

Revenue Overview

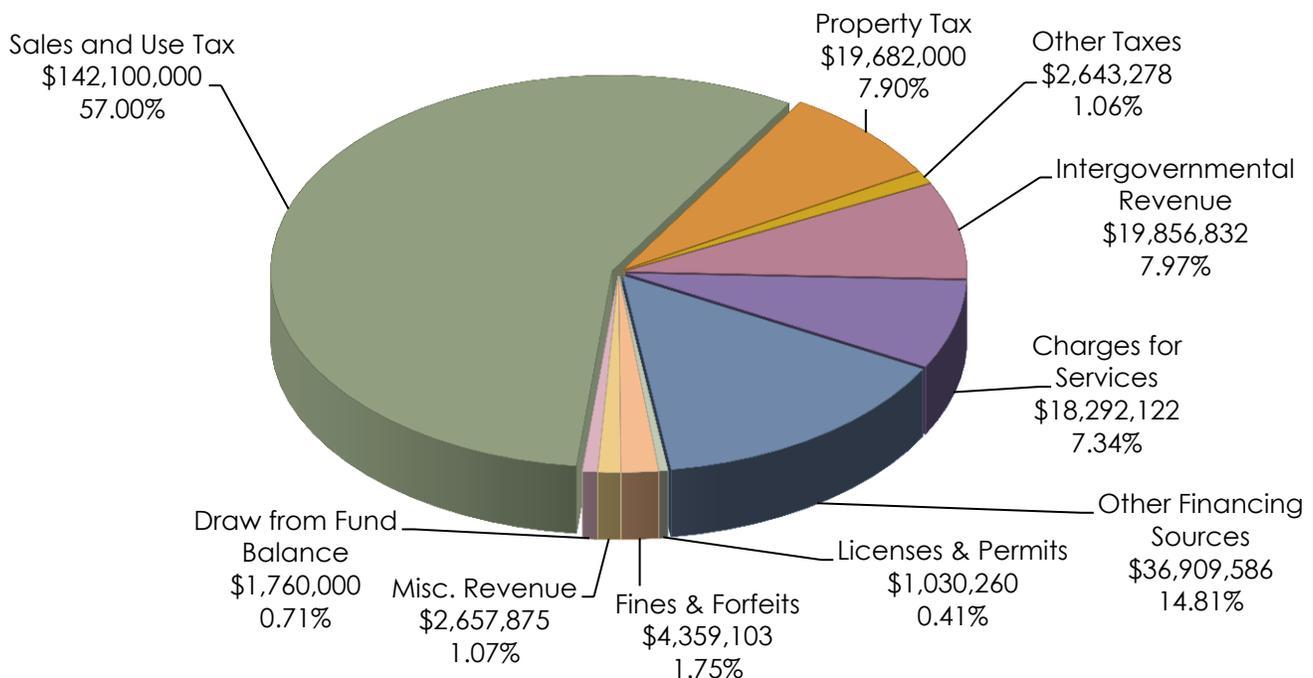
General Fund Appropriation

\$249,291,056

- Total General Fund revenue is \$9.6 million or 4.0% over 2013 end-of-year estimate.
- Total General Fund revenue is \$16.6 million or 7.1% over 2013 Original Budget revenue.
- Sales and Use tax revenue \$4.2 million or 3.1% over 2013 end-of-year estimate.
- All other revenue is \$5.4 million or 5.3% over 2013 end-of-year estimate.

	* 2012 Actual	2013 Budget	2013 EOY Estimate	2014 Budget	2014 Budget - 2013 EOY Estimate
Sales and Use Tax	\$128,018,959	\$130,600,000	\$137,900,000	\$142,100,000	\$4,200,000
Property Tax	19,242,332	19,314,000	19,408,000	19,682,000	274,000
Other Taxes	2,606,236	2,541,278	2,630,778	2,643,278	12,500
Licenses and Permits	890,205	1,164,277	1,267,477	1,030,260	(237,217)
Intergovernmental	20,255,382	19,794,187	19,647,368	19,856,832	209,464
Charges for Services	14,125,791	12,958,584	13,277,584	18,292,122	5,014,538
Fines and Forfeits	4,738,156	5,439,100	3,889,100	4,359,103	470,003
Miscellaneous	5,081,386	3,095,118	2,751,020	2,657,875	(93,145)
Other Financing Sources	40,656,120	37,828,579	38,888,178	36,909,586	(1,978,592)
Draw from Fund Balance	0	0	0	1,760,000	1,760,000
Total	\$235,614,567	\$232,735,123	\$239,659,505	\$249,291,056	\$9,631,551

* Includes \$14 million from a bond refunding.

