



**AGENDA FOR THE
ENGLEWOOD CITY COUNCIL
STUDY SESSION
MONDAY, AUGUST 13, 2012
COMMUNITY ROOM
6:00 P.M.**

- I. **Financial Report**
Financial and Administrative Services Director Frank Gryglewicz will discuss the July, 2012 Financial Report.

- II. **2013 Proposed Budget**
City Manager Gary Sears and Finance & Administrative Services Director Frank Gryglewicz will discuss the 2013 Proposed Budget with City Council.



City of Englewood

To: Mayor Randy Penn and City Council
From: Frank Gryglewicz, Director of Finance and Administrative Services
Date: August 10, 2012
Subject: July 2012 Financial Report

The 2013 Budget is underway and the 2012 Estimate numbers may change. The Department Directors have met with the City Manager during the past couple of weeks to review and discuss their 2012 yearend estimate expenditure amounts. The Department Directors also provided and reviewed with the City Manager their proposed 2013 Budget request.

REVENUES:

- Through July 2012, the City of Englewood collected **\$24,858,522 or \$679,707 or 2.8 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 \$2,744,620 in Property Tax and \$122,327 in Specific Ownership Tax through July.
- **Year-to-date sales and use tax revenues were \$13,727,899 or \$476,240 or 3.6 percent more than July 2011**
- Cigarette tax collections were down \$1,518 compared to last year.
- Franchise fee collections were \$90,351 more than last year.
- Licenses and permit collections were \$26,830 more than 2011.
- Intergovernmental revenues were \$86,238 less than the prior year (due to large, one-time collections last year).
- Charges for services decreased \$37,516 from last year.
- Recreation revenues increased \$22,942 from 2011.
- Fines and forfeitures were \$75,801 more than last year.
- Investment income was \$15,262 less than last year.
- The City collected \$385,661 in rents from the properties at McLellan Reservoir.
- Miscellaneous revenues were \$107,868 more than last year.

OUTSIDE CITY:

- Outside City sales and use tax receipts (cash basis) were down \$467,163 or 8.9 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 July 2012 totaled \$2,012,905.

EXPENDITURES:

- Expenditures through July were \$23,092,485 or \$429,816 (1.9 percent) more than the \$22,662,669 expended through July 2011. The City's refund of sales and use tax claims through July 2012 totaled \$95,482.

REVENUES OVER/UNDER EXPENDITURES:

- Revenues exceeded expenditures by \$1,766,037 this year compared to revenues exceeding expenditures by \$1,516,146 in 2011.

TRANSFERS:

- Net 2012 transfers-in to date of \$1,185,465 were made by the end of July 2012 (please refer to page 14 for the makeup).

FUND BALANCE:

- The estimated total fund balance is \$8,538,569 or 21.7 percent of estimated revenue. The estimated Unassigned Fund Balance for 2012 is estimated at \$4,470,682 or 11.34 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 12.19 percent of revenues.
- The 2012 Long Term Asset Reserve (LTAR) balance is \$2,619,375 (the LTAR has been fully repaid from the NSP)

PUBLIC IMPROVEMENT FUND (PIF):

- The PIF has collected \$1,697,249 in revenues and spent \$2,114,530 year-to-date. Estimated year-end fund balance is \$66,382.

City of Englewood, Colorado

July 2012 Financial Report

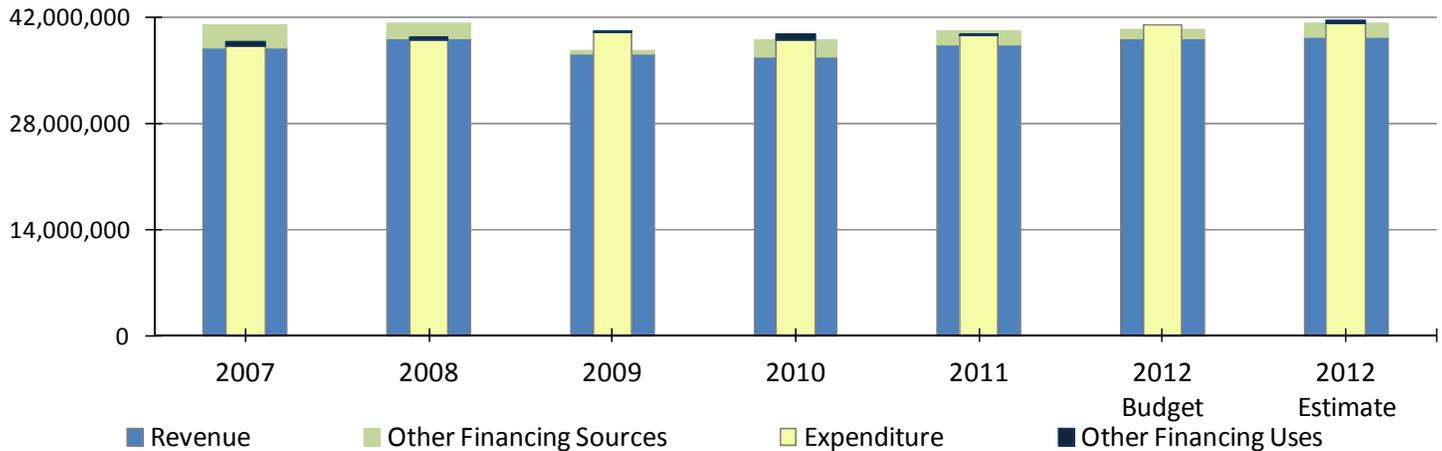
GENERAL FUND OVERVIEW AND ANALYSIS

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



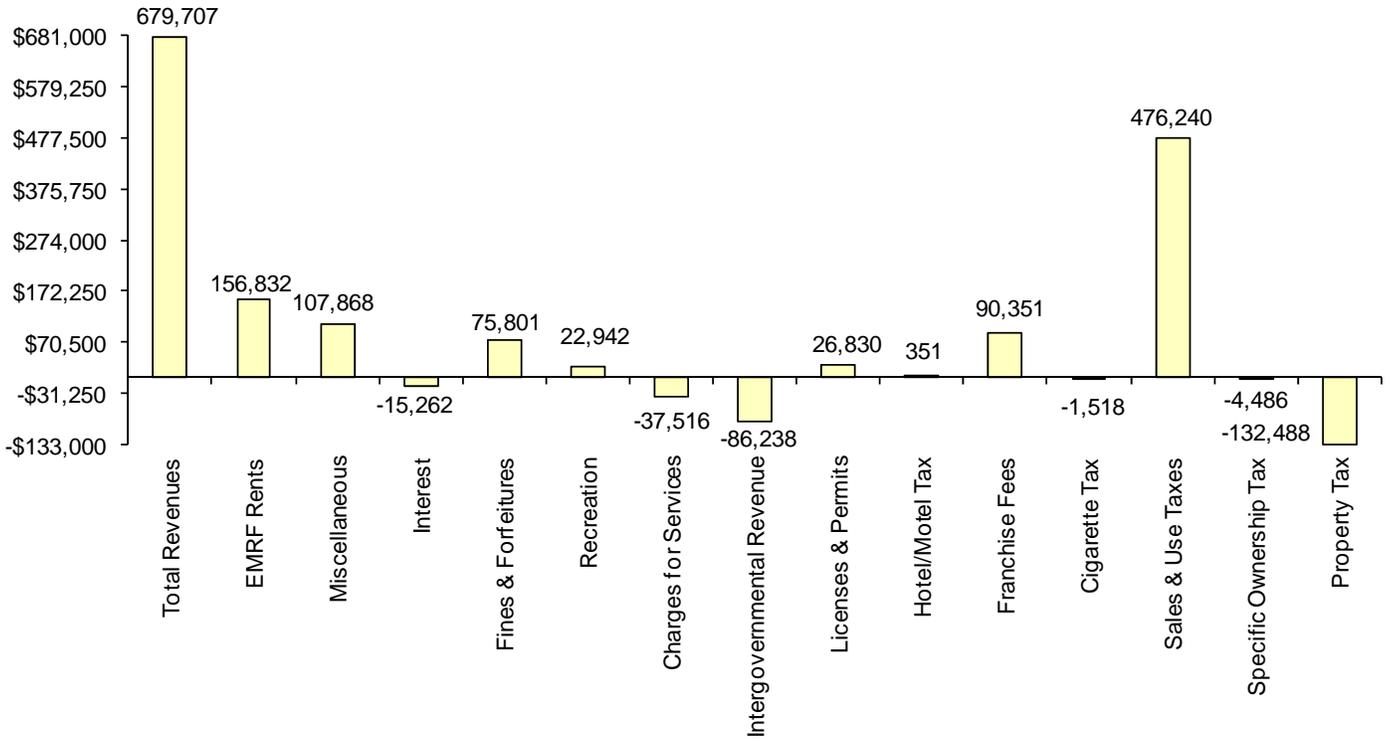
The table below summarizes General Fund Year-To-Date (YTD) Revenue, Expenditure, Sales & Use Tax Revenue and Outside City Sales & Use Tax Revenue for the month ended July, 2012. Comparative figures for years 2011 and 2010 are presented as well. The table also highlights the dollar and percentage changes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

	2012	2012 vs 2011 Increase (Decrease)		2011	2011 vs 2010 Increase (Decrease)		2010
General Fund							
Year-To-Date Revenue	\$ 24,858,522	\$ 679,707	2.81%	\$ 24,178,815	\$ 1,200,774	5.23%	\$ 22,978,041
Year-To-Date Expenditure	23,092,485	\$ 429,816	1.90%	22,662,669	\$ 76,840	.34%	22,585,829
Net Revenue (Expenditure)	\$ 1,766,037	\$ 249,891		\$ 1,516,146	\$ 1,123,934		\$ 392,212
Estimated Unassigned Fund Balance	\$ 4,470,682	\$ (491,842)	(9.91%)	\$ 4,962,524	\$ 46,877	.95%	\$ 4,915,647
Sales & Use Tax Revenue YTD	\$ 13,727,899	\$ 476,240	3.59%	\$ 13,251,659	\$ 745,359	5.96%	\$ 12,506,300
Outside City Sales & Use Tax YTD	\$ 4,764,542	\$ (467,163)	(8.93%)	\$ 5,231,705	\$ 1,254,222	31.53%	\$ 3,977,483

General Fund Revenues

The City of Englewood’s total budgeted revenue is \$39,120,001. Total revenue collected through July 2012 was \$24,858,522 or \$679,707 (2.8 percent) more than was collected in 2011. The chart below illustrates changes in General Fund revenues this year as compared to last year.

