



City of Englewood

## Finance and Administrative Services Department Monthly Financial Report Annual Survey

A new year has begun and we would like your input on the Monthly Financial Report. Please return the completed survey by **February 3, 2012** to Frank Gryglewicz, Department of Finance and Administrative Services. *We appreciate your time in completing this survey.*

Is the content sufficient? **Yes No** If the content is not sufficient, what information would you like included? If possible, please provide examples and/or samples of information you would like included.

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Is the report too long? **Yes No** If the report is too long, what information would you like removed?

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City of Englewood

**To:** Mayor Randy Penn and City Council  
**From:** Frank Gryglewicz, Director of Finance and Administrative Services  
**Date:** January 11, 2012  
**Subject:** December 2011 Financial Report

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**Summary of the December 2011 General Fund Financial Report (Please note the numbers in this Report are not audited and subject to change until the Comprehensive Annual Financial Report is presented to Council)**

**REVENUES:**

- Through December 2011, the City of Englewood collected **\$37,397,090 or \$683,240 or 1.9 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 \$2,995,395 in property and \$230,327 in specific ownership tax through December.
- **Year-to-date sales and use tax revenues were \$21,611,303 or \$744,788 or 3.6 percent more than December 2010**
- Cigarette tax collections were down \$5,557 compared to last year.
- Franchise fee collections were \$217,985 less than last year.
- Licenses and permit collections were \$42,933 more than 2010.
- Intergovernmental revenues were \$331,144 more than the prior year.
- Charges for services decreased \$43,271 from last year.
- Recreation revenues increased \$145,440 from 2010.
- Fines and forfeitures were \$153,183 less than last year.
- Investment income was \$8,840 less than last year.
- Miscellaneous revenues were \$94,647 less than last year.

**OUTSIDE CITY:**

- Outside City sales and use tax receipts (cash basis) were up \$1,558,391 or 24.77 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 December 2011 were \$2,078,548 or \$12,737 less than last year during the same period.

**EXPENDITURES:**

- Expenditures through December were \$39,246,477 or \$345,135 (.89 percent) more than the \$38,901,342 expended through December 2010. The City refunded \$90,465 in sales and use tax claims through December.

**FUND BALANCE:**

- The unaudited total fund balance is \$8,698,679 or 23.26% of revenue. The 2011 Reserves total \$3,855,161 or 10.31% of unaudited revenue. The unreserved/undesignated reserves for 2011 are estimated at \$4,843,518 or 12.95 percent of unaudited revenues.
- The 2011 unaudited Long Term Asset Reserve (LTAR) balance is \$2,406,649 (please refer to page 13).

**TRANSFERS:**

- Net 2011 transfers-in to date of \$2,052,782 were made by the end of December 2011 (please refer to page 12 for the make-up).

**REVENUES OVER/UNDER EXPENDITURES:**

- Expenditures exceeded revenues by \$1,848,783 this year compared to expenditures exceeding revenues by \$2,186,888 in 2010.

**PUBLIC IMPROVEMENT FUND (PIF):**

- The PIF has collected \$1,912,621 in revenues and spent \$3,791,483 year-to-date. Estimated year-end fund balance is \$237,734.

# City of Englewood, Colorado

## December 2011 Financial Report

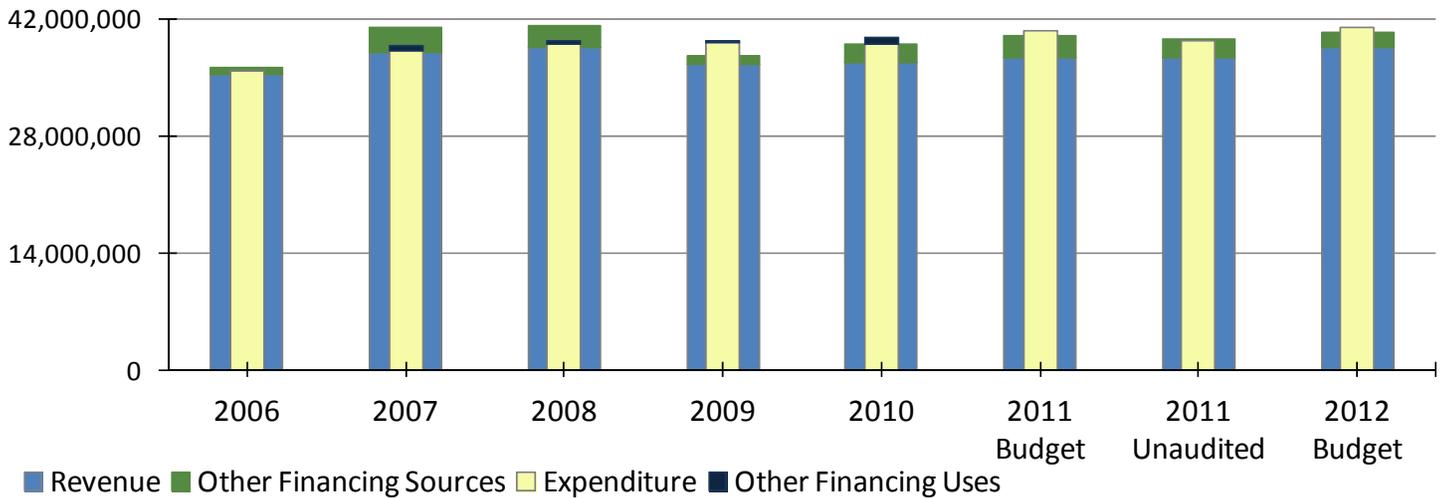
### GENERAL FUND OVERVIEW AND ANALYSIS

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**



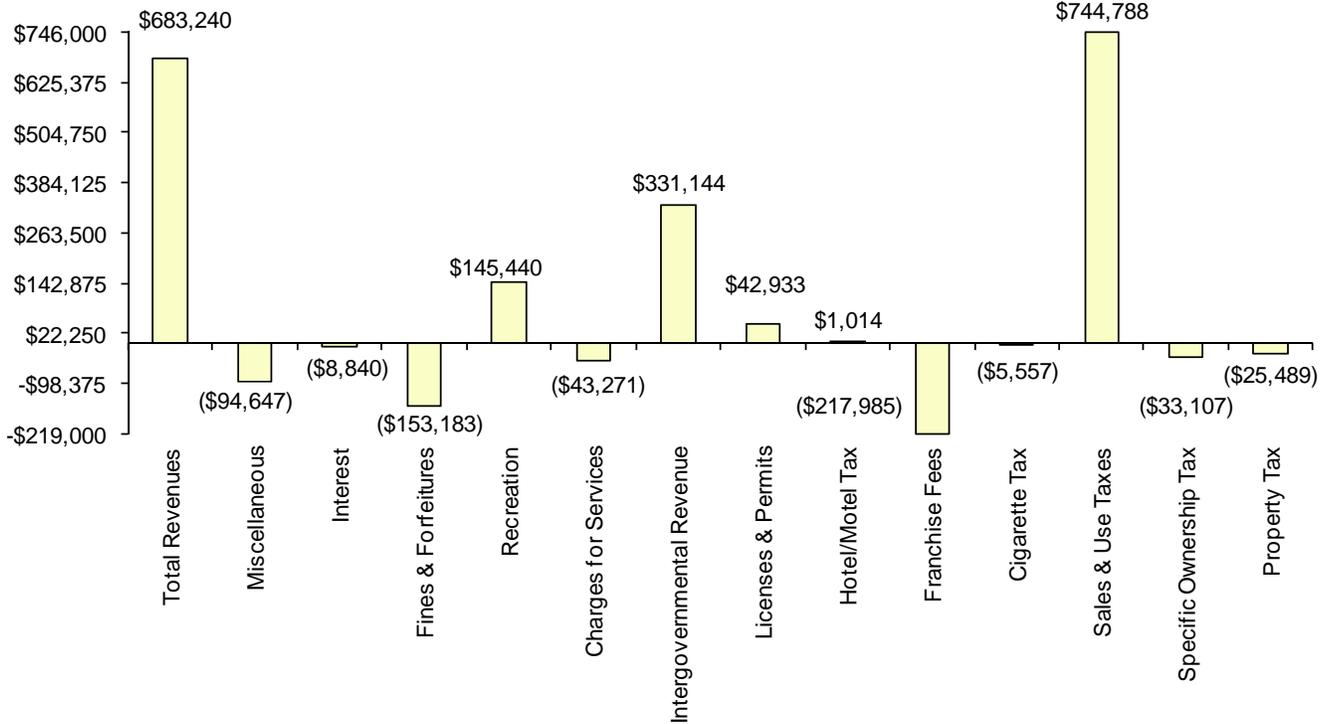
The table below summarizes General Fund Year-To-Date (YTD) Revenue, Expenditure, Sales & Use Tax Revenue and Outside City Sales & Use Tax Revenue for the month ended December, 2011. Comparative figures for years 2010 and 2009 are presented as well. The table also highlights the dollar and percentage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

