

- I. Ethics and Public Service Training with CIRSA**
CISRA Attorney and CIRSA Executive Director will present ethics and public service training.
- II. Discussion with PFM Group Concerning Financial Policies and Procedures.**
Finance and Administrative Services Director Shelley Becker will be present with PFM Director David Hart to discuss financial policies and procedures.
- III. Hampden Hall Management Discussion**
Deputy City Manager Michael Flaherty will be present to discuss an agreement with Englewood Art for management of Hampden Hall.
- IV. Discussion on the Replacement of the City Attorney**
- V. Discussion on Mayor/Manager Agenda-Setting Meetings**
- VI. Discussion on Staff Seating in Council Chambers**
- VII. Financial Report**
- VIII. Council Member's Choice**
- IX. City Manager's Choice**
- X. City Attorney's Choice**



TO: Mayor Jefferson and Council Members

FROM: Shelley Becker, Chief Financial Officer

DATE: November 19, 2015

SUBJECT: Financial Advisor Presentation

David Hart and Mattie Prodanovic, the City's Financial Advisors with Public Financial Management, Inc. (PFM), will attend the November 23, 2015 Study Session to present information on their scope of services, draft financial policies and a strategic financial calendar. The purpose of their presentation is to understand and have discussion over potential upcoming financial items of which they provide advice and counsel to the City on. Attached is information relating to their presentation on the 23rd.

City of Englewood City Council Study Session

November 23, 2015



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www.pfm.com

Agenda

- Introduction and Overview
 - To FA or not to FA*
 - PFM's Work-to-Date
- Tonight's Topics
 - Deliverables
 - Calendar
 - Policy Discussion

** Due to the changing regulatory environment in our industry, financial advisors are also referred to as municipal advisors.*

Why Engage a Financial Advisor?

- Evolving Regulatory Environment
 - Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, Financial Advisors are registered with and regulated by the SEC and MSRB.
 - FA's must act in the best interest of issuers as compared to other market participants that may not have a fiduciary obligation.
- Fiduciary Capacity
 - A municipal advisor *must* deal fairly with state and local governments and cannot engage in any deceptive, dishonest, or unfair practice.
 - We act in a fiduciary capacity for BURA and are able to serve, without conflicts, as an unconditional advocate.
- Independent Registered Municipal Advisor
 - Issuers rely on an IRMA to provide advice on proposals from financial services from firms concerning the issuance of municipal securities and municipal finance products to ensure these proposals are in the best interest of the issuer.

Role of a Financial Advisor

Paraphrasing various GFOA & MSRB materials, a Financial Advisor:

- Acts in a fiduciary capacity.
- Develops RFQ/P for other finance team members (counsel, underwriters, etc.).
- Crafts Plan(s) of Finance, incorporate viable financing alternatives (including analysis of currently outstanding obligations as applicable) and related timetables, provides/verifies cash flow calculations.
- Orchestrates the preparation and presentation of materials to vested stakeholders, e.g. Bond and disclosure counsel, elected officials and rating agencies.
- Ensures size, structure, security, redemption provisions, timing and manner(s) of sale are appropriate in consideration of current market conditions and future plans of the issuer.
- Evaluate market conditions and pricing performance of senior managers and distribution of bonds.
- Assists with investment activities, e.g. escrows and/or held bond proceeds.
- Prepares post-sale reports and assists on other post-sale activities.

PFM's Full Service Approach

- We strive to function as extension of staff and believe that our role extends beyond a financing.



Our Work with the City

- For purposes of executing the Series 2015 Refunding Certificates of Participation, PFM served as the Financial Advisor for the refunding of the Series 2005 Certificates of Participation (Civic Center Project).
 - Structured as a Private Placement
 - Attained a rate of 2.12% to refund the outstanding 4.50% Certificates.
 - Efficient and effective method of sale – achieved the lowest costs of issuance and a compressed timeline.
 - The refunding generated savings of over \$1 million with a present value of \$963,479; equated to 9.211% of the Refunded Certificates principal amount.
 - Average annual debt service reduced by over \$100,000.
- Initiated work on policy evaluation and debt profile and capacity analysis.

Tonight's Topics

Deliverables

- Comprehensive evaluation of select financial policies of the City.
 - Fund Balance
 - Structurally Balanced Budgets
 - Government Charges and Fees
 - Debt
 - Investment
- Conduct an evaluation of the General Obligation Bond debt profile and forecasts of debt capacity.
- Conduct an evaluation of the Revenue Bond debt profile and forecasts of debt capacity.
- Utilize PFM's credit ratings analysis materials to provide an updated credit rating assessment complete with commentary.

Calendar

Q4 FY15

- Initial presentation to City Council
- Evaluation and modification of financial policies
- Debt profiles (GO and Revenue) and forecasts of debt capacity
- PFM preliminary credit rating analysis

Q1 FY16

- Finalize financial policies
- Develop comprehensive Plan of Finance for the City
 - Capital Improvement Plan
 - Determination of 2016 Financing
- Election planning
 - Engagement with stakeholders
 - Feasibility of financing

Q2 FY16

- 2016 Financing
 - Determine manner of sale, structure, timing, features, etc.
 - RFP for underwriters
- Community engagement and education for election

Q3 FY16

- Ratings process initiated (at a minimum)
- City Council formal call for election
- Campaign

Q4 FY16

- 2016 Bond election

Q1 FY17

- Execute financing

Discussion of Policy and Practice

- Adopting Financial Policies
- City of Englewood's Existing Policy Statements
- Recommended Policies
 - Fund balance
 - General Best Practice
 - Differentiating by Fund
 - Targets
 - Including TABOR or In addition to?
 - Audit Procurement
 - General Best Practice

RESERVES

The City holds reserves for a variety of reasons. Reserves are a hedge against risk. The General Fund holds reserves to weather temporary economic downturns by backfilling revenue shortfalls but should never be used if a structural deficit exists that is, a long-term revenue shortfall or expenditure increase is expected to last for more than one or two budget cycles. The City may also use its reserves to take advantages of one-time opportunities.

GENERAL FUND

The City's General Fund accounts for the majority of "public" services (Police, Fire, Public Works, etc.) the public depends upon. For this reason it is imperative service levels are maintained, even in an economic downturn. In an economic downturn revenues generally decline temporarily and reserves are used to make up the difference. The use of reserves preserves service level and guards against the loss of efficiency and effectiveness that would occur by downsizing and rehiring employees every time the City experienced temporary change in revenue collections. If revenues are not expected to rebound, then reserves should not be used and other cost cutting or revenue enhancements should be employed.

The City will maintain no less than **ten** and no more than **seventeen** percent of budgeted revenues in unassigned reserves. Amounts exceeding the seventeen percent and not restricted, committed or assigned for other purposes should be transferred to the Capital Projects Fund or Public Improvement Fund.

LONG TERM ASSET RESERVE (LTAR)

The LTAR was established in 2008 at the Budget Workshop; City Council discussed and directed staff to establish a General Fund reserve account to accumulate funds from the sale, lease, or earnings from long-term assets. It was also determined that these funds should be used in a careful, judicious and strategic manner. The funds restricted in this account are to be expended if the funds are appropriated in the annual budget or by supplemental appropriation.

TABOR RESERVE

The City of Englewood is required by Article X, Section 20 of the Colorado Constitution to "reserve 3% or more of its fiscal year spending excluding bonded debt service" as an "Emergency" reserve. It should be noted that an emergency "excludes economic conditions, revenue shortfalls, or district salary or fringe benefit increases;" in other words the emergency would be an event arising from a natural disaster or other unanticipated event. It is generally understood that any spending of the emergency reserve must be replaced no later than the following year.

CAPITAL PROJECT FUNDS

Capital Project Funds (CPF) should hold a prudent level of reserves to meet unexpected, temporary revenue declines or unplanned expenditures. The CPFs should hold no less than **ten** percent in reserves for unexpected revenue declines or unplanned expenditures.

INTERNAL SERVICE FUNDS

Internal Service Funds (ISF) should hold a prudent level of reserves to meet unexpected, temporary revenue declines or unplanned expenditures. Also, funds should be reserved for the orderly replacement of capital assets. The ISFs should not hold more than **fifteen** percent in reserves for unexpected revenue declines or unplanned expenditures. If reserves exceed seventeen percent, an operating transfer to those funds in proportion to the amounts they paid in over the prior three years should be made.

ENTERPRISE FUNDS

Enterprise Funds (EF) should hold a prudent level of reserves to meet unexpected, temporary revenue declines or unplanned expenditures. Also, funds should be reserved for the orderly replacement of capital assets. The EFs should not hold less than **ten** percent in reserves for unexpected revenue declines or unplanned expenditures; the maximum reserve may vary depending on future capital needs.

Fund Balance Policy

I. POLICY STATEMENT

The City of Englewood is a political subdivision of the State, organized for the purpose of providing municipal services to residents of the City as defined in the charter. The City is governed by a seven-member City Council. The Council's primary functions are to provide for the general operation and personnel of the City, to oversee the property, facilities and financial affairs of the City, and to establish policies for the City. It is the intention of the Council that this policy always be in compliance with the requirements of the Governmental Accounting Standards (GASB) and be informed by the applicable *Best Practices and Advisories* developed by the Government Finance Officers Association ("GFOA"). However the objectives and tolerances of the City must dictate the final form of the policy and adherence thereto. The City Council directs the City Manager to implement this policy.

II. PURPOSE AND SCOPE

This policy enables the City to prudently and responsibly address the implications of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Definitions*.

The GFOA recommends that all state and local governments adopt comprehensive written financial management policies, including a formal policy on the level of fund balance maintained in the general fund. As of the date of its adoption, this policy was crafted drawing upon GFOA's Best Practice "Appropriate Level of Unrestricted Fund Balance in the General Fund" (approved September 2015). It is understood that GASB and GFOA periodically adopt, amend and modify their respective *Statements* and *Best Practices and Advisories*. The City Manager is to periodically review the promulgations of GASB and GFOA among other relevant sources and, as warranted, recommend conforming modifications to this policy.

This policy sets guidelines addressing the appropriate level of fund balance so as to mitigate current and future risks. The policy is intended to enhance the quality of decisions about budgeting and net asset management. Through this policy, the Council will oversee the process by which the City will manage for revenue volatility, maintain adequate liquidity, manage and mitigate financial market risk, ensure stable tax rates, and anticipate City commitments and assignments. This policy should be read in its entirety and read in conjunction with other financial policies adopted by the City.

In accordance with General Accepted Accounting Principles, the term fund balance refers to the difference between assets and liabilities under the modified accrual basis of accounting for governmental funds. Unrestricted fund balance refers to the categories of fund balance that include only resources without a constraint on spending or for which the constraint on spending is imposed by the government itself. Unrestricted fund balance is a measure of economic stability, and adequate levels of unrestricted fund balance will assure liquidity and will mitigate the risks associated with revenue fluctuations and unanticipated expenditures. The adequacy of the general fund balance is a key credit consideration for the rating agencies.

III. FUND BALANCE CONSIDERATIONS UNDER GASB NO. 54

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to honor constraints imposed upon the use of the resources reported in governmental funds. Statement No. 54 guidelines classify governmental funds' fund balances in the following categories, based on the relative severity of the spending constraints. The final three categories are considered unrestricted categories, and such unrestricted fund amounts are subject to the prerogative of the governmental entity.

a. NONSPENDABLE FUND BALANCES

This classification represents amounts that are inherently nonspendable. The amounts may be in a nonspendable form (such as inventory, pre-paid rent, long term portion of notes receivable) or the amounts may be required by legal or contractual provisions to be maintained intact (such as the corpus of an endowment fund).

b. RESTRICTED FUND BALANCES

This classification includes amounts that are constrained to specific purposes. The constraints may be externally imposed (for example by creditors, grantors, bondholders) or imposed by law. Examples of restricted fund balance for the City include grants, bond funds restricted for capital improvement projects, and funds restricted for debt service.

c. UNRESTRICTED FUND BALANCE

(i) COMMITTED fund balance classification is comprised of amounts that are constrained by formal action of the Council for a specific purpose(s). This classification may also include certain contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying such contractual requirements. Those funds committed by formal action of Council cannot be released from committed status or used for another purpose without a subsequent action of the Council. An example of committed fund balance for the City is the capital reserve fund balance.

(ii) ASSIGNED fund balance classification is comprised of amounts that are intended for a specific purpose as evidenced by the City's current adopted budget. The City Manager or the City Manager's designee would have the authority to modify assigned fund balance.

(iii) UNASSIGNED fund balance classification is comprised of residual net resources, in excess of the amounts in the foregoing categories. These amounts are available for any purpose, and are reported only in the general fund. Unassigned fund balance is not appropriated and the expenditure of any unassigned funds requires an action of the Council.

GASB Statement No. 54 further classifies rainy day funds or contingency funds as "stabilization arrangements" and places specific restrictions on what qualifies for such designation. The formal action of a governing body that imposes the parameters for these arrangements must identify and describe the specific circumstances under which a need for funding would arise. Those circumstances should be such that they would not be expected to occur routinely. The intended purpose must be sufficiently detailed and reported as either RESTRICTED or COMMITTED depending on the source of the constraint. The City establishes such contingency funds through the criteria and authorization required for establishing such fund balances as described in the preceding paragraphs. In addition to RESTRICTED and COMMITTED fund balances, the city may also set-aside UNASSIGNED fund balance as stabilization arrangements.

IV. CITY FUND SUMMARY

The following describes the City's major governmental funds:

General Fund. The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds. By definition, unassigned fund balance is reported in the General Fund. In other governmental funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts have been either restricted, committed, or assigned.

Special Revenue Fund. The special revenue fund is used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Bond Redemption Fund. The bond redemption fund (debt service fund) accounts for and reports financial resources that are restricted for the payment of principal and interest on long-term general obligation debt as a result of the issuance of general obligation bonds.

Capital Projects Building Fund. The capital projects building fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure of capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Capital Reserve Fund. The capital reserve fund is used to accumulate resources, primarily general fund support, committed for the acquisition, renovation, and maintenance of capital assets.

V. POLICY DIRECTIVES & OPERATIONAL GUIDELINES

The GFOA recommends, at a minimum, that general purpose governments maintain aggregate unrestricted fund balances in their general fund of no less than two months (16.67%) of regular general fund operating revenues or expenditures, whichever is most predictable. The GFOA notes, however, that larger government entities may appropriately maintain a lesser level due to more predictable contingencies, higher revenue diversification and thus less revenue volatility. All measures should be applied within the context of long-term forecasting so as to avoid the risk of placing too much emphasis on the level of unrestricted fund balance in the general fund at any one time. GFOA recognizes that entities with a range of designated reserves may have sufficient liquidity to meet this defined standard through inclusion of funds formally designated for other purposes, yet available for re-designation should circumstances warrant. The following guidelines address the classification and the use of fund balance in governmental funds:

1. The City will make an annual determination as to its targeted unrestricted fund balance level. In determining this level of fund balance, the City will give consideration to revenue volatility and predictability, perceived exposure to significant one-time outlays, liquidity pressures, and ongoing commitments and assignments. [It is understood that there will be discrepancies between GAAP fund balance and budgetary fund balance, and this parameter shall refer to the GAAP determined fund balance.] Notwithstanding other requirements and fund balance designations as described herein, it shall be the policy of the City to seek to maintain an unrestricted General Fund balance equal to [16.67%] of annual expenditures,
2. In accordance Article X, section 20(5) of the Colorado Constitution, the City shall maintain an emergency reserve of 3% of fiscal year spending and shall evidence its compliance by [restricting the appropriate dollar amount of General Fund funds OR designating real property owned by the City in lieu of cash???].
3. The City will establish reserve funds as required by the documents executed in conjunction with the City's outstanding debt and other long term obligations, if any, taking into account market exigencies and exercising prudence in funding contingencies for specific risks. These reserve funds may be restricted, assigned or committed, depending on the documents executed and underlying purpose(s).
4. Classifying fund balance amounts:
Fund balance classifications depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund may include nonspendable resources and amounts that are restricted, committed, or assigned, or any combination of those classifications. The general fund may also include an unassigned amount.
5. Encumbrance reporting
Encumbering amounts for specific purposes for which resources have already been restricted, committed or assigned should not result in separate display of encumbered amounts. Encumbered amounts for specific purposes will be classified as committed or assigned, as appropriate, based on the definitions and criteria set forth in GASB Statement No. 54.
6. Prioritization of Fund Balance Use
When expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the City to consider restricted amounts to be reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the City that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.
7. Minimum fund balances
To ensure that the minimum and maximum fund balances and unfunded liabilities are reviewed in light of current fiscal realities, the City Treasurer will oversee a review of audited fund balances, unfunded liabilities and current and forecast economic conditions. This review should occur annually after the Independent audit is completed and prior to budgeting for the ensuing fiscal year.
8. Replenishing deficiencies
When the general fund balance falls below the minimum, the City will fulfill the required year-end fund balance before any other budget allocations in the subsequent fiscal year, unless the Council approves otherwise.
9. Non-Appropriated Operating Reserves
Should unassigned fund balance of the General Fund exceed amounts deemed prudent and reasonable by the Council, the City shall consider such fund balance surpluses (refer to C.R.S. 22-44-105(1.5) et seq.) for one-time expenditure(s) that are nonrecurring in nature.



GFOA Best Practice

Audit Procurement

Background. The Government Finance Officers Association (GFOA) has long recommended that state and local governmental entities obtain independent audits of their financial statements performed in accordance with the appropriate professional auditing standards. Properly performed audits play a vital role in the public sector by helping to preserve the integrity of the public finance functions and by maintaining citizens' confidence in their elected leaders.

Recommendation. GFOA makes the following recommendations regarding the selection of auditing services:

- The scope of the independent audit should encompass not only the fair presentation of the basic financial statements, but also the fair presentation of the financial statements of individual funds and component units. The cost of extending full audit coverage to the financial statements of individual funds and component units can be justified by the additional degree of assurance provided. Nevertheless, the selection of the appropriate scope of the independent audit ultimately remains a matter of professional judgment. Accordingly, those responsible for securing independent audits should make their decision concerning the appropriate scope of the audit engagement based upon their particular government's specific needs and circumstances, consistent with applicable legal requirements.
- Governmental entities should require in their audit contracts that the auditors of their financial statements conform to the independence standard promulgated in the General Accounting Office's *Government Auditing Standards* even for audit engagements that are not otherwise subject to generally accepted government auditing standards.
- Governmental entities should enter into multiyear agreements of at least five years in duration when obtaining the services of independent auditors. Such multiyear agreements can take a variety of different forms (e.g., a series of single-year contracts), consistent with applicable legal requirements. Such agreements allow for greater continuity and help to minimize the potential for disruption in connection with the independent audit. Multiyear agreements can also help to reduce audit costs by allowing auditors to recover certain "startup" costs over several years, rather than over a single year.
- Governmental entities should undertake a full-scale competitive process for the selection of independent auditors at the end of the term of each audit contract, consistent with applicable legal requirements. Ideally, auditor independence would be enhanced by a policy requiring that the independent auditor be replaced at the end of the audit contract, as is often the case in the private sector. Unfortunately, the frequent lack of

competition among audit firms fully qualified to perform public-sector audits could make a policy of mandatory auditor rotation counterproductive. In such cases, it is recommended that a governmental entity actively seek the participation of all qualified firms, including the current auditors, assuming that the past performance of the current auditors has proven satisfactory. Except in cases where a multiyear agreement has taken the form of a series of single-year contracts, a contractual provision for the automatic renewal of the audit contract (e.g., an automatic second term for the auditor upon satisfactory performance) is inconsistent with this recommendation.

- Professional standards allow independent auditors to perform certain types of nonaudit services for their audit clients. Any significant nonaudit services should always be approved in advance by a governmental entity's audit committee. Furthermore, governmental entities should routinely explore the possibility of alternative service providers before making a decision to engage their independent auditors to perform significant nonaudit services.
- The audit procurement process should be structured so that the principal factor in the selection of an independent auditor is the auditor's ability to perform a quality audit. In no case should price be allowed to serve as the sole criterion for the selection of an independent auditor.

References.

CPA Audit Quality: A Framework for Procuring Audit Services, General Accounting Office, August 1987.

Audit Management Handbook, Stephen J. Gauthier, GFOA, 1989.

An Elected Official's Guide to Auditing, Stephen J. Gauthier, GFOA, 1992.

Governmental Accounting, Auditing and Financial Reporting (GAAFR), Stephen J. Gauthier, GFOA.

Model Audit RFP Diskette, GFOA.

Approved by the GFOA's Executive Board, October, 2002.



GFOA Best Practice

Audit Committees

Background. Three main groups are responsible for the quality of financial reporting: the governing body,¹ financial management, and the independent auditors. Of these three, the governing body must be seen as “first among equals” because of its unique position as the ultimate monitor of the financial reporting process.² An audit committee is a practical means for a governing body to provide much needed independent review and oversight of the government’s financial reporting processes, internal controls, and independent auditors. An audit committee also provides a forum separate from management in which auditors and other interested parties can candidly discuss concerns. By effectively carrying out its functions and responsibilities, an audit committee helps to ensure that management properly develops and adheres to a sound system of internal controls, that procedures are in place to objectively assess management’s practices, and that the independent auditors, through their own review, objectively assess the government’s financial reporting practices.³

Recommendation. GFOA makes the following recommendations regarding the establishment of audit committees by state and local governments:

- The governing body⁴ of every state and local government should establish an audit committee or its equivalent;
- The audit committee should be formally established by charter, enabling resolution, or other appropriate legal means and made directly responsible⁵ for the appointment, compensation, retention, and oversight of the work of any independent accountants engaged for the purpose of preparing or issuing an independent audit report or performing other independent audit, review, or attest services.⁶ Likewise, the audit committee should be established in such a manner that all accountants thus engaged report directly to the audit committee. The written documentation establishing the audit committee should prescribe the scope of the committee’s responsibilities, as well as its structure, processes, and membership requirements. The audit committee should itself periodically review such documentation, no less than once every five years, to assess its continued adequacy;⁷
- Ideally, all members of the audit committee should possess or obtain a basic understanding of governmental financial reporting and auditing.⁸ The audit committee also should have access to the services of at least one financial expert, either a committee member or an outside party engaged by the committee for this purpose. Such a financial expert should through both education and experience, and in a manner specifically relevant to the government sector, possess 1) an understanding of generally accepted

accounting principles and financial statements; 2) experience in preparing or auditing financial statements of comparable entities; 3) experience in applying such principles in connection with the accounting for estimates, accruals, and reserves; 4) experience with internal accounting controls; and 5) an understanding of audit committee functions;⁹

- All members of the audit committee should be members of the governing body. To ensure the committee's independence and effectiveness, no governing body member who exercises managerial responsibilities that fall within the scope of the audit should serve as a member of the audit committee;
- An audit committee should have sufficient members for meaningful discussion and deliberation, but not so many as to impede its efficient operation. As a general rule, the minimum membership of the committee should be no fewer than three;¹⁰
- Members of the audit committee should be educated regarding both the role of the audit committee and their personal responsibility as members, including their duty to exercise an appropriate degree of professional skepticism;
- It is the responsibility of the audit committee to provide independent review and oversight of a government's financial reporting processes, internal controls and independent auditors;¹¹
- The audit committee should have access to the reports of internal auditors, as well as access to annual internal audit work plans;
- The audit committee should present annually to the full governing body a written report of how it has discharged its duties and met its responsibilities. It is further recommended that this report be made public and be accompanied by the audit committee's charter or other establishing documentation;
- The audit committee should establish procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters. Such procedures should specifically provide for the confidential, anonymous submission by employees of the government of concerns regarding questionable accounting or auditing matters.¹² The audit committee also should monitor controls performed directly by senior management, as well as controls designed to prevent or
- detect senior-management override of other controls¹³;
- The audit committee should be adequately funded and should be authorized to engage the services of financial experts, legal counsel, and other appropriate specialists, as necessary to fulfill its responsibilities¹⁴; and
- In its report to the governing body, the audit committee should specifically state that it has discussed the financial statements with management, with the independent auditors in private,¹⁵ and privately among committee members,¹⁶ and believes that they are fairly presented, to the extent such a determination can be made solely on the basis of such conversations.

Notes.

- 1 For the purposes of this recommended practice, the term "governing body" should be understood to include any elected officials (e.g., county auditor, city

- controller) with legal responsibility for overseeing financial reporting, internal control, and auditing, provided they do not exercise managerial responsibilities within the scope of the audit. The term “governing body” also is intended to encompass appointed bodies such as pension boards.
- 2 *Report and Recommendations of the Blue Ribbon Committee on Improving the Effectiveness of Corporate Audit Committees*, “Overview and Recommendations.”
 - 3 Securities and Exchange Commission (SEC) Regulation 33-8220, “Background and Overview of the New Rule and Amendments.”
 - 4 For the purposes of this recommended practice, the term “governing body” should be understood to include any other elected officials (e.g., county auditor, city controller) with legal responsibility for overseeing financial reporting, internal control, and auditing, provided they do *not* exercise managerial responsibilities within the scope of the audit. The term “governing body” also is intended to encompass appointed bodies such as pension boards.
 - 5 Nothing in this recommended practice should be interpreted so as to limit the full governing body from exercising ultimate authority.
 - 6 Sarbanes Oxley Act, Section 301.
 - 7 *Report and Recommendations of the Blue Ribbon Committee on Improving the Effectiveness of Corporate Audit Committees*, Recommendation 4.
 - 8 *Report and Recommendations of the Blue Ribbon Committee on Improving the Effectiveness of Corporate Audit Committees*, Recommendation 3. Continuity typically is a positive factor in achieving this goal, a fact that should be kept in mind when considering the appropriate length of service for audit committee members.
 - 9 Sarbanes-Oxley Act, Section 407.
 - 10 In certain limited instances, as noted later, the audit committee will need to meet privately to achieve its goals. If the audit committee constitutes a majority of the governing body, such private meetings may be hampered by “sunshine” laws and similar “open meetings” legislation.
 - 11 SEC Regulation 330-8220, “Background and Overview.”
 - 12 Sarbanes Oxley Act, Section 301.
 - 13 *Internal Control - Integrated Framework: Guidance on Monitoring Internal Control Systems* (Discussion Document of the Committee of Sponsoring Organizations—COSO, 2007), page 10.
 - 14 Nothing in this recommended practice should be interpreted so as to limit the full governing body from exercising ultimate authority.
 - 15 It is important that the audit committee be able to meet privately with the independent auditors, as needed, to ensure a full and candid discussion. Governments are urged to amend “sunshine” laws and similar “open meetings” legislation to permit such encounters in these limited circumstances.
 - 16 It is important that audit committee members be able to meet privately among themselves, as needed, to ensure a full and candid discussion. Governments are urged to amend “sunshine” laws and similar “open meetings” legislation to permit such an encounter in these limited circumstances.

DRAFT: Audit Procurement

In accordance with state law, the Comprehensive Annual Financial Report (CAFR) of the City shall be audited annually, following the close of the fiscal year.

As contemplated in the City Charter, the Council shall appoint an independent certified public accountant licensed to practice in Colorado and knowledgeable in government accounting to conduct the audit and the audit shall contain the following:

1. Financial statements prepared in conformity with generally accepted governmental accounting principles.
2. All funds and activities of the City.
3. A budget to actual comparison for each fund and activity.
4. The auditor's opinion on the financial statements. If the opinion is anything other than unqualified, the reason must be explained.
5. Disclosure of all instances of noncompliance with federal or state law.
6. A supplemental listing of all investments held by the City at the date of the financial statement.
7. A calculation of the City's fiscal year spending in accordance with the state constitution.

