

2009
END OF THE YEAR FINANCIAL
REPORT

Presented
March 1, 2010

INTRODUCTION

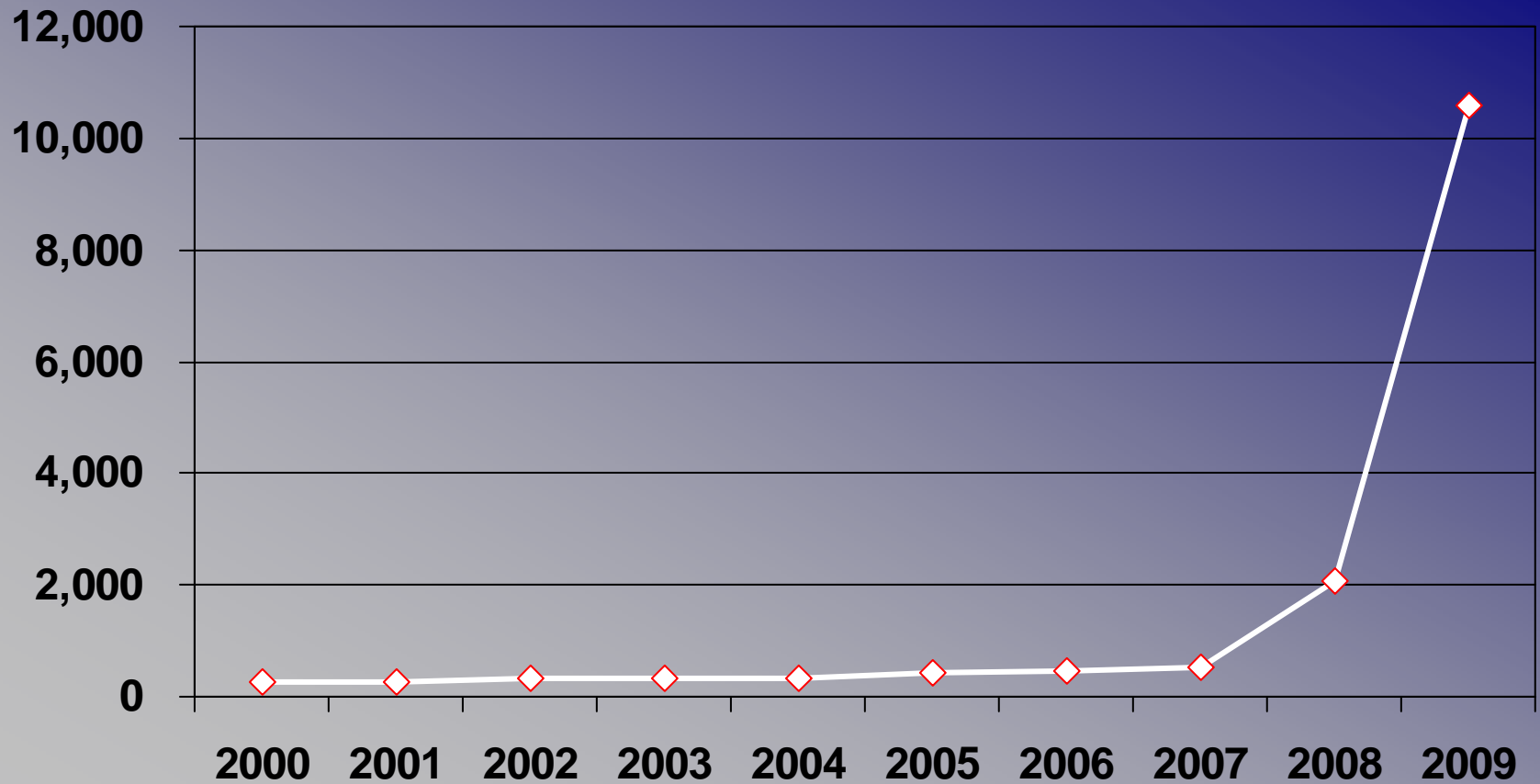
- By now we all know how the nation fared in 2009: national sales taxes were down; foreclosures continued to be significantly high; and overall economic growth was very low. The City of Arvada's 2009 financial situation generally followed in the same direction.
- Some of our highlights include:



HIGHLIGHTS

- **Sales Tax Receipts.** Our total sales tax receipts were 3.6 percent lower in 2009 than in 2008 and 4.9 percent less than we predicted.
- **Building Activity.** We issued a total of 87 residential building permits and no commercial building permits for actual buildings. Had we only had these sources of revenue for building use and building permit revenue, we would have seen more than a 75 percent loss in these types of revenue. But, we did have something that saved our revenue.
- **Roof permits.** A major storm occurred on July 20, 2009. In 2009 we issued a total of 10,520 roof permits. These roofs alone generated \$1.469 million in building use tax and \$1.879 million in building permits.

