



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

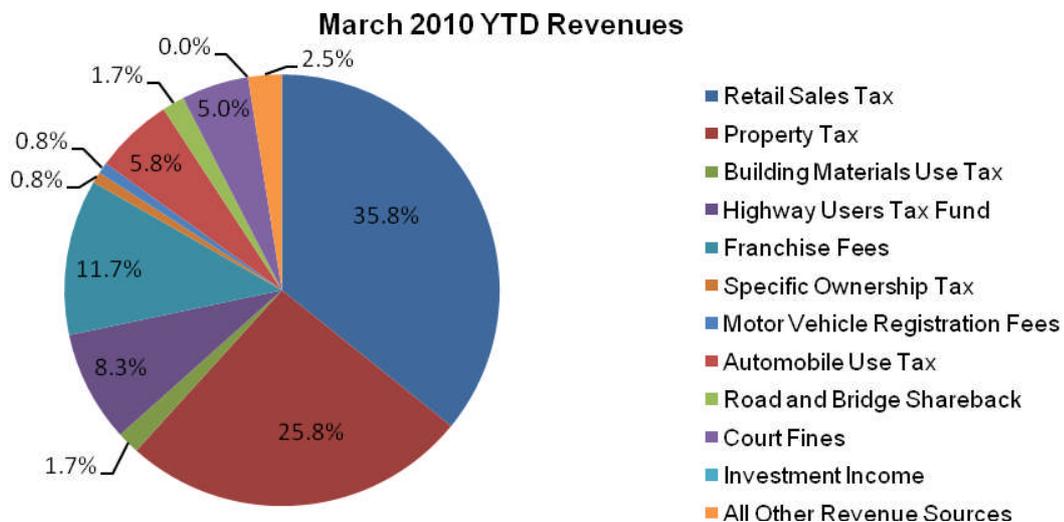
GENERAL FUND – COMPARISON TO PRIOR YEAR

Revenues

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

(dollar amounts in millions)

	March 2010	March 2009	\$ Variance	% Variance
Retail Sales Tax	\$ 4.3	\$ 4.0	\$ 0.3	7.5%
Property Tax	3.1	3.0	0.1	3.3%
Building Materials Use Tax	0.2	0.4	(0.2)	-50.0%
Highway Users Tax Fund	1.0	0.9	0.1	11.1%
Franchise Fees	1.4	1.2	0.2	16.7%
Specific Ownership Tax	0.1	0.2	(0.1)	-50.0%
Motor Vehicle Registration Fees	0.1	0.1	-	0.0%
Automobile Use Tax	0.7	0.7	-	0.0%
Road and Bridge Shareback	0.2	0.2	-	0.0%
Court Fines	0.6	0.6	-	0.0%
Investment Income	-	-	-	0.0%
All Other Revenue Sources	0.3	0.4	(0.1)	-25.0%
	<u>\$ 12.0</u>	<u>\$ 11.7</u>	<u>\$ 0.3</u>	<u>2.6%</u>



Retail Sales Tax

Total retail sales tax revenues year to date during 2010 are \$.3 million, or 7.5% 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 85.6% higher compared to the prior year. In addition, there was approximately \$35,000 in audit revenue collected in March, 2010.

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 46.1% of the total retail sales tax for the first quarter of 2010. This table compares the first quarter of 2010 to the first quarter of 2009. Based on the favorable variance between the top 25 NAICS categories for the first quarter of 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 for this quarter compared to prior year. 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 1st Quarter & 2009 1st Quarter -Top 25 Sales by 4-digit NAICS code

