

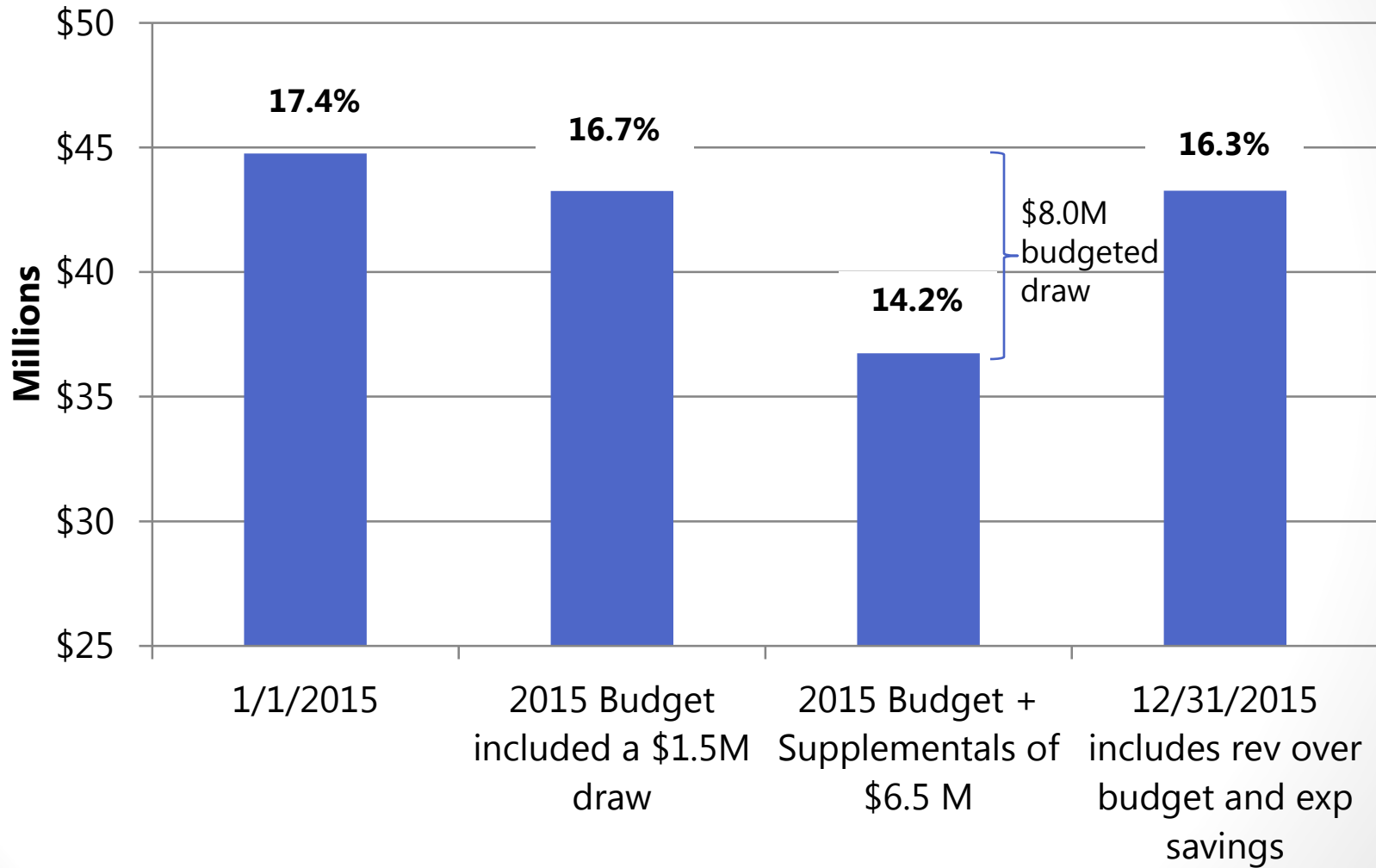
February 2016 Financial Update

(activity thru December 2015)

