

2009 Financial Assessment Report

City of Longmont, Colorado

September 2009

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City of Longmont, Mission Statement:

To enhance the quality of life for those who live in, work in, or visit our community.

CITY PROFILE

Location: The City of Longmont is located thirty-five miles North of Denver and twelve miles Northeast of Boulder, in Northwestern Boulder County. The City is part of the metro Denver region and as of December 2008 covers an area of 27.4 square miles or 17,536 acres.

History: The City was established in 1871 and incorporated in 1873. On August 5, 1961, the City was chartered as a home rule city, under the provisions of Article XX of the Constitution of the State of Colorado (Home Rule City Act).

Government Structure: The City is a full service municipality operating under a council - manager form of government. The Council consists of a mayor and six council members. The mayor is elected at-large to a two-year term. Three council members are elected from each of the three wards and three council members are elected at-large to four-year terms. The council members' terms are staggered.

Services Provided: Police, Fire, Electric, Telecommunications, Water, Sewer, Streets, Sanitation, Storm Drainage, Airport, Library, Museum, Parks, Recreation, Senior Services, Youth Services, Neighborhood and Community Resources, Building Inspection, Code Enforcement, Planning, Golf and Open Space.

Quality of Life: As reported by the Planning Division in the 2005 Longmont Community Profile Report, Longmont functions mostly as a free-standing city and has a unique mix of elements and people, which combined with high home ownership, above average school test scores and an efficient, accessible pool of services are all strong indicators of the life in Longmont. The Longmont area has a pleasant climate, aesthetic beauty and a multitude of nearby recreational and cultural amenities. Longmont is also an attractive place to live due to its low crime rate and no occurrence of air quality readings below the Primary Acceptable Standard. The City has an established Quality of Life Benchmark project. Those benchmarks are: fire response time, EMS response time, congestion, clean water, water supply, clean air, open space, affordable housing, parks and recreation, noise, sewer/water infrastructure, school capacity, traffic enforcement, sense of safety, sense of disorder, agricultural preservation, rate of growth, jobs balance and electric power. Fire and EMS response times were not being met until the opening of the new fire station in June 2009. Traffic congestion and the Police sense of safety benchmarks are the only benchmarks currently not being met.

OVERVIEW

Beginning in early 2002, Longmont started to see the effects of a slowdown in the economy. Previous to that time, the City had experienced strong economic growth which translated into increased revenues as well as increased expenditures, primarily due to the cost of providing services and capital infrastructure to a growing community. Most economic indicators show that 2001 and 2002 were difficult years for the national and local economy. In 2003, the U.S. economy posted slight gains. Colorado's economy saw sizable job loss during this same time. The Boulder/Longmont Metropolitan Statistical Area had an average annual unemployment rate of 3.5 % in 2001, 5.7% in 2002, 5.8% in 2003, 4.9% in 2004, 4.5% in 2005, 3.7% in 2006, 3.3% in 2007 and 4.2% in 2008. Current unemployment is at 6.6% in July of 2009. Personal income fluctuated during this time as well. After a decrease in 2002, average annual wages showed a good increase in 2003, slipped again slightly in 2004 and were back up in 2005 through 2007 with slight increases in 2008.

Primary employers reported a combined job loss of over 3,000 in 2001 and 2002 with 2003 netting small gains, 2004 again showing net losses, 2005 and 2006 net gains, followed by losses in 2007 and 2008. Mid-year 2009 is showing a loss of 231 jobs.

Total revenues for 2008 were \$188.4 million an decrease of 3.23% from 2007 levels. Charges for services represented 54% of the City-wide resources and that revenue decreased 0.13% from 2007. Actual revenue from sales and use tax in 2008 was 1.3% below 2007. Sales and use tax collections in 2009 are down through July while property tax collections are up slightly. During 2008, the City issued 158 residential permits, a decrease of 31% from 2007 levels of 230. Non-residential permit activity based on square footage was also down from the 2007 square footage as well as valuation per square foot. Based on actual activity through July 2009 permit revenue is down significantly from 2008 levels.

The five-year forecasts included in this document are not intended to be a precise projection of the future, but rather to provide an overview of what the future may look like, based on recent trends. The projections are purposefully conservative to take into account the trend of a slowing economy.

The proposed 2010 General Fund budgeted expenditures total \$60,493,900, which includes \$2,069,889 of one-time expenses of which \$1,950,906 are budgeted from the projected fund balance. This is a decrease in total expenditures of \$879,494 below the 2009 adopted budget. The forecast projections for 2011 through 2014 show expenditures exceeding revenues each year, ranging from \$946,068 in 2011 to \$2,914,702 by 2014. Forecast projections for 2011-2014 do not include one time expenses. These forecasts have historically been negative in the out years, however each year that the FAR is updated the shortage has continued to grow to the current levels

In the Water Fund working capital is projected to remain above the adopted minimum operating reserve requirement for the five-year period, as established in the City's financial policies. The fund will have capital projects of \$2.3 million in 2011, \$1.9 million in 2012 and \$2.5 million in 2014. The Windy Gap Firming Project will begin in 2013, and capital projects are expected to be around \$11.6 million with this project. Projected revenues include a 2% rate increase for 2011 and 2012, and a 4% rate increase for 2013 and 2014.

The Sewer Fund is projected to remain above the minimum reserve requirement for the five year period as well. This is due to rate increases of 7% in 2010, 10% in 2011 6% in both 2012 and 2013, and 4% in 2014. Capital projects will remain minimal in this fund unless voters approve a bond issuance in November. If that passes there will be capital improvements to the wastewater treatment plant.

The Electric Fund ending working capital is not projected to meet the minimum reserve requirement until 2014 due to the change in the financial policy to increase the minimum reserve requirement as recommended by the rate study consultant. Since the new financial policy results in a significant increase in the reserve requirement the Electric Fund will have to build towards it and will not meet it until 2014. The 2010 proposed budget includes a an average 8.35% rate adjustment and projected revenues from 2011 through 2014 also include a projected 8.95% rate increase each year.

Working capital in the Sanitation Fund is also projected to remain above the minimum operating reserve requirement from 2010 though 2014 then drop below that requirement in 2014. A “pay as you throw” rate study is underway and rate adjustments are expected.

The Storm Drainage Fund is projected to meet the minimum requirement in all 5 years.

The Street Fund is projected to fall into a negative working capital situation by 2012 as the tax is set to expire at the end of 2011. The City will be requesting another voter approved extension to this tax in November of 2009.

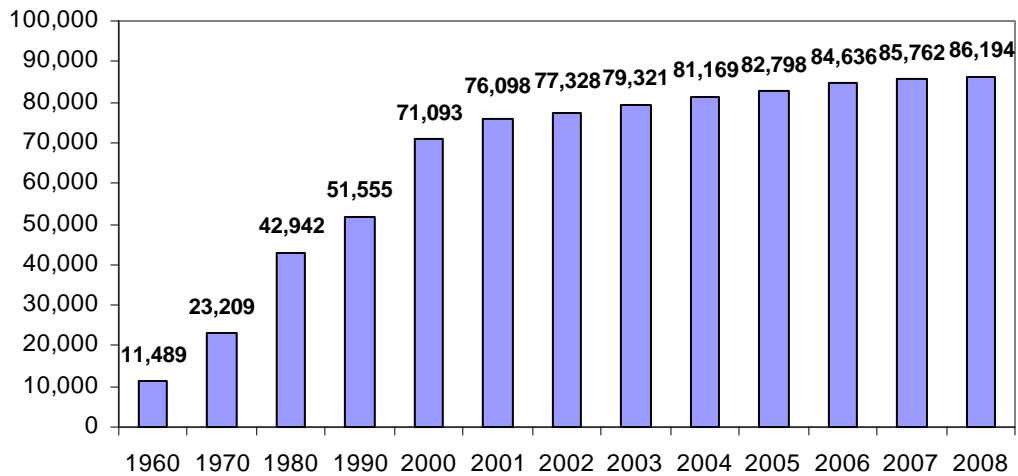
The Public Safety Fund is projected to have an ending working capital above \$1.0 million in each of the three years, 2010-2012 and drop below that for 2013 and 2014. This fund was established by voters in 2006, with revenue collection beginning January 1, 2007, for the purpose of increasing public safety needs that could not be met by the General Fund. Due to declining sales and use tax revenues reductions of 8 FTE had to be made in the 2010 proposed budget to balance ongoing revenue with ongoing expenses. Expenditures in this fund could easily outpace ongoing revenues resulting in the need to potentially reduce expenses further in the future.

ECONOMIC INDICATORS

When planning upcoming budgets, it is important to be aware of current economic conditions and trends. Many revenue sources, such as sales and use taxes, fluctuate depending upon general economic conditions. In addition, looking at economic trends helps anticipate possible changes in demand for services, such as utilities, police and fire, development and planning support, parks and recreation facilities, and street infrastructure.

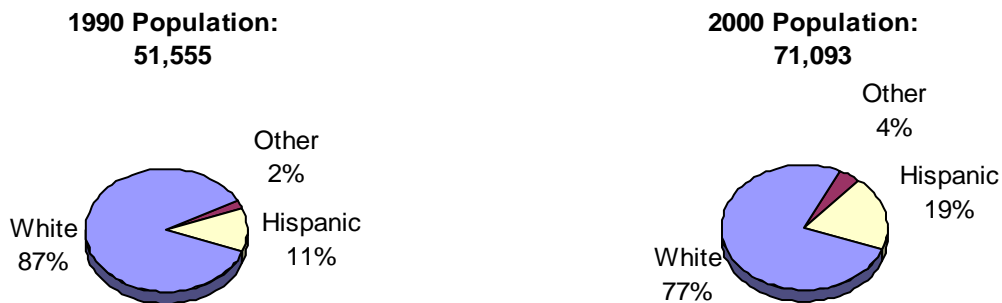
Population: Population growth for the City of Longmont is included in order to provide context for the following economic indicators. Longmont’s population growth is one factor driving the economic conditions of the area, and at the same time is being caused by the economic growth. The growth in population increases the market for goods and services and provides a larger workforce. At the same time, population growth places new and increased demands on public services and infrastructure.

City of Longmont Population: 1960 to 2008



Source: City of Longmont Planning Division

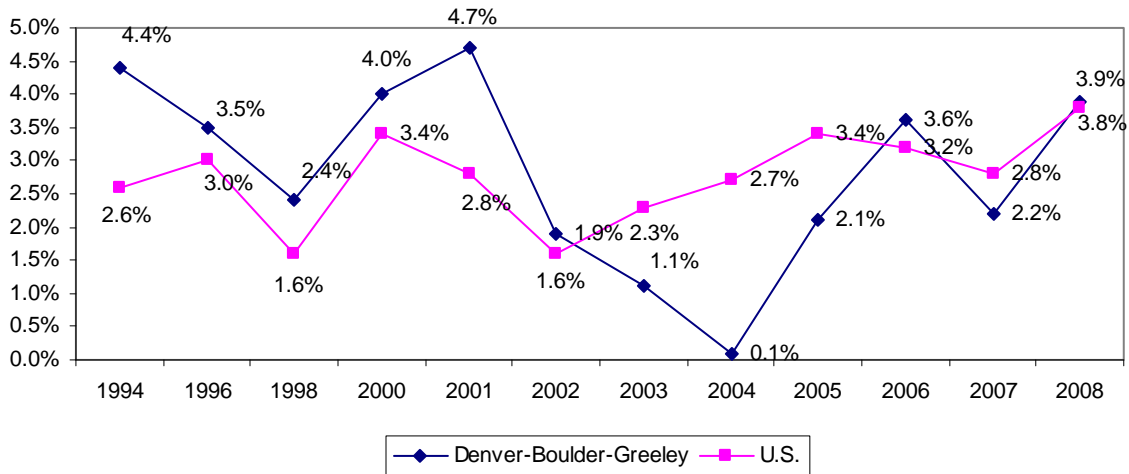
The City of Longmont experienced a 37% increase in population between the 1990 census and the 2000 census as reported by the US Census Bureau. The Hispanic population showed the largest increase with nearly 73% gain from 1990 to 2000. Since the economy slowed in 2001 the City population has increased by only 13.3% in seven years.



“Other” consists of African American, American Indian, Eskimo, Aleut, Asian and Pacific Islander.

Inflation Rates: The rate of inflation for the Denver-Boulder-Greeley area increased in 2008. Nationally, the food and beverage, housing, apparel, transportation, recreation and education and communication categories increased from 2008 while the medical care category decreased and the other goods and services category remained the same as 2007. The only category that saw a negative rate was the apparel category with a -.1% inflation rate. The information technology sector which is part of the Education and Communication category had a -5.1% inflation rate in 2008. Colorado and the Denver-Boulder-Greeley area inflation rates were slightly above the US average in 2008.

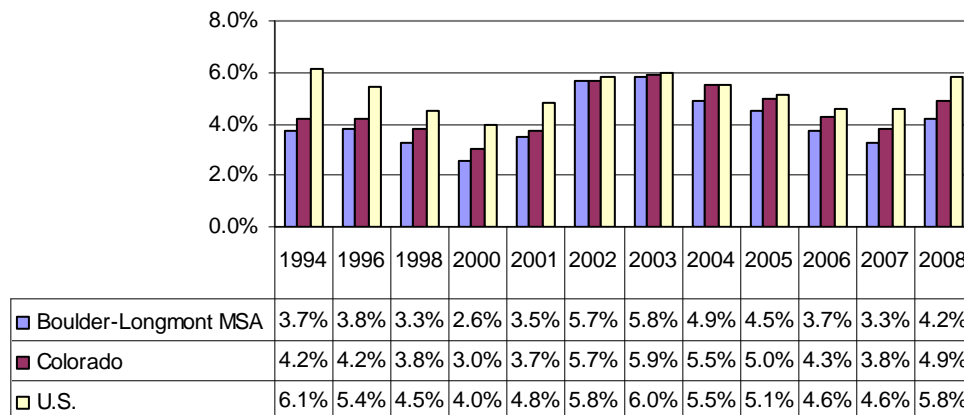
Inflation Rates: 1994 to 2008



Source: Bureau of Labor Statistics

Unemployment Rate: The National unemployment rate increased from 4.6% in 2007 to 5.8% in 2008. Local unemployment rates increased for the first time since 2003, with Colorado’s unemployment rate increasing from 3.8% to 4.9% and the Boulder-Longmont Metropolitan Statistical Area (MSA) increasing from 3.3% to 4.2%. In 2008, the unemployment rate in the Boulder-Longmont MSA continued to remain lower than the national average. As of July 31, 2009 the Boulder-Longmont MSA unemployment rate is 6.6%.

Unemployment Rates: 1994 to 2008



Source: Bureau of Labor Statistics

Local Foreclosures: The foreclosure rate in Longmont has been increasing since 1998. Since 2004, greater than 50% of the foreclosed properties resulted in a sale of the property, but percentages sold in 2008 are down from 2007, and the value of those sold has decreased as well. As of July 31, 2009 41% of the number of foreclosures filed have ended in a sale of the property.

City of Longmont Foreclosures

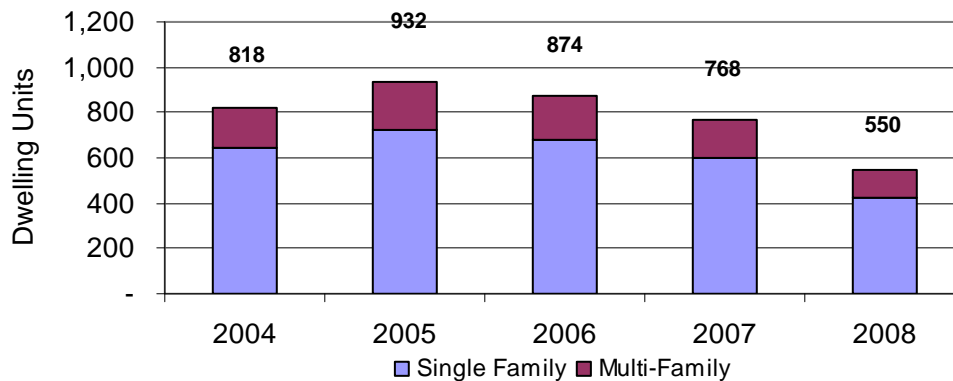
1998-2008

	Number of Properties		Percentage of Filed Properties Sold	Value of Properties	
	Filed	Sold		Filed	Sold
1998	21	6	28.57%	\$ 2,920,937	\$ 603,746
1999	85	33	38.82%	9,483,083	1,399,570
2000	81	29	35.80%	13,491,070	6,729,185
2001	91	27	29.67%	13,947,885	3,577,290
2002	133	36	27.07%	20,799,369	6,051,526
2003	246	107	43.50%	43,464,377	21,166,131
2004	240	151	62.92%	46,458,149	32,081,458
2005	333	198	59.46%	65,376,273	37,606,459
2006	433	282	65.13%	88,010,589	55,483,151
2007	595	322	54.12%	124,918,244	79,497,352
2008	576	308	53.47%	126,261,099	39,470,508

Source: City of Longmont Community Services Division; Boulder County Trustee web-site

Housing Units on the Market: The following chart shows the number of total dwelling units on the market as of December 31 of each year. The number of housing units on the market at that time decreased by 28.4% in 2008 after a decrease of 12.1% in 2007 and 6.2% in 2006. The decrease for the third year in a row most likely reflects the slow down in the new residential construction over the past few years. The number of housing units on the market as of July 31, 2009 was 653, which is an increase of 18.7% over 2008.