NAICS Description	2010 Total	% of Total	2009 Total	% Change
1 Wireless Telecommunications Carriers (except Satellite)	368,320	8.6%	295,368	24.7%
2 Full-Service Restaurants	322,031	7.5%	295,661	8.9%
3 Electric Power Generation, Transmission and Distribution	287,704	6.7%	224,267	28.3%
4 Automobile Dealers	287,560	6.7%	251,058	14.5%
5 Limited-Service Eating Places	265,372	6.2%	223,745	18.6%
6 Grocery Stores	254,479	5.9%	183,006	39.1%
7 Other General Merchandise Stores	192,501	4.5%	182,340	5.6%
8 Sporting Goods, Hobby, and Musical Instrument Stores	135,362	3.2%	127,108	6.5%
9 Electronics and Appliance Stores	122,157	2.9%	150,631	-18.9%
10 Department Stores	120,667	2.8%	108,679	11.0%
11 Wired Telecommunications Carriers	120,138	2.8%	177,470	-32.3%
12 Beer, Wine, and Liquor Stores	112,527	2.6%	94,483	19.1%
13 Furniture Stores	105,371	2.5%	70,923	48.6%
14 Automotive Repair and Maintenance	96,851	2.3%	96,722	0.1%
15 Automotive Parts, Accessories, and Tire Stores	95,971	2.2%	83,194	15.4%
16 Health and Personal Care Stores	78,429	1.8%	47,574	64.9%
17 Traveler Accommodation	69,314	1.6%	62,427	11.0%
18 Electrical and Electronic Goods Merchant Wholesalers	66,676	1.6%	-	-
19 Other Miscellaneous Store Retailers	60,496	1.4%	61,679	-1.9%
20 Direct Selling Establishments	47,741	1.1%	-	-
21 Building Material and Supplies Dealers	46,358	1.1%	52,876	-12.3%
22 Commercial and Industrial Machinery and Equipment Rental and Leasing	44,257	1.0%	-	-
23 Clothing Stores	43,210	1.0%	39,474	9.5%
24 Home Furnishings Stores	42,486	1.0%	28,892	47.1%
25 Automotive Equipment Rental and Leasing	40,058	0.9%	27,310	46.7%
26 All Other Businesses	858,178	20.0%	1,096,228	-21.7%
Total	4,284,217	100.0%	3,981,113	

Property Tax

Total property tax revenues year to date during 2010 are 3.3% above collections year to date in 2009. This increase is due to the higher amount of taxes due in 2010 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 50.0% below collections year to date in 2009. This decrease is due to the completion of The Streets at SouthGlenn and is expected to continue throughout the year.

Highway Users Tax Fund

Highway Users Tax Fund revenues year to date during 2010 are 11.1% 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 the gas, electric, and cable 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 up due to increased usage as compared to the prior year. Overall, 2009 was a mild weather year. The combined average monthly temperatures for the first quarter of 2010 have been colder than in 2009, although March was slightly warmer.

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 less than \$.1 million below collections year to date in 2009. This decrease is due to slower auto sales as a result of the economy.

Investment Income

Investment income year to date during 2010 is 59.0% 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 \$25.2 million as of March 31, 2009, to \$23.2 million as of March 31, 2010.

	<u>Annual Yield – 2009</u>	<u>Annual Yield - 2010</u>
Colotrust	0.54%	0.19%
Wells Fargo	0.10%	0.10%

Expenditures

Total expenditures and other financing uses year to date increased \$.3 million, or 2.7%, to \$9.9 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. This increase is primarily due to increased expenditures in 2010 for snow removal material as a result of a few big snow storms. Last year was a more mild spring than this year in terms of both temperature and snow. In addition, snow materials were restocked to 90% capacity. There was also an increase in fuel expenditures for the first quarter of 2010 compared to the same period the prior year. This increase is due to greater usage as a result of more storms and more streets plowed, as well as increased fuel costs in 2010 compared to 2009.

