

MEMORANDUM

To: Mayor Woodward and City Council
From: Frank Gryglewicz, Director of Finance and Administrative Services
Date: June 16, 2010
Subject: May 2010 Financial Report

Summary of May 2010 General Fund Financial Report

REVENUES:

- Through May 2010, the City of Englewood collected **\$15,358,387 or \$454,811 (2.9 percent)** less than last year (See chart attached to the full report for detail on changes in revenue in past year).
- The City collected \$1,629,154 in property and \$92,769 in specific ownership tax through May.
- **Year-to-date sales and use tax revenue were \$8,953,340 or \$350,478 (3.8 percent) less than May 2009** (In January 2009, the City of Englewood received \$201,000 from use tax audits completed in 2008. This skews the percentage difference between 2010 and 2009. If the audit proceeds are removed from 2009, the City is down \$171,118 or 1.88 percent for the year.)
- Cigarette tax collections were down \$16,366 compared to last year.
- Franchise fee collections were \$65,339 more than last year.
- Licenses and permit collections were \$69,086 more than 2009.
- Intergovernmental revenues were \$165,212 more than the prior year.
- Charges for services decreased \$22,909 from last year.
- Recreation revenues decreased \$15,922 from 2009.
- Fines and forfeitures were \$63,876 less than last year.
- Investment income was \$53,296 less than last year.
- Miscellaneous revenues were \$268,459 less than last year.

OUTSIDE CITY:

- Outside City sales and use taxes were down \$238,423 or 7.6 percent compared to last year.
- At this time potential refunds total approximately \$900,000 for claims submitted to Englewood but not completed; the balance of the account to cover intercity claims is \$600,000.

CITY CENTER ENGLEWOOD (CCE):

- Sales and use tax revenues collected in May 2010 were \$882,218 (4.1 percent) less than the \$919,936 collected in 2009.

EXPENDITURES:

- Expenditures through May were \$16,606,694 or \$194,758 (1.2 percent) more than the \$16,411,936 expended through May 2009.
- The City refunded \$167,657 in sales and use tax claims through May.

RESERVES:

- The reserves for 2010 are budgeted at \$3,878,895 or 10.7 percent of budgeted revenues.
- The unreserved/undesignated fund balance for 2010 is *estimated* at \$5,016,841 or 13.4 percent of projected revenues.

TRANSFERS:

- Net transfers-in to date of \$1,894,433 were made in 2010.

REVENUES OVER/UNDER EXPENDITURES:

- Expenditures exceeded revenues through May by \$1,248,307 through May 2010 (see Expenditures above).

PUBLIC IMPROVEMENT FUND (PIF):

- The PIF has collected \$573,538 in revenues and spent \$1,880,360 year-to-date. Estimated year-end fund balance is \$160,709.

City of Englewood, Colorado

May 2010 Financial Report

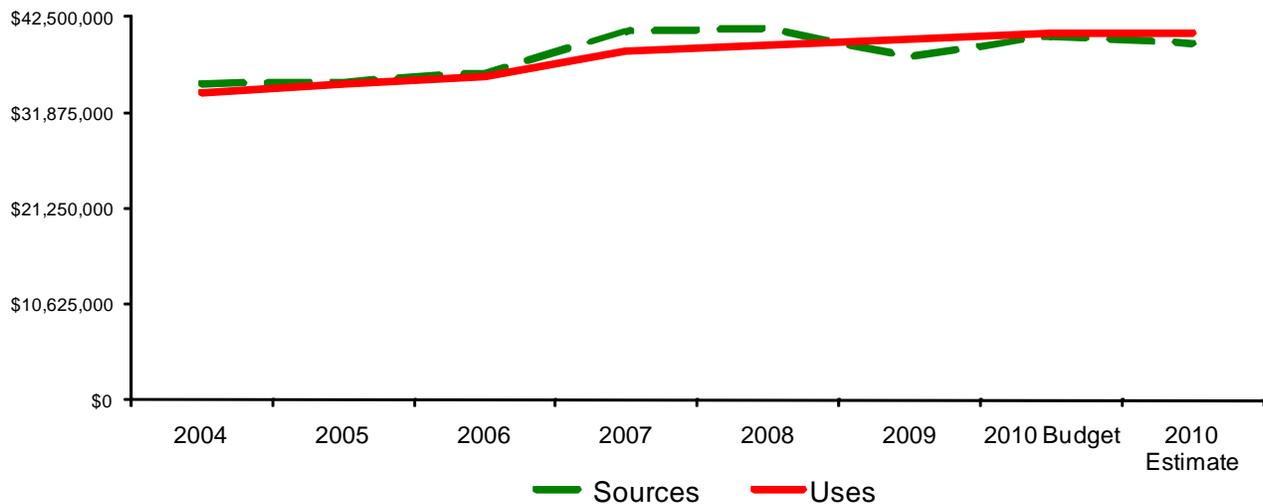
GENERAL FUND OVERVIEW AND ANALYSIS

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 2004 to 2010 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



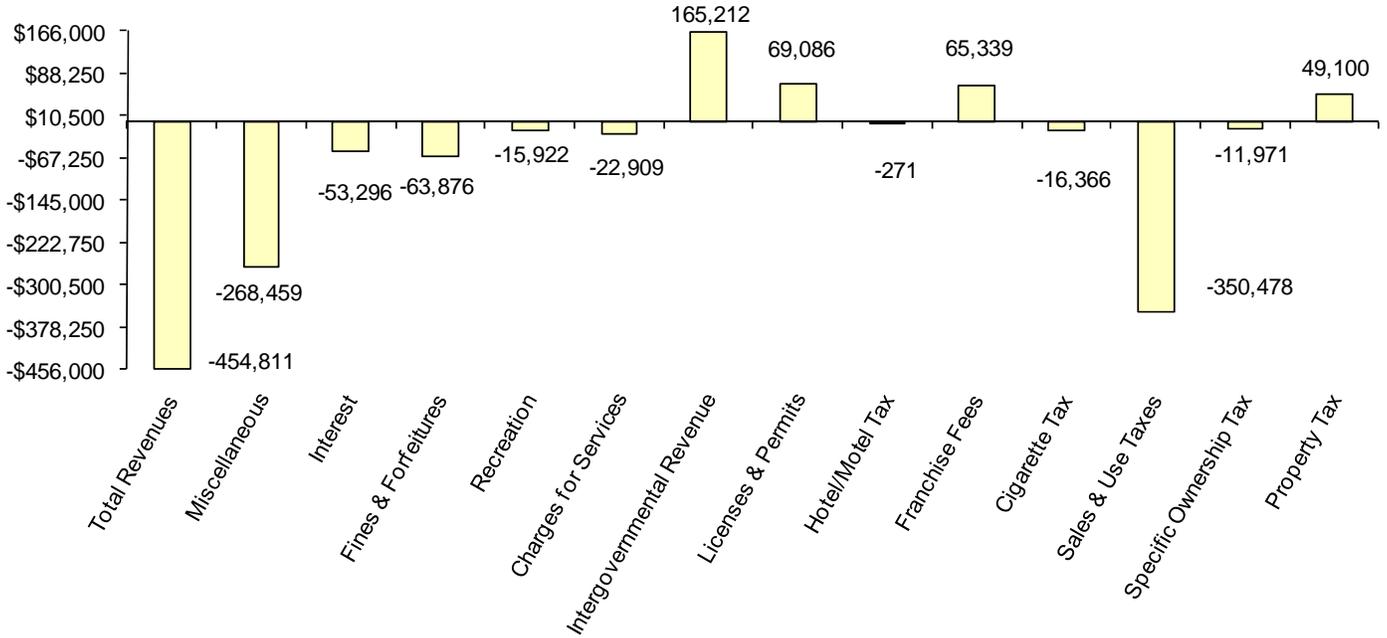
The table below summarizes General Fund Year-To-Date (YTD) Revenues, Expenditures, Sales & Use Tax Revenue and Outside City Sales & Use Tax Revenue for the month ended May, 2010. Comparative figures for years 2009 and 2008 are presented as well. The table also highlights the dollar and percentage changes between those periods.

	2010	2010 vs 2009 Increase (Decrease)		2009	2009 vs 2008 Increase (Decrease)		2008
General Fund							
Year-To-Date Revenues	\$ 15,358,387	\$ (454,811)	(2.88%)	\$ 15,813,198	\$ (568,031)	(3.47%)	\$ 16,381,229
Year-To-Date Expenditures	16,606,694	\$ 194,758	1.19%	16,411,936	\$ 161,706	1.00%	16,250,230
Net Revenues (Expenditures)	\$ (1,248,307)	\$ (649,569)		\$ (598,738)	\$ (729,737)		\$ 130,999
Estimated Unreserved/ Undesignated Fund Balance	\$ 5,016,841	\$ 123,063	2.51%	\$ 4,893,778	\$ (1,363,042)	(21.78%)	\$ 6,256,820
Sales & Use Tax Revenue YTD	\$ 8,953,340	\$ (350,478)	(3.77%)	\$ 9,303,818	\$ (803,384)	(7.95%)	\$ 10,107,202
Outside City Sales & Use Tax YTD	\$ 2,892,953	\$ (238,423)	(7.61%)	\$ 3,131,376	\$ (693,881)	(18.14%)	\$ 3,825,257

General Fund Revenues

The City of Englewood’s total budgeted revenue is \$38,532,965. Total revenues collected through May 2010 were \$15,358,387 or \$454,811 (2.88 percent) less than was collected in 2009. The chart below illustrates changes in General Fund revenues this year compared to last year.

