

# 2017 Yearend

July 09, 2018

Charae McDaniel

Chief Financial Officer

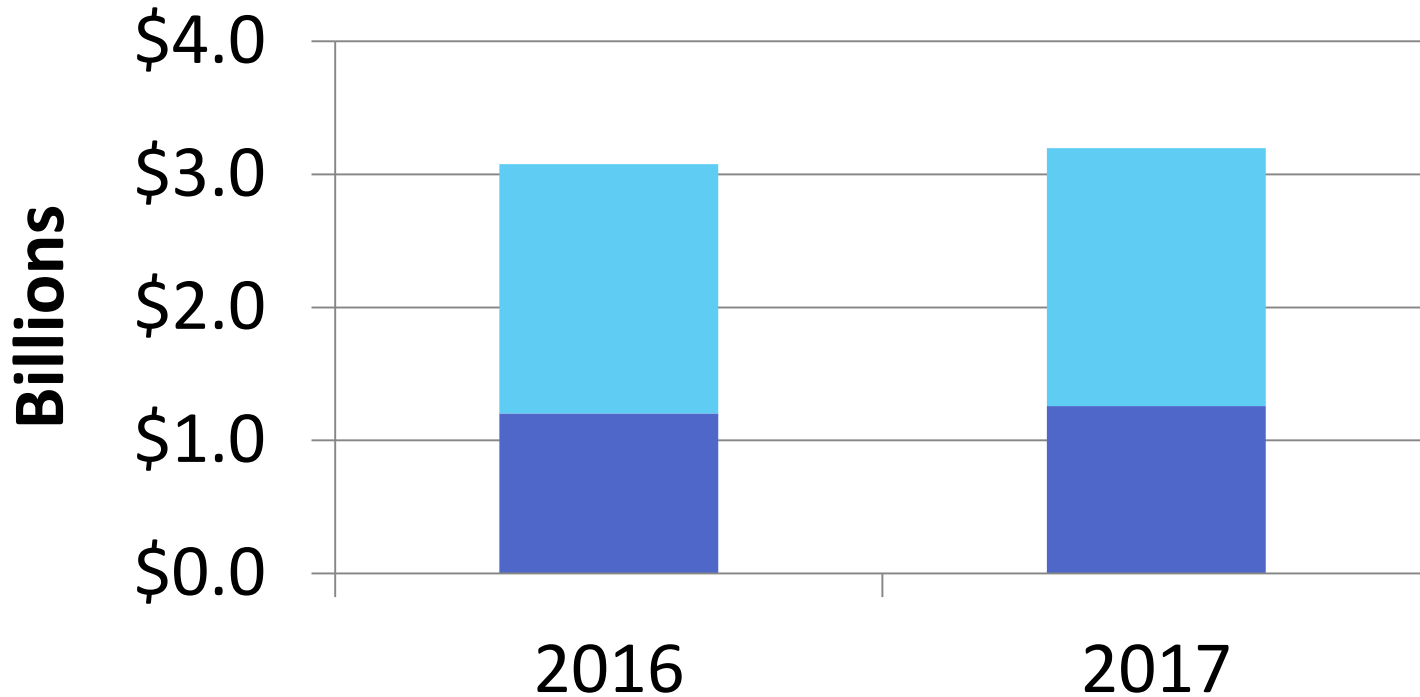


# 2017 Highlights



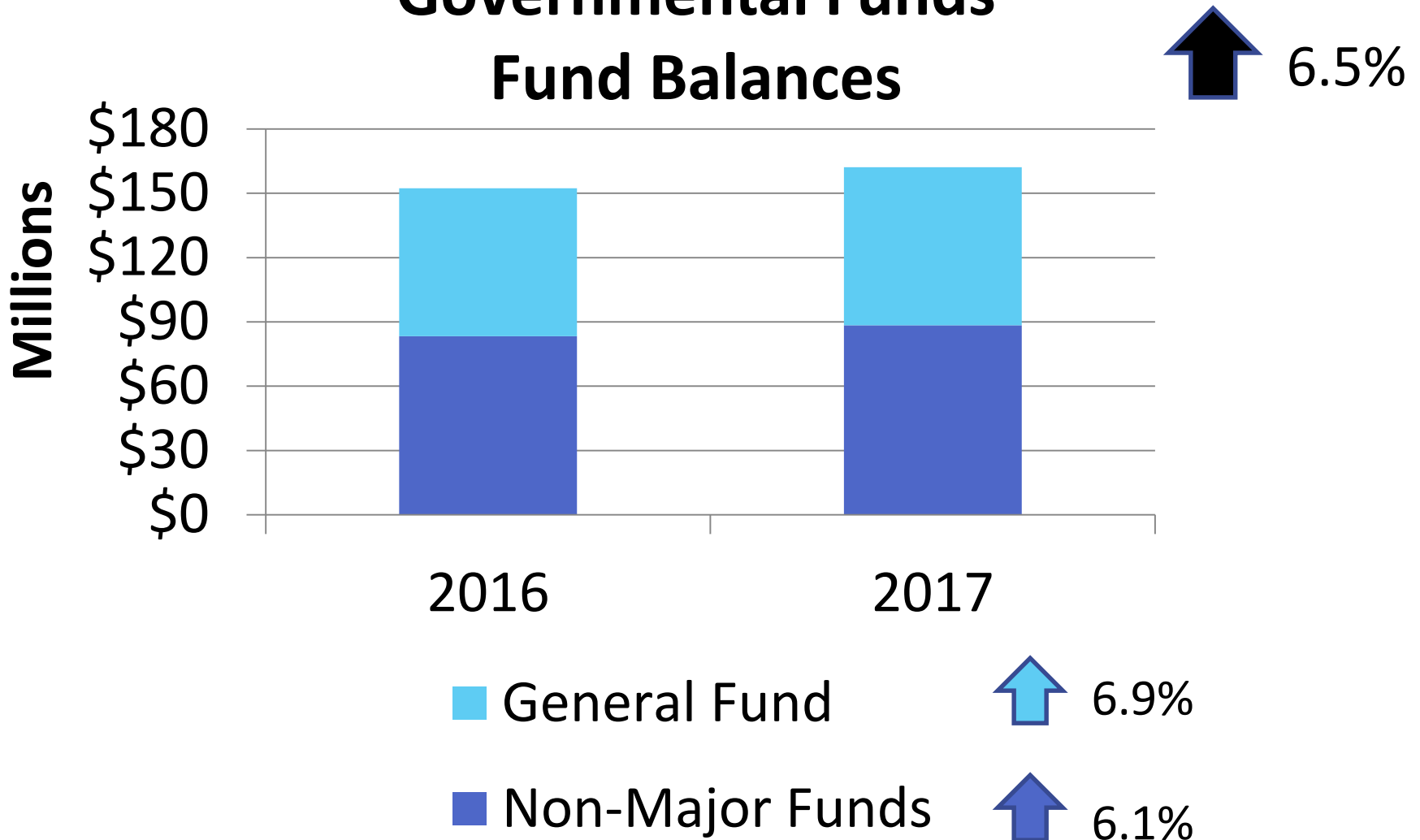
## Government-wide Net Position

↑ 3.9%

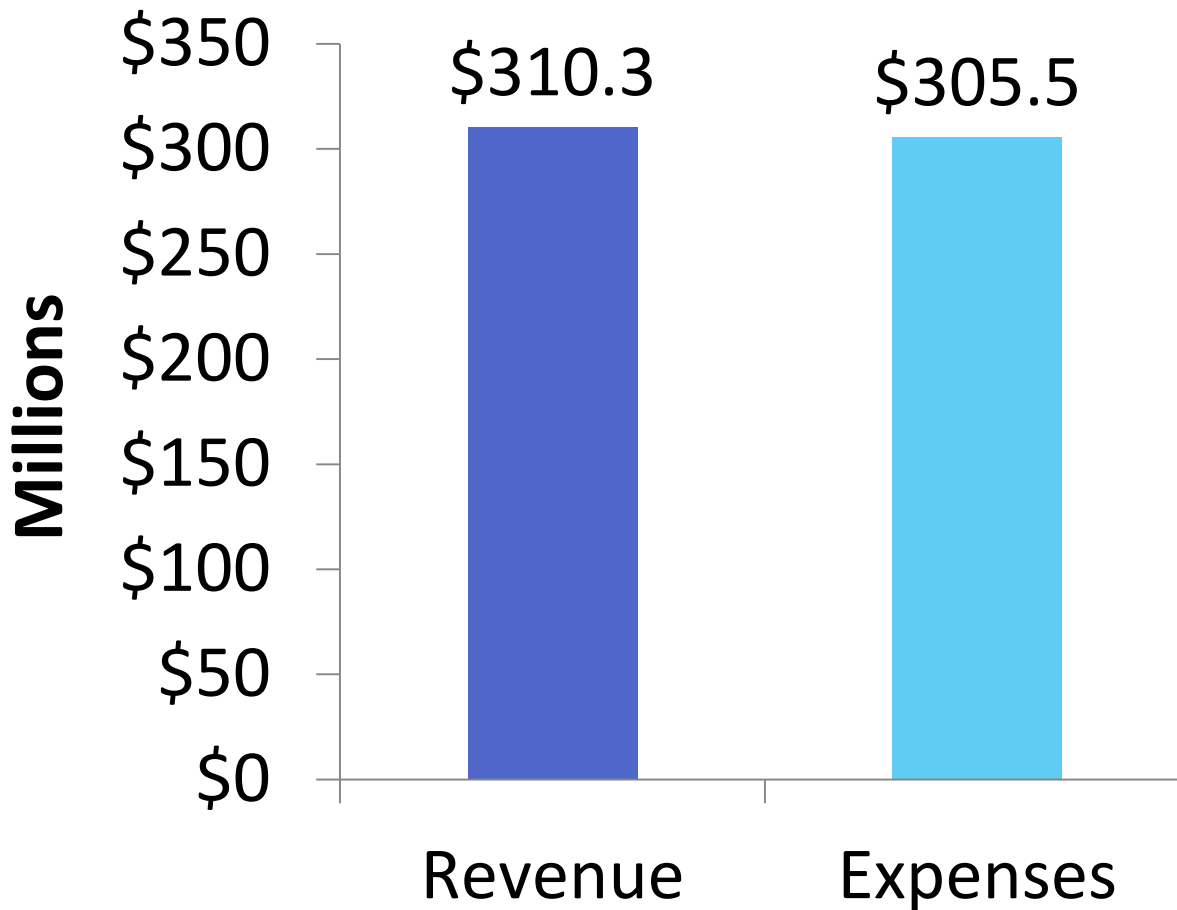


- Business Type Activity ↑ 3.5%
- Governmental Activity ↑ 4.6%

## Governmental Funds Fund Balances



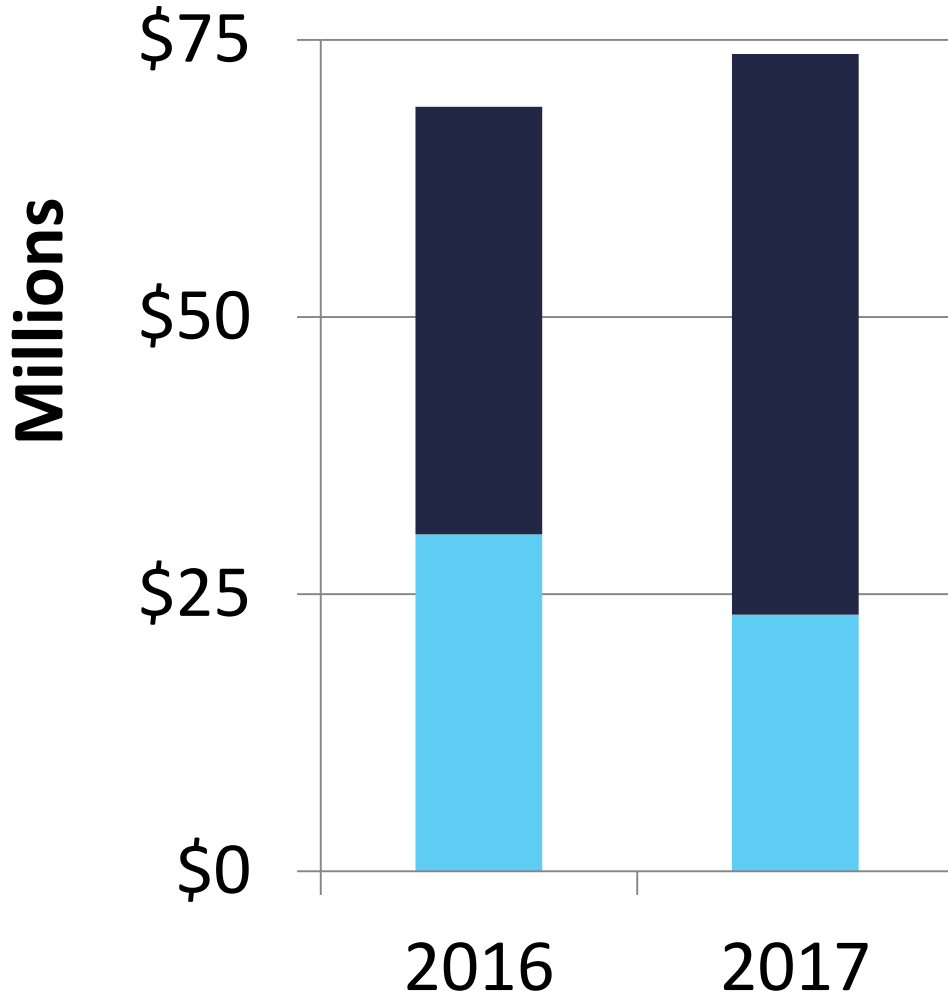
# 2017 GF Summary



Increase to  
Fund Balance

**\$4.8 M**

# 2017 GF Fund Balance



2017 Unrestricted FB:  
**\$50,576,012**

As a % of next year expenditures

2016	2017
14.1%	17.6%

■ Unrestricted  
■ Restricted

# July 2018 Financial Update

(activity thru May 2018)

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# General Revenue Information



