



The following financial report analysis offers readers a narrative overview of the financial activities of the City for the period January, 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 January, 2011 YTD Financial Statements

GENERAL FUND – COMPARISON TO PRIOR YEAR FOR THE SAME PERIOD

Revenues

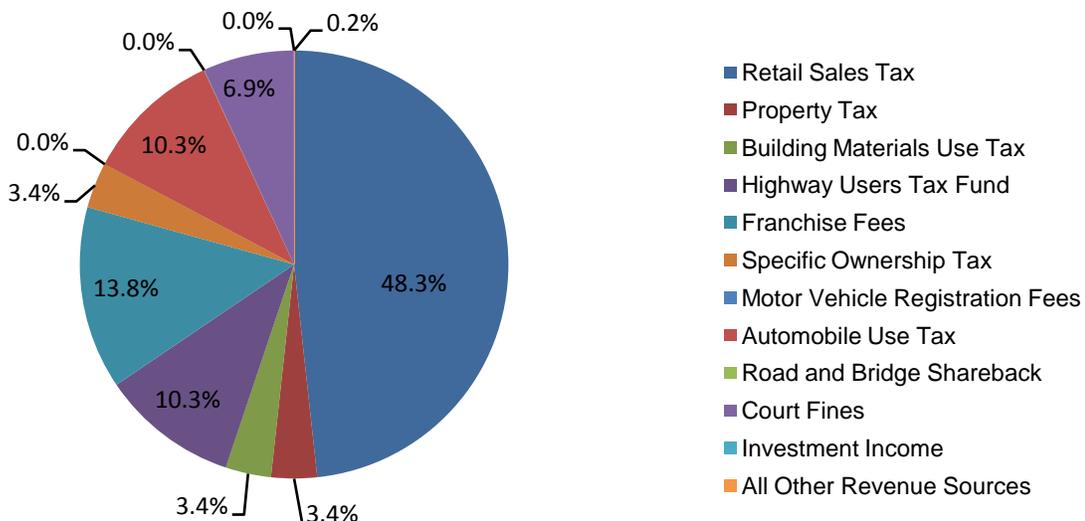
The following table is a summary comparison of the primary revenue sources YTD for 2010 and 2011:

(dollar amounts in millions)

	YTD 2011	YTD 2010	\$ Variance	% Variance
Retail Sales Tax	\$ 1.4	\$ 1.3	\$ 0.1	9.0%
Property Tax	0.1	0.1	-	-35.8%
Building Materials Use Tax	0.1	0.1	-	-31.9%
Highway Users Tax Fund	0.3	0.3	-	5.5%
Franchise Fees	0.4	0.4	-	0.9%
Specific Ownership Tax	0.1	0.1	-	-12.4%
Motor Vehicle Registration Fees	-	-	-	86.0%
Automobile Use Tax	0.3	0.2	0.1	39.2%
Road and Bridge Shareback	-	-	-	0.0%
Court Fines	0.2	0.2	-	-11.0%
Investment Income	-	-	-	-21.4%
All Other Revenue Sources	-	-	-	61.7%
	<u>\$ 2.9</u>	<u>\$ 2.7</u>	<u>\$ 0.2</u>	<u>7.7%</u>

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

2011 YTD Revenues by Source, as a Percentage of Total Revenues



Retail Sales Tax

Retail Sales Tax revenue YTD 2011 is \$0.1 million, or 9.0% more than collections YTD 2010. The increase in collections is due to several factors including an increase in sales tax collections at The Streets at SouthGlenn, issuance of Retail Sales Tax Licenses to businesses in the City and outside of the City limits, and collection of delinquent sales tax. Sales tax revenue generated by retailers at The Streets at SouthGlenn is approximately \$76,000, or 64.3% higher than YTD 2010; this trend should continue as the center nears the desired percentage of leased retail space. Sales tax collected from the top 41 filers in the City is approximately \$34,000, or 6.0% higher than for the same period in 2010.

