

MEMORANDUM

To: Mayor Woodward and City Council
From: Frank Gryglewicz, Director of Finance and Administrative Services
Date: October 14, 2009
Subject: September 2009 Financial Report

Summary of the September 2009 General Fund Financial Report

REVENUES:

- Through September 2009, the City of Englewood collected **\$28,299,941 or \$1,860,953 (6.2 percent) less** than last year (See chart attached to the full report for detail on changes in revenue in past year).
- The City collected \$24,607 less in property tax and \$28,705 less in specific ownership tax this year than last year.
- **Year-to-date sales and use revenue were \$15,728,036 or \$1,855,311 (10.5 percent) less than year-to-date 2008***
- Cigarette tax collections were down \$29,157 compared to last year.
- Franchise fee collections were down \$236,449 from September 2008.
- Licenses and permit collections were \$84,249 less than 2008.
- Intergovernmental revenues were \$126,066 more than prior year.
- Charges for services were \$218,164 less than last September.
- Recreation revenues decreased \$62,110 from 2008.
- Fines and forfeitures were \$159,839 more than last year.
- Investment income was \$92,714 less than last year.
- Miscellaneous revenues were \$485,222 more than last year. The major source of this increase is due to the receipt of forfeiture proceeds of \$230,000, additionally the City received a Kaiser refund of \$110,000, a refund of \$49,000 to Parks from Utilities for Water billing errors and due to new billing terms from Wells Fargo and reaching the \$5 million purchasing card (pcard) transactions we received \$25,000 in the pcard rebate; an increase of \$10,000 over 2008. Englewood Schools also paid for the City for the School Resource Officer.
- The City collected \$426,220 in sales and use tax audit revenue and general collections of balances on account for the year.

OUTSIDE CITY:

- Outside City sales and use taxes were down \$1,117,109 or 17.9 percent compared to last year.
- Outside City's impact on revenues and total sales taxes has decreased over the years but is still an important revenue source for the City of Englewood.
- At this time potential refunds total approximately \$1,100,000 for claims submitted to Englewood but not completed; the balance of the account to cover intercity claims is \$1,000,000

CITY CENTER ENGLEWOOD (CCE):

- Sales tax revenues collected in September 2009 was \$1,640,193 (7.8 percent less) compared to \$1,778,946 collected in 2008.

EXPENDITURES:

- Expenditures through September were \$28,022,163 or \$124,674 (.4 percent) less than the 28,146,837 expended through September 2008.
- The City refunded \$72,130 through September.

RESERVES:

- The reserves for 2009 are budgeted at \$4,207,771 or 10.78 percent of budgeted revenues.
- The unreserved/undesignated fund balance for 2009 is *estimated* at \$4,079,238 or 10.92 percent of projected revenues; incorporating the proposed 2009 budget adjustments.

TRANSFERS:

- Net transfers-in of \$651,445 are anticipated this year.

REVENUES OVER/UNDER EXPENDITURES:

- Expenditures for the year are estimated to exceed revenues by \$3,235,627 for 2009. Through September, revenues exceeded expenditures by \$277,778.

PUBLIC IMPROVEMENT FUND (PIF):

- The PIF has collected \$2,364,003 in revenues and spent \$2,852,679 year-to-date. Estimated year-end fund balance is \$174,518.

City of Englewood, Colorado

Financial Report

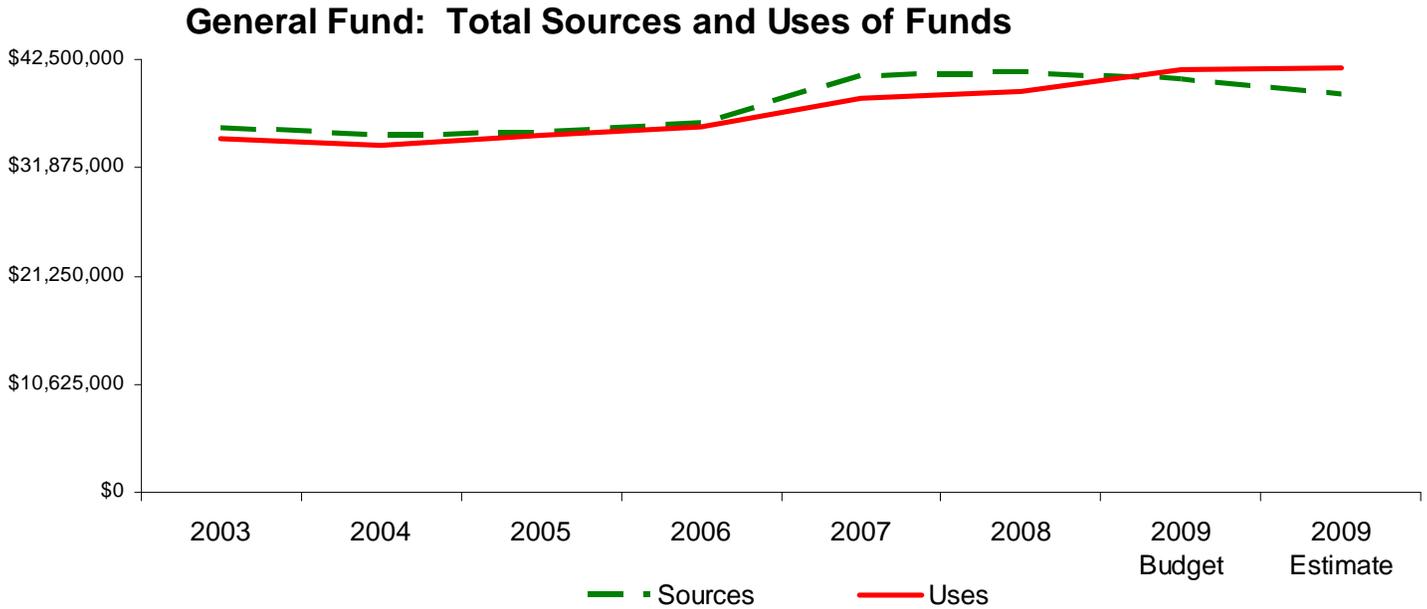
September 2009

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 services by 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 Deficits

The line graph below depicts the history of sources and uses of funds from 2003 to 2009 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.

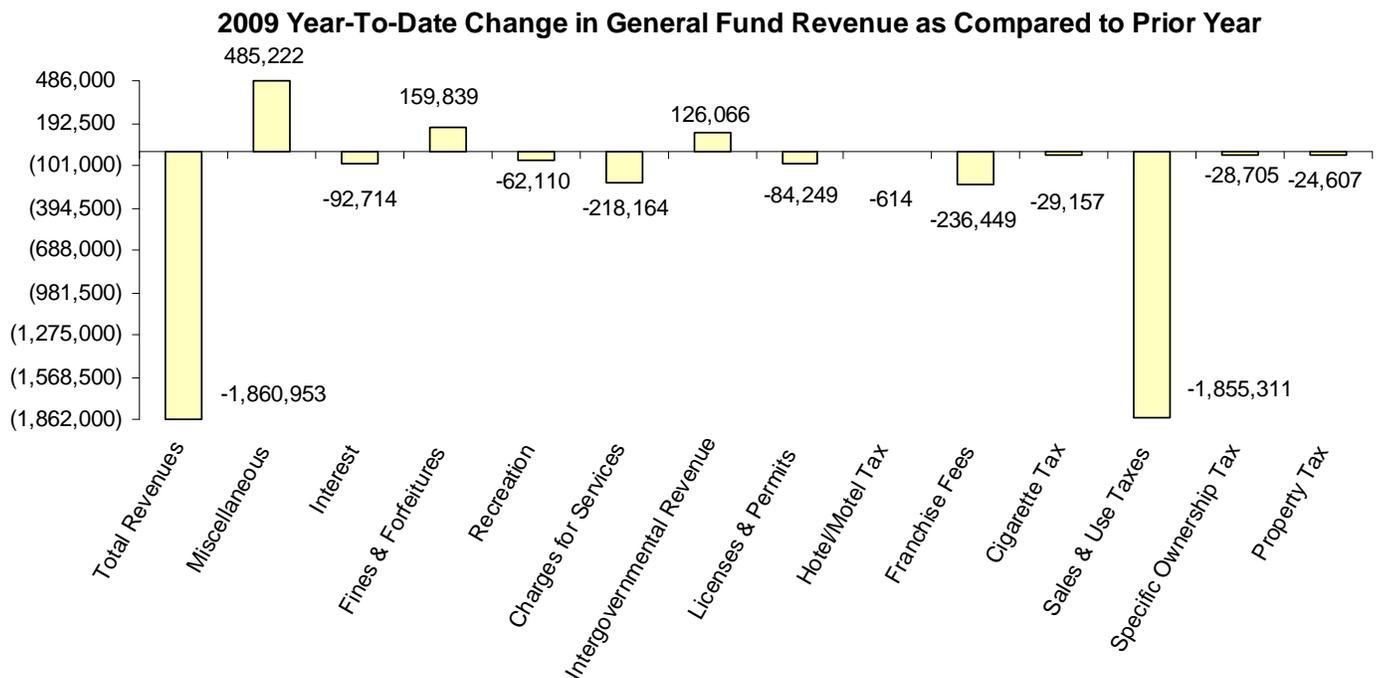


The table below summarizes General Fund Year-To-Date (YTD) Revenues, Expenditures, Sales & Use Tax Revenue and Outside City Sales & Use Tax Revenue for the month ended September 30, 2009. Comparative figures for years 2008 and 2007 are presented as well. The table also highlights the dollar and percentage changes between those periods.