Historical Annual Roof Permits





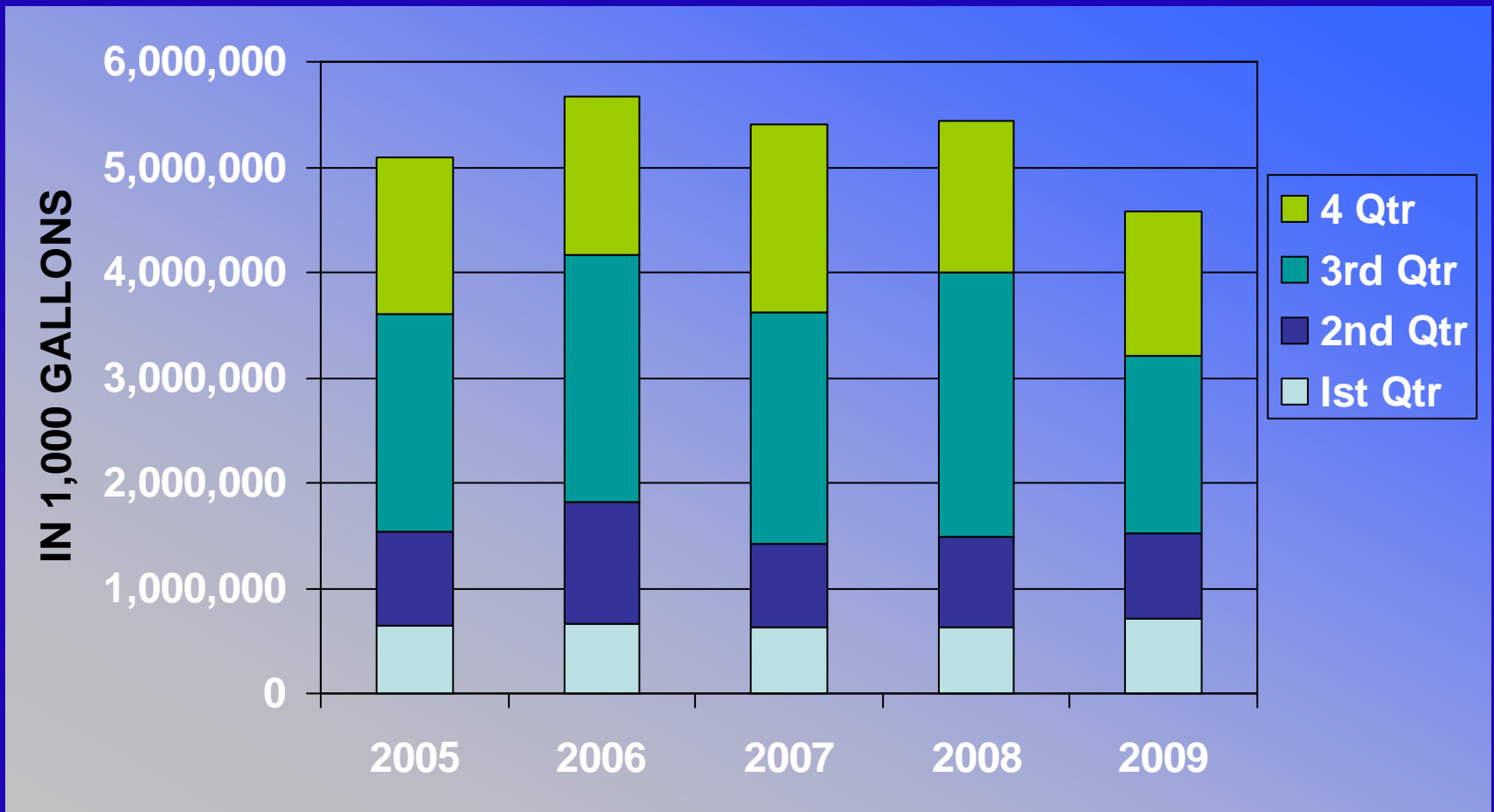
HIGHLIGHTS

- **Auto Use Tax:** Auto Use tax was significantly lower in 2009 than in years past. Overall our revenue was 8.6 percent lower in 2009 than in 2008 and \$639,803 less than our 2009 budget of \$5.172 million.
- **Investment Interest.** In 2009 we generated a total of \$3,986,193 across all Funds. On a daily amount of \$206 million invested we generated a 1.78 percent return.

HIGHLIGHTS

- **The Weather.** It rained or snowed 76 days in 2009 as compared to 72 in 2008; it snowed 45.5 inches in 2008; in 2009 we had 102.5 inches of snow. This is important for several reasons. The moisture had dramatic negative impacts on the availability of golf dates.
- **Water revenues.** The water utility operates on fees generated from the sale of water. In 2009 people used significantly less water than in 2008.

