

# August 2016 Financial Update

(activity thru June 2016)

August 8, 2016

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Chief Financial Officer



# 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

- Sales Tax Revenue – trending ~\$1M below budget
- Property Tax – trending at budget
- Fines – trending ~\$700k below budget
- Intergovernmental – trending ~\$1M above budget
- Utilities Surplus – trending ~\$800k below budget
- Other Taxes, Charges for Services, Licenses – trending to budget

Summary – total GF revenue trending 0.6% below budget

# General Fund Expenditures

- City Attorney, Municipal Court, Information Technology – trending under budget due to vacancies
- Public Safety – Fire trending on budget, Police trending slightly under budget
- Balance of departments – trending on budget

Summary – total GF expenditures trending ~ 1% under budget

# Sales Tax Trends

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

- S&U combined – up 4.78% for the month and up 4.51% year-to-date
  - Sales tax – up 5.62% for the month and up 4.34% year-to-date
  - Use tax – down 11.06% for the month and up 7.48% year-to-date

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

- LART Combined – up 0.03% for the month and up 12.88% year-to-date
  - Lodger's Tax – up 2.50% for the month and up 14.42% year-to-date
  - Auto Rental Tax - down 23.29% for the month and up 0.89% year-to-date

## **0.62% Road Tax:**

- \$3,909,675

# Sales Tax Trends

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## Industries with Largest Month over Month % Increase

Commercial Machines	67.35%
Medical Marijuana	25.60%
Building Materials	18.88%

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## Industries with Largest Month over Month \$ Increase

Building Materials	\$220,174
Commercial Machines	\$139,948
Miscellaneous Retail	\$115,191

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## Industries with Largest Month over Month % Decrease

Auto Dealer	(10.06%)
Utilities	(6.27%)
Department and Discount	(4.66%)

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## Industries with Largest Month over Month \$ Decrease

Auto Dealer	(\$118,643)
Department and Discount	(\$54,061)
Restaurants	(\$24,335)

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# Sales Tax Trends

Category	\$ Change 2016 YTD compared to 2015 YTD	% Change 2016 YTD compared to 2015 YTD
Auto Dealers	(332,546)	(6.0%)
Auto Repair, Leases	82,098	3.4%
Building Materials	502,370	10.0%
Business Services *	(63,666)	(4.5%)
Clothing	156,956	7.9%
Commercial Machines *	194,942	18.4%
Department/Discount	(210,337)	(3.9%)
Furniture/Appliances/Electronics	219,929	7.9%
Grocery	333,291	17.6%
Hotel/Motel	282,159	14.4%
Medical Marijuana	148,322	26.9%
Miscellaneous Retail	136,911	2.1%
Restaurants	127,093	1.7%
Utilities	(161,964)	(11.2%)

\*The most volatile categories

# 2016 Grant Funds Update

<b>2016 Grants Appropriation</b>	<b>\$ 54,762,461</b>
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## ***Grants Awarded:***

