

The following financial report analysis offers readers a narrative overview of the financial activities of the City for the period ended November 30, 2012; 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 2012 Annual Budget for an explanation of 2012 budget variances compared to the 2011 Adopted Budget.

Summary of the November, 2012 YTD Financial Statements

GENERAL FUND – COMPARISON TO PRIOR YEAR FOR THE SAME PERIOD

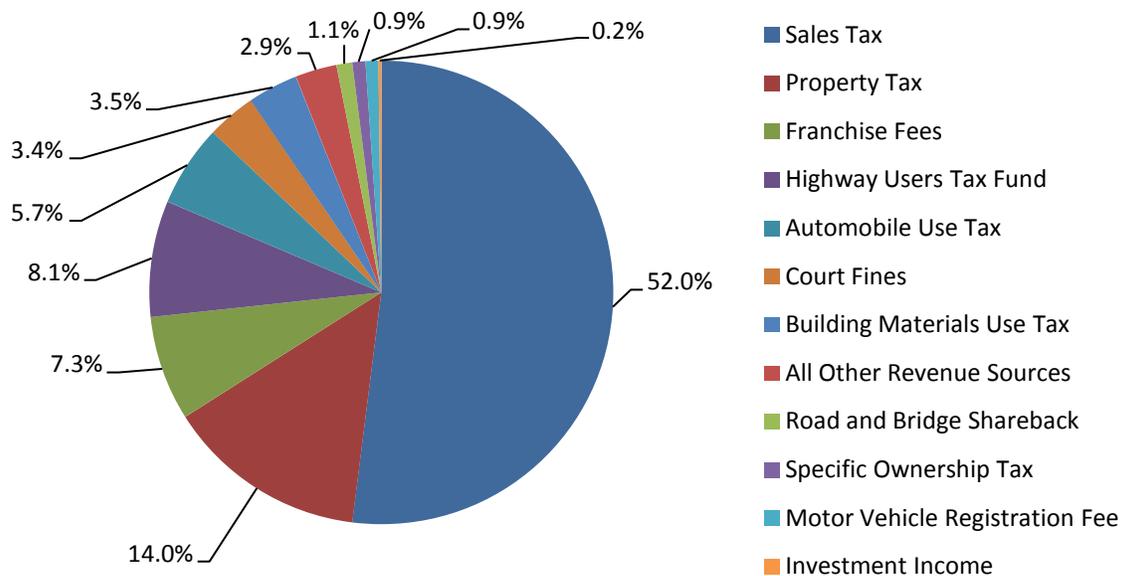
Revenues

The following table is a summary comparison of the primary revenue sources YTD for 2011 and 2012: *(dollar amounts in millions)*

	YTD 2012	YTD 2011	\$ Variance	% Variance
Retail Sales Tax	\$ 28.7	\$ 22.1	\$ 6.6	29.6%
Property Tax	7.7	8.0	(0.3)	-3.8%
Building Materials Use Tax	1.9	1.5	0.4	31.3%
Highway Users Tax Fund	4.5	4.2	0.3	6.5%
Franchise Fees	4.0	4.1	(0.1)	-2.1%
Specific Ownership Tax	0.5	0.5	-	4.0%
Motor Vehicle Registration Fees	0.5	0.5	-	2.3%
Automobile Use Tax	3.1	2.9	0.2	6.4%
Road and Bridge Shareback	0.6	0.6	-	1.6%
Court Fines	1.9	2.0	(0.1)	-4.9%
Investment Income	0.1	-	0.1	357.6%
All Other Revenue Sources	1.6	1.3	0.3	18.9%
	<u>\$ 55.1</u>	<u>\$ 47.7</u>	<u>\$ 7.4</u>	<u>15.5%</u>

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

2012 YTD Revenues by Source, as a Percentage of Total Revenues



Retail Sales Tax

Retail Sales Tax revenue YTD 2012 is \$6.6 million or 29.6% more than collections YTD 2011. This increase is primarily due to sales tax collections from the Streets at SouthGlenn, Centennial Promenade, IKEA, Centennial Center, out-of-City vendors, and compliance audits. The City has received approximately \$2.2 million in sales tax revenue YTD from the Streets at SouthGlenn, Centennial Promenade, IKEA and Centennial Center which was not received YTD 2011.