Water Consumption



REACTION TO THE ECONOMIC ENVIRONMENT

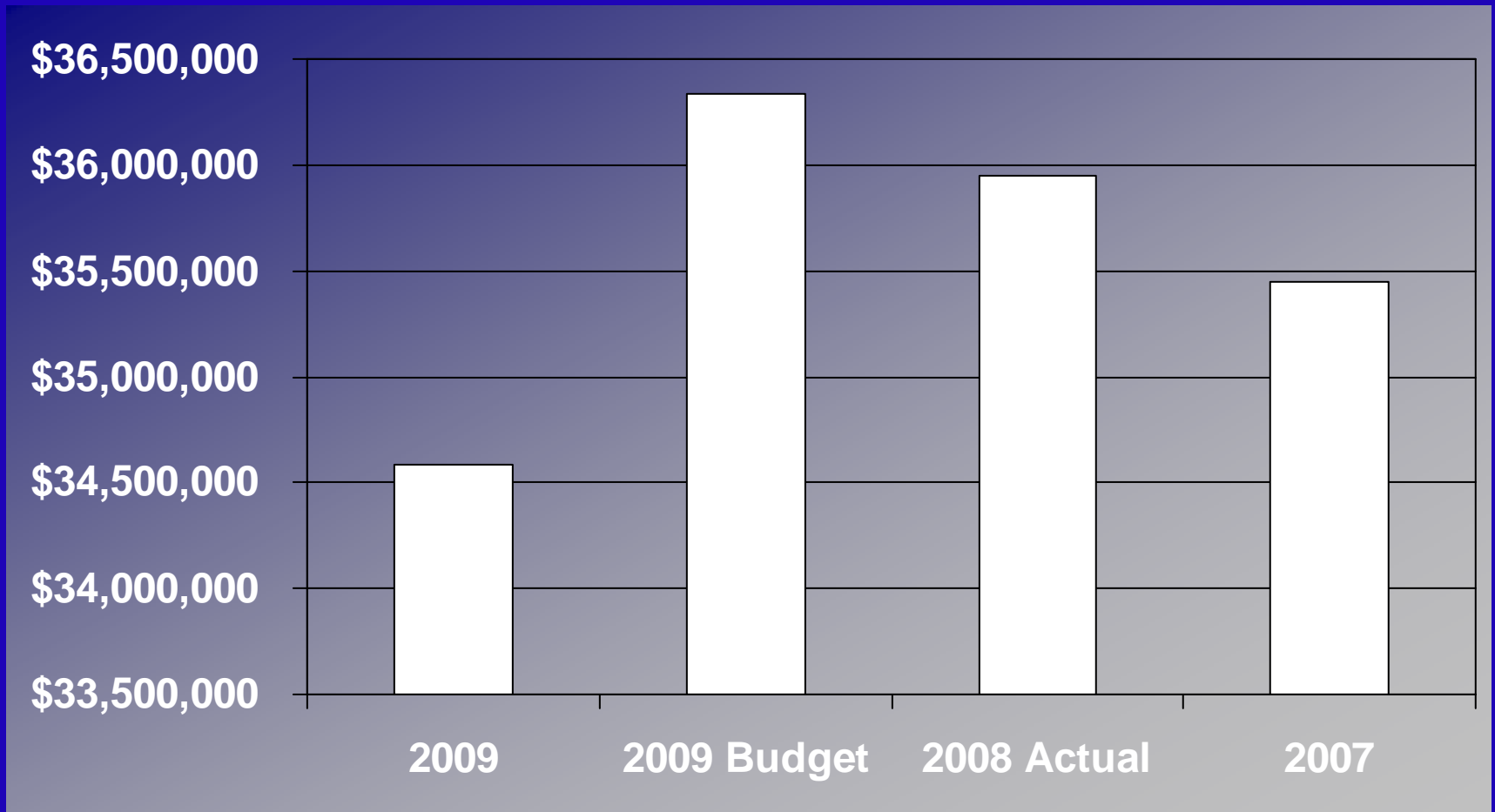
- In January, we had no idea we would have one major event in the General Fund – the July 20th storm – that would help us. We did not know we were going to have a very wet year.
- Effective January 1, departments began to review their budgets and seriously reduce expenditures. Each department committed to cutting their budgets. By December departments had spent over \$3,000,000 less than was budgeted.

