



City of Englewood

To: Mayor Randy Penn and City Council
From: Frank Gryglewicz, Director of Finance and Administrative Services
Date: November 14, 2011
Subject: October 2011 Financial Report

Summary of the October 2011 General Fund Financial Report

REVENUES:

- Through October 2011, the City of Englewood collected **\$32,696,716 or \$1,676,523 or 5.4 percent more** than last year (See the chart on page 3 and the attached full report for details on changes in revenue in past year)
- The City collected \$2,956,191 in property and \$189,819 in specific ownership tax through October.
- **Year-to-date sales and use tax revenues were \$18,600,302 or \$1,052,769 or six percent more than October 2010**
- Cigarette tax collections were down \$4,415 compared to last year.
- Franchise fee collections were \$71,874 more than last year.
- Licenses and permit collections were \$40,195 more than 2010.
- Intergovernmental revenues were \$493,240 more than the prior year.
- Charges for services increased \$152,100 from last year.
- Recreation revenues increased \$119,878 from 2010.
- Fines and forfeitures were \$153,762 less than last year (the estimate for the year will be most likely be reduced next month)..
- Investment income was \$38,405 less than last year.
- Miscellaneous revenues were \$81,750 less than last year.

OUTSIDE CITY:

- Outside City sales and use tax receipts (cash basis) were up \$1,504,803 or 27.4 percent compared to last year, \$1,188,000 of the total amount collected is due to the receipt of *one-time sales and use tax revenue* from several taxpayers and \$56,000 is due to a refund in 2010. The City has classified \$600,000 as “unearned” at this time.
- At this time potential refunds total approximately \$1,500,000 for claims submitted to Englewood but not completed; the balance of the account to cover intercity claims is \$1,150,000.

CITY CENTER ENGLEWOOD (CCE):

- Sales and use tax revenue collected through October 2011 were \$1,734,388 or \$18,043 less than last year during the same period.

EXPENDITURES:

- Expenditures through October were \$32,313,917 or \$146,220 (.45 percent) more than the \$32,167,697 expended through October 2010. The City refunded \$32,392 in sales and use tax claims through October.

RESERVES:

- Total fund balance is estimated at \$8,604,001. The unreserved/undesignated reserves for 2011 are estimated at \$4,442,022 or 11.7 percent of projected revenues. The 2011 estimated Long Term Asset Reserve (LTAR) balance is \$2,713,467 (please refer to page 11) A \$127,000 reduction of the reserves will be done for next month’s report to reflect a transfer to the Public Improvement Fund for Santa Fe Drive light pole replacement.

TRANSFERS:

- Net 2011 transfers-in to date of \$1,796,151 were made by the end of October 2011 (please refer to page 11 for the make-up).

REVENUES OVER/UNDER EXPENDITURES:

- Revenues exceeded expenditures by \$382,799 this year compared to expenditures exceeding revenues by \$1,147,504 in 2010.

PUBLIC IMPROVEMENT FUND (PIF):

- The PIF has collected \$1,534,389 in revenues and spent \$3,688,654 year-to-date. Estimated year-end fund balance is \$290,211. Based on a five year average approximately 88% of building use tax and 83% of vehicle use tax is collected through October.

City of Englewood, Colorado

October 2011 Financial Report

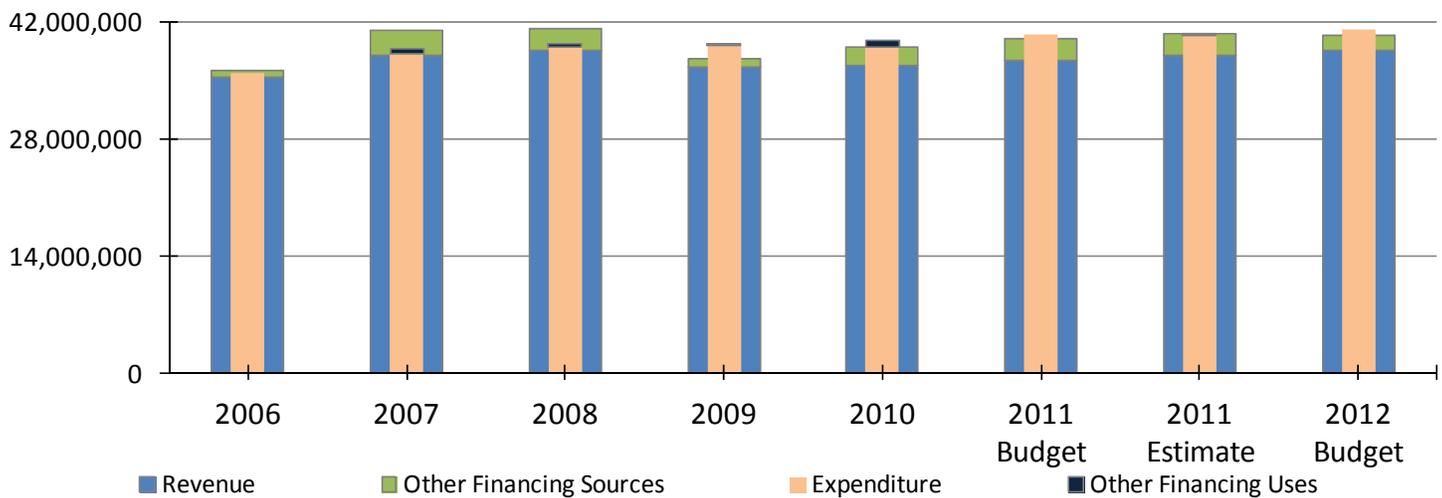
GENERAL FUND OVERVIEW AND ANALYSIS

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 administrative and oversight services through the offices of city manager and city attorney; the departments of information technology, finance and administrative services, community development, human resources, municipal court and legislation. Debt service, lease payments, and other contractual payments are also commitments of the General Fund.

General Fund - Surplus and Deficits

The graph below depicts the history of sources and uses of funds from 2006 to 2012 Budget. 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



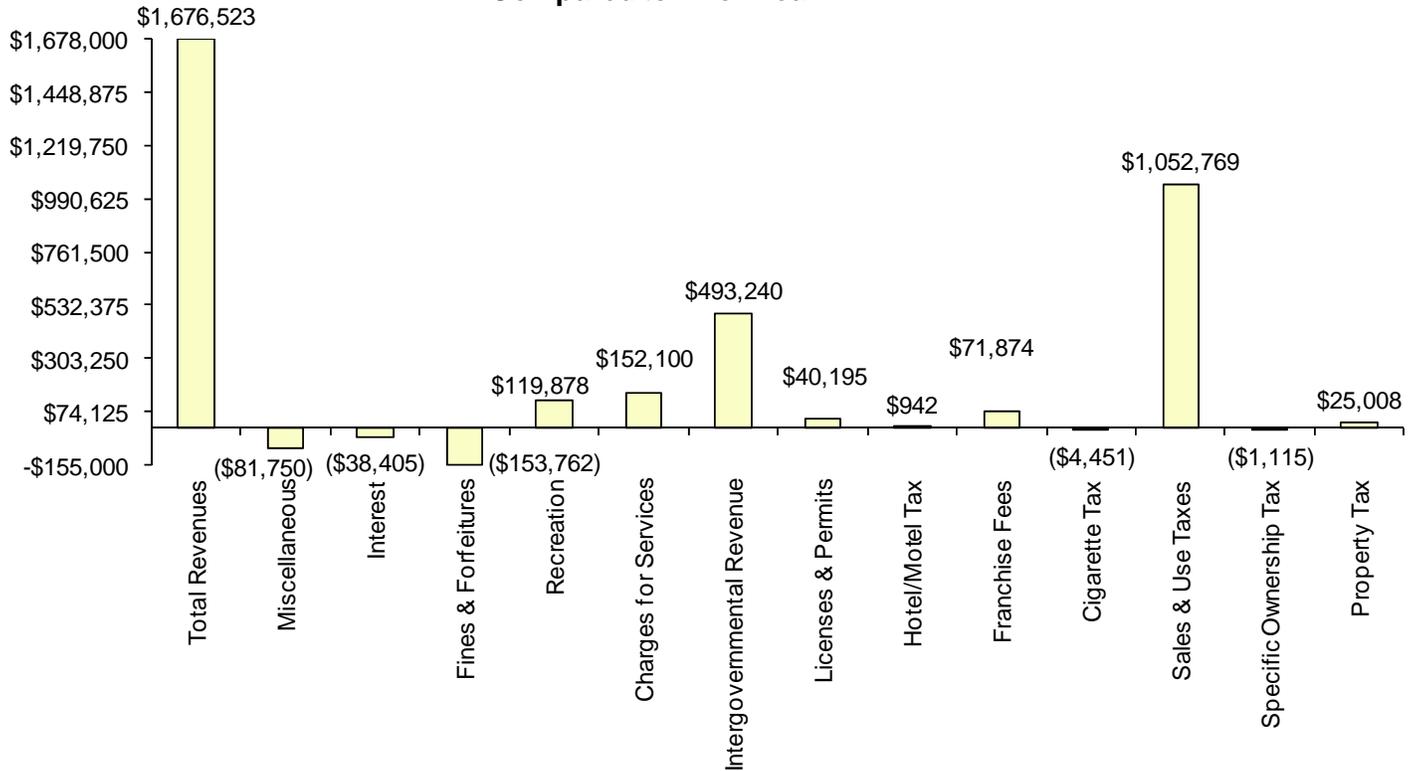
The table below summarizes General Fund Year-To-Date (YTD) Revenue, Expenditure, Sales & Use Tax Revenue and Outside City Sales & Use Tax Revenue for the month ended October, 2011. Comparative figures for years 2010 and 2009 are presented as well. The table also highlights the dollar and percentage changes between those periods.

