

General Fund Quarterly Financial Report

2014 Q3

Prepared by Finance Department
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Jobs → Transforming Government → Building Community

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Performance at a Glance

Q3 2014

- Favorable
- On Track
- Caution
- Unfavorable

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Executive Summary

It is important to note that in 2013 our City experienced two significant events: the Black Forest Fire in June and significant flood damage in September. These are preliminary unaudited figures and will change.

Revenue Collections through Q3

\$173,992,693

- Total Revenues for Q3 are 6.9% higher, or \$11.2M greater than Q3 2013.
- Revenue collections through Q3 are approximately 70.3% of budget.
- Specifically, Sales and Use Tax revenues through Q3 are 7.5%, or \$6.6M higher than Q3 2013.
- Fines and Forfeits are approximately \$1.1M or 40% higher than Q3 2013, which is mainly due to an increased number of traffic violations.
- Revenue collections are highly variable throughout the year. Several revenue sources such as Cigarette Tax, CSU Surplus, and Property Taxes are lagged, meaning that revenues are lower in the first and second quarters, but fully recognized by year end.

Expenditures through Q3

\$181,596,471

- Total Expenses through Q3 are approximately .2% or \$320,000 higher than 2013. Department level expenditures are trending at 6.3% or \$8.8M more than 2013.
- Total Expenses through Q3 2014 are approximately 67.7% of budget, which is similar to Q3 2013 at 66.1% of budget.

End of Year Estimates

- End of Year Expenditure Estimates are trending for actual expenditures to be less than the original expenditure budget.
- End of Year Revenue Estimates are projected to exceed budget.
- Due to a budgeted draw from fund balance of \$1.13M and a supplemental appropriation from the fund balance of \$2M, the current expenditure budget is greater than the revenue budget. However, due to anticipated expenditure savings, we do not expect that the actual draw from fund balance will be \$3.13M.

Other Indicators

- At \$175.9M, the City's all funds portfolio value as of Q3 2014 is up approximately \$5.5M or 3.2% from Q3 2013.
- General Fund Cash through Q3 2014 is \$70.2M and is approximately \$86,000 lower than Q3 2013, which is due to the 2014 draw from fund balance, a spend down of capital projects, and a change to pension payment timing.
- Unemployment rates are down approximately 2.3% over September 2013.
- Foreclosures in El Paso County have decreased 8.5% over September 2013.

General Fund Revenues

75% of year transpired

■ Favorable ■ On Track
■ Caution ■ Unfavorable

For assessing the status of each revenue category, the 2014 YTD revenue collected as a percent of 2014 Budget (column A) is compared to the Q3 2013 revenue collected as compared to 2013 EOY actual (column B).

- If A is greater than 5% below B, the revenue is Unfavorable.
- If A is from 2% to 5% below B, the category is identified as a potential risk and labeled Caution.
- If A is within 1% below or up to 5% above B, the category is considered On Track.
- If A is greater than 5% above B, the category is Favorable.

