



The following financial report analysis offers readers a narrative overview of the financial activities of the City for the period ended December 31, 2011; this period will be referred to as Year-to-Date (YTD) throughout this document. The monthly financial statement package includes statements for the following funds: General Fund, Land Use Fund, Capital Improvement Fund, Conservation Trust Fund, Open Space Fund, General Improvement District Funds, and the Centennial Urban Redevelopment Authority Fund. Readers are encouraged to consider the information presented here in conjunction with the unaudited financial statements attached to this report. In addition, please refer to the Executive Summary in the 2011 Annual Budget for an explanation of 2011 budget variances compared to the 2010 Adopted Budget.

Summary of the December, 2011 YTD Financial Statements

GENERAL FUND – COMPARISON TO PRIOR YEAR FOR THE SAME PERIOD

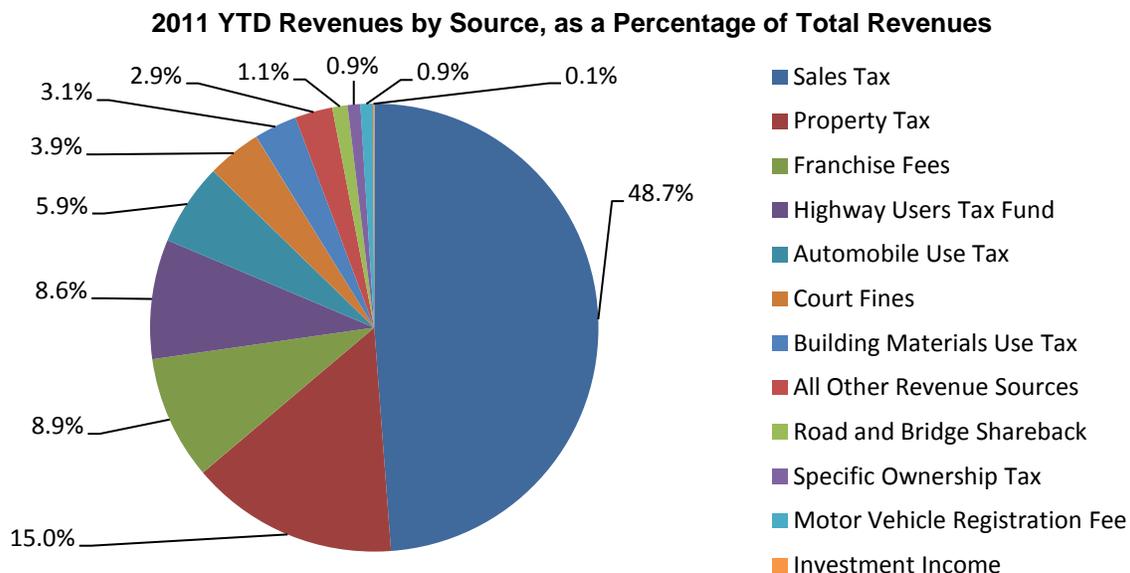
Revenues

The following table is a summary comparison of the primary revenue sources YTD for 2010 and 2011:

(dollar amounts in millions)

	YTD 2011	YTD 2010	\$ Variance	% Variance
Retail Sales Tax	\$ 26.0	\$ 20.1	\$ 5.9	29.3%
Property Tax	8.0	8.0	-	-0.5%
Building Materials Use Tax	1.7	2.1	(0.4)	-18.6%
Highway Users Tax Fund	4.6	4.3	0.3	6.3%
Franchise Fees	4.7	4.6	0.1	2.1%
Specific Ownership Tax	0.5	0.5	-	-4.7%
Motor Vehicle Registration Fees	0.5	0.5	-	-1.5%
Automobile Use Tax	3.2	3.1	0.1	3.7%
Road and Bridge Shareback	0.6	0.6	-	1.0%
Court Fines	2.1	2.3	(0.2)	-7.3%
Investment Income	-	-	-	-47.3%
All Other Revenue Sources	1.5	1.6	(0.1)	-1.7%
	<u>\$ 53.4</u>	<u>\$ 47.7</u>	<u>\$ 5.7</u>	<u>11.9%</u>

Note: Dollar amounts shown have been rounded; percentages are actual based on whole dollars.



Retail Sales Tax

Retail Sales Tax revenue YTD 2011 is \$5.9 million or 29.3% more than collections YTD 2010. The majority of this increase is from sales tax collections at The Streets at SouthGlenn, Centennial Promenade, IKEA, out-of-City vendors and delinquent/audit revenue. Streets at SouthGlenn sales tax collections continue to increase and are approximately \$0.4 million or 20.1% higher than YTD 2010. Since the annexation of Centennial Promenade in April 2011 and the opening of IKEA in July 2011, the City has received approximately \$3.0 million in sales tax revenue not received in 2010. The City's retail sales tax licensing program continues to identify businesses outside of Centennial that should be licensed. Sales tax received from out-of-City vendors has increased by approximately \$0.7 million or 11.8% compared to YTD 2010. Over ninety-nine percent of businesses located inside the City are licensed, collecting and remitting sales tax. Efforts to maintain this high level of licensure for retailers located inside of the City is a priority.

Delinquent sales tax collections YTD 2011 is \$0.3 million more than collections YTD 2010. Sales tax auditing efforts also increase overall compliance with the City's ordinance; in 2011, the City has collected audit revenue totaling \$1.0 million more than collections YTD 2010.

The table below represents sales tax collected YTD summarized by North American Industry Classification System (NAICS) codes compared to the same codes for YTD 2010.