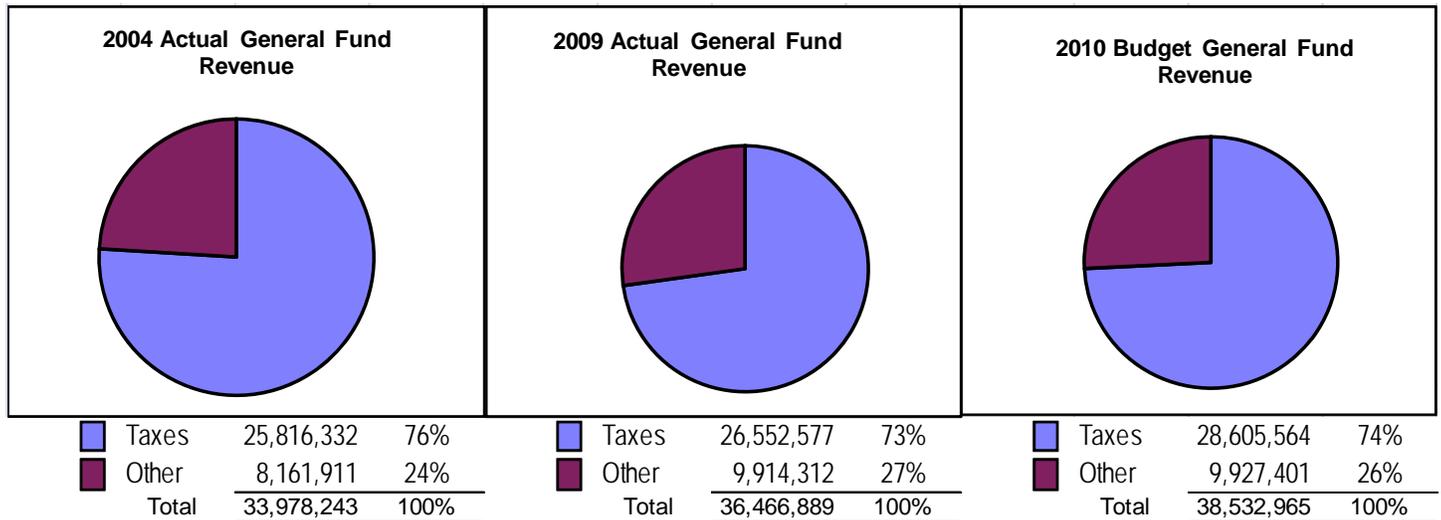
2010 Year-To-Date Change in General Fund Revenue as Compared to Prior Year



General Fund Taxes

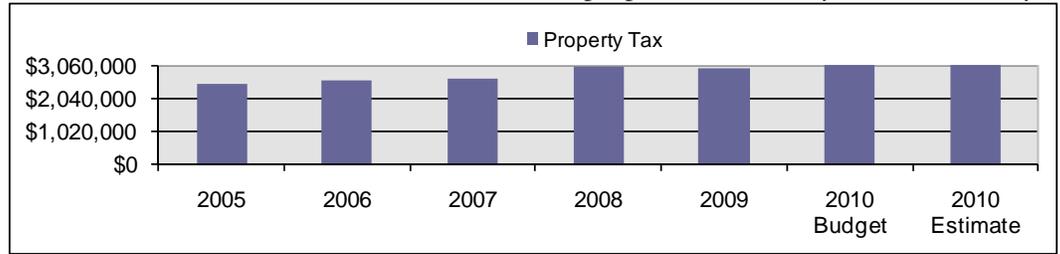
The General Fund obtains most of its revenue from taxes. In 2009 total revenues were \$36,466,887 of which \$26,552,577 (72.8 percent) came from tax collections. Taxes include property, sales and use, specific ownership, cigarette, utilities, franchise fees, and hotel/motel. The following pie charts illustrate the contribution of taxes to total revenue for 2004 and unaudited 2009 and budgeted 2010. 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.

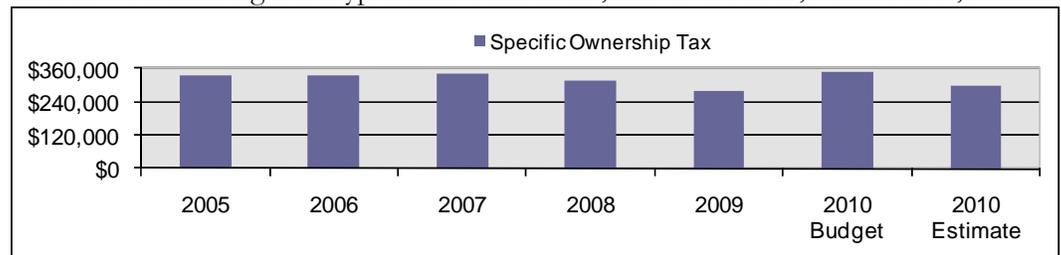
The City's total 2009 mill levy collected in 2010 is 7.911 mills. The 2009 mill levy for general operations collected in 2010 is 5.880 mills. A voter approved additional mill of 2.031 mills



is levied for principal and interest payments on the City's general obligation debt (parks and recreation projects). Property tax collections grew from \$2,493,832 in 2005 to \$2,971,303 in 2009. This was an increase of \$477,471 or 19.1 percent. In 2009 the City collected \$2,971,303 or 11.2 percent of 2009 total taxes and 8.1 percent of total revenues from property taxes. The City budgeted \$3,046,000 for 2010; collected \$1,629,154 through May 2010.

Specific ownership: These taxes are based on the age and type of motor vehicles, wheeled trailers, semi-trailers, etc.

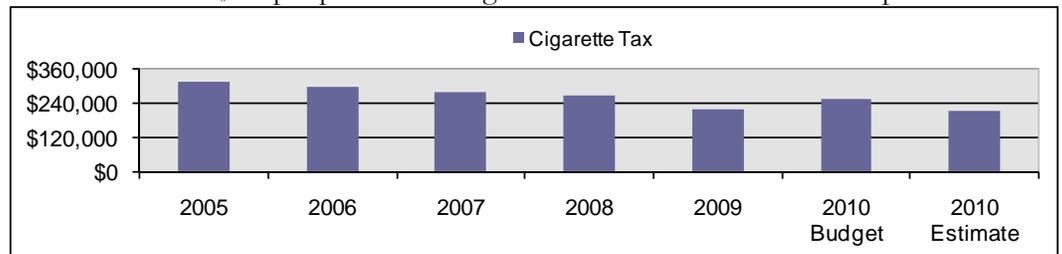
These taxes are collected by the County Treasurer and remitted to the City on the fifteenth day of the following month. The City collected \$334,768 in 2005 and \$276,414 in 2009 which is a decrease of \$58,354 or 17.4 percent.



The City collected \$276,414 in 2009 which is less than one percent of total revenues and one percent of total taxes. The City budgeted \$350,000 for 2010 and collected \$92,769 through May 2010.

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

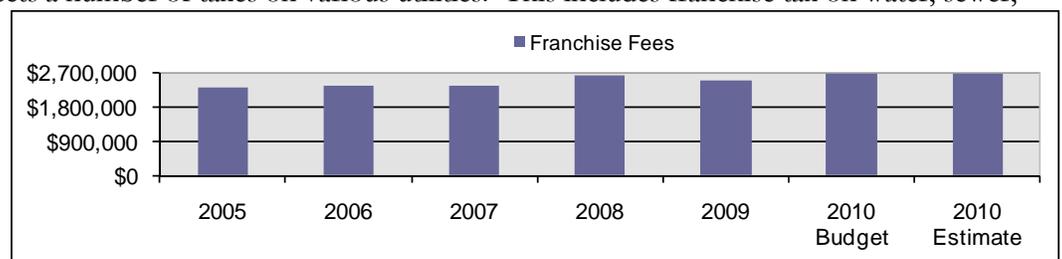
based on the pro rata share of state sales tax collections in the previous year. These taxes have fallen *significantly* in the past and continue to fall after the 2009 federal tax increase of approximately



\$.62 per pack went into effect. This increase will fund the State Children's Health Insurance Program (SCHIP). In 2005 the City collected \$313,731, but in 2009 the City collected \$218,449, which is a *decrease* of \$95,282 or 30.4 percent. These taxes accounted for one percent of total taxes and less than one percent of total revenues in 2009. The City budgeted \$250,000 for the year and collected \$77,971 through May 2010, which is \$16,366 or 17.4 percent less than the \$94,337 collected through May 2009.