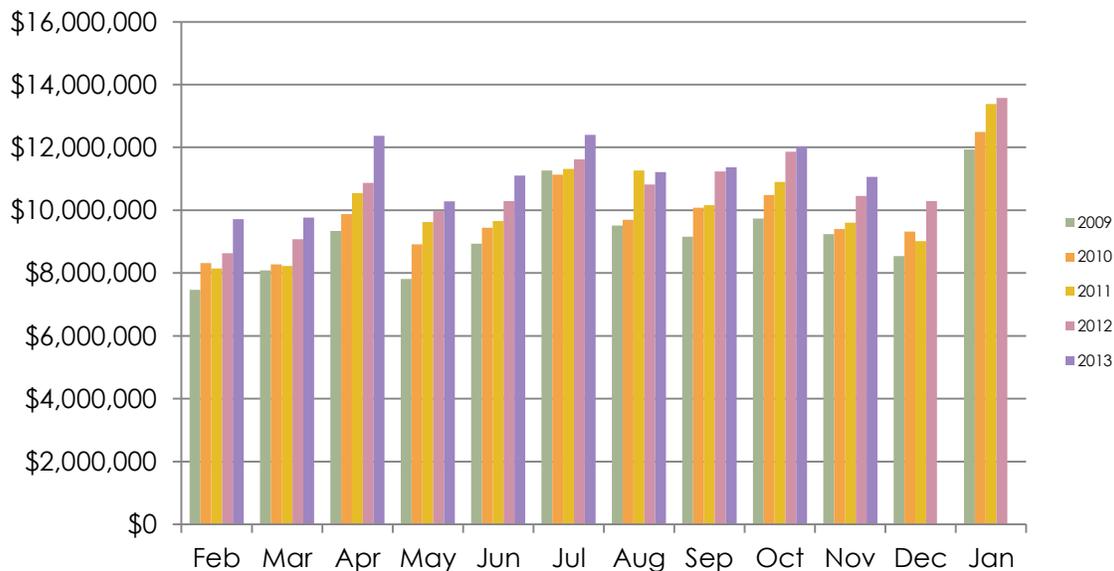


Sales Tax Revenue

\$142,100,000

- 57.0% of total General Fund revenue.
- Up \$4.2 million or 3.1% from 2013 end-of-year estimates.
- Primarily dependent upon the level of local economic activity, consumer confidence, and tourist activity.
- Through November 2013 activity – year-to-date sales tax revenue has increased in all industry groups with the exception of Commercial Machines, which is quite volatile, and Department and Discount stores. Furniture, Appliances and Electronics, Grocery Stores, Building Materials, and Utilities are all up more than 8% over 2012 for the same period.
- Sales and use tax collections through November are higher than any previous year for the same period of time, however, inflation adjusted it is higher than years 2008-2012, but still lower than the level of 2007.
- 2013 sales and use tax collections are tracking higher than expected.
- 1 to 1 - Odds of meeting or exceeding the sales and use tax projection used for the 2014 budget.
- Slightly more optimistic approach than that which was used for the 2013 budget where the odds of meeting or exceeding the sales and use tax projection was 1.5 to 1.
 - We believe this approach is appropriate given the long sustained increase in collections, a recent unexpected increase in consumer confidence and the unfortunate, but real, expected uptick due to reconstruction and purchasing as a result of the Black Forest Fire.
 - Three statistical models are used in developing the sales tax projections, these are: a Box-Jenkins model, a Consumer Sentiment model, and a Bayesian model.