	2011	2011 vs 2010 Increase (Decrease)		2010	2010 vs 2009 Increase (Decrease)		2009
General Fund							
Year-To-Date Revenue	\$ 32,696,716	\$ 1,676,523	5.40%	\$ 31,020,193	\$ 10,695	.03%	\$ 31,009,498
Year-To-Date Expenditure	32,313,917	\$ 146,220	.45%	32,167,697	\$ 382,921	1.20%	31,784,776
Net Revenue (Expenditure)	\$ 382,799	\$ 1,530,303		\$ (1,147,504)	\$ (372,226)		\$ (775,278)
Estimated Unreserved/ Undesignated Fund Balance	\$ 4,442,022	\$ (473,625)	(9.64%)	\$ 4,915,647	\$ 21,870	.45%	\$ 4,893,777
Sales & Use Tax Revenue YTD	\$ 18,600,302	\$ 1,052,769	6.00%	\$ 17,547,533	\$ 127,164	.73%	\$ 17,420,369
Outside City Sales & Use Tax YTD	\$ 6,988,391	\$ 1,504,803	27.44%	\$ 5,483,588	\$ (158,094)	(2.80%)	\$ 5,641,682

General Fund - Revenues

The City of Englewood’s total budgeted revenue is \$37,424,105. Total revenue collected through October 2011 was \$32,696,716 or \$1,676,523 (5.4 percent) more than was collected in 2010. The chart below illustrates changes in General Fund revenues this year as compared to last year.

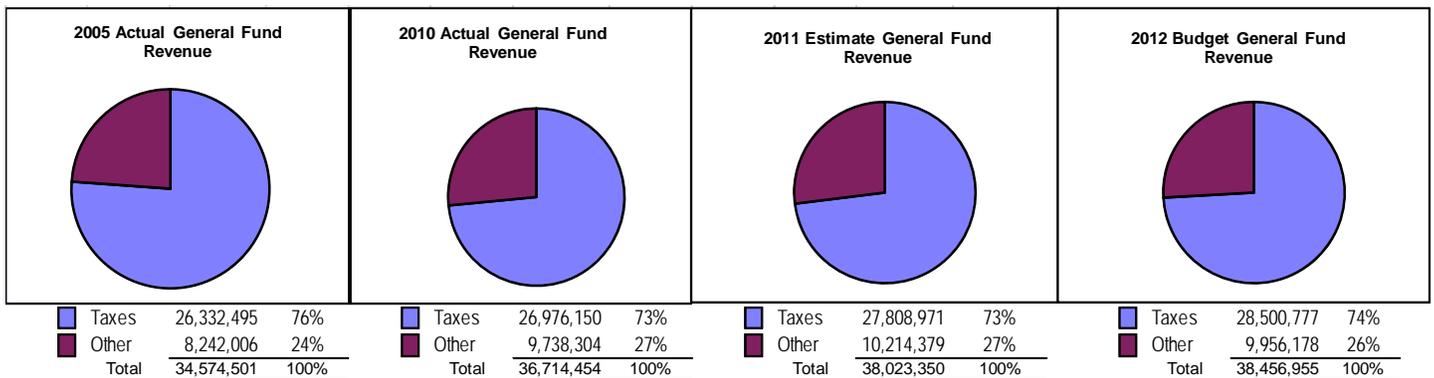
2011 Year-To-Date Change in General Fund Revenue as Compared to Prior Year



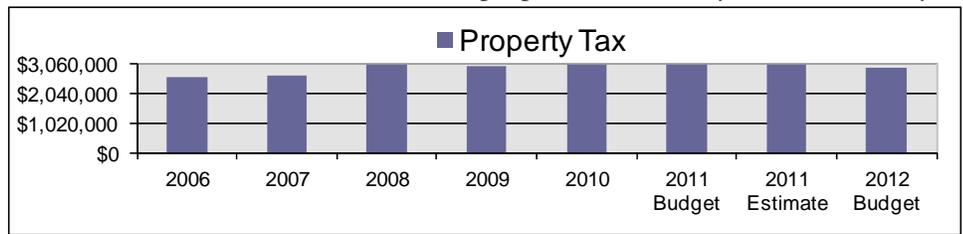
General Fund - Taxes

The General Fund obtains most of its revenue from taxes. In 2010 total audited revenues were \$36,714,454 of which \$26,976,150 (73.5 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 2005, 2010, 2011 Estimate and 2012 Budget. Taxes as a percentage of total revenue have declined slightly as other fees and charges have been increased to help offset rising costs and relatively flat tax revenues.

**General Fund Revenues
Taxes vs. Other**



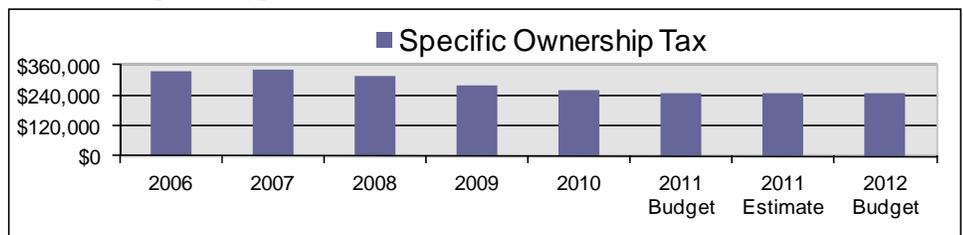
Property taxes: These taxes are collected based on the assessed value of all the properties in the City and the mill levy assessed against the property. The City's total 2009 mill levy collected in 2010 is 7.911 mills. The 2010 mill levy for general operations collected in 2011 is 5.880 mills. Voters approved a separate, dedicated mill levy for principal and interest



payments on the City's general obligation debt for the construction of parks and recreation projects. The dedicated general obligation debt mill levy is accounted for in the Debt Service Fund. The dedicated general obligation debt 2010 mill levy dedicated for the City's general obligation debt collected in 2011 is 2.130 mills. Property tax collections grew from \$2,559,369 in 2006 to \$3,020,884 in 2010. This was an increase of \$461,515 or 18 percent. In 2010 the City collected \$3,020,884 or 11.2 percent of 2010 total taxes and 8.2 percent of total revenues from property taxes. The City budgeted \$3,017,000 for 2011; and collected \$2,956,191 through October 2011. The estimate for the year remains at \$3,017,000.

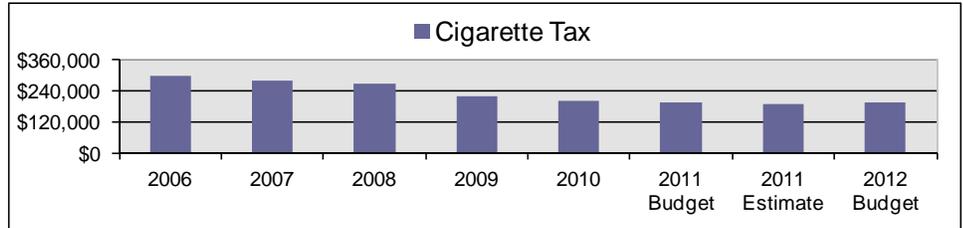
Specific ownership: These taxes are based on the age and type of motor vehicles, wheeled trailers, semi-trailers, etc.

These taxes are collected by the County Treasurer and remitted to the City on the fifteenth day of the following month. The City collected \$333,018 in 2006 and \$263,434 in 2010 which is a decrease of \$69,584 or 20.9 percent. The City collected



\$263,434 in 2010 which is less than one percent of total revenues and one percent of total taxes. The City budgeted \$250,000 for 2011 and collected \$189,819 through October 2011. The estimate for the year remains \$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

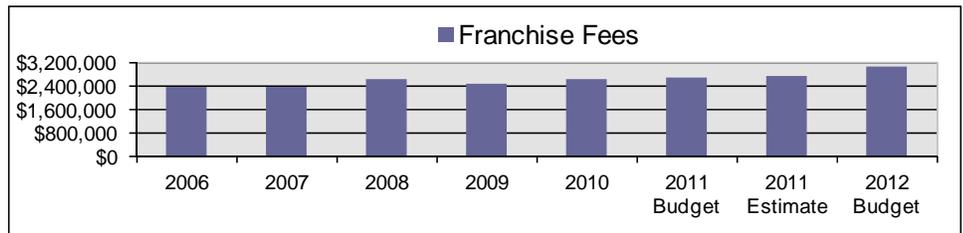


approximately \$.62 per pack went into effect. This federal tax increase will fund the State Children's Health Insurance Program (SCHIP). In 2006 the City collected \$293,776, but in 2010 the City collected \$196,320, which is a decrease of \$97,456 or 33.2 percent. These taxes

accounted for less than one percent of total taxes and less than one percent of total revenues in 2010. The City budgeted \$190,000 for the year and collected \$156,363 through October 2011, which is \$4,451 or 2.8 percent less than the \$160,814 collected through October 2010. The estimate for the year is \$185,000.