| | 2009 | 2009 vs 2008 Increase (Decrease) | | 2008 | 2008 vs 2007 Increase (Decrease) | | 2007 |
|--|---------------|-------------------------------------|----------|---------------|-------------------------------------|-------|---------------|
| General Fund | | | | | | | |
| Year-To-Date Revenues | \$ 28,299,941 | \$ (1,860,953) | (6.17%) | \$ 30,160,894 | \$ 1,487,082 | 5.19% | \$ 28,673,812 |
| Year-To-Date Expenditures | 28,022,163 | \$ (124,674) | (.44%) | 28,146,837 | \$ 423,060 | 1.53% | 27,723,777 |
| Net Revenues (Expenditures) | \$ 277,778 | \$ (1,736,279) | | \$ 2,014,057 | \$ 1,064,022 | | \$ 950,035 |
| Estimated Unreserved/ Undesignated Fund Balance | \$ 4,079,238 | \$ (2,177,582) | (34.80%) | \$ 6,256,820 | \$ 283,193 | 4.74% | \$ 5,973,627 |
| Sales & Use Tax Revenue YTD | \$ 15,728,036 | \$ (1,855,311) | (10.55%) | \$ 17,583,347 | \$ 928,259 | 5.57% | \$ 16,655,088 |
| Outside City Sales & Use Tax YTD | \$ 5,118,077 | \$ (1,117,109) | (17.92%) | \$ 6,235,186 | \$ 105,657 | 1.72% | \$ 6,129,529 |

General Fund Revenues

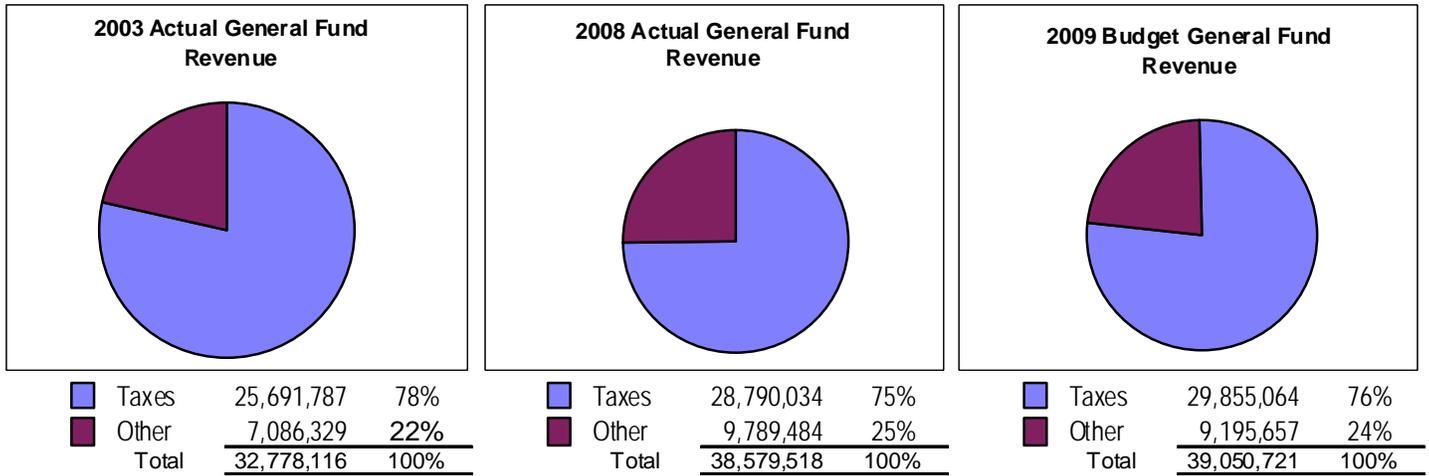
The City of Englewood's total budgeted revenue is \$39,050,721. Total revenues collected through September 2009 were \$28,299,941 or \$1,860,953 (6.2 percent) less than was collected in 2008. The chart below illustrates changes in General Fund revenues this year compared to last year.



General Fund Taxes

The General Fund obtains most of its revenue from taxes. In 2008 total revenues were \$38,579,518 of which \$28,790,034 (74.6 percent) came from tax collections. Taxes include property, sales and use, specific ownership, cigarette, utilities, franchise fees, and hotel/motel. The following pie charts illustrate the contribution of taxes to total revenue for 2003 and 2008 actual and budgeted 2009. 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 2008 mill levy collected in 2009 is 7.827 mills. The 2008 mill levy for general operations collected in 2009 is 5.880 mills. A voter approved additional mill of 1.947 mills is levied for principal and interest payments on the City’s general obligation debt (parks and recreation projects). Property tax collections grew from \$2,417,673 in 2004 to \$2,995,990 in 2008. This was an increase of \$578,317 or 23.9 percent. In 2008 the City collected \$2,995,990 or 10.4 percent of 2008 total taxes and 7.7 percent of total revenues from property taxes. The City budgeted \$2,993,000 for 2009; the City has collected \$2,903,463 compared to \$2,928,070 last year.

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 \$333,456 in 2004 and \$316,242 in 2008 which is a decrease of \$17,214 or 5.2 percent. The City collected \$316,242 in 2008 which is .8 percent of total revenues and 1.1 percent of total taxes. The City budgeted \$350,000 for 2009 and collected \$193,984 through September.

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 years and may continue to fall when the 2009 federal tax increase of approximately \$.62 per pack goes into effect. This increase will go to fund the State Children’s Health Insurance Program (SCHIP). In 2004 the City collected \$354,876, but in 2008 the City collected \$261,743, which is a *decrease* of \$93,133 or 26.2 percent. These taxes account for one percent of total taxes and less than one percent of total revenues in 2008. The City budgeted \$250,000 for the year and has collected \$164,314 through September 2009, which is \$29,157 or 15 percent less than the \$149,887 collected through September 2008.

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 taxes on telephone services. The City collected \$2,096,425 in 2004 and \$2,588,214 in 2008, an increase of \$491,789 or 23.4 percent. These taxes accounted for nine percent of taxes and 6.6 percent of total revenues in 2008. The City budgeted \$2,620,851 for the year; collections through September totaled \$1,565,271 compared to \$1,801,720 collected during the same period last year.

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 \$8,713 for the year and has collected \$6,917 through September 2009.

Sales and Use Taxes Analysis

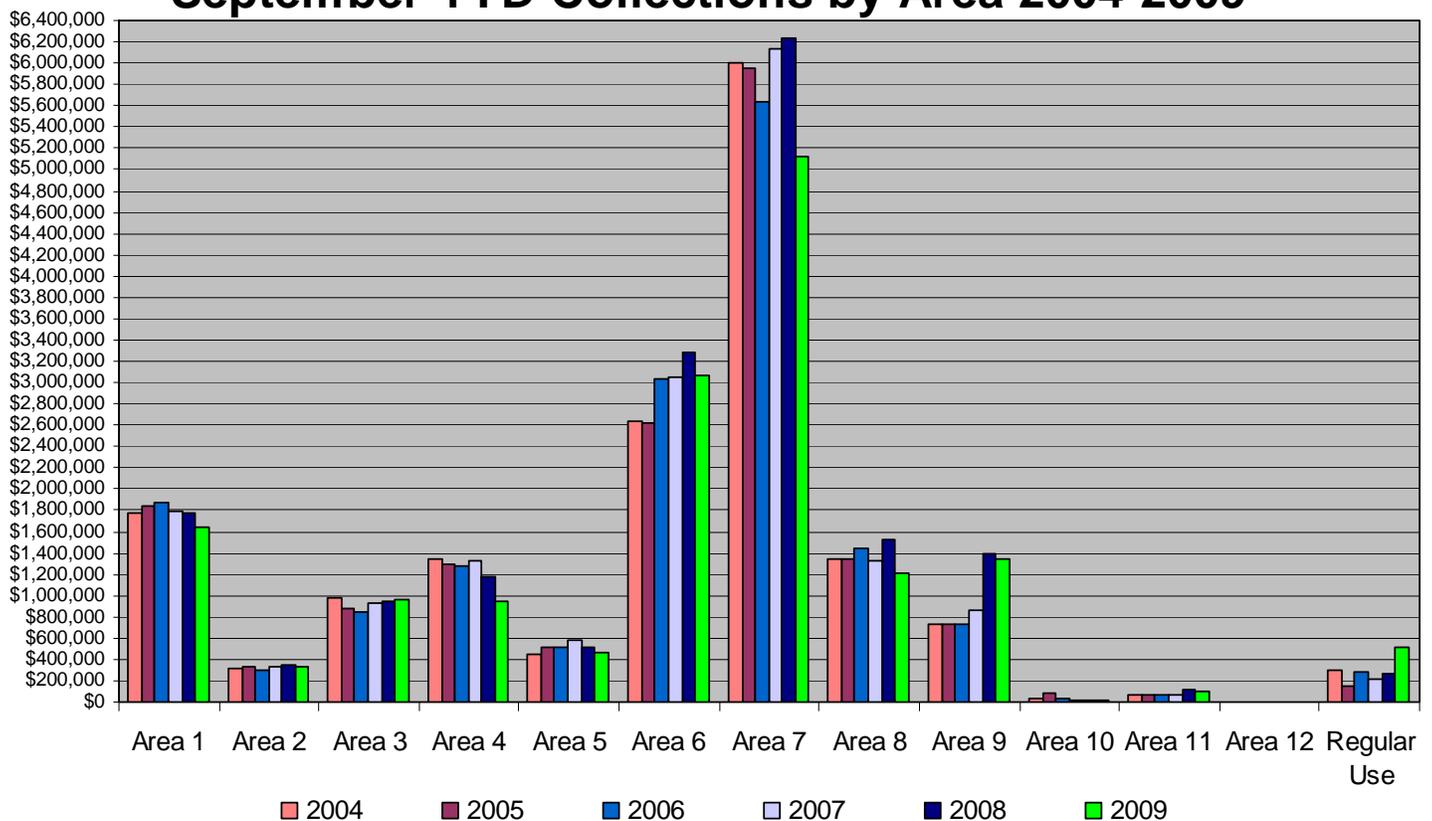
Sales and use taxes are the most important (and volatile) revenue sources for the City. Sales and use taxes generated 78.6 percent of all taxes and 57.7 percent of total revenues collected in 2008. In 2004, this tax generated \$20,591,394 for the

City of Englewood; in 2008 the City collected \$22,617,767, an increase of 9.8 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 receive a .5 percent fee for collecting and remitting the taxes to the City by the due date. Taxes for the current month are due to the City by the twentieth day of the following month. The City budgeted \$23,632,500 for 2009. Collections through September 2009 were \$15,728,036 while collections year-to-date September 2008 were \$17,583,347 a decrease of \$1,855,311 or 10.5 percent.

