

October 2015 Financial Update

Kara Skinner
Chief Financial Officer

General Fund

Line #	Year	Total Revenue	Total Expenditures	Unrestricted Fund Balance	Contribution to/ (Draw from) Unrestricted Fund Balance	Unrestricted Fund Balance as a % of Following Year's Expenditures
1	2014 Actual	\$ 252,408,441	\$ 255,770,943	\$ 43,257,368		16.7%
2	2015 Budget	257,195,842	258,695,842	41,757,368	(1,500,000)	16.0%
3	2015 Anticipated Changes					
4	<i>Sales Tax Revenue above budget</i>	4,445,000				
5	<i>Other revenue above budget</i>	1,366,686				
6	<i>Supplemental appropriations</i>		5,771,447			
7	<i>Expenditures over/(under) budget</i>		(3,062,336)			
8	2015 EOY Estimate	\$ 263,007,528	\$ 261,404,953	\$ 43,359,943	\$ 1,602,575	16.2%

General Fund YTD Revenue

through Period 9 of 2015
75% of year transpired

Line #	Revenue	2015 Original Budget	Actual Revenue YTD	% of Budget YTD	Historical Avg. % of Budget YTD	EOY Forecast	2015 Budget to EOY Forecast
1	Sales & Use Tax	\$ 147,855,000	\$ 96,073,759	65%	68%	\$ 152,300,000	\$ 4,445,000
2	Property Tax	\$ 19,811,225	\$ 19,313,680	97%	99%	\$ 19,591,225	\$ (220,000)
3	Other Taxes	\$ 3,047,406	\$ 2,139,052	70%	71%	\$ 2,963,150	\$ (84,256)
4	Charges for Service	\$ 12,278,048	\$ 9,913,453	81%	73%	\$ 13,423,333	\$ 1,145,285
5	Fines	\$ 4,956,073	\$ 4,066,566	82%	72%	\$ 5,293,300	\$ 337,227
6	Intergovernmental	\$ 20,887,930	\$ 15,559,563	74%	75%	\$ 21,000,548	\$ 112,618
7	Licenses & Permits	\$ 1,842,389	\$ 1,490,625	81%	75%	\$ 2,161,850	\$ 319,461
8	Miscellaneous	\$ 2,778,978	\$ 2,605,851	94%	84%	\$ 2,930,978	\$ 152,000
9	Other Financing Sources	\$ 43,738,793	\$ 28,003,124	64%	70%	\$ 43,343,144	\$ (395,649)
10	Total	\$ 257,195,842	\$ 179,165,673	70%	69%	\$ 263,007,528	\$ 5,811,686

Notes for Line #:

- After the most recent month of collections we now project that sales and use tax revenue will come in approximately 3.0% above budget. Historical average % of budget is higher because, following the recession, the City budgeted very conservatively to build fund balance.
- Development related charges for service are the main reason the Charges for Services category is trending above budget.
- Traffic violations trending above budget is the main reason Fines are trending above budget.
- Medical marijuana license fee and development fees are the primary reasons for the Licenses & Permit category trending above budget.
- Insurance reimbursement for the Fire truck and AMR liquidated damages are the primary reasons the Miscellaneous category is trending above budget.
- Utilities Surplus revenue is the primary reason the Other Financing Sources category is trending below budget.