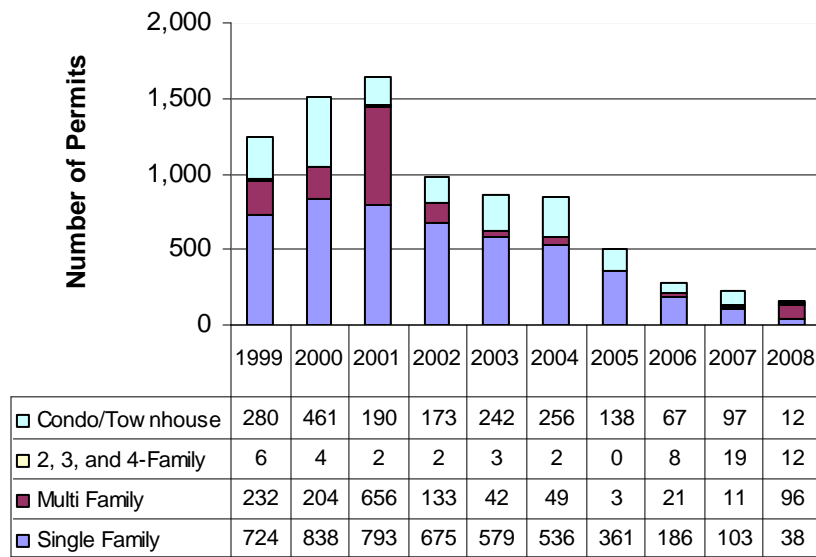
Longmont Housing Units on the Market at December 31, 2004-2008



Source: City of Longmont Community Services Division; Boulder Area Realtors Association

Residential Construction: The number of single family residences, multiple units and condominiums/townhouse permits issued decreased from 282 permits in 2006 to 230 permits in 2007 to only 158 in 2008, and are significantly down from permit levels in 2000 and 2001. The annual number of permits issued from 1999-2002 were more than double the average for the first half of 1990s and reflected the increased prosperity and growth of the region for that period of time. Recent trends reflect the slowdown in residential construction activity which is expected to continue into 2009 and beyond.

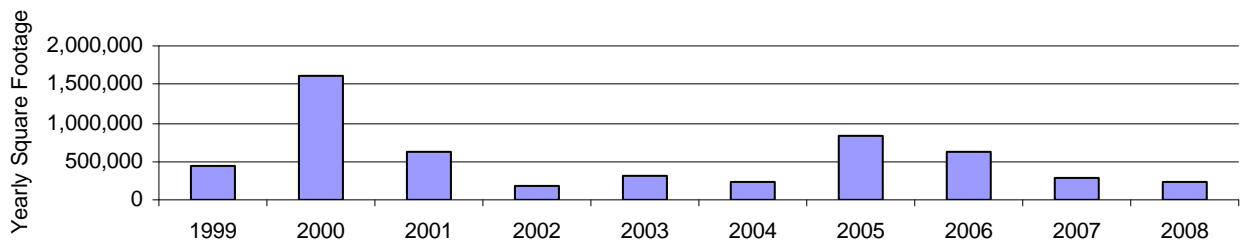
Residential Permits: 1999 to 2008



Non-Residential Construction: In 2005, non-residential construction activity reached its highest peak since 2001 with 50 permits issued. The number of permits issued in 2008 was only 7, and the total value of those permits was significantly lower than what was permitted in 2006 and 2007.

Non-Residential Construction: 1999 to 2008

Yearly Footage



Number of Permits	23	34	21	19	21	20	50	39	32	7
Yearly Valuation in millions	14.82	53.99	31.27	56.85	20.57	17.38	59.12	63.70	37.08	18.88

Sources: City of Longmont Planning Division and Building Inspection Division

Regional Employer Profile: In Boulder County there were a total of 12,976 employers in 2008, an increase of 114 employers, or 0.9% over 2007. Boulder County showed the largest growth, and remains above Broomfield, Larimer and Weld Counties in terms of total employers. Broomfield, Larimer and Weld Counties continue to see increases in employers of 0.6%, 1.2% and 0.2% respectively.

Total Employers: 1999 to 2008

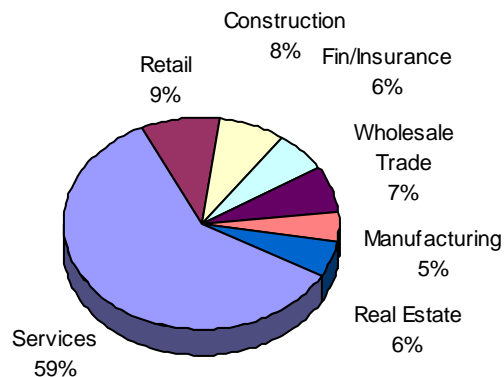
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	% change
Boulder County	11,290	11,977	12,423	11,697	11,691	11,791	12,223	12,546	12,862	12,976	0.9%
Broomfield County				1,328	1,462	1,604	1,818	1,938	2,042	2,055	0.6%
Larimer County	7,925	8,272	8,565	8,802	9,046	9,218	9,664	10,032	10,304	10,431	1.2%
Weld County	4,009	4,266	4,574	4,786	5,057	5,301	5,628	5,912	6,070	6,085	0.2%

Note: North American Industrial Classification System (NAICS) for reporting data. Beginning in 2002, portions of Boulder, Adams, Jefferson and Weld Counties were formed to create the boundaries of Broomfield County.

Source: Colorado of Labor and Employment

Even though Boulder County saw increases in the number of employers, the industry categories as a percentage remained relatively unchanged.

2008 Boulder County Employers by Industry



Source: Colorado Department of Labor and Employment

Longmont Area Top Employers

September 2009

<u>Company Name</u>	<u>Product</u>	<u>Employees</u>
St Vrain Valley Schools	School District	3,812
Longmont United Hospital	Regional Hospital	1,366
Seagate Technology	Computer disk drives	1,276
City of Longmont	City government	820
Amgen	Biopharmaceuticals	750
Intrado	911 Database and mapping services	722
Federal Aviation Administration	Aviation control center	503
McLane Western	Grocery distribution center	500
DigitalGlobe	Satellite imagery	450
Butterball, LLC	Value added turkey products	443
Crocs	Crocs shoes	410
Circle Graphics	Digital billboards	325
Longmont Clinic	Medical services	300
Xilinx	Programmable Logic (Software Division)	291
PharMerica	Regional billing office	228
Measured Progress	Standardized test grading firm	200
Daily Times Call	Newspaper and printing	191
Sunrise Medical Colorado Division	Wheelchairs	180
GE Energy	Power generation & energy technology	180
Dot Hill Systems Corp	Fiber channel computer devices	149
Thule Organization Solutions	Computer/audio/video/storage cases	139
ArrayBioPharma	Pharmaceutical research	129
nSpire Health, Inc	Health respiratory products	116
Sun Construction & Design	Construction and design services	110
Mentor Graphics	Software development	108
Western Digital	Computer disk drives	107
OnCore Manufacturing	Contract manufacturer	100
COPAN Systems Inc	Hardware/Software data storage	100

Source: Longmont Area Economic Council

Primary Employees: The table below shows the number of primary employees from 2002 through 2008. According to the Longmont Area Economic Council, the majority of the 2008 net loss of jobs was due to the process changes at the Butterball facility. In the first half of 2009 there has been a net decrease of 231 primary jobs with many of these being highly paid jobs from Seagate.

City of Longmont Primary Employees Activity Report

Jobs	2002	2003	2004	2005	2006	2007*	2008
Beginning of Year	14,338	13,102	13,370	12,985	13,659	11,954	11,858
Net Changes	(1,236)	268	(385)	674	443	(96)	(384)
Percentage Change	-8.62%	2.05%	-2.88%	5.19%	3.24%	-0.80%	-3.24%
End of Year	13,102	13,370	12,985	13,659	14,102	11,858	11,474

*Weld County numbers were removed from the base for 2007 (2,148 jobs).

Source: Longmont Area Economic Council

Longmont Area Primary Employers by Industry are found in a variety of the above mentioned industry categories. Primary jobs in Longmont decreased by 384 in 2008.

Longmont Area Primary Employers by Industry
as of August 3, 2009

<u>Industry</u>	<u># of Companies</u>	<u># of Employees</u>
Apparel/Accessories/Finished Products	8	497
Biotech	8	968
Business Services	9	517
Chemical Manufacturing	3	92
Communications Equipment	7	102
Computers/Peripherals/Interface Products	22	2,031
Computer Software	11	949
Construction	5	260
Consumer Storage Products	3	165
Contract Manufacturing	7	309
Fabricated Metal Products and Services	8	105
Food Processing	8	663
Machining, Tool and Die, Prototype Development	9	98
Measurement Instruments/Controlling Devices	7	160
Medical/Electromedical Instruments	6	388
Photonics	6	80
Plastics and Misc Rubber Products	10	325
Printing and Publishing	3	519
Professional, Scientific and Technical Services	12	111
Semiconductor and other Electronic Component	12	682
Warehouse Distribution	2	504
Wood Products and Furniture	3	127

Source: Longmont Area Economic Council

Industrial and Office Space Vacancy: In 2008, the total square footage available for Longmont Area Primary Employers was 8,472,694. Primary Employers occupied 7,268,152 square feet of space in 2008, leaving 1,204,542 vacant. In 2008 there was a net increase of 322,335 square feet occupied by Primary Employers (compared to 170,198 for 2007). This increase reflects 568,371 square feet of expansion by new and existing companies in existing space, 60,700 square feet of newly constructed space, and 306,736 square feet of space vacated by companies that closed or downsized.

Vacancy Rates for Industrial and Office Space: 2002-2008

	2002	2003	2004	2005	2006	2007	2008
Vacancy Rate	22.5%	23.2%	19.6%	18.5%	18.1%	17.5%	14.2%
Square Feet On The Market	2,310,000	2,450,000	2,010,000	1,870,000	1,880,000	1,460,000	1,200,000

Source: Longmont Area Economic Council

Regional Employee Profile: Boulder, Larimer and Weld Counties had slight rises in the percentage gain of employees for 2008 while Broomfield County had a slight decrease. Boulder County leads the way in the percentage of employee increases.

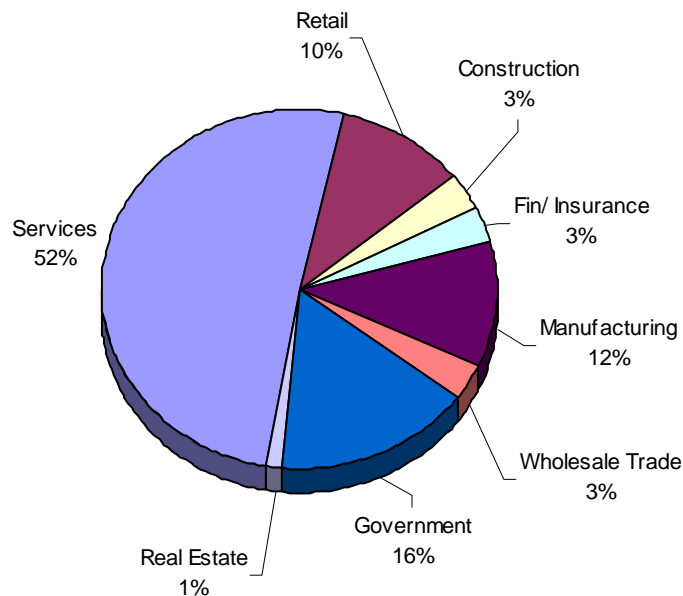
Total Employees: 2000 to 2008

	2000	2001	2002	2003	2004	2005	2006	2007	2008	% change
Boulder County	179,727	184,755	156,352	151,446	151,834	154,367	156,905	159,984	162,253	1.4%
Broomfield County			25,481	26,972	27,737	28,738	29,704	30,517	30,414	-0.3%
Larimer County	119,157	121,880	121,437	120,513	122,414	124,986	127,332	130,249	131,266	0.8%
Weld County	69,391	71,572	72,460	73,171	74,837	77,004	80,405	82,909	83,503	0.7%

Source: Colorado Department of Labor and Employment. Beginning in 2002, portions of Boulder, Adams, Jefferson and Weld Counties were formed to create Broomfield County.

In Boulder County in 2008, employees by industry remained relatively unchanged from 2007.

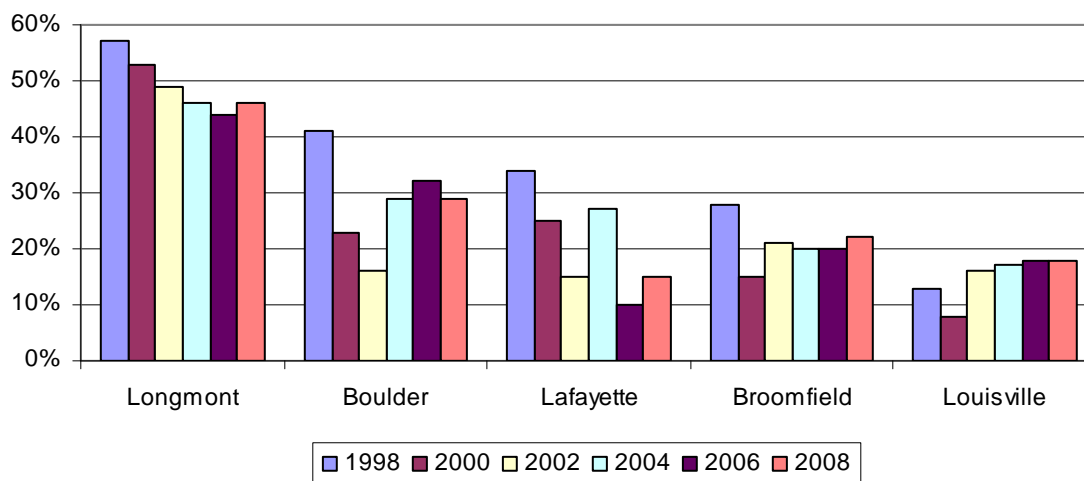
Boulder County Employees By Industry



Source: Colorado Department of Labor and Employment

Locally Residing Employees: When employees live in a city in which they also work, benefits are derived from decreased traffic congestion and increased tax revenues. A 2008 study conducted by the Longmont Area Economic Council indicates that 46% of people that work in Longmont are residents, while 31% commute to Longmont from Larimer or Weld Counties, and 12.8% commute to Longmont from other areas in Boulder County. Longmont fares well in this category, with a higher percentage of its workforce living within its boundaries than does any other community in Boulder County. 2008 reversed the downward trend from prior years.

Locally Residing Employees
 % of Employees who live in and work in each City



Source: Longmont Area Economic Council, Boulder County Labor Migration Profile. Study done every two years

Average Annual Wage: After annual wage decreases in 2004 throughout most of the state, wages were up in 2005 through 2008. Average annual wages in Boulder County are typically higher than those in Larimer and Weld Counties but not quite as high as wages in Broomfield County. Jobs in the Professional and Technical Services category provide the highest paying jobs in Boulder County, averaging at \$87,110 annually and jobs in the Wholesale Trade category are the second highest paying jobs at \$75,103 annually.

Average Annual Wage: 2003 to 2008

	2003	2004	% Change	2005	% Change	2006	% Change	2007	% Change	2008	% Change
Boulder County	\$48,012	\$47,264	-1.6%	\$49,140	4.0%	\$50,946	3.7%	\$52,745	3.5%	\$53,455	1.3%
Broomfield County	\$50,874	\$51,587	1.4%	\$51,688	0.2%	\$55,892	8.1%	\$60,434	8.1%	\$59,915	-0.9%
Larimer County	\$37,137	\$35,517	-4.4%	\$36,608	3.1%	\$37,941	3.6%	\$39,340	3.7%	\$40,151	2.1%
Weld County	\$32,695	\$32,592	-0.3%	\$33,644	3.2%	\$35,144	4.5%	\$37,066	5.5%	\$38,696	4.4%
Colorado	\$40,533	\$40,296	-0.6%	\$41,600	3.2%	\$43,506	4.6%	\$45,396	4.3%	\$46,614	2.7%

Source: Colorado Department of Labor and Employment.

2008 Average Annual Wage by Industry

Industry	Boulder County	Broomfield County	Larimer County	Weld County
Retail Trade	\$ 26,704	\$ 24,361	\$ 23,701	\$ 25,258
Agriculture	32,118	n/a	29,771	29,731
Construction	44,499	47,173	42,758	46,770
Government	48,651	43,690	44,640	36,327
Mining	66,763	113,495	45,399	69,014
Finance and Insurance	69,795	63,325	50,353	47,005
Real Estate	37,961	43,893	31,633	30,745
Professional & Technical Services	87,110	97,733	73,226	50,331
Manufacturing	69,120	68,587	68,587	42,995
Wholesale Trade	75,103	51,471	51,471	68,954
Transportation/Warehousing/Utilities	40,717	34,748	37,227	44,842

Source: Colorado Department of Labor and Employment

Hourly wages in the Boulder/Longmont area fluctuated in 2008. Production workers lead the way in increases, up over 24% from 2007, while electrical engineers had the largest decrease at over 7%.

Entry Level Wages for Selected Occupations

Occupation	Boulder/Longmont median hourly wage		
	2007	2008	% change
Production Worker	\$ 10.51	\$ 13.04	24.07%
Secretary - Executive	20.66	21.48	3.97%
Machinist	23.50	27.63	17.57%
Electrical Engineer	44.37	40.93	-7.75%
Assembler	13.55	13.98	3.17%
Computer Specialist	33.90	40.01	18.02%
Janitor	11.62	12.89	10.93%
Sheet Metal Worker	17.37	19.99	15.08%
Truck Driver - Heavy	16.67	16.37	-1.80%

Source: Longmont Area Economic Council

Positions Per Capita: Since 1985, Longmont’s population has increased by approximately 73% (36,375 people). City government’s growth during that period was a 46.2% increase, or 270 new employees, to provide services to a growing city. Positions per capita fluctuated from 1985 through 2002 and have remained at approximately 0.01 since 2003.

Budgeted FTE Positions per Capita: All Funds

Year	Budgeted FTE Positions Per		
	Population	Positions	Capita
1985	50,000	584	0.0116
1990	51,555	602	0.0116
1995	57,208	683	0.0119
2000	71,093	791	0.0111
2001	76,098	818	0.0107
2002	77,328	852	0.0110
2003	79,321	837	0.0105
2004	81,169	818	0.0100
2005	82,798	832	0.0100
2006	84,636	836	0.0098
2007	85,762	861	0.0100
2008	86,194	859	0.0099
2009 est	86,375	854	0.0098

Regional Budgeted FTE Per Capita: In comparison to neighboring front range cities with a population over 19,000, Longmont has the second highest budgeted FTE per capita. This number may be misleading due to the fact that only Longmont, Fort Collins and Loveland provide their own Power Utilities and only Longmont, Loveland and Thornton provide trash services.