Year-to-date collections through September 2009 were \$1,427,773 collections through September 2008 and September 2007 were \$1,826,277 and \$1,795,022 respectively. September 2009 collections were \$398,504 or 21.8 percent less than September 2008 collections.

This revenue source tends to ebb and flow with the economy, growing during economic expansions and contracting during downturns. The bar graph below illustrates the economic areas' collection patterns for 2004 through 2009.

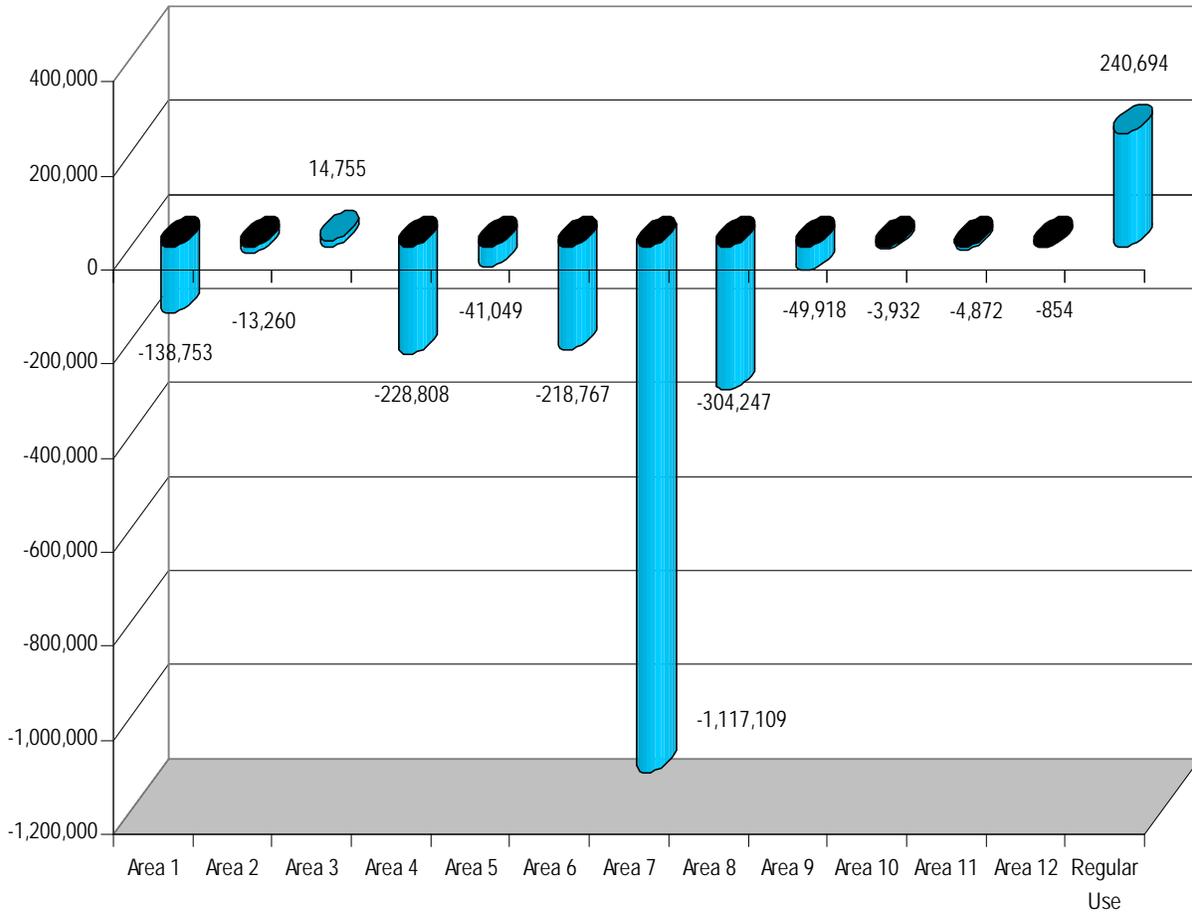
September YTD Collections by Area 2004-2009



It is important to analyze which sales tax geographic areas of the City are growing or declining.

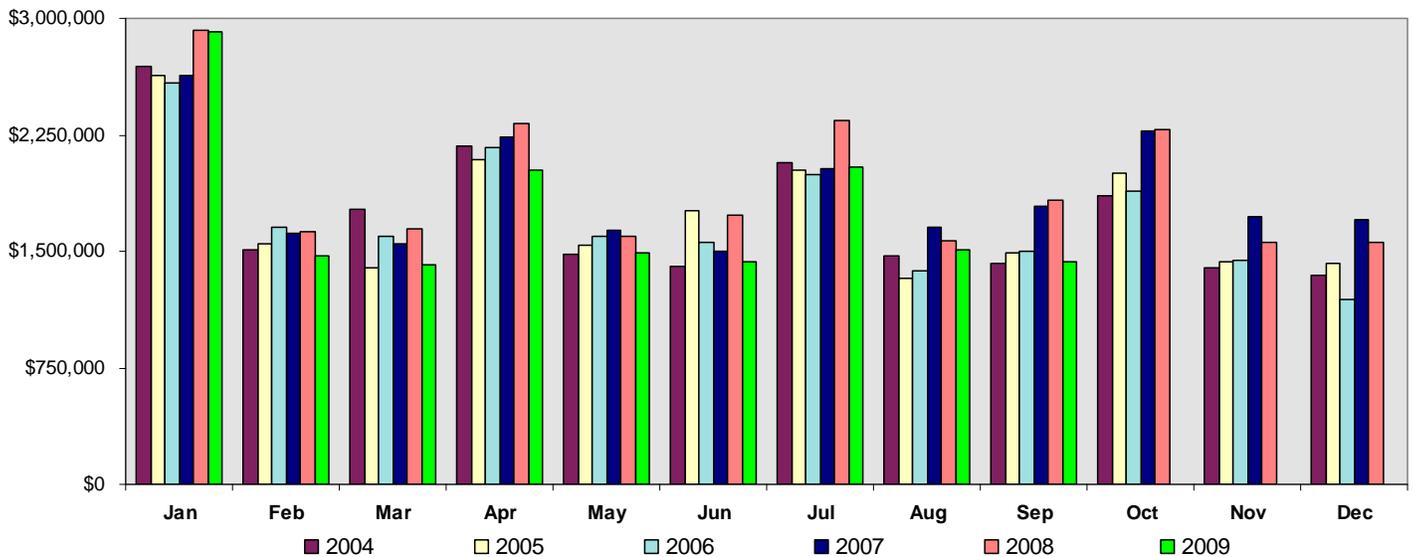
The following chart, "Change in Sales/Use Tax Collections by Area 2009 vs. 2008" indicates that most of the decrease in sales tax collections is due to Outside City (Area 7) and Public Utilities (Area 8) sales. Regular use tax is up from last year due to the 2009 receipt of a 2008 audit. Economic improvement, judged strictly by sales tax collections, appears to be in decline in most of the geographic areas compared to the same period last year.

Change in Sales/Use Tax Collections by Area 2009 vs 2008



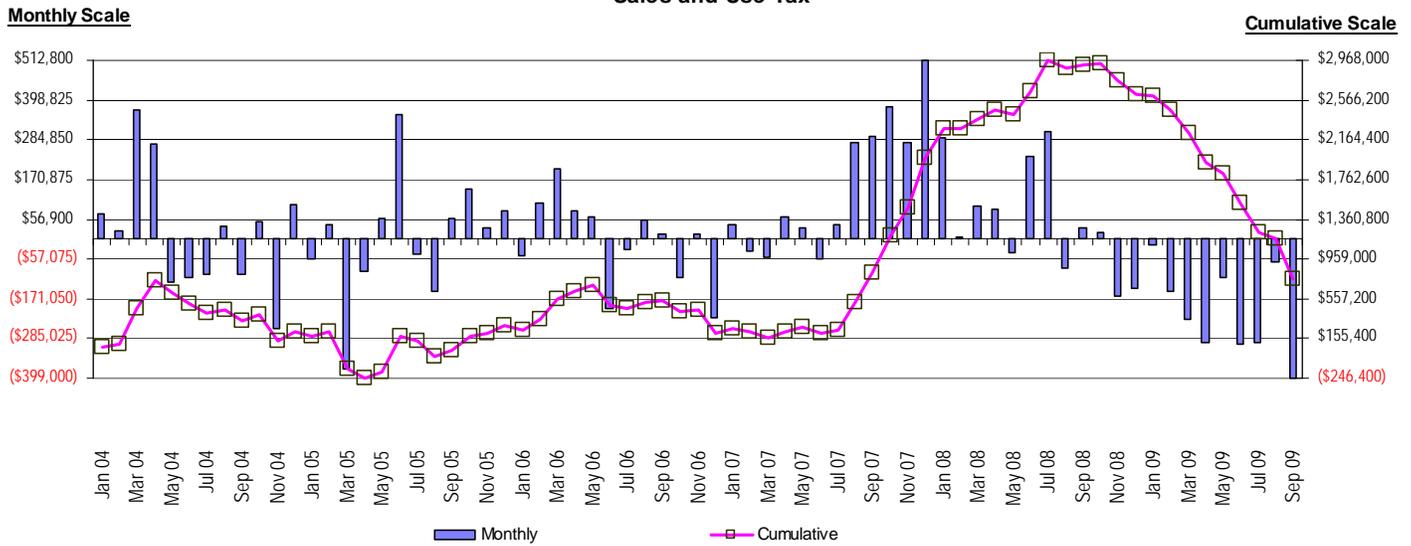
The bar graph below shows a comparison of monthly sales tax collections (cash basis) for 2004 through 2009.

