

The following financial report analysis offers readers a narrative overview and analysis of the financial activities of the City for April, 2010. 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.

Summary of the April, 2010 Monthly Financial Statements

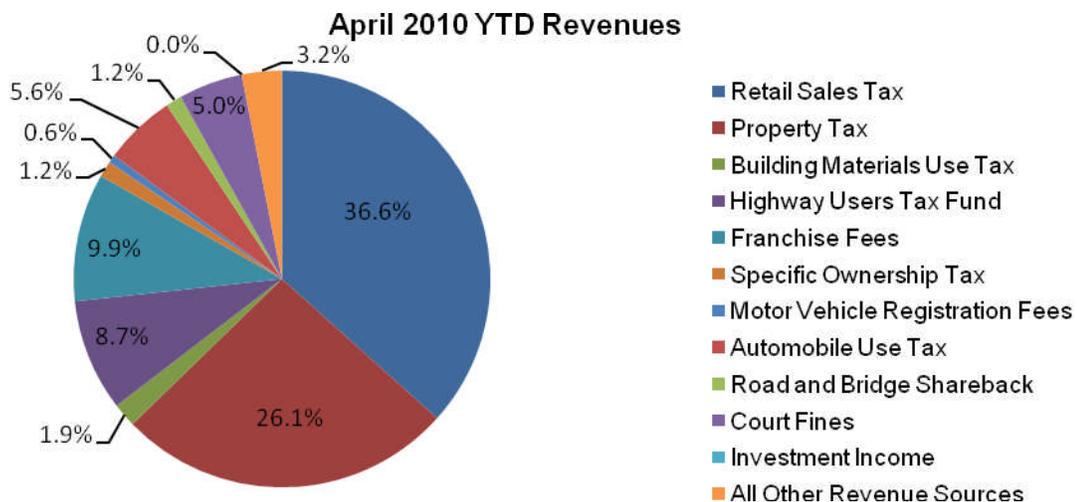
GENERAL FUND – COMPARISON TO PRIOR YEAR

Revenues

The following table is a summary comparison of the primary revenue sources year to date for 2009 and 2010:

(dollar amounts in millions)

	April 2010	April 2009	\$ Variance	% Variance
Retail Sales Tax	\$ 5.9	\$ 5.1	\$ 0.8	15.7%
Property Tax	4.2	4.3	(0.1)	-2.3%
Building Materials Use Tax	0.3	0.5	(0.2)	-40.0%
Highway Users Tax Fund	1.4	1.2	0.2	16.7%
Franchise Fees	1.6	1.4	0.2	14.3%
Specific Ownership Tax	0.2	0.2	-	0.0%
Motor Vehicle Registration Fees	0.1	0.1	-	0.0%
Automobile Use Tax	0.9	1.0	(0.1)	-10.0%
Road and Bridge Shareback	0.2	0.2	-	0.0%
Court Fines	0.8	0.7	0.1	14.3%
Investment Income	-	-	-	0.0%
All Other Revenue Sources	0.5	0.6	(0.1)	-16.7%
	\$ 16.1	\$ 15.3	\$ 0.8	5.2%



Retail Sales Tax

Total retail sales tax revenues year to date during 2010 are \$.8 million, or 15.7% above collections year to date in 2009. This increase is partly the result of an increase in sales tax generated by retailers at The Streets at SouthGlenn that were not open during the same period in 2009. The sales tax revenue generated by retailers at The Streets at SouthGlenn year to date is 91.4% higher compared to the prior year. There are also quite a few more retailers licensed and remitting compared to 2009. Some businesses that have been recently licensed have also filed several delinquent returns for prior periods that contribute to this positive variance compared to 2009. In addition, there was approximately \$15,000 in audit revenue collected in April, 2010.

The table below represents total sales tax collected year to date summarized by NAICS (North American Industry Classification System) codes. The top seven NAICS categories represent 45.6% of the total retail sales tax year to date through April of 2010. This table compares year to date through April, 2010 to year to date through April, 2009. Based on the favorable variance between the top 25 NAICS categories year to date through April, 2010 compared to the prior year, it preliminarily appears that the City's retail sales tax revenue is in recovery. The wireless telecommunications carriers category has seen an increased number of filers year to date compared to prior year. Full-service restaurants and limited-service eating places as well as department stores and clothing stores continue to see improvement compared to 2009. Furniture stores and home furnishings stores have seen significant improvement suggesting that consumer confidence is improving. In addition, the increase in grocery stores indicates that there are increased purchases of prepared foods. Staff will continue to closely monitor this revenue source.

