

# MEMORANDUM

**To:** Mayor Woodward and City Council  
**From:** Frank Gryglewicz, Director of Finance and Administrative Services  
**Date:** July 15, 2010  
**Subject:** July 2010 Financial Report

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## Summary of July 2010 General Fund Financial Report

### REVENUES:

- Through July 2010, the City of Englewood collected **\$22,938,040 or \$310,865 (1.3 percent)** less than last year (See chart attached to the full report for detail on changes in revenue in past year).
- The City collected \$2,877,425 in property and \$137,143 in specific ownership tax through July.
- **Year-to-date sales and use tax revenue were \$12,506,300 or 261,259 (2.1 percent) less than July 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.)
- Cigarette tax collections were down \$18,447 compared to last year.
- Franchise fee collections were \$119,842 more than last year.
- Licenses and permit collections were \$87,077 more than 2009.
- Intergovernmental revenues were \$79,668 more than the prior year.
- Charges for services decreased \$41,036 from last year.
- Recreation revenues increased \$162,553 from 2009.
- Fines and forfeitures were \$91,976 less than last year.
- Investment income was \$54,453 less than last year.
- Miscellaneous revenues were \$294,637 less than last year.

### OUTSIDE CITY:

- Outside City sales and use taxes were down \$343,816 or eight 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 July 2010 were \$1,238,494 (4.1 percent) less than the \$1,291,209 collected in 2009.

### EXPENDITURES:

- Expenditures through July were \$22,585,831 or \$135,617 (.60 percent) more than the \$22,450,214 expended through July 2009.
- The City refunded \$167,657 in sales and use tax claims through July.

### 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 \$4,287,492 or 11.6 percent of projected revenues.

### TRANSFERS:

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

### REVENUES OVER/UNDER EXPENDITURES:

- Revenues exceeded expenditures through July by \$352,209 through July 2010..

### PUBLIC IMPROVEMENT FUND (PIF):

- The PIF has collected \$959,078 in revenues and spent \$1,954,068 year-to-date. Estimated year-end fund balance is \$189,258.

# City of Englewood, Colorado

## July 2010 Financial Report

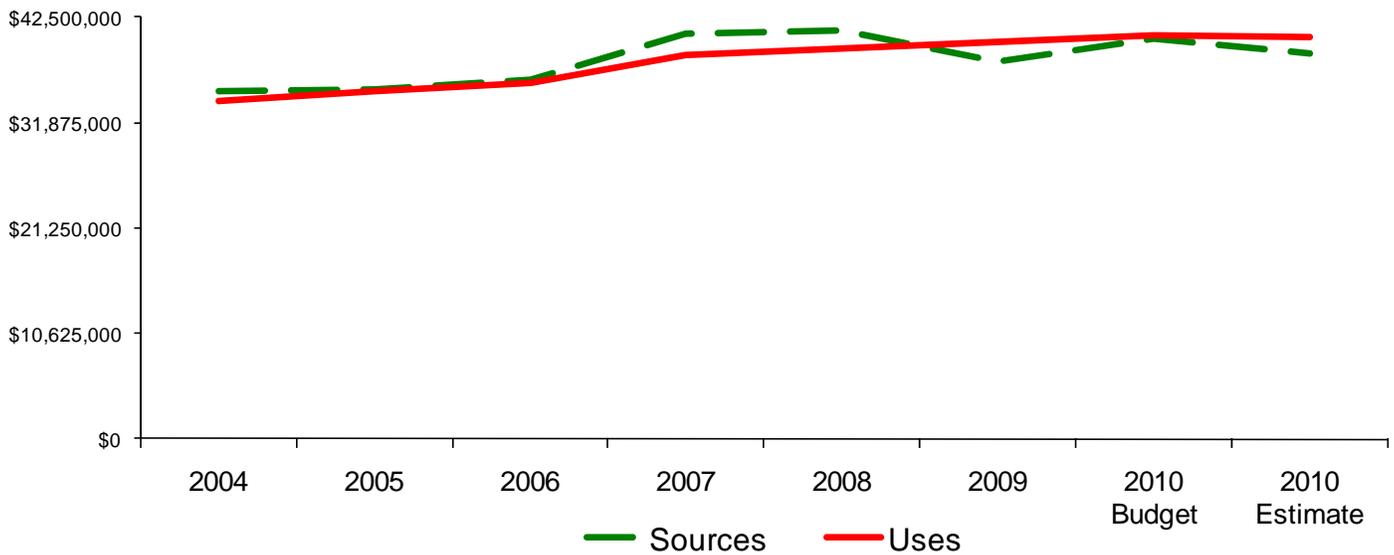
### GENERAL FUND OVERVIEW AND ANALYSIS

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**



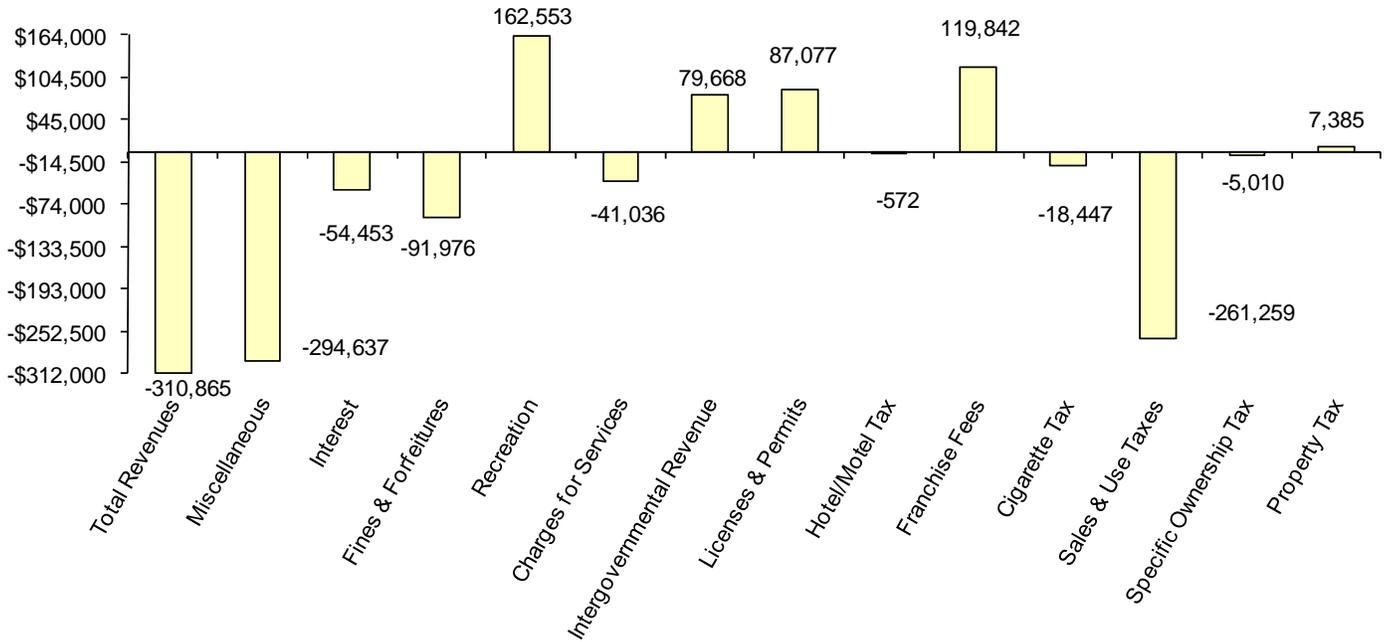
The table below summarizes General Fund Year-To-Date (YTD) Revenues, Expenditures, Sales & Use Tax Revenue and Outside City Sales & Use Tax Revenue for the month ended July, 2010. Comparative figures for years 2009 and 2008 are presented as well. The table also highlights the dollar and percentage changes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

General Fund	2010 YTD	2009 YTD	% Change	2008 YTD	2009 YTD	% Change	2010 Estimate
Year-To-Date Revenues	\$ 22,938,040	\$ (310,865)	(1.34%)	\$ 23,248,905	\$ (1,376,019)	(5.59%)	\$ 24,624,924
Year-To-Date Expenditures	22,585,831	\$ 135,617	.60%	22,450,214	\$ 260,550	1.17%	22,189,664
Net Revenues (Expenditures)	\$ 352,209	\$ (446,482)		\$ 798,691	\$ (1,636,569)		\$ 2,435,260
Estimated Unreserved/ Undesignated Fund Balance	\$ 4,388,016	\$ (505,762)	(10.33%)	\$ 4,893,778	\$ (1,363,042)	(21.78%)	\$ 6,256,820
Sales & Use Tax Revenue YTD	\$ 12,506,300	\$ (261,259)	(2.05%)	\$ 12,767,559	\$ (1,457,824)	(10.25%)	\$ 14,225,383
Outside City Sales & Use Tax YTD	\$ 3,977,912	\$ (343,816)	(7.96%)	\$ 4,321,728	\$ (1,020,717)	(19.11%)	\$ 5,342,445

**General Fund Revenues**

The City of Englewood’s total budgeted revenue is \$38,532,965. Total revenues collected through July 2010 were \$22,938,040 or \$310,865 (1.34 percent) less than was collected in 2009. The chart below illustrates changes in General Fund revenues this year compared to last year.