Revenue Type	2014			A as a % of Budget	2013			B as a % of Actual
	2014 Budget	YTD Collections			2013 EOY Actual	Q3 2013 Collections		
Taxes								
Sales and use taxes	\$142,100,000	\$93,590,243	65.86%	\$134,751,082	\$87,038,721	64.59%		
Property taxes	19,682,000	18,987,573	96.47%	20,543,603	20,218,622	98.42%		
Specific ownership	1,892,339	1,385,157	73.20%	1,965,309	1,290,380	65.66%		
Occupational liquor taxes	279,200	266,580	95.48%	264,539	263,464	99.59%		
Admission taxes	471,739	410,736	87.07%	432,317	367,094	84.91%		
Total Taxes	\$164,425,278	\$114,640,289	69.72%	\$157,956,850	\$109,178,281	69.12%		
Business Licenses & Permits	\$1,635,452	\$1,458,038	89.15%	\$1,940,283	\$1,395,098	71.90%		
Intergovernmental								
Cigarette tax	\$859,796	\$567,389	65.99%	\$1,045,355	\$588,200	56.27%		
Highway users tax	18,117,774	13,883,696	76.63%	18,233,139	13,326,805	73.09%		
Severance tax	20,000	130,483	652.42%	86,110	86,110	100.00%		
EPC road and bridge	759,262	718,333	94.61%	742,763	719,834	96.91%		
EPC shared fines	100,000	115,331	115.33%	175,778	130,319	74.14%		
Total Intergovernmental	\$19,856,832	\$15,415,232	77.63%	\$20,283,145	\$14,851,268	73.22%		
Charges for Services								
General government	\$2,695,584	\$1,445,724	53.63%	\$2,668,867	\$2,040,036	76.44%		
Planning, zoning, subdivision fees	383,422	266,189	69.42%	390,083	301,453	77.28%		
Public safety	4,527,830	3,688,973	81.47%	4,794,861	3,249,963	67.78%		
Public works	2,914,176	2,198,066	75.43%	2,836,664	2,201,018	77.59%		
Culture and recreation	1,533,153	1,247,429	81.36%	1,462,254	1,302,448	89.07%		
Community centers	331,224	162,354	49.02%	356,386	197,875	55.52%		
Total Charges for Services	\$12,385,389	\$9,008,735	72.74%	\$12,509,115	\$9,292,793	74.29%		
Fines and Forfeits	\$4,364,103	\$3,888,715	89.11%	\$3,858,845	\$2,784,526	72.16%		
Miscellaneous Revenue								
Other revenue	\$1,578,254	\$1,726,577	109.40%	\$1,319,663	\$1,039,046	78.74%		
Investment earnings	406,000	373,172	91.91%	83,057	217,737	262.15%		
Rental income	653,065	369,672	56.61%	589,610	407,928	69.19%		
Total Miscellaneous Revenue	\$2,637,319	\$2,469,421	93.63%	\$1,992,330	\$1,664,711	83.56%		
Other Financing Sources								
CSU Surplus	\$31,680,000	\$20,578,160	64.96%	\$31,844,422	\$20,935,987	65.74%		
Shared services	9,866,651	6,307,597	63.93%	3,751,026	2,432,989	64.86%		
Other transfers	447,146	0	0.00%	928,866	0	0.00%		
Capital Leases	0	0	100.00%	2,471,734	0	0.00%		
Sales of capital assets	232,886	226,506	97.26%	312,474	252,261	80.73%		
Other Financing Sources	\$42,226,683	\$27,112,263	64.21%	\$39,308,522	\$23,621,237	60.09%		
TOTAL REVENUE *	\$247,531,056	\$173,992,693	70.29%	\$237,849,090	\$162,787,914	68.44%		

* Total Revenue will not match other published reports due to elimination of temporary transit revenues accounted for in Charges for Services.

Revenue Detail (alphabetized listing)

Admission taxes are seasonal. Collections are greatest in December, January, and summer months.

Business licenses and permits include liquor licenses and specific occupation licenses such as taxicab licenses. This revenue category also includes revenue from medical marijuana licenses.

Charges for services include court costs, development review fees, excess police alarm fees, hazardous material fees, excavation permits, reimbursements, youth and adult recreation programs, and community center classes. This category includes reimbursements which are not smooth throughout the year or received in the same months year to year. Also, program managers monitor program revenues and monitor and adjust expenditures accordingly.

Cigarette tax is lagged such that no revenue is collected January or February, but December has three months of collections booked.

CSU Surplus is collected throughout the year; however, no revenue is booked in January and two months of revenue are booked in December.

El Paso County road and bridge is a county mill levy that by state statute is shared with cities and towns. The majority of revenue is collected in April and July. El Paso County reduced the Road & Bridge mill levy in 2009, thus revenue from this source declined by approximately \$2.8M.

El Paso County shared fines are court fines shared with the City, such as fines from DUI, not wearing a seatbelt, and no proof of insurance offenses.

Fines and forfeits are collected for violations including parking and traffic violations.

Highway users tax is collected by the state and distributed locally throughout the year, although collections are typically slightly higher in the last half of the year. Sources include motor fuel taxes and vehicle registration fees.

Miscellaneous revenue includes interest, rent, sales of property, as well as others. This category is highly variable month to month.

Occupational liquor taxes are paid annually per establishment with the majority paid in January through March. After March, collections are typically small, ranging from zero to \$9,000 per month.

Other transfers is Lodgers and Automobile Rental Tax and is transferred at the end of the year.