2010 & 2009 YTD through April -Top 25 Sales by 4-digit NAICS code

NAICS Description	2010 Total	% of Total	2009 Total	% Change
1 Wireless Telecommunications Carriers (except Satellite)	520,542	8.8%	394,595	31.9%
2 Full-Service Restaurants	435,099	7.4%	384,372	13.2%
3 Automobile Dealers	391,360	6.7%	341,419	14.6%
4 Electric Power Generation, Transmission and Distribution	378,295	6.4%	297,207	27.3%
5 Limited-Service Eating Places	358,953	6.1%	299,171	20.0%
6 Grocery Stores	340,817	5.8%	238,927	42.6%
7 Other General Merchandise Stores	256,600	4.4%	243,562	5.4%
8 Sporting Goods, Hobby, and Musical Instrument Stores	185,051	3.1%	170,088	8.8%
9 Wired Telecommunications Carriers	166,273	2.8%	238,887	-30.4%
10 Department Stores	165,707	2.8%	126,251	31.3%
11 Beer, Wine, and Liquor Stores	153,621	2.6%	130,424	17.8%
12 Electronics and Appliance Stores	153,205	2.6%	177,329	-13.6%
13 Health and Personal Care Stores	146,649	2.5%	65,049	125.4%
14 Furniture Stores	134,880	2.3%	93,424	44.4%
15 Automotive Parts, Accessories, and Tire Stores	129,005	2.2%	108,529	18.9%
16 Automotive Repair and Maintenance	126,789	2.2%	123,165	2.9%
17 Electrical and Electronic Goods Merchant Wholesalers	97,295	1.7%	-	-
18 Traveler Accommodation	96,154	1.6%	83,356	15.4%
19 Commercial and Industrial Machinery and Equipment Rental and Leasing	95,690	1.6%	42,760	123.8%
20 Computer Systems Design and Related Services	90,916	1.5%	-	-
21 Other Miscellaneous Store Retailers	80,443	1.4%	84,801	-5.1%
22 Building Material and Supplies Dealers	69,311	1.2%	68,765	0.8%
23 Direct Selling Establishments	64,336	1.1%	-	-
24 Clothing Stores	61,335	1.0%	54,083	13.4%
25 Home Furnishings Stores	60,805	1.0%	-	-
26 All Other Businesses	1,124,942	19.1%	1,395,342	-19.4%
Total	5,884,073	100.0%	5,161,503	

Property Tax

Total property tax revenues year to date during 2010 are 2.3% below collections year to date in 2009. The timing of property tax collections for 2010 has been inconsistent with the trend over prior years. The majority of property tax is typically collected through June. Collections for 2010 compared to 2009 are expected to increase over the next few months due to higher expected revenues as a result of a 3.7% increase in assessed property valuations certified for 2010, compared to 2009.

Building Materials Use Tax

Building Materials Use Tax revenues year to date during 2010 are 40.0% below collections year to date in 2009. This decrease is due to the completion of The Streets at SouthGlenn and the trend is expected to continue throughout the year.

Highway Users Tax Fund

Highway Users Tax Fund revenues year to date during 2010 are 16.7% above collections year to date in 2009. This increase is due to the FASTER (Funding Advancements for Surface Transportation and Economic Recovery) revenues the City began to receive in July, 2009.

Franchise Fees

Franchise fee revenues year to date during 2010 are 14.3% above collections year to date in 2009. This increase is due to the gas, electric, and cable franchise fees. Xcel electric rates increased for the second quarter by around 8% compared to the first quarter of the year. Mild weather in 2009 kept demand for natural gas lower than expected, which resulted in natural gas storage levels much higher than prior year levels, and the five-year average. The higher storage levels resulted in lower prices (Xcel reduced natural gas prices by 17-18%) for the second quarter of 2010, compared to the second quarter of 2009. Despite lower prices, revenues are up due to increased usage as compared to the prior year. Overall, 2009 was a mild weather year.

First quarter cable franchise fee revenue is 10.1% above the first quarter of 2009. This is due to a combination of a rate increase during the first quarter of 2010, and a significant increase in the number of subscribers within the City compared to the first quarter of 2009.

Specific Ownership Tax

Specific Ownership Tax revenues year to date during 2010 are in line with collections year to date in 2009.

