



The following financial report analysis offers readers a narrative overview and analysis of the financial activities of the City for February, 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 February, 2010 Monthly Financial Statements**

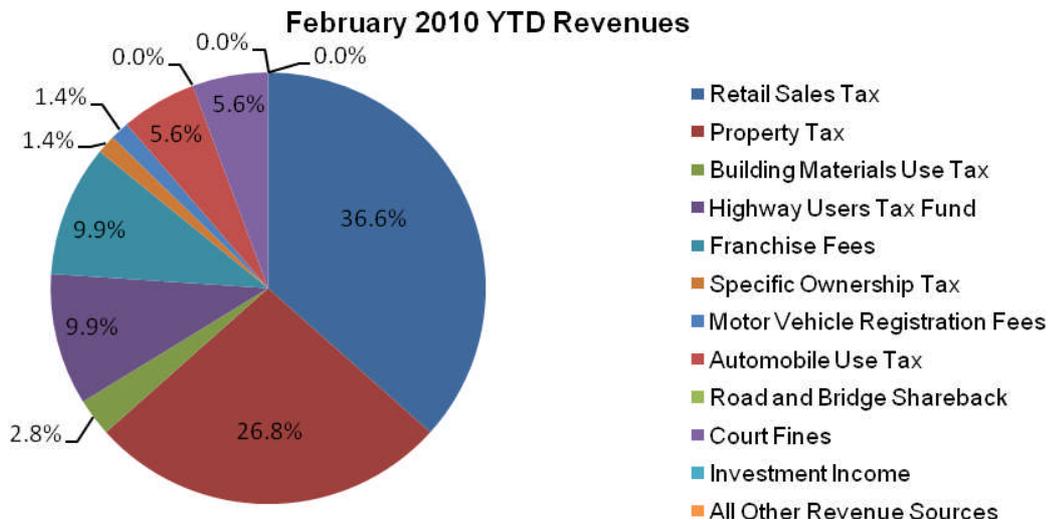
**GENERAL FUND – COMPARISON TO PRIOR YEAR**

**Revenues**

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

*(dollar amounts in millions)*

	February 2010	February 2009	\$ Variance	% Variance
Retail Sales Tax	\$ 2.6	\$ 2.5	\$ 0.1	4.0%
Property Tax	1.9	1.0	0.9	90.0%
Building Materials Use Tax	0.2	0.2	-	0.0%
Highway Users Tax Fund	0.7	0.6	0.1	16.7%
Franchise Fees	0.7	0.6	0.1	16.7%
Specific Ownership Tax	0.1	0.1	-	0.0%
Motor Vehicle Registration Fees	0.1	0.1	-	0.0%
Automobile Use Tax	0.4	0.5	(0.1)	-20.0%
Road and Bridge Shareback	-	-	-	0.0%
Court Fines	0.4	0.3	0.1	33.3%
Investment Income	-	-	-	0.0%
All Other Revenue Sources	-	0.2	(0.2)	-100.0%
	<u>\$ 7.1</u>	<u>\$ 6.1</u>	<u>\$ 1.0</u>	<u>16.4%</u>



Retail Sales Tax

Total retail sales tax revenues year to date during 2010 are 4.0% above collections year to date in 2009. This increase is primarily 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 71.8% higher compared to the prior year.

The table below represents total sales tax collected for the month summarized by NAICS (North American Industry Classification System) codes. The top seven NAICS categories represent 47.0% of the total retail sales tax for the month.