2004-2009 YTD Sales/Use Tax Collections by Month - Cash Basis



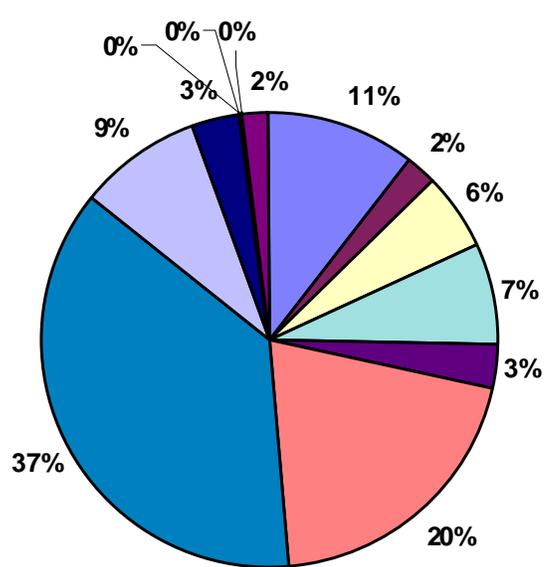
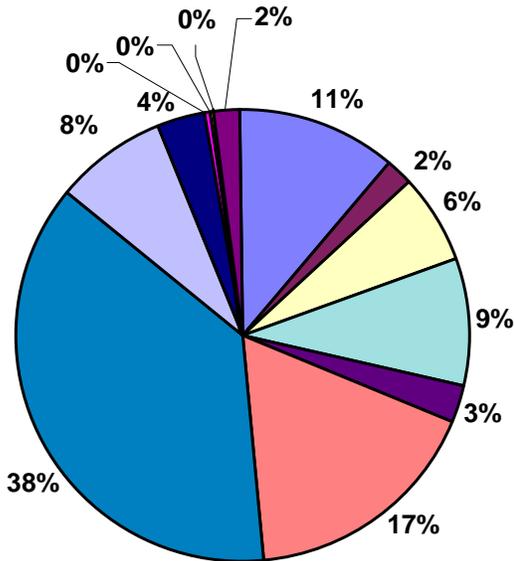
The next chart illustrates sales tax collections (cash basis) by month and total for the year.

2004 - 2009 Monthly Change Sales and Use Tax



Sales tax collections are reported by various geographic areas as illustrated in the following pie charts. These illustrate the changing collection patterns for 2003 and 2008.

Geographic Sales Tax Collection Areas



2003 Actual Cash Receipts by Area

| | | | |
|--------|-----|-------------|----|
| Area 1 | 11% | Area 8 | 8% |
| Area 2 | 2% | Area 9 | 4% |
| Area 3 | 6% | Area 10 | 0% |
| Area 4 | 9% | Area 11 | 0% |
| Area 5 | 3% | Area 12 | 0% |
| Area 6 | 17% | Regular Use | 2% |
| Area 7 | 38% | | |

2008 Actual Cash Receipts by Area

| | | | |
|--------|-----|-------------|----|
| Area 1 | 11% | Area 8 | 9% |
| Area 2 | 2% | Area 9 | 3% |
| Area 3 | 6% | Area 10 | 0% |
| Area 4 | 7% | Area 11 | 0% |
| Area 5 | 3% | Area 12 | 0% |
| Area 6 | 20% | Regular Use | 2% |
| Area 7 | 37% | | |

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 \$1,640,193 year-to-date 2009, in 2008, the City collected \$1,778,946.

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 decreased significantly (19 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 total revenues since 2005 for collections through the month of September. The importance of Outside City declined as a percentage of sales and use tax collections until this year; as a percentage of total revenues it continues to decline in importance, but continues to have a significant impact on the City's General Fund as illustrated by the following:

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|-----------------------------|------------|------------|------------|------------|------------|
| Total Sales and Use Taxes | 15,805,428 | 16,044,957 | 16,650,326 | 17,578,877 | 15,712,757 |
| Outside City Collections | 5,954,761 | 5,639,748 | 6,129,529 | 6,235,186 | 5,118,077 |
| Percentage of Total | 37.7% | 35.1% | 33.9% | 34.9% | 39.7% |
| Total General Fund Revenues | 26,482,732 | 27,770,939 | 28,673,812 | 30,160,894 | 28,299,941 |
| Outside City Collections | 5,954,761 | 5,639,748 | 6,129,529 | 6,235,186 | 5,118,077 |
| Percentage of Revenues | 22.5% | 20.3% | 21.4% | 20.7% | 18.1% |

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 \$1,000,000 to cover intercity claims. The City paid \$72,130 in intercity sales/use tax refunds through September 2009 compared to \$480,200 in September 2008. At this time potential refunds total approximately \$1,100,000 for claims submitted to Englewood but not completed.

Area 8: This geographic area consists of collections from public utilities. Collections through September were down \$304,247 or 20 percent under last year. Weather conditions, energy usage, 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.

The City of Englewood historically collects 76.6 percent of its total year collections by the end of September. Using this percentage, 23.7percent of the year's revenues remain to be collected for the year. Total collections for the year are projected at \$20,532,684 or \$2,085,083 below last year and \$3,099,816 (13.1 percent) below budget. Taking sales tax revenue collected this year compared to last year is 89.4 percent. If the City ended the year with the same ratio, the City will collect \$20,231,248 or \$2,386,519 less than last year and \$3,401,252 or 14.4 percent less than budget. Sales and use tax estimate for 2009 was adjusted to \$21,000,000.

On April 27 Council discussed three scenarios, a worst, middle, and best case scenario. Council determined the middle case was the best case to use to begin budget preparations. Based on the middle case scenario, sales tax revenues are forecast expected to be collected at \$20,612,992. This amount is \$3,019,508 or 12.8 percent below the original budget, sales taxes are estimated at \$21 million on the attached General Fund report.

Other Sales Tax Related Information

Finance and Administrative Services Department collected \$426,220 in sales and use tax audit revenues and general collections of balances on account through the month of September; this compares to \$528,229 collected in 2008 and \$477,313 collected in 2007.

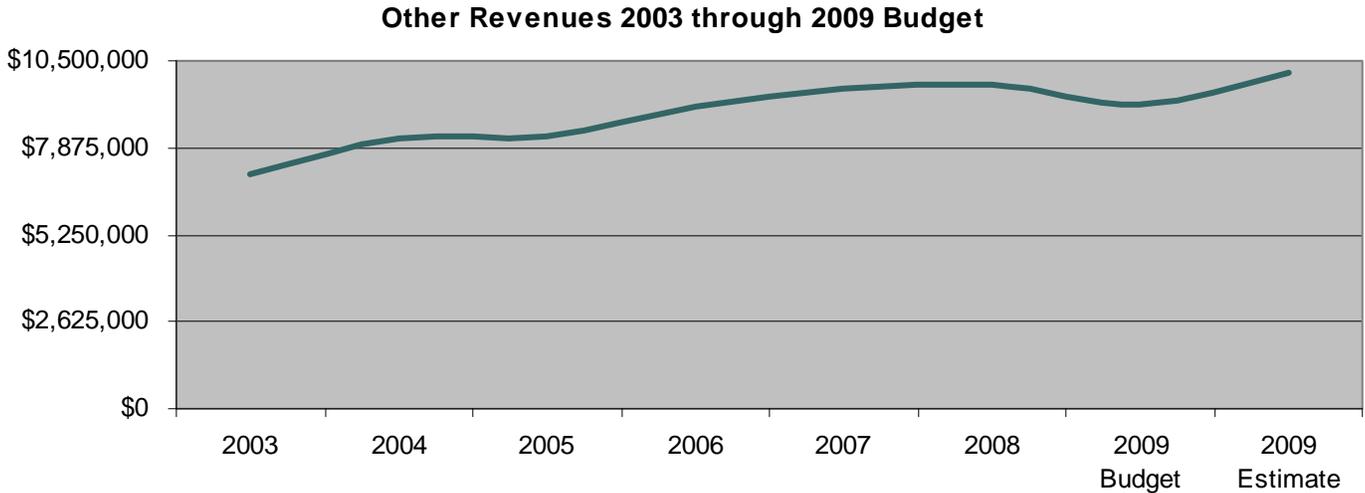
Of the 68 sales tax accounts reviewed in the various geographic areas, 28 (41 percent) showed improved collections and 40 (59 percent) showed reduced collections this year compared to the same period last year.

The Department issued 280 new sales tax licenses through September 2009; 318 and 359 were issued through September 2008 and 2007 respectively.

City records indicate that year to date 323 businesses closed (194 of them were outside the physical limits of Englewood) and 282 opened (174 of them were outside the physical limits of Englewood).

General Fund Other Revenue

Other revenues accounted for \$9,789,484 or 25.4 percent of the total revenues for 2008 and the City budgeted \$9,195,657 for 2009. The following graph illustrates other revenue collections from 2003 through 2009 Estimate.



Additional significant revenue sources are listed below:

Licenses and Permits: This revenue category includes business and building licenses and permits. This revenue source generated \$1,168,977 during 2007 or 12.1 percent of total revenue and 3 percent of total other revenue. This revenue source totaled \$628,363 in 2004 and increased to \$671,609 in 2008, a 6.9 percent increase. The City budgeted \$577,100 for 2009 or 6.3 percent of budgeted total other revenues and year-to-date the City collected \$392,862, \$84,249 (17.7 percent) less than the \$477,111 collected in September 2008.

