



The following financial report analysis offers readers a narrative overview and analysis of the financial activities of the City for November, 2009. 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 November, 2009 Monthly Financial Statements

GENERAL FUND – COMPARISON TO PRIOR YEAR

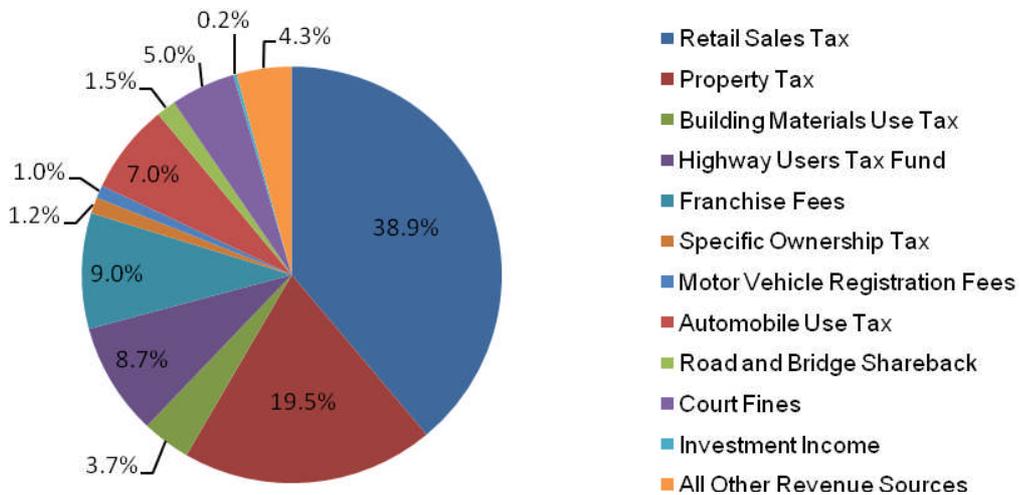
Revenues

The following table is a summary comparison of the primary revenue sources year to date for 2008 and 2009:

(dollar amounts in millions)

	November 2009	November 2008	\$ Variance	% Variance
Retail Sales Tax	\$ 15.6	\$ 16.4	\$ (0.8)	-4.9%
Property Tax	7.8	7.6	0.2	2.6%
Building Materials Use Tax	1.5	3.2	(1.7)	-53.1%
Highway Users Tax Fund	3.5	3.4	0.1	2.9%
Franchise Fees	3.6	4.2	(0.6)	-14.3%
Specific Ownership Tax	0.5	0.6	(0.1)	-16.7%
Motor Vehicle Registration Fees	0.4	0.4	-	0.0%
Automobile Use Tax	2.8	3.3	(0.5)	-15.2%
Road and Bridge Shareback	0.6	0.6	-	0.0%
Court Fines	2.0	2.1	(0.1)	-4.8%
Investment Income	0.1	0.5	(0.4)	-80.0%
All Other Revenue Sources	1.7	1.6	0.1	6.3%
	<u>\$ 40.1</u>	<u>\$ 43.9</u>	<u>\$ (3.8)</u>	<u>-8.7%</u>

November 2009 YTD Revenues



Retail Sales Tax

Total retail sales tax revenues year to date during 2009 are 4.9% below collections year to date in 2008. Although this decrease is likely the result of continued economic deterioration through the current year, it is hopeful that retail sales will improve due to holiday sales, the opening of the Streets at SouthGlenn, and the continued development of the City's sales and use tax compliance program. The year to date variance between 2009 and 2008 has gradually improved over the past few months.

Property Tax

Property tax revenues year to date during 2009 are 2.6% above collections year to date in 2008. The increase in property tax collections during 2009 is the direct result of an increase in the total mill levy certified for collection during 2009 (5.054 mills for 2009, compared to 4.958 mills for 2008) and an increase of approximately .8% in the net assessed property valuation.

Building Materials Use Tax

Building materials use tax revenues year to date during 2009 are 53.1% below collections year to date in 2008. This decrease is directly attributable to building materials use tax collections for the Streets at SouthGlenn project during 2008.

Highway Users Tax Fund

Highway Users Tax Fund revenues year to date during 2009 are 2.9% above collections year to date in 2008. The increase in HUTF collections during 2009 is due to FASTER revenues that are combined with our HUTF revenue. We began receiving FASTER revenue with our July HUTF payment. Year to date through November we have received \$.3 million in FASTER revenue. Eighteen percent of the total FASTER revenues collected are distributed to the cities. The calculation used to distribute these revenues is the same as the calculation used for the HUTF distribution. The formula is primarily based on 80% of the number of motor vehicle registrations and 20% on the number of street miles (open, used and maintained streets).