Federal	\$ 12,835,051
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Federal Pass-Through	6,037,620
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Other	1,712,308
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State of Colorado	1,246,720
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Private	10,000
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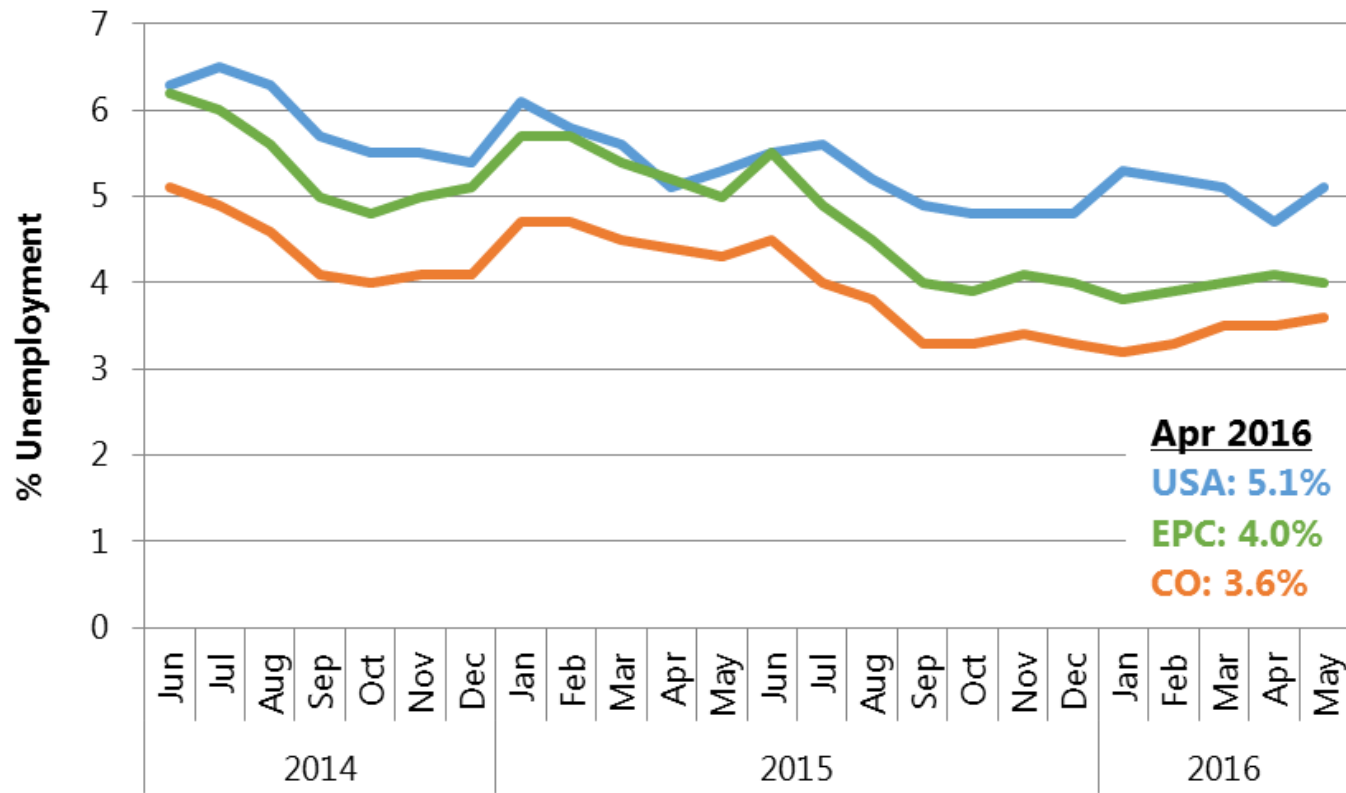
<b><i>Total Grants Awarded</i></b>	<b>\$ 21,841,699</b>
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<b>Remaining Appropriation as of June 30, 2016</b>	<b>\$ 32,920,762</b>
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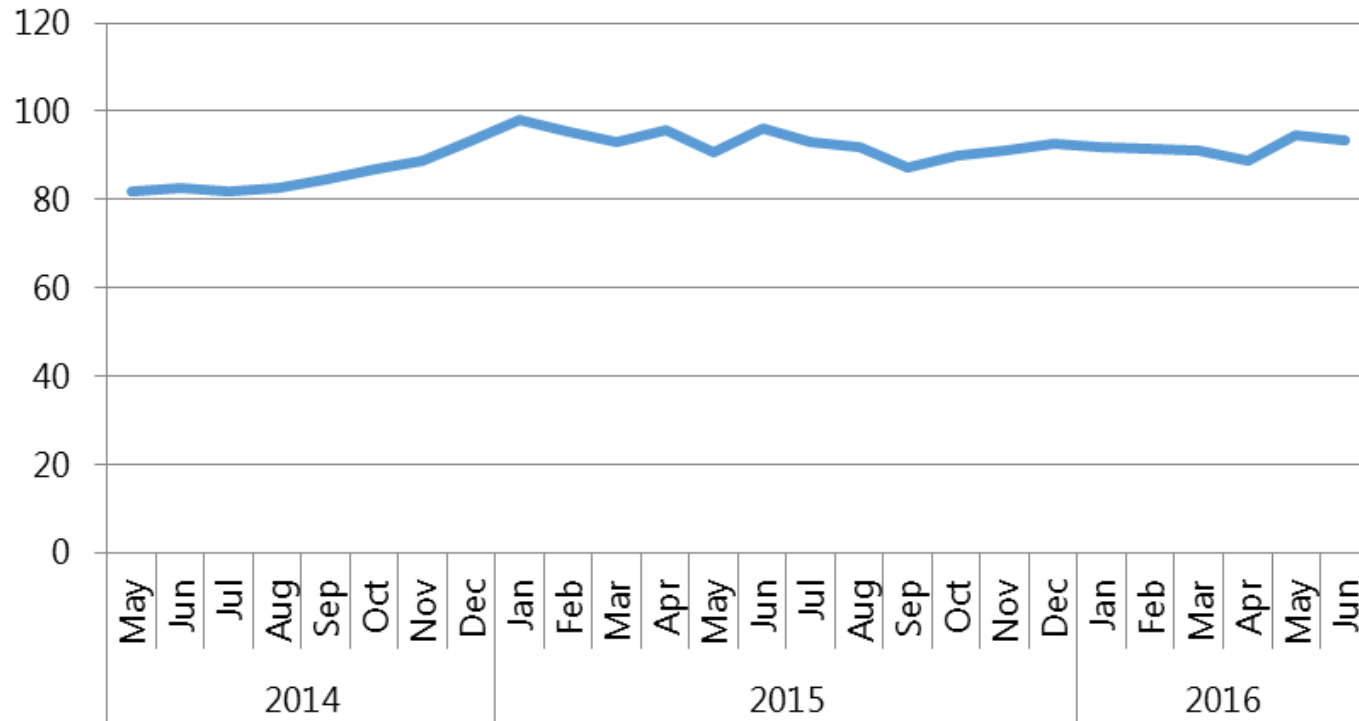
# Economic Indicators