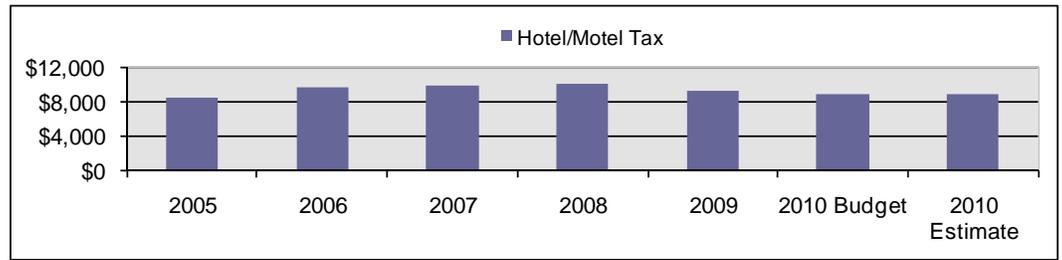
Franchise Fees: The City collects a number of taxes on various utilities. This includes franchise tax on water, sewer, and public services, as well as occupational taxes on telephone services.

The City collected \$2,294,972 in 2005 and \$2,452,611 in 2009, an increase of \$157,639 or 6.9 percent. These taxes accounted for 9.2 percent of



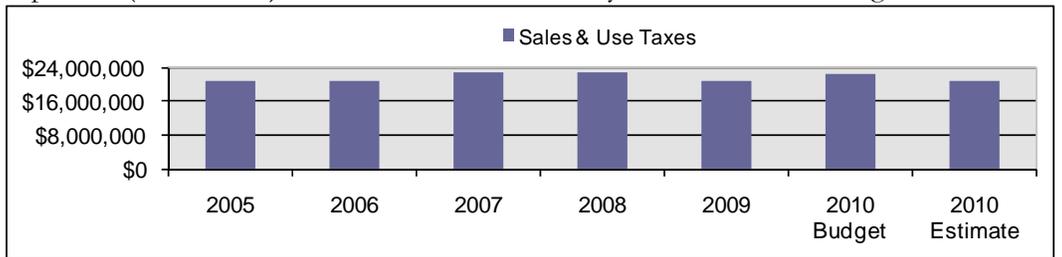
taxes and 6.7 percent of total revenues in 2009. The City budgeted \$2,650,851 for the year; collections through May totaled \$940,944 compared to \$875,605 collected during the same period last year.

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 \$3,461 through May 2010.



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 77.4 percent of all taxes and 56.4 percent of total revenues collected in 2009. In 2005, this tax generated \$20,886,855 for the City of Englewood; in 2009 the City collected \$20,624,659, a decrease of 1.3 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 .25 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 \$22,300,000 for 2010. Sales and Use Tax revenue through May 2010 was \$8,953,340 while revenue year-to-date for May 2009 was \$9,303,818 a decrease of \$350,478 or 3.77 percent.



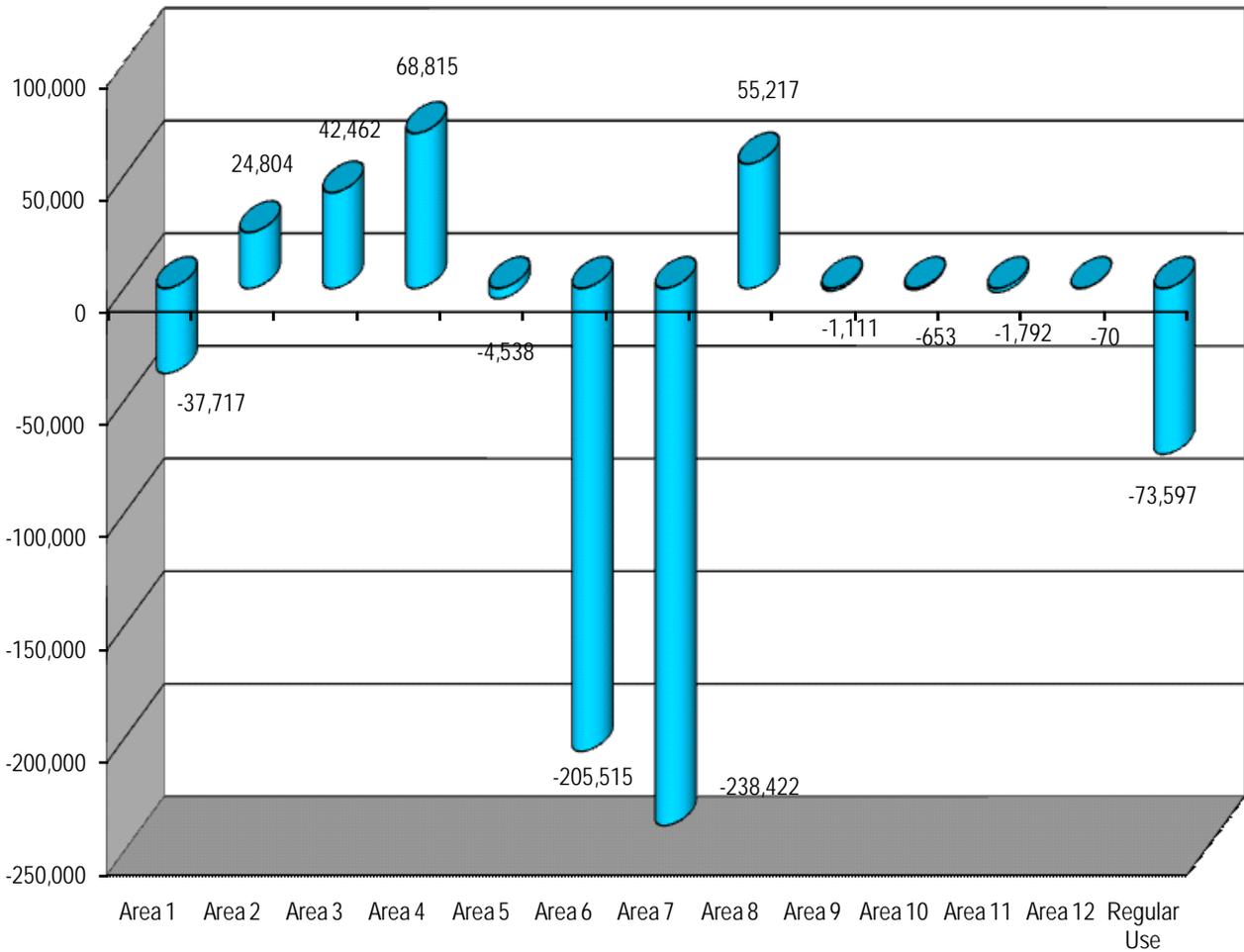
In January 2009, the City of Englewood received \$201,000 from use tax audits completed in 2008. This skews the percentage difference between 2010 and 2009. If the audit proceeds are removed from 2009, the City is down \$171,118 or 1.88 percent for the year.

Collections for May 2010 were \$1,599,065 while collections for May 2009 and May 2008 were \$1,485,489 and \$1,595,841 respectively. May 2010 collections were \$113,576 or 7.6 percent more than May 2009 collections. This revenue source tends to ebb and flow (often dramatically) with the economy, growing during economic expansions and contracting during downturns. The past two years of sales tax collections have been exceptionally erratic with no discernable trend 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.

Year to date the City has collected 96.2 percent of last year's sales and use taxes (\$20,624,659). If this holds through to the end of the year, the City will collect \$19,840,922 for the year. Historically, the City collects 45.4 percent of its total sales and use taxes in the first quarter; this leaves 54.6 percent to be collected over the next seven months. If this historic pattern holds true for the year, the City can expect to collect an additional \$10,740,043 for a total of \$19,670,407 for the year. Based on the above calculations, the estimated collections have been reduced to \$21,300,000 to reflect the decline in collections for the year and will be reviewed further with the June report.

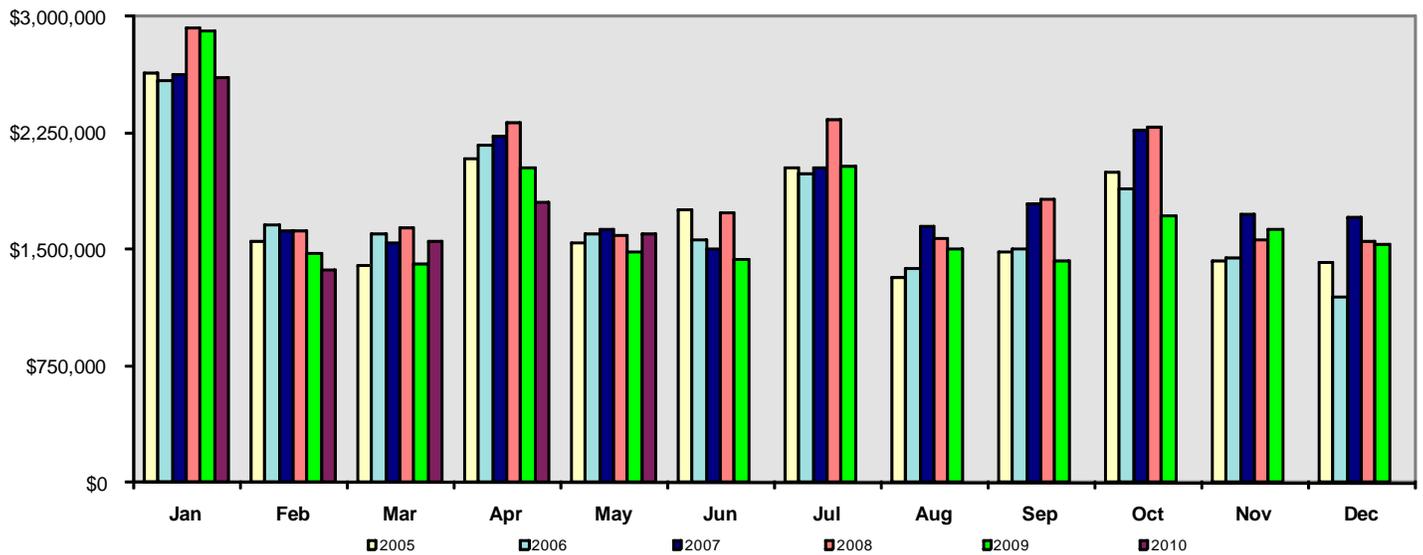
The chart on the next page, "Change in Sales/Use Tax Collections by Area 2010 vs. 2009" indicates that most of the decrease in sales tax collections is due to Outside City (Area 7) and All Other City Locations (Area 6) sales. Regular use tax was up last year due to the 2009 receipt of a 2008 audit. Economic 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 2010 vs 2009