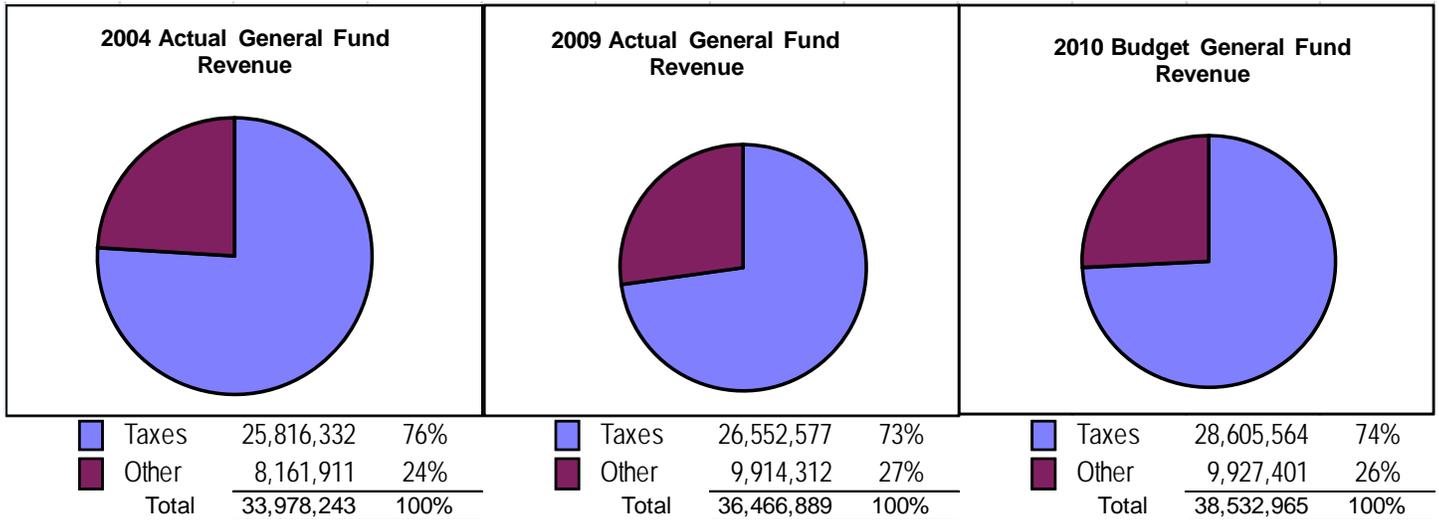
**2010 Year-To-Date Change in General Fund Revenue as Compared to Prior Year**



**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**

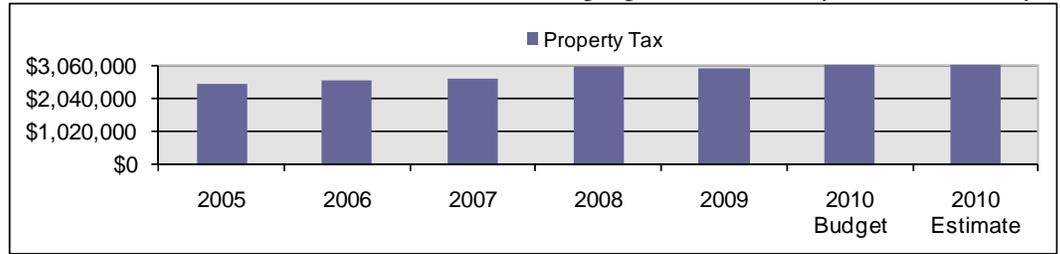


**Property taxes:** These taxes are collected based on the assessed value of all the properties in the City and the mill levy assessed against the property.

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

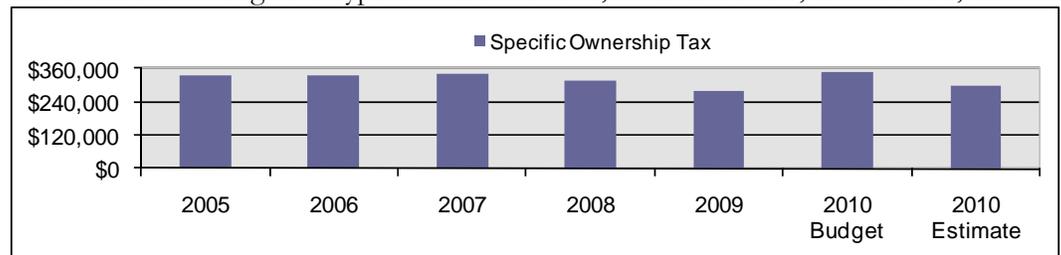
is levied for principal and interest payments on the City's general obligation debt (parks and recreation projects).

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 \$2,877,425 through July 2010.



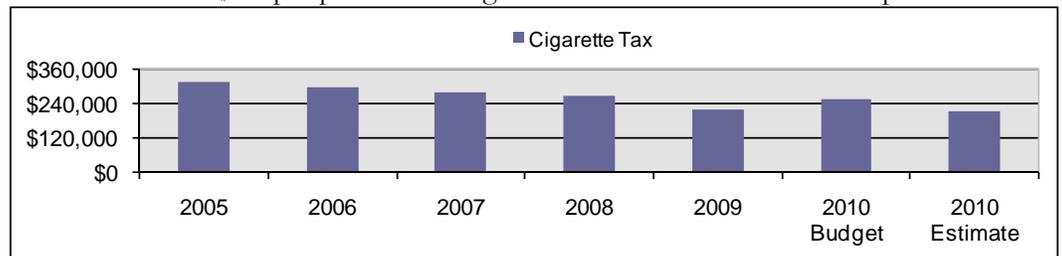
**Specific ownership:** These taxes are based on the age and type of motor vehicles, wheeled trailers, semi-trailers, etc.

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 \$137,143 through July 2010. The year-end estimate has been reduced to \$250,000.



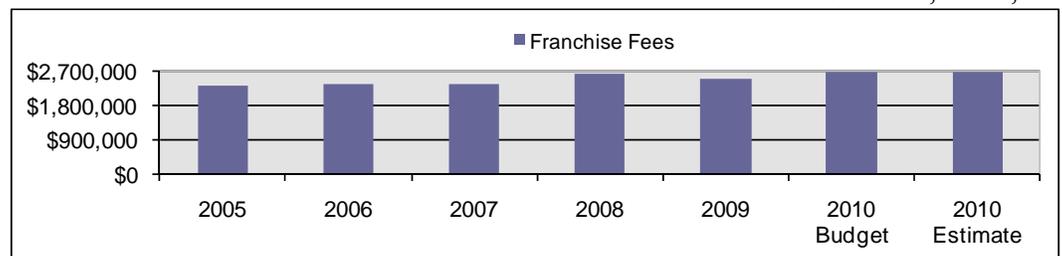
**Cigarette Taxes:** The State of Colorado levies a \$.20 per pack tax on cigarettes. The State distributes 46 percent of the gross tax to cities and towns based on the pro rata share of state sales tax collections in the previous year. These taxes have fallen significantly in the past and continue to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

\$.62 per pack went into effect. This 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 \$110,208 through July 2010, which is \$18,447 or 14.3 percent less than the \$128,655 collected through July 2009. The year-end estimate has been reduced to \$200,000.

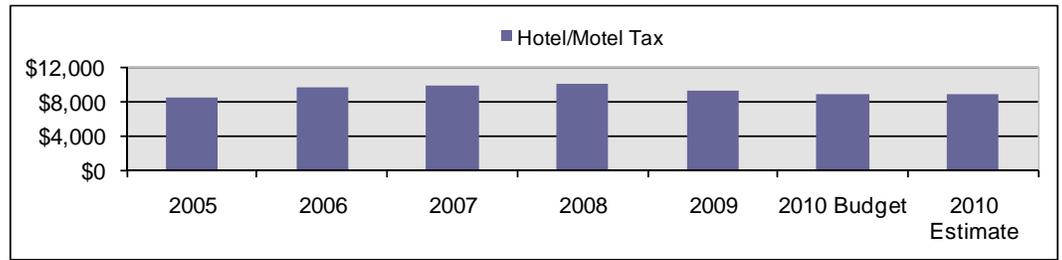


**Franchise Fees:** The City collects a number of taxes on various utilities. This includes franchise tax on water, sewer, and public services, as well as occupational taxes on telephone services. The City collected \$2,294,972 in 2005 and \$2,452,611 in 2009, an increase of \$157,639 or 6.9 percent. 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 July totaled \$1,408,199 compared to \$1,288,357 collected during the same period last year.



