



**AGENDA FOR THE
ENGLEWOOD CITY COUNCIL
STUDY SESSION
MONDAY, JUNE 18, 2012
COMMUNITY ROOM
6:00 P.M.**

- I. **Financial Report**
Finance and Administrative Services Director Frank Gryglewicz will discuss the May, 2012 Financial Report.
- II. **School District Use Tax – 6:30 p.m.**
City Manager Gary Sears will discuss the School District use tax with City Council.
- III. **Board and Commission Reports – 7:00 p.m.**
City Council will provide information concerning their participation on boards and commissions.
- IV. **City Manager's Choice**
- V. **City Attorney's Choice**

Please Note: If you have a disability and need auxiliary aids or services, please notify the City of Englewood, 303-762-2407, at least 48 hours in advance of when services are needed. Thank you.



City of Englewood

To: Mayor Randy Penn and City Council
From: Frank Gryglewicz, Director of Finance and Administrative Services
Date: June 4, 2012
Subject: May 2012 Financial Report

REVENUES:

- Through May 2012, the City of Englewood collected **\$16,497,083 or \$431,291 or 2.7 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 \$1,587,410 in Property Tax and \$83,768 in Specific Ownership Tax through May.
- **Year-to-date sales and use tax revenues were \$9,823,818 or \$466,326 or five percent more than May 2011**
- Cigarette tax collections were down \$832 compared to last year.
- Franchise fee collections were \$93,857 more than last year.
- Licenses and permit collections were \$22,283 more than 2011.
- Intergovernmental revenues were \$307,467 less than the prior year (due to large, one-time collections last year).
- Charges for services decreased \$23,742 from last year.
- Recreation revenues increased \$16,917 from 2011.
- Fines and forfeitures were \$58,396 more than last year.
- Investment income was \$21,915 less than last year.
- The City collected \$252,913 in rents from the properties at McLellan Reservoir.
- Miscellaneous revenues were \$15,062 less than last year.

OUTSIDE CITY:

- Outside City sales and use tax receipts (cash basis) were down \$394,262 or 10.2 percent compared to last year.
- At this time potential refunds total approximately \$1,290,000 for claims submitted to Englewood but not completed; the balance of the account to cover intercity claims is \$1,100,000.

CITY CENTER ENGLEWOOD (CCE):

- Sales and use tax revenue collected through May 2012 were \$1,436,834.

EXPENDITURES:

- Expenditures through May were \$16,775,027 or \$218,195 (1.3 percent) more than the \$16,556,832 expended through May 2011. The City's refund of sales and use tax claims through May 2012 totaled \$83,537.

REVENUES OVER/UNDER EXPENDITURES:

- Expenditures exceeded revenues by \$277,944 this year compared to expenditures exceeding revenues by \$491,040 in 2011.

TRANSFERS:

- Net 2012 transfers-in to date of \$972,739 were made by the end of May 2012 (please refer to page 12 for the makeup).

FUND BALANCE:

- The estimated total fund balance is \$7,828,634 or 20.1% of estimated revenue. The estimated Unassigned Fund Balance for 2012 is estimated at \$3,666,655 or 9.4 percent of revenues. If the transfer of \$334,000 had not been made to the Public Improvement Fund, the estimated Unassigned Fund Balance would be 10.2 percent of revenues.
- The 2012 Long Term Asset Reserve (LTAR) balance is \$2,406,649. The estimate for year-end is \$2,613,467 (please refer to page 12).

PUBLIC IMPROVEMENT FUND (PIF):

- The PIF has collected \$1,116,350 in revenues and spent \$1,855,920 year-to-date. Estimated year-end fund balance is \$70,427.

City of Englewood, Colorado

May 2012 Financial Report

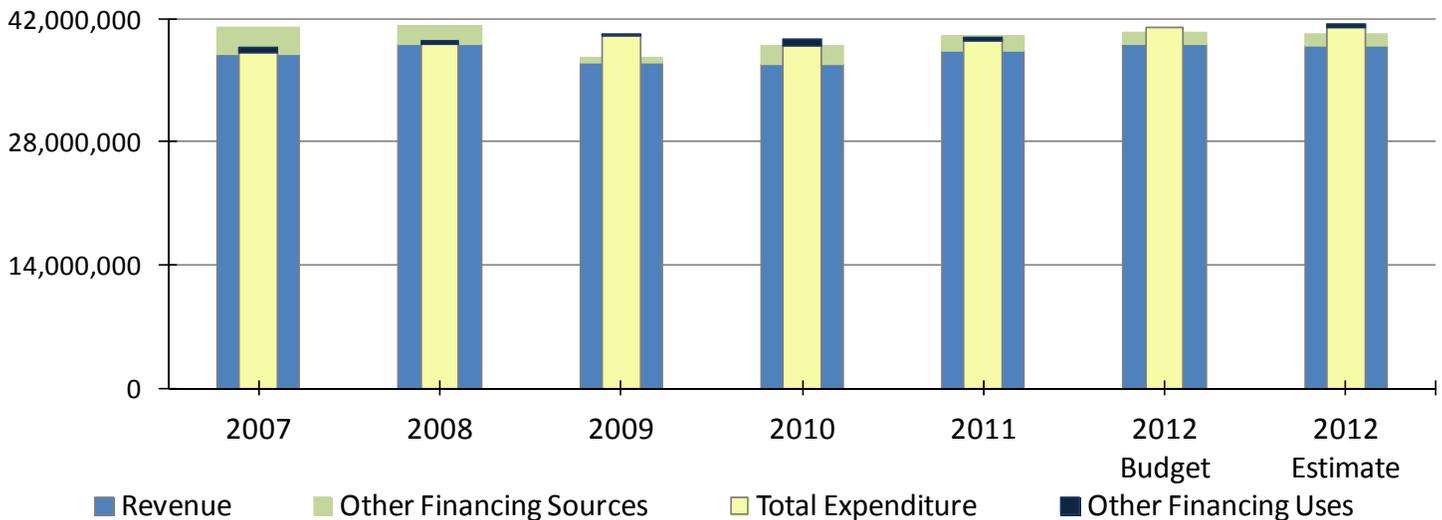
GENERAL FUND OVERVIEW AND ANALYSIS

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 2007 to 2012 Estimate. As illustrated, both surpluses and deficits have occurred in the past. The gap has narrowed over the past few years by reducing expenditures, freezing positions, negotiating lower-cost health benefits, increased revenue collections. Continued efforts will be required to balance revenues and expenditures, especially with persistent upward pressure on expenditures due to increases in the cost of energy, wages and benefits.

General Fund: Total Sources and Uses of Funds



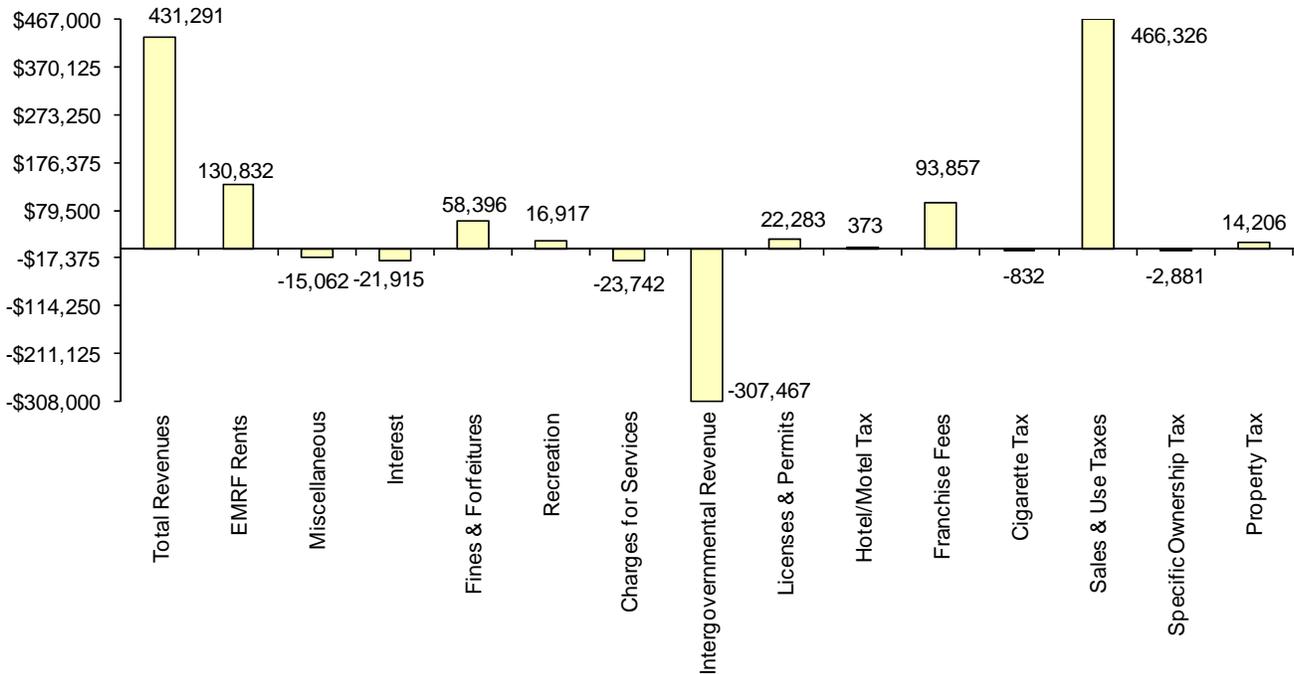
The table below summarizes General Fund Year-To-Date (YTD) Revenue, Expenditure, Sales & Use Tax Revenue and Outside City Sales & Use Tax Revenue for the month ended May, 2012. Comparative figures for years 2011 and 2010 are presented as well. The table also highlights the dollar and percentage changes between those periods.

| | 2012 | 2012 vs 2011 Increase (Decrease) | | 2011 | 2011 vs 2010 Increase (Decrease) | | 2010 |
|-----------------------------------|---------------|-------------------------------------|----------|---------------|-------------------------------------|--------|----------------|
| General Fund | | | | | | | |
| Year-To-Date Revenue | \$ 16,497,083 | \$ 431,291 | 2.68% | \$ 16,065,792 | \$ 667,403 | 4.33% | \$ 15,398,389 |
| Year-To-Date Expenditure | 16,775,027 | \$ 218,195 | 1.32% | 16,556,832 | \$ (49,410) | (.30%) | 16,606,242 |
| Net Revenue (Expenditure) | \$ (277,944) | \$ 213,096 | | \$ (491,040) | \$ 716,813 | | \$ (1,207,853) |
| Estimated Unassigned Fund Balance | \$ 3,666,655 | \$ (1,295,869) | (26.11%) | \$ 4,962,524 | \$ 46,877 | .95% | \$ 4,915,647 |
| Sales & Use Tax Revenue YTD | \$ 9,823,818 | \$ 466,326 | 4.98% | \$ 9,357,492 | \$ 404,152 | 4.51% | \$ 8,953,340 |
| Outside City Sales & Use Tax YTD | \$ 3,453,272 | \$ (394,262) | (10.25%) | \$ 3,847,534 | \$ 954,581 | 33.00% | \$ 2,892,953 |

General Fund Revenues

The City of Englewood’s total budgeted revenue is \$38,456,955. Total revenue collected through May 2012 was \$16,497,083 or \$431,291 (2.7 percent) more than was collected in 2011. The chart below illustrates changes in General Fund revenues this year as compared to last year.