The auditor also shall make recommendations to the Council concerning its financial records, procedures and related activities as may appear necessary or desirable and shall perform such other related services as may be requested by the City Council.

The audit of the CAFR must be completed and submitted by the auditor to the City within five months after the close of the fiscal year unless a request for an extension of time is granted by the state auditor. Within 30 days after receiving the audit, the City shall submit one copy to the state auditor.

Appointment of Auditor

To create a balance between independence, fresh perspectives, staff continuity, audit efficiency and competitive pricing the City will solicit proposals for auditing services at least every six years.

The Council shall annually approve the appointment of an auditor to audit the City's financial statements.

Only in unique and extraordinary circumstances, when it is deemed to be in the City's best interest, is the Council to consider approving the appointment of the incumbent auditor for an additional single year beyond a six-year period. In no event is an auditor to be retained to audit the City's financial statements for more than seven consecutive years.

Nothing in this policy prohibits the Council from acting to limit the duration of the engagement in order to protect the City's interests should the Council determine an early termination is warranted for performance or pricing considerations or other criteria advantageous to protecting the City's reputation or financial condition.

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1. Financial statements prepared in conformity with generally accepted governmental accounting principles.
2. All funds and activities of the City.
3. A budget to actual comparison for each fund and activity.
4. The auditor's opinion on the financial statements. If the opinion is anything other than unqualified, the reason must be explained.
5. Disclosure of all instances of noncompliance with federal or state law.
6. A supplemental listing of all investments held by the City at the date of the financial statement.
7. A calculation of the City's fiscal year spending in accordance with the state constitution.

The auditor also shall make recommendations to the Council concerning its financial records, procedures and related activities as may appear necessary or desirable and shall perform such other related services as may be requested by the City Council.

The audit of the CAFR must be completed and submitted by the auditor to the City within five months after the close of the fiscal year unless a request for an extension of time is granted by the state auditor. Within 30 days after receiving the audit, the City shall submit one copy to the state auditor.

Appointment of Auditor

To create a balance between independence, fresh perspectives, staff continuity, audit efficiency and competitive pricing the City will solicit proposals for auditing services at least every six years.

The Council shall annually approve the appointment of an auditor to audit the City's financial statements.

Only in unique and extraordinary circumstances, when it is deemed to be in the City's best interest, is the Council to consider approving the appointment of the incumbent auditor for an additional single year beyond a six-year period. In no event is an auditor to be retained to audit the City's financial statements for more than seven consecutive years.

Nothing in this policy prohibits the Council from acting to limit the duration of the engagement in order to protect the City's interests should the Council determine an early termination is warranted for performance or pricing considerations or other criteria advantageous to protecting the City's reputation or financial condition.

Fund Balance Policy

I. POLICY STATEMENT

The City of Englewood is a political subdivision of the State, organized for the purpose of providing municipal services to residents of the City as defined in the charter. The City is governed by a seven-member City Council. The Council's primary functions are to provide for the general operation and personnel of the City, to oversee the property, facilities and financial affairs of the City, and to establish policies for the City. It is the intention of the Council that this policy always be in compliance with the requirements of the Governmental Accounting Standards (GASB) and be informed by the applicable *Best Practices and Advisories* developed by the Government Finance Officers Association ("GFOA"). However the objectives and tolerances of the City must dictate the final form of the policy and adherence thereto. The City Council directs the City Manager to implement this policy.

II. PURPOSE AND SCOPE

This policy enables the City to prudently and responsibly address the implications of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Definitions*.

The GFOA recommends that all state and local governments adopt comprehensive written financial management policies, including a formal policy on the level of fund balance maintained in the general fund. As of the date of its adoption, this policy was crafted drawing upon GFOA's Best Practice "Appropriate Level of Unrestricted Fund Balance in the General Fund" (approved September 2015). It is understood that GASB and GFOA periodically adopt, amend and modify their respective *Statements* and *Best Practices and Advisories*. The City Manager is to periodically review the promulgations of GASB and GFOA among other relevant sources and, as warranted, recommend conforming modifications to this policy.

This policy sets guidelines addressing the appropriate level of fund balance so as to mitigate current and future risks. The policy is intended to enhance the quality of decisions about budgeting and net asset management. Through this policy, the Council will oversee the process by which the City will manage for revenue volatility, maintain adequate liquidity, manage and mitigate financial market risk, ensure stable tax rates, and anticipate City commitments and assignments. This policy should be read in its entirety and read in conjunction with other financial policies adopted by the City.

In accordance with General Accepted Accounting Principles, the term fund balance refers to the difference between assets and liabilities under the modified accrual basis of accounting for governmental funds. Unrestricted fund balance refers to the categories of fund balance that include only resources without a constraint on spending or for which the constraint on spending is imposed by the government itself. Unrestricted fund balance is a measure of economic stability, and adequate levels of unrestricted fund balance will assure liquidity and will mitigate the risks associated with revenue fluctuations and unanticipated expenditures. The adequacy of the general fund balance is a key credit consideration for the rating agencies.

III. FUND BALANCE CONSIDERATIONS UNDER GASB NO. 54

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to honor constraints imposed upon the use of the resources reported in governmental funds. Statement No. 54 guidelines classify governmental funds' fund balances in the following categories, based on the relative severity of the spending constraints. The final three categories are considered unrestricted categories, and such unrestricted fund amounts are subject to the prerogative of the governmental entity.

a. NONSPENDABLE FUND BALANCES

This classification represents amounts that are inherently nonspendable. The amounts may be in a nonspendable form (such as inventory, pre-paid rent, long term portion of notes receivable) or the amounts may be required by legal or contractual provisions to be maintained intact (such as the corpus of an endowment fund).

b. RESTRICTED FUND BALANCES

This classification includes amounts that are constrained to specific purposes. The constraints may be externally imposed (for example by creditors, grantors, bondholders) or imposed by law. Examples of restricted fund balance for the City include grants, bond funds restricted for capital improvement projects, and funds restricted for debt service.

c. UNRESTRICTED FUND BALANCE

(i) COMMITTED fund balance classification is comprised of amounts that are constrained by formal action of the Council for a specific purpose(s). This classification may also include certain contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying such contractual requirements. Those funds committed by formal action of Council cannot be released from committed status or used for another purpose without a subsequent action of the Council. An example of committed fund balance for the City is the capital reserve fund balance.

(ii) ASSIGNED fund balance classification is comprised of amounts that are intended for a specific purpose as evidenced by the City's current adopted budget. The City Manager or the City Manager's designee would have the authority to modify assigned fund balance.

(iii) UNASSIGNED fund balance classification is comprised of residual net resources, in excess of the amounts in the foregoing categories. These amounts are available for any purpose, and are reported only in the general fund. Unassigned fund balance is not appropriated and the expenditure of any unassigned funds requires an action of the Council.

GASB Statement No. 54 further classifies rainy day funds or contingency funds as "stabilization arrangements" and places specific restrictions on what qualifies for such designation. The formal action of a governing body that imposes the parameters for these arrangements must identify and describe the specific circumstances under which a need for funding would arise. Those circumstances should be such that they would not be expected to occur routinely. The intended purpose must be sufficiently detailed and reported as either RESTRICTED or COMMITTED depending on the source of the constraint. The City establishes such contingency funds through the criteria and authorization required for establishing such fund balances as described in the preceding paragraphs. In addition to RESTRICTED and COMMITTED fund balances, the city may also set-aside UNASSIGNED fund balance as stabilization arrangements.

IV. CITY FUND SUMMARY

The following describes the City's major governmental funds:

General Fund. The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds. By definition, unassigned fund balance is reported in the General Fund. In other governmental funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts have been either restricted, committed, or assigned.

Special Revenue Fund. The special revenue fund is used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Bond Redemption Fund. The bond redemption fund (debt service fund) accounts for and reports financial resources that are restricted for the payment of principal and interest on long-term general obligation debt as a result of the issuance of general obligation bonds.

Capital Projects Building Fund. The capital projects building fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure of capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Capital Reserve Fund. The capital reserve fund is used to accumulate resources, primarily general fund support, committed for the acquisition, renovation, and maintenance of capital assets.

V. POLICY DIRECTIVES & OPERATIONAL GUIDELINES

The GFOA recommends, at a minimum, that general purpose governments maintain aggregate unrestricted fund balances in their general fund of no less than two months (16.67%) of regular general fund operating revenues or expenditures, whichever is most predictable. The GFOA notes, however, that larger government entities may appropriately maintain a lesser level due to more predictable contingencies, higher revenue diversification and thus less revenue volatility. All measures should be applied within the context of long-term forecasting so as to avoid the risk of placing too much emphasis on the level of unrestricted fund balance in the general fund at any one time. GFOA recognizes that entities with a range of designated reserves may have sufficient liquidity to meet this defined standard through inclusion of funds formally designated for other purposes, yet available for re-designation should circumstances warrant. The following guidelines address the classification and the use of fund balance in governmental funds:

1. The City will make an annual determination as to its targeted unrestricted fund balance level. In determining this level of fund balance, the City will give consideration to revenue volatility and predictability, perceived exposure to significant one-time outlays, liquidity pressures, and ongoing commitments and assignments. [It is understood that there will be discrepancies between GAAP fund balance and budgetary fund balance, and this parameter shall refer to the GAAP determined fund balance.] Notwithstanding other requirements and fund balance designations as described herein, it shall be the policy of the City to seek to maintain an unrestricted General Fund balance equal to [16.67%] of annual expenditures,
2. In accordance Article X, section 20(5) of the Colorado Constitution, the City shall maintain an emergency reserve of 3% of fiscal year spending and shall evidence its compliance by [restricting the appropriate dollar amount of General Fund funds OR designating real property owned by the City in lieu of cash???].
3. The City will establish reserve funds as required by the documents executed in conjunction with the City's outstanding debt and other long term obligations, if any, taking into account market exigencies and exercising prudence in funding contingencies for specific risks. These reserve funds may be restricted, assigned or committed, depending on the documents executed and underlying purpose(s).
4. Classifying fund balance amounts:
Fund balance classifications depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund may include nonspendable resources and amounts that are restricted, committed, or assigned, or any combination of those classifications. The general fund may also include an unassigned amount.
5. Encumbrance reporting
Encumbering amounts for specific purposes for which resources have already been restricted, committed or assigned should not result in separate display of encumbered amounts. Encumbered amounts for specific purposes will be classified as committed or assigned, as appropriate, based on the definitions and criteria set forth in GASB Statement No. 54.
6. Prioritization of Fund Balance Use
When expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the City to consider restricted amounts to be reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the City that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.
7. Minimum fund balances
To ensure that the minimum and maximum fund balances and unfunded liabilities are reviewed in light of current fiscal realities, the City Treasurer will oversee a review of audited fund balances, unfunded liabilities and current and forecast economic conditions. This review should occur annually after the Independent audit is completed and prior to budgeting for the ensuing fiscal year.
8. Replenishing deficiencies
When the general fund balance falls below the minimum, the City will fulfill the required year-end fund balance before any other budget allocations in the subsequent fiscal year, unless the Council approves otherwise.
9. Non-Appropriated Operating Reserves
Should unassigned fund balance of the General Fund exceed amounts deemed prudent and reasonable by the Council, the City shall consider such fund balance surpluses (refer to C.R.S. 22-44-105(1.5) et seq.) for one-time expenditure(s) that are nonrecurring in nature.



TO: Mayor Jefferson and City Council Members

Through: Eric Keck, City Manager

FROM: Michael Flaherty, Deputy City Manager

DATE: November 19, 2015

SUBJECT: Englewood Arts – Management of Hampden Hall

Eric Bertoluzzi, Executive Director of the Englewood Cultural Arts Center Association, d.b.a., Englewood Arts (E-Arts), submitted a notice of intent to exercise the five-year extension option of the agreement between the City and E-Arts, which is scheduled to expire on December 31, 2015. (A copy of the current E-Arts current agreement is attached.) At the same time, Mr. Bertoluzzi, on behalf of the Board of Directors of E-Arts, submitted a request to enter into a new five year agreement in which E-Arts proposes to assume full responsibility for booking and managing Hampden Hall.

City staff involved with the current management and operations of Hampden Hall, including Dorothy Hargrove, Library Director, Rick Kahm, Public Works Director and Michael Hogan, Facilities and Operations Manager discussed the E-Arts proposal and have assisted in reaching a favorable terms for an agreement, subject to Council approval, to allow E-Arts to assume management of Hampden Hall.

The basic provisions of the proposed agreement are as follows:

- A five year term, with a joint option for up to five one-year extensions.
- E-Arts shall have non-exclusive right for use the space, however, the City retains first priority for use of the space. E-Arts shall have second priority for scheduling and the Museum of Outdoor Arts shall have third priority.
- E-Arts shall commit to produce a minimum of thirty uses each year.
- E-Arts to assume responsibility for scheduling all rental uses of the space and E-Arts shall retain all rental fees. The City and the Museum of Outdoor Arts shall have use of the space at no charge.
- E-Arts shall maintain a master-calendar for the space, which will be shared on a real-time basis with the City.
- The equipment currently in the space shall be provided to E-Arts on a “where is, as is” basis. Any additional equipment required by E-Arts or its clients shall be provided by E-Arts, subject to the approval of the City.
- The City shall continue to provide all routine maintenance of the space.
- Each party shall provide for all applicable event related staffing for its use of the space, including all pre and post event set-up and break-down, equipment adjustment, ticketing, event attendants, sound and lighting technicians and post-event cleaning of the space,

entry hall and second floor restrooms. E-Arts shall utilize City staff for post-event cleaning and may use City staff for other event related functions. E-Arts shall reimburse the City all event related staffing costs incurred.

- E-Arts shall maintain insurance coverages, as required by the City.

In 2015, the space has been booked for 76 events. Of that number, 27 were E-Arts events, 4 were MOA, and 2 were booked by Freedom Service Dogs, whose use of the Hall was paid for under Aid to Other Agencies. City uses, such as the Business Summit, HR training use, Library and Parks and Recreation programs, accounted for 24 uses, none of which were paid uses. The remaining 15 externally sponsored events were paid uses, including 5 that were multi-day uses. Revenue from paid events for 2015 is approximately \$6500.

The Library, which currently manages the booking and oversight of Hampden Hall spends approximately 300 hours annually on management of the space. The annual cost of facility maintenance of Hampden Hall was approximately \$ 9700 in 2014 and \$7500 year-to-date 2015, including routine maintenance and event related costs.

In the agreement is approved, the cost of all non-City events will be covered by E-Arts. While the E-Art agreement would result in the loss of revenue, that loss would be offset by the time and expense currently provided by Public Works Facility Maintenance (although the cost for routine maintenance and City sponsored events would remain) and would relieve the Library staff of its time spent on booking and management of the space.

Unless there are objections from City Council, the City Attorney will prepare a final agreement and formal consideration by Council consideration will be scheduled prior to the end of the year.

USE AGREEMENT

This USE AGREEMENT (hereinafter referred to in its entirety as "Agreement"), made and entered into this 17th day of October, 2005, by and between the City of Englewood, a Colorado Municipal Corporation, (hereinafter referred to as "CITY"); the Englewood Cultural Arts Center Association, a Colorado not-for-profit corporation, doing business as Englewood Arts (hereinafter referred to as "E-Arts") and the Museum of Outdoor Arts (hereinafter referred to as "MOA").

RECITALS

- A. The CITY is in the process of developing, on the second floor of its Civic Center building, a Cultural Arts Space (hereinafter referred to as "the Space") as a cultural performance venue for community arts performances, as well as other event and meeting uses.
- B. The CITY leases the Civic Center from the Englewood Environmental Foundation and has full authority and discretion for its use.
- C. E-Arts is an Internal Revenue Code 501 (c) (3) private organization engaged in developing and presenting cultural and artistic programs for the Englewood community.
- D. It is the City's desire to promote artistic activities within the community in accordance with Section 10 of the 2003 Englewood Comprehensive Plan and specifically at the Civic Center Englewood. The CITY desires to permit E-Arts non-exclusive use of the Space to provide cultural and artistic programs.
- E. The CITY desires to enter into this Agreement with E-Arts to assist E-Arts in the conduct of its non-profit functions in the Space and to clarify the rights and duties granted by the CITY and accepted by E-Arts.
- F. The City Council of the City of Englewood has resolved to enter into this Agreement and to facilitate the presence of E-Arts programs in the Space in accordance with the following terms.
- G. The Museum of Outdoor Arts is aware of this agreement and agrees to change its priority of use of the Space.

NOW, THEREFORE, in consideration of the foregoing Recitals and the covenants and promises hereinafter contained, the parties agree as follows:

ARTICLE I
TERM

- 1.1 **Premises.** In consideration of the use fees, covenants and agreements herein, to be performed on the part of E-Arts, the CITY does hereby permit the non-exclusive right to E-Arts to use the Space located in the Civic Center building, located at 1000 Englewood Parkway, Englewood, as shown on Exhibit A attached hereto and incorporated herein. The premises, known as the Space contains approximately 4000 square feet.

- 1.2 Term of the Use.** The term of the use which is the subject of this agreement shall commence upon the first day of the month following the completion of the construction of the Space by the CITY ("Commencement Date" herein), currently anticipated to be March 1, 2006, but subject to final approvals and satisfaction of all permit requirements. The Term of this Agreement shall expire on the last day of the calendar month ten (10) years after the Commencement Date. In addition, the CITY hereby grants to E-Arts an option to extend the Term of the Agreement for two (2) additional five (5) year periods subject to the following terms and conditions:
- 1.2.1** Written notice of E-Arts' election to exercise an option term shall be given to the CITY no later than six (6) months prior to expiration of the then current existing term. If E-Arts timely exercises the option, the Agreement shall be deemed extended under the same term and conditions provided herein, except that the CITY or E-Arts shall not be required (but may individually choose to do so) to contribute any additional construction monies to the Space.
- 1.2.2** If at the time of the exercise of an option period E-Arts has received notice from the CITY that it is in default of this agreement, such default shall be cured by E-Arts as provided herein and if such default is not cured the CITY may withhold its consent to such extension, in the City's sole discretion.
- 1.3 Subject to Annual Appropriation.** Any provision of this Agreement or attachments which impose upon the CITY, directly or indirectly, any financial obligation whatsoever to be performed or which may be performed in any fiscal year subsequent to the year of execution of this Agreement is expressly made contingent upon and subject to funds for such financial obligation being appropriated, budgeted and otherwise made available by the City Council of the City of Englewood, Colorado.

ARTICLE II
Use Fees

- 2.1 Use Fees.** In lieu of fees for its use of the Space for the term of this Agreement, as extended by the option(s) provided herein, E-Arts shall contribute a minimum of Seventy-Five Thousand Dollars (\$75,000) toward construction cost of the Space. Payment of this contribution shall be made to the CITY in conjunction with the commencement of the construction of the space.

ARTICLE III
CONSTRUCTION AND USE OF THE SPACE

- 3.1 CITY Responsibilities.** The CITY shall have the following responsibilities:
- 3.1.1 Space design.** The CITY shall develop a specific design for the Space with appropriate consultation with E-Arts and other prospective users. Particular attention shall be paid to the acoustical considerations for the Space. Said design ("Space Plan" herein) shall be approved by the CITY and E-Arts.
- 3.1.2 Space Construction.** Based upon the approved Space Plan and subject to availability of necessary funding, the CITY will use its best efforts to complete construction of the Space by March 1, 2006.

- 3.1.3 Facility Equipment.** An initial complement of equipment for the Space shall be provided by the CITY and shall be available for use by E-Arts. The equipment available is to include production equipment such as lighting fixtures, sound equipment and audience related items such as chairs and tables. A list of available equipment shall be provided to E-Arts. Any additional or different equipment required for a particular event beyond the standard complement of equipment shall be provided by E-Arts, subject to approval by the CITY.
- 3.1.4 Space Scheduling.** The CITY shall create and maintain a Master Schedule for usage of the space. The Master Schedule shall be developed on a timely basis in order to accommodate the annual event schedule of E-Arts, the CITY and other users.
- 3.1.5 Maintenance and Staffing Coordination.** The CITY will provide, at its own expense, only routine maintenance and cleaning of the facility, per current CITY standards for Civic Center. Determination of staffing requirements related to individual events or other specific uses of the Space by E-Arts, including but not limited to, custodial, equipment operators, security and concessions shall be made by the CITY and provided or paid for by E-Arts
- 3.1.6 Storage Space.** Subject to availability, the CITY may make space available to E-Arts for purposes of temporary storage. Only those spaces so designated by the CITY for use by E-Arts may be used on an on-going basis.
- 3.2. E-Arts Responsibilities.** E-Arts shall have the following responsibilities regarding construction and use of the space:
- 3.2.1 Design Assistance.** E-Arts will assist the CITY in the design, design review and, as appropriate, the construction process for the Space. E-Arts will provide guidance as to requirements of the production aspects as well as how the facility will function as a performance venue. As needed and requested by the CITY, E-Arts will identify technical support persons or organizations to assist the CITY.
- 3.2.2 Use Commitment.** E-Arts shall commit to produce or present a minimum of fourteen (14) events each year. E-Arts will assist the CITY in the development of an annual performance program of value to the community. In addition, E-Arts will cooperate with the CITY to locate and encourage other performing groups to use the space. E-Arts shall meet semi-annually with the Englewood Cultural Arts Commission, on dates to be determined by the Commission, to review, schedule and approve the proposed programs to be presented by E-Arts.
- 3.2.3 "Event Use Agreement."** E-Arts shall secure and agree to comply with terms and conditions of the "Event Use Agreement", as developed by the CITY and as may be revised from time to time, for each of its event uses. As part of each individual use agreement, the CITY will confer with E-Arts regarding staffing and equipment requirements; however, the CITY shall have final authority on staffing requirements. E-Arts shall provide, at its sole expense, for all costs associated with required equipment and staffing as may be determined for each event.

- 3.2.4 Food and Beverage Service.** Subject to the availability of food and beverage service facilities in the Space, E-Arts events shall be granted permission to serve food and beverages to its patrons during its events consistent with the current Civic Center food and beverage policy. E-Arts may retain any income received from such service. E-Arts shall be responsible for obtaining any required permits and licenses required for sale and service of food and beverages. Sale or service of alcoholic beverages at any E-Arts event shall be subject to the prior approval of the City Manager. It shall be the responsibility of E-Arts to secure from the CITY a liquor license for each of its events at which it chooses to provide alcoholic beverages.
- 3.2.5 Equipment.** While the CITY will provide, per Section 3.1.3 above, a defined list of equipment for the Space, E-Arts shall be responsible for engaging experienced sound and/or lighting operators. Such operators shall be selected from a list of operators approved by the CITY. Use of any other operators shall be approved in advance in writing by the CITY. E-Arts will provide for any other equipment necessary for its operations, including phones and phone lines, which may be necessary for its use of the Space.
- 3.2.6 Non-Competitive Use.** E-Arts agrees that its use of the Space will not directly compete with programs offered by the Museum of Outdoor Arts.

ARTICLE IV **SCHEDULING PRIORITY**

- 4.1 CITY Priority.** As owner of the Space, the City has first priority for establishing dates for its use of the Space.
- 4.2 E-Arts Priority.** The second priority for scheduling will be programs that are offered by E-Arts or jointly by the CITY and E-Arts.
- 4.3 Requests for Event Date.** E-Arts may request a date for use of the Space based upon an anticipated event, but for which an "Event Use Agreement" has not yet been completed. This shall be designated an event "hold." If another party requests the same date and is prepared to enter into a formal "Event Use Agreement", E-Arts must, within 48 hours, either enter into an "Event Use Agreement" or lose its priority for that date. The CITY, through its City Manager or his designee, shall make the final decision regarding any disputes over dates.
- 4.4** In consideration for the E-Arts and the City's contribution to the construction of the Space, the Museum of Outdoor Arts agrees to the change in its priority for scheduling of the Space from second priority to third priority.

ARTICLE V **SIGNAGE, PROMOTION AND NAMING RIGHTS**

- 5.1 Signage.** The CITY may consider appropriate signage adjacent to the entrance to the Space and at other appropriate locations within Civic Center to direct patrons to the Space.

- 5.2 Promotion.** E-Arts will be responsible to provide, on a timely basis, information about its events for appropriate placement within Civic Center and the CityCenter Englewood. In addition, as appropriate, the CITY may, at its sole discretion, include E-Arts performance information on its website and *Citizen* newsletter.
- 5.3 Naming Rights.** The CITY and E-Arts may enter into discussions regarding potential revenue generation to fund capital and/or operating expenses of the Space in exchange for naming rights. Such discussions shall include consideration of the appropriateness, the level of contribution to be so honored and what portion of the Space should be defined as a naming opportunity. Final approval for naming rights shall remain solely with the City Council of the City of Englewood.

ARTICLE VI
INSURANCE AND INDEMNITY

6.1 E-Arts Liability Insurance.

6.1.1 Public Liability. E-Arts shall, during the term of this Agreement, keep in full force and effect a policy of commercial general public liability insurance with personal injury and property damage liability limits in an amount of not less than \$1,000,000. The policy shall name the CITY and the Englewood Environmental Foundation as additional insured and shall contain a clause that the insurer will not cancel or change the insurance without first giving the CITY ten (10) days prior written notice. The insurance shall be with an insurance company qualified to do business in Colorado, and a copy of the policy or evidence of insurance, in a form approved by the CITY shall be delivered to the CITY within thirty (30) days of the execution of this Agreement.

6.1.2 Worker's Compensation. To the extent required by law, E-Arts shall procure and maintain worker's compensation coverage for its employees.

6.2 E-Arts Property Insurance. E-Arts agrees that it shall keep its furniture, fixtures, merchandise, equipment and all items it is obligated to maintain and repair under this Agreement insured against loss or damage by fire and all risk endorsements. It is understood and agreed that E-Arts assumes all risk of damage to its own property arising from any cause whatsoever, including, but without limitation, loss by theft or otherwise.

6.3 E-Arts Indemnity. E-Arts shall indemnify and hold the CITY and the Englewood Environmental Foundation harmless from and against any and all losses, claims and damages arising from E-Arts' use of the Space, or the conduct of its business or from any act or omission to act, activity, work or thing done, permitted or suffered by E-Arts in or about the Space, and shall further indemnify and hold the CITY harmless from and against any and all claims arising from any breach or default in the performance of any obligation of E-Arts to be performed under the terms of this Agreement, or arising from any act or negligence of E-Arts or any of its agents, contractors or employees, and from and against all costs, attorneys' fees, expenses and liabilities incurred in connection therewith. The CITY shall not be liable for injury or damage which may be sustained by the person, goods, wares, merchandise or property of E-Arts, its employees, invitees or customers, or any other person in or about the Space however or wherever caused.

ARTICLE VII
DEFAULT

- 7.1 Default by the E-Arts.** Subject to the E-Art's notice and cure rights set forth below, the CITY may terminate this Agreement upon default by E-Arts under this Agreement. Notice of default termination, which shall state the designated date of the default, shall be in writing, delivered by certified U.S. Mail, Return Receipt Requested, at least one hundred twenty (120) days prior to the designated date for default termination of this Agreement. E-Arts shall have thirty (30) days from receipt of a default termination notice to correct or commence such correction if such correction cannot be reasonably corrected within such thirty (30) days. If so corrected, or commenced and corrected, within a reasonable time then this Agreement shall not terminate. Upon termination for default, E-Arts shall reimburse any and all charges due to the CITY for which it is entitled under this Agreement.

