

2016 Yearend

July 10, 2017

Charae McDaniel

Acting Budget Director



- Government-wide financial statements
 - Total net position \$3.1 billion
 - Total net position increased by \$143.4 million or 4.9%
 - Governmental activities net position increased \$7.3 million or 0.6%
 - Business type activities net position increased \$136.1 million or 7.8%
 - Current year activity

2016 MD&A Highlights



- **Governmental funds**
 - Combined ending fund balances \$152.3 million
 - Increased \$34.4 million
 - Proceeds for Sand Creek Sub-station
 - Fund balance in 2C-Road Maintenance fund

2016 GF Summary



	2016 Final Budget	2016 Actual	Over/(Under) Budget
Revenue			
2016 Sub-total	\$ 280,450,504	\$ 286,307,688	\$ 5,857,184
Adj. to reflect accounting change in sales tax collected on behalf of another gov't		(5,305,000)	(5,305,000)
2016 Revenue	\$280,450,504	\$281,002,688	\$ 552,184
Expenses			
2016 Sub-total	\$ 277,636,371	\$ 262,349,433	\$ (15,286,938)
Sand Creek Project Supplemental	13,690,000	87,870	(13,602,130)
2016 Expenses	\$291,326,371	\$262,437,303	\$(28,889,068)
2016 Actual Revenue over Expenses		\$ 18,565,385	