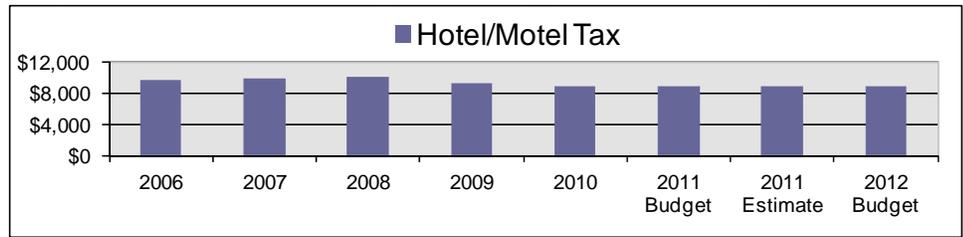
Franchise Fees: The City collects a number of taxes on various utilities. This includes franchise tax on water, sewer, and public services, as well as

occupational taxes on telephone services. The City collected \$2,362,000 in 2006 and \$2,620,191 in 2010, an increase of \$258,191 or 10.9 percent. These taxes accounted for 9.7 percent of taxes and 7.1 percent



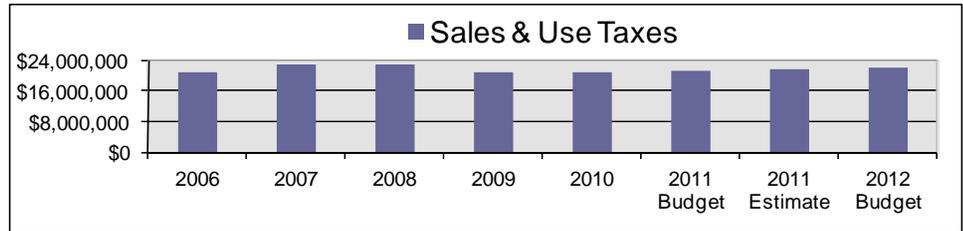
of total revenues in 2010. The City budgeted \$2,650,851 for the year; collections through October totaled \$2,074,725 compared to \$2,002,851 collected during the same period last year. The estimate for the year is \$2,702,938.

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 \$8,418 through October 2011. The estimate for the year is \$8,713.



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 77.5 percent of all taxes and 56.9 percent of total revenues collected in 2010. In 2006, this tax generated \$20,688,258 for the City of Englewood; in 2010 the City collected \$20,866,515, an increase of less than one 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 (vendors will no longer be allowed to collect the fee after December 31, 2011). Taxes for the current month are due to the City by the twentieth day of the following month. The City budgeted \$21,216,000 for 2011. Sales and Use Tax revenue through October 2011 was \$18,600,302 while revenue year-to-date for October 2010 was \$17,547,533, an increase of \$1,052,769.

Collections (cash basis) for October 2011 were \$2,038,138 while collections for October 2010 and October 2009 were \$2,038,327 and \$1,714,342 respectively. October 2011 collections were less than one percent or \$189 less than October 2010 and \$323,796 or 18.9 percent more than 2009 collections.

Outside City sales and use tax collections through October were \$6,988,391 an increase of approximately \$1,471,803 over 2010 of which \$988,000 of this increase is due to the receipt of one-time sales and use tax revenue from several taxpayers and \$56,000 is due to a refund in 2010.

A portion (\$600,000) of the collections from outside city has been put into the “unearned revenue” account because staff believes it could be subject to an intergovernmental claim. If no claim is made after three years, the funds will be recognized as revenue at that time.

Based on historical sales tax collections, the City of Englewood collects 86.6 percent of total year’s sales tax collections through October; if this pattern holds this year, 13.4 percent is left to collect over the next three months. Based on October collections, the City will collect an additional \$2,878,107 over the next few months for a total of **\$21,478,409**.

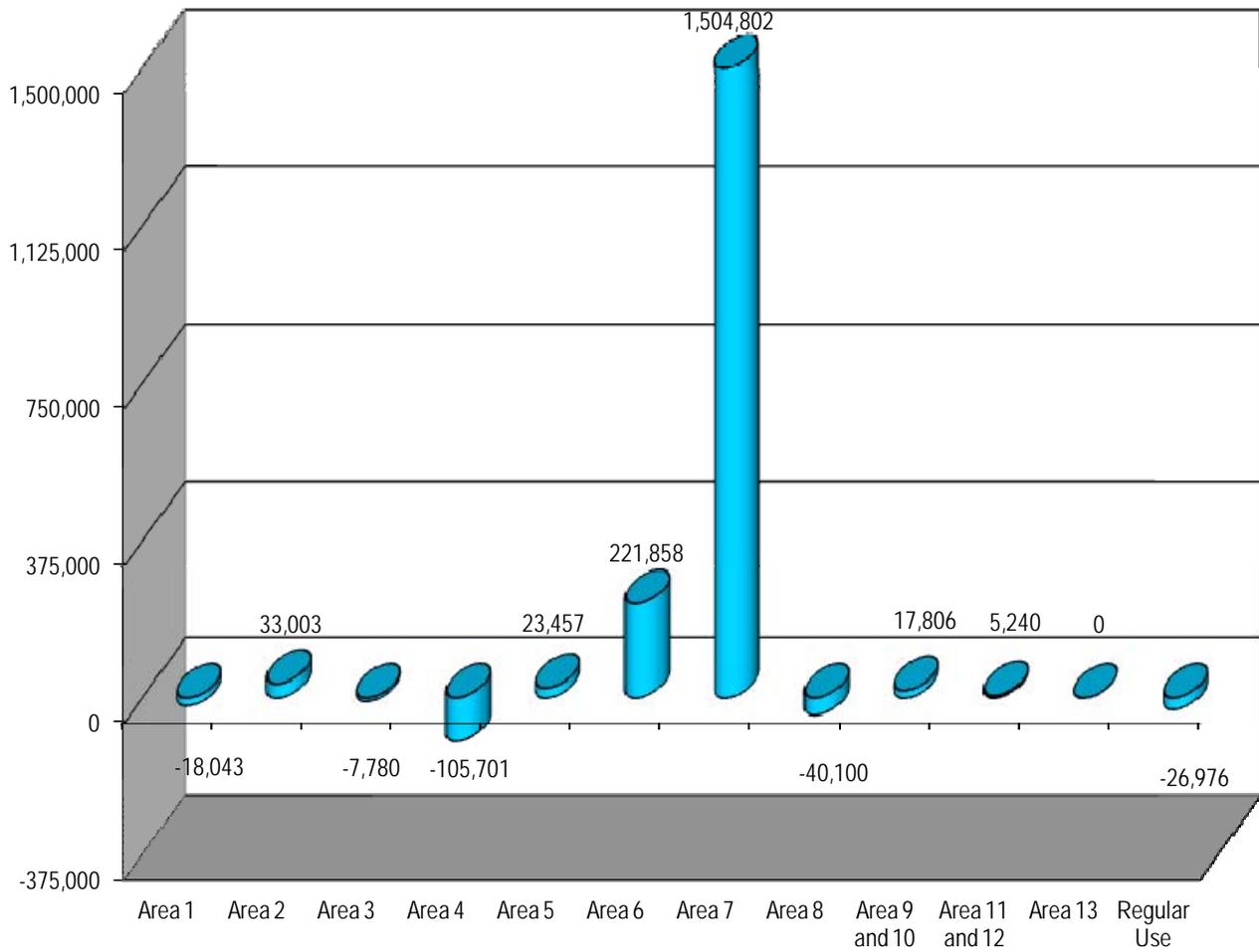
The City collected 106 percent of last year; if this pattern holds for the entire year the City could collect **\$22,118,506** for the year. The average of the two forecasts is **\$21,798,457**.

The estimate for the year is \$21,640,320 at this time, but could adjusted depending on sales tax growth/decline trends prior to year-end.

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.

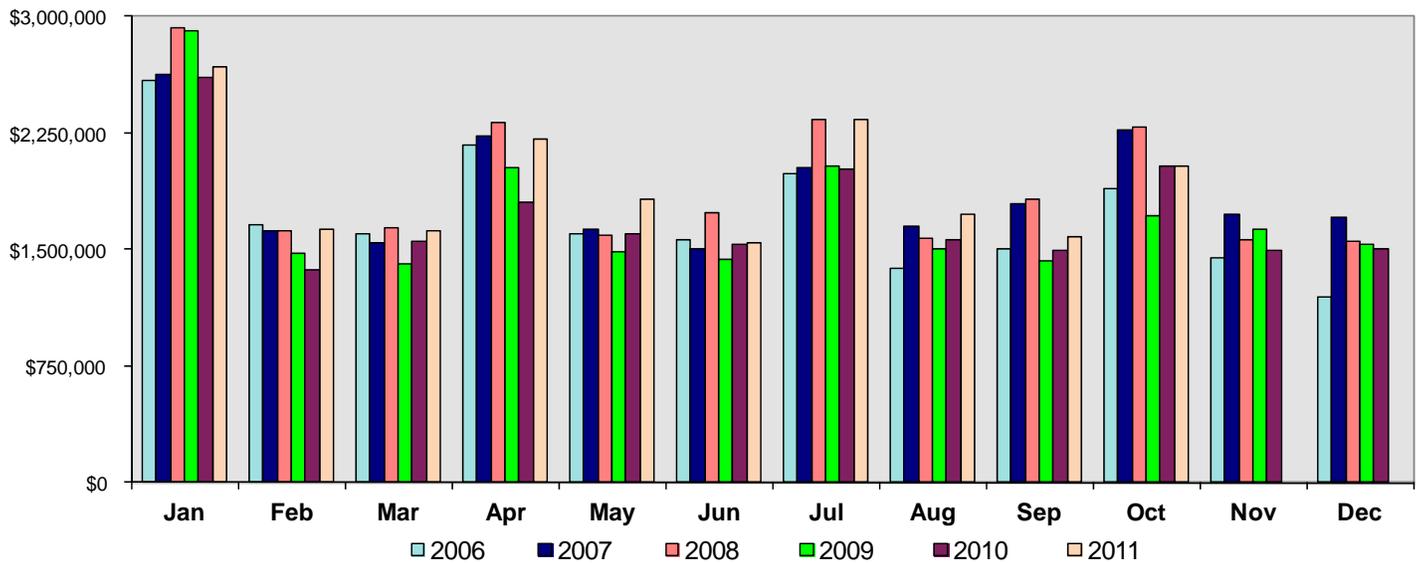
The chart on the next page, “Change in Sales/Use Tax Collections by Area 2011 vs. 2010” indicates that most of the increase in sales tax collections is due to Outside City (Area 7) and Miscellaneous Areas throughout the City (Area 6). Economic conditions, judged by sales tax collections, appears to be a “mixed bag” with some geographic areas increasing and some decreasing compared to the same period last year.