	2011	2011 vs 2010 Increase (Decrease)		2010	2010 vs 2009 Increase (Decrease)		2009
<b>General Fund</b>							
Year-To-Date Revenue	\$ 37,397,694	\$ 683,240	1.86%	\$ 36,714,454	\$ 247,565	.68%	\$ 36,466,889
Year-To-Date Expenditure	39,246,477	\$ 345,135	.89%	38,901,342	\$ (96,635)	(.25%)	38,997,977
Net Revenue (Expenditure)	\$ (1,848,783)	\$ 338,105		\$ (2,186,888)	\$ 344,200		\$ (2,531,088)
Estimated Unreserved/ Undesignated Fund Balance	\$ 4,843,518	\$ (72,129)	(1.47%)	\$ 4,915,647	\$ 21,870	.45%	\$ 4,893,777
Sales & Use Tax Revenue YTD	\$ 21,611,303	\$ 744,788	3.57%	\$ 20,866,515	\$ 241,856	1.17%	\$ 20,624,659
Outside City Sales & Use Tax YTD	\$ 7,849,613	\$ 1,558,391	24.77%	\$ 6,291,222	\$ (144,757)	(2.25%)	\$ 6,435,979

**General Fund - Revenues**

The City of Englewood’s total budgeted revenue is \$37,424,105. Total revenue collected through December 2011 was \$37,397,694 or \$683,240 (1.9 percent) more than was collected in 2010. The chart below illustrates changes in General Fund revenues this year as compared to last year.

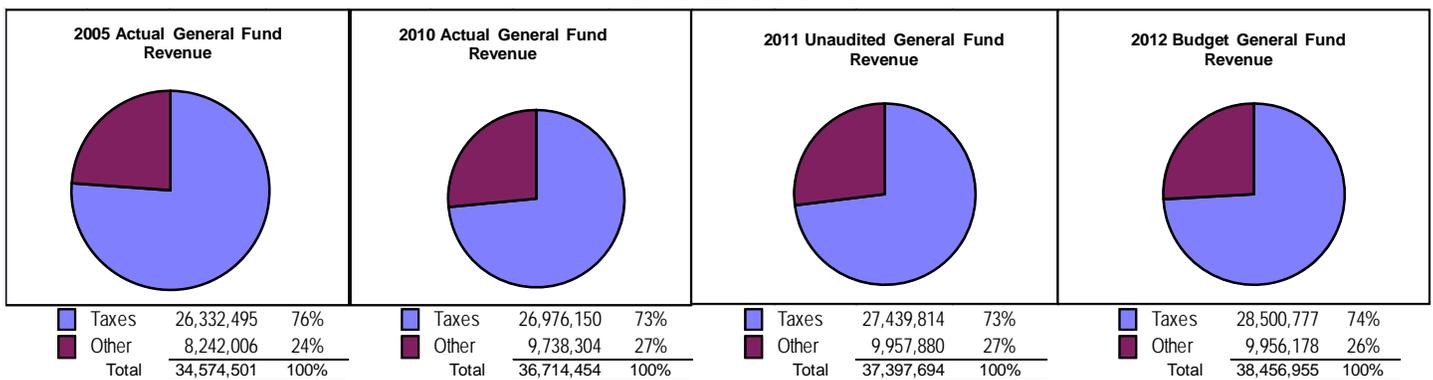
**2011 Year-To-Date Change in General Fund Revenue as Compared to Prior Year**



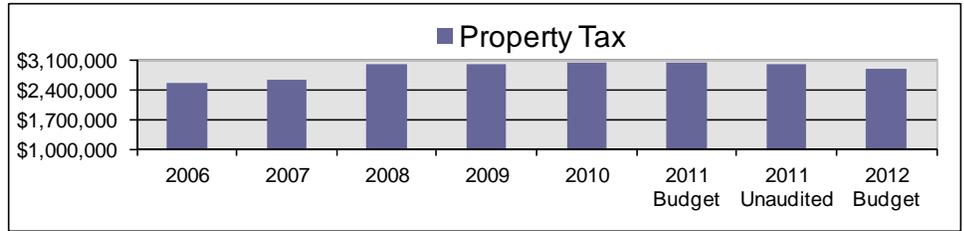
**General Fund - Taxes**

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 unaudited 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**



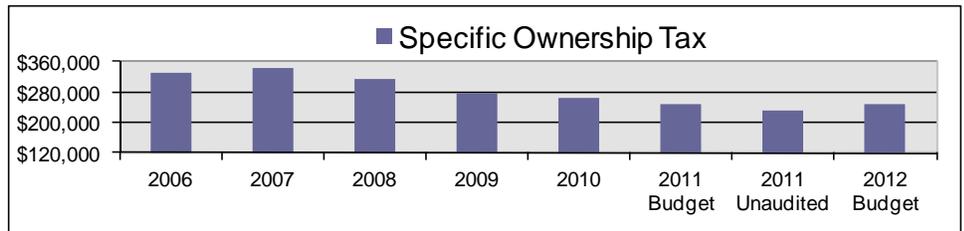
**Property taxes:** These taxes are collected based on the assessed value of all the properties in the City and the mill levy assessed against the property. The City's total 2009 mill levy collected in 2010 is 7.911 mills. The 2010 mill levy for general operations collected in 2011 is 5.880 mills. Voters 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 \$2,995,395 through December 2011. The estimate for the year is \$2,995,395.

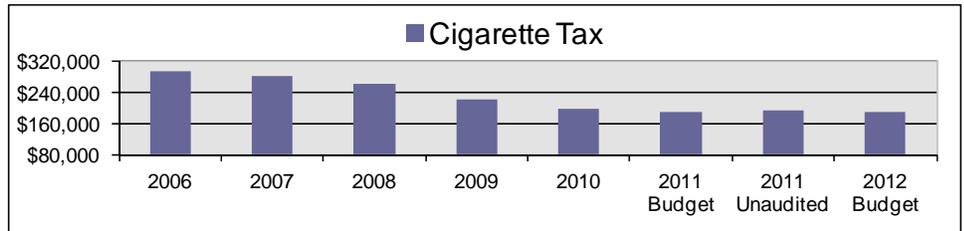
**Specific ownership:** These taxes are based on the age and type of motor vehicles, wheeled trailers, semi-trailers, etc.

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



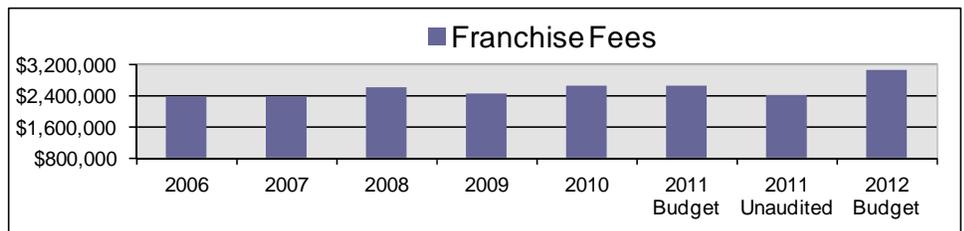
which is less than one percent of total revenues and one percent of total taxes. The City budgeted \$250,000 for 2011 and collected \$230,327 through December 2011. The estimate for the year is \$230,327.

**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 \$190,763 through December 2011, which is \$5,557 or 2.8 percent less than the \$196,320 collected through December 2010. The estimate for the year is \$190,763.

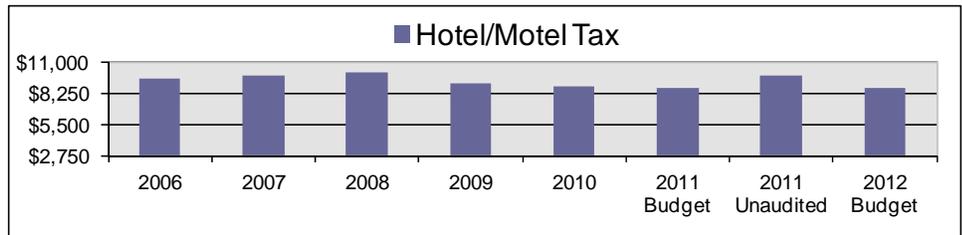
**Franchise Fees:** The City collects a number of taxes on various utilities. This includes franchise tax on water, sewer, and public services, as well as



occupational tax on telephone services. The City collected \$2,362,000 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.

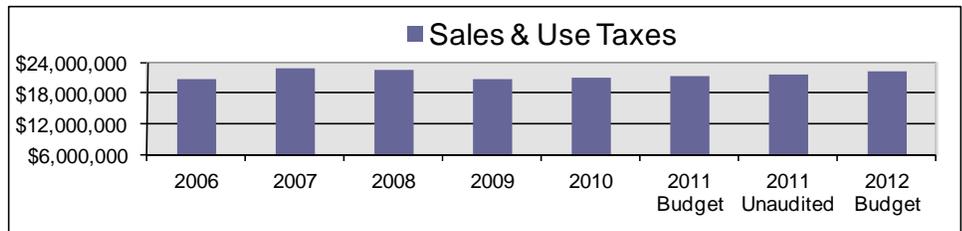
The City budgeted \$2,650,851 for the year; collections through December totaled \$2,402,206 compared to \$2,620,191 collected during the same period last year. The estimate for the year is \$2,602,206.