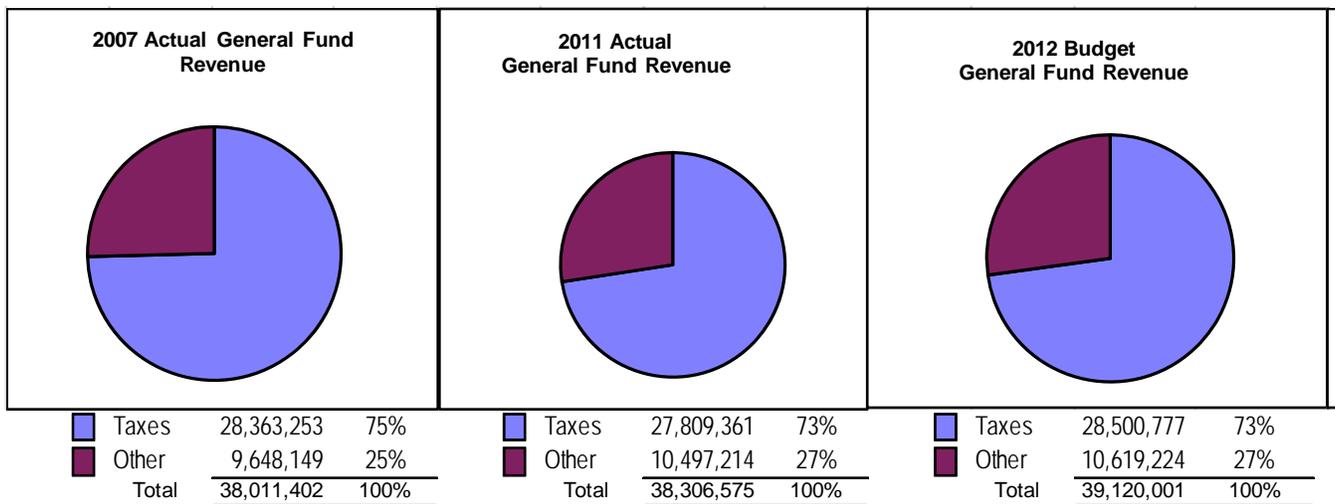
2012 Year-To-Date Change in General Fund Revenue as Compared to Prior Year



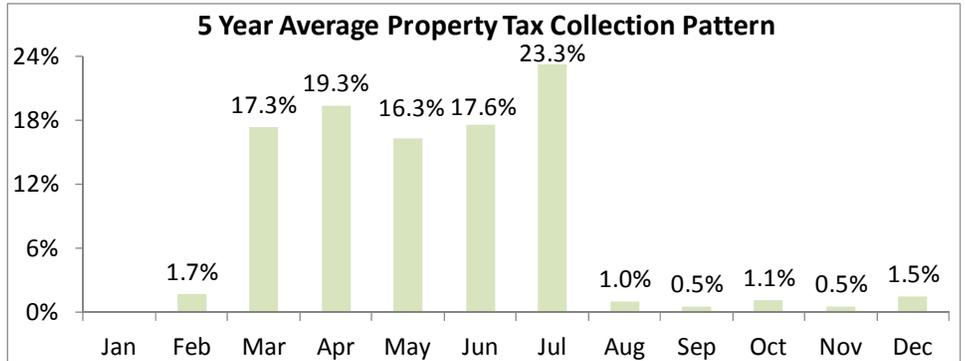
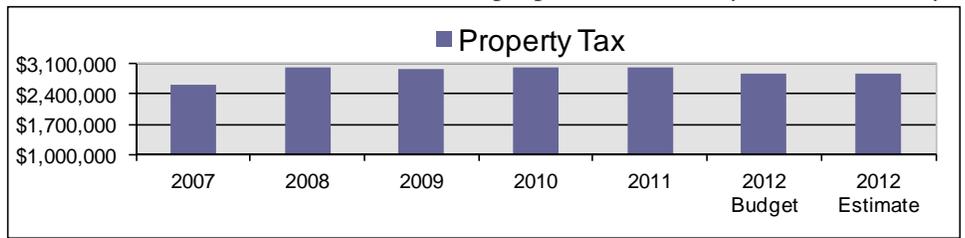
General Fund - Taxes

The General Fund obtains most of its revenue from taxes. In 2011 total revenues were \$38,306,575 of which \$27,809,361 (72.6 percent) came from tax collections. Taxes include property, sales and use, specific ownership, cigarette, utilities, franchise fees, and hotel/motel. The following pie charts illustrate the contribution of taxes to total revenue for 2007, 2011 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



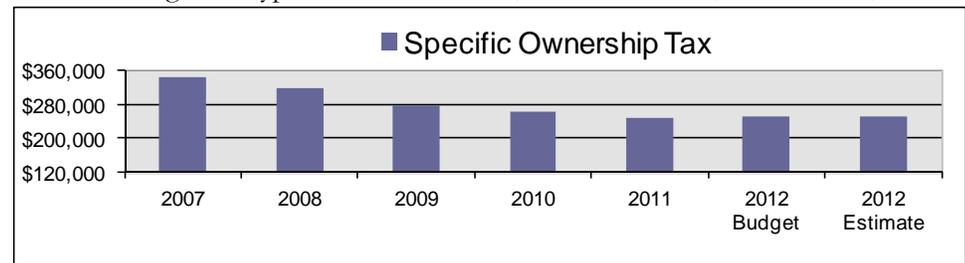
Property taxes: These taxes are collected based on the assessed value of all the properties in the City and the mill levy assessed against the property. The City's total 2011 mill levy collected in 2012 is 7.911 mills. The 2011 mill levy for general operations collected in 2012 is 5.880 mills. In 2001, 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 mill levy dedicated for the City's general obligation debt collected in 2012 is 1.741 mills.



Property tax collections grew from \$2,623,118 in 2007 to \$2,994,213 in 2011. This was an increase of \$371,095 or 14.1 percent. In 2011 the City collected \$2,994,213 or 10.8 percent of 2011 total taxes and eight percent of total revenues from property taxes. The City budgeted \$2,880,000 for 2012; and collected \$1,587,410 through May 2012. The estimate for the year is \$2,880,000.

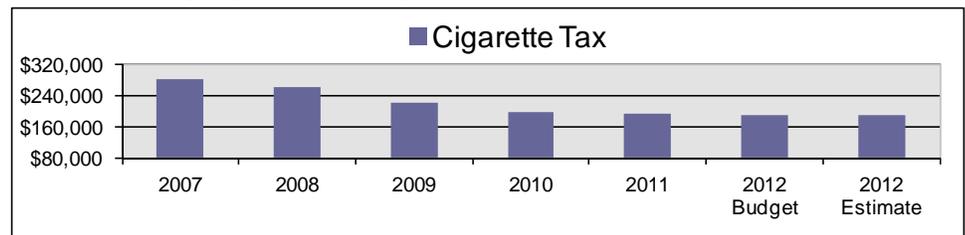
Specific ownership: These taxes are based on the age and type of motor vehicles, wheeled trailers, semi-trailers, etc.

These taxes are collected by the County Treasurer and remitted to the City on the fifteenth day of the following month. The City collected \$341,423 in 2007 and \$246,062 in 2011 which is a decrease of \$95,361 or 27.9 percent. The City collected \$246,062 in 2011 which is less than one percent of total revenues and total taxes. The City budgeted \$250,000 for 2011 and collected \$83,768 through May 2012. The estimate for the year is \$250,000.

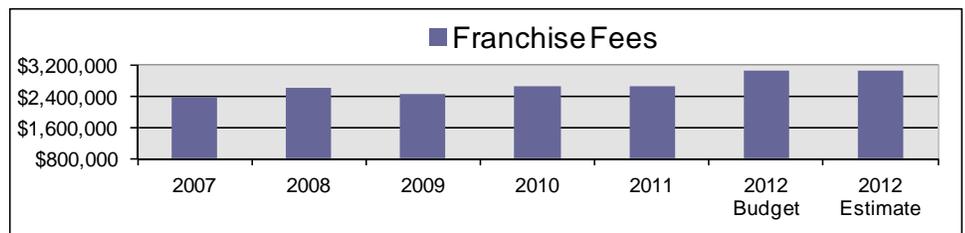


Cigarette Taxes: The State of Colorado levies a \$.20 per pack tax on cigarettes. The State distributes 46 percent of the gross tax to cities and towns based on the pro rata share of state sales tax collections in the previous year.

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 2007 the City collected \$278,785, but in 2011 the City collected \$190,763, which is a decrease of \$88,022 or 31.6 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 \$72,764 through May 2012, which is \$832 or 1.1 percent less than the \$73,596 collected through May 2011. The estimate for the year is \$190,000.

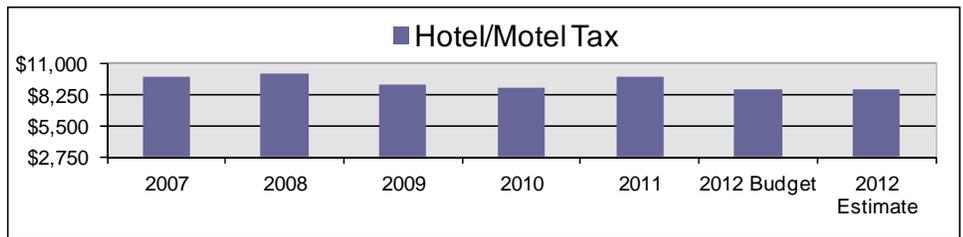


Franchise Fees: The City collects a number of taxes on various utilities. This includes franchise tax on water, sewer, and public services, as well as occupational tax on telephone



services. The City collected \$2,356,385 in 2007 and \$2,631,393 in 2011, an increase of \$275,008 or 11.7 percent. These taxes accounted for 9.4 percent of taxes and 6.9 percent of total revenues in 2011. The City budgeted \$3,056,938 for the year; collections through May totaled \$1,024,877 compared to \$931,020 collected during the same period last year. The estimate for the year is \$3,056,938.

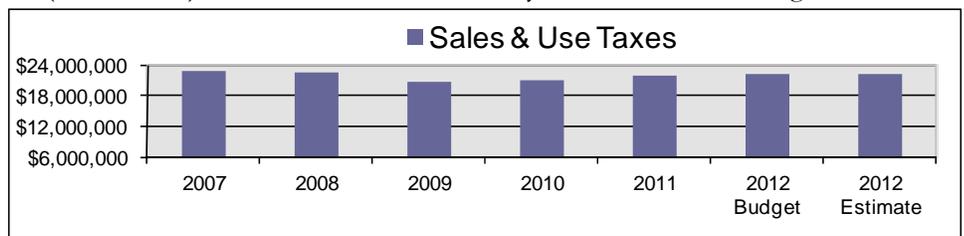
Hotel/Motel Tax: This tax is levied at two percent of the rental fee or price of lodging for under 30 days duration. The City budgeted \$8,713 for the year and has collected \$4,032 through May 2012. The estimate for the year is \$8,713.



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 78.2 percent of all taxes and 57.2 percent of total revenues collected in 2011.

In 2007, this tax generated \$22,753,820 for the City of Englewood; in 2011 the City collected \$21,737,110, a decrease of 4.5 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 no longer receive a fee for collecting and remitting their sales/use taxes. Taxes for the current month are due to the City by the twentieth day of the following month. The City budgeted \$22,115,126 for 2012. Sales and Use Tax revenue through May 2012 was \$9,823,818 while revenue year-to-date for May 2011 was \$9,357,492, an increase of \$466,326 or five percent.



Collections (cash basis) for May 2012 were \$1,845,640 while collections for May 2011 and May 2010 were \$1,823,798 and \$1,599,065 respectively. May 2012 collections were 1.2 percent or \$21,842 more than May 2011 collections and \$246,575 or 15.4 percent more than May 2010 collections.

Based on the last five years of sales tax collection data, year to date collections through May contribute 44.1 percent of the total year's sales tax collections; if this pattern holds this year, 55.9 percent is left to collect over the next seven months. Based on collections through May, the City will collect an additional \$13,802,641 over the next eight months for a total of \$22,284,956. Collections through May were 101.7 percent of last May's collections. If this were applied to the entire year, the total collected would be \$22,820,368; the average of the two forecasts is \$21,552,662.

The City budgeted \$22,115,126 for the year. Based on the last five years of sales tax collection data, year to date collections through May contribute 44.1 percent of the total year's sales tax collections. Based on historical collection patterns, the City should have collected \$9,752,771. At this time the collections are \$71,047 ahead of expectations.

Outside City sales and use tax collections through May totaled \$3,453,272 equaling a decrease of approximately \$394,262 from 2011.

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.

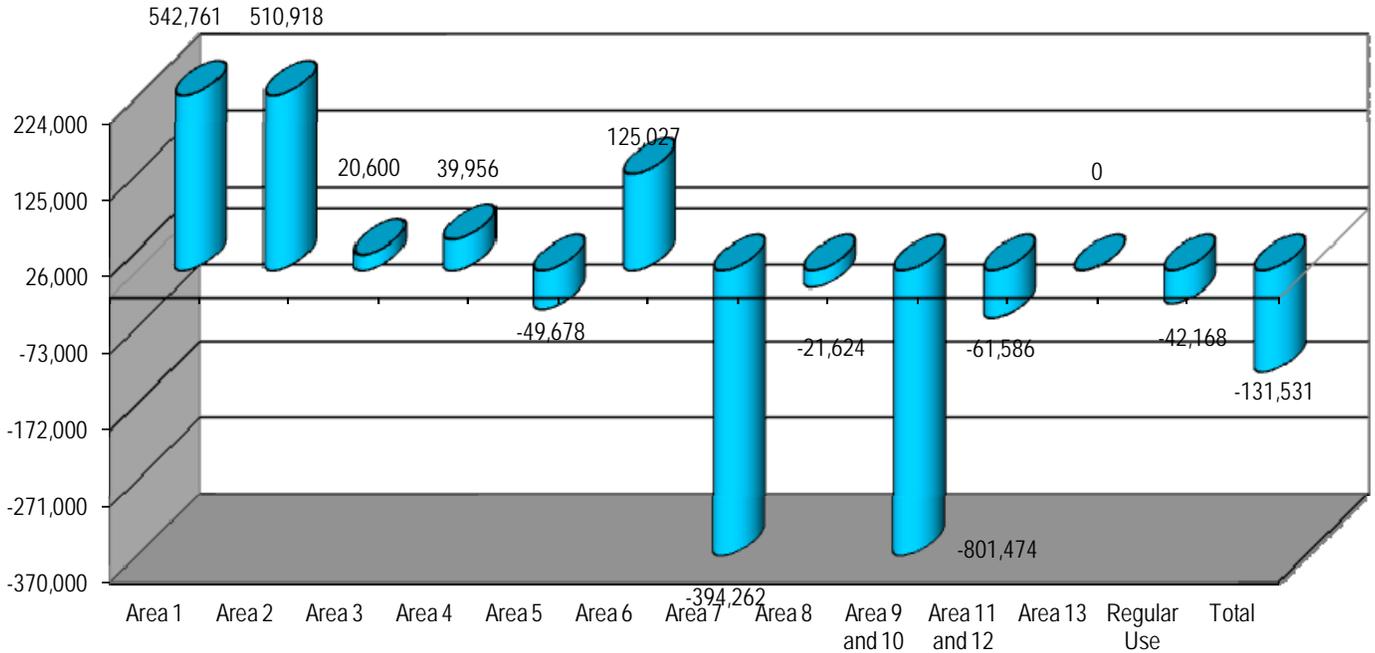
The chart on the next page, "Change in Sales/Use Tax Collections by Area 2011 vs. 2010" indicates that most of the increase in sales tax collections is due to Outside City (Area 7) and Collections from Public Utilities (Area 8). Economic conditions, judged by sales tax collections, appears to be a "mixed bag" with some geographic areas increasing and some decreasing compared to the same period last year.