The City's retail sales tax licensing program continues to identify businesses that should be licensed. Ninety-nine percent of businesses located in the City are licensed, collecting and remitting sales tax. Efforts to identify retailers outside of the City that should be licensed are a measured goal that will increase overall compliance with the City's ordinance. Licensing efforts not only result in sales tax collections for subsequent periods, but may identify sales tax due for previous periods. Sales tax auditing efforts also increase overall compliance with the City's ordinance. On-line filing of tax returns and remittance of amounts due has increased from 3.4% in February, 2009 to 21.0% for January, 2011.

The table below represents total 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 January 2011 - Top 25 Sales by 4-digit NAICS Code

NAICS Description	YTD 2011	% of Total	YTD 2010	% Change
1 Death Care Services	162,430	11.6%	3,954	4007.7% *
2 Full-Service Restaurants	144,201	10.3%	107,296	34.4%
3 Wireless Telecommunications Carriers (except Satellite)	102,548	7.3%	107,373	-4.5%
4 Automobile Dealers	97,539	6.9%	70,527	38.3%
5 Electric Power Generation, Transmission and Distribution	96,610	6.9%	99,616	-3.0%
6 Limited-Service Eating Places	90,696	6.5%	86,823	4.5%
7 Grocery Stores	84,584	6.0%	78,700	7.5%
8 Other General Merchandise Stores	60,586	4.3%	72,905	-16.9%
9 Electronics and Appliance Stores	60,228	4.3%	41,406	45.5%
10 Wired Telecommunications Carriers	48,668	3.5%	21,347	128.0%
11 Beer, Wine, and Liquor Stores	47,126	3.4%	35,419	33.1%
12 Automotive Parts, Accessories, and Tire Stores	43,505	3.1%	34,516	26.0%
13 Sporting Goods, Hobby, and Musical Instrument Stores	40,784	2.9%	39,031	4.5%
14 Department Stores	37,001	2.6%	32,413	14.2%
15 Furniture Stores	33,045	2.4%	32,883	0.5%
16 Automotive Repair and Maintenance	28,714	2.0%	30,736	-6.6%
17 Health and Personal Care Stores	27,456	2.0%	24,899	10.3%
18 Traveler Accommodation	23,728	1.7%	21,895	8.4%
19 Other Miscellaneous Store Retailers	22,108	1.6%	21,761	1.6%
20 Electrical and Electronic Goods Merchant Wholesalers	20,030	1.4%	31,700	-36.8%
21 Home Furnishings Stores	19,160	1.4%	11,807	62.3%
22 Jewelry, Luggage, and Leather Goods Stores	16,716	1.2%	1,092	1430.1% *
23 Direct Selling Establishments	15,506	1.1%	3,198	384.9% *
24 Building Material and Supplies Dealers	13,513	1.0%	10,815	24.9%
25 Automotive Equipment Rental and Leasing	13,507	1.0%	10,961	23.2%
26 All Other Businesses	54,962	3.9%	255,877	-78.5%
Total	1,404,951		1,288,954	

* Not included in 2010 Top 25 Sales by 4-digit NAICS Code.

Property Tax

Property Tax revenue YTD 2011 is less than \$0.1 million, or 35.8% less than collections YTD 2010. Property tax revenue received in 2010 was inconsistent with the trend that was seen in prior years. The majority of the 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. Assessed property valuations are provided by Arapahoe County and reported in the 2011 Adopted Budget.

Building Materials Use Tax

Building Materials Use Tax revenue YTD 2011 is less than \$0.1 million, or 31.9% less than collections YTD 2010. This decrease is due to fewer permits issued YTD 2011 compared to the same period in 2010 with lower total valuations which resulted in decreased use tax.

