



The following financial report analysis offers readers a narrative overview of the financial activities of the City for the period ended May 31, 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 May, 2015 YTD Financial Statements**

**GENERAL FUND – COMPARISON TO PRIOR YEAR FOR THE SAME PERIOD**

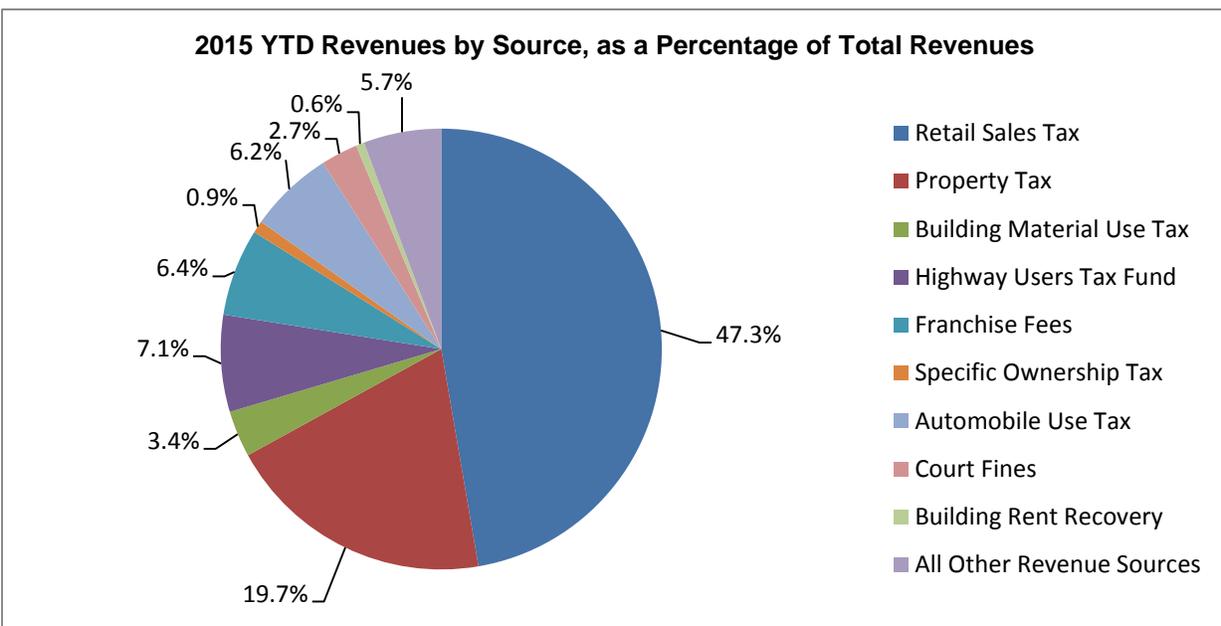
**Revenues**

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	\$ 14.2	\$ 12.4	\$ 1.8	14.5%
Property Tax	5.9	6.2	(0.3)	-4.7%
Building Materials Use Tax	1.0	0.5	0.5	107.0%
Highway Users Tax Fund	2.1	2.0	0.1	9.3%
Franchise Fees	1.9	2.0	(0.1)	-4.0%
Specific Ownership Tax	0.3	0.3	-	6.1%
Automobile Use Tax	1.9	1.5	0.4	22.9%
Court Fines	0.8	0.8	-	-5.1%
Building Rent Recovery	0.2	0.2	-	-19.3%
All Other Revenue Sources	1.7	1.1	0.6	58.4%
	<u>\$ 30.0</u>	<u>\$ 27.0</u>	<u>\$ 3.0</u>	<u>11.3%</u>