**Property Taxes** are collected mainly in March-July. 98% of the total revenue is typically collected by the end of July.

**Other Taxes** includes specific ownership tax, admissions tax, and occupational liquor taxes. 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.

**Charges for services** include court costs, development review fees, excess police alarm fees, hazardous material fees, youth and adult recreation programs, and community center classes. This category includes revenue 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.

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

**Intergovernmental** includes HUTF, state cigarette tax, and road and bridge revenue. HUTF 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. Cigarette tax is lagged such that no revenue is collected January or February, but December has three months of collections booked.

**Other Financing Sources** includes shared services, utilities surplus revenue, and sale of capital assets. 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 usage, which results in a much higher shared services amount. Utilities surplus revenue is collected throughout the year; however, no revenue is booked in January and two months of revenue are booked in December.

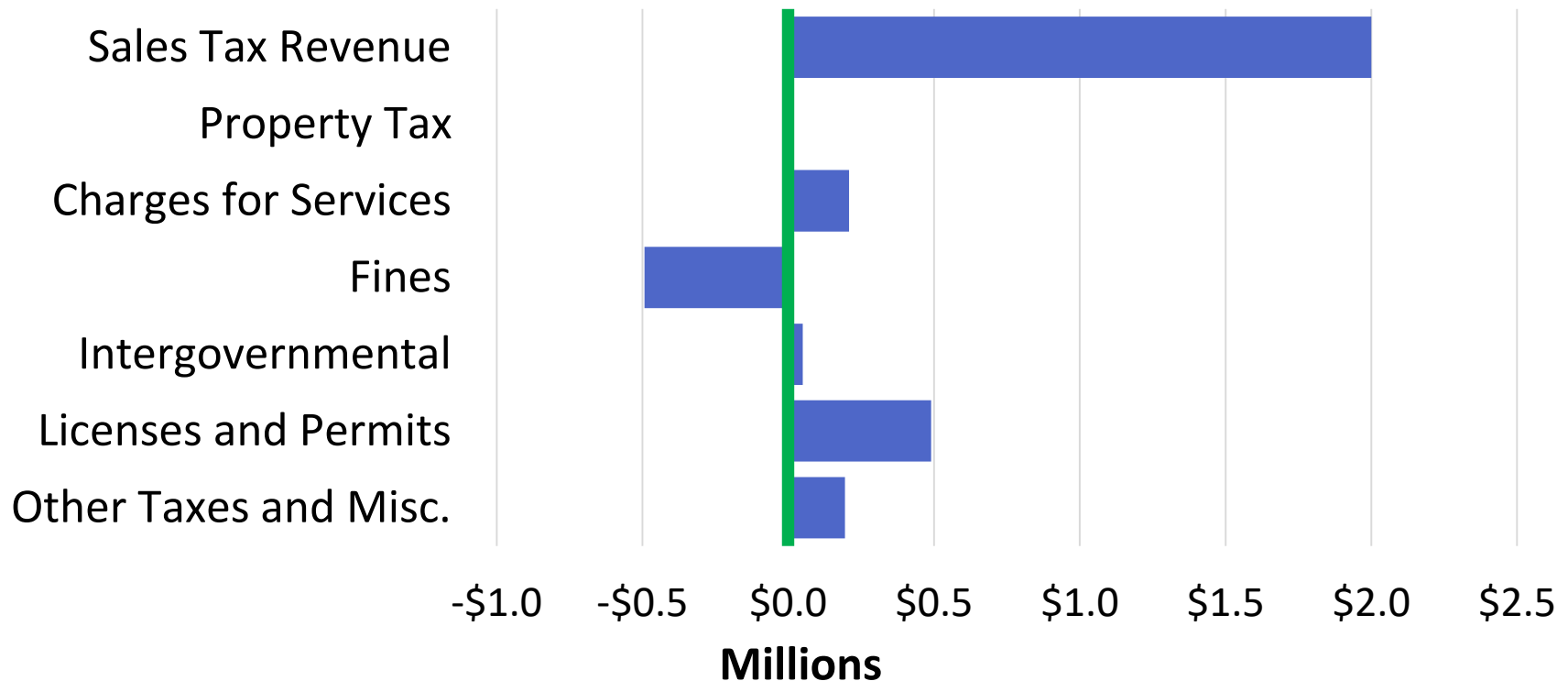
# General Fund Revenue



## EOY Revenue Trend

(activity thru May 2018)

(Under) Budget Above



Summary – total GF revenue trending ~\$2.3M to ~\$2.6M, or about 1%, above budget