2011 & 2010 YTD through December 2011 - Top 25 Sales by 4-digit NAICS Code

NAICS Description	2011 YTD	% of Total	2010 YTD	% Change
1 Furniture Stores	\$ 2,472,589	12.5%	\$ 415,010	495.8%
2 Full-Service Restaurants	1,678,461	8.5%	1,516,788	10.7%
3 Sporting Goods, Hobby, and Musical Instrument Stores	1,333,858	6.8%	635,552	109.9%
4 Automobile Dealers	1,330,780	6.7%	1,261,623	5.5%
5 Limited-Service Eating Places	1,275,617	6.5%	1,132,117	12.7%
6 Wireless Telecommunications Carriers (except Satellite)	1,263,665	6.4%	1,329,292	-4.9%
7 Grocery Stores	1,182,904	6.0%	1,146,408	3.2%
8 Electric Power Generation, Transmission and Distribution	1,175,154	6.0%	1,126,774	4.3%
9 Electronics and Appliance Stores	916,141	4.6%	716,855	27.8%
10 Other General Merchandise Stores	900,755	4.6%	873,429	3.1%
11 Department Stores	773,019	3.9%	633,544	22.0%
12 Automotive Parts, Accessories, and Tire Stores	567,216	2.9%	482,078	17.7%
13 Beer, Wine, and Liquor Stores	535,265	2.7%	493,631	8.4%
14 Wired Telecommunications Carriers	529,787	2.7%	572,879	-7.5%
15 Commercial and Industrial Machinery and Equipment Rental and Leasing	495,108	2.5%	471,838	4.9%
16 Automotive Repair and Maintenance	432,576	2.2%	402,469	7.5%
17 Health and Personal Care Stores	390,260	2.0%	362,412	7.7%
18 Traveler Accommodation	362,877	1.8%	344,417	5.4%
19 Electrical and Electronic Goods Merchant Wholesalers	362,377	1.8%	349,209	3.8%
20 Other Miscellaneous Store Retailers	345,608	1.8%	262,236	31.8%
21 Clothing Stores	334,506	1.7%	232,906	43.6%
22 Home Furnishings Stores	324,848	1.7%	256,704	26.6%
23 Direct Selling Establishments	300,515	1.5%	217,551	38.1%
24 Building Material and Supplies Dealers	260,396	1.3%	292,289	-10.9%
25 Computer Systems Design and Related Services	202,171	1.0%	369,255	-45.3%
Total	\$19,746,454	100.0%	\$15,897,264	

*Total does not agree to sales tax revenue reported on the accompanying financial statements as this table only represents the top 25 NAICS codes and does not include audit revenue.

Property Tax

Property Tax revenue YTD 2011 is less than \$0.1 million or 0.5% less than collections YTD 2010. The timing of collections during the first few months of the year may vary from year to year, however the majority of property tax due is received by June each year. Property tax payments have three due dates throughout the year. The due date for a payment in full is April 30th and due dates for the two payment option are February 28th and June 15th. Collections for 2011 are slightly lower than amounts collected during 2010 despite an increase in assessed property valuation of approximately 0.6%. This variance is partially due to an increase in the amount of refunds made by Arapahoe County to residents through the abatement process. Staff will continue to work with Arapahoe County to determine other factors that contributed to 2011 collections being lower than amounts collected in 2010, despite an increase in valuation.

Building Materials Use Tax

Building Materials Use Tax revenue YTD 2011 is \$0.4 million, or 18.6% less than collections YTD 2010. This decrease is due to a reduction in the total number of permits issued YTD 2011, with the exception of commercial and residential remodels, compared to 2010. The total valuation of projects has also decreased, with the exception of commercial remodels, compared to 2010. A large portion of the decrease in total valuation is directly attributable to a large new commercial project in 2010.

Highway Users Tax Fund

Highway Users Tax Fund (HUTF) revenue YTD 2011 is \$0.3 million or 6.3% more than collections YTD 2010. This increase is primarily due to a 12.5% increase in the City's monthly HUTF distribution ratio. This ratio is calculated based upon the total number of motor vehicle registrations in the City compared to the total number of registrations in the State. The State's fiscal year begins in July, which is when the City's increased distribution ratio took effect.

Franchise Fees

Combined Franchise Fee revenue received YTD 2011 is \$0.1 million, or 2.1% more than collections YTD 2010. This favorable variance is primarily due to an increase in electric franchise fee collections, which appears to be the result of the implementation of a two-tiered pricing structure used during the summer months.

Automobile Use Tax

Automobile Use Tax revenue is \$0.1 million or 3.7% more than collections YTD 2010. An increase in automobile sales YTD compared to the prior year continues to occur locally and at the state and national levels. According to the Colorado Automobile Dealers Association, new car sales have increased in Colorado over 2010. New vehicle registrations increased 15.5% in Colorado YTD 2011 compared to YTD 2010. The Automobile Use Tax collections for vehicles sold in November were received by the City in December, 2011.

Court Fines

Court Fines revenue YTD 2011 is \$0.2 million, or 7.3% less than collections YTD 2010. Court fines, court costs and default fines contribute to the majority of this variance. The individual types of fines and fees, and their proportional amount to the total fines and fees, vary from month to month.

Investment Income

Investment Income YTD 2011 is less than \$0.1 million, or 47.3% less than collections YTD for the same period in 2010. This decrease is directly attributable to the significant decline in earnings rates between 2010 and 2011. The City's cash balances have increased from \$26.4 million as of December 31, 2010, to \$30.8 million as of December 31, 2011. In an effort to improve the City's current investment yield, City staff has started the process of working with a third-party investment advisor. A new investment policy has been ratified by Council and an investment strategy has been implemented. This investment strategy takes into account the City's investment objectives of Safety, Liquidity, Yield, and Diversification. City staff anticipates that the City's overall investment yield will increase in future months as a result of implementing this investment strategy.