**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 \$9,820 through December 2011. The estimate for the year is \$9,820.



### 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 December 2011 was \$21,611,303 while revenue year-to-date for December 2010 was \$20,866,515, an increase of \$744,788 or 3.6 percent.

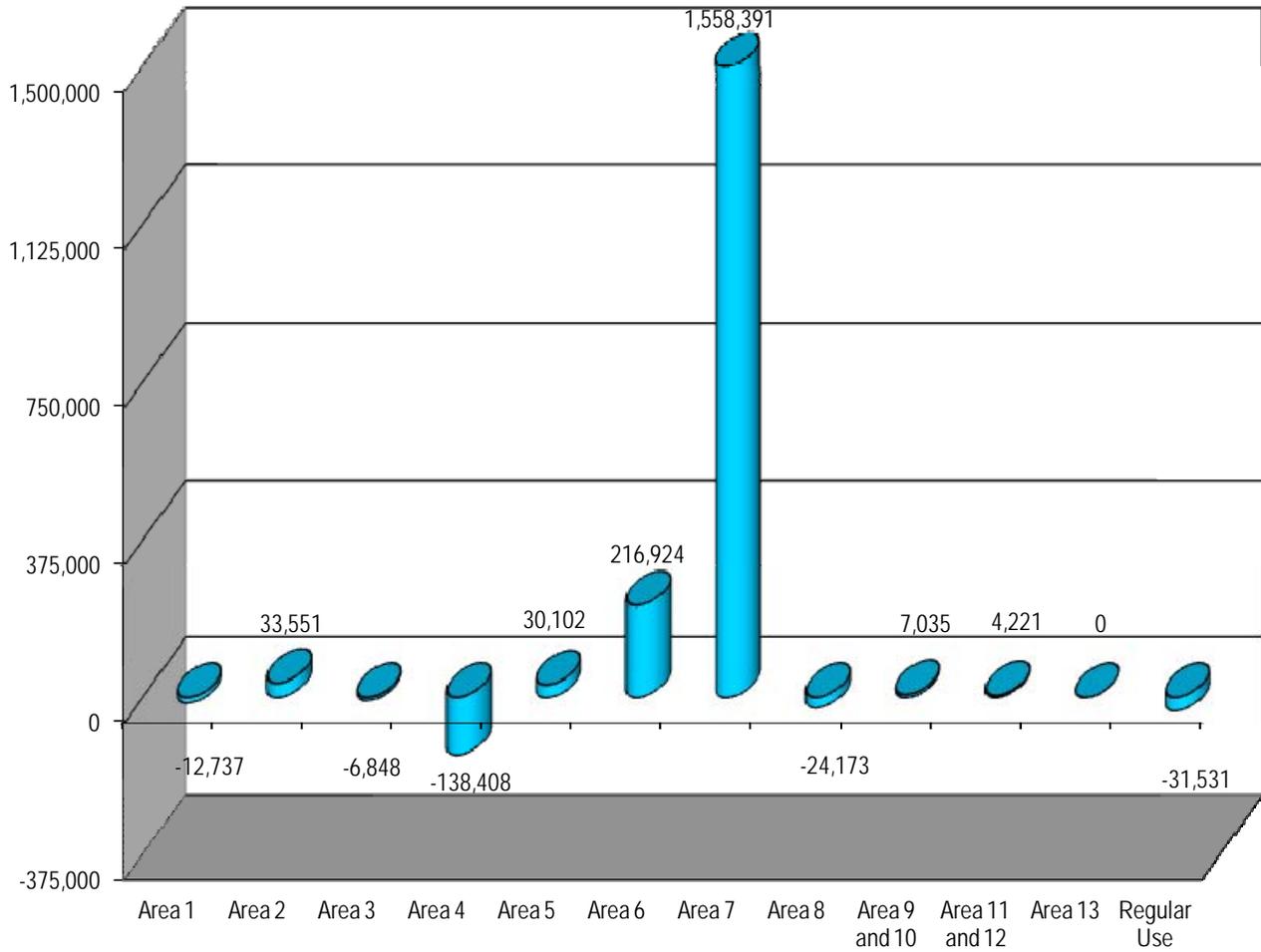
Collections (cash basis) for December 2011 were \$1,419,573 while collections for December 2010 and December 2009 were \$1,501,430 and \$1,535,818 respectively. December 2011 collections were 5.4 percent or \$81,857 less than December 2010 collections and \$116,245 or 7.6 percent less than December 2009 collections.

Outside City sales and use tax collections through December were \$7,849,613 an increase of approximately \$1,558,391 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.

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

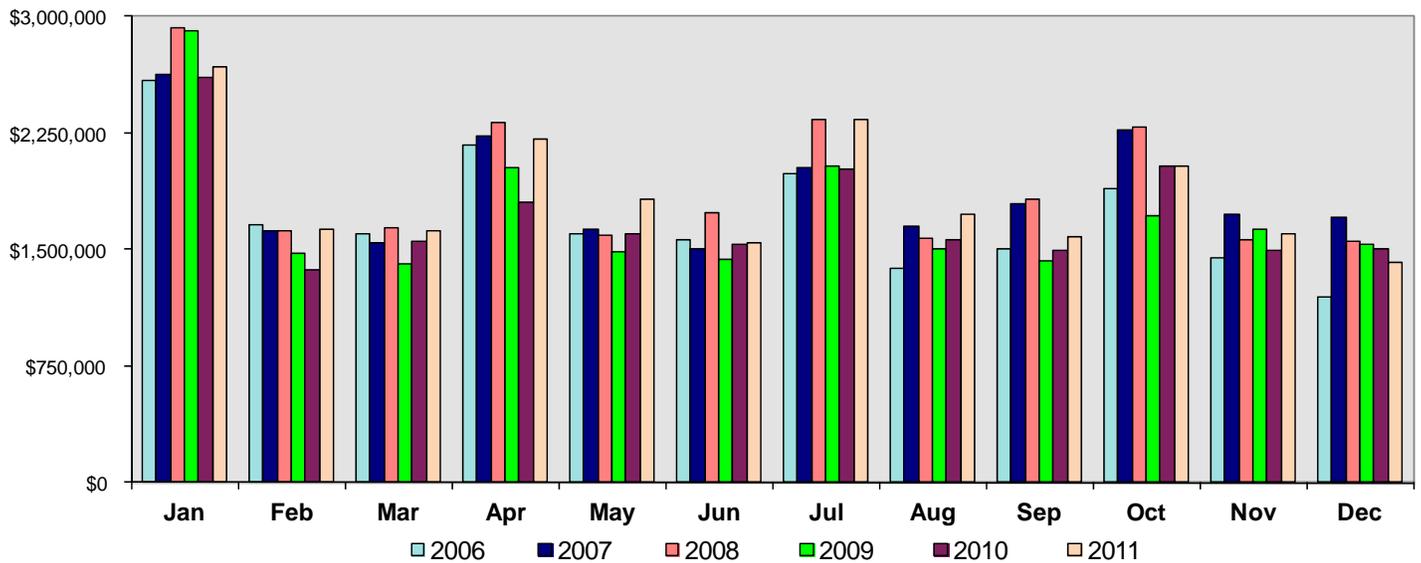
The chart on the next page, “Change in Sales/Use Tax Collections by Area 2011 vs. 2010” indicates that most of the increase in sales tax collections is due to Outside City (Area 7) and Miscellaneous Areas throughout the City (Area 6). Economic conditions, judged by sales tax collections, appears to be 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



