City of Colorado Springs

General Fund Quarterly Financial Report

2014 Q4

Prepared by Finance Department
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Jobs ➲ Transforming Government ➲ Building Community

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Performance at a Glance
Q4 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 Q4 *$252,408,434*

- Total Revenues through Q4 are 6.1% higher, or $14.6M greater than through Q4 2013.
- Revenue collections through Q4 are approximately 102% of budget.
- Specifically, Sales and Use Tax revenues through Q4 are 7.5%, or $10.1M higher than Q4 2013.
- Fines and Forfeits are approximately $1.2M or 31% higher than Q4 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 Q4 *$255,396,912*

- Total Expenses through Q4 are approximately 5% or $12M higher than 2013. Department level expenditures are approximately 13% or $24M more than 2013.
- Total Expenses through Q4 2014 are approximately 95.3% of budget, which is slightly higher than Q4 2013 at 93.3% of budget.

Fund Balance

- Due to a budgeted draw from fund balance of $1.76M and supplemental appropriations from the fund balance of $2.5M, the current expenditure budget is greater than the revenue budget. However, due to anticipated expenditure savings, we expect that the actual draw from fund balance will be approximately $3.0M.
- Based upon these preliminary figures, we anticipate unrestricted fund balance as a percentage of the 2015 budgeted expenditures to be approximately 17.5% or $45.4 M; which is $19M less than the GFOA recommended reserve balance of 25%.

Other Indicators

- At $148.5M, the City's all funds portfolio value as of Q4 2014 is down approximately $20.1M or 12.3% from Q4 2013, which is largely due to a $10M transfer from the Memorial Health System Enterprise to the Colorado Springs Health Foundation and the Airport debt restructure.
- General Fund cash through Q4 2014 is $61.7M and is approximately $373,000 lower than Q4 2013, which is a small change relative to the total cash balances.
- Unemployment rates are down approximately 2.0% over December 2013.
- Foreclosures in El Paso County have decreased nearly 2.0% over December 2013.

General Fund Revenues

100% 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 Q4 2013 revenue collected as compared to 2013 EOY actual (column B).

- *Favorable* if A is greater than 5% above B.
- *On Track* if A is within 1% below or up to 5% above B.
- *Caution* if A is from 2% to 5% below B.
- *Unfavorable* if A is greater than 5% below B.

Revenue Type	2014		A	2013	B	
Taxes	2014 Budget	2014 Actual	as a % of Budget	2013 EOY Actual	2014 Actual - 2013 Actual ($)	2014 Actual - 2013 Actual (%)
Sales and use taxes	$142,100,000	$144,886,506	101.96%	$134,751,082	$10,135,424	7.52%
Property taxes	19,682,000	19,164,390	97.37%	20,543,603	(1,379,213)	-6.71%
Specific ownership	1,892,339	2,082,048	110.03%	1,965,309	116,739	5.94%
Occupational liquor taxes	279,200	266,803	95.56%	264,539	2,264	0.86%
Admission taxes	471,739	509,696	108.05%	432,317	77,379	17.90%
Total Taxes	**$164,425,278**	**$166,909,443**	**101.51%**	**$157,956,850**	**$8,952,593**	**5.67%**
Licenses & Permits	**$1,635,452**	**$1,860,374**	**113.75%**	**$1,940,283**	**($79,909)**	**-4.12%**
Intergovernmental						
Cigarette tax	$859,796	$1,010,724	117.55%	$1,045,355	($34,631)	-3.31%
Highway users tax	18,117,774	18,941,798	104.55%	18,233,139	708,659	3.89%
Severance tax	20,000	130,483	652.42%	86,110	44,373	51.53%
EPC road and bridge	759,262	742,307	97.77%	742,763	(456)	-0.06%
EPC shared fines	100,000	169,644	169.64%	175,778	(6,134)	-3.49%
Total Intergovernmental	**$19,856,832**	**$20,994,956**	**105.73%**	**$20,283,145**	**$711,811**	**3.51%**
Charges for Services						
General government	$2,695,584	$2,442,403	90.61%	$2,668,867	($226,464)	-8.49%
Planning, zoning, subdivision fees	383,422	665,262	173.51%	390,083	275,179	70.54%
Public safety	4,527,830	5,485,950	121.16%	4,794,861	691,089	14.41%
Public works	2,914,176	2,636,297	90.46%	2,803,622	(167,325)	-5.97%
Culture and recreation	1,533,153	1,492,257	97.33%	1,462,254	30,003	2.05%
Community centers	331,224	323,401	97.64%	356,386	(32,985)	-9.26%
Total Charges for Services	**$12,385,389**	**$13,045,570**	**105.33%**	**$12,476,073**	**$569,497**	**4.56%**
Fines and Forfeits	**$4,364,103**	**$5,057,822**	**115.90%**	**$3,858,845**	**$1,198,977**	**31.07%**
Miscellaneous Revenue						
Other revenue	$1,578,254	$2,479,850	157.13%	$1,319,663	$1,160,187	87.92%
Investment earnings	406,000	653,111	160.86%	83,057	570,054	686.34%
Rental income	653,065	588,703	90.14%	589,610	(907)	-0.15%
Total Miscellaneous Revenue	**$2,637,319**	**$3,721,664**	**141.12%**	**$1,992,330**	**$1,729,334**	**86.80%**
Other Financing Sources						
CSU surplus	$31,680,000	$31,454,151	99.29%	$31,844,422	($390,271)	-1.23%
Shared services	9,866,651	8,598,115	87.14%	3,751,026	4,847,089	129.22%
Other transfers	447,146	452,146	101.12%	928,866	(476,720)	-51.32%
Capital leases	0	0	100.00%	2,471,734	(2,471,734)	-100.00%
Sales of capital assets	232,886	314,193	134.91%	312,474	1,719	0.55%
Other Financing Sources	**$42,226,683**	**$40,818,605**	**96.67%**	**$39,308,522**	**$1,510,083**	**3.84%**
TOTAL REVENUE *	**$247,531,056**	**$252,408,434**	**101.97%**	**$237,816,048**	**$14,592,386**	**6.14%**

