

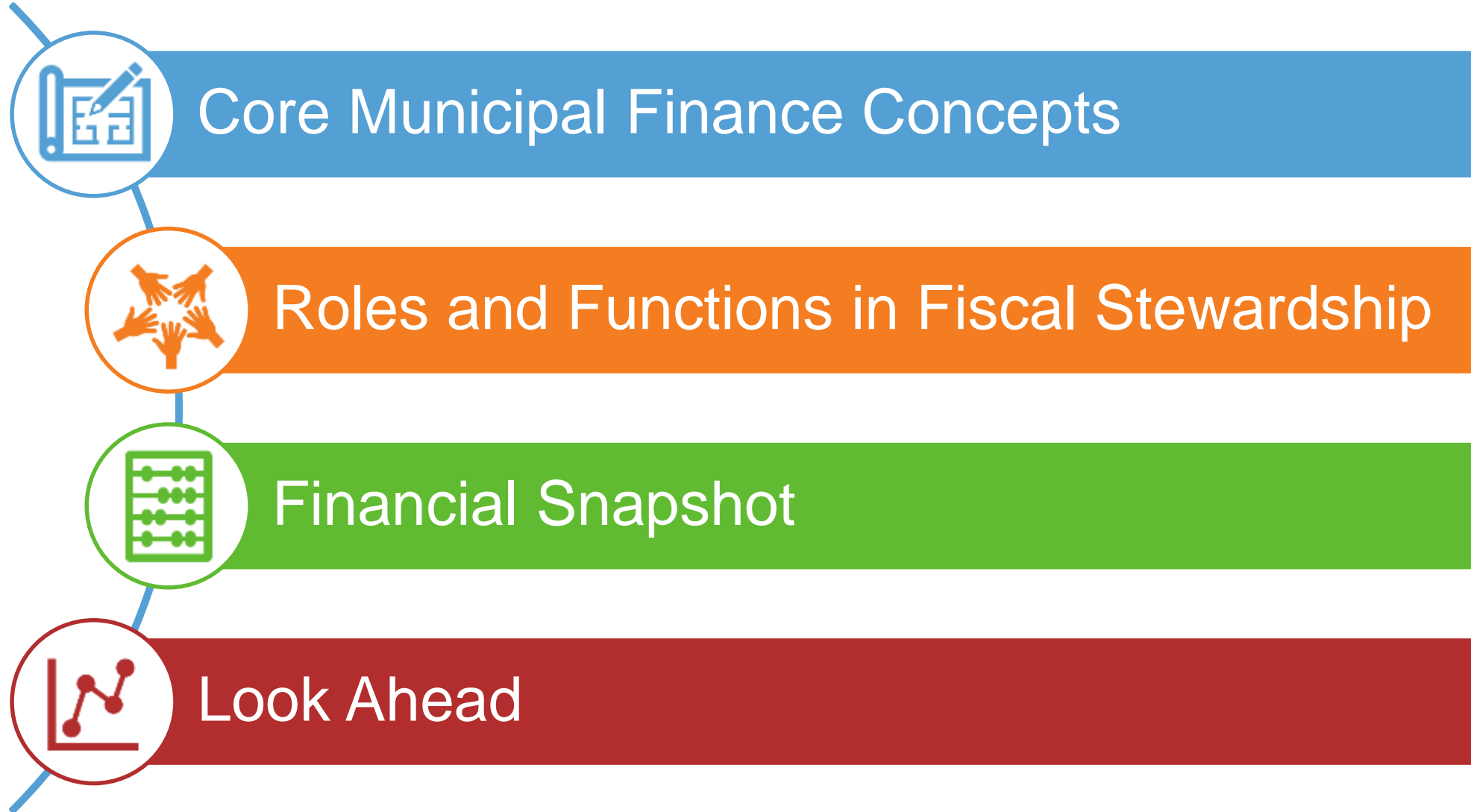


Jan 20, 2026

Finance and Budget Overview

Caleb Weitz, Chief Financial Officer





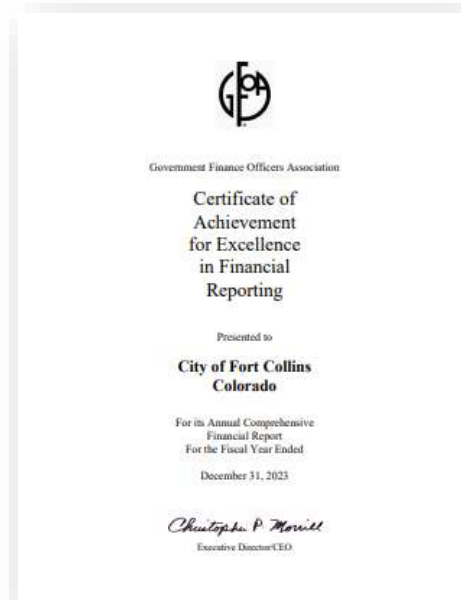
1. What additional information would enhance understanding of the fiduciary role of Council?
2. What feedback and additional consideration does Council have regarding the budgeting process?

Core Municipal Finance Concepts



Annual Comprehensive Financial Report (ACFR)

- Audited Financial Report and Audited Federal Grant Reporting (Single Audit)
 - Plante & Moran, PLLC external audit firm
- Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB)
- Budget vs. actuals detailed by fund and by GAAP basis of accounting
- *Certificate of Achievement for Excellence in Financial Reporting*
 - Awarded the by the Government Finance Officers Association (GFOA)
- Popular Annual Financial Report
 - Condensed and reader-friendly annual financial report
- AAA/AA+ Bond Rating



Governmental

Authority-approved spending

Self-Balancing Fund Types

- General (City Operations)
- Special Revenue
 - Transportation Services
 - 2050 Tax Parks Rec Transit Climate
 - Recreation
 - URA (Urban Renewal Authority)
 - GID (General Improvement District)
 - Many more
- Debt Service
- Capital Project

Enterprise

Fee-based, 100% cost-recovery operations

- Water
- Wastewater
- Stormwater
- Electric & Telecommunications
- Golf

City Charter Requires:

Spending cannot exceed revenues or reserves

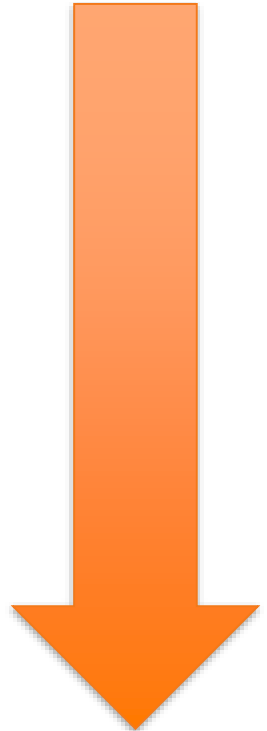
AND

Council approval is required before expenditures occur at the fund level

AND

Council authorization of transfers between funds through appropriations

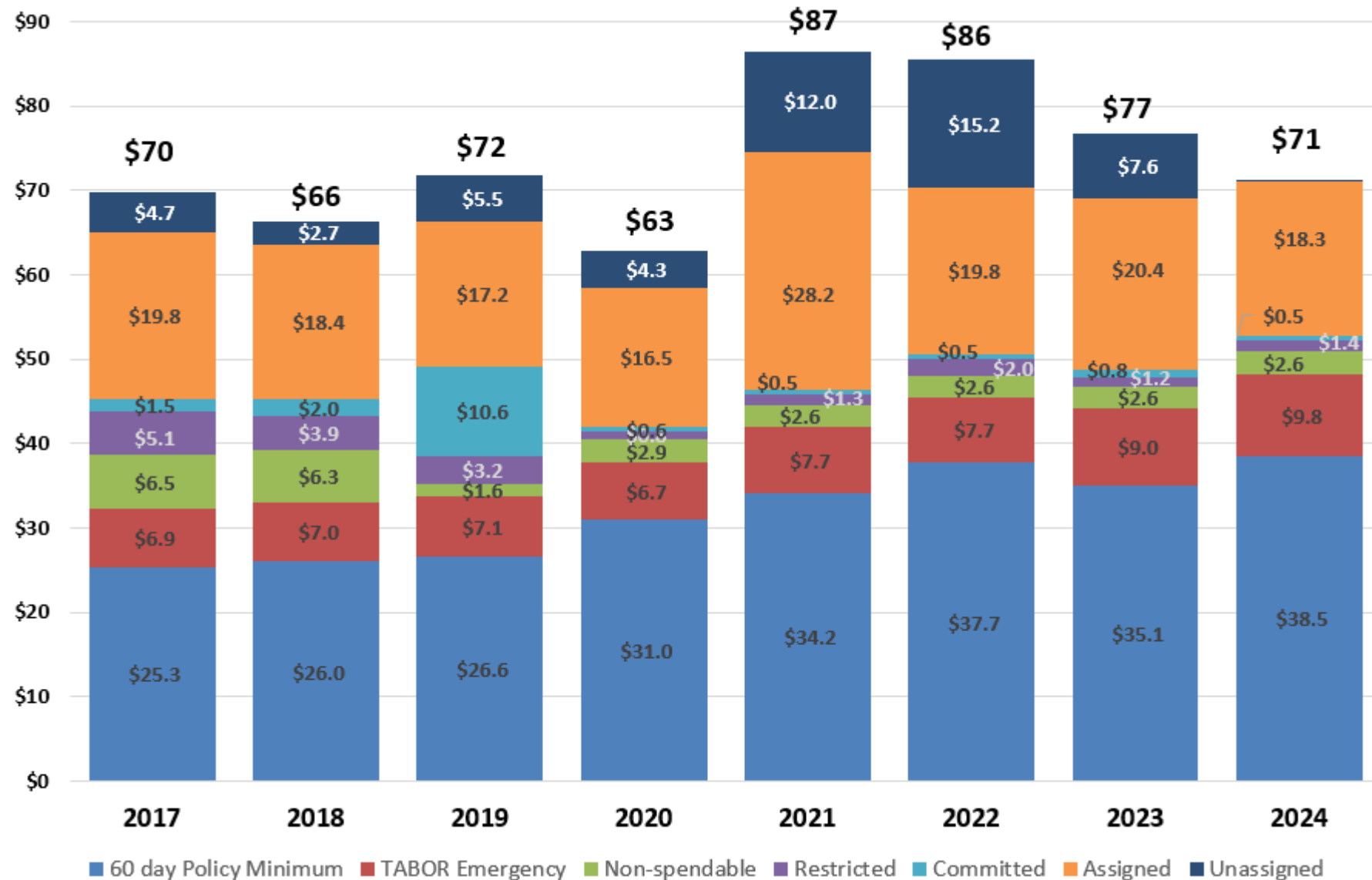
Most
Constrained



Least
Constrained

Classification	Description
Non-Spendable	Permanent endowments or assets in a non-liquid form.
Restricted	Amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.
Committed	Amounts constrained by a specific purpose set by City Council, which is the highest level of decision-making authority.
Assigned	Amounts intended for a specific purposes not already restricted or committed. These balances are established by the City Manager and CFO per a fund balance policy.
Unassigned	Spendable amount not included in any other classification.

General Fund Reserves by Year in \$M



Roles and Functions in Financial Stewardship



Roles in Financial Stewardship



Finance Department

- Technical Expertise and Compliance
- Balance controls with customer service
- Prepare forecasts and reports
- Analyze fiscal impacts of policy proposals
- Administer processes and systems



City Leaders

- Recommend budgets aligned with priorities
- Balance service demands with constraints
- Integrate financial, operational, and strategic considerations
- Day-to-day operation and execution



Council

- Set Policy Direction and Priorities
- Provide Oversight
- Adopt the budget and major plans
- Approve rates, fees, and debt
- Refer ballot measures

Maintain transparency, integrity, and safeguard long-term fiscal health

Accounting

- External Reporting, General Ledger control, Treasury/Debt, Accounts Payable, Payroll, and Business Intelligence

Revenue

- Sales and use tax collections (lodging, FCTID, bag fee), tax audits, collections and enforcement of delinquent accounts, and various licensing programs

CityGive

- Cultivation, management and stewardship of philanthropic revenue to the City. Strategic relationship management.

Budget

- Biennial budgeting process, mid-year appropriations. Performance metrics systems and processes.

Purchasing

- Formal bids and requests for proposals (RFPs), annual contracts, and purchases above \$75K

Safety & Risk Management

- Health and safety programs, claims management, workers compensation & liability, insurance, commercial driver files

Finance Planning & Analysis

- Financial analysis, operations assessment, and decision support/coordination across the organization

Financial Snapshot: Sources and Uses



City Budget Snapshot: Revenues



	2025	2026
Payments by Residents and Businesses for City Services	\$396.0M	\$418.5M
For example, utility payments for water and electricity, buying a day pass at Northside Aztlan or renting a picnic shelter at a local park.		
Sales Taxes	\$208.9M	\$191.9M
When we shop in Fort Collins, part of the taxes paid become revenue for the City. The tax rate can change when voters approve taxes, like for Natural Areas.		
Internal Payments Between City Departments	\$96.7M	\$72.2M
The Senior Center, for example, would need to pay the Streets Department to repave their parking lot.		
Payments by Other Governments for City Services	\$60.0M	\$47.8M
Nearby cities may pay for services from the City of Fort Collins, like bus services.		
Miscellaneous Revenue	\$49.3M	\$51.6M
Lots of little stuff that adds up just like change between the couch cushions.		
Property Taxes for City Operations and PFA	\$41.1M	\$42.1M
A portion of the taxes home owners pay for their house, and smaller than you might think, becomes revenue for the City.		