The City's retail sales tax licensing program continues to identify businesses outside of Centennial that should be licensed and remitting sales tax. Sales tax revenues received from out-of-City vendors have increased by approximately \$1.3 million compared to YTD 2011. Over ninety-nine percent of businesses located inside the City are licensed, collecting and remitting sales tax. Efforts to maintain this high level of licensure for retailers located inside of the City is a priority.

Sales tax auditing and delinquent collection efforts also increase overall compliance with the City's ordinance. The City collected one-time audit revenue totaling \$1.9 million more than collections YTD 2011. General sales tax collections for all other retailers have increased over \$1.1 million compared to YTD 2011.

The table below represents sales tax collected 2012 YTD summarized by North American Industry Classification System (NAICS) codes compared to the same codes for YTD 2011.

2012 & 2011 YTD through November 2012 - Top 25 Sales by 4-digit NAICS Code

NAICS Description	2012 YTD	% of Total	2011 YTD	% Change
1 Furniture Stores	\$3,706,482	17.80%	\$2,147,461	72.60%
2 Full-Service Restaurants	1,778,190	8.50%	1,510,937	17.70%
3 Automobile Dealers	1,394,652	6.70%	1,226,280	13.70%
4 Sporting Goods, Hobby, and Musical Instrument Stores	1,317,958	6.30%	1,110,007	18.70%
5 Limited-Service Eating Places	1,277,473	6.10%	1,161,896	10.00%
6 Wireless Telecommunications Carriers (except Satellite)	1,172,342	5.60%	1,155,041	1.50%
7 Grocery Stores	1,129,858	5.40%	1,030,482	9.60%
8 Electric Power Generation, Transmission and Distribution	1,059,325	5.10%	1,073,185	-1.30%
9 Electronics and Appliance Stores	1,005,121	4.80%	701,374	43.30%
10 Other General Merchandise Stores	823,905	4.00%	795,849	3.50%
11 Department Stores	692,150	3.30%	644,563	7.40%
12 Commercial and Industrial Machinery and Equipment Rental and Leasing	626,080	3.00%	466,584	34.20%
13 Automotive Parts, Accessories, and Tire Stores	527,845	2.50%	512,098	3.10%
14 Beer, Wine, and Liquor Stores	489,769	2.40%	477,516	2.60%
15 Automotive Repair and Maintenance	417,985	2.00%	387,775	7.80%
16 Jewelry, Luggage, and Leather Goods Stores	415,162	2.00%	361,628	14.80%
17 Wired Telecommunications Carriers	400,593	1.90%	466,922	14.20%
18 Health and Personal Care Stores	381,807	1.80%	342,323	11.50%
19 Traveler Accommodation	373,336	1.80%	341,025	9.50%
20 Other Miscellaneous Store Retailers	372,042	1.80%	298,616	24.60%
21 Direct Selling Establishments	354,627	1.70%	264,338	34.20%
22 Home Furnishings Stores	331,936	1.60%	286,723	15.80%
23 Clothing Stores	294,052	1.40%	260,927	12.70%
24 Building Material and Supplies Dealers	278,460	1.30%	223,500	24.60%
25 Electrical and Electronic Goods Merchant Wholesalers	255,113	1.20%	248,651	2.60%
Total	\$20,876,262	100.0%	\$17,495,700	

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

Property Tax

Property Tax revenue YTD 2012 is \$0.3 million or 3.8% less than collections YTD 2011. While the timing of collections during the first few months of the year may vary from year to year, the majority of property tax due is received by June each year. It is anticipated, however, that total property tax collections in 2012 will be less than collections in 2011. This decrease in property tax collections is due to a reduction in overall assessed property values compared to the prior year.

Building Materials Use Tax

Building Materials Use Tax revenue YTD 2012 is \$0.4 million or 31.3% more than collections YTD 2011. The increase in Use Tax collections is primarily due to an increase in the number of permits issued for, and total valuations, on residential projects and miscellaneous/one-stop permits, despite a decrease in the number of permits issued for, and total valuations on, commercial projects.

Highway Users Tax Fund

Highway Users Tax Fund (HUTF) revenue YTD 2012 is \$0.3 million or 6.5% more than collections YTD 2011. This increase is partially due to a 12.5% increase in the City's monthly HUTF distribution ratio received during the first six months of 2012, which was not received during the same period in 2011. This increase is offset by a decrease in the distribution ratio of 1.5% for the months of July through November 2012, as compared to those same months in 2011.