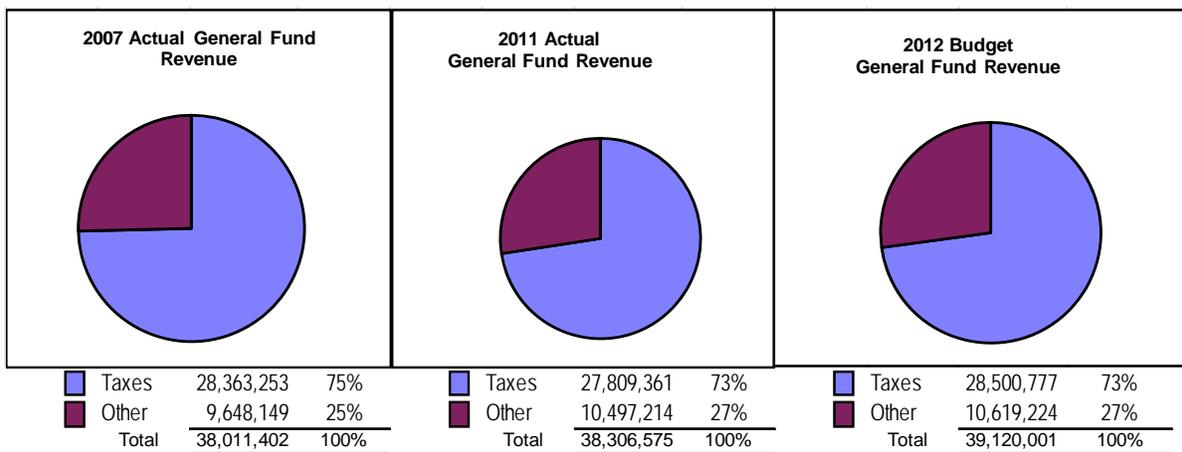
2012 Year-To-Date Change in General Fund Revenue as Compared to Prior Year



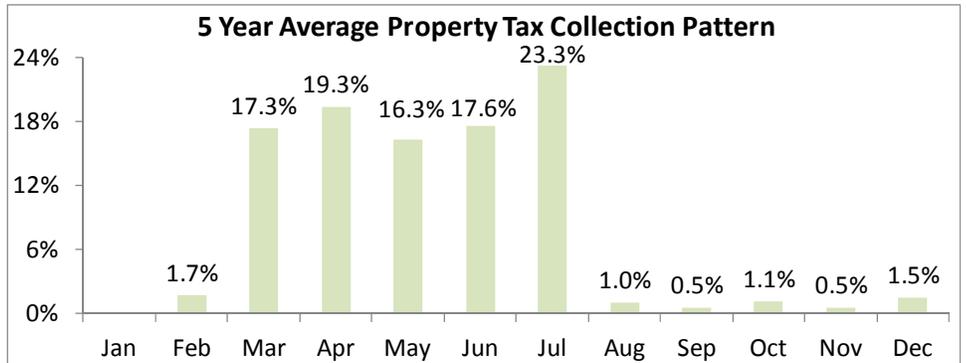
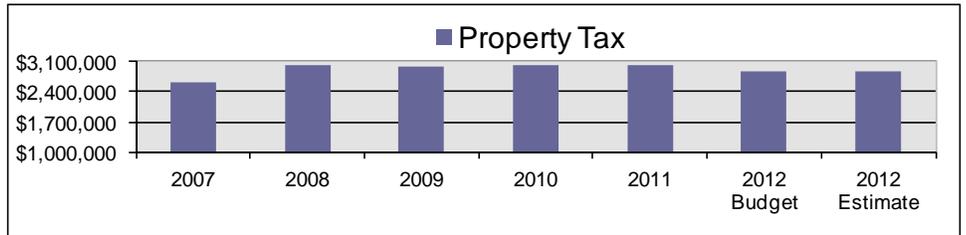
General Fund - Taxes

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.

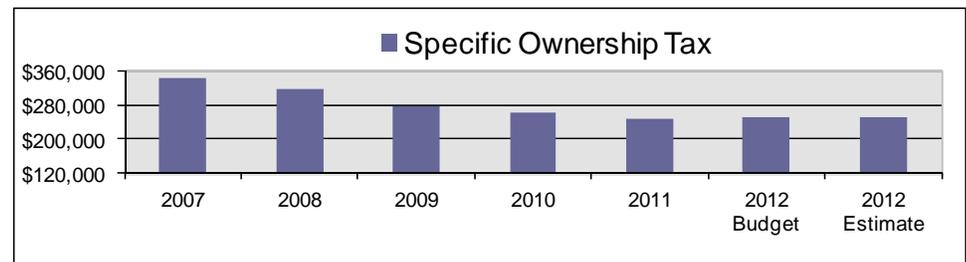
General Fund Revenues Taxes vs. Other



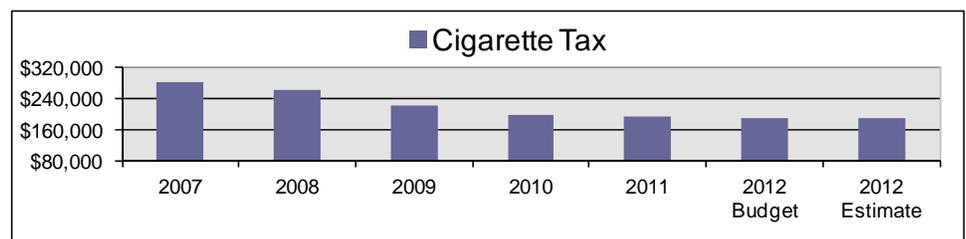
Property taxes: These taxes are collected based on the assessed value of all the properties in the City and the mill levy assessed against the property. The City's total 2011 mill levy collected in 2012 is 7.911 mills. The 2011 mill levy for general operations collected in 2012 is 5.880 mills. In 2001, 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. The General Fund 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 \$2,744,620 through July 2012. The estimate for the year is \$2,880,000.



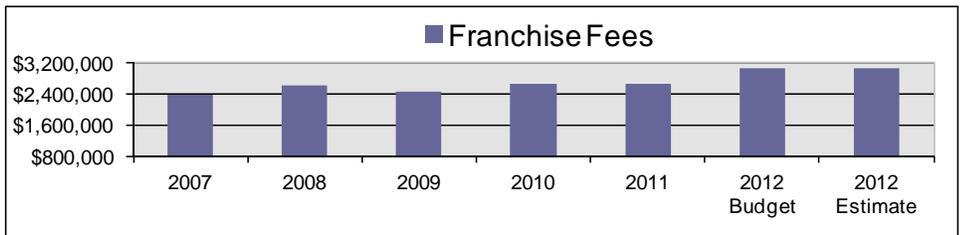
Specific ownership: These taxes are based on the age and type of motor vehicles, wheeled trailers, semi-trailers, etc. These taxes are collected by the County Treasurer and remitted to the City on the fifteenth day of the following month. The City collected \$341,423 in 2007 and \$246,062 in 2011 which 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 \$122,327 through July 2012. The estimate for the year is \$230,000.



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 \$103,807 through July 2012, which is \$1,518 or 1.4 percent less than the \$105,325 collected through July 2011. The estimate for the year is \$184,000.

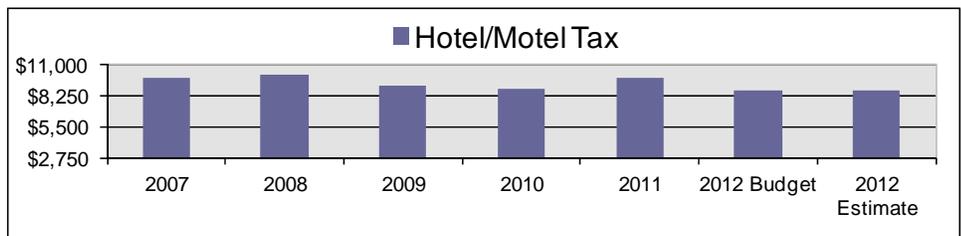


Franchise Fees: The City collects a number of taxes on various utilities. This includes franchise tax on water, sewer, and public services, as well as occupational tax on telephone services. The City collected \$2,356,385 in 2007 and \$2,631,393 in 2011, an increase of \$275,008 or 11.7 percent.



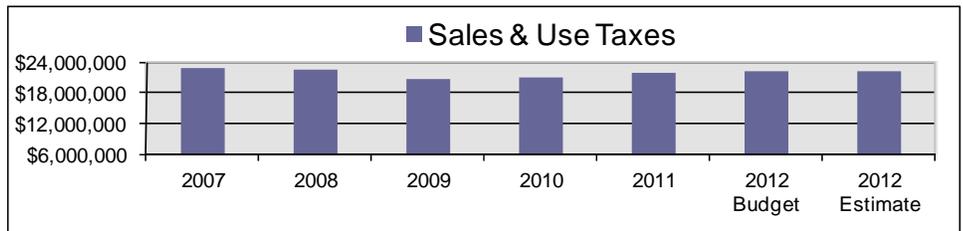
These taxes accounted for 9.4 percent of taxes and 6.9 percent of total revenues in 2011. The City budgeted \$3,056,938 for the year; collections through July totaled \$1,464,153 compared to \$1,373,802 collected during the same period last year. The estimate for the year is \$3,067,552.

Hotel/Motel Tax: This tax is levied at two percent of the rental fee or price of lodging for under 30 days duration. The City budgeted \$8,713 for the year and has collected \$5,765 through July 2012. The estimate for the year is \$9,000.

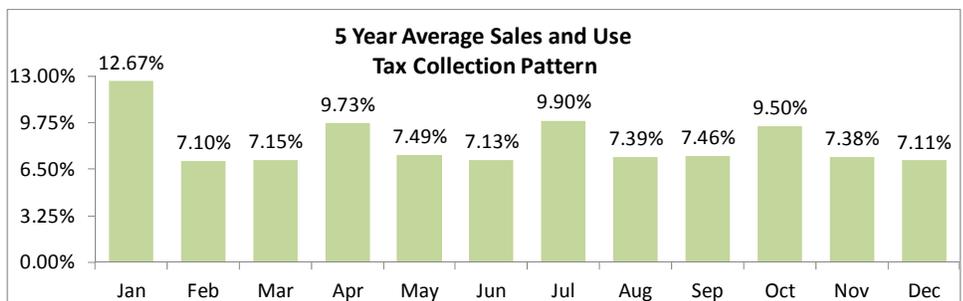


Sales and Use Taxes Analysis

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 July 2012 was \$13,727,899 while revenue year-to-date for July 2011 was \$13,251,659, an increase of \$476,240 or 3.6 percent.



Collections (cash basis) for July 2012 were \$2,270,971 while collections for July 2011 and July 2010 were \$2,337,206 and \$2,019,757 respectively. July 2012 collections were 2.8 percent or \$66,235 less than July 2011 collections and \$251,214 or 12.4 percent more than July 2010 collections.

Based on the last five years of sales tax collection data, year to date collections through July contribute 61.1 percent of the total year's sales tax collections; if this pattern holds this year, 38.9 percent is left to collect over the next six months. Based on collections through July, the City will collect an additional \$8,740,021 over the next six months for a total of \$22,467,920. Collections through July were 103.6 percent of last July's collections. If this were applied to the entire year, the total collected would be \$22,519,646; the average of the two forecasts is \$22,493,783.