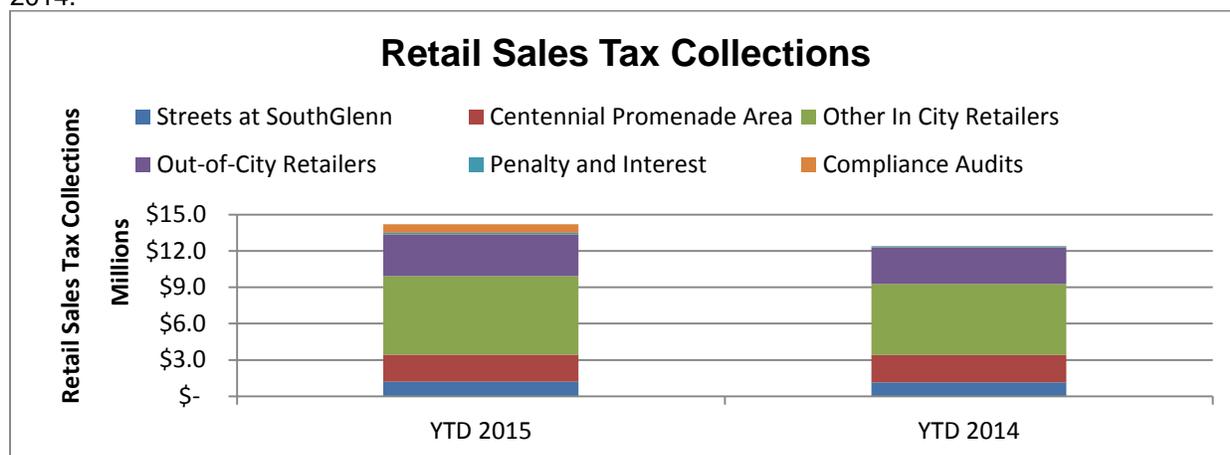
Note: Dollar amounts shown have been rounded; percentages are actual based on whole dollars.



Retail Sales Tax

Retail Sales Tax revenue YTD 2015 is \$1.8 million or 14.5% more than collections YTD 2014. Sales tax revenues from in-City retailers has increased \$0.7 million more than YTD 2014. This increase from in City retailers is from new businesses inside of Centennial such as Viewhouse, The Bridal Collection and Service King Paint & Body. In addition, sales tax from out-of-City retailers has increased \$0.4 million more than YTD 2014. The City has 152 more out-of-City retailers licensed YTD than May 2014. Last, delinquent revenues and compliances audits contributed an additional \$0.7 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.

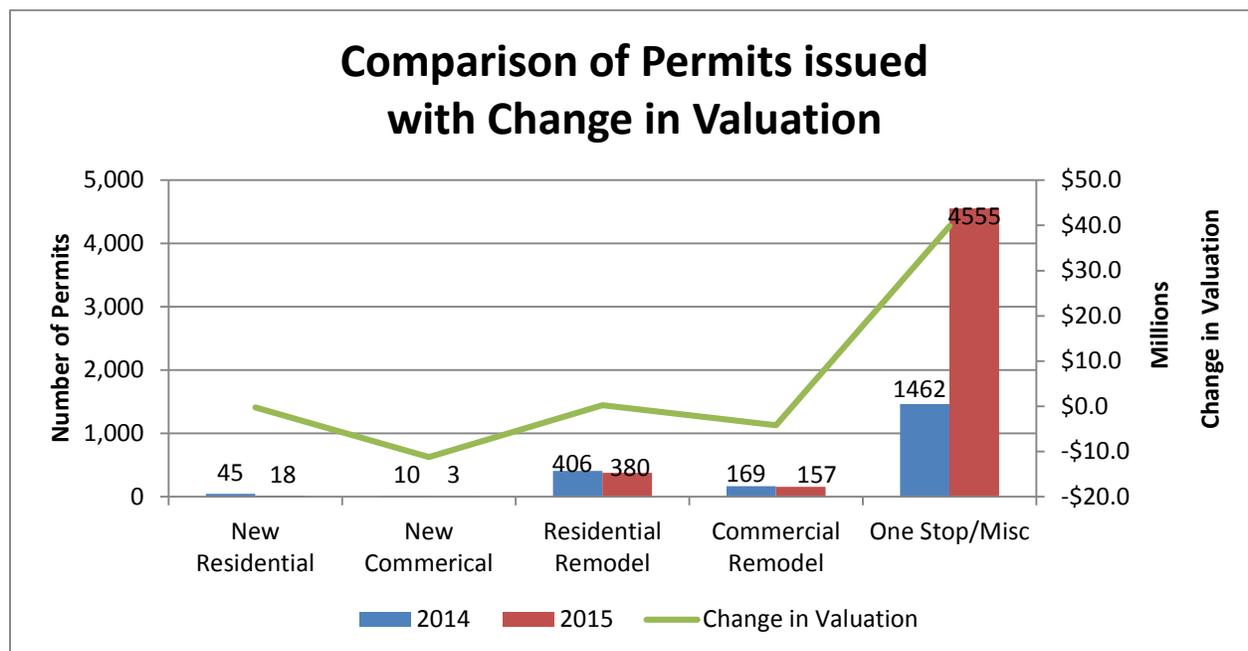
**2015 YTD & 2014 YTD –Current Top 20 Sales Tax Receipts by 4-digit NAICS Code**

