

CITY OF THORNTON

MONTHLY FINANCIAL REPORT

October 2020

INTRODUCTION

The purpose of the monthly financial report is to provide regular updates of the City’s financial position to the public. Each of the City’s funds are summarized by comparing year-to-date (YTD) activity with prior year activity, as well as the 2020 Budget. This provides context to the financial data and the City’s current financial position. Substantial variances from the current year financial plan or from prior year activity will be highlighted and explained throughout this document to increase transparency and understanding for the public.

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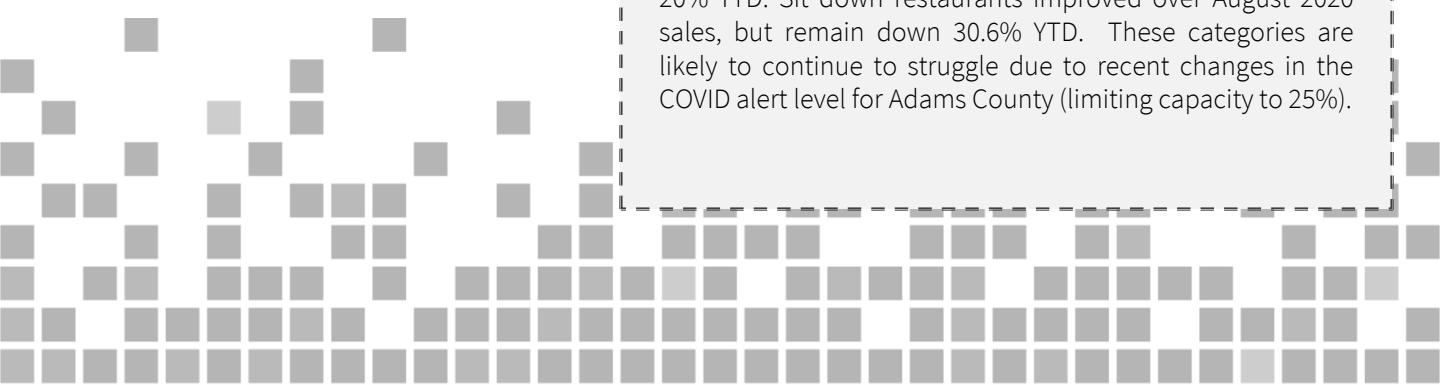
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HIGHLIGHTS

Highlights - Thornton closed on the sale of the 2020 Water Revenue Bonds on October 29, and received proceeds of \$90M. This loan will be paid for out of the Water Fund over a 30 year period at a true interest cost of 2.31%. This debt was used to reimburse the City for financing of the New Thornton Water Treatment Plant (TWTP). The TWTP is a 20-million gallon per day, state of the art facility, and replaced the original TWTP. The original water treatment plant, constructed in 1955, was at the end of its useful life.

Retail - The October 2020 Financial Report includes sales tax generated through the month of September. City-wide (including all Thornton Development Authority (TDA) areas), sales tax finished up 5.5% compared to the same month last year. YTD, sales tax is up 3.8% City-wide.

The sales tax growth generated at essential general merchandise businesses (Costco, Amazon, Walmart, etc.) continued to slow slightly in comparison to earlier months. Automobile sales, parts and services, fast food restaurants, and liquor stores continued to see growth in month over month sales. Several categories continue to struggle due to the Coronavirus Disease 2019 (COVID-19) pandemic. Non-essential general merchandise businesses (stores located at the Denver Premium Outlets, Hobby Lobby, etc.) finished up 5% compared to the same month last year, but remain down 20% YTD. Sit down restaurants improved over August 2020 sales, but remain down 30.6% YTD. These categories are likely to continue to struggle due to recent changes in the COVID alert level for Adams County (limiting capacity to 25%).

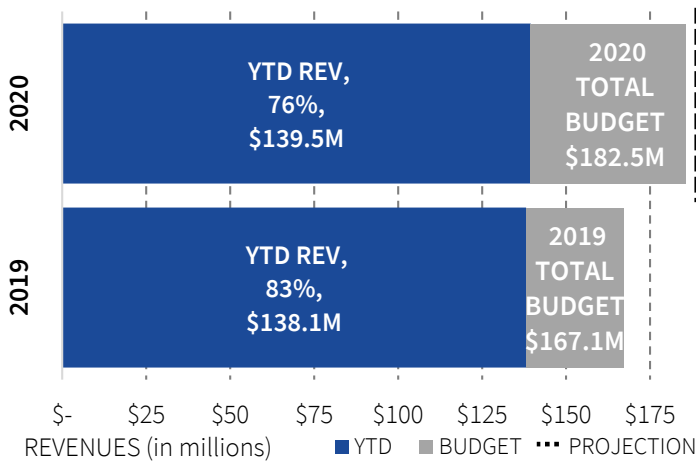


GOVERNMENTAL ACCOUNTS SUMMARY

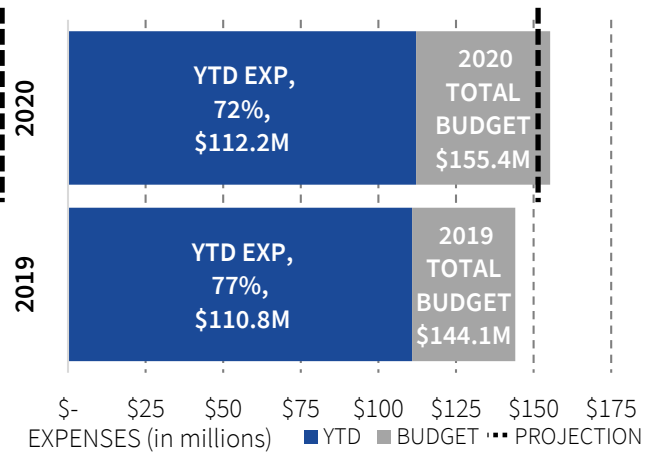
FUND OVERVIEW

The City has two main general governmental funds: the General Fund, which is the primary operating fund of the City and the Governmental Capital Fund, which funds the City’s capital improvement program. The General Fund covers the majority of City services, including police, fire and emergency medical response, parks and recreation, streets and drainage way maintenance, development services, economic development, finance, legal, and general administration activities. Sales and use tax, property tax, user fees, fines, permit fees, license fees, intergovernmental revenue, and administrative charges are the main sources of General Governmental revenue.

GOVERNMENTAL REVENUES



GOVERNMENTAL OPERATING EXPENSES



GOVERNMENTAL REVENUES: HIGHLIGHTS

The black vertical dotted line in the chart above, shows projected revenue for 2020 of \$186.5M.

Governmental revenues are up 1%, or \$1.4M, which is lower than the 5.3% budgeted revenue increase over 2019.

Current projections are higher than the original Budget, due to grant and intergovernmental revenues. These revenues have a matching expense, creating a zero net effect on fund balance. Most of this additional revenue was from the Coronavirus Aid, Relief and Economic Security (CARES) Act.