GENERAL FUND

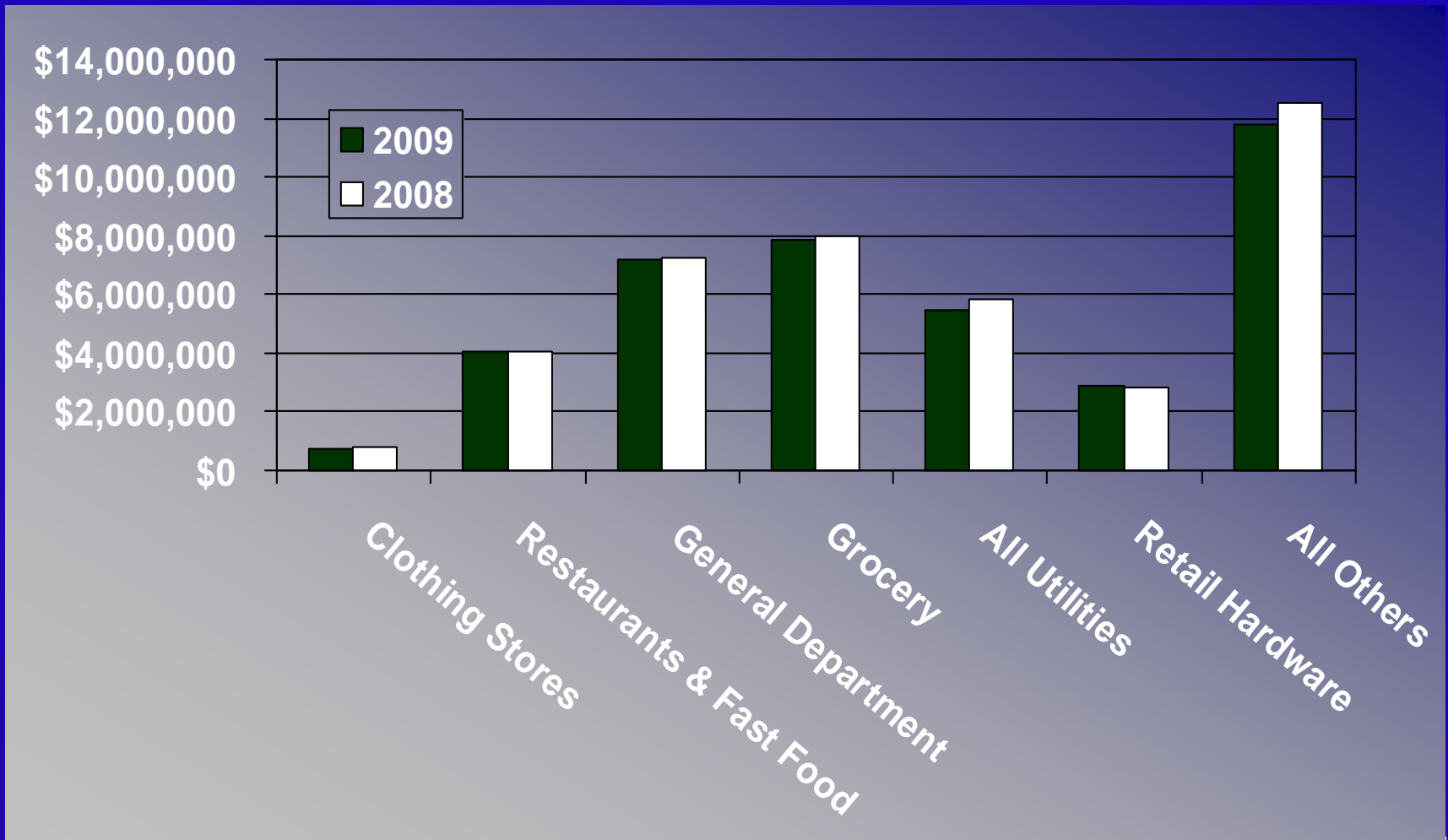
WITH SALES TAX BOND FUND

		Budget	Actual	Difference
	Beginning Fund Balance	\$30,454,289	\$30,454,289	\$ 0
+	Revenues	68,427,704	69,747,571	\$1,319,867
-	Expenditures	71,998,833	67,270,142	4,728,691
-	Carry Forwards		1,580,441	(1,580,441)
=	Ending Fund Balance	\$26,883,160	\$31,351,277	\$4,468,117