Franchise Fees

Total Franchise Fee revenues YTD 2012 are \$0.1 million, or 2.1% less than collections YTD 2011. This decrease is primarily due to a reduction in Gas Franchise Fees of 11.0% compared to YTD 2011. While staff is currently researching the exact cause of this reduction, it is likely due to an overall decrease in demand for natural gas in 2012, as compared to demand in 2011.

Automobile Use Tax

Automobile Use Tax revenue is \$0.2 million or 6.4% more than collections YTD 2011. This increase is attributable to an increase in state-wide automobile sales YTD compared to the prior year. According to the Colorado Automotive Dealers Association's newsletter, new vehicle registrations increased 13.3% in Colorado during November 2012 compared to November 2011, and 22.1% YTD 2012 compared to YTD 2011.

Court Fines

Court Fines revenue YTD 2012 is \$0.1 million, or 4.9% less than collections YTD 2011. Court fines and default fines contribute to the majority of this variance. While the individual types of fines and fees vary from month to month, total tickets issued YTD 2012 have declined 4.9% in comparison to the same period in 2011.

Investment Income

Investment Income YTD 2012 is \$0.1 million, or more than 100% more than collections YTD for the same period in 2011. This increase is attributable to the implementation of the City's new investment policy and investment strategy. This investment strategy takes into account the City's investment objectives of Safety, Liquidity, Yield, and Diversification. City staff anticipates that the City's overall investment yield will increase in future months as a result of implementing this new investment strategy. The weighted average yield of the City's investment portfolio has increased from 0.11% YTD 2011 to 0.38% YTD 2012.

Expenditures

Total expenditures and transfers YTD are \$10.8 million or 25.1% more than expenditures YTD 2011. The net increase is attributable to variances in the City Attorney's Office, City Manager's Office, Finance, Nondepartmental, Human Resources, Support Services, Public Works, and Law Enforcement departments, as well as Land Use and Capital Improvement Fund transfers.

- City Attorney's Office expenditures are \$0.2 million less than expenditures YTD 2011. This decrease is a result of various legal fees for special projects, annexation, and litigation matters recorded as Nondepartmental expenditures in 2012.

- City Manager’s Office expenditures are \$0.1 million less than expenditures YTD 2011. This decrease is a result of personnel vacancy savings realized during the first several months of the year during 2012.
- Finance expenditures are \$0.2 million more than expenditures YTD 2011. This increase is primarily due to an increase in expenditures related to sales tax audit and collection services in 2012.
- Nondepartmental expenditures are \$1.9 million more than expenditures YTD 2011. This net increase is partially due to an increase in legal fees for special projects, annexation and litigation matters (\$0.2) and incentive payments for agreements associated with Centennial Promenade and IKEA (\$2.1). These increased expenditures are offset by the USPS land purchase made in 2011 (\$0.4).
- Human Resource and Risk Management Services expenditures are \$0.1 million less than expenditures YTD in 2011. This decrease is partially related to personnel vacancy savings realized during 2012, coupled with a decrease in part-time temporary staffing expenditures for HR related projects in 2012. These decreases are offset by an increase in personnel recruitment service costs in 2012 due to the recruitment of a City Manager.
- Support Services expenditures are \$0.2 million more than expenditures YTD 2011. This increase is primarily due to the purchase of computer equipment and software, as well as an increase in utility charges related to the opening and maintenance of Centennial Center Park.
- Public Works expenditures are \$0.5 million more than expenditures YTD 2011. This net variance is partially due to an increase in salaries and benefits in 2012 as a result of 3.5 FTE positions being transferred from the Land Use Fund to Public Works. These increased expenditures are offset by a decrease in lower snow removal material costs and public works administration costs YTD 2012.
- Law Enforcement expenditures are \$0.2 million more than expenditures YTD in 2011. This increase is primarily due to a Council approved budget increase of 2.8% for 2012 law enforcement services.
- Land Use Fund Transfers are \$0.3 million less than transfers YTD 2011. This decrease is partially due to lower expenditures related to salary and benefits, which have decreased compared to the prior year due to the transfer of 3.5 FTE positions to the Public Works department in the General Fund. Additionally, expenditures related to the Bus Bench project, which was a one-time project funded by grant proceeds during 2011, have not been incurred YTD 2012.
- Capital Improvement Fund Transfers are \$8.3 million more than transfers YTD 2011. This increase is due to higher budgeted monthly transfers to the Capital Improvement Fund for projects associated with new street construction, street rehabilitation, land improvements, and building maintenance and improvements. More specifically, projects have been approved related to the Peakview/Peoria roundabout construction, Citywide street surface treatments and concrete replacement, traffic system upgrades, weather station installations, and the purchase of a new public works facility.