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 YTD Expenditures

through Period 9 of 2015
75% of year transpired
70% of year payroll complete

Line #	Department	2015 Original Budget	Supplementals	YTD Actuals	% of Budget YTD	EOY Estimate	Expenditures Over/(Under) Budget + Supplementals
1	City Council	\$ 968,081	\$ -	\$ 713,525	74%	\$ 968,081	\$ -
2	City Auditor	\$ 1,372,807	\$ -	\$ 889,343	65%	\$ 1,301,242	\$ (71,565)
3	Parks, Recreation & Cultural Services	\$ 14,603,610	\$ 1,000,000	\$ 10,537,085	72%	\$ 15,603,610	\$ -
4	Police	\$ 88,982,619	\$ -	\$ 62,429,140	70%	\$ 88,616,727	\$ (365,892)
5	Fire & OEM	\$ 47,688,981	\$ -	\$ 32,732,050	69%	\$ 47,485,761	\$ (203,220)
6	Public Works	\$ 22,286,035	\$ 4,000,000	\$ 15,385,481	69%	\$ 25,423,359	\$ (862,676)
7	City Attorney, Municipal Court, City Clerk	\$ 8,951,294	\$ 170,000	\$ 5,945,946	66%	\$ 8,622,311	\$ (498,983)
8	Information Technology	\$ 12,581,562	\$ -	\$ 8,112,696	64%	\$ 12,243,763	\$ (337,799)
9	Planning, Economic Development, Housing	\$ 2,773,055	\$ -	\$ 1,679,957	61%	\$ 2,422,662	\$ (350,393)
10	Finance, Contract Comp., Fleet, General Costs	\$ 55,401,034	\$ 601,447	\$ 36,837,827	66%	\$ 55,949,096	\$ (53,385)
11	Mayor, Communications, Human Resources	\$ 3,086,764	\$ -	\$ 1,855,532	60%	\$ 2,768,341	\$ (318,423)
	Total	\$ 258,695,842	\$ 5,771,447	\$ 177,118,583	68%	\$ 261,404,953	\$ (3,062,336)

Notes for Line #:

- all In general, all departments are currently trending **under** budget.
- 1. City Council's budget includes dues & memberships that benefit the City as a whole that are paid early in the year, so their actual expenditures as a % of the year transpired will trend high.
- 3. Parks has spent \$1,779,795 of their \$2,231,218 water budget.

Sales Tax Trends

2.0% Sales and Use Tax:

- S&U combined – down 2.31% for the month and up 4.09% year-to-date
 - Sales tax – down 1.31% for the month and up 4.41% year-to-date
 - Use tax – down 17.65% for the month and down 1.13% year-to-date

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

- LART Combined – up 4.23% for the month and up 12.77% year-to-date
 - Lodger's Tax – up 5.43% for the month and up 13.57% year-to-date
 - Auto Rental Tax – down 8.15% for the month and up 5.41% year-to-date

Sales Tax Trends

2.5% sales tax collections by major industry

Industries with Largest Month over Month % Increase		Industries with Largest Month over Month \$ Increase	
Medical Marijuana	38.36%	Auto Dealers	\$103,536
Grocery	14.45%	Building Materials	\$103,467
Building Materials	7.17%	Grocery	\$67,285

Industries with Largest Month over Month % Decrease		Industries with Largest Month over Month \$ Decrease	
Commercial Machines	(63.70%)	Commercial Machines	(\$427,206)
Business Services	(12.71%)	Miscellaneous Retail	(\$169,398)
Miscellaneous Retail	(9.01%)	Department and Discount	(\$79,958)

Month over month describes September 2015 collections compared with September 2014 collections which are from August activity each year.

Sales Tax Trends

CATEGORY	% Change 2015 YTD compared to 2014 YTD
AUTO DEALERS	9%
AUTO REPAIR, LEASES	9%
BUILDING MATERIALS	6%
BUSINESS SERVICES *	-2%
CLOTHING	3%
COMMERCIAL MACHINES *	-43%
DEPARTMENT/DISCOUNT	2%
FURNITURE/APPLIANCES/ELECTRONICS	0%
GROCERY	17%
HOTEL/MOTEL	15%
MEDICAL MARIJUANA	24%
MISCELLANEOUS RETAIL	-2%
RESTAURANTS	7%
UTILITIES	-3%