Franchise Fees

Franchise fee revenues year to date during 2009 are 14.3% below collections year to date in 2008. Although cable franchise fees are relatively consistent between 2008 and 2009, gas and electric franchise fees have continued a downward trend through the year. As a result of the mild winter in 2008/2009, significant stockpiles of natural gas have accumulated which has caused prices to decline since April and will likely keep prices low during 2009 (following record high prices during 2008). Electric franchise fees have also declined during 2009 compared to 2008. Milder temperatures in 2009 compared to 2008 are a contributing factor to the unfavorable variance.

Automobile Use Tax

Automobile use tax revenues year to date during 2009 are 15.2% below collections year to date in 2008. The revenue trend for automobile use tax suggests a continued decrease in revenues from prior years as fewer consumers are purchasing automobiles in light of the economic downturn, and fewer dealerships are offering incentive programs similar to those offered during 2007.

Investment Income

Investment income year to date during 2009 is 80.0% below collections year to date in 2008. This decrease is directly attributable to the significant decline in earnings rates between 2008 and 2009 as the City's cash balances have remained consistent at \$23.3 million as of November 30, 2008, and \$23.2 million as of November 30, 2009.

	<u>Annual Yield – 2008</u>	<u>Annual Yield - 2009</u>
Colotrust	1.43%	0.30%
Wells Fargo	0.18%	0.10%

Expenditures

Total expenditures and other financing uses year to date decreased \$6.2 million, or 14.2%, to \$37.4 million compared to expenditures and other financing uses year to date in 2008. The overall decrease is primarily attributable to expenditure fluctuations during the current year in the Nondepartmental, Public Works, Public Safety, Animal Services, Communications and City Attorney's Office departments, in addition to Capital Improvement fund transfers.

- Nondepartmental expenditures year to date are \$.4 million, or \$4.8 million (92.4%) less than expenditures year to date during the prior year. The largest portion of this decrease is due to the purchase of the City's Civic Center building and land during 2008, which accounts for \$4.1 million of the total decrease. Also during 2008, the City's intergovernmental agreement with Arapahoe County Public Works expired; as a result, the City contracted with a private service provider for public works services and incurred \$.4 million in transition costs.
- Public Works expenditures year to date are \$9.5 million for 2009, or \$2.4 million (19.8%) less than expenditures year to date during the prior year. This decrease is primarily due to the realignment of service costs between the Public Works department and the Capital Improvement Fund to more accurately reflect programmatic services provided and costs incurred. Specifically, capital improvement program management, street rehabilitation, concrete replacement, and other capital project type expenditures are reported in the Capital Improvement Fund during 2009, rather than in the Public Works department as in 2008.
- Public Safety expenditures year to date are \$16.7 million for 2009, or \$.3 million (2.1%) more than expenditures year to date during the prior year. This increase is partly due to pass through expenditures for Justice Assistance Grant (JAG) funding in 2009.
- Animal Services expenditures year to date are \$.5 million for 2009, or \$.3 million (35.1%) less than expenditures year to date during the prior year. During 2008, the City's intergovernmental agreement with Arapahoe County Animal Services terminated. Consequently, during 2008 the City contracted with service providers for animal control and sheltering services; during 2008 the City incurred start up costs for this program resulting in a decrease in expenditures of \$.3 million.
- Communications expenditures year to date are \$.3 million for 2009, or \$.2 million (35.2%) less than expenditures year to date during the prior year. This decrease is partly due to transferring the costs related to the web administrator position from the Communications department to the Support Services department to better align department services. In addition, there were fewer projects and one fewer newsletter.
- City Attorney's Office (CAO) expenditures year to date are \$.5 million for 2009, or \$.2 million (29.0%) less than expenditures year to date during the prior year. This favorable expenditure variance is primarily due to a vacancy for five months of the year; resulting in workload being covered under an existing flat rate fee which reduced expenditures. The CAO was also down one half of a full time equivalent employee the last two months of the year which has directly contributed to the favorable expenditure variance compared to the prior year. Also, City staff has tried to use CAO time on projects more effectively. In addition, through November, there were no major projects, claims, or lawsuits.
- Capital Improvement Fund Transfers year to date are \$2.5 million for 2009, or \$1.6 million (more than 100.0%) more than transfers year to date during 2008. The Capital Improvement Fund, year to date for 2009, includes funding for services and supplies related to streets maintenance and operations which was previously reported in the Public Works department. Beginning in 2009, these costs have been reported in the Capital Improvement Fund to better align department services and costs.