GENERAL FUND – COMPARISON TO BUDGET
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The City’s annual budget is examined on a monthly basis and year to date actual receipts and expenditures are compared to the budget on a line item or departmental basis. Monthly budget allocations represent a portion of the annual budget that is assigned to each month for comparative purposes. The allocation amount may be either 1/12th of the total amount budgeted for the year, or a specific percentage for that month based on actual receipts or expenditures in prior years. The analysis below compares year to date actual amounts to the year to date 2012 budget amounts.

Revenues

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

(dollar amounts in millions)

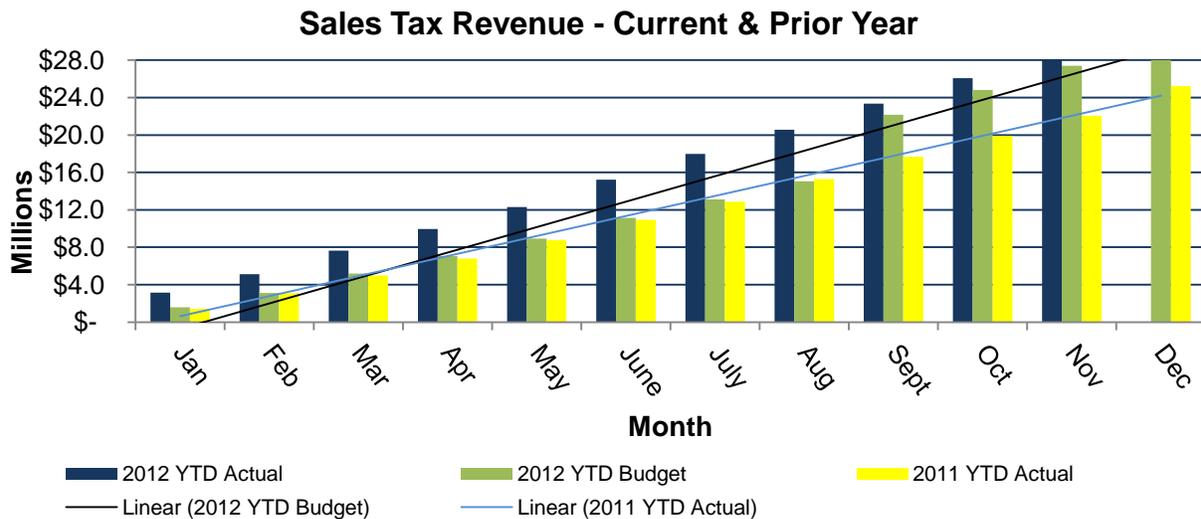
	Actual YTD 2012	Budget YTD 2012	\$ Variance	% Variance
Retail Sales Tax	\$ 28.7	\$ 27.4	\$ 1.3	4.6%
Property Tax	7.7	7.9	(0.2)	-2.1%
Building Materials Use Tax	1.9	1.2	0.7	62.0%
Highway Users Tax Fund	4.5	4.5	-	0.4%
Franchise Fees	4.0	4.0	-	-1.0%
Specific Ownership Tax	0.5	0.5	-	4.3%
Motor Vehicle Registration Fees	0.5	0.5	-	3.8%
Automobile Use Tax	3.1	3.0	0.1	2.2%
Road and Bridge Shareback	0.6	0.6	-	0.8%
Court Fines	1.9	1.9	-	1.3%
Investment Income	0.1	0.1	-	16.0%
All Other Revenue Sources	1.6	1.4	0.2	12.0%
	<u>\$ 55.1</u>	<u>\$ 53.0</u>	<u>\$ 2.1</u>	<u>4.0%</u>

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

Retail Sales Tax

Retail sales tax revenue YTD is \$1.3 million, or 4.6% favorable compared to budget. This favorable variance is due to the collection of one-time sales tax audit receipts and an increase in the City's sales tax base. One-time audit sales tax receipts YTD 2012 are \$0.4 million favorable compared to budget.