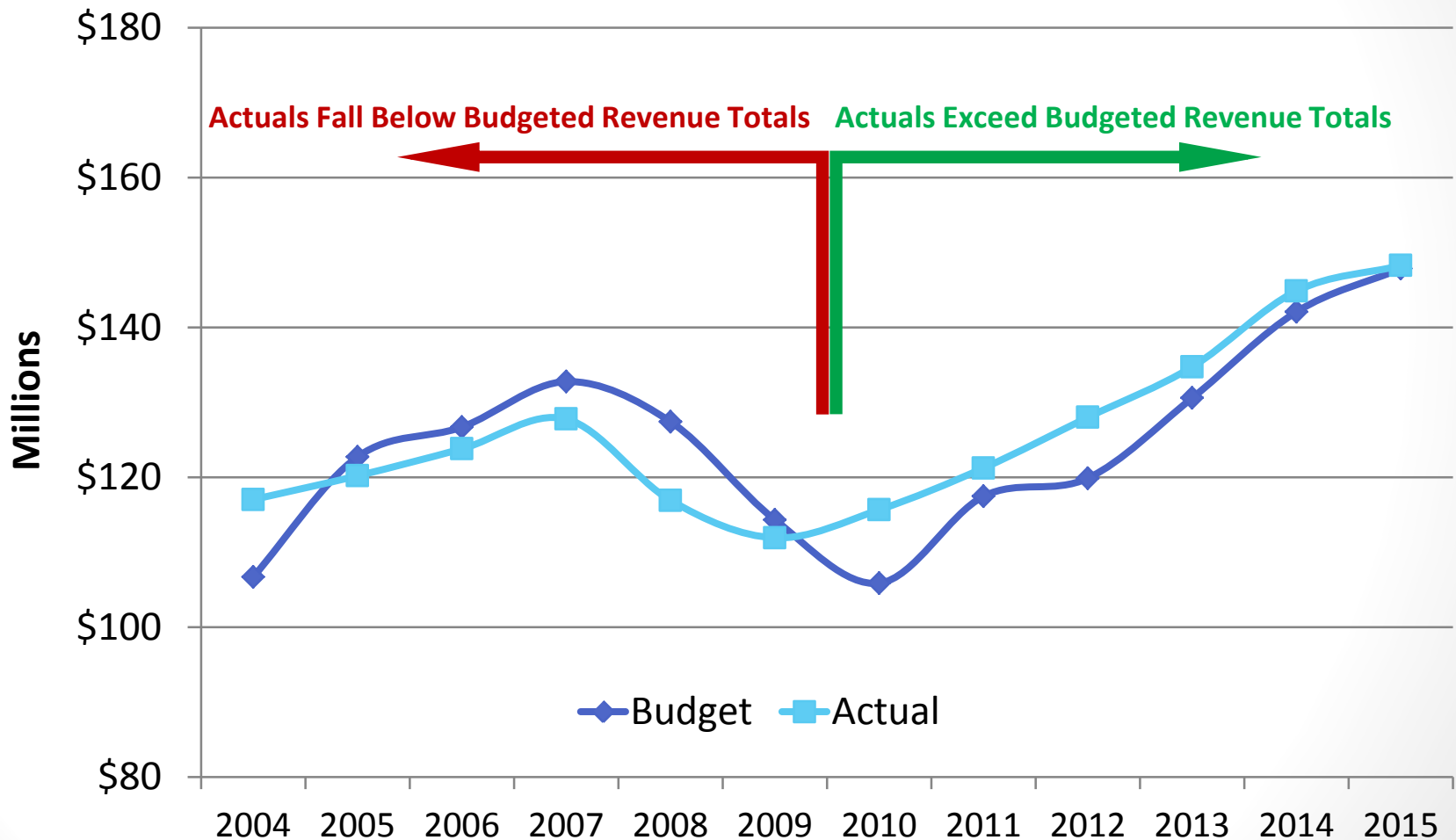
Kara Skinner
Chief Financial Officer

February 22, 2016

Fund Balance



History of Sales Tax Budget v Actual



2015 EOY Sales Tax Forecast

- Multiple forecast models used to generate Sales & Use Tax projection
 - Box-Jenkins time series
 - Consumer Sentiment
 - Bayesian time series
- 2015 Sales Tax Report excluded audit revenue
 - To reflect current economic activity trends
- Forecast models included audit revenue
 - To reflect total amount of revenue anticipated
- December activity lower than forecast
- Bayesian time series model output was flawed
 - Finance is currently investigating and evaluating this model
- Additional internal controls implemented