Change in Sales/Use Tax Collections by Area 2011 vs 2010



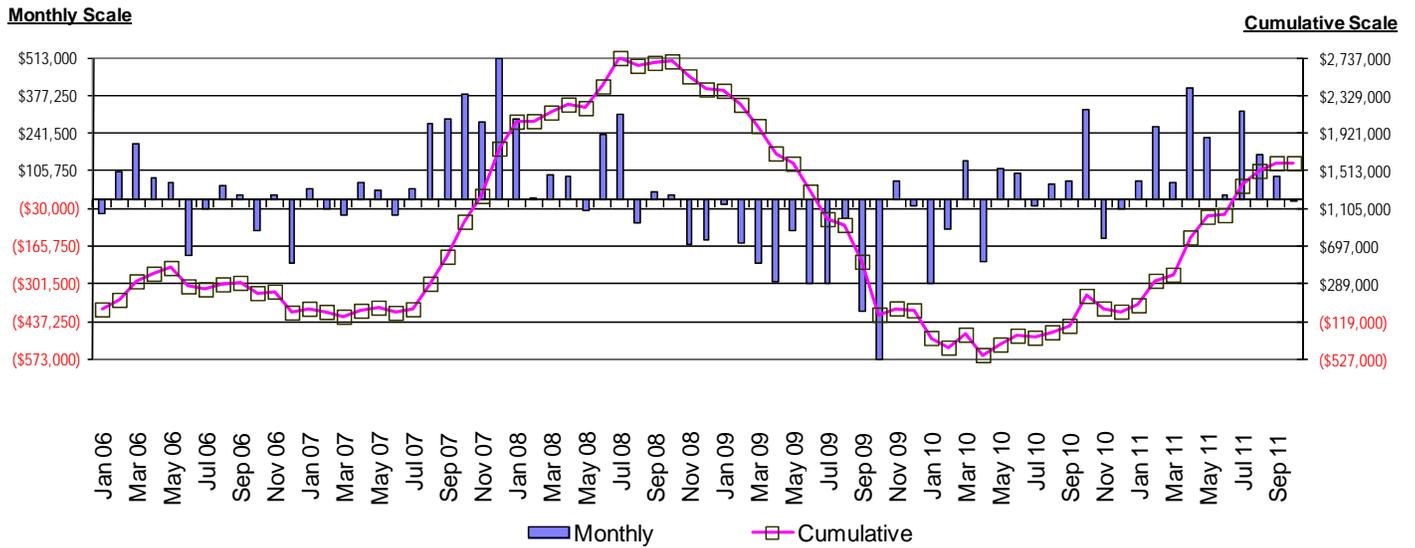
The bar graph below shows a comparison of monthly sales tax collections (cash basis) for 2006 through 2011.

2006-2011 YTD Sales/Use Tax Collections by Month - Cash Basis



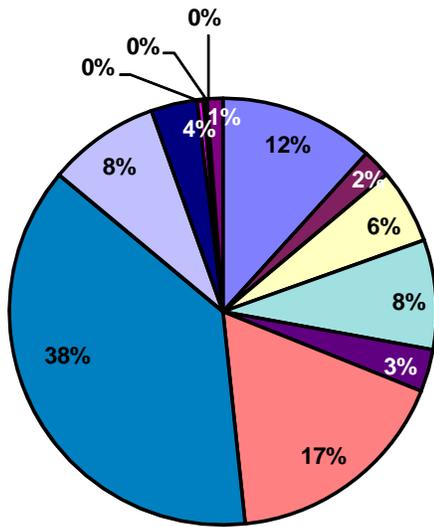
The next chart illustrates sales tax collections (cash basis) by month and cumulative for the years presented.

2006 - 2011 Monthly Change Sales and Use Tax



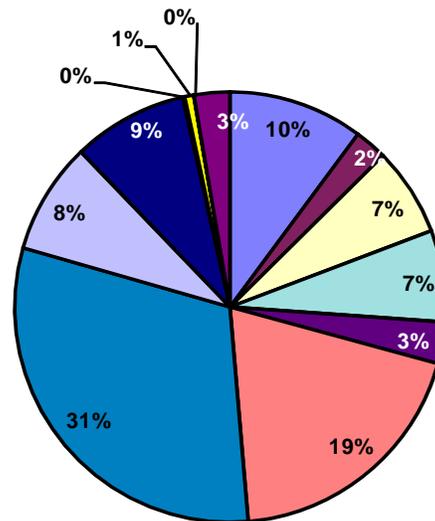
Sales tax collections are reported by various geographic areas as illustrated in the following pie charts. These illustrate the changing collection patterns for 2005 and 2010.

Geographic Sales Tax Collection Areas



2005 Actual Cash Receipts by Area

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



2010 Actual Cash Receipts by Area

Area 1	10%	Area 8	8%
Area 2	2%	Area 9	9%
Area 3	7%	Area 10	0%
Area 4	7%	Area 11	1%
Area 5	3%	Area 12	0%
Area 6	19%	Regular Use	3%
Area 7	31%		

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 \$1,734,388 year-to-date 2011, \$18,043 or one percent less was collected last year.

Area 6: This geographic area is up 6.5 percent from last year. Part of the increase is due to the receipt of \$72,000 from an audit in January 2011.

Area 7: This geographic area records the outside city sales tax collections (Outside City). Outside City has been the geographic area responsible for much of the sales tax growth (and decline) in past years. Outside City collections have increased 27.4 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 2007 for collections through the month of October. 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:

	2007	2008	2009	2010	2011
Total Sales and Use Taxes	18,920,356	19,865,867	17,427,099	17,581,905	19,189,471
Outside City Collections	7,045,305	7,158,821	5,641,682	5,483,588	6,988,391
Percentage of Total	37.2%	36.0%	32.4%	31.2%	36.4%
Total General Fund Revenues	31,912,117	33,512,285	31,009,498	31,020,193	32,696,716
Outside City Collections	7,045,305	7,158,821	5,641,682	5,483,588	6,988,391
Percentage of Revenues	22.1%	21.4%	18.2%	17.7%	21.4%

The City records the proceeds of some returns from Outside City into an unearned revenue (liability) account. The criteria staff uses to decide if proceeds should be placed in the unearned account is if a reasonable probability exists for another municipality to claim the revenue. This account currently has a balance of \$1,150,000 to cover intercity claims. The City paid \$32,392 in refunds including intercity sales/use tax claims through October 2011 compared to \$199,682 through October 2010. At this time *potential* refunds total approximately \$1,500,000 for claims submitted to Englewood but not completed.

Area 8: This geographic area consists of collections from public utilities. Collections through October were down \$40,100 or 2.7 percent under 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 \$176,618 in sales and use tax audit revenues and general collections of balances on account through the month of October; this compares to \$373,417 collected in 2010 and \$465,506 collected in 2009.

Of the 76 sales tax accounts reviewed in the various geographic areas, 50 (65.8 percent) showed improved collections and 26 (34.2 percent) showed reduced collections this year compared to the same period last year.

The Department issued 396 new sales tax licenses through October 2011; 322 and 308 were issued through October 2010 and 2009 respectively.

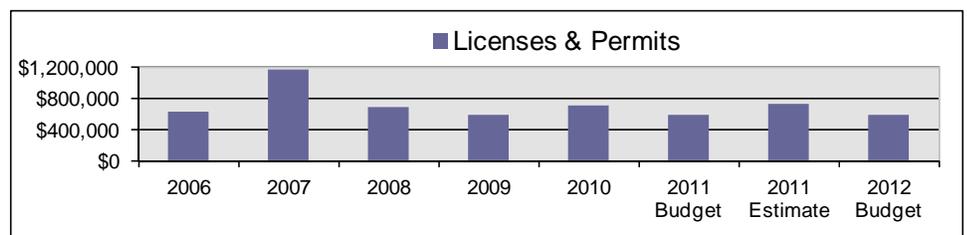
City records indicate that year-to-date 185 businesses closed (110 of them were outside the physical limits of Englewood) and 396 opened (277 of them were outside the physical limits of Englewood).

General Fund - Other Revenue

Other revenues accounted for \$9,738,304 or 26.5 percent of the total revenues for 2010; the City budgeted \$10,091,541 for 2011.