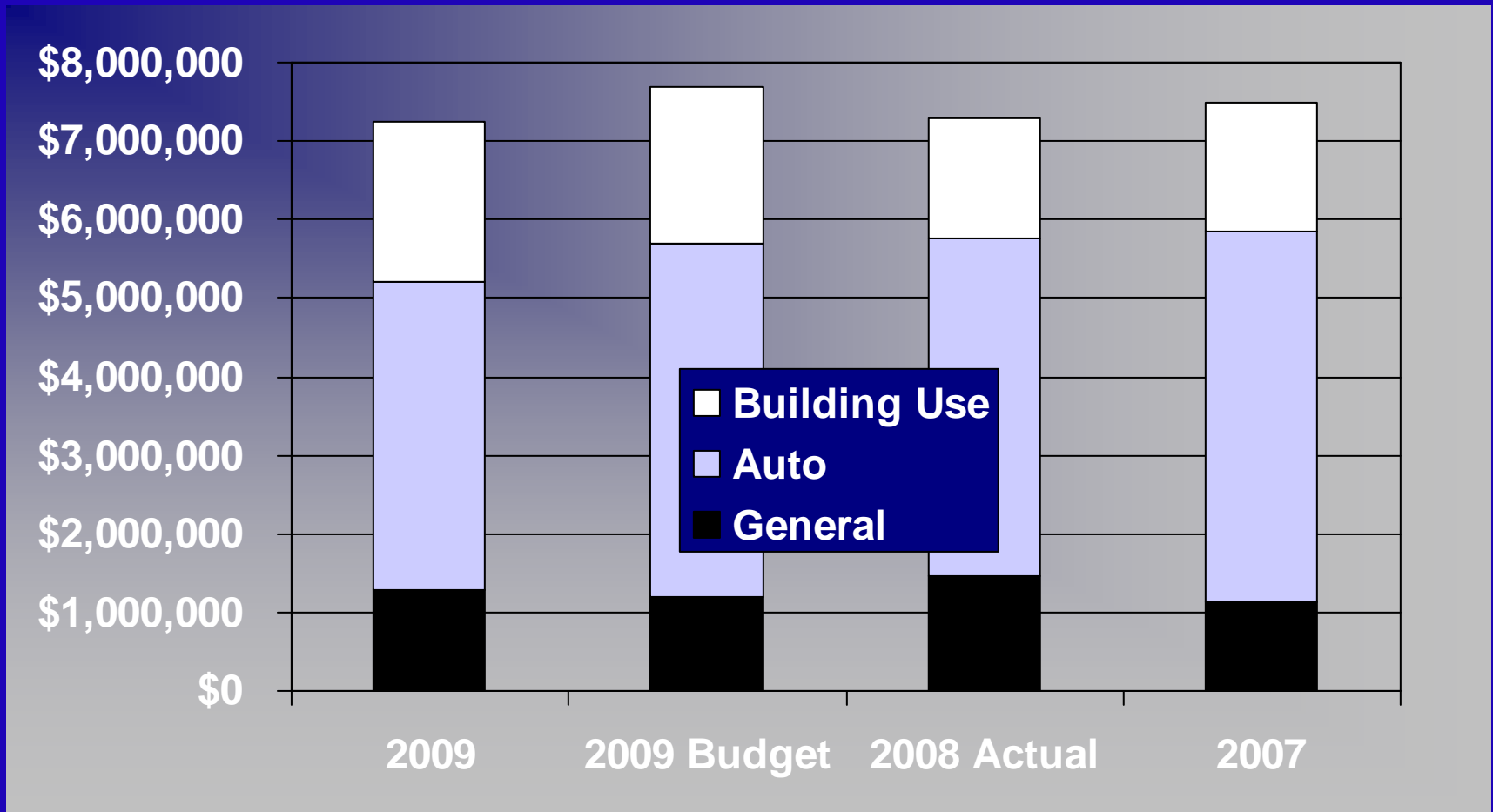
Sales Tax Revenue



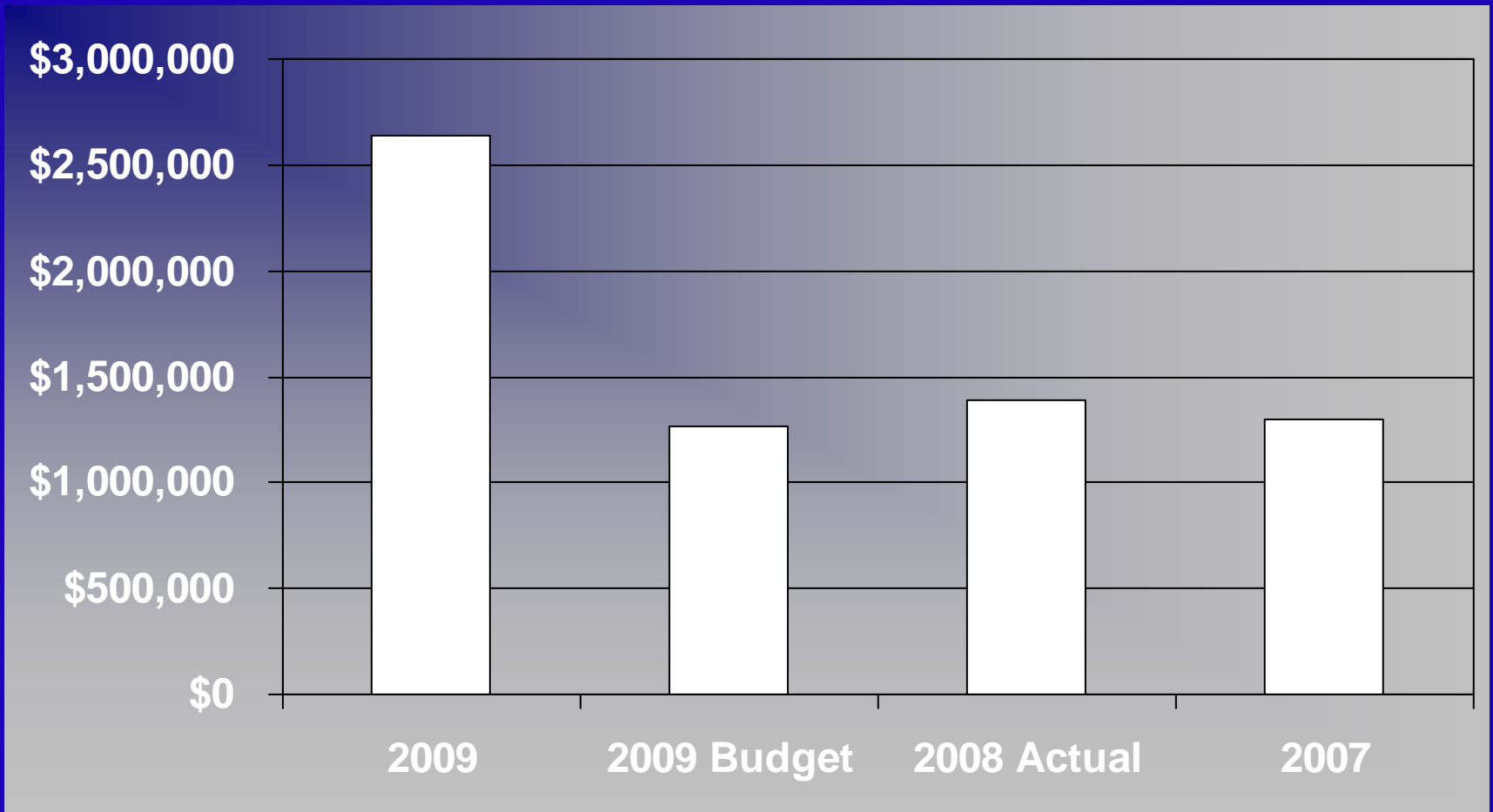
Sales Tax Collections by Type of Business



Use Tax Revenue



Building Permit Revenue



REVENUE SUMMARY

- The Courts deserve a special recognition as they did meet their goals by generating \$200,000 more than budget: a total of \$1.5 million. This was also because Police staffing is nearly 100 percent.
- This was a large sales tax audit year collecting over \$700,000 in back taxes.
- People are using land lines a lot less – franchise fees are decreasing by \$60,000; however, people are not giving up their cable TV in these economic times.

EXPENDITURE HIGHLIGHTS

- **Highlights:**
 - Computer cost savings. The first significant savings was \$748,000, accomplished by lowering the charges for computer replacement and operations. This review of the Internal Service Funds was conducted in the first quarter of 2009. We did not remove this savings from the budget at the time.
 - Fuel. We expected fuel costs to remain near the \$2.5 or more per gallon price. As the nation entered a recession, fuel costs decreased. We were able to save \$214,000 on a \$570,000 budget. We have lowered these costs in 2010.



MORE EXPENDITURE REDUCTIONS

- **Temporary Wages.** Across the General Fund we cut the use of temporaries by \$138,300. This is 29 percent of the total budget.
- **Utility Costs.** We saved \$93,873 in our utility costs in 2009.
- **Travel and Training.** In 2009, a total of \$178,300 was saved from a total budget of \$548,542 in the General Fund. In 2009 the actual spent on training was \$931 per person.