GOVERNMENTAL OPERATING EXPENSES: HIGHLIGHTS

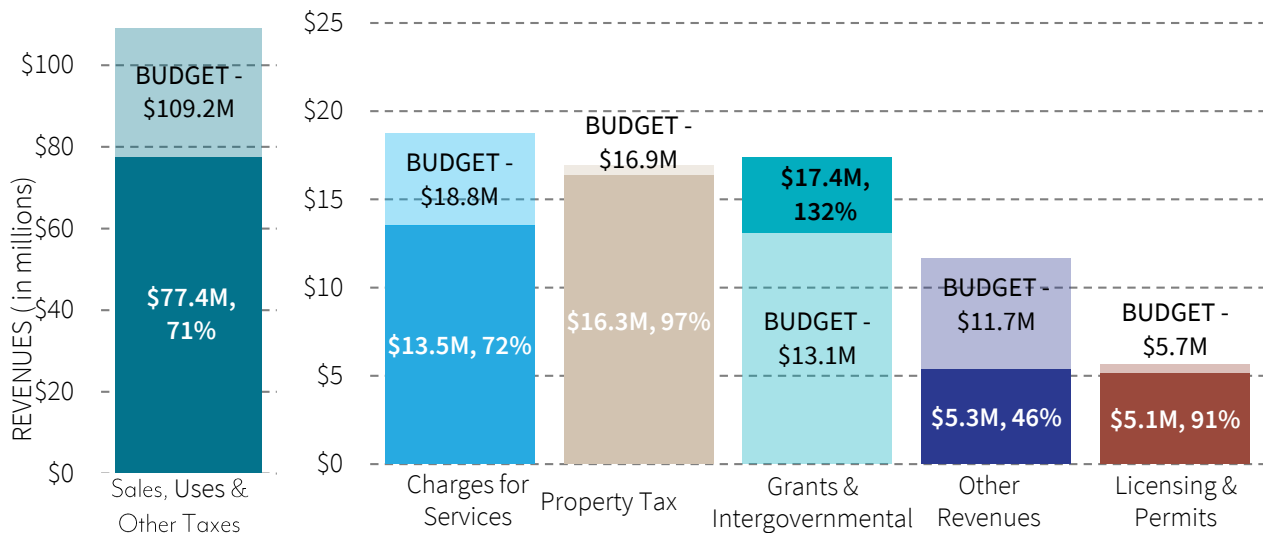
The black vertical dotted line in the chart above, shows projected expenditures for 2020 of \$150M.

Staff is looking for savings City-wide to help offset the projected \$9M revenue shortfall. Areas heavily impacted by these measures include:

- Reduced proactive maintenance of City facilities and Information Technology (IT) equipment (\$700K)
- Hiring freeze on non-first responder positions (\$1M+)

GOVERNMENTAL REVENUES

2020 GENERAL FUND REVENUES BY CATEGORY – YTD AND BUDGETED



- Sales, Use & Other Taxes are down 2.8%, or \$2,261,811, compared to 2019. This includes sales tax for retail sales made through September.
- A large majority of this decrease is from Building Use Tax. Building use tax is down 29%, or \$2,187,115. Part of this decrease is from a large building use tax refund. Otherwise, it would be down 20.1%, or \$1,516,210, from 2019. The majority of this decrease in revenue is the result of a decrease in multi-family permits (0 in 2020 and 338 in 2019) and residential roofing permits (836 in 2020 and 1,853 in 2019).
- Vehicle use tax is down 9%, or \$629,547.

- Charges for services are down 15%, or \$2,374,493, compared to 2019. Recreation charges including the Thorncreek Golf course account for the majority of the decrease or \$1,298,059, a 29% decrease from 2019.

Property tax is up 21.3%, or \$2,869,988, compared to 2019. This is the direct result of an increase in the assessed value in the City. 2019 assessed value used to calculate 2020 property tax bills increased 22.4% over the prior year.

Grants & Intergovernmental funds are projected to end the year \$14.9M higher than the original Budget. The City entered into an Intergovernmental Agreement (IGA) with Adams County for the purpose of disbursing funds provided by the CARES Act to provide up to \$11.2M in relief for costs incurred due to COVID-19.

GOVERNMENTAL FUNDS - REVENUE SUMMARY

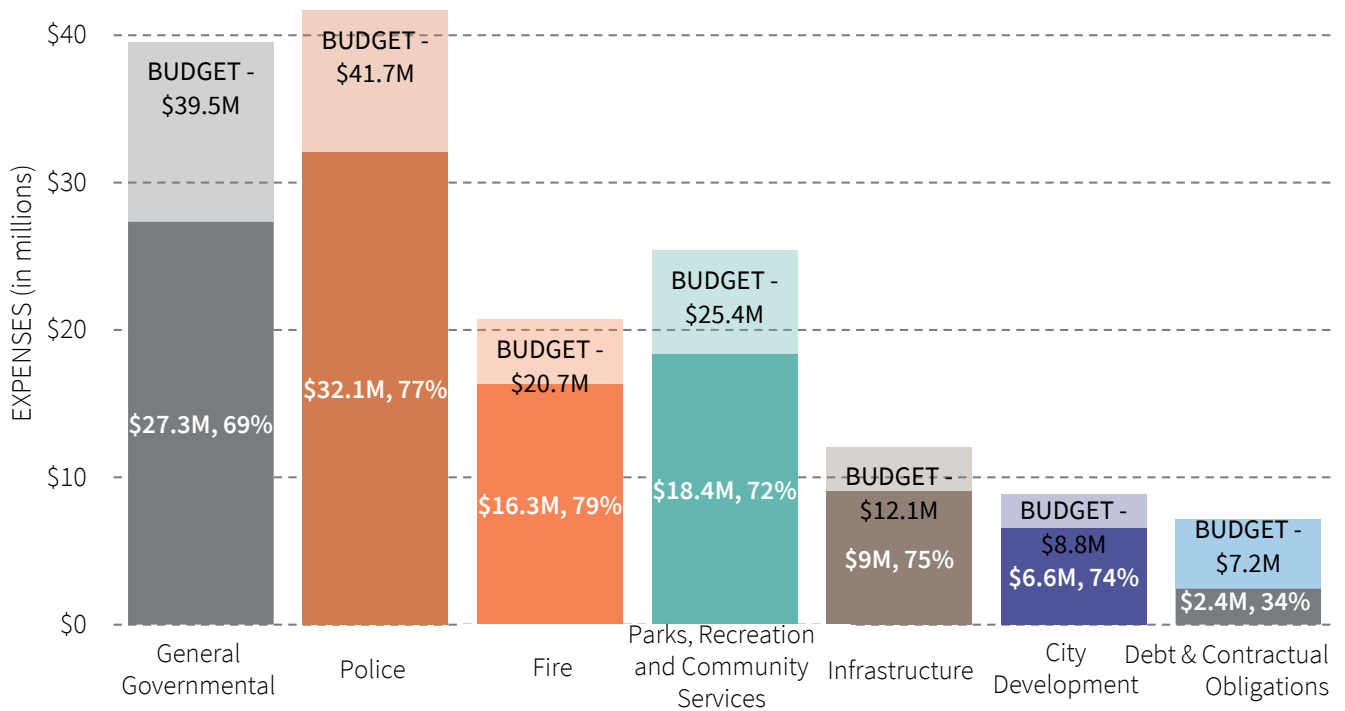
| Description | Actual YTD 2019 | Actual YTD 2020 | 2020 Projections | Total Budget 2020 |
|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Sales, Use & Other Taxes | \$ 79,685,032 | \$ 77,423,221 | \$ 102,920,000 | \$ 109,170,517 |
| Charges for Services | 15,877,720 | 13,503,227 | 15,360,000 | 18,764,834 |
| Property Tax | 13,458,689 | 16,328,677 | 16,580,000 | 16,913,072 |
| Other Revenues | 5,132,514 | 5,341,860 | 10,840,000 | 11,676,751 |
| Licensing & Permits | 5,352,916 | 5,132,889 | 5,653,954 | 5,653,954 |
| Subtotal | \$ 119,506,871 | \$ 117,729,874 | \$ 151,353,954 | \$ 162,179,128 |
| Grants & Intergovernmental | 12,904,252 | 17,382,969 | 27,984,097 | 13,133,752 |
| Transfers In | 5,667,483 | 4,380,705 | 7,130,000 | 7,137,477 |
| Total Revenues | \$ 138,078,606 | \$ 139,493,548 | \$ 186,468,051 | \$ 182,450,357 |