	<u>Annual Yield – 2010</u>	<u>Annual Yield – 2011</u>	<u>Difference</u>
Colotrust	0.19%	0.08%	(0.11%)
Wells Fargo	0.10%	0.05%	(0.05%)

Expenditures

Total expenditures and transfers YTD are \$3.1 million or 7.1% more than expenditures YTD in 2010. The net increase is attributable to variances in the City Attorney's Office, City Manager's Office, Communications, Finance, Nondepartmental, Human Resources and Risk Management Services, Public Works, Law Enforcement and Community Development departments, as well as transfers to the Capital Improvement and Land Use Funds.

- City Attorney's Office expenditures are \$0.2 million more than expenditures YTD in 2010. This increase is primarily due to an increase in general litigation matters, such as the Sales and Use Tax Ordinance project, TABOR/Bond Issue Strategy project, and the DDR/Promenade Annexation, which were handled by the City Attorney's office during 2011. Additionally, the City Attorney's office experienced an increase of 8.4% in daily work orders compared to 2010.
- City Manager's Office expenditures are \$0.1 million more than expenditures YTD in 2010. This increase is a result of higher personnel costs due to a net increase of 1.5 full-time equivalent (FTE) positions reported in the City Manager's Office in 2011. 2.0 FTE were reported in the Communications Department during 2010 and are now reported in the City Manager's Office; 1.5 FTE were reported in the City Manager's Office during 2010 and are now being reported in the Public Works Department.
- Communications expenditures are \$0.2 million less than expenditures YTD in 2010. This decrease is primarily due to the reclassification of 2.0 FTE from the Communications Department to the City Manager's Office during 2011.
- Finance expenditures are \$0.2 million more than expenditures YTD in 2010. This increase is partially related to the addition of 1 FTE position in 2011, as well as an increase in fees paid for sales tax collection and processing services in 2011.
- Nondepartmental expenditures are \$2.4 million more than expenditures YTD in 2010. This increase is partially due to the purchase of the USPS land during March, 2011. Likewise, the City began making incentive payments for agreements associated with Centennial Promenade, the Streets at SouthGlenn and IKEA, which also contribute to the increase in expenditures year-over-year.
- Human Resource and Risk Management Services expenditures are \$0.2 million more than expenditures YTD in 2010. This increase is related to personnel vacancy savings realized in 2010, as well as an increase in expenditures related to property and casualty insurance services in 2011.
- Public Works expenditures are \$0.7 million more than expenditures YTD in 2010. This increase is partly due to higher personnel costs as a result of the reclassification of 1.5 full-time equivalent (FTE) positions from the City Manager's Office, as well as a 5% increase in the Public Works service provider contract for 2011. Additionally, the Public Works Department saw an increase in fees related to snow removal materials, asphalt materials and vehicle fuel in 2011.
- Law Enforcement expenditures are \$0.1 million more than expenditures YTD in 2010. This increase is due to contractual increases in the 2011 budget for law enforcement services.
- Land Use Fund transfers are \$0.6 million more than expenditures YTD in 2010. This increase is primarily due to the recognition of deferred revenue in 2010 which resulted in a lower General Fund support transfer in the prior year.
- Capital Improvement Fund transfers are \$1.2 million less than transfers made in 2010. This decrease is primarily due to several large capital projects related to street rehabilitation, concrete replacement and Arapahoe Road improvements completed in 2010, which led to a higher General Fund support transfer. Likewise, the City has received approximately \$1.3 million YTD

2011 in federal grant revenue and third-party contributions for capital improvement projects. These receipts have contributed to the decrease in the General Fund support transfer in 2011, compared to 2010.

GENERAL FUND – COMPARISON TO BUDGET
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The City's annual budget is examined on a monthly basis and year to date actual receipts and expenditures are compared to the budget on a line item or departmental basis. Monthly budget allocations represent a portion of the annual budget that is assigned to each month for comparative purposes. The allocation amount may be either 1/12th of the total amount budgeted for the year, or a specific percentage for that month based on actual receipts or expenditures in prior years. The analysis below compares year to date actual amounts to the year to date 2011 budget amounts.

Revenues

The following table is a summary comparison of primary revenue sources; the table compares actual revenue compared to budget.

	<i>(dollar amounts in millions)</i>			
	Actual YTD 2011	Budget YTD 2011	\$ Variance	% Variance
Retail Sales Tax	\$ 26.0	\$ 22.4	\$ 3.6	16.1%
Property Tax	8.0	8.3	(0.3)	-3.2%
Building Materials Use Tax	1.7	1.4	0.3	23.0%
Highway Users Tax Fund	4.6	4.1	0.5	11.3%
Franchise Fees	4.7	4.5	0.2	5.1%
Specific Ownership Tax	0.5	0.5	-	-3.0%
Motor Vehicle Registration Fees	0.5	0.4	0.1	15.2%
Automobile Use Tax	3.2	3.1	0.1	4.3%
Road and Bridge Shareback	0.6	0.6	-	0.0%
Court Fines	2.1	2.2	(0.1)	-4.7%
Investment Income	-	-	-	-22.3%
All Other Revenue Sources	1.5	1.5	-	0.4%
	\$ 53.4	\$ 49.0	\$ 4.4	9.0%

Note: Dollar amounts shown have been rounded; percentages are actual based on whole dollars.