## Unemployment Rate



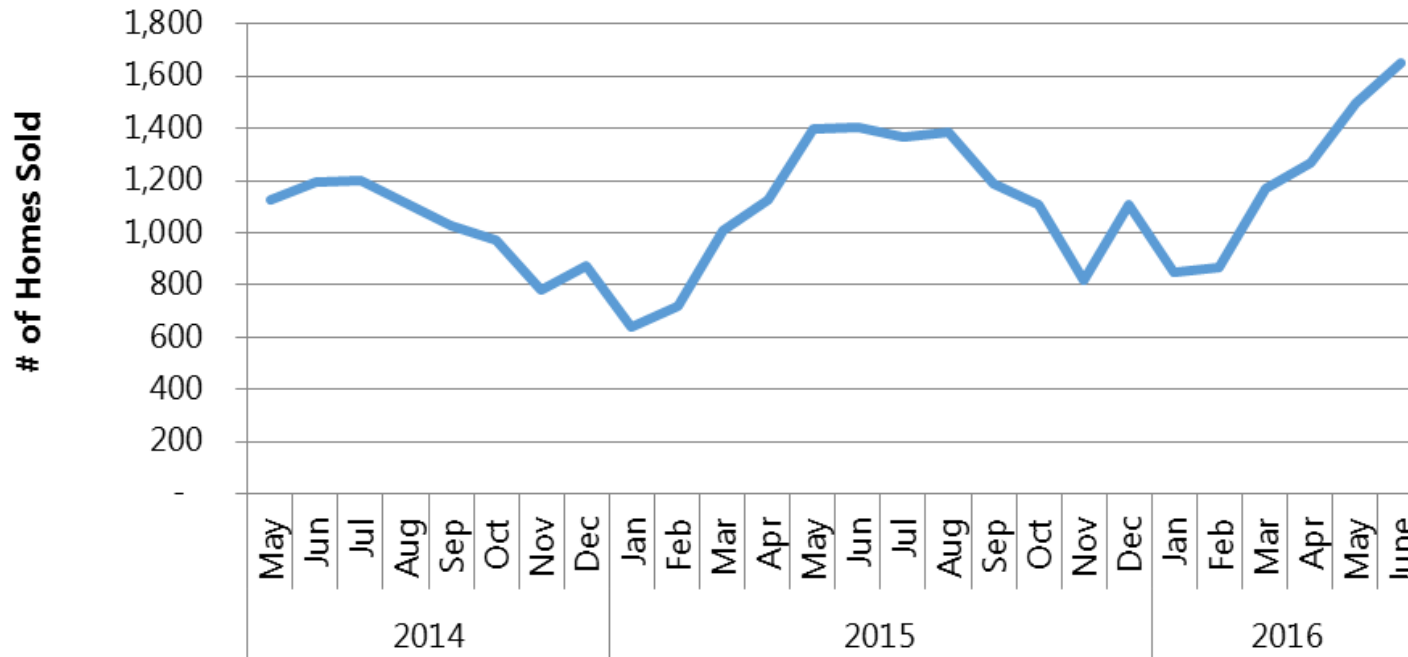
# Economic Indicators

## Index of Consumer Sentiment



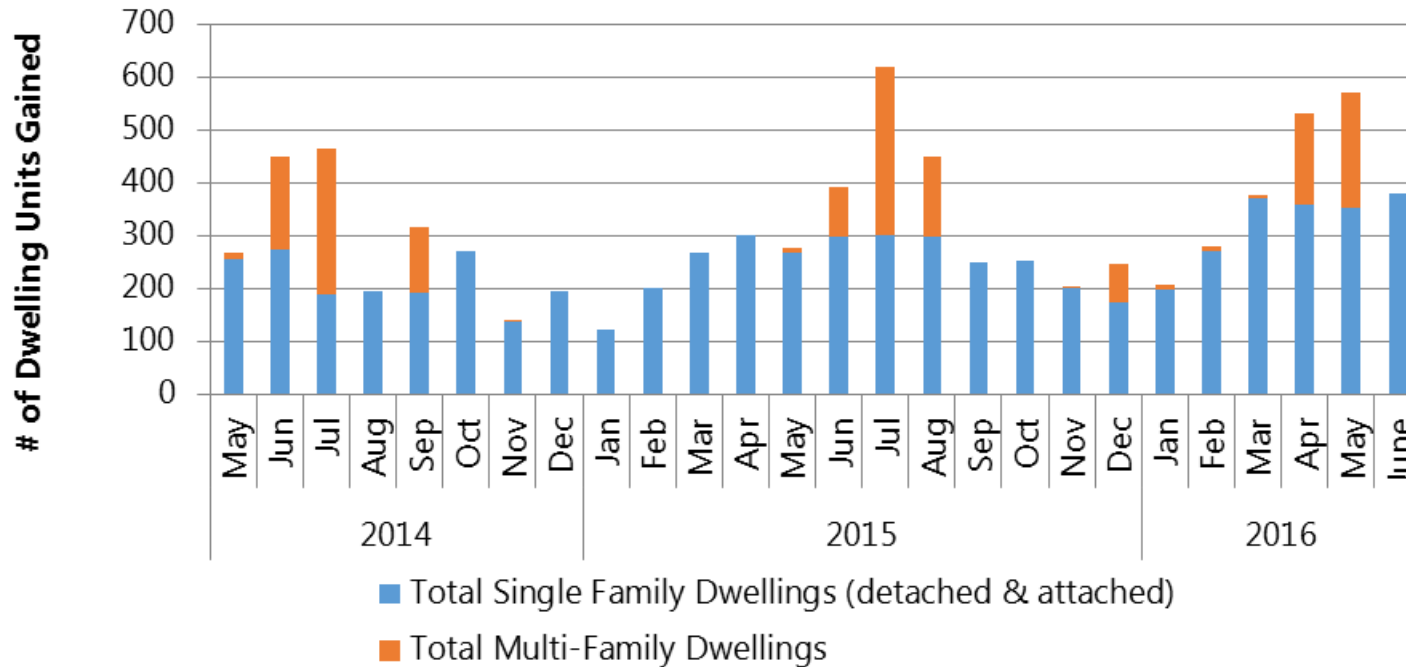