ARTICLE VIII
MISCELLANEOUS

- 8.1. Time of Essence.** Time is of the essence.
- 8.2 Assignment.** E-Arts shall not assign this Agreement or any interest herein, without the prior written consent of the CITY, in its sole and subjective discretion.
- 8.3 Severability.** The invalidity of any provision of this Agreement, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.
- 8.4 Entire Agreement.** This Agreement, along with any exhibits or attachments hereto, constitutes the entire agreement between the parties relative to the Premises and Programming, and there are no oral agreements or representations between the parties with respect to the subject matter hereof. This Agreement supersedes and cancels all prior agreements and understandings with respect to the subject matter hereof. This Agreement may be modified only in writing, signed by the parties in interest at the time of modification.
- 8.5 Third Party Beneficiary.** Nothing herein shall be construed as giving rise to any rights or benefits to any third party. E-Arts and the CITY expressly disclaim any intent to create any third-party beneficiary status or rights in any person or entity not a party to this agreement.
- 8.6 Binding Effect; Choice of Law.** Subject to any provisions hereof restricting assigning by E-Arts, this Agreement shall bind the parties, their successors and assigns. This Agreement shall be governed by the laws of the State of Colorado.
- 8.7 Authority.** Each individual executing this Agreement on behalf of the respective parties, represents and warrants that he is duly authorized to execute and deliver this Agreement on behalf of such party and that this Agreement is binding upon each party in accordance with its terms.

MUSEUM OF OUTDOOR ARTS

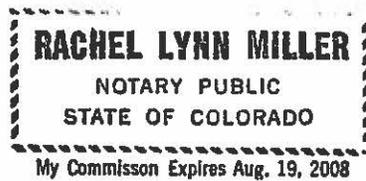
By:

Its: President

STATE OF COLORADO)
) ss.
COUNTY OF ARAPAHOE)

The foregoing instrument was acknowledged before me this 10th day of October, 2005, by Cynthia M. Keith as President of Museum of Outdoor Arts

Witness my hand and official seal.



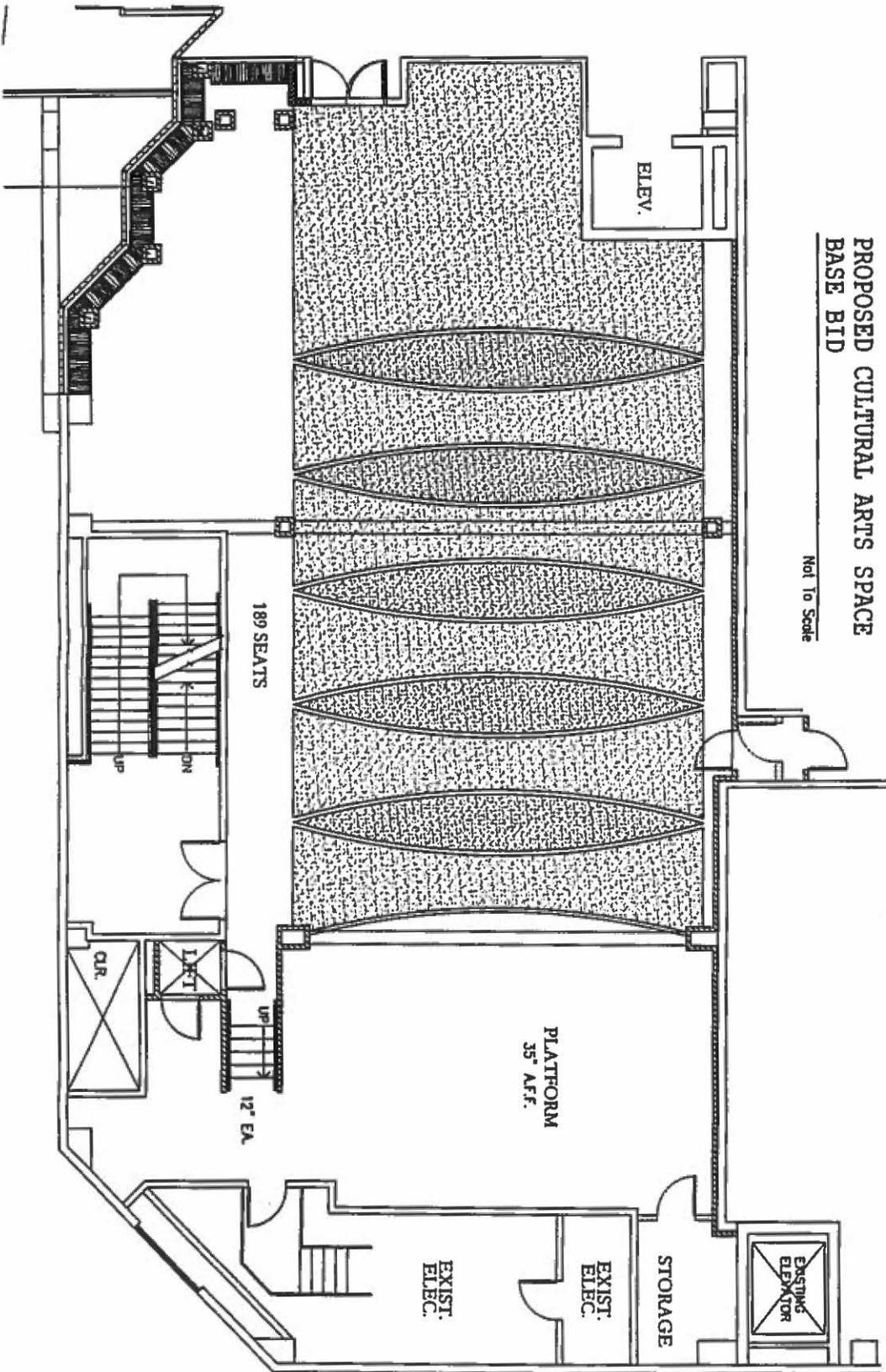
Notary Public

My commission expires: Aug 19, 2008

EXHIBIT A

PROPOSED CULTURAL ARTS SPACE
BASE BID

Not To Scale



TO: Honorable Mayor and Members of the City Council

FROM: Eric A. Keck, City Manager

DATE: 18 November 2015

SUBJECT: Discussion on Replacement of the City Attorney

In light of the resignation and recent departure of the City Attorney, staff is seeking both direction and authorization on the permanent replacement of the position. The City Attorney is one of the few required positions that the City of Englewood must have as prescribed by the Municipal Charter. It's one of two employees the Council is responsible for.

There are two options for the Council to pursue in the replacement of the position. One alternative would be to seek a firm to contract with to act in the capacity of City Attorney. The other option would be to recruit a new City Attorney. While staff has analyzed this matter in detail, it is our belief that due to the size and scope of our municipal operations, that it would be best to have in-house legal counsel.

The recruitment of a new City Attorney could be accomplished internally by staff; however, it may be in our interest to seek outside assistance from an executive recruiting firm as they would be able to perform a lot of the heavy lifting in providing the City Council with highly qualified and competent candidates. Staff has included a copy of the RFP utilized in the recruitment of the City Manager position as one of the options for the City Council to consider.

Council should be aware that the recruitment and onboarding of a new City Attorney will take a minimum of three months to accomplish. As such, the appropriate and clear direction on how to move forward will need to occur soon.

If you should have any questions, please do not hesitate to contact me.



CITY OF ENGLEWOOD
Procurement Division

Request No. RFP-14-008
Date: March 24th, 2014

REQUEST FOR PROPOSAL

Executive Recruitment for City Manager

The City of Englewood is requesting sealed proposals from qualified service providers for an independent contractor to provide executive search, recruitment and assessment services for the City Manager position.

The City of Englewood will accept proposals until 2:00 p.m. MDT, Friday, April 11, 2014. Request for Proposals will be received at the City of Englewood, Purchasing Division, 1000 Englewood Parkway, Englewood, CO 80110-2373. If hand delivering proposals, please deliver to Central Cashiering located on the third floor of the Civic Center.

Interested firms are asked to mark the envelope "**Executive Recruitment for City Manager Proposal**" in the lower left hand corner with the **Request #RFP-14-008** shown on the front of the envelope. Proposals received later than the date and hour specified will not be accepted under any circumstance, and any so received shall be returned to the firm unopened. In addition, facsimiles and any other electronic method of sending proposals will not be acceptable and will be rejected upon receipt. Firms will be expected to allow adequate time for delivery of their proposals by air freight, postal service, or other means.

The City of Englewood has contracted with BidNet and utilizes a central bid notification system created for the City of Englewood. This system will allow vendors to register online and receive notification of new bids, amendments and awards. If you do not have internet access, please call the BidNet support group at (800) 677-1997 extension #214. Vendors with internet access should review the registration options at the following website:

<http://www.RockyMountainBidSystem.com>

Any questions or clarifications concerning this Request for Proposal (RFP) shall be submitted in writing by e-mail to Susan Eaton, Director of Human Resources to:

_____ The title and request number should be referenced on
1000 Englewood Parkway, Englewood, Colorado 80110 Phone (303) 762-2412 Fax (303) 783-6951

www.engagewoodgov.org

all correspondence. All questions must be received by April 4, 2014, at 5:00 P.M. MDT. All responses to questions/clarifications will be listed on the Rocky Mountain E Purchasing website address as listed above as an addendum prior to the RFP submittal deadline. The City will not be bound or responsible for any explanations or interpretations other than those given in writing as set forth in this Request for Proposal. No oral interpretations shall be binding on the City.

All material submitted in connection with this document becomes the property of the City of Englewood. Any and all information received by the City shall become public record and shall be open to public inspection should an award of contract result from this solicitation, except to the extent the bidding entity designates trade secrets or other proprietary data to be confidential.

The City of Englewood will accept Request for Proposals from qualified individuals, organizations or firms interested in providing executive search, recruitment and assessment services for the City of Englewood. No reimbursement will be made by the City of Englewood for any costs incurred prior to a "Formal Contract Agreement."

Scanned or re-typed responses: If in its response, proposer either electronically scans, re-types, or in some way reproduces the City's published proposal package, then in the event of any conflict between the terms and provisions of the City's published proposal package, or any portion thereof, and the terms and provisions of the response made by the proposer the City's proposal package as published shall control. Furthermore, if an alteration of any kind to the City's published proposal package is discovered after the contract is executed and is or is not being performed; the contract is subject to immediate cancellation.

The City of Englewood shall have the right to reject any or all proposals, and to waive any informalities or irregularities therein and request new proposals when required. In addition, the City reserves the right to accept the proposal deemed most advantageous to the best interest of the City. Any award made in response to this Request for Proposals will be made to that responsible individual, organization or firm whose offer will technically be most advantageous to the City.

I. Introduction/Schedule

The City Manager for the City of Englewood is retiring effective September 1, 2014. The City Council seeks the assistance of a professional executive search firm in filling the upcoming vacancy. Council has requested that the selected search firm work in tandem with the Englewood Human Resources Department (see Scope of Services enumerated in Appendix I)

A schedule of key dates for the RFP process has been established as follows:

March 24, 2011	Issuance of RFP
April 4, 2014, 5 p.m.	Question submission deadline
April 11, 2014, 2 p.m.	Proposal submission deadline

1000 Englewood Parkway, Englewood, Colorado 80110 Phone (303) 762-2412 Fax (303) 783-6951

www.Englewoodgov.org

April 21, 2014*
May 5, 2014*
May 12, 2014*
announced by Council

Short-list selection notification
Interviews
Selection of search firm

*Tentative dates

II. Proposal Requirements

A. The Proposal must be typed or legibly printed in ink. The use of erasable ink is not permitted. All corrections made by the Proposer must be initialed in ink by the authorized agent of the Proposer.

B. Proposals must contain a manual signature of an authorized agent of the Proposer. If the Proposer's authorized agent fails to sign the Proposal, its Proposal shall be considered non responsive and ineligible for award.

D. The accuracy of the Proposal is the sole responsibility of the Proposer. No changes in the Proposal shall be allowed after the submission deadline, except when the Proposer can show clear and convincing evidence that an unintentional factual mistake was made, including the nature of the mistake and the actual intention.

III. Oral Presentations

During the evaluation process a Selection Committee composed of Council members and staff, may, in its sole discretion, request that one or more of the proposers make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Selection Committee may have on a proposal. Not all proposers may be asked to make oral presentations. The Selection Committee may not ask any of the Proposers to make such a presentation. The Selection Committee will present the list of finalists to the City Council and notify those selected to continue in the process on April 21, 2014.

IV. Interviews

The Englewood City Council expects to interview the finalists presented by the Selection Committee in a Study Session open to the public on May 5, 2014 6PM, MST.

V. Final Selection

It is anticipated that the final selection of a firm will be made by May 12, 2014. See Appendix I for tentative schedule of project subsequent to May 12.

CONTACT WITH PERSONNEL OF THE CITY OF ENGLEWOOD OTHER THAN SUSAN EATON REGARDING THIS REQUEST FOR PROPOSALS MAY BE GROUNDS FOR ELIMINATION FROM THE SELECTION PROCESS.

Appendix I

SCOPE OF SERVICES and TENTATIVE SCHEDULE

The consultant shall perform executive search, recruitment and assessment services at the direction of and subject to City approval. A tentative timeline and general scope of work follows, but is only a guideline:

- **May 12 - 23, 2014** Finalize contract with Consultant, to include designation of Project Manager for Consultant. City of Englewood Project Manager will be the Director of Human Resources, Sue Eaton. Outline project details.
 - a. This step may include Consultant travel to the City on **May 19, 2014** to gain input from City Council in order to develop detailed candidate profile and the criteria that will be used to evaluate candidates.
- **May 24 - 31, 2014** The Consultant, with the assistance of City HR staff will finalize the candidate profile and project details and design an appropriate advertising campaign, including but not limited to:
 - a. Developing and mailing brochures to appropriate audiences
 - b. Advertising in professional journals, publications and websites
 - c. Contacting professional associations
 - d. Identifying and marketing the position to potential candidates in the field
 - e. Posting on City and Consultant websites
 - f. All applications will be submitted to the City through its website.
- **June 1 - 30, 2014** Position is posted. City will receive and initially screen applications and resumes for minimum requirements established by City Council.
- **July 1 - July 7, 2014** Applications that meet minimum requirements forwarded to Consultant for further screening to include: initial background/reference checks, personal &/or telephone interviews, etc.
- **July 7th - July 18th** Consultant recommends short list of candidates for the Council's consideration. With assistance from the City, the Consultant will design the most beneficial interviewing process, which may include:
 - a. Developing interview questions for panels
 - b. Training panelists
 - c. Coordinating various aspects of the interview process
- **Week of July 21st** Conduct interview/assessment process approved by City Council
- **Week of July 28th** Consultant will conduct background and reference checks for top candidates, as required. Final follow up interviews &/or meetings with City Council will occur. If requested Consultant will assist with final offer.
- **August 1st** Offer made to successful candidate.

SIGNATURE PAGE
RFP-14-008
EXECUTIVE RECRUITMENT FOR CITY MANAGER

PROPOSAL FOR THE CITY OF ENGLEWOOD, COLORADO

Proposal Due Date: Friday, April 11, 2014 2:00 P.M. MDT

Submission Date: _____

Each respondent must sign the proposal with their usual signature and shall give their full business address. Proposals by corporations shall be signed with the name of the corporation followed by the signature and designation of the President, Secretary, or other person authorized to bind it in the matter and shall have the corporate seal affixed thereto. By signing below, Vendor further represents that this proposal is valid for at least 120 calendar days from the date of submission.

Company:	Signature:
Address:	Name:
Phone:	Title:
Fax:	Date:
Email:	F.E.I.N./S.S.N.:

(SAMPLE) PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (the "Agreement") is made as of this ____ day of _____, 20__, (the "Effective Date") by and between _____, a _____ corporation ("Consultant"), and The City of Englewood, Colorado, a municipal corporation organized under the laws of the State of Colorado ("City").

City desires that Consultant, from time to time, provide certain consulting services, systems integration services, data conversion services, training services, and/or related services as described herein, and Consultant desires to perform such services on behalf of City on the terms and conditions set forth herein.

In consideration of the foregoing and the terms hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. Definitions. The terms set forth below shall be defined as follows:

(a) "Intellectual Property Rights" shall mean any and all (by whatever name or term known or designated) tangible and intangible and now known or hereafter existing (1) rights associate with works of authorship throughout the universe, including but not limited to copyrights, moral rights, and mask-works, (2) trademark and trade name rights and similar rights, (3) trade secret rights, (4) patents, designs, algorithms and other industrial property rights, (5) all other intellectual and industrial property rights (of every kind and nature throughout the universe and however designated) (including logos, "rental" rights and rights to remuneration), whether arising by operation of law, contract, license, or otherwise, and (6) all registrations, initial applications, renewals, extensions, continuations, divisions or reissues hereof now or hereafter in force (including any rights in any of the foregoing).

(b) "Work Product" shall mean all patents, patent applications, inventions, designs, mask works, processes, methodologies, copyrights and copyrightable works, trade secrets including confidential information, data, designs,

manuals, training materials and documentation, formulas, knowledge of manufacturing processes, methods, prices, financial and accounting data, products and product specifications and all other Intellectual Property Rights created, developed or prepared, documented and/or delivered by Consultant, pursuant to the provision of the Services.

2. Statements of Work. During the term hereof and subject to the terms and conditions contained herein, Consultant agrees to provide, on an as requested basis, the consulting services, systems integration services, data conversion services, training services, and related services (the "Services") as further described in Schedule A (the "Statement of Work") for City, and in such additional Statements of Work as may be executed by each of the parties hereto from time to time pursuant to this Agreement. Each Statement of Work shall specify the scope of work, specifications, basis of compensation and payment schedule, estimated length of time required to complete each Statement of Work, including the estimated start/finish dates, and other relevant information and shall incorporate all terms and conditions contained in this Agreement

3. Performance of Services.

(a) Performance. Consultant shall perform the Services necessary to complete all projects outlined in a Statement of Work in a timely and professional manner consistent with the specifications, if any, set forth in the Statement of Work, and in accordance with industry standards. Consultant agrees to exercise the highest degree of professionalism, and to utilize its expertise and creative talents in completing the projects outlined in a Statement of Work.

(b) Delays. Consultant agrees to notify City promptly of any factor, occurrence, or event coming to its attention that may affect Consultant's ability to meet the requirements of the Agreement, or that is likely to occasion any material delay in completion of the projects contemplated by this Agreement or any Statement of Work. Such notice shall be given in the event of any loss or reassignment of key employees, threat of strike, or major equipment failure. Time is expressly made of the essence with respect to each and every term and provision of this Agreement.

(c) Discrepancies. If anything necessary for the clear understanding of the Services has been omitted from the Agreement specifications or it appears that various instructions are in conflict, Vendor shall secure written instructions from City's project director before proceeding with the performance of the Services affected by such omissions or discrepancies.

4. Invoices and Payment. Unless otherwise provided in a Statement of Work, City shall pay the amounts agreed to in a Statement of Work within thirty (30) days following the acceptance by City of the work called for in a Statement of Work by City. Acceptance procedures shall be outlined in the Statement of Work. If City disputes all or any portion of an invoice for charges, then City shall pay the undisputed portion of the invoice by the due date and shall

provide the following notification with respect to the disputed portion of the invoice. City shall notify Consultant as soon as possible of the specific amount disputed and shall provide reasonable detail as to the basis for the dispute. The parties shall then attempt to resolve the disputed portion of such invoice as soon as possible. Upon resolution of the disputed portion, City shall pay to Consultant the resolved amount.

5. Taxes. City is not subject to taxation. No federal or other taxes (excise, luxury, transportation, sales, etc.) shall be included in quoted prices. City shall not be obligated to pay or reimburse Consultant for any taxes attributable to the sale of any Services which are imposed on or measured by net or gross income, capital, net worth, franchise, privilege, any other taxes, or assessments, nor any of the foregoing imposed on or payable by Consultant. Upon written notification by City and subsequent verification by Consultant, Consultant shall reimburse or credit, as applicable, City in a timely manner, for any and all taxes erroneously paid by City. City shall provide Consultant with, and Consultant shall accept in good faith, resale, direct pay, or other exemption certificates, as applicable.

6. Out of Pocket Expenses. Consultant shall be reimbursed only for expenses which are expressly provided for in a Statement of Work or which have been approved in advance in writing by City, provided Consultant has furnished such documentation for authorized expenses as City may reasonably request.

7. Audits. Consultant shall provide such employees and independent auditors and inspectors as City may designate with reasonable access to all sites from which Services are performed for the purposes of performing audits or inspections of Consultant's operations and compliance with this Agreement. Consultant shall provide such auditors and inspectors any reasonable assistance that they may require. Such audits shall be conducted in

such a way so that the Services or services to any other customer of Consultant are not impacted adversely.

8. Term and Termination. The term of this Agreement shall commence on the Effective Date and shall continue unless this Agreement is terminated as provided in this Section 8.

(a) Convenience. City may, without cause and without penalty, terminate the provision of Services under any or all Statements of Work upon thirty (30) days prior written notice. Upon such termination, City shall, upon receipt of an invoice from Consultant, pay Consultant for Services actually rendered prior to the effective date of such termination. Charges will be based on time expended for all incomplete tasks as listed in the applicable Statement of Work, and all completed tasks will be charged as indicated in the applicable Statement of Work.

(b) No Outstanding Statements of Work. Either party may terminate this Agreement by providing the other party with at least thirty (30) days prior written notice of termination if there are no outstanding Statements of Work.

(c) Material Breach. If either party materially defaults in the performance of any term of a Statement of Work or this Agreement with respect to a specific Statement of Work (other than by nonpayment) and does not substantially cure such default within thirty (30) days after receiving written notice of such default, then the non-defaulting party may terminate this Agreement or any or all outstanding Statements of Work by providing ten (10) days prior written notice of termination to the defaulting party.

(d) Bankruptcy or Insolvency. Either party may terminate this Agreement effective upon written notice stating its intention to terminate in the event the other party: (1) makes a general assignment of all or substantially all of its assets for the

benefit of its creditors; (2) applies for, consents to, or acquiesces in the appointment of a receiver, trustee, custodian, or liquidator for its business or all or substantially all of its assets; (3) files, or consents to or acquiesces in, a petition seeking relief or reorganization under any bankruptcy or insolvency laws; or (4) files a petition seeking relief or reorganization under any bankruptcy or insolvency laws is filed against that other party and is not dismissed within sixty (60) days after it was filed.

(e) TABOR. The parties understand and acknowledge that each party is subject to Article X, § 20 of the Colorado Constitution ("TABOR"). The parties do not intend to violate the terms and requirements of TABOR by the execution of this Agreement. It is understood and agreed that this Agreement does not create a multi-fiscal year direct or indirect debt or obligation within the meaning of TABOR and, notwithstanding anything in this Agreement to the contrary, all payment obligations of City are expressly dependent and conditioned upon the continuing availability of funds beyond the term of City's current fiscal period ending upon the next succeeding December 31. Financial obligations of City payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted, and otherwise made available in accordance with the rules, regulations, and resolutions of City and applicable law. Upon the failure to appropriate such funds, this Agreement shall be deemed terminated.

(f) Return of Property. Upon termination of this Agreement, both parties agree to return to the other all property (including any Confidential Information, as defined in Section 11) of the other party that it may have in its possession or control.

9. City Obligations. City will provide timely access to City personnel, systems and information required for Consultant to perform its obligations hereunder. City shall

provide to Consultant's employees performing its obligations hereunder at City's premises, without charge, a reasonable work environment in compliance with all applicable laws and regulations, including office space, furniture, telephone service, and reproduction, computer, facsimile, secretarial and other necessary equipment, supplies, and services. With respect to all third party hardware or software operated by or on behalf of City, City shall, at no expense to Consultant, obtain all consents, licenses and sublicenses necessary for Consultant to perform under the Statements of Work and shall pay any fees or other costs associated with obtaining such consents, licenses and sublicenses.

10. Staff. Consultant is an independent consultant and neither Consultant nor Consultant's staff is, or shall be deemed to be employed by City. City is hereby contracting with Consultant for the Services described in a Statement of Work and Consultant reserves the right to determine the method, manner and means by which the Services will be performed. The Services shall be performed by Consultant or Consultant's staff, and City shall not be required to hire, supervise or pay any assistants to help Consultant perform the Services under this Agreement. Except to the extent that Consultant's work must be performed on or with City's computers or City's existing software, all materials used in providing the Services shall be provided by Consultant.

11. Confidential Information.

(a) Obligations. Each party hereto may receive from the other party information which relates to the other party's business, research, development, trade secrets or business affairs ("Confidential Information"). Subject to the provisions and exceptions set forth in the Colorado Open Records Act, CRS Section 24-72-101 et. seq., each party shall protect all Confidential Information of the other party with the same degree of care

as it uses to avoid unauthorized use, disclosure, publication or dissemination of its own confidential information of a similar nature, but in no event less than a reasonable degree of care. Without limiting the generality of the foregoing, each party hereto agrees not to disclose or permit any other person or entity access to the other party's Confidential Information except such disclosure or access shall be permitted to an employee, agent, representative or independent consultant of such party requiring access to the same in order to perform his or her employment or services. Each party shall insure that their employees, agents, representatives, and independent consultants are advised of the confidential nature of the Confidential Information and are precluded from taking any action prohibited under this Section 11. Further, each party agrees not to alter or remove any identification, copyright or other proprietary rights notice which indicates the ownership of any part of such Confidential Information by the other party. A party hereto shall undertake to immediately notify the other party in writing of all circumstances surrounding any possession, use or knowledge of Confidential Information at any location or by any person or entity other than those authorized by this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall restrict either party with respect to information or data identical or similar to that contained in the Confidential Information of the other party but which (1) that party rightfully possessed before it received such information from the other as evidenced by written documentation; (2) subsequently becomes publicly available through no fault of that party; (3) is subsequently furnished rightfully to that party by a third party without restrictions on use or disclosure; or (4) is required to be disclosed by law, provided that the disclosing party will exercise reasonable efforts to notify the other party prior to disclosure.

(b) Know-How. For the avoidance of doubt neither City nor Consultant shall be

prevented from making use of know-how and principles learned or experience gained of a non-proprietary and non-confidential nature.

(c) Remedies. Each of the parties hereto agree that if any of them, their officers, employees or anyone obtaining access to the Confidential Information of the other party by, through or under them, breaches any provision of this Section 11, the non-breaching party shall be entitled to an accounting and repayment of all profits, compensation, commissions, remunerations and benefits which the breaching party, its officers or employees directly or indirectly realize or may realize as a result of or growing out of, or in connection with any such breach. In addition to, and not in limitation of the foregoing, in the event of any breach of this Section 11, the parties agree that the non-breaching party will suffer irreparable harm and that the total amount of monetary damages for any such injury to the non-breaching party arising from a violation of this Section 11 would be impossible to calculate and would therefore be an inadequate remedy at law. Accordingly, the parties agree that the non-breaching party shall be entitled to temporary and permanent injunctive relief against the breaching party, its officers or employees and such other rights and remedies to which the non-breaching party may be entitled to at law, in equity or under this Agreement for any violation of this Section 11. The provisions of this Section 11 shall survive the expiration or termination of this Agreement for any reason.

