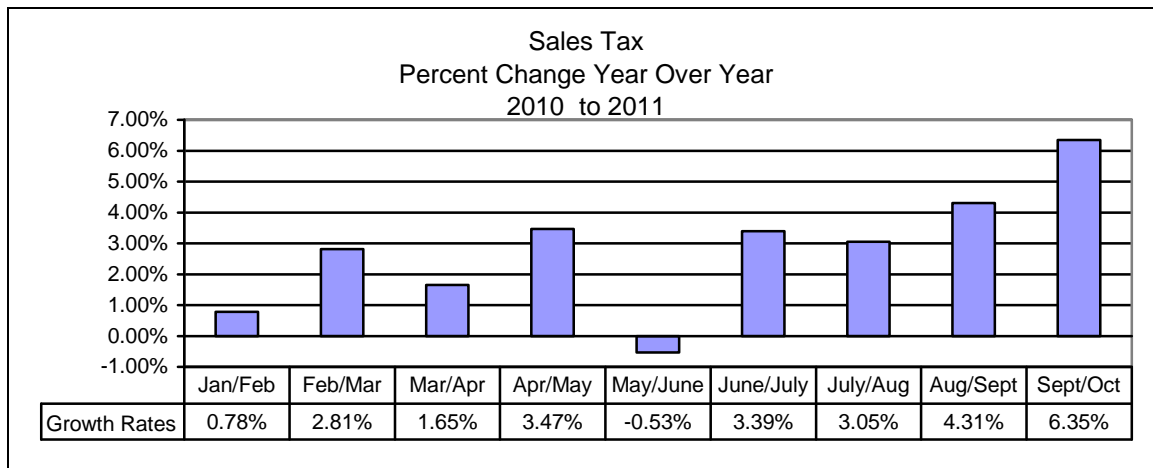


September 2011 Sales Taxes/Received in October

OVERVIEW

Sales Tax Receipts.

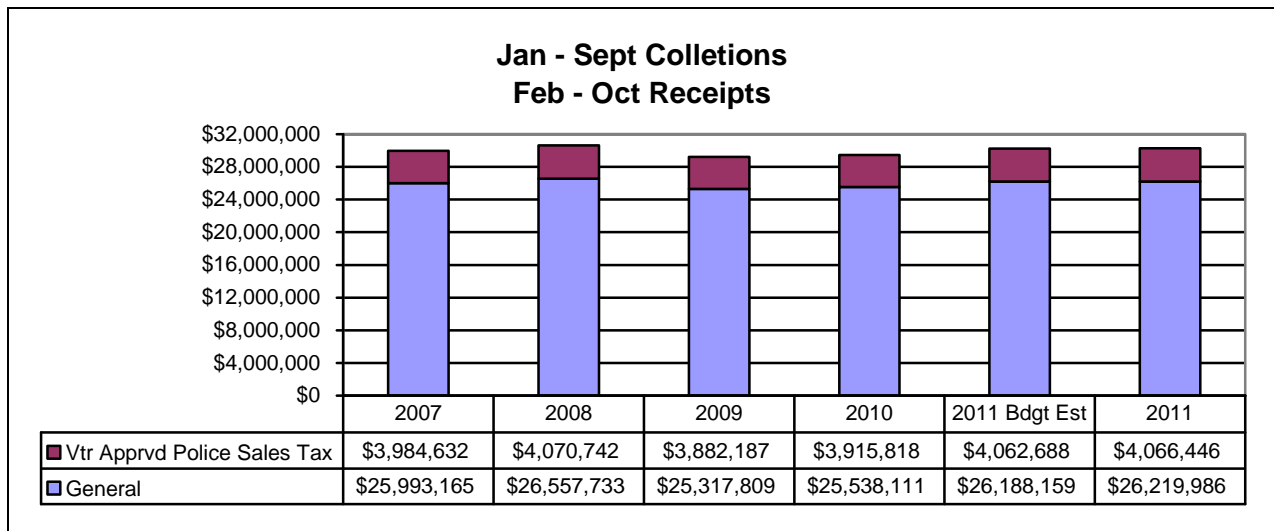
October receipts were 6.35 percent higher than the same month in 2010. For the year, the total collections are now 2.83 percent higher than through October, 2010. We had originally estimated a 3 percent increase for the year. We now believe, with the trends in some of the categories, we can easily attain our original estimate.



Use Taxes.

Combined general, auto and building use taxes are 8.8 percent higher than the same period last year – or \$547,765. We have generated 88.21 percent of our total budget to date: \$6.780 million collected against a total budget of \$7.685 million. We have already exceeded our expectations in building use. In general and auto, we do expect to meet our expectations. The detail of the three use taxes is provided in a later section.