IN THE GENERAL FUND WE DID NOT HAVE TO USE ANY CASH SAVINGS TO MEET OUR 2009 REQUIREMENTS.

- Three factors ensured we ended the year well.
 - Revenue generated from roof replacements exceeded our building permit revenue.
 - The same activity ensured we met our building use expectations.
 - Departments reduced their spending by more than three million dollars.

ARVADA CENTER

		Budget	Actual	Difference
	Beginning Fund Balance	\$779,855	\$779,855	\$ 0
+	Revenues	5,095,003	5,297,406	\$202,403
+	SCFD	986,872	901,385	(85,487)
+	General Fund Support	2,010,612	1,635,612	(375,000)
-	Expenditures	8,735,264	8,373,495	361,769
=	Ending FB	\$137,078	\$240,763	\$103,685

PARK FUND

		Budget	Actual	Difference
	Beginning Fund Balance	\$2,406,068	\$2,406,068	\$ 0
+	Revenues	3,168,665	3,301,102	\$132,437
+	APEX IGA	779,775	878,697	98,922
+	General Fund Support	2,943,747	2,943,747	
-	Expenditures	7,071,547	7,043,757	27,790
=	Ending FB	\$2,226,708	\$2,485,857	\$259,149

POLICE TAX INCREMENT FUNDS

		Budget	Actual	Difference
	Beginning Fund Balance	\$9,541,392	\$9,541,392	\$ 0
+	Revenues	6,395,915	6,733,855	\$337,940
-	Expenditures	6,586,690	5,919,598	667,092
=	Ending FB	\$9,350,617	\$10,355,649	\$1,005,032

WATER FUND

		Budget	Actual	Difference
	Beginning Fund Balance	\$69,528,000	\$69,528,000	\$ 0
+	Revenues	2,664,457	2,819,119	\$154,662
+	Water Rates	17,351,916	14,485,857	(2,866,059)
+	Tap Fees	2,603,118	1,514,234	(1,088,884)
-	Expenditures	30,331,445	26,867,421	3,464,024
=	Ending FB	\$61,816,046	\$61,479,789	(\$336,257)

WASTE WATER FUND

		Budget	Actual	Difference
	Beginning Fund Balance	\$7,741,000	\$7,741,000	\$ 0
+	Revenues	10,204,974	\$9,860,527	(\$244,447)
-	Expenditures	10,580,125	9,337,712	1,242,413
=	Ending FB	\$7,365,849	\$8,263,815	\$897,966

STORM WATER FUND

		Budget	Actual	Difference
	Beginning Fund Balance	\$10,386,000	\$10,386,000	\$ 0
+	Revenues	3,402,548	3,278,738	(\$123,810)
-	Expenditures	3,736,490	2,716,779	1,019,711
=	Ending FB	\$10,052,058	\$10,947,959	\$895,901

GOLF FUND

		Budget	Actual	Difference
	Beginning Fund Balance	(\$509,000)	(\$509,000)	\$ 0
+	Revenues	4,540,696	4,109,085	(\$431,611)
+	Transfers	0	\$1,200,000	1,200,000
-	Expenditures	4,525,186	4,115,274	409,912
=	Ending FB	(\$493,490)	\$684,811	\$1,178,301

HOSPITALITY FUND

		Budget	Actual	Difference
	Beginning Fund Balance	\$903,000	\$903,000	\$ 0
+	Revenues	2,204,172	1,650,866	(\$553,306)
-	Expenditures	2,368,449	1,626,125	742,324
=	Ending FB	\$738,723	\$927,741	\$189,018

Q4 Performance

- Quarterly Yield
 - 1.53%
 - Interest Earnings = \$795,688
- YTD December 2009
 - 1.78%
 - Interest Earnings = \$3,986,193
 - 64 bps over static benchmark, 77 bps over weighted benchmark