12. Project Managers. Each party shall designate one of its employees to be its Project Manager under each Statement of Work, who shall act for that party on all matters under the Statement of Work. Each party shall notify the other in writing of any replacement of a Project Manager. The Project Managers for each Statement of Work shall meet as often as either one requests to review the status of the Statement of Work.

13. Warranties.

(a) Authority. Consultant represents and warrants that: (1) Consultant has the full corporate right, power and authority to enter into this Agreement and to perform the acts required of it hereunder; (2) the execution of this Agreement by Consultant, and the performance by Consultant of its obligations and duties hereunder, do not and will not violate any agreement to which Consultant is a party or by which it is otherwise bound under any applicable law, rule or regulation; (3) when executed and delivered by Consultant, this Agreement will constitute the legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms; and (4) Consultant acknowledges that City makes no representations, warranties or agreements related to the subject matter hereof that are not expressly provided for in this Agreement

(b) Service Warranty. Consultant warrants that its employees and consultants shall have sufficient skill, knowledge, and training to perform Services and that the Services shall be performed in a professional and workmanlike manner.

(c) Personnel. Unless a specific number of employees is set forth in the Statement of Work, Consultant warrants it will provide sufficient employees to complete the Services ordered within the applicable time frames established pursuant to this Agreement or as set forth in the Statement of Work.. During the course of performance of Services, City may, for any or no reason, request replacement of an employee or a proposed employee. In such event, Consultant shall, within five (5) working days of receipt of such request from City, provide a substitute employee of sufficient skill, knowledge, and training to perform the applicable Services. Consultant shall require employees providing Services at a City location to comply with applicable

City security and safety regulations and policies.

(d) Compensation and Benefits.

Consultant shall provide for and pay the compensation of employees and shall pay all taxes, contributions, and benefits (such as, but not limited to, workers' compensation benefits) which an employer is required to pay relating to the employment of employees. City shall not be liable to Consultant or to any employee for Consultant's failure to perform its compensation, benefit, or tax obligations. Consultant shall indemnify, defend and hold City harmless from and against all such taxes, contributions and benefits and will comply with all associated governmental regulations, including the filing of all necessary reports and returns.

14. Indemnification.

(a) Consultant Indemnification.

Consultant shall indemnify, defend and hold harmless City, its directors, officers, employees, and agents and the heirs, executors, successors, and permitted assigns of any of the foregoing (the "City Indemnitees") from and against all losses, claims, obligations, demands, assessments, fines and penalties (whether civil or criminal), liabilities, expenses and costs (including reasonable fees and disbursements of legal counsel and accountants), bodily and other personal injuries, damage to tangible property, and other damages, of any kind or nature, suffered or incurred by a City Indemnitee directly or indirectly arising from or related to: (1) any negligent or intentional act or omission by Consultant or its representatives in the performance of Consultant's obligations under this Agreement, or (2) any material breach in a representation, warranty, covenant or obligation of Consultant contained in this Agreement.

(b) Infringement. Consultant will indemnify, defend, and hold City harmless

from all Indemnifiable Losses arising from any third party claims that any Work Product or methodology supplied by Consultant infringes or misappropriates any Intellectual Property rights of any third party; provided, however, that the foregoing indemnification obligation shall not apply to any alleged infringement or misappropriation based on: (1) use of the Work Product in combination with products or services not provided by Consultant to the extent that such infringement or misappropriation would have been avoided if such other products or services had not been used; (2) any modification or enhancement to the Work Product made by City or anyone other than Consultant or its sub-consultants; or (3) use of the Work Product other than as permitted under this Agreement.

(c) Indemnification Procedures.

Notwithstanding anything else contained in this Agreement, no obligation to indemnify which is set forth in this Section 14 shall apply unless the party claiming indemnification notifies the other party as soon as practicable to avoid any prejudice in the claim, suit or proceeding of any matters in respect of which the indemnity may apply and of which the notifying party has knowledge and gives the other party the opportunity to control the response thereto and the defense thereof; provided, however, that the party claiming indemnification shall have the right to participate in any legal proceedings to contest and defend a claim for indemnification involving a third party and to be represented by its own attorneys, all at such party's cost and expense; provided further, however, that no settlement or compromise of an asserted third-party claim other than the payment/money may be made without the prior written consent of the party claiming indemnification.

(d) Immunity. City, its officers, and its employees, are relying on, and do not waive or intend to waive by any provision of this Agreement, the monetary limitations or any other rights, immunities, and protections

provided by the Colorado Governmental Immunity Act, C.R.S. 24-10-101 et seq., as from time to time amended, or otherwise available to City, its officers, or its employees.

15. Insurance.

(a) Requirements. Consultant agrees to keep in full force and effect and maintain at its sole cost and expense the following policies of insurance during the term of this Agreement:

(1) The Consultant shall comply with the Workers' Compensation Act of Colorado and shall provide compensation insurance to protect the City from and against any and all Workers' Compensation claims arising from performance of the work under this contract. Workers' Compensation insurance must cover obligations imposed by applicable laws for any employee engaged in the performance of work under this contract, as well as the Employers' Liability within the minimum statutory limits.

(2) Commercial General Liability Insurance and auto liability insurance (including contractual liability insurance) providing coverage for bodily injury and property damage with a combined single limit of not less than three million dollars (\$3,000,000) per occurrence.

(3) Professional Liability/Errors and Omissions Insurance covering acts, errors and omissions arising out of Consultant's operations or Services in an amount not less than one million dollars (\$1,000,000) per occurrence.

(4) Employee Dishonesty and Computer Fraud Insurance covering losses arising out of or in connection with any fraudulent or dishonest acts committed by Consultant personnel, acting alone or with others, in an amount not less than one million dollars (\$1,000,000) per occurrence.

(b) Approved Companies. All such insurance shall be procured with such insurance companies of good standing, permitted to do business in the country, state or territory where the Services are being performed.

(c) Certificates. Consultant shall provide City with certificates of insurance evidencing compliance with this Section 15 (including evidence of renewal of insurance) signed by authorized representatives of the respective carriers for each year that this Agreement is in effect. Certificates of insurance will list the City of Englewood as an additional insured. Each certificate of insurance shall provide that the issuing company shall not cancel, reduce, or otherwise materially change the insurance afforded under the above policies unless thirty (30) days' notice of such cancellation, reduction or material change has been provided to City.

16. Rights in Work Product.

(a) Generally. Except as specifically agreed to the contrary in any Statement of Work, all Intellectual Property Rights in and to the Work Product produced or provided by Consultant under any Statement of Work shall remain the property of Consultant. With respect to the Work Product, Consultant unconditionally and irrevocably grants to City during the term of such Intellectual Property Rights, a non-exclusive, irrevocable, perpetual, worldwide, fully paid and royalty-free license, to reproduce, create derivative works of, distribute, publicly perform and publicly display by all means now known or later developed, such Intellectual property Rights.

(b) Know-How. Notwithstanding anything to the contrary herein, each party and its respective personnel and consultants shall be free to use and employ its and their general skills, know-how, and expertise, and to use, disclose, and employ any generalized ideas, concepts, know-how,

methods, techniques, or skills gained or learned during the course of any assignment, so long as it or they acquire and apply such information without disclosure of any Confidential Information of the other party.

17. Relationship of Parties. Consultant is acting only as an independent consultant and does not undertake, by this Agreement, any Statement of Work or otherwise, to perform any obligation of City, whether regulatory or contractual, or to assume any responsibility for City's business or operations. Neither party shall act or represent itself, directly or by implication, as an agent of the other, except as expressly authorized in a Statement of Work.

18. Complete Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the matters covered herein.

19. Applicable Law. Consultant shall comply with all applicable laws in performing Services but shall be held harmless for violation of any governmental procurement regulation to which it may be subject but to which reference is not made in the applicable Statement of Work. This Agreement shall be construed in accordance with the laws of the State of Colorado. Any action or proceeding brought to interpret or enforce the provisions of this Agreement shall be brought before the state or federal court situated in Arapahoe County, Colorado and each party hereto consents to jurisdiction and venue before such courts.

20. Scope of Agreement. If the scope of any provisions of this Agreement is too broad in any respect whatsoever to permit enforcement to its fullest extent, then such provision shall be enforced to the maximum extent permitted by law, and the parties hereto consent to and agree that such scope may be judicially modified accordingly and that the whole of such provision of this Agreement shall not

thereby fail, but that the scope of such provision shall be curtailed only to the extent necessary to conform to law.

21. Additional Work. After receipt of a Statement of Work, City, with Consultant's consent, may request Consultant to undertake additional work with respect to such Statement of Work. In such event, City and Consultant shall execute an addendum to the Statement of Work specifying such additional work and the compensation to be paid to Consultant for such additional work.

22. Sub-consultants. Consultant may not subcontract any of the Services to be provided hereunder without the prior written consent of City. In the event of any permitted subcontracting, the agreement with such third party shall provide that, with respect to the subcontracted work, such sub-consultant shall be subject to all of the obligations of Consultant specified in this Agreement.

23. Notices. Any notice provided pursuant to this Agreement shall be in writing to the parties at the addresses set forth below and shall be deemed given (1) if by hand delivery, upon receipt thereof, (2) three (3) days after deposit in the United States mails, postage prepaid, certified mail, return receipt requested or (3) one (1) day after deposit with a nationally-recognized overnight courier, specifying overnight priority delivery. Either party may change its address for purposes of this Agreement at any time by giving written notice of such change to the other party hereto.

24. Assignment. This Agreement may not be assigned by Consultant without the prior written consent of City. Except for the prohibition of an assignment contained in the preceding sentence, this Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties hereto.

25. Third Party Beneficiaries. This Agreement is entered into solely for the benefit of the parties hereto and shall not confer any rights upon any person or entity not a party to this Agreement.

26. Headings. The section headings in this Agreement are solely for convenience and shall not be considered in its interpretation. The recitals set forth on the first page of this Agreement are incorporated into the body of this Agreement. The exhibits referred to throughout this Agreement and any Statement of Work prepared in conformance with this Agreement are incorporated into this Agreement.

27. Waiver. The failure of either party at any time to require performance by the other party of any provision of this Agreement shall not effect in any way the full right to require such performance at any subsequent time; nor shall the waiver by either party of a breach of any provision of this Agreement be taken or held to be a waiver of the provision itself.

28. Force Majeure. If performance by Consultant of any service or obligation under this Agreement is prevented, restricted, delayed or interfered with by reason of labor disputes, strikes, acts of God, floods, lightning, severe weather, shortages of materials, rationing, utility or communications failures, earthquakes, war, revolution, civil commotion, acts of public enemies, blockade, embargo or any law, order, proclamation, regulation, ordinance, demand or requirement having legal effect of any governmental or judicial authority or representative of any such government, or any other act whether similar or dissimilar to those referred to in this clause, which are beyond the reasonable control of Consultant, then Consultant shall be excused from such performance to the extent of such prevention, restriction, delay or interference. If the period of such delay exceeds thirty (30) days, City may, without

liability, terminate the affected Statement of Work(s) upon written notice to Consultant.

29. Time of Performance. Time is expressly made of the essence with respect to each and every term and provision of this Agreement.

30. Permits. Consultant shall at its own expense secure any and all licenses, permits or certificates that may be required by any federal, state or local statute, ordinance or regulation for the performance of the Services under the Agreement. Consultant shall also comply with the provisions of all Applicable Laws in performing the Services under the Agreement. At its own expense and at no cost to City, Consultant shall make any change, alteration or modification that may be necessary to comply with any Applicable Laws that Consultant failed to comply with at the time of performance of the Services.

31. Media Releases. Except for any announcement intended solely for internal distribution by Consultant or any disclosure required by legal, accounting, or regulatory requirements beyond the reasonable control of Consultant, all media releases, public announcements, or public disclosures (including, but not limited to, promotional or marketing material) by Consultant or its employees or agents relating to this Agreement or its subject matter, or including the name, trade mark, or symbol of City, shall be coordinated with and approved in writing by City prior to the release thereof. Consultant shall not represent directly or indirectly that any Services provided by Consultant to City has been approved or endorsed by City or include the name, trade mark, or symbol of City on a list of Consultant's customers without City's express written consent.

32. Nonexclusive Market and Purchase Rights. It is expressly understood and agreed that this Agreement does not grant to Consultant an exclusive right to provide to City any or all of the

Services and shall not prevent City from acquiring from other suppliers services similar to the Services. Consultant agrees that acquisitions by City pursuant to this Agreement shall neither restrict the right of City to cease acquiring nor require City to continue any level of such acquisitions. Estimates or forecasts furnished by City to Consultant prior to or during the term of this Agreement shall not constitute commitments.

33. Survival. The provisions of Sections 5, 8(g), 10, 11, 13, 14, 16, 17, 19, 23, 25 and 31 shall survive any expiration or termination for any reason of this Agreement.

34. Verification of Compliance with C.R.S. 8-17.5-101 ET.SEQ. Regarding Hiring of Illegal Aliens:

(a) Employees, Consultants and Sub-consultants: Consultant shall not knowingly employ or contract with an illegal alien to perform work under this Contract. Consultant shall not contract with a sub-consultant that fails to certify to the Consultant that the sub-consultant will not knowingly employ or contract with an illegal alien to perform work under this Contract. [CRS 8-17.5-102(2)(a)(I) & (II).]

(b) Verification: Consultant will participate in either the E-Verify program or the Department program, as defined in C.R.S. 8-17.5-101 (3.3) and 8-17.5-101 (3.7), respectively, in order to confirm the employment eligibility of all employees who are newly hired for employment to perform work under this public contract for services. Consultant is prohibited from using the E-Verify program or the Department program procedures to undertake pre-employment screening of job applicants while this contract is being performed.

(c) Duty to Terminate a Subcontract: If Consultant obtains actual knowledge that a sub-consultant performing

work under this Contract knowingly employs or contracts with an illegal alien, the Consultant shall;

(1) notify the sub-consultant and the City within three days that the Consultant has actual knowledge that the sub-consultant is employing or contracting with an illegal alien; and

(2) terminate the subcontract with the sub-consultant if, within three days of receiving notice required pursuant to this paragraph the sub-consultant does not stop employing or contracting with the illegal alien; except that the Consultant shall not terminate the contract with the sub-consultant if during such three days the sub-consultant provides information to establish that the sub-consultant has not knowingly employed or contracted with an illegal alien.

(d) Duty to Comply with State Investigation: Consultant shall comply with any reasonable request of the Colorado Department of Labor and Employment made in the course of an investigation by that the Department is undertaking pursuant to C.R.S. 8-17.5-102 (5)

(e) Damages for Breach of Contract: The City may terminate this contract for a breach of contract, in whole or in part, due to Consultant's breach of any section of this paragraph or provisions required pursuant to CRS 8-17.5-102. Consultant shall be liable for actual and consequential damages to the City in addition to any other legal or equitable remedy the City may be entitled to for a breach of this Contract under this Paragraph 34.

IN WITNESS WHEREOF, the parties to this Agreement have caused it to be executed by their authorized officers as of the day and year first above written. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

CITY OF ENGLEWOOD, COLORADO

By: _____
(Signature)

(Print Name)

Title: _____

Date: _____

ATTEST:

City Clerk

(Consultant Name)

Address

City, State, Zip Code

By: _____
(Signature)

(Print Name)

Title: _____

Date: _____

SCHEDULE A

OUTLINE OF STATEMENT OF WORK

1. GENERAL

[Identification of parties and date of execution]

[Reference to Professional Services Agreement by date]

2. NAMES OF PROJECT COORDINATORS

3. SUMMARY OF PURPOSE FOR STATEMENT OF WORK

[General description of work or services]

4. EQUIPMENT AND PROGRAMMING TO BE PROVIDED BY CITY (IF ANY)

5. OTHER CONSULTANT RESOURCES

[If desired, provide for the Consultant's commitment of its own staff, facilities, and other resources by nature or item]

6. DESCRIPTION OF WORK PRODUCT AND DELIVERABLES

[Include functional and technical specifications of Work Product and Documentation, and refer to any specific enhancements that may be sought.]

[Describe prototype or components to be delivered.]

[Include as Deliverables copies of the reports of all project reviews, inspections, and tests conducted during the course of performance.]

7. SPECIAL TERMS, IF ANY

8. MODE OF PAYMENT

9. PAYMENT SCHEDULE

City will pay Consultant for the work in accordance with the following payment schedule. All payments to Consultant are contingent on Consultant's satisfying the Deliverables/Milestones set forth in the Payment Schedule. Payments shall be made upon City's written confirmation to Consultant that the Deliverables-Milestones have been satisfied.

[Insert payment schedule]

10. SCHEDULE AND PERFORMANCE MILESTONES

This schedule sets for the target dates and performance milestones for the preparation and delivery of the Deliverables by Consultant.

Performance Milestone	Responsible Party	Target Date
--------------------------	----------------------	----------------

11. ACCEPTANCE AND TESTING PROCEDURES

12. LOCATION OF WORK FACILITIES

Substantially all of the work will be conducted by Consultant at its regular office located in _____.

City will provide the City office space and support as it agrees may be appropriate, at its _____ facility.

IN WITNESS WHEREOF, pursuant and in accordance with the Professional Services Agreement between the parties hereto dated _____, 20__, the parties have executed this Statement of Work as of this _____ day of _____, 20__.

CITY OF ENGLEWOOD, COLORADO

By: _____
(Signature)

(Print Name)

Title: _____

Date: _____

Company Name

By: _____
(Signature)

(Print Name)

Title: _____

Date:



TO: Honorable Mayor and Members of the City Council

FROM: Eric A. Keck, City Manager

DATE: 18 November 2015

SUBJECT: Mayor/Manager Agenda Setting Meeting

With the seating of the new City Council, the topic of the Mayor/Manager agenda setting meeting has been raised as a topic for the Council to discuss and provide direction upon. Historically, the Mayor, Mayor pro tem, City Attorney, and City Manager have met on a weekly basis to develop and establish the City Council study session and business meeting agendas. This work has been done in conjunction with City Council priorities on study topics and consensus on legislative priorities.

Staff would like to obtain consensus direction on the continuation of these meetings or an alternative plan for the establishment of the weekly Council agendas.

If you should have any questions, please do not hesitate to contact me.



TO: Honorable Mayor and Members of the City Council

FROM: Eric A. Keck, City Manager

DATE: 18 November 2015

SUBJECT: Discussion on Staff Seating in Council Chambers

Several City Council members have requested that the topic of staff seating on the dais be placed upon a study session agenda for discussion. The opinion of these councilors is that only elected officials should be seated at the dais.

Staff does not have a recommendation one way or another on this topic but respectfully requests that the City Council come to consensus on this matter and afford staff the opportunity to prepare for any changes should they be agreed upon.

If you should have any questions, please do not hesitate to contact me.



City of Englewood

To: Mayor Joe Jefferson and City Council
Through: Eric Keck, City Manager
From: Shelley Becker, Finance and Administrative Services Director
Date: November 19, 2015
Subject: October 2015 Financial Report

GENERAL FUND REVENUES: The calendar year is approximately **83%** complete. YTD revenues received, **\$38,026,379** are **91.4%** of the revenue estimate budgeted. The revised yearend revenue estimate of **\$42,981,652** is **3.26%** or **\$1,355,954** more than the 2015 budget revenue estimate.

Revenues	2015				2014			2015 vs 2014	
	Budget	Oct-15	% Budget	YE Estimate	Dec-14	Oct-14	% YTD	\$ Diff	% Diff
Property Tax	2,900,000	2,891,706	99.71%	2,900,000	2,892,433	2,858,668	98.83%	33,038	1.16%
Specific Ownership Tax	260,000	238,209	91.62%	260,000	291,670	214,560	73.56%	23,649	11.02%
Sales & Use Taxes	24,200,000	22,804,085	94.23%	26,081,262	24,839,297	21,182,472	85.28%	1,621,613	7.66%
Cigarette Tax	179,000	153,099	85.53%	179,000	188,652	155,779	82.57%	(2,680)	-1.72%
Franchise Fees	3,017,550	2,659,572	88.14%	3,148,550	3,207,978	2,544,556	79.32%	115,016	4.52%
Hotel/Motel Tax	12,000	11,741	97.84%	12,000	11,948	10,177	85.18%	1,564	15.37%
Licenses & Permits	1,107,122	1,321,618	119.37%	1,168,222	1,576,299	1,341,241	85.09%	(19,623)	-1.46%
Intergovernmental Revenue	1,400,924	1,299,862	92.79%	1,624,318	1,869,045	1,201,439	64.28%	98,423	8.19%
Charges for Services	3,335,262	2,492,156	74.72%	2,905,192	3,215,032	2,633,380	81.91%	(141,224)	-5.36%
Recreation	2,556,900	2,281,186	89.22%	2,485,500	2,466,421	2,290,809	92.88%	(9,623)	-0.42%
Fines & Forfeitures	1,396,844	899,526	64.40%	1,008,350	1,350,164	1,161,718	86.04%	(262,192)	-22.57%
Interest	88,164	61,489	69.74%	88,164	68,340	70,869	103.70%	(9,380)	-13.24%
EMRF Rents	858,882	739,657	86.12%	858,882	684,683	554,301	80.96%	185,356	33.44%
Miscellaneous	313,050	172,473	55.09%	262,212	210,531	187,604	89.11%	(15,131)	-8.07%
Total Revenues	41,625,698	38,026,379	91.35%	42,981,652	42,872,493	36,407,573	84.92%	1,618,806	4.45%

Sales and Use Tax by Business Area:

Business Area	\$ YTD Variance CY vs PY	% YTD Variance CY vs PY	YTD New Businesses	YTD Closed Businesses	YTD Net New (Closed) Businesses	Comments
Area 1	29,573	1.03%	20	(12)	8	In Jan 2014 we received additional tax dollars from a tax remitter that did not occur in Jan 2015. If we adjust for the timing of these receipts, Area 1 would report a favorable variance of \$153,563 or 5.3% increase in 2015 over 2014.
Area 2	66,666	4.34%	27	(20)	7	Variance is due to better economic conditions experienced in 2015 versus 2014.
Area 3	259,549	19.71%	28	(19)	9	Variance is due primarily to better economic conditions in 2015 versus 2014.
Area 4	58,396	4.70%	8	(5)	3	Variance is due primarily to better economic conditions in 2015 versus 2014.
Area 5	30,457	4.38%	5	(5)	-	Variance is due primarily to better economic conditions in 2015 versus 2014. Please note the Littleton King Soopers reopened 1/28/2015 after being closed for a year during their reconstruction project at Broadway and Littleton Blvd.
Area 6	416,798	14.97%	48	(54)	(6)	Variance is due primarily to better economic conditions in 2015 versus 2014.
Area 7	379,024	5.70%	314	(189)	125	Variance is due primarily to better economic conditions in 2015 versus 2014.
Area 8	(32,737)	-2.40%	-	-	-	Variance is due in part to mild temperatures that led to lower energy usage in 2015 versus 2014 and to more customers switching from landlines to cellphones in 2015 as compared to 2014.
Area 13	28,351	11.13%	-	-	-	Variance is due primarily to better economic conditions in 2015 versus 2014.
Regular Use	413,945	16.81%	N/A	N/A	N/A	Use tax revenue fluctuates depending on the timing of when businesses replace large ticket items such as operating machinery and equipment. If items purchased outside of Englewood at a local tax rate less than 3.5%, then the tax payer is liable for the difference between the local tax paid and 3.5% tax due.
Totals	1,650,022	7.79%	450	(304)	146	

Outside City (Business Area 7):

- Outside City sales tax receipts (cash basis) were up **\$379,024** or **5.7** percent compared to last year.
- At this time potential refunds total approximately \$1,500,000 for claims submitted to Englewood but not completed; the balance of the account to cover intercity claims is \$1,150,000.

City Center Englewood (Business Area 1):

- Sales tax revenue collected through October 2015 were **\$2,909,106** or **\$29,573** more than last year during the same period of time.

GENERAL FUND EXPENDITURES: YTD expenditures, **\$37,039,666** are **83.1%** of the budget appropriation. The 2015 yearend expenditure estimate of **\$44,058,211** is anticipated to be approximately **1.14%** or **\$508,498** less than the 2015 budget appropriation.

Expenditures	2015				2014			2015 vs 2014		Variance comments updated each quarter (Jan, Apr, Jun and Oct)
	Budget	Oct-15	% Budget	YE Estimate	Dec-14	Oct-14	% YTD	\$ Diff	% Diff	
Legislation	357,575	289,497	80.96%	356,381	329,738	283,475	85.97%	6,022	2.12%	No executive search expense in 2015 as what existed in 2014.
City Attorney's Office	869,106	572,264	65.85%	886,605	726,377	583,568	80.34%	(11,304)	-1.94%	Variance is due to a combination of a reduction to benefits relating to full time salaries and a reduction in outside attorney fees.
Municipal Court	1,085,494	794,655	73.21%	1,038,709	942,264	757,611	80.40%	37,044	4.89%	Variance is due to anticipated increases and the timing of the software maintenance fee payment in 2015 versus 2014.
City Manager's Office	731,307	640,736	87.62%	735,410	673,402	553,002	82.12%	87,734	15.87%	The addition of a 20 hour per week administrative assistant and the inclusion of contract cost for the summer meals program and 4th of July planner increased expenses over 2014.
Human Resources	482,893	409,604	84.82%	628,079	441,956	353,906	80.08%	55,698	15.74%	Variance is due in part to the salary and benefits of 1.6 FTE reclassified from the Employee Benefits and Risk Management Funds to the General Fund (\$45,000) and to the NEOGov and Perform Software Maintenance Agreement (\$22,100)
Finance and Administrative Services	1,805,052	1,342,169	74.36%	1,811,926	1,566,733	1,232,322	78.66%	109,847	8.91%	Variance is due in part to the Director's annual leave payout (\$26,500), the vacancy of the Sales Tax Auditor Position from February 1 to November 3, 2014 and the Revenue Technician Position from 6/27/2014 to 10/20/2014 (2015 increase in salary and benefits from February through September is approx \$53,000), and a \$10,000 YTD increase in banking fees associated with the usage of the online MUNIRev's business licensing and tax collection system (2014 first full year of new system).
Information Technology	1,425,389	1,098,893	77.09%	1,438,163	1,348,275	1,057,553	78.44%	41,340	3.91%	The variance is due in part to unanticipated increase to software and hardware maintenance fees in 2015 versus 2014 (\$27,600) and unplanned Council Chambers upgrade in 2015 (\$16,800).
Public Works	5,790,091	4,535,914	78.34%	5,730,645	5,440,975	4,377,896	80.46%	158,018	3.61%	
Fire Services	9,139,834	8,906,851	97.45%	8,534,799	9,176,241	6,689,063	72.90%	2,217,788	33.16%	Variance due to firefighter payout and closure of department.
Police Services	12,157,100	10,143,208	83.43%	12,236,555	11,872,226	9,586,623	80.75%	556,585	5.81%	Variance is due in part to \$450,000 in anticipated increases to salary and benefits and filling three new positions; \$83,000 in reimbursable E911 Radio Grant purchases, \$20,000 in maintenance service agreements and \$67,000 in reimbursable POST costs.
Community Development	1,288,781	899,209	69.77%	1,237,019	1,128,034	848,684	75.24%	50,525	5.95%	The CD variance is due to the 2015 appropriation of \$100K for the Englewood Forward initiatives.
Library Services	1,317,657	934,351	70.91%	1,283,016	1,165,446	957,406	82.15%	(23,055)	-2.41%	Charges for online databases are due quarterly -- expenses will be charged by the end of the year.
Recreation Services	6,053,116	4,652,098	76.85%	6,027,588	5,574,428	4,789,860	85.93%	(137,762)	-2.88%	The reduced YTD expenditure variance for 2015 is due to the following: 1) Insurance Refund to Pirates Cove Expenditures for hail damage that occurred in 2014, 2)Personnel attrition and staff reorganization and 3)Parks - Lower petroleum cost, water savings from weather conditions and 2014 sewer project.
Debt Service	1,863,314	1,595,536	85.63%	1,863,316	1,869,902	1,607,796	85.98%	(12,260)	-0.76%	
Contingency	200,000	224,681	112.34%	250,000	211,623	204,294	96.54%	20,387	9.98%	Variance is due to an increase in annual leave payouts in 2015 versus 2014 for employees separating from the City.
Total Expenditures	44,566,709	37,039,666	83.11%	44,058,211	42,467,620	33,883,059	79.79%	3,156,607	9.32%	

GENERAL FUND REVENUES OVER/UNDER EXPENDITURES:

YTD revenues exceed expenditures by **\$986,713** compared to revenues exceeding expenditures by \$2,524,514 in 2014.