Intergovernmental Revenues: This revenue source includes state and federal shared revenues including payments in lieu of taxes. These revenues are budgeted at \$1,003,462 for 2009, this is 11 percent of total other revenue. This revenue source totaled \$1,277,490 in 2004 and the City collected \$1,079,285 in 2008, a 15.5 percent decrease. The City collected \$868,874 through September 2009 this is \$126,066 (17 percent) more than the \$742,808 collected in same period in 2008.

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 \$3,216,286 for 2009 or 35 percent of total other revenue. This revenue source totaled \$2,750,211 in 2004 and increased to \$3,476,583 in 2008, a 26.4 percent increase. Total collected year-to-date was \$2,356,299 or \$218,164 (8.5 percent) less than the \$2,574,463 collected year-to-date in 2008.

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 \$2,334,265 for 2009 or 25.4 percent of total other revenue. This revenue source totaled \$1,986,688 in 2004 and increased to \$2,364,758 in 2008, a 19 percent increase. Total collections for September 2009 were \$2,043,567 compared to \$2,105,577 collected year-to-date in 2008.

Fines and Forfeitures: This revenue source includes court, library, and other fines. The 2009 budget for this source is \$1,389,150 or 15 percent of total other revenue. This revenue source totaled \$1,263,206 in 2004 and increased to

\$1,461,100 in 2008, a 16.7 percent increase. Total collected year-to-date was \$1,275,121 or \$159,839 (14.3 percent) more than the \$1,115,282 collected in the same time period last year.

Interest: This is the amount earned on the City’s cash investments. The 2009 budget for this source is \$372,611 or 4.1 percent of total other revenue. This revenue source totaled \$84,295 in 2004 and increased to \$520,325 in 2008, a 517 percent increase. The City earned \$201,693 through September 2009; the City earned \$294,407 through September 2008 or \$92,714 more than this year.

Miscellaneous: This source includes all revenues that do not fit in another revenue category. The 2009 budget for this source is \$302,783 or 3.3 percent of total other revenue. This revenue source totaled \$171,658 in 2004 and increased to \$215,824 in 2008, a 26 percent increase. Total collected year-to-date is \$599,540 (424 percent more) compared to the \$114,318 collected last year during the same period. The summary page lists the major contributors to the increased collections for the year.

General Fund Expenditures

Outcome Based Budgeting

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:

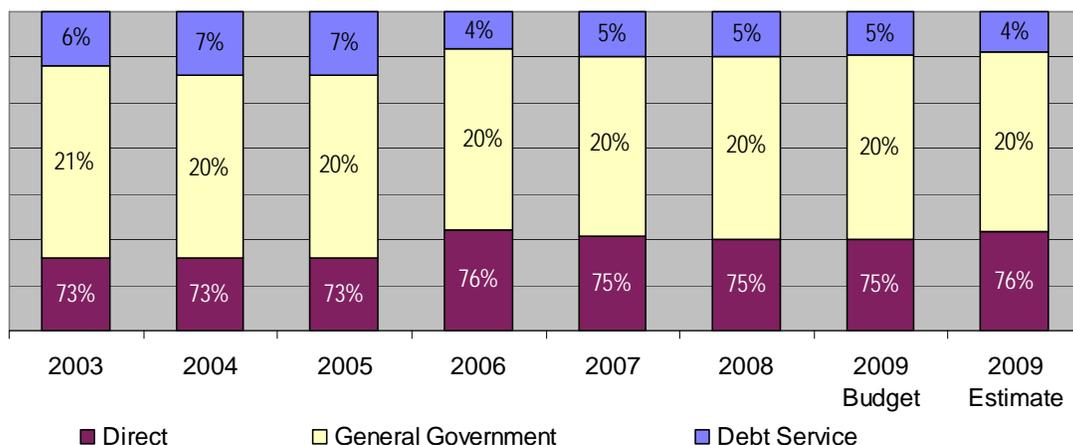
- ▶ A City that provides and maintains quality infrastructure,
- ▶ A safe, clean, healthy, and attractive City,
- ▶ A progressive City that provides responsive and cost efficient services,
- ▶ A City that is business friendly and economically diverse, and
- ▶ A City that provides diverse cultural, recreational,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

Outcome based budgeting is an additional tool the City Council and staff use to better develop ways to serve our citizens. This type of budgeting is a new concept and will be refined and reviewed on an on-going basis to help us better focus our resources on ways to meet the objectives of our citizens.

The City budgeted total expenditures at \$41,445,148 for 2009, this compares to \$39,015,198 and \$38,120,601 expended in 2008 and 2007 respectively. Budgeted expenditures for 2009 general government totals \$8,387,284 or 20.2 percent of the total. Direct government expenditures are budgeted at \$31,064,182 or 75.0 percent of the total. Debt service payments are \$1,993,682 or 4.8 percent of the total. Total expenditures through September were \$28,022,163 compared to \$28,146,837 in 2008 and \$27,723,777 in 2007.

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

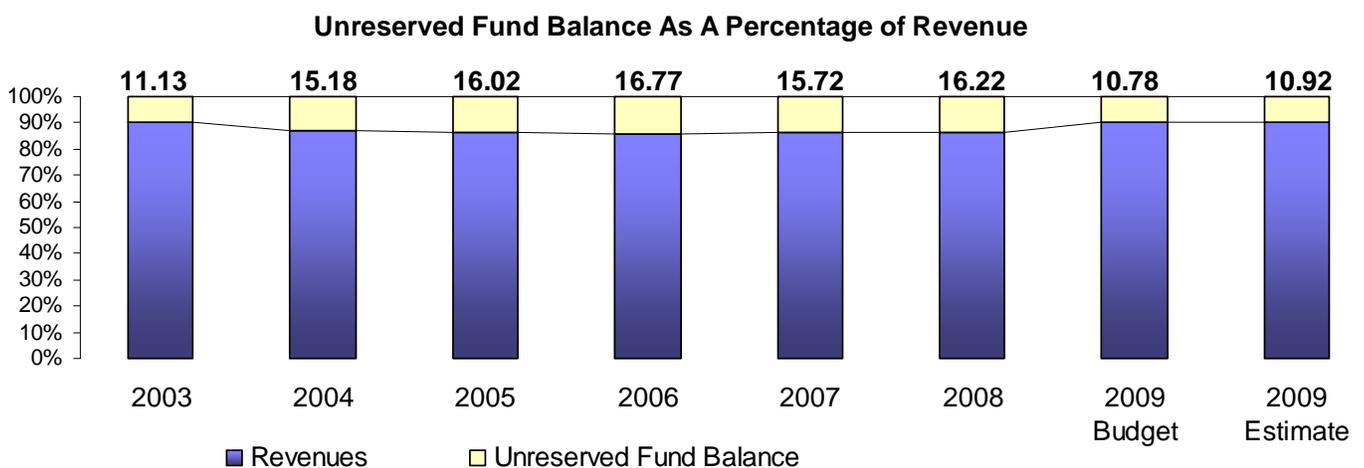
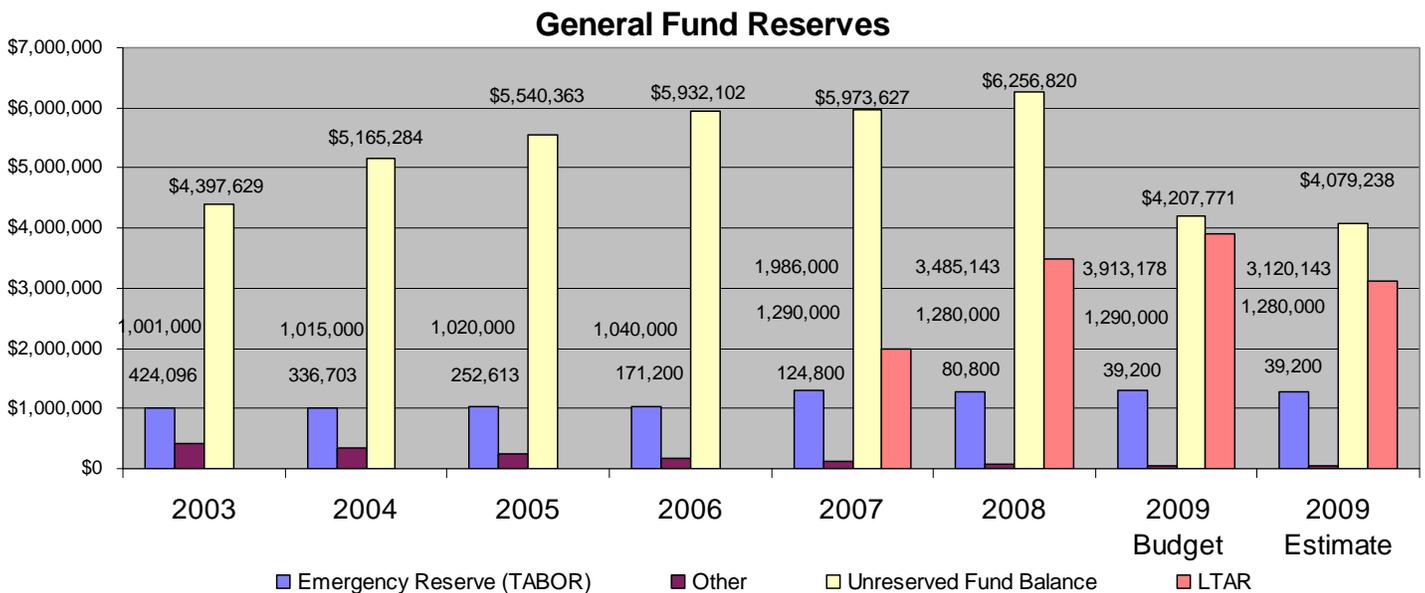
Direct, General Government and Debt Service



General Fund Reserves

Reserves are those funds the City sets aside for a “rainy day”. The intent is to smooth over unexpected revenue declines and expenditure increases. The fund is normally built up when revenues exceed expenditures. In the past, excess reserves have been transferred out to other funds, usually for capital projects identified in the Multiple Year Capital Plan (MYCP). The reserve 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 held on September 22, 2007, 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 can only be expended if the funds are appropriated in the annual budget or by supplemental appropriation. The balance in the account is \$2,520,143, but the Englewood McLellan Reservoir Foundation Fund expects to repay approximately \$600,000 to the LTAR by year’s end.