Investment Income

Investment income year to date during 2010 is 58.9% below collections year to date in 2009. This decrease is directly attributable to the significant decline in earnings rates between 2009 and 2010 as the City's cash balances have decreased slightly from \$26.2 million as of April 30, 2009, to \$25.4 million as of April 30, 2010.

	<u>Annual Yield – 2009</u>	<u>Annual Yield - 2010</u>
Colotrust	0.50%	0.20%
Wells Fargo	0.10%	0.10%

Expenditures

Total expenditures and other financing uses year to date increased \$.2 million, or 1.6%, to \$13.2 million compared to expenditures and other financing uses year to date in 2009. The overall increase is attributable to variances in the Nondepartmental, Human Resources and Risk Management Services, Public Works and Public Safety departments, as well as the Land Use and Capital Improvement funds transfers.

- Nondepartmental expenditures are \$.1 million below expenditures year to date in 2009. This decrease is due to timing of expenditures for strategic planning, lower costs for the coyote management program, as well as the completion of the Potomac/Freemont traffic signal during 2009.

- The Human Resources and Risk Management Services expenditures are less than \$.1 million below expenditures year to date in 2009. This decline is primarily due to a decrease in premiums for property and casualty insurance services.
- Public Works expenditures are \$.1 million more than expenditures year to date in 2009 primarily due to an increase in snow removal material and fuel. The purchase of additional snow removal material during 2010 was necessary as a result of a few Spring snow storms, in addition to restocking materials to 90% capacity. There was also an increase in fuel expenditures for the first quarter of 2010 compared to prior year due to greater usage (as a result of more storms and more streets plowed) and increased fuel costs in 2010.
- Public Safety expenditures are \$.1 million more than expenditures year to date in 2009. This increase is the result of annual contractual increases and the pass-through of JAG grant funds.
- Land Use Fund transfers year to date are \$.2 million less than transfers year to date during 2009. This decrease is partly due to declining Building Services expenses as a result of the completion of The Streets at SouthGlenn project, in addition to the completion of a couple of other Land Use projects during 2009.
- Capital Improvement Fund transfers year to date are \$.3 million, or \$.2 million more than transfers year to date during 2009. In January of 2009, the Capital Improvement Fund transfer was a negative \$.2 million due to reallocation of funding for specific capital improvement projects.

GENERAL FUND – COMPARISON TO BUDGET
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Revenues

The following table is a summary comparison of the primary revenue sources year to date for 2010 compared to year to date budget.

(dollar amounts in millions)

	Actual YTD 2010	Budget YTD 2010	\$ Variance	% Variance
Retail Sales Tax	\$ 5.9	\$ 5.4	\$ 0.5	9.5%
Property Tax	4.2	4.4	(0.2)	-4.9%
Building Materials Use Tax	0.3	0.3	-	-14.7%
Highway Users Tax Fund	1.4	1.1	0.3	30.7%
Franchise Fees	1.6	1.6	-	3.8%
Specific Ownership Tax	0.2	0.2	-	-8.4%
Motor Vehicle Registration Fees	0.1	0.1	-	15.2%
Automobile Use Tax	0.9	1.1	(0.2)	-16.3%
Road and Bridge Shareback	0.2	0.2	-	2.1%
Court Fines	0.8	0.7	0.1	15.1%
Investment Income	-	0.1	(0.1)	-78.2%
All Other Revenue Sources	0.5	0.4	0.1	11.5%
	<u>\$ 16.1</u>	<u>\$ 15.6</u>	<u>\$ 0.5</u>	<u>3.6%</u>