The **two graphs on the right** show how closely the revenue and expenditure amounts track on a monthly basis. Fund Balance reserves help to stabilize operations for unexpected adverse fluctuations in revenue or expenditure amounts.

GENERAL FUND TRANSFERS:

Net 2015 transfers-out to date of **\$1,475,740** were made by the end of October 2015 (please refer to page 18). Please note this includes a transfer of \$1,500,000 to the Public Improvement Fund for the Dartmouth Bridge (Reso 43, 2015), \$361,516 Recreation Center HVAC (Reso 43 and 53, 2015), \$10,000 for the Council Chambers Improvements (Reso 50, 2015) Projects, \$51,450 and \$50,000 transferred in from the Donors Fund for the City’s Branding/Marketing Initiative (Reso 54, 2015) and Commercial Catalyst Program (Reso 58, 2015) respectively.

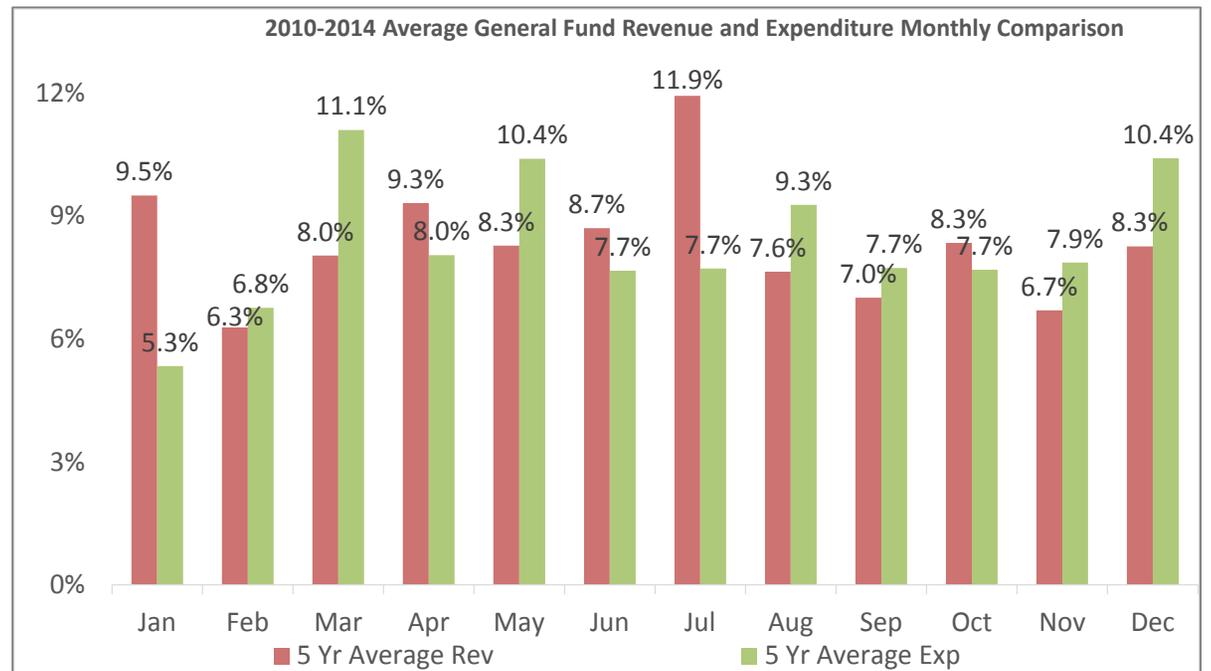
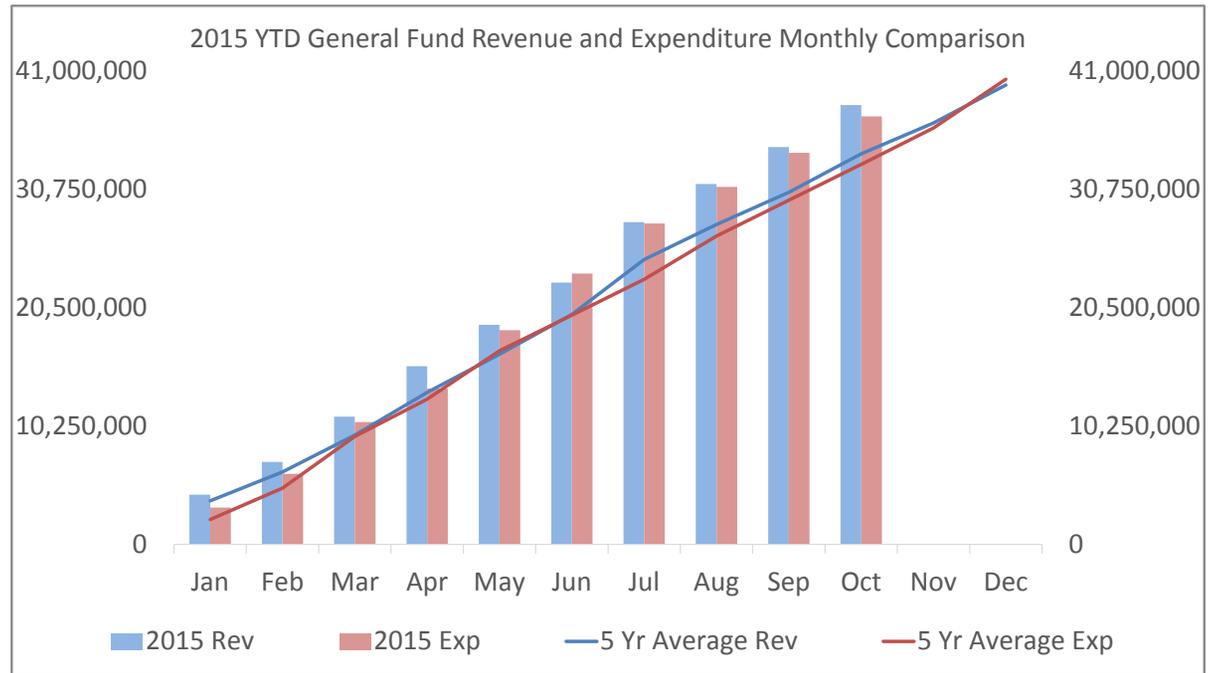
GENERAL FUND - FUND BALANCE:

The estimated fund balance is **\$9,658,951** or **22.5** percent of estimated revenue.

- The estimated unassigned fund balance for 2015 is projected at **\$5,595,852** or **13.02** percent of estimated revenues.
- The Long Term Asset Reserve (LTAR) balance is **\$2,663,099** (please refer to page 18).
- The TABOR Emergency Reserve is **\$1,400,000**.

PUBLIC IMPROVEMENT FUND (PIF):

The PIF has collected \$5,441,353 in revenues and spent \$4,135,373 year-to-date. Prior to adjustments to budget estimates, the estimated year-end **unappropriated fund balance** is **\$1,767,161**.



City of Englewood, Colorado

October 2015 Financial Report

The annual budget serves as the foundation for the City’s financial planning and control, and provides a comprehensive plan to provide high quality services to the Englewood community. Based upon conservative revenue estimates, the budget quantifies in dollars the many services and amenities the citizens of Englewood receive. The City has prepared a balanced budget and it is one where revenues plus beginning fund balance are equal to or exceed expenditures.

The financial report provides on a periodic basis the review of the actual revenues and expenditures as compared to the budget. This point in time analysis compares the current year to the prior year and determines if the revenues and expenditures are on track with the budget. By monitoring the financial condition of the City, City staff and Council can work together to take action, if necessary, to maintain service levels, employees, and fiscal health of the City.

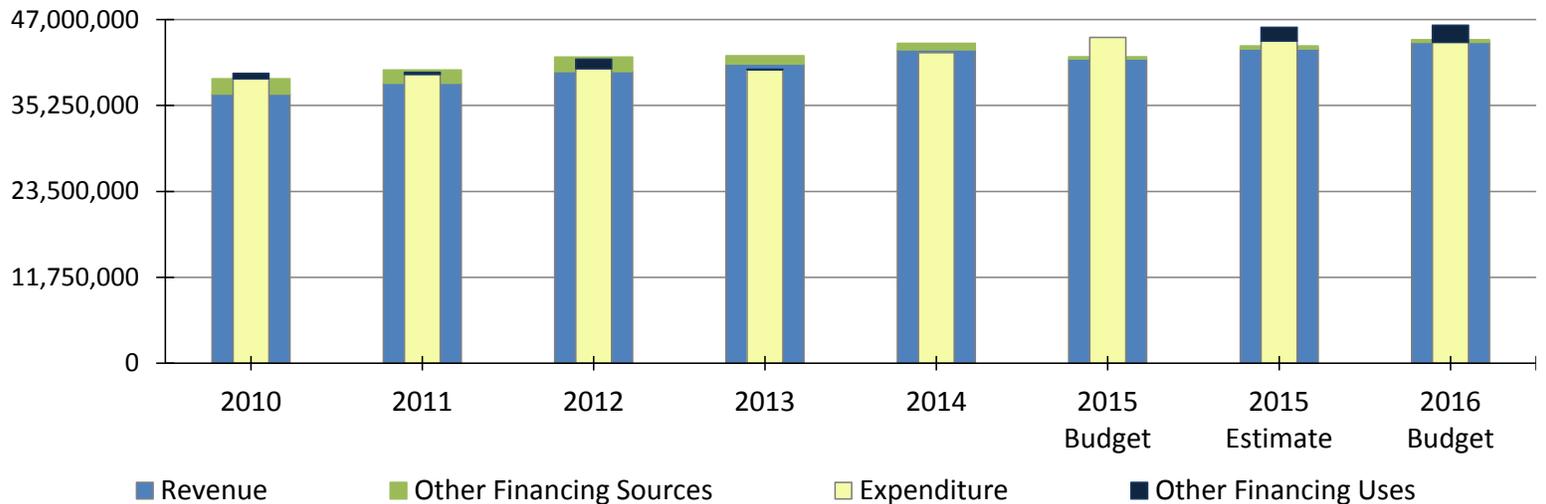
GENERAL FUND OVERVIEW AND ANALYSIS

The General Fund accounts for the major “governmental” activities of the City. These activities include “direct” services to the public such as police, fire, public works, parks and recreation, and library services. General government also provides administrative and oversight services through the offices of city manager and city attorney; the departments of information technology, finance and administrative services, community development, human resources, municipal court and legislation. Debt service, lease payments, and other contractual payments are also commitments of the General Fund.

General Fund - Surplus and Deficit

The graph below depicts the history of sources and uses of funds from 2010 to 2015 Estimate. As illustrated, both surpluses and deficits have occurred in the past. The gap has narrowed over the past few years by reducing expenditures, freezing positions, negotiating lower-cost health benefits, increased revenue collections. Continued efforts will be required to balance revenues and expenditures, especially with persistent upward pressure on expenditures due to increases in the cost of energy, wages and benefits.

General Fund: Total Sources and Uses of Funds



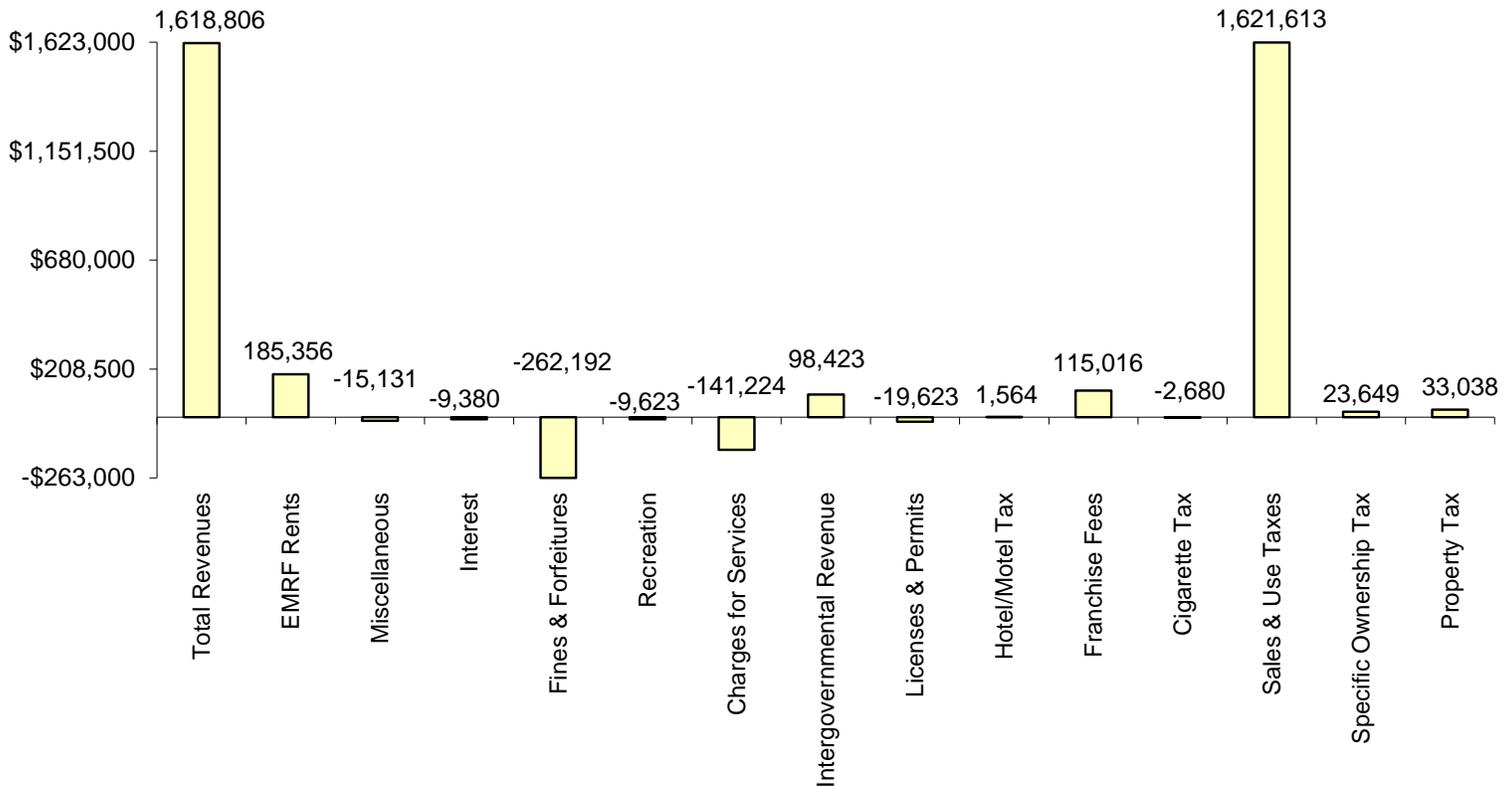
The following table summarizes General Fund Year-To-Date (YTD) Revenue, Expenditure, Sales & Use Tax Revenue and Outside City Sales & Use Tax Revenue for the month ended October, 2015. Comparative figures for years 2014 and 2013 are presented as well. The table also highlights the dollar and percentage changes between those periods.

	Sep-15	2015 vs 2014		Sep-14	2014 vs 2013		Sep-13
		Increase (Decrease)			Increase (Decrease)		
General Fund							
Year-To-Date Revenue	\$ 38,026,379	\$ 1,618,806	4.45%	\$ 36,407,573	\$ 1,888,155	5.47%	\$ 34,519,418
Year-To-Date Expenditure	37,039,666	\$ 3,156,607	9.32%	33,883,059	\$ 1,033,049	3.14%	32,850,010
Net Revenue (Expenditure)	\$ 986,713	\$ (1,537,801)		\$ 2,524,514	\$ 855,106		\$ 1,669,408
Unassigned Fund Balance	\$ 5,595,852	\$ (2,552,299)	(31.32%)	\$ 8,148,151	\$ 1,272,446	18.51%	\$ 6,875,705
Sales & Use Tax Revenue YTD	\$ 22,804,085	\$ 1,621,613	7.66%	\$ 21,182,472	\$ 1,623,355	8.30%	\$ 19,559,117
Outside City Sales Tax YTD	\$ 7,032,219	\$ 379,024	5.70%	\$ 6,653,196	\$ 748,322	12.67%	\$ 5,904,874

General Fund Revenues

The City of Englewood’s total budgeted revenue is \$41,625,698. Total revenue collected through October 2015 was \$38,026,379 or \$1,618,806 (4.45 percent) more than was collected in 2014. The chart below illustrates changes in General Fund revenues this year as compared to last year.

2015 Year-To-Date Change in General Fund Revenue as Compared to Prior Year

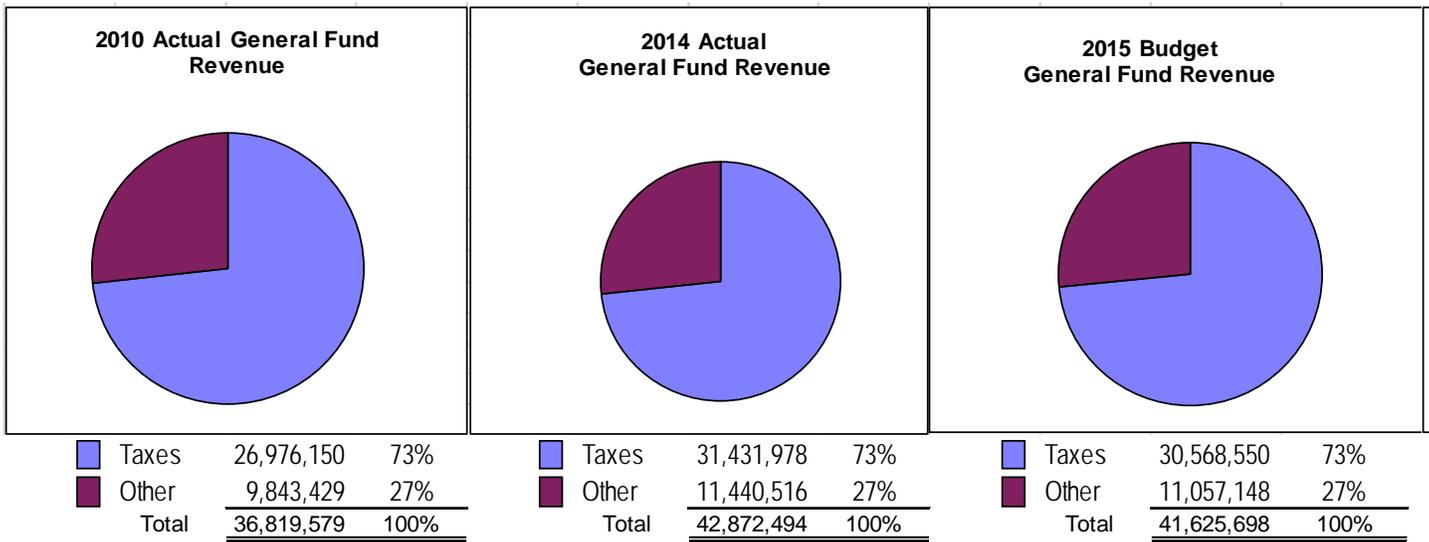


General Fund - Taxes

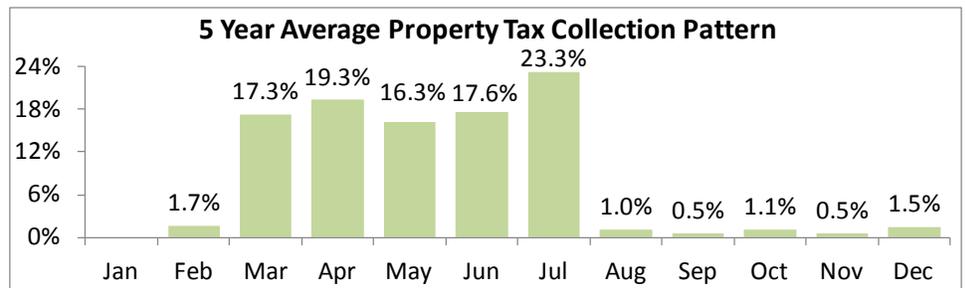
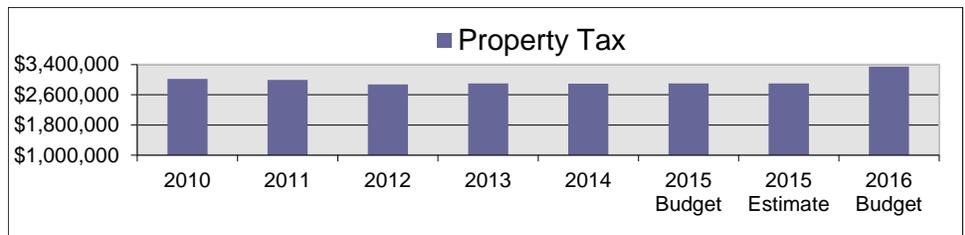
The General Fund obtains most of its revenue from taxes. In 2014 total revenues were \$42,872,494 of which \$31,431,978 (73.3 percent) came from tax collections. Taxes include property, sales and use, specific ownership, cigarette, utilities, franchise fees,

and hotel/motel. The pie charts on the next page illustrate the contribution of taxes to total revenue for 2009, 2013 and 2014 Budget. Taxes as a percentage of total revenue have declined slightly as other fees and charges have been increased to help offset rising costs and relatively flat tax revenues.

General Fund Revenues - Taxes vs. Other

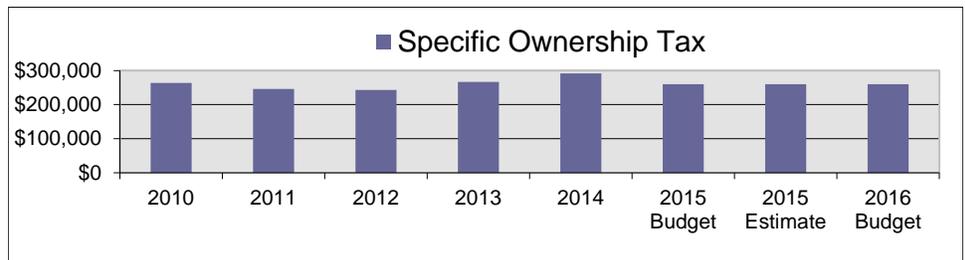


Property taxes: These taxes are collected based on the assessed value of all the properties in the City and the mill levy assessed against the property. The City's total 2014 mill levy collected in 2015 is 8.124 mills. The 2014 mill levy for general operations collected in 2015 is 5.880 mills. Voters approved a separate, dedicated mill levy for principal and interest payments on the City's general obligation debt for the construction of parks and recreation projects. This dedicated general obligation debt mill levy is accounted for in the Debt Service Fund. Property tax collections declined from \$3,020,884 in 2010 to \$2,892,433 in 2014. This was a decrease of \$128,451 or 4.2 percent. In 2014 the City collected \$2,892,433 or 9.2 percent of 2014 total taxes and 6.8 percent of total revenues from property taxes. The City budgeted \$2,900,000 for 2015; and collected \$2,891,706 through October 2015. The estimate for the year is \$2,900,000.



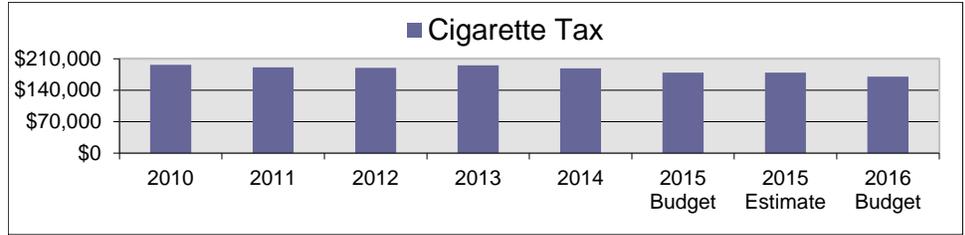
Property Tax Mill Levy	2009	2010	2011	2012	2013	2014 Budget	2014 Estimate	2015 Budget
General Fund	5.880	5.880	5.880	5.880	5.880	5.880	5.880	5.880
Debt Service Fund	1.947	2.031	2.130	1.741	1.914	2.244	2.244	2.244
Total Mill Levy	7.827	7.911	8.010	7.621	7.794	8.124	8.124	8.124

Specific ownership: These taxes are based on the age and type of motor vehicles, wheeled trailers, semi-trailers, etc. These taxes are collected by the County Treasurer and remitted to the City on the fifteenth day of the following month. The City collected \$263,434 in 2010 and \$291,670 in 2014 which is an increase of \$28,236 or 10.7 percent. The



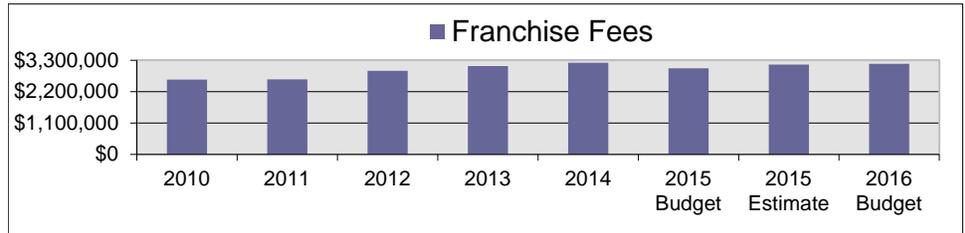
City collected \$291,670 in 2014 which is less than one percent of total revenues and total taxes. The City budgeted \$260,000 for 2015 and collected \$238,209 through October 2015. The estimate for the year is \$260,000.

Cigarette Taxes: The State of Colorado levies a \$.20 per pack tax on cigarettes. The State distributes 46 percent of the gross tax to cities and towns based on the pro rata share of state sales tax collections in the previous year. These taxes have fallen significantly in the past and continue to fall after the 2009

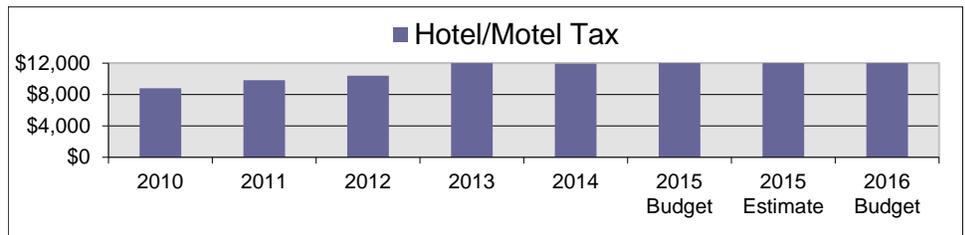


federal tax increase of approximately \$.62 per pack went into effect. This federal tax increase will fund the State Children's Health Insurance Program (CHIP). In 2010 the City collected \$196,320, but in 2014 the City collected \$188,652, which is a decrease of \$7,668 or 3.9 percent. These taxes accounted for less than one percent of total taxes and less than one percent of total revenues in 2014. The City budgeted \$179,000 for the year and collected \$153,099 through October 2015, which is \$2,680 or 1.72 percent less than the \$155,799 collected in same period last year. The estimate for the year is \$179,000.