The number of building permits issued YTD 2011 is 6.0% lower than the same period in 2010; the total valuation of projects is 32.5% lower than during 2010. An examination of the types of permits issued indicates that there has been an increase in the number of permits for residential remodels and commercial remodels, and fewer permits for new residential projects and smaller permits.

Motor Vehicle Registration

Motor Vehicle Registration Fee revenue is less than \$0.1 million, or 86.0% more than collections YTD 2010. The increase is due to an overpayment for January, 2011 of \$30,000 by Arapahoe County which will be recouped in the payment distributed during April for Motor Vehicle Registration fees collected in February.

Automobile Use Tax

Automobile Use Tax revenue is \$0.1 million, or 39.2% more than collections YTD 2010. An increase in January automobile sales compared to the prior year is also occurring at the state and national level.

Court Fines

Court Fines revenue YTD 2011 is less than \$0.1 million, or 11.0% less than collections YTD 2010. Court fines and default fines contribute the majority of the variance. The individual types of fines and fees, and their proportional amount to the total fines and fees vary from month to month. It is reasonable to expect that the various fines and fees compared to the previous year will vary slightly throughout the year.

Investment Income

Investment Income YTD 2011 is less than \$0.1 million, or 21.4% less than collections for the same period in 2010. This decrease is directly attributable to the significant decline in earnings rates between 2010 and 2011 as the City's cash balances have increased from \$22.9 million as of January 31, 2010, to \$27.3 million as of January 31, 2011.

	<u>Annual Yield – 2010</u>	<u>Annual Yield – 2011</u>	<u>Difference</u>
Colotrust	0.23%	0.16%	(0.07%)
Wells Fargo	0.10%	0.05%	(0.05%)

Expenditures

Total expenditures YTD are \$0.2 million, or 7.3% more than expenditures YTD in 2010. The net increase includes variances in the City Manager's Office, Communications, Finance, Public Works and Code Compliance departments.

- City Manager's Office expenditures are less than \$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 for 2011.
- Communications expenditures are less than \$0.1 million less than expenditures YTD in 2010. This decrease is partly due to the reclassification of 2.0 FTE from the Communications

Department to the City Manager's Office during 2011. In addition, there is a decrease in expenditures for printing & publishing due to the timing of the newsletter.

- Finance expenditures are less than \$0.1 million more than expenditures YTD in 2010. This increase is directly related to vacancy savings in 2010.
- Public Works expenditures are \$0.1 million more than expenditures YTD in 2010. This increase is partly due to higher personnel costs as a result of a net increase of 2.5 full-time equivalent (FTE) positions, as well as a 5% increase in the Public Works service provider contract for 2011. In addition, expenditures for snow removal materials are higher compared to 2010.
- Code Compliance expenditures are less than \$0.1 million less than expenditures YTD in 2010. This variance is directly due to the timing and processing of monthly invoices.

GENERAL FUND – COMPARISON TO BUDGET
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The City's annual budget is examined on a monthly basis and YTD 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 the YTD actual amounts to the YTD 2011 Budget amounts.

Revenues

The following table is a summary comparison of the primary revenue sources YTD 2011 actual receipts compared to YTD Budget.