Sales Tax Collections History by Month

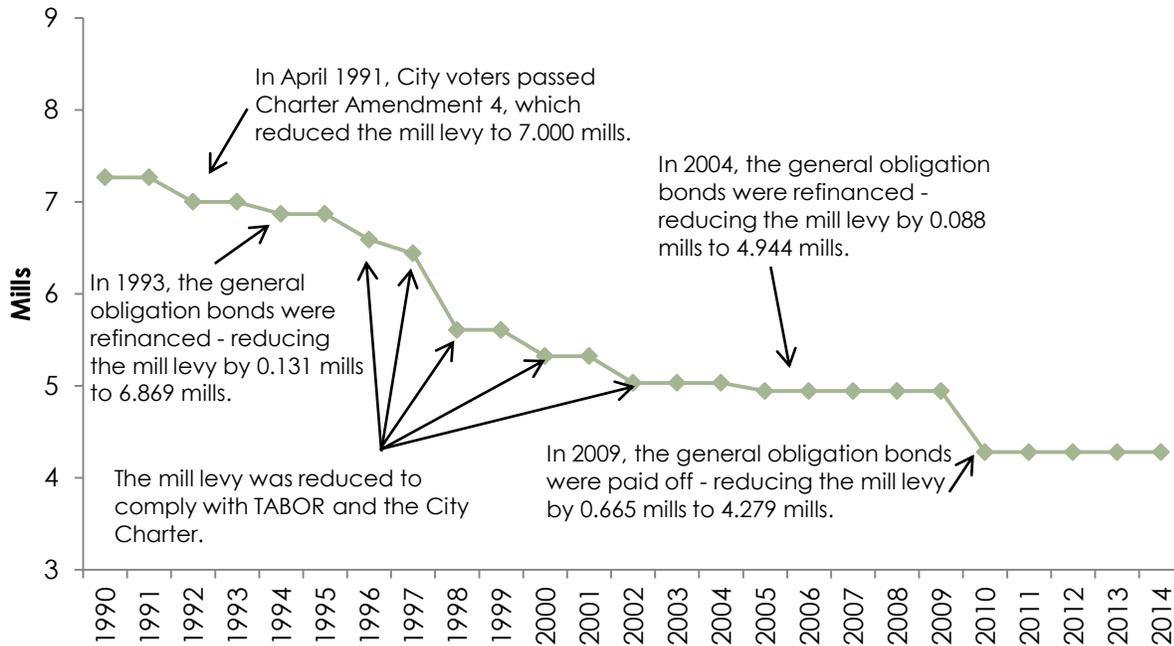


Property Tax Revenue

\$19,682,000

- 7.9% of the total General Fund revenue.
- Tax levy of 4.279 mills.
- Since 1990, the levy has been reduced nine times, with six of those reductions the result of the revenue limitation provisions of the Taxpayer's Bill of Rights (TABOR).

City Property Tax Mill Levy History



For budgeting purposes, estimated property tax revenue is reduced by a 1.0% provision for uncollectable taxes.

Taxpayer's Bill of Rights (TABOR) Property Tax Limit Calculation

In accordance with the provisions of TABOR and the City Charter, annual City property tax revenue growth is limited to the percentage change in the Denver/Boulder/Greeley Consumer Price Index (CPI) plus local growth for the previous calendar year. For the 2014 growth formula, the percentage change in the CPI is projected to be 2.64% and local growth is expected to be 1.5%. Thus, the combined formula increase for 2014 is projected to total 4.14%.

Both growth factors used in calculating the revenue limit are forecasted amounts with the actual data for each of the components not available until well after the start of the fiscal year in question. Thus, property tax revenue could exceed the TABOR limit and must either be refunded to local taxpayers, used to reduce bonded debt or retained upon voter approval.

Other Taxes Revenue

\$2,643,278

- 1.06% of total General Fund revenue.
- Up \$12,500 or 0.5% from the 2013 end-of-year estimate.
- The Other Taxes category of revenue includes:
 - Occupational tax on establishments selling alcoholic beverages.
 - Sales tax on motion picture theater tickets.
 - Specific ownership taxes imposed by the State on licensed motor vehicles registered in the city.

Licenses and Permits Revenue

\$1,030,260

- 0.41% of total General Fund revenue.
- Down \$237,217 or 18.72% from the 2013 end-of-year estimate.
- Based upon department estimates for 2014.

Intergovernmental Revenue

\$19,856,832

- 7.97% of total General Fund revenue.
- Up \$209,464 or 1.07% from the 2013 end-of-year estimate.
- \$18.1 million is Highway Users Tax Fund (HUTF).
 - State imposed excise taxes on gasoline and special fuels as well as various motor vehicle registration, title, and license fees and taxes.
 - Estimate provided yearly by the Colorado Municipal League.
- \$759,262 El Paso County Road and Bridge mill levy.
 - 0.0% increase from the 2013 budget.
 - Estimate is provided by El Paso County.

Charges for Services

\$18,292,122

- 7.34% of total General Fund revenue.
- Up \$5,014,538 or 37.7% from the 2013 end-of-year estimate.
- Increases are due to expected increases in development review revenues, revenue from the anticipated ambulance contract, and reimbursement revenue from multiple sources including reimbursements from the Fire department's Community Health program and Wildland and Colorado Task Force One deployment revenue.