GENERAL FUND – COMPARISON TO BUDGET
--

Revenues

The following table is a summary comparison of the primary revenue sources year to date for 2009 compared to year to date budget. On November 3, 2009 City Council approved the Revised 2009

Budget. The **revised budget** amounts for 2009 have been included on the accompanying financial statements and the analysis below compares actual amounts to the revised budget amounts.

(dollar amounts in millions)

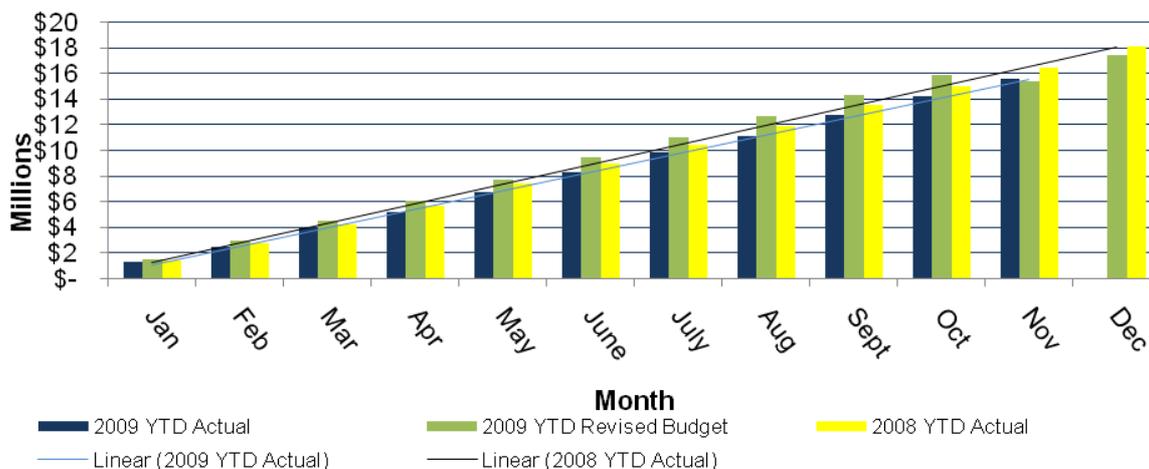
	Actual YTD 2009	Budget YTD 2009	\$ Variance	% Variance
Retail Sales Tax	\$ 15.6	\$ 15.4	\$ 0.2	1.2%
Property Tax	7.8	7.8	-	0.0%
Building Materials Use Tax	1.5	1.2	0.3	27.1%
Highway Users Tax Fund	3.5	3.2	0.3	9.8%
Franchise Fees	3.6	3.6	-	0.5%
Specific Ownership Tax	0.5	0.5	-	-4.0%
Motor Vehicle Registration Fees	0.4	0.4	-	-1.4%
Automobile Use Tax	2.8	2.8	-	2.8%
Road and Bridge Shareback	0.6	0.6	-	4.6%
Court Fines	2.0	1.8	0.2	10.0%
Investment Income	0.1	0.1	-	-30.0%
All Other Revenue Sources	1.7	1.5	0.2	4.3%
	<u>\$ 40.1</u>	<u>\$ 38.9</u>	<u>\$ 1.2</u>	<u>3.0%</u>

Retail Sales Tax

Total retail sales tax revenues year to date are \$.2 million, or 1.2%, favorable to budgeted revenues. This budget was revised down due to the continued economic deterioration through the current year with the hope that retail sales will begin to improve due to holiday sales, the opening of the Streets at South Glenn, and the continued development of the City's sales and use tax compliance program. The revenues for November are \$.1 million higher than the average for all other months in 2009 that do not contain quarterly filings. One element of the sales tax compliance and enforcement program is the City's ability to perform sales and use tax audits. Staff has identified and engaged sales and use tax audits to be performed through the remainder of the year.