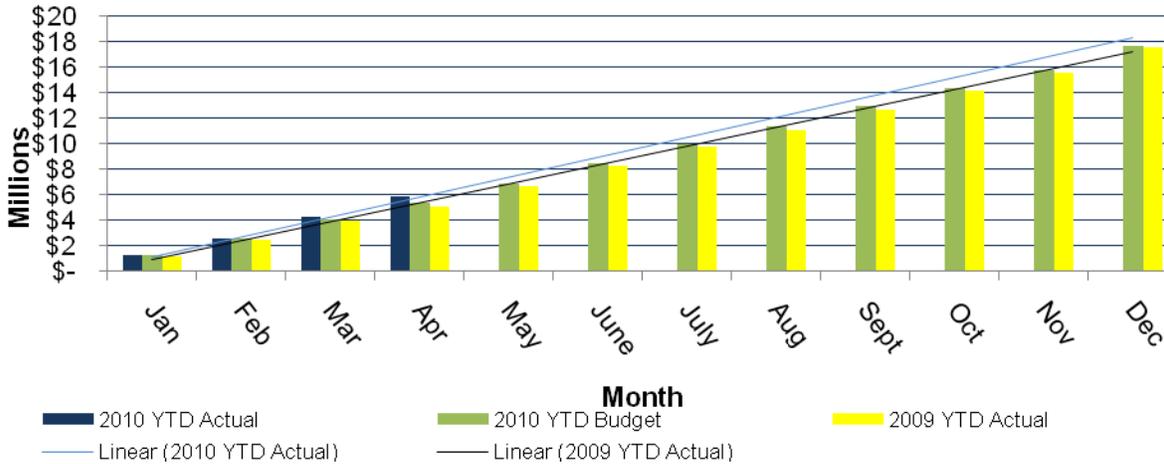
Retail Sales Tax

Total retail sales tax revenues year to date are \$.5 million, or 9.5% favorable to year to date budgeted revenues. Some businesses that have been recently licensed have also filed several delinquent returns for prior periods that contribute to this favorable variance compared to budget. There was approximately \$15,000 in audit revenue received in April.

Year to date as of April 30, 2010, there were a total of 284 retail sales tax licenses and 131 business licenses issued. As new licenses are issued, staff is diligently monitoring subsequent tax filings to ensure proper program compliance. The total sales tax returns filed, primarily for April and prior periods through

May are 6,027. On-line filing and remittance has increased from 3.37% in February of 2009 to 15.3% in April, 2010.

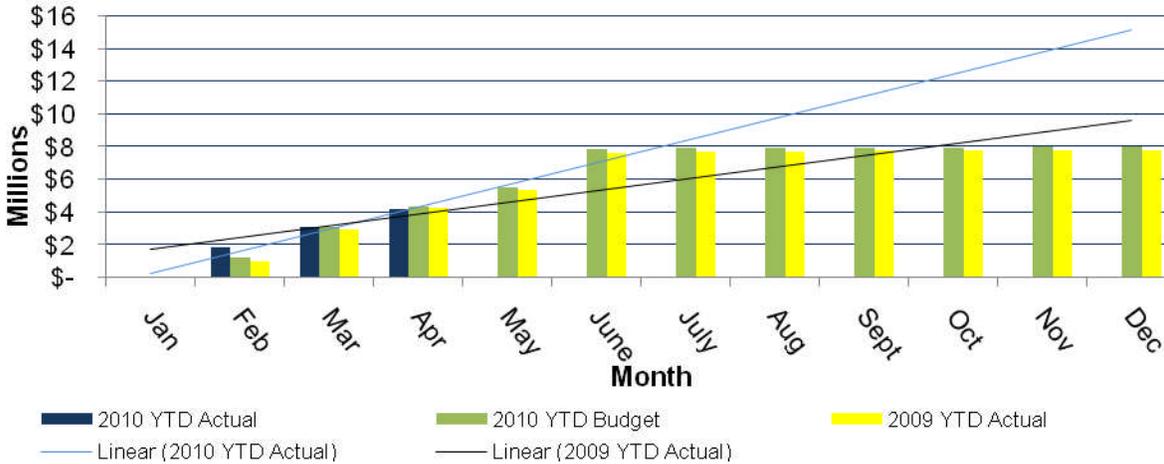
Sales Tax Revenue - Current & Prior Year