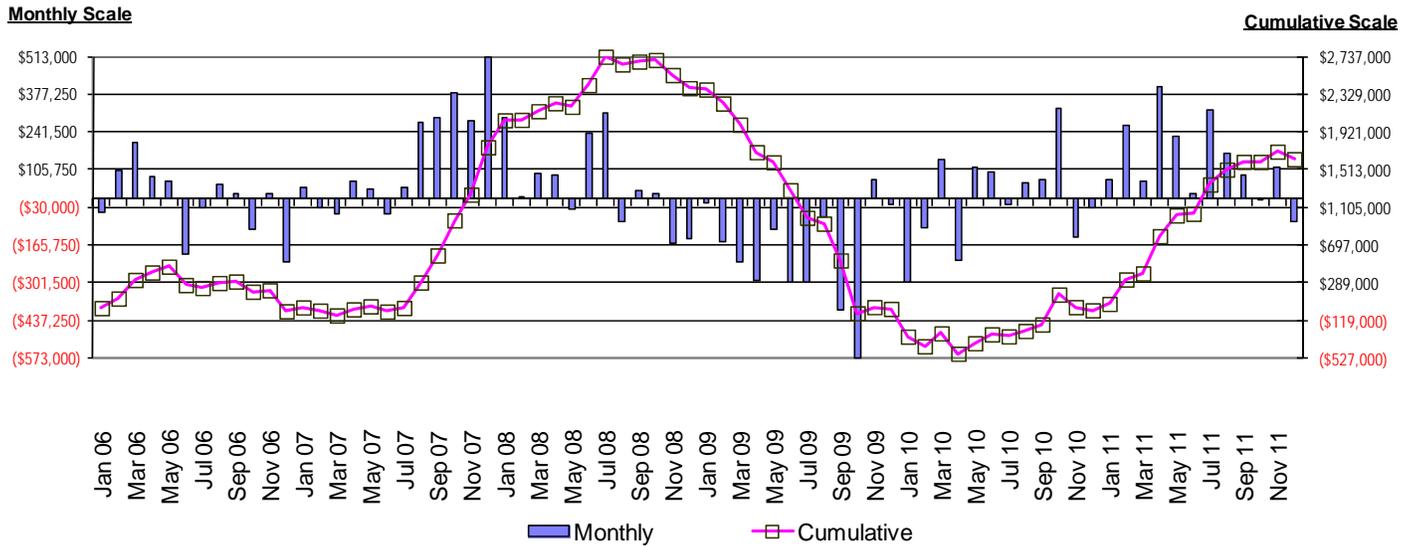
The bar graph below shows a comparison of monthly sales tax collections (cash basis) for 2006 through 2011.

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



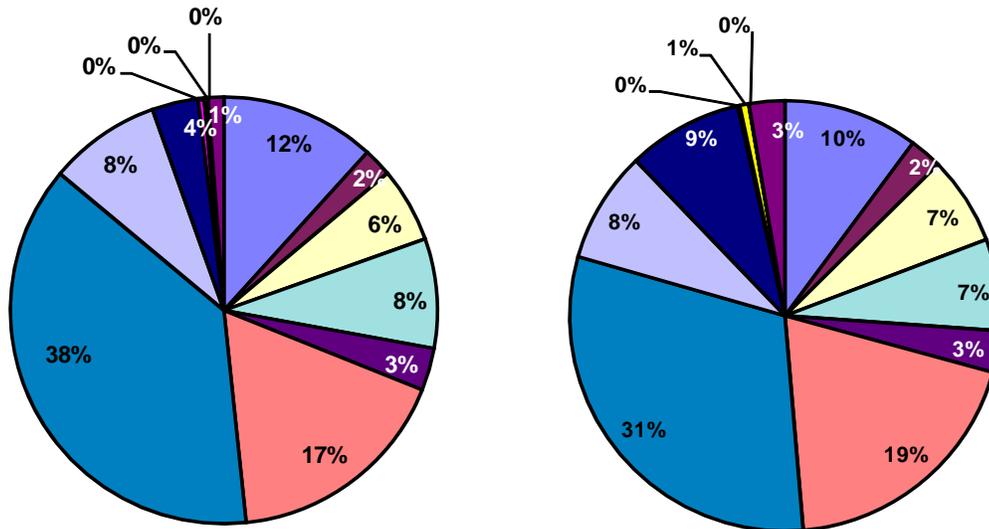
The next chart illustrates sales tax collections (cash basis) by month and cumulative for the years presented.

### 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 \$2,078,548 year-to-date 2011, \$12,737 or .6 percent less was collected last year.

**Area 4:** This geographic area is down just over nine percent from last year. It appears one large retailer's revenues have dropped dramatically since last year but may rebound in the future as their new format attracts more customers.

**Area 6:** This geographic area is up 5.4 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 December. 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	22,349,822	22,982,559	20,591,187	20,575,238	22,211,764
Outside City Collections	8,117,519	8,023,476	6,435,979	6,291,222	7,849,613
<b>Percentage of Total</b>	<b>36.3%</b>	<b>34.9%</b>	<b>31.3%</b>	<b>30.6%</b>	<b>35.3%</b>
Total General Fund Revenues	38,011,406	39,178,660	36,466,889	36,714,454	37,397,694
Outside City Collections	8,117,519	8,023,476	6,435,979	6,291,222	7,849,613
<b>Percentage of Revenues</b>	<b>21.4%</b>	<b>20.5%</b>	<b>17.6%</b>	<b>17.1%</b>	<b>21.0%</b>

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 \$89,205 in refunds including intercity sales/use tax claims through December 2011 compared to \$215,756 through December 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 December were down \$24,173 or 1.4 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 \$192,805 in sales and use tax audit revenues and general collections of balances on account through the month of December; this compares to \$376,960 collected in 2010 and \$482,693 collected in 2009.

Of the 76 sales tax accounts reviewed in the various geographic areas, 44 (58 percent) showed improved collections and 32 (42 percent) showed reduced collections this year compared to the same period last year.

The Department issued 467 new sales tax licenses through December 2011; 395 and 377 were issued through December 2010 and 2009 respectively.

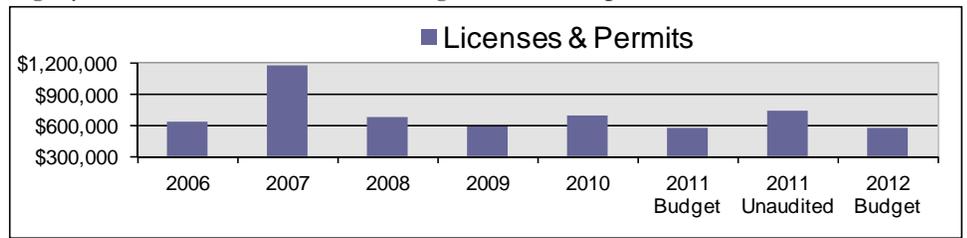
City records indicate that year-to-date 214 businesses closed (129 of them were outside the physical limits of Englewood) and 467 opened (331 of them were outside the physical limits of Englewood).

### **General Fund - Other Revenue**

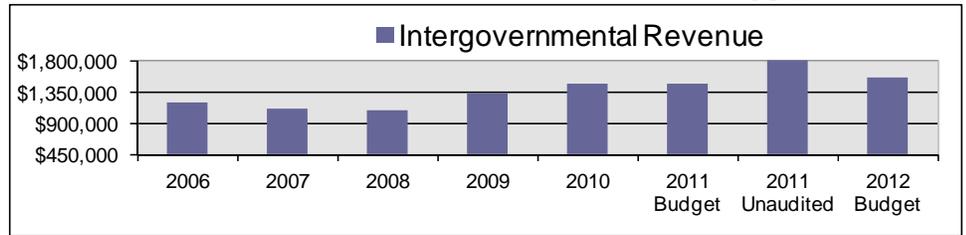
Other revenues accounted for \$9,738,304 or 26.5 percent of the total revenues for 2010; the City budgeted \$10,091,541 for 2011.

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

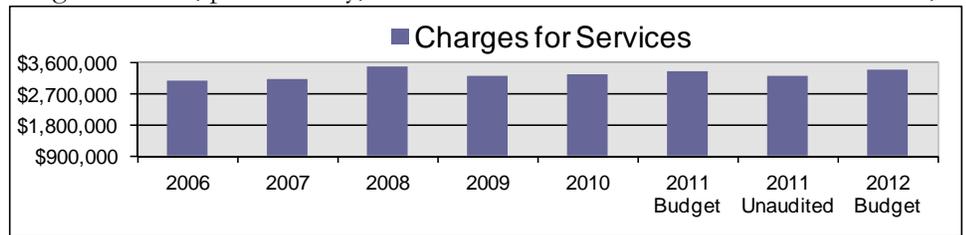
**Licenses and Permits:** This revenue category includes business and building licenses and permits. This revenue source generated \$695,663 during 2010 or 1.9 percent of total revenue and 6.8 percent of total other revenue. This revenue source totaled \$623,945 in 2006 and increased to \$695,663 in 2010, an 11.5 percent increase. The City budgeted \$575,100 for 2011 and year-to-date the City collected \$738,496 or \$42,933 (6.2 percent) more than the \$695,563 collected through December 2010. The estimate for the year is \$738,496.