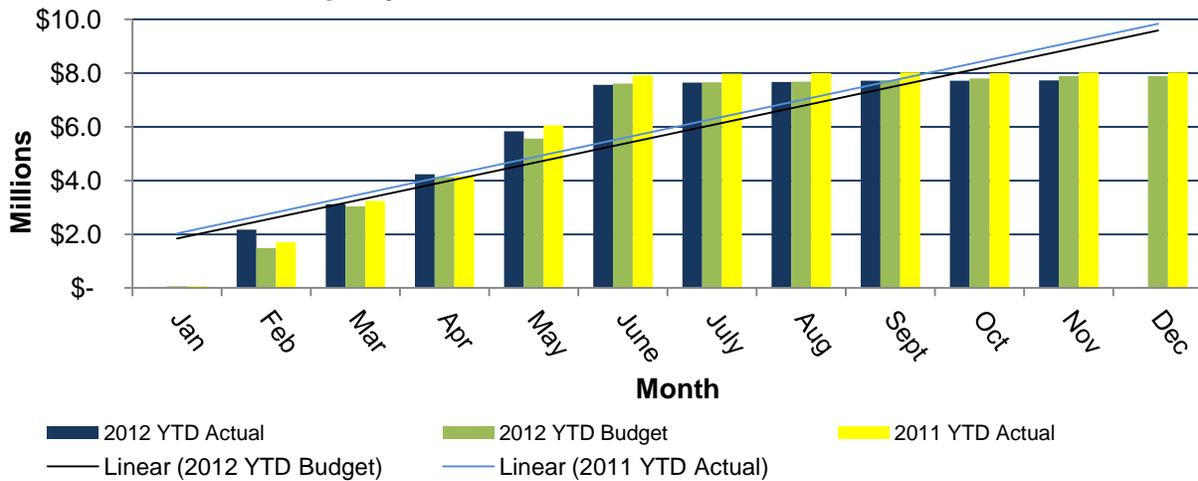
The budgeted sales tax base represents sales tax paid to the City that is not attributable to new development, one-time revenue from audits and/or delinquency revenue. Year-to-date, sales tax base receipts are \$0.9 million or 5.2% favorable compared to the budgeted sales tax base.



Property Tax

Property Tax revenue YTD is \$0.2 million, or 2.1% unfavorable compared to budget. This unfavorable variance is due to property tax refunds issued by Arapahoe County through the abatement process. Abatement refunds occur throughout the year and are not considered during the budget process. It is anticipated this unfavorable variance will remain throughout the remainder of the year.

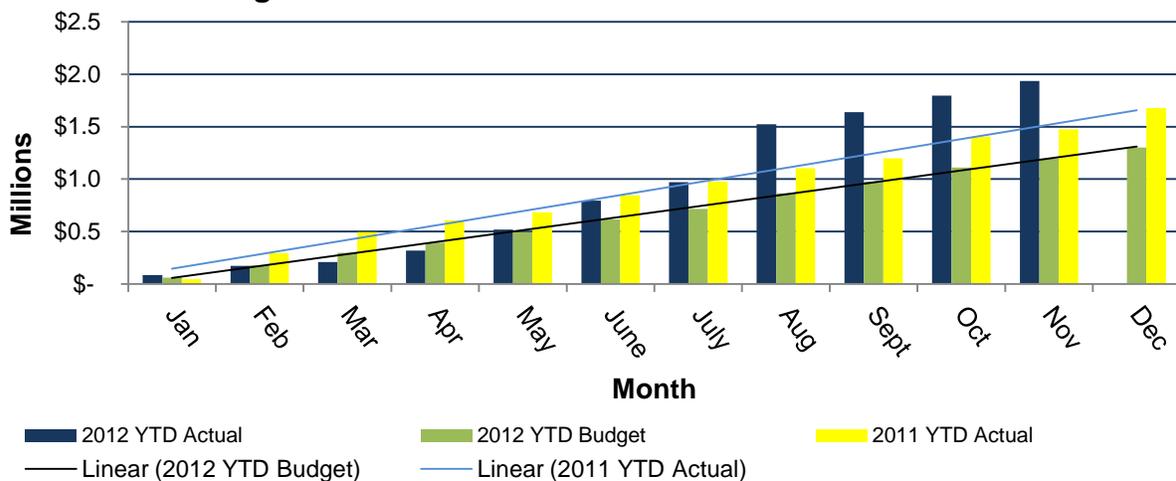
Property Tax Revenue - Current & Prior Year



Building Materials Use Tax

Building Materials Use Tax revenue YTD is \$0.7 million, or 62.0% favorable compared to budget. This favorable variance is due to the issuance of building permits for several new residential projects and residential remodel projects that were not anticipated during the budget process. Additionally, Use Tax audit revenue of \$0.1 million has been received year to date, which was also not anticipated during the budget process.