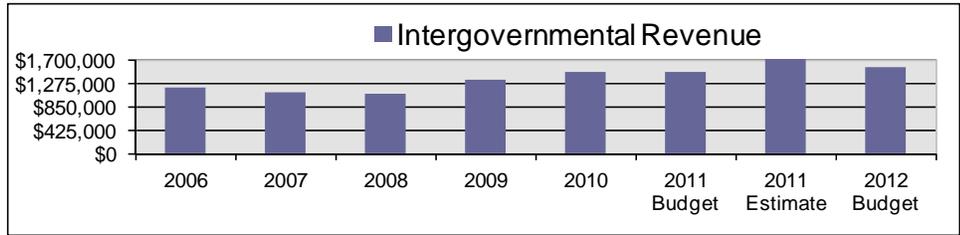
The following provides additional information on the significant revenue sources of the General Fund:

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



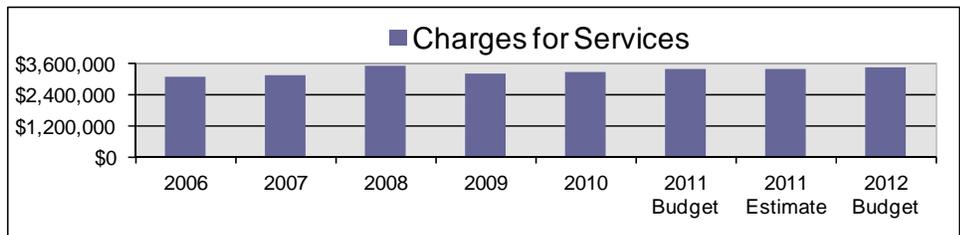
\$695,663 during 2010 or 1.9 percent of total revenue and 6.8 percent of total other revenue. This revenue source totaled \$623,945 in 2006 and increased to \$695,663 in 2010, an 11.5 percent increase. The City budgeted \$575,100 for 2011 and year-to-date the City collected \$603,399 or \$40,195 (7.1 percent) more than the \$563,204 collected through October 2010. The estimate for the year is \$719,000.

Intergovernmental Revenues: This revenue source includes state and federal shared revenues including payments in lieu of taxes. These revenues are budgeted at \$1,459,564 for 2011. This revenue source totaled \$1,193,863 in 2006 and the City collected \$1,465,970 in 2010, a 22.7 percent increase. The City collected \$1,606,892 through October 2011 this is \$493,240 (44.3

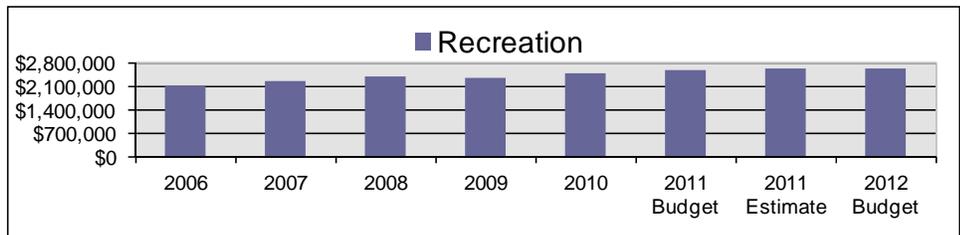


percent) more than the \$1,113,652 collected in the same period in 2010. The estimate for the year is \$1,753,114. Part of the reason for the large increase in intergovernmental revenue from 2010 to 2011 is the City received grant funds from CPPW for the following projects: \$150,000 for a Bike/Pedestrian Study (CD), \$88,000 for a Downtown Street Assessment Study (CD) and \$83,000 for the Community Garden (P&R)

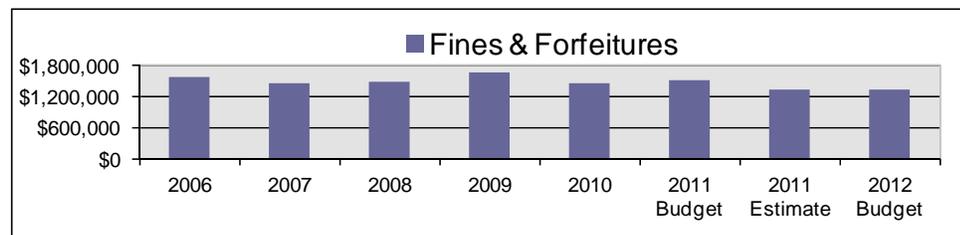
Charges for Services: This includes general government, public safety, fees for the administration of the utilities funds, court costs, highway and street and other charges. This revenue source is budgeted at \$3,318,587 for 2011. This revenue source totaled \$3,053,106 in 2006 and increased to \$3,254,830 in 2010, a 6.6 percent increase. Total collected year-to-date was \$2,710,250 or \$152,100 (5.9 percent) more than the \$2,558,150 collected year-to-date in 2010. The estimate for the year is \$3,359,004.



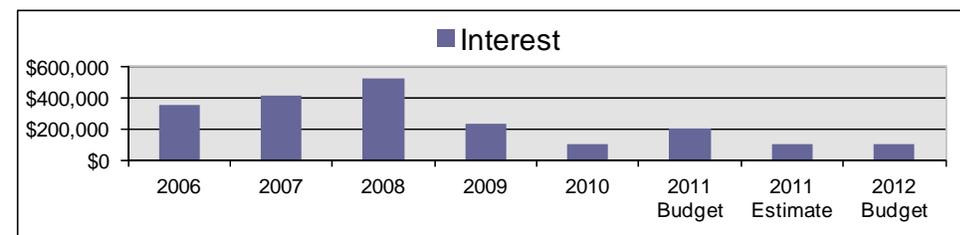
Recreation: This category of revenue includes the fees and charges collected from customers to participate in the various programs offered by the Parks and Recreation Department. This revenue source is budgeted at \$2,587,653 for 2011. This revenue source totaled \$2,099,202 in 2006 and increased to \$2,489,781 in 2010, an 18.6 percent increase. Total collections through October 2011 were \$2,446,040 compared to \$2,326,162 collected in 2010. The estimate for the year is \$2,620,158.



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 \$1,543,353 in 2006 and decreased to \$1,437,957 in 2010, a 6.8 percent decrease. Total collected year-to-date was \$1,080,789 or \$153,762 (12.4 percent) less than the \$1,234,551 collected in the same time period last year. The estimate for the year is \$1,318,450 but may be adjusted next month.

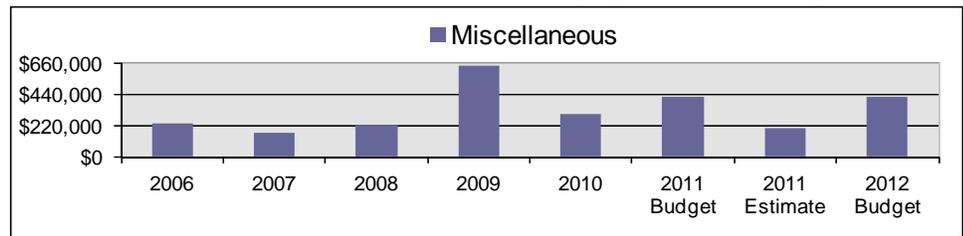


Interest: This is the amount earned on



the City's cash investments. The 2011 budget for this source is \$200,000. This revenue source totaled \$353,575 in 2006 and decreased to \$100,544 in 2010, a 71.6 percent decrease. The City earned \$79,854 through October 2011; while the City earned \$118,259 through October 2010. The estimate for the year is \$100,000.

Miscellaneous: This source includes all revenues that do not fit in another revenue category. The 2011 budget for this source is \$421,507. This revenue source totaled \$229,675 in 2006 and increased to \$293,658 in 2010, a 27.9 percent increase. Total collected year-to-date is \$183,674 (30.1 percent) less compared to the \$265,424 collected last year during the same period. The estimate for the year is \$200,000.



General Fund - Expenditures

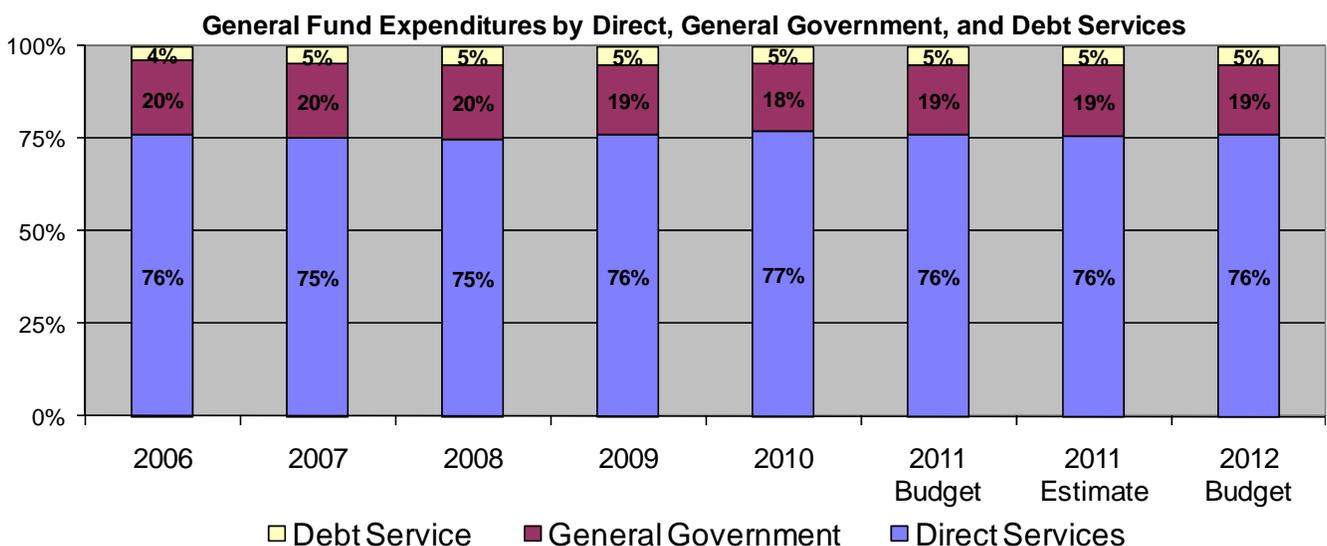
In 2006 the City adopted an outcome based budgeting philosophy. City Council and Staff outlined five outcomes to reflect, more appropriately, the desired result of the services delivered to the citizens of Englewood. The five outcomes identified are intended to depict Englewood as:

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

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 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 \$40,430,513 for 2011, this compares to \$38,901,342 and \$38,997,977 expended in 2010 and 2009 respectively. Budgeted expenditures for 2011 general government (City Manager, Human Resources, etc.) totals \$8,387,284 or 20.2 percent of the total. Direct government expenditures (Police, Fire, etc.) 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 October were \$32,313,917 compared to \$32,167,697 in 2010 and \$31,784,776 in 2009. The year-end expenditure estimates were provided by the departments as part of the 2012 budget process.