- 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 \$.1 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 \$.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
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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)

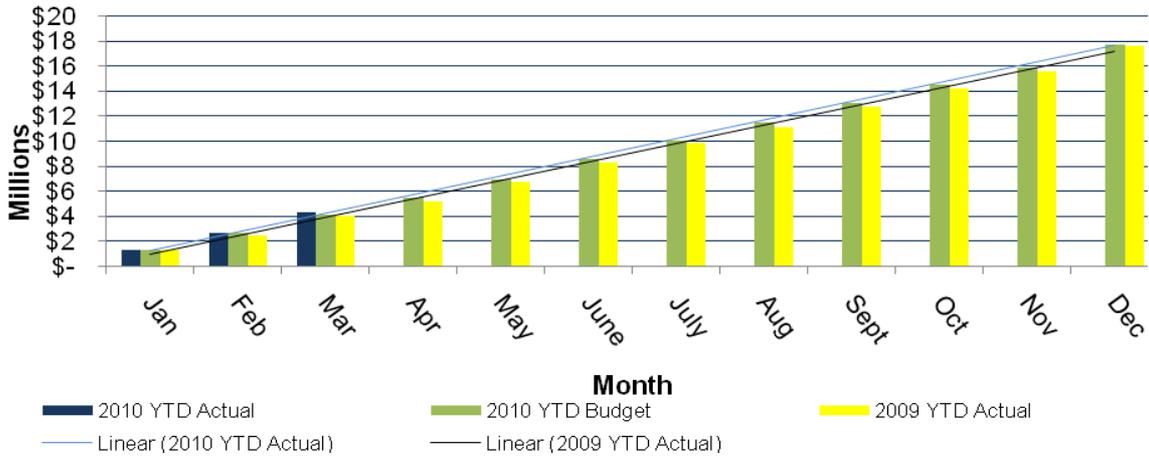
	Actual YTD 2010	Budget YTD 2010	\$ Variance	% Variance
Retail Sales Tax	\$ 4.3	\$ 4.1	\$ 0.2	5.7%
Property Tax	3.1	3.1	-	0.5%
Building Materials Use Tax	0.2	0.2	-	-21.8%
Highway Users Tax Fund	1.0	0.8	0.2	27.0%
Franchise Fees	1.4	1.3	0.1	3.9%
Specific Ownership Tax	0.1	0.2	(0.1)	-13.7%
Motor Vehicle Registration Fees	0.1	0.1	-	16.6%
Automobile Use Tax	0.7	0.8	(0.1)	-19.2%
Road and Bridge Shareback	0.2	0.2	-	2.1%
Court Fines	0.6	0.5	0.1	19.9%
Investment Income	-	0.1	(0.1)	-78.6%
All Other Revenue Sources	0.3	0.2	0.1	22.7%
	\$ 12.0	\$ 11.6	\$ 0.4	3.7%

Retail Sales Tax

Total retail sales tax revenues year to date are \$.2 million, or 5.7% favorable to year to date budgeted revenues. There was approximately \$35,000 in audit revenue received in March. The improvement in the top 25 NAICS codes for the first quarter of 2010, compared to the prior year, preliminarily suggests that the City's retail sales tax revenue is in recovery.

Year to date as of March 31, 2010, there were a total of 225 retail sales tax licenses and 121 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 March and prior periods through April are 4,751. On-line filing and remittance has increased from 3.37% in February of 2009 to 12.5% in March, 2010.

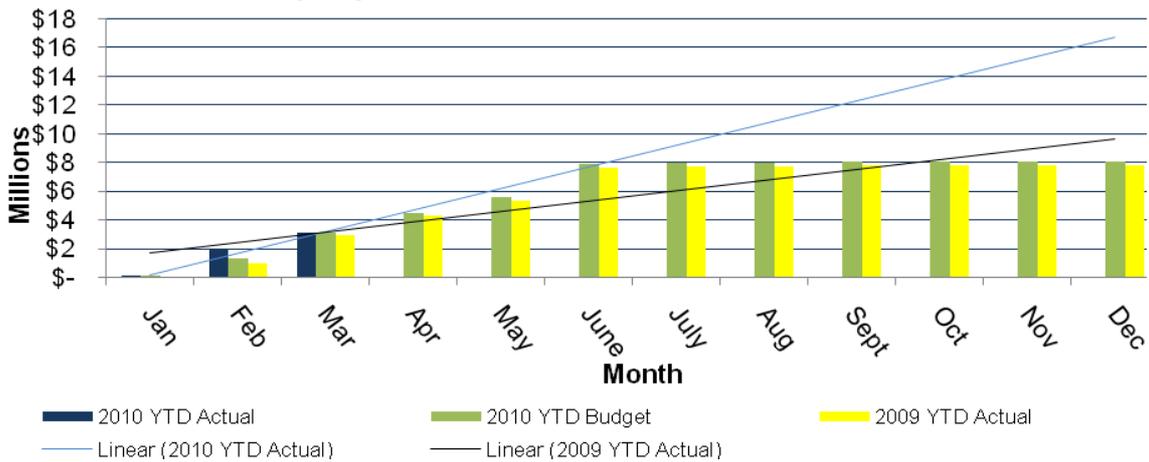
Sales Tax Revenue - Current & Prior Year