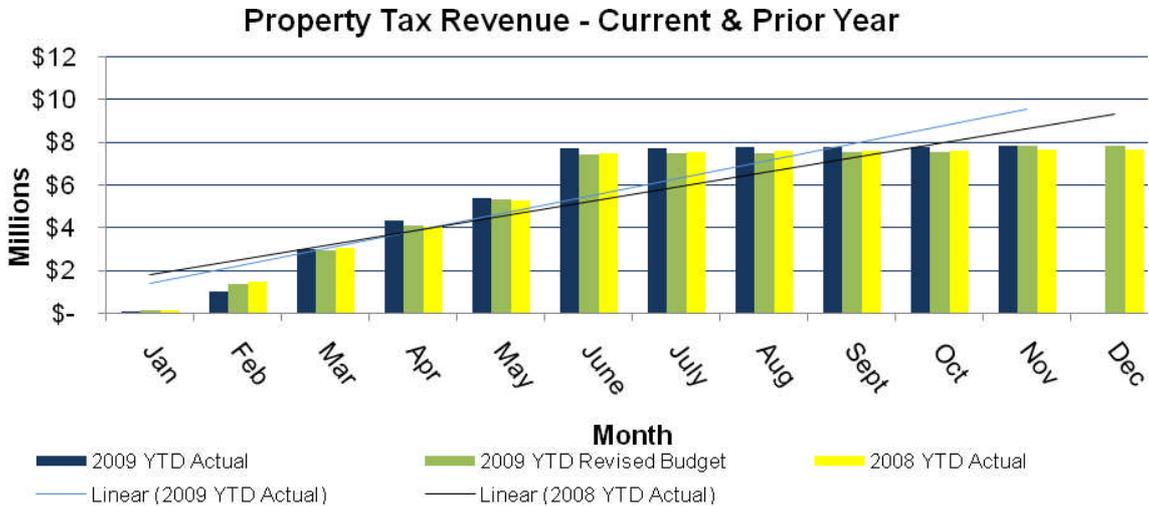
As of November 30, 2009, there were a total of 2,834 retail sales tax licenses and 1,164 business licenses issued. As staff continues to identify unlicensed business in the community, it is expected the total number of licenses issued through the end of the year will increase. As new licenses are issued, staff is diligently monitoring subsequent tax filings to ensure proper compliance. The total sales tax returns filed through November are 12,144, representing both monthly and quarterly filings. On-line filing and remittance has increased from 3.37% in February to 15.8% in November.

Sales Tax Revenue - Current & Prior Year



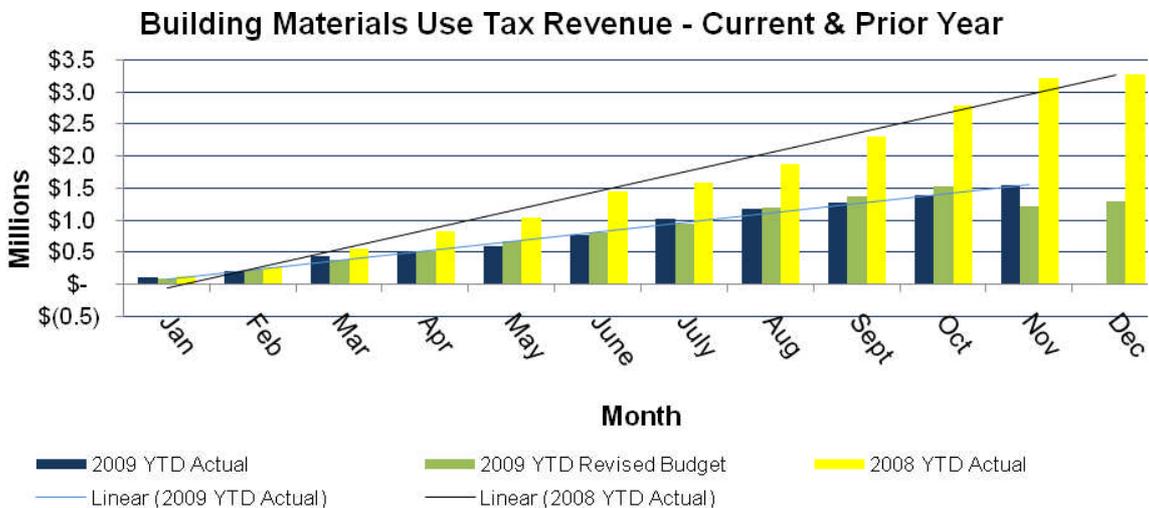
Property Tax

Property tax revenues year to date are on track with the budgeted revenues. This budget was revised upward. The 2009 Adopted Budget included a decrease of 2.0% in property tax revenues; however, the City has experienced an increase of .8% in the net assessed property valuation for 2009 compared to 2008, along with an increase of 1.9% in the City's certified mill levy.