2016 GF Fund Balance



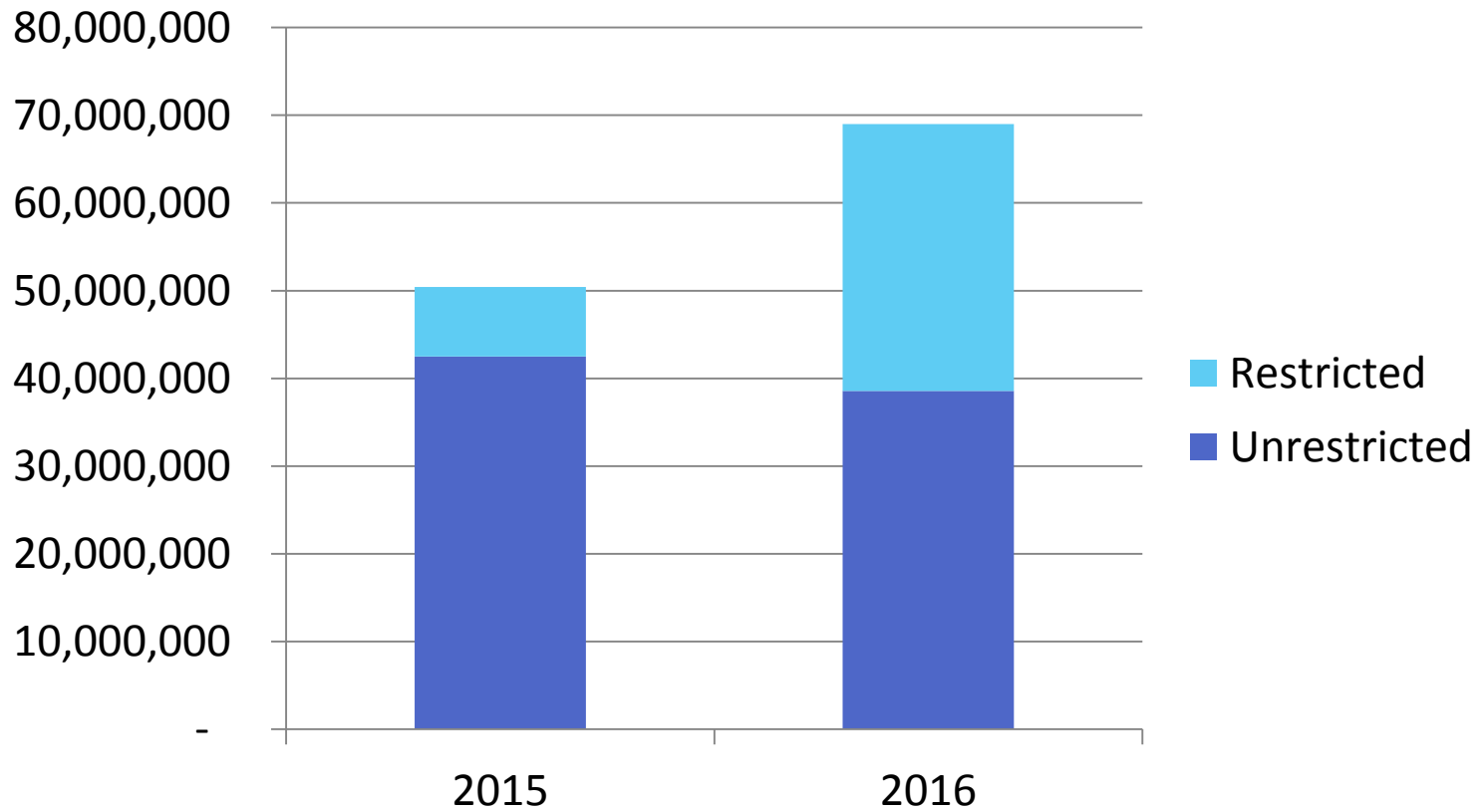
Change in GF Total Fund Balance

Description	Amount
2015 total fund balance	\$ 50,417,075
2016 revenue over expenditures	18,565,385
2016 total fund balance	\$ 68,982,460

2016 GF Fund Balance



Change in GF Fund Balance – by category



2016 GF Fund Balance



Change in GF Restricted Fund Balance

Description	Amount
2015 Restricted fund balance	\$ 7,929,762
Sand Creek Project	13,602,130
TABOR excess revenue	8,638,264
Non-spendable change plus TABOR reserve increase	244,842
2016 Restricted fund balance	\$30,414,998
Change in Restricted fund balance	\$ 22,485,236

2016 GF Fund Balance



Change in GF Unrestricted Fund Balance

Description	Amount
2015 unrestricted fund balance	\$ 42,487,313
2016 revenue over expenditures (adds to unrestricted)	18,565,385
Increase in restricted fund balance (reduces unrestricted)	(22,485,282)
2016 unrestricted fund balance	\$ 38,567,416
Change in unrestricted fund balance	\$ (3,919,897)
Unrestricted fund balance as % of next years budget	14.1%

July 2017 Financial Update

(activity thru May 2017)

July 10, 2017

Charae McDaniel

Acting Budget Director



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



(activity thru May 2017)

Trending above/(below) budget

Revenue Type	Potential Variance		
Sales Tax Revenue	\$8,500,000	to	\$9,000,000
Property Tax	0	to	0
Charges for Services	953,000	to	1,002,000
Fines	(1,641,000)	to	(1,725,000)
Intergovernmental	(12,000)	to	(12,000)
Licenses and Permits	835,000	to	878,000
Other Taxes and Misc.	(2,009,000)	to	(2,112,000)
Total	\$6,626,000	to	\$7,031,000

Summary – total GF revenue trending ~\$6.6M (2.8%) to ~7.0M (3.0%) above budget

General Fund Expenditures



(activity thru May 2017)

Department	Current Budget*	YTD Actuals	% of Budget YTD
City Council	\$ 995,888	\$ 534,935	54%
City Auditor	\$ 1,482,990	\$ 577,273	39%
Parks, Recreation & Cultural Services	\$ 12,362,752	\$ 5,022,567	41%
Police	\$ 91,304,852	\$ 35,655,236	39%
Fire & OEM	\$ 51,096,017	\$ 21,234,605	42%
Public Works	\$ 31,729,702	\$ 12,994,264	41%
City Attorney, Municipal Court, City Clerk	\$ 9,688,688	\$ 3,715,358	38%
Information Technology	\$ 14,392,634	\$ 6,699,709	47%
Planning and Development	\$ 3,895,350	\$ 1,321,985	34%
Finance, Economic Development, General Costs	\$ 55,250,976	\$ 30,388,069	55%
Mayor, Communications, HR	\$ 3,413,670	\$ 1,227,595	36%
Total	\$ 275,613,519	\$ 119,371,598	43%