Property Tax

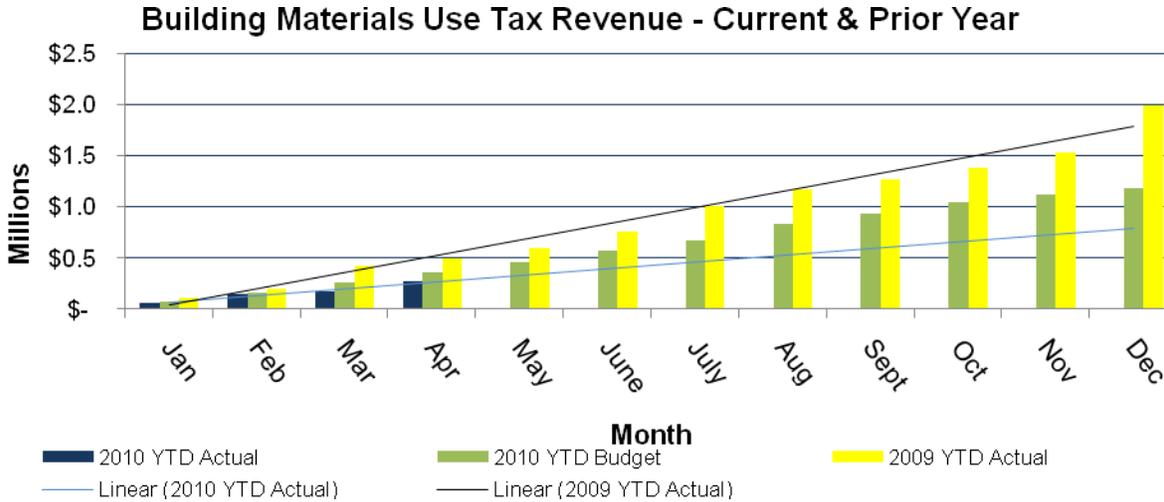
Property tax revenues year to date for 2010 are \$.2 million, or 4.9% unfavorable to budgeted revenues. This unfavorable variance is due to the timing of property tax payments compared to budget allocations. The budget was allocated based on the timing of payments received during the prior three years, however property tax payments are coming in inconsistent with the trend over prior years. This unfavorable variance is expected to diminish by mid-year.

Property Tax Revenue - Current & Prior Year



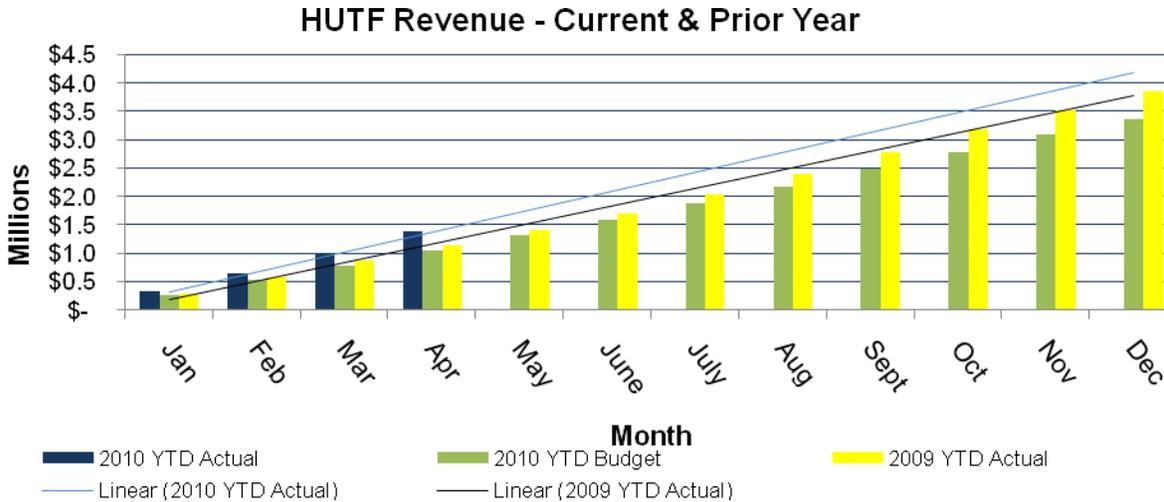
Building Materials Use Tax

Building materials use tax revenues year to date for 2010 are less than \$.1 million, or 14.7% unfavorable to budgeted revenues. This unfavorable variance is due to approximately \$50,000 in refunds of revenue collected in the prior year for contractors not subject to use tax.