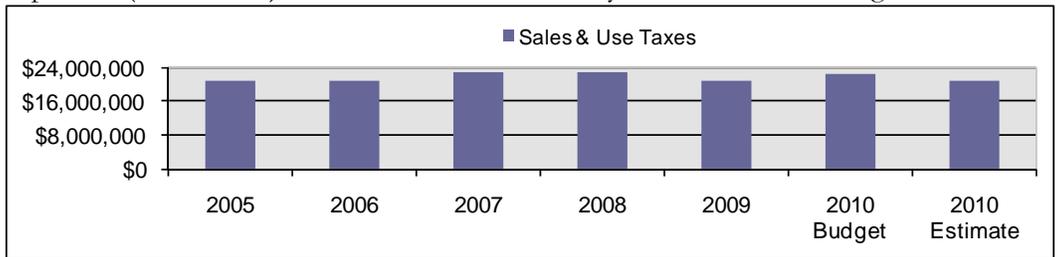
**Hotel/Motel Tax:** This tax is levied at two percent of the rental fee or price of lodging for under 30 days duration. The City budgeted \$8,713 for the year and has collected \$5,082 through July 2010.



### 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 July 2010 was \$12,506,300 while revenue year-to-date for July 2009 was \$12,767,559 a decrease of \$261,259 or 2.1 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 \$60,259 or .47 percent for the year.

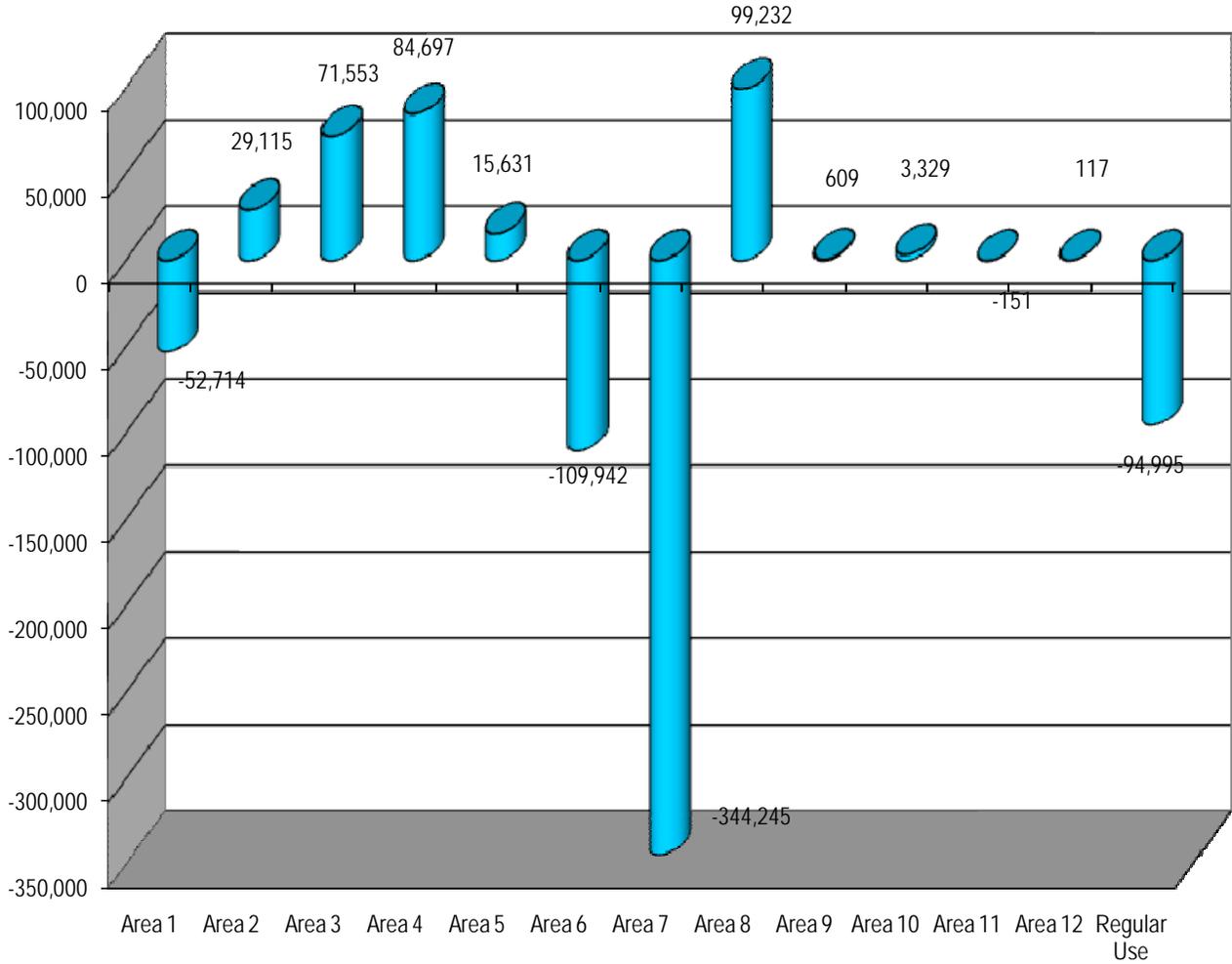
Collections for July 2010 were \$2,019,569 while collections for July 2009 and July 2008 were \$2,041,376 and \$2,339,636 respectively. July 2010 collections were \$21,807 or 1.7 percent less than July 2009 and \$320,067 or 13.7 percent less than 2008 collections.

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 98 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 \$20,212,166 for the year. Historically, the City collects 63 percent of its total sales and use taxes in the first quarter; this leaves 37 percent to be collected over the next five months. If this historic pattern holds true for the year, the City can expect to collect an additional \$7,344,970 for a total of \$19,851,270 for the year. Earlier in the year, the estimate was reduced to \$21,200,000. Based on the above calculations, the estimated collections have been reduced to \$20,800,000 to reflect the continuing decline in collections for the year and will be reviewed further with upcoming reports.

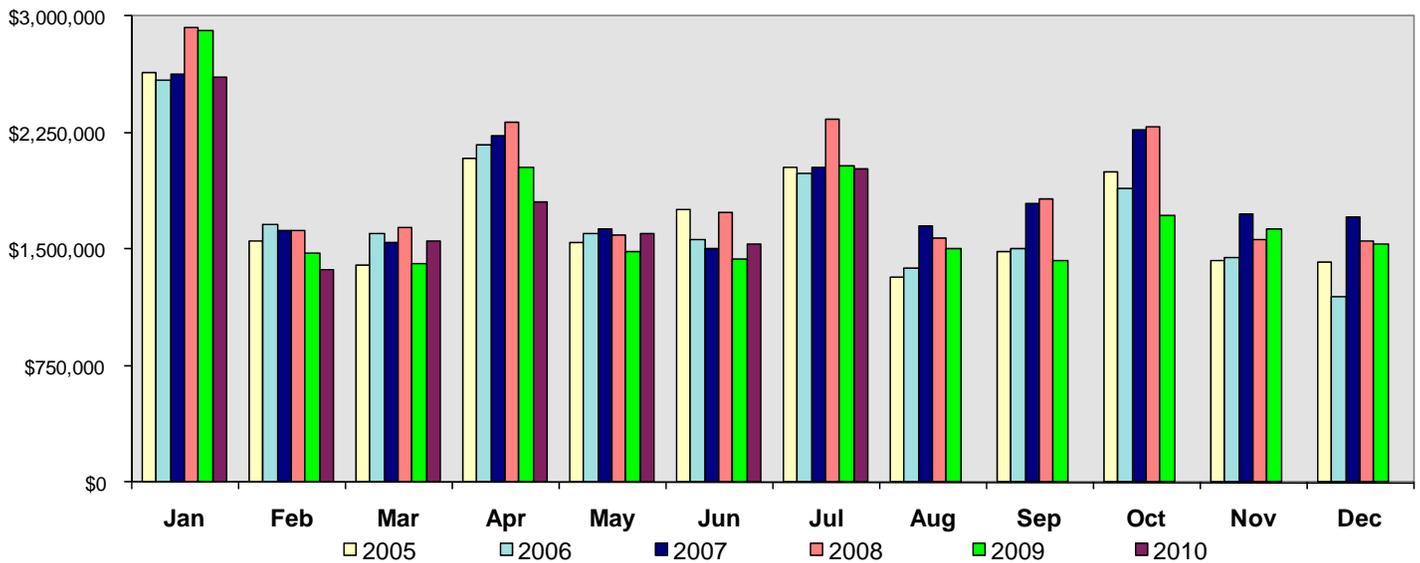
The chart on the next page, "Change in Sales/Use Tax Collections by Area 2010 vs. 2009" indicates that most of the decrease in sales tax collections is due to Outside City (Area 7) and All Other City Locations (Area 6) sales. Regular use tax was up last year due to the 2009 receipt of a 2008 audit. Economic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