Property taxes are primarily collected in March through July with the greatest collections in the months of March and July.

Sales and use tax is the most significant source of revenue for the City and, as such, is discussed in detail on page 7 of this report.

Sales of capital assets are from the sale of fleet equipment as well as other capital assets. Sales occur at irregular intervals.

Severance tax is a tax imposed on the removal of nonrenewable resources such as crude oil, condensate and natural gas, coal bed methane and carbon dioxide and is received once a year in September. These activities increased on a statewide basis. The revenue is collected and distributed to the local governments by the Colorado Department of Local Affairs (DOLA).

Shared services revenue is collected from enterprises for services provided by General Fund employees such as the City Attorney, City Auditor, and the City Clerk. Some of the charges are determined through a cost allocation model and the revenue received is smooth throughout the year, other charges are billed as services are provided and can vary greatly by month each year. Beginning in 2014, fuel for the City and Colorado Springs Utilities was purchased by the General Fund. Colorado Springs Utilities reimburses the General Fund for its fuel useage, which results in a much higher shared services amount.

Specific ownership tax is the State Automobile Tax and is collected throughout the year; however, there are no collections booked for January and two months of collections are booked in December.

Sales & Use Tax Revenue

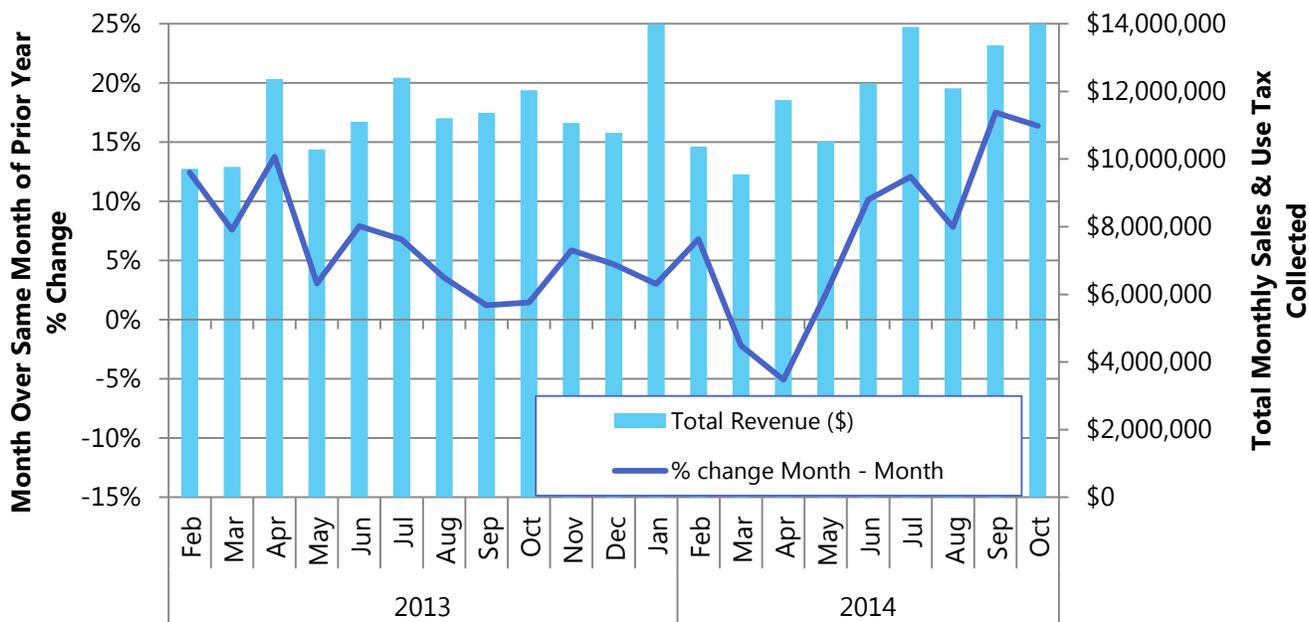
The City uses three models to forecast sales and use tax revenue. The sales and use tax included in the budget was the expected values from the models at the time the budget was developed. After receiving each monthly sales and use tax report, the Budget Office inputs the most recent month's data and reports on the updated results of the three models. Based upon the October collections for September 2014 economic activity, sales and use tax revenue is 7.5%, or \$7.5M higher than Q3 2013.