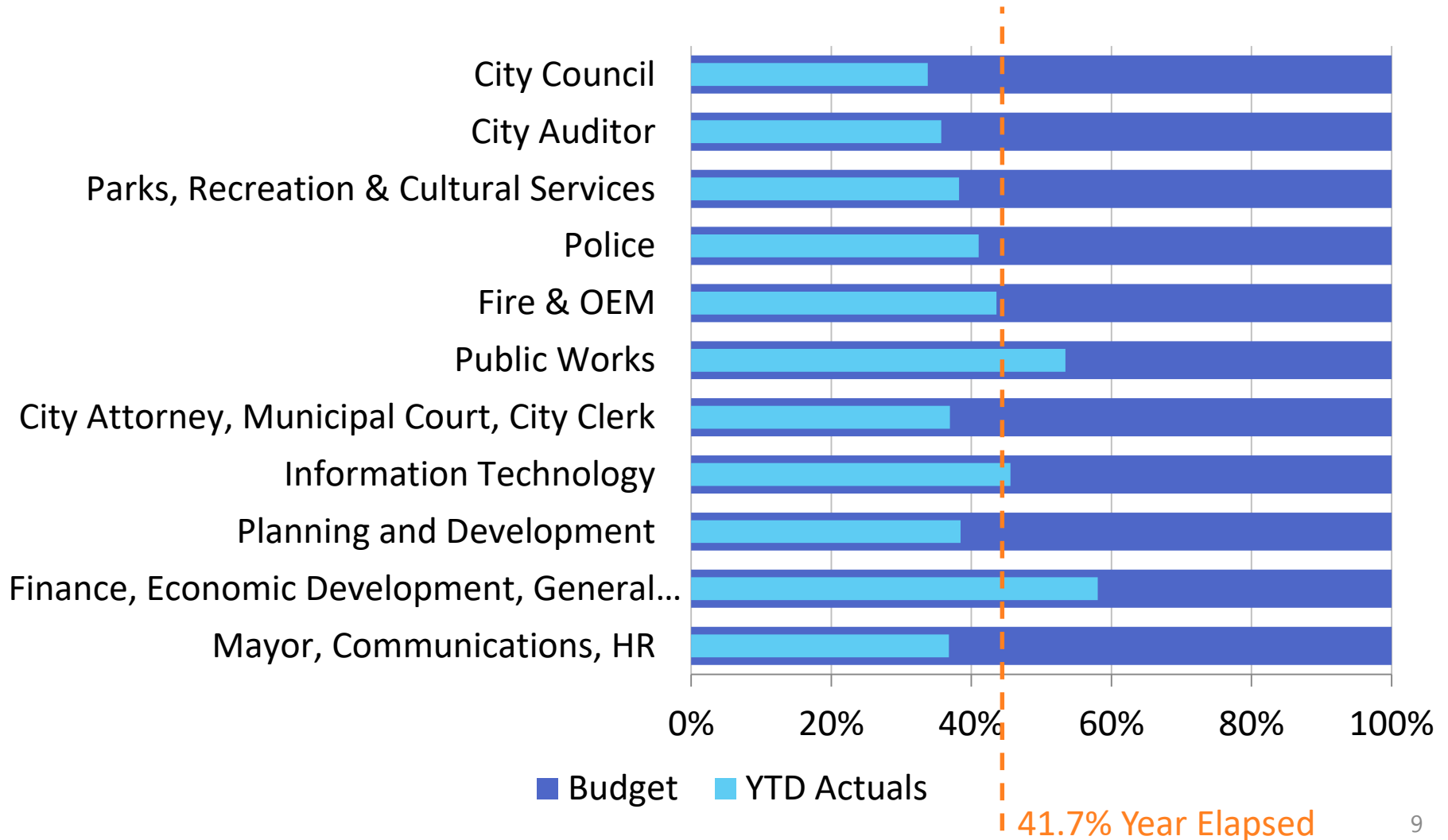


# General Fund Expenditures



## YTD Actual as % of Budget

(activity thru May 2018)

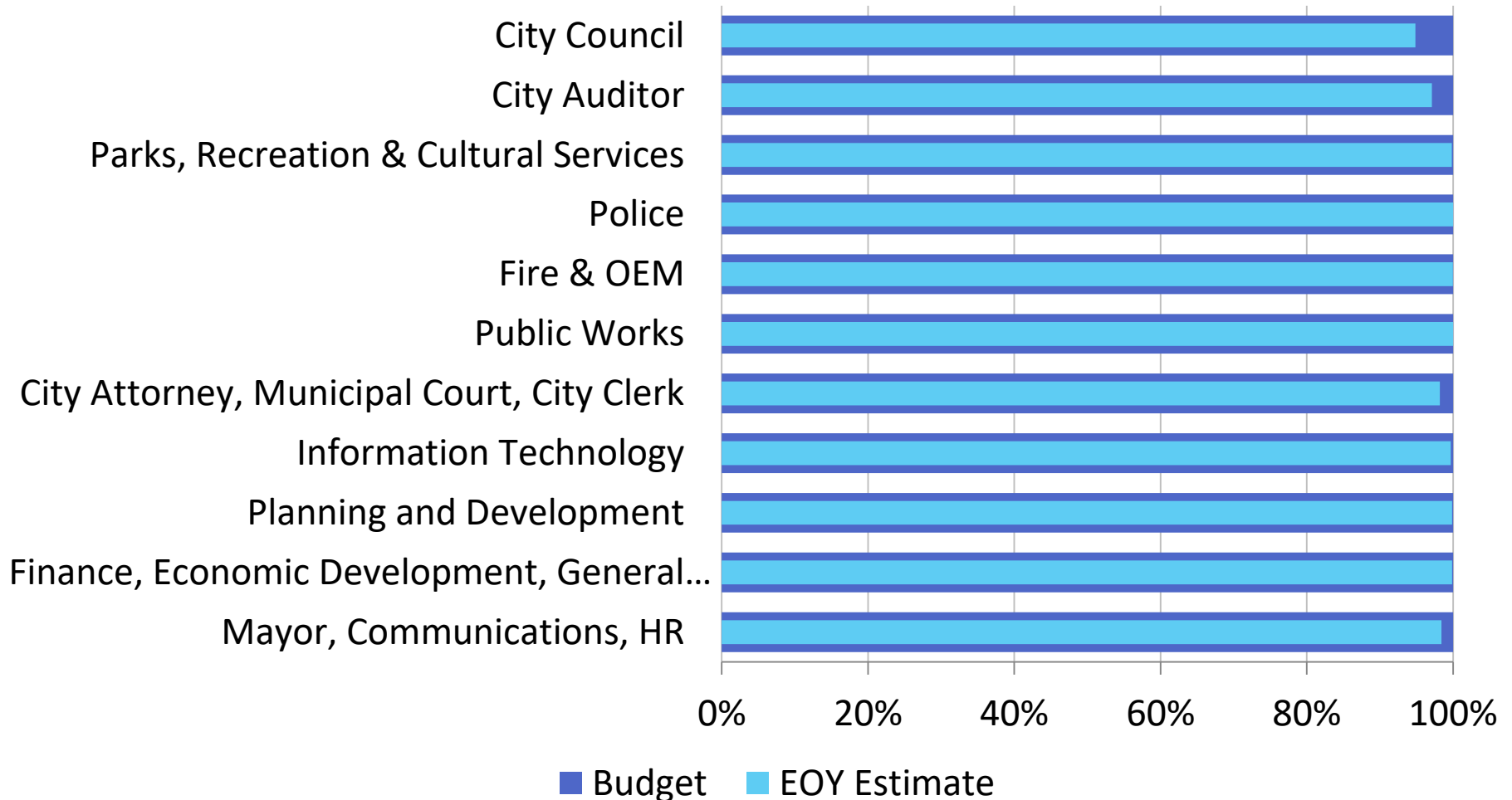


# General Fund Expenditures



## EOY Estimate as % of Budget

(activity thru May 2018)