	2015	% of 2015	2014	% of 2014
Furniture Stores	\$ 1,498,530.22	10.5%	\$ 1,620,447.90	13.1%
Full-Service Restaurants	\$ 1,157,786.13	8.1%	\$ 940,503.28	7.6%
Limited-Service Eating Places	\$ 781,421.15	5.5%	\$ 694,395.56	5.6%
Sporting Goods, Hobby, and Musical Instrument Stores	\$ 722,859.19	5.1%	\$ 698,983.99	5.6%
Automobile Dealers	\$ 695,283.48	4.9%	\$ 656,221.35	5.3%
Electric Power Generation, Transmission and Distribution	\$ 536,020.12	3.8%	\$ 552,717.45	4.5%
Grocery Stores	\$ 510,458.51	3.6%	\$ 509,327.66	4.1%
Electronics and Appliance Stores	\$ 498,312.17	3.5%	\$ 437,700.73	3.5%
Wireless Telecommunications Carriers (except Satellite)	\$ 482,078.90	3.4%	\$ 490,867.92	4.0%
Other General Merchandise Stores	\$ 356,146.00	2.5%	\$ 345,788.96	2.8%
Clothing Stores	\$ 318,121.30	2.2%	\$ 255,371.50	2.1%
Automotive Repair and Maintenance	\$ 278,591.90	2.0%	\$ 227,504.43	1.8%
Department Stores	\$ 251,523.00	1.8%	\$ 269,833.60	2.2%
Beer, Wine, and Liquor Stores	\$ 247,026.04	1.7%	\$ 230,876.93	1.9%
Home Furnishings Stores	\$ 238,198.63	1.7%	\$ 189,556.54	1.5%
Commercial & Industrial Machinery & Equipment Rental and Leasing	\$ 223,500.60	1.6%	\$ 237,404.83	1.9%
Automotive Parts, Accessories, and Tire Stores	\$ 221,211.84	1.6%	\$ 198,402.08	1.6%
Computer Systems Design and Related Services	\$ 220,210.62	1.5%	\$ 123,194.38	1.0%
Other Miscellaneous Store Retailers	\$ 218,729.24	1.5%	\$ 177,399.46	1.4%
Wired Telecommunications Carriers	\$ 205,517.55	1.4%	\$ 193,571.98	1.6%
<b>Total Retail Sales Tax Collected YTD from Top 20 NAICS codes</b>	<b>\$ 9,661,527</b>		<b>\$ 9,050,071</b>	

\*This table only represents the top 20 NAICS codes, or 68.0% of 2015 YTD Sales Tax collections, and does not include audit revenue.

Building Materials Use Tax

Building Materials Use Tax revenue for 2015 is \$0.5 million or over 100.0% more than collections YTD 2014. As depicted in the graph below, YTD 2015 Residential and Commercial permits (New and Remodel) have decreased by 72, however, permits for One Stop/Miscellaneous permits increased by 3,093 when compared to YTD 2014. The total valuation for the permits YTD has increased by \$24.5 million when compared to YTD 2014. The majority of the increase in valuation is from One Stop/Miscellaneous permits which is specifically due to re-roofing permits. The increase in these permits is due to a large hail storm at the end of September 2014.