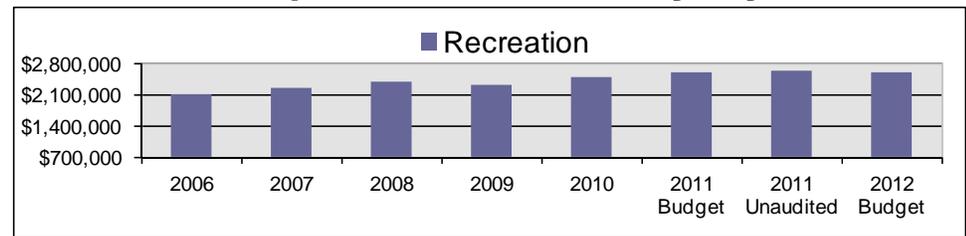
**Intergovernmental Revenues:** This revenue source includes state and federal shared revenues including payments in lieu of taxes. These revenues are budgeted at \$1,459,564 for 2011. This revenue source totaled \$1,193,863 in 2006 and the City collected \$1,465,970 in 2010, a 22.7 percent increase. The City collected \$1,797,114 through December 2011 this is \$331,144 (22.6 percent) more than the \$1,465,970 collected in the same period in 2010. The estimate for the year is \$1,797,114. 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)



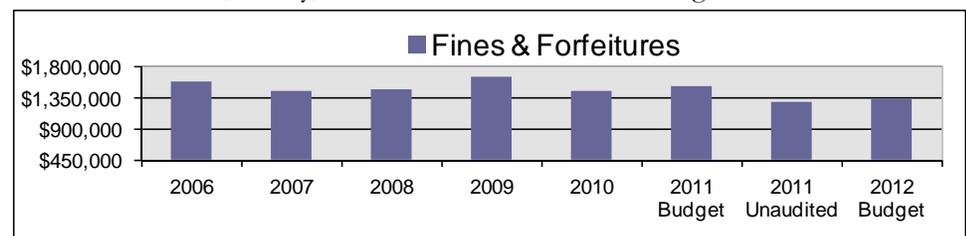
**Charges for Services:** This includes general government, public safety, fees for the administration of the utilities funds, court costs, highway and street and other charges. This revenue source is budgeted at \$3,318,587 for 2011. This revenue source totaled \$3,053,106 in 2006 and increased to \$3,254,830 in 2010, a 6.6 percent increase. Total collected year-to-date was \$3,211,559 or \$43,271 (1.3 percent) less than the \$3,254,830 collected year-to-date in 2010. The estimate for the year is \$3,211,559.



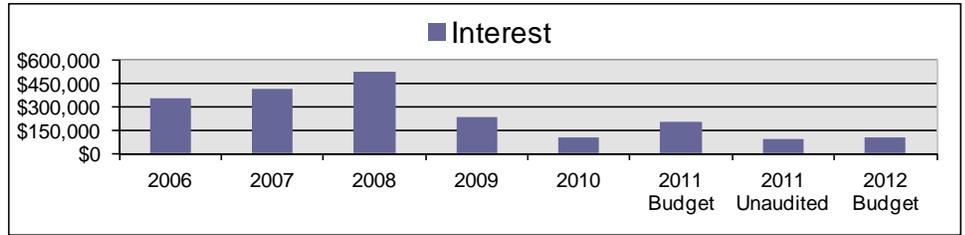
**Recreation:** This category of revenue includes the fees and charges collected from customers to participate in the various programs offered by the Parks and Recreation Department. This revenue source is budgeted at \$2,587,653 for 2011. This revenue source totaled \$2,099,202 in 2006 and increased to \$2,489,781 in 2010, an 18.6 percent increase. Total collections through December 2011 were \$2,635,221 compared to \$2,489,781 collected in 2010. The estimate for the year is \$2,635,221.



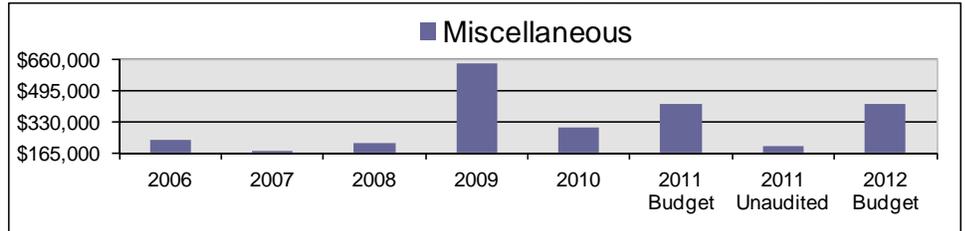
**Fines and Forfeitures:** This revenue source includes court, library, and other fines. The 2010 budget for this source is \$1,426,801 or 14.7 percent of total other revenue. This revenue source totaled \$1,543,353 in 2006 and decreased to \$1,437,957 in 2010, a 6.8 percent decrease. Total collected year-to-date was \$1,284,774 or \$153,183 (10.6 percent) less than the \$1,437,957 collected in the same time period last year. The estimate for the year is \$1,284,774.



**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 \$91,705 through December 2011; while the City earned \$100,545 through December 2010. The estimate for the year is \$91,705.



**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 \$199,011 (32.2 percent) less compared to the \$293,658 collected last year during the same period. The estimate for the year is \$199,011.



**General Fund - Expenditures**

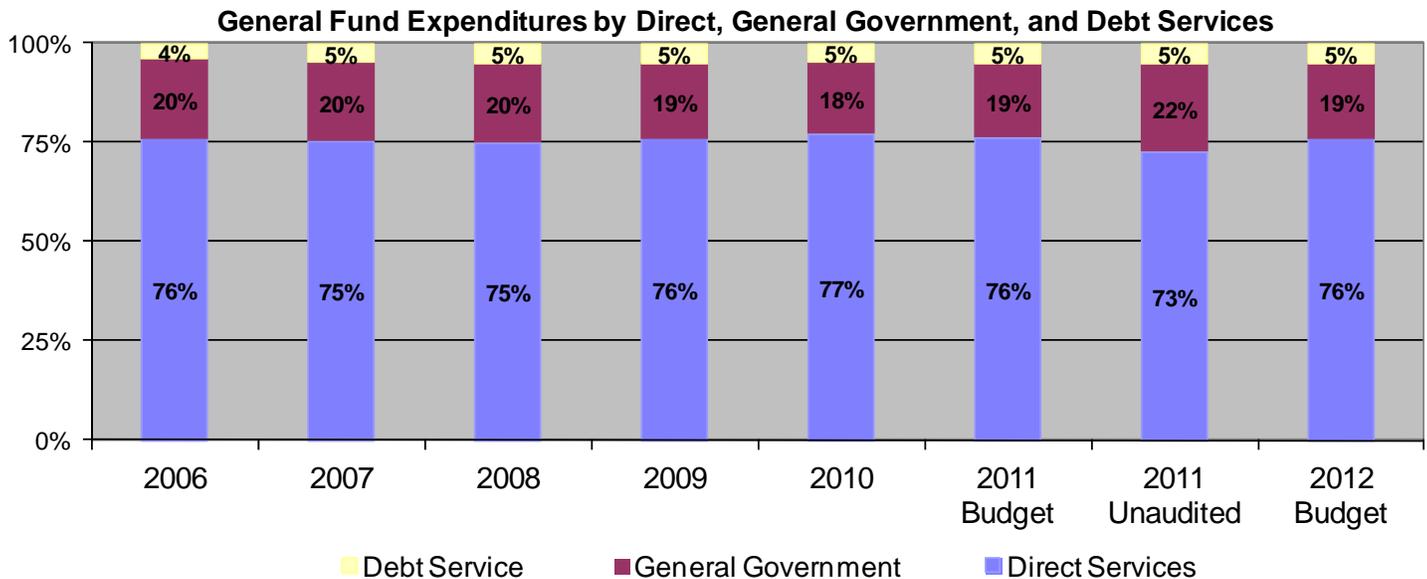
In 2006 the City adopted an outcome based budgeting philosophy. City Council and Staff outlined five outcomes to reflect, more appropriately, the desired result of the services delivered to the citizens of Englewood. The five outcomes identified are intended to depict Englewood as:

- ▶ 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 December were \$39,246,477 compared to \$38,901,342 in 2010 and \$38,997,977 in 2009. *Purchasing card transactions from December 21 to December 31 and any invoices from 2011 not yet processed are not included in expenditures at this time.*

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



**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:

<u>Source of Funds</u>	<u>Budget Amount</u>	<u>YTD Amount</u>
<b>Special Revenue Funds</b>		
Neighborhood Stabilization Program Fund*	\$ 750,000	\$ 343,315
<b>Capital Project Funds</b>		
Public Improvement Fund (PIF)	471,815	338,309
<b>Internal Service Funds</b>		
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
<b>Component Units</b>		
Englewood/McLellan Reservoir Foundation, Inc (EMRF)	325,000	425,159
<b>Enterprise Funds</b>		
	21,111	-
Transfers Total	<u>\$ 2,519,204</u>	<u>\$ 2,052,783</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.