Summary – total GF expenses trending ~0.2% under budget, or ~\$510k to ~\$530k

(collections thru May 2018)

## **2.0% Sales and Use Tax:**

- S&U combined – up 2.90% for the month and up 5.19% year-to-date
  - Sales tax – up 4.21% for the month and up 4.99% year-to-date
  - Use tax – down 17.93% for the month and up 8.42% year-to-date

## **2.0% Lodger's Tax & 1.0% Auto Rental Tax:**

- LART Combined – up 8.64% for the month and up 4.09% year-to-date
  - Lodger's Tax – up 9.29% for the month and up 5.28% year-to-date
  - Auto Rental Tax - up 0.56% for the month and down 6.93% year-to-date

## **0.62% Road Tax:**

- 2C Road Tax – up 2.99% for the month and up 5.8% year-to-date

# Sales Tax Trends



(collections thru May 2018)

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## Industries with Largest Month over Month % Increase

Furniture, Appliances, and Electronics	39.66%
Business Services	17.95%
Commercial Machines	13.34%

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## Industries with Largest Month over Month \$ Increase

Furniture, Appliances, and Electronics	\$226,665
Building Materials	\$58,072
Restaurants	\$56,076

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## Industries with Largest Month over Month % Decrease

Medical Marijuana	(8.53%)
Department and Discount	(1.81%)

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## Industries with Largest Month over Month \$ Decrease

Department and Discount	(\$17,958)
Medical Marijuana	(\$13,999)

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# Sales Tax Trends



(collections thru May 2018)

Category	\$ Change 2018 YTD compared to 2017 YTD	% Change 2018 YTD compared to 2017 YTD
Auto Dealers	33,267	0.7%
Auto Repair, Leases	35,019	1.6%
Building Materials	(89,816)	(1.6%)
Business Services *	144,376	12.9%
Clothing	78,501	4.3%
Commercial Machines *	217,768	21.7%
Department/Discount	115,955	3.0%
Furniture/Appliances/Electronics	306,010	12.3%
Grocery	178,780	8.6%
Hotel/Motel	73,322	3.7%
Medical Marijuana	(26,587)	(4.2%)
Miscellaneous Retail	243,340	4.1%
Restaurants	305,999	4.7%
Utilities	25,605	2.1%

\*The most volatile categories

# Grant Funds



(activity thru May 2018)

\$60,000,000

\$50,000,000

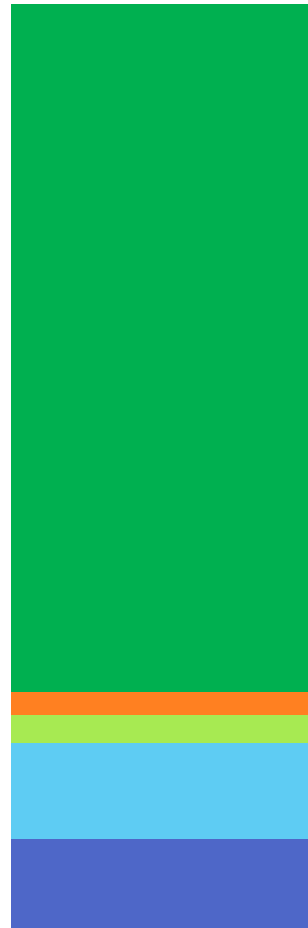
\$40,000,000

\$30,000,000

\$20,000,000

\$10,000,000

\$-



2018 Grants Appropriation:  
**\$58,897,449**

2018 Grants Awarded:  
**\$15,168,521**

- Remaining
- Private
- State of Colorado
- Other
- Federal Pass-Through
- Federal

## 2018 Awarded vs. Anticipated

(activity thru May 2018)



# Memorial Health System



(activity thru May 2018)

<b>Beginning May 1, 2018 balance, unaudited</b>		<b>\$ 2,966,901</b>
<b>Revenue:</b>		
May 2018 lease payment	467,676	
Interest allocation 1st quarter, net of fees	18,485	
Miscellaneous	403	
	<b>Total Revenue</b>	<b>\$ 486,564</b>
<b>Expenses:</b>		
Run-out workers' comp, liability claims & insurance costs	(155)	
Legal fees	(14,639)	
Excess balance transfer to CSHF - April 30, 2018 - transferred in May	(466,901)	
	<b>Total Expenses</b>	<b>(481,695)</b>
<b>Ending May 31, 2018 balance, unaudited</b>		<b>\$ 2,971,770</b>