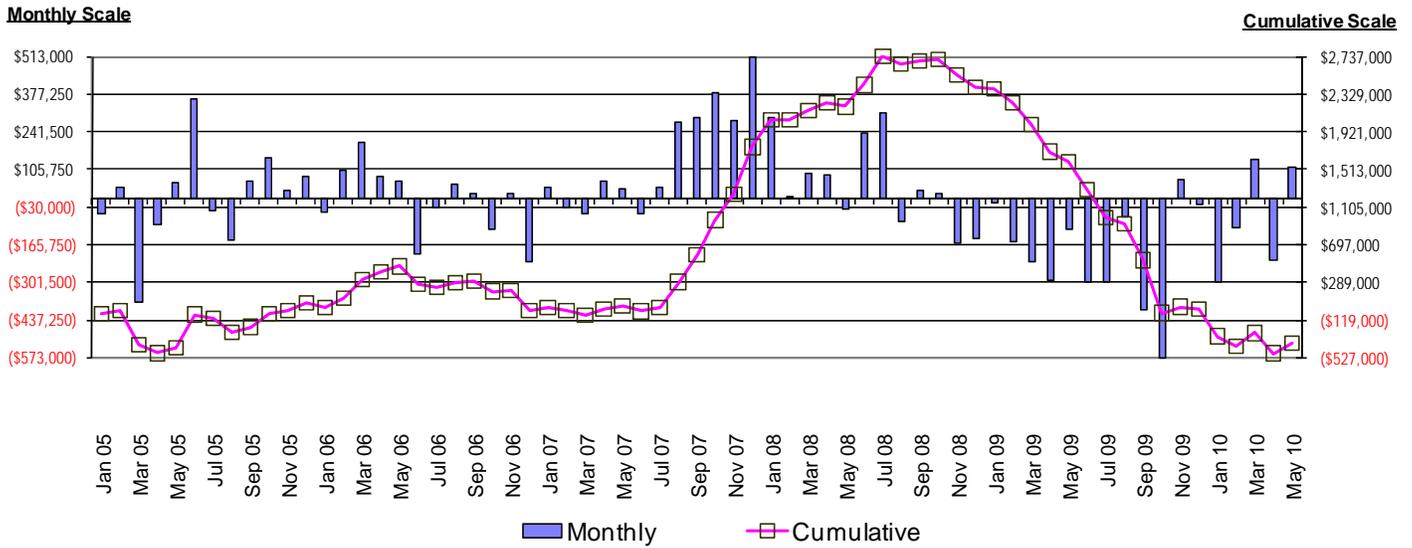
The bar graph below shows a comparison of monthly sales tax collections (cash basis) for 2005 through 2010.

2005-2010 YTD Sales/Use Tax Collections by Month - Cash Basis



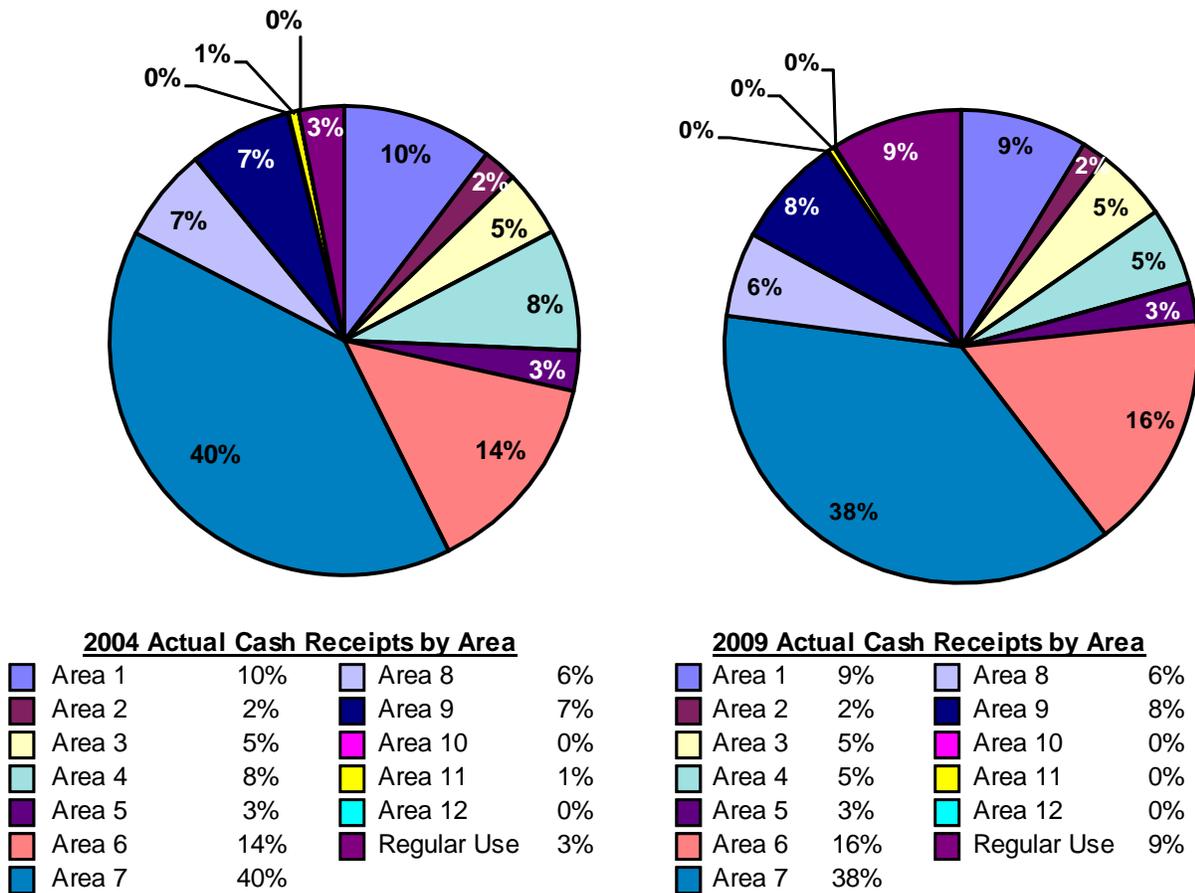
The next chart illustrates sales tax collections (cash basis) by month and cumulative for the years presented.

2005 - 2010 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 2004 and 2009.

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 \$882,218 year-to-date 2010, in 2009, the City collected \$919,936.

Area 6: This geographic area is down from last year due to an audit that was completed and paid last year for \$107,000.

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 7.6 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 2006 for collections through the month of May. 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:

	2006	2007	2008	2009	2010
Total Sales and Use Taxes	9,613,988	9,667,629	10,106,109	9,302,483	8,930,365
Outside City Collections	3,494,400	3,426,291	3,825,257	3,131,376	2,892,953
Percentage of Total	36.3%	35.4%	33.9%	41.1%	35.1%
Total General Fund Revenues	15,553,730	15,735,888	16,381,229	15,813,198	15,358,387
Outside City Collections	3,494,400	3,426,291	3,825,257	3,131,376	2,892,953
Percentage of Revenues	22.5%	21.8%	23.4%	19.8%	18.8%

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 \$600,000 to cover intercity claims. The City paid \$166,046 in refunds including intercity sales/use tax claims through May 2010 compared to \$10,664 in May 2009. At this time potential refunds total approximately \$900,000 for claims submitted to Englewood but not completed.

Area 8: This geographic area consists of collections from public utilities. Collections through May were up \$55,217 or 7.3 percent over 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.

Other Sales Tax Related Information

Finance and Administrative Services Department collected \$220,092 in sales and use tax audit revenues and general collections of balances on account through the month of May; this compares to \$377,866 collected in 2009 and \$287,599 collected in 2008.

Of the 60 sales tax accounts reviewed in the various geographic areas, 45 (75 percent) showed improved collections and 15 (25 percent) showed reduced collections this year compared to the same period last year.

The Department issued 158 new sales tax licenses through May 2010; 129 and 148 were issued through May 2009 and 2008 respectively.

City records indicate that year-to-date 196 businesses closed (111 of them were outside the physical limits of Englewood) and 175 opened (108 of them were outside the physical limits of Englewood).

