



The following financial report analysis offers readers a narrative overview of the financial activities of the City for the period ended February 28, 2015; 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 2015 Annual Budget for an explanation of variances between the 2014 and 2015 Adopted Budgets.

Summary of the February, 2015 YTD Financial Statements

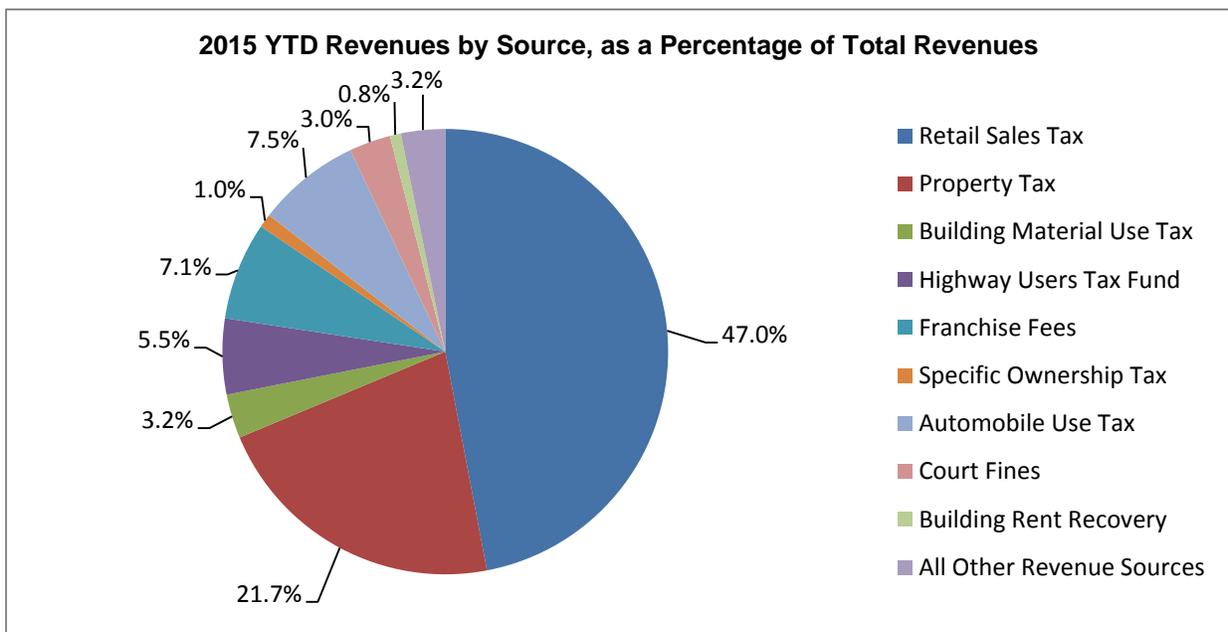
GENERAL FUND – COMPARISON TO PRIOR YEAR FOR THE SAME PERIOD

Revenues

The following table is a summary comparison of the primary revenue sources YTD for 2015 and 2014: *(dollar amounts in millions)*

	YTD 2015	YTD 2014	\$ Variance	% Variance
Retail Sales Tax	\$ 4.9	\$ 4.5	\$ 0.4	9.4%
Property Tax	2.3	2.3	-	-1.4%
Building Materials Use Tax	0.3	0.2	0.1	57.9%
Highway Users Tax Fund	0.6	0.8	(0.2)	-25.5%
Franchise Fees	0.7	0.7	-	-3.0%
Specific Ownership Tax	0.1	0.1	-	2.9%
Automobile Use Tax	0.8	0.6	0.2	24.9%
Court Fines	0.3	0.3	-	0.3%
Building Rent Recovery	0.1	0.1	-	1.0%
All Other Revenue Sources	0.3	0.3	-	10.4%
	<u>\$ 10.4</u>	<u>\$ 9.9</u>	<u>\$ 0.5</u>	<u>4.9%</u>