**2010 February Paid in March -Top 25 Sales by 4-digit NAICS code**

<b>NAICS Description</b>	<b>Total</b>	<b>% of Total</b>
1 Full-Service Restaurants	107,939	8.4%
2 Wireless Telecommunications Carriers (except Satellite)	102,920	8.0%
3 Automobile Dealers	88,184	6.8%
4 Grocery Stores	86,523	6.7%
5 Limited-Service Eating Places	84,179	6.5%
6 Electric Power Generation, Transmission and Distribution	80,618	6.2%
7 Other General Merchandise Stores	56,868	4.4%
8 Wired Telecommunications Carriers	51,867	4.0%
9 Department Stores	38,808	3.0%
10 Beer, Wine, and Liquor Stores	38,322	3.0%
11 Sporting Goods, Hobby, and Musical Instrument Stores	38,256	3.0%
12 Electronics and Appliance Stores	37,576	2.9%
13 Automotive Parts, Accessories, and Tire Stores	29,807	2.3%
14 Automotive Repair and Maintenance	27,453	2.1%
15 Furniture Stores	27,164	2.1%
16 Health and Personal Care Stores	25,369	2.0%
17 Traveler Accommodation	21,424	1.7%
18 Other Miscellaneous Store Retailers	17,258	1.3%
19 Electrical and Electronic Goods Merchant Wholesalers	14,500	1.1%
20 Building Material and Supplies Dealers	13,926	1.1%
21 Home Furnishings Stores	13,662	1.1%
22 Computer Systems Design and Related Services	12,454	1.0%
23 Clothing Stores	12,241	0.9%
24 Other Telecommunications	11,143	0.9%
25 Automotive Equipment Rental and Leasing	10,891	0.8%
26 All Other Businesses	241,026	18.7%
<b>Grand Total</b>	<b>1,290,376</b>	<b>100.0%</b>

Property Tax

Total property tax revenues year to date during 2010 are 90.0% above collections year to date in 2009. This increase is due to the timing of property tax payments. Payments in 2010 are coming in sooner than they have in prior years.

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 16.7% above collections year to date in 2009. This increase is due to both the gas and electric franchise fees. Mild weather in November of 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 4%) for the first quarter of 2010, compared to the first quarter of 2009. Despite lower prices, revenues are above collections during the same period of 2009 due to increased usage. Overall, 2009 was a mild weather year. The average monthly temperatures for January and February of 2010 have been colder than in 2009.

Automobile Use Tax

Automobile use tax revenues year to date for 2010 are 20.0% below collections year to date in 2009. The City lagged the trend with the decline that started in 2008, and is expected to also lag the trend with the recovery of the auto sales market. According to Colorado Automobile Dealers Association, new vehicle registrations increased 5.6% in February, 2010 from February, 2009 and used vehicles declined 12.4% for the same period (this includes vehicles seven years old or newer).

Court Fines

Court fine revenues year to date for 2010 are less than \$.1 million above collections year to date in 2009. This increase is primarily due to greater compliance attributable to the ability to pay court fines online. The year to date ticket count through February, 2010 is 3,727 compared to 4,416 in 2009.

Investment Income

Investment income year to date during 2010 is 57.6% 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 \$24.6 million as of February 28, 2009, to \$23.8 million as of February 28, 2010.

	<u>Annual Yield – 2009</u>	<u>Annual Yield - 2010</u>
Colotrust	0.59%	0.20%
Wells Fargo	0.10%	0.10%

Expenditures

Total expenditures and other financing uses year to date increased \$.5 million, or 7.6%, to \$6.7 million compared to expenditures and other financing uses year to date in 2009. The overall increase is attributable to the Elected Officials and Public Works departments, as well as the Capital Improvement fund transfer.

- Elected Officials expenditures are less than \$.1 million more than expenditures year to date in 2009. This increase is due to the timing of payments for dues and memberships.
- Public Works expenditures are less than \$.1 million more than expenditures year to date in 2009. This increase is primarily due to increased expenditures in 2010 for snow removal material needed as a result of a couple of big snow storms in January, 2010.
- Capital Improvement Fund transfers year to date are \$.2 million, or \$.3 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**