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



General Fund - Transfers

The General Fund has provided funds to and has received funds from Special Revenue Funds, Capital Projects Funds, Internal Service Funds and Component Units in order to buffer temporary gaps in revenue and expenditure amounts. In 2011 the General Fund was not in the position to provide funding to the Capital Projects Funds but has received the following net transfers:

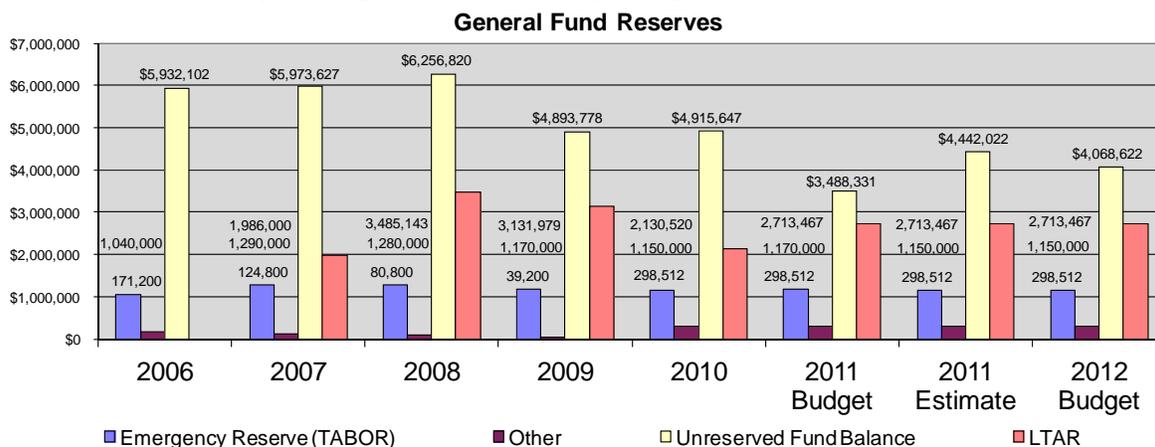
Source of Funds	Budget Amount	YTD Amount
Special Revenue Funds		
Neighborhood Stabilization Program Fund*	\$ 750,000	\$ 32,760
Capital Project Funds		
Public Improvement Fund (PIF)	471,815	471,815
Internal Service Funds		
Central Services Fund	100,000	100,000
Servicenter Fund	105,278	100,000
Risk Management Fund	546,000	546,000
Employee Benefits Fund	200,000	200,000
Component Units		
Englewood/McLellan Reservoir Foundation, Inc (EMRF)	325,000	345,576
Enterprise Funds		
Transfers Total	<u>\$ 2,519,204</u>	<u>\$ 1,796,151</u>

*In addition to the 2011 amount received, the Neighborhood Stabilization Program Fund returned \$47,052 received in 2010 of the \$750,000 borrowed in 2010.

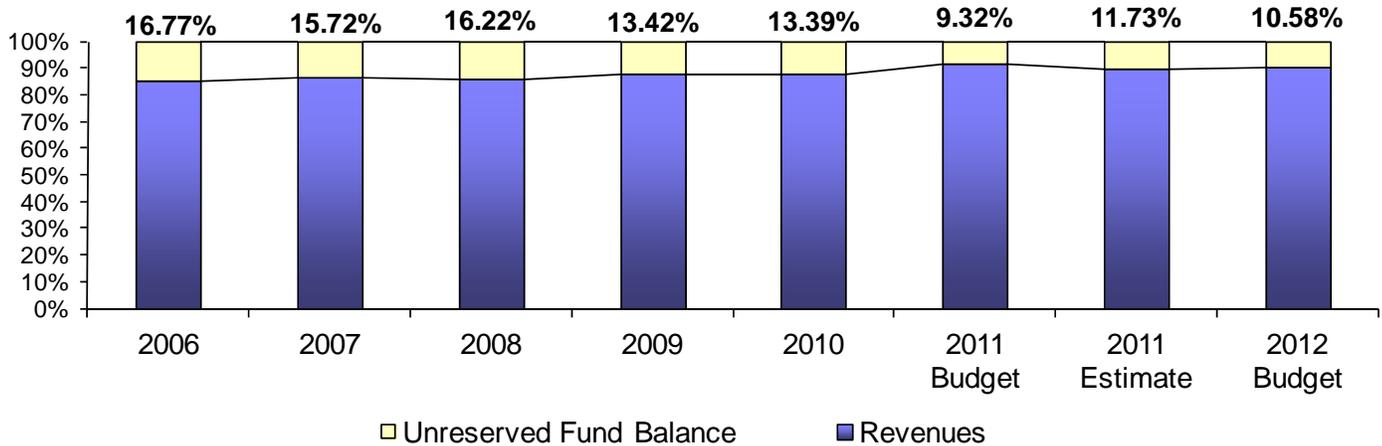
General Fund - Fund Balance

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

Long Term Asset Reserve (LTAR) At the 2008 Budget workshop held on October 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 are to be expended if the funds are appropriated in the annual budget or by supplemental appropriation. The 2011 estimated year-end balance in the account is \$2,713,467. The balance reflects a \$750,000 transfer that was appropriated in 2010 for the purchase of two homes and rehabilitation of ten homes. A portion of the funds transferred will be returned to the LTAR in 2011. *The balance also includes a \$120,000 transfer from LTAR to fund the Community Development Department's 2011 Catalyst Program.*



Unreserved Fund Balance As A Percentage of Revenue



The City's General Fund ended 2010 with a fund balance of \$8,494,679, and an unreserved/undesignated fund balance of \$4,915,647 or 13.4 percent of revenues. The General Fund's 2011 estimates a year end fund balance at \$8,604,001 and an ending balance of \$4,442,022 or 11.7 percent of projected revenues or 11 percent of estimated expenditures. The \$4,442,022 (this will be reduced by \$127,000 next month for the transfer to the Public Improvement Fund for light poles) would allow the City to operate for approximately 40.1 days (using average daily budgeted 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 2009 through 2011. 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.

	2011	2011 vs 2010 Increase (Decrease)		2010	2010 vs 2009 Increase (Decrease)		2009
Public Improvement Fund (PIF)							
YTD Revenues	\$ 1,534,389	\$ 114,389	8.06%	\$ 1,420,000	\$ (1,067,779)	(42.92%)	\$ 2,487,779
YTD Expenditures	3,688,654	\$ 1,515,438	69.73%	2,173,216	\$ (826,263)	(27.55%)	2,999,479
Net Revenues (Expenditures)	\$ (2,154,265)	\$ (1,401,049)		\$ (753,216)	\$ (241,516)		\$ (511,700)
Beginning PIF Fund Balance	\$ 2,686,457			\$ 1,515,399			\$ 1,067,525
Ending PIF Fund Balance Before Remaining Annual Revenue and Appropriation	\$ 532,192			\$ 762,183			\$ 555,825
Plus: Remaining Annual Revenue	278,345			427,321			593,737
Less: Remaining Annual Appropriation	(520,326)			(618,977)			(975,044)
Estimated Ending Fund Balance	\$ 290,211			\$ 570,527			\$ 174,518
Unappropriated Fund Balance as of December 31,				<u>\$ 440,771</u>			<u>\$ 339,405</u>

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

	2011 Estimate	2011 Adopted Budget	2011 YTD Actual	2011 Vs 2010 Amount	2011 Vs 2010 %	2010 YTD Actual	2010 Vs 2009 Amount	2010 Vs 2009 %	2009 YTD Actual
Vehicle Use Tax	\$ 1,000,000	\$ 1,000,000	\$ 749,375	\$ 71,111	10%	\$ 678,264	\$ (46,418)	-6%	\$ 724,681
Building Use Tax	\$ 550,000	\$ 400,000	\$ 537,750	\$ 41,868	8%	\$ 495,882	\$ 226,740	84%	\$ 269,142
Arapahoe County Road and Bridge Tax	\$ 191,000	\$ 191,000	\$ 181,992	\$ (512)	0%	\$ 182,503	\$ (8,437)	-4%	\$ 190,940

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 are monitored periodically to determine the revision of the 2011 Estimate. **Arapahoe County Road and Bridge Tax** is restricted to the construction and maintenance of streets and bridges. This tax is based on a mill levy established by Arapahoe County multiplied by the City's assessed valuation multiplied by 50%.