2008 Budgeted FTE Per Capita Comparison

City	Population	Total	Total
		Budgeted FTE	Budgeted FTE Per Capita
Loveland * @	64,800	725	0.0112
Longmont * @	86,194	857	0.0099
Broomfield	54,586	536	0.0098
Greeley	93,543	908	0.0097
Westminster	111,257	980	0.0088
Fort Collins *	135,306	1,191	0.0088
Louisville	19,488	143	0.0073
Lafayette	25,864	183	0.0071
Thornton @	118,000	795	0.0067
Boulder	302,525	1,281	0.0042

* Includes budgeted FTE for Power Utilities

@ Includes budgeted FTE for Trash

Economic Summary: Longmont benefited from strong economic health for several years prior to and into 2001. In 2002, 2003 and 2004, the City recognized the declining economic climate and took steps to offset the expected decline in revenues. The City's economy showed signs of a recovery during 2004 then leveled off in 2005 and 2006. Revenue increases in 2006 were less than what was seen in 2005 while revenue increases in 2007 were 4.8% largely due to the implementation of the new Public Safety tax. Revenue in 2008 decreased 3.23% from 2007 levels, evidence of another national recession.

In December 2008 the State Office of Planning and Budgeting reported that the National Bureau of Economic Research confirmed that the United States has been in a recession since December 2007. Non-farm job loss, crisis in the financial system and an ailing housing market caused the depth and duration of the current recession. The State also reported in December that the Colorado economy remained strong relative to the national economy and noted that Colorado is experiencing lower unemployment rates and positive growth in personal income.

In September 2009 the State Office of Planning and Budgeting reported that the current recession has been deemed the longest and most severe recession in the post World War II era. Nearly all industrial countries have experienced declines in production and increasing rates of unemployment. Current national conditions reflect a weak retail market, diminished demand for commercial retail space, and stagnate construction. Despite this there are signs of improvement at the national level. The number of Americans filing for unemployment benefits has slowed and the manufacturing output and the housing markets are improving. The State also reported that the forecast for Colorado will continue to be weak through 2009 and a modest recovery in 2010. Housing permits, the labor market and retail sales will remain weak in the short term and improvement in these areas is expected to occur gradually.

While many of the current indicators reported on by the State are not available beyond 2008 for Longmont, the City has experienced many of the same declines that the national and state economies have. The biggest indicators of local recession are tax collections, permit numbers and foreclosure rates.

Through July 2009, combined sales and use tax collections are down 8.1% from 2008 levels. While the number of building permit for dwelling units are down up 31.4% in July compared to 2008 there still has only been 46 issued. There were only 2 commercial permits through July and the valuation of those permits was down over 82%. Foreclosure rates in Longmont continue to be a concern. The number of housing units on the market as of July 2009 was 653 compared to 550 as of December 2008.

FUND STRUCTURE

The City maintains a variety of funds to account for various revenues and expenditures. The use of multiple funds is necessary to ensure compliance with the Governmental Accounting Standards Board (GASB) and to promote financial accountability to its citizens. Each of the City's funds falls into one of three broad fund categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

The Governmental Funds category includes five fund types that provide the financing for a variety of City services. These five fund types are the General Fund, the Special Revenue Funds, the Debt Service Funds, the Capital Projects Funds, and the Permanent Funds.

- The General Fund is the primary operating fund of the City. It accounts for all financial resources except those required to be accounted for in another fund. It derives the majority of its revenues from sales, use and property taxes.
- Special Revenue Funds account for certain revenues, such as specific taxes and grants that are legally restricted to be spent for specified purposes. Funds included here are: Street Improvement Fund; Electric Community Investment Fee Fund; Public Buildings Community Investment Fee Fund; Transportation Community Investment Fee Fund; Park Improvement Fund; Conservation Trust Fund; Community Development Block Grant Fund; Public Safety Fund; and other smaller funds.
- Debt Service Funds account for the accumulation of resources to pay principal, interest, and related costs on long term governmental debt.
- Capital Projects Funds account for financial resources which are designated for the acquisition or construction of general government capital improvements. The Public Improvement Fund is the City's Capital Projects Fund. It is financed from sales and use tax revenues.
- Permanent Funds account for endowments which are legally restricted to the extent that only earnings, and not principal, can be expended.

The Proprietary Funds category includes Enterprise Funds and Internal Service Funds.

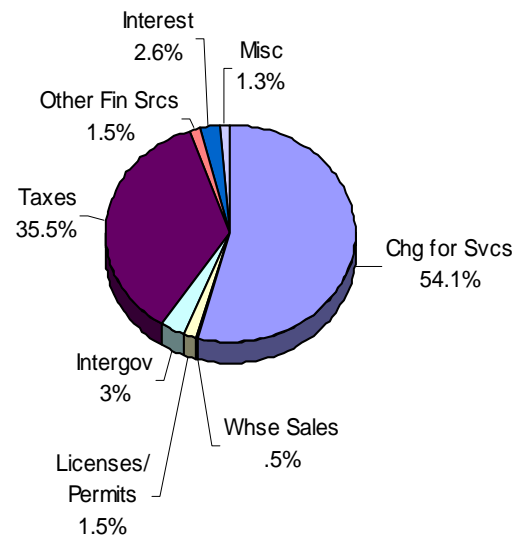
- Revenues and expenditures of each of the City's six utilities (Electric, Telecommunications, Water, Sewer, Storm Drainage and Solid Waste) are accounted for through an Enterprise Fund. Each utility is financed and operated as a business-like enterprise, which requires periodic determination of revenues earned, expenses incurred and net income. Other Enterprise Funds are the Airport Fund and the Golf Fund.
- Internal Service Funds account for operations that provide goods or services to other City departments on a cost reimbursement basis. Included in this group are the Fleet and Warehouse Funds, as well as the City's Self-Insurance Funds.

The Fiduciary Funds category consists of Trust Funds which must be spent as provided in legal trust agreements and related to state laws, such as the Pension funds.

CITY-WIDE REVENUES

Total City Revenues: As reported in the 2008 *Comprehensive Annual Financial Report (CAFR)*, the City's revenues in 2008 totaled \$188.4 million, a decrease of 3.23% from 2007. Following are total revenues for all funds.

	Total Revenues	% Change	Adjusted for Inflation	% Change
1990	\$ 67,762,801	--	67,762,801	--
1991	72,698,324	7.28	69,902,235	3.16
1992	80,815,765	11.17	74,829,412	7.05
1993	87,387,753	8.13	78,024,779	4.27
1994	98,966,873	13.25	84,587,071	3.11
1995	103,239,842	4.32	84,622,821	0.04
1996	113,960,208	10.38	89,732,447	6.04
1997	132,653,641	16.40	101,262,321	8.96
1998	141,091,461	6.36	105,292,135	3.98
1999	147,137,709	4.29	106,621,528	1.26
2000	170,346,351	15.77	119,123,322	11.73
2001	180,867,105	6.18	120,578,070	1.22
2002	170,833,879	(5.55)	111,656,130	- 7.40
2003	168,782,056	(1.20)	108,891,649	- 2.48
2004	178,917,059	6.00	115,430,361	6.00
2005	183,085,079	2.33	115,876,632	0.39
2006	185,798,475	1.48	113,291,753	- 2.23
2007	194,723,266	4.80	115,906,706	2.31
2008	188,433,581	(3.23)	108,295,161	- 6.57



Charges for Services: Charges for services, 54.1% of the City-wide revenues for 2008, totaled \$101.8 million, a decrease of 0.13% from 2007. Following are charges for services broken out by Governmental Funds, Internal Service Funds and Enterprise Funds, based on Generally Accepted Accounting Principles (GAAP). The drop occurred in the Electric Fund which can be attributed to lower customer usage.

	Governmental Funds	Services Funds	Enterprise Funds	Total Revenues	% Change	Adjusted for Inflation	% Change
1990	\$ 4,211,031	\$ 2,141,144	\$ 34,548,647	\$ 40,900,822	--	\$ 40,900,822	--
1991	4,511,332	2,225,855	35,808,209	42,545,396	4.02	40,909,035	0.02
1992	4,539,729	5,354,183	37,927,985	47,821,897	12.40	44,279,534	8.24
1993	4,713,967	6,069,349	41,054,690	51,838,006	8.40	46,283,934	4.53
1994	4,984,750	6,694,493	44,287,607	55,966,850	7.96	47,834,915	3.35
1995	5,142,085	7,208,899	44,813,346	57,164,330	2.14	46,856,008	- 2.05
1996	5,538,228	7,624,075	46,912,109	60,074,412	5.09	47,302,687	0.95
1997	5,849,368	8,218,592	50,146,337	64,214,297	6.89	49,018,547	3.63
1998	6,466,521	8,572,609	54,201,520	69,240,650	7.83	51,672,127	5.41
1999	7,270,404	9,140,814	55,939,647	72,350,865	4.49	52,428,163	1.46
2000	7,465,165	10,473,337	60,791,929	78,730,431	8.82	55,056,245	5.01
2001	7,664,993	10,693,186	63,856,653	82,214,832	4.43	54,809,888	- 0.45
2002	9,366,109	11,991,408	66,157,693	87,515,210	6.45	57,199,484	4.36
2003	9,735,558	12,723,055	66,362,209	88,820,822	1.49	57,303,756	0.18
2004	10,207,341	13,443,307	68,124,200	91,774,848	3.33	59,209,579	3.33
2005	10,542,033	14,836,226	72,078,092	97,456,351	6.19	61,681,235	4.17
2006	10,863,269	13,215,096	76,596,647	100,675,012	3.30	61,387,202	- 0.48
2007	10,386,406	14,069,634	77,486,952	101,942,992	1.26	60,680,352	- 1.15
2008	10,572,260	14,886,578	76,349,722	101,808,560	(0.13)	58,510,667	- 3.58

Sales and Use Tax: Sales and Use Tax accounted for 24.5% of the total City revenues in 2008, a very slight increase over 2007. The 1.3% decrease in total sales and use tax revenues is only the second time the City has experienced a decrease since 1990. Sales and Use taxes shown below were collected in the General Fund, the Public Improvement Fund, the Street Fund, the Open Space Fund and the Public Safety Fund as based on Generally Accepted Accounting Principles (GAAP).

	General Fund	Public Improvement Fund	Street Fund	Open Space Fund	Public Safety Fund	Total Revenues	% Change	Adjusted for Inflation	% Change
1990	\$ 6,429,667 (a)	\$ 2,143,218 (a)	\$ 3,212,007	\$ -	\$ -	\$ 11,784,892	--	\$ 11,784,892	--
1991	7,674,714	1,354,361	3,385,903	-	-	12,414,978	5.35	11,937,479	1.29
1992	8,542,442	1,506,812	3,769,379	-	-	13,818,633	11.31	12,795,031	7.18
1993	9,826,882	1,734,156	4,335,389	-	-	15,896,427	15.04	14,193,238	10.93
1994	10,704,416	1,889,014	4,722,538	-	-	17,315,968	8.93	14,799,973	4.27
1995	11,547,190	2,037,737	5,094,347	-	-	18,679,274	7.87	15,310,880	3.45
1996	12,663,383	2,234,715	5,586,786	-	-	20,484,884	9.67	16,129,830	5.35
1997	14,133,223	2,494,097	6,235,245	-	-	22,862,565	11.61	17,452,340	8.20
1998	15,960,210	2,816,508	7,041,269	-	-	25,817,987	12.93	19,267,154	10.40
1999	16,795,534 (b)	3,504,118 (b)	7,612,369	-	-	27,912,021	8.11	20,226,102	4.98
2000	20,114,999 (c)	4,266,818 (c)	9,143,181	-	-	33,524,998	20.11	23,444,055	15.91
2001	21,299,654 (d)	4,863,962 (d)	9,811,356	2,601,749 (e)	-	38,576,721	15.07	25,717,814	9.70
2002	20,365,611 (f)	4,911,004 (f)	9,478,730	2,527,661	-	37,283,006	(3.35)	24,367,978	- 5.25
2003	20,858,864 (g)	4,716,398 (g)	9,590,725	2,557,525	-	37,723,512	1.18	24,337,750	- 0.12
2004	22,905,289 (h)	4,022,853 (h)	10,098,053	2,692,816	-	39,719,011	5.29	25,625,168	5.29
2005	23,181,626	4,090,876	10,227,189	2,727,250	-	40,226,941	1.28	25,460,089	- 0.64
2006	23,798,827	4,199,793	10,499,482	2,799,861	-	41,297,963	2.66	25,181,685	- 1.09
2007	24,252,480	4,279,848	10,699,626	2,853,231	4,635,144 (i)	46,720,329	13.13	27,809,720	10.44
2008	24,207,871 (j)	3,952,522	10,560,147	2,816,040	4,576,063	46,112,643	(1.30)	26,501,519	- 4.70

(a) Distribution of tax rate between General Fund and Public Improvement Fund changed from 1.5 cents / 0.5 cents to 1.7 cents / 0.3 cents, respectively

(b) Distribution of tax rate between General Fund and Public Improvement Fund changed from 1.7 cents / 0.3 cents to 1.66 cents / 0.34 cents, respectively

(c) Distribution of tax rate between General Fund and Public Improvement Fund changed from 1.66 cents / 0.34cents to 1.65 cents / 0.35 cents, respectively

(d) Distribution of tax rate between General Fund and Public Improvement Fund changed from 1.65 cents / 0.35 cents to 1.63 cents / 0.37 cents, respectively

(e) Sales tax rate changed from 2.75% to 2.95% with the .2% increase earmarked for the Open Space Fund.

(f) Distribution of tax rate between General Fund and Public Improvement Fund changed from 1.63 cents / 0.37 cents to 1.61 cents / 0.39 cents, respectively

(g) Distribution of tax rate between General Fund and Public Improvement Fund changed from 1.61 cents / 0.39 cents to 1.624 cents / 0.376 cents, respectively

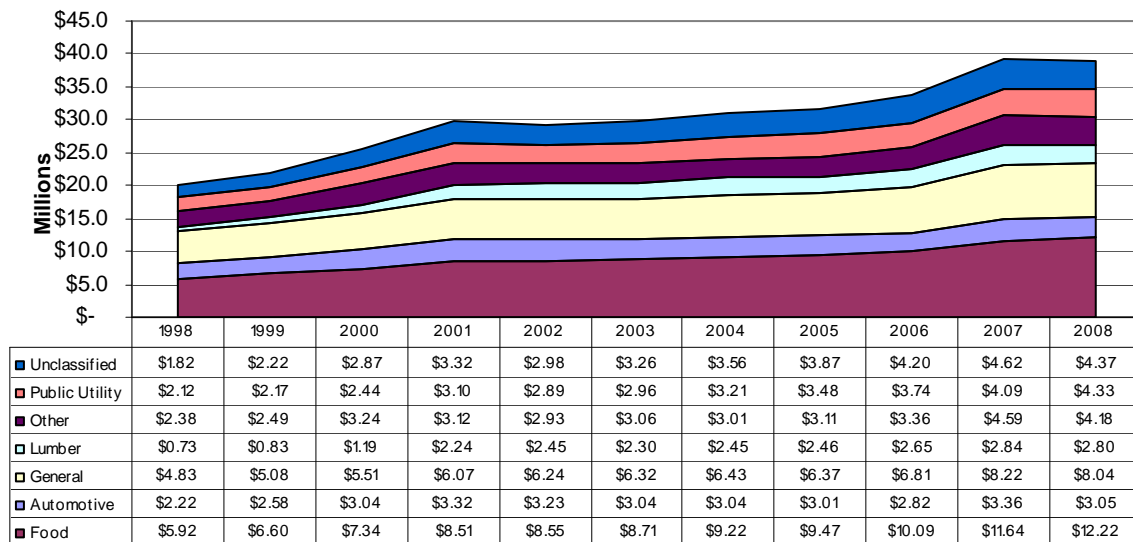
(h) Distribution of tax rate between General Fund and Public Improvement Fund changed from 1.624 cents / 0.376 cents to 1.7 cents / 0.3 cents, respectively

(i) Sales tax rate changed from 2.95% to 3.275% with the .325% increase earmarked for the Public Safety Fund.

(j) Effective 2008 the Financial Policy that allocates sales and use tax between General Fund and Public Improvement Fund was changed such that the allocation of the 2.0 cents of sales tax revenue will be budgeted as 85% to the General Fund and 15% to the Public Improvement Fund. Because of the volatility of use tax revenue the allocation of revenues in the budget will be as much of the sales tax as possible to the General Fund and as much of the use tax a possible to the Public Improvement Fund while still maintaining the 85% and 15% allocation of budgeted revenues respectively. Actual revenues received will be credited between the two funds in accordance with their respective budgeted shares of the sales and use tax. The actual distribution of tax rate between General Fund and Public Improvement Fund for 2008 was 85.5% and 14.5%, respectively.

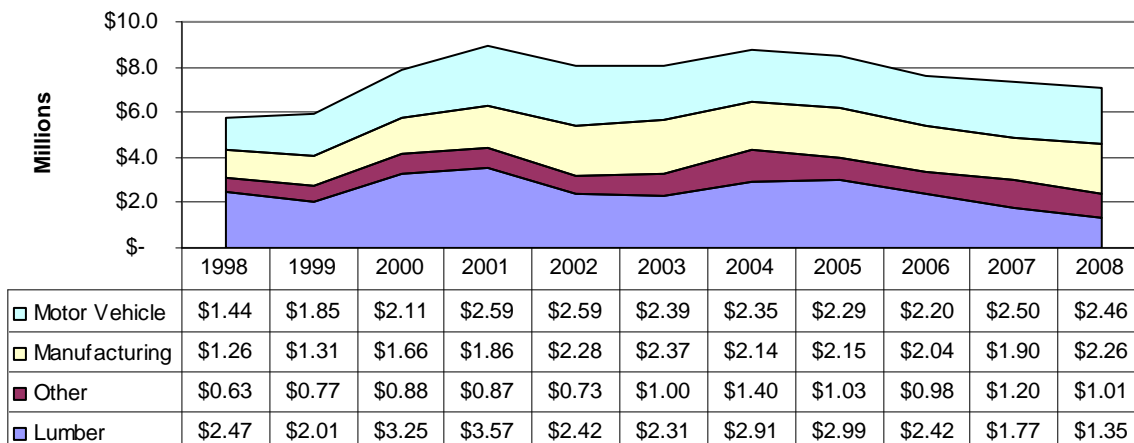
Sales and Use Tax by Industry: The following area graphs show the trend of sales and use tax by industry from 1998 to 2008. To make the graphs easier to read some of the smaller categories have been combined. Since 1998 sales tax has increased with Food being the largest category followed by the General category, which includes department stores, drug stores and other specialty stores. All categories of sales tax decreased in 2008 except for Food and Public Utility. While use tax remains above the levels collected in 1998, it is more volatile than sales tax. The largest categories of use tax are displayed below while the smaller

**Sales Tax By Industry
1998 - 2008**



Note: Other includes Apparel, Home Furnishings, Lodging, Professional, Home Occupation and Manufacturing.