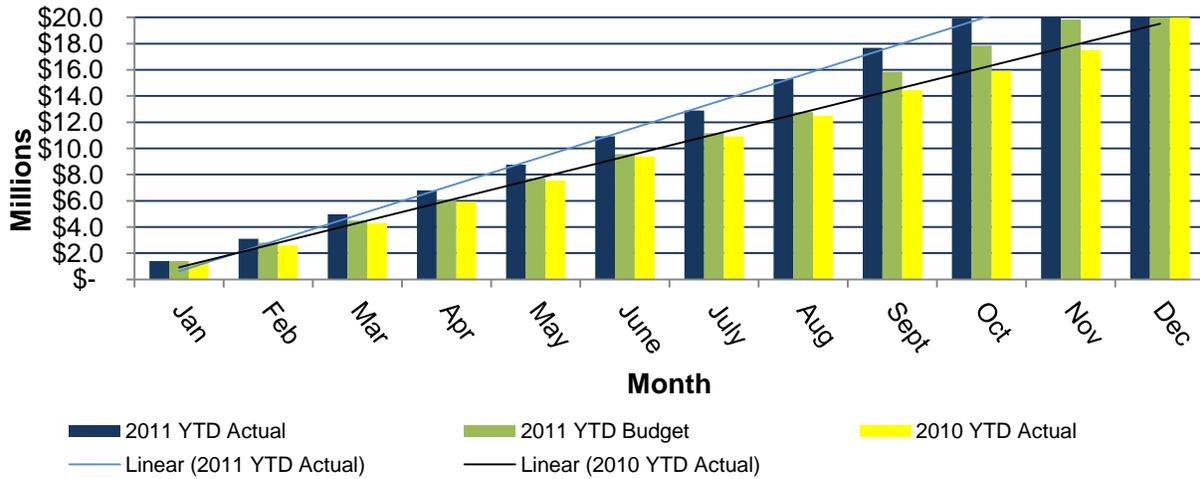
Retail Sales Tax

Retail sales tax revenue YTD is \$3.6 million, or 16.1% favorable compared to budget. This favorable variance is partially due to the collection of one-time sales tax audit receipts. These receipts, totaling \$1.3 million YTD, exceeded the amount budgeted by \$0.8 million in 2011. Likewise, the collection of delinquent sales tax revenue totaling \$0.7 million, which is not included in budget projections, also contributed to this favorable variance.

Sales tax collections from the Streets at SouthGlenn were \$2.6 million YTD, resulting in a \$0.5 million favorable variance to budget in 2011.

The remaining favorable variance is from the increase in the City's sales tax base. The sales tax base represents all of the sales tax paid to the City that is not attributable to audit or delinquency revenue. The City continues to identify and license retailers that should be collecting and remitting City sales tax. The majority of the increase in the sales tax base as described is from sales tax collected from out-side the City retailers that are newly licensed. This source of additional sales tax, which is not included in budget projections, was nearly \$0.7 million in 2011. New inside the City businesses have opened in the West Central, East Central and Smoky Hill areas of the City in 2011 which have also increased the base.

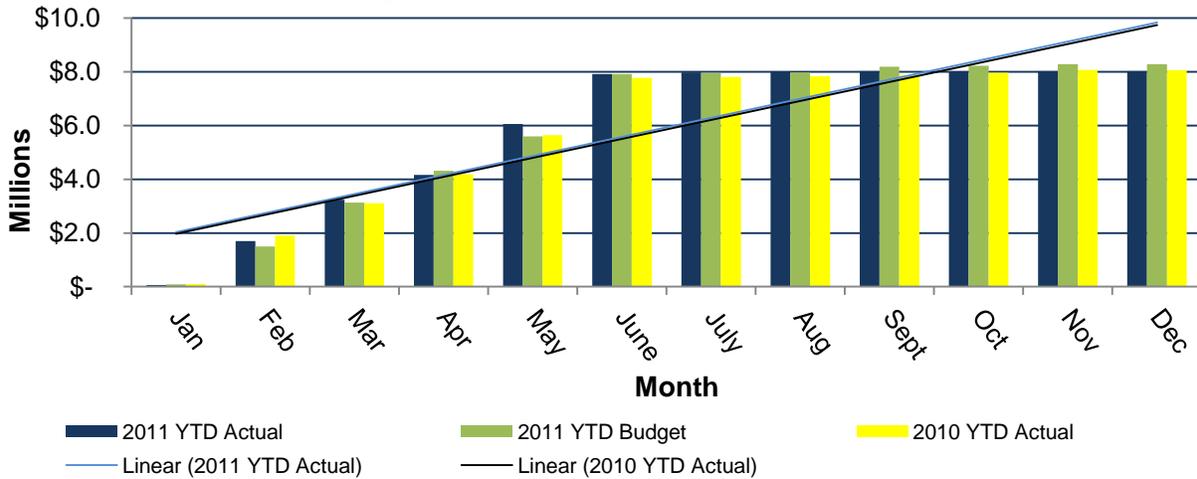
Sales Tax Revenue - Current & Prior Year



Property Tax

Property Tax revenue YTD is \$0.3 million, or 3.2% unfavorable compared to budget. The City receives property tax collections from the Arapahoe County Treasurer's office and these collections are based on actual collections from property owners. This unfavorable variance is due to higher than anticipated refunds issued through the abatement process, as well as unpaid property tax accounts. Staff will continue to work with Arapahoe County to determine other factors that contributed to 2011 collections being lower than amounts collected in 2010, despite an increase in valuation.