2011 Year-To-Date City Funds At-A-Glance

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

	Beginning Balance	Revenue	Expenditure	Other Sources (Uses)	Reserved Balance	Ending Balance
Governmental Fund Types (Fund Balance)						
General Fund	8,494,679	32,681,306	32,295,586	(276,398)	4,161,979	4,442,022
Special Revenue Funds						
Conservation Trust	1,052,255	238,770	169,108	(1,026,001)	-	95,916
Open Space	1,072,979	148,128	276,941	(599,799)	-	344,367
Neighborhood Stabilization Program	718,290	1,162,029	1,200,837	(679,482)	-	-
Donors	167,852	75,045	83,059	-	-	159,838
Community Development	-	229,133	229,064	(69)	-	-
Malley Center Trust	291,667	3,670	16,385	-	-	278,952
Parks & Recreation Trust	449,303	4,753	8,131	-	-	445,926
Debt Service Fund						
General Obligation Bond	9,616	1,081,125	173,280	-	-	917,462
Capital Projects Funds						
PIF	2,686,457	1,533,032	2,411,897	(1,517,382)	-	290,211
MYCP	1,061,738	7,500	684,330	(429,145)	-	(44,238)
Proprietary Fund Types (Funds Available Balance)						
Enterprise Funds						
Water	7,027,103	6,790,272	6,818,195	-	-	6,999,180
Sewer	6,792,828	12,594,701	12,697,864	-	1,000,000	5,689,665
Stormwater Drainage	903,814	303,760	103,469	-	137,818	966,287
Golf Course	713,451	1,761,235	1,450,125	-	293,500	731,062
Concrete Utility	277,905	663,578	490,131	-	-	451,352
Housing Rehabilitation	404,633	153,145	209,604	-	-	348,173
Internal Service Funds						
Central Services	234,309	266,495	243,575	(100,000)	-	157,229
ServiCenter	902,008	1,845,642	1,475,808	(100,000)	-	1,171,841
CERF	728,781	629,353	249,097	-	-	1,109,037
Employee Benefits	210,918	4,301,262	4,543,929	(200,000)	47,826	(279,575)
Risk Management	1,201,929	1,390,383	810,917	(546,000)	-	1,235,395

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

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

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

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

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

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

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

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

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

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

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

FUNDS GLOSSARY

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.

Neighborhood Stabilization Program Fund – Accounts for the federal grant awarded to acquire, rehabilitate and resale approximately eleven foreclosed residential properties located in the City.

Open Space Fund – Accounts for the acquisition of parks and open space land not previously owned by the City and for improvements to existing park and recreation facilities. Financing is provided from the Arapahoe County Open Space Sales Tax of .25%. The Open Space Tax was created on January 1, 2004 and expires on December 31, 2013.

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 October 31, 2011

Percentage of Year Completed = 83%

Fund Balance January 1	\$ 8,157,514		\$ 8,494,679		\$ 8,494,679		\$ 9,234,957		\$ 9,234,957		\$ 11,102,763		\$ 11,102,763	
	2011						2010			2009				
	Revenues	Budget	Oct-11	% Budget	YE Estimate	Dec-10	Oct-10	% YTD	Dec-09	Oct-09	% YTD			
Property Tax	3,017,000	2,956,191	97.98%	3,017,000	3,020,884	2,931,183	97.03%	2,971,303	2,933,027	98.71%				
Specific Ownership Tax	250,000	189,819	75.93%	250,000	263,434	190,934	72.48%	276,415	217,356	78.63%				
Sales & Use Taxes	21,216,000	18,600,302	87.67%	21,640,320	20,866,515	17,547,533	84.09%	20,624,659	17,420,369	84.46%				
Cigarette Tax	190,000	156,363	82.30%	185,000	196,320	160,814	81.91%	218,448	184,258	84.35%				
Franchise Fees	2,650,851	2,074,725	78.27%	2,702,938	2,620,191	2,002,851	76.44%	2,452,611	1,899,205	77.44%				
Hotel/Motel Tax	8,713	8,418	96.61%	8,713	8,806	7,476	84.90%	9,141	7,950	86.97%				
Licenses & Permits	575,100	603,399	104.92%	719,000	695,563	563,204	80.97%	588,303	427,152	72.61%				
Intergovernmental Revenue	1,459,564	1,606,892	110.09%	1,753,114	1,465,970	1,113,652	75.97%	1,333,688	953,036	71.46%				
Charges for Services	3,338,567	2,710,250	81.18%	3,359,004	3,254,830	2,558,150	78.60%	3,163,735	2,624,461	82.95%				
Recreation	2,587,653	2,446,040	94.53%	2,620,158	2,489,781	2,326,162	93.43%	2,315,598	2,108,211	91.04%				
Fines & Forfeitures	1,509,150	1,080,789	71.62%	1,318,450	1,437,957	1,234,551	85.85%	1,639,678	1,417,822	86.47%				
Interest	200,000	79,854	39.93%	100,000	100,545	118,259	117.62%	229,999	219,536	95.45%				
Miscellaneous	421,507	183,674	43.58%	200,000	293,658	265,424	90.39%	643,311	597,115	92.82%				
Total Revenues	37,424,105	32,696,716	87.37%	37,873,697	36,714,454	31,020,193	84.49%	36,466,889	31,009,498	85.03%				
Expenditures														
Legislation	346,120	211,861	61.21%	341,236	309,870	288,941	93.25%	346,045	260,593	75.31%				
City Attorney	762,518	573,546	75.22%	747,268	702,228	582,849	83.00%	678,038	544,473	80.30%				
Court	999,105	697,317	69.79%	978,735	901,469	741,408	82.24%	914,493	755,944	82.66%				
City Manager	664,732	529,369	79.64%	638,800	659,882	584,238	88.54%	674,170	562,444	83.43%				
Human Resources	481,102	355,848	73.97%	435,833	419,421	345,700	82.42%	456,275	363,447	79.66%				
Financial Services	1,550,906	1,178,676	76.00%	1,519,463	1,445,581	1,190,679	82.37%	1,575,924	1,271,750	80.70%				
Information Technology	1,338,543	1,097,099	81.96%	1,343,419	1,280,660	1,044,614	81.57%	1,360,237	1,068,788	78.57%				
Public Works	5,498,891	4,164,379	75.73%	5,395,714	5,137,364	4,238,455	82.50%	5,152,891	4,117,260	79.90%				
Fire Department	7,465,775	6,206,885	83.14%	7,492,341	7,425,903	6,001,548	80.82%	7,320,268	5,888,410	80.44%				
Police Department	10,587,026	8,443,187	79.75%	10,599,704	10,312,633	8,502,988	82.45%	10,183,891	8,315,389	81.65%				
Community Development	1,344,556	1,114,347	82.88%	1,466,766	1,301,473	1,003,212	77.08%	1,366,437	1,105,696	80.92%				
Library	1,256,520	924,675	73.59%	1,228,286	1,284,083	1,071,639	83.46%	1,275,554	1,071,977	84.04%				
Recreation	5,969,515	4,910,188	82.25%	5,823,758	5,811,809	5,002,359	86.07%	5,727,968	4,955,552	86.52%				
Debt Service	2,075,204	1,762,388	84.93%	2,111,112	1,860,827	1,527,733	82.10%	1,805,208	1,453,747	80.53%				
Contingency	90,000	144,152	160.17%	150,000	48,139	41,334	85.86%	160,578	49,306	30.71%				
Total Expenditures	40,430,513	32,313,917	79.92%	40,272,435	38,901,342	32,167,697	82.69%	38,997,977	31,784,776	81.50%				
Excess revenues over (under) expenditures	(3,006,408)	382,799	-12.73%	(2,398,738)	(2,186,888)	(1,147,504)		(2,531,088)	(775,278)					
Net transfers in (out)	2,519,204	1,796,151	71.30%	2,508,060	1,446,610	1,191,099	82.34%	663,282	51,445	7.76%				
Total Fund Balance	\$ 7,670,310	\$ 10,673,629	139.16%	\$ 8,604,001	\$ 8,494,679	\$ 9,278,552	109.23%	\$ 9,234,957	\$ 10,378,930	112.39%				

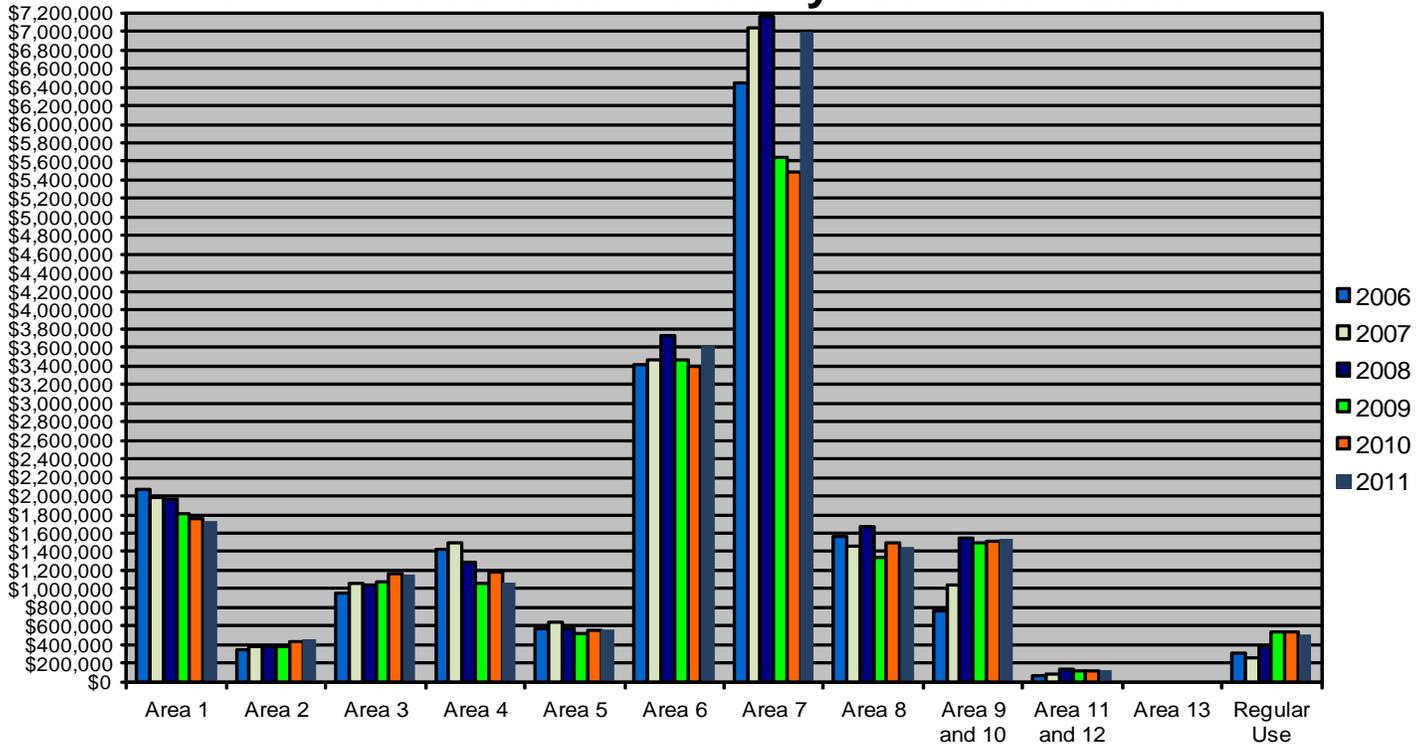
Fund Balance Analysis											
Total Fund Balance	\$ 7,670,310	\$ 10,673,629	\$ 8,604,001	\$ 8,494,679	\$ 9,234,957						
Reserves/designations:											
-Emergencies (TABOR)	1,170,000	1,150,000	1,150,000	1,150,000	1,170,000						
-LTAR	2,713,467	2,096,094	2,713,467	2,130,520	3,131,980						
-MOA	-	-	-	-	39,200						
-COPS Grant	298,512	298,512	298,512	298,512	-						
Unreserved/undesignated											
Fund Balance	\$ 3,488,331	\$ 7,129,023	\$ 4,442,022	\$ 4,915,647	\$ 4,893,777						
Potential reserves/designations	-	-	-	-	-						
Estimated unres/undesignated											
Fund Balance	\$ 3,488,331	\$ 7,129,023	\$ 4,442,022	\$ 4,915,647	\$ 4,893,777						
As a percentage of projected revenues	9.21%		11.73%	13.39%	13.42%						
As a percentage of budgeted revenues	9.32%		11.87%								
Target	3,742,411	-	5,613,616								