**Use Tax By Industry
1998 - 2008**



Note: Other includes Apparel, Automotive, Food, Home Furnishings, General, Lodging, Professional, Public Utility, Unclassified and Home Occupation.

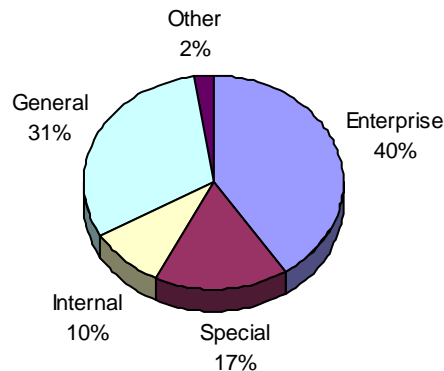
Sales and Use Tax by Location: The following area graph shows the trend of sales and use tax by location from 1998 to 2008. To make the graph easier to read some of the smaller categories have been combined. The combined Main Street (excluding Downtown), Twin Peaks Square Extended, Out of Town, and City of Longmont/Boulder County locations are the areas where the largest sales and use tax collection occurs. Downtown, Ken Pratt Boulevard, Twin Peaks Mall, North Hover and the South West Businesses are the smallest collection areas of town.

**Sales & Use Tax By Location
1998 - 2008**



Note: Other includes Lashley, Francis, Airport, Pace, Miscellaneous and All Others. Main street locations have been combined with the exception of Downtown. City of Lgmnt/Boulder Co represents utility taxes, building permit taxes and vehicle taxes.

2008 Revenue By Fund Group (GAAP Basis)



General Fund: The City's General Fund revenues in 2008 totaled \$58 million. This is an increase of 2.65% over 2007. Revenue increases were seen in all categories except for sales and use tax, licenses and permits, and investment income, which decreased 0.2%, 22.7% and 1.8% respectively. The decline in building permit activity is contributed to the large decrease in licenses and permit revenues. Large increases were seen in intergovernmental revenue (60.8%) and fines and forfeitures (34.2%) and a smaller increase in property taxes (7.2%). Intergovernmental revenue increased due to an increase in the number of grants received, and the fines and forfeitures increased mainly due to higher court fines.

Enterprise Funds: Operating revenues in the Enterprise Funds decreased by 1.5%, or \$1,137,230 from 2007. Slight increases were seen in the Sewer, Storm Drainage, Sanitation and Airport funds. Telecommunications revenues increased 53.3% due to higher fiber lease revenues. Electric, Water and Golf revenues decreased slightly in 2008 due to lower usage.

Special Revenue Funds: Revenue from these funds decreased by 16.9% (\$6.36 million) in 2008 due to intergovernmental revenues decreasing (\$2.4 million) and licenses and permits revenue decreasing (\$3.3 million). Intergovernmental revenues decreased due to a large 2007 Street Fund grant for the South Main Street project, and licenses and permits revenues decreased due to the decrease in building permits.

Internal Service Funds: Revenues in the Internal Service Funds increased 1.2% in 2008. Most of the revenue in these funds is from charges to or transfers from other funds. The Fleet Fund charges all operating departments a fleet lease charge for vehicle operating, maintenance and replacement costs, and those charges increased by 4.6% in 2008.

Other Funds: Revenues in the Public Improvement Fund decreased by 9.4% in 2008. Sales and use tax revenues in the Public Improvement Fund decrease by 7.6%.

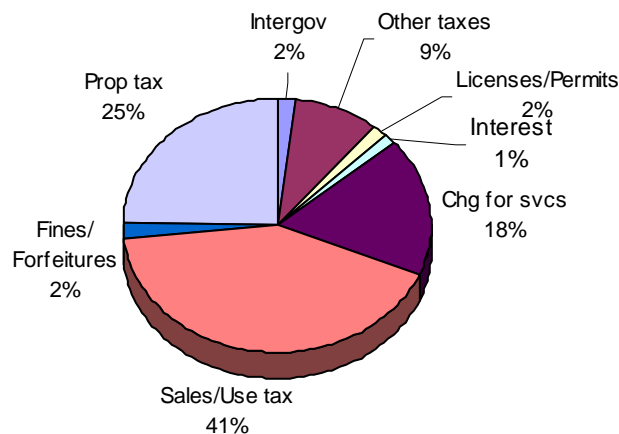
General Fund Revenues

The General Fund accounts for most of the services typically associated with local government including police and fire protection, parks, recreation facilities and programs, library and museum services, planning, code enforcement, legal, finance and human resources. The General Fund shows wide fluctuations during the last eighteen years. With the exception of 2004, each of the past six years experienced less than 3% growth. In 2008, total General Fund revenues show a slight increase of 2.65% over 2007.

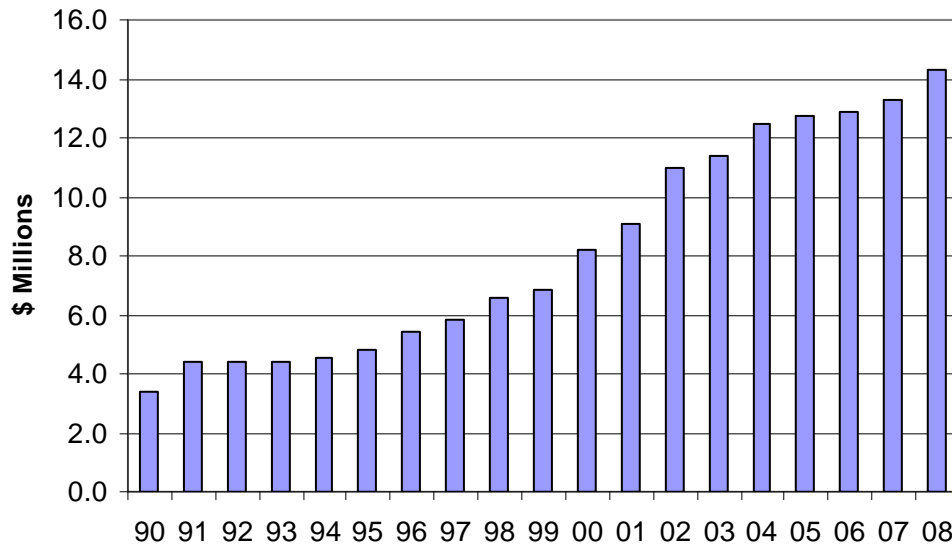
1990-2008 General Fund Revenues (GAAP Basis)

	Revenues	% Change	Adjusted for Inflation	% Change
1990	\$ 17,785,790	--	17,785,790	--
1991	20,305,373	14.17	19,524,397	9.78
1992	21,427,217	5.52	19,840,016	1.62
1993	23,013,380	7.40	20,547,661	3.57
1994	24,431,417	6.16	20,881,553	1.62
1995	25,924,724	6.11	21,249,774	1.76
1996	28,546,897	10.11	22,477,872	5.78
1997	32,741,992	14.70	24,993,887	11.19
1998	35,625,722	8.81	26,586,360	6.37
1999	38,163,600	7.12	27,654,783	4.02
2000	44,325,146	16.15	30,996,606	12.08
2001	47,096,470	6.25	31,397,647	1.29
2002	48,434,798	2.84	31,656,731	0.83
2003	49,881,528	2.99	32,181,631	1.66
2004	53,641,393	7.54	34,607,350	7.54
2005	55,085,060	2.69	34,863,962	0.74
2006	56,122,070	1.88	34,320,477	(1.56)
2007	56,480,692	0.64	33,796,268	(1.53)
2008	57,979,560	2.65	33,390,898	(1.20)

2008 General Fund Resources



Property Tax Receipts: 1990 - 2008



In 1991 the City increased the property tax mill levy to fund additional public safety positions. This mill levy increase temporarily reversed the trend of declining or flat property tax revenue. Since 1995 there has been an increase in property tax receipts each year. These increases reflect the City’s growth and the increasing value of residential, commercial and industrial property. The mill levy has remained at 13.42 mills since 1991.

General Fund Property Tax Levies and Collections

LEVY YEAR	COLLECTION YEAR	TOTAL TAX LEVY	CURRENT TAX COLLECTIONS	PERCENT OF LEVY COLLECTED	DELINQUENT TAX COLLECTIONS	TOTAL TAX COLLECTIONS	COLLECTIONS AS % OF CURRENT LEVY
1998	1999	\$ 6,977,671	\$ 6,882,377	98.6	\$ (2,932) (b)	\$ 6,879,445	98.6
1999	2000	8,341,427	8,152,560	97.7	26,375	8,178,935	98.1
2000	2001	9,204,986	9,053,272	98.4	2,236	9,055,508	98.4
2001	2002	11,129,739	10,981,104	98.7	28,339	11,009,443	98.9
2002	2003	11,643,381	11,420,707	98.1	(18,890) (b)	11,401,817	97.9
2003	2004	12,619,238	12,459,430	98.7	(6,779) (b)	12,452,651	98.7
2004	2005	12,927,716	12,730,641	98.5	3,852	12,734,493	98.5
2005	2006	13,037,177	12,849,208	98.6	7,168	12,856,376	98.6
2006	2007	13,445,358	13,286,992	98.8	9,040	13,296,032	98.9
2007	2008	14,461,571	14,274,137	98.7	(21,130) (b)	14,253,007	98.6

(a) Property taxes are assessed by Boulder and Weld Counties and, after collection and deduction of 1% as a collection fee, are remitted to the City. Outstanding delinquent taxes, although relatively minor, are not known by the City, and are assumed to be negligible.

(b) Refunds exceeded delinquent collection.

2008 Principal Taxpayers

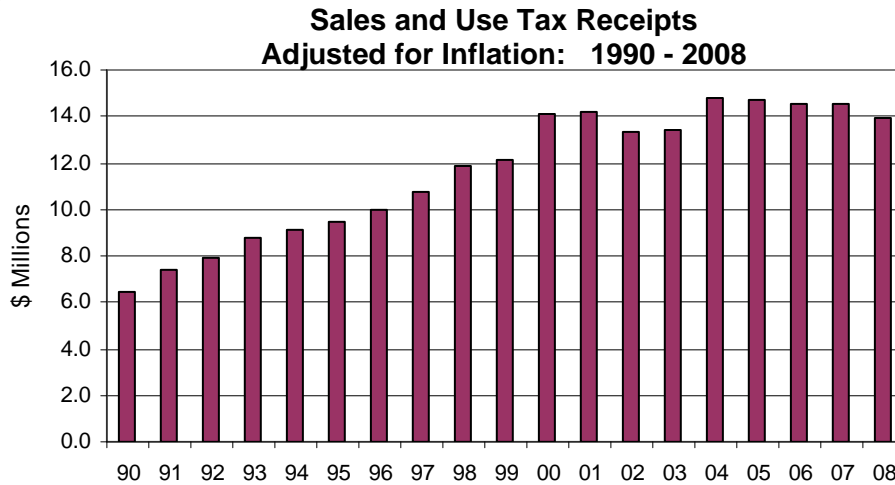
Taxpayer	Type of Business	2007 Assessed Valuation	Percentage of Total Assessed Valuation
AMGEN INC	Pharmaceutical Industry	\$ 37,304,720	3.5%
SEAGATE TECHNOLOGY LLC	Computer Industry	24,396,630	2.3%
CIRCLE CAPITAL LONGMONT LLC	Land Development	20,105,830	1.9%
LONGMONT WOODHAVEN LLC	Land Development	10,394,340	1.0%
HUB PROPERTIES TRUST	Land Development	10,277,320	1.0%
XLINX INC	Computer Industry	9,919,740	0.9%
TWIN PEAKS MALL	Shopping Center	8,812,720	0.8%
LONGMONT SPRINGCREST LLC	Land Development	7,590,160	0.7%
QWEST COMMUNICATIONS	Communications Industry	7,437,400	0.7%
BRASS CREEKSIDE LP	Land Development	5,578,960	0.5%
Total Taxable Assessed Value of 10 Largest Taxpayers		141,817,820	13.2%
Total Taxable Assessed Value of Other Taxpayers		934,774,470	86.8%
Total Taxable Assessed Value All Taxpayers		\$ 1,076,592,290	100.0%

Regional Tax Rates: In comparison to neighboring front range cities with a population over 19,000, Longmont has the third lowest sales tax rate, and the second highest property tax mill levy

2008 Property Tax and Sales Tax Rate Comparisons

	Mill Levy	Sales Tax Rate
Longmont	13.420	3.275%
Boulder	9.841	3.410%
Broomfield	11.457	4.150%
Fort Collins	9.797	3.000%
Greeley	11.274	3.460%
Lafayette	15.515	3.500%
Louisville	6.710	3.500%
Loveland	9.564	3.000%
Thornton	10.210	3.750%
Westminster	3.650	3.850%

Sources: Mill Levies - Adams, Boulder, Broomfield & Weld County websites
Sales Tax Rates - City websites

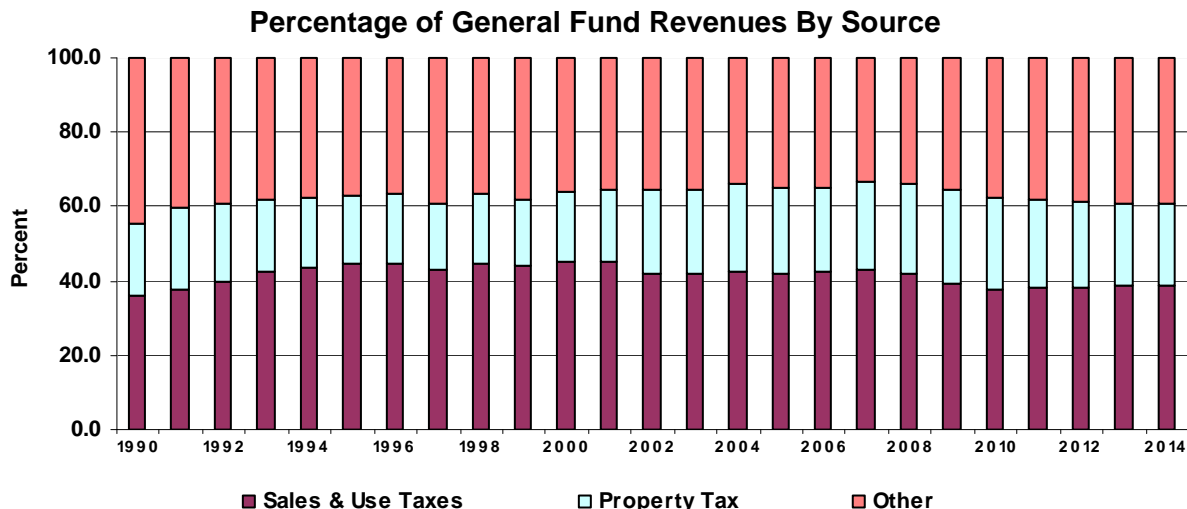


When adjusted for inflation, the General Fund’s sales and use tax receipts for 2008 equaled \$13,912,570, a decrease of \$523,430 from 2007. This is a \$7.5 million increase from 1990, when adjusted for inflation. In real terms, sales and use tax receipts increased from \$6.4 million to \$14.2 million during the period from 1990 through 2001. In 2002, receipts dipped to \$13.3 million, with a slight increase to \$13.5 million in 2003. 2004 shows an increase to \$14.8 million, with 2005 remaining relatively flat at \$14.7, then decreases slightly to \$14.5 million in 2006 and remained relatively flat at \$14.44 million in 2007. In 2008 receipts decreased to \$13.9 million.

The General Fund continues to derive a major percentage of its revenues from sales and use taxes. In 2008, this percentage was 41.7% (\$24.2 million). Since 1993, the percentage of the General Fund’s total revenue from sales and use taxes has been at least 40%; however, the 2009 projected actual amount shows the percentage will decrease to 39% due to lagging economic conditions, and future projections show the percentage will remain between 37% and 39% through 2014.

Property tax revenues totaled \$14.3 million, or 24.6%, of the General Fund’s revenues in 2008. Projections show this revenue decreasing to 22% in 2012 and 2013, and then decreasing again to 21% by 2014.

All other General Fund revenues generated \$19.5 million, or 33.7% in 2008. Included in this category are other taxes, licenses and permits, developer participation, charges for services, fines and forfeits, investment income, intergovernmental revenue, other financing sources and miscellaneous revenues. Projections show a gradual increase to \$25.3 million or 39.6% by 2014.



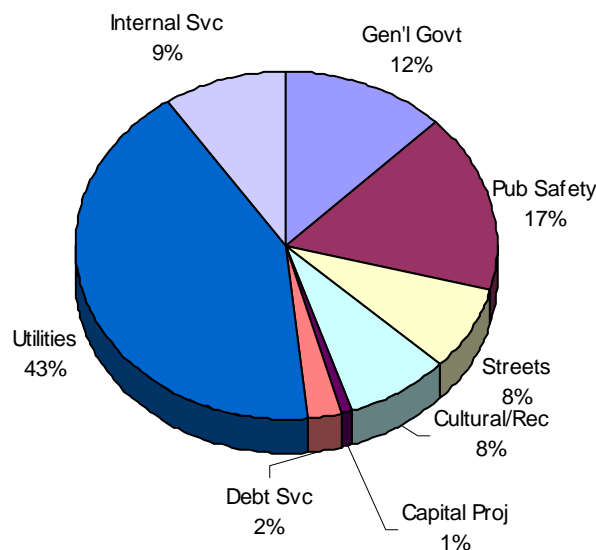
NOTE: 1990-2008 are actual amounts collected; 2009 is estimated revenues; 2010 is proposed budgeted revenues; and 2011-2014 are projections.

EXPENDITURES

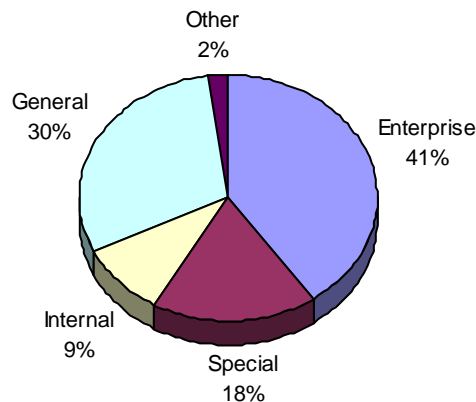
Total City Expenditures: As reported in the 2008 Comprehensive Annual Financial Report (CAFR), the City's expenditures totaled \$193.5 million. This is an increase of 5.05% from 2007. The expenditure figures below include all funds and are based on Generally Accepted Accounting Principles (GAAP).