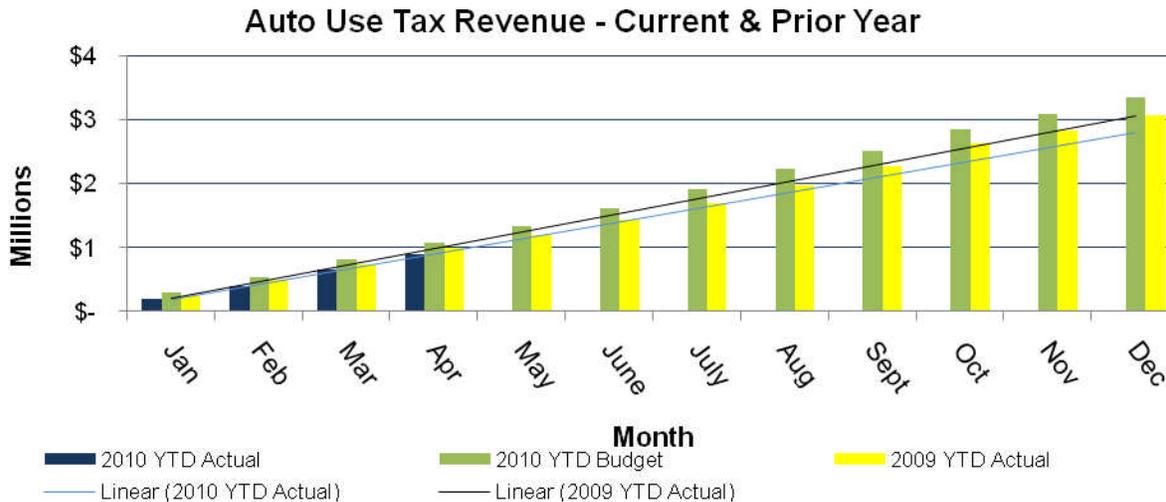
Highway Users Tax Fund

Highway Users Tax Fund revenues year to date for 2010 are \$.3 million, or 30.7% favorable compared to budgeted revenues. This favorable variance is due to the FASTER revenues that are included with the HUTF payments, but were not budgeted as the City did not know when the revenues would begin or how much to expect. Without the FASTER revenue, HUTF revenue is in line with the budget.



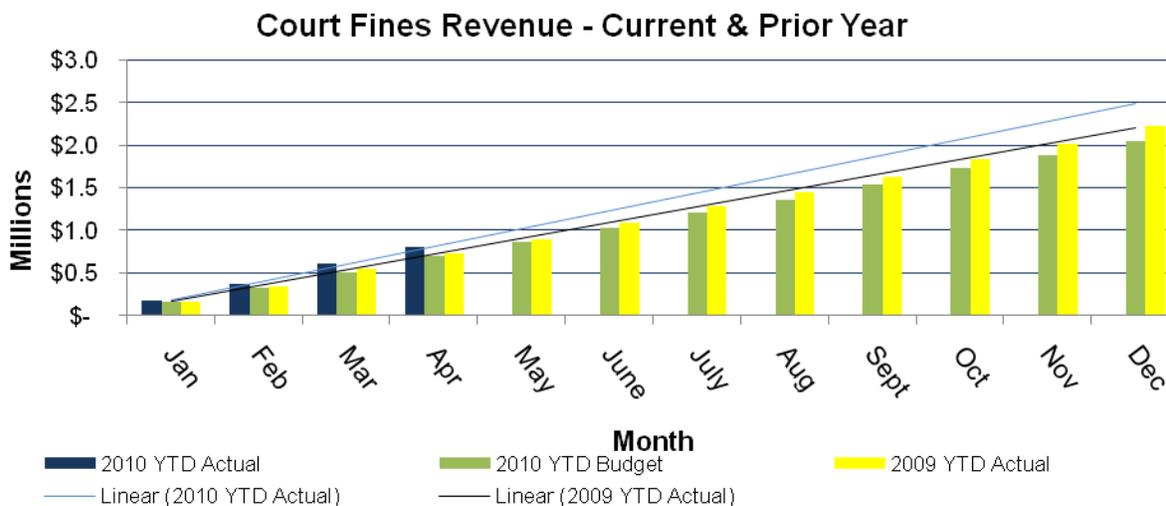
Automobile Use Tax

Automobile use tax revenues year to date are \$.2 million, or 16.3% unfavorable to budgeted revenues. Collections continue to deteriorate below what the City expected due to lower auto sales. The City lagged the trend with the decline that started in 2008, and is expected to also lag the trend with the recovery. According to Colorado Automobile Dealers Association, new vehicle registrations increased 16.5% in April, 2010 from April, 2009 and used vehicles declined 12.1% for the same period (this includes vehicles seven years old or newer).



Court Fines

Court fines year to date for 2010 are \$.1 million, or 15.1% favorable compared to budgeted revenues. This is primarily due to greater compliance attributable to the ability to pay court fines online. The year to date ticket count through April is 7,487 compared to 8,089 in 2009.



