



# CITY OF ASPEN

## 2009 FIRST QUARTER FINANCIAL REPORT

*SUMMARY OF FINANCIAL ACTIVITY  
JANUARY - MARCH 2009*



*“The principles of effectiveness, fiscal responsibility and safety guide us in  
enhancing the well being of the community.”*

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## FINANCIAL STATUS OVERVIEW

### Overview

2009 was budgeted to have lower revenues and expenditures than 2008, the first quarter expenditures were substantially below those budgeted amounts. In the first quarter of 2009, revenues exceeded expenses by \$4.4 million. The 2009 budget does not include any supplemental ordinances but does include all budget cuts to date.

### Revenues

Revenues for 2009 were budgeted at 17% below 2008. In the first quarter of 2009, revenues were 28% below revenues for the same period in the prior year. As of the first quarter revenues were 24% of total budget versus 27% in 2008.

City sales and lodging taxes were down in the first quarter. City sales tax ended the first quarter down 21% from 2008 collections for the same period. City lodging tax ended the first quarter down 29% from 2008 collections for the same period. Wheeler Real Estate Transfer Tax (RETT) collections were up slightly in the first quarter, ending 12% above 2008 collections for the same period.

### Expenditures

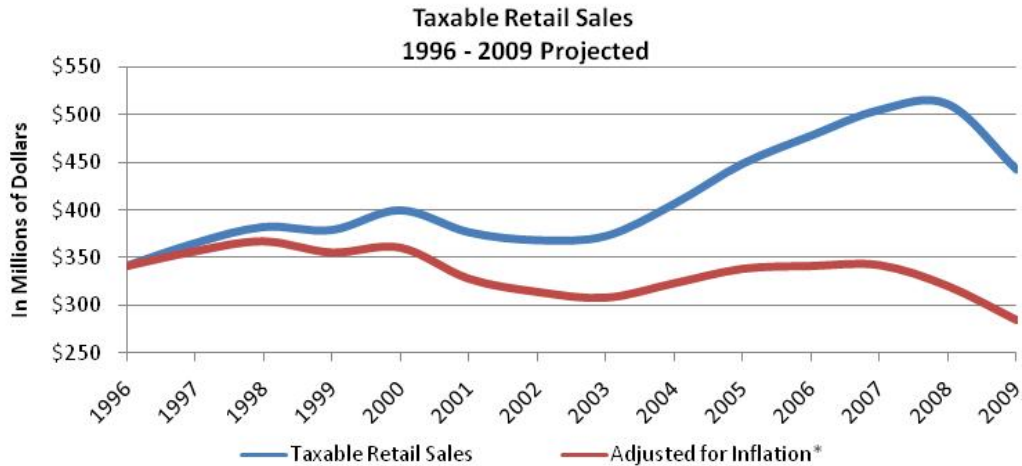
Expenses for 2009 were budgeted at 12% below 2008. In the first quarter of 2009, expenses were 30% below expenses for the same period in the prior year. As of the first quarter expenses were 16% of total budget versus 21% in 2008.

First Quarter 2009 vs. First Quarter 2008 (excluding transfers)					
Category	2009 Budget	Q1 2009	2009 YTD	2009 Balance	% 2009
Revenues	\$70,606,000	\$16,670,747	\$16,670,747	\$53,935,253	24%
Expenditures	\$74,493,470	\$12,285,339	\$12,285,339	\$62,208,131	16%
Category	2008 Budget	Q1 2008	2008 YTD	2008 Balance	% 2008
Revenues	\$84,809,930	\$23,142,892	\$23,142,892	\$61,667,038	27%
Expenditures	\$84,412,650	\$17,666,932	\$17,666,932	\$66,745,718	21%
Category	'09 vs. '08 Budget	'09 vs. '08 Q1	'09 vs. '08 YTD	'09 vs. '08 Balance	'09 vs. '08 % YTD
Revenues	(17%)	(28%)	(28%)	(13%)	(13%)
Expenditures	(12%)	(30%)	(30%)	(7%)	(21%)