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 July contribute 61.1 percent of the total year's sales tax collections. Based on historical collection patterns, the City should have collected \$13,512,342. At this time the collections are \$215,557 ahead of expectations.

Outside City sales and use tax collections through July totaled \$4,764,542 equaling a decrease of approximately \$467,163 from 2011.

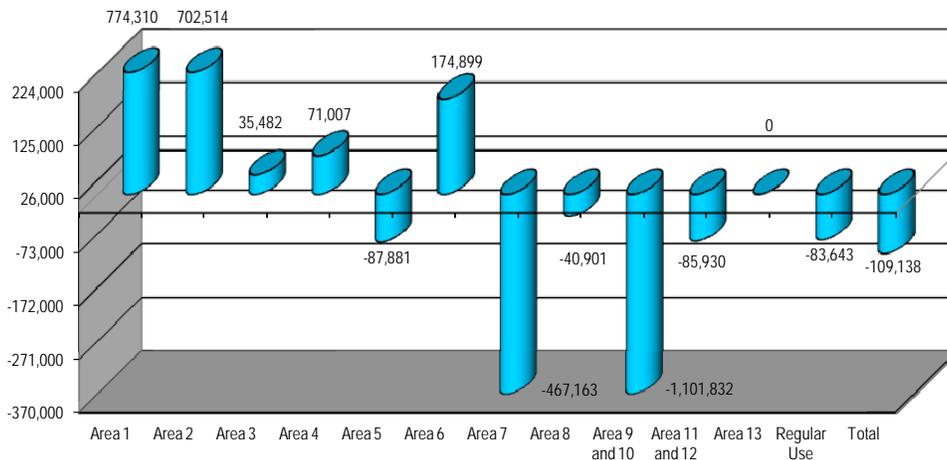
This revenue source tends to ebb and flow (often dramatically) with the economy, growing during economic expansions and contracting during downturns. The past three years of sales tax collections have been exceptionally erratic making it extremely difficult to make accurate short or long term forecasts. 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:

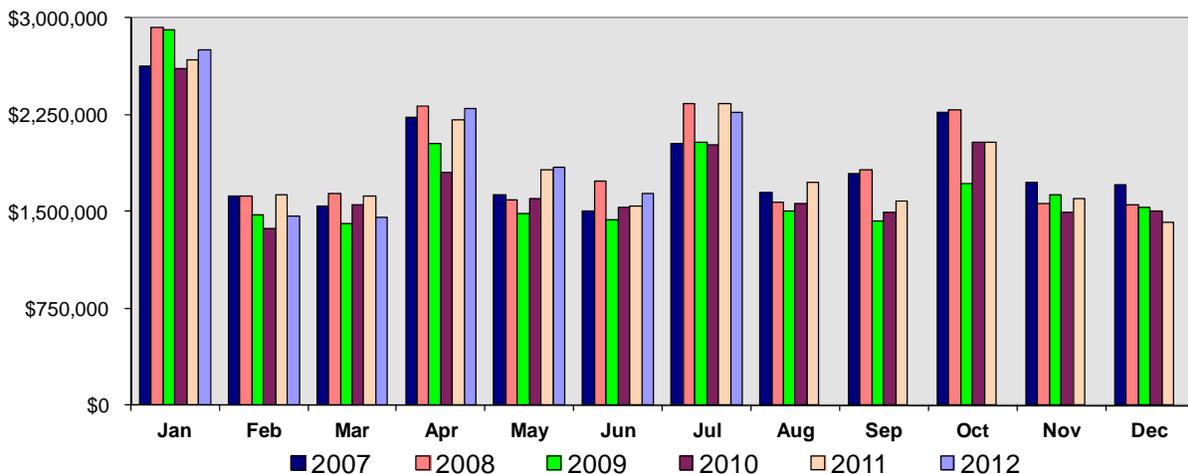
- Area 1 east boundary will change at Bannock St/Englewood Pkwy east to Acoma St south to Jefferson Ave/Hampden Ave/US 285
- Split the address down the middle of the streets for Area 2 and Area 3: Bannock St and Sherman St
- Split the address down the middle of the streets for Area 3 and Area 4: Belleview 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

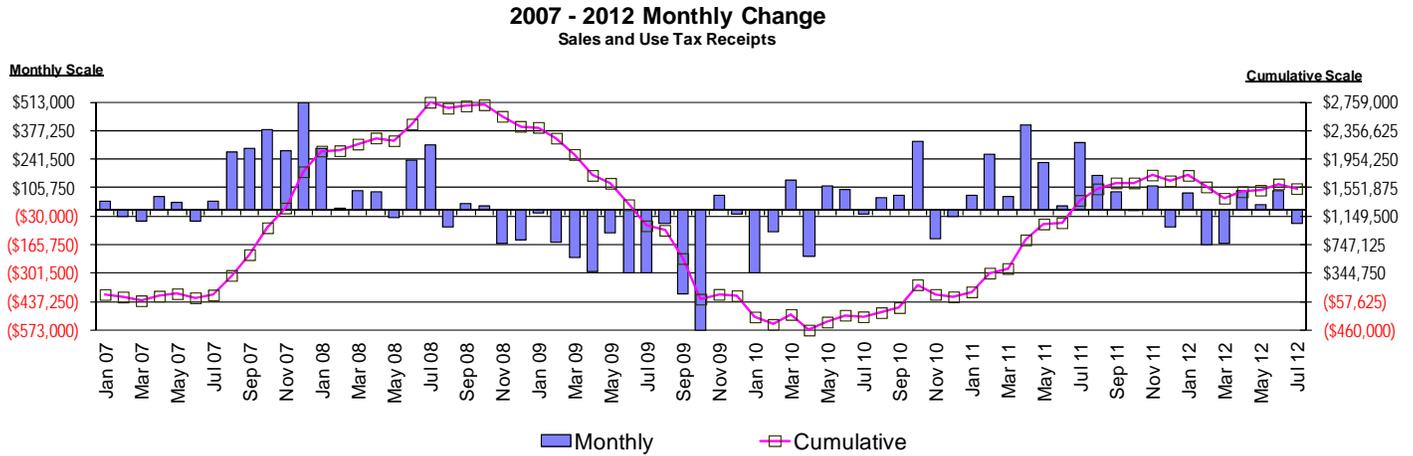


The bar graph below shows a comparison of monthly sales tax collections (cash basis) for 2007 through 2012.

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

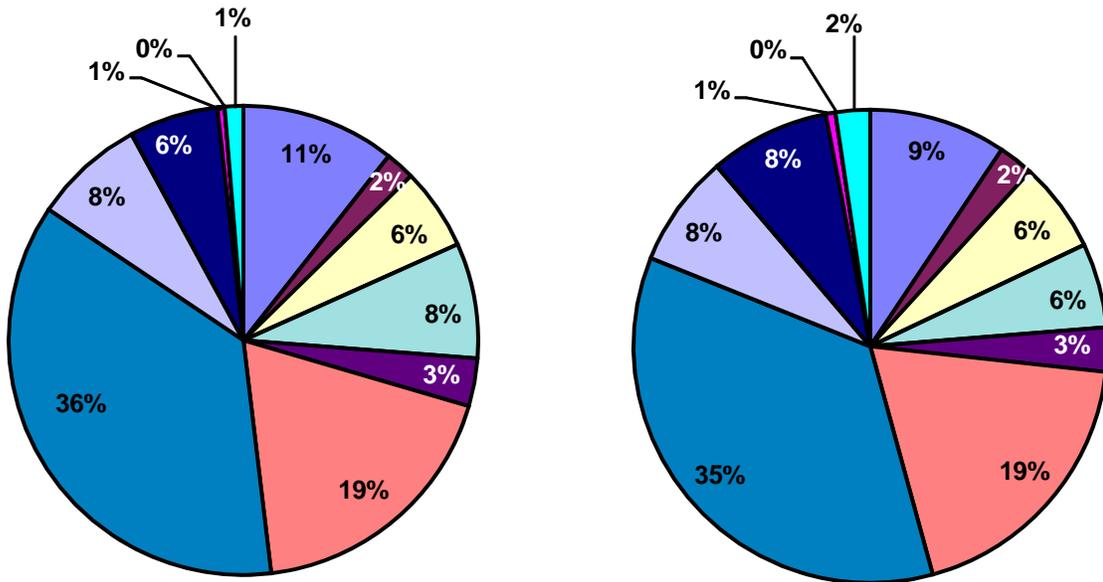


The next chart illustrates sales tax collections (cash basis) by month and cumulative for the years presented.



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 July. The importance

of Outside City has declined as a percentage of sales and use tax collections but it continues to remain an important impact on the City's General Fund as illustrated by the following:

	2008	2009	2010	2011	2012
Total Sales and Use Taxes	14,182,413	12,778,134	12,480,369	13,842,783	13,733,645
Outside City Collections	5,342,445	4,321,728	3,977,483	5,231,705	4,764,542
Percentage of Total	37.7%	33.8%	31.9%	37.8%	34.7%
Total General Fund Revenues	24,624,925	23,248,906	22,978,041	24,178,815	24,858,522
Outside City Collections	5,342,445	4,321,728	3,977,483	5,231,705	4,764,542
Percentage of Revenues	21.7%	18.6%	17.3%	21.6%	19.2%

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 \$95,482 in refunds including intercity sales/use tax claims through July 2012 compared to \$32,038 through July 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 July 2012 were four percent or \$40,901 less than July 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 July 2012, this compares to \$144,406 collected in 2011 and \$231,472 collected in 2010.

Of the 59 sales tax accounts reviewed in the various geographic areas, 37 (62.7 percent) showed improved collections and 22 (37.3 percent) showed reduced collections this year compared to the same period last year.

The Department issued 259 new sales tax licenses through July 2012; 262 and 248 were issued through July 2011 and 2010 respectively.

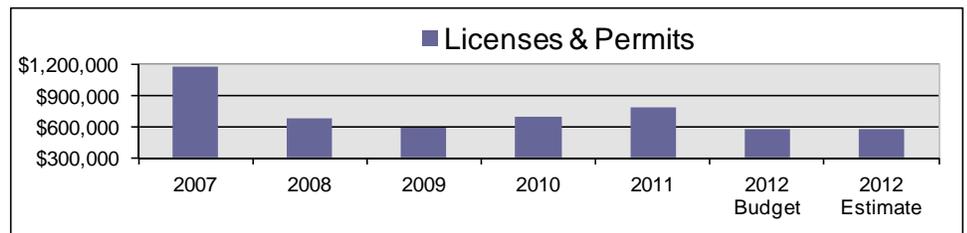
City records indicate that year-to-date 87 businesses closed (55 of them were outside the physical limits of Englewood) and 259 opened (168 of them were outside the physical limits of Englewood).