General Fund Other Revenue

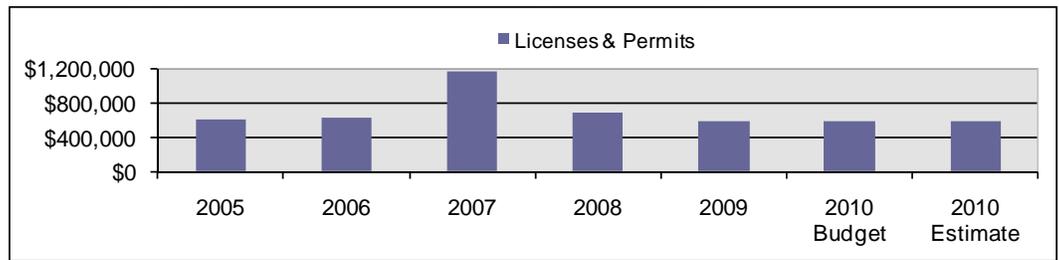
Other revenues accounted for \$9,914,311 or 27.2 percent of the total revenues for 2009; the City budgeted \$9,927,401 for 2010.

Following are additional significant revenue sources:

Licenses and Permits: This revenue category includes business and building licenses and permits. This revenue

source generated \$588,403 during 2009 or 1.6 percent of total revenue and 5.9 percent of total other revenue. This revenue source totaled \$609,971 in 2005 and decreased to \$588,328 in 2009, a 3.5 percent decrease. The

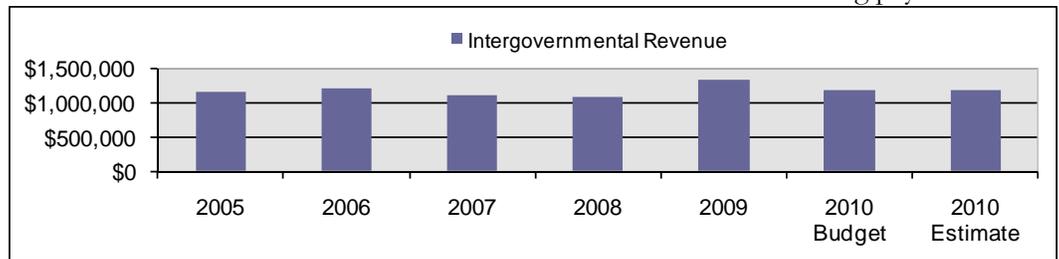
City budgeted \$573,300 for 2010 or 5.7 percent of budgeted total other revenues (\$9,927,401) and year-to-date the City collected \$266,896 or \$69,086 (34.9 percent) more than the \$197,810 collected through May 2009.



Intergovernmental Revenues: This revenue source includes state and federal shared revenues including payments in

lieu of taxes. These revenues are budgeted at \$1,198,327 for 2010, this is 12 percent of total other revenue. This revenue source totaled \$1,156,221 in 2005 and the City collected \$1,319,282 in 2009, a 14.1 percent increase.

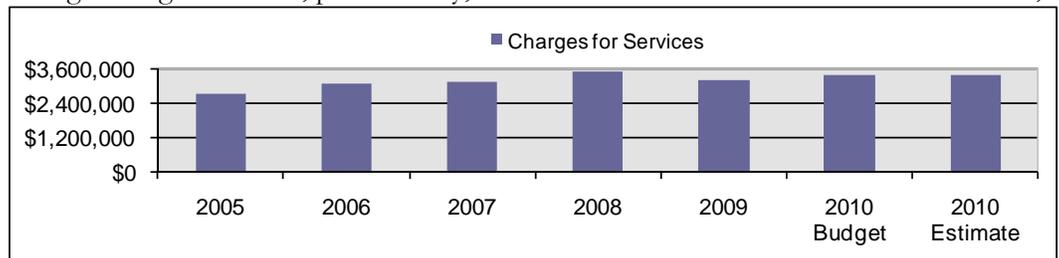
The City collected \$509,576 through May 2010 this is \$165,212 (48 percent) more than the \$344,364 collected in the same period in 2009.



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 \$3,318,587 for 2010 or 32 percent of total other revenue. This revenue source totaled \$2,750,211 in 2005 and increased to \$3,185,443 in

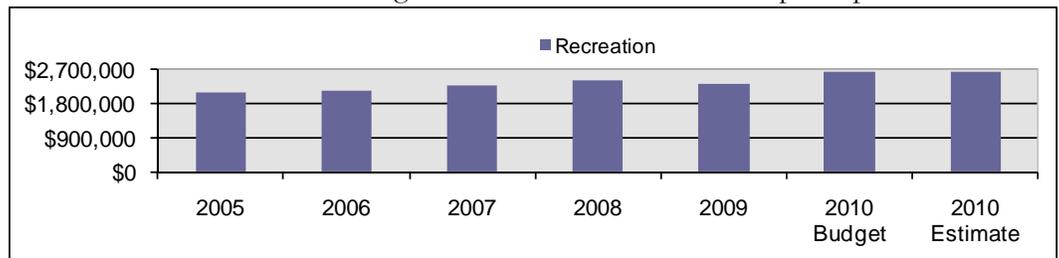
2009, a 15.8 percent increase. Total collected year-to-date was \$1,288,826 or \$22,909 (1.75 percent) less than the \$1,311,735 collected year-to-date in 2009.



Recreation: This category of revenue includes the fees and charges collected from customers to participate in the

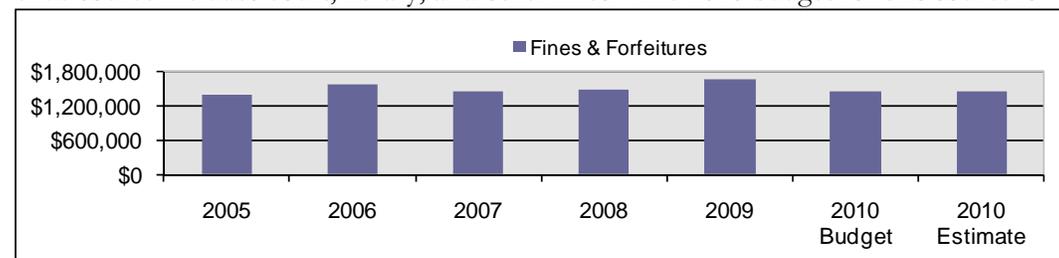
various programs offered by the Parks and Recreation Department. This revenue source is budgeted at \$2,625,194 for 2010 or 26.4 percent of total other revenue. This revenue source totaled

\$2,060,758 in 2005 and increased to \$2,315,598 in 2009, a 12.4 percent increase. Total collections through May 2010 were \$653,238 compared to \$669,160 collected in 2009.



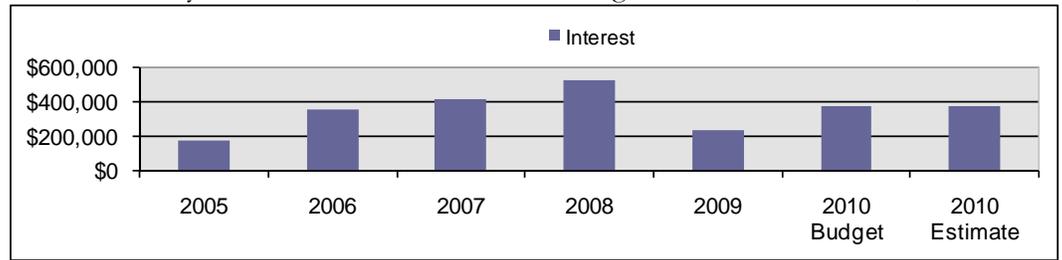
Fines and Forfeitures: This revenue source includes court, library, and other fines. The 2010 budget for this source is

\$1,426,801 or 14.7 percent of total other revenue. This revenue source totaled \$1,386,842 in 2005 and increased to \$1,639,678 in 2009, an 18.2 percent increase.

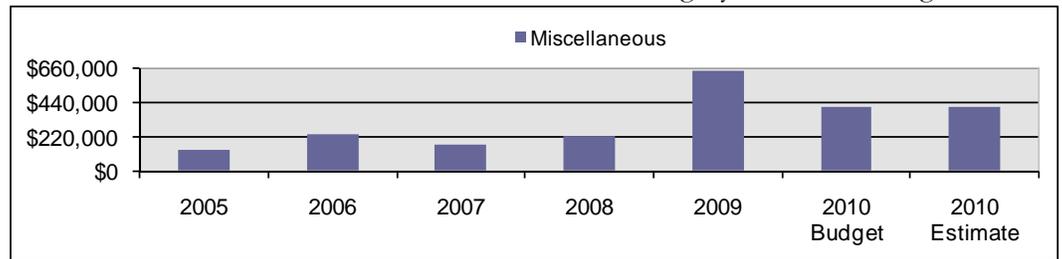


Total collected year-to-date was \$663,656 or \$63,876 (8.8 percent) less than the \$727,532 collected in the same time period last year.

Interest: This is the amount earned on the City’s cash investments. The 2010 budget for this source is \$372,611 or 3.8 percent of total other revenue. This revenue source totaled \$168,370 in 2005 and increased to \$230,000 in 2009, a (36.6 percent) increase. The City earned \$76,078 through May 2010; the City earned \$129,374 through May 2009.