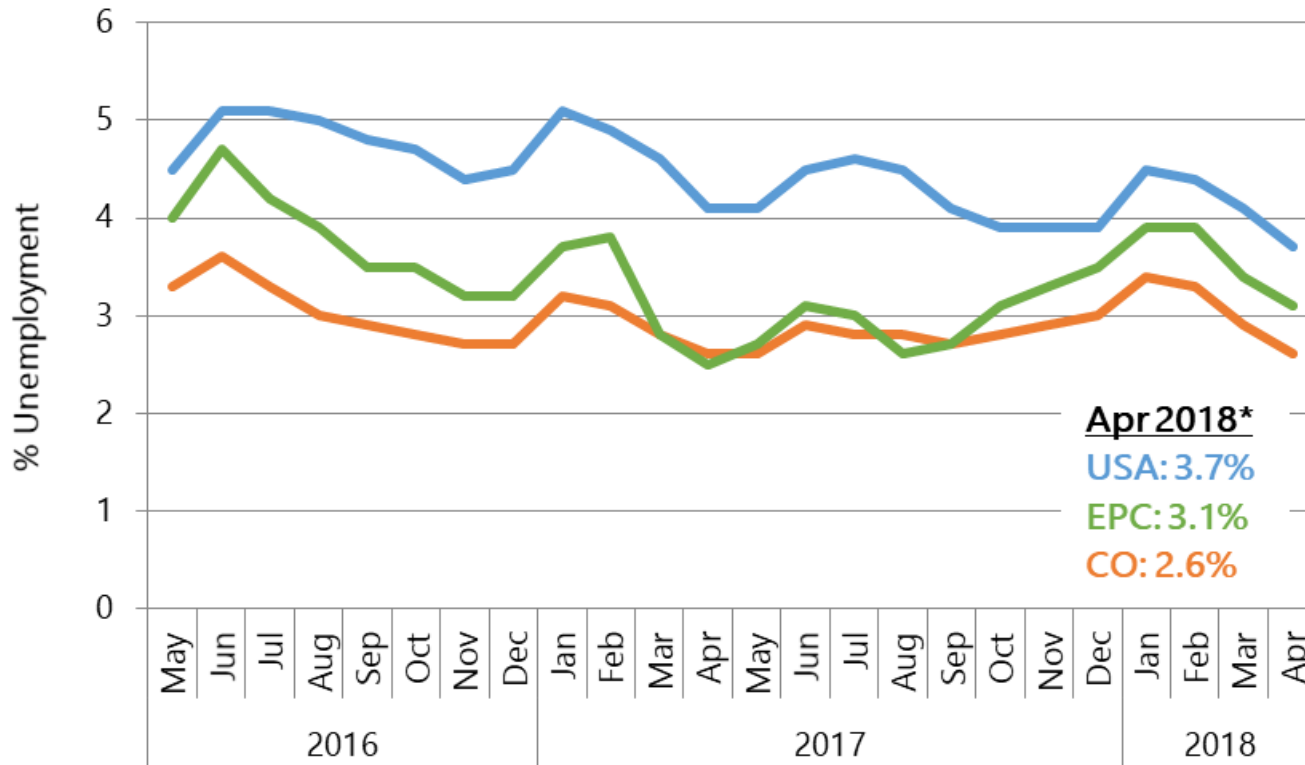
# Economic Indicators



(activity thru April 2018\*)



## Unemployment Rate

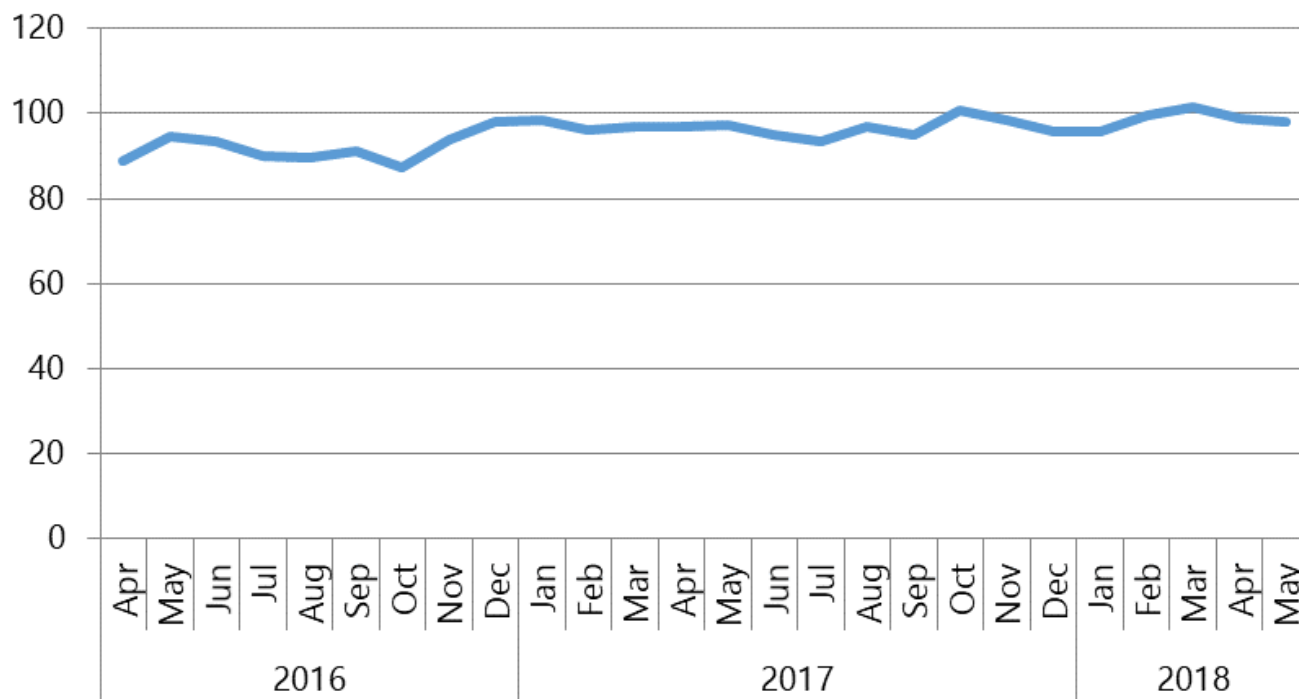


\*Lag due to Bureau of Labor Statistics data collection and reporting.

(activity thru May 2018)