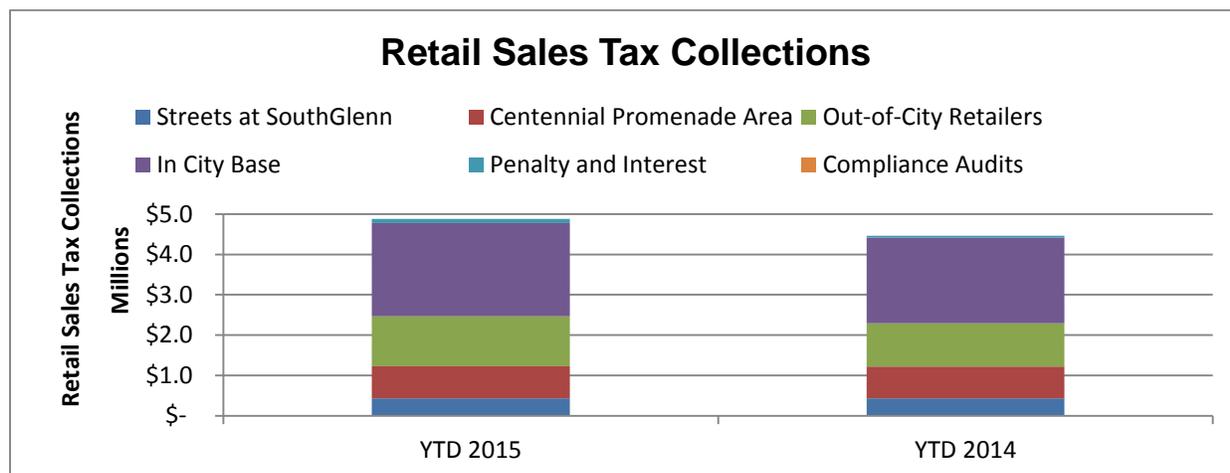
Note: Dollar amounts shown have been rounded; percentages are actual based on whole dollars.



Retail Sales Tax

Retail Sales Tax revenue YTD 2015 is \$0.4 million or 9.4% more than collections YTD 2014. This is a result of higher revenues from out-of-City retailers and the in-City base (\$0.3 million more than YTD 2014). Delinquent revenues and new business revenues contributed an additional \$0.1 million in sales tax revenues over the prior year.

The illustration below depicts the change in the City's YTD 2015 Sales Tax Revenue as it compares to YTD 2014.



The table below represents sales tax collected 2015 YTD summarized by North American Industry Classification System (NAICS) codes compared to the same codes for YTD 2014.

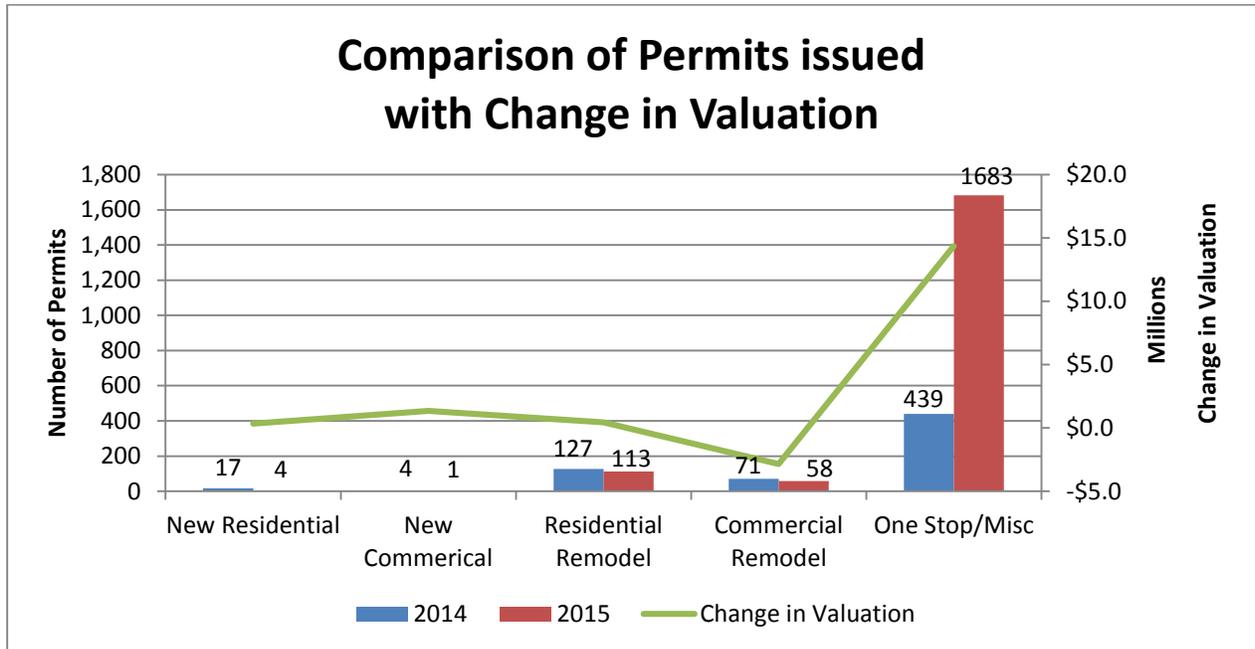
2015 YTD & 2014 YTD –Current Top 20 Sales Tax Receipts by 4-digit NAICS Code