**Revenues**

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

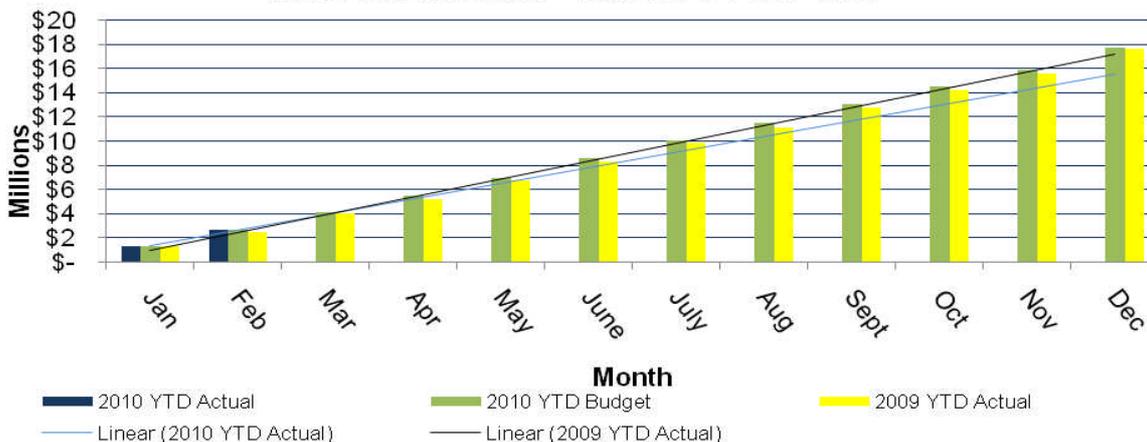
*(dollar amounts in millions)*

	Actual YTD 2010	Budget YTD 2010	\$ Variance	% Variance
Retail Sales Tax	\$ 2.6	\$ 2.6	\$ -	-0.4%
Property Tax	1.9	1.3	0.6	50.4%
Building Materials Use Tax	0.2	0.1	0.1	37.9%
Highway Users Tax Fund	0.7	0.5	0.2	23.3%
Franchise Fees	0.7	0.7	-	-5.0%
Specific Ownership Tax	0.1	0.1	-	-11.0%
Motor Vehicle Registration Fees	0.1	0.1	-	14.6%
Automobile Use Tax	0.4	0.5	(0.1)	-27.7%
Road and Bridge Shareback	-	-	-	0.0%
Court Fines	0.4	0.3	0.1	16.7%
Investment Income	-	-	-	-77.3%
All Other Revenue Sources	-	0.3	(0.3)	-9.1%
	<u>\$ 7.1</u>	<u>\$ 6.5</u>	<u>\$ 0.6</u>	<u>9.4%</u>

**Retail Sales Tax**

Total retail sales tax revenues year to date are \$2.6 million, which is in line with budgeted revenues. Year to date as of February 28, 2010, there were a total of 170 retail sales tax licenses and 101 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 February and prior periods through March are 2,530. On-line filing and remittance has increased from 3.37% in February of 2009 to 18.9% in February, 2010.

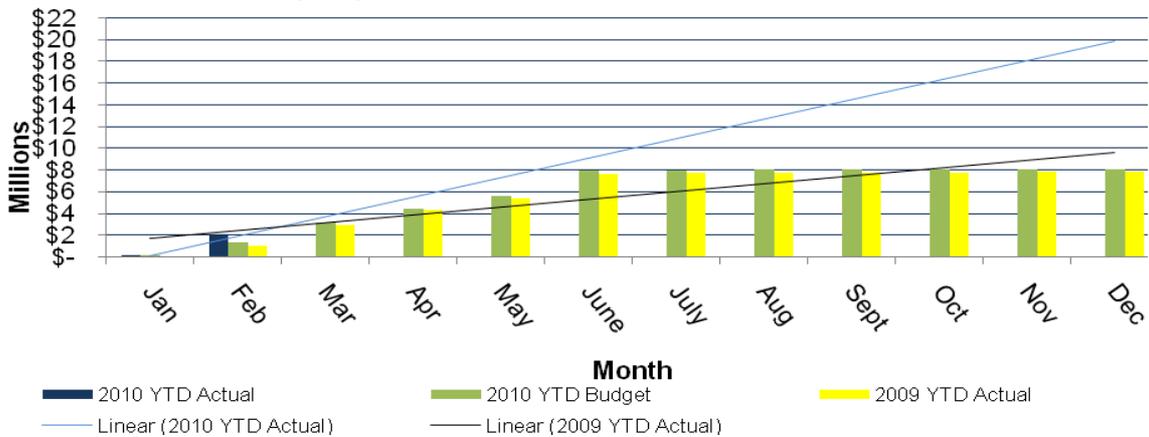
**Sales Tax Revenue - Current & Prior Year**



**Property Tax**

Property tax revenues year to date for 2010 are \$.6 million, or 50.4% favorable to year to date budgeted revenues. This favorable 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 sooner for 2010 than they have in prior years. This favorable variance is expected to diminish by mid-year.