Building Materials Use Tax

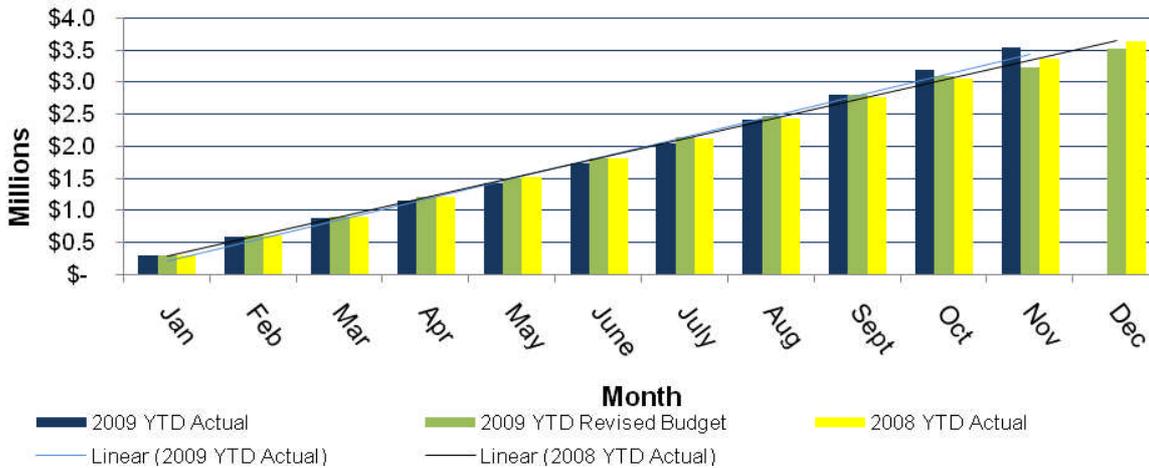
Building materials use tax revenues year to date are \$0.3 million, or 27.1%, favorable to the revised budgeted revenues. This favorable variance is partly due to roof repairs for hail damage.



Highway Users Tax Fund

Highway Users Tax Fund revenues year to date are \$0.3 million, or 9.8%, favorable to the revised budgeted revenues. The favorable variance to budget is due to FASTER revenues that are combined with the City's HUTF revenue. The revised budget did not include revenues for FASTER because staff did not know when the City would begin to receive those revenues or the amount expected. The City began receiving FASTER revenue with the July HUTF payment.

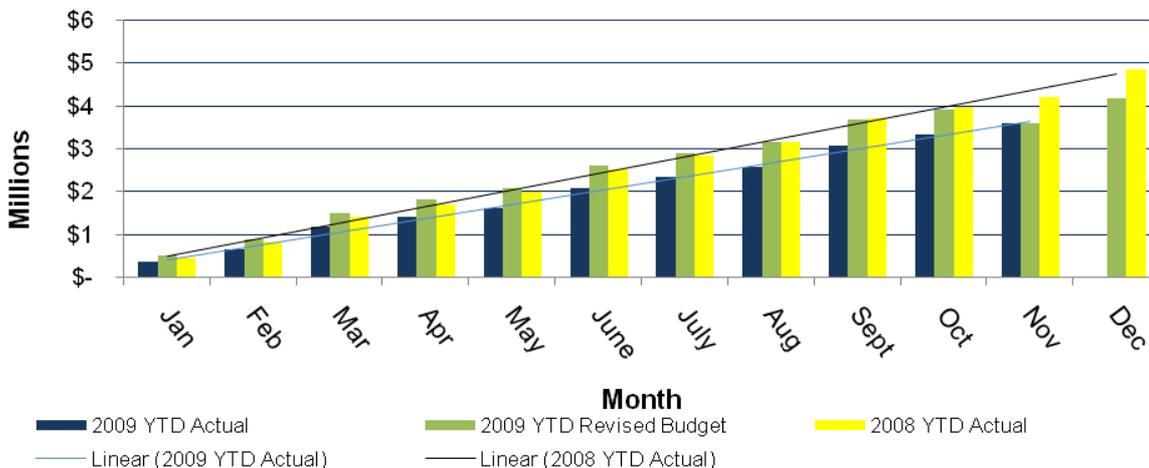
HUTF Revenue - Current & Prior Year



Franchise Fees

Franchise fee revenues year to date are slightly ahead of budgeted revenues. The franchise fee budget was revised downward due to the gas and electric franchise fees; however the revised budget was adjusted down primarily due to lower than expected gas franchise fees, which is the direct result of lower gas prices. Electric franchise fees were also lower than originally budgeted in part due to milder temperatures than anticipated.