Fines and Forfeits Revenue

\$4,359,103

- 1.75% of total General Fund revenue.
- Up \$470,003 or 12.1% from the 2013 end-of-year estimate.
- Fines and forfeits are from:
 - General violations.
 - Parking meter violations.
 - Traffic violations (and the traffic violation surcharge to fund school safety).

Miscellaneous Revenue

\$2,657,875

- 1.71% of total General Fund revenue.
- Down \$93,145 or 3.39% from the 2013 end-of-year estimate.
- Includes:
 - Interest and investment earnings.
 - Rents and royalties.
 - Other miscellaneous revenue.

Other Financing Sources Revenue

\$36,909,586

- 14.81% of total General Fund revenue.
- Down \$1,978,592 from the 2013 end-of-year estimate.
- \$31,680,000 million Utilities Surplus Revenue an increase of \$509,599 from 2013 budgeted revenue.
- Decrease of \$1.2 million in reimbursement revenue from Utilities for staff in the City Attorney's Office and legal services provided by staff in the City Attorney's Office.
- \$903,131 reimbursement revenue from Utilities for audit services provided by the City Auditor's Office.
- \$447,146 reimbursement from the Lodgers and Automobile Rental Tax (LART) Fund for special event expenses. A decrease of \$418,854 from the 2013 transfer. For 2014 more tourist and economic development related expenses will be paid directly from the LART fund.
- \$635,905 reimbursement revenue from grants and the Gift Trust Fund.

Draw from Fund Balance

\$1,760,000

- \$630,000 draw from restricted fund balance
 - During 2013, the City entered into a lease/lease-purchase agreement with US Bank for the City Administration Building.
 - A portion of the proceeds was used to retire the former lease/lease-purchase agreement with Capital One.
 - The balance of the proceeds was deposited into fund balance and is restricted to the purpose of improvements to the City Administration Building.
 - The \$630,000 draw from restricted fund balance will not impact the unrestricted fund balance.
- \$1,130,000 draw from unrestricted fund balance
 - As a markup to the 2014 budget, City Council directed funding the 2014 Parks water rate increase from the unrestricted fund balance

Revenue Summary Table

Revenue Summary - General Fund

Statement of Estimated Revenues

	*2011 Actual	2012 Actual	2013 Budget	2013 EOY Est.	2014 Budget	2014 Budget- 2013 EOY \$ Change	2014 Budget- 2013 EOY % Change
Taxes							
General Property Taxes	20,658,436	19,242,332	19,314,000	19,408,000	19,682,000	274,000	1.41%
Specific Ownership Taxes	1,851,385	1,870,385	1,821,339	1,892,339	1,892,339	0	0.00%
General Sales and Use Tax	121,249,546	128,018,959	130,600,000	137,900,000	142,100,000	4,200,000	3.05%
Admissions Taxes	449,533	476,030	462,739	471,739	471,739	0	0.00%
Business Taxes	257,561	259,820	257,200	266,700	279,200	12,500	4.69%
Total Taxes	144,466,461	149,867,527	152,455,278	159,938,778	164,425,278	4,486,500	2.81%
Business Licenses and Permits							
Total Licenses and Permits	870,688	890,205	1,164,277	1,267,477	1,030,260	(237,217)	-18.72%
Intergovernmental Revenue							
Federal Grants	0	0	0	0	0	0	0.00%
State Shared Revenue	18,931,942	19,325,749	18,934,925	18,789,925	18,997,570	207,645	1.11%
Other Govt Units	990,015	929,634	859,262	857,443	859,262	1,819	0.21%
Total Intergovernmental	19,921,958	20,255,382	19,794,187	19,647,368	19,856,832	209,464	1.07%
Charges for Services							
General Government	3,712,244	3,791,860	3,577,988	3,636,988	7,333,186	3,696,198	101.63%
Public Safety	4,545,952	4,987,031	4,292,750	4,292,750	5,786,876	1,494,126	34.81%
Highways and Streets	3,087,733	3,584,866	3,347,406	3,607,406	3,467,683	(139,723)	-3.87%
Culture - Recreation (H)	2,229,492	1,762,034	1,740,440	1,740,440	1,704,377	(36,063)	-2.07%
Total Charges for Services	13,575,421	14,125,791	12,958,584	13,277,584	18,292,122	5,014,538	37.77%
Fines and Forfeits							
Total Fines and Forfeits	5,772,966	4,738,156	5,439,100	3,889,100	4,359,103	470,003	12.09%
Miscellaneous Revenue							
Earnings on Deposits and Invest.	790,378	637,556	390,000	407,000	406,000	(1,000)	-0.25%
Rents and Royalties	602,674	570,517	646,525	646,525	653,065	6,540	1.01%
Miscellaneous	3,177,411	3,873,313	2,058,593	1,697,495	1,598,810	(98,685)	-5.81%
Total Miscellaneous Revenue	4,570,463	5,081,386	3,095,118	2,751,020	2,657,875	(93,145)	-3.39%
Other Financing Sources							
Payments in Lieu of Tax	29,256	24,384	19,505	19,505	14,628	(4,877)	-25.00%
Shared Services	3,118,182	6,594,011	1,175,490	894,562	1,306,154	411,592	46.01%
Other Transfers	33,026,368	31,548,644	36,373,584	37,714,111	35,355,918	(2,358,193)	-6.25%
Capital Leases	0	2,320,445	0	0	0	0	0.00%
Sale of Capital Assets	748,075	168,635	260,000	260,000	232,886	(27,114)	-10.43%
Total Other Financing Sources	50,970,631	40,656,120	37,828,579	38,888,178	36,909,586	(1,978,592)	-5.09%
Sub-Total	240,148,587	235,614,567	232,735,123	239,659,505	247,531,056	7,871,551	3.28%
Draw From Fund Balance	0	0	0	0	1,760,000	1,760,000	0.00%
Total Estimated Revenue	\$240,148,587	\$235,614,567	\$232,735,123	\$239,659,505	\$249,291,056	9,631,551	4.02%