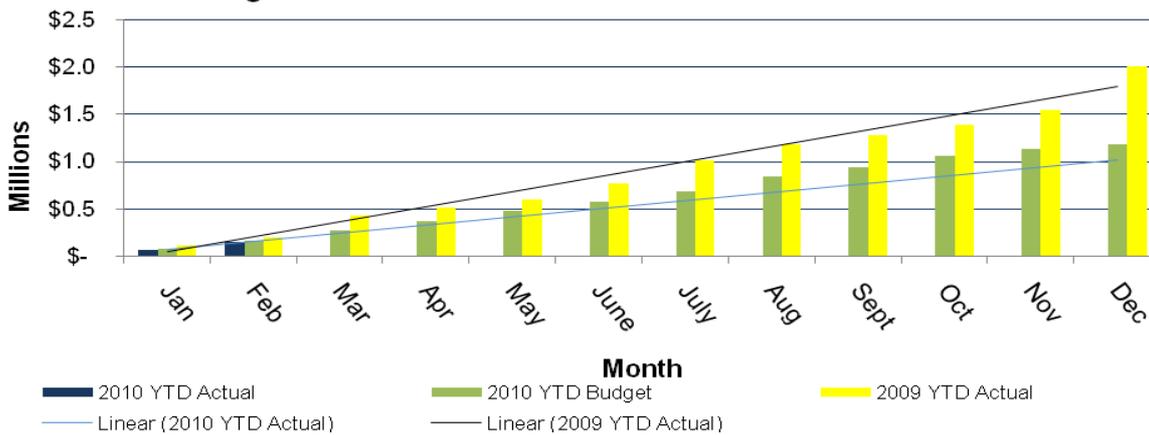
### Property Tax Revenue - Current & Prior Year



### Building Materials Use Tax

Building materials use tax revenues year to date for 2010 are less than \$.1 million, or 37.9% favorable to budgeted revenues.

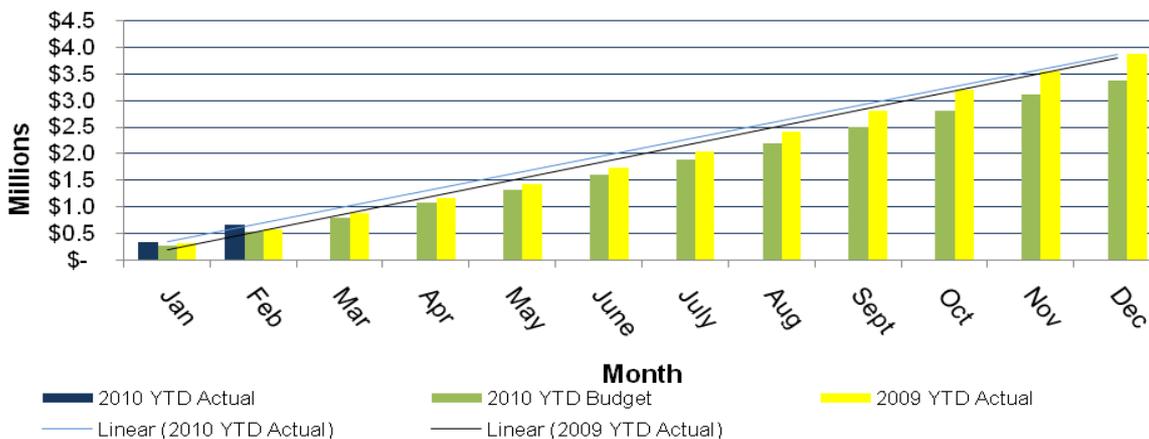
### Building Materials Use Tax Revenue - Current & Prior Year



### Highway Users Tax Fund

Highway Users Tax Fund revenues year to date for 2010 are \$.2 million, or 23.3% 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.