*Includes all amendments and encumbrances incurred during 2017

Thru May:

% of Payroll expended: 38.31%

% of year elapsed: 41.67%

General Fund Expenditures



(activity thru May 2017)

Department	<u>Trending above/(below) budget</u>			
	Potential Variance			
City Council	\$	(20,685)	to	\$ -
City Auditor	\$	-	to	\$ 6,892
Parks, Recreation & Cultural Services	\$	(51,877)	to	\$ (24,944)
Police	\$	-	to	\$ -
Fire & OEM	\$	-	to	\$ 20,712
Public Works	\$	(213,655)	to	\$ -
City Attorney, Municipal Court, City Clerk	\$	(109,260)	to	\$ (41,537)
Information Technology	\$	-	to	\$ -
Planning and Development	\$	(180,187)	to	\$ (129,468)
Finance, Economic Development, General Costs	\$	(24,543)	to	\$ -
Mayor, Communications, HR	\$	(86,332)	to	\$ (75,152)
Total	\$	(686,540)	to	\$ (243,497)

Summary – total GF expenditures between ~\$700K (0.30%) to ~250k (0.10%) under budget

(collections thru May 2017)

2.0% Sales and Use Tax:

- S&U combined – up 8.18% for the month and up 11.26% year-to-date
 - Sales tax – up 7.12% for the month and up 11.57% year-to-date
 - Use tax – up 28.44% for the month and up 6.39% year-to-date

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

- LART Combined – up 22.04% for the month and up 20.44% year-to-date
 - Lodger's Tax – up 23.69% for the month and up 22.48% year-to-date
 - Auto Rental Tax - up 4.80% for the month and up 4.35% year-to-date

0.62% Road Tax:

- \$4,044,200
 - Forecast collections for 2017 = \$55M

Sales Tax Trends



(collections thru May 2017)

Industries with Largest Month over Month % Increase

Hotel/Motel	28.71%
Building Materials	20.99%
Grocery Stores	17.18%

Industries with Largest Month over Month \$ Increase

Building Materials	\$266,394
Hotel/Motel	\$151,873
Restaurants	\$98,007

Industries with Largest Month over Month % Decrease

Business Services	(17.99%)
Auto Dealer	(4.63%)
Department and Discount	(0.86%)

Industries with Largest Month over Month \$ Decrease

Business Services	(\$55,509)
Auto Dealer	(\$50,454)
Department and Discount	(\$8,648)

Sales Tax Trends



(collections thru May 2017)

Category	\$ Change 2017 YTD compared to 2016 YTD	% Change 2017 YTD compared to 2016 YTD
Auto Dealers	296,258	7.1%
Auto Repair, Leases	202,497	10.1%
Building Materials	1,498,849	36.4%
Business Services *	60,268	5.7%
Clothing	138,522	8.2%
Commercial Machines *	94,608	10.4%
Department/Discount	(213,520)	(5.2%)
Furniture/Appliances/Electronics	97,053	4.0%
Grocery	297,958	16.8%
Hotel/Motel	410,759	25.8%
Medical Marijuana	78,519	25.8%
Miscellaneous Retail	677,143	13.0%
Restaurants	588,034	9.9%
Utilities	135,246	12.7%

*The most volatile categories

2017 Grant Funds Update



(activity thru May 2017)

2017 Grants Appropriation	\$42,039,733	TABOR Impact
Grants Awarded:		
Federal	\$16,076	No
Federal Pass-Through	9,499,044	No
Other	1,064,000	No
State of Colorado	5,180,118	Yes
Private	108,392	No
<i>Total Grants Awarded</i>	\$15,867,630	
Remaining Appropriation as of May 31, 2017	\$26,172,103	

2017 Grant Funds Update



(activity thru May 2017)