GOVERNMENTAL EXPENSES

2020 GOVERNMENTAL CAPITAL EXPENSES



2020 GOVERNMENTAL OPERATING EXPENSES BY CATEGORY YTD AND BUDGET



GENERAL FUND - EXPENDITURE SUMMARY

| Description | Actual YTD 2019 | Actual YTD 2020 | 2020 Projections | Total Budget 2020 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| General Government | \$ 28,597,374 | \$ 27,336,807 | \$ 36,020,000 | \$ 39,541,054 |
| Police | 31,035,224 | 32,091,752 | 41,580,000 | 41,699,701 |
| Fire | 15,180,186 | 16,322,269 | 21,180,000 | 20,693,005 |
| Parks, Recreation and Community Programs | 17,765,797 | 18,358,649 | 23,110,000 | 25,377,096 |
| Infrastructure | 8,928,277 | 9,043,090 | 11,880,000 | 12,050,197 |
| City Development | 6,566,175 | 6,580,856 | 8,430,000 | 8,839,099 |
| Debt & Contractual Obligations | 2,776,881 | 2,440,338 | 7,174,022 | 7,174,022 |
| Total Expenditures | \$ 110,849,914 | \$ 112,173,762 | \$ 149,374,022 | \$ 155,374,174 |

WATER FUND OVERVIEW

The Water Fund is responsible for operating, maintaining, and planning for the future of the City's water utility. The City is proud to provide quality water services, from the protection of water sources to the distribution of water to homes and businesses. Charges for services, leases, and tap fees are the main sources of Water Fund revenue.

SEWER FUND OVERVIEW

The Sewer Fund is responsible for operating and maintaining the City's wastewater collection system. While the City collects wastewater, it does not own or operate a wastewater treatment plant. The City sends wastewater to the Metro Wastewater Reclamation District (MWRD) for treatment. Charges for services and tap fees are the main sources of Sewer Fund revenue.

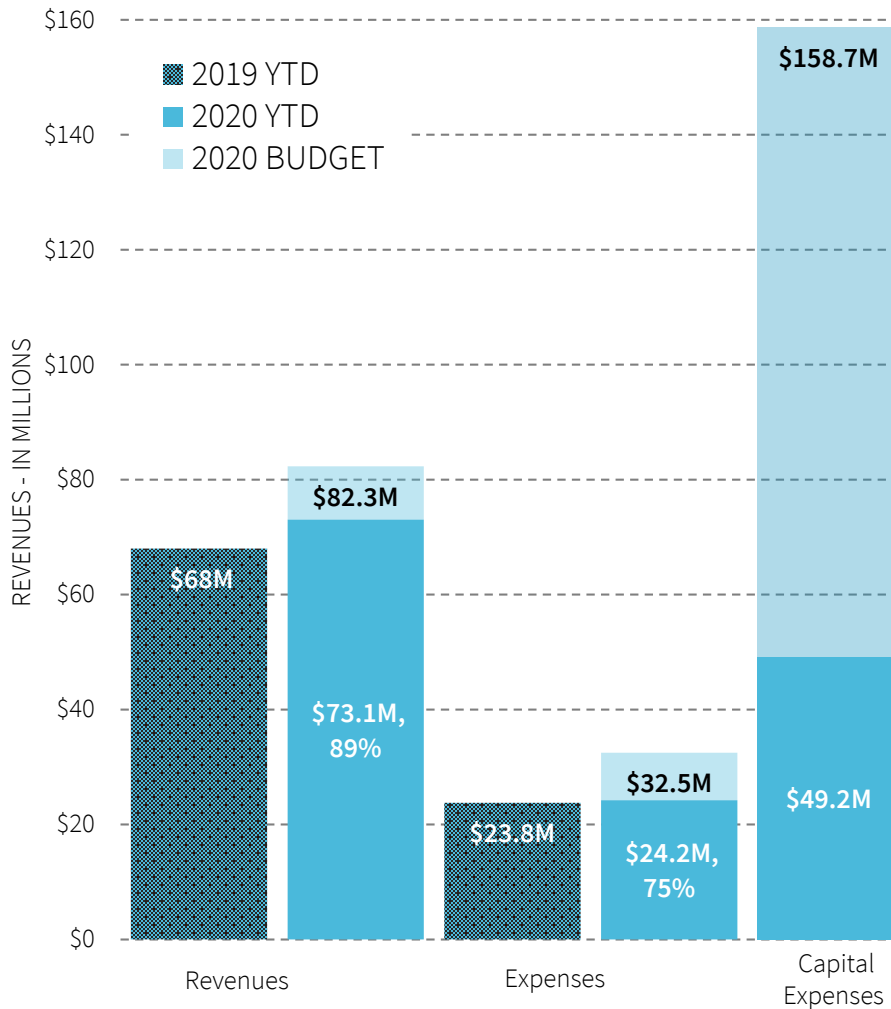
ENVIRONMENTAL SERVICES OVERVIEW

The Environmental Services Fund provides curbside trash and recycling collection services to over 30,000 homes throughout the community, as well as a number of special collection services for Thornton residents. Charges for services are the main source of Environmental Services revenue.

STORMWATER FUND OVERVIEW

The Stormwater Fund was established in 2019 and is responsible for operation, maintenance, and capital improvement projects of the drain and drainage system throughout the City. Stormwater fees are the main source of Stormwater Fund revenue.

WATER FUND REVENUES & EXPENSES – YTD AND BUDGETED



Capital Expenses, including rollover appropriations, are highlighted:

- In 2020, the City funded Advanced Metering Infrastructure, which will provide enhanced meter reading, billing, and water conservation.
- The Thornton Water Project is ongoing, with construction on a segment of pipe beginning in 2020 and several sections of pipe design continuing.