Investment Income

Investment income year to date is 78.2% unfavorable compared to budgeted revenues. This unfavorable variance is the direct result of the continued, and significant, declines in earnings rates.

Expenditures

Total expenditures and other financing uses year to date are \$.9 million, or 6.6% favorable compared to the year to date budget. The overall favorable variance for actual expenditures compared to budget is primarily due to the Finance, Human Resources and Risk Management Services, Support Services, Public Works and Law Enforcement departments, as well as the Land Use Fund transfer.

- Finance expenditures year to date are \$.1 million, or 23.9% favorable to the year to date budget. This favorable variance is primarily due vacancy savings and the timing of budget allocations related to projects.
- Human Resources and Risk Management Services expenditures year to date are \$.2 million, or 38.9% favorable to the year to date budget. This favorable expenditure variance is primarily due to a decrease in premiums for property and casualty insurance services, compared to premiums expected, which may result in an annual savings, as well as vacancy savings.
- Support Services expenditures are \$.1 million, or 21.5% favorable to the year to date budget. This favorable variance is primarily due to the timing of expenditures as compared to the allocation of the budget within the Information Technology division.
- Public Works expenditures are \$.1 million, or 3.7% favorable to the year to date budget. This favorable variance to budget is due to savings for street light utilities and signal maintenance.
- Law Enforcement expenditures are \$.1 million, or 1.3% favorable to the year to date budget. This favorable variance is due to timing of budget allocations as a result of a budget supplemental for approximately \$120,000 that was approved by City Council in April, 2010 for the School Resource Officer at Arapahoe High School. The cost for the School Resource Officer is spread equally throughout the year, therefore the favorable variance will diminish as the year progresses.
- Land Use Fund Transfers are \$.1 million, or 36.0% favorable to the year to date budget. This favorable variance to budget is due to increased Building Services revenue from a large commercial project, thereby reducing the transfer required by the Land Use Fund.
- Most all other City department expenditures are favorable year to date compared to budget. This favorable variance is the result of the timing of expenditures compared to the budget allocations.

LAND USE FUND

Comparison to Prior Year

Revenues

- Total revenues collected year to date increased \$.1 million, or 10.6%, to \$.8 million compared to revenues collected year to date during the prior year. This increase is primarily attributable to Building Services revenues.
 - Building Services revenues collected year to date are \$.6 million, or \$.1 million (12.7%) more than building services revenues collected year to date during the prior year. This increase is the result of plan review fees for a large commercial project.

Expenses

- Total expenses year to date decreased \$.1 million, or 10.5%, to \$.9 million compared to expenditures year to date during the prior year. This decrease is primarily due to the following:
 - Building Services expenses year to date are \$.5 million for 2010, or less than \$.1 million (12.7%) less than expenditures year to date during the prior year. This decrease is the result of the completion of The Streets at SouthGlenn project.
 - Expenses for the Land Development Code Rewrite and Sub Area Plan were \$.1 million higher in 2009 than project expenses are in 2010.

Comparison to Budget

Revenues

- Total revenues collected year to date are \$.1 million, or 12.6% favorable compared to year to date budgeted revenues. This favorable variance is due to increased Building Services revenue from a large commercial project.

Expenses

- Total expenses are in line with the year to date budget.

CAPITAL IMPROVEMENT FUND

Comparison to Prior Year

Revenues

- Total revenues collected year to date decreased \$1.7 million, or 98.2% compared to revenues collected year to date during 2009. This decrease is due to Federal Grant revenues collected as a result of the Arapahoe/University and Arapahoe – Colorado to Holly projects during the prior year.

Expenditures

- Total expenditures year to date decreased \$2.3 million, or 87.6%, to \$.3 million compared to expenditures year to date during the prior year. This decrease is mostly the result of the Arapahoe/University and Arapahoe – Colorado to Holly projects, which had \$2.3 million expended year to date in 2009. In addition, there was \$.2 million expended on the Potomac and Freemont traffic signal during the prior year.

Comparison to Budget

Revenues

- Total revenues collected year to date are \$.1 million, or 67.7% unfavorable compared to the year to date budget. This unfavorable variance is due to timing of the budget allocations which is the result of a budget supplemental for approximately \$60,000 that was approved by City Council in April, 2010. This budget supplemental is for the Curb Cut Program which allows homeowners to replace their roll-over curb-walks with new concrete curb cuts in front of their driveways at the homeowner's expense.