Recipient Unit	2017 Appropriation	2017 Grant Awards through 05/31/17	Variance (Awards less Appropriation)
Airport	\$13,222,222	\$0	\$(13,222,222)
City Engineering	5,781,167	2,861,253	(2,919,914)
Community Development	4,127,113	0	(4,127,113)
Finance	0	302,341	302,341
Fire	1,625,000	709,892	(915,108)
Office of Emergency Management	610,450	0	(610,450)
Parks, Recreation, and Cultural Services	865,000	473,576	(391,424)
Planning and Development	0	5,000	5,000
Police	1,936,520	5,433	(1,931,087)
Traffic Engineering	1,333,715	5,195,432	3,861,717
Transit	10,838,546	2,016,524	(8,822,022)
Water Resources Engineering	1,700,000	4,298,179	2,598,179
Grand Total	\$42,039,733	\$15,867,630	\$(26,172,103)

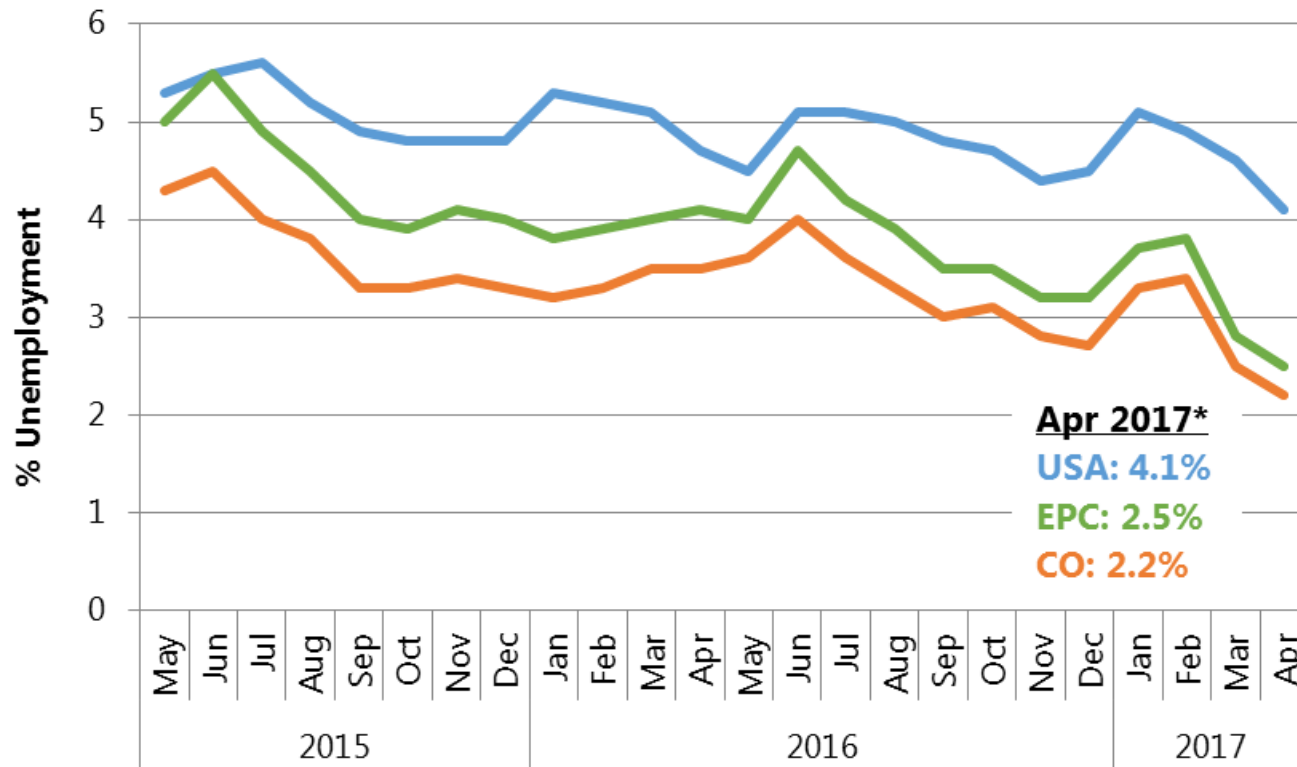
Economic Indicators



(activity thru April 2017*)