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

* 2014 actual revenues are preliminary and subject to change after completion of the external audit.

Revenue Detail (alphabetized listing)

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

Capital leases are used for the purchase of capital equipment through a lease-purchase and vary year to year.

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.

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

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

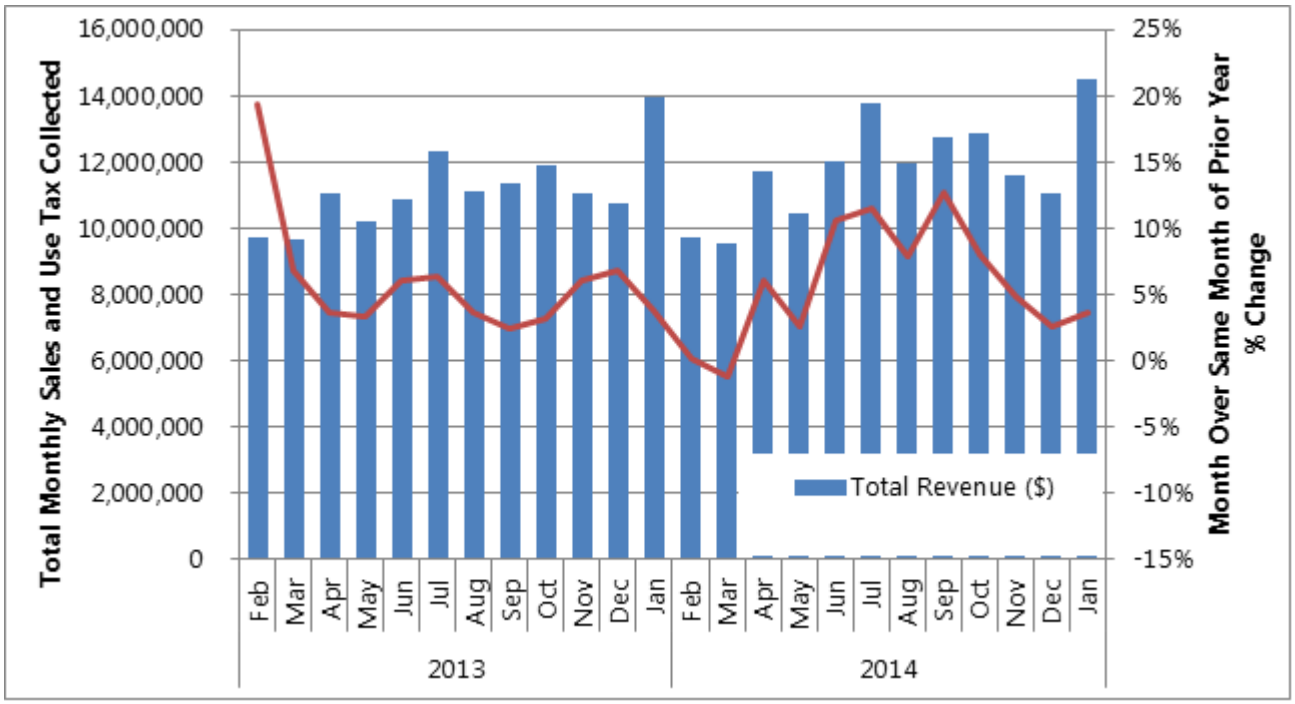
The City uses three models to forecast sales and use tax revenue. The sales and use tax included in the budget was the expected values from the models at the time the budget was developed. After receiving each monthly sales and use tax report, the Budget Office inputs the most recent month's data and reports on the updated results of the three models. Based upon the January 2015 collections for December 2014 economic activity, sales and use tax revenue is 7.5%, or $10.2M higher than Q4 2013.