Expenditures

- Total expenditures are \$1.3 million, or 79.7% favorable compared to the year to date budget. This favorable variance is due to budget that was carried forward from the prior year for the Arapahoe/University, Arapahoe – Colorado to Holly, and other projects, as well as the associated timing of project budget allocations. In addition, there was a budget supplemental for approximately \$60,000 that was approved by City Council in April, 2010 for the Curb Cut Program that did not begin until May. This program will have offsetting revenues resulting in a net zero affect to the fund.

CONSERVATION TRUST FUND

Comparison to Prior Year

Revenues

- Total revenues collected year to date are less than \$.1 million, or 14.3% below revenues collected during the prior year. This decrease is due to lower investment earnings during the current year, which is the direct result of declining earnings rates. The amount invested has increased from \$3.7 million at the end of April, 2009, to \$4.0 million at the end of April, 2010.

Expenditures

- There are no year to date expenditures for 2009 or 2010.

Comparison to Budget

Revenues

- Total revenues collected year to date are 7.3% below budgeted revenues due to a decrease in lottery proceeds as well as investment earnings, which is the direct result of lower earnings rates.

Expenditures

- There are no year to date budgeted or actual expenditures for 2010.

OPEN SPACE FUND

Comparison to Prior Year

Revenues

- Total revenues collected year to date decreased less than \$.1 million, or 56.6% compared to revenues collected year to date during 2009. This decrease is due to lower investment earnings, which is the direct result of declining earnings rates. The amount invested has increased from \$6.4 million at the end of April, 2009, to \$7.7 million at the end of April, 2010.

Expenditures

- Total expenditures year to date increased \$.2 million, or more than 100.0%, to \$.3 million compared to expenditures year to date during the prior year. This increase is the result of expenditures for Broncos Parkway Trailhead, Piney Creek Hollow Park and Civic Center Park.

Comparison to Budget

Revenues

- Total revenues collected year to date are less than \$.1 million, or 45.5% below budgeted revenues due to a decrease in investment earnings, which is the direct result of lower earnings rates.

Expenditures

- Total expenditures are \$.7 million, or 72.7% favorable compared to the year to date budget. This favorable variance is due to timing of budget allocations which is the result of a budget supplemental for approximately \$190,000 that was approved by City Council in April, 2010 for the Tagawa access road. In addition, there were budget carry forwards allocated to April totaling approximately \$372,000 for South Suburban Park and Recreation District projects.

GENERAL IMPROVEMENT DISTRICT FUNDS

Comparison to Prior Year

Revenues

- Total revenues collected year to date decreased less than \$.1 million, or 4.0% compared to revenues collected year to date during the prior year. This decrease is due to timing of property tax payments, and is consistent with the payment pattern the City is experiencing in the General Fund. In addition, the GIDs are experiencing lower investment earnings, which is the direct result of declining earnings rates.

Expenditures

- Total expenditures year to date are less than \$.1 million, or more than 100% higher than the prior year. This increase is due to the timing of the interest payment on the debt which occurred earlier than it did in the prior year.

Comparison to Budget

Revenues

- Total revenues collected year to date are in line with budgeted revenues.

Expenditures

- Total expenditures are 64.4% favorable compared to the year to date budget. This favorable variance to budget is due to the timing of the budget allocations and is expected to diminish as the year progresses.

CENTENNIAL URBAN REDEVELOPMENT AUTHORITY FUND
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Comparison to Prior Year

Revenues

- Total revenues collected year to date increased \$.3 million, or more than 100.0% compared to revenues collected year to date during 2009. This increase is due to timing of property tax payments, which is partially offset by a decrease in building permits from the prior year.

Expenditures

- Total expenditures year to date increased \$.4 million, or more than 100.0% compared to prior year expenditures. This increase is directly attributable to the property tax pass-through payment by the Authority to the Southglenn Metropolitan District pursuant to the public finance agreement.

Comparison to Budget

Revenues

- Total revenues collected year to date are \$.1 million, or 30.8% favorable compared to the year to date budgeted revenues. This variance is due to the timing of property tax payments in comparison to the allocation of the budget and is consistent with the payment pattern the City is experiencing in the General Fund.

Expenditures

- Total expenditures are \$.1 million, or 33.2% unfavorable compared to the year to date budget. This unfavorable variance is directly related to the timing of property tax payments and the related pass-through of these revenues to the Southglenn Metropolitan District as a result of the public finance agreement between the Authority and District.