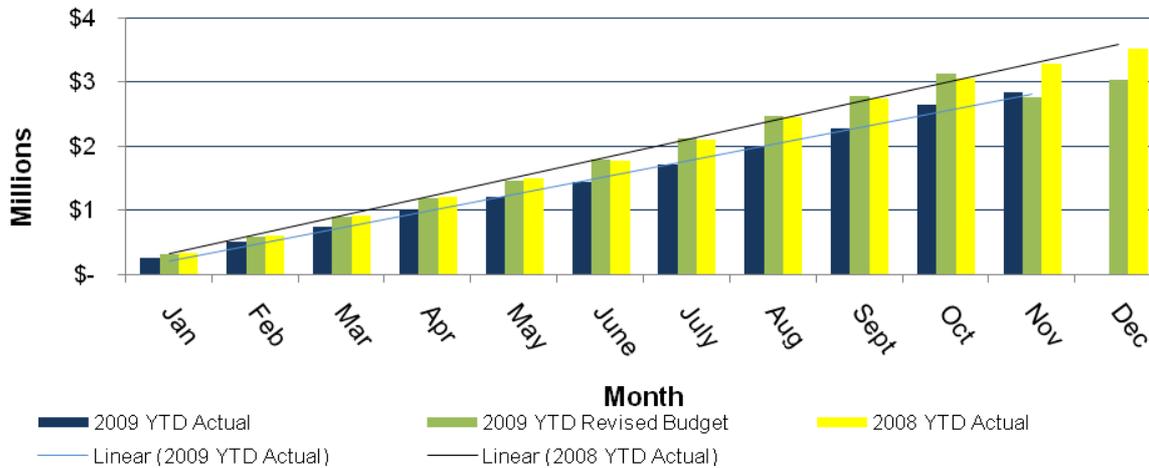
Franchise Fee Revenue - Current & Prior Year



Automobile Use Tax

Automobile use tax revenues year to date are slightly ahead of budgeted revenues. This budget was revised downward due to slower automobile sales during the year. The City planned for a decrease in automobile sales during 2009, but the actual sales have been lower than expected resulting in the downward revision of the budget.

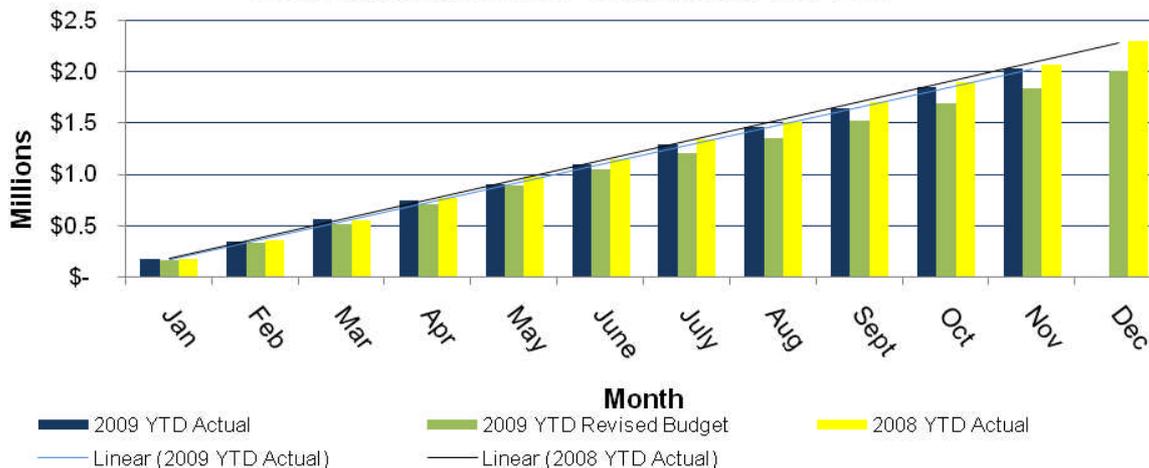
Auto Use Tax Revenue - Current & Prior Year



Court Fines

Court fine revenues year to date are \$.2 million, or 10.0%, favorable to the revised 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 30.0% unfavorable to budgeted revenues. This unfavorable variance is the direct result of the continued, and significant, declines in earnings rates throughout the year. Although City planned for declines in investment income in the 2009 budget, actual declines the market has experienced during 2009 have exceeded those expected.