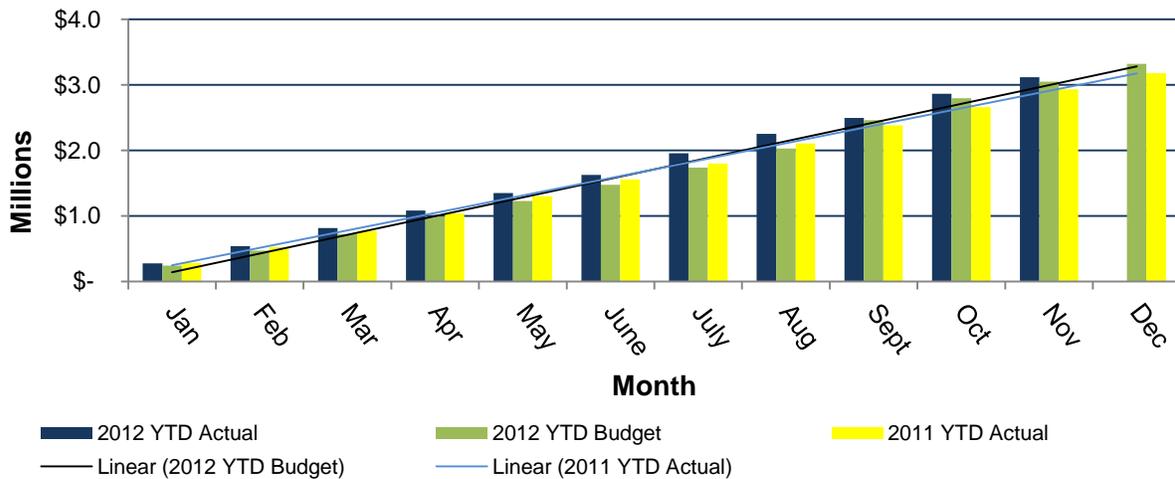
Building Materials Use Tax Revenue - Current & Prior Year



Automobile Use Tax

Automobile Use Tax revenue YTD is \$0.1 million, or 2.2% favorable compared to budget. This favorable variance is a result of automobile sales YTD outperforming estimates made during the budget process. It is anticipated that Automobile Use Tax revenues will remain favorable compared to budget throughout the remainder of the year.

Auto Use Tax Revenue - Current & Prior Year



Expenditures

Total expenditures and transfers YTD are \$2.4 million, or 4.2% favorable compared to budget. This net overall favorable variance is due to the Elected Officials, City Attorney's Office, City Clerk's Office, City Manager's Office, Economic Development, Communications, Finance, Nondepartmental, Human Resources, Support Services, Public Works, and Community Development departments.

- Elected Officials expenditures are \$0.1 million or 17.1% favorable to budget. This favorable variance is primarily due to budget allocations for Intergovernmental affairs and miscellaneous expenditures outpacing actual YTD expenditures.
- City Attorney's Office expenditures are \$0.1 million or 19.1% favorable to budget. This favorable variance is primarily due to budget allocations for outside council matters outpacing actual expenditures.
- City Clerk expenditures are \$0.1 million or 20.9% favorable to budget. This favorable variance is primarily due to budget allocations outpacing actual monthly expenditures for Professional Services. More specifically, expenditures related to a coordinated election effort between the City and Arapahoe County have not been incurred. This favorable variance is expected to diminish once the City is invoiced for these election efforts in December, 2012.
- City Manager's Office expenditures are \$0.1 million or 6.0% favorable to budget. This favorable variance is primarily due to salary and benefit savings as a result of several vacant positions at the beginning of the year.
- Economic Development expenditures are \$0.1 million or 54.4% favorable to budget. This favorable variance is partially due to budget allocations for a Cost-to-Serve Analysis project outpacing actual monthly expenditures, as this particular project started later in the year than anticipated. Additionally, budget allocations for Meetings/Training/Travel have outpaced actual expenditures as plans to attend certain meetings and training events have been postponed.
- Communications expenditures are \$0.1 million or 25.8% favorable to budget. This favorable variance is primarily due to budget allocations for community events outpacing actual expenditures. It is anticipated, however, this favorable variance will diminish as expenditures for year-end events are incurred.
- Finance expenditures are \$0.1 million or 6.8% favorable to budget. This favorable variance is partially due to budget allocations for Financial System Services outpacing actual monthly

expenditures. Additionally, expenditures related to salaries and benefits have been less than anticipated YTD, contributing to this overall favorable variance.