Sales Tax Trends

2.0% Sales and Use Tax:

- S&U combined – up 2.19% for the month and up 4.61% year-to-date
 - Sales tax – up 1.45% for the month and up 4.81% year-to-date
 - Use tax – up 15.78% for the month and up 1.42% year-to-date

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

- LART Combined – up 4.74% for the month and up 13.35% year-to-date
 - Lodger's Tax – up 8.12% for the month and up 14.54% year-to-date
 - Auto Rental Tax – down 14.77% for the month and up 2.80% year-to-date

Sales Tax Trends

2.5% sales tax collections by major industry

Industries with Largest Month over Month % Increase

Medical Marijuana	31.15%
Auto Repair and Leases	13.65%
Clothing Stores	10.82%

Industries with Largest Month over Month \$ Increase

Building Materials	\$120,319
Clothing Stores	\$101,201
Auto Repair and Leases	\$88,694

Industries with Largest Month over Month % Decrease

Business Services	(23.43%)
Commercial Machines	(18.32%)
Miscellaneous Retail	(7.69%)

Industries with Largest Month over Month \$ Decrease

Miscellaneous Retail	(\$219,718)
Business Services	(\$128,866)
Commercial Machines	(\$72,639)

Month over month describes January 2016 collections compared with January 2015 collections which are from December activity each year.

Sales Tax Trends

CATEGORY	\$ Change 2015 YTD compared to 2014 YTD	% Change 2015 YTD compared to 2014 YTD
AUTO DEALERS	1,247,928	7.82%
AUTO REPAIR, LEASES	753,675	10.42%
BUILDING MATERIALS	1,296,550	8.02%
BUSINESS SERVICES *	21,043	0.46%
CLOTHING	404,299	5.94%
COMMERCIAL MACHINES *	(2,307,014)	-37.28%
DEPARTMENT/DISCOUNT	137,186	0.76%
FURNITURE/APPLIANCES/ELECTRONICS	310,924	3.31%
GROCERY	843,922	15.48%
HOTEL/MOTEL	985,133	14.12%
MEDICAL MARIJUANA	426,792	28.63%
MISCELLANEOUS RETAIL	(462,881)	-2.09%
RESTAURANTS	1,513,764	6.96%
UTILITIES	(132,978)	-3.10%

* The most volatile categories

General Fund YTD Revenue

through Period 12 of 2015
100% of year transpired

Line #	Revenue	2015 Original Budget	2015 Actual Revenue YTD	% of Budget YTD	2015 Budget to Actual YTD
1	Sales & Use Tax	\$ 147,855,000	\$ 148,269,936	100%	\$ 414,936
2	Property Tax	19,811,225	19,491,558	98%	(319,667)
3	Other Taxes	3,047,406	3,005,385	99%	(42,021)
4	Charges for Service	12,278,048	13,444,136	109%	1,166,088
5	Fines	4,956,073	5,104,132	103%	148,059
6	Intergovernmental	20,887,930	21,341,195	102%	453,265
7	Licenses & Permits	1,842,389	2,112,769	115%	270,380
8	Miscellaneous	2,778,978	3,542,008	127%	763,030
9	Other Financing Sources	43,738,793	41,499,999	95%	(2,238,794)
10	Total	\$ 257,195,842	\$ 257,811,118	100%	\$ 615,276

Notes for Line #:

1. Discussed on previous slides.
6. Highway Users Tax Fund (HUTF) is the main reason the Intergovernmental category is above budget.
7. Medical marijuana license fee and development fees are the primary reasons for the Licenses & Permit category above budget.
8. Insurance reimbursement for the Fire truck and AMR liquidated damages are the primary reasons the Miscellaneous category is above budget.
9. Utilities Surplus revenue and Utilities reduction in fuel purchases are the primary reasons the Other Financing Sources category is 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 EOY Expenditures

through Period 12 of 2015
 100% of year transpired
 100% of year payroll complete

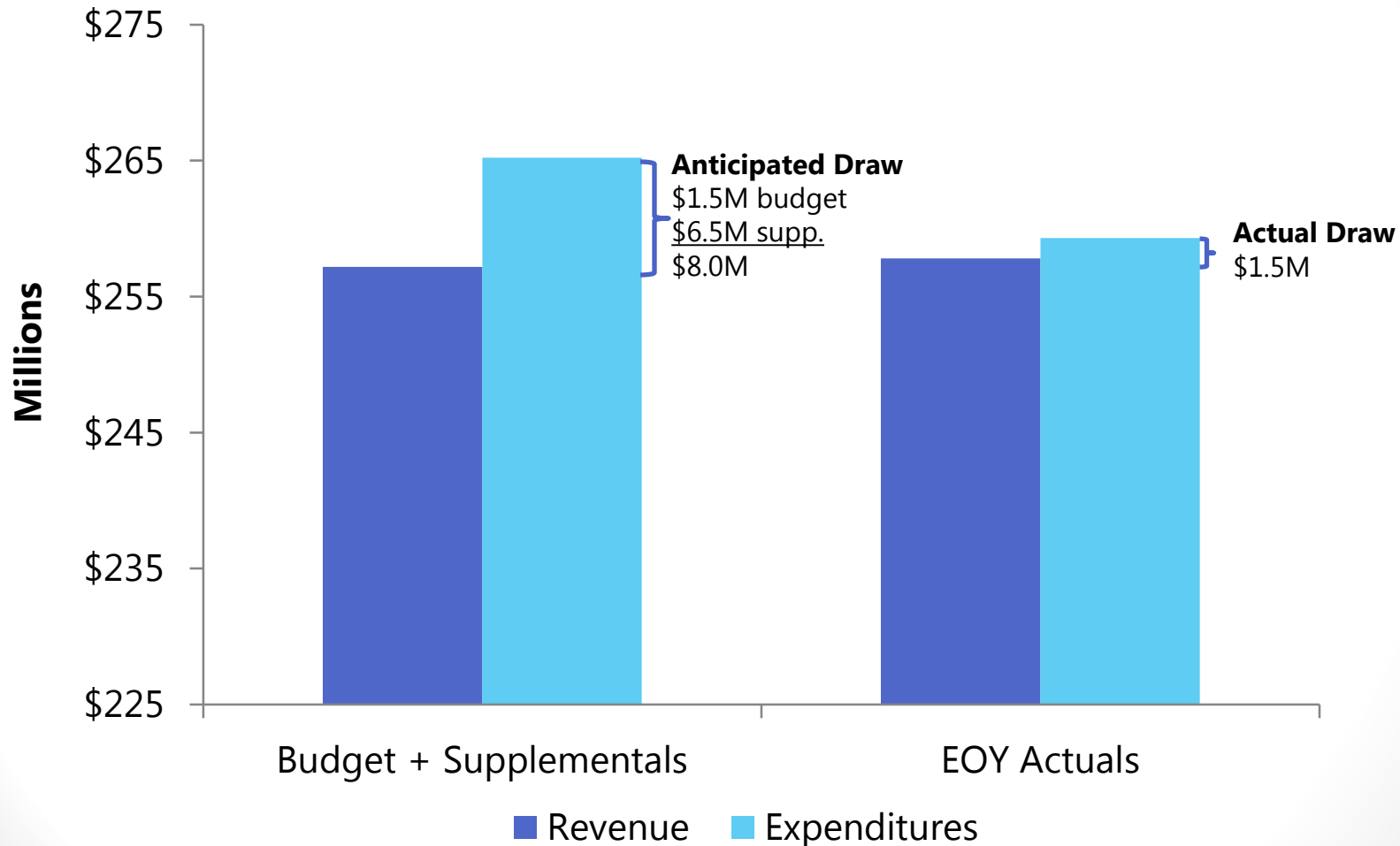
Line #	Department	2015 Original Budget	Operating Supplementals	2015 Amended Budget	EOY Estimate	EOY Est. as % of Amended Budget	EOY Estimate Over/(Under) Amended Budget
1	City Council	\$ 968,081	\$ -	\$ 968,081	\$ 861,460	89%	\$ (106,621)
2	City Auditor	1,372,807	0	1,372,807	1,328,835	97%	(43,972)
3	Parks, Recreation & Cultural Services	14,603,610	24,000	14,627,610	14,627,610	100%	0
4	Police	88,982,619	0	88,982,619	88,586,065	100%	(396,554)
5	Fire & OEM	47,688,981	657,964	48,346,945	47,659,680	99%	(687,265)
6	Public Works	22,286,035		22,286,035	21,154,502	95%	(1,131,533)
7	City Attorney, Municipal Court, City Clerk	8,951,294	170,000	9,121,294	8,688,118	95%	(433,176)
8	Information Technology	12,581,562	0	12,581,562	11,852,228	94%	(729,334)
9	Planning, Economic Development, Housing	2,773,055		2,773,055	2,447,639	88%	(325,416)
10	Finance, Contract Comp., Fleet, General Costs	55,401,034	458,385	55,859,419	55,421,742	99%	(437,677)
11	Mayor, Communications, Human Resources	3,086,764	0	3,086,764	2,664,547	86%	(422,217)
	Total	\$ 258,695,842	\$ 1,310,349	\$ 260,006,191	\$ 255,292,426	98%	\$ (4,713,765)