Property Tax

Property tax revenues year to date for 2010 are in line with year to date budgeted revenues.

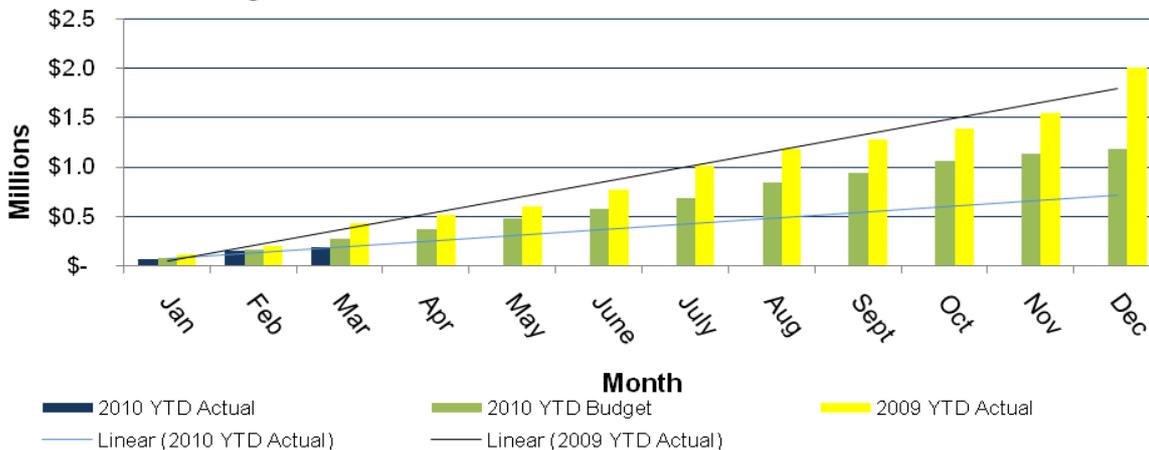
Property Tax Revenue - Current & Prior Year



Building Materials Use Tax

Building materials use tax revenues year to date for 2010 are less than \$.1 million, or 21.8% 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.

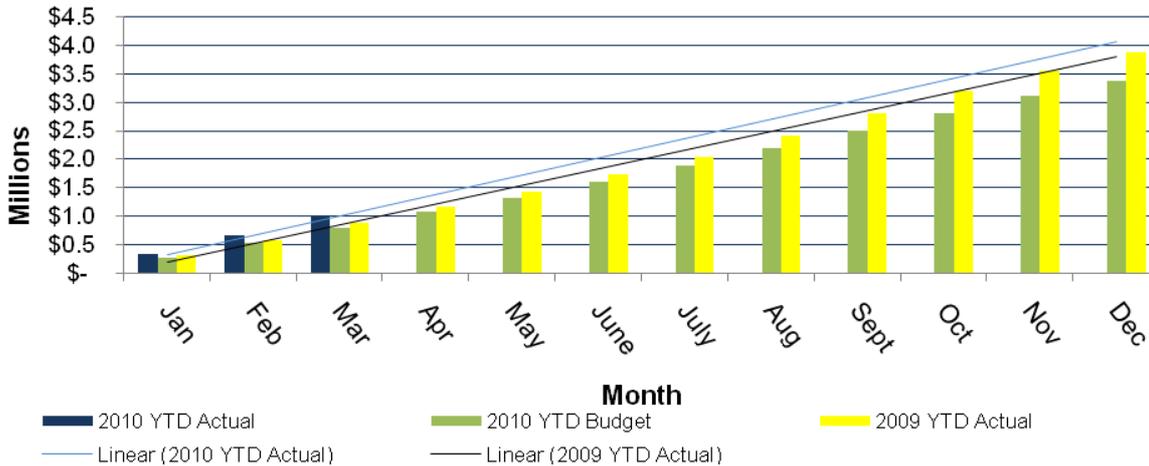
Building Materials Use Tax Revenue - Current & Prior Year