* Includes \$14 million from a bond refunding.

Taxpayer's Bill of Rights (TABOR) Calculation

The revenue limitation provisions of the State TABOR and the City Charter continue to impact the City's fiscal condition. TABOR essentially establishes an annual City revenue cap. Any City revenue subject to the cap received above the annual revenue cap must be refunded to local taxpayers or can be retained upon voter approval.

Under TABOR, the annual growth formula is applied to either previous year's actual revenue or to the previous year's TABOR revenue limit, whichever is less. During periods of economic downturn and lagging City revenue collections, City revenue can fall below the TABOR revenue limit for that year. In that event, the TABOR growth formula for the next fiscal year is applied to the actual revenue amount, not the higher TABOR limit. Thus, the TABOR limit is ratcheted down. In subsequent years, when the economy and City revenue rebound, the TABOR formula increase is applied to the lower previous year's actual revenue. The City's 2014 projected revenue is \$1.8 million less than the projected TABOR limit for 2014.

While the calculation of the annual TABOR revenue cap appears to be relatively straightforward, it is difficult as data for both of the growth components is not available until well after the start of the fiscal year in question. Specifically, the Denver/Boulder/Greeley Consumer Price Index (CPI) figure is not available until early spring of the fiscal year to which it is to be applied. Similarly, the data for the local growth component is not available from the County Assessor until August of the year to which it is to be applied. Thus, in preparing the budget for the next year, it is necessary to forecast the CPI and local growth. Generally, the annual TABOR revenue cap is calculated through the application of the percentage change in the CPI and local growth for the previous calendar year to actual City revenue for the previous year. Local growth is the net change in the market value of construction expressed as a percent of all taxable and nontaxable property on the assessment rolls plus the value of new annexations.

For the 2014 growth formula, the percentage change in the CPI is projected to be 2.64% and local growth is expected to be 1.5%. Thus, the combined formula increase for 2014 is projected to total 4.14%.

Five-Year TABOR Limit

City of Colorado Springs 2010 – 2014 Projected TABOR & City Charter Revenue Limits			
Revenue			
Fiscal Year	Total Eligible Revenue	TABOR Limit	Over (Under) Limit
2010	\$210,163,640	\$210,815,219	(\$651,579)
2011	\$219,003,001	\$220,243,003	(\$1,240,002)
2012	\$224,984,209	\$229,208,999	(\$4,224,790)
2013 Est.	\$225,112,656	\$228,130,957	(\$3,018,301)
2014 Proj.	\$232,644,563	\$234,435,733	(\$1,791,170)
Revenue Limitation Estimates			
Fiscal Year	Inflation	Local Growth	Limit
2010	(0.65%)	+ 1.32%	= 0.67%
2011	1.87%	+ 1.01%	= 2.87%
2012	3.69%	+ 0.97%	= 4.66%
2013 Est.	1.94%	+ 1.28%	= 3.22%
2014 Proj.	2.64%	+ 1.50%	= 4.14%