Please note that the geographic map of the sales tax areas has been changed as of the February 2012 report, and hopefully makes more sense. Some of the areas will look skewed until more comparable data is available (next year).

EURA Areas 9 & 10 and EURA Areas 11 & 12 were incorporated into Areas 1, 2 and 6. Specific changes include:

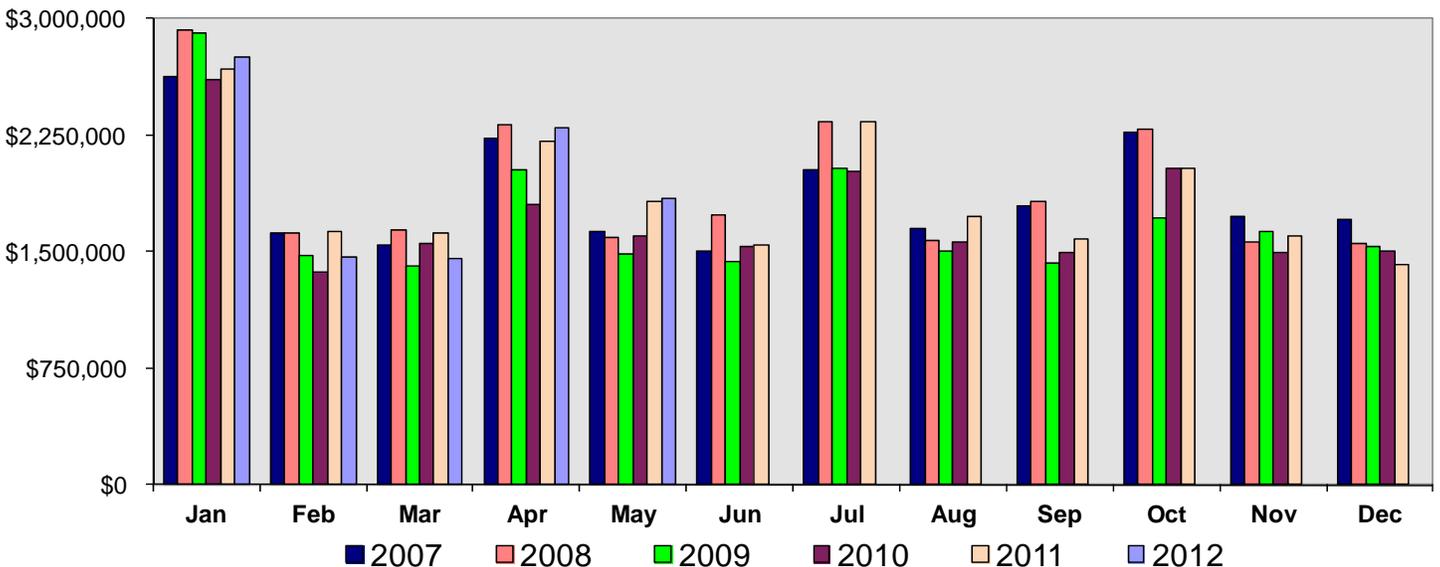
- Area 1 east boundary will change at Bannock St/Englewood Pkwy east to Acoma St south to Jefferson Ave/Hampden Ave/US 285
- Split the address down the middle of the streets for Area 2 and Area 3: Bannock St and Sherman St
- Split the address down the middle of the streets for Area 3 and Area 4: Belleview Ave, Fox St and Logan St
- The north and south side of the street included in Area 1: Jefferson Avenue
- The north and south side of the street included in Area 2: Jefferson Ave/Hampden Ave/US 285

Change in Sales/Use Tax Collections by Area 2012 vs 2011



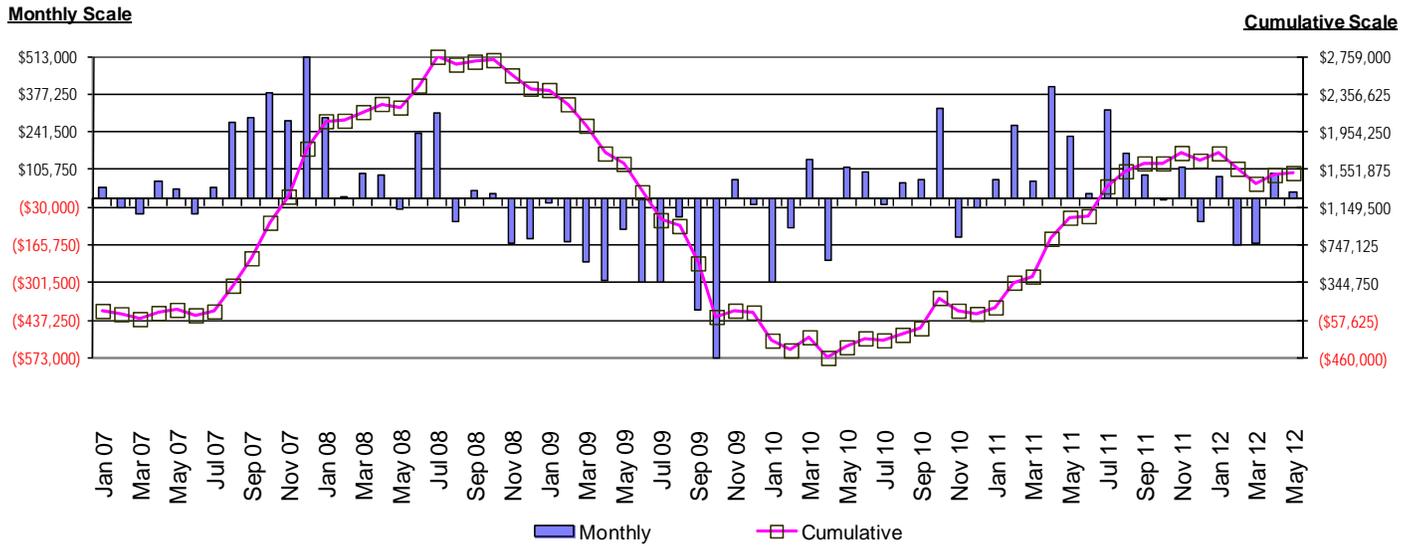
The bar graph below shows a comparison of monthly sales tax collections (cash basis) for 2007 through 2012.

2007-2012 YTD Sales/Use Tax Collections by Month - Cash Basis



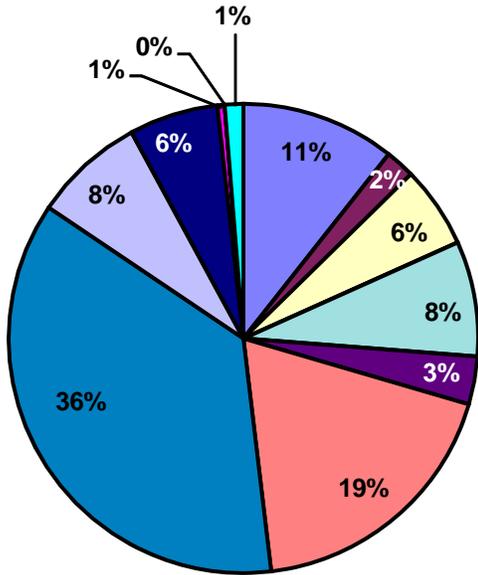
The next chart illustrates sales tax collections (cash basis) by month and cumulative for the years presented.

2007 - 2012 Monthly Change Sales and Use Tax Receipts



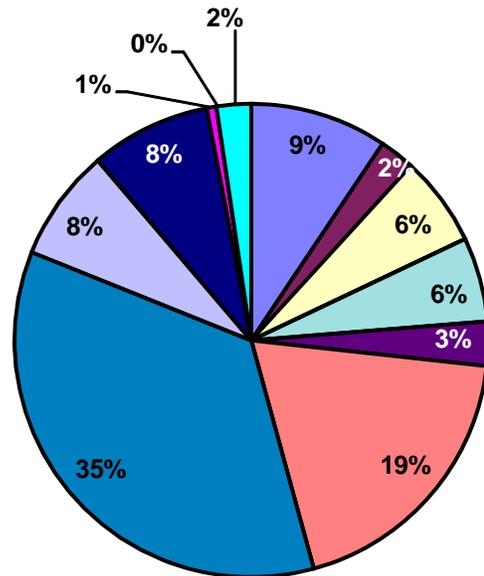
Sales tax collections are reported by various geographic areas as illustrated in the following pie charts. These illustrate the changing collection patterns for 2007 and 2011.

Geographic Sales Tax Collection Areas



2007 Actual Cash Receipts by Area

| | | | |
|--------|-----|--------------|----|
| Area 1 | 11% | Area 8 | 8% |
| Area 2 | 2% | Area 9 & 10 | 6% |
| Area 3 | 6% | Area 11 & 12 | 1% |
| Area 4 | 8% | Area 13 | 0% |
| Area 5 | 3% | Regular Use | 1% |
| Area 6 | 19% | | |
| Area 7 | 36% | | |



2011 Actual Cash Receipts by Area

| | | | |
|--------|-----|--------------|----|
| Area 1 | 9% | Area 8 | 8% |
| Area 2 | 2% | Area 9 & 10 | 8% |
| Area 3 | 6% | Area 11 & 12 | 1% |
| Area 4 | 6% | Area 13 | 0% |
| Area 5 | 3% | Regular Use | 2% |
| Area 6 | 19% | | |
| Area 7 | 35% | | |

Information for business and geographic Areas 7 and 8 follows:

Area 7: This geographic area records the outside city sales tax collections (Outside City). Outside City has been the geographic area responsible for much of the sales tax growth (and decline) in past years. Outside City collections have decreased 1.2 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 2008 for collections through the month of May. The importance of Outside City has declined as a percentage of sales and use tax collections but it continues to remain an important impact on the City's General Fund as illustrated by the following:

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Total Sales and Use Taxes | 10,106,109 | 9,302,483 | 8,930,365 | 9,958,195 | 9,826,665 |
| Outside City Collections | 3,825,257 | 3,131,376 | 2,892,953 | 3,847,534 | 3,453,272 |
| Percentage of Total | 37.9% | 33.7% | 32.4% | 38.6% | 35.1% |
| Total General Fund Revenues | 16,381,228 | 15,813,197 | 16,606,242 | 16,556,832 | 16,497,083 |
| Outside City Collections | 3,825,257 | 3,131,376 | 2,892,953 | 3,847,534 | 3,453,272 |
| Percentage of Revenues | 23.4% | 19.8% | 17.4% | 23.2% | 20.9% |

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 \$1,100,000 to cover intercity claims. The City paid \$82,548 in refunds including intercity sales/use tax claims through May 2012 compared to \$18,813 through May 2011. At this time *potential* refunds total approximately \$1,290,000 for claims submitted to Englewood but not completed.

Area 8: This geographic area consists of collections from public utilities. Collections through May 2012 were essentially the same as May 2011. 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 \$87,107 in sales and use tax audit revenues and general collections of balances on account through the month of May 2012, this compares to \$121,099 collected in 2011 and \$222,044 collected in 2010.

Of the 56 sales tax accounts reviewed in the various geographic areas, 38 (67.9 percent) showed improved collections and 18 (32.1 percent) showed reduced collections this year compared to the same period last year.

The Department issued 179 new sales tax licenses through May 2012; 201 and 189 were issued through May 2011 and 2010 respectively.