Property Tax

Revenue received YTD 2015 is \$0.3 million or 4.7% less than collections YTD 2014. The decrease of property tax is due to a 2.4% decrease of assessed valuations of property. Also, the timing of property tax collections during the first six months of the year can vary from year to year. Property tax payments have three due dates throughout the year. The due date for payment in full is April 30<sup>th</sup> and due dates for the two payment option are February 28<sup>th</sup> and June 15<sup>th</sup>.

Highway Users Tax Fund

Highway Users Tax Fund (HUTF) revenue YTD 2015 is \$0.2 million or 9.3% more than collections YTD 2014. The percentage share of HUTF revenue is recalculated annually in July and is based on the City's: 1) previous year's vehicle registration figure as certified by the Department of Revenue to the State Treasurer and 2) previous year's miles of open, used and maintained streets as certified to the Treasurer by CDOT. The increase is from the recalculated percentages in July 2014 for the HUTF distributions.

Franchise Fees

Franchise Fees revenue for 2015 is \$0.1 million, or 4.0% less than collections YTD 2014. The decrease is from the drop in natural gas prices. The cost of fuel is passed on to customers each quarter. According to the utility provider, the drop in natural gas prices would lead to a nine percent cur for the average residential bill.

Automobile Use Tax

Automobile Use Tax YTD 2015 is \$0.3 million or 22.9% more than collections during 2014. This increase in revenue is due steady sales and registrations of new vehicles. The auto industry continues to see growing consumer demand for new vehicles due to a better economy, lower gas prices, available credit and new products.

## Expenditures

Total expenditures and transfers YTD 2015 are \$2.9 million or 14.3% more than expenditures YTD 2014. The net increase is primarily due to Public Works expenditures, Law Enforcement expenditures, and Finance Department expenditures and transfers to the Capital Improvement Fund

- Public Works expenditures YTD 2015 are \$0.4 million or 8.3% 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 \$0.6 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.
- Finance Department expenditures YTD 2015 are \$0.2 million or 27.8% more than expenditures YTD 2014. This increase is primarily due to higher expenditures for Auditing Services related to the City's Sales Tax program.
- Information Technology expenditures YTD 2015 are \$0.2 million or 57.2% more than expenditures YTD 2014. This increase is primarily due to higher expenditures for GIS Services.
- Transfers to the Capital Improvement Fund YTD 2015 are \$1.5 million or over 70.7% more than expenditures YTD 2014. This increase is primarily due to transfers for street and intersection construction begun early in 2015.

## 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 1/12<sup>th</sup> 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.