General Fund Combined Sales and Use Tax

Collections	2014 Budget	2014 Actual	as a % of Budget	2013 EOY Actual	2014 Actual - 2013 Actual	% change 2014-2013
Sales and Use Tax	$142,100,000	$146,272,479	102.94%	$136,082,126	$10,190,353	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



This chart excludes audit revenue.

General Fund Expenditures

100% of year transpired | 100% of payroll transpired

Favorable | On Track | Caution | Unfavorable

For assessing the year-end status of each department, the following criteria were used:

- *Favorable* if 2014 Actual is 95% or below budget.
- *On Track* if the 2014 Actual ranges from 95.1% to 98%.
- *Caution* if the 2014 Actual ranges from 98.1% to 101%.
- *Unfavorable* if 2014 Actual is over 101%.

Administrative Services

Favorable	* 2014 Budget	** 2014 Actual	as % of Budget	2013 Budget	2013 EOY Actual	as % of Budget
Mayor	$628,192	$612,810	97.55%	$676,787	$590,727	87.28%
City Attorney	4,936,470	4,480,361	90.76%	4,954,370	3,947,522	79.68%
City Clerk	686,479	672,819	98.01%	681,535	674,270	98.93%
Communications	418,163	417,103	99.75%	399,366	365,743	91.58%
Economic Vitality	948,270	709,508	74.82%	909,714	805,509	88.55%
Finance	3,103,024	2,936,377	94.63%	3,333,160	2,980,509	89.42%
Human Resources	1,841,483	1,795,969	97.53%	1,662,665	1,626,799	97.84%
Information Technology	11,221,504	10,019,247	89.29%	9,585,767	8,216,002	85.71%
Innovation [1]	0	0	0.00%	251,332	218,680	87.01%
Municipal Court	3,686,308	3,421,504	92.82%	3,668,299	3,315,723	90.39%
Total	**$27,469,893**	**$25,065,698**	**91.25%**	**$26,122,995**	**$22,741,484**	**87.06%**

[1] In 2014, Innovation was re-organized into other City divisions

City Council

Favorable	* 2014 Budget	** 2014 Actual	as % of Budget	2013 Budget	2013 EOY Actual	as % of Budget
City Council	$953,258	$876,964	92.00%	$978,939	$790,983	80.80%
City Auditor	1,382,935	1,302,951	94.22%	1,377,573	1,275,698	92.60%
Total	**$2,336,193**	**$2,179,915**	**93.31%**	**$2,356,512**	**$2,066,681**	**87.70%**

Fire

Caution	* 2014 Budget	** 2014 Actual	as % of Budget	2013 Budget	2013 EOY Actual	as % of Budget
Fire	$47,123,557	$46,463,642	98.60%	$44,087,977	$42,176,986	95.67%
Total	**$47,123,557**	**$46,463,642**	**98.60%**	**$44,087,977**	**$42,176,986**	**95.67%**

* 2014 Budget includes PO/encumbrance roll of $8.9M, project roll of $8.3M, and supplemental appropriations of $2.5M.