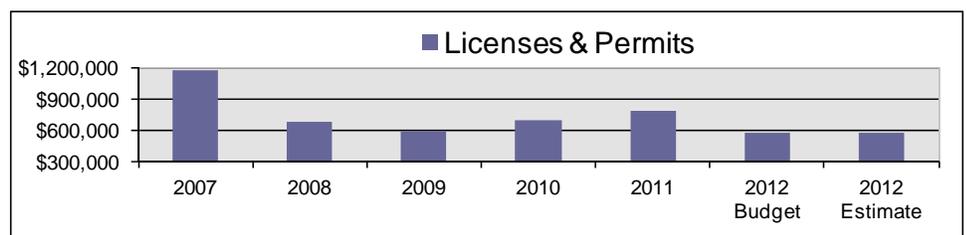
City records indicate that year-to-date 67 businesses closed (45 of them were outside the physical limits of Englewood) and 158 opened (99 of them were outside the physical limits of Englewood).

General Fund - Other Revenue

Other revenues accounted for \$10,497,214 or 27.4 percent of the total revenues for 2011; the City budgeted \$9,956,178 for 2012.

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

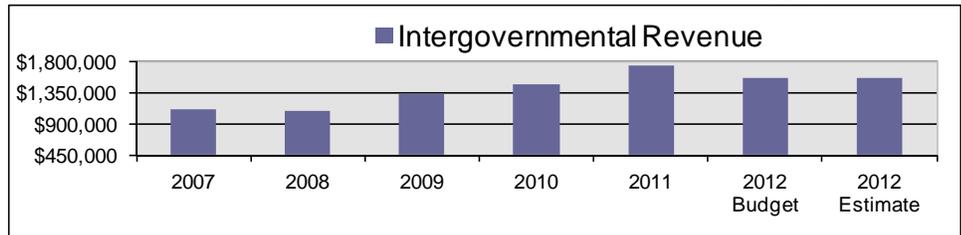
Licenses and Permits: This revenue category includes business and building licenses and permits. This revenue source generated \$778,536 during 2011 or two percent of total revenue and 7.4 percent of total other revenue. This revenue source totaled \$1,168,977 in 2007 and decreased to \$778,536 in 2011, a 33.4 percent decrease. The City budgeted \$574,025 for 2012



and year-to-date the City collected \$313,046 or \$22,283 (7.7 percent) more than the \$290,763 collected through May 2010. The estimate for the year is \$574,025.

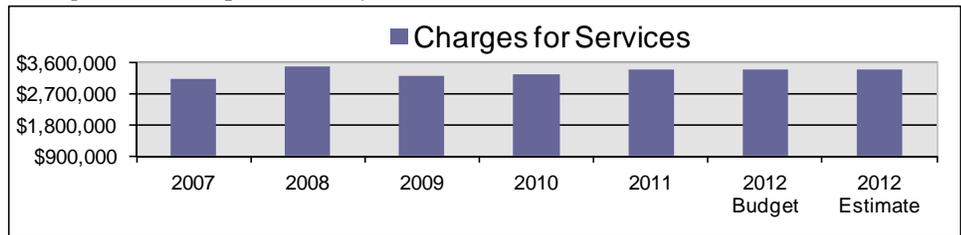
Intergovernmental Revenues: This revenue source includes state and federal shared revenues including payments in lieu of taxes. These revenues are budgeted at \$1,552,315 for 2012.

This revenue source totaled \$1,106,280 in 2007 and the City collected \$1,724,807 in 2011, a 55.9 percent increase. The City collected \$592,864 through May 2012 this is \$307,467 (34.1 percent) less than the \$900,331 collected in the same period in 2011. The estimate for the year is \$1,552,315.



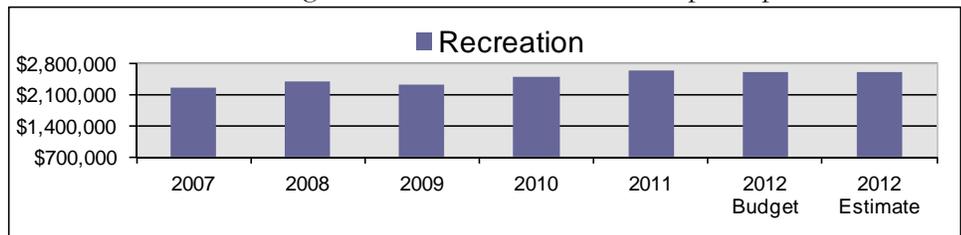
Charges for Services: This includes general government, public safety, fees for the administration of the utilities funds, court costs, highway and street and other charges. This revenue source is budgeted at \$3,399,722 for 2012.

This revenue source totaled \$3,113,550 in 2007 and increased to \$3,384,318 in 2011, an 8.7 percent increase. Total collected year-to-date was \$1,318,991 or \$23,742 (1.8 percent) less than the \$1,342,733 collected year-to-date in 2011. The estimate for the year is \$3,399,722.



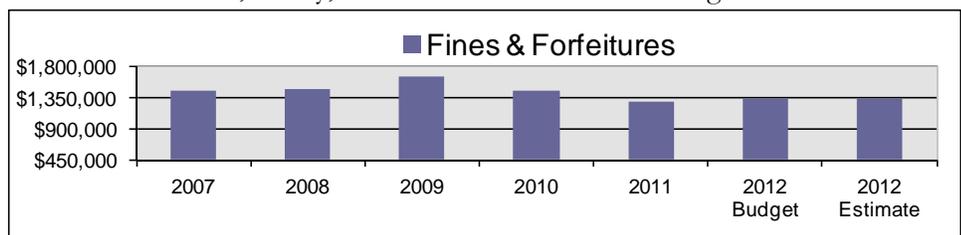
Recreation: This category of revenue includes the fees and charges collected from customers to participate in the various programs offered by the Parks and Recreation Department.

This revenue source is budgeted at \$2,599,668 for 2012. This revenue source totaled \$2,235,938 in 2007 and increased to \$2,635,221 in 2011, a 17.9 percent increase. Total collections through May 2012 were \$695,586 compared to \$678,669 collected in 2011. The estimate for the year is \$2,599,668.



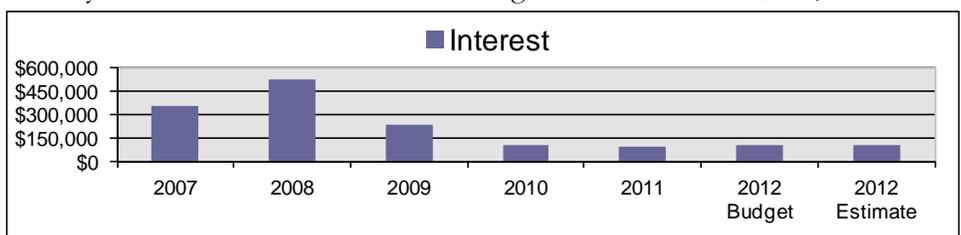
Fines and Forfeitures: This revenue source includes court, library, and other fines. The 2012 budget for this source is \$1,318,450 or 14.7 percent of total other revenue.

This revenue source totaled \$1,445,641 in 2007 and decreased to \$1,284,758 in 2011, an 11.1 percent decrease. Total collected year-to-date was \$613,642 or \$58,396 (10.5 percent) more than the \$555,246 collected in the same time period last year. The estimate for the year is \$1,318,450.

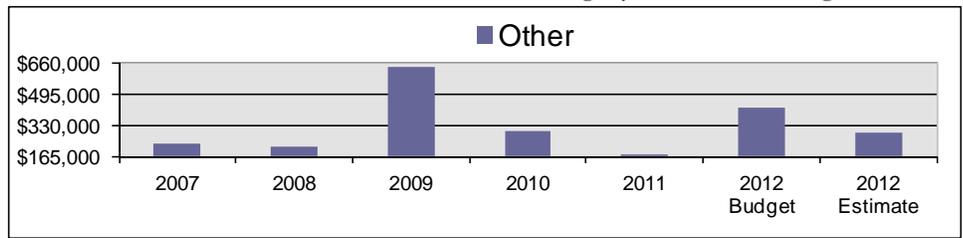


Interest: This is the amount earned on the City's cash investments. The 2012 budget for this source is \$100,000. This revenue source totaled \$411,516 in 2007 and decreased to \$91,864 in 2011, a 77.9 percent decrease.

The City earned \$35,058 through May 2012; while the City earned \$56,973 through May 2011. The estimate for the year is \$100,000.



Miscellaneous: This source includes all revenues that do not fit in another revenue category. The 2012 budget for this source is \$419,153. This revenue source totaled \$166,247 in 2007 and increased to \$173,381 in 2011, a 4.3 percent increase. Total collected year-to-date is \$78,314 (16.1 percent) less than the \$93,376 collected last year during the same period. The estimate for the year is \$411,998.



General Fund - Expenditures

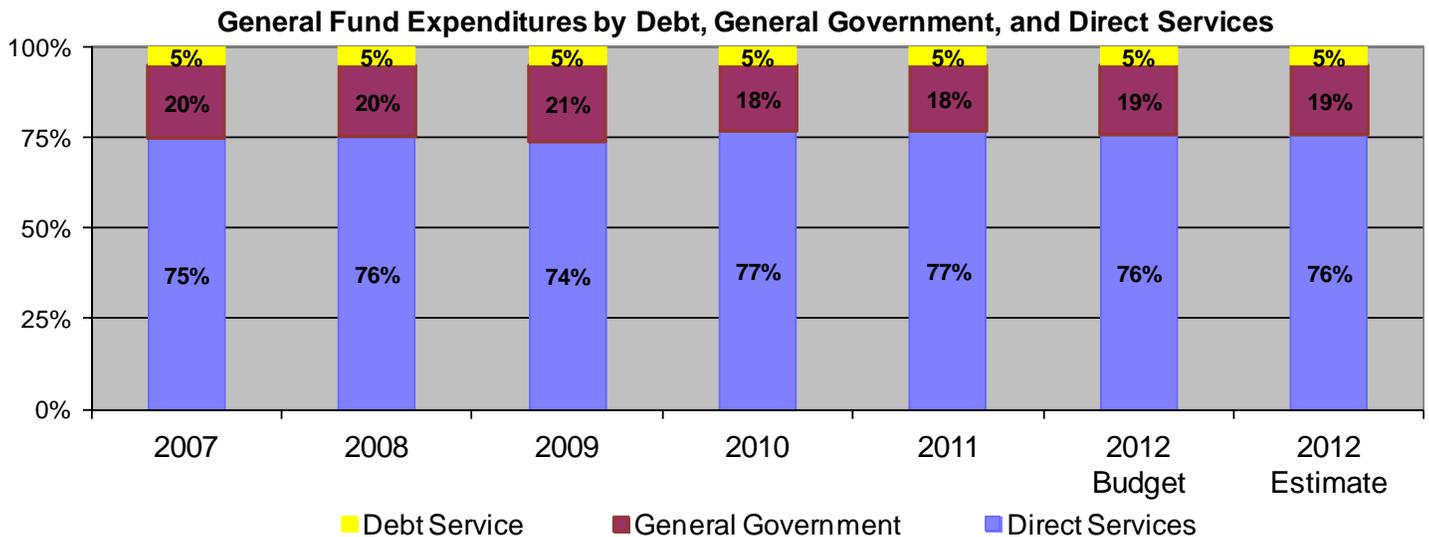
In 2006 the City adopted an outcome based budgeting philosophy. City Council and Staff outlined five outcomes to reflect, more appropriately, the desired result of the services delivered to the citizens of Englewood. The five outcomes identified are intended to depict Englewood as:

- ▶ 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 \$40,949,793 for 2012, this compares to \$39,496,268 and \$38,901,342 expended in 2011 and 2010 respectively. Budgeted expenditures for 2012 general government (City Manager, Human Resources, etc.) totals \$7,728,324 or 18.9 percent of the total. Direct government expenditures (Police, Fire, etc.) are budgeted at \$31,160,730 or 76.1 percent of the total. Debt service (fixed costs) payments are \$2,060,739 or five percent of the total. Total expenditures through May were \$16,775,027 compared to \$16,556,832 in 2010 and \$16,606,242 in 2009.