	2015	% of 2015	2014	% of 2014
Furniture Stores	\$ 543,591.06	11.1%	\$ 576,962.19	12.9%
Full-Service Restaurants	\$ 435,916.26	8.9%	\$ 349,978.72	7.8%
Limited-Service Eating Places	\$ 281,777.69	5.8%	\$ 250,939.09	5.6%
Automobile Dealers	\$ 273,716.13	5.6%	\$ 253,138.94	5.7%
Sporting Goods, Hobby, and Musical Instrument Stores	\$ 233,504.47	4.8%	\$ 237,200.83	5.3%
Electric Power Generation, Transmission and Distribution	\$ 217,045.66	4.4%	\$ 224,823.04	5.0%
Grocery Stores	\$ 200,503.70	4.1%	\$ 194,455.26	4.4%
Electronics and Appliance Stores	\$ 199,612.02	4.1%	\$ 165,315.55	3.7%
Wireless Telecommunications Carriers (except Satellite)	\$ 195,843.29	4.0%	\$ 196,722.78	4.4%
Automotive Repair and Maintenance	\$ 136,320.08	2.8%	\$ 84,751.02	1.9%
Other General Merchandise Stores	\$ 131,326.44	2.7%	\$ 126,246.20	2.8%
Computer Systems Design and Related Services	\$ 111,787.35	2.3%	\$ 58,587.41	1.3%
Clothing Stores	\$ 102,768.48	2.1%	\$ 82,145.76	1.8%
Beer, Wine, and Liquor Stores	\$ 90,046.74	1.8%	\$ 85,909.63	1.9%
Automotive Parts, Accessories, and Tire Stores	\$ 87,920.54	1.8%	\$ 79,341.39	1.8%
Home Furnishings Stores	\$ 82,261.99	1.7%	\$ 65,416.50	1.5%
Other Miscellaneous Store Retailers	\$ 81,574.23	1.7%	\$ 64,899.34	1.5%
Wired Telecommunications Carriers	\$ 79,714.44	1.6%	\$ 76,682.72	1.7%
Department Stores	\$ 79,396.98	1.6%	\$ 88,886.24	2.0%
Health and Personal Care Stores	\$ 75,895.73	1.6%	\$ 73,098.03	1.6%
Total Retail Sales Tax Collected YTD from Top 20 NAICS codes	\$ 3,640,523		\$ 3,335,501	

**This table only represents the top 20 NAICS codes, or 74.6% of 2015 YTD Sales Tax collections, and does not include audit revenue.*

Building Materials Use Tax

Building Materials Use Tax revenue for 2015 is \$0.1 million or 57.9% more than collections YTD 2014. As depicted in the graph below, YTD 2015 Residential and Commercial permits (New and Remodel) have decreased by 43, and permits for One Stop/Miscellaneous permits increased by 1,244 when compared to YTD 2014. The total valuation for the permits has increased by \$13.6 million when compared to YTD 2014. The majority of the increase in valuation is from One Stop/Miscellaneous permits, and is specifically due to re-roofing permits which are up by 1,236 compared to YTD 2014. The increase in these permits is due to a large hail storm at the end of September 2014.