Unemployment Rate

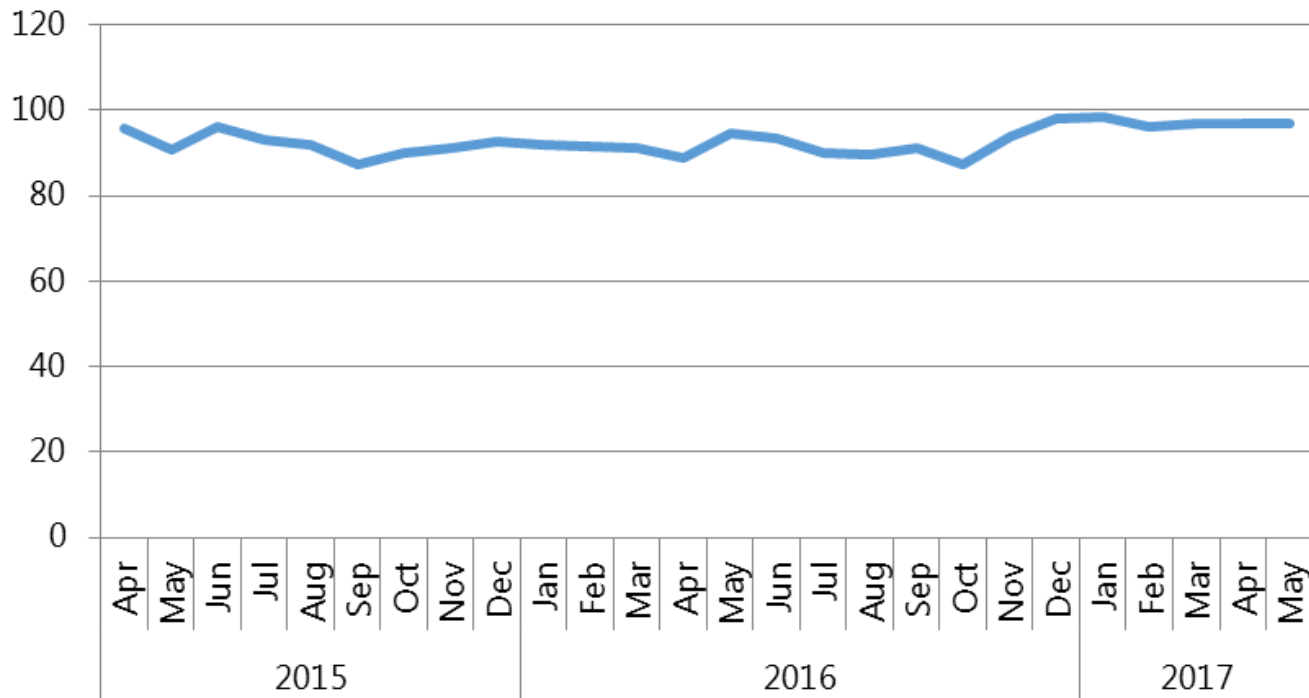


*Lag due to Bureau of Labor Statistics data collection and reporting.

(activity thru May 2017)