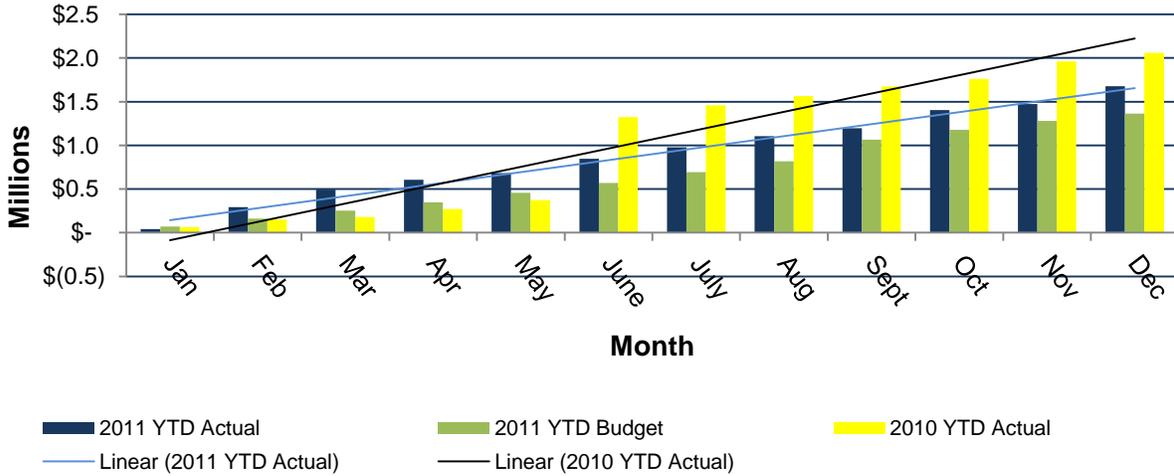
Property Tax Revenue - Current & Prior Year



Building Materials Use Tax

Building Materials Use Tax revenue YTD is \$0.3 million, or 23.0% favorable compared to budget. This favorable variance is due to the issuance of several large building permits for new commercial projects and commercial remodel projects that were not anticipated in the budget.

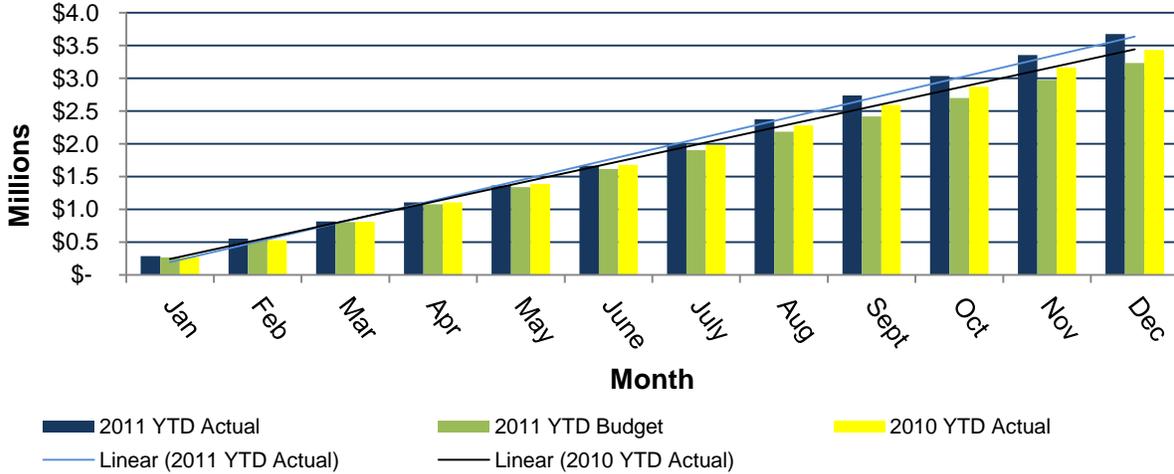
Building Materials Use Tax Revenue - Current & Prior Year



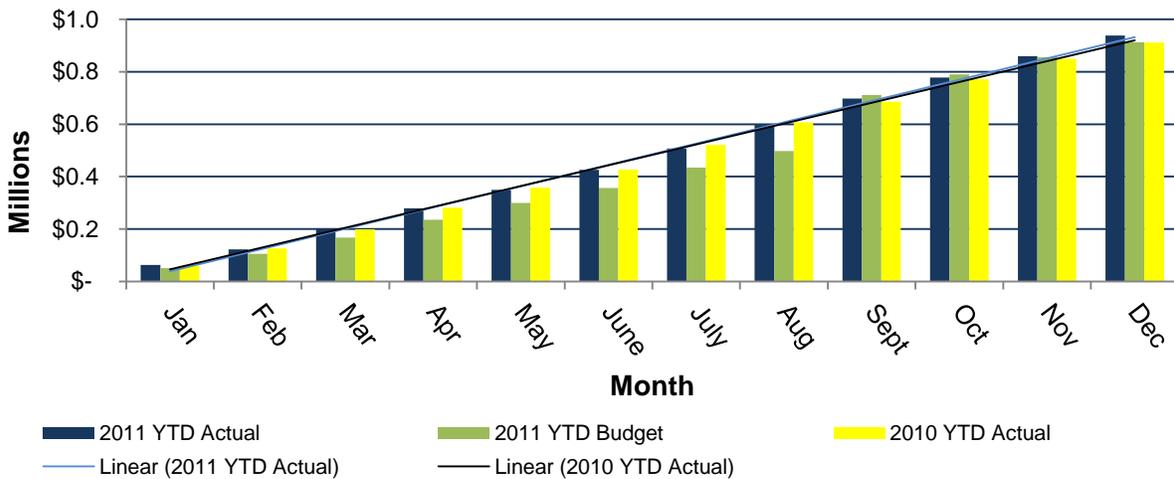
Highway Users Tax Fund

Highway Users Tax Fund revenue YTD is \$0.5 million, or 11.3% favorable to budget. This favorable variance is due to an increase of 12.5% in the City's HUTF distribution ratio which took effect in July 2011. This increase to the City's distribution ratio was not included in the revised 2011 budget.

