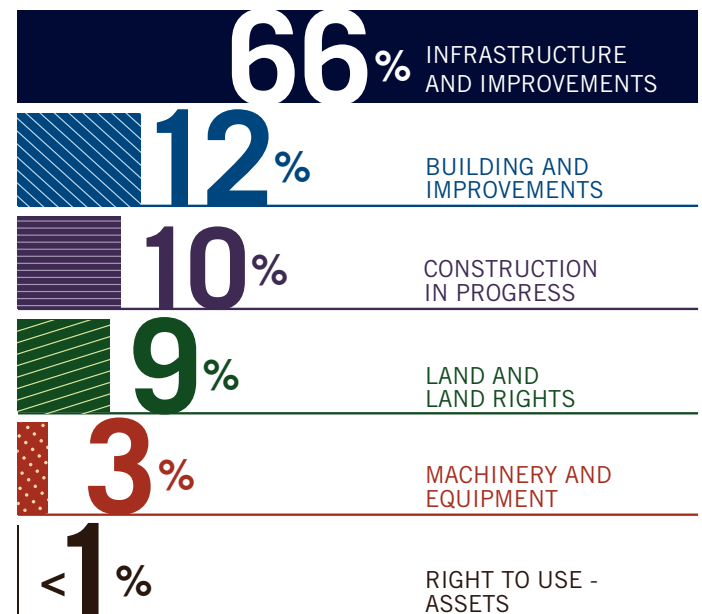
GOVERNMENT CAPITAL ASSETS

\$1,017.3M



BUSINESS-TYPE CAPITAL ASSETS

\$877.0M



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, General Improvement Districts #1 & #15, and the Tourism Improvement District 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 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 excluding the discretely presented component units and fiduciary funds.

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

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