The City ended 2008 with an unreserved/undesignated general fund balance of \$6,256,820 or 16 percent of revenues. The 2009 estimate shows a projected ending fund balance of \$4,079,238 (after the inclusion of the 2009 budget adjustments) or 10.92 percent of estimated revenues. The \$4,079,238 would allow the City to operate for approximately 36.6 days (using average daily estimated expenditures) if all other revenues and financing sources ceased. It is more important now 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.

Provided for your information is the table below that illustrates the PIF Year-To-Date (YTD) revenues and expenditures for the years 2009 through 2007. 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.

| | 2009 | 2009 vs 2008 Increase (Decrease) | | 2008 | 2008 vs 2007 Increase (Decrease) | | 2007 |
|---|--------------|-------------------------------------|----------|------------------|-------------------------------------|----------|-------------------|
| Public Improvement Fund (PIF) | | | | | | | |
| YTD Revenues | \$ 2,364,003 | \$ 314,824 | 15.36% | \$ 2,049,179 | \$ (1,830,754) | (47.19%) | \$ 3,879,933 |
| YTD Expenditures | 2,852,679 | \$ (2,690,542) | (48.54%) | 5,543,221 | \$ 697,292 | 14.39% | 4,845,929 |
| Net Revenues (Expenditures) | \$ (488,676) | \$ 3,005,366 | | \$ (3,494,042) | \$ (2,528,046) | | \$ (965,996) |
| Beginning PIF Fund Balance | \$ 1,067,525 | | | \$ 3,359,169 | | | \$ 5,773,194 |
| Ending PIF Fund Balance Before Remaining Annual Revenue and Appropriation | \$ 578,849 | | | \$ (134,873) | | | \$ 4,807,198 |
| Plus: Remaining Annual Revenue | 713,822 | | | 2,203,748 | | | 2,681,616 |
| Less: Remaining Annual Appropriation | (1,118,153) | | | (1,950,091) | | | (6,533,894) |
| Estimated Ending Fund Balance | \$ 174,518 | | | \$ 118,784 | | | \$ 954,920 |
| Unappropriated Fund Balance as of December 31, | | | | <u>\$ 21,117</u> | | | <u>\$ 221,946</u> |

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

| | 2009 Estimate | 2009 Original | 2009 YTD Actual | 2009 Vs 2008 | | 2008 YTD Actual | 2008 Vs 2007 | | 2007 YTD Actual |
|--|------------------|------------------|--------------------|--------------|------|--------------------|----------------|------|--------------------|
| | | | | \$ | % | | \$ | % | |
| Vehicle Use Tax | \$ 900,000 | \$ 1,400,000 | \$ 627,323 | \$ (261,299) | -29% | \$ 888,622 | \$ (76,753) | -8% | \$ 965,375 |
| Building Use Tax | \$ 330,000 | \$ 450,000 | \$ 253,902 | \$ (394,981) | -61% | \$ 648,883 | \$ (1,081,684) | -63% | \$ 1,730,567 |
| Arapahoe County Road and Bridge Tax | \$ 200,990 | \$ 198,000 | \$ 190,940 | \$ 12,971 | 7% | \$ 177,969 | \$ (2,085) | -1% | \$ 180,054 |

Vehicle Use Tax is based on the number of new vehicles purchased by City of Englewood residents. As of September 2009, Vehicle Use Tax revenue totaled \$627,323 compared to \$888,622 and \$965,375 reported for the same period in 2008 and 2007 respectively. Vehicle Use Tax revenue is down \$261,299 or 29% in 2009 over 2008. The 2009 Vehicle Use Tax estimate has been reduced by \$500,000 to \$900,000. **Building Use Tax** is based on the number of building permits issued by the City of Englewood. The Building Use Tax revenue is down 61% as compared to last year. The 2009 Building Use Tax estimate has been reduced by \$120,000 to \$330,000. We will continue to monitor these revenue sources to determine if the 2009 estimate needs to be revised further. **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 the City’s assessed valuation multiplied by 50%. Each January we are notified of the amount to be distributed; therefore, the budgeted amount may differ from the actual amount received. The City expects to receive \$200,990 in 2009.

2009 Year-To-Date City Funds At-A-Glance

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

| | Beginning Balance | Revenues | Expenditures | Other Sources (Uses) | Reserved Balance | Ending Balance |
|---|----------------------|------------|--------------|-------------------------|---------------------|-------------------|
| Governmental Fund Types (Fund Balance) | | | | | | |
| General Fund | 11,102,763 | 28,299,939 | 28,022,164 | (2,516,957) | 4,784,343 | 4,079,238 |
| Special Revenue Funds | | | | | | |
| Conservation Trust | 927,981 | 243,837 | 226,672 | (668,282) | - | 276,864 |
| Open Space | 1,327,371 | 704,390 | 1,267,286 | (545,646) | - | 218,829 |
| Donors | 155,818 | 81,962 | 98,215 | (30,000) | - | 109,566 |
| Community Development | - | 158,183 | 176,883 | 18,700 | - | - |
| Malley Center Trust | 278,586 | 8,493 | 790 | - | - | 286,289 |
| Parks & Recreation Trust | 454,700 | 12,002 | 9,286 | - | - | 457,416 |
| Debt Service Fund | | | | | | |
| General Obligation Bond | 166,137 | 971,445 | 265,127 | - | - | 872,455 |
| Capital Projects Funds | | | | | | |
| PIF | 1,067,525 | 2,186,992 | 2,249,416 | (830,584) | - | 174,518 |
| MYCP | 1,338,085 | 24,339 | 284,352 | (908,480) | - | 169,593 |
| Proprietary Fund Types (Funds Available Balance) | | | | | | |
| Enterprise Funds | | | | | | |
| Water | 4,467,524 | 5,214,455 | 6,076,071 | 2,615,000 | - | 6,220,907 |
| Sewer | 8,495,965 | 11,420,387 | 9,517,069 | - | 1,000,000 | 9,399,283 |
| Stormwater Drainage | 1,120,382 | 288,786 | 463,304 | - | 137,818 | 808,046 |
| Golf Course | 809,363 | 2,062,726 | 1,517,863 | (100,000) | 293,500 | 960,726 |
| Concrete Utility | 257,218 | 629,846 | 551,181 | - | - | 335,883 |
| Housing Rehabilitation | 321,441 | 80,415 | 356,262 | - | - | 45,594 |
| Internal Service Funds | | | | | | |
| Central Services | 218,674 | 273,319 | 238,750 | (50,000) | - | 203,243 |
| ServiCenter | 590,934 | 1,461,284 | 1,173,954 | - | - | 878,263 |
| CERF | 1,118,318 | 591,801 | 1,093,948 | - | - | 616,171 |
| Employee Benefits | 818,779 | 3,816,397 | 4,099,290 | (500,000) | 126,642 | (90,756) |
| Risk Management | 1,174,681 | 1,532,015 | 766,625 | - | - | 1,940,071 |

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. I will continue to provide Council with monthly 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.

I plan to discuss this report with Council at an upcoming study session. If you have any questions regarding this report, I can be reached 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 grant funds of the Brownfields Pilot Grants Program administered by the United States Environmental Protection Agency and the Art Shuttle Program administered by the Regional Transportation District (RTD).

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 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.

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

Funds Glossary

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.

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 Assessment Funds account for and pay special assessment bond principal and interest and/or inter-fund loan principal and interest: Following are funds to account for special assessments: **Paving District No. 35, Paving District No. 38, and Concrete Replacement District 1995.**