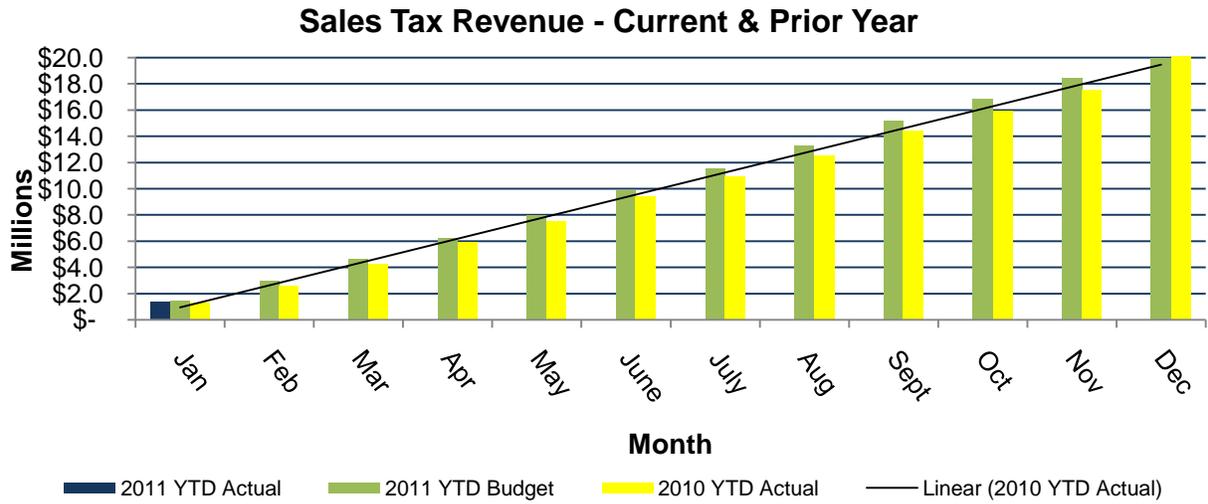
(dollar amounts in millions)

	Actual YTD 2011	Budget YTD 2011	\$ Variance	% Variance
Retail Sales Tax	\$ 1.4	\$ 1.4	\$ -	0.5%
Property Tax	0.1	0.1	-	-25.9%
Building Materials Use Tax	0.1	0.1	-	-40.0%
Highway Users Tax Fund	0.3	0.3	-	10.2%
Franchise Fees	0.4	0.4	-	-1.6%
Specific Ownership Tax	0.1	0.1	-	-12.8%
Motor Vehicle Registration Fees	-	-	-	113.3%
Automobile Use Tax	0.3	0.2	0.1	23.1%
Road and Bridge Shareback	-	-	-	0.0%
Court Fines	0.2	0.2	-	-3.9%
Investment Income	-	-	-	-53.2%
All Other Revenue Sources	-	-	-	48.2%
	<u>\$ 2.9</u>	<u>\$ 2.8</u>	<u>\$ 0.1</u>	<u>3.3%</u>

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

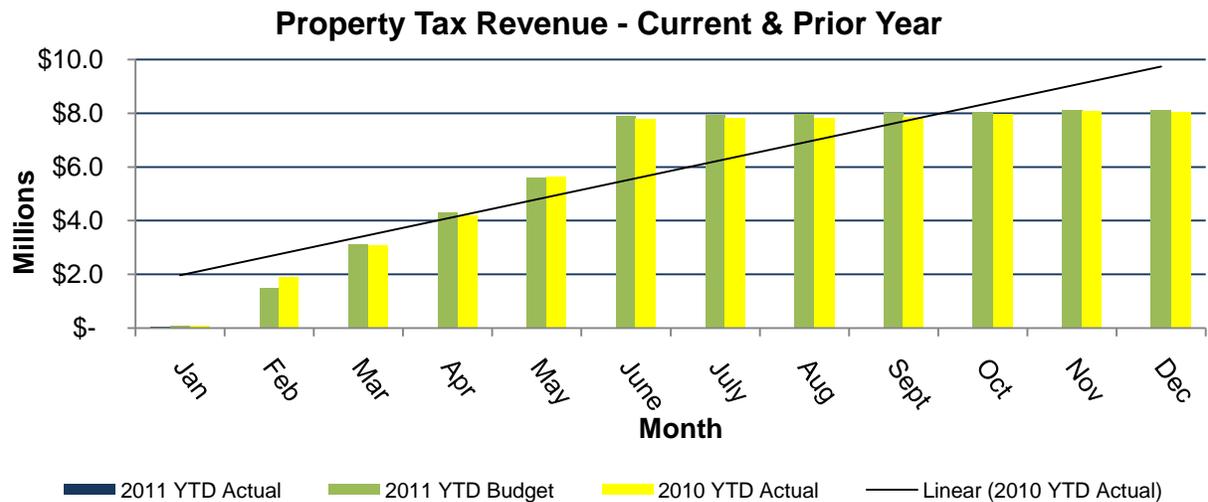
Retail Sales Tax

Retail Sales Tax revenue YTD is consistent with the YTD budget.