	2025	2026
Proceeds of Issuing Debt	\$13.3M	\$14.4M
This is borrowed revenue that is required to be paid back with interest, based on the details of the loan agreements.		
Property Taxes for Downtown Development Authority (DDA)	\$9.7M	\$9.7M
This portion of the property tax is dedicated to the DDA.		
Licenses and Permits	\$3.4M	\$3.6M
These are things like the licenses required to run a business in Fort Collins and a building permit, required when getting a roof repaired from hail damage.		
Interest on Investments	\$16.6M	\$16.5M
The City keeps money in bank accounts where it can earn interest, just like with some checking accounts.		
Other Taxes	\$5.5M	\$5.6M
Examples include lodging tax paid when visitors come to Fort Collins and stay overnight in a hotel.		
Total	\$900.5M	\$873.9M

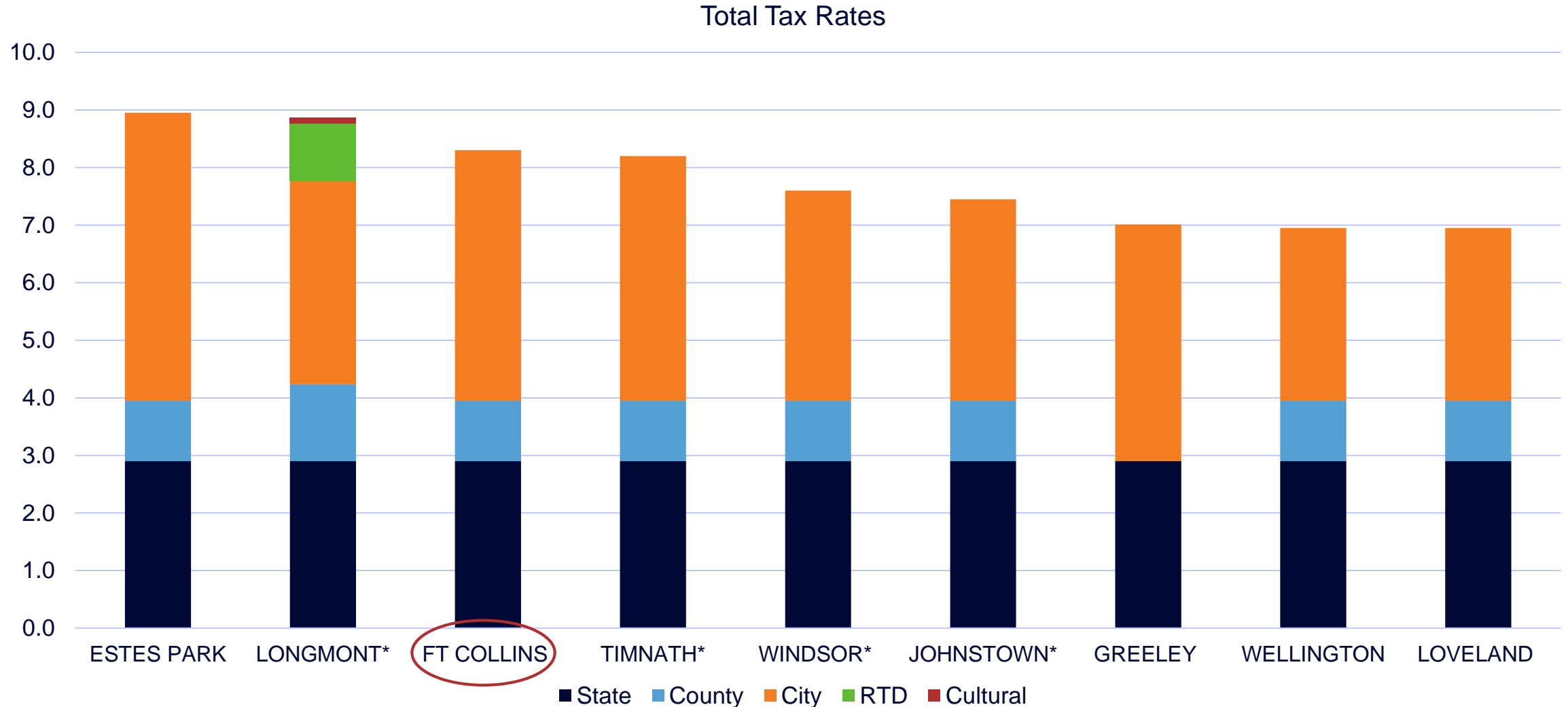


Payment Revenues are associated with linked costs and have various restrictions around their use
~75% of the Sales Taxes funding is considered unrestricted and is our most fungible funding source

Tax Rate effective January 1, 2026 to Current

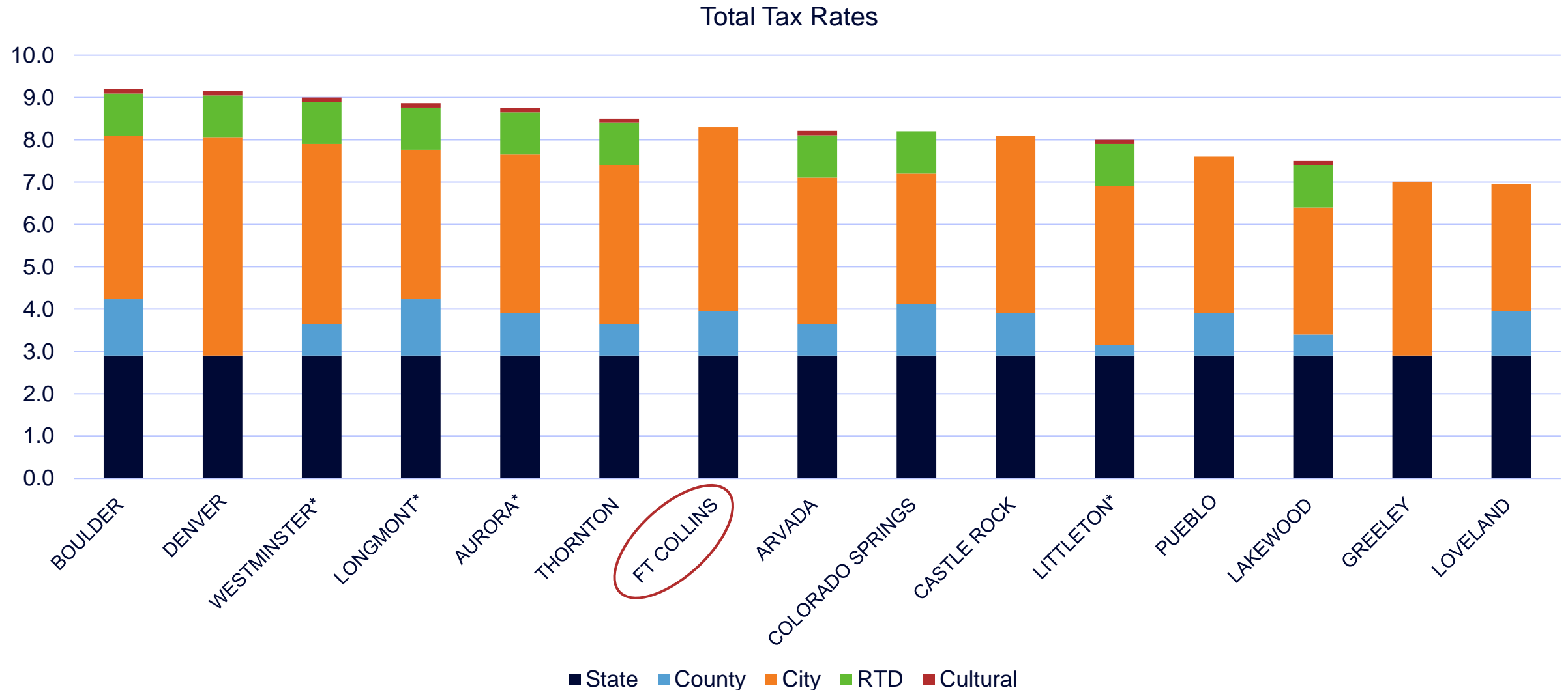
State of Colorado	2.90%
Larimer County	1.05%
City of Fort Collins	4.35%
Total Sales Tax	8.30%
Fort Collins Lodging Tax (in addition to above)	3.00%
Total Accommodations Tax	11.30%
Fort Collins Tax on Food for Home Consumption	2.25%