General Fund - Other Revenue

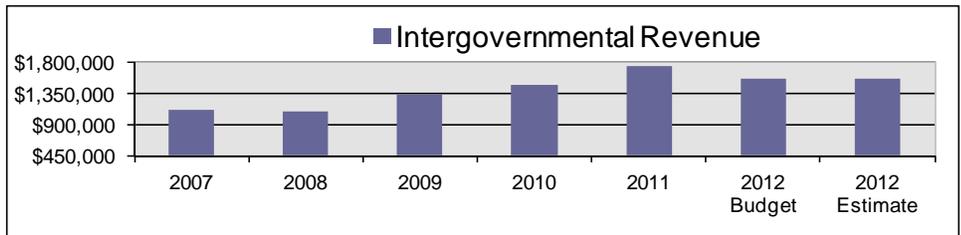
Other revenues accounted for \$10,497,214 or 27.4 percent of the total revenues for 2011; the City budgeted \$9,956,178 for 2012.

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

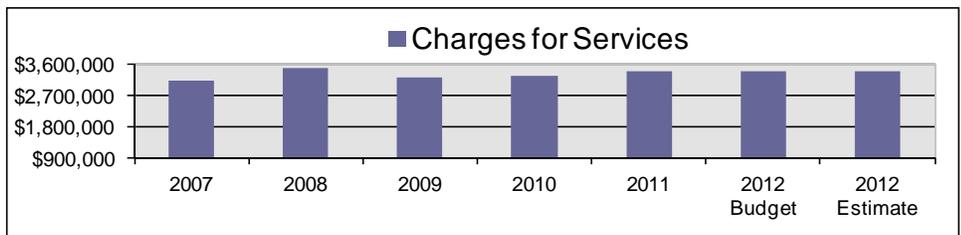
Licenses and Permits: This revenue category includes business and building licenses and permits. This revenue source generated \$778,536 during 2011 or two percent of total revenue and 7.4 percent of total other revenue. This revenue source totaled \$1,168,977 in 2007 and decreased to \$778,536 in 2011, a 33.4 percent decrease. The City budgeted \$574,025 for 2012 and year-to-date the City collected \$458,043 or \$26,830 (6.2 percent) more than the \$431,213 collected through July 2010. The estimate for the year is \$765,148.



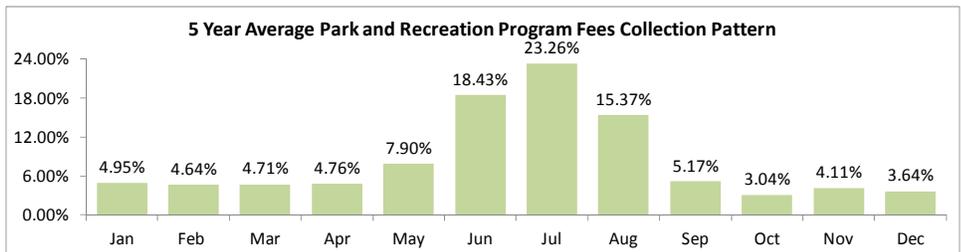
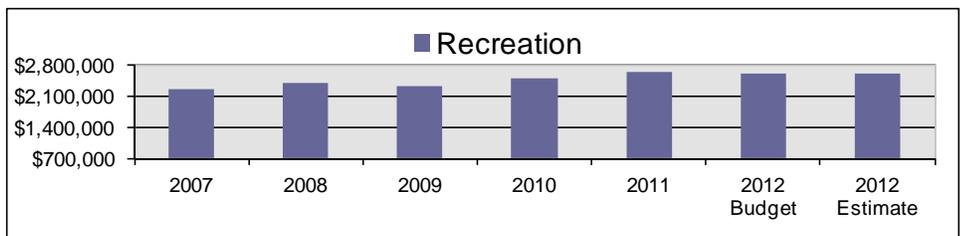
Intergovernmental Revenues: This revenue source includes state and federal shared revenues including payments in lieu of taxes. These revenues are budgeted at \$1,552,315 for 2012. This revenue source totaled \$1,106,280 in 2007 and the City collected \$1,724,807 in 2011, a 55.9 percent increase. The City collected \$1,042,288 through July 2012 this is \$86,238 (7.6 percent) less than the \$1,128,526 collected in the same period in 2011. The estimate for the year is \$1,979,903 (increased for Wild Land Fire and medic vehicle reimbursements).



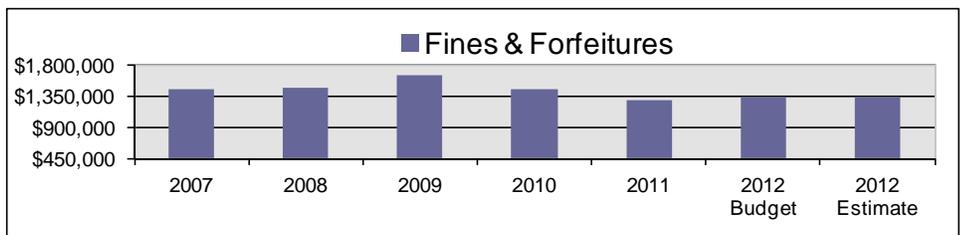
Charges for Services: This includes general government, public safety, fees for the administration of the utilities funds, court costs, highway and street and other charges. This revenue source is budgeted at \$3,399,722 for 2012. This revenue source totaled \$3,113,550 in 2007 and increased to \$3,384,318 in 2011, an 8.7 percent increase. Total collected year-to-date was \$1,826,188 or \$37,516 (two percent) less than the \$1,863,704 collected year-to-date in 2011. The estimate for the year is \$3,261,304.



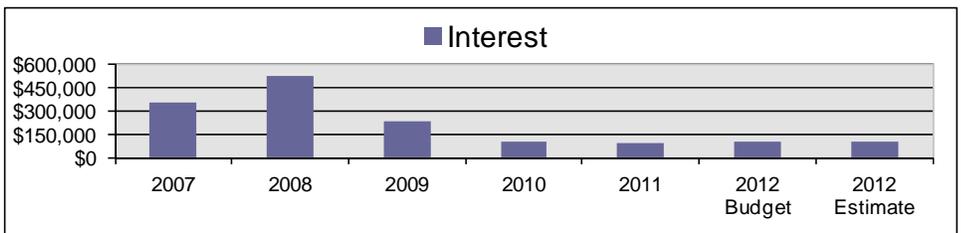
Recreation: This category of revenue includes the fees and charges collected from customers to participate in the various programs offered by the Parks and Recreation Department. This revenue source is budgeted at \$2,599,668 for 2012. This revenue source totaled \$2,235,938 in 2007 and increased to \$2,635,221 in 2011, a 17.9 percent increase. Total collections through July 2012 were \$1,865,310 compared to \$1,842,368 collected in 2011. The estimate for the year is \$2,609,701.



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 \$821,477 or \$75,801 (10.2 percent) more than the \$745,676 collected in the same time period last year. The estimate for the year is \$1,368,450.

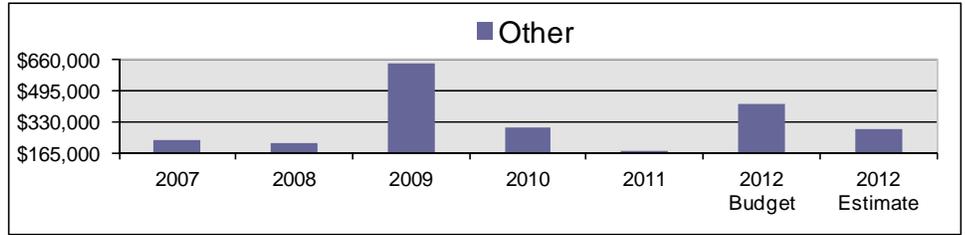


Interest: This is the amount earned on the City's cash investments. The 2012 budget for this source is \$100,000. This revenue source totaled \$411,516 in 2007 and decreased to \$91,864 in 2011, a 77.9 percent decrease. The City earned



\$57,575 through July 2012; while the City earned \$72,837 through July 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 \$233,409 (85.9 percent) more than the \$125,541 collected last year during the same period. The estimate for the year is \$339,307.



General Fund - Expenditures

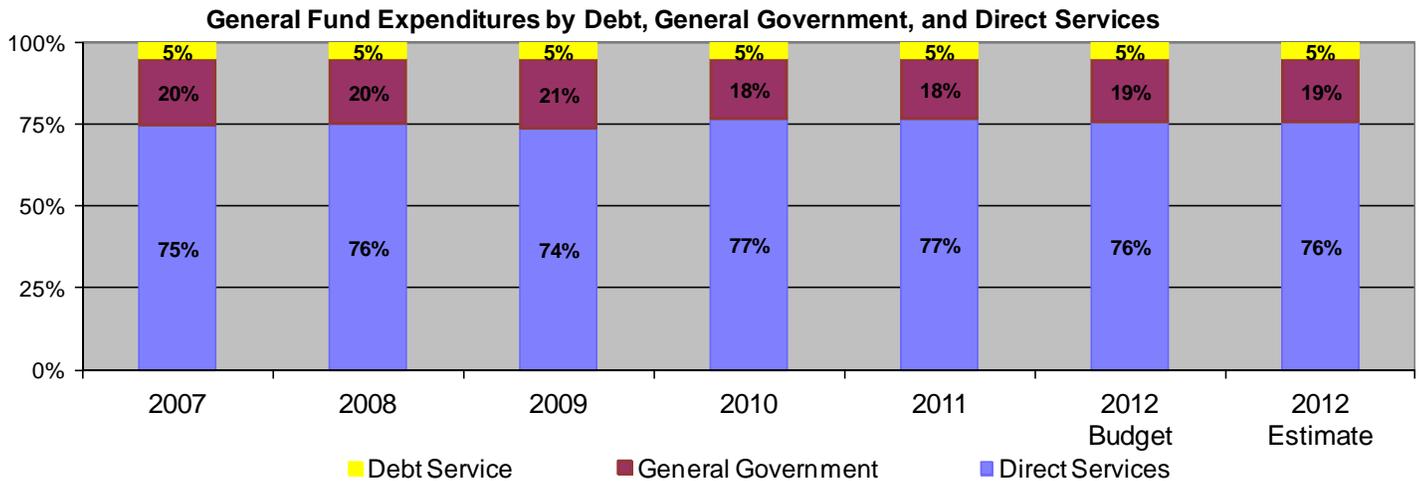
In 2006 the City adopted an outcome based budgeting philosophy. City Council and Staff outlined five outcomes to reflect, more appropriately, the desired result of the services delivered to the citizens of Englewood. The five outcomes identified are intended to depict Englewood as:

- ▶ 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 July were \$23,092,485 compared to \$22,662,669 in 2011 and \$22,585,829 in 2010.