	Total Expenditures	% Change	Adjusted for Inflation	% Change
1990	\$ 70,448,999	--	70,448,999	--
1991	65,676,644	(6.77)	63,150,619	(10.36)
1992	77,571,048	18.11	71,825,044	13.74
1993	88,840,605	14.53	79,321,969	10.44
1994	91,623,602	3.13	78,310,771	(1.27)
1995	89,865,932	(1.92)	73,660,600	(5.94)
1996	99,103,508	10.28	78,034,258	5.94
1997	112,004,920	13.02	85,499,939	9.57
1998	115,994,464	3.56	86,563,033	1.24
1999	126,716,586	9.24	91,823,613	6.08
2000	155,908,012	23.04	109,026,582	18.73
2001	196,795,357	26.23	131,196,905	20.33
2002	186,747,682	(5.11)	122,057,308	(6.97)
2003	172,714,507	(7.51)	111,428,714	(8.71)
2004	185,353,130	7.32	119,582,665	7.32
2005	186,114,475	0.41	117,793,972	(1.50)
2006	187,908,823	0.96	114,578,551	(2.73)
2007	184,187,153	(1.98)	109,635,210	(4.31)
2008	193,491,604	5.05	111,202,071	1.43

2008 Expenditures All Funds



2008 Expenditures By Fund Groups (GAAP Basis)



General Fund: The City’s General Fund expenditures in 2008 totaled \$58.2 million. This is an increase of 1.31%, or \$749,282, from 2007 expenditures. An increase in expenditures was seen in Public Safety at 4.4%. This increase was due to the fact that a larger pay increase was given to the public safety step employees as opposed to the open range employees, and large amounts of overtime in the Police Department due to vacant positions and officers on light duty. Culture/Recreation and General Government expenditures decreased by 0.4% and 2.1% respectively. Decreases in Culture/Recreation were spread throughout basic operating expenses, and General Government decreases were due to position reductions (1 FTE from ETS, 2 FTE from Planning, 1 FTE from HR and 1.25 FTE from Probation) and various operating line item reductions.

Enterprise Funds: Operating expenses for the Enterprise Funds increased by 3.9%. Over 43% of the expenses in the Enterprise Funds are for the purchase of wholesale electric power in the Electric Fund, the cost of which increased by 1.3% in 2008. Expenses in the Water Fund increased by 5.7% due to increased water assessments in the Water Resources area.

Special Revenue Funds: Special Revenue Funds total expenditures were \$35.1 million, an increase of 23.4% or \$6.7 million from 2007. The Street Improvement Fund expenditures decreased by \$1.9 million from 2007 due to the completion of the South Main Street project. Expenditures in the Water Construction Fund increased by \$1.1 million due to the inception of the Highway 66 Water Line Installation project. Sewer Construction Fund expenditures increased by \$1.1 million due to increased expenditures for the Wastewater Treatment Plant Improvement project. CDBG Fund and Affordable Housing Fund expenditures increased by \$1.5 million and \$3.1 million respectively because of an accounting change for the loan program expenditures, and finally, the Public Safety expenditures increased by \$2.3 million because of the addition of 13 new FTE and the construction of the new fire station (\$1.7 million).

Internal Service Funds: The Internal Service Funds operating expenses increased 4.9% in 2008, due to increased fuel and depreciation expenses in the Fleet Fund.

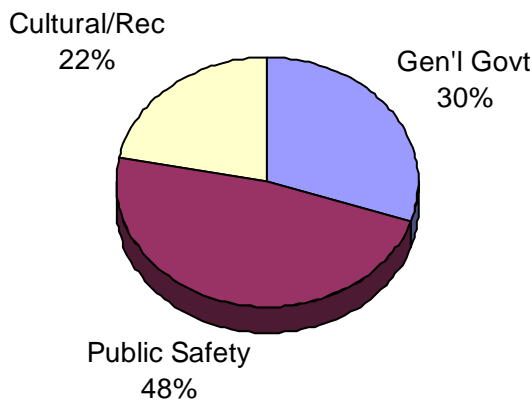
Other Funds: Expenditures in the Public Improvement Fund decreased 7.4% in 2008. Capital projects decreased \$1.6 million or 50.9% due to the near completion of sections of the Greenway Connection project, the East Longmont Entry project and the Development Services Center Renovation project; combined with reduced expenditures in Municipal Building improvement projects.

1990 - 2008 General Fund Expenditures (GAAP Basis)

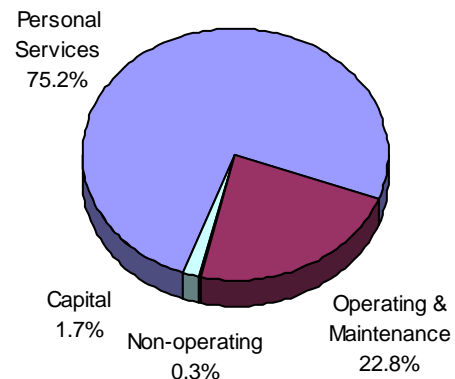
	Expenditures % Change		Adjusted for Inflation % Change	
1990	\$ 16,355,722	--	\$ 16,355,722	--
1991	18,704,183	14.36	17,984,791	9.96
1992	20,944,753	11.98	19,393,290	7.83
1993	22,106,504	5.55	19,737,950	1.78
1994	23,824,530	7.77	20,362,846	3.17
1995	25,199,092	5.77	20,654,993	1.43
1996	27,800,690	10.32	21,890,307	5.98
1997	31,164,255	12.10	23,789,508	8.68
1998	34,097,663	9.41	25,446,017	6.96
1999	37,003,480	8.52	26,814,116	5.38
2000	40,329,676	8.99	28,202,571	5.18
2001	44,533,384	10.42	29,688,923	5.27
2002	49,414,348	10.96	32,296,959	8.78
2003	48,441,507	-1.97	31,252,585	-3.23
2004	51,267,900	5.83	33,076,065	5.83
2005	56,046,817	9.32	35,472,669	7.25
2006	57,958,144	3.41	35,340,332	-0.37
2007	57,408,977	-0.95	34,172,010	-3.31
2008	58,158,259	1.31	33,424,287	-2.19

2008 General Fund Expenditures: In 2008 48% of the General Fund expenditures were for Public Safety expenses, followed by 30% for General Government and 22% for Culture and Recreation. Public Safety expenses increased \$1,175,354 (4.4%) from 2007 due to pay increases for public safety step employees that were larger than the increases given to general fund open range employees, and large amounts of overtime in the Police Department due to vacancies and several officers being on light duty. Culture and Recreation expenses decreased by \$51,189 (0.4%) from 2007 due to slight operating decreases spread throughout most of the services in this category. The General Government category includes Administration, City Attorney, Finance, Planning, Facilities, etc, and its expenditures decreased by \$375,383 (2.1%) due to a reduction of 5.25 FTE, and various operating line item reductions. As in prior years personal services is the largest category of expenditures in the General Fund. In 2008, 75.2% of the total General Fund expenditures was spent on employee related costs.

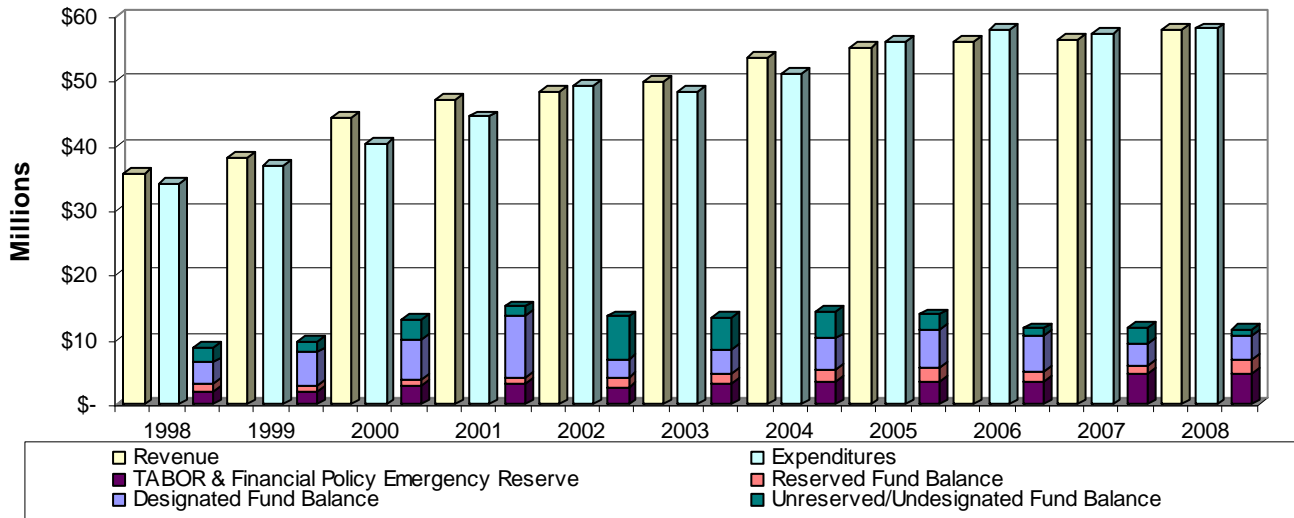
Expenditures by Service



Expenditures by Category



General Fund Analysis 1998-2008



General Fund expenses exceeded revenues in 2002, and from 2005 through 2008. This is evidence of a declining economic cycle. The City has responded to the declining revenues by reducing General Fund expenditures while attempting to maintain quality services to its residents. In 2002, savings of up to 10% of the original budget were identified and implemented. For 2003, mid-year budget cuts were made to assure that ongoing expenditures would not exceed 2003 revenues. The 2004 adopted budget included further expenditure reductions. In 2005 and into 2006 the City’s economy began to slowly show positive indicators and the City managed to adopt a budget that maintained current service levels. Mid-year 2007 the City was again in a situation of having to save up to 3% of budgeted expenditures to offset the decrease in development revenue and use tax. The 2008 and 2009 budgets included further reduction and during 2009 further savings have been implemented.

In order to recruit and retain excellent employees to provide services, it is the City’s policy to maintain a competitive pay plan, however 2003 was the first time in sixteen years that the City did not make an adjustment to employee pay which was the major reason expenditures were below revenues in that year. In 2007, 2008 and again with the Proposed 2009 Budget General Fund expenditure reductions were necessary in order to implement pay plan recommendations. The proposed budget does not include funds to implement merit increases for 2010.

The fund balances shown in the above graph are divided into 4 separate categories: the TABOR and Financial Policy reserve requirements; reserved; designated; and unreserved/undesigned. In 2007, City Council changed the General Fund Reserve Policy by increasing it from 6% of budgeted expenses to 8%. The following is a comparison of the fund balance breakdown for 2007 and 2008:

	2007	2008
TABOR and Financial Policy Emergency Reserve	\$ 4,712,266	\$ 4,884,520
Reserved	1,421,222	2,035,311
Designated	3,422,778	3,810,848
Unreserved/Undesignated	2,426,469	933,219
Total General Fund fund balance	<u>\$11,982,735</u>	<u>\$11,663,898</u>

The most significant change from 2007 is in the unreserved/undesigned category which decreased by almost \$1.5 million from 2007 to 2008. This is an outcome of the revenue shortfalls in 2008.

PRIORITIZATION PROCESS

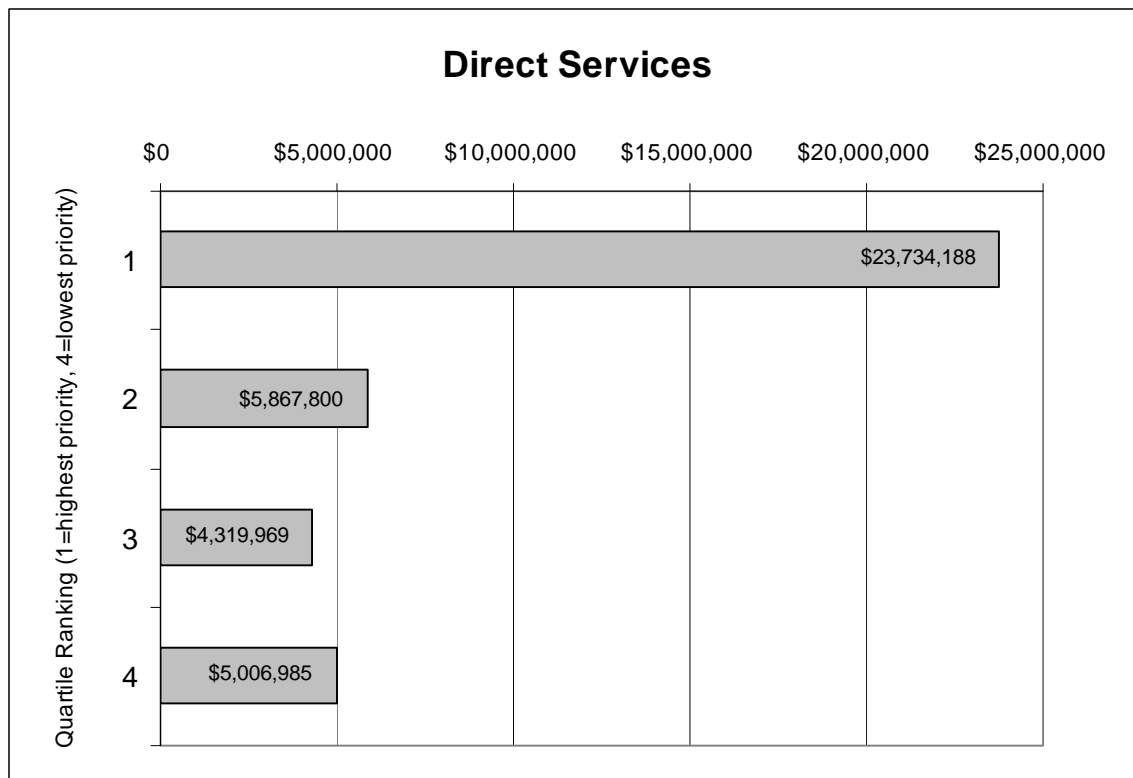
During 2009 the City implemented a prioritization process which resulted in the prioritization of General Fund City services to assist Council and the community in potential service reductions for the 2010 budget. While these results were not utilized to make service level reductions they do indicate the amount of funding that the City puts towards the services that are of the highest value to the community.

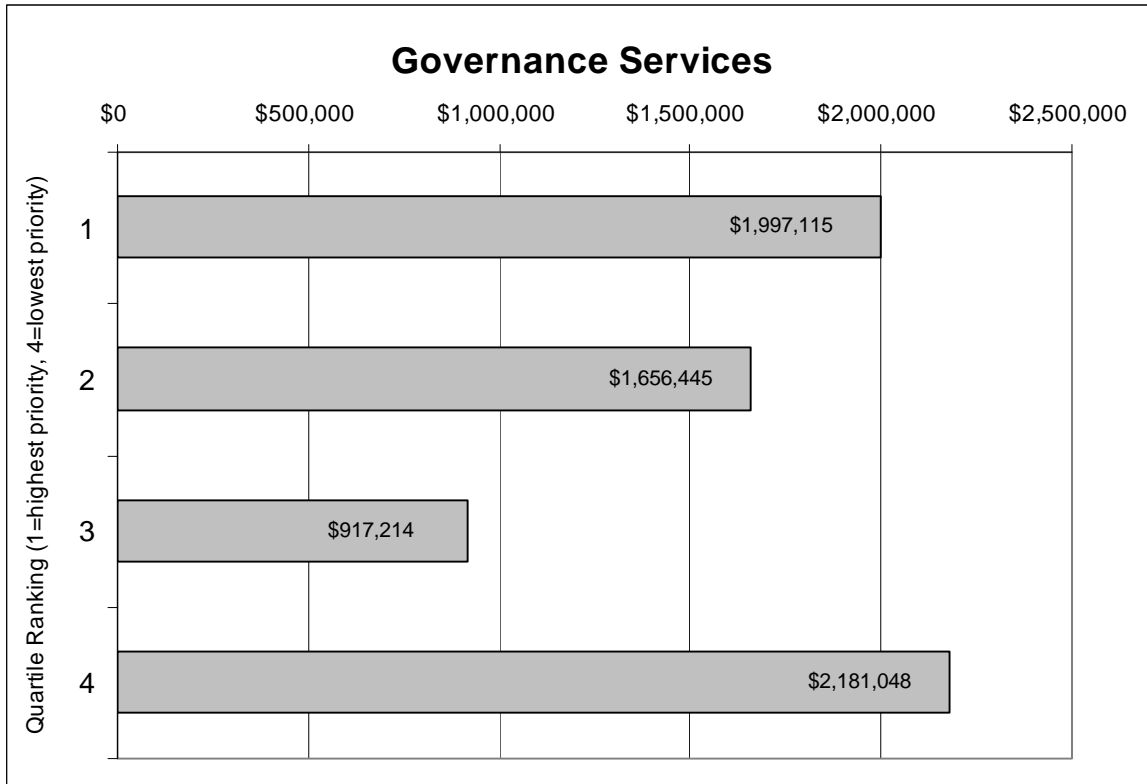
The first step of the process was to identify the City wide results that are important to the community. These are:

- Community Safety
- Economic Health
- Culture, Learning, Recreation and Human Service Opportunities
- Environmental Health
- Neighborhood Quality
- Effective and Efficient Governance

City services were then identified, costed out and separated between services delivered directly to the public and governance services, which are services provided internally. Staff valued each service in regard to their influence in achieving each of the results as well as the basic attributes of mandates, demand and revenue generations. The resulting scores were used to establish the relative priority for each service.

The services were then separated into four quartiles based on scores with each quartile representing 25% of the services.





Based on this information, the City will spend approximately \$25.7 million on high priority services in 2009 with the majority of that being spent on services that are provided direction to the public. The intent of this process was to be able to use this information to make decisions on the allocation of resources for 2010.

FIVE-YEAR FUND PROJECTIONS

This section contains five-year projections of revenues and expenditures in the City's major operating funds: General, Water, Sewer, Electric, Sanitation, Storm Drainage, Street and Public Safety Fund. As with any such forecasts, the projections made in this report are completely dependent on the assumptions made. In establishing assumptions, one can either try to project what may happen in the future, or extend current trends to see what may happen if those trends continue which is what these projections are.