* The most volatile categories

Other Funds YTD

through Period 9 of 2015
 75% of year transpired
 70% of year payroll complete

Line #	Fund	Revenue			Expenditures			YTD Revenue Over/ (Under) YTD Expenditures
		2015 Original Revenue Budget	Actual Revenue YTD	% of Budget YTD	2015 Original Expenditure Budget	Actual Expenditures YTD	% of Budget YTD	
1	Airport Gross Revenue Fund	\$17,650,662	\$12,369,999	70%	\$16,972,651	\$9,434,593	56%	\$2,935,406
2	Conservation Trust Fund	\$4,420,000	\$2,215,779	50%	\$4,768,088	\$2,730,092	57%	(\$514,313)
3	Health Insurance Fund	\$33,980,995	\$19,414,004	57%	\$33,980,995	\$17,955,286	53%	\$1,458,718
4	Public Safety Sales Tax Fund	\$29,652,000	\$19,231,580	65%	\$28,537,029	\$18,130,902	64%	\$1,100,678
5	Trails Open Space Parks Fund	\$7,335,000	\$4,860,865	66%	\$8,605,864	\$5,978,408	69%	(\$1,117,542)
6	Workers' Compensation Fund	\$8,000,000	\$5,354,850	67%	\$8,000,000	\$6,299,237	79%	(\$944,387)

Notes for Line #:

1. Airport revenue is over expenditures year-to-date because final debt services payment is made in December, and a budgeted contribution to fund balance in 2016.
2. CTF expenditures are over revenue due to a budgeted a draw from the fund balance in 2016.
5. TOPS expenditures are over revenue due to the acquisition of the Ute Valley Park – phase 2 in January for \$2.8 million.
6. Workers' Compensation expenses are over revenue year-to-date; actual claim and settlement costs for both the City and CSU are higher than anticipated thus far this year.

Senior Programs Fund

- August 28, 2015 property (Golf Acres and inventory) was transferred back to the City
- August 31, 2015 YMCA began operating the Senior Center
- September 4, 2015 remaining balances of funds transferred back to the City that were transferred to the Housing Authority in 2011
- Per Appropriations Ordinance 15-51, City Finance created new Special Revenue Fund "Senior Programs Fund"
- Estimated ~ \$720,000 would be transferred
- \$766,181 was transferred

Parking Refunding Bonds Update

- Issued September 17, 2015
- Private placement with Bank of America Merrill Lynch
- Refunded all existing bonds (Series 1999 & 2006)
- New Bond Issue Series 2015 \$9,520,000
- 2.43%
- No reserve fund requirement
- Reduced total debt service over the life of the bonds by \$1,176,190
- Net present value savings of \$908,320
- Call date of new issue 12/1/2020
- Maturity 12/1/2027 (same as the 2006 Series)

Colorado Springs

Pension Plans Primer - Current Plans

- Fire & Police Pension Association of Colorado (FPPA)
 - Old Hire – Sworn Police & Fire
 - Hired on or before 4/7/1978
 - New Hire – Sworn Police & Fire
 - Hired between 4/8/1978 and 9/30/2006
 - Statewide DB – Sworn Police & Fire
 - Hired on or after 10/1/2006
 - Those who voluntarily transferred from Old or New Hire plans during two windows of opportunity
- Colorado PERA
 - All civilians, except those who report directly to Mayor may waive out of PERA
- ICMA 401A
 - All elected officials and key management staff who report directly to Mayor and elected to waive PERA

FPPA SWDB Employers

- About 200 Employers statewide
- Major employers listed below:

Arvada FPD	Aurora Fire	Broadmoor FPD
Castle Rock Fire	Englewood Fire	Evergreen FPD
Fountain Fire	Greeley Fire	Lafayette PD & FD
Lakeside PD	Littleton Fire	Lone Tree Police
Louisville Fire	Manitou Springs PD & FD	Pueblo PD & FD
Pueblo Rural FPD	Pueblo West Metro FPD	Thornton Fire
TriLakes Monument FPD	West Metro FPD	Westminster Fire
Wheat Ridge FPD	Woodland Park Fire	

PERA Local Government Division Employers

- 150 Employers statewide
- Major employers listed below:

Boulder County	City of Alamosa	City of Boulder
City of Castle Pines	City of Fort Morgan	City of Las Animas
City of Lone Tree	City of Manitou Springs	City of Pueblo
City of Wray	City of Yuma	Housing Authorities (19)
Districts (68)	Town of Alma	Town of Bayfield
Town of Crawford	Town of Dinosaur	Town of Eckley
Town of Estes Park	Town of Firestone	Town of Lake City
Town of Lochbuie	Town of Mtn Village	Town of Platteville
Town of Rico	Town of Rye	Town of Seibert
Town of Silver Plume	Town of Timnath	Other (55)