**Sales & Use Tax Collections Year-to-Date Comparison
for the month of October 2011**

Cash Basis

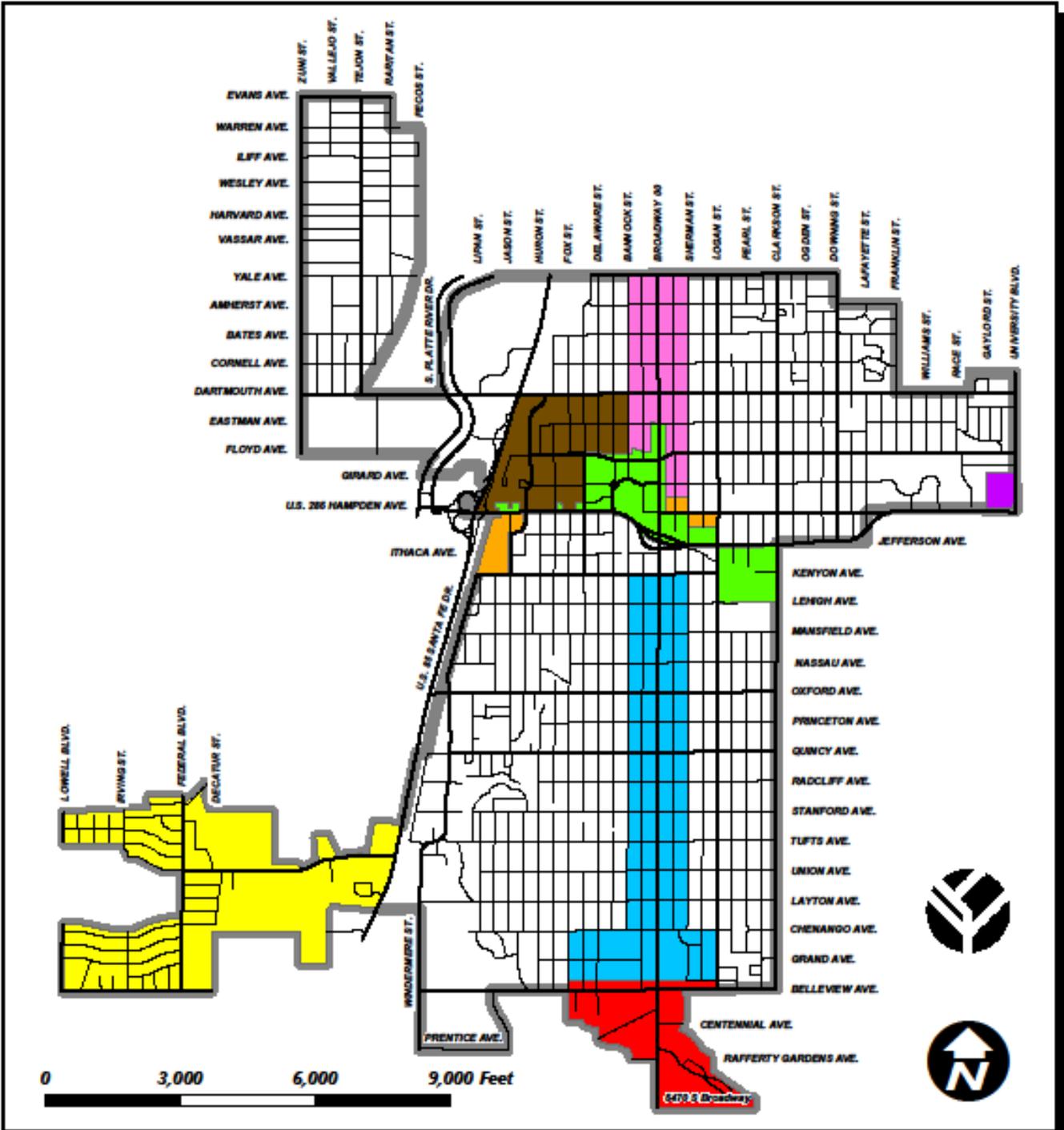
	2006	% Change	2007	% Change	2008	% Change	2009	% Change	2010	% Change	2011	% Change
Area 1	2,075,575	2.08%	1,984,801	-4.37%	1,960,354	-1.23%	1,810,165	-8.80%	1,752,431	-10.61%	1,734,388	-1.03%
Area 2	343,446	-9.72%	377,190	9.83%	388,445	2.98%	385,664	-2.25%	424,928	9.39%	457,931	7.77%
Area 3	959,657	-1.35%	1,056,915	10.13%	1,048,199	-0.82%	1,070,072	1.24%	1,163,366	10.99%	1,155,586	-0.67%
Area 4	1,427,973	-1.63%	1,497,990	4.90%	1,288,261	-14.00%	1,056,591	-29.47%	1,173,986	-8.87%	1,068,286	-9.00%
Area 5	574,050	0.33%	641,130	11.69%	566,120	-11.70%	518,074	-19.19%	546,085	-3.54%	569,542	4.30%
Area 6	3,408,837	13.80%	3,470,560	1.81%	3,728,579	7.43%	3,462,618	-0.23%	3,386,598	-9.17%	3,608,456	6.55%
Area 7	6,449,188	-6.36%	7,045,305	9.24%	7,158,821	1.61%	5,641,682	-19.92%	5,483,588	-23.40%	6,988,391	27.44%
Area 8	1,556,746	5.91%	1,460,847	-6.16%	1,677,371	14.82%	1,335,413	-8.59%	1,487,713	-11.31%	1,447,613	-2.70%
Area 9 and 10	760,768	-6.34%	1,046,680	37.58%	1,546,709	47.77%	1,489,994	-3.67%	1,513,458	1.57%	1,531,264	1.18%
Area 11 and 12	61,761	3.48%	88,330	43.02%	129,252	46.33%	120,878	-6.48%	120,410	-0.39%	125,649	4.35%
Area 13											0	0.00%
Regular Use	317,377	84.79%	250,609	-21.04%	373,755	49.14%	535,947	113.86%	529,342	41.63%	502,366	-5.10%
Total	17,935,378	-3.98%	18,920,356	5.49%	19,865,867	5.00%	17,427,099	-7.89%	17,581,905	-11.50%	19,189,471	9.14%
Refunds	227,581	83.40%	241,870	6.28%	487,132	101.40%	266,452	-45.30%	199,682	-25.06%	33,486	-83.23%
Audit & Collections Revenue*	405,921	-35.79%	498,688	22.85%	676,794	35.71%	465,506	-31.22%	373,417	-19.78%	187,641	-49.75%
*included Above												
Unearned Sales Tax	650,000	-7.14%	650,000	0.00%	650,000	0.00%	600,000	-7.69%	600,000	0.00%	1,150,000	91.67%
Building Use	786,852	39.50%	1,901,726	141.69%	694,855	-63.46%	269,142	-61.27%	495,882	84.25%	537,750	8.44%
Vehicle Use	1,035,503	-14.32%	1,169,056	12.90%	1,122,225	-4.01%	808,266	-27.98%	765,700	-5.27%	820,062	7.10%

October YTD Collections by Area 2006-2011



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 | 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 |
| Area 4 - Brookridge Shopping Center (Between Fox and Sherman and North side of Belleview and to the Southern City Limits) | Area 9 and 10 - Downtown & Englewood Pkwy |
| Area 5 - Centennial Area W of Santa Fe | Area 11 and 12 - S of 285, N of Kenyon between Jason and Santa Fe |
| | Area 13 - Hampden Avenue (US 285) and University Boulevard |



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 | Area 13 | |

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

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