SALES TAX



As illustrated in the above information, the October receipts are now higher than both last year at this time and we are exceeding our expectations by a small amount. The receipts for November and December, due to holiday spending, are always the highest months of collections. Thus, projecting to the end of the year, assuming a 3 to 4 percent increase on each month, we will generate somewhere between \$300,000 and \$450,000 more in sales tax revenue than our total budget of \$41.182 million. These dollars will be, of course, allocated to the three different

funds, but this translates somewhere between \$300,000 and \$430,000 for the General Fund, with the balance allocated to the voter-approved Police Sales Tax Funds (also known as the Police Tax Increment Funds).

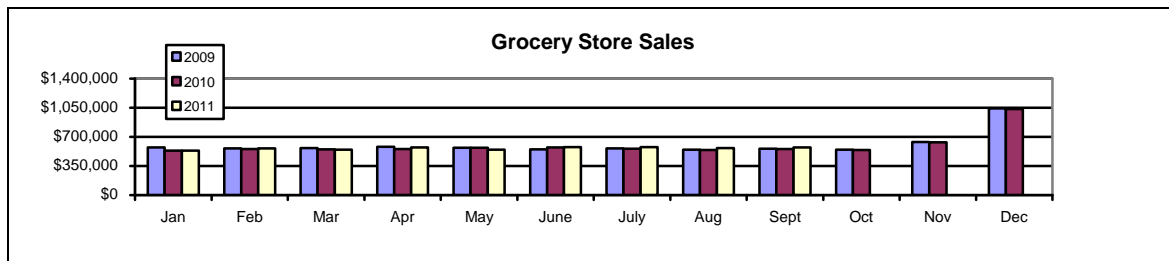
Types of Businesses

Types of Businesses	Jan – Aug 2010 Sales Tax	Jan – Aug 2011 Sales Tax	% Change
Clothing Stores	\$ 740,686	\$ 765,672	3.37%
Restaurants/Fast Food/Fast Casual	3,288,480	3,403,654	3.50%
General Department	5,326,754	5,599,948	5.13%
Grocery/Health	5,123,009	5,188,569	1.28%
Utilities/Telephone Equipment	4,905,452	4,821,878	-1.70%
Retail Hardware	2,266,578	2,173,732	-4.10%
Auto Care	1,242,764	1,292,259	3.98%
Drug Stores	278,901	299,009	7.21%
All Others	6,301,424	6,752,499	7.16%
Total	\$29,474,048	\$30,297,220	2.79%

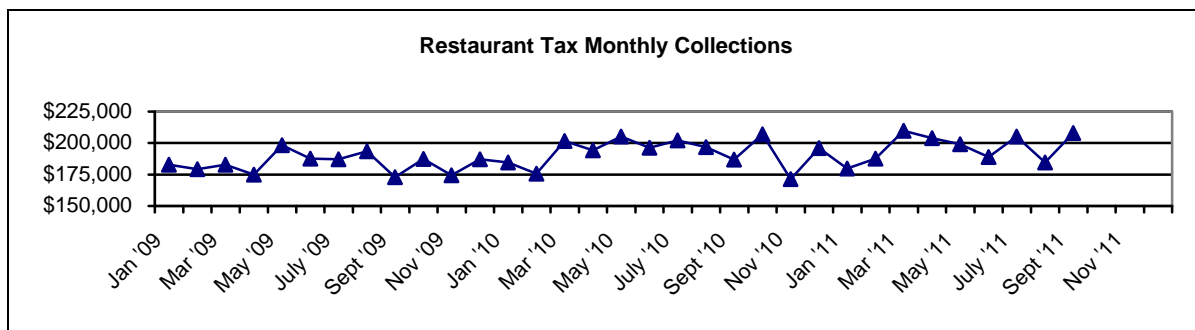
The above table includes rebates and late fees; thus, the total tax collections.

Special analysis.

Grocery store receipts are now 1.23 percent higher in 2011 over 2010. This is a growing number. For the month they are 3.47 percent higher than the same period last year.



Restaurants were 11.21 percent higher in September 2011 than September 2010. For the year, the difference is only 1.84 percent higher. This, again, may be due to people purchasing from fast casual businesses instead of actual restaurants.