Highway Users Tax Fund

Highway Users Tax Fund (HUTF) revenue received YTD 2015 is \$0.2 million or 25.5% less than collections YTD 2014. The February 2015 distribution for HUTF was roughly \$0.2 million less than the amount that should have been received. The shortage occurred because fuel tax returns for January (due in February) were not received by the State of Colorado in time to process for the February distribution. The shortfall will be included in the March HUTF distribution.

Automobile Use Tax

Automobile Use Tax YTD 2015 is \$0.2 million or 24.9% more than collections during 2014. This increase in revenue is due an increase in the purchase and registration of new vehicles. The auto industry continues to see growing consumer demand for new vehicles thanks to a better economy, low gas prices, available credit and new products.

Expenditures

Total expenditures and transfers YTD 2015 are \$2.2 million or 29.2% more than expenditures YTD 2014. The net increase is primarily due to Public Works expenditures, Law Enforcement expenditures, and transfers to the Capital Improvement Fund.

- Public Works expenditures YTD 2015 are \$0.3 million or 14.4% more than expenditures YTD 2014. This increase is primarily due to higher expenditures for other contracted service obligations for maintenance.

- Law Enforcement expenditures YTD 2015 are \$0.2 million or 7.0% more than expenditures YTD 2014. This increase is primarily due to higher expenditures for contracted service obligations. Increased costs in this area are due to an additional seven (7) FTE's to include three (3) School Resource Officers, two (2) Investigators and two (2) Deputy Sheriff/K-9 Handlers.
- Net transfers to the Capital Improvement Fund YTD 2015 are \$1.5 million or 100.0% more than transfers YTD 2014. The increase in Capital Improvement Fund transfers is primarily the result of the anticipated timing of capital projects for 2015 as compared to 2014.

GENERAL FUND – COMPARISON TO BUDGET
--

The City's annual budget is examined on a monthly basis. The 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 year to date 2015 budget amounts.

Revenues

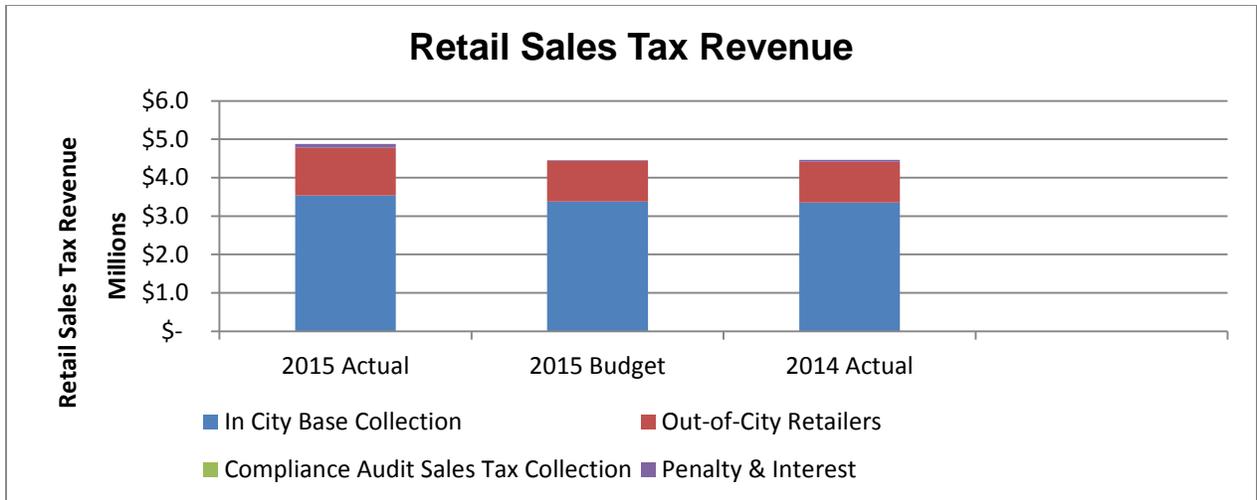
The following table is a summary comparison of primary revenue sources; the table compares actual revenue compared to budget.