Miscellaneous: This source includes all revenues that do not fit in another revenue category. The 2010 budget for this source is \$412,581 or 4.2 percent of total other revenue. This revenue source totaled \$131,849 in 2005 and increased to \$635,982 in 2009, a 382 percent increase. Total collected year-to-date is \$202,478 (57 percent) less compared to the \$470,937 collected last year during the same period.



General Fund Expenditures

Outcome Based Budgeting

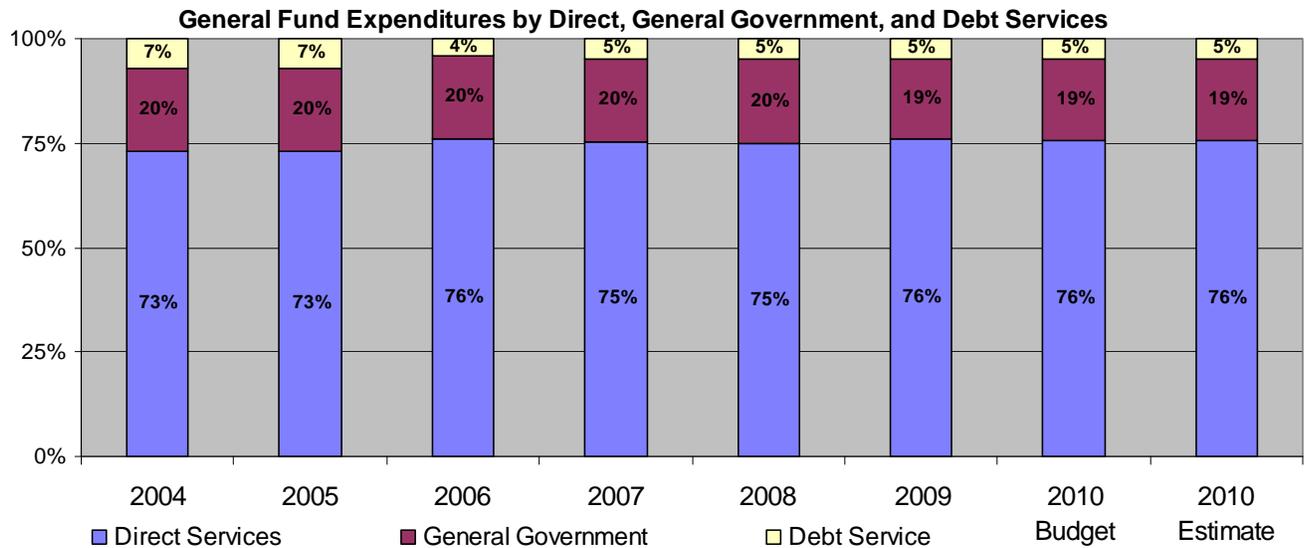
In 2006 the City adopted an outcome based budgeting philosophy. City Council and Staff outlined five outcomes to reflect, more appropriately, the desired result of the services delivered to the citizens of Englewood. The five outcomes identified are intended to depict Englewood as:

- ▶ 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 is refined and reviewed on an on-going basis to help us better focus our resources in meeting the objectives of our citizens.

The City budgeted total expenditures at \$40,616,941 for 2010, this compares to \$38,997,977 and \$39,015,199 expended in 2009 and 2008 respectively. Budgeted expenditures for 2010 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 May were \$16,606,694 compared to \$16,411,936 in 2009 and \$16,250,230 in 2008. *The City Manager has requested all departments hold their 2010 spending at or below 2009 expenditure amounts. The Revenue, Expenditure, and Fund Balance Report has been updated to reflect this request.*

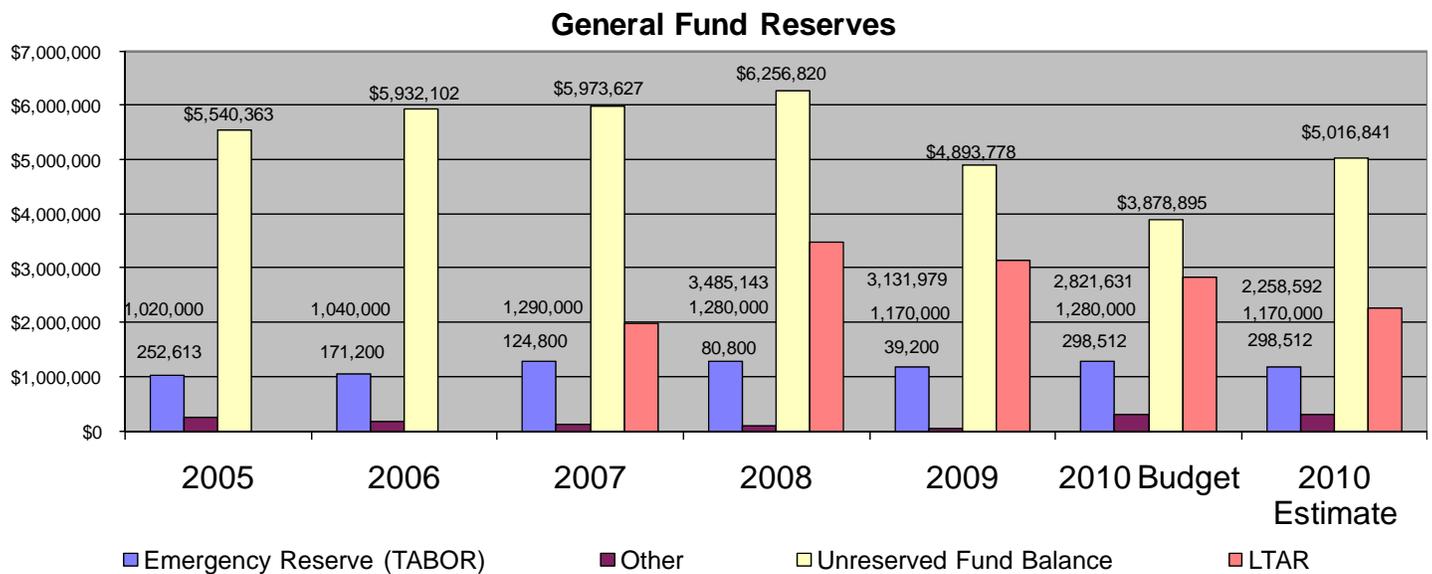
The chart below illustrates the breakdown of expenditures into debt service, general and direct government.



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 May 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 2010 estimated year-end balance in the account is \$2,258,592 (This balance includes a \$750,000 transfer that was appropriated for the purchase of two homes and rehabilitation of ten homes, and an estimate of \$175,125 rental income from EMRF).



The City ended 2009 with an unreserved/undesignated general fund balance of \$4,893,778 or 13.4 percent of revenues. The 2010 estimate shows an unaudited ending fund balance of \$5,016,841 or 13.4 percent of budgeted revenues. The \$5,016,841 would allow the City to operate for approximately 45 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 2008 through 2010. 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.

	2010	2010 vs 2009 Increase (Decrease)	2009	2009 vs 2008 Increase (Decrease)	2008
Public Improvement Fund (PIF)					
YTD Revenues	\$ 573,538	\$ (812,660) (58.63%)	\$ 1,386,198	\$ 458,937 49.49%	\$ 927,261
YTD Expenditures	1,880,360	\$ (573,064) (23.36%)	2,453,424	\$ (2,360,462) (49.03%)	4,813,886
Net Revenues (Expenditures)	\$ (1,306,822)	\$ (239,596)	\$ (1,067,226)	\$ 2,819,399	\$ (3,886,625)
Beginning PIF Fund Balance	\$ 1,515,399		\$ 1,067,525		\$ 3,359,169
Ending PIF Fund Balance Before Remaining Annual Revenue and Appropriation	\$ 208,577		\$ 299		\$ (527,456)
Plus: Remaining Annual Revenue	1,126,221		2,042,809		2,907,637
Less: Remaining Annual Appropriation	(1,174,089)		(1,974,418)		(2,614,827)
Estimated Ending Fund Balance	\$ 160,709		\$ 68,690		\$ (234,646)
Unappropriated Fund Balance as of December 31,			<u>\$ 337,197</u>		<u>\$ 21,117</u>

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

	2010 Estimate	2010 Adopted Budget	2010 YTD Actual	2010 Vs 2009 \$ %	2009 YTD Actual	2009 Vs 2008 \$ %	2008 YTD Actual
Vehicle Use Tax	\$ 1,000,000	\$ 1,000,000	\$ 285,159	\$ (36,163) -11%	\$ 321,322	\$ (114,087) -26%	\$ 435,409
Building Use Tax	\$ 400,000	\$ 400,000	\$ 185,753	\$ 67,774 57%	\$ 117,979	\$ (272,345) -70%	\$ 390,323
Arapahoe County Road and Bridge Tax	\$ 192,109	\$ 200,000	\$ 67,238	\$ (3,108) -4%	\$ 70,346	\$ 1,136 2%	\$ 69,210

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. We will monitor these revenue sources to determine if the 2010 estimate needs to be revised. **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%.