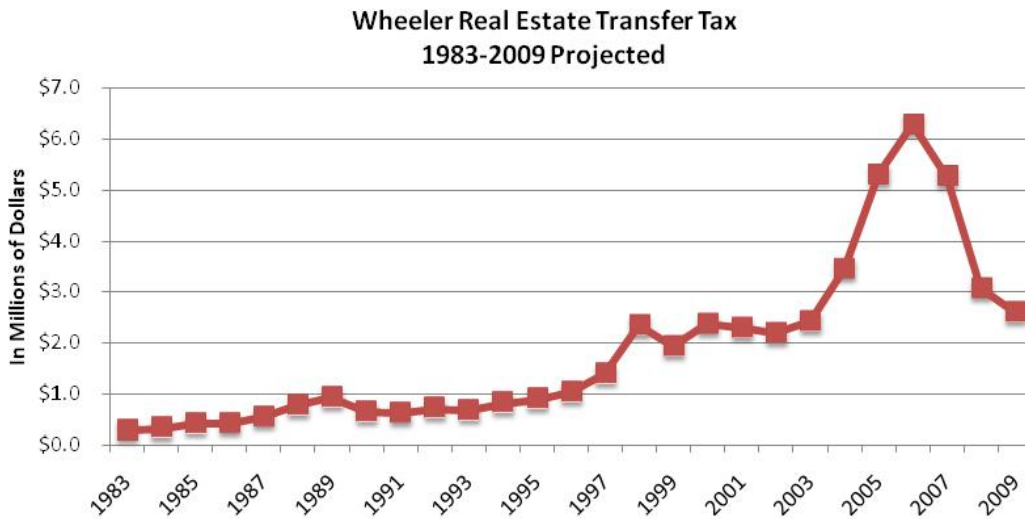
## FINANCIAL STATUS OVERVIEW

Nominal growth in taxable retail sales has been strong in recent years but adjusted for inflation, the value of current retail sales is below the levels of the late 1990's. Retail sales in the 2005 to 2007 period were relatively the same but still below the 1996 to 2000 period. Taxable retail sales in 2009 are projected to be below 2008. Once adjusted for inflation, 2009 is projected to be the lowest level since 1996.



\*Consumer Price Index for all Urban Consumers

Wheeler Real Estate Transfer Tax (RETT) collections during the first quarter 2009 were 12% ahead of 2008 and 27% ahead of budget. These increases are not expected to continue throughout the year and RETT is expected to be down in 2009 from 2008. However, 2009 RETT collections are still projected to be the sixth highest year since 1983.





## FINANCIAL STATUS OVERVIEW

Year to date revenues are \$22.6 million or 24% of total budget authority. 2009 revenues are budgeted at \$94.0 million. The two largest revenue sources are taxes which are 38% of total, 51% of total excluding transfers and fees for service which are 19% of total, 25% of total excluding transfers. Taxes are at 23% of budget and fees for service are at 23% of budget.

Year to date expenditures and encumbrances are \$25.4 million or 26% of total budget authority. 2009 expenditures are budgeted at \$97.9 million. Operating expenditures are 49% of total expenses, 64% of total excluding transfers and are 36% expended or encumbered. Capital expenditures are 21% of total expenses, 28% of total excluding transfers and are 9% expended or encumbered. Debt service expenditures are 6% of total expenses, 8% of total excluding transfers and are 4% expended or encumbered.

Encumbrances, which represent a reservation of budget authority for specifically approved costs to be incurred through the year, tend to skew the first and second quarter reports. In most areas, all operating and capital budgets are in line with expectations though the first quarter.

The following sections of this report provide additional information on both revenues and expenditures year to date.