Northern Colorado City Full Stack Sales Tax Rates



*Jurisdictions located in more than one county; tax rate depends on county location

Colorado City Full Stack (15 largest cities by population) Sales Tax Rates



*Jurisdictions located in more than one county; tax rate depends on county location

PRIMARY FUNDING MECHANISM

- **Biennial Budget** – a Citywide budgeting process that identifies upcoming expenses and pairs them with the City funding sources for the upcoming two years.
 - It is a year-long process which runs in even years and concludes with the 1st and 2nd readings of the budget in November.
 - In the odd-year, there is a revision process ahead of 2nd year appropriations for requested changes.

SECONDARY FUNDING MECHANISMS

- **Supplemental appropriations** – unanticipated requirements may trigger a need for an out of cycle appropriation to be authorized by Council.
 - **Donations and Philanthropic Grants** – Charitable gifts from individual donors or foundations given with intent to impact a program, service, or facility. These funds pass through the City Give business unit and are transferred to departments for specific use following appropriation.
 - **Federal or State Grants** – grants are available for specific projects or programs. This funding will often come with specific restrictions and reporting requirements.
 - **Debt Issuance** – Proceeds from Certificates of Participation (COPs) financing are appropriated alongside the authorization to issue debt.
- **Annual Adjustment** – Consolidated recommendation for numerous, small dollar and non- controversial items, including unexpected revenues, late in the year to efficiently authorize spending.
- **Reappropriation** - reauthorize budget for specific initiatives that were not completed before the prior year's annual authorization lapsed.

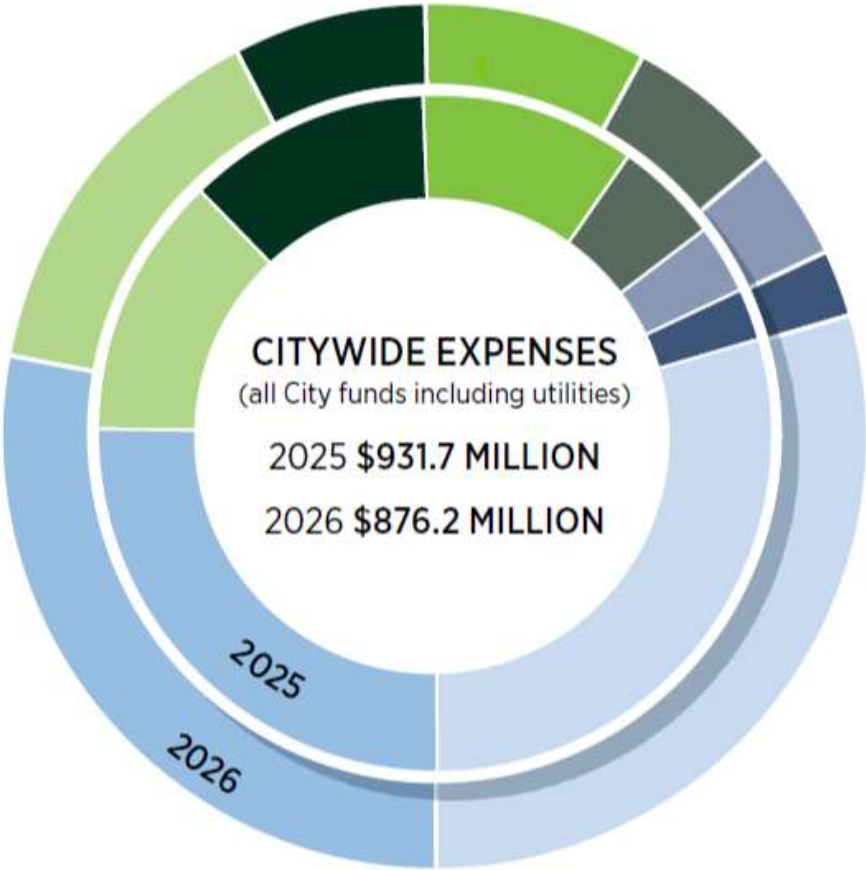
- Budgeting for Outcomes (BFO) – 20-year history
- 2027/2028 Transitional Budget based on feedback

Existing Process	Focus with Priority Based Budgeting
Focused on enhancements, Less scrutiny of base	Evaluate all programs, including base services, alongside new demands and Enhance understanding of service levels through program inventories & metrics
Dense and lengthy document	Streamlined format leveraging visuals to add context
Consolidated insights and trends available late in the process	Earlier grounding in budget trends and service area level overviews