General Fund Combined Sales and Use Tax

Collections	2014 Budget	2014 YTD Collections	as a % of Budget	2013 EOY Actual	Q3 2013 Collections	as a % of Actual	YTD % change 2014-2013
Sales and Use Tax	\$142,100,000	\$107,759,601	75.83%	\$134,751,082	\$100,250,470	74.40%	7.49%

* The actual figures are from the Sales Tax Division's monthly sales and use tax reports. They differ slightly from the financial system report reflected on page 4.

Sales and Use Tax Revenue by Quarter



General Fund Expenditures

75% of year transpired | 70% of payroll transpired

■ Favorable ■ On Track
■ Caution ■ Unfavorable

For assessing the budget status of each department, the following criteria were used:

- *Favorable* if 2014 End of Year (EOY) Estimate is 95% or below budget.
- *On Track* if EOY Estimate ranges from 95.1% to 98% of budget.
- *Caution* if EOY Estimate ranges from 98.1% to 101% or if the YTD figures meet or exceed the percent of the year transpired, they are identified as a potential risk.
- *Unfavorable* if EOY projections over 101%.

Administrative Services

On Track	2014 Budget	2014 Total YTD	as % of Budget	2014 EOY Estimate	as % of Budget	2013 EOY Actual	Q3 2013 Actual	as % of EOY Actual
Mayor	\$628,192	\$431,656	68.71%	\$607,550	96.71%	\$590,727	\$433,577	73.40%
City Attorney	4,936,470	3,238,379	65.60%	4,620,591	93.60%	3,947,522	2,628,511	66.59%
City Clerk	686,479	455,804	66.40%	661,748	96.40%	674,270	451,459	66.96%
Communications	418,163	297,888	71.24%	412,883	98.74%	365,743	263,084	71.93%
Economic Vitality	955,870	427,155	44.69%	898,518	94.00%	805,509	628,688	78.05%
Finance	3,103,024	2,038,196	65.68%	2,969,103	95.68%	2,980,509	2,073,278	69.56%
Human Resources	1,841,483	1,265,596	68.73%	1,781,211	96.73%	1,626,799	1,187,958	73.02%
Information Technology	11,293,726	6,996,213	61.95%	11,180,789	99.00%	8,216,002	5,954,311	72.47%
Innovation *	0	0	0.00%	0	0.00%	218,680	186,706	85.38%
Municipal Court	3,686,308	2,254,052	61.15%	3,501,993	95.00%	3,315,723	2,294,370	69.20%
Total	\$27,549,715	\$17,404,939	63.18%	\$26,634,386	96.68%	\$22,741,484	\$16,101,942	70.80%

* In 2014, Innovation was re-organized into other City divisions

City Council

On Track	2014 Budget	2014 Total YTD	as % of Budget	2014 EOY Estimate	as % of Budget	2013 EOY Actual	Q3 2013 Actual	as % of EOY Actual
City Council	\$953,258	\$687,917	72.16%	\$934,193	98.00%	\$790,983	\$638,609	80.74%
City Auditor	1,382,935	911,375	65.90%	1,298,597	93.90%	1,275,698	935,801	73.36%
Total	\$2,336,193	\$1,599,292	68.46%	\$2,232,790	95.57%	\$2,066,681	\$1,574,410	76.18%

Fire

Caution	2014 Budget	2014 Total YTD	as % of Budget	2014 EOY Estimate	as % of Budget	2013 EOY Actual	Q3 2013 Actual	as % of EOY Actual
Fire	\$47,123,557	\$32,873,861	69.76%	\$46,887,939	99.50%	\$42,176,986	\$30,277,950	71.79%
Total	\$47,123,557	\$32,873,861	69.76%	\$46,887,939	99.50%	\$42,176,986	\$30,277,950	71.79%

Parks, Recreation & Cultural Services

On Track	2014 Budget	2014 Total YTD	as % of Budget	2014 EOY Estimate	as % of Budget	2013 EOY Actual	Q3 2013 Actual	as % of EOY Actual
Parks, Recreation & Cultural Services	\$15,947,416	\$10,425,022	65.37%	\$15,468,994	97.00%	\$12,189,528	\$8,746,444	71.75%
Total	\$15,947,416	\$10,425,022	65.37%	\$15,468,994	97.00%	\$12,189,528	\$8,746,444	71.75%