2009 First Quarter Revenues				
Category	Budget	YTD	Balance	% YTD
Taxes	\$35,790,440	\$8,293,603	\$27,496,837	23%
Service Fees	\$17,326,500	\$4,053,406	\$13,273,094	23%
General Transfers	\$15,878,320	\$3,969,580	\$11,908,740	25%
Refund of Exp.	\$8,435,100	\$2,431,963	\$6,003,137	29%
Fines	\$4,513,180	\$1,154,303	\$3,358,877	26%
Services Received	\$3,908,050	\$932,788	\$2,975,262	24%
Leases/Rents	\$4,757,520	\$1,104,369	\$3,653,151	23%
Tap Fees	\$1,124,860	\$121,626	\$1,003,234	11%
Contributions	\$563,590	\$132,218	\$431,372	23%
Fed/State Grants	\$1,016,310	\$130,895	\$885,415	13%
Fixed Assets Sale	\$172,500	\$0	\$172,500	0%
Misc. Rev.	\$308,970	\$121,810	\$187,160	39%
Licenses/Permits	\$240,960	\$127,196	\$113,764	53%
<b>Total</b>	<b>\$94,036,300</b>	<b>\$22,573,758</b>	<b>\$71,462,542</b>	<b>24%</b>

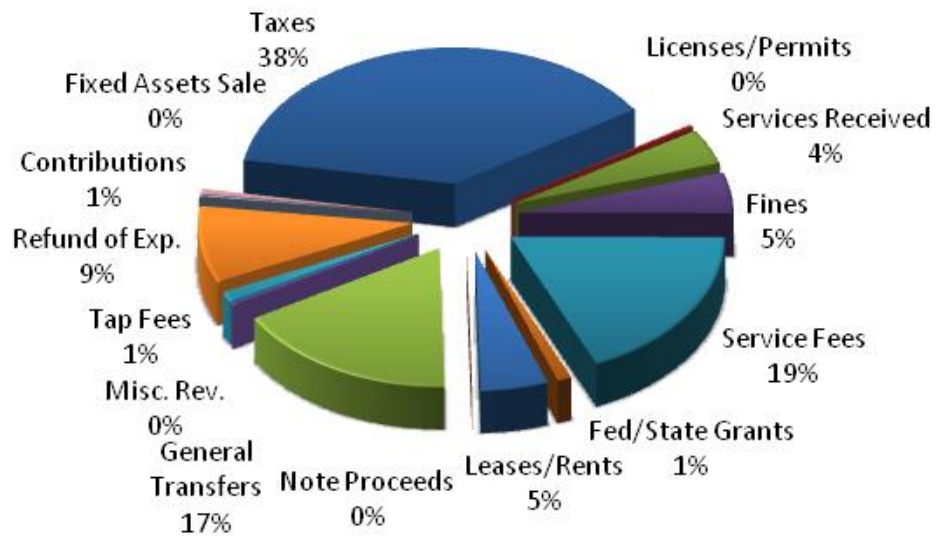
2009 First Quarter Expenditures and Encumbrances				
Category	Budget	YTD	Balance	% YTD
Operations	\$47,956,370	\$17,498,317	\$30,458,053	36%
Capital	\$20,941,810	\$1,781,910	\$19,159,900	9%
Debt Service	\$5,607,860	\$250,563	\$5,357,297	4%
Inter-fund Transfers	\$23,430,300	\$5,903,543	\$17,526,757	25%
<b>Total</b>	<b>\$97,936,340</b>	<b>\$25,434,333</b>	<b>\$72,502,007</b>	<b>26%</b>