	<i>(dollar amounts in millions)</i>			
	Actual YTD	Budget YTD	\$	%
	2015	2015	Variance	Variance
Retail Sales Tax	\$ 4.9	\$ 4.5	\$ 0.4	9.6%
Property Tax	2.3	2.3	-	-0.2%
Building Materials Use Tax	0.3	0.1	0.2	103.6%
Highway Users Tax Fund	0.6	0.8	(0.2)	-28.5%
Franchise Fees	0.7	0.7	-	-1.6%
Specific Ownership Tax	0.1	0.1	-	3.3%
Automobile Use Tax	0.8	0.6	0.2	37.9%
Court Fines	0.3	0.3	-	0.3%
Building Rent Recovery	0.1	0.1	-	1.0%
All Other Revenue Sources	0.3	0.3	-	3.3%
	<u>\$ 10.4</u>	<u>\$ 9.8</u>	<u>\$ 0.6</u>	<u>5.9%</u>

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

Retail Sales Tax

Retail Sales Tax revenue YTD 2015 is \$0.4 million or 9.6% favorable compared to budget. This favorable variance is the result of higher than anticipated out-of City retailers (\$0.2 million) sales tax revenues and in-City base (\$0.1 million) sales tax revenues. Also, the City received \$0.1 million from sales tax penalties and interest that was not anticipated in the 2015 YTD budget.



Building Materials Use Tax

Building Materials use tax revenue YTD 2015 is \$0.2 million or more than 100.0% favorable compared to budget. The City had a large increase in re-roofing permits in 2015 due to a hail storm in the fall of 2014. The increase in permits and the subsequent use tax was not anticipated during the budget process.

Highway Users Tax Fund

Highway Users Tax Fund revenue YTD 2015 is \$0.2 million or 28.5% unfavorable compared to the budget. The February 2015 distribution for HUTF was roughly \$0.2 million less than the amount that should have been received because fuel tax returns for January (due in February) were not received by the State of Colorado in time to process for the February distribution. The shortfall will be included in the March HUTF distribution and the City expects this variance to diminish next month.

Automobile Use Tax

Automobile Use Tax revenue YTD 2015 is \$0.2 million or 37.9% favorable compared to the budget. This variance is due to higher than anticipated automobile sales. Many analysts in the auto industry believe auto sales will remain strong in 2015.

Expenditures

Total expenditures and transfers YTD 2015 are \$1.0 million or over 10.7 unfavorable compared to budget. This unfavorable variance variances is attributable to the transfers to the Capital Improvement Fund and is partially offset by favorable variances in the Finance, Nondepartmental, and Law Enforcement departments.

- Finance expenditures YTD 2015 are \$0.1 million or 24.6% favorable compared to budget. This favorable variance is primarily due to personnel vacancy savings and Auditing Services related to the City’s Sales Tax program. This variance is expected to diminish through the remainder of the year.
- Nondepartmental expenditures YTD 2015 are \$0.3 million or 43.4% favorable compared to budget. This favorable variance is primarily due to expenditures related to Incentive Agreements, and is expected to diminish through the remainder of the year.
- Law Enforcement expenditures YTD for 2015 are \$0.1 million or 2.0% favorable compared to budget. This favorable variance is primarily the result of actual costs related to Law Enforcement services being less than anticipated in the 2015 Adopted Budget.
- Transfers to the Capital Improvement Fund are \$1.5 million or more than 100.0% unfavorable compared to budget. This variance is primarily the result of the timing of transfers which is expected to diminish as the year progresses.