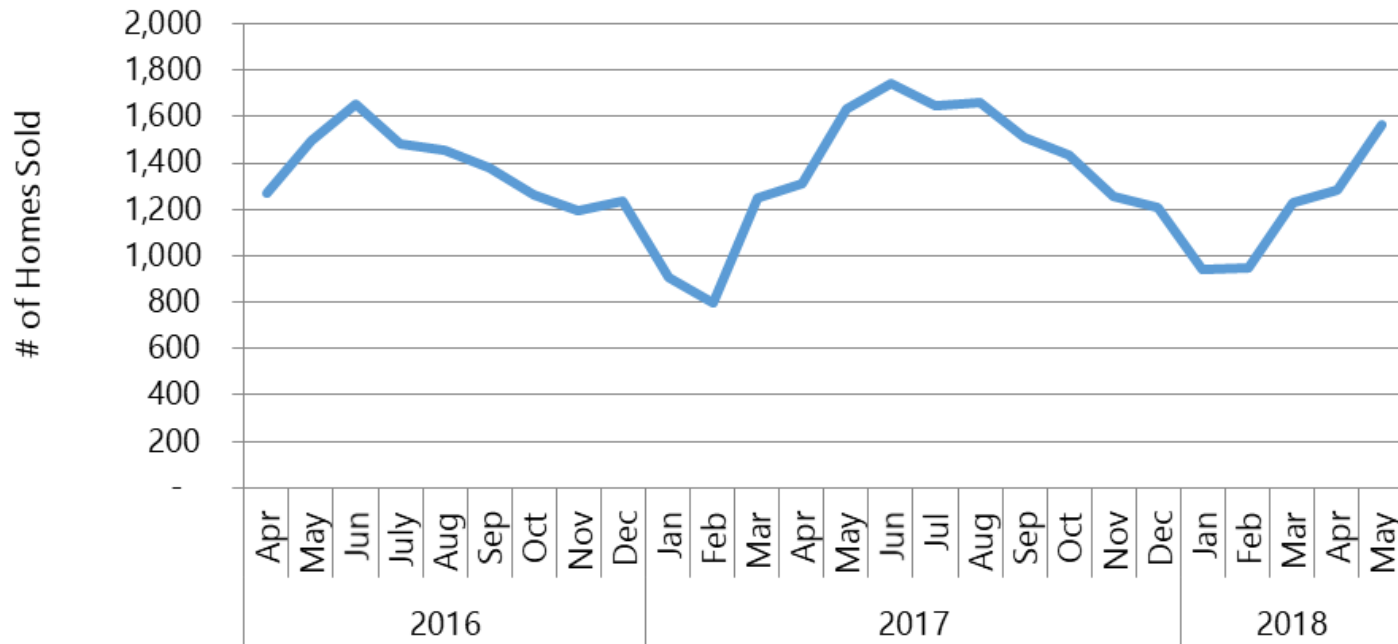
## Index of Consumer Sentiment



(activity thru May 2018)



## Pikes Peak Region Home Sales Single Family/Patio Homes



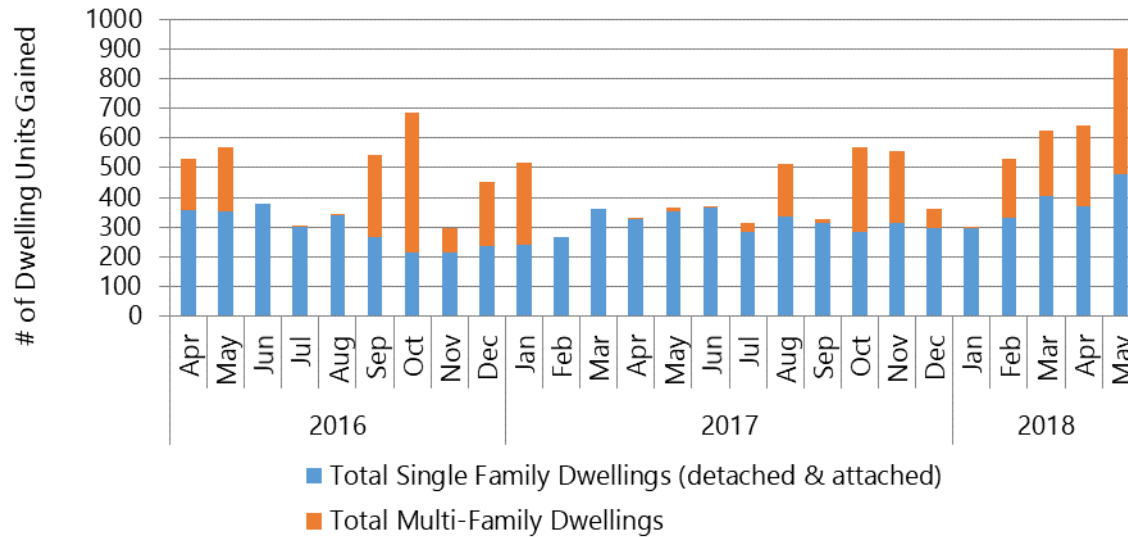
# Economic Indicators



(activity thru May 2018)



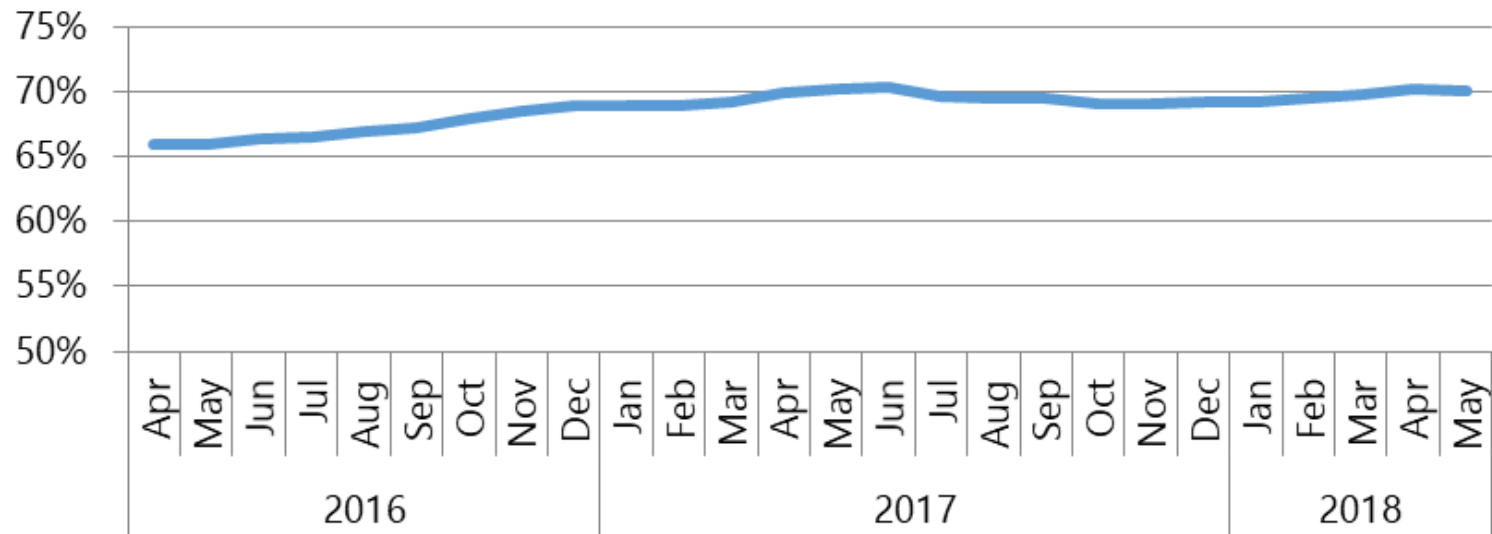
## Pikes Peak Region Residential Building Permits