## FINANCIAL STATUS OVERVIEW

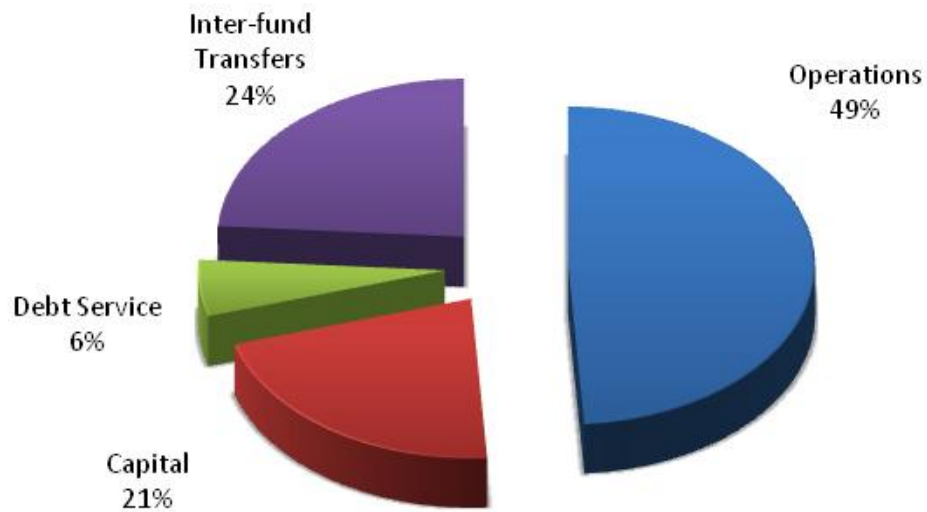
2009

### BUDGETED REVENUES BY CATEGORY (% OF TOTAL)



2009

### BUDGETED EXPENSE BY CATEGORY (% OF TOTAL)



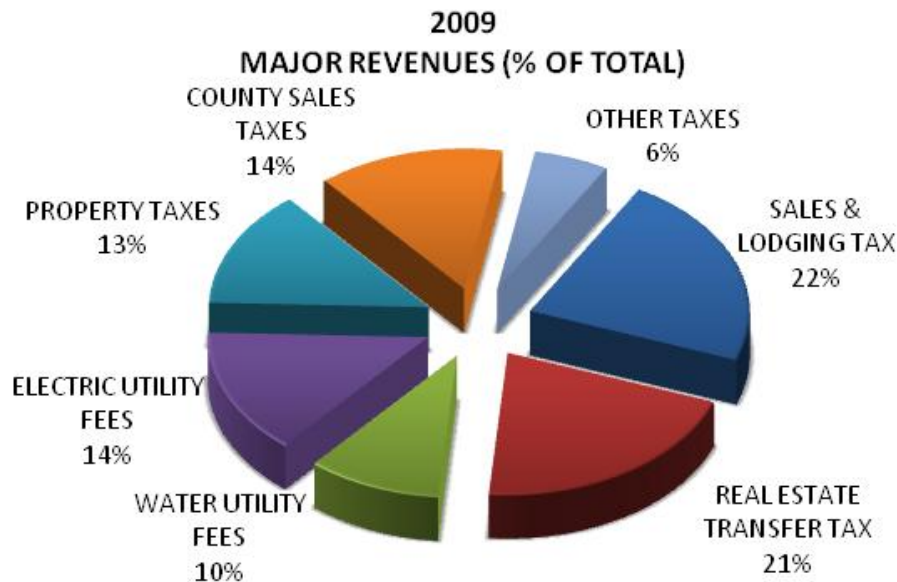


## MAJOR REVENUES

The City has collected 23% of the budgeted amount for its major revenue sources. The two largest revenue sources are the Real Estate Transfer Tax (RETT) which is 21% of major revenues, 13% of total revenues excluding transfers and Sales and Lodging Taxes which are 22% of major revenues, 14% of total revenues excluding transfers. RETTs are at 30% of budget and Sales and Lodging Taxes are at 23% of budget. Other revenue sources contributing but not detailed include bond proceeds, housing rental revenues, fees and charges from funds, grant revenues and investment income. Total budgeted revenues for 2009 are approximately \$94.0 million including inter-fund transfers.

RETT includes the 1% Housing RETT and the 0.5% Wheeler Opera House RETT. Sales & Lodging Tax is comprised of the City's 2.2% sales tax and the City's 1% lodging tax. The majority of property tax is collected and remitted through Pitkin County in March through July of each year. Sales taxes and property taxes lag by one month. The County remits sales tax to the City based upon an inter-governmental agreement, which allocates 43% of countywide sales tax to the City. County Sales Tax lags by two months since it is collected by the State of Colorado.