HUTF Revenue - Current & Prior Year



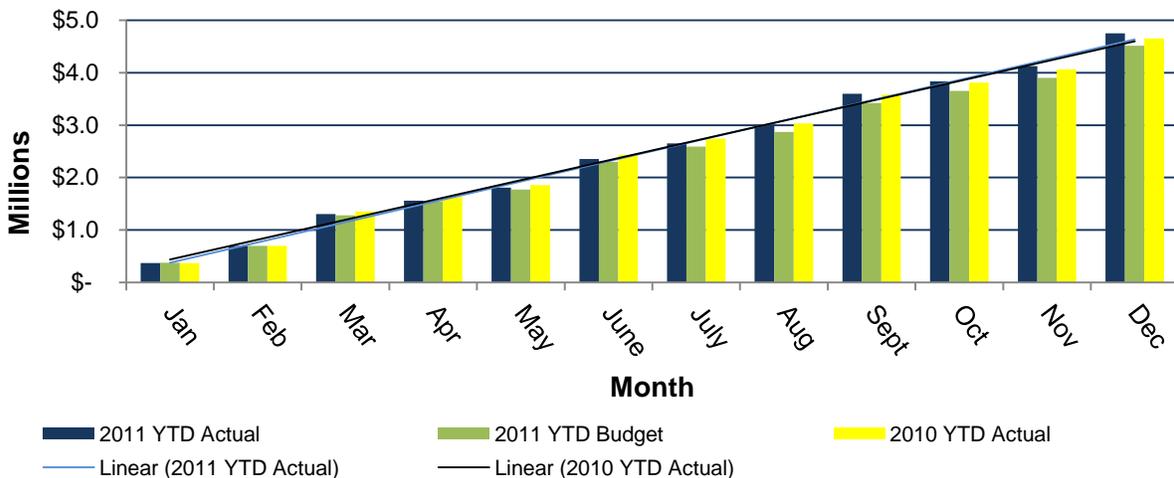
FASTER Revenue - Current & Prior Year



Franchise Fees

Franchise Fee revenue YTD is \$0.2 million, or 5.1%, favorable compared to budget. This favorable variance is due to electric franchise fee collections. Electric franchise fee amounts are determined based upon individual household and commercial usage. The favorable variance is partially offset by an unfavorable variance in gas franchise fee revenue most likely due to lower usage as a result of more mild weather in the fourth quarter of the year. Total Franchise Fee revenue exceeded the total annual budgeted amount. It is important to note that electric and gas rates remained unchanged during 2011.

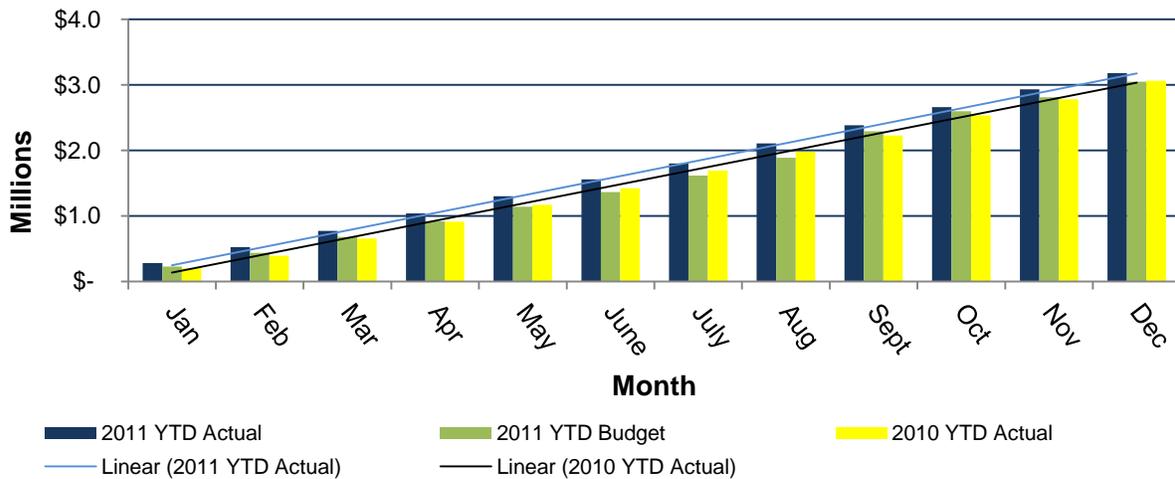
Franchise Fee Revenue - Current & Prior Year



Automobile Use Tax

Automobile Use Tax revenue YTD is \$0.1 million, or 4.3% favorable compared to budget. The economic recovery has an unpredictable impact on automobile sales. However, information on the automobile industry indicates an overall increase in new car sales at the state and national levels. The budget for this revenue was estimated conservatively for 2011.

Auto Use Tax Revenue - Current & Prior Year



Investment Income

Investment Income revenue YTD is less than \$0.1 million, or 22.3% unfavorable compared to budget. This decrease is directly attributable to the significant decline in earnings rates.