Expenditures

Total expenditures and other financing uses year to date are \$1.1 million, or 2.8%, favorable compared to the year to date budget. The overall favorable variance for actual expenditures compared to budget is due to the City Attorney's Office, Finance, Central Services, Human Resources and Risk Management Services, Public Works and Municipal Court in addition to overall favorable variances in most other City departments.

- The City Attorney's Office expenditures year to date are \$.2 million favorable to the year to date budget. This favorable expenditure variance is primarily due to vacancy for five months of the year; resulting in workload being covered under an existing flat rate fee which reduced expenditures. The CAO was also down one half of a full time equivalent employee the last two months of the year which has directly contributed to the favorable

expenditure variance compared to budget. Also, City staff has tried to use CAO time on projects more effectively. In addition, through November, there were no major projects, claims, or lawsuits.

- Finance expenditures year to date are \$.2 million, or 17.4%, favorable to the year to date budget primarily due to vacancy savings, as well as savings in financial system services and special projects.
- Central Services expenditures year to date are \$.1 million, or 30.5%, favorable to the year to date budget due to savings in printing and publishing, dues and memberships, and meetings, training and travel.
- Human Resources and Risk Management Services expenditures year to date are \$.2 million, or 20.2%, favorable to the year to date budget due to savings in internship wages, payroll processing, personnel recruitment services, and property and casualty insurance services.
- Public Works expenditures year to date are \$.2 million, or 2.1%, favorable to the year to date budget. This favorable variance is partially due to materials savings (snow removal and fuel) of \$.1 million. As the City continues to use snow removal and fuel materials through the remainder of the year, this favorable variance may decrease. The favorable variance is also explained by savings of \$.1 million for street light utility costs. Depending upon fourth quarter electric rates, this favorable variance may decrease.
- Municipal Court expenditures year to date are \$.1 million, or 5.2%, favorable to the year to date budget due to vacancy savings, as well as savings in traffic officer services, prosecution services and general legal services.
- Most all other City department expenditures are favorable year to date compared to the Revised 2009 budget. This favorable variance is the result of vacancy savings in addition to strong fiscal management and oversight in light of the economy.

LAND USE FUND

Comparison to Prior Year

Revenues

- Total revenues collected year to date decreased \$.6 million, or 18.6%, to \$2.6 million compared to revenues collected year to date during the prior year. This decrease is attributable to the following revenue sources:
 - Building Services revenues collected year to date are \$1.8 million, or \$.4 million (16.2%) 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.
 - Permit/Plan Review revenues collected year to date are \$.4 million, or \$.2 million (33.4%) less than permit/plan review revenues collected year to date during the prior year.

Expenditures

- Total expenditures year to date decreased \$.6 million, or 18.3%, to \$2.8 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 \$1.4 million for 2009, or \$.3 million (16.3%) less than expenditures year to date during the prior year. This decrease is the result of the completion of the Streets at SouthGlenn project.

- Vehicles, Equipment and Software expenses of \$.1 million during the prior year related to the transition of Land Use Services to in-house staff were incurred and included the purchase of two vehicles, equipment and software; these expenses were limited to operating type expenses during the current year.
- Professional service expenses related to city work orders of \$.1 million during the prior year were incurred; during the current year, these services were provided by in-house staff.
- Applicant work order expenses decreased by \$.1 million during the current year, primarily due to in-house staff providing these services.

Comparison to Budget

Revenues

- Total revenues collected year to date are \$.2 million, or 10.1%, favorable compared to the year to date 2009 Revised Budget. This favorable variance to budget is primarily due to building permit and plan review fee revenue, as a result of increased permits for hail damage to roofs.

Expenditures

- Total expenditures are \$.1 million, or 4.6%, unfavorable compared to the year to date budget. This unfavorable variance to budget is due to building permit and plan review fees, however this unfavorable variance is offset with an increase in associated revenues.

CAPITAL IMPROVEMENT FUND

Comparison to Prior Year

Revenues

- Total revenues collected year to date increased \$.5 million, or 32.1%, to \$1.9 million compared to revenues collected year to date during 2008. This increase is due to Federal Grant revenues collected as a result of the Arapahoe/University and Arapahoe – Colorado to Holly projects (\$.4 million), in addition to pavement degradation fees (\$.1 million) which were accounted for in the General Fund during the prior year.