These analyses are not intended to be precise projections of what we will need in the future. Instead, they alert us to what the future may possibly look like. These estimates are purposefully conservative in nature so that we may prepare ourselves for circumstances that may require changes in the way we operate.

General Fund

The following assumptions were made for revenue and expenditure projections for the General Fund. Unless stated otherwise, these same assumptions were used where applicable in the other funds as well.

Revenues:

- Property tax collections in 2009 are projected to increase by 0.46% over 2008 actual. The proposed budget for 2010 (a reassessment year) shows a 0.5% increase in property tax revenues over 2009 projected actual. Preliminary certification from the assessors' office indicate a 4% decrease in residential valuations, but that was offset by an increase in commercial valuations. Staff projections for 2010 and beyond look bleaker due to the impact of the current housing market situation. We are projecting property values to remain flat in 2011, following by a 4% decrease in 2012, then remaining flat in 2013 and 2014.
- Sales and use tax revenues in 2009 are projected to decrease by 7.5% from 2008 actual collections. The 2010 budget is based on a 1.1% decrease in sales and use tax from the projections for 2009. Overall sales and use tax is projected to increase by 2.15% in the 2010 budget, but due to the resetting of the allocation between the General Fund and the Public Improvement Fund, the General Fund sales and use tax revenue will decrease in 2010. Sales and use tax are projected to increase by 3% from 2011-2014. This reflects the anticipated gradual recovery of the economy and projected population growth of the City. The financial policy on sales tax receipts governing the allocation between the General Fund and the Public Improvement Fund has implications on the ability of the General Fund to meet existing service levels, as well as increasing demands for service over the long term. The allocation has been 1.7 cents in the General Fund and 0.3 cents in the Public Improvement fund since 2004. In an attempt to further stabilize the General Fund, beginning in 2008 this policy was changed so that a greater percentage of the more stable sales tax will go to the General Fund while greater percentage of the less stable use tax will go to the Public Improvement Fund where it is much easier to react to the volatility seen in this revenue source. The 85% General Fund and 15% Public Improvement fund split will continue to be met in each annual budget.

Revenues:

- Building permit revenues for 2009 are projected to decline by 42% from 2008 collections reflecting the slowdown in the housing industry. Permit revenues for 2010 are based on the Planning Division's projection that 69 permits for dwelling units (30 single-family and 39 multi-family) will be issued in 2010. The growth rate in building permit revenue is projected to be 2% in the years 2010 and 2014. These estimates of annual growth are based on the Planning Division's current estimates of housing starts in each of those years, and estimated permit fee increases.
- Interest earnings are budgeted at \$250,000 for each year of the five-year period.
- Administrative transfers for 2009 are projected to be 13.7% greater than 2008 collections due mainly to the additional transfer from the Sanitation Fund for trash pick up in City parks. Transfers for 2010 are increasing by 4% over 2009. Projections for these revenues average about a 3% increase from 2011 through 2014 to reflect projected increase in the general fund salaries paid to the services that provide assistance to the Enterprise Funds.

Expenditures:

- The 2010 General Fund Budget includes a net decrease of 10.25 FTE. Projections for 2011 through 2014 include no new personnel. This may not be a realistic assumption as there have been numerous FTE reductions without a reduction in demands on the General Fund for services. However, we use this assumption to determine if we could continue to fund our current activities based on current trends. If so, then we can feel more secure about funding new growth and expanded services.
- The 2010 budget contains no projected pay increase for open range positions or step adjustment for public safety positions, although step movements will still occur. For 2011 through 2014 most personnel costs are projected to increase 3.0% each year as they follow pay increases, except health insurance costs which are projected at 5% increases each year.
- Operating and Maintenance projections have been updated based on historical trends. Most line item expenditures are projected to increase between 2.0% and 3.5%. Fleet lease rates are expected to increase 5% annually for the operating and maintenance portion and 4% annual for the depreciation portion.
- One-time expenditures have been separated from other expenditures at the end of the table. These expenditures are financed with fund balance or carryover amounts. They are not considered ongoing expenses and they might not be budgeted in any year where an excess fund balance is not expected. To be consistent, since excess revenues are not projected, these expenses, which are ultimately financed with such excess revenues, are not included in the 2011 through 2014 projections.

Using these assumptions, in 2010 the General Fund projections show expenditures exceeding revenues by 1,950,906 which is the amount of one time expenses that are budgeted from the projected fund balance. Forecast projections for 2010-2013 show expenses exceeding revenues from \$946,068 in 2011 to \$2,914,702 by 2014.

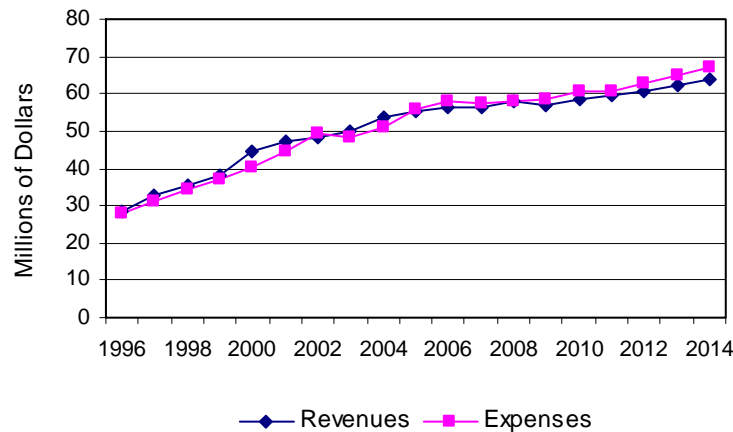
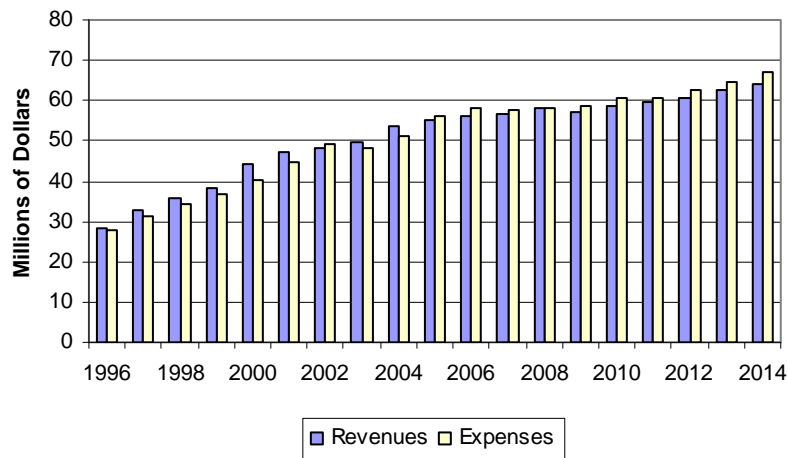
Conclusion:

We are extremely dependent on growth in sales and use tax and property tax to be able to sustain growth in service levels in the General Fund. This conclusion is supported by recent experience. Over the past five years the only annual budget in which we have been able to address increasing demands for services without offsetting cuts was in 2005. This was after a year in which we experienced growth of 5.3% in the sales and use tax. The five year projections result in operating deficits between 2011 and 2014. The projected deficits reflect that strong growth in tax revenue is necessary to increase service levels as well as meet existing demands for service.

According to the Longmont Area Comprehensive Plan the City is nearing build-out. As this occurs, it is sure to have an impact on revenue sources such as property tax and building permits. Up to this point, a large portion of the growth in property tax revenue has been due to new construction. This revenue will not be realized as construction tapers off. Building permit revenues stemming from new construction have already proven to not be sustainable. Beginning with the 2005 Budget, we introduced a financial policy regarding the use of incremental development revenue. Incremental development revenue will only be available for development related expenses that are either one-time or else subject to reduction in the event that this level of revenue is not sustainable in the future. Since 2005 that revenue has essentially dried up and adjustments have been made to subsequent budgets due to the decreases in development revenues. Going forward any new development revenue over the projected 120 permits per the Policy will be considered to be incremental development revenue. Since permit levels for 2010 are below the 120 threshold, the proposed 2010 budget does not include any incremental development revenue.

Previous Financial Assessment Reports have indicated that our General Fund is dependent on a strong local economy to generate the revenues needed to continue to provide existing services. Our experience with sales and use tax revenues in 2002 and 2003 and development related revenues in 2005-08 have validated the stated concern that a slowdown in the local economy would significantly curtail the availability of funds for necessary operating and maintenance costs associated with new or expanded General Fund services. It is imperative that the City continue the process of structurally aligning its' revenues and expenditures so the services provided to the community will continue to remain strong.

General Fund Revenues and Expenses: 1996 through 2014 Legal Basis



General Fund	Revenues	Expenses	Surplus (Deficit)
1996 Actual	28,546,897	27,800,690	746,207
1997 Actual	32,741,992	31,164,255	1,577,737
1998 Actual	35,625,722	34,097,663	1,528,059
1999 Actual	38,163,600	37,003,480	1,160,120
2000 Actual	44,325,146	40,329,676	3,995,470
2001 Actual	47,096,470	44,533,384	2,563,086
2002 Actual	48,434,798	49,414,348	(979,550)
2003 Actual	49,881,528	48,441,507	1,440,021
2004 Actual	53,641,393	51,267,900	2,373,493
2005 Actual	55,085,060	56,046,817	(961,757)
2006 Actual	56,122,070	57,958,144	(1,836,074)
2007 Actual	56,480,692	57,408,977	(928,285)
2008 Actual	57,979,560	58,158,259	(178,699)
2009 Projected Actual	56,899,195	58,579,799	(1,680,604)
2010 Proposed Budget	58,542,994	60,493,900	(1,950,906)
2011 Projection	59,860,468	60,806,536	(946,068)
2012 Projection	60,778,168	62,773,487	(1,995,318)
2013 Projection	62,363,499	64,808,158	(2,444,658)
2014 Projection	64,001,636	66,916,338	(2,914,702)

Note: Projections for 2011 through 2014 do not include one time expenses. One time expenses, which are funded from fund balance, are included in the actual amounts from 1996 through 2008, the 2009 projected actual and the 2010 budget.

GENERAL FUND REVENUE PROJECTIONS: 2009 - 2014

Revenues	2009 Projected Actual	2010 Budget	2011 Projection	2012 Projection	2013 Projection	2014 Projection	% Change				
							2010	2011	2012	2013	2014
Property Taxes - Current	14,319,298	14,385,467	14,385,467	13,810,048	13,810,048	13,810,048	0.5%	0.0%	-4.0%	0.0%	0.0%
Sales and Use Taxes	22,313,553	22,072,939	22,735,127	23,417,181	24,119,696	24,843,287	-1.1%	3.0%	3.0%	3.0%	3.0%
Cigarette Taxes	200,000	190,000	188,100	186,219	184,357	182,513	-5.0%	-1.0%	-1.0%	-1.0%	-1.0%
Natural Gas Franchise	692,000	726,000	726,000	762,930	801,077	841,130	0.0%	5.0%	5.0%	5.0%	5.0%
Cable Television Franchise	738,950	740,000	777,000	815,850	856,643	899,475	0.1%	5.0%	5.0%	5.0%	5.0%
Telephone Franchise	243,790	219,770	202,188	186,013	171,132	157,442	-9.9%	-8.0%	-8.0%	-8.0%	-8.0%
Electric Franchise	3,101,205	4,105,600	4,473,051	4,873,389	5,309,558	5,784,763	32.4%	9.0%	9.0%	9.0%	9.0%
Telecommunications Franchise	6,200	7,800	7,800	7,800	7,800	7,800	25.8%	0.0%	0.0%	0.0%	0.0%
Water Franchise	-	263,670	268,943	274,322	285,295	296,707	0.0%	2.0%	2.0%	2.0%	4.0%
Wastewater Franchise	318,868	322,500	354,750	376,035	398,597	414,541	1.1%	10.0%	6.0%	6.0%	4.0%
Liquor Licenses	10,000	11,000	11,220	11,444	11,673	11,907	10.0%	2.0%	2.0%	2.0%	2.0%
Sales Tax Business Permits	28,000	28,000	28,560	29,131	29,714	30,308	0.0%	2.0%	2.0%	2.0%	2.0%
Business Licenses	4,960	4,600	4,692	4,786	4,882	4,979	-7.3%	2.0%	2.0%	2.0%	2.0%
Building Permits	576,929	591,712	603,546	603,546	615,617	615,617	2.6%	2.0%	0.0%	2.0%	0.0%
Contractor Licenses	98,000	105,000	107,100	109,242	111,427	113,655	7.1%	2.0%	2.0%	2.0%	2.0%
Use of Public Places Permit	5,000	5,000	5,100	5,202	5,306	5,412	0.0%	2.0%	2.0%	2.0%	2.0%
Alcohol in Public Places Permits	2,000	2,000	2,000	2,000	2,000	2,000	0.0%	0.0%	0.0%	0.0%	0.0%
State Severance Taxes	30,000	30,000	35,000	40,000	45,000	50,000	0.0%	16.7%	14.3%	12.5%	11.1%
St. Vrain School District-School Officers	114,232	114,232	117,659	121,189	124,824	128,569	0.0%	3.0%	3.0%	3.0%	3.0%
Clover Basin Fire District Contributions	284,612	-	-	-	-	-	-100.0%	0.0%	0.0%	0.0%	0.0%
Boulder County Fire IGA	29,899	29,899	29,899	29,899	29,899	29,899	0.0%	0.0%	0.0%	0.0%	0.0%
Boulder County Shared Fines	52,000	55,000	56,100	57,222	58,366	59,534	5.8%	2.0%	2.0%	2.0%	2.0%
Baseball District Excess Revenues	11,000	11,000	11,000	11,000	11,000	11,000	0.0%	0.0%	0.0%	0.0%	0.0%
Liquor Application Fees	20,000	22,000	22,440	22,889	23,347	23,814	10.0%	2.0%	2.0%	2.0%	2.0%
Zoning and Hearings	60,000	60,000	61,200	62,424	63,672	64,946	0.0%	2.0%	2.0%	2.0%	2.0%
Parks Maintenance Fee	-	1,903,400	1,903,400	1,903,400	1,903,400	1,903,400	0.0%	0.0%	0.0%	0.0%	0.0%
Maps and Publications	1,200	1,200	1,200	1,200	1,200	1,200	0.0%	0.0%	0.0%	0.0%	0.0%
Print Shop Revenue	220,769	223,593	230,301	237,210	244,326	251,656	1.3%	3.0%	3.0%	3.0%	3.0%
Sales Tax Commission	15,000	900	918	936	955	974	-94.0%	2.0%	2.0%	2.0%	2.0%
Purchasing Card Rebates	20,000	20,000	20,000	20,000	20,000	20,000	0.0%	0.0%	0.0%	0.0%	0.0%
Criminal Justice Records	22,000	22,000	22,440	22,889	23,347	23,814	0.0%	2.0%	2.0%	2.0%	2.0%
Sex Offender Registration Fees	12,000	12,000	12,240	12,485	12,734	12,989	0.0%	2.0%	2.0%	2.0%	2.0%
Vehicle Impound Fees	2,800	2,800	2,856	2,913	2,971	3,031	0.0%	2.0%	2.0%	2.0%	2.0%
Firework Stands Fees	6,000	6,000	6,000	6,000	6,000	6,000	0.0%	0.0%	0.0%	0.0%	0.0%
Fire Inspection Fees	48,000	50,000	51,000	52,020	53,060	54,122	4.2%	2.0%	2.0%	2.0%	2.0%
Emergency Dispatching	99,096	99,096	102,069	105,131	108,285	111,533	0.0%	3.0%	3.0%	3.0%	3.0%
Plan Check Fees	177,027	155,941	159,060	159,060	162,241	162,241	-11.9%	2.0%	0.0%	2.0%	0.0%
Variance/Appeals Board	1,700	1,775	1,811	1,847	1,884	1,921	4.4%	2.0%	2.0%	2.0%	2.0%
Elevator Inspection Fees	33,600	34,230	34,915	35,613	36,325	37,052	1.9%	2.0%	2.0%	2.0%	2.0%
Right of Way Maintenance	230,972	233,620	238,292	243,058	247,919	252,878	1.1%	2.0%	2.0%	2.0%	2.0%
GID Maintenance	40,000	47,000	47,000	47,000	47,000	47,000	17.5%	0.0%	0.0%	0.0%	0.0%
Rec Center-Administration & Passes	1,225,000	1,225,000	1,249,500	1,274,490	1,299,980	1,325,979	0.0%	2.0%	2.0%	2.0%	2.0%
Rec Center-Aquatic Fees	45,000	45,000	45,900	46,818	47,754	48,709	0.0%	2.0%	2.0%	2.0%	2.0%
Rec Center-General Activity Fees	51,000	51,000	52,020	53,060	54,122	55,204	0.0%	2.0%	2.0%	2.0%	2.0%
Rec Center-Rentals	46,000	46,000	46,920	47,858	48,816	49,792	0.0%	2.0%	2.0%	2.0%	2.0%
Rec Center-Concessions	40,000	40,000	40,800	41,616	42,448	43,297	0.0%	2.0%	2.0%	2.0%	2.0%
Rec Center-Resale Merchandise	17,000	17,000	17,340	17,687	18,041	18,401	0.0%	2.0%	2.0%	2.0%	2.0%
Pool Fees, Passes, Lessons	429,000	429,000	437,580	446,332	455,258	464,363	0.0%	2.0%	2.0%	2.0%	2.0%
Recreation Non-Resident Fees	30,000	30,000	31,212	32,473	33,836	35,247	0.0%	2.0%	2.0%	2.0%	2.0%
Community Events Revenue	44,426	44,426	45,315	46,221	47,145	48,088	0.0%	2.0%	2.0%	2.0%	2.0%
Union Reservoir Fees	215,000	215,000	219,300	223,686	228,160	232,723	0.0%	2.0%	2.0%	2.0%	2.0%
Seasonal Ice Rink Program Fees	69,746	69,746	71,141	72,564	74,015	75,495	0.0%	2.0%	2.0%	2.0%	2.0%
Athletic Program Fees	275,000	275,000	280,500	286,110	291,832	297,669	0.0%	2.0%	2.0%	2.0%	2.0%
Recreation Activity Fees	445,928	445,928	454,847	463,943	473,222	482,687	0.0%	2.0%	2.0%	2.0%	2.0%
Senior Services Misc. Revenue	500	500	500	500	500	500	0.0%	0.0%	0.0%	0.0%	0.0%