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	337,748
City Manager	673,949	674,322	674,170	659,882	639,184	672,072	665,441
City Attorney	694,358	698,563	678,038	702,228	706,841	746,734	774,254
Municipal Court	890,152	915,303	914,494	901,469	848,775	974,417	949,982
Human Resources	557,855	579,136	456,275	419,422	430,792	470,910	461,343
Finance & Administrative Services	1,568,074	1,626,571	1,575,923	1,445,581	1,446,313	1,541,645	1,509,333
Information Technology	1,254,364	1,280,156	1,360,237	1,280,660	1,332,766	1,360,355	1,342,364
Community Development	1,412,444	1,464,725	1,366,437	1,301,473	1,359,264	1,478,398	1,448,798
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	7,639,263
Direct Services							
Public Works	5,421,774	5,189,173	5,152,891	5,137,364	5,259,875	5,436,637	5,327,838
Safety Services	16,497,359						
Police		9,974,925	10,183,890	10,312,633	10,395,239	10,921,455	11,075,974
Fire		7,215,444	7,320,268	7,425,903	7,666,842	7,711,732	8,031,634
Library	1,259,525	1,261,112	1,275,554	1,284,083	1,145,613	1,256,481	1,231,346
Parks and Recreation	5,566,094	5,916,449	5,727,968	5,811,809	5,717,147	5,834,425	5,704,923
Direct Services Subtotal	28,744,752	29,557,103	29,660,571	29,971,792	30,184,716	31,160,730	31,371,715
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	41,071,717
% Expenditure Change	5.73%	2.35%	2.01%	-2.25%	1.53%	3.68%	0.30%
Other Financing Uses							
Transfers Out	561,876	408,915	177,011	750,000	301,246	0	434,000
Total Other Financing Uses	561,876	408,915	177,011	750,000	301,246	0	434,000
Total Uses of Funds	38,682,474	39,424,113	39,974,986	39,651,342	39,797,514	40,949,793	41,505,717
% Uses of Funds Change	7.29%	1.92%	1.40%	-0.81%	0.37%	2.90%	1.36%

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

City of Englewood, Colorado

General Fund - Five Year Expenditure Comparison by Category

	Jul YTD 2012	YTD % Change	% of Total	Jul YTD 2011	YTD % Change	% of Total	Jul YTD 2010	YTD % Change	% of Total	Jul YTD 2009	YTD % Change	% of Total	Jul YTD 2008	% of Total
Personnel services														
Salaries and wages	11,865,363	0.420%	50.434%	11,815,264	-2.640%	52.014%	12,136,033	0.210%	52.006%	12,110,902	1.740%	51.696%	11,904,249	51.696%
Overtime	390,737	27.440%	1.661%	306,614	1.230%	1.350%	302,891	4.850%	1.298%	288,891	-12.330%	1.233%	329,505	1.233%
Benefits	3,799,468	0.080%	16.150%	3,796,488	-0.050%	16.713%	3,798,575	3.760%	16.278%	3,660,928	0.240%	15.627%	3,652,124	15.627%
Personnel services total	16,055,568	0.860%	68.245%	15,918,367	-1.970%	70.077%	16,237,500	1.100%	69.582%	16,060,721	1.100%	68.556%	15,885,878	68.556%
Commodities total	1,237,336	15.930%	5.259%	1,067,344	8.220%	4.699%	986,231	-4.540%	4.226%	1,033,149	-18.110%	4.410%	1,261,650	4.410%
Contractual services total	3,729,607	2.090%	15.853%	3,653,412	4.180%	16.083%	3,506,725	-2.370%	15.027%	3,591,910	6.350%	15.332%	3,377,453	15.332%
Capital total	464,551	36.470%	1.975%	340,400	-13.170%	1.499%	392,018	24.050%	1.680%	316,014	-3.580%	1.349%	327,759	1.349%
Total Expenditures	21,487,062	2.420%	91.331%	20,979,522	-0.680%	92.358%	21,122,473	0.570%	90.515%	21,001,794	0.710%	89.647%	20,852,740	89.647%
Debt service total	1,605,422	-4.620%	6.824%	1,683,147	15.020%	7.410%	1,463,372	1.030%	6.271%	1,448,422	8.340%	6.183%	1,336,927	6.183%
Other financing uses total	434,000	721.742%	1.845%	52,815	-92.960%	0.233%	750,000	-23.240%	3.214%	977,011	344.096%	4.170%	220,000	4.170%
Total Uses of Funds	23,526,484	3.570%	100.000%	22,715,484	-2.660%	100.000%	23,335,845	-0.390%	100.000%	23,427,227	4.540%	100.000%	22,409,667	100.000%
Annual Total	41,071,717	3.202%		39,797,514	0.369%		39,651,356	-0.810%		39,974,987	1.397%		39,424,113	
YTD % of Annual Total	57.281%			57.078%			58.853%			58.605%			56.843%	

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*	\$ -	\$ 312,726	\$ 396,130
Capital Project Funds			
Public Improvement Fund (PIF)	486,739	52,739	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>\$ 1,185,465</u>	<u>1,645,438</u>

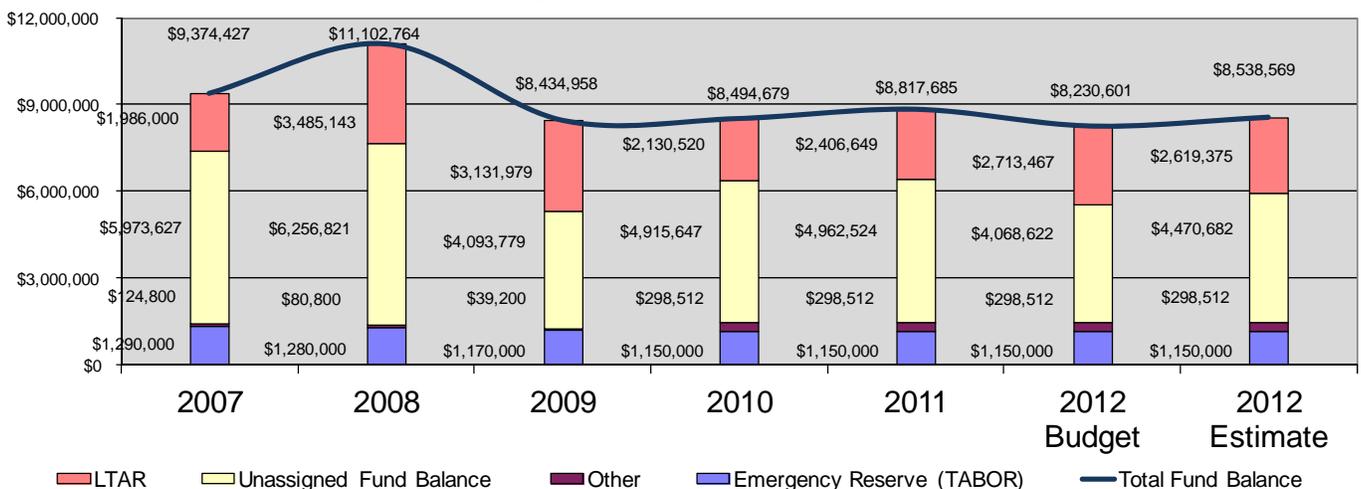
*In addition to the 2011 amount received (\$396,130) from the Neighborhood Stabilization Program (NSP) Fund, the NSP Fund returned \$47,052 in 2010 of the \$750,000 borrowed in this same year. All the funds borrowed by the NSP Fund in 2010 plus interest in the amount of \$5,908 have been repaid to the General Fund Long-Term Asset Reserve.

General Fund - Fund Balance

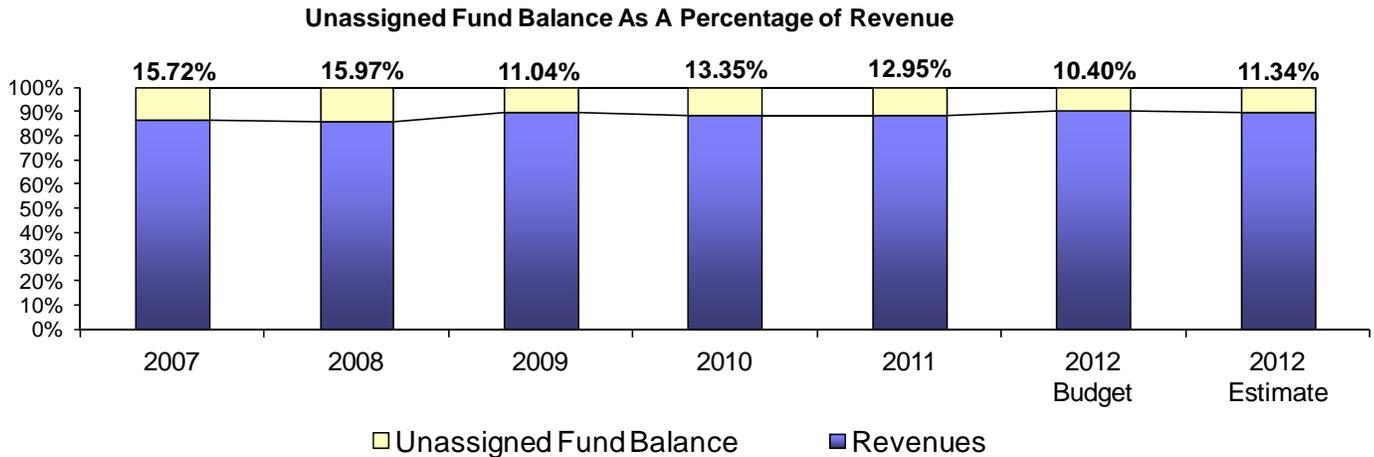
The City designates the fund balance into two categories, restricted and unrestricted. The portion of the fund balance which is restricted is referred to as the “Reserves” while the unrestricted portion is referred to as the unassigned fund balance. The unassigned fund balance represents funds the City 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 July 22, 2007, City Council discussed and directed staff to establish a General Fund reserve account to accumulate funds from the sale, lease, or earnings from long-term assets. It was also determined that these funds should be used in a careful, judicious and strategic manner. The funds restricted in this account are to be expended if the funds are appropriated in the annual budget or by supplemental appropriation. The balance at the end of July 2012 is \$2,619,375. Council reduced the LTAR balance by \$100,000 for improvements to the Little Dry Creek Plaza at the July 4, 2012 regular Council 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 \$8,538,569 with an unassigned fund balance of \$4,470,682 or 11.3 percent of estimated revenues or 10.9 percent of estimated expenditures. The \$4,470,682 would allow the City to operate for approximately 39.7 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) 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	\$ 1,697,249	\$ 611,659	56.34%	\$ 1,085,590	\$ 126,512	13.19%	\$ 959,078
YTD Expenditures	2,114,530	\$ (1,116,828)	(34.56%)	3,231,358	\$ 1,277,290	65.37%	1,954,068
Net Revenues (Expenditures)	\$ (417,281)	\$ 1,728,487		\$ (2,145,768)	\$ (1,150,778)		\$ (994,990)
Beginning PIF Fund Balance	\$ 934,251			\$ 2,686,457			\$ 1,515,399
Ending PIF Fund Balance Before Remaining Annual Revenue and Appropriation	\$ 516,970			\$ 540,689			\$ 520,409
Plus: Remaining Annual Revenue	667,916			727,144			757,244
Less: Remaining Annual Appropriation	(1,118,504)			(938,051)			(1,088,395)
Estimated Ending Fund Balance	\$ 66,382			\$ 329,782			\$ 189,258
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		2011 YTD Actual	2011 Vs 2010		2010 YTD Actual
				Amount	%		Amount	%	
Vehicle Use Tax	\$ 1,200,000	\$ 1,000,000	\$ 639,928	\$ 179,620	39%	\$ 460,308	\$ 21,861	5%	\$ 438,447
Building Use Tax	\$ 997,284	\$ 550,000	\$ 426,630	\$ 27,547	7%	\$ 399,083	\$ 105,794	36%	\$ 293,289
Arapahoe County Road and Bridge Tax	\$ 197,000	\$ 184,000	\$ 177,369	\$ 4,955	3%	\$ 172,413	\$ (485)	0%	\$ 172,898