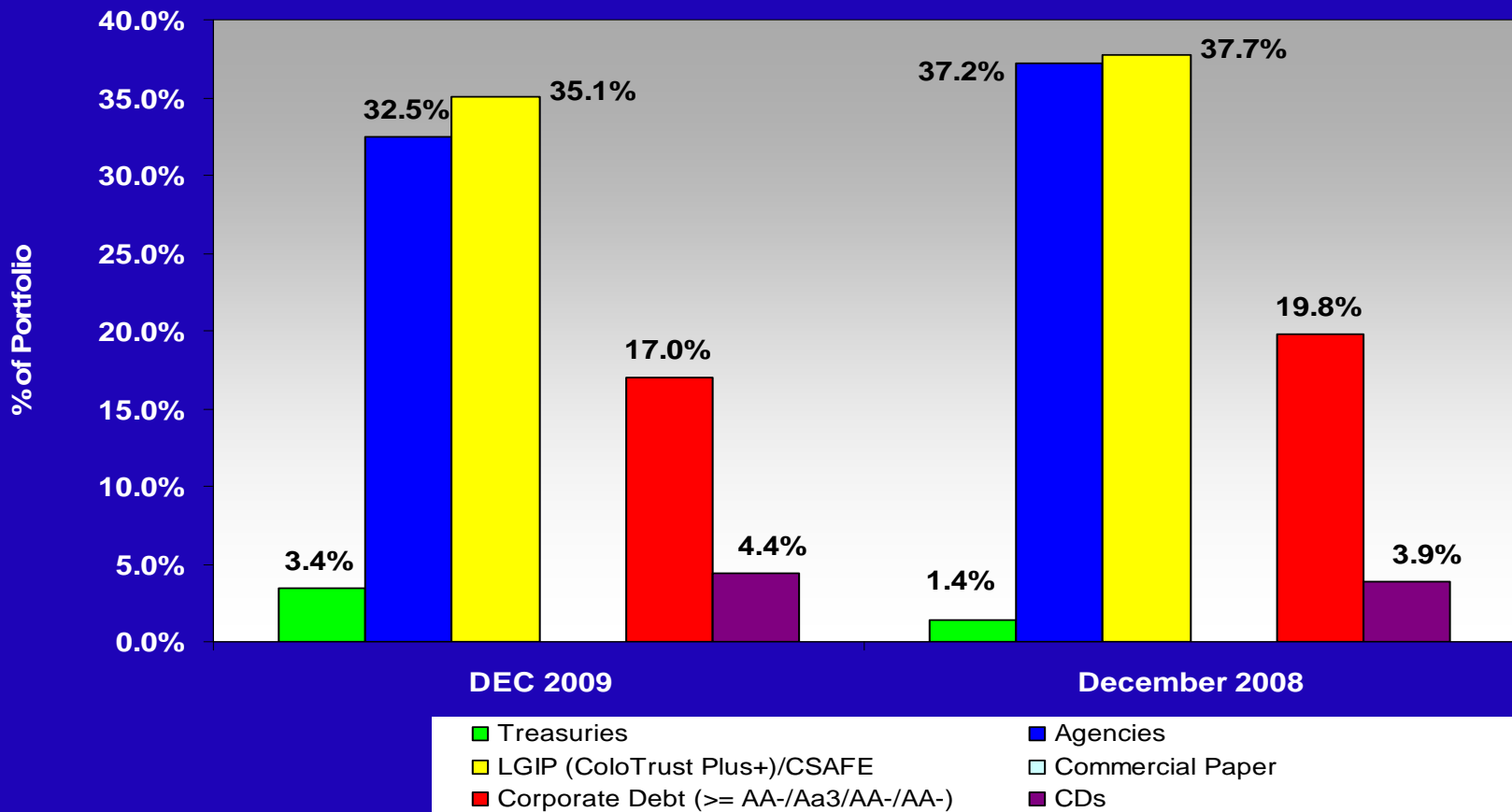
Portfolio Totals Q4 2009

Security Type	Face Value
Treasury Securities (AAA/Aaa/AAA/AAA Credit Rating)	7,000,000
Agency Securities (AAA/Aaa/AAA/AAA Credit Rating)	67,000,000
Local Government Investment Pool Trust Funds (AAAm/Aaa)	72,326,419
Commercial Paper (>= A-1/P-1/F-1/D-1 Credit Rating)	0
Corporate Debt (>= AA-/Aa3/AA-/AA-)	35,000,000
Certificates of Deposit (PDPA Eligible)	9,000,000
Savings Accounts outside LGIP	16,000,000
Total Investment Portfolio	206,326,419
2009 Average	210,926,593