2009 First Quarter Major Revenues				
Category	Budget	YTD	Balance	% YTD
Real Estate Transfer Tax	\$9,240,000	\$2,809,254	\$6,430,746	30%
Sales & Lodging Tax	\$9,960,000	\$2,328,829	\$7,631,171	23%
County Sales Taxes	\$6,157,800	\$748,537	\$5,409,263	12%
Electric Utility Fees	\$6,382,170	\$1,435,664	\$4,946,506	22%
Property Taxes	\$6,008,890	\$1,630,598	\$4,378,292	27%
Water Utility Fees	\$4,394,330	\$712,254	\$3,682,076	16%
Other Taxes	\$2,474,930	\$513,935	\$1,960,995	21%
<b>Total</b>	<b>\$44,618,120</b>	<b>\$10,179,072</b>	<b>\$34,439,048</b>	<b>23%</b>





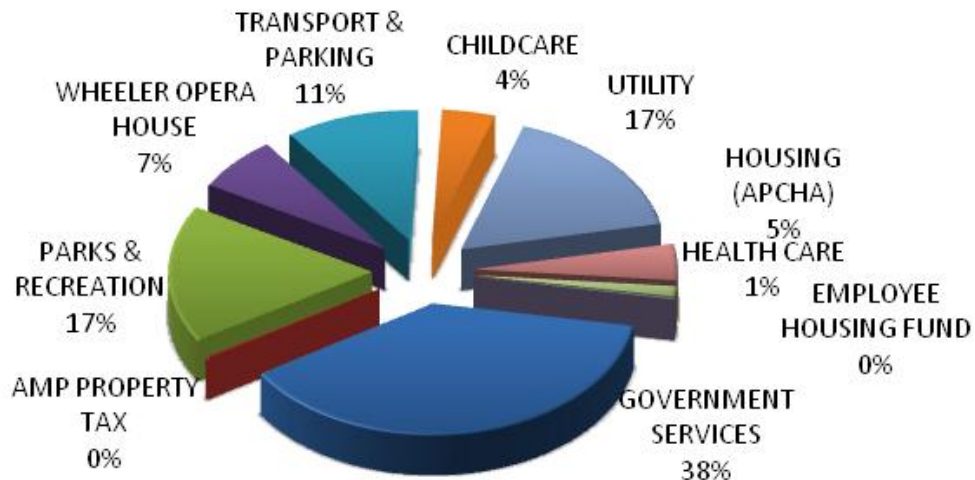
## OPERATING BUDGET

The City has expended or encumbered 36% of the operating budget. The largest expense is Government Services which is 38% of operating expenditures, 25% of total expenses excluding transfers. Total budgeted expenses for 2009 are \$97.9 million including inter-fund transfers.

Most operating budget funds' names are descriptive of the services they provide. Government Services provides for the operation of general government departments, including administration, finance, community development, police, recreation, street maintenance, information services and others. The Wheeler Opera House is a professional performing arts center providing arts and entertainment programming. The City of Aspen/Pitkin County Housing Authority (APCHA) assists with affordable housing for those residing or needing to reside in the Roaring Fork Valley.

2009 First Quarter Operating Budget				
Category	Budget	YTD	Balance	% YTD
Government Services	\$18,325,730	\$5,750,285	\$12,575,445	31%
Parks & Recreation	\$8,167,260	\$2,629,720	\$5,537,540	32%
Utility	\$8,071,400	\$4,057,099	\$4,014,301	50%
Transport & Parking	\$5,131,800	\$1,651,739	\$3,480,061	32%
Wheeler Opera House	\$3,255,360	\$1,265,190	\$1,990,170	39%
Childcare	\$2,032,120	\$709,545	\$1,322,575	35%
Housing (Apcha)	\$2,160,210	\$1,143,180	\$1,017,030	53%
Health Care	\$608,050	\$243,995	\$364,055	40%
Employee Housing Fund	\$84,260	\$10,565	\$73,695	13%
Amp Property Tax	\$120,180	\$36,999	\$83,181	31%
<b>Total</b>	<b>\$47,956,370</b>	<b>\$17,498,317</b>	<b>\$30,458,053</b>	<b>36%</b>