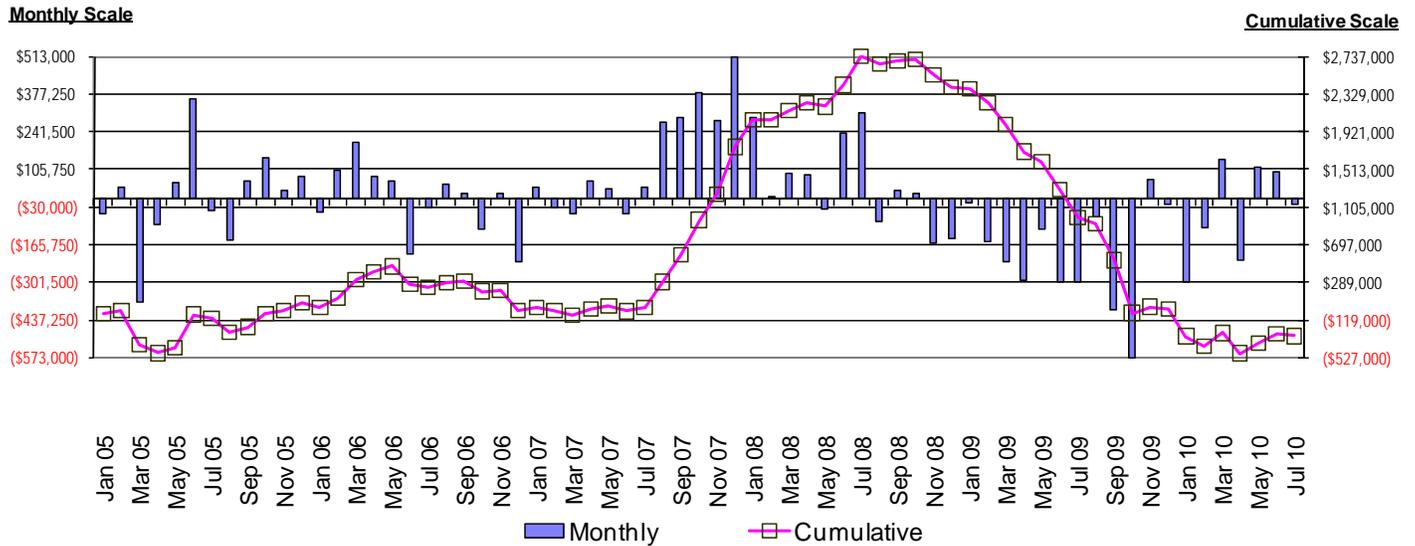
The bar graph below shows a comparison of monthly sales tax collections (cash basis) for 2005 through 2010.

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



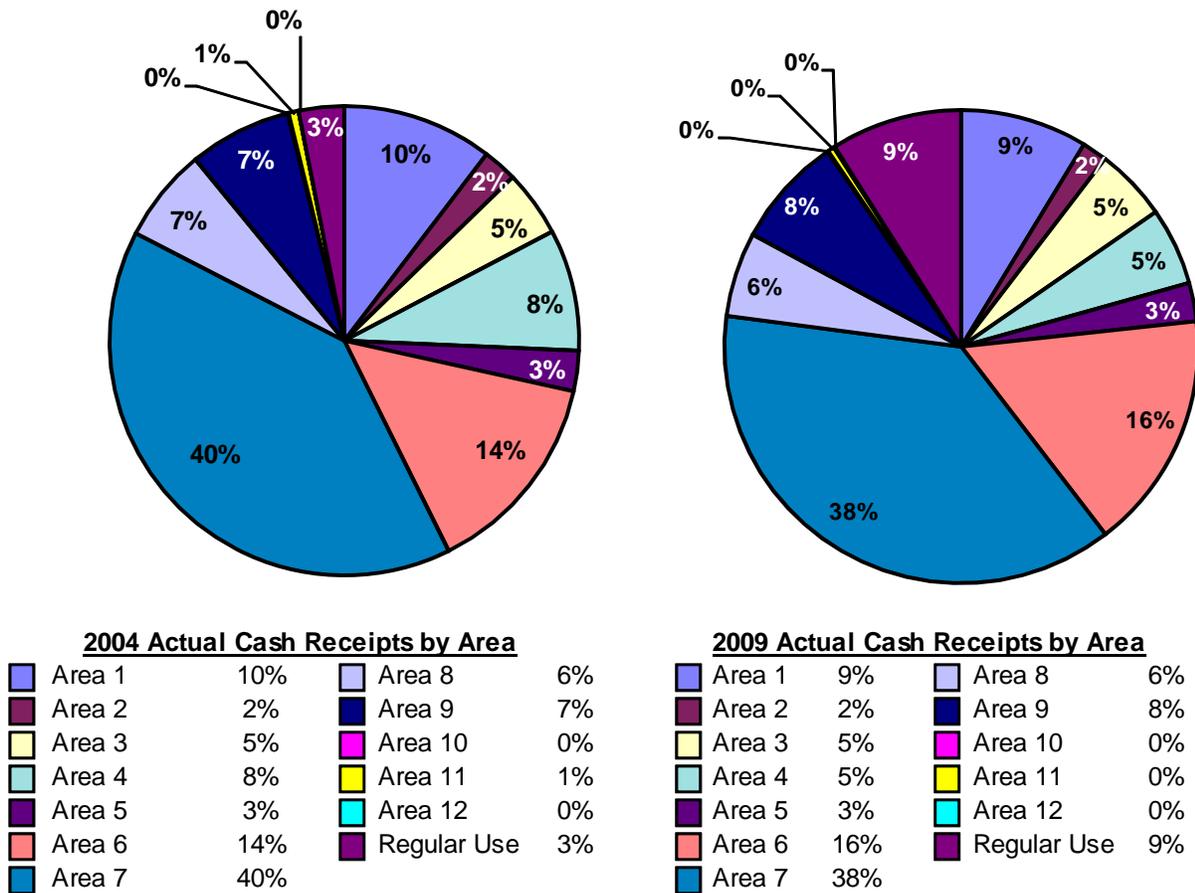
The next chart illustrates sales tax collections (cash basis) by month and cumulative for the years presented.

### 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 \$1,238,494 year-to-date 2010, in 2009, the City collected \$1,238,494.

**Area 6:** This geographic area is down from last year due to an audit that was completed and paid last year for \$201,000.

**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 July. 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	13,164,415	13,201,013	14,182,413	12,778,134	12,480,181
Outside City Collections	4,762,246	4,809,869	5,342,445	4,321,728	3,977,912
Percentage of Total	36.2%	36.4%	33.9%	41.8%	34.6%
Total General Fund Revenues	22,803,178	22,947,712	24,624,924	23,248,905	22,938,040
Outside City Collections	4,762,246	4,809,869	5,342,445	4,321,728	3,977,912
Percentage of Revenues	20.9%	21.0%	21.7%	18.6%	17.3%

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 July 2010 compared to \$68,371 through July 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 July were up \$99,232 or 10.2 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 \$231,472 in sales and use tax audit revenues and general collections of balances on account through the month of July; this compares to \$402,137 collected in 2009 and \$374,073 collected in 2008.

Of the 72 sales tax accounts reviewed in the various geographic areas, 47 (65 percent) showed improved collections and 25 (35 percent) showed reduced collections this year compared to the same period last year.

The Department issued 256 new sales tax licenses through July 2010; 209 and 250 were issued through July 2009 and 2008 respectively.

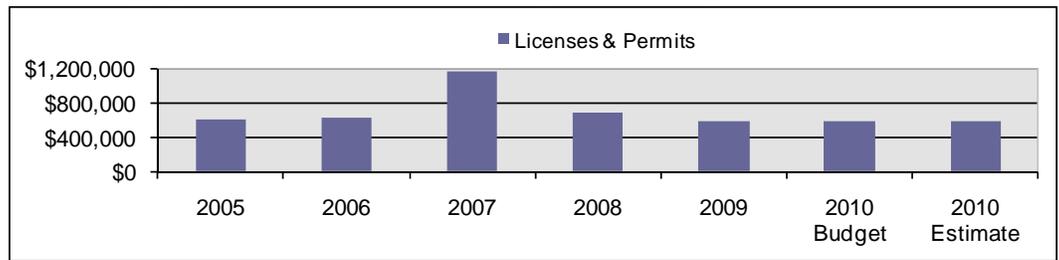
City records indicate that year-to-date 92 businesses closed (50 of them were outside the physical limits of Englewood) and 249 opened (158 of them were outside the physical limits of Englewood).