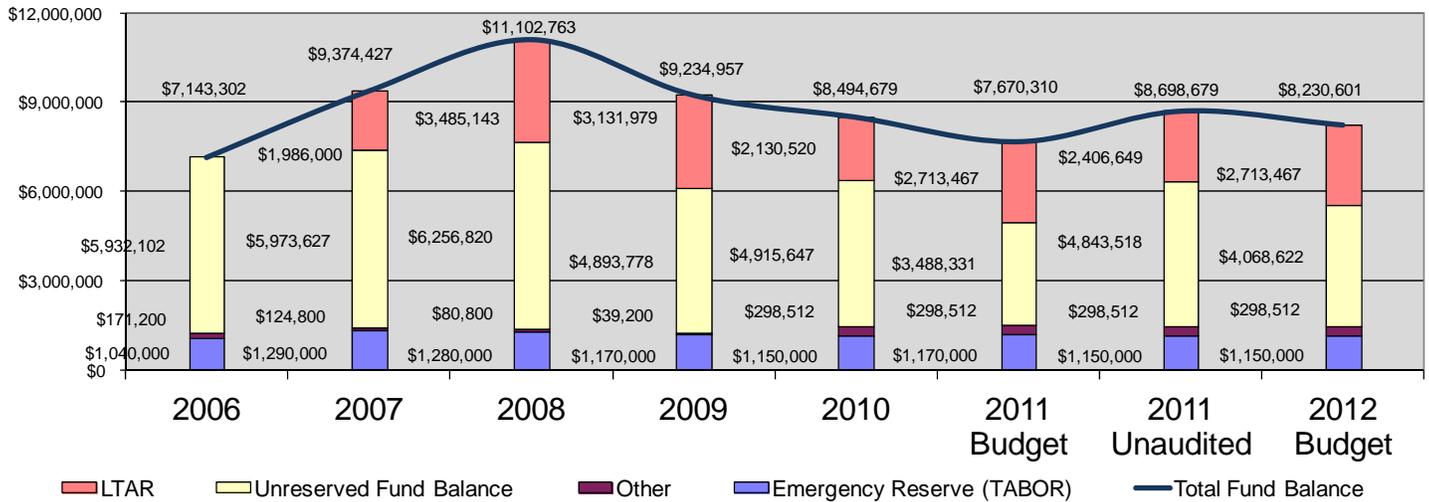
**General Fund - Fund Balance**

The City designates the fund balance into two categories, restricted and unrestricted. The portion of the fund balance which is restricted is referred to as the “Reserves” while the unrestricted portion is referred to as the unreserved/undesignated fund balance. The unreserved/undesignated 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/undesignated fund balance is not adequate to provide for a transfer from the General Fund to the capital projects funds.

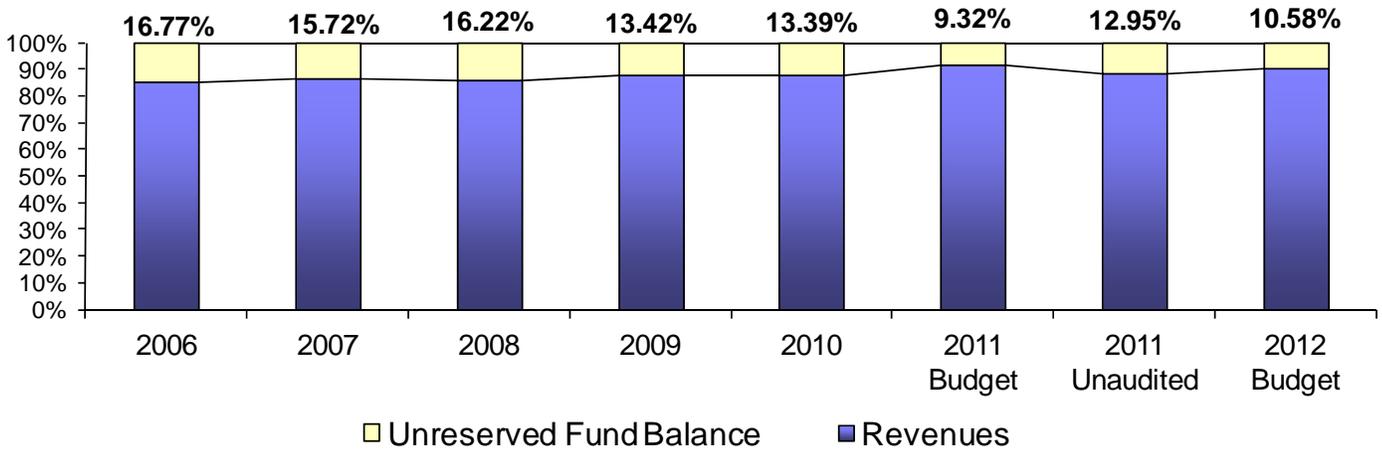
**Long Term Asset Reserve (LTAR)** At the 2008 Budget workshop held on December 22, 2007, City Council discussed and directed staff to establish a General Fund reserve account to accumulate funds from the sale, lease, or earnings from long-term assets. It was also determined that these funds should be 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. Approximately \$340,000 is to be returned from NSP to the LTAR before the final 2011 financial report is issued bringing the balance to approximately \$2,406,649 with \$306,000 estimated to be returned from NSP in 2012. The balance also includes a \$120,000 transfer from LTAR to fund the Community Development Department's 2011 Catalyst Program.

### General Fund Reserves



### Unreserved Fund Balance As A Percentage of Revenue



The City's General Fund ended 2010 with total reserves of \$8,494,679, and an unreserved/undesigned fund balance of \$4,915,647 or 13.4 percent of revenues. The General Fund's 2011 unaudited year end fund balance at \$8,698,679 and an ending unreserved/undesigned balance of \$4,843,513 or 12.95 percent of revenues or 12.34 percent of expenditures. The \$4,843,513 would allow the City to operate for approximately 45 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 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.

Public Improvement Fund (PIF)	2011	2011 vs 2010 Increase (Decrease)	2010	2010 vs 2009 Increase (Decrease)	2009
YTD Revenues	\$ 1,912,621	\$ (1,081,649) (36.12%)	\$ 2,994,270	\$ 134,365 4.70%	\$ 2,859,905
YTD Expenditures	3,791,483	\$ 244,453 6.89%	3,547,030	\$ 683,538 23.87%	2,863,492
Net Revenues (Expenditures)	\$ (1,878,862)	\$ (1,326,102)	\$ (552,760)	\$ (549,173)	\$ (3,587)
Beginning PIF Fund Balance	\$ 2,686,457		\$ 1,515,399		\$ 1,067,525
Ending PIF Fund Balance Before Remaining Annual Revenue and Appropriation	\$ 807,595		\$ 962,639		\$ 1,063,938
Plus: Remaining Annual Revenue	33,620		174,157		399,152
Less: Remaining Annual Appropriation	(603,481)		(673,785)		(1,123,685)
Estimated Ending Fund Balance	\$ 237,734		\$ 463,011		\$ 339,405
<b>Unappropriated Fund Balance as of December 31,</b>			<b>\$ 440,771</b>		<b>\$ 339,405</b>

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 %	2010 YTD Actual	2010 Vs 2009 Amount %	2009 YTD Actual
Vehicle Use Tax	\$ 1,000,000	\$ 1,000,000	\$ 922,601	\$ (4,114) 0%	\$ 926,715	\$ (66,882) -7%	\$ 993,597
Building Use Tax	\$ 550,000	\$ 400,000	\$ 605,449	\$ 59,462 11%	\$ 545,987	\$ 143,714 36%	\$ 402,273
Arapahoe County Road and Bridge Tax	\$ 191,000	\$ 191,000	\$ 184,488	\$ (7,621) -4%	\$ 192,109	\$ (8,881) -4%	\$ 200,990

**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
<b>Governmental Fund Types (Fund Balance)</b>						
<b>General Fund</b>	8,494,679	37,397,694	39,246,477	2,359,601	4,161,979	4,843,518
<b>Special Revenue Funds</b>						
Conservation Trust	1,052,255	305,682	173,355	(1,088,667)	-	95,916
Open Space	1,072,979	511,914	326,696	(916,030)	-	342,167
Neighborhood Stabilization Program	718,290	1,234,512	1,385,783	(567,019)	-	-
Donors	167,852	81,541	92,518	-	-	156,875
Community Development	-	236,256	277,888	41,632	-	-
Malley Center Trust	291,667	5,098	17,426	-	-	279,339
Parks & Recreation Trust	449,303	11,761	9,351	-	-	451,714
<b>Debt Service Fund</b>						
General Obligation Bond	9,616	1,097,584	952,139	-	-	155,062
<b>Capital Projects Funds</b>						
PIF	2,686,457	1,779,114	2,620,481	(1,607,356)	-	237,734
MYCP	1,061,738	8,800	773,800	(341,772)	-	(45,033)
<b>Proprietary Fund Types (Funds Available Balance)</b>						
<b>Enterprise Funds</b>						
Water	7,027,103	8,156,902	8,071,017	-	-	7,112,987
Sewer	6,792,828	13,541,252	14,085,042	-	1,000,000	5,249,037
Stormwater Drainage	903,814	337,316	244,419	-	137,818	858,893
Golf Course	713,451	1,834,977	1,780,623	-	293,500	474,305
Concrete Utility	277,905	700,980	656,710	-	-	322,175
Housing Rehabilitation	404,633	228,907	222,293	-	-	411,247
<b>Internal Service Funds</b>						
Central Services	234,309	315,362	293,794	(100,000)	-	155,878
ServiCenter	902,008	2,210,782	1,782,008	(100,000)	-	1,230,781
CERF	728,781	824,869	281,455	-	-	1,272,195
Employee Benefits	210,918	5,038,280	5,058,072	(200,000)	39,874	(48,748)
Risk Management	1,201,929	1,394,401	911,397	(546,000)	-	1,138,933