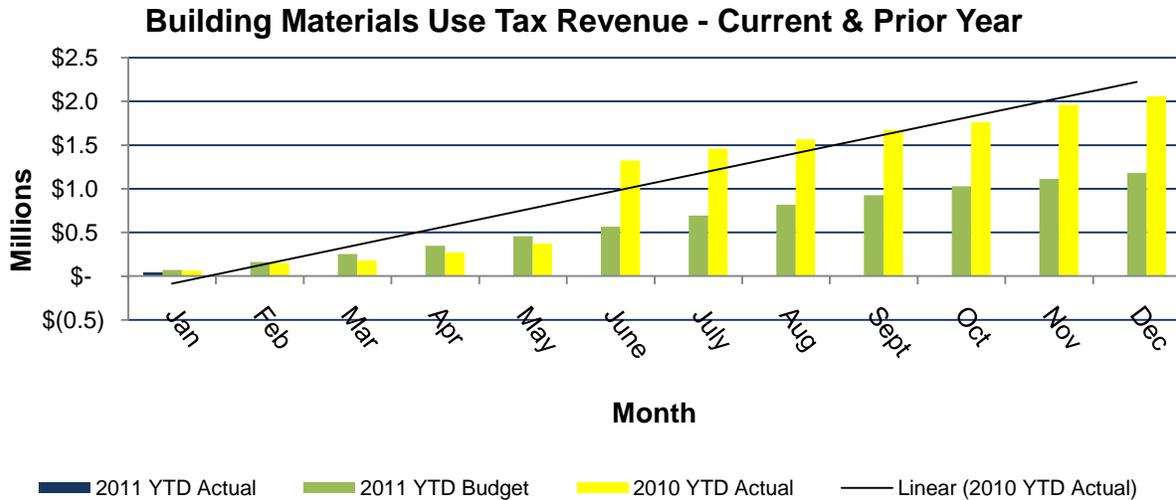
Property Tax

Property Tax revenue YTD is less than \$0.1 million, or 25.9% unfavorable compared to budget. The first property tax due date is at the end of February; January payments represent early payments.