Expenditures

Total expenditures and transfers YTD are \$2.3 million, or 4.7% favorable compared to budget. The net overall favorable variance is primarily due to the City Attorney's Office, City Clerk, Economic Development, Finance, Nondepartmental, Central Services, Human Resources and Risk Management Services, Support Services, Public Works, and Code Compliance, as well as the transfer to the Land Use Fund.

- City Attorney Office expenditures are \$0.1 million, or 17.3% unfavorable to budget. This unfavorable variance is due primarily to unanticipated legal projects and litigation, including the Sales and Use Tax Ordinance project, TABOR/Bond Issue strategy project and the DDR/Promenade Annexation.
- City Clerk expenditures are \$0.1 million, or 22.2% favorable to budget. This favorable variance is primarily due to lower than anticipated expenditures related to coordinated elections with Arapahoe County and department supplies.
- Economic Development expenditures are \$0.1 million, or 45.3% favorable to budget. This favorable variance is primarily due to lower than anticipated expenditures related to economic development consulting services, as well as expenditures related to meetings, training and travel.
- Finance expenditures are \$0.2 million, or 11.7% favorable to budget. This favorable variance is partially due to personnel cost savings not anticipated in the revised budget, as well as the timing of expenditures related to contracted auditing services for the sales tax program.
- Nondepartmental expenditures are \$0.8 million or 20.7% favorable to budget. This favorable variance is primarily due to lower than anticipated expenditures related to incentive agreement payments and grant administration fees. A portion of this favorable variance is expected to be carried forward to 2012.
- Central Services expenditures are \$0.1 million or 30.0% favorable to budget. This favorable variance is primarily due to cumulative department savings in areas such meeting expenses, training, travel, dues and memberships, and office supplies.

- Human Resources and Risk Management Services expenditures are \$0.1 million, or 13.4% favorable to budget. This favorable variance is partially due to additional personnel vacancy savings not anticipated in the revised budget, as well as lower than anticipated costs associated with personnel recruitment services and property and casualty insurance services. Certain project related budget amounts are expected to be carried forward to 2012.
- Support Services expenditures are \$0.5 million, or 34.7% favorable to budget. This favorable variance is partially due to the delay of website hosting and other projects, in addition to the timing of equipment and GIS software purchases in the Information Technology division. This favorable variance is also due to lower than anticipated expenditures related to building repair, maintenance, improvements and other services and supplies within Facilities. A portion of this favorable variance is expected to be carried forward to 2012.
- Public Works expenditures are \$0.2 million, or 1.2% favorable to budget. This favorable variance is due to cumulative department savings in areas such as personnel services, contracted services and utilities.
- Code Compliance expenditures are \$0.1 million, or 18.7% favorable to budget. This favorable variance is due to transition costs associated with moving to a new service provider being budgeted but not incurred in 2011.
- Land Use Fund transfers are less than \$0.2 million, or 46.8% favorable compared to budget. This favorable variance is due to an overall favorable revenue variance compared to budget, which required a smaller total transfer from the General Fund.

LAND USE FUND

Comparison to Prior Year

Revenue

- Revenue YTD is \$0.5 million, or 14.7% less than revenue collected during the same period in 2010. This decrease is primarily due to the recognition of one-time deferred revenue in August 2010 (\$0.4 million), as well as the collection of building permit and plan review fees from a large commercial project in June 2010 (\$0.2 million). This decrease is partially offset by a \$0.1 million increase in other permit revenues, including land development applications, construction drawings and site inspections.

Expenses

- Expenses YTD are less than \$0.1 million, or 1.2% less than expenses YTD for the prior year. This decrease is primarily due to lower than anticipated costs related to building permit and plan review services in 2011 (\$0.2 million), offset by an increase in personnel services costs (\$0.1 million).

Comparison to Budget

Revenue

- Revenue received YTD is consistent with the amount budgeted.

Expenses

- Expenses YTD are \$0.2 million, or 5.0% favorable compared to budget. This favorable variance is primarily due to lower than anticipated expenditures in areas such as personnel services, building permit and plan review services, legal services, and building equipment and maintenance.

CAPITAL IMPROVEMENT FUND

Comparison to Prior Year

Revenue

- Revenue YTD is \$1.2 million, or more than 100.0% higher than revenue collected YTD 2010. This increase is due to contributions received for the Chester at County Line Road right turn lane project and the receipt of federal grant revenue for several capital projects.

Expenditures

- Expenditures YTD are \$1.2 million, or 23.6% higher than expenditures YTD during the prior year. This net increase is the result of higher expenditures for building improvements, new street construction, sidewalks, traffic signals, and the Vista Verde neighborhood improvements project. In addition, City Council dedicated additional funding during 2011 to the street rehabilitation program.

Comparison to Budget

Revenue

- Revenue YTD is \$1.9 million, or 56.8% unfavorable compared to budget. Only a small portion of Federal Grant Revenue consisting of EECBG and DRCOG grants budgeted in 2011 have been received to date and represent the largest portion of the total variance. The costs for projects are submitted for reimbursement, and where the costs have not been incurred, reimbursements do not occur.

Expenditures

- Expenditures are \$4.6 million, or 42.8% favorable compared to budget. This favorable variance is partially due to lower than anticipated grant related expenditures for the construction of new streets and traffic signals (\$1.9 million). The remaining portion of this favorable variance is made up of non-grant related street and traffic signal projects, as well as sidewalk and street rehabilitation projects (\$2.2 million). A large portion of this favorable variance is expected to be carried forward to 2012.

CONSERVATION TRUST FUND

Comparison to Prior Year

Revenue

- Revenue received YTD is consistent with collections for the same period during the prior year.