Budget Calendar – Council Touchpoints

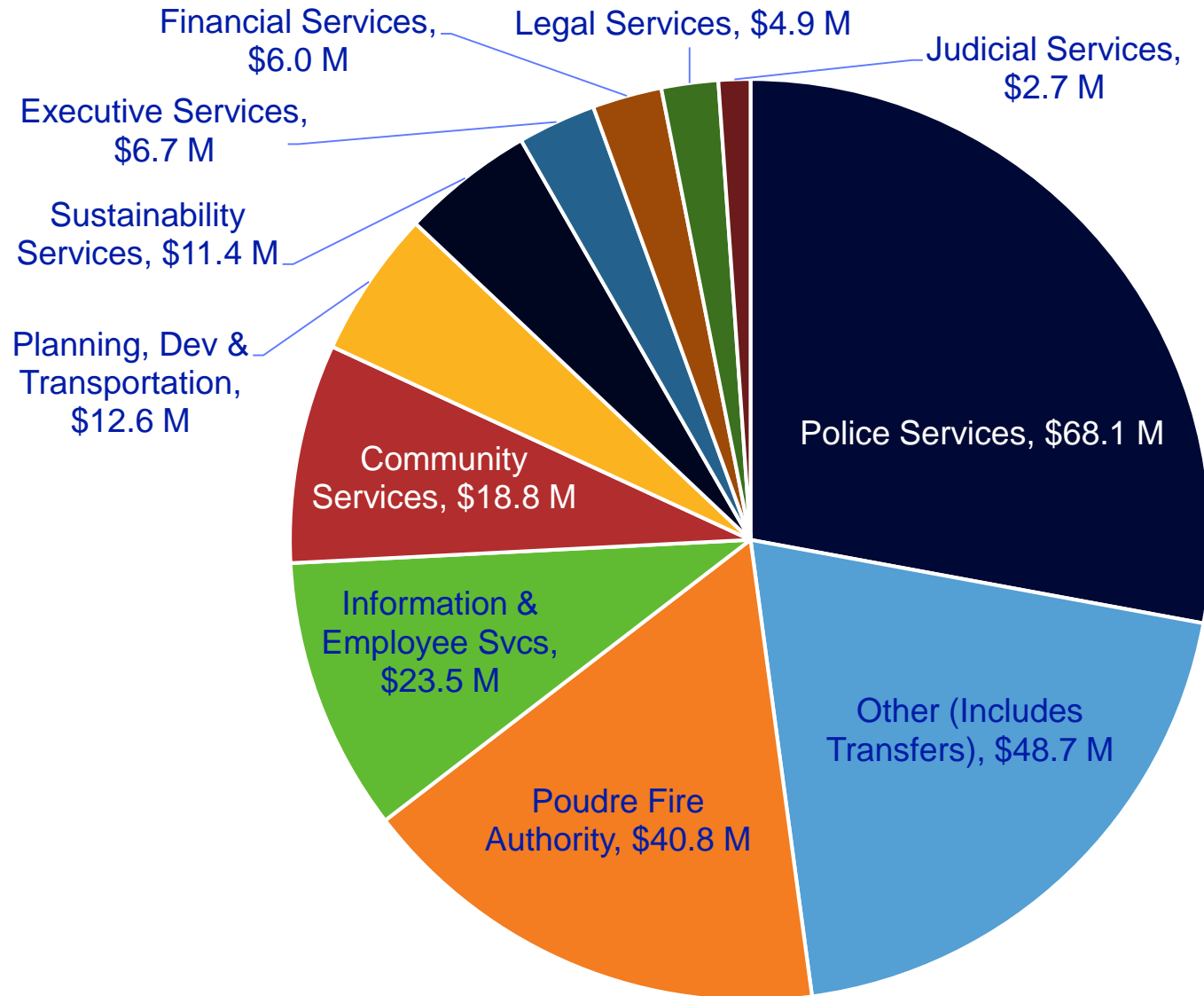
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Finance Committee	Service Area Financial Overviews							Budget Review		
Full Council					Work Session			Work Sessions and Public Hearings		Adoption of Budget

City Budget Snapshot: Expenses



Citywide Expenses	2025	2026
Services Purchased from External Businesses, including Local	\$277.7M	\$262.5M
Employee Pay and Benefits	\$232.0M	\$243.2M
Energy Purchased from Platte River Power Authority	\$116.3M	\$123.7M
Capital, Including Land, Buildings, Vehicles, Large Machinery, etc.	\$108.2M	\$63.7M
Internal Payments Between City Departments*	\$96.7M	\$72.2M
Debt Service	\$47.0M	\$55.6M
Other Supplies	\$32.6M	\$34.3M
Other Expenses	\$21.1M	\$21.1M

General Fund by Service Area



2026 General Fund Budget by Service Area - \$244M

Departments which are core government functions without other significant funding sources