General Fund Expenditures

75% of year transpired | 70% of payroll transpired

■ Favorable ■ On Track
■ Caution ■ Unfavorable

Planning & Development

On Track	2014 Budget	2014 Total YTD	as % of Budget	2014 EOY Estimate	as % of Budget	2013 EOY Actual	Q3 2013 Actual	as % of EOY Actual
Planning & Development	\$2,010,154	\$1,311,178	65.23%	\$1,969,951	98.00%	\$1,840,117	\$1,324,384	71.97%
Total	\$2,010,154	\$1,311,178	65.23%	\$1,969,951	98.00%	\$1,840,117	\$1,324,384	71.97%

Police

Caution	2014 Budget	2014 Total YTD	as % of Budget	2014 EOY Estimate	as % of Budget	2013 EOY Actual	Q3 2013 Actual	as % of EOY Actual
Police	\$82,733,257	\$59,976,822	72.49%	\$82,319,591	99.50%	\$79,273,627	\$56,500,347	71.27%
Total	\$82,733,257	\$59,976,822	72.49%	\$82,319,591	99.50%	\$79,273,627	\$56,500,347	71.27%

Public Works

On Track	2014 Budget	2014 Total YTD	as % of Budget	2014 EOY Estimate	as % of Budget	2013 EOY Actual	Q3 2013 Actual	as % of EOY Actual
City Engineering	\$5,533,059	\$3,361,612	60.76%	\$5,256,406	95.00%	\$5,144,724	\$3,564,648	69.29%
Fleet Management *	11,159,365	9,026,265	80.89%	11,159,365	100.00%	14,299,771	10,102,994	70.65%
Streets	11,530,311	7,497,360	65.02%	11,069,099	96.00%	9,334,322	6,554,663	70.22%
Traffic Engineering	4,401,348	2,704,527	61.45%	4,313,321	98.00%	3,773,004	2,611,968	69.23%
Transit	4,211,974	2,571,703	61.06%	4,043,495	96.00%	3,720,828	2,623,314	70.50%
Total	\$36,836,057	\$25,161,467	68.31%	\$35,841,686	97.30%	\$36,272,649	\$25,457,587	70.18%

* In 2014, Fleet Management was outsourced with only City fleet expenses transferred to the General Fund. Prior to 2014, the Fleet Management Fund accounted for both City and Springs Utilities fleet needs.

Other

Caution	2014 Budget	2014 Total YTD	as % of Budget	2014 EOY Estimate	as % of Budget	2013 EOY Actual	Q3 2013 Actual	as % of EOY Actual
General Cost	\$30,016,858	\$25,601,342	85.29%	\$30,016,858	100.00%	\$44,938,987	\$37,726,062	83.95%
Debt Service	9,925,292	1,152,612	11.61%	9,925,292	100.00%	10,417,915	1,681,338	16.14%
Capital Leases	0	0	0.00%	0	0.00%	1,776,674	0	0.00%
General Fund Projects	13,934,277	6,089,936	43.70%	13,934,277	100.00%	3,297,723	1,885,674	57.18%
Total	\$53,876,427	\$32,843,890	60.96%	\$53,876,427	100.00%	\$60,431,299	\$41,293,074	68.33%

Total

Caution	2014 Budget	2014 Total YTD	as % of Budget	2014 EOY Estimate	as % of Budget	2013 EOY Actual	Q3 2013 Actual	as % of EOY Actual
Subtotal Department Expenditures	\$214,536,349	\$148,752,581	69.34%	\$211,355,337	98.52%	\$196,561,072	\$139,983,064	71.22%
Subtotal Non-Department Expenditures	53,876,427	32,843,890	60.96%	53,876,427	100.00%	60,431,299	41,293,074	68.33%
Total	\$268,412,776	\$181,596,471	67.66%	\$265,231,764	98.81%	\$256,992,371	\$181,276,138	70.54%

- The City Department expenditures are trending to be under budget.
- The Non-Department expenditures for General Cost and Debt Service are typically spent in their entirety, as they are largely contractual costs. General Fund Project expenditures can vary greatly from year to year as projects are lengthy and have multiple phases; any unspent budget rolls to the following year.