Outdoor Recreation Activity Fees	38,825	39,602	40,394	41,201	42,025	0.0%	2.0%	2.0%	2.0%	2.0%
Special Populations Activity Fees	22,000	22,440	22,889	23,347	23,814	0.0%	2.0%	2.0%	2.0%	2.0%
Concessions-Sandstone II	10,300	10,506	10,716	10,930	11,149	0.0%	2.0%	2.0%	2.0%	2.0%
Concessions-Sandstone I	10,000	10,200	10,404	10,612	10,824	0.0%	2.0%	2.0%	2.0%	2.0%
Concessions-Centennial Pool	1,805	1,841	1,878	1,915	1,954	0.0%	2.0%	2.0%	2.0%	2.0%
Concessions-Clark Park	9,000	9,180	9,364	9,551	9,742	0.0%	2.0%	2.0%	2.0%	2.0%
Concessions-Roosevelt Park	200	204	208	212	216	0.0%	2.0%	2.0%	2.0%	2.0%
Concessions-Sunset Pool	26,000	26,520	27,050	27,591	28,143	0.0%	2.0%	2.0%	2.0%	2.0%
Concessions-Memorial Building	1,200	1,224	1,248	1,273	1,299	0.0%	2.0%	2.0%	2.0%	2.0%
Concessions-Garden Acres	45,500	46,410	47,338	48,285	49,251	0.0%	2.0%	2.0%	2.0%	2.0%
Concessions-Union Reservoir	6,200	6,324	6,450	6,579	6,711	0.0%	2.0%	2.0%	2.0%	2.0%
Concessions-Ice Rink	875	893	910	929	947	0.0%	2.0%	2.0%	2.0%	2.0%
Ice Rink Rentals	20,632	21,045	21,466	21,895	22,333	0.0%	2.0%	2.0%	2.0%	2.0%
Memorial Building Rentals	32,000	32,640	33,293	33,959	34,638	0.0%	2.0%	2.0%	2.0%	2.0%
Willow Barn Rental	24,300	24,786	25,282	25,787	26,303	0.0%	2.0%	2.0%	2.0%	2.0%
Senior Center Rentals	18,000	18,360	18,727	19,102	19,484	0.0%	2.0%	2.0%	2.0%	2.0%
Swimming Pool Rentals	37,000	37,740	38,495	39,265	40,050	0.0%	2.0%	2.0%	2.0%	2.0%
Other Facility Rentals	99,000	100,980	103,000	105,060	107,161	0.0%	2.0%	2.0%	2.0%	2.0%
Batting Cage Licensing Fees	1,600	1,600	1,600	1,600	1,600	0.0%	0.0%	0.0%	0.0%	0.0%
Park Shelter Rentals	30,000	30,600	31,212	31,836	32,473	0.0%	2.0%	2.0%	2.0%	2.0%
Museum Special Events Fee	-	12,240	12,485	12,734	12,989	0.0%	2.0%	2.0%	2.0%	2.0%
Parking Fines	100,000	123,600	127,308	131,127	135,061	20.0%	3.0%	3.0%	3.0%	3.0%
Other Fines	725,000	746,750	769,153	792,227	815,994	0.0%	3.0%	3.0%	3.0%	3.0%
Jury Fees	200	200	200	200	200	0.0%	0.0%	0.0%	0.0%	0.0%
Bond Forfeitures	19,500	19,500	20,288	21,107	21,970	0.0%	2.0%	2.0%	2.0%	2.0%
Court Education Fees	48,000	48,960	49,939	50,938	51,957	0.0%	2.0%	2.0%	2.0%	2.0%
Probation Monitoring Fees	30,000	30,600	31,212	31,836	32,473	0.0%	2.0%	2.0%	2.0%	2.0%
Surcharge on Violations	102,800	104,856	106,963	109,092	111,274	0.0%	2.0%	2.0%	2.0%	2.0%
Court Costs	129,600	132,192	134,836	137,533	140,283	0.0%	2.0%	2.0%	2.0%	2.0%
Outstanding Judgment/Warrant-City	3,500	3,500	3,500	3,500	3,500	0.0%	0.0%	0.0%	0.0%	0.0%
Fines and Penalties	90,000	91,800	93,636	95,509	97,419	0.0%	2.0%	2.0%	2.0%	2.0%
Misc. Penalties	6,000	6,120	6,242	6,367	6,495	0.0%	2.0%	2.0%	2.0%	2.0%
False Alarm Fines	55,000	56,100	57,222	58,366	59,534	0.0%	2.0%	2.0%	2.0%	2.0%
Weed Cutting	12,000	12,240	12,485	12,734	12,989	0.0%	2.0%	2.0%	2.0%	2.0%
Misc. Revenue	25,000	25,500	26,010	26,530	27,061	0.0%	2.0%	2.0%	2.0%	2.0%
Misc. Revenue-Police	20,000	20,400	20,808	21,224	21,649	0.0%	2.0%	2.0%	2.0%	2.0%
Misc. Revenue-Court	700	714	728	743	758	0.0%	2.0%	2.0%	2.0%	2.0%
Misc. Revenue-City Clerk	200	200	200	200	200	0.0%	0.0%	0.0%	0.0%	0.0%
LEGI Services	-	2,000	2,000	2,000	2,000	0.0%	0.0%	0.0%	0.0%	0.0%
Sale of Equipment	3,000	3,060	3,121	3,184	3,247	0.0%	2.0%	2.0%	2.0%	2.0%
Miscellaneous Revenue - ETS	11,550	-	-	-	-	-100.0%	0.0%	0.0%	0.0%	0.0%
Interest Income	340,000	249,097	249,097	249,097	249,097	-26.7%	0.0%	0.0%	0.0%	0.0%
Oil and Gas Leases/Royalties	5,000	5,100	5,202	5,306	5,412	0.0%	2.0%	2.0%	2.0%	2.0%
Private Grant/Donations	5,000	5,000	5,000	5,000	5,000	0.0%	0.0%	0.0%	0.0%	0.0%
Transfer from Sanitation Fund	519,940	481,273	495,711	510,582	525,900	-10.1%	3.0%	3.0%	3.0%	3.0%
Transfer from Sanitation for parks trash pick up	321,300	321,300	321,300	321,300	321,300	0.0%	0.0%	0.0%	0.0%	0.0%
Transfer from Golf Fund	118,868	121,682	129,092	132,965	136,954	2.4%	3.0%	3.0%	3.0%	3.0%
Transfer from Electric Fund	1,502,671	1,647,047	1,696,459	1,747,352	1,799,773	6.4%	3.0%	3.0%	3.0%	3.0%
Transfer from Electric-Tree Planting	23,000	23,000	23,000	23,000	23,000	0.0%	0.0%	0.0%	0.0%	0.0%
Transfer from Electric-Rec Sponsorships	5,000	10,500	10,500	10,500	10,500	110.0%	0.0%	0.0%	0.0%	0.0%
Transfer from Water Fund	1,259,745	1,259,752	1,259,752	1,336,471	1,376,565	-4.8%	5.0%	5.0%	5.0%	5.0%
Transfer from Sewer Fund	655,353	796,563	820,460	845,074	870,426	18.0%	3.0%	3.0%	3.0%	3.0%
Transfer from Storm Drainage Fund	399,868	510,620	485,089	514,631	530,070	27.7%	-5.0%	3.0%	3.0%	3.0%
Transfer from Airport Fund	39,446	42,573	45,166	46,521	47,916	7.9%	3.0%	3.0%	3.0%	3.0%
Transfer from Judicial Wedding Fund	-	1,321	1,361	1,402	1,444	0.0%	3.0%	3.0%	3.0%	3.0%
Transfer from Street Fund	746,051	784,801	808,345	832,596	857,574	2.1%	3.0%	3.0%	3.0%	3.0%
Transfer from Library Services Fund	20,500	20,500	20,500	20,500	20,500	0.0%	0.0%	0.0%	0.0%	0.0%
Transfer from Open Space Fund	164,228	171,218	181,645	187,095	192,707	4.3%	3.0%	3.0%	3.0%	3.0%
Transfer from Self Insurance Fund	101,783	104,117	110,458	113,771	117,185	2.3%	3.0%	3.0%	3.0%	3.0%
Transfer from Workers' Compensation	142,233	158,125	167,755	172,787	177,971	11.2%	3.0%	3.0%	3.0%	3.0%
Transfer from GID	15,886	7,371	7,592	7,820	8,054	-55.8%	5.0%	3.0%	3.0%	3.0%
Transfer from Fleet Fund	201,510	222,785	229,468	236,352	243,443	7.3%	3.0%	3.0%	3.0%	3.0%
Transfer from Subdividers Escrow	1,300,000	-	-	-	-	-100.0%	0.0%	0.0%	0.0%	0.0%
One Time Transfers	71,066	-	-	-	-	67.4%	0.0%	0.0%	0.0%	0.0%
TOTAL	\$ 56,899,195	\$ 58,542,994	\$ 60,778,168	\$ 62,363,499	\$ 64,001,636	2.9%	2.3%	1.5%	2.6%	2.6%

GENERAL FUND EXPENDITURE PROJECTIONS: 2009 - 2014

Expenditures	2009	2010				2011				2012				2013				2014						
	Projected Actual	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	2010	2011	2012	2013	2014	
Salaries and Wages	31,085,787	31,560,431	32,507,244	33,482,461	34,486,935	35,521,543													1.5%	3.0%	3.0%	3.0%	3.0%	3.0%
Temporary Wages	1,905,695	1,924,059	1,981,781	2,041,234	2,102,471	2,165,545													1.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Skill Based Pay	52,785	52,995	54,585	56,222	57,909	59,646													0.4%	3.0%	3.0%	3.0%	3.0%	3.0%
Overtime Wages	1,259,234	1,271,373	1,309,514	1,348,800	1,389,264	1,430,942													1.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Longevity Compensation	133,920	127,560	127,560	127,560	127,560	127,560													-4.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Sick Conversion	150,000	140,000	144,200	148,526	152,982	157,571													-6.7%	3.0%	3.0%	3.0%	3.0%	3.0%
Retirement Health Savings Plan	211,712	264,182	272,107	280,271	288,679	297,339													24.8%	3.0%	3.0%	3.0%	3.0%	3.0%
Police/Fire Death and Disability	107,425	112,230	115,597	119,065	122,637	126,316													4.5%	3.0%	3.0%	3.0%	3.0%	3.0%
FICA	133,460	133,456	137,460	141,583	145,831	150,206													0.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Medicare Contribution	415,996	429,319	442,199	455,465	469,128	483,202													3.2%	3.0%	3.0%	3.0%	3.0%	3.0%
MOPC	840,655	879,882	906,278	933,467	961,471	990,315													4.7%	3.0%	3.0%	3.0%	3.0%	3.0%
Employee Insurance	4,149,338	4,083,013	4,287,164	4,501,522	4,726,598	4,962,928													-1.6%	5.0%	5.0%	5.0%	5.0%	5.0%
Employee Retirement	840,655	1,469,871	1,513,967	1,559,386	1,606,168	1,654,353													74.8%	3.0%	3.0%	3.0%	3.0%	3.0%
Police/Fire Retirement	1,617,550	1,587,539	1,635,165	1,684,220	1,734,747	1,786,789													-1.9%	3.0%	3.0%	3.0%	3.0%	3.0%
Compensation Insurance	417,884	410,061	422,363	435,034	448,085	461,527													-1.9%	3.0%	3.0%	3.0%	3.0%	3.0%
Unemployment Insurance	18,185	106,161	109,346	112,626	116,005	119,485													483.8%	3.0%	3.0%	3.0%	3.0%	3.0%
Staff Training/Conferences	292,346	381,626	393,075	404,867	417,013	429,523													30.5%	3.0%	3.0%	3.0%	3.0%	3.0%
Tuition Reimbursement	20,000	242,223	247,067	252,009	257,049	262,190													4.5%	2.0%	2.0%	2.0%	2.0%	2.0%
Uniforms/Protective Clothing	231,871	20,000	29,231	29,231	29,231	29,231													-35.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Food Allowance	45,532	95,793	97,709	99,663	101,656	103,689													-0.2%	2.0%	2.0%	2.0%	2.0%	2.0%
Office Supplies	96,026	189,290	194,969	200,818	206,842	213,048													0.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Adult Books	189,290	55,857	57,533	59,259	61,036	62,868													0.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Children's Books	55,857	17,136	17,736	18,357	18,999	19,664													-10.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Periodicals	19,136	3,914	4,031	4,152	4,277	4,405													0.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Pamphlets and Documents	3,914	50,329	52,686	54,530	56,438	58,414													1.1%	3.5%	3.5%	3.5%	3.5%	3.5%
Audiovisual Materials	50,329	110,117	113,971	117,960	122,089	126,362													-0.4%	3.5%	3.5%	3.5%	3.5%	3.5%
Reference Books and Materials	110,517	158,781	164,338	170,090	176,043	182,205													-1.8%	3.5%	3.5%	3.5%	3.5%	3.5%
Dues and Subscriptions	161,753	168,096	171,458	174,887	178,385	181,953													-1.1%	2.0%	2.0%	2.0%	2.0%	2.0%
Non-Capital Equipment, Furniture	170,044	1,050	1,071	1,092	1,114	1,137													-19.2%	2.0%	2.0%	2.0%	2.0%	2.0%
Drafting Supplies	1,300	220	213	221	228	236													-6.4%	3.5%	3.5%	3.5%	3.5%	3.5%
Gas and Oil	72,008	96,378	101,197	106,257	111,570	117,148													33.8%	5.0%	5.0%	5.0%	5.0%	5.0%
Chemicals	2,775	2,350	2,397	2,445	2,494	2,544													-15.3%	2.0%	2.0%	2.0%	2.0%	2.0%
Photography and Lab Supplies	81,230	81,230	82,855	84,512	86,202	87,926													0.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Resale Merchandise	5,720	6,620	6,752	6,887	7,025	7,166													15.7%	2.0%	2.0%	2.0%	2.0%	2.0%
Freight	1,515	1,515	1,545	1,576	1,608	1,640													0.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Prisoner Expenses	121,605	448,514	464,212	487,423	511,794	537,383													0.0%	3.5%	3.5%	3.5%	3.5%	3.5%
Janitorial Supplies	437,846	83,741	93,821	95,697	97,611	99,563													2.4%	3.5%	5.0%	5.0%	5.0%	5.0%
Materials and Supplies	163,780	154,570	159,980	165,579	171,375	177,373													9.8%	2.0%	2.0%	2.0%	2.0%	2.0%
Printing and Copier Supplies	70,247	93,406	96,675	100,058	103,561	107,114													-5.6%	3.5%	3.5%	3.5%	3.5%	3.5%
Building Repair/Maintenance	1,137,546	1,260,933	1,305,066	1,350,743	1,398,019	1,446,950													28.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Facility Repair/Maintenance	228,627	233,126	237,789	242,544	247,395	252,343													10.8%	2.0%	2.0%	2.0%	2.0%	2.0%
Equipment Repair/Maintenance	225,019	241,193	249,635	258,372	267,415	276,775													7.2%	3.5%	3.5%	3.5%	3.5%	3.5%
Grounds Maintenance	37,188	30,076	30,678	31,291	31,917	32,555													-19.1%	2.0%	2.0%	2.0%	2.0%	2.0%
Non-Capital Computer Equip/Supplies	392,917	366,018	378,829	392,088	405,811	420,014													-6.8%	3.5%	3.5%	3.5%	3.5%	3.5%
Mileage Allowance	51,397	52,319	53,365	54,433	55,521	56,632													1.8%	2.0%	2.0%	2.0%	2.0%	2.0%
Liability Insurance	25,824	205,824	215,634	222,714	230,312	241,788													697.0%	4.8%	3.3%	3.4%	3.4%	5.0%
Safety Expenses	240,311	253,349	258,416	263,584	268,856	274,233													5.4%	2.0%	2.0%	2.0%	2.0%	2.0%
Lease/Purchase Payments																								
Operating Leases/Rentals																								

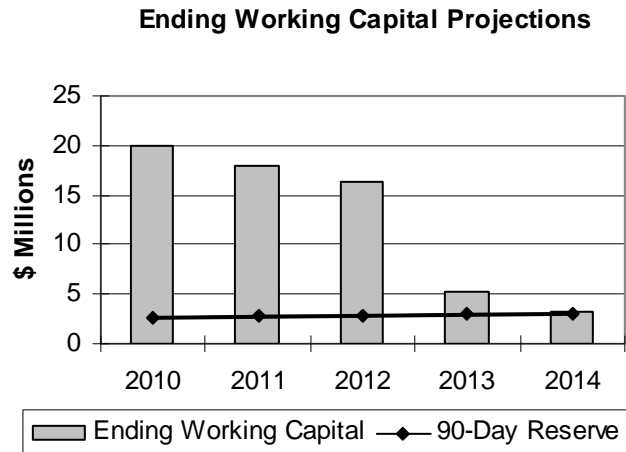
Professional/Contracted Services	3,193,489	3,420,945	3,540,678	3,664,602	9,1%	3.5%	3.5%	3.5%
Audit Contract	65,885	50,000	50,000	50,000	31.8%	10.0%	3.0%	3.0%
Legal Notices/Advertising	154,180	165,161	170,942	176,925	17.2%	3.5%	3.5%	3.5%
Jury and Witness Fees	1,050	1,301	1,327	1,353	19.0%	2.0%	2.0%	2.0%
Refunds	10,000	10,404	10,612	10,824	0.0%	2.0%	2.0%	2.0%
Investigative Expenses	58,636	62,812	65,011	67,286	0.0%	3.5%	3.5%	3.5%
Licenses and Permits	1,940	2,018	2,059	2,100	0.0%	2.0%	2.0%	2.0%
Utilities	1,179,510	1,300,410	1,365,430	1,433,702	-13.2%	5.0%	5.0%	5.0%
Telephone Charges	401,003	417,204	425,548	434,059	5.8%	2.0%	2.0%	2.0%
Radio Repair/Maintenance	4,050	1,479	1,539	1,570	-64.2%	2.0%	2.0%	2.0%
Postage	292,748	392,398	404,170	416,295	26.3%	3.0%	3.0%	3.0%
Printing and Copying	237,406	252,116	257,158	262,301	2.1%	2.0%	2.0%	2.0%
Other Services and Charges	322,348	332,587	339,238	346,023	-0.8%	2.0%	2.0%	2.0%
Fleet Lease - Operating/Maintenance	1,347,814	1,213,401	1,337,775	1,404,663	-14.3%	5.0%	5.0%	5.0%
Fleet Lease - Replacement	1,208,827	1,211,122	1,259,566	1,308,949	-7.4%	4.0%	4.0%	4.0%
Bad Debt	9,400	10,364	10,882	11,426	0.0%	5.0%	5.0%	5.0%
Transfer to Other Funds	226,415	271,403	279,545	287,931	13.0%	3.0%	3.0%	3.0%
Council Contingency	60,000	60,000	60,000	60,000	0.0%	0.0%	0.0%	0.0%
TOTAL	\$ 56,795,430	\$ 58,424,011	\$ 60,306,536	\$ 62,273,487	2.9%	3.2%	3.3%	3.3%

ONE TIME EXPENDITURES

Furniture and Fixtures	-	-	-	-				
Vehicles	17,900	-	-	-				
Machinery and Equipment	214,698	394,532						
Building Improvements	12,000	18,500						
One Time Operating	1,539,771	1,656,857						
ONE TIME TOTAL	\$ 1,784,369	\$ 2,069,889	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
GRAND TOTAL	\$ 58,579,799	\$ 60,493,900	\$ 60,806,536	\$ 62,773,487	\$ 64,308,158	\$ 66,416,338	\$ 66,916,338	\$ 66,916,338

Water Operating Fund

The five-year forecast for the Water Operating Fund has been updated based on the proposed 2010 Budget. Through 2014, the Water Operating Fund's operating reserve will be above the minimum 90-day operating requirement established in the City's financial policies. The Windy Gap Firming project is planned for 2010-2013 at an estimated cost of \$28.4 million and is shown as a partially funded project, with \$10.7 million in this fund from 2010 through 2013 and another \$4.0 million currently shown as unfunded. The remaining funding for this project will come from the other Water Funds. A 2% rate increase is expected to occur in 2011 and 2012, and a 4% rate increase is expected in 2013 and 2014.