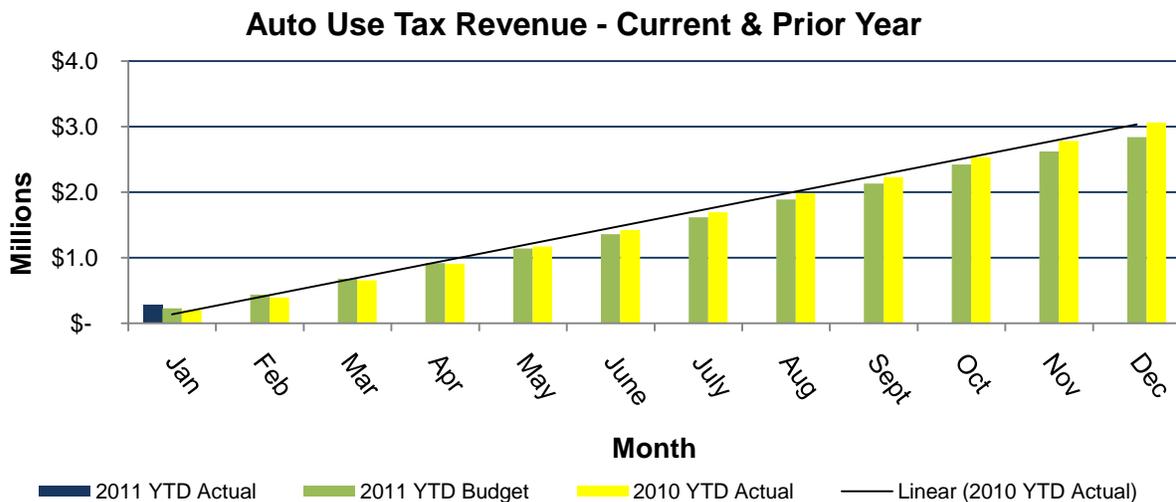
Building Materials Use Tax

Building Materials Use Tax revenue YTD is less than \$0.1 million, or 40.0% unfavorable compared to budget. This unfavorable variance is due to a decrease in the number of permits issued, in addition to lower project valuations.



Automobile Use Tax

Automobile Use Tax revenue YTD is \$0.1 million, or 23.1% favorable compared to budget. Automobile industry information indicates an overall increase in new car sales at the state and national level. There is normally a forty-five (45) day period after the purchase of a vehicle during which the registration of that vehicle should occur.



Expenditures

Total expenditures YTD are \$0.2 million, or 4.5% favorable compared to budget. The overall favorable variance is primarily due to City Manager's Office, Finance, Human Resources and Risk Management Services, Support Services and Code Compliance.

- City Manager's Office expenditures YTD are less than \$0.1 million, or 13.7% favorable to budget. This favorable variance is mostly due to personnel vacancy savings.
- Finance expenditures YTD are less than \$0.1 million, or 13.1% favorable to budget. This favorable variance is partly due to personnel vacancy savings, as well as the timing of payments for the 2010 interim audit work.
- Human Resources and Risk Management Services expenditures are less than \$0.1 million, or 24.6% favorable to budget. This favorable variance is due to personnel vacancy savings, as well as premium savings for property, casualty and workers compensation insurance services, compared to premiums expected.
- Support Services expenditures are less than \$0.1 million, or 38.2% favorable to budget. This favorable variance is partly due to the timing of the budget allocation for Cartegraph and SIRE annual subscriptions within Information Technology, as well as the timing of various services and supplies within Facilities.
- Code Compliance expenditures are less than \$0.1 million, or 100% favorable to budget. This favorable variance to budget is due to the timing and processing of monthly invoices.

LAND USE FUND

Comparison to Prior Year

Revenue

- Revenue YTD is less than \$0.1 million, or 23.0% more than revenue collected during the same period in 2010. This increase is primarily due to an increase in building plan review fees, land development application fees, fence and CMRS permit fees, and construction drawing fees. These increases are partially offset by a decrease in transit shelter administration revenue. There will continue to be revenue from ads on the bus shelters, but the City started a non-ad based bus bench program in 2011; therefore, there will no longer be any revenue from bus benches.

Expenses

- Expenses YTD are \$0.1 million, or 51.7% more than expenses YTD for the prior year. This increase is the result of expenses for Innoprise annual software support, as well as expenses related to the Bus Bench project that started late in 2010 and carried over to 2011.

Comparison to Budget

Revenue

- Revenue YTD is \$0.1 million, or 50.9% favorable compared to budget primarily due to an increase in building plan review fees. In addition, land development applications and permits are higher than what was anticipated in the 2011 budget.

Expenses

- Expenses YTD are \$0.1 million, or 31.5% unfavorable compared to budget. This unfavorable variance is partially due to the timing of the budget allocations related to the Bus Bench project and the Innoprise annual software support. In addition, the building plan review fees are higher compared to budget. These building fees have offsetting revenue as explained above.

CAPITAL IMPROVEMENT FUND

Comparison to Prior Year

Revenue

- Revenue YTD is less than \$0.1 million, or 89.2% more than revenue collected YTD for 2010. This increase is due to reimbursements for the curb cut program and federal grant revenue reimbursement.