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	24,472,861	23,092,484	(1,565,401)	4,161,979	4,470,682
Special Revenue Funds						
Conservation Trust	1,184,882	167,389	171,584	(1,170,612)	-	10,075
Open Space	1,367,255	136,138	183,320	(1,214,071)	-	106,003
Neighborhood Stabilization Program	408,432	664,404	385,951	(686,885)	-	-
Donors	380,622	159,120	55,594	-	-	484,148
Community Development	-	94,527	158,258	63,731	-	-
Malley Center Trust	279,038	2,277	(18)	-	-	281,333
Parks & Recreation Trust	451,714	9,835	5,799	-	-	455,750
Debt Service Fund						
General Obligation Bond	154,267	815,336	153,376	-	-	816,227
Capital Projects Funds						
PIF	934,251	1,263,249	697,289	(1,433,828)	-	66,382
MYCP	827,183	4,652	196,427	(659,017)	-	(23,609)
Proprietary Fund Types (Funds Available Balance)						
Enterprise Funds						
Water	7,426,594	4,101,939	4,813,482	6,875,782	-	13,590,834
Sewer	5,306,200	9,564,396	10,446,470	-	1,000,000	3,424,126
Stormwater Drainage	990,801	219,822	101,769	2,485	102,500	1,008,839
Golf Course	735,144	1,314,168	1,024,878	-	293,500	730,934
Concrete Utility	338,297	557,015	364,272	-	-	531,040
Housing Rehabilitation	489,000	127,294	74,377	(117,233)	-	424,684
Internal Service Funds						
Central Services	151,323	204,595	171,355	-	-	184,563
ServiCenter	993,875	1,368,541	1,159,300	(100,000)	-	1,103,116
CERF	1,538,025	453,026	733,750	-	-	1,257,301
Employee Benefits	4,936	3,180,227	3,415,749	-	-	(230,585)
Risk Management	1,101,326	1,196,150	824,871	(720,000)	-	752,605

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 July 31, 2012

Percentage of Year Completed = 58%

Fund Balance January 1	\$ 8,753,654	\$ 8,817,685	\$ 8,817,685	\$ 8,494,679	\$ 8,494,679	\$ 9,234,957	\$ 9,234,957			
Revenues	2012				2011			2010		
	Budget	Jul-12	% Budget	YE Estimate	Dec-11	Jul-11	% YTD	Dec-10	Jul-10	% YTD
Property Tax	2,880,000	2,744,620	95.30%	2,880,000	2,994,213	2,877,108	96.09%	3,020,884	2,877,426	95.25%
Specific Ownership Tax	250,000	122,327	48.93%	230,000	246,062	126,813	51.54%	263,434	137,143	52.06%
Sales & Use Taxes	22,115,126	13,727,899	62.07%	22,115,126	21,737,110	13,251,659	60.96%	20,866,515	12,506,300	59.93%
Cigarette Tax	190,000	103,807	54.64%	184,000	190,763	105,325	55.21%	196,320	110,207	56.14%
Franchise Fees	3,056,938	1,464,153	47.90%	3,067,552	2,631,393	1,373,802	52.21%	2,620,191	1,408,199	53.74%
Hotel/Motel Tax	8,713	5,765	66.17%	9,000	9,820	5,414	55.13%	8,806	5,082	57.71%
Licenses & Permits	574,025	458,043	79.79%	765,148	778,536	431,213	55.39%	695,563	386,348	55.54%
Intergovernmental Revenue	1,552,315	1,042,288	67.14%	1,979,903	1,724,807	1,128,526	65.43%	1,465,970	749,112	51.10%
Charges for Services	3,399,722	1,826,188	53.72%	3,261,304	3,384,318	1,863,704	55.07%	3,254,830	1,827,563	56.15%
Recreation	2,599,668	1,865,310	71.75%	2,609,701	2,635,221	1,842,368	69.91%	2,489,781	1,705,275	68.49%
Fines & Forfeitures	1,318,450	821,477	62.31%	1,368,450	1,284,758	745,676	58.04%	1,437,957	906,009	63.01%
Interest	100,000	57,575	57.58%	100,000	91,034	72,837	80.01%	100,545	98,592	98.06%
EMRF Rents	663,046	385,661	58.17%	497,645	425,159	228,829	53.82%	105,125	40,000	38.05%
Miscellaneous	411,998	233,409	56.65%	339,307	173,381	125,541	72.41%	293,658	220,785	75.18%
Total Revenues	39,120,001	24,858,522	63.54%	39,407,136	38,306,575	24,178,815	63.12%	36,819,579	22,978,041	62.41%
Expenditures										
Legislation	333,793	165,358	49.54%	337,748	298,731	160,622	53.77%	309,870	206,986	66.80%
City Attorney	746,734	394,050	52.77%	774,254	706,841	375,193	53.08%	702,228	401,475	57.17%
Court	974,417	473,058	48.55%	949,982	848,775	465,857	54.89%	901,469	514,859	57.11%
City Manager	672,072	375,771	55.91%	665,441	639,184	372,688	58.31%	659,882	392,640	59.50%
Human Resources	470,910	253,608	53.85%	461,343	430,792	229,851	53.36%	419,421	213,104	50.81%
Financial Services	1,541,645	821,073	53.26%	1,509,333	1,446,313	806,666	55.77%	1,445,581	831,106	57.49%
Information Technology	1,360,355	722,625	53.12%	1,342,364	1,332,766	767,454	57.58%	1,280,660	687,619	53.69%
Public Works	5,436,637	2,996,888	55.12%	5,327,838	5,259,875	2,883,889	54.83%	5,137,364	2,923,602	56.91%
Fire Department	7,711,732	4,565,454	59.20%	8,031,634	7,666,842	4,281,701	55.85%	7,425,903	4,195,278	56.50%
Police Department	10,921,455	6,111,625	55.96%	11,075,974	10,395,239	5,848,041	56.26%	10,312,633	5,917,417	57.38%
Community Development	1,478,398	713,301	48.25%	1,448,798	1,359,264	748,001	55.03%	1,301,473	686,342	52.74%
Library	1,256,481	640,359	50.96%	1,231,346	1,145,613	652,115	56.92%	1,284,083	753,518	58.68%
Recreation	5,834,425	3,195,082	54.76%	5,704,923	5,717,147	3,290,903	57.56%	5,811,809	3,383,225	58.21%
Debt Service	2,060,739	1,607,027	77.98%	2,060,739	2,096,463	1,683,641	80.31%	1,860,827	1,465,742	78.77%
Contingency	150,000	57,206	38.14%	150,000	152,423	96,047	63.01%	48,139	12,916	26.83%
Total Expenditures	40,949,793	23,092,485	56.39%	41,071,717	39,496,268	22,662,669	57.38%	38,901,342	22,585,829	58.06%
Excess revenues over (under) expenditures	(1,829,792)	1,766,037	-96.52%	(1,664,581)	(1,189,693)	1,516,146		(2,081,763)	392,212	
Net transfers in (out)	1,306,739	1,185,465	90.72%	1,385,465	1,512,699	1,450,575	95.89%	1,341,485	1,094,433	81.58%
Total Fund Balance	\$ 8,230,601	\$ 11,769,187	142.99%	\$ 8,538,569	\$ 8,817,685	\$ 11,461,400	129.98%	\$ 8,494,679	\$ 10,721,602	126.22%