Highway Users Tax Fund

Highway Users Tax Fund revenues year to date for 2010 are \$.2 million, or 27.0% 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.

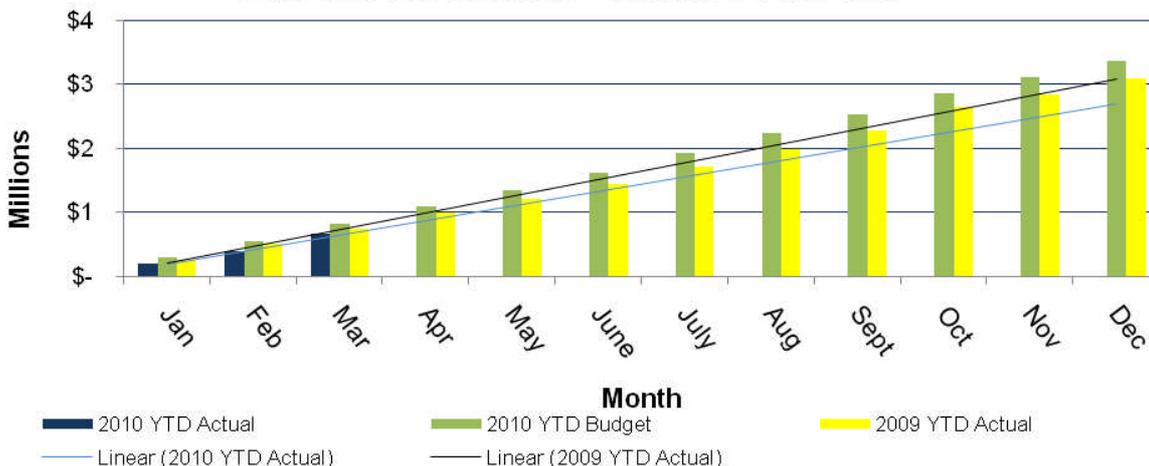
HUTF Revenue - Current & Prior Year



Automobile Use Tax

Automobile use tax revenues year to date are \$.1 million, or 19.2% 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 6.0% in March, 2010 from March, 2009 and used vehicles declined 4.8% for the same period (this includes vehicles seven years old or newer).