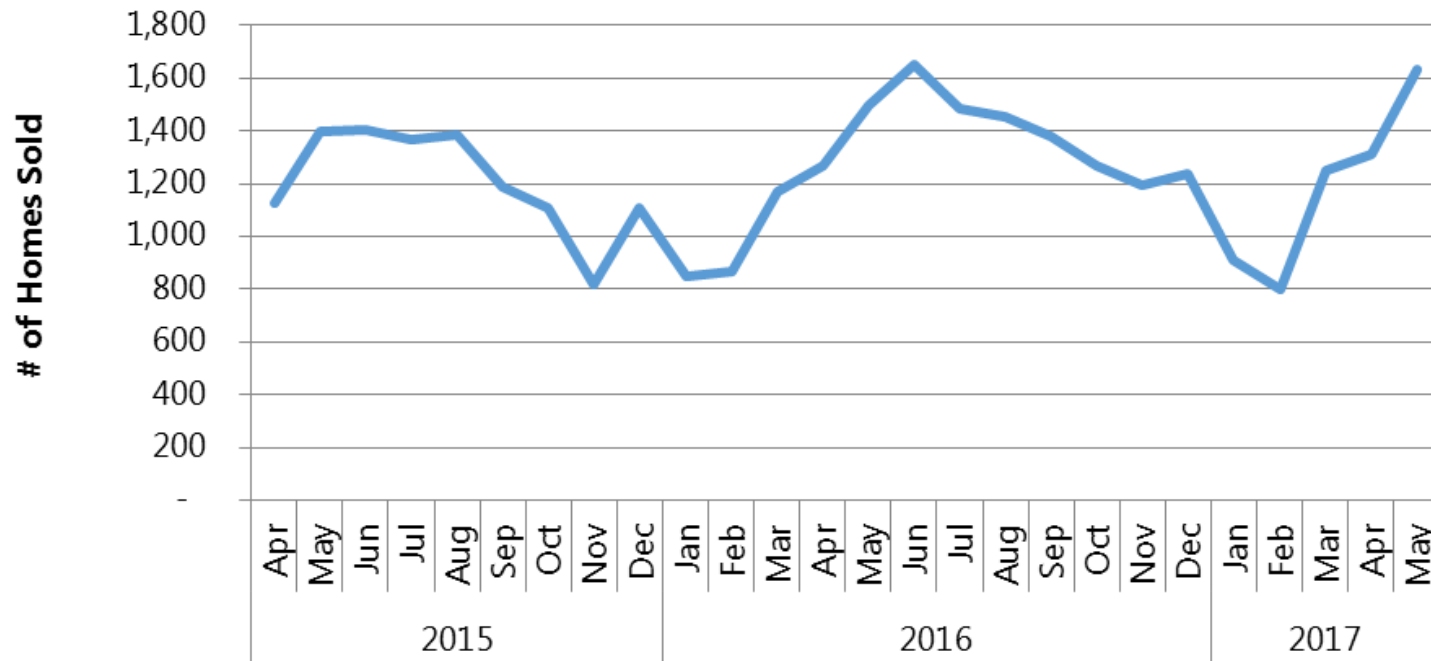
Index of Consumer Sentiment



(activity thru May 2017)