Franchise Fees: The City collects a number of taxes on various utilities. This includes franchise tax on water, sewer, and public services, as well as occupational tax on telephone services. The City collected \$2,620,191 in 2010 and \$3,207,978 in 2014, an increase of \$587,787 or 22.4 percent. These taxes accounted for 10.2 percent of taxes and 7.5 percent of total revenues in 2014. The City budgeted \$3,017,550 for the year; collections through October totaled \$2,659,572 compared to \$2,544,556 collected during the same period last year. The estimate for the year is revised from \$3,017,550 to \$3,148,550

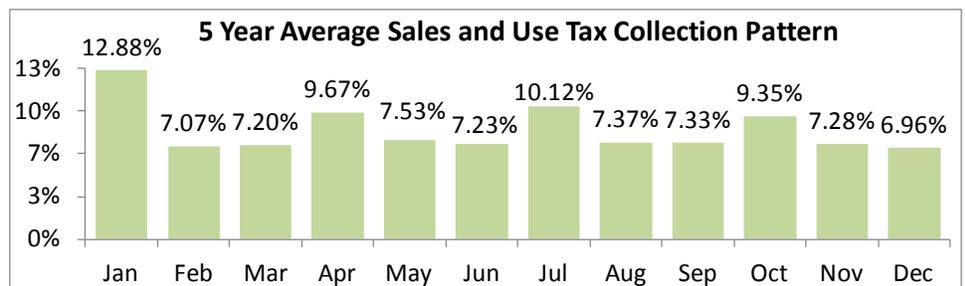
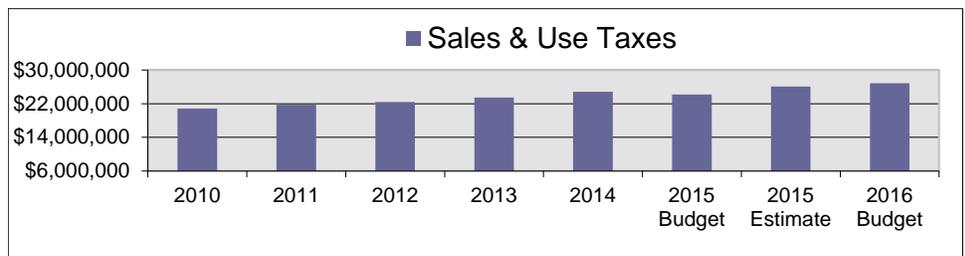


Hotel/Motel Tax: This tax is levied at two percent of the rental fee or price of lodging for *under* 30 days duration. The City budgeted \$12,000 for the year and has collected \$11,741 through October 2015. The estimate for the year is \$12,000.



Sales and Use Taxes Analysis

Sales and use taxes are the most important (and volatile) revenue sources for the City. Sales and use taxes generated 79 percent of all taxes and 58 percent of total revenues collected in 2014. In 2010, this tax generated \$20,866,515 for the City of Englewood; in 2014 the City collected \$24,839,297, an increase of \$3,972,782 (19 percent). This tax is levied on the sale price of taxable goods. Sales tax is calculated by multiplying the sales price of taxable goods times the sales tax rate of 3.5 percent. Vendors no longer receive a fee for collecting and remitting their sales/use taxes. Taxes for the current month are due to the City by the twentieth day of the following month. The City budgeted \$24,200,000 for 2015. Sales and Use Tax revenue (cash basis)



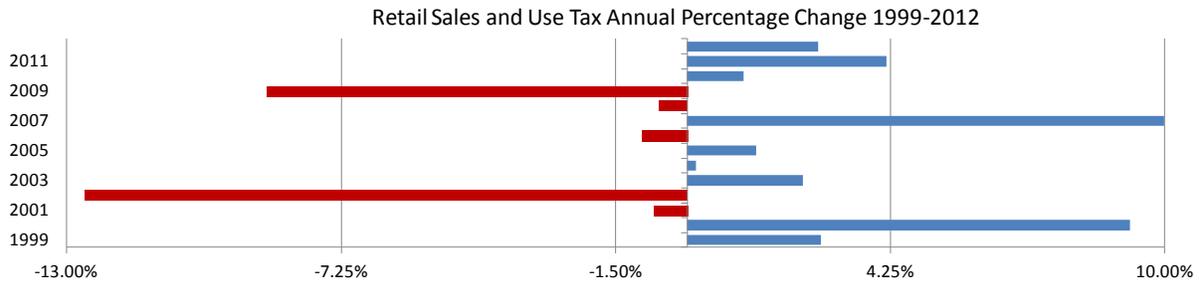
through October 2015 was \$22,804,086 while sales tax collected year-to-date for October 2014 was \$21,182,472 an increase of \$1,621,613 or 7.66 percent.

In 2013, the City partnered with MUNIREns to provide the City’s business licensing and tax collection system. The system more accurately reports the sales versus use tax collections. In the former system, if an account was coded as a sales tax account, both sales and use tax remitted by the account was reported as sales tax. This was also the case with an account coded as use tax, both use and sales tax remitted by the account was reported as use tax. In total the amount of sales and use tax collections is the same, the allocation between sales and use has changed. This month we have restated 2013 to match the restated 2014 reporting. The revised Sales and Use Tax Collections Year-To-Date Comparison (Cash Basis) report is located on page 24.

Collections (cash basis) for October 2015 were \$2,567,579 while collections for October 2014 and October 2013 were \$2,706,220 and \$2,196,149 respectively. October 2015 collections were 5.12 percent or \$138,641 less than October 2014 collections and \$371,430 or 16.9 percent more than October 2013 collections.

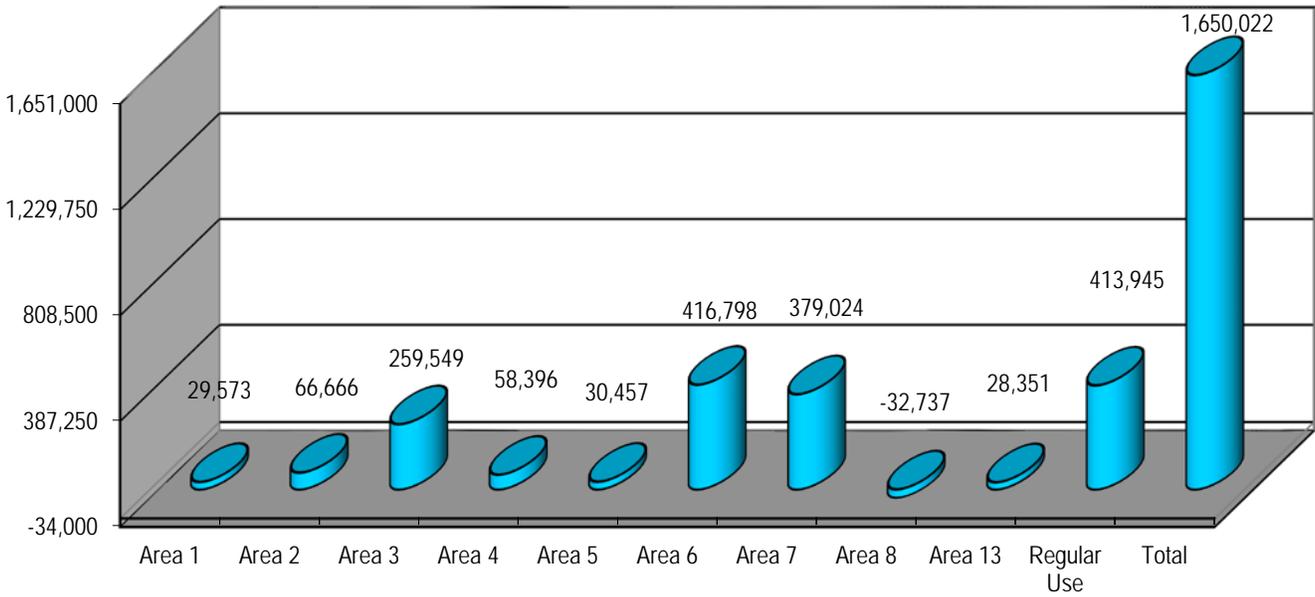
Based on the last five years of sales tax collection data, October contributes 85.4 percent of total year’s sales tax collections; if this pattern holds this year, 14.6 percent is left to collect over the remainder of the year. Based on year-to-date collections, the City will collect an additional \$3,897,750 over the remainder of the year for a total of \$26,737,745. Collections through October were 107.79 percent of last October collections. If this were applied to the entire year, the total collected would be \$27,203,768. The average of the two forecasts is \$26,734,946 (\$2,536,346 or 10.5 percent over the amount budgeted for the year). The estimate for the year is revised from \$24,200,000 to \$26,863,699.

This revenue source tends to ebb and flow (often dramatically) with the economy, growing during economic expansions and contracting during downturns. The past several years (1999-2012) of sales tax collections have been exceptionally erratic making it extremely difficult to make accurate short or long term forecasts. It is important to continually review and analyze sales and use tax data including trends in the various geographic areas of the City.



The chart on the next page, “Change in Sales/Use Tax Collections by Area 2015 vs. 2014,” provides for the month the annual sales and use tax increases and decreases in the various geographic areas. Economic conditions, judged by sales and use tax collections, appears to be a “mixed bag” with some geographic areas increasing and some decreasing compared to the same period last year.

Change in Sales/Use Tax Collections by Area 2015 vs 2014

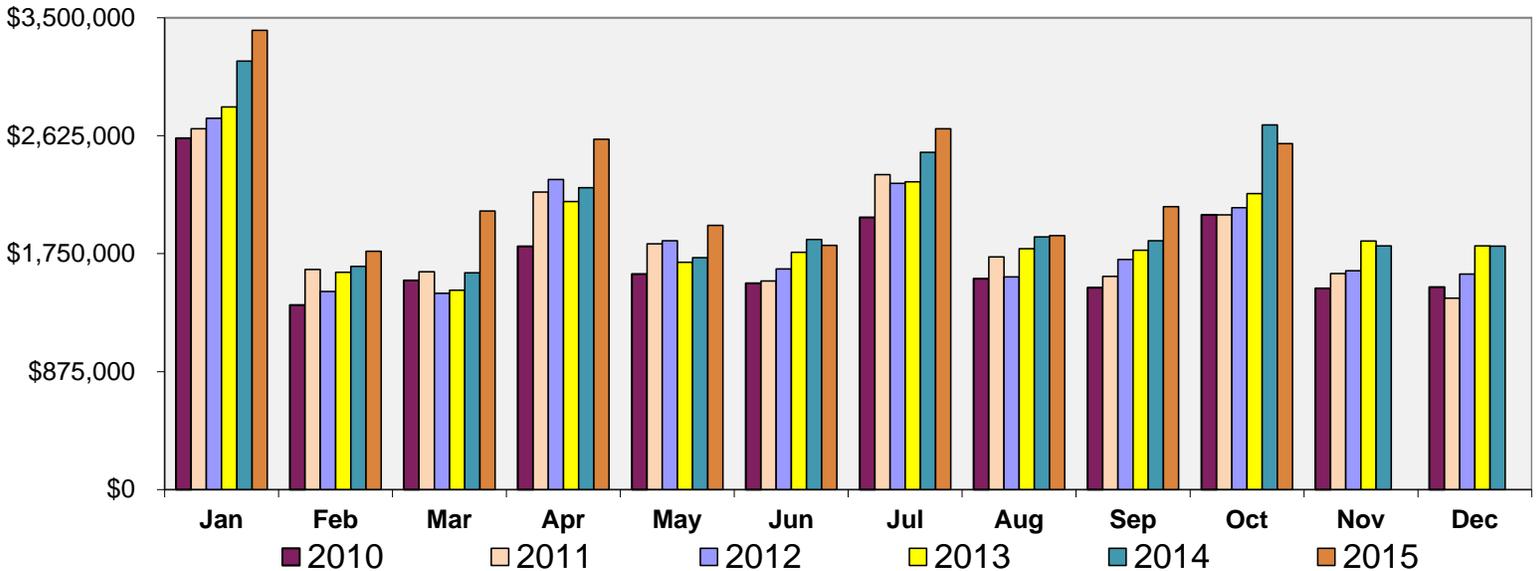


Please note that the geographic map of the sales tax areas was changed within the first quarter of 2012, and hopefully is more reasonable. Some of the areas will look skewed until more comparable data is available in 2013. EURA Areas 9 & 10 and EURA Areas 11 & 12 were incorporated into Areas 1, 2 and 6. Specific changes include:

- Area 1 east boundary will change at Bannock St/Englewood Pkwy east to Acoma St south to Jefferson Ave/Hampden Ave/US 285
- Split the address down the middle of the streets for Area 2 and Area 3: Bannock St and Sherman St
- Split the address down the middle of the streets for Area 3 and Area 4: Belleview Ave, Fox St and Logan St
- The north and south side of the street included in Area 1: Jefferson Avenue
- The north and south side of the street included in Area 2: Jefferson Ave/Hampden Ave/US 285

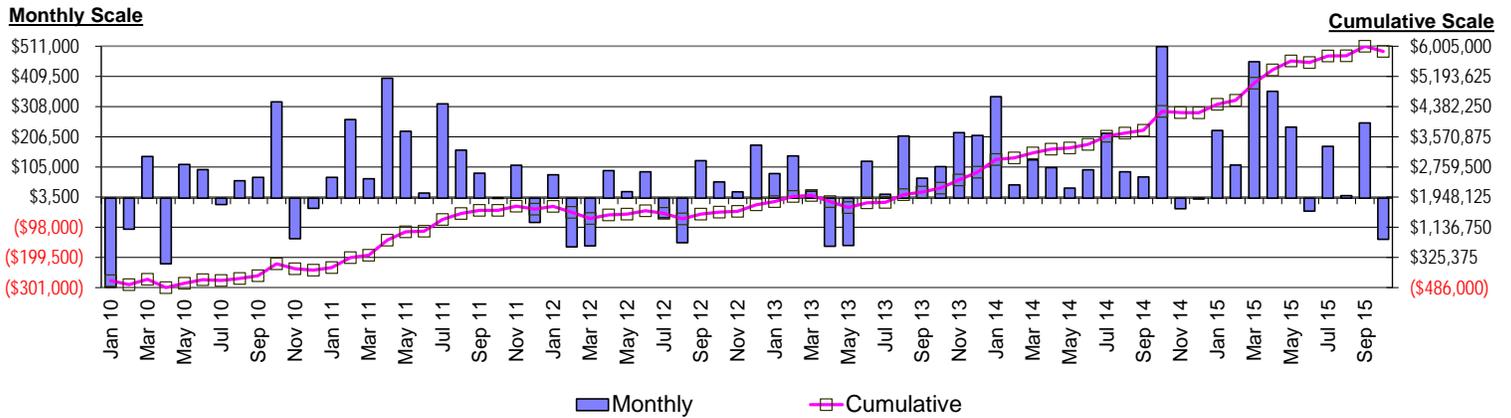
The bar graph below shows a comparison of monthly sales tax collections (cash basis) for 2010 through 2015.

2010-2015 YTD Sales/Use Tax Collections by Month - Cash Basis



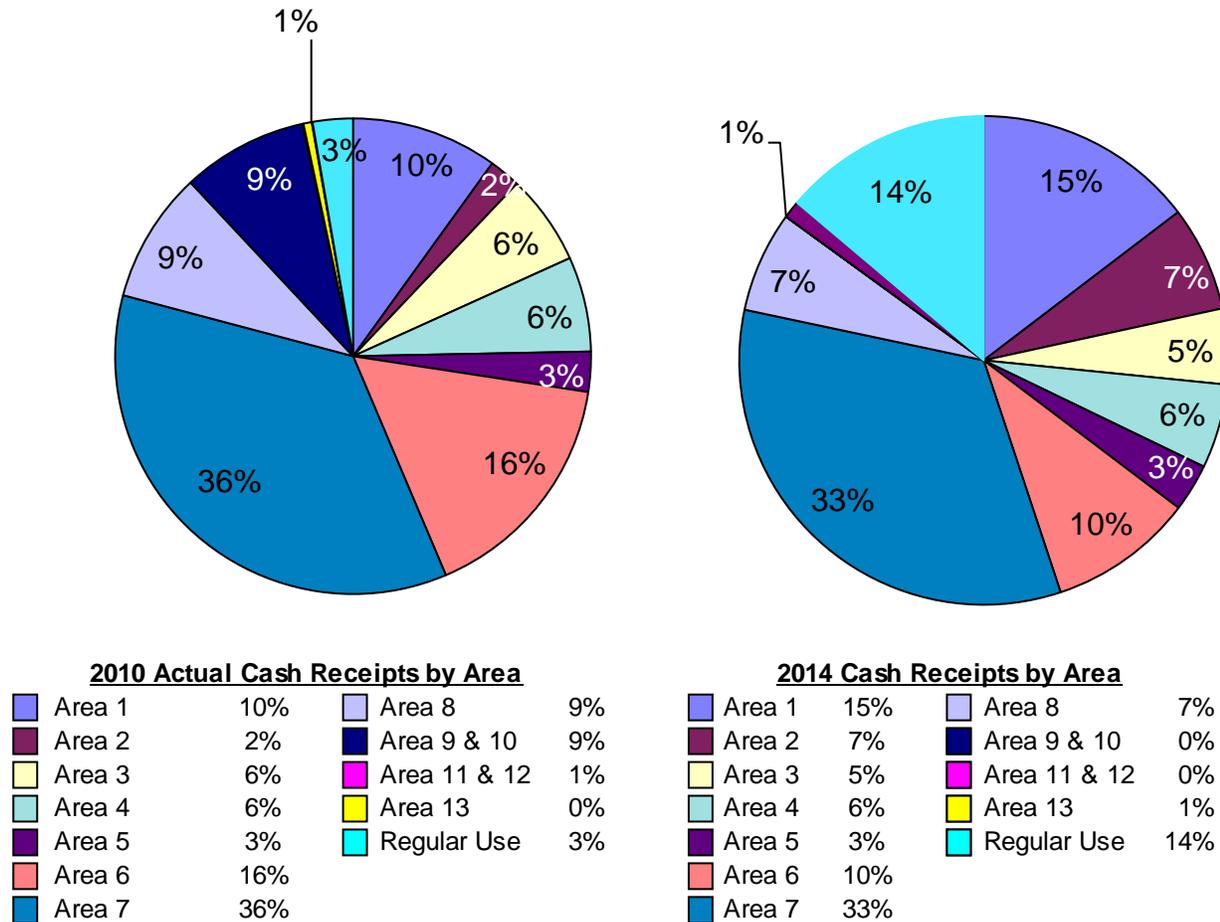
The next chart illustrates sales tax collections (cash basis) by month and cumulative for the years presented. For the period presented, the bar graph depicts the change in collections for a month as compared to the prior year, while the cumulative line graph is based on the beginning period monthly change in sales and use tax collections as adjusted by each consecutive month change.

2010 - 2015 Monthly Change Sales and Use Tax Receipts



Sales tax collections are reported by various geographic areas as illustrated in the following pie charts. These illustrate the changing collection patterns for 2010 and 2014.

Geographic Sales Tax Collection Areas



A brief description and analysis of the significant geographic areas follows:

Area 1: This geographic area accounts for the sales tax collections from CityCenter Englewood. CityCenter Englewood had collections of \$2,909,106 year-to-date or 1.03 percent more than was collected during the same period last year.

Area 5: This area includes the remodeled King Soopers. Year to date collections for October were \$725,595 or 4.4 percent higher than last year. Collections this year are ahead of collections in any year in the past five years. The closure of the Littleton King Soopers Store (Broadway and Littleton Blvd) has had a significant impact to the increased collections of this area. The Littleton King Soopers Store reopened in Jan 2015 so collections in the future might not grow quite as much as in the past.

Area 6: This geographic area is up 14.97 percent or \$416,798 from last year.

Area 7: This geographic area records the outside city sales tax collections (Outside City). Outside City has been the geographic area responsible for much of the sales tax growth (and decline) in past years. Outside City collections have increased 5.7 percent from the same period last year. The chart below illustrates this area’s contribution to total sales and use taxes (cash basis) as well as YTD revenues since 2011. The importance of Outside City has declined as a percentage of sales and use tax collections but it continues to remain an important impact on the City’s General Fund as illustrated by the following:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total Sales and Use Tax Revenue	18,600,302	19,112,293	19,559,117	21,182,472	22,804,085
Outside City Collections	6,988,391	6,448,313	5,904,874	6,653,196	7,032,219
Percentage of Total	37.6%	33.7%	30.2%	31.4%	30.8%
Total General Fund Revenues	33,042,293	34,014,766	34,519,418	36,407,573	38,026,379
Outside City Collections	6,988,391	6,448,313	5,904,874	6,653,196	7,032,219
Percentage of Revenues	21.1%	19.0%	17.1%	18.3%	18.5%

The City records the proceeds of some returns from Outside City into an unearned revenue (liability) account. The criteria staff uses to decide if proceeds should be placed in the unearned account is if a reasonable probability exists for another municipality to claim the revenue. This account currently has a balance of \$1,150,000 to cover intercity claims. The City paid \$134,381 in sales/use tax claims through October 2015 compared to \$75,804 through October 2014. At this time *potential* refunds total approximately \$1,500,000 for claims submitted to Englewood but not completed.

Area 8: This geographic area consists of collections from public utilities. Collections through October were 2.4 percent less than last year. Weather conditions, energy usage conservation, and rising energy prices play an important role in revenue collections. Collections could increase or decrease if the remainder of the year is significantly hotter/colder than normal.

Area 13: This geographic area encompasses the Kent Place Development. Collections through October were \$283,023 compared to \$254,673 last year.

Other Sales Tax Related Information

Finance and Administrative Services Department collected \$293,021 in sales and use tax audit revenues and general collections of balances on account through the month of October 2015, this compares to \$187,141 collected in 2014 and \$111,704 collected in 2013.

Of the 82 sales tax accounts reviewed in the various geographic areas, 61 (74 percent) showed improved collections and 21 (26 percent) showed reduced collections this year compared to the same period last year.

The Department issued 450 new sales tax licenses through October 2015; 346 and 324 were issued through October 2014 and 2013 respectively.

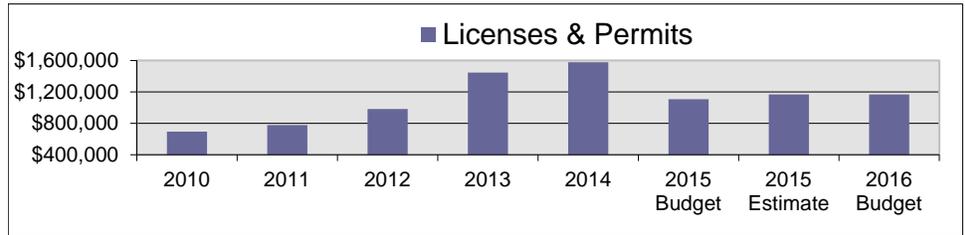
City records indicate that year-to-date 304 businesses closed (189 were outside the physical limits of Englewood) and 450 opened (314 of them were outside the physical limits of Englewood).

General Fund - Other Revenue

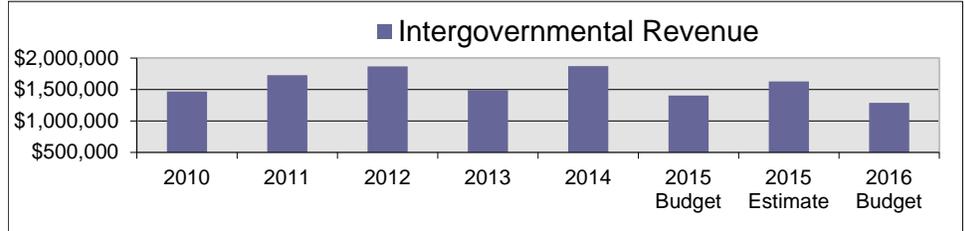
Other revenues (including McLellan rent) accounted for \$11,440,516 or 26.7 percent of the total revenues for 2014. The City budgeted \$11,057,148 for 2015 and the revised estimate is \$10,400,840.

The next page provides additional information on the significant revenue sources of the General Fund:

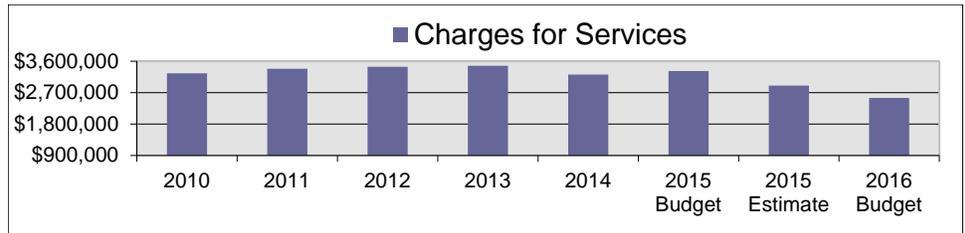
Licenses and Permits: This category includes fees from business and building licenses and permits. This revenue source generated \$1,576,121 during 2014 or 3.7 percent of total revenue and 13.8 percent of total other revenue. This revenue source totaled \$695,563 in 2010 and increased to \$1,576,299 in 2014, a 126.6 percent increase. The City budgeted \$1,107,122 for 2015 and year-to-date collected \$1,321,618 or \$19,623 (1.46 percent) less than the \$1,341,241 collected through October 2014. The estimate for the year is revised from \$1,107,122 to \$1,168,222.



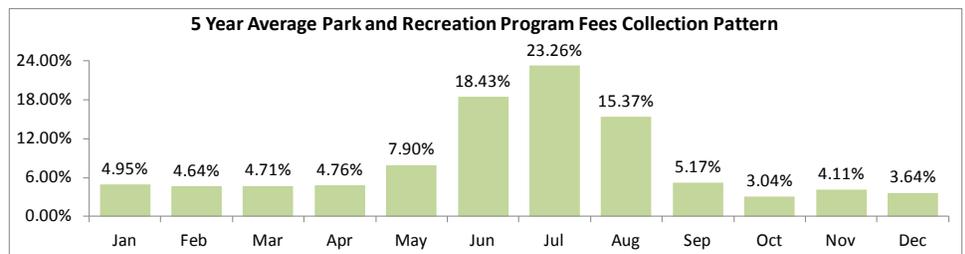
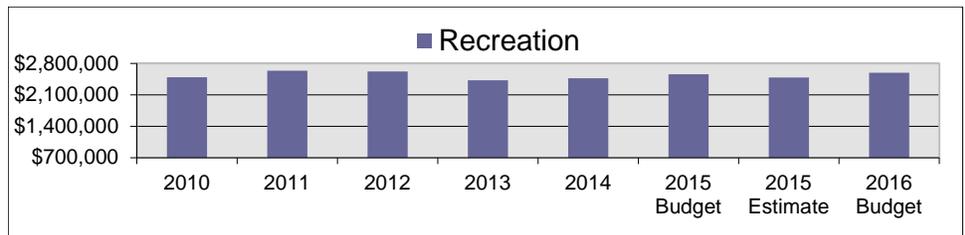
Intergovernmental Revenues: This revenue source includes state and federal shared revenues including payments in lieu of taxes. These revenues are budgeted at \$1,400,924 for 2015. This revenue source totaled \$1,465,970 in 2010 and the City collected \$1,869,045 in 2014, a 27.5 percent increase. The City collected \$1,299,862 through October 2015 this is \$98,423 more than the \$1,201,439 collected in the same period last year. The estimate for the year is revised from \$1,400,924 to \$1,624,318.