General Fund EOY Expenditures – Projects

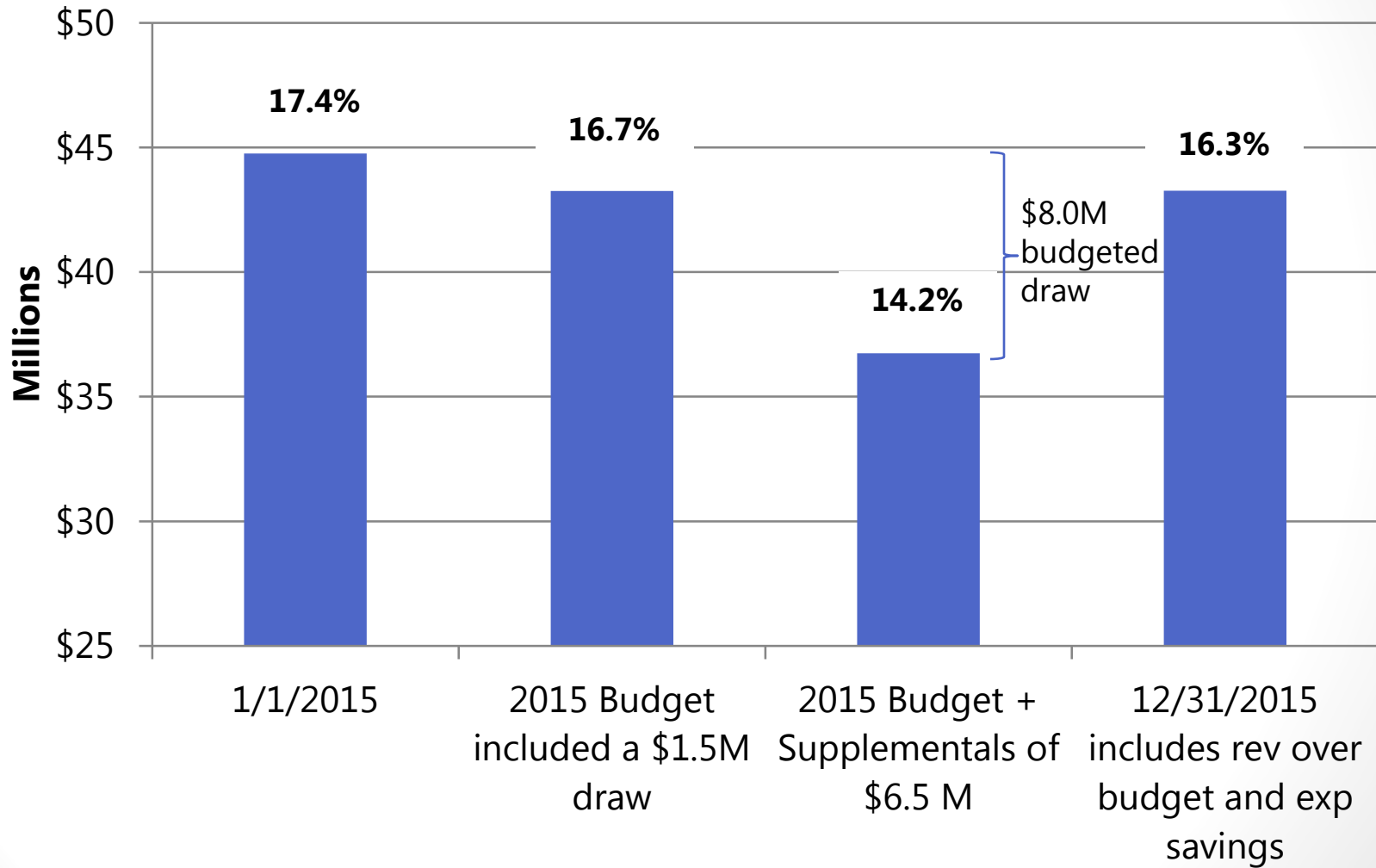
through Period 12 of 2015
100% of year transpired