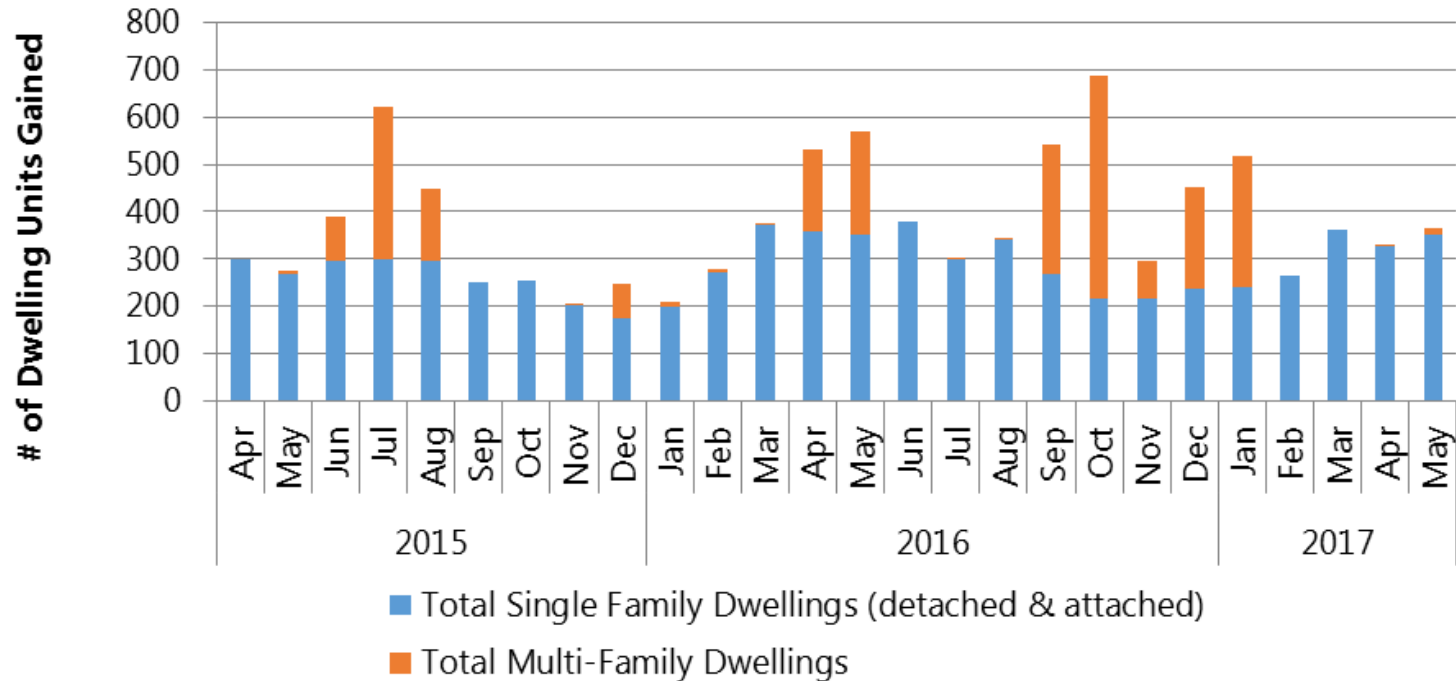
Pikes Peak Region Home Sales Single Family/Patio Homes



(activity thru May 2017)



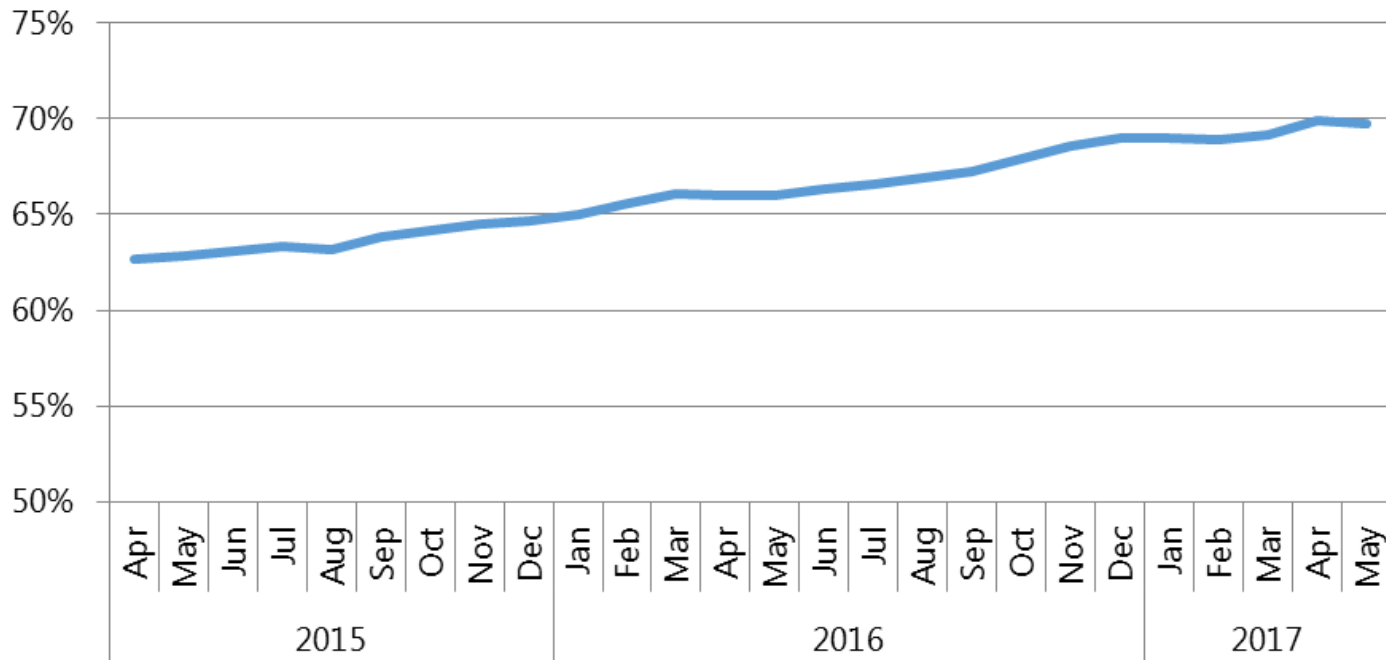
Pikes Peak Region Residential Building Permits