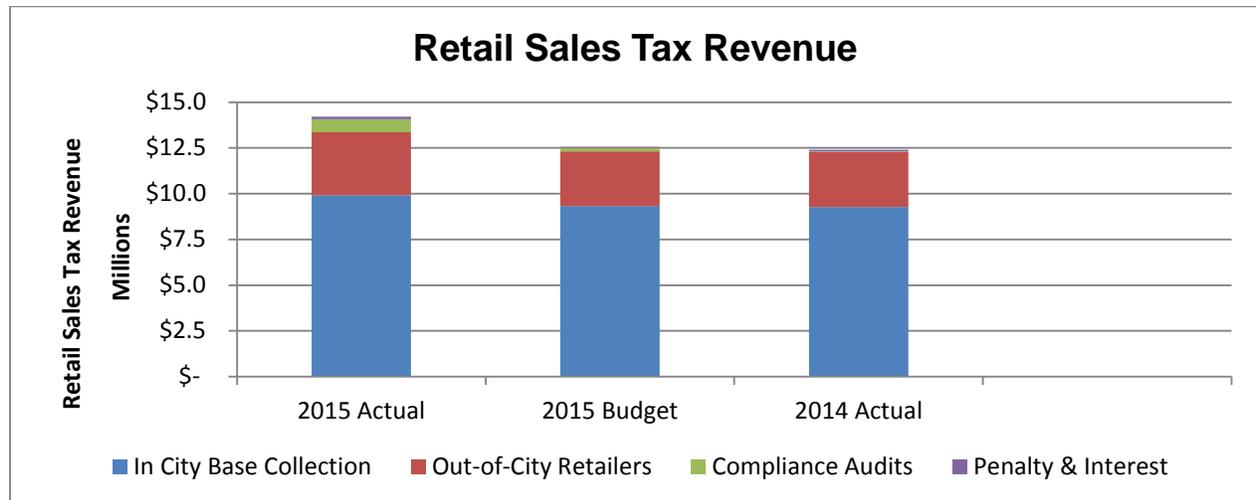
*(dollar amounts in millions)*

	Actual YTD 2015	Budget YTD 2015	\$ Variance	% Variance
Retail Sales Tax	\$ 14.2	\$ 12.6	\$ 1.6	13.2%
Property Tax	5.9	6.1	(0.2)	-2.6%
Building Materials Use Tax	1.0	0.3	0.7	208.9%
Highway Users Tax Fund	2.1	2.0	0.1	5.0%
Franchise Fees	1.9	2.0	(0.1)	-2.6%
Specific Ownership Tax	0.3	0.3	-	9.3%
Automobile Use Tax	1.9	1.5	0.4	27.1%
Court Fines	0.8	0.8	-	-5.1%
Building Rent Recovery	0.2	0.2	-	-19.3%
All Other Revenue Sources	1.7	1.5	0.2	10.8%
	<u>\$ 30.0</u>	<u>\$ 27.3</u>	<u>\$ 2.7</u>	<u>10.1%</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 \$1.6 million or 13.2% favorable compared to budget. This favorable variance is the result of higher than anticipated sales tax revenues from out-of-City retailers (\$0.5 million) and in-City retailers (\$0.6 million). These increases are from newly licensed businesses and a slight increase in sales from existing businesses. The additional favorable variance of \$0.5 million is from compliance audits and penalties and interest from late sales tax returns.



Property Tax

Property Tax revenue YTD 2015 is \$0.2 million or 2.6% unfavorable compared to budget. The timing of Property Tax collections during the first few months of the year may vary from year to year, however the majority of property tax due is received by June each year. The City expects this variance to diminish as the year progresses.

Building Materials Use Tax

Building Materials use tax revenue YTD 2015 is \$0.7 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 \$0.1 million, or 5.0% favorable to budget. The favorable variance is from an increase distribution to all municipalities in part to the higher number of vehicle registrations.

Franchise Fees

Franchise Fee revenue for 2015 is \$0.1 million, or 4.0% unfavorable compared to budget. A slight decrease in average gas and electric rates for the first portion of 2015 was not anticipated in the 2015 Adopted Budget.

Automobile Use Tax

Automobile Use Tax revenue YTD 2015 is \$0.4 million or 27.1% 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 throughout 2015, so the variance should continue until the revenue is adjusted in the 2015 Revised Budget.

## **Expenditures**

Total expenditures and transfers YTD 2015 are \$2.0 million or 8.1% favorable compared to budget. This favorable variance is attributable to the favorable variances in the Office of Innovation, Finance, Nondepartmental, Public Works, Fleet and Facilities, and Law Enforcement departments. Favorable net transfers to other funds also contributed to the favorable variance to budget. Other departments contributed to the favorable expenditures to budget.

- Office of Innovation expenditures YTD 2015 are \$0.2 million or 66.5% favorable to budget. This favorable variance is primarily due to lower than anticipated project specific and professional services.
- Finance expenditures YTD 2015 are \$0.1 million or 10.8% favorable compared to budget. This favorable variance is primarily due to personnel vacancy savings. This variance is expected to diminish through the remainder of the year.
- Nondepartmental expenditures YTD 2015 are \$0.5 million or 29.7% 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.
- Public Works expenditures YTD 2015 are \$0.2 million or 3.8% favorable compared to budget. This favorable variance is primarily due to expenditures related to contracted services and is expected to diminish through the remainder of the year.
- Fleet and Facilities expenditures YTD 2015 are \$0.2 million or 38.7% favorable compared to budget. This favorable variance is primarily due to expenditures related building improvements, and is expected to diminish through the remainder of the year.
- Law Enforcement expenditures YTD for 2015 are \$0.2 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.
- Net transfers from the Land Use Fund and the Capital Improvement Fund YTD are \$0.3 or 7.5% favorable to budget. This variance is primarily the result of the timing of transfers which is expected to diminish as the year progresses.