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



The below chart provides the expenditure for each of the General Fund departments for the years 2007 through 2012 Estimate.

| Expenditure | 2007 Actual | 2008 Actual | 2009 Actual | 2010 Actual | 2011 Actual | 2012 Budget | 2012 Estimate |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General Government | | | | | | | |
| Legislation | 323,964 | 350,254 | 346,044 | 309,870 | 298,731 | 333,793 | 333,793 |
| City Manager | 673,949 | 674,322 | 674,170 | 659,882 | 639,184 | 672,072 | 672,072 |
| City Attorney | 694,358 | 698,563 | 678,038 | 702,228 | 706,841 | 746,734 | 746,734 |
| Municipal Court | 890,152 | 915,303 | 914,494 | 901,469 | 848,775 | 974,417 | 974,417 |
| Human Resources | 557,855 | 579,136 | 456,275 | 419,422 | 430,792 | 470,910 | 470,910 |
| Finance & Administrative Services | 1,568,074 | 1,626,571 | 1,575,923 | 1,445,581 | 1,446,313 | 1,541,645 | 1,541,645 |
| Information Technology | 1,254,364 | 1,280,156 | 1,360,237 | 1,280,660 | 1,332,766 | 1,360,355 | 1,360,355 |
| Community Development | 1,412,444 | 1,464,725 | 1,366,437 | 1,301,473 | 1,359,264 | 1,478,398 | 1,478,398 |
| Contingencies | 130,925 | 59,759 | 160,578 | 48,138 | 152,423 | 150,000 | 150,000 |
| Contribution to Component Unit(s) | - | - | 800,000 | - | - | - | - |
| General Government Subtotal | 7,506,085 | 7,648,789 | 8,332,196 | 7,068,723 | 7,215,089 | 7,728,324 | 7,728,324 |
| Direct Services | | | | | | | |
| Public Works | 5,421,774 | 5,189,173 | 5,152,891 | 5,137,364 | 5,259,875 | 5,436,637 | 5,436,637 |
| Safety Services | 16,497,359 | | | | | | |
| Police | | 9,974,925 | 10,183,890 | 10,312,633 | 10,395,239 | 10,921,455 | 10,921,455 |
| Fire | | 7,215,444 | 7,320,268 | 7,425,903 | 7,666,842 | 7,711,732 | 7,711,732 |
| Library | 1,259,525 | 1,261,112 | 1,275,554 | 1,284,083 | 1,145,613 | 1,256,481 | 1,256,481 |
| Parks and Recreation | 5,566,094 | 5,916,449 | 5,727,968 | 5,811,809 | 5,717,147 | 5,834,425 | 5,834,425 |
| Direct Services Subtotal | 28,744,752 | 29,557,103 | 29,660,571 | 29,971,792 | 30,184,716 | 31,160,730 | 31,160,730 |
| Debt Service | | | | | | | |
| Debt Service-Civiccenter | 1,575,731 | 1,575,850 | 1,571,752 | 1,570,705 | 1,658,857 | 1,574,000 | 1,574,000 |
| Debt Service-Other | 294,030 | 233,456 | 233,456 | 290,122 | 437,606 | 486,739 | 486,739 |
| Debt Service Subtotal | 1,869,761 | 1,809,306 | 1,805,208 | 1,860,827 | 2,096,463 | 2,060,739 | 2,060,739 |
| Total Expenditure | 38,120,598 | 39,015,198 | 39,797,975 | 38,901,342 | 39,496,268 | 40,949,793 | 40,949,793 |
| % Expenditure Change | 5.73% | 2.35% | 2.01% | -2.25% | 1.53% | 3.68% | 0.00% |
| Other Financing Uses | | | | | | | |
| Transfers Out | 561,876 | 408,915 | 177,011 | 750,000 | 301,246 | 0 | 334,000 |
| Total Other Financing Uses | 561,876 | 408,915 | 177,011 | 750,000 | 301,246 | 0 | 334,000 |
| Total Uses of Funds | 38,682,474 | 39,424,113 | 39,974,986 | 39,651,342 | 39,797,514 | 40,949,793 | 41,283,793 |
| % Uses of Funds Change | 7.29% | 1.92% | 1.40% | -0.81% | 0.37% | 2.90% | 0.82% |

The chart below provides per capita the General Fund expenditure information categorized into direct and general government services and debt service. Also provided is the per capita General Obligation Debt accounted for in the Debt Service Fund.

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 Budget | 2012 Estimate |
|------------------------------------|----------|----------|----------|----------|----------|----------------|------------------|
| Population | 32,191 | 32,191 | 32,191 | 30,255 | 30,255 | 30,255 | 30,255 |
| General Fund | | | | | | | |
| General Government Services | \$ 233 | \$ 238 | \$ 234 | \$ 234 | \$ 238 | \$ 255 | \$ 255 |
| Direct Services | \$ 893 | \$ 918 | \$ 921 | \$ 991 | \$ 998 | \$ 1,030 | \$ 1,030 |
| Debt Service | \$ 58 | \$ 56 | \$ 62 | \$ 62 | \$ 69 | \$ 68 | \$ 68 |
| Total Expenditure Per Capita | \$ 1,184 | \$ 1,212 | \$ 1,217 | \$ 1,286 | \$ 1,305 | \$ 1,353 | \$ 1,353 |
| Debt Service Fund | | | | | | | |
| General Obligation Debt Per Capita | \$ 34 | \$ 34 | \$ 34 | \$ 36 | \$ 31 | \$ 32 | \$ 32 |

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 2012 the General Fund is not in the position to provide funding to the Capital Projects Funds but has received the following net transfers:

| Source of Funds | 2012 Budget Amount | 2012 YTD Amount | 2011 Annual Amount |
|------------------------------------------|-----------------------------------|----------------------------|-------------------------------|
| Special Revenue Funds | | | |
| Neighborhood Stabilization Program Fund* | \$ - | \$ - | \$ 263,391 |
| Capital Project Funds | | | |
| Public Improvement Fund (PIF) | 486,739 | 152,739 | 338,308 |
| Internal Service Funds | | | |
| Central Services Fund | - | - | 100,000 |
| Servicenter Fund | 100,000 | 100,000 | 100,000 |
| Risk Management Fund | 720,000 | 720,000 | 546,000 |
| Employee Benefits Fund | - | - | 165,000 |
| Transfers Total | <u>\$ 1,306,739</u> | <u>\$ 972,739</u> | <u>1,512,699</u> |

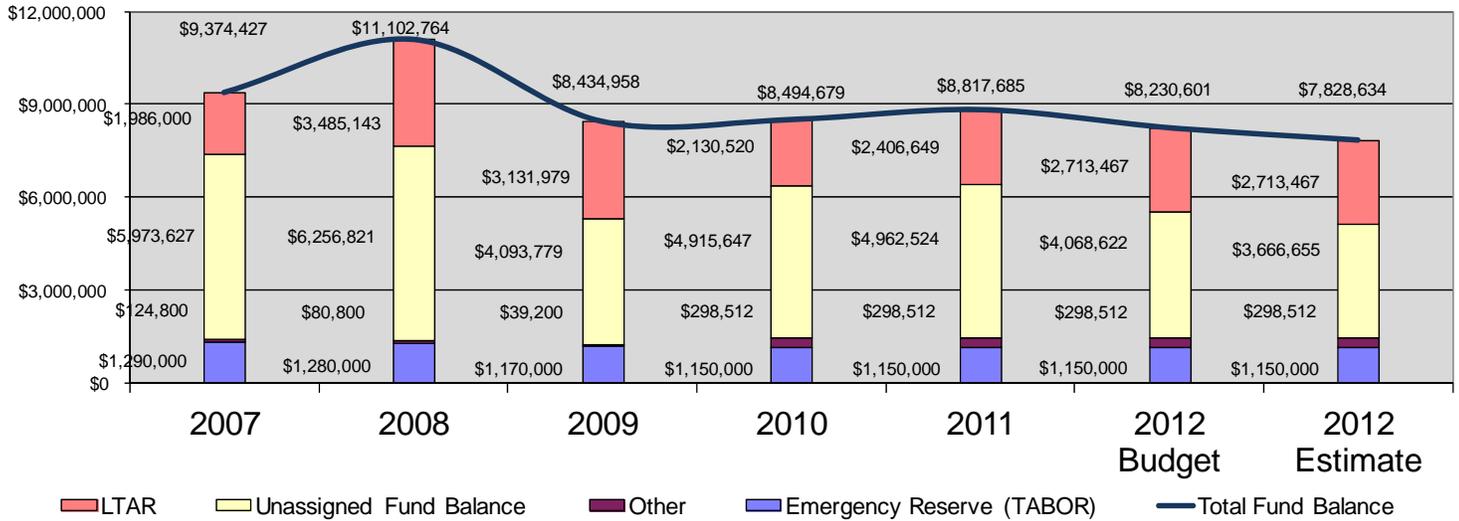
*In addition to the 2011 amount received (\$396,130) from the Neighborhood Stabilization Program (NSP) Fund, the NSP Fund returned \$47,052 in 2010 of the \$750,000 borrowed in this same year. The amount due from the NSP Fund to the General Fund Long-Term Asset Reserve is \$306,819.

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 unassigned fund balance. The unassigned 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 unassigned fund balance is not adequate to provide for a transfer from the General Fund to the capital projects funds.

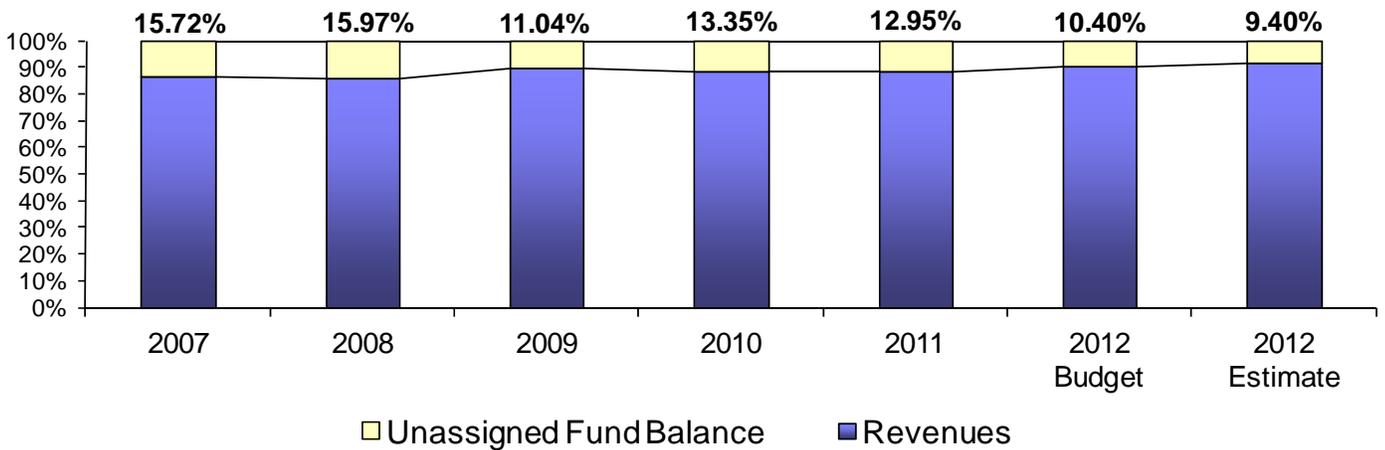
Long Term Asset Reserve (LTAR) At the 2008 Budget workshop held on May 22, 2007, City Council discussed and directed staff to establish a General Fund reserve account to accumulate funds from the sale, lease, or earnings from long-term assets. It was also determined that these funds should be used in a careful, judicious and strategic manner. The funds restricted in this account are to be expended if the funds are appropriated in the annual budget or by supplemental appropriation. The balance at the end of May 2012 is \$2,406,649; the 2012 estimated balance by year-end is \$2,613,467 (reduced by the \$100,000 Council approved for improvements to the Little Dry Creek Plaza at the June 4, 2012 Regular Meeting).

General Fund Reserves



The City's General Fund ended 2011 with total fund balance of \$8,817,685, and an unassigned fund balance of \$4,962,524 is 12.95 percent of revenues or 12.6 percent of expenditures. The estimated total ending fund balance for 2012 are \$7,828,634 with an unassigned fund balance of \$3,666,655 or 9.4 percent of estimated revenues or 9.3 percent of estimated expenditures. The \$3,666,655 would allow the City to operate for approximately 32.7 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.

Unassigned Fund Balance As A Percentage of Revenue



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) revenue and expenditure amounts for the years 2010 through 2012. 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) | 2012 | 2012 vs 2011 Increase (Decrease) | | 2011 | 2011 vs 2010 Increase (Decrease) | | 2010 |
|---------------------------------------------------------------------------------|--------------|-------------------------------------|----------|-----------------------|-------------------------------------|--------|-----------------------|
| YTD Revenues | \$ 1,116,350 | \$ 381,723 | 51.96% | \$ 734,627 | \$ 161,089 | 28.09% | \$ 573,538 |
| YTD Expenditures | 1,855,920 | \$ (1,536,616) | (45.29%) | 3,392,536 | \$ 1,512,176 | 80.42% | 1,880,360 |
| Net Revenues (Expenditures) | \$ (739,570) | | | \$ (2,657,909) | \$ (1,351,087) | | \$ (1,306,822) |
| Beginning PIF Fund Balance | \$ 934,251 | | | \$ 2,686,457 | | | \$ 1,515,399 |
| Ending PIF Fund Balance Before Remaining Annual Revenue and Appropriation | \$ 194,681 | | | \$ 28,548 | | | \$ 208,577 |
| Plus: Remaining Annual Revenue | 1,028,814 | | | 925,107 | | | 1,126,221 |
| Less: Remaining Annual Appropriation | (1,153,068) | | | (776,873) | | | (1,174,089) |
| Estimated Ending Fund Balance | \$ 70,427 | | | \$ 176,782 | | | \$ 160,709 |
| Unappropriated Fund Balance as of December 31, | | | | \$ 274,180 | | | \$ 620,120 |

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

| | 2012 Estimate | 2012 Adopted Budget | 2012 YTD Actual | 2012 Vs 2011 Amount | % | 2011 YTD Actual | 2011 Vs 2010 Amount | % | 2010 YTD Actual |
|----------------------------------------|------------------|---------------------------|--------------------|------------------------|------|--------------------|------------------------|-----|--------------------|
| Vehicle Use Tax | \$ 1,000,000 | \$ 1,000,000 | \$ 426,492 | \$ 123,953 | 41% | \$ 302,539 | \$ 17,380 | 6% | \$ 285,159 |
| Building Use Tax | \$ 550,000 | \$ 550,000 | \$ 270,013 | \$ (57,983) | -18% | \$ 327,996 | \$ 142,243 | 77% | \$ 185,753 |
| Arapahoe County Road and Bridge Tax | \$ 184,000 | \$ 184,000 | \$ 68,977 | \$ 1,927 | 3% | \$ 67,050 | \$ (188) | 0% | \$ 67,238 |

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. These revenue sources are monitored periodically to determine the revision of the 2012 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%.