- Police Services
- Parks Operations

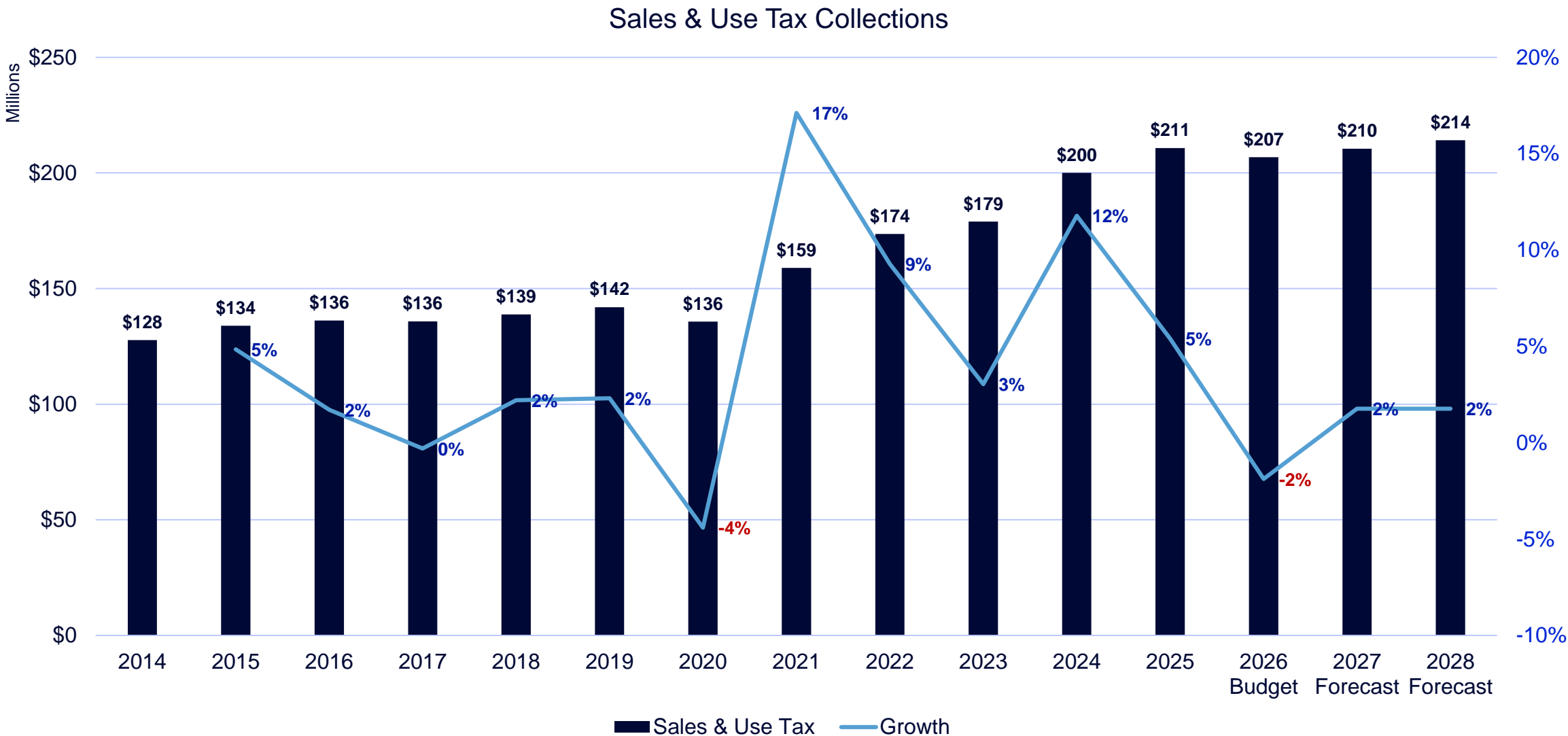
Areas with ability to leverage funding

- Grants and Fees, like in PDT
- Revenue supported departments, like in Recreation

Internal support services

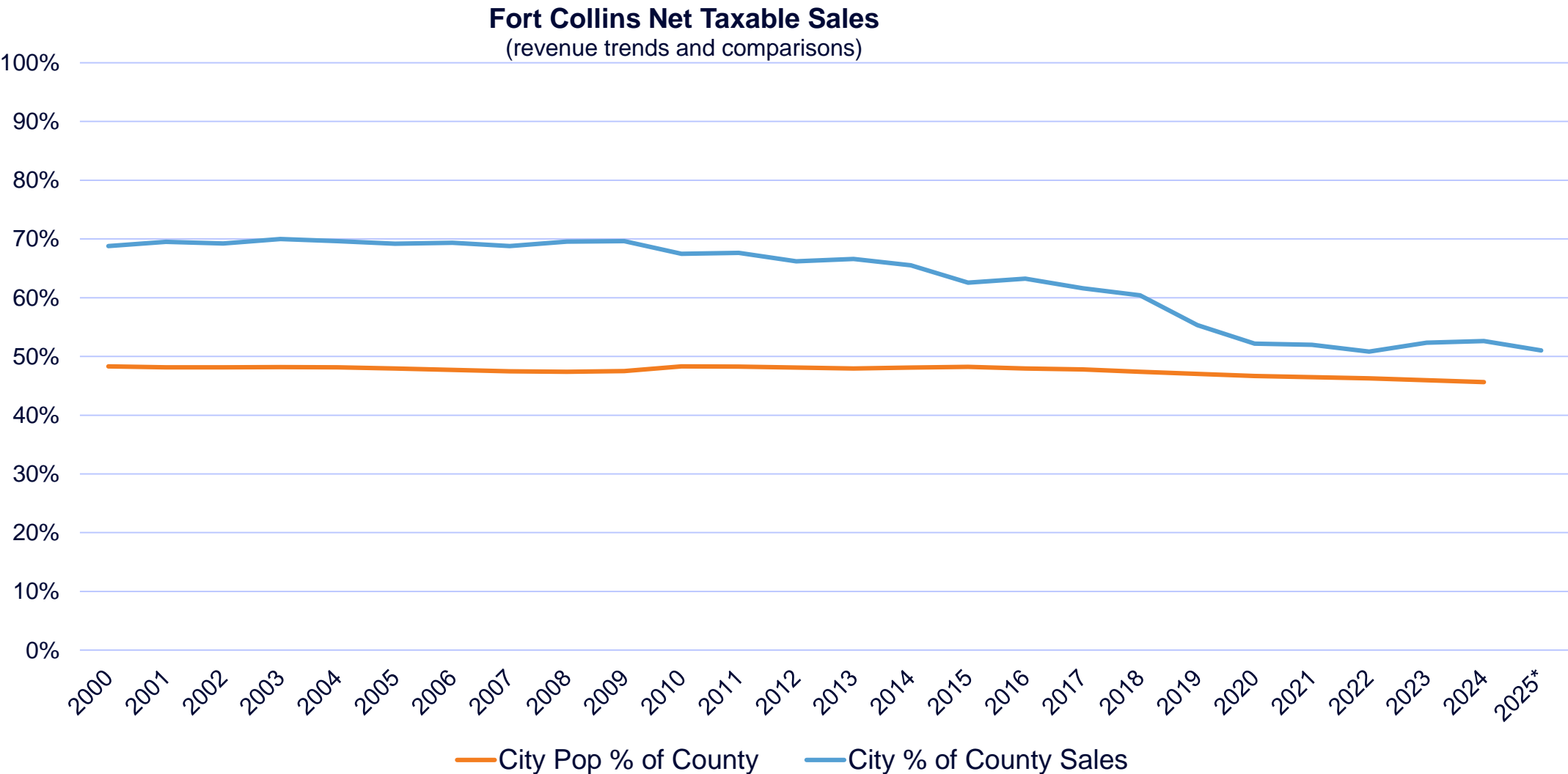
Looking Ahead





*In 2025, sales tax collections were under budget and use tax collections are over budget primarily driven by strong one-time revenue performance.

Fort Collins Net Taxable Sales



*October year-to-date data for 2025

- Personnel costs – collective bargaining, compensation increases, increase in benefits costs
- Non-personnel
 - Commodity & Contractor costs
 - Deficit in grocery tax rebate program
 - Use of one-time funding for ongoing programs
- 2026 Budget was revised to close estimated \$15.4M General Fund shortfall
 - 30% of reductions were one-time opportunities
 - Reduced authorized FTE to eliminate 26 vacant positions
 - Reduced compensation increases to 2%
 - Hiring freeze (One-time reduction)
 - Adjusted service levels

- Economic uncertainty and limited revenue growth
- Continuing to experience the impact of recent inflation in cost pressures for ongoing services
- Keeping employee compensation competitive
- Addressing one-time funded programs
- Based on preliminary analysis, anticipating similar budget shortfall for 2027 as was experienced in 2026