Project	Project Supplementals	Expenditures	EOY Estimate Over/(Under) Supplementals
General Fund Projects	5,203,251	4,011,595	(1,191,656)

GF Budget to Actual Revenue v. Expenditures



Fund Balance



2016 Sales Tax Budget

- Positive influences on 2016 Sales Tax collections
 - Expect audit revenue increases over 2015
 - Use tax collection changes
 - Amazon collections
- Typical trend for expenditure is ~1–2% under budget
 - ~\$2.6 - \$5.2 million
- Executive Branch will be fiscally prudent
 - Carefully manage operating budgets

Other Funds YTD

through Period 12 of 2015
 100% of year transpired
 100% 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	\$12,479,479	71%	\$16,972,651	\$13,197,024	78%	(\$717,545)
2	Conservation Trust Fund	\$4,420,000	\$4,217,669	95%	\$4,768,088	\$4,635,445	97%	(\$417,776)
3	Health Insurance Fund	\$33,980,995	\$25,862,151	76%	\$33,980,995	\$25,149,684	74%	\$712,467
4	Public Safety Sales Tax Fund	\$29,652,000	\$26,964,032	91%	\$28,537,029	\$26,472,952	93%	\$491,080
5	Trails Open Space Parks Fund	\$7,335,000	\$6,847,384	93%	\$8,605,864	\$8,879,564	103%	(\$2,032,180)
6	Workers' Compensation Fund	\$8,000,000	\$6,978,034	87%	\$8,000,000	\$7,967,492	100%	(\$989,458)

Notes for Line #:

1. Airport is under revenue and expenditures – accounting entries still processing.
2. CTF expenditures are over revenue due to a budgeted a draw from the fund balance of \$348,088 and spending down of capital project funds.
4. & 5. Final month of sales tax collections not yet booked.
4. PSST revenue is over expenditures due to a budgeted contribution to fund balance.
5. TOPS expenditures are over revenue due to a budgeted draw from the fund balance of \$1,270,864 and spending down of capital project funds.
6. Workers' Compensation expenses are over revenue due to actual claim and settlement costs for both the City and CSU being higher than anticipated for 2015.

Questions