2012 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) | Restricted/ Committed Balance | Ending Balance |
|---------------------------------------------------------|----------------------|------------|-------------|-------------------------|-------------------------------------|-------------------|
| Governmental Fund Types (Fund Balance) | | | | | | |
| General Fund | 8,817,685 | 16,244,169 | 16,775,029 | (458,191) | 4,161,979 | 3,666,655 |
| Special Revenue Funds | | | | | | |
| Conservation Trust | 1,184,882 | 75,133 | 153,762 | (1,121,178) | - | (14,925) |
| Open Space | 1,367,255 | 131,860 | 120,452 | (1,238,317) | - | 140,346 |
| Neighborhood Stabilization Program | 408,432 | 450,937 | 314,946 | (544,422) | - | - |
| Donors | 380,622 | 143,589 | 43,299 | - | - | 480,913 |
| Community Development | - | 82,377 | 105,545 | 23,167 | - | - |
| Malley Center Trust | 279,038 | 1,512 | (18) | - | - | 280,568 |
| Parks & Recreation Trust | 451,714 | 2,016 | 4,284 | - | - | 449,446 |
| Debt Service Fund | | | | | | |
| General Obligation Bond | 154,267 | 470,841 | 149,647 | - | - | 475,461 |
| Capital Projects Funds | | | | | | |
| PIF | 934,251 | 782,350 | 412,778 | (1,233,396) | - | 70,427 |
| MYCP | 827,183 | 2,874 | 146,215 | (663,371) | - | 20,471 |
| Proprietary Fund Types (Funds Available Balance) | | | | | | |
| Enterprise Funds | | | | | | |
| Water | 7,426,594 | 2,935,064 | 3,384,151 | - | - | 6,977,508 |
| Sewer | 5,306,200 | 6,345,291 | 5,209,663 | - | 1,000,000 | 5,441,828 |
| Stormwater Drainage | 990,801 | 166,450 | 31,727 | - | 137,818 | 987,706 |
| Golf Course | 735,144 | 717,360 | 648,178 | - | 293,500 | 510,826 |
| Concrete Utility | 338,297 | 484,012 | 136,313 | - | - | 685,996 |
| Housing Rehabilitation | 489,000 | 114,382 | 50,425 | (25,910) | - | 527,047 |
| Internal Service Funds | | | | | | |
| Central Services | 151,323 | 140,180 | 121,166 | - | - | 170,337 |
| ServiCenter | 993,875 | 966,960 | 796,378 | (100,000) | - | 1,064,456 |
| CERF | 1,538,025 | 306,491 | 402,741 | - | - | 1,441,775 |
| Employee Benefits | 4,936 | 2,420,545 | 2,558,042 | - | (4,027) | (128,534) |
| Risk Management | 1,101,326 | 1,185,229 | 595,917 | (720,000) | - | 970,639 |

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

FUNDS GLOSSARY

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, 2023.

Parks and Recreation Trust Fund – Accounts for a trust established by the City, financed primarily by donations, to be used exclusively for specific park and recreation projects.

Proprietary Funds account for operations that are financed and operated in a manner similar to private business enterprises. It is the intent that the cost of providing such goods or services will be recovered through user charges.

Public Improvement Fund (PIF) – Accounts for the acquisition and/or construction of major capital improvements and facilities. Financing is provided primarily from building and vehicle use taxes.

Risk Management Fund – Accounts for the administration of maintaining property and liability and workers' compensation insurance.

ServiCenter Fund – Accounts for the financing of automotive repairs and services provided by the ServiCenter to other departments of the City, or to other governmental units, on a cost reimbursement basis.

Sewer Fund – Accounts for revenues and expenses associated with providing wastewater services to the City of Englewood residents and some county residents.

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

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Storm Drainage Fund – Accounts for revenues and expenses associated with maintaining the City's storm drainage system.

Water Fund – Accounts for revenues and expenses associated with providing water services to City of Englewood residents.

General Fund Comparative Revenue, Expenditure & Fund Balance Report as of May 31, 2012

Percentage of Year Completed = 42%

| <i>Fund Balance January 1</i> | \$ 8,753,654 | \$ 8,817,685 | \$ 8,817,685 | \$ 8,494,679 | \$ 8,494,679 | \$ 9,234,957 | \$ 9,234,957 | | | |
|-------------------------------------------|---------------------|---------------------|----------------|---------------------|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| <i>Revenues</i> | 2012 | | | | 2011 | | | 2010 | | |
| | Budget | May-12 | % Budget | YE Estimate | Dec-11 | May-11 | % YTD | Dec-10 | May-10 | % YTD |
| Property Tax | 2,880,000 | 1,587,410 | 55.12% | 2,880,000 | 2,994,213 | 1,573,204 | 52.54% | 3,020,884 | 1,629,155 | 53.93% |
| Specific Ownership Tax | 250,000 | 83,768 | 33.51% | 250,000 | 246,062 | 86,649 | 35.21% | 263,434 | 92,769 | 35.22% |
| Sales & Use Taxes | 22,115,126 | 9,823,818 | 44.42% | 22,115,126 | 21,737,110 | 9,357,492 | 43.05% | 20,866,515 | 8,953,340 | 42.91% |
| Cigarette Tax | 190,000 | 72,764 | 38.30% | 190,000 | 190,763 | 73,596 | 38.58% | 196,320 | 77,972 | 39.72% |
| Franchise Fees | 3,056,938 | 1,024,877 | 33.53% | 3,056,938 | 2,631,393 | 931,020 | 35.38% | 2,620,191 | 940,945 | 35.91% |
| Hotel/Motel Tax | 8,713 | 4,032 | 46.28% | 8,713 | 9,820 | 3,659 | 37.26% | 8,806 | 3,461 | 39.30% |
| Licenses & Permits | 574,025 | 313,046 | 54.54% | 574,025 | 778,536 | 290,763 | 37.35% | 695,563 | 266,896 | 38.37% |
| Intergovernmental Revenue | 1,552,315 | 592,864 | 38.19% | 1,552,315 | 1,724,807 | 900,331 | 52.20% | 1,465,970 | 509,576 | 34.76% |
| Charges for Services | 3,399,722 | 1,318,991 | 38.80% | 3,399,722 | 3,384,318 | 1,342,733 | 39.68% | 3,254,830 | 1,288,825 | 39.60% |
| Recreation | 2,599,668 | 695,586 | 26.76% | 2,599,668 | 2,635,221 | 678,669 | 25.75% | 2,489,781 | 653,238 | 26.24% |
| Fines & Forfeitures | 1,318,450 | 613,642 | 46.54% | 1,318,450 | 1,284,758 | 555,246 | 43.22% | 1,437,957 | 663,656 | 46.15% |
| Interest | 100,000 | 35,058 | 35.06% | 100,000 | 91,034 | 56,973 | 62.58% | 100,545 | 76,078 | 75.67% |
| EMRF Rents | 663,046 | 252,913 | 38.14% | 663,046 | 425,159 | 122,081 | 28.71% | 105,125 | 40,000 | 38.05% |
| Miscellaneous | 411,998 | 78,314 | 19.01% | 280,000 | 173,381 | 93,376 | 53.86% | 293,658 | 202,478 | 68.95% |
| Total Revenues | 39,120,001 | 16,497,083 | 42.17% | 38,988,003 | 38,306,575 | 16,065,792 | 41.94% | 36,819,579 | 15,398,389 | 41.82% |
| <i>Expenditures</i> | | | | | | | | | | |
| Legislation | 333,793 | 140,105 | 41.97% | 333,793 | 298,731 | 136,684 | 45.75% | 309,870 | 145,712 | 47.02% |
| City Attorney | 746,734 | 286,608 | 38.38% | 746,734 | 706,841 | 269,723 | 38.16% | 702,228 | 294,618 | 41.95% |
| Court | 974,417 | 337,765 | 34.66% | 974,417 | 848,775 | 341,960 | 40.29% | 901,469 | 350,722 | 38.91% |
| City Manager | 672,072 | 279,755 | 41.63% | 672,072 | 639,184 | 283,000 | 44.28% | 659,882 | 293,966 | 44.55% |
| Human Resources | 470,910 | 183,778 | 39.03% | 470,910 | 430,792 | 170,090 | 39.48% | 419,421 | 151,639 | 36.15% |
| Financial Services | 1,541,645 | 588,224 | 38.16% | 1,541,645 | 1,446,313 | 571,536 | 39.52% | 1,445,581 | 597,879 | 41.36% |
| Information Technology | 1,360,355 | 535,443 | 39.36% | 1,360,355 | 1,332,766 | 566,888 | 42.53% | 1,280,660 | 512,753 | 40.04% |
| Public Works | 5,436,637 | 2,075,011 | 38.17% | 5,436,637 | 5,259,875 | 2,100,915 | 39.94% | 5,137,364 | 2,160,971 | 42.06% |
| Fire Department | 7,711,732 | 3,308,107 | 42.90% | 7,711,732 | 7,666,842 | 3,077,480 | 40.14% | 7,425,903 | 3,118,066 | 41.99% |
| Police Department | 10,921,455 | 4,442,642 | 40.68% | 10,921,455 | 10,395,239 | 4,367,433 | 42.01% | 10,312,633 | 4,396,276 | 42.63% |
| Community Development | 1,478,398 | 537,985 | 36.39% | 1,478,398 | 1,359,264 | 453,867 | 33.39% | 1,301,473 | 488,708 | 37.55% |
| Library | 1,256,481 | 473,896 | 37.72% | 1,256,481 | 1,145,613 | 498,032 | 43.47% | 1,284,083 | 574,204 | 44.72% |
| Recreation | 5,834,425 | 1,963,093 | 33.65% | 5,834,425 | 5,717,147 | 2,071,730 | 36.24% | 5,811,809 | 2,153,905 | 37.06% |
| Debt Service | 2,060,739 | 1,581,361 | 76.74% | 2,060,739 | 2,096,463 | 1,562,248 | 74.52% | 1,860,827 | 1,360,804 | 73.13% |
| Contingency | 150,000 | 41,254 | 27.50% | 150,000 | 152,423 | 85,246 | 55.93% | 48,139 | 6,019 | 12.50% |
| Total Expenditures | 40,949,793 | 16,775,027 | 40.96% | 40,949,793 | 39,496,268 | 16,556,832 | 41.92% | 38,901,342 | 16,606,242 | 42.69% |
| Excess revenues over (under) expenditures | (1,829,792) | (277,944) | 15.19% | (1,961,790) | (1,189,693) | (491,040) | | (2,081,763) | (1,207,853) | |
| Net transfers in (out) | 1,306,739 | 972,739 | 74.44% | 972,739 | 1,512,699 | 1,417,815 | 93.73% | 1,341,485 | 1,094,433 | 81.58% |
| Total Fund Balance | \$ 8,230,601 | \$ 9,512,480 | 115.57% | \$ 7,828,634 | \$ 8,817,685 | \$ 9,421,454 | 106.85% | \$ 8,494,679 | \$ 9,121,537 | 107.38% |