** 2014 actual expenditures are preliminary and subject to change after completion of the external audit.

General Fund Expenditures

100% of year transpired | 100% of payroll transpired

Favorable | On Track | Caution | Unfavorable

Parks, Recreation & Cultural Services

Favorable	* 2014 Budget	** 2014 Actual	as % of Budget	2013 Budget	2013 EOY Actual	as % of Budget
Parks, Recreation & Cultural Services	$15,947,416	$14,155,974	88.77%	$13,669,112	$12,205,259	89.29%
Total	**$15,947,416**	**$14,155,974**	**88.77%**	**$13,669,112**	**$12,205,259**	**89.29%**

Planning & Development

Favorable	* 2014 Budget	** 2014 Actual	as % of Budget	2013 Budget	2013 EOY Actual	as % of Budget
Planning & Development	$2,010,154	$1,846,122	91.84%	$1,971,514	$1,840,117	93.34%
Total	**$2,010,154**	**$1,846,122**	**91.84%**	**$1,971,514**	**$1,840,117**	**93.34%**

Police

Caution	* 2014 Budget	** 2014 Actual	as % of Budget	2013 Budget	2013 EOY Actual	as % of Budget
Police	$82,602,527	$81,904,731	99.16%	$80,096,590	$79,366,399	99.09%
Total	**$82,602,527**	**$81,904,731**	**99.16%**	**$80,096,590**	**$79,366,399**	**99.09%**

Public Works

Favorable	* 2014 Budget	** 2014 Actual	as % of Budget	2013 Budget	2013 EOY Actual	as % of Budget
City Engineering	$5,533,059	$5,066,640	91.57%	$5,499,400	$5,144,724	93.55%
Fleet Management [1]	11,159,365	11,461,149	102.70%	0	0	0.00%
Streets	11,530,311	10,565,125	91.63%	9,864,664	9,334,322	94.62%
Traffic Engineering	4,401,348	3,945,450	89.64%	4,091,052	3,773,004	92.23%
Transit	4,211,974	3,770,371	89.52%	4,077,292	3,720,828	91.26%
Total	**$36,836,057**	**$34,808,735**	**94.50%**	**$23,532,408**	**$21,972,878**	**93.37%**

[1] 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; the City fleet expenditures for 2013 are included in General Costs.

* 2014 Budget includes PO/encumbrance roll of $8.9M, project roll of $8.3M, and supplemental appropriations of $2.5M.

** 2014 actual expenditures are preliminary and subject to change after completion of the external audit.

General Fund Expenditures

100% of year transpired | 100% of payroll transpired

Favorable | On Track | Caution | Unfavorable

Other

Favorable	* 2014 Budget	** 2014 Actual	as % of Budget	2013 Budget	2013 EOY Actual	as % of Budget
General Costs	$29,571,410	$29,811,862	100.81%	$43,870,940	$45,172,677	102.97%
Debt Service	9,925,292	9,929,961	100.05%	10,518,613	10,417,915	99.04%
Capital Leases	0	0	0.00%	0	1,776,674	0.00%
General Fund Projects	14,234,277	9,230,272	64.85%	14,344,743	3,297,723	22.99%
Total	**$53,730,979**	**$48,972,095**	**91.14%**	**$68,734,296**	**$60,664,989**	**88.26%**

- 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.

Total

Caution	* 2014 Budget	** 2014 Actual	as % of Budget	2013 Budget	2013 EOY Actual	as % of Budget
Subtotal Department Expenditures	$214,325,797	$206,424,817	96.31%	$191,837,108	$182,369,804	95.06%
Subtotal Non-Department Expenditures	53,730,979	48,972,095	91.14%	68,734,296	60,664,989	88.26%
Total	**$268,056,776**	**$255,396,912**	**95.28%**	**$260,571,404**	**$243,034,793**	**93.27%**

- The City Department expenditures are under budget by approximately $8.0M.
- The Non-Department expenditures for General Cost and Debt Service are typically spent in their entirety, as they are largely contractual costs. The Non-Department expenditures are approximately $4.8M under budget.