Expenditures

- Expenditures are \$3.3 million, or more than 100.0% higher than expenditures YTD during the prior year. This increase is due to expenditures related to the Centennial Center Park project.

Comparison to Budget

Revenue

- Revenue received YTD is consistent with the amount budgeted.

Expenditures

- Expenditures are \$0.3 million, or 7.5% favorable compared to budget. This favorable variance is due to the timing of expenditures related to the Centennial Center Park and Natural Area Restoration projects. A large portion of this favorable variance is expected to be carried forward to 2012.

OPEN SPACE FUND

Comparison to Prior Year

Revenue

- Revenue YTD is \$1.0 million, or 54.1% more than revenues collected during the prior year. The majority of the increase is due to the receipt of two grants received in 2011 from Arapahoe County; one for the Centennial Center Park and one for the Centennial Link Trail project.

Expenditures

- Expenditures YTD are \$3.6 million, or more than 100% higher than expenditures YTD during the prior year. During 2010, Open Space funds were utilized for the Piney Creek Hollow Park and the Centennial Center Park. During the current year, Open Space funds have been utilized for the purchase of the USPS property, the Centennial Center Park, Centennial Link Trail and Bike Lane projects.

Comparison to Budget

Revenue

- Revenue received YTD is \$1.3 million, or 32.3% unfavorable compared to budget. This unfavorable variance is primarily due to lower than anticipated grant revenue for a Colorado State Trails Program grant, two Arapahoe County Open Space grants and two Great Outdoors Colorado (GOCO) grants. The City anticipates receiving these grant funds in 2012.

Expenditures

- Expenditures are \$3.5 million, or 35.3% favorable compared to budget. This favorable variance is partially due to lower than anticipated grant related expenditures for the construction of the Centennial Link Trail and Parker Jordan Open Space Trail projects (\$1.3 million). The remaining portion of this favorable variance is made up of lower than anticipated expenditures for non-grant related trails and parks and recreation projects (\$2.0 million). This favorable variance is expected to be carried forward to 2012.

GENERAL IMPROVEMENT DISTRICT FUNDS

Comparison to Prior Year

Revenue

- Revenue received YTD for the consolidated GID Funds is consistent with revenues collected YTD 2010.

Expenditures

- Expenditures YTD are \$0.2 million, or 62.8% higher than expenditures YTD during the prior year. This increase is due to expenditures related to the installation of split rail fencing in the Walnut Hills and Cherry Park GID's in 2011.

Comparison to Budget

Revenue

- Revenue received YTD is consistent with the budget.

Expenditures

- Expenditures are \$0.4 million, or 45.8% favorable compared to budget. This favorable variance is a result of lower than anticipated expenditures related to contracted services in the Walnut Hills and Cherry Park GID's. Additionally, a use of prior year fund balance was budgeted, however not used in 2011. This favorable variance will be carried forward to 2012.

CENTENNIAL URBAN REDEVELOPMENT AUTHORITY FUND
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Comparison to Prior Year

Revenue

- Revenue received YTD is \$3.8 million, or more than 100.0% higher than collections YTD for the prior year. This variance is due to higher property tax collections for The Streets at SouthGlenn as a result of higher assessed property valuations; the valuation increased \$3.5 million, or more than 100.0% compared to the prior year. In addition, Sales Tax collections are \$0.3 million higher than collections YTD during the prior year.

Expenditures

- Expenditures YTD are \$3.7 million, or more than 100.0% higher compared to prior year expenditures. This increase is directly attributable to an increase in the sales tax and property tax pass-through payments by the Authority to the Southglenn Metropolitan District pursuant to the Public Finance Agreement.

Comparison to Budget

Revenue

- Revenue received YTD is \$0.6 million, or 10.2% unfavorable compared to budget. This unfavorable variance is partially due to operating revenue of \$0.2 million being budgeted, however, not recognized as of the date of this report. According to the Public Finance Agreement, the Authority is eligible to request reimbursement for administration and management fees of an amount not to exceed \$150,000 annually. Actual reimbursement for 2011 is anticipated to be substantially lower than the amount allowed under the Agreement.

Additionally, \$0.2 million in construction funds were budgeted but uncollected. These construction funds are intended to be used for the installation of a new traffic signal at Arapahoe Road and Vine Street. Because no costs related to this project were incurred in 2011, there were no related reimbursements recognized.

Lastly, even though the Streets at SouthGlenn had higher assessed property valuations for collection in 2011, the property tax collected was \$0.1 million less than budgeted. This unfavorable variance is due to higher than anticipated refunds issued through the abatement process, as well as unpaid property tax accounts. Staff will continue to work with Arapahoe County to determine other factors that contributed to 2011 collections being lower than budgeted amounts.

Expenditures

- Expenditures are \$0.5 million, or 9.6% favorable compared to budget. This favorable variance is partially due to operating expenditures being budgeted, but not incurred as of the date of this report (\$0.2 million). As explained above, the Public Finance Agreement allows the Authority to incur expenses related to the administration and management of the Authority up to an amount not to exceed \$150,000 annually. Actual expenditures for 2011 are anticipated to be substantially lower than the amount allowed under the Agreement.

Additionally, the Authority had lower than anticipated expenditures related to the Sales and Property Tax pass-through payments to the Southglenn Metropolitan District (\$0.2 million). This decrease is directly related to the shortfall in Sales and Property Tax collections explained above.

Lastly, funds were budgeted for the construction of a new traffic signal at Arapahoe Road and Vine Street; however, construction on this project did not begin in 2011. A portion of this favorable variance will be carried forward to 2012.