# Economic Indicators

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



# Economic Indicators

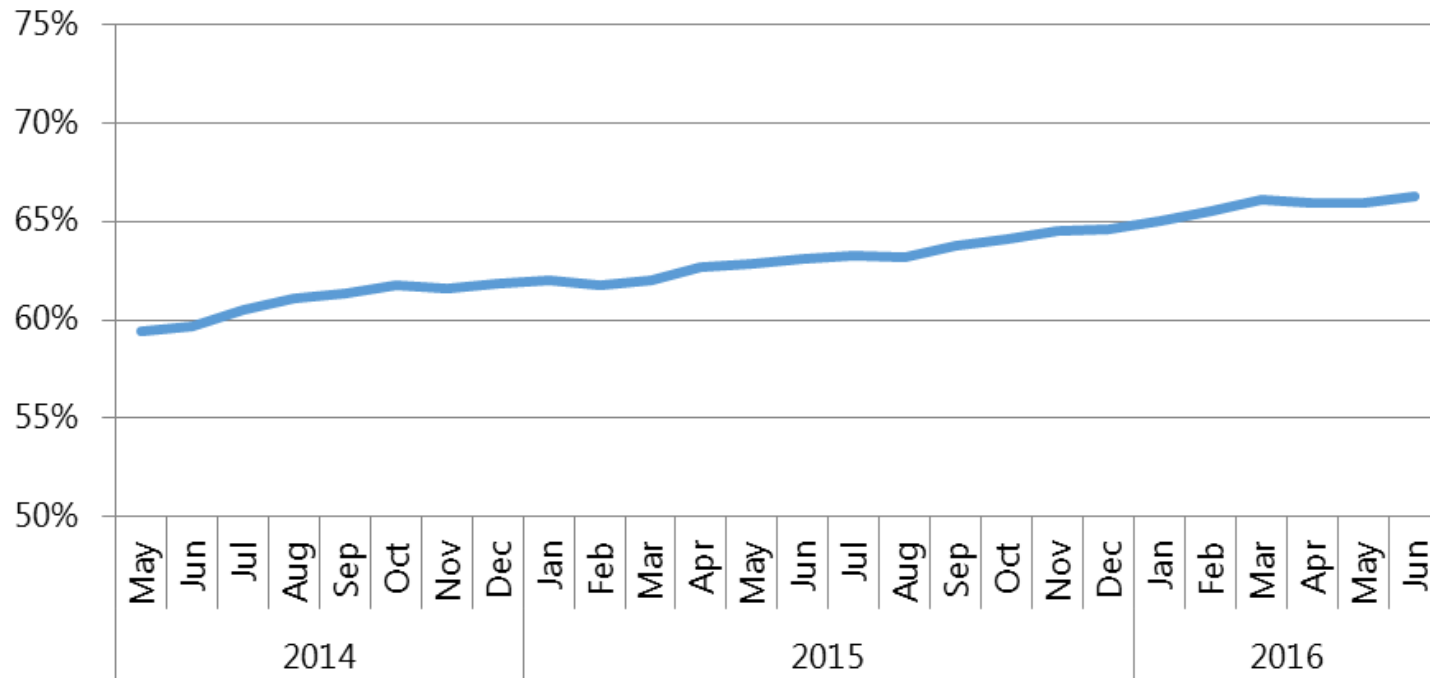
## Pikes Peak Region Residential Building Permits