### **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.

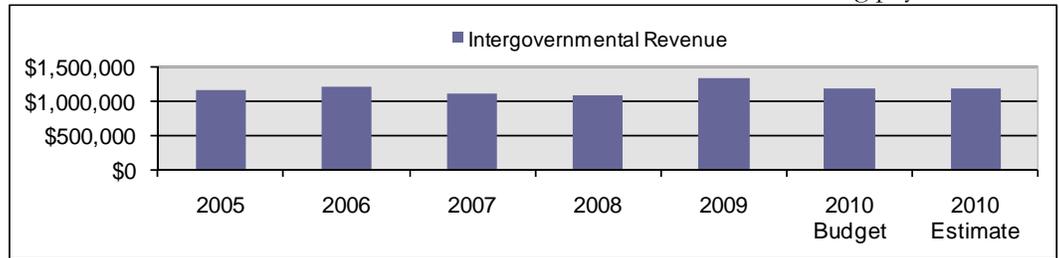
Following are additional significant revenue sources:

**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.



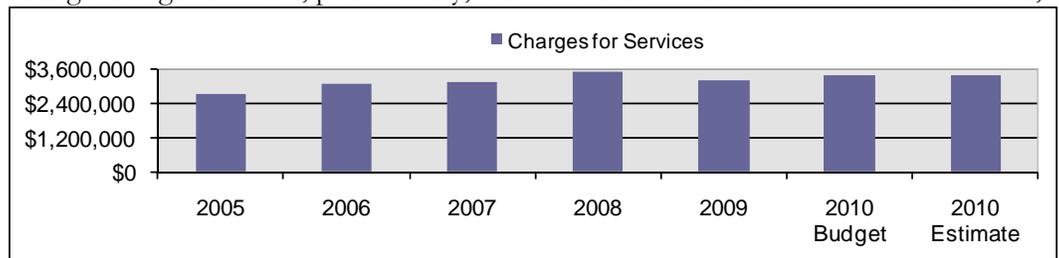
The City budgeted \$573,300 for 2010 or 5.7 percent of budgeted total other revenues (\$9,927,401) and year-to-date the City collected \$386,348 or \$87,077 (29.1 percent) more than the \$299,271 collected through July 2009. The year-end estimate has been increased to \$600,000.

**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.



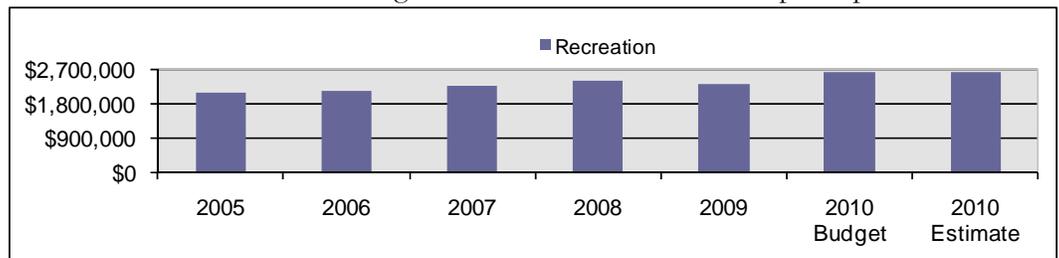
The City collected \$749,112 through July 2010 this is \$79,668 (11.9 percent) more than the \$669,444 collected in the same period in 2009. The year-end estimated has been increased to \$1,334,000.

**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 \$1,827,562 or \$41,036 (2.2 percent) less than the \$1,868,598 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 July 2010 were \$1,705,275 compared to \$1,542,722 collected in 2009.

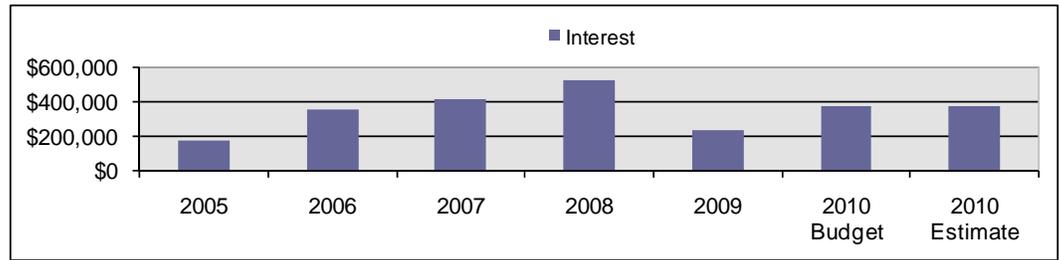
**Fines and Forfeitures:** This revenue source includes court, library, and other fines. The 2010 budget for this source is \$1,426,801 or 14.7 percent of total other revenue. This revenue source totaled \$1,386,842 in 2005 and increased to \$1,639,678 in 2009.



2009, an 18.2 percent increase. Total collected year-to-date was \$906,009 or \$91,976 (9.2 percent) less than the \$997,985 collected in the same time period last year.

**Interest:** This is the amount

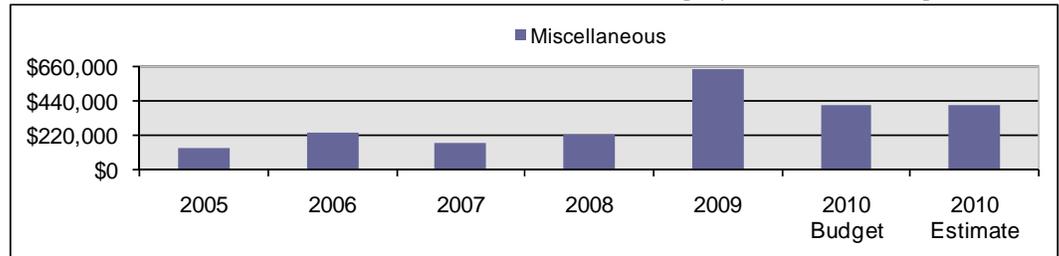
earned on the City’s cash investments. The 2010 budget for this source is \$372,611 or 3.8 percent of total other revenue. This revenue source totaled \$168,370 in 2005 and increased to \$230,000 in



2009, a (36.6 percent) increase. The City earned \$98,592 through July 2010; the City earned \$153,045 through July 2009. The year-end estimate has been reduced to \$200,000 to reflect the current low interest rate environment.

**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



\$220,785 (57.2 percent) less compared to the \$515,422 collected last year during the same period.

**General Fund Expenditures**

**Outcome Based Budgeting**

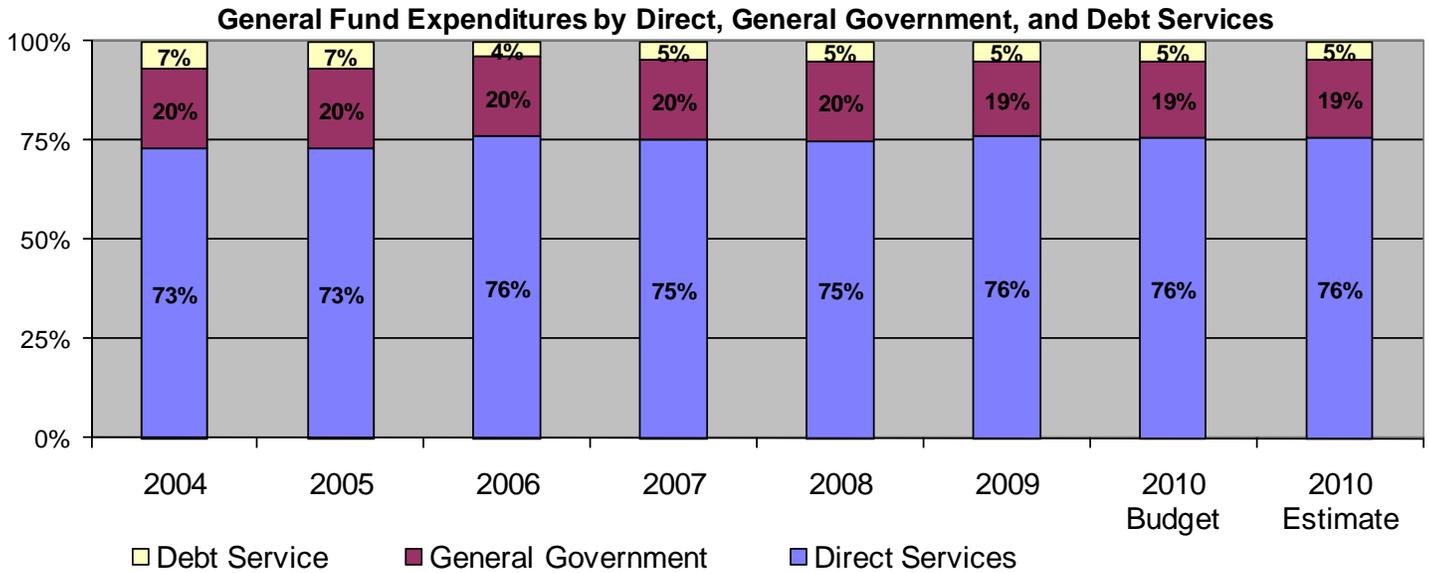
In 2006 the City adopted an outcome based budgeting philosophy. City Council and Staff outlined five outcomes to reflect, more appropriately, the desired result of the services delivered to the citizens of Englewood. The five outcomes identified are intended to depict Englewood as:

- ▶ 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 (fixed costs) payments are \$1,993,682 or 4.8 percent of the total. Total expenditures through July were \$22,585,831 compared to \$22,450,214 in 2009 and \$22,189,664 in 2008. *The City Manager asked that 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.*

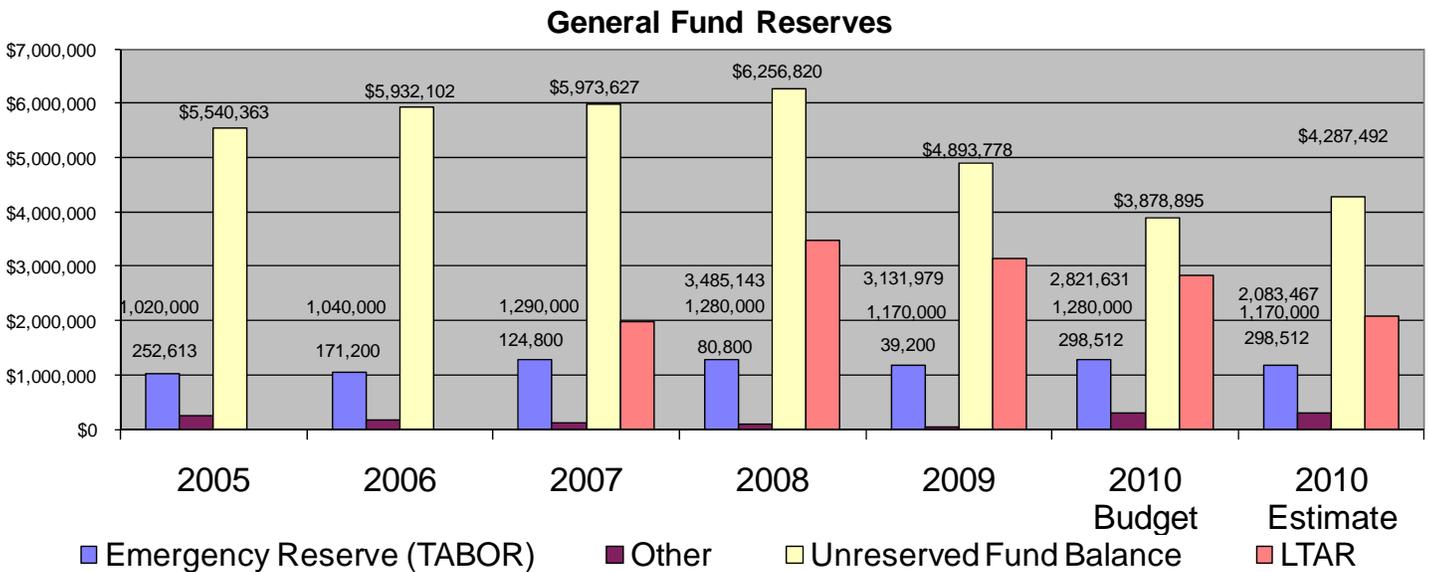
The chart below illustrates the breakdown of expenditures into debt service, general and direct government.



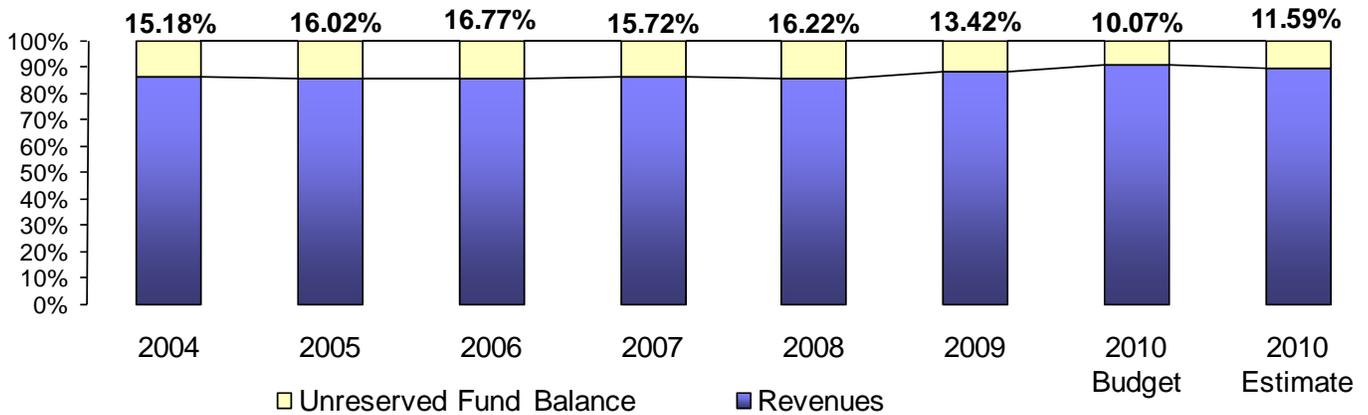
**General Fund Reserves**

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 July 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 \$2,083,467 (This balance reflects a \$750,000 transfer that was appropriated for the purchase of two homes and rehabilitation of ten homes, and an estimate of \$65,125 rental income from EMRF).



### Unreserved Fund Balance As A Percentage of Revenue



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 \$4,287,492 or 11.6 percent of estimated revenues or 11 percent of estimated expenditures. The \$4,287,492 would allow the City to operate for approximately 39 days (using average daily estimated expenditures) if all other revenues and financing sources ceased. In these times of economic uncertainty, it is more important than ever to maintain reserves to help the City make up for revenue shortfalls and unexpected expenditure increases given that the one-time transfers made to the General Fund to help maintain reserves are no longer available.

### PUBLIC IMPROVEMENT FUND OVERVIEW

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

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
<b>Public Improvement Fund (PIF)</b>					
YTD Revenues	\$ 959,078	\$ (729,088) (43.19%)	\$ 1,688,166	\$ 119,380 7.61%	\$ 1,568,786
YTD Expenditures	1,954,068	\$ (558,316) (22.22%)	2,512,384	\$ (3,000,010) (54.42%)	5,512,394
Net Revenues (Expenditures)	\$ (994,990)	\$ (170,772)	\$ (824,218)	\$ 3,119,390	\$ (3,943,608)
Beginning PIF Fund Balance	\$ 1,515,399		\$ 1,067,525		\$ 3,359,169
Ending PIF Fund Balance Before Remaining Annual Revenue and Appropriation	\$ 520,409		\$ 243,307		\$ (584,439)
Plus: Remaining Annual Revenue	757,244		1,585,628		2,824,862
Less: Remaining Annual Appropriation	(1,088,395)		(1,924,281)		(2,030,256)
Estimated Ending Fund Balance	\$ 189,258		\$ (95,346)		\$ 210,167
<b>Unappropriated Fund Balance as of December 31,</b>			\$ 337,197		\$ 21,117

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

	2010	2010	2010		2009		2009 Vs 2008		2008
	Estimate	Adopted Budget	YTD Actual	\$	%	YTD Actual	\$	%	YTD Actual
Vehicle Use Tax	\$ 1,000,000	\$ 1,000,000	\$ 438,447	\$ (26,668)	-6%	\$ 465,115	\$ (192,971)	-29%	\$ 658,086
Building Use Tax	\$ 400,000	\$ 400,000	\$ 293,289	\$ 107,500	58%	\$ 185,789	\$ (399,556)	-68%	\$ 585,345
Arapahoe County Road and Bridge Tax	\$ 192,109	\$ 200,000	\$ 172,898	\$ (7,992)	-4%	\$ 180,890	\$ 111,680	161%	\$ 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%.

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### 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.