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 September 30, 2009

Percentage of Year Completed = 75%

| Fund Balance January 1 | \$ 10,362,859 | \$ 11,102,763 | \$ 11,102,763 | \$ 9,374,427 | \$ 9,374,427 | \$ 7,143,302 | \$ 7,143,302 | | | |
|---|---------------------|----------------------|----------------|---------------------|----------------------|----------------------|----------------|---------------------|---------------------|---------------|
| Revenues | 2009 | | | | 2008 | | | 2007 | | |
| | Budget | Sep-09 | % Budget | YE Estimate | Dec-08 | Sep-08 | % YTD | Dec-07 | Sep-07 | % YTD |
| | | | | | | | | | | |
| Property Tax | 2,993,000 | 2,903,463 | 97.01% | 2,993,000 | 2,995,990 | 2,928,070 | 97.73% | 2,623,118 | 2,506,708 | 95.56% |
| Specific Ownership Tax | 350,000 | 193,984 | 55.42% | 350,000 | 316,242 | 222,689 | 70.42% | 341,423 | 237,787 | 69.65% |
| Sales & Use Taxes | 23,632,500 | 15,728,036 | 66.55% | 21,000,000 | 22,617,767 | 17,583,347 | 77.74% | 22,753,820 | 16,655,088 | 73.20% |
| Cigarette Tax | 250,000 | 164,314 | 65.73% | 250,000 | 261,743 | 193,471 | 73.92% | 278,785 | 205,008 | 73.54% |
| Franchise Fees | 2,620,851 | 1,565,271 | 59.72% | 2,620,851 | 2,588,214 | 1,801,720 | 69.61% | 2,356,385 | 1,642,331 | 69.70% |
| Hotel/Motel Tax | 8,713 | 6,917 | 79.39% | 8,713 | 10,078 | 7,531 | 74.73% | 9,722 | 7,486 | 77.00% |
| Licenses & Permits | 577,100 | 392,862 | 68.08% | 573,300 | 671,609 | 477,111 | 71.04% | 1,168,977 | 921,972 | 78.87% |
| Intergovernmental Revenue | 1,003,462 | 868,874 | 86.59% | 1,273,115 | 1,079,285 | 742,808 | 68.82% | 1,118,916 | 766,028 | 68.46% |
| Charges for Services | 3,216,286 | 2,356,299 | 73.26% | 3,245,383 | 3,476,583 | 2,574,463 | 74.05% | 3,067,997 | 2,248,473 | 73.29% |
| Recreation | 2,334,265 | 2,043,567 | 87.55% | 2,278,465 | 2,364,758 | 2,105,677 | 89.04% | 2,235,938 | 1,964,168 | 87.85% |
| Fines & Forfeitures | 1,389,150 | 1,275,121 | 91.79% | 1,431,801 | 1,461,100 | 1,115,282 | 76.33% | 1,445,641 | 1,103,654 | 76.34% |
| Interest | 372,611 | 201,693 | 54.13% | 372,611 | 520,325 | 294,407 | 56.58% | 411,517 | 252,450 | 61.35% |
| Miscellaneous | 302,783 | 599,540 | 198.01% | 971,000 | 215,824 | 114,318 | 52.97% | 199,167 | 162,659 | 81.67% |
| Total Revenues | 39,050,721 | 28,299,941 | 72.47% | 37,368,239 | 38,579,518 | 30,160,894 | 78.18% | 38,011,406 | 28,673,812 | 75.43% |
| Expenditures | | | | | | | | | | |
| Legislation | 379,853 | 218,534 | 57.53% | 374,893 | 350,254 | 213,620 | 60.99% | 323,964 | 218,084 | 67.32% |
| City Attorney | 799,937 | 468,251 | 58.54% | 768,607 | 698,563 | 492,268 | 70.47% | 694,359 | 499,221 | 71.90% |
| Court | 1,026,917 | 660,141 | 64.28% | 1,009,617 | 915,303 | 656,284 | 71.70% | 890,152 | 634,061 | 71.23% |
| City Manager | 707,145 | 492,871 | 69.70% | 682,140 | 674,322 | 488,965 | 72.51% | 673,949 | 490,557 | 72.79% |
| Human Resources | 560,898 | 318,143 | 56.72% | 530,898 | 579,136 | 407,148 | 70.30% | 557,855 | 400,735 | 71.83% |
| Financial Services | 1,764,772 | 1,108,444 | 62.81% | 1,653,472 | 1,626,571 | 1,153,994 | 70.95% | 1,568,074 | 1,107,360 | 70.62% |
| Information Technology | 1,448,147 | 939,228 | 64.86% | 1,402,043 | 1,280,156 | 911,982 | 71.24% | 1,254,364 | 888,179 | 70.81% |
| Public Works | 5,523,010 | 3,609,230 | 65.35% | 5,346,255 | 5,189,173 | 3,657,488 | 70.48% | 5,421,775 | 3,969,051 | 73.21% |
| Fire Department | 7,487,169 | 5,123,368 | 68.43% | 7,470,149 | 7,215,444 | 5,069,943 | 70.27% | 6,840,649 | 4,857,537 | 71.01% |
| Police Department | 10,538,437 | 7,234,021 | 68.64% | 10,580,375 | 9,974,925 | 7,169,493 | 71.88% | 9,656,710 | 6,935,789 | 71.82% |
| Community Development | 1,639,615 | 955,697 | 58.29% | 1,507,415 | 1,464,725 | 976,614 | 66.68% | 1,412,444 | 906,721 | 64.20% |
| Library | 1,398,558 | 946,012 | 67.64% | 1,377,958 | 1,261,112 | 908,521 | 72.04% | 1,259,526 | 954,550 | 75.79% |
| Recreation | 6,117,008 | 4,446,856 | 72.70% | 5,961,588 | 5,916,449 | 4,576,008 | 77.34% | 5,566,093 | 4,280,726 | 76.91% |
| Debt Service | 1,993,682 | 1,452,497 | 72.85% | 1,808,456 | 1,809,306 | 1,441,065 | 79.65% | 1,869,762 | 1,489,802 | 79.68% |
| Contingency | 60,000 | 48,870 | 81.45% | 130,000 | 59,759 | 23,444 | 39.23% | 130,925 | 91,404 | 69.81% |
| Total Expenditures | 41,445,148 | 28,022,163 | 67.61% | 40,603,866 | 39,015,198 | 28,146,837 | 72.14% | 38,120,601 | 27,723,777 | 72.73% |
| Excess revenues over (under) expenditures | (2,394,427) | 277,778 | -11.60% | (3,235,627) | (435,680) | 2,014,057 | | (109,195) | 950,035 | |
| Net transfers in (out) | 1,481,717 | 51,445 | 3.47% | 651,445 | 2,164,016 | 2,352,932 | 108.73% | 2,340,320 | (259,127) | -11.07% |
| Total Fund Balance | \$ 9,450,149 | \$ 11,431,986 | 120.97% | \$ 8,518,581 | \$ 11,102,763 | \$ 13,741,416 | 123.77% | \$ 9,374,427 | \$ 7,834,210 | 83.57% |

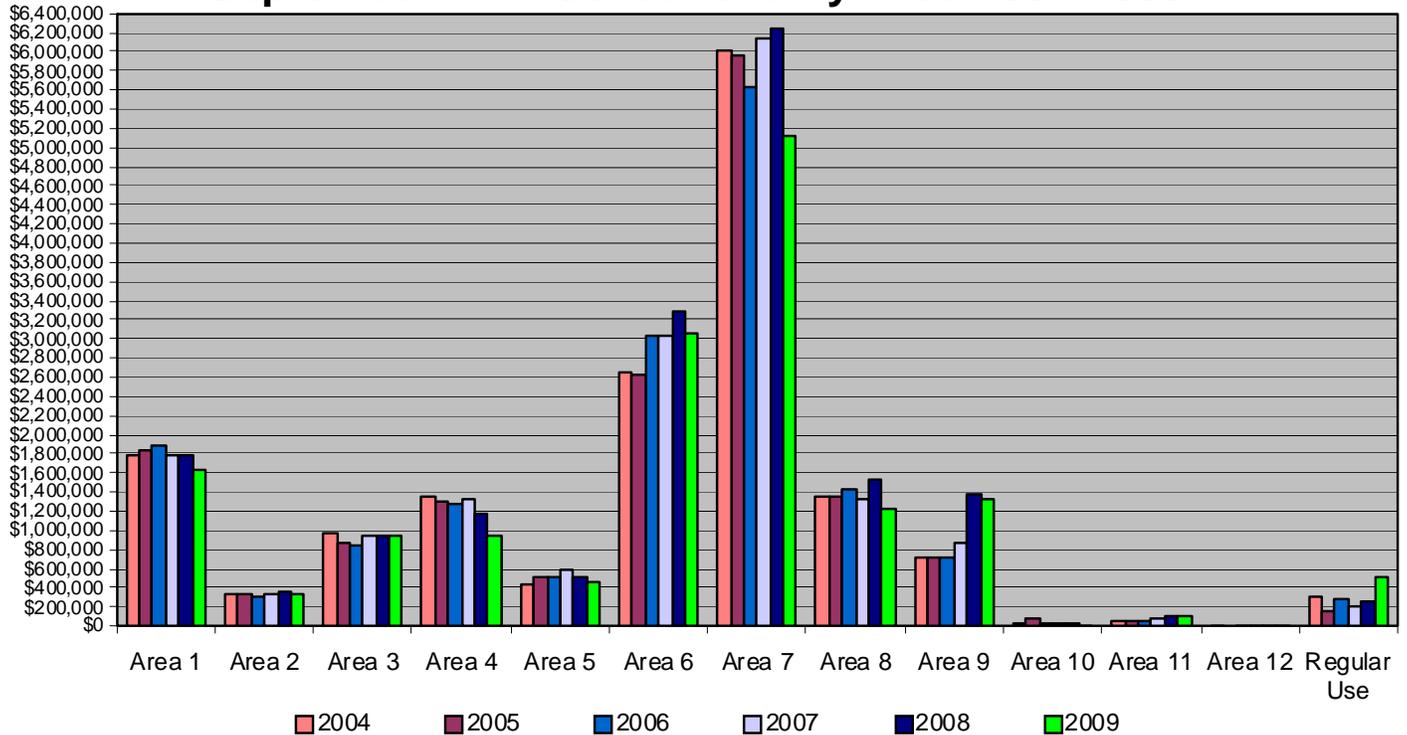
| Fund Balance Analysis | | | | | | | | | | |
|---------------------------------------|---------------------|---|---------------------|---------------------|--|---------------------|--|--|--|--|
| Total Fund Balance | \$ 9,450,149 | | \$ 8,518,581 | \$ 11,102,763 | | \$ 9,374,427 | | | | |
| Reserves/designations: | | | | | | | | | | |
| -Emergencies (TABOR) | 1,290,000 | | 1,280,000 | 1,280,000 | | 1,290,000 | | | | |
| -LTAR | 3,913,178 | | 3,120,143 | 3,485,143 | | 1,986,000 | | | | |
| -Museum of Outdoor Arts | 39,200 | | 39,200 | 80,800 | | 124,800 | | | | |
| Unreserved/undesignated Fund Balance | \$ 4,207,771 | | \$ 4,079,238 | \$ 6,256,820 | | \$ 5,973,627 | | | | |
| Potential reserves/designations | - | | - | - | | - | | | | |
| Estimated unres/undesig Fund Balance | \$ 4,207,771 | | \$ 4,079,238 | \$ 6,256,820 | | \$ 5,973,627 | | | | |
| As a percentage of projected revenues | 11.26% | | 10.92% | 16.22% | | 15.72% | | | | |
| As a percentage of budgeted revenues | 10.78% | | 10.45% | | | | | | | |
| Target | 3,905,072 | - | 5,857,608 | | | | | | | |