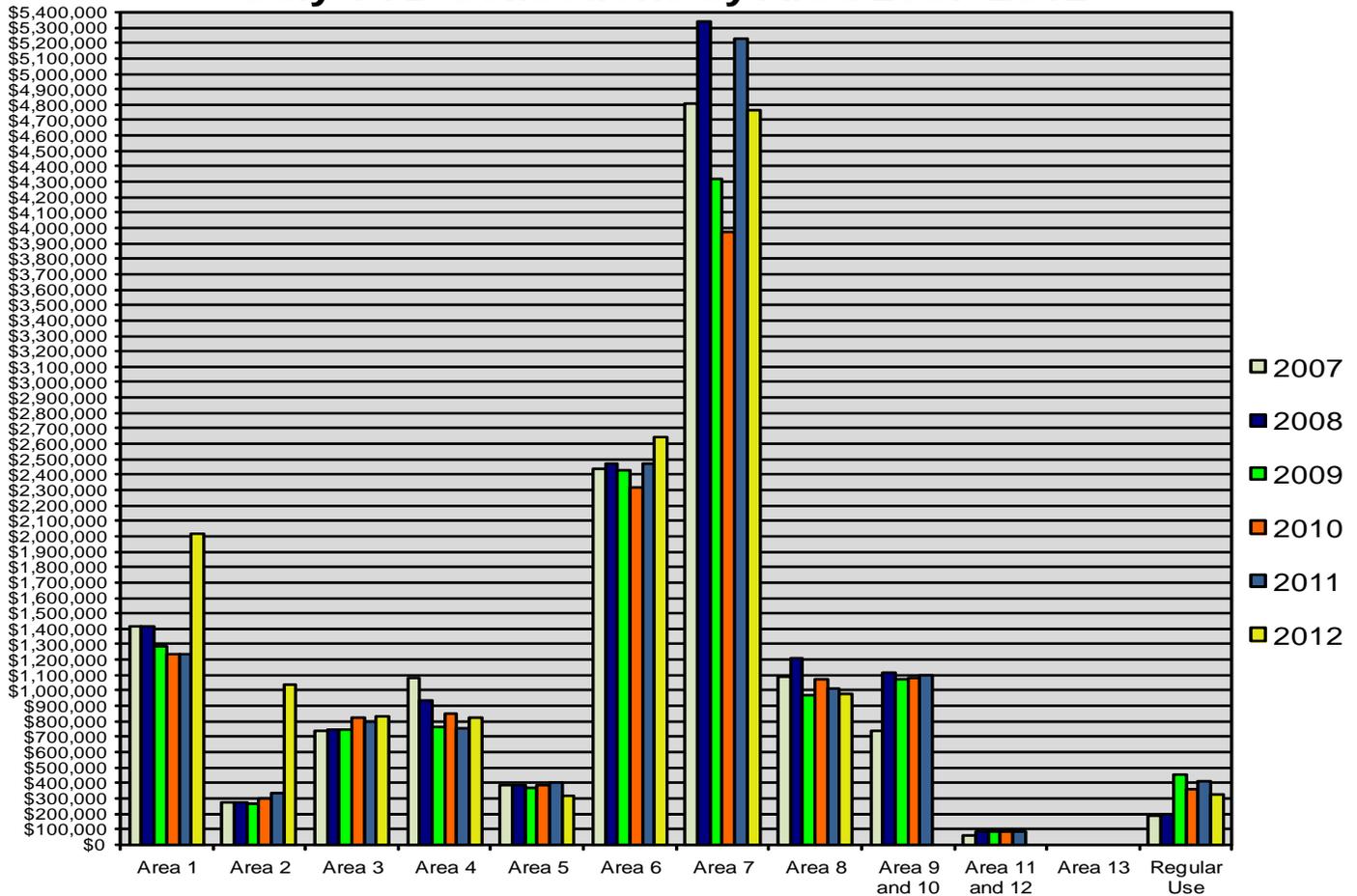
Fund Balance Analysis										
Total Fund Balance	\$ 8,230,601	\$ 11,769,187	\$ 8,538,569	\$ 8,817,685	\$ 8,494,679					
Restricted Fund Balance										
-Emergencies (TABOR)	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000					
Committed Fund Balance										
-LTAR	2,713,467	2,619,375	2,619,375	2,406,649	2,130,520					
-COPS Grant	298,512	298,512	298,512	298,512	298,512					
Restricted/Committed	\$ 4,161,979	\$ 4,067,887	\$ 4,067,887	\$ 3,855,161	\$ 3,579,032					
Estimated Unassigned Fund Balance	\$ 4,068,622	\$ 7,701,300	\$ 4,470,682	\$ 4,962,524	\$ 4,915,647					
As a percentage of projected revenues	10.32%		11.34%	12.95%	13.35%					
As a percentage of budgeted revenues	10.40%		11.43%							
Target	3,912,000	-	5,868,000							

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

Cash Basis

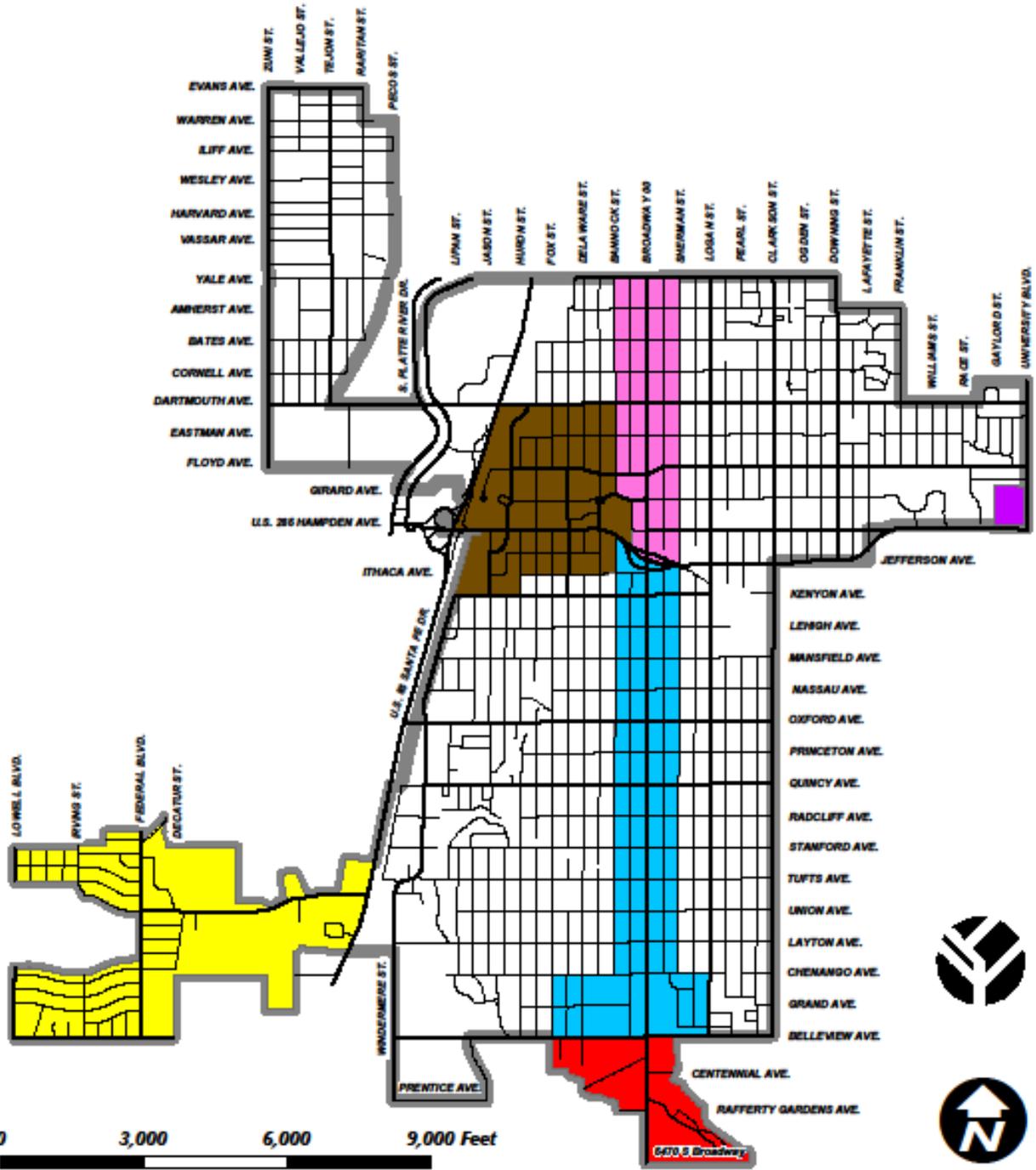
	2007	% Change	2008	% Change	2009	% Change	2010	% Change	2011	% Change	2012	% Change
Area 1	1,412,125	-42.60%	1,414,491	0.17%	1,291,209	-8.56%	1,238,494	-12.44%	1,238,596	0.01%	2,012,905	62.52%
Area 2	271,702	-32.03%	273,221	0.56%	266,644	-1.86%	295,759	8.25%	332,119	12.29%	1,034,633	211.53%
Area 3	735,026	-35.65%	747,182	1.65%	749,432	1.96%	820,985	9.88%	798,990	-2.68%	834,472	4.44%
Area 4	1,080,337	-36.71%	935,346	-13.42%	763,817	-29.30%	848,513	-9.28%	754,936	-11.03%	825,943	9.41%
Area 5	382,745	-43.19%	388,177	1.42%	367,198	-4.06%	382,829	-1.38%	404,602	5.69%	316,721	-21.72%
Area 6	2,437,549	-38.66%	2,472,379	1.43%	2,429,979	-0.31%	2,320,037	-6.16%	2,470,034	6.47%	2,644,933	7.08%
Area 7	4,809,869	-33.68%	5,342,445	11.07%	4,321,728	-10.15%	3,977,483	-25.55%	5,231,705	31.53%	4,764,542	-8.93%
Area 8	1,085,330	-39.65%	1,208,577	11.36%	972,303	-10.41%	1,071,535	-11.34%	1,015,659	-5.21%	974,758	-4.03%
Area 9 and 10	739,964	-3.25%	1,112,624	50.36%	1,074,864	-3.39%	1,078,802	0.37%	1,101,832	2.13%	0	-100.00%
Area 11 and 12	61,190	-1.70%	88,931	45.34%	84,532	-4.95%	84,498	-0.04%	85,930	1.69%	0	-100.00%
Area 13									0	0.00%	0	0.00%
Regular Use	185,174	-45.56%	199,040	7.49%	456,428	146.49%	361,433	81.59%	408,382	12.99%	324,738	-20.48%
Total	13,201,013	-35.84%	14,182,413	7.43%	12,778,134	-3.20%	12,480,369	-12.00%	13,842,783	10.92%	13,733,645	-0.79%
Refunds	150,876	-50.89%	309,764	105.31%	69,371	-77.61%	197,731	185.03%	32,038	-83.80%	100,318	213.12%
Audit & Collections Revenue*	296,017	-32.22%	374,073	26.37%	402,137	7.50%	288,507	-28.26%	146,649	-49.17%	99,576	-32.10%
*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	744,127	-12.40%	585,345	-21.34%	185,789	-68.26%	293,289	57.86%	399,083	36.07%	426,630	6.90%
Vehicle Use	811,644	-35.07%	772,550	-4.82%	548,700	-28.98%	525,884	-4.16%	530,995	0.97%	748,103	40.89%

July 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 4 | Arterials and Collectors |
| Area 2* | Area 5 | Local Streets |
| Area 3 | Area 13 | 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: August 9, 2012
SUBJECT: 2012 Budget and 2013 Proposed Budget

Mayor and Members of the City Council,

Attached you will find a memorandum from the Finance and Administrative Services Director Frank Gryglewicz providing detailed information about the 2012 and 2013 budgets. This information is a result of many hours of work by department directors and employees to develop best estimates and potential changes in service delivery that will need to be made for the approval of the 2013 Budget.

The choices for the 2013 Budget will be very difficult to make because of our limited revenue base and increasing personnel and pension costs. In addition, increasing operating expenditures and new demands for City services will make the deliberation about the 2013 Budget very challenging.

Expenditure Reductions

In the preparation for the 2013 Budget, I have asked all department directors to find ways to reduce their 2012 and 2013 budgets by 2%. Most department directors have been able to comply with this requirement and all of the departments will be able to provide information about how this reduction has affected their proposed budgets at the upcoming meeting on Monday evening, August 13, 2012.

General Fund Revenues

As we have informed City Council throughout the last six months, sales tax and general revenues have stabilized. While, at least, we have not seen a major reduction in revenues and are still optimistic that we will meet our projected revenues for 2012, the lack of growth (especially sales tax) is a cause for concern. Fortunately, the City has seen a recent rebound in development proposals and with the addition of new projects (like the Kent Place and the King Soopers remodel) and residential development projects, the City is beginning to see increases in the use taxes and fees, which supports the General Fund and the Public Improvements Fund (PIF). The Finance Department estimates that the City's proposed tax revenues from the PIF will increase by approximately \$1.9 million.