Information by Location

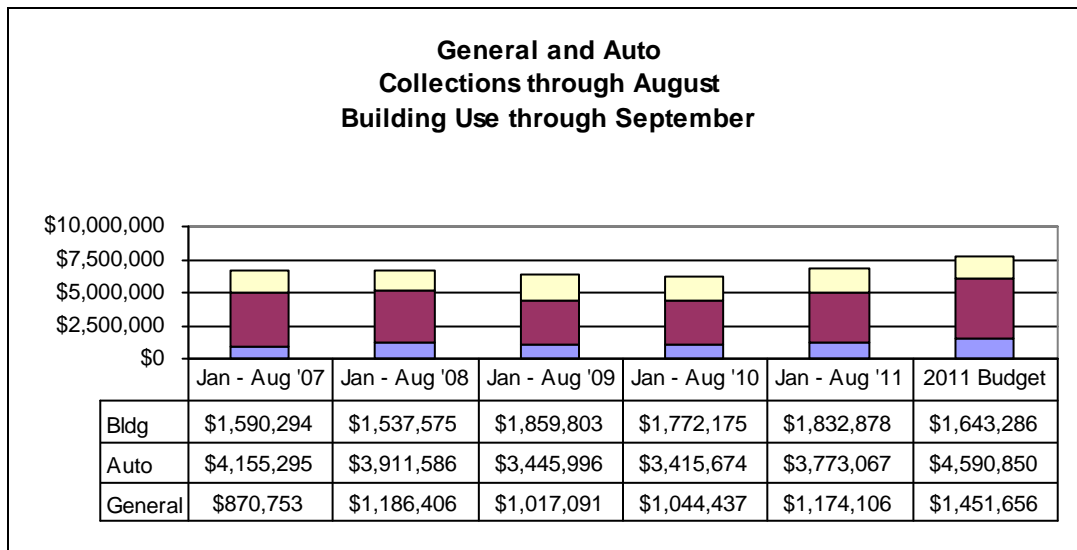
Our City’s retail areas are generally grocery store-based. The following illustrates changes by the areas. The first area, 80th/Sheridan and Wadsworth, is one of the areas with the most construction. This shows the impact of construction on retail patterns. It is not just food that has been impacted. There are numerous other establishments experiencing lower sales due to the construction. It should be completed prior to the holiday shopping period.

We are illustrating the change at 88th and Wadsworth. We do not have information from 2009 on this area.

Location	Jan – Sept ‘09	Jan – Sept ‘10	Jan – Sept ‘11	2010 – 2011 % Change	2010 – 2011 \$ Change
80 th /Sheridan/Wadsworth	\$3,570,325	\$3,517,233	\$3,424,262	-2.16%	-92,971
64 th /East side Sheridan/Wadsworth	\$1,201,028	\$1,146,897	\$1,189,503	3.71%	42,606
88 th /Wadsworth	N/A	\$539,140	\$654,494	21.40%	115,354
64 th /Westside Ward/Indiana/McIntyre	\$3,325,924	\$3,304,898	\$3,467,089	4.90%	162,191
City Center/Olde Town	\$8,703,649	8,869,811	\$9,027,367	1.78%	157,556

USE TAXES

The following graph illustrates the Use Tax collections for the same time period over the past five years.



As illustrated, we have exceeded collections in each of these use tax areas.

Building use tax is a tax that is collected here in the City and we have in October collected 10 months’ of receipts. Building use receipts have now exceeded budget by \$189,592 or 11.53 percent. This is primarily due to the fact that we permitted two significant multi-family projects in September.

Auto Use tax is now 10.46 percent higher than the past year. We have collected 82.19 percent of our budget of \$4.590 million. We have been assuming that we will exceed our original estimate by as much as \$500,000 to a low of \$375,000. This tax lags by one month as do the sales and use taxes.

General Use tax collections reflect a 12.42 percent increase over the same period in 2010. We have collected 81 percent of our budgeted estimates. This is a difficult revenue source to estimate. We usually collect more than our budget, and at this point, we assume this will be true in 2011.

SUMMARY

In the General Fund these two sources of revenue – sales and use tax – comprise 56 percent of our budgeted expenditures. We have developed different growth assumptions for the next three months of sales tax collections. We will meet or exceed our revenue estimates in all four of these revenue sources. Given the first six months' of sales tax collections, this is relatively exciting. We certainly see a better economy than we have over the past 24 months.

We are beginning to see growth in our grocery stores. We always see an increase with the holiday sales. This year we are expecting an increase due to the expansion of the King Soopers at 80th and Wadsworth. National projections for the holiday sales are 3.3 percent. If we can hold that increase in November and December and also have “normal” winter use in utilities, we should exceed our sales tax projections. We were not seeing this in the first quarter. It appears many consumers have found their new level of spending and priorities.

Please feel free to call with any additional questions.

Victoria A. Runkle
Finance Director