2009  
OPERATING BUDGET (% OF TOTAL)



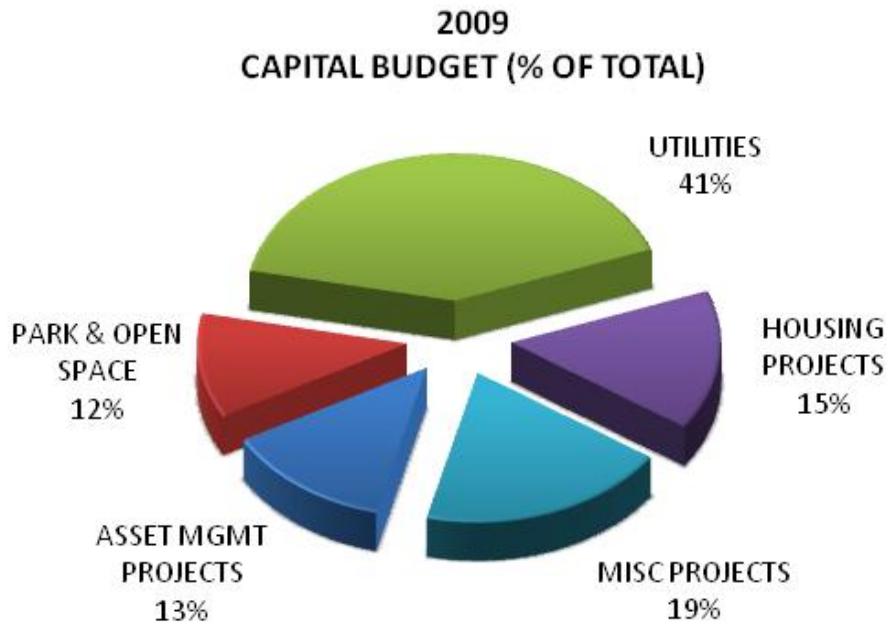


## CAPITAL BUDGET

The City has expended or encumbered 9% of the capital budget. The largest expense is Utilities which is 41% of capital expenditures, 12% of total expenses excluding transfers. Total budgeted expenses for 2009 are \$97.9 million including inter-fund transfers.

Asset Management expenses consist of projects such as street and building improvements, fleet acquisitions and replacements and information systems improvements. Parks & Open Space expenses consist of projects for the development or improvement of the City's existing and/or new parks and open space trails. Utility expenses consist of projects for the development and/or improvement of the water and electric utilities. Housing Development expenses consist of projects to develop affordable housing such as Burlingame and acquisitions of property.

2009 First Quarter Capital Budget				
Category	Budget	YTD	Balance	% YTD
Misc Projects	\$4,038,970	\$378,998	\$3,659,972	9%
Housing Projects	\$3,198,970	\$413,011	\$2,785,959	13%
Park & Open Space	\$2,380,460	\$128,561	\$2,251,899	5%
Utilities	\$8,596,490	\$492,947	\$8,103,543	6%
Asset Mgmt Projects	\$2,726,920	\$368,392	\$2,358,528	14%
<b>Total</b>	<b>\$20,941,810</b>	<b>\$1,781,910</b>	<b>\$19,159,900</b>	<b>9%</b>