Fund Balance Analysis

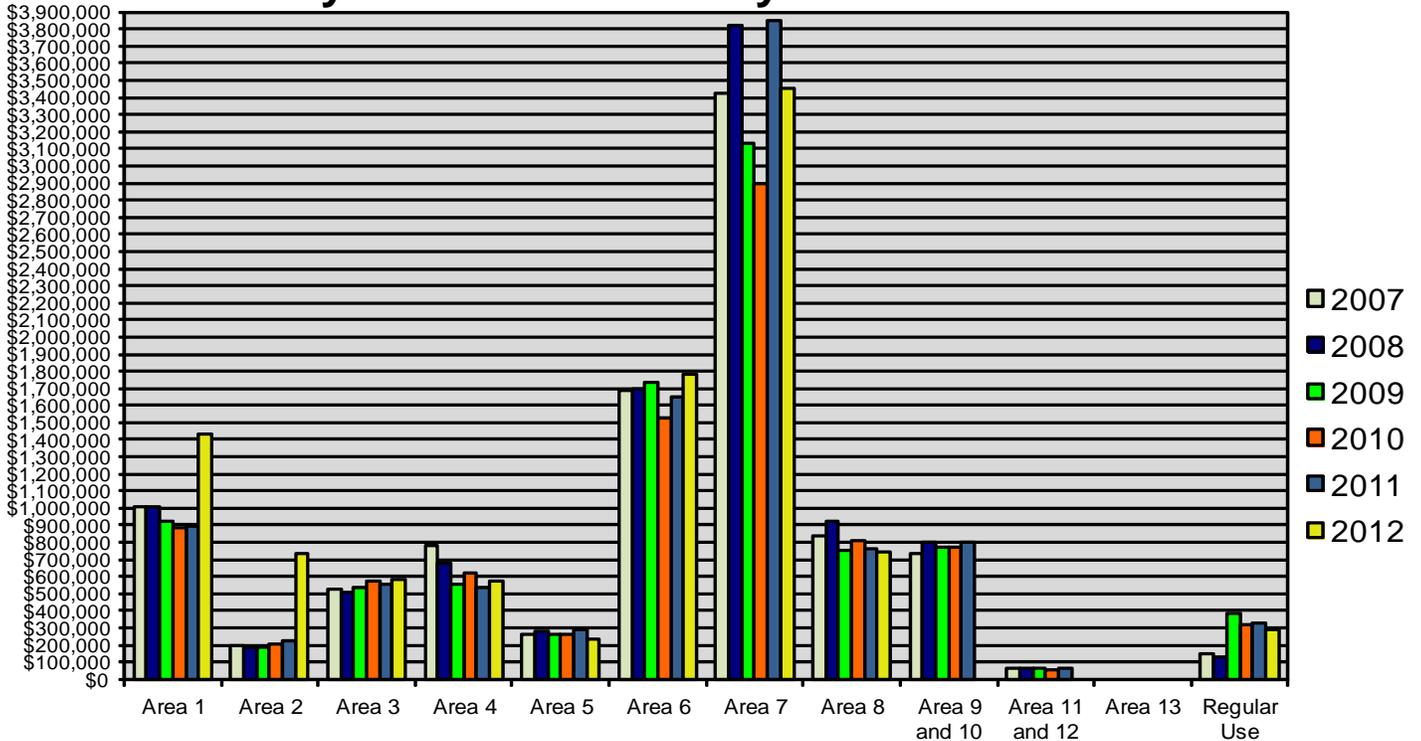
| | | | | | |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total Fund Balance | \$ 8,230,601 | \$ 9,512,480 | \$ 7,828,634 | \$ 8,817,685 | \$ 8,494,679 |
| Restricted Fund Balance | | | | | |
| -Emergencies (TABOR) | 1,150,000 | 1,150,000 | 1,150,000 | 1,150,000 | 1,150,000 |
| Committed Fund Balance | | | | | |
| -LTAR | 2,713,467 | 2,406,649 | 2,713,467 | 2,406,649 | 2,130,520 |
| -COPS Grant | 298,512 | 298,512 | 298,512 | 298,512 | 298,512 |
| Restricted/Committed | \$ 4,161,979 | \$ 3,855,161 | \$ 4,161,979 | \$ 3,855,161 | \$ 3,579,032 |
| Estimated Unassigned Fund Balance | \$ 4,068,622 | \$ 5,657,319 | \$ 3,666,655 | \$ 4,962,524 | \$ 4,915,647 |
| As a percentage of projected revenues | 10.44% | 9.40% | 12.95% | 13.35% | |
| As a percentage of budgeted revenues | 10.40% | 9.37% | | | |
| Target | 3,912,000 | 5,868,000 | | | |

**Sales & Use Tax Collections Year-to-Date Comparison
for the month of May 2012**

Cash Basis

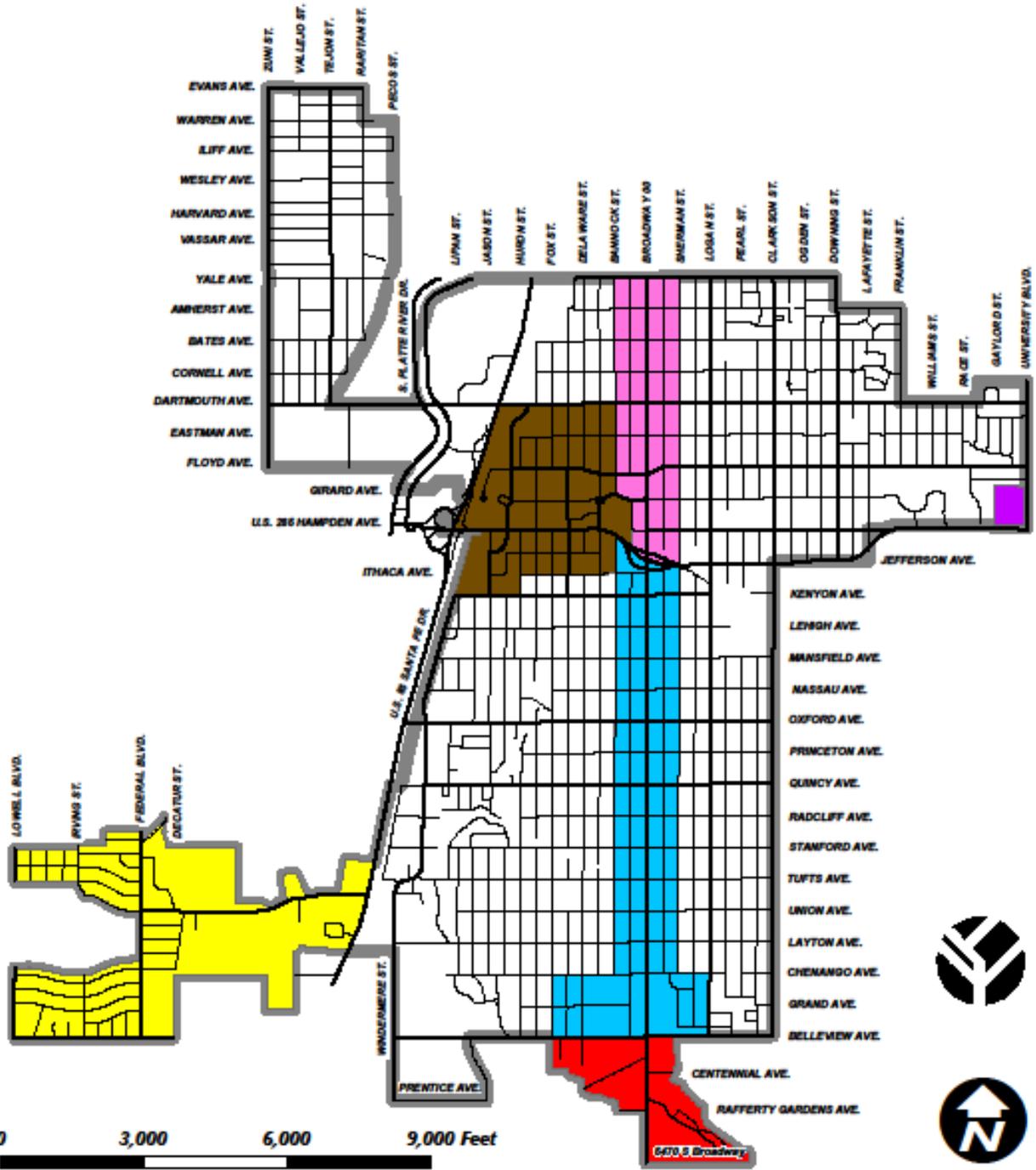
| | 2007 | % Change | 2008 | % Change | 2009 | % Change | 2010 | % Change | 2011 | % Change | 2012 | % Change |
|------------------------------|------------------|----------------|-------------------|--------------|------------------|---------------|------------------|----------------|------------------|---------------|------------------|---------------|
| Area 1 | 1,008,824 | -58.99% | 1,009,827 | 0.10% | 919,936 | -8.81% | 882,218 | -12.64% | 894,073 | 1.34% | 1,436,834 | 60.71% |
| Area 2 | 196,346 | -50.88% | 191,584 | -2.43% | 185,591 | -5.48% | 210,395 | 9.82% | 225,871 | 7.36% | 736,789 | 226.20% |
| Area 3 | 523,106 | -54.20% | 506,994 | -3.08% | 534,066 | 2.10% | 576,528 | 13.71% | 558,667 | -3.10% | 579,267 | 3.69% |
| Area 4 | 779,149 | -54.35% | 673,680 | -13.54% | 553,453 | -28.97% | 622,268 | -7.63% | 533,707 | -14.23% | 573,663 | 7.49% |
| Area 5 | 263,416 | -60.90% | 279,631 | 6.16% | 265,702 | 0.87% | 261,164 | -6.60% | 286,377 | 9.65% | 236,698 | -17.35% |
| Area 6 | 1,687,646 | -57.53% | 1,701,798 | 0.84% | 1,731,134 | 2.58% | 1,525,619 | -10.35% | 1,653,374 | 8.37% | 1,778,402 | 7.56% |
| Area 7 | 3,426,261 | -52.76% | 3,825,257 | 11.65% | 3,131,376 | -8.61% | 2,892,953 | -24.37% | 3,847,534 | 33.00% | 3,453,272 | -10.25% |
| Area 8 | 842,897 | -53.13% | 921,627 | 9.34% | 754,424 | -10.50% | 809,641 | -12.15% | 765,771 | -5.42% | 744,147 | -2.82% |
| Area 9 and 10 | 733,966 | -4.04% | 801,876 | 9.25% | 776,883 | -3.12% | 775,119 | -0.23% | 801,474 | 3.40% | 0 | -100.00% |
| Area 11 and 12 | 59,995 | -3.62% | 62,901 | 4.84% | 60,032 | -4.56% | 58,169 | -3.10% | 61,586 | 5.87% | 0 | -100.00% |
| Area 13 | | | | | | | | | 0 | 0.00% | 0 | 0.00% |
| Regular Use | 146,023 | -57.07% | 130,934 | -10.33% | 389,886 | 167.00% | 316,289 | 141.56% | 329,761 | 4.26% | 287,503 | -12.79% |
| Total | 9,667,629 | -53.01% | 10,106,109 | 4.54% | 9,302,483 | -3.78% | 8,930,365 | -11.63% | 9,958,195 | 11.51% | 9,826,665 | -1.32% |
| Refunds | 66,096 | -78.49% | 308,275 | 366.40% | 10,664 | -96.54% | 167,657 | 1472.13% | 30,670 | -81.71% | 94,673 | 208.68% |
| Audit & Collections Revenue* | 204,587 | -53.16% | 287,599 | 40.58% | 377,866 | 31.39% | 222,044 | -41.24% | 121,099 | -45.46% | 87,107 | -28.07% |
| *included Above | | | | | | | | | | | | |
| Unearned Sales Tax | 650,000 | 0.00% | 650,000 | 0.00% | 600,000 | -7.69% | 600,000 | 0.00% | 1,100,000 | 83.33% | 1,100,000 | 0.00% |
| Building Use | 590,921 | -30.44% | 390,323 | -33.95% | 117,978 | -69.77% | 185,753 | 57.45% | 327,996 | 76.58% | 270,013 | -17.68% |
| Vehicle Use | 597,577 | -52.19% | 549,872 | -7.98% | 404,907 | -26.36% | 372,596 | -7.98% | 373,226 | 0.17% | 534,667 | 43.26% |

May YTD Collections by Area 2007-2012



Area Descriptions

- | | |
|-----------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| Area 1 - CityCenter (Formerly Cinderella City) | Area 5 - Federal and Belleview W of Santa Fe |
| Area 2 - S of Yale, north & south side of Jefferson Ave/US 285 between Bannock and Sherman | Area 6 - All other City locations |
| Area 3 - S of Jefferson Ave/US 285 between Bannock & Sherman and north side of Belleview between Logan & Delaware | Area 7 - Outside City limits |
| Area 4 - Broadway and Belleview (Between Fox and Sherman and south side of Belleview and to the Southern City Limits) | Area 8 - Public Utilities |
| | Area 9 and 10 - Downtown & Englewood Pkwy |
| | 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 2*
- Area 3
- Area 4
- Area 5
- Area 13
- Arterials and Collectors
- Local Streets
- Englewood City Limits

Areas Not Depicted on Map:
 Area 6 - Other City Locations* Area 7 - Outside City Limits Area 8 - Public Utilities
 * Includes EURA designated Areas 9, 10, 11, & 12



Memorandum

City Manager's Office

TO: Mayor Penn and Members of City Council
FROM: Gary Sears, City Manager ✓
DATE: June 14, 2012
SUBJECT: School District Use Tax

Mayor and Members of the City Council,

The City and School District representatives to the School City Committee at their last meeting of May 8, 2012, discussed the City's use tax of approximately \$600,000 and the alternative ways that both the School Board and the City Council may consider to utilize these funds to enhance the School District's bonded project. City staff have met with School District staff to develop a list of potential projects that may benefit both the schools and the city in the construction of the new high school.

School Superintendent Ewert has attached projects that staff from both entities support and meet this objective. In essence, some of these projects will be designed and constructed by the School District and the City will reimburse the Schools up to approximately \$600,000 (depending upon the actual cost of building materials).