2010 Year-To-Date City Funds At-A-Glance

(Please refer to "Funds Glossary" for a 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	9,234,957	15,358,389	16,606,257	1,441,731	4,411,979	5,016,841
Special Revenue Funds						
Conservation Trust	851,312	72,152	221,645	(670,903)	-	30,915
Open Space	1,236,741	6,343	381,535	(687,281)	-	174,269
Donors	115,917	47,828	44,856	-	-	118,889
Community Development	-	96,556	102,702	6,147	-	-
Malley Center Trust	287,432	3,504	1,230	-	-	289,707
Parks & Recreation Trust	455,943	3,606	6,345	-	-	453,204
Debt Service Fund						
General Obligation Bond	58,665	564,171	249,576	-	-	373,260
Capital Projects Funds						
PIF	1,515,399	573,539	362,743	(1,565,485)	-	160,709
MYCP	941,009	6,295	280,142	(518,028)	-	149,134
Proprietary Fund Types (Funds Available Balance)						
Enterprise Funds						
Water	6,488,629	3,055,848	3,329,383	-	-	6,215,094
Sewer	8,454,882	5,897,934	5,005,645	-	1,000,000	8,347,171
Stormwater Drainage	852,252	170,315	79,956	-	137,818	804,793
Golf Course	725,050	549,924	651,814	-	293,500	329,660
Concrete Utility	246,706	448,599	130,430	-	-	564,874
Housing Rehabilitation	272,970	93,354	160,465	-	-	205,859
Internal Service Funds						
Central Services	200,630	141,640	111,299	-	-	230,970
ServiCenter	825,982	878,333	769,348	(200,000)	-	734,966
CERF	832,458	293,886	64,426	(446,477)	-	615,441
Employee Benefits	376,106	2,320,806	2,362,471	-	95,522	238,919
Risk Management	1,384,702	1,379,087	710,668	(450,000)	-	2,053,120

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.

FUNDS GLOSSARY

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.

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 May 31, 2010

Percentage of Year Completed = 42%

Fund Balance January 1	\$ 8,518,581	\$ 9,234,957	\$ 9,234,957	\$ 11,102,763	\$ 11,102,763	\$ 9,374,427	\$ 9,374,427			
Revenues	2010				2009			2008		
	Budget	May-10	% Budget	YE Estimate	Dec-09	May-09	% YTD	Dec-08	May-08	% YTD
Property Tax	3,046,000	1,629,154	53.49%	3,046,000	2,971,303	1,580,054	53.18%	2,995,990	1,670,911	55.77%
Specific Ownership Tax	350,000	92,769	26.51%	300,000	276,415	104,740	37.89%	316,242	109,499	34.63%
Sales & Use Taxes	22,300,000	8,953,340	40.15%	21,300,000	20,624,659	9,303,818	45.11%	22,617,767	10,107,202	44.69%
Cigarette Tax	250,000	77,971	31.19%	210,000	218,448	94,337	43.19%	261,743	106,432	40.66%
Franchise Fees	2,650,851	940,944	35.50%	2,650,851	2,452,611	875,605	35.70%	2,588,214	939,981	36.32%
Hotel/Motel Tax	8,713	3,461	39.72%	8,713	9,141	3,732	40.83%	10,078	4,064	40.33%
Licenses & Permits	573,300	266,896	46.55%	573,300	588,303	197,810	33.62%	671,384	245,879	36.62%
Intergovernmental Revenue	1,198,327	509,576	42.52%	1,198,327	1,333,688	344,364	25.82%	1,092,701	353,731	32.37%
Charges for Services	3,318,587	1,288,826	38.84%	3,318,587	3,163,735	1,311,735	41.46%	3,452,946	1,305,660	37.81%
Recreation	2,625,194	653,238	24.88%	2,625,194	2,315,598	669,160	28.90%	2,364,758	650,461	27.51%
Fines & Forfeitures	1,426,801	663,656	46.51%	1,426,801	1,639,678	727,532	44.37%	1,461,100	647,476	44.31%
Interest	372,611	76,078	20.42%	372,611	229,999	129,374	56.25%	520,325	195,440	37.56%
Miscellaneous	412,581	202,478	49.08%	412,581	643,311	470,937	73.21%	226,270	44,493	19.66%
Total Revenues	38,532,965	15,358,387	39.86%	37,442,965	36,466,889	15,813,198	43.36%	38,579,518	16,381,229	42.46%
Expenditures										
Legislation	359,314	145,712	40.55%	346,045	346,045	169,251	48.91%	350,254	160,983	45.96%
City Attorney	767,546	294,618	38.38%	767,546	678,038	260,347	38.40%	698,563	265,009	37.94%
Court	1,005,723	350,722	34.87%	1,005,723	914,493	366,500	40.08%	915,303	365,480	39.93%
City Manager	668,633	293,967	43.97%	670,000	674,170	300,640	44.59%	674,323	308,667	45.77%
Human Resources	504,898	151,639	30.03%	504,898	456,275	168,968	37.03%	579,137	210,552	36.36%
Financial Services	1,684,000	597,879	35.50%	1,600,000	1,575,924	618,575	39.25%	1,626,571	647,793	39.83%
Information Technology	1,342,948	512,753	38.18%	1,360,237	1,360,237	508,966	37.42%	1,280,156	507,268	39.63%
Public Works	5,497,881	2,160,971	39.31%	5,274,173	5,152,891	2,082,869	40.42%	5,189,173	2,125,481	40.96%
Fire Department	7,407,551	3,118,066	42.09%	7,390,268	7,320,268	3,022,033	41.28%	7,215,443	2,909,830	40.33%
Police Department	10,469,333	4,396,726	42.00%	10,469,333	10,183,891	4,243,854	41.67%	9,974,925	4,152,712	41.63%
Community Development	1,457,667	488,708	33.53%	1,457,667	1,366,437	526,013	38.50%	1,464,725	544,182	37.15%
Library	1,352,221	574,204	42.46%	1,352,221	1,275,554	583,345	45.73%	1,261,112	549,677	43.59%
Recreation	6,034,770	2,153,905	35.69%	5,827,968	5,727,968	2,173,636	37.95%	5,916,449	2,156,075	36.44%
Debt Service	2,004,456	1,360,804	67.89%	1,867,456	1,805,208	1,347,434	74.64%	1,809,306	1,336,002	73.84%
Contingency	60,000	6,020	10.03%	60,000	160,578	39,505	24.60%	59,759	10,519	17.60%
Total Expenditures	40,616,941	16,606,694	40.89%	39,953,535	38,997,977	16,411,936	42.08%	39,015,199	16,250,230	41.65%
Excess revenues over (under) expenditures	(2,083,976)	(1,248,307)	59.90%	(2,510,570)	(2,531,088)	(598,738)		(435,681)	130,999	
Net transfers in (out)	1,844,433	1,894,433	102.71%	2,019,558	663,282	3,682	0.56%	2,164,017	2,572,932	118.90%
Total Fund Balance	\$ 8,279,038	\$ 9,881,083	119.35%	\$ 8,743,945	\$ 9,234,957	\$ 10,507,707	113.78%	\$ 11,102,763	\$ 12,078,358	108.79%

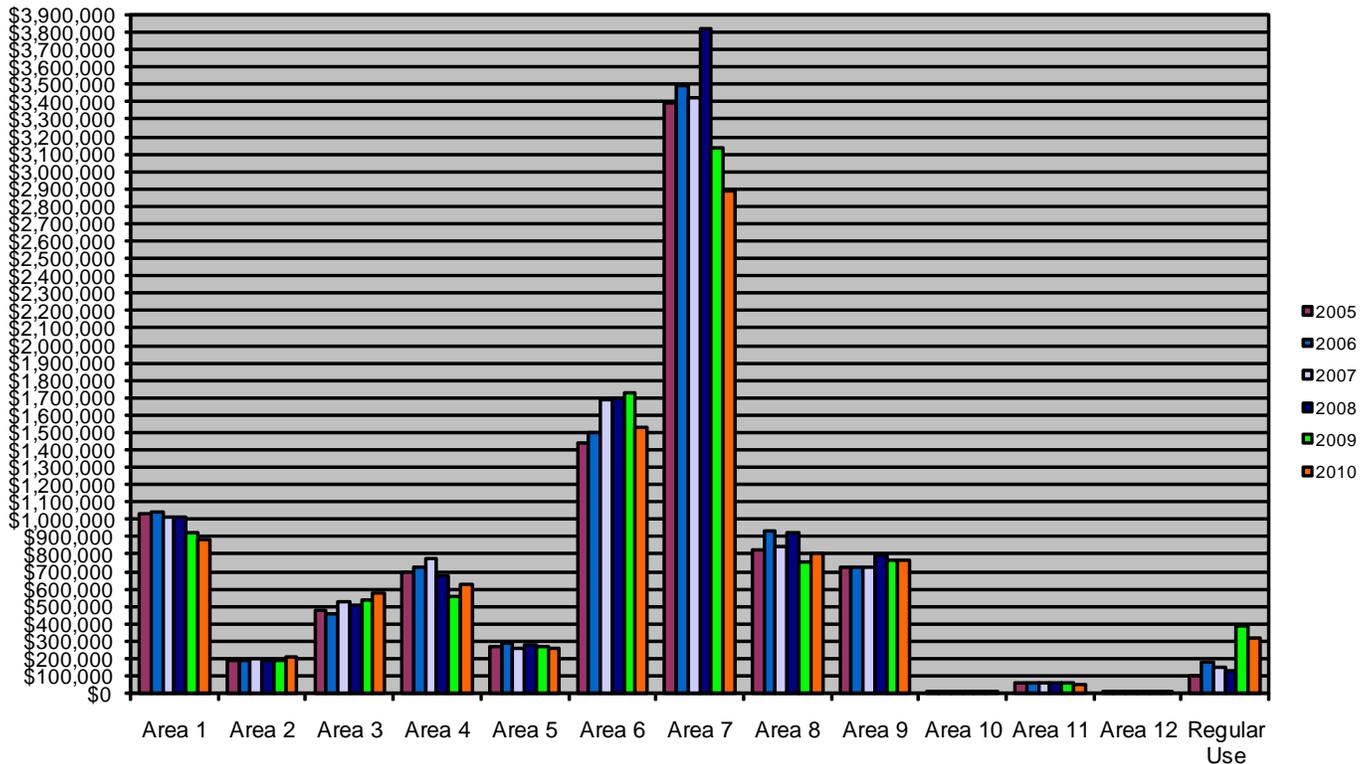
Fund Balance Analysis										
Total Fund Balance	\$ 8,279,038	\$ 8,743,945	\$ 9,234,957	\$ 11,102,763						
Reserves/designations:										
-Emergencies (TABOR)	1,280,000	1,170,000	1,170,000	1,280,000						
-LTAR	2,821,631	2,258,592	3,131,979	3,485,143						
-MOA	-	-	39,200	80,800						
-COPS Grant	298,512	298,512	-	-						
Unreserved/undesignated										
Fund Balance	\$ 3,878,895	\$ 5,016,841	\$ 4,893,778	\$ 6,256,820						
Potential reserves/designations	-	-	-	-						
Estimated unres/undesignated										
Fund Balance	\$ 3,878,895	\$ 5,016,841	\$ 4,893,778	\$ 6,256,820						
As a percentage of projected revenues	10.36%	13.40%	13.42%	16.22%						
As a percentage of budgeted revenues	10.07%	13.02%								
Target	3,853,297	-	5,779,945							