Portfolio by Asset Type

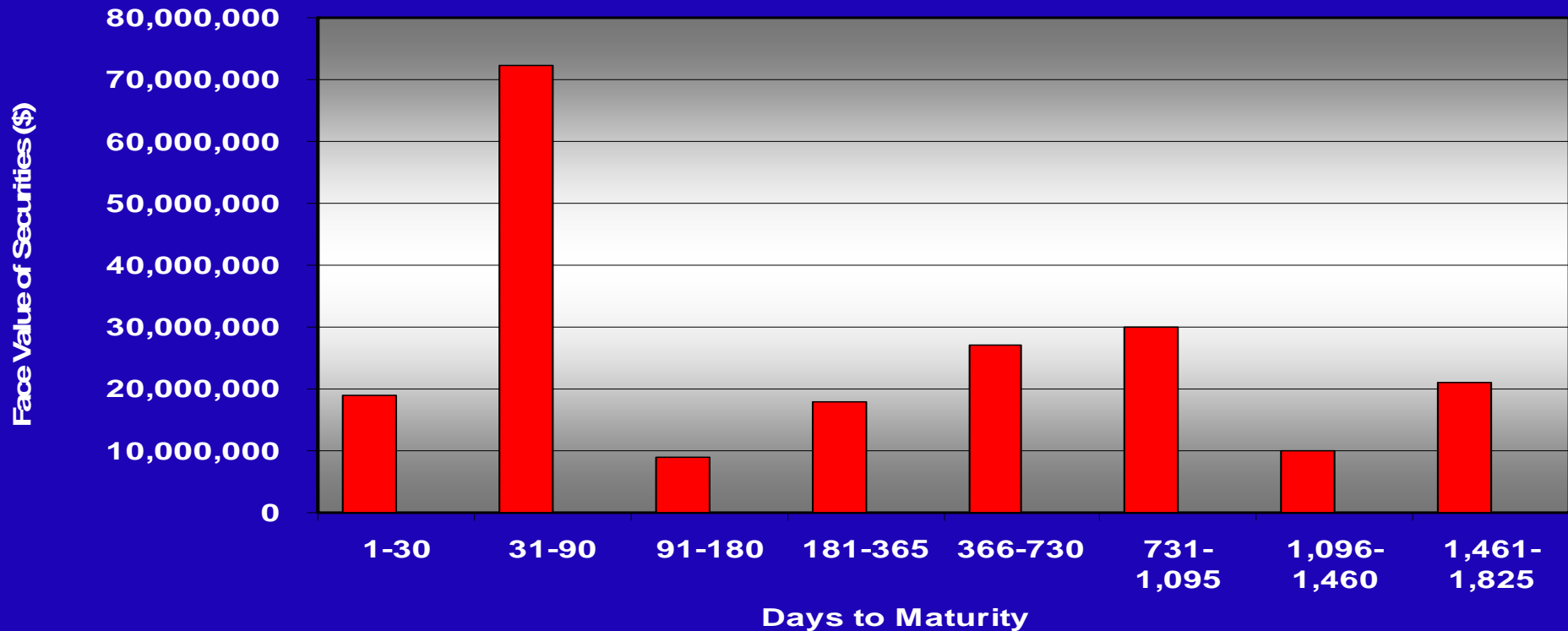
2008 vs. 2009

COMPOSITION DECEMBER '09 vs DECEMBER '08



Portfolio Maturity Breakdown

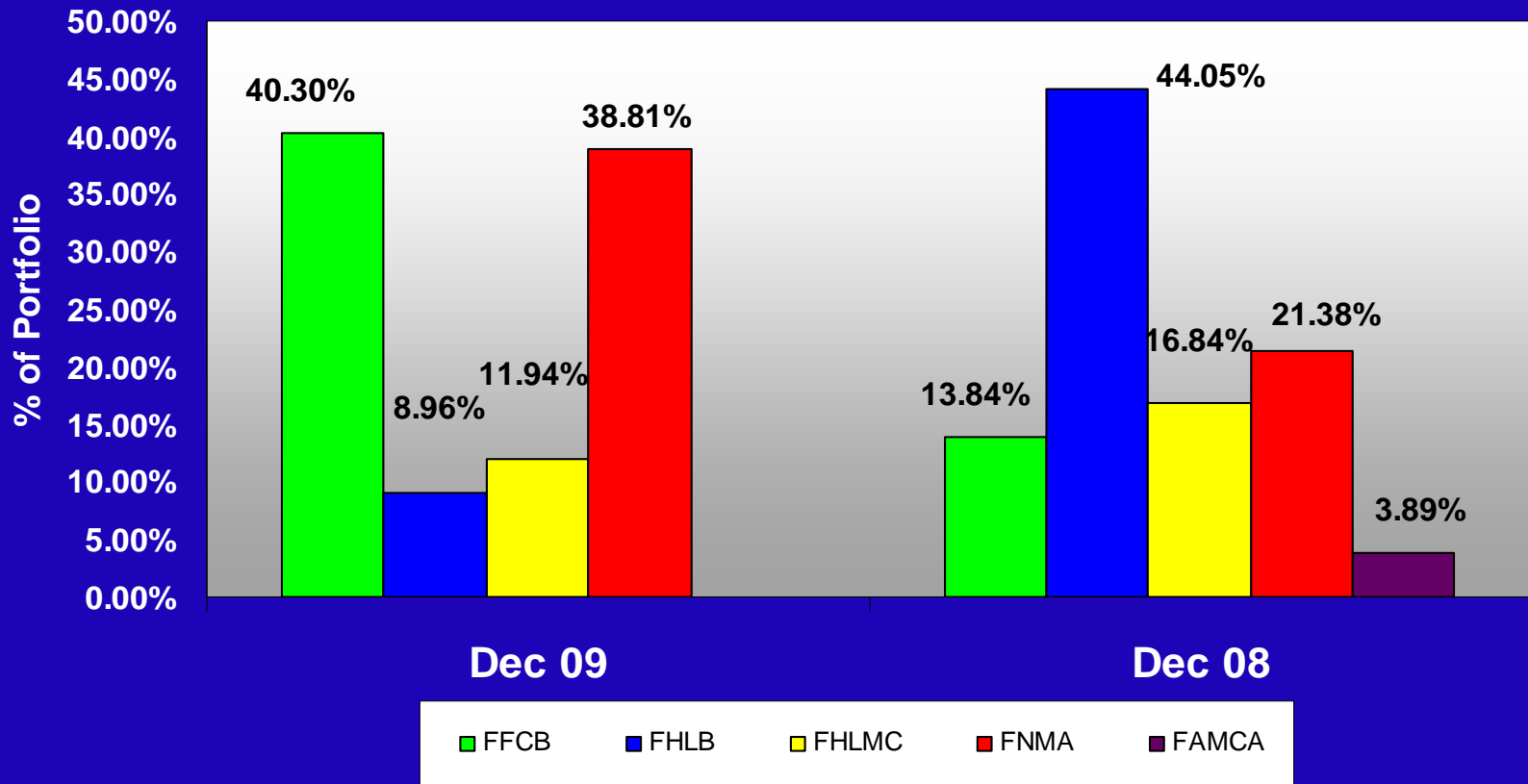
Maturities as of December 2009



- 1-31 day bucket up \$17.5 mm versus Dec 2008
- 31-90 day bucket down \$11.93 mm (14.16%) versus Dec 2008
- 4-5 yr bucket up \$16 mm (320%) versus Dec 2008

Agency Positions 2009 vs. 2008

CITY OF ARVADA DEC '09 vs DEC '08



2009 Strategies/Concerns

- **Proper diversification**
- **Continue to look for money market alternatives**
 - Proposing changes to allowable securities?
- **“Blended strategy” to capitalize on better yields in longer maturities and keep interest payments in regular increments.**

SUMMARY

- The past year was a difficult one for many companies and public organizations across the world, our nation and, of course, our City.
- The City quickly reacted to what we were seeing in the first quarter of 2009 – reducing expenditures very quickly.
- We expect this trend to continue in 2010 – but, hopefully, with less rain.