# Economic Indicators



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



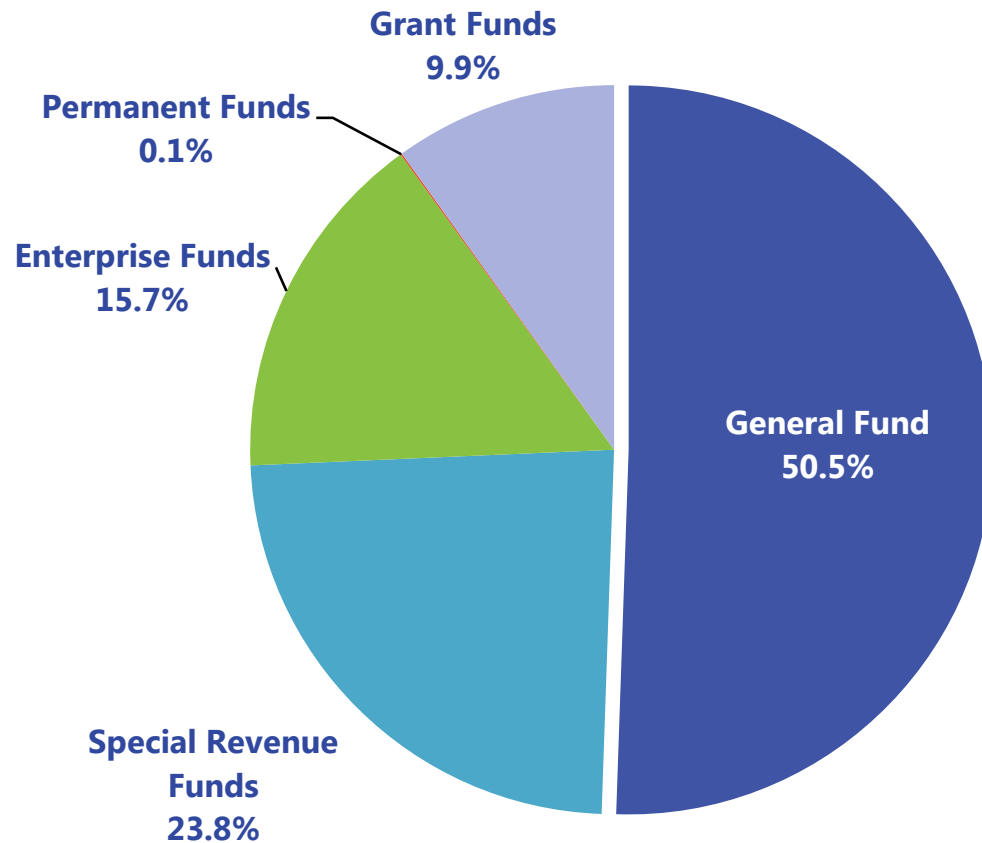
# 2017 Budget Outlook



# 2015 EOY General Fund Fund Balances

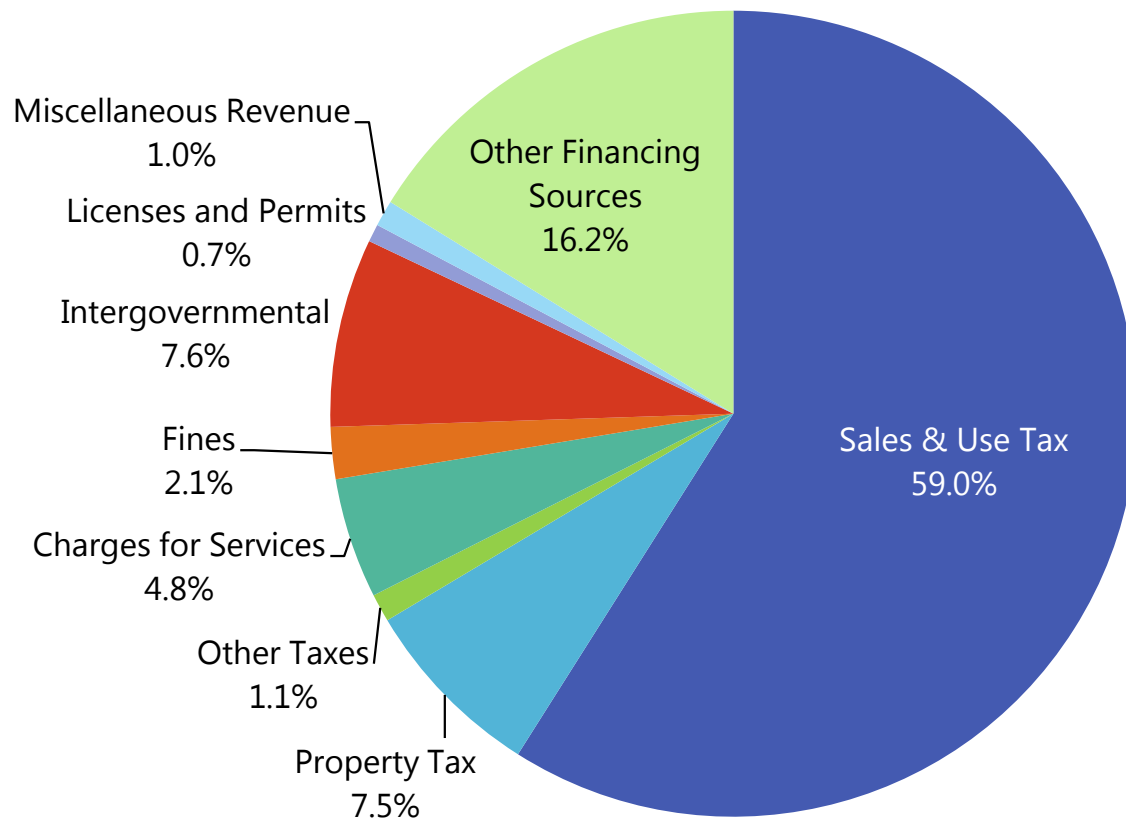
	<b>2015 EOY</b>	<b>% of Expenditures</b>	<b>Change to % of Expenditures from 2014</b>
<b>General Fund</b>			
Unrestricted	\$42.5M	16.3%	(0.6%)
Unassigned	\$32.7M	12.5%	(0.7%)