### 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 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.

## FUNDS GLOSSARY

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

**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 December 31, 2011

**Percentage of Year Completed = 100%**

<i>Fund Balance January 1</i>	\$ 8,157,514	\$ 8,494,679	\$ 8,494,679	\$ 9,234,957	\$ 9,234,957	\$ 11,102,763	\$ 11,102,763			
<i>Revenues</i>	2011				2010			2009		
	Budget	Dec-11	% Budget	YE Estimate	Dec-10	Dec-10	% YTD	Dec-09	Dec-09	% YTD
Property Tax	3,017,000	2,995,395	99.28%	2,995,395	3,020,884	3,020,884	100.00%	2,971,303	2,971,303	100.00%
Specific Ownership Tax	250,000	230,327	92.13%	230,327	263,434	263,434	100.00%	276,415	276,415	100.00%
Sales & Use Taxes	21,216,000	21,611,303	101.86%	21,611,303	20,866,515	20,866,515	100.00%	20,624,659	20,624,659	100.00%
Cigarette Tax	190,000	190,763	100.40%	190,763	196,320	196,320	100.00%	218,448	218,448	100.00%
Franchise Fees	2,650,851	2,402,206	90.62%	2,402,206	2,620,191	2,620,191	100.00%	2,452,611	2,452,611	100.00%
Hotel/Motel Tax	8,713	9,820	112.71%	9,820	8,806	8,806	100.00%	9,141	9,141	100.00%
Licenses & Permits	575,100	738,496	128.41%	738,496	695,563	695,563	100.00%	588,303	588,303	100.00%
Intergovernmental Revenue	1,459,564	1,797,114	123.13%	1,797,114	1,465,970	1,465,970	100.00%	1,333,688	1,333,688	100.00%
Charges for Services	3,338,567	3,211,559	96.20%	3,211,559	3,254,830	3,254,830	100.00%	3,163,735	3,163,735	100.00%
Recreation	2,587,653	2,635,221	101.84%	2,635,221	2,489,781	2,489,781	100.00%	2,315,598	2,315,598	100.00%
Fines & Forfeitures	1,509,150	1,284,774	85.13%	1,284,774	1,437,957	1,437,957	100.00%	1,639,678	1,639,678	100.00%
Interest	200,000	91,705	45.85%	91,705	100,545	100,545	100.00%	229,999	229,999	100.00%
Miscellaneous	421,507	199,011	47.21%	199,011	293,658	293,658	100.00%	643,311	643,311	100.00%
<b>Total Revenues</b>	<b>37,424,105</b>	<b>37,397,694</b>	<b>99.93%</b>	<b>37,397,694</b>	<b>36,714,454</b>	<b>36,714,454</b>	<b>100.00%</b>	<b>36,466,889</b>	<b>36,466,889</b>	<b>100.00%</b>
<b>Expenditures</b>										
Legislation	346,120	295,098	85.26%	295,098	309,870	309,870	100.00%	346,045	346,045	100.00%
City Attorney	762,518	694,091	91.03%	694,091	702,228	702,228	100.00%	678,038	678,038	100.00%
Court	999,105	846,646	84.74%	846,646	901,469	901,469	100.00%	914,493	914,493	100.00%
City Manager	664,732	639,245	96.17%	639,245	659,882	659,882	100.00%	674,170	674,170	100.00%
Human Resources	481,102	427,200	88.80%	427,200	419,421	419,421	100.00%	456,275	456,275	100.00%
Financial Services	1,550,906	1,440,813	92.90%	1,440,813	1,445,581	1,445,581	100.00%	1,575,924	1,575,924	100.00%
Information Technology	1,338,543	1,292,269	96.54%	1,292,269	1,280,660	1,280,660	100.00%	1,360,237	1,360,237	100.00%
Public Works	5,498,891	5,125,076	93.20%	5,125,076	5,137,364	5,137,364	100.00%	5,152,891	5,152,891	100.00%
Fire Department	7,465,775	7,667,458	102.70%	7,667,458	7,425,903	7,425,903	100.00%	7,320,268	7,320,268	100.00%
Police Department	10,587,026	10,321,921	97.50%	10,321,921	10,312,633	10,312,633	100.00%	10,183,891	10,183,891	100.00%
Community Development	1,344,556	1,322,607	98.37%	1,322,607	1,301,473	1,301,473	100.00%	1,366,437	1,366,437	100.00%
Library	1,256,520	1,134,640	90.30%	1,134,640	1,284,083	1,284,083	100.00%	1,275,554	1,275,554	100.00%
Recreation	5,969,515	5,729,975	95.99%	5,729,975	5,811,809	5,811,809	100.00%	5,727,968	5,727,968	100.00%
Debt Service	2,075,204	2,157,015	103.94%	2,157,015	1,860,827	1,860,827	100.00%	1,805,208	1,805,208	100.00%
Contingency	90,000	152,423	169.36%	152,423	48,139	48,139	100.00%	160,578	160,578	100.00%
<b>Total Expenditures</b>	<b>40,430,513</b>	<b>39,246,477</b>	<b>97.07%</b>	<b>39,246,477</b>	<b>38,901,342</b>	<b>38,901,342</b>	<b>100.00%</b>	<b>38,997,977</b>	<b>38,997,977</b>	<b>100.00%</b>
Excess revenues over (under) expenditures	(3,006,408)	(1,848,783)	61.49%	(1,848,783)	(2,186,888)	(2,186,888)		(2,531,088)	(2,531,088)	
Net transfers in (out)	2,519,204	2,052,783	81.49%	2,052,783	1,446,610	1,446,610	100.00%	663,282	663,282	100.00%
<b>Total Fund Balance</b>	<b>\$ 7,670,310</b>	<b>\$ 8,698,679</b>	<b>113.41%</b>	<b>\$ 8,698,679</b>	<b>\$ 8,494,679</b>	<b>\$ 8,494,679</b>	<b>100.00%</b>	<b>\$ 9,234,957</b>	<b>\$ 9,234,957</b>	<b>100.00%</b>

## Fund Balance Analysis

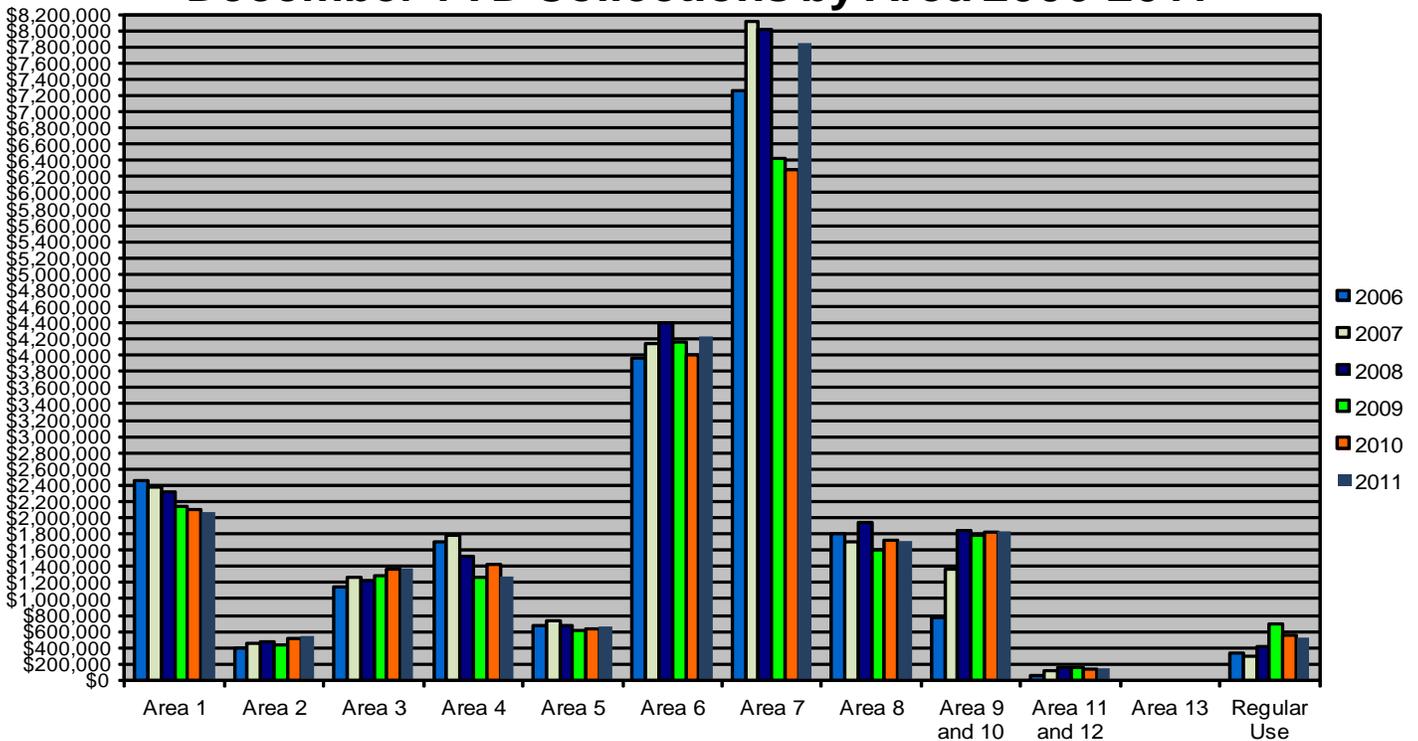
Total Fund Balance	\$ 7,670,310	\$ 8,698,679	\$ 8,698,679	\$ 8,494,679	\$ 9,234,957
Reserves/designations:					
-Emergencies (TABOR)	1,170,000	1,150,000	1,150,000	1,150,000	1,170,000
-LTAR	2,713,467	2,406,649	2,406,649	2,130,520	3,131,980
-MOA	-	-	-	-	39,200
-COPS Grant	298,512	298,512	298,512	298,512	-
<b>Reserved Fund Balance</b>	<b>\$ 4,181,979</b>	<b>\$ 3,855,161</b>	<b>\$ 3,855,161</b>	<b>\$ 3,579,032</b>	<b>\$ 4,341,180</b>
Estimated unres/undesig Fund Balance	<b>\$ 3,488,331</b>	<b>\$ 4,843,518</b>	<b>\$ 4,843,518</b>	<b>\$ 4,915,647</b>	<b>\$ 4,893,777</b>
As a percentage of projected revenues	9.33%		12.95%	13.39%	13.42%
As a percentage of budgeted revenues	9.32%		12.94%		
<b>Target</b>	<b>3,742,411</b>	<b>-</b>	<b>5,613,616</b>		