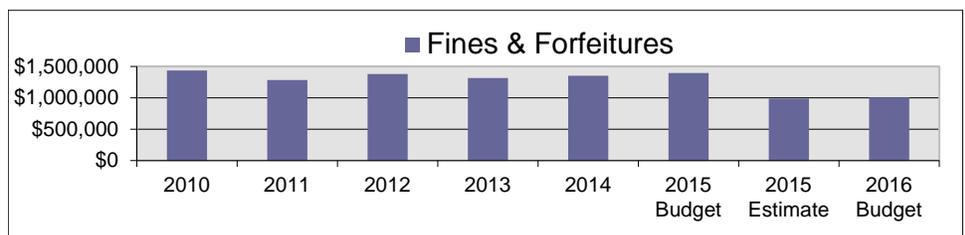
Charges for Services: This includes general government, public safety, fees for the administration of the utilities funds, court costs, highway and street and other charges. This revenue source is budgeted at \$3,335,262 for 2015. This revenue source totaled \$3,254,830 in 2010 and decreased to \$3,125,032 in 2014, a 1.2 percent decrease. Total collected year-to-date was \$2,492,156 or \$141,224 (5.36 percent) less than the \$2,633,380 collected year-to-date last year. The estimate for the year is revised from \$3,335,262 to \$2,905,192.



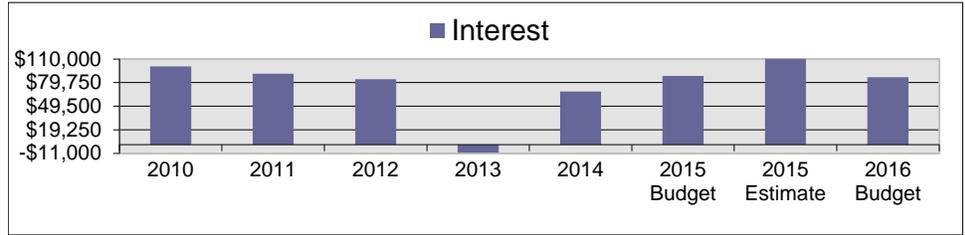
Recreation: This category of revenue includes the fees and charges collected from customers to participate in the various programs offered by the Parks and Recreation Department. This revenue source is budgeted at \$2,556,900 for 2015. This revenue source totaled \$2,489,781 in 2010 and decreased to \$2,466,421 in 2014, a .9 percent decrease. Total collections through October 2015 were \$2,281,186 compared to \$2,290,809 collected year-to-date last year. The estimate for the year is revised from \$2,556,900 to \$2,485,500.



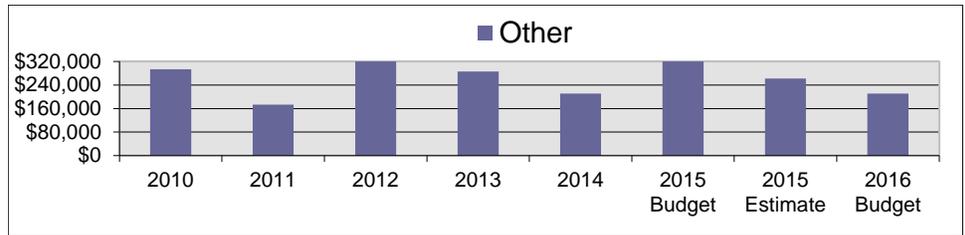
Fines and Forfeitures: This revenue source includes court, library, and other fines. The 2015 budget for this source is \$1,396,844. This revenue source totaled \$1,437,957 in 2010 and decreased to \$1,350,164 in 2014, a 6.1 percent decrease. Total collected year-to-date was \$899,526 or \$262,192 (22.6 percent) less than the \$1,161,718 collected in the same time period last year. The estimate for the year is revised from \$1,396,844 to \$1,008,350.



Interest: This is the amount earned on the City's cash investments. The 2015 budget for this source is \$88,164. This revenue source totaled \$100,545 in 2010 and decreased to \$68,342 in 2014, a 32 percent decrease. The City earned \$61,489 through October 2015; compared to \$70,869 through the same period last year. The estimate for the year is \$88,164.



Other: This source includes all revenues that do not fit in another revenue category. The 2015 budget for this source is \$313,050. This revenue source totaled \$293,658 in 2010 and decreased to \$210,530 in 2014, a 28.3 percent decrease. Total collected year-to-date is \$172,473 or (8.1 percent) less than the \$187,604 collected last year during the same period. The estimate for the year is revised from \$313,050 to \$262,212.



Economic Incentives

The City of Englewood uses economic incentives to attract and maintain businesses. Businesses are the City's lifeblood, not only do they generate sales and property taxes but they provide employment and shopping opportunities for citizens.

Business	Public Use of Incentive Funds
King Soopers (Federal and Belleview)	Storm sewer replacement, water line improvements, access modifications and electrical line undergrounding.
Oxford LCP	Construct sidewalk enhancements in the public right of way.
Flood Middle School	Relocate City Ditch and sanitary sewer line, upgrade water line and underground electrical lines.
Restaurant at Englewood Market Place	Landscaping, maintenance and ADA ramp.
Cadence dba Broadbell LLC for Sprouts Farmers Market	Intersection and signalized intersection.
KRF II LLC (dba Kentro Group) for the Rite Aid Pharmacy	Underground/relocation of current overhead utility lines; Relocation and demolition of existing sewer line; Construction of underground detention/water quality; and Potential relocation of city ditch (depending on the development plan of northern parcel).

General Fund - Expenditures

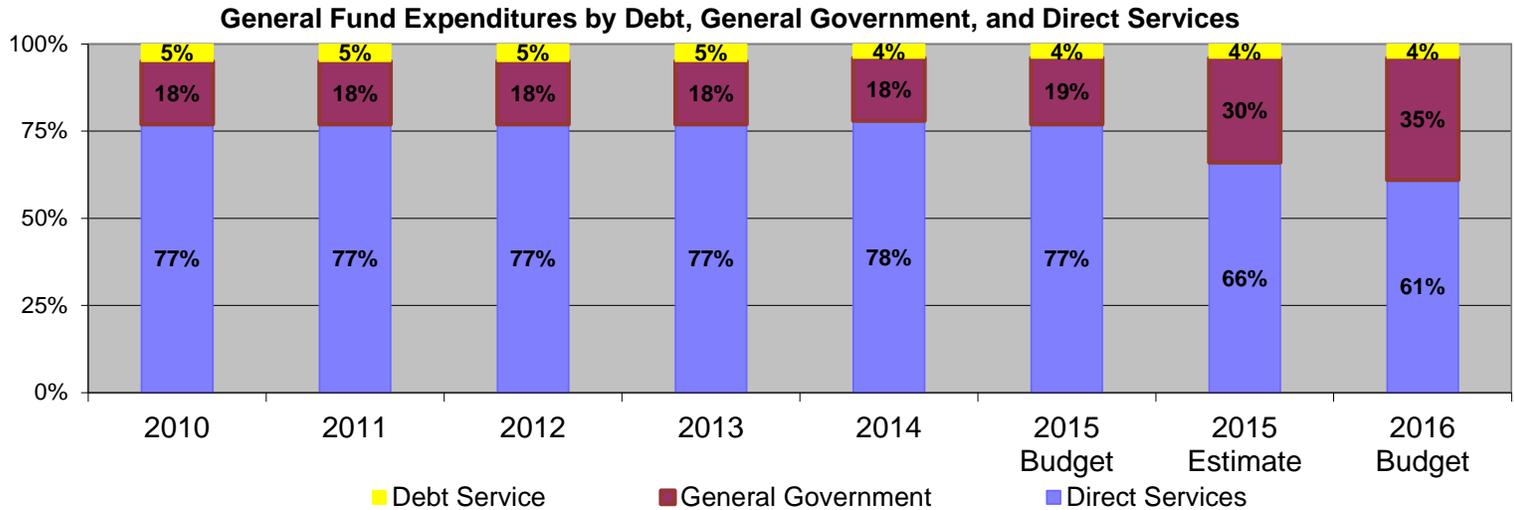
In 2006 the City adopted an outcome based budgeting philosophy. City Council and Staff outlined five outcomes to reflect, more appropriately, the desired result of the services delivered to the citizens of Englewood. The five outcomes identified are intended to depict Englewood as:

- ▶ A City that provides and maintains quality infrastructure,
- ▶ A safe, clean, healthy, and attractive City,
- ▶ A progressive City that provides responsive and cost efficient services,
- ▶ A City that is business friendly and economically diverse, and
- ▶ A City that provides diverse cultural, recreational, and entertainment opportunities.

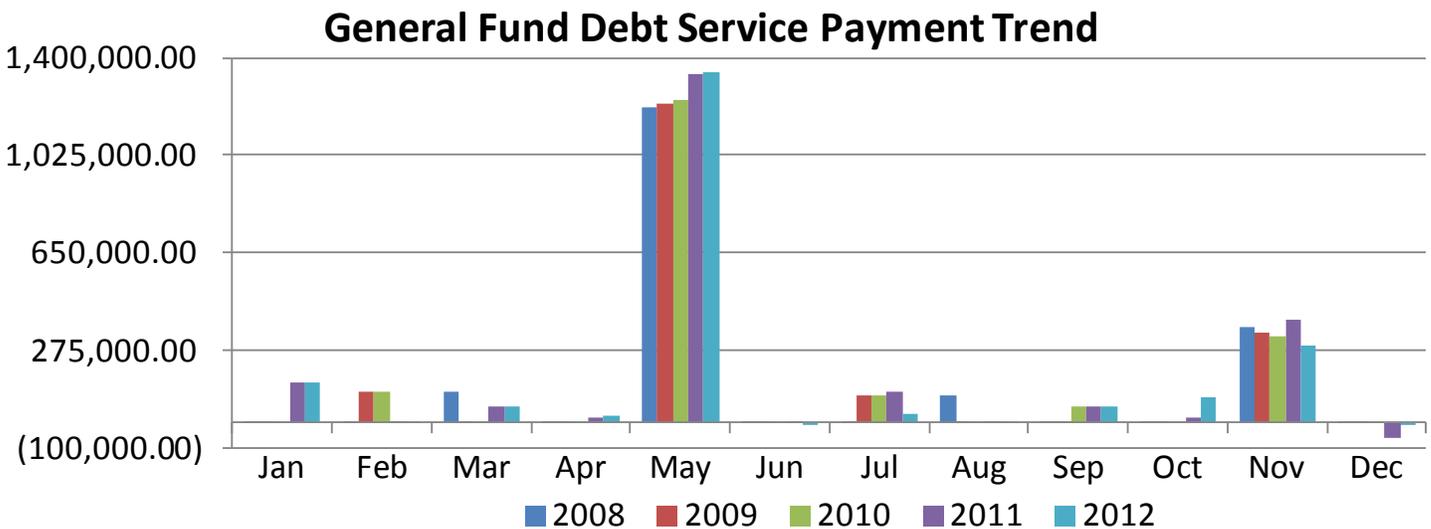
*The 2015 Budget will be the last year to incorporate the Outcome Based Budget philosophy. Beginning with the preparation of the 2016 Budget, the City will turn its direction to **Priority Based Budgeting (PBB)**. **PBB** is a process used by cities to understand their larger community priorities/ values, and budget accordingly to those priorities/ values, while providing flexibility in order to meet the changing needs of the community. The PBB approach will help us develop a strategic budget that both reflects our community values and ensures that residents will continue to receive a high level of city services.*

The City budgeted total expenditures at \$44,566,709 for 2015, this compares to \$42,467,619 and \$40,125,364 expended in 2014 and 2013 respectively. Budgeted expenditures for 2015 general government (City Manager, Human Resources, etc.) totals \$8,245,597 or 18.5 percent of the total. Direct government expenditures (Police, Fire, etc.) are budgeted at \$34,457,798 or 77.3 percent of the total. Debt service (fixed costs) payments are \$1,863,314 or 4.2 percent of the total. Total expenditures through October were \$37,039,666 compared to \$33,883,059 and \$32,850,010 in 2013. The expenditure estimate for the year is revised from \$44,566,709 to \$44,058,211.

The following chart illustrates the breakdown of expenditures into debt service, general and direct government services.



For illustrative purposes and based on the five year period (2008-2012), the following graph depicts the debt service payments cash outflow. The majority of debt service payments are typically made twice a year.



The schedule on the next page provides the expenditure for each of the General Fund departments for the years 2010 through 2015 Budget.

Expenditure	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Budget	2015 Estimate	2016 Budget
General Government								
Legislation	309,870	298,731	316,043	280,920	329,738	357,575	356,381	365,572
City Manager	659,882	639,184	658,047	675,844	673,402	731,307	8,226,080	6,586,762
City Attorney	702,228	706,841	712,036	719,781	726,377	869,106	886,605	810,022
Municipal Court	901,469	848,775	886,249	922,245	942,264	1,085,494	1,038,709	1,058,583
Human Resources	419,422	430,792	469,343	408,551	441,955	482,893	-	-
Finance & Administrative Services	1,445,581	1,446,313	1,464,305	1,533,061	1,566,733	1,805,052	3,878,168	3,965,669
Information Technology	1,280,660	1,332,766	1,373,943	1,336,590	1,348,275	1,425,389	-	-
Community Development	1,301,473	1,359,264	1,262,451	1,113,710	1,128,034	1,288,781	2,081,148	2,134,378
Contingencies	48,138	152,423	143,810	88,360	211,623	200,000	250,000	250,000
Contribution to Component Unit(s)	-	-	-	-	-	-	-	-
General Government Subtotal	7,068,723	7,215,089	7,286,227	7,079,062	7,368,401	8,245,597	16,717,091	15,170,986
Direct Services								
Public Works	5,137,364	5,259,875	5,202,903	5,234,382	5,440,975	5,790,091	5,730,645	6,208,706
Police	10,312,633	10,395,239	10,788,935	11,226,157	11,872,226	12,157,100	12,436,555	13,247,547
Fire	7,425,903	7,666,842	8,100,554	8,002,677	9,176,241	9,139,834	-	-
Library	1,284,083	1,145,613	1,180,771	1,174,656	1,165,446	1,317,657	1,283,016	1,241,179
Parks and Recreation	5,811,809	5,717,147	5,649,246	5,402,600	5,574,428	6,053,116	6,027,588	6,136,594
Direct Services Subtotal	29,971,792	30,184,716	30,922,409	31,040,472	33,229,316	34,457,798	25,477,804	26,834,026
Debt Service								
Debt Service-Civiccenter	1,570,705	1,658,857	1,570,921	1,565,625	1,434,082	1,568,988	1,568,988	1,520,979
Debt Service-Other	290,122	437,606	486,030	440,205	435,820	294,326	294,328	350,665
Debt Service Subtotal	1,860,827	2,096,463	2,056,951	2,005,830	1,869,902	1,863,314	1,863,316	1,871,644
Total Expenditure	38,901,342	39,496,268	40,265,587	40,125,364	42,467,619	44,566,709	44,058,211	43,876,656
% Expenditure Change	-2.25%	1.53%	1.95%	-0.35%	5.84%	10.68%	-1.14%	-0.41%
Other Financing Uses								
Transfers Out	750,000	301,246	1,339,330	73,006	-	0	1,871,516	2,330,000
Total Other Financing Uses	750,000	301,246	1,339,330	73,006	0	0	1,871,516	2,330,000
Total Uses of Funds	39,651,342	39,797,514	41,604,917	40,198,370	42,467,619	44,566,709	45,929,727	46,206,656
% Uses of Funds Change	-0.81%	0.37%	4.54%	-3.38%	5.65%	7.12%	3.06%	0

The chart below provides per capita the General Fund expenditure information categorized into direct and general government services and debt service. Also provided is the per capita General Obligation Debt accounted for in the

	2010	2011	2012	2013	2014	2015 Budget	2015 Estimate	2016 Budget
Population*	30,375	30,799	31,286	31,675	31,675	31,675	31,675	31,675
General Fund								
General Government Services	\$ 233	\$ 234	\$ 233	\$ 223	\$ 233	\$ 260	\$ 528	\$ 479
Direct Services	\$ 987	\$ 980	\$ 988	\$ 980	\$ 1,049	\$ 1,088	\$ 804	\$ 847
Public Works	\$ 169	\$ 171	\$ 166	\$ 165	\$ 172	\$ 183	\$ 181	\$ 196
Police	\$ 340	\$ 338	\$ 345	\$ 354	\$ 375	\$ 384	\$ 393	\$ 418
Fire	\$ 244	\$ 249	\$ 259	\$ 253	\$ 290	\$ 289	\$ -	\$ -
Library	\$ 42	\$ 37	\$ 38	\$ 37	\$ 37	\$ 42	\$ 41	\$ 39
Parks & Recreation	\$ 191	\$ 186	\$ 181	\$ 171	\$ 176	\$ 191	\$ 190	\$ 194
Debt Service	\$ 61	\$ 68	\$ 66	\$ 63	\$ 59	\$ 59	\$ 59	\$ 59
Total Expenditure Per Capita	\$ 1,281	\$ 1,282	\$ 1,287	\$ 1,267	\$ 1,341	\$ 1,407	\$ 1,391	\$ 1,385
Debt Service Fund								
General Obligation Debt Per Capita	\$ 36	\$ 31	\$ 31	\$ 30	\$ 35	\$ 35	\$ 35	\$ 35

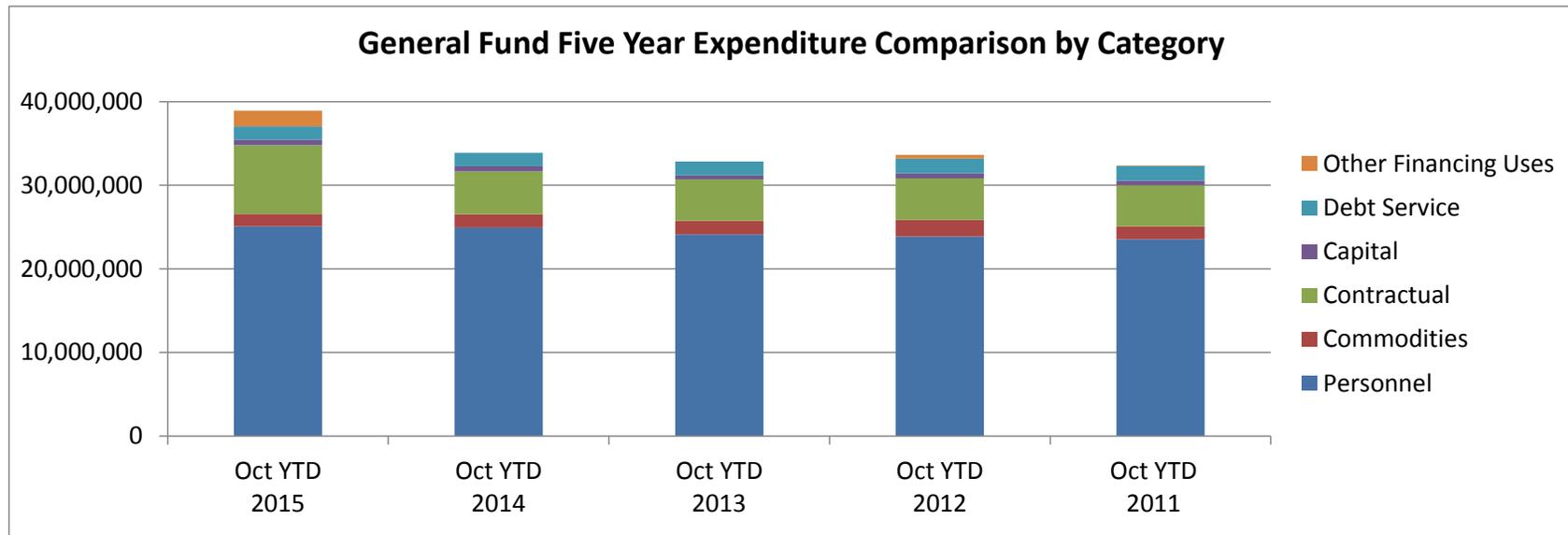
* Source: Colorado Department of Local Affairs Municipal Population Estimates By County

City of Englewood, Colorado

General Fund - Five Year Expenditure Comparison by Category

	Oct YTD 2015	YTD % Change	% of Total	Oct YTD 2014	YTD % Change	% of Total	Oct YTD 2013	YTD % Change	% of Total	Oct YTD 2012	YTD % Change	% of Total	Oct YTD 2011	% of Total
Personnel services														
Salaries and wages	18,468,687	2.760%	41.441%	17,973,257	0.830%	42.322%	17,824,903	-0.520%	44.342%	17,918,238	1.020%	43.068%	17,737,175	44.569%
Overtime	501,377	-35.700%	1.125%	779,740	36.800%	1.836%	569,985	3.070%	1.418%	552,987	21.960%	1.329%	453,425	1.139%
Benefits	6,111,715	-1.160%	13.714%	6,183,280	8.260%	14.560%	5,711,652	5.800%	14.209%	5,398,453	1.020%	12.976%	5,343,869	13.428%
Personnel services total	25,081,779	0.580%	56.279%	24,936,276	3.440%	58.718%	24,106,539	0.990%	59.969%	23,869,678	1.420%	57.372%	23,534,469	59.136%
Commodities total	1,486,940	-7.120%	3.336%	1,600,958	-1.160%	3.770%	1,619,827	-17.840%	4.030%	1,971,517	27.480%	4.739%	1,546,487	3.886%
Contractual services total	8,231,930	61.260%	18.471%	5,104,701	2.330%	12.020%	4,988,546	-0.220%	12.410%	4,999,416	1.430%	12.016%	4,929,014	12.385%
Capital total	656,479	3.110%	1.473%	636,653	32.390%	1.499%	480,897	-20.160%	1.196%	602,317	11.120%	1.448%	542,053	1.362%
Total Expenditures	35,457,128	9.850%	79.560%	32,278,588	3.470%	76.008%	31,195,809	-0.790%	77.605%	31,442,929	2.920%	75.575%	30,552,023	76.769%
Debt service total	1,589,949	-0.910%	3.568%	1,604,471	-3.010%	3.778%	1,654,199	-6.190%	4.115%	1,763,428	0.090%	4.239%	1,761,893	4.427%
Other financing uses total	1,871,516			0			0			434,000			52,815	
Total Uses of Funds	38,918,592	0.000%	83.127%	33,883,059	0.000%	79.786%	32,850,008	0.000%	81.720%	33,640,357	0.000%	79.814%	32,366,731	81.329%
Annual Total	44,566,709	4.943%		42,467,619	5.645%		40,198,370	-3.381%		41,604,917	4.541%		39,797,514	
YTD % of Annual Total	87.327%			79.786%			81.720%			80.857%			81.329%	

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General Fund - Transfers

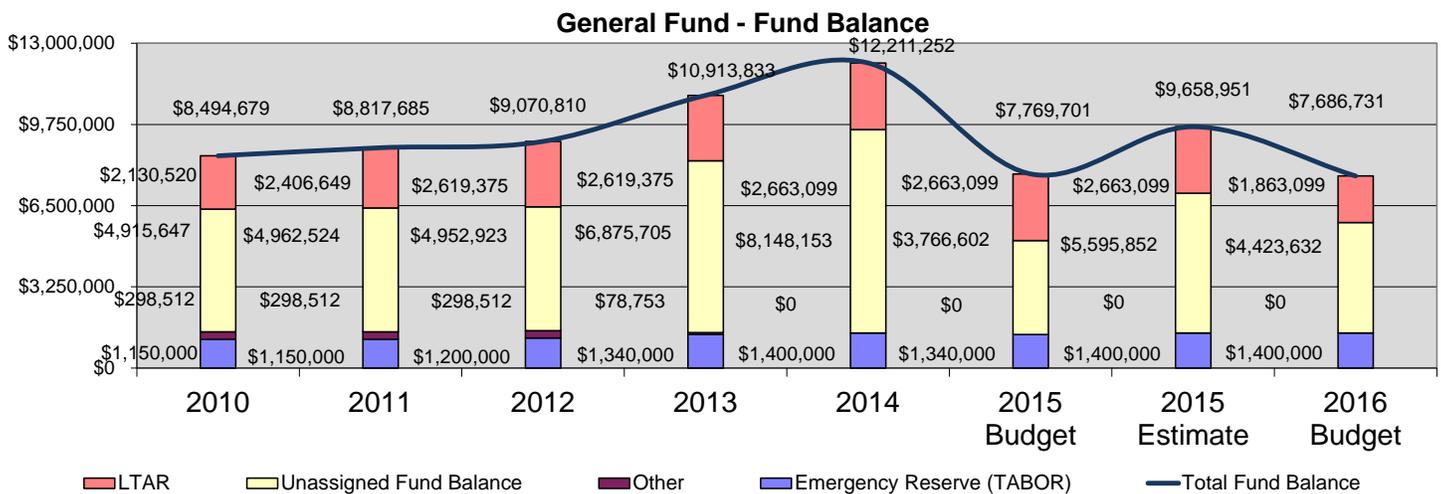
The General Fund has provided funds to and has received funds from Special Revenue Funds, Capital Projects Funds, and Internal Service Funds in order to buffer temporary gaps in revenue and expenditure amounts. The General Fund received the following net transfers:

Source of Funds	2015 Budget Amount	2015 YTD Net Amount	2014 Net Annual Amount
Special Revenue Funds			
Donors Fund	\$ -	\$ 101,450	\$ -
Capital Project Funds			
Public Improvement Fund (PIF)	294,326	(1,577,190)	479,544
Enterprise Funds			
Golf Course Fund	-	-	63,000
Internal Service Funds			
Central Services Fund	-	-	50,000
Servicenter Fund	-	-	300,000
Net Transfers In (Out) Total	\$ 294,326	\$ (1,475,740)	\$ 892,544

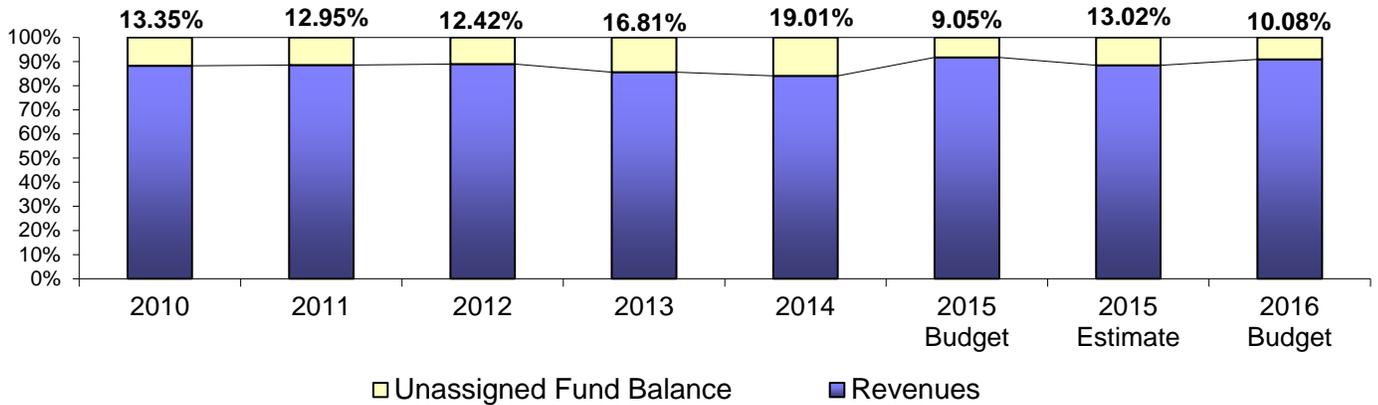
General Fund - Fund Balance

The City designates the fund balance into two categories, restricted and unrestricted. The portion of the fund balance which is restricted is referred to as the “Reserves” while the unrestricted portion is referred to as the unassigned fund balance. The unassigned fund balance represents funds the City sets aside for a “rainy day”. Another way to view these unrestricted funds is as a stabilization fund, the intent of which is to smooth over unexpected fluctuations in revenues and expenditures. The fund balance is normally built up when revenues exceed expenditures. In the past, excess funds have been transferred out, usually for capital projects identified in the Multiple Year Capital Plan (MYCP). The estimated unassigned fund balance is not adequate to provide for a transfer from the General Fund to the capital projects funds.