At the upcoming Study Session of June 18th, staff is asking City Council to discuss and give staff direction about these projects or any others that Council would support to meet this objective. While both the tennis court and the artificial turf field (asterisked in the memo from Superintendent Ewert) may be considered by the Boards as an appropriate use of these funds, the two staffs are pursuing alternative revenue sources to support the construction of these facilities without using use tax funds.

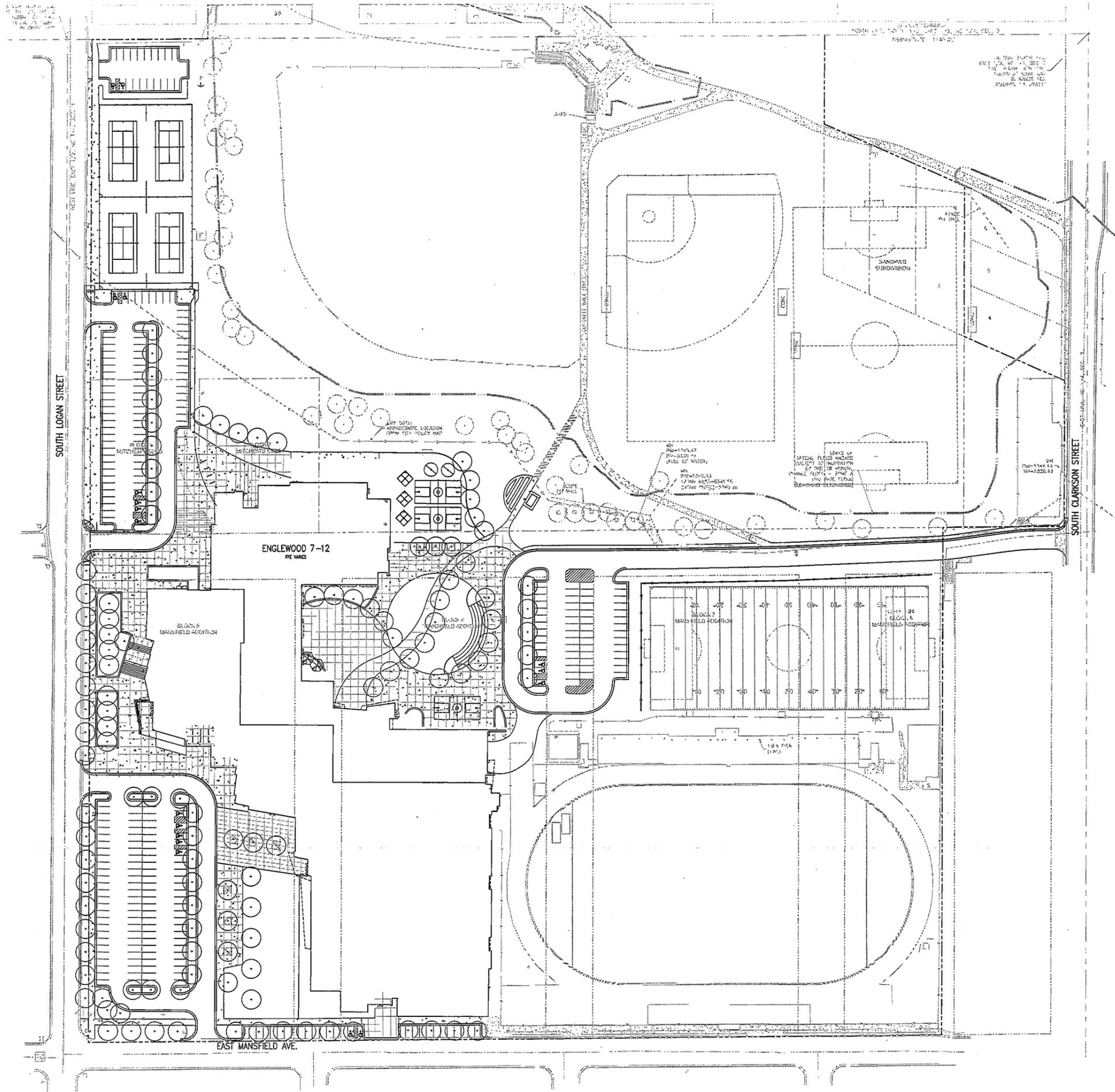
With City Council's direction regarding these funds, we will be putting together an intergovernmental agreement with the School Board to finalize the inclusion and rebate process for first reading by the City Council.

TEC Use Tax Scope Priorities

Revised 6/7/12

| <u>City Desired Areas for Use Tax Expenditure</u> | <u>Cost In estimate</u> |
|---------------------------------------------------|-------------------------|
| 1. Adult Learning Community room | \$ 299,300 |
| 2. Parking Along Lehigh Extension | \$ 59,400 |
| 3. Mansfield Parking | \$ 20,000 |
| 4. Outdoor Ampitheater | \$ 75,000 |
| 5. Health Center | \$ 100,000 |
| 6. Pedestrian/Streetscape/Landscape Enhancements | \$ 250,000 |
| 7. Venue room (Community Use) | \$ 267,903 |
| | <u>\$ 1,071,603 *</u> |

*Note - The Use Tax amount currently anticipated for TEC is \$600,000 based upon a total construction cost of \$36.9MM



SOUTH LOGAN STREET

ENGLEWOOD 7-12
PRE-WORK

SOUTH CLARKSON STREET

EAST MANSFIELD AVE.

ALL DIMENSIONS IN FEET
UNLESS OTHERWISE NOTED
SCALE: 1/4" = 1'-0"

FIELD TO BE GRADED TO
EXISTING FINISH GRADE
OF NEIGHBORING
PROPERTIES TO BE
MAINTAINED AT ALL
TIMES.

SEE SHEET 14-15 FOR
FULL OF WATER
AND SANDPIT
LOCATION

CLASS ROOM
MAIN FIELD SECTION
CLASS ROOM
MAIN FIELD SECTION



CITY OF ENGLEWOOD
Finance and Administrative Services Department

To: Gary Sears, City Manager
Through: Frank Gryglewicz, Director of Finance and Administrative Services Department
From: Jennifer Nolan, Revenue and Budget Manager
Date: May 4, 2012
SUBJ: Building Use Tax

This memo clarifies the Building Use Tax calculated and remitted on the cost of materials and equipment installed in the City of Englewood by a contractor.

The stated purpose of the sales and use tax in the Englewood Municipal Code (EMC) Purpose of Tax, Distribution of Proceeds section 4-4-3 is to levy taxes for the raising of funds for the payment of the general operating expenses and for capital improvements. The section further states that of those items contained in subsection 4-4-5-3B of this Chapter, dealing with motor vehicles, trailers or semi-trailers, building materials and supplies, shall be segregated, held apart and deposited into a separate capital improvement account and shall be used solely to fund and finance the capital improvements of the City.

Typically nonprofit and government entities are exempt from the payment of sales and use tax on retail items. Unless the nonprofit or government organization acts as their own general contractor on their construction project, the City does not exempt Building Use Tax on materials and equipment installed in the City of Englewood. The EMC Exempt Taxpayers section 4-4-4-3B states

Nothing herein contained shall be deemed to exempt from the tax levied by this Chapter, sales of building materials or supplies to be used by a contractor for the construction of an improvement for any of the institutions or agencies enumerated in subsection B1 or B2 hereof.

The process that is usually followed is for the contractor to provide to the Building and Safety Division for review the construction contract. Unless the construction contract separately lists the building materials and equipment for installation, the Building and Safety Division calculates the Building Use Tax based on fifty percent of the construction contract price and multiplies that amount by 3.5% and .25%, the Building Use Tax Rate and the Arapahoe County Open Space Tax respectively. On large dollar construction projects, the City offers to contractors a couple of Building Use Tax payment options. The two options available are: 1) Pay as you Go – The Contractor provides on a monthly basis a list of the materials and equipment installed and pays the associated taxes due based on the invoiced amount, or 2) Estimated Payments – The Building Use Tax is estimated based on fifty percent of the contract price and estimated monthly payments are made over the project period. At the end of the project, a final audit of the materials and equipment installed will determine any difference in amount due from or refunded to the contractor.

The City has collected Building Use Tax from contractors for projects constructed at addresses located in the City of Englewood owned by nonprofit or government entities such as All Souls Catholic Church, Regional Transportation District, City of Englewood and the Littleton/Englewood Wastewater Treatment Plant.

Please let me know if you need additional information.

4-4-4-3: - Exemptions to Sales Tax.

A. *Exempt Items:* The sale of the following classes of tangible personal property are exempt from the tax imposed by Section 4-4-4-2:

1. Motor vehicles, trailers and semi-trailers, registered outside of the City.
2. Sales of tangible personal property where both the following conditions exist:
 - a. The sales are to parties who are residents of, or doing business in, the State of Colorado, but outside the City; and
 - b. The articles purchased are to be delivered to the purchaser outside the City by common carrier or by the conveyance of the seller or by mail.
3. Sale of fuel used for the operation of internal combustion engines.
4. Sale of medicine, medical supplies, orthopedic braces and appliances, dental appliances, hearing aids, crutches, wheel chairs, eye glasses or other mechanical contrivances when purchased with a licensed practitioner's written prescription.
5. Sales of food products which are to be consumed off the premises of the vendor. As used herein "food" means food which is advertised or marketed for home consumption and sold in the same form, condition, quantities and packaging as is commonly sold by grocers. The term includes cereals and cereal products; milk and milk products; meat and meat products; fish and fish products; eggs and egg products; vegetables and vegetable products; fruit and fruit products; sugar, sugar products and sugar substitutes; coffees and coffee substitutes; teas, cocoa and cocoa products; spices, condiments, salt and oleomargarine. The term "food" does not include chewing gum; spirituous malt or vinous liquors; cocktail mixes; proprietary medicines; nostrums; lozenges; tonics; vitamins and other dietary supplements; water, mineral water and carbonated water marketed in containers; ice; pet foods; food or drink purchased and used by a business or commercial entity by serving to customers or employees (not resold); food or drink furnished, prepared or served for consumption at tables, chairs or counters or from trays; glasses, dishes or other tableware provided by the retailer; prepared food or drink sold by retailers who regularly sell for consumption on or near the premises of the retailer even though such food or drink is sold on a "take out" or "to go" order and is bagged, packaged or wrapped and taken from the premises of the retailer; and food or drink vended by or through machines on behalf of a vendor.
6. Sales of goods manufactured within the City and sold directly by the manufacturer to a common carrier operating in interstate commerce as the ultimate consumer thereof.
7. For transactions consummated on or after January 1, 1986, the City's sales tax shall not apply to the sale of construction and building materials, as the term is used in Section 29-2-109, C.R.S., if such materials are picked up by the purchaser and if the purchaser of such materials presents to the retailer a building permit or other documentation acceptable to the City evidencing that a local use tax has been paid or is required to be paid.
8. Sales of newspapers and magazines.
9. Sales of tangible personal property at a garage sale as defined herein and not in violation of 15-16-2 EMC.

B. *Exempt Taxpayers:* Sales to the following classes of taxpayers shall be exempt from the tax imposed by this Chapter:

1. Sales to the United States government; to the State of Colorado, its departments or institutions and

to the political subdivisions thereof, in their governmental capacity only; in all sales to the City; providing, however, that no commercial, industrial or other banking institution, organized or chartered by the United States government, any agency or department thereof, or by the State of Colorado, shall be considered a governmental institution for the purpose of this exemption.

2. Sales to religious, charitable and eleemosynary institutions, in the conduct of their regular religious, charitable and eleemosynary functions and activities.

3. Nothing herein contained shall be deemed to exempt from the tax levied by this Chapter, sales of building materials or supplies to be used by a contractor for the construction of an improvement for any of the institutions or agencies enumerated in subsection B1 or B2 hereof.

4. Persons purchasing tangible personal property at a garage sale as defined herein and not in violation of 15-16-2 EMC.

C. *Burden of Providing Exemptions; Disputes:* The burden of proof that any retailer is exempt from collecting a tax upon any goods sold and paying the same to the City, or from making return for the same, shall be on the retailer under such reasonable requirements of proof as the City may prescribe. Should a dispute arise between any purchaser and seller as to whether or not any retail sale is exempt from taxation hereunder, the seller shall, nevertheless, collect and the purchaser shall pay such tax; and the seller shall thereupon issue to the purchaser a receipt, or certificate, on forms prescribed by the City showing the names of the seller and purchaser, the items purchased, the date, price, amount of tax paid, and a brief statement of the claim of exemption. Thereafter the purchaser may apply to the City for a refund of such taxes and it shall then be the duty of the City to determine the question of exemption. In any case where the City refunds any taxes, it may collect from the retailer the amount of taxes retained by him/her as a fee which is attributable to the transaction.

(Code 1985, § 4-4-4-3; Ord. 00-7; Ord. 00-43; Ord. 02-26; Ord. 02-31; Ord. 05-48, § 1)