Expenditures

- Total expenditures year to date increased \$6.1 million, or more than 100.0%, to \$8.9 million compared to expenditures year to date during the prior year. This increase is mostly the result of the Arapahoe/University and Arapahoe – Colorado to Holly projects, which are nearing completion.

Comparison to Budget

Revenues

- Total revenues collected year to date are \$.4 million, or 15.9%, unfavorable compared to the year to date 2009 Revised Budget. The Pavement Degradation fees were revised during 2009 contributing to \$.1 million of the variance. In addition, \$.3 million of the variance is due to the timing of budget allocations for developer contributions.

Expenditures

- Total expenditures are \$1.1 million, or 10.8%, favorable compared to the year to date budget. This favorable variance to budget is primarily due to the timing of project expenditures versus the monthly budget allocations.

CONSERVATION TRUST FUND

Comparison to Prior Year

Revenues

- Total revenues collected year to date are materially consistent with revenues collected during the prior year.

Expenditures

- There have been no expenditures year to date in this fund; however, there was \$.1 million spent year to date in 2008. The 2008 expenditures were for the Piney Creek Trail.

Comparison to Budget

Revenues

- Total revenues collected year to date of \$.4 million are on target with budgeted revenues.

Expenditures

- There have been no expenditures year to date in this fund.

OPEN SPACE FUND

Comparison to Prior Year

Revenues

- Total revenues collected year to date decreased \$.3 million, or 13.6%, to \$2.0 million compared to revenues collected year to date during 2008. This decrease is mostly due to a drop in the Open Space Sales and Use Tax distributed by Arapahoe County, which is likely a result of economic deterioration throughout the year.

Expenditures

- Total expenditures year to date decreased \$2.2 million, or 82.4%, to \$.5 million compared to expenditures year to date during the prior year. This decrease is the result of the purchase of the Civic Center park land during the prior year, offset by expenditures related to the Civic Center master plan, Centennial Link Trail and Franklin Pool Spray Park during the current year.

Comparison to Budget

Revenues

- Total revenues collected year to date of \$2.0 million are on target with budgeted revenues.

Expenditures

- Total expenditures are \$2.1 million, or 81.9%, favorable compared to the year to date budget. This favorable variance to budget is primarily due to the timing of project expenditures versus monthly budget allocations.

GENERAL IMPROVEMENT DISTRICT FUNDS

Comparison to Prior Year

Revenues

- Total revenues collected year to date decreased \$.1 million, or 33.5%, to \$.3 million compared to revenues collected year to date during the prior year. This decrease is mostly due to a drop in the property taxes collected as a result of a temporary reduction in the mill levy for the payment of general obligation bonds for the Antelope General Improvement District. The mill levy was reduced as bond funds remaining from the water system project were partially utilized for

principal and interest payments made in 2009. These funds must be used to reduce the amount of property taxes collected by the District during 2009 and future years in order to comply with arbitrage and bond issuance provisions.

Expenditures

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

Comparison to Budget

Revenues

- Total revenues collected year to date of \$.3 million are on target with budgeted revenues.

Expenditures

- Total expenditures are \$.1 million, or 30.9%, favorable compared to the year to date budget. This favorable variance to budget is primarily due to the timing of project expenditures versus monthly budget allocations.

CENTENNIAL URBAN REDEVELOPMENT AUTHORITY FUND
--

Comparison to Prior Year

Revenues

- Total revenues collected year to date decreased \$1.4 million, or 83.3%, to \$.3 million compared to revenues collected year to date during 2008. This decrease is directly attributable to the completion of the Streets at SouthGlenn project and related Building Permit/Plan Review revenue. In addition, construction funds related to the project will be drawn and accrued in the December financial statements.

Expenditures

- Total expenditures year to date decreased \$1.4 million, or 87.8%, to \$.2 million compared to prior year expenditures. This decrease is the result of the completion of the Streets at SouthGlenn project.

Comparison to Budget

Revenues

- Total revenues collected year to date are \$1.4 million, or 83.1%, unfavorable compared to the year to date 2009 Revised Budget. This unfavorable variance is due to the timing of the revenue allocation for the construction funds.

Expenditures

- Total expenditures are \$1.7 million, or 89.8%, favorable compared to the year to date budget. This favorable variance to budget is attributable to the timing of expenditures compared to the timing of budget allocations.