Expenditures

- Expenditures YTD are \$0.1 million, or 43.4% more than expenditures YTD during the prior year. This net increase is the result of higher expenditures for the concrete replacement program and is offset by a decrease in expenditures for the Environmental Assessment project.

Comparison to Budget

Revenue

- Revenue YTD is less than \$0.1 million, or more than 100.0% favorable compared to budget. This favorable variance is due to the curb cut program which is partially offset by an unfavorable variance in pavement restoration fees.

Expenditures

- Expenditures are \$0.2 million, or more than 100.0% unfavorable compared to budget. This unfavorable variance is due to the timing of the budget allocations for expenditures related to the street rehabilitation program.

CONSERVATION TRUST FUND

Comparison to Prior Year

Revenue

- There has been no lottery proceeds received YTD as this revenue is received quarterly.
- There are no YTD expenditures for 2010 or 2011.

Comparison to Budget

Revenue

- There has been no lottery proceed revenue received YTD as this revenue is received quarterly.

Expenditures

- There are no YTD expenditures for 2011.

OPEN SPACE FUND

Comparison to Prior Year

Revenue

- Open Space Fund revenues are received from the Arapahoe County Open Space Sales Tax and Investment Income. The County distributes fifty percent of revenue derived from the .25% tax based on population to incorporated cities and towns to help enhance their parks, trails and open spaces. This revenue is distributed by June 1st of each year based on collections from May 16th of the prior year through May 15th of the current year. The revenues are invested until the time they are used and the investment income is allocated directly to the fund. Investment income is slightly below YTD 2010 collections.

Expenditures

- Expenditures YTD are \$0.1 million, or 69.5% less than expenditures YTD during the prior year. YTD 2010, Open Space funds were utilized for the Piney Creek Hollow Park; during the current year, YTD Open Space funds have been utilized for the Parker Jordan Open Space annual maintenance.

Comparison to Budget

Revenue

- Open Space revenue is not received until mid-year. Investment income is slightly below YTD budget.

Expenditures

- Expenditures YTD are in line with the amount budgeted.

GENERAL IMPROVEMENT DISTRICT FUNDS

Comparison to Prior Year

Revenue

- Revenue received YTD for the consolidated GID Funds is less than \$0.1 million, or 35.7% less than revenues collected YTD 2010. This unfavorable variance is primarily due to property tax. The timing of property tax receipts for 2010 were inconsistent with the timing of receipts in prior years.

Expenditures

- Expenditures YTD are in line with the prior year.

Comparison to Budget

Revenue

- Revenue received YTD is less than \$0.1 million, or 34.0% unfavorable compared to the prior year. This is due to the timing of property tax receipts, which are expected to be in line with the budget by mid-year when the final property tax payments are due.

Expenditures

- Expenditures are less than \$0.1 million, or 95.8% favorable compared to budget. This favorable variance is due to the timing of expenditures.

CENTENNIAL URBAN REDEVELOPMENT AUTHORITY FUND

Comparison to Prior Year

Revenue

- Revenue received YTD is less than \$0.1 million, or 95.2% favorable compared to the prior year. This favorable variance is due to property tax collections for The Streets at SouthGlenn.
- Expenditures YTD increased less than \$0.1 million, or 95.9% compared to prior year expenditures. This increase is directly attributable to an increase in the property tax pass-through payment by the Authority to the Southglenn Metropolitan District pursuant to the public finance agreement.

Comparison to Budget

Revenue

- Revenue YTD is less than \$0.1 million, or more than 100.0% favorable compared to budget. This favorable variance is due to property tax received for The Streets at SouthGlenn.

Expenditures

- Expenditures are less than \$0.1 million, or more than 100.0% unfavorable compared to budget. This unfavorable variance is due to an increase in the property tax pass-through payment as a result of higher collections. The Authority is the collecting agent for property tax collected for SouthGlenn redevelopment area; the amounts collected are then passed through to the Southglenn Metro District.