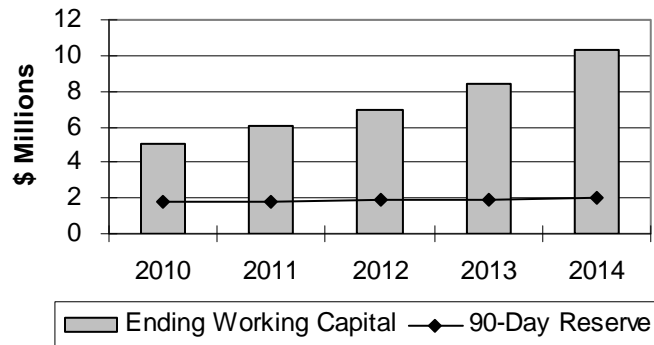
Balance Statement

	2010	2011	2012	2013	2014
BEGINNING WORKING CAPITAL	25,001,639	19,982,103	17,996,513	16,383,379	5,203,343
REVENUES					
Charges for Services	13,897,707	13,638,800	13,890,600	14,524,000	15,029,800
Interest and Miscellaneous	500,722	1,094,721	1,076,746	967,411	853,433
TOTAL AVAILABLE FUNDS	39,400,068	34,715,624	32,963,859	31,874,790	21,086,576
EXPENDITURES					
Operating and Maintenance	10,486,846	11,265,800	11,600,700	11,950,600	12,311,100
Debt Service	3,111,345	3,096,611	3,082,863	3,070,847	3,057,760
Capital Projects	5,819,774	2,356,700	1,896,917	11,650,000	2,540,000
TOTAL EXPENDITURES	19,417,965	16,719,111	16,580,480	26,671,447	17,908,860
ENDING WORKING CAPITAL	19,982,103	17,996,513	16,383,379	5,203,343	3,177,716

Sewer Operating Fund

The five-year forecast for the Sewer Operating Fund has been updated based on the proposed 2010 Budget. Through 2014, the Sewer Operating Fund's operating reserve will be above the minimum 90-day operating requirement established in the City's financial policies. Projected 2010 proposed revenues are based on a 7% rate increase. A 10% rate increase is also projected for 2011 followed by 6% increases in 2012 and 2013 and 4% in 2014. The rate increases will be necessary for debt service payments in anticipation of the Sewer bond passage. The bonds will be used for the replacement and renovation of the wastewater treatment plant. If the bond fails the capital improvements will be cash funded.

Ending Working Capital Projections

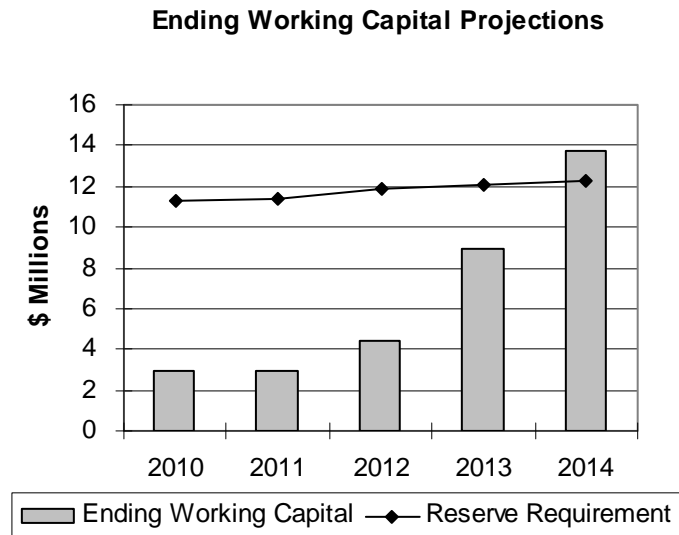


Balance Statement

	2010	2011	2012	2013	2014
BEGINNING WORKING CAPITAL	4,703,547	5,097,765	6,061,056	6,956,871	8,436,479
REVENUES					
Charges for Services	7,906,300	8,671,700	9,215,700	9,799,900	10,225,000
Interest and Miscellaneous	400,558	591,411	537,868	372,041	412,329
TOTAL AVAILABLE FUNDS	13,010,405	14,360,876	15,814,624	17,128,812	19,073,808
EXPENDITURES					
Operating and Maintenance	7,127,632	7,501,000	7,726,200	7,958,000	8,196,700
Debt Service	258,214	251,000	284,300	-	-
Capital Projects	526,794	547,820	847,253	734,333	603,333
TOTAL EXPENDITURES	7,912,640	8,299,820	8,857,753	8,692,333	8,800,033
ENDING WORKING CAPITAL	5,097,765	6,061,056	6,956,871	8,436,479	10,273,775

Electric Fund

The five-year forecast for the Electric Fund has been updated based on the proposed 2010 Budget. In 2010 the consultant conducting the rate study for this fund recommended changes to the Electric Reserve financial policy which increased the current reserve requirement from approximately \$2.0 million per year to \$10.4 million in 2009 and grows to almost \$11.3 million by 2014. The policy is designed to address normal operating needs, multi-year capital needs and unanticipated needs and allows for rate changes that are more predictable and smooth over time. Due to the need to increase electric rates over a multi-year time frame, it is not anticipated that the Electric fund will meet the new reserve requirements until 2014. The proposed 2010 budget includes a 8.35% rate increase. Additional rate increases of 8.95% are also projected in the years 2011-2014.

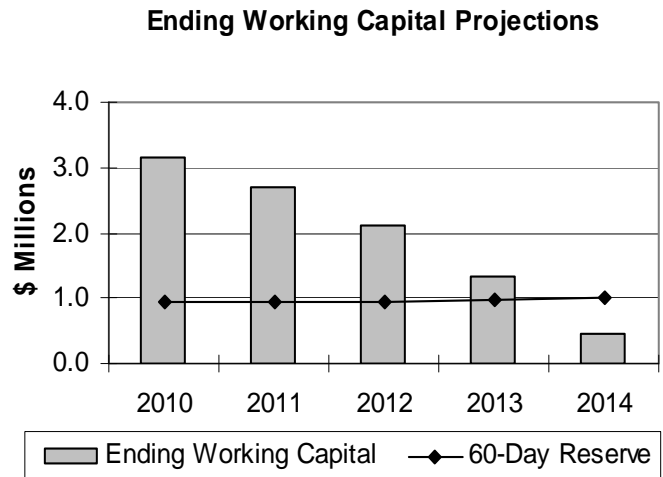


Balance Statement

	2010	2011	2012	2013	2014
BEGINNING WORKING CAPITAL	5,823,813	2,959,743	2,968,798	4,392,197	8,888,615
REVENUES					
Charges for Service	50,687,500	54,187,379	61,042,385	66,739,166	72,245,147
Other Revenues	1,788,433	1,951,854	1,974,590	1,999,710	2,024,830
TOTAL AVAILABLE FUNDS	58,299,746	59,098,976	65,985,773	73,131,073	83,158,592
EXPENDITURES					
Purchased Power	38,141,164	39,215,994	41,556,236	44,267,514	46,900,794
Operating and Maintenance	14,856,464	14,863,860	15,517,550	16,079,634	16,627,518
Operating Capital	294,875	297,824	300,802	303,810	306,848
Capital Projects	2,047,500	1,752,500	4,218,988	3,591,500	5,604,500
TOTAL EXPENDITURES	55,340,003	56,130,178	61,593,576	64,242,458	69,439,660
ENDING WORKING CAPITAL	2,959,743	2,968,798	4,392,197	8,888,615	13,718,932

Sanitation Fund

The five-year forecast for the Sanitation Fund has been updated based on the proposed 2010 Budget. Through 2013, the Sanitation Fund’s operating reserve will be above the minimum 60-day operating requirement established in the City’s financial policies but projected to dip below this in 2014. The last rate change in this service was a 4% increase implemented in 2003. Currently underway is a Pay-As-You-Throw rate option study that will be evaluated for implementation and potential rate changes.

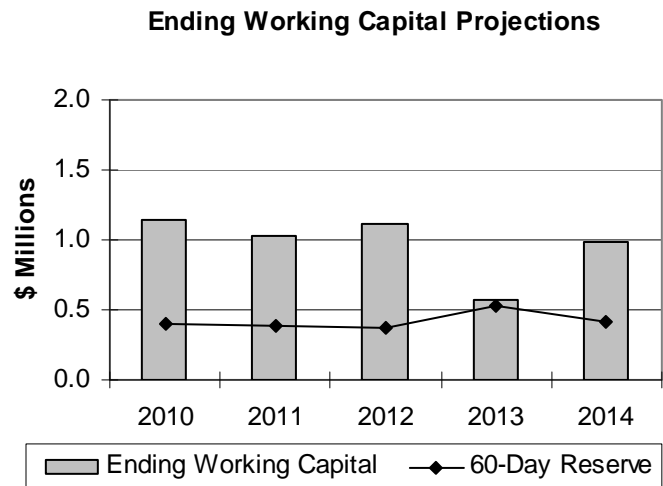


Balance Statement

	2010	2011	2012	2013	2014
BEGINNING WORKING CAPITAL	3,523,038	3,142,479	2,692,569	2,100,116	1,330,041
REVENUES					
Charges for Services	5,185,000	5,139,750	5,147,850	5,157,250	5,166,751
Interest and Miscellaneous	133,650	89,687	74,051	53,613	28,800
TOTAL AVAILABLE FUNDS	8,841,688	8,371,916	7,914,470	7,310,979	6,525,592
EXPENDITURES					
Operating and Maintenance	5,657,415	5,679,347	5,809,667	5,943,102	6,079,728
Capital Projects	41,794	-	4,687	37,836	-
TOTAL EXPENDITURES	5,699,209	5,679,347	5,814,354	5,980,938	6,079,728
ENDING WORKING CAPITAL	3,142,479	2,692,569	2,100,116	1,330,041	445,864

Storm Drainage Fund

The five-year forecast for the Storm Drainage Fund has been updated based on the proposed 2010 Budget. A bond issuance in 2008 is expected to be spent by 2010, so capital projects will remain under \$500,000 from 2011 through 2014.



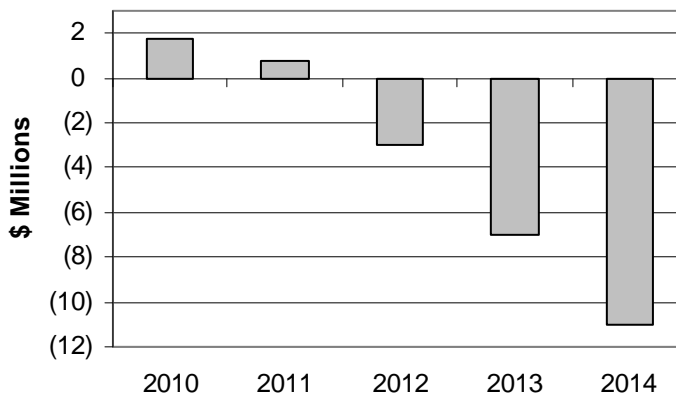
Balance Statement

	2010	2011	2012	2013	2014
BEGINNING WORKING CAPITAL	6,519,778	1,136,847	1,024,266	1,110,585	567,357
REVENUES					
Charges for Services	3,430,000	3,556,743	3,709,238	3,869,277	4,151,964
Capital Improvement Fees	37,500	54,387	63,231	79,166	77,623
Interest and Miscellaneous	165,000	108,663	103,490	93,690	101,506
TOTAL AVAILABLE FUNDS	10,152,278	4,856,640	4,900,225	5,152,718	4,898,450
EXPENDITURES					
Operating and Maintenance	2,391,405	2,371,742	2,239,438	3,226,829	2,559,427
Debt Service	1,094,232	1,088,632	1,091,407	1,088,532	1,088,757
Capital Projects	5,529,794	372,000	458,795	270,000	270,000
TOTAL EXPENDITURES	9,015,431	3,832,374	3,789,640	4,585,361	3,918,184
ENDING WORKING CAPITAL	1,136,847	1,024,266	1,110,585	567,357	980,266

Street Improvement Fund

The five-year forecast for the Street Improvement Fund has been updated based on the proposed 2010 Budget. The Street Improvement Fund was originally established in 1986 to track and monitor revenues from the three-quarter cent sales and use tax that the voters approved for street construction and maintenance. This tax was approved for the fifth consecutive time in November of 2005 and will expire at the end of 2011 which results in this fund having a negative working capital in 2012 and 2013. Voters will decide if this tax will again be extended for another 5 year period.

Ending Working Capital Projections



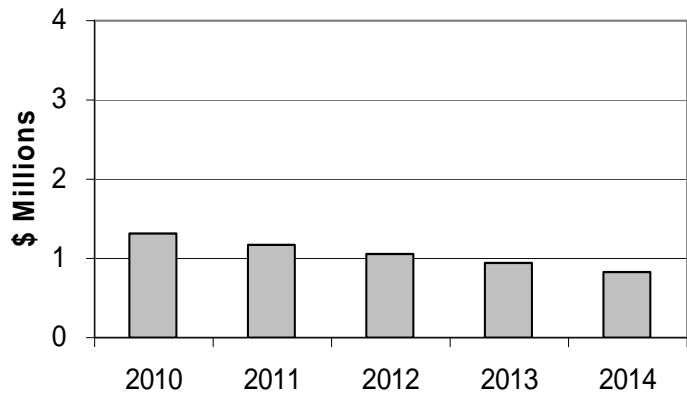
Balance Statement

	2010	2011	2012	2013	2014
BEGINNING WORKING CAPITAL	2,488,885	1,766,479	801,018	(2,973,896)	(6,957,384)
REVENUES					
Sales and Use Tax	9,738,061	10,030,203	-	-	-
State Highway Use Tax	2,112,177	2,112,177	2,112,177	2,112,177	2,112,177
Automobile Tax	995,000	1,083,058	1,104,720	1,126,814	1,149,350
Other Contracts	248,281	329,881	248,281	248,281	248,281
Street Cut Permit/Inspection	10,000	10,000	10,000	10,000	10,000
Developer Participation	-	200,000	-	-	-
Interest Income	212,500	44,162	20,025	-	-
Miscellaneous	26,680	65,000	65,000	65,000	65,000
Transfers from other funds	521,680	537,330	553,450	570,054	587,155
TOTAL AVAILABLE FUNDS	16,353,264	16,178,290	4,914,671	1,158,430	(2,785,421)
EXPENDITURES					
Operating and Maintenance	7,166,085	7,389,772	7,763,879	7,957,976	8,156,926
Special Transit Funding	120,000	120,000	120,000	120,000	120,000
Capital Projects	7,300,700	7,867,500	4,688	37,838	-
TOTAL EXPENDITURES	14,586,785	15,377,272	7,888,567	8,115,814	8,276,926
ENDING WORKING CAPITAL	1,766,479	801,018	(2,973,896)	(6,957,384)	(11,062,347)

Public Safety Fund

The five-year forecast for the Public Safety Fund has been updated based on the proposed 2010 Budget. The Public Safety Fund was established in 2006 to allow for increased public safety needs that could not be met in the General Fund. 25.0 new FTE were added in 2007 and 13.0 FTE were added mid-year 2008. Unfortunately, due to declining revenue projections, 8.0 FTE of the 8.375 new FTE added in 2009 are not included in the proposed 2010 budget. It is projected that the fund balance will remain above \$1.0 million until 2013 although decreasing in each year. Part of this could be used for Public Safety one time expenses in the future.

Ending Working Capital Projections



Balance Statement

	2010	2011	2012	2013	2014
BEGINNING WORKING CAPITAL	1,725,545	1,307,503	1,169,396	1,054,270	943,437
REVENUES					
Sales and Use Tax	4,219,827	4,346,422	4,476,814	4,611,119	4,749,452
Intergovernmental	85,128	87,682	90,312	93,022	95,812
Interest Income	82,500	62,760	56,131	50,605	45,285
TOTAL AVAILABLE FUNDS	6,113,000	5,804,367	5,792,653	5,809,016	5,833,986
EXPENDITURES					
Operating and Maintenance	4,456,989	4,286,463	4,389,875	4,517,071	4,648,083
Fires Station #6 Lease Payment	348,508	348,508	348,508	348,508	348,508
TOTAL EXPENDITURES	4,805,497	4,634,971	4,738,383	4,865,579	4,996,591
ENDING WORKING CAPITAL	1,307,503	1,169,396	1,054,270	943,437	837,395