- Nondepartmental expenditures are \$0.4 million or 10.0% favorable to budget. This favorable variance is primarily due to lower than anticipated expenditures related to incentive agreement payments. It is anticipated an overall favorable variance will remain through the end of the year.
- Human Resources expenditures are \$0.1 million or 15.2% favorable to budget. This favorable variance is primarily due to lower than anticipated expenditures related to salary and benefits, as a result of 1.0 FTE vacant position being eliminated, and another position being filled on a part-time basis.
- Support Services expenditures are \$0.2 million or 16.4% favorable to budget. This favorable variance is due to lower than anticipated expenditures related to information technology outsourcing services, software supplies, and utilities. Additionally, certain projects related to enhancements to and maintenance of the Civic Center building have occurred later in the year than anticipated, thus resulting in a favorable variance.
- Public Works expenditures are \$0.7 million, or 6.3% favorable to budget. This favorable variance is partially due to lower than anticipated expenditures YTD for Snow Removal Materials, Signal Maintenance and Repairs, and Street Light and Signal Utilities. Additionally, monthly budget allocations are made for Public Works Transition Contingency Costs, however, minimal expenditures have been incurred YTD for such costs, resulting in a favorable variance to budget.
- Community Development expenditures after transfers are \$0.2 million, or 38.0% favorable to budget. This favorable variance partially is due to lower than anticipated expenditures for the I-25 Corridor Sub Area Plan YTD. This favorable variance is expected to diminish throughout the remainder of the year as this project began later in the year than anticipated.

LAND USE FUND

Comparison to Prior Year

Revenue

- Revenue YTD is \$0.5 million, or 19.4% more than revenue collected during the same period in 2011. This variance is due to an increase in revenues related to Building Permit Fees and Building Plan Review Fees compared to the prior year.

Expenses

- Expenses YTD are \$0.2 million, or 7.1% more than expenses YTD for the prior year. This variance is partially due to an increase in expenses related to permit and plan review fees in 2012 compared to YTD 2011 (\$0.5). This increase is offset by lower expenses related to salary and benefits, which have decreased compared to the prior year due to the transfer of 3.5 FTE positions to the Public Works department in the General Fund (\$0.3).

Comparison to Budget

Revenue

- Revenue YTD 2012 is \$0.1 million, or 3.8% unfavorable compared to budget. This unfavorable variance is due to lower than anticipated permit and plan review fee collections.

Expenses

- Expenses YTD are \$0.4 million, or 10.9% favorable compared to budget. This favorable variance is primarily due to lower than anticipated expenditures related to permitting and inspection fees, plan review fees, and professional services. It is anticipated this favorable variance will diminish throughout the remainder of the year.

CAPITAL IMPROVEMENT FUND

Comparison to Prior Year

Revenue

- Revenue YTD is \$0.4 million, or 29.2% higher than revenue collected YTD 2011. This increase is due to the receipt of grant revenue for the Arapahoe Road - Holly to Krameria project (CDOT), Signal Master System project (EECBG), Weather Station project (CDOT), and the Signal Communication Improvements projects (DRCOG) received YTD 2012.

Expenditures

- Expenditures YTD are \$5.8 million, or 100% more than expenditures YTD during the prior year. During 2011, funds were utilized primarily for rehabilitation purposes, with additional expenditures for management of related rehabilitation and construction projects (\$5.7). However in 2012, funds have been utilized for the construction of the Peakview/Peoria roundabout, City-wide street resurface treatments and concrete replacements, upgrades to the City's signal master system, and the purchase of a new Public Works facility (\$11.5).

Comparison to Budget

Revenue

- Revenue YTD is less than \$0.1 million, or 3.0% unfavorable to budget. This unfavorable variance is due to Federal Grant Revenue allocations (EECBG and DRCOG) outpacing actual receipts. In the case of grants, revenues are not recognized until actual expenditures have been incurred.