City of Colorado Springs

Pension	1/1/2014 Unfunded Liability (\$M)*	1/1/2014 Funded Ratio	1/1/2015 Unfunded Liability (\$M)*	1/1/2015 Funded Ratio
PERA	\$145.9	73.1%	\$111.3	78.7%
Old Hire Fire	\$16.8	82.6%	n/a**	n/a**
Old Hire Police	\$15.2	81.4%	n/a**	n/a**
New Hire Fire	\$26.4	80.9%	\$25.5	82.5%
New Hire Police	\$48.2	82.9%	\$43.9	85.3%
FPPA Statewide***	(\$13.2)	100.9%	(\$62.1)	103.8%
Total *	\$293.3			

*Unfunded liability/(surplus) amounts represent the City's portion of unfunded actuarial accrued liability or surplus. Per GASB 68 which will be implemented with the 2015 CAFR, the liability or asset to be recorded by the City at 12/31/15 will be based on the City's portion of the net pension liability or asset and will vary from these figures.

**Old Hire actuary reports prepared only every other year.

***FPPA Statewide plan shows an unfunded actuarial accrued surplus.

2015 Employee Data & Contributions

Plan	Active Members	Drop* Members	Total % of Salary (Pension & D&D)
FPPA Old Hire	0	0	10%
FPPA New Hire	167	62	Police – 8% Fire – 10%
FPPA New Hire 97	321	2	Police – 9.3% Fire – 11.3%
FPPA Statewide	517	2	9.8%
PERA	1,360		8%
ICMA	10		8%

*Drop – The employee retires with FPPA, but still works for the City for up to 5 years, the City does not pay employer contributions during this period.
Statistics as of 9/30/2015.

2015 Employer Contributions

Plan	Total % of Salary	Lump Sum Payment
FPPA Old Hire	8.0%	\$1.47M
FPPA New Hire	Police –22.11% Fire – 19.75%	\$3.2M
FPPA Statewide	8.0%	-
PERA**	13.7%	-
ICMA ***	13.7%	-

**1.02% of the 13.7% contribution to PERA is for the Health Trust fund for retired employee health and not to fund pension benefits.

*** 13.7% - 10% to ICMA and 3.7% to PERA
Membership data as of 9/30/2015

FFPA Old Hire Benefit Highlights

- Post Retirement Benefit Changes
 - Increased when active members receive a pay increase
 - Effective immediately
- Funded Ratio
 - Fire 82.6%
 - Police 81.44%
- Vesting – 20 years
- Normal Retirement – 50/25
- Max Benefit 68%, plus Supplemental (SRP) up to 18%
- Health Care Coverage
 - Can stay on City's Health Plan
 - Fully paid by City

FFPA New Hire Benefit Highlights

- Post Retirement Benefit Changes
 - Formula using CPI and CPI-W up to 3%
 - Effective October 1 upon reaching 65
- Funded Ratio
 - Police 85.3%
 - Fire 82.5%
- Vesting – 10 years
- Normal Retirement – Police 50/25, Fire 55/25
- Max Benefit – Police 75%, Fire 77%
- Health Care Coverage
 - Can stay on City's Health Plan
 - Employee pays Retiree Rate

FPPA Statewide Defined Benefit Highlights

- Post Retirement Benefit Changes
 - COLA up to 3%
 - Effective October 1 each year
- Funded Ratio – 103.8%
- Vesting – 5 years
- Normal Retirement – 55/25
- Max Benefit – 100%
- Health Care Coverage
 - Can stay on City's Health Plan
 - Employee pays Retiree Rate

PERA Benefit Highlights

- Post Retirement Benefit Changes
 - Lesser of 2% or formula based on CPI-W
 - Effective July 1 each year
- Funded Ratio – 78.7%
- Vesting – 5 years
- Normal Retirement – 58/30
- Max Benefit – 100%
- Health Care Coverage
 - Cannot stay on City's Health Plan
 - Employer pays 1.02% into PERA's Health Care Fund (part of 13.7%)