LAND USE FUND

Comparison to Prior Year

Revenue

- Revenue YTD 2015 is \$0.2 million or 59.9% more than revenue collected during the same period in 2014. This increase revenue is due to the Building Permit Fees from One Stop/Miscellaneous permits which increased YTD 2015 as compared to the prior year by 1,244 permits.

Expenses

- Expenses YTD 2015 are \$0.2 million, or 52.5% more than expenses YTD 2014. The increase in expense is primarily due to contracted services related to Building Permits and Inspections when compared to the prior year.

Comparison to Budget

Revenue

- Revenues YTD 2015 are in line with the 2015 Adopted Budget.

Expenses

- Expenses YTD 2015 are in line with the 2015 Adopted Budget.

CAPITAL IMPROVEMENT FUND

Comparison to Prior Year

Revenue

- Revenues YTD 2015 are in line with the prior year.

Expenditures

- Expenditures YTD 2015 are in line with expenditure YTD 2014.

Comparison to Budget

Revenue

- Revenue received YTD 2015 is \$0.1 million or 89.9% unfavorable compared to budget. This unfavorable variance is due to the timing of receipts for a DRCOG grant and funding from the Dove Valley Metropolitan District for traffic signals. This variance is expected to diminish as the year progresses.

Expenditures

- Expenditures YTD 2015 are \$0.1 million or 30.3% favorable compared to budget. This favorable variance is due to lower than anticipated expenditures for streets and intersections in February.

CONSERVATION TRUST FUND

Comparison to Prior Year

Revenue

- Lottery proceeds are received quarterly with the first installment anticipated in March 2015.

Expenditures

- Expenditures YTD 2015 are in line with expenditures YTD 2014.

Comparison to Budget

Revenue

- Revenues YTD 2015 are in line with the 2015 Adopted Budget.

Expenditures

- Expenditures YTD 2015 are in line with the 2015 Adopted Budget.

OPEN SPACE FUND

Comparison to Prior Year

Revenue

- Revenues YTD 2015 are in line with the prior year

Expenditures

- Expenditures YTD 2015 are in line with expenditures YTD 2014.

Comparison to Budget

Revenue

- Revenues YTD 2015 are in line with the 2015 Adopted Budget.

Expenditures

- Expenditures YTD 2015 are in line with the 2015 Adopted Budget.

GENERAL IMPROVEMENT DISTRICT FUNDS

Comparison to Prior Year

Revenue

- Revenues received YTD 2015 are in line with the prior year.

Expenditures

- Expenditures for YTD 2015 are in line with YTD 2014 expenditures.

Comparison to Budget

Revenue

- Revenues YTD 2015 are in line with the 2015 Adopted Budget.

Expenditures

- Expenditures YTD 2015 are in line with the 2015 Adopted Budget.

CENTENNIAL URBAN REDEVELOPMENT AUTHORITY FUND
--

Comparison to Prior Year

Revenue

- Revenues received YTD 2015 are \$1.5 million or over 100.0% more than collections YTD 2014. The increase in revenues is a result of higher property tax collections in the redevelopment area.

Expenditures

- Expenditures YTD 2015 are \$1.5 million or more than 100.0% more than expenditures YTD 2014. Expenditures during 2015 are higher than 2014 as a result of higher property tax pass-thru payments (\$1.8 million) from the Authority to Southglenn Metropolitan District and is offset by \$0.3 million is sales tax pass-thru payments from the Authority to Southglenn Metropolitan District.

Comparison to Budget

Revenue

- Revenues YTD 2015 are \$1.5 million or over 100.0% favorable compared to budget. This favorable variance is due to property tax in the redevelopment area being received earlier than anticipated and is expected to diminish as the year progresses.

Expenditures

- Expenditures YTD 2015 are \$1.5 million or more than 100.0% unfavorable compared to the 2015 Budget. This increase is the result of higher property tax pass-thru payments (\$1.5 million) from the Authority to the Southglenn Metropolitan District.