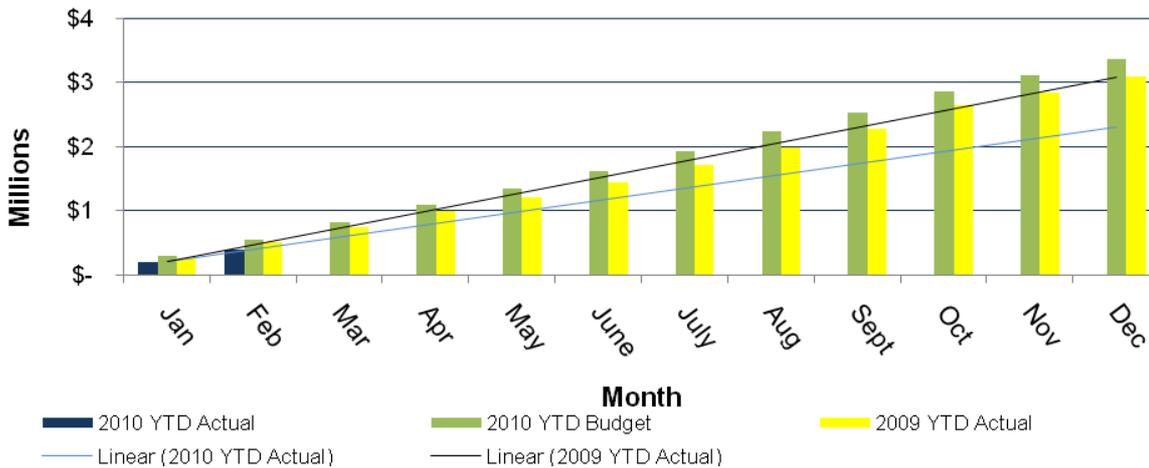
### HUTF Revenue - Current & Prior Year



**Automobile Use Tax**

Automobile use tax revenues year to date are \$.1 million, or 27.7% 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 of the auto sales market. According to Colorado Automobile Dealers Association, new vehicle registrations increased 5.6% in February, 2010 from February, 2009 and used vehicles declined 12.4% for the same period (this includes vehicles seven years old or newer).

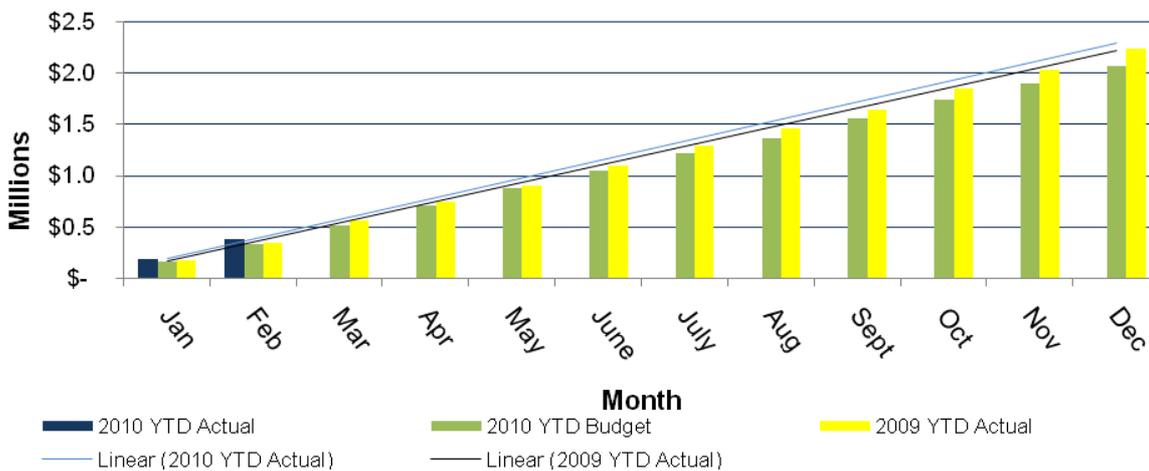
**Auto Use Tax Revenue - Current & Prior Year**



**Court Fines**

Court fine revenues year to date for 2010 are less than \$.1 million, or 16.7% favorable compared to budgeted revenues. This is primarily due to greater compliance attributable to the ability to pay court fines online.

**Court Fines Revenue - Current & Prior Year**



**Investment Income**

Investment income year to date is 77.3% 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 \$.3 million, or 3.9% 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 and Support Services departments.

- The Finance expenditures year to date are less than \$.1 million, or 24.0% favorable to the year to date budget. This favorable variance is primarily due to vacancy savings and the timing of budget allocations related to projects.
- The Human Resources and Risk Management Services expenditures year to date are less than \$.1 million, or 31.3% 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. The City is experiencing insurance premium payments that are lower than expected, which may result in an annual savings.
- The Support Services expenditures are less than \$.1 million, or 31.5% 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 Information Technology.