Long Term Asset Reserve (LTAR) At the 2008 Budget workshop, City Council discussed and directed staff to establish a General Fund reserve account to accumulate funds from the sale, lease, or earnings from long-term assets. It was also determined that these funds should be used in a careful, judicious and strategic manner. The funds restricted in this account are to be expended if the funds are appropriated in the annual budget or by supplemental appropriation. The balance at the end of December 2014 was \$2,663,099. The current and estimated year-end LTAR balance is \$2,663,099.



Unassigned Fund Balance As A Percentage of Revenue



The City's General Fund ended 2014 with total reserves of \$12,211,252, and an unassigned fund balance of \$8,148,153 or 19 percent of revenues (19.2 percent of expenditures). The *budgeted* total reserves for 2015 are \$7,769,701 with an unassigned fund balance of \$3,766,602 or nine percent of budgeted revenues or 8.5 percent of budgeted expenditures. Estimated total reserves for 2015 are \$9,658,951 with an unassigned fund balance of \$5,595,852 or 13.02 percent of estimated revenue. The \$5,595,852 unassigned fund balance would allow the City to operate for approximately 46 days (using average daily projected expenditures) if all other revenues and financing sources ceased. In these times of economic uncertainty, it is more important than ever to maintain reserves to help the City make up for revenue shortfalls and unexpected expenditure increases given that the one-time transfers made to the General Fund to help maintain reserves are no longer available.

PUBLIC IMPROVEMENT FUND OVERVIEW

The Public Improvement Fund (PIF) accounts for the City's "public-use" capital projects (e.g. roads, bridges, pavement, etc.). The PIF funding is from the collection of vehicle and building use taxes, intergovernmental revenues, interest income, and other miscellaneous sources.

The table on the next page illustrates the PIF Year-To-Date (YTD) revenues and expenditures for the years 2013 through 2015. The dollar and percentage change between each year is also provided. The Estimated Ending Fund Balance is included in order to account for the remaining PIF appropriation in addition to the remaining annual revenue anticipated for the fund.

Public Improvement Fund (PIF)	2015	2015 vs 2014 Increase (Decrease)		2014	2014 vs 2013 Increase (Decrease)		2013
YTD Revenues	\$ 5,744,353	\$ 2,472,581	75.57%	\$ 3,271,772	\$ 145,895	4.67%	\$ 3,125,877
YTD Expenditures	4,135,373	\$ 539,185	14.99%	3,596,188	\$ 469,746	15.02%	3,126,442
Net Revenues (Expenditures)	\$ 1,608,980	\$ 1,933,396		\$ (324,416)	\$ (323,851)		\$ (565)
Beginning PIF Fund Balance	\$ 2,345,137			\$ 1,905,453			\$ 1,320,371
Ending PIF Fund Balance Before Remaining Annual Revenue and Appropriation	\$ 3,954,117			\$ 1,581,037			\$ 1,319,806
Plus: Remaining Annual Revenue	326,133			201,622			288,786
Less: Remaining Annual Appropriation	(2,513,089)			(1,485,268)			(832,341)
Estimated Ending Unappropriated Fund Balance	\$ 1,767,161			\$ 297,391			\$ 776,251
Unappropriated Fund Balance as of December 31,				\$ 869,835			\$ 785,553

The three main funding sources for the PIF are Vehicle Use Tax, Building Use Tax and Arapahoe County Road and Bridge Tax.

	2015 Estimate	2015 Adopted Budget	2015 YTD Actual	2015 Vs 2014 Amount	%	2014 YTD Actual	2014 Vs 2013 Amount	%	2013 YTD Actual
Vehicle Use Tax	\$ 1,600,000	\$ 1,350,000	\$ 1,402,792	\$ (192,095)	-12%	\$ 1,594,886	\$ 186,857	13%	\$ 1,408,029
Building Use Tax	\$ 1,985,000	\$ 1,550,000	\$ 2,109,868	\$ 342,625	19%	\$ 1,767,243	\$ 63,475	4%	\$ 1,703,768
Arapahoe County Road and Bridge Tax	\$ 195,000	\$ 199,000	\$ 184,462	\$ (790)	0%	\$ 185,252	\$ 6,577	4%	\$ 178,675

Vehicle Use Tax is based on the valuation of new vehicles purchased by City of Englewood residents. This tax is collected and remitted by Arapahoe County at the time the vehicle is registered. **Building Use Tax** is based on the valuation of building permits issued by the City of Englewood. These revenue sources are monitored periodically to determine the revision of the annual estimate. **Arapahoe County Road and Bridge Tax** is restricted to the construction and maintenance of streets and bridges. This tax is based on a mill levy established by Arapahoe County multiplied by 50% of the City's assessed property valuation.

2015 Year-To-Date City Funds At-A-Glance

(Please refer to "Funds Glossary" for a Brief Description of Funds and Fund Types)

	Beginning Balance	Revenue	Expenditure	Other Sources (Uses)	Restricted/ Committed Balance	Estimated Ending Balance
Governmental Fund Types (Fund Balance)						
General Fund	12,211,250	37,286,721	37,039,666	1,263,745	4,063,099	9,658,951
Special Revenue Funds						
Conservation Trust	1,491,458	167,781	76,384	(1,301,249)	-	281,606
Open Space	1,562,993	185,248	483,281	(1,076,738)	-	188,222
Donors	346,859	309,932	76,222	(101,450)	-	479,118
Community Development	-	199,002	218,406	19,404	-	-
Malley Center Trust	233,626	2,246	-	-	-	235,872
Parks & Recreation Trust	457,594	8,520	6,794	-	-	459,321
Debt Service Fund						
General Obligation Bond	61,105	1,106,394	131,553	-	-	1,035,945
Capital Projects Funds						
PIF	2,345,137	3,872,837	2,009,375	(2,441,439)	-	1,767,161
MYCP	972,799	174,796	790,818	(352,409)	-	4,368
Proprietary Fund Types (Funds Available Balance)						
Enterprise Funds						
Water	11,237,162	6,491,763	6,762,335	-	-	10,966,589
Sewer	4,539,031	15,383,559	12,481,474	-	1,000,000	6,441,116
Stormwater Drainage	1,232,976	310,607	122,645	-	102,500	1,318,439
Golf Course	672,683	1,927,884	1,454,725	-	215,773	930,070
Concrete Utility	499,552	831,974	454,391	-	-	877,135
Housing Rehabilitation	1,455,047	393,978	844,839	-	-	1,004,187
Internal Service Funds						
Central Services	73,390	233,373	237,347	-	-	69,416
ServiCenter	1,450,471	1,914,090	1,640,291	-	-	1,724,271
CERF	1,621,229	785,016	285,441	-	-	2,120,803
Employee Benefits	33,719	5,151,993	5,396,602	-	-	(210,891)
Risk Management	8,722	1,530,706	1,195,604	-	-	343,824

CLOSING

The Finance and Administrative Services Department staff works closely with the City Manager's Office and the various departments to help identify revenue and expenditure threats, trends and opportunities as well as strategies to balance revenues and expenditures. The City Council will be provided monthly financial reports. It is important to frequently monitor the financial condition of the City so City staff and Council can work together to take action, if necessary, to maintain service levels, employees, and fiscal health of the City.

This report will be reviewed with City Council at an upcoming study session. If you have any questions regarding this report, please contact me at **303.762.2401**.

FUNDS GLOSSARY

Capital Equipment Replacement Fund (CERF) – Accounts for the accumulation of funds for the scheduled replacement of City-owned equipment and vehicles.

Capital Projects Funds account for financial resources to be used for the acquisition and/or construction of major capital facilities (other than those financed by proprietary funds).

Central Services Fund – Accounts for the financing of printing services and for maintaining an inventory of frequently used or essential office supplies provided by Central Services to other departments of the City on a cost reimbursement basis.

Community Development Fund – Accounts for the **art** Shuttle Program which is funded in part by the Regional Transportation District (RTD). **art** provides riders free transportation to 19 stops connecting CityCenter Englewood, businesses in downtown Englewood, and the medical facilities in and near Craig Hospital and Swedish Medical Center.

Concrete Utility Fund – Accounts for revenues and expenses associated with maintaining the City's sidewalks, curbs and gutters.

Conservation Trust Fund – Accounts for the acquisition of parks and open space land not previously owned by the City and for improvements to existing park and recreation facilities. Financing is provided primarily from State Lottery funds.

Debt Service Funds account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond and loan principal and interest from special assessment levies when the government is obligated in some manner for payment.

Donors' Fund – Accounts for funds donated to the City for various specified activities.

Employee Benefits Fund – Accounts for the administration of providing City employee benefit programs: medical, dental, life, and disability insurance.

Enterprise Funds account for operations that: (a) are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the City Council has decided that periodic determination of revenue earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management controls, accountability or other purposes.

Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

General Obligation Bond Fund – Accounts for the accumulation of monies for payment of General Obligation Bond principal and interest.

Golf Course Fund – Accounts for revenues and expenses associated with the operations of the Englewood Municipal Golf Course.

Governmental Funds distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user

FUNDS GLOSSARY

fees and charges (business-type activities). These funds focus on the near-term *inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the year.

Housing Rehabilitation Fund – Accounts for revenues and expenses associated with the City’s housing rehabilitation program.

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

MOA – Museum of Outdoor Arts

Malley Center Trust Fund – Accounts for a trust established by Elsie Malley to be used for the benefit of the Malley Senior Recreation Center.

Multi-Year Capital Projects Fund (MYCP) - Accounts for the acquisition and/or construction of major capital improvements and facilities. Financing is provided primarily with transfers from other City Funds.

Open Space Fund – Accounts for the acquisition of parks and open space land not previously owned by the City and for improvements to existing park and recreation facilities. Financing is provided from the Arapahoe County Open Space Sales Tax of .25%. The Open Space Tax was created on December 1, 2004 and expires on December 31, 2023.

Parks and Recreation Trust Fund – Accounts for a trust established by the City, financed primarily by donations, to be used exclusively for specific park and recreation projects.

Proprietary Funds account for operations that are financed and operated in a manner similar to private business enterprises. It is the intent that the cost of providing such goods or services will be recovered through user charges.

Public Improvement Fund (PIF) – Accounts for the acquisition and/or construction of major capital improvements and facilities. Financing is provided primarily from building and vehicle use taxes.

Risk Management Fund – Accounts for the administration of maintaining property and liability and workers’ compensation insurance.

ServiCenter Fund – Accounts for the financing of automotive repairs and services provided by the ServiCenter to other departments of the City, or to other governmental units, on a cost reimbursement basis.

Sewer Fund – Accounts for revenues and expenses associated with providing wastewater services to the City of Englewood residents and some county residents.

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Storm Drainage Fund – Accounts for revenues and expenses associated with maintaining the City’s storm drainage system.

Water Fund – Accounts for revenues and expenses associated with providing water services to City of Englewood residents.

General Fund Comparative Revenue, Expenditure & Fund Balance Report as of October 31, 2015

Percentage of Year Completed = 83%

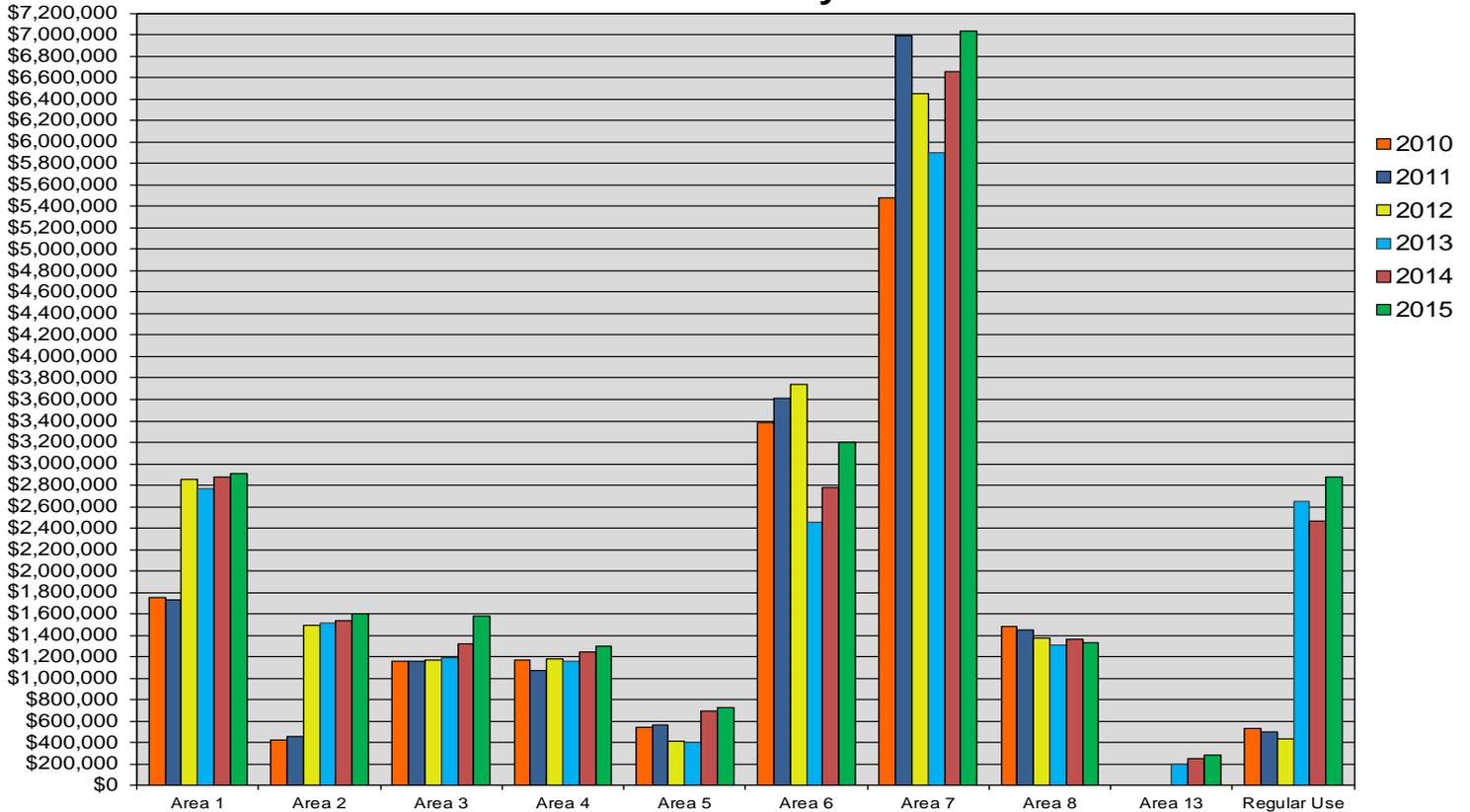
Fund Balance January 1	\$ 10,416,386	\$ 12,211,250	\$ 12,211,250	\$ 10,913,833	\$ 10,913,833	\$ 9,070,810	\$ 9,070,810			
	2015				2014			2013		
	Budget	Oct-15	% Budget	YE Estimate	Dec-14	Oct-14	% YTD	Dec-13	Oct-13	% YTD
Revenues										
Property Tax	2,900,000	2,891,706	99.71%	2,900,000	2,892,433	2,858,668	98.83%	2,900,715	2,871,756	99.00%
Specific Ownership Tax	260,000	238,209	91.62%	260,000	291,670	214,560	73.56%	266,881	201,070	75.34%
Sales & Use Taxes	24,200,000	22,804,085	94.23%	26,081,262	24,839,297	21,182,472	85.28%	23,433,775	19,559,117	83.47%
Cigarette Tax	179,000	153,099	85.53%	179,000	188,652	155,779	82.57%	195,088	161,029	82.54%
Franchise Fees	3,017,550	2,659,572	88.14%	3,148,550	3,207,978	2,544,556	79.32%	3,101,310	2,460,719	79.34%
Hotel/Motel Tax	12,000	11,741	97.84%	12,000	11,948	10,177	85.18%	12,039	10,252	85.16%
Licenses & Permits	1,107,122	1,321,618	119.37%	1,168,222	1,576,299	1,341,241	85.09%	1,446,578	1,322,419	91.42%
Intergovernmental Revenue	1,400,924	1,299,862	92.79%	1,624,318	1,869,045	1,201,439	64.28%	1,488,204	1,093,301	73.46%
Charges for Services	3,335,262	2,492,156	74.72%	2,905,192	3,215,032	2,633,380	81.91%	3,469,845	2,719,340	78.37%
Recreation	2,556,900	2,281,186	89.22%	2,485,500	2,466,421	2,290,809	92.88%	2,420,443	2,241,976	92.63%
Fines & Forfeitures	1,396,844	899,526	64.40%	1,008,350	1,350,164	1,161,718	86.04%	1,317,707	1,118,467	84.88%
Interest	88,164	61,489	69.74%	88,164	68,340	70,869	103.70%	(10,223)	11,256	-110.10%
EMRF Rents	858,882	739,657	86.12%	858,882	684,683	554,301	80.96%	573,526	470,878	82.10%
Miscellaneous	313,050	172,473	55.09%	262,212	210,531	187,604	89.11%	285,931	277,838	97.17%
Total Revenues	41,625,698	38,026,379	91.35%	42,981,652	42,872,493	36,407,573	84.92%	40,901,819	34,519,418	84.40%
Expenditures										
Legislation	357,575	289,497	80.96%	356,381	329,738	283,475	85.97%	280,920	174,803	62.23%
City Attorney	869,106	572,264	65.85%	886,605	726,377	583,568	80.34%	719,781	584,919	81.26%
Court	1,085,494	794,655	73.21%	1,038,709	942,264	757,611	80.40%	922,245	752,889	81.64%
City Manager	731,307	640,736	87.62%	735,410	673,402	553,002	82.12%	675,844	555,285	82.16%
Human Resources	482,893	409,604	84.82%	628,079	441,956	353,906	80.08%	408,551	337,286	82.56%
Financial Services	1,805,052	1,342,169	74.36%	1,811,926	1,566,733	1,232,322	78.66%	1,533,060	1,228,862	80.16%
Information Technology	1,425,389	1,098,893	77.09%	1,438,163	1,348,275	1,057,553	78.44%	1,336,591	1,077,909	80.65%
Public Works	5,790,091	4,535,914	78.34%	5,730,645	5,440,975	4,377,896	80.46%	5,234,383	4,268,917	81.56%
Fire Department	9,139,834	8,906,851	97.45%	8,534,799	9,176,241	6,689,063	72.90%	8,002,677	6,475,335	80.91%
Police Department	12,157,100	10,143,208	83.43%	12,236,555	11,872,226	9,586,623	80.75%	11,226,157	9,216,125	82.10%
Community Development	1,288,781	899,209	69.77%	1,237,019	1,128,034	848,684	75.24%	1,113,710	878,583	78.89%
Library	1,317,657	934,351	70.91%	1,283,016	1,165,446	957,406	82.15%	1,174,656	946,671	80.59%
Recreation	6,053,116	4,652,098	76.85%	6,027,588	5,574,428	4,789,860	85.93%	5,402,599	4,612,016	85.37%
Debt Service	1,863,314	1,595,536	85.63%	1,863,316	1,869,902	1,607,796	85.98%	2,005,830	1,656,024	82.56%
Contingency	200,000	224,681	112.34%	250,000	211,623	204,294	96.54%	88,360	84,386	95.50%
Total Expenditures	44,566,709	37,039,666	83.11%	44,058,211	42,467,620	33,883,059	79.79%	40,125,364	32,850,010	81.87%
Excess revenues over (under) expenditures	(2,941,011)	986,713	-33.55%	(1,076,559)	404,873	2,524,514		776,455	1,669,408	
Net transfers in (out)	294,326	(1,475,740)	-501.40%	(1,475,740)	892,544	892,544	100.00%	1,066,568	1,139,574	106.84%
Total Fund Balance	\$ 7,769,701	\$ 11,722,223	150.87%	\$ 9,658,951	\$ 12,211,250	\$ 14,330,891	117.36%	\$ 10,913,833	\$ 11,879,792	108.85%

Fund Balance Analysis										
Total Fund Balance	\$ 7,769,701	\$ 11,722,223	\$ 9,658,951	\$ 12,211,250	\$ 10,913,833					
Restricted Fund Balance										
-Emergencies (TABOR)	1,340,000	1,400,000	1,400,000	1,400,000	1,340,000					
Committed Fund Balance										
-LTAR	2,663,099	2,663,099	2,663,099	2,663,099	2,619,375					
-COPS Grant	-	-	-	-	78,753					
Restricted/Committed	\$ 4,003,099	\$ 4,063,099	\$ 4,063,099	\$ 4,063,099	\$ 4,038,128					
Estimated Unassigned Fund Balance	\$ 3,766,602	\$ 7,659,124	\$ 5,595,852	\$ 8,148,151	\$ 6,875,705					
As a percentage of projected revenues	8.76%	17.82%	13.02%	19.01%	16.81%					
As a percentage of budgeted revenues	9.05%	18.40%	13.44%							
Target	4,162,570	-	6,243,855							

**Sales & Use Tax Collections Year-to-Date Comparison (Cash Basis)
for the month of October 2015**

	2010	% Change	2011	% Change	2012	% Change	2013	% Change	2014	% Change	2015	% Change	\$ Change
Area 1	1,752,431	-10.61%	1,734,388	-1.03%	2,854,866	64.60%	2,763,752	-3.19%	2,879,534	4.19%	2,909,106	1.03%	29,573
Area 2	424,928	9.39%	457,931	7.77%	1,489,905	225.36%	1,516,403	1.78%	1,536,688	1.34%	1,603,355	4.34%	66,666
Area 3	1,163,366	10.99%	1,155,586	-0.67%	1,173,520	1.55%	1,187,506	1.19%	1,316,718	10.88%	1,576,267	19.71%	259,549
Area 4	1,173,986	-8.87%	1,068,286	-9.00%	1,179,358	10.40%	1,160,059	-1.64%	1,241,836	7.05%	1,300,232	4.70%	58,396
Area 5	546,085	-3.54%	569,542	4.30%	413,690	-27.36%	406,601	-1.71%	695,138	70.96%	725,595	4.38%	30,457
Area 6	3,386,598	-9.17%	3,608,456	6.55%	3,736,687	3.55%	2,457,472	-34.23%	2,784,026	13.29%	3,200,824	14.97%	416,798
Area 7	5,483,588	-23.40%	6,988,391	27.44%	6,448,313	-7.73%	5,904,874	-8.43%	6,653,196	12.67%	7,032,219	5.70%	379,024
Area 8	1,487,713	-11.31%	1,447,613	-2.70%	1,372,598	-5.18%	1,308,524	-4.67%	1,366,140	4.40%	1,333,404	-2.40%	-32,737
Area 13			0	0.00%	0	0.00%	195,669	0.00%	254,673	30.16%	283,023	11.13%	28,351
Regular Use	529,342	41.63%	502,366	-5.10%	439,723	-12.47%	2,654,363	503.64%	2,462,024	-7.25%	2,875,970	16.81%	413,945
Subtotal	15,948,037	-12.32%	17,532,558	9.94%	19,108,659	8.99%	19,555,222	2.34%	21,189,973	8.36%	22,839,995	7.79%	1,650,022
Area 9	1,488,852	-2.62%	1,509,224	1.37%	0	-100.00%	0	0.00%	0	0.00%	0	0.00%	0
Area 10	24,607	37.66%	22,040	-10.43%	0	-100.00%	0	0.00%	0	0.00%	0	0.00%	0
Area 9 and 10	1,513,458	1.57%	1,531,264	1.18%	0	-100.00%	0	0.00%	0	0.00%	0	0.00%	0
Area 11	117,519	-6.20%	122,300	4.07%	0	-100.00%	0	0.00%	0	0.00%	0	0.00%	0
Area 12	2,891	-27.21%	3,349	15.86%	0	-100.00%	0	0.00%	0	0.00%	0	0.00%	0
Area 11 and 12	120,410	-0.39%	125,649	4.35%	0	-100.00%	0	0.00%	0	0.00%	0	0.00%	0
Subtotal	1,633,868	1.43%	1,656,914	1.41%	0	-100.00%	0	0.00%	0	0.00%	0	0.00%	0
Total	17,581,905	0.89%	19,189,471	9.14%	19,108,659	-0.42%	19,555,222	2.34%	21,189,973	8.36%	22,839,995	7.79%	1,650,022
Refunds	199,682	-25.06%	44,602	-77.66%	157,010	252.02%	31,351	-80.03%	75,804	141.79%	134,381	77.28%	58,578
Audit & Collections Rev	373,417	-19.78%	187,641	-49.75%	123,425	-34.22%	111,704	-9.50%	187,141	67.53%	293,021	56.58%	105,880
**included Above													
Unearned Sales Tax	600,000	0.00%	1,100,000	83.33%	1,150,000	4.55%	1,150,000	0.00%	1,150,000	0.00%	1,150,000	0.00%	0
Building Use	495,882	84.25%	537,750	8.44%	701,408	30.43%	1,703,768	142.91%	1,767,243	3.73%	2,109,868	19.39%	342,625
Vehicle Use	765,700	-5.27%	820,062	7.10%	1,045,545	27.50%	1,185,582	13.39%	1,307,908	10.32%	1,549,287	18.46%	241,378

October YTD Collections by Area 2010-2015



Area Descriptions

- | | |
|---|--|
| Area 1 - CityCenter (Formerly Cinderella City) | Area 5 - Federal and Belleview W of Santa Fe Drive |
| Area 2 - S of Yale, north & south side of Jefferson Ave/US 285 between Bannock and Sherman | Area 6 - All other City locations |
| Area 3 - S of Jefferson Ave/US 285 between Bannock & Sherman and north side of Belleview between Logan & Delaware | Area 7 - Outside City limits |
| Area 4 - Broadway and Belleview (Between Fox and Sherman and south side of Belleview and to the Southern City Limits) | Area 8 - Public Utilities |
| | Area 13 - Hampden Avenue (US 285) and University Boulevard |