Proposed method to achieve a balanced budget with a 10% Reserve for the 2013

As the City Council reviews the information provided by our Departments, the critical choices that City Council will need to consider involve the transfer of one-time sources of revenue from the Risk Management Fund, Public Improvements Fund, Service Center Fund, Central Services Fund, cost reductions from Community Development and increasing deductibles in the City's Health Benefit. In addition, some personnel reductions will be required to meet the goal of a balanced budget with a 10% unreserved and unrestricted General Fund.

We look forward to the Council review on Monday, August 13, 2012. Staff is prepared to discuss the issues and options that will be affecting their departments. Again, we look forward to City Council's review and consideration of the budget options as we prepare the 2013 Preliminary Budget.

Cc: City Attorney Dan Brotzman
Departmental Directors

Memorandum

To: Gary Sears, City Manager and Mike Flaherty, Deputy City Manager
From: Frank Gryglewicz, Director of Finance and Administrative Services
Date: August 7, 2012
Re: 2012 Budget Estimate/ Proposed 2013 Budget Information

The 2013 Proposed Budget for the General Fund currently projects a \$1,149,075 funding gap to meet the ten percent unassigned fund balance. By implementing the budget recommendations listed below and personnel savings, the 2013 Proposed General Fund Budget provides for the planned pay raises, incurs no furlough days, provides for all of the pension increases, and achieves an unassigned fund balance of approximately ten percent.

A number of one-time fund transfers are available for Council's consideration. These transfers may not be available in future years and are not considered sustainable. The following is a summary of **savings that do not impact staffing levels**, maintain services levels and retain an adequate fund balance for 2012 and 2013:

Cost Savings and/or Transfers for consideration or **Already Included** in the 2013 Proposed General Fund Budget (attached):

- **Risk Management Fund Transfer** - \$200,000 (General Fund would be responsible for funding claims until the Risk Management Fund Balance is built up to adequate levels)
- **ServiCenter Fund Transfer** - \$100,000
- **Central Services Fund Transfer** - \$50,000
- **Community Development** – Professional Service Expenditure Reduction - \$50,000 (Reduce the Scope of the Comprehensive Plan Update)
- **Health Deductible Increase Savings (decision not final or in 2013 proposed)** - \$145,000
- **Long Term Asset Reserve (2012)** - transfer \$334,000 from LTAR balance to General Fund Unassigned Fund Balance for the amount used for 2012 road improvements. The funds were transferred from the General Fund to the Public Improvement Fund (Council Approval Required)
- **Public Improvement Fund Transfer (2013)** - \$500,000 (Council Approval Required)
- City staff has identified potential **personnel saving choices** for the 2013 budget and beyond that could make up the \$170,075.

<u>General Fund - 2013 Proposed Budget</u>		% of Revenue
Estimated Unassigned Fund Balance - 12/31/2013	\$ 2,764,588	7.06%
Health Insurance Savings	145,000	
Personnel saving choices	170,075	
<u>Adjustments for Council's Approval</u>		
Long Term Asset Reserve Transfer	334,000	
Public Improvement Fund Transfer	500,000	
Adjustment Subtotal	<u>1,149,075</u>	
Adjusted Estimated Unassigned Fund Balance - 12/31/2013	<u>\$ 3,913,663</u>	10.00%

City staff has estimated the Public Improvement Fund will collect close to \$2 million in building use tax in 2013.

Staff requests Council consider a dedicated mill levy for specific services/uses (police, fire, infrastructure, etc.). This request will require a TABOR ballot question for voter consideration in November 2013.

The City's general mill levy has not increased in more than 20 years. The 5.880 mill levy is budgeted to provide \$2,880,000 in revenue to the General Fund for 2012. One mill generates approximately \$490,000.

The attached General Fund Budget Statement of Revenue, Expenditure and Changes in Fund Balance illustrates 2012 Estimated Actual and 2013 Proposed Budget information for Council's review.

Attachment

General Fund Budget

Statement of Revenue, Expenditure and Changes in Fund Balance

8/9/2012
3:53 PM

	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2012</i>	<i>2013</i>
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Adopted</i>	<i>Estimated</i>	<i>Proposed</i>
						<i>Budget</i>	<i>Actual</i>	<i>Budget</i>
Beginning Fund Balance	\$ 7,143,302	\$ 9,374,427	\$ 11,102,763	\$ 9,234,957	\$ 8,494,679	\$ 8,753,654	\$ 8,817,685	\$ 8,538,569
Sources of Funds								
Property Tax	2,623,118	2,995,990	2,971,303	3,020,884	2,994,213	2,880,000	2,880,000	2,880,000
Specific Ownership Tax	341,423	316,242	276,414	263,434	246,062	250,000	230,000	230,000
Sales & Use Taxes	22,753,820	22,617,767	20,624,659	20,866,515	21,737,110	22,115,126	22,115,126	22,336,277
Cigarette Tax	278,785	261,743	218,449	196,320	190,762	190,000	184,000	184,000
Franchise Fees	2,356,385	2,588,214	2,452,611	2,620,191	2,631,393	3,056,938	3,067,552	3,067,552
Hotel/Motel Tax	9,722	10,078	9,140	8,806	9,820	8,713	9,000	9,000
Licenses & Permits	1,168,977	671,609	588,328	695,563	778,536	574,025	765,148	767,153
Intergovernmental Revenue	1,106,280	1,079,285	1,319,282	1,465,970	1,724,807	1,552,315	1,979,903	1,442,129
Charges for Services	3,113,550	3,476,583	3,185,443	3,254,830	3,384,317	3,392,567	3,261,304	3,270,618
Recreation Program Fees	2,235,938	2,364,758	2,315,598	2,489,781	2,635,221	2,599,668	2,609,701	2,629,173
Library Fines	21,691	22,746	21,370	21,923	19,884	20,000	20,000	20,000
Fines & Forfeitures	1,423,950	1,438,354	1,618,308	1,416,034	1,264,875	1,298,450	1,348,450	1,348,450
Interest Income	411,516	520,325	230,000	100,545	91,034	100,000	100,000	100,000
Other	166,247	215,823	635,982	293,658	173,382	419,153	339,307	163,449
Contribution from Component Units	-	599,143	611,837	105,125	425,159	663,046	497,645	688,830
Total Revenue	38,011,402	39,178,660	37,078,724	36,819,579	38,306,575	39,120,001	39,407,136	39,136,631
Other Financing Sources	2,902,197	1,973,789	1,028,456	2,091,485	1,813,945	1,306,739	1,819,465	639,574
Total Sources of Funds	40,913,599	41,152,449	38,107,180	38,911,064	40,120,520	40,426,740	41,226,601	39,776,205
Uses of Funds								
Legislation	323,964	350,254	346,044	309,870	298,731	333,793	337,748	330,436
City Manager's Office	673,949	674,322	674,170	659,882	639,184	672,072	665,441	681,142
City Attorney's Office	694,358	698,563	678,038	702,228	706,841	746,734	774,254	784,842
Municipal Court	890,152	915,303	914,494	901,469	848,775	974,417	949,982	966,572
Human Resources	557,855	579,136	456,275	419,421	430,792	470,910	461,343	482,277
Finance & Administrative Services	1,568,074	1,626,571	1,575,923	1,445,581	1,446,313	1,541,645	1,509,333	1,587,203
Information Technology	1,254,364	1,280,156	1,360,237	1,280,660	1,332,766	1,360,355	1,342,364	1,342,830
Community Development	1,412,444	1,464,725	1,366,437	1,301,473	1,359,264	1,478,398	1,448,798	1,397,905
Public Works	5,421,774	5,189,173	5,152,891	5,137,364	5,259,875	5,436,637	5,327,838	5,327,823
Safety Services	16,497,359							
Police		9,974,925	10,183,890	10,312,633	10,395,239	10,921,455	11,075,974	11,310,645
Fire		7,215,444	7,320,268	7,425,903	7,666,842	7,711,732	8,031,634	8,012,012
Library Services	1,259,525	1,261,112	1,275,554	1,284,083	1,145,613	1,256,481	1,231,346	1,254,098
Parks & Recreation Services	5,566,094	5,916,449	5,727,968	5,811,809	5,717,147	5,834,425	5,704,923	5,791,940
Departments Expenditure Subtotal	36,119,912	37,146,133	37,032,189	36,992,376	37,247,382	38,739,054	38,860,978	39,269,725
Contribution to Component Units	-	-	800,000	-	-	-	-	-
Contingencies	130,925	59,759	160,578	48,139	152,423	150,000	150,000	150,000
Debt Service-Civic Center	1,578,281	1,575,850	1,571,752	1,570,705	1,658,857	1,574,000	1,574,000	1,573,000
Debt Service-Other	291,480	233,456	233,456	290,122	437,606	486,739	486,739	489,574
Other Expenditure Subtotal	2,000,686	1,869,065	2,765,786	1,908,966	2,248,886	2,210,739	2,210,739	2,212,574
Total Expenditure	38,120,598	39,015,198	39,797,975	38,901,342	39,496,268	40,949,793	41,071,717	41,482,299
Other Financing Uses	561,876	408,915	177,011	750,000	301,246	-	434,000	-
Total Uses of Funds	38,682,474	39,424,113	39,974,986	39,651,342	39,797,514	40,949,793	41,505,717	41,482,299
Net Sources (Uses) of Funds	2,231,125	1,728,336	(1,867,806)	(740,278)	323,006	(523,053)	(279,116)	(1,706,094)
Fund Balance Before Allocation	9,374,427	11,102,763	9,234,957	8,494,679	8,817,685	8,230,601	8,538,569	6,832,475
Restricted-TABOR Emergency Reserve	1,290,000	1,280,000	1,170,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000
Committed-LTAR	2,428,312	3,485,143	3,131,979	2,130,520	2,406,649	2,713,467	2,619,375	2,619,375
Committed-Contractual Reserve	124,800	80,800	39,200	298,512	298,512	298,512	298,512	298,512
Allocated Fund Balance	3,843,112	4,845,943	4,341,179	3,579,032	3,855,161	4,161,979	4,067,887	4,067,887
Unassigned Fund Balance	\$ 5,531,315	\$ 6,256,820	\$ 4,893,778	\$ 4,915,647	\$ 4,962,524	\$ 4,068,622	\$ 4,470,682	\$ 2,764,588
Unassigned Fund Balance as a percentage of Total Revenue	14.55%	15.97%	13.20%	13.35%	12.95%	10.40%	11.34%	7.06%
Fund Balance Before Assignment as a percentage of Total Revenue	24.66%	28.34%	24.91%	23.07%	23.02%	21.04%	21.67%	17.46%
Fund Balance Before Assignment as a percentage of Total Expenditures	24.59%	28.46%	23.20%	21.84%	22.33%	20.10%	20.79%	16.47%
10% Unreserved FB Funding Gap	-	-	-	-	-	-	-	(1,149,075)