<b>LAND USE FUND</b>
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**Comparison to Prior Year**

*Revenues*

- Total revenues collected year to date decreased \$.1 million, or 21.6%, to \$.3 million compared to revenues collected year to date during the prior year. This decrease is primarily attributable to Building Services revenues.
  - Building Services revenues collected year to date are \$.2 million, or \$.1 million (30.1%) less than building services revenues collected year to date during the prior year. This decrease is the result of the completion of The Streets at SouthGlenn project.

*Expenses*

- Total expenses year to date decreased \$.1 million, or 24.4%, to \$.4 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 \$.2 million for 2010, or \$.1 million (30.0%) 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 less than \$.1 million higher in 2009 than project expenses are in 2010.

**Comparison to Budget**

*Revenues*

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

*Expenses*

- Total expenses are 8.0% favorable compared to the year to date budget, which is less than \$.1 million. Most line items within Land Use have a favorable variance to budget due to the timing of expenditures compared to the allocation of the budget.

<b>CAPITAL IMPROVEMENT FUND</b>
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**Comparison to Prior Year**

*Revenues*

- Total revenues collected year to date decreased \$.8 million, or 99.6% 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 \$.6 million, or 72.0%, to \$.2 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 \$.5 million expended year to date compared to 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 less than \$.1 million, or 71.1% unfavorable compared to the year to date budget. This unfavorable variance is due to a decrease in the Pavement Degradation fee schedule, as well as a decrease in the number of permits issued year to date compared to 2009. In addition, there have been fewer street cuts year to date during 2010 compared to the same period during the prior year.

*Expenditures*

- Total expenditures are \$1.2 million, or 84.6% 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 and Arapahoe – Colorado to Holly projects and the associated timing of the budget allocations.

<b>CONSERVATION TRUST FUND</b>
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**Comparison to Prior Year**

*Revenues*

- Total revenues collected year to date are less than \$.1 million, or 60.6% 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 \$3.5 million at the end of February, 2009 to \$3.9 million at the end of February, 2010.

*Expenditures*

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

**Comparison to Budget**

*Revenues*

- Total revenues collected year to date are 46.9% below budgeted revenues due to a decrease in investment earnings, which is the direct result of lower earnings rates.

*Expenditures*

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

<b>OPEN SPACE FUND</b>
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**Comparison to Prior Year**

*Revenues*

- Total revenues collected year to date decreased 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 February, 2009 to \$7.8 million at the end of February, 2010.

*Expenditures*

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

**Comparison to Budget**

*Revenues*

- Total revenues collected year to date are 40.8% below budgeted revenues due to a decrease in investment earnings, which is the direct result of lower earnings rates.

*Expenditures*

- Total expenditures are less than \$.1 million, or 6.4% unfavorable compared to the year to date budget. This unfavorable variance is due to the timing of the budget allocations and is expected to diminish as the year progresses.

<b>GENERAL IMPROVEMENT DISTRICT FUNDS</b>
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**Comparison to Prior Year**

*Revenues*

- Total revenues collected year to date increased less than \$.1 million, or 93.0% compared to revenues collected year to date during the prior year. This increase is due to timing of property tax payments and is consistent with the payment pattern the City is experiencing in the General Fund.

*Expenditures*

- Total expenditures year to date are consistent with the prior year.

**Comparison to Budget**

*Revenues*

- Total revenues collected year to date are less than \$.1 million, or 61.2% favorable compared to budgeted revenues. This unfavorable variance is due to the timing of property tax payments compared to the allocation of the budget.

*Expenditures*

- Total expenditures are 96.9% 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.

<b>CENTENNIAL URBAN REDEVELOPMENT AUTHORITY FUND</b>
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**Comparison to Prior Year**

*Revenues*

- Total revenues collected year to date increased \$.1 million, or 71.1% compared to revenues collected year to date during 2009. This increase is due to timing of property tax payments and is consistent with the payment pattern the City is experiencing in the General Fund.

*Expenditures*

- Total expenditures year to date increased \$.2 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 less than \$.1 million, or 13.4% 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.

#### *Expenditures*

- Total expenditures are less than \$.1 million, or 14.8% 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.