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

**Cash Basis**

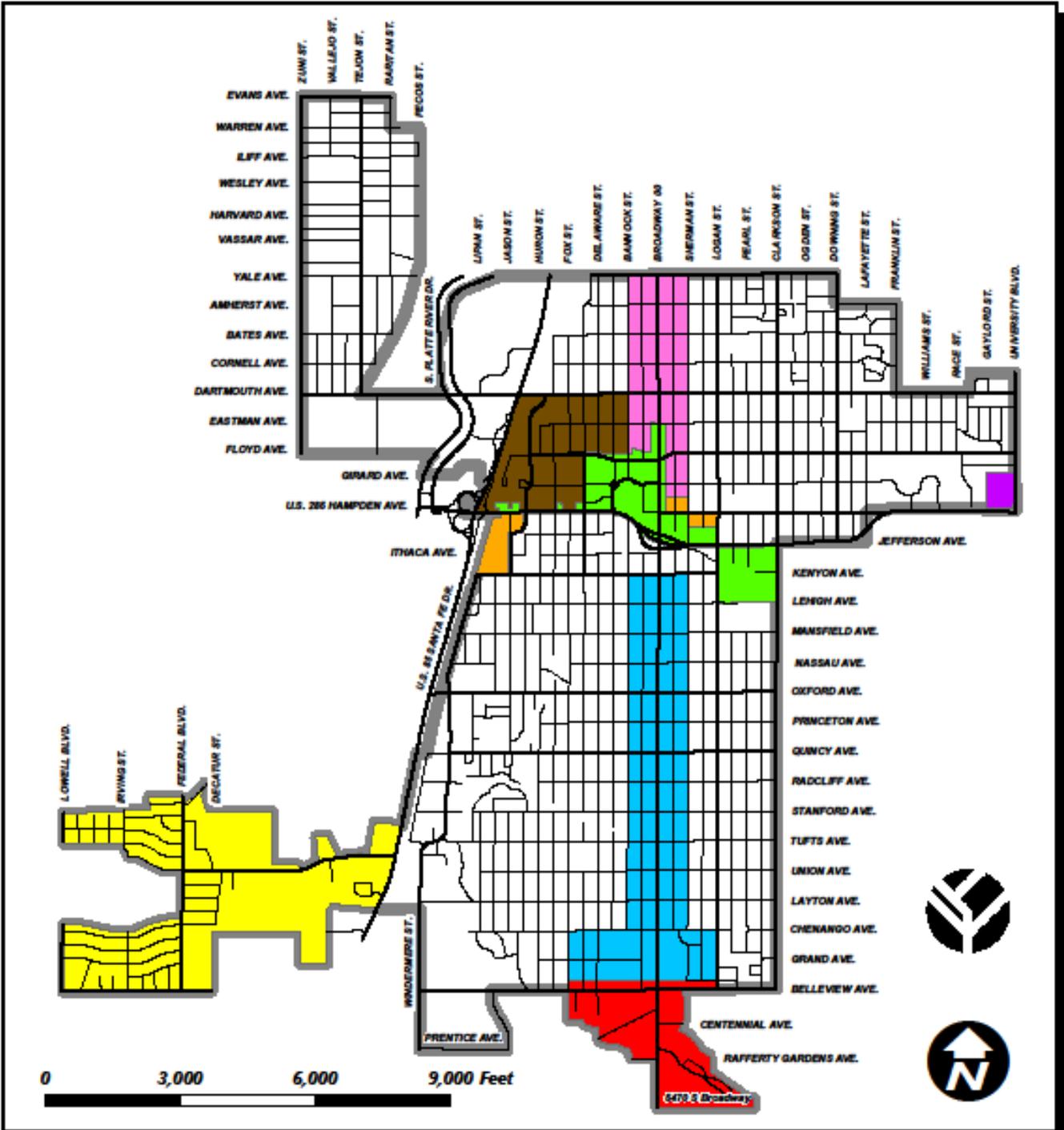
	2006	% Change	2007	% Change	2008	% Change	2009	% Change	2010	% Change	2011	% Change
<b>Area 1</b>	2,460,242	1.66%	2,371,783	-3.60%	2,312,523	-2.50%	2,145,546	-9.54%	2,091,285	-9.57%	2,078,548	-0.61%
<b>Area 2</b>	399,721	-10.59%	452,412	13.18%	470,644	4.03%	437,761	-3.24%	503,914	7.07%	537,465	6.66%
<b>Area 3</b>	1,142,213	-2.54%	1,261,017	10.40%	1,233,408	-2.19%	1,281,752	1.64%	1,374,807	11.46%	1,367,959	-0.50%
<b>Area 4</b>	1,706,913	-0.49%	1,777,035	4.11%	1,522,308	-14.33%	1,265,788	-28.77%	1,421,743	-6.61%	1,283,335	-9.74%
<b>Area 5</b>	673,739	1.31%	737,247	9.43%	668,902	-9.27%	617,516	-16.24%	640,137	-4.30%	670,239	4.70%
<b>Area 6</b>	3,973,682	11.40%	4,152,602	4.50%	4,397,299	5.89%	4,166,112	-0.33%	4,006,996	-8.88%	4,223,920	5.41%
<b>Area 7</b>	7,252,573	-6.95%	8,117,519	11.93%	8,023,476	-1.16%	6,435,979	-20.71%	6,291,222	-21.59%	7,849,613	24.77%
<b>Area 8</b>	1,798,364	2.71%	1,710,973	-4.86%	1,937,347	13.23%	1,611,473	-5.82%	1,730,224	-10.69%	1,706,051	-1.40%
<b>Area 9 and 10</b>	764,832	-6.75%	1,371,231	79.29%	1,850,827	34.98%	1,790,329	-3.27%	1,817,967	1.54%	1,825,002	0.39%
<b>Area 11 and 12</b>	62,251	4.30%	112,077	80.04%	153,224	36.71%	145,589	-4.98%	142,436	-2.17%	146,656	2.96%
<b>Area 13</b>											0	0.00%
<b>Regular Use</b>	340,164	38.36%	285,926	-15.94%	412,599	44.30%	693,343	142.49%	554,507	34.39%	522,975	-5.69%
<b>Total</b>	<b>20,574,694</b>	<b>-4.47%</b>	<b>22,349,822</b>	<b>8.63%</b>	<b>22,982,559</b>	<b>2.83%</b>	<b>20,591,187</b>	<b>-7.87%</b>	<b>20,575,238</b>	<b>-10.47%</b>	<b>22,211,764</b>	<b>7.95%</b>
Refunds	307,242	40.10%	247,740	-19.37%	518,888	109.45%	329,330	-36.53%	215,756	-34.49%	90,465	-58.07%
Audit & Collections Revenue*	436,763	-36.33%	531,193	21.62%	726,131	36.70%	482,693	-33.53%	376,960	-21.90%	202,306	-46.33%
*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	849,507	38.75%	1,967,482	131.60%	764,136	-61.16%	402,273	-47.36%	542,808	34.94%	579,228	6.71%
Vehicle Use	1,250,023	-11.39%	1,434,885	14.79%	1,283,056	-10.58%	989,742	-22.86%	943,467	-4.68%	993,288	5.28%

**December 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 - Broadway and Belleview (Between Fox and Sherman and North side of Belleview and to the Southern City Limits)    | Area 9 and 10 - Downtown & Englewood Pkwy                         |
| Area 5 - Federal and Belleview 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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