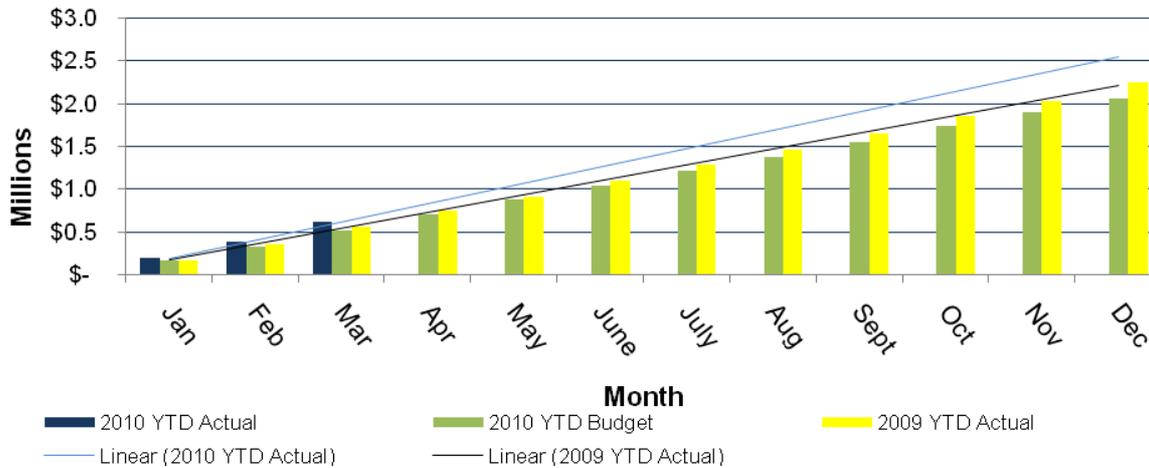
Auto Use Tax Revenue - Current & Prior Year



Court Fines

Court fines year to date for 2010 are \$.1 million, or 19.9% 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 March is 5,848 compared to 6,289 in 2009.

Court Fines Revenue - Current & Prior Year



Investment Income

Investment income year to date is 78.6% 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 \$.4 million, or 3.8% 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, which is partially offset by the Law Enforcement department.

- The Finance expenditures year to date are \$.1 million, or 25.7% favorable to the year to date budget. This favorable variance is primarily due vacancy savings and the timing of budget allocations related to projects.
- The Human Resources and Risk Management Services expenditures year to date are \$.1 million, or 36.1% 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.
- The Support Services expenditures are \$.1 million, or 27.4% 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.
- The Law Enforcement expenditures are \$.1 million, or 1.4% unfavorable to the year to date budget. This unfavorable variance is due to an additional School Resource Officer gained through the annexation of Arapahoe High School. This variance will go away as the result of a budget supplemental that was approved by City Council in April, 2010.
- 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 decreased \$.1 million, or 18.7%, to \$.4 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 \$.3 million, or \$.1 million (23.9%) 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 \$.2 million, or 26.8%, to \$.6 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 (23.8%) 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 6.6% 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.

CAPITAL IMPROVEMENT FUND

Comparison to Prior Year

Revenues

- Total revenues collected year to date decreased \$1.3 million, or 97.9% 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 \$1.6 million, or 85.0%, 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 \$1.5 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 less than \$.1 million, or 94.7% favorable compared to the year to date budget. This favorable variance is due to contributions received for the flasher warning signals at Picadilly Street/Riviera Way and crosswalk improvements for Panorama Circle.

Expenditures

- Total expenditures are \$1.2 million, or 81.1% 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.

CONSERVATION TRUST FUND

Comparison to Prior Year

Revenues

- Total revenues collected year to date are less than \$.1 million, or 13.8% 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 March, 2009 to \$4.0 million at the end of March, 2010.

Expenditures

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

Comparison to Budget

Revenues

- Total revenues collected year to date are 6.7% 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 57.4% 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 March, 2009 to \$7.8 million at the end of March, 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 less than \$.1 million, or 44.1% below budgeted revenues due to a decrease in investment earnings, which is the direct result of lower earnings rates.

Expenditures

- Total expenditures are \$.1 million, or 27.8% favorable compared to the year to date budget. This favorable variance is due to the timing of the budget allocations and is expected to diminish as the year progresses.

GENERAL IMPROVEMENT DISTRICT FUNDS

Comparison to Prior Year

Revenues

- Total revenues collected year to date decreased less than \$.1 million, or 3.2% 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 69.1% lower than the prior year. This decrease is due to the timing of expenditures for contracted services for Walnut Hills GID.

Comparison to Budget

Revenues

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

Expenditures

- Total expenditures are 98.6% 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 \$.2 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 \$.3 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 19.8% 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 less than \$.1 million, or 20.8% 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.