## FUNDS GLOSSARY

**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.

**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.

## FUNDS GLOSSARY

**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 July 31, 2010

Percentage of Year Completed = 58%

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			
	2010				2009			2008		
	Budget	Jul-10	% Budget	YE Estimate	Dec-09	Jul-09	% YTD	Dec-08	Jul-08	% YTD
<b>Revenues</b>										
Property Tax	3,046,000	2,877,425	94.47%	3,046,000	2,971,303	2,870,040	96.59%	2,995,990	2,863,683	95.58%
Specific Ownership Tax	350,000	137,143	39.18%	250,000	276,415	142,153	51.43%	316,242	163,441	51.68%
Sales & Use Taxes	22,300,000	12,506,300	56.08%	20,800,000	20,624,659	12,767,559	61.90%	22,617,767	14,225,383	62.89%
Cigarette Tax	250,000	110,208	44.08%	200,000	218,448	128,655	58.90%	261,743	149,887	57.26%
Franchise Fees	2,650,851	1,408,199	53.12%	2,650,851	2,452,611	1,288,357	52.53%	2,588,214	1,390,920	53.74%
Hotel/Motel Tax	8,713	5,082	58.33%	8,713	9,141	5,654	61.85%	10,078	6,110	60.63%
Licenses & Permits	573,300	386,348	67.39%	573,300	588,303	299,271	50.87%	671,384	383,314	57.09%
Intergovernmental Revenue	1,198,327	749,112	62.51%	1,443,017	1,333,688	669,444	50.19%	1,092,701	526,665	48.20%
Charges for Services	3,318,587	1,827,562	55.07%	3,335,864	3,163,735	1,868,598	59.06%	3,452,946	2,036,322	58.97%
Recreation	2,625,194	1,705,275	64.96%	2,568,636	2,315,598	1,542,722	66.62%	2,364,758	1,669,526	70.60%
Fines & Forfeitures	1,426,801	906,009	63.50%	1,509,150	1,639,678	997,985	60.86%	1,461,100	891,965	61.05%
Interest	372,611	98,592	26.46%	200,000	229,999	153,045	66.54%	520,325	248,519	47.76%
Miscellaneous	412,581	220,785	53.51%	410,445	643,311	515,422	80.12%	226,270	69,189	30.58%
<b>Total Revenues</b>	<b>38,532,965</b>	<b>22,938,040</b>	<b>59.53%</b>	<b>36,995,976</b>	<b>36,466,889</b>	<b>23,248,905</b>	<b>63.75%</b>	<b>38,579,518</b>	<b>24,624,924</b>	<b>63.83%</b>
<b>Expenditures</b>										
Legislation	359,314	206,985	57.61%	358,957	346,045	196,808	56.87%	350,254	189,531	54.11%
City Attorney	767,546	401,475	52.31%	808,299	678,038	360,546	53.17%	698,563	382,062	54.69%
Court	1,005,723	514,859	51.19%	1,005,199	914,493	527,878	57.72%	915,303	522,618	57.10%
City Manager	668,633	392,640	58.72%	672,965	674,170	401,155	59.50%	674,323	400,488	59.39%
Human Resources	504,898	213,104	42.21%	483,457	456,275	251,389	55.10%	579,137	305,430	52.74%
Financial Services	1,684,000	831,106	49.35%	1,560,927	1,575,924	872,517	55.37%	1,626,571	912,263	56.09%
Information Technology	1,342,948	687,619	51.20%	1,351,923	1,360,237	738,979	54.33%	1,280,156	693,991	54.21%
Public Works	5,497,881	2,923,603	53.18%	5,389,539	5,152,891	2,831,093	54.94%	5,189,173	2,883,440	55.57%
Fire Department	7,407,551	4,195,278	56.64%	7,512,524	7,320,268	4,085,228	55.81%	7,215,443	3,972,517	55.06%
Police Department	10,469,333	5,917,418	56.52%	10,625,839	10,183,891	5,718,284	56.15%	9,974,925	5,629,369	56.44%
Community Development	1,457,667	686,342	47.08%	1,430,167	1,366,437	777,246	56.88%	1,464,725	739,134	50.46%
Library	1,352,221	753,518	55.72%	1,348,726	1,275,554	765,482	60.01%	1,261,112	725,224	57.51%
Recreation	6,034,770	3,383,225	56.06%	6,019,917	5,727,968	3,427,501	59.84%	5,916,449	3,475,336	58.74%
Debt Service	2,004,456	1,465,742	73.12%	1,864,122	1,805,208	1,449,996	80.32%	1,809,306	1,338,502	73.98%
Contingency	60,000	12,917	21.53%	60,000	160,578	46,112	28.72%	59,759	19,759	33.06%
<b>Total Expenditures</b>	<b>40,616,941</b>	<b>22,585,831</b>	<b>55.61%</b>	<b>40,492,561</b>	<b>38,997,977</b>	<b>22,450,214</b>	<b>57.57%</b>	<b>39,015,199</b>	<b>22,189,664</b>	<b>56.87%</b>
Excess revenues over (under) expenditures	(2,083,976)	352,209	-16.90%	(3,496,585)	(2,531,088)	798,691		(435,681)	2,435,260	
Net transfers in (out)	1,844,433	1,134,433	61.51%	2,101,099	663,282	3,682	0.56%	2,164,017	2,352,932	108.73%
<b>Total Fund Balance</b>	<b>\$ 8,279,038</b>	<b>\$ 10,721,599</b>	<b>129.50%</b>	<b>\$ 7,839,471</b>	<b>\$ 9,234,957</b>	<b>\$ 11,905,136</b>	<b>128.91%</b>	<b>\$ 11,102,763</b>	<b>\$ 14,162,619</b>	<b>127.56%</b>

## Fund Balance Analysis

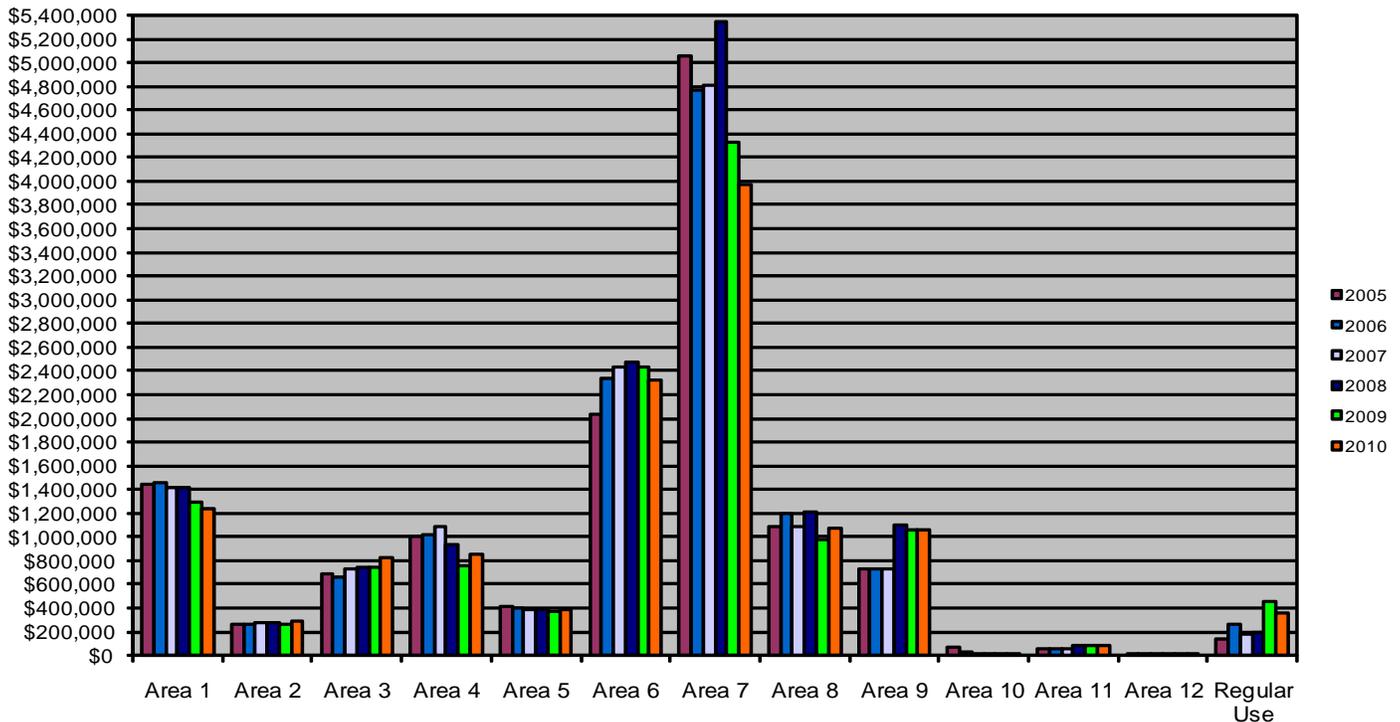
<b>Total Fund Balance</b>	\$ 8,279,038	\$ 7,839,471	\$ 9,234,957	\$ 11,102,763
<b>Reserves/designations:</b>				
-Emergencies (TABOR)	1,280,000	1,170,000	1,170,000	1,280,000
-LTAR	2,821,631	2,083,467	3,131,979	3,485,143
-MOA	-	-	39,200	80,800
-COPS Grant	298,512	298,512	-	-
<b>Unreserved/undesignated</b>				
<b>Fund Balance</b>	<b>\$ 3,878,895</b>	<b>\$ 4,287,492</b>	<b>\$ 4,893,778</b>	<b>\$ 6,256,820</b>
Potential reserves/designations	-	-	-	-
<b>Estimated unres/undesig</b>				
<b>Fund Balance</b>	<b>\$ 3,878,895</b>	<b>\$ 4,287,492</b>	<b>\$ 4,893,778</b>	<b>\$ 6,256,820</b>
As a percentage of projected revenues	10.48%	11.59%	13.42%	16.22%
As a percentage of budgeted revenues	10.07%	11.13%		
<b>Target</b>	<b>3,853,297</b>	<b>5,779,945</b>		