# City All Funds 2016 Budget





# General Fund Revenue Sources 2016 Budget



# 2017 General Fund Current Estimate of Revenue Changes

## Increases/(Decreases) from 2016 Budget

Sale of old street sweepers	(\$480,000)
Sales and use tax revenue*	4,500,000
Property tax revenue	879,468
BPPT – phase-out – final year	(753,959)
Fuel sales to other funds	(1,606,294)
Departmental revenue changes	(720,346)
Other non-departmental revenue changes	530,000
<b>Total</b>	<b>\$2,348,869</b>

\*Current sales tax forecast for 2017 is 2.9% over 2016 Budget, and 3.5% over the 2016 end-of-year estimate

# 2017 General Fund Current Expenditure Changes/Priorities

	<b>Increases/(Decreases) from 2016 Budget</b>
Remove 2016 one-time expenses	(\$526,982)
No SCIP debt service payment	(2,767,000)
Fuel	(1,710,374)
Current position salary savings (on net)	(1,043,212)
Increased closed sworn pension payments	2,157,501
Election	350,000
Station 22 staffing	900,000
Transit Maintenance of Effort Gap	577,000
Contracts (Fleet, Security, Facilities, other)	543,290
Utilities	217,400
Stormwater (\$14.2 GF + \$1.7M Grants = \$15.9M)	1,421,882
Pay for Performance	2,600,000
Other	127,500
<b>Total</b>	<b>\$2,847,005</b>

# Current 2017 General Fund Budget Gap

## Based upon Current Estimates

Revenue increase	\$2,348,869
Expenditure priorities	\$2,847,005
Surplus/(Gap)	(\$498,136)

# Other Issues

- Potential Benefit Cost Increase
  - Current RFPs for:
    - Medical network
    - Pharmacy
    - Wellness Program
- Maintenance of Efforts
  - PPRTA Transportation
  - Transportation dedicated funding
  - 2C
- Other department high-priority needs
- Fleet replacement

# Next Steps

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<b>Date</b>	<b>Item</b>
Oct. 3	2017 Budget released
Oct. 17-18	City Council 2017 Budget Work Sessions
Oct. 20	Public Hearing on 2017 Budget
Oct. 24	City Council Work Session – Introduction of Mill Levy Ordinance, Salary Structure Ordinance
Oct. 28	City Council Markup Session on 2017 Budget
Nov. 7	City Council Work Session – Introduction of 2017 Budget Ordinance
Nov. 8	City Council Regular Session – 1 <sup>st</sup> reading of 2017 Budget Ordinance
Nov. 22	City Council Regular Session – 2 <sup>nd</sup> reading of 2017 Budget Ordinance

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# Questions?