- Debt issuances
- 2027/2028 Budget
- Modernization of systems and processes

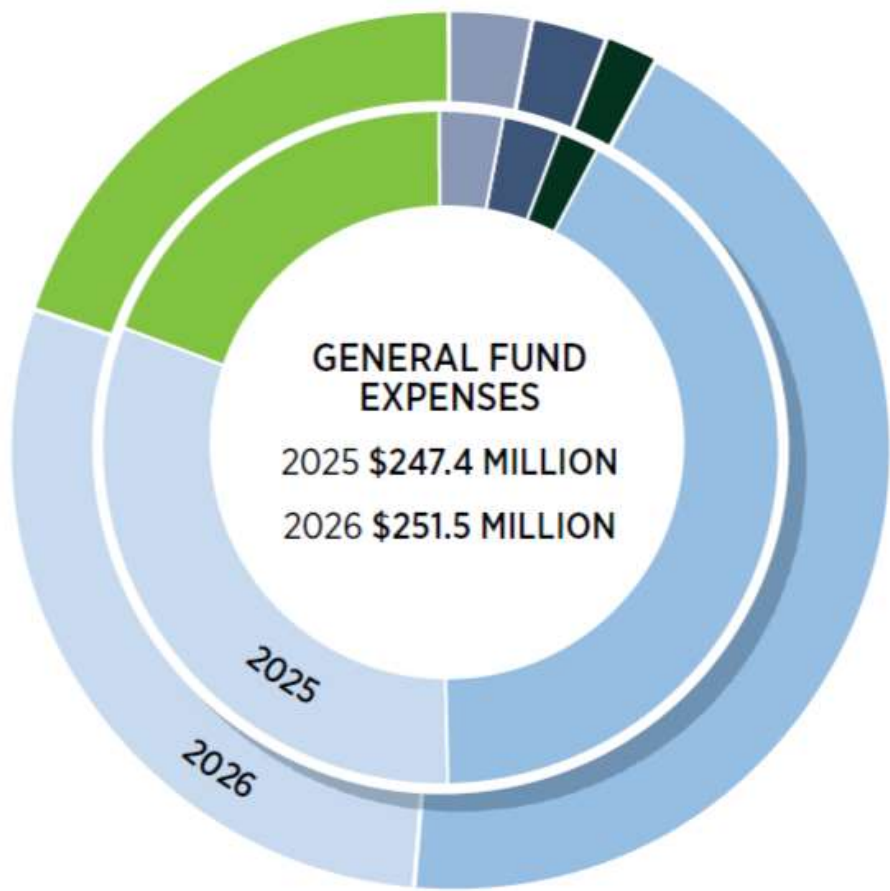


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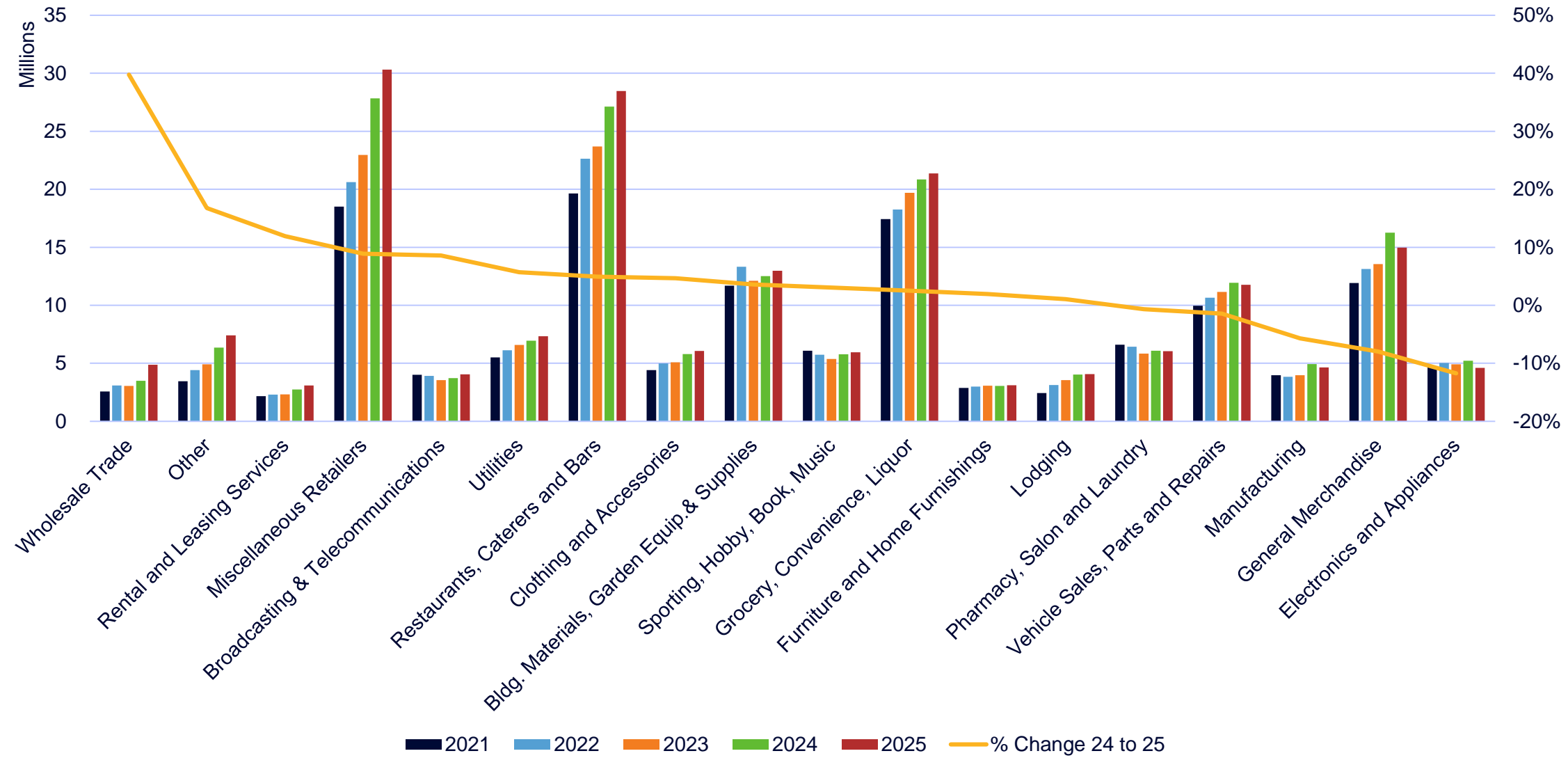
Backup

City Budget Snapshot: Expenses



General Fund Expenses	2025	2026
Employee Pay and Benefits	\$104.4M	\$109.2M
Services Purchased from External Businesses, including Local	\$74.3M	\$73.0M
Internal Payments Between City Departments*	\$47.5M	\$49.9M
Other Supplies	\$8.0M	\$8.2M
Other Expenses	\$6.7M	\$6.9M
Capital, Including Land, Buildings, Vehicles, Large Machinery, etc.	\$6.5M	\$4.4M