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

### Cash Basis

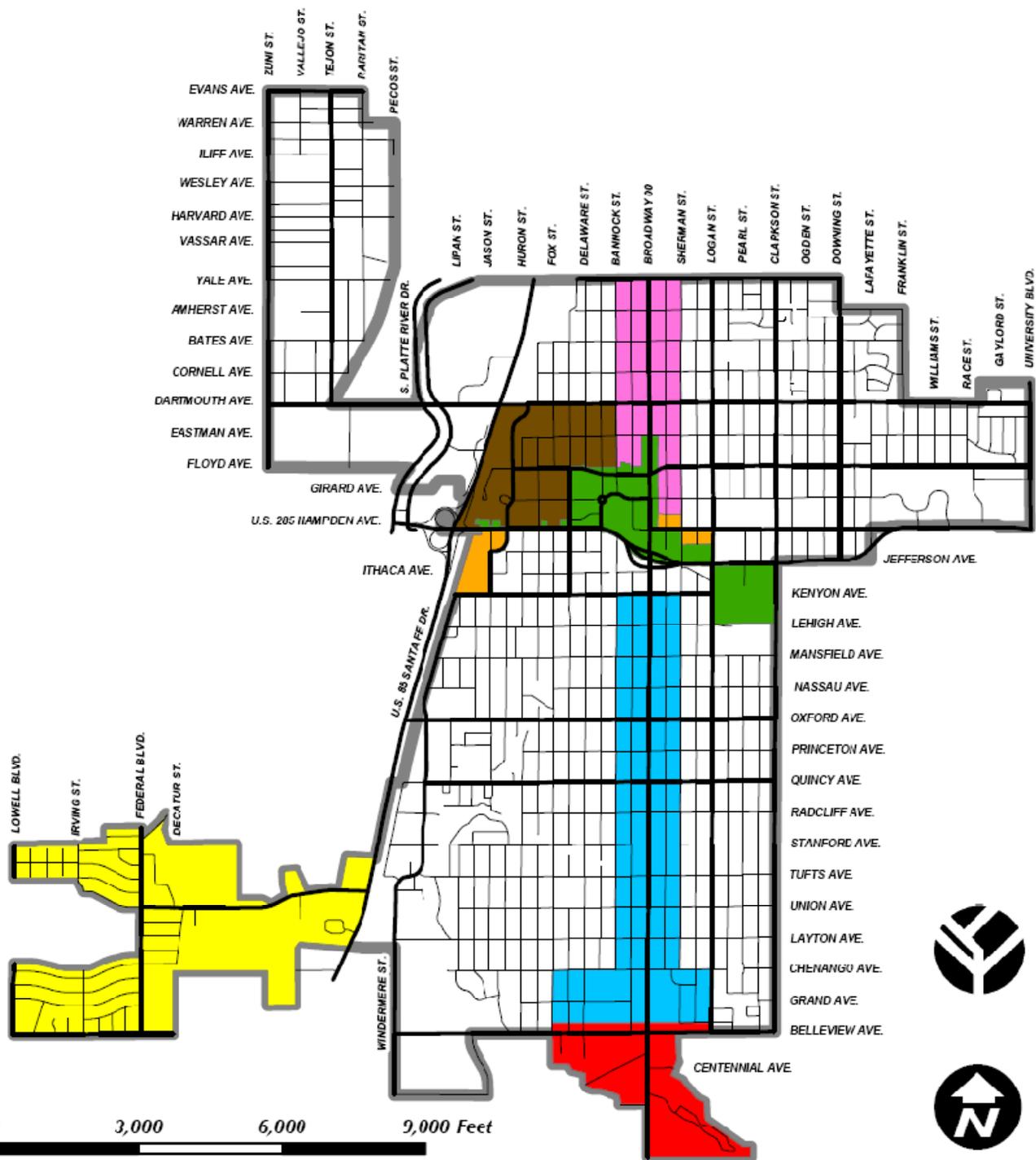
	2005	% Change	2006	% Change	2007	% Change	2008	% Change	2009	% Change	2010	% Change
<b>Area 1</b>	1,445,243	3.59%	1,461,433	1.12%	1,412,125	-3.37%	1,414,491	0.17%	1,291,209	-8.56%	1,238,494	-4.08%
<b>Area 2</b>	269,717	2.90%	269,780	0.02%	271,702	0.71%	273,221	0.56%	266,644	-1.86%	295,759	10.92%
<b>Area 3</b>	684,751	-9.24%	658,238	-3.87%	735,026	11.67%	747,182	1.65%	749,432	1.96%	820,985	9.55%
<b>Area 4</b>	1,008,761	-3.86%	1,015,493	0.67%	1,080,337	6.39%	935,346	-13.42%	763,817	-29.30%	848,513	11.09%
<b>Area 5</b>	418,158	17.44%	402,034	-3.86%	382,745	-4.80%	388,177	1.42%	367,198	-4.06%	382,829	4.26%
<b>Area 6</b>	2,037,644	-2.60%	2,332,748	14.48%	2,437,549	4.49%	2,472,379	1.43%	2,429,979	-0.31%	2,320,037	-4.52%
<b>Area 7</b>	5,052,104	0.10%	4,762,246	-5.74%	4,809,869	1.00%	5,342,445	11.07%	4,321,728	-10.15%	3,977,483	-7.97%
<b>Area 8</b>	1,083,530	0.80%	1,190,813	9.90%	1,085,330	-8.86%	1,208,577	11.36%	972,303	-10.41%	1,071,535	10.21%
<b>Area 9</b>	725,669	0.00%	725,669	0.00%	725,669	0.00%	1,100,427	51.64%	1,064,302	46.66%	1,064,911	0.06%
<b>Area 10</b>	74,225	257.81%	22,676	-69.45%	14,295	-36.96%	12,197	-14.68%	10,561	-26.12%	13,891	31.52%
<b>Area 11</b>	58,239	0.00%	58,239	0.00%	58,239	0.00%	86,263	48.12%	81,973	40.75%	81,822	-0.18%
<b>Area 12</b>	1,260	-80.00%	2,260	79.37%	2,951	30.58%	2,668	-9.60%	2,559	-13.29%	2,676	4.58%
<b>Regular Use</b>	135,742	-45.02%	262,786	93.59%	185,174	-29.53%	199,040	7.49%	456,428	146.49%	361,433	-20.81%
<b>Total</b>	<b>12,995,043</b>	<b>-0.72%</b>	<b>13,164,415</b>	<b>1.30%</b>	<b>13,201,013</b>	<b>0.28%</b>	<b>14,182,413</b>	<b>7.43%</b>	<b>12,778,134</b>	<b>-3.20%</b>	<b>12,480,369</b>	<b>-2.33%</b>
Refunds	81,708	-24.61%	184,556	125.87%	150,876	-18.25%	309,764	105.31%	69,371	-77.61%	197,731	185.03%
Audit & Collections Revenue*	525,492	907.61%	261,140	-50.31%	296,017	13.36%	374,073	26.37%	402,137	7.50%	288,507	-28.26%
*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	283,197	0.00%	664,408	134.61%	744,127	12.00%	585,345	-21.34%	185,789	-68.26%	293,289	57.86%
Vehicle Use	813,306	0.00%	682,010	-16.14%	811,644	19.01%	772,550	-4.82%	548,700	-28.98%	525,884	-4.16%

## July YTD Collections by Area 2005-2010



### Area Descriptions

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



**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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