(activity thru May 2017)



Colorado Springs Hotel Occupancy Rate (12 Month Moving Average)



2018 Budget Outlook

July 10, 2017

Charae McDaniel

Acting Budget Director



2018 Estimate of Revenue



- Sales and Use Tax
 - Increase of \$14.7 million or 9.1% from 2017 Original Budget
 - Increase of \$6.0 million or 3.5% from current 2017 EOY estimate

	2017 Budget	2017 EOY Estimate	2018 Budget Outlook	Budget to Budget
	\$162,285,368	\$171,035,368	\$177,000,000	-
\$ change		\$8,750,000	\$5,964,632	\$14,715,000
% change		5.4%	3.5%	9.1%

2018 Estimate of Revenue



Increases/(Decreases) from 2017 Budget

Sales Tax	14,715,000
Property and Other Tax revenue	800,000
Charges for Service, Fines, Other	(1,000,000)
Total	\$14,515,000

Expenditure Priorities

- Employee compensation \$12.8 M
- Police Sworn staffing 10.0 M
- Stormwater IGA 2.9 M
- Changes to current actual positions 2.0 M
- Facilities maintenance 1.6 M
- Fleet replacement strategy 1.5 M
- Cimarron landscaping 1.5 M

2018 Budget Priorities



Expenditure Priorities (cont.)

- Contractual increases 2.0 M
- Parks 0.9 M
- Medical plan changes 0.9 M
- Worker's Compensation 0.8 M
- Claims Reserve 0.6 M
- Minimum wage increases ?

Total Impact

\$38.5 + M

Other Potential Impacts to Budget



- Stormwater solution \$14.3 M
- Cable Franchise 2.0 M
- Utilities Surplus formula change ?
- Photo red ?
- Water discount ?
- EPA litigation ?
- Other departmental high-priority needs ?

2018 Budget Summary



• Current estimate revenue increase	\$14.5 M
• Budget Priorities	(38.5 + M)
• Other Potential Impacts to Budget	16.3 + M
Net impact (gap)	\$(7.6 + M)

2018 Budget Balancing Strategies



- Sales Tax
 - Every 1% increase = ~\$1.7 M
 - Currently predicting 3.5% increase over EOY est.
= ~\$6.0 million increase for 2018
- Reduce amount dedicated to Budget Priorities
 - Scale as needed

Next Steps



Date	Item
Oct. 2	2018 Budget released
Oct. 16	City Council 2018 Budget Work Session
Oct. 19	Public Hearing on 2018 Budget
Oct. 23	City Council Work Session – Introduction of Mill Levy Ordinance, Salary Structure Ordinance
Oct. 27	City Council Markup Session on 2018 Budget
Nov. 13	City Council Work Session – Introduction of 2018 Budget Ordinance
Nov. 14	City Council Regular Session – 1 st reading of 2018 Budget Ordinance
Nov. 28	City Council Regular Session – 2 nd reading of 2018 Budget Ordinance

Questions?