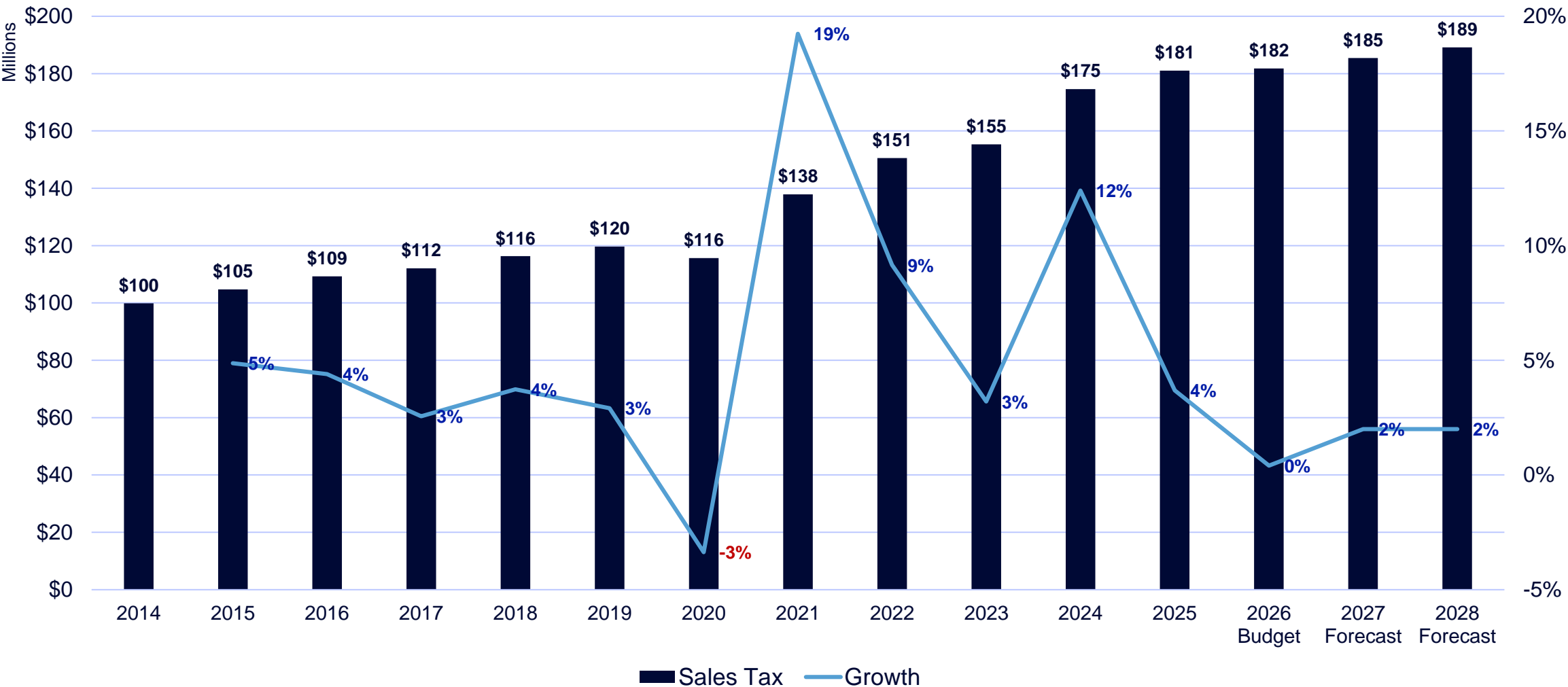
Sales Tax Collections By Category

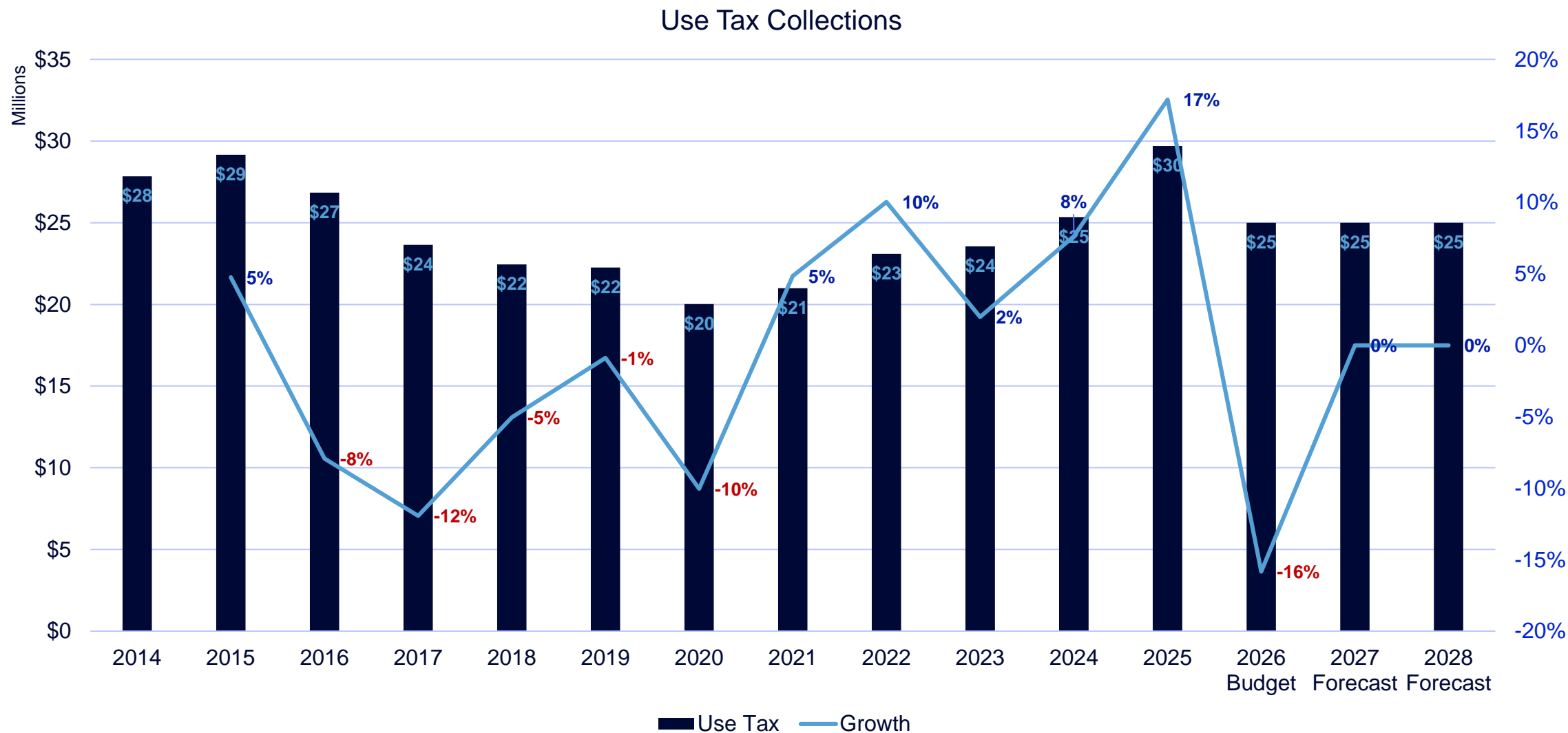


Sales Tax History



Sales Tax Collections





Property Tax History