Sales & Use Tax Collections Year-to-Date Comparison for the month of May 2010

Cash Basis

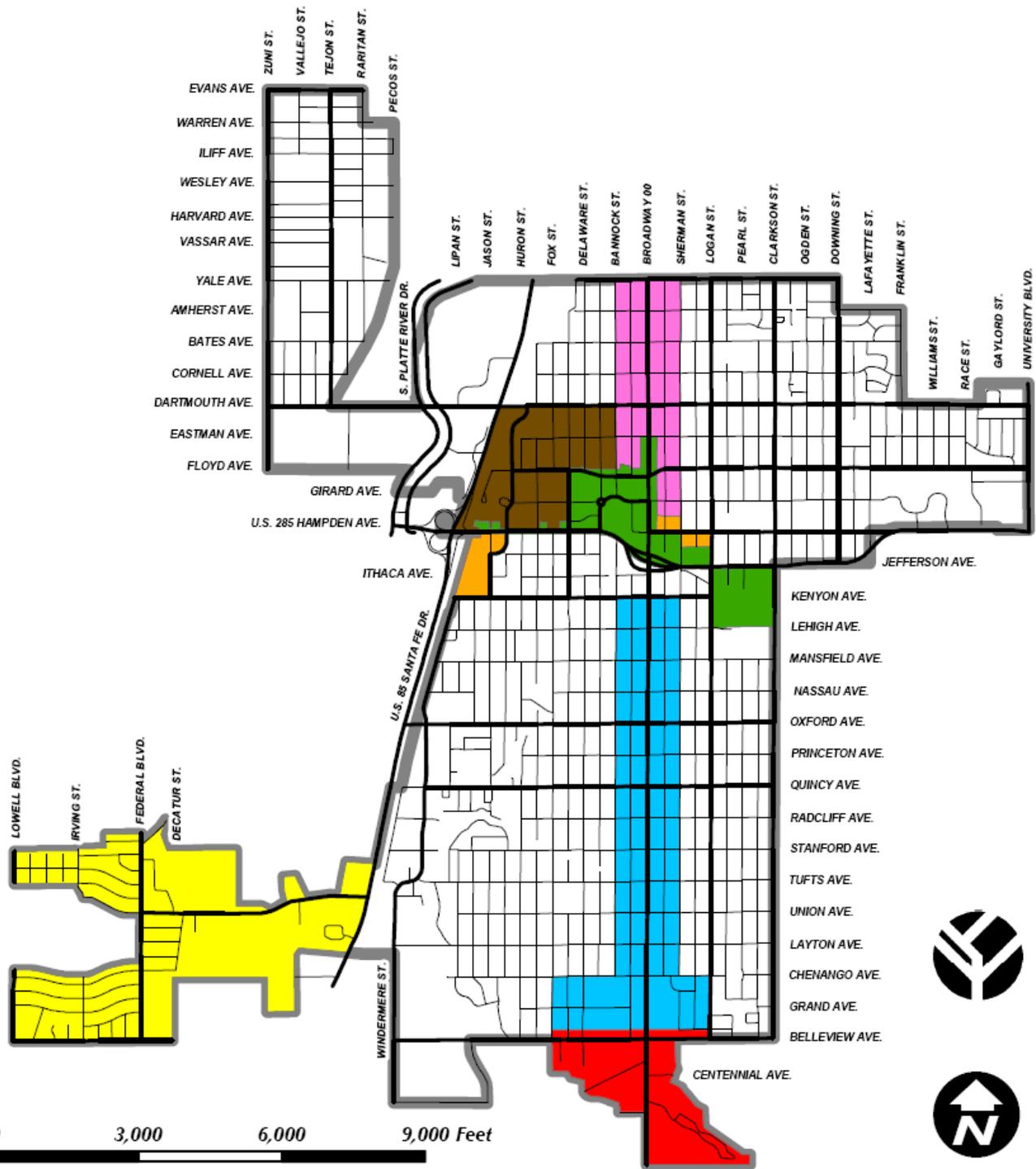
	2005	% Change	2006	% Change	2007	% Change	2008	% Change	2009	% Change	2010	% Change
Area 1	1,028,487	3.76%	1,042,746	1.39%	1,008,824	-3.25%	1,009,827	0.10%	919,936	-8.81%	882,218	-4.10%
Area 2	186,682	-2.24%	191,196	2.42%	196,346	2.69%	191,584	-2.43%	185,591	-5.48%	210,395	13.37%
Area 3	480,591	-9.91%	456,217	-5.07%	523,106	14.66%	506,994	-3.08%	534,066	2.10%	576,528	7.95%
Area 4	694,201	-7.82%	727,731	4.83%	779,149	7.07%	673,680	-13.54%	553,453	-28.97%	622,268	12.43%
Area 5	272,341	7.85%	287,230	5.47%	263,416	-8.29%	279,631	6.16%	265,702	0.87%	261,164	-1.71%
Area 6	1,435,964	1.20%	1,502,800	4.65%	1,687,646	12.30%	1,701,798	0.84%	1,731,134	2.58%	1,525,619	-11.87%
Area 7	3,395,425	-7.46%	3,494,400	2.91%	3,426,261	-1.95%	3,825,257	11.65%	3,131,376	-8.61%	2,892,953	-7.61%
Area 8	825,879	0.68%	935,815	13.31%	842,897	-9.93%	921,627	9.34%	754,424	-10.50%	809,641	7.32%
Area 9	725,669	0.00%	725,669	0.00%	725,669	0.00%	792,201	9.17%	769,187	6.00%	768,075	-0.14%
Area 10	8,787	-34.33%	14,357	63.39%	8,297	-42.21%	9,676	16.62%	7,696	-7.24%	7,043	-8.48%
Area 11	58,239	0.00%	57,766	-0.81%	58,239	0.82%	60,454	3.80%	57,608	-1.08%	55,816	-3.11%
Area 12	1,072	4.89%	2,079	93.94%	1,756	-15.54%	2,447	39.34%	2,424	38.03%	2,353	-2.90%
Regular Use	100,053	-48.23%	175,982	75.89%	146,023	-17.02%	130,934	-10.33%	389,886	167.00%	316,289	-18.88%
Total	9,213,390	-4.24%	9,613,988	4.35%	9,667,629	0.56%	10,106,109	4.54%	9,302,483	-3.78%	8,930,365	-4.00%
Refunds	59,806	-38.08%	63,953	6.93%	66,096	3.35%	308,275	366.40%	10,664	-96.54%	167,657	1472.13%
Audit & Collections Revenue*	161,679	266.86%	156,835	-3.00%	204,587	30.45%	287,599	40.58%	377,866	31.39%	222,044	-41.24%
*included Above												
Unearned Sales Tax	700,000	-29.18%	650,000	-7.14%	650,000	0.00%	650,000	0.00%	600,000	-7.69%	600,000	0.00%
Building Use	208,705	0.00%	598,672	186.85%	590,921	-1.29%	390,323	-33.95%	117,978	-69.77%	185,753	57.45%
Vehicle Use	579,918	0.00%	469,709	-19.00%	597,577	27.22%	549,872	-7.98%	404,907	-26.36%	372,596	-7.98%

May YTD Collections by Area 2005-2010



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 |
|-------------------------------|------------------------------|---------------------------|

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