Investments

The City's cash, while accounted for separately by fund, is pooled and invested in accordance with the City's Investment Policy. Investment earnings are then attributed to each fund. The City has three investment advisors who, in conjunction with the Finance Department staff and the review of City Council's Investment Advisory Committee, manage the City's investments.

Investments by Type

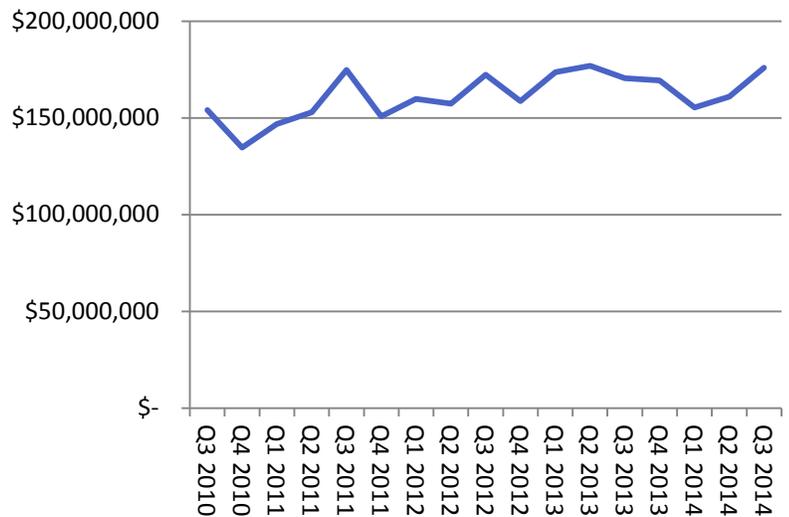
- The majority of the City's holdings are in U.S. Instrumentalities and U.S. Treasuries for a total of 66% of the holdings.
- All holdings must meet credit requirements at the time of purchase.
- Corporate notes include IBM, GE, Toyota, Berkshire Hathaway, Apple, Inc., and Johnson & Johnson.

Q3 2014 Investments



Market Value of Investments

- The highest market value of the portfolio since 2010 was Q2 2013 with a total market value of \$176,832,101.
- At the end of the Q3 2014, the City's portfolio had a market value of \$175,948,973, which is \$5.5M or 3.23% higher than Q3 2013.
- The lowest market value of the portfolio was at the end of the Q1 2010 with a total market value of \$129,506,952.



Statement of Cash

Below is the statement of cash for the General Fund. Also the statement of cash is provided for the Grants funds, the Public Safety Sales Tax fund, and the City Funded CIP fund. These funds are shown as they provide funding for traditional municipal government services.

Fund	Sept 30, 2013	Sept 30, 2014	\$ Change	% Change
General Fund and General Fund CIP	\$70,244,671	\$70,158,672	(\$85,999)	-0.12%
Grants Fund*	1,311,448	3,597,743	2,286,295	174.33%
Public Safety Sales Tax (PSST) Fund	6,652,894	8,539,262	1,886,368	28.35%

* Grants are highly volatile and many are reimbursement grants, which can have a negative impact on cash.

Economic Indicators

The following includes year-end information for Unemployment and Foreclosures. Both statistics indicate positive change in the local economy as well as the overall U.S. economy.

Unemployment	2013	2014	% change
	7.4	5.1	-2.3%
Unemployment rate for Colorado Springs Source: Bureau of Labor Statistics Series Id # LAUCT081600000000003 Reported for the month of September			



At a rate of 5.1 for September 2014, the City of Colorado Springs unemployment rate is down 2.3% from September 2013; and down 1.6% from the end of Q2 2014. The Colorado statewide unemployment rate of 4.7 for September 2014 is only 0.4% below that of the City.

Foreclosures	2013	2014	% change
	1,507	1,379	-8.5%
Number of foreclosures opened in El Paso County Source: El Paso County Public Trustee Cumulative number of Foreclosures opened as of June			



At the end of September, the number of foreclosures opened in El Paso County has decreased by 8.5% from 2014. At the federal level foreclosures were down 19% from September 2014 (Sources: RealtyTrac, October 2014)

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