**Sales & Use Tax Collections Year-to-Date Comparison
for the month of September 2009**

Cash Basis

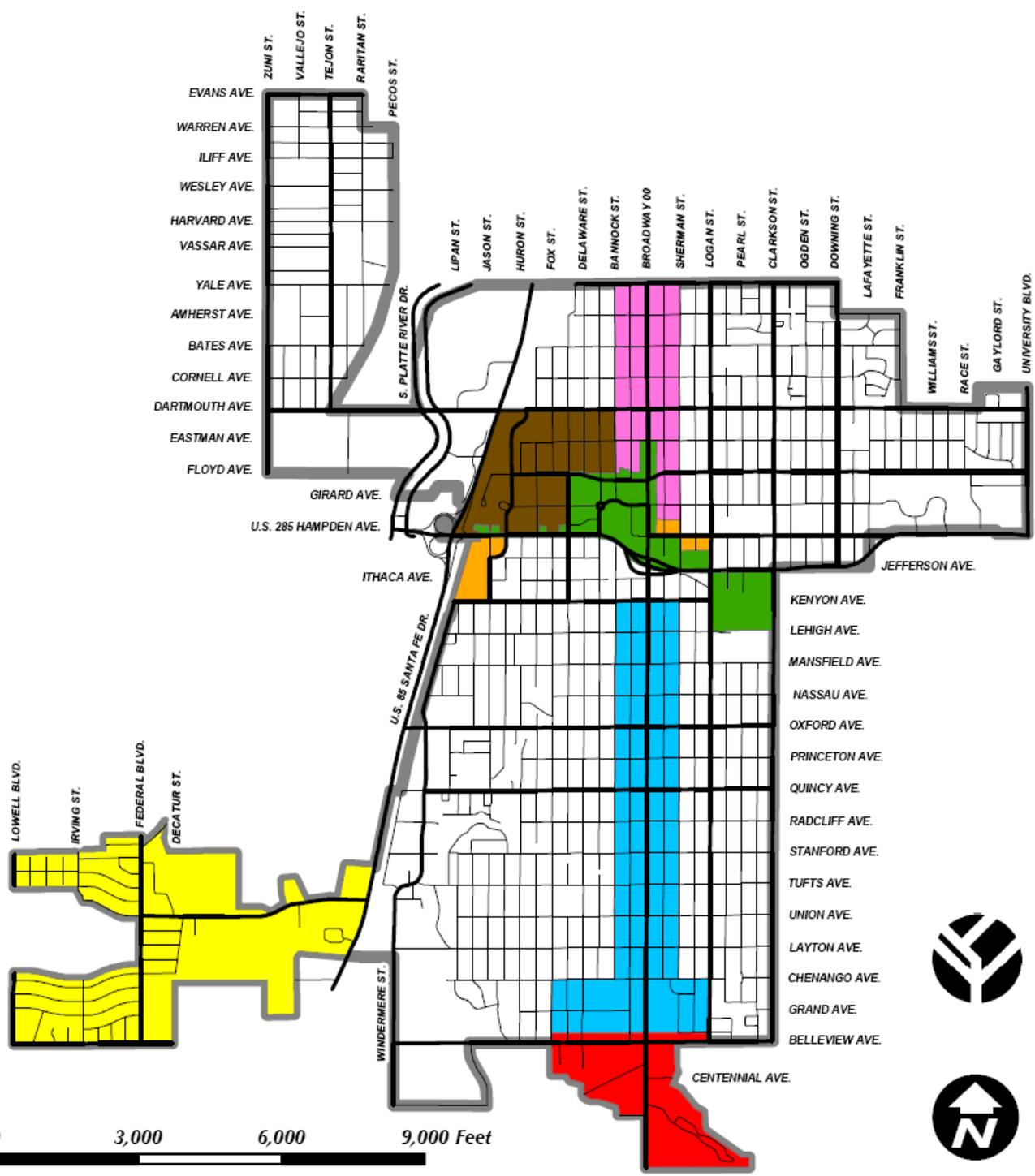
| | 2004 | % Change | 2005 | % Change | 2006 | % Change | 2007 | % Change | 2008 | % Change | 2009 | % Change |
|------------------------------|-------------------|--------------|-------------------|---------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|----------------|
| Area 1 | 1,781,986 | 1.85% | 1,838,686 | 3.18% | 1,875,841 | 2.02% | 1,794,449 | -4.34% | 1,778,946 | -0.86% | 1,640,193 | -7.80% |
| Area 2 | 322,350 | 0.36% | 338,162 | 4.91% | 305,997 | -9.51% | 338,756 | 10.71% | 349,710 | 3.23% | 336,450 | -3.79% |
| Area 3 | 970,267 | -3.08% | 877,886 | -9.52% | 850,265 | -3.15% | 933,196 | 9.75% | 940,964 | 0.83% | 955,719 | 1.57% |
| Area 4 | 1,346,594 | -3.00% | 1,298,174 | -3.60% | 1,282,766 | -1.19% | 1,326,788 | 3.43% | 1,171,655 | -11.69% | 942,847 | -19.53% |
| Area 5 | 448,357 | 7.58% | 516,314 | 15.16% | 519,141 | 0.55% | 579,997 | 11.72% | 506,988 | -12.59% | 465,939 | -8.10% |
| Area 6 | 2,642,276 | -3.64% | 2,624,730 | -0.66% | 3,027,007 | 15.33% | 3,043,102 | 0.53% | 3,287,368 | 8.03% | 3,068,601 | -6.65% |
| Area 7 | 6,004,723 | 4.80% | 5,954,761 | -0.83% | 5,639,748 | -5.29% | 6,129,529 | 8.68% | 6,235,186 | 1.72% | 5,118,077 | -17.92% |
| Area 8 | 1,351,165 | 11.69% | 1,343,124 | -0.60% | 1,437,361 | 7.02% | 1,331,950 | -7.33% | 1,521,370 | 14.22% | 1,217,123 | -20.00% |
| Area 9 | 725,669 | 0.00% | 725,669 | 0.00% | 725,669 | 0.00% | 868,527 | 19.69% | 1,388,322 | 59.85% | 1,338,404 | -3.60% |
| Area 10 | 32,645 | -15.34% | 78,449 | 140.31% | 33,221 | -57.65% | 19,883 | -40.15% | 16,263 | -18.21% | 12,331 | -24.18% |
| Area 11 | 58,239 | 0.00% | 58,239 | 0.00% | 58,239 | 0.00% | 71,108 | 22.10% | 112,168 | 57.74% | 107,297 | -4.34% |
| Area 12 | 6,416 | 373.86% | 1,268 | -80.24% | 2,459 | 93.93% | 2,990 | 21.59% | 3,479 | 16.36% | 2,625 | -24.54% |
| Regular Use | 297,837 | 17.15% | 149,966 | -49.65% | 287,243 | 91.54% | 210,053 | -26.87% | 266,456 | 26.85% | 507,151 | 90.33% |
| Total | 15,988,524 | 2.25% | 15,805,428 | -1.15% | 16,044,957 | 1.52% | 16,650,326 | 3.77% | 17,578,877 | 5.58% | 15,712,757 | -10.62% |
| Refunds | 117,554 | -38.44% | 123,607 | 5.15% | 202,476 | 63.81% | 185,678 | -8.30% | 480,200 | 158.62% | 72,771 | -84.85% |
| Audit & Collections Revenue* | 82,736 | -66.70% | 605,563 | 631.92% | 394,949 | -34.78% | 477,313 | 20.85% | 528,229 | 10.67% | 458,065 | -13.28% |
| *included Above | | | | | | | | | | | | |
| Unearned Sales Tax | 988,364 | -10.15% | 700,000 | -29.18% | 650,000 | -7.14% | 650,000 | 0.00% | 650,000 | 0.00% | 1,000,000 | 53.85% |
| Building Use | 527,417 | -28.87% | 527,417 | 0.00% | 722,588 | 37.01% | 1,730,566 | 139.50% | 648,883 | -62.50% | 253,156 | -60.99% |
| Vehicle Use | 1,073,593 | -2.14% | 1,073,593 | 0.00% | 896,692 | -16.48% | 1,074,635 | 19.84% | 1,003,086 | -6.66% | 710,908 | -29.13% |

September YTD Collections by Area 2004-2009



Area Descriptions

| | |
|---|--|
| Area 1 - CityCenter (Formerly Cinderella City) | Area 6 - All other City locations |
| Area 2 - S of Yale, N of Kenyon between Bannock & Sherman (excludes EURA 1) | Area 7 - Outside City limits |
| Area 3 - S of Kenyon, N of Chenango between Bannock & Sherman and S of Chenango, N of Bellewood between Logan & Delaware | Area 8 - Public Utilities (Xcel Energy, Qwest) |
| Area 4 - Brookridge Shopping Center (Between Fox and Sherman and North side of Belleview and to the Southern City Limits) | Area 9 - Downtown & Englewood Pkwy |
| Area 5 - Centennial Area W of Santa Fe | Area 10 - Downtown & Englewood Pkwy <u>Use Tax Only</u> |
| | Area 11 - S of 285, N of Kenyon between Jason and Santa Fe |
| | Area 12 - S of 285, N of Kenyon between Jason and Santa Fe <u>Use Tax Only</u> |



City of Englewood, Colorado: Sales Tax Areas

- | | | |
|--------|----------------|--------------------------|
| Area 1 | Area 5 | Arterials and Collectors |
| Area 2 | Area 9 and 10 | Local Streets |
| Area 3 | Area 11 and 12 | Englewood City Limits |
| Area 4 | | |

Areas Not Depicted on Map:
 Area 6 - Other City Locations Area 7 - Outside City Limits Area 8 - Public Utilities

H:\voboff\glawad\plott\taxareamp.pdf