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

#### *Revenue*

- Revenue YTD 2015 is \$0.7 million or 96.6% more than revenue collected during the same period in 2014. This increase revenue is due to the Building Permit Fees and Building Plan Review Fees. The City's One Stop/Miscellaneous building permits have increased YTD 2015 by 3,093 permits.

#### *Expenses*

- Expenses YTD 2015 are \$0.5 million, or 48.1% 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 \$0.5 million or 35.7% favorable compared to budget. This variance is due to higher than anticipated Building Permits Fees and Building Plan Review Fees from the increase in building permits issued.

#### *Expenses*

- Expenses YTD 2015 are \$0.2 million or 17.4% unfavorable compared to budget. This variance is due to expenses associated with building permits issued.

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

#### *Revenue*

- Revenues YTD 2015 are \$0.1 million or 34.0% less than collection YTD 2014. This decrease revenue is due to higher federal grant revenue received YTD 2014 for projects related to Vista Verde Neighborhood Improvements and Signal Communication Improvements.

#### *Expenditures*

- Expenditures YTD 2015 are \$0.6 million or over 30.8% more than expenditures YTD 2014. This increase in expenditures is primarily due to new construction for streets and intersections.

### **Comparison to Budget**

#### *Revenue*

- Revenues received YTD 2015 are \$1.1 million or 84.1% unfavorable compared to budget. This unfavorable variance is due to the timing of funds received from intergovernmental agreements on the Waco to Himalaya widening project. This variance is expected to diminish as the year progresses.

#### *Expenditures*

- Expenditures YTD 2015 are \$2.0 million or 45.2% favorable compared to budget. This favorable variance is primarily due to the Waco to Himalaya widening project and is expected to diminish as the year progresses.

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

#### *Revenue*

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

#### *Expenditures*

- Expenditures YTD 2015 are \$0.4 million or 99.7% less than expenditures YTD 2014. This decrease in expenditures is primarily due to prior year capital outlay for the Civic Center park.

### **Comparison to Budget**

#### *Revenue*

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

#### *Expenditures*

- Expenditures YTD 2015 are \$0.1 million or 98.8% favorable with the 2015 Adopted Budget. This favorable variance is primarily due to lower than anticipated expenditures for trails and parks. This variance is expected to diminish as the year progresses.

**OPEN SPACE FUND**

**Comparison to Prior Year**

*Revenue*

- Revenues YTD 2015 are in line with the prior year

*Expenditures*

- Expenditures YTD 2015 are \$0.9 million less or 90.8% less than expenditures YTD 2014. This is due primarily to prior year expenditures for land improvements.

**Comparison to Budget**

*Revenue*

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

*Expenditures*

- Expenditures YTD 2015 are \$0.5 million or 85.4% favorable with the 2015 Adopted Budget. This favorable variance is due to less than anticipated expenditures for parks and recreation through May.

**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 \$0.7 million or 21.7% less than collections YTD 2014. The decrease in revenues is a result of lower property tax collections in the redevelopment area. The timing of property tax collections during the first six months of the year can vary from year to year.

*Expenditures*

- Expenditures YTD 2015 are \$0.7 million or 22.0% less than expenditures YTD 2014. Expenditures during 2015 are lower than 2014 as a result of lower property tax pass-thru payments from the Authority to Southglenn Metropolitan District.

## **Comparison to Budget**

### *Revenue*

- Revenues YTD 2015 are \$0.7 million or 21.5% unfavorable compared to budget. This unfavorable variance is due to the timing of property tax in the redevelopment area received and is expected to diminish as the year progresses.

### *Expenditures*

- Expenditures YTD 2015 are \$0.7 million or 21.4% favorable compared to the 2015 Budget. This favorable variance is the result of lower property tax pass-thru payments from the Authority to the Southglenn Metropolitan District.