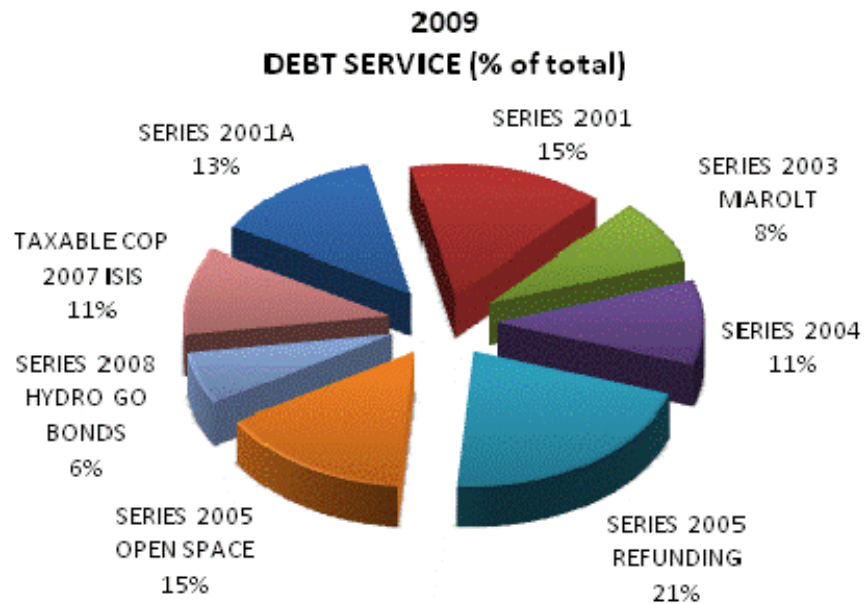


## DEBT SERVICE

The City has expended or encumbered 4% of the budgeted amount for its debt service budget. Total budgeted debt service expenses for 2009 are approximately \$5.6 million. The majority of the City's debt payments are made in June and December.

2001A Housing Bonds were issued to renovate and expand the Truscott I housing complex. 2001 Open Space Sales Tax Revenue Bonds and 2005 Open Space Acquisition Sales Tax Revenue Bonds were issued for the acquisition of open space. 2003 General Obligation Housing Refunding Bonds refunded bonds that constructed Truscott and Marolt rental housing, purchased the Red Brick and renovated the Power Plant Road public works facility. 2004 Parking Garage Refunding Certificates of Participation refunded bonds that financed the construction of the Rio Grande parking garage. 2005 Sales Tax Revenue Refunding Bonds provide for open space acquisition and construction and improvements of parks. 2007 ISIS Certificates of Participation were issued to preserve the Isis as a movie theater in perpetuity. 2008 Hydro Bonds were issued to construct and maintain the Castle Creek Hydroelectric Facility.

2009 First Quarter Debt Service Budget					
Category	Budget	YTD	Balance	% YTD	Maturity
Series 2001A	\$743,820	\$0	\$743,820	0%	2021
Series 2001	\$858,110	\$75	\$858,035	0%	2021
Series 2003 Marolt	\$440,100	\$0	\$440,100	0%	2020
Series 2004	\$589,100	\$11,870	\$577,230	2%	2009
Series 2005 Refunding	\$1,179,520	\$0	\$1,179,520	0%	2019
Series 2005 Open Space	\$844,400	\$0	\$844,400	0%	2025
Series 2008 Hydro Go Bonds	\$356,570	\$0	\$356,570	0%	2035
Taxable Cop 2007 Isis	\$596,240	\$238,618	\$357,622	40%	2037
<b>Total</b>	<b>\$5,607,860</b>	<b>\$250,563</b>	<b>\$5,357,297</b>	<b>4%</b>	





## INVESTMENT PORTFOLIO

Consumer spending, which accounts for approximately 70% of the economy, increased 2.2% during the first quarter of 2009 compared to an expected increase of 0.9%. This follows two consecutive quarters of declines in spending and was one of the bright spots of the economy to start the year. Declines in both personal taxes and energy prices have provided some relief for households in this recession that has lost more than 5 million jobs.

Despite the increase in consumer spending, real gross domestic product (GDP) declined in the first quarter with a record slump in inventories, a sharp decline in business investment and further declines in housing. The government's advance estimate showed that the U.S. economy fell at a 6.1% annual pace during the first three months of 2009. This was worse than the expected pace of 4.7% for the quarter and follows a contraction rate of 6.3% for the final quarter of 2008. The economy has shrunk 3.3% from its peak in the second quarter of last year, already making it the worst recession since 1957-58 when GDP shrank 3.8%. The sharp decline in inventories in the first quarter should help pave the way for an eventual recovery.

In April, Treasury yields moved higher in the long-end of the yield curve with growing concerns about inflation. At the end of April, three-month Treasury bills yielded 0.13%, six month Treasury bills yielded 0.27%, two-year Treasuries yielded 0.90%, five-year Treasuries yielded 2.01%, 10-year Treasuries yielded 3.12%, and 30-year bonds yielded 4.03%.

### March 2009 Portfolio Statistics

Colotrust	\$30,554,830
Mortgage Backed Securities	\$57,626,866
Colotrust Yield	0.56%
Securities Yield	18.18%
Gain/Loss	\$865,396

### March 2009 Investment Portfolio (% of total)