* 2014 Budget includes PO/encumbrance roll of $8.9M, project roll of $8.3M, and supplemental appropriations of $2.5M.

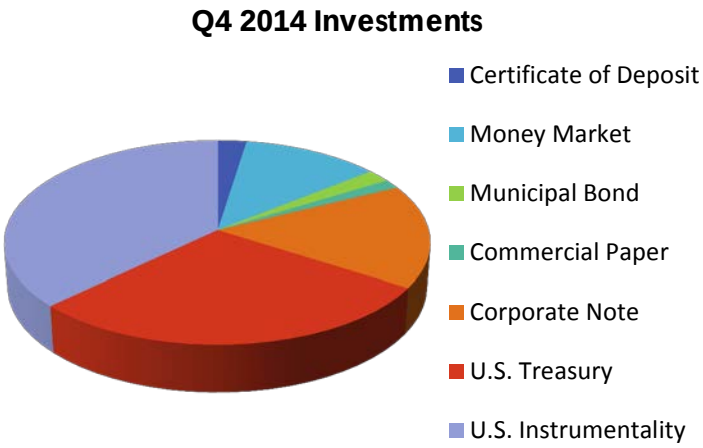
** 2014 actual expenditures are preliminary and subject to change after completion of the external audit.

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.

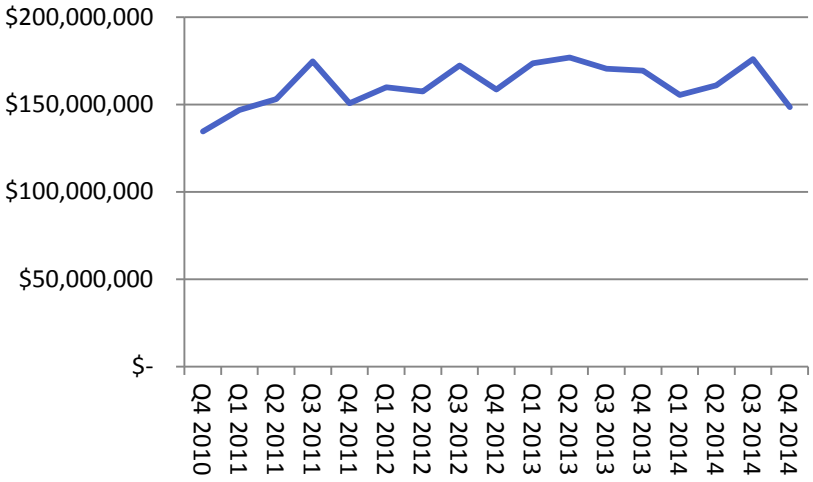
Investments by Type

- The majority of the City's holdings are in U.S. Instrumentalities and U.S. Treasuries for a total of 75% of the holdings.
- All holdings must meet credit requirements at the time of purchase.
- Corporate notes include IBM, GE, Apple, Inc., Exxon Mobil, Berkshire Hathaway, and Johnson & Johnson.



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 Q4 2014, the City's portfolio had a market value of $148,495,901, which is $20.1M or 12.3% lower than Q4 2013.
- The lowest market value of the portfolio since 2010 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	Dec 31, 2013	Dec 31, 2014	$ Change	% Change
General Fund and General Fund CIP	$62,118,466	$61,745,514	($372,952)	-0.60%
Grants Fund *	3,954,768	3,689,817	(264,951)	-6.70%
Public Safety Sales Tax (PSST) Fund	5,390,874	6,319,658	928,784	17.23%

* 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
	7.2	5.2	-2.0%
	Unemployment rate for Colorado Springs Source: Bureau of Labor Statistics Series Id # LAUCT081600000000003 Reported for the month of December		

At a rate of 5.2 for December 2014, the City of Colorado Springs unemployment rate is down 2.0% from December 2013; and is unchanged from the end of Q3 2014. The Colorado statewide unemployment rate of 4.2 for December 2014 is only 1.0% below that of the City.

Foreclosures	2013	2014	% change
	1,861	1,825	-1.9%
	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 December, the number of foreclosures opened in El Paso County has decreased by 2.0% from 2013. However, at the national level foreclosure starts were up 14% from December 2013 (Sources: RealtyTrac Foreclosure Market Report, January 2015)

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