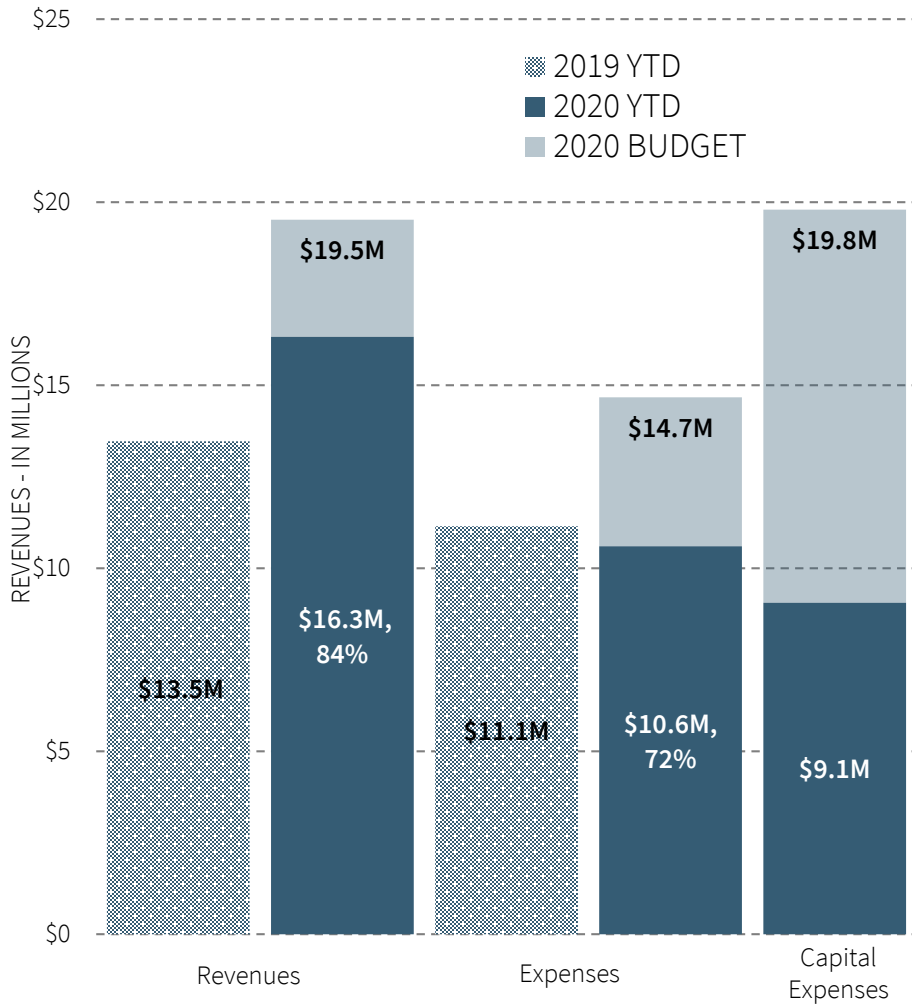
WATER FUND SUMMARY

| Description | Actual YTD 2019 | Actual YTD 2020 | 2020 Projections | Total Budget 2020 |
|-------------|-----------------|-----------------|------------------|-------------------|
| Revenues | \$ 68,026,635 | \$ 73,064,582 | \$ 82,313,714 | \$ 82,313,714 |
| Expenses | 23,792,769 | 24,237,026 | 31,780,000 | 32,503,263 |
| Capital | 48,787,498 | 49,210,210 | N/A | 158,747,691 |

Charges for Services are up 14%, or \$5,543,864, compared to 2019. Customer water sales increased by 16.9%, or \$5,756,304, because of an increase in the number of accounts the utility serves, a rate increase of 3% effective January 2020, and higher water consumption during the spring and summer months in 2020. The increase in Customer Water sales is offset by a decrease in late fees and non-payment charges of \$576,740, or 72.3%. Total billed water consumption YTD was up 12.8%, when compared to the same period in 2019. The City began waving late charges and stopped performing turn-offs for delinquent accounts during the second half of March due to the COVID-19 pandemic.

ENTERPRISE FUND – SEWER FUND

SEWER FUND REVENUES & EXPENSES – YTD AND BUDGETED



An example of a capital expense is the City's replacement of the old Remington Lift Station, with a 12-inch sanitary sewer gravity main, that will run from the old Remington Lift Station to the Riverdale Park Lift Station in 2020. The Riverdale Station is also in the process of being replaced with a new lift station.

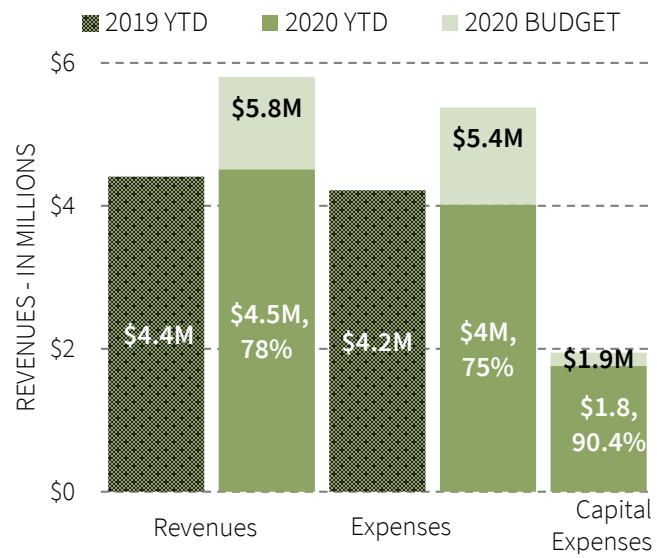
SEWER FUND SUMMARY

| Description | Actual YTD 2019 | Actual YTD 2020 | 2020 Projections | Total Budget 2020 |
|-------------|-----------------|-----------------|------------------|-------------------|
| Revenues | \$ 13,469,403 | \$ 16,320,542 | \$ 19,790,000 | \$ 19,524,507 |
| Expenses | 11,147,213 | 10,600,146 | 13,960,000 | 14,668,600 |
| Capital | 967,116 | 9,059,556 | N/A | 19,799,829 |

- Sewer rates increased 1.8% in January 2020 as a result of an increase in fees charged by the MWRD for treatment of the City's sewage flows.
- 2020 revenues include a one-time transfer of \$2.1M from the TDA North to fund Big Dry Creek sewer improvements that benefit the TDA North.
- The largest driver of the 2020 Budget is the payment to the MWRD for treating the City's sewage flows.
- Projected operating savings of over \$700K, due mostly to a lower MWRD charge than anticipated.

ENTERPRISE FUND: ENVIRONMENTAL SERVICES & STORMWATER

ENVIRONMENTAL SERVICES REVENUES & EXPENSES – YTD AND BUDGETED



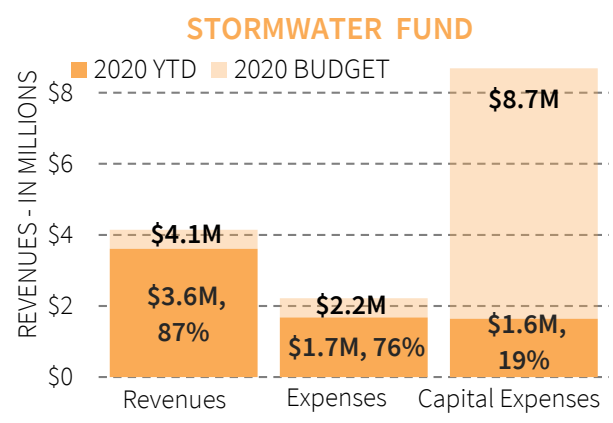
The 2020 Budget includes appropriation for five replacement trucks and two new trash trucks as well as two additional employees who were added to supplement the trash and recycle curbside routes.

ENVIRONMENTAL SERVICES FUND SUMMARY

| Description | Actual YTD 2019 | Actual YTD 2020 | 2020 Projections | Total Budget 2020 |
|-------------|-----------------|-----------------|------------------|-------------------|
| Revenues | \$ 4,409,905 | \$ 4,509,556 | \$ 5,800,000 | \$ 5,801,792 |
| Expenses | 4,217,943 | 4,014,605 | 5,170,000 | 5,376,154 |
| Capital | 567 | 1,759,239 | N/A | 1,946,000 |

STORMWATER FUND REVENUES & EXPENSES – YTD AND BUDGETED

The Stormwater Fund began providing services on April 1, 2019. Revenues are trending as expected. A mix of stormwater system maintenance costs as well as capital projects make up the bulk of the 2020 Budget.



STORMWATER FUND SUMMARY

| Description | Actual YTD 2019 | Actual YTD 2020 | 2020 Projections | Total Budget 2020 |
|-------------|-----------------|-----------------|------------------|-------------------|
| Revenues | \$ 2,352,280 | \$ 3,608,624 | \$ 4,180,000 | \$ 4,145,962 |
| Expenses | 1,553,356 | 1,679,101 | 2,190,000 | 2,218,528 |
| Capital | 75,198 | 1,644,314 | N/A | 8,684,925 |

OTHER FUNDS

THORNTON DEVELOPMENT AUTHORITY (TDA) FUNDS OVERVIEW

TDA North: The City Council established, by ordinance in October 2003, the North Washington Street Urban Renewal Plan to reduce, eliminate, and prevent the spread of blight within the urban renewal area and to stimulate growth and development of the North Washington Street corridor. Property tax and sale tax increment revenues are the main sources of TDA North revenue.

TDA South: The City Council established, by ordinance in October 2012, the South Thornton Urban Renewal Plan to reduce, eliminate, and prevent the spread of blight within the urban renewal area and to stimulate growth and development in South Thornton. Property tax increment revenue is the main source of TDA South revenue.

TDA 144th: The City Council established, by ordinance in November 2012, the 144th Avenue and Interstate 25 Urban Renewal Plan to reduce, eliminate, and prevent the spread of blight within the urban renewal area and to stimulate growth and development in the 144th Avenue and Interstate 25 corridor. Property tax and sales tax increment revenues are the main sources of TDA 144th revenue.

OTHER CITY FUNDS OVERVIEW

Thornton Arts, Sciences and Humanities Council (TASHCO): TASHCO was established by City Council in 1991 to address the community's need for additional arts and cultural programs. TASHCO conducts fundraising, actively supports all City sponsored arts and culture events, and encourages membership and public participation.

136th Avenue General Improvement District (GID): The 136th Avenue GID was established by City Council in 2000 to help fund the construction of an interchange at 136th Avenue and Interstate 25. Property tax revenue is the main source of 136th Avenue GID Fund revenue.

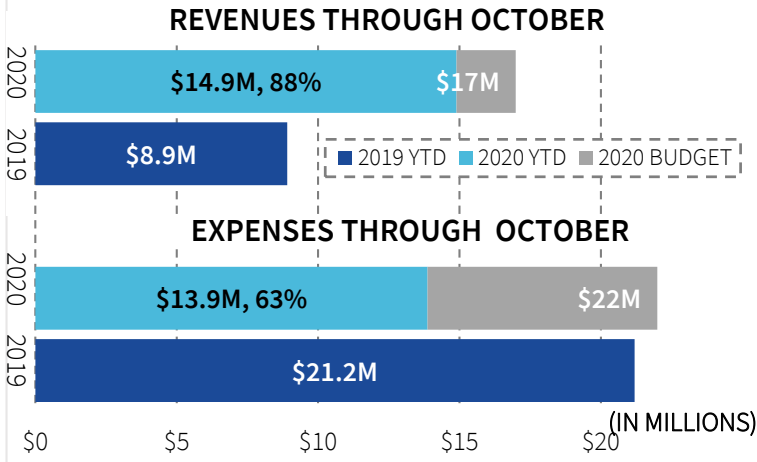
Thornton Emergency Telephone Service (E-911) Authority: The Thornton E-911 Authority was established by City Council in 2004 to collect surcharges for 911 emergency telephone services in the City and to manage the provisions of the emergency telephone service. The monthly emergency telephone surcharge remitted to the Authority is used to pay for a portion of equipment, personnel, technology maintenance, and other authorized costs pursuant to State Statute for the City to provide emergency telephone service.

Risk: Risk Management is responsible for evaluating risk exposures throughout the City and coordinating ways to transfer and manage the exposures via contractual agreements or through insurance coverage via various insurance carriers for property casualty, workers' compensation, and general professional and public official liability. Revenues for Risk Management come from charges for service to the City's operating divisions. Revenues are constant throughout the year, though expenses will vary.

Currently, YTD revenues through October are \$5.3M, with a budget of \$6.2M. YTD expenses are \$4.9M, with a budget of \$6.3M.

THORNTON DEVELOPMENT AUTHORITY

TDA NORTH* – YTD AND BUDGETED



Sales tax generated in the Larkridge shopping area is up 15.4% YTD. This is lower than YTD last month but the decline was expected, as we are now comparing a period in time in which Floor and Décor (July 2019) and Top Golf (August 2019) were open and operating.

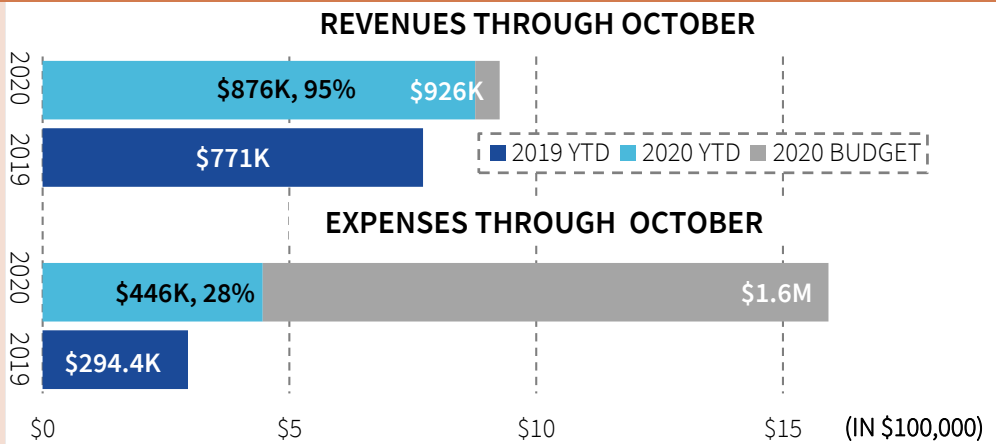
Property tax is up 122.8% or \$5.7M over 2019. This was expected due to the growth and increase in assessed value in the City.

The 2020 Budget includes debt payments for TDA North, a contribution towards the Big Dry Creek Sewer Project, the Bull Canal relocation at 152nd Avenue, and incentive payments.

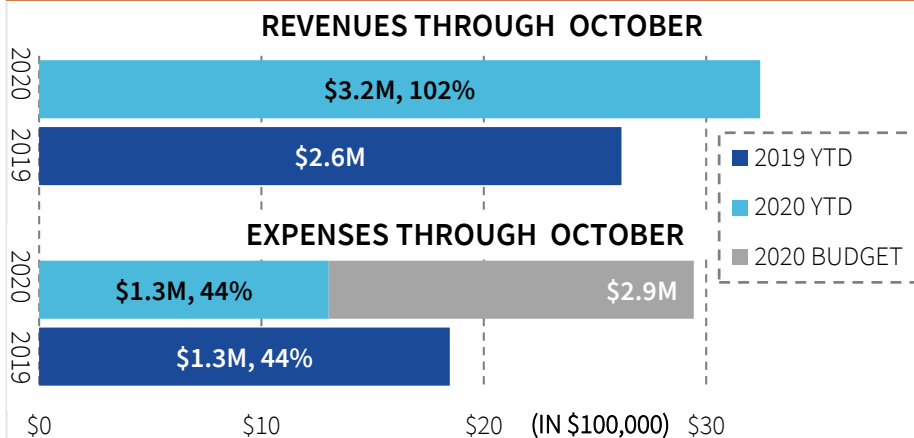
TDA SOUTH* – YTD AND BUDGETED

The 2020 Budget includes a TDA South revitalization plan as well as the South Thornton Attraction and Revitalization Grant.

*Budgeted expenses shown for TDA North and TDA South include capital carryover from the prior year.



TDA 144TH – YTD AND BUDGETED

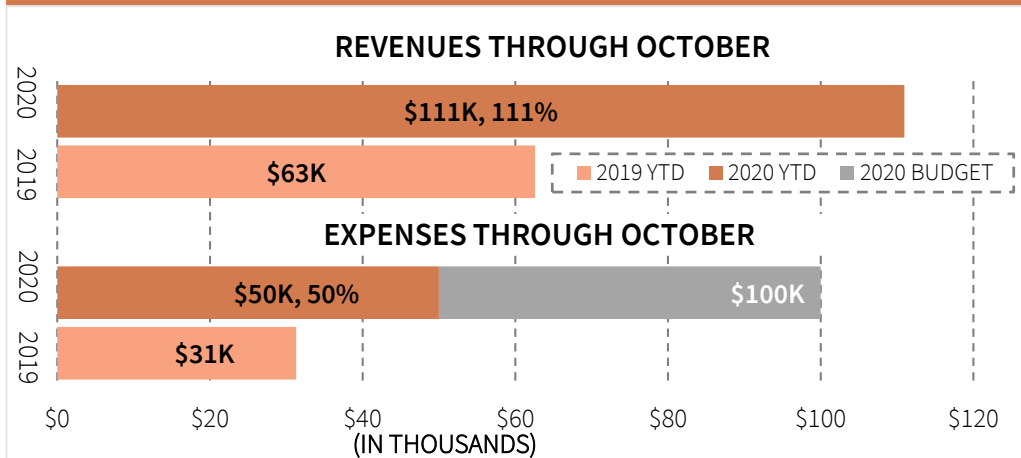


Sales tax generated in The Grove shopping center had another month of positive sales growth, (up 10.1% month over month). YTD, this shopping center is now up 2.8%.

The 2020 Budget includes debt payments for infrastructure built in the TDA 144th.

OTHER CITY FUNDS

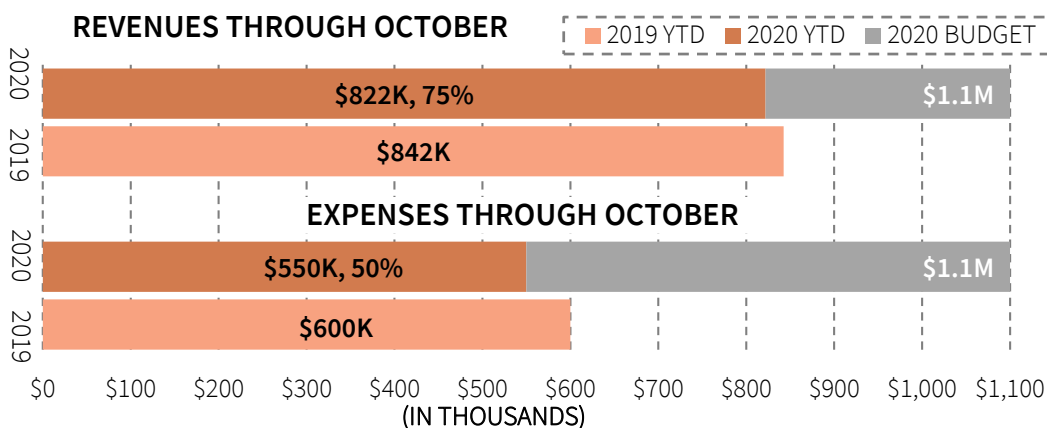
136TH GENERAL IMPROVEMENT DISTRICT – YTD AND BUDGETED



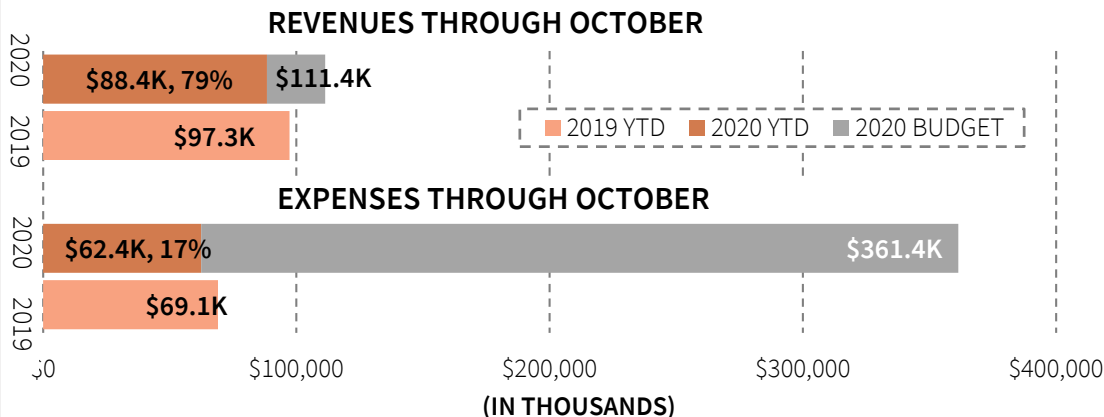
The assessed property valuation of the 136th Avenue GID increased 80.4%, or \$3,381,210, over 2018, generating an additional \$43,239 of property tax revenue from this area. The 2020 Budget includes a transfer to the General Fund.

E-911 – YTD AND BUDGETED

The 2020 Budget includes a transfer to the General Fund to help cover costs of the emergency communications center.



TASHCO – YTD AND BUDGETED



The 2020 Budget includes the planned spending down of fund balance on public art at the 128th Avenue roundabout.

SPECIAL REVENUE FUNDS

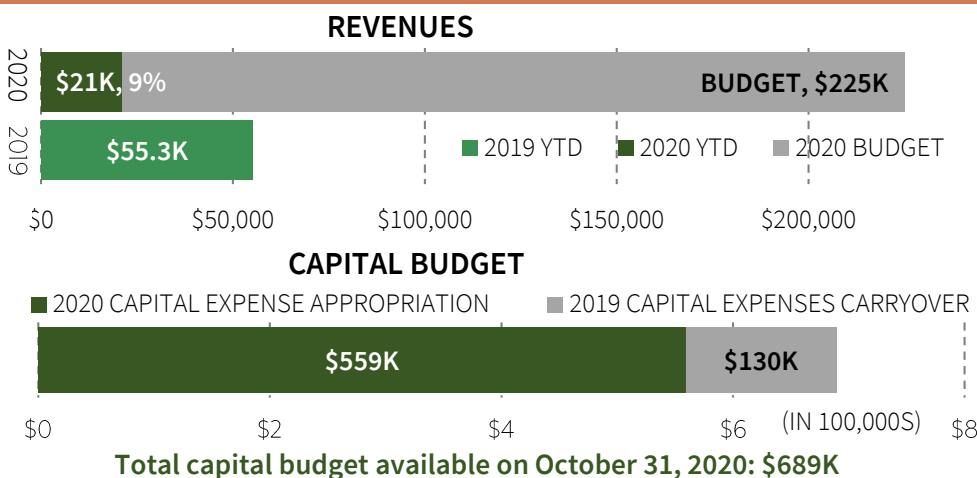
SPECIAL REVENUE FUNDS OVERVIEW

Cash in Lieu Fund: Accounts for the proceeds from developer contributions associated with different developments throughout the City. The Cash in Lieu Fund capital projects are managed by the Parks, Recreation and Community Programs Department.

Conservation Trust Fund: Accounts for the proceeds the City receives from the Colorado State Lottery. The Conservation Trust capital projects are managed by the Parks, Recreation and Community Programs Department.

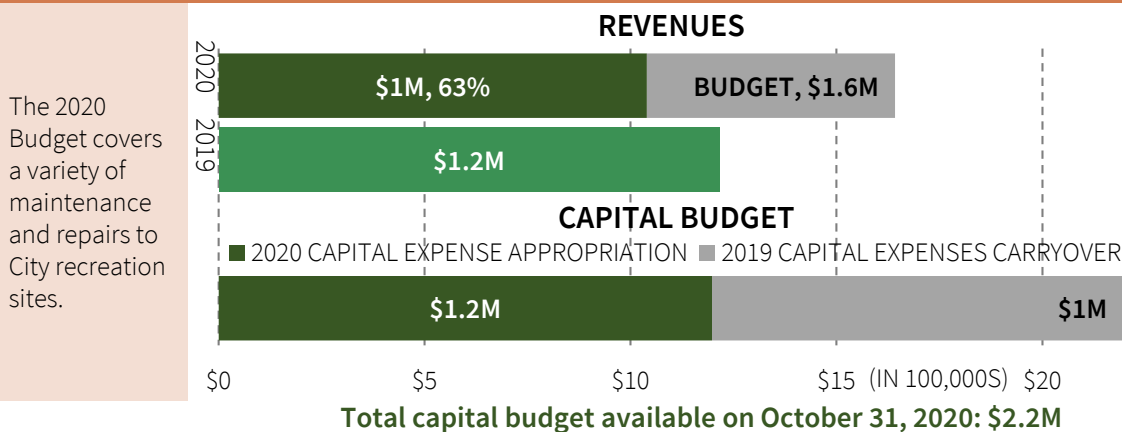
Parks, Open Space, and Parks and Open Space Funds: These three funds account for the proceeds from the City's 0.25% sales tax devoted to parks and open space. In prior years, the proceeds were divided equally between the three funds, but now all revenue is directed to the Parks and Open Space Fund. The Parks, Open Space, and Parks and Open Space capital projects are managed by the Parks, Recreation and Community Programs Department. Financial information can be found on the following page.

CASH-IN-LIEU – YTD AND BUDGETED REVENUES & CAPITAL BUDGET



The 2020 Budget includes funding for a conceptual plan for Lambertson Farms and supplemental funding for trail connections.

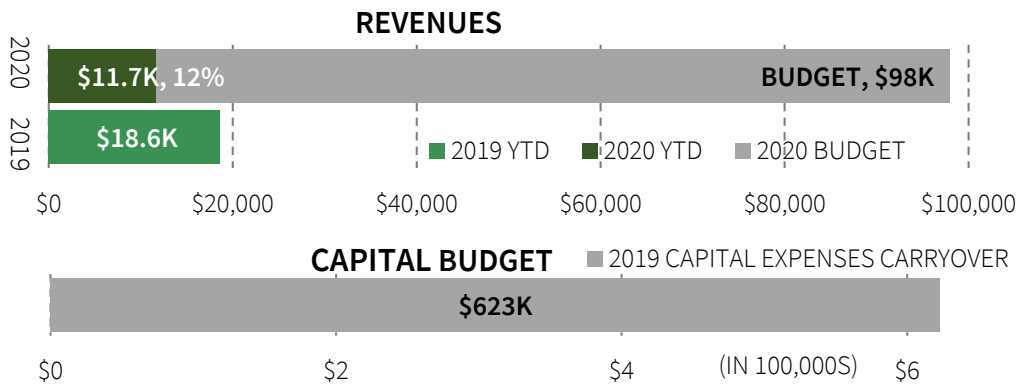
CONSERVATION TRUST – YTD AND BUDGETED REVENUES & CAPITAL BUDGET



The 2020 Budget covers a variety of maintenance and repairs to City recreation sites.

SPECIAL REVENUE FUNDS: PARKS & OPEN SPACE FUNDS

PARKS FUND – YTD AND BUDGETED REVENUES & CAPITAL BUDGET

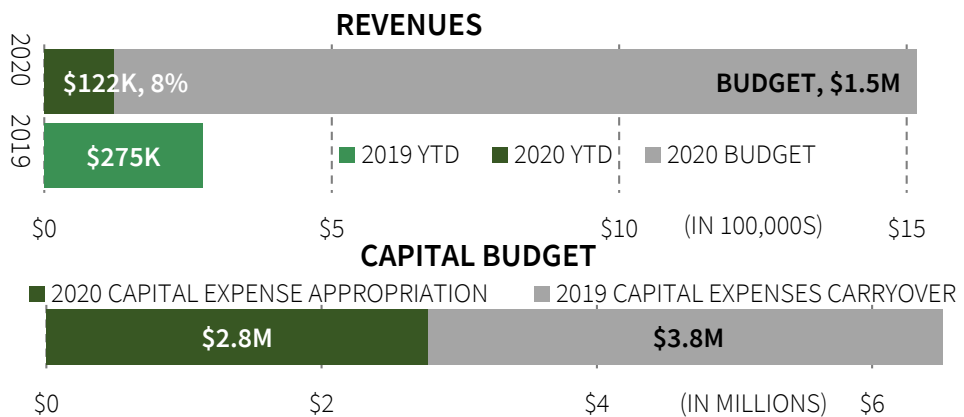


The Parks Fund Capital Budget includes carryover appropriation from prior years to help fund the new 88th Avenue and Huron Street Park.

Total capital budget available on October 31, 2020: \$623K

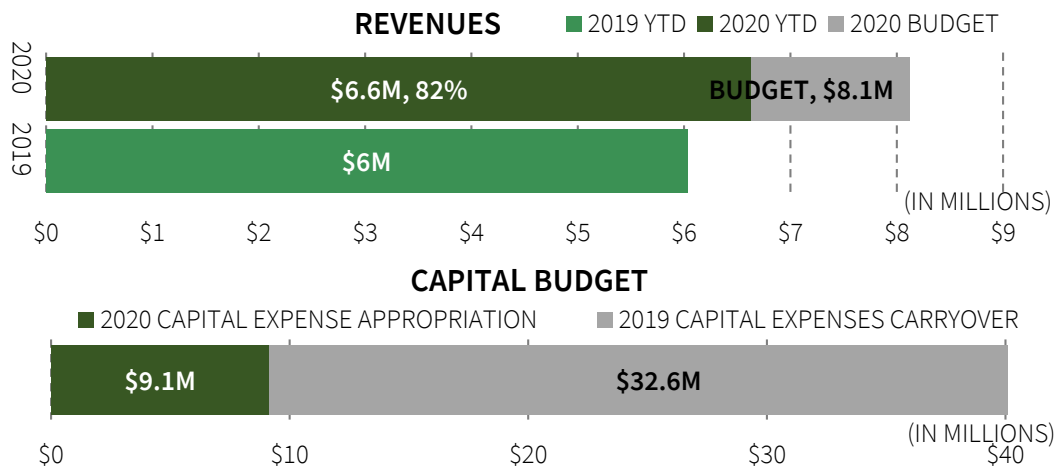
OPEN SPACE FUND – YTD AND BUDGETED REVENUES & CAPITAL BUDGET

The Open Space 2020 Budget includes appropriation for trail connections throughout the City as well as improvements to the Skylake Open Lands.



Total capital budget available on October 31, 2020: \$6.6M

PARKS & OPEN SPACE FUND – YTD AND BUDGETED REVENUES & CAPITAL BUDGET



The Parks & Open Space Budget includes a variety of capital projects, including: the new Thornton Active Adult Center, the Margaret W. Carpenter Aquatics Renovation, and flush toilets at Community Park.

Total capital budget available on October 31, 2020: \$41.7M

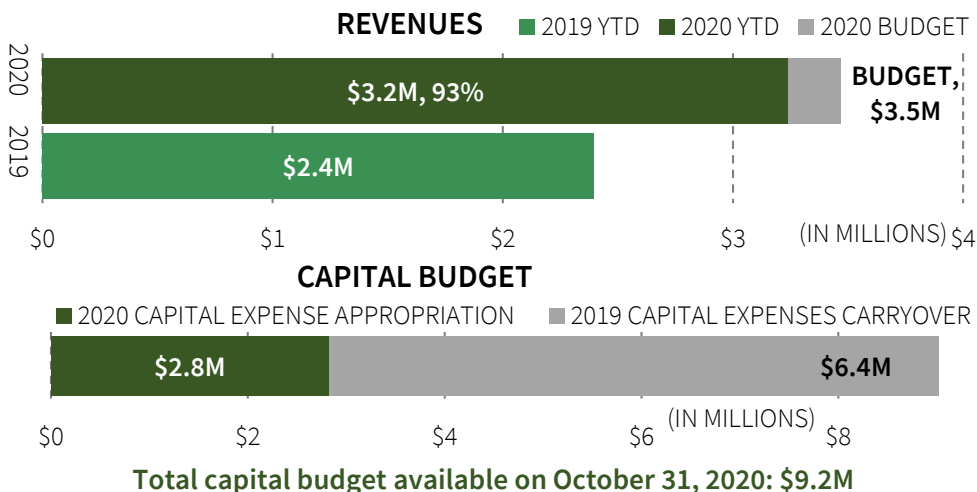
SPECIAL REVENUE FUNDS: ADAMS COUNTY FUNDS

SPECIAL REVENUE FUNDS OVERVIEW (CONTINUED)

Adams County (ADCO) Road and Bridge: Accounts for the proceeds the City receives from the ADCO Road and Bridge sales tax of 0.5%. The Adams County Road and Bridge capital projects are managed by the Infrastructure Department.

ADCO Open Space Fund: Accounts for the proceeds the City receives from the ADCO Open Space sales tax of 0.25%, as well as Open Space grant funding received through the County. The ADCO Open Space capital projects are managed by the Parks, Recreation and Community Programs Department.

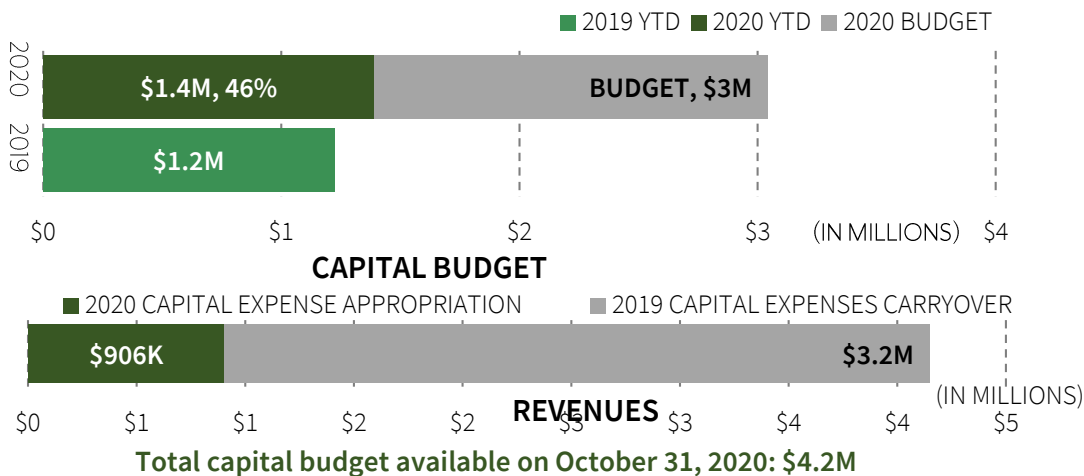
ADCO ROAD & BRIDGE – YTD AND BUDGETED REVENUES & CAPITAL BUDGET



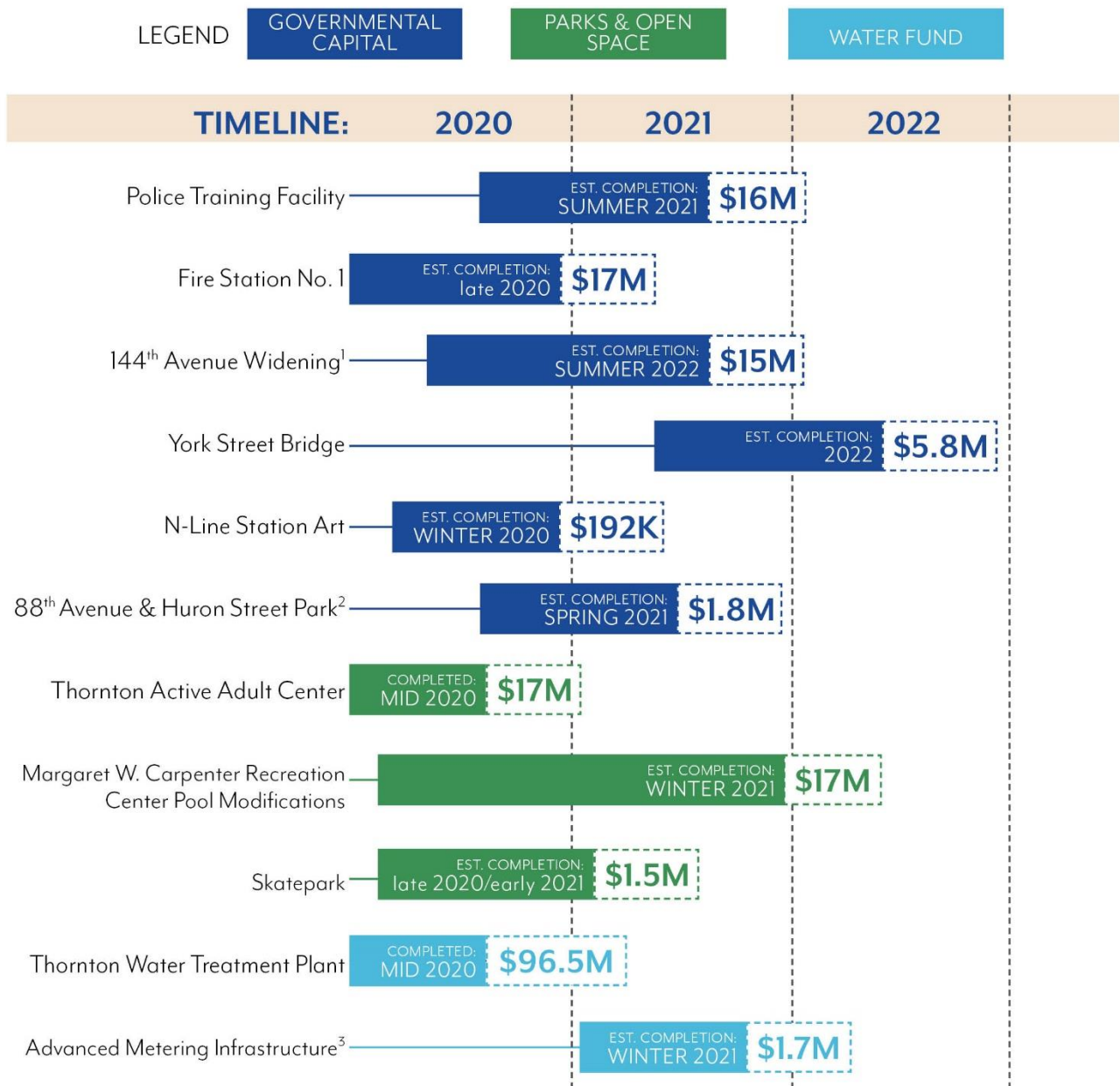
ADCO Road & Bridge Revenues are up \$844,110, compared to 2019. A majority of this increase is related to a developer contribution of \$556,225, a reimbursement for improvements to 120th Avenue. The 2020 Budget covers 50% of the City's Street Rehabilitation Program. The other 50% is covered by the Governmental Capital Fund.

ADCO OPEN SPACE – YTD AND BUDGETED REVENUES & CAPITAL BUDGET

The ADCO Open Space 2020 Budget includes landscape and playground rehabilitation as well as funding for art at parks and recreation facilities.



CAPITAL PROJECTS TIMELINE



Notes

¹For the 144th Avenue corridor, projects include improving the intersections at Colorado Boulevard and York Street for \$2.5M, and widening 144th Avenue from Washington Street to Colorado Boulevard for \$12.8M. The section of widening from York to Colorado Boulevard is currently on hold due to the financial impact of COVID-19.

²Funded from multiple funds, including Governmental Capital and Special Revenue

³Funding split between the Water Fund (75%) and Sewer Fund (25%)

Questions?

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