Category	Avg. Sales Price May 2018	Avg. Sales Price May 2017	% Change
Single Family/Patio Homes	\$355,927	\$319,969	11.2
Condo/Townhomes	\$225,266	\$189,914	18.6

(activity thru May 2018)

## Colorado Springs Hotel Occupancy Rate (12 Month Moving Average)



# 2019 Budget Outlook

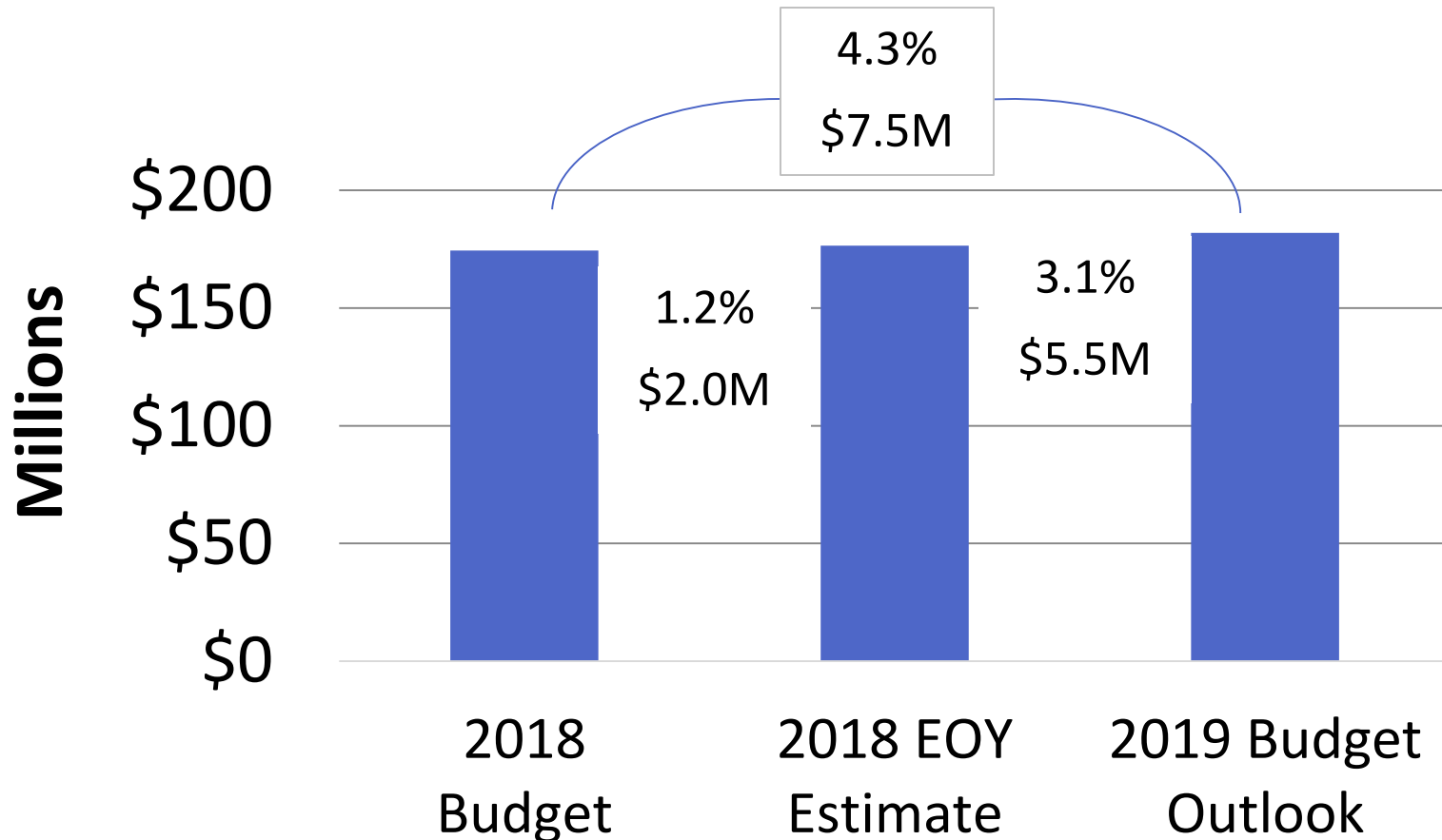
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Chief Financial Officer



## Sales Tax Revenue Trend



# 2019 Estimate of Revenue



## Increases/(Decreases) from 2018 Budget

Sales Tax	7,520,000
All other revenue categories	1,935,000
<b>Total GF revenue change</b>	<b>\$9,455,000</b>



# 2019 Budget Priorities



## Expenditure Priorities

- Compensation Strategy \$13.9 M
- Police and Fire Staffing Implementation 4.6 M
- Facilities Maintenance 2.7 M
- IT Infrastructure Strategy 1.8 M
- Changes to Current Actual Positions 1.5 M
- Fleet Contract Increases 1.5 M
- Fleet Replacement Strategy 1.2 M
- Parks Water 1.2 M
- Other Contract Increases 0.8 M

# 2019 Budget Priorities



## Expenditure Priorities (cont.)

• Committed Cable Franchise Expenditures	0.7 M
• Fuel Contract Increase	0.5 M
• Remove 2018 One-Time Expenditures	(3.9 M)
• Stormwater GF Expenditures	(6.9 M)
<b>Total General Fund Impact</b>	<b>\$19.7+ M</b>

# Other Potential Impacts to Budget



- EPA litigation ?
- CIP Projects ?
- Utilities Increases ?
- Healthcare changes ?
- ADA Program ?
- Other departmental high-priority needs ?

# 2019 Budget Summary



• Current estimate revenue increase	\$9.5 M
• Budget Priorities	(19.7 + M)
• Other Potential Impacts to Budget	? + M
Net GF impact (gap)	\$(10.2 + M)

# Next Steps



<b>Date</b>	<b>Item</b>
Aug. 29	Preview of Budget Balancing with City Council Budget Committee
Oct. 1	2019 Budget released
Oct. 10 Oct. 12	Review of 2019 Budget document with City Council Budget Committee
Oct. 15	City Council 2019 Budget Work Session
Oct. 18	Public Hearing on 2019 Budget
Oct. 25	City Council Markup Session on 2019 Budget
Nov. 27	2019 Budget approved by City Council

# Questions?