Expenditures

- Expenditures are \$1.8 million, or 13.3% favorable compared to budget. This favorable variance is primarily due to the timing of expenditures compared to budget allocations for projects related to the construction of the Peakview/Peoria roundabout, City-wide street resurface treatments and concrete replacements, and upgrades to the City's signal master system. These favorable variances are offset by an unfavorable variance in street rehabilitation.

CONSERVATION TRUST FUND

Comparison to Prior Year

Revenue

- Revenues YTD are consistent with revenues received in the prior year.

Expenditures

- Expenditures YTD are \$3.2 million, or 93.8% less than expenditures during the same period in the prior year. This decrease is due to the construction of Centennial Center Park, which was completed in 2011. These decreased expenditures are offset by an increase in park maintenance costs in 2012.

Comparison to Budget

Revenue

- Revenues received YTD are consistent with the budget.

Expenditures

- Expenditures are \$0.1 million, or 22.1% favorable compared to budget. This favorable variance is primarily due to the timing of expenditures compared to budget allocations for projects related to Natural Area Restoration.

OPEN SPACE FUND

Comparison to Prior Year

Revenue

- Revenue YTD is \$0.5 million or 16.2% less than revenue collected YTD 2011. This decrease is due to lower grant revenue collections compared to the prior year. While the City has entered into several Open Space grant agreements, the receipt of funds from these grants varies from year to year based upon the terms and conditions of the grant agreements.

Expenditures

- Expenditures YTD are \$4.2 million, or 80.9% less than expenditures during the same period in the prior year. During 2011, Open Space funds were utilized for the purchase of the USPS land, construction of Centennial Center Park, open space maintenance and enhancements, and legal services. Open Space funds YTD 2012 have been used for trail construction and park maintenance.

Comparison to Budget

Revenue

- Revenue received YTD is consistent with the budget.

Expenditures

- Expenditures YTD 2012 are \$3.5 million, or 78.0% favorable compared to budget. This favorable variance is primarily due to projects related to regional park enhancements and the construction of Centennial Link Trail getting underway later in the year than anticipated. This favorable variance is expected to remain through the end of the year.

GENERAL IMPROVEMENT DISTRICT FUNDS

Comparison to Prior Year

Revenue

- Revenue received YTD for the consolidated GID Funds is consistent with revenues collected YTD 2011.

Expenditures

- Expenditures YTD are \$0.2 million, or 38.5% less than expenditures YTD during the prior year. YTD 2011 GID funds were used to install split rail fencing within the Walnut Hills GID. No such projects have been started YTD 2012.

Comparison to Budget

Revenue

- Revenue received YTD is consistent with the budget.

Expenditures

- Expenditures are \$0.2 million, or 34.4% favorable compared to budget. This favorable variance is primarily due to budget allocations for contracted services and miscellaneous expenditures in both the Walnut Hills and Foxridge GID's outpacing actual YTD expenditures. This favorable overall variance, however, is expected to diminish throughout the remainder of the year.

CENTENNIAL URBAN REDEVELOPMENT AUTHORITY FUND
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Comparison to Prior Year

Revenue

- Revenue received YTD is \$1.1 million, or 22.8% more than revenues received during the same period in the prior year. This favorable variance is primarily due to higher property and sales tax collections for the Authority as a result of higher assessed property valuations and improved retail conditions. Assessed property valuations increased \$4,054,360 or 12.3% compared to the prior year. Additionally, the Authority has received construction funds for the installation of a new traffic signal at the intersection of Arapahoe Road and Vine Street, which were not received in 2011.

Expenditures

- Expenditures YTD are \$1.2 million, or 23.8% more than the prior year. This increase is a result of higher property tax and sales tax pass-thru payments by the Authority to the Southglenn Metropolitan District due to higher property and sales tax collections for The Streets at SouthGlenn. Additionally, construction service costs have increased over 2011 due to the construction of a new traffic signal at Arapahoe Road and Vine Street.

Comparison to Budget

Revenue

- Revenue received YTD is \$0.2 million, or 2.5% unfavorable compared to budget. This unfavorable variance is due to property tax refunds issued by Arapahoe County through the abatement process. Abatement refunds occur throughout the year and are not considered during the budget process. It is anticipated this unfavorable variance will remain throughout the rest of the year.

Expenditures

- Expenditures are \$0.1 million, or 1.0% favorable compared to budget. This favorable variance is primarily due to lower than anticipated expenditures related to property pass-through payments by the Authority